

# The Fiscal Pillar and its Role in the Model

- It is not unusual for governments to use taxation to ‘incentivize’ or otherwise ‘disincentivize’ behavior. The use of fiscal rewards to courage certain activities or attitudes is a long standing and well used tax policy technique.
- The Fiscal Pillar is a proposal for the use of the power to tax in order to encourage companies to sign on to the Human Centered Business Mode.
- This Pillar aims at developing a tax policy alternative that takes into account factors other than income to determine an entity’s tax rate.
- The goal is to put together a proposal under which companies’ effective tax rate would be affected by how well they do on the different performance indicators adopted under the Model.

# Work under the Pillar: Done and Planned

- **Work Accomplished:**
  - Building the team: headed by Professor Reuven Avi-Yonah with participants including Professor Karen Brown and myself, Zachee Pouga.
  - Agreement on definition and goal of the pillar; agreement on the research methodology for the Pillar; agreement on the steps and timeline for work under the Fiscal Pillar.
- **Work Planned:**
  - Detailed research and analysis of existing taxation systems that link taxation to elements different from the income.
  - Develop criteria on how to reflect into a taxation system the performances on each of the indicators.
  - Develop list of possible favourable fiscal options related to positive performance under the Model).
  - Draft formulation and presentation of analytical results and of the related policy implications.