What to make of the 'historic' G7 tax deal

Earlier this month, the G7 (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States) announced an "historic agreement" on international tax policies. It sets a minimum 15 percent tax rate for multinational entities. It intends to stop "the global race to the bottom" in corporate tax. Or at least, to slow it down.

Before anyone goes into "they're raising taxes" hysteria, the corporate tax rates of the G7 nations currently range from 19 percent in the UK to 32 percent in France. It's 21 percent in the US.

More significantly, this refers to "statutory" tax rates – the rate companies might pay in a world without creative accountants, expensive attorneys and lobbyists.

What do corporations actually pay in taxes?

Good question. There are no good answers. Nobody knows and everybody lies.

Corporate taxes are no more public than private ones are. However, corporate statements include taxes paid and owed. At the end of 2019, the Institute on Taxation and Economic Policy (ITEP) published a study titled Corporate Tax Avoidance in the First Year of the Trump Tax Law, providing a comprehensive overview of profitable corporations' effective tax rates in 2018. For the study, ITEP researchers examined Fortune 500 companies' financial filings and identified 379 companies that were profitable and that provided enough information to calculate effective federal income tax rates. They found that these companies paid "an average effective federal income tax rate of 11.3 percent" just a bit over half of that "statutory tax rate" of 21 percent. They also found that 91 of these companies, including Amazon, Chevron, Halliburton and IBM, did not pay any federal income tax at all. While an additional 56 companies "paid effective tax rates between 0 percent and 5 percent".

These findings are not unique to 2018. In 2020, according to Forbes, 55 of the Fortune 500, including Nike, FedEx, Netflix, Molson Coors, Levi Strauss and Starbucks (with a profit of $4,774,000,000), paid no federal income tax.

It is very significant that the tax breaks identified in the ITEP report "are highly concentrated among a few very large corporations". They also favour the richest individuals in the world. They're part of the rigged system that allowed Jeff Bezos to pay zero federal income taxes in 2007 and 2011, George Soros to pay none for three years in a row from 2016 to 2018 and Michael Bloomberg having a 1.30 percent true tax rate between 2014 and 2018.

So, will the G7 proposal, if it becomes an international deal, fix "effective" tax rates?

It leans in that direction.

One of the big tax avoidance tricks – especially for really big companies – is to pretend that the business they're doing in a country with reasonable tax rates is actually taking place in a nation with lower than average tax rates. Imagine a product that is largely sold in countries like the US, Germany, and Japan, but the profits from this product are – using accounting tricks – moved to Ireland or Hungary.

If the G7 can bring the rest of the world into their minimum 15 percent tax system, it will begin to close the gap between the countries where goods and products are actually sold and those that advertise themselves as "hidey-holes".

Moreover, under the new G7 agreement, the "nations where the companies' products are consumed would have the right to tax 20 percent of profits above a margin of 10 percent". This could make it harder for large companies to avoid paying reasonable amounts of tax by "moving" their business to hidey-hole countries.

But large companies still have ways to avoid being affected by this provision.

For example, Amazon's profit margin was said to be 6.3 percent in 2020. That's fairly normal for "retail". (Please note, this refers to net profit margin. A ratio to revenues. Their gross profit margin, income from sales minus cost of production, is about 40 percent.) In 2020, Amazon's revenue was $386bn, with a net income of $21.33bn. But with that 6.3 percent "profit margin" they'd escape the G7's provision.

The G7's proposed solution to this problem is to look at the companies' high net profit margin sectors – like Amazon's cloud computing services, up at around 30 percent – separately from the low margin retail operations. Tricky stuff indeed, but it shows awareness of the problems.

The G7's "historic agreement" on international tax policies is much more an idea than an agreement. The seven countries in the group cannot tackle this problem by themselves. The agreement needs much wider participation. The intent now is to take it to the G20. This group includes some of the world's most significant economies, such as China, India, Russia and Brazil. But in addition to reaching out, the G7 leaders also need to get this plan approved at home. Can the Biden administration, for example, get this agreement through a Republican Senate which has vowed to block anything and everything it does?

The brief list above of super-billionaires not paying taxes might appear to have been a colourful detail. It's more than that. It's a statement about the contrast between making nice statements and actual conduct.

Bezos, Soros and Bloomberg have all made statements in support of higher taxes on the rich and corporations. However, when it comes to action, they aggressively find ways to minimise what they pay, or preferably, avoid paying anything at all. The formula is clear: use the best accountants to navigate the laws and find the loopholes, spend lavishly on lawyers to fight to make that right, use lobbyists to write the laws in their favour and achieve non-enforcement when they're not.

The intentions of the G7 proposal are excellent.

But companies, "hidey-hole" countries and the super rich will fight against these good intentions and for their profits every step of the way.

So what matters is not the intent of the G7 agreement, but its application. And that is still at least a few years in the future.

Terrorists misusing cultural, national...

From P1

Hakimi's remarks came after the Afghan National Directorate for Security (NDS) has thwarted a "terrorist attack" on a Herat-Kabul flight on Friday. According to the statement, the NDS personnel have arrested a man at the Herat's Khwaja Abdullah Ansari International Airport who wanted to detonate an explosive placed in Rebab, a musical instrument, on a flight to Kabul.

The NDS stated that Idris "had skillfully placed an explosive including a grenade, RDX material and chemicals in a Rubab and wanted to detonate it during the flight."

"During the inspection of Sayed Idris' equipment at Khwaja Abdullah Ansari Airport, NDS forces and National police acted swiftly, detected, and defused the explosive without causing any panic among passengers," read the statement. **The Kabul Times**

Is one dose of a two-dose COVID-19 vaccine effective? Health experts weigh in

Will one dose of a two-dose COVID-19 vaccine protect me? Yes, but not nearly as much as if you had both doses. Experts recommend getting fully vaccinated, especially with the emergence of worrisome coronavirus mutations such as the delta variant first identified in India.

The COVID-19 vaccines rolling out globally were developed to target the original version of the virus detected in late 2019. While they seem to work against newer versions, there's a concern the shots eventually might lose their effectiveness if variants evolve enough. With the delta variant, a study by British researchers found people were well protected when they got both doses of either the AstraZeneca or Pfizer-BioNTech vaccines. But with only one dose, protection was significantly reduced. To stem the spread of the delta variant in the United Kingdom, British Prime Minister Boris Johnson recently delayed the lifting of remaining restrictions to get more people the full two doses. Health officials are also concerned about the dozens of countries that still don't have enough supply secured to distribute second doses within the recommended time frame.

MoFA welcomes remarks by...

From P1

This comes as Russian Foreign Ministry spokeswoman Maria Zakharova told a news briefing on Thursday that activity of the Taliban movement in Afghanistan may bring about a worsening of the humanitarian situation in the country.

"Soaring combat tensions in Afghanistan's provinces bordering on the Central Asian countries may entail a humanitarian crisis and an upsurge in the number of refugees in the region, which certainly makes us feel worried," she said. In connection with this, Russia is calling upon both conflicting parties to swiftly terminate the hostilities and begin constructive peace talks. "Once again I should say it is essential to have this confirmed not only by words, but by real action," Zakharova said. Meanwhile, Russian Security Council Secretary Nikolai Patrushev and Afghanistan National Security Adviser Hamdullah Mohib met in Moscow on Friday.

"Nikolai Patrushev and Hamdullah Mohib focused their attention on the security situation in Afghanistan amid the withdrawal of Western military contingents and on the degradation the military-political situation in the north of Afghanistan," the Russian Security Council press office said.

Patrushev and Mohib also discussed issues around the progress of and prospects for the intra-Afghan peace dialogue, and further bilateral cooperation between Russia and Afghanistan within multilateral formats, including among security and law enforcement agencies.

"The sides discussed in detail issues of combating terrorism and drug-related crimes, cooperation in the trade and economic, and military-technical spheres," it noted. **The Kabul Times**

The climate crisis is a crime story

Every person on Earth today is living in a crime scene.

This crime has been going on for decades. We see its effects in the horrific heat and wildfires unfolding this summer in the American West; in the megastorms that were so numerous in 2020 that scientists ran out of names for them; in the global projections that sea levels are set to rise by at least 20 feet (6 metres). Our only hope is to slow this inexorable ascent so our children may figure out some way to cope.

This crime has displaced or killed untold numbers of people around the world, caused billions of dollars in economic damage and ravaged vital ecosystems and wildlife. It has disproportionately affected already marginalised communities around the world, from farmers in coastal Bangladesh, where the fast-rising seas are salting the soil and slashing rice yields, to low-income residents of Houston, Chicago and other cities, whose neighbourhoods suffer higher temperatures than prosperous areas across town.

This crime threatens today's young people most of all and calls into question the very survival of the human civilisation. And yet, the criminals responsible for this devastation are still at large. Indeed, they continue to perpetrate their crime, and even make money from it, not least because their crime remains unknown to most of the public.

This is enough to make your blood boil, especially if you are a parent. My daughter just turned 16, and I have been thinking about the safest place she can spend her adult life since she was a baby and I first started writing about adapting to climate change. The orange skies blanketing her hometown of San Francisco after last summer's record wildfires were a heartbreaking, infuriating sign that California will not be that safe haven.

The crime in question is the fossil fuel industry's 40 years of lying about climate change. Arguably the most consequential corporate deception in history, the industry's lies have had the effect of blunting public awareness and governmental action against what scientists say is now a full-fledged climate emergency. As a candidate in the 2020 US presidential elections, Joe Biden said he would support efforts to prosecute the oil giants for their lies. It remains to be seen whether he will keep that promise.

Journalists have dedicated years to documenting the crime scene evidence. In 2015, an investigation by the Columbia Journalism School and the Los Angeles Times blew the case open by tracing the crime link to ExxonMobil, then the world's largest oil company.

Internal records showed that by the late 1970s, Exxon's own scientists were briefing its top executives that man-made global warming was real, potentially catastrophic, and caused mainly by burning fossil fuels. Climate activists seized on the revelations, launching the hashtag #ExxonKnew.

Further investigations found that Chevron, Shell, and other oil giants likewise knew that their products threatened to render the earth's climate uninhabitable. In short, it was not just Exxon that knew. They all knew.

And they all chose to lie about it.

Beginning in the 1990s, oil companies spent millions upon millions of dollars on public relations campaigns to confuse the press, the public, and policymakers about the dangers posed by burning fossil fuels. Their aim was "to reposition global warming as theory, not fact", one planning document stated. Front groups and friendly politicians spread the companies' lies. News outlets, especially in the United States, swallowed and regurgitated those lies to an unsuspecting public.

Humanity ultimately wasted precious decades arguing about whether global warming was real rather than defusing the threat. Instead of launching a transition to renewable energy, the consumption of fossil fuels increased. More than half of the total greenhouse gases now overheating the planet were emitted after 1990 – after Exxon and other fossil fuel giants privately knew what havoc they were seeding.

Exxon "could have ended the pretend debate over climate change as early as the 1980s", author and activist Bill McKibben later wrote. "When scientists like NASA's Jim Hansen first raised public awareness of climate change [in 1988], think of what would have happened if Exxon's chief executive had gone to Congress, too, and said that their internal scientific efforts show[ed] precisely the same thing."

While pockets of the American public may already know about big oil's crime, the vast majority of its victims almost certainly do not. How could they? Big Oil's record of lying never became part of the public narrative about climate change, largely because most news outlets did not incorporate it into their continuing coverage of climate change.

The initial "Exxon knew" revelations in 2015 received relatively little follow-up coverage beyond the outlets that published them. Television, which even in the internet era remains the primary source of news for most people, ignored the revelations entirely. There were a few stories in the business press and independent media, especially years later when New York state and other local governments began suing oil companies for damages. But the media as a whole seems to have forgotten that Big Oil's climate lies ever happened.

It is long past time to right these wrongs. To date, the oil companies, the executives in charge of them, the propagandists they have employed and the politicians they have funded have largely escaped blame, much less had to pay – whether through financial penalties or prison time – for the immense damage they have done. News outlets also owe the public an apology for mishandling this story, along with a commitment to doing much sharper coverage in the future.

Humanity cannot get back the 40 years lost to Big Oil's climate lies. It is now beyond urgent that rich and poor countries alike quit fossil fuels in favour of renewable energy and other climate-smart practices. Equally crucial is that we fortify our communities against the fearsome climate impacts that, because of our decades of delay, can no longer be avoided.

All this will cost money – lots of it. The world's governments will be arguing from now through the make-or-break UN climate summit in November about who pays how much. Restoring Big Oil's lies to their rightful place at the heart of the climate story would offer an answer to that riddle, one that Biden should be pressed on: Big Oil knew – shouldn't Big Oil pay? This story originally appeared in The Guardian and is republished here as part of Covering Climate Now, a global journalism collaboration strengthening coverage of the climate story.

aljazeera

New era begins as NATO forces withdraw...

From P2

Also, King Gazi Amanullah Khan of Afghanistan was the only foreign dignitary to congratulate Ataturk for the signature of the Lausanne Peace Treaty in 1923. In 1928 the Afghan King visited Ataturk. Thus, Turkey always Turkey considers supporting Afghanistan's security as a debt of loyalty.

Will Turkey succeed in Afghanistan?

Turkey will successfully defend the airport as it has been carrying on this mission for over 6 years with success. However, Turkey should not be the only country to exist in the region but partner with some NATO countries because there are many terrorist groups like ISIS, al-Qaida that may commit attacks on the airport complex. Turkey should take a legitimate role from the UN and NATO to guarantee its existence in Kabul.

According to Hikmet Cetin, NATO's Senior Civilian Representative between 2003-2006, the crucial point for this mission is to take Taliban's approval, and going there without their consent would generate distress. "This idea can only be implemented with the approval of the Taliban. Without this approval, it should not be implemented anyway. Because in this case, serious security risks will arise for Turkey," he stated in an interview.

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