

An interdisciplinary approach to the study of International Tax Law Making.

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European
Research
Council

A New Model of Global Governance in International Tax Law Making

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- Period February 2018- January 2023

- Team

- Principal Investigator Irma Johanna Mosquera Valderrama
- PhDs researchers
- Postdoctoral researcher

- Host Institution: Institute of Tax Law and Economics, Leiden University, the Netherlands

Challenges international taxation

Challenges: To find the income, to tax it, to enforce the tax and to make companies to comply with tax.

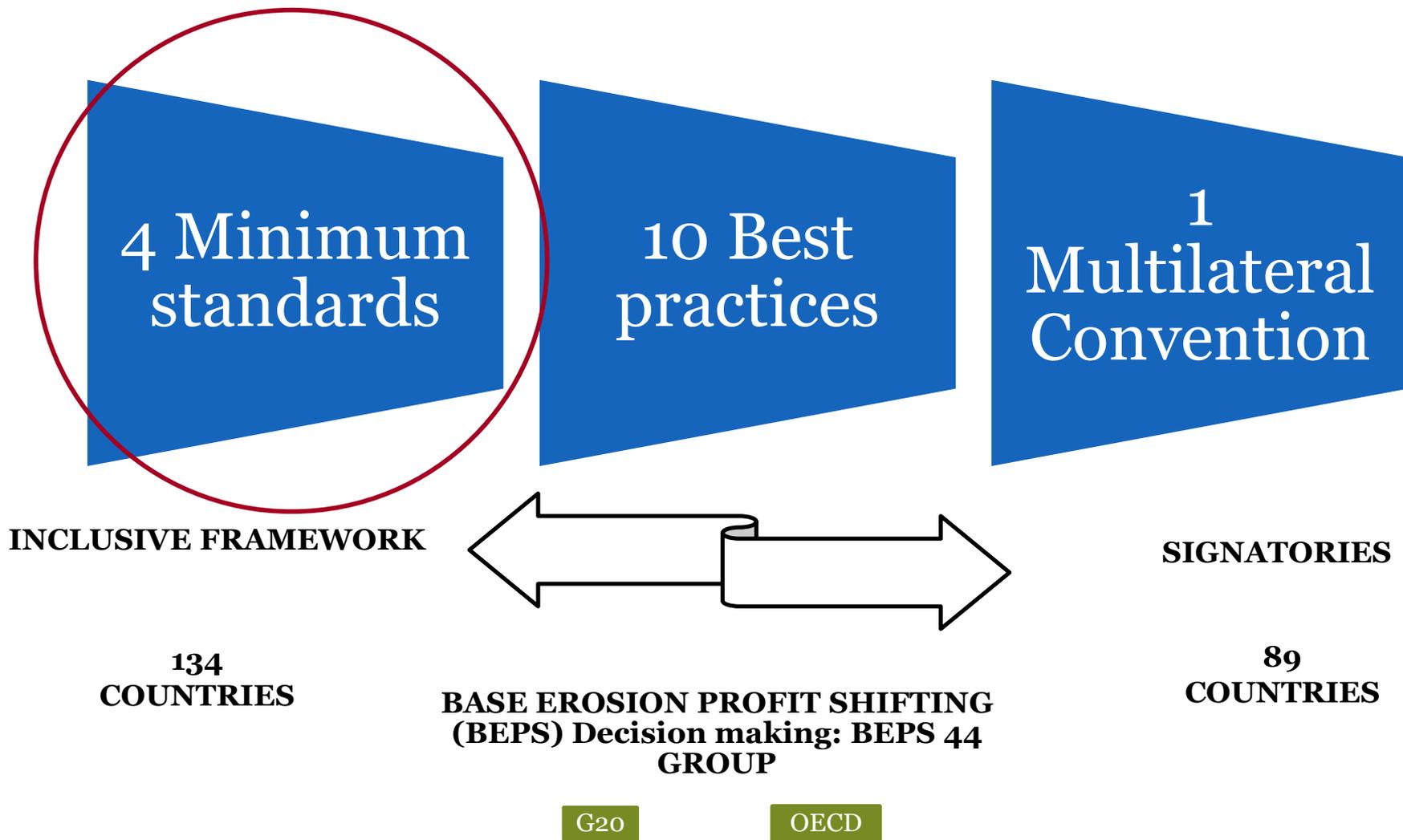
- Complexity of the transactions resulting in double non-taxation, or low taxation.
- Lack of information exchange between tax administrations
- Use of tax havens

Challenges different for developing and developed countries. Developing countries lack of resources, and advance knowledge of international taxation to tackle complex transactions.

