Policy Paper v3.0

Global Tax Authority: Institutional Design and Political Economy of Implementation

March 2026

Globalist International Research Division

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Executive Summary

This paper presents a rigorous analysis of proposals for a Global Tax Authority (GTA), examining both the technical architecture of international tax coordination and the political economy constraints that have prevented such an institution from emerging. We distinguish between three categories of proposals:

1. **Technically feasible and politically possible** (Years 1-5): Enhanced automatic information exchange, minimum tax coordination among willing states
2. **Technically feasible but politically difficult** (Years 5-15): Unitary taxation pilots, expanded beneficial ownership registries
3. **Technically feasible but politically blocked** (Years 15+): Full Global Tax Authority with binding enforcement

Core Finding: The primary obstacles to international tax coordination are political, not technical. The US constitutional requirement for Senate treaty ratification (67 votes), the veto power of tax haven jurisdictions, and the competitive dynamics of tax sovereignty create structural barriers that no technical design can overcome without addressing power politics directly.

Revenue Impact: Under optimistic scenarios involving OECD and G20 coordination, $150-300 billion annually could be recovered. Under a full GTA with near-universal participation, $400-600 billion. Under current political constraints, $50-100 billion through incremental improvements.

Critical Caveat: This paper presents institutional designs for potential future implementation. None are currently politically feasible at global scale. Readers should approach proposals as long-term objectives requiring sustained political mobilization, not near-term policy options.

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1. The Revenue Loss Crisis: Documented and Disputed

1.1 Magnitude of Revenue Loss

Current Estimates of Annual Revenue Loss:

Category	Conservative	Moderate	High	Source Methodology
Corporate profit shifting	$100-150B	$200-300B	$400-600B	UNCTAD FDI data
Individual tax evasion	$100-200B	$200-300B	$400-500B	Tax Justice Network
Digital economy base erosion	$50-100B	$100-150B	$200B+	OECD
Total Range	**$250-450B**	**$500-750B**	**$1T+**	**Not additive**

Distribution of Losses:

- Developing countries: 4-10% of corporate tax revenue
- OECD countries: 1-2% of corporate tax revenue

1.2 Mechanisms of Avoidance

Transfer Pricing Manipulation: Multinational enterprises use intra-company transactions to shift profits to low-tax jurisdictions.

Digital Services Arbitrage: Tech giants book revenues in tax havens while users create value elsewhere.

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2. The Political Economy of International Tax Coordination

2.1 Why Tax Coordination Fails: Structural Barriers

Barrier 1: The US Senate Treaty Requirement

Constitutional Constraint: Article II, Section 2 requires two-thirds Senate approval (67 votes) for treaty ratification.

Barrier 2: Tax Haven Veto Power

Small jurisdictions (Cayman Islands, Bermuda, BVI) can block agreements through consensus mechanisms.

Barrier 3: Competitive Dynamics

The race to the bottom: Average corporate tax rates fell from 40% (1980) to 24% (2020).

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3. Institutional Designs: Three Scenarios

3.1 Scenario A: Incremental Coordination (Years 1-5)

- Enhanced CRS with real-time reporting
- Crypto-asset coverage
- Minimum tax coordination at 15-20%

3.2 Scenario B: Regional Pilots (Years 5-15)

- EU Common Consolidated Corporate Tax Base
- African Union Tax Coordination
- Asia-Pacific regional framework

3.3 Scenario C: Full Global Tax Authority (Years 15+)

Requirements:

- US political transformation
- Tax haven business model collapse
- Crisis forcing coordination

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4. Implementation Pathways

Near-Term (2024-2029): Incremental Gains

- Expand CRS coverage to crypto-assets
- Improve developing country capacity
- Regional coordination pilots

Medium-Term (2030-2039): Regional Consolidation

- EU CCCTB implementation
- African continental tax coordination
- Coordinate regional approaches

Long-Term (2040+): Global Coordination

- Multilateral treaty for global tax coordination
- Binding enforcement mechanisms
- Near-universal participation

Conclusion

International tax coordination is technically straightforward and politically difficult. The gap between what is possible and what is needed reflects power structures, not knowledge gaps. This paper presents institutional designs for potential future implementation while being honest about current political constraints.

The Bottom Line: Pursue incremental reforms where possible; build coalitions across regions; maintain institutional designs for future implementation if conditions shift.

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