

Tax Revenue from Pillar One Amount A

Country-by-Country Estimates

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Introduction: About the proposal

A share of the "excess" profits of the biggest and most profitable multinationals is reallocated from jurisdictions where profits are booked to jurisdictions where these MNEs have their market shares.

Jurisdictions where multinational enterprises (MNEs) have high returns on substance will need to provide tax reliefs (Elimination of double taxation)

Net Gain from Pillar One Amount $A_j =$

$$\sum_i \text{Reallocated Profits}_{ji} \times \text{CIT}_j - \sum_i \text{Obligation to Eliminate Double Taxation}_{ji} \times \text{ETR}_j$$

- ① Identification of Covered Groups
- ② Estimation of Amount A, the reallocation of profits and its taxation.
- ③ Quantification of the Elimination of Double Taxation

Results: Covered Groups

- There are 69 MNEs that we identify as "covered groups" for the year 2020.
- There are 7 MNEs that are considered Automated Digital Services (ADS): Accenture Public Limited Company, Alphabet inc, Meta Platforms inc, Microsoft corporation, Oracle corp, SAP SE, and Tencent Holdings Limited.
- The profits to be reallocated under Amount A are estimated to be 94.4 billion euros in 2020.

Table 1: Descriptive Statistics on Covered Groups by headquarter jurisdiction

Headquarter jurisdiction	Covered groups	% of Covered groups	Turnover	% of Turnover	Amount A	% of Amount A
United States	31	44.9%	1 721 006	48.5%	52 853.1	56.0%
China	13	18.8%	633 052	17.8%	15 799.7	16.7%
France	5	7.2%	159 443	4.5%	3 818.2	4.0%
Switzerland	4	5.8%	199 597	5.6%	5 443.3	5.8%
Japan	3	4.3%	202 398	5.7%	2 419.3	2.6%
United Kingdom	3	4.3%	116 850	3.3%	3 353.8	3.6%
Germany	3	4.3%	87 351	2.5%	1 629.0	1.7%
South Korea	2	2.9%	201 266	5.7%	2 942.1	3.1%
Hong Kong	1	1.4%	96 841	2.7%	2 017.2	2.1%
Taiwan	1	1.4%	38 303	1.1%	3 221.4	3.4%
Ireland	1	1.4%	37 125	1.0%	490.4	0.5%
Spain	1	1.4%	33 821	1.0%	417.7	0.4%
Canada	1	1.4%	24 777	0.7%	44.6	0.0%
Total	69	100%	3 551 830	100%	94 449.8	100%

This table presents descriptive statistics of the covered groups that are subject to Pillar One. The figures are in million of euros for the Turnover and Amount A.

Results: Countries with highest net revenues

Table 2: Top Revenues from Pillar One

Country	Reallocated profits	Gross gain	Elimination	Loss	Net gain	%Taxes
United States	32 100.5	8 667.1	7 411.3	999.8	7 667.3	0.42%
China	21 253.9	5 313.5	11 128.3	2 092.1	3 221.4	0.31%
Germany	3 041.3	912.4	430.5	89.3	823.1	0.23%
Japan	4 678.9	1 450.5	3 186.4	725.2	725.2	0.05%
Korea	2 858.6	714.6	111.4	22.3	692.3	0.32%
United Kingdom	3 040.7	577.7	50.1	3.5	574.2	0.10%
France	2 371.0	663.9	415.5	92.7	571.2	0.10%
Brazil	1 705.8	580.0	147.3	33.3	546.6	0.33%
Canada	1 518.6	410.0	166.1	28.3	381.7	0.20%
Australia	1 087.0	326.1	126.4	18.3	307.8	0.12%
Italy	1 282.5	307.8	88.4	23.3	284.5	0.07%
Mexico	1 106.2	331.9	220.7	60.6	271.3	0.20%
Spain	1 067.1	266.8	49.6	6.2	260.5	0.17%
Netherlands	1 332.8	333.2	3 813.6	150.6	182.6	0.09%
Russia	854.0	170.8	45.5	10.1	160.7	0.11%
Malaysia	684.9	164.4	31.8	5.4	159.0	0.49%
Argentina	415.0	124.5	10.9	3.0	121.5	0.33%
Turkey	555.4	122.2	16.4	3.1	119.0	0.11%
Austria	470.0	117.5	5.0	0.6	116.9	0.13%
Belgium	441.0	127.9	57.0	11.5	116.4	0.12%
EU	12 826.2	3 222.6	8 339.9	659.1	2 563.5	0.10%
OECD	61 741.0	16 227.2	26 357.2	2 981.0	13 246.2	0.17%
Tax havens	6 403.4	1 193.6	61 993.6	2 418.7	-1 225.1	-0.07%
Total	93 539.5	24 086.7	94 449.7	8 533.8	15 552.9	0.16%

