



The 5th BRITACOF

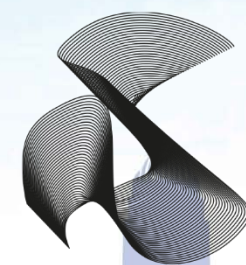
Deepening Tax Administration Cooperation for
High-Quality Belt and Road Development

Hong Kong, China 24-26 / 9 / 2024



Increasing Tax Certainty

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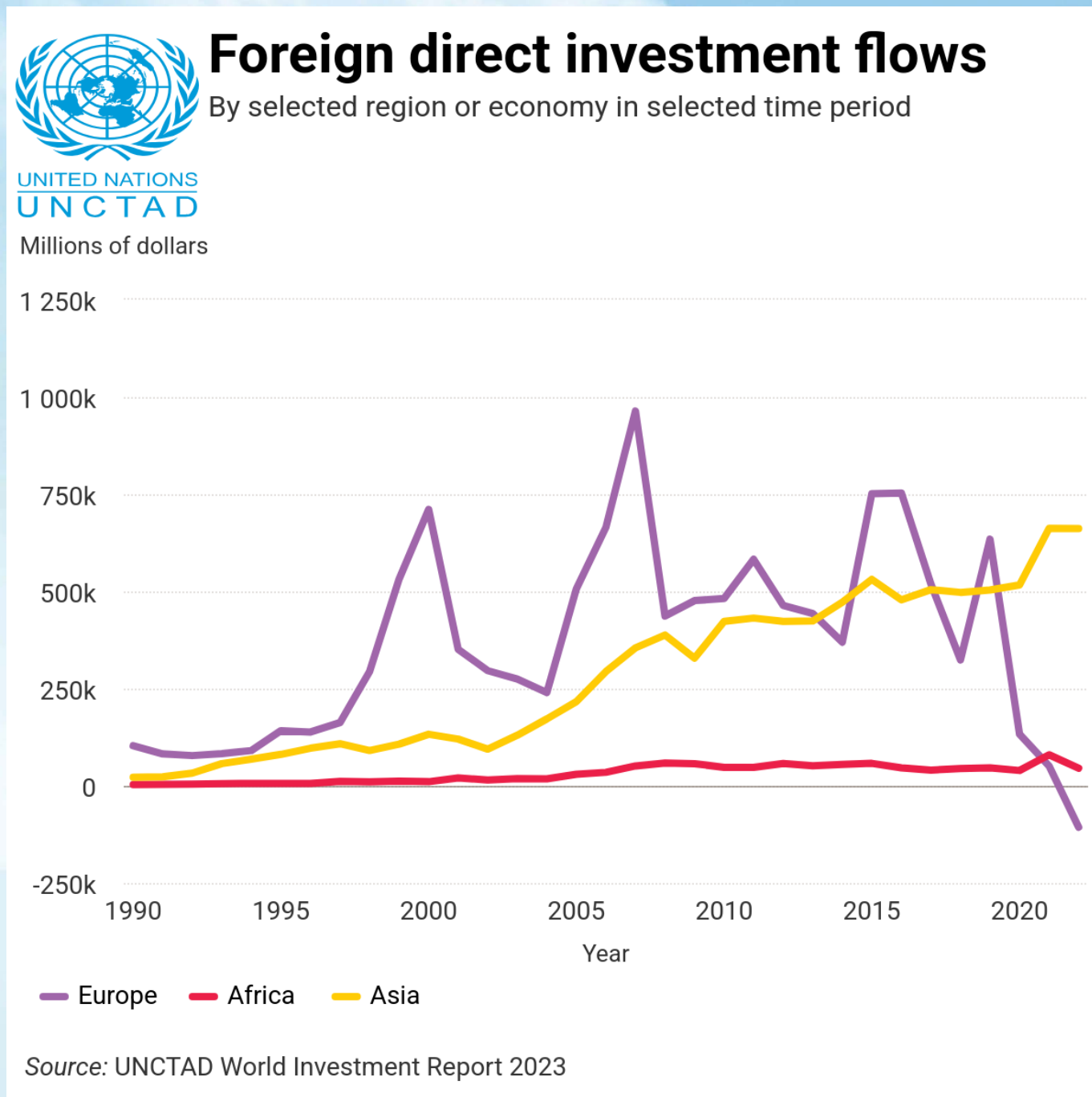
1

Cross-border investments are
slowing down in an uncertain
international tax landscape





Cross-border investments are slowing down in an uncertain international (tax) landscape



International rules exist but tensions in the international tax landscape continue to exist on

- Transfer pricing;
- Taxation of the digital economy & risk of proliferation of unilateral measures (DST);
- Tensions on source taxation;
- Risks of double taxation due to the implementation of the Global Minimum Tax.



