



Universitat
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Barcelona

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of Economics
and Business

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Assessing the Global Minimum Corporate Tax as an Economic Instrument Against Inequality

Natàlia Pi Vicente (Degree in law and business management)

Jordi Rexach Ripoll (Degree in law and business management)

David Sánchez Muñoz (Degree in law and economics)

Ingrid Torres Arias (Degree in law and business management)

Tutor

Walter Alfredo García Fontes Badanian

ABSTRACT

The present paper assesses the implementation of the 15% Global Minimum Tax (GMT) proposed by the OECD. Its Section 1 outlines the problem regarding profit shifting and the limitations that a globalised tax system faces in a globalised economy. Section 2 analyses the structure of the Spanish corporate tax and highlights that a significant gap has been found between nominal and effective tax rates. Section 3 studies the GMT with a broader look, examining the issue from a global perspective. In the 4th section of the paper, the main arguments in favour of the measure are presented, including an increase in the fairness of taxation, the reduction of fiscal asymmetries, the loss of appeal of tax havens and the protection of public revenues. In Section 5, a critical examination of the limitations of the policy is conducted showcasing some of its limitations, such as its limited scope, its low rate, the complexity of enforcing it and the possible negative impacts that the measure could entail for developing countries. Finally, Section 6 concludes that the analysed reform has been a meaningful step leading to a more equitable tax system, but its long term effectiveness depends on certain refinements and international cooperation.

Key words: global minimum tax, multinational enterprises, profit shifting, tax equity, OECD, Spain, corporate taxation.

RESUM

El present treball examina la implementació de l'Impost Global Mínim (GMT) proposat per l'OCDE. En la seva Secció 1 es presenta la problemàtica del trasllat de beneficis. La Secció 2 analitza l'impost de societats espanyol i subratlla que hi ha una diferència rellevant entre el tipus nominal i l'efectiu. La Secció 3 estudia el GMT des d'un punt de vista més ampli, amb una perspectiva global. A la Secció 4 es presenten els principals arguments a favor de la mesura incloent un augment de la justícia fiscal, una reducció de les asimetries fiscals, la pèrdua d'atractiu per part dels paradisos fiscals i la protecció dels ingressos públics. El treball continua amb la Secció 5 on es presenta un anàlisi crítica de la mesura i es discuteixen els principals arguments en contra d'aquesta: el seu abast limitat, el seu tipus baix, la complexitat que comporta la implementació i els possibles efectes negatius pels països en vies de desenvolupament. Finalment, la Secció 6 conclou que la mesura analitzada suposa un pas cap a un sistema fiscal més just, però que la seva eficàcia a llarg termini depèn de si es fa un bon seguiment i de la cooperació internacional.

Paraules Clau: impost mínim global, empreses multinacionals, trasllat de beneficis, *tax equity*, OCDE, Espanya, impost de societats.

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1. INTRODUCTION

Reliable empirical research shows that Multinational Enterprises (MNEs) significantly reduce their tax burdens by reallocating profits from high-tax jurisdictions to those with lower corporate tax rates (Johannesen, Tørsløv, & Wier, 2020; Devereux et al., 2020). More specifically, the rise of digital business models has enabled large MNEs to generate substantial revenues in countries where they have little or no physical presence, limiting countries' ability to collect corporate income tax. These companies have also used legal tax planning to shift profits to low-tax jurisdictions. Additionally, globalization and digitalization have led to a "race to the bottom" for corporate income taxes, consisting of countries lowering their corporate income tax rates to attract or retain local investments from MNEs. This has undermined the ability of states to tax MNEs effectively (concept known as "base erosion"), and has placed domestic firms at a disadvantage (Australian Government, 2023).

Policymakers have taken notice of this issue, leading to a major change in global tax rules. In October 2021, over 100 countries agreed to set a worldwide minimum tax rate of 15% on company profits (Johannesen, 2022). This measure is part of one of the two main initiatives developed by the OECD/G20 Inclusive Framework designed to tackle the tax challenges arising from the digitalization of the economy (European Commission, n.d.).

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework's Pillar Two establishes a set of coordinated rules to ensure that large MNEs (with annual revenues above €750 million) pay a minimum effective corporate tax rate of 15%, regardless of where they operate.

In the same direction, the European Union (EU) approved the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for MNE groups and large-scale domestic groups in the Union (Directive 2022/2523), which must be transposed by all EU member states (European Council, 2022). The directive implements the OECD/G20 rules within the EU legal framework, requiring Member States to enforce the minimum 15% Effective Tax Rate (ETR) through a common set of mechanisms. These include either applying a domestic top-up tax or allowing other jurisdictions to do so through coordinated allocation rules. This ensures consistent application across the EU while preserving the taxing rights of Member States over undertaxed profits.

As a consequence, Spain enacted the Law 7/2024 of 20 December, establishing a Top-up Tax to ensure a global minimum level of taxation for MNE groups and large-scale domestic groups, a tax on the interest and commission margin of certain financial institutions, and a tax on liquids for electronic cigarettes and other tobacco-related products, and amending other tax regulations (Law 7/2024, 2024). This law implements a Qualified Domestic Minimum

Top-up Tax to ensure that large multinational and domestic group entities based in Spain pay at least a 15% ETR on their profits.

Profit shifting by multinational enterprises gives rise to several undesirable outcomes. First, it undermines the fairness and effectiveness of the corporate tax system. While domestic firms face the full impact of statutory tax rates, multinationals often use tax planning strategies to significantly reduce their tax burden, creating inequities and distorting competition (OECD, 2015). This enables them to undercut local competitors and distort market dynamics. Moreover, the ability to shift profits to low-tax jurisdictions affects investment decisions, favoring firms and sectors with greater opportunities for tax avoidance (Johansson, Skeie, Sorbe, & Menon, 2017; Hanappi, Millot, & Turban, 2023).

These practices also intensify tax competition between countries, pressuring governments to lower tax rates or offer preferential regimes, potentially leading to underfunded public services or a shift in tax burden to less mobile factors like labor (Anzuini et al., 2023).

Keeping all this in mind, this paper aims to assess whether the implementation of the 15% Global Minimum Tax (GMT) in Spain helps mitigate the negative effects of profit shifting. Specifically, it evaluates whether this measure contributes to greater tax fairness between large multinational and smaller domestic firms, reduces competitive distortions, and ensures a more equitable distribution of the tax burden. At the same time, it examines whether these objectives can be achieved without compromising Spain's economic competitiveness or deterring investment.

To further enrich the analysis, we have conducted two interviews with professionals closely involved in economic and fiscal policy: Juan Antonio González Gracia, a key figure in Spanish taxation policy, and Jordi Galí, an esteemed macroeconomist recognized for his work on monetary and fiscal frameworks. These interviews provide unique insights and perspectives on the reform's expected impact and limitations, offering a practical complement to the theoretical and empirical research explored in this paper. By integrating these expert opinions, we aim to capture a more comprehensive view of how the GMT reform may reshape Spain's corporate tax landscape and the global debate on tax fairness. The full transcripts of these interviews can be found in the Annex.

The structure of the paper is as follows: in Section 2, we provide an overview of the corporate tax structure in Spain and highlight the discrepancies between nominal and effective tax rates; Section 3 situates the GMT within the broader international context and examines its design principles; Section 4 discusses the arguments in favor of the measure and its expected benefits; Section 5 critically examines its limitations and potential negative effects; and finally, in Section 6, we present our conclusions and recommendations based on the analysis.

2. CORPORATE TAX STRUCTURE IN SPAIN

In this section, the current corporate tax framework in Spain is outlined, including the distinction between nominal and effective tax rates and the disparities they create in practice. It further examines the recent reform introducing a 15% global minimum tax, adopted in response to OECD and EU initiatives, and explains the legal mechanism and hierarchical rules governing its calculation and enforcement. This provides the theoretical foundation for the analysis developed in the subsequent work.

