

The
G20 Research Group
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in the University of Toronto
presents the

2017 G20 Hamburg Summit Final Compliance Report

8 July 2017 to 30 October 2018

Prepared by
Sophie Barnett, Hélène Emorine and the G20 Research Group, Toronto,
and Irina Popova, Andrey Shelepov, Andrei Sakharov and Alexander Ignatov and the Center for
International Institutions Research
of the Russian Presidential Academy of National Economy and Public Administration, Moscow

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www.g20.utoronto.ca
g20@utoronto.ca

“The University of Toronto ... produced a detailed analysis to the extent of which each G20 country has met its commitments since the last summit ... I think this is important; we come to these summits, we make these commitments, we say we are going to do these things and it is important that there is an organisation that checks up on who has done what.”

— *David Cameron, Prime Minister, United Kingdom, at the 2012 Los Cabos Summit*

munkschool.utoronto.ca



At Trinity College
1 Devonshire Place
Toronto, ON
Canada M5S 3K7
T: 416.946.8900 F: 416.946.8915

At the Observatory
315 Bloor Street West
Toronto, ON
Canada M5S 0A7
T: 416.946.8929 F: 416.946.8877

At the Canadiana Gallery
14 Queen's Park Crescent West
Toronto, ON
Canada M5S 3K9
T: 416.978.5120 F: 416.978.5079

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9. Tax: Fair and Modern System

“We will continue our work for a globally fair and modern international tax system.”

G20 Hamburg Leaders’ Communiqué

Assessment

| | No Compliance | Partial Compliance | Full Compliance |
|----------------|---------------|--------------------|-----------------|
| Argentina | | | +1 |
| Australia | | | +1 |
| Brazil | | | +1 |
| Canada | | | +1 |
| China | | | +1 |
| France | | | +1 |
| Germany | | | +1 |
| India | | | +1 |
| Indonesia | | | +1 |
| Italy | | | +1 |
| Japan | | | +1 |
| Korea | | | +1 |
| Mexico | | | +1 |
| Russia | | | +1 |
| Saudi Arabia | | | +1 |
| South Africa | | 0 | |
| Turkey | | | +1 |
| United Kingdom | | | +1 |
| United States | | | +1 |
| European Union | | | +1 |
| Average | +0.95 | | |

Background

At the 2013 G20 St. Petersburg Summit, the G20 recognized for the first time that Base Erosion and Profit Shifting (BEPS) had a significant impact on global financial and economic health. BEPS refers to tax avoidance strategies that take advantage of mismatches in the international tax system to artificially shift profits to no-tax or low-tax jurisdictions⁴⁵³⁰. Since BEPS relies on discrepancies in the tax laws of different countries, there is no singular source that can be held responsible for these strategies. Perpetrated mainly by Multinational Enterprises (MNEs), BEPS is estimated to result in the loss of global tax revenue in the range of USD100 – 240 billion⁴⁵³¹. Thus, the Organisation for Economic Cooperation and Development (OECD) and G20 members sought to conduct the most substantial overhaul of international tax laws in a century⁴⁵³².

In 2013, G20 members commissioned the OECD to produce a report on BEPS. The initial report, “Addressing Base Erosion and Profit Shifting” revealed that a lack of coordination between different

⁴⁵³⁰ Background Brief : Inclusive Framework on BEPS, OECD (Paris) January 2017. Access Date: October 28 2017. <https://www.oecd.org/ctp/background-brief-inclusive-framework-for-beps-implementation.pdf>.

⁴⁵³¹ Background Brief : Inclusive Framework on BEPS, OECD (Paris) January 2017. Access Date: October 28 2017. <https://www.oecd.org/ctp/background-brief-inclusive-framework-for-beps-implementation.pdf>.

⁴⁵³² OECD/G20 Base Erosion and Profit Shifting Projects: 2015 Final Reports, OECD (Paris) 5 October 2015. Access Date: October 29 2017. <https://www.oecd.org/ctp/beps-reports-2015-information-brief.pdf>.

tax jurisdictions and lack of transparency were the two main drivers of BEPS⁴⁵³³. As a result of these findings, the OECD created the Action Plan on Base Erosion and Profit Shifting⁴⁵³⁴. The Action Plan was later developed into a more comprehensive set of reports called the BEPS package.

At the 2015 G20 Antalya Summit, the G20 endorsed the OECD's BEPS package.⁴⁵³⁵ The BEPS package consisted of 15 action items and three fundamental pillars: the introduction of coherence in domestic rules affecting cross-border activities, reinforcing substance requirements in international standards and improving transparency, and tax certainty for businesses⁴⁵³⁶. Additionally, the BEPS package set out four minimum standards, revised existing standards, and provided more guidance on best practices. Most notably, the BEPS package included the Common Reporting Standard (CRS), laying down the foundation for automatic exchange of financial information (AEOI) between countries.

On 30 June – 1 July 2016, the OECD Committee on Fiscal Affairs (CFA), the OECD's decision-making body for tax issues, held the first meeting on the Inclusive Framework on BEPS⁴⁵³⁷. The Inclusive Framework developed new standards to address any remaining BEPS issues, discussed a monitoring system to review implementation efforts, and provided toolkits to aid developing countries as they sought to implement the BEPS package⁴⁵³⁸.

At the 2016 G20 Hangzhou Summit, G20 members praised the progress made on BEPS and encouraged remaining relevant and interested parties to join the framework on equal footing⁴⁵³⁹. In particular, G20 members called for countries to begin implementing the standard for AEOI and to sign and ratify the Multilateral Convention on Mutual Administrative Assistance in Tax Matters⁴⁵⁴⁰. Notably, G20 members also asked the OECD to review the progress made by jurisdictions on tax transparency. This report was delivered at the 2017 G20 Finance Ministers Meeting in Baden-Baden, Germany.⁴⁵⁴¹

At the 2017 G20 Hamburg Summit, G20 members continued to focus on the implementation of BEPS measures, with the first AEOI scheduled for September 2017. At the time of the Summit, over 100 countries and jurisdictions had become a member of the Inclusive Framework⁴⁵⁴². The G20 members recognize that meeting AEOI targets is paramount in ensuring the overall success of the

⁴⁵³³ OECD/G20 Base Erosion and Profit Shifting Projects: 2015 Final Reports, OECD (Paris) 5 October 2015. Access Date: October 29 2017. <https://www.oecd.org/ctp/beps-reports-2015-information-brief.pdf>.

⁴⁵³⁴ OECD/G20 Base Erosion and Profit Shifting Projects: 2015 Final Reports, OECD (Paris) 5 October 2015. Access Date: October 29 2017. <https://www.oecd.org/ctp/beps-reports-2015-information-brief.pdf>.

⁴⁵³⁵ OECD and the G20, OECD (Paris) November 2015. Access Date: October 30 2017. <https://www.oecd.org/g20/summits/antalya/>.

⁴⁵³⁶ OECD/G20 Base Erosion and Profit Shifting Projects: 2015 Final Reports, OECD (Paris) 5 October 2015. Access Date: October 29 2017. <https://www.oecd.org/ctp/beps-reports-2015-information-brief.pdf>.

⁴⁵³⁷ Background Brief : Inclusive Framework on BEPS, OECD (Paris) January 2017. Access Date: October 28 2017. <https://www.oecd.org/ctp/background-brief-inclusive-framework-for-beps-implementation.pdf>.

⁴⁵³⁸ Background Brief : Inclusive Framework on BEPS, OECD (Paris) January 2017. Access Date: October 28 2017. <https://www.oecd.org/ctp/background-brief-inclusive-framework-for-beps-implementation.pdf>.

⁴⁵³⁹ G20 Leader's Communiqué: Hangzhou Summit, G20 (Hangzhou) 5 September 2016. Access Date: October 31 2016. <http://www.g20.utoronto.ca/2016/160905-communiqu.html>.

⁴⁵⁴⁰ G20 Leader's Communiqué: Hangzhou Summit, G20 (Hangzhou) 5 September 2016. Access Date: October 31 2016. <http://www.g20.utoronto.ca/2016/160905-communiqu.html>.

⁴⁵⁴¹ OECD Secretary-General Report to G20 Finance Ministers, OECD (Baden-Baden) March 2017. Access Date: October 31 2017. <http://www.oecd.org/tax/oecd-secretary-general-tax-report-g20-finance-ministers-march-2017.pdf>.

⁴⁵⁴² OECD Secretary-General Report to G20 Leaders, OECD (Hamburg) July 2017. Access Date: October 30 2017. <http://www.oecd.org/ctp/oecd-secretary-general-tax-report-g20-leaders-july-2017.pdf>.

implementation of the BEPS package and working towards a globally fair and modern international tax system.

Commitment Features

The G20 members committed to “continue our work for a globally fair and modern international tax system.” “To continue our work” is understood to mean that compliance with this commitment does not require new initiatives, but to continue to improve, expand, and implement existing projects and action items. Examples of continuing work includes expanding financial information exchange relationships, maintaining support for developing countries in their tax capacity building efforts, continuation of voluntary compliance mechanisms, and continued participation in the multilateral Convention on Mutual Administrative Assistance in Tax Matters.

“Globally fair and modern” is understood as international efforts to improve transparency between tax jurisdictions, close down loopholes, and stop MNEs from not paying taxes through tax treaty shopping and other treaty abuses. These efforts will mainly materialize through the implementation of the BEPS package and other related work. The four minimum standards of the BEPS package prioritize areas that will create negative spillovers if left unaddressed. The minimum standards are made up of four priority action items in the BEPS plan:

- Action 6: prevention of treaty shopping and other treaty abuses;
- Other examples of countries’ contributing to a globally fair and modern tax system include: implementation of the BEPS package with a focus on the four minimum standards, implementation of the Common Reporting Standard (CRS) through automatic exchange of financial account information (AEOI), and the development of defensive measures towards non-compliant tax jurisdictions.

“International tax system” is understood as the relationship between different tax jurisdictions around the world. Due to the possibility of negative spillover from national actions and the globalized nature of this commitment, cooperation between countries is key. Thus, compliance with this commitment necessitates strong relationships between G20 members and the rest of the world. The G20 member must act as an international actor through bilateral agreements, as members of international organizations (IOs), or as signatories of multilateral treaties.

To achieve full compliance, G20 members must continue their work for existing efforts towards a globally fair and modern international tax system on a national level and international level.

Scoring Guidelines

| | |
|----|--|
| -1 | Member does not continue their work for a globally fair and modern international tax system through national initiatives OR as an international actor. |
| 0 | Member continues their work for a globally fair and modern international tax system EITHER through national initiatives OR as an international actor. |
| +1 | Member continues their work for a globally fair and modern international system through national initiatives AND as an international actor. |

Lead Analyst: Tasnia Khan

Argentina: +1

Argentina has fully complied with its commitment to continue its work for a globally fair and modern international tax system.

On 21 July 2017, Argentina and Brazil signed a protocol amending the convention to avoid double taxation and prevent tax evasion on income taxes. This established previously non-existent limits on the level of taxation at source in specific categories of income, modified the method to avoid double

taxation on the Argentine side and included specific articles to deal with capital taxes. The protocol is in line with the commitments for the Organization for Economic Cooperation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Project under the G20. It also included a specific article to combat tax evasion and abuse of the agreement.⁴⁵⁴³

On 8 August 2017, Argentina signed a tax agreement with Brazil that would amend its existing tax and trade agreements to be more synchronized with the international standards required by the Inclusive Framework. Some of the treaty amendments including changes to address treaty abuse, Permanent Establishment status and dispute resolution.⁴⁵⁴⁴

On 14 October 2017, Argentina attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁵⁴⁵

On 20 September 2017, Argentina published General Resolution 4130-E in the Official Gazette, which addresses Action 13 of the BEPS project, implementing Country-By-Country (CbC) reporting on transfer and pricing documentation.⁴⁵⁴⁶

On 27-29 September 2017, as a member of the OECD, Argentina participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁵⁴⁷

On 15 November 2017, Argentina issued its draft tax reform bill, which includes a number of BEPS measures such as in Action 4, limiting base erosion involving interest deductions and other payments. Argentina imposes limits on the application of Action 4 recommendations may have on certain types of entities in the event that the respective creditor has effectively taxed the income in Argentina. ⁴⁵⁴⁸

On 15 November 2017, Argentina issued its draft tax reform bill, addressing Action 7 of the BEPS project by including provisions expanding the definition of a Permanent Establishment (PE) and

⁴⁵⁴³ Brasil e Argentina assinam protocolo que atualiza acordo para evitar dupla tributação, Ministério da Fazenda 25 July 2017. Access Date: 29 December 2017. <http://www.fazenda.gov.br/noticias/2017/julho/brasil-e-argentina-assinam-protocolo-que-atualiza-acordo-para-evitar-dupla-tributacao>.

⁴⁵⁴⁴ Argentina, Brazil agree on key tax treaty changes, Multinational Tax & Transfer Pricing News 8 August 2017. Access Date: 3 January 2018. <https://mnetax.com/argentina-brazil-agree-key-tax-treaty-changes-22666>.

⁴⁵⁴⁵ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁵⁴⁶ Argentina Includes BEPS Proposals in Draft Tax Reform Bill, Thomson Reuters: Tax and Accounting 22 November 2017. Access Date: 2 January 2018. <https://tax.thomsonreuters.com/blog/argentina-includes-beps-proposals-in-draft-tax-reform-bill/>.

