Global Britain

How should the UK approach reforms to international corporate taxation?

Summary report of an Onward and Joffe Trust partnership

ONWARD

The Joffe Charitable Trust

About Onward

Onward is a not-for-profit thinktank registered in England and Wales (no. 11326052). Our mission is to renew the centre right for the next generation, by coming up with bold new ideas and reaching out to new groups of people.

You can find out more about us on our website at www.ukonward.com and @ukonward on all major social media.

About the Joffe Trust

The Joffe Trust is a grant-making trust that supports civil society leaders to build a fairer world. We were founded by Joel Joffe, who was Nelson Mandela's lawyer in the 1960s. We focus on two areas: tackling corruption and tax abuse, and building stronger not-for-profit organisations.

About this report

This summary report is a record of a roundtable event held in September 2021, hosted by Onward and supported by Joffe Trust. The event was held under the Chatham House Rule, so all comments below are anonymised and the discussion summarised.

For more information, or to explore how you might partner with Onward in future, please contact office@ukonward.com.

Contents

Director's Foreword

The ambition to reform the global system for corporate taxation dates back almost a decade, when the UK backed the OECD process to tackle base erosion and profit shifting in 2013. That process stalled and hope was all but lost until earlier this year the new US administration breathed new life into the plans and called for a minimum corporation tax rate, now settled at 15%.

After years of corporate tax chicanery, and a growing sense of anger among small businesses and citizens that the world's biggest companies did not have to pay their fair share on profits generated in the UK, it seems like a new regime may well be in sight. At the G7 earlier in 2021, finance ministers agreed an outline proposal and at the OECD summit the World's developed nations signed up.

It has all happened so quickly that the proposals have barely been discussed in the UK policy debate. To support that discussion, and to explore not only the prospects for success but where the proposals need further definition, Onward convened a leading group of Parliamentarians and tax experts to discuss the key issues.

The resulting discussion was both encouraging and sobering. Encouraging because there was widespread agreement that the new system takes us broadly in the right direction, that it should lead to a more consistent and orderly system of corporate taxation around the world, and that it should support efforts to make the UK tax system fairer for UK businesses. Sobering because it is not guaranteed that the new system will necessarily generate more revenue for the UK, and may struggle to get through the US political system intact in any case.

These are not reasons to slow down the pace of reform, and there was widespread agreement that we should, in fact, go further by introducing country reporting and other transparency measures. But it does underline the need for realism about this package, and being clear on why it is the right thing to do.

Will Tanner
Director of Onward

Partner's Foreword

As the OECD's tax negotiations come in sight of the finish line, it is useful to ask how far they have come.

Launched two years ago, the aim was to reform how big international business is taxed. The existing system is palpably broken, with the IMF estimating hundreds of billions of tax revenue lost every year. Public opinion is no longer willing to put up with that.

On the one hand, the simple fact of an agreement has been seen as a triumph.[1] Cajoling 136 countries together on a voluntary basis is no mean feat, particularly when multilateralism is creaking. Britain has played an important role. The new rules at last recognise major companies as single entities, rather than the fiction of the 'arms-length principle' of taxing subsidiaries separately. And a global minimum corporate tax rate helps put an end to the 'race to the bottom.'

On the other hand, the resulting deal is limited and widely criticised.

Its first part will only apply to around 100 large companies – and even then only to a small proportion of their profits. Many countries will lose more revenue from cutting their own digital taxes than they gain. And the global minimum tax rate of 15% is far lower than most national rates, which risks creating downward pressure.

The deal is not yet sealed. Alongside political hurdles in the US, major developing countries such as Nigeria have refused to sign up. The G77 is calling for negotiations to be moved to the UN, where all countries have an equal vote.

So where do we go from here? Various important avenues are opening up:

- The UK should continue to take a lead and boost our revenues by implementing country-by-country reporting, with no need for complex negotiations.
- As our headline corporate tax rate moves to 25%, post-pandemic, we should push for a level playing field and similar minimum rate worldwide.
- We should continue to crack down on tax avoidance and economic crime perpetrated through UK financial centres, in order to boost revenue and tackle serious national security risks.
- As Global Britain, we should support developing countries' push for a fair deal to support their own revenues other than aid.

