

Third Annual Developing Country Forum

South-South Cooperation in International Tax Matters

9-10 December 2019
Pravasi Bhartiya Kendra, New Delhi

Concept Note

As most of the developing countries have embarked upon the United Nations Agenda 2030 on Sustainable Development Goals, efficiency in resource mobilization and use especially public tax revenues is important. Tax revenue constitutes a vital component of public expenditure in developing countries especially in development expenditure such as infrastructure building, health, education, and so on. Although taxation systems worldwide have acquired significant sophistication, many developing countries are still struggling with the erosion of tax base, the level of actual compliance, tax evasion and avoidance, among others. In general, taxation issues are quite complex and requires specific expertise in the tax machinery to comprehend the new challenges and prepare for the future with improved technology and compliance mechanisms.

At the Third International Conference on Financing for Development in Addis Ababa in mid-July 2015, developed countries blocked a proposal to create an intergovernmental tax body in the United Nations to replace the UN Committee of Experts on International Cooperation in Tax Matters. At the present time, the only place where the standards and norms in international tax cooperation are decided in an in-

tergovernmental modality is the OECD. Even though the OECD secretariat has convened and funded many and extensive consultations on tax cooperation issues with non-members through its Global Forum on Transparency and Exchange of Information, the secretariat is unable to entertain and process proposals on the agenda and tax cooperation standards without the approval of OECD member states.

Reflecting the residence taxation priorities of developed countries, OECD norm-setting work has exhibited a strong tendency to ignore and not recognize developing countries' experiences and innovations in tax policy and administration. Developing country tax authorities often find themselves having to contend with domestic tax objectives and contexts different from those in developed countries, and as a result have implemented various innovations and approaches.

In order to build common consensus and provide an effective platform, the South Centre established the Annual Forum of Developing Country Officials working on tax policy, administration, and international cooperation in 2016. The program is a vital element of South-South Cooperation for promotion of exchange of expertise and experiences in international tax cooperation.

Inaugural Address

Mr. V. Muraleedharan

Hon'ble Minister of State for External Affairs, Govt. of India

Eminent Panelists

Prof. Sachin Chaturvedi
Director General, RIS, New
Delhi, India

Dr. Carlos Correa
Executive Director, South Centre,
Geneva

Mr. Pramod Chandra Mody
Chairman, CBDT, India

The First Annual Forum, held from 30 November to 2 December 2016 in Surabaya, Indonesia, was a great success, creating enormous interest and offers of support from developing countries for its continuation, expansion and strengthening. The Second Annual Forum, held from 25 to 27 April 2018 continued where the first annual forum had left off, and expanded its repertoire to further appreciation from developing countries. The Government of Indonesia played an indispensable role in the success of both editions of the annual forum.

The Third Annual Forum is jointly organised by the Research and Information System for Developing Countries (RIS), New Delhi in collaboration with the South Centre and the Ministry of Finance, Government of the Republic of India on 9-10 December 2019. The Forum aims to involve government officials, academics, civil society and experts from other international organizations. The Forum will consider a diverse range of issues that are relevant to developing country taxation

Extractive Industries

Many developing countries have a wealth of natural resources which can be harnessed as a potential revenue base for fulfilling their development needs. For achieving such objectives, developing countries should develop tax systems to ensure that they obtain an appropriate share of the benefits from extraction and use of such resources. The Forum will discuss some of the innovations developing countries have designed for the determination of profits or royalties in the extractives industry, and attempts to implement policies on the treatment of technical services.

Key Questions

- What are the steps countries taking to address the challenge of transfer mispricing in this sector, especially in oil and gas?
- How are countries overcoming the challenges currently faced in effective taxation of technical services?
- What has been the experience of developing countries in containing profit shifting in this sector through BEPS Action 4 (deductions on interest expenses)?
- What are the legal and institutional innovations being undertaken by countries in strengthening judicial, audit and information management capacities?
- What administrative measures can countries undertake to pre-screen transactions prior to the application of tax treaties so as to prevent treaty abuse?

Eminent Panelists

Dr. Vinay Kumar Singh
Commissioner of Income-Tax (OSD), Delhi, Ministry of Finance, India

Mr. Akhilesh Ranjan
Member (Retd.), CBDT, India

Prof. Sol Picciotto
Emeritus Professor, Lancaster University and Senior Fellow, International Centre for Tax & Development

Mr. Rajesh Kedia
Director, CBDT, India

Ms. Pooja Rangaprasad
Director (Policy & Advocacy), Society for International Development, Rome

Mr. Mustapha Ndajiwo
Executive Director, African Centre for Tax and Governance, Nigeria

Ms. Rashmi Ranjan Das
Joint Secretary (Ft & Tr-1), CBDT, Ministry of Finance, India

Mr. Dereje Alemayehu
Chair, Global Alliance for Tax Justice

Taxation of the Digital Economy

The rise of digital economy is bringing new challenges for tax administrations. The urgent discussions in the OECD's Inclusive Framework of the Base Erosion and Profit Shifting (IF-BEPS) project have introduced potentially far-reaching proposals to redefine "economic nexus" along with profit allocation rules. The proposal emanating from the tax working group of the G-24 is particularly noteworthy, but there is a need to develop new alternatives based on developing countries' experiences and needs. The Forum will review the proposals, their potential economic implications, and developing country responses.

