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HOW TO INCREASE TAXES ON FOSSIL FUEL PROFITS

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CONTENTS

ACRONYMS

BEPS	Base Erosion and Profit Shifting
BP	BP (oil and gas corporation, formerly British Petroleum)
CbCR	Country-by-Country Reporting
CO_2	Carbon dioxide
CRD	Canada Recovery Dividend
EBIT	Earnings Before Interest and Taxes
EPL	Energy Profits Levy
EPT	Excess Profit Tax
EU	European Union
EIB	European Investment Bank
FRLD	Fund for Responding to Loss and Damage
FX	Foreign exchange
GATJ	Global Alliance for Tax Justice
GDP	Gross Domestic Product
IEA	International Energy Agency
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development
ROTA	Return on Total Assets
RPPT	Rich Polluter Profit Tax
SAED	Special Additional Excise Duty
UK	United Kingdom
UN	United Nations

GLOSSARY

Austerity
Policies that cut public spending in order to reduce fiscal deficits and/or debt.

Base-erosion channels
Ways that multinational corporations reduce ("erode") the taxable profit reported in a country, often by making large deductible payments (for example interest, royalties or management fees) to group entities in low-tax jurisdictions. Limiting base-erosion channels is a key tool to stop profit shifting and protect the domestic tax base.

Carbon pricing / carbon taxes
Charges on greenhouse-gas emissions or on high-carbon consumption (for example fuel taxes, industrial emissions flight levies).

Climate justice
An approach to climate policy that recognises that those most responsible for emissions, and with the greatest ability to pay, should bear a larger share of the costs of climate action and compensation for climate damage.

Dividends
Payments that corporations make from their profits to shareholders, usually as cash per share.

Economic rents / resource rents
Profits that go beyond what a corporation needs to cover its normal costs and risks, often be-cause it controls scarce resources, enjoys strong market power, faces limited competition or benefits from favourable regulation and subsidies. In the fossil sector these are often called resource rents.

Excess profits
Profits above a reasonable "normal" return, whether due to windfalls, monopoly power, political connections, speculative gains or other advantages.

Fiscal space
The room governments have to increase spending or cut certain taxes without creating unsustainable debt or macroeconomic instability.

Interest deductions
Rules that allow corporations to subtract interest payments on debt from their taxable profits. These deductions can be abused when multinational groups load subsidiaries in higher-tax countries with excessive intra-group debt, using high interest payments to shift profits to low-tax or no-tax jurisdictions.

Intra-group royalties
Payments made between corporations in the same multinational group for the use of intellectual property such as trademarks, logos, technologies or patents. When royalty rates are set very high and paid to an affiliate in a low-tax country, they can be used to move profits out of the countries where real economic activity takes place.

Macroeconomic stabiliser
A policy tool that helps smooth economic ups and downs by raising more revenue in booms and less in downturns, thereby stabilising growth, prices and public finances.

Management-fee payments
Charges that a subsidiary pays to another group corporation (often the parent or a regional hub) for "management", "advisory" or "head-office" services. While some fees reflect genuine services, inflated or hard-to-verify management fees are a common device for shifting profits to low-tax jurisdictions and eroding the local tax base.

Mark-ups
The gap between a firm's production costs and the prices it charges.

OECD BEPS framework
The OECD (Organization for Economic Cooperation and Development), a club of mostly rich countries developed a Base Erosion and Profit Shifting (BEPS) framework, a package of international tax rules and reporting standards designed to curb tax avoidance by multinational corporations. It requires large groups to report key data to tax authorities – such as profit or loss before tax, taxes paid and tangible assets in each country – through tools like Country-by-Country Reporting.

Pass-through to consumer prices
The extent to which corporations respond to a tax increase by raising the prices they charge to consumers.

Polluter pays principle
A fairness norm in environmental policy which holds that those who cause environmental harm should pay for preventing, limiting and repairing that harm.

Price caps / regulated tariffs
Direct controls on the maximum prices or tariffs that energy corporations can charge house-holds or small businesses.

Progressive taxation
A tax structure in which higher-income or higher-wealth groups pay a larger share of their in-come or wealth in tax.

Profit-push inflation
A form of inflation where corporations widen their profit margins faster than their input costs rise, often using crises as cover to raise prices more than necessary.

Regressive taxation
Taxes that take up a larger share of income from poorer households than from richer ones, such as many broad-based consumption taxes which tend to fall more heavily on low-income house-holds.

Share buy-backs
When a corporation uses its profits to purchase its own shares on the market, boosting share prices and concentrating gains among existing shareholders rather than investing in productive activity.

Speculative assets
Financial assets purchased mainly in the hope of short-term price gains rather than because they support productive investment in the real economy.

Speculative cycles
Boom-and-bust patterns in prices and investment that are driven more by expectations and financial speculation than by underlying productive activity.

Tax incidence
The question of who ultimately bears the cost of a tax after corporations adjust prices, wages and investment.

Windfall profits
Sudden, unexpected gains that corporations make because external conditions change – for example, a war, a pandemic or a sharp price shock – rather than because of their own produc-tive efforts.

EXECUTIVE SUMMARY

Climate impacts are accelerating at a pace that outstrips the ability of governments to respond, while fossil fuel corporations continue to record extraordinary profits.

In 2024 alone, the world's major fossil fuel corporations generated **US$583 billion in net profit**.[1] At the same time, these corporations paid out over $400 billion to shareholders, while cutting back on their (already insufficient) low carbon investment plans.[2] In 2025, major oil and gas corporations cut their targets for future low carbon investments - BP by 73%, Shell by 37% and Equinor by 41% - arguing that they are less profitable than fossil fuel investments.[3] For decades, these corporations have spread lies and disinformation about the climate crisis and lobbied to create fossil fuel driven economies.[4]

In 2023, the emissions of just 340 fossil fuel corporations accounted for more than half of all global emissions,[5] enough in that one year to cause 2.7 million heat-related deaths over the next century.[6] These emissions are driving lethal climate impacts and deep economic disruption, hitting people living in poverty first and hardest. Women and girls—particularly in low-income countries—are bearing a disproportionate share of this burden. They face higher risks due to caregiving roles, greater exposure to climate-driven food and water shortages, and the deepening impact of austerity on public services that women rely on most.[7]

The funds required for the climate transition are estimated at **$2.7 trillion per year between 2025 and 2030** - just for the Global South.[8] Current climate finance and domestic resources fall far short of this. Closing this gap is essential to protect communities on the frontlines of the climate crisis and reduce the disproportionate harms faced by women and girls.

The problem is structural: profits keep flowing to activities driving climate breakdown, while governments face rising needs, shrinking fiscal space, and deepening inequality. Meanwhile, economy-wide excess profits driven by market concentration and crisis mark-ups are shifting income from consumers and workers to shareholders. Taxation can be used to address both the funding gaps and the economic dynamics that drives the climate breakdown. To address these, this paper presents two new taxes focusing on corporations: First, the fossil fuel corporations, and second, the corporate sector as a whole. In addition, we also need wealth taxes and personal income taxes for the super-rich individuals: someone in the richest 0.1% will produce more carbon pollution in one day than a person from the poorest half of the population produces in a year,[9] but this is not the focus of this paper.

This briefing proposes two complementary tax instruments which together could raise **more than $1 trillion in their first year**.[10] Both models are intended to show the potential of such taxes rather than to prescribe a precise rate and design.

THE RICH POLLUTER PROFIT TAX (RPPT): REDIRECTING FOSSIL FUEL PROFITS FOR CLIMATE ACTION

The RPPT rests on a straightforward principle: fossil fuel profits above a low benchmark (such as a 3% return on total assets) should face a higher tax rate than profits in other sectors. The RPPT would apply only to profits from fossil fuel activities and excludes renewble-energy segments from the same corporations. In so doing it will disincentivise investments in fossil fuels and encourage investment into renewable energy instead.

Oxfam modelled a 20% tax on profits corresponding to returns up to 3%, and 50% tax on profits above that threshold.

The tax applies only to the fossil fuel activities of corporations, ensuring that renewable-energy investments remain comparatively more attractive.

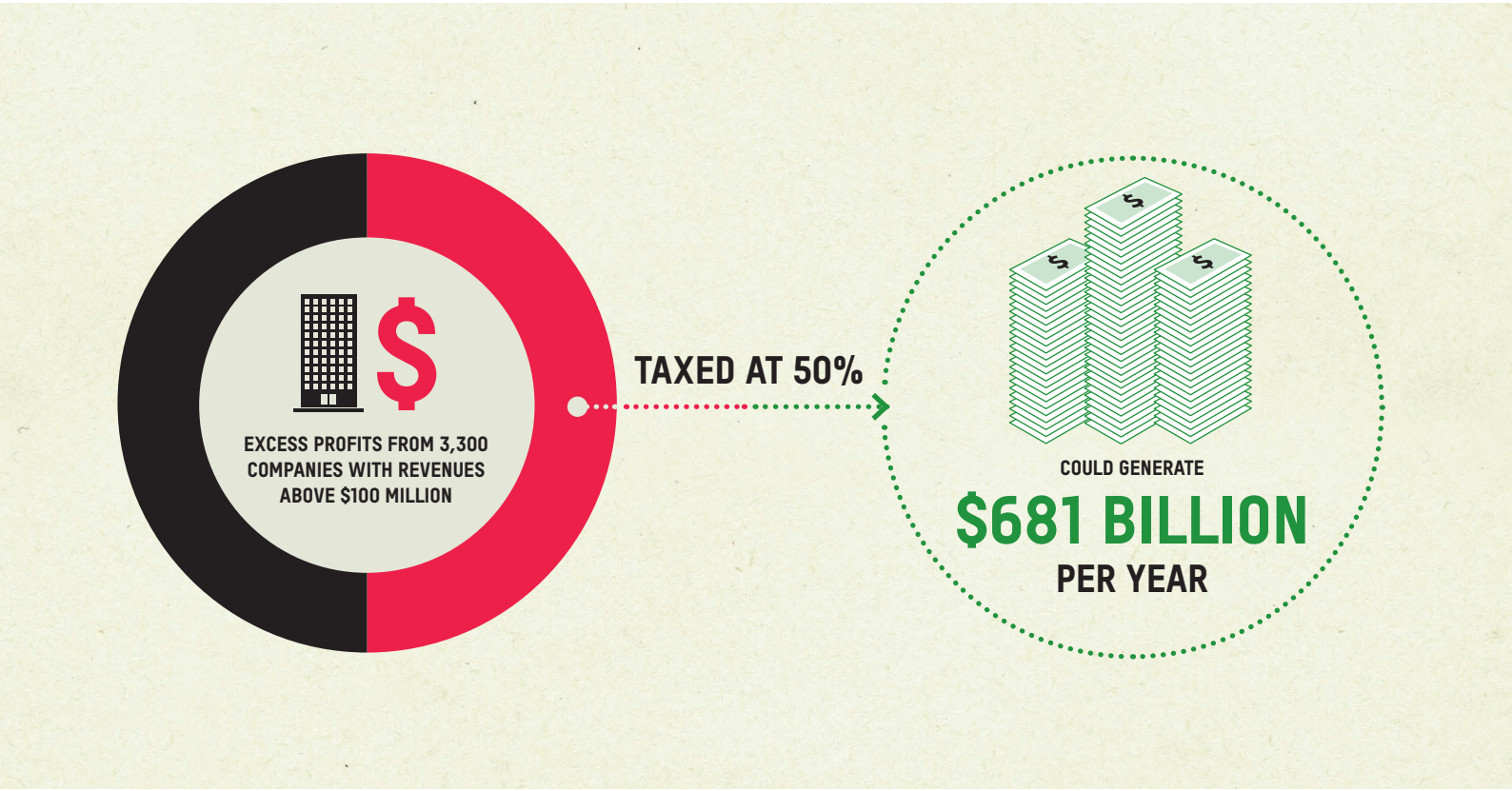
Applied globally to 585 fossil fuel corporations, the RPPT could raise approximately **$400 billion in its first year**.[11] Revenues would naturally decline over time - as fossil fuel production falls - an intentional feature that strengthens the transition rather than locking in dependence.

By ensuring that fossil fuels become less profitable than renewables, the RPPT makes polluting activities less attractive than renewable energy alternatives.

