

# The Ulaanbaatar Declaration: 10 Key Priorities in International Taxation Identified by the Global Tax Advisers' Platform (GTAP)

**The tax arena is undergoing significant change driven by globalization and digitalization, and a new global tax jurisdiction is emerging. Multiple international initiatives have been launched to identify proper norms for this new context, including the EU Platform for Tax Good Governance. Against this background, the Global Tax Advisers Platform (GTAP) was initiated by tax advisers from across the globe. The GTAP's 10 Key Priorities were set out in the "Ulaanbaatar Declaration" signed on 12 September 2018.**

## 1. Introduction

The tax arena is currently undergoing the most significant change observed in the past century. The coordinates of the tax world are being substantially redefined by globalization and digitalization. A new tax jurisdiction seems to be emerging from the unification of numerous tax jurisdictions across the globe. Taxation in the future is likely to be the result of global coordination and consent – or at least this seems the most reasonable scenario at the moment.

The main drivers of today's economy are transnational enterprises and digital businesses. Transnational enterprises, on the one hand, are, in essence, multinational enterprises with a centralized business organization. They involve entities in various jurisdictions, highly coordinated for the pursuit of a single, common business purpose. A single mind is directing the multinational constituents, which depend on one another for the pursuit of their business purpose and of the single purpose of the transnational enterprise.

Digital economy, on the other hand, is the product of the transformation of the manner of doing business by the expansion and exploitation of information and communication technologies. Such technologies have truncated time and distance, leading to the emergence of a global market where operators from all over the world cooperate and offer their products and services. The result is that today's value chain might touch upon a number of tax jurisdictions and tax regimes, complicating the identification of the place of value creation.

In this context, single tax jurisdictions find it quite challenging to effectively tax modern value-producing activities. The physical nexus of such activities with a specific territory does not always function as an appropriate criterion in the context of globalization and digitalization. Activities of global reach, which are almost always of a virtual nature, cannot be connected to a specific territory in a convincing manner. In other words, a new nexus needs to be defined along with new rules appropriate to a global market and income produced across the globe. A global tax jurisdiction is being constituted through the de facto interconnection of the various existing national jurisdictions.

National legislators and policymakers are aware of the new circumstances. A series of international and supra-national initiatives are being launched for the purpose of identifying an appropriate nexus, as well as proper and effective tax rules of a global character.

The common feature of such initiatives is cooperation: they seek to unite various stakeholders and different parts of the world in order to ensure that the outcomes can actually have a global bearing.

In this context, three international platforms have arisen to deal with tax matters:

- (i) the Platform for Collaboration on Tax, in the context of which the IMF, the OECD, the UN and the World Bank Group cooperate;
- (ii) the EU Platform for Tax Good Governance, which constitutes the framework for dialogue and interaction between EU Member States' tax authorities and representatives of key stakeholders; and
- (iii) the informal platform for cooperation regarding tax administrative practices inaugurated by the OECD, the Inter-American Centre of Tax Administration (CIAT), the Intra-European Organisation of Tax Administrations (IOTA) and the IMF.

In line with these initiatives, tax advisers from all over the world launched the Global Tax Advisers' Platform (GTAP). The GTAP enables effective collaboration among tax advisers across the globe and is intended to ensure their prompt and adequate representation in the new framework. Most importantly, it will ensure that the knowledge, skills and expertise of tax advisers serve to aid policymakers in constructing a new concrete international tax framework.

\* President of CFE Tax Advisers Europe (CFE), Managing Partner of Crowe Valente / Valente Associati GEB Partners ([www.gebpartners.it](http://www.gebpartners.it)), Adjunct Professor of EU Tax Law, as well as Tax and Financial Planning at the Link Campus University, Rome. The author can be contacted at [p.valente@gebnetwork.it](mailto:p.valente@gebnetwork.it).

The founding members of GTAP are:

- CFE Tax Advisers Europe;
- the Asia-Oceania Tax Consultants' Association (AOTCA); and
- the West Africa Union of Tax Institutes (WAUTI).

Observers to the GTAP include:

- the International Association of Financial Executives Institutes (IAFEI);
- the Society of Trust and Estate Practitioners (STEP); and
- the Arc Méditerranéen des Auditeurs (AMA).

The GTAP hopes to reach every corner of the tax world and to welcome federations of tax professional associations from all continents.

In light of the above, on 12 September 2018, GTAP members and observers signed the “Ulaanbaatar Declaration”, setting out the platform’s 10 key priorities, as follows.

## 2. The Ulaanbaatar Declaration

In a global tax arena, tax professionals cannot be limited by national boundaries. Effective tax consultancy requires that they adopt a global viewpoint, are aware of developments on a global scale and can give answers for more than one jurisdiction. Taking into account that the tax world is increasingly globalizing, GTAP considers its ultimate priority to be to assist tax professionals in fulfilling the demands created by these changes. For this purpose, GTAP seeks to ensure the availability and diffusion of information in and amongst different jurisdictions. Therefore, it will employ communication platforms, common databases, regular meetings and conferences for the exchange of knowledge, experience and ideas, and publications.

