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Die Linke im Europaparlament



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Tax Haven USA?

What Trump's billionaire protectionism costs Europe

commissioned by Martin Schirdewan

Imprint

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Martin Schirdewan
MEP and Co-President of THE LEFT in the European Parliament

“Tax Justice Now!”

Preface

Donald Trump's second term as President of the United States is keeping the world on edge. His radical break with the multilateral order and international law has left the global public in a state of shock. However, less attention is often paid to the momentous upheaval that was initiated during Trump's first term with the introduction of the 'Tax Cuts and Jobs Act' (TCJA) in 2017. The Trump administration is waging a battle against international efforts to finally tax large US corporations fairly. Trump's policy is a veritable frontal attack on global distributional justice.

The aggressive tax avoidance of US corporations is unparalleled. The damage to the public budgets of EU countries is immense. Between 2016 and 2023, US corporations shifted profits totalling 327 billion euros, generated in EU countries, to low-tax jurisdictions. The shortfall in tax revenue amounts to at least 86.4 billion euros. Although the figure sounds abstract, the effects are noticeable in our everyday lives. In Germany, municipalities are particularly affected. The tax losses of around 9.8 billion euros are significantly higher than at the national or state level. Municipalities are already short of money in every possible area.
This means that much-needed investment in roads, schools and sports halls cannot be made.

The present research study provides an up-to-date insight into the system of global tax dodging of US corporations, especially of the five Big Tech companies (Meta, Alphabet, Amazon, Apple and Microsoft). The research highlights the role of the Trump administration in reorganising this system from the ground up and cementing the prevailing distributive injustice. It shows us how the US government is not only torpedoing international tax cooperation and its achievements, such as the global minimum tax, but is transforming the US itself into a mega tax haven.

The Trump government is building a new system for corporate tax avoidance in which the US itself takes centre stage. The old routes, whether via Ireland and Bermuda or Puerto Rico, through which US corporations such as Meta and Google used to channel their profits, are now being replaced by the relocation of billions of profits for low taxation to the US. About one third of US-based multinationals are now paying an effective tax rate below 15 % on their profits reported at home and therefore below the agreed rate of the global minimum tax. As a result, US-based multinationals now report twice as much profit in the US as before the TCJA – Big Tech even nearly seven times as much.

However, the people of the US have gained nothing from the development of their country into a corporate tax haven. The report's findings make it clear that, while US corporations are reporting much higher profits on paper at home, this has not resulted in higher tax revenues, nor in more jobs. The findings therefore lead to the conclusion that the ‚America First' policy is not for the general public in the US but is in fact a one-sided redistribution programme that serves the interests of corporations and their bosses.

The example of the Big Tech firms clearly illustrates who actually stands to benefit. These five firms distributed significantly more than one trillion euros in dividends and share buybacks to their shareholders between 2018 and 2024 – an amount that is double the GDP of whole EU countries such as Belgium or Ireland. So, the slogan ‚America First' actually turns out to be ‚Big Tech First'. The rest of the world, however, is footing the bill – including us in the EU.

The Trump administration's rejection of multilateralism and refusal to cooperate with other states to achieve fairer taxation of multinational corporations pose a serious challenge to the fight for distributive justice in the context of a globalised world economy. However, the groundwork has been laid: the EU could implement measures such as a digital tax or unitary taxation in coalition with willing states, even without the US. The UN Framework Convention on International Tax Cooperation offers a unique opportunity to breathe new life into intergovernmental cooperation for distributive justice.

However, what we need more than ever is the political will to achieve tax justice. Yet both the German government under Friedrich Merz and the European Commission under Ursula von der Leyen are showing that they lack this will. This makes us on the left in Europe and Germany all the more determined to stand alongside the tax justice movement in fighting for a fairer distribution of wealth. Join us!

Tax Justice Now!
Martin Schirdewan, MEP and Co-President
of THE LEFT in the European Parliament

Vorwort

Die zweite Amtszeit von Donald Trump als Präsident der USA hält die Welt in Atem. Der massive Bruch mit der multilateralen Ordnung und dem internationalen Recht versetzt die Weltöffentlichkeit in einen Schockzustand. Was dabei oft weniger Beachtung findet, ist eine folgenreiche Umwälzung, die bereits in Trumps erster Amtszeit mit der Einführung des „Tax Cuts and Jobs Act" (TCJA) im Jahr 2017 angestoßen wurde. Die Regierung Trump führt einen Kampf gegen die internationalen Bemühungen, große US-amerikanische Konzerne endlich gerecht zu besteuern. Die trumpische Politik ist ein regelrechter Frontalangriff auf die globale Verteilungsgerechtigkeit.

Die aggressive Steuertrickserei der US-Konzerne ist ohnegleichen. Der Schaden für die öffentlichen Haushalte der EU-Länder ist immens. Zwischen 2016 und 2023 haben US-Konzerne Gewinne im Umfang von 327 Milliarden Euro, die in Ländern der EU erwirtschaftet wurden, in Niedrigsteuerländer überführt. Der Verlust für das Gemeinwesen beläuft sich auf mindestens 86,4 Milliarden Euro an Steuerausfällen. Die Zahl klingt abstrakt, doch die Auswirkungen sind in unserem Alltag spürbar. In Deutschland sind die Kommunen besonders stark betroffen. Sie verloren mit etwa 9,8 Milliarden Euro deutlich mehr Einnahmen als Bund oder Länder. Dabei fehlt ihnen das Geld an allen Ecken und Enden. Dringend notwendige Investitionen in Straßen, Schulen und Sporthallen können so nicht getätigt werden.

Die vorliegende Studie liefert uns einen zeitgemäßen Einblick in das System der globalen Steuertrickserei der US-amerikanischen Konzerne, insbesondere der fünf großen Technologieunternehmen (Meta, Alphabet, Amazon, Apple und Microsoft). Die Studie hebt die Rolle der Regierung unter Donald Trump hervor, die dieses System von Grund auf neu ordnet und die herrschende Verteilungsungerechtigkeit zementiert. Die Untersuchung zeigt uns, wie die US-Regierung nicht nur die internationale steuerpolitische Zusammenarbeit und ihre Errungenschaften, wie beispielsweise die globale Mindeststeuer, torpediert, sondern die USA selbst in eine Mega-Steueroase transformiert.

Die Trump-Regierung baut ein neues System zur Steuervermeidung auf, in dem die USA selbst im Mittelpunkt stehen. Die alten Routen, sei es über Irland und Bermuda oder Puerto Rico, über die US-Multis wie Meta und Google ihre Gewinne schleusten, werden nun durch die Verlagerung von Milliardengewinnen zur Niedrigbesteuerung in die USA ersetzt. Rund ein Drittel der US-Konzerne zahlen mittlerweile einen effektiven Steuersatz von weniger als 15 % in den USA und somit unter dem vereinbarten Satz der globalen Mindeststeuer. Dies hat dazu geführt, dass US-Multis heute doppelt so hohe Gewinne in den USA deklarieren wie vor dem TCJA – bei den fünf großen Technologiekonzernen ist es sogar nahezu sieben Mal so viel.

Die Bevölkerung in den USA hat allerdings nichts von der Neuordnung ihres Landes als Steuerparadies für Großunternehmen. Die Ergebnisse der Studie machen deutlich, dass die US-Konzerne zwar sehr viel mehr Gewinne auf dem Papier in den USA verbuchen, jedoch daraus nicht mehr Steuereinnahmen oder mehr Jobs entstanden sind. Es drängt sich also das Fazit auf, dass die Politik des „America First" keine Politik für die breite Bevölkerung in den USA ist, sondern tatsächlich ein einseitiges Umverteilungsprogramm im Interesse der Konzerne und ihrer Bosse.

Wer tatsächlich profitiert, zeigt sich klar und deutlich am Beispiel der fünf großen Technologiekonzerne. Die gesamten Gewinne der Aktionär:innen dieser fünf Konzerne in Form von Dividenden oder Aktienrückkäufen summieren sich zwischen 2018 und 2024 auf weit über eine Billion Euro (auf Englisch: „trillion") – eine Summe, die doppelt so groß ist wie das Bruttoinlandsprodukt ganzer europäischer Staaten wie Belgien oder Irland. Der Slogan „America First" entpuppt sich also tatsächlich als „Big Tech First". Die Zeche zahlt hingegen der Rest der Welt – auch wir in der EU.

Der Bruch der Trump-Regierung mit dem Multilateralismus und der Zusammenarbeit zwischen Staaten für eine gerechtere Besteuerung multinationaler Konzerne ist eine ernsthafte Herausforderung für den Kampf für Verteilungsgerechtigkeit in einer globalisierten Weltwirtschaft. Die Grundsteine sind jedoch gelegt: Instrumente wie eine Digitalsteuer oder auch eine Gesamtkonzernbesteuerung könnten von der EU mit einer Koalition kooperationsbereiter Staaten auch ohne die USA umgesetzt werden. Die Steuerrahmenkonvention der Vereinten Nationen bietet eine einzigartige Chance, um der zwischenstaatlichen Zusammenarbeit für Verteilungsgerechtigkeit neues Leben einzuhauchen.

Was wir jedoch mehr denn je brauchen, ist der politische Wille für Steuergerechtigkeit zu sorgen. Die Bundesregierung unter Friedrich Merz und die Europäische Kommission unter Ursula von der Leyen zeigen jedoch, dass ihnen dieser Wille fehlt. Umso stärker kämpfen wir Linke in Europa und Deutschland Seite an Seite mit der Steuergerechtigkeitsbewegung für eine gerechtere Verteilung. Schließt euch an!

Tax Justice Now!
Martin Schirdewan, Mitglied des Europäischen Parlaments und Ko-Vorsitzender der Fraktion The Left im Europäischen Parlament

Executive Summary

Over recent decades, European countries have joined multilateral efforts to fight corporate tax abuse, most recently by means of the global minimum tax proposed by the Organisation for Economic Co-operation and Development (OECD). This report outlines how US policy under Donald Trump has undermined these efforts. By making it highly attractive for multinationals to report profits in the United States while paying little tax on them, the United States has itself moved towards becoming a corporate tax haven, benefiting US multinationals and their wealthy shareholders. At the same time, the Trump administration has weakened Europe's ability to protect its tax base by securing an exemption for US-based multinationals from the global minimum tax in early 2026, while US companies have systematically failed to provide the transparency required under European rules. Based on data from Compustat and aggregate country-by-country reporting data from the OECD, the report finds:

- **US multinationals are the single biggest driver of corporate tax abuse in the EU.** Between 2016 and 2023, they shifted EUR 327 billion in profits out of EU countries, costing European public budgets at least EUR 86.4 billion. Germany alone lost at least EUR 23.4 billion. Based on how corporate taxes are collected at different levels of government in Germany, this implies losses of around EUR 6.9 billion for the federal government, EUR 6.7 billion for the states ('Länder') and EUR 9.8 billion for municipalities ('Kommunen'), making municipalities the biggest losers. Had municipalities received the revenue they lost and invested it in daycare, they would have covered their daycare investment backlog by the end of 2024.

- **Trump moved the United States towards a corporate tax haven – but did not bring jobs or tax revenues home.** Trump's Tax Cuts and Jobs Act (TCJA), enacted in December 2017, reduced corporate tax rates and created incentives for US multinationals to report more profit at home. The typical tax rate they paid on their US profits fell from 33 % in 2016 to 21 % in 2024. In the most recent data, nearly one in three US-based multinationals paid less than 15 % in tax on their profits reported at home. This created a strong incentive to move paper profits to the United States: between 2016 and 2024, US multinationals' profits reported there doubled, from EUR 555 billion to EUR 1.1 trillion[1]. Yet US multinationals paid less tax in the United States in 2024 than they did back in 2016. Nor was the shift in reported profits accompanied by a larger US share of employment: the share of US multinationals' workforce located in the United States even declined between 2017 and 2023[2].

- **Instead, Big Tech companies and their wealthy shareholders captured the gains.** For years, they had parked profits abroad to avoid the tax due on bringing them home. The TCJA taxed these accumulated foreign earnings with a mandatory one-off charge at sharply reduced rates – a one-time windfall, at the expense of revenues future administrations would otherwise have collected. Apple alone held around EUR 223 billion in cash and other liquid assets in foreign subsidiaries at the end of 2017 and recorded around EUR 31 billion in transition tax. The TCJA also rewarded holding intellectual property (IP) in the United States: Google, Meta and Microsoft responded by moving theirs back, so that profits once booked in Ireland or Bermuda are now booked in the United States – where they are taxed just as lightly. As a consequence, Big Tech's reported US profits rose nearly sevenfold, while the taxes paid on them did not even double; the share of Big Tech's worldwide profits reported in the United States jumped from 31 % in 2017 to 70 % in 2024. By 2024, Big Tech paid an effective rate of just 12 % on these home-booked profits – down from around 52 % in 2017, before the reform took effect. Much of the benefit then flowed to shareholders: between 2018 and 2024, Big Tech distributed about EUR 1.2 trillion through dividends and share buybacks – payouts that go overwhelmingly to the wealthiest, as 90 % of US households' equities are held by the richest 10 % of the population.

- **At the same time, the Trump administration has undermined multilateral cooperation and weakened Europe's and the world's defences against corporate tax abuse.** Through the 'side-by-side' deal in early 2026, the US administration secured a de facto exemption for US-headquartered companies from the global minimum tax. This report estimates that, compared with the global minimum tax as originally agreed, the exemption costs EU countries about EUR 1 billion a year. The US exemption rests on the claim that the profits of US multinationals will in any case be taxed at the minimum rate of 15 % required under the global minimum tax. This report shows that this claim is highly questionable: in 2024, 35 % of the profits US multinationals reported at home were taxed below 15 %, even after allowing for the global minimum tax's long-run carve-out for payroll and tangible assets (31 % with the larger carve-out that applies in 2026). If the United States were treated like any other country outside the global minimum tax, EU Member States could instead collect an estimated EUR 2.5–4.3 billion a year by topping up these undertaxed profits. Where the EU has tried to defend its tax base without waiting for US agreement – through public country-by-country

reporting – US multinationals have largely failed to provide the required transparency. Only 40 % provided an adequate country-level breakdown in the first wave of EU reporting – and not a single Big Tech company did[3].

What is framed as economic patriotism is better understood as billionaire protectionism: the United States is defending not its workers or its industrial base, but the right of its largest corporations and their wealthy shareholders to keep their profits lightly taxed, at the expense of public budgets elsewhere.

Faced with a policy that deliberately weakens multilateral efforts against corporate tax abuse while positioning the United States itself as a corporate tax haven, Europe has a responsibility to act. European countries must reclaim their tax sovereignty and restore a level playing field. This appears increasingly difficult within an OECD that has repeatedly yielded to US political pressure in recent years and abandoned previously negotiated compromises with each new administration. At the same time, Europe has numerous alternatives for action at other levels, particularly within the EU and the United Nations. Europe should therefore:

1. **Implement unitary taxation with formulary apportionment.** That profits can be booked where taxes are low rather than where economic activity takes place is a fundamental flaw of the current transfer-pricing system. Europe should instead champion unitary taxation with formulary apportionment. Instead of maintaining the current fiction that every subsidiary of a global group operates independently and can therefore be taxed separately from the rest of the group, multinationals should be treated as what they are: single global firms. Their profits should be consolidated globally and then allocated among countries in a way that reflects genuine economic activity. Under an equally weighted formula based on employees and sales to customers, a country accounting for 10 % of a group's employees and 10 % of its sales would, for example, have the right to tax 10 % of the group's profits. This simple approach – already applied within the United States and Canada, and used to allocate taxing rights among German municipalities – makes it nearly impossible to shift paper profits into low-tax countries. Countries would remain free to set their own tax rates, but only on the share of profit that genuinely belongs to them. This would ensure that every euro of profit is taxed only once, but also at least once. In the long term, such a system should apply globally. Europe can, however, take the lead by initially implementing unitary taxation at the regional level.
2. **Enforce and complete public country-by-country reporting.** The public must be able to see in which countries large multinationals from the United States and elsewhere have their workers and sales, where they report their profits and where they pay their taxes. EU countries must therefore close the existing loopholes that allow companies to withhold information from their country-by-country reports or aggregate their activities across multiple countries. Companies should be required to provide a complete breakdown for every country, and those that fail to meet their disclosure obligations should face meaningful sanctions.
3. **Put Europe's full political weight behind the UN tax convention.** The negotiations on the UN Framework Convention on International Tax Cooperation provide a universal forum in which global tax rules can be negotiated democratically, transparently and with all countries participating on an equal footing. They also offer an opportunity to adapt outdated international tax rules to current economic realities and to enable all countries to defend their own taxing rights effectively. European governments should support ambitious and binding global rules and work with countries from all regions of the world to build a genuinely multilateral tax system.

1 All values that span multiple years or are compared over time are adjusted for inflation and expressed in euros at 2025 prices; US-dollar amounts were converted to euros at the average exchange rate of the respective year. The following figures are expressed in current euros, so that they remain comparable with the published figures on which they are based: the estimates of the effects of the side-by-side deal, which rest on current official figures, and Big Tech's cash held abroad, the one-off tax on its accumulated foreign profits and its dividends and share buybacks, which are taken from the companies' annual reports.

2 The different reference years reflect data availability. At the time of writing, Compustat North America provides data of sufficient quality through 2024, with 2016 as the cleanest pre-reform year, while the OECD's aggregated country-by-country reporting data are available on a comparable basis for the period from 2017 to 2023.

3 The first disclosure requirement arose from Romania's implementation of the EU Directive on public country-by-country reporting (Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021). In response, none of the major tech companies provided an adequate breakdown of their activities by country. However, in summer 2026, Microsoft and Apple published country-by-country reports that meet the requirements.

Zusammenfassung

Gemeinsam mit großen Teilen der Weltgemeinschaft hat Europa in den letzten Jahrzehnten versucht, globale Steuervermeidung und aggressive Steuerplanung einzudämmen, zuletzt mit der Einführung einer globalen Mindeststeuer. Dieser Bericht zeigt, wie die Vereinigten Staaten unter Präsident Trump diese multilateralen Bemühungen untergraben. Mit dem 2017 verabschiedeten *Tax Cuts and Jobs Act* schuf die US-Regierung Anreize für Unternehmen, andernorts erwirtschaftete Gewinne in den Vereinigten Staaten auszuweisen, wo sie nur minimal besteuert werden. Das Land entwickelt sich so selbst zur Steueroase – zugunsten der größten US-Konzerne und ihrer Anteilseigner. Gleichzeitig schwächt die Trump-Regierung Europas Möglichkeiten, die eigenen Besteuerungsrechte zu schützen. Anfang 2026 setzte sie für US-Unternehmen eine faktische Ausnahme von der globalen Mindeststeuer durch. Viele US-Konzerne verweigern außerdem die Transparenz über ihre globalen Aktivitäten, zu der sie nach europäischen Regeln eigentlich verpflichtet wären.

Die größte Last tragen die Kommunen: Die ihnen seit 2016 entgangenen Einnahmen hätten Ende 2024 bereits den gesamten damaligen Investitionsrückstand bei Kindertagesstätten gedeckt

Auf Grundlage von Compustat-Daten und aggregierten OECD-Daten der länderbezogenen Berichterstattung („country-by-country reporting“) kommt der Bericht zu folgenden Ergebnissen:

- **Unter den in Europa tätigen multinationalen Unternehmen verschieben US-Konzerne ihre Gewinne am stärksten in Niedrigsteuerländer und verursachen damit die größten Steuerausfälle.** Zwischen 2016 und 2023 verlagerten sie Gewinne in Höhe von 327 Milliarden Euro aus den EU-Staaten, in denen diese erwirtschaftet worden waren, in Niedrigsteuerländer. Den öffentlichen Haushalten in Europa entgingen dadurch Einnahmen von mindestens 86,4 Milliarden Euro. Allein Deutschland verlor mindestens 23,4 Milliarden Euro. Berücksichtigt man, auf welcher staatlichen Ebene Unternehmenssteuern in Deutschland erhoben werden, entfallen davon schätzungsweise 6,9 Milliarden Euro auf den Bund, 6,7 Milliarden Euro auf die Länder und 9,8 Milliarden Euro auf die Kommunen. Die größte Last tragen damit die Kommunen: Hätten sie die ihnen entgangenen Einnahmen erhalten und in Kitas investiert, hätten sie damit bis Ende 2024 ihren Investitionsrückstand bei Kindertagesstätten gedeckt.

