

# The Role of National Governments in Global Tax Governance: How to achieve fairness and equality?

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# 1. International Taxation Standards: OECD and G20

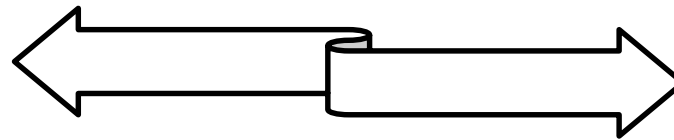
4 Minimum standards

10 Best practices

1 Multilateral Convention

**INCLUSIVE FRAMEWORK**

**SIGNATORIES**



**114  
COUNTRIES**

**BASE EROSION PROFIT  
SHIFTING (BEPS) Decision  
making: BEPS 44 GROUP**

**78  
COUNTRIES**

# 2. International Taxation Standards: European Union

## Anti-Tax Avoidance Directive



## State Aid Investigations



## Fair Tax Competition



# 3. Fairness and Equality: International Organizations

**OECD, World Bank, IMF**

In the Base Erosion and Profit Shifting (BEPS) Project

- For developed and developing countries: Multinationals should pay their fair of taxes
- For developing countries: Raise revenue to deliver public services:
  - By making the tax administration more efficient and fair
  - By tackling corruption and aggressive tax planning.

# 3. Fairness and Equality: European Union

## 2015: Action Plan for a Fair and Efficient Corporate Taxation in the EU

### a) 5 Key Areas for Action:

Common (Consolidated) Corporate Tax base, ensuring fair taxation where profits are generated, creating a better business environment, increasing transparency, and improving EU coordination

b) Fair and efficient taxation of corporate profits, in order to distribute the tax burden equally

# 3. Fairness and Equality: European Union

## 2016 Anti-Tax Avoidance Package

- a) For EU countries: To develop a deeper and fairer Internal Market, which is fundamental to delivering a thriving economy that benefits all
- b) For non-EU (third) countries: Standard of good governance and fair tax competition

*Third countries should be encouraged to adhere to “the internationally agreed good governance standards, ensure a level playing-field for EU business and reduce the opportunities for outbound profit shifting” (2016 EU Communication on an External Strategy)*

- c) Requirement of a good governance and fair competition standard in the bilateral and regional agreements concluded by EU countries and by the EU with third countries including developing countries.

# 4. Role of national governments

OECD and G20 countries

- In 2015, the United Kingdom and Australia decided to include a new tax i.e. Diverted Profit Tax to ensure that multinationals are paying “their fair share of tax’.
- In 2016, India introduced the Equalization Levy to impose tax on specific digital transactions. This levy aims to allocate a ‘fair share’ on the tax of the income obtained in digital transactions.
- In 2017, the US introduced a tax reform which may trigger worldwide tax competition. Some concerns of fairness and equality.



# 4. Role of national governments

Developing (non-OECD, non-G20) countries concerns

- How to reduce inequality?
- How to enhance competitiveness for businesses?
- How to enhance healthy tax competition for countries, and how to prevent race to the bottom?
- How to find the balance between tax base erosion and incentives to attract foreign direct investment?
- Impact of negotiated international tax agreements and of commitment to international tax standards (since there are also other needs e.g. informal economy, allocation taxing right source vs. residence)
- How to enhance policy coherence in domestic resource mobilization?
- Is a multi-stakeholder approach part of the solution?

# 5. Conclusions and Recommendations

In terms of fairness and equality

- How the International and European standards will benefit developing countries?
- How the unilateral initiatives will benefit developing countries?
- What is the role of national (developed) countries?
  - What can Canada do to contribute to address the concerns of developing countries?
  - What can Canada do to contribute to enhance fairness and equality?

# Thank you for your attention



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