Taxation in developing countries

Responsible corporate behaviour in tax matters: What are the potential benefits for developing countries?

Dutch Association of Investors for Sustainable Development
International Tax Conference ‘Pay your taxes where you add the value’
2 July 2015
Obstacles according to companies

Tax directors of Dutch multinationals said the following:

• Very assertive attitude of tax authorities towards multinational companies
• Overly hierarchical and bureaucratic organisation of tax authorities
• Time-consuming and costly appeal procedures
• Multi-interpretable, complex and fast-changing tax laws
• Corruption within government bodies
• Lack of capacity and skills of local tax authorities in least developed countries, especially regarding transfer pricing and tax treaties

However: different perspectives
Most interviewees could not clearly indicate when a tax ruling is used as an incentive rather than an instrument to provide certainty.

Companies and governments should increase transparency of the kind of tax arrangements they make.
Competition between states
• Increase of tax incentives
• Role Netherlands - Policy Coherency for Development
• Race to the bottom

OECD BEPS Project solution for development countries?
• Not inclusive
• Not addressing issues development countries
• Complex
Solutions

• Transparency CBCR/UBO/Tax Rulings
  - Public
  - Important for development countries

• Automatic Information Exchange

• UN Tax Body
  - Equal footing
  - Simple solutions

• CCCTB
  - Minimum corporate tax rate

Conclusion: More clarity and less risk for companies
companies should define a clear tax strategy that is based on the spirit of the law. stakeholder engagement is key
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Companies should define a clear tax strategy that is based on the spirit of the law. Stakeholder engagement is key

A. Agree

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Companies should define a clear tax strategy that is based on the spirit of the law. Stakeholder engagement is key.
Investors should integrate responsible taxation into investment decisions, engagement and voting.
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