



Key issues for
developing
countries in
international
taxation.

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Developing Countries

- ◇ cover a wide range of countries at differing stages of development
- ◇ Includes most African countries





Challenges

- ◇ Lower per capita national income
- ◇ Difficulty in domestic revenue generation
- ◇ Limited capacity and resources
- ◇ Competing interests

Key Issues: Framework for discussion

- ◇ the international tax rules and framework
- ◇ tax competition
- ◇ lack of capacity of tax developing countries administration
- ◇ the challenges of the digital economy*

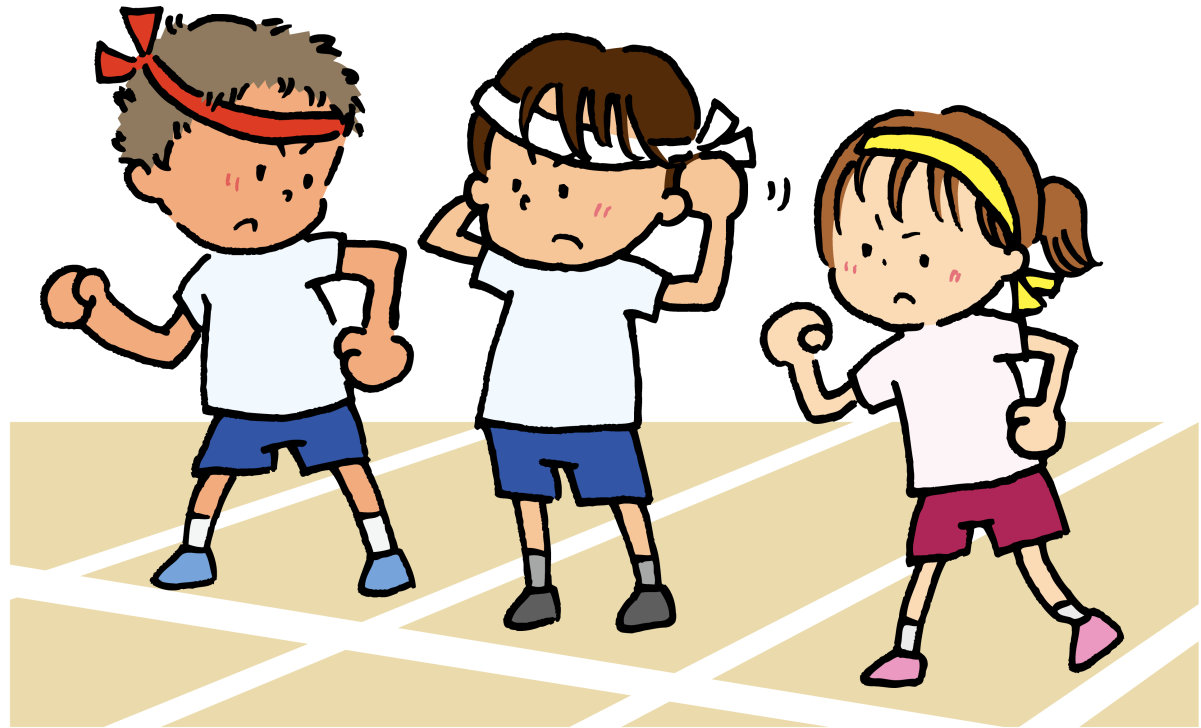
The International Tax Rules And Framework

- ◇ inherently disadvantageous to developing countries
- ◇ New rules developed after reversal of inflows due to financial crises
- ◇ new rules are good but were never designed for the benefit of developing countries
- ◇ international tax initiatives too complex and/or not practical in a developing country



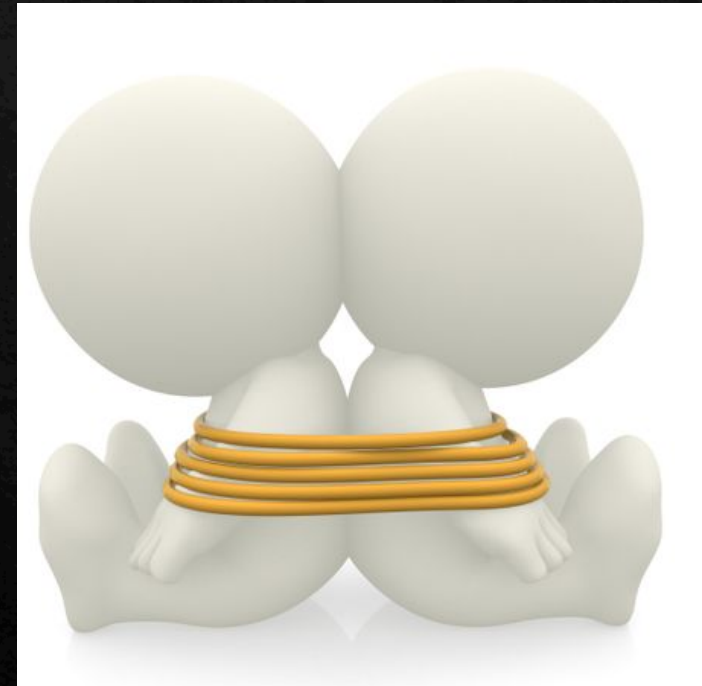
Tax Competition

- ◆ Competition for capital investment may lead to erosion of tax base



Capacity Constraints of Developing Countries Tax Administrations

- ◆ lack of capacity is a major obstacle that developing countries face in effectively responding to international tax issues and the potential initiatives to address those issues
- ◆ low capacity to administer international tax rules and audit and monitor MNE's activities



Challenges of the Digital Economy





Conclusion