Value Creation and Inter-nation Equity

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Chapter 8

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8.1. Introduction

In his thematic report *Value Creation and Income Taxation: A Coherent Framework for Reform?* Haslehner concludes:

> Considering the international tax reform debate (is) primarily a matter of inter-nation equity and politics, to what extent should elements of "value destruction" (or, synonymously, "value extraction") be taken into account and equally result in additional taxing rights as "value creation"? … International fairness dictates that countries whose need for the production or restoration of public goods rises as a consequence of "value creating" activity exercised by firms within its territory ought to be able to collect such taxes as required to compensate for that damage. It may be seen as an alternative to the "benefit principle", but might as well be considered as a foundational part of it. Further exploration of that relationship will be required.

Such exploration is the aim of this topical report on value creation and inter-nation equity.

Section 8.2. investigates whether any kind of value creation based allocation can be justified with the idea of inter-nation equity. Section 8.3. explores whether a change of attribution to attribution on the basis of a standard of "value creation" would result in a fairer distribution of taxing rights at the global level.

8.2. Can a value creation based allocation be justified with the idea of inter-nation equity?

8.2.1. Richard and Peggy Musgrave's inter-nation equity: Four justifications for source taxation

> Let X, a resident of A, invest in B. Income earned thereon constitutes a national "gain" to country A. If country B taxes the income earned by X, the gain accruing to country A as a nation is reduced. This is the issue of inter-nation equity. The fact that the gain accrues to B's treasury is not the crucial point.

> B may pass this gain on to taxpayers by tax reduction, but it still retains the national gain. Similarly, A has suffered a national loss due to B's tax. This national loss results, whether A gives a credit to X for taxes paid to B, thereby suffering a treasury loss, or whether the income is taxed again and X is left to bear the burden … inter-nation equity involves the question of whether B should be permitted to tax the income which A's investors derive from investment in B.[1]

With this example the Musgraves explain their idea of inter-nation equity. The national gain of the residence state increases because its residents have invested in another jurisdiction and earned a positive return. Inter-nation equity is not about the application of the principle of residence. This principle does not affect inter-nation equity. The gain to country A is not affected by State A's decision to levy an income tax, as this is just a matter of transfer between individual and treasury. The crux of inter-nation equity is whether and how the country of source will tax income earned by a resident X of country A earned in country B, which constitutes a "national gain" to country A. Whether or not the source state taxes the income determines the *allocation of national gain and loss*.

The Musgraves emphasize inter-nation equity is related to but not the same as inter-individual equity.[2] Inter-individual equity requires that country A ensures that individual taxpayers with the same incomes are treated the same.[3] Inter-nation equity is also related to, but not the same as, capital import neutrality or capital export neutrality. It is country A that should ensure such neutrality. Inter-nation equity builds on ideas of economical fairness and political fairness. It does not concern juridical fairness.[4]

1. R.A. Musgrave and P.B. Musgrave, *Inter-nation Equity*, in Richard Bird and John Head (eds.), *Modern Fiscal Issues: Essays in Honor of Carl S. Shoup*, University of Toronto Press 1972, p. 68; *see also* Kim Brooks, *Inter-Nation Equity: The Development of an Important but Underappreciated International Tax Value*, in *Tax Reform in the 21st Century: A volume in Memory of Richard Musgrave*, Kluwer Law International, Ch. 15, pp. 471-498.
2. The Musgraves define inter-individual neutrality as "individual taxpayers with the same incomes are treated the same". *See* Brooks, id., p. 474.
3. Musgrave and Musgrave, *supra* n. 1; *see* Brooks, *supra* n. 1.
4. *See* for an explanation of different approaches to fairness I.J.J. Burgers and I.J. Mosquera Valderrama, *Fairness: A Dire International Tax Standard with No Meaning?*, 45 Intertax 12, pp. 767-783.

The Musgraves mention four alternatives that justify taxation in the source state:
(1) benefit taxation;
(2) source taxation;
(3) national rental charges; and
(4) redistribution.

A tax based on the benefit principle implies the tax would act as a compensation for public goods and services. As to the Musgraves if a benefits tax system were adopted and each jurisdiction charges for the public goods it renders inter-nation equity self-implementing, but most taxes are not benefit taxes.

