

The G20 Research Group  
at Trinity College at the Munk School of Global Affairs and Public Policy  
in the University of Toronto  
presents the

## **2018 G20 Buenos Aires Summit Final Compliance Report**

2 December 2018 to 10 May 2019

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“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*

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## 6. Financial Regulation: Tax Administration

“We continue to support enhanced tax certainty and tax capacity building in developing countries, including through the Platform for Collaboration on Tax.”

*Buenos Aires Leaders’ Declaration*

### Assessment

Country	No Compliance	Partial Compliance	Full Compliance
Argentina			+1
Australia			+1
Brazil		0	
Canada		0	
China			+1
France			+1
Germany			+1
India			+1
Indonesia		0	
Italy		0	
Japan		0	
Korea		0	
Mexico		0	
Russia			+1
Saudi Arabia		0	
South Africa			+1
Turkey		0	
United Kingdom			+1
United States		0	
European Union			+1
Average Score		+0.50	

### Background

Following the London Summit in April 2009, G20 leaders agreed to take action to strengthen the reformation of regulation in the financial sector.<sup>1227</sup> The G20 Leaders called on all jurisdictions, cooperative and non-cooperative, to adhere to the international standards in the tax, prudential and anti-money laundering areas.<sup>1228</sup> In addition, the leaders urged all countries to adopt the international standard for information exchange previously endorsed by the G20 in 2004, also reflected in the United Nations Model Tax Convention.<sup>1229</sup>

At the Pittsburgh Summit in 2009, the G20 leaders took action at both national and international levels to raise global standards of markets, protectionism and regulatory arbitrage.<sup>1230</sup> In addition, the G20 leaders recognized the necessity of an open exchange of information to securing a successful

<sup>1227</sup> Declaration on Strengthening the Financial System – London Summit, G20 Research Group (Toronto). Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2009/2009ifi.pdf>.

<sup>1228</sup> Declaration on Strengthening the Financial System – London Summit, G20 Research Group (Toronto). Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2009/2009ifi.pdf>.

<sup>1229</sup> Declaration on Strengthening the Financial System – London Summit, G20 Research Group (Toronto). Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2009/2009ifi.pdf>.

<sup>1230</sup> Leader’s Statement The Pittsburgh Summit (Pittsburgh) 24 – 25 September 2009. Access Date: 11 January 2019. [http://www.g20dwg.org/static/2009\\_G20\\_Framework\\_for\\_Strong\\_Sustainable\\_and\\_Balanced\\_Growth.pdf](http://www.g20dwg.org/static/2009_G20_Framework_for_Strong_Sustainable_and_Balanced_Growth.pdf).

global economy.<sup>1231</sup> The focus for the open exchange of information was the improvement of tax transparency and exchange of information to support countries in enforcing tax laws.<sup>1232</sup>

In 2010 at the Toronto Summit, the G20 leaders affirmed their commitment to design and implement a system that would enable the countries to restructure and/or resolve all types of financial institutions in crisis to ensure that the burden does not fall onto the taxpayer.<sup>1233</sup> One of the proposed resolution regimes was effective cooperation and information exchange domestically and among jurisdictions in the event of a failure of a cross-border institution.<sup>1234</sup> At the summit, the G20 established the Development Working Group (DWG), which identified major development challenges facing developing countries.<sup>1235</sup> Among the difficulties, growth with resilience, infrastructure, trade, and private investment and job creation were the major challenges.<sup>1236</sup>

At the 2011 Cannes Summit, the G20 leaders published a report titled “Supporting the Development of More Effective Tax Systems.”<sup>1237</sup> The report included terms of transparency in fairness for the pursuit of a successful tax system design.<sup>1238</sup> The report indicated that investment decisions, both internationally and domestically, were linked to a strong tax system design.<sup>1239</sup> Thus, the report highlighted the need for a strong tax administration for domestic affairs and resource allocation.<sup>1240</sup>

In St. Petersburg, at the 2013 Summit, the G20 leaders cited appropriate tax regimes and other government initiatives as essential to improve the business environment and to stimulate the creation of formal, and more productive jobs through structural reform.<sup>1241</sup> In addition, the G20 leaders committed to tackling Tax Avoidance, Promote Tax Transparency and Automatic Exchange of Information.<sup>1242</sup> Through these commitments, the G20 leaders endorsed the Organization of

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<sup>1231</sup> Leader’s Statement The Pittsburgh Summit (Pittsburgh) 24 – 25 September 2009. Access Date: 11 January 2019. [http://www.g20dwg.org/static/2009\\_G20\\_Framework\\_for\\_Strong\\_Sustainable\\_and\\_Balanced\\_Growth.pdf](http://www.g20dwg.org/static/2009_G20_Framework_for_Strong_Sustainable_and_Balanced_Growth.pdf).

<sup>1232</sup> Leader’s Statement The Pittsburgh Summit (Pittsburgh) 24 – 25 September 2009. Access Date: 11 January 2019. [http://www.g20dwg.org/static/2009\\_G20\\_Framework\\_for\\_Strong\\_Sustainable\\_and\\_Balanced\\_Growth.pdf](http://www.g20dwg.org/static/2009_G20_Framework_for_Strong_Sustainable_and_Balanced_Growth.pdf).

<sup>1233</sup> The G20 Toronto Summit Declaration (Toronto) 27 June 2010. Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2010/to-communicue.html>.

<sup>1234</sup> The G20 Toronto Summit Declaration (Toronto) 27 June 2010. Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2010/to-communicue.html>.

<sup>1235</sup> The G20 Toronto Summit Declaration (Toronto) 27 June 2010. Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2010/to-communicue.html>.

<sup>1236</sup> The G20 Toronto Summit Declaration (Toronto) 27 June 2010. Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2010/to-communicue.html>.

<sup>1237</sup> Report by the Platform for Collaboration on Tax to the G20: Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries, OECD (Paris) 25 July 2016. Access Date: 11 January 2019. <http://www.oecd.org/tax/enhancing-the-effectiveness-of-external-support-in-building-tax-capacity-in-developingcountries.pdf>.

<sup>1238</sup> Report by the Platform for Collaboration on Tax to the G20: Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries, OECD (Paris) 25 July 2016. Access Date: 11 January 2019. <http://www.oecd.org/tax/enhancing-the-effectiveness-of-external-support-in-building-tax-capacity-in-developingcountries.pdf>.

<sup>1239</sup> Report by the Platform for Collaboration on Tax to the G20: Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries, OECD (Paris) 25 July 2016. Access Date: 11 January 2019. <http://www.oecd.org/tax/enhancing-the-effectiveness-of-external-support-in-building-tax-capacity-in-developingcountries.pdf>.

<sup>1240</sup> Report by the Platform for Collaboration on Tax to the G20: Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries, OECD (Paris) 25 July 2016. Access Date: 11 January 2019. <http://www.oecd.org/tax/enhancing-the-effectiveness-of-external-support-in-building-tax-capacity-in-developingcountries.pdf>.

<sup>1241</sup> The G20 Leaders’ Declaration – St. Petersburg Summit (St. Petersburg) 6 September 2013. Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2013/2013-0906-declaration.html#finreg>.

<sup>1242</sup> The G20 Leaders’ Declaration – St. Petersburg Summit (St. Petersburg) 6 September 2013. Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2013/2013-0906-declaration.html#finreg>.

Economic Co-operation and Development (OECD) proposal for a truly global model for multilateral and bilateral automatic exchange of information.<sup>1243</sup> They also recognized the importance of all countries benefitting from greater tax information exchange, and committed to make automatic exchange of information attainable by all countries, including LICs, and would work collectively to ensure the capacity is built to support them.<sup>1244</sup>

At the Brisbane Summit in 2014, the G20 leaders committed to working with developing countries to build their tax administration capacity.<sup>1245</sup> This commitment built on the 2010 Development Working Group establishment (DWG), and the Multi-Year Action Plan (MYAP) to establish a working commitment to make changes necessary to resolve the most significant challenging developing countries were facing in the development of tax capacity.<sup>1246</sup> One of the pillars from the MYAP was to strengthen “tax regimes and fiscal policies in developing countries to provide a sustainable revenue base for inclusive growth and social equity, as well as to enhance the transparency and accountability of public finances.”<sup>1247</sup> This summit also called on various international organizations such as the International Monetary Fund (IMF), World Bank, United Nations and the OECD to support the development of tax systems and tax capacity in the developing countries.<sup>1248</sup>

In 2018, at the G20 Summit in Buenos Aires, the G20 leaders committed to continue to work on a globally fair, sustainable and modern international tax system, and welcome international cooperation to advance pro-growth tax policies.<sup>1249</sup> The G20 leaders also welcomed the start of the automatic exchange of financial account information and acknowledge the strengthened criteria developed by the OECD to identify jurisdictions that have not implemented the tax transparency standards.<sup>1250</sup>

### **Commitment Features**

The G20 committed to “support enhanced tax certainty and tax capacity building in developing countries, including through the Platform for Collaboration on Tax.” There are two components to this commitment: taking action towards supporting tax certainty and tax capacity in developing countries and taking action through the Platform for Collaboration on Tax.

#### **Part One: Action on Tax Certainty and Tax Capacity**

The first component of this commitment signifies that the G20 member must take action towards supporting tax certainty and tax capacity in developing countries. Tax certainty is a policy and tax regulatory framework that is created and maintained for a stable and regular tax administration.<sup>1251</sup> Tax capacity can be defined to be the maximum tax a nation can contribute to the support of the

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<sup>1243</sup> The G20 Leaders’ Declaration – St. Petersburg Summit (St. Petersburg) 6 September 2013. Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2013/2013-0906-declaration.html#finreg>.

<sup>1244</sup> The G20 Leaders’ Declaration – St. Petersburg Summit (St. Petersburg) 6 September 2013. Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2013/2013-0906-declaration.html#finreg>.

<sup>1245</sup> The G20 Leaders’ Declaration – Brisbane (Brisbane) 16 November 2014. Access Date: 22 January 2019. <http://www.g20.utoronto.ca/2014/2014-1116-communique.html>.

<sup>1246</sup> The G20 Leaders’ Declaration – Brisbane (Brisbane) 16 November 2014. Access Date: 22 January 2019. <http://www.g20.utoronto.ca/2014/2014-1116-communique.html>.

<sup>1247</sup> The G20 Leaders’ Declaration – Brisbane (Brisbane) 16 November 2014. Access Date: 22 January 2019. <http://www.g20.utoronto.ca/2014/2014-1116-communique.html>.

<sup>1248</sup> The G20 Leaders’ Declaration – Brisbane (Brisbane) 16 November 2014. Access Date: 22 January 2019. <http://www.g20.utoronto.ca/2014/2014-1116-communique.html>.

<sup>1249</sup> G20 Leaders’ Declaration: Building Consensus for Fair and Sustainable Development (Buenos Aires) 1 December 2018. Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2018/2018-leaders-declaration.html>.

<sup>1250</sup> G20 Leaders’ Declaration: Building Consensus for Fair and Sustainable Development (Buenos Aires) 1 December 2018. Access Date: 11 January 2019. <http://www.g20.utoronto.ca/2018/2018-leaders-declaration.html>.

<sup>1251</sup> Trade, Investment, Globalization and Tax Cooperation, G20-Insights. 17 May 2017. Access Date: 22 January 2019. [https://www.g20-insights.org/policy\\_briefs/tax-certainty/](https://www.g20-insights.org/policy_briefs/tax-certainty/).

government, and capacity building as a policy or framework aimed at the growth of the capacity in a nation.<sup>1252</sup> A G20 member is able to take action through multiple avenues to achieve compliance.

A G20 member can take steps towards tax certainty and tax capacity by changing domestic policy to allocate channels of operation to create tax certainty, allocate funds for the operation of increased tax certainty, establish engagement programs, and establish a model legislation for implementation in international rules or standards. These actions act as a model for developing countries and decrease the likelihood of adverse spillover effects. Another channel for taking action is to engage in bilateral or multilateral agreements to participate in an international practice of increasing tax certainty in each respective country, or in aiding other countries developing an infrastructure in the increase of tax certainty. These would constitute domestic focused initiatives.

### **Part Two: Action through the Platform for Collaboration on Tax**

The second component is taking action through the Platform for Collaboration on Tax. The Platform is designed to intensify the cooperation between the International Monetary Fund, OECD, United Nations and World Bank on tax issues.<sup>1253</sup> The Platform engages discussions between the four international organizations on implementation of tax matters, including in the creation of international standards.<sup>1254</sup> The development of tax systems has emerged as a key development priority, and address the Sustainable Development Goals.<sup>1255</sup> The aim for collaboration among the international organizations is to provide support for governments to address tax challenges they are facing.<sup>1256</sup> The framework for this initiative is to produce concrete outputs in an agreed upon work plan, and to implement the framework collaboratively through a variety of domestic and international tax matters.<sup>1257</sup>

A G20 member can take steps towards compliance by partnering with the Platform on initiatives to build support in developing countries, or by developing finance programs in accordance with initiatives started by the Platform to improve tax certainty and tax capacity on countries.

Full compliance entails a member taking efforts to support tax certainty and tax capacity in developing countries through domestic initiatives and as a member of international bodies. Partial compliance entails taking action in one or the other area. Negative compliance constitutes failing to take action in any area.

### **Scoring Guidelines**

-1	Member does not take action towards supporting tax certainty and tax capacity in developing countries through domestic focused initiatives OR as a member of international bodies.
0	Member has taken efforts towards supporting tax certainty and tax capacity in developing countries through domestic focused initiatives OR as a member of international bodies.
+1	Member has taken efforts towards supporting tax certainty and tax capacity in developing countries through domestic focused initiatives AND as a member of international bodies.

