



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

The 4th Belt and Road Initiative Tax Administration Cooperation Forum

— Improving Tax Environment

Tbilisi Georgia

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BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Reducing tax burden

Opportunity to craft a balanced approach under Pillar 2



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Topic 4: Reducing the tax burden

Opportunity to craft a balanced approach under Pillar 2

1. Context

Economic: primary role tax system; upward pressure tax burden
Historical: race to the bottom as a challenge; BEPS Project and increase in complexity

6. Tax certainty

Certainty and predictability as key areas of investment decision making. The role of investment agreements

5. Tax incentives under P2

Limits on tax incentives and viable options for priority areas

2. Reconsidering the tax mix

Holistic perspective on the tax system and the goal of optimizing growth

3. Non-tax policies and FDI

Contextualizing tax as one of many FDI inducing tools. Pros and cons of tax incentives

4. Pillar 2 as a call for balance

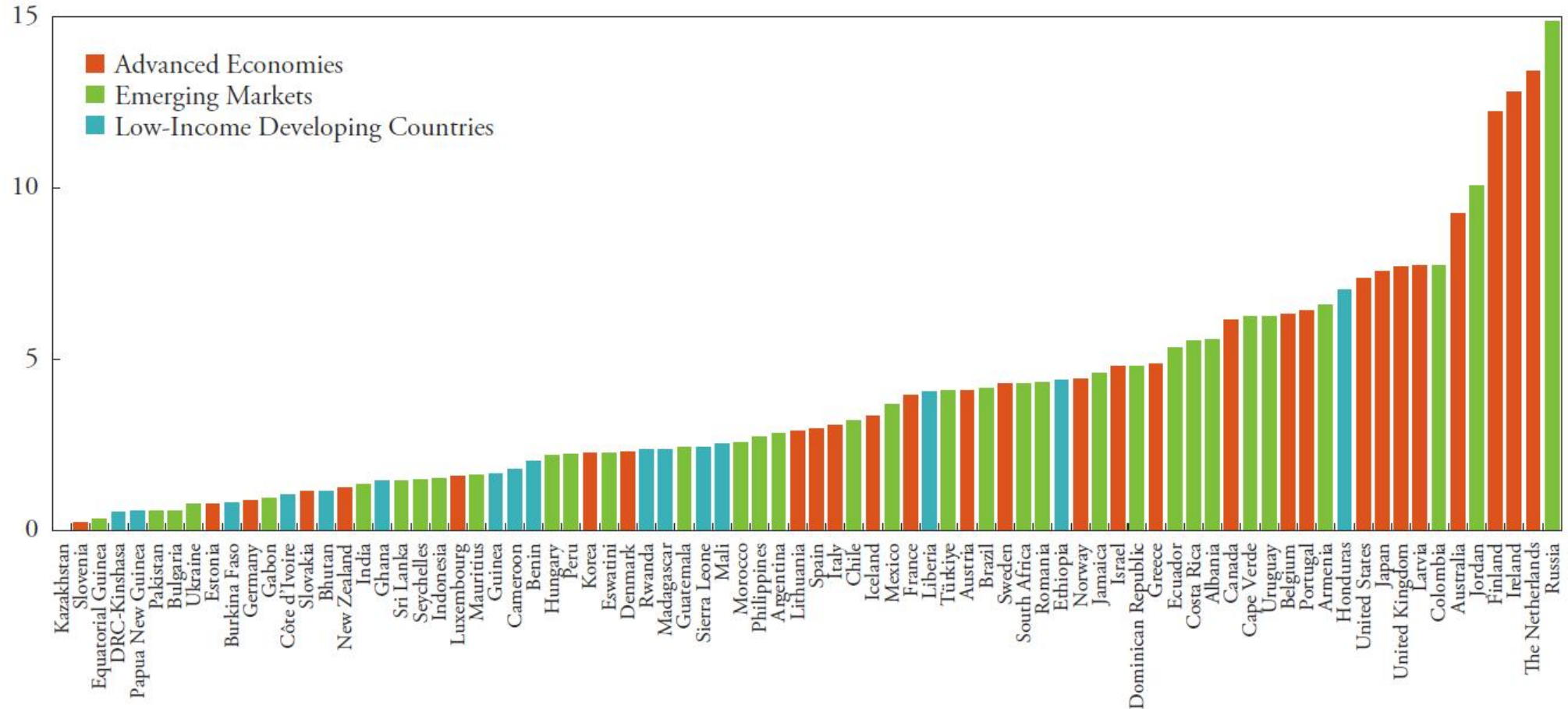
New limits of tax policymaking

Tax burden and FDI



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Tax expenditures *Percent of GDP*

