

EUFAX
Observatory

**ANNUAL
REPORT
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CREDITS

EU Tax Observatory

The EU Tax Observatory is a research laboratory dedicated to conducting, promoting, and disseminating innovative, high-quality, and impactful research on taxation. It is one of the leading institutions for the study of taxation within the European Union and globally, with a particular focus on corporate tax avoidance and tax evasion.

It serves as a platform for civil society engagement, enjoys high global visibility, and is a source of new ideas for combating tax evasion.

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Welcome to our annual report.

EU TAX Observatory

WWW.TAXOBSERVATORY.EU

It is with great pleasure that we present the second Annual Report of the EU Tax Observatory. Over the past year, the Observatory has continued its remarkable growth, producing more than 22 publications and organizing 42 events across 11 different countries. This progress has significantly amplified the impact of our work, particularly in the critical areas of tax competition, tax evasion, and offshore wealth.

A key milestone this year was the development of our policy team. This strategic addition has allowed us to engage directly with ongoing tax policy debates, from digital service taxes to the implementation of a global minimum tax for multinational corporations. The team has already demonstrated its potential to contribute to policy design and to advocate for effective, equitable solutions to complex challenges.

As we reflect on the achievements of the past year, we are inspired to continue our mission to contribute to informed policymaking and foster public dialogue on pressing tax issues.

*Gabriel Zucman
Director of the EU Tax Observatory*

PUBLICATIONS

REPORTS

A Modern Excess Profit Tax

Manon François, Carlos Oliveira, Bluebery Planterose and Gabriel Zucman, 2022.

This note presents a new way to tax excess profits. We propose to tax the rise in the stock market capitalization of companies that benefit from extraordinary circumstances, such as energy firms following the invasion of Ukraine in February 2022. Targeting the rise

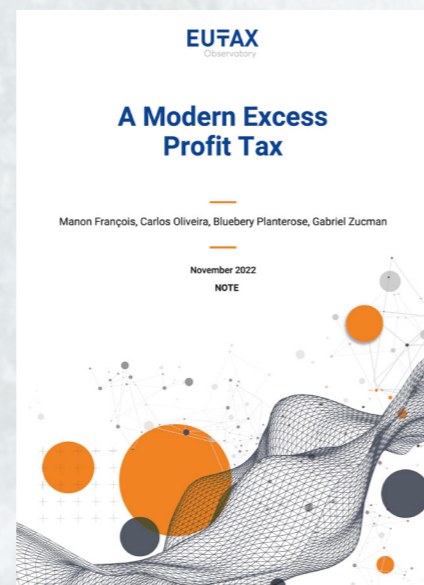
in stock market capitalization (which is easily observable) makes the tax much harder to avoid than standard excess profit taxes, and allows to capture rents irrespective of where multinational companies book their profits. We apply this proposal to energy companies that are headquartered or have sales in the European Union. We estimate that taxing the January 2022 to September 2022 valuation gains of energy firms at a rate of 33% would generate around €65 billion in revenue (0.3% of GDP) for the European Union. We discuss implementation practicalities and compare our proposals to other plans made to tax excess profits.

The EU Tax Observatory's publications are categorized into three types:

Reports: Written by the EU Tax Observatory's researchers, and combine high-quality research with a policy-oriented perspective.

Research Notes: These publications either complement the the EU Tax Observatory's reports or provide timely responses to international issues.

Working Papers: Targeted primarily at an academic audience, these papers are authored by the EU Tax Observatory's researchers and academic partners, covering a broader range of topics related to tax avoidance and tax evasion.



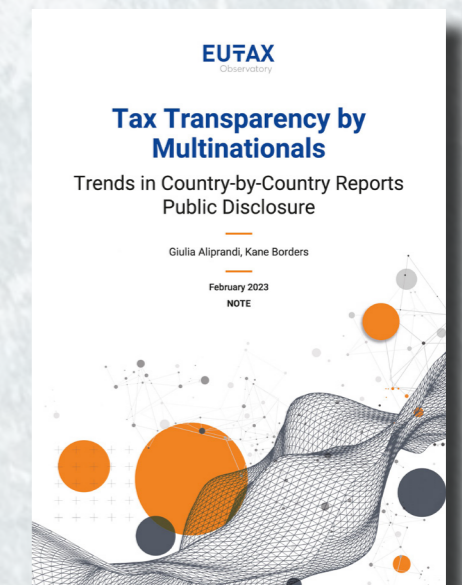
RESEARCH NOTES

The EU Tax Observatory's Research Notes are designed to complement our reports or address current events.

