



ACADEMY OF GLOBAL GOVERNANCE

EXECUTIVE TRAINING SEMINAR SERIES

GLOBAL GOVERNANCE PROGRAMME

Joint Executive Training Seminar between the Academy of Global Governance and the WU Global Tax Policy Center at the Institute for Austrian and International Tax Law, WU.

Scientific coordinators:

Jeffrey Owens | WU Vienna University of Economics and Business

Pasquale Pistone | WU Vienna University of Economics and Business and University of Salerno

Ana Paula Dourado | University of Lisbon

VENUE: Institute for Austrian and International Tax Law
Vienna University of Economics and Business, New Campus

11-13 December 2013

MULTILATERALISM AND THE SHIFT TOWARDS GLOBAL TAX GOVERNANCE AND FISCAL TRANSPARENCY

■ **WHAT IS THE ACADEMY OF GLOBAL GOVERNANCE?**

The Academy of Global Governance (AGG) is a unique executive training programme, where theory and “real world” experience meet. Trainers at the AGG are leading academics, former ministers, heads of international organizations and top executives. AGG trainees – young executives, policy makers, diplomats, international organisations and public sector officials, private sector professionals, and junior academics - have diverse backgrounds, operate in a wide range of contexts, and come from the different corners of the world, to share views and debate in the vibrant academic environment of the European University Institute. The AGG’s trainees benefit from a network of academics and international top-level officials, and from an extremely stimulating discussion on topical issues relating to governance.

■ **INTRODUCTION**

This Executive-Training Seminar follows the successful 2011 and 2012 editions. The Academy of Global Governance and the WU Vienna University of Economics and Business have created an on-going programme on global tax governance and fiscal transparency, and this year’s executive-training seminar brings together top speakers from academia, international institutions, business, and civil society to discuss the changing role of multi-lateral and regional organisations; the changing role of business and civil society; the recent EU proposals on tax and governance; improving international co-operation to counter offshore non-compliance; the protection of the taxpayer in a more transparent environment.

■ PROGRAMME

11 DECEMBER

SESSION 1 – OLD AND NEW PLAYERS IN THE INTERNATIONAL TAX ARENA

Chair: Mick Keen

For over 50 years the International tax scene had been dominated by the OECD: a grouping of 34 countries from Europe, NAFTA, Latin America and the Asian-Pacific region. The OECD's Model Tax Convention and Transfer Pricing Guidelines have guided both OECD and non-OECD countries in the design of their international tax rules. The OECD's Forum on Tax Administration, which brings together 44 countries from around the globe, sets the standards for Tax Administrations. OECD has led the world to Tax Transparency and countering Base Erosion and Profit Shifting. This session examines how the emergence of new players-countries; groupings of countries; new types of multinationals and powerful regional groupings - will challenge the OECD's dominance and the fundamental premises on which the international rules of the game are currently based. It also looks at the emergence of new regional groupings such as ATAF; the new role of existing regional groupings, such as CIAT and IOTA. It explored the changing role of the IMF as the major provider of technical assistance in the tax area. And it examines the role of the World Bank and its International Finance Corporation. The discussions aim at emphasizing the emergence of the G20 in the tax area; examining its role in promoting tax transparency and in developing a new political interest in the questions of tax and development. The panel discusses the new role of NGOs; what are their motives; what influence do they have on governments; how and to whom are they accountable?

Keynote Lecture: Jeffrey Owens | WU Vienna University of Economics and Business

Changing Roles of International and Regional Organization in the Context of Shifts of Power from West to East and the New Trans-Atlantic Partnerships

Panel discussion: Fernando Herrero, Eric Zolt and Pasquale Pistone

Focus:

1. The role of BRICS.
2. The influence of old "players".
3. NGOs and MNEs.

SESSION 2 – THE MOVE FROM BILATERALISM TO MULTILATERALISM

Chair: Jeffrey Owens

This session examines some of the recent initiatives of the European Union, the OECD and the UN in the tax area. It first looks at the ways these organisations have responded to the financial economic crisis that began in 2007. And it tries to identify whether these initiative represent the first step away from the unilateral/bilateral models that have guided the approach by international tax avoidance over the last 50 years to a more multilateral approach. The discussions first focus on multilateralism that guided the work of the League of Nations as it developed the first model tax convention prior to World War II. The session then examines more recent initiatives such as:

- the move towards a multilateral approach to administrative assistance in taxation models;
- the potential multilateralisation of FATCA;
- the EU Arbitration Convention;
- Regional multilateral agreements in the Nordic and Latin American regions.

