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and International Tax Law

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Cristóbal Pérez Jarpa

# Exit Taxation and Value Creation

A Conceptual Analysis – Issues and Solutions from a  
Domestic, EU Law and Tax Treaty Perspective

31

European and International  
Tax Law and Policy Series

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# Exit Taxation and Value Creation

## Why this book?

The introduction of exit taxes into domestic tax systems is never free of scrutiny and criticism. On the one hand, the arguments for the introduction of exit taxes centre on (i) ensuring taxation, as it is the last chance to tax, (ii) achieving fairness between countries and between taxpayers, and (iii) combatting tax avoidance. It is also argued that this type of taxation aims to (re)align taxation with the country where the value was created. On the other hand, criticism revolves around the risk of double taxation, taxation without real income, cash flow disadvantages, restricted mobility of persons and inefficient resource allocation. Current solutions to these problems are primarily a conditioned fragmentation of the payment, a step-up method and/or dispute resolution mechanisms.

This book examines and constructively challenges these arguments, criticisms and solutions in three ways: Firstly, through analysing selected countries' experiences (Part II); secondly, from an EU law perspective – from the CJEU's interpretations, and certain projects' experiences, e.g. the ATAD and CCCTB – (Part III); and thirdly, through a tax treaty analysis based on the OECD Model and selected countries' DTA networks (Part IV). The starting point is a conceptualization of the term "exit taxes" based on their nature, elements, and characteristics and through analysis of their goals, functions and justifications, considering particularly the idea of "taxation where the value was created" in connection with Action 6 of the BEPS Project (Part I). After exploring, discussing and understanding the main issues arising from the introduction of exit taxes, a reasoned solution is proposed.

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