2.1. Overview of the Corporate Tax Structure:

The Spanish Corporate Tax is the main corporate income tax applied in Spain, levied on the worldwide income of resident entities and on Spanish-source income for non-resident companies operating through a permanent establishment. The general nominal tax rate is 25%, though specific entities may be subject to special rates. These include newly created companies, which pay a 15% for the first two years of positive taxable income, non-profit organisations, and financial institutions (Agencia Tributaria, n.d.).

The taxable base is derived from accounting profits, adjusted for tax purposes by including non-deductible expenses and exempt income. Companies may reduce their taxable base through deductions for amortisation, loss carryforwards, tax incentives for R&D, and regional or sector-specific allowances. Additionally, tax credits (for example, for double taxation or job creation) can be applied directly against the tax due, further lowering the ETR compared to the nominal rate.

2.2. Nominal vs. Effective Tax Rates:

In the context of corporate taxation, it is essential to distinguish between the nominal tax rate (NTR) and the effective tax rate (ETR), as this difference plays a central role in evaluating the actual tax burden borne by legal entities.

The NTR is the one established by the current tax legislation, specifically the *Law 27/2014, of 27 November, on Corporate Income Tax*. The general rate is currently 25% (Law 7/2024, 2024), though reduced rates apply to certain entities (e.g., newly created companies or protected cooperatives). This rate is the legal benchmark for calculating corporate tax liability but does not necessarily reflect the actual amount paid.

In contrast, the ETR is calculated by dividing the net tax liability by either accounting profit or the taxable base, depending on the methodology used. The ETR offers a more accurate representation of the share of profits that corporations effectively contribute to the public treasury, after applying deductions, tax credits, allowances, and adjustments to accounting income.

While the NTR is uniform, ETR varies widely between firms. Large multinationals, often with complex corporate structures and cross-border operations, benefit from aggressive tax planning and profit shifting, leading to significantly lower ETRs than domestic Small and Medium Enterprises (SMEs) (Johansson, Bieltvedt Skeie, Sorbe, & Menon, 2017).

According to the *2022 Country-by-Country Report published by the Spanish Tax Agency*, multinational groups in Spain paid an average ETR of 16.6%, below the global average of 20.1%. However, disparities within the corporate landscape are substantial: 23 multinational groups reported an ETR of less than 5%, 35% of all groups paid under 15%, while the remaining 65% paid an average ETR of 26.5% (Agencia Estatal de Administración Tributaria [AEAT], 2022).

In addition, data from the *Spanish Tax Agency's Annual Corporate Income Tax Statistics (2022)* reveals that 144,927 small enterprises (with between 10 and 99 workers) paid an average of 18.1% of their profits in corporate taxes, whereas 4,127 large enterprises (with over 250 workers) contributed only 8.5%, effectively meaning that the former paid proportionally more than double compared to the latter. This gap has narrowed in recent years due to legislative measures and intensified tax inspections. Additionally, businesses with no employees paid an average ETR of 11.7%, and microenterprises with fewer than 10 workers paid 16.5% (Agencia Tributaria, 2023).

These figures highlight a persistent gap between ETRs and NTRs, the latter being set at a statutory 25% under current Spanish law. This data illustrates the disparities that the new legal framework seeks to correct by levelling the fiscal playing field. The adoption of the 15% minimum tax thus represents a shift toward greater tax equity, reinforcing constitutional principles such as progressivity and economic capacity (article 31 of the Spanish Constitution), while upholding Spain's international obligations under EU law and the OECD Inclusive Framework (Dolz, 2024).

Additionally, Spain reportedly losses of around 16% of corporate tax revenue (equivalent to €4 billion annually) due to profit shifting to low-tax jurisdictions such as the Netherlands, Ireland, Luxembourg, and Switzerland, or recognized tax havens like the British Virgin Islands and the Cayman Islands. Of these, nearly 13% is lost to countries with favourable tax regimes (Alstadsaeter, Godar, Nicolaidis, & Zucman, 2023).

2.3. The 15% Minimum Effective Tax Rate Reform: Legal and Policy Background:

The implementation of a 15% global minimum corporate tax in Spain stems from both international commitments and a domestic imperative to safeguard the fairness and sustainability of the corporate tax system. Following the OECD/G20 Inclusive Framework and the EU's legal

harmonization efforts, Spain has enacted legislation that operationalizes the GMT standard through a Qualified Domestic Minimum Top-up Tax (QDMTT).

At the European level, the Directive 2022/2523 obliges Member States to ensure that large MNE groups and large-scale domestic groups pay a minimum effective tax rate of 15%. This Directive mandates the application of top-up taxes under either the Income Inclusion Rule (IIR) or the Undertaxed Profits Rule (UTPR). Member States are also permitted to apply a domestic top-up tax to profits taxed below the minimum threshold within their jurisdictions.

In Spain, this legal obligation was met through *Law 7/2024 of 20 December*, which introduced a domestic top-up tax designed to bring the effective tax rate of in-scope entities to 15%, based on their accounting profits, adjusted in accordance with the Global Anti-Base Erosion (GloBE) rules. One of the primary targets of the reform is multinational enterprise groups and large-scale domestic groups with consolidated revenues exceeding €750 million, in line with Pillar Two thresholds.

The implementation in Spain was set to be phased: in 2024, the rules started to apply to the largest groups, following the transitional period outlined in the OECD's implementation framework. From 2025 to 2029, the regime will gradually expand to include a broader range of qualifying entities, in line with the progressive application mechanism set out in EU and OECD documents. The Spanish Treasury justifies this policy shift not only as a response to international coordination, but also as a domestic strategy to reduce tax base erosion and ensure that highly profitable multinationals pay at least a minimum level of tax in Spain.

2.4. The calculation of the Global Minimum Tax:

The calculation of the GMT is governed by an agreed rule order that establishes a clear hierarchy of provisions determining which jurisdiction has the right to levy the top-up tax on the income of a low-taxed Constituent Entity (CE) within an in-scope MNE group. This system ensures that MNEs are subject to an ETR of at least 15%, regardless of the jurisdictions in which they operate.

The first level of enforcement is the QDMTT. Under this rule, the low-taxed jurisdiction where the CE is located has the primary right to impose the top-up tax on the entity's income. This provision ensures that the jurisdiction with the initial tax deficiency can rectify the shortfall and retain the tax revenue.

If the low-taxed jurisdiction has not implemented a QDMTT, the second level of enforcement is the IIR. In this scenario, the jurisdiction where the Ultimate Parent Entity (UPE) is located gains the right to levy the top-up tax on the income of the low-taxed CE. This mechanism applies a top-down approach, holding the parent entity accountable for the tax deficiency within its group.

In cases where the UPE's jurisdiction has not adopted a Qualified IIR, the enforcement moves to the next level in the ownership chain, specifically to the jurisdiction of the first intermediate parent entity that has implemented a Qualified IIR. This approach ensures continuity in the collection of the top-up tax by ascending the ownership hierarchy.

Finally, if neither a QDMTT nor an IIR is applicable, the UTPR comes into play. Under this provision, jurisdictions that have implemented a UTPR collectively assume the right to levy the top-up tax. The amount of tax allocated to each participating jurisdiction is determined by a substance-based allocation key, which may consider factors such as the number of employees or the value of assets within the jurisdiction (OECD, n.d.).

