TEXAS A&M UNIVERSITY

His Excellency
Mr. António Guterres
Secretary-General of the United Nations
Executive Office of the Secretary-General
United Nations Secretariat Building
405 East 42nd Street, New York, NY 10017

March 16, 2023

Dear Secretary-General:

**Re: UN Resolution 77/244 on "Promotion of Inclusive and Effective International Tax Cooperation at the United Nations"**

Thank-you for the opportunity to provide public input on UN Resolution 77/244 on the "Promotion of Inclusive and Effective Tax Cooperation at the United Nations", which was adopted by the General Assembly on 30 December 2022. **I would like to commend the Secretary-General for his leadership in preparation of the report for the Member States and express my strong support for Resolution 77/24.**

As background information: I am a university professor who has been studying, writing and teaching about multinational enterprises (MNEs), transfer pricing, and international taxation for over four decades. My experience includes researching and writing articles and books, teaching and training, advising and consulting, and expert witness and transfer pricing controversy work. Currently, I am an emerita professor in the Department of Management with a joint appointment as a research professor in the School of Law at Texas A&M University. I am also a member of the 2022-2025 Transfer Pricing Subcommittee of the UN Tax Committee, and Dean of the Fellows of the Academy of International Business. My comments are submitted in my personal capacity and do not represent an official statement or position of Texas A&M University, the Transfer Pricing Subcommittee, the Academy of International Business, or of any organizations with which I am affiliated.

I hope that my comments will contribute to the ongoing discussions on the promotion of inclusive and effective tax cooperation at the United Nations and would welcome the opportunity to provide further input as work on this topic at the United Nations continues.

Sincerely yours,

Lorraine Eden

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# EXECUTIVE SUMMARY

## TAXING MULTINATIONALS: THREE LENSES ON INTERNATIONAL TAX COOPERATION

**Lorraine Eden, Texas A&M University, leden@tamu.edu**

UN Resolution 77/244 reaffirms the UN's commitment to international tax cooperation, with the modification that not only the effectiveness but also the inclusiveness of international tax cooperation should be the focus going forward. The goals should be: combatting illicit financial flows; preventing aggressive tax avoidance and tax evasion; and improving the fairness, transparency, efficiency and effectiveness of national tax systems. The UN's efforts should be universal in approach and scope and take into account the different needs and capacities of all countries.

There are three literatures that may provide useful insights on fostering effective and inclusive international tax cooperation. The purpose of these comments is to examine the history of international tax cooperation using these three literatures or lenses -- wicked problems, prescriptive public finance, and international regimes and global governance – and to suggest some insights that may help inform US policymaking with respect to UN Resolution 77/244.

### 1. The Wicked Problem of Taxing Multinationals

The wicked problems literature was developed by scholars in public administration, building theories to explain why public policy programs often fail. Wicked problems are systemic in nature, involve complex interdependencies, and materialize at the interface between public and private interests. A wicked problem has no clear solution or resolution; instead, policymakers must manage the problem. Examples of wicked problems include food insecurity, poverty, climate change, and gender inequality.

Taxing multinationals is a wicked problem because the MNE is an integrated business with affiliates around the world that are under common control and share common goals and resources. The MNE's goals are narrow (maximizing global profit) while the nation state's goals are broad (economic, sociocultural, and political). The MNE's jurisdiction is global and its capital is mobile; the nation state is confined to its borders. The MNE is responsible to its shareholders; the state to its citizens.

Failure to coordinate or harmonize the tax policies of different nation states preserves their national sovereignty but the resulting international competition leads to either double taxation or, more likely, under taxation of MNE profits as MNEs take advantage of the arbitrage and integration economies provided by differences in national regulations. As a result, unilateral government policies are likely to fail. International cooperation among nation states is therefore necessary to cope with the wicked problem of taxing MNEs.

The appropriate form of international tax cooperation should be selected by carefully applying evidence-based policy making, i.e., putting the best evidence available at the center of policymaking and implementation. Policy outcomes, even for wicked problems, are likely to be better when the decision-making is informed by the best available evidence.

Key insights from evidence-based policymaking are that government policymakers can best cope with wicked problems by doing the following:

- Formally adopting evidence-based policymaking.
- Expanding the evidence collection process through partnering with other stakeholders.

- Prioritizing evidence collection and analysis before policymaking.
- Also building partnerships with stakeholders during policy implementation and evaluation.

Key insights for managing wicked problems, with respect to the stages of evidence-based policymaking that involve collection and use of evidence, are the following:

- Collection of good evidence is necessary but not sufficient for coping with a wicked problem.
- Good evidence can be misunderstood or misused by policymakers.
- Good evidence is often trumped by politics.
- Good evidence needs networks and partnerships.
- Good evidence that works here (in one location or time period) may not work there (in a different location or time period) so adjustments are needed to take account of differing facts and circumstances across countries and across time.

*Insights for UN Resolution 77/244: Taxing multinationals is a wicked problem that must be managed and cannot be solved. The best approach to international tax cooperation is evidence-based policymaking that pays close attention to the political problems involved. A formal commitment to an evidence-based policymaking process, one that pays attention to the wicked problem of taxing MNEs, is recommended.*

## 2. Prescriptive Public Finance Offer the Best Chance of Success

The "prescriptive" or "political economy school" of public finance grew out of the experiences of public finance economists who had been involved in tax missions in developing countries. Prescriptive public finance encourages a hands-on approach and commitment to applying theory to real world problems where the principles of a good tax system are tempered by the realities of what will work in practice.

Tax policymakers must differentiate among three decision-making tasks:

- Tax architecture: selection of the types of taxes and rates that that form the revenue system and the broad outline of essential features of each tax.
- Tax engineering: determination of the substantive issues with respect to each tax.
- Tax administration: implementation of the provisions in the tax law formulated by the tax architects and engineers.

The principles of a good tax system (e.g., equity, efficiency, neutrality) must be used to guide tax architecture. At the same time, tax architecture must also involve selecting taxes that are appropriate for a country's economic and cultural background. First-best tax policies for one country are unlikely to be first-best in others. Facts and circumstances matter in designing tax systems, reflecting the principle that "what works here may not work there." Thus, tax policies that are "first-best" according to tax principles may need to be adjusted for differences in facts and circumstances across countries and time.

At the international level, policymakers selecting policies for taxing multinationals must also follow the principles of a good tax system but now must take three additional factors into account when implementing prescriptive public finance: economic and social differences across countries; the desire of nation states for national sovereignty; and the wicked problem of taxing multinationals.

*Insights for UN Resolution 77/244: Prescriptive public finance cautions that the three decision-making tasks (architecture, engineering, and administration) involve tradeoffs: (1) achieving the principles of a good tax system, (2) recognizing the sovereignty of nation states, (3) taking account of the differing economic and social circumstances across countries, especially the least developed, and (4) coping with the wicked problem of taxing multinationals. Public finance must "fit" the real world and facts and* *circumstances do matter. Balancing these tradeoffs is best achieved through international tax cooperation, not tax competition. In addressing Resolution 77/244, the United Nations should focus on the tax architecture and engineering tasks; commit to strengthening international tax cooperation; and take into account the tradeoffs of making public finance in the real world. Prescriptive public finance would support efforts to improve the effectiveness and inclusiveness of international tax cooperation.*

## 3. The Difficulties of Managing the International Tax Regime

The international regimes literature was developed by international relations scholars in political science. International regimes are sets of functional and behavioural relationships among nation states that have been established in response to structural failures at the international level such as international public goods, externalities, and security dilemmas. Regimes can foster international cooperation or coordination among nation states, which can improve global welfare by providing rules of behaviour, supplying information and formalizing dispute settlement mechanisms. International regimes are characterized by: (1) the structural failure that motivated the regime, (2) the regime's purpose and scope, (3) its components (principles, norms, rules, and procedures) and (4) the regime's effectiveness. A wide variety of international regimes exist in issue areas such as international trade, investment, and intellectual property.

An international tax regime has evolved to handle the wicked problem of taxing multinationals. The MNE's global reach and mobility create three core tax problems for national tax authorities:

- Jurisdiction: which government has the right to tax which types of MNE profits.
- Allocation: how MNE revenues and expenditures should be allocated across countries.
- Valuation: how cross-border transactions within the MNE group should be valued.

The international tax regime arose in response to the problems of nation states taxing multinationals. Taxing MNEs implies overlapping tax jurisdictions, which causes both efficiency failures and distributional conflicts at the international level. The goal of the regime is, primarily, the prevention of double taxation, with more recent attention also to under taxation. The regime's components are its principles (e.g., equity, efficiency, neutrality), norms (the prescriptive and proscriptive standards of behavior, as captured in double tax treaties (DTTs), including separate entity, nexus, and the arm's length standard), rules (the tax specifics, both national and in DTTs, implementing the norms), and procedures (national and DTT dispute settlement procedures).

International regimes are one form of international governance structure. Governance structures are formal and informal institutional devices through which political and economic actors organize and manage their interdependencies. Governance structures can be used, for example, to organize negotiations, set standards, perform allocative functions, monitor compliance, and resolve disputes. At the international level, responses to four different kinds of structural failures (i.e., efficiency failures, distributional conflicts, macroeconomic instabilities, and security dilemmas) have led to the formation of different kinds of international governance structures, many of which are international regimes.

Some conclusions from the international tax regime and global governance literatures are:

- The goals of international tax cooperation have changed: In the 20th century, international tax cooperation involved OECD Member States negotiating DTTs among themselves, with the goal of reducing double taxation of MNE profits. These were "win-wins" in MNE-state relations. Since the millennium, the goal has shifted to preventing tax avoidance and evasion, bringing MNEs and nation states into conflict, creating additional conflicts across countries. Moreover, recent attempts at international tax cooperation have moved away from the international tax regime's core principles and norms.

- *Equity and fairness are more important than before but remain fuzzy principles*: The shift in the international tax regime's goals raises the importance of equity or fairness as a tax principle and an increased focus on distributional issues; i.e., sharing of the "tax base pie" of MNE global profits among nation states. Questions of equity and fairness can be fuzzy, especially at the international level since fairness involve normative judgements. Perceptions of unfairness and mistreatment are powerful motivators for political action.

