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The Impact and Response of the "Double Pillar" Program under the Digital Economy on the International Tax Competition Order

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Abstract

Digital economy brings challenges to international tax competition. Countries are trying to take a series of unilateral measures to safeguard their own tax interests and win the voice in the formulation of international tax distribution rules.The Economic and Development Organization has issued a "Two Pillars" blueprint statement, advocating multilateral cooperation.However, it cannot solve the current problems of unilateral measure conflict, unfair tax distribution and bottom-by-bottom competition of tax rates.To this end, we should build a global tax community of shared future, strengthen international multilateral cooperation; establish an aid mechanism for developing countries, strive to achieve substantial fairness in the tax field of all countries, actively participate in the implementation of international tax rules, pursue more fair rules; guide the transformation of tax competition mode, and build a good overall tax environment to effectively enhance the competitiveness of the tax system.

Keywords

Digital Economy; International Tax Competition; Two-pillar.

1. Introduction

Digital economy without borders,the multinational enterprises using national tax differences to implement international tax avoidance behavior increasingly,erosion of tax base,change the pattern of international tax competition,the traditional international tax competition is mainly between governments to get more tax income development and economic competition,but under the digital economy,enterprises choose the country's initiative is bigger,as a non-resident enterprise tax basis permanent principle also gradually failed. In this case,there are two forms of international tax competition:first,countries take their own unilateral measures to prevent unreasonable tax avoidance;second,OECD proposed a"two-pillar"plan in 2021, advocating that governments should actively carry out multilateral cooperation to deal with the problem of tax base erosion and profit transfer.Objectively speaking, the"double pillar"put forward a new coupling degree for the digital economy without permanent institutional market countries (i.e.source)provides the possibility of participating in profit distribution,at the same time for the global income tax proposed 15%unified minimum tax rate,to a certain extent,to the problems faced by the international tax now can alleviate.However,the"double pillar"scheme itself design concept,on the one hand,touch the national tax sovereignty and economic interests,on the other hand,break through the traditional unilateral or bilateral cooperation, need hundreds of countries to carry out multilateral cooperation,its smooth implementation and implementation effect is full of uncertainty,have a certain influence on the existing international competition order.

1.1. The Link between the"Two-Pillar"Scheme and the International Tax Competition

The traditional view is that the international tax competition is the behavior of the governments of various countries to adopt preferential tax policies to reduce the burden of taxpayers and

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promote the growth rate of the local economy in order to attract the international circulation of the means of production. The main body participating in international tax competition is concentrated among national governments,ignoring the important role of taxpayers in international tax competition.In the digital economy,taxpayers play an important role in international tax competition gradually emerged. As Professor Deng Liping(2009)pointed out,international tax competition refers to the conflict between the income maximization behavior of governments to maximize the supply of public goods and the"free"behavior of tax payers. The subjects of modern international tax competition include both macro countries and micro-level transnational taxpayers;It involves not only the tax reduction competition,but also the tax avoidance legal relationship between governments and multinational taxpayers,and the relationship between tax collection and the tax jurisdiction in international law.Modern international tax competition includes both domestic and international aspects,the domestic level not only needs to simply implement tax reduction policy,but also needs to enhance the overall tax legal environment to strengthen tax competitiveness;the international level mainly competes for the voice of tax distribution rules.The design of the"double-pillar"scheme not only involves the tax distribution rules,but also makes new provisions on the basic tax elements such as tax rate,tax collection subject and tax object.

First of all,"Pillar One"stipulates the new rules different from the traditional tax distribution rules,including the amount A,the amount B,and the tax certainty.Traditional tax distribution rules Non-resident enterprises take permanent institutions as the associated element;while pillar 1 distributes profits and tax rights by"whether MNEs participate in an important(or active) and continuous manner in the economy of the jurisdiction".Amount A tax subject is a global revenue of 20 billion euros and profit margin more than 10%of the multinational companies(MNE),tax subject is MNE income more than 1 million euros(for GDP less than 40 billion euros jurisdiction,2.5 billion euros)market jurisdiction,the market jurisdiction according to the proportion of income involved in the distribution of surplus profits.More than 10%of the profits are considered as surplus profits and 25%of the remaining profits as taxed. Amount B meets the needs of countries with low tax collection and administration capacity by simplifying and improving the application of independent trading principles in a certain domestic basic marketing and distribution activities.Tax certainty mainly provides a mandatory and binding dispute prevention and resolution mechanism to avoid double taxation of amount A.

