

# Comparing Proposals to Tax Some Profits in the Market Country

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# What the paper is aiming to do

- Compare and contrast three proposals
- First - identify similarities and differences, strengths and weaknesses, of each proposal
- Second, demonstrate ways in which the features of the proposals may be interchangeable, potentially allowing the design of any one proposal to be improved

# Introduction to the three proposals

- OECD UA/ P1 – designed to unify the earlier UK, US and G24 proposals
- 12B – designed to present a simpler alternative approach with developing states in mind
- RPAI – designed as more familiar alternative to DBCFT, retaining familiar features of existing income allocation system

# Organisation of the paper

- Explanation of the three proposals and dealing with other preliminaries
- Approach to taxing in the market
- Approach to adjustments to avoid double taxation
- Combining approaches with example
- Conclusions

# Combining approaches

- Analysis of strengths and weaknesses
- The discussion of individual components as possible alternatives
- Example – sovereignty/ complexity issues with P1 arising from multilateral approach
- Possible solution – convert delivery mechanism of P1 into a bilateral framework

# Conclusions

- Differences between the proposals but commonalities of shifting profits to market states and making adjustments to avoid double taxation where necessary
- Tendency to view proposals as complete alternatives challenged by the paper – rather, encouragement to think of components (eg mechanism to allocate to the market) as possible alternatives
- Unilateral, bilateral and multilateral trade-offs
- Layered v comprehensive reform trade-offs