The panel also discusses the scope of future initiatives identifying geographical groupings which may have an interest in moving from bilateral to multilateral solutions.

Keynote Lecture: Pasquale Pistone | WU Vienna University of Economics and Business and University of Salerno

The Development of Multilateral Instruments in the OECD, EU and Other Regional Groupings

Panel discussion: Ana Paula Dourado, Philip Kermode and Pascal Saint-Amans

Focus:

1. The upcoming initiatives from the European Union.
2. The upcoming initiatives from the OECD and the UN.
3. Multilateralism in tax matters from past (League of Nations) to future: potential aggregation of multilateral instruments in specific topical or geographical areas.

SESSION 3 – INTERNATIONAL TAX COORDINATION AND THE BEPS (BASE EROSION PROFIT SHIFTING) PROJECT

Chair: Pasquale Pistone

In an increasingly interconnected world, national tax laws have not kept pace with global corporations, fluid capital and the digital economy, leaving gaps that can be exploited by companies to avoid taxation in their home countries by pushing activities abroad to low or no tax jurisdictions. This undermines the fairness and integrity of the tax system. The OECD launched a project known as BEPS (Base Erosion and Profit Shifting) and which looks at whether the current rules allow for the allocation of taxing of profits to locations different to those where the actual business activity takes place. And if not, what can be done to change this? At the request of G20 Finance Ministers in July 2013, the OECD launched an action plan on BEPS, identifying 15 specific actions needed to equip with domestic and international instruments to address this challenge. The plan recognized that the importance of addressing the borderless digital economy and will develop a new set of standards to prevent double non taxation. This requires closer international cooperation, greater transparency and data reporting requirements. To ensure that the actions can be implemented quickly, a multilateral instrument to amend bilateral treaties will be developed. This action plan was endorsed by the G20 Finance Ministers at their July 2013 meeting as well as by the G20 Heads of State at their meeting in St Petersburg in September 2013. The action outlined in the plan aimed to be delivered within the coming 18-24 months. For the first time ever in tax matters, non-OECD G20 countries are involved on an equal footing. This session discusses where this project is going, what are the implications from the different existing rules and where will the pressure points will be? The panel also examines these issues including how far the BEPS is a problem for developing countries and what actions they should be taking.

Keynote Lecture: Pascal Saint-Amans | OECD

The Challenges of the BEPS Project and the Road to an Effective Countering of Profit Shifting into Low Tax Jurisdictions

Panel discussion: Lee Burns, Eric Zolt and Mick Keen

Focus:

1. The transfer pricing aspects.
2. The tax jurisdictions aspects.
3. The role of anti-abuse provisions.

12 DECEMBER

SESSION 4 – INTERNATIONAL TAX COORDINATION AGAINST OFFSHORE NON-COMPLIANCE

Chair: Philip Kermode

Since the April 2009 G20 Summit, there has been spectacular breakthrough in the access by tax authorities to information on the offshore holdings of their residents. Bank secrecy is increasingly no longer a barrier to effective exchange of information. Countries have removed domestic barriers to the access to information by Tax Authorities and there has also been a dramatic increase in the Exchange of Information agreements signed both at the bilateral and multilateral level. Tax treaties and tax information exchange agreements have spread with almost 900 agreements having been signed. This work has been led by the Global Forum on Tax Transparency and Exchange of Information, which now brings together 120 jurisdictions. The Global Forum endorsed the Exchange of Information on request standard developed by the OECD and put in place a review mechanism to ensure that countries are able and willing to implement the standard. The whole of Exchange of Information and Tax Transparency agenda is not static. At its St Petersburg summit, G20 leaders endorsed the idea that Automatic Exchange of Information should be seen as a new standard which would complement the Exchange on Request Standard. It asked the Global Forum to work with the OECD towards achieving this. This trend will be accelerated with a gradual move, particularly pushed by FATCA, towards a global reporting standard backed up by Automatic Exchange of Information. The session examines these developments, looking at how the different initiatives will interact. It also looks at how countries will need to reconcile the need for better access for information with the need to protect the confidentiality of taxpayers.