Tax Transparency by Multinationals: Trends in Country-by-Country Reports Public Disclosure

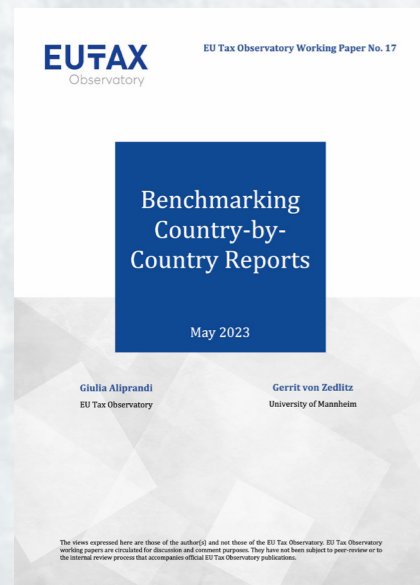
Giulia Aliprandi and Kane Borders, 2023.

Country-by-Country Reporting is a key data source for understanding the activities of multinational firms. This note explores public Country-by-Country Reports (CbCRs) published by multinational companies to highlight several important trends. First, while only a small number of large multinationals currently publish their CbCRs, the number of companies is increasing rapidly for both large and smaller multinational firms. However, these reports are scattered across different sets of documents, making collecting and analysing them challenging. Second, CbCR publishing is driven by European companies, especially companies active in the extractive sector. Finally, published reports are generally not complete in terms of variables included but present a satisfactory geographical disaggregation in most cases.



The EU Tax Observatory has established a rapidly growing Working Paper Series, with 16 papers published this year alone. The series features innovative research on tax evasion, tax avoidance, and other related taxation topics, serving as a valuable resource for researchers, policymakers, and the public.

The full list of working papers is [available on our website](#).



Benchmarking Country-by-Country Reports

Giulia Aliprandi and Gerrit von Zedlitz, 2022 .

Country-by-Country Reports (CbCRs) have emerged as a unique public source of information to track the country-by-country activities of multinational corporations. However, concerns about double counting and comparability have raised questions about the reliability of these reports for economic analyses. In this paper, we conduct a benchmark analysis focusing on publicly available CbCRs to assess the reliability of CbCR information compared to respective consolidated financial information. Our findings suggest only limited double counting issues. Most CbCR information matches well with the consolidated information, with only a few exceptions. Nonetheless, we document differences in the definition of variables and in the scope of the reports that may complicate comparisons across multinational corporations. We subsequently discuss the implications of our findings for the use of CbCRs as a source of information in economic analyses. In addition, we provide

recommendations for improving the reliability and comparability of CbCR information.

Tax Revenue from Pillar One Amount A: Country-by-Country Estimates

Mona Barake and Elvin Le Pouhaër, 2023.

This paper presents simulations of the tax revenue arising from the Pillar One Amount A proposal of the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting. Amount A aims at revising taxing rights on multinational enterprises with at least €20 billion in revenue and with profitability above 10%. We consider the latest available Amount A rules and use a variety of databases (Forbes 2000 list of largest companies, Orbis database, OECD AMNE data, OECD CbCR data). In a first step, we identify the MNEs that would be covered by Amount A. Then, we approximate the destination-based revenues of MNEs in different jurisdictions, to determine reallocated profits. In a final step, we account for double taxation relief to obtain the net revenue from Amount A. We find that the total amount of

additional tax revenue arising from Amount A is around €15.6 billion. We provide detailed country-specific estimates and a comparison to digital taxes. The extent of taxing rights redistribution induced by Amount A is affected by (a) the inclusion criteria of covered MNEs; (b) the reallocation parameter of 25%.



INNOVATIVE VISUALISATION TOOLS ON OUR WEBSITE

To enhance the transparency of our research and ensure the accessibility of our methodology to both expert users and the general public, we have introduced new, innovative visualisation tools on our website. These tools are designed to provide deeper insights into the global tax and economic activities of multinational enterprises (MNEs).