<sup>1252</sup> Public Revenue and Taxation, Economics Concepts. Access Date: 22 January 2019.

[http://www.economicsconcepts.com/taxable\\_capacity.htm](http://www.economicsconcepts.com/taxable_capacity.htm).

<sup>1253</sup> Platform for Collaboration on Tax (Washington) 9 October 2018. Access Date: 11 January 2019.

<http://www.worldbank.org/en/programs/platform-for-tax-collaboration>.

<sup>1254</sup> Platform for Collaboration on Tax (Washington) 9 October 2018. Access Date: 11 January 2019.

<http://www.worldbank.org/en/programs/platform-for-tax-collaboration>.

<sup>1255</sup> The Platform for Collaboration on Tax, Concept Note (Paris) 19 April 2016. Access Date: 22 January 2019.

<http://www.oecd.org/ctp/concept-note-platform-for-collaboration-on-tax.pdf>.

<sup>1256</sup> The Platform for Collaboration on Tax, Concept Note (Paris) 19 April 2016. Access Date: 22 January 2019.

<http://www.oecd.org/ctp/concept-note-platform-for-collaboration-on-tax.pdf>.

<sup>1257</sup> The Platform for Collaboration on Tax, Concept Note (Paris) 19 April 2016. Access Date: 22 January 2019.

<http://www.oecd.org/ctp/concept-note-platform-for-collaboration-on-tax.pdf>.

*Compliance Director: Meagan Byrd  
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### **Argentina: +1**

Argentina has fully complied with its commitments to continue to support enhanced tax-certainty and tax capacity-building.

On 6 December 2018, the Executive Council of Buenos Aires approved Budget Plan 2019, which includes directives 142 and 143 that introduced significant changes to the province's operational gambling framework.<sup>1258</sup> The directives introduced 2 per cent tax charge on player winnings from land-based casino, arcade and bingo operators.<sup>1259</sup>

On 28 December 2018, Tax Reform Law 27,430, enacted by the Argentine government came into power.<sup>1260</sup> The Law introduces the taxation of indirect transfers of assets located in Argentina and establishes anti-avoidance rules for businesses with operations in multiple jurisdictions.<sup>1261</sup>

On 2 January 2019, the Argentine government passed legislation to treat services as if they were exported goods and, thus, be allowed to collect 12 per cent export tax.<sup>1262</sup> The power will remain in effect until 31 December 2020, and the Argentine government expects to collect anywhere from USD700 million to USD1 billion during this time.<sup>1263</sup>

On 27 February 2019, Argentina officially joined Extractive Industries Transparency Initiative (EITI).<sup>1264</sup> The initiative will strengthen Argentina's tax capacity and help tackle international tax avoidance by creating a framework for dissemination of reliable data regarding the revenues generated by extractive activities.<sup>1265</sup>

On 13 April 2019, Argentina attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration

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<sup>1258</sup> Argentina Pro Secures Buenos Aires Gambling Restructure, SBS News (Surrey), 6 December 2018. Date Accessed: 22 March 2019. <https://www.sbcnews.co.uk/latestnews/2018/12/06/argentina-pro-secures-buenos-aires-gambling-restructure/>.

<sup>1259</sup> Argentina Pro Secures Buenos Aires Gambling Restructure, SBS News (Surrey), 6 December 2018. Date Accessed: 22 March 2019. <https://www.sbcnews.co.uk/latestnews/2018/12/06/argentina-pro-secures-buenos-aires-gambling-restructure/>.

<sup>1260</sup> Argentina Issues Much-Anticipated Regulations on Tax Reform Law 27,430, EY (Buenos Aires/New York), 4 January 2019. Date Accessed: 22 March 2019. <https://taxnews.ey.com/news/2019-0044-argentina-issues-much-anticipated-regulations-on-tax-reform-law-27430>.

<sup>1261</sup> Argentina Issues Much-Anticipated Regulations on Tax Reform Law 27,430, EY (Buenos Aires/New York), 4 January 2019. Date Accessed: 22 March 2019. <https://taxnews.ey.com/news/2019-0044-argentina-issues-much-anticipated-regulations-on-tax-reform-law-27430>.

<sup>1262</sup> Argentina's Language Industry Hit by New Export Tax, Slator (Zurich), 4 February 2019. Access Date: 22 March 2019. <https://slator.com/industry-news/argentinas-language-industry-hit-by-new-export-tax/>.

<sup>1263</sup> Argentina's Language Industry Hit by New Export Tax, Slator (Zurich), 4 February 2019. Access Date: 22 March 2019. <https://slator.com/industry-news/argentinas-language-industry-hit-by-new-export-tax/>.

<sup>1264</sup> EITI Board Approves Argentina's Application to Join the Extractive Industries Transparency Initiative, EITI (Oslo), 27 February 2019. Access Date: 22 March 2019. <https://eiti.org/news/eiti-board-approves-argentinas-application-to-join-extractive-industries-transparency>.

<sup>1265</sup> EITI Board Approves Argentina's Application to Join the Extractive Industries Transparency Initiative, EITI (Oslo), 27 February 2019. Access Date: 22 March 2019. <https://eiti.org/news/eiti-board-approves-argentinas-application-to-join-extractive-industries-transparency>.

on Tax.<sup>1266</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1267</sup>

Argentina has made some progress towards enhancing its tax-certainty and tax capacity-building. Argentina has adopted some policies domestically and as a member of international bodies.

Thus, Argentina has received a score of +1.

*Analyst: Timur Tursunbayev*

### **Australia: +1**

Australia has fully complied in their commitment to support enhanced tax certainty and tax capacity building in developing countries, including through the Platform for Collaboration on Tax.

On 1 January 2019, the Multilateral Convention to Implement Tax Treaty Related to Measures to Prevent Base Erosion and Profit Sharing entered into force.<sup>1268</sup> The Tax Treaty is designed to address multilateral tax avoidance, and assist in resolving tax disputes.<sup>1269</sup> This initiative was developed in partnership with the OECD Base Erosion and Profit Shifting (BEPS) project.<sup>1270</sup>

On 1 January 2019, Double Taxation Agreements (DTAs) with countries such as New Zealand, United Kingdom, Japan, and Poland come into force due to Australia's implementation of the Multilateral Convention to Implement Tax Treaty Related to Measures to Prevent Base Erosion and Profit Sharing in Force.<sup>1271</sup>

On 2 April 2019, the Australian government published the 2019-20 budget which calls for further measures to combat tax avoidance.<sup>1272</sup> These measures included increased funding for the Taxation Avoidance Taskforce in upholding the Multinational Anti-Avoidance Law and the Diverted Profit Tax until June 2023.<sup>1273</sup>

On 13 April 2019, Australia attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration

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<sup>1266</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1267</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1268</sup> Multilateral Instrument, Australian Tax Office (Canberra) 22 February 2019. Access Date: 31 March 2019. <https://www.ato.gov.au/General/International-tax-agreements/In-detail/Multilateral-Instrument/>

<sup>1269</sup> Multilateral Instrument, Australian Tax Office (Canberra) 22 February 2019. Access Date: 31 March 2019. <https://www.ato.gov.au/General/International-tax-agreements/In-detail/Multilateral-Instrument/>.

<sup>1270</sup> Multilateral Instrument, Australian Tax Office (Canberra) 22 February 2019. Access Date: 31 March 2019. <https://www.ato.gov.au/General/International-tax-agreements/In-detail/Multilateral-Instrument/>.

<sup>1271</sup> International Tax Treaties, The Treasury (Canberra). Access Date: 31 March 2019. <https://treasury.gov.au/tax-treaties/income-tax-treaties>.

<sup>1272</sup> Lower Taxes: Tax relief to encourage and reward hard-working Australians, Budget 2019-20 (Canberra) 2 April 2019. Access Date: 4 April 2019. <https://www.budget.gov.au/2019-20/content/download/taxes.pdf>.

<sup>1273</sup> Lower Taxes: Tax relief to encourage and reward hard-working Australians, Budget 2019-20 (Canberra) 2 April 2019. Access Date: 4 April 2019. <https://www.budget.gov.au/2019-20/content/download/taxes.pdf>.



on Tax.<sup>1274</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1275</sup>

Australia has fully complied in their commitment to support enhanced tax certainty and tax capacity building in developing countries, including through the Platform for Collaboration on Tax. Australia has striven to implement many methods to support enhanced tax certainty and tax capacity building in developing nations through the crackdown on tax avoidance by multinational companies. They have also implemented many of the OECD recommendations in regard to tax policy via the implementation of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting and hybrid mismatch rules. This has allowed them to be fully compliant to their commitment.

Thus, Australia receives a score of +1.

*Analyst: Wayne George*

### **Brazil: 0**

Brazil has partially complied towards continuing to support the enhancement of tax certainty, and tax capacity-building through a domestic initiative.

On 23 January 2019, Brazil's Economy Minister Paulo Guedes has proposed taxing dividends and other shareholder payouts in order to reduce other corporate taxes and boost economic activity.<sup>1276</sup> The proposed plan would cut corporate income tax from 34 per cent to 20 per cent.<sup>1277</sup>

On 13 April 2019, Brazil attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1278</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1279</sup>

Brazil has taken some steps towards tax capacity and tax certainty as a member of an international body but not through domestic initiatives.

Thus, Brazil receives a score of 0.

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<sup>1274</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1275</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1276</sup> Brazil considers taxing dividends, shareholder payouts –paper, Reuters (Brasilia), 23 January 2019. Date Accessed: 29 March 2019. <https://www.reuters.com/article/brazil-economy-tax/brazil-considers-taxing-dividends-shareholder-payouts-paper-idUSL8N1ZN4BO>

<sup>1277</sup> Brazil considers taxing dividends, shareholder payouts –paper, Reuters (Brasilia), 23 January 2019. Date Accessed: 29 March 2019. <https://www.reuters.com/article/brazil-economy-tax/brazil-considers-taxing-dividends-shareholder-payouts-paper-idUSL8N1ZN4BO>

<sup>1278</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1279</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

*Analysts: Timur Tursunbayev and Meagan Byrd*

**Canada: 0**

Canada has partially complied with its commitment to enhancing the support of tax capacity and tax certainty-building through a domestic initiative.

On 13 April 2019, Canada attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1280</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1281</sup>

Canada has partially complied with its commitment to financial regulation, aimed at the timely implementation of the agreed financial sector reform agenda in line with its commitment on Platform for Collaboration on Tax through a domestic initiative.

Thus, Canada receives a score of 0.

*Analyst: Krishanu Ranwan*

**China: +1**

China has fully complied to the commitment of increasing tax certainty and tax capacity-building.

On 5 December 2018, Director of the State Administration of Taxation Wang Jun said in his keynote speech at the OECD Forum on Taxation Administration in Paris that China is planning to launch a new round of tax measures to reduce the burden on enterprises.<sup>1282</sup> The measures plan on including tax exemptions for technological startups, and small-sized companies.<sup>1283</sup> The aim of the measures is to promote economic growth, and fuel economic development.<sup>1284</sup>

On 7 December 2018, Guangxi Zhuang Autonomous Region in South China will introduce a tax refund policy on 11 December 2019 for foreigners staying in China within 183 days and people from Hong Kong, Macao, and Taiwan, with a minimum refund amount of CNY500 (USD73) and a refund rate of 11 per cent.<sup>1285</sup> The money can be refunded in cash or via bank transfer.<sup>1286</sup>

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<sup>1280</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1281</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1282</sup> New round of tax cuts extends helping hand to private sector, China Daily (Beijing) 5 December 2018. Access Date: 20 February 2019. <http://www.chinadaily.com.cn/a/201812/05/WS5c0713e9a310eff30328f147.html>.

<sup>1283</sup> New round of tax cuts extends helping hand to private sector, China Daily (Beijing) 5 December 2018. Access Date: 20 February 2019. <http://www.chinadaily.com.cn/a/201812/05/WS5c0713e9a310eff30328f147.html>.

<sup>1284</sup> New round of tax cuts extends helping hand to private sector, China Daily (Beijing) 5 December 2018. Access Date: 20 February 2019. <http://www.chinadaily.com.cn/a/201812/05/WS5c0713e9a310eff30328f147.html>.

<sup>1285</sup> Guangxi to introduce tax refund policy, China Daily (Beijing) 7 December 2018. Access Date: 20 February 2019. <http://global.chinadaily.com.cn/a/201812/07/WS5c0a33fea310eff30328fcc2.html>.

<sup>1286</sup> Guangxi to introduce tax refund policy, China Daily (Beijing) 7 December 2018. Access Date: 20 February 2019. <http://global.chinadaily.com.cn/a/201812/07/WS5c0a33fea310eff30328fcc2.html>.