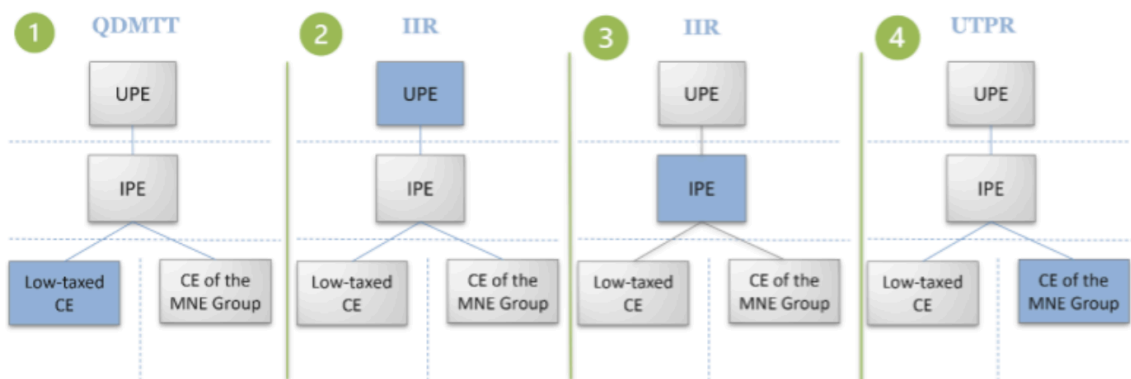


Figure 1. Global minimum tax framework (Agreed rule order). Adapted from *Global Minimum Tax*, by OECD. <https://www.oecd.org/en/topics/global-minimum-tax.html>

In conclusion, the current Spanish corporate tax system reveals significant disparities between nominal and effective tax rates, particularly disadvantaging smaller firms. The introduction of the 15% global minimum tax seeks to address these imbalances through a coordinated legal framework, ensuring a more equitable and transparent tax burden for large corporate groups.

3. GLOBAL CONTEXT AND OECD INFLUENCE

In this section, we provide an overview of the global context and the OECD's influence on the implementation of the GMT, examining its expected effects on profit shifting, tax competition, and international tax harmonisation, as well as the current state of its adoption across jurisdictions.

According to the OECD, the GMT represents a huge step forward in the field of international cooperation for the taxation of MNEs. As explained before, what their proposal would achieve is to guarantee that all MNEs with revenues above €750 million are subject to a minimum effective tax rate of 15%. By the beginning of 2024, 55 jurisdictions had already taken steps aiming at the implementation of the GMT. In an OECD study published in January 2024, they found that the GMT was estimated to reduce global low-taxed profit by as much as 80%, making a significant change from the previous 26% of all global profits to just a 7%, and most of that 7% was due to substance-based income exclusion (OECD, 2024).

Specifically entering the topic of profit shifting in relation to the GMT, the OECD estimated shifted profits to decline by half since the new regulation would significantly reduce or eliminate the incentives for such practice. This would lead to profits being reallocated where the economic activity of companies actually takes place and, according to analysts, could eventually benefit developing countries which research found to be most exposed to profit shifting (OECD & BID, 2024).

The OECD also predicted that differences in taxation in different jurisdictions would be reduced as a result of the implementation of the GMT. The tax rate differential across all states is expected to fall by about 30%. This would, in turn, have an effect on other policies that countries could pursue to make themselves more attractive. If taxation becomes progressively more homogeneous worldwide, then non-tax factors would play a much bigger role in influencing investment decisions.

The GMT is based on GloBE rules that jurisdictions can implement to tax companies subject to the GMT with a top-up tax. These rules are designed to interact and work in coordination with those same rules from other jurisdictions to ensure that the combination of all these rules creates an integrated system that allows for the GMT to actually be paid where economic activity takes place.

It is in these GloBE rules that the terms of the GMT are established with more detail. The rules were written so that any state could incorporate them to their own legal system. They establish definitions for multinational groups that are subject to this regulation and expose the methods that will be used to calculate their ETR in the jurisdiction and the possible top-up tax. Precisely because the rules are born with the aim of being implemented globally, they are

formulated so that they can adapt to a wide variety of multinational groups and tax systems. It is not mandatory for a state to incorporate the GloBE rules to its legal system, but if they opt for a different regulation, it must be one that is consistent with the results achieved by GloBE rules.

The first step when applying the GloBE rules would be to determine whether the group in question is within the scope of these rules. That is, having revenues of over €750 million for at least two of the last four years and not being excluded like for example certain non-profit organisations.

Once it has been established that a group falls within the scope of the GloBE rules, the next challenge lies in the practical implementation of the top-up tax mechanisms. Despite broad international consensus (over 140 jurisdictions having committed to the GMT framework) real-world adoption remains limited.

As of 2024, only 36 countries have enacted at least one of the Pillar Two rules, such as the IIR, the QDMTT, or a combination thereof. This limited uptake reflects the significant difficulties in translating multilateral agreements into domestic legislation. Countries face numerous obstacles, including aligning the new rules with their existing tax codes, navigating political opposition, and addressing administrative complexities.

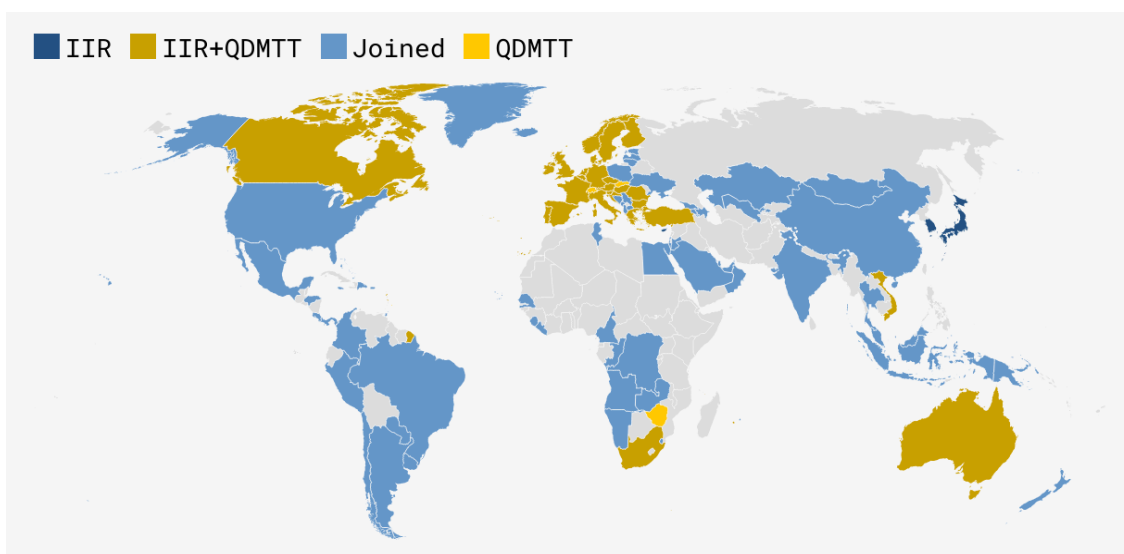


Figure 2. Implementation of Pillar Two Rules Around the World, 2024. Source: PwC. (2024). Pillar Two Country Tracker. Retrieved from <https://taxfoundation.org/data/all/global/corporate-tax-rates-by-country-2024/>

In summary, while the GMT represents a landmark in international tax cooperation, its full impact depends on the consistency and breadth of its domestic implementation, which remains uneven despite broad international support.

4. ARGUMENTS SUPPORTING THE GLOBAL MINIMUM CORPORATE TAX

In this it will be explained that, as we have seen, the GMT has emerged as a key international response to the challenges of profit shifting and tax competition. Its goal is to ensure that large multinational companies pay a fair share of taxes, regardless of where they operate. But does its implementation truly correct the weaknesses of current tax systems? The following analysis explores the main arguments supporting this reform and assesses its potential impact, particularly in the Spanish context.

4.1. Fairer redistribution:

Tax competition has led to a global decline in corporate tax rates, reducing public revenues and exacerbating inequality. Therefore, this reform would be beneficial not only for small businesses but for the society as a whole (J. A. González Gracia, personal interview, 2025¹). This is because corporate taxes are highly progressive and redistribute wealth when they are properly designed (Oxfam, 2016, pp. 5–7).

Large corporations, through tax avoidance, are depriving governments of essential resources needed to fight poverty (by eroding the tax base) and to invest in public services such as healthcare and education. When governments fail to collect these funds from big corporations, they tend to raise regressive taxes, for example Value-Added Tax (VAT), which disproportionately harm low-income individuals.

