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The Miguel Diaz-Canel Administration (2019- ) should consider adopting soonest the 15% minimum corporate income tax framework announced on 1 July 2021 by the Paris, France-based *Organisation For Economic Co-Operation and Development* (**OECD**) with support from 139 country members who combined represent more than 90% of global Gross Domestic Product (**GDP**).

The Republic of Cuba's goal with respect to corporate taxation should not to be an outlier. The goal should be continuity with the global community, particularly as competition amongst countries will continue to increase and those with mainstream, transparent, and consistent corporate income tax policies will be magnets for opportunity while those eschewing continuity with the global community will be avoided. The Republic of Cuba should embrace being amongst the majority because those in the minority will be subject to additional scrutiny rather than additional opportunities. The issue is one of optics and substance.

Although the Republic of Cuba is not among the thirty-nine members of the OECD, its primary commercial, economic, and political connectors are, among them: *Canada, France, Germany, Italy, Netherlands, Spain, Turkey, and United States*; and *Brazil, China, and India* are Key Partners of the OECD.

Significantly, among the 139 countries joining the *Statement on a Two-Pillar Solution to Address the Tax Challenges from the Digitalization of the Economy* are the Republic of Cuba's most important sources of commercial, economic, and political connectivity: *China, France, Germany, Mexico, Russian Federation, Spain, Switzerland, Turkey, United States, and Vietnam*.

While the adoption by the Republic of Cuba of the 15% minimum corporate income tax may neither directly nor significantly impact today the Republic of Cuba, its adoption would **1)** provide continuity and connectively to global taxation norms **2)** align its corporate taxation code with the OECD, thus mainstream and **3)** remove an obstacle for companies considering exporting to, importing from, or providing Foreign Direct Investment (**FDI**) as the more mainstream the Republic of Cuba is, the more aligned with its primary country market connectors, the fewer impediments for companies to overcome when determining whether a commercial relationship with the Republic of Cuba is worth the often considerable effort.

China, Spain, Russia, and Vietnam signed the statement. Without their commercial, economic, and political connectivity with the Republic of Cuba, the archipelago of 11.3 million citizens could not have the resources to remain today as it does. The Diaz-Canel Administration should promptly join these countries and sign the statement.

**OECD**
**Paris, France**
**1 July 2021**

**130 Countries And Jurisdictions Join Bold New Framework For International Tax Reform**

130 countries and jurisdictions have joined a new two-pillar plan to reform international taxation rules and ensure that multinational enterprises pay a fair share of tax wherever they operate. 130 countries and jurisdictions, representing more than 90% of global GDP, joined the Statement establishing a new framework for international tax reform. A small group of the Inclusive Framework's 139 members have not yet joined the Statement at this time. The remaining elements of the framework, including the implementation plan, will be finalised in October.

The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalised and digitalised 21st century economy. The two-pillar package – the outcome of negotiations coordinated by the OECD for much of the last decade - aims to ensure that large Multinational Enterprises (MNEs) pay tax where they operate and earn profits, while adding much-needed certainty and stability to the international tax system.

Pillar One will ensure a fairer distribution of profits and taxing rights among countries with respect to the largest MNEs, including digital companies. It would re-allocate some taxing rights over MNEs from their home countries to the markets where they have business activities and earn profits, regardless of whether firms have a physical presence there. Pillar Two seeks to put a floor on competition over corporate income tax, through the introduction of a global minimum corporate tax rate that countries can use to protect their tax bases.

The two-pillar package will provide much-needed support to governments needing to raise necessary revenues to repair their budgets and their balance sheets while investing in essential public services, infrastructure and the measures necessary to help optimise the strength and the quality of the post-COVID recovery. Under Pillar One, taxing rights on more than USD 100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two - with a minimum rate of at least 15% - is estimated to generate around USD 150 billion in additional global tax revenues annually. Additional benefits will also arise from the stabilisation of the international tax system and the increased tax certainty for taxpayers and tax administrations.

"After years of intense work and negotiations, this historic package will ensure that large multinational companies pay their fair share of tax everywhere," OECD Secretary-General Mathias Cormann said. "This package does not eliminate tax competition, as it should not, but it does set multilaterally agreed limitations on it. It also accommodates the various interests across the negotiating table, including those of small economies and developing jurisdictions. It is in everyone's interest that we reach a final agreement among all Inclusive Framework Members as scheduled later this year," Mr Cormann said. Participants in the negotiation have set an ambitious timeline for conclusion of the negotiations. This includes an October 2021 deadline for finalising the remaining technical work on the two-pillar approach, as well as a plan for effective implementation in 2023. Further information on the continuing international tax reform negotiations is also available at: https://oe.cd/bepsaction1.

**LINK To OECD Website**
https://www.oecd.org

**LINK To Statement**
https://www.oecd.org/tax/beps/statement-on-a-two-pillar-solution-to-address-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-july-2021.pdf

**LINK To List Of Signers To Statement**
https://www.oecd.org/tax/beps/inclusive-framework-on-beps-composition.pdf

"*The [OECD] is an international organisation that works to build better policies for better lives. Our goal is to shape policies that foster prosperity, equality, opportunity and well-being for all. We draw on 60 years of experience and insights to better prepare the world of tomorrow. Together with governments, policy makers and citizens, we work on establishing evidence-based international standards and finding solutions to a range of social, economic and environmental challenges. From improving economic performance and creating jobs to fostering strong education and fighting international tax evasion, we provide a unique forum and knowledge hub for data and analysis, exchange of experiences, best-practice sharing, and advice on public policies and international standard-setting*."

