

Article

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Attaining decent work and economic growth — what role does taxation play?*

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Abstract: Tax policy is one way to promote sustainability, and this paper focuses on the role of taxation for SDG 8 on economic growth and decent work. Three basic values for sustainability are identified—equity and equality, environmental protection, and coherence. All these values are important for SDG 8, but they are not easily or naturally combined as there are intermittent tensions among the various values. Equal treatment is important for both efficiency and legitimacy. However, globalization calling for equal treatment across borders may be hard to implement as it requires international agreements. This, in turn, may violate the required local coherence if taxes are more aligned with other countries than with the local context. Environmental taxation will likely play an increasing role in steering economies in a more sustainable way. A crucial issue and a possible challenge is to do that in a way that does not hamper growth.

Keywords: Sustainability, Taxation, International Tax Law, Fairness, Equity, Equality, SDG 8, Decent work, Economic growth

1 Introduction

There has been a lot of focus on the UN's sustainable development goals (SDG) in recent years. There are 17 major SDGs with a total of 169 underlying targets. Rendahl and Nordblom (2020) took a broad look and analyzed the overall role for taxation to attain a more sustainable development. In doing so, they identified three basic values: (1) equity and equality, (2) environmental protection and (3) coherence. These three basic values were found to underlie most of the 17 SDGs in one way or another.

In the current paper, we concentrate on and dig deeper into SDG 8: *Decent Work and Economic Growth* and what role taxation may play to achieve it. The intention is thus to analyze SDG 8 in the light of the abovementioned basic values and try to understand what “decent work” really implies in terms of sustainable policies on taxation and social security for example. How do we design policies to promote productive employment that from both an economic and a legal perspective is sustainable in an increasingly global world?

A basic assumption is that taxation is integrally linked to development of the values expressed in SDG8. This means that taxation affects and sets a legal framework for how the values may be attained and understood. Tax revenues are needed for providing the type of infrastructure and services that characterize decency on the labor market. The type of tax policies chosen can incentivize (or disincentivize) investment and economic growth and also address questions of (in)equality and fairness. Taxes must be designed not only to support economic development but also to reduce inequality in the drive for inclusive growth. Promotion of economic growth and the effort to secure decent work for all do not necessarily go hand in hand, but inclusive, sustainable growth requires that the economic gains be distributed fairly and benefit the least well off. Here, taxes may play a significant role, both for redistribution and for facilitating economic growth. Although there might be a tension between policies that promote growth and others that promote equality, these two aspects

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are interlinked. Too much inequality will not sustain inclusive growth and poor economic growth will not provide the resources needed to generate prosperity and required tax revenues for a sustainable financing of public assets and infrastructure that in turn enhance growth. There is thus a strong coherence between the “poles” expressed in SGD 8.

Taxation is often regarded as a national concern, where the state has the power to decide how to tax its nationals and revenue deriving from activities carried out within that state.¹ As cross-border activities have increased and become easier to implement in different business models due to increased digital possibilities, relations between independent states on how to share the tax revenues have been discussed both practically and theoretically. From the practical perspective, the Base Erosion Profit Shifting (BEPS) project, initiated by the G20, is an example of an attempt to coordinate international tax policies between independent states. Theories on such a social contract between independent states have been formulated. Allison Christians has, for example, discussed this based on the work carried out within the OECD, claiming that actors such as the OECD are gradually redefining the connection of taxation to sovereignty.² She claims that states have a sovereign duty to other states under an implied social contract. Her study is based upon the OECD framework on harmful tax competition, but the theoretical basis of understanding the perspective of a social contract where the boundaries and authorities of the nation-state is challenged by global integration and interdependence as a social, institutional, and economic reality.³ The content of a social contract may, however, be analyzed and criticized depending on how it is formed, understood, and implemented. In this article, we discuss whether the social contract upholds the basic values of the SDGs as described below in Section 2.

Taxes should thus be fair, reduce inequality, and sustain economic growth. Arguably, taxation may affect the labor market as well as economic growth and there have already been tons of volumes written on these economic matters. In this paper we will instead take a sustainability angle and make the analysis from both a legal and an economic point of view when we consider

the role of taxation for SDG8. The analysis is based on the four core principles that Rendahl and Nordblom (2020) identified as essential for tax policy to promote sustainability: redistributive taxation, environmental taxation, international legal cooperation, and efficient, legitimate nondiscriminatory tax law.

Analyzing the potential role for tax policy for achieving SDG 8, cannot be done in isolation. Ever since the Brundtland Commission in 1987 people have talked about sustainability in three dimensions: economic, environmental, and social. Obviously, the economic dimension encompasses economic growth. However, the three dimensions are intertwined, so also the environmental and the social dimensions are important to the understanding of SDG8 and to the sustainability of economic growth. Therefore, we also need to consider other SDGs in order to gain true sustainability in all dimensions. For example, increasing economic growth at the expense of the climate (i.e., not considering SDG 13: Take urgent action to combat climate change and its impacts) cannot be sustainable. Hence, the environmental dimension must not be forgotten.

Likewise, increasing economic growth has to be done in the light of SDG 1 (End poverty in all its forms everywhere). Without the consideration of distributional effects and the *ensurande* that increased prosperity also reduces poverty, the social dimension of sustainability would be forgotten. Hence, when considering SDG 8 and its various targets, we need to keep the other two dimensions also in mind making sure that overall sustainability is promoted. The OECD uses the term *inclusive growth* to label “economic growth that is distributed fairly across society and creates opportunities for all.” Hence, what counts is not GDP growth as such—wellbeing of the population is also important. Reaping the benefits of economic growth must be accomplished so that everyone benefits from it. Therefore, fairness and equality are two important components that we will discuss in more detail in this paper.

In light of the various targets of SDG 8, naturally many parts of local, national, and international entities play a role, and many different policies are important for attaining sustainable development. While we almost exclusively focus on the potential role of taxation, we keep in mind that taxes are but one policy tool among many. The effects of taxation may be influenced by other measures taken and for certain targets, other policies are preferred to tax policy. The current economic situation, with high inflation, energy crises, and instability caused by war in Ukraine initiated in 2022, make it even more important to secure economic growth, but not at any

¹ This is often referred to as the residence and source principle, allocating the tax rights between independent states.

² See Christians 2008, p. 4.

³ Ibid p. 5.

cost. Hence, we discuss SDG 8 under the awareness of both the short- and the long-term perspective.