This practice impacts developing countries much more, as they are the most vulnerable to revenue losses from aggressive tax planning. It is estimated that they lose over \$100 billion annually due to tax avoidance by large corporations. In this context, the introduction of a 15% global minimum tax, regardless of where profits are reported, could curb this trend by ensuring a basic level of revenue collection. If invested in public services, this would not only improve well-being but also help create more attractive environments for investment (Oxfam, 2016, p. 3).

Moreover, if the minimum rate is set high enough to eliminate profit shifting, the welfare impact is “unequivocally positive” for non-tax haven countries by removing distortions and promoting efficiency between private and public consumption. Since only about 20% of the GMT burden would fall on labor, it could be a crucial source of revenue without harming average citizens. This would help avoid the aforementioned increases in regressive taxes or cuts to social services and would enable higher social public spending, which is negatively correlated with poverty and inequality (Johannesen, 2022, p. 22).

¹ See Annex 1.

So, the proposed reform appears justified from a utilitarian perspective, as it could lead to significant global wealth redistribution and fund social welfare programs. Although it may cause localized revenue losses in tax havens and potentially reduce foreign direct investment (FDI), these drawbacks are outweighed by the broader positive impact of the reform (Pegas, 2021).

It would also help restore public finances and preserve the tax bases of countries, especially in developing economies. As Joe Biden described it, this represents “foreign policy for the middle class”, aiming to make globalization fairer for the general population, not just for multinationals and the wealthy.

4.2. Protection of public revenues against profit shifting:

Similarly, this reform would positively impact the effect of the GMT on profit shifting (J. A. González Gracia, personal interview, 2025)². To demonstrate this, a study was conducted using administrative data from multinational corporations worldwide, in collaboration with the Slovak tax authority. They estimated that the GMT could increase corporate tax revenues in Slovakia by 4% (approximately €117 million) (Boukal, Janský, & Palanský, 2025, p. 2). They found that just over half of this increase would come from applying the minimum top-up taxes there itself, while the other half would come from new corporate tax revenues collected on profits currently shifted out of the country but captured under the 15% GMT reform. This way, thanks to the new regulation, profit shifting to lower-tax countries could be reduced by 49%.

In fact, the global tax reform is expected to generate approximately \$150 billion in additional tax revenues worldwide annually. This is a significant amount, especially given the governments’ need to consolidate public finances after the necessary but costly spending during the pandemic (Pegas, 2021). Furthermore, the focus on regulating large MNEs is reinforced by estimates showing that most of the additional revenues would come from only 13 multinationals, which alone would contribute 95% of the top-up tax in Slovakia. This justifies targeting large business groups, confirming the €750 million annual revenue threshold set by the reform (Boukal, Janský, & Palanský, 2025, pp. 19).

By doing so, the reform would improve the fairness of the tax system and reduce competitive distortions caused by aggressive tax planning strategies, since only large companies can bear the fixed costs of shifting profits to countries with lower tax rates (J. Galí, personal interview, 2025)³. Although the GMT applies only to companies with consolidated annual revenues exceeding €750 million, these represent approximately 90% of total multinational

² See Annex 1.

³ See Annex 2

profits. Therefore, the measure covers a substantial portion of the profits subject to aggressive tax planning, effectively addressing the issue of profit shifting (Haufler & Kato, 2024, p. 1).

Specifically, the estimate for Spain is around €1 billion in additional tax revenue. Moreover, it is important to remember that the EU required our country to implement tax reforms to improve its revenues, so this reform would help Spain unlock Next Generation EU funds (J. A. González Gracia, personal interview, 2025)⁴.

However, it is expected that less than half of profit shifting will be affected by this new regulation, indicating that although the reform may serve its purpose, that's to deter tax avoidance, a large portion of profit shifting, especially within Europe, would continue. Thus, while there is great potential to reduce profit shifting, which would significantly contribute to increased tax revenues, the estimates for Slovakia suggest that profit shifting will not be eliminated solely by this reform (Boukal, Janský, & Palanský, 2025, pp. 15–22).

Nonetheless, with coordinated implementation among countries (OECD Pillar Two), it would at least reduce companies' ability to use tax havens, although it would not completely eradicate profit shifting.

4.3. Reduction of the attractiveness of tax havens:

The 15% limit means that while low-tax jurisdictions are pressured to raise taxes on large companies, they can maintain a lower rate for companies below that. The study notes that tax havens are fully aware of this option. In fact, countries like Ireland and Liechtenstein have already decided to keep their general corporate tax rate at 12.5%, but raise it to 15% for companies above the threshold (Government of Ireland, 2023; PwC, 2024). The same applies to Hungary and Bulgaria, which, although implementing the GMT, maintain their general rates at 9% and 10%, respectively (Ernst & Young, 2023; PwC, 2023). The model predicts that, with this 15% limit currently introduced, non-haven countries are most likely to set a uniform rate above the minimum for all multinationals, while tax havens will split their rates and attempt to compete fiscally for smaller multinationals (as seen in Ireland and Liechtenstein) (Haufler & Kato, 2024, p. 1-3).

The most important economic takeaway is that the study predicts non-haven countries will gain in terms of welfare and tax revenues, while tax havens will lose, resulting in a net positive global outcome. This would also prevent companies from spending large sums on tax engineering and profit concealment, allowing for a more efficient allocation of resources in the real economy. It would similarly reduce the competition between countries to attract investment by lowering corporate tax rates; a dynamic that has led to progressively lower rates and erosion

⁴ Annex 1

of tax bases, since shifting profits to tax havens would no longer be beneficial (Johannesen, 2022, p. 22).

Despite losses for tax havens, implementing the 15% results in a net increase in global welfare and tax revenues. This shows that the measure is beneficial in aggregate terms, contributing to a more equitable distribution of the tax burden among countries (Haufler & Kato, 2024, p. 3).

4.4. Promotion of fiscal stability and revenue collection efficiency:

Moreover, the implementation of minimum taxes has proven to be an effective tool for countries, especially those with weaker tax administrations, to preserve their tax base and mobilize additional revenue. By setting a global minimum rate, a “floor” is established in tax competition, limiting the ability of countries to attract investment solely by lowering tax rates and instead encouraging competition based on more sustainable economic factors. This also provides predictability for both tax authorities and businesses (Aslam & Coelho, 2021).

It further incentivizes tax system simplification and increases collection efficiency, since minimum taxes are often calculated using simplified alternative tax bases, such as turnover or assets.

Thus, rather than limiting fiscal capacity, the minimum tax protects the real ability of these countries to raise resources and finance their social and economic development (J. A. González Gracia, personal interview, 2025)⁵. The study also includes a comparison between different tax regimes: one without the GMT (unrestricted tax competition) and others with increasing GMT rates. It finds that the higher the GMT rate, the more likely jurisdictions are to adopt split tax systems. Interestingly, the study concludes that the introduction of a relatively low GMT that binds tax havens tends to push these countries toward adopting a single GMT rate rather than a dual system (Haufler & Kato, 2024, pp. 2–4).

This could be significant, as the GMT threshold still excludes at least 10% of the global multinational tax base.

4.5. It encourages the reduction of gaps and the correction of fiscal asymmetries:

A 2025 World Bank study reveals that effective corporate tax rates follow an inverted U-shape in relation to firm size: small firms benefit from reduced rates, mid-sized firms face the highest rates, and large firms exploit tax incentives to reduce their tax burden. On average, the ETR for the top 1% of firms is 2.2% lower than that of the top decile (Bachas, Brockmeyer, Dom, & Semelet, 2025, pp. 1–2).

⁵ Annex 1.

In the best-case scenario, where all firms in the top 1% are subject to the minimum tax, corporate tax revenues could increase by 27% compared to the baseline scenario in the median country, that's equivalent to 0.6% of GDP. In other words, implementing a 15% domestic minimum tax on the top 1% of firms could raise corporate tax revenues by an average of 14%, not accounting for behavioral responses.