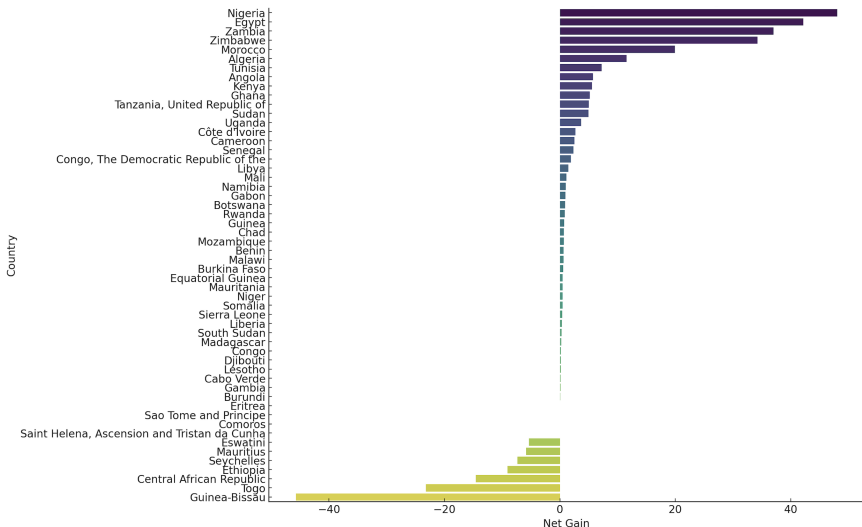
This Table presents details of net revenue gains from Pillar One for the top 20 countries. Gross gain is calculated as reallocated profits multiplied by the CIT rate. The loss is calculated as the Elimination multiplied by the ETR. The net gain is the difference between Gross gain and Loss. The figures are in million of euros. The net gains are presented as a percentage of total taxes.

Results: Revenues for Selected African and Asian countries

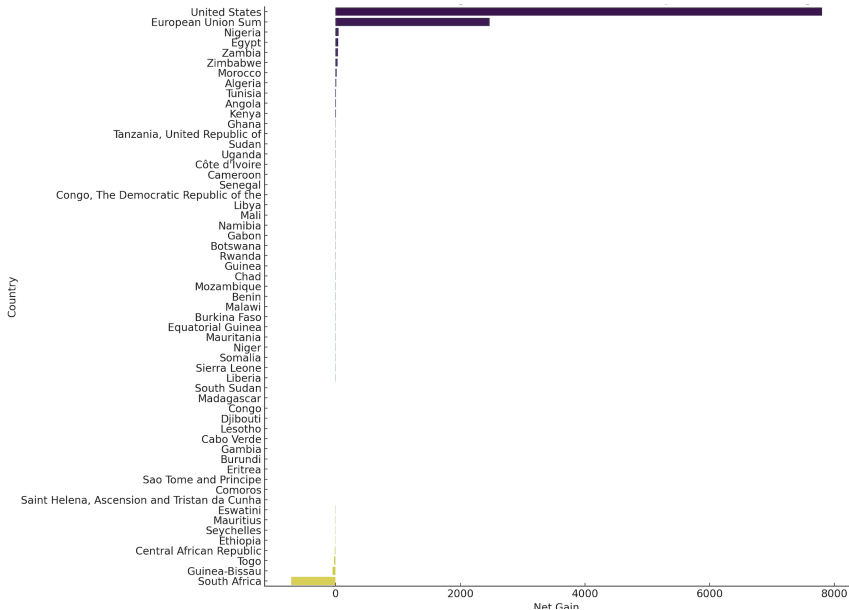
Country	Reallocated Profits	Gross gain	Elimination	Loss	Net Gain	% Taxes
Malaysia	668.2	160.4	41.6	7.0	153.3	0.48%
Colombia	153.8	49.2	0.0	0.0	49.2	0.15%
Nigeria	167.1	50.1	4.8	2.1	48.0	0.86%
Pakistan	92.9	32.5	1.5	0.7	31.8	0.11%
Kenya	18.6	5.6	0.0	0.0	5.6	0.04%
Tanzania	16.8	5.0	0.0	0.0	5.0	0.08%
Tanzania	16.8	5.0	0.0	0.0	5.0	0.08%
Ivory Coast	10.7	2.7	0.0	0.0	2.7	0.04%
Nepal	9.6	2.4	0.0	0.0	2.4	0.05%
India	674.5	202.4	615.2	213.9	-11.6	-0.004%
South Africa	215.3	60.3	2 942.1	773.8	-713.5	-1.04%

