



OECD Minimum Tax, Tax Policy, Economy & Society

OECD minimum tax: ***withdrawal of the USA by the end of the year***

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At a glance

- It has been clear since summer 2025 that the USA will be exempt from the OECD minimum tax; the final solution should be in place by the end of the year.
- Suspending the minimum tax would not provide any relief for Swiss companies at present, but would create additional uncertainty.
- Switzerland must position itself in a potentially increasingly unequal international tax system. Measures are needed for the location.

In summer 2025, the US and the other G7 countries agreed that the US would be exempt from the OECD minimum tax. The so-called "side-by-side" solution (SBS) provides for US companies to continue to be subject exclusively to the US tax system, while other countries can apply the OECD minimum tax. A finished solution concept is expected by the end of this year, which is to be adopted by the relevant OECD bodies. The timetable is ambitious. However, as the USA is pushing for a solution, it is likely that the deadline will be met and at least the key parameters will be in place. However, suspending the minimum tax would not provide Swiss companies with any relief at present, but rather additional uncertainty. As long as the EU states apply the minimum tax, a unilateral repeal by Switzerland will not solve any problems.

Current discussions on the SBS solution

Firstly, it remains to be seen whether the SBS model will remain a special regulation for the USA or whether other states can claim an exemption. Secondly, it needs to be clarified whether US companies should remain completely exempt from the OECD tax or whether individual elements should continue to apply. Thirdly, it is about foreign corporations with activities in the USA: do they pay US taxes exclusively like US corporations, or do the OECD taxes apply in part?

It is already clear today that the so-called Income Inclusion Rule (IIR) may no longer be applied to US corporations. Switzerland introduced this tax at the beginning of 2025. If US companies hold investments in companies in third countries (outside the US) from Switzerland and these countries do not levy the minimum tax of 15%, Switzerland has so far collected the difference from the Swiss US company via the IIR. This right will no longer apply in future, as in all other countries with a minimum tax. Whether further changes will be necessary depends on the final SBS model.

The US emphasizes that states have the right to set their own tax policy. According to this logic, the national supplementary tax (QDMTT), which Switzerland introduced in 2024, could continue to apply to US companies. OECD states argue that applying the QDMTT as widely as possible is necessary for a level playing field.

Importance for Switzerland

In principle, the starting position remains unchanged: A unilateral suspension of the minimum tax would not provide any relief for the Swiss companies affected, but would instead create additional uncertainty. Taxes below 15% would continue to be skimmed off abroad, which would result in a loss of tax revenue for Switzerland. However, since the introduction of the minimum tax, numerous cantons have increased their taxation of large companies, which has made the national supplementary tax less important in fiscal terms.

The argument of legal certainty remains important: many Swiss companies meet the requirements of the minimum tax and do not pay any supplementary tax. If Switzerland were to suspend the minimum tax, these companies would have to go to great lengths abroad to prove that they comply with the minimum tax. It is foreseeable that this evidence would be challenged - with the risk of additional tax claims and lengthy mutual agreement procedures.

However, depending on the impact of the US withdrawal, Switzerland may also have to go through the books. It is still too early for this, but developments must be monitored closely. Instead of a "fairer" tax world, as originally promised, the US withdrawal and its consequences could end up having the opposite effect: a one-sided development at the expense of highly competitive locations such as Switzerland, which would be unacceptable.

Even under the conditions of the minimum tax, Switzerland can do a lot to strengthen its location. In the upcoming winter session, a number of motions will be put to the vote that aim to develop a strategy to sustainably strengthen the business location and promote investment. The measures under consideration include tax incentives. The OECD is also expected to provide news on this by the end of the year.

New survey on the administrative consequences of the OECD minimum tax

According to the latest "Pillar Two Compliance Cost Survey" by the University of Mannheim and the Tax Foundation Europe, the administrative burden of the OECD minimum tax is considerable. The one-off implementation costs of the OECD minimum tax ("Pillar Two") for EU companies amount to around EUR 1.24 billion (up to EUR 1.95 billion), the annual costs to around EUR 0.52 billion (up to EUR 0.87 billion). This means that European companies bear the lion's share of the global implementation costs, while third countries, particularly the USA, benefit indirectly from a lower regulatory burden. There is also a geographical disparity: companies in high-tax EU countries are more affected, while locations in third countries such as the USA or other non-EU countries gain competitive advantages.



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