Country-by-Country Report (CbCR) Statistics Explorer

One of the key additions is the Country-by-Country Report (CbCR) Statistics Explorer. This tool examines anonymised and aggregated financial data of the largest multinational groups, as published by the OECD. Using data from 2016 to 2018, the CbCR Explorer serves as a significant resource for understanding MNEs' global tax and economic activities. The interactive visualisations enable users to:

- Compare and analyse multinationals' activities and tax payments across different jurisdictions.
- Gain insights into how much MNEs headquartered in various countries earn and pay in taxes in their countries of operation.

This tool represents a step forward in promoting transparency within the corporate tax landscape, offering a clearer view of global financial flows.

Enhancements to Existing Tools

In addition to the CbCR Explorer, we have updated our existing tools to ensure they remain relevant and effective:

- Public CbCR Explorer: Now includes data for 2021, allowing users to explore the latest available information.
- Tax Deficit Simulator: Updated to incorporate the latest CbCR data, enhancing its utility for analysing tax gaps.

Integration and Accessibility

All these tools, including the simulators, are seamlessly integrated into our website to provide an intuitive and user-friendly experience. By leveraging these innovations, we continue to support transparency and informed analysis in the global corporate tax domain.

EVENTS

To promote a democratic, inclusive and pluralistic debate on the future of taxation, the EU Tax Observatory aims to foster dialogue between the scientific community, civil society and policymakers in the European Union. To this end, the EU Tax Observatory organises academic events and public debates bringing together participants from the world of research, politics and associations.



Investing in the Future of Europe: Building the EU's Own Resources Brussels, May 30th 2023

For the third consecutive year, the EU Tax Observatory organized a high-level event in Brussels in May 30th 2023. The event successfully gathered researchers from the Observatory, civil society, private sector representatives, as well as key policymakers from EU institutions. Panel discussions with topics on the future of corporate taxation, the state of the fight against tax avoidance and wealth tax as a potential EU own resource were designed to resonate both with the research work of the EU Tax Observatory and the current and prospective tax discussions at EU level. They were moderated by experienced journalists from Politico, Tax Notes and the Financial Times.

The event also benefitted from high-level speakers, including DG TAXUD's Director General Gerassimos Thomas, IMF's Fiscal Affairs Department Deputy Director Ruud De Moij and Professor Rita De la Feira. This successful third edition consolidates the role of the EU Tax Observatory as a leading organization in the EU tax landscape, fostering dialogue and policy discussion between leading representatives from academia, policymakers, civil society and business.



How to Tax Excess Profits of Energy Companies

Paris, November 29th 2022

The Ukraine war initiated an unprecedented increase in energy prices in 2022, which resulted in windfall profits for companies operating in the energy sector. The EU Tax Observatory published a research paper as a proposal of a way to apply a more excess profit tax on multinationals. The taxation of energy companies was taken as an example in discussing a new way to tax multinationals, using their market capitalisation. This variable is publicly observable and directly related to the future stream of profits. Taxing market capitalisation makes it harder for companies to shift profits to low tax jurisdictions. Following the publication, an event took place in Paris to discuss the pros and cons of the proposal. The event took place on November 29th in the form of a panel and discussion with the public. The full recording of the event is available online in the EU Tax Observatory website and on YouTube.



Tax Justice and Energy Crisis: How to Tax Windfall Profits?

co-organised with Eteron

Athens, March 1st 2023

A follow up event on the taxation of energy companies took place in Athens, Greece. The event considered the post-implementation period of the EU proposal for the taxation of energy companies and sought to address both local and European issues. It had a direct implication to tax evasion and tax avoidance by discussing how the findings can be extended to multinationals that engage in profit-shifting in low tax jurisdictions. The event was co-organised with an influential think tank; the Institute for Research and Social Change “Eteron” on March 1st, 2023. The full recording of the conference can be found at the EU Tax Observatory’s website and on YouTube.



New Times, New Taxes? Financing State and Welfare in a Globalized World

co-organised with SACO

Stockholm, March 29th 2023

The Swedish Confederation of Professional Associations (SACO) and the EU Tax Observatory co-organized a one-day conference to discuss recent developments, implementation issues and the expected impact of the OECD Pillar 1 and Pillar 2 reforms. These developments have a direct implication to the taxation of multinational companies, since the reforms are key in addressing tax avoidance practices. Sweden was holding at the time the rotation presidency of the EU Council, which increased the event’s importance as the discussions on Pillar 1 and Pillar 2 were ongoing. On the occasion of the Swedish Presidency

of the EU Council, the event sought to generate discussion on taxation developments both from a Swedish, as well as, from a European perspective. The programme of the event is available at the EU Tax Observatory website and the full recording of the event can be found on YouTube.

