

BEPS

TUAC, ad hoc meeting on
corporate taxation

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THE LIMITS OF BEPS

- BEPS should be seen as only one part of this reform agenda.
- The efforts to date to include developing countries in defining the terms of this reform are commendable;
- However, the creation of a fairer and more effective international tax system will require additional steps within BEPS and beyond BEPS.
- A few issues might need reconsideration within BEPS, as follows to deliver to its commitments “make developing countries benefit from the reform”

LIMITS OF BEPS

1. In terms of representation and process: lack of equal participation of developing countries
2. In terms of scope
3. In terms of outcomes

INTEGRATING DEVELOPING COUNTRIES

1. Timelines:

- Late inclusion of developing countries into the process (12 countries joined discussion only this year), with only 7 months left before BEPS process is finalised;

2. Other barriers for meaningful participation of developing countries have not been addressed such as:

- Language;
- Financial resources;
- Human resource constraints;

INTEGRATING DEVELOPING COUNTRIES

3. Regional consultations

- Insufficient participation and insufficient accountability: sharing information can not be considered as consultation and no guarantees of how contributions from developing countries will be integrated

4. Multilateral instrument

- When and how developing countries will be part of the decision and to which extent their will be scope for integrating their recommendation?

BEPS: LACK OF PARTICIPATION

1. In terms of representation and process
2. In terms of outcomes
3. In terms of scope

OUTCOMES: CBCR FAILING SHORT

The process established for exchange of relevant information, e.g. country-by-country data and tax rulings, might be counterproductive for efforts to help developing countries to protect their tax bases, namely due to:

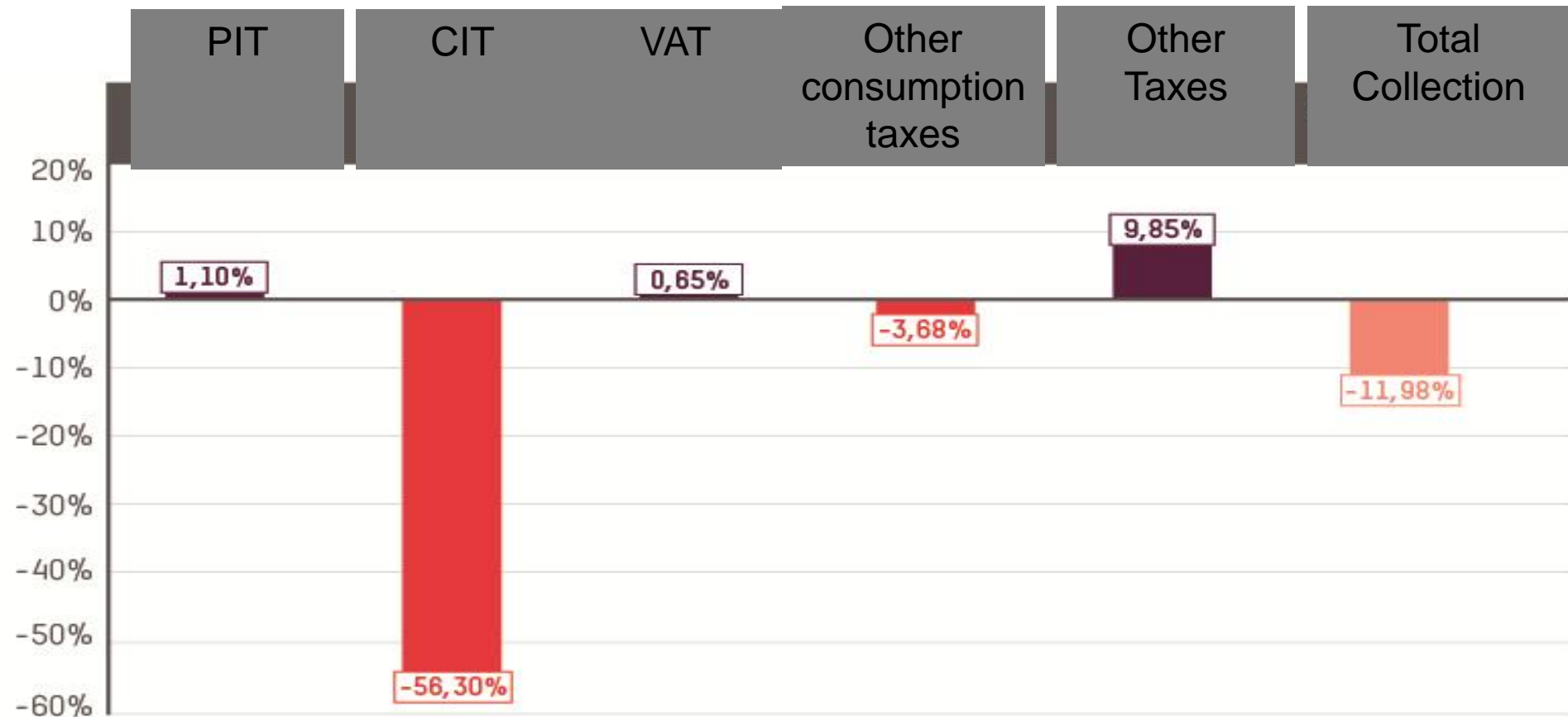
- Insufficient spill over analysis;
- Subjective, discretionary rules lacking clear and objective standards on “confidentiality”, resulting in uneven access of countries to tax information, turning developing countries into tax havens;
- Negative/perverse incentives caused by complex systems, encouraging corruption and abuse of the system;
- Multiple choice in intra-group transaction reporting depending on jurisdiction where profits will be declared, resulting in further profit shifting.