Second,pillar two sets a minimum tax rate of 15%for global tax competition,with all multinationals with revenues of more than 750 million euros. Among them,the global anti-tax base erosion rule, namely the GloBE rule.It consists of both the income inclusion rule(IIR)and the Less Tax Payment rule(UTPR), which mainly depends on the domestic laws of each country. IIR is to combine the income of all companies or branches in the tax jurisdiction according to the rules for calculating the actual tax rate,comparing the actual tax rate of each tax jurisdiction with the global minimum tax rate of 15%,and the part of the global minimum tax rate.UTPR is a supplementary rule of IIR,and IIR itself does not apply to the tax jurisdiction where the headquarters is located.Therefore,UTPR stipulates that the effective tax rate of the tax jurisdiction of the headquarters is lower than the global minimum tax rate,so the tax jurisdiction of other companies or branches will be entitled to pay the portion of the insufficient tax difference. The Rules(STTR)sets a separate global minimum tax rate of 9%for certain external payments,such as interest, dividends,etc.,subject to a bilateral agreement between the requesting party and the other party.If the tax jurisdiction receiving the payment does not reach the minimum rate or does not need to pay it,the tax jurisdiction allowing the payment to collect the tax of the balance.

ISSN: 2688-8653

1.2. Current Situation of the International Tax Competition Order under the Digital Economy

1.2.1. Status of Global Tax Competition-Related Measures

1.With the EU as the position,many countries levy(prepare to levy)"digital tax"

The"digital tax"was first initiated and implemented by France.In July 2019,France passed the digital tax Act,which dates back to January 2019 from the 1st year.By May 2021,46 countries around the world had announced or prepared to levy digital taxes,and 22 of them had passed legislation to levy digital service taxes.According to the 2018 Council Directive on the Common System of Digital Services Tax on Revenue generated from the provision of certain digital services,the EU will establish the tax power to address digital business models,formulate new indicators for"important digital existence",and propose the principle of profits attributable to the digital economy.The EU needs to pay a 3%digital tax on the digital economy,both long-term and short-term measures.Income from digital services in France is subject to a digital services tax at a rate of 3%.It mainly includes two categories of digital intermediary services and targeted advertising services,which each contain different sub-categories.Residential enterprises and non-resident enterprises whose global digital services revenues exceed 750 million euros or which occur in France whose digital services revenues exceed 25 million euros(group consolidated statement level)shall pay the full digital services tax(except the amount of their digital services revenues in France)on the income received by taxpayers.The UK Digital Services Tax applies to the revenue derived from providing specific digital services to UK users from 1 April 2020.The£500 million worth of taxable digital services revenue worldwide is£25 million from businesses created by UK users at 2%of the group's digital services revenue.

2.The United States and other countries have strongly protested against the collection of the"digital tax"

With its advanced information technology,the United States occupies the position of a major exporter in the wave of digital economy.Therefore,the United States opposes and delays the issue of levying digital tax.The United States denies the"user participation"theory and opposes some countries imposing income tax related to users or data on cross-border digital enterprises.For example,Google,Amazon and other companies are levied on digital services taxes in foreign countries,and the United States has taken tough countermeasures and launched the"301 investigation".From 2019 to 2021,the United States has carried out"301 investigations"in France,India,Austria and other countries and issued reports.On December 14,2021,Canada proposed a draft legislation to introduce a digital service tax,saying that if the OECD pillar one agreement is not implemented in a timely manner,the Canadian digital service tax will be levied in 2024,applicable retroactive to 2022.In a statement,the US trade representative responded and criticized Canada's move,whose retrospective measures will have"direct consequences for American companies,"and that if Canada imposes a digital services tax,it"will review all options,including under our trade agreements and domestic regulations."

