
STILL BROKEN

Governments must do more to fix the international corporate tax system

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New research shows that the gap between where companies pay tax and where they really do their business is huge. In 2012, US multinationals alone shifted \$500–700bn, mostly to countries where these profits are not taxed, or taxed at very low rates. G20 countries themselves are among the biggest losers. The measures recently announced by the OECD leave the fundamentals of a broken tax system intact and do not stop the race to the bottom in corporate taxation. G20 governments must do more and should strongly support further reforms.



SUMMARY

In 2013 the OECD, supported by the G20, promised to bring an end to international corporate tax avoidance which costs countries around the world billions in tax revenues each year. However, with the recently announced actions against corporate tax dodging, G20 and OECD countries have failed to live up to their promise. Despite some meaningful actions, they have left the fundamentals of a broken tax system intact and failed to curb tax competition and harmful tax practices.

It is often assumed that the richest and largest economies, home to most of the world's multinationals, defend the current system because it is in their interests. However, new research from the Tax Justice Network¹ shows that the gap between where companies pay tax and where they really do their business is huge and that among the biggest losers are G20 countries themselves, including the US, UK, Germany, Japan, France, Mexico, India, and Spain. This shows that even developed countries with state-of-the-art tax legislation and well-equipped tax authorities cannot stop multinationals dodging their tax without a thorough reform of the global tax system.

Profit shifting to reduce taxes is happening on a massive scale. In 2012, US multinationals alone shifted \$500–700bn, or roughly 25 percent of their annual profits, mostly to countries where these profits are not taxed, or taxed at very low rates. In other words, \$1 out of every \$4 of profits generated by these multinationals is not aligned with real economic activity.

Large corporations and wealthy elites exploit the rigged international tax system to avoid paying their fair share of taxes. This practice has a relatively greater impact on developing countries, whose public revenues are more dependent on the taxation of large businesses. Recent IMF research indicates that developing countries are three times more vulnerable to base erosion and profit shifting activities of multinational companies than OECD countries.² Tax avoidance is a key factor in the rapid rise in extreme inequality seen in recent years. As governments are losing tax revenues, ordinary people end up paying the price: schools and hospitals lose funding and vital public services are cut. Fair taxation of profitable businesses and rich people is central to addressing poverty and inequality through the redistribution of income. Instead, the current global system of tax avoidance redistributes wealth upwards to the richest in society.

That is why civil society organizations, united in the C20 group, together with trade unions, are calling for the actions announced by the OECD to be regarded only as the beginning of a longer and more inclusive process to re-write global tax rules and to ensure that multinationals pay their fair share, in the interest of developed and developing countries around the world.³

Considering the enormous losses that countries around the world incur, it is alarming that the G20 seems fairly satisfied with the current agenda. Governments and citizens of G20 countries should wake up, face the facts and take additional action immediately.

G20 COUNTRIES LOSING OUT

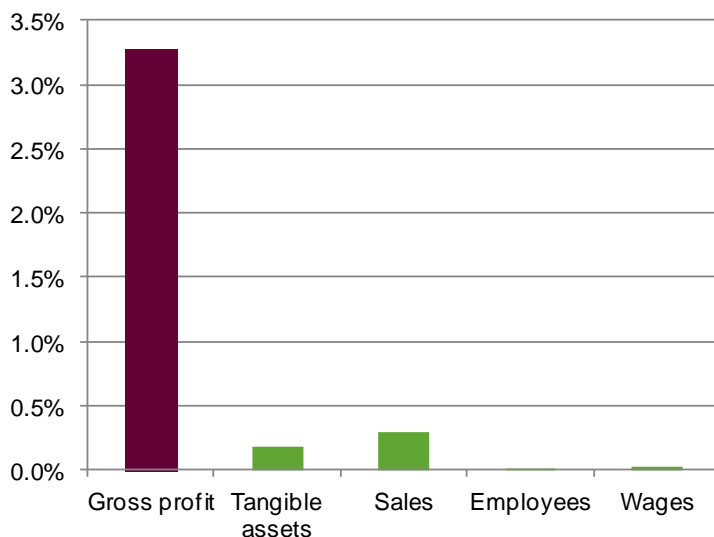
In new research,⁴ the Tax Justice Network has assessed financial data available on US-based multinationals and identified the losers from large-scale profit shifting by US multinationals, and the countries where those profits end up. The major share of profits is shifted out of the US itself and out of other G20 countries. This data supports recent findings by Citizens for Tax Justice: that the 500 largest American companies hold more than \$2.1 trillion in accumulated profits in low-tax jurisdictions abroad.⁵

