



International Taxation from Global South Perspectives

Wednesday 13 October 2021

15h00 – 16h30 (GMT+1)

Live-Stream (YouTube, Facebook, Live Tweet)

This report was prepared by Badr Mandri from the Policy Center for the New South and Sebastien Babou Diasso and Aaditri Solankii from the South Centre

The background of the page features a blue-toned image of a stack of coins, a bar chart, and a compass rose. A large white dollar sign (\$) is overlaid on the bottom left. A dark blue banner at the bottom right contains the text "SUMMARY REPORT" in white, bold, sans-serif font.

SUMMARY REPORT

Introduction

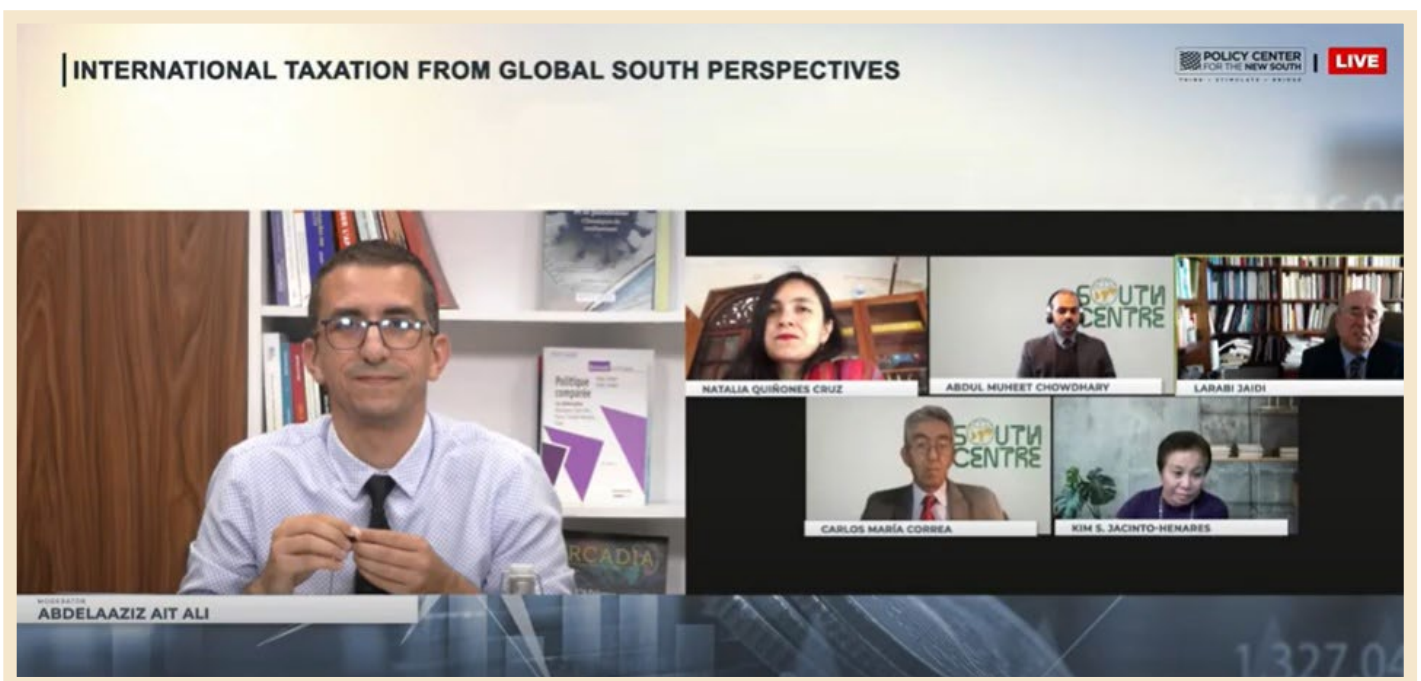
South Centre (SC) in collaboration with the **Policy Center for the New South (PCNS)** organized on **October 13, 2021**, a webinar on the issue of International Taxation from the Global South perspectives.

Tax revenue mobilization plays a key role in financing the economic and social development of countries. When well designed and implemented, tax policy can help developing countries raise revenue and increase their spending, especially in the social sector. Indeed, tax revenue as a share of GDP represent only 15% to 20% in low and middle-income countries, because of obstacles such as the imbalanced and complex international standards designed for developed countries, and the difficulties in collecting taxes in developing countries.