Results: Revenues African countries

excluding South Africa

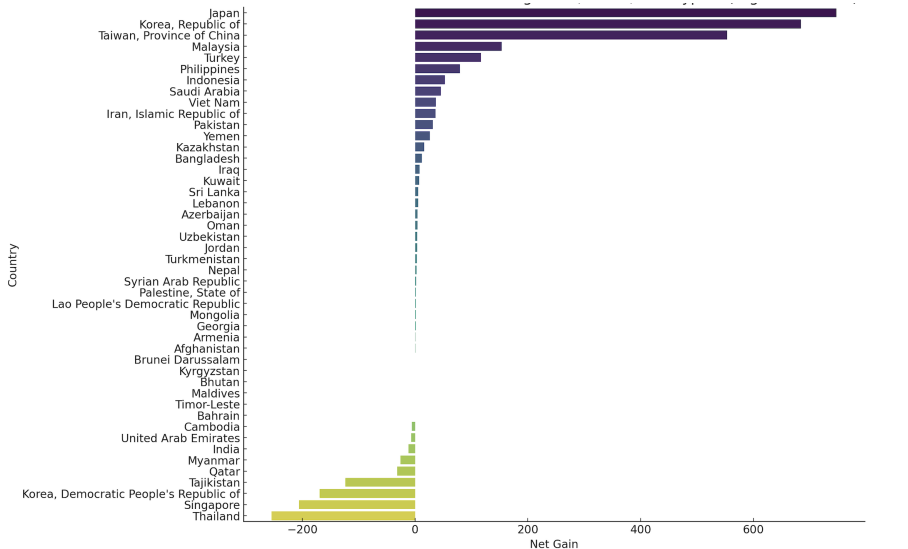


Results: Revenues African countries

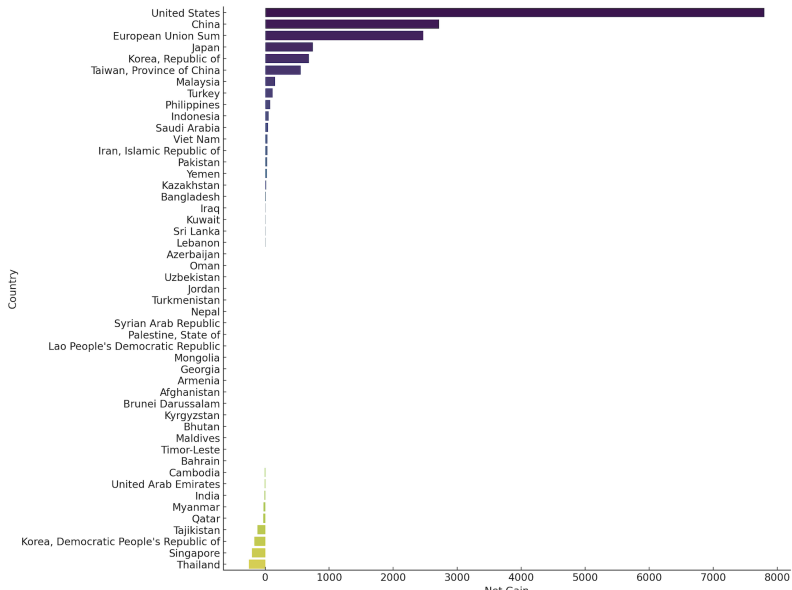


Results: Revenues Asian countries

excluding China



Results: Revenues Asian countries



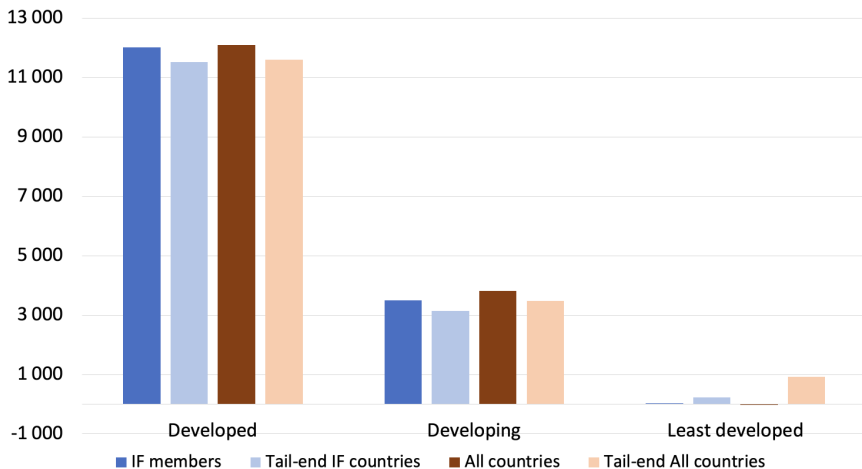
Results: Revenues by country classification

Table 3: Revenues from Pillar One by country classification type

Classification	Nb. of countries	Reallocated profits	Gross gain	Elimination	Loss	Net gain	% Taxes
Developed	36	56 761.1	14 914.1	26 159.0	2 894.4	12 019.7	0.17%
<i>of which G7</i>	7	48 033.5	12 989.4	11 748.4	1 962.2	11 027.3	0.20%
<i>of which Tax havens</i>	7	3 719.9	741.6	13 830.7	840.0	-98.4	-0.02%
<i>of which non-havens</i>	29	53 041.2	14 172.5	12 328.2	2 054.4	12 118.1	0.18%
Developing	94	36 611.2	9 116.5	68 140.4	5 614.7	3 501.8	0.15%
<i>of which tax havens</i>	28	2 683.5	452.0	48 162.8	1 578.7	-1 126.7	-2.03%
<i>of which non-havens</i>	66	33 927.7	8664.5	19 977.6	4036.0	4 628.5	0.16%
Least developed	12	167.2	56.1	150.4	24.6	31.5	0.15%
Total	142	93 539.5	24 086.7	94 449.7	8 533.8	15 552.9	0.16%

This table presents descriptive statistics of the covered groups that are subject to Pillar One. The figures are in million of euros for the Turnover and Amount A. The net gains are presented as a percentage of total taxes.