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Nevertheless, International initiatives are continuously emerging providing tax administrations with the tools to establish tax certainty



OECD/G20 Base Erosion and Profit Shifting
Project

Today tax administrations are more cooperating and have better tools to ensure tax compliance than ever before



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2

With an unstable international
tax environment, tax certainty
is an imperative





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How to provide Tax certainty

**01. An efficient tax administration
and good tax policy**

**02. Traditional instruments (APA,
Tax Rulings, MAP)**

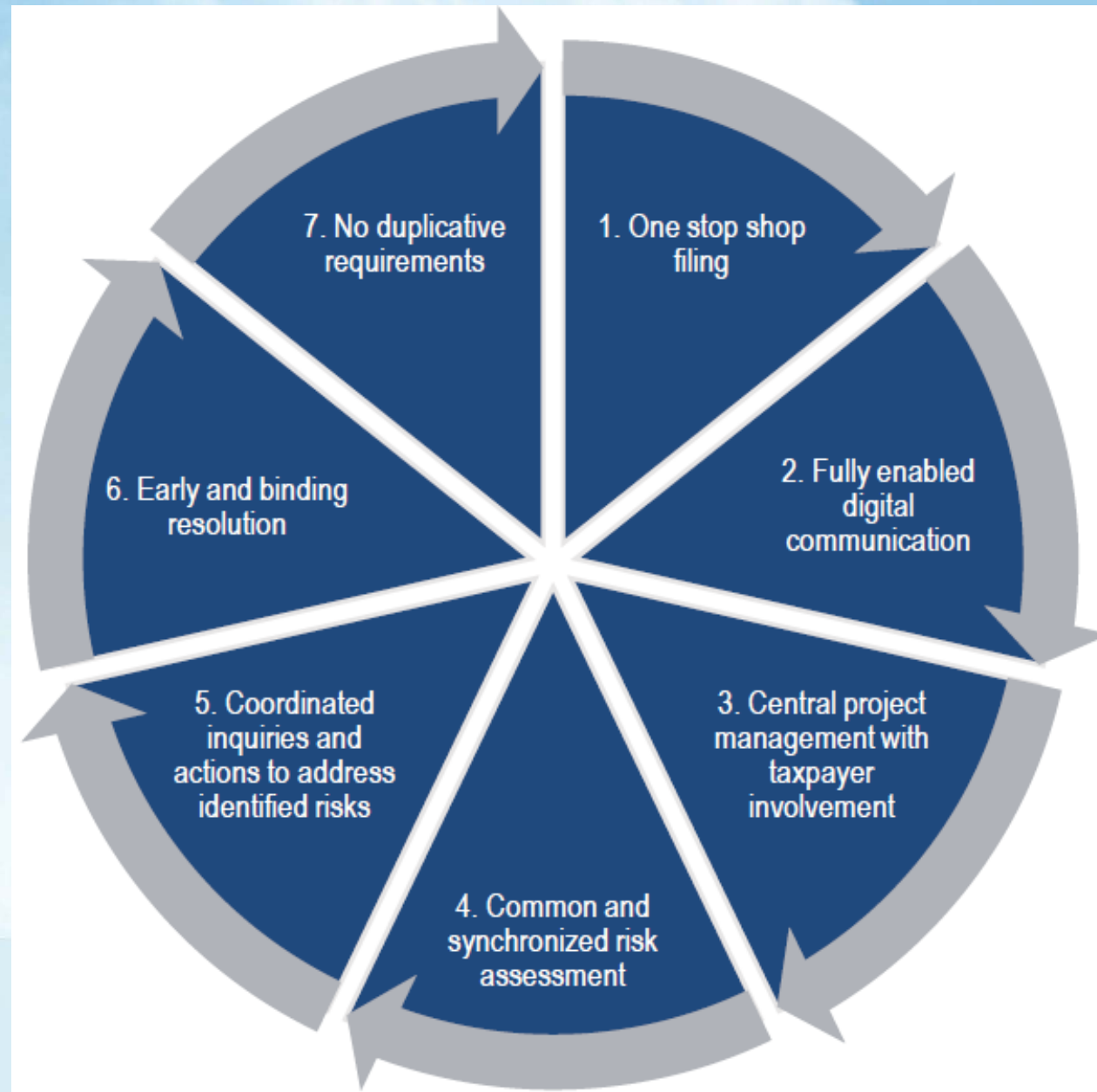
03. Other instruments: ICAP

**04. Avoid double taxation through
tax treaty network**





I.A. An efficient tax administration



- 1. One stop shop filing** reduces compliance burdens on taxpayers by standardizing the information reporting required and providing a single filing location.
- 2. Fully enabled digital communication** phases out paper-based filing systems towards fully-digital filing and tax compliance procedures.
- 3. Central project management with taxpayer involvement** takes a project management approach, working with the taxpayer as an active participant.
- 4. Common and synchronized risk assessments** streamline and coordinate risk assessment and allow taxpayers with an opportunity to coordinate their strategies to address the risk.
- 5. Inquiries and actions to address identified risks** rationalize the follow-up actions (such as additional information requests) of tax administrations after having decided to take further actions.
- 6. Early and binding resolutions** saves both tax administrations and taxpayers resources (including as a result of double taxation being imposed until the dispute between tax administrations is resolved).
- 7. No duplicative requirements** limit duplicative rules and measures which complicate the international tax architecture and increase compliance burdens.



I.B. And good tax policy