THE EXCESS PROFIT TAX (EPT): TACKLING MONOPOLY AND CRISIS-DRIVEN WINDFALLS

While the RPPT targets the most egregious "rich polluter" profits in oil, gas and coal, Oxfam also advocates for a permanent Excess Profit Tax (EPT) to address the wider problem of excess profits across the global economy.[12] Excess profits are a structural feature of our highly concentrated corporate economy, not a temporary by-product of recent crises. A small group of mega-corporations, backed by powerful financial actors, have pushed global average mark-ups from around 7% above costs in 1980 to nearly 60% in 2020, while corporate profits surged to record levels during the pandemic and cost-of-living crisis.[13]

The EPT would apply to all large corporations (other than fossil fuel corporations) with high excess profits. The EPT should apply to profits above a normal benchmark return e.g. 10%, Returns above this level typically reflect monopoly or monopsony power, gains from financial fluctuations, political connections, crisis-driven windfalls or other advantages.[14] The EPT should be distinguished from more narrow *windfall profit taxes* that some countries apply on a temporary basis on the grounds that corporations have made unexpected gains due to external factors such as a war, a pandemic or a price shock. Oxfam modelled such an EPT with a 50% tax rate on excess profits above returns on assets above 10% for large firms with revenues above $100 million. Based on 2024 data from over 3,300 corporations, such an EPT could generate **$681 billion per year**.[15] The first-year revenue figure is illustrative and will move with profit cycles, and governments can calibrate benchmarks/rates (potentially including exclusions for priority sectors such as low carbon power) to avoid unintended investment disincentives.



SHIFTING THE BURDEN: FROM CONSUMERS TO THE RICHEST

Because the burden of corporate profit taxes falls overwhelmingly on wealthy shareholders, rather than consumers, they are less regressive than carbon pricing or indirect taxes on consumption.[16]

Both the RPPT and EPT address extreme inequality. Corporate profits overwhelmingly accrue to wealthy shareholders, largely concentrated in the richest 1%, a group disproportionately male, older, and located in high-income countries.[17]

FEASIBILITY, GLOBAL MOMENTUM AND PUBLIC SUPPORT

Sections 5 to 7 of this paper show that the RPPT and the EPT are proven, practical and popular. They can be easily implemented because they rely on standard financial metrics that are already known to tax authorities. They complement, rather than replace, existing policy tools such as carbon pricing, extraction taxes and renewable-energy support. They align with advice from the International Monetary Fund (IMF) to introduce both windfall taxes[18] and excess profit taxes[19] as well as several academics[20] to deploy corporate excess profit taxation to address inequality and crisis-related revenue needs. The Organization for Economic Cooperation and Development (OECD) has demonstrated how such taxes can be implemented and how excess profits can be defined and taxed based on return on assets.[21]

The RPPT would build on the types of permanent taxes on oil and gas industry profits that have been introduced in Colombia and the United Kingdom, as well as temporary windfall taxes that have been introduced in a wider range of countries, surveyed in Section 7.

The European Union (EU) *solidarity contribution* — requiring member States to apply a temporary windfall profit tax on the 'windfall profits' of energy (including fossil fuel) corporations — demonstrated that coordinated regional reforms *are* feasible. Many EU countries, such as Czechia and Spain, moved beyond the EU minimum requirements.

This is evidenced by a wide range of polls across the world.[22] UN Secretary-General Guterres has reflected the growing demand for making fossil fuel corporate polluters pay and stated: "Climate change is the mother of all stealth taxes paid by everyday people and vulnerable countries and communities.... Meanwhile, the godfathers of climate chaos — the fossil fuel industry — rake in record profits and feast off trillions in taxpayer-funded subsidies."[23]

USING REVENUES FOR CLIMATE JUSTICE AND GENDER EQUALITY

Part of the revenues from the RPPT and EPT could be used to strengthen universal public services, social protection systems and just-transition programmes. Because women and girls face the greatest risks from climate shocks, food scarcity and austerity, funding must support care infrastructure and informal workers. High-income countries should also channel a significant share of these revenues to international climate finance - especially the **Green Climate Fund** and the **Fund for Responding to Loss and Damage** - to help communities already living with irreversible climate impacts.

KEY RECOMMENDATIONS

Governments should swiftly adopt a Rich Polluter Profits Tax (RPPT) on all fossil fuel corporations and a permanent Excess Profits Tax (EPT) on all other large corporations.

Governments must shield consumers — especially women, low-income households and marginalised groups — from price impacts through inclusive social-protection measures. In parallel, they must reduce fossil fuel demand by rapidly expanding renewable energy supply, scaling up public investment in renewable energy infrastructure, and supporting households with the cost of switching to renewable energy technologies.

Countries should form 'coalitions of the willing' to coordinate and speed up their efforts to counter fossil fuel corporate lobbying and tax avoidance. This may mean, for example, registering RPPT and EPT initiatives under the UN Sevilla Platform for Action,[24] or joining the Global Solidarity Levies Task Force.[25] These measures should be harmonised through the UN Framework Convention on International Tax Cooperation that is currently being negotiated, to ensure coordinated global rules and minimise avoidance.

Rich countries should draw on part of the revenues from the RPPT, EPT and other progressive taxes to adequately fund climate action in the Global South: reducing emissions, adapting to unavoidable impacts, and supporting communities recovering from loss and damage.

Our analysis shows that governments are not starting from scratch. The same profit and asset data that already underpin corporate income tax and country-by-country reporting can be used to administer the RPPT and EPT through existing systems, as recent experiences in the EU, the United Kingdom, Latin America and elsewhere have demonstrated. Public support for taxing fossil fuel profits and excess corporate gains is consistently high across regions, so the main obstacle is no longer technical design but the political will to act at the necessary scale.

1. THE CASE FOR A RICH POLLUTER PROFIT TAX

This section explains why fossil fuel profits and investment incentives make a **Rich Polluter Profit Tax (RPPT)** necessary and feasible.

WHY CAPITAL STILL FLOWS TO FOSSIL FUELS AND HOW TO STOP IT

The world is experiencing escalating climate impacts – from heatwaves and floods to crop failures and rising sea-levels – while fossil fuel corporations post record profits.

This pattern reveals a deep misalignment between private incentives and public needs. Fossil fuel corporations continue to allocate capital based on profit expectations, rather than climate stability. In 2024, fossil fuel corporations had an average 9% return on their assets, while renewable energy corporations and independent providers had a lower return of 7.6%.[26] Other estimates are that renewable projects earn just 5 to 8 per cent on their equity, compared to more than 15 per cent for oil and gas.[27] Although renewable energy is in most cases cheaper than fossil fuels, it is often less profitable because the renewable energy sector is very competitive, which reduces profits and increases the market power of buyers and returns are volatile, particularly in liberalized electricity markets, making profits less predictable.[28] In contrast, the oil and gas sector has higher barriers to entry and benefits from significant and long-established state subsidies as well as structural systems that apply only to oil and gas that subdue volatility, stabilise profits and encourage investment.[29]

As long as post-tax profitability in oil, gas and coal remains structurally higher than or similar to renewable energy, significant amounts of capital will keep flowing towards fossil fuels. The RPPT proposed in this paper would aim to reverse this, making renewable investments systematically more profitable.

A PRACTICAL AND POLITICALLY POPULAR WAY TO SHIFT THE BURDEN TO THOSE MOST RESPONSIBLE

While fossil fuels remain more profitable than renewable energy and attracts more investments, governments face large and growing fiscal needs to meet their climate finance obligations. The

funds required for the climate transition are estimated at $2.7 trillion per year between now and 2030 - for the Global South alone.[30] Currently, conventional tax bases are not sufficient to close these gaps without exacerbating poverty and inequality. We need instruments that can shift the tax burden away from workers and consumers and towards those most responsible for inequality and climate breakdown. Around 90% of the world's billionaires – often the principal shareholders of the largest corporations and those with the greatest responsibility for the climate breakdown – are men.[31] Fossil fuel companies and their shareholders have played and continue to play a key role in driving the climate crisis. In 2023, **the emissions of just 340 fossil fuel corporations accounted for more than half of all global emissions**,[32] enough in that one year to cause 2.7 million heat-related deaths over the next century.[33] Meanwhile, women and girls face the greatest risks from climate shocks, and the food scarcity and humanitarian crises driven by the climate breakdown.

Both the RPPT and the EPT are concrete tax designs that national governments can customise to their national contexts and implement right away (see Sections 6 and 7). As such, they provide an immediate route for action that can be aligned over time through international coordination and common standards.

USE OF REVENUES

Domestically, governments could use the revenues generated from these proposed taxes domestically, to invest in a just and green transition. This might include investments to protect disadvantaged groups from potential negative price impacts from the proposed taxes, gender responsive budgeting, community-led adaptation, or broader social protection.

Internationally, governments from the Global North have legal obligations to provide international climate finance to the countries of the Global South, set out by the International Court of Justice and the UN committees that authoritatively interpret international human rights law.[34] They should draw on RPPT and EPT revenues and other taxes to ensure adequate contributions to international climate-finance mechanisms, such as the Fund for Responding to Loss and Damage and the Green Climate Fund, and build on e.g. the Global Solidarity Levies Task Force showing how internationally coordinated levies can provide predictable cross-border revenue for global public goods, including climate finance.[35] Support needs to reach climate-vulnerable countries many of which have contributed little to historical emissions but are burdened by climate loss and damages at the same time as most of them are spending more on debt servicing than on health or education.[36]

2. WHY TAX FOSSIL FUEL PROFITS NOW?

This section sets out at least five reasons why a RPPT is both urgent and justified. The arguments here apply primarily to fossil fuel profits, while the EPT has a broader macro-fiscal justification, discussed in Section 5.

CLIMATE NECESSITY

Roughly 90% of global carbon dioxide (CO_2) emissions are linked to the extraction and combustion of fossil fuels.[37] The International Energy Agency and the Intergovernmental Panel on Climate Change have both concluded that no new oil, gas or coal fields are compatible with keeping warming below 1.5 °C.[38] Yet fossil fuel corporations continue to invest in new oil, gas and coal projects, using the profits generated by existing operations to fund exploration and lobbying. This creates a self-reinforcing cycle, where current profits finance future emissions.

MARKET FAILURE

Fossil fuel profits ignore the enormous costs that burning and extraction of fossil fuels imposes on health, ecosystems and infrastructure. Economists describe these as negative externalities—unpriced damages borne by society. The IMF estimates that fossil fuel subsidies including **the cost of such externalities exceeded $7 trillion** (7% of global GDP) in 2022.[39]

Unlike traditional carbon pricing, the RPPT operates through the *income* side of corporate accounts and therefore would reduce excess *rent-seeking* and shareholder payouts.[40] Economic rents are profits that go beyond what a corporation needs to cover its normal costs and risks. The RPPT recognises that fossil fuel corporations often earn these rents not through better production or innovation, but due to factors such as to control over resources, strong market power, limited competition, or political advantages such as favourable regulation or subsidies. The RPPT can therefore supplement carbon-pricing and other regulatory frameworks by better aligning profit incentives with decarbonisation goals.

EXTREME PROFITS

Oxfam's 2025 analysis finds that 585 of the world's largest and most polluting fossil fuel corporations generated $583 billion in net profits in 2024 - a 68% increase since 2019 - at time where communities worldwide experienced a cost-of-living crisis due to higher energy and food costs.[41] These same corporations over the same year distributed around **$403 billion to shareholders**

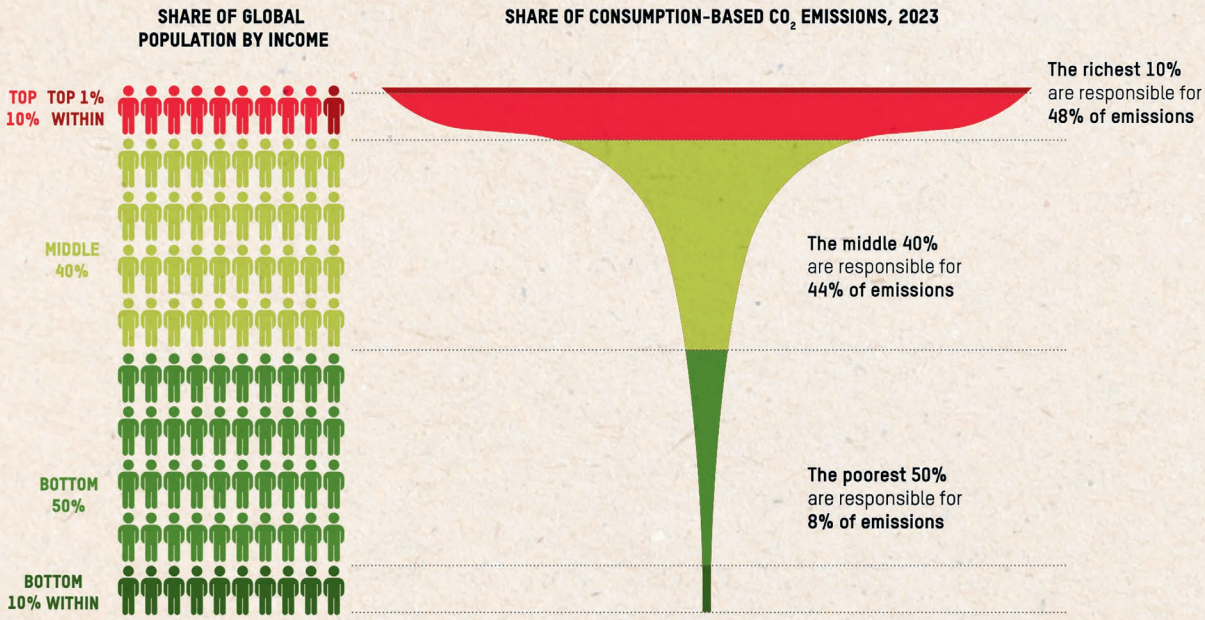
in dividends.[42] In parallel, several major oil and gas firms have recently reduced their targets for low-carbon investment compared with earlier commitments: BP by 73%, Shell by 37% and Equinor by 41%.[43] A targeted tax on the profits of fossil fuel corporations is therefore a logical step to curb rent-seeking and free up resources for a just and rapid decarbonisation process.