Current instruments/proposals

1. League of Nations, OECD and UN Models. Failure to have a multilateral instrument. (developed vs. developing countries). Some OECD projects e.g. Transfer Pricing Guidelines, 1998 Report on Harmful Tax Competition.
2. Financial crisis: Need for revenue, and to tackle tax evasion and bank secrecy. Exchange of Information: On request and then automatic (financial account information). Global Transparency Forum
3. BEPS tackle base erosion and profit shifting by multinationals (see next slide) – EU also following these developments.
4. BEPS Taxation of Highly digitalized business
 1. Pillar 1 –3 proposals and 9th October proposal Unified Approach OECD Secretariat – Allocation of taxing rights: Nexus (where) and allocation (how)
 2. Pillar 2- introduction of a minimum income tax – consequences for tax incentives).

TAX GOVERNANCE – OECD and G20



TAX GOVERNANCE: EU AND THIRD COUNTRIES

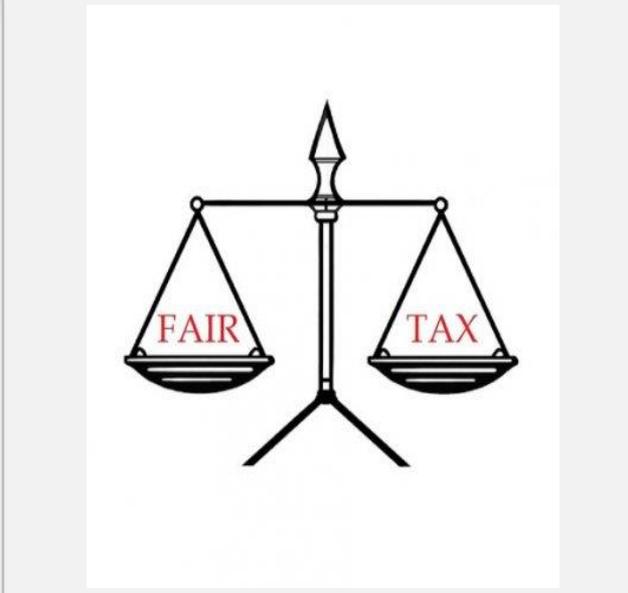
Anti-Tax Avoidance Directives



State Aid Investigations



Fair Tax Competition



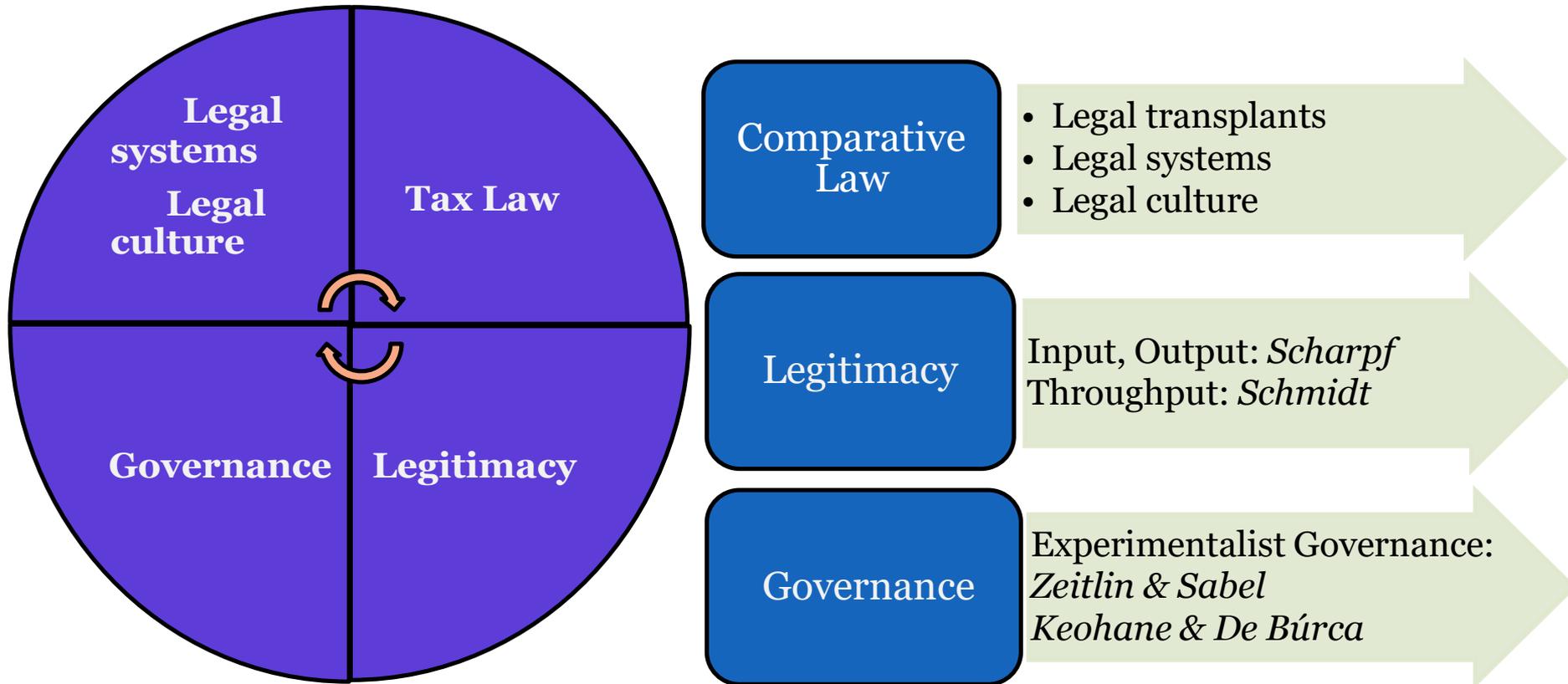
RESEARCH QUESTION

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?