Inflation, Pandemic, Climate Change: The Urgent Need for Progressive Taxation

Paris, September 15th 2022

In cooperation with ICRICT, Oxfam and the World Inequality Lab, the EU Tax Observatory co-organised a public conference on the topic: “Inflation, Pandemic, Climate Change: The Urgent Need for Progressive Taxation”. The conference was separated in two panel sessions, one discussing the impact of tax on the inflation and the green transition, and the other dealing with the future of the G20/OECD deal to tax global corporations. The full recording of the event can be found in the EU Tax Observatory’s website and on YouTube.



THEMATIC WORKSHOPS

Transparency and Tax Avoidance: Country-by-Country Reporting by Multinational Enterprises

in cooperation with Charles University Prague, November 3rd–4th 2022

Recent developments in the availability of CbCR data have improved the analysis of multinational activity in recent years. While the lack of comprehensive and representative data on MNEs has long impeded a satisfactory analysis of MNEs' global activities, profits and tax payments, the introduction of CbCR can be regarded as a breakthrough in improving corporate transparency and data availability. The workshop brought together the highest concentration of experts in CbCR from across the globe to discuss recent developments, to explore past and future research and to enhance the dialogue between academia and policy. The full recordings of the event are available for day 1 and day 2 on the EU Tax Observatory's website and on YouTube.



New Data for Research on Tax Avoidance

in cooperation with Université Libre de Bruxelles, April 19th 2023

The workshop on Data for Research on Tax Avoidance is a one-day academic workshop held at the Université Libre de Bruxelles. It is co-organized by Skatteforsk (NMBU), ECARES (ULB) and the EU Tax Observatory. It aims to gather academics to discuss several strands of recent research using innovative data to study tax avoidance. The programme of the workshop, is available in the EU Tax Observatory's website.



EUTO-IEB Workshop on the Economics of Taxation

in cooperation with the IEB
Barcelona, May 31st – June 1st 2023

The Workshop on the Economics of Taxation is an academic conference held at the Faculty of Economics and Business of the University of Barcelona. It was co-organized with the Institut d'Economia de Barcelona (IEB) and was co-funded by the European Union and the Norwegian Agency for Development Cooperation (NORAD). The program is available on the EU Tax Observatory's website.



MEDIA

This year, the EU Tax Observatory gained significant media attention across various platforms, including radio, press articles, and television. Altogether, the EU Tax Observatory and its research were featured over 2000 times across various media outlets in at least 35 countries.

FINANCIAL TIMES

DER SPIEGEL

DN Dagens
Næringsliv

Forbes

FRANCE
24

PUBLICO

euronews.

CNBC

Bloomberg

LA NACION



SELECTED PRESS ARTICLES

[Norge må endre eller seie opp den skadelege skatteavtalen med Sveits - Dagens Næringsliv \(21/08/2023\)](#)

[EU Think Tank to Issue Country-by-Country Tax Deficit Estimates - Bloomberg Tax \(04/07/2023\)](#)

[Urnas, economía y reformas: lo que está en juego el domingo - El Mostrador \(04/05/2023\)](#)

[»Europas Empörung ist heuchlerisch« - Der Spiegel \(27/01/2023\)](#)

[Global Tax reform May Add \\$250 Billion a Year to Public Coffers - Bloomberg \(18/01/2023\)](#)

[The EU has a new deal to achieve 'tax fairness'. This is how it will work - Euronews \(16/12/2022\)](#)

[Idea: tax energy companies' market cap instead of profits? - Financial Times \(14/10/2022\)](#)

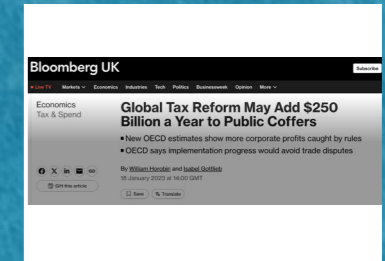
[Del inmobiliario francés al de solidaridad belga: los otros 'impuestos del patrimonio' en Europa - Publico \(20/09/2022\)](#)

[El impuesto global a las corporaciones, trabado por razones políticas - La Nación \(04/09/2022\)](#)

TELEVISION

[Lutte contre la fraude fiscale : que vaut le plan présenté par Gabriel Attal ? - France24 \(12/05/2023\)](#)

[The global tax deal won't help countries to change their tax rates, economist says - CNBC \(19/01/2023\)](#)



PARTNERSHIPS

The EU Tax Observatory supports an active partnership policy, demonstrating its commitment to science that is open to society and outside the university walls. During this year, we have established strong academic and institutional links with European and international actors.