- *Where I see legal and ethical, you see illegal and unethical:* The views of MNEs, nation states, and NGOs on what is aggressive tax avoidance and evasion (including abusive transfer pricing) differ widely. This wide gap in perceptions encourages stereotyping and partisan positioning, making "win-win" international tax cooperation efforts difficult.

- Inclusiveness matters more than before:

    - More states want seats at the table*:* The rise of big emerging markets and clubs of like-minded developing countries has led to demands for their greater involvement in decision-making in the international tax regime.

    - More voices want to be heard: Historically, international tax cooperation was hammered out behind closed doors at the OECD. Now there are many forums and organizations that actively comment and participate in debates on international tax cooperation.

    - The United Nations is the best solution: Given the great differences in economic and social circumstances across countries, the rising economic power of big emerging markets, and the twin global challenges of coping with the COVID-19 pandemic (especially in developing countries) and moving forward on the 2030 Agenda of the Sustainable Development Goals, the United Nations is the only intergovernmental organization where all voices can be heard. However, prior attempts at formalizing and strengthening the UN's role in the international tax regime have not been successful. The road ahead is a difficult one.

*Insights for UN Resolution 77/244: An international tax regime has existed for several decades, managed primarily by a coalition of willing OECD Member States through a network of DTTs, for the purpose of preventing double taxation. The focus of the international tax regime has shifted to prevention of under taxation, fueled by evidence of significant profit shifting through illegal financial flows, aggressive tax avoidance, and abusive transfer pricing. The OECD's policy attempts to respond to these pressures through the BEPS process is changing the international tax regime in significant ways (with impacts on related regimes). These changes are creating uncertainty for MNEs and nation states and the possibility of more distributional conflicts, both MNE-state and state-to-state. Developing countries and NGOs are responding with calls for a more inclusive international tax regime – led by the United Nations - that pays greater attention to the needs of non-OECD countries. However, large changes in international regimes usually require a tipping point and the cooperation of a like-minded club of nation states to lead the change. Prior attempts at formalizing and strengthening the UN's role in international tax cooperation have been difficult; thus, the way ahead for UN Resolution 77/244 is also likely to be challenging. The best chance for success is "be a realist, adjust the sails, and move forward."*

# TAXING MULTINATIONALS: THREE LENSES ON INTERNATIONAL TAX COOPERATION

**Lorraine Eden, Texas A&M University, leden@tamu.edu**

## 1. Introduction

UN Resolution 77/244, adopted by the General Assembly on 30 December 2022, reaffirms earlier UN commitments to improve international tax cooperation, fight illicit financial flows, and combat aggressive tax avoidance and evasion. The resolution asks that the Secretary-General prepare a report on ways to "strengthen the inclusiveness and effectiveness of international tax cooperation." The Secretary-General's report is to analyze the current international tax framework, evaluate options, and outline potential next steps. As part of that process, the Secretary-General is to consult widely with Member States and other relevant actors including civil society.

I welcome the opportunity as an academic and member of civil society to provide comments as part of this process. I have been writing for many years about taxing multinationals (including a book with this title (Eden, 1998)), and would like to share some comments that explore different ways to frame the issue of international tax cooperation. I hope that my comments may provide some useful guidance to UN policymakers as to the best path forward and potential pitfalls along the way in extending previous efforts at international tax cooperation.

My comments start with a brief history of international tax cooperation. I then review and analyze three streams of research that may inform UN policymaking: the literatures on wicked problems, prescriptive public finance, and international regimes and global governance. I conclude with some suggestions for the way forward.

## 2. A Brief History of International Tax Cooperation

International Tax Cooperation in the 20th Century: Preventing Double Taxation

Now 100 years ago this year, four international tax law professors (Professors Bruins, Einaudi and Seligman and Sir Josiah Stamp) completed their report on cross-border taxation (League of Nations, 1923). Their report formulated general principles, based on the doctrine of economic allegiance, for classifying and allocating different types of MNE income and payments to residence (home) or source (host) countries or both. The principles outlined in League of Nations (1923) were first incorporated into the OECD's Draft Model Tax Convention (OECD, 1963) and the OECD Model Tax Convention (OECD, 1977)[1], and formed the basis for international tax cooperation in the post-World War II period.

Partly in response to the OECD's draft model tax convention, in 1968, the UN Secretary-General set up the Ad Hoc Group of Experts on Tax Treaties between Developed and Developing Countries.[2] The Group of Experts prepared eight reports on *Tax Treaties between Developed and Developing Countries* between 1969 and 1980, culminating in the first UN Model Double Tax Convention in 1980 (UN, 1980a). The eighth committee report (UN, 1980b) was frank in its cautionary assessment of the new model treaty, suggesting that it would (in today's phrasing) be "soft law." Paragraph 22 states that, "like all model conventions, the United Nations Model Convention would not be enforceable. Its provisions

[1] Musgrave (1975) provides a useful critique of the draft model treaty, from the perspective of the principles of international tax equity, efficiency, and neutrality.
[2] https://www.un.org/esa/ffd/tax-committee/about-committee-tax-experts.html

would not be binding and furthermore should not be construed as formal recommendations of the United Nations." Rather, the Model Convention was "intended primarily to help point the way towards feasible approaches to the resolution of the issues involved".

The core components addressed in the OECD and UN model conventions and their updated conventions are similar. They include (Picciotto, 1992; Lennard, 2009; Mason, 2020):

- assignment of primary and secondary taxation rights for different income streams, together with methods to relieve double taxation, to residence and source countries;
- a definition of economic allegiance (nexus) based on the permanent establishment test;
- separate accounting for associated enterprises;
- source-based "water's edge" taxation;
- the arm's length principle for cross-jurisdictional related party transactions; and
- bilateral dispute settlement mechanisms.

There are some basic differences between the OECD and UN model conventions, which are directly related to the OECD being an international organization of primarily capital-exporting countries whereas the UN model convention is designed for developing countries that are primarily capital importers (see Whittaker (1982), Lennard (2009), and Kysar (2020)).[3]

One clear response to the development and promotion of the OECD and UN model tax conventions has been the rapid rise and proliferation of bilateral or double tax treaties (DTTs).[4] The DTTs that emerged in the second half of the 20th century were almost wholly "North-North" treaties between pairs of developed (high-income) countries rather than "North-South" treaties involving a developed and developing country.[5] Current estimates of the number of DTTs vary widely. According to UN Department of Economic and Social Affairs there are now more than 3,000 DTTs.[6] As in the 20th century, most are still between developed countries.[7] New DTT databases are providing opportunities for better understanding these primary components of international tax cooperation. [8]

A key role in development of these North-North DTTs has been the "growth of a community of international fiscal specialists, composed of government officials, academic experts and business advisors or representatives" who devised the model conventions, negotiated the DTTs, and then carried

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[3] Capital-exporting (home/residence) countries typically favor residence-based taxation while capital-importing (host/source) countries favor source-based taxes. Home countries are typically more worried about double taxation of MNE profits; host countries about under taxation of MNE profits. In bilateral tax treaty negotiations, host countries typically prefer higher withholding taxes on related party outbound payments as long as they are creditable by the home country; home countries typically prefer lower withholding taxes. See Musgrave (1991) and Eden (1998).

[4] For a comprehensive analysis of DTTs see Lang (2021).

[5] See Picciotto (1992, Chapters 1-3) for a detailed history of this period.

[6] https://www.un.org/development/desa/financing/capacity-development/online-courses/un-primer-double-tax-treaties

[7] A useful paper on the reasons for the dearth of North-South DTTs is Brown (2020), which explores the lack of DTTs between the United States and Latin America. She concludes that the reasons for, and the barriers against DTTs, vary widely across Latin American countries.

[8] Hearson (2021) provides a useful statistical analysis of the 800+ DTTs involving G-24 countries, noting the growing importance of inbound services, especially digital services, to developing countries. Baistrocchi and Hearson (2017) examine trends in DTTs using a dataset of 1,610 DTT disputes.

out the MNE-state bargaining and dispute settlement processes (Picciotto, 1992: viii). [9]

International Tax Cooperation in the 21st Century: Preventing Under Taxation

The eighth report of the UN Group of Eminent Persons (UN, 1980b), in addition to completing its work on the UN model tax convention (UN, 1980a), included a second section addressing opportunities for "future work on international taxation." This section focused on under taxation of MNE profits as caused by aggressive tax avoidance and evasion. The report explored the problem, discussed the limited work in this area by other international organizations, and suggested that the Group of Experts or the UN Secretariat should study this topic.

The OECD had already moved into this issue area, with the establishment in 1977 of a Working Party on Tax Avoidance and Evasion. In 1979, the OECD published its first *Transfer Pricing Guidelines* on implementation of the arm's length standard in related party transactions (OECD, 1979). In 1987, the Working Party of Tax Avoidance and Evasion issued a report with four studies on international tax avoidance and evasion: tax havens, DDTs and the use of base and conduit companies, and the abuse of tax secrecy (OECD, 1987). In 1989, the OECD set up the Financial Action Task Force on Money Laundering (FATF) to monitor OECD members' anti-money laundering systems.[10]

The focus of international tax cooperation therefore started to shift, with the first steps at the end of the 1970s and continuing through today, from the single goal of preventing double taxation to also including the goal of preventing under taxation of MNE profits. This change began slowly, led by the OECD, responding to pressures from non-governmental organizations (NGOs). Key also in this area was the response by the US Treasury in the 1980s to the Gordon Report's recommendations to cancel US double tax treaties with Caribbean tax havens (see Eden and Kudrle, 2005).

In 1998, the OECD launched the Harmful Tax Competition project (OECD, 1998), arguing that preferential tax regimes and tax havens were diverting foreign direct investment (FDI) and MNE profits away from high-tax jurisdictions.[11] In 2000, the OECD listed 35 countries, most of which were small island economies, as "non-cooperating tax havens", and demanded that they change their tax policies or face retaliation. Almost all the countries that were "named and shamed" eventually signed commitment letters but few real changes were made.[12]

The UN Tax Committee has also been engaged in its own work on international tax cooperation. In 2004,

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[9] See also Christians (2010) on the role of policy networks in influencing international tax policy.