3.Some countries such as China are cautious about the introduction of the"digital tax"

At present,many countries are still cautious about introducing a digital tax and taking other measures to actively respond to the impact of the digital economy.87 countries,including Australia,Canada and Chile,impose indirect taxes on the digital economy by modifying VAT and consumption tax.China plays a dual role in the wave of the digital economy,which is both the producer and the consumer of the digital economy.Most domestic scholars believe that the collection of digital tax should be calculated from a long-term plan.Liao Yixin(2019)said that there are still obstacles to political interests and internal conflicts in levying taxes on the digital economy in trying to reach a universal international consensus in the short term.Zhang

ISSN: 2688-8653

Shouwen(2021)believes that promoting digital tax legislation has become a basic choice to deal with the problems brought by digital economy at home and abroad,but there are still many disputes on how to build a digital tax system.It is necessary to discuss the basic principles and basic values that digital tax legislation should follow,so as to lay a foundation for promoting digital tax legislation when the time is ripe.Li Rui(2020)proposed that the principles of tax fairness and tax neutrality,and the unilateral allocation of mandatory tax power and aggressive tax planning may be harmful to the demonstration of the above principles.It is suggested to adjust it on the basis of the existing tax system,so as to follow the trend of the digital economy.Wang Shengda(2021)believes that at this stage,there is no need for China to levy a special data asset tax,and the data asset tax can be embedded in the current tax system.

1.2.2. Trend of Global Tax Rate Competition

In 2021,the US Tax Foundation released the 2021 Global Corporate Income Tax Rate Analysis Report(hereinafter referred to as the Report)covering 225 jurisdictions around the world.The report shows that the global income tax rate shows the following characteristics:1.Income tax rates vary in different countries,but the overall level shows convergence.According to the report,the highest corporate income tax rates are in the Comoros,as high as 50 percent,and the lowest is in Barbados,as low as 5.5 percent(except for zero tax rates).The average global corporate income tax rate is 23.54%.Among the 225 districts under investigation,115 tax jurisdictions have corporate income tax rates between 20%and 30%,25 jurisdictions have corporate income tax higher than 30%,85 tax jurisdictions have less than 20%,and 15 tax jurisdictions temporarily do not collect corporate income tax.Although corporate income tax rates vary from country to country,the whole is between 20%and 30%.2.The average global income tax rate is declining.According to the report,the weighted average global corporate income tax rate in 1980 was 40.11%;and the average global income tax rate dropped to 23.54%in 2021.From 2000 to 2010,with only 47%of countries(or regions)with corporate income tax rates below 30%in 2000 and less than 30%)as high as 78%.Over the past 40 years,global corporate income tax rates have fallen by 41%,and the downward trend continues.

In Japan as an example,Japan's tax reform in 2021 established the"digital transformation investment promotion tax system",and expanded the scope of the"tax credit system for research and development".For another example,Indonesia actively implemented all-round tax reform during 2019-2020,in which the corporate income tax reform,on the one hand,lowered the tax rate to 22%from 2020,and continued to 20%from 2022.For another example,in 2017,President Donald Trump implemented the tax reform,reducing the corporate income tax rate from 35%to 21%,and imposed a one-time tax on foreign companies at 15.5%and 8%,respectively.

1.3. The New Situation of the International Tax Competition Order under the"Double Pillars"

1.3.1. The Digital Tax has Failed to"Disappear"

In its two-Pillar Programme statement,the OECD explicitly asked the Parties to stop or revoke the current digital services tax and similar measures,and pledged not to use such measures again in the future.It also requires that the Parties should not implement newly legislative digital services taxes and similar measures on any enterprise from the date of the statement to the end of 2023 and one day earlier in the entry into force date of the multilateral Tax Convention.Seven countries,including the UK,France and India,have issued statements saying that they will stop imposing the digital services tax completely when the two-pillar scheme comes into effect.In accordance with the Statement,the Parties should have issued statements promising to cancel the digital service tax,but this was not the case.Countries such as Germany and Denmark still have reservations about their commitment to give up the digital services tax,while several others have not made relevant position statements.Canada,as one of many

ISSN: 2688-8653

parties,on 14 December 2021 on the introduction of the implementation of digital service tax motion motion draft legislation that if the pillar one failed to take effect at the end of 2023,Canada will impose digital service tax from 2024,and apply retroactively to 2022.Canada's move is seen by the United States as a"willful act",which expresses serious dissatisfaction and claims that it may look into Canada Fact 301.