⁴⁵⁴⁷ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁵⁴⁸ Argentina Enacts Law Clarifying BEPS Measures, Thomson Reuters: Tax and Accounting 4 January 2018. Access Date: 4 January 2018. <https://tax.thomsonreuters.com/blog/argentina-enacts-law-clarifying-beps-measures/>.

aligning it with the current international standards within the international framework of the project.⁴⁵⁴⁹

On 1 December 2017, Argentina released its statement for assuming the presidency of the next G20 Summit held in Buenos Aires, where it stated its commitment to continuing the previous work done and focus on the future of work, infrastructure for development, and a sustainable food future. The themes including measures such as continuing work towards a strong sustainable financial system and improve the fairness of the global tax system.⁴⁵⁵⁰

On 29 December 2017, Argentina published law 27430 in the official bulletin, with measures that are to be taken under the Base Erosion and Profit Sharing (BEPS) package. Article 217 allows taxpayers to request the conclusion of a “Joint Determination of Prices of International Operations” (DCPOI) with the Federal Administration of Public Revenues, which can be used to determine the prices, amounts of consideration or profit margins or international transactions.⁴⁵⁵¹

On 29 December 2017, Argentina published law 27430 in the official bulletin, with measures that are to be taken under the BEPS package such as adding a Value Added Tax (VAT) on digital services, including the supply and hosting of computer sites, supply of digitized products, remote maintenance and management, web and software services. Sanctions will be dependent on CbC reporting.⁴⁵⁵²

On 29 December 2017, Argentina published law 27430 in the official bulletin, of which, Article 192 imposes adjustable fines between USD4 200 to USD10 500 on Multinational Enterprises (MNE) that fail to report the authorities the identity of the ultimate parent group of the MNE. Fines will also be subject to a MNE’s failure to report the entity that will file the CbC report, indicating if it acts as the ultimate parent entity, surrogate entity or other group entity.⁴⁵⁵³

On 29 December 2017, Argentina published law 27430 in the official bulletin to implement a dispute resolution mechanism in line with the BEPS minimum standards. Article 207 requests to initiate a Mutual Agreement Procedure (MAP) that must be filed within three years from the day of the first notification causes or is likely to cause an imposition of tax not in accordance with a Double Tax Agreement (DTA) concluded by Argentina.⁴⁵⁵⁴

⁴⁵⁴⁹ Argentina Includes BEPS Proposals in Draft Tax Reform Bill, Thomson Reuters: Tax and Accounting 22 November 2017. Access Date: 2 January 2018. <https://tax.thomsonreuters.com/blog/argentina-includes-beps-proposals-in-draft-tax-reform-bill/>.

⁴⁵⁵⁰ Overview of Argentina’s G20 Presidency 2018: Building Consensus for Fair and Sustainable development (Buenos Aires) 1 December 2017. Access Date: 30 December 2017. <https://www.g20.org/en/overview-argentinas-g20-presidency-2018>.

⁴⁵⁵¹ Argentina Enacts Law Clarifying BEPS Measures, Thomson Reuters: Tax and Accounting 4 January 2018. Access Date: 4 January 2018. <https://tax.thomsonreuters.com/blog/argentina-enacts-law-clarifying-beps-measures/>.

⁴⁵⁵² Argentina Enacts Law Clarifying BEPS Measures, Thomson Reuters: Tax and Accounting 4 January 2018. Access Date: 4 January 2018. <https://tax.thomsonreuters.com/blog/argentina-enacts-law-clarifying-beps-measures/>.

⁴⁵⁵³ Argentina Enacts Law Clarifying BEPS Measures, Thomson Reuters: Tax and Accounting 4 January 2018. Access Date: 4 January 2018. <https://tax.thomsonreuters.com/blog/argentina-enacts-law-clarifying-beps-measures/>.

⁴⁵⁵⁴ Argentina Enacts Law Clarifying BEPS Measures, Thomson Reuters: Tax and Accounting 4 January 2018. Access Date: 4 January 2018. <https://tax.thomsonreuters.com/blog/argentina-enacts-law-clarifying-beps-measures/>.

On 1 January 2018, a tax income treaty signed by Argentina and Mexico came into effect after being signed a year earlier. The Double Taxation Treaty (DTT) will further connect and harmonize the tax schemes within both countries as in accordance of Action 2 of the BEPS of project.⁴⁵⁵⁵

Argentina has strengthened its own financial institutions and enacted legislations on improving or expanding its own taxing models to align further with international standards as set out by the International Framework and the BEPS project, as well as guidelines on how to prevent harmful mechanisms that will adversely affect Multinational Enterprises (MNEs) being taxed in several countries. Argentina has also continued to engage other countries in modernizing their tax systems alongside them, in addition to using the opportunity as the upcoming president of the G20 Summit to extend invites to a variety of countries.

Thus, Argentina receives a score of +1.

Analyst: Nasser Haidar

Australia: +1

Australia has fully complied with its commitment to continue its work for a globally fair and modern international tax system.

On 14 October 2017, Australia attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁵⁵⁶

On 27-29 September 2017, as a member of the OECD, Australia participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁵⁵⁷

On 24 November 2017, the Australian government released a draft legislation illustrating the implementation of the Organization for Economic Co-operation and Development's (OECD) hybrid mismatch rules.⁴⁵⁵⁸ "The rules are aimed at eliminating double non-taxation benefits from hybrid mismatch arrangements which exploit differences in the tax treatment of an entity or instrument under the laws of two or more tax jurisdictions."⁴⁵⁵⁹ The hybrid mismatch rules "will

⁴⁵⁵⁵ Mexico to enhance investment opportunities from Argentina and Spain through DTAs, International Tax Review 11 July 2017. Access Date: 30 December 2017. <http://www.internationaltaxreview.com/Article/3732846/Mexico-to-enhance-investment-opportunities-from-Argentina-and-Spain-through-DTAs.html>.

⁴⁵⁵⁶ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁵⁵⁷ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁵⁵⁸ Global Tax Update December 2017, PwC Australia, 1 December 2017. Access Date: 3 January 2018. <https://www.lexology.com/library/detail.aspx?g=76f0a69a-0bcf-4222-886e-c8b5157bb306>.

⁴⁵⁵⁹ Global Tax Update December 2017, PwC Australia, 1 December 2017. Access Date: 3 January 2018. <https://www.lexology.com/library/detail.aspx?g=76f0a69a-0bcf-4222-886e-c8b5157bb306>.

apply to payments made on or after the day six months following the date of Royal Assent, [therefore] the earliest likely start date will be in the second half of 2018.”⁴⁵⁶⁰

On 23 January 2018, the Australian government participated in the OECD’s pilot project, the International Compliance Assurance Program (ICAP) along with seven other countries. The ICAP is designed to use country-by-country reports to facilitate open engagement between participating countries. It aims to facilitate open dialogue between Multinational Enterprises and tax administrations with the view of improving tax certainty⁴⁵⁶¹.

On 8 February 2018, Australia released a draft law for public comment that would use the Multilateral Instrument (MLI) to amend approximately 30 of Australia’s treaties. The MLI would amend Australia’s existing tax treaties to address Base Erosion and Profit Shifting (BEPS) as laid out in the BEPS project⁴⁵⁶².

Australia has continued their work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, Australia receives a score of +1.

Analyst: Nadia Larocca

Brazil: +1

Brazil has fully complied with its commitment to continue its work for a globally fair and modern international tax system.

On 8 July 2017, Brazil announced tax simplification measures for companies and taxpayers. This is a part of the new phase of the Public Digital Bookkeeping System which is meant to unify the process of providing information and archiving of tax information and streamlines the work of companies, taxpayers and public agents.

On 21 July 2017, Brazil and Argentina signed a protocol amending the convention to avoid double taxation and prevent tax evasion on income taxes. This established previously non-existent limits on the level of taxation at source in specific categories of income, modified the method to avoid double taxation on the Argentine side and included specific articles to deal with capital taxes. The protocol is in line with the commitments for the Organization for Economic Cooperation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Project under the G20. It also included a specific article to combat tax evasion and abuse of the agreement.⁴⁵⁶³

⁴⁵⁶⁰ The Latest On BEPS — 4 December 2017, EY. Access Date: 3 January 2018.

<http://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---4-december-2017>.

⁴⁵⁶¹ Eight FTA members kick off multilateral tax risk assurance programme to provide early certainty for tax administrations and MNEs, 23 January 2018, OECD (Washington, DC). Access Date: 17 March 2018.

<http://www.oecd.org/tax/eight-fta-members-kick-off-multilateral-tax-risk-assurance-programme-to-provide-early-certainty-for-tax-administrations-and-mnes.htm>.

⁴⁵⁶² Australia releases draft law adopting BEPS MLI, seeks to amend 30 bilateral tax treaties, 8 February 2018. Access Date: 17 March 2018. <https://mnetax.com/australia-releases-draft-law-adopting-beps-ml-seeks-amend-30-bilateral-tax-treaties-25969>.

⁴⁵⁶³ Brasil e Argentina assinam protocolo que atualiza acordo para evitar dupla tributação, Ministério da Fazenda 25 July 2017. Access Date: 29 December 2017. <http://www.fazenda.gov.br/noticias/2017/julho/brasil-e-argentina-assinam-protocolo-que-atualiza-acordo-para-evitar-dupla-tributacao>.

On 31 July 2017, Brazil passed Executive Decree 9.115, the Convention to Avoid Double Taxation between Brazil and Russia. It is designed to avoid double taxation and prevent tax evasion with respect to income tax. This agreement makes the thirty-third agreement Brazil has to avoid double taxation and prevent tax evasion.⁴⁵⁶⁴

On 27-29 September 2017, as a member of the OECD, Brazil participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁵⁶⁵

On 8 August 2017, Brazil signed a tax agreement with Argentina that would amend its existing tax and trade agreements to be more synchronized with the international standards required by the Inclusive Framework. Some of the treaty amendments including changes to address treaty abuse, Permanent Establishment status and dispute resolution.⁴⁵⁶⁶

On 14 October 2017, Brazil attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁵⁶⁷

From 15-17 November 2017, Brazil participated in the 10th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purpose in Yaoundé, Cameroon.⁴⁵⁶⁸ Brazil was among six developed countries committed to helping six developing countries implement Automatic Exchange of Information. Australia is currently partnered with the Philippines to assist with its participation in Automatic Exchange of Information (AEOI).⁴⁵⁶⁹

On 5 December 2017, Brazil published Federal Decree No. 9219, the Convention to Avoid Double Taxation and Prevent Fiscal Evasion in Taxes Income between Brazil and India.⁴⁵⁷⁰

⁴⁵⁶⁴ Brasil e Argentina assinam protocolo que atualiza acordo para evitar dupla tributação, Ministério da Fazenda 25 July 2017. Access Date: 29 December 2017. <http://www.fazenda.gov.br/noticias/2017/julho/brasil-e-argentina-assinam-protocolo-que-atualiza-acordo-para-evitar-dupla-tributacao>.

⁴⁵⁶⁵ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁵⁶⁶ Argentina, Brazil agree on key tax treaty changes, Multinational Tax & Transfer Pricing News 8 August 2017. Access Date: 3 January 2018. <https://mnetax.com/argentina-brazil-agree-key-tax-treaty-changes-22666>.

⁴⁵⁶⁷ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁵⁶⁸ 10th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD (Yaoundé). 9 November 2017. Access Date: 26 November 2017. <http://www.oecd.org/tax/10th-meeting-of-the-global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-15-17-november-2017-in-yaounde-cameroon.htm>.

⁴⁵⁶⁹ Automatic Exchange of Information Implementation Report 2017, OECD (Paris) 17 November 2017. Access Date: 26 November 2017. <http://www.oecd.org/tax/transparency/reporting-on-the-implementation-of-the-AEOI-standard.pdf>.

⁴⁵⁷⁰ Convenção entre Brasil e Índia - Decreto Federal nº 9.219/2017, PwC Brasil 5 December 2017. Access Date: 15 January 2018. <https://www.pwc.com.br/pt/sinopse-legislativa/tributarias/convencao-entre-brasil-india-decreto-federal-9219-2017.html>.

On 28 February 2018, the Brazilian government partnered with the OECD to begin a 15 month work programme that addresses gaps in Brazil's current cross border tax practices and the OECD's standards. In particular, the work programme will examine the legal and administrative structure around Brazil's transfer pricing system⁴⁵⁷¹. The OECD Secretary-General Angel Gurría stated that "effective transfer pricing rules are critical for avoiding double taxation and ensuring that taxable profits are not artificially shifted away"⁴⁵⁷².

Brazil has continued their work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, Brazil receives a score of +1.

Analyst: Sonja Dobson

Canada: +1

Canada has fully complied with its commitment to continue its work for a globally fair and modern international tax system.

On 27-29 September 2017, as a member of the OECD, Canada participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁵⁷³

On 14 October 2017, Canada attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁵⁷⁴

On 16 October 2017, Canadian Prime Minister Justin Trudeau announced plans to reform the tax system. The proposal reduces taxes on small businesses from 10.5 per cent to nine per cent over a two-year period. The reforms will also seek to close loopholes that allow wealthy Canadians to evade tax by incorporating themselves as businesses.⁴⁵⁷⁵

On 3 November 2017, The Canadian Revenue Agency (CRA) announced in response to the Paradise Papers, the continuation of prosecutions from the Panama Papers and renewed efforts to collaborate

⁴⁵⁷¹ OECD and Brazil launch project to examine differences in cross-border tax rules, OECD (Paris) 28 January 2018. Access Date: 17 March 2018. <http://www.oecd.org/tax/oecd-and-brazil-launch-project-to-examine-differences-in-cross-border-tax-rules.htm>.

⁴⁵⁷² OECD and Brazil launch project to examine differences in cross-border tax rules, OECD (Paris) 28 January 2018. Access Date: 17 March 2018. <http://www.oecd.org/tax/oecd-and-brazil-launch-project-to-examine-differences-in-cross-border-tax-rules.htm>.

⁴⁵⁷³ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁵⁷⁴ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁵⁷⁵ "Liberals pledge to cut small business tax rate to 9% amid backlash over proposed tax reforms" CBC (Ottawa) 16 October 2017. Access Date: 30 January 2017. <http://www.cbc.ca/news/politics/small-business-tax-1.4356229>.

and share tax information to prevent this form of tax evasion. The CRA press release stated, “this work has delivered significant results and has laid the foundation for future collaborative work, including addressing other data leaks.”⁴⁵⁷⁶

On 13 December 2017, the Standing Senate Committee on National Finance recommended that the proposed changes to the tax code be withdrawn and instead the government should conduct a thorough review of the tax system “with the goal of reducing complexity, ensuring economic competitiveness, and enhancing overall fairness.”⁴⁵⁷⁷ The committee felt that the government had not adequately analyzed the potential economic and social impact of the proposed reforms, stating that “The government should take greater care in its approach to tax reform, in order to maintain, if not restore, trust in our tax system.”⁴⁵⁷⁸

On 14 December 2017, the government made changes to the proposed tax reforms regarding the practice of “income sprinkling,” or distributing wealth to reduce tax burdens. The changed proposal affected 5,000 fewer corporations under anti-income sprinkling efforts and the finance department stated, “the proposals provide greater certainty that the revised rules will not apply to individuals who make a meaningful contribution to a business.”⁴⁵⁷⁹

On 23 January 2018, the Canadian government participated in the OECD’s pilot project, the International Compliance Assurance Program (ICAP) along with seven other countries. The ICAP is designed to use country-by-country reports to facilitate open engagement between participating countries. It aims to facilitate open dialogue between Multinational Enterprises and tax administrations with the view of improving tax certainty⁴⁵⁸⁰.