Source taxation enables country B to tax income earned from activities within its borders and thus to appropriate part of A's national gain.[5] Peggy Musgrave further elaborates on this principle in later work, specifically referring to value added, defining source entitlement as:

> [T]he notion that jurisdictions are entitled to tax the value added within their borders including that by non-resident factors, that is to share in the income accruing to non-resident factors and earned by them within the geographical area.

She identified two basic understandings of source:
– a supply approach: "income has its source where the factor services which generate that income operate, a concept of value added at origin"; and
– a supply-demand approach: "market value is created through the interplay of supply and demand".[6]

Other than the Four Economists[7] in their Report on Double Taxation for the League of Nations, the Musgraves did not make the distinction between source as origin (which as to the Four Economists can be the country where trade takes place but also the place where the intellectual element among the

5. Musgrave and Musgrave, *supra* n. 1, at p. 71.
6. P. Musgrave, *Principles for Dividing the State Corporate Tax Base* in Mc Lure (ed)., *The State Corporation Income Tax* (1984), pp. 230 and 234; cited by Stefan Mayer, *Formulary Apportionment for the Internal Market*, IBFD, 2009, pp. 27 and 28, Books IBFD.
7. Professors Bruins, Einaudi, Seligman and Sir Josiah Stamp, Report on Double Taxation submitted to the Financial Committee, Economic and Financial Commission Report on Double Taxation submitted to the Financial Committee, Economic and Financial Commission Report by the Experts on Double Taxation Document E.F.S.73. F.19 5 April 1923, p. 20.

assets is to be found), or source as location, both being part of the broader principle of economic allegiance.

In respect of "national rental" the Musgraves argue state B should be entitled to a national rental in the form of a tax imposed outside of country B's domestic tax system. State B has a right to a share of the value created as the investor makes productive use of the resources and wealth state B controls.[8] As to the Musgraves:

> As residents of country A invest in B, A's capital earnings are moved above the level which would be obtained from domestic investment. To be sure, the net gain to country A falls short of its increased capital income because its labor income will be reduced. However, within certain limits of capital export at least, country A will gain. Labor income in B will gain from the capital inflow while its own capital income will fall, but, on balance, B also stands to gain. The question is whether this gain is enough.[9]

The Musgraves feel there is a need for a solution for mitigating international distribution inequities. They propose redistribution on the basis of a non-reciprocal, internationally agreed to set of withholding rates for corporate taxes allowing capital-importing countries with a low per capita income to impose a higher income tax rate to income accruing to investors from the residence country than capital-importing countries with a high per capita income. Thus, a greater share of tax revenue would flow to low-income countries.

8.2.2. Other scholars: The international tax system can be used for achieving human rights

In the years after the publication of their first views on inter-nation equity the Musgraves refined their thoughts and published many articles on this issue. So did other authors.

Brooks contributed to the further development of the idea of inter-nation equity by moving away from the idea that redistributive justice can be done

8. Economic rent is a concept that also has been defined in numerous ways (*see* e.g. https://en.wikipedia.org/wiki/Economic_rent#:~:text=In%20economics%2C%20economic%20rent%20is,bring%20that%20factor%20into%20production.&text=For%20a%20produced%20commodity%2C%20economic,of%20a%20process%20or%20ingredient (accessed 29 June 2020)). I use: income over and above a normal market return for investment, taking into account entrepreneurial effort, skills and risk taking by the taxpayer.
9. Musgrave and Musgrave, *supra* n. 1, at pp. 72 and 73.

by taking into account differences in per capita income to a wider idea of achieving human rights through the taxation system.[10] Tax treaties could be used in some ways to limit the negative externalities associated with much under-regulated investment: the benefits of tax treaties might be made available only to businesses making a contribution to the low-income state by providing stable, meaningful jobs; technology transfer and training; consistent longer-term investment; and pay equity and equal opportunities for women. Tax treaties might deny the advantages of reduced taxation to businesses whose sole aims are to strip countries of their natural resources and to exploit workers, the environment and women's care-giving labour.

Infanti also explored the field of inter-nation equity from a perspective of redistribution.[11] He argues that tax and development policy measures should and can be integrated, as a standard is available that measures human development, to wit the UN Human Development Index, using as proxies access to health, education and goods. Source countries may offer lower withholding tax rates to residents of countries that appear in this Index's very high human development category and vice versa. Residence countries may affect how a source country can lay a claim on the residence country's national gain earned by its resident X as it has control on the total tax burden of the taxpayer earned by its resident X.

