

A Fairer Global Tax System: Developing World and National Perspectives

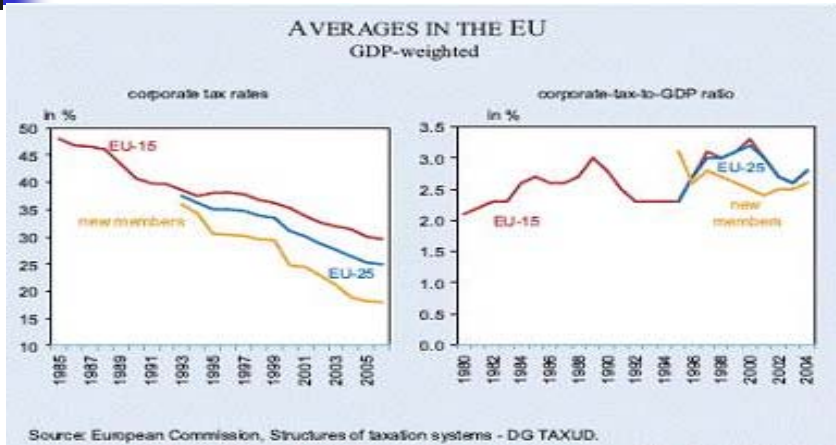
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Tax Consensus

- Low tax rates
- Transfer pricing
- Tax treaties



Tax competition



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Tax treaties

- Where two countries have the right to tax
- Home or host
- Withholding taxes



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Tax treaties



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Tax treaties: OECD or UN



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Transfer pricing

- Multinational companies trading with themselves
- Internal prices
- Who monitors it?



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Ireland's story

- Post colonial and peripheral *to*
- Celtic Tiger



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Why?

Many reasons,
but
mostly ...



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How Ireland used tax

- Tax rate was 50%
but
- 0% on exports
- 10% manufacturing
- Shannon and IFSC
- Attack from EU and OECD



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Second wave

- Needed to maintain treaties
- So 12½% for all
- **Unsustainable**
- “knowledge economy”
- R&D
- Intellectual property



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Developing countries

- Forced to compete
 - Inappropriate infrastructure
 - Power: state vs multinational
 - High personal taxes
 - More tax avoidance
 - Lower tax base
 - Enterprise neglected
 - Geographic inequality



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What Ireland should do

- SMEs
- Foster enterprise
- “*small is OK*”
- Link tax, trade and aid
- Think long term



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Lessons

- FDI's are short-term
- Think long-term!
- Tax/trade/aid



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For developing countries

- Negotiate hard
- Foster spillovers
- Multilateral treaties

- Don't repeat Ireland's mistakes



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What the world needs

- Exchange of information
- UN model treaties
- Tax part of CSR
- Country by country reporting
- Tax is international now



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 Any questions?

Thanks

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