On 31 January 2018, the Canadian government began the ratification process to ratify the OECD’s Multilateral Instrument (MLI). The MLI will amend up to 75 of Canada’s existing bilateral tax treaties to align with the OECD’s standards on Base Erosion and Profit Shifting (BEPS)⁴⁵⁸¹.

On 27 February 2018, the Canadian government released its federal budget along with a more detailed plan for tax reforms targeting passive investments inside private corporations. Companies that make between CAD 50,000 and 150,000 from passive investments per year will face a higher tax rate than small businesses on a portion of their income. Companies that make over CAD 150,000 in

⁴⁵⁷⁶ “Statement by the Canada Revenue Agency - Offshore financial structures” Canada Revenue Agency (Ottawa) 3 November 2017. Access Date: 30 January 2017. https://www.canada.ca/en/revenue-agency/news/2017/11/statement_by_thecanadarevenueagency-offshorefinancialstructures.html.

⁴⁵⁷⁷ “Fair, Simple, and Competitive Taxation: the Way Forward for Canada,” The Standing Senate Committee on National Finance (Ottawa) 13 December 2017. Access Date: 14 January 2018. https://www.sencanada.ca/content/sen/committee/421/NFFN/Reports/NFFN_Tax_Planning_24th_Report_e.pdf.

⁴⁵⁷⁸ “Fair, Simple, and Competitive Taxation: the Way Forward for Canada,” The Standing Senate Committee on National Finance (Ottawa) 13 December 2017. Access Date: 14 January 2018. https://www.sencanada.ca/content/sen/committee/421/NFFN/Reports/NFFN_Tax_Planning_24th_Report_e.pdf.

⁴⁵⁷⁹ “Canada Tweaks Business Tax Reform Amid Backlash” Reuters (Ottawa) 14 December 2017. Access Date: 13 January 2018. <https://www.reuters.com/article/us-canada-politics-finmin/canada-tweaks-business-tax-reform-amid-backlash-idUSKBN1E72K2>.

⁴⁵⁸⁰ Eight FTA members kick off multilateral tax risk assurance programme to provide early certainty for tax administrations and MNEs, 23 January 2018, OECD (Washington, DC). Access Date: 17 March 2018. <http://www.oecd.org/tax/eight-fta-members-kick-off-multilateral-tax-risk-assurance-programme-to-provide-early-certainty-for-tax-administrations-and-mnes.htm>.

⁴⁵⁸¹ Canada begins ratification process for multilateral tax convention to implement BEPS, Osler 7 February 2018. Access Date: 17 March 2018. https://www.osler.com/en/resources/regulations/2018/canada-begins-ratification-process-for-multilateral-tax-convention-to-implement-beps?utm_source=Mondaq&utm_medium=syndication&utm_campaign=View-Original.

passive investments will not be eligible for the small business tax rate.⁴⁵⁸² Canadian Finance Minister Bill Morneau stated that “We are changing the rules for 3 per cent of private corporations, because the wealthiest Canadians should not be able to use private corporations to pay less tax than the middle class.”⁴⁵⁸³

Canada has continued their work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, Canada receives a score of +1.

Analyst: Kelly Cholvat

China: +1

China has fully complied with its commitment to continue our work for a globally fair and modern international tax system.

On 27 July 2017, China signed the “BRICS Taxation Cooperation Memorandum” at “The Meeting of BRICS Heads of Tax Authorities 2017” hosted in China.⁴⁵⁸⁴ The meeting’s achievements include: building the institutional mechanism for taxation cooperation among BRICS members; meeting challenges together and enhancing awareness of implementing the international taxation results; reaching the consensus on the cooperation of taxation information exchange; making a commitment to elevate the efficiency of consultation procedure; designing the cooperation plan for building the tax administration capability; planning the path to tax policies and coordinated tax administration; making an appeal to increase taxation certainty; and construction of boosting tax experience sharing mechanism.⁴⁵⁸⁵ The Convention expects to work towards deepening the taxation cooperation among BRICS members, improve the economic governance of BRICS members, eliminate double taxation and prevent international tax evasion, and tax avoidance.⁴⁵⁸⁶

On 14 October 2017, China attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁵⁸⁷

On 26 September 2017, China and Kazakhstan signed a Memorandum of Understanding regarding “Tax Education and Training Cooperation” and discussed issues of building the multilateral cooperative mechanism for tax matters under the Belt and Road Initiative. Additionally, China and

⁴⁵⁸² “Federal budget highlights: Twelve things you need to know.” The Globe and Mail 27 February 2018. Access Date: 10 March 2018. <https://www.theglobeandmail.com/news/politics/2018-federal-budget-highlights/article38116231/>.

⁴⁵⁸³ “Federal budget fails to help Canadian businesses stay competitive, critics charge,” The Toronto Star 27 February 2018. Access Date: 10 March 2018. <https://www.thestar.com/news/canada/2018/02/27/federal-budget-fails-to-help-canadian-businesses-stay-competitive-critics-charge.html>.

⁴⁵⁸⁴ The Fifth Meeting of BRICS Heads of Tax Authorities Successfully Concluded with Fruitful Results, State Administration of Taxation (Beijing). 30 September 2017. Access Date: 15 January 2018. <http://www.chinatax.gov.cn/eng/n2367726/c2749556/content.html>.

⁴⁵⁸⁵ The Fifth Meeting of BRICS Heads of Tax Authorities Successfully Concluded with Fruitful Results, State Administration of Taxation (Beijing). 30 September 2017. Access Date: 15 January 2018. <http://www.chinatax.gov.cn/eng/n2367726/c2749556/content.html>.

⁴⁵⁸⁶ The Fifth Meeting of BRICS Heads of Tax Authorities Successfully Concluded with Fruitful Results, State Administration of Taxation (Beijing). 30 September 2017. Access Date: 15 January 2018. <http://www.chinatax.gov.cn/eng/n2367726/c2749556/content.html>.

⁴⁵⁸⁷ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

Kazakhstan discussed establishing the Tax Sub-Committee of the China-Kazakhstan Cooperation Committee to enhance tax capabilities.⁴⁵⁸⁸ This is in compliance with China's BEPS commitment by continuing work towards revising the taxation on business profits, expanding the extent of reduction of taxation on investment income, introducing measures for prevention of abuse of this Convention, arbitration proceedings in mutual agreement procedures and assistance in the collection of tax claims, and reinforcing the exchange of information concerning tax matters. It is expected that this Convention will work towards eliminating double taxation and preventing international tax evasion and tax avoidance.⁴⁵⁸⁹

On 27 September 2017, China and Kenya signed the "Double Tax Agreement."⁴⁵⁹⁰ The Agreement revises the taxation on business profits, expands the extent of reduction of taxation on investment income, introduces measures for prevention of abuse of this Convention, arbitration proceedings in mutual agreement procedures and assistance in the collection of tax claims, and reinforces the exchange of information concerning tax matters.⁴⁵⁹¹

On 27-29 September 2017, China as part of the 11th meeting of the Forum on Tax Administration (FTA) in Norway delivered a speech of "Adopting a Linked and Integrated Approach to Tax Administration Modernization" at the plenary meeting.⁴⁵⁹² The Chinese delegation stated its commitment towards continued integration of global cooperation on tax matters. This is not accompanied by formal action and is a restatement of China's intentions.⁴⁵⁹³

On 14 February 2018, China took part in the first meeting of the Global Conference of the Platform for Collaboration on Tax co-organized by the International Monetary Fund (IMF), the Organization for Economic Co-operation and Development (OECD) and the United Nations and the World Bank, aimed at strengthening global collaboration on tax and supporting developing countries in building their tax capacity.⁴⁵⁹⁴

China has continued their work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, China receives a score of +1.

Analyst: Martin Cheng and Hao Gui

⁴⁵⁸⁸ Wang Jun Visits the Committee of State Revenues of the Republic of Kazakhstan. State Administration of Taxation (Beijing). 30 September 2017. Access Date: 15 January 2018.

<http://www.chinatax.gov.cn/eng/n2367726/c2843632/content.html>.

⁴⁵⁸⁹ Wang Jun Visits the Committee of State Revenues of the Republic of Kazakhstan. State Administration of Taxation (Beijing). 30 September 2017. Access Date: 15 January 2018.

<http://www.chinatax.gov.cn/eng/n2367726/c2843632/content.html>.

⁴⁵⁹⁰ China, Kenya will eliminate double taxation, State Administration of Taxation (Beijing). 10 October 2017. Access Date: 15 January 2018. <http://www.chinatax.gov.cn/eng/n2367751/c2847400/content.html>.

⁴⁵⁹¹ China, Kenya will eliminate double taxation, State Administration of Taxation (Beijing). 10 October 2017. Access Date: 15 January 2018. <http://www.chinatax.gov.cn/eng/n2367751/c2847400/content.html>.

⁴⁵⁹² Adopting a Linked and Integrated Approach to Tax Administration, State Administration of Taxation (Beijing). 13 October 2017. Access Date: 9 March 2018. <http://www.chinatax.gov.cn/eng/n2367726/c2856340/content.html>.

⁴⁵⁹³ Adopting a Linked and Integrated Approach to Tax Administration, State Administration of Taxation (Beijing). 13 October 2017. Access Date: 9 March 2018. <http://www.chinatax.gov.cn/eng/n2367726/c2856340/content.html>.

⁴⁵⁹⁴ Implement the New Development Philosophy to Boost Sustainable Development, State Administration of Taxation (Beijing). 13 October 2017. Access Date: 9 March 2018. <http://www.chinatax.gov.cn/eng/n2367726/c3320479/content.html>.

France: +1

France has fully complied with its commitment to continue its work for a globally fair and modern international tax system.

On 7 August 2017, French Finance Minister Bruno Le Maire said that France is working with Germany and other partners to fix loopholes that have allowed U.S. tech giants such as Google, Apple, Facebook, and Amazon to minimize taxes and increase market share in Europe at the expense of European companies.⁴⁵⁹⁵

On 27-29 September 2017, as a member of the OECD, France participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁵⁹⁶

On 9 October 2017, the Minister of the Economy and Finance and the Secretary of State for Numérique signed three decrees, reinforcing the obligations of transparency and loyalty that digital platforms must respect. They will ensure that consumers will be able to access clearer, more objective and more transparent information. By the end of 2017 the platforms that enhance the content, goods or services offered by third parties must specify the search engine optimization and ranking criteria they use, the sites publishing consumer notice must specify if they were checked and according to what methodology, and the seats of collaborative economy and markets websites will provide essential information that can guide consumer choice. By the end of 2018 the most visited platforms, those with more than five million unique visitors per month, will be required to follow best practices in terms of clarity, transparency and loyalty, which should be available online.⁴⁵⁹⁷

On 10 October 2017, the French government commissioned three reports sent to Parliament for the implementation of withholding tax. They are intended to illuminate a transparent and objective reflection of national representation on the reform of levying tax on income and its implementation modalities. The first report concluded on the matter that the reform could not be implemented on 1 January 2018, without “a high risk of failure.” The second showed that the experiments also made it possible to detect difficulties that had not been previously identified and to design solutions. A third report describe what the alternative solutions operating procedures, implementation timeframes and their implications for taxpayers, revenue payers and the state might be.⁴⁵⁹⁸

⁴⁵⁹⁵ France and Germany Plan Tax Crackdown on U.S. Tech Giants, Bloomberg: Politics (Paris) 7 August 2017. Access Date: 26 February 2018.
<https://www.bloomberg.com/news/articles/2017-08-07/france-and-germany-plan-crackdown-on-tax-loopholes-used-by-apple>.

⁴⁵⁹⁶ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017.
<http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁵⁹⁷ Transparence des plateformes numériques : trois décrets renforcent la législation, The Portal of Economy, Finance, Action and Public Accounts 9 October 2017. Access Date: 24 November 2017.
<https://www.economie.gouv.fr/transparence-plateformes-numeriques-decrets-renforcent-legislation>.

⁴⁵⁹⁸ Prélèvement à la source : les rapports d'évaluation ont été remis au Parlement, The Portal of Economy, Finance, Action and Public Accounts 10 October 2017. Access Date: 24 November 2017.
<https://www.economie.gouv.fr/prelevement-a-source-remise-parlement-rapports-evaluation>.

On 14 October 2017, France attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁵⁹⁹

From 15-17 November 2017, France participated in the 10th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purpose in Yaoundé, Cameroon.⁴⁶⁰⁰ France was among 6 developed countries committed to helping six developing countries implement Automatic Exchange of Information. France is currently partnered with Morocco to assist with its participation in Automatic Exchange of Information (AEOI).⁴⁶⁰¹

On 4 December 2017, the French government published additional comments regarding the potential treatment of Country-by-Country Reporting (CbCR) requirements of French subsidiaries and branches of foreign multinationals, where the country of residence of the foreign multinational has not yet signed the automatic exchange of information agreement with France. The French government did report that if certain conditions are met there will be no CbCR penalties.⁴⁶⁰²

On 12 December 2017, Tracfin, the French anti-money laundering and anti-terrorist financing unit, presented its analysis report for 2016. This report highlighted the major contributions to fighting tax fraud through the strengthening of exchanges with the tax authorities. This is due to Tracfin's significant contribution to the recovery effort initiated since 2013, notably by strengthening exchanges with the tax authorities and by monitoring new forms of social contribution fraud via a collaborative economy.⁴⁶⁰³

On 17 January 2018, the French government presented a bill to the French senate to ratify the Multilateral Instrument (MLI)⁴⁶⁰⁴.

France has continued their work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, France receives a score of +1.

Analyst: Sonja Dobson

⁴⁵⁹⁹ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁶⁰⁰ 10th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD (Yaoundé). 9 November 2017. Access Date: 26 November 2017. <http://www.oecd.org/tax/10th-meeting-of-the-global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-15-17-november-2017-in-yaounde-cameroon.htm>.

⁴⁶⁰¹ Automatic Exchange of Information Implementation Report 2017, OECD 17 November 2017. Access Date: 26 November 2017. <http://www.oecd.org/tax/transparency/reporting-on-the-implementation-of-the-AEOI-standard.pdf>.

⁴⁶⁰² French Country-by-Country Reporting requirements may impact US multinational groups, EY 12 December 2017. Access Date: 15 January 2018. <http://www.ey.com/gl/en/services/tax/international-tax/alert--french-country-by-country-reporting-requirements-may-impact-us-multinational-groups>.