[10] Other international organizations also began to study tax havens and offshore finance. For example, the Financial Stability Forum in 1999 established a working group to study offshore financial centers; its first report (FSF, 2000) ranked 37 countries based on their supervision of offshore activities.

[11] See Kudrle and Eden (2003) and Eden and Kudrle (2005) for histories of OECD, US and UN efforts to address tax havens.

[12] Eden and Kudrle (2005) argue that this failure was due to the OECD's unwillingness to target either preferential tax regimes within OECD Member States or Member States that encouraged and benefitted from tax havens (i.e., "inside renegades" to the international tax regime). The OECD's "name and shame" efforts focused solely on non-OECD countries, excluding both OECD Member States and non-OECD countries tied to OECD Member States (e.g., former colonies that had DTTs with OECD Member States). The 35 countries recognized this differential treatment and responded with commitment letters that required the OECD to move on harmful tax practices by OECD Member States prior to any real policy changes by the tax havens. Implicitly, the 35 countries were saying what was "sauce for the goose should also be sauce for the gander." As a result, no real changes were made by the tax havens.

"Ad Hoc" was dropped from the title of the Committee of Experts on International Cooperation in Tax Matters, signifying that the UN Tax Committee was now a permanent subgroup within the UN system, although the committee members continued to serve in their own personal capacities rather than as government representatives. For some years, the committee worked on, and then in 2013, published the first UN *Practical Manual on Transfer Pricing for Developing Countries* (UN, 2013).

In 2012, the OECD reconceptualized the Harmful Tax Competition project as the Base Erosion and Profit Shifting (BEPS) project, with the core purpose of identifying and removing or harmonizing the sources of base erosion and profit shifting generated by differences across national tax policies (Eden, 2019a; Wilkie & Eden, 2022). The rise of digital multinationals and Industry 4.0 activities had also become a concern, providing a second motivation for BEPS.[13]

In 2015, the first Base Erosion and Profit Shifting (BEPS) round resulted in 15 Action Item Reports[14], which led to two important innovations: country-by-country reporting (CBCR)[15] and a new multilateral tax instrument (MLI). The MLI listed BEPS action items to which nation states could sign on voluntarily, with the effect that the MLI could modify multiple double tax treaties at the same time.[16] The OECD's *Transfer Pricing Guidelines* were also revised to take into account Action Items 8-10 covering value creation and transfer pricing (OECD, 2017).[17] Unfinished work on BEPS Action Item 1 (tax implications of the digital economy) led the OECD to launch a second BEPS round in 2018, which evolved into Pillars One and Two, with pieces of the pillars currently being implemented by individual nation states.[18] [19]

The number and types of governmental organizations involved in international tax cooperation has expanded over the years, with growth in the last 20 years reflecting the slow shift in focus from double

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[13] See Eden (2016a) and Srinivasan & Eden (2021).

[14] https://www.oecd.org/ctp/beps-2015-final-reports.htm.

[15] CBCR was a major initiative because for the first time, national tax authorities would have information not only on a particular bilateral relationship (e.g., a related party transaction involving the MNE's affiliates from two countries) but on the MNE group as a whole. In effect, the "whole octopus" of the MNE group became visible to a national tax authority, not only a "single tenacle." See Eden (2019a) and my talk on CBCR at https://www.youtube.com/watch?v=TL6VD6_9tsM.

[16] For assessments of the multilateral tax instrument, see Avi-Yonah & Xu (2018), Kleist (2018), Lang et al. (2018), and Alschner (2019).

[17] On the implications of BEPS Action Items 8-10 on transfer pricing, see assessments by Lang, Stork & Petruzzi (2016), Collier & Andrus (2017), and Treidler (2020).

[18] On the second BEPS round, see Eden (2019a, 2020b, 2021a, 2021b, 2022), Eden & Treidler (2020), Eden, Srinivasan & Lalapet (2019), Mason (2020).

[19] My assessment of this second round is that the OECD has unfortunately moved some distance away from the principles and norms proposed in League of Nations (2023) and implemented in current OECD and UN model tax conventions and DTTs, and in ways that may not benefit developing countries. Examples include, for Pillar One Amount A: (1) the shift from the arm's length standard to unitary taxation and global formulary apportionment; (2) the introduction of market in addition to residence and source as principles for allocating MNE profits; and (3) the replacement of nexus based on the permanent establishment with sales. For Pillar 2, examples include; (1) GLOBE's income inclusion rule (IIR) that privileges residence countries over source countries, contradicting the first crack norm that source countries have the primary right to tax and residence countries must provide tax room; and (2) GLOBE's undertaxed payments/profits rule (UTPR), which allows any and all tax jurisdictions with an MNE affiliate to tax untaxed MNE's profit in another country regardless of their economic allegiance to that country, and to allocate the tax base among those countries using formulary apportionment.

taxation to under taxation. Table 1 provides a short list of intergovernmental organizations, organized by categories: international and regional tax organizations and political tax forums. To this list could be added a bewildering and enormous variety of non-governmental organizations, think tanks, and academic programs that now study and opine on taxing multinationals.

[Table 1 goes about here]

International Tax Cooperation: Next Steps?

In summary, the history of international tax cooperation over the last 100 years suggests the major commitment of nation states to advancing international cooperation in the area of taxing the global profits of multinational enterprises has been primarily through a vast network of DTTs. The last 10-20 years have involved efforts by the OECD and United Nations to shift the focus of these efforts from preventing double taxation to preventing under taxation of MNE global profits.

In its essence, Resolution 77/244 argues for a deeper and broader commitment of UN Member States to using international cooperation, through fiscal harmonization and/or coordination measures, to allocate the global profits of MNEs among tax jurisdictions. What, then, is the best way to move forward in terms of international tax cooperation? To address this question, I suggest that useful insights can be drawn by looking at the history of international tax cooperation through three different theoretical lenses: (1) the wicked problem of taxing multinationals, (2) prescriptive public finance, and (3) international regimes and global governance. Each lens is explored below.

## 3. Wicked Problems

Wicked Problems and Evidence-based Policymaking

The wicked problems literature was developed by scholars in public administration building theories to explain why public policy programs often fail (Head, 2019; Head & Alford, 2015; Rittel, 1972; Rittel & Webber, 1973). Wicked problems are systemic in nature, involve complex interdependencies, and materialize at the interface between public and private interests (Eden & Wagstaff, 2021). A wicked problem has no clear solution or resolution; instead, policymakers must manage the problem. Wicked problems are never "solved"; only resolved – over and over again. Examples of wicked problems include food insecurity, poverty, climate change, gender inequality, and homelessness; the 17 UN Sustainable Development Goals (SDGs) are all wicked problems (Eden & Wagstaff (2021), van Tulder (2018)).

The difficulty in addressing a wicked problem is directly related to its complexity, both in terms of factual uncertainty and of the actors/institutions involved in the issue area. As the number and diversity of stakeholders and institutional contexts rise, so does the heterogeneity of preferences and interests, which increases the likelihood of conflict. Uncertainty and ambiguity exacerbate both complexity and conflict, increasing the degree of wickedness and the likelihood of policy failure.

The best way to tackle a wicked problem is through a careful application of evidence-based policy making, i.e., putting the best evidence available at the center of policymaking and implementation (Eden & Wagstaff, 2021). Policy outcomes, even when dealing with wicked problems, are likely to be better when the decision-making is informed by the best available evidence (Scott, 2005). Figure 1 outlines the core components of evidence-based policymaking, illustrating that evidence-based policymaking is an iterative process with five steps: agenda setting; policy formulation; policy selection; policy implementation; and policy monitoring, evaluation and revision.

[Figure 1 goes about here]

By focusing all parties on the production and sharing of explicit evidence pertaining to an issue, the foundation for various positions becomes visible to all. Although not necessarily overcoming disagreements, explicit evidence provides more clarity for conflict management and resolution.

Key insights from evidence-based policymaking are that government policymakers can best cope with wicked problems by the following (Eden & Wagstaff, 2021):

- Formally adopting evidence-based policymaking.
- Expanding the evidence collection process through partnering with other stakeholders.
- Prioritizing evidence collection and analysis before policymaking.
- Also building partnerships with stakeholders during policy implementation and evaluation.

Key insights for managing wicked problems, with respect to the stages of evidence-based policymaking that involve collection and use of evidence, are the following (Eden & Wagstaff, 2021):

- Collection of good evidence is necessary but not sufficient for coping with a wicked problem.
- Good evidence can be misunderstood or misused by policymakers.
- Good evidence is often trumped by politics.
- Good evidence needs networks and partnerships.
- Good evidence that works here (in one location or time period) may not work there (in a different location or time period) so adjustments are needed to take account of differing facts and circumstances across countries and across time.

The Wicked Problem of Taxing Multinationals

Taxing MNEs is also a wicked problem: the issue area is systemic, involves complex interdependencies, and materializes at the interface of public versus private interests. More than 30 years ago, Raymond Vernon argued that nation states and MNEs were "two systems, … each legitimated by popular consent, each potentially useful to the other, yet each containing features antagonistic to the other" due to their different goals, jurisdictions, and responsibilities (Vernon, 1991: 191). As Eden (2000: 336) noted:

> *The MNE's goals are narrow (profit maximization) while the nation state's goals are broad (economic, sociocultural and political). The MNE's jurisdiction is global while the state is confined to its national borders. The MNE is responsible to its shareholders, the state to its citizens. Each institution is legitimate inside its own sphere of influence, with one power-based asymmetry: the nation state confers institutional legitimacy on the MNEs within its borders.*

MNEs are global profit-maximizing enterprises, where the subunits within the enterprise (the parent firm and its affiliates) share common goals, common control, and common resources. These shared goals and common resources enable the MNE to develop and implement strategies and structures that are designed to maximize the MNE's long-run competitive advantage and global after-tax profits (Eden, 1991; Eden & Lenway, 2001).

