



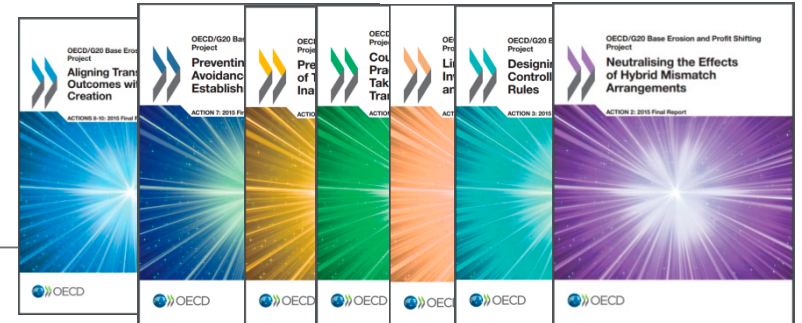
Session on Corporate Taxation Reform:
International Taxation – Current Policy and Administration
Challenges

SUPPORTING NEW MEMBERS IN THE INCLUSIVE FRAMEWORK ON BEPS

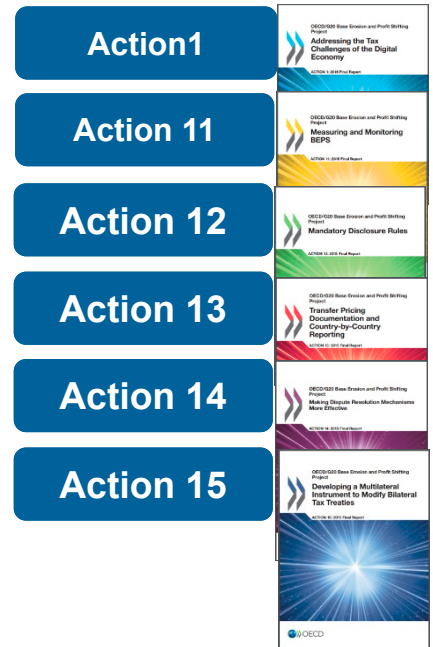
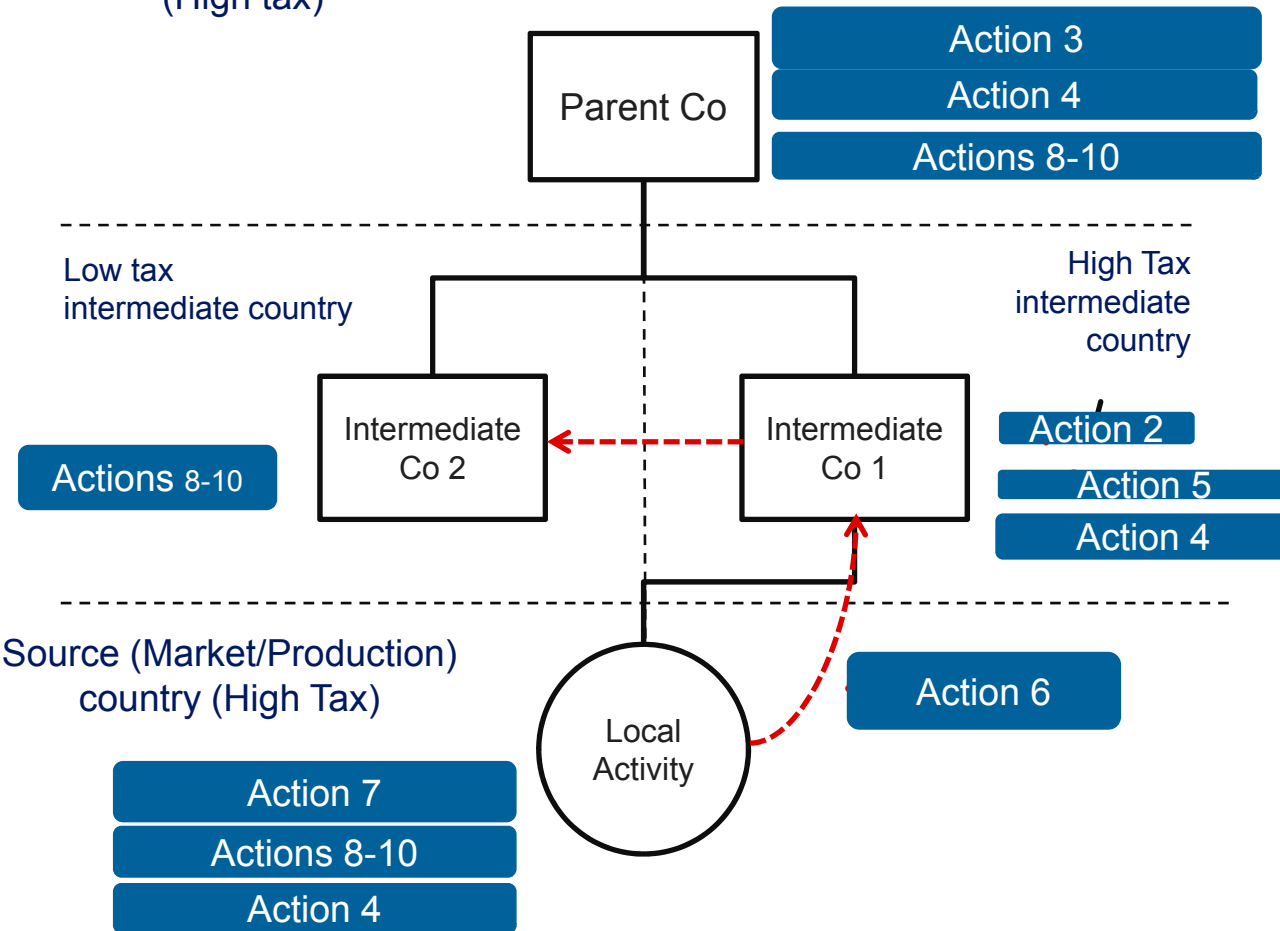
**The Eighth IMF-Japan High-Level Tax Conference
For Asian Countries in Tokyo
“Emerging Tax Issues in Asia”
(22-23 March 2017)**