⁴⁶⁰³ Tracfin a présenté son rapport d'analyse 2016, Le portail de l'Économie, des Finances, de l'Action et des Comptes publics 12 December 2017. Access Date: 15 January 2017. <https://www.economie.gouv.fr/tracfin-presentation-rapport-analyse-2016-terrorisme-blanchiment>.

⁴⁶⁰⁴ The Latest on BEPS, EY 12 February 2018. Access Date: 17 March 2018. [http://www.ey.com/Publication/vwLUAssets/The_Latest_on_BEPS_-_12_February_2018/\\$FILE/2018G_00828-181Gbl_The Latest on BEPS - 12 February 2018.pdf](http://www.ey.com/Publication/vwLUAssets/The_Latest_on_BEPS_-_12_February_2018/$FILE/2018G_00828-181Gbl_The Latest on BEPS - 12 February 2018.pdf).

Germany: +1

Germany has fully complied with its commitment to continue to work for a globally fair and modern international tax system.

On 7 August 2017, French Finance Minister Bruno Le Maire said that France is working with Germany and other partners to fix loopholes that have allowed U.S. tech giants such as Google, Apple, Facebook, and Amazon to minimize taxes and increase market share in Europe at the expense of European companies.⁴⁶⁰⁵

On 27-29 September 2017, as a member of the OECD, Germany participated in the Forum on Tax Administration meeting in Oslo.⁴⁶⁰⁶ The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁶⁰⁷

On 7 February 2018, Germany's government signalled that it is ready to go beyond the OECD/G20 base erosion profit shifting (BEPS) plan agreements. Stating that they hope to ensure "fair taxation." The coalition also agreed to further combating "tax evasion, tax avoidance, unfair tax competition and money laundering efficiently and unbureaucratically on a national, European, and international level" with the new agreement⁴⁶⁰⁸

On 5 February 2018, Germany's government stated it wanted to end misuse of a property tax loophole and strengthen the financial sector after Brexit by making it easier for banks to hire and fire top managers⁴⁶⁰⁹

On 27 February 2018, German Chancellor Angela Merkel repeated the incoming governing coalition's pledge to the wide implementation of BEPS commitments, and the implementation of BEPS measures under the European Union Anti-Tax Avoidance Directive. This includes "strengthening anti-hybrid rules and introducing new controlled foreign company and interest

⁴⁶⁰⁵ France and Germany Plan Tax Crackdown on U.S. Tech Giants, Bloomberg: Politics (Paris) 7 August 2017. Access Date: 26 February 2018.

<https://www.bloomberg.com/news/articles/2017-08-07/france-and-germany-plan-crackdown-on-tax-loopholes-used-by-apple>.

⁴⁶⁰⁶ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁶⁰⁷ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁶⁰⁸ Germany's new government signals paradigm shift in international tax policy, MNE Tax (Berlin) 7 February 2018. Access Date: 10 March 2018.

<https://mnetax.com/germanys-new-government-signals-paradigm-shift-international-tax-policy-25958>.

⁴⁶⁰⁹ German would-be coalition partners want to close property tax loophole - paper, Reuters. 5 February 2018. Access Date: 26 February 2018.

<https://www.reuters.com/article/germany-politics-property-tax/german-would-be-coalition-partners-want-to-close-property-tax-loophole-paper-idUSB4N1NL01S>.

deduction rules”⁴⁶¹⁰. Additionally, she stated that Germany would pursue increased economic cooperation with France particularly in regard to corporate taxation, and introducing a common tax base at the EU level coupled with a minimum rate of corporate tax.

Germany has continued their work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, Germany receives a score of +1.

Analyst: Girish Sreevatsan

India: +1

India has fully complied with its commitment to continue its work for a globally fair and modern international tax system.

Throughout July 2017, the Central Board of Direct Taxes (CBDT) signed nine unilateral advance pricing agreements (APAs) with Indian taxpayers. The sectors covered include banking, education, pharmaceutical, oil and gas exploration, and information technology. The APAs signed in July are part of the Income Tax Act implemented in 2012, which is aimed at specifying methods of pricing and setting the prices of international transactions in advance.⁴⁶¹¹

On 14 October 2017, India attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁶¹²

On 7 November 2017, India notified the third protocol of three joint double taxation avoidance agreements (DTAAs) previously signed with New Zealand. The agreements established the avoidance of double taxation and the prevention of income tax evasion.⁴⁶¹³

On 10 November 2017, the Indian cabinet passed the Avoidance of Double Taxation and the Prevention of Fiscalization pact between India and Hong Kong. The Pact intends to expand informational exchange, curb double Taxation, and limit the flow of investment between the signatories. The cabinet also approved amending its joint double tax avoidance act with the Kyrgyz Republic. The aim of the amendment is to broaden informational exchanges between India and the Kyrgyz Republic such that India can use the information obtained from the Kyrgyz Republic for matters of law enforcement.⁴⁶¹⁴

⁴⁶¹⁰ Merkel Reiterates German Tax Pledge, Tax-News (Brussels) 27 February 2018. Access Date: 13 March 2018. https://www.tax-news.com/news/Merkel_Reiterates_German_Tax_Pledges_76434.html.

⁴⁶¹¹ Government Enters into 9 Unilateral APAs with Taxpayers in July, The Economic Times (Mumbai) 31 July 2017. Access Date: 25 November 2017. <https://economictimes.indiatimes.com/news/economy/policy/government-enters-into-9-unilateral-apas-with-taxpayers-in-july/articleshow/59847093.cms>.

⁴⁶¹² G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁶¹³ Notification of Third Protocol to the Convention Between Government of India and New Zealand, Central Board of Direct Taxes (New Delhi) 7 November 2017. Access Date: 25 November 2017. http://www.incometaxindia.gov.in/Lists/Press_Releases/Attachments/671/Press-Release-Notification-Third-Protocol-Convention-India-New-Zealand-7-11-2017.pdf.

⁴⁶¹⁴ Cabinet Okays Double Taxation Avoidance Pact with Hong Kong, The Hindu Business Line (Chennai) 10 November 2017. Access Date: 25 November 2017. <http://www.thehindubusinessline.com/economy/policy/cabinet-approves-dtaa-with-hong-kong/article9953273.ece>.

On 16 November 2017, India launched the National Anti-Profiteering Authority (APA), which prevents businesses from profiting from the transition to the GST program and to ensure that citizens receive their share of benefits from the GST reductions.⁴⁶¹⁵

On 22 November 2017, the Indian Ministry of Finance announced that India would be pursuing direct tax reform. As a part of the new direct tax program, a new ministry established task force was created with the mandate to produce a report on their findings regarding the restructuring of the direct tax system. In addition, they must also propose reforms for the current system. The ministry stated that the goal is to develop a model of direct taxation that follows International standards and addresses the economic needs of the country.⁴⁶¹⁶

On 27 November 2017, the CBDT announced that it would accept transfer pricing mutual agreement procedure (MAP) cases and bilateral advance pricing agreements when any tax treaty fails to include a clause similar to Article 9(2) of the OECD Model Tax Commentary. The CBDT stated that this provision would apply in such cases whereby an Indian enterprise or entity is resident in a country that shares with India a tax treaty, but to whom the tax treaty does not apply. This provision is intended to prevent double taxation in such cases.⁴⁶¹⁷

On 1 December 2017, the CBDT stated that it entered into 2 bilateral APAs during the month of November 2017. The bilateral agreements were entered in conjunction with the Netherlands and pertain to electronics and technology.⁴⁶¹⁸

On 29 December 2017, the CBDT released a statement indicating that they had entered into three APAs during the month of December 2017. The two unilateral agreements pertain to coal and insurance sectors, while the single bilateral agreement was signed in conjunction with the United Kingdom regarding the electronics sector. As of this date, the total number of unilateral agreements signed by the government is 173 and the total number of bilateral agreements is 16.⁴⁶¹⁹

On 6 January 2018, the CBDT announced that it would relax certain provisions relating to the levy of Minimum Alternate Tax (MAT) in the event that companies have filed and have had admitted by the Adjudicating Authority an application for corporate insolvency resolution. This is intended to

⁴⁶¹⁵ Union Cabinet Gives Nod to National Anti-Profiteering Authority Under GST, The Indian Express (Uttar Pradesh) 16 November 2017. Access Date: 25 November 2017. <http://indianexpress.com/article/india/union-cabinet-gives-nod-to-national-anti-profiteering-authority-under-gst-4940259/>.

⁴⁶¹⁶ India to Study Direct Tax Law Reform Options, Tax-News (Surrey) 24 November 2017. Access Date: 25 November 2017. https://www.tax-news.com/news/India_To_Study_Direct_Tax_Law_Reform_Options____75825.html.

⁴⁶¹⁷ India to Accept Transfer Pricing APA, MAP Applications Even if Corresponding Adjustment Treaty Provision Absent, MNE Tax, 27 November 2017. Access Date: 27 November 2017. <https://mnetax.com/india-accept-transfer-pricing-apa-map-applications-even-corresponding-adjustment-treaty-provision-absent-24809>.

⁴⁶¹⁸ Indian Advance Pricing Agreement Regime Moves Forward With the Signing of Two APAs by CBDT in November, 2017, Central Board of Direct Taxes (New Delhi) 1 December 2017. Access Date: 10 January 2018. <http://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/675/Press-Release-Indian-Advance-Pricing-Agreement-regime-moves-forward-1-12-2017.pdf>.

⁴⁶¹⁹ India Advance Pricing Agreement Regime Moves Forward with the Signing of Three APAs by CBDT in December, 2017, The Central Board of Direct Taxes (New Delhi) 29 December 2017. Access Date: 10 January 2017. <http://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/680/Press-Release-Indian-Advance-Pricing-Agreement-29-12-2017.pdf>.

minimize financial hardship faced by qualifying companies by reducing the amount of total loss through a MAT levy.⁴⁶²⁰

On 15 January 2018, the CBDT announced that India had signed an Inter-Governmental Agreement (IGA) with the United States of America under the Foreign Account Tax Compliance ACT (FACTA) in 2015. The purpose of the agreement is to enhance transparency and exchange of information between both countries by requiring their Reporting Financial Institutions (RFIs) to obtain the Tax Identity Number (TIN) of each reportable person in possession of a reportable account as of 30 June 2014. This IGA was implemented on 1 January 2017.⁴⁶²¹

On 15 January 2018, the CBDT announced that India had signed an IGA with the United States of America under the FACTA in 2015. The purpose of the agreement is to enhance transparency and exchange of information between both countries by requiring their Reporting Financial Institutions (RFIs) to obtain the TIN of each reportable person in possession of a reportable account as of 30 June 2014. This IGA was implemented on 1 January 2017.⁴⁶²²

On 1 February 2018, India released its Union Budget of 2018-2019 which included the Finance Bill of 2018. Contained within the Finance Bill are two key taxation propositions, one of which seeks to impose taxes upon income gathered from Indian consumers from corporations with a significant economic presence within India, regardless of whether or not the corporation resides within the country.⁴⁶²³ An additional amendment proposed in the Finance Bill of 2018 is the modification of Covered Tax Agreements (CTAs) to comply with the OECD's multilateral instrument (MLI) under the OECD's Base Erosion and Profit Sharing (BEPS) Actions. This amendment will affect India's tax treaties stipulated by the MLI where India's treaty cosignatories have also opted for BEPS recommendations in Article 12 of the MLI and have ratified the MLI under their domestic laws.⁴⁶²⁴

On 7 February 2018, the Union Cabinet approved the signing and ratification of a protocol amending a DTAA between India and China. The protocol updated the existing provisions for

⁴⁶²⁰ Relaxation in the Provisions Relating to Levy of Minimum Alternate Tax (MAT) in case of companies against whom an application for corporate insolvency Resolution Process Has been Admitted Under the Insolvency and Bankruptcy Code, 2016, Central Board of Direct Taxes (New Delhi) 6 January 2018. Access Date: 10 January 2018. [http://www.incometaxindia.gov.in/Lists/Press Releases/Attachments/681/Press-Release-Relaxation-provisions-relating-levy-MAT-8-1-2018.pdf](http://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/681/Press-Release-Relaxation-provisions-relating-levy-MAT-8-1-2018.pdf).

⁴⁶²¹ Reporting of U.S. Tax Identification Numbers (TINs) for Pre-Existing Accounts by Financial Institutions, Central Board of Direct Taxes (New Delhi) 15 January 2018. Access Date: 15 January 2018. [http://www.incometaxindia.gov.in/Lists/Press Releases/Attachments/685/Press-Release-Reporting-US-TINs-pre-existing-accounts-Financial-Institutions-15-1-2018.pdf](http://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/685/Press-Release-Reporting-US-TINs-pre-existing-accounts-Financial-Institutions-15-1-2018.pdf).

⁴⁶²² Reporting of U.S. Tax Identification Numbers (TINs) for Pre-Existing Accounts by Financial Institutions, Central Board of Direct Taxes (New Delhi) 15 January 2018. Access Date: 15 January 2018. [http://www.incometaxindia.gov.in/Lists/Press Releases/Attachments/685/Press-Release-Reporting-US-TINs-pre-existing-accounts-Financial-Institutions-15-1-2018.pdf](http://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/685/Press-Release-Reporting-US-TINs-pre-existing-accounts-Financial-Institutions-15-1-2018.pdf).

⁴⁶²³ Finance Ministry's Move under BEPS Treaty Will Impact Google, Facebook, Amazon, The Hindu Business Line (Chennai) 5 February 2018. Access Date: 10 March 2018. <https://www.thehindubusinessline.com/info-tech/digital-firms-with-big-presence-in-india-will-have-to-pay-taxes-here/article22661713.ece>.

