


Global Labour Tax Summit: Tax is everyone's business



**PANEL SESSION 3: WHO MAKES THE RULES,
WHO INFLUENCES THEM AND WHO BENEFITS?**

A sad history of institutional failures

- 1920/30s – League of Nations / Corporate taxation
 - 1944 – Bretton Woods / Information Exchange
 - 1961 – OECD / Centre for Tax Policy and Admin
 - 1967 – UN ad hoc Group of Experts
 - 1989 – IMF / Financial Action Task Force
 - 1998 – OECD’s harmful tax competition initiative
 - 2002 – UN Finance for Development programme
 - 2003 – Tax Justice Network
 - 2005 – European Union’s savings tax directive
 - 2010 – US FATCA, Dodd–Franks
 - 2012 – G20 – Automatic Information Exchange
 - 2013 – G8/G20 – Base Erosion Profits Shifting (BEPS)
- Question: Do we need a World Tax Authority?

“ And yet the paradox of this open world is that in many ways, it’s still so closed and secretive...

We want to use the G8 to drive a more serious debate on tax evasion and avoidance...

This is an issue whose time has come.”



PM David Cameron addressing the World Economic Forum on 24th January 2013

Taxing transnational companies: an historical overview

1935, Carroll report, League of Nations: Unitary taxation technically feasible, but “politically impossible”, Profits shifting deepens – leading to Controlled Foreign Corporation rules

1960s – US arm’s length pricing rules adopted > OECD TP guidelines issued in 1979

1980s – recognition that system was dysfunctional – UN tax experts asked to explore alternatives – Unitary Taxation recommended to tax transnational companies on a consolidated basis, which would deal with both transfer pricing issues and profits shifting

2001 – EU commences work on Common Consolidated Corporate Tax Base project – 2007 Working Paper proposed

- 2011 Commission proposed CCCTB Directive
- 2012 Amended Directive agreed by Parliament

2013 – OECD launches the BEPS programme