Foundational studies in public finance suggest that an efficient tax system, one that avoids distorting firms' economic decisions, should apply uniform tax rates across businesses (Diamond & Mirrlees, 1971; Dasgupta & Stiglitz, 1972). However, the evidence reveals significant and systematic disparities in ETRs based on firm size. In particular, mid-sized firms, widely recognized as key engines of job creation and economic growth, specially in Spain, bear the highest tax burden (Acemoglu et al., 2018; Akcigit & Kerr, 2018; Bachas et al., 2025, p. 25). This uneven distribution of tax rates raises concerns not only about economic efficiency but also about fairness.

Large firms, which are typically owned by wealthier individuals and tend to employ formal workers with higher wages, manage to reduce their ETRs through tax planning strategies (La Porta & Shleifer, 2014; Ulyssea, 2018). In addition, research shows that corporate taxation can negatively affect workers' wages, further highlighting the regressive effects of current tax structures (Fuest et al., 2018; Suárez Serrato & Zidar, 2016; Bachas et al., 2025, pp. 25–26). In other words, when corporations face higher taxes, they often respond by reducing costs, and one of the ways they do this is by lowering wages for workers. This means that workers end up bearing some of the tax burden, which makes the overall tax system regressive, meaning it affects lower-income workers more than higher-income earners.

Ultimately, the 15% minimum tax serves as an important initial move toward establishing a more efficient and equitable tax framework. By reducing disparities in effective tax rates across firms of different sizes, it promotes fairness at the microeconomic level while also contributing to greater macroeconomic stability and increased government revenues. Although not a complete solution, this measure lays the groundwork for further reforms aimed at minimizing distortions and enhancing overall tax system efficiency.

In conclusion, the implementation of a 15% GMT marks a significant step toward a fairer and more efficient international tax system by curbing harmful tax competition and limiting profit shifting by large multinational enterprises. This reform would help governments recover vital public revenues, enhance social spending, and reduce global inequality, particularly benefiting developing countries. While not a comprehensive solution, it establishes a crucial foundation for more equitable and sustainable corporate taxation worldwide.

5. CRITICISMS OF THE GLOBAL MINIMUM CORPORATE TAX

In this section, we will explore the main criticisms of the GMT, focusing on its legal, political, and economic limitations. We will examine key challenges such as barriers to legitimacy and effective implementation, design flaws including limited scope and the Substance-Based Income Exclusion (SBIE) mechanism, and concerns about fairness for developing countries. Finally, we will address the constraints of favorable claims, such as the low increase in government revenue, the persistence of tax competition, and potential negative effects on the international economy.

5.1. Barriers to achieving legitimacy and effective implementation:

The implementation of the GMT faces substantial legal, political, and institutional challenges that raise serious concerns about its legitimacy, fairness, and long-term viability (J. Galí, personal interview, 2025)⁶. As noted by Schjelderup and Stähler, the initiative lacks a clear and binding legal foundation in international law, relying instead on non-binding “soft law” instruments, such as the OECD Inclusive Framework, to compel states to adopt mandatory fiscal rules (Schjelderup & Stähler, 2024). This reliance raises critical questions about the enforceability and stability of the framework over time.

Moreover, the process by which the GMT has been developed and negotiated reveals notable deficiencies in democratic legitimacy. Decision-making authority has largely been concentrated in the hands of high-income OECD member states, while developing countries, despite being significantly affected by global tax rules, have had limited opportunity to shape the outcomes. This imbalance contributes to the perception that the initiative prioritizes the interests of wealthier economies at the expense of broader inclusiveness and equity.

The uncertainty surrounding global adoption presents an additional layer of complexity. According to Legwaila, the absence of a truly global consensus risks distorting capital allocation, as MNEs may shift investment away from jurisdictions that comply with the new rules. This could incentivize resistance or delay in implementation among states that perceive a competitive disadvantage (Legwaila, 2025).

Furthermore, the political landscape in key economies has experienced significant shifts since the approval of the GMT in October 2021. In the United States (US), for instance, the administration changed in January 2025, leading to a reversal of the country's stance on the tax agreement. President Donald Trump issued an executive order effectively withdrawing US support for the OECD Global Tax Deal, stating that it “*has no force or effect*” in the United States without Congressional approval (Mourant, 2025).

⁶ Annex 2.

Such political volatility underscores the challenges in achieving a cohesive and universally adopted framework for the GMT. Notably, as of today, 5 of the world's 10 largest economic powers have undergone significant government changes with important ideological shifts since October 2021⁷. Frequent changes in government can lead to shifts in policy priorities, affecting the consistency and reliability of international tax agreements. This instability may deter countries from committing to or fully implementing the tax reforms, further complicating the global effort to establish a fair and effective corporate tax system.

Another important aspect regarding this issue is the lack of transparency and inclusiveness in the negotiation process. As highlighted by Ryding and Voorhoeve, the Pillar Two negotiations were marked by limited public engagement, with civil society and citizens excluded from deliberations. Key documents were often withheld until after significant decisions had been reached, fostering the perception that the process was driven by elite interests rather than democratic accountability (Ryding & Voorhoeve, 2021).

Additionally, despite being more developed than Pillar One, the implementation framework for Pillar Two still suffers from considerable uncertainties. These include the lack of public country-by-country reporting on multinational corporate activity and the unpredictable behavior of low-tax jurisdictions, which are pivotal to the regime's success.

In sum, while the GMT aspires to correct systemic flaws in international taxation, its legal ambiguity, political imbalance, and complex enforcement structure present formidable obstacles that may ultimately undermine its effectiveness.

5.2. Design flaws and limitation threaten its impact:

Several critical aspects of the GMT framework remain only partially addressed due to political negotiation compromises, which may result in limited medium-term effectiveness. These include the limited scope, applying exclusively to extremely large MNEs; the relatively low minimum rate of 15%; structural limitations arising from legal loopholes; and the Substance-Based Income Exclusion (SBIE) mechanism. Each of these factors undermines the tax's capacity to fully achieve its intended goals.

⁷ The world's ten largest economic powers by GDP (in millions of US\$) according to the IMF are as follows: the United States, China, Japan, Germany, India, the United Kingdom, France, Canada, Italy, and Brazil. Since October 2021, five of these economies have undergone significant governmental changes: the United States (with the return of Donald Trump following the 2024 election), Germany (transition from Angela Merkel to Olaf Scholz in December 2021 and Friedrich Merz in 2025), Italy (the appointment of Giorgia Meloni as Prime Minister in October 2022), Brazil (the assumption of office by Luiz Inácio Lula da Silva, succeeding Jair Bolsonaro in January 2023), and the United Kingdom (marked by successive prime ministerial changes from Boris Johnson to Liz Truss, and subsequently to Rishi Sunak in 2022 and Keir Starmer).

a) Limited scope and insufficient rate:

Pillar Two applies exclusively to MNEs with global revenues exceeding €750 million. While these entities account for over 90% of global corporate income, they represent merely 10–15% of all MNEs, leaving approximately 85–90% outside the regime's scope and free to engage in profit-shifting strategies (Ryding & Voorhoeve, 2021).

Furthermore, the minimum ETR of 15% is widely considered insufficient to meaningfully curb tax avoidance, reduce inequality, or enhance fiscal space in low-income countries. Although Pillar Two marks a symbolic shift in global tax discourse, it fails to address deeper structural concerns. This has prompted growing support for alternative models under the United Nations, including fully unitary taxation systems that allocate taxing rights based on production and sales, coupled with a more substantial minimum tax floor.

b) Legal loopholes and strategic incentives:

Despite its objective to standardize corporate taxation, the framework permits several legal loopholes that undermine its effectiveness. Countries are able to offer targeted tax incentives, particularly for green technologies, that reduce a company's ETR below 15%, all while remaining compliant with the formal rules. Though such incentives support climate goals, they also constitute a form of tax competition that reduces state revenues and exacerbates distributional inequalities by disproportionately benefiting high-income shareholders (Schjelderup & Stähler, 2024).

