

**5th Meeting of the OECD Parliamentary Group on Tax
in association with the
European Parliament Special Committee on Tax Rulings**

**“Tackling Tax Avoidance - Implementing the BEPS
Measures”**

OECD Conference Centre, Paris

2 May 2016

SUMMARY

The Organisation for Economic Co-operation and Development (OECD) Parliamentary Group on Tax (a subgroup of the OECD Global Parliamentary Network) met for the fifth time at the OECD in Paris on 2 May 2016, in association with the European Parliament (EP) Special Committee on Tax Rulings and Other Measures Similar in Nature or Effect (TAXE). The high-level meeting was organised to discuss the progress in the implementation of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project, but also covered the latest developments in tax transparency and exchange of information in the context of the “Panama Papers” publications.

In total, 25 Members of Parliament (MPs), including 12 Members of the European Parliament (MEPs) and 15 parliamentary officials attended the meeting. Delegates from the following 13 jurisdictions participated: Austria, Belgium, Bulgaria, Czech Republic, Denmark, France, Germany, Jersey, Luxembourg, Netherlands, Norway, Sweden and United Kingdom.

The meeting was co-chaired by Anthony Gooch, Director of OECD Public Affairs and Communications, and Pascal Saint-Amans, Director of the OECD Centre for Tax Policy and Administration.

Welcome and introduction

In his introduction, **Angel Gurría**, OECD Secretary-General, pointed out that international tax issues have never been as high on the political agenda as they are now, even more so since the Panama Papers were published, underscoring the need to improve tax transparency and effective exchange of information. The main subject of the meeting is another pressing international issue that requires action on a global scale - BEPS. Mr. Gurría reiterated the importance of parliaments in this fight in order to recover the citizens' trust. By endorsing the [BEPS package](#), policy makers made a bold move to restore confidence in the system and ensure that profits are taxed where economic activities take place and value is created.

Mr. Gurría underlined the importance of addressing BEPS by highlighting that the revenue losses from BEPS are conservatively estimated at of USD 100-240 billion annually, or anywhere from 4-10% of global corporate income tax (CIT) revenues. After the delivery of the BEPS package in October 2015, the focus must urgently turn to implementation, and Mr. Gurría stressed that the role of Parliaments is key in this regard. With the launch of the [inclusive framework for BEPS implementation](#), the BEPS project will open up to all interested countries and

jurisdictions, to work together with OECD countries, G20 countries and others on an equal footing. Together, they can ensure the consistent implementation of the comprehensive BEPS package, and collaborate on the standard setting on remaining BEPS issues. The OECD expects that more than 90 countries and jurisdictions will join this framework, and that many more will follow suit - working side by side in the fight against BEPS.

Alain Lamassoure, Chair of TAXE pointed out that the OECD and the EP have a lot in common because they both recommend measures, while national parliamentarians will craft the legislation. Mr. Lamassoure stressed that the EP is fully involved with tax issues as illustrated in the draft TAXE report and the report on [“Bringing transparency, coordination and convergence to Corporate Tax policies in the Union”](#). The Chair also called for a common OECD-EU list of tax havens.

In reply to this, Mr Gurría stressed that country listings are often not the best instrument to instigate change, and in fact could be counterproductive. If the goal is to have no countries and jurisdictions in the category of non-compliant countries, other means to convince countries and jurisdictions to implement the relevant standards may prove to be more effective, for example through open dialogue and peer review processes.

Scene-setting

Pascal Saint-Amans, Director of the OECD Centre for Tax Policy and Administration, underlined that the main challenge is now to ensure the consistent and effective implementation of the BEPS package, building on the strong political momentum in this regard. Parliaments play a key role in this implementation phase, and he welcomed the efforts already being made by parliaments around the world. He emphasised the importance of truly global cooperation and the important role of developing countries in the BEPS project. He pointed out that countries and jurisdictions included in the new inclusive framework will monitor the implementation of the BEPS project globally. The first meeting of the inclusive framework will take place on 30 June - 1 July 2016 in Kyoto, Japan.

