OUTLINE

1. Domestic Resources Mobilisation (DRM) and Taxation
2. BEPS: a global challenge
3. The Inclusive Framework on BEPS
4. Tax Transparency and BEPS
1. Domestic Resources Mobilisation (DRM) and Taxation

- **Better structured tax regimes** within **consistent tax policies** help developing countries *(G20 Multi-year Action Plan on Development, Seoul Summit, 2010)*:
  - securing their tax base in a sustainable manner
  - investing at the economic and social levels
  - improving transparency in the management of public finances

- DRM corresponds to the ability to **collect taxes** so to invest in **infrastructures** and **public services** necessary for the functioning of a country.

- Key topic as part of the financing for development debate at the UN **Addis Ababa conference** in July 2015.
2. BEPS: a global challenge

- OECD focus historically on the development of common standards to eliminate double taxation for cross border investments
  - Model Tax Convention, which serves as the basis for over 3,000 bilateral tax treaties
  - Transfer Pricing Guidelines, which provide common standards for allocating income among members of a multinational group

- Prevention of double taxation remains core work but it was recognized that the issue of double non-taxation due to Base Erosion and Profit Shifting (BEPS) needed to be tackled
The public perception
The BEPS Package (2015)

Ultimate Residence Country (High tax)

Parent Co

Intermediate Co 1

High Tax intermediate country

Intermediate Co 2

Low tax intermediate country

Local Activity

Source (Market/Production) country (High Tax)

Action 6

Actions 8-10

Action 7

Action 4

Action 8-10

Action 1

Action 11

Action 12

Action 13

Action 14

Action 15

BEPS-RELATED DOMESTIC REFORMS
4. The Inclusive Framework on BEPS

- Launched in Kyoto (inaugural meeting on 30 June – 1 July 2016)

- All interested countries and jurisdictions working on an equal footing with OECD and G20 members.

- Possibility to participate to the CFA working parties for the BEPS work

- Result: developing countries can directly shape the content of the BEPS-related standards and have a stronger weight in the decision-making
Current status of Inclusive Framework membership

108 Members of the Inclusive Framework

- 60% OECD
- 32% G20 (non OECD)
- 8% OTHER JURISDICTIONS

108 Members of the Inclusive Framework Regional balance

- Africa: 18%
- Asia-Pacific: 25%
- Eastern Europe-Central Asia: 18%
- Americas (North America, Latin America & Caribbean): 22%
- Western Europe: 17%

And more to come…
Asia-Pacific countries members of the Inclusive Framework
(Australia, Brunei Darussalam, China (People’s Republic of), Hong Kong (China), India, Indonesia, Japan, Korea, Macau (China), Malaysia, Maldives, New Zealand, Pakistan, Papua New Guinea, Singapore, Sri Lanka, Thailand, Vietnam)

**Exchange of Information on Request (EOIR):** request for particular taxpayer information from one country to another in a compliance case/audit

**Automatic exchange of information (AEOI):** systematic and periodic transmission of bulk financial account information under the Common Reporting Standard (CRS)

**EOIR:** Round 2 peer reviews 2016-2020 w/ Beneficial Ownership criteria

**AEOI/CRS:** Staged Approach and future Full Review

**Encouraging and supporting participation of developing countries**

**Tax Transparency and Co-operation**

**Peer Reviews**

**Implementing the Standards**

**Technical Assistance**
5. Tax Transparency: why it is important

- Improving domestic tax transparency
- Coordinated global response and a level playing field
- Building peer networks with other jurisdictions
- Deterrence to tax evaders & combating other illicit flows
- Maintaining good reputation / avoiding blacklists
- Assisting development of the economy
5. Tax transparency and the links with BEPS: GF membership, Multilateral Convention and Multilateral Competent Authority Agreements for CRS and CbC Reporting

- **GF member**: Member countries of the GF can sign the Multilateral Convention.
- **Multilateral Convention**: Multilateral sub-agreements to implement CRS & CbC depend on MAC being signed/in effect.
- **BEPS: CbC MCAA CRS MCAA**: OECD Coordinating Body manages membership and issues relating to multilateral treaties.