This webinar addressed keys questions such as:

- What reforms to international standards are needed that can strengthen the capacities of governments to raise revenue from multinational enterprises (MNEs) without discouraging economic activity?
- What is the cost of tax havens for developing countries and what role can international cooperation play in dealing with this issue?
- What might the future of tax reform look like in the post-COVID-19 era, given the growing digitalization of the economy?

The webinar recording can be accessed [here](#).



Opening remarks

1. Prof. Carlos Maria Correa, South Centre Executive Director



Prof. Correa acknowledged the collaboration with the Policy Centre for the New South (PCNS) and welcomed the participants. In his opening remarks, he made the following observations:

- Developing countries need to mobilize their domestic resources. This is not just to deal with the costs associated with COVID-19. It is necessary to reach the Sustainable Development Goals in order to have a long-term development perspective for developing countries.
- The Southern countries face different challenges: a tax system that is not fair at the global level and that deprives some countries of their taxing rights, especially in activities related to the digital economy.
- The agreement on new international tax standards to raise revenues brokered by the OECD is not sufficient to meet the needs of developing countries. Hence, there is a need to promote reforms in this area.
- It is critical for the negative impact of tax haven to be addressed at international level to emphasize the need to achieve balance in the tax reform.

Panel discussion

2. Natalia Quiñones Cruz, Colombia's former representative in OECD tax negotiations



Ms. Cruz started by remarking that the new international regime that was adopted on October 8, 2021, by the OECD/G20 Inclusive Framework is definitely not stable and the proposed solution does not resolve the issues that have been raised by developing countries, in particular the allocation of amount A and the taxing right.

- For Ms. Cruz, developing countries and international organizations should make sure that this agreement is revised and soon, to address properly significant distributional issues.

- She emphasized the importance

for developing countries to increase resource mobilization and suggested that this may be done through joint action involving all countries.

- Given that MNEs are so powerful, it is easy for them to manipulate and to relocate each production factor, knowing the high mobility of these factors, depending on national policies. Tackling in a global way the global problem would be much less difficult for countries. Thus, it is not suitable for countries to undertake separate actions. Ms. Cruz found that it is better to coordinate joint actions, and 136 jurisdictions being able to speak together for solutions is already a good step.
- It is necessary to expand the single entity approach instead of considering companies within multinational groups as separate entities. That may help reduce the space MNEs have to choose where they pay taxes and how much.
- Developing countries need to create jobs and raise revenue for their economies but this is hampered by the lack of education, good public health and good infrastructure, which can attract investments as in developed countries, as the UK prime minister stated. In that case, Ms. Cruz thinks that the tax system may be addressed in a way to consider these differences.
- On tax havens, Ms. Cruz stressed that countries need to be able to obtain information on the beneficial owners of structures. Unfortunately, the current Automatic Exchange Information System has not been enough and still does not provide information on who owns what. Beneficiaries should be known and included in a global database. International cooperation can be used to achieve this.

3. **Kim S. Jacinto-Henares**, Commissioner, The Independent Commission for Reform of International Corporate Taxation (ICRICT)



For Ms. Henares there is no need to discuss any more the effects, benefits, or disadvantages of the OECD two-pillar solution, and the ICRICT has sent a letter to the G20 clearly mentioning that these solutions will only benefit developed countries.

- Thus, the resolution of the problem needs to address the heart of the problem, which is providing solutions to help developing countries mobilize resources.
- For Ms. Henares, developed countries should have helped developing countries bring prosperity in their countries, since it is to the benefit of MNEs and developed countries that developing countries prosper, so their people have high purchasing power and are able to buy MNEs' products and services.
- She thinks that the whole tax system needs to be rethought because the postulate underlying economic activities and growth is no longer valid. The theory of economic growth supposes that activities are directed by capital and investments. Nowadays activities are not directed by capital and investments; activities are rather directed by consumption.
- China is an example of a country that redirected its economy towards domestic consumption. Like in China, demand is high in developing countries. Knowing that, one should not have a tax system based on income but focused on demand.
- Ms. Henares added that economic growth in developing countries is driven by the exploitation of natural resources. This needs also taxation based on consumption rather than on income.
- Consequently, Ms. Henares stressed that developing countries should be given a greater voice on how taxation should be designed. Developing countries should retain the right to choose what they will tax and how much they will tax. This is something they must not give up.