The Joffe Trust is delighted to support Onward's work on this issue. We are grateful to everyone involved for their time and insights. We look forward to continuing to engage constructively on tax reform for the 21st century.

Alex Jacobs
Director of the Joffe Trust

Introduction

This September, as interest around the OECD's *Two Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy* mounted, Onward held a private roundtable in partnership with Joffe Trust. The roundtable established the need for reform, with unanimous agreement that the current system is unable to cope with a more complex and global trade environment. Two particular elements of the current system were focused on by the group of participants.

First, there was concern about the so-called 'race to the bottom' in international tax rates. There are vast disparities between the different corporate tax rates levelled by countries across the world – from 50% in Comoros to 0% in the British Virgin Islands. Overall the OECD's median international corporate tax rate has halved in the last 30 years. Even for those who believe in lower taxation overall, this means that companies will often base their headquarters in favourable tax locations, while still generating income in other countries where the tax burden is more pressing.

This leads to the second problem: Base Erosion and Profit Shifting (BEPS). Currently, there are two main forms of international corporate taxation – source – and residence-based taxation. Source-based taxation taxes income where it arises, i.e. the country in which a product is built. Residence-based taxation taxes income where the individual or company is resident, i.e. where the product's company is based.[2] This system appears increasingly unfeasible as product design, ownership, manufacture, assembly and sale are often dispersed across the globe. This allows many multinational enterprises (MNEs) to exploit the gaps that exist between different tax systems to pay less or no corporate tax, increasing the burden on individuals and undermining the Exchequer. The politics of this have become untenable, with highly profitable MNEs paying little to no tax, while individuals and smaller independent shops struggle and high streets disappear.

It is these systemic issues and their consequences that the OECD agreement is trying to resolve. The roundtable discussed how these challenges could best be tackled, discussing the appropriateness and feasibility of the OECD's proposed two pillar reforms. Pillar One will shift the system away from source and resource based taxation to destination-based taxation, for the world's largest companies. Pillar Two will introduce a 15% minimum global tax rate, bringing many countries closer to the current global median.

The discussion focused on the benefits, limitations, threats and opportunities that these reforms presented. There was agreement that the international community should be commended for reaching an agreement, itself no mean feat in such a combative international environment. The participants also agreed that the package was an important and necessary step towards a more coherent international tax system, even though it is unlikely to be the financial boon to the UK that it initially appears.

Key points of discussion

1. The need for reform

There was agreement around the table that the current international corporate tax system is increasingly unfit for purpose. While source-based taxation made sense in largely national economies, as the world has become more globalised and trade has become more complex, there has been growing pressure to move to a more residence-based system that taxes companies on the basis of where they earn their income.[3] This has become more urgent as multinational firms have used low tax jurisdictions to shift profits, trading national tax sovereignty off against their responsibility to pay taxes in the places where they do business.

International double taxation refers to the layering of tax on an economic agent, for instance, an investor first taxed on their investment in country A and secondly in country (B), their residence. There was some discussion about the overlap of international tax policies, which can create tax barriers between different jurisdictions, inhibiting cross border activity and creating gaps that can be exploited by firms. It was noted that the backdrop to the current discussion is a falling OECD median corporate tax rate, from 45% in 1986 to 23.5% in 2020. This is what Janet Yellen calls a 'global race to the bottom,'[4] businesses structure their activities towards low-tax jurisdictions, countries are encouraged to lower their tax rates to attract business and prevent others from leaving.[5]

The patchy and complex web of tax agreements have allowed MNEs to play the system to their advantage, often totally legally. One of the evasion tactics that the OECD agreement is explicitly targeting is BEPS. Under BEPS a MNE physically resides in one place, legally resides in another, constructs the product in one place with parts bought from another, and again, sells in another. As a result, $240 billion is lost annually in corporate tax revenue to BEPS by MNEs. Furthermore, the IMF estimates that American Fortune 500 companies alone held an estimated $2.6 trillion offshore in 2017. It is also visible in the global shift from taxing capital, which has become increasingly mobile, to taxing labour, which is not. This has meant that corporate taxation has fallen while taxation on workers has risen, which may be behind some of the hostility to big business we see in the UK and elsewhere.

