

IMF Publication

Issues in International Taxation and the
Role of the IMF

INTERNATIONAL MONETARY FUND



ISSUES IN INTERNATIONAL TAXATION AND THE ROLE OF THE IMF

June 28, 2013

EXECUTIVE SUMMARY

In the discussion of the Board work program on June 3, 2013, it was urged that the Fund be more present in current discussions of international tax issues. This note reviews key issues and initiatives in this area, and sets out a work plan that is focused on the Fund's mandate and macroeconomic expertise and that complements the work of other institutions, notably the OECD.

The work plan is focused on macro-relevant cross-country spillovers from national tax design and practices. The issues of tax avoidance by multinationals and evasion by individuals that are the focus of immediate concerns and initiatives are important instances of such spillovers. But there are many others too, and issues would arise even in the absence of compliance problems: for instance, the current trend among advanced countries away from residence-based taxation of active business income arising abroad and toward territorial taxation can have powerful spillover effects, including for developing countries. The work plan will complement that of others by exploring under-studied aspects of this overarching spillover issue, and assessing the need for, and possible forms of response. The issues are sensitive and technically difficult, but the current debate points to a need to consider fundamentals of international tax design.

This work will exploit the comparative advantage that the Fund derives from its extensive analytical and technical expertise in the economics and practicalities of international taxation, and its near-universal membership. Staff have been at the forefront of the economic analysis of international taxation for many years, and the issues are routinely addressed in the Fund's technical assistance to a wide variety of countries. The Fund's wide experience and close engagement with many members on continuing programs of broader tax reform give it a unique experience base and perspective from which to contribute. Close cooperation with the OECD and others active in the area is planned; so too is extensive outreach.

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