On 22 December 2018, China's annual tone-setting Central Economic Work Conference concluded on Friday, with participants agreeing to step up tax cuts and keep monetary and fiscal policies more accommodating to support growth.<sup>1287</sup>

On 24 December 2018, A draft law to place taxes on the extraction of natural resources was submitted to the National People's Congress Standing Committee for its first review.<sup>1288</sup>

On 23 December 2018, The State Council, China's cabinet, announced special individual income tax deductions on six areas, including children's education, continuing education, health treatment for serious diseases, housing loan interests, rent and elderly care.<sup>1289</sup> The new temporary measures will come into effect along with the amended personal individual income tax law on 1 January 2019.<sup>1290</sup>

On 25 December 2018, a new personal income tax app, developed by the State Administration of Taxation, will be up and running in January 2019 to help taxpayers receive additional deductions.<sup>1291</sup>

On 10 January 2019, Premier Li Keqiang decided in a State Council executive meeting that China will unveil larger-scale tax cuts and tax exemptions for small and micro businesses.<sup>1292</sup> Small and low profit businesses with an annual taxable income of less than CNY1 million (USD 146,500) and between CNY1 million to CNY3 million will be eligible to have their tax calculated based on 25 percent or 50 per cent of their taxable income, which is expected to reduce their tax burden to about 5 to 10 per cent.<sup>1293</sup>

On 11 January 2019, Minister of Industry and Information Technology Miao Wei said that China will continue to lower the rates of value-added tax levied on the manufacturing sector and reduce its costs on production factors such as electricity and water.<sup>1294</sup>

On 15 January 2019, The People's Bank of China (PBOC) conducted CNY80 billion (USD11.84 billion) of seven-day reverse repos at an interest rate of 2.55 per cent and 100 billion yuan of 28-day reverse repos at 2.85 per cent to offset the impact of a tax payment peak this month.<sup>1295</sup>

On 3 February 2019, under a decision jointly announced Saturday by the Ministry of Finance, State Taxation Administration and other governmental departments, people in need who start a business

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<sup>1287</sup> Tax cuts will be stepped up, China Daily (Beijing) 22 December 2018. Access Date: 20 February 2019. [http://www.chinadaily.com.cn/cndy/2018-12/22/content\\_37416538.htm](http://www.chinadaily.com.cn/cndy/2018-12/22/content_37416538.htm).

<sup>1288</sup> Draft tax law for natural resources would codify a range of regulations, China Legal Information Center (China) 24 December 2018. Access Date: 20 February 2019. [http://www.chinadaily.com.cn/m/chinalic/2018-12/24/content\\_37418407.htm](http://www.chinadaily.com.cn/m/chinalic/2018-12/24/content_37418407.htm).

<sup>1289</sup> China unveils special individual income tax deductions, China Daily (Beijing) 23 December 2018. Access Date: 20 February 2019. <http://global.chinadaily.com.cn/a/201812/22/WS5c1e2dc0a3107d4c3a002446.html>.

<sup>1290</sup> China unveils special individual income tax deductions, China Daily (Beijing) 23 December 2018. Access Date: 20 February 2019. <http://global.chinadaily.com.cn/a/201812/22/WS5c1e2dc0a3107d4c3a002446.html>.

<sup>1291</sup> New app to help taxpayers get additional deductions, China Daily (Beijing) 25 December 2018. Access Date: 20 February 2019. <http://global.chinadaily.com.cn/a/201812/25/WS5c218235a3107d4c3a0029fc.html>.

<sup>1292</sup> More tax cuts for small firms, China Daily (Beijing) 10 January 2019. Access Date: 20 February 2019. <http://global.chinadaily.com.cn/a/201901/10/WS5c3685c9a3106c65c34e38f8.html>.

<sup>1293</sup> More tax cuts for small firms, China Daily (Beijing) 10 January 2019. Access Date: 20 February 2019. <http://global.chinadaily.com.cn/a/201901/10/WS5c3685c9a3106c65c34e38f8.html>.

<sup>1294</sup> China plans deeper tax cuts in manufacturing sector: official, China Daily (Beijing) 11 January 2019. Access Date: 20 February 2019. <http://global.chinadaily.com.cn/a/201901/11/WS5c3839d1a3106c65c34e3f16.html>.

<sup>1295</sup> China boosts liquidity to offset cash demand for tax payments, China Daily (Beijing) 15 January 2019. Access Date: 20 February 2019. <http://global.chinadaily.com.cn/a/201901/15/WS5c3d7951a3106c65c34e490f.html>.

can have CNY12 thousand (about USD1,791) deducted from their families' annual share of taxes over three years.<sup>1296</sup>

On 19 February 2019, German Minister of Finance Olaf Scholz advocated on behalf of China at the Paris Club, during the China-Germany High Level Financial Dialogue.<sup>1297</sup> As a result, both China and Germany pledged to maintain close cooperation to strengthen communication and cooperation on implementing the OECD/G20 Tax Base Erosion and Profit Shifting (BEPS) Action Plan.<sup>1298</sup> In addition, both China and Germany committed to continue working on the improvement of tax capacity and tax certainty, while working with the OECD to address tax challenges being faced as a result of the digitalization of the economy.<sup>1299</sup>

On 5 March 2019, the government work report was released stating that, starting on 1 April 2019, the Value Added tax rate for the manufacturing sector will be cut by three percentage points to 13 per cent, adding up to a total cut surpasses CNY900 billion.<sup>1300</sup>

On 13 April 2019, China attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1301</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1302</sup>

China has taken actions to increase tax certainty and tax capacity by introducing new app for tax payment, reducing tax for small business and imposing tax on the extraction of natural resources.

Thus, China receives a score of +1.

*Analyst: Sophia Bai*

### **France: +1**

France has fully complied with its commitment take action towards supporting tax certainty and tax capacity in developing countries and to take action through the Platform for Collaboration on Tax.

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<sup>1296</sup> China grants tax benefit to boost employment of the needy, China Daily (Beijing) 3 February 2019. Access Date: 20 February 2019. <http://global.chinadaily.com.cn/a/201902/03/WS5c56baefa3106c65c34e8142.html>.

<sup>1297</sup> Monatsbericht des BMF: Analysen und Berichte. Deutsch-Chinesischer Finanzdialog, Bundesministerium der Finanzen (Berlin) February 2019. Access Date: 24 February 2019. <https://www.bundesfinanzministerium.de/Monatsberichte/2019/02/Inhalte/Kapitel-3-Analysen/3-1-deutsch-chinesischer-finanzdialog.html>.

<sup>1298</sup> Monatsbericht des BMF: Analysen und Berichte. Deutsch-Chinesischer Finanzdialog, Bundesministerium der Finanzen (Berlin) February 2019. Access Date: 24 February 2019. <https://www.bundesfinanzministerium.de/Monatsberichte/2019/02/Inhalte/Kapitel-3-Analysen/3-1-deutsch-chinesischer-finanzdialog.html>.

<sup>1299</sup> Monatsbericht des BMF: Analysen und Berichte. Deutsch-Chinesischer Finanzdialog, Bundesministerium der Finanzen (Berlin) February 2019. Access Date: 24 February 2019. <https://www.bundesfinanzministerium.de/Monatsberichte/2019/02/Inhalte/Kapitel-3-Analysen/3-1-deutsch-chinesischer-finanzdialog.html>.

<sup>1300</sup> Total VAT cut expected to be own 900b yuan, China Daily (Beijing) 20 March 2019. Access Date: 23 April 2019. <http://global.chinadaily.com.cn/a/201903/20/WS5c91b046a3104842260b1952.html>.

<sup>1301</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1302</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

On 5 December 2018, the Organisation for Economic Co-operation and Development (OECD) announced that its compiled data showed France's tax revenues from the previous year rose to 46.2 percent of gross domestic product, surpassing Denmark as the most taxed country.<sup>1303</sup>

On 17 December 2018, finance minister Bruno Le Maire announced that the plans for a new tax on big technology companies (specifically Google, Apple, Facebook, Amazon) would be introduced in 2019 for an amount estimated at EUR500 million.<sup>1304</sup> This has been dubbed the GAFA tax.<sup>1305</sup>

On 19 December 2018, the French National Assembly voted to end tax incentives for adding palm oil to diesel fuel as of 2020.<sup>1306</sup>

On 28 December 2018, the French Finance Act for 2019 was enacted and introduced significant changes to the interest deduction rules and to the favourable tax regime applicable to Industrial Property income.<sup>1307</sup> The Act also made changes to the tax consolidation regime and implemented new anti-abuse rules.<sup>1308</sup>

On 1 January 2019, France implemented the pay-as-you-earn tax system where the state deducts taxes each month directly from salaries or pensions.<sup>1309</sup> This was a shift from the previous system whereby residents file income tax returns based on the previous year's earnings.<sup>1310</sup> The government sent 93 million letters and emails to its citizens to notify and explain the new system.<sup>1311</sup>

On 19 February 2019, OECD representatives, including France, met in Paris to discuss the OECD's Global Relations Programme in taxation (GRP).<sup>1312</sup> The meeting acknowledged the rapidly changing international landscape, new challenges posed by the digitalization of the economy, and the importance of supporting developing countries as they seek to strengthen their capacities in

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<sup>1303</sup> Government tax takes at record high with France in top spot: OECD, Reuters (London), 5 December 2018. Access Date: 26 April 2019. <https://www.reuters.com/article/us-oecd-tax/government-tax-takes-at-record-high-with-france-in-top-spot-oecd-idUSKBN1O411Y>.

<sup>1304</sup> France pushes forward alone with new tax on big tech companies, The Guardian (London), 17 December 2018. Access Date: 26 April 2019. <https://www.theguardian.com/technology/2018/dec/17/france-alone-new-tax-big-tech-companies-gafa>.

<sup>1305</sup> France pushes forward alone with new tax on big tech companies, The Guardian (London), 17 December 2018. Access Date: 26 April 2019. <https://www.theguardian.com/technology/2018/dec/17/france-alone-new-tax-big-tech-companies-gafa>.

<sup>1306</sup> France's National Assembly ends tax incentives for palm oil in diesel fuel, Transport & Environment (Brussels), 19 December 2018. Access Date: 26 April 2019. <https://www.transportenvironment.org/press/france%E2%80%99s-national-assembly-ends-tax-incentives-palm-oil-diesel-fuel>.

<sup>1307</sup> French Finance Act for 2019: The most important changes affecting businesses, Lexology (London), 28 December 2018. Access Date: 26 April 2019. <https://www.lexology.com/library/detail.aspx?g=584e9d38-77b8-4693-b19a-2a439b796cb2>.

<sup>1308</sup> French Finance Act for 2019: The most important changes affecting businesses, Lexology (London), 28 December 2018. Access Date: 26 April 2019. <https://www.lexology.com/library/detail.aspx?g=584e9d38-77b8-4693-b19a-2a439b796cb2>.

<sup>1309</sup> French government on tenterhooks as new income tax regime rolls in, The Local (Stockholm), 2 January 2019. Access Date: 26 April 2019. <https://www.thelocal.fr/20190102/french-government-on-tenterhooks-as-new-income-tax-regime-rolls-in>.

<sup>1310</sup> French government on tenterhooks as new income tax regime rolls in, The Local (Stockholm), 2 January 2019. Access Date: 26 April 2019. <https://www.thelocal.fr/20190102/french-government-on-tenterhooks-as-new-income-tax-regime-rolls-in>.

<sup>1311</sup> French government on tenterhooks as new income tax regime rolls in, The Local (Stockholm), 2 January 2019. Access Date: 26 April 2019. <https://www.thelocal.fr/20190102/french-government-on-tenterhooks-as-new-income-tax-regime-rolls-in>.

<sup>1312</sup> Statement of Outcomes: Advisory Group for Co-operation with Partner Economies Annual Meeting (February 2019), OECD (Paris), 19 February 2019. Access Date: 26 April 2019. <http://www.oecd.org/tax/tax-global/statement-of-outcomes-advisory-group-for-partner-economies-february-2019.pdf>.

taxation.<sup>1313</sup> The meeting had three key outcomes by recognizing the role of the Knowledge Sharing Platform (KSP) in the delivery of the GRP, launching an e-learning component to the GRP, and identifying three pillars of the GRP.<sup>1314</sup>

On 6 March 2019, French Finance Minister Bruno Le Maire set out the bill for France's digital tax proposal, which seeks to levy a 3 per cent digital tax on tech giants.<sup>1315</sup> The GAFA tax would apply to companies with EUR750 million in worldwide digital revenue and EUR25 million in French digital sales.<sup>1316</sup> France will tax online market places, the sale of data for targeted advertising, and the sale of targeted online advertising but will not tax direct e-commerce retailing, messaging or payment apps, and online advertising that doesn't involve user data.<sup>1317</sup>

On 13 April 2019, France attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1318</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1319</sup>

On 16 April 2019, France adopted a financial sector bill that establishes a legal framework for cryptocurrency service providers and initial coin offerings.<sup>1320</sup> This bill includes both optional and mandatory licensing, and also specifies the types of funds that can invest in crypto.<sup>1321</sup>

On 25 April 2019, President Emmanuel Macron pledged to cut income taxes while speaking at the first major press conference of his presidency in Elysee.<sup>1322</sup>

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<sup>1313</sup> Statement of Outcomes: Advisory Group for Co-operation with Partner Economies Annual Meeting (February 2019), OECD (Paris), 19 February 2019. Access Date: 26 April 2019. <http://www.oecd.org/tax/tax-global/statement-of-outcomes-advisory-group-for-partner-economies-february-2019.pdf>.

<sup>1314</sup> Statement of Outcomes: Advisory Group for Co-operation with Partner Economies Annual Meeting (February 2019), OECD (Paris) 19 February 2019. Access Date: 26 April 2019. <http://www.oecd.org/tax/tax-global/statement-of-outcomes-advisory-group-for-partner-economies-february-2019.pdf>.

<sup>1315</sup> French digital tax proposal puts tech giants on notice, Bloomberg (New York) 6 March 2019. Access Date: 26 April 2019. <https://news.bloombergtax.com/daily-tax-report-international/french-digital-tax-proposal-puts-tech-giants-on-notice>.

<sup>1316</sup> French digital tax proposal puts tech giants on notice, Bloomberg (New York) 6 March 2019. Access Date: 26 April 2019. <https://news.bloombergtax.com/daily-tax-report-international/french-digital-tax-proposal-puts-tech-giants-on-notice>.

<sup>1317</sup> French digital tax proposal puts tech giants on notice, Bloomberg (New York) 6 March 2019. Access Date: 26 April 2019. <https://news.bloombergtax.com/daily-tax-report-international/french-digital-tax-proposal-puts-tech-giants-on-notice>.

