Call for Papers – Impact of a Minimum Tax Rate under the Pillar Two Solution on Small Island Developing States

Deadline: 15 March 2022

The OECD/G20 Inclusive Framework on BEPS has reached an agreement on instituting a global minimum effective tax rate of 15% through Pillar Two. This is a relevant step towards decisively ending the era of the "race to the bottom" among developing countries. It is also going to affect tax havens, which are predominantly from the Global North, that have been used to facilitate illicit financial flows, affecting many developing countries.

However, Pillar Two will also affect some developing countries which have a major part of their economies relying on international financial services. Some of these countries are international financial centres and act as investment hubs. There are concerns regarding the impact of the minimum tax on the economies of these countries which are already struggling with development needs, climate change crises (especially the small island States) and the economic and social crisis caused by the COVID-19 pandemic.

Pillar Two will end the race to the bottom in tax matters as allowed by the absence of a minimum global tax, likely affecting many financial services in some developing countries, removing the option for them to rely upon tax competition as an economic model. Hence, there is a need to understand how the Pillar Two rules are going to affect developing countries, particularly in small islands developing States where a large portion of their economies rely on tax-related financial services. It is necessary to consider development strategies aiming to deal with the potential disruptions and job losses posed by Pillar Two. These development strategies must provide pathways through which these countries can ensure employment opportunities to their people that require similar skill sets from some soon-to-be redundant segments of the financial industry. These can also highlight future financial sectors with potential where these countries can consider exploring/reorienting to benefit their economies.

Accordingly, this call for papers invites analysis on the effects of Pillar Two in **Small Island Developing States** that are Member States of the G-77+China. The proposals can either provide generalized suggestions for a whole set of countries or provide customized advisory for individual countries. The preference is for papers that follow a mixed approach. Selected papers will be those having a sound basis in empirical data, references to legal and economic frameworks of the countries involved and realistic and practical policy suggestions.

Interested persons/institutions can submit an abstract initially. Two selected abstracts will be invited to write full papers which will be subsequently published as open access. **An honorarium of USD 2,000** will be offered for completed full papers that meet the standards of publication.

This call invites established scholars, early career academics, PhD students and practitioners (policy makers, tax officials, lawyers) across multiple disciplines to submit abstracts. Abstracts must outline the methodology used and the tentative outline of the paper. The final paper will follow the format of a South Centre Research Paper.

Deadline for abstract proposal: 15 March 2022

Send the abstract proposal of up to **700 words** to taxcooperation@southcentre.int with subject: “Submission: Call for abstracts Minimum Tax” together with a CV.

A response will be provided to selected participants by 18 March.

Deadline for final papers to be submitted: 29 April 2022

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