The rest of the paper is organized as follows. Section 2 gives a brief overview of SDG 8 and the links to our basic values of sustainability and the core principles of taxation. In Section 3, we discuss international tax policies on the OECD level, their connection to fairness and how these policies relate to the core principles. In the end of Section 3 we analyze how the EU implements the OECD policies in terms of fairness and how the policies relate to the core principles. Section 4 discusses examples at the Swedish national level, and Section 5 summarizes and concludes.

2 Basic values and SDG 8

SDG 8 reads “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.” This goal is broad and covers many aspects. Not only should we promote economic growth, but the growth should be “sustained, inclusive and sustainable.” Moreover, the aim is that everyone should work under decent circumstances.

The crude definition of economic growth is an increase in GDP or GDP per capita. To incorporate sustainability in the growth concept, OECD has defined *inclusive growth* as “economic growth that is distributed fairly across society and creates opportunities for all.” Hence, it is not sufficient that the economy grows, but the growth must benefit all, including the least well off in society. These are crucial issues for the role of taxation in promoting inclusive growth.

Hence, growth should not be promoted for its own sake but should be used as a means by which people could be lifted out of poverty (in accordance with SDG 1). Growth creates resources that could be redistributed increasing the possibility to ensure education (in accordance with SDG 4) and gender equality (in accordance with SDG 5). To accomplish this, tax policy could play an important role. The inclusive growth as defined by the OECD then also needs to adhere to decent work conditions so as not to cause more inequalities or long-term negative effects, either for individuals, or for society at large.

Moreover, not only is pure GDP per capita of concern, even if distributed fairly. The production causing the growth must also be reached in a sustainable way (in accordance with SDG 12). The terms for production are heavily affected by the possibility to

use energy, preferably sustainable and clean energy (in accordance with SDG 7). The energy crisis starting in 2022 could make this a challenging task and short-term solutions that are not particularly sustainable may be tempting. Tax policy could be used as one means of several to steer production in a long-run sustainable direction.

According to SDG 8, one aim is to reduce unemployment, an area where there is also a natural role for tax policy. By altering taxes, one could reduce or increase tax wedges and affect both supply and demand of labor. However, tax policy is just one tool that could be used for this purpose. The World Bank, among others, warns about a global recession in 2023,⁴ and tax cuts that could prevent increased unemployment would probably increase the already high inflation rates further, so a general expansionary fiscal policy may not be timely in such situations. However, certain groups are more vulnerable than others on the labor market and there could still be room for targeted tax policies to promote employment also at this specific time. Moreover, if not taking working conditions and the other basic values of the SDGs into account, crude unemployment figures give little information of the sustainability of the labor market in a given economy. This implies that the basic value of local coherence is important also for understanding SDG 8 and the potential policy tools available to reach this goal. This will be further discussed below in section 2.2.3.

SDG8 comprises several targets, some of which are highly relevant in the analysis of the role of taxation and some we will not discuss at all, as taxation may not be an effective policy tool for reaching them. Below we list and shortly discuss the targets we find most relevant from a tax perspective.

2.1 TARGETS

The following five targets under SDG 8 are the ones we consider to be directly relevant for tax policy. That is, tax policy could have a direct effect on the specific target. We list them and give a brief explanation of why the specific target is perceived as directly relevant. Also, some of the other targets under SDG 8 could be relevant, but we consider the links between these five and tax policy to be the clearest. In Sections 2.2 and 2.3 we will connect some of them to the basic values and core principles identified by Rendahl and Nordblom (2020)

⁴ Guénette *et al.* (2022).

and in Section 4 we will address some of the issues with more specific and detailed examples.

- 8.1** Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.

Economic growth is a fundamental prerequisite for sustainable development. We will not be able to attain decent work for all and a more equal society unless there is growth so that we have resources to redistribute. In terms of taxation this requires that the tax system be as efficient as possible in raising revenue. The chosen taxes and tax bases should thus cause as little efficiency losses as possible. There could be an efficiency-equity trade-off as redistributive taxes often cause distortions that hamper growth. This creates a challenge for taxation, not least in the poorest countries that may have inefficient institutions for tax administration.

- 8.2** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors

Tax rules that promote innovation could be one important part in achieving this goal. It has been debated how taxes could be used to enhance productivity without having adverse effects. There is always a risk that unequal tax treatment causes inefficient substitution of production factors and that adverse tax incentives may hamper productive innovations. There is also a risk that growth would be hampered if the tax rules meant to encourage technological innovation become too detailed. If too detailed and based on known technologies, tax policy risks strengthening the use of present technology rather than promoting innovation.

An issue related to 8.2 is how we should regard and treat the development of AI—it creates new kinds of productivity and could make the human work force either redundant or more productive. Moreover, current tax law is not designed for these kinds of activities, which implies a challenge for policy makers. We discuss the challenge of digitalization and taxation in Sections 3 and 4, but since these policies do not specifically cover AI, but digitalization, we therefore do not further discuss AI in particular.

- 8.3** Promote development-oriented policies that support productive activities, decent job creation,

entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small-, and medium-sized enterprises, including through access to financial services

Perhaps this target is the most central from a taxation point of view. With suitable tax policies entrepreneurship could be facilitated, while harmful taxation could instead hamper it. Equal treatment is important for the efficiency and legitimacy of taxation. However, globalization implies that the related tax issues are more complex than one may think at first sight. A lot of job creation is taking place in SMEs that are local in most aspects. A taxation scheme that is suitable for them is not necessarily compatible with MNEs that operate all over the globe. This is an important aspect, from both an efficiency and a legitimacy point of view. How do we ensure neutrality and fairness between different enterprises that are active in the same market, whether it is local or global? That is a real challenge for tax policy in a global world where a large part of the growth is created at the local level but where tax policy also has to take global fairness into account.

- 8.4** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead

As previously pointed out, SDG 8 and economic activities cannot be viewed in isolation. Economic growth must be achieved jointly with other goals. Environmental and economic equity are both important and environmental taxation may play a significant role also in achieving this target. A high growth rate that is not accompanied by lifting the poorest people out of poverty and by reducing the pressure on the environment would not be sustainable. Hence, when designing growth-friendly tax policies one must also consider the effects it may have on climate change and the environment so as to promote consumption and production that are sustainable in the long run. Decoupling is and will be an important ingredient, and the use of targeted taxes, such as carbon taxes or various consumption taxes, could be useful strategies to facilitate decoupling. Some inherent aspects of current legislation such as the idea that all other taxes but value-added tax should be included in

the tax base for the calculation of value-added tax in the EU, may contradict or contribute to such a decoupling.