- **Trump macht die USA zunehmend zur Unternehmenssteueroase. Doch weder der US-Fiskus noch die amerikanischen Beschäftigten profitieren davon.** Mit dem im Dezember 2017 verabschiedeten *Tax Cuts and Jobs Act* senkte die US-Regierung die Unternehmenssteuern und schuf Anreize für US-Konzerne, Gewinne im eigenen Land auszuweisen. Der Steuersatz, den ein typischer US-Konzern auf seine in den USA verbuchten Gewinne zahlt, sank von 33 Prozent im Jahr 2016 auf 21 Prozent im Jahr 2024. Zuletzt zahlte fast jeder dritte US-Konzern weniger als 15 Prozent Steuern auf seine im Inland ausgewiesenen Gewinne. Damit lohnt es sich für multinationale Konzerne mit Sitz in den USA, Buchgewinne ins eigene Land zu verlagern: Zwischen 2016 und 2024 haben sich ihre dort ausgewiesenen Gewinne verdoppelt – von 555 Milliarden auf 1,1 Billionen Euro.[1] Anders als von der Trump-Regierung versprochen, führte die Reform weder zu zusätzlichen Steuereinnahmen noch zu einer Rückverlagerung von Arbeitsplätzen in die USA: US-Konzerne zahlten 2024 in den Vereinigten Staaten insgesamt weniger Steuern als 2016, und der US-Anteil an ihrer weltweiten Beschäftigung sank zwischen 2017 und 2023[2].

- **Profitiert haben stattdessen die großen Tech-Konzerne und ihre Anteilseigner.** Über viele Jahre akkumulierten amerikanische Tech-Konzerne hohe Gewinne im Ausland, um die Steuer zu vermeiden, die bei einer Rückführung in die USA fällig geworden wäre. Der *Tax Cuts and Jobs Act* unterwarf diese angesammelten Auslandsgewinne einer verpflichtenden einmaligen Abgabe zu stark reduzierten Sätzen – ein kurzfristiger Geldsegen zulasten der Einnahmen, die sonst künftigen Regierungen zugeflossen wären. Allein Apple hielt Ende 2017 rund 223 Milliarden Euro an Barmitteln und anderen liquiden Anlagen in ausländischen Tochtergesellschaften und verbuchte rund 31 Milliarden Euro an einmaliger Übergangssteuer. Das Gesetz belohnte zudem die Ansiedlung geistigen

Eigentums in den USA: Google, Meta und Microsoft verlagerten die entsprechenden Rechte daraufhin zurück, sodass Gewinne, die einst in Irland oder Bermuda anfielen, heute in den USA ausgewiesen werden – wo sie ebenso niedrig besteuert werden. Entsprechend stiegen die von den großen Tech-Konzernen in den USA verbuchten Gewinne zwischen 2017 und 2024 auf nahezu das Siebenfache, während sich die darauf gezahlten Steuern nicht einmal verdoppelten. Der in den USA ausgewiesene Anteil der weltweiten Big-Tech-Gewinne wuchs von 31 Prozent im Jahr 2017 auf 70 Prozent im Jahr 2024. Auf diese im Inland verbuchten Gewinne entfiel 2024 ein effektiver Steuersatz von nur noch 12 Prozent – vor der Reform waren es noch rund 52 Prozent.[3] Ein Großteil der Gewinne floss anschließend an die Anteilseigner: Zwischen 2018 und 2024 schütteten die großen Tech-Konzerne rund 1,2 Billionen Euro über Dividenden und Aktienrückkäufe aus – Ausschüttungen, die ganz überwiegend den Reichsten zugutekommen, halten doch die reichsten 10 Prozent der US-Bürger*innen 90 Prozent der Aktien, die im Besitz privater Haushalte sind.

- **Zugleich untergräbt die Trump-Regierung die europäischen und weltweit koordinierten Schutzmechanismen gegen aggressive Steuerplanung.** Mit dem sogenannten „Side-by-Side"-Deal wurden Anfang 2026 US-amerikanische Unternehmen faktisch von der globalen Mindeststeuer ausgenommen[4]. Verglichen mit der ursprünglich vereinbarten Mindeststeuer kostet das die EU nach Schätzungen dieses Berichts Mindereinnahmen von rund einer Milliarde Euro im Jahr. Begründet wird die Ausnahme damit, dass die Gewinne von US-Konzernen ohnehin mindestens mit dem in der Mindeststeuer vorgesehenen Satz von 15 Prozent besteuert würden, unabhängig davon, wo sie verbucht werden. Die Ergebnisse dieses Berichts wecken daran erhebliche Zweifel: Im Jahr 2024 wurden rund 35 Prozent der Gewinne, die multinationale US-Konzerne im eigenen Land auswiesen, mit weniger als 15 Prozent besteuert – selbst unter Berücksichtigung des in der globalen Mindeststeuer langfristig vorgesehenen Abzugs für Lohnkosten und materielle Vermögenswerte (mit dem 2026 geltenden, höheren Abzug: 31 Prozent). Ohne die Sonderregelung für die USA könnten EU-Mitgliedstaaten niedrig besteuerte Gewinne von US-Konzernen nach denselben Regeln nachbesteuern wie bei Konzernen aus anderen Staaten, die die globale Mindeststeuer nicht anwenden – mit geschätzten Mehreinnahmen von 2,5 bis 4,3 Milliarden Euro pro Jahr. Wo die EU ihre Besteuerungsrechte auch ohne Zustimmung der USA zu schützen versucht – insbesondere durch die öffentliche länderbezogene Berichterstattung („country-by-country reporting") für in der EU tätige multinationale Unternehmen –, nutzen US-Konzerne Schlupflöcher, um die geforderte Transparenz zu umgehen: Nur 40 Prozent legten in der ersten Veröffentlichungsrunde eine angemessene Aufschlüsselung nach einzelnen Ländern vor; unter ihnen war kein einziger der großen Tech-Konzerne[5].

Was Trump als Wirtschaftspatriotismus verkauft, ist in Wahrheit Protektionismus für Milliardäre: Die Vereinigten Staaten verteidigen nicht ihre Beschäftigten oder ihre Industrie, sondern das Recht ihrer größten Konzerne und deren reicher Anteilseigner, Gewinne niedrig besteuert zu behalten – auf Kosten öffentlicher Haushalte auf der ganzen Welt.

Angesichts einer US-Politik, die multilaterale Bemühungen gegen Steuervermeidung gezielt schwächt und die Vereinigten Staaten selbst als Steueroase positioniert, ist Europa in der Verantwortung zu handeln. Die europäischen Staaten müssen ihre Steuersouveränität zurückgewinnen und faire Wettbewerbsbedingungen wiederherstellen. Innerhalb einer OECD, die sich dem politischen Druck der USA in den vergangenen Jahren immer wieder gebeugt und mit jeder neuen US-Administration bereits ausgehandelte Kompromisse aufgegeben hat, erscheint dies kaum möglich. Auf anderen Ebenen stehen Europa jedoch zahlreiche Alternativen offen – insbesondere in der EU und in den Vereinten Nationen. Europa sollte daher:

1. **Eine Gesamtkonzernbesteuerung einführen.** Dass Gewinne dort verbucht werden können, wo die Steuern niedrig sind, statt dort, wo die wirtschaftliche Aktivität stattfindet, ist ein Grundproblem des geltenden Verrechnungspreissystems. Europa sollte sich stattdessen für eine Gesamtkonzernbesteuerung mit formelbasierter Aufteilung einsetzen. Statt an der Fiktion festzuhalten, jede Tochtergesellschaft eines globalen Konzerns agiere eigenständig und lasse sich unabhängig vom Rest des Konzerns besteuern, behandelt die Gesamtkonzernbesteuerung ein multinationales Unternehmen als das, was es ist: eine global agierende Einheit. Konzerngewinne werden weltweit konsolidiert und anschließend so auf die einzelnen Staaten verteilt, dass die Aufteilung die tatsächliche wirtschaftliche Aktivität widerspiegelt. Nach einer Formel aus Beschäftigung und Umsatz hätte ein Land, auf das 10 Prozent der Beschäftigten und 10 Prozent der Umsätze entfallen, beispielsweise das Recht, 10 Prozent der Gewinne zu besteuern. Dieses einfache Prinzip – innerhalb der USA und Kanadas ebenso angewandt wie bei der Aufteilung von Besteuerungsrechten auf deutsche Kommunen – macht die Verschiebung von Buchgewinnen in Niedrigsteuerländer nahezu unmöglich. Den Staaten bliebe es weiterhin frei-

gestellt, ihre Steuersätze nach Belieben festzulegen, allerdings nur auf jenen Gewinn, der ihnen tatsächlich zusteht. So wäre sichergestellt, dass jeder Euro Gewinn nur einmal – aber auch mindestens einmal – besteuert wird. Langfristig sollte ein solches System weltweit gelten; Europa kann jedoch vorangehen und die Gesamtkonzernbesteuerung zunächst regional umsetzen.

2. **Die öffentliche länderbezogene Berichterstattung wirksam durchsetzen und vervollständigen.** Die Öffentlichkeit muss nachvollziehen können, in welchen Ländern multinationale Konzerne ihre Beschäftigten und Umsätze haben, wo sie ihre Gewinne ausweisen und wo sie Steuern zahlen. Die EU-Staaten müssen deshalb die bestehenden Schlupflöcher schließen, die es Unternehmen erlauben, Informationen zurückzuhalten oder die Aktivitäten mehrerer Staaten zusammenzufassen. Die europäische Regelung muss so nachgeschärft werden, dass Angaben für jedes Land verpflichtend werden – und nicht länger nur für EU-Staaten und Länder der *EU-Liste nicht kooperativer Länder und Gebiete für Steuerzwecke*, die etwa die Vereinigten Staaten außen vor lässt. Hinzukommen müssen wirksame Sanktionen für Unternehmen, die ihren Offenlegungspflichten nicht nachkommen.

3. **Die UN-Steuerkonvention mit vollem politischen Gewicht unterstützen.** Die Verhandlungen über die UN-Steuerkonvention bieten ein universelles Forum, in dem sich globale Steuerregeln demokratisch, transparent und unter gleichberechtigter Beteiligung aller Staaten aushandeln lassen. Zugleich eröffnen sie die Möglichkeit, überholte internationale Steuerregeln an die wirtschaftliche Realität anzupassen und allen Ländern zu ermöglichen, ihre Besteuerungsrechte wirksam zu verteidigen. Die europäischen Regierungen sollten sich daher für ambitionierte und verbindliche globale Regeln einsetzen und gemeinsam mit Staaten der ganzen Welt an einem tatsächlich multilateralen Steuersystem arbeiten.

23,4 Mrd.

Durch US-amerikanische Unternehmen verursachte Steuerverluste in Deutschland zwischen 2016 und 2023

86,4 Mrd.

Durch US-amerikanische Unternehmen verursachte Steuerverluste in Europa zwischen 2016 und 2023

1 Alle Werte, die mehrere Jahre umfassen oder über die Zeit verglichen werden, sind inflationsbereinigt und in Euro zu Preisen von 2025 angegeben; Beträge in US-Dollar wurden zum jeweiligen Jahresdurchschnittskurs in Euro umgerechnet. In laufenden Euro ausgewiesen sind – damit sie mit den veröffentlichten Ausgangswerten vergleichbar bleiben – die Schätzungen zu den Folgen des Side-by-Side-Deals, die auf aktuellen offiziellen Angaben beruhen, sowie die im Ausland gehaltenen Barmittel der großen Tech-Konzerne, die einmalige Steuer auf ihre im Ausland angesammelten Gewinne und ihre Dividenden und Aktienrückkäufe, die den Geschäftsberichten der Unternehmen entnommen sind.

2 Die unterschiedlichen Bezugsjahre ergeben sich aus der Datenverfügbarkeit. Zum Zeitpunkt der Erstellung dieses Berichts liegen die Daten von Compustat North America in ausreichender Qualität bis einschließlich 2024 vor, wobei 2016 das letzte unverzerrte Jahr vor der Reform ist. Die aggregierten OECD-Daten aus der länderbezogenen Berichterstattung sind dagegen auf vergleichbarer Basis für den Zeitraum 2017 bis 2023 verfügbar.

3 Die effektiven Steuersätze vor der Reform lagen oft über dem damaligen gesetzlichen Steuersatz von 35 Prozent, weil die USA vor der Reform nach dem Welteinkommensprinzip auch im Ausland verbuchte Gewinne bei ihrer Rückführung besteuerten; Einzelheiten finden sich im Bericht.

4 Die Europäische Kommission hält den Begriff Ausnahme für unzutreffend, da Gaststaaten weiterhin eine nationale Ergänzungssteuer erheben können. Die Vereinbarung beseitigt jedoch die Auffangregeln für genau jene Gewinne, die diese nicht erreicht – vor allem die zu niedrig besteuerten Gewinne in den USA selbst, wo der Großteil von ihnen anfällt. Details im Bericht.

5 Die erste Veröffentlichungspflicht ergab sich aus der rumänischen Umsetzung der Richtlinie über die öffentliche länderbezogene Berichterstattung. Keines der großen Tech-Unternehmen schlüsselte seine Aktivitäten in Reaktion darauf angemessen nach Ländern auf. Microsoft und Apple legten jedoch im Sommer 2026 länderspezifische Berichterstattungen vor, die den Anforderungen entsprechen.

I. Introduction

Over the past decade, the world had begun to close in on corporate tax abuse. From 2013, the Organisation for Economic Co-operation and Development (OECD) and G20 process against base erosion and profit shifting coordinated reforms on transparency and anti-abuse; from 2016, large multinationals had to report their profits and taxes country by country to tax authorities; in 2021, the EU adopted legislation requiring much of this reporting to become public and 136 countries and jurisdictions agreed on a global minimum tax. It was slow and imperfect – but it was progress. This report shows how the Trump administration is deliberately dismantling that progress, piece by piece: undermining the reforms already in place while turning the United States itself into the kind of tax haven those reforms were built to shut down.

The report starts by showing that US multinationals are the single biggest driver of corporate profit shifting out of EU countries. Between 2016 and 2023, they reported EUR 327 billion in profits in low-tax jurisdictions rather than where those profits were actually generated, costing EU budgets at least EUR 86.4 billion. These losses occur at every level of government, often where funds are scarcest. In Germany, for instance, EUR 9.8 billion of the EUR 23.4 billion total falls on municipalities ('Kommunen') – losses that, by the end of 2024, would have been enough to cover their entire daycare investment backlog. The shifted profits flow to well-known tax havens both inside and outside the EU, with Ireland topping the list. But the fact that profits are often shifted into the EU itself does not mean the bloc comes out ahead: for every euro of tax an EU-based tax haven collects from multinationals that have illegitimately booked profit there, other Member States lose tax revenues of EUR 12.

The tax abuse of US multinationals is neither a law of nature nor a mere consequence of open markets. It is the result of deliberate policies. One of these policies is the Tax Cuts and Jobs Act (TCJA) enacted by the first Trump administration. As this report sets out, the Act lets US companies pay very little at home, leaving every third US-based multinational – and the 40 % of total profits they book in the US – taxed at a rate below 15 %. The TCJA turned the United States into a popular destination for profit shifting: it now incentivises US-based multinationals to book profits generated around the world, including in the EU, at home. In effect, the TCJA has substituted traditional tax havens with the United States itself.

Big Tech companies are among the largest beneficiaries of the reform. Because the incentives for booking profit at home had increased, Big Tech companies retired parts of their old offshore structures, such as the infamous Irish holding companies and Bermuda routes, and moved their intangibles to the United States, where they are taxed just as lightly. The share of their worldwide profits booked in the United States jumped from 31 % in 2017 to 70 % by 2024. Their reported US profits grew nearly sevenfold (inflation-adjusted), yet the taxes paid on them did not even double. By 2024, Big Tech paid an effective rate of just 12 % at home, well below the 30 % it currently pays abroad – a complete inversion of the pre-reform pattern. What the tax authorities no longer collect flowed to shareholders instead: between 2018 and 2024, the five firms distributed about EUR 1.2 trillion in dividends and share

buybacks, more than three times the tax they paid worldwide over the same period.

Who, then, captured these payouts? Equity ownership in the United States is highly concentrated: the richest 1 % of households own roughly half of the corporate equities and mutual-fund shares held by US households, while the top 10 % own about 90 % (Federal Reserve Board, 2025). Most Americans saw little of the windfall, and the public purse saw even less: US multinationals as a whole paid less tax in the United States in 2024 than in 2016, even though the profits they booked there doubled. That leaves less money for schools, infrastructure and public services. Nor did the promised return of jobs materialise: by 2023, US multinationals' domestic share of employment was lower than in 2017, before the reform took effect. Trump's tax policy is, in effect, billionaire protectionism: it shields America's richest from the world's efforts to make corporations pay their share – and sends the bill to public budgets at home and abroad.

EU countries have tried to defend their tax sovereignty against US multinationals. To establish a minimum level of transparency about their tax behaviour, the EU introduced public country-by-country reporting, requiring companies to disclose where they have their employees, where they record profits, and where they pay – or do not pay – taxes. But in the first wave of EU reporting, which began with Romania, many US multinationals used a loophole to sidestep the rules. By January 2026, 48 % of US-headquartered companies reported only the country in which the report was filed, instead of breaking down their activity by individual EU country and selected tax havens, as the directive intends. This defeats the purpose of country-by-country reporting. It also makes US-headquartered companies the least compliant of any major headquarters jurisdiction – behind Switzerland, and far behind Japan and the United Kingdom, where more than 70 % of companies provided an adequate country-level breakdown (Fair Tax Foundation, 2026; see also EU Tax Observatory, 2026).

The EU's second attempt to defend its tax sovereignty was to join the OECD's effort to introduce a global minimum tax and halt the race to the bottom. Even after the rate had been reduced to 15 % and significant carve-outs had been allowed, the Trump administration secured a de facto exemption for its own companies through the 'side-by-side' arrangement in early 2026[1]. This report estimates that the exemption costs EU countries between EUR 0.8 billion and EUR 1.2 billion in revenue per year, compared with what they had expected under the previous rules. The side-by-side arrangement rests on the claim that US rules already ensure a minimum effective rate of 15 % on the profits of US multinationals, wherever those profits are booked. That may hold for profits booked outside the United States, which are covered by the US minimum tax on foreign earnings. At home, it does not: 40 % of the profits US multinationals book in the United States are taxed below 15 %, and 35 % remain below that mark even after applying the minimum tax's long-run carve-outs (31 % with the larger carve-outs that apply in 2026). Treating US multinationals like everyone else outside the global minimum tax, rather than granting them unjustified special treatment, would allow EU Member States to top up these undertaxed profits and raise an estimated EUR 2.5–4.3 billion a year.

The associated budgetary losses are only the tip of the iceberg. The deeper damage is done to the level playing field: European multinationals compete against rivals who pay a fraction of the tax they do. European domestic firms, which have none of the profit-shifting options open to multinationals, are at a sharper disadvantage still. Most corrosive of all is what the steady flouting of EU rules does to the social contract itself: the shared understanding that everyone contributes to the public goods we all depend on – the education, infrastructure and healthcare that are, in the end, the very foundation on which corporate profit is built. When the biggest beneficiaries of those public goods stop paying for them, the bargain that sustains them begins to unravel.