⁴⁶²⁴ India to Sign Protocol to Amend Income Tax Treaty with China, Includes BEPS Measures, Thomson Reuters (Toronto) 22 February 2018. Access Date: 10 March 2018. <https://tax.thomsonreuters.com/blog/india-to-sign-protocol-to-amend-income-tax-treaty-with-china-includes-beps-measures/>.

exchange of information to comply with current international standards and will incorporate the minimum related standards under the Action reports of BEPS.⁴⁶²⁵

On 7 February 2018, the CBDT stated that they entered into five UAPAs and two BAPAs during the month of January 2018. The APAs address a variety of economic sectors including information technology, banking, insurance, and engineering and protects international transactions such as information technology enabled services, payment of royalty, sale of goods, and so on.⁴⁶²⁶

On 17 February 2018, the CBDT disclosed that India and Iran signed a joint DTAA with the purpose of expanding informational exchange between the signatories, increasing investment between Iran and India, preventing double taxation, and eliminating tax evasion and avoidance. The agreement meets minimum standards under the Base Erosion and Profit Shifting (BEPS) Project.⁴⁶²⁷

On 19 February 2018, India notified a revised version of the DTAA they had previously signed with Kenya. The initial agreement was signed and notified in 1985 and renegotiated and signed in 2016. This notification from 2018 pertains to the most recent version of the agreement from 2016. Several provisions within the agreement were revised and new provisions were also created, the most notable of which are as follows. Firstly, the agreement stipulates a reduction in withholding tax rates from 15 per cent to 10 per cent on dividends, from 15 per cent to 10 per cent on interest, from 20 per cent to 10 per cent on royalties and from 17.5 per cent to 10 per cent on fees for management, professional and technical services. Secondly, a new article was added to grant treaty benefits to residents of both countries, prevent treaty abuse by residents of a non-signatory country, and to enforce domestic law in cases of tax avoidance or evasion. Thirdly, the Article on Exchange of Information was updated to comply with international standards. Finally, the Article on Assistance in Collection of Taxes was added to bolster aid between the signatories in the collection of tax revenue claims.⁴⁶²⁸

India has continued their work for a globally fair and modern international system through national initiatives and as an international actor. Thus, India receives a score of +1.

Analyst: Alyssa Atef

Indonesia: +1

Indonesia has fully complied with its commitment to continue its work for a globally fair and modern international tax system.

⁴⁶²⁵ Cabinet Approves Signing and Ratification of Protocol Amending the Agreement between India and China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, Press Information Bureau – Government of India (New Delhi) 7 February 2018. Access Date: 9 March 2018. <http://pib.nic.in/newsite/printrelease.aspx?relid=176348>.

⁴⁶²⁶ Indian Advance Pricing Agreement regime moves forward with signing of five UAPAs and two BAPAs by CBDT in January, 2018, Central Board of Direct Taxes (New Delhi) 07 February 2018. Access Date: 2 March 2018. https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/688/PressRelease_Indian_Advance_Pricing_Agreement_regime_moves_forward-2018-7-2-2018.pdf.

⁴⁶²⁷ Signing of DTAA by India and Iran on 17th February, 2018, Central Board of Direct Taxes (New Delhi) 17 February 2018. Access Date: 2 March 2018. <https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/690/Press-Release-Signing-DTAA-India-Iran-17-February-2018-19-2-2018.pdf>.

⁴⁶²⁸ Revised Double Taxation Avoidance Agreement (DTAA) Between India and Kenya Notified, Central Board of Direct Taxes (New Delhi) 22 February 2018. Access Date: 2 March 2018. <https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/691/Press-Release-Revised-Double-Taxation-Avoidance-Agreement-22-2-2018.pdf>.

On 26 July 2017, the Indonesian government issued a new controlled foreign company regulation that issues a dividend tax on foreign companies controlled by Indonesians even if the companies are formed in tax heaven countries, forcing many Indonesians to sell their foreign shell companies.⁴⁶²⁹

On 27 July 2017, the Indonesian Parliament passed a regulation that gives the tax office access to information on accounts held at financial institutions, including banks and insurance companies. The tax office then shares the information with other tax authorities in compliance to Automatic Exchange of Information.⁴⁶³⁰

On 14 October 2017, Indonesia attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁶³¹

On 27-29 September 2017, Indonesia attended the 11th Meeting of the Organisation for Economic Co-operation and Development (OECD) Forum on Tax Administration in Oslo, Norway. The forum focused on supporting the international tax regime, improving compliance, and the future of international tax administration.⁴⁶³²

On 29 December 2017, Indonesia's Director General of Taxation Regulation No. 29/PJ/2017 (PER-29) came under effect. Providing regulations on Indonesian Country-by-Country reporting requirements to be more compliant with OECD standards.⁴⁶³³

By regulating domestic tax policy to complying with Automatic Exchange of Information and participating in the international tax regime. Indonesia is complying with its commitments as a domestic and international advocate for an effective global tax system.

Thus, Indonesia receives a score of +1.

Analyst: Collin Xia

Italy: +1

Italy has fully complied with its commitment to continue its work for a globally fair and modern international tax system.

On 27 September 2017, Italy and the United States signed a bilateral competent authority agreement. The agreement provides automatic exchange of country-by-country reports between the Italian and

⁴⁶²⁹ New regulation forces Indonesians to sell their foreign shell companies, The Jakarta Post (Jakarta). 2 October 2017. Access Date: 7 January 2018. <http://www.thejakartapost.com/news/2017/10/02/new-regulation-forces-indonesians-to-sell-their-foreign-shell-companies.html>.

⁴⁶³⁰ Indonesia passes law giving tax office access to financial data, Reuters. 27 July 2017. Access Date: 26 November 2017. <https://www.reuters.com/article/indonesia-tax-banks/indonesia-passes-law-giving-tax-office-access-to-financial-data-idUSJ9N1G1017>.

⁴⁶³¹ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁶³² Communiqué of the 11th Meeting of the OECD Forum on Tax Administration (FTA), OECD (Oslo). 29 September 2017. Access Date: 26 November 2017. <http://www.oecd.org/tax/forum-on-tax-administration/events/forum-on-tax-administration-communique-2017.pdf>.

⁴⁶³³ Indonesia releases implementing regulations on Country-by-Country Reporting, Ernst & Young Global Limited. 24 January 2018. Access Date: 7 March 2018. <http://www.ey.com/gl/en/services/tax/international-tax/alert--indonesia-releases-implementing-regulations-on-country-by-country-reporting>.

American tax authorities enabling Italian subsidiaries of American multinational groups from publishing separate country by country reports.⁴⁶³⁴

On 27-29 September 2017, Italian representatives attended the 11th Plenary meeting of the Organisation for Economic Cooperation and Development (OECD) Forum on Tax Administration. The Plenary focused on supporting the international tax agenda, improving compliance, and looking to the future of tax administration.⁴⁶³⁵

On 14 October 2017, Italy attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁶³⁶

On 31 October 2017, the government introduced a new format for the Italian tax return containing a new section to give the Italian revenue agency the basic information to comply with Country-by-Country (CbC) reports.⁴⁶³⁷

From 15-17 November 2017, Italy participated in the 10th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purpose in Yaoundé, Cameroon.⁴⁶³⁸ Italy was among 6 developed countries committed to helping six developing countries implement Automatic Exchange of Information. Italy is currently partnered with Albania to assist with its participation in Automatic Exchange of Information (AEOI).⁴⁶³⁹

On 28 November 2017, the Italian tax agency issued guidance no.275956 that created guidelines for implementing country-by-country reporting of firms in Italy. The guideline states that “companies and entities of a multinational enterprise group with consolidated turnover of EURO750 million or more per year starting from 1 January 2015” are required to submit a country-by-country report. The guideline details the information that must be included in the report, and requires entities to file the report in both English and Italian, to be submitted electronically by each entity’s respective deadline.⁴⁶⁴⁰

⁴⁶³⁴ Execution of the Italy-USA CAA on the Automatic Exchange of Country-by-Country Reports, KPMG. 3 November 2017. Access Date: 26 November 2017. http://kdocs.kpmg.it/marketing/KSA/0311_Execution_of_the_Italy_USA_CAA_on_the_Automatic_Exchange_of_Country-by-Country_Reports.pdf.

⁴⁶³⁵ Communiqué of the 11th Meeting of the OECD Forum on Tax Administration (FTA), OECD (Oslo). 29 September 2017. Access Date: 26 November 2017. <http://www.oecd.org/tax/forum-on-tax-administration/events/forum-on-tax-administration-communique-2017.pdf>.

⁴⁶³⁶ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁶³⁷ Italy, first round of CbCR implementation takes place, International Tax Review. 26 October 2017. Access Date 26 November 2017. <http://www.internationaltaxreview.com/Article/3762399/Italy-Country-Briefing/Italy-First-round-of-CbCR-implementation-takes-place.html>.

⁴⁶³⁸ 10th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD (Yaoundé). 9 November 2017. Access Date: 26 November 2017. <http://www.oecd.org/tax/10th-meeting-of-the-global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-15-17-november-2017-in-yaounde-cameroon.htm>.

⁴⁶³⁹ Automatic Exchange of Information Implementation Report 2017, OECD 17 November 2017. Access Date: 26 November 2017. <http://www.oecd.org/tax/transparency/reporting-on-the-implementation-of-the-AEOI-standard.pdf>.

⁴⁶⁴⁰ Italy: Implementing guidelines for country-by-country reports, KPMG. 1 December 2017. Access Date: 7 January 2018. <https://home.kpmg.com/xx/en/home/insights/2017/12/tnf-italy-implementing-guidelines-for-country-by-country-reports.html>.

On 28 November 2017, a decree by the Italian government provided amendments to the Italian Patent Box regime. The purpose of the amendments is to align the Italian Patent box regime with the OECD nexus approach recommended in Base Erosion and Profit Sharing (BEPS) Action 5.⁴⁶⁴¹

On 11 December 2017, Fabrizia Lapecorella, the Director of the Italian Finance Department, announced that professionals are required to report tax evasion schemes that they built as well as its beneficiaries to the tax authorities.⁴⁶⁴²

On 15 December 2017, the second batch of OECD peer review reports on the implementation of the BEPS Minimum Standards under Action 14 were released. The report concluded that Italy met most of the components of Action 14 Minimum Standards.⁴⁶⁴³

On 23 December 2017, the Italian Parliament approved the 2018 Budget Law with a new “Tax on digital transactions,” which includes a new definition of permanent establishment more in line with OECD BEPS Action 7.⁴⁶⁴⁴

On 23 January 2018, Italy participated in the International Compliance Assurance Programme pilot (ICAP) led by the OECD forum on Tax Administration. The ICAP is a voluntary program that will use Country-by-Country reports and other tax document to allow multinational enterprises and tax administrations to engage in transparent discussion on tax risks. The ICAP is a step towards multilateral approach to tax administration.⁴⁶⁴⁵

On 21 February 2018, the Italian Ministry of Economy and Finance launched a public consultation on the application of domestic transfer pricing provisions. Its purpose is to clarify possible “controversial interpretations during a tax audit,” in order to comply with the OECD standards.⁴⁶⁴⁶

Through domestic tax reforms and considerable international involvement on tax administration, Italy has complied with its commitment to a just and efficient global tax system.

Thus, Italy receives a score of +1.

Analyst: Collin Xia

⁴⁶⁴¹ The Latest on BEPS, Ernst & Young Global Limited. 2 January 2018. Access Date: 7 January 2018. <http://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---2-january-2018>.

⁴⁶⁴² Fisco: professionisti obbligati a denunciare evasion, Milano Finanza (Milan). 13 December 2017. Access Date: 7 January 2018. <https://www.milanofinanza.it/news/fisco-professionisti-obbligati-a-denunciare-evasioni-italia-oggi-201712130900001470>.

⁴⁶⁴³ The Latest on BEPS, Ernst & Young Global Limited. 2 January 2018. Access Date: 7 January 2018. <http://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---2-january-2018>.

⁴⁶⁴⁴ Italy enacts Web Tax and new PE definition, Ernst & Young Global Limited. 29 December 2017. Access Date: 7 March 2018. <http://www.ey.com/gl/en/services/tax/international-tax/alert--italy-enacts-web-tax-and-new-pe-definition>.

⁴⁶⁴⁵ OECD launches International Compliance Assurance Programme Pilot, Ernst & Young Global Limited. 26 January 2018. Access Date: 7 March 2018. <http://www.ey.com/gl/en/services/tax/international-tax/alert--oecd-launches-international-compliance-assurance-programme-pilot>.

⁴⁶⁴⁶ Italy launches public consultation regarding implementation measures for transfer pricing provisions, Ernst & Young Global Limited. 2 March 2018. Access Date: 7 March 2018. <http://www.ey.com/gl/en/services/tax/international-tax/alert--italy-launches-public-consultation-regarding-implementation-measures-for-transfer-pricing-provisions>.

Japan: +1

Japan has fully complied with its commitment to continue our work for a globally fair and modern international tax system.

On 13 July 2017, Japan and Lithuania signed the Convention between Japan and the Republic of Lithuania for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance.⁴⁶⁴⁷ The Convention aims to eliminate double taxation and prevent international tax evasion and tax avoidance.⁴⁶⁴⁸

On 26 July 2017, Japan and Slovenia completed mutual notifications necessary for the entry into force of Convention between Japan and the Republic of Slovenia for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance.⁴⁶⁴⁹ The Convention aims to eliminate double taxation and prevent international tax evasion and tax avoidance.⁴⁶⁵⁰

On 30 August, 2017, Japan and Estonia signed the Convention between Japan and the Republic of Estonia for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance.⁴⁶⁵¹ The Convention aims to eliminate double taxation and prevent international tax evasion and tax avoidance.⁴⁶⁵²

On 1 September 2017, Japan released a “Guidance for Taxpayers on the Mutual Agreement Procedure (Q&A)” to provide guidance to taxpayers required by the recommendation of the BEPS commitment.⁴⁶⁵³

On 7 September 2017, Japan and Russia signed the Convention between the Government of Japan and the Government of the Russian Federation for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance.⁴⁶⁵⁴

On 27-29 September 2017, as a member of the OECD, Japan participated in the Forum on Tax Administration meeting in Oslo.⁴⁶⁵⁵ The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax

⁴⁶⁴⁷ New Tax Convention with Denmark was Signed, Ministry of Finance (Tokyo). 13 July 2017. Access Date: 25 November 2017. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20171011dk.htm.

⁴⁶⁴⁸ New Tax Convention with Denmark was Signed, Ministry of Finance (Tokyo). 13 July 2017. Access Date: 25 November 2017. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20171011dk.htm.

⁴⁶⁴⁹ Tax Convention with Slovenia will Enter into Force, Ministry of Finance (Tokyo). 26 July 2017. Access Date: 25 November 2017. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20170726si.htm.

⁴⁶⁵⁰ Tax Convention with Slovenia will Enter into Force, Ministry of Finance (Tokyo). 26 July 2017. Access Date: 25 November 2017. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20170726si.htm.

