ICC Global Tax Commission Strategic Framework

- Final Draft -

ICC Tax Principles

The ICC is the world’s business organisation, supporting multilateralism through its world council, national committees, global policy forums and specialised commissions.

This worldwide business community, representing and supporting commercial enterprise, is the key driver of economic prosperity, growth and development through investment in jobs, infrastructure and technology, and is founded on the principles of free trade and fair competition.

The following principles are at the core of our policy engagement in the field of taxation:

* The ICC promotes rules-based multi-lateral trade and investment in a market-driven economy through sustainable and inclusive economic growth, responsible business conduct, and a non-discriminatory regulatory framework.
* It is a long-established principle that the international tax framework should be focused on the elimination of double taxation to facilitate cross border trade and investment. In the case of any domestic or international tax disputes, both business and individuals need to be able to rely on the rule of law and to have unfettered access and representation to arbitration and resolution.
* Domestic and international tax rules have the ability both to enhance and inhibit growth and need to find a balance between regulation and liberalisation, between charges and incentives.
* Tax systems need to be stable, broad-based and straightforward to administer for both business and the tax authorities and to create an environment that supports innovation and growth, and which facilitates a reasonable return on investment and resilient and accessible public services. All new tax initiatives should take account of the cost and ease of implementation and administration.
* The ICC and all responsible businesses recognise the contribution they make to society through the taxes they pay as well as through the opportunities, wealth and jobs they create. Business responsibilities are not only to shareholders but to employees, customers and to the societies in which they operate. This includes contributing to the development of sustainable, environmental, social and corporate governance.
* The ICC readily accepts the value and structure of taxes on profits and employment, on the sale of goods and services, and recognises the challenges created by increasing digital commerce and of intellectual property in increasing knowledge-based industries and technology.
* Tax administrations need to understand the commercial operations, value chain, tax profiles and risks of both the most complex multinational enterprises and domestic entrepreneurship. They need to have the capacity, experience and support to be able to both regulate and facilitate compliance with all applicable laws, and to interact with other jurisdictions to facilitate international trade and equitable taxation [and to prevent fraud and abuse].

Engagement Strategy

* ICC provides business views and inputs on the most pressing tax policy issues and offer constructive contributions and suggestions for implementable solutions to policymakers at international and regional level (i.e., OECD, the UN Tax Committee of Experts, the European Commission and additional regional platforms).
* ICC acknowledges the important work carried out by other multilateral institutions in relation to tax policy implementation and capacity building and we promote synergies with all stakeholders involved in the area of tax policy.
* ICC encourages business participation in capacity building efforts, in which the business community can provide valuable insights and feedback on best practices and challenges.
* ICC fosters open and constructive dialogue with tax administrations' international and regional groups.

## Key issues and policy priorities

**Global and Multilateral Tax Reforms**

International tax standards need to be developed and agreed on as wide and inclusive a basis as possible. As key creators of wealth and employment, business must be integral to those considerations and duplication of effort should be avoided.

The OECD’s Two-Pillar approach has focused, almost exclusively, on the prevention of base-erosion and profit shifting rather than on the simplification of taxing rights and obligations in relation to cross border and digital activities by business (not just multinationals). The principles of a minimum 15% tax rate and profit allocation to territories where they are generated through economic activity are fully accepted but the success of their adoption will be determined by the ability of businesses and tax authorities to understand and apply the rules consistently and for there to be global agreement on the mechanisms. This will rely on administrative simplicity and clarity with due regard to the capacity and costs of all parties.

Similarly, the desire for digitalisation of the tax administration needs to be focused on efficient systems and processes, and on effective cost management through a common framework and standardisation.

There needs to be radical simplification of the administrative (reporting and data) requirements, including a single report to one administration, jurisdictional consolidation, and the establishment of permanent safe harbours and thresholds.

All digital services tax should be removed pending adoption and implementation of Pillar One and failing any such agreement, any DSTs should be governed by a single and simple international framework*.*

At the same time, withholding taxes serve as a disincentive and barrier to cross-border investment and/or as a tax on potential returns and can create economic double taxation which, at best, is burdensome, costly and time-consuming to recover. There should be a simple and automated process to eliminate or recover withholding taxes.

Transfer pricing rules are designed to ensure taxation where economic operations are conducted and value created using the arm’s length principle. Whilst some aspects can be challenging [e.g. in realtion to intangible assets], the principles should not be ignored or replaced without due regard to the commercial realities e.g. by formulary apportionment, arbitrary profit allocations, or restrictions on deductible costs and expenses.

As we will continue to actively and constructively contribute to the work of the UN Tax Committee of Experts, we will also monitor UN intergovernmental discussions at the next UN General Assembly and following outcomes, raising awareness on the importance of avoiding possible international tax policy fragmentation and duplications that could ultimately lead to potential tax disputes.

**Regional Initiatives**

**Europe:** The EU supports fair, efficient and sustainable taxation and is actively supporting the global discussions led by the OECD and the G20 but ‘stands ready to act if no global agreement is reached’. The whole point of global initiatives is that they are designed to be inclusive and balanced and to avoid the cliff-edge issues between participating and non-participating territories.

The European Commission recognises tax as a tool for sustainable economic growth and should focus on the need to reduce costs and complexity in the pursuit of a simpler and more modern tax environment.

**Latin America:** Thanks to the setting up of the Private Sector Advisory group to the newly created Platform for Taxation in Latin America and the Caribbean, we will be able to voice business concerns on the topics and areas that the Finance Ministers of the involved countries will be discussing and addressing. In relation to the challenges due to a digitalising economy, the introduction of uncoordinated unilateral measure increases fragmentation and tax uncertainty. A multilateral solution remains the best way forward. The newly implemented platform can also represent an opportunity to reflect how to design tax incentives in accordance with Pillar Two and how to ensure consistency in the implementation of the global minimum tax.

**Asia and Africa:** In the years to come, we plan to increase our presence and strengthen the business community representation in the area of tax policy in these two other continents as well, leveraging on regional ICC national committees.

**Specific policy areas of focus**

**Taxation of Cross-border teleworkers:** In a modern (post pandemic) flexible and digital economy, tax and national insurance systems should aim to facilitate remote cross-border [tele-]working to both develop a flexible global workforce and provide access to a global talent pool.

**Indirect Taxation:** Indirect taxation continues to be of key relevance in many countries of the world, including developing countries. The ICC indirect tax working group is actively participating and contributing to the UN Tax Committee of Experts work, providing business inputs and sharing best practices.

**Sustainability:** Besides continuing the work together with the ICC Environment & Energy Commission on Carbon Pricing, the broader topic of sustainability and how taxation connects with the achievement of the sustainable development goals is at the centre of our priorities for the next years.

**Disputes Prevention & Resolution:** In such a complex global tax environment that increasingly leads to dispute, we will keep advocating for business’ need to be able to rely on the rule of law and to have unfettered access and representation to arbitration and resolution.

**About the International Chamber of Commerce**

The International Chamber of Commerce (ICC) is the institutional representative of more than   
45 million companies in over 170 countries. ICC’s core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach  
 to regulation, in addition to providing market-leading dispute resolution services. Our members include many of the world’s leading companies, SMEs, business associations and local chambers of commerce.

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