THE ‘WINNERS’

Most of the profits that multinationals shift around end up in a handful of countries including the Netherlands, Luxembourg, Ireland, Bermuda and Switzerland. Although these are very different countries, they have in common that they are often used in the tax planning structures of multinationals – in part because they provide low- or zero-tax environments. Together, these five countries account for roughly two-thirds of worldwide excess profits, defined as profits over and above what could be expected on the basis of economic activity indicators.⁶ In a country like the Netherlands, these tax dodging schemes generate income for a small group of service providers only and contribute very little to the broader economy. Ultimately, the real winners are those multinational companies that are pocketing billions in tax savings by playing a tax system that allows them to have profits appear conveniently in low- or zero-tax environments.

In 2012, US multinational companies reported \$80bn of profits in Bermuda, which does not tax corporate income at all – that is more than the profits that these companies reported in Japan, China, Germany and France combined. This amount is so large that it clearly does not reflect the real economic activity taking place in Bermuda. US multinationals’ gross profit in Bermuda represents 3.3 percent of their profits before tax in all countries combined. However, Bermuda’s share in total sales by US multinationals is only 0.3 percent, and its share of the total number of employees or total wage costs is a tiny 0.01–0.02 percent.

Figure 1: Bermuda’s share in gross profit and economic activity of US multinationals



Source: Cobham and Jansky, based on US Bureau of Economic Analysis.

Bermuda is not alone. US multinationals also book large profits in four OECD countries: Ireland, the Netherlands, Luxembourg (known for offering abusive tax rulings that were not exchanged with other countries and for providing low effective taxation) and Switzerland (also known to provide low effective tax rates).⁷

Ireland is a profit shifting destination in part because it has allowed structures where entities managed from abroad are not taxed at all – the so-called ‘Double Irish’. This loophole might have saved companies collectively billions of euros.⁸ In recent years Ireland has taken positive steps against tax avoidance by phasing out the Double Irish structures (but allowing companies that already use them to continue doing so until 2021), committing to introduce country-by-country reporting (although not made public, see below) and by publishing a spill-over analysis on the effects of the Irish tax system on developing countries.⁹ At the same time, Ireland proposed the introduction of a special 6.25 percent tax regime for income from innovations. It has been argued this simply replaces one loophole with another, because it would create a new low-tax environment that also brings a risk of profit shifting by companies.¹⁰

The estimates for profit shifting to the Netherlands, and to a lesser extent to Luxembourg, partly reflect the use of holding companies (stepping stones to foreign investment, for example to take advantage of bilateral tax treaties) instead of profit shifting. However, the data does reflect profit shifting too. It is known that US multinationals shift profits into Dutch limited partnerships, and that in effect, these entities are not taxed at all.¹¹ Multinationals also use the Netherlands and Luxembourg in other tax planning structures. The European Commission recently judged that some of these structures are in fact illegal: a profit shifting structure of Starbucks involving a Dutch entity and a structure of Fiat involving largely tax-exempt profits booked in Luxembourg.¹²

The Tax Justice Network had access to data on US-based multinationals only. Many European multinationals shift interest income into Belgium, using a low-tax structure somewhat similar to the Dutch untaxed entity structures of US multinationals. Thus, for French and other non-US multinationals, Belgium would probably also appear among the major profit shifting destinations.¹³

Most people and many companies in countries like the Netherlands and Belgium would gain from a more effective approach against corporate tax havens and harmful tax regimes, as these countries would become better able to claim their share of tax revenues and competition would be fairer for companies. This highlights that the only true winners of the current system are tax-aggressive multinationals and their shareholders.

Box 1: Major profit shifting destinations

Countries in which multinationals show disproportionately high profits:

The Netherlands, Luxembourg, Ireland, Bermuda, Switzerland

Key countries with no or insufficient tax data:

British Virgin Islands, Cayman Islands, and Jersey are generally known to be major destinations of profit shifting as well. These countries have zero corporate tax regimes; they played a key role in cases of large-scale tax dodging by individual multinationals and can be identified from studies using other data sources.¹⁴ The US data source used in the TJN research did not include sufficient data for these countries, so they were not individually included in the analysis. The TJN research shows that roughly a quarter of profit shifting goes into a group of more than 100 unidentified countries, which include tax havens as well as many developing countries.

