

## Propositions

1. Corporate tax should not be presumed as merely deadweight loss, but conceptual measurement of public benefits. Therefore, the baseline of tax neutrality principle is not no-tax world, but the public benefits provided.
2. Formulary Apportionment (FA) is not mutually exclusive with transfer pricing practices; the recent development of international tax reform demonstrates that the formulary apportionment element has become more and more accepted.
3. The tri-formulation tax neutrality framework based on the benefit principle and the subsidiarity principle, is suitable for assessing the EU's formulary apportionment regime. Each weighting factor is justified by a type of public benefit.
4. The tax neutral formula should consist of three-factors: sales, asset and labour, to represent the public benefits of providing the customers' market; maintaining the labour market and providing non-human resources.
5. Adopting the single sales factor formula has become popular in the USA state taxation since mid 1980's, but a single sales factor formula is not more tax neutral per se (as it focuses only on one aspect of economy) nor easier for tax administration. The claimed effect of built-in incentives to encourage investments by adopting the single sales factor formula is replaced by new empirical data. So the single sales factor formula is not suitable for the EU's formulary apportionment regime.
6. The sales factor of the EU's formulary apportionment regime should follow the sales by destination rationale, to represent the multinational enterprises (MNE) taxpayers' output side of economic activities. That is MNE taxpayers' response to the customers' market. The tax neutral proxy of the destination is individual customers' physical location.
7. The labour factor of the EU's formulary apportionment regime should include workforce that is not defined as true independent contractor, because such workforce represents the public benefit of maintaining a healthy labour market. Both salaries and headcounts can be used as the valuation method of to what extent MNE taxpayers mobilized the workforce from the labour market. A suitable attribution rule of the labour factor is physical locations where individual workforces are performing their tasks.
8. The asset factor should include both tangible assets and intellectual property rights (IP rights). These assets should be attributed to where they are utilized, not to legal or economic owners. The valuation method for both tangible assets and IP are cost-based. Therefore, the costs of Development, Enhancement, Maintenance, Protection and Exploitation (DEMPE) can be the value of IP.
9. Special industry formulas (e.g. for financial institutions) are not exceptions nor evidence of failure of the formulary apportionment. The industry formulas are the origin of the formulary apportionment. Industry formulas are not derogating from the

standard formula, but embodiments thereof which reflect corresponding special public interests.

10. The safe-guard clause to adjust unfair apportionment result under the EU's formulary apportionment would be used rarely, provided that the factors of EU's formulary apportionment are designed according to the tax neutrality framework.
11. Writing on the topic of the EU's formulary apportionment reform project is as challenging as: giving birth to my daughter during the PhD research in the Netherlands and taking care of her home-school during the Covid-19 pandemic.