This hostility is being directed at politicians who are facing mounting pressure to rectify the perceived inequality of the tax system. The experience of one participant is emblematic. They recounted the concerns of a constituent who couldn't square the high rates of tax they, as a struggling independent shop owner, were being pushed to pay, with the incredibly low levels of corporate tax extracted from successful multinationals like Facebook and Amazon. This pressure is nothing new. But the failures of the current system have, it was argued, become increasingly untenable as the world begins to recover from the social and economic effects of the last 18 months.

GDP in 2021 was expected to be 3.2% lower than projections before the pandemic.[6] The measures implemented by the UK Government to cope with coronavirus are projected to have cost about £370 billion.[7] For some of the attendees, the problems that were raised and deepened by the pandemic, like rising inequality, the increasing reliance on e-commerce rather than bricks and mortar shops, have established a requirement for governments to proactively create a fairer international tax system. Politicians are under pressure to shift the burden to big business and away from individuals and small businesses. However, while participants were unanimous in their acknowledgement of the need to implement reform they were keen to flag the practical difficulty in doing so. Tax reform is hard, international tax more so. Building a strong and fair system that doesn't disadvantage the UK financially and has international compliance is no mean feat.

Some in the group were however quietly optimistic in a potential shift in opinion among multinational firms. Participants pointed out that there is mounting pressure on multinational firms, both from the public directly and from politicians keen to respond to public discontent, to positively contribute to the places in which they make a profit. The level of success experienced by many large multinationals throughout the pandemic was seen as particularly jarring in light of their tax contribution. One attendee said that local business owners are appalled by the inequity of the current tax situation, with global firms making huge profits but not paying tax, versus local businesses slowly being pushed out by competition with these same multinational firms. Ultimately, the group was unanimous that reform, though not inevitable, is necessary.

2. How to achieve it

There was agreement that Pillar One of the OECD agreement marks an important shift to a form of destination-based taxation, meaning that residual profit will 'be taxed in the end market jurisdictions where goods or services are used or consumed,' even if the MNE has no physical presence in the country.[8] This will apply to MNEs making over 20 billion euros in revenue and profitability before a tax of 10%. With regards to Pillar Two, which will establish a 15% global minimum tax rate, the group agreed that it would be unlikely to raise revenue for the UK to any great degree given the planned rise in the UK's current corporate tax rate of 19% increasing to 25% in 2023. Indeed, in recent months there has been mounting evidence that the deal will cost the UK revenue.[9] However, people were in agreement that it will create a more conducive global environment. At present, global corporate tax rates range from 50% (Comoros) to 5.5% (Barbados).[10]

Participants were clear that while a reform of the system is essential, the shift from taxes where value is added to where the product is consumed has risks for the UK. The UK is ranked fourth in the World Intellectual Property Office's (WIPO) Global Innovation Index 2020[11] and second in the Global Intellectual Property Centre (GIPC) International IP Index 2021,[12] and there was an acknowledgement that the UK has historically generated tax revenue from companies that export their IP. This is particularly the case given changing demographics mean that the size of the UK consumer base is set for a relative decline while 65% of the world's middle class are expected to be located in Asia Pacific by 2030.[13] The group therefore agreed that the UK may not, in the long run, gain from the reforms.

One participant pointed out that while a minimum tax rate might seem like an obvious choice for the UK, higher receipts in the UK will mean lower receipts in much poorer parts of the world. While countries like Ireland (12.5%) are often cited, it is also true that Gibraltar and Barbados are likely to suffer from this shift. For the group, it was essential that the shift to 15% is a shared project of harmonisation and not one of confrontation. If the deal is put into effect, it was agreed that the deal would, on the whole, be a good thing by halting the "race to the bottom" and bringing more than 35 countries to a higher level of taxation.[14]

Who, though, are the objects of taxes? Ultimately, as one panelist pointed out, corporations do not bear the incidence of tax, as all taxes, whether applied directly or indirectly, are a tax on individuals.[15] However, the group was also clear that not all taxes sit equally in the public imagination. Taxing multinational firms was claimed to be more politically palatable, with it becoming increasingly difficult to justify a tax system that allows firms to escape their 'fair share' while society faces an increasing squeeze upon its finances. In the words of one participant, "people don't play games they think are fixed." Not only do BEPS and tax avoidance reduce revenue for the exchequer, they also undercut the public's willingness to buy into tax institutions.