1.3.2. The Digital Divide between Developed Countries and Developing Countries has Deepened

1.The gap in tax collection and administration level has been further widened

The purpose of the"two-pillar"program is to solve the current problem of unfair tax distribution,but the design of pillar one and pillar two ignores the differences in the economic and social development status of different countries,and the development of the tax system is different.The data degree of tax work in developing countries is generally low,while the implementation of the"double pillars"requires the member states to have a better information tax system.In India,for example,it was not until October 1,2020 that India implemented GST electronic invoices for B2B transactions with annual turnover of Rs 5 crore.Currently,its electronic invoices are phased out in all industries,gradually abolishing or lowering the threshold of Rs 5 crore.Under the government's plan,electronic invoice system is expected to be used in all areas within two to three years.It can be seen that the electronic process of tax collection and administration has just started,and the ability to collect and organize tax data and information needs to be further improved.Such as China,according to the state administration of taxation in 2021 the rule of law government construction report,although our country constantly promote the reform of tax collection and administration digital process,but in 2021 built the national unified electronic invoice service platform,is actively prepare for the tax system and department data sharing,data integration processing ability remains to be further improved,still faces the problem of serious shortage of tax professionals.At this time,if the developing countries are required to implement the"double-pillar"program,facing a large number of tax information exchange,processing and processing needs,it is inevitably far from the developed countries.

2.The single standard does not conform to the actual development status of each country

The principle of tax fairness means that the tax should be reasonably levied based on the taxpayer's negative tax ability,and the negative tax ability should not be determined only by the objective and superficial tax payment facts.It requires not only formal fairness,but also substantive fairness.The tax distribution rule designed by pillar 1 only takes income as the division standard,but the amount of income cannot guarantee the fairness of the distribution.Du Li(2022)found that the number of users participated more than the sales revenue.It claims that the tax right of dividing the income from cross-border digital services based on the number of users can more directly reflect the claim of users'participation in value creation and the principle of"profits are taxed in the place of value creation".Taking Facebook and Tencent as an example,the sales revenue and the user number are respectively used to divide the tax power of cross-border digital services by the number of users is more conducive to the market jurisdiction,while the division according to the sales revenue is more conducive to the resident jurisdiction.Therefore,different division standard directly affect the distribution of national tax interests,through model research can see other division standard is conducive to the situation of developing countries,and a pillar only with a single proportion of sales revenue market jurisdiction profit distribution,is obviously unfavorable to developing countries,further intensify the competition for tax distribution rules.

1.3.3. Erosion National Tax Sovereignty

Tax sovereignty is the concrete embodiment of a country's sovereignty in the field of taxation,and the tax rate,tax base and tax jurisdiction are also the important embodiment of a

ISSN: 2688-8653

country's tax sovereignty.Traditional international tax rules do not directly stipulate tax rates and tax bases,but the"two-pillar"plan stipulates the subject,object and content of tax revenue,which directly involves the tax sovereignty of various countries.Suppose Company X is a resident enterprise located in Country A;the enterprise income tax rate is 15%.Company B is a subsidiary of Company X,located in country b;country b has a corporate income tax rate of 10%.Company B is engaged in online sales.The main market country is State C,but no permanent establishment in State C does not constitute a non-resident enterprise;Company B constitutes a non-resident enterprise in the State of Ding.According to the traditional international tax rules,state a imposes income tax on the profits remitted by Company X and Company B,and state A b has no right to interfere with the corporate income tax levied by Company B.State C has no right to levy corporate income tax on the sales income of Company B.However,under the regulation of"double pillar",country a is the resident country of the headquarters of the X company.When the effective tax rate of the combined corporate income tax payment of Company X and Company B is less than 15%,country A can make up the difference according to the IIR of pillar 2.In other words,the 10%tax rate set by country b based on national tax sovereignty and the tax benefits actually given to promote economic development will not be actually enjoyed by Company B.The difference generated will be forcibly transferred to country A,and the domestic tax law of country b is forced to be partially"invalid".Although Company B does not have a permanent establishment in State C,State C acts as its main market country.When State C meets the income threshold stipulated by pillar 1,it can participate in the distribution of surplus profits of Company B according to the proportion of income.To sum up,the"two-pillar"scheme gives new tax power to countries that did not have the tax power under the traditional tax rules,which limits a country's independent formulation of tax rates and tax bases and eroding national tax sovereignty.

1.3.4. Strengthen the Competition for the Discourse Power of International Tax Rules

The competition of international tax discourse power mainly includes the competition between developed countries over the dominance of international tax rules in the digital economy era and the substantive competition of developing countries in the formulation of international tax rules.