<sup>1318</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1319</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1320</sup> France adopts new crypto regulation, Bitcoin.com (Arlington) 16 April 2019. Access Date: 26 April 2019. <https://news.bitcoin.com/france-cryptocurrency-regulation/>.

<sup>1321</sup> France adopts new crypto regulation, Bitcoin.com (Arlington) 16 April 2019. Access Date: 26 April 2019. <https://news.bitcoin.com/france-cryptocurrency-regulation/>.

<sup>1322</sup> At marathon news conference, Macron launches fight back with tax cuts, Reuters (London), 25 April 2019. Access Date: 26 April 2019. <https://uk.reuters.com/article/uk-france-protests/frances-macron-offers-tax-cuts-to-quell-yellow-vest-protests-idUKKCN1S1262?il=0>.

France has fully complied with its commitment to improve tax certainty and support capacity building for developing countries through domestic initiatives and as a member of an international body.

Thus, France receives a score of +1.

*Analyst: Jane Huang*

### **Germany: +1**

Germany has fully complied with its commitment towards supporting tax certainty and tax capacity in developing countries predominantly through bilateral development initiatives.

On 16 February 2019, German Minister of Finance Olaf Scholz advocated for enhanced debt transparency on behalf of China with a special focus on enhanced data exchange within the Framework of the Paris Club, during the China-Germany High Level Financial Dialogue.<sup>1323</sup> Both countries pledged to maintain close cooperation to jointly cope with and combat cross-border tax evasion and to strengthen communication and cooperation on implementing the G20/Organisation for Economic Co-operation and Development (OECD) Tax Base Erosion and Profit Shifting Action Plan.<sup>1324</sup> Both countries will continue their work to improve tax certainty, and work with the OECD to address the tax challenges raised by the digitalization of the economy.<sup>1325</sup> Both countries also pledged to comply with the G20 commitment on tax transparency and automatic exchange of tax information, as well as on support for tax capacity in developing countries.<sup>1326</sup>

On 21 February 2019, Germany and Burkina Faso agreed to strengthen their cooperation within the “Compact with Africa,” which, among other mechanisms, includes action to create stronger and more reliable sources of government revenue.<sup>1327</sup>

On 13 April 2019, Germany attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration

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<sup>1323</sup> Monatsbericht des BMF: Analysen und Berichte. Deutsch-Chinesischer Finanzdialog, Bundesministerium der Finanzen (Berlin) February 2019. Access Date: 24 February 2019.

<https://www.bundesfinanzministerium.de/Monatsberichte/2019/02/Inhalte/Kapitel-3-Analysen/3-1-deutsch-chinesischer-finanzdialog.html>.

<sup>1324</sup> Joint Statement of the 2nd China-Germany High Level Financial Dialogue, Bundesministerium der Finanzen (Berlin) 18 January 2019. Access Date: 25 February 2019.

[https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Internationales\\_Finanzmarkt/Finanzmarktspolitik/2019-01-18-D-C-Finanzdialog.html](https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Internationales_Finanzmarkt/Finanzmarktspolitik/2019-01-18-D-C-Finanzdialog.html).

<sup>1325</sup> Joint Statement of the 2nd China-Germany High Level Financial Dialogue, Bundesministerium der Finanzen (Berlin) 18 January 2019. Access Date: 25 February 2019.

[https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Internationales\\_Finanzmarkt/Finanzmarktspolitik/2019-01-18-D-C-Finanzdialog.html](https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Internationales_Finanzmarkt/Finanzmarktspolitik/2019-01-18-D-C-Finanzdialog.html).

<sup>1326</sup> Joint Statement of the 2nd China-Germany High Level Financial Dialogue, Bundesministerium der Finanzen (Berlin) 18 January 2019. Access Date: 25 February 2019.

[https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Internationales\\_Finanzmarkt/Finanzmarktspolitik/2019-01-18-D-C-Finanzdialog.html](https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Internationales_Finanzmarkt/Finanzmarktspolitik/2019-01-18-D-C-Finanzdialog.html).

<sup>1327</sup> Gute Partnerschaft weiter ausbauen, Presse- und Informationsamt der Bundesregierung (Berlin) 21 February 2019. Access Date: 24 February 2019. <https://www.bundesregierung.de/breg-de/aktuelles/pressekonferenz-von-bundeskanzlerin-merkel-und-dem-praesidenten-der-republik-burkina-faso-roch-marc-kabor%C3%A9-1582980>.

on Tax.<sup>1328</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1329</sup>

Germany has taken some action towards supporting tax certainty and tax capacity in developing countries through bilateral development initiatives and as a member of an international body.

Thus, Germany receives a score +1.

*Analyst: Katharina Kuhn*

### **India: +1**

India has fully complied with its commitment to continue promote tax certainty and tax capacity.

On 1 February 2019, The Finance Minister of India Arun Jaitley, announced in the 2019 budget that the legislative focus would work on stabilizing GST for the next financial year in addition to the consideration of future road map to GST slabs of zero, 5 per cent and standard rate.<sup>1330</sup> The change in the 2019 budget is aimed at strengthening the tax capacity of the economy.<sup>1331</sup>

On 13 April 2019, India attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1332</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1333</sup>

India has taken steps towards tax certainty, and tax capacity domestically, and as a member of an international body.

Thus, India receives a score of +1.

*Analyst: Gayathiri Moorthy*

### **Indonesia: 0**

Indonesia has partially complied in promoting to the tax certainty and tax capacity-building through a domestic initiative.

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<sup>1328</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1329</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1330</sup> Arun Jaitley: India should have GST slabs of zero ,5% and a standard rate, India Today (New Delhi) 24 December 2018. Access Date: 11 March 2019. <https://www.indiatoday.in/business/story/aron-jaitley-blog-gst-standard-rate-1416220-2018-12-24>.

<sup>1331</sup> Arun Jaitley: India should have GST slabs of zero ,5% and a standard rate, India Today (New Delhi) 24 December 2018. Access Date: 11 March 2019. <https://www.indiatoday.in/business/story/aron-jaitley-blog-gst-standard-rate-1416220-2018-12-24>.

<sup>1332</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1333</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.



On 26 February 2019, Sri Mulyani Indrawati had mentioned that Indonesia had made tax refund procedures easier which led to reduction in VAT and PPnBM Revenue.<sup>1334</sup> Indonesia has planned to revise its luxury car tax scheme to improve export of greener cars and establish Indonesia as a regional hub.<sup>1335</sup>

India has partially complied to its commitment to promoting tax certainty and capacity building. Domestic reforms under consideration are expected to increase the tax to gross domestic product ratio.

Thus, Indonesia receives the score of 0.

*Analyst: Gayathiri Moorthy*

### **Italy: 0**

Italy has partially complied with its commitment to take action towards supporting tax certainty and tax capacity in developing countries and through the Platform for Collaboration on Tax.

On 13 April 2019, Italy attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1336</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1337</sup>

Italy has made little efforts towards complying with its commitment by participating in international bodies with the aim of improving tax certainty and capacity building in developing countries.

Thus, Italy receives the score of 0.

*Analyst: Katharina Kuhn*

### **Japan: 0**

On 13 April 2019, Japan attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration

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<sup>1334</sup> Increased tax refunds causes decline in revenue, The Jakarta Post (Jakarta) 26 February 2019. Access Date: 26 February 2019. <https://www.thejakartapost.com/news/2019/02/25/increased-tax-refunds-causes-decline-in-revenue.html>.

<sup>1335</sup> Indonesia plans tax changes to drive output exports of greener cars, Reuters (Jakarta) 11 March 2019. Access Date: 11 March 2019. <https://www.reuters.com/article/us-indonesia-autos-tax/indonesia-plans-tax-changes-to-drive-output-exports-of-greener-cars-idUSKBN1QS11B>,

<sup>1336</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1337</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

on Tax.<sup>1338</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1339</sup>

Japan has not taken any action towards tax certainty, tax capacity through domestic initiatives, but has taken some action as a member for an international body.

Thus, Japan receives a score of 0.<sup>1340</sup>

*Analyst: Sophia Bai*

### **Korea: 0**

Korea has partially complied to the commitment of increasing tax capacity and tax certainty in developing countries.

On 11 December 2018, The National Assembly approved a bill to impose a 10 percent value-added tax (VAT) on technology companies' digital services ranging from online ads to cloud computing and online to offline services, which would go into effect from 1 July 2019.<sup>1341</sup>

On 14 December 2018, the National Tax Service sent investigators to Google Korea's office in Gangnam, on suspicion of tax evasion by local YouTube content makers sharing ad profits with YouTube, Google's subsidiary.<sup>1342</sup>

On 15 January 2019, the National Tax Service requests foreign workers with earned income in Korea in 2018 must settle year-end taxes by 28 February 2019 regardless of their nationality and length of stay.<sup>1343</sup> Moreover, Employers will have to submit Report on the Status of Withholding and Statement on Wage and Salary Payment to National Tax Service by 11 March 2019.<sup>1344</sup>

On 16 January 2019, in a meeting the liberal ruling party hosted for financial firm representatives, Lawmakers of Korea's ruling party suggests an overhaul of the taxation system for stock trading that currently levies taxes on all transactions regardless of capital gains or losses.<sup>1345</sup>

On 31 January 2019, deputy prime minister and finance minister Hong Nam-ki said the Korean government is positively considering bringing down the country's stock trading tax, aiming to reinvigorate stock activity.<sup>1346</sup>

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<sup>1338</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1339</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1340</sup> This non-compliance was determined after a deep search of the following websites: [www.oecd.org](http://www.oecd.org), <http://www.eurasiancommission.org/en/act/finpol/dofp/Pages/default.aspx>, <https://www.oecd.org/japan/>, <https://www.mof.go.jp/english/>, and <https://japan.kantei.go.jp/>.

<sup>1341</sup> S. Korea to impose digital VAT on global tech giants starting next July, MaeKyung Media Group (Korea) 11 December 2018. Access Date: 20 February 2019. <https://pulsenews.co.kr/view.php?year=2018&no=772866>.

<sup>1342</sup> S. Korea tax authorities conduct tax audit on Google Korea, MaeKyung Media Group (Korea) 14 December 2018. Access Date: 20 February 2019. <https://pulsenews.co.kr/view.php?year=2018&no=777424>.

<sup>1343</sup> Foreign workers in Korea should file year-end tax settlement by Feb, MaeKyung Media Group (Korea) 15 January 2019. Access Date: 20 February 2019. <https://pulsenews.co.kr/view.php?year=2019&no=30720>.

<sup>1344</sup> Foreign workers in Korea should file year-end tax settlement by Feb, MaeKyung Media Group (Korea) 15 January 2019. Access Date: 20 February 2019. <https://pulsenews.co.kr/view.php?year=2019&no=30720>.

<sup>1345</sup> Korean ruling party keen on idea of lifting stock trade tax, MaeKyung Media Group (Korea) 16 January 2019. Access Date: 20 February 2019. <https://pulsenews.co.kr/view.php?year=2019&no=32995>.

Korea has taken action on tax certainty and tax capacity by increasing tax on technology companies' digital services and foreign workers' income and by strengthening tax regulation.

Thus, Korea receives a score of 0.

*Analyst: Sophia Bai*

### **Mexico: 0**

Mexico has partially complied with its commitments to continue to support enhanced tax-certainty and tax capacity-building.

On 31 December 2018, President Andres Manuel Lopez Obrador issued an executive order which granted lower rates for both value-added and income taxes in more than 40 municipalities bordering the United States.<sup>1347</sup> The decree will reduce income taxes from 30 per cent to 20 per cent and cut the value-added tax from 16 per cent to 8 per cent, while also boosting the minimum wage by 100 per cent to MXN 176 (USD 9).<sup>1348</sup> The decree is expected to reduce the government tax income during 2019 by USD6.1 billion.<sup>1349</sup>

On 8 January 2019, Finance Minister Carlos Urzua announced that Mexico will cut the tax rate paid by companies on the proceeds of initial public offerings from 35 per cent to 10 per cent.<sup>1350</sup>

On 13 April 2019, Mexico attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1351</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1352</sup>

Mexico has not complied with its commitments to continue to support enhanced tax-certainty and tax-capacity-building through domestic initiatives. However, Mexico has participated in promoting capacity building as a member of international bodies.

Thus, Mexico has received a score of 0.

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<sup>1346</sup> Korean govt to review lowering stock trading tax: finance minister, MaeKyung Media Group (Korea) 31 January 2019. Access Date: 20 February 2019. <https://pulseneews.co.kr/view.php?year=2019&no=65405>.

<sup>1347</sup> Mexican President Decrees Tax Cuts for U.S. Border Region, Reuters (Mexico City) 31 December 2018. Access Date: 27 March 2019. <https://www.reuters.com/article/us-mexico-economy-border/mexican-president-decrees-tax-cuts-for-u-s-border-region-idUSKCN1OU0ZJ>.

<sup>1348</sup> Mexico Creates Special Zone on US Border to Win Investments, Cut Migration, Business Standard (Monterrey) 30 December 2018. Access Date: 27 March 2019. [https://www.business-standard.com/article/international/mexico-creates-special-zone-on-us-border-to-win-investments-cut-migration-118123000065\\_1.html](https://www.business-standard.com/article/international/mexico-creates-special-zone-on-us-border-to-win-investments-cut-migration-118123000065_1.html).

<sup>1349</sup> Mexican President Decrees Tax Cuts for U.S. Border Region, Reuters (Mexico City) 31 December 2018. Access Date: 27 March 2019. <https://www.reuters.com/article/us-mexico-economy-border/mexican-president-decrees-tax-cuts-for-u-s-border-region-idUSKCN1OU0ZJ>.