Introduction: the issue and the response



Ultimate Residence Country
(High tax)





Introduction: The Minimum Standards

- Action 5 on **Harmful Tax Practices**
- Action 6 on **Treaty Abuse**
- Action 13 on **Transfer Pricing Documentation and Country-by-Country Reporting**
- Action 14 on **Dispute Resolution Mechanisms**





The Inclusive Framework on BEPS (IF)

- 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: non OECD/G20 countries and developing ones can participate directly to **shape the content** of the BEPS-related standards and have a **stronger weight in the decision-making** process

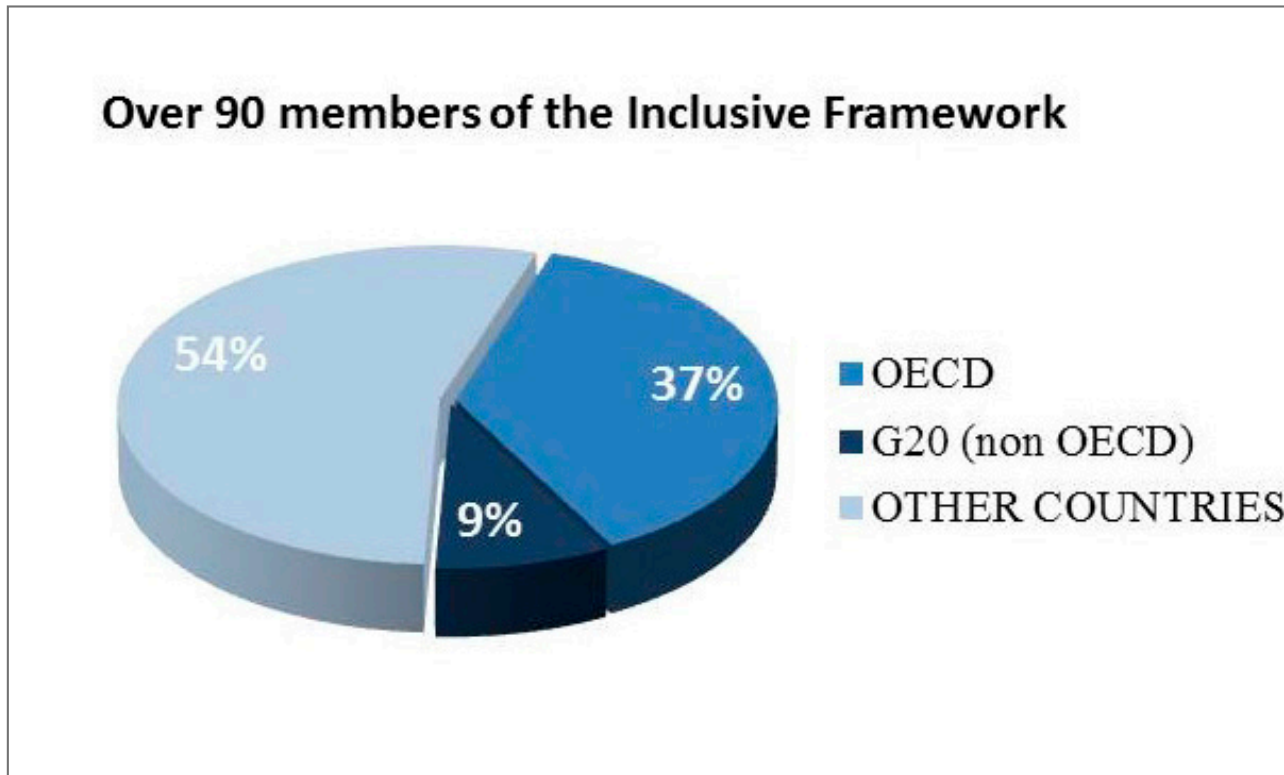




Composition of the inclusive framework

as of 22 March 2017

- To date, **48 new countries and jurisdictions** have accepted to join the Inclusive Framework on BEPS, raising the number of delegations to **94**.





**MAIN SUPPORT INITIATIVES TO
SUPPORT IMPLEMENTATION**



1. Regional meetings of the IF on BEPS

- **Integral part** of the IF infrastructure (2 rounds of meetings planned each year until 2020)
- **4 regional meetings** held in the second half of 2016:
 - Uruguay** for Latin America and the Caribbean
 - Tunisia** for Francophone countries
 - Philippines** for Asia-Pacific
 - Lithuania** for Eastern Europe and Central Asia
- In **partnership** with:
 - WBG, IDB, ADB, OECD-Korea Policy Centre
 - Tax Regional Organisations: CIAT, CREDAF and IOTA
- Other **regional partnerships**:
 - ATAF Technical Committee
 - APEC, LAC Forum



Tax Programme
OECD KOREA Policy Centre



IOTA
Intra-European Organisation
of Tax Administrations





2. Twinning Programme

- **Purpose:** strengthening the capacity of new Members to participate effectively in the Inclusive Framework work
- **How?** By pairing with experienced countries, beneficiary partners can gain knowledge and experience on the procedures and the substantive work
- **Note** “*Establishment of a Twinning Programme for the Inclusive Framework on BEPS*” sent to delegates on November 24 2016
- **Received 14** written expressions of interest from countries or jurisdictions (**8** experienced + **6** beneficiary partners).

Confidential

Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

24-Nov-2016

Centre for Tax Policy and Administration
COMMITTEE ON FISCAL AFFAIRS

English - Or: English