Additionally, the introduction of the QDMTUT allows low-tax jurisdictions to retain the additional tax revenue domestically, rather than ceding it to other countries. This enables them to remain fiscally competitive without increasing statutory tax rates. Countries such as Switzerland and Ireland have already begun adapting their systems to leverage this mechanism while preserving macroeconomic stability (Ryding & Voorhoeve, 2021). So, rather than eliminating harmful tax competition, the current framework merely reshapes its incentives, redirecting competition toward the strategic design of domestic top-up taxes and targeted exemptions, while continuing to permit jurisdictional arbitrage under new terms.

c) The SBIE mechanism:

The SBIE provision creates further complexity and significantly weakens the enforcement of the GMT. It allows MNEs to reduce their top-up liability by excluding income that is deemed to arise from substantive economic activity, such as payroll costs and tangible assets, in low-tax jurisdictions. This structure incentivizes firms to shift real operations (rather than merely profits) to countries with low tax rates, potentially exacerbating the global "race to the bottom" in corporate taxation (Schjelderup & Stähler, 2024).

Technically, the SBIE deduction is calculated prior to applying the top-up tax to a constituent entity's GloBE income. The deduction consists of two elements: (i) a fixed percentage ($\approx 5\%$) of total payroll expenses incurred in the jurisdiction, and (ii) a fixed percentage ($\approx 5\%$) of the value of the entity's tangible assets located there, such as buildings, machinery, and equipment. The larger the payroll and asset base, the greater the deduction, and consequently, the lower the entity's tax liability under the GloBE rules. This deduction is designed to protect companies with real economic activity in a jurisdiction, since such activity is not the material scope of the tax. The aim is to target profit shifting practices rather than penalize firms that genuinely operate in low-tax jurisdictions (OECD, n.d.).

Moreover, the framework includes additional carve-outs that further dilute the effective reach of the 15% minimum rate. In the EU, such exclusions are projected to reduce short-term revenue gains by approximately €19 billion, with continued losses of €12 billion annually even a decade after implementation (Ryding & Voorhoeve, 2021).

The combined effect of SBIE and carve-outs generates notable distortions in investment, labor allocation, and economic behavior. The OECD Inclusive Framework does not effectively impose the 15% minimum tax on subsidiaries of multinational corporations operating in low-tax jurisdictions that maintain substantive economic activities. This exemption arises because the SBIE permits the double deduction of payroll and tangible asset costs from the aggregate tax base, thereby distorting economic incentives.

Analytical models of multinational enterprises demonstrate that, while Pillar Two mitigates certain abusive transfer pricing strategies, it concurrently alters incentives related to employment, capital investment, and imports (Devereux & Griffith, 2003). Specifically, when labor or capital costs constitute a significant portion of expenses, the exclusion functions as a *de facto* production subsidy, disproportionately favoring capital-intensive industries over labor-intensive sectors, as the tax benefit conferred on capital expenditures exceeds that on payroll (Schjelderup & Stähler, 2024).

These provisions distort competition by creating a *de facto* production subsidy, particularly favoring capital-intensive firms, where the tax relief for capital exceeds that for labor. The long-term effects of these distortions remain uncertain, raising concerns about whether the economic costs might outweigh the intended fiscal and regulatory benefits.

5.3. Unfairness with developing countries:

The OECD's Pillar Two initiative raises critical concerns because of its distributive consequences, particularly for developing countries. The framework's complexity, especially through mechanisms such as the IIR, UTPR and QDMTT, imposes significant administrative and legal burdens. Schjelderup and Stähler argue that these rules substantially increase

compliance costs, particularly in low-capacity jurisdictions that often lack the regulatory infrastructure to administer such intricate provisions effectively (Schjelderup & Stähler, 2024). Consequently, many developing countries may struggle to enforce the rules or face prohibitive implementation costs.

Moreover, the structural design of the agreement exacerbates existing global inequities. As Ocampo and Faccio highlight, the negotiations leading to the agreement lacked inclusivity, with many developing countries excluded despite being more reliant on corporate tax revenues and disproportionately harmed by profit shifting (Ocampo & Faccio, 2021). Even among those that did participate, several countries (including Kenya, Nigeria, Pakistan, and Sri Lanka) ultimately rejected the final agreement, citing concerns over its fairness and relevance to their economic contexts. The adopted 15% GMT rate is widely viewed as insufficient, providing limited benefit to states with higher domestic tax rates while still allowing room for tax avoidance. This critique is endorsed by Ryding and Voorhoeve, who note that the tax allocation methodology, based on the location of sales rather than production, disadvantages economies that function primarily as production hubs, such as many low-income countries (Ryding & Voorhoeve, 2021).

Further concerns relate to the skewed distribution of expected revenue gains (J. Galí, personal interview, 2025)⁸. According to Pegas, developed countries, especially within the G7 and EU, stand to collect over two-thirds of the newly generated tax revenue, while the poorest nations may receive as little as 3% (Pegas, 2021). This imbalance is largely driven by the IIR, which allocates taxing rights to the headquarters jurisdiction of a MNE, usually a wealthy, capital-exporting country, regardless of where value is actually created. The reform appears to be effectively designed by and for developed countries, with its benefits for the Global South remaining minimal or potentially even negative (Legwaila, 2025).

In addition, resistance to Pillar Two has emerged from several developing nations, including Nigeria and Kenya, due to concerns over sovereignty and the rigidity of a "one-size-fits-all" approach (Henney, 2021). Critics argue that adopting the global minimum tax may erode domestic policy autonomy and undermine tailored fiscal strategies, especially in states that rely on tax incentives, such as holidays or exemptions, to attract FDI. Ironically, when such incentives are overridden by the top-up tax imposed by the MNE's home country, the developing jurisdiction ends up subsidizing the richer one (Legwaila, 2025).

5.4. The constraints of favorable claims:

While the GMT has been praised for its potential to address tax avoidance and increase revenues, several critical limitations challenge these positive claims. This section explores key

⁸ Annex 2.

concerns including its limited revenue impact, the persistence of tax competition, significant losses for tax havens and low-tax countries, and the possible negative consequences for business investment and global economic growth.

a) Low increase in government revenue

The revenue-raising potential of the GMT has been significantly overestimated. While initially expected to generate about 10% of global corporate tax revenues, approximately \$270 billion in 2023, more recent estimates indicate it will likely produce less than half of that amount, around 5%, or roughly \$136 billion (Schjelderup & Stähler, 2024). This notable shortfall raises concerns about the tax's effectiveness in substantially increasing government revenues.

b) Encourage tax competition:

Despite its stated aim of curbing harmful tax competition, the GMT may paradoxically reinforce it. The 15% floor could incentivize some jurisdictions to raise their statutory corporate tax rates just above the threshold to attract multinational activity without triggering top-up liabilities. At the same time, the continued allowance of generous deductions and carve-outs enables countries to reduce ETRs below the nominal minimum, preserving their competitive edge. As a result, the reform risks entrenching the very dynamics it seeks to eliminate, distorting global capital flows and potentially encouraging firms to reallocate real economic activity, such as production, to low-tax jurisdictions that still offer favorable treatment through permissible exclusions.

In other words, countries will likely retain incentives to compete on corporate taxation. Even with the minimum tax, governments may continue to offer generous allowances and deductions to reduce effective tax liabilities, potentially maintaining or even intensifying harmful tax competition (Ryding & Voorhoeve, 2021).

c) International economy negative effects:

Given all the foregoing considerations, it is essential to highlight two potential negative consequences for the international economy.