THE LOSERS

The losers in the international tax system are the countries where multinational companies really do business: the countries where companies have assets, sales and employees – but that are not able to claim their share of tax revenue on the profits of multinational companies. Ultimately the cost is borne by the people who rely on public services in these countries and who are affected by budget cuts and increasing inequality. Between 2008 and 2012 more than half of developing countries reduced public spending on education, while two-thirds decreased spending on health.¹⁵ Every year, 100 million people worldwide are pushed into poverty because they have to pay out-of-pocket for healthcare.¹⁶

Those multinationals and smaller companies that do pay their fair share of taxes are losing out as well, having to compete on unequal terms in a heavily distorted market.

The new TJN research finds that in 2012, US multinationals shifted between \$500 and \$700bn in profits from countries where their real economic activities took place to countries where lower effective tax rates apply.¹⁷ The misalignment with economic activity corresponds to roughly 25 percent of total gross profits. In other words, \$1 out of every \$4 of profits reported by large multinationals is not aligned with real economic activity.

Civil society groups, together with trade unions, have emphasized the losses to developing countries of large-scale tax avoidance by multinationals. Developing countries are relatively more dependent on corporate income tax (as other taxes may be harder to collect) and need these resources to fight poverty and to finance development. Smaller developing countries are facing particular challenges, as their tax authorities often lack the capacity to assess the complex tax planning structures of large multinationals.

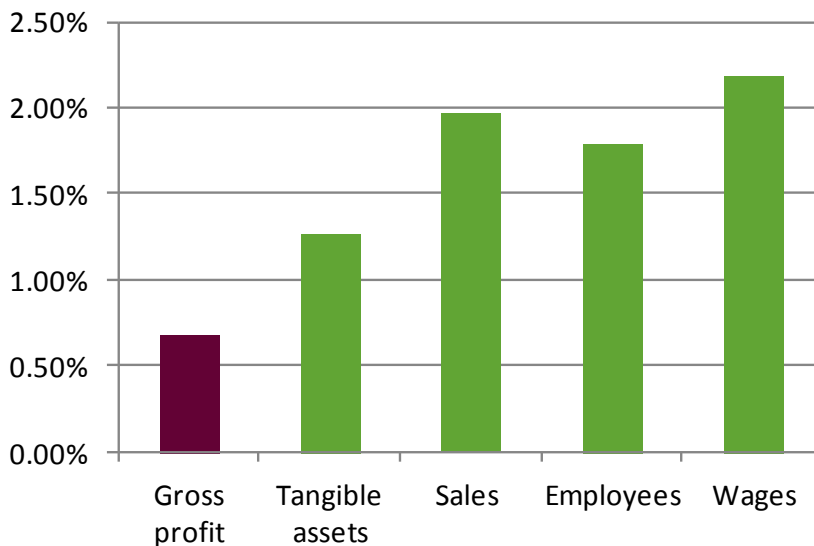
The TJN research nevertheless reveals that US-based multinationals shift the largest amount of profits out of G20 countries. Together, twelve countries, including the US, Canada, Germany, France, China and Brazil, account for roughly 90 percent of all missing profits from these US multinationals worldwide. Smaller G20 economies, such as South Africa and Argentina, are losing out too. Indonesia seems to be the only G20 country without missing profits.¹⁸ This shows that G20 members, together with developing countries, have a strong common interest in addressing international tax avoidance by large corporations.

Table 1: Countries with the largest missing profits (largest at the top)

Disproportionately low profits
United States
Germany
Canada
China
Brazil
France
Mexico
India
UK
Italy
Spain
Australia

For Germany, an OECD country and G20 member, the figures clearly indicate that foreign multinationals shift profits out of the country. Only 0.7 percent of the profits of US multinationals are declared in Germany, while 2.0 percent of their sales take place in Germany and 1.8 percent of their employees are located there. This shows that while the international tax system remains broken, even a developed country with supposedly state-of-the-art tax legislation and a tax authority capable of implementing it cannot stop multinationals from dodging tax.