**Standard Bank**
**Johannesburg, South Africa**
**2 July 2021**

Republic of Cuba

- **Company Tax**: exempt for the first eight years, 15% rate from the ninth year.
- **Tax Rate For Foreign Companies**: Companies with total foreign ownership are taxed at a rate of 35%. The income of foreign companies without a permanent establishment in the country are taxed at 4%, without any deduction.
- **Capital Gains Taxation**: Capital gains are taxed as ordinary corporate income.
- **Main Allowable Deductions and Tax Credits**: Deductible items include: the costs of production and goods sold, distribution and sales expenses, general and administrative expenses, operating expenses, financial expenses. Mandatory provisions are also tax-deductible. Exemptions exist in certain cases: foreigners and franchise holders located in free-trade zones or industrial estates are exempt from tax on profits and labor force tax.
- **Other Corporate Taxes**: There is a payroll tax, a stamp tax, a road tax, an agricultural land tax (levied per hectare ranging from CUP 30 to CUP 120 based on the four designated types of land), a property tax (2%), a property transfer tax (1% to 4%), a tax on the use and exploitation of forestry and wild fauna (levied per hectare ranging from CUP 45 to CUP 180 based on the four designated types of land), a tax on the use of workforce (starting from 20% on the first year of employment to 5% on the fifth and consecutive years) and social security contributions (determined yearly by the state budget).

LINK To Johannesburg, South Africa-based Standard Bank Cuba Page
https://www.tradeclub.standardbank.com/portal/en/market-potential/cuba/taxes

LINK To Paris, France-based Groupe Credit du Nord Cuba Page
https://www.objectif-import-export.fr/en/international-marketplaces/country/cuba/company-corporate-taxes?

LINK To Cuba Office Of Tax Administration
https://www.onat.gob.cu/

LINK To Ernst & Young (EY) Presentation (Page 39)

**ThomsonReuters**
**London, United Kingdom**
**1 July 2021**

PARIS, July 1 (Reuters) - Most of the countries negotiating a global overhaul of cross-border taxation of multinationals have backed plans for new rules on where companies are taxed and a tax rate of at least 15%, they said on Thursday after two days of talks. The Paris-based Organisation for Economic Cooperation and Development, which hosted the talks, said a global minimum corporate income tax of at least 15% could yield around $150 billion in additional global tax revenues annually. It said 130 countries, representing more than 90% of global GDP, had backed the agreement at the talks.

New rules on where the biggest multinationals are taxed would shift taxing rights on more than $100 billion of profits to countries where the profits are earned, it added. "With a global minimum tax in place, multinational corporations will no longer be able to pit countries against one another in a bid to push tax rates down," U.S. President Joe Biden said in a statement. "They will no longer be able to avoid paying their fair share by hiding profits generated in the United States, or any other country, in lower-tax jurisdictions," he said. One source

close to the talks said it had taken tough negotiations to get Beijing on board. A U.S. administration official said there were no China-specific carveouts or exceptions in the deal.

The minimum corporate tax does not require countries to set their rates at the agreed floor but gives other countries the right to apply a top-up levy to the minimum on companies' income coming from a country that has a lower rate. The Group of Seven advanced economies agreed in June on a minimum tax rate of at least 15%. The broader agreement will go to the Group of Twenty major economies for political endorsement at a meeting in Venice next week. Technical details are to be agreed by October so that the new rules can be implemented by 2023, a statement from countries that backed the agreement said.

The nine countries that did not sign were the low-tax EU members Ireland, Estonia and Hungary as well as Peru, Barbados, Saint Vincent and the Grenadines, Sri Lanka, Nigeria and Kenya. Holdouts risk becoming isolated because not only did all major economies sign up, but so did many noted tax havens such as Bermuda, the Cayman Islands and the British Virgin Islands. Irish Finance Minister Paschal Donohoe, whose country has attracted many big U.S. tech firms with its 12.5% corporate tax rate, said he was "not in a position to join the consensus," but would still try to find an outcome he could support.

In the European Union, the deal will need an EU law to be passed, most likely during France's presidency of the bloc in the first half of 2022, and that will require unanimous backing from all EU members. Welcoming the deal as the most important international tax deal reached in a century, French Finance Minister Bruno Le Maire said he would try to win over those holding out. "I ask them to do everything to join this historical agreement which is largely supported by most countries," he said, adding that all big digital corporations would be covered by the agreement.

The new minimum tax rate of at least 15% would apply to companies with turnover above a 750-million-euro ($889-million) threshold, with only the shipping industry exempted. The new rules on where multinationals are taxed aims to divide the right to tax their profits in a fairer way among countries as the emergence of digital commerce had made it possible for big tech firms to book profits in low tax countries regardless where they money was earned. Companies considered in scope would be multinationals with global turnover above 20 billion euros and a pre-tax profit margin above 10%, with the turnover threshold possibly coming down to 10 billion euros after seven years following a review. Extractive industries and regulated financial services are to be excluded from the rules on where multinationals are taxed. Implementation of the deal could still prove rocky not least in the U.S. Congress, where Representative Kevin Brady, the top Republican on the tax-writing U.S. House Ways and Means Committee, described it as "a dangerous economic surrender that sends U.S. jobs overseas, undermines our economy and strips away our U.S. tax base."

**Foreign Policy Magazine**
**Washington DC**
**2 July 2021**

A higher minimum. Developing countries are still pushing for a higher minimum. In a statement, the 37-member states of the African Tax Administration Forum accepted the agreement in principle but vowed to continue its campaign to increase the minimum rate to at least 20 percent. A higher rate is essential for African nations, the group said, pointing to the larger reliance on corporate tax revenues as a proportion of the overall tax take in their countries than in more wealthy nations.

Shrinking tax rates. Still, it may help arrest a trend **over** the last several decades of declining corporate rates. According to the Tax Foundation, the average corporate tax rate globally was roughly 40 percent in 1980; that figure has dropped to 23.85 percent in 2020.