As the leading force in the reform of international tax rules,the OECD is named as the"rich country club".Although the OECD has 38 member states,its essentially real core member states are the G7 countries composed of seven major developed countries in the world.The core member states can be divided into two camps:the United States and the European Union.In the preparation of the OECD"two-pillar"scheme,the United States and other countries have competed over the tax distribution rules with the EU.Britain,the European Union,on the basis of"user participation in value creation"theory,digital tax implementation of unilateral measures,on May 18,2021,the eu commissioner submitted to the 21st century enterprise tax communications documents,or will promote"eu budget its own resources"(EU Budget Own Resources)plan,aims to set up digital taxation as the eu own tax revenue source,plan will be independent of the BEPS inclusive framework of"double pillar"scheme,and a pillar one,while compatible with other international rules.The United States advocates a"marketing intangible assets plan"designed to keep more interests in its own country,while conducting 301 investigations and retaliation against countries that implement unilateral measures such as digital taxes.The fundamental reason is that the EU and others are much different from the"role"of the US in the digital economy era.In the global digital economy,the United States accounts for as much as 40%,and the market value of the seven"super digital platforms"represented by Apple,Amazon,Mircosoft,and Facebook accounts for about two-thirds of the market value of the global digital enterprises.However,the number of local emerging digital enterprises in Germany is relatively small,and the digital transformation of traditional industries accounts for more than 90%of the digital economy.Enterprise operation

ISSN: 2688-8653

relies on online cross-border procurement and sales,and it has become a market country in the development of the digital economy.Therefore,the competition between the two on the international tax rules for the digital economy is inevitable.

The contradiction between developed countries and developing countries in the division of tax base is based on the inevitable tax status of the two resident countries and source countries respectively.Developing countries have been committed to gaining more substantive voice in international tax rules-making,for instance,At the preparatory meeting for the Third United Nations Conference on Financing for Development in 2014,The G77 and China representatives once again called for a global standard-setting agency for international tax cooperation,Thus,all countries,including developing countries,have an equal say in international taxation,But by developed countries;At the Third International United Nations Conference on Financing for Development,held in Addis Ababa,Ethiopia,in 2015,The discussion on the formation of a global tax organization was once again one of the focus of the conference,But the developed countries,The proposal also ultimately failed to be adopted.The OECD's"double pillars"plan designed the pillar first profit distribution and the second global minimum tax rate without considering the real needs of developing countries,eroding the tax base and tax sovereignty of developing countries.It can be seen that the competition between developed countries and developing countries on the formulation of international tax rules may be further upgraded.

1.4. Coordinate the Response to the International Tax Competition Order

1.4.1. Building a Global Tax Community with a Shared Future

In 2021,when President Xi Jinping attended the general debate of the 76th United Nations General Assembly,he creatively proposed the building of a"community with a shared future for global development".President Xi Jinping solemnly put forward the global development initiative,calling for promoting synergies in multilateral development cooperation and focusing on cooperation in the digital economy and connectivity.The global development of concerns many areas.From the first proposed"community with a shared future for mankind"to the current"global development destiny",it has made it clear that the long-term virtuous cycle of global political,economic and ecological development cannot be achieved by the efforts of one or several countries alone.The borderless nature of data factor flow in the digital economy era makes the need for global joint development in the economic field even more urgent.As one of the important components of economic development,China actively participates in and explores in the practice of tax cooperation.For example,the"Belt and Road"tax collection and administration cooperation mechanism.The"two-pillar"plan launched by OECD has realized the qualitative change of multilateral cooperation in the tax field from zero to one.Countries are fully aware that in the era of digital economy,the tax issue is no longer a game between individual countries,and unilateral measures and bilateral cooperation cannot highly effectively deal with international tax issues such as tax base erosion and profit transfer.To explore the principle of"community of human destiny"and equality and independence,adhere to the"people-centered";adhere to the goal of openness,cooperation,win-win,reciprocity and mutual benefit;adhere to the pattern of power and responsibility;adhere to the concept of sustainable development based on"green principles";adhere to the"innovation"oriented development thinking.

1.4.2. Establishing an Assistance Mechanism for Developing Countries

Due to history,national conditions and other practical reasons,developed countries and developing countries in economic development,political power,digital process and other aspects of the gap can not be ignored,OECD as an international tax development and governance of international organizations,"double pillar"scheme of multilateral cooperation nature,requires OECD to balance the international tax development efforts,combined with the actual situation of developing countries,establish targeted tax assistance mechanism.

