

## POLICY MAKING IN GLOBAL TAX POLICIES ON MODERNIZED/ SUSTAINABLE TAX ADMINISTRATIONS', INTERNATIONAL TAX COOPERATION AND GLOBAL TAX GOVERNANCE ARCHITECTURE, ONGOING 2030 SGD AND ADDIS ABABA ACTION AGENDAS

Eva Andrés Aucejo<sup>1</sup>

ACRONYM: POLICY-MAKING(on)SUSTAINABLE-INTAXCOOP&GOV(to)SDG&AddisA.

This work provides four Global Tax Models and Systems on researching and applying in Tax Policy Making to enhance the International Tax Cooperation and to promote a new Global Tax Governance Architecture, building efficiency, fairness, and sustainability Tax Administrations'. It is in line with the last global tax world trends from: UN (2030 SGD), Addis ABABA Action Agenda, EU, OECD, IMF, WB, but proposing a breakthrough through four pioneering Global Tax Systems in Policy making. The finding outs have highlighted several practical applications, promoting to shift of the future state of art.

The Global Tax Policies proposed are:

1. The **Global Tax Model** (provides a global analytic-empiric matrix model to build modernized tax systems; to enhance the International tax cooperation and to achieve a global governance architecture for sustainable development and equity societies)<sup>2</sup>.

2. The **Global Code on International Tax Cooperation and Governance** that encodes the duty of cooperation between tax authorities and public and private agents in the world, concerning the global tax system on international tax cooperation and governance<sup>3</sup>.


3. The **General Principle on International Tax Cooperation** which should be recognized as a new General Principle into the International Legal Order.


4. The **Multilateral Treaty on International Tax Cooperation and Global Tax Governance**: it should be the key to build a new institutional framework that reconciles the concept of the national tax sovereignty with the international cooperation and global tax governance.

<sup>1</sup> Full Professor of Tax Law. University of Barcelona. Researcher and Consultant from the Global Forum on law, Justice and Development of the World Bank on the HCBM, Project 2017. Bachelor of Law Honors Graduate (valedictorian: score rank 1 of the graduating class). PHD in Law. Extraordinary award in PHD of Law. Bachelor of Economic Sciences and Business Studies. Director of the *Education and Law Review*; Award from CEF; Visiting scholar in Harvard School of Law, European University Institute, Università di Roma 'La Sapienza', Università degli Studi di Firenze, IBFD (Amsterdam), Università degli Studi di Bologna, LSE of London, University of Leeds (UK), Georgetown University (Washington, DC), World Bank (Washington, DC). Principal Investigator of the Excellence Network DER 2017-90874-REDT G.O.A. T.-INTAXCOOP&GOV, The Global Observatory on Tax Agencies: Towards to the International Tax Cooperation and Governance; Principal Investigator of the DER2015-68768-P Project: International Administrative Co-Operation in Tax Matters and ADR of Transnational Tax Disputes and Models for an Institutional Architecture from a European Perspective. Principal Investigator of the "Comparative ADR Systems on tax Law" Project (*Generalitat de Catalunya*).

<sup>2</sup> **Eva Andrés Aucejo**. "The Global Tax Model: building modernized Tax Systems towards on International Tax Cooperation and Global Tax Governance: Architecture for Sustainable Development & Equity Societies (Ongoing UN 2030 & Addis Ababa Action Agendas)", in *International Administrative Cooperation in Fiscal Matter and International Tax Governance*. Ed. E. Andrés Aucejo. Directors: J. Owens, P. Pistone and E. Andrés. Thomson Reuters, Aranzadi, 2018

<sup>3</sup> **Eva Andrés Aucejo**. Towards an International Code on Administrative Cooperation in Tax Matters and International Tax Governance.215287 - Revista de Derecho del Estado. Externado de Colombia, n. 40/2017. ISSN 0122-9893. Type of production: Scientific paper Format: Journal Total no. authors: 1

