



International Chamber of Commerce

The world business organization

Policy statement

Harmful tax competition

Commission on Taxation, 10 May 2000

Letter dated 10 May 2000 from the Chair of the ICC Commission on Taxation to the Chair of the UN Ad Hoc Group of Experts on International Cooperation in Tax Matters

French version

The International Chamber of Commerce has noted with great interest that the UN Ad hoc Group of Experts on International Cooperation in Tax Matters discussed during its Ninth Meeting, held in New York from 3-7 May 1999, the topic of "Exchange of Information". According to a summary of these discussions, it was recognized that this topic is very closely related to the issue of what has become known as "harmful tax competition" and especially to the Report issued in 1998 by the OECD on this subject. The OECD Report "Harmful Tax Competition - An Emerging Global Issue" and the work currently being undertaken by the OECD Forum on Harmful Tax Competition (which was constituted on the basis of the Report) has given rise to much debate, scrutiny and criticism by the world at large but also within the business community represented by ICC.

In response to the OECD's Report and the ongoing work within the Forum, BIAC (the Business and Industry Advisory Committee to the OECD) which represents the business interests of OECD member countries, has submitted a Note to the OECD entitled: "A Business View on Tax Competition". In this statement, BIAC points out certain shortcomings, fundamental flaws and biased and onesided opinions in the OECD's Report. It especially felt that the views expressed in the Report stem too much and nearly exclusively from the taxing authorities' general perception that there apparently exists possibilities for abuse by the business community. While in general questioning many of the premises used in the Report, BIAC concludes by urging the OECD not to promote new obstacles to cross border trade and investments and to avoid discrimination in the field of mobile activities. Furthermore, it emphasizes that the thrust against low or lower tax burdens or jurisdictions is inappropriate and that the outcry against tax competition is counterproductive.

ICC shares the views expressed in BIAC's Note and herewith respectfully submits the Note to the UN Ad hoc Group of Experts on International Cooperation in Tax Matters for consideration in their future work. Although the Note was prepared by the business community represented within the OECD, ICC feels justified in introducing it to a larger audience given that:

- the UN Ad hoc Group of Experts itself relied to a certain extent on the OECD's Report and the findings therein during its debates;
- the OECD's views were expressed by the OECD secretariat during the meeting;
- and most importantly, both the Report and the ongoing work of the OECD's Forum on Harmful Tax Competition have a global impact as they reach beyond the OECD's constituency by targeting and asking for cooperation from countries outside the OECD membership.

Finally, ICC respectfully urges the UN Ad hoc Group of Experts on International Cooperation in Tax Matters to continue the existing dialogue and consultation with the business community in its ongoing work in this and other fields, with the aim of not creating new obstacles to trade and investment to the ultimate benefit of economic development. ICC assures the Group of its continuing willingness to support and to input into these valuable endeavours.

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