Taking inter-nation equity as a starting point, Ring also feels "it may be possible to expand upon some of the accepted thinking on human rights to encompass more clearly defined economic rights".[12] There is some type of fairness calculus on the global state-to-state scale taking account of the difference in situation among states. In her view, inter-nation equity connotes "more equitable distribution of the tax pie, but … relies on a concept that has visceral appeal … yet unclear foundations".[13]

10. Kim Brooks, *Global Distributive Justice: The Potential for a Feminist Analysis of International Tax Revenue Allocation*, 21 Canadian Journal of Women and the Law 2, p. 267 (2009), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1618779 (accessed 29 June 2020).
11. Anthony C. Infanti, *Inter-nation Equity and Human Development* in Miranda Stewart and Yariv Brauner, eds., *Tax Law and Development*, Edward Elgar Publishing, 2012, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1938733 (accessed 29 June 2020).
12. Diane Ring, *Democracy, Sovereignty and Tax Competition: The Role of Tax Sovereignty in Shaping Tax Cooperation*, Boston College Law School Legal Studies Research Paper No. 171, 9 Florida Tax Review 5 (2009), p. 555 et seq., https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1334212 (accessed 29 June 2020).
13. Id., pp. 27 and 29.

Christians and Van Apeldoorn argue that whether intentionally or not, the foundational allocation rules embraced and enforced by BEPS ensure that highly productive, higher income countries are systematically assigned a larger share of revenue than less productive, lower-income countries.[14] Market prices fail to reflect fair market value in cases where workers' human rights to a "living wage" are violated.[15] Therefore, Christians and Van Apeldoorn suggest an exploitation adjustment of the labour cost to "living wages" in order to ensure income is taxed where value is created. They add the proposed approach could be expanded beyond wages to consider other areas in which prices do not align with value creation.

Van Apeldoorn[16] further explored the arguments underlying the proposal for adjustment of prices that do not align with value creation starting from the perspective of economic rent which is not fairly distributed. Gains are unevenly distributed between participants in value chains with most of the value being added at the beginning (R&D and product design) and the end of the production process (marketing and sales) and very little by manufacturing in low-wage countries where the poor are exploited. In his view the emerging consensus on the appropriateness of the principle that taxes should be paid where value is created can perhaps be explained by the fact that the principle is supported by the dominant society of states model of international relations. More explicitly, redistributive reforms of the international tax regime, such as the proposal by Richard and Peggy Musgrave, would help correct the wrong of high-income countries sharing in profits extracted by means of exploitation of the global poor.

8.2.3. Value creation based allocation can be justified with the idea of inter-nation equity

So inter-nation equity builds on economic ideas as well as on political ideas of fairness and there is more to it than the benefit principle.

14. Allison Christians and Laurens van Apeldoorn, *Taxing income where value is created*, 22 Florida Tax Review, 2018.
15. The right to a living wage is one of the basic entitlements identified in the 1948 Universal Declaration of Human Rights, http://www.un.org/en/universal-declaration-human-rights/index.html (accessed 29 June 2020).
16. Laurens van Apeldoorn (2019), *Exploitation, international taxation, and global justice*, Review of Social Economy, 77:2, pp. 163-183, https://doi.org/10.1080/00346764.2018.1525759 (accessed 29 June 2020).

8.2.3.1. Inter-nation equity built on economic ideas of fairness

Taking global gain as a starting point the value creation idea concept helps us in finding the source of the income (either origin or location),[17] as well as in allocating economic rent. The benefit principle also plays a role: business may create value as countries provide benefits to business. Thus, value creation concerns the economic dimension of fairness: is it fair that because of economic reasons the source country is allowed to tax part of the global gain at the detriment of the country of residence?[18]

Evidence of value creation based on ideas of economic ideas of inter-nation equity can be found in the literature.

