Different Models of Global Tax Governance

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Topics

GLOBTAXGOV

Proposals

Actors
Under what conditions can the OECD-G20 and the EU models of global tax governance be feasible and legitimate for both developed and developing countries?
TAX GOVERNANCE – OECD and G20: BEPS

4 Minimum standards

10 Best practices

1 Multilateral Convention

INCLUSIVE FRAMEWORK

134 JURISDICTIONS

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

G20

OECD

SIGNATORIES

89 JURISDICTIONS
Legitimacy deficits

1. BEPS Inclusive Framework: Peer review input limited from peers due to technical capacity among others. IF only for implementation of BEPS 4 Minimum Standards. MLI different mismatches – bilateral negotiations.

2. Different needs of developing countries, speed of the reforms and the need to balance raising revenue vs attracting investment
   • IMF 2019 Corporate Taxation in the Global Economy
   • IMF 2019 The Rise of Phantom Investments

3. Alignment with Sustainable Development Goals and the 2030 SDG Agenda
   • Ensure responsive, inclusive, participatory and representative decision making at all levels (SDG 16.7)
   • Develop effective, accountable and transparent institutions at all levels (SDG 16.6)
# TAX GOVERNANCE – OECD and G20: DIGITALIZATION

<table>
<thead>
<tr>
<th>Document</th>
<th>Different proposals being discussed</th>
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<tr>
<td><strong>Public Consultation Document, Feb 2019</strong></td>
<td>• User participation (OECD-G20)</td>
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<td>• Marketing Intangibles (The United States)</td>
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<td>• Significant Economic Presence (G24)</td>
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<td><strong>Work Programme, May 2019</strong></td>
<td>Methods for profit allocation</td>
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<td>• Modified Residual Profit Split</td>
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<td>• Fractional Apportionment</td>
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<td>• Distribution-based approaches</td>
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<td>Methods for defining nexus</td>
<td>“remote yet sustained and significant involvement in the economy of a jurisdiction”</td>
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<td>• non-physical taxable presence</td>
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<td><strong>Impact assessment (expected Oct 2019)</strong></td>
<td>Economic analysis and impact assessment of the proposals</td>
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<td>• Feasibility and Implementation</td>
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<td>• Interest of countries (US, OECD, G20)</td>
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<td>• Consensus? Role of G24?</td>
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TAX GOVERNANCE: EU AND THIRD COUNTRIES

- Anti-Tax Avoidance Directive
- State Aid Investigations
- Standard of Good Tax Governance
**ACTORS**

**International Tax Rules/Standards**

- **Governments**
- **Businesses**
- **Tax Advisors, judges, scholars**

**Tax Rules**
Visit us at
• Leiden University, Institute of Tax Law and Economics

• GLOBTAXGOV project receives funding from the EU H2020 Research & Innovation Programme and European Research Council
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