CTPA/CFANOE/2016/72

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ESTABLISHMENT OF A TWINNING PROGRAMME FOR THE INCLUSIVE FRAMEWORK ON BEPS

For the establishment of the twinning programme for the Inclusive Framework on BEPS, this note, which integrates comments received from delegates at the September 2016 Inclusive Framework Steering Group, sets out objectives, describes the roles of the parties involved in the programme and sets up the process for its implementation.

Members of the Inclusive Framework on BEPS are invited to express their interest in joining the twinning programme, either as experienced partners or as beneficiary partners, by sending an email to cpa-beps@oecd.org by 10 December 2016. Applications should include the specific information listed in Box 1 of this note.



2. Twinning Programme

- **Key areas** of support (offered/required) identified by respondents:
 - 4 minimum standards;
 - Transfer Pricing;
 - MLI;
 - Work on toolkits;
 - Preparation of the IF and WP meetings (i.e. WP1 and WP6)
- **Extension of deadline** to express interest to collect more applications and start efficiently the twinning programmes

Feed-back from the surveys:

- The large majority of countries interested in participating in a twinning programme (about 75%)



3. Development of toolkits

- **Plan:** 8 toolkits (mandate G20 at Leaders' summit in Brisbane 2014)
- Work to be undertaken **jointly by IOs** (OECD, WBG, IMF, UN) with leadership assigned to one IO (or shared by two) under the aegis of the **Platform for collaboration on tax** launched in April 2016
- **Toolkits** are not intended to set new standards. Rather to...
 - Focus on practical implementation consistent with existing standards
 - Provide guidance / options on how the standards can be applied in situations commonly encountered by developing countries, including country practices (while not necessarily endorsing these) and examples
 - Provide analytical reports to help guide policy choices

Feed-back from the surveys:

- toolkit on tax incentives extremely useful in particular for respondents from the Asia-Pacific region
- toolkit on lack of comparable and tax treaty negotiation extremely useful in particular for respondents from the EECA region



3. Development of toolkits

Content of the 8 TOOLKITS:

