Talking points

- Thank the IMF for the invitation and welcome the US endorsement of a global minimum tax. This is a historic opportunity to put end to race to the bottom and to raise significant revenues. A global agreement for 21% as now proposed by US administration would generate more than $200bn in additional revenue according to the latest research. This would go a long way to address estimated annual losses of tax avoidance by MNEs of $240bn.

- The time for bold decisions for the international community is now, like after the 2008 global financial crisis.

- Mention the work by ICRICT for several years now, as well as the "Financial Integrity for Sustainable Development" report of the UN Panel on Financial Integrity that was recently launched.

- This issue is important, not only to stop the "race to the bottom" but also the adverse distributive effect that the reduction of corporate income taxes has had by reducing the proportion of taxes paid by the super-rich, as an article in the NY times mentioned last week based on the work by Gabriel Zucman, a member of ICRICT.

- So, double distributive benefit: for resources to finance social policy, and to have a more redistribute tax system.

- And a third one: more resources for developing countries, which depend more heavily on corporate income taxes (16% vs. 8% for high-income countries). It is important that the additional revenue generated by the minimum is shared fairly, G-24 countries have called for priority in applying the rule to be given to source countries (many of them are), so the OECD needs to find an equitable formula.

- The evidence that reducing corporate tax rates encourages investment and growth is incorrect. The effects of the 2017 US tax reform is the best example that those effects are nil or at best minimal. The same holds true for countries like mine: example.

- The major pending questions
  - What is the appropriate tax rate? 25% for ICRICT, 20 to 30% by the UN Panel. Only a high threshold will deliver meaningful results and could be call a success.
  - It also needs to be high to really limit/close profit shifting opportunity. Colombia is 31%, only a minimum tax in the 20s can significantly disincentive profit shifting to 0 tax jurisdictions.
  - Should there be exceptions for benefits granted by developing countries to multinationals? Not in my view.

- Relation to capital gains, which has not been adequately dealt with in current negotiations. It is important to ensure minimum taxation of capital gains in the offshore indirect transfer, to ensure appropriate taxation in the country where the underlying asset is located.

- Same for personal income taxes and tax havens in general.

- Control of tax havens and low-tax jurisdictions within the EU (Luxemburg, Ireland and the Netherlands) should be one of the priorities of the EU itself.

- Countries need to review their tax treaties to ensure they make use of withholding taxes in line with best practice of other peer countries in the region. This is an area where revenue can be generated. An essential element should be allowing withholding taxes for distributed profits, and at a high rate when there are sent to firms or individuals located in tax havens or low-tax jurisdictions, or countries that do not join the OECD Inclusive Framework agreement.