INEQUALITY AND HUMAN RIGHTS

The distributional asymmetry of climate change is stark. When we look at contributions to global consumption-based C02 emissions: the **richest 10%** of the world's population are responsible for about 48%; while the **poorest 50%** account for only 8%.[44] Since 2015, the richest 1% of people in the world have burned through more than twice as much of the remaining carbon budget (the total amount of greenhouse gases humanity can still emit while keeping global warming below agreed limits) as the poorest half of humanity combined.[45] And the **top 1%** of wealthy people — most of whom are men — dominate the shareholding of corporations and capture most of the windfall and excess profits.

In 2024, 585 of the world's largest and most polluting fossil fuel corporations made $583 billion in profits and enriched their shareholders to the tune of $403 billion.[46] Moreover, men dominate beneficial ownership across capital-intensive sectors, including the extractive industry.[47] By taxing these profits from fossil fuel activities, governments can redirect profits from shareholders to the broader public and help correct the regressive effects and gender biases of the fossil fuel industry.

Amnesty International has also recommended that governments tax the profits of fossil fuel corporations, rather than consumers, in order to meet their obligations under international human rights law to protect people from the harms caused by climate change while also protecting their access to energy, required to secure the human rights to housing, food, adequate standard of living and other rights.[48]



‘POLLUTER PAYS’ FINANCE FOR CLIMATE DAMAGE

Today’s climate crisis is rooted in a development model powered by fossil fuels and, historically, by colonial extraction. Fossil fuel corporations bear heavy responsibility for emissions. For decades, they’ve spread lies and disinformation about the climate crisis and lobbied to create and maintain fossil fuel driven economies.[49] The emissions of just 340 fossil fuel corporations in 2023 accounted for more than half of all global emissions.[50] And their emissions in 2023 alone are enough to cause 2.7 million heat-related deaths over the next century.[51] The communities least responsible for emissions are now the hardest hit by climate shocks.

By drawing upon RPPT and EPT revenues, alongside other taxes, and adequately funding international climate finance mechanisms, — such as the Fund for Responding to Loss and Damage (FRLD) and the Green Climate Fund — governments can fulfil obligations under international law and translate historical accountability into concrete transfers for adaptation and resilience.

3. RICH POLLUTER PROFIT TAX (RPPT)

The RPPT targets the large oil, gas and coal corporations, described as the *'Godfathers of climate chaos'*.[52] In this paper, 'oil, gas and coal corporations' are defined as firms whose primary business is fossil fuel extraction, production or related services and which, in the case of listed corporations, are classified in the Global Industry Classification Standard under *Oil, Gas & Consumable Fuels* (including *Coal & Consumable Fuels*) *and Energy Equipment & Services.*

The RPPT is applied on top of existing corporate income taxes and royalty payments. These rates and thresholds are used illustratively to demonstrate the potential of an RPPT. Governments can calibrate them to national contexts.

The RPPT is designed around three core principles:

- It targets *profitability*, measured as returns on total assets above a benchmark level.
- It *differentiates* between modest and very high profits, with a higher rate on the latter.
- It is *targeted*, applying only to the *fossil fuel* segment of a corporation's business, exempting renewable energy activities.[53]

In Oxfam's modelling, the RPPT is designed as follows:

- *Earnings Before Interest and Taxes (EBIT)* on the fossil fuel corporations are divided by the average value of total assets over 2019–2023 to calculate its returns on total assets *(ROTA)*.
- Profits corresponding to returns *up to* 3% on assets are taxed at an additional 20% rate on top of existing applicable corporate income taxes.
- Profits corresponding to returns *above* 3% are taxed at an additional 50% rate.[54]

The 3% threshold allows fossil fuel corporations to earn a decent profit, while still making fossil investment less attractive than renewables. In our sample, fossil fuel corporations earned an average pre-tax ROTA of about 9% in 2024. Applying the RPPT would claw back the equivalent of 3.6 percentage points of that return. This leaves an effective post-RPPT return of around 5.4% (before other taxes and interest). This is below the current 7.6% pre-tax return for independent power and renewable energy producers and thus helps to tilt investment incentives away from fossil fuels and towards renewables.[55]

REVENUE POTENTIAL OF TAXING PROFITS OF FOSSIL FUEL CORPORATIONS

Oxfam's modelling shows that applying the RPPT to **585 major oil, gas and coal corporations** could raise approximately $400 billion in its first year if applied globally. The combined revenue of these firms in 2024 was over $7.2 trillion, with **EBIT close to $1 trillion**, and total assets of around $8.7 trillion.[56] The RPPT would apply only to the fossil fuel segment of an oil, gas and coal corporation's business. Over time, as fossil fuel production is phased down and corporations shift towards renewables, RPPT revenues will decline. This is not a flaw but a key feature: the tax is designed *both* to raise revenue in the near term and to accelerate the transition away from fossil fuels.

4. EXCESS PROFIT TAX (EPT) FOR ALL SECTORS

Sections 1 to 3 focused on fossil fuel corporations, but the underlying problem is broader. In recent years, market concentration in sectors such as food, shipping, pharmaceuticals and digital platforms have led to a small number of very large corporations also enjoying returns far above normal levels, often due to monopoly power or crisis-driven windfalls. To curb this broader pattern of profiteering, Oxfam advocates for an Excess Profit Tax (EPT).

Oxfam's *Inequality Inc.* report shows that excess profits are now a structural feature of a highly concentrated corporate economy, not a temporary by-product of recent crises.[57] It documents a "new era of monopoly power" in which a small group of mega-corporations, backed by powerful financial actors, have pushed global **average mark-ups from around 7% above costs in 1980 to nearly 60% in 2020**. Meanwhile corporate profits surged to record levels during the pandemic and subsequent cost-of-living crisis. These dynamics have shifted income from workers and consumers to executives and shareholders and worsened inequality between and within countries.

The need to tax excess profits is now well established across public debate and academic policy work. Joseph Stiglitz has called windfall profit taxation a "no-brainer" and linked it directly to curbing monopoly power.[58] UN Secretary-General Guterres has likewise argued that climate impacts operate like a "stealth tax" borne by ordinary people while the fossil fuel industry reaps record profits and explicitly called for windfall profits to be taxed.[59] The IMF's work situates excess profits within the standard "economic rent" framework and recognises monopoly power as a key source of such rents in the wider economy.[60]

On the technical side, Christians and Diniz Magalhães have shown why excess/windfall profits should not be treated as exceptional anomalies: They can arise from structural market failures such as the externalisation of social and environmental costs, and "excess" can be framed against a benchmark of normal returns once full costs and risks are accounted for. They further argue that credibility and compliance are strongest when the instrument is built into ordinary income tax rules.[61] Several academics have translated these principles into workable tax architecture. For example, Avi-Yonah sets out how to integrate an excess profits tax into existing corporate tax rules with explicit constraints like an overall rate cap.[62] Heck and colleagues demonstrate that benchmark-based approaches using returns relative to assets can be defined in a stable, predictable way.[63] Both examples show that an EPT's design can be both administrable and durable.

Whilst other actions like regulation and breaking up monopolies are required to tackle market concentration, taxation can also play a key role in addressing this structural problem in the global economy. In particular, there is a strong case for a general and permanent EPT, as part of a broader strategy to rein in corporate power and market concentration.

FROM WINDFALL TO EXCESS PROFIT TAXATION

It is useful to distinguish between *windfall profits and excess profits.*

- ***Excess profits*** is a broad term for profits above a reasonable normal return, whether due to windfalls, monopoly power, political connections or other advantages.
- ***Windfall profits*** specifically refer to sudden, unexpected gains that corporations make because something in the outside world changes, for example a war, a pandemic or a price shock.

Windfall profits are often described as "unexpected" gains from shocks, but in practice they are hard to isolate: What counts as a windfall depends on counterfactual expectations about prices and returns. The IMF notes that while windfalls can be defined in theory, it is "difficult to design a policy that targets such profits" because identifying windfalls requires "investor specific assumptions," and therefore offers no clear advantage over taxing economic rents more generally.[64] This is why the debate has moved beyond one-off crisis levies and toward standing excess profits taxation: Oxford university scholar Devereux frames an excess-profits tax as a structural reform designed to fall "only on economic rent," rather than normal returns.[65] GUE/NGL, a platform of progressive and leftist legislators in the European Parliament, similarly calls for a "general and permanent" tax on "persistent excessive profits," explicitly arguing that "taxing windfall profits once is not enough."[66]

Oxfam is proposing an EPT that applies to *all sectors* of the economy not covered by the RPPT, using the same logic — taxing returns on total assets above a specified threshold — but applying a higher benchmark (see Annex 1).

HOW THE EPT CAN BE APPLIED

The EPT would apply to all corporations that the RPPT would not apply to. This may take, for example, the 10% average ROTA over a five-year period, and apply a 50% tax on any annual profits over that threshold. This aligns with the IMF and OECD use of 5-10% return on assets as cut-off for *normal* profitability.[67] Returns above that level are often attributable to market power, financial rents, or exceptional conditions—precisely the types of profits that can be taxed without harming socially desirable investments.[68]

The threshold for EPT (modelled at 10% here) should aim for policy equilibrium: high enough to avoid discouraging innovation and investment; but low enough to capture excess profits that often contribute little to productivity growth. Our modelling applies only to corporations with an annual revenue above $100 million, though governments should consider what is the appropriate threshold. Oxfam recommends governments to implement EPT designed to affect large, high-profit firms rather than small and medium enterprises. Because "excess" cannot be identified perfectly firm-by-firm in real time, benchmark thresholds are necessarily approximations.

The policy objective is therefore to set permanent statutory, transparent and administrable thresholds to distinguish between rents and normal profit rather than relying on case-by-case judgments. In addition, where governments seek to preserve rapid scale-up in priority sectors (for

example, low carbon power generation), they can calibrate the EPT through lower rates, tailored benchmarks, or explicit exclusions. In doing so, they should reflect a lesson from Europe's windfall profit measures: Poorly targeted profit taxes or price controls can negatively affect productive investment if they inadvertently penalise non-fossil energy generation.[69]

Under most historical examples of excess profit taxes there have been varying forms of allowances whereby corporations can offset losses against future tax liabilities. Following the approach in the IMF Staff Working Paper by Hebous and co-authors,[70] and the study by Heck and co-authors,[71] we excluded losses from our model for estimating potential revenue but recognize that some element of loss-offsetting should be considered. At the same time, loss-offset rules can be exploited through aggressive tax planning—such as engineered losses or acquisitions designed mainly to access and monetise tax losses—so safeguards are needed to protect the tax base[72]

The OECD notes that without workable loss offsets, taxes can fall more heavily on volatile, high-risk sectors even when their long-run expected returns are not excessive.[73] Consistent with this, empirical research finds that corporations take greater risks where such losses can be offset against tax revenues over a longer period of time, because loss offset provisions shift some downside risk to the government.[74] It is important for governments to therefore carefully design loss offsets in a way that minimise both the risk of tax avoidance and the effects on productive investment.[75]

REVENUE POTENTIAL

The EPT could raise around **$681 billion globally** based on 2024 data. Its yield will fluctuate with profit cycles, so this figure should be seen as an indicative estimate for a high-profit year, rather than a stable annual amount. This estimated revenue is based on more than 3,300 corporations in 100 countries.[76]

5. WHY TAXING EXCESS PROFITS MATTERS FOR PEOPLE AND THE CLIMATE

The RPPT and EPT are not only major new revenue sources; they also make economies fairer and more resilient while accelerating the shift away from fossil fuels. This section summarises their main macroeconomic, distributional and climate effects.