MNEs expand abroad for both basic and group-level motivations (Eden, 2016a). Basic motives include market seeking, resource seeking, and knowledge/strategic asset seeking. Group-level motives include efficiency/growth seeking (arbitrage and integration economies at the group level) and competitive positioning (strategic behaviors such as follow-the-leader and first mover strategies). MNEs expand abroad using a variety of entry modes ranging from low-cost, short-term modes (e.g., exporting) to high-cost, long-term modes (e.g., greenfield foreign direct investment (FDI)), with many hybrid options in between (e.g., joint ventures, international alliances, mergers and acquisitions).

MNEs also benefit from their multinationality in several ways (Eden, 2016a). The advantages of multinationality involve profiting from integration (taking advantage of economies of scale and scope across countries), arbitrage (taking advantage of differences, especially in economic and regulatory aspects, across countries), learning (applying knowledge acquired in one location elsewhere in the MNE group), and flexibility (the ability to shift activities, purchases/sales, inputs and locations across countries in response to environment opportunities, threats or shocks).[20]

The global span of the MNE brings it into direct conflict with nation states, whose reach is limited to their own borders.[21] Given the extensive involvement (breadth and depth) of MNEs in the global economy, it is not surprising that governments have attempted to regulate MNE activities in multiple dimensions. Governmental interest in regulating MNEs reflects the various ways that MNEs interact in the global economy (e.g., international trade, FDI, intellectual property, services) and their impacts on government goals and policies (e.g., balance of payments, economic growth, employment, human rights, innovation, national security, tax revenues).[22]

Taxes on the profits that MNEs earn on these activities (e.g., trade, investment, production, sales, services) have therefore also been a core focus of nation states. Failure to coordinate or harmonize the tax policies of different nation states preserves their national sovereignty but the resulting international competition leads to either double taxation or, more likely, under taxation of MNE profits as MNEs take advantage of the arbitrage and integration economies provided by differences in national regulations. As a result, unilateral government policies are likely to fail. International cooperation among nation states is therefore necessary to cope with the wicked problem of taxing MNEs.

In fact, cooperation between MNEs and nation states over taxing MNE profits was one of the earliest areas of international MNE-state cooperation. As Vernon (1985: 256) noted:

> *I can find only one functional area in which governments have made a serious effort to reduce the conflicts or resolve the ambiguities that go with the operations of multinational enterprises. The industrialized countries have managed to develop a rather extraordinary web of bilateral agreements among themselves that deal with conflicts in the application of national tax laws. Where such laws seemed to be biting twice into the same morsel of profit, governments have agreed on a division of the fare. Why governments have moved to solve the jurisdictional conflict in this field but not in others is an interesting question. Perhaps it was done because, in the case of taxation, the multinational enterprises themselves had a major stake in seeking to the consummation of the necessary agreements.*

Perhaps the main reason why the OECD and UN model tax conventions have had prevention of double taxation as their primary goal is that this issue of MNE-state relations provides “win-win” opportunities for MNEs and their home-country governments.[23] The two actors, the MNE and the nation state, share a common interest in reducing double taxation generated by the combination of residence-based and source-based taxation. As a result, home countries have pressured for reduced withholding taxes together with high permanent establishment standards, which were required to demonstrate that the

[20] Domestic firms have similar benefits that are limited to their own country; as a result, domestic firms are typically less profitable than MNEs, ceteris paribus.

[21] The most useful reading for understanding MNE-state relations in the 21st century is Vernon (1998).

[22] On international regimes in issue areas other than international tax see: international trade (Eden, 1998: 63-69; Azmeh, Foster & Echavarri, 2020), investment (Eden, 1996a, 1996b, 2016), and intellectual property rights (Helfer, 2009; Yu, 2011).

[23] Vernon (1998, 188) concludes, on the depressing note, that “the world is not ready yet, if it ever will be, for a strong agreement, global in scope, that articulates the basic principles for the treatment of multinational enterprises.”

host country had sufficient economic allegiance to have the right to levy a CIT and withholding tax on local affiliates of foreign MNEs.

DTTs have been one of the few forms of international tax cooperation among MNEs and nation states. Since then, governments have retreated from global agreements to hortatory non-binding codes with no "teeth"; as a result, the impacts of international codes of conduct on MNE behaviors has been minimal (see also Vernon, 1998, Chapter 6).

Summary

The difficulties that have bedeviled international tax cooperation since the millennium may also simply reflect the problem that "win-win" opportunities in MNE-state relations are much fewer when the goal of international tax cooperation is preventing under taxation, rather than double taxation, of MNE profits. The wicked problem of taxing multinationals is now "more wicked" because of the greater probability not only of MNE-state disputes but also disputes between nation states. Given the fewer "win-win" opportunities, the advice in Eden and Wagstaff (2021) on managing wicked problems and the helpful role of evidence-based policymaking should be useful for managing the wicked problem of taxing multinationals going forward.

## 4. Prescriptive Public Finance

A second useful theoretical lens for understanding international tax cooperation is the school of "public finance in the real world", also known as "prescriptive public finance." Carl Shoup, Richard and Peggy Musgrave, and their students were founders of the "prescriptive" or "political economy" school of public finance, which is known for its hands-on approach and its commitment to applying theory to real world problems (Wilkie & Eden, 2022). This approach provides useful advice not only for decision-making for national tax systems but also for the international tax system.

Tax Architecture, Engineering and Administration

Tax policymakers must differentiate among three decision-making tasks, according to Shoup (1991). Although Shoup's definitions were created for national tax systems, based on his experiences leading tax missions in Japan and elsewhere, his definitions can be adopted for international tax policymaking.

The three decision-making tasks are:

- Tax architecture: selection of the types of taxes and rates that that form the revenue system and the broad outline of essential features of each tax.
- Tax engineering: determination of the substantive issues with respect to each tax.
- Tax administration: implementation of the provisions in the tax law formulated by the tax architects and engineers.

Tax architecture involves selecting the general outline of a tax system. Tax engineering involves determining the tax details that follow from tax architecture, with the goal of ensuring that the details for the taxes are clear, complete and consistent. Tax administration involves implementation of the rules and procedures. Shoup (1991) argued that the three tasks, especially for a tax mission, may need to be undertaken almost simultaneously since tentative decisions in any two areas influence the third, requiring a "melding" of the three decisions.

Choosing the broad outlines of a tax system involves comparing the principles of a good tax system with the realities of what will work in the real world. The (now) well-known principles of a good tax system (e.g., equity, efficiency, neutrality) must guide tax architecture (Shoup, 1969, Chapter 2; Musgrave & Musgrave, 1989). At the same time, Shoup (1991) counselled that tax architecture and engineering must also involve selecting taxes that are appropriate for a country's economic and cultural background. The implication is that first-best tax policies for one country are unlikely to be first-best in others. Facts and circumstances matter in designing tax systems, reflecting the principle that "what works here may not work there." For example, tax architecture and engineering, when applied in some developing countries, may require taking into account the drain on the financial system caused by informal and arbitrary socioeconomic contributions (e.g., to family, corrupt officials) that discourage entry into the formal sector and the voluntary payment of taxes. Weak and missing institutions (e.g., weak rule of law, failed states, low tax morale) in some countries may also affect and constrain tax policy choices.

International Tax Cooperation in the Real World

In the study of public finance, cross-border taxation issues are typically one issue among many tax topics (e.g., Musgrave, 1959; Musgrave & Shoup, 1959; Shoup, 1969). However, when multinational enterprises (MNEs) make cross-border tax issues of major importance. From the early days of the corporate income tax (CIT), the global reach and mobility of MNEs have created problems for national tax systems. As a result, early work on international tax cooperation focused primarily on the avoidance of double taxation of MNE profits, which was seen as excessively burdening the returns to capital and interfering with capital flows.

As the number, size and global reach of MNEs expanded in the second half of the 20th century, how to tax their profits in a global economy became an important concern for both nation states and MNEs.[24] At the international level, taxing multinationals required a melding of the prescriptive public finance with both the conflicting realities of international business and the desire of nation states to maintain tax sovereignty.

National sovereignty has always been an important constraint on international tax policy. Musgrave (2001: 1336) noted that residence countries "….so long as there are nation states serving populations with common purposes and interests, such states will wish to retain a degree of sovereignty over the tax treatment of the income-earning activities abroad of their residents." The same was true for source countries: "The right of a jurisdiction to tax all income arising within its geographical borders is recognized as a fundamental entitlement" (Musgrave, 2001: 1341).

A key issue, therefore, was whether cross-border tax disputes would be better handled through "fiscal competition", which would provide maximum weight to national sovereignty, or restriction of national sovereignty using "fiscal harmonization or coordination through international cooperation" among nation states (Musgrave, 1991: 277). Most public finance theorists, historically and now, have argued that international tax cooperation is preferable to tax competition for two reasons. First, tax cooperation is better able to satisfy the principles of a good tax system (e.g., equity, efficiency, neutrality). Second, in a world of mobile capital, tax competition can lead to a race to the bottom. International cooperation is therefore superior to tax competition among nation states as a solution for taxing MNEs (Musgrave, 1991).

Nearly 50 years ago, Shoup (1974) also opined on this issue in favor of international tax cooperation, specifically for developing countries. His technical paper, "Taxation of Multinational Corporations", prepared for the UN Group of Eminent Persons to Study the Impact of Multinational Corporations on Development and International Relations, reviewed the problems involved in taxing MNEs, especially for

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[24] Some of the pioneering analyses of cross-border taxation of MNEs were conducted by Carl Shoup (1974), Peggy Musgrave (1963, 1975, 1983, 1991, 2002) and Sol Picciotto (1992).

developing countries, and concluded that more international cooperation was required to protect developing countries from evisceration of their tax bases through aggressive tax avoidance and evasion.

Recently, Scott Wilkie and I made the same argument that public finance in the real world must involve tradeoffs between national sovereignty, the principles of a good international tax system, and the difficult problem of taxing MNEs (Wilkie and Eden, 2022: 258):

> *The current lack of confidence in the international rules for taxing the global profits of multinational enterprises (MNEs) has three underlying causes: (1) tax rules are not universal or natural; (2) taxes must be practical, administrable, and collectible; and (3) tax policy is a domain where national sovereignty and multilateralism are both important and conflictual. As a result, in the real world of public finance, the principles and norms of international tax must be tempered with the need for practicality and respect for national sovereignty.*

The public finance in the real world literature therefore cautions policymakers to pay careful attention to the difficulties of implementing international tax principles into practice; to opt for policy solutions that can be implemented in a world of mobile capital; and to take into account differences across countries in their economic and social conditions and institutions. [25] Especially at the architecture and engineering stages, international tax cooperation should be consistent with (1) the principles of a good international tax system, (2) the desire of nation states for sovereignty, (3) the realities of making public finance in the real world, and (4) the wicked problem of taxing multinationals.

