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PROMOTING ECONOMIC RECOVERY THROUGH TAXATION IN THE BRI JURISDICTIONS

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Pillar One and Pillar Two: The Well-Intentioned (But Unfortunate) Pursuit of Perfection

Peter A. Barnes

Editor's Note: Peter Barnes offers a critique of the OECD's Pillars One and Two proposals; he lauds the OECD's goals but expresses concern that the proposals depend on unrealistic assumptions. David Rosenbloom, in a companion commentary, goes further and says the proposals are too complex to work in today's international tax environment. Both authors[1] believe the OECD's goal of increasing source jurisdiction taxation can be achieved in other simpler ways.

For 300 years, the principle known as "the revenue rule" sharply limited collaboration among nations with respect to tax. In the seminal 1729 court decision of Attorney General v. Lutwydge, the United Kingdom courts refused to enforce a bond for Scottish tobacco duties. Five decades later, in 1775, the well-regarded Lord Mansfield said in the case of Holman v. Johnson that "no country ever takes notice of the revenue laws of another."

The revenue rule continued to dominate tax jurisprudence among sovereign

1 Mr. Rosenbloom is a partner and Mr. Barnes is of counsel to the law firm of Caplin & Drysdale, Chartered.

nations until very recently. Courts in numerous countries (the United States, Canada, India, Sweden and more) followed the revenue rule and refused to allow their courts and laws to be used to enforce the tax rules of another country.

But then came OECD/G20 Base Erosion and Profit Shifting (BEPS) Project. And Pillar One. And Pillar Two.

Progress takes many forms, and a centuries-old principle that each nation will adopt, apply and enforce its tax rules without regard for (or help from) other nations is certainly outdated. Tax treaties are strong evidence that cooperation and coordination among and between nations is essential in promoting the welfare of all jurisdictions.

But just as political movements can move too far in one direction, before swinging back toward a stable center, so too can tax movements. And the effort to ensure a "fair and stable" international tax order through Pillars One and Two is a powerful example of the desire for international cooperation moving too far in the direction of ambitious collaboration.

The motivations for Pillar One and Pillar Two are sensible, even laudable:

• Providing for additional source jurisdiction tax revenue, particularly from businesses that can engage in large-scale operations in market jurisdictions without triggering the traditional tax nexus that would subject the taxpayers to net-basis income taxation in the market jurisdictions (Pillar One).

• Encouraging global cooperation among jurisdictions to avoid the dreaded "race to the bottom" in which taxpayers are given reduced tax burdens and jurisdictions are left with insufficient revenues to address public needs (Pillar Two).

In their eagerness to address these two concerns — legitimate, important concerns — tax professionals have fashioned the two Pillars that completely turn the long-standing revenue rule on its head. Pillar One throws out national tax rules completely and fashions an entirely new, entirely global, system of tax calculation (based on financial accounting rules) and parcels the revenue to almost all of a taxpayer's market jurisdictions. Pillar Two requires jurisdictions to cooperate intensely, on a taxpayer-by-taxpayer, jurisdiction-by-jurisdiction basis to ensure that not one item of income is taxed at less than 15%.

This pursuit of perfection is well-intentioned, but, in my view, misguided. Grand ambitions can be valuable. But grand ambitions often mean that modest successes are viewed not as progress, but as failures, because the grand ambition is not realized. And grand ambitions can crash and burn.

There is much that can be achieved with respect to the goals of the Pillars project. We believe real progress can be made in finding new ways to increase revenues for source jurisdictions. We believe real progress can be made in reducing the collective action problem in which each jurisdiction reduces its tax rates to become more competitive, with no overall gain to competitiveness, public finance or the global economy.

But by erecting the complex schemes of Pillars One and Two, and setting the bar so high for success, the OECD and participating jurisdictions create a standard that is not likely to be met. That result jeopardizes the real progress that is potentially achievable.

What can be also noted is that this focus on international cooperation in tax ignores identical concerns with respect to domestic tax rules. With the long-standing revenue rule demolished under the Pillars, not only will jurisdictions assist each other in enforcing their tax goals, but a complex web of work-arounds and penalties are erected among nations that do not exist even within nations. In the United States (the US), for example, Pillar Two rules would ensure that a taxpayer cannot arbitrage the tax rules of, say, Bermuda and France, while completely ignoring any arbitrage between New York and Florida.

There may be political advantages in tackling tax challenges outside a country's borders, rather than within the nation, but the irony cannot be overlooked.