The good news is that Europe does not need to wait for the US to cooperate. It can act now by joining the global alliance for a fairer international tax architecture taking shape at the United Nations. The emerging UN Framework Convention on International Tax Cooperation is built on a simple principle: every state should be able to enforce the tax rules it has set for itself. The convention can be agreed whether or not the United States takes part, with the door left open for it to join later. Europe should not wait until it has lost still more billions. It should throw its weight behind an ambitious UN tax convention now, alongside allies from around the world, and reclaim its tax sovereignty.

1 The European Commission argues that it is incorrect to call the arrangement an exemption, since countries in which US multinationals operate remain free to apply a qualified domestic minimum top-up tax (QDMTT) to US-headquartered subsidiaries. Ireland, for instance, would still be able to tax the in-scope profits reported there at 15 %. This is correct as far as it goes. What the arrangement removes are the backstops: the income inclusion rule and the undertaxed profits rule, which exist precisely for the cases a QDMTT does not reach. When profit remains undertaxed in a jurisdiction – including in the United States itself – no other country can step in. Given how much undertaxed profit US multinationals report at home, according to 2024 data, this leaves the largest gap unaddressed, which is why this report describes the arrangement as a de facto exemption.

II. What EU countries lose through US multinationals' corporate tax abuse

To assess how much profit US multinationals shift out of EU countries – recording it where taxes are low rather than where the economic activity takes place – this report compares the share of economic activity these companies have in each country with the share of profit they book there. Profit is flagged as shifted into a country when it meets two conditions: it is not backed by real economic activity there, and at least half of the profit US multinationals report in that country is taxed at an effective rate below 15 %. Economic activity is measured by the shares of employment, assets and sales[1]. These calculations draw on aggregate country-by-country reporting data published by the OECD for 2016 to 2023, supplemented with US data on the activities of US multinationals and bilateral trade data for the sales factor. Throughout this report, all euro figures are inflation-adjusted to 2025 prices unless stated otherwise. All details on the data and methods can be found in the accompanying methodology note.

The estimates presented below are highly conservative. This is mainly because we classify profits as shifted only if they are reported in countries where at least half of the profits reported by US multinationals are taxed at an effective rate below 15 %. In reality, multinationals often shift profits to countries where most profits are taxed at ordinary rates, while some arrangements allow certain profits to be taxed at very low effective rates (Hugger, González Cabral and O'Reilly 2023). These estimates should therefore be interpreted as a lower bound.[2]

US multinationals bear the greatest responsibility for profit shifted out of the EU

This report finds that between 2016 and 2023, US companies shifted EUR 327 billion in profit out of EU countries. As → **Figure 1** shows, this makes US-headquartered firms responsible for 23 % of all profit shifted out of EU countries, although they account for less than 11 % of multinationals' economic activity in EU countries. They are the single largest contributor to corporate tax abuse, ahead of companies headquartered in France, Germany and Switzerland.

These shifted profits are linked to tax losses by applying the tax rate they would have faced in the country where they were actually generated. → **Figure 2** shows the result: between 2016 and 2023, EU countries lost around EUR 86.4 billion in tax revenue as a result of tax avoidance by US multinationals. The figure also reveals that, far from declining as the wave of EU and global measures against corporate tax abuse might suggest, this dodging has risen over the period – from EUR 7.5 billion in 2017, the first year with comparable data[3], to EUR 14.4 billion in 2023. 2021 stands out as the year with the highest losses, mostly due to the post-pandemic surge in US multinationals' profits, which flowed disproportionately to low-tax jurisdictions. Table 1 reports the results for each individual EU country: while nearly every country loses, the losses are concentrated in the large economies, mostly Germany (EUR 23.4 billion) and France (EUR 18.7 billion).

Profit shifted out of EU countries, by headquarters country of the multinational

Cumulative 2016–2023; the share of all profit shifted out of EU countries is shown in brackets

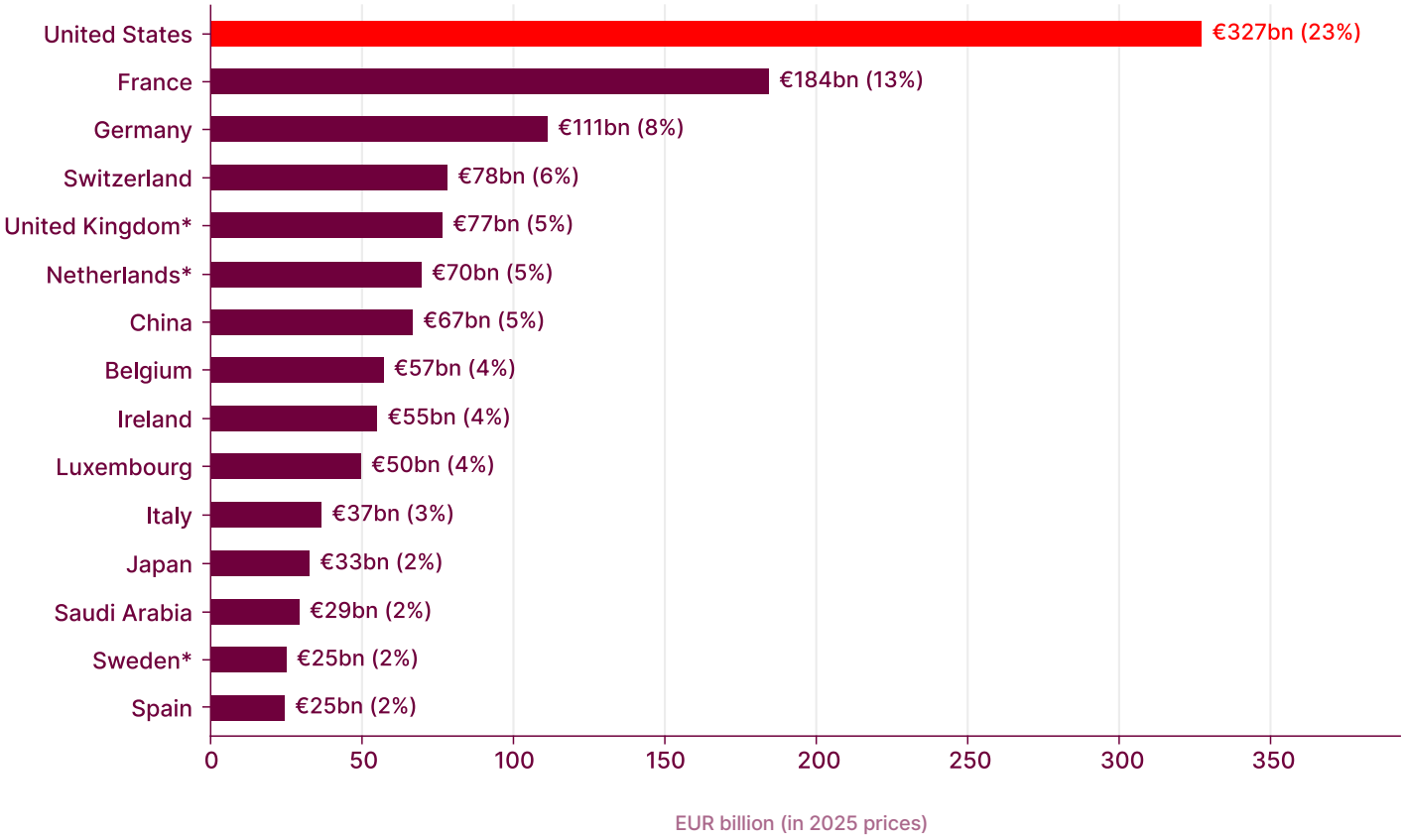


Figure 1: Profit shifted out of EU countries, by headquarters country of the multinational

This figure shows the estimated profit shifted out of EU countries, by headquarters country of the multinational group, aggregated for the years from 2016 to 2023. Shifted profit is estimated from the mismatch between the country where economic activity takes place and where the profit is booked: profit is considered to be shifted out of a country if the economic activity is located there but the profit is booked in a low-tax jurisdiction, defined as one where at least half of the profits reported by US multinationals are taxed at an effective rate below 15 %. Economic activity is measured by the CCCTB formula, which weights destination-based sales by one third, tangible assets by one third, employees by one sixth and payroll by one sixth. For non-US headquarters, we approximate destination-based sales by third-party revenues since no data on destination-based sales exist. If we used the same measure for US multinationals, the US would still be the biggest single contributor by far. In total, an estimated EUR 1 420 billion was shifted out of EU countries between 2016 and 2023. The figure says nothing about the destination of the shifted profit, which can be inside or outside the EU. An asterisk flags a headquarters country for which the OECD data give the foreign activity of its multinationals mostly as regional totals rather than country by country. The profit shifted out of EU countries by these multinationals is therefore estimated from those regional totals and should be interpreted with greater caution. All amounts are inflation-adjusted and expressed in 2025 prices. Source: author's analysis of OECD aggregated country-by-country reporting data, 2016–2023. For details, see the accompanying methodology note.

Corporate tax lost by EU countries to profit shifting by US multinationals over time

Per year and cumulative, 2016–2023

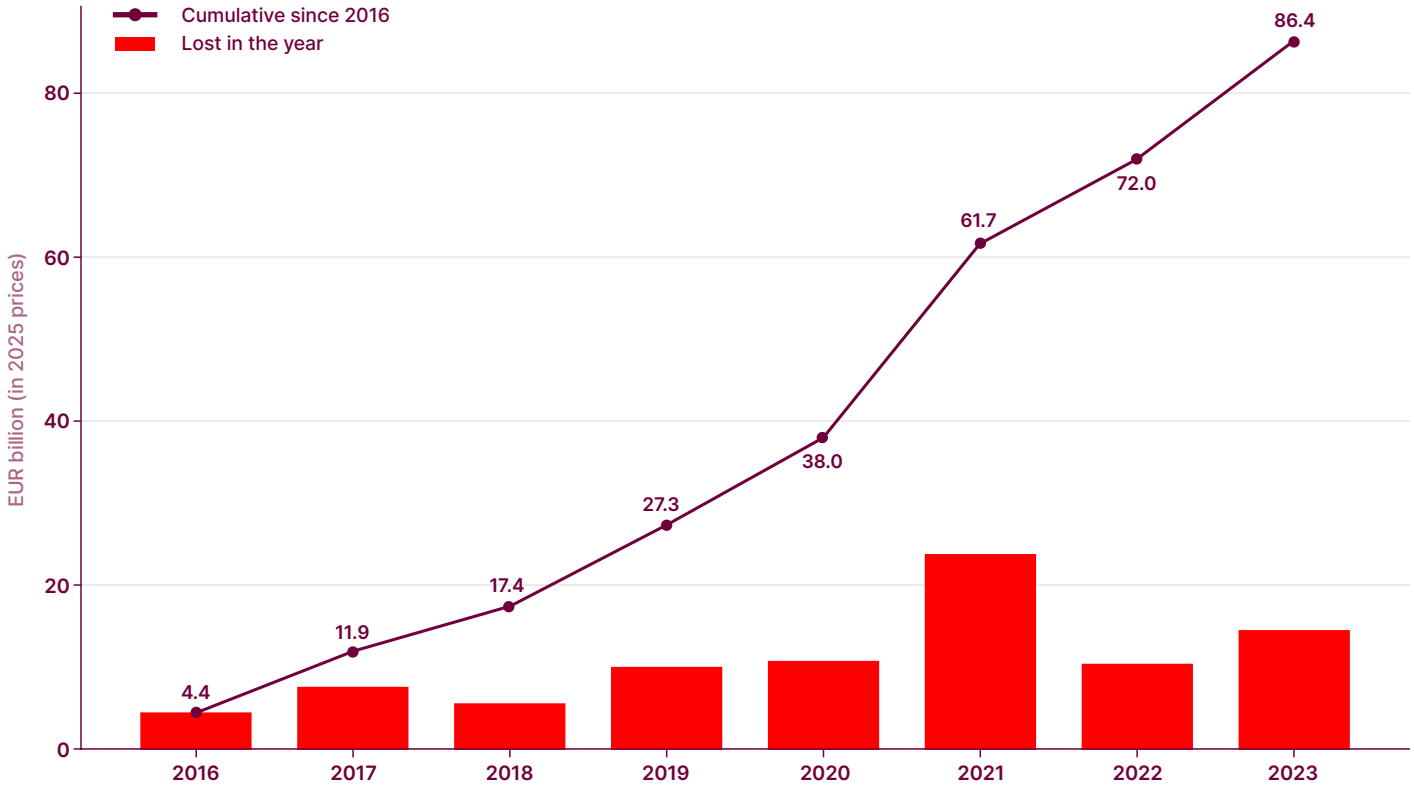


Figure 2: Corporate tax lost by EU countries to profit shifting by US multinationals over time
This figure shows the corporate tax revenue that EU countries lost to profit shifting by US multinationals in each year (red bars) and cumulatively since 2016 (dark line). Profit is considered to be shifted out of a country if a multinational's economic activity is located in the country but the profit is booked in a low-tax jurisdiction, defined as one where at least half of the profits reported by US multinationals are taxed at an effective rate below 15 %. Economic activity is measured by the CCCTB formula, which weights destination-based sales by one third, tangible assets by one third, employees by one sixth and payroll by one sixth. Tax lost is the profit shifted out of a country multiplied by that country's headline corporate tax rate. Only US-headquartered multinationals are included. All amounts are inflation-adjusted and expressed in 2025 prices. Source: author's analysis of OECD aggregated country-by-country reporting data, 2016–2023. For details, see the accompanying methodology note.

Country	ISO	Cumulative 2016–2023, EUR million (in 2025 prices)
Austria	AUT	1509
Belgium	BEL	2207
Bulgaria	BGR	219
Croatia	HRV	44
Cyprus	CYP	15
Czechia	CZE	1128
Denmark	DNK	2549
Estonia	EST	106
Finland	FIN	791
France	FRA	18704
Germany	DEU	23448
Greece	GRC	351
Hungary	HUN	244
Ireland	IRL	0
Italy	ITA	7553
Latvia	LVA	72
Lithuania	LTU	0
Luxembourg	LUX	5869
Malta	MLT	26
Netherlands	NLD	5209
Poland	POL	3871
Portugal	PRT	1081
Romania	ROU	944
Slovak Republic	SVK	472
Slovenia	SVN	202
Spain	ESP	5953
Sweden	SWE	3823

Table 1: Corporate tax lost to profit shifting by US multinationals, by EU country
This table shows the corporate tax revenue that each EU country lost to profit shifting by US multinationals, cumulated over 2016 to 2023. Profit is considered to be shifted out of a country if a multinational's economic activity is located in the country but the profit is booked in a low-tax jurisdiction, defined as one where at least half of the profits reported by US multinationals are taxed at an effective rate below 15 %. Economic activity is measured by the CCCTB formula, which weights destination-based sales by one third, tangible assets by one third, employees by one sixth and payroll by one sixth. Tax lost is the profit shifted out of a country multiplied by that country's headline corporate tax rate. Countries in which US multinationals book more profit than their economic activity there would warrant show a loss of zero. For Luxembourg and Malta, we set negative reported profits to zero before we compare reported profits with economic activity. Even though the losses US multinationals book there are closely linked to profit-shifting structures and their unwinding after the US tax reform (see Chapter III), they probably did not result in direct corporate tax revenue losses for Luxembourg or Malta (see box 'The special case of Luxembourg and Malta'). Only US-headquartered multinationals are included. All amounts are inflation-adjusted and expressed in 2025 prices. Source: author's analysis of OECD aggregated country-by-country reporting data, 2016–2023. For details, see the accompanying methodology note.

Losses occur at all levels

Corporate taxes are collected not only at the federal level but also by other levels of government. So when US multinationals understate the profit they actually made in a country, the shortfall hits revenue at several levels at once. ↓**Figure 3** shows how the losses break down across the federal, state, and local levels for Germany: Approximately 30 % (EUR 6.9 billion) falls on the federal government, 29 % (EUR 6.7 billion) on the states ('Länder'), and the largest share, 42 % (EUR 9.8 billion), on the municipalities ('Kommunen').

The estimate for municipalities is especially conservative because it excludes profit shifting within Germany into municipal trade-tax havens. Across all companies, the associated revenue loss is estimated at around EUR 1 billion per year (Netzwerk Steuergerechtigkeit 2024; Kochems 2025), but the share attributable to US multinationals is unknown.

Germany's corporate tax loss to profit shifting by US multinationals, by level of government

Cumulative 2016–2023; share of total in brackets

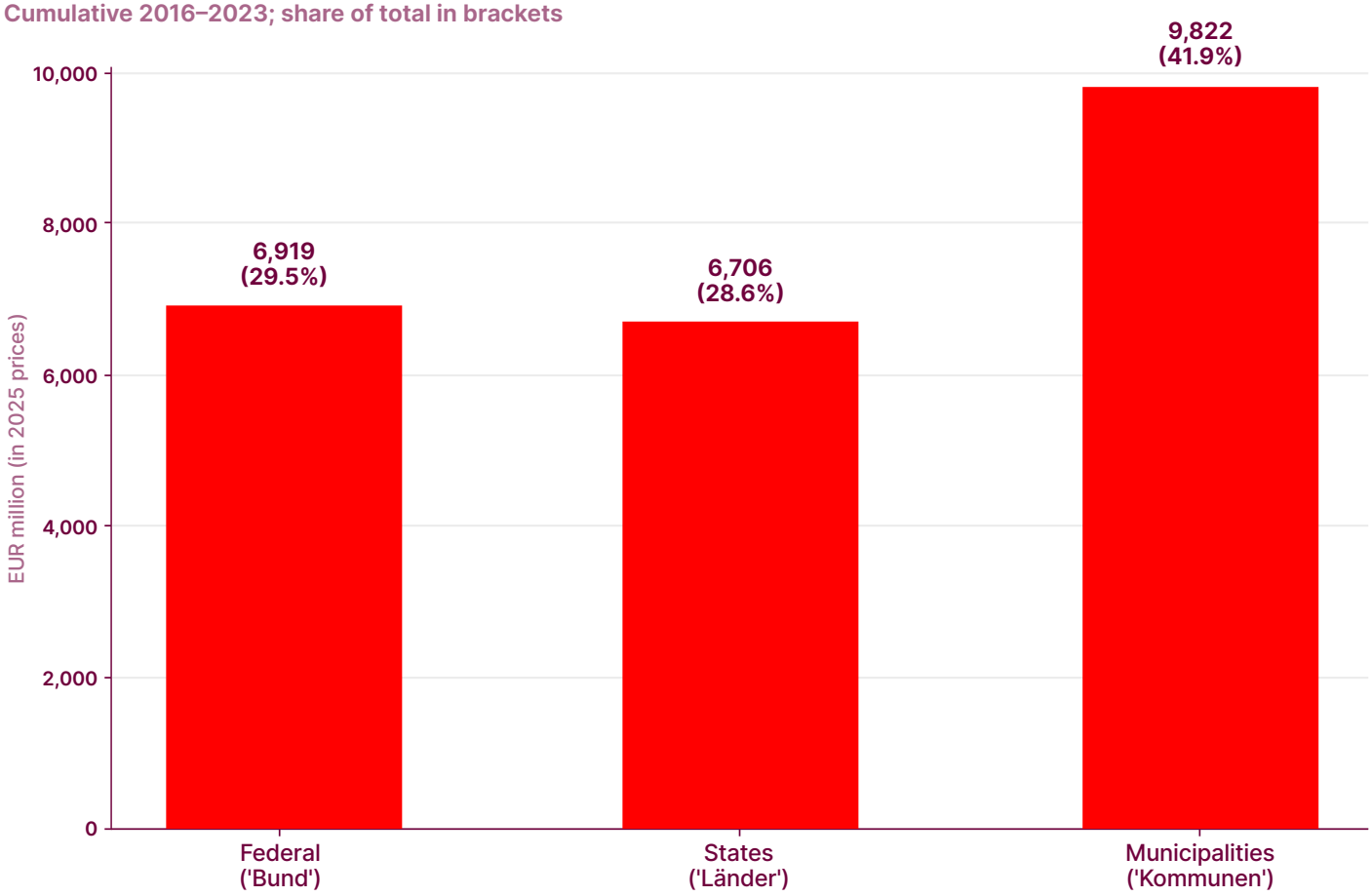


Figure 3: Germany's corporate tax loss to profit shifting by US multinationals, by level of government

This figure shows the corporate tax revenue that Germany lost to profit shifting by US multinationals between 2016 and 2023, split between the federal government ('Bund'), the states ('Länder') and the municipalities ('Kommunen'). Profit is considered to be shifted out of Germany if a multinational's economic activity is located in Germany but the profit is booked in a low-tax jurisdiction, defined as one where at least half of the profits reported by US multinationals are taxed at an effective rate below 15 %. Economic activity is measured by the CCCTB formula, which weights destination-based sales by one third, tangible assets by one third, employees by one sixth and payroll by one sixth. Tax lost is the shifted profit multiplied by Germany's combined corporate tax rate. The loss is then split between the three levels of government in proportion to their share of that combined rate: corporate income tax accrues in equal parts to the federal government and the states, the solidarity surcharge to the federal government, and the local trade tax to the municipalities, part of which is passed on to the federal government and the states. The share of trade tax passed on is taken year by year from Destatis. The figure does not take into account profit shifting between German municipalities. Only US-headquartered multinationals are included. All amounts are inflation-adjusted and expressed in 2025 prices. Source: author's analysis of OECD aggregated country-by-country reporting data, 2016–2023. For details, see the accompanying methodology note.