⁴⁶⁵¹ Tax Convention with Estonia was Signed, Ministry of Finance (Tokyo). 30 August 2017. Access Date: 25 November 2017. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20170830ee.htm.

⁴⁶⁵² Tax Convention with Estonia was Signed, Ministry of Finance (Tokyo). 30 August 2017. Access Date: 25 November 2017. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20170830ee.htm.

⁴⁶⁵³ Guidance for Taxpayers on the Mutual Agreement Procedure (Q&A), National Tax Agency (Tokyo). September 2017. Access Date: 25 November 2017. http://www.nta.go.jp/foreign_language/03.pdf.

⁴⁶⁵⁴ New Tax Convention with Russia was Signed, Ministry of Finance (Tokyo). 7 September 2017. Access Date 25 November 2017. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20170907ru.htm.

⁴⁶⁵⁵ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁶⁵⁶

On 11 October 2017, Japan and Denmark signed the Convention between Japan and the Kingdom of Denmark for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance.⁴⁶⁵⁷

On 14 October 2017, Japan attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁶⁵⁸

On 21 December 2017, Japan and the Republic of Colombia agreed on principle to a tax convention which includes provisions for the purposes of clarifying the scope of taxation in the two countries, eliminating international double taxation and, preventing tax evasion and avoidance.⁴⁶⁵⁹

On 15 January 2018, Japan and Iceland signed the “Convention between Japan and Iceland for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance.”⁴⁶⁶⁰

On 23 January 2018, the Japanese government participated in the Organisation for Economic Cooperation and Development (OECD)’s pilot project, the International Compliance Assurance Program (ICAP) along with seven other countries. The ICAP is designed to use country-by-country reports to facilitate open engagement between participating countries. It aims to facilitate open dialogue between Multinational Enterprises and tax administrations with the view of improving tax certainty⁴⁶⁶¹.

Japan has continued their work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, Japan receives a score of +1.

Analyst: Martin Cheng and Hao Gui

⁴⁶⁵⁶ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁶⁵⁷ New Tax Convention with Denmark was Signed, Ministry of Finance (Tokyo). 11 October 2017. Access Date: 25 November 2017. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20170714lt.htm.

⁴⁶⁵⁸ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁶⁵⁹ Agreement in Principle on Tax Convention between Japan and the Republic of Colombia, Ministry of Finance (Tokyo). 21 December 2017. Access Date: 15 January 2017. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20171221co.htm.

⁴⁶⁶⁰ Signing of the Tax Convention between Japan and Iceland, Ministry of Foreign Affairs (Tokyo). 16 January 2018. Access Date: 15 January 2018. http://www.mofa.go.jp/press/release/press4e_001867.html.

⁴⁶⁶¹ Eight FTA members kick off multilateral tax risk assurance programme to provide early certainty for tax administrations and MNEs, 23 January 2018, OECD (Washington, DC). Access Date: 17 March 2018. <http://www.oecd.org/tax/eight-fta-members-kick-off-multilateral-tax-risk-assurance-programme-to-provide-early-certainty-for-tax-administrations-and-mnes.htm>.

Korea: +1

Korea has fully complied with its commitment to continue its work for a globally fair and modern international tax system.

On 20 July 2017, Deputy Prime Minister Kim Dong-yeon emphasized the need for tax increase to finance goals of the new administration at the second Ministerial Meeting.⁴⁶⁶²

On 2 August 2017, the South Korean Finance Ministry announced a series of tax rate increases aimed at increasing the rate of taxation for the country's top earners. Under this proposition, the corporate tax rate will rise from 22 per cent to 25 per cent for corporations who earn 200 billion won or more and the income tax rate will rise from 38 per cent to 40 per cent for taxpayers who earn between KRW300 million (approximately USD276,000) - KRW500 million (approx. USD460,000) and from 40 per cent to 42 per cent for taxpayers who earn 500 million won or more. Additional tax revenues are estimated to generate 5.5 trillion won (approx. USD4.9 billion) per year and will be allocated for job creation and financial support for small businesses.⁴⁶⁶³

On 27-29 September 2017, as a member of the OECD, Korea participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁶⁶⁴

On 14 October 2017, Deputy Prime Minister Kim Dong-yeon attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation. The Deputy Prime Minister urged that the G20 should be the leading example of strengthening the global financial safety net.⁴⁶⁶⁵

On 2 November 2017, Deputy Prime Minister Kim Dong-yeon led an Extended Ministerial Meeting on the economy, during which they discussed the government's plan to bolster investment by diversifying tax incentives for start-ups, reintroduce tax exemptions for gains earned through stock options, increase tax exemptions for employee stock ownership, and grant tax incentives for start-up investments.⁴⁶⁶⁶

On 11 December 2017, Deputy Prime Minister Kim Dong-yeon led an Extended Ministerial Meeting on the economy, during which the government reaffirmed their commitment to grow the economy

⁴⁶⁶² 2nd Ministerial Meeting on Economy, Ministry of Finance and Strategy (Seoul) 20 July 2017. Access Date: 27 November 2017. <http://english.mosf.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4338>.

⁴⁶⁶³ Tax Revision bill, 2017, 2017 Revision Focuses on Job Creation and Distribution, Ministry of Finance and Strategy (Seoul) 2 August 2017. Access Date: 27 November 2017.

⁴⁶⁶⁴ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁶⁶⁵ Deputy Prime Minister Kim Attends G20 Finance Ministers Meeting and IMF/WB Annual Meetings, International Finance Bureau - Multilateral Financial Cooperation Division (Seoul), 14 October 2017. Access Date: 27 November 2017. <http://english.mosf.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4380>.

⁴⁶⁶⁶ Extended Ministerial Meeting on the Economy, Policy Coordination Bureau - General Policy Coordination Division (Seoul) 2 November 2017. Access Date: 27 November 2017. <http://english.mosf.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4386>.

through the implementation of innovative policies that includes policies regarding taxation revision.⁴⁶⁶⁷

On 29 December 2017, the Economic Policy Bureau released the framework for their 2018 economic policies, which include such taxation policies as introducing tax breaks for small and medium enterprises that increase their rate of hiring, imposing taxes on rental income, revising property taxes, and granting tax incentives for private pension plans. These policies are intended to promote job creation and create an overall fairer system of national taxation.⁴⁶⁶⁸

On 8 January 2017, the Tax and Customs Office released a set of revised tax decrees. Such revisions included broadening the angel investment tax incentives from 30 per cent to 100 per cent for income tax deduction, enlarging capital gains tax imposed on large shareholders, expanding tax credit for insurance costs, broadening capital gains taxes on non-resident shareholders, reintroducing the value added tax (VAT) return for tourist accommodation expenses, and so on. ⁴⁶⁶⁹

On 7 February 2018, Deputy Prime Minister Dong-yeon Kim held a “Growth Through Innovation” meeting, during which he announced that the government will expand research and development (R&D) tax incentives from its current application of 19 services to almost all services. This measure is a part of the Korean government’s plan to grow regulatory innovation and increase their long-term investment in R&D.⁴⁶⁷⁰

On 8 March 2018, Seng-hee Han, commissioner of the National Tax Services, promised to exclude start-ups and small companies from tax audits on the condition that they create new jobs and improve the existing tax payment system by implementing a new administrative system based on big data and mobile electronic payment.⁴⁶⁷¹

On 9 March 2018, Deputy Prime Minister Dong-yeon Kim led the fourth Ministerial Meeting on the Economy of the year. During the meeting, they discussed providing tax incentives and considering future tax revisions as a part of a comprehensive plan to create jobs for young adults and respond to shrinking job markets.

Korea has continued their work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, Korea receives a score of +1.

Analyst: Alyssa Atef

⁴⁶⁶⁷ 2nd Extended Ministerial Meeting on the Economy, Policy Coordination Bureau – General Policy Coordination Division (Seoul) 11 December 2017. Access Date: 10 January 2018.

<http://english.mosf.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4409>.

⁴⁶⁶⁸ 2018 Economic Policies, Economic Policy Bureau – Economic Policy Division (Seoul) 29 December 2017. Access Date: 10 January 2018. <http://english.mosf.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4418>.

⁴⁶⁶⁹ Revision to 2017 Tax Enforcement Decree, Tax and Customs Office – Tax Policy Division (Seoul) 8 January 2018. Access Date: 10 January 2018. <http://english.mosf.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4420>.

⁴⁶⁷⁰ Government to Work on Regulatory Innovation, Policy Coordination Bureau – General Policy Coordination (Seoul) 8 February 2018. Access Date: 22 February 2018.

<http://english.mosf.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4436>.

⁴⁶⁷¹ (LEA)D S. Korea to Minimize Tax Probe on Smaller Firms, Yonhap News Agency (Seoul) 8 March 2018. Access Date: 9 March 2018. <http://english.yonhapnews.co.kr/business/2018/03/08/0502000000AEN20180308003951320.html>.

Mexico: +1

Mexico has fully complied with its commitments to work towards a globally fair and modern international tax system.

On 27-29 September 2017, as a member of the OECD, Mexico participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁶⁷²

On 29 September 2017, the Mexican government decreed the creation of a series of Special Economic Zones in Puerto Chiapas, Coatzacoalcos, and Lazaro Cardenas – La Union. In these areas, income tax and value added tax (VAT) will be drastically reduced. Additionally, there will be temporary changes to the customs regime (for up to 60 months) that will not require duties to be paid in many circumstances.⁴⁶⁷³

On 14 October 2017, Mexico attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁶⁷⁴

On 6 November 2017, in response to the release of the Paradise Papers on 5 November 2017, the Servicio de Administración Tributaria (SAT) announced that they would investigate the possible use of companies established with the purpose of allowing people to evade tax.⁴⁶⁷⁵

On 22 December 2017, the Mexican government announced that it would evaluate the possibility of proposing a series of tax reforms in response to the tax reforms passed in the United States in early December.⁴⁶⁷⁶

On 1 January 2018, a tax income treaty signed by Mexico and Argentina came into effect after being signed a year earlier. The Double Taxation Treaty (DTT) will further connect and harmonize the tax schemes within both countries as in accordance of Action 2 of the BEPS of project.⁴⁶⁷⁷

⁴⁶⁷² Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁶⁷³ "Declaration of Special Economic Zones ("SEZs")" Lexology 12 October 2017. Access Date: 30 January 2017. <https://www.lexology.com/library/detail.aspx?g=c11cc824-0695-42b9-b692-845a58867bd3>.

⁴⁶⁷⁴ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁶⁷⁵ "Procederá SAT Conforme a Disposiciones Fiscales con Relación a Contribuyentes Señalados en Investigación Paradise Papers" Servicio de Administración Tributaria 6 November 2017. Access Date: 30 January 2017. <https://www.gob.mx/sat/prensa/procedera-sat-conforme-a-disposiciones-fiscales-con-relacion-a-contribuyentes-senalados-en-investigacion-paradise-papers?idiom=es>.

⁴⁶⁷⁶ "Mexico to review need for tax changes after U.S. reform-document" Reuters (Mexico City) 23 December 2017. Access Date: 14 January 2018. <https://www.reuters.com/article/us-usa-tax-mexico/mexico-to-review-need-for-tax-changes-after-u-s-reform-document-idUSKBN1EG2AN>.

Mexico has continued their work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, Mexico receives a score of +1.

Analyst: Kelly Cholvat

Russia: +1

Russia has fully complied with its commitment to continue its work for a globally fair and modern international tax system.

On 7 June 2017, Russia signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI and BEPS, respectively). Signing on to this convention and the BEPS project will significantly close loopholes in thousands of Double Tax Treaties (DTTs) worldwide. The modifications are expecting to enter into force in 2018, pending the ratification of the Russian government.⁴⁶⁷⁸

On 7 September 2017, Russia and Japan signed the Convention between the Government of Japan and the Government of the Russian Federation for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance.⁴⁶⁷⁹

On 27-29 September 2017, as a member of the OECD, Russia participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁶⁸⁰

On 14 October 2017, Russia attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁶⁸¹

On 28 November 2017, Russia published Federal Law No. 340-FZ, which implements the recommendation of BEPS Action 13 pertaining to documentation requirements, such as Country-by-Country (CbC) reporting. The measures will be included in Article 105.16 of the Russian Tax Code

⁴⁶⁷⁷ Mexico to enhance investment opportunities from Argentina and Spain through DTAs, International Tax Review 11 July 2017. Access Date: 30 December 2017. <http://www.internationaltaxreview.com/Article/3732846/Mexico-to-enhance-investment-opportunities-from-Argentina-and-Spain-through-DTAs.html>.

⁴⁶⁷⁸ OECD BEPS: Russia signed the multilateral instrument, Baker McKenzie 30 June 2017. Access Date: 30 December 2017. <http://www.bakermckenzie.com/en/insight/publications/2017/06/oecd-beps-russia-multilateral-instrument/>.

⁴⁶⁷⁹ New Tax Convention with Russia was Signed, Ministry of Finance (Tokyo). 7 September 2017. Access Date: 25 November 2017. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20170907ru.htm.

⁴⁶⁸⁰ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁶⁸¹ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

and will assist in Action 13's purpose of providing transparency on transfer pricing documentation. Failure to comply with a specified deadline for reporting will be punishable by a USD1750 fine.⁴⁶⁸²

Russia has continued its work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, Russia receives a score of +1.

Analyst: Nasser Haidar

Saudi Arabia: +1

Saudi Arabia has fully complied with its commitment to continue to work for a globally fair and modern international tax.

On 19 July 2017, the General Authority of Zakat and Tax (GAZT) published a draft of implementing regulations for the new VAT law on its website. The GAZT is a government agency linked to Saudi Arabia's Ministry of Finance. GAZT intended this publication to be used for public consultation purposes in order to improve communication with taxpayers and create public awareness. GAZT encouraged taxpayers to respond with feedback by filling online forms and sending comments.⁴⁶⁸³

On 25 July 2017, the Saudi government issued a new Royal Decree amending various articles of the Saudi income tax law. Amendments included provisions that made GAZT responsible for imposing penalties for violations and which reformed objection and appeal procedures.⁴⁶⁸⁴

On 28 July 2017, the Saudi Gazette published the new VAT law and announced it would enter into effect in 2018. This new law states that all imports and the supply of goods and services will be subject to VAT. The standard rate of VAT prescribed by the Gulf Cooperation Council (GCC) is 5 per cent. Every person required to register for VAT is required to register with the GAZT. Various penalties exist in relation to lack of compliance with this new VAT law.⁴⁶⁸⁵

On 16 August 2017, the GAZT published and created an electronic portal for the new VAT law. This portal offers taxpayers official and easily accessible information on the regulations, deadlines and implementation guidelines of the VAT. The portal announced that VAT registrations would begin in September 2017.⁴⁶⁸⁶

⁴⁶⁸² Russia Implements BEPS action 13 recommendations, Thomson Reuters: tax & accounting 14 December 2017. Access Date: 30 December 2017. <https://tax.thomsonreuters.com/blog/russia-implements-beps-action-13-recommendations/>.

