BEPS, TAX AND SDG’S

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RELEVANT SDGS

– 17.1: strengthen domestic resource mobilization, including through international support to developing countries to improve domestic capacity for tax and other revenue collection

– 16.4: by 2030 significantly reduce illicit financial and arms flows, strengthen recovery and return of stolen assets, and combat all forms of organized crime
COUNTRY BY COUNTRY REPORTING
AUTOMATIC EXCHANGE OF INFORMATION
DOMESTIC RESOURCE MOBILIZATION

– ‘The BEPS outcomes, however, are etched on the OECD’s international model tax treaties, and as such reflect developed countries’ preferred international tax norms’

– Which issues are important beyond BEPS?
ADEQUATE TP GUIDELINES?

Source TP Bible
SOURCE/RESIDENCE BIAS IN THE OECD MODEL TREATIES

Figure 8: distribution of source index values for across EU member’s treaties

The horizontal axis measures the balance of taxing rights in treaty, with a score of 1 indicating more source-based, and 0 indicating more residence-based.
TAX MIX

TAX REVENUES AS PERCENTAGE OF GDP

LOW INCOME: 3.90
  - PIT: 3.90
  - CIT: 2.57
  - VAT: 5.13

LOWER-MIDDLE: 4.72
  - PIT: 3.68
  - CIT: 6.63
  - VAT: 3.01

UPPER-MIDDLE: 3.75
  - PIT: 3.75
  - CIT: 6.51
  - VAT: 3.94

HIGH: 9.82
  - PIT: 3.94
  - CIT: 6.22
  - VAT: 9.82
TAX CAPACITY BUILDING TODAY (2016: US$ 380 MILLION AID FLOWS)

- G20
- Platform for collaboration on tax (2016)
  - UN FFD track
  - Network for Tax Organisations (2018)
- Bilateral Donors
  - US$ 334 million
- Multilateral Institutions
  - US$ 46 million
- Regional Tax Organisations
‘social consensus on medium-term revenue goals’ and a 5–10 year ‘comprehensive reform plan for the tax system’.
MEDIUM-TERM REVENUE STRATEGIES

Set revenue and other goals:
✓ Revenue mobilization
✓ Reduce compliance costs
✓ Promote equity and fairness
✓ Effective and efficient revenue agencies

Comprehensive tax system reform to achieve goals:
✓ Tax policy (TP) reforms
✓ Revenue administration (RA) reforms
✓ Tax legal framework (LF) reforms

Sustained political commitment from formulation to implementation
✓ Government-led and country-owned
✓ Secure whole-of-government support
✓ Strong reform organization
✓ Appropriate resources
✓ Build stakeholders’ support
✓ Communication strategy

Coordinated capacity development support from formulation to implementation:
✓ Capacity development (technical assistance and training): types, modalities, amount, sequence
✓ Coordination framework for Capacity development providers and donors
CRITICISMS OF THE CONCEPT

– Standard most developed countries don’t adhere to

– Same set of actors, Ownership promise?

– Can newly elected governments overturn MTRS?
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