International Tax Reform, Digitalization and Developing Economies

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Multilateral soft law
OECD / UN

- Bilateral treaties
- Domestic law
Lower-income country priorities

- Simpler to administer/enforce
- Greater share of tax base
- Bring digital service providers into the tax net
BEPS 2.0 drivers

- Reallocate some tax base to ‘market countries’
- Prevent unilateral actions and disputes
- Internationalisation of US tax reform

Lower-income country priorities

- Simpler to administer/enforce
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- Bring digital service providers into the tax net
Four tests of the digitalisation outcomes

1. Do they make corporate tax easier to administer?

2. Do they give (proportionately) more taxing rights to developing countries?

3. Do they adapt rules to the challenges of digitalization?

4. Is there space for innovation?
Pillar One

- Amount A
- Amount B
- Amount C

Pillar Two

- Income Inclusion Rule
- Tax on Base-Eroding Payments
Some issues from the perspective of developing countries

Pillar One

- Scope
- Allocation
- Dispute resolution
Pillar One

- Amount A
- Amount B
- Amount C

Pillar Two

- Income Inclusion Rule
- Tax on Base-Eroding Payments
Some issues from the perspective of developing countries

Pillar One
- Scope
- Allocation
- Dispute resolution

Pillar Two
- Rate
- Rule order
- Tax incentives

Cross-cutting
- Access to information
- Restrictions on innovation
Four tests of the digitalisation outcomes

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2. Do they give (proportionately) more taxing rights to developing countries?
3. Do they adapt rules to the challenges of digitalization?
4. Is there space for innovation?
Thank you

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Additional Online Resources

Please find more resources at the Online Digital Tax Hub