For Germany's notoriously underfunded municipalities, these losses are especially severe. Had municipalities received this revenue and invested it in daycare, the amount lost up to 2023 alone would have covered more than 85 % of their daycare investment backlog – EUR 11.2 billion at the end of 2024, or EUR 11.4 billion in 2025 prices (KfW, 2025). Including the revenue projected to be lost in 2024, it would have covered the backlog entirely, as ↓**Figure 4** shows.

Municipal tax loss in Germany compared with the municipal daycare investment backlog

2016–2023 observed, 2024–2025 projected

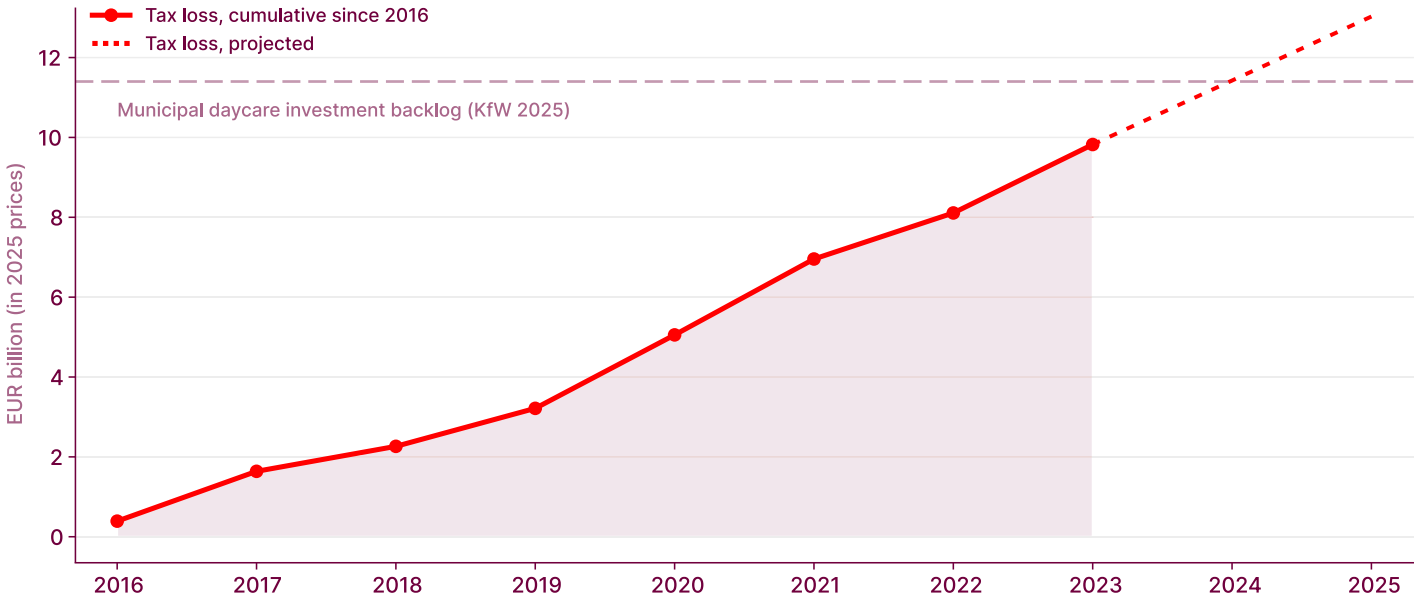


Figure 4: Municipal tax loss in Germany compared with the municipal daycare investment backlog
This figure shows the corporate tax revenue that German municipalities ('Kommunen') lost to profit shifting by US multinationals, accumulated from 2016 (solid line), and compares it with the municipalities' investment backlog in daycare facilities at the end of 2024 (dashed line, KfW-Kommunalpanel 2025). Tax lost is the profit shifted out of Germany, estimated from the mismatch between where US multinationals' economic activity is located and where their profit is booked, multiplied by the combined corporate tax rate. The municipal share is the part of that rate accruing to the municipalities, as in Figure 3. For 2024 onwards (dotted line), the loss is projected assuming that US multinationals keep shifting the same share of their worldwide profit as on average in 2016–2023, applied to their profits reported for 2024 and held constant for 2025. The figure does not take into account profit shifting between German municipalities. Only US-headquartered multinationals are included. All amounts are inflation-adjusted and expressed in 2025 prices. Source: author's analysis of OECD aggregated country-by-country reporting data, 2016–2023. Daycare investment backlog: KfW (2025). For details, see the accompanying methodology note.

For the German states ('Länder'), which fund the courts, the most recent annual loss (EUR 1.1 billion in 2023) would pay for roughly 11 000 judge and prosecutor positions – more than five times the 2 000 additional posts that the German Judges Association says are needed, at a time when more than a million criminal cases are pending (↓**Figure 5**).

State tax loss in Germany compared with the national shortage of judges and prosecutors

Full-time positions fundable with one year's loss versus the shortfall in positions

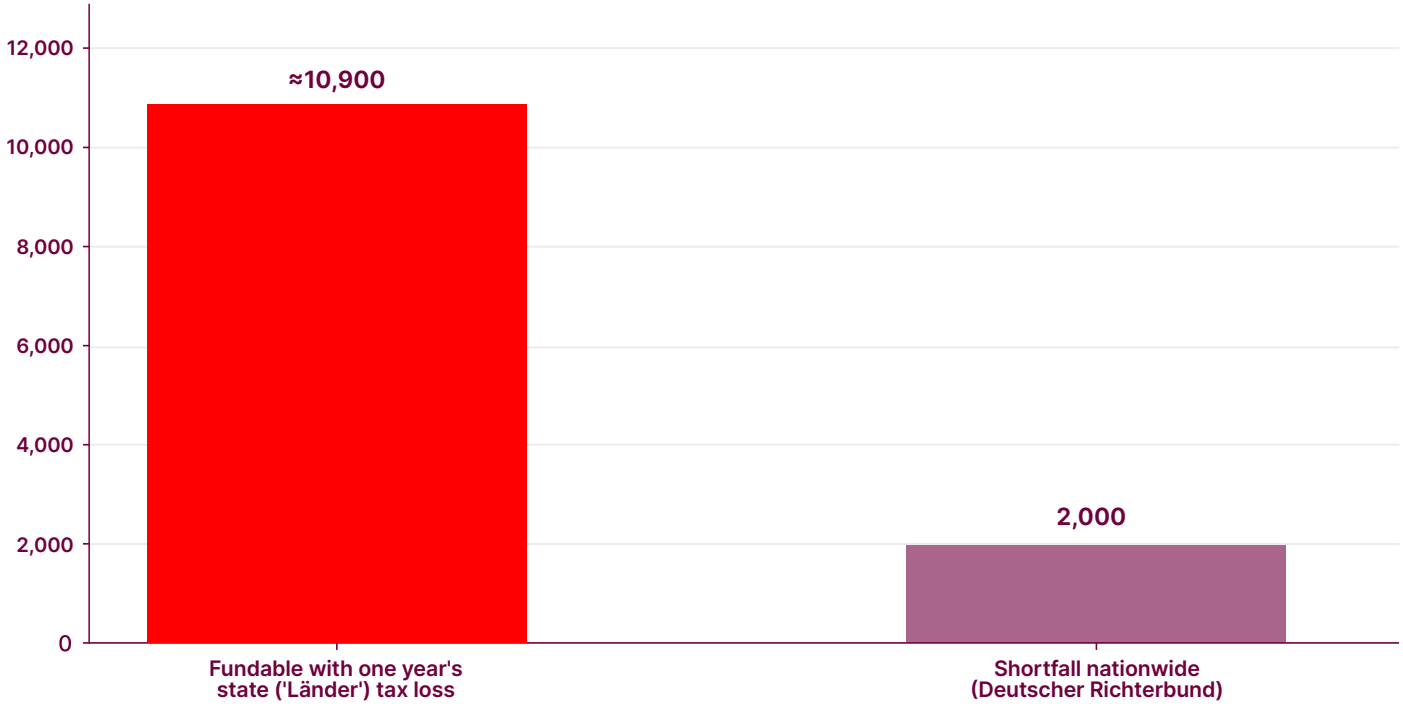


Figure 5: State tax loss in Germany compared with the national shortage of judges and prosecutors
This figure shows how many full-time judge and prosecutor positions the German states ('Länder') could fund permanently with the corporate tax revenue they lose to profit shifting by US multinationals in a single year (red bar), compared with the shortfall of judges and prosecutors that the Deutscher Richterbund reports nationwide, i.e. the number of positions needed in addition to the existing ones (purple bar, 2025/26). The annual loss is the states' share of Germany's loss, as in Figure 3 for the most recent available year (2023), and is converted into positions at a full employer cost of EUR 100 000 per position (pay of a judge or prosecutor including pension provisions and social contributions, rounded from the Länder personnel cost rates). Only US-headquartered multinationals are included. The underlying loss is inflation-adjusted and expressed in 2025 prices. Source: author's analysis of OECD aggregated country-by-country reporting data, 2016–2023. Shortage: Deutscher Richterbund (2026). Cost per position: Länder personnel cost rates (Personalkostenverrechnungssätze, Rhineland-Palatinate 2025). For details, see the accompanying methodology note.

For the federal government, the losses accumulated since 2016 (EUR 6.9 billion) would have covered almost the entire DigitalPakt Schule, Germany's EUR 6.5 billion flagship programme for the digital transformation of schools, by 2023 (↓**Figure 6**)[4].

Federal tax loss in Germany compared with the funding of the DigitalPakt Schule, the federal programme for the digital transformation of schools

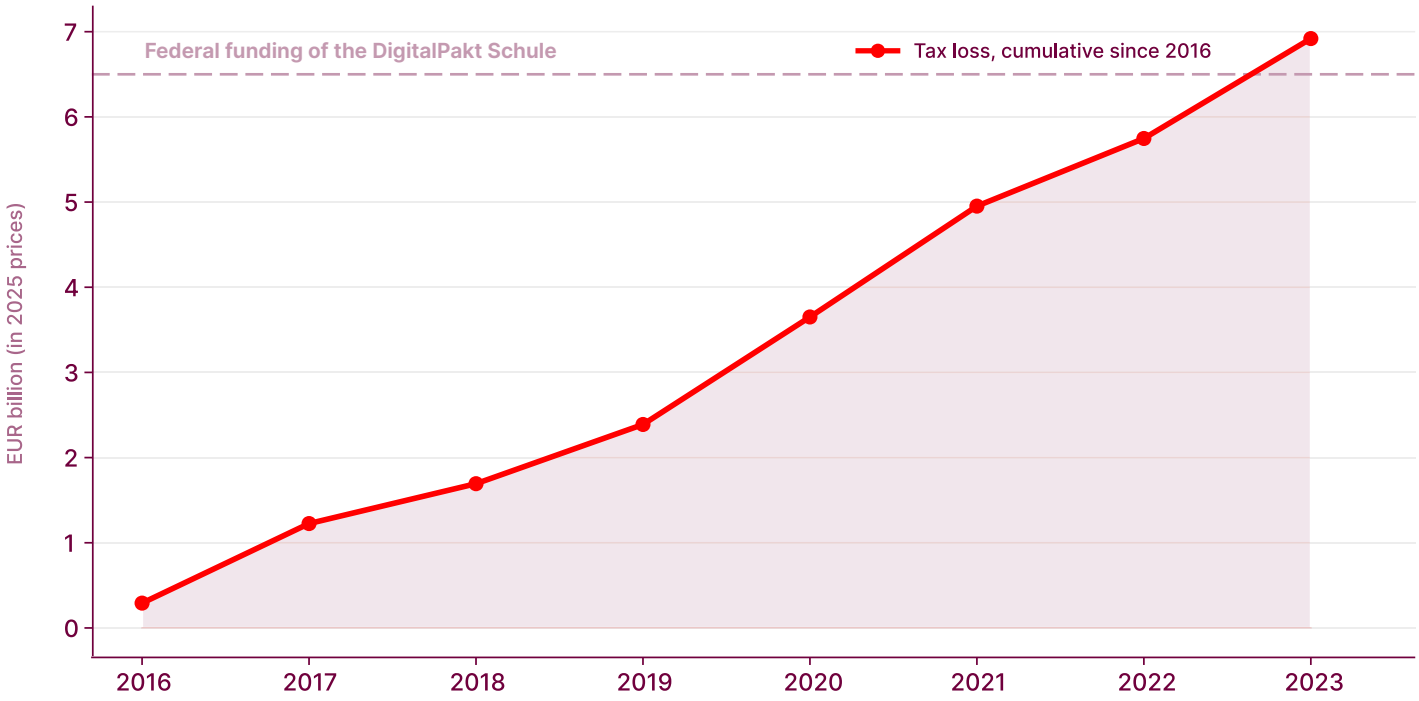


Figure 6: Federal tax loss in Germany compared with the funding of the DigitalPakt Schule, the federal programme for the digital transformation of schools
This figure shows the corporate tax revenue that Germany's federal government ('Bund') lost to profit shifting by US multinationals, accumulated from 2016 (solid line), and compares it with the total federal funding of the DigitalPakt Schule, the federal programme for the digital transformation of schools, which ran from 2019 to 2024, including all top-up agreements (dashed line, BMBF). Tax lost is the profit shifted out of Germany, estimated from the mismatch between where US multinationals' economic activity is located and where their profit is booked, multiplied by the combined corporate tax rate. The federal share is the part of that rate accruing to the federal government, as in Figure 3. Only US-headquartered multinationals are included. The tax loss is inflation-adjusted and expressed in 2025 prices; the DigitalPakt funding is shown in nominal terms. Source: author's analysis of OECD aggregated country-by-country reporting data, 2016–2023. DigitalPakt funding: BMBF. For details, see the accompanying methodology note.

The EU loses far more than its tax havens gain

Because some of the shifted profit ends up in EU tax havens, it is worth asking whether EU countries are really losers from this tax abuse, or whether, by hosting the profit, some come out ahead. The answer is that the EU loses heavily as a bloc. US multinationals play Member States against one another: a handful of low-tax countries report far more profit than their economic activity could generate, but because that profit is barely taxed, it yields little revenue for them and escapes proper taxation everywhere else. ↓**Figure 7** sets the aggregate gains of the countries that receive more profit than they should (in purple) against the aggregate losses of the countries that lose out (in red). The mismatch is stark: across the period these countries gained about EUR 7.1 billion, while the losers shed EUR 86.4 billion. This means that for every euro of tax collected on overreported profit in Ireland, the Netherlands or another low-tax country, other EU countries lose EUR 12.

Tax revenue lost by EU countries and gained by EU low-tax countries from profit shifting by US multinationals

Per year 2016–2023

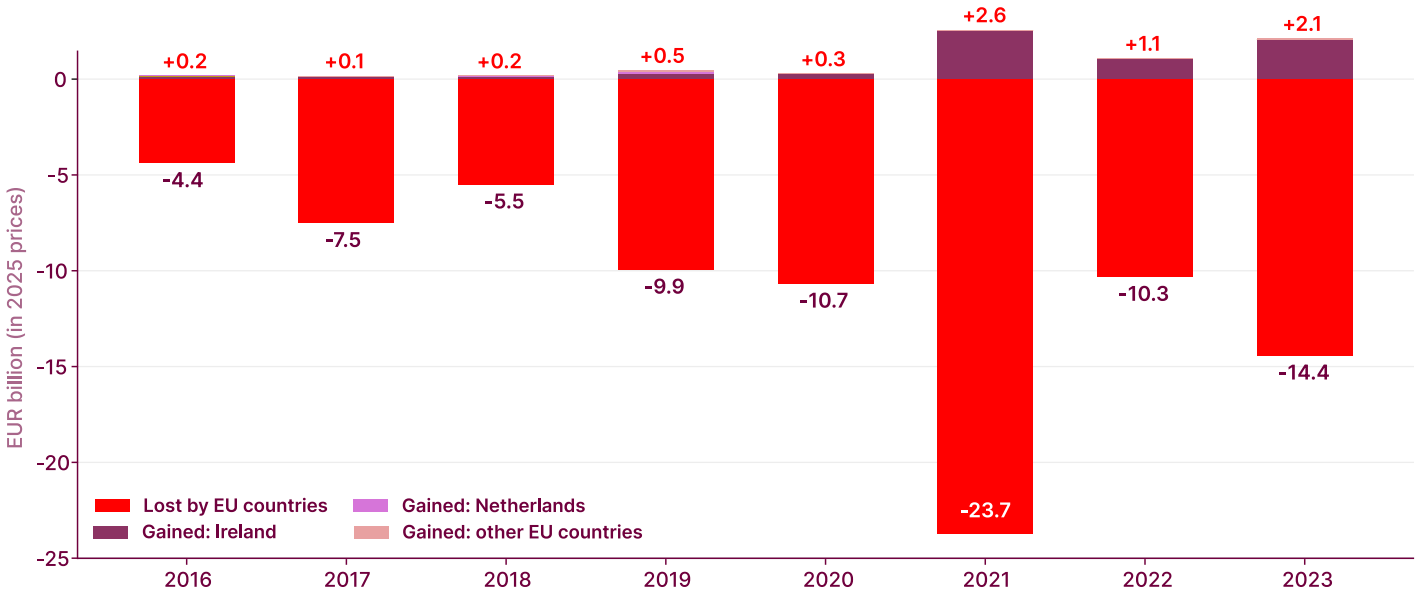


Figure 7: Tax revenue lost by EU countries and gained by EU low-tax countries from profit shifting by US multinationals

This figure shows, for each year from 2016 to 2023, the corporate tax revenue that EU countries lost to profit shifting by US multinationals (bars below zero, in red) and the tax revenue that EU low-tax countries gained from profit shifted into them from other EU countries (bars above zero in purple, split into Ireland, the Netherlands and all other EU countries, which account for 93 %, 4 % and 3 % of the gains respectively). Profit is considered to be shifted out of a country if a multinational's economic activity is located in the country but the profit is booked in a low-tax jurisdiction, defined as one where at least half of the profits reported by US multinationals are taxed at an effective rate below 15 %. Economic activity is measured by the CCCTB formula, which weights destination-based sales by one third, tangible assets by one third, employees by one sixth and payroll by one sixth. Tax lost is the shifted profit multiplied by the losing country's headline corporate tax rate. Tax gained is the profit shifted in from other EU countries multiplied by the effective tax rate that US multinationals' low-taxed sub-groups (taxed below 15 %) pay in the receiving country (Ireland 9.5 %, Netherlands 2.2 %). Only US-headquartered multinationals are included. All amounts are inflation-adjusted and expressed in 2025 prices. Source: author's analysis of OECD aggregated country-by-country reporting data, 2016–2023. For details, see the accompanying methodology note.