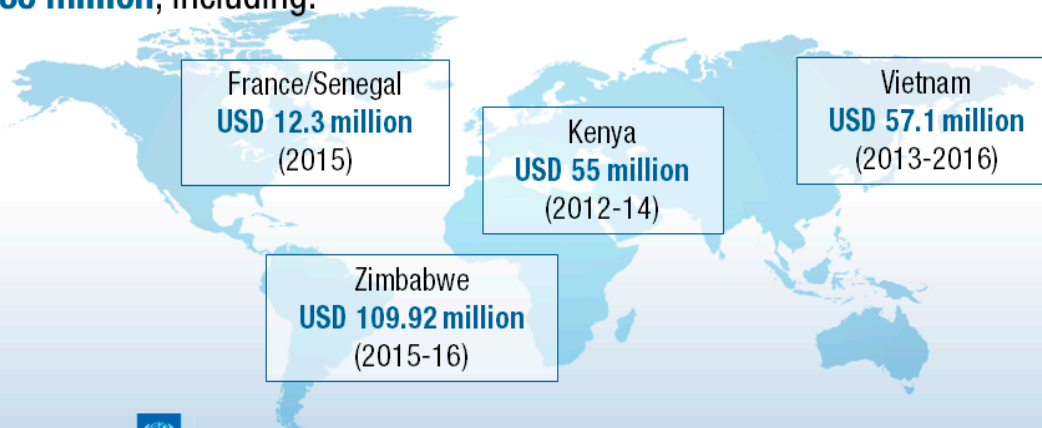
- **Tax incentives**: delivered Oct 2015; addresses the efficiency of tax incentives (their impact, with related costs and benefits), as well as best practices for granting, monitoring and assessing tax incentives.
- **Lack of comparables data**: aims at assisting developing countries to address difficulties in accessing comparables data for TP analyses. This work stream is supplemented by sector-specific work how mineral products are priced in arm's length transactions. A draft paper has been published for comments on January 2017.
- **Indirect transfers of assets**: aims at identifying policy options for implementing rules on taxation of indirect transfers of assets as well as effective mechanisms to identify transactions and best processes for tax collection.
- **Other 5 toolkits**: Tax treaty negotiation, Transfer pricing documentation, BEPS risk assessment, Base eroding payments, Supply chain restructuring



4. Tax Inspectors Without Borders

Cumulative increases in tax collection as a result of TIWB programmes have totalled over **USD 260 million**, including:

TAX INSPECTORS WITHOUT BORDERS
A joint OECD/UNDP initiative



(includes OECD expert deployments on anonymised company cases)



Tax Inspectors Without Borders
An OECD-UNDP partnership to tackle domestic resource mobilisation with a practical hands-on approach

Domestic resources are the largest and most important source of financing for development. They are country-owned and are more stable than external sources of finance. Domestic resources are the best way to support long-term economic growth and poverty reduction. Over recent years, many developing countries have managed to mobilise more domestic resources for development. But progress varies and low-income countries collect on average only 15% of GDP in tax revenues.

A lack of capacity is one factor limiting the ability of governments to raise tax revenues. This means less money for education and health-care, and fewer resources for investment in essential infrastructure, such as energy and transport.

Tax administrations are on the frontline in the battle against tax avoidance. Estimates vary and are contested but cross-border tax avoidance impacting developing countries is likely to exceed official development assistance (ODA) by a considerable margin. Tackling complex international tax arrangements that divert profits offshore leads to corporate tax cuts for skilled tax auditors. A well-trained tax team can identify high-risk cases and uncover the arrangements that are much-needed tax revenue from governments.

A contribution to the domestic resource mobilisation efforts of developing countries

Tax Inspectors Without Borders (TIWB) is a joint initiative of the OECD and UNDP designed to support developing countries to build tax audit capacity. It complements the broader efforts of the international community to strengthen international co-operation on tax matters and will make a significant contribution to the domestic resource mobilisation efforts of emerging countries.

TIWB facilitates well-targeted, specialised tax audit assistance in developing countries around the world.

Under TIWB, tax audit experts work alongside local officials of developing country tax administrations on tax audit and tax audit related issues. TIWB aims to transfer technical know-how and skills to developing countries' tax auditors, as well as share general audit practices. TIWB programmes can include pre-audit risk assessment and case selection, investigatory techniques, audit cases involving transfer pricing issues, self-avoidance rules, or sector-specific issues, ranging for example to natural resources, e-commerce, financial services or telecommunications.

The host administrations of developing countries are the lead partners in TIWB programmes, clearly specifying their needs and scope of work. A dedicated central unit (TIWB Secretariat) partly managed by OECD and UNDP operates as a clearing house to match the demand for auditing assistance with appropriate expertise. TIWB assistance is delivered by current or recently retired tax audit experts who work full-time or part-time with the host administration under a programme agreement which covers all legal and practical safeguards and provisions. The reports are not intended to substitute for local audit staff or carry out audit work where no local audit personnel would otherwise exist. TIWB is a capacity building programme.