In order to avoid this, there was agreement that the public needs to have confidence that the system is fair and enforceable. It was noted that increasing transparency through country by country reporting could aid in shifting behaviour. This would utilise, and in some cases take further, existing mechanisms held by countries and other financial institutions to build dissatisfaction with noncompliance and BEPS behaviour by multinational firms. There was disagreement in the practicality of this approach. Firstly, regarding the fitness of the current system to bear the load of increased scrutiny. Some defended the system, asserting that transparency regulation has come a long way – and the group was unanimous that it could be taken further in order to assert meaningful pressure on companies. But some attendees were concerned with efficiency; it was suggested that tracking and publicising the complex networks of global capital and revenue may be too bureaucratically burdensome to facilitate necessarily agile regulation.

3. Opportunities and threats

For some on the panel, the BEPS reforms presented an opportunity to generate a strong stream of income for the UK, at a time when the Government has considerable domestic and international ambitions. They would also benefit international security, making it harder for rogue individuals and states to profit from the poorly managed system, and improving the ability of developing states to create sustainable sources of income. Yet, some around the table urged caution, arguing that the ubiquity of tax in our society means that it has become easy to forget that tax is largely a mechanism for raising revenue and that it should not be seen as a tool of equality. It was argued that the vision of tax reform as a panacea to the world's problems risks the reform being overburdened with aspiration. The group agreed that there were notable policy areas that would be improved by the reform.

It was agreed that BEPS has significant practical and social implications. First, it undercuts competition as domestic firms are unable to compete with the low costs enjoyed by MNEs. Second, the loss of revenue undercuts a government's ability to pursue and maintain infrastructure projects or supply public goods. Finally, it has behavioural consequences. A society's willingness to abide by tax norms is put under strain as the perception that the system is optional for the powerful and wealthy. As the group pointed out, these issues are felt universally but not to the same degree. Particularly, it disproportionately affects developing nations as corporate income tax (CIT) often makes up a higher percentage of total tax revenue than in developed nations. For instance, in Rwanda, 70% of tax revenue comes from MNEs, and in Nigeria this figure is 88%.[16] Therefore, the move to restrict BEPS behaviour suggests a number of potential wins for developed and developing countries alike.

Another potential benefit of a stronger international tax system is enhanced national security against rogue actors. Tax havens have serious national security implications. The offshore accounts held by Russian oligarchs are not only places to amass power and wealth, they are the means by which criminal activity is funded.[17] Furthermore, opaque financial streams allow corruption and other illegal activity to go on undetected.[18] One member of the group asserted that these flows do not merely represent a loss of income but present a tangible threat to society. By improving the structure of international tax as well as increasing transparency in the system, it was argued that the reform could bolster national security.

For the group, it was essential that, alongside this optimism, there is a ecognition that taxation is a blunt instrument for achieving social goals. While it might be used to create a fairer society or to encourage a certain industry, ultimately it is a tool to raise revenue and applying different objectives can result in unexpected consequences. For instance, while corporate tax is largely considered to be progressive as it seemingly targets capital owners with high incomes. However, LSE research suggests that 51% of corporate tax burden is actually passed on to the workforce, and that the least burden is exacted on workers in larger companies that are better able to profit shift.[19] While the reforms may not be as widely progressive as some hope, there is still cause for optimism as long as the UK enters into the deal with its eyes wide open.

Realism, it was argued, needs to begin with what the UK can expect from the OECD agreement. The group largely agreed that the financial benefit will be relatively limited. But they were also clear that creating a better international tax structure is in the interests of the UK. The benefits will firstly be found in the establishment of a more stable global structure that will better be able to deal with the challenges posed by a globalised economy. The second benefit will be felt closer to home, as the public will feel their concerns and frustration over an unfair tax system were appropriately responded to. These wins may feel small in comparison to the grand aspirations laid out by others, but it was largely agreed that these reforms were just the beginning and if they are to pass they will lay the groundwork for future improvements.

The key concern raised was whether the United States would ultimately join the regime. Tax – the who, the how much and the what – are highly politicised issues especially in the US. President Biden's administration has proposed and worked to push through the reforms internationally but there were concerns amongst the panel about his ability to find support domestically, where support and opposition to the reforms are largely split down partisan lines. Democrats favour the new global rate, while Republicans are keen to continue with President Trump era tax roll backs.[20] Without US participation the effect of the reforms will be negligible.