Mr. Saint-Amans also noted the impact of the “Panama Papers” revelations on OECD’s work on tax transparency, emphasising the widespread commitment to automatic exchange of information in tax matters. The priority is now to work on improving the availability and exchange of information on beneficial ownership. Mr. Saint-Amans mentioned the [Joint International Taskforce on Shared Intelligence and Collaboration \(JITSIC\)](#) Network meeting which was held in Paris on 13 April 2016. He also reminded participants that the [G20 leaders have requested the OECD to work](#) with G20 countries to establish objective criteria to identify non-cooperative jurisdictions with respect to tax transparency, in their last communiqué at their Meeting in Washington on 14-15 April 2016.

Mr Lamassoure informed the participants that on 14 April, the EP Conference of Presidents had unanimously backed the establishment of an inquiry committee to investigate the Panama Papers. The mandate would be determined on 4 May by the Conference of Presidents, with the full House taking a vote during the May plenary session in Strasbourg. He also added that the European Parliament will be sending a delegation to meet with principal members of the Congress of the United States who are involved in tax matters.

Implementing BEPS at the EU and national levels

Valere Moutarlier, Director of the Directorate General for Taxation and Customs at the European Commission (EC), presented the EC’s Anti-Tax Avoidance Package. As a G20 member, the European Union (EU) promotes the BEPS implementation with the respect of the EU single market and the goal to reach a common implementation of the BEPS package of measures and not 28 different implementations in the EU. Mr. Moutarlier added that the EC is making good progress on EC President Juncker’s promise to deliver a comprehensive agenda to tackle corporate tax avoidance in Europe. Major initiatives put forward by the EC in 2015 to boost tax

transparency and reform corporate taxation are already reaping results: the proposal for transparency on tax rulings was agreed by Member States in only seven months. He also referred to the EC's proposals to exchange information on tax rulings and to implement a Country-by-Country-reporting (CBCR) framework. The EC will continue its campaign for corporate tax reform throughout 2016, starting with the EU Anti-avoidance package presented on 28 January, and with additional proposals expected to be launched, including on re-launch of the Common Corporate Tax Base (CCTB) and in the area of money laundering, beneficial ownership, patent boxes and transfer pricing.

Michèle André, Chair of the Finance Committee in the French Senate, explained that the Senate has welcomed the international and European efforts to fight BEPS. She underlined the key role national parliaments will hold in this challenging implementation phase and assured that the French Senate will continue to work closely with the OECD, the EU, the government and civil society on this matter. Although the Senate Finance Committee remains convinced that the BEPS project is relevant, Ms André added that from the Senate's point of view, further work is needed to address remaining questions, including whether the BEPS measures are ambitious enough and also their impact on the interests of French business.

Ms André also highlighted several points that will encourage the Senate to implement the BEPS measures, such as the tax challenges of the digital economy and the important impact of the digital economy on the VAT, strengthening of controlled foreign companies rules, limiting base erosion involving interest deductions and other financial payments and preventing treaty abuse. In this regard, Ms André mentioned that the Senate does not hesitate to reject a tax treaty when it does not offer sufficient safeguards, as was the case in 2011 with Panama. Finally, Ms André explained that the implementation of CBCR is underway, but also noted that several important questions still needed to be settled, such as the threshold for application and the kind of information to be made public.

Meg Hillier, Chair of the Public Accounts Committee in the UK House of Commons, stressed that the complexity of existing laws give multinational enterprises (MNEs) scope for exploiting loopholes to reduce their tax bills in the countries where they operate. International tax rules have not kept pace with how businesses operate globally and digitally, providing opportunities for MNEs and their financial advisors to construct artificial tax structures to undertake BEPS strategies. However, public sentiment around tax avoidance has changed and there is an increasing demand for a more transparent handling of corporate tax settlements. Ms Hillier stressed that MNEs must be more transparent about the location where they make profits and pay taxes.

Ms Hillier further recounted the inquiries launched by the Public Accounts Committee in 2012, 2013 and 2015. During these investigations, the Committee found MNEs and their financial advisors using artificial tax structures to avoid UK taxes. The MNEs claimed to have complied with UK law, saying that they pay all tax required by the laws of every country where they operate. The Committee also found that the operations of HM Revenue and Customs Services (HMRC) were disadvantaged by the complexity of current laws and existing loopholes. Ms Hillier also reported on the significant criticism in response to the £130 million Google settlement reached with HMRC in February 2016. Members of parliaments have argued that the amount of UK tax Google pays does not appear to match the scale of its business in the UK. She also explained that the Finance Act 2015 provided for public CBCR, and expressed strong concern about the challenges of VAT and the digital economy. In her closing remarks, she called for a European-wide parliamentary commitment to transparent CBCR.