Tax Inspectors Without Borders: Capacity building with a learning by doing approach

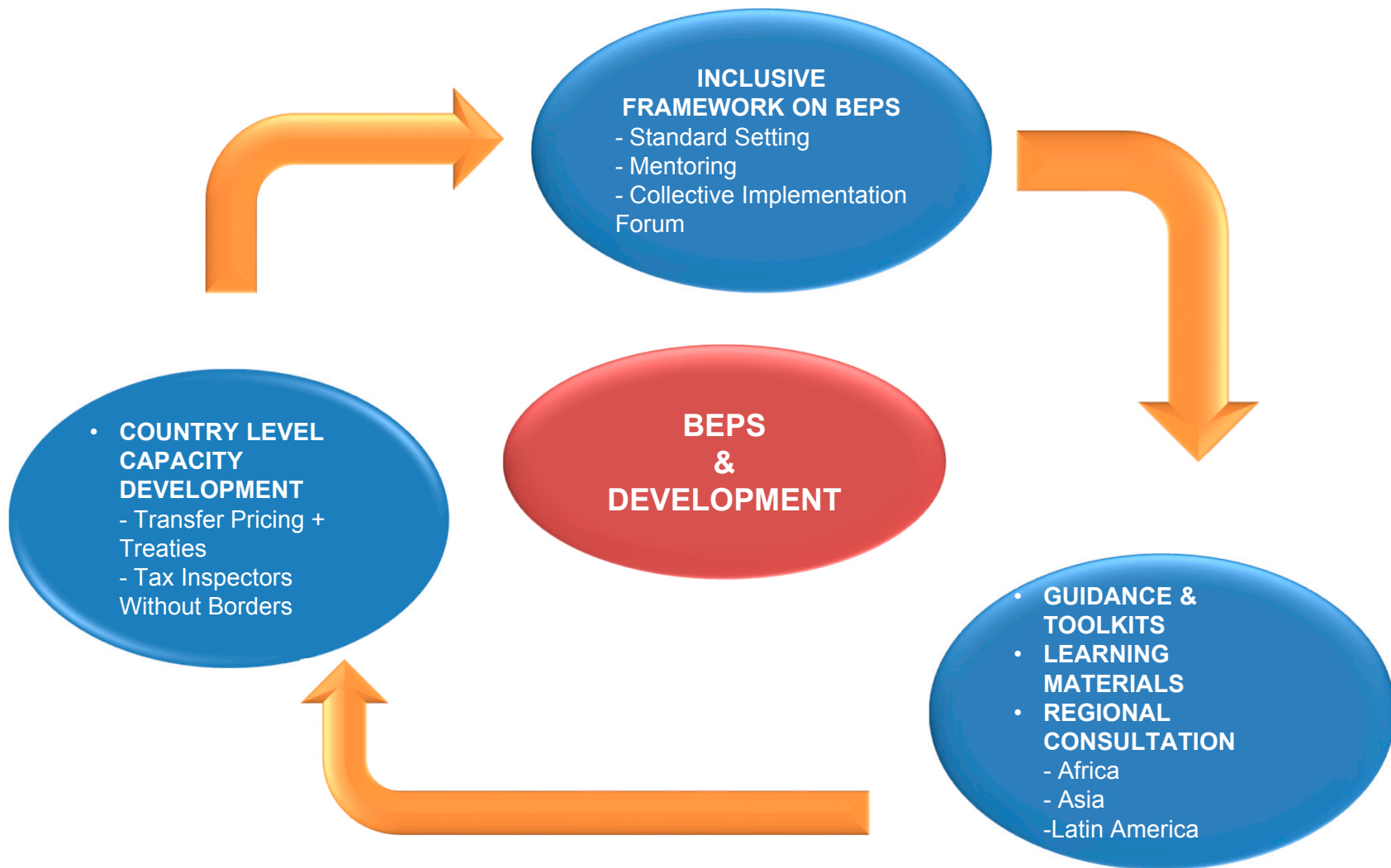
- **Achievements:** Expert deployments have assisted countries to increase their tax collected by over USD 260 million between 2012 and 2015 (including some early reporting from 2016).
- **Target:** 15 expert deployments in 2016 and 100 expert deployments by 2020.

Feedback from surveys:

- Strong support for this initiative. Some countries wishing to get more information. Overall respondents noted that the TIWB programme extremely useful in supporting BEPS implementation.



All dots connected...



MORE INFORMATION



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