**Alternative: maze of bilateral negotiations/issues...**
CAPACITY BUILDING ON TAXATION FOR DEVELOPING COUNTRIES

Workshop on Domestic Public Resource Mobilization for Sustainable Development

Valerio Barbantini
6 December 2017
(Bangkok)
1. The Platform for Collaboration on Tax
2. Support initiatives
3. Cooperation and partnerships in Asia-Pacific
4. Focus on cooperation with United Nations
1. The Platform for Collaboration on Tax

- Established April 2016 to enhance cooperation between IMF, OECD, UN and WBG
- Report July 2016 “Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries”
- The Platform aims at supporting governments in developing countries by:
  - Producing concrete joint outputs under an agreed work plan, implemented in cooperation by all international organisations, leveraging each institution’s own work program. The outputs may cover a variety of domestic and international tax matters.
  - Strengthening dynamic interactions between standard setting, capacity building and technical assistance.
  - Sharing information on activities more systematically, including on country level activities.
- Platform members will hold regular meetings with representatives of developing countries, regional tax organisations, development banks and donors.
- Consultations with business and civil society will be organised as needed.
Shared outputs: the Toolkits on BEPS

- Policy considerations and practical solutions: training material, model legislation

- Work in progress:
  - Accessing Comparables Data for Transfer Pricing, including Information Gaps on Prices of Minerals – published June 2017 (A practical workshop took place in the Korea MTC in September 2017)
  - Indirect Transfer of Assets – consultation draft published August 2017, to be completed by November 2017
  - Transfer Pricing Documentation – drafting in progress during 2017
  - Treaty negotiation toolkit – drafting in progress during 2017

Capacity building on taxation for developing countries
The First Global Conference of the Platform for Collaboration on Tax

• Scheduled for February 14-16, 2018 at the UN Headquarters in New York, under the theme “Taxation and the Sustainable Development Goals (SDGs)”

• Main purposes:

  a) take forward the global dialogue on the role of tax in achieving the SDGs among senior policy makers and tax administrators from developing and advanced countries; and

  b) obtain country insights and viewpoints on the challenges and opportunities countries see in using their tax systems to help achieve the SDGs
2. Support initiatives: a) Twinning programmes

- First twinning programmes signed.

- Example of a good model: the **NL-GE twinning programme**. Main contents:
  
  - NL to deliver 2 workshops in GE (TP and CbC; impact of the MLI on GE’s DTAs)
  
  - Study visit of GE delegation to the NL MoF re implementation of BEPS Actions 14 and 5
  
  - NL will support GE on the peer review processes through conference calls and emails
2. Support initiatives: b) Induction programmes

- Built on Global Forum experience.

- 4-step process taking place generally over a 2 years period:
  1. **High level country visit** (MoF, parliamentarians, business community) + **1-day** (technical) **workshop**
  2. Agreement of **Roadmap** (steps to be taken/governmental commitment to implement the BEPS measures)
  3. Development of an **action plan**
  4. **Implementation**

- **Goal:** Support the timely **implementation of the minimum standards** while keeping pace with peer review mechanisms
2. Support initiatives: b) Induction programmes

The Induction Programmes will reach a total of 29 countries by the end of 2018

- 8 Programmes already launched:
  - Thailand, Nigeria, Ukraine, Georgia, Paraguay, Peru, Viet Nam, Kazakhstan, Botswana (by 2018)

- 8 planned for early 2018:
  - Cameroon, Côte d'Ivoire, Egypt, Gabon, Jamaica, Seychelles, Uruguay

- 13 Planned by the end of 2018:
  - Angola, Burkina Faso, Curaçao, Congo, Kenya, Liberia, Malaysia, Mauritius, Pakistan, Panama, Papua New Guinea, Senegal, Sri Lanka
2. Support initiatives: d) Bilateral

• Currently 30 bilateral country programmes

• **Recent developments** since June 2017: 1 additional programme and 2 additional countries put in place legislative changes (from 23 to 25)

• Mainly on **transfer pricing** and other **BEPS** issues (e.g. PE and interest deductibility)