- 8.6** By 2020, substantially reduce the proportion of youth not in employment, education, or training. From the point of view of legitimacy, equal tax treatment is important. However, in some countries there have been targeted policies aimed at promoting youth employment. One example is the Swedish reductions in the payroll tax that has occurred in different shapes over the years. 2007 a general reduction for people younger than 26 was introduced. According to Saez *et al.* (2019), this policy increased youth employment by two to three percentage points. In order to ease the consequences after the pandemic, a temporary tax cut for employees aged 19–23 was implemented in 2021. Such policies may reduce youth unemployment but may instead create inefficient unequal tax treatment of employees of different ages. Their legitimacy may therefore be questioned, and perhaps policy measures other than taxation would be superior in encouraging youth employment and education.

2.2 Basic values

Rendahl and Nordblom (2020) identified three basic values underlying most of the 17 SDGs, namely, (1) equity and equality, (2) environmental protection and (3) coherence. These values are especially relevant for SDG 8 and its targets. Below we give a brief overview of each of the basic values. See Rendahl and Nordblom (2020) for a more exhaustive description.

2.2.1 Equity and equality

Economic equity is a matter of outcomes and is often the result of redistribution. While there tends to be a trade-off between equity and growth when the former is the result of (distortive) taxes, an equal distribution of resources generally fosters economic growth (see, for example Berg *et al.*, 2018). Legal equality implies having a fair playing field for firms and individuals, which also facilitates economic growth. Theoretically, economic equity and legal equality have different purposes and there may even be tensions between the two. How do we, for example, deal with taxation of various kinds of income and taxation of different entities? Whether we have

economic equity or legal equality as our main objective may be crucial to the resulting tax policy. We want taxes to distort economic behavior as little as possible. However, as different enterprises may be sensitive to taxation to various degrees, the least distortive policy may not be desirable from an equity point of view.⁵ Firms operating on the global market would face equality if treated in the same way no matter where they operate. They compete with firms having their base in other countries and may experience asymmetric competition. This is one reason for the OECD's Pillar One and Pillar Two, further discussed in Section 3. However, equalizing tax rules for multinationals across countries could instead make tax treatments of different domestic firms unequal, causing other distortions.

The equity concept is based on utilitarian considerations (see, for example, Bentham, 1789; Mill, 1863), i.e., equal outcomes in some respect, if individual circumstances are taken into consideration. Equality is associated rather with democracy and social justice and equal treatment, such as the fundamental or natural equality of all persons (Rousseau, 1762).

Both equity and equality are important when we discuss the concept of fairness: is it equity (in terms of outcome) or equality (in terms of treatment) that captures what we consider to be fair? In many cases both are important, something that makes the concept of fairness a complicated one, not least in terms of taxation. Equity requires that people be taxed differently depending on their circumstances; for example, progressive income taxation is a natural way to promote vertical fairness. On the other hand, equality requires that the rules be the same for everyone and do not depend on their circumstances. Those issues become even more complicated when we consider a globalized world. This is a basic value of high relevance especially for targets 8.1, 8.2, and 8.3.

2.2.2 Environmental protection

To achieve sustainable growth, environmental protection needs to be accounted for, and perhaps it should even be seen as a prerequisite. Rendahl and Nordblom (2020) mention three crucial factors for environmental protection: technological development, preservation, and human life. Technical development will thus be a means

⁵ Cf. the classical Ramsey (1927) rule, where necessities should be taxed at higher rates than luxury goods.

of utmost importance when we want to foster economic growth in a climate friendly and sustainable way. We cannot use natural resources to the same extent as previously, and we cannot emit as many greenhouse gases as previously if economic growth is going to be sustainable. Decoupling is a necessity, in other words, the economy must be able to grow without harming the climate or the environment. Tax policy is one option to steer production in the right direction. Andersson (2019), Best *et al.* (2020), and Martinsson *et al.* (2022) are three recent papers that find a causal effect of carbon taxes on reduced emissions. One may fear that this would come at the expense of GDP growth. However, Metcalfe and Stock (2020) find that this is not true. When studying European carbon taxes, they find an insignificant or even a positive effect on GDP growth and employment.⁶ Hence, using so-called Pigouvian taxes to steer production and consumption in a sustainable direction may be a powerful tool without adverse effects on GDP growth. If we also include well-being and take into consideration that human life is to be protected (and not threatened by toxic emissions or severe climate change), such measures will become crucial in the near future. Economic theory generally favors environmental taxes over command-and-control policies as taxes should encourage the most cost-effective way to reduce environmental damage. Moreover, it encourages technological development for further reductions in emissions, which is at the core of target 8.4 but is also highly related to 8.2.

The third main aspect of environmental protection is human life. We do not interpret that as just surviving. Having productive employment and decent work are important factors. In order to achieve inclusive growth, we thus need to put environmental protection at the top of the agenda, and we need to make use of technological development and to foster decent work to achieve it, questions that are explicit in target 8.4.

2.2.3 Coherence

It is crucial that both the legal and the economic structures are coherent for growth to be sustainable. Although this study focuses on SDG 8, all SDGs must be considered if we aim for sustainability. And although the world is becoming increasingly globalized, the focus must be on local coherence. Different policy levels must work

in parallel and must be coherent with local circumstances. Reaching coherence can improve economic growth, which is closely linked to the understanding of the rationale behind competition rules in creating a level playing field.

Coherence can also be discussed from a policy and regulatory perspective: how to reach further international agreement on goals such as SDG 16 (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels). For legitimacy and efficiency reasons it is crucial that policies and rules facing individuals and firms are coherent and not too divergent.

A key issue in the discussion of sustainable tax policies is who has the right to impose and collect a tax. Traditionally, that right is reserved to independent states even if they can choose to cooperate and harmonize their legislation as partly done within the EU. One such example is the harmonized EU VAT and the increased harmonization also in the area of corporate tax, such as the directives on aggressive tax planning and tackling corporate tax avoidance. Especially within discussions of policies for inclusive growth this is a crucial question. While local coherence and legitimacy call for tax decisions as close as possible to the taxpayers, environmental protection could call for international solutions and consequences for legal equality as well as for economic equity. This is at the core of the discussions about OECD's Pillar One and Pillar Two concerning the harmonized taxation of large multinational enterprises. There is a clear tension between the local coherence, in which taxation should be accommodated to local conditions in order to be perceived as fair and legitimate at the national level, and the global coherence in which firms operating in the same market should be treated equally irrespective of where their headquarter is located.