This article identifies four unrealistic elements of the two Pillars and suggests alternatives that are more likely to achieve the goals intended.

1. Financial Accounting

Both Pillar One and Pillar Two rely on income as determined under the financial accounting statements of taxpayers, not accounts computed under the tax accounting rules that apply in either the home jurisdiction or the market jurisdiction. For Pillar One, the amount of income that will be redistributed for taxation in the market jurisdictions is derived solely from a taxpayer's financial statements. For Pillar Two, the calculation whether income is subject to a 15% tax rate will likewise be based on financial accounting.

The potential problems are significant.

The OECD's decision to use financial accounting statements — usually, but not always, determined under Generally Accepted Accounting Principles (GAAP, the US) or International Financial Reporting Standards (IFRS, the rest of the world) — is not surprising. The OECD is seeking to find a common denominator for these important calculations. Tax accounting rules vary significantly among jurisdictions. Depreciation schedules, bad debt rules, inventory accounting, and many other tax accounting rules differ from jurisdiction to jurisdiction.

In seeking to find a common denominator, however, the OECD missed the mark. The differences between GAAP and IFRS are well-known, but there is not even a single IFRS standard; each jurisdiction can (and does) adopt special rules in applying IFRS. There simply is no common denominator for the calculation of a company's income.

Further, the purpose of financial accounting is different from the purpose of tax accounting. Financial reporting is intended to give investors a clear picture of a company's financial status; companies have flexibility in how they portray their business, at least within limits. For financial reporting, guesstimates are expected. The rules for tax reporting are much more rigorous and intended to determine a single number — the annual tax liability for the entity.

What can go wrong when the Pillars use financial reporting to determine tax liabilities? Plenty.

First, and most importantly, there is a risk that taxpayers will skew their financial reporting — in legitimate ways, by for instance adopting different depreciation practices — if the results yield a lower tax liability. The United States had exactly this experience when tax rules that applied between 1987 and 1989 used financial accounting income to determine tax liabilities for certain corporations. Tax economists conducted studies that demonstrated taxpayers changed their financial accounting practices; accounting professionals and investors worried that financial statements were less reliable and less useful.[2] The US eliminated the tax rule after three years.

Second, taxpayers with comparable financial profiles will pay different amounts of tax, depending on which jurisdiction they are in and therefore what financial accounting rules apply. It is silly to believe that two multinationals with more than EUR20 billion in revenue (the group to which Pillar One applies) could have identical financial profiles; that will not happen. The important point is that a US company following GAAP and a German company following IFRS (as adopted by Germany, which is different from IFRS as applied in, say, Japan) will pay different amounts of tax, solely because of accounting rules. Is that logical? Is that fair?

Third, the use of financial accounting statements ignores the reason why tax accounting rules are different from financial accounting rules. Here are two examples (although many, many other examples are available).

• Financial accounting does not require a company to deduct from its income the amount that an employee earns from exercising stock

2 For a comprehensive review of the economic literature and the difficulties of using financial statement information to compute tax liabilities, see Mindy Herzfeld (2020). Taxing Book Profits: New Proposals and 40 Years of Critiques. 73 *National Tax Journal* 4.

options in the company. The rule has been long debated (and sometimes criticized). The decision is based, in simple terms, on the assumption that the stock option represents a dilution of value for the other shareholders (because more shares are issued) and not a cost to the company. For tax purposes, however, stock option gain is deductible to the company, because the gain is taxable to the recipient and failure to allow a tax deduction would result in double taxation.

A company subject to Pillar One may owe tax on financial statement income that is not reduced by stock option gain earned by its employees, even though the employees will pay tax on the gain. This is double taxation on the same income.

• Jurisdictions often allow taxpayers to take accelerated depreciation for tax purposes on purchases of capital equipment. This rule is intended to encourage capital investment. But the taxpayer's financial statement income will reflect depreciation of that same expense over a period of years. Imposing tax calculated under financial statement principles undermines the purpose of the tax incentive.

The OECD has stated that it will allow taxpayers to make some adjustments to their financial statement income before applying the Pillar One and Pillar Two rules. Those adjustments will be controversial, both for what is allowed and what is not allowed. And there is likely to be continued pressure to make more and more adjustments to financial statement income before applying the tax rules.