These losses are no accident but the product of policy choices. The next chapter turns to one of the most consequential among them: the 2017 US tax reform, which promised to bring jobs and revenue home – and instead helped make the United States itself a destination for shifted profit.

The special case of Luxembourg and Malta

US multinationals book massive losses in Luxembourg – above all in 2021, but also in 2019, 2022 and 2023. Similarly, they book massive losses in Malta in 2020 and 2023, even though both countries are well-known profit-shifting hubs and host many holding and financing entities with little real activity. These losses create a striking mismatch between the economic activity of US multinationals in these countries and the profits they report there. Unlike the underdeclared profits discussed elsewhere, however, they should not be understood as standard profit shifting out of Luxembourg or Malta, nor are they likely to have caused corresponding tax revenue losses for either country.

Instead, the losses are best read as the consequences of US multinationals unwinding their tax-planning structures. As shown below, after the 2017 US tax reform made it more attractive to hold intellectual property (IP) and book profit in the United States, several groups moved their IP, and the profit streams associated with it, back home. Many Luxembourg and Malta entities were never operating businesses but holding, financing or other vehicles used to redirect IP-related revenues. When a group dismantles such a structure, the Luxembourg or Malta entity can book large one-off accounting losses – write-downs of shares or intangibles, written-off intra-group loans, exchange-rate losses, or losses on winding up the entity. Because the OECD's country-by-country reporting data group everything by a company's tax residence, a handful of such restructurings can dominate a country's total (cf. Garcia-Bernardo, Janský and Zucman 2026). To avoid translating these accounting losses into estimated tax revenue losses for Luxembourg and Malta, negative profits are set to zero for these countries before doing the analysis.

1 In particular, to estimate economic activity, we use the apportionment formula the European Commission proposed for its Common Consolidated Corporate Tax Base (CCCTB), a framework for allocating a multinational's taxable profit across the countries where it genuinely operates. The formula weights tangible assets and destination-based sales (i.e. sales at the location of the customer) by one third each, and employee numbers and payroll by one sixth each. For details, see the accompanying methodology note.

2 Unfortunately, we cannot observe profits, taxes and real economic activity at the company level. Such data would allow us to assess, for each company, whether its reported profits are supported by economic activity and what tax rate it pays on profits that are not. The estimates reported here also differ from other published estimates, including those by the Tax Justice Network, mainly because they use a different formula to measure real economic activity. As the analysis focuses on the EU, this report applies the CCCTB formula, which was proposed by the European Commission (see previous footnote).

3 Country-by-country reporting became mandatory in the United States only for financial years beginning on or after 30 June 2016. The 2016 data therefore cover only 1 017 US multinationals, against 1 487 in 2017, so the loss for 2016 is understated. It is nevertheless included in all totals.

4 None of this implies that recovered revenue would have been spent exactly this way; the comparisons are intended to show the scale of what has been forgone.

III. How the US administration cemented profit shifting by US multinationals – hurting EU countries and itself

The TCJA: substituting old tax havens by the United States

With his 2017 'Tax Cuts and Jobs Act' (TCJA), Donald Trump promised to bring the jobs of US multinationals back home. The logic behind the Act was old and simple: cut taxes on companies, and they would respond by bringing economic activity back to the United States – employing American workers and expanding the tax base by enough to offset, or even outweigh, the cost of the cuts[1]. The TCJA is a textbook case of that logic failing. Below, we compare US-headquartered multinational listed firms from Compustat in 2016[2] – i.e. the year before the Act – to 2024 – the most recent year for which data are available. The data reveal that the TCJA did indeed deliver massive tax cuts, and it did trigger a massive rebooking of paper profits in the United States. But in a system where profits can be booked almost entirely detached from real economic activity, those profits arrived without the activity. What the Act did do – and continues to do – is let US multinationals shift profit away from where it is actually generated, notably out of EU countries.

The first major change introduced by the TCJA was to cut the headline corporate tax rate from 35 % to 21 %. → **Figure 8** shows how sharply this reduced the rate US multinationals actually pay on the profit they book in the United States: for the median company, it fell from 32.7 % in 2016 to 18.9 % in 2018, before settling at 21.0 % in 2024. But the median hides wide variation, and – not least because of the generous deductions the Act stacked beneath the new rate – many US-headquartered multinationals pay considerably less on their US-booked profits. As → **Figure 9** shows, by 2024 every third multinational paid an effective rate below 15 % (red line). That means 40 % of the profit US multinationals book in the United States is now taxed below 15 %[3].

Tax paid by US multinationals as a share of their profit, in the United States and in other countries

Median effective tax rate across companies, 2010–2024

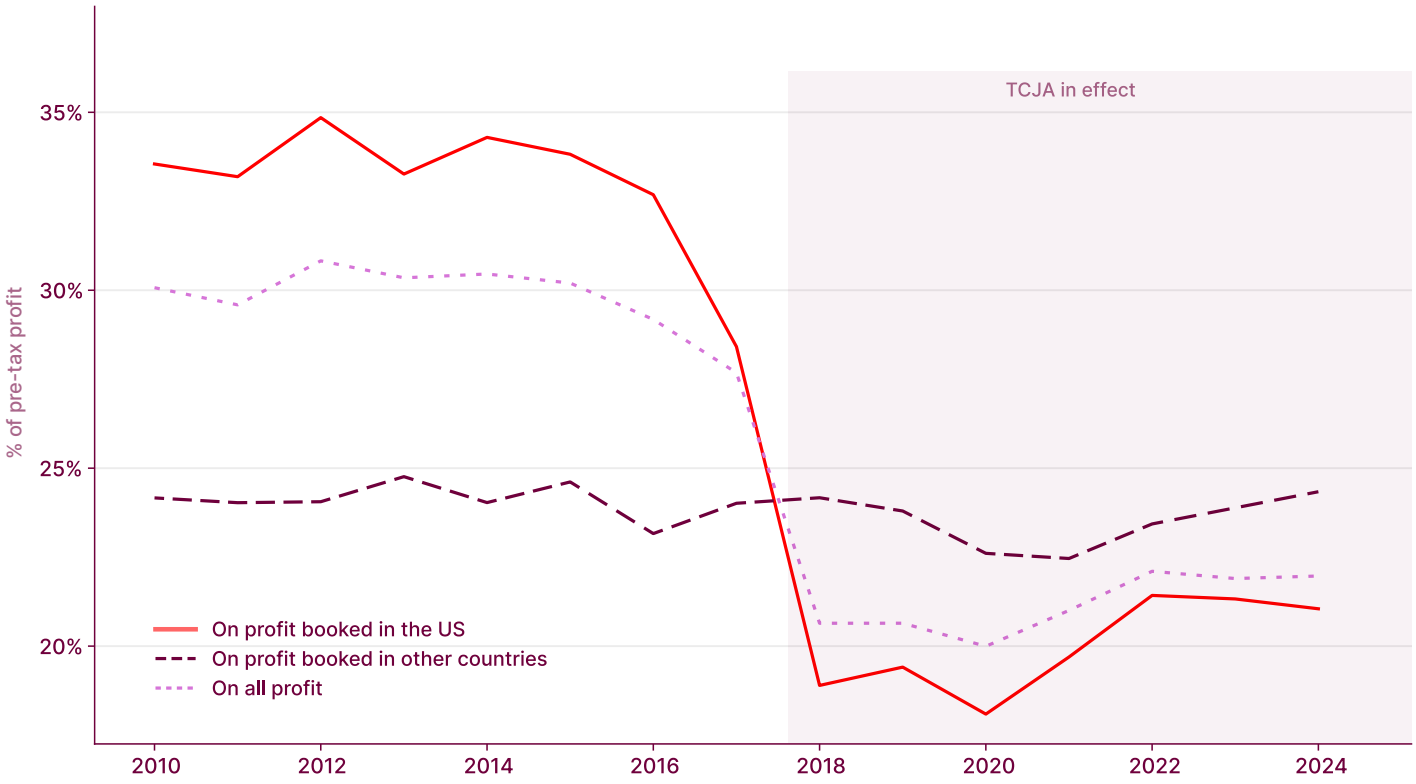


Figure 8: Tax paid by US multinationals as a share of their profit, in the United States and in other countries
This figure shows the median effective tax rate of US-headquartered multinationals on the profit they book in the United States (solid red line), on the profit they book in other countries (dashed purple line) and on all their profit (dotted purple line), for each year from 2010 to 2024. The effective tax rate is the income tax expense (current and deferred) reported in the financial statements divided by pre-tax profit. The shaded area marks the years in which the 2017 Tax Cuts and Jobs Act (TCJA) was in effect. The sample comprises US-listed multinationals, i.e. companies that report foreign profit in at least one year. Source: author's analysis of company financial statements via Compustat, 2010–2024. For details, see the accompanying methodology note.

US multinationals' profit taxed below 15% in the United States

Share of companies and share of US-booked profit, 2010–2024

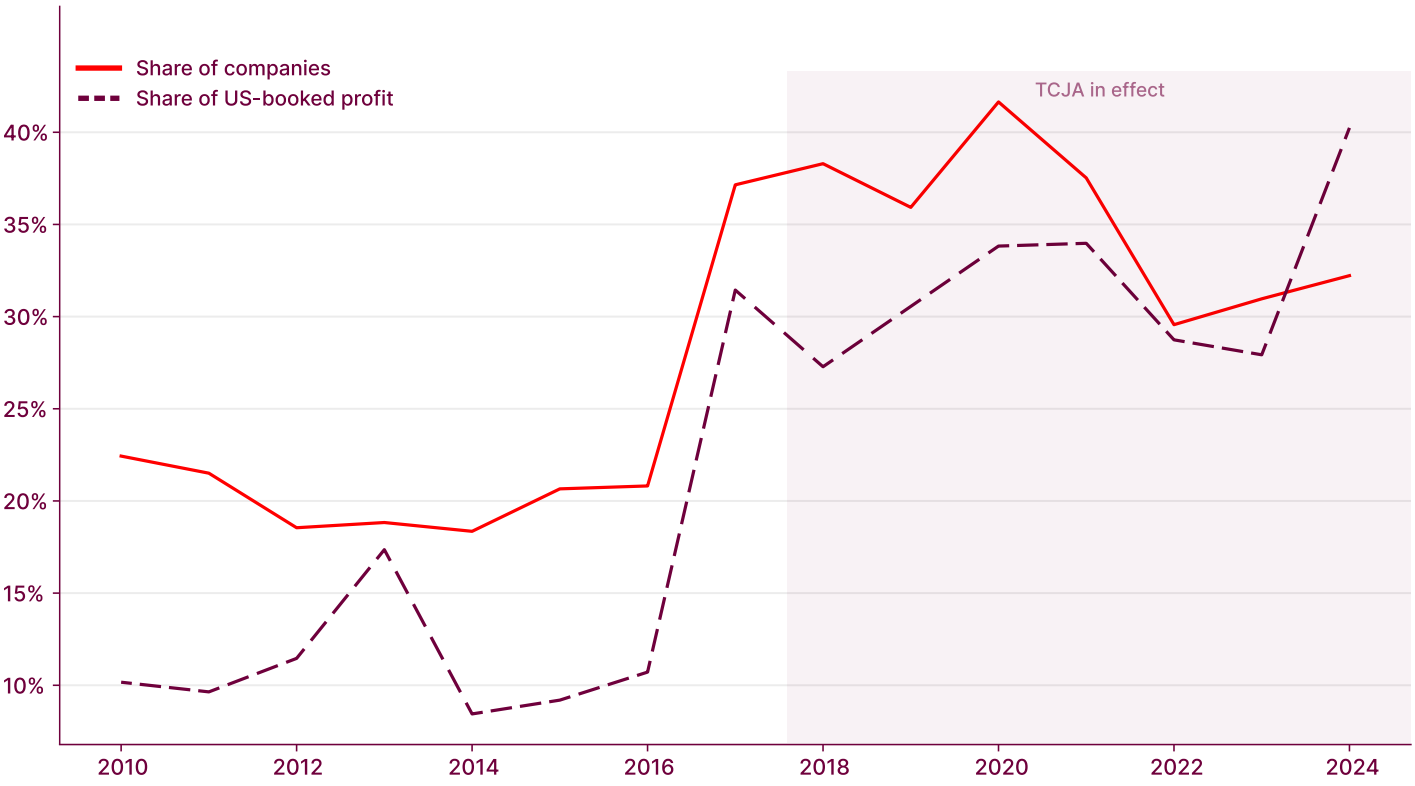


Figure 9: US multinationals' profit taxed below 15% in the United States

This figure shows the share of US multinationals whose effective tax rate on the profit they book in the United States is below 15% (solid red line) and the share of all profit booked in the United States by US multinationals that is taxed below 15% (dashed purple line), for each year from 2010 to 2024. The effective tax rate is the income tax expense (current and deferred) reported in the financial statements divided by pre-tax profit. The shaded area marks the years in which the 2017 Tax Cuts and Jobs Act (TCJA) was in effect. The sample comprises US-listed multinationals, i.e. companies that report foreign profit in at least one year. Source: author's analysis of company financial statements via Compustat, 2010–2024. For details, see the accompanying methodology note.

The second major change concerned where profits are booked, not how much tax is paid on them. The Act rewarded companies for storing their patents, brands and software – the assets that let profits be shifted to wherever they are held – in the United States and collecting that income there, rather than in a foreign tax haven as before. Paired with the lower rate, which gave firms a reason to report profits at home in the first place, this gave them the means to do so. As ↓**Figure 10** shows, profits duly moved back to the United States. Between 2016 and 2024, US multinationals' profits reported in the US doubled in real terms, from EUR 555 billion to EUR 1.1 trillion, and the share of their profit booked at home rose from 51.7 % to 60 %. Yet the tax paid on those profits did not increase: the EUR 203 billion collected in 2024 was actually less than the EUR 218 billion raised back in 2016[4].

Profit booked in the United States by US multinationals and the tax paid on it

Three-year moving averages, 2010–2024



Figure 10: Profit booked in the United States by US multinationals and the tax paid on it
This figure shows the total pre-tax profit that US multinationals booked in the United States (whole area), split into the tax paid on it (red band) and the profit kept after tax (shaded band), for each year from 2010 to 2024. Values are three-year moving averages to smooth year-to-year swings. US-dollar amounts are converted to euros at each year's average exchange rate. The sample comprises US-listed multinationals, i.e. companies that report foreign profit in at least one year. All amounts are inflation-adjusted and expressed in 2025 prices. Source: author's analysis of company financial statements via Compustat, 2010–2024. For details, see the accompanying methodology note.

Contrary to Trump's promises, the economic activity did not return either. As ↓**Figure 11** shows, the share of US-headquartered multinationals' employment located in the United States even fell slightly between 2017, when the Act was passed, and 2023, the last year of the country-by-country data – while their share of payroll barely changed (from 80 % to 79 %). Taken together, the TCJA let companies cut their tax bills on a massive scale by relocating paper profits to the United States, but it brought neither higher tax revenues nor the jobs it promised.

Share of US multinationals' employees, payroll and sales located in the United States

Per cent of worldwide total, 2016–2023

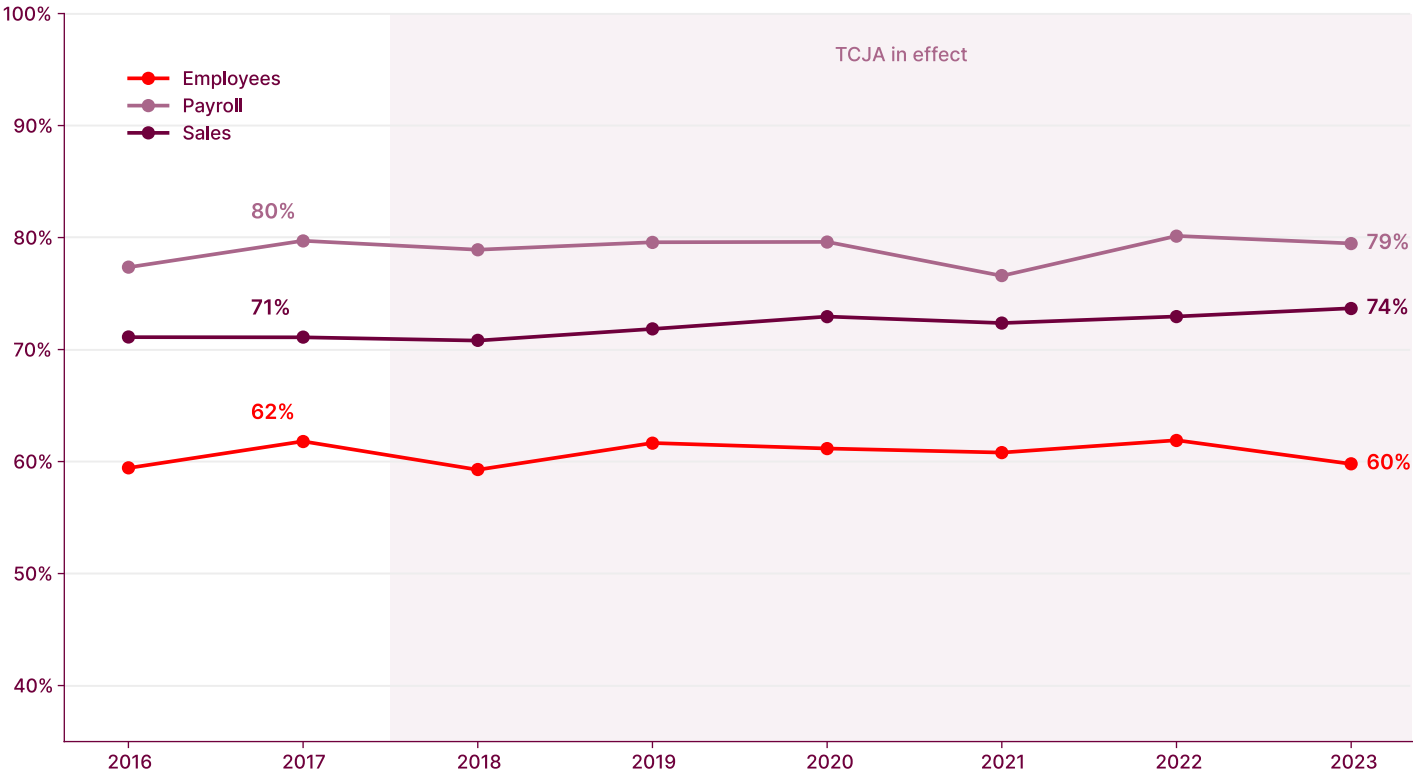


Figure 11: Share of US multinationals' employees, payroll and sales located in the United States
This figure shows the share of US multinationals' worldwide employees, payroll and (destination-based) sales that is located in the United States, for each year from 2016 to 2023. Employees are reported in the country-by-country data. Payroll is not reported in the data and is estimated as the number of employees in a country multiplied by the country's average annual wage (ILO data). Sales are measured at the location of the customer, estimated from US statistics on the activities of US multinationals and bilateral trade data. The shaded area marks the years in which the 2017 Tax Cuts and Jobs Act (TCJA) was in effect. Only US-headquartered multinationals are included. Source: author's analysis of OECD aggregated country-by-country reporting data, 2016–2023, and ILO wage data. For details, see the accompanying methodology note.

The costs of the Act are borne by a future America, now less able than ever to make companies pay their fair share, and by every country where US multinationals operate, whose taxing rights are being squeezed by the United States' new behaviour as a tax haven. The Trump administration itself escaped the bill: it pocketed the upfront revenue and left the far larger losses to materialise later, when it would probably no longer be around to answer for them. How companies responded to the Act, and how it engineered this, is best seen through the example of Big Tech, which the next section turns to.