Keynote lecture: Eric Zolt | UCLA School of Law

Building up the International Tax Standard against Offshore Non-Compliance

Panel discussion: Ana Paula Dourado and Pasquale Pistone

Focus:

1. Move towards automatic exchange of information
2. FATCA (also with IGAs) and RUBIK agreements.
3. Enhancing global fiscal transparency whilst protecting taxpayers' rights.
4. The actual boundaries of fishing expeditions.
5. The current and future perspectives of automatic exchange of information in the EU and the world.

SESSION 5 – IMPROVING BUSINESS ACCOUNTABILITY AND THE MOVE TO COOPERATIVE COMPLIANCE

Chair: Ana Paula Dourado

Taxpayers and tax administrations have a common interest in minimising disputes and developing a shared understanding of new business models. Yet in most countries, the relationship between tax payers, tax advisors and multinationals is one that characterised by confrontation. It is a relationship where there is a lack of trust, a lack of dialogue and an unwillingness to be open and transparent. The consequence is that both tax administrations and tax payers waste significant resources on trying to resolve disputes: disputes which only begin at the time of audit and which continue for many years. To break this pattern and conflict, the Forum on Tax Administration developed the concept of Enhanced Relationship. This is a relationship between tax administrations, tax advisors and multinationals which is based upon mutual trust, mutual understanding and openness. One where the taxpayer is prepared to describe in detail his business models to tax administrations and where tax administrations are prepared to explain to

taxpayers how they approach compliance. The initial take up of this new approach was disappointing and at its May 2013 meeting, the FTA decided to reformulate the concept and provide stronger guidelines on the type of governance framework that is required. The project was also renamed as “Cooperative Compliance”. Already since May 2013, a number of countries, e.g. Russia, France, Japan and Korea have expressed an interest in moving in this direction. This session examines in depth what is required for this concept to work and what are the benefits to tax payers and tax administrations. It also examines how the project can help address some of the concerns that lay behind the BEPS project. Finally it examines how relevant this concept is to developing countries.

Keynote Lecture: Theo Poolen | Netherlands Tax and Customs Administration

The Enhanced Relationship Project and the Pilot Project of the Dutch Tax Administration

Panel discussion: Fernando Herrero and Jeffrey Owens.

SESSION 6 –: THE EUROPEAN UNION AS A LABORATORY FOR THE NEW CHALLENGES OF GLOBAL TAX GOVERNANCE AND FISCAL TRANSPARENCY

Chair: Lee Burns

This session focuses on the emerging role of the EU and the interface between good governance; good tax compliance and improve tax transparency. It examines in depth the EC’s 2012 Communique on tax and governance, look at the ways the EC is pushing this agenda with third countries, examine how the EU is using its global aid programme to encourage good governance and better transparency in less developed countries.

Keynote Lecture: Philip Kermode | European Commission, DG Taxation and Customs Union:

Enhancing Multilateral Transparency within the EU

Panel discussion: Mick Keen and Pasquale Pistone.

13 DECEMBER

SESSION 7 – A ROADMAP TO GLOBAL TAX GOVERNANCE AND FULL FISCAL TRANSPARENCY

Chair: Jeffrey Owens

This session brings together the different themes discussed in previous sessions, providing both the economic and legal perspective on how the move towards tax transparency may open up new opportunities for better tax governance. It takes into account not only the recent improvements in Exchange of Information which have provided unprecedented access to information by tax authorities but also the way an increasing number of countries are asking corporations and their advisors to disclose uncertain tax positions and their tax planning strategies. Also it examines that the impact of tax administrations sharing best practices, engaging in joint audits and in small operations such as JITSIG. The session also examines the specific issues faced by the EU as it moves closer to a fiscal union and what lessons can be learnt from the experience of federal countries. Finally, the session explores the options available to ensure that the voice of less developed countries is heard as the international community develops new international tax rules.

Keynote lecture: Ana Paula Dourado | University of Lisbon

The Need for a New Global Tax Governance Rule from a Legal Point of View

Keynote lecture: Lee Burns | University of Sydney

What can be Learnt from a Federal Country?

Keynote lecture: Fernando Herrero | Inter-American Center of Tax Administrations

The Need for a new Global Tax Governance Rule from the Point of View of a Politician

Keynote lecture: Mike Keen | International Monetary Fund

Where Will the Voice of Developing Countries be heard?