MACROECONOMIC STABILISING

Taxing profits, both in the fossil fuel sector through the RPPT and excess profits in the overall economy through an EPT, performs at least three stabilising functions:

- **Rebalancing income distribution**. The RPPT and EPT will *decrease* after-tax profits that accrue mainly to shareholders and executives in the highest income groups, and *increase* the resources for public services that benefit the broader population.
- **Containing inflationary dynamics**. During energy price shocks, profit margins often widen faster than input costs — a phenomenon the IMF have called "profit-push inflation".[77] By capturing part of those margins through taxation, governments can reduce incentives to corporations to apply excessive mark-ups on their prices, without resorting to restrictive monetary policy.[78]
- **Reduce speculative cycles**. The RPPT and EPT can stabilise fiscal space if boom period revenues are used to reduce debt or build climate investment buffers. This limits the need for austerity when prices and tax revenue fall. Experience from resource-rich countries shows that progressive, profit-based taxes on resource rents (e.g. from fossil fuel extraction) enable governments to capture windfall gains when fossil fuel prices spike, and then allow governments to spend revenue when prices plunge.[79] In this way governments can counter commodity boom-bust cycles and enhance economic stability.

PREDICTABILITY AND INVESTMENT INCENTIVES

A permanent, rules-based EPT is arguably less distortive than repeatedly improvising "temporary" windfall levies in each new crisis. The IMF notes that excess profits taxes can be designed either as permanent rent taxes or as temporary add-ons for shock-related revenue, but also shows that temporary taxes with known end-dates can distort investment decisions: firms may bring forward investment to exploit the sunset ("gold-plating"), rather than allocate capital based on long-run

productivity and social value.[80] A predictable permanent rule—based on a clear benchmark return and (where appropriate) multi-year averaging to smooth short spikes—reduces policy uncertainty and risk premia, supports long-term planning, and helps align private risk-taking with public goals. This is consistent with wider proposals for permanent excess profits taxation: Devereux argues that an excess profits tax designed to fall only on economic rent can be neutral with respect to investment decisions,[81] while Trautvetter explicitly calls for a general and permanent tax on "persistent excessive profits."[82] Legal scholarship adds a further rationale: where high profits reflect the externalisation of environmental and social costs onto the public, excess profits taxation functions as a way for the public to recoup such costs rather than as a penalty on productive innovation.[83]

WHO WILL ULTIMATELY PAY THIS TAX?

A common concern is that corporations may respond to higher profit taxes by increasing prices, thereby passing the burden on to consumers. However, governments and researchers typically allocate the majority (60–80 percent) of the corporate income tax burden to capital owners (including shareholders).[84] Empirical studies of corporate income tax, so-called *tax incidence*, also suggest that capital owners bear the largest proportion of corporate taxes, i.e. more than workers or consumers.[85] This is different from taxes levied directly on consumption, such as value added tax or carbon taxes, which are largely passed through to final consumer prices.[86]

Nevertheless, to minimise potential negative effects on consumers, governments can:

a. Introduce the RPPT and EPT gradually,
b. Ensure market competition is maintained,
c. Combine RPPT and EPT with targeted social protection and energy subsidies for low-income households,
d. Consider specific and temporary price controls during the transition period (specific energy products, geographically confined), and
e. Establish clear rules, sanctions and monitoring frameworks to detect and ban tax costs from being shifted onto consumers.

A recent review of energy price interventions in the EU during the 2022–2023 energy crisis found that price caps, regulated tariffs and targeted subsidies significantly reduced energy price inflation. Each 1 percentage point increase in spending on energy price controls was associated with a 0.37 percentage point reduction in energy price inflation.[87]

EFFECT ON INVESTMENTS AND EMISSIONS

EFFECTS ON INVESTMENT BEHAVIOUR

Another common concern is that taxation on higher profits might deter risk taking and productive investment, see section 4 for discussion of risk taking and the design of the EPT. Experience shows that untaxed excess profits often flow into share buy-backs and speculative assets with negligible productive impact. In 2023, the largest Western oil majors distributed around $110 billion to

shareholders in dividends and share buy-backs, an amount slightly exceeding their combined global capital expenditure of roughly $100 billion.[88]

HOW THE RPPT RESHAPES FOSSIL INVESTMENT AND EMISSIONS

Quantifying the exact impact of the RPPT on emissions is challenging, given uncertainties about future prices, technology costs and policy choices. However, the direction of the effect is clear.

By design, the RPPT reduces after-tax returns on fossil fuel assets and makes renewable energy relatively more attractive. This will mainly affect investments at the margin: the tax is less likely to shut down existing oil, gas and coal extraction, and more likely to discourage new high-cost or high-emissions projects, such as deepwater or Arctic drilling.

Disincentivising investment in fossil fuels will reduce supply and can put upward pressure on prices if demand is not reduced in parallel. For this reason, fossil fuel profit taxation must be complemented by rapid expansion of renewable energy supply, public investment in renewable infrastructure, and support for households to switch to low carbon energy technologies.

The RPPT can help to shrink fossil fuel production but, on its own, will not clean up the projects that remain. It must be paired with policies that directly reduce the emissions intensity of existing extraction.

Lastly, by signalling that fossil profits will face higher taxation in the years ahead, the RPPT also reduces expected long-term returns from fossil investments. Because investment hinges on expected profitability, this forward-looking signal is key to shifting capital out of fossil fuels and into renewables over time.

Ado Sori walks with her sons in El Beso, North Horr, Marsabit, Kenya. Floods swept away most homes and rendered roads impassable in the area. Marsabit County in Kenya has endured back-to-back climate emergencies with drought followed by floods that wipe out livestock and up-end livelihoods. In 2023, the arid region suffered one of the deadliest impacts of drought in nearly four decades.
CREDIT: PETER IRUNGU/OXFAM

6. TAX AVOIDANCE RISKS AND COUNTERMEASURES

While international coordination would reduce tax avoidance risks, many countermeasures can be implemented unilaterally by national governments. These function as immediate, practical safeguards, and as stepping stones towards regional and global frameworks.

INTERNATIONAL TAX AVOIDANCE

Higher profit taxes increase incentives for multinationals to shift earnings to jurisdictions without RPPT or EPT. These risks are significant, but manageable. Many countries, at least 32 according to IMF research, already apply excess profit taxes in extractive industries.[89]

Governments can respond to the risk of international tax avoidance through a combination of domestic and international measures, including:

a. **Comprehensive limitations on tax avoidance tactics** such as interest deductions, intra-group royalties, management-fee payments and other base-erosion channels;
b. **Mandatory public country-by-country reporting (CbCR)** allows tax authorities and the public to see where multinational groups report their profits. In the EU, elements of this already exist: The EU *Accounting Directive*[90] requires CbCR for large extractive and logging corporations on their payments to governments, and the *Capital Requirements Directive*[91] requires CbCR for EU banks on key information including profits.
c. **Formulary apportionment methods** that allocate taxing rights across jurisdictions based on real economic indicators, such as sales, employment and tangible assets. These need to be adjusted to the extractive sector to ensure that the country where the resource is extracted can collect a larger share of the tax revenue.[92]
d. **Coordinated regional or global adoption** of RPPT and EPT reduces incentives for arbitrage by narrowing the number of low-tax jurisdictions available. The EU's 2022 "solidarity contribution" on windfall profits (see section 7) demonstrates how coordinated introduction of such taxes can work in practice, and similar approaches could be advanced under a future UN Tax Convention.

TAX AVOIDANCE THROUGH ASSET INFLATION

Because the RPPT and EPT relate to ROTA, there is an incentive for corporations to artificially increase the value of their assets to limit their tax liability. One way to keep such artificial accounting tricks

in check is to ensure that the tax administration has regular compliance efforts, such as audits of multinational corporations. Another option is to enact legislative limitations for adjusting asset pricing.

AVOIDANCE BY BREAKING UP CORPORATIONS

Because the RPPT and EPT relate to ROTA, there is an incentive for corporations to artificially increase the value of their assets to limit their tax liability. One way to keep such artificial accounting tricks in check is to ensure that the tax administration has regular compliance efforts, such as audits of multinational corporations. Another option is to enact legislative limitations for adjusting asset pricing.

7. COUNTRY EXPERIENCES, DESIGN AND FEASIBILITY ASSESSMENT

This section explains the technical readiness of existing systems, drawing lessons from countries that introduced similar measures.

USING EXISTING SYSTEMS

The two RPPT and EPT tax bases - *Earnings Before Interest and Taxes (EBIT)* and total assets - both build on widely used financial-reporting concepts.

- *Total assets* is a standard balance sheet aggregate under International Financial Reporting Standards[93] and other Generally Accepted Accounting Principles.[94]
- EBIT is a commonly used performance measure.

For multinational groups, under the OECD Base Erosion and Profit Shifting (BEPS) framework, data such as *'profit or loss before income tax'* and *'tangible assets other than cash and cash equivalents'* are already reported to tax authorities in CbCR, based on audited financial accounts.[95]

POSITIONING THE RPPT IN THE CLIMATE-POLICY MIX

As the RPPT operates on profits rather than emissions, it can sit alongside carbon taxes or other taxes targeted on high-carbon consumption, such as frequent flier levies or taxes on luxury sport utility vehicles. The effect is to ensure that polluters contribute fairly as *part of* the climate policy equation, rather than increasing the burden on consumers and households.

Likewise, the RPPT can complement extraction-based taxes, often called carbon damages taxes, in efforts to capture a fair share of resource rents and reduce opportunities for profit shifting. By taxing profits, the RPPT can complement such levies, calibrating the total tax take so that fossil fuels are consistently less profitable than renewables.

Globally, it is important to reflect the principle of common but differentiated responsibilities and respective capabilities in the phasing out of production of and use of fossil fuels. To reflect this principle, Global North countries must take the first steps to phasing out fossil fuel extraction

through regulation, including by prohibiting any new licensing of fossil fuel extraction and phasing out all fossil fuel extraction by 2040. Such steps would mean that demand for fossil fuels in their countries would be met for by production in the Global South which should be phased out by 2050. The RPPT encourages investment in renewables rather than fossil fuels but does not prevent continued fossil fuel production that is required to meet existing demand.

POPULARITY AND POLITICAL FEASIBILITY

Taxes like the RPPT and EPT are broadly popular (see Annex 2) and respond directly to public demand for fairness. During the 2022–24 energy crisis, governments in the EU, UK and Latin America introduced temporary windfall levies, framed as restoring fairness and social balance at a time of crisis.[96] Large majorities of people - across income levels and regions - support higher taxation of fossil fuel corporations and the ultra-rich, particularly when revenues are earmarked for climate action and public services.[97]

Public support gives these taxes unusual political potency. Unlike carbon pricing—which can provoke consumer backlash, particularly if poorly designed[98]— profit-based taxes are generally viewed by the public as targeting firms' extraordinary gains rather than households' consumption.[99] Hence, they speak to a sense of justice that while energy bills and inflation have risen **new taxes should be directed towards corporate profits** and the rich shareholder owners.

COUNTRY EXPERIENCES

This section presents selected country cases to illustrate how profit-based windfall and excess profit taxes have been rapidly introduced, administered via existing systems and gained public legitimacy.

The European Union Solidarity Contribution

In September 2022, the European Council adopted Regulation (EU) 2022/1854, introducing two measures:

- **A mandatory temporary windfall tax**, or equivalent national measures, on surplus profits of EU corporations and permanent establishments in the crude petroleum, natural gas, coal and refinery sectors, where at least 75% of turnover comes from these activities. The tax applies at a minimum rate of 33% on profits that exceed 120% of the 2018–2021 average. Member States were required to direct the proceeds to energy-related household, industrial and decarbonisation support.[100] By 30 June 2024, Member States had collected **€26.2 billion** ($28.3 billion).[101]
- **An EU-wide cap on how much revenue electricity corporations can keep** (including wind, solar, nuclear, and biomass). Revenues exceeding the cap of €180 per megawatt hour were collected and redirected to electricity consumers. A 2023 European Commission review based on Member State reports expected up to **€50 billion** ($58 billion) revenues from the cap.[102]

Key lessons: The EU case demonstrates that profit-based windfall taxes can be implemented rapidly across multiple legal systems using existing tax infrastructure, and how a regional coordination mechanism can enhance legitimacy and reduce unilateral risk. It also shows that sector-specific profiteering can be captured and redirected to shield consumers and finance the green transition.