Research objectives

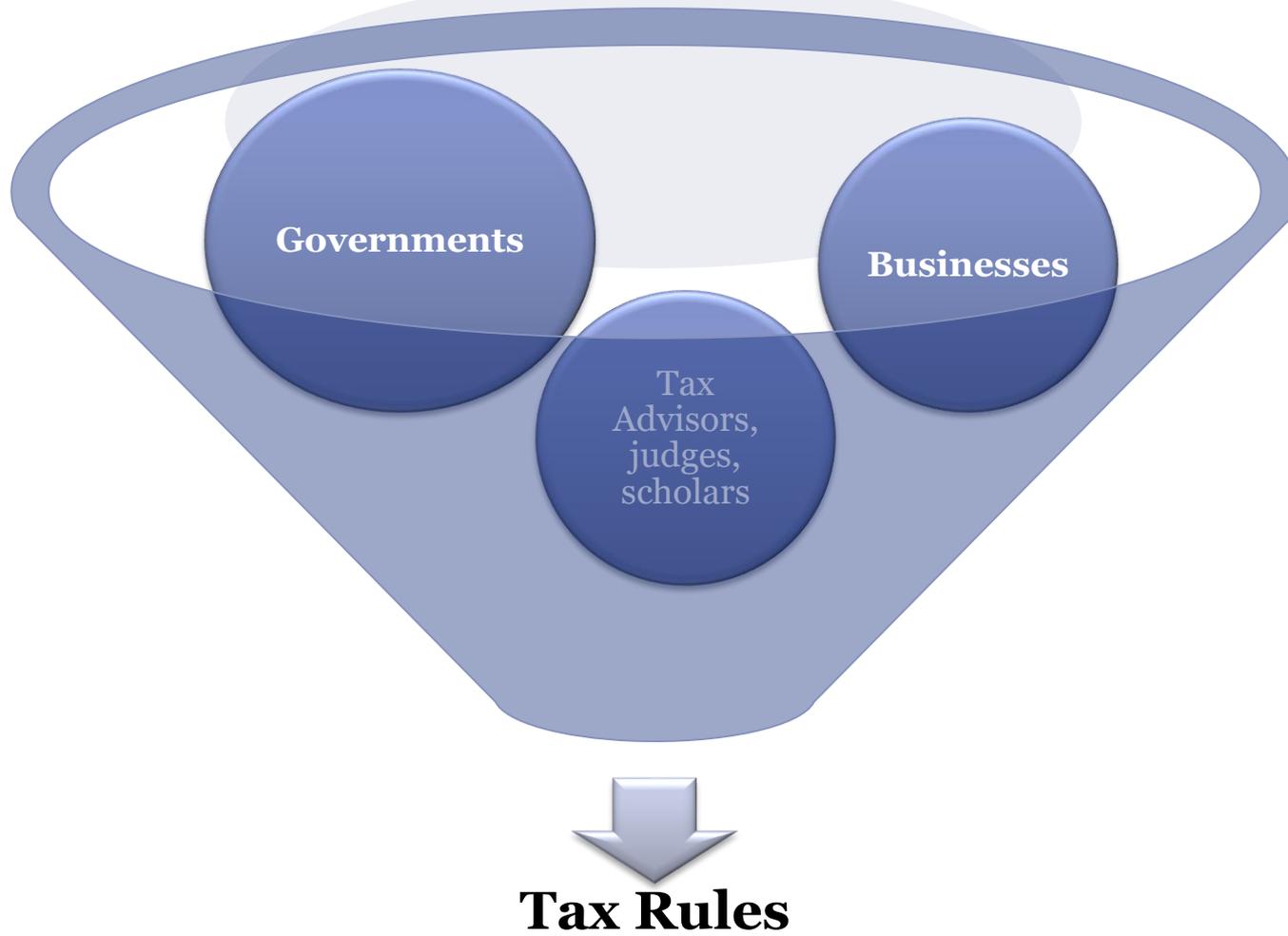
- To investigate the transplant of the 4 minimum standards
- To investigate the conditions under which the OECD can set standards in the current model of global tax governance
- To investigate the legitimacy of the EU initiatives with respect to EU and third (non-EU) countries

MY RESEARCH



ACTORS

International Tax Rules/Standards



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)

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- **Leiden University, Institute of Tax Law and Economics**
- **GLOBTAXGOV project receives funding from the EU H2020 Research & Innovation Programme and European Research Council**
Blog <https://globtaxgov.weblog.leidenuniv.nl/>
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