■ Speakers

Lee Burns is Honorary Professor, Graduate School of Government, University of Sydney. Lee was previously Professor in Taxation Law, Faculty of Law, University of Sydney, specializing in international and comparative tax law. Lee was a contributor to one of the leading comparative tax works - Tax Law Design and Drafting. Lee has authored many papers and articles on international tax and has advised the Australian Treasury and the Board of Taxation on the reform of Australia's controlled foreign company regimes. Since 1991, Lee has provided assistance on the design and drafting of tax laws under the IMF's technical assistance program to over 30 countries, including in Africa, Asia and the Pacific. This work has involved providing assistance in the drafting of income tax, VAT, excise and tax administration laws. In recent years, Lee's development work has particularly focused on the design of the fiscal regime for extractive industries. Lee has taught in training workshops for finance officials and tax administrators under projects funded by aid agencies, including AusAID.

Fernando Herrero is currently Advisor in Tax Policy and Administration at the Interamerican Center of Tax Administrations (CIAT). He has been Minister of Finance of the Costa Rican Government twice, from 1994 to 1996 and from 2010 to 2012. His work as a Minister centered on reforming fiscal laws, institutions and policies to support the implementation and sustainability of his country's successful outward looking development model. From 2006 to 2010 he led the reorganization of the Public Service Regulatory Authority and contributed to the organization of the opening of the telecommunications markets. He has held other Cabinet level positions in several Administrations. He is a graduate of New York University and the University of Costa Rica.

Michael Keen is Deputy Director of the Fiscal Affairs Department of the IMF, having previously been Professor of Economics at the University of Essex. He was awarded the CESifo-IIPF Musgrave prize in 2010, and is an Honorary President of the International Institute of Public. Recent papers appear in the American Economic Review, Economic Policy, the Journal of Public Economics, Journal of Development Economics and the National Tax Journal; he is also the co-author of books on *The Modern VAT and the Taxation of Petroleum and Minerals*.

Philip Kermode is a graduate of Trinity College Dublin and a member of the Institute of Taxation in Ireland. He has worked in the European Commission since 1987. Prior to joining the Commission he worked in the Office of the Revenue Commissioners and then as a tax manager in Price Waterhouse. In the Commission he started his career in indirect taxation working on the internal market proposals dealing with the abolition of fiscal frontiers. He subsequently spent 8 years working in different functions in the Commission's anti-fraud service. In 2001 he moved to DG TAXUD to take up the post of Head of Unit for Direct Taxation, where his specific responsibilities covered negotiation of the Savings Directive, including the parallel negotiations with third countries, and the preparation and negotiation in Council of corporate tax legislation dealing with cross-border mergers and dividend and interest and royalty payments between associated companies.

Theo Poolen is Deputy Commissioner at the Netherlands Tax and Customs Administration. He leads the Directorate-General's Fiscal Affairs Department and has been responsible for the development of horizontal monitoring. This co-operative compliance approach is based on transparency, he has extensive international experience; most recently he was led the work of the OECD/Forum on Tax Administration “Co-operative compliance: a framework”.

Pascal Saint-Amans took on his duties as Director of the Center for Tax Policy and Administration at the OECD on 1 February 2012. Mr. Saint-Amans, a French national, joined the OECD in September 2007 as Head of the International Co-operation and Tax Competition Division in the CTPA. He played a key role in the advancement of the OECD tax transparency agenda in the context of the G20. In October 2009 he was appointed Head of the Global Forum Division, created to service the Global Forum on Transparency and Exchange of Information for Tax Purposes, a programme with the participation of over 100 countries. Mr. Saint-Amans graduated from the National School of Administration (ENA) in 1996, and was an official in the French Ministry for Finance for nearly a decade. He held various positions within the Treasury, including heading the supervision of the EU work on direct taxes and overseeing legislation and policy on wealth tax and mergers and spin offs. He was also the head of tax treaty negotiations and mutual agreement procedures. In this capacity, he participated in the OECD Working Party No. 1 of the Committee on Fiscal Affairs as the delegate for France before being elected Chair of WP1 in 2005. He was also a member of the UN Group of Experts on International Co-operation in Tax Matters, becoming a “rapporteur” in 2006. Before leaving government service, he was Deputy Director in charge of litigation at the Direction Générale des Impôts. Mr. Saint-Amans also served as Financial Director of the Energy Regulation Committee between 1999 and 2002 and was responsible for the introduction of new electricity tariffs.

