The consolidated profits will be cross allocated to their jurisdictions corresponding to significant cost-consuming activities that cross a threshold.

<table>
<thead>
<tr>
<th>Significant value chain activity</th>
<th>Jurisdiction</th>
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<th>2</th>
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<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Technology development</td>
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<td>Operations</td>
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<td>Marketing and sales and Outbound logistics</td>
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<td>Human resources</td>
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</table>

The proposed CVCA allocates consolidated multinational profits in proportion to significant business activities and benefits consumption, as reflected by costs and expenses in a jurisdiction.

Allocating proportionate shares of consolidated profit to significant units of costs and expenses.

Significant business activities hold high proportions of costs and expenses of the ‘business as a whole’.

Business costs and expenses.

Jurisdictional benefits.

Underlying concepts

Each unit of business consumption/cost participates equally in creating consolidated profit and profitability for the group.

All business consumption is represented by revenue expenses and costs.

Jurisdictional benefits are evenly distributed across business consumption.

Key features of the CVCA

Based on the benefit theory, single tax principle and single entity principle.

Simplicity and certainty: expenses and costs are already thoroughly evidenced for financial reporting purposes.

Avoids discriminative policy consequences: ascertains significance to the ‘business as a whole’ from the self-analysis of a business’s own value chain.

Flexibility: costs trace a variety of activities and their concentration in jurisdictions.

CVCA elements can be incorporated into PE recognition, minimum taxation and as a proxy for the proposed CCCTB (EU).

Tackles artificial segregation of income from business activity and scale without mass in digitalisation.

Consolidation adjustments: adjusted costs and expenses naturally reflect only independent and arm’s length prices (third-party).

Derives a unique, yearly rate of return to expenses from the consolidated performance of each business. Offering protection to the tax base in developing countries by protecting a unique global ratio for tax base to business consumption.

The contribution of an activity to profitability or how well a benefit that was consumed by the business is later on utilised by the business is not relevant for the CVCA.