Global corporate tax reforms and how they might reduce profit shifting of multinational corporations

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This study examines whether global corporate tax reforms might increase tax revenue which was reduced by the profit shifting of multinational corporations. These reforms have been built on the minimum corporate tax rate and redistribution of undertaxed profits. Tax revenue gains of jurisdictions under all three tested global models show significant improvement in contrast to the status quo. Pillar II proposal would bring USD 198 billion in extra revenue, METR proposal USD 305 billion and the Tax deficit model USD 214 billion in 2017. However, significant differences are observed between geographical regions and income groups. North America and the EU are the largest recipients of extra tax revenue whereas Africa and Latin America & the Caribbean Islands are the smallest. Income group results show the same composition with high-income countries contributing by around three-quarters to the extra revenue gains. BEFIT Scenario 2 would result in USD 33 billion in extra tax revenue for the EU Member States, which is double the amount of Scenario 1.