4. **Abdul Muheet Chowdhary**, Senior Program Officer, South Centre Tax Initiative, (SC)



Mr. Chowdhary spoke on the need to reallocate taxing rights to developing countries and an assessment of the Two Pillar solution on taxing the digitalized economy.

- The biggest victory for developing countries in the Two Pillar negotiations in the Inclusive Framework is that demand is now considered a factor in allocating profits. As they are mainly importers of goods and services, allocating profits to subsidiaries entirely on a supply basis was disadvantageous to developing countries.
- Taxing rights are allocated under the model conventions, either the UN model or the OECD model. Both models excessively allocate taxing rights to developed countries or residence jurisdictions. The fight that has been waged in the UN model is to change it so that taxing rights are reallocated more to source countries. Some of the issues developing countries are raising relate to capital gains, permanent establishment, royalties, and shipping.
- Pillar Two, or the minimum tax, is of little use to developing countries and can and should be ignored by developing countries. As structured right now it gives priority to developed countries to collect the undertaxed profits. Developing countries have better alternatives including Alternative Minimum Taxes or using anti-abuse rules such as Principal Purpose Tests or Limitation of Benefits rules.
- Pillar One similarly allocates only around \$10 billion to developing countries, which is not enough when revenue losses are between \$100-240 billion per year by OECD estimates and even higher by others. Most demands made by developing countries in the negotiations were rejected.
- Developing countries can wait and see whether developed countries ratify the agreement; until then they can continue with unilateral measures or Article 12B. They are under no legal obligation to abide by the political statement in the Inclusive Framework.
- Attention is needed to revenue sourcing and elimination of double taxation rules in Pillar One.

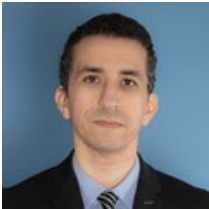
5. Larabi Jaidi, Senior Fellow, Policy Center for the New South



Mr. Jaidi began by welcoming this initiative to discuss such an important topic, which heralds many developments in the months to come. The questions that he asks himself are what the next steps in this agreement are and what the point of view of the South is on the agreement.

- He reminded participants that the process of this agreement has been long and is not yet finished because the agreement must be adopted by national parliaments.
- According to him, the future of this agreement will depend on the national regulations that will be put in place by national lawmakers, especially in the United States because it should pass through the American Congress, and this does not seem easy: as we know, these reforms are part of a set of global reforms of the tax system initiated by the Democrats.
- He added that even if agreement is reached, there are still a few issues that need to be addressed, including complex and difficult technical issues for implementation. For example, we know that even if it was agreed to redistribute 25% of the residual profits of multinationals, the question of how to obtain the necessary information in order to distribute this share is not yet clear.
- Mr. Jaidi indicated that tax evasion is estimated to be worth \$23 billion in the countries of the South, and the multinationals have been identified as the main cause. Tax reform is therefore essential, especially in the context of COVID-19, for which more resources are needed.
- For him, Africa has been one of the continents that has called for the reform and clarification of tax practices. But the question today remains whether this package of solutions will be sufficient to curb the tax evasion Africa suffers from.
- We have seen that organizations such as the African Union have called on African countries to fight to raise tax rates and balance the sharing of the right to tax, and a profound reform of the taxation of multinationals in the subsequent phases. Such calls should be considered, according to Mr. Jaidi.

Biographies



Abdelaaziz Ait Ali

Head of Department of Research in Economics, Policy Center for the New South

Abdelaaziz Ait Ali is the Head of Department of Research in Economics who joined Policy Center for the New South after five years' experience at The Central Bank of Morocco. He worked as an economist at the Economics and International Relations Department. He was in charge of analyzing the Real Estate Price Index and was assigned to monitor several assets prices, including stocks markets, for monetary policy and financial stability objectives. Abdelaaziz is interested also in energy challenges for the global and national economy and long term growth. Abdelaaziz holds a Master degree in econometrics from the University of Hassan II in Casablanca.



Abdul Muheet Chowdhary

Senior Program Officer, South Center

Abdul Muheet Chowdhary is a Senior Programme Officer with the South Centre Tax Initiative (SCTI), part of the South Centre, a Geneva-based intergovernmental organization of developing countries. Previously, he served in India's Ministry of External Affairs where he was in the Policy Planning and Research Division specialising in economic strategy. He was formerly a consultant to the United Nations Department of Public Information and also worked in the Parliament of India as a legislative aide specialising in tax and financial law.