CRITICAL ISSUES THAT ARE KEPT OUT

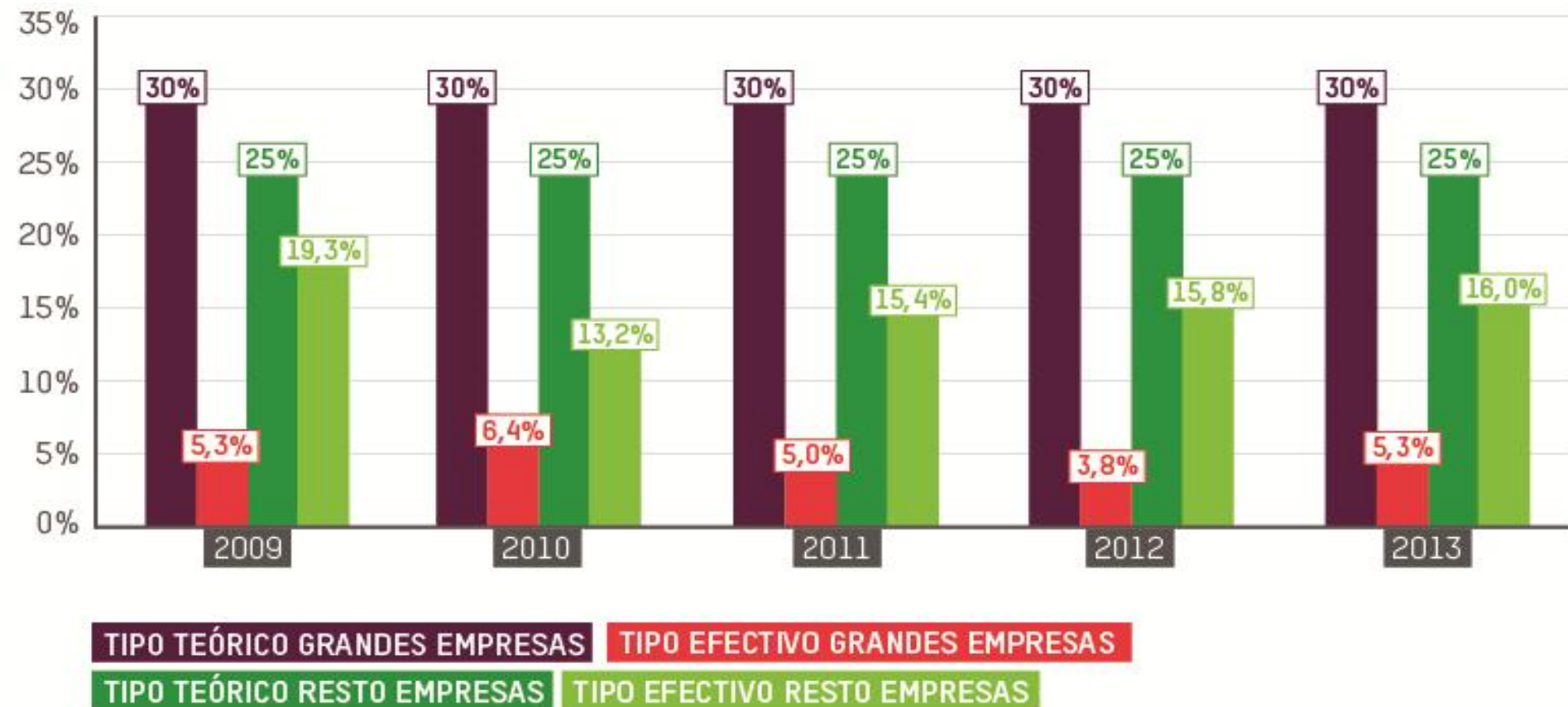
1. **Source vers residence debate**
2. **Tax incentives**
3. **Extractive industries taxation**
4. **Simplification of rules and procedures as well as calculation of profits (profit split methods is needed, at least as an alternative to complex BEPS actions for developing countries with low administrative capacity)**

