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# The International Projection of US Fiscal Policy: Global Reactions and Challenges for Colombia

NOV 13 – 14

2025

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# The Direction and Priorities of U.S. International Fiscal Policy

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# Priorities of U.S. International Fiscal Policy

# U.S. INTERNATIONAL FISCAL POLICY

## Priorities

- Address **TCJA expirations (2025)** – key corporate and pass-through provisions
- Manage U.S. response to **OECD Pillar Two** (global minimum tax)
- Protect U.S. companies against **foreign "discriminatory" taxes**
  - Undertaxed Profits Rule (UTPR - extraterritorial), Digital Services Taxes (DSTs - discriminatory), Diverted Profits Taxes (DPTs)
- Maintain competitiveness while **securing U.S. tax base**
- Strengthen coordination with allies, but **preserve tax sovereignty**

# Responses to Discriminatory Taxes

*Section 891 (Current Law) and*
*Section 899 (Proposed)*

# RESPONSES TO DISCRIMINATORY TAXES

**Section 891**
***Current Law***

- Authorizes President to **double U.S. tax rates** on individuals and corporations of countries whose laws are found to discriminate against U.S citizens or companies (capped at 80% of taxable income)
- **Never** used in practice → considered a “nuclear option” tool
- Serves mainly as deterrence and **political leverage**

# RESPONSES TO DISCRIMINATORY TAXES

**Section 899**
***Proposed***

- Introduced in 2025 drafts of One Big Beautiful Bill Act
- Would impose **surtaxes on U.S. taxes for foreign persons** from offending countries
  - +5% per year, capped at 15% (House version had 20%)
  - Applies until the foreign jurisdiction repeals or revises the “unfair tax”
- **Targets** “unfair foreign taxes”: UTPR - extraterritorial, DSTs - discriminatory, DPTs
- **Taxes affected**: FDAP, ECI, 30% branch profits tax, 4% excise tax on U.S.-source gross investment income of foreign private foundations (including withholding)
- **Eliminates Section 892 exemption** for foreign governments of offending countries

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# RESPONSES TO DISCRIMINATORY TAXES

## Global Reactions

- June 2025 G7 “**side-by-side**” agreement
  - Recognition of U.S. minimum tax rules
  - Exclusion of U.S.-parented groups from foreign IIR/UTPR top-ups
  - U.S. **dropped Section 899** after G7 compromise

- Continuing negotiations within the OECD/G20 Inclusive Framework
  - Broader agreement to be reached by **December 31, 2025**
  - **Should GILTI be treated as an IIR under Pillar Two?**

- **Latin America**: Not direct targets yet, but adoption of discriminatory measures could risk “offending foreign country” status under potential future U.S. rules

- **Takeaway**: Coordination over confrontation → but risk of disputes remains

# Panel Discussion

## Global Responses and perspectives for Colombia

Panelists: Devon M. Bodoh, Błażej Kuźniacki, Ricardo Ruiz, Andrea Riccardi

Chair: Andrés Bermúdez Andrea Riccardi

# Theme 1

# Global Responses to U.S. Tax Policy

# Theme 2

# Tax Certainty and Dispute Prevention in a Fragmented Landscape

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# Theme 3

# Latin America and Emerging Markets in a Changing Global Tax Order

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# Gracias

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