

# Plea to OECD: Make an Inclusive Process to Address Base Erosion and Profit Shifting for Tax Justice

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Concerns and Demands by likeminded Asian Civil Society Organizations on OECD's BEPS process, the Asia-Pacific Regional Network Meeting in Seoul February 13<sup>th</sup> 2015

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We, thirty-two civil society organizations (CSOs) across Asia, welcome the G20 OECD initiative to address the problems of Base Erosion and Profit Shifting (BEPS). Moreover, we appreciate the invitation for stakeholders' perspective at the Asia-Pacific Regional Network Meeting in Seoul. Receiving this invitation with a very short notice we are nevertheless concerned that civil society interests (especially from developing countries) might not be adequately represented. We recommend OECD to consider this prior to the evaluation of Seoul meeting.

We see the BEPS process as the first step towards creating a fairer and more effective international tax system and we like to point to the G20 countries' promise from St. Petersburg 2013 that "*developing countries should be able to reap the benefits of a more transparent international tax system*". Developing countries, however, are currently systematically deprived of tax revenue by corporate tax dodging, and subsequently lacking revenue to finance the schools, hospitals and roads they need. In light of this, as our major demands we ask G20 and OECD governments to:

1. Recognize the role of other bodies with wider international reach – such as the UN Committee Experts on International Co-operation in Tax Matters – where important discussions on the future of International tax rules are taking place and consider actively boosting the UN Tax Committee's mandate and status.
2. Acknowledge BEPS process is unlikely to produce results to ensure developing countries can adequately protect their tax bases. G20 and OECD should articulate a timeline for further reforms that will be needed after BEPS process is concluded and when negotiating such reforms developing countries (and importantly Least Developed Countries - LDCs) should be included as equal partners.
3. Carry out thorough and well-resourced 'spillover' analyses, looking at the negative impacts of their own tax rules on other countries, especially developing countries (as already carried out by the Netherlands and Ireland).
4. Issue a High Level Declaration committing to end beggar-thy-neighbor tax practices that allow low tax rates for multinationals and promote a race to the bottom in corporate taxation, and invite all states to adhere to this commitment.
5. Establish a mechanism to ensure that all tax authorities have direct access to the Master File of transfer pricing documentation along with the Country-by-Country Reports. Ideally, the latter should be published, as it should not contain commercially confidential information. Country-by-Country reports should be submitted directly by the multinational to the tax authority of every country where they have economic activities. The existing procedure allowing the report to be filed to the tax authority only by the parent company will make it difficult or impossible for the tax authority of many developing countries to have access, since they have few tax treaties and many are not parties to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Diffusion of these reports through tax treaty information exchange will be ineffective for most developing countries.
6. Ensure that all countries especially the developing ones can fully participate in an equal basis in the negotiation and conclusion of the Multilateral Instrument to implement the results of the BEPS process. The arrangements for the ad hoc Negotiating Group should facilitate participation of developing countries in its Plenary, as well as adequate representation in the Bureau and Working Parties of the Group.

Last but not the least, in a broader perspective, reform of the current BEPS process is needed in order to answer fundamental questions about the current international tax system, for instance: How can tax treaties divide taxing rights fairly between rich and poor countries? How can alternatives to the arms-length principle be developed, endorsed and promoted?

We believe these and other issues to be solved in order to restore the developing country states' fiscal power to impose taxes on multinational corporations effectively and to remove incentives to exploit international tax haven and offshore secrecy facilities.

## **Name of the organization and country**

### **Solidarity other than Asia:**

CEPO – South Sudan  
Fiscal Justice Network of Latin America and Caribbean  
Kairos Europe  
Kepa Finland  
Global Alliance for Tax Justice

### **Regional Networks:**

LDC Watch  
South Asia Alliance for Poverty Eradication – SAAPE  
South Asian Feminist Alliance for Economic, Social and Cultural Rights (SAFA)  
Asia Pacific Research Network

### **Bangladesh:**

Action Aid Bangladesh  
Bangladesh Krishok Federation  
Bangladesh Kishani Shova  
Equity and Justice Working Group Bangladesh - EquityBD  
Sushasoner Jonny Procharavizan – SUPRO  
VOICE

### **Cambodia:**

Peace Institute of Cambodia  
Ponlok Khemer (PKH)  
Youth For Peace (YFP)

### **India :**

Gramya Resource Centre for Women  
Partners in Change  
Praxis- Institute for Participatory Practices  
Programme on Women's Economic, Social and Cultural Rights (PWESCR)  
Public Advocacy Initiatives for Rights and Values in India (PARIVI)  
Center of Budget and Governance Analysis  
Indian Social Action Forum  
Indian National Defense Workers Federation

### **Indonesia :**

International NGO Forum on Indonesian Development – INFID  
Trade Union Rights Center

### **Nepal :**

Campaign for Climate Justice Nepal  
Human Rights Alliance Nepal  
INHURED International  
NGO Federation of Nepal  
Rural Reconstruction Nepal

### **Pakistan:**

Bhittai Social Watch and Advocacy (BSWA)

Manz Development Foundation  
Institute for Social & Economic Justice (ISEJ)  
Women In Struggle for Empowerment (WISE)  
Peace & Human Development Foundation: (PHDF)  
Pakistan Participatory Welfare Services (PWS)  
Action Aid Pakistan  
Anjuman Falah-e-Moashra  
Pakistan Fisherfolk Forum

**Srilanka :**

Movement for Land and Agriculture Reform - MONLAR  
National Fisheries Solidarity Movement

**Vietnam:**

Action Aid Vietnam  
The Centre for Sustainable Community Development (SCODE)

**Philippines**

Teachers Organizations of the Philippines Public Sector (TOPPS)  
Asia Pacific Research Network  
Public Services Labor Independent Confederation  
Basic Education Sector Teacher Federation  
Katipunars PSLINK