How Big Tech companies benefited from the TCJA

No companies illustrate the logic of the TCJA better than Big Tech. Facebook (Meta), Google (Alphabet) and Microsoft are among the firms whose US-booked profit share rose most after 2017, and Amazon and Apple also book considerably more profit in the United States than in 2017. As ↓**Figure 12** shows, the profits these five report in the United States grew nearly sevenfold between 2017 and 2024 (inflation-adjusted). Yet the tax they pay on them has not even doubled[5].

Big Tech's profit booked in the United States and the tax paid on it

Apple, Microsoft, Amazon, Alphabet and Meta combined, 2010–2024

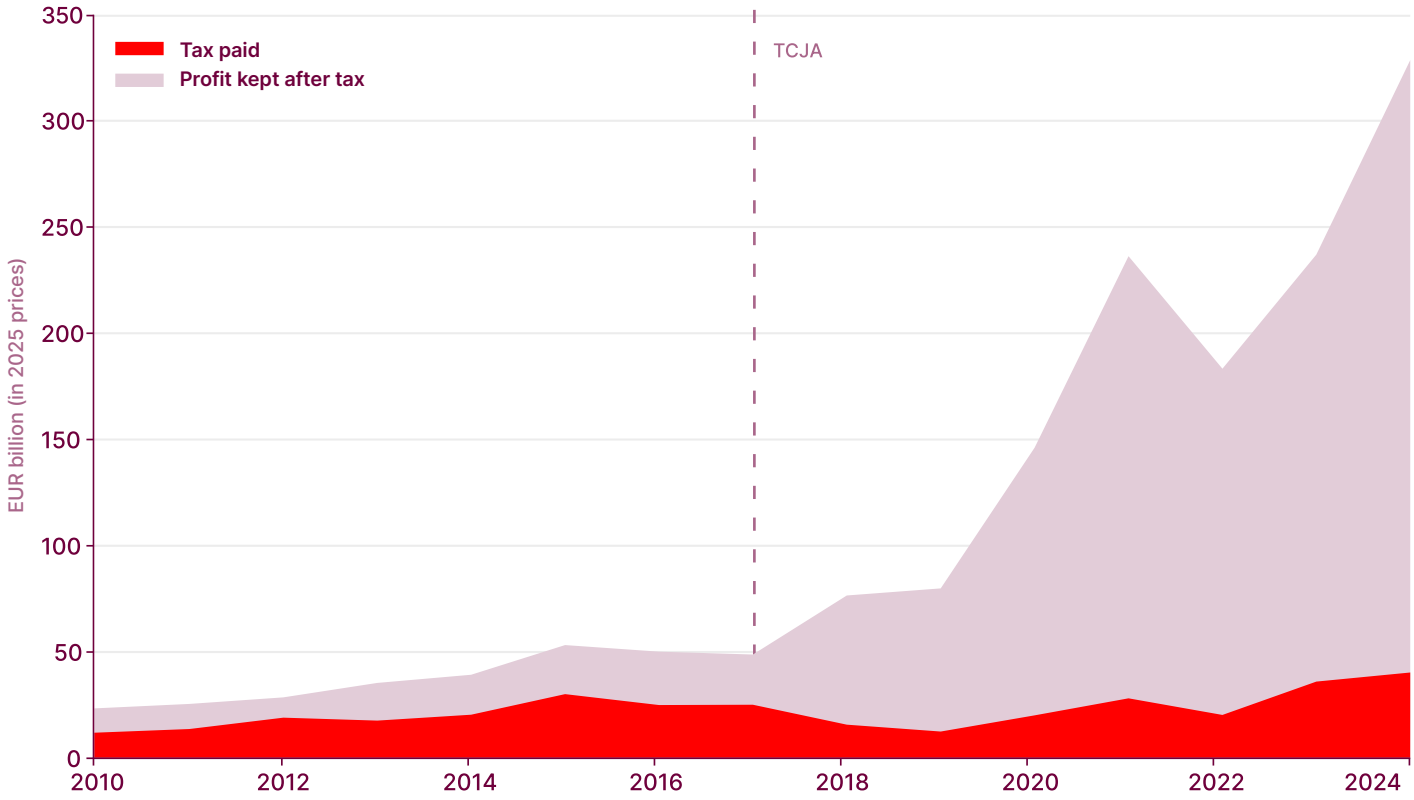


Figure 12: Big Tech's profit booked in the United States and the tax paid on it
This figure shows the combined pre-tax profit that Apple, Microsoft, Amazon, Alphabet and Meta booked in the United States (whole area), split into the tax paid on it (red band) and the profit kept after tax (shaded band), for each year from 2010 to 2024. One-off charges related to the 2017 Tax Cuts and Jobs Act are removed. US-dollar amounts are converted to euros at each year's average exchange rate. All amounts are inflation-adjusted and expressed in 2025 prices. Source: author's analysis of company financial statements via Compustat, 2010–2024. For details, see the accompanying methodology note.

Much of this extra US profit did not come from new business at home. Big Tech's worldwide profits did grow over the period, but the increase booked in the United States came largely from profit that had previously been recorded elsewhere. As ↓**Figure 13** shows, the share of Big Tech's profit booked in the United States jumped from 31 % in 2017 to 70 % by 2024. How was this shift possible? Where did the profits come from, and why did it suddenly make sense to report them at home? To understand that, it helps to look at where Big Tech booked its profits before the TCJA, and why.

Share of Big Tech's worldwide profit booked in the United States

Apple, Microsoft, Amazon, Alphabet and Meta combined, 2010–2024

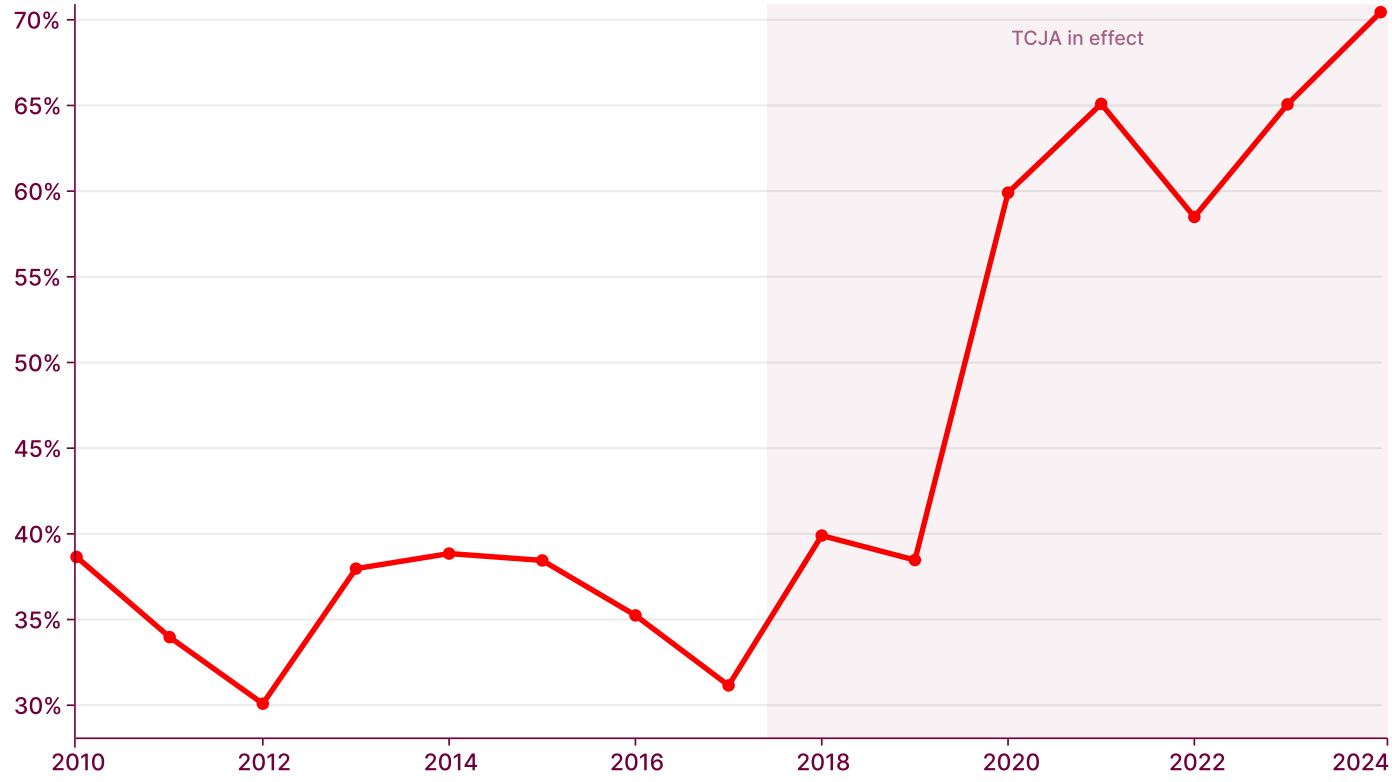


Figure 13: Share of Big Tech's worldwide profit booked in the United States
This figure shows the share of the combined pre-tax profit of Apple, Microsoft, Amazon, Alphabet and Meta that is booked in the United States rather than in other countries, for each year from 2010 to 2024. The shaded area marks the years in which the 2017 Tax Cuts and Jobs Act (TCJA) was in effect. Source: author's analysis of company financial statements via Compustat, 2010–2024. For details, see the accompanying methodology note.

How Big Tech profits got offshore: the 'sandwiches'

The structures that relocated profit – especially profit generated through European employees and customers – to low-tax countries for years have become infamous. The 'Double Irish' used two Irish companies: one that actually sold to European customers, and a second – Irish on paper but tax-resident in a zero-tax haven such as Bermuda – that owned the company's IP (its brands, patents and algorithms) and charged the first company enormous royalties to use it. Europe's profit thus flowed out as 'royalty payments' and piled up untaxed in the haven. The 'Dutch Sandwich' added an employee-less Dutch shell company in the middle, purely to dodge a withholding tax – the filling between the two Irish companies. Combined, the 'Double Irish Dutch Sandwich' let a company route its European profit from Ireland through the Netherlands to Bermuda and pay next to nothing on it.

Google ran exactly this structure: in 2017 alone it moved USD 23 billion[6] to Bermuda this way, paying virtually no tax on it (Reuters, 2019). Meta did the same: it booked its international advertising sales through Facebook Ireland while the underlying IP sat in an Irish-registered holding company that was tax-resident in the Cayman Islands, an arrangement the US tax authorities challenged in a decade-long transfer-pricing dispute on which the US Tax Court ruled only in 2025 (Facebook, Inc. v. Commissioner, 2025). Apple held the IP for its non-US business in Ireland, where for years two of its Irish companies were tax-resident in no country at all; Microsoft routed a large share of its US sales income through a lightly taxed structure in Puerto Rico and held further IP in Ireland and Singapore. In each case, profit generated by European staff and customers was converted into royalty payments and piled up offshore, taxed at next to nothing.

The TCJA gave Big Tech both a reason to dismantle these structures and a cheap way to bring the accumulated foreign earnings home. We turn to that repatriation first, before looking at how the profit shifting itself continued.

Repatriating cash in tax havens to the United States

Years of offshore planning, alongside genuine foreign business, had left Big Tech sitting on enormous stockpiles of cash (including bank deposits and other highly liquid assets) in non-US subsidiaries, ranging from around EUR 9 billion at Amazon to about EUR 223 billion at Apple by the end of 2017 (→ **Figure 14**). Under the old US rules these foreign profits would have been taxed by the United States the moment they were brought home, so the companies simply left the money abroad. The TCJA changed that: it repealed the tax that used to apply on repatriation and replaced it with a one-off, much lower 'transition tax' on the entire accumulated foreign earnings, 15.5 % on cash and 8 % on other assets, payable over eight years. As Figure 14 shows, Apple's bill came to about EUR 31 billion, Microsoft's to roughly EUR 15 billion and Google's to around EUR 8 billion. For the Trump administration it was a convenient deal – a large one-off inflow into the budget, spread over eight years, in exchange for far lower rates than the old rules would have applied had the companies brought the profits home.

Across all US multinationals, about USD 1.2 trillion[7] was brought home in 2018 and 2019 – most of it in the first year, before the flow slowed sharply (US Bureau of Economic Analysis, 2020). But the money did not build factories. Within months Apple announced a USD 100 billion share buyback; Google, Microsoft and Meta funnelled their freed-up cash into buybacks too. The jobs and investment that were the official justification for the whole law never materialised.

→ **Figure 15** sets out Big Tech's payouts to shareholders after the TCJA. Between 2018 and 2024 their combined dividends and share buybacks came to around EUR 1.2 trillion. Apple alone returned about EUR 591 billion. That these payouts dwarf the taxes the same companies paid, several times over, illustrates how under-taxing corporate profit feeds inequality: the freed-up cash flowed to shareholders, not to the workers or the public budgets the reform claimed to serve.

Who, then, are the shareholders who captured these payouts? Equity ownership in the United States is highly concentrated: according to the Federal Reserve's Distributional Financial Accounts, the wealthiest 1 % of US households own roughly half of the corporate equities and mutual-fund shares held by US households, the wealthiest 10 % own almost 90 %, while the bottom half of households own about 1 % (Federal Reserve Board, 2025). Every euro of undertaxed profit that is paid out as a dividend or a buyback therefore accrues overwhelmingly to the richest Americans, while the public budgets that lose the corresponding revenue – in Europe as much as in the United States – serve everyone. This is the distributional core of the policy documented in this report: the beneficiaries of the United States turning itself into a tax haven are not corporations in the abstract, but the small group of households who own them.

Cash that Big Tech had accumulated outside the United States before the TCJA, and the one-off tax the TCJA charged on the profit they had accumulated there

Cash held by subsidiaries in other countries at the end of 2017; transition tax as disclosed in the 2017–2018 accounts

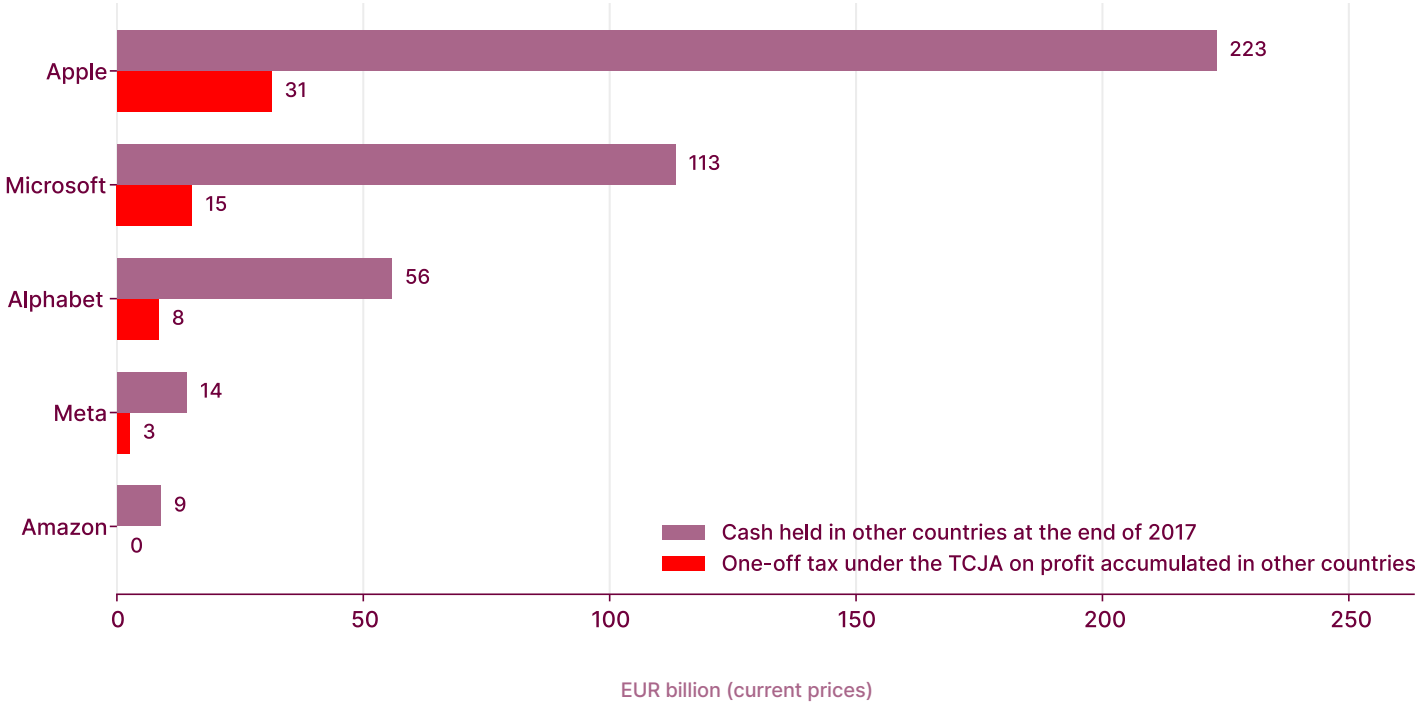


Figure 14: Cash that Big Tech had accumulated outside the United States before the TCJA, and the one-off tax the TCJA charged on the profit they had accumulated there

This figure shows, for the five Big Tech companies, the cash held by their subsidiaries in other countries at the end of 2017 (purple bars) and the one-off transition tax that the 2017 Tax Cuts and Jobs Act charged on the profit they had accumulated in other countries (red bars). The transition tax applied to the entire stock of profit accumulated outside the United States until 2017, whether held as cash or not, at 15.5% on cash and 8% on other assets, payable over eight years, regardless of whether the profit was actually brought back to the United States. US-dollar amounts are converted to euros at the average exchange rates of the respective years. Amounts are in current prices. Source: company 10-K filings (US Securities and Exchange Commission). For details, see the accompanying methodology note.

Tax paid worldwide by Big Tech compared with their payouts to shareholders

Cumulative over the fiscal years 2018–2024

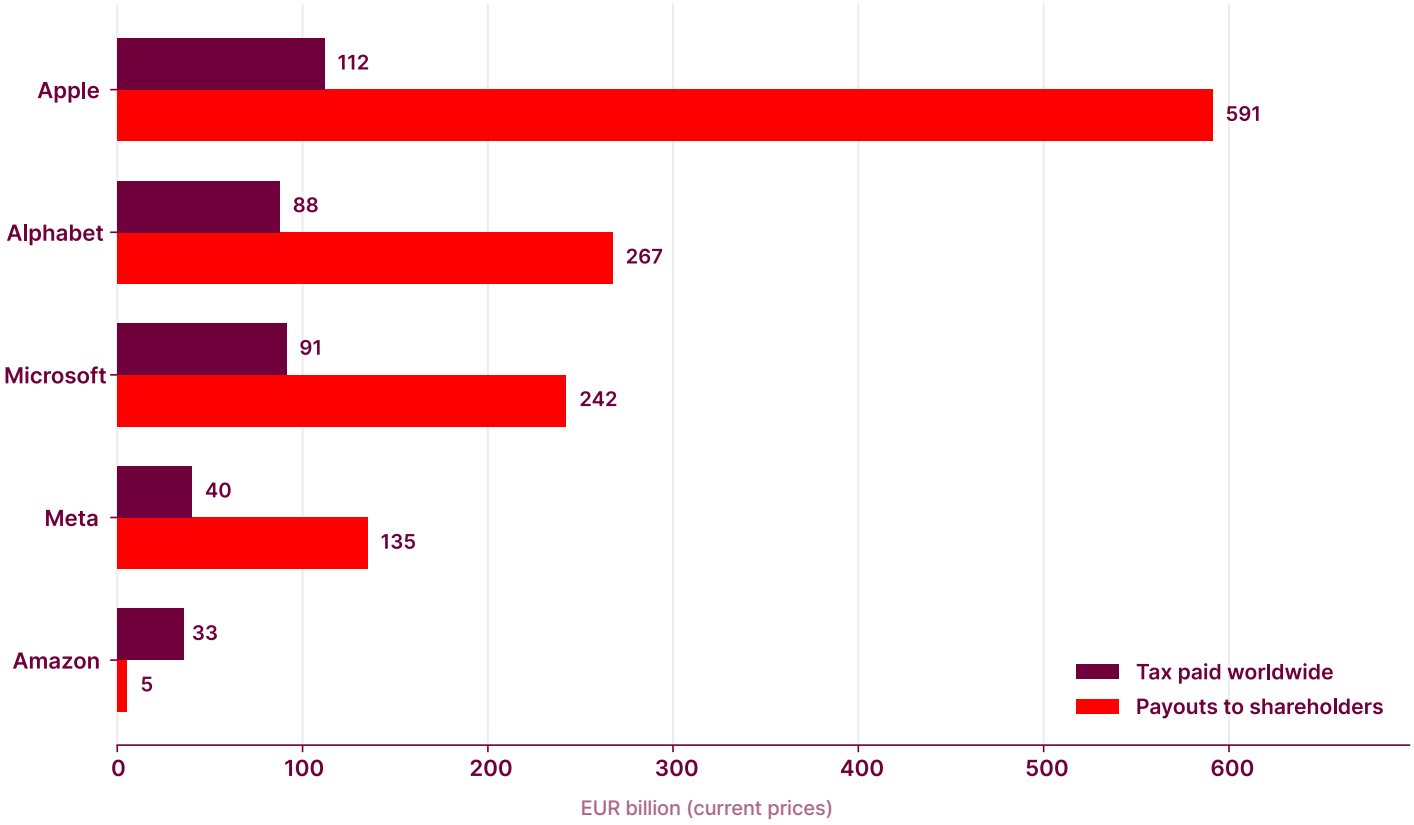


Figure 15: Tax paid worldwide by Big Tech compared with their payouts to shareholders

This figure shows, for the five Big Tech companies, the cash income tax paid worldwide (dark red bars) and the payouts to shareholders, i.e. share buybacks plus dividends (light red bars), cumulated over the fiscal years 2018 to 2024. US-dollar amounts are converted to euros at the average exchange rate over 2018–2024. Amounts are in current prices. Source: company 10-K filings (US Securities and Exchange Commission). For details, see the accompanying methodology note.