Building on Shoup's (1991) categories for decision-making with respect to national tax policies. decision-making in international tax cooperation involves three tasks:

- Architecture: Selecting the broad outlines of an international tax system (e.g., scope, breadth, depth). Architectural issues include, for example, assessment of the current international tax system and its strengths and weaknesses, the types of taxes to be included, the mode of international tax cooperation (e.g., treaty, convention, international organization), number of countries involved, and broad outlines of the essential features of that cooperation.

- Engineering: identification and determination of the substantive issues with respect to the broad outlines of international tax cooperation.

- Administration: implementation of the rules and procedures, building on the architecture and engineering decisions made by the tax architects and engineers, at both the international level

[25] My negative opinion of proposals to implement global formulary apportionment (GFA) at the international level stems directly from this argument. GFA may be an efficient and equitable solution to valuation of 24-hour global trading activities within a multinational bank (see Eden, 1998: 561-583). However, GFA works, at best, poorly at the sub-federal level based on the evidence from the US multistate compact allocating state-level corporate income tax revenues. Scaling up GFA to the international level reduces the chances for success to near zero, given the strong commitment of nation states to their national sovereignty and the wide disparity in economic, cultural, and political environments across countries. Without a strong upper-tier organization to enforce the rules and discipline offenders (the proverbial "global benevolent omniscient dictator" in welfare economics), the GFA structure would be subject to gaming behaviors by MNEs and nation states, resulting in worse problems than the current international tax regime. The arm's length standard may not be the "first-best" international tax norm but it is better than the proposed alternatives. See Eden (1998: 313-319, 561-583; 2009, 2019, 2021) and Wilkie & Eden (2022).

and as implemented by national governments.

Summary

At the international level, tax policymakers take into account of four factors when making public finance in the real world: (1) the principles of a good international tax system, (2) the economic and social differences across countries; (3) the desire of nation states for national sovereignty, and (4) the wicked problem of taxing multinationals. The choice between international tax competition and international tax cooperation, while affected by the relative importance of these four factors, favors cooperation over competition. The prescriptive school of public finance is therefore supportive of efforts favoring both the effectiveness and the inclusiveness of international tax cooperation.

## 5. International Regimes and Global Governance

A third literature that can inform understanding the history and practice of international tax cooperation is the literature on international regimes and global governance.

International Regimes

Now 40 years ago, the seminal book on international regimes edited by Stephen Krasner defined an international regime as: "sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given area of international relations." (Krasner, 1983: 2). International regimes are "sets of functional and behavioural relationships among national governments that have been established in response to problems at the international level in particular issue areas," which can be used to "improve global welfare by providing rules of behaviour, supplying information and formalizing dispute settlement mechanisms" (Eden, 2009: 597-598). A wide variety of international regimes exist in issue areas such as international trade, investment, intellectual property, nuclear proliferation, the environment (Eden & Hampson, 1997; Eden, 1998: 63-69).

In international regime theory, regimes are characterized according to: (1) the problem or structural failure that motivates the regime, (2) the regime's purpose and scope, (3) its components, and (4) an assessment of the regime's effectiveness (e.g., regime strength, structural weaknesses). The components of an international regime are its principles, norms, rules, and procedures. Quoting Krasner (1983:2): "*Principles are beliefs of fact, causation, and rectitude. Norms are standards of behaviour defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. Decision-making procedures are prevailing practices for making and implementing collective choice.*"

A number of international relations scholars have examined the formation of international regimes, building on Krasner (1983). Significant attention has been paid to the role of non-state actors such as private firms, non-governmental organizations (NGOs), and think tanks in the formation and evolution of international regimes. See, for example, Haggard and Simmons (1989) categorizing the dimensions of international regimes, Nadelmann (1990) on global prohibition regimes, Haas (1989) on epistemic communities and their impact of regime strength, and Eilstrup-Sangiovanni and Sharman (2019) on international NGOs as enforcers of international law.

Some work on international regimes has focused on the antecedents and consequences of international regime complexes, which are defined as nested, partly overlapping and/or parallel international regimes that are not hierarchically ordered (Alter & Meunier, 2009; Keohane & Victor, 2011; Alter & Raustiala, 2018). Regime complexes are groupings of international regimes that emerge because the global problems they address overlap multiple issue areas or new problems have arisen that nation states attempt to graft onto pre-existing international regimes. A key problem with international regime complexes is that the clarity of legal obligations is reduced due to overlapping sets of rules and jurisdictions. Complexity has several impacts, including: the need for decision-making under bounded rationality due to ambiguity and uncertainty; opportunities for nation states to engage in "chessboard politics"; and unintended spillovers and feedback loops across regimes. The end result is likely to be more contestation and more difficult coordination across international regimes.

Global Governance

Governance refers to sets of practices whereby interdependent actors coordinate and/or hierarchically control their activities and interactions. Governance structures are "formal and informal institutional devices through which political and economic actors organize and manage their interdependencies" (Eden & Hampson, 1997: 362). Governance structures can be used, for example, to organize negotiations, set standards, perform allocative functions, monitor compliance, and resolve disputes. International regimes are one form of international governance structure; others include trade associations, cartels, treaties, and conventions.

Structural failures create the need for governance structures, which may be established by firms or nation states or both (Eden & Hampson, 1997). At the international level, responses to four different kinds of structural failures (i.e., efficiency failures, distributional conflicts, macroeconomic instabilities, and security dilemmas) have led to the formation of different kinds of international governance structures, many of which are international regimes.

Some insights drawing on the international tax regime and global tax governance literatures are:

- *Clubs are trump*: Hegemonic states are not necessary for the formation of international regimes. However, as the number of regime members rises so does the number of free riders, which makes international cooperation more difficult. As a result, large-N international regimes are more difficult to form in the absence of a hegemonic leader. Instead, smaller "clubs" of like-minded nation states may better able manage complex international interdependencies and achieve greater benefits from deeper integration than large coalitions.[26]

- *Information sharing is required*: As the number of member states and/or the number of issue areas rises so too do the uncertainty and complexity of forming and managing international governance structures.[27] In order to reduce uncertainty and informational asymmetries within and across nation states, Information generation and knowledge sharing by technical specialists may be a necessary building block before cooperative regimes can be formed.

- *Politics, coalitions and bargaining matter*: The formation of, or changes to, an international regime have allocational and distributional consequences both inside and across nation states.

[26] One example comes from the international trade regime where regional organizations such as the European Union and the NAFTA have to fostered deeper integration of trade and investment within the region (Eden, 1996a, 1996b, 2007). On regional clubs, see also Mason (2020) on the historical role in the international tax regime played by the OECD club of 37 Member States, and the likely disruptive impact of the rise of big emerging market countries.

[27] Complexity can be decomposed into three components: multiplicity (the number of actors and issues), multiplexity (the number and variety of relationships among the actors and issue areas) and dynamism (the changing nature of the international environment over time); see Eden and Nielsen (2021). As multiplicity, multiplexity, and dynamism increase, so too does the complexity of international structural failures and thus also the complexity of international regimes designed to manage these failures.

As a result, political bargains and coalitions will emerge based on the likely winners and losers that will affect and may potentially derail the outcomes.

- *Contingencies happen*: The formation of governance structures will be affected by stochastic or nonergodic elements such as shocks (e.g., 2008-2009 financial crisis, the COVID-19 pandemic) and changes in key leadership positions. Tipping points, for example, can motivate or derail regime formation.

These conclusions from international regime theory are also important, both for the current OECD proposals for Pillar One and Pillar Two, and ongoing international tax cooperation efforts including UN Resolution 77/244.

The International Tax Regime in the 20th Century: Preventing Double Taxation

Taxing MNEs create additional problems for national tax authorities that do not occur when taxing domestic firms. These problems arise because the MNE is an integrated business that has affiliates around the world that are under common control and share common goals and resources (Eden, 1991, 2009). As a result, the MNE's global reach and capital mobility creates three core tax problems for national tax authorities (Eden, 2009: 596-597):

- Jurisdiction: which government has the right to tax which types of MNE profits.
- Allocation: how MNE revenues and expenditures should be allocated across countries.
- Valuation: how cross-border transactions within the MNE group should be valued.

On the one hand, national sovereignty is best preserved by nation states setting up their own tax systems. However, the goals of nation states to attract inward foreign direct investment (FDI) and jobs lead typically to tax competition and "locational tournaments" where MNEs play off nation states against one another. The resulting international competition results in either double taxation or, more likely, under taxation of MNE profits. On the other hand, international tax cooperation is also difficult. Even with clubs of like-minded nation states that form "coalitions of the willing", nation states have differing national interests. Governments can and do engage in strategic behaviors, for example, prisoner's dilemma games (each has an incentive to defect) and beggar-thy-neighbor policies (designed to shift costs to other jurisdictions). The wicked problem of taxing MNEs should therefore be viewed as an inherent structural failure at the international level because neither private nor public actors on their own can ensure socially optimal output levels (Eden & Hampson, 1997). As a result, governance mechanisms such as international regimes are needed to manage these structural failures.