Canada

In its 2022 federal budget, Canada introduced with short notice a one-time *Canada Recovery Dividend* (CRD) of 15% on taxable income above C$1 billion (about US$ 643.7 million) for bank and life insurance groups, alongside a permanent 1.5 percentage-point increase in the corporate tax rate on their taxable income above C$100 million (US$ 66.7 million). Both measures are framed explicitly as asking financial institutions that made record profits during the pandemic to help pay for the recovery. The taxes apply existing provisions of the Income Tax Act and use the standard corporate taxable income base and filing system, which limits opportunities for avoidance and allows rapid implementation.[103]

Key lessons: It is possible to rapidly implement excess profit taxes by targeting a clear subset of firms, limiting scope for avoidance by piggy-backing on existing tax rules and linking the measure to fairness in a post-pandemic recovery context.

Colombia

In November 2022, the government of President Gustavo Petro adopted a major tax reform[104] (Law 2277 of 2022) that added a permanent corporate income tax surcharge of 5–15% for corporations engaged in crude oil and coal extraction, which applies when current year average prices exceed 65% of the average international price over the previous 10 years. This effectively operates as a price triggered windfall profits tax on the extractive sector, with higher rates when global prices – and therefore profits and economic rents – are high. Overall, this is very close in spirit to the RPPT proposal, in that it intends to target windfall fossil rents rather than normal returns. The overall reform package was presented by the government as a progressive reform to make high-earning sectors and wealthy individuals contribute more to finance social spending, with a large share of additional revenue expected from extractives. IMF analysi[105] notes it is likely to reduce oil production in the medium to long term, which from a climate justice and RPPT perspective is a desired effect if combined with a just transition for workers and communities.

Key lessons: From a polluter-pays and inequality perspective, Colombia's reform is a clear example of using profit-based instruments to capture a larger share of fossil excess profits, showing that a resource-dependent Global South country can introduce permanent, price triggered surcharges on oil and coal profits.

Czechia

In November 2022. the Czech Republic approved a temporary "windfall profits tax" set at a 60% additional tax for certain sectors (energy, petroleum, banks) which is applied in addition to the standard corporate income tax of 19 per cent. The base is defined as profits exceeding 120 % of the 2018–2021 average.[106] The levy applies high income thresholds ensuring that the windfall tax targets major market actors rather than small or medium-sized firms. Czechia uses this windfall profits tax as its implementation of the EU temporary solidarity contribution, but **it goes beyond the EU minimum by applying a higher rate**, a longer duration and a broader sectoral scope (including banks).

Key lessons: It is possible to define clear thresholds to target only the largest corporations, and apply an additional tax to the highest excess profits, not normal returns. This also shows how EU-mandated solidarity measures can be expanded and used as a template for more ambitious excess profit taxes.

India

On 1 July 2022, India introduced taxes on domestic oil producers and fuel exporters in the form of a "special additional excise duty" (SAED). The levy was set at 23,250 rupees (US$ 246) per ton of crude oil produced, targeting the surge in profits from high international prices.[107]

Key lessons: This example demonstrates how a flexible windfall levy can be introduced quickly using existing excise-tax infrastructure.

Nigeria

In 2024, Nigeria's government introduced a one-off windfall tax on banks' realised foreign-exchange (FX) profits through the Finance (Amendment) Bill 2024. The bill initially set a 50% levy—later increased by the Senate to 70%—on realised FX gains from 2023 onward. Government explanatory notes link the measure to financing capital infrastructure, education, health services and other welfare initiatives, and to capturing "super profits".[108]

Key lessons: A targeted windfall levy can be implemented through the standard corporate-tax apparatus, focused on clearly defined extraordinary gains (FX revaluation profits) and explicitly tied to funding social and infrastructure spending.

Norway

In Norway, the offshore petroleum sector is taxed with both an ordinary corporate income tax (22 %) and a special petroleum tax, yielding **an effective marginal rate of approximately 78 % on resource rent**.[109] The special petroleum tax is layered on top of the ordinary corporate income tax. It uses the same taxable profit calculation and deducts the corporate tax already paid when computing the special tax base.[110] The system has been credited with capturing Norway's substantial oil and gas revenues while remaining investment neutral.[111]

Key lessons: It is possible to apply such a tax using familiar tax forms (corporate income tax), align the tax base with net profit, and apply it within a high-rent industry.

Spain

Spain's government introduced Law 38/2022 at the end of December 2022, establishing a temporary "solidarity contribution" / windfall levy on energy corporations and large banks.[112] For example, electric, gas and oil firms with a turnover above €1 billion (1.15 billion USD) in 2019 will pay 1.2 % of net turnover.[113] The levy uses existing tax infrastructure and a relatively simple turnover-based calculation rather than novel tax forms. The government later sought to extend the 1.2% levy on large energy corporations beyond its original 2023–2024 duration, but after intense political debate parliament ultimately rejected the extension in January 2025.[114]

Key lessons: A rapid additional tax can be introduced when public and political momentum is strong. It also underlines how temporary windfall levies can become highly contested once the immediate crisis has passed, and how governments need clear communication and alliance building if they want such measures to evolve into more permanent structural profit taxes rather than lapse under pressure.

United Kingdom

In May 2022, the UK government introduced the *Energy Profits Levy* (EPL), a temporary windfall tax on the profits of North Sea oil and gas producers, on top of the existing ring-fenced corporation tax and supplementary charge. The levy was initially set at 25%, taking the combined tax rate on these profits to 65%, with HM Treasury estimating revenues of around £5 billion (US$ 6.3 billion) in its first 12 months to help fund cost-of-living support for households facing soaring energy bills. In 2022 the **EPL rate was increased to 35%** and a separate 45% rate Electricity Generator Levy introduced on "extraordinary returns" of low carbon generators. The government consistently framed these levies as ensuring that corporations benefiting from exceptionally high prices "pay their fair share" while the public faces high bills.[115] Subsequent reforms **increased the EPL rate further to 38% and extended its end date to 31 March 2030**.[116] In the 2025 Budget, the government confirmed that when the EPL ends, it will be replaced by a permanent, revenue-based Oil and Gas Price Mechanism that applies an additional 35% tax when oil and gas prices rise above specified thresholds (currently $90 per barrel for oil and 90p per therm for gas).[117]

Key lessons: Framing windfall taxes as a way for highly profitable fossil fuel and energy firms to contribute more when households are under severe energy price pressure can help build broad political consensus and strong public support. This example shows how temporary windfall taxes can evolve into more permanent price-based mechanisms that continue to capture windfall returns.

The International Monetary Fund (IMF)

– has explicitly supported the use of windfall-style taxes in crisis settings, noting that these taxes rely on readily available profit and capital data and can be implemented quickly.[118]

The Organisation for Economic Cooperation and Development (OECD)

– confirms in its *Tax Policy Reforms*[119] series that profit-based windfall levies can be introduced through existing corporate tax frameworks with limited administrative changes. And OECD's Country-by-Country Reporting (CbCR) standard —already mandatory for large multinational enterprises— provides tax authorities with profit, revenue, employment and asset data that can support RPPT and EPT administration and reduce opportunities for profit shifting.[120]

The United Nations

– is negotiating the UN Framework Convention on International Tax Cooperation (UN Tax Convention) with one of its aims being to establish binding, equitable rules for taxing multinational corporations and allocate new taxing rights in line with sustainable development objectives.[121] An important proposal which is compatible with Oxfam's proposals, is provided by Eurodad and the Global Alliance for Tax Justice (GATJ) in their Make Polluters Pay proposal which outlines a three-level global architecture for a fossil fuel profits tax under the UN Tax Convention.

8. CONCLUSION AND RECOMMENDATIONS

Governments today face a dual challenge: stabilising economies under pressure from climate shocks; and transforming fiscal systems so that those who pollute and profit the most contribute proportionately to public goods. The RPPT and EPT offer a practical route to achieve this. They translate the principle that "polluters and profiteers must pay" into instruments that fit within existing corporate-tax frameworks, rely on standard profit and asset data, and can be legislated quickly through familiar legal vehicles.

Evidence from multiple jurisdictions shows that profit-based levies can be administered through ordinary tax systems and gain broad public legitimacy. The central barrier to implementing the RPPT and EPT is not technical or administrative—it is political.

The central barrier to implementing the RPPT and EPT is not technical or administrative—it is political.

When properly designed, **these taxes can raise over $1 trillion per year**, while reducing the profitability gap between fossil fuels and renewables - making renewable energy the rational choice for investors. They also contribute to a fiscal system that is both climate just and gender just, where those who *profit most* from climate destruction and other harmful impacts *contribute more* to repair and renewal.

The recommendations that follow set out concrete steps that governments, regional bodies and international institutions can take to make the RPPT and EPT part of a coherent fiscal architecture that advances climate justice and economic fairness.

RECOMMENDATIONS

The RPPT and EPT can be introduced using the same legal and administrative channels as existing corporate income taxes. Their successful implementation requires action across national, regional, and global levels.

(A) IMPLEMENT THE RICH POLLUTER PROFIT TAX (RPPT) AND THE EXCESS PROFIT TAX (EPT) AT NATIONAL LEVEL

- **National governments** should move from temporary, crisis-era levies to permanent fiscal instruments embedded in corporate tax law. They can legislate the RPPT and EPT as taxes added to existing corporate income tax, using standard data (EBIT, total assets etc). They can introduce them through amendments to national tax codes or annual finance acts - exactly as the UK and EU did for temporary levies. For RPPT, legislation can include phase-down clauses tied to declining fossil fuel output or emissions; EPT design features can reinforce fiscal stabilising effects (see section 5) by capturing excess profits during commodity booms and economic shocks, and redistributing them to disadvantaged groups.

- **Legislatures** play a key role in defining benchmarks, rates and earmarking rules. Parliamentary committees on finance and environment can hold hearings linking these taxes to national climate targets.

- **Central banks and planning ministries** can recognise RPPT and EPT revenues as part of the fiscal space for green investment, aligning them with Nationally Determined Contributions and national climate strategies.

- **Civil-society organisations, trade unions and local governments** can advocate for transparency clauses and monitor spending, ensuring that new revenues benefit affected communities and workers.

- **National tax administrations** can build capacity to track corporation-level ROTA using financial filings and CbCR data, to strengthen domestic data systems and tax sovereignty. This includes enforcing existing domestic requirements for CbCR and transfer pricing documentation – such as Nigeria's 2018 Regulations[122] and Ghana's 2020 Regulations,[123] both requiring annual CbCR filings. Countries can use OECD CbCR data– which are already mandatory for multinationals with revenue above €750 million ($811.7 million) – to track corporation-level ROTA.

IMPLEMENTATION PATHWAYS

- **Tax base and data:** Use standard corporate income tax definitions and audited financial statements (EBIT and total assets). For multinationals, draw on consolidated accounts and OECD CbCR data.

- **Legal mechanism:** Introduce RPPT and EPT as taxes on existing corporate tax laws or via annual finance acts, following the approach used for the EU Solidarity Contribution and the UK Energy Profits Levy.

- **Definition of excess profits:** Set clear, statutory thresholds (for example, profits above a fixed return-on-assets benchmark or above a multi-year average) to reduce legal uncertainty and ensure consistent application.

- **Administrative integration:** Collect RPPT and EPT through existing corporate tax schedules, using current audit, filing and enforcement systems. No new administrative structures are required.

- **Cost efficiency:** Integrate the new RPPT and EPT within the ordinary corporate tax workflow to minimise compliance and administrative cost.

(B) ANCHOR RPPT AND EPT IN REGIONAL AND GLOBAL TAX COOPERATION

To be effective, RPPT and EPT reforms can be coordinated across countries, rather than pursued in isolation.

