



Discussion

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Summary of contributions

It's complicated!

Global versus national perspective

- Research concerned with *global efficiency*.
 - Shifting taxation to relatively immobile tax bases reduces distortions.
- Negotiations conducted by representatives of *national interests*.
 - How would particular countries be affected by a shift towards:
 - The OECD proposal with partial allocation of taxing rights to destination countries?
 - A Destination Based Cash Flow Tax (DBCFT)?
 - Taxation only at the owner level?
 - Large versus small countries (relevance of agglomeration factors?)

What is special about digital services?

- Especially profitable (monopolies)?
- Especially good at avoiding taxation?
 - Less so with the recent US tax reform?
 - Minimum tax on income earned by foreign affiliates of US companies from intangible assets such as patents, trademarks, and copyrights (GILTI).
 - One-time repatriation tax on foreign earnings.
- Create value without physical presence?
- Consumers are unaware of what they are paying?

Cooperation or competition?

- International agreements are reached when the alternative is worse.
- Proposed unilateral digital taxes based on revenue seem similar to *tariffs* and may be *discriminatory*.
 - Likely to increase trade tensions (which are already high).

The value of national tax sovereignty

- De facto sovereignty is limited in a globalised world.
- Tax rules need to be *flexible* in a constantly changing world.
 - Particular concern for welfare states which depend on stable tax revenues.
 - Limits to the extent of commitments that can be made.