One further challenge must be mentioned: restatements of financial reporting. Although companies and their auditors try to get the financial results stated correctly the first time, mistakes are made. So, companies with some regularity are required to restate their financial results for prior years. The restatements sometimes are for a single year, and sometimes cover a period of years. How will restatements be handled under the Pillars? If the restatement results in additional tax being due in a prior year, perhaps compliance is not too difficult. But, if the restatement reduces a company's tax liability, claiming a refund will be difficult or impossible.

Is there an alternative to using financial statement income? Yes, although it requires accepting less-than-perfection and less-than-uniformity across the globe.

For Pillar Two, the determination of whether income is subject to a 15% tax rate could be made based on income determined by the local jurisdiction tax accounting rules. This effectively looks at the nominal tax rate applied by each jurisdiction. That's not perfect, but it works. Alternatively, the determination of whether income is subject to a 15% tax rate (and therefore whether a top-up tax should be applied by the home jurisdiction of the parent entity) could be determined based on the tax accounting rules of the parent's home jurisdiction. This is the approach adopted by the United States for its so-called Global Intangible Low-Taxed Income (GILTI) tax, the only widespread top-up tax that exists today.

For Pillar One, as we have written elsewhere, the current approach could be abandoned in favor of permitting either digital services taxes (and their kin), or a value-added tax (VAT) on the appropriate services.[3] We know that applying digital services taxes is anathema to some tax professionals (and our own government), but the reason for the resistance is not clear to us. We also recognize that Pillar One is no longer focused solely on digital companies (however that group is defined), but gross-basis digital services taxes and VATs could subject the income of all of the Pillar One companies to increased taxation in market jurisdictions.

Ideally, the OECD and jurisdictions working with the OECD on the two Pillars projects would harmonize the digital services taxes, at least with respect to determining the base (while allowing each jurisdiction to set its own rate). But even if digital services taxes are not

3 Barnes Peter & Rosenbloom David (2020). Digital Services Taxes: How Did We Get into This Mess?. 97 *Tax Notes International* 12, pp. 1255.

harmonized, companies can administer the rules without undue challenge. Companies already comply with VAT rules that use different rates and different tax bases in every jurisdiction. And most multinationals sell in the United States, with 50 separate sets of state tax rules.

One recurring objection to gross-basis digital services taxes is that gross-basis taxes are never as fair or equitable as net-basis income taxes. True. But the international tax system routinely accepts gross-basis taxes when calculation of a net-basis tax would be difficult.[4]

Furthermore, in comparing the merits of the current Pillar One proposal versus digital services taxes, one feature has generally been overlooked: Pillar One would apply to a tiny percentage of the companies that would be subject to digital services taxes. It is estimated that approximately 100 companies globally would be subject to Pillar One. Depending on the design of the digital services taxes, there would be many multiples of that number of taxpayers responsible for charging and collecting the tax. Indeed, one of the concerns about whether jurisdictions will accept the Pillar One proposal is that jurisdictions would be required to give up digital services taxes that apply to many companies for tax receipts from only a few very large companies.

Good tax policy generally favors taxes that apply at a low rate to a broad base of income and taxpayers. That principle suggests that it would be wise to substitute gross-basis taxes for the current Pillar One proposal.

2. Information Exchange

Information exchange is a cornerstone of international tax enforcement. Tax treaties provide for information exchange and many jurisdictions have tax information exchange agreements (TIEAs) with additional jurisdictions when there is no tax treaty.

Furthermore, information exchange has improved in recent years, with the adoption by many jurisdictions of the Common Reporting Standard and, of course, the use of computers. The days are gone (although only recently gone) when boxes of tax information on paper were shipped from jurisdiction to jurisdiction, only to end up unopened and unused in a storeroom of the recipient tax administration.

Nonetheless, information exchange remains a very weak link in the international tax world. Time delays in sharing information can be quite long; even with the Common Reporting Standard, information does not necessarily move seamlessly from one jurisdiction to another jurisdiction, and then get matched quickly and correctly to the right taxpayer.

The Pillars will put new pressure on information exchange — or alternatively, jurisdictions must just accept without question (or audit) whatever revenue comes into their coffers.

Take Pillar One as an example.

A large company's financial statements are generally public, although a few privately held companies will fall within the scope of Pillar One. Will France, to take an example, just trust the reporting of a large US multinational company? There are two elements that will be opaque to France: the financial accounting behind the numbers, and the allocation of the total income to France as a market jurisdiction.

Similarly, for Pillar Two, jurisdictions will be required to trust other jurisdictions as they apply their top-up tax rules. European jurisdictions have long stressed the importance of their "national champions" among businesses; will other jurisdictions trust the European jurisdictions to apply close scrutiny to the taxes paid by their national champions on income earned in other jurisdictions?

