Key issues for developing countries in international taxation.

Eric Mensah
Developing Countries

- cover a wide range of countries at differing stages of development
- Includes most African countries
Challenges

- Lower per capita national income
- Difficulty in domestic revenue generation
- Limited capacity and resources
- Competing interests
Key Issues: Framework for discussion

- the international tax rules and framework
- tax competition
- lack of capacity of tax developing countries administration
- the challenges of the digital economy*
The International Tax Rules And Framework

- inherently disadvantageous to developing countries
- New rules developed after reversal of inflows due to financial crises
- new rules are good but were never designed for the benefit of developing countries
- international tax initiatives too complex and/or not practical in a developing country
Tax Competition

- Competition for capital investment may lead to erosion of tax base
Capacity Constraints of Developing Countries Tax Administrations

- lack of capacity is a major obstacle that developing countries face in effectively responding to international tax issues and the potential initiatives to address those issues
- low capacity to administer international tax rules and audit and monitor MNE’s activities
Challenges of the Digital Economy
Conclusion

THANK YOU