BIAC Holds International Business Dialogue on BEPS with OECD

Paris, 28 March 2013 – The Business and Industry Advisory Committee (BIAC) organized an international business dialogue with the Organisation for Economic Cooperation and Development (OECD) on 26 March to discuss the 12 February OECD Report on Base Erosion and Profit Shifting (BEPS) and the future of cross-border taxation policies. The meeting was attended by business representatives, governments and the OECD. It addressed the international tax issues outlined in the OECD BEPS report relating to erosion of the tax base, jurisdiction to tax and transfer pricing.

Will Morris, Chairman of the BIAC Tax Committee, stated that “business greatly valued the opportunity to engage with the OECD and governments on these critical issues. Political and public pressure has raised these concerns up the agenda, and business is determined to engage constructively in the BEPS process in order to restore trust in the international tax system.”

Morris noted that while the current tax rules do still work in most areas, there are other areas where a re-examination of the rules is necessary, in particular where the substance and taxation of transactions has diverged. Morris pointed out that in the course of the day business had among other things:

- Acknowledged the importance of economic substance, and voiced support for OECD work on a common international definition;
- Suggested and offered to participate in an accelerated OECD business/government group to review the state of the law and business models in the digital sector;
- Voiced broad support for OECD consideration of uniform international rules on Controlled Foreign Companies (CFCs) and interest deductibility; and
- Offered to work on a business code of tax conduct as part of the BEPS agenda.

Morris said “I am proud of the way that business has stepped up to the plate here, and we look forward to working with governments in the implementation stage of the project. I firmly believe that the OECD is the right place for this examination to take place, with its capacity for rigorous analysis, ability to work with a very broad range of countries, and its strong track record as an international standard-setter in the area of tax. All of those factors mean that the OECD can reach multilateral solutions, and prevent potentially damaging, uncoordinated
unilateral action by individual countries. I am confident that the BEPS work will be able to deliver outcomes which protect countries’ tax bases while also preserving – and increasing – the ability of business to engage in cross-border trade and investment which will produce the jobs and growth that everyone wants.”

Pascal Saint-Amans, Director of the OECD Center for Tax Policies and Administration (CTPA), thanked BIAC for its “constructive engagement” in the BEPS project. Saint-Amans stated the need to eliminate both double tax and double non-taxation, and noted that the BEPS project aims to address concerns over the disconnect between location of substance and the location of taxable profits.

Mike Williams, Deputy Chair of the OECD Committee on Fiscal Affairs and Director of Business Tax at the UK Treasury thanked BIAC for organizing the day and emphasised that “the OECD’s mission is promoting cross border trade and investment. However, sustaining the elimination of double taxation will not be possible unless we also deal multilaterally with double non-taxation.”

The OECD is now working to develop a Global Action Plan for the BEPS project, which with approval by the OECD Committee on Fiscal Affairs, will be delivered to G20 Finance Ministers in July for their endorsement.

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