CO-CHAIRS’ STATEMENT
ON THE
MEETING OF THE OECD TASK FORCE ON TAX AND DEVELOPMENT

Paris, March 2015

1. The OECD’s Task Force on Tax and Development met in Paris, France, on 18 March 2015, to discuss the input received from the regional network meetings on the OECD/G20 BEPS Project and to discuss capacity building support to developing countries. 238 participants from governments, international and regional tax organisations, civil society and business attended the meeting and welcomed the fact that developing countries have a voice in the development of the work on Base Erosion and Profit Shifting (BEPS). The meeting of the Task Force was part of a week of international meetings including the Global Forum on Transfer Pricing on 16 and 17 March, attracting 250 delegates from over 90 jurisdictions and 11 international organisations that focussed on the practical impact of the current BEPS work on transfer pricing. The week concluded with a Public Consultation on Transfer Pricing on 19 and 20 March. The inputs received from all these meetings will be fed back into the BEPS Project, starting with the OECD’s Working Party 6 on Transfer Pricing which meets from 23 March.

BEPS dialogue with developing countries

2. As mandated by the G20 Leaders, the OECD has implemented a structured dialogue process that is based on three pillars to strengthen the engagement with developing countries. The Task Force meeting discussed progress made on each pillar:

   i. Direct participation in the Committee on Fiscal Affairs (CFA) and its subsidiary bodies

   3. The Task Force meeting welcomed the direct participation of 14 developing countries and the regional tax organisations (ATAF and CIAT) in the work of the CFA and the Working Party meetings on the BEPS Project. Through this direct participation, developing countries and regional tax organisations are able to provide input at the working and decision-making levels, and to ensure that their specific concerns are taken into account in the solutions developed to tackle BEPS.

   ii. Regional Networks of tax policy and administration officials

   4. The chairs of the regional consultations fed back the main outcomes of their meetings highlighting the areas of highest priority for their members and participants. These include the treatment of commodity transactions, transfer pricing comparability data and tax incentives. Exchange of information was also mentioned as a key “game-changer”. Regional tax organisations, namely ATAF and CREDAF, have been mandated by their members to create internal technical working groups to pull resources...
together and input their members’ responses to the BEPS Project. Participants welcomed the establishment of these working groups and emphasised the key role that regional tax organisations have in representing their members and ensuring BEPS solutions meet the needs of countries in the relevant region. The Task Force called on countries to provide the financial and technical support required by regional tax organisations.

5. The Task Force also noted the importance of maintaining political interest in addressing BEPS risks whilst ensuring the right balance between domestic resource mobilisation and foreign direct investment, and the importance of input from business and civil society organisations in the BEPS work.

iii. Capacity building support

6. Participants welcomed the call from the G20 to the international and regional tax organisations to develop toolkits to assist developing countries with the practical implementation of BEPS measures and related areas of concern. Participants also discussed the two toolkits scheduled to be delivered in 2015 on tax incentives and transfer pricing comparability data.

- Participants expressed concerns over the current lack of coherence in granting tax incentives, the lack of capacity to conduct effective cost/benefit analysis, and the lack of transparency on the governance of tax incentives. Participants also welcomed the outline of a report by the international organisations to assist Low Income Countries on ensuring tax incentives designed to attract investment are efficient and effective.

- Participants noted the challenges developing countries face in building effective transfer pricing regimes due to the lack of comparability data. Discussions highlighted that countries use a broad range of approaches in an attempt to address the difficulties of finding comparability data. The Task Force considered the toolkit aimed at providing assistance to developing countries on this issue as a critical step forward.

7. Participants also discussed the transfer pricing capacity building programmes and the impact they have had to date in the recipient countries. Experiences shared by recipient countries demonstrated that practical hands-on support is delivering results, including in terms of additional revenues. Demand for such assistance is outstripping the supply of technical expertise and participants noted the challenge is how to fill this gap. Tax Inspectors Without Borders was noted as an innovative approach to help with practical audit work. The Task Force noted there is a need for regional tax organisations to assist in delivering capacity building support and in developing the toolkits to implement the BEPS solutions.

Next steps

8. As Co-Chairs, we encourage international and regional tax organisations and all stakeholders to support the structured dialogue process and the ongoing capacity development efforts. We particularly call on all countries and organisations:

- to provide concrete input and to participate in consultations to support the practical implementation of BEPS measures and to provide capacity building support in other key areas; and

- to give priority to providing the technical resources needed to expand country capacity building programmes. The Financing for Development Conference in 2015 may provide a unique opportunity to make a step change in supporting developing countries on international tax matters.