To the best of my knowledge, the first work applying international regime theory to the taxation of multinationals was Eden (1998).[28] The book uses international regimes as a theoretical lens for understanding the international tax cooperation response to the dilemma of taxing MNEs at both the global and regional (in North America) levels. Eden (1998, Chapter 2) develops the concept of the international tax regime, starting with the problem that motivates the regime; i.e., taxing MNEs implies

[28] The term "international tax regime" is commonly used by authors, often interchangeably with "international tax system", to describe a collection of tax policies in place at one time. The term, as Eden (1997, 1998, 2001, 2009) uses it, is built directly on international relations theory in political science. The closest work on the international tax regime is probably Avi-Yonah (2007). The book's first chapter, titled "Is there an international tax regime?", reports on "yes and no" answers by law professors and argues that the international tax regime does exist. However, the book does not draw on or cite to the international relations literature on international regimes or Eden's work on the international tax regime.

overlapping tax jurisdictions, which causes both efficiency failures and distributional conflicts at the international level that need to be addressed. The goal of the regime is, primarily, the prevention of double taxation, with more recent attention also to under taxation. The regime's components are its principles (e.g., equity, efficiency, neutrality), norms (the prescriptive and proscriptive standards of behavior, as captured in DTTs, such as separate entity, nexus), rules (the tax specifics, both national and DTT, implementing the norms), and procedures (national tax and DTT dispute settlement procedures).

In terms of geographic scope, through the second half of the 20th century, the US government and OECD Member States have acted as hegemon and regime supporters, respectively, in the development of the international tax regime. This "coalition of the willing" came together in an international tax organization (the OECD's Committee on Fiscal Affairs) to help establish a complex web of DTTs. Given the dominant role played by the OECD in the maintenance and formation of the regime, Eden (1997, 1998) concluded that the regime, in effect, was an "OECD club" of like-minded nation states (see also Mason, 2020). The international tax regime can also be viewed as a nested regime in terms of geography since regional tax regimes exist within the regime, both in North America and the European Union. Eden (1998) demonstrates this argument with an analysis of the international tax regime in North America.

The international tax regime is nested not only by geography but also in terms of issue area. Inside the regime is a transfer pricing regime with its own purpose; i.e., the proper valuation of cross-border related party transactions. Its goal is the prevention of abusive transfer pricing; i.e., the manipulation of transfer prices so as to avoid or evade government regulations. The scope of the regime includes all cross-border transactions and activities inside the MNE group. The transfer pricing regime also has four components: principles (equity, efficiency and neutrality), norms (the arm's length standard) [29], rules (transfer pricing methods), and procedures (methods for handling domestic and international transfer pricing disputes).[30]

Viewed in this manner, the transfer pricing regime forms, in effect, a second or lower tier within the international tax regime. The top tier or "umbrella" involves the principles, norms, rules, and procedures designed to address the first two core problems in taxing MNEs: jurisdiction (which government has the right to tax which sources of income) and allocation (how MNE revenues and expenditures should be allocated across countries). The lower tier (the international transfer pricing regime) involves the third problem: valuation (how cross-border related party transactions should be valued), together with some attention to allocating the MNE's common overheads and resources.[31]

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[29] The arm's length standard as it appears in Article 9 of the OECD Model Tax Convention on Associated Enterprises reads: "[where] conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly."

[30] Given that international regime theory clearly distinguishes between principles (e.g., equity, efficiency, neutrality, transparency) and norms (prescribed and proscribed standards of behavior), the correct terminology within the context of the international tax regime and international transfer pricing regime should be the "arm's length standard", not "arm's length principle". However, the two terms have been used interchangeably by tax professionals for many years, albeit "standard" is used more frequently in North America (following the terminology in IRS Section 482) and "principle" in Europe (following the OECD *Transfer Pricing Guidelines*). Given the confusion, to stand on a point of principle seems rather pointless; in my own work, I have therefore given up and use both.

[31] In later work on diffusion of international norms across countries, Eden (2000) and Eden, Dacin and

An underexplored issue area in taxing MNEs, suggested by the literature on international regime complexes, are the interdependencies and spillover effects of interactions among the international tax, trade, investment, and intellectual property regimes. MNEs are core actors in all of these regimes. Changes in the international tax regime (e.g., through the BEPS Pillar One and Two proposals) therefore will have second-round effects on, and likely unintended consequences for, other international regimes. For some work in this area see Eden (1996a, 1996b), Alschner (2019), and UNCTAD (2015, 2018, 2021).[32]

The International Tax Regime in the 21st Century: Preventing Under Taxation

A policy shift occurred around the millennium as the OECD became concerned with the problem of under taxation of MNE profits, caused by tax avoidance and evasion.[33] The OECD's 1998 Harmful Tax Competition project, together with the BEPS initiative launched in 2012, marked a change in the focus of the international tax regime from double taxation to under taxation of MNE profits.

Mason (2020) presents perhaps the best and most useful analysis of how and why the regime shifted during this period. She argues that the 2008 recession was the tipping point that "precipitated an unprecedented international project to curb corporate tax dodging." The tipping point rested on multiple failures by the existing regime to deter abusive tax avoidance and evasion. There were several antecedences: the rise of emerging markets in the 1990s, the growing number of MNEs from developing countries, the emergence of the digital economy, and the growing influence of NGOs and whistle blowers (see, e.g., Vernon, 1998; Baistrocchi, 2013; Eden, 2016; and Mason, 2020).

Tax havens and offshore financial hubs have clearly been a major part of the problem (Palan, 1998, 2002). The international tax regime has been weakened by renegade states, i.e., abusive tax havens and offshore financial centers that have chosen not to comply with the practices of the majority of the regime's members; these renegades can be either insiders or outsiders to the tax regime (Eden, 1998; Kudrle & Eden, 2003; Eden & Kudrle, 2005).

A new literature on global tax governance, focused on financial flows (e.g., money laundering, illicit financial flows, offshore conduits), also emerged around this time period.[34] This literature has a strong focus on the costs of social injustice and income inequality, the drain of resources from the South, and the need for global tax governance. The role of the OECD as the lead international organization at the heart of the international tax regime has also been questioned; the OECD's response in the second round of BEPS negotiations has been to broaden the decision-making group by including non-OECD Member States from the Group of Twenty (G20) and the Inclusive Framework.[35]

International NGOs, in particular, the Tax Justice Network (https://taxjustice.net/) formed in 2003, now 20 years ago, have been important voices in this area, reflecting the rise of a new epistemic community

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Wan (2001) explored why and how the arm's length standard, the core norm in the international transfer pricing regime, diffused from the United States first to Canada and then later to Mexico, creating the North American transfer pricing regime.

[32] On the harmonization of tax and investment policies in North America see Eden (1996a,b).

[33] Mason (2019) refers to this shift as a change in the OECD's goals from "no-double-taxation" (companies should not pay tax twice on the same income) to "full taxation" (income should not escape tax). See also (2020) and Christians (2017) for analyses of antecedents to the shift in regime focus.

[34] See, for example, Rixen (2011), Dietsch & Rixen (2016), Porter & Ronit (2018), Christensen & Hearson (2019), Phillips, Petersen & Palan (2021), and Hearson, Christensen & Randriamanalina (2022).

[35] For a critical assessment of the OECD's fairness-based narratives and broadening of the BEPS decision-making group, see Plekhanova (2022) and Okanga & Latif (2021). On the legitimacy of the OECD making soft law for developing countries see Mosquera Valderrama (2015) and Brosens & Bossuyt (2020).

in tax governance (Christians, 2021; Christensen, 2021). Academic research on international tax avoidance has blossomed also, for example, see recent books by Reuter (2012), Pogge and Mehta (2016), Dietsch and Rixen (2016), Durst (2019), and Unger, Rossel & Ferwerda (2021).

A key theme of the global tax governance literature has been draining development, i.e., that MNEs have engaged in tax evasion, abusive tax avoidance, and aggressive transfer pricing, which have shifted profits from the South into tax havens and investment hubs. Wildly differing estimates exist of the extent of this profit shifting. Reliable estimates of the extent of profit shifting can be found in Bolwijn, Casella and Rigo (2018), Bradbury, Hanappi and Moore (2018), Asen (2021), Dharmapala (2021), and Dyreng and Hanlon (2021). Eden (2012, 2019b) also examines the empirical evidence on the size and direction of abusive transfer pricing, finding that the reported amounts are likely overestimates.

A second theme running through the global tax governance literature has been that the arm's length standard has failed and must be replaced by a combination of unitary taxation and global formulary apportionment (GFA).[36] Drawing on the concept of a nested international tax regime, the arm's length standard is not the problem, and international tax professionals and policymakers "should not shoot the messenger" or replace it with GFA (Eden, 2016b, 2019a, 2020a, 2021a,b). The appropriate solution is to address the underlying causes, i.e., fix the holes in the upper-tier regime that provide opportunities for exploitation through aggressive tax avoidance, evasion and/or fraudulent behaviors. The first round of BEPS reforms were important movements in this direction and, if fully implemented and strengthened, would go a long way to removing the loopholes that still remain in the international tax regime. [37]

Part of the problem can be traced to the differing views among governments, MNEs and NGOs as to the legality and ethics of tax avoidance; like fairness, ethics often varies with the beholder (Eden & Smith, 2022).[38] These differences arise not only at the upper-tier level of the international tax regime (i.e., in terms of jurisdictional and allocational issues such nexus, residence and source, separate entities) but also in the nested transfer pricing regime (i.e., valuation issues involving application of the arm's length standard). What is – and is not - "abusive" or "aggressive" tax avoidance or transfer pricing is difficult to define, and the views vary widely across different stakeholders (e.g., governments, MNEs, NGOs, academics, the general public).

The fuzziness of the definitions of aggressive tax avoidance and abusive transfer pricing led Eden and Smith (2022) to explore the legality and ethics of tax avoidance and transfer pricing. Using the three-cornered lens of the fraud triangle (motivation, opportunity, and rationalization), they concluded that the solution to abusive international tax behaviors was deterring the antecedents of illegal and/or unethical behaviors; i.e., by focusing on the motivations, opportunities, and rationalization used by MNEs to engage (and by many nation states to foster) aggressive tax avoidance and abusive transfer pricing. Examples of recommended policies include extension of the BEPS Multilateral Tax Instrument and CBCR reporting standards, greater transparency and information exchange, and the creation of a global hypernorm within the UN Global Compact focused specifically on abusive tax avoidance and evasion.[39]

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[36] See, for example, Clausing & Avi-Yonah (2007), Picciotto (2012) and McGaughey & Raimondos (2019).
[37] One of the few remaining big loopholes in the international tax regime are the US Treasury Regulations 301.770-1 through – 3 (the "check the box" regulations), which have enabled US MNEs to avoid paying taxes on their Subpart F (controlled foreign corporation) offshore profits and engage in other forms of tax dodging. See The Tax Law Center (2022).
[38] For a recent discussion of the "fairness" of the taxes on MNE profits see Devereux & Vella (2022).
[39] See also Eden (2016b), Eden, Srinivasan & Lalapet (2019) and Eden & Smith (2022).

