G20 Outcomes: Their Significance for Middle and Low Income Countries

An analysis from a taxation perspective

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SUMMARY

1. Modernizing the international tax system

2. Challenges

3. Conclusion & recommendations
Modernizing the international tax system

- **G20**: Reforming the international tax system toward better fairness and transparency.

- The benefits of this process: Beyond fairness and transparency, it’s about the improvement of the DRM to finance development goals.

- DR, especially tax revenues, have interesting advantages in terms of financial independence, (public financial) resilience and sustainability.
Modernizing the international tax system

- OECD/G20 to fight against Base Erosion and Profit Shifting (BEPS) mechanisms.

- Major firms often avoid paying taxes by gaming tax legislations and shifting their profits to low-tax jurisdictions. Governments are committed to stop these practices gradually via the BEPS project implementation.
Modernizing the international tax system

- G20 finance ministers endorsed the new single, more ambitious, common global standard for the automatic exchange of information that we developed in less than one year and presented in September.

- Already more than 93 countries, including many developing ones, have committed to implementing the Global Standard by 2018 at the latest, and 51 countries have already signed to start implementation as early as 2017.
Modernizing the international tax system

- The G20 has recommended the OECD to put in place a new wide dialogue process involving developing countries.

- A technical preparatory meeting is being held at the moment at OECD in Paris to discuss all these issues.
Challenges for developing countries

- Policy level (legal framework)
  - Modernization of the tax legislation
  - Capacity building

- Administrative level (implementation/enforceability)
  - Capacity building
  - Logistics (IT hard and soft)

- Transversal key-point: Financial and tax statistics (collection, processing and sharing in real time)
Conclusion and final remarks

- Important progress has been made toward the fight against international tax evasion and avoidance.

- After welcoming efforts to involve developing countries, there is a need to enhance this involvement as well in the decision making process as in the monitoring/follow-up one.

- Capacity building is needed to help these countries take advantage from the new international tax system.

- Isn't it time to better address Natural Resources and ODA taxation issues?
THANK YOU !!!