ICC perspectives on the G20's agenda on international tax cooperation

The G20's tax agenda is focusing on four areas of international tax cooperation:

1. **Promote international tax transparency and the global sharing of information**.

   Public trust in the tax system is a cornerstone of modern societies. In recent years, concern has been growing among the general public and political leaders that multinational enterprises (MNEs) are not paying their "fair share" of the tax burden. The International Chamber of Commerce (ICC) believes that sharing information between tax administrations can be an important tool to (re-)gain public trust. However, it is crucial to give due consideration to the confidentiality of company tax data, especially when they relate to trade secrets or reveal financial information to competitors. Financial data provided under the proposed country-by-country reporting must not open a new era of double taxation. It is, therefore, critical to establish a link between the exchange of such information and mandatory binding arbitration clauses in double tax treaties. Also, the cost of any additional reporting system for business should be carefully considered.

2. **Address tax avoidance, particularly, base erosion and profit shifting (BEPS)**.

   Taxes can only be levied on the basis of laws. Countries design their own budgetary priorities (including expenditure and revenue/tax regimes) and in doing so pursue different policy objectives. Tax incentives promote investment, jobs and economic growth. Companies are entitled and encouraged by legislators to use such incentives. Taking the least costly route should not in itself be condemned. It is the role of the legislature to decide what a "fair share" of tax is for the various taxpayers in a given society and write tax laws accordingly. ICC supports transparent, efficient, predictable and stable tax regimes that incentivize growth and global welfare. Artificial arrangements abusing the letter of the law do not deserve protection. Measures to counter tax avoidance need to be precise, targeted and should not impede cross-border trade and investment. Thus, countermeasures must refrain from having a negative impact on the growth of our societies.

3. **Ensure that developing countries benefit from the G20's tax agenda**.

   If developed countries favor a higher share of the taxation of business profits to be allocated to developing countries (based on 'source'-principle, i.e. where the real income is generated), they must reduce their share of the allocation correspondingly. ICC supports improving developing countries' tax administration systems and policies. ICC would be pleased to assist in capacity building processes where local tax administrations request it. ICC also believes that building trust between local tax functions of MNEs and country tax administrations is an important task to be accomplished within the current BEPS discussions and ICC is ready to contribute to a dialogue through its global business network.

4. **Address money laundering and terrorism financing**.

   ICC fully supports the Financial Action Task Force (FATF) work programme to identify and monitor high-risk and non-cooperative jurisdictions with key Anti-Money Laundering/Counter-Terrorist Financing (AML/CFT) deficiencies.