

Bringing Universality and Stability to the International Tax System through a UN Tax Convention



Elements of International Tax System



Tax provisions in domestic legislations that are relevant to cross-border taxation

Platforms focusing on International Tax Issues



Soft laws that impacts on international tax rules

Network of tax treaties & related instruments

How Universal is the Existing Int'l Tax Platforms?



OECD/G20-INCLUSIVE FRAMEWORK

- ☐ Originally made up of the 38 OECD members
- ☐ Expanded to 140 members to implement BEPS, in 2015.
- ☐ Continues to be widely influenced by the OECD-G20 who sets agenda and approves direction of work for the platform
- ☐ Excludes 1/3rd of countries in the world including 27 African countries
- ☐ Even participating non-OECD members say their voices are hardly heard

GLOBAL FORUM ON TRANSPARENCY & EXCHANGE OF INFORMATION FOR TAX PURPOSES

- ☐ Founded by the OECD in 2000, included non-OECD members in 2009
- ☐ Focus on Tax transparency standards [CRS-AEOI, CbCR, etc]
- ☐ Has 160 members
- ☐ Only about 4 countries in Africa has been able to implement Robust framework for exchange of information.

UNITED NATIONS TAX COMMITTEE

- ☐ Established in 2006 by the Economic and Social Council (ECOSOC)
- ☐ Comprises 25 experts in taxation, appointed by the UNSG
- ☐ Represents a diverse range of geographical regions in their personal capacity. Direct participation excludes over 80% of global jurisdictions.



Stability of Int'l Tax System: Disparate Rules, Differing Approaches



5. Consequences of different rules and approaches

- ❑ Hybrid mismatches, transfer mispricing, Thin Capitalization/Excessive interest deduction, treaty shopping & abuse, BEPS generally, IFFs, and imbalance in allocation of taxing rights

4. Dispute Resolution

There is no comprehensive framework for dispute resolution

3. Different Rules for Taxation of the digital economy

DSTs, SEPs, Taxation under the old the rules, Amount A applicable only to a 100 MNEs

1. Domestic Legal Framework

- ❑ About 190 different Legal Frameworks for taxation.
- ❑ Varies from each other on tax treatment of entities, Instruments, etc

2. Double Tax Agreements

- ❑ Over 3,000 DTAs in the World
- ❑ Varies amongst each other in terms of nexus, profit attribution and general allocation of taxing rights

What the Convention will Bring to the Table



6. Transparency

It is our believe that key object of the new body will include imbining transparency in the manners through which rules and standards are set and in its operation. Lack of transparency is one of the issues bedevilling some of the existing framework.

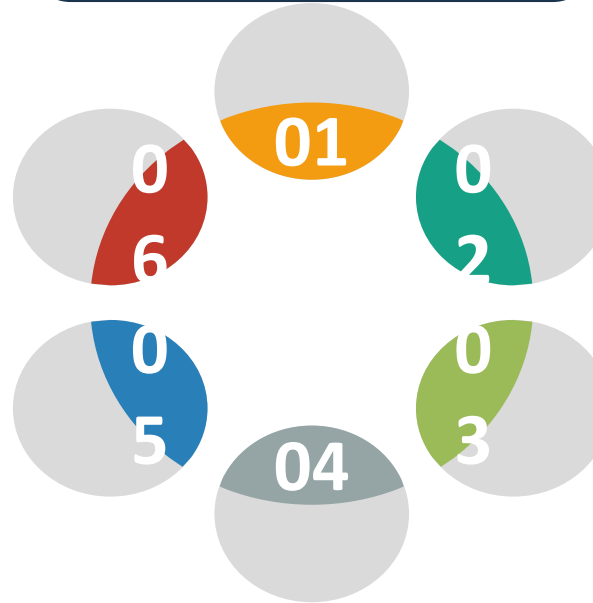
5. Balanced taxing rights

I believe that equal participation of all parties in the platform and specific attention to fairness and equity will bring about balanced taxing rights between market jurisdictions and the residence jurisdictions.

3. Simplification of taxing rules

The key factors rendering the current standards ineffective is the complexities thereof which has hampered both compliance and ability of many jurisdictions to understand and implement same [*see the UNSG Report*]. It should be a key objective of the new body to change this narrative.

We believe that by imbining the following, the new framework will ensure universality and stability.



1. Inclusivity

Experience in the current platform show that they lack inclusivity . The new body is to rectify this.

2. Tackling BEPS & IFFs

The new body is conceived to rectify failings of the current regime which has enabled BEPS, IFFs and depletion of domestic resources in some nations, particularly developing countries, in favour of more advanced economies and tax havens. We believe the goals will include changing this trend.