The objective of global tax consultancy can only be achieved in the context of a global network, encompassing all tax jurisdictions. Inclusiveness is a key principle: GTAP shall be open to each and every professional association of accredited tax advisers in every corner of the world, without distinction. GTAP embraces difference and believes in the value created by the interaction of global participants. Therefore, GTAP will seek to facilitate participation by keeping to a minimum any costs, applying new communication technologies, and organizing its meetings in all continents on a rotational basis.

Trust is an essential tool for the ongoing relationship between tax advisers, their clients and tax administrations. The current global tax framework is defective and its loopholes have allowed practices to develop which are inappropriate to the ethical and constructive global tax system to which we aspire.

Short-term disclosure requirements, introduced as an emergency measure, threaten to drive taxpayers away from their professional advisers. Nonetheless, as a rule, tax professionals’ services are necessary to ensure tax compliance. Tax professionals are the sole persons qualified to interact with the tax authorities, representing tax-

payers to the latter’s best interests. Tax professionals can render taxpayers and tax authorities’ communication successful and effective, advising taxpayers on a continuing basis on their rights and obligations. GTAP undertakes to increase the trust in tax professionals by, amongst other initiatives, establishing a common code of conduct for the provision of tax advice in a global tax world.

The international tax scene is changing. Where territorial tax jurisdiction fades to give space to a global tax world, territorial regimes lose relevance.

New laws are needed to regulate activities without confines and stateless income. National and international legislative bodies are striving to identify appropriate criteria beyond national territories and physical presence for the taxation of the modern economy. Tax professionals have much to contribute. Their experience and expertise must be put at the disposal of legislators with a view to creating together a new, fair and efficient system of taxation, fit for the new conditions. GTAP shall contribute to the discussion, participate in public consultations, take public positions and structure proposals to be used as a basis for the new system. In this respect, tax professionals need to express themselves with a single voice that will be heard loudly and clearly.

In the framework of the renovation of the global tax regime, tax professionals are in a position to offer more than contributions: they can take initiatives. Their position in the centre of tax relations – interacting with both taxpayers and authorities – grants them unique expertise, allowing them to lead the change. Therefore, GTAP shall encourage tax professionals across the world to take up the challenge of proposing a new system: simple, flexible, practical, fit for modern business, a system that can reclaim taxpayer confidence.

In the construction of the new system and the transition towards it, it is crucial to safeguard the rights of taxpayers. Adequate guarantees are a mainstay for the desired fair and efficient tax system, as well as for any truly democratic community. Such guarantees are equally a prerequisite for tax professionals to carry out their assignments.

In this regard, GTAP prioritizes the right of taxpayers to a fair trial, encompassing the right to obtain advice and present one’s tax case, and be represented in tax disputes by tax professionals. The establishment of such rights in all jurisdictions around the world will be sought through consultation with lawmakers and competent authorities, the diffusion of information, opinion statements and legal actions. It is also necessary to ensure that such rights include the confidentiality of communications between tax professionals and clients.

In this regard, tax professionals shall give due regard to the compliance obligations of taxpayers and should only act for taxpayers who are compliant or will become so following the actions proposed by the tax adviser.

The tax system is changing due to the evolution of business and the economy.

Such evolution is endless and the tax world must follow it closely so as to respond quickly to new needs and ensure effective taxation of new types of income and business models.

Tax professionals must be prepared for the change: they must be informed and proactive; they must acquire the tools and qualifications needed to serve new tax regimes. GTAP shall seek to monitor the changes and keep tax professionals abreast of them through internal dedicated specialized teams with interdisciplinary qualities. Such teams shall be devoted to research and conduct studies on business and legal developments from the angle of the tax professional.

Digital technologies are changing work and life in general. The tax profession could not but be affected: several tasks performed by tax professionals are now a matter of a few clicks. Concerns are, accordingly, being raised that the tax profession is vanishing. However, GTAP sees a great opportunity for robots to undertake tasks that are mainly executive and supportive. This would give tax professionals an opportunity to take on new initiatives and innovate.

To do so, they need to be properly equipped to exploit the new technologies' potential, to extract and combine data, to program executive activities, and to give correct instructions. GTAP will provide tax professionals with procedures and tools to master new technologies, maximize their value and be competitive in an evolving market.

This globalizing scenario impacts relations between advanced and emerging economies.

Since the territory of activity is losing relevance, activities in emerging economies and their potential supervision by tax authorities become particularly important for the global economy. For taxation to work in a global economy, all jurisdictions must be on equal footing.

GTAP undertakes to ensure that tax professionals in emerging economies can respond to the needs of a global tax jurisdiction. To this end, GTAP shall establish a TAWB (Tax Advisers Without Borders) function to promote exchange programs, conferences, online courses and interaction platforms, digital tools and relevant training. Equally, it will promote the diffusion of information on the tax systems of emerging economies for the benefit of tax professionals in advanced countries.

Apart from qualified tax professionals, a fair and efficient tax system requires well-informed taxpayers and authorities. All parties to the tax relationship must have knowledge of the fundamental principles of taxation, their responsibilities and rights. GTAP will enable the building of such culture. It will seek to ensure that all people all over the world have a real chance to understand taxes and be active participants in tax systems and policy development. To this effect, GTAP favours the introduction of relevant lessons into schools and the continuous availability of online courses.