As a concession to the US, a number of digital taxes currently applied by the UK and other countries are set to be scrapped in 2023. The roundtable was cautious about removing these taxes. The UK Digital Services Tax, implemented in April 2020, has been a political success story for the Government. Set at a base rate of 2%, the tax addresses the lack of physicality in transactions by taxing social media services, search engine or online marketplace providers whose revenues exceed £500 million. The panel cautioned that replacing a tax that brought in £280 million in 2020/21,[21] with a global structure that is unlikely to visibly redress the imbalance felt by the public will not be popular.

Despite its limitations, there was consensus that the OECD and G7 agreements should be praised as an accomplishment in their own right. The proposed reforms were only possible through a sense of shared endeavour, not an insignificant thing in such a highly fraught political environment. Practically, the reforms were agreed to be beneficial, establishing a set of globally accepted principles and there was general agreement that the political issue of tax avoidance and BEPS is not going away. There was also agreement that now is the time for action, given it would be advantageous to be the Government that sought and achieved progress on the issue and that many multinational firms are themselves becoming supportive of reform to reduce pressure on them and create a clearer operating framework.

Taxing Multinationals

One of the greatest unsung (and largely British) inventions of the 19th century was the joint stock company. By allowing investors, workers and customers to come together within a flexible legal structure it underpinned the mobilisation of capital, skills and markets on which the economies of the western world have grown for over 200 years.

But there is no right way to tax companies. Governments across the world have ignored arguments that companies are simply legal fictions and that only their (real) shareholders, employees and customers should be taxed. They have fudged the tricky questions of how taxing companies relates to taxing their shareholders. And they have adopted pragmatism in pinning down the geographical location of entities which are no more than bundles of legal rights. Corporations have been pursued for tax since they were invented.

Raising tax from companies is possible and it happens. Companies have paid plenty of tax over the years, but never quite in a way which has made the public, politicians or indeed the businesses themselves, happy. And never in a way which has satisfactorily addressed the issues of international business, or been able to articulate any clear policy goals beyond raising as much tax as is possible and sensible.

It is therefore no surprise that tax systems have struggled to adapt to globalisation and the advance of the digital age. The ability to shift transactions and profits internationally and to engage with customers without any physical presence has added to the existing Sisyphean task of keeping tax systems abreast of commercial developments. Multinationals have, it seems, paid less tax than domestic counterparts. This matters, not because of the loss of revenue (rumours of the amounts lost are greatly exaggerated, as evidenced by the fact that the UK, and other, corporate tax receipts have held up well over recent years), but because of the loss of public trust. A perception of the unfairness of the corporate tax system is corrosive to trust in the wider tax system on which all effective revenue collection depends.

Governments have been faced with public demand that the system should be "fair" and that multinationals "should pay their share", but the very diversity of corporate forms or any coherent theory of corporate taxation means that no solution will be capable of being applied universally across business types and borders.

Into this space – a genuine problem with no clearly articulated objective – the OECD has stepped and has developed proposals. And, to the surprise of many, those proposals have achieved a high degree of international support.

The willingness of the international community to meet together and to reach outline agreement should be celebrated, however incomplete that agreement may prove to be. It demonstrates that international cooperation on tax is possible. And the mere existence of the process will shore up, at least for a short period, public trust in a fair tax system.

In taking on this challenge the OECD has set itself heroic but unachievable goals. One can both welcome this initiative and remain highly sceptical that it will ever be implemented.

Sir Edward Troup
Former Executive Chair and Permanent Secretary, HM Treasury

Gone Global

Global business has turned tax into just another trade. Along with unprecedented innovation and prosperity, the chance to divorce profits from products has made a market out of a duty. In an obscure cloud of connections fairness and responsibility are being offset as organisations negotiate around what were once clear obligations based on geography.

The OECD agreement on international tax reform is an attempt to end this reverse auction. It is also an optimistic bet on voluntary multilateral agreements.

If successful, a global 15% minimum corporate income tax rate could raise more than £100 billion of new revenues. But that depends on open economies sharing information and cooperating.

In the UK multinationals pay around 55% of our corporation tax, that's still much less than domestic companies relative to asset size, so we have a big stake in this game.