Firstly, the substantial loss of public revenue in zero-tax and low-tax jurisdictions. Economies such as Bermuda, the British Virgin Islands, Bulgaria, and North Macedonia have historically relied on low effective tax rates and generous fiscal incentives to attract FDI. For example, over 60% of government revenue in the British Virgin Islands in 2018 originated from corporate and financial services linked to multinational subsidiaries (Pegas, 2021). Despite their low statutory tax rates, these countries have managed to generate significant income by concentrating artificial profits. The introduction of a GMT would reduce or eliminate these

flows, potentially destabilizing local public finances without offering a viable substitute for lost revenues.

Secondly, raising the tax burden on cross-border corporate investment. This increase could disincentivize MNEs from engaging in international projects or expanding existing operations. Firms that previously benefited from tax-advantaged structures may now face higher ETRs, rendering some ventures less profitable or economically viable. According to empirical evidence cited by the Tax Foundation (Bunn, 2021), a 1% increase in corporate tax rates is associated with a 3.7% decline in FDI (OECD Public Affairs Division, 2008), suggesting that the reform could significantly hinder global capital flows and economic dynamism.

In summary, although the GMT constitutes a landmark effort to address corporate tax avoidance, its intricate design, inconsistent international adoption, and lack of comprehensive inclusivity give rise to significant concerns regarding its legitimacy, equity, and overall effectiveness in achieving its intended objectives.

6. OVERVIEW OF KEY FINDINGS, FINAL CONSIDERATIONS AND POLICY RECOMMENDATIONS

This paper has provided a comprehensive analysis of the implementation of the 15% GMT in Spain and its potential as an economic instrument to address the long-standing inequalities in corporate taxation. As discussed in Section 1, profit shifting by large MNEs has weakened national tax bases and created significant disparities in tax burden between large multinationals and smaller domestic firms. This phenomenon has contributed to the “race to the bottom” in corporate tax rates, eroding public finances and undermining fair competition.

In Section 2, it became clear that in Spain, while the statutory corporate tax rate stands at 25%, large MNEs manage to reduce their ETRs to an average of 16.6%, compared to much higher rates for small and medium-sized enterprises (21 - 23%). This substantial gap demonstrates the need for targeted reforms that ensure taxes are paid where real economic activity takes place.

The international context examined in Section 3 reinforced the importance of coordinated global action. The OECD/G20 Inclusive Framework estimates that the GMT could reduce profit shifting globally by almost half. For Spain, early projections indicate the measure could yield an additional €1 billion in annual tax revenue, reinforcing its significance for public finances and fiscal equity.

In Section 4, the paper discussed the main advantages of the GMT. It highlighted the measure’s potential to enhance fairness within the tax system, protect public revenues, and reduce the harmful effects of tax competition. By establishing a global floor, the reform aims to ensure that large MNEs pay at least a baseline level of tax wherever they operate, which would help limit the most aggressive tax avoidance strategies.

However, as explored in Section 5, the reform also has clear limitations. One of the main weaknesses is that it applies only to MNEs with revenues above €750 million, leaving out a large number of smaller but still significant multinational firms. This exclusion limits its capacity to fully address the disparities in ETRs and reduce the scope of profit shifting. Additionally, the relatively low 15% rate, combined with legal carve-outs such as the SBIE, leaves considerable room for continued tax planning and distortions. These gaps raise questions about whether the GMT can achieve its ambitious goals in its current form.

Considering this evidence, it appears that the reform, as implemented in Spain through Law 7/2024 (Section 2.3), constitutes a significant and necessary step forward in enhancing fairness and protecting the domestic tax base. It represents an attempt to rebalance the playing field and uphold the principles of neutrality and economic capacity in taxation. However, given that the GMT is only now coming into effect in 2025, it is still too early to draw definitive

conclusions about its medium- and long-term impacts, which will require years of data and observation to assess accurately.

Given these findings, this paper argues that the reform should be maintained and monitored closely, but also adjusted and expanded to address its current limitations. One clear recommendation is to create a “large-mid cap” tax category. This would help cover firms that fall just below the €750 million threshold and are still capable of engaging in profit shifting, thus broadening the measure’s reach. Similarly, as highlighted in Section 2.2, smaller domestic firms bear a higher tax burden compared to MNEs. To address this inequity, it is recommended to improve SME access to deductions and credits. This would help ensure that SMEs are not unfairly disadvantaged in comparison to large multinational groups. Finally, harmonizing tax rules at the EU level would help reduce competitive distortions across member states and strengthen the overall coherence and fairness of the European tax framework.

It is important to emphasize that the GMT is only now being implemented in 2025, so it is still too early to draw final conclusions about its medium-term and long-term impacts. Several years of data and observation will be needed to assess whether the measure truly reduces profit shifting and achieves a more equitable distribution of the tax burden. In the meantime, it is essential to ensure careful monitoring of the tax’s implementation, especially in developing countries, which are likely to face the greatest challenges in enforcing the new rules. Facilitating this implementation and providing support to these jurisdictions will be key to making the reform truly effective. At the same time, it will be crucial to work toward broader political consensus to progressively strengthen the tax, addressing its current limitations to prevent it from remaining a half-measure with only modest economic impact in the medium term.

In conclusion, the 15% GMT represents a meaningful move towards reducing fiscal inequalities and restoring public confidence in the corporate tax system. Yet, as this paper has shown, its scope and design limitations require ongoing attention and refinement. Achieving a truly equitable and sustainable corporate tax regime will ultimately depend on sustained political commitment, continued international cooperation, and a willingness to adjust the framework as data and real-world impacts become clearer in the coming days.

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ANNEXES

ANNEX 1: INTERVIEW WITH JUAN ANTONIO GONZÁLEZ GRACIA:

Juan Antonio González Gracia is a Spanish politician with a distinguished career in local and regional politics in Extremadura. Born and raised in Puebla de la Calzada, he holds a degree in Political Science and Sociology from the University of Granada and has several master's degrees, including in Urban Planning and Land Management and Advanced Public Management.

His local political career began in 2003 as Deputy Mayor of Puebla de la Calzada, and in 2007 he was elected mayor, a position he held for eight years.

In 2015, he made the change to regional politics, being elected as a deputy in the Assembly of Extremadura, retaining his seat in 2019. In December 2021, he was appointed spokesperson for the Junta de Extremadura by President Guillermo Fernández Vara.

Juan Antonio González Gracia has played a prominent role in the economic field since his entry into the *Congreso de los Diputados* during the XV Legislature. As spokesperson for the Partido Socialista Obrero Español (PSOE) in *Comisión de Hacienda y Función Pública del grupo parlamentario socialista en el Congreso de los Diputados* since December 2023, González Gracia has led significant initiatives in taxation. His role as rapporteur for the Draft Law to establish a Complementary Tax ensuring a minimum global level of taxation for multinational groups and large national groups stands out.

In this context, we would like to hear his personal opinion about the overall assessment of this reform, both in terms of its positive aspects and possible limitations, as well as his views on some of the criticisms raised by economists and tax experts.

Here are the questions we asked him:

1. *In your personal opinion, what are the main economic benefits of this international tax reform, both globally and specifically for Spain?* First of all, we are dealing with the transposition of a European directive to ensure a global minimum of 15% in corporate tax, which would only affect companies with revenues exceeding €750 million. The aim is to harmonize this tax internationally to prevent the proliferation of tax havens. *And what, in your opinion, are its main drawbacks or limitations?* Precisely that some countries might not implement it and could become tax havens.
2. *Some experts argue that this reform has been designed mainly by and for developed countries, potentially resulting in a loss of fiscal sovereignty for developing economies. Do you share this view?* I believe that far from undermining fiscal sovereignty, this reform allows for supranational fiscal sovereignty. *Why do you think this criticism arises?* Because this reform seeks to prevent the proliferation of tax havens in countries

with low democratic standards, which is also linked to low levels of social and economic development.