A few insights from the international tax regime and global tax governance literature are the following:

- *The goals of international tax cooperation have changed:* In the 20th century, international tax cooperation involved OECD Member States negotiating double tax treaties among themselves, with the goal of reducing double taxation of MNE profits. These were examples of "win-wins" in MNE-state relations. Since the millennium, the goal of international tax cooperation has shifted to preventing tax avoidance and evasion, bringing MNEs and nation states into conflict, creating additional conflicts across countries.

- *Recent attempts at international tax cooperation have moved away from the international tax regime's core principles and norms:* The OECD's Pillars One and Two project has moved away from the core principles (residence and source, first crack) and norms (arm's length standard). Proposals for global tax governance are now often accompanied by recommendations for adoption of unitary taxation and formulary apportionment. Both trends are worrisome and problematic.

- *Equity and fairness are more important than before but remain fuzzy principles*: The shift in regime goals raised the importance of equity or fairness as a tax principle and an increased focus on distributional issues (sharing of the "tax base pie" of MNE global profits among nation states. Questions of equity and fairness can be fuzzy, especially at the international level. Often, "where one stands depends on where one sits" since fairness involve normative judgements. Perceptions of unfairness and mistreatment are powerful motivators for political action.

- *Where I see legal and ethical, you see illegal and unethical:* The views of MNEs, nation states, and NGOs on what is aggressive tax avoidance and evasion (including abusive transfer pricing) differ widely. This wide gap in perceptions encourages stereotyping, witch hunts, and partisan positioning, making "win-win" international tax cooperation efforts impossible.

<u>Summary</u>

An international tax regime has existed for several decades, managed primarily by a coalition of willing OECD Member States through a network of DTTs, for the purpose of preventing double taxation. The focus of the international tax regime has shifted to prevention of under taxation, fueled by evidence of significant profit shifting through illegal financial flows, aggressive tax avoidance, and abusive transfer pricing. The OECD's policy attempts to respond to these pressures through the BEPS process is changing the international tax regime in significant ways, with impacts on overlapping regimes in trade, investment, services, and intellectual property. These changes are creating uncertainty for MNEs and nation states and the possibility of more distributional conflicts, both MNE-state and state-to-state. Developing countries and NGOs are responding with calls for a more inclusive international tax regime – led by the United Nations - that pays greater attention to the needs of non-OECD countries. However, large changes in international regimes usually require a tipping point and the cooperation of a like-minded club of nation states to lead the change. Prior attempts at formalizing and strengthening the UN's role in international tax cooperation have been difficult; thus, the way ahead for UN Resolution 77/244 is also likely to be challenging.

## 6. Conclusions: Some Observations on the Road Ahead

<u>The Road Ahead</u>

UN Resolution 77/244 reaffirms the UN's commitment to international tax cooperation but with the modification that not only the effectiveness but also the inclusiveness of international tax cooperation should be the focus going forward. The resolution commits the Secretary-General to:

> *Decides to begin intergovernmental discussions in New York at United Nations Headquarters on ways to strengthen the inclusiveness and effectiveness of international tax cooperation through the evaluation of additional options, including the possibility of developing an international tax cooperation framework or instrument that is developed and agreed upon through a United Nations intergovernmental process, taking into full consideration existing international and multilateral arrangements.*

The resolution stresses that the goals should be: combatting illicit financial flows; preventing aggressive tax avoidance and tax evasion; and improving the fairness, transparency, efficiency and effectiveness of national tax systems. The resolution also stresses that the UN's efforts should be "universal in approach and scope" and "should fully take into account the different needs and capacities of all countries, in particular countries in special situations."

<u>Proposals on the Table</u>

There are already at least four proposals on the table with recommendations as to how the United Nations should move forward on expanding international tax cooperation. Three of the four were prepared by international NGOs and the fourth by the UN FACTI Panel:

- Ocampo and Wieczorek-Zeul (2021) on implementing the FATCI Panel Report (FACTI, 2020) on Recommendation 14B: Building up on existing structures, create an inclusive intergovernmental body on tax matters under the United Nations,

- Chowdhary, Babou Diasso and Solankii (2021) proposals for making the UN Tax Committee's subcommittees more effective for developing countries.

- Chowdhary and Picciotto (2021) on creating a UN Framework Convention on Tax Cooperation to streamline the architecture of international tax,

- Tove Maria Ryding (2021)'s detailed outline of a UN Framework Convention on Tax with commentaries, articles, and annexes,

The Ocampo and Weiczorek-Zeul (2021) piece provides an overview of some options for implementing Recommendation 14B in the FACTI Panel Report (FACTI, 2020), such as a UN Tax Convention or upgrading the existing UN Tax Committee.

Chowdhary, Babou Diasso and Solankii (2021) provides statistics on the UN Tax Committee's subcommittees, and proposes their memberships should be more closely tied to developing country governments.

Chowdhary and Picciotto (2021) is particularly useful for its discussion of the arguments for and against the creation of another international tax convention[40], and its history of earlier attempts to deepen international governance at the United Nations. See also EURODAD (2019).

Building on Chowdhary and Picciotto (2021), Tove Maria Ryding, tax coordinator at the European

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[40] See also the short note by EURODAD (2019) on the reasons for an intergovernmental UN tax commission.

Network on Debt and Development (EURODAD), with the support of the Global Alliance for Tax Justice, lays out a detailed proposal for a UN Framework Convention on Tax (Ryding, 2021). Ryding states that in her Overview that the proposed convention's "basic format and structure broadly follow approaches used in other UN conventions" such as climate change, protecting the ozone layer, and controlling tobacco consumption.

The key articles in Ryding (2021) that have specific commitments include many proposals that governmental agencies and NGOs have suggested over the years as ways to deal with illegal financial flows and aggressive tax avoidance and evasion, including:

- Article 5: automatic exchange of information
- Article 6: sharing of beneficial ownership information
- Article 7: public country-by-country reporting
- Article 8: transparency of national tax policies and practices
- Article 9: compilation of Articles 5-8 into a regularly published Transparency Standard
- Article 10: intergovernmental tax cooperation on tax and tax-related illicit financial flows
- Article 11: taxation of MNE based on unitary taxation and global formulary apportionment
- Article 12: compilation of Articles 10 and 11 into a regularly published Tax Standard
- Article 14: establishment of a Conference of the Parties
- Article 15: establishment of a Secretariat
- Article 16: creation of the UN Tax Committee as a subsidiary body of the Convention to report to and provide the Conference of the Parties with timely technical advice.
- Article 17: creation of a UN public registry for corporate transparency.
- Article 18: Creation of a UN public registry for tax and fiscal policies.
- Article 19: Creation of a UN global asset registry.

I am supportive of most of the proposals in principle (with the caveat that "the devil is in the details"). However, I strongly oppose Article 11, the adoption of unitary taxation and global formulary apportionment, for the reasons outlined in these comments and elsewhere. My opinion is that most of these articles could be adopted into a UN Tax Convention (if a convention were the eventual policy choice). The articles do address some of the weaknesses of the current international tax regime. However, the tax convention must also include an article that reaffirms and commits UN Member Countries to the arm's length standard as the core norm for valuing related party transactions.

<u>Some Observations on the Process Ahead</u>

Given that the goal of UN Resolution 77/244 is to strengthen the inclusiveness and effectiveness of international tax cooperation, some suggestions for the consultative process are the following:

- The consultative process should be as inclusive and effective as the goal that UN Resolution 77/244 is designed to achieve. The consultative process should include academics (professors and scholars) from a variety of disciplines - not only international law but also disciplines such as business, economics, political science, and public administration – reflecting the literatures that I have drawn on for these comments. The academics should also come from all regions of the globe, not only from OECD Member States. The consultative process needs to hear from all voices, not only the most frequent and best funded voices. Inclusivity of disciplines and geographies in the UN work going forward can help overcome the "dialogue of the deaf", whereby academics talk to and cite only like-minded scholars in their own discipline and location. Fostering inclusivity will likely require active encouragement by the Secretary-General to induce and facilitate participation by an inclusive and diverse group of scholars.

- In particular, international business faculty should be included in the UN work going forward. While law professors have a long history of involvement in the architecture and engineering aspects of the international tax regime, at least as far back as League of Nations (2023), they often have little experience with or knowledge of "the insides" of multinational enterprises or international business. Inclusive and effective international tax cooperation in the next decades of 21st century requires "buy-in" and active participation, not only by nation states but also by MNEs, as Vernon (1998) reminds us. International business school faculty spend their professional lives studying MNEs and other business forms such as international private-public partnerships and strategic alliances. Research on MNE-state relations and on the impacts of government policies and institutions on MNE strategies, structures, and activities has a long history in international business scholarship. Faculty in international business understand the strategies and structures of MNEs, and the differences and similarities of national business environments around the globe. International business scholars have also been at the forefront of studying the rise of emerging markets, of MNEs from Asia, Latin America, and Africa, and of the new digital MNEs and Industry 4.0.. Adding the voices of international business scholars to the UN discussions would add significant value, complementary to the voices of tax policymakers, international law professors, NGOs, and the MNEs themselves.

- The international tax regime now overlaps in significant ways with other international regimes where MNEs are active participants, including the international trade, services, investment, and property rights regimes. This new international regime complex requires that the Secretary-General's consultative process pay attention not only to international tax but also broaden out to include interactions with other regimes that interact with international tax. Within the UN system, UNCTAD's Division on Investment and Enterprise has a deep and broad knowledge of multinationals (e.g., their investments, strategies, structures, activities, and impacts, especially with respect to developing countries), which would be particularly helpful here.

- The consultative process should focus on international tax architecture and engineering, rather than administration. As Shoup (1991) explained, these are the two areas where a tax mission can be most useful. A complex (and often criticized as ineffective and non-inclusive) international tax regime already exists, with its own organizations and actors. As a result, any changes introduced by the United Nations should build on, and not simply add to, the complexity of the existing international tax regime.