Tax paid by Big Tech as a share of their profit, in the United States and in other countries

Effective tax rate of Apple, Microsoft, Amazon, Alphabet and Meta taken together, 2013–2024

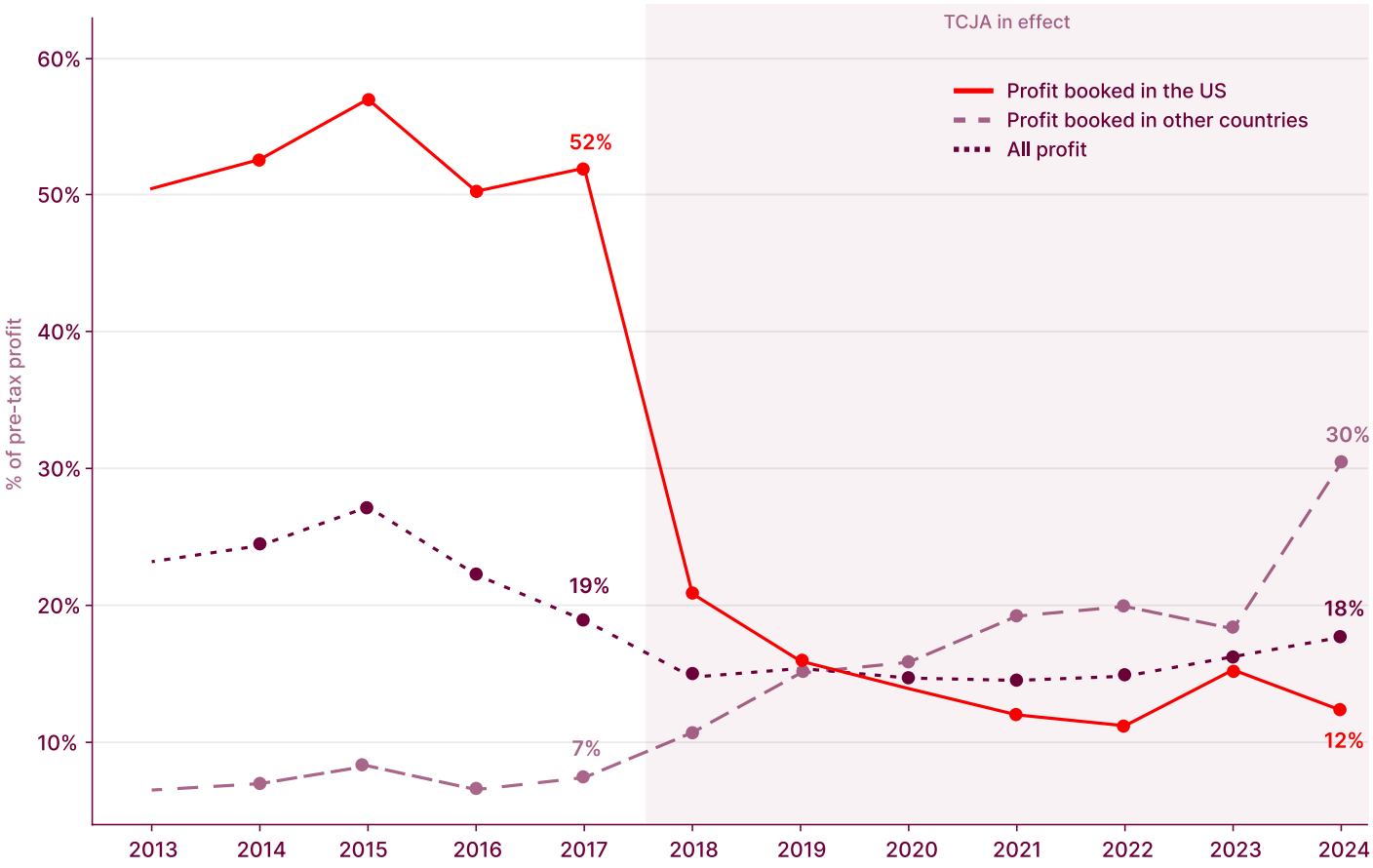


Figure 16: Tax paid by Big Tech as a share of their profit, in the United States and in other countries

This figure shows the effective tax rate of Apple, Microsoft, Amazon, Alphabet and Meta taken together on the profit they book in the United States (solid red line), on the profit they book in other countries (dashed purple line) and on all their profit (dotted purple line), for each year from 2013 to 2024. The series starts in 2013. The effective tax rate is the five companies' combined income tax expense (current and deferred) reported in the financial statements divided by their combined pre-tax profit, i.e. larger companies weigh more. One-off effects of the 2017 transition tax on accumulated foreign profit are removed. The shaded area marks the years in which the 2017 Tax Cuts and Jobs Act (TCJA) was in effect. Source: author's analysis of company financial statements via Compustat, 2013–2024. For details, see the accompanying methodology note.

Continuing the same profit shifting structures, but from within the United States

What happened to these structures after 2017? The TCJA did not end Big Tech's profit shifting – it relocated it. A new tax discount for holding IP in the US (Foreign-Derived Intangible Income – FDII, which continues as FDDEI from 2026, at a lower rate than the TCJA had scheduled), combined with a minimum tax on lightly taxed foreign profit (under the TCJA's Global Intangible Low-Taxed Income (GILTI) regime, which continues as NCTI from 2026, also at a lower rate than scheduled), made the old Ireland and Bermuda routes pointless and turned the United States itself into the most attractive place to hold IP and book the revenues it generates. The same profit that once flowed to offshore havens is now recorded at home – only now it is the US, rather than Bermuda or Ireland, that taxes it lightly.

Big Tech followed the call: at the end of 2019 Google announced it would 'license its intellectual property from the United States, not Bermuda'. Winding the old structures down, it moved about USD 75 billion out of its Irish holding company in a single year. Meta (Facebook) did much the same a little later: from 2018 it began booking sales in the countries where they actually happened instead of routing everything through Ireland, and in July 2020 it moved its IP back to the United States and closed its Irish holding companies. After the TCJA Microsoft too moved IP back to the United States. Its old Puerto Rico structure is now the subject of the largest tax dispute in US history: the tax authority is demanding USD 28.9 billion in back taxes (Internal Revenue Service, 2023)[8]. Apple is the interesting exception. When Ireland forced its 'stateless' subsidiaries – companies that were tax-resident nowhere – to pick a tax home in 2015, Apple did not bring its IP to the United States. It moved the tax residence to Jersey, another zero-tax island, and parked the IP in Ireland, where thanks to a generous write-off it was for years taxed at 2.5 % or less. So the profits remain in Ireland, but under the GILTI regime – which allows the United States to levy a minimum tax on certain foreign profits of US multinationals – the right to tax a share of those profits shifted from Europe to Washington. The effective tax rates that Big Tech companies have paid in the United States and abroad over the years, shown in ← **Figure 16**, reflect this entire story.

In 2017, the five firms paid an effective rate of over 50 % on the profit they booked at home – the old worldwide system still taxed their foreign earnings upon repatriation – and barely 7 % on the profit they routed abroad through their haven structures. By 2024, the pattern had fully inverted: They paid an average of 12 % on their US-booked profits and 30 % abroad. The lines on the graph crossed in 2020. Since then, the United States has taxed Big Tech's profits more lightly than the rest of the world does, while attracting an ever larger share of them. Over the same period, the rate the five firms pay on their worldwide profits settled at 15–18 %, down from an average of around 23 % in 2013–2017. In sum, the TCJA dismantled several of Big Tech's tax-avoidance schemes only to replace them with new ones, from which the United States itself hoped to benefit, at least in the short run. Meanwhile, the EU and others were building defences against corporate tax abuse – transparency rules and a global minimum tax. The next chapter shows how the US administration and US companies have worked to dismantle these defences too.

1 This was the administration's own case for the reform: Treasury Secretary Steven Mnuchin repeatedly claimed the plan would 'pay for itself with growth' and, in September 2017, that it would not only pay for itself, but pay down debt; the White House Council of Economic Advisers put the wage gain from the corporate rate cut at USD 4 000 or more per household per year (CEA, 2017). Official scorekeepers disagreed: the Joint Committee on Taxation projected a revenue loss of about USD 1 trillion over 10 years even after accounting for growth effects (JCT, 2017).

2 Ideally, we would use the year before the reform took effect – 2017 – as the pre-reform comparison. However, 2016 is used rather than 2017 because although the Act was only passed in December 2017, companies had to book its one-off effects – above all the one-time transition tax on profits accumulated abroad, and the revaluation of deferred taxes at the new 21 % rate – in their 2017 accounts. These one-off items distort the taxes reported for 2017. They cannot be identified and removed for all firms in the sample, so 2016 is the last clean pre-reform year.

3 Note that the share of profit taxed below 15 % reported here (40%) is larger than the share reported in Chapter IV and in Figure 19 (35%). The figure reported here includes all profits that US multinationals book in the United States and that are taxed at a rate below 15 %. Under the global minimum tax, however, top-up taxes would apply only to part of these profits. The substance-based carve-out excludes a routine return on payroll and tangible assets, meaning that only undertaxed profits above this amount are subject to a top-up tax. Figure 19 deducts this carve-out and therefore includes only profits that would still be classified as undertaxed under the global minimum tax.

4 The taxes collected in 2024 and 2016 of EUR 203 billion and EUR 218 billion differ from the numbers reported in Figure 10 as the figure shows three-year moving averages.

5 While the previous sections compare 2016 with 2024, the Big Tech comparisons in this section use 2017, the last year before the reform took effect, as the pre-reform baseline. For the full sample analysed earlier, 2017 is not suitable because companies recorded the Act's one-off effects in that year's accounts, most importantly the transition tax on profits accumulated abroad. This distorts reported tax figures for 2017 (see footnote 2). For the five Big Tech companies, however, these one-off effects can be identified in their published accounts and removed manually. The Big Tech figures used in this report are therefore adjusted for these items, allowing us to use 2017 as a clean measure of their ordinary pre-reform tax position.

6 We report USD values here to directly reflect the number given in the source.

7 See note 6.

8 See note 6.

IV. Dismantling a decade of progress: how the United States disabled Europe's defences against corporate tax abuse

Undermining transparency: US multinationals' reluctance to report country by country

The EU's first line of defence was transparency. Profit shifting thrives in the dark, so the remedy seemed straightforward: require large multinationals to disclose, country by country, where they have their staff and operations, where they book their profits, and where they pay – or do not pay – their taxes. That is what the EU's public country-by-country reporting rules demand. Romania moved first, with the first reports beginning to appear at the end of 2024, followed by Spain, Croatia and Hungary. Big Tech is active across the EU, so its filings should at last have revealed where its European profits really arise. During the first wave of reporting, they did not[1].

Apple, Microsoft and Amazon each filed data for one country only, namely Romania[2]. Apple's report shows the 23 employees and USD 32 million in profit in Romania, explaining that its 'ultimate parent has not made available information with respect to the Group's worldwide operations.' Microsoft filed the same way, disclosing nothing beyond its Romanian operations with 1 469 staff. Amazon did the same, explaining that management asked the US parent for the global data needed to report, and the parent simply did not provide it.

Alphabet takes a different route. It does give a breakdown for a string of countries – Croatia, Türkiye, Malaysia, Vietnam, Panama and others – but folds every EU jurisdiction except Romania and Croatia into a single 'all other tax jurisdictions' line worth USD 451 billion of revenue and USD 114 billion of profit in 2024. This exploits a five-year safeguard clause to withhold the EU country breakdown on the grounds that disclosure would 'seriously harm [its] commercial position' by letting competitors ('many of them based in the EU') see its profitability market by market[3]. In plain terms: a US multinational has told a European regulator, in writing, that it will not show Europe where it earns its money, because European rivals might learn too much.

These are two ways of using loopholes in the transparency rules to conceal the use of tax loopholes. Apple, Microsoft and Amazon relied on the fact that the EU rules make the local subsidiary, rather than the US parent, responsible for the report, allowing the parent company to withhold the global data. Alphabet instead uses the safeguard clause to withhold the very country-level breakdown the rules are meant to reveal. And Big Tech has plenty of company. By early 2026, 48 % of US-headquartered firms disclosed one country only, making them the least compliant of the major headquarters jurisdictions assessed. Just 40 % of them apply the rules properly – far below the 72 % of Japanese and 71 % of British multinationals, and even behind Switzerland – a jurisdiction renowned for its secrecy – at 43 % (Fair Tax Foundation, 2026; see also EU Tax Observatory, 2026).

How the US secured its multinationals' exemption from the global minimum tax

A second attempt by the EU and other countries to defend their tax sovereignty and halt the race to the bottom went beyond transparency: the global minimum tax, agreed under the auspices of the OECD in 2021. In its most ambitious form, discussed at the outset, the minimum rate would have been 25 % – enough to raise around EUR 170 billion a year for EU countries (EU Tax Observatory, now the International Tax Observatory, 2021a) and to put a meaningful floor under corporate tax rates everywhere.

Step by step, the initiative lost ambition, as → **Figure 17** shows. A 21 % minimum rate – matching the rate Biden initially proposed for the US minimum tax on foreign earnings – would already have given up around EUR 70 billion a year and lowered the bar for tax havens, which would have had to reach only 21 % rather than 25 %. The eventual international agreement settled at 15 %, after the United States proposed 15 % as a global floor and low-tax jurisdictions resisted a higher rate. That halved the expected revenue, to about EUR 48 billion, and gave many countries an incentive to cut their existing rates towards the floor rather than raise them. Finally, the substance-based carve-outs[4], secured through intense lobbying during the 2021 negotiations, reduced the estimate further, to about EUR 41 billion: by excluding profits linked to payroll and tangible assets from the minimum tax base, they allow part of the profits reported in low-tax countries to remain taxed below 15 % (EU Tax Observatory, 2021b, 2023).

In January 2026, the Trump administration dealt the final blow when it secured a de facto exemption for US-headquartered companies through the so-called 'side-by-side' arrangement (OECD, 2026)[5]. Under the arrangement, the US tax system and the global minimum tax are treated as 'equivalent' regimes that exist side by side. Normally, the global minimum tax allows other countries to collect additional tax when a multinational's profits are taxed below 15 %, even when those profits are booked outside their own country. Under the side-by-side agreement, this backstop no longer applies to US multinationals: other countries cannot step in to collect the missing tax, whether the undertaxed profits are booked in the United States or elsewhere.

What does this 'deal' mean for EU Member States? At the time of writing, three EU Member States have published official estimates of how much the agreement would reduce the revenue they had expected from the global minimum tax: the Netherlands estimates around EUR 73 million a year, Germany around EUR 300 million across 2026 and 2027, and Denmark around DKK 600 million, or roughly EUR 80 million, a year. Italy, Sweden, France and Luxembourg report no loss relative to their existing budget plans, partly because they had never included expected revenue from applying the backstop rules to US groups in their budget baselines. France and Luxembourg also state that they cannot quantify the effect of the deal[6].

Because the official calculations are not transparent enough to replicate, this report uses them as benchmarks and scales them to other Member States according to their exposure to US multinationals. This suggests an EU-wide loss of about EUR 1 billion a year, with estimates ranging from EUR 0.8 billion to EUR 1.2 billion (→ **Figure 18**, estimates in red).

These estimates compare the current revenue potential from the global minimum tax with a world that no longer exists: one in which the United States participated under the rules as originally agreed. However, the more relevant question is what the EU gives up by granting the United States a special deal instead of treating US multinationals like those headquartered in any other country that does not apply the global minimum tax.

The answer to this question starts from the fact that the 'equivalence' at the heart of the deal does not hold. For the foreign profits of US multinationals, the US system may indeed provide a broadly equivalent safeguard: it allows the United States to impose additional tax when those profits have been taxed too lightly abroad, even though it looks at a company's foreign profits as a whole, so that heavily taxed profits in one country can make up for lightly taxed profits in another, and applies a lower rate than the global minimum tax. For profits booked at home, however, no equivalent minimum appears to be guaranteed: as → **Figure 19** shows, 35 % of the profit US multinationals booked at home was taxed below 15 % in 2024, even after allowing for the minimum tax's long-run substance-based carve-out (31 % with the larger carve-out that applies in 2026)[7].

Yet this is exactly the situation the global minimum tax was designed for. Its backstop rule allows other countries to collect the difference when a country does not ensure that its multinationals pay the minimum rate. The United States had been temporarily protected from this rule during the phase-in, but that protection was due to end in 2026. The side-by-side deal instead turned this temporary protection into a much broader exemption for US groups.

To estimate what the EU gives up by not treating the United States like any other country that has chosen not to apply the global minimum tax, we ask what EU countries could collect if the backstop rule applied to US multinationals just as it does to multinationals headquartered in other non-participating countries. This is different from the estimate above, which measures the loss relative to the global minimum tax as

originally agreed. Under the backstop rule (the undertaxed profits rule, or UTPR), other countries can collect additional tax when profits are taxed below the 15 % minimum. Using company accounts from Compustat, we calculate how much additional tax would be due on the US profits of large US multinationals after allowing for the substance-based carve-out. In total, this amounts to EUR 11 billion to EUR 19 billion a year, depending on whether company tax rates are averaged over 2022–2024 or taken for 2024 (the most recent year) alone. Based on the EU's share of US multinationals' employees and tangible assets outside the United States, EU countries could collect around EUR 2.5 billion to EUR 4.3 billion a year (→ Figure 18, estimates in purple) – two and a half to four times what the official figures imply. This is a conservative estimate because it covers only listed companies and because, in practice, the revenue would be divided only among countries that apply the backstop.

Far more damaging than the revenue at stake, however, is that the exemption has effectively killed the prospect of halting the race to the bottom. It leaves companies an easy way to escape the minimum tax altogether: headquarter in the United States and book the profits there – at the expense of every other country in the world. Reversing the exemption would require political courage: EU countries would have to tell the United States that its multinationals will be treated by the same rules as everyone else's. Without that courage, a global minimum tax that exempts multinationals headquartered in the world's largest economy is global in name only.

