CALL FOR PAPERS

The increasing prominence of growing inequality around the world has intensified the interest in global tax fairness. In most countries, the tax burden has shifted from large multinational corporations (MNCs) and wealthy elites to ordinary citizens and smaller firms. This problem has been exacerbated by the inability of the Base Erosion and Profit Shifting (BEPS) project to address the critical needs of the poorer countries. While the effort was well-intended, resistance by several developed countries and their MNCs has blocked genuine progress. Roughly half of all world trade still passes through tax haven jurisdictions; and tax avoidance continues to be facilitated through complex and intransparent financial structures. The resulting enormous revenue loss affects people everywhere. But it hurts poor people in poor countries the most, because they are least able to assert themselves politically and they suffer vital losses when their state fails to make the basic social investments required to end their deprivation.

The current efforts of large economies (such as the U.S.) to go their own way and try to implement sweeping reforms to benefit mainly themselves will undermine international cooperation and disadvantage especially the poorer countries whose bargaining power is weak. To raise the revenues that these countries need to achieve social justice, they must take control of their own tax destinies. They must think creatively, thoughtfully and collaboratively to find ways of protecting their tax revenues in an increasingly adversarial global environment.

We invite papers that explore the options available to developing countries and provide a basis for dialogue and concerted policy action. The intellectual collaboration we initiate should help tax administrators, policy makers, academics and civil-society experts to learn from one another and to jointly envision practices suitable to advancing their own countries toward tax justice and a better future for their citizens. The papers are to be published as an anthology with a good publisher that assures wide distribution at an affordable price.

SUGGESTED TOPICS FOR PAPERS

Papers should be about 6,000 to 7,000 words, with appropriate citations and an executive summary. The deadline for submission is June 30, 2017. Accepted papers will be thoroughly discussed at two workshops planned for August and December 2017.

Without limiting authors' creative discretion, we suggest some sample topics:

– What would it take to tax multinationals as single firms? The mandate from the G20 world leaders, in support of the BEPS project, was that multinational companies should be taxed "where economic activity takes place and value is created." This mandate is subject to various interpretations including treating these firms as unitary entities. That would involve the allocation of profits based on a formula that is commensurate with value creation as determined through the entities' sales, payroll and assets. How can this agenda best be taken forward, and how can some of the misallocations arising from the 'separate entity' principle best be overcome? If such an approach were to succeed, what implications would this have for both developing and developed countries?

– How do we move from tax competition to tax cooperation? While there is a healthy tension between the need to attract investment and the need to ensure fairness and equality in competition, there is also an urgent need to avoid a race to the bottom. Are tax incentives necessary to encourage foreign direct investment? What are their pros and cons? Do developing countries have a better option that avoids the tragedy of a shrinking tax base?

– How can we strengthen global tax governance in ways that would be helpful to developing countries? Do the Bretton Woods Institutions, the OECD and the UN meet the needs of the Global South and, if not, why not? Do we need a body with universal membership that could arbitrate and resolve issues of special importance to the Global South? What would the design of a more inclusive framework look like? Can a new institution negotiate new regulations that are authoritative and ensure just outcomes?

– What are the pros and cons of developing countries signing bilateral tax treaties, and what alternative paths should they consider? Do these treaties typically protect MNCs at the expense of developing countries? Does the empirical evidence show that such treaties increase foreign direct investment? What can be learned from reviewing the model tax conventions of the UN and the OECD as well as the Multilateral Instrument (MLI) recently proposed by the OECD under the BEPS initiative?

– What are some ways of protecting the tax base of developing countries? Does it make sense to impose withholding taxes on payments to non-residents? Could such taxes work even as the reach of the digital economy expands? And what about the idea of adopting safe harbors to simplify tax administration and compliance? These 'tax thresholds' can often broaden the tax base and offer predictability to both companies and revenue authorities. Are there some best practices here that can benefit all developing countries?

– Can developing countries use the profit split method more widely to determine taxable profits? What are best practices in this regard that may serve as a model for other countries? If properly structured, the profit-split method can address difficulties in valuing cross-border transactions and transfer pricing arrangements and enhance the tax base of developing countries. A paper might outline some ways of doing this and provide examples of what has/has not worked in specific countries.

– Natural resource management is a critical issue for many developing countries, often fraught with tax abuse and lack of transparency. How have some countries (such as Chile and Botswana) managed this challenge reasonably well while others have foundered? What are some lessons to be learned here, and are there some innovative ways of negotiating the return of investment with MNC's so that both the companies and the countries can benefit?

– A number of developing countries have been able to enhance their tax base by requiring more disclosure and attestation rules by both corporate officers and independent public accountants. This also provides an important risk management function for tax administrators and encourages taxpayer compliance. The Dictaman Fiscal rule in Mexico is a case in point. Are there other rules or practices of this kind that may be helpful to developing countries?

– Another paper might cover key developing country priorities that have not been adequately covered in international deliberations thus far and continue to constrict the tax base of developing countries. This includes many shortfalls in the existing transfer pricing standards, tax treatment of technical services in developing countries, the impact of investment treaty obligations, high interest costs borne by developing countries, and the use of tax havens. It may be useful to outline also transfer pricing methodologies that do work for developing countries (such as for Brazil and Argentina) even if they are not recognized by the OECD. All of these have an important impact on the tax base of developing countries, and need further dissemination and dialogue.

– Also worthy of developing-country attention is the opportunity to form regional alliances on tax and trade matters. This involves both capacity building and economic integration to enable greater flow of resources and increased economic development. Can regional economic integration build strength in a globalized economy and provide long-term benefits in the member countries involved? Can developing countries then pool their expertise and bargaining power to negotiate more effectively as a group? Answers would be useful to policy makers in developing countries who may find such an alliance a promising tool toward protecting their national tax bases.

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Following one of the above suggestions or developing other ideas, papers should assist countries of the Global South toward designing tax systems that can sustain a just society. We look forward to receiving pertinent thoughts from academics, tax administrators, policy makers, business people and others with suitable expertise.

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