

# Topics in International Taxation: Partner country perspectives

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**IBFD Academic and International Tax Training - [www.ibfd.org](http://www.ibfd.org)**



- **Broad topic**; may include many different types of taxes. Choices seem to depend on tax, social and economic policy considerations, feasibility implementation
- **International focus currently** on corporate taxation of MNE's; coordinated measures to effectively avoid base erosion and profit shifting (BEPS; reports October 2015; role transparency via exchange of information to fight tax avoidance/evasion
- **Experiences/ challenges in your countries?**

# Dilemmas taxation MNE's

“We are committed to creating the most competitive tax regime in the G20, and we are delivering on this ambition”  
George Osborne, March 2013

“We're not accusing you of being illegal, we're accusing you of being immoral”  
Margaret Hodge, November 2012



**Tax competition / Tax cooperation/ budgetary needs/ public moral outrage; predominant approach in your countries?**

## Coherence, Substance, Transparency

### Coherence

**Hybrid Mismatch Arrangements (2)**

Interest Deductions (4)

CFC Rules (3)

**Harmful Tax Practices (5)**

### Substance

**Preventing Tax Treaty Abuse (6)**

Avoidance of PE Status (7)

**TP Aspects of Intangibles (8)**

TP/Risk and Capital (9)

TP/High Risk Transactions (10)

### Transparency

Methodologies and Data Analysis (11)

Disclosure Rules (12)

**TP Documentation (13)**

Dispute Resolution (14)