We need to work with those in the jurisdiction where the value is created to ensure fairness, not just in our tax system, but our democracy. Getting this right can play a big role in shaping our Global Britain agenda.

Research shows that lower income countries receive a disproportionately lower share of tax revenue from multinational companies' profits that those of wealthier nations. But that share matters more. Corporation tax accounts for an average of 20% of total tax revenue in Africa, compared to just 5% in the UK.[22]

Fixing this disparity by increasing the corporation tax take for developing countries will give nations more agency over their own resources, increasing government accountability and fostering more sustainable relationships based on trade, not aid.

The opaque mechanisms don't just enable tax avoidance, they also hide other financial irregularities. Illicit financial flows enable operations against us and underwrite authoritarian regimes.

The benefits of a fairer tax system are more than a financial top-up. Yet despite the huge progress we have made, big challenges lie ahead.

The economy is becoming more digital as intangible assets like AI are playing an increasingly important role. As the cloud replaces the shipping container, value is becoming more diffuse and harder to measure.

Digital currencies are already providing routes around sanctions and could provide a bridge over tax duties.

And the prospect of global carbon taxes could create a whole new set of challenges that will require a level of coordination beyond that of harmonisation of international corporation tax.

Tax shopping should be based on reciprocal benefits to the community and the corporation, today it is time to debate international tax and get the balance right.

Tom Tugendhat MP
Member of Parliament for Tonbridge and Malling

Global Tax Deal – Just the Beginning

The repercussions of the COVID pandemic will be felt for many years to come. The impact on the public purse has been unprecedented in modern times, with GDP taking a 9.8% hit during 2020. This means that, as well as minding how we spend public finances, a focus on how much we bring into the exchequer is more important than ever. For too long major global corporations have been getting away with avoiding paying their fair share to HMRC by hiring expensive accountants, creating fake, complex structures and shifting their money across borders.

So the global tax deal set out at the G7 in Cornwall over the summer and ratified by the G20 could be a significant opportunity for increasing the UK's tax yield. Led by Joe Biden, the world's leading economies signed up to a ground-breaking agreement to tackle global tax dodging, which has now been backed by 136 countries representing over 90% of the world's GDP.

For the first time there is to be a minimum level of corporation tax to put a floor on countries undercutting each other and to stop companies basing their headquarters in low tax countries or offshore tax havens. The largest and most profitable multinationals will also see their taxes distributed more fairly in the countries in which they do business.

Of course there are some limitations with the agreement. A global corporate tax level of 15% is too low when the OECD average is 24%. Plus only the top 100 companies will see their taxes shared between countries and there are too many exemptions for sectors like financial services. It is not even clear whether the big digital companies like Amazon and Google will end up paying more in the UK than they already do under our existing Digital Services Tax. Meanwhile developing countries are set to lose out and so there is still a long way to go to ensure that those countries making decisions at the top table are not reinforcing global inequality.

However, progress has been a long time coming. The All-Party Parliamentary Group on Anti-Corruption and Responsible Tax, chaired by Margaret Hodge and Andrew Mitchell, has been calling for action for years, and many in government have worked hard to secure this deal. It is right that we welcome the very first real steps to bring the global tax system into the digital, globalised age. This is a ground-breaking deal but must only be the first rung on the ladder. Governments must build on this foundation, raise the bottom corporation tax rate, and we must see greater transparency to ensure that everyone can have faith in the system.

As ordinary people and British businesses face up to paying more for the economic crisis of the pandemic, it is only right that global corporations pay their fair share too.

Anna Turley
Former Member, APPG Responsible Tax and Anti Corruption

Conclusion

This roundtable reiterated much that we know. The international tax landscape is complex and unwieldy. Previous attempts to mitigate BEPS or increase consistency have struggled to have an impact. US politics is a major barrier to successful reform.

But it also exposed much that is relatively new, especially in the light of the social and economic effects of the pandemic.

First, the international corporate tax system is no longer fit for purpose and it is in real and pressing need of reform.

Second, the dual approach taken by the OECD appropriately responds to the complex challenges facing the system. This is not to say that there are not social, political consequences to the reform, both globally and for the UK, but it does so pragmatically and with some chance of success.

Finally, the costs and benefits of reform are still not clear, but it is inevitable that they will be unevenly felt. Expectation and ambition must be tempered to reflect the fact that these reforms are an innovation that stretches the current system into new territory.