3. *Do you think it is possible that, instead of curbing harmful tax competition, the reform might incentivize some countries to raise their corporate taxes above the 15% threshold, creating distortions in investment decisions and global capital flows?* This reform is based on an international agreement and is a historic global reform that precisely ensures that multinationals do not reallocate their headquarters to countries where they pay less tax. That commitment must be upheld by all signatories, so raising it above 15% should not happen.
4. *It has been noted that the revenue potential of this measure has been considerably reduced: from an initial estimate of 10% of global corporate tax revenues in 2023 to less than 5% in current projections. Do you share this perception? What do you think explains this reduction? Do you consider the revenue potential important or is it a secondary aspect?* The estimate for Spain is a revenue of around €1 billion. It is important to recall that the European Union was demanding tax reforms from Spain to improve its revenues, so this is good news because this tax reform will also allow the EU to release Next Generation funds to our country.
5. *There is criticism from some economists that this tax will cause companies to shift their real activities to another country based on criteria other than taxation, such as labor costs. Do you consider it a real possibility that this reform could push companies to reallocate their real activities to countries with lower labor or operational costs?* The process of relocation for lower labor costs, associated with less democratic countries that do not respect fundamental rights, is not just a fiscal problem but a problem of lack of democracy. Unfortunately, this has been happening in recent years. *If so, how could this affect the Spanish economy?* I repeat, the vast majority of the Spanish business fabric is not affected by this tax, so its impact is minimal.
6. *Do you think it is appropriate that the initiative only affects companies with annual revenues above €750 million?* It is a European directive, and that is the threshold established. *Do you think this threshold should be lowered to include companies with significant presence but lower revenue?* As I said earlier, this threshold stems from international consensus and must be respected.
7. *How do you assess the level of international coordination achieved so far?* Mainly, the EU has made great strides in this regard. Do you think the lack of implementation of the measure by certain countries (like the U.S.) might affect the effectiveness of the global minimum tax? When Spain approved the tax in December 2024, Trump was not in

power in the U.S. Everything has changed at lightning speed in the last six months. Currently, instead of providing certainty, the U.S. creates uncertainty.

8. *Do you think Spain is prepared to ensure the effective implementation of the 15% global minimum tax, or do you think it will be necessary to increase public spending, for example, by strengthening the technical and human resources of the Tax Agency?* The Spanish Tax Agency is one of the most advanced organizations we have in this country, so it is more than ready.
9. *How do you think large companies with a presence in Spain are reacting to the introduction of the 15% minimum tax?* Companies were aware that this would arrive sooner or later, so they were prepared for it. *Do you observe changes in their tax structures, investment decisions, or operational strategies, or do you think the Spanish business fabric is handling the transition smoothly?* They are handling it smoothly. The vast majority of the Spanish business fabric is not affected by this regulation.
10. *Do you think this tax reform is sufficient by itself to achieve its objectives, or should it be accompanied by other reforms or measures to further restrict opportunities for tax evasion?* Logically, this is a stepping stone that contributes to combating tax evasion, but of course, much debate lies ahead. I recommend Gabriel Zucman's ideas on fighting tax evasion; he has been one of the main advocates of the complementary minimum tax but also of a global wealth tax or a global registry of financial assets.

ANNEX 2: INTERVIEW WITH JORDI GALÍ:

Jordi Galí Garreta is a Catalan economist and leading figure in macroeconomic research, particularly in the fields of monetary and fiscal policy. He is currently a Senior Researcher at the Centre de Recerca en Economia Internacional (CREI) and a professor at Universitat Pompeu Fabra in Barcelona. After earning his PhD from the Massachusetts Institute of Technology in 1989 under the supervision of Olivier Blanchard, Galí taught at Columbia University and New York University before returning to Barcelona.

His work has explored how government policies, including taxation and public spending, interact with macroeconomic dynamics such as inflation, employment, and output. Some of his research highlights the potential trade-offs and complementarities between stabilizing inflation and promoting output growth.

Galí's exceptional academic contributions have been widely acknowledged, as he was even mentioned as a potential Nobel Prize in Economics laureate in 2009 for his pioneering work in macroeconomics.

In this annex, we present Galí's views on the implementation of the 15% GMT, exploring its potential effects on corporate behavior, international tax competition, and fiscal stability in Spain and beyond. Below, we summarise the most relevant points from our discussion.

1. *Do you think the 15% minimum corporate tax rate is a useful benchmark to tackle harmful tax competition?* It's certainly a pragmatic choice. While some would have preferred a higher minimum, 15% represents a political compromise that made it feasible to achieve broad international consensus. I believe it's an important starting point to curb the most aggressive forms of tax competition and profit shifting.
2. *What is your opinion on limiting the scope of this reform to firms with annual revenues above €750 million?* This threshold aims to target those large multinationals that are most capable of exploiting tax differentials through profit shifting. These firms also have the resources to manage complex tax planning. However, from a purely economic perspective, I think it's important to view this within the broader context of how capital income is taxed compared to labor income, to avoid distortions in the tax system.
3. *Do you believe the reform could reduce incentives for countries to act as tax havens?* It should, at least partially. By imposing a global minimum, it reduces the benefits of relocating purely for tax reasons. It's a step in the right direction, though I suspect some countries will find alternative ways to remain competitive, for example through subsidies or exemptions outside the scope of corporate taxation.

4. *Some argue that companies might shift real activities, not just profits, to jurisdictions with low labor costs. Do you see that as a risk?* Yes, there is a risk that firms might adjust their real activities to countries with lower operational costs if tax-based advantages are limited. But that's a more complex decision that also involves issues like workforce skills and infrastructure. In the long term, fiscal policy has to be aligned with broader economic and social objectives, not just tax competition.
5. *Do you think the 15% minimum rate could still leave room for significant tax avoidance?* Undoubtedly. There are carve-outs like the substance-based income exclusion that could allow some firms to maintain low effective tax rates by shifting real activity. While the GMT is a strong signal, it's not a complete solution to profit shifting or tax base erosion.
6. *Do you think one of the main arguments behind this reform is the potential increase in public revenues?* Yes, I believe so. In my view, the primary argument is to prevent the loss of tax revenues that should rightfully be collected in the countries where companies generate significant real economic activity. These artificially low effective tax rates contribute not only to profit shifting, but also to growing global inequality. So, while raising public revenue is essential, it also addresses the fundamental issue of fair taxation.
7. *Based on your experience studying macroeconomic policies, do you think that there are complementary or substitute measures to the GMT that could help address profit shifting and unfair taxing practices?* Yes, definitely. Beyond corporate taxes, I think it's important to consider the taxation of capital income at the individual level. This is something that economists like Gabriel Zucman and Emmanuel Saez highlight in their book "The Triumph of Injustice." They argue that aligning the taxation of capital and labor income, while allowing deductions for corporate taxes already paid, could reduce the incentives for profit shifting and create a more balanced tax system overall. I find this an interesting idea because it acknowledges that the root of the problem often lies in how individuals benefit from these lower corporate tax rates, not just in the corporate structures themselves.
8. *Some critics argue that politically, it is very difficult to translate these OECD-level agreements into national policies. Do you think the GMT can still be effective if only the EU and a few other countries implement it?* It's a valid concern. These measures require broad international consensus to function optimally because tax avoidance strategies are inherently cross-border. While partial adoption by the EU and a few other countries can still have some impact, ultimately, a truly global approach would be needed to fully

neutralize the incentives for profit shifting. It's also a reminder that political realities often shape the limits of what can be implemented at any given time.

9. *From your perspective, what is the main positive aspect of this international agreement?* For me, the most positive aspect is that it represents an unprecedented level of international cooperation. Even if it's not perfect, it's an important first step in addressing a longstanding problem that no country can solve alone.
10. *Do you think the EU should push for greater harmonization beyond the GMT?* Harmonizing corporate tax rules in the EU would definitely help reduce the distortions caused by differences in national regimes. The GMT is a starting point, but I think there's still a lot of room for improving coordination and aligning rules to foster fairer and more efficient competition across the single market.