Figure 2: Germany’s share in gross profit and economic activity of US multinationals



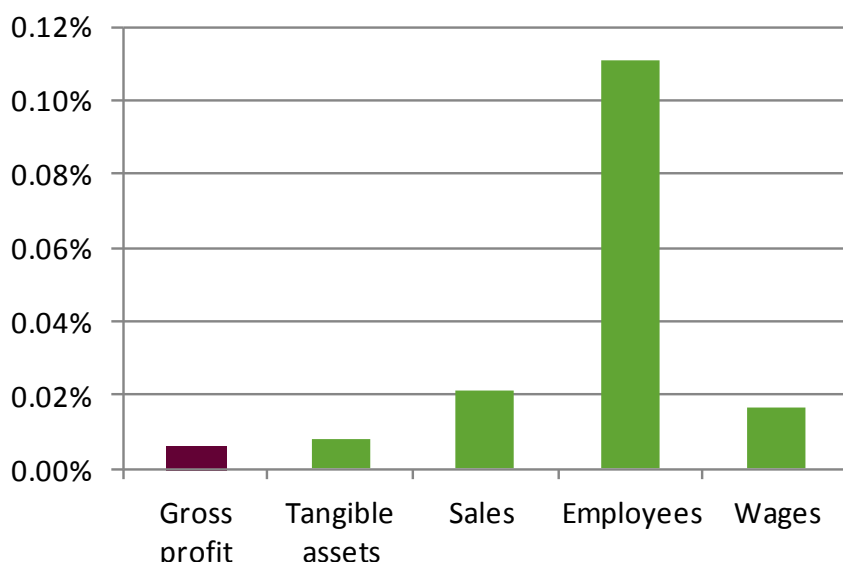
Source: Cobham and Jansky, based on US Bureau of Economic Analysis.

Developing countries are strongly affected too. Non-G20 developing countries do not show up among the countries with the largest missing profits, because the profits shifted out of these countries are more often in the hundreds of millions rather than billions of dollars. However, relative to the size of their economies, the effects are equally damaging for countries like Honduras, Ecuador, and the Philippines.

Figure 3 shows that the share of the gross profits of US multinationals declared in Honduras is much smaller than the share of the sales they generate or the share of their work force that is based there. Overall, the figure strongly indicates that profits reported in Honduras are too low and not properly aligned with economic activity. If Honduras was able to end tax dodging by US multinationals alone, and to use the additional revenues to finance public services, its healthcare or education budget could rise by approximately 15 percent; enough to make a real difference to the lives of poor people. Taking into account that Asian multinationals have operations in Honduras too, the gains from ending profit shifting by all foreign investors would be even larger.

Sometimes it is claimed that if developing countries collect too little corporate tax, the loss of revenue is their own fault because they offer unnecessary tax holidays or individual tax breaks. Although this is a large problem too, it is not the full story. The data clearly shows that multinationals shift profits out of developing countries to reduce their tax bills.

Figure 3: Honduras' share in gross profit and economic activity of US multinationals



Source: Cobham and Jansky, based on US Bureau of Economic Analysis.

Box 2: Why the UK should support a stronger approach

The TJN research shows that the UK loses more revenues through corporate tax dodging than most other countries, in absolute amounts as well as relative to total tax revenues. At the same time, the UK has a low-tax regime for income from intellectual property, notably patented inventions. The OECD has concluded that this is a harmful tax regime, because it also applies to patents resulting from research and development carried out abroad that have been transferred to the UK. This low-tax regime invites shifting income from patented inventions worldwide into the UK. While profit shifting into the UK is a serious problem, the amount of profit that multinationals shift out of the UK is larger still, and the government loses out on substantial tax revenues. Thus, while the UK is a key player in the global tax avoidance system, it is also a big loser and it would be in the UK's interest to support a much stronger approach against global tax dodging.

The same applies to other countries. For example, US multinationals shift huge profits into the Netherlands, but these are often untaxed. The Dutch government expects that implementation of agreed measures against profit shifting will generate, on balance, at least €200m of additional domestic revenues in 2017.

Most developing countries are still in the dark

Unfortunately, the TJN research could not estimate the amount of profit misalignment for many individual developing countries, as full country-level data is not available. Lack of transparency on data is a major limitation to getting full clarity on the scale of tax dodging and how much countries are losing. As noted, the researchers had access only to (still limited) data on US-based multinationals.