The OECD understands this concern, of course. And the OECD has repeatedly stressed that transparency is essential in creating trust among jurisdictions and taxpayers for administration of the Pillars. Taxpayers will be expected to prepare a global tax return with information sufficient to administer the two Pillars. But will jurisdictions defer to each other (or the home

4 Examples: premium excise taxes on insurance premiums paid cross-border; income from international transportation.

jurisdiction of the taxpayer's parent corporation) to rigorously review the materials provided and ensure their accuracy? And, not to be cynical, but will jurisdictions rigorously review the materials of their own jurisdiction's taxpayers, when tax administration resources are limited and the review will primarily result in tax revenue being paid to other jurisdictions? It is hard to imagine that reviewing a home jurisdiction taxpayer for compliance with Pillar One will be a priority for many tax administrations.

3. Tax Treaties

We explain above our doubts about Pillar One. But, let us focus on the most severe challenge that we see: the need for unanimity — or near unanimity — from the jurisdictions of the world in order to succeed. There is likely to be a long, extended period of negotiation in order to implement the Pillars, especially Pillar One, followed by a long period of litigation within individual jurisdictions. During all that time, the "stability" in the international tax system that is a key goal of the Pillars initiative will be lacking.

Pillar One requires an entirely new basis for tax nexus and taxation, overturning the century-old rules on tax nexus through physical presence or agents. But tax treaties still remain, more than 4,000 bilateral agreements that contribute to the smooth operation of the international tax system. What happens if one or more jurisdictions refuse to forgo the benefits of existing tax treaties and their nexus rules, in favor of the market-based nexus rule of Pillar One? What happens if one of those jurisdictions is the United States? Or simply another jurisdiction (or two) with a large economy?

Pillar One assumes that jurisdictions will agree to the proposal and sign on to a new multilateral convention that implements Pillar One as domestic law. Many jurisdictions will do so, of course, numbering perhaps 100 or more. But each jurisdiction's domestic laws regarding treaty obligations must be followed. We already have seen how difficult it is for some jurisdictions to adopt the Multilateral Convention that implements the initial BEPS proposals, even when jurisdictions want to agree.

This is not the article in which to speculate whether the United States will adopt Pillar One. But it is reasonable to assume that at least a few jurisdictions with significant economies will balk. Domestic politics will interfere with adoption and implementation. Some jurisdictions may believe the elements of the proposal should be changed, notwithstanding the firm assertion by the OECD that further amendments will not be made.[5]

So, what lies ahead? Tax treaties remain in place. If a company that is potentially subject to Pillar One chooses to resist, and its home jurisdiction has not adopted Pillar One, the company can simply refuse to reallocate income to market jurisdictions and rely on the existing tax treaties, where those treaties exist. A long period of chaos will ensue. Jurisdictions that adopted Pillar One may retaliate against the taxpayer, or the home jurisdiction of the taxpayer. Trade sanctions are likely. The home jurisdiction may put pressure on the taxpayer to refuse to comply with Pillar One; in particular, the home jurisdiction could refuse to grant a foreign tax credit (or a "surrender") for any taxes paid.

This scenario is not unlikely, and it is quite unhealthy. The Pillar One proposal creates a self-contained, internally consistent system, but only if every jurisdiction and every taxpayer agrees. To use a stock market catchphrase: the proposal is "priced for perfection". We would prefer a proposal that provides a larger margin for safety.

4. Amount B Safe Harbors

Pillar One consists of two parts: Part A that reallocates a portion of income from about 100 highly profitable and high revenue companies to the market jurisdictions in which they op-

5 The decision to reallocate 25% of profits in excess of a 10% return seems most vulnerable, since some countries have already objected that the 25% share is too low.

erate, and Part B, which establishes safe harbor amounts for distribution and marketing operations.

Safe harbors for transfer pricing are the Loch Ness monster of tax: everyone looks for one, but it is not certain that successful safe harbors exist in the real world. The goal of safe harbors is worthy. A proper safe harbor — say, an agreement that a company earning "cost plus 5 percent" on its operations will be in compliance with transfer pricing rules — is extremely valuable. The safe harbor gives the taxpayer certainty that its pricing will be respected; the safe harbor ensures that a government will receive reasonable tax revenue, without the burden of lengthy audits.