<p style="text-align: center;"><b>MAIN GOALS</b></p>	<p><b>Researching and applying on Global Tax Policies</b> is the aim of this work. It is based in taxation as a key to mobilize resources for investment in sustainable development, fairness, efficiency and digital tax administrations, as well as promoting the international cooperation to combat illicit financial flows in order to foster sustainable development including by combating tax evasion and corruption through strengthened national regulation and increased international cooperation in a global tax governance architecture towards sustainable development and equity societies. It proposes to going on the new international tax trends taking in account the EU actions, the post-2015 development agenda: the Addis Ababa Action Agenda and the sustainable development goals agenda 2030 (the relevance of the global tax policies); and taking into account the guidelines and performance areas that are being following by the main institutions and international governmental and non-governmental organizations such as OCDE, IMF, WB, the platform for the International Tax Cooperation, IOTA, CIAT, etc. Our research starts reviewing the state of the art to achieve <b>ground-breaking</b> global tax models.</p> <div style="text-align: center;">  </div>
<p style="text-align: center;"><b>GLOBAL TAX POLICIES</b></p>	<p>This project proposes the following four major outputs:</p> <ol style="list-style-type: none"> <li>1. A <b>Global Tax Model</b> to be applied both developing and developed countries provides the research major output proposed. It is a ground-breaking model in a top trendy world issue, consisting in a <u>math matrix model</u> on economy and social sciences based on taxation as key to achieve the goals cited. The final objective is to create a model to seek country insights on relevant challenges and opportunities in using tax system to support sustainable development improving the tax capacity development; enhancing the international tax cooperation and the global tax governance performance to take forward the global dialogue on the role of tax in achieving the sustainable development and human tax administrations'.</li> <li>2. An <b>international Code for Administrative Cooperation and Governance in Tax matters</b> that encodes the duty of cooperation between tax authorities and public and private agents in the world, concerning the global tax system, including the international tax cooperation and governance framework.</li> <li>3. To design a new <b>Principle of "International Tax Cooperation"</b> to try that it could be expressly recognized in the Charter of the United Nations, June 1945, art. 1, par. 3 and/or, at least, approving a new Resolution 2625 (XXV) of the United Nations General Assembly to incorporate the tax cooperation as a new international legal principle.</li> <li>4. Propose a <b>new Multilateral Treaty on International Fiscal Cooperation and Global Tax Governance</b>, working in the new trends following by the United Nations, IMF, OECD, WB exploring ideas and proposing new actions on international tax cooperation and good tax governance.</li> </ol>

<p>THE GLOBAL TAX MODEL</p>	<p><b>1. The Global Tax Model<sup>4</sup></b> follows a math matrix model on economy and social sciences based on the taxation role in the world.                  We have constructed an <i>analytic-empiric math matrix model</i> including:</p> <p>a) The formulation of the general tax policies in order to achieve the main objectives described. The global tax policies will be inclusive, interdisciplinary and transversal, with the goal of developing efficient and sustainable economies inspired on the fundamental protection of the human and social rights of civil society and inspired on the cooperation principles and a good global tax governance architecture.</p> <p>b) An empiric mathematic method in order to these general tax policies can be applied by the countries tax administrations'. This matrix has ten performance areas (workpackages), each one of them is divided in sections or parts, being assigned indicators to evaluate if the tax administrations have or follow these tax policies and the new deal tax governance. It includes the best tax policies practices from the world.</p> 
<p>METHODOLOGY</p>	<p><b>2. The Global Tax Code for International Administrative Cooperation and Governance in Tax matters</b></p> <p>Our hypothesis analyses the absence of a global Code for the entire world tax system, which governs at the same body, both the relations of cooperation between tax administrations and between tax administrations in their relations with taxpayers, from a Global Fiscal Governance perspective. After analysing the legal sources of the international law and the European community law, this hypothesis is verified as true, so the need to create an “International Code for administrative cooperation in tax matters and International Tax Governance” is concluded. We also propose the possibility that a multilateral instrument could be arbitrated, which could turn into a multilateral agreement opened to signature by States. This code should be written with the structure of articulated text form.</p> <p>Structure: Chapter I. About the international administrative tax cooperation between worldwide Tax Administrations. Chapter II. Relations of cooperation between Tax Administrations and taxpayers: the taxpayers’ rights concerning this framework. Chapter III. System of conflict resolution in cross-border tax matters: conventional and alternative systems. A proposal is included regarding the creation of an International “Body” to resolve cross-border tax disputes, where there could be developing kinds of alternative dispute resolution systems (mediation, arbitration, European or international ombudsman, tax agreements, ...). Chapter IV. Mechanisms to prevent and correct international tax fraud, etc.</p>
<p>THE PRINCIPLE</p>	<p><b>3. A Principle of “International Tax Cooperation”</b></p> <p>Even the past decade the international community has made strides in redefining the international tax landscape, it is true that there is not a culture on international tax cooperation between states. It should be desirable to shift this culture and to change de global perception conducing to admit without restrictions the international tax cooperation as a new global principle. In this sense we propose to change the International Legal Order introducing a new International Tax Cooperation Principle which could be insert in a new version of the United Nations General Assembly, Resolution 26/25 (XXV) or even more in the Charter of the United Nations, June, 1945, art. 1, par. 3</p>