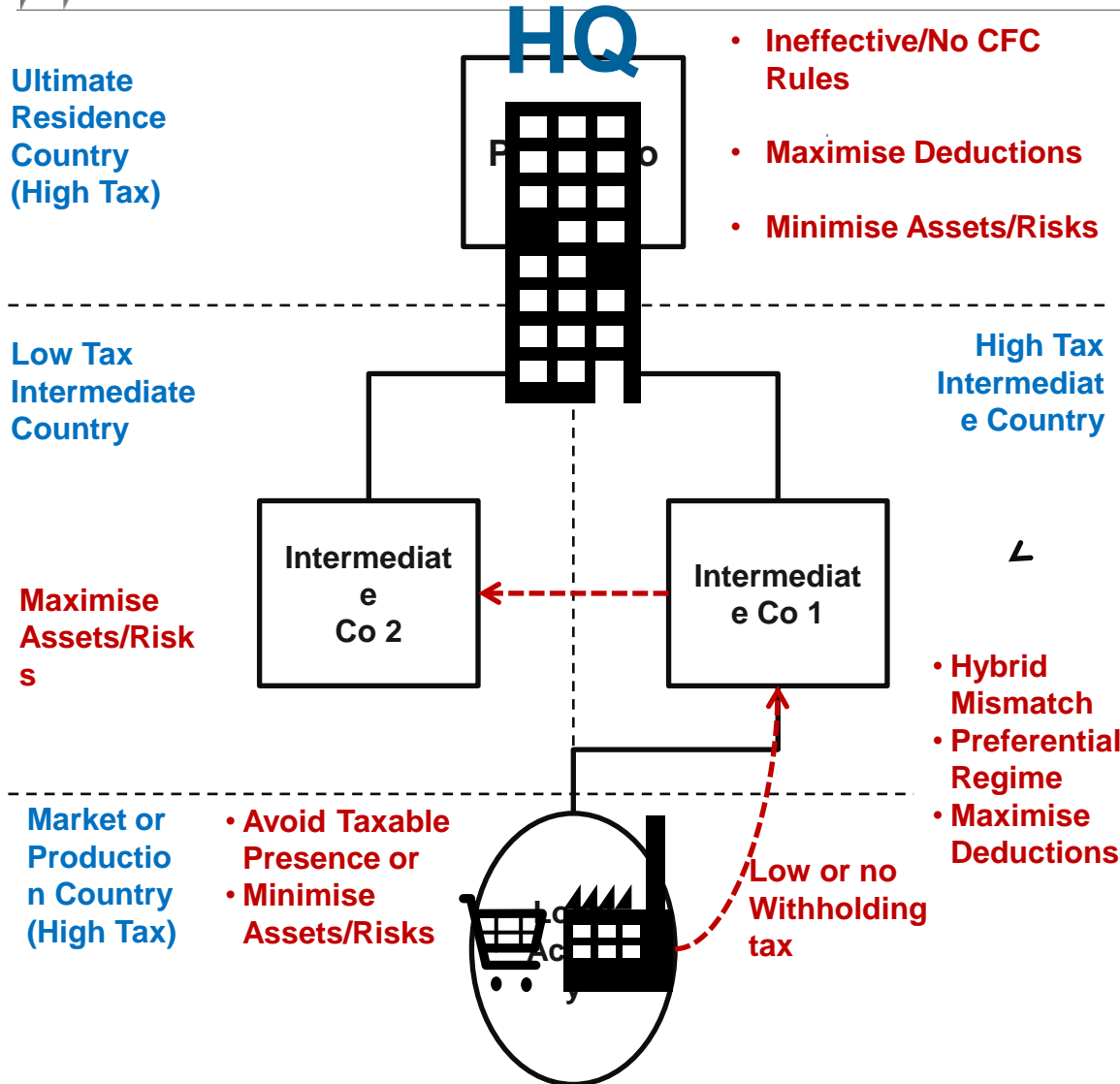
**Digital Economy (1)**

**Multilateral Instrument (15)**

**Minimum standards, re-inforced standards, best practises**

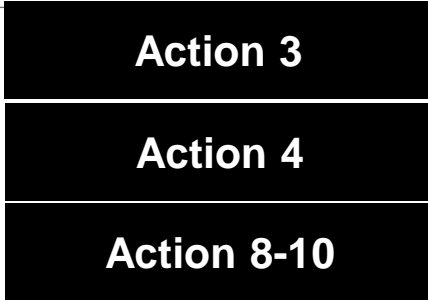


# Practical illustrations. Similar problems experienced in your countries?



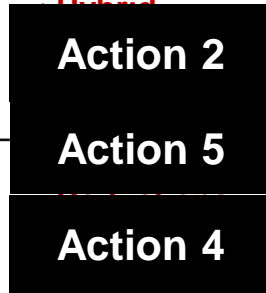
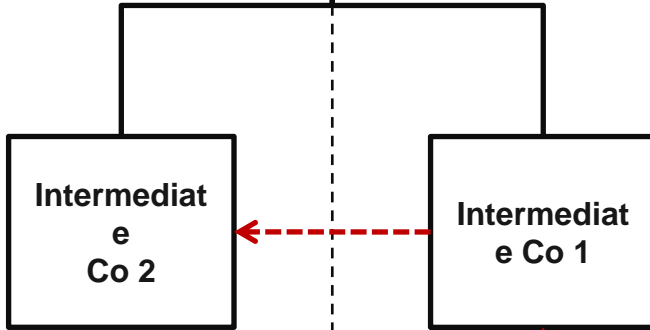


Ultimate Residence Country (High Tax)

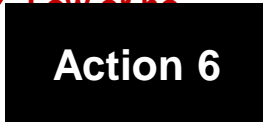
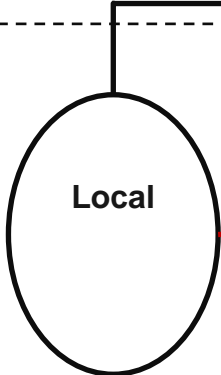
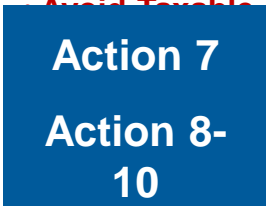


Low Tax Intermediate Country

High Tax Intermediate Country



Market or Production Country (High Tax)



Article 17 of the OECD Model Convention provides that a resident of one State who carries on business in another State through a permanent establishment in that other State shall be taxable in that other State on the profits attributable to that permanent establishment. This is subject to the provisions of the Convention relating to double taxation relief. The Convention also provides that a resident of one State who carries on business in another State through a permanent establishment in that other State shall be taxable in that other State on the profits attributable to that permanent establishment. This is subject to the provisions of the Convention relating to double taxation relief.



# BEPS Inclusive Framework

**Inclusive Framework.** BEPS Associate (minimum standards / fee), peer review minimum standards, pending further work, creating/ providing toolkits developing countries, support in capacity building via:

**Platform for collaboration on Tax:** OECD, World Bank, IMF, UN; support for developing countries in BEPS implementation, standard setting, capacity building, technical assistance

**Is this considered to be of interest to you? Do you see pros and cons in participation? If so, which ones?**

p.s. **Minimum standards:** Action 5 harmful tax practises incl. exchange tax rulings, Action 6 treaty shopping, Action 13 exchange of Country by Country reporting and Action 14 improving dispute resolution, besides CRS financial account data (Forum Transparency and EOI)

**The Multilateral Convention to implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting** in existing treaties; 96 countries negotiated, and 68 countries signed (and 8 signed the intention to sign) the Convention on 7 June 2017. New opportunity to sign next year

**Several Choices:** reservations on articles, exclusion of treaties, participants Inclusive Framework must meet BEPS minimum standards. Certain provisions apply only in bilateral opt in situations. Choices depends on tax treaty policy signatories

**Considered relevant by you? If yes, manageable?**



# Some relevant questions

- What are your main challenges regarding domestic revenue mobilization, against the background of international developments like BEPS/CRS?
- Do you see these as purely national or regional issues?
- What is the importance of receiving and providing information, EOI (rulings, CbC reports, financial account data), to fight tax avoidance and evasion for you?
- Do you face problems of priority setting with respect to these issues, more specifically:



# Some relevant questions (continued)

- Which BEPS/CRS/Other measures are most important for you from a perspective of domestic revenue mobilization?
- Which measures are in your view the easiest and which ones the hardest to realize?
- Can you share successful experiences ?
- Which needs for technical support do you have regarding info/ training on BEPS/ MLI/CRS, or other issues, in view of your priority setting?

# What conclusions can we draw from your input?

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