But the practical issues are immense. Governments worry that taxpayers will abuse a safe harbor regime and claim the safe harbor rate when the taxpayer's operations are really more complex (and should be more highly remunerated) than the level of operation for which the safe harbor was designed. Taxpayers worry that the safe harbor rate is entirely too high, based on the taxpayer's own experience, or that the government will challenge the taxpayer's qualification for the safe harbor.

These concerns are not idle. Governments that issue safe harbors (most notably, India) often set the rates far above the profit level that most taxpayers achieve. Audits challenging a taxpayer's qualification for the safe harbor are frequent.

Nonetheless, if the OECD could achieve consensus on safe harbor rates for routine marketing and distribution activities, that would be a very valuable contribution. Once again, it appears that the OECD's ambitious goals are unlikely to succeed.

Here's the rub. Transfer pricing is plagued by two, unsolvable challenges:

• Economic data on "comparable" companies and transactions is impossible to find. Developing countries correctly note that there are not enough comparables available to do a thorough data analysis. Furthermore, the data is always lagging; for transfer pricing in the year 2022, for instance, the best available data is from 2019 and 2020, when economic conditions were quite different from this year.

• In addition, it is impossible to know — *really* know! — whether the comparable companies selected for the data analysis are truly comparable to the tested taxpayer. Information about the comparable companies is always limited, even if the economist performing the analysis reaches for information outside the database. The fact that two companies are engaged in activities under the same Standard Industrial

Classification (SIC) code does not mean they are comparable in the risks they take, the intellectual property they own and the profits they should earn.

There is no corrective for these challenges. And that is fine. Indeed, the beauty and joy of transfer pricing work is built on the challenges of gathering information, digging deeply into the facts, and trying to construct a true and meaningful transfer pricing analysis notwithstanding these limitations.

In the face of this reality, the most useful decision by the OECD would be to concede that fully accurate safe harbors are impossible to find. So, the OECD could assert that rough justice is the best course and a broad, simple safe harbor would be established. For example, the safe harbor could state that marketing and distribution operations should report net income equal to 4% of sales (or 3%; or, if governments insist, 5%). The safe harbor would be open to all taxpayers, with the promise of very few, if any, audits. The same peer pressure that is being applied to jurisdictions to adopt Pillar One and Pillar Two could be applied to encourage jurisdictions to adopt this simplified safe harbor for marketing and distribution.

Instead, it looks like the OECD will seek to establish multiple safe harbors broken down by region and industry, using the insufficient data (see above) that exists. All of the problems that plague taxpayers and governments with respect to today's safe harbor regimes will continue under the Pillar One proposal; the only difference is that the OECD (or some other group) will run the calculations.

At the time this article is written, little is known about the Amount B procedure, except that the OECD has stated that it will provide multiple safe harbors. On the one hand, that is the "correct" answer, since industries and regions do experience differences in profitability with respect to marketing and distribution. But breaking down safe harbor profit levels into multiple categories — when the limitations on data can never be overcome — suggests a precision in the exercise that is illusory.

Furthermore, the economic stakes are not worth the controversy. Suppose a taxpayer sells USD50 million of goods in Country A. The safe harbor rate on marketing and distribution is 4%, for a net income of USD2 million. The local tax rate is 25%, for a tax of USD500,000. Suppose the Pillar One rules establish multiple safe harbor rates and the taxpayer is subject to a higher, 6% rate (which would be very high for a marketing and sales business); the additional tax is USD250,000. However, that higher payment will be offset by reduced income reported and taxed elsewhere, making the actual cost (or profit) to the taxpayer a small fraction of the marginal USD250,000. Is the illusory precision that multiple safe harbor rates provide worth the continuing friction between taxpayers and governments?

The safe harbor exercise under Amount B represents a major opportunity for the OECD and tax administrations to truly simplify transfer pricing for marketing and sales businesses. The gain, however, requires a willingness to live with a single standard (again, perhaps net income equal to 4% of sales) that is admittedly a compromise and not precisely correct. By seeking a more perfect answer — with separate safe harbors by business and by region — the Amount B proposal will invite controversy and challenges that could be avoided if taxpayers and tax administrators were presented with an attractive option of rough justice.

5. Conclusion

The OECD team that leads the Pillar One and Pillar Two initiatives is staffed with superb, well-intentioned tax professionals. But worryingly, the current proposals work well in a laboratory but will not work in the real world.

The daily fare of international tax includes lots of data gaps, inconsistent information exchange, tax treaties with all their strengths and weaknesses, and taxpayers that do not always comply. The goals that are sought in the Pillars initiative are worthy and important. We want to celebrate success toward those goals. The current proposals risk that, by reaching for perfection, a more modest and achievable success will be lost.