<sup>4</sup> Eva ANDRÉS AUCEJO, “The Global Tax Model: building modernized Tax Systems towards on International Tax Cooperation and Global Tax Governance: Architecture for Sustainable Development & Equity Societies (Ongoing UN 2030 & Addis Ababa Action Agendas)”, in *International Administrative Cooperation in Fiscal Matter and International Tax Governance*. Ed. E. Andrés Aucejo. Directors: J. Owens, P. Pistone and E. Andrés. Thomson Reuters, Aranzadi, 2018

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">THE GLOBAL TREATY IN TAX COOP. AND GOVERNANCE</p>	<p><b>4.A new Multilateral Treaty on International Fiscal Cooperation and Global Tax Governance</b> should be the key to build a new institutional framework that reconciles the concept of the national tax sovereignty with the international cooperation and global tax governance.</p> <p>We propose to write a draft of the International Fiscal Cooperation and Governance new multilateral treaty, which should be perfectionated by the experts Committee. When it was finished, it could be send to the ECOSOC, Council that once it evacuates consult to the States and representatives of civil society, may propose the Multilateral Treaty text at the NATIONAL ASSEMBLY OF THE UNITED NATION to be approved as a New Legal.</p> <p><i>Note:</i> The closets antecedent to our model is the Convention on Mutual Administrative Assistance in Tax Matters, developed jointly by OECD and the Council of Europe in 1988 and amended by Protocol in 2010) but the multilateral treaty that we are proposing includes a larger scope, broader objectives and a global system design.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">FEASIBILITY OF THE OUTLINED SCIENTIFIC APPROACH</p>	<p>That's, probably, our project successful key. We truly know it is not easy to apply whatever worldwide project (not easy the <i>Pinocchio's steps</i>). Nowadays, nevertheless, we have honestly thought that we could try it considering the following reasons:</p> <ol style="list-style-type: none"> <li>1. We are leading the Excellence network <b>the Global Tax Administration Observatory</b> approved by Spanish Technologic Minister, integrates by: a) near of one hundred researchers and institutions from seven Excellence Spanish projects (with national and international researchers); the Financial Spanish Minister (through the Fiscal Studies Institute) and by the researchers HCBM platform, including by 48 universities researchers and international organizations such as the WB, the IMF, the OECD, etc. (ANNEX 1)</li> <li>2. We have a partnership with the President of <i>Confédération Fiscale Européenne</i> e Rappresentante presso la <i>Platform for Tax Good Governance</i> della Commissione europea (2013-2015) (2016-2019), Mr. Piergiorgio Valente and Mss. Stella Raventós (Chair of the Fiscal Committee of the <i>Confédération Fiscale Européenne</i> and they usually make cooperation's with our projects and the will cooperate in this project too.</li> <li>3. We are also collaborating with the European Commission: Important EU members of the Unites 2 and 4 TAXUD (direct and indirect taxes) are cooperating in our projects on international tax cooperation.</li> <li>4. We have just cooperated with the <b>Inter-Organization European Tax Administrations</b> (IOTA) who are interesting to participate in our Global Observatory cited. If would be funded, the IOTA would be agree to put us in contact with several Tax Administrations' in order to develop and to make the implementation of the Global Tax Model.</li> <li>5. We are just collaborating with Inter American Center of Tax Administration (CIAT): The CIAT and our Global Observatory on Tax Administration "network have signed a contract in 2018 for a unesco chair, in which they are committed to realizing training and transfer activities with main recipients the Latino America Tax Administrations.</li> <li>6. We have a friendly international academic relationship with the international academia and the most relevant center of international tax law.</li> </ol>

BACKGROUND  
AND GROUND-BREAKING NATURE

Nowadays there is not a **Global Tax Model** with the ground-breaking nature that our research proposed. Nevertheless, there has been different initiatives created by international and European organizations but with partial goals respect our model proposed. That is, some of them try to enhance the tax administrations efficiency (only), other the international tax cooperation's (some incentives) or another some performances on tax governance matter, but not a global model including all parameters.

