CTA Address 2023: The future of international tax reform

Briefings



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Former OECD tax director Pascal Saint-Amans gave this year's CTA Address on the future of international tax reform.

Pascal Saint-Amans told an audience of tax professionals that progress on the reallocation of taxing rights – Pillar One of the Inclusive Framework – will be hard but he believes his successor will be able to find a way through.

In his speech, Saint-Amans stressed the importance of getting United States backing for tax reform, saying that 'you can't move without them on tax matters'. This put him at odds with one of the respondents, tax justice campaigner Tove Maria Ryding, who argued that 'an alliance of progressive countries across the north [developed

world] and south [developing world] could move forward as the US will always be a very tricky country'.

Reflecting on the OECD/G20 Base Erosion and Profit Shifting (BEPS) project which he had overseen, Saint-Amans judged that BEPS has had successes and failures. He considered 'interconnecting the tax sovereignties' (for example, dealing with hybrid mismatches) as the key success of the project. Failures included a lack of agreement on how to address the tax challenges of the digitalisation of the economy, and a failure to reform transfer pricing rules.

Saint-Amans indicated that he does not see any new major international reforms coming up soon as the world is 'fragmented' (referring to both north-south and east-west divisions). However, he identified the global mobility of work and, even more, carbon pricing as big issues needing to be addressed.

Ryding focused her remarks on the role that the United Nations could play on tax, describing it as 'the only place where you can get clarity and a real global agreement'. A group of African countries had tabled a resolution seeking a UN process and a UN convention on tax, she explained. To her great surprise, it was adopted by consensus but this did not mean that there actually is a consensus on having a UN convention on tax, and there is even less agreement on what that would actually mean. Nevertheless she thought agreement through the UN could eventually be achieved.

Saint-Amans agreed with Ryding that the only real, inclusive place for international policy agreements is the UN. But when he was at the OECD his priority was to 'stop the bleeding' – to reduce base erosion and profit shifting, and to increase transparency – and this had been achieved. While the UN can ease the negotiation process on international tax, he did not believe that it offered any prospect of a breakthrough.

Saint-Amans and Ryding were joined by tax adviser Heather Self for the event, held at the RSA in central London on 8 June. Self suggested that it would be good to see withholding tax proposals coming from developing countries and 'get critical mass from enough other countries to be able to get a multilateral reallocation of tax resources'.

She also wondered why so much attention is paid to corporation tax, given it is not the largest source of revenue. (Saint-Amans agreed with her on this.) She urged

more focus on indirect and carbon taxes.

Image



Heather Self, Gary Ashford, Tove Maria Ryding and Pascal Saint-Amans