- **Regional cooperation**. Regional economic blocs such as the EU, African Union, Association of Southeast Asian Nations, and the Community of Latin American and Caribbean States can develop and implement **model laws defining excess profits and setting minimum rates**, helping countries to legislate faster and more consistently. In West Africa, for example, the ECOWAS Model Mining and Minerals Development Act (2019) already contains provisions on excess profits from mining.[124] The AU has also developed draft continental model mining provisions.[125] The priority for these regions can be effective domestic implementation, rather than starting from scratch. Regional tax forums — including the African Tax Administration Forum, Regional Platform for Tax Cooperation in Latin America and the Caribbean and the Inter-American Center of Tax Administrations — can design administrative manuals and calculation templates for ROTA-based taxation, adapting OECD BEPS tools to regional contexts. ATAF has already issued detailed guidance on how to design profit-based top-up taxes and is providing demand-driven support to several African countries; these materials can be adapted for ROTA-based excess profit taxes.[126] A useful precedent is the EU Solidarity Contribution (2022), which required EU countries to levy at least a 33% charge on fossil fuel corporations' surplus profits — defined as profits more than 20% above their 2018–21 average — and which had generated **€26.2 billion** ($28.4 billion) by June 2024.[127]

- **Global coalitions and solidarity initiatives**. Countries across all continents can form "coalitions of the willing" to coordinate and speed up their efforts and counter fossil fuel corporation lobbying and tax avoidance. They could, for instance register RPPT and EPT type measures as initiatives under the **UN Sevilla Platform for Action**, or work with the **Global Solidarity Levies Task Force**.[128] This can link national reforms to wider

efforts to close Sustainable Development Goal and climate finance gaps, and help coordinate design, implementation and revenue-sharing rules. The IMF and World Bank can also include RPPT and EPT in their fiscal policy toolkits and revenue mobilisation diagnostics, while the OECD Inclusive Framework can help to standardise definitions of "excess profit" and align ROTA calculations across jurisdictions.

- **A UN Tax Convention**. Most importantly, governments should support negotiations toward a UN Framework Convention on International Tax Cooperation. A UN tax convention offers the only global forum where all countries — including low- and middle-income countries — can participate on an equal footing in setting the rules for taxing cross-border corporate profits. Embedding RPPT and EPT principles in this process helps to standardise definitions of excess profits, reduce harmful tax competition, and establish fairer rules for allocating taxing rights on multinational profits. Active engagement — through submissions, preparatory meetings and technical input — can ensure that fossil profit and cross-sector excess profit taxation becomes part of future global fiscal norms. For detailed analysis of how the Convention could anchor a global fossil profit tax, see the Eurodad and Global Alliance for Tax Justice 2025 report, *Make Polluters Pay*.

(C) USE REVENUES FOR A FAIR AND GREEN TRANSITION AND ENSURE PUBLIC LEGITIMACY

Countries should earmark a share of revenues for international climate finance, including the **Loss and Damage Fund** and the **Green Climate Fund**, establishing a predictable contribution rule (for instance, a fixed percentage of RPPT and EPT revenue). Over the medium and long term, reducing the profitability of fossil fuels will reduce supply, and this may put upward pressure on prices if demand is not reduced in parallel. Governments must combine profit-based taxes with measures that both **protect people and accelerate the transition**. This shields consumers — especially women, low-income households and marginalised groups — from any short-term price impacts through inclusive social protection schemes and targeted energy subsidies; while rapidly expanding renewable energy supply, scaling up public investment in renewable energy infrastructure, and supporting households with the costs of switching to clean energy technologies.
For high-income fossil exporters, the RPPT can directly fund global adaptation transfers—turning polluter taxation into solidarity finance.

Governments should apply *gender responsive criteria* in allocating RPPT and EPT revenues, including gender-impact assessments, dedicated support for care-economy infrastructure, and the formal participation of women's rights organisations in planning and oversight.
To maintain public legitimacy, governments can publish annual revenue and expenditure reports in open-data formats, establish multi-stakeholder oversight mechanisms, and ensure independent audit and parliamentary review using existing frameworks such as the Open Government Partnership and the Extractive Industries Transparency Initiative.

ANNEX 1

WHY THE RPPT AND EPT HAVE DIFFERENT THRESHOLDS

The Rich Polluter Profit Tax (RPPT) and the Excess Profit Tax (EPT) use different benchmark rates because they pursue different policy objectives.

The ***RPPT*** applies a 3% return on total assets (ROTA) benchmark for fossil fuel corporations. This reflects the aim of reducing the relative profitability of oil, gas and coal compared with renewable energy. A 3% threshold allows fossil fuel producers to earn a profit while ensuring that after-tax returns fall below those available in renewable energy.

The ***EPT*** applies a higher 10% ROTA benchmark for all non-fossil sectors. This threshold is about identifying above-normal returns that usually arise from market concentration, monopoly power, crisis-driven windfalls, patents, and other forms of rent extraction rather than genuine competitive performance. A 10% benchmark therefore distinguishes normal business earnings from excess profits, ensuring the EPT captures profits without discouraging socially useful investment.

Together, the differentiated thresholds allow the RPPT and EPT to pursue complementary goals: realigning incentives in the energy system and improving the overall progressivity and fairness of the corporate tax base.

See more details in Oxfam (2025), *Rich polluter profit tax could raise up to US$400 billion and help drive fossil fuel phase out: Methodology note*
https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2025-06/Oxfam%20Polluter%20profit%20tax%20methodology%20note_2.pdf

ANNEX 2

WHO SUPPORTS AND WHO RESISTS: PUBLIC BACKING AND CORPORATE PUSHBACK ON EXCESS PROFIT TAXES

PUBLIC OPINION POLLING SHOWS STRONG SUPPORT FOR ADDITIONAL TAXES ON FOSSIL FUEL CORPORATIONS TO PAY FOR CLIMATE COSTS

Public opinion data across regions shows consistent and strong support for taxing fossil fuel windfalls and excess corporate profits to fund climate action and social protection. This pattern is not confined to high-income countries but appears also across emerging and middle-income economies. Support tends to be highest when revenues are earmarked for visible public purposes such as climate adaptation, energy affordability and universal public services.

This matters for policy feasibility. Taxes on corporate profits differ politically from consumption taxes or carbon pricing because they are widely perceived as targeting extraordinary corporate gains rather than household budgets. In periods of inflation and energy price shocks, they are commonly framed as fairness and burden-sharing measures rather than new austerity instruments.

Evidence from global and regional polling includes:

Brazil, Mexico and 11 other countries are covered in Oxfam International and Greenpeace International's (2025) press release *Global survey finds 8 out of 10 people support taxing oil and gas corporations to pay for climate damages from* 19 June 2025. This survey found that **81%** of respondents **support new taxes on oil, gas and coal corporations to pay for climate-related loss and damage**, and 86% support directing the revenues to communities most affected by the climate crisis. Available at: https://www.oxfam.org/en/press-releases/global-survey-finds-8-out-10-people-support-taxing-oil-and-gas-corporations-pay. Most respondents believe that governments are doing too little to curb the power of fossil fuel corporations and the super rich and indicate they would be more willing to support a politician who aimed to curb the power of polluting industries and the super rich.[129]

Latin America. European Investment Bank (2023). ***Nearly 9 Latin Americans in 10 demand stricter climate policies***, *EIB survey reveals*. Press release, 4 September 2023. The Latin America and Caribbean edition of the EIB Climate Survey finds that 88% of respondents support stricter government measures to combat climate change, and 80% prioritise investment in renewable energy over fossil fuels. Available at: https://www.eib.org/en/press/all/2023-303-nearly-9-latin-americans-in-10-demand-stricter-climate-policies-eib-survey-reveals

European Investment Bank (2023–2024), *EIB Climate Survey – Sixth Edition (World and EU results)*, "Taxes to support a just transition," notes that **74% of EU respondents support fossil fuel tax reform** eliminating subsidies and tax breaks for fossil fuel-reliant sectors. Available at: https://www.eib.org/en/surveys/climate-survey/6th-climate-survey/world

European Investment Bank (2023), *EIB Climate Survey – Fifth Edition: Government action, personal choices and the green transition* (EU results), especially the summary note: **"A majority of Europeans**

and Britons (65% and 67%) support heavy taxes on highly polluting energy consumption." Available at: https://www.eib.org/en/publications/20230098-eib-climate-survey-europe

In Ireland, a poll for Friends of the Earth (carried out on 3–4 June 2022, n=1,211) found that **88% of respondents supported "a windfall tax on corporations** that have made larger profits due to energy prices" (61% "strongly support," 9% opposed): Friends of the Earth Ireland, *"Poll shows public supports radical measures to tackle the energy crisis"* (19 June 2022), https://www.friendsoftheearth.ie/news/poll-shows-public-supports-radical-measures-to-tackle-the-en/

In Germany, a 2022 Infratest dimap survey reported that **76% of Germans supported introducing a windfall tax on energy firms'** windfall profits: Reuters, *"Explainer: Will Germany introduce a windfall tax on energy firms?"* (3 September 2022), https://www.reuters.com/business/energy/will-germany-introduce-windfall-tax-energy-firms-2022-09-03

Where resistance comes from

Despite broad public backing, resistance to excess profit and fossil fuel profit taxes is highly concentrated rather than widespread. The main barriers are political-economic rather than technical:

- **Fossil fuel and corporate lobbying**. Industry groups invest heavily in shaping fiscal narratives, warning that higher taxation will deter investment or harm competitiveness.[130]
- **Campaign financing and policy capture**. Political parties and finance ministries often depend on business donors or revolving-door relationships, making them cautious toward new tax instruments.[131]
- **Institutional inertia**. Many ministries of finance are structurally conservative, preferring incremental adjustments to existing CIT frameworks and wary of taxes that expose rent-seeking profits.

In practice, these obstacles are amplified by the temporary framing of recent windfall profit measures, which created the perception that such taxes are crisis tools, not structural elements of fiscal fairness.

Opposition primarily comes from three groups:

Corporate resistance typically operates through claims that such taxes will deter investment, raise consumer prices, or cause capital flight. Industry-funded economic modelling often overstates these risks and downplays empirical evidence showing that most of the tax burden falls on shareholders rather than consumers. Lobbying efforts are frequently combined with legal threats, public-relations campaigns and pressure on political parties.[132]

Financial resistance also reflects shareholder interests. Fossil fuel and other high-profit sectors are heavily owned by institutional investors, private equity and wealthy individuals. These groups have direct financial incentives to resist any permanent reduction in excess profit margins and often exert influence through political donations, revolving-door relationships and policy advisory roles.[133]

Political **resistance** is often strongest **in countries with high dependence on fossil fuel revenues** or strong fossil fuel lobbying power. In such contexts, temporary taxes have sometimes been framed as "exceptional crisis tools" rather than permanent structural reforms, reflecting the balance of power rather than lack of technical feasibility.[134]

NOTES

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9. Taxing those most responsible for the climate crisis can deliver a double dividend: Cutting high-end emissions and unlocking major public revenues for a fast and fair transition. Oxfam modelling suggests that a 60% tax on the incomes of the richest 1% globally could reduce emissions on a scale greater than the UK's total emissions in 2019, while raising resources that—if directed to clean energy and public services—can accelerate the shift away from fossil fuels. See Oxfam International (2024), *Carbon Inequality Kills: Why curbing the excessive emissions of an elite few can create a sustainable planet for all*, https://policy-practice.oxfam.org/resources/carbon-inequality-kills-why-curbing-the-excessive-emissions-of-an-elite-few-can-621656/ and Oxfam (2025), *Climate Plunder: How a Powerful Few are Locking the World into a Climate Disaster*, p.6, https://policy-practice.oxfam.org/resources/climate-plunder-how-a-powerful-few-are-locking-the-world-into-disaster-621741

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62. R. Avi-Yonah (2020), *Taxes in the Time of Coronavirus: Is It Time to Revive the Excess Profits Tax?* University of Michigan Public Law Research Paper No. 671; University of Michigan Law & Economics Research Paper No. 20-008, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3560806

63. I. Heck, T. Rabensteiner and B. Tippet (2024), *A Progressive Excess Profits Tax for the European Union*, https://gala.gre.ac.uk/id/eprint/45941/7/45941_TIPPET_A_progressive%20_excess_profit_tax_for_the_European_Union.pdf

64. T. Baunsgaard and N. Vernon (2022), "Taxing Windfall Profits in the Energy Sector," International Monetary Fund Note 2022/002, p.3: "it is difficult to design a policy that targets such profits" because it depends on "investor-specific assumptions." https://www.elibrary.imf.org/view/journals/068/2022/002/article-A001-en.xml

65. M. Devereux (2024), Oxford University Centre for Business Taxation, "An Excess Profits Tax," lines 49–52: proposes "a new tax on excess profit… designed to fall only on economic rent." https://oxfordtax.sbs.ox.ac.uk/article/excess-profits-tax

66. C. Trautvetter (2024), *Why the EU Needs an Excess Profits Tax*, proposes "a general and permanent tax targeting persistent excessive profits"; and states that "Taxing windfall profits once is not enough…" p.4, https://left.eu/app/uploads/2024/05/The-Left-Study-Excess-Profits-Tax.pdf