Eric Zolt is a Professor at UCLA, he served in the U.S. Department of the Treasury from 1989 through 1992. He served first as Deputy Tax Legislative Counsel in the Office of Tax Policy. In 1991, he then founded and served as the Director of the Treasury's Tax Advisory Program for Eastern Europe and the Former Soviet Union. Based at the U.S. Mission to the OECD in Paris, this program provided technical assistance to countries reforming their tax systems to be more compatible with a market economy. He continues to serve as a consultant to the Treasury Department, US AID, the World Bank and the International Monetary Fund. He has provided tax policy advice in over 30 countries. In 2002, Prof. Zolt co-founded and served as the first Chair of the Executive Committee of the African Tax Institute, a training and research facility for tax policy and tax administration located at the University of Pretoria.

■ Scientific Coordinators

Ana Paula Dourado is Professor at the University of Lisbon. She has been a visiting Professor at several European Universities, at the University of Florida, at the Institute of the Finance Ministry in Taipei, Taiwan, and at University Eduardo Mondlane in Maputo, Mozambique, among others. She has drafted and negotiated the tax reforms in Portuguese speaking countries as an expert in the legal department of the International Monetary Fund since 2003. She was a Member of the Centre for Tax Studies at the Portuguese Ministry of Finance and a delegate for Portugal in the working groups for direct tax harmonization at the European Community and in the working group for tax avoidance and evasion at the OECD. She is a correspondent for several tax law journals and a member of the editorial board of Intertax. She is one of the founding members of the GREIT network and is currently member of the executive board of EATLP and of the EU Platform for Good Tax Governance.

Jeffrey Owens completed his doctoral work at Cambridge University in the United Kingdom in 1973. He continued an academic career (Visiting Professor at the American University of Paris, the Bocconi University, Italy, and Queen Mary's College, London) with his career as an International Civil Servant. He has focused his attention on questions of tax policy and tax administration, with particular emphasis on international taxation and related domestic issues. He has established a major taxation programme at the OECD and extensively developed the OECD contacts with non-member countries. His earlier work dealt with the development of international currency markets and the implications for monetary policies. He has made numerous contributions to professional journals, has published a number of books and has

been the author of many OECD publications on taxation. He is currently the director of the global tax policy center at Vienna University, Robert Schuman Fellow at EUI, senior policy advisor to the Global Vice President, Tax, EY, Research Fellow at the ITIC

Pasquale Pistone is the Academic Chairman of the International Bureau of Fiscal Documentation and holds the Ad Personam Jean Monnet Chair on European Tax Law and Policy at WU Vienna University of Economics and Business. Besides, he is associate professor of Tax Law at the University of Salerno in Italy. He has been visiting professor at various Universities and a regular speaker at various international tax conferences around the world. He is editor-in-chief of the World Tax Journal, and a member of the editorial boards of Intertax, Diritto e Pratica Tributaria Internazionale and of other distinguished international tax journals. He is author and editor of numerous publications on European and international tax law, published in several languages worldwide.

Register on the Academy webpage: <http://globalgovernanceprogramme.eui.eu/academy/>

The Global Governance Programme (GGP) of the European University Institute (EUI) does not charge a participation fee for the Academy of Global Governance Executive Training Seminars.

Accommodation and travel costs, to and from Vienna, and transport within Vienna are at the expense of the participant or his/her institution.

The Global Governance Programme receives financial support from the European Commission through the European Union budget.

For more information:

Tommaso Rooms

Academy of Global Governance Coordinator

European University Institute

Villa Schifanoia

Tel.: +390554685960

Email: tommaso.rooms@eui.eu

The Academy of Global Governance is the training dimension of the Global Governance Programme (GGP), Robert Schuman Centre for Advanced Studies, European University Institute. The GGP is articulated in three main dimensions: research, policy and training. Diverse global governance issues are investigated through the research strands, coordinated by senior scholars, both from the EUI and from other internationally recognised top institutions. For 2011-2012 the GGP research strands focus on: Modes of Global Governance, Climate Policies, Development Policies and International Trade. The policy dimension is developed throughout the programme and is channeled into the High-Level Policy Seminars, which bring together top politicians, policy-makers and academics to discuss the current challenges of global governance.