⁴⁶⁸³ KSA: GAZT has published the Draft Value Added Tax (VAT) Implementing Regulations on its website for the purpose of public consultation, PwC Middle East (Dubai) July 2017. Access Date: 25 November 2017. <https://www.pwc.com/m1/en/services/tax/me-tax-legal-news/2017/ksa-gazt-published-vat-for-purpose-of-public-consultation.html>.

⁴⁶⁸⁴ KSA: New tax administration measures and double taxation treaty developments, PwC Middle East (Dubai) 14 August 2017. Access Date: 25 November 2017. <https://www.pwc.com/m1/en/services/tax/me-tax-legal-news/2017/new-tax-administration-measures-double-taxation-treaty-developments.html>.

⁴⁶⁸⁵ Saudi Arabia publishes new VAT Law, Ernst & Young (London). Access Date: 25 November 2017. <http://taxinsights.ey.com/archive/archive-news/saudi-arabia-publishes-new-vat-law.aspx>.

⁴⁶⁸⁶ KSA VAT: New dedicated GAZT website and details concerning registration, PwC Middle East (Dubai) 22 August 2017. Access Date: 25 November 2017. <https://www.pwc.com/m1/en/services/tax/me-tax-legal-news/2017/vat-registration-in-ksa-will-start-in-september-2017.html>.

On 6 September 2017, Saudi Arabia's agreement with Egypt on avoidance of double taxation came into effect.

On 20 September 2017, the Saudi government issues a Royal Decree that introduces amendments to the Saudi Arabian Income Tax law to ensure better alignment with international practices (amendments include different provisions between resident and non-resident companies and intra-group transfers of assets).⁴⁶⁸⁷

On 14 October 2017, Saudi Arabia attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁶⁸⁸

On 17 December 2017, the Saudi Ministry of Finance announced that it would introduce a monthly expat tax ranging between 300 and 400 Saudi riyals.⁴⁶⁸⁹

On 2 January 2018, the Saudi tax agency GAZT launched an application that allows taxpayers to determine whether the businesses they are dealing with are registered for VAT. This is presented as an effort to support and prevent individuals and business from being defrauded by business claiming to have registered for VAT.⁴⁶⁹⁰

On 3 January 2018, the Ministry of Finance announced that Cyprus has signed a double tax agreement with Saudi Arabia with respect to taxes on income and tax evasion.⁴⁶⁹¹

Saudi Arabia has taken national measures to create a fair and modern taxation system and the Saudi government has utilized its role as an international actor by cooperating with other countries on this commitment.

Thus, Saudi Arabia receives a score of +1.

Analyst: Nour Abdelaal

South Africa: 0

South Africa has partially complied with its commitments to work towards a globally fair and modern international tax system.

On 27-29 September 2017, as a member of the OECD, South Africa participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming

⁴⁶⁸⁷ KSA: Capital gains, dividend income and other income tax amendments, PwC Middle East (Dubai) 12 October 2017. Access Date: 16 January 2018. <https://www.pwc.com/m1/en/services/tax/me-tax-legal-news/2017/ksa-capital-gains-dividend-income-tax-amendments.html>.

⁴⁶⁸⁸ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁶⁸⁹ Saudi Arabia to impose expat levy as of 2018, Al Arabiya English (Dubai) 17 December 2017. Access Date: 16 January 2018. <http://english.alarabiya.net/en/business/economy/2017/12/17/Saudi-Arabia-to-impose-expat-levy-as-of-2018.html>.

⁴⁶⁹⁰ Having Implemented VAT, Saudi Arabia Moves To Challenge Fraud, Tax-News (Cyprus) 2 January 2018. Access Date: 16 January 2018. https://www.tax-news.com/news/Having_Implemented_VAT_Saudi_Arabia_Moves_To_Challenge_Fraud____76114.html.

⁴⁶⁹¹ Cyprus, Saudi Arabia Negotiate Double Tax Agreement, Tax-News (London) 4 January 2018. Access Date: 16 January 2018. https://www.tax-news.com/news/Cyprus_Saudi_Arabia_Negotiate_Double_Tax_Agreement____76137.html.

G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁶⁹²

On 13 October 2017, the South African Tax Committee published its final report on base erosion and profit shifting (BEPS). This recommendation paves the way forward for South Africa's implementation of the Organisation for Economic Cooperation and Development (OECD)'s minimum standards⁴⁶⁹³.

On 21 February 2018, the South African Finance Minister Malusi Gigaba, in his budget, announced plans to raise the value-added tax, for the first time in 25 years, from 14 per cent to 15 per cent. The change will take effect on April 1, 2018⁴⁶⁹⁴.

On 21 February 2018, the South African Finance Minister Malusi Gigaba, in his budget, announced the following:⁴⁶⁹⁵

- To continue ensuring multinational companies are paying their fair share of taxes through initiatives such as Country-by-Country Reporting;
- To curb illicit financial flows and to focus on transfer pricing
- To increase in the ad-valorem excise duty rate on luxury goods from 7 per cent to 9 per cent
- To review write offs for telecommunication infrastructure upgrades from copper to fibre optic cables to align the tax system with technological advances and international practice
- To introduce a Carbon Tax from January 1, 2019.

South Africa has continued its work for a globally fair and modern international system through national initiatives but not as an international actor.

Thus, South Africa receives a score of 0.

Analyst: Girish Sreevatsan

Turkey: +1

Turkey has fully complied with its commitment to continue to work for a globally fair and modern international tax.

⁴⁶⁹² Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁶⁹³ South Africa's Davis Tax Committee recommends way forward on BEPS, MNE Tax 14 November 2017. Access Date: 17 March 2018. <https://mnetax.com/south-africa-davis-tax-committee-report-recommends-way-forward-beps-24637>.

⁴⁶⁹⁴ South Africa's ANC Seeks to Shield Poor From Sales Tax Increase, Bloomberg Politics. 25 February, 2018. Access Date: 26 February 2018 <https://www.bloomberg.com/news/articles/2018-02-25/south-africa-s-anc-seeks-to-shield-poor-from-sales-tax-increase>.

⁴⁶⁹⁵ Change, the new certainty. South African Budget February 2018, EY. February 2018. Access Date: 26 February 2018. [http://www.ey.com/Publication/vwLUAssets/ey-south-african-budget-2018/\\$FILE/ey-south-african-budget-2018.pdf](http://www.ey.com/Publication/vwLUAssets/ey-south-african-budget-2018/$FILE/ey-south-african-budget-2018.pdf).

On 25 July 2017, the government of Turkey published a general framework of guidance which explains how to conduct the “Call for Justification” audit mechanism of the 2016 Turkish Tax Procedure Code.⁴⁶⁹⁶

On 27 September 2017, the Turkish government unveiled its Medium-Term Economic Program for the 2018-2020 period.⁴⁶⁹⁷ In this program, the Turkish government outlined new tax provisions which include: increases in corporate tax on companies operating in the field of financial services, increases in income tax in the third bracket of their progressive tax schedule, increases in motor vehicles tax, an introduction of a special consumption tax, improved tax audits for corporate income tax payers and a new Value Added Tax (VAT) mechanism for electronic services provided to individual buyers in Turkey by non-resident taxpayers.⁴⁶⁹⁸ The Turkish government sent this draft legislation to the Turkish Grand National Assembly for the enactment process.⁴⁶⁹⁹

On 27-29 September 2017, as a member of the OECD, Turkey participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁷⁰⁰

On 14 October 2017, Turkey attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁷⁰¹

On 23 November 2017, the Turkish Finance Minister Naci Agbal stated that Turkey will complete secondary tax regulations soon so that it would be unlikely for the EU to include Turkey in a newly constructed blacklist of tax havens. Agbal also added that Turkey was fully in line with and

⁴⁶⁹⁶ Turkey: A New Audit Mechanism: Call For Justification, The International Tax Review (Istanbul) 23 August 2017. Access Date: 25 November 2017. <http://www.internationaltaxreview.com/Article/3744663/Turkey-A-new-audit-mechanism-Call-for-justification.html>.

⁴⁶⁹⁷ Turks Brace for Tax Hikes as Ankara Scrambles to Bridge Budget Gaps, Al-Monitor (Washington, D.C.) 3 October 2017. Access Date: 25 November 2017. <https://www.al-monitor.com/pulse/originals/2017/10/turkey-government-plans-to-increase-taxes.html>.

⁴⁶⁹⁸ Turkey: New Taxes on the Table, The International Tax Review (Istanbul) 26 October 2017. Access Date: 25 November 2017. <http://www.internationaltaxreview.com/Article/3762415/Turkey-Archive/Turkey-New-taxes-on-the-table.html>.

⁴⁶⁹⁹ Turkey: New Taxes on the Table, The International Tax Review (Istanbul) 26 October 2017. Access Date: 25 November 2017. <http://www.internationaltaxreview.com/Article/3762415/Turkey-Archive/Turkey-New-taxes-on-the-table.html>.

⁴⁷⁰⁰ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁷⁰¹ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

supporting all international tax agreements.⁴⁷⁰² In addition, he announced that Turkey would complete all necessary work on information sharing by 2019.⁴⁷⁰³

On 28 November 2017, the Turkish Parliament approves Article 91 of Law no. 7061 which increases the corporate income tax rate to 22 per cent for at least three years.⁴⁷⁰⁴

On 5 December 2017, the new corporate tax law, Law No.7061 came into effect.⁴⁷⁰⁵ The new law stipulates amending past tax laws with the objective of increasing tax revenues, promoting procedural rules, and eliminating some tax/fee applications.⁴⁷⁰⁶

On 31 December 2017, Turkey reached its effective date and deadline for the submission of Turkey's Organisation for Economic Co-operation and Development BEPS Action 13 Country by Country Reporting (CbCR) of its first CbCR period: 2016.⁴⁷⁰⁷

Turkey has taken national measures to create a fair and modern taxation system. In addition, the Turkish government has reaffirmed its promise to improve this commitment at the international level by the maintenance of tax treaties and a pledge for information sharing.

Thus, Turkey receives a score of +1.

Analyst: Nour Abdelaal

United Kingdom: +1

The United Kingdom has fully complied with its commitment to continue to work for a globally fair and modern international tax.

On 15 August 2017, the HM Revenue & Customs released a guidance confirming "the format and method of filing country-by-country (CbC) reports that are due in the UK."⁴⁷⁰⁸ CbC reports must adhere to the XML schema format provided by the Organisation for Economic Co-operation

⁴⁷⁰² Turkey will complete tax regulations, inclusion in EU blacklist out of question: finance minister, Reuters (London) 23 November 2017. Access Date: 16 January 2018. <https://www.reuters.com/article/us-turkey-europe-tax/turkey-will-complete-tax-regulations-inclusion-in-eu-blacklist-out-of-question-finance-minister-idUSKBN1DN1P1?il=0>.

⁴⁷⁰³ EU Mulls Including Turkey on Blacklist of Tax Havens, Bloomberg Politics (New York) 23 November 2017. Access Date: 16 January 2018. <https://www.bloomberg.com/news/articles/2018-01-17/as-may-beats-a-path-for-eu-exit-eu-opens-door-for-u-k-s-return>.

⁴⁷⁰⁴ Turkey Hikes Corporate Tax Rate, Tax-News (Cyprus) 7 December 2017. Access Date: 16 January 2018. https://www.tax-news.com/news/Turkey_Hikes_Corporate_Tax_Rate___75935.html.

⁴⁷⁰⁵ Turkey enacts new Law to increase tax revenues,EY (London) 5 December 2017. Access Date: 16 January 2018. [http://www.ey.com/Publication/vwLUAssets/Turkey_enacts_new_Law_to_increase_tax_revenues/\\$FILE/2017G_06889-171Gbl_Turkey_enacts_new_Law_to_increase_tax_revenues.pdf](http://www.ey.com/Publication/vwLUAssets/Turkey_enacts_new_Law_to_increase_tax_revenues/$FILE/2017G_06889-171Gbl_Turkey_enacts_new_Law_to_increase_tax_revenues.pdf).

⁴⁷⁰⁶ Turkey enacts new Law to increase tax revenues,EY (London) 5 December 2017. Access Date: 16 January 2018. [http://www.ey.com/Publication/vwLUAssets/Turkey_enacts_new_Law_to_increase_tax_revenues/\\$FILE/2017G_06889-171Gbl_Turkey_enacts_new_Law_to_increase_tax_revenues.pdf](http://www.ey.com/Publication/vwLUAssets/Turkey_enacts_new_Law_to_increase_tax_revenues/$FILE/2017G_06889-171Gbl_Turkey_enacts_new_Law_to_increase_tax_revenues.pdf).

⁴⁷⁰⁷ Country-Specific Information on Country-by-Country Reporting Implementation, OECD (Paris) 20 December 2017. Access Date: 16 January 2018. <http://www.oecd.org/tax/automatic-exchange/country-specific-information-on-country-by-country-reporting-implementation.htm>.

⁴⁷⁰⁸ UK: Updated HMRC guidance for filing country-by-country reports, KMPG (London). Access Date: 6 January 2018. <https://home.kpmg.com/xx/en/home/insights/2017/08/tnf-uk-updated-hmrc-guidance-for-filing-country-by-country-reports.html>.

(OECD), and they must be filed using the HMRC reporting service.⁴⁷⁰⁹ Additionally, the guidance also states which groups must complete a report, how to notify the HMRC regarding CbC filing, and exceptions to the filing obligation.⁴⁷¹⁰

On 26 September 2017, “the OECD released the UK’s peer review report relating to the implementation of the BEPS minimum standards on Action 14 on improving tax dispute resolution mechanisms.”⁴⁷¹¹ As requested by the UK, the OECD has provided feedback on their adoption of Action 14; The report states that “the UK meets most of the elements of the Action 14 minimum standard and best practice”⁴⁷¹²

On 27-29 September 2017, as a member of the OECD, the United Kingdom participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁷¹³

On 14 October 2017, the United Kingdom attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁷¹⁴

From 15-17 November 2017, United Kingdom participated in the 10th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purpose in Yaoundé, Cameroon.⁴⁷¹⁵ The United Kingdom was among 6 developed countries committed to helping six developing countries implement Automatic Exchange of Information. The UK is currently partnered with Ghana and Pakistan to assist with its participation in Automatic Exchange of Information (AEOI).⁴⁷¹⁶

⁴⁷⁰⁹ UK: Updated HMRC guidance for filing country-by-country reports, KMPG (London). Access Date: 6 January 2018. <https://home.kpmg.com/xx/en/home/insights/2017/08/tnf-uk-updated-hmrc-guidance-for-filing-country-by-country-reports.html>.