Main discussion points/questions raised:

The presentations were followed by a lively discussion among participants drawing out specific country experiences and sharing insights on the priorities to focus on in their fight against tax avoidance and evasion. A number of issues were raised by MPs, including:

Implementation of measures against tax avoidance and evasion

- Several MPs congratulated the OECD on the achievements of the BEPS project so far and expressed their support for implementation. They encouraged countries that have not participated in the BEPS project so far to join the inclusive framework to ensure global implementation of the BEPS package.
- MPs also highlighted the importance of improving international tax rules' transparency as well as certainty, through the implementation of clear rules, and stressing that those rules should be set on an international - not just European - level. They maintained that it is important for all countries and jurisdictions to take the necessary steps to improve transparency and exchange of information.
- Many MPs discussed their own national examples, including how they maintain registers of ultimate beneficiaries.

Demonstrating the BEPS project efficiency

- An MP welcomed the BEPS project work so far and asked for concrete examples of how the BEPS measures will have a concrete impact on MNE behaviours. In this way, parliaments could get anecdotal proof of the effectiveness of the BEPS project.

Going beyond the BEPS project

- An MP asked about the possibility of going beyond the BEPS project within the EU, given that public pressure has resulted in actions for strengthening international tax rules.
- MPs also expressed the wish to go beyond BEPS, maybe with a BEPS 2 project, again calling for more transparency in the tax area in order to tackle aggressive tax avoidance.

Exchanging tax information and working on beneficial ownership

- MPs shared experiences in implementing the Automatic Exchange of Tax Information standard and expressed interest in participating in the work on beneficial ownership.
- MPs also agreed that access to and exchange of beneficial ownership information should be improved.

Implementing the OECD standards in the EU

- An MP pointed out that national governments involved in the EU negotiations on the EU Anti-Avoidance package do not always update their parliaments in the developments in the negotiation process and suggested that parliamentarians engage in an ongoing dialogue with their governments on the discussions in Brussels.
- Other MPs asked the OECD about the level of tax harmonisation needed in the EU to implement the BEPS project. Some felt that the EU had to be ambitious in tax matters and underlined the likely usefulness of a CCCTB to fight tax evasion and tackle tax digital issues.
- Mr Moutarlier stressed that the BEPS package offers many tools and options for implementation in the EU in order to help avoiding double-taxation and tax evasion. He also stressed that the EU cannot impose taxes and can only co-ordinate. The EU is a union of co-operating, sovereign states, with each member state retaining independent fiscal authority. If these sovereign states decided to agree on a CCTB, this would mark a major step in the development of an effective integrated economic area.

Closing remarks

Mr Saint-Amans noted the topic of the meeting – normally a controversial issue in the countries of the meeting participants – is for once, a bipartisan topic and that the participants seemed to share a common approach to international tax challenges. In response to the statements and questions of various delegates, Mr Saint-Amans proposed that the OECD will follow-up beyond future meetings of the Parliamentary Group on Tax. He reminded parliamentarians that OECD experts are fully available to participate in hearings, and that they can also provide additional information on the concrete impact of the BEPS package on the practices of multinationals. He also confirmed that the OECD will keep parliaments fully aware of the monitoring and peer review mechanisms to be established. Similarly, the OECD will share information on the negotiation of the Multilateral Instrument that is currently under negotiation to swiftly implement the tax treaty recommendations of the BEPS package. He stated that the OECD is keen to continue working closely with MPs and remains fully available to provide any assistance needed.

Mr Lamassoure noted that all parliamentarians agreed that the outdated international tax rules need an overhaul, as the OECD Secretary-General had stated. He took it as a positive signal that BEPS is bringing determination and unifying political parties and the main emerging powers about the need to fight tax avoidance and evasion. Mr Lamassoure hoped that MPs will continue to exchange and share their experiences on tax matters. He thanked all participants for helping implement the tax revolution that had been requested.

As the meeting concluded, Mr Gooch thanked MPs for their participation in this meeting and the TAXE Committee for their support. He emphasised the very important role played by the Parliamentary Group on Tax in ensuring a coherent and harmonised implementation of the OECD standards as well as putting peer pressure in the legislative environment, and is looking forward to future discussions with the Parliamentary Group.