On the other hand, the instruments or tools are not always efficient to achieve the goals wished.

Sometimes the method consists in the creation of reports, recommendations, hard or soft law rules, etc. Beyond that, **we are including a mathematic matrix efficient instrument to evaluate the degree of development of the performance areas, and to apply effectiveness descriptors and indicators to improve and to apply the best good tax practices in world.** In this sense, as example, the TADAT tool (from the IMF) is probably, the best assessment tool in the world (it is very new) to know the efficiency of the tax administrations (only), nevertheless our model has a widespread goal, because it includes also the national and international taxpayers' issues, tax policies on the international tax cooperation and a global tax governance architecture.

**We are looking for a practical instrument, simple to apply, which be efficient and effective in order to get the goals proposed. We have designed a math matrix with areas performance, descriptors, indicators, degree of compliance and the best world tax practices, to be implemented in developing and developed countries tax administrations'.**

Note: we will take in account the data collections and analysis (e.g. OECD tax database, WB World Development indicators), assessments tools (TADAT), guidelines (e.g. transfer pricing manuals or guidelines), initiatives to improve the tax audit capacities (e.g. tax inspectors without borders), etc

Regarding the International Tax Cooperation, an era of unprecedented international co-operation on tax is underway with the implementation of the "Base Erosion and Profit Shifting" (BEPS) Project and the Common Reporting Standard (CRS) multilateral instrument, but these sources have different, wider, goals and mechanisms than the "**Global Code on International Tax Cooperation and Governance**" we are proposing. Our code is designed to develop the international administrative cooperation relationships in tax matters for the "global tax system" and not just for the corporate taxation and economic activities (BEPS). In addition, unlike the BEPS Project, our Code incorporates a wider vision of international fiscal governance, including relations between tax administrations and taxpayers, in an effort to protect the rights of taxpayers in international tax administrative cooperative relationships. Our Code proposes alternative disputes resolutions systems to resolve "all" kinds of disputes in tax matters, even considering the creation of an International "body" to resolve cross-border tax disputes. On the other hand, our Code regulates all kinds of instruments to achieve the international administrative cooperation in tax matters, and not just one instrument (Exchange of Information), and less just one kind of exchange of information (CRS)

On Tax Governance some of the best initiatives are: the EU Recommendation from the Parliament to Council 2012 about measures to promote the application, by third countries, of minimum standards of good governance in the tax field. Or its update by Recommendation of January 28, 2016. There are other initiatives from the WB, IMF in the fight against the laundry money and tax havens. United Nation has created the Agenda 2030 for the SGD and the Action Agenda Addis Ababa trying to use the taxation in order to achieve some of this general objective. Or recently the platform for the international tax cooperation launched by IMF, OECD, UN and WB.

They consider crucial the collaboration of Institutions, civil agents, etc. exploring ideas and building new ways in order to enhance the international tax cooperation. In this line we propose: the "**International Tax Cooperation Principle**" and the "**Multilateral Tax Treaty on International Tax Cooperation and Global Tax Governance**, both in order to shift the International Legal Order. **Eva Andrés Aucejo**

**Policy Making in Global Tax Policies on International Tax Cooperation & Governance to Sustainable, fairness and efficient Tax Administrations (Ongoing 2030 SDG and Addis Ababa Agendas)**

<b>Project Impact</b>	The expect impact is worldwide because it affects both developing and not developed countries. It not only proposes the taxation in supporting sustainable economic growth, investment and trade, if not a marked social dimension of tax (poverty, inequality and human development), with fairness and not just efficient and technologic tax administrations'. The impact is global, promoting effective ways to improve the International Tax Cooperation and designing a global tax governance architecture.
-----------------------	---