2.3 Core principles

When focusing on the role of taxation, Rendahl and Nordblom (2020) also identified four core tax principles that generally seem to promote sustainability as defined in the SDGs:

- Redistributive taxation
- Environmental taxation
- International legal cooperation
- Efficient, legitimate nondiscriminatory tax law.

As mentioned above, economic equity could foster economic growth, while redistribution itself may hamper

⁶ See also Köppl and Schratzenstaller, 2022 for an extensive review of the literature.

growth. However, SDG 8 calls for inclusive growth, i.e., growth that benefits everyone in the economy, also (or especially) those at the lower end of the income distribution. Redistributive taxation may therefore play a significant role in achieving inclusive economic growth. However, it is well known that income taxation is especially distortive and may hamper growth so that a challenge is often a growth-inequality trade-off. Wöhlbier *et al.* (2014) discuss “growth-friendly” taxes in an EU context. They want EU member states to shift away from distortionary labor taxation to more consumption and environmental taxation. Also, Arnold *et al.* (2011), who studied 21 OECD countries over 34 years concluded that countries ought to move their tax bases toward consumption and away from income, especially from the income of low-income earners. Reducing the tax wedges of low-skilled workers is an important measure to reduce unemployment and increase overall employment. Zidar (2019), for example, who studied tax changes in the US over a long period, found that tax-cuts for low-income groups were the most effective in generating employment growth. Many OECD countries have adopted EITCs (earned income tax credits) that are primarily targeted towards low- and middle-income earners. Such a policy is, if wisely designed, both redistributive and growth enhancing.

In order to meet the basic value of Environmental Protection, environmental taxation will play an increasing role when politicians revise tax systems in the near future. In order to steer production and consumption toward a higher degree of sustainability, environmental taxation is a powerful tool. Making use of carbon taxation, for example, instead of emission standards encourages innovations in line with targets 8.2 and 8.4 (and 12.c) to reduce emissions in a way that is as cost-effective as possible. CO₂ taxation has been shown to be effective in reducing emissions, and it brings some revenue to the countries that use such taxation.⁷

This kind of taxation could also be considered fair, based on the polluter-pays principle. As for public opinion, in Swedish surveys, respondents have been more positive towards CO₂ taxes than toward income taxes, for example.⁸ However, there are also voices claiming such taxes to be unfair for distributional, trust, or other reasons (see, for example, Povitkina *et al.* 2021. And the tax bases are therefore unsustainable. In line with the

Paris Agreement, the EU aims to have zero net emissions by 2050, implying that the tax revenue from such taxes will eventually disappear. Hence, environmental taxes will likely play a significant role in the short run to promote economic growth that is environmentally sustainable. However, such taxes should primarily be used to promote environmental and climate values, not to bring in large tax revenue. Hence, they may primarily be relevant to SDG 8 in terms of encouraging growth through environmental and climate friendly innovation, not for fiscal significance.

Above we mentioned coherence as one basic value of the SDGs. International legal cooperation plays a role in this, and the more globalized the world becomes, the more important international legal cooperation will be, not least when it comes to environmental taxation and growth-friendly taxation of mobile tax bases, such as financial capital. Due to globalization and digitalization, we have experienced a rapidly increased mobility of financial capital, which has increased the distortions associated with capital taxation, not least in terms of tax evasion and avoidance. Consequently, international cooperation has been initiated and developed. Information exchange and the collaboration within the realm of the Base Erosion Profit Shifting (BEPS) project have improved coherence and reduced the opportunities of international tax evasion and avoidance. International legal cooperation thus makes taxation more coherent in one important dimension. However, it may come at the cost of reduced local coherence. Each country loses a bit in terms of sovereignty and discretion of their own taxation. A current example of this trade-off is the OECD’s Inclusive Framework with its Pillar One and Pillar Two, which we discuss in Section 3. True sustainability requires that unsustainable activities cease to exist, not that they just move to another country or continent. Therefore, international legal cooperation is a necessity for enabling sustainability. For efficiency reasons, broad tax bases and low tax rates are superior to narrow bases and high rates for the same tax revenue. Improved transparency enabled by international cooperation has proved to increase tax revenue in several countries (Bathia, 2019), which means that other (distortive) taxes are less needed to finance the public sector. Hence, the more globalized the world becomes, the more important international cooperation will be for enabling sustainable growth.

Lastly, the concept of legitimacy is highly related to the idea of equity and equality. For a tax system to function effectively, it must be legitimate, and a vital component is that it is perceived as fair. Section 3 below

⁷ See, for example, Andersson 2019, and Best *et al.* 2020.

⁸ See, for example, Hammar *et al.* 2008, and Waldenström *et al.*, 2018.

problematizes and discusses explicit examples related to fairness. Another important aspect of legitimacy is tax compliance, and the relation goes both ways. Voluntary compliance increases in a tax system that is perceived as fair and legitimate (see Batrancea *et al.*, 2020). And if compliance is high and citizens perceive that others pay their fair share, taxation is likely to be perceived as legitimate. Taxation that is perceived as fair and that firms and individuals therefore do not try to avoid or evade is also more effective in promoting growth. Neutral taxation and a level playing field promote productive activities instead of activities aimed at reducing tax payments. The more taxes distort behavior, the more inefficient they are. If taxes are neutral and have a simple structure, they both create less distortion and promote transparency and legitimacy. That taxation is legitimate so that it is not evaded or avoided promotes inclusive growth in that it creates better conditions for redistributing resources in the economy.