The OECD recognizes that information about business activities, profits and taxes paid per country is important for tax authorities themselves. While the OECD has made a step towards generating such information, it does not go far enough. The OECD proposes that only very large companies with a turnover above €750m should have to produce reports, while in smaller developing countries, multinationals below this threshold could still be among the largest foreign investors. Moreover, companies' reports would have to be filed only to the tax authorities of the country where the company has its headquarters. Other countries will have to rely on information exchange to get the reported data, which is likely to make the system very complex and less efficient. Most developing countries will not get this information for US-based multinationals at all, because they do not have tax agreements in place with the US that provide the legal basis for the exchange of confidential tax information.

A better solution by far would be to require all large multinationals to publicly report sales, profits, taxes and other key information on a country-by-country basis. Public reporting would inform a healthy debate on further tax reforms needed to ensure that companies pay taxes where they do business.

The study by the Tax Justice Network and Jansky shows that the country-level data of multinationals can be a powerful tool to reveal patterns of profit shifting. It also shows that the country-level data currently available is far from sufficient for a detailed analysis or to monitor base erosion and profit shifting (BEPS).

Regrettably, it seems that some OECD countries that previously considered public transparency or expressed explicit support for it, such as France, are now unwilling to go further than the OECD proposal. However, there is nothing that prevents them from taking the next step and requiring public disclosure of country-by-country information.

THE OECD BEPS INITIATIVE: FAILING TO ADDRESS THE EROSION OF CORPORATE TAX REVENUES

In 2013 the OECD, supported by the G20, released an action plan against corporate tax dodging, also known as 'Base Erosion and Profit Shifting', or BEPS.¹⁹ The central aim of the BEPS project was that multinationals pay tax where they really do their business.

In a few areas there has been notable progress. For example, all OECD countries committed to include broad anti-abuse provisions in tax treaties. On other actions, the outcomes are very weak, and more generally, the announced measures are not enough to ensure that multinationals can be taxed where their real economic activity takes place. For more details, see the comprehensive assessment of the BEPS Monitoring Group.²⁰

Moreover, the BEPS agenda was incomplete from the start. The agenda did not include matters of particular importance to developing countries, because

developing countries were not invited to the negotiation table until very late. Thanks to strong, sustained pressure from civil society and developing countries, the OECD and G20 group has gradually opened up the BEPS process to include some developing countries, but this participation has been limited.²¹ In November 2014, 14 non-G20 developing countries were finally allowed to participate in the negotiations. However, this was well after the agenda had been set, the first package of outcomes had been agreed, and the approach regarding other outcomes had more or less been decided. The final package has now been published and many of the proposed solutions are too complex and simply unworkable, especially for smaller developing countries, which often have weaker tax authorities. Paradoxically, the OECD now calls for an inclusive implementation process, monitoring adherence of developing countries to BEPS agreements that fail to address some of their main concerns.

At the United Nations Financing for Development conference in July 2015, developing countries called strongly for active participation in the discussions and decision making on international tax standards and the establishment of a global, inclusive tax body under the auspices of the UN. While donor countries at this conference committed to increase support for capacity building of developing countries' tax authorities and to 'expand cooperation with developing countries in the global tax debate',²² a global tax body was not agreed at the conference. But without an inclusive process to reform the global tax rules so that they work for all countries, calls for a UN global tax body are continuing. Until a global tax body is established, representation of non-G20 developing countries in international tax negotiations must be strengthened in other ways.

The OECD–BEPS agenda did not include an action to reverse the proliferation of unnecessary tax incentives or to end competitive lowering of general tax rates. Over the past decades, countries around the world have significantly lowered corporate tax rates to reduce the incentive for profit shifting and to attract foreign investment. In addition, attempts so far by the OECD to stem the proliferation of harmful low-tax regimes have failed. Many OECD countries as well as tax havens have simply replaced tax practices that had been found harmful with new regimes that do not fall foul of the OECD's criteria (see Box 3). However, many of these new regimes have similar harmful effects on other countries.

