Corporate taxation in the global economy

10th IMF-Japan High-Level Tax Conference For Asian Countries in Tokyo
April 26, 2019
Shuichi HOSODA, Director, International Tax Policy, Tax Bureau
Ministry of Finance, Japan
2019 G20 Finance Track Priorities

I. Global Economy – Risks and Challenges
(A) Surveillance of global economic risks
(B) Global imbalances
(C) Aging and its policy implications

II. Actions toward Robust Growth
(D) Quality infrastructure investment
(E) Resilience against natural disasters
(F) Strengthening health financing for moving towards Universal Health Coverage in developing countries
(G) Debt sustainability and transparency in Low-Income Countries

III. Response to Structural Changes caused by Innovation and Globalization
(H) International taxation
(I) Addressing financial market fragmentation
(J) Financial innovation - opportunities and challenges
International taxation in G20

G20 Buenos Aires Leaders’ Declaration (December 1, 2018)

- 26. We will continue our work for a globally fair, sustainable, and modern international tax system … .

- Building on significant progress in recent years, more needs to be done.

- Japanese Presidency focuses on:
  1. tax challenges arising from digitalization
  2. implementation of the BEPS package
  3. exchange of tax information
  4. assistance to developing countries

- Japan will host a ministerial symposium on June 8.
The Inclusive Framework on BEPS (IF) discussing proposals on nexus and profit allocation and those on BEPS issues.

We aim to set out policy directions and concrete steps for a consensus-based solution in June.

G20 Buenos Aires Leaders’ Declaration (December 1, 2018)

- 26. … We will continue to work together to seek a consensus-based solution to address the impacts of the digitalization of the economy on the international tax system with an update in 2019 and a final report by 2020.
Interim report by Task Force on the Digital Economy (March 2018)
• Committed to work together towards consensus-based long term solution by 2020, with an update in 2019

Policy Note by the Inclusive Framework on BEPS (January 2019)
Public consultation (February - March 2019)
• Pillar 1: Revision of profit allocation and nexus rule (User contribution, Marketing intangible, Significant economic presence)
• Pillar 2: Global anti-base erosion proposal
• Over 210 comments were submitted and 400 people attended public consultation.

Elaboration of a detailed program of work
• Inclusive Framework meeting on May 28-29, 2019
Countering BEPS

G20 Buenos Aires Leaders’ Declaration (December 1, 2018)

- 26. … Worldwide implementation of the OECD/G20 [BEPS] package remains essential. … We continue to support enhanced tax certainty … .

• 3 years since the BEPS reports were released in Oct. 2015.
• Recent achievements: IF membership expanding to around 130; MLI (Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS) effective.
• OECD report on the BEPS Project and IMF/OECD update on tax certainty in June.
G20 Buenos Aires Leaders’ Declaration (December 1, 2018)

- 26. … We … acknowledge the strengthened criteria developed by the OECD to identify jurisdictions that have not satisfactorily implemented the tax transparency standards. Defensive measures will be considered against listed jurisdictions.

- Automatic exchange of info on non-resident financial accounts (CRS: Common Reporting Standard) and Country-by-Country Reports started.

- OECD report on tax transparency in June; an updated list of jurisdictions failing to meet the new tax transparency criteria in June (to be finalized under the Japanese Presidency).
• TA is key to fight against tax avoidance and evasion, and domestic revenue mobilization (DRM).
• Medium-term revenue strategy (MTRS) helps DRM.
• MTRS needs donor coordination, where PCT has a role to play.
• PCT progress report in June.

G20 Buenos Aires Leaders’ Declaration (December 1, 2018)
- 26. … We continue to support enhanced … tax capacity building in developing countries, including through the Platform for Collaboration on Tax.
## G20 Finance Track Schedule in 2019

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
<th>Event</th>
<th>Location</th>
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<tbody>
<tr>
<td>Jan</td>
<td>16</td>
<td>Seminar on Innovation for Inclusive Development</td>
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<tr>
<td>Jan</td>
<td>17</td>
<td>Symposium on Demographic Changes and Macroeconomic Challenges</td>
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<tr>
<td>Jan</td>
<td>17-18</td>
<td>Finance and Central Bank Deputies Meeting</td>
<td>Tokyo</td>
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<tr>
<td>April</td>
<td>2(TBD)</td>
<td>Roundtable on AML/CFT issues relating to financial innovation</td>
<td>Washington, D.C.</td>
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<td>April</td>
<td>10 or 11</td>
<td>Seminar on Global Imbalances</td>
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<td>11</td>
<td>Finance and Central Bank Deputies Meeting</td>
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<tr>
<td>April</td>
<td>11-12</td>
<td>Finance Ministers and Central Bank Governors Meeting</td>
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<tr>
<td>June</td>
<td>7</td>
<td>Symposium on Aging and Financial Inclusion</td>
<td>Tokyo</td>
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<tr>
<td>June</td>
<td>6-7</td>
<td>Finance and Central Bank Deputies Meeting</td>
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<td>June</td>
<td>8</td>
<td>Symposium on International Taxation</td>
<td>Fukuoka</td>
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<td>June</td>
<td>8</td>
<td>Seminar on Financial Innovation</td>
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<td>Seminar on Corporate Governance</td>
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<td>8-9</td>
<td>Finance Ministers and Central Bank Governors Meeting</td>
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<tr>
<td>June</td>
<td>28(TBD)</td>
<td>Joint Session of Health and Finance Ministers</td>
<td>Osaka</td>
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<tr>
<td>June</td>
<td>28-29</td>
<td>G20 Leaders’ Summit</td>
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*On the occasion of the Annual Meetings in October, Finance and Central Bank Deputies Meeting as well as Finance Ministers and Central Bank Governors Meeting will be held in Washington, D.C.*