3 Fairness, equality, and equity

As discussed above, the underlying basic values of the SDGs are equality/equity, environmental protection, and coherence. These values can be connected to the ongoing policy work both at the OECD and EU level as they partially underly the argument of fairness, which is used in several policy documents and as an argument for introducing substantial changes in international and EU tax law. One such example is the changes suggested for taxing the digital economy within the Base Erosion Profit Shifting (BEPS) project, initiated by the G20 in June 2012.⁹ The BEPS project covers 15 different sub-projects referred to as Actions.¹⁰ Action 1 concerns the challenges arising from digitalization and is the most interesting for our analysis, although also other Actions are important for reaching SDG 8. In the first reports on the BEPS project and Action 1, from 2013, the concept of fairness is used to describe the tax environment and compliance is pointed out as a necessity for reaching a fair tax environment. Fairness in this sense is thus an objective for the whole tax system. In other policy documents within the same project, fairness is used as an

argument for changing the principles for taxing digital business models. This is carried out within the work on Action 1 and how the tax systems can meet the challenges posed by digitalization as part of the BEPS project. The basis for this argument can be found in the agreement from the G20 in establishing the BEPS project in St Petersburg on September 5–6, 2013:

“In a context of severe fiscal consolidation and social hardship, in many countries ensuring that all taxpayers pay their fair share of taxes is more than ever a priority. Tax avoidance, harmful practices, and aggressive tax planning have to be tackled. The growth of the digital economy also poses challenges for international taxation. We fully endorse the ambitious and comprehensive Action Plan—originated in the OECD—aimed at addressing base erosion and profit shifting with mechanism to enrich the Plan as appropriate. We welcome the establishment of the G20/OECD BEPS project, and we encourage all interested countries to participate. Profits should be taxed where economic activities deriving the profits are performed and where value is created”¹¹

The quote refers to fairness in the sense of ensuring that all taxpayers pay their fair share of taxes. Hence, to reach fairness in this sense and to strive for equity and equality as a basic value of the SDGs, an important objective is that tax policies are constructed to ensure that taxpayers pay what is their fair share. This can also be linked to the core principles presented above, in particular that taxes need to be nondiscriminatory and efficient. We discuss the meaning of “fair share” more in depth below.

The development of the policy work on Action 1 and the taxation of the digital economy have been discussed since 2013 in the Inclusive Framework, consisting not only of the OECD Member States, but also other states: in total, more than 140 countries and jurisdictions.¹² The policy work within the Inclusive Framework and Action 1 of the BEPS project has led to suggestions of changes in the international tax law. Principles for sharing the tax base between resident and source states are adapted by using the concept of market jurisdictions leading to taxation in the jurisdictions where value is created as originally described in the suggestions for

⁹ OECD 2013, Addressing Base Erosion and Profit Shifting, p 14.

¹⁰ For more information about the BEPS project and the 15 Action plans, see [https://www.oecd.org/tax/beps/beps-actions/\(2022-02-08\)](https://www.oecd.org/tax/beps/beps-actions/(2022-02-08)).

¹¹ Agreement from the G20 in establishing the BEPS project in St Petersburg on September 5–6, 2013.

¹² See OECD, Members of the OECD/G20 Inclusive Framework on BEPS <https://www.oecd.org/tax/beps/inclusive-framework-on-beps-composition.pdf> (2022-02-08).

Pillar One and Pillar Two.¹³ Hence, fairness in this sense is used as an argument for creating a shift in which income is taxed, benefiting jurisdictions with a strong base for consumption and with access to technology for participation in the digital economy. One key aspect of the fairness of this shift is whether the agreement and the process leading to it are considered legitimate.

Work within the OECD is an example of following the core principle of international cooperation, leading to increased coherence, which is one of the basic values underlying the SDGs. However, as Rendahl has discussed in previous research, there is also an increased risk for parallel legal developments since policies need to be implemented in tax legislation in all the jurisdictions affected, and they need to be interpreted and applied in all these jurisdictions in a similar manner to avoid differences creating causes for double taxation and double non-taxation (Rendahl 2019, 376–377, Rendahl, 2015, 84). This problem occurs both for direct and indirect taxes and emphasizes the need for understanding coherence not only at the global level but also at the local level. Tax law is increasingly discussed and agreed upon within different forms of regional or international cooperation (one of the core principles discussed in Section 2).

On July 1, 2021, the OECD published a statement on a Two-Pillar Solution to meet the challenges arising from digitalization of the economy. These challenges can be described as how the national tax systems try to cope with the globalized economy, in which assets easily cross borders and national control to avoid abuse of law and aggressive tax planning are challenged by both individuals' and corporations' behavior and by the inherent differences between states and their tax systems. In this statement the Inclusive Framework (134 countries at the time) agreed upon how to adapt the international taxation of the digital economy.¹⁴ In short, Pillar One concerns allocating taxable income to the market jurisdiction based on the notion that value is created in that market. The OECD summarizes the aim of Pillar One as being "... to ensure a fairer distribution of profits and taxing rights among countries with respect to the largest MNEs, which are the winners of globalization."¹⁵ Pillar Two introduces a global minimum corporate tax which can be used by countries to protect their tax

bases. It thereby aims to set multilateral limits for tax competition.¹⁶

The main references to fairness in the two blueprints underlying the statement on accepting a Two-Pillar approach concern arguments related to companies paying their fair share and doing so in the right place.¹⁷ This also includes fair and reasonable apportionment between jurisdictions where business has physical operations and where customers are located for cloud computing service providers, benefiting from information collected about their customers.¹⁸ For the accounting of dividend income and gains or losses and their exemption from the taxable amount, as introduced in Pillar One, the fair value method should be used; the same method is used in Pillar Two for holding companies or other investment entities in MNE groups.¹⁹ The fair value method is suggested for several other issues described in greater detail in Pillar Two, but not discussed further in this article.²⁰

SDG 8 and its underlying targets focus on ensuring inclusive and sustainable economic growth and decent work for all. Taxation needs to meet these values, which may be a challenge especially in the digital economy. The digital economy is an integral part of the economy at large, and creating tax policies causing differences between digital and traditional business models may create inequalities, especially since the transformation of traditional business models also includes digitalization. The changes in the international taxation of digital business models affect the means for jurisdictions to ensure taxation at the right place. Hence, the right place for taxation may differ depending on whether the jurisdiction is a developing country or not and whether it has a large group of consumers using digital media for consumption. Thus, how information is collected and from which jurisdiction information about users of digital media is gathered may affect taxation. Based on the current work within the Inclusive Framework, decisions have been made as to the fair place of taxation, introducing the market jurisdiction as a new

¹³ For a discussion of the principle of taxing income where value is created see Haslehne and Lamensch (2021).

¹⁴ See OECD/G20 2021.