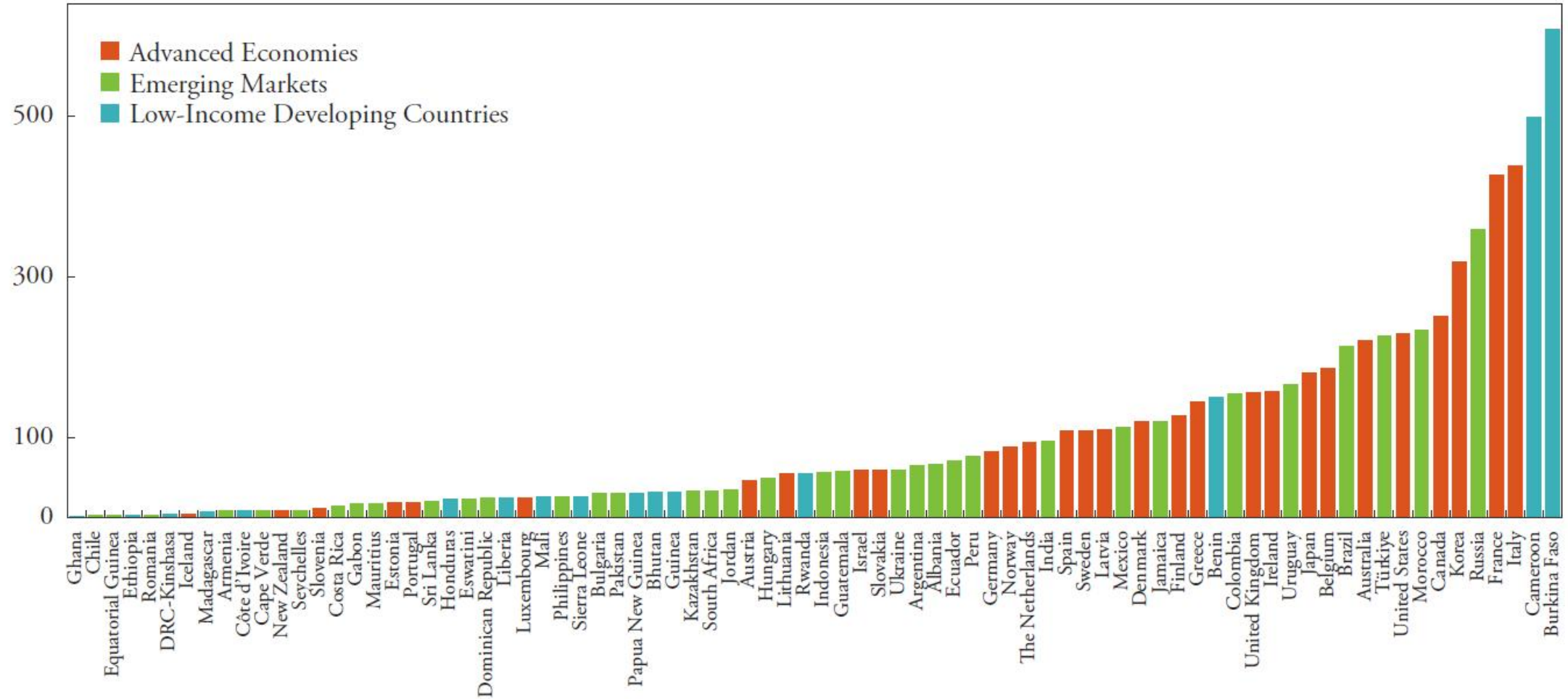


Source: "How to Evaluate Tax Expenditures", [IMF Note 22/05 \(2022\)](#)



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Number of Recorded Tax Expenditures



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Assessment of Dutch Tax Expenditures (July 2023)

116 Dutch Tax Expenditure Schemes: total of € 150 billion

Assessment of
73/116 Tax
Schemes

1	Effectiveness and efficiency	<ul style="list-style-type: none">• 41/73: uncertain efficiency and effectiveness• 21/73: not efficient and effective
2	Basis for government intervention	<ul style="list-style-type: none">