<sup>1350</sup> Mexico Plans to Cut Tax for Companies Holding IPOs to 10%, Bloomberg (New York), 8 January 2019. Access Date: 27 March 2019. <https://www.bloomberg.com/news/articles/2019-01-08/mexico-will-look-to-cut-tax-to-10-for-companies-holding-ipos>.

<sup>1351</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1352</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

*Analysts: Timur Tursunbayev and Meagan Byrd*

### **Russia +1**

Russia has fully complied with its commitment towards supporting tax certainty and tax capacity in developing countries since the Buenos Aires Summit neither through bilateral initiatives nor through the Platform for Collaboration on Tax.

On 4 April 2019, representatives of the tax administrations of the Russian Federation and the Republic of Azerbaijan discussed issues of digitization of the fiscal sphere at a meeting of the working group in Baku. Delegations also discussed ways to improve the quality of digital tax administration, transfer pricing and audit work.<sup>1353</sup>

On 13 April 2019, Russia attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1354</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1355</sup>

Russia fully complied with its commitments to continue to support enhanced tax-certainty and tax-capacity-building through domestic initiatives. However, Russia has participated in promoting capacity building as a member of international bodies.

Thus, Russia receives the score +1.<sup>1356</sup>

*Analyst: Katharina Kuhn*

### **Saudi Arabia: 0**

Saudi Arabia has partially complied to support enhanced tax certainty and tax capacity building in developing countries, including through the Platform for Collaboration on Tax.

On 2 December 2018, Saudi Arabia and Mauritania signed an income tax treaty.<sup>1357</sup> This treaty seeks to avoid double taxing and improve tax administration in both countries.<sup>1358</sup>

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<sup>1353</sup> Issues of digitalization of the fiscal sphere discussed in Baku, Russian Federal Tax Service 4 April 2019. Access date: 22 May 2019. [https://www.nalog.ru/rn77/news/international\\_activities/8630332/](https://www.nalog.ru/rn77/news/international_activities/8630332/).

<sup>1354</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1355</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1356</sup> This non-compliance was determined after a deep search of the following websites: <http://www.gov.ru>, <http://president.kremlin.ru/>, <http://www.duma.ru/>, <http://www.cbr.ru/eng/>, [http://www.mid.ru/mid/eng/BOD\\_1.HTM](http://www.mid.ru/mid/eng/BOD_1.HTM), <http://economy.gov.ru/en/home>, <http://rs.gov.ru/en>, <https://www.nalog.ru/rn77/>, <http://www.eurasiancommission.org/en/act/finpol/dofp/Pages/default.aspx>, [www.oecd.org](http://www.oecd.org), <http://www.russiatoday.com>, and <https://www.rferl.org/Russia>.

<sup>1357</sup> Saudi Crown Prince signs three MoUs during visit to Mauritania, Al Arabiya Network (Dubai) 2 December 2018. Access Date: 22 February 2019. <http://english.alarabiya.net/en/News/north-africa/2018/12/02/Saudi-crown-prince-holds-bilateral-meeting-signs-MoUs-in-Mauritania.html>.

<sup>1358</sup> Saudi Crown Prince signs three MoUs during visit to Mauritania, Al Arabiya Network (Dubai) 2 December 2018. Access Date: 22 February 2019. <http://english.alarabiya.net/en/News/north-africa/2018/12/02/Saudi-crown-prince-holds-bilateral-meeting-signs-MoUs-in-Mauritania.html>.

On 10 December 2018, Saudi Arabia's General Authority of Zakat and Tax (GAZT) published draft transfer pricing bylaws for public consultation.<sup>1359</sup> The new transfer pricing bylaws follow international standards that include the arm's-length principle and documentation standards set by the Organisation for Economic Co-operation and Development (OECD) Transfer Pricing Guideline.<sup>1360</sup> Furthermore, the bylaws introduce country-by-country reporting in line with OECD minimum standards and represents an important milestone in Saudi Arabia's efforts to enhance tax certainty and tax capacity.<sup>1361</sup>

On 3 January 2019, Saudi Arabia and Cyprus signed a double tax treaty that will enter into force in March 2019.<sup>1362</sup> The treaty includes provisions regarding payments of income from debt-claims, payments of dividends, and royalty payments.<sup>1363</sup> This treaty standardizes the tax policies between the Saudi Arabia and Cyprus and empowers their respective tax authorities.<sup>1364</sup>

On 6 February 2019, Saudi Arabia and Albania signed a tax agreement to avoid dual taxation and prevent tax evasion from taxes on income and capital.<sup>1365</sup> The treaty would enhance Saudi Arabia's network of tax treaties to bolster its tax authorities.<sup>1366</sup>

On 15 February 2019, Saudi Arabia's General Authority of Zakat & Tax passed a resolution approving the Transfer Pricing Bylaws.<sup>1367</sup> The bylaws aim to target certain tax behaviors and minimize tax liabilities based on OECD standards.<sup>1368</sup> The bylaws will enhance businesses

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<sup>1359</sup> Saudi Arabia's tax authority releases draft transfer pricing bylaws, EY (Riyadh) 11 December 2018. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--saudi-arabias-tax-authority-releases-draft-transfer-pricing-bylaws>.

<sup>1360</sup> Saudi Arabia's tax authority releases draft transfer pricing bylaws, EY (Riyadh) 11 December 2018. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--saudi-arabias-tax-authority-releases-draft-transfer-pricing-bylaws>.

<sup>1361</sup> Saudi Arabia's tax authority releases draft transfer pricing bylaws, EY (Riyadh) 11 December 2018. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--saudi-arabias-tax-authority-releases-draft-transfer-pricing-bylaws>.

<sup>1362</sup> Cyprus – Saudi Arabia double tax treaty enters into force, PwC Central (Nicosia) 4 February 2019. Access Date: 22 February 2019. <https://www.pwc.com.cy/en/publications/assets/direct-tax-update-n-3-2019.pdf>.

<sup>1363</sup> Cyprus – Saudi Arabia double tax treaty enters into force, PwC Central (Nicosia) 4 February 2019. Access Date: 22 February 2019. <https://www.pwc.com.cy/en/publications/assets/direct-tax-update-n-3-2019.pdf>.

<sup>1364</sup> Cyprus – Saudi Arabia double tax treaty enters into force, PwC Central (Nicosia) 4 February 2019. Access Date: 22 February 2019. <https://www.pwc.com.cy/en/publications/assets/direct-tax-update-n-3-2019.pdf>.

<sup>1365</sup> King Salman, Albanian PM oversee signing of 2 agreements, MoU, Saudi Gazette (Riyadh) 7 February 2019. Access Date: 22 February 2019. <http://saudigazette.com.sa/article/558675/SAUDI-ARABIA/King-Salman-Albanian-PM-oversee-signing-of-2-agreements-MoU>.

<sup>1366</sup> King Salman, Albanian PM oversee signing of 2 agreements, MoU, Saudi Gazette (Riyadh) 7 February 2019. Access Date: 22 February 2019. <http://saudigazette.com.sa/article/558675/SAUDI-ARABIA/King-Salman-Albanian-PM-oversee-signing-of-2-agreements-MoU>.

<sup>1367</sup> The General Authority of Zakat & Tax Approve the Transfer Pricing Bylaws, General Authority of Zakat and Tax (Riyadh) 15 February 2019. Access Date: 23 February 2019. <https://www.gazt.gov.sa/en/media-center/news/the-general-authority-of-zakat-tax-approve-the-transfer-pricing-bylaws>.

<sup>1368</sup> The General Authority of Zakat & Tax Approve the Transfer Pricing Bylaws, General Authority of Zakat and Tax (Riyadh) 15 February 2019. Access Date: 23 February 2019. <https://www.gazt.gov.sa/en/media-center/news/the-general-authority-of-zakat-tax-approve-the-transfer-pricing-bylaws>.

compliance and affect all multinational corporations in the country.<sup>1369</sup> This is a major tax development for Saudi Arabia and the wider region.<sup>1370</sup>

On 5 March 2019, Saudi Arabia published its income and capital tax treaty with the United Arab Emirates which has entered into force as of 1 April 2019.<sup>1371</sup> This treaty includes provisions regarding permanent establishment, sets withholding tax rates, and applies the credit method to prevent double taxation to enhance tax capacity and tax certainty.<sup>1372</sup>

On 14 March 2019, the General Authority of Zakat and Tax announced the “Zakat collection regulations, the Zakat calculation rules for financing activities, the government’s assumption of responsibility of the Zakat and the Income Tax on Investment in Government Bonds and Sukuk.”<sup>1373</sup> These programs seek to increase transparency between the Authority and the taxpayers by improving Zakat collection procedures.<sup>1374</sup>

On 13 April 2019, Saudi Arabia attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1375</sup> This was in conjunction with welcoming the IMF’s continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1376</sup>

Saudi Arabia has partially complied to support enhanced tax certainty and tax capacity building in developing countries through domestic focused initiatives and bilateral treaties but has not engaged as a member of international bodies including the Platform for Collaboration on Tax.

Thus, Saudi Arabia receives a score of 0.

*Analyst: Collin Xia*

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<sup>1369</sup> The General Authority of Zakat & Tax Approve the Transfer Pricing Bylaws, General Authority of Zakat and Tax (Riyadh) 15 February 2019. Access Date: 23 February 2019. <https://www.gazt.gov.sa/en/media-center/news/the-general-authority-of-zakat-tax-approve-the-transfer-pricing-bylaws>.

<sup>1370</sup> The General Authority of Zakat & Tax Approve the Transfer Pricing Bylaws, General Authority of Zakat and Tax (Riyadh) 15 February 2019. Access Date: 23 February 2019. <https://www.gazt.gov.sa/en/media-center/news/the-general-authority-of-zakat-tax-approve-the-transfer-pricing-bylaws>.

<sup>1371</sup> Saudi Arabia publishes United Arab Emirates tax treaty, EY(Dubai) 11 March 2019. Access Date: 19 April 2019. [https://www.ey.com/Publication/vwLUAssets/Saudi\\_Arabia\\_publishes\\_United\\_Arab\\_Emirates\\_tax\\_treaty/\\$FILE/2019G\\_000755-19Gbl\\_Saudi%20Arabia%20publishes%20UAE%20tax%20treaty.pdf](https://www.ey.com/Publication/vwLUAssets/Saudi_Arabia_publishes_United_Arab_Emirates_tax_treaty/$FILE/2019G_000755-19Gbl_Saudi%20Arabia%20publishes%20UAE%20tax%20treaty.pdf).

<sup>1372</sup> Saudi Arabia publishes United Arab Emirates tax treaty, EY(Dubai) 11 March 2019. Access Date: 19 April 2019. [https://www.ey.com/Publication/vwLUAssets/Saudi\\_Arabia\\_publishes\\_United\\_Arab\\_Emirates\\_tax\\_treaty/\\$FILE/2019G\\_000755-19Gbl\\_Saudi%20Arabia%20publishes%20UAE%20tax%20treaty.pdf](https://www.ey.com/Publication/vwLUAssets/Saudi_Arabia_publishes_United_Arab_Emirates_tax_treaty/$FILE/2019G_000755-19Gbl_Saudi%20Arabia%20publishes%20UAE%20tax%20treaty.pdf).

<sup>1373</sup> "Zakat and Tax" announces the issuance of the Implementing Regulations for the collection of Zakat, General Authority of Zakat and Tax (Riyadh) 14 March 2019. Access Date: 19 April 2019. <https://www.gazt.gov.sa/en/media-center/news/zakat-and-tax-announces-the-issuance-of-the-implementing-regulations-for-the>.

<sup>1374</sup> "Zakat and Tax" announces the issuance of the Implementing Regulations for the collection of Zakat, General Authority of Zakat and Tax (Riyadh) 14 March 2019. Access Date: 19 April 2019. <https://www.gazt.gov.sa/en/media-center/news/zakat-and-tax-announces-the-issuance-of-the-implementing-regulations-for-the>.

<sup>1375</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1376</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

### South Africa: +1

South Africa has fully complied to support enhanced tax certainty and tax capacity building in developing countries, including through the Platform for Collaboration on Tax.

On 11 January 2019, the South African Revenue Service, National Treasury of South Africa and the Organisation for Economic Co-operation and Development (OECD) signed a Memorandum of Cooperation to collaborate in tax policy.<sup>1377</sup> The memorandum is in place until 2023 and signifies stronger relations and cooperation between South Africa and the OECD.<sup>1378</sup>

On 19 January 2019, South Africa enacted the Taxation Laws Amendment Bill and the Tax Administration Laws Amendment Bill.<sup>1379</sup> These bills aim to address tax avoidance through the use of “collateral arrangements,” anomalies in medical tax credits, and exploitation of foreign trusts to avoid tax through controlled foreign companies.<sup>1380</sup>

On 19 February 2019, South Africa’s National Assembly adopted the Customs and Excise Amendment Bill.<sup>1381</sup> The bill amends the Customs and Excise Act No 91 of 1964 by empowering the South African Revenue Service to collect a carbon tax and issue regulative measures to increase tax capacity.<sup>1382</sup>

On 20 February 2019, the South African government released the 2019 Budget Review which proposed to adopt the OECD’s common reporting standard (CRS).<sup>1383</sup> The government seeks to adopt the OECD’s model mandatory disclosure rules to address offshore arrangements intended to evade financial account reporting under the CRS regime and increase tax certainty.<sup>1384</sup>

On 21 February 2019, South Africa’s Finance Minister Tito Mboweni delivered his 2019/2020 Budget Review.<sup>1385</sup> One of the budget review’s key proposals include a carbon tax of approximately

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<sup>1377</sup> OECD, SARS And National Treasury Continue Partnership to Strengthen Tax Co-Operation, South African Revenue Service (Pretoria) 11 January 2019. Access Date: 22 February 2019.