¹⁵ See OECD/G20 (2021, p. 3).

¹⁶ See OECD/G20 2021, p. 3.

¹⁷ OECD 2020, Blueprint Pillar One, p. 7 and Blueprint Pillar Two, p. 10.

¹⁸ Blueprint Pillar One, p. 91.

¹⁹ Blueprint Pillar One, p. 104 and Blueprint Pillar Two, p. 29.

²⁰ See Blueprint two, p. 33, Blueprint Pillar Two, p. 52, Blueprint Pillar Two, p. 55, Blueprint Pillar Two, p. 60–61, Blueprint Pillar Two, p. 61, Blueprint Pillar Two, p. 73, Blueprint Pillar Two, p. 75, and Blueprint Pillar Two, p. 76, 98, 104.

player between the traditional source and resident-based principles for allocating the right to tax income.

As a result of Pillar Two, the EU suggested a new directive, introducing a minimum tax rate for larger multinational companies of 15 per cent.²¹ ²² The main points of the directive follow the OECD-suggested Two-Pillar reform. It is also based on accounting measures referring to using a fair value and the fair market value. One rationale, from an EU perspective, for introducing a directive is to ensure that the Member States do not implement individual solutions to comply with Pillar Two of the OECD suggestion to introduce a global minimum tax. Such disparities could, according to the Commission, lead to a distortion of fair competition in the internal market.²³ References are made to the OECD work that aims to ensure that multinational companies pay their fair share of tax wherever they operate, and the Council has concluded its support for the BEPS project in this sense.²⁴ The Commission emphasizes the importance of introducing similar measures in the trading partners of the Union, since there otherwise is a risk of distorting both the effectiveness and fairness of the global minimum tax reform.²⁵

At the EU level, the policies on the taxation of the digital economy need not only to meet the challenges described above of the globalization of the economy but also adhere to the objective of ensuring the EU single market. This is a core value of the integration of the Member States' policies in several legal areas. Hence, at an international level such as the OECD, tax sovereignty has a somewhat different logic compared with states being part of a regional union such as the EU, where they also have agreed upon meeting the borderless integration of principles such as free movement. It affects the understanding of SDG 8 since the EU market then also covers working conditions for individual workers as well as regulation on competition, the free movement of individuals, capital, goods, and services as well as the right to establishment. Taxation is harmonized at various levels where customs is the most harmonized area, followed by the EU VAT whereas the harmonization of income taxes only covers certain aspects even if a

consolidated corporate tax base within the EU has been discussed and suggested.

The EU has been active in the BEPS discussions within the OECD but has also in parallel developed its own policies trying to ensure fairness on the internal market. The EU has decided upon a Tax Action Plan that sets out 25 initiatives that will be implemented between 2021 and 2024 to make taxation fairer, simpler, and more adapted to modern technologies.²⁶ The initiatives include measures to reduce tax obstacles and unnecessary administrative burdens for businesses in the Single Market. Hence, their goal is simplification. The aim is to improve the business environment, enhance business competitiveness, and contribute to economic growth. Other initiatives include measures to help Member States to enforce existing tax rules and improve tax compliance, as well as helping them to ensure and secure reliable tax revenues. It also includes assisting the tax authorities at the Member State level to exploit and share data more efficiently to improve the enforcement of tax rules and to combat tax fraud and evasion. Another measure includes increasing taxpayers' awareness of their rights under EU law and simplifying their obligations and facilitating their compliance. The actions are described from the taxpayers' perspective with the argument that they serve the dual objective of fighting tax evasion and making taxation simple and easy.²⁷

References to the BEPS project are made as the Commission ensures its support for the global development as discussed within the OECD Inclusive Framework, particularly pointing out the importance of a deep reform of the corporate tax system to support both economic growth and ensuring needed revenues in a fair way. In doing so, taxing rights need to be realigned with value creation and ensuring minimum taxation of business profits.²⁸ The Commission continues by referring to the Treaty of the Functioning of the EU (TFEU) and using its articles to ensure adoption of proposals on taxation, including Article 116 TFEU.²⁹

Values found in the UN SDGs may be held to underly the EU striving for a transition toward a greener and more digital world compatible with the principles of the social market economy. To reach those goals the Commission holds that fair, efficient, and sustainable taxation is central. Hence, EU tax policies should,

²¹ European Commission 2021.

²² We will not discuss the details of the proposal since it is very technical and the main aim of this article is to discuss the implementation of the SDG 8 goals at different legislative levels.

²³ European Commission 2021, p. 3.

²⁴ European Commission (2021, pp. 1 and 13).

²⁵ European Commission 2021, p. 17.

²⁶ European Commission 2015.

²⁷ European Commission 2020, p. 7.

²⁸ European Commission 2020, p. 2.

²⁹ European Commission 2020, p. 2.

according to the Commission, ensure that everyone, both individuals and businesses, pays their fair share, while ensuring that businesses and citizens can enjoy the benefits of the Single Market including cross-border work and investment. To create incentives for climate-friendly behavior, the polluter-pays principle should be respected within the EU.³⁰

At first glance, it seems innocuous and evident that everyone should pay their fair share of taxes. However, in an increasingly globalized world it is not trivial, either to judge what the fair share actually is, or to make sure that everyone lives up to the standards. Horizontal equity is an important principle, where those who have the same earnings should have the same tax liability. In a closed economy with a noncomplex and transparent tax system it is relatively easy to achieve this. With few exceptions or special rules, it is relatively easy to verify that the same rules apply to everyone. Moreover, a noncomplex system reduces the possibilities of noncompliance, further strengthening legitimacy and the perception that everyone else pays their fair share. But who is “everyone else” that one is compared with?

For a firm running their business in an international environment, the relevant others are their competitors in the same market, irrespective of which country they formally operate from. They do not want to face higher taxes than their competitors, and if they do, they may indeed find this unfair and therefore try to evade or avoid taxes to reestablish what they perceive as fairness (i.e., horizontal equity among competitors). However, among other issues, it may instead be seen as highly unfair that the firm does not comply with the set-up tax rules. Hence, the two different perspectives on fairness may be contradictory and thereby discredit tax legitimacy (from at least one perspective). To avoid negative effects on the perceived legitimacy of tax law, the transparency in the trade-off between the different forms of equity and equality needs to be accounted for by policy makers and legislators. This is one of the obstacles that has to be overcome in the implementation of the OECD Inclusive Framework and the EU Tax Action Plan, for example.