Box 3: Replacing one harmful tax regime with another

Luxembourg ended its preferential holding regime in 2010. However, it has opened an innovation box and has become infamous for abusive secret tax rulings;

Switzerland will phase out its existing preferential regimes for foreign multinationals, such as the so-called holding companies regime, by 2019. At the same time, it is proposing a lower general tax rate, a patent box, and tax deductions for self-created goodwill transferred to Switzerland;

Belgium phased out its preferential tax schedule for so-called coordination centres. It simultaneously introduced a notional interest deduction regime applying to all companies and actively promotes this regime for use in international tax avoidance structures;

Jersey and Isle of Man have replaced their preferential 0% rate for foreign investors with a 10% corporate tax rate for all financial services and a 0% rate for all other companies, including domestic firms;

Ireland is phasing out its controversial Double Irish tax loophole, trumpeted as a positive step against tax avoidance – but now plans to introduce, in its place, a special 6.25 percent tax regime for income on innovations. It has been argued that this simply replaces one tax loophole with another.

According to the OECD, lowering the general corporate tax rate to zero is not a harmful tax practice. However, this position is becoming increasingly untenable, because the broken global tax system pits countries against each other in a race to the bottom on corporate taxation. It is broadly acknowledged that the agreed BEPS measures will probably only make this problem worse. Several countries now suggest that they may further lower general tax rates to preserve the low average tax rates on business profits that are currently the result of aggressive tax dodging. While this would create a more level playing field between multinationals themselves, and between large multinationals and smaller businesses, it would also lock in the revenue losses caused by current harmful tax practices.

If the G20 does not put a halt to the race to the bottom, we may end up with large multinationals reporting the correct amount of profits in each country, but paying very little taxes over those profits anyway. Considering the enormous losses that countries around the world incur, it is alarming that the G20 seems fairly satisfied with the current agenda. Governments and citizens of G20 countries should wake up, face the facts and take additional action immediately.

WHAT THE G20 MUST DO NEXT

The current OECD proposals may be a milestone, but they are not enough. Tax Justice Network, The Global Alliance for Tax Justice, Public Services International and Oxfam therefore urge G20 governments to commit towards a second generation of tax reforms to effectively put an end to harmful corporate tax practices in a way that benefits all countries:

- G20 governments should build on the progress made so far and provide strong support for a next phase of global policy making on key corporate tax issues that remain not or are insufficiently addressed. This includes a more effective approach against corporate tax havens and harmful tax regimes, including non-preferential regimes, and putting an end to the race to the bottom in general corporate tax rates. This time, the process should involve all developing countries on an equal footing in a structural way, and right from the start. Ultimately, truly global cooperation will require the establishment of a global tax body under the auspices of the United Nations as the only legitimate representative global institution;
- Although the agreed OECD package has major shortcomings, we do encourage G20 governments to implement agreed measures to ensure actual change in those areas where there has been progress. In addition, we urge individual G20 members to proceed to adopt public country-by-country reporting requirements for all large companies.

NOTES

All URLs were accessed in October 2015 unless otherwise stated.

