



## **CORPORATE TAXATION IN THE GLOBAL ECONOMY: CAN A CONSENSUS FOR REFORM EMERGE?**

**October 17, 2019**

**9:30am-11:00am**

**Jack Morton Auditorium, George Washington University**

Despite challenges to multilateralism, a consensus for reform of corporate taxation is emerging – but only over the belief that the current system cannot survive intact. Plummeting corporate tax rates underline the challenge of the multi-trillion-dollar financing gap to achieve the SDGs amidst worsening inequality and human development outcomes. Retaining and taxing resources contribute towards reducing inequalities, strengthening human rights, and boosting the implementation of the SDGs. Key institutions such as the IMF, OECD, G20 and United Nations acknowledge the need for change. Addressing current problems will likely require more effective and inclusive cooperation than in the past, to ensure solutions reflects the needs of all countries. As we approach 2020 and a decade before the SDGs' intended fulfilment, we face a critical moment when transformative reform can be contemplated.

The international corporate tax system is under unprecedented stress. The G20/OECD project on Base Erosion and Profit Shifting aimed to make progress in international tax cooperation, but could not address the tax challenges of the digitalized economy, problems that grow more pressing for countries losing vital tax revenues with every passing day. Limitations of the arm's-length principle have allowed profitable firms to pay little tax in the jurisdictions where they operate and profit from, and tax competition remains largely unaddressed leading to a harmful race to the bottom. Rules requiring public Country-by-Country based reporting by multinational firms, are urgently needed to demonstrate how this system deprives developing countries of domestic resources and to track those outflows. Concerns with the allocation of taxing rights across countries continue, and many countries face pressures to introduce unilateral action. Low-income countries are especially exposed to profit shifting and tax competition (and have limited alternatives for raising revenue), and their limited capacity is now stretched further by increased complexity in international tax norms.

Reforming the international tax system will require strengthening global cooperation despite the prevailing trends in multilateralism. The institutions of multilateralism will be critical. The IMF joined its voice to the reform debate, which is coming to a boil as the Annual Meetings take place, given the ongoing work of the OECD, G20, and UN bodies and recent commitments, such as the OECD's Programme of Work on tax challenges arising from the digitalisation of the economy.<sup>1 2</sup> The question of 'who makes the rules?' is just as pertinent as what the required reforms should and could look like.

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<sup>1</sup> IMF Blog, July 2019 *Corporate Tax Rates: How Low Can You Go?* <https://blogs.imf.org/2019/07/15/corporate-tax-rates-how-low-can-you-go/>

<sup>2</sup> OECD, Programme of Work to Develop a Consensus Solution to the Tax Challenges Arising from the Digitalisation of the Economy; Inclusive Framework on BEPS <https://www.oecd.org/tax/beps/programme-of-work-to-develop-a-consensus-solution-to-the-tax-challenges-arising-from-the-digitalisation-of-the-economy.pdf>



The objectives of this high-level panel discussion are to:

- Discuss the importance of tackling tax avoidance by multinationals and stopping the race to the bottom in tax competition
- Take stock of the current international reform process, and evaluate and understand what future reform could and should look like
- Consider the role and shortcomings of current international institutions in shaping global tax rules and approaches that would foster more inclusive international cooperation in tax matters with special regard to Least Developed Countries and developing countries

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\*Will be followed by coffee and tea reception.

**PROPOSED SPEAKERS:**

- 1) Victoria Perry, Fiscal Affairs Department, International Monetary Fund
- 2) Gabriel Zucman, UC Berkeley & ICRICT
- 3) Winnie Byanyima, Oxfam
- 4) Marilou Uy, G-24
- 5) Jose Antonio Ocampo, Banco de la Republica, Colombia & ICRICT

Moderator: Stephanie Johnston, TaxNotes Chief Correspondent, Worldwide Tax Daily