<http://www.sars.gov.za/Media/MediaReleases/Pages/11-January-2019---OECD-SARS-National-Treasury-continue-partnership-to-strengthen-tax-co-operation.aspx>.

<sup>1378</sup> OECD, SARS And National Treasury Continue Partnership to Strengthen Tax Co-Operation, South African Revenue Service (Pretoria) 11 January 2019. Access Date: 22 February 2019.

<http://www.sars.gov.za/Media/MediaReleases/Pages/11-January-2019---OECD-SARS-National-Treasury-continue-partnership-to-strengthen-tax-co-operation.aspx>.

<sup>1379</sup> South Africa enacts tax amendment bills, EY (Johannesburg) 21 January 2019. Access Date: 22 February 2019.

<https://www.ey.com/gl/en/services/tax/international-tax/alert--south-africa-enacts-tax-amendment-bills>.

<sup>1380</sup> South Africa enacts tax amendment bills, EY (Johannesburg) 21 January 2019. Access Date: 22 February 2019.

<https://www.ey.com/gl/en/services/tax/international-tax/alert--south-africa-enacts-tax-amendment-bills>.

<sup>1381</sup> Customs and Excise Amendment Bill presented to National Assembly, Deloitte (Johannesburg) 20 February 2019.

Access Date: 19 April 2019. <https://www.taxathand.com/article/11130/South-Africa/2019/Customs-and-Excise-Amendment-Bill-presented-to-National-Assembly>.

<sup>1382</sup> Customs and Excise Amendment Bill presented to National Assembly, Deloitte (Johannesburg) 20 February 2019.

Access Date: 19 April 2019. <https://www.taxathand.com/article/11130/South-Africa/2019/Customs-and-Excise-Amendment-Bill-presented-to-National-Assembly>.

<sup>1383</sup> South Africa: CRS proposals included in budget, KPMG (Pretoria) 12 March 2019. Access Date: 19 April 2019.

<https://home.kpmg/xx/en/home/insights/2019/03/tnf-south-africa-crs-proposals-included-in-budget.html>.

<sup>1384</sup> South Africa: CRS proposals included in budget, KPMG (Pretoria) 12 March 2019. Access Date: 19 April 2019.

<https://home.kpmg/xx/en/home/insights/2019/03/tnf-south-africa-crs-proposals-included-in-budget.html>.

<sup>1385</sup> South Africa’s Finance Minister delivers 2019 Budget Review, EY (Johannesburg) 21 February 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--south-africas-finance-minister-delivers-2019-budget-review>.

USD10 per ton of carbon dioxide equivalent starting from 1 June 2019.<sup>1386</sup> In addition, there are numerous proposals ranging from a review of anti-avoidance measures pertaining to transactions between a company and its connected actors under the Special Economic Zone tax regime, investigating a tax on “single-use” plastics, and a new tax on electronic cigarettes and tobacco heating products.<sup>1387</sup> These proposals seek to enhance the government’s tax capacity and presents models for the region to adopt.<sup>1388</sup>

On 1 April 2019, South Africa began requiring non-resident suppliers of electronic services to register for value added tax (VAT) purposes.<sup>1389</sup> South Africa expanded definition of electronic services and began to treat foreign and domestic suppliers similarly for VAT purposes.<sup>1390</sup>

On 13 April 2019, South Africa chaired the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1391</sup> This was in conjunction with welcoming the IMF’s continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1392</sup>

South Africa has partially complied to support enhanced tax certainty and tax capacity building in developing countries through domestic focused initiatives and has engaged as a member of international bodies.

Thus, South Africa receives a score of +1.

*Analyst: Collin Xia*

## **Turkey: 0**

Turkey has partially complied to its commitment regarding the supporting of enhanced tax certainty and tax capacity building in developing countries, including through the Platform for Collaboration on Tax. They have implemented some measures to support their commitment to the Platform for Collaboration on Tax such as agreeing to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Sharing. They have worked with other

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<sup>1386</sup> South Africa’s Finance Minister delivers 2019 Budget Review, EY (Johannesburg) 21 February 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--south-africas-finance-minister-delivers-2019-budget-review>.

<sup>1387</sup> South Africa’s Finance Minister delivers 2019 Budget Review, EY (Johannesburg) 21 February 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--south-africas-finance-minister-delivers-2019-budget-review>.

<sup>1388</sup> South Africa’s Finance Minister delivers 2019 Budget Review, EY (Johannesburg) 21 February 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--south-africas-finance-minister-delivers-2019-budget-review>.

<sup>1389</sup> South Africa: New VAT registration requirements, non-resident suppliers of e-services, KPMG (Pretoria) 11 March 2019. Access Date: 19 April 2019. <https://home.kpmg/xx/en/home/insights/2019/03/tnf-south-africa-new-vat-registration-requirements-non-resident-suppliers-e-services.html>.

<sup>1390</sup> South Africa: New VAT registration requirements, non-resident suppliers of e-services, KPMG (Pretoria) 11 March 2019. Access Date: 19 April 2019. <https://home.kpmg/xx/en/home/insights/2019/03/tnf-south-africa-new-vat-registration-requirements-non-resident-suppliers-e-services.html>.

<sup>1391</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1392</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.



countries in regard to Double Tax Treaties dealing with issues such as income taxes. On the issue of tax certainty and capacity they have taken very limited action.

On 19 December 2018, Presidential Decree No. 476 states that payments made for advertising services provided through the Internet to advertising service providers and also intermediaries for advertising service will fall under the Withholding Tax liability.<sup>1393</sup> This placed a 15 per cent withholding tax on payments made to services provided by a nonresident entity or individual.<sup>1394</sup> There would be no tax placed on the payments made for services provided by a Turkish entity.<sup>1395</sup> This would affect payments made as of 1 January 2019.<sup>1396</sup>

On 15 February 2019, the Turkish Ministry of the Treasury and Finance publishes communique No.17.<sup>1397</sup> This clarifies the Presidential Decree No. 476 which came into force on 1 January 2019 for payments regarding advertising services provided via the Internet.<sup>1398</sup> It says that the withholding tax would apply to payments made on or after 1 January 2019 regardless of the fact that the service was provided before that date.<sup>1399</sup>

On 27 February 2019, the Turkish Finance and Treasury minister Berat Albayrak promised reforms to the tax system to widen it as well as to create a more effective tax system.<sup>1400</sup> These reforms would better allow the Turkish economy to better compete on the world stage.<sup>1401</sup>

On 13 April 2019, Turkey attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration

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<sup>1393</sup> New Withholding Tax Liability on Advertising Services Provided Online, Baker and Mackenzie (Istanbul) 20 December 2018. Access Date: 16 April 2019. <https://www.bakermckenzie.com/en/insight/publications/2018/12/new-withholding-tax-liability>

<sup>1394</sup> New Withholding Tax Liability on Advertising Services Provided Online, Baker and Mackenzie (Istanbul) 20 December 2018. Access Date: 16 April 2019. <https://www.bakermckenzie.com/en/insight/publications/2018/12/new-withholding-tax-liability>

<sup>1395</sup> New Withholding Tax Liability on Advertising Services Provided Online, Baker and Mackenzie (Istanbul) 20 December 2018. Access Date: 16 April 2019. <https://www.bakermckenzie.com/en/insight/publications/2018/12/new-withholding-tax-liability>

<sup>1396</sup> New Withholding Tax Liability on Advertising Services Provided Online, Baker and Mackenzie (Istanbul) 20 December 2018. Access Date: 16 April 2019. <https://www.bakermckenzie.com/en/insight/publications/2018/12/new-withholding-tax-liability>

<sup>1397</sup> Turkey Finalizes Guidance on Withholding Tax On Payments Relating to Online Advertising Services, Thomson Reuters (Eagan) 28 February 2019. Access Date: 18 April 2019. <https://tax.thomsonreuters.com/blog/turkey-finalizes-guidance-on-new-withholding-tax-on-payments-relating-to-online-advertising-services/>

<sup>1398</sup> Turkey Finalizes Guidance on Withholding Tax On Payments Relating to Online Advertising Services, Thomson Reuters (Eagan) 28 February 2019. Access Date: 18 April 2019. <https://tax.thomsonreuters.com/blog/turkey-finalizes-guidance-on-new-withholding-tax-on-payments-relating-to-online-advertising-services/>

<sup>1399</sup> Turkey Finalizes Guidance on Withholding Tax On Payments Relating to Online Advertising Services, Thomson Reuters (Eagan) 28 February 2019. Access Date: 18 April 2019. <https://tax.thomsonreuters.com/blog/turkey-finalizes-guidance-on-new-withholding-tax-on-payments-relating-to-online-advertising-services/>

<sup>1400</sup> Turkish Finance Minister Vows Tax Reforms, Hurriyet Daily News (Istanbul) 27 February 2019. Access Date: 16 April 2019. <http://www.hurriyetdailynews.com/turkish-finance-minister-vows-tax-reforms-141533>

<sup>1401</sup> Turkish Finance Minister Vows Tax Reforms, Hurriyet Daily News (Istanbul) 27 February 2019. Access Date: 16 April 2019. <http://www.hurriyetdailynews.com/turkish-finance-minister-vows-tax-reforms-141533>

on Tax.<sup>1402</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1403</sup>

Turkey has partially complied with their commitment to the supporting of enhanced tax certainty and tax capacity building in developing countries, including through the Platform for Collaboration on Tax. They have agreed to the Organisation for Economic Co-operation and Development's Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Sharing and has worked on Double Tax Treaties with other countries. The implementation of the new withholding tax on online advertising services though raises issues on their commitment to tax certainty and tax capacity due to the nature of the tax being placed can lead to issues in regard to the Double Tax Treaties that they have in force already.

Thus, Turkey receives a score of 0.

*Analyst: Wayne George*

### **United Kingdom: +1**

The United Kingdom has fully complied to support enhanced tax certainty and tax capacity building in developing countries, including through the Platform for Collaboration on Tax.

On 19 December 2018, the United Kingdom and Jersey's Double Taxation Agreement and Protocol treaty came into effect.<sup>1404</sup> The treaty addresses taxes on various types of investments including on dividends and profits from "immovable property."<sup>1405</sup> This treaty updates British tax administration with contemporary provisions and enhances tax certainty.<sup>1406</sup>

On 19 December 2019, the United Kingdom and the Isle of Man's double taxation agreement came into force.<sup>1407</sup> This treaty replaces the 1955 tax arrangement between the Isle of Man and the UK by adjusting provisions on income tax, corporate tax, capital gains tax.<sup>1408</sup>

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<sup>1402</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1403</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1404</sup> UK – Jersey Double Taxation Agreement and Protocol, Given Effect by An Exchange of Letters Signed in London on 2 July 2018, GOV.UK (London) 24 December 2018. Access Date: 22 February 2019. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/767849/2018\\_\\_Jersey-UK\\_Double\\_Taxation\\_Agreement\\_\\_in\\_force.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/767849/2018__Jersey-UK_Double_Taxation_Agreement__in_force.pdf).

<sup>1405</sup> UK – Jersey Double Taxation Agreement and Protocol, Given Effect by An Exchange of Letters Signed in London on 2 July 2018, HM Revenue & Customs (London) 24 December 2018. Access Date: 22 February 2019. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/767849/2018\\_\\_Jersey-UK\\_Double\\_Taxation\\_Agreement\\_\\_in\\_force.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/767849/2018__Jersey-UK_Double_Taxation_Agreement__in_force.pdf).

<sup>1406</sup> UK – Jersey Double Taxation Agreement and Protocol, Given Effect by An Exchange of Letters Signed in London on 2 July 2018, GOV.UK (London) 24 December 2018. Access Date: 22 February 2019. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/767849/2018\\_\\_Jersey-UK\\_Double\\_Taxation\\_Agreement\\_\\_in\\_force.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/767849/2018__Jersey-UK_Double_Taxation_Agreement__in_force.pdf).

<sup>1407</sup> UK – Isle of Man Double Taxation Agreement and Protocol, Given Effect by an Exchange of Letters Signed in London on 2 July 2018, HM Revenue & Customs (London) 24 December 2018. Access Date: 22 February 2019. <https://www.gov.uk/government/publications/isle-of-man-tax-treaties>.

<sup>1408</sup> UK – Isle of Man Double Taxation Agreement and Protocol, Given Effect by an Exchange of Letters Signed in London on 2 July 2018, HM Revenue & Customs (London) 24 December 2018. Access Date: 22 February 2019. <https://www.gov.uk/government/publications/isle-of-man-tax-treaties>.

On 1 January 2019, the United Kingdom released the synthesized text of the 1990 Slovak Republic-UK Double Tax Convention, displaying the modifications made to the treaty in accordance to the Multilateral Convention to Implement Tax Treaty.<sup>1409</sup> The changes will impact taxes withheld at source in both countries, “all other taxes levied by the Slovak Republic,” corporate tax in the UK, and taxes on income and capital gains in the UK.<sup>1410</sup>

On 1 January 2019, the United Kingdom and Cyprus replaced a previous treaty signed in 1974 with a new double tax treaty.<sup>1411</sup> The treaty addresses taxes on various investments including on dividends and profits from “immovable property.”<sup>1412</sup> This treaty replaces the previous treaty with contemporary provisions and enhances tax certainty.<sup>1413</sup>

On 3 January 2019, the United Kingdom released the synthesized text of the 2001 Lithuania-UK Double Tax Convention.<sup>1414</sup> The revised document displayed changes made to the treaty in accordance to the Multilateral Convention to Implement Tax Treaty.<sup>1415</sup> The changes will impact taxes withheld at source in both countries, “all other taxes levied by Lithuania,” corporate tax in the UK, and tax on income and capital gains in the UK.<sup>1416</sup>

On 6 January 2019, the United Kingdom published the synthesized text of the 2006 UK-Poland Double Taxation Convention.<sup>1417</sup> The text shows the changes made to the treaty in accordance to the Multilateral Convention to Implement Tax Treaty.<sup>1418</sup> The changes will impact taxes withheld at source in both countries, “all other taxes levied by Poland,” corporate tax in the UK, and taxes on income and capital gains in the UK.<sup>1419</sup>

On 7 January 2019, the United Kingdom and Guernsey’s new double tax treaty came into force.<sup>1420</sup> This treaty replaces the 1955 tax arrangement between Guernsey and the UK by adjusting taxes on capital gains, royalties, dividends, and interest.<sup>1421</sup>

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<sup>1409</sup> The Latest on BEPS – 14 January 2019, EY (Washington D.C.) 14 January 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---14-january-2019>.

