

EN
P-000656/2026
Answer given by Mr Hoekstra
on behalf of the European Commission
(25.3.2026)

The side-by-side agreement does not suspend 'minimum tax instruments for US companies'. The US corporate tax framework comprises mechanisms that achieve taxation of global foreign profits and secure a minimum level of taxation, similarly to the Pillar 2 standard for a global minimum tax.

The side-by-side agreement provides for a coordination mechanism to ensure the coexistence of the US corporate tax framework and the Pillar 2 standard for a global minimum tax. It ensures that US companies in the EU remain subject to the domestic minimum tax, i.e., qualified domestic minimum top-up tax (QDMTT), implemented by the Member States under Pillar 2.

The side-by-side agreement is expected to establish a level-playing field for companies on both sides of the Atlantic and worldwide. It is expected to prevent a race-to-the bottom that would undermine global trade and economic relations, while allowing EU Member States to maintain their levels of tax. This is achieved, for instance, by the framework for the treatment of tax incentives and refundable tax credits and ensures that the excessively large capacity of certain jurisdictions to grant subsidies to multinational companies is neutralised or, at least, significantly mitigated.

The Commission will assess the implementation and effect of the application of the global agreement on the side-by-side package for the EU. This will ultimately be completed by the same deadline as the stock-take exercise, due to be completed by the Organisation for Economic Co-operation and Development (OECD) in 2029.