

Research topics in international taxation

Martin Hearson

Oslo, 16 November 2012

Obtaining company accounts: some examples

www.duedil.com

www.africanfinancials.com

www.actionaid.org.uk/taxhavens

www.delicious.com/companyresearch

www.sabmiller.com

Tax treaties

“In 2008, Ghana signed [tax treaties] with two of the countries at the centre of this report, Switzerland and the Netherlands. Both reduced the amount that Ghana could tax the royalties and technical service fees that flow out of it [from 15%] to just 8%. As a result the tax losses identified in this report increased.”

- ActionAid UK, Calling Time, 2010

Tax treaties:

Some suggestions in the literature

- Tax treaties are not necessary to relieve double taxation, as this can be achieved unilaterally (but: harmonisation of tax definitions; mutual agreement).
- Possible other benefits: administrative cooperation, signalling effect.
- Empirical studies do not find a positive association between the presence of a tax treaty and the level of investment.
- Tax treaties always result in a transfer of taxing rights from developing to developed countries.

Tax treaties: Not always a 'rational choice'

“[T]ax administration and tax policy officials in Uganda are not sufficiently trained in the area of tax treaties and international taxation. As a result, Uganda has a weak tax treaty negotiation team that concludes treaties more intensively reflecting the position of the other contracting state.”

Lang et al, eds (2012). The impact of the OECD and UN model conventions on bilateral tax treaties. Cambridge University Press

Tax treaties: The power of ideas

“In 2005 the Ministry of Trade thus issued a priority list of major trading partners for parallel negotiations of bilateral investment treaties (BITs) and treaties...Due to the urgency of negotiations, Colombian officials decided to implement the [OECD Model] as the only available tool for negotiating with OECD Member countries.”

Lang et al, eds (2012). The impact of the OECD and UN model conventions on bilateral tax treaties. Cambridge University Press

Tax treaties: The power of ideas

“The evolutionary narrative of tax development may be an accurate, if simplistic, description of the history of developed country tax systems, but it has become a normative requirement for developing countries in tax reform discourse.”

Stewart, M. (2003). Global trajectories of tax reform: The discourse of tax reform in developing and transition countries. *Harvard International Law Journal*, 44, 139–190

Tax treaties: The role of ‘experts’

“[T]ax reform projects have been mass-produced and have spread rapidly across the globe through broad, superficial, and generalized tax policy recommendations grounded in the consensus...The contemporary mass production of tax reform militates against any real domestic political participation in the determination of tax policies and laws in the countries undergoing reform.”

Stewart, M. (2003). Global trajectories of tax reform: The discourse of tax reform in developing and transition countries. *Harvard International Law Journal*, 44, 139–190

Tax treaties: Where is the gender analysis?

“There are a wide range of ways feminists might approach tax treaties as a tool for tempering the unregulated market: they could be used to compensate low-income states for the prevalent abuses perpetrated by corporations resident in high-income states; they might be used to allocate increased international tax revenue to states that actively promote women's equality; and, finally, they might be used to punish corporate taxpayers who act in ways that erode or hamper women's equality.”

Brooks, K. (2009). Global Distributive Justice: The Potential for a Feminist Analysis of International Tax Revenue Allocation. *Canadian Journal of Women and the Law* 21(2), 267–297.

The political economy of international taxation in developing countries: some questions

- How are decisions about tax policy and administration made in developing countries?
- Why do developing countries make the decisions that they make?
- How does the international tax regime operate, and how does it affect policymaking and administration in developing countries?