**BEPS project a
deterrent for tax
dodging in Spain?**

DRAMATIC DROP IN CIT COLLECTION (from 2007 to 2014)



EFFECTIVE TAX RATES



DECLARED EFFECTIVE TAX RATES

NOMBRE USUAL	TIPO EFECTIVO DECLARADO
ACERINOX	50,0%
ACS	33,0%
AMADEUS	32,3%
BANKINTER	27,6%
BBVA	2,9%
FERROVIAL	19,0%
GAS NATURAL	22,0%
RED ELECTRICA	27,7%
REPSOL YPF	43,3%
SACYR VALLEHERMOSO	-43,4%
BANCO SANTANDER	27,6%
TECNICAS REUNIDAS	15,0%
TELEFONICA	20,1%
VISCOFAN	19,8%

SPAIN AND TAX HAVENS

- 34 out of 35 largest spanish companies have subsidiaries in tax havens, totalling 810. An increase of 44% in one year.
- FDI to tax havens: +205% last year
- 26% of FDI is intragroup loans
- 12,4% round-trip investment (Spain is the second investor in Spain)
- 71% of investment from the US goes through a tax haven first

CORPORATE STRUCTURES

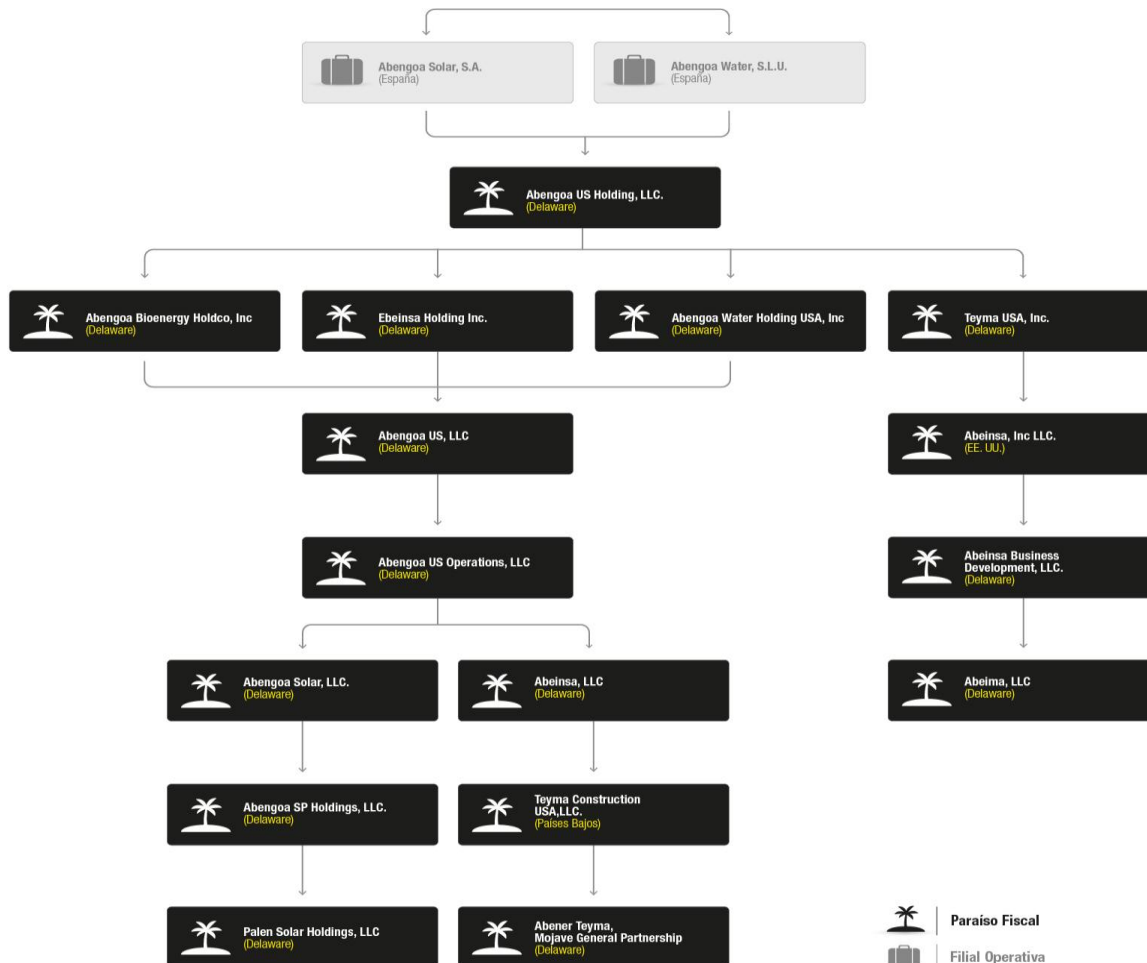


 Paraiso Fiscal
 Filial Operativa

CORPORATE STRUCTURES



ABENGOA



COMMITMENT TO TRANSPARENCY?