Reform will not be accomplished by the UK alone. The OECD deserves credit for shepherding a diverse network of parties in discussion. But success will require long-term buy-in from across the international community. The hard part is yet to begin.

Endnotes

1 www.oecd.org/tax/international-community-strikes-a-ground-breaking-tax-deal-for-the-digital-age.htm

2 www.taxjustice.net/cms/upload/pdf/Source_and_residence_taxation_-_SEP-2005.pdf

3 Halliday, Terry & Shaffer, Gregory (eds.) 2014. *Transnational Legal Orders*. New York: Cambridge Univ. Press. Chapter 4. Settling and Unsettling the Transnational Legal Order of International Taxation. By Philipp Genschel and Thomas Rixen.

4 www.bbc.co.uk/news/business-56500673

5 Halliday, Terry & Shaffer, Gregory (eds.) 2014. *Transnational Legal Orders*. New York: Cambridge Univ. Press. Chapter 4. Settling and Unsettling the Transnational Legal Order of International Taxation. By Philipp Genschel and Thomas Rixen.

6 www.worldbank.org/en/news/feature/2021/06/08/the-global-economy-on-track-for-strong-but-uneven-growth-as-covid-19-still-weighs

7 https://commonslibrary.parliament.uk/research-briefings/cbp-9309

8 https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/10/beps-2-0-pillar-one-profit-allocation-and-nexus.pdf

9 www.taxwatchuk.org/dst_tax_cut

10 This is the lowest tax rate figure, there are others that have 0% corporate tax rate.

11 www.wipo.int/global_innovation_index/en/2020

12 www.theglobalipcenter.com/ipindex2020

13 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/995485/cptpp-strategic-case-accessible-v1.1.pdf

14 https://taxfoundation.org/publications/corporate-tax-rates-around-the-world/#Highest

15 https://responsibletax.kpmg.com/page/how-much-can-we-shift-taxes-from-labor-to-capital-

16 www.oecd.org/tax/part-1-of-report-to-g20-dwg-on-the-impact-of-beps-in-low-income-countries.pdf

17 https://taxjustice.net/2020/10/23/tax-havens-harm-our-well-being-and-security

18 www.regjeringen.no/contentassets/0a903cdd09fc423ab21f43c3504f466a/en-gb/pdfs/nou200920090019000en_pdfs.pdf

19 https://blogs.lse.ac.uk/businessreview/2018/03/27/is-it-labour-or-capital-owners-who-bear-the-burden-of-corporate-taxation

20 US Republicans vow to oppose Yellen's G7 tax deal ... – Reuters www.reuters.com › world › us-republicans-vow-op...

21 https://commonslibrary.parliament.uk/research-briefings/cbp-8719/#_ftn8

22 https://taxfoundation.org/africa-tax-revenue-oecd-report-2020

Support Onward

Onward is an independent, not-for-profit thinktank. We rely on the generous support of individuals and trusts, as well as partnerships with charities and businesses, to support our leading programme of research and events.

Individual and Trust donations

Onward's core programme of research is funded by individual and trust donations. If you are an individual or represent a philanthropic trust and would like to support our ongoing research agenda, we would love to hear from you. We do not accept corporate funding for research reports.

Please contact us on office@ukonward.com if you would like to donate by cheque or you can donate electronically using Onward's account details below.

UK Onward Thinktank Ltd
Not-for-profit company no. 11326052

Bank: Natwest
Account number: 21328412
Sort code: 50–10–05

Please note that Onward retains copyright and full editorial control over any written research it produces, irrespective of funding.

Partnerships with companies and charities

Alongside our research, we want to work closely with charities, trusts and businesses, large and small, to further the political debate and bring the expertise and ideas from outside government to bear on the policymaking process.

If you would like to partner with Onward as a sponsor of one of our roundtable events or conferences, or to join our Business Leaders Network to engage further with our work, please get in touch at office@ukonward.com.

A commitment to transparency

Onward is committed to transparency and will publish the names of individuals and organisations who give us more than £5,000 of support each year. This is published on our website twice a year.

ONWARD

www.ukonward.com

office@ukonward.com
4 Millbank, London, SW1P 3JQ

The Joffe Charitable Trust

www.joffetrust.org