IRISH SPILLOVER ANALYSIS
PROJECT
Platform for Tax Good Governance
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Overview

1. Why we undertook a Spillover Analysis

2. How we approached the project

3. Results
Genesis of Project – Domestic Policies

- “Ireland is committed to engage constructively and respectfully with developing countries in relation to tax matters”
  - October 2013
Policy for International Development

- Whole of Government approach, coherent policy development
- Ability to generate and collect tax revenues is key to exiting from aid dependence
International Interest in Spillover Analysis

- 2011 Report by IMF, OECD, UN and World Bank to G-20 Development Working Group
- Christian Aid
- Existing research
  - Ministry of Foreign Affairs, Netherlands – November 2013 report
  - IMF consultation on economic spillovers in international taxation
Spillover Project Launched – April 2014

• “…the Minister for Finance has decided to undertake a ‘spillover analysis’ to research what impact, positive or negative, Ireland’s tax system may have on the economies of developing countries”
Public consultation
• 94 submissions received
• 83 from private individuals as result of e-mail campaign
• 11 from NGOs, academics and private individuals
• 6 included detailed submissions

Common themes from consultation:
• Tax treaties and withholding taxes
• Transfer pricing concerns
• Influence of domestic tax legislation
• Capacity Building
• Multi-lateral initiatives on AEOI and CBCR
Spillover Project Elements – Research Contract

• Competitive tender process

• Invited proposals for appropriate methodology to carry out a spillover analysis

• IBFD appointed to carry out research
Research Results - 1

• Trade and capital flows to and from Ireland
  • Limited volume of transactions
  • Difficult to draw firm conclusions
  • Spillovers unlikely due to low volumes

• Analysis of tax treaty provisions
  • Relatively few treaties between Ireland and developing countries at present
  • Some old (Zambia, Pakistan), some new (Egypt, Vietnam)
  • Identifies provisions of particular relevance to developing countries
  • Analysis is broadly positive
Research Results - 2

• Domestic Irish Legislation and EU Directives
  • Review of Irish tax incentives – CT rate, withholding taxes, R&D
  • EU Directive limits on intra-EU withholding taxes

• Review of IMF Spillovers Report
  • Strategic spillovers – the impact of changes in a country’s tax rate on the tax rates of other countries.
  • Base spillovers due to real activities – the effect of changes in a country’s tax rate on the tax bases of other countries due to shifts in real economic activity.
  • Base spillovers due to profit shifting – the effect of changes in a country’s tax rate on the tax bases of other countries due to profit shifting, separate from shifts in real economic activity.
• Published with Budget 2016 in October 2015

• Minister Noonan –

“...in order to show full commitment and foster a trusting relationship between the developed and developing world, the OECD should adopt at least in spirit a 16th action in the BEPS project that insists upon all countries undertaking spillover analyses of how their taxation regimes impact the developing world.”