- 1 Alex Cobham and Petr Janský, November 2015, 'Measuring Misalignment: The location of US multinationals' economic activity versus the location of their profits', ICTD Working Paper, Brighton: International Centre for Tax and Development. <http://www.taxjustice.net/scaleBEPS/>
- 2 <http://www.imf.org/external/pubs/cat/longres.aspx?sk=42973.0>
- 3 C20 (2015), 'Turkey, Tax Justice Policy Paper', 2 Sep 2015, <http://www.c20turkey.org/uploads/C20PolicyPaperOnInternational%20Taxation.pdf>
- 4 TJN report (2015), see note 1.
- 5 Reuters, 'Big US firms hold \$1.2 trillion overseas to avoid taxes', 6 October 2015, <http://www.reuters.com/article/2015/10/06/us-usa-tax-offshore-idUSKCN0S008U20151006>
- 6 The main results of the study are based on a formula for apportioning consolidated profits that has been proposed for a Common Consolidated Corporate Tax Base in the EU: 1/3 tangible assets, 1/3 sales, 1/6 employees and 1/6 wages. This way, the findings are not too heavily dependent on one single indicator. See European Commission, Proposal for a COUNCIL DIRECTIVE on a Common Consolidated Corporate Tax Base (CCCTB), COM(2011) 121/4, http://ec.europa.eu/taxation_customs/resources/documents/taxation/company_tax/common_tax_base/com_2011_121_en.pdf
- 7 For the Netherlands, and to a lesser extent for Luxembourg, the figures also reflect that many US multinationals have intermediate holding companies there. They use the holding companies as stepping stones for foreign investments into other countries. The dividend income received by the holding companies is included in gross profits. Normally such dividends are paid out of income that has already been taxed in the other country, where the ultimate investment takes place. It would therefore have been useful to distinguish between dividend income (of holding companies) and other gross profit (from real economic activities plus profit shifting). However, the data does not allow this. The database includes a measure of profits from current production, called profit-like return, which excludes holding company income. However, this measure probably excludes other types of foreign income as well. For example, in 2012, profit-type return in Luxembourg was less than \$5bn; this seems far too low to include all interest and royalty income of US multinationals reported in Luxembourg.
- 8 'Ireland to phase out "Double Irish" tax breaks used by tech giants' http://www.nytimes.com/2014/10/15/business/international/ireland-to-phase-out-tax-advantage-used-by-technology-firms.html?_r=0
- 9 The main finding is that investment and trade between Ireland and developing countries are rather small. It seems that e.g. the Double Irish structures mainly cause revenue losses in large and rich countries. <http://francisweyzig.com/2015/10/14/spillover-analysis-of-irish-tax-policy/>
- 10 'New loophole to replace the "Double Irish" tax strategy', *Independent*, 9 Nov 2014, <http://www.independent.ie/business/irish/new-loophole-to-replace-the-double-irish-tax-strategy-30728951.html>
- 11 These entities are not taxed in the Netherlands, because the income from this type of entity is usually taxed at the level of the owners (the partners). However, the owners are parent companies in the US, and the US does not tax the income either because of well-known loopholes in US tax law.
- 12 'Commission decides selective tax advantages for Fiat in Luxembourg and Starbucks in the Netherlands are illegal under EU state aid rules.' European Commission Press release, Brussels, 21 Oct 2015 http://europa.eu/rapid/press-release_IP-15-5880_en.htm
- 13 'Multinationals kiezen massaal voor Belgische route' [Multinationals massively choose Belgian route], *De Tijd*, 1 Feb 2013, http://www.tijd.be/nieuws/politiek_economie_belgie/Multinationals_kiezen_massaal_voor_Belgische_route.9298474-3136.art
- 14 See for example Citizens for Tax Justice (2014). American Corporations Tell IRS the Majority of Their Offshore Profits Are in 12 Tax Havens. <http://ctj.org/pdf/corporateoffshoreprofitsirs.pdf>; F. Weyzig (2013). Tax treaty shopping: Structural determinants of Foreign Direct Investment routed through the Netherlands. *International Tax and Public Finance*, 20(6), 910-937, <http://francisweyzig.files.wordpress.com/2013/05/weyzig-tax-treaty-shopping-20120810.pdf>.
- 15 M. Martin and R. Watts (2013) 'Putting Progress at Risk? MDG spending in developing countries', *Development Finance International and Oxfam*, p28, <http://oxf.am/Upm>
- 16 K. Xu et al. (2007) 'Protecting Households From Catastrophic Health Spending', *Health Affairs*, 26[4]: 972–83.
- 17 Applying average effective tax rates for US multinationals to estimated missing profits in each country, total lost tax revenues for all countries with missing profits combined amount to \$100-150bn.
- 18 For Turkey and Saudi Arabia, data are incomplete. Analysis with an alternative profit measure suggests that Turkey also has missing profits, but Saudi Arabia does not.
- 19 OECD (2013). Action Plan on Base Erosion and Profit Shifting. www.oecd.org/ctp/BEPSActionPlan.pdf
- 20 <https://bepsmonitoringgroup.wordpress.com/2015/10/05/overall-evaluation/>
- 21 <http://www.oecd.org/ctp/beps-2014-deliverables-information-brief.pdf>
Non-OECD G20 & OECD Accession (10 countries): India, China, Indonesia, Brazil, Argentina, South Africa, Saudi Arabia, Russia, Latvia, Colombia.

Non-OECD extra developing countries (14 countries): Albania, Azerbaijan, Bangladesh, Croatia, Georgia, Jamaica, Kenya, Morocco, Nigeria, Peru, Philippines, Senegal, Tunisia, and Viet Nam.

22 These commitments were made by governments and institutions signing on to the Addis Tax Initiative, http://www.taxcompact.net/documents/Addis-Tax-Initiative_Declaration.pdf. While welcoming the efforts to help developing countries strengthen their tax administrations, as long as demand-driven, this should not divert energy from the drive to create an inclusive intergovernmental process on tax cooperation .

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