Key Questions

- From an implementation perspective, what are the pros and cons of the G24's proposal on fractional apportionment?
- What would be an appropriate developing country response to the OECD Secretariat's "Unified Approach" for Pillar One?
- Pending a globally accepted solution, what are the unilateral measures developing countries can adopt in taxing the digital economy?
- What is the importance of data localization in taxing the digital economy?

Fugitive Economic Offenders (FEOs) and Asset Recovery

Key Questions

- What are the legal remedies for treatment of fugitive economic offenders in tax heavens?
- How the property of the fugitives is to be confiscated and used for repayment of debts of the fugitives in the home country?
- What types of legal assistance the bankers and financiers of economic fugitives can access in international locations?
- Are extradition treaties efficient in dealing with economic fugitives? If no, what other preventive mechanisms can be established to fast-track the increasing cases of FEOs?

Fugitive economic offenders cause massive drain of precious resources of a country to tax heavens. The existing national legal frameworks do not allow fully recovery of those lost assets. Many countries have taken concrete actions to stem the detrimental impacts of tax heavens. However, it is imperative to ascertain what concerted actions could be undertaken by developing country authorities to deny entry of fugitives to safe havens, freeze the proceeds of crime and obtain asset repatriation along with the offenders. In that perspective, the Forum will provide a space for discussion on the following questions.

Eminent Panelists

Mr. Bhaskar Goswami
Commissioner of Income Tax, India

Ms. Lizette Espinosa
National Coordinator of Tax Claims, Internal Revenue Service, Ecuador

Mr. Ogwuche Sunday
First Secretary, Nigerian Mission in Geneva to WTO

Mr. Rajat Bansal
Joint Secretary (FT & TR-II), CBDT, Ministry of Finance, India

Mr. Ashish Kumar
Commissioner of Income Tax, APA, Delhi, India

Mr. Lokman Hossain
Research Officer, Bangladesh Tariff Commission

Mr. Sudarshan Rangan
Global Tax laboratory, India

Ms. Veronica Grondona
Researcher, Tax Justice Network and former advisor, European Parliament

Combating Tax Avoidance

There has been a growing concern among developing countries about the avoidance of taxes on the capital gains realized on the offshore transfer of assets located within their territories. Tax administrations face various challenges on this issue, being aware of the transactions and then collecting the taxes due. The Forum will allow participants to discuss the challenges they have faced in the fight against tax avoidance and developments in domestic laws to restrict such abusive tax planning strategies. Through the Forum the South Centre Tax Initiative intends to promote and support intensified, better coordinated, and more institutionalized approaches to South-South cooperation in tax matters so as to enable developing countries to become full participants in international norm-setting and action in tax matters. The annual forum will be the centerpiece of these efforts. The annual forum is designed to create a community among developing country tax officials that would allow

Key Questions

- What are the changes needed to domestic laws to ensure that the gains from offshore indirect transfers can be effectively taxed?
- How can bilateral treaties be drafted in a way that preserves domestic laws' ability to impose the tax?
- What are the practical challenges in administering taxes on offshore indirect transfers and how can they be overcome?

them to discuss and develop tax cooperation modalities and standards suitable for developing countries. The Forum is supported by a network of developing country tax experts, and can also serve as a platform to support the sharing of technical innovations and capacity building activities among its participants.

Eminent Panelists

Mr. Kamlesh C. Varshney
Joint Secretary
(TPL-1), CBDT, Ministry
of Finance, India

**Ms. Maria Auxiliadora
Quant Ordoñez**
Revenue Management
Service Honduras

Mr. Daniel Uribe Teran
Programme Officer,
South Centre

**Mr. Thaneshwor Gau-
tam**
Deputy Director General,
Department of Inland
Revenue, Nepal

Mr. Amitav
Additional Director Gen-
eral (Risk Assessment),
Ministry of Finance, India

Mr. Mahess Rawoteea
Lead Analyst, Ministry
of Finance & Economic
Development, Mauritius

Ms. Lizette Espinosa
National Coordinator of
Tax Claims, Internal Rev-
enue Service, Ecuador

Ms. Seylina Varghese
Director General, Tax and
Financial Sector Policy
Division, Department of
Finance, Seychelles

Ms. Jahanzeb Akhtar
Principal Commissioner of Income
Tax, Government of India

Mr. S.K. Singh
Pr. CCIT (International Tax
& TP), Ministry of Finance,
IndiaW

Mr. Navneet Manohar
Director (FT&TR-III), CBDT, India

Amb. Amar Sinha
Distinguished Fellow, RIS

Mr. Abdul Muheet Chowdhary
Senior Programme Officer, South
Centre

Dr. Priyadarshi Dash
Assistant Professor, RIS