Geopolitical Intelligence Services Dossier

Centralization

and global tax schemes

Revenue-desperate governments strive to kill tax competition and reapportion taxation rights globally

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Key facts

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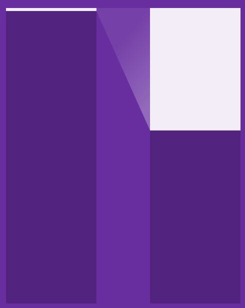

The top 1% of U.S. earners receive 22% of all income while paying 42% of all income taxes

Those in the lowest income bracket – earning 12% of all income – contributed 3% of all taxes

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34%

OECD average tax take of total output

France's tax take is 46% of total output, Sweden's 44%, Italy's 43%, Greece's 39% and Germany's 37%. The UK and the U.S. fall below the OECD avarage at 33% and 26%, respectively

A 15% global minimum tax rate on large businesses under Pillar Two scheme aims to raise up to

$220 billion

in global tax revenue

→07

→28

The redistributed profits will shrink to an estimated $41 billion if the U.S. rejects Pillar One

→08

From $130 to $200 billion

in corporate profits would be "relocated" under the OECD's Pillar One scheme

The OECD employs more than

3,900 staff

→09

→25

Global public debt was close to

$92 trillion

in 2022, or about $11,500 per person. General per capita government debt was about $92,500 in the U.S., 75,000 euros in Italy and 37,000 euros in Germany

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Experts

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Prince Michael of Liechtenstein

Prince Michael of Liechtenstein graduated from the Vienna University of Economics and Business with a master's degree in business administration. During his studies, he worked with banks and manufacturing companies in Canada, the United States and Belgium.

Foreword

God bless the civil servants, but God save us from the bureaucrats.
Archduke Otto von Habsburg (1912-2011)

The Organisation for Economic Co-operation and Development (OECD), the European Commission and the United States' administration of President Joe Biden have been working in lockstep to upend the system for taxing corporate profits. The technocrats and politicians would replace internationally agreed-upon rules with a stiff, centralized[1] scheme to eliminate tax rate competition and set the stage for higher taxes in the future.

The "Two-Pillar solution," first outlined by the OECD in October 2020 and since endorsed by some 140 countries (or, more precisely, their executive branches), aims to ramp up the taxation of multinational businesses by hiking effective tax rates and moving taxing rights away from some countries and granting them to many others.

The rationale for the change is based on allegations that international corporations have been abusing the existing system to avoid paying their fair share in taxes. The claim is not supported by evidence – actually, statistical data contradicts it – but remains popular with politicians and the general public.

A big part of the OECD "solution," however, is still being negotiated. Many specific provisions have met with resistance and caused disagreements among the interested parties.

Experts working with Geopolitical Intelligence Services (GIS) have reported and commented on this regulatory revolution as it evolved and developed over the years. They warn that unless centralization and bureaucratic overregulation are contained, the idea of a democratic, free and prosperous Europe will be buried.

This GIS Dossier offers an updated review of the tax harmonization OECD project, highlights of the often-convoluted process of its development, the international tensions it has generated and examines in some detail the likely consequences of implementing a centralized global taxation system.