ISSN: 2688-8653

On the one hand,in view of the different digital capabilities of tax collection and administration in different countries,the level of"treating tax by numbers"is different.It is necessary to strengthen the guidance of the digital of tax collection and administration to help developing countries establish and improve the systematic digital tax system as soon as possible.At the same time,for countries with low tax collection and administration capacity,further refining the provisions of amount B of pillar 1 will not only facilitate the domestic benchmark marketing and distribution process,but also formulate corresponding simplification standards in terms of tax information declaration,exchange and calculation,so as to relieve the pressure on the tax system of developing countries.On the other hand,the global minimum tax rate established for pillar 2 needs to design exclusion mechanisms for the actual situation of developing countries.The original intention of pillar 2 is to alleviate the harmful tax competition,but the implementation of the preferential tax policies in some developing countries is essential to adapt to the national development,not to implement the vicious tax competition,to facilitate the global tax base erosion and profit transfer behavior.In view of this,it is necessary to substantially examine preferential tax policies or tax rates and adopt a substantial exclusion mechanism for countries that meet the criteria.

1.4.3. Deeply Involved in the Implementation of International Tax Rules

The OECD"two-pillar"scheme has preliminarily designed the"safe harbor"rule,which is only a simple conceptual structure,and the implementation rules and standards are not clearly specified.At present,the design of OECD is still in discussion.In order to prevent enterprises from suffering from repeated taxation and ensure the distribution of amount A as much as possible,countries should actively participate in the design of the implementation rules of the"marketing and distribution safe port"rules,and comprehensively consider the fixed return ratio of marketing and distribution.On the one hand,other standards other than income are introduced to distribute profits.On the other hand,the tax collection and management process is simplified through the setting of safe ports,and the mode of"one declaration"plus"subsequent annual inspection"is implemented for qualified multinational enterprises,so as to reduce the tax compliance cost of multinational enterprises and improve the efficiency of tax management of tax authorities.The design of safe ports or other mechanisms is also proposed to reduce unnecessary compliance and collection and management costs.In the legislative template indicates that if a member entity within a jurisdiction meets the conditions of GloBE safe port,the supplementary tax shall be regarded as zero in the fiscal year of the jurisdiction.If the effective tax rate of the safe harbor is lower than the minimum tax rate,it may still be taxed in accordance with the supplementary rules.The GloBE safe port conditions are still being formulated,and countries should actively participate in making the rules.The main purpose of pillar 2 is to limit the harmful tax competition,and the preferential enterprise income tax reduction and exemption policy implemented by a country's domestic key support for high-tech industries is actually to promote the domestic economic construction.Therefore,it can be advocated that the enterprises that"substantially promote the economic development of a country"are embedded in the safe port rules,and if the effective tax rate is lower than the minimum tax rate in the jurisdiction due to the reasonable domestic tax preferential policies,the substantive relevant certification materials shall be deemed to have reached the minimum tax rate in the jurisdiction.Secondly,the creation of the domestic"conversion clause",which has not been widely recognized by all parties.The rule disappeared in the July 2021 statement,and was once again mentioned in the latest OECD"double-pillar"plan statement.It means that the preferential overseas institutions will enjoy the"tax exemption law"to enjoy the"credit law".For the current effective and dividend,interest,privilege royalties tax rate is lower than STTR tax agreement,can create domestic"conversion clause",allowed within the scope of the enterprise to choose,choose to abandon the original preferential tax

ISSN: 2688-8653

rate,according to the pillar two minimum rate of 9%,and in the later year declare VAT,to reference"conversion clause"and pay tax share proportional to deduction.

1.4.4. Guide the Tax Competition to the Overall Tax Environment Competition

To some extent,the international tax competition has intensified the problem of profit transfer and tax base erosion faced by the international tax revenue.In order to attract foreign capital,various countries compete to take tax reduction measures,which provides convenience for multinational enterprises to implement international tax avoidance.International tax competition is essentially the concrete embodiment of market competition in the field of tax.Every country is an"economic person".Tax reduction competition is equivalent to price competition in market competition.multinational enterprises only need to pay a small amount of tax to obtain the social resources and welfare provided by a country.But when countries compete to implement tax cuts,the global tax rate gradually drops,according to the Bertrand model,the low price can get the whole market,and the high price will lose the whole market,so the oligarchs will cut each other until the price is equal to their marginal cost,resulting in an economic profit of zero.Therefore,relying on tax reduction competition cannot make countries obtain the desired benefits,but will gradually reduce their tax benefits to zero.International tax competition should shift from tax reduction competition to competition in the overall tax environment to achieve win-win results in the interests of all countries.

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