1 At the time of finalising this report, Microsoft and Apple have filed better reports, probably because they needed to report in Ireland, where submitting only the Irish line would have revealed everything – as 96 % and 97 % of their EU profits were reported there. The reports can be found here: Microsoft, Apple.

2 The reports can be found here: Amazon, Apple, Microsoft, Google 2024, Google 2023.

3 See here (translated with DeepL). Interestingly, it is almost impossible to find this report using Google's search engine.

4 The substance-based income exclusion allows multinationals to deduct from the profits subject to the minimum tax an amount calculated as a percentage of payroll costs and tangible assets in each country. During the 10-year transition period, the exclusion starts at 10 % of payroll and 8 % of tangible assets and gradually falls to 5 % of each. As a result, companies with employees and tangible assets in a low-tax country can continue to pay less than 15 % tax on part of their profits there. This not only reduces the expected revenue but also preserves incentives for companies to locate real economic activity in low-tax countries, thereby intensifying international tax competition (OECD, 2021; EU Tax Observatory, 2023).

5 The January 2026 package also changed other parts of the global minimum tax. It introduced a permanent simplified effective-tax-rate safe harbour, extended the transitional country-by-country reporting safe harbour by one year, and switched off the backstop rule for the home profit of groups from countries whose own tax system meets certain conditions. It also created a safe harbour for 'substance-based' tax incentives, which lets countries grant tax credits linked to real activity without triggering top-up tax, up to a cap (OECD, 2026). Where governments have quantified it, this incentive safe harbour costs a further EUR 33–35 million a year in the Netherlands, about DKK 350 million in Denmark and about EUR 3 million in Italy.

6 The official estimates and statements are taken from the following sources: Netherlands (Dutch Ministry of Finance, 2026, section 4), Germany (Deutscher Bundestag, 2026, table of financial effects, no. 7), Denmark (Skatte- og Vækstministeriet, 2026, section 3), Italy (Camera dei deputati, 2026, technical report), Sweden (Finansdepartementet, 2026, section 13.1), France (Assemblée nationale, 2026, pp. 5 and 11), Luxembourg (Chambre des Députés, 2026, financial sheet).

7 The 35 % is a subset of the 40 % reported in Chapter III: applying the carve-out exempts part of that profit from the minimum tax, so a smaller share remains taxed below 15 %.

Estimates of the EU's revenue from the OECD's global minimum tax at successive stages of its design

EU-wide estimates of annual revenue, as revised downwards in 2021

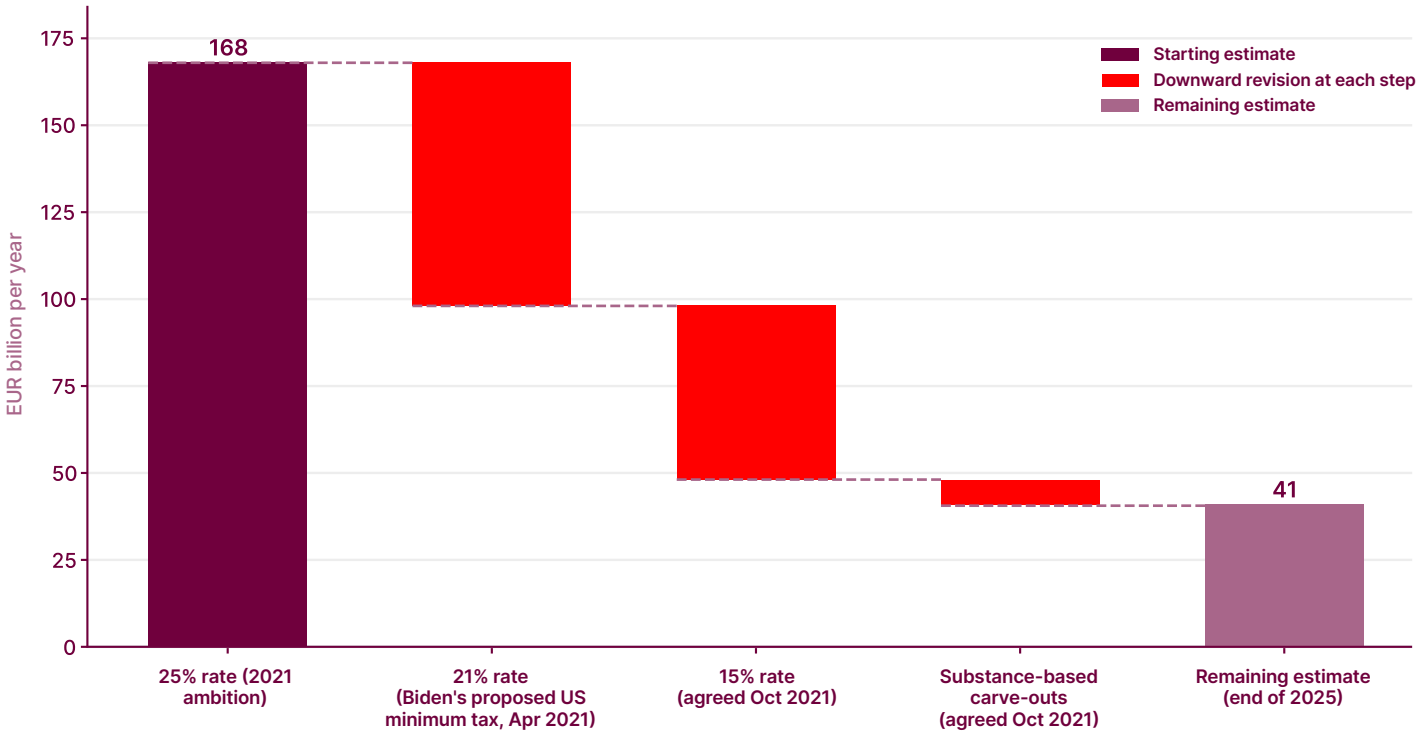


Figure 17: Estimates of the EU's revenue from the OECD's global minimum tax at successive stages of its design
This figure shows how the estimated corporate tax revenue that EU countries could expect from the OECD's global minimum tax (Pillar Two of the OECD/G20 agreement on international tax reform) was revised downwards at successive stages of its design. The first bar is the EU Tax Observatory's estimate for a minimum rate of 25 %. Each red segment is the downward revision of the estimate at one step: a 21 % rate (matching the rate Biden proposed in April 2021 for the US minimum tax on foreign earnings), the 15 % rate adopted in October 2021 and the substance-based carve-outs adopted at the same time, at their long-run rate of 5 % of payroll and tangible assets. The last bar is the estimate that remained at the end of 2025, before the side-by-side deal (see → Figure 18). All estimates are taken from the EU Tax Observatory (now International Tax Observatory, 2021a, 2021b) and refer to EU-headquartered multinationals in 2021. Amounts are in current prices, as published. Source: EU Tax Observatory (2021a, 2021b). For details, see the accompanying methodology note.

What EU countries lose from the side-by-side agreement, and what they could collect if US multinationals were treated like those from other countries outside the global minimum tax

Effect of the side-by-side deal per year from 2026, all EU countries, ranked by their share of US multinationals' activity

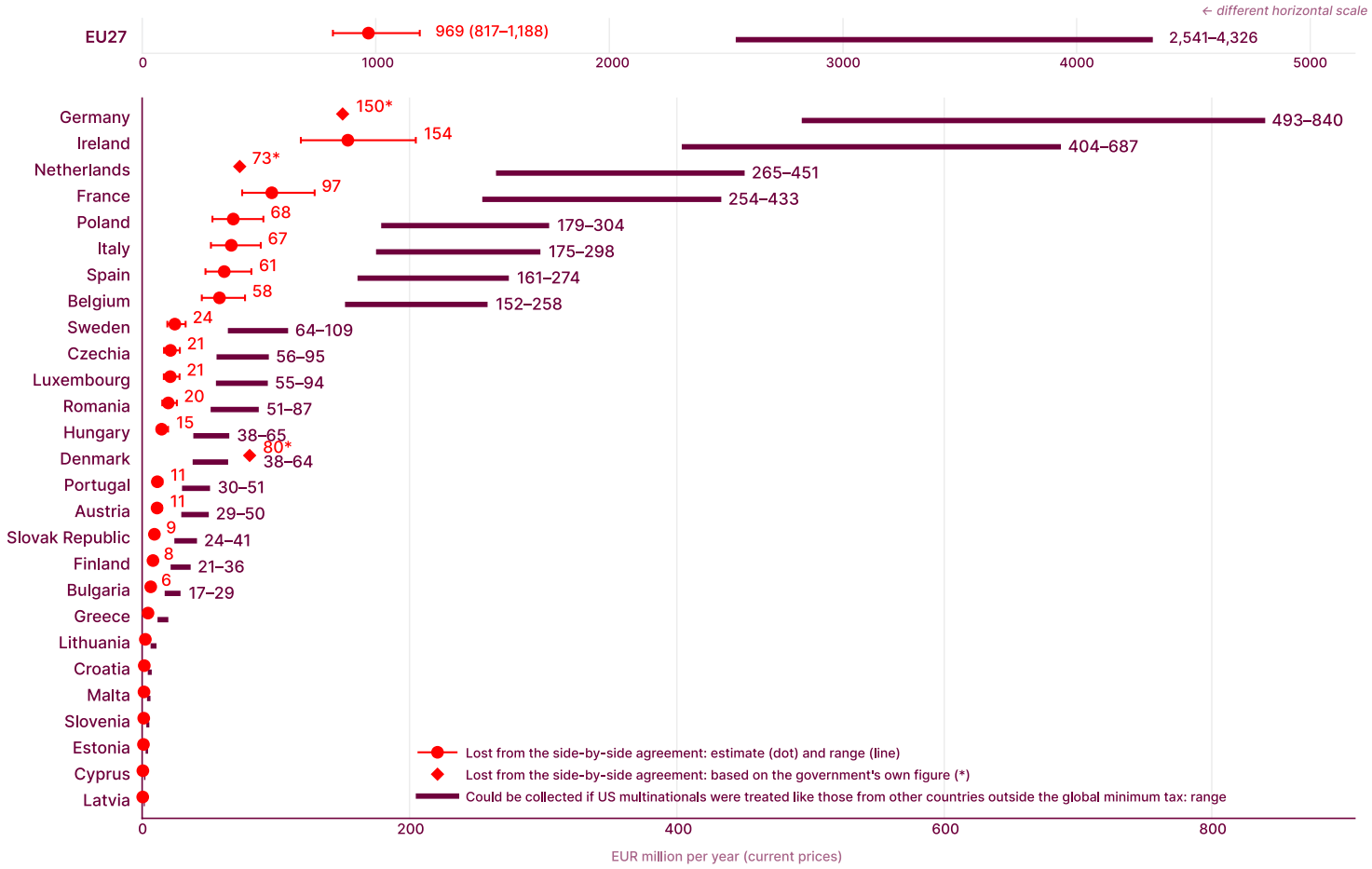


Figure 18: What EU countries lose from the side-by-side agreement, and what they could collect if US multinationals were treated like those from other countries outside the global minimum tax

This figure shows two estimates for each EU country, per year. The red dot is the corporate tax revenue lost because the side-by-side deal exempts US multinationals from the backstop rules of the global minimum tax, compared with the rules as originally agreed. It scales the losses that the governments of the Netherlands, Germany and Denmark have published, taken together, to each country according to its share of US multinationals' economic activity (employees and tangible assets). The red line shows how the estimate changes when one of the three figures is left out. For these three countries (red diamonds, *), the governments' own figures are shown. For Germany, this is half of the EUR 300 million it expects for 2026 and 2027 together. The purple line is the top-up tax a country could collect if the United States were treated like other countries outside the global minimum tax, that is, if the backstop rules applied to the profit that US multinationals book in the United States at effective tax rates below 15 %. It is calculated company by company for the US multinationals within the scope of the global minimum tax and allocated by the same share of economic activity, based on company tax rates averaged over 2022–2024 and those of 2024 alone. Amounts are in current prices. Source: Dutch Ministry of Finance (2026); Deutscher Bundestag (2026); Skatte- og Vækstministeriet (2026); author's analysis of OECD aggregated country-by-country reporting data and of company financial statements via Compustat. For details and all estimates, see the accompanying methodology note.

US multinationals' profit taxed below 15% in the United States, before and after the substance-based carve-out of the OECD's global minimum tax

Share of US-booked profit, 2010–2024

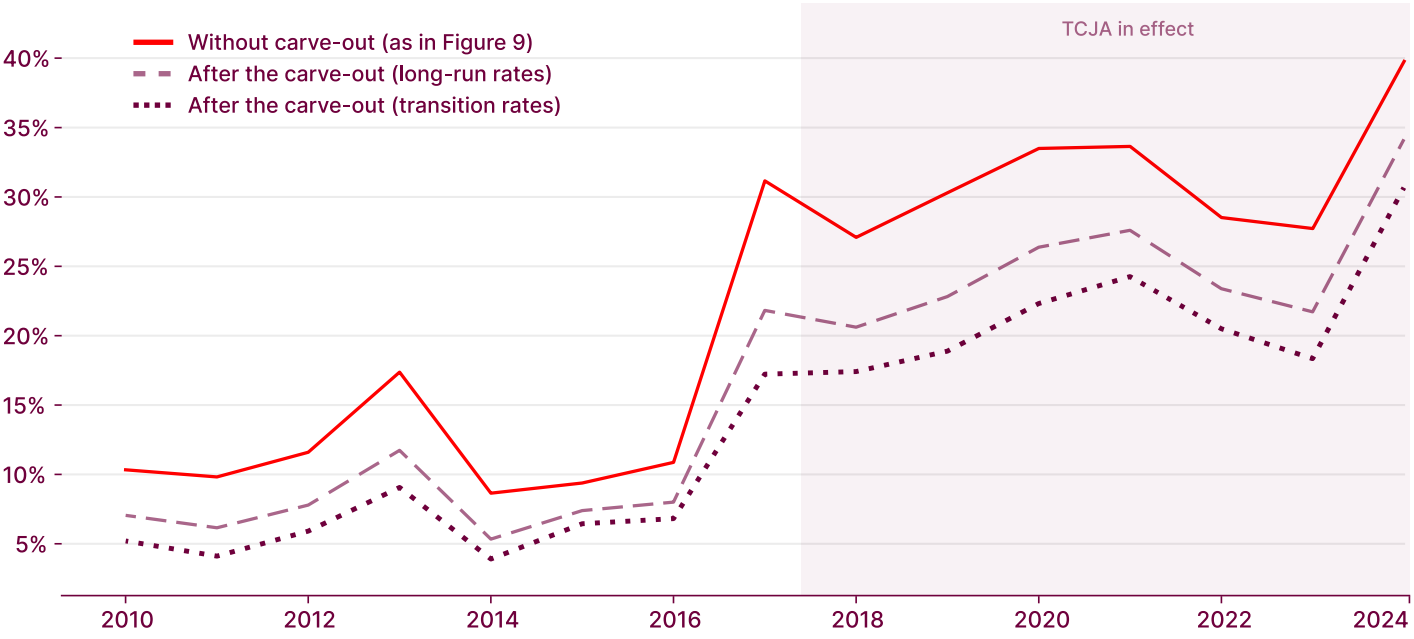


Figure 19: US multinationals' profit taxed below 15% in the United States, before and after the substance-based carve-out of the OECD's global minimum tax

This figure shows the share of the profit that US multinationals book in the United States that is taxed below 15%, before and after applying the substance-based carve-out of the OECD's global minimum tax, for each year from 2010 to 2024. The solid red line without the carve-out is the same as the dashed line in Figure 9. The substance-based carve-out, which is part of the OECD's global minimum tax agreement, excludes from the top-up tax a portion of profits that is treated as a routine return on substantive business activity. The excluded amount is calculated as a share of tangible assets and payroll costs, reducing the amount of profit subject to the 15% minimum rate. The long-run line (dashed) uses the rates that apply from 2033 (5 % of tangible assets and 5% of payroll), the transition line (dotted) the initial rates of the transition period (8 % of tangible assets and 10 % of payroll). As company accounts do not show how much of a company's tangible assets and payroll are located in the United States, the US portion is estimated by scaling each company's worldwide figures to the average US share of US multinationals in the OECD's country-by-country reporting data. The effective tax rate is the income tax expense (current and deferred) reported in the financial statements divided by pre-tax profit. The sample comprises US-listed multinationals, i.e. companies that report foreign profit in at least one year. The shaded area marks the years in which the 2017 Tax Cuts and Jobs Act (TCJA) was in effect. Sources: company accounts via Compustat (US-listed multinationals reporting foreign profit), 2010–2024; OECD aggregated country-by-country reporting data for US-headquartered multinational groups. For details, see the accompanying methodology note.

V. The EU's way forward: defend European tax sovereignty at the United Nations

EU countries are among the biggest victims of corporate tax abuse, and no group of companies bears more responsibility than US-headquartered multinationals. These losses are not an accident: the US administration has actively made them worse, setting out with the TCJA to become a tax haven itself, drawing in the world's profits and taxing them lightly.

Underlying all of this is a broken international tax system: profits are taxed where companies say they arise, not where the economic activity lies. The system rests on the fiction that every subsidiary of a global group is an independent business, trading with its sister companies at 'arm's length'. Manipulating these internal trades allows companies to book profits almost anywhere, and move them to wherever tax is lowest. The solution to this underlying problem exists: unitary taxation with formulary apportionment. This alternative system taxes a multinational group as what it is – one single global firm – and allocates its consolidated profit among countries in proportion to real economic activity: where its employees and its customers actually are. Europe should aim to implement such a system.

Allocating profit by real activity requires knowing where that activity lies – and that is exactly what public country-by-country reporting is meant to show: where multinationals have their workers and sales, where they book their profits, and where they pay – or do not pay – their taxes. Europe's public country-by-country reporting fails to deliver, for the reasons this report has documented. At least two fixes are required: First, reporting must cover every country – unlike the EU's current rules, which require a breakdown only for EU and EU-listed jurisdictions, so that profits booked in the United States need not be shown separately at all. Second, the reporting obligation should rest with the parent company itself, backed by meaningful sanctions, so that groups cannot avoid disclosure by withholding information from EU subsidiaries or exploiting the safeguard clause to conceal the country-level breakdown.

So far, the world has patched the broken system rather than fixing it, and each patch has been blunted by the United States, as this report has shown. The forum where these defences were meant to hold – the OECD – let its own mission of stopping profit shifting be hollowed out to suit Washington, even helping the United States walk back the agreement it had signed up to while saving face. Coordination there no longer works.

The alternative is on the table now, and almost every country in the world has been pursuing it in full public view: a UN Framework Convention on International Tax Cooperation. Its central aim – a fair allocation of taxing rights, so that profits are taxed where the workers are based and the real economic activity and sales actually take place – is exactly the principle of unitary taxation. The next negotiating session takes place in Nairobi in late 2026, with negotiations continuing through 2027 before the final texts are submitted to the UN General Assembly. This is the last realistic chance for a generation to reset the rules.

EU countries should stop managing their decline in a forum the United States has already captured and instead negotiate ambitiously at the UN. Concretely, that means backing – not diluting – the Convention's commitment to allocate taxing rights according to real economic activity; pushing for a global standard of public country-by-country reporting, built on the disclosure the EU has already begun; and supporting the early protocols on cross-border services and dispute resolution that would give the Convention teeth. The rules agreed at the UN would apply to all US and other multinationals operating in signatory countries, whether or not Washington takes part – and acting together is the strongest defence against the threats that are certain to follow (cf. Cobham 2026).

The EU does not need US permission to defend its own tax base. It only needs the will to stop appeasing billionaire protectionism and to act collectively with the rest of the world. Tax is the social superpower that funds Europe's public services, narrows its inequalities and underpins its democracies (Tax Justice Network 2023). Defending the right to levy it fairly is not a technical footnote to the transatlantic relationship but a test of whether European governments will stand up for their own people. In 2026, with the US-captured OECD process behind them and the UN negotiations ahead, EU countries have one clear chance to take it.

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