Commentary

H. David Rosenbloom

Peter Barnes and I, longtime skeptics of the Pillars, set out to prepare a joint essay on the subject. When I received a draft from Peter, however, I realized that the bases for our skepticism were not entirely aligned. Peter faults the OECD for allowing the perfect to displace the good with the result that these complex proposals may "work well in a laboratory but … not work in the real world." I agree with that sentiment but the problems with the Pillars seem to me to derive from a deeper source than the pursuit of perfection.

H. David Rosenbloom
Professor and Director
International Tax Program
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In fact, I have no fundamental objection to pursuing perfection. After all (with apologies to Browning), if a man's reach does not exceed his grasp, what's a heaven for? Nor am I troubled by the aim of providing market jurisdictions a larger tax take than they can presently claim. A worldwide minimum tax strikes me as, in essence, a good idea. So whence derives my skepticism?

I think the Pillars project is founded on a misapprehension of the current state of international cooperation in tax matters. Regardless of what high-level political representatives around the world may say about the intention of their jurisdictions to cooperate, I do not believe that in real and concrete situations such cooperation exists. It would indeed be a welcome development if there truly were some degree of common understanding in tax matters, but more than fifty years in this field convinces me that in matters of taxation, as in so many other matters, we inhabit a world of independent, highly nationalistic states. Information exchange, even (and perhaps especially) by jurisdictions that loudly proclaim its desirability, is grudging at best. The United States, a country I know well and one that is generally transparent in regard to its tax laws and policies, is at its murkiest when it turns to information exchange. When do we provide information? How much time does a decision require in any given case? What are the standards for accepting or denying requests for information from other jurisdictions?

The Pillars are built on the notion that tax information can and will flow swiftly and freely among jurisdictions so that the various inter-dependent rules in the Pillars can operate in an efficient manner. Furthermore, it is assumed that there will exist an efficacious means of resolving disputes, in line with the spirit that animates the OECD's description of the Pillars.

I am sorry. The world is a long way from that state of affairs and the OECD cannot make it so.

Furthermore, I am not persuaded that the advent of digitalization requires the jettison of one hundred years of experience with established rules of international income taxation. For reasons I find elusive, there is a prevailing assumption that a digitalized economy calls for abandonment of the well-worn, relatively workable rules of the road. I understand, of course, that jurisdictions whose citizens pay large sums for digitalized product that does not require a traditional nexus within their borders yearn to reap revenue from such businesses. That much is clear and, perhaps, justified. But I would keep the established rules intact and not seek to develop hothouse and untried alternatives. Market jurisdictions are, and always have been, free to impose new taxes on digital services offered to their citizens. That is what a value-added tax would entail. I see no good reason why the circumstances call for a dramatic abandonment of prevailing income tax principles.

Finally, the Pillars are complicated and susceptible to differing interpretations in different jurisdictions. The international tax rules do not appear to be in need of additional complexity. If anything — and here is perhaps where I rejoin Peter — what is needed is movement toward taxation on the basis of rough justice. At the end of the day, any tax system seeks to meet three, not necessarily coterminous, goals: to promote economic efficiency by interfering as little as possible with economic choices that would be made in a world without taxation; to be fair, or more accurately to appear to be fair, because compliance is difficult when tax laws are seen to operate unfairly; and to be simple, so that the rules can be understood by taxpayers and administered by tax authorities. I am not sure the Pillars satisfy any of these goals but, for me, the greatest of them is simplicity. It is not possible to speak of the Pillars and simplicity in the same sentence.

Contributions Invited

Dear readers and writers,

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As an official journal sponsored by China Taxation Magazine House in collaboration with the BRITACOM Secretariat, BRITJ is committed to serving as a platform for communication and cooperation among tax administrators, academia, tax practitioners and other stakeholders around the world, and providing strong theoretical support and international reference for tax reform and administration among the Belt and Road jurisdictions.

Given your expertise and reputation in the tax arena, we sincerely invite you to contribute papers to the journal on such themes as tax issues concerning the Belt and Road Initiative, the latest development and reform of tax system and tax administration as well as hot topics in the field of international taxation. Papers written in English with less than 5,000 words and sent in a WORD format would be highly appreciated.

Papers can be sent to britj@britacom.org. For more information, please visit our website: www.britacom.org.

Kind regards,

Li Wanfu

Editor-in-Chief
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