<u>Some Observations from Three Lenses on Taxing Multinationals</u>

Given that the goal of UN Resolution 77/244 is to strengthen the inclusiveness and effectiveness of international tax cooperation, some suggestions for the structure and content of the consultative process, drawing from the three lenses explored in these comments, are the following:

- Taxing multinationals is a wicked problem that must be managed and cannot be solved. The best approach is evidence-based policymaking that pays close attention to the political problems involved. A formal commitment to an evidence-based policymaking process, one that pays attention to the wicked problem of taxing MNEs, is a suggested approach to addressing Resolution 77/244.

- Prescriptive public finance cautions that the three decision-making tasks (architecture, engineering, and administration) involve tradeoffs. The "first best" goal of achieving the principles of a good tax system must be tempered with: (1) recognition of the sovereignty of nation states, (2) the need to take into account the differing economic and social circumstances across countries, especially the least developed, and (3) the wicked problem created for nation states of the global reach and mobility of multinational enterprises. Public finance must "fit" the real world and facts and circumstances do matter. Balancing these tradeoffs is best achieved through international tax cooperation, not international tax competition. In addressing Resolution 77/244, the United Nations should focus on the tax architecture and engineering tasks; commit to strengthening international tax cooperation; and take into account the tradeoffs involved in making public finance in the real world.

- An international tax regime has existed for several decades, managed primarily by a coalition of willing OECD Member States through a network of double tax treaties, for the purpose of preventing double taxation. The focus of the international tax regime has shifted to prevention of under taxation, fueled by evidence of significant profit shifting. The OECD's policy attempts to respond to these pressures through the BEPS process is changing the international tax regime in significant ways (with impacts on related regimes). These changes are creating uncertainty for MNEs and nation states and the possibility of more distributional conflicts (MNE-state and state-to-state). Developing countries and NGOs are responding with calls for a more inclusive international tax regime – led by the United Nations - that pays greater attention to the needs of non-OECD countries. However, large changes in international regimes usually require a tipping point and the cooperation of a like-minded club of nation states to lead the change.

- Inclusiveness matters more than before:

    - More states want seats at the table. The rise of big emerging markets and clubs of like-minded developing countries has led to demands for their greater involvement in decision-making in the international tax regime. The OECD has historically been the major intergovernmental decision-making body but can no longer manage the regime on its own. The OECD needs the support of emerging and developing countries (hence the Inclusive Framework) but they have differing interests and circumstances from OECD Member States.

    - More voices want to be heard. Historically, international tax cooperation was hammered out behind closed doors at the OECD Committee on Fiscal Affairs with only BIAC (Business and Industry Advisory Council) providing input into the negotiations. Now there are many forums and organizations (government, private sector and civil society) that actively comment and participate in debates on international tax cooperation.

- The United Nations is the best solution. Given the great differences in economic and social circumstances across countries, the shift in the balance of economic power to big emerging markets, and the twin global challenges of coping with the devastating socio-economic impacts of the COVID-19 pandemic (especially for developing countries) and moving forward on the 2030 Agenda of the SDGs, the United Nations is the only intergovernmental organization where all voices can be heard.

- The road ahead is difficult. Prior attempts at formalizing and strengthening the UN's role in the international tax regime have not been successful. The road ahead is a difficult one. The cautionary words at the end of Vernon's book, *In the Hurricane's Eye: The Troubled Prospects of*

*Multinational Enterprises*, are as appropriate today as they were 15 years ago (1998: 219):

> *"… a prolonged struggle between nations and enterprises runs the risk of reducing the effectiveness of both, leaving them distracted and bruised as they group toward a new equilibrium. To shorten that struggle and reduce its costs will demand an extraordinary measure of imagination and restraint from leaders on both sides of the business-government divide."*

The appropriate response is to be a realist, adjust the sails, and move forward.

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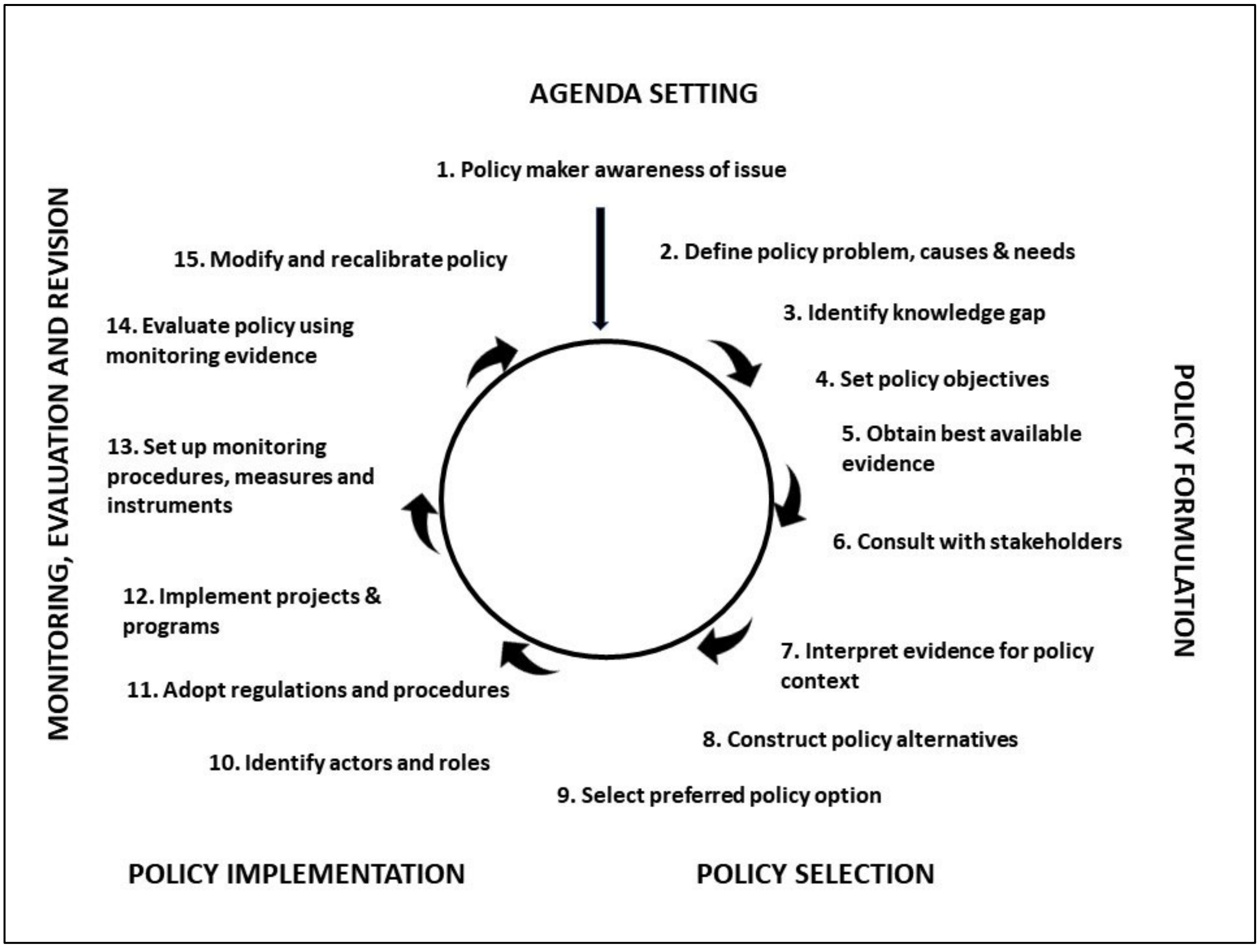
**Figure 1: Evidence-Based Policymaking**



| **Table 1: Intergovernmental Organizations in International Tax Cooperation** |
|---|
| • International tax organizations<br>    ○ OECD<br>        ▪ Committee of Fiscal Affairs https://www.oecd.org/tax/beps/committee-on-fiscal-affairs-and-subsidiary-bodies-organigramme.pdf<br>        ▪ Centre for Tax Policy and Administration https://www.oecd.org/ctp/<br>        ▪ Fiscal Federalism Network https://www.oecd.org/tax/federalism/<br>        ▪ Forum on Tax Administration https://www.oecd.org/tax/forum-on-tax-administration/about/<br>    ○ United Nations<br>        ▪ UN Department of Economic and Social Affairs (UNDESA) https://www.un.org/en/desa<br>            • UN Committee of Experts on International Cooperation in Tax Matters (UN Tax Committee) https://www.un.org/development/desa/financing/what-we-do/ECOSOC/tax-committee/tax-committee-home<br>            • UN Development Programme (UNDP) (technical assistance) https://www.undp.org/<br>        ▪ IMF (technical assistance) https://www.imf.org/en/Home<br>        ▪ World Bank (technical assistance) https://www.worldbank.org/en/home<br>    ○ Inclusive Framework on BEPS https://www.oecd.org/tax/beps/inclusive-framework-on-beps-composition.pdf<br>    ○ Platform for Collaboration on Tax (includes IMF, OECD, UN, World Bank) https://www.tax-platform.org/<br>    ○ Tax Inspectors Without Borders (OECD, UNDP) https://www.tiwb.org/<br><br>• Regional tax organizations<br>    ○ African Tax Administration Forum (ATAF) https://www.ataftax.org/<br>    ○ European Commission, Directorate-General for Taxation and Customs Union https://commission.europa.eu/about-european-commission/departments-and-executive-agencies/taxation-and-customs-union_en<br>    ○ Inter-American Center of Tax Administrations (CIAT) https://www.ciat.org/?lang=en<br>    ○ Study Group on Asia-Pacific Tax Administration and Research (SGATAR) https://sgatar.org/<br><br>• Political tax forums [41]<br>    ○ Developed and emerging economies: G7, G20 https://www.g20.org/en/<br>    ○ Developing countries: G24 https://www.g24.org/ , G77 https://www.g77.org/ |

[41] https://www.imf.org/en/About/Factsheets/A-Guide-to-Committees-Groups-and-Clubs#G24