Results: Revenues by country classification in different scenarios



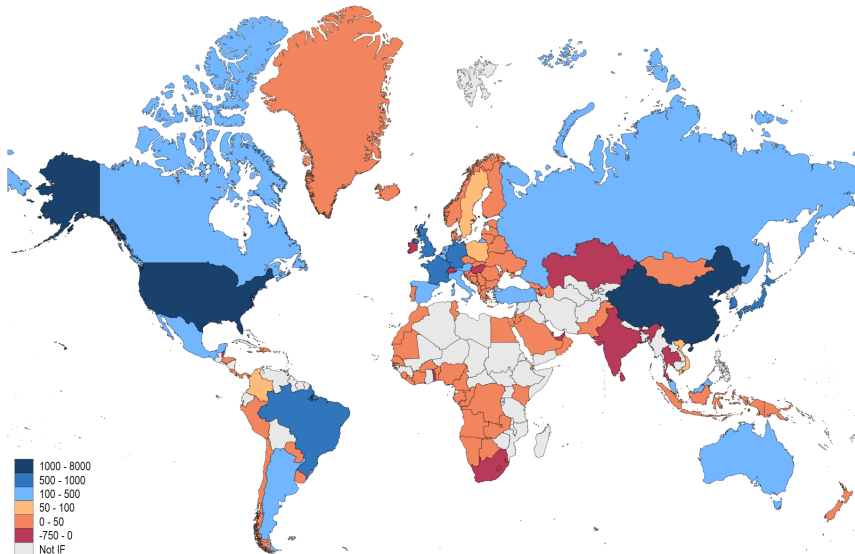
Results: Revenues from digital taxes

Table 4: Revenues from digital taxes and Pillar One for selected countries

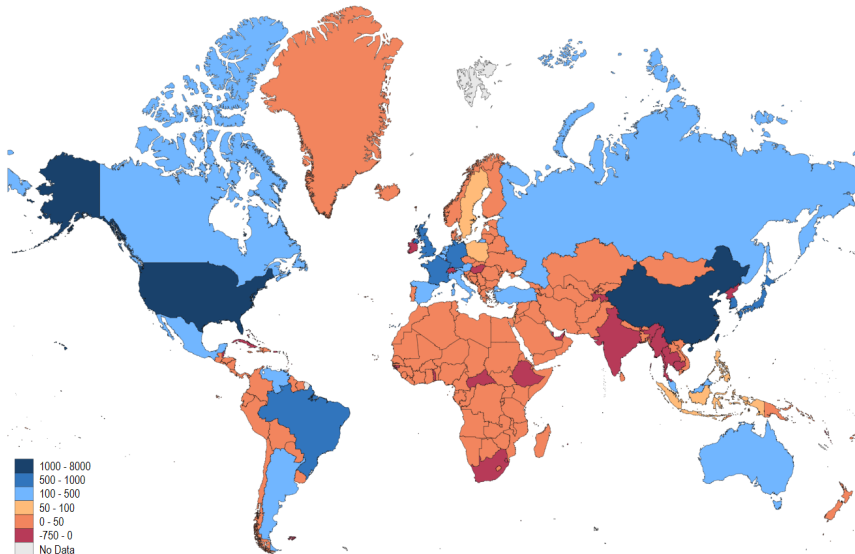
Country	Amount A	Digital Tax	
		19/2020	Expected
France	571.2	277	670
United Kingdom	574.2	315	526
India	-22.9	243	458
Hungary	-19.9	18	.
Italy	284.5	250	.
Poland	70	.	49
Spain	260.5	.	500-968
EU	2 563.5	.	5 000

This Table compares net revenues from Pillar One with those of digital taxes. "Digital tax 19/2020" refers to revenues from digital taxes that were collected by tax administrations around the year 2019 or 2020. "Digital tax Expected" refers to digital tax estimations that are expected by tax administration for a certain year. The figures are in millions of euros.

Results: Revenues IF member countries scenario



Results: Revenues all countries scenario



Main Findings

- 1 About 64% of covered MNEs are headquartered in the USA or China and 14% in the EU.
- 2 Total Gross Gain from Pillar 1 Amount A are estimated to be around EUR 24 billion (2020).
- 3 The introduction of double tax relief decreases revenues by 35% yielding a net Gain of EUR 15.6 billion.
- 4 Obligations to eliminate double taxation are primarily allocated to jurisdictions where Covered Groups have a high return on substance. More than 60% of the total Obligation to Eliminate Double Taxation are allocated to tax haven countries.
- 5 In absolute terms, developed countries would gain around 77% of the net gains from Pillar One, developing countries 22% and least developed countries 0.2%.
- 6 In relative terms, developed countries would collect an additional 0.17% of their total taxes while developing and least developed countries would increase by 0.15% of their total taxes
- 7 Pillar 1 suppresses digital taxes but does not necessarily bring more revenues to countries.

Conclusion

- ➊ Amount A aims to redistribute taxing rights rather than generate aggregate revenues by allocating new taxing rights to market jurisdictions
- ➋ Pillar One puts the burden of double-tax relief on jurisdictions where multinational enterprises (MNEs) have high returns on substance.
- ➌ As should be expected from the design of Pillar One Amount A: richest and biggest countries are the ones that will gain the most (large market shares) while small and low-tax countries are the ones providing the tax reliefs.
- ➍ The global net gain of eur 15.6 billion is primarily a result of the redistribution of the tax base from low-tax to higher-tax countries. As a consequence, countries offering tax relief experience significantly lower net losses compared to the net gains experienced by market jurisdictions.
- ➎ This aggregate net gain for jurisdictions corresponds to the new tax burden covered MNEs will incur as a result of Amount A.