Carlos María Correa

Executive Director, South Center

Carlos Correa began his term as South Centre Executive Director on 1 July 2018. Prior to this, he was the Special Advisor on Trade and Intellectual Property of the South Centre. Dr. Correa is a renowned international authority on intellectual property and technology issues.

Professor Correa has worked with the Argentine government and has been the Director of the Center for Interdisciplinary Studies on Industrial Property and Economics (CEIDIE) at the Law Faculty of the University of Buenos Aires. He was a member of the UK Commission on Intellectual Property Rights, the Commission on Intellectual Property Rights, Innovation and Public Health established by the World Health Assembly and of the FAO Panel of Eminent Experts on Ethics in Food and Agriculture. He has been a visiting professor in post-graduate courses of several universities and consultant to various regional and international organizations. He has advised several governments on intellectual property, innovation policy and public health. He is the author of several books and numerous articles. Professor Correa is both a lawyer and economist from the University of Buenos Aires and holds a PhD in Law from the University of Buenos Aires.



Kim S. Jacinto-Henares

Commissioner, The Independent Commission for Reform of International Corporate Taxation

Kim S. Jacinto-Henares, is an Independent Director of Basic Energy Corporation. She is currently a Director of Reg Tek, Inc. and serves as Senior International Advisor/Consultant to various groups and projects, like Albright Stonebridge Group. She is a Board Member of the Tribute Foundation for International Tax Dispute Resolution (The Hague, Netherlands) and a Commissioner of the Independent Commission for Reform of International Corporate Taxation. She served as a Member of the United Nations Economic & Social Commission for Asia and Pacific (Eminent Expert Group on Tax Policy and Public Expenditure Management, Bangkok, Thailand) and UN Committee on Experts on International Cooperation in Tax Matters (Geneva, Switzerland). She was appointed Commissioner of the Bureau of Internal Revenue and held office from 2010 to 2016, after being a Deputy Commissioner for the Special Concerns Group of the Bureau from 2003 to 2005. Prior to BIR, she served as Governor of the Board of Investment. She was Vice Chairperson of the Ad Hoc Group for Action 15 (Multilateral Instrument to Implement Tax Treaty Related Measures to Tackle Base Erosion Action Plan (BEPS) (Paris, France). She used to be connected also with ING Bank N.V. Manila Branch as its Vice President for Legal and Compliance and as Deputy to the Vice Chairman of Security Banking Corporation. She was employed by Romulo, Mabanta, Buenaventura, Sayoc & Delos Angeles Law Office as Senior Associate and by Sycip, Gorres, Velayo & Co. as Tax Lawyer. Early in her career, she was General Manager of St. J. Square Marketing Corporation. She was also an Accounting Lecturer in De La Salle University Manila. Ms. Jacinto-Henares obtained her degree in Bachelor of Science in Commerce at De La Salle University Manila, and her Bachelor of Laws at the Ateneo de Manila University. She further studied and obtained her degree in Master of Laws major in International and Comparative Law at the Georgetown University (Washington DC, USA). She also attended the University of New Brunswick (Fredericton, New Brunswick, Canada), McGill University, Faculty of Law (Montreal, Quebec, Canada) and University of Toronto. Faculty of Law (Toronto, Ontario, Canada) as Fulfillment of the Requirement of the Joint Accreditation Committee. Finally, she obtained her Postgraduate Diploma in International Dispute Resolution at the Queen Mary University of London. Having served the government, she was a recipient of the Lingkod Bayan Award by the Civil Service Commission and Order of Lakandula (Bayani).



Larabi Jaïdi

Senior Fellow, Policy Center for the New South

Larabi Jaïdi is Senior Fellow at the Policy Center for the New South who focuses on International Economy, Social Development, International Relations, and Mediterranean Studies. Mr. Jaïdi is also a member of Morocco's Special Commission on the Development Model, headed by Morocco's Ambassador to France, Chakib Benmoussa. He is a former Professor at the Mohamed V University in Rabat-Agdal. His area of expertise includes Economic Policy, International Economic Relations (Europe and the Arab World) and Economy of the Regions. He is a founding member of the Centre Marocain de Conjoncture and of the Groupement d'Etudes et de Recherches sur la Méditerranée. He is a member of the Research Group within the Euro-Mediterranean Universities Networks. He has also acted as Adviser to the Prime Minister and to the Minister of Economy and Finance. He acts as independent expert to the Moroccan Competition Council and the Moroccan Authority for the fight against Corruption. He is a member of the Adderrahim Bouabid Foundation Board (Body of Research-Action on matters relating to State Reform). Mr. Jaïdi also acts as consultant to Moroccan and foreign entities. He is the author of various publications relating to economic and social development and to international economic relations.