67. S.Hebous, D. Prihardini and N. Vernon, (2022), *Excess Profit Taxes: Historical Perspective and Contemporary Relevance*, International Monetary Fund Working Paper WP/22/187. In their empirical illustration they treat "normal" returns as a range of 5–10% of tangible assets (and similarly 5–10% of turnover or cost of goods sold). Our benchmark of a 10% return on total assets (ROTA) therefore lies at the upper end of this IMF range and can be considered conservative, https://www.imf.org/en/publications/wp/issues/2022/09/16/excess-profit-taxes-historical-perspective-and-contemporary-relevance-523550 OECD (2025), *FAQs: Global Anti-Base Erosion (GloBE) Rules (Pillar Two)*, pp. 2–3, explains that the GloBE rules operationalise a return-on-assets approach by excluding a substance-based amount of income equal to a fixed percentage of tangible assets (and payroll), illustrating how "routine" returns can be defined in practice and excess profits/top-ups applied above that level. https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/global-minimum-tax/faqs-on-model-globe-rules.pdf

68. In public-finance theory, profits above a normal return are treated as economic rents that can be taxed with little or no distortion to investment. See S. Hebous, D. Prihardini and N. Vernon, (2022), ibid. On p. 3 the authors equate excess profit with economic rent, defined as "**returns in excess of the opportunity cost of the investment… over and above the risk-adjusted 'normal' returns**", and note that rents can arise from "**monopolistic power**" and location-specific advantages, especially in extractives and other capital-intensive sectors. They also argue that EPTs can in principle be designed as a permanent efficient rent tax, and that an EPT designed as an allowance-for-corporate-capital system "**would fall on excess returns leaving investment decisions unaffected at the margin**". This is consistent with the Mirrlees Review, which states (p. 6) that "**pure economic rents can, in principle, be taxed without creating an economic distortion. One example is the 'excess' return to capital; taxing such returns does not discourage saving and investment**" J. Mirrlees et. al. (2011), *Tax by Design: The Mirrlees Review*, Chapter 20 "Conclusions and Recommendations for Reform", https://economics.mit.edu/sites/default/files/publications/pamphlet.pdf

69. European Parliament (Policy Department for Economic, Scientific and Quality of Life Policies) (2023), *The effectiveness and distributional consequences of excess profit taxes or windfall taxes in light of the Commission's recommendation to Member States*, PE 740.076, https://www.europarl.europa.eu/RegData/etudes/STUD/2023/740076/IPOL_STU(2023)740076_EN.pdf The study notes that, under the EU's inframarginal electricity revenue cap (covering renewables among other technologies), governments were allowed to collect less than the full surplus "**to preserve the profitability of the operators and not to dampen investments in renewable energies.**" (p. 25).

70. S. Hebous, D. Prihardini and N. Vernon (2022), Excess Profit Taxes: Historical Perspective and Contemporary Relevance, International Monetary Fund Working Paper WP/22/187, https://www.imf.org/en/publications/wp/issues/2022/09/16/excess-profit-taxes-historical-perspective-and-contemporary-relevance-523550

71. I. Heck, T. Rabensteiner and B. Tippet (2024), *A Progressive Excess Profits Tax for the European Union*, https://gala.gre.ac.uk/id/eprint/45941/7/45941_TIPPET_A_progressive%20_excess_profit_tax_for_the_European_Union.pdf

72. S. Hebous, D. Prihardini and N. Vernon (2022), Excess Profit Taxes: Historical Perspective and Contemporary Relevance, International Monetary Fund Working Paper WP/22/187, https://www.imf.org/en/publications/wp/issues/2022/09/16/excess-profit-taxes-historical-perspective-and-contemporary-relevance-523550

73. OECD (2018), *Loss carryover provisions*, OECD Taxation Working Papers. On risk and distortion under asymmetric treatment of profits/losses: "**Under a proportional tax system without intertemporal loss offsets, the riskier project … will deliver lower expected returns since profits are taxed but losses receive no tax relief…** [and] investment decisions will be distorted towards less risky projects." (p. 7), https://www.oecd.org/content/dam/oecd/en/publications/reports/2018/02/loss-carryover-provisions_55d6c245/bfbcd0db-en.pdf

74. D. Langenmayr and R. Lester (2014), *Taxation and Corporate Risk-Taking*. They report: "**loss carryback and carryforward periods are positively and significantly related to the level of firm risk-taking …**" with quantified effects (p. 3) https://gsb-faculty.stanford.edu/rebecca-lester/files/2020/09/Lester_Taxation_Corporate_Risk.pdf See also A. Ljungqvist, L. Zhang and L. Zuo (2017), *Sharing Risk with the Government: How Taxes Affect Corporate Risk Taking*, NBER Working Paper 21834. They summarise: "**tax loss-offset rules moderate firms' sensitivity to taxes by allowing firms to partly share downside risk with the government.**" (PDF p. 1, Abstract), https://www.nber.org/system/files/working_papers/w21834/w21834.pdf

75. OECD (2011), *Corporate Loss Utilisation through Aggressive Tax Planning*. The report documents standard "balance" instruments used in practice—pairing availability of loss relief with guardrails against abuse—e.g. "**A loss carry-forward can only offset 75% of income" and "to restrict abuses, 'stop loss rules' were introduced to prohibit the transfer of losses …**" in ownership/activity-change situations (p. 34), https://www.oecd.org/content/dam/oecd/en/publications/reports/2011/08/corporate-loss-utilisation-through-aggressive-tax-planning_g1g1475a/9789264119222-en.pdf S.Hebous, D. Prihardini and N. Vernon, (2022), *Excess Profit Taxes: Historical Perspective and Contemporary Relevance*, International Monetary Fund Working Paper WP/22/187. https://www.imf.org/en/publications/wp/issues/2022/09/16/excess-profit-taxes-historical-perspective-and-contemporary-relevance-523550 *On protecting the base while allowing legitimate loss relief, it stresses that "**A set of rules would be needed to protect the EPT base**" and flags avoidance routes including "**… engaging in M&A activities with loss-making companies**"* (p. 16). A. Bührle, E. Casi, B. Stage and J. Voget Bührle (2023), *The value of a loss: The impact of restricting tax loss transfers.* The paper summarises the policy rationale for anti-abuse limits—"**Anti-loss trafficking rules aim to protect government revenues … by restricting the use of acquired losses**" (pp. 2–3)—and shows that tightening/loosening such rules has real behavioural effects, finding that "**anti-loss trafficking rules reduce the number of deals with loss-making targets by about -22% on average**" (p. 4), https://www.econstor.eu/bitstream/10419/279548/1/1867604337.pdf Council of the European Union, 2022, *Council Regulation (EU) 2022/1854* (EU "solidarity contribution" design). For volatility-management, it uses a multi-year reference period: "**Only profits made in 2022 and/or 2023 above a 20% increase of the average taxable profits generated in the four fiscal years starting on or after 1 January 2018 …**" (recital 53). For anti-fragmentation / scope integrity, it also clarifies application "**including those that are part of a consolidated group merely for tax purposes**" (Article 15). https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1854

76. Oxfam (2025), *Rich polluter profit tax could raise up to US$400 billion and help drive fossil fuel phase out: Methodology note*, https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2025-06/Oxfam%20Polluter%20profit%20tax%20methodology%20note_2.pdf

77. T. Killick (ed.) (1982), *Adjustment and Financing in the Developing World: The Role of the International Monetary Fund* (International Monetary Fund). See p. 127 "Types of inflation," which explicitly refers to "profit-push inflation." See also O. Arce, E. Hahn and G. Koester, "How tit-for-tat inflation can make everyone poorer" The ECB Blog (30 March 2023). The blog shows that unit profits contributed more than half of domestic price pressures in late 2022 and describes this contribution of profits to inflation as exceptional from a historical perspective, https://www.ecb.europa.eu/press/blog/date/2023/html/ecb.blog.230330~00e522ecb5.en.html

78. See I. M. Weber and E. Wasner (2023), "*Sellers' inflation, profits and conflict: why can large firms hike prices in an emergency?*" Review of Keynesian Economics, 11(2), 183–213. The authors analyse "sellers' inflation" in concentrated markets and conclude that "Windfall profit taxes can be a complementary tool that can make it less attractive for firms to hike prices in ways that increase profit margins and thus make initial price impulses and amplifications of price hikes less likely." p. 208, https://www.elgaronline.com/view/journals/roke/11/2/article-p183.xml See also J. Stiglitz (2022) *The Causes of and Responses to Today's Inflation*, Roosevelt Institute, esp. Section 6. Stiglitz argues that when inflation is driven by market power, **tax policy is a more targeted tool than monetary tightening**, and proposes temporary windfall profits taxes on "super-profits" in sectors such as energy. He notes that increasing the windfall profits tax rate on firms with large windfall profits "disincentivizes price increases and encourages investment" (pp. 66–68), https://rooseveltinstitute.org/wp-content/uploads/2022/12/RI_CausesofandResponsestoTodaysInflation_Report_202212.pdf For a formal macro model in which **taxes on profitable firms** combined with subsidies for loss-making firms can reduce inflation after an energy-price shock by keeping more firms in operation and strengthening monetary policy transmission, see E. Kharroubi and F. Smets (2024), *Monetary Policy with Profit-Driven Inflation*, BIS Working Paper No. 1167, Section 6 ("Corporate taxes and subsidies"), esp. equations (41)–(43) and the discussion that the tax/subsidy scheme "could reduce inflation following an energy price shock" by supporting supply (pp. 36–39), https://www.bis.org/publ/work1167.pdf Lastly, see D. Capelle and Y. Liu (2024), "Optimal Taxation of Inflation", SUERF Policy Brief No. 797. https://www.suerf.org/wp-content/uploads/2024/02/SUERF-Policy-Brief-797_Capelle-Liu.pdf. The authors, both IMF staff, provide formal theoretical proof that taxing mark-ups reduces firms' pricing power. They argue a TIP (a tax on price increases) "would effectively correct externalities in firms' pricing decisions, tackle excessive inflation and reduce output volatility" (p. 1) and they show in a New Keynesian model that combining TIP with monetary policy stabilises inflation and the output gap, with TIP targeted at markup and inflation-expectation shocks, giving firms direct incentives to moderate price increases, pp.1-2.

79. An IMF policy paper prepared by the *Fiscal Affairs Department, Fiscal Regimes for Extractive Industries: Design and Implementation* (2012) recommends regimes that combine a royalty with a tax targeted explicitly on rents (plus the standard corporate income tax) so that governments secure early revenue and an increasing share of rents as prices rise, enhancing the stability and credibility of the regime, p. 6, https://www.imf.org/external/np/pp/eng/2012/081512.pdf

80. S. Hebous, D. Prihardini and N. Vernon (2022), Excess Profit Taxes: Historical Perspective and Contemporary Relevance, International Monetary Fund Working Paper WP/22/187, https://www.imf.org/en/publications/wp/issues/2022/09/16/excess-profit-taxes-historical-perspective-and-contemporary-relevance-523550 On permanence vs temporariness: "**EPTs can be permanent or temporary as an add-on …**" (p.1). On distorting investment decisions / "gold-plating": "**A temporary EPT can also result in gold-plating …**" (p.15) and Annex 1.

81. M. Devereux (2024) Oxford University Centre for Business Taxation, "An Excess Profits Tax" https://oxfordtax.sbs.ox.ac.uk/article/excess-profits-tax

82. Trautvetter (2024), *Why the EU Needs an Excess Profits Tax*, Executive Summary https://left.eu/app/uploads/2024/05/The-Left-Study-Excess-Profits-Tax.pdf

83. A. Christians and T. Diniz Magalhães (2023), "The Case for Taxing Away Unsustainable Profits" George Washington Law Review Vol. 91 No.3, https://www.gwlr.org/wp-content/uploads/2023/07/91-Geo.-Wash.-L.-Rev.-697.pdf

84. See U.S. Department of the Treasury, Office of Tax Analysis (2012), U.S. Congressional Budget Office (2012), Urban–Brookings Tax Policy Center (2024) and Gstrein et al. (2025) cited in endnote 16 above.

