

## OECD: "Don't let legal dentists take the teeth from the transparency package"

The recent Commission proposal for automatic exchange of tax rulings is "a revolutionary step towards international transparency on taxation and the fight against base erosion and profit shifting. It will change the way the world economy works for the better", said the Secretary-General of the OECD, Angel Gurría in a discussion with members of the committees for Tax Rulings and Economic and Monetary Affairs on Tuesday morning.

The OECD and the G20-group are generally seen as the international fora where international agreements on taxation should be concluded as the two together represent 90% of the world economy.

### "Aggressive lobbying"

Asked if the EU member states speak with one voice when discussing avenues to overcome shortcomings in tax legislation in the OECD, Mr Gurría said "Yes; because they all need the money." But he also warned against draw backs under pressure of aggressive lobbying. "Many people try to kill our initiatives. Let's move with one united front and beware of legal dentist who want to take the teeth out of the legislation".

### OECD action plan

His colleague, in charge of the OECD Centre for Tax Policy and Administration, Pascal Saint-Amans informed MEPs about the OECD action plan against base erosion and profit shifting (BEPS) which includes 15 measures to , inter alia, increase transparency, close tax loopholes and fix mismatches, do away with "double non-taxation", regulate patent boxes and prepare for challenges arising from the boom of the digital economy.

### One multilevel convention

Illustrating the complexity of the issue he referred to the hike in bilateral tax agreements over the last years: "In 2008 there were 14 bilateral tax agreements, now there are 3000. We aim at replacing all of these by one multilevel convention", he explained while warning against fragmentation of the package "We have to adopt the package as a whole."

## Optimistic

Despite the fact that the OECD just produces 'soft legislation' - which is morally binding but not legally - Mr Saint-Amans is optimistic. "We encounter unprecedented cooperation, also in the G20. And don't forget how successful we were in banning the bank secrecy", he said. The OECD will present its action plan to the G20 Finance Ministers in Lima in October.

## Country-by-country reporting a bridge too far

Some centre left MEPs want to go further than the current transparency package proposal by obliging multinational companies to publicly report on their activities, profits and taxes on a country-by-country basis, but for the OECD this is a bridge too far at this stage: "I am afraid that this would not work. If we insist on total transparency, including naming and shaming, we might lose the battle. Moreover, we are also sensitive to the compliance costs".

*In the chair: Roberto Gualtieri (ECON) and Alain Lamassoure (TAXE)*

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