

The ActionAid Tax Treaties Dataset

ActionAid has commissioned research that makes the content of more than 500 tax treaties signed by low and lower-middle income countries in Asia and sub-Saharan Africa available to the public and open to scrutiny for the first time. The dataset is available at www.ictd.ac/datasets/action-aid-tax-treaties-datasets

ActionAid is calling for governments to:

- Urgently reconsider the treaties that most restrict the tax rights of low and lower-middle income countries. This is with regards to the right to levy withholding taxes, but also profit taxation, capital gains taxation and other tax rights.
- Subject treaty negotiation, ratification and impact assessments to far greater public scrutiny.
- Take a pro-development approach to the negotiation of tax treaties with developing countries, by adopting the UN model tax treaty as the minimum standard.

EU Member States' tax treaties with developing countries

Here are three examples of how the EU Member States come out in this study:

1. The United Nations model treaty suggests that countries should have the right to tax the provision of services (including consultancy services). Encouragingly, Member States are increasingly granting this right, though it is only included in 38% of treaties with Member States, compared to 61% of treaties with non-EU treaty partners.

Figure 1: Services PE clause included
(% of treaties, over time)

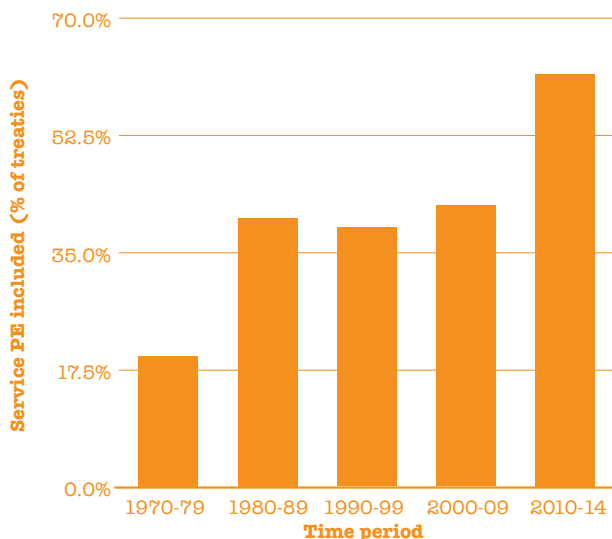
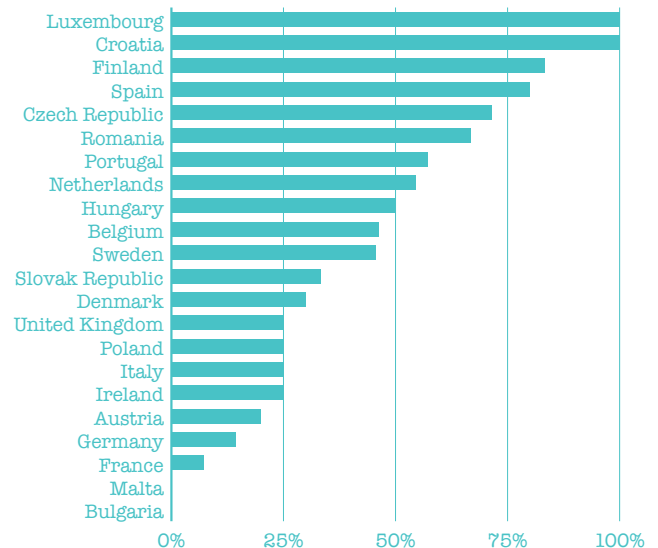
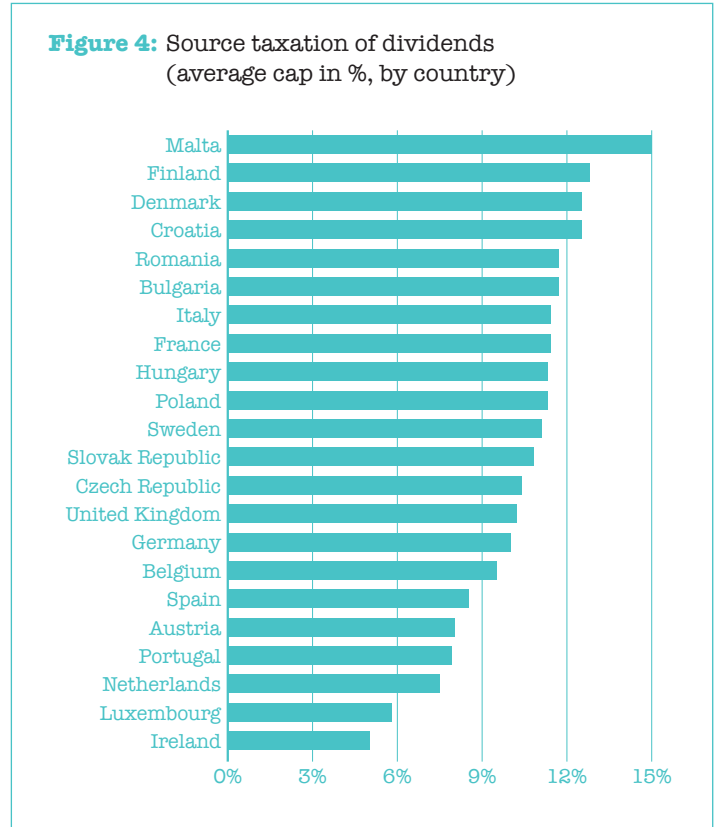
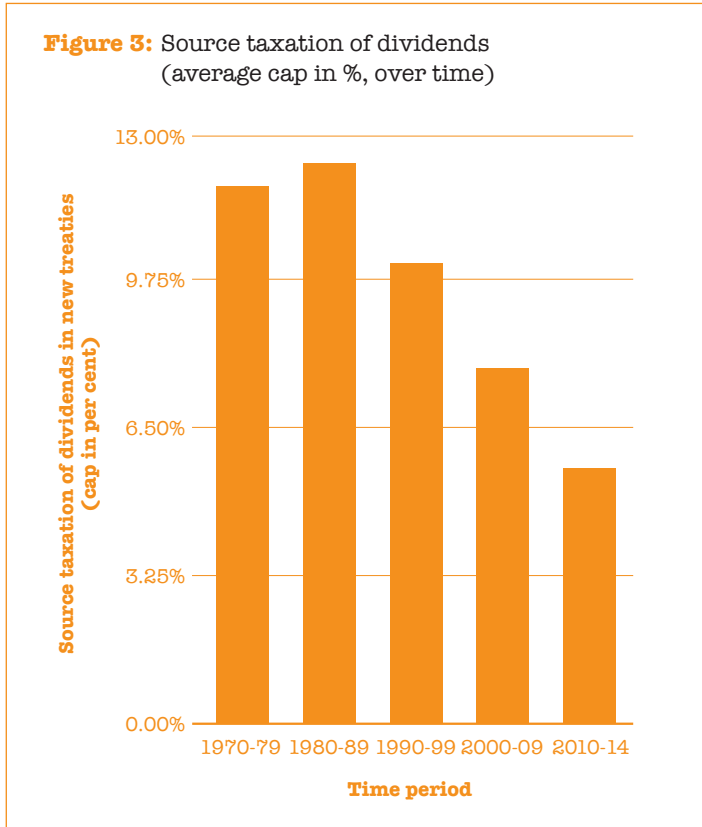


Figure 2: Services PE clause included
(% of treaties, by country)



2. ActionAid estimates that Bangladesh lost \$85 million in just one year as a result of the limitations on its right to tax dividends. Worryingly, lower income countries' right to tax this income is falling sharply in treaties with Member States.



3. Lower-income countries' rights to tax capital gains risks being undermined in one in two treaties with EU Member States. These lack a clause that protects against tax avoidance by selling immovable assets through share sales. Recent treaties are far more likely to include this clause.