<sup>1410</sup> The Latest on BEPS – 14 January 2019, EY (Washington D.C.) 14 January 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---14-january-2019>.

<sup>1411</sup> Cyprus expands treaty network as of 1 January 2019, EY (Nicosia) 16 January 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--cyprus-expands-treaty-network-as-of-1-january-2019>.

<sup>1412</sup> Cyprus expands treaty network as of 1 January 2019, EY (Nicosia) 16 January 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--cyprus-expands-treaty-network-as-of-1-january-2019>.

<sup>1413</sup> Cyprus expands treaty network as of 1 January 2019, EY (Nicosia) 16 January 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--cyprus-expands-treaty-network-as-of-1-january-2019>.

<sup>1414</sup> The Latest on BEPS – 14 January 2019, EY (Washington D.C.) 14 January 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---14-january-2019>.

<sup>1415</sup> The Latest on BEPS – 14 January 2019, EY (Washington D.C.) 14 January 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---14-january-2019>.

<sup>1416</sup> The Latest on BEPS – 14 January 2019, EY (Washington D.C.) 14 January 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---14-january-2019>.

<sup>1417</sup> The Latest on BEPS – 17 December 2018, EY (Washington D.C.) 17 December 2018. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---17-december-2018>.

<sup>1418</sup> The Latest on BEPS – 17 December 2018, EY (Washington D.C.) 17 December 2018. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---17-december-2018>.

<sup>1419</sup> The Latest on BEPS – 17 December 2018, EY (Washington D.C.) 17 December 2018. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--the-latest-on-beps---17-december-2018>.

<sup>1420</sup> UK: Double Tax Agreement with Guernsey in force, RegFollower (Guernsey) 23 January 2019. Access Date: 22 February 2019. <https://regfollower.com/2019/01/23/uk-double-tax-agreement-with-guernsey-in-force/>.

<sup>1421</sup> UK: Double Tax Agreement with Guernsey in force, RegFollower (Guernsey) 23 January 2019. Access Date: 22 February 2019. <https://regfollower.com/2019/01/23/uk-double-tax-agreement-with-guernsey-in-force/>.

On 10 January 2019, the United Kingdom launched a new disclosure facility called the Profit Diversion Compliance Facility.<sup>1422</sup> This facility aims to investigate multinational enterprises that have used cross-border arrangements that have resulted in artificial reduction in UK profits.<sup>1423</sup> This initiative attempts to increase the country's tax certainty and capacity while presenting a new tax extraction model for other countries.<sup>1424</sup>

On 11 January 2019, the United Kingdom's HM Treasury signed a tax treaty protocol with Israel.<sup>1425</sup> The new protocol updates their 1962 tax treaty and includes modern rules to protect against tax avoidance.<sup>1426</sup>

On 17 January 2019, the United Kingdom and Israel signed an protocol to the 1962 income tax treaty between the two countries.<sup>1427</sup> The protocol updates the preamble and provisions on permanent establishments based on Base erosion and profit shifting recommendations.<sup>1428</sup> It also adjusts various definitions and provisions from the previous treaty to enhance tax certainty and capacity in both countries.<sup>1429</sup>

On 6 February 2019, the United Kingdom's HM Revenue & Customs began issuing letters to businesses that may have a liability to diverted profits tax.<sup>1430</sup> The initiative attempts to settle possible liabilities with lower penalties without an official enquiry and ensure that businesses are reporting the appropriate amount of British profits.<sup>1431</sup>

On 7 February 2019, members of the British Treasury Department met with KPMG tax practitioners in Silicon Valley to discuss the proposed digital services tax.<sup>1432</sup> The proposal seeks to levy a tax on social media providers, search engines, and online marketplaces that derive income from British user participation to increase tax capacity.<sup>1433</sup>

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<sup>1422</sup> UK Tax Authority launches Profit Diversion Compliance Facility, EY (London) 10 January 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--uk-tax-authority-launches-profit-diversion-compliance-facility>.

<sup>1423</sup> UK Tax Authority launches Profit Diversion Compliance Facility, EY (London) 10 January 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--uk-tax-authority-launches-profit-diversion-compliance-facility>.

<sup>1424</sup> UK Tax Authority launches Profit Diversion Compliance Facility, EY (London) 10 January 2019. Access Date: 22 February 2019. <https://www.ey.com/gl/en/services/tax/international-tax/alert--uk-tax-authority-launches-profit-diversion-compliance-facility>.

<sup>1425</sup> UK, Israel sign new tax treaty protocol, MNE Tax (Hillsdale) 22 January 2019. Access Date: 19 April 2019. <https://mnetax.com/uk-isreal-sign-new-tax-treaty-protocol-32018>.

<sup>1426</sup> UK, Israel sign new tax treaty protocol, MNE Tax (Hillsdale) 22 January 2019. Access Date: 19 April 2019. <https://mnetax.com/uk-isreal-sign-new-tax-treaty-protocol-32018>.

<sup>1427</sup> Protocol to Tax Treaty between Israel and the UK Signed, Orbitax (San Francisco) 17 January 2019. Access Date: 22 February 2019. <https://www.orbitax.com/news/archive.php/Protocol-to-Tax-Treaty-between-35928>.

<sup>1428</sup> Protocol to Tax Treaty between Israel and the UK Signed, Orbitax (San Francisco) 17 January 2019. Access Date: 22 February 2019. <https://www.orbitax.com/news/archive.php/Protocol-to-Tax-Treaty-between-35928>.

<sup>1429</sup> Protocol to Tax Treaty between Israel and the UK Signed, Orbitax (San Francisco) 17 January 2019. Access Date: 22 February 2019. <https://www.orbitax.com/news/archive.php/Protocol-to-Tax-Treaty-between-35928>.

<sup>1430</sup> HMRC issuing letters to businesses that may be diverting profits, Out-Law (London) 6 February 2019. Access Date: 19 April 2019. <https://www.out-law.com/en/articles/2019/february/hmrc-letters-to-businesses-diverting-profits/>.

<sup>1431</sup> HMRC issuing letters to businesses that may be diverting profits, Out-Law (London) 6 February 2019. Access Date: 19 April 2019. <https://www.out-law.com/en/articles/2019/february/hmrc-letters-to-businesses-diverting-profits/>.

<sup>1432</sup> Her Majesty's Treasury Department Discusses the UK's Proposed Digital Services Tax, KPMG (Santa Clara) 11 March 2019. Access date: 19 April 2019. <https://home.kpmg/content/dam/kpmg/us/pdf/2019/03/tnf-wnit-uk-mar11-2019.pdf>.

<sup>1433</sup> Her Majesty's Treasury Department Discusses the UK's Proposed Digital Services Tax, KPMG (Santa Clara) 11 March 2019. Access date: 19 April 2019. <https://home.kpmg/content/dam/kpmg/us/pdf/2019/03/tnf-wnit-uk-mar11-2019.pdf>.

On 12 February 2019, the United Kingdom enacted the UK Finance Act 2019.<sup>1434</sup> The act includes provisions that regulate non-resident companies' corporate tax on gains from the disposal of all forms of British land, an anti-profit-fragmentation rule that prevents British businesses from avoiding British tax by arranging their taxable business profits to entities in territories with significantly lower taxes than in the UK, and measures that ensure non-British resident companies that operate property business or have other British property income will be charged to corporate tax, rather than being charged to income tax.<sup>1435</sup> This act will improve tax certainty and tax capacity by targeting taxable business profits in the country.<sup>1436</sup>

On 13 February 2019, the United Kingdom ratified the "Double Taxation Relief and International Tax Enforcement (Austria) Order 2019."<sup>1437</sup> This treaty with Austria will replace the 1969 tax treaty and update provisions on income and capital tax between the two countries.<sup>1438</sup>

On 19 February 2019, the British Department for International Development committed GBP47 million to improve tax systems in developing countries.<sup>1439</sup> GBP10.3 million will go to the Organisation for Economic Co-operation and Development (OECD), which operates the Tax Inspectors Without Borders Initiative (TIWB).<sup>1440</sup> TIWB is an OECD and United Nations Development Programme initiative that supports developing countries in implementing international tax standards by sending British experts overseas.<sup>1441</sup> The British government's support aims to help countries enhance tax certainty and capacity and leave them less reliant on aid by creating the appropriate environment for foreign investment and increasing investor confidence in investing in developing countries.<sup>1442</sup> In addition, the World Bank's global tax programme will receive GBP7.4 million to aid developing countries to build effective tax systems.<sup>1443</sup> The African Tax Administration Forum (ATAF) is being given GBP4.2 million, and the UK will provide two tax experts for four

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<sup>1434</sup> UK Finance Act 2019 Receives Royal Assent, Orbitax (San Francisco) 12 February 2019. Access Date: 22 February 2019. <https://www.orbitax.com/news/archive.php/UK-Finance-Act-2019-Receives-R-36327>.

<sup>1435</sup> UK Finance Act 2019 Receives Royal Assent, Orbitax (San Francisco) 12 February 2019. Access Date: 22 February 2019. <https://www.orbitax.com/news/archive.php/UK-Finance-Act-2019-Receives-R-36327>.

<sup>1436</sup> UK Finance Act 2019 Receives Royal Assent, Orbitax (San Francisco) 12 February 2019. Access Date: 22 February 2019. <https://www.orbitax.com/news/archive.php/UK-Finance-Act-2019-Receives-R-36327>.

<sup>1437</sup> The Double Taxation Relief and International Tax Enforcement (Austria) Order 2019, The National Archives (London) 13 February 2019. Access Date: 22 February 2019. <http://www.legislation.gov.uk/uksi/2019/255/introduction/made>.

<sup>1438</sup> The Double Taxation Relief and International Tax Enforcement (Austria) Order 2019, The National Archives (London) 13 February 2019. Access Date: 22 February 2019. <http://www.legislation.gov.uk/uksi/2019/255/introduction/made>.

<sup>1439</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1440</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1441</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1442</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1443</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

years to help ATAF's member states build an effective organisation.<sup>1444</sup> GBP 2.25 million will go to the "intergovernmental forum for mining, minerals, metals and sustainable development to tackle tax avoidance in the mining sector."<sup>1445</sup> GBP1 million will go to the International Monetary Fund (IMF) tax administration diagnostic assessment tool, designed to offer objective assessment of the health of key sectors of a country's tax administration system.<sup>1446</sup> Moreover, GBP13 million will go to IMF's Africa regional technical assistance centres which support African countries to build capacity in tax administration, and public financial management.<sup>1447</sup> GBP2.6 million of the funding will support boosting tax revenue.<sup>1448</sup> The Institute for Fiscal Studies will receive around GBP5 million to develop tax policy analysis in four developing countries and a research fund to increase knowledge of tax administration in developing countries.<sup>1449</sup> Finally, GBP3.7 million will go to support the Platform for Collaboration on Tax.<sup>1450</sup> UK extensive efforts will support developing countries with the knowledge and money needed to bolster the international tax regime.<sup>1451</sup>

On 4 March 2019, the United Kingdom signed a fiscal treaty with Spain.<sup>1452</sup> The treaty aims to combat tax fraud and money laundering through the British overseas territory of Gibraltar.<sup>1453</sup>

On 13 March 2019, the Chancellor Philip Hammond delivered the annual Spring Statement.<sup>1454</sup> The Chancellor announced efforts to explore value-added tax (VAT) reform projects that aim to simplify and improve the VAT tax system.<sup>1455</sup> Furthermore, the UK reiterated its support for helping developing countries by investing GBP18.25 million of Overseas Development Funding over the

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<sup>1444</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1445</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1446</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1447</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1448</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1449</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1450</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1451</sup> £47m support for developing countries to improve tax systems, Accountancy Daily (London) 19 February 2019. Access Date: 23 February 2019. <https://www.accountancydaily.co/ps47m-support-developing-countries-improve-tax-systems>.

<sup>1452</sup> Spain signs Gibraltar tax deal with Britain, AAJ News (Karachi) 4 March 2019. Access Date: 19 April 2019. <https://www.aaj.tv/2019/03/spain-signs-gibraltar-tax-deal-with-britain/>.

<sup>1453</sup> Spain signs Gibraltar tax deal with Britain, AAJ News (Karachi) 4 March 2019. Access Date: 19 April 2019. <https://www.aaj.tv/2019/03/spain-signs-gibraltar-tax-deal-with-britain/>.

<sup>1454</sup> UK Sets Out Upcoming VAT Reform Initiatives, Wolters Kluwer (Surrey) 5 April 2019. Access Date: 19 April 2019. [https://www.tax-news.com/news/UK\\_Sets\\_Out\\_Upcoming\\_VAT\\_Reform\\_Initiatives\\_\\_\\_97057.html](https://www.tax-news.com/news/UK_Sets_Out_Upcoming_VAT_Reform_Initiatives___97057.html).