8.2.3.1.1. *Origin*

Kemmeren argues the principle of origin is the primary if not the exclusive principle on which the allocation of tax jurisdiction among contracting states should be based. Relating origin to the supply side of the economy he considers the intellectual element (among the assets) to be the key component of producing the income. This intellectual element (labour) adds value.[19]

8.2.3.1.2. *Location of investment*

Schön[20] takes source taxation (the second justification ground mentioned by the Musgraves) as leading for his proposal to allocate more taxation rights to the market economy. In his view, extension of the PE threshold immediately translates into an extension of the taxing rights in the market

17. Two of the four factors of economic allegiance distinguished by the Committee of Economic Experts of the League of Nations, consisting of the professors Bruins, Seligman, Einaudi and Sir Josiah Stamp, League of Nations, *Report on Double Taxation submitted to the Financial Committee by Professors Bruins, Einaudi, Seligman and Sir Josiah Stamp*, 5 April 1923, p. 20.
18. Note the use of the term “global gain” instead of “national gain”. In my view this better reflects what should be distributed than the term “national gain”. The change in wording does not affect the justification grounds for source taxation on the basis of inter-nation equity developed by the Musgraves remain the same.
19. E. Kemmeren, *Legal and Economic Principles Support an Origin and Import Neutrality-Based over a Residence and Export Neutrality-Based Tax Treaty Policy*, pp. 264 -271, in M. Lang et al., *Tax Treaties: Building Bridges between Law and Economics*, IBFD 2010, pp. 237-309, Books IBFD.
20. Wolfgang Schön, *Ten Questions about Why and How to Tax the Digitalized Economy*, 72 Bull. Intl. Taxn. 4/5, 2018, Journal Articles & Papers IBFD.

country, an approach which he feels is defective as the notion of a "source country" is by no means specifically related to the notion of a "market country". General notions such as "economic allegiance", the "benefit principle" or the creation of "digital presence" are unhelpful when it comes to sharing the pie between production countries and destination countries. Corporate income tax is a tax on the investors "return to capital", which can be taxed where the investment delivers these returns. What is new in the digital economy is the amount of investment of intangible assets in the market economy that is dedicated to that specific economy. Value drivers like brand, platform, know- how and data storage will play a meaningful role just as any other intangible assets, including customer-based intangibles. Schön argues the country-specific investment, including tangible and intangible assets created, as well as the functions performed within the firm as regards this investment should be identified. The "value of users" might also be part of profit allocation, not in the sense that they provide a customer basis (compare Peggy Musgrave's supply-demand approach), but in the sense that they indicate the value of the investment a firm has made, for example by offering complimentary functions to these users (compare Peggy Musgrave's supply approach). Schön emphasizes such approach would avoid discontinuities, fits the OECD's approach of allocating profits to functions, assets and risks, and does not make a distinction between the digital and the traditional economy.

Thus, what in Schön's view creates value at the level of the firm is investments in the economy of a country. Such investments are the source of the income and justify source taxation.[21]

8.2.3.1.3. *Benefit, origin and economic rent*

A third example of value creation based on ideas of economic ideas of inter-nation equity is Pistone and Hongler's proposal for the introduction of a new article 5(8) of the OECD Model Tax Convention giving taxation rights

21. Schön moreover argues that "pure tax logic tells us that any value created at the level of the customer and not at the level of the firm should be taxed – if at all – in the hand of the customer". And that general notions such as "economic allegiance", the "benefit principle" or the creation of "digital presence" are unhelpful when it comes to sharing the pie between production countries and destination countries. Schön feels an extension of the PE threshold immediately translates into an extension of the taxing rights in the market country, an approach which in his view is defective as the notion of a "source country" is by no means specifically related to the notion of a "market country". This is the reason why he proposes to establish a test "which goes beyond the mere existence of and the access to a customer base and which justifies a shift of taxing rights towards the market countries".

to market economies providing access to (or offering) an electronic application, database, online market place or storage room or offering advertising services on a website or in an electronic application used by more than 1,000 individual users per month to an enterprise domiciled in the other contracting state exceeding a to-be-decided amount of revenue per annum.[22]

Pistone and Hongler justify their proposal by referring to:

(i) The benefit theory: The main benefits of the digital economy are that the customer and/or user state provides for an infrastructure that allows the enterprise to sell its products. Such infrastructure not only consists of Internet infrastructure itself, but a state also needs to provide for energy supply in general, streets, a working legal system, etc.

(ii) What they refer to as a modern version of the source theory moving away from the association with physical presence and more closely reflecting value creation in respect of business income in the era of the digital economy and taking into account the theory of taxation of income in the country of origin, put forward by Kemmeren.[23] The demand itself also creates value and thus additional factors, including those that arise in the market country and that can influence the performance of business. Value creation arising in such context should be taken into account.

