Preface

International tax competition (tax competition) is one of the critical issues concerning international tax policy. The relevance of tax competition derives from its potential effects, especially in the context of the global fiscal interdependence of states. These effects of tax competition can be potentially harmful, as well as beneficial to states. The Organisation for Economic Co-operation and Development (OECD), as supported by the European Union (EU), continues to work on tax competition regarding corporate (business) income taxation. These institutions lead the international approach of merely curbing tax competition through counteracting, discouraging or prohibiting what they refer to as “harmful” tax competition. This book submits that in an asymmetrical global context where states are not equally situated, the approach to tax competition ought to be regulatory rather than merely curbing or prohibitory. Therefore, a regulatory approach to tax competition is proposed, in preference to the prohibitory approach of the OECD and EU. The proposal of the book adopts the wide meaning of regulation as distinct from its narrow meaning. In other words, the book proposes the regulation of tax competition to encourage “co-operation in tax competition” as opposed to merely curbing tax competition. This alternative regulatory approach denotes the regulation of tax competition by the OECD via a regulatory framework such as its model double tax treaty (DTT). The regulation of tax competition can be incorporated into DTTs, through the OECD model DTT, in a manner that is neither necessarily restrictive to nor prohibitory of tax competition. Normatively, this book is grounded in the concept of fiscal sovereignty viewed from the perspectives of right and duty.

21 April 2021
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