⁴⁷¹⁰ UK: Updated HMRC guidance for filing country-by-country reports, KMPG (London). Access Date: 6 January 2018. <https://home.kpmg.com/xx/en/home/insights/2017/08/tnf-uk-updated-hmrc-guidance-for-filing-country-by-country-reports.html>.

⁴⁷¹¹ The Latest On BEPS — 6 November 2017, EY (London). Access Date: 6 January 2018. <http://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---6-november-2017>.

⁴⁷¹² The Latest On BEPS — 6 November 2017, EY (London). Access Date: 6 January 2018. <http://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---6-november-2017>.

⁴⁷¹³ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD (Paris) 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁷¹⁴ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin) 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁷¹⁵ 10th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD (Yaoundé) 9 November 2017. Access Date: 26 November 2017. <http://www.oecd.org/tax/10th-meeting-of-the-global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-15-17-november-2017-in-yaounde-cameroon.htm>.

⁴⁷¹⁶ Automatic Exchange of Information Implementation Report 2017, OECD (Paris) 17 November 2017. Access Date: 26 November 2017. <http://www.oecd.org/tax/transparency/reporting-on-the-implementation-of-the-AEOI-standard.pdf>.

On 15 August 2017, the HM Revenue & Customs released a guidance confirming “the format and method of filing country-by-country (CbC) reports that are due in the UK.”⁴⁷¹⁷ CbC reports must adhere to the XML schema format provided by the OECD, and they must be filed using the HMRC reporting service.⁴⁷¹⁸ Additionally, the guidance also states which groups must complete a report, how to notify the HMRC regarding CbC filing, and exceptions to the filing obligation.⁴⁷¹⁹

On 26 September 2017, “the OECD released the UK’s peer review report relating to the implementation of the BEPS minimum standards on Action 14 on improving tax dispute resolution mechanisms.”⁴⁷²⁰ As the OECD has provided feedback on the UK’s adoption of Action 14; The report states that “the UK meets most of the elements of the Action 14 minimum standard and best practice”⁴⁷²¹

On 22 November 2017, the United Kingdom’s “Autumn Budget 2017” was published.⁴⁷²² It was announced that the United Kingdom had ratified the Multilateral Instrument.⁴⁷²³ The Multilateral Instrument implements aspects of the OECD’s BEPS project which aims to prevent hybrid mismatches, treaty abuse, and avoidance of permanent establishment.⁴⁷²⁴ The United Kingdom government will apply these provisions to various bilateral double taxation treaties.⁴⁷²⁵

On 23 January 2018, the British government participated in the OECD’s pilot project, the International Compliance Assurance Program (ICAP) along with seven other countries. The ICAP is designed to use country-by-country reports to facilitate open engagement between participating

⁴⁷¹⁷ UK: Updated HMRC guidance for filing country-by-country reports, KMPG (London). Access Date: 6 January 2018. <https://home.kpmg.com/xx/en/home/insights/2017/08/tnf-uk-updated-hmrc-guidance-for-filing-country-by-country-reports.html>.

⁴⁷¹⁸ UK: Updated HMRC guidance for filing country-by-country reports, KMPG (London). Access Date: 6 January 2018. <https://home.kpmg.com/xx/en/home/insights/2017/08/tnf-uk-updated-hmrc-guidance-for-filing-country-by-country-reports.html>.

⁴⁷¹⁹ UK: Updated HMRC guidance for filing country-by-country reports, KMPG (London). Access Date: 6 January 2018. <https://home.kpmg.com/xx/en/home/insights/2017/08/tnf-uk-updated-hmrc-guidance-for-filing-country-by-country-reports.html>.

⁴⁷²⁰ The Latest On BEPS — 6 November 2017, EY (London). Access Date: 6 January 2018. <http://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---6-november-2017>.

⁴⁷²¹ The Latest On BEPS — 6 November 2017, EY (London). Access Date: 6 January 2018. <http://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---6-november-2017..>

⁴⁷²² Autumn Budget 2017, Government of United Kingdom (London) 22 November 2017. Access Date: 10 March 2018. <https://www.gov.uk/government/publications/autumn-budget-2017-overview-of-tax-legislation-and-rates-ootlar/autumn-budget-2017-overview-of-tax-legislation-and-rates-ootlar>.

⁴⁷²³ UK ratifies the Multilateral Instrument on BEPS, Lexology (London). Access Date: 10 March 2018. <https://www.lexology.com/library/detail.aspx?g=ce99b2dc-6c78-4fdb-b9f2-1701087ea824>.

⁴⁷²⁴ UK ratifies the Multilateral Instrument on BEPS, Lexology (London). Access Date: 10 March 2018. <https://www.lexology.com/library/detail.aspx?g=ce99b2dc-6c78-4fdb-b9f2-1701087ea824>.

⁴⁷²⁵ UK ratifies the Multilateral Instrument on BEPS, Lexology (London). Access Date: 10 March 2018. <https://www.lexology.com/library/detail.aspx?g=ce99b2dc-6c78-4fdb-b9f2-1701087ea824>.

countries. It aims to facilitate open dialogue between Multinational Enterprises and tax administrations with the view of improving tax certainty⁴⁷²⁶.

The United Kingdom has continued its work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, the UK receives a score of +1.

Analyst: Nadia Larocca

United States: +1

The United States has fully complied with its commitments to work towards a globally fair and modern international tax system.

On 27 September 2017, the United States and Italy signed a bilateral competent authority agreement. The agreement provides automatic exchange of country-by-country reports between the American and Italian tax authorities enabling Italian subsidiaries of American multinational groups from publishing separate country by country reports.⁴⁷²⁷

On 27-29 September 2017, as a member of the OECD, the United States participated in the Forum on Tax Administration meeting in Oslo. The key themes discussed were the priorities for the incoming G20 presidency, in particular effective implementation of the BEPS outcomes, the Common Reporting Standard for exchange of information on offshore accounts and actions to enhance tax certainty, including a new pilot on joint risk assessment of multinationals, continuing efforts to improve tax compliance, and the digital transformation of tax authorities through the use of new technologies, analytical tools and enhanced data sources.⁴⁷²⁸

On 14 October 2017, the United States attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁷²⁹

On 20 December 2017, the American Congress passed a major tax reform bill. The reforms were implemented with the intention of simplifying and modernizing the system while making the US more attractive to business.⁴⁷³⁰ The reforms included some efforts to limit tax avoidance, including

⁴⁷²⁶ Eight FTA members kick off multilateral tax risk assurance programme to provide early certainty for tax administrations and MNEs, 23 January 2018, OECD (Washington, DC). Access Date: 17 March 2018. <http://www.oecd.org/tax/eight-fta-members-kick-off-multilateral-tax-risk-assurance-programme-to-provide-early-certainty-for-tax-administrations-and-mnes.htm>.

⁴⁷²⁷ Execution of the Italy-USA CAA on the Automatic Exchange of Country-by-Country Reports, KPMG. 3 November 2017. Access Date: 26 November 2017. http://kdocs.kpmg.it/marketing/KSA/0311_Execution_of_the_Italy-USA_CAA_on_the_Automatic_Exchange_of_Country-by-Country_Reports.pdf.

⁴⁷²⁸ Leading tax administrations focused on effective delivery of the OECD/G20 BEPS outcomes, automatic exchange of information and tax certainty and collaborate on taxing users of the sharing economy, OECD (Paris) 29 September 2017. Access Date: 24 November 2017. <http://www.oecd.org/ctp/beps/leading-tax-administrations-focused-on-effective-delivery-of-beps-outcomes-aeoi-tax-certainty-and-collaborate-on-taxing-users-of-the-sharing-economy.html>.

⁴⁷²⁹ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin) 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁷³⁰ "Unified Framework for Fixing our Broken Tax Code" U.S. Department of the Treasury (Washington) 27 September 2017. <https://www.treasury.gov/press-center/press-releases/Pages/sm0166.aspx>

expanding the ability of the government to move against tax evasion: “The Secretary shall prescribe such regulations as may be necessary to prevent avoidance of the tax [...] including regulations to prevent avoidance of such tax through the performance of services other than as an employee or by providing compensation through a pass-through or other entity to avoid such tax.”⁴⁷³¹ The tax reform passed on 20 December 2017 also shifted towards a territorial system so companies are not taxed on a portion of income made overseas.⁴⁷³² This potentially allows for companies to evade tax by moving portions of their operations overseas.

On 23 January 2018, the American government participated in the Organisation for Economic Cooperation and Development (OECD)’s pilot project, the International Compliance Assurance Program (ICAP) along with seven other countries. The ICAP is designed to use country-by-country reports to facilitate open engagement between participating countries. It aims to facilitate open dialogue between Multinational Enterprises and tax administrations with the view of improving tax certainty.⁴⁷³³

On 1 March 2018, the Internal Revenue Service (IRS) announced a move to close loopholes on carried interest tax for S corporations. They will be subject to a three-year holding period for partnerships interests.⁴⁷³⁴ This reform makes it more difficult for these firms to evade tax.

The United States has continued its work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, the US receives a score of +1.

Analyst: Kelly Chohvat

European Union: +1

The European Union has fully complied with its commitment to continue to work for a globally fair and modern international tax system.

On 10 October 2017, the European Commission welcomed the European Union Member States’ go ahead for new rules to better resolve tax disputes at the Economic and Financial Affairs Council (ECOFIN) Council meeting in Luxembourg. The decision will ensure that businesses and citizens can resolve disputes related to the interpretation of tax treaties more swiftly and effectively. It will also cover issues related to double taxation.⁴⁷³⁵

⁴⁷³¹ H.R.1 – An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, US Congress (Washington) 22 January 2018. Access Date: 25 January 2018.

<https://www.congress.gov/bill/115th-congress/house-bill/1/titles>

⁴⁷³² Patti Domm “Tax bill includes an incentive for US companies to invest in foreign manufacturing” CNBC 19 December 2017. Access Date: 12 January 2018. <https://www.cnn.com/2017/12/19/tax-bill-includes-an-incentive-for-u-s-companies-to-invest-in-foreign-manufacturing.html>.

⁴⁷³³ Eight FTA members kick off multilateral tax risk assurance programme to provide early certainty for tax administrations and MNEs, 23 January 2018, OECD (Washington, DC). Access Date: 17 March 2018. <http://www.oecd.org/tax/eight-fta-members-kick-off-multilateral-tax-risk-assurance-programme-to-provide-early-certainty-for-tax-administrations-and-mnes.htm>.

⁴⁷³⁴ “IRS Will Close Carried Interests Tax Loophole.” Tax-News (Washington) 7 March 2018. Access Date: 11 March 2018. https://www.tax-news.com/news/IRS_Will_Close_Carried_Interests_Tax_Loophole_76505.html.

⁴⁷³⁵ Fair Taxation: Commission welcomes new rules to resolve tax disputes, European Commission (Brussels) 10 October 2017. Access Date: 24 November 2017. http://europa.eu/rapid/press-release_IP-17-3727_en.htm.

On 14 October 2017, the EU attended the G20 Finance Ministers and Central Bank Governors annual meeting in Washington, DC, during which they discussed international tax cooperation.⁴⁷³⁶

On 26 October 2017, the European Commission launched a public consultation on how the EU can ensure that the digital economy is taxed in a fair and growth-friendly way.⁴⁷³⁷

On 30 November 2017, the European Commission unveiled new tools to make the EU's Value Added Tax (VAT) system more fraud-proof and close loopholes which can lead to large-scale VAT fraud. The new rules are aimed at building trust between Member States in order for them to exchange more information. The rules also encourage cooperation between national tax authorities and law enforcement authorities.⁴⁷³⁸

On 5 December 2017, the EU published the first ever list of non-cooperative tax jurisdictions. The Finance Ministers of EU Member States listed seventeen countries who have failed to meet agreed tax good governance standards. The purpose of this exercise is to raise the level of tax good governance globally and to help prevent large-scale tax abuse. As part of this process the EU will send a letter to all jurisdictions on the list to explain the decision and outline what needs to be done to be delisted. The Commission and Member States will monitor all jurisdictions to ensure commitments are fulfilled and investigate whether any other countries should be listed in the future.⁴⁷³⁹

On 18 December 2017, the European Commission published a series of recommendations on how Member States can continue working together for more efficient tax collection and to better fight tax fraud and avoidance.⁴⁷⁴⁰

The EU has continued its work for a globally fair and modern international system through national initiatives and as an international actor.

Thus, the EU receives a score of +1.

Analyst: Sonja Dobson

⁴⁷³⁶ G20 finance ministers and central bank governors meeting, Washington, D.C., 12/13 October 2017, Federal Ministry of Finance (Berlin), 18 October 2017. Access Date: 30 January 2017. http://www.bundesfinanzministerium.de/Content/EN/Bilderstrecken/Media_Centre/Pictures/2017-10-18-Washington.html?notFirst=true&docId=154558#photogallery.

⁴⁷³⁷ Commission gathers views on how to tax the digital economy fairly and effectively, European Commission (Brussels) 26 October 2017. Access Date: 24 November 2017. http://europa.eu/rapid/press-release_IP-17-4204_en.htm.

⁴⁷³⁸ Fair Taxation: Commission proposes new tools to combat VAT fraud, European Commission (Brussels) 30 November 2017. Access Date: 15 January 2018. http://europa.eu/rapid/press-release_IP-17-4946_en.htm.

⁴⁷³⁹ Fair Taxation: EU publishes list of non-cooperative tax jurisdictions, European Commission (Brussels) 5 December 2017. Access Date: 15 January 2018. http://europa.eu/rapid/press-release_IP-17-5121_en.htm.

⁴⁷⁴⁰ Tax and VAT collection in the EU, European Commission (Brussels) 18 December 2017. Access Date: 15 January 2018. https://ec.europa.eu/commission/news/tax-and-vat-collection-eu-2017-dec-18_en.