

## Roundtable on “*Global Tax Policy Reforms and the Options for G-24 Members*”

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Bab Ighli Meetings Campus, Marrakech, Morocco

### Background

The global tax system is under increasing pressure to reform. Whereas multi-faceted crises facing developing economies make it imperative that every business pay their fair share of taxes to enable governments to raise the much-needed resources to tackle those challenges, the continued globalization and digitization of the global economy has made it more difficult for governments to tax multinational corporations. A recent effort to reform the rules was spearheaded by the Organization for Economic Co-operation and Development (OECD) through the OECD-BEPS *Inclusive Framework (IF)*, which many developing countries find unfavorable. As part of efforts to address the shortfall in international tax cooperation, a discussion has begun at the United Nations following the adoption, in 2022, of a UN resolution to deepen inclusive and effective cooperation on international tax at the UN. The [report](#) the UN Secretary-General on the issue was recently been released for the public.

During the 2023 IMF-WBG Annual Meetings, a Policy Roundtable focused on *Global Tax Policy Reforms and the Options for G-24 Members* which was jointly sponsored by the G-24 and the Independent Commission for the Reform of International Corporate Taxation (ICRICT), was held. The Roundtable brought together experts from the G24 and ICRICT, and was attended by representatives of the G-24 countries, Ministries of Finance of member states, Tax Authorities, Civil society organizations, and UN agencies. Professor Joseph Stiglitz, ICRICT Co-Chair, and winner of the 2002 Nobel Memorial prize in Economics, was the keynote speaker, while two panels focused on *The OECD/G20 Inclusive Framework Deal and Alternatives*, and *A New G20/G24 Agenda for International Taxation*. The panels were moderated by Dr. Iyabo Masha, G-24 Director, and Zainab Ahmed, World Bank Group Alternate Executive Director, respectively.

### Panelists’ Positions on Key Issues

**Minister Ricardo Bonilla** stated that the OECD has not been representing, nor looking after the interest of the Global South countries. He however noted that Colombia continues to participate in the OECD framework, while increasing its engagement on Global South international tax cooperation advocacy. He spoke about Colombia’s efforts to improve regional tax cooperation among Latin American countries, which culminated in the creation of the *Platform for Taxation in Latin America and the Caribbean (PTLAC)* earlier this year.

**Professor Martin Guzman** noted that Pillar one of the OECD IF is too narrow, and unlikely to yield enough resources to finance development and climate change needs. He recommended that countries should either not sign the deal, or for those that have already signed, not to ratify, since without the US ratification the agreement cannot become binding. Ratifying before the United States would entail an intertemporal loss for those that do so. Professor Guzman recommended a unified message from the Global South, and continuous use of the G-24 as a joint platform. On Pillar two, Guzman noted that both the stipulated global minimum tax rate of 15%, and the “carve outs”, are in line with the needs of developed economies, and not those of developing economies. Therefore, developing countries that accept the OECD tax deal are at a disadvantage.

**Dr. Felipe Antunes de Oliveira** stated that Brazil is following a strategy similar to Colombia’s in terms of engagement with different fora, including the OECD, on international tax cooperation. During the G20 Brazil Presidency, international tax reform will be a policy priority on the agenda, he stated. He recognized that the positions of the G20, the G-24 and civil society organizations will strongly influence the deliberations but noted that Brazil will aim to build a consensus.

**Professor Joseph Stiglitz** advocated for better information systems to combat tax evasion and also for the implementation of a wealth tax. Using Argentina’s wealth tax as an example, he recommended that such a tax should be low enough so as to not be disruptive. On Pillar one, he recognized that since it requires a treaty, and the US is unlikely to sign, then it is unlikely to be of any effect.

**Minister Shamshad Akhtar** called for a new inclusive multinational taxation forum. The Minister said that a more rational and effective system where member’s capacity is strengthened, especially on technical issues, is much needed to make taxation more effective. The Minister stated that Pakistan is working towards a more holistic taxation system since some sectors are outside the tax net. She stated that given the size of the informal economy, expanded digitalization and documentation would be required to improve tax revenues.

During the questions and answers, Oxfam representative stated that inequality is a policy choice that could be addressed with fairer taxes and if the OECD is not a good place for this to take place, the UN should be. Another comment highlighted that the current move towards crypto assets and Central Bank Digital Currency could provide better opportunity to obtain more information about financial flows, and also better surveillance.

In his closing remarks, **Professor Stiglitz**, stated that addressing development challenges and climate change requires adequate resources, and the OECD Inclusive Framework has failed to create additional sources of revenues in line with the needs and interest of developing economies. Those at the OECD negotiating table respond to corporations, and the stipulated corporate minimum income tax rate of 15 % was not based on any clear theory or principle, he noted. Therefore, the Global South should use the opportunity of the new UN resolution on inclusive and effective taxation to chart a new course.