

REGIONAL MEETING OF THE INCLUSIVE FRAMEWORK ON BEPS FOR FRENCH SPEAKING COUNTRIES



3 - 5 July 2017, Cotonou, Benin

Summary of discussions

The second regional meeting of the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) for French speaking countries, organised by the OECD in partnership with the *Centre de rencontres et d'études des dirigeants des administrations fiscales* (CREDAF) and the *Pôle Stratégies de développement et finances publiques* (a joint initiative of UNDP and France), took place on 3-5 July 2017 in Cotonou (Benin). The meeting was co-chaired by Mr. François Breitzer Mounzeo, Director of Regulation and Litigation at the Directorate General of Taxes of the Republic of Congo, and Dr. Ilyass Sina D., Technical Advisor for the Monitoring of Reforms to the Minister of Economy and Finance of Benin.

The meeting was attended by 50 delegates representing 11 CREDAF Member countries (Belgium, Benin, Burundi, Chad, Côte d'Ivoire, France, Mauritania, Democratic Republic of Congo, Republic of Congo, Senegal and Togo), and representatives of the World Bank Group, business, trade unions, civil society and academia. Written submissions from the Business and Industry Advisory Group to the OECD (BIAC), the Trade Union Advisory Group to the OECD (TUAC) and the BEPS Monitoring Group, whose representatives were unable to attend the meeting, were shared with the participants of the meeting.

This regional meeting followed the third meeting of the Inclusive Framework on BEPS held on 21-22 June 2017 in Noordwijk, the Netherlands, where Member countries discussed and approved the Inclusive Framework's first BEPS monitoring report, which will be submitted to the G20 for their summit to be held in Hamburg on 7-8 July 2017, and approved for public consultation the discussion drafts on Transactional Profit Splits and the Attribution of Profits to Permanent Establishments.

In their opening statements, Mr. Joël Darius Zadjihoue, Secretary General of the Ministry of Economy and Finance of Benin, and Mr. Nicolas Yenoussi, Director General of Taxes of Benin, stressed the importance of the work carried out by the Inclusive Framework on BEPS in improving the domestic resource mobilisation in developing countries. Mr. Ismaila Diallo, Deputy Secretary General of CREDAF, emphasised the importance of regional meetings for providing a platform where CREDAF members can exchange experiences on the implementation of measures designed to better combat tax avoidance practices.

The regional meeting was an opportunity to:

- Inform participants of the governance and functioning of the Inclusive Framework, especially with regard to the peer reviews of the minimum standards of the BEPS Project;
- Present recent developments in the Inclusive Framework on BEPS and the implementation of the BEPS measures, especially with regard to transfer pricing and tax treaties, and allow participants to share their experiences and discuss the challenges they face in implementing the said measures;

- Present the different OECD initiatives for capacity building in developing countries' tax administrations (Tax Inspectors Without Borders initiative; twinning programmes; bilateral technical assistance programmes; Global Relations programme, etc.);
- Discuss work regarding both toolkits, especially that concerning difficulties in accessing comparables data for transfer pricing analyses, and other initiatives designed to provide solutions tailored to developing countries' needs;
- Understand the priorities of CREDAF member countries and their specific expectations in terms of capacity building and training;
- Present the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (in the following Multilateral Instrument), the process which led to its adoption, its legal status, the way it operates, the steps leading to its signature, and the different options available to countries for strengthening their bilateral tax treaties;
- Allow CREDAF member countries to share their experiences of the preparatory work prior to signing the Multilateral Instrument.

Key messages

- The participants highlighted the need to raise the awareness of the political authorities at the highest level in order to involve them in the implementation of the BEPS measures; to this end they suggested that regional and international organisations should put in place concrete initiatives to engage the political leaders of different countries. In this respect, the OECD representatives indicated that the new induction programme for developing countries which are members of the Inclusive Framework includes a high-level visit by the OECD to finance ministers in order to raise awareness and draw up a specific roadmap for implementing BEPS measures for each country.
- The participating countries confirmed their intention to adopt the BEPS measures, while highlighting the need to foresee appropriate deadlines for the implementation of the minimum standards by developing countries. Some CREDAF Member countries have already started to implement certain BEPS measures, especially with regard to tax treaties through the signature of the Multilateral Instrument, as well as to Country-by-Country Reporting.
- Some CREDAF Member countries highlighted their need for support in the implementation of the BEPS measures, as well as with the peer review processes. They were very interested in the different initiatives developed by the OECD and other international organisations to strengthen the capacities of developing countries' tax administrations, in particular the twinning programmes, the induction programmes for developing countries which are members of the Inclusive Framework, the bilateral technical assistance programmes for transfer pricing, and the joint OECD/UNDP Tax Inspectors Without Borders initiative. Some countries which have already benefited from a bilateral technical assistance programme and/or the Tax Inspectors Without Borders initiative, such as Senegal and Mauritania, shared their experience and highlighted the benefits in terms of both capacity building of their tax administration and increasing their tax revenue.

- The participating countries emphasised the benefits of taking part in the BEPS work. Nevertheless, some countries expressed their concern that the annual contribution to the Inclusive Framework was too high, and called for a lower contribution for developing countries in this regard.
- The representatives of civil society highlighted the importance of the BEPS work in developing countries and expressed their desire to stay involved in the regional meetings and to be invited to the training courses on BEPS topics which are organised for developing countries' tax administrations.
- The OECD representatives explained that the main objective of the toolkits was to help developing countries with the implementation of measures to better combat the erosion of the tax base. The participants showed a lot of interest in the toolkit about difficulties in accessing comparables data for transfer pricing analyses, emphasising the problems they face during tax inspections and how this toolkit could help them overcome the said issues. They were also very interested in the toolkit on transfer pricing documentation which is currently under development.
- The CREDAF Member countries stressed the importance of the Multilateral Instrument in strengthening their tax treaties, especially with regard to introducing minimum standards for treaty abuse and artificial avoidance of permanent establishment status, and acknowledged that the Multilateral Instrument was the most effective means of implementing the said standards.
- The participants nevertheless regretted the fact that the Multilateral Instrument could only be used to modify the provisions of tax treaties with regard to minimum standards, and noted that they were looking forward to the development of the toolkit on tax treaty negotiation.
- The participants emphasised the importance of raising the awareness of their political authorities in order to successfully achieve the timely completion of the preparatory work required for the signing of the Multilateral Instrument.

Conclusion

The regional meeting gave the participants the opportunity to play an active role in discussions and to contribute to the debate on the implementation of the BEPS measures, thereby informing the work of the different working parties of the Committee on Fiscal Affairs in charge of the Inclusive Framework and the peer reviews.

The CREDAF Member countries expressed their strong desire to pursue discussions on the implementation of the BEPS measures, within the framework of regional meetings, so as to pool their experiences and to examine together ways of enhancing the domestic resource mobilisation in their respective countries.