85. CAN Europe and Transport and Environment (forthcoming 2026), *Taxing fossil fuel profits, not consumers*, https://caneurope.org/taxing-fossil-fuel-profits-not-consumers Suárez Serrato and Zidar find in a spatial-equilibrium model of US state corporate taxes that **capital owners bear about 40% of the burden, workers 30–35%**, and landowners 25–30%. See J. Suárez Serrato and O. Zidar (2016) "Who Benefits from State Corporate Tax Cuts? A Local Labor Markets Approach with Heterogeneous Firms" American Economic Review 106(9) pp. 2582–2624. Working paper version: https://www.nber.org/system/files/working_papers/w20289/w20289.pdf These shares are summarised in R.B. Dadzie (2021), *Corporate Tax Shifting and Tax Incidence: A Review of the Literature*, Washington State Department of Revenue, which reports that "capital, labor, and land bear 40%, 30–35%, and 25–30% respectively", p. 6. https://dor.wa.gov/sites/default/files/2022-02/CorporateTaxIncidenceLitReview.pdf

86. For VAT, IMF evidence using detailed monthly price and VAT data for 17 euro area countries over 1999–2013 finds that **changes in the standard VAT rate are passed through almost one-for-one to consumer prices:** "for changes in the standard rate… final pass through is about 100 percent." See D. Benedek, R. de Mooij, M. Keen and P. Wingender (2015), *Estimating VAT Pass Through*, IMF Working Paper 15/214, pp. 1 and 29, https://www.imf.org/external/pubs/ft/wp/2015/wp15214.pdf For carbon pricing, IMF distributional analysis often starts from an assumption of **full (unity) pass-through** of carbon charges into consumer prices, while stressing that actual pass-through can be lower or higher depending on market conditions: "it is straightforward to calculate the final prices… with carbon pricing, assuming unity pass-through," but "pass-through of carbon pricing to consumer prices may not be unity… empirical evidence… ranges from below unity to above unity", B. Shang (2021), *The Poverty and Distributional Impacts of Carbon Pricing: Channels and Policy Implications*, IMF Working Paper 21/172, p. 8), https://www.imf.org/-/media/files/publications/wp/2021/english/wpiea2021172-print-pdf.pdf

87. Foundation for European Progressive Studies (FEPS) (2025), *The profit–price spiral in food and energy*. The study finds that each 1 percentage point increase in spending on energy price controls reduced energy price inflation by 0.37 percentage points during the 2022–2023 EU energy crisis, https://feps-europe.eu/wp-content/uploads/2025/04/The-profit-price-spiral-in-food-and-energy-1.pdf ECB (2024), Economic Bulletin Issue 1, Box 8 "*Fiscal policy measures in response to the energy and inflation shock and climate change*," shows that energy-price interventions such as caps, regulated tariffs and subsidies **dampened HICP energy inflation in 2022** relative to a no-policy scenario, https://www.ecb.europa.eu/press/economic-bulletin/html/eb202401.en.html#toc22 IEA (2025), *Gas Market Lessons from the 2022–2023 Energy Crisis*, documents that retail price caps, tariff regulation and targeted support in EU member states **reduced pass-through from wholesale to retail prices**, limiting energy-price inflation, https://www.iea.org/reports/gas-market-lessons-from-the-2022-2023-energy-crisis C. Glocker and P. Wegmüller (2024), "*Energy price surges and inflation: Fiscal policy to the rescue?*" Journal of International Money and Finance, find that subsidies on energy consumption and firms' energy inputs **attenuate inflation** by reducing marginal costs and curbing pass-through during energy-price shocks https://doi.org/10.1016/j.jimonfin.2024.103201

88. Based on Bloomberg and Reuters tallies and corporation reports. See K. Crowley, "Big Oil's Blockbuster $114 Billion Investor Payout Is Most Ever" Bloomberg (7 February 2024) https://www.bloomberg.com/news/articles/2024-02-07/big-oil-pays-out-record-114-billion-in-share-buybacks-and-dividends R. Bousso, "*Big Oil offers record returns to lure investors back*" Reuters (7 February 2024) https://www.reuters.com/business/energy/big-oil-offers-record-returns-lure-investors-back-2024-02-07

89. S.Hebous, D. Prihardini and N. Vernon (2022), *Excess Profit Taxes: Historical Perspective and Contemporary Relevance*, International Monetary Fund Working Paper WP/22/187, p.11, https://www.imf.org/en/publications/wp/issues/2022/09/16/excess-profit-taxes-historical-perspective-and-contemporary-relevance-523550: "Today, at least 32 countries have EPTs in the extractive sector, predominately calculated as profit above either a benchmark rate of return or a specified ratio of cumulative revenue to cumulative expenses…" p.11.

90. *EU Accounting Directive (extractives payments reporting)* Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (Chapter 10 – Report on payments to governments), https://eur-lex.europa.eu/eli/dir/2013/34/oj

91. *Capital Requirements Directive (banks' public CbCR)* Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Article 89 – Country-by-country reporting), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013L0036

92. K. Sadiq (2024), "*Formulary Apportionment for the Extractives Industry – How Should Resource Rents be Taxed*" Journal on Financing for Development, Vol. 1, No. 5, pp. 27–44, https://uonjournals.uonbi.ac.ke/ojs/index.php/ffd/article/view/2287

93. Under International Financial Reporting Standards (IFRS), total assets are presented as a core balance-sheet aggregate in the *Statement of Financial Position* (see IAS 1 *Presentation of Financial Statements*, paras. 54–60, https://www.ifrs.org/issued-standards/list-of-standards/ias-1-presentation-of-financial-statements/

94. Under US Generally Accepted Accounting Principles (US GAAP), Overview at: https://asc.fasb.org/ total assets are likewise a standard balance-sheet item under ASC 210 (Balance Sheet) and related US GAAP and SEC guidance (as summarized, for example, in KPMG's *Financial statement presentation* handbook, ch. 3 and Appendix, which treat 'Total assets' as a standard balance-sheet subtotal and materiality benchmark), https://kpmg.com/kpmg-us/content/dam/kpmg/frv/pdf/2025/us-dpp-handbook-fsp.pdf

95. See OECD (2015), *Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 – 2015 Final Report*, Annex III to Chapter V, Table 1 "Overview of allocation of income, taxes and business activities by tax jurisdiction," which includes the columns "Profit (Loss) before Income Tax" and "Tangible Assets other than Cash and Cash Equivalents" (p. 30), and the accompanying instructions on the use of data from consolidated reporting packages, statutory financial statements and other financial reporting sources (pp. 32–33), https://www.oecd.org/tax/transfer-pricing-documentation-and-country-by-country-reporting-action-13-2015-final-report-9789264241480-en.htm

96. See Annex 2.

97. Oxfam (2025), *Global survey finds 8 out of 10 people support taxing oil and gas corporations to pay for climate damages*, https://www.oxfam.org/en/press-releases/global-survey-finds-8-out-10-people-support-taxing-oil-and-gas-corporations-pay

98. T. Douenne (2021), "The Distributional Effects of Carbon Taxation: Lessons from the French Yellow Vests Movement" Green Fiscal Policy Network blog, 16 September 2021. This shows that French carbon tax increases were (i) objectively regressive before recycling and (ii) widely *perceived* as harming purchasing power, particularly for lower-income and rural households; documents how this perception fuelled the Yellow Vests backlash and extremely low support for a carbon tax-and-dividend scheme (only ~10 % support, even though ~70 % would have gained financially), https://greenfiscalpolicy.org/blog/the-distributional-effects-of-carbon-taxation-lessons-from-the-french-yellow-vests-movement/

99. Polling that shows people *prefer* taxing fossil fuel corporation profits rather than taxing people/consumption, see: Hart Research for League of Conservation Voters (LCV), cited in: Senator Sheldon Whitehouse, "As Oil Companies Rake In Cash, Economists and Environmental Groups Endorse Whitehouse's Windfall Profits Tax," Press release, 25 March 2022, https://www.whitehouse.senate.gov/news/release/as-oil-companies-rake-in-cash-economists-and-environmental-groups-endorse-whitehouses-windfall-profits-tax/ The press release summarizes the poll to report that 80 % of US voters favour a windfall profits tax on oil corporations. See also the poll publication: https://www.lcv.org/media-center/poll-memo-connecting-with-voters-on-gas-prices/?campaign_id=56&emc=edit_cn_20220317&instance_id=56066&nl=on-politics&regi_id=55020837&segment_id=85871&te=1&user_id=5ec4fe1a90d8be6319b3d5ad065f4ac9 See also: The Australia Institute (2022), "Origin Doubles Revenue While Public Back a Windfall Profits Tax: Poll," 29 July 2022, https://australiainstitute.org.au/post/origin-doubles-revenue-while-public-back-a-windfall-profits-tax-poll/. This national poll shows "2/3 Australians support a windfall profits tax, with only 12 % opposed."

100. Council of the European Union (2022), *Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices*. Official Journal of the European Union L 261/1, 7 October 2022. Article 17 specifies that Member States shall use the proceeds from the solidarity contribution for targeted support of final energy customers, investment in renewables/energy efficiency, support for energy-intensive industries and energy autonomy, https://eur-lex.europa.eu/eli/reg/2022/1854/oj

101. European Council (2022), *Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices*, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022R1854 See also European Commission (2025), *Report from the Commission to the Council: Report on Chapter III of Council Regulation (EU) No 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices – Solidarity contribution and enacted equivalent measures: stocktaking*, COM(2025) 237 final, esp. pp. 4–5 (Table 2), https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025DC0237 See also European Commission (2025), Commission final report: Emergency measure on the fossil fuels sector in support of European consumers and businesses, https://taxation-customs.ec.europa.eu/news/commission-final-report-emergency-measure-fossil fuels-sector-support-european-consumers-and-2025-05-15_en

102. European Commission (2023), *Report from the Commission to the European Parliament and the Council on the review of emergency interventions to address high energy prices in accordance with Council Regulation (EU)* 2022/1854, COM(2023) 302 final, Section V "Inframarginal revenue cap" (noting that Member States' projected revenues from the cap were originally expected to exceed EUR 50 billion in total), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52023DC0302

103. For the design of Canada's bank and life-insurer taxes, see Government of Canada (2022), *Budget 2022 – Tax Fairness and Effective Government*, section "Requiring Financial Institutions to Help Pay for the Recovery", 7 April 2022. See also Norton Rose Fulbright (2022), *2022 Canadian Federal Budget: Business Tax – Financial Institutions*, https://www.nortonrosefulbright.com/en/knowledge/publications/022a57f2/2022-canadian-federal-budget-business-tax-financial-institutions Canada Recovery Dividend – Canadians for Tax Fairness. "Making Banks Pay: The Canada Recovery Dividend…" 25 Nov 2024. https://www.taxfairness.ca/en/resources/reports/taxing-excess-profits-canada-urgent-proposal-action

104. Lataxnet (2023), *Colombia: The 2022 Tax Reform (Law 2277 of 2022)*. Summarises Law 2277 and notes the introduction of a permanent income tax surcharge of up to 15% for entities carrying out extractive activities such as coal and crude oil extraction, https://lataxnet.net/colombia-the-2022-tax-reform-law-2277-of-2022/ See also PwC, "Colombia passes major tax reform effective January 1" International Tax News, 30 December 2022. Describes a permanent CIT surcharge of 5–15% for crude oil and coal extraction taxpayers, applicable only when the current-year average market price exceeds 65% of the average prices over the preceding 120 months, https://www.pwc.com/us/en/services/tax/library/colombia-passes-major-tax-reform-effective-january-1.html

105. International Monetary Fund (2025), "Macro-Fiscal Impacts of Colombia's Energy Transition Plan" in *Colombia: Selected Issues*, IMF Country Report No. 25/281. Describes "recent fiscal policy initiatives [that] include a price-based windfall tax of 10–15 percent on petroleum profits and disallowing the deduction of royalties from corporate income tax (later overturned by the high court)" and concludes that these measures are likely to further reduce oil production over the medium to long term, https://www.elibrary.imf.org/view/journals/018/2025/145/article-A001-en.xml

106. For thresholds and sectoral scope, see Yourtaxes.cz (2022), *Czech windfall tax 2023–2025*, 5 December 2022, https://yourtaxes.cz/en/czech-windfall-tax-2023-2025

107. N. Verma, S. Varadhan and M. Kumar, "India imposes windfall tax on oil producers, fuel exporters" Reuters (1 July 2022), https://www.reuters.com/world/india/india-restricts-gasoline-gasoil-exports-meet-local-demand-2022-07-01/ See also: UNCTAD Investment Policy Hub, "India: Adopts windfall profit tax on oil producers and refiners" (1 July 2022), https://investmentpolicy.unctad.org/investment-policy-monitor/measures/4156/india-adopts-windfall-profit-tax-on-oil-producers-and-refiners

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