- Consult stakeholders when making policies
 - Online consultation
 - Symposiums
- Present tax policies that are clear, concise, and easily accessible, and provide guidance on the interpretation of tax laws
- Ensure policy implementation evaluation
 - Internal and external
- Develop mechanisms for implementing preferential tax policies
- Exchange best policies with other jurisdictions through international cooperation



II. Traditional Tools: Advance pricing arrangement (APA), Advance Tax Ruling (ATR) and Mutual Agreement Procedure (MPA)

Prevent tax disputes efficiently

- **APA is a contract**, usually for multiple years, between a taxpayer and at least one tax authority **specifying the transfer pricing method**.
- **ATR** a binding written interpretation of tax laws issued by tax authorities to corporations who request clarification of taxation arrangements.

Resolve tax disputes swiftly

- **Provide for Domestic remedy measures** going beyond administrative and judicial procedures.
- **MAP** means through which tax competent authorities consult to resolve disputes regarding the application of double taxation conventions.
 - Publish rules, guidelines and procedures to access of MAP
 - Ensure the staff in charge of MAP have the authority to resolve MAP cases in accordance with treaty.



III. Other Initiatives: International Compliance Assurance Program (ICAP)

- **Voluntary program for MNE groups and tax administrations** to work together in a co-operative risk assessment and assurance process.
- MNE group receive **outcome letters** issued by each covered tax administration, containing the results of the risk assessment and assurance of the covered risks for the covered periods.
- **Is not legally binding,**
- Only for OECD countries, currently 23 participating tax administrations

Advantages

- Fully informed and targeted use of CbC reports and other information held for risk assessment
- An efficient use of resources
- A faster, clearer route to multilateral tax certainty
- Co-operative relationships between MNE groups and tax administrations
- Fewer disputes entering into MAP



