

Peter Barnes Comments on Pillar One and Digital Services Taxes

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United Nations members agreed last week to begin talks on fundamental changes to how taxes are collected globally. The resolution submitted by Nigeria on behalf of the 54 member states of the African Group would see the establishment of a U.N. tax convention and new global tax body—a historic move long resisted by richer nations because it would weaken their control over international tax rules.

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Peter Barnes, a tax specialist at the Washington law firm Caplin & Drysdale, told *Foreign Policy* that the world will likely end up with digital services taxes. “The Pillar One exercise is not likely to succeed, and so if Pillar One drops off, then all countries will be able to impose digital services taxes,” he said.

The reform has hit a block in Congress because the United States would be giving up much of its tax base to other countries, as many of the companies affected are headquartered in the United States. “There is no doubt about it. These are targeted taxes—targeted at companies primarily based in the U.S.,” Barnes said.

For the full story, please visit *Foreign Policy's* website.

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