4 Applying Basic Values

As stated above in Section 2, economic equity and legal equality are one of the basic values we have identified

for sustainable development. This requires fair taxation, which at first sight seems uncontroversial; however, as discussed in Section 3, policies on fair taxation are accepted in principle but need to be incorporated into legislation for effects at national level. In doing so we have to both understand the concept of fairness from an economic and legal point of view and best consider how to improve fairness with legal measures. This task is complex due to the need for local coherence in implementing global policies as, for example, neither employers nor employees necessarily reside and operate in the same country. The differences in tax rules may be abused by both individuals and enterprises operating in more than one country, distorting the notion of fairness as discussed in Section 3.

Many attempts have been made to overcome some of the obstacles that arise when different countries have different tax rules affecting the same kind of people and firms. Examples are discussed in Section 3 from both the OECD and EU, but there are also other examples affecting developing international VAT/GST guidelines as by the OECD or the harmonized EU VAT, however, with differences in implementation and interpretation at the national level in the Member States.³¹

Simple and equal tax rules promote efficiency and growth, but also legitimacy. Equality (across jurisdictions) may sometimes call for special and more complex rules, however. Agenda 2030 and SDG 8 contain objectives for sustainable development that aim at ensuring inclusive and long-term sustainable economic growth where there is room for full and productive employment with decent working conditions. For most people, work or employment is a basic precondition for reasonable living conditions, and with a rapidly growing population, great efforts are required to create new jobs. If this development is to be sustainable, macroeconomic stability and a good investment climate are required, where employment with decent working conditions are key factors. Within the framework of SDG 8, social security systems are identified as central to promote secure individuals, stabilizing the economy in crises and facilitating mobility in the labor market. In this context, social security can be understood in separate ways and in its most basic meaning, this social security is linked to very basic issues such as safety, food, water, and sanitation (SDG 1.3). In the EU context, the issue of poverty may not have been the most central on the political and legal agenda, but social security

³⁰ European Commission 2020, p. 1.

³¹ See OECD 2017.

remains a central institution for creating the sustainable development that the objectives in SDG 8 express. Social protection, a legal term being broader but including what we refer to as social security, needs financing, mainly via the tax system. An efficient collection of tax revenues is thus intimately linked to a society's ability to redistribute funds to ensure the type of objective that is intended to achieve the social protection referred to in SDG 8. There may be a trade-off between providing generous social protection for all and making incentives work. However, general and generous social services may facilitate entrepreneurship and innovation that, by definition, are risky activities. An economy that wants people to dare to start entrepreneurial and innovative activities fares better if it provides security for those where the innovations do not turn out to be fruitful. On the other hand, to promote effective entrepreneurship, it is important that successful innovations pay off sufficiently well. This could also be an important task for tax policy.

Within the EU, tax policy is not only about securing sustainability, securing the tax base, or ensuring finances for the social security systems in place in the Member States, but also to balance the goals of the internal market. This creates a movement of principles and legislation in between the different legislative levels in the EU, both the EU level and the national level. Then tension between these regulatory levels often results in cases brought before the Court of Justice of the European Union (CJEU), which has the sole right to interpret EU law and its concepts. This is particularly interesting for ensuring decent work as described in SDG 8.

The main challenge for assessments where the regulatory levels sometimes compete is to balance the interest between the market interest of free movement based on equal access to markets with equality as defined in national welfare systems, for example. This is a challenging task and is well described by Scharpf (2010). A recent practical example is provided by the attempts to further harmonize the highly competitive European transport market (Mobility Package 1 from 2020). The initiative was expressly intended to balance the objectives of safety, social fairness, sustainability, and economy for the European road transport system. On the one hand, cheap and efficient transport of goods is central to the functioning of the market but not at the expense of dumping the social conditions for the drivers (EVA, 2019). The EU regulation on cabotage had permitted three domestic transport journeys in a host state after an international transport, a "green" initiative intended to prevent empty journeys and save

the environment. But an unintentional result of the rules was that haulers systematically could conduct transports in a foreign country just by crossing the border every seven days, making it possible to press transport prices by competing with wages and other working conditions (Thörnquist, 2019).

Other behavior in the transport sector have been moving employment to low-cost countries. This can be achieved by posting transport workers from a low-cost country to a host country or by reorganizing and reemploying drivers in a low-cost country after dismissing them in a high-cost country and then renting them out for work in a host country where social costs are higher.³² We know that social costs differ substantially between EU Member States and that the level and use of social security contributions vary substantially. The problem in these kinds of situations is that EU law and free movement rules are used to avoid effects, in these cases cost-related, leading to the critique of dumping and unfair competition. These arguments are related to that of fair share, as discussed in section 3, where this behavior risks jeopardizing certain aspects of conditional cooperation. The fair share argument is also clearly visible in the legal responses of lawmakers and courts. The CJEU has been unwilling to accept arrangements "in order to exploit EU legislation with the sole aim of obtaining an advantage from the differences that exist between the national rules. In particular, such exploitation of that legislation would be likely to have a 'race to the bottom' effect on the social security systems of the Member States and perhaps, ultimately, reduce the level of protection offered by those systems." (C-610/18 AFMB, 69) This way of reasoning is clearly in line with the tensions within SDG 8 and acknowledges the national interest of safeguarding the sustainability of social protection offered by welfare regulation. Similarly, the fair share argument is of central importance in EU tax policy claiming that tax evasion and avoidance pose a major risk to EU member states both undermining the social contract and disrupting fair competition.³³ The fairness argument is used in two separate ways. EU tax policies must ensure that everyone, from individuals to corporations, pays their fair share. At the same time, EU tax policies must be designed so that businesses and citizens alike can fully reap the benefits of the Single

³² See the CJEU case C-610/18 AFMB Ltd f.fl. v Raad van bestuur van de Sociale verzekeringsbank (SVB) ECLI:EU:C:2020:565 (grand chamber).

³³ See European Commission 2020.

Market, work and invest cross-border, innovate, and create jobs.