(iii) The idea that value creation within the digital economy means that not only the supply side of an enterprise but also the market itself enhances the value of an enterprise. Pistone and Hongler do not refer to it but this idea fits in with economic rent as justification ground.[24]

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22. P. Hongler and P. Pistone, *Blueprints for a New PE Nexus to Tax Business Income in the Era of the Digital Economy* (1 Jan. 2015), available at https://ssrn.com/abstract=2586196 (accessed 29 June 2020).

23. As to Kemmeren, the principle of origin justifies allocation of tax jurisdiction on income to a state if the income has been created within the territory of that state, i.e. the cause of the income is within the territory of that state. E.C.C.M. Kemmeren, *Legal and Economic Principles Support an Origin and Import Neutrality-Based over a Residence and Export Neutrality-Based Tax Treaty Policy*, in *Tax Treaties: Building Bridges between Law and Economics* sec. 5 (M. Lang et al. eds., IBFD 2010), Books IBFD.

24. As it is impossible to calculate the actual benefit of the various digital economy enterprises on a case-by-case basis, Pistone and Hongler suggest that the profit split method, combined with an upfront allocation of one third of the profit to the market jurisdictions, serves as the most suitable transfer pricing method to operate in this framework. They also point out that it is extremely difficult to distinguish between e-commerce and the "real economy" and that the BEPS 7 proposals imply the income of the e-commerce business

8.2.3.1.4. *Economic rent*

In their article *Adapting Current International Taxation to New Business Models: Two Proposals for the European Union* Brauner and Pistone base their ideas on the justification ground of economic rent, though without referring to it.[25] In respect of the need for a new PE-nexus they point out two factors have increased the unfairness of the present system:
(a) "New business models involve final customers in value creation using various tools that permit businesses to better target their products at potential customers by interacting with them and their preferences"; and
(b) "The possibility to sell products at distance has allowed business to operate from low-tax jurisdictions and to compete with the traditional physical economy that is often subject to a higher tax burden in the market country."

8.2.3.2. Inter-nation equity built on political ideas of fairness

When it comes to the political dimension, value creation also serves a purpose in developing thoughts on redistribution when market prices do not align with fair market value or as a way to achieve political goals such as improving human rights in other countries, as recommended by Brooks, Infanti, Van Apeldoorn and Christians referred to in section 8.2.2.

To my best knowledge thus far "Redistribution in order to achieve the Sustainable Development Goals" has not been mentioned as an item to take into account in developing ideas on whether or not, and if so to what extent, the source country may tax. Whether or not a country ensures that companies act in a socially responsible way in order to achieve the Sustainable Development Goals (the political dimension of fairness) might be taken into account in allocating taxation rights.[26] Classical theories on value cre-

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will already be reallocated between the resident and the market country and the market country will at least partly get its fair share of the income. For these reasons, Pistone and Hongler did not find it necessary to include e-commerce in their proposal.

25. Y. Brauner and A. Báez Moreno, *Withholding Taxes in the Service of BEPS Action 1: Address the Tax Challenges of the Digital Economy* (2 Feb. 2015), WU Intl. Taxn. Research Paper Series No. 2015 – 14, available at https://ssrn.com/abstract=2591830 (accessed 29 June 2020).

26. The Platform for Collaboration on Tax (PCT) – a partnership of the Four IOs (the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the United Nations (UN) and the World Bank Group (WBG)) –considers taxation to be a significant factor in 10 of the 17 SDGs and called upon countries to make progress on taxation as it is vital for achieving the SGDs. During its 2018

ation take the economic perspective. Examples are the neoclassical theory – implying that the creation of value is manifested by the existence of a surplus after having paid capital providers – and the resource-based theory – that justifies the central role of the human capital resource in the process of value creation.

More recently, value creation is perceived from the perspective of corporate social responsibility: "people, planet and profit" (also referred to as the "Triple Bottom Line").[27]

Therefore, in the international discussion on taxation on the basis of inter-nation equity redistribution there is reason to develop ideas on redistribution as justification for inter-nation equity based on value creation in this modern sense.

8.3. Would a change of attribution to attribution on the basis of a standard of "value creation" result in a fairer distribution of taxing rights at the global level?

Exploring inter-nation equity concept teaches us value creation is a concept that pinpoints whether a taxation right should be allocated to a country.