• **Demand-led** by recipient countries

• Delivered **in partnership with** EC, ATAF and WBG

• Significant impact in terms of **legislative changes**, **organisational arrangements** and **increase in tax collection**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Number of Countries</th>
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<tbody>
<tr>
<td>Legislative changes made or in process</td>
<td>25</td>
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<tr>
<td>Organisational restructuring</td>
<td>10</td>
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<td>Skills built</td>
<td>26</td>
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<tr>
<td>Mentored in BEPS project</td>
<td>14</td>
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2. Support initiatives: f) Multilateral (GRP)

- A streamlined 2018 Global Relations Programme (e-Learning and Blended Learning on BEPS and Transfer pricing + workshops) planned in Asia-Pacific:

**China Multilateral Tax Center**
- Action 14: Transfer Pricing Dispute Resolution
- Implementing BEPS2: Hybrids, Interests, CFCs (BL)
- Income Tax Workshop
- Tax Administration: Recent Developments in Large Business Administration
- Tax Treaties, MLI and BEPS (Preventing Treaty Abuse)
- The revised Transfer Pricing Guidelines
- Toolkit on TP Documentation and CBCR

**Korea Multilateral Tax Center**
- Exchange of Information and CRS
- Implementing BEPS1: Minimum Standards (BL)
- International VAT Guidelines
- Tax Administration: Trends in modern Tax Administration
- Tax Treaties, MLI and BEPS (Preventing Treaty Abuse)
- Toolkit on Indirect Transfer of Assets
- Train the Trainers on BEPS and Transfer Pricing (BL)

**India**
- Tax Treaties, MLI and BEPS (Preventing Treaty Abuse)
- The revised Transfer Pricing Guidelines

**Indonesia**
- Addressing the Tax Challenges of the Digital Economy
- Tax Administration: SMEs, a systems approach to enhance compliance in the informal sector
- The revised Transfer Pricing Guidelines

**Japan**
- Addressing the Tax Challenges of the Digital Economy
- Tax Treaties, MLI and BEPS (Preventing Treaty Abuse)

**Malaysia**
- Action 14: Transfer Pricing Dispute Resolution
- Base Eroding Payments
- Negotiation of Tax Treaties
- OECD-IMF Joint Workshop on ISORA
- Tax Treaties, MLI and BEPS (Preventing Treaty Abuse)
- The revised Transfer Pricing Guidelines

**Singapore**
- Tax Certainty and BEPS
- Transfer Pricing - Intangibles
3. Cooperation and partnerships in Asia-Pacific

Asia-Pacific Economic Cooperation (APEC)
(APEC Finance Ministers Meetings in Da Nang, Viet Nam, on 19-21 October 2017)

United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
(Macroeconomic Policy, Poverty Reduction and Financing for Development Committee on 6-8 Dec 2017)

Study Group on Asian Tax Administration and Research (SGATAR)/ and

Asian Development Bank (ADB)
- SGATAR workshop on Transfer Pricing, Vietnam, on 9-13 October
- SGATAR Plenary meeting in Boracay Island, Philippines on 27-29 November
- ADB BEPS Train the Trainers event in Manila, Philippines on 22-24 November 2017

ASEAN Forum on Taxation
(Meeting at Bohol, Philippines on 24-25 October)
4. Focus on cooperation with United Nations

- Other than the work under the Platform (toolkit on tax treaty negotiation), the OECD is also coordinating its tax treaty outreach programme with that of the UN and will deliver joint tax treaty events.

- Tax Inspectors without Borders in partnership with UNDP

**27 current programmes:**
Botswana (2), Cambodia, Cameroon, Costa Rica, Egypt (2), Ethiopia, Georgia, Ghana, Jamaica (2), Kenya, Lesotho, Liberia, Malawi, Nigeria, Peru, Republic of Congo, Rwanda, Senegal, Sri Lanka, Uganda (2), Viet Nam, Zambia, Zimbabwe

**7 new TIWB programmes in the pipeline**
Benin, Côte d’Ivoire, Peru, Sri Lanka, Swaziland, Viet Nam and Zimbabwe
THANK YOU