ENFOQUE	INDICADOR	ABENGOA	ABERTIS	ACCIONA	ACERINOX	ACS	AMADEUS	ARCELOR MITTAL	BANCO POPULAR	BANCO SABADELL	BANKINTER	BBVA	BOLSAS Y MERCADOS	CAIXABANK
ENFOQUE CORPORATIVO	#01	0	0	1	0	0	0	0	1	1	0	1	0	0
	#02	0	0	1	0	0	0	0	1	2	0	2	0	0
	#03	2	2	2	3	1	1	0	2	2	1	2	0	1
ENFOQUE POR PAÍS	#04	1	1	1	1	0	1	1	1	1	1	4	0	0
	#05	6	12	15	2	4	0	4	12	12	8	0	3	2
	#06	2	2	6	2	3	2	2	4	2	3	4	10	3
	#07	1	3	2	1	2	1	0	0	0	0	0	0	0
	#08	3	2	4	2	4	2	2	6	4	4	4	4	2
	#09	3	3	3	3	3	2	3	9	3	0	3	3	3
	#10	2	2	2	2	2	2	2	2	2	2	2	2	2
	#11	0	1	1	4	1	1	1	1	2	2	1	2	1
	#12	0	1	0	6	0	1	6	6	1	0	0	1	2
	TOTAL		20	29	38	26	20	13	21	45	32	21	24	25
% DE CUMPLIMIENTO DE REQUISITOS		10%	15%	20%	14%	10%	7%	11%	23%	17%	11%	13%	13%	8%

#01	Estrategia política fiscal de la compañía	#02	Revisión anual de la estrategia o política fiscal de la compañía	#03	Listado de todas las compañías del grupo
#04	Descripción de operaciones	#05	Número de empleados	#06	Ingresos
#07	Subvenciones	#08	Resultados antes y después de impuestos	#09	Impuesto sobre beneficios
#10	Exenciones al impuesto sobre beneficios (sociedades)	#11	Dividendos repartidos a sociedades del grupo	#12	Inspecciones y auditorías fiscales

INDICADORES #01- #03	0 - 1	2 - 3	4
INDICADORES #04- #12	0 - 5	6 - 13	14 - 20

GRADIENTE TRANSPARENCIA FISCAL	
TRANSPARENCIA FISCAL NULA	0 - 48
TRANSPARENCIA FISCAL BAJA	49 - 97
TRANSPARENCIA FISCAL MEDIA	98 - 145
TRANSPARENCIA FISCAL ALTA	146 - 192

Recommendations

SO THEN... WHAT?

1. The G20 and the OECD should go beyond BEPS before the end of BEPS, to make the process fairer and inclusive: as a first step, the OECD/G20 should support a World Tax Summit to take place in July within the FFD negotiations
2. It is time for a broader and more inclusive international architecture, with an intergovernmental tax body where all countries will have an equal say
3. A broader and fairer global tax reform is needed:
ICRICT

**ICRICT
AN EXPERT PANEL
ON CORPORATE
TAXATION**

ICRICT, AN EXPERT PANEL ON CORPORATE TAXATION – WHO?

The Commission:

- Chaired by José Antonio Ocampo
- Joseph Stiglitz, Eva Joly, Magdalena Sepúlveda, Manuel Montes, Rev. Suzanne Matalé, Léonce Ndikumana, Govinda Rao and Ifueko Omoigui Okauro

Supported by a Civil Society coalition:

- CCFD, TJN, PSI, OXFAM, Christian Aid, Action Aid, GATJ, World Council of Churches, Alliance Sud

THE TIMEFRAME

- First meeting in NY: 18th March 2015
- Recommendations to be delivered in july / FFD – Addis Ababa

THE PURPOSE

- To create a wider debate on the international tax reforms beyond the current agenda.
- The Commission believes that to tackling inequality those who have the means to pay their fair share can not escape from their responsibilities. They need to pay their fair share so that basic services can be provided. Solutions to extreme inequality can emerge through comprehensive and inclusive reforms of the international corporate tax system.

A smiling woman in a pink shawl with her hands raised, surrounded by a crowd of people.

Thank you

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