



OFFICE OF THE MINISTER OF FINANCE AND THE PUBLIC SERVICE

Chair's Statement of Outcomes Ministerial Dialogue on Tax and Developing Countries Hosted by the Minister of Finance of Jamaica, Hon. Nigel Clarke, DPhil., MP 10 November 2021

On 10 November 2021, the Minister of Finance of Jamaica, H.E. Nigel Clarke, hosted a roundtable of ministers and senior officials from across the world¹ to assess how developing countries could benefit fully from recent developments in international tax co-operation.

We expressed our gratitude to the Italian G20 presidency for raising the profile of the needs of developing countries on international taxation, including in the 31 October G20 Rome Leaders Declaration² that acknowledges the consultative report³ by the OECD Secretariat on this topic. The report provided a useful reference point for our discussions. As incoming G20 Presidency in 2022, we welcomed Indonesia's commitment to sustain G20 interest on the needs of developing countries in the field of international taxation.

Our starting point in discussion was to convey a sense of urgency dictated by the impact of the COVID-19 pandemic, with many developing countries in a precarious fiscal position, adding pressure on all areas of taxation, including international taxation, to deliver much needed revenues.

We took stock of progress made by developing countries since the 141-member country OECD/G20 Inclusive Framework on BEPS (the Inclusive Framework) was established in 2016, noting some areas of rapid advancement, on transfer pricing, for example; and where progress had been more limited, accessing country-by-country reports, for example. We focused in on the two-pillar solution to address the tax challenges arising from the digitalisation of the economy⁴ (the Two-Pillar Solution), noting the positive impact developing countries have had on the 8th October agreement, but we expressed a strong need for capacity building support as implementation accelerates. We also noted significant untapped opportunities in the taxation of e-commerce, and we welcomed assistance in this area too.

We also considered wider issues of governance of the Inclusive Framework, including the representation of developing countries in leadership positions, and ways to maximise our voice and influence over international tax rule making. We noted the diversity of the membership of the Inclusive Framework and that the practicalities of participating effectively in international

¹ Ministers and/or senior officials from the following countries participated in the discussion: Barbados, Côte d'Ivoire, Egypt, Georgia, Honduras, Indonesia (2022 G20 Presidency), Italy (2021 G20 Presidency), Jamaica, Jordan, Senegal, Thailand, the United Kingdom (2021 G7 Presidency), Viet Nam.

² <https://www.g20.org/wp-content/uploads/2021/10/G20-ROME-LEADERS-DECLARATION.pdf> (Para 32).

³ <https://www.oecd.org/fr/fiscalite/beps/developing-countries-and-the-oecd-g20-inclusive-framework-on-beps.htm>.

⁴ [oecd.org/tax/beps/statement-on-a-two-pillar-solution-to-address-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-october-2021.pdf](https://www.oecd.org/tax/beps/statement-on-a-two-pillar-solution-to-address-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-october-2021.pdf).

taxation discussions are often significant constraints, particularly for small lower capacity countries.

Finally, we looked into the future, noting that the current pandemic is necessitating a reconsideration of several tax policy priorities in many countries, both to support recovery and to restore sustainable public finances in the medium term. We noted there are several topics that would benefit more from international discussion, including tackling climate change through tax policy action, plus carbon pricing; other tax policies impacting on the Sustainable Development Goals (SDGs), including health; the global experience of the digitalisation of tax administration.

With this context in mind, our priority action areas are as follows:

- Developing countries hope and expect to benefit from international tax rules, including the recently agreed Two-Pillar Solution. In that context we noted the urgent need for a comprehensive and bespoke technical assistance programme to assist developing countries implement the Two-Pillar Solution, including through partnerships between relevant development partners and donor countries. Such support must take account of the multiple and competing Domestic Resource Mobilisation priorities facing low capacity countries, particularly as a result of the pandemic.
- There is a need to examine the specific circumstances of small island developing states (SIDS) that have significant financial services industries and may see an economic impact from the adoption of the global minimum corporate tax. More broadly, the particular circumstances of SIDS need to be taken into account in tax policy discussions.
- The circumstances of developing countries must be duly taken into account in implementing the BEPS agenda, including in areas that have been particularly challenging such as country-by-country reporting. This requires further reflection by the Inclusive Framework.
- To further realise equal footing and to strengthen the voices of developing countries, the governance structure of the Inclusive Framework could evolve to be more representative of developing countries and ensure their views are heard and understood (including a developing country representative co-hosting the Inclusive Framework and an updated mandate and role for the Advisory Group for Co-operation with Partner Economies). Practical measures to support the effective participation by developing countries during meetings are also important.
- Different regions can reflect further about how regional bodies can gear up and prepare effectively for international taxation discussions.
- Further consideration can be given to how other taxation matters (such as climate action/ carbon pricing; tax and the SDGs; the digitalisation of tax administration) would benefit from multilateral dialogue. The Inclusive Framework format may have value as

a forum or model for addressing a range of taxation issues that require international cross-border co-operation.

These outcomes will be delivered to the Chair of the Inclusive Framework, in the form of an open letter, for consideration among the wider Inclusive Framework membership as soon as the opportunity arises.