Natalia Quiñones Cruz

Colombia's former representative in the OECD in tax negotiations

Natalia Quiñones is one of Colombia's foremost experts in the field of international tax law. She has been President of Colombia's IFA Chapter, and was, until recently, working as a contractor for the Ministry of Finance as Colombia's lead international tax treaty negotiator and Colombia's representative before the OECD for tax matters. In this capacity she was elected as a member of the OECD's, CFA. In her practice, Ms. Quiñones is recognised for her tax planning abilities, having participated in planning the tax aspects of various multi-million projects (e.g. the Bicentennial Oil Pipeline), and frequently advising multinationals and HNWI's in matters of international tax planning and estate planning. She is also highly respected as a tax litigator in CIT matters, particularly for transfer pricing disputes. Ms. Quiñones is well known in the international academia, having written multiple book chapters and peer reviewed articles on various topics of international tax law, and the resolution of tax disputes. She has been speaker and guest lecturer at various universities in the US, Europe, Africa, and Latin America. Additionally, she has been a member of the ICDT's Academic Commission, has been lead editor of the ICDT's tax journal, and she is currently researching international tax arbitration for her Doctorate in Tax Law in the University of Amsterdam.



About the South Center

The South Centre is the intergovernmental organization of developing countries that helps developing countries to combine their efforts and expertise to promote their common interests in the international arena. The South Centre was established by an [Intergovernmental Agreement](#) which came into force on 31 July 1995. Its [headquarters](#) are in Geneva, Switzerland.

Achieving the Sustainable Development Goals (SDGs), particularly poverty eradication, requires national policies and an international regime that supports and does not undermine development efforts. The South Centre is an intergovernmental policy research think-tank composed of and accountable to developing country Member States. It conducts policy-oriented research on key policy development issues, and supports developing countries to effectively participate in international negotiating processes that are relevant to the achievement of SDGs. The Centre promotes the unity of the South in such processes while recognizing the diversity of national interests and priorities. The South Centre pursues several objectives which are listed in its Intergovernmental Agreement. Broadly, its mission is guided by two principles: South unity in diversity and South progress through cooperation.

South unity in diversity

The South Centre aims at promoting common interests among the countries of the South while recognizing and reflecting their diversity. For this, the South Centre works for mutual understanding among the countries and peoples of the South. It also encourages coordinated participation by developing countries in international fora dealing with South-South and North-South matters related to development.

South progress through cooperation

The South Centre works to put South intellect and capacities in the service of progress and development. The experience sharing and cooperation not only among the countries of the South but also with the North should be carried out on the basis of equity and justice for all and contribute to the democratization and strengthening of the United Nations and its family of organizations.

www.southcentre.int



About the Policy Center for the New South

The Policy Center for the New South (PCNS) is a Moroccan think tank aiming to contribute to the improvement of economic and social public policies that challenge Morocco and the rest of Africa as integral parts of the global South.

The PCNS pleads for an open, accountable and enterprising "new South" that defines its own narratives and mental maps around the Mediterranean and South Atlantic basins, as part of a forward-looking relationship with the rest of the world. Through its analytical endeavours, the think tank aims to support the development of public policies in Africa and to give the floor to experts from the South. This stance is focused on dialogue and partnership, and aims to cultivate African expertise and excellence needed for the accurate analysis of African and global challenges and the suggestion of appropriate solutions.

As such, the PCNS brings together [researchers](#), [publishes their work](#) and capitalizes on a network of renowned partners, representative of different regions of the world. The PCNS hosts a series of gatherings of different formats and scales throughout the year, the most important being the annual international conferences "[The Atlantic Dialogues](#)" and "[African Peace and Security Annual Conference](#)" (APSACO).

Finally, the think tank is developing a community of young leaders through [the Atlantic Dialogues Emerging Leaders program](#) (ADEL) a space for cooperation and networking between a new generation of decision-makers from the government, business and civil society sectors. Through this initiative, which already counts more than [300 members](#), the Policy Center for the New South contributes to intergenerational dialogue and the emergence of tomorrow's leaders.

www.policycenter.ma

