

Practical implementation of the Base Erosion and Profit Shifting Project in the Global South

Doctoral Meeting of Researchers in International Taxation (DocMIT)

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Aim and scope of research

- ▶ **Theoretical: Integrating detailed legal analysis of the BEPS standards and their implementation with theories on global governance and the domestic political economy of global governance**
- ▶ **Empirical: Assessing and categorizing BEPS implementation by countries in the Global South**

▶ **Mixed methods**

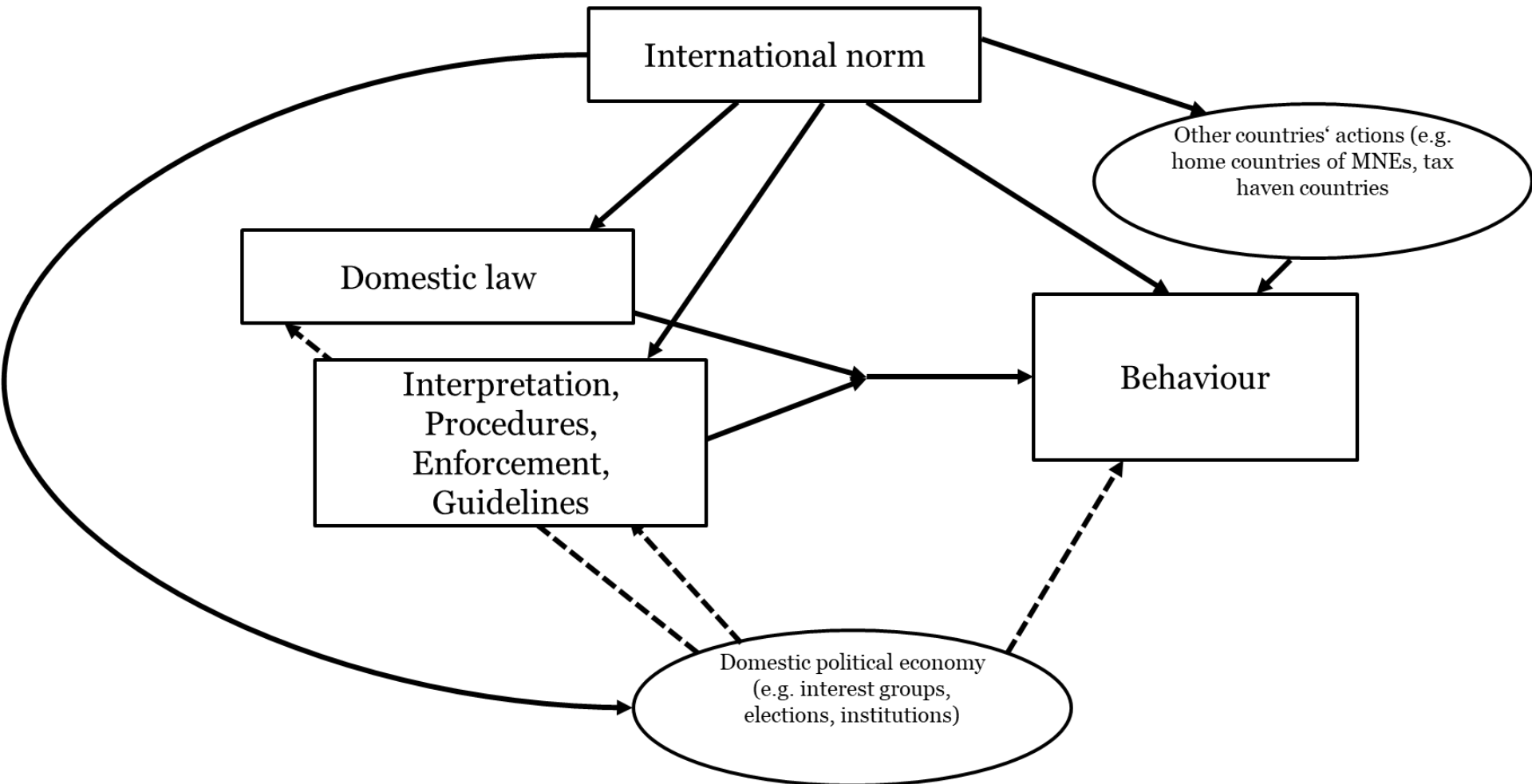
- ▶ Qualitative longitudinal country case studies
 - ▶ Cases: India, Colombia, Senegal, Nigeria
 - ▶ Legal analysis
 - ▶ Semi-structured interviews
 - ▶ Government, business, advisory, business associations, academics, NGOs
 - ▶ Triangulation with quantitative data
 - ▶ E.g. bilateral FDI stocks, firm level indicators, tax administration capacity indicators
- ▶ Quantitative cross-country comparison

- ▶ **Implementation and impact of BEPS project need to be differentiated (there can be implementation without impact / and impact without implementation)**

- ▶ **BEPS: Defensive measures; measures preventing erosion of other countries' tax bases; safeguards**

- ▶ **BEPS project does not require countries to regulate tax avoidance in a stricter way (not even the minimum standards)**
 - ▶ BEPS' "success" depends on many factors at the discretion of high-tax countries

 - ▶ BEPS project different from other global governance arrangements, e.g. on climate change, human rights, or the ATAD Directives



Hypotheses derived from case studies India and Colombia

- ▶ **Direct influence of the BEPS project's innovations not certain (country by country reporting, principal purpose test)**
- ▶ **Indirect / cultural influence:**
 - ▶ Facilitating legislative action against international tax avoidance outside BEPS project
 - ▶ Impact on voluntary compliance (new language on tax avoidance) and interpretation
 - ▶ Rule exporting through MNE strategies
- ▶ **No major domestic opposition to implementation of the BEPS project: overall effect of BEPS on “tax attractiveness” of country can be positive**

- ▶ **Framing of the BEPS project: What is it? How to characterize? Is it an “agreement”? What is part of it, what not? Does it have a cultural impact?**
- ▶ **Overall implications of research: What does the implementation process of the BEPS project tell us about regime design at the international level? E.g. soft vs. hard law? Whom to regulate? Technical solutions vs. agreement on high level principles?**