

Dear Members of the FACTI Panel

At the Tax Law Department, Leiden University, we are currently hosting the project GLOBTAXGOV that has received funding by the Starting Grant European Research Council (2018-2023 Grant agreement 758671). This is the first project in the field of taxation that has received this award. The GLOBTAXGOV project investigates the setting of international tax standards by the OECD, G20 and the EU and their implementation in developed and developing countries. The lead researcher is Associate Professor of Tax Law, Dr. Irma Johanna Mosquera Valderrama.

Please find below our comments to the work carried out by the FACTI Panel on the topic Improving Cooperation in Tax Matters.

Countries either have tools/knowledge/capacity to raise revenue or not. In case of developing countries, they have to seek technical assistance, but still the technical assistance will not be enough if the problems that developing countries face are not correctly identified.

COVID-19 has also created a revenue gap and therefore, countries are now depending on aid. Therefore, the IMF has initiated programmes such as the emergency financing and debt relief. However, it is not clear how these programmes will also enhance international tax cooperation, or not. See my recent blogpost in our blog GLOBTAXGOV on multilateralism <https://globtaxgov.weblog.leidenuniv.nl/2020/05/06/multilateralism-the-weakest-link/>

In addition, countries due to COVID-19 crisis are introducing fiscal stimulus measures (compensation of losses, tax exemptions and tax deferrals) to keep the economy going. However, it is important that these measures are also monitored and evaluated in accordance to a regulatory framework. These measures should also take into account social goals (gender equality, education, etc.). We have recently addressed these issues in two publications (one book chapter and one article)¹ and in a forthcoming book chapter.²

Finally, COVID-19 measures and the ongoing BEPS Project should provide opportunities to exchange best practices, and peer reviews reports should contribute to learning and contextualization of the problems.

Therefore, in current work that I am carrying out on the peer review process in taxation³, I argue that *the peer review process offers an important opportunity for learning, policy dialogue and*

¹ Mosquera Valderrama I J (2020a) Tax Incentives: From an Investment, Tax and Sustainable Development Perspective. Chaisse J., Choukroune L. and Jusoh S. (eds.) Handbook of International Investment Law and Policy, Springer, Singapore. and Mosquera Valderrama I J (2020b) Regulatory Framework for Tax Incentives in Developing Countries After BEPS Action 5. Intertax, Volume 48, Issue 4, 2020. Kluwer Law International BV.

² Mosquera Valderrama I.J. and Balharova M. Tax Incentives in Developing Countries: A Case Study: Singapore and Philippines in Taxation, International Cooperation and the 2030 SDG Agenda”, United Nations University Series on regionalism. Eds. (Mosquera Valderrama I.J, Lesage, D. and Lips W.) Springer Publications (forthcoming).

³ Mosquera Valderrama I.J. Peer Review of BEPS 4 Minimum Standards: From Compliance to Learning and Contextualization. Paper presented at the “International Tax Cooperation: The Challenges and Opportunities of Multilateralism” 10-11 December 2018 organized by the Saïd Business School, University of Oxford.

contextualization that can allow developing countries to benefit from this process. This is not only the task of technical assistance mainly done between OECD and developed country vis-à-vis the other (developing) country but by seating at the table and discussing whether it is feasible or not for countries to include these BEPS 4 Minimum Standards taking into account their legal and economic (trade, investment) relationships and also the need of countries mainly developing countries to attract investment to their countries”.

Hopefully these comments will be useful to the work currently carried out by the FACTI panel.

With kind regards,

Irma Mosquera Valderrama
Dr. Irma Johanna Mosquera Valderrama
Associate Professor of Tax Law

Tax Law Department
Institute of Tax Law and Economics
Leiden University
Steenschuur 25
2311 ES Leiden
The Netherlands

Email: i.j.mosquera.valderrama@law.leidenuniv.nl

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