



REGIONAL MEETING ON TAX AND DIGITALISATION FOR ASIA AND THE PACIFIC

19-20 November, Manila, The Philippines Co-chairs' Statement

A regional meeting on tax and digitalisation for Asia and the Pacific, co-hosted by the Asian Development Bank (ADB) in collaboration with the Organisation for Economic Co-operation and Development (OECD), took place in Manila, the Philippines on 19-20 November 2019. The meeting was opened by Mr. John Versantvoort, Head of the ADB's Office of Anticorruption and Integrity. It was co-chaired by Ms. Antonette Tionko, Undersecretary of Finance for the Philippines and Mrs. Koni Ravono, Head of the Secretariat of the Pacific Islands Tax Administrators Association.

Over 100 delegates from 33 countries, international and regional organisations, business and civil society, participated in the event. Participants included senior officials from ministries of finance and tax administrations from Australia, Armenia, Bhutan, Cambodia, the Peoples' Republic of China, the Cook Islands, Georgia, Indonesia, India, Japan, Kiribati, Lao PDR, Malaysia, the Maldives, the Marshall Islands, the Federated States of Micronesia, Mongolia, Myanmar, Nauru, Niue, Palau, Papua New Guinea, the Philippines, Samoa, the Solomon Islands, Chinese Taipei, Tajikistan, Thailand, Timor Leste, Tonga, Tuvalu, Vanuatu and Viet Nam; as well as representatives from international organisations such as the World Bank Group, civil society (Independent Commission for the Reform of International Corporate Taxation (ICRICT) and Prakarsa), and the business community¹.

This summary of the discussions has been prepared by the co-chairs and shared with all delegates.

In his opening remarks, Mr. John Versantvoort noted the fundamental changes in the way economies work and the difficulties that have resulted in our legacy tax systems. He emphasised the urgency of adapting the current tax systems "to the new reality that is the digital economy," adding that, "The world has changed, and so should our tax systems." Mr. Versantvoort also hailed the timing of the meeting, given the recent release for consultation documents relating to proposals to address the allocation of taxing rights and to ensure international businesses are subject to a minimum rate of tax. He concluded his remarks by encouraging participants to seize the once in a generation opportunity to contribute to the development of new international tax standards to tackle the tax challenges posed by the digitalisation of the economy.

The co-chairs welcomed the participants from governments, international and regional organisations, business and civil society. The objectives of the meeting were then highlighted being to provide information and seek input on the proposals being discussed at the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework) to address the tax challenges of digitalisation.

¹ Amazon, Asia Oceania Tax Consultants' Association (AOTCA), Blackspace Resource Group, Carag Zaballero Llamado and Abiera Law Offices, Dhruva Advisors Llp, Ernst & Young, Huawei Technologies Phils. Inc., Kontaras Corporation, K. Vaitheeswaran & Co., Philippines Institute of Certified Public Accountants (PICPA), PwC, Sycip Gorres Velayo & Co., Tax Management Association of the Philippines (TMAP), and Unilever.

The agenda focussed on both the so-called “Pillar One” proposal for a unified approach to rebalance the allocation of taxing rights and introduce a greater measure of certainty into the international tax system; and “Pillar Two” or the Global Anti-Base Erosion proposal to ensure the profits of multinational enterprises are subject to an adequate level of taxation. The meeting included an outline of each of these proposals, followed by input from civil society and the business community, as well as government participants on these topics.

Several participants took the opportunity to hold bilateral meetings to discuss their specific circumstances and views directly with technical specialists from the OECD Secretariat.

Conclusions

This regional meeting offered an opportunity for participants, both Inclusive Framework members and non-members, as well as civil society and the business community, to actively contribute their views to the discussions on the proposals currently under discussion to address the tax challenges of the digitalisation of the economy.

This meeting took place immediately prior to the meeting of the Task Force on the Digital Economy (TFDE) and public consultation on the unified approach under Pillar One in Paris. A further public consultation on the Pillar Two proposals will be held in Paris in December 2019. The outcomes of the Manila meeting will be conveyed to the TFDE to form part of their deliberations as work on the proposals under both Pillars continues.

Participants supported holding further regional meetings on this topic in 2020.

Summary of key messages

- Participants welcomed the opportunity to explore and provide input to the proposals to address the tax challenges arising from digitalisation. They welcomed the approach of the Inclusive Framework where 135 countries and jurisdictions work on an equal footing.
- There were extensive discussions on the scope, interaction with domestic and international tax rules, and practical implementation of the Pillar One proposals. Issues of double tax and the means of prevention or elimination of disputes was extensively considered by the group.
- There were wide-ranging discussions of Pillar Two, including the mechanics of the proposal and its potential interactions with incentives to encourage foreign direct investment.
- Participants encouraged the application of simplification measures throughout the consideration of both the Pillar One and Pillar Two proposals.
- The Asia Development Bank noted the diversity of economies in the Asia-Pacific region and the importance of taking a whole-of-code approach to tax reform.
- The importance of inclusiveness in the process of international standard setting was emphasised.
- Representatives of the business community expressed their support for measures which promote certainty, and the importance of the prevention and resolution of double taxation and taxation disputes more generally.

More information

Website: www.oecd.org/tax/beps/regional-meeting-on-tax-and-digitalisation-for-asian-and-pacific-countries-november-2019.htm