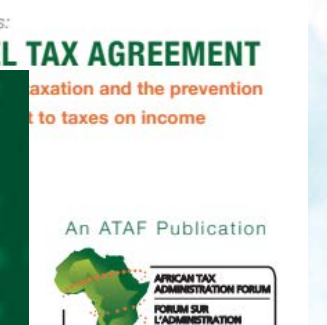
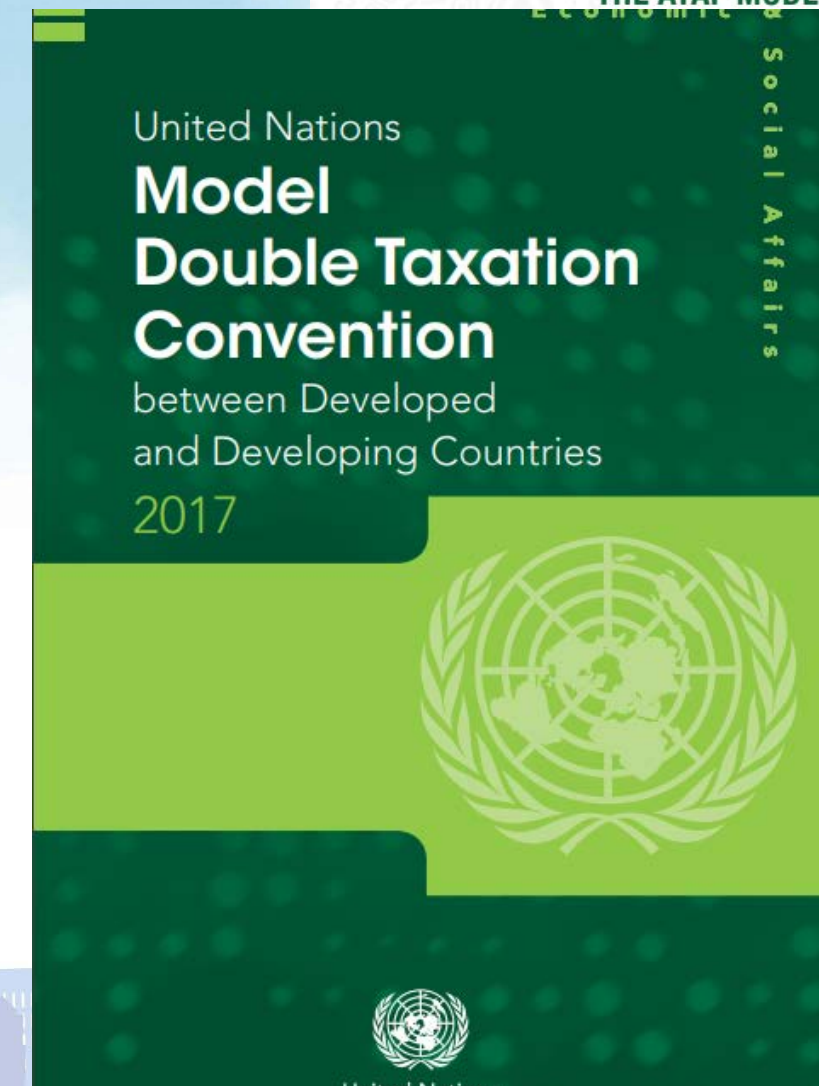
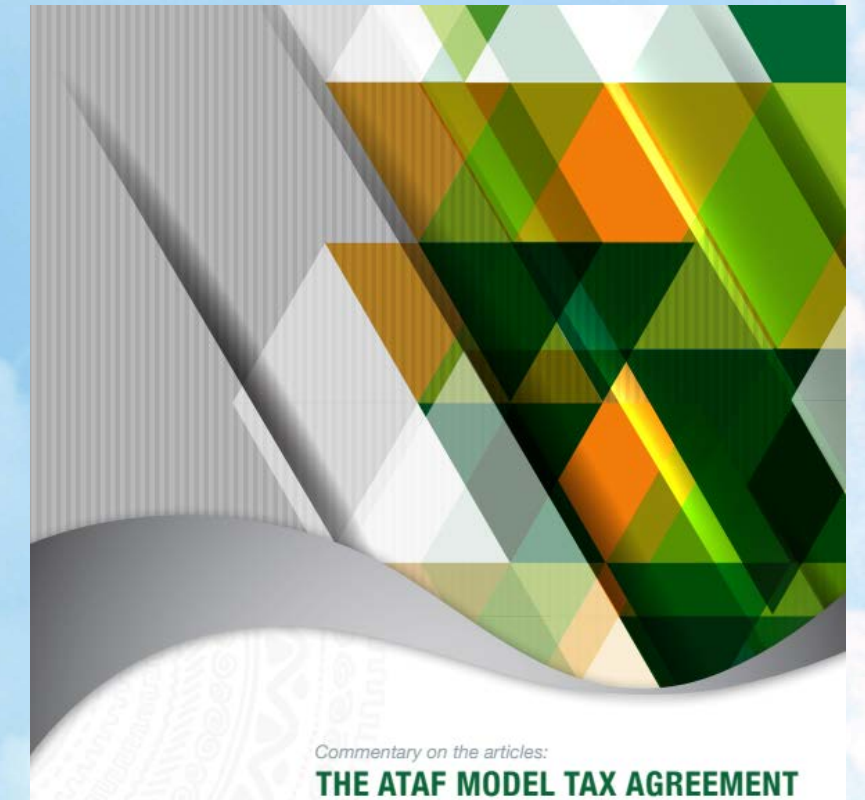
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IV. Avoiding double taxation through an extensive Tax Treaty Network

- Model Conventions provide for a standard Double Taxation Treaty and **facilitate negotiations between States.**
- A large **Double Taxation Agreement network** raises tax certainty, as well as a jurisdiction's tax competitiveness.





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3

Way forward: Enhancing tax cooperation within the BRI





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Leveraging BRITACOM's Tax Certainty initiatives

Based on the experience of BRITACOM's Tax certainty group and with regards to the next two year Nur-Sultan Action Plan several initiatives could be considered such as:

- Establish an effective communication and coordination tool for APA.
- Facilitate coordination to develop tax treaty network between BRI jurisdictions.
- A BRI Compliance Assurance Program.





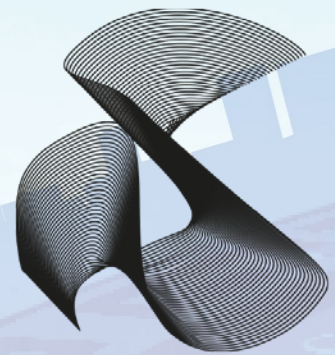
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Thank you



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To continue the conversation:

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