<sup>1455</sup> UK Sets Out Upcoming VAT Reform Initiatives, Wolters Kluwer (Surrey) 5 April 2019. Access Date: 19 April 2019. [https://www.tax-news.com/news/UK\\_Sets\\_Out\\_Upcoming\\_VAT\\_Reform\\_Initiatives\\_\\_\\_97057.html](https://www.tax-news.com/news/UK_Sets_Out_Upcoming_VAT_Reform_Initiatives___97057.html).

next six years. This funding will be used to improve the efficacy of tax administration systems to maximize revenue through knowledge sharing and support.<sup>1456</sup>

On 28 March 2019, the United Kingdom launched a consultation on draft measures to prevent abuse of Research and Development (R&D) tax relief for small or medium-sized enterprises (SME).<sup>1457</sup> The draft proposes a limit on the payable tax credit that can be claimed by a company to reduce abuse of tax relief programs and increase tax certainty.<sup>1458</sup>

On 1 April 2019, the United Kingdom's double tax treaty with Lesotho came into effect.<sup>1459</sup> The treaty contains definitions of permanent establishment, regulations on withholding tax, and provisions on the exchange of information and mutual assistance in collecting taxes.<sup>1460</sup>

On 1 April 2019, the United Kingdom made the Making Tax Digital program (MTD) into law.<sup>1461</sup> The program ensures that value-added tax (VAT) registered businesses earning more than GBP85,000 will keep their records electronically and submit their VAT returns using MTD-compatible software.<sup>1462</sup> The program seeks to help businesses pay taxes more effectively and increase tax capacity and tax certainty.<sup>1463</sup>

On 13 April 2019, the UK attended the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the IMF to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1464</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1465</sup>

On 15 April 2019, the United Kingdom launched a consultation on the Transposition of the Fifth Money Laundering Directive.<sup>1466</sup> The consultation invites views on the government's efforts to

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<sup>1456</sup> No Safe Havens 2019: leading internationally (London) 13 March 2019. Access Date: 25 June 2019.

<https://www.gov.uk/government/publications/no-safe-havens-2019/no-safe-havens-2019-leading-internationally#building-tax-capacity-in-developing-countries>.

<sup>1457</sup> Preventing abuse of the R&D tax relief for SMEs, GOV.UK (London) 28 March 2019. Access Date: 19 April 2019.

<https://www.gov.uk/government/consultations/preventing-abuse-of-the-rd-tax-relief-for-smes>.

<sup>1458</sup> Preventing abuse of the R&D tax relief for SMEs, GOV.UK (London) 28 March 2019. Access Date: 19 April 2019.

<https://www.gov.uk/government/consultations/preventing-abuse-of-the-rd-tax-relief-for-smes>.

<sup>1459</sup> UK: Double tax treaty with Lesotho takes effect, RegFollower (Dhaka) 8 March 2019. Access Date: 19 April 2019.

<https://regfollower.com/2019/03/08/uk-double-tax-treaty-with-lesotho-takes-effect/>.

<sup>1460</sup> UK: Double tax treaty with Lesotho takes effect, RegFollower (Dhaka) 8 March 2019. Access Date: 19 April 2019.

<https://regfollower.com/2019/03/08/uk-double-tax-treaty-with-lesotho-takes-effect/>.

<sup>1461</sup> Making Tax Digital becomes law, GOV.UK (London) 1 April 2019. Access Date: 19 April 2019.

<https://www.gov.uk/government/news/making-tax-digital-becomes-law>.

<sup>1462</sup> Making Tax Digital becomes law, GOV.UK (London) 1 April 2019. Access Date: 19 April 2019.

<https://www.gov.uk/government/news/making-tax-digital-becomes-law>.

<sup>1463</sup> Making Tax Digital becomes law, GOV.UK (London) 1 April 2019. Access Date: 19 April 2019.

<https://www.gov.uk/government/news/making-tax-digital-becomes-law>.

<sup>1464</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1465</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1466</sup> Transposition of the Fifth Money Laundering Directive, GOV.UK (London) 15 April 2019. Access Date: 19 April 2019. <https://www.gov.uk/government/consultations/transposition-of-the-fifth-money-laundering-directive>.

adhere to international standards set by the Financial Action Task Force.<sup>1467</sup> The program aims to prevent exploitation of the financial system for money laundering and terrorist financing activity.<sup>1468</sup>

The United Kingdom has fully complied to support enhanced tax certainty and tax capacity building in developing countries through domestic focused initiatives and has engaged as an active member of international bodies including the Platform for Collaboration on Tax.

Thus, the United Kingdom receives a score of +1.

*Analyst: Collin Xia*

### **United States: 0**

The United States has partially complied with its commitment on enhancing tax capacity and tax certainty-building.

On 13 April 2019, the Communiqué of the Thirty-Ninth Meeting of the International Monetary and Finance Committee chaired by Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1469</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks. The US is a member of the countries that have been called upon.<sup>1470</sup>

The US has taken actions aimed at the timely implementation of the agreed financial sector reform agenda in line with its commitment on Platform for Collaboration on Tax as an international actor.

Thus, US receives a score of 0.

*Analyst: Krishanu Ranwan*

### **European Union: +1**

The European Union has complied with its commitment take action towards supporting tax certainty and tax capacity in developing countries and take action through the Platform for Collaboration on Tax.

On 19 December 2018, the European Commission issued a final decision on the Gibraltar tax system after analyzing 165 tax rulings.<sup>1471</sup> The Commission concluded that on tax authorities have only

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<sup>1467</sup> Transposition of the Fifth Money Laundering Directive, GOV.UK (London) 15 April 2019. Access Date: 19 April 2019. <https://www.gov.uk/government/consultations/transposition-of-the-fifth-money-laundering-directive>.

<sup>1468</sup> Transposition of the Fifth Money Laundering Directive, GOV.UK (London) 15 April 2019. Access Date: 19 April 2019. <https://www.gov.uk/government/consultations/transposition-of-the-fifth-money-laundering-directive>.

<sup>1469</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1470</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1471</sup> Gibraltar and the battle against the European Commission for their tax ruling practice, Tax Justice Network (London) 4 January 2019. Access Date: 26 April 2019. <https://www.taxjustice.net/2019/01/04/gibraltar-and-the-battle-against-the-european-commission-for-their-tax-ruling-practice/>



granted five illegal tax rulings and that Gibraltar's tax ruling practice was not in breach of EU state aid rules.<sup>1472</sup>

On 15 January 2019, the European Commission presented a proposal to gradually adjust the voting procedure for EU tax law adoptions from unanimity voting to qualified majority voting.<sup>1473</sup> In qualified majority voting, a qualified majority is reached if 55 per cent of Member States vote in favour and the proposal is supported by Member States representing at least 65 per cent of the EU population.<sup>1474</sup> The EU stated the reason for the proposed change is that the need for unanimous agreement makes progress difficult and limits the potential of EU taxation policy to support a well-functioning EU internal market.<sup>1475</sup> Taxation is one of the few EU policy areas that requires agreement by all 28 national governments before being approved, meaning that any tax proposal by the Commission can be blocked if one country disagrees.<sup>1476</sup> A change to qualified majority voting will likely bring faster tax changes, including those on big tech companies.<sup>1477</sup>

On 15 January 2019, the European Commission pushed back plans to end individual member states' veto power on the introduction of a proposed tax on digital revenues by five years to 2025.<sup>1478</sup> The digital tax was proposed in March 2018 by the EU's executive arm, and aimed to impose a 3 percent tax on online revenues of big digital companies.<sup>1479</sup> The progress on digital tax is blocked by some EU states, thus pushing back the 2020 deadline from the initial draft proposal.<sup>1480</sup>

On 11 April 2019, Spanish European Commissioner Miguel Arias Cañete said that environmental tax matters across the EU should be decided by a majority vote.<sup>1481</sup> This follows the publication of the latest report by the European Commission on the state of the energy union, which monitors progress

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<sup>1472</sup> Gibraltar and the battle against the European Commission for their tax ruling practice, Tax Justice Network (London) 4 January 2019. Access Date: 26 April 2019. <https://www.taxjustice.net/2019/01/04/gibraltar-and-the-battle-against-the-european-commission-for-their-tax-ruling-practice/>.

<sup>1473</sup> Decision making on EU Tax Policy, European Commission (Brussels), 15 January 2019. Access Date: 26 April 2019. [https://ec.europa.eu/taxation\\_customs/taxation/decision-making-eu-tax-policy\\_en](https://ec.europa.eu/taxation_customs/taxation/decision-making-eu-tax-policy_en).

<sup>1474</sup> Decision making on EU Tax Policy, European Commission (Brussels), 15 January 2019. Access Date: 26 April 2019. [https://ec.europa.eu/taxation\\_customs/taxation/decision-making-eu-tax-policy\\_en](https://ec.europa.eu/taxation_customs/taxation/decision-making-eu-tax-policy_en).

<sup>1475</sup> Decision making on EU Tax Policy, European Commission (Brussels), 15 January 2019. Access Date: 26 April 2019. [https://ec.europa.eu/taxation\\_customs/taxation/decision-making-eu-tax-policy\\_en](https://ec.europa.eu/taxation_customs/taxation/decision-making-eu-tax-policy_en).

<sup>1476</sup> European Commission moves to makes it easier to tax polluters, European Environmental Bureau (Brussels), 11 April 2019. Access Date: 26 April 2019. <https://meta.eeb.org/2019/04/11/european-commission-moves-to-make-it-easier-to-tax-polluters/>.

<sup>1477</sup> A new fight over tax is starting to boil over in the EU: Here's what you need to know, CNBC (New Jersey), 5 April 2019. Access Date: 26 April 2019. <https://www.cnbc.com/2019/04/05/a-new-fight-over-tax-is-starting-to-boil-over-in-the-eu.html>.

<sup>1478</sup> EU Commission pushes back plan to end veto on digital tax to 2025, Reuters (London), 15 January 2019. Access Date: 26 April 2019. <https://www.reuters.com/article/us-eu-tax/eu-commission-pushes-back-plan-to-end-veto-on-digital-tax-to-2025-idUSKCN1P91Q1>.

<sup>1479</sup> EU Commission pushes back plan to end veto on digital tax to 2025, Reuters (London), 15 January 2019. Access Date: 26 April 2019. <https://www.reuters.com/article/us-eu-tax/eu-commission-pushes-back-plan-to-end-veto-on-digital-tax-to-2025-idUSKCN1P91Q1>.

<sup>1480</sup> EU Commission pushes back plan to end veto on digital tax to 2025, Reuters (London), 15 January 2019. Access Date: 26 April 2019. <https://www.reuters.com/article/us-eu-tax/eu-commission-pushes-back-plan-to-end-veto-on-digital-tax-to-2025-idUSKCN1P91Q1>.

<sup>1481</sup> European Commission moves to makes it easier to tax polluters, European Environmental Bureau (Brussels), 11 April 2019. Access Date: 26 April 2019. <https://meta.eeb.org/2019/04/11/european-commission-moves-to-make-it-easier-to-tax-polluters/>.

made on the transition towards clean energy.<sup>1482</sup> This also follows the Commission's proposal to shift from unanimity to qualified majority voting.<sup>1483</sup>

On 13 April 2019, the EU observed the Thirty-Ninth Meeting of the International Monetary and Finance Committee, where Chair Mr. Lesetja Kganyago, Governor of the South African Reserve Bank called on the International Monetary Fund (IMF) to help members improve domestic resource mobilization, including through collaboration with other partners of the Platform for Collaboration on Tax.<sup>1484</sup> This was in conjunction with welcoming the IMF's continued support for the G20 Compact with Africa initiative to improve investment frameworks.<sup>1485</sup>

On 24 April 2019, the European Commission announced it aims to eliminate taxes on a broad range of activities linked to the EU's Common Security and Defence Policy (CSDP).<sup>1486</sup> CSDP ranges from multinational exercises to capability projects flowing from the union's two-year-old Permanent Structured Cooperation (PESCO) framework.<sup>1487</sup>

The EU has complied with its commitment take action towards supporting tax certainty and tax capacity in developing countries and take action through the Platform for Collaboration on Tax.

Thus, the EU receives a score of +1.

*Analyst: Jane Huang*

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<sup>1482</sup> European Commission moves to makes it easier to tax polluters, European Environmental Bureau (Brussels), 11 April 2019. Access Date: 26 April 2019. <https://meta.eeb.org/2019/04/11/european-commission-moves-to-make-it-easier-to-tax-polluters/>.

<sup>1483</sup> European Commission moves to makes it easier to tax polluters, European Environmental Bureau (Brussels), 11 April 2019. Access Date: 26 April 2019. <https://meta.eeb.org/2019/04/11/european-commission-moves-to-make-it-easier-to-tax-polluters/>.

<sup>1484</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1485</sup> Communiqué of the Thirty-Ninth Meeting of the IMFC, International Monetary Fund (Washington, D.C.) 13 April 2019. Access Date: 19 April 2019. <https://www.imf.org/en/News/Articles/2019/04/13/communique-of-the-thirty-ninth-meeting-of-the-imfc>.

<sup>1486</sup> European Commission proposes tax exemption measures to facilitate common defence efforts, Jane's 360 (Brussels), 24 April 2019. Access Date: 26 April 2019. <https://www.janes.com/article/88061/european-commission-proposes-tax-exemption-measures-to-facilitate-common-defence-efforts>

<sup>1487</sup> European Commission proposes tax exemption measures to facilitate common defence efforts, Jane's 360 (Brussels) 24 April 2019. Access Date: 26 April 2019. <https://www.janes.com/article/88061/european-commission-proposes-tax-exemption-measures-to-facilitate-common-defence-efforts>.