DG TAXUD

In 2020, the European Commission launched a call for proposals to create an independent research structure capable of enhancing the involvement of civil society in the advocacy, design and implementation of EU actions to combat tax evasion, tax avoidance and aggressive tax planning and to promote fair taxation. This call was won by the consortium composed of the Paris School of Economics and the University of Copenhagen, and led by the economist Gabriel Zucman.

The collaboration aims at performing cutting-edge research on tax avoidance, tax evasion and aggressive tax planning, at the highest scientific international level; promoting an inclusive, democratic, pluralistic debate on taxation policies across the EU; informing policymakers with the most current research findings and propose concrete policy reforms to foster fair taxation in the EU.

HEWLETT FOUNDATION

The Hewlett Foundation is working to foster the development of a new “common sense” about how the economy works and the aims it should serve. Through its Economy and Society program, the Hewlett Foundation has decided to support the establishment of the EU Tax Observatory.

RESEARCH COUNCIL OF NORWAY

The EU Tax Observatory is taking part of the research project ‘The extent of tax haven use and its consequences’ funded by the Research Council of Norway and coordinated by the Norwegian University of Life Sciences.

In the framework of this 5-year project, the EU Tax Observatory will participate in the production of research papers and in dissemination actions towards the media, policymakers and the public.

MIROVA

Mirova is a conviction-based asset management company that offers its clients investment solutions that combine the search for financial performance with environmental and social impact.

TAXCOOP

TaxCOOP is a non-profit organization that aims to offer an annual summit on international tax competition and cooperation in the era of globalization, digitalization and climate change, bringing together people from different backgrounds. TaxCOOP is the only public conference ranked among International Tax Review’s Top50 most influential organizations or individuals in the world of taxation.

NORAD

Norad is the Norwegian agency for development cooperation, an administrative and professional body for international aid. Together with its partners and on behalf of Norway, Norad works for a greener future in a world without poverty. Through Norad, Norway is supporting the EU Tax Observatory in collaboration with Skatteforsk - Centre for Tax Research for the implementation of the Public Repository, a global database aimed at informing scientific communities, civil society and policymakers around the world about global tax avoidance.

The project is also supported by many European academic and civil society partners: Ecole Normale Supérieure (France), Hellenic Open University (Greece), Norwegian University of Life Sciences (Norway), Charles University (Czech Republic), German Institute for Economic Research (Germany) and Oxfam.



OTHER MAIN PARTNERS

In 2022, the EU Tax Observatory continued to strengthen its network of academic partnerships, reflecting the growing interest in its mission and projects.

PARIS SCHOOL OF ECONOMICS

The Paris School of Economics hosts the offices of the EU Tax Observatory. It supports the administrative and financial management of the Observatory with its teams and provides rooms for its events.



UNIVERSITY OF COPENHAGEN



The University of Copenhagen hosts the co-director and the Danish team of the EU Tax Observatory. It provides rooms for the Observatory's events.



WORLD INEQUALITY LAB (WIL)

The WIL collaborates scientifically with the Observatory and co-organises events and workshops.



WID.WORLD
THE SOURCE FOR
GLOBAL INEQUALITY DATA

BUDGET

The EU Tax Observatory is a non-for-profit research center, operating with grants from public and private partners. The expenditure and resources cover the period 2022-2023 and concern the whole consortium of the EU Tax Observatory.

CATEGORY	EXPENSES
Staff Costs	897 270 €
Operating Expenditures	44 741 €
IT	49 743 €
Other Costs	345 262 €
Overheads	101 355 €
Total	1 438 371 €

GRANTS	RESOURCES
DG TAXUD	752 362 €
NORAD	443 024 €
Hewlett Foundation	88 401 €
Mirova	29 124 €
Other Financing	125 460 €
Total	1 438 371 €

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team.



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