Another example from a national perspective is the use of environmental taxes. Such taxes may affect the behaviors of individuals and companies, and at the same time they, at least initially, may increase the tax base. In Sweden, a tax on chemicals in certain electronic products entered into force in 2017.³⁴ The main aim of the tax is to minimize hazardous flame retardants in households. To reach this aim, the tax affects all electronic products containing flame retardants, such as mobile phones, refrigerators, computers, dishwashers, screens, tablets, etc. These products are taxed when sold to consumers in Sweden (if the seller is established in Sweden) or when a registered retailer provides such products to buyers in Sweden. When a consumer purchases such products from other suppliers, such as suppliers not established in Sweden or registered as retailers, the tax does not apply, unless it is purchased as a distance sale and the provider exceeds a threshold of 100,000 SEK during the calendar year. Companies supplying taxable products are liable to pay the tax to the Swedish tax authority. The taxable rate is decided by the weight of the product where it is taxed, at 11 SEK per kilo for heavier products such as refrigerators and 160 SEK per kilo for other electronic products. The maximum taxable amount is 440 SEK per product. The tax is also included in the taxable amount for VAT which means that an additional 25% VAT is added to the taxable amount. Companies liable to pay the tax on chemicals may have a right to a deduction of 50% and up to 90% of the taxable amount if it can show that the products do not contain hazardous flame retardants. The deduction system has been criticized for being too complicated and not efficient enough to affect which flame retardants are used in electronic products. It may be more cost-effective for companies to pay the full tax rather than claiming the deduction they are entitled to since it is too costly to provide the required documentation. Hence, the tax aims to reach Target 8.4, i.e., to improve resource efficiency by steering away from harmful products. However, it fails to live up to the core principle of efficient, legitimate, and nondiscriminatory taxation. The application of the tax depends on the location of the seller and whether you buy the products as a consumer or as a company. It is also difficult to ensure and provide evidence to attain deduction, which creates uneven (and unfair) competition. Moreover, the

complexity of the tax rule hampers legitimacy, and when companies would rather pay the full tax than claim the deductions after reducing their content of hazardous flame retardants, the tax has completely missed its environmental objective.

In recent years a similar tax has been discussed in Sweden for adding tax on chemicals in clothes. It has been heavily criticized for the same reasons as the tax on chemicals on certain electronic products. An overly complicated deduction system is ineffective in making companies use less dangerous chemicals. In a worst-case scenario, there will be no reduction in use of the chemicals but instead a deteriorated legitimacy of the tax. This would reduce sustainability, both of the tax system and of the environmental dimension.

5 Intermittent tensions for sustainable tax systems

We have described and discussed some of the general challenges for tax policy aimed at reaching SDG 8: Decent work and economic growth. One important aspect is the notions of fairness discussed in Section 3. It is not controversial that taxes should be fair, but exactly what do we mean by fair taxes? Fairness is a concept with underlying comparisons just as equality and equity. A national tax system that is considered locally fair may be considered highly unfair if it deviates too much from those in countries where individuals and enterprises may locate part of their activities in a global economy. This may call for international harmonization or agreements to reduce differences across countries, such as the measures described as taken by OECD in the BEPS project and the Inclusive Framework. On the other hand, such measures also challenge the tax systems as policies and regulations are issued at different levels. This creates a level of regulatory complexity that affects the basic value of coherence. Coherence in turn affects the basic value of equity and equality based also upon what is perceived as fair and legitimate. Coherence thus affects not only which policies are agreed upon within the OECD and the EU and then implemented at national level, but also how the challenges for the tax systems are perceived and which measures can be used to meet those challenges. One inherent challenge for sustainable tax systems is the dual role of taxes. They should ensure financial stability for individual states, financing their government and authorities, ensuring functioning social security systems, and providing possibilities to adjust how and to which

³⁴ Tax on chemicals in certain electronic products (*Lag (2016:1067) om skatt på kemikalier i viss elektronik*).

extent corporations and individuals are taxed. However, taxation also provides steering mechanisms to ensure that certain values are met, such as using environmental taxes for reaching environmental goals and progressive income taxes to promote equity. The notion of a fair tax system covers both roles of the tax system. For SDG 8 this duality is at the core of how tax systems can contribute to reaching sustainability goals as well as being sustainable in itself. Decent work conditions require a certain level of social protection for the workers, and at the same time their work constitutes an important tax base. The targets in SDG 8 are also closely linked to other SDGs. This link is reflected in the underlying basic values as identified by Rendahl and Nordblom (2020) and discussed in Section 2.2 above. This means that for achieving economic growth and decent work, policies for working conditions affected by other areas such as environmental taxes depending on where in the production and distribution chain they are implemented, affect the overall achievement of SDG 8.

Although it may be tempting to look merely at today's situation when we consider how fair taxes should be set, for example, we also need to consider the longer run for a policy to be sustainable and for it to contribute to long-term sustainable growth and decent working conditions. Tax policy that is sustainable also in the longer run should take into consideration the possibility of technological change. Most tax systems of today were not constructed to accommodate the digital economy for example. This implies that much of the digital activities are not taxed in either an efficient or a legitimate way. Policies addressing the digital challenges also do not always cover the full scope of taxation, including all tax bases, but are still based on the argument of fairness. Fairness is, however, more complex if understood in the light of the basic value of equity and equality as found in the SDGs, where, for example, local coherence in understanding the problem and possible measures to deal with that problem affect the possibility to implement the policies in different countries in a coherent manner. Digital activities are even less restricted by national borders, so especially with respect to the digital economy, many new international agreements are met. However, technology develops fast, and there is no guarantee that tax policies concerning today's digital economy will be well suited for the one a decade ahead. Moreover, with so much focus on the digital economy, we tend to forget that a major part of the world's economy is still physical and that across the globe most growth and employment are created in relatively small and local enterprises providing physical goods and services. Taxation must

thus be suitable for all those firms in order for SDG8 to be accomplished. It is a true challenge to create tax systems that are sufficiently internationally coherent to accommodate MNEs' activities and at the same time do not impede the growth generated by small local firms. This is a challenge also when it comes to legitimacy and the required local coherence.

A final question is who takes responsibility for the long-term sustainability of tax systems as governments may work toward long-term agendas but set the budgets for the states on a short-term basis? Short-run political goals risk reducing the long-term possibilities to reach the sustainability goals. Discussions for changes in the tax systems also occur on several different levels—international, regional, and national—where goals might be either consistent or conflicting. The questions are complex, covering difficult economic and legal issues at multiple levels. The basic values thus need to be understood in the light of continuity, where responsibility for sustainable tax systems and reaching SDG 8 is far more than checking the box of its underlying targets.

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