Thus, value creation is a concept with a meaning for achieving inter-nation equity, instead of "a catchy slogan that does not easily translate into concrete action",[28] a "catch-all provision that is not particularly suitable to deal with the cross-border allocation of taxing rights on corporate income[29] or "a messy, political idea – just like the corporate income tax itself".[30]

conference one of the panels examined how international tax competition generated by the increased importance of intellectual property and other changes to supply and value chains makes sustainable Domestic Revenue Mobilisation (DRM) and economic growth more difficult. Taxation & SDGs, First global conference of the platform for collaboration on tax, 14-16 February 2018, Conference Report, p. 9.

27. *See* "Triple bottom line - It consists of three Ps: profit, people and planet", *The Economist*, https://www.economist.com/news/2009/11/17/triple-bottom-line (visited 3 Oct. 2018) and J. Elkington, *25 Years Ago I Coined the Phrase "Triple Bottom Line." Here's Why It's Time to Rethink It*, Harvard Business Review (25 June 2018).
28. Haslehner and Lamensch, Ch. 1 in this volume.
29. Jérôme Monsenego, Ch. 5 in this volume.
30. S.C. Morse, *Value Creation: A Standard in Search of a Process*, Bull. Intl. Taxn. April/May 2018, pp. 196-202, Journal Articles & Papers IBFD.

It depends on the justification ground for attributing tax rights whether value creation only determines whether or not a country has a right to tax, or whether there is a standard of value creation that might measure what is a fair part of the global gain for the source country. A change of justification ground would imply a change in distribution. Whether such change is fair depends on what is perceived as a fair justification ground.

A standard of value creation does not make sense in case of benefit taxation. Benefit taxation is justified by public expenses. Public expenses enable companies to create value. There is, however, no direct relation between the public expense and the amount of value creation.

A standard for value creation does make sense if source taxation is the justification ground. Attribution of taxation rights takes place either on the basis of determining the location of the income, which is found on the basis of a functional analysis (supply approach), or of the origin of income which is found both where the income is acquired through economic activities and where it is disposed of, being the market country (supply-demand approach).

Starting from investment in a location as justification ground for source taxation, a standard of "value creation" is already available: allocating income on the basis of "functions, assets and risks" and the "arm's length principle". The functional analysis is the basis for pinpointing whether value is created. The comparability analysis determines the allocation of what has been earned. It seems consistent with this traditional view of allocating profits and in line with economic fairness that the OECD/G20 and national legislative measures go in the direction of allocating more taxation rights to "market countries". The digitalization of the economy may result in more allocation of taxation rights to market economies. Intangible assets are invested into the market economy (compare Schön). And the advertising and sales function of a website and the collection of information function of a platform are key value drivers, comparable with the storage function of the warehouses of, for example, Amazon and Bol.com.

Starting from origin as the justification ground for source taxation the direction is indeterminate: the intellectual component of developing intangible assets as key value driver points in the direction of the countries where R&D takes place, the quantity of available consumers points in the direction of market economies.

Albeit in a completely different context a standard for value creation also makes sense if the justification ground is “economic rent”. Christians and Van Apeldoorn’s proposal for adjusting wages to living wages is an example: low-income countries should get a bigger part of the pie as due to the economic rent foreign companies have a right to a share of the value created as the investor makes productive use of the source state’s labour resources. The difference between the wages paid and the living wages is the standard. Allocating all of that rent to that market’s jurisdiction may be considered fair.

In respect of redistribution a standard for value creation does not make sense if redistribution would be based on poverty considerations, but would make sense if redistribution would be based on policy reasons of encouraging countries to promote corporate social responsibility, including protection of human rights and the environment. Whether this is fair is a matter of politics.

8.4. Conclusion

In conclusion, value creation based allocation can be justified with the idea of inter-nation equity, justifying taxation in the country of source on the basis of benefit, location of functions, assets or risks, origin, economic rent or redistribution as reward for promoting the Sustainable Development Goals (SDGs). The idea of a standard for value creation fits in with the location, origin, economic rent and SDG-redistribution justification grounds. Including users and marketing intangibles as factors for allocating residual profits is in line with the traditional view on economic fairness. What might be perceived as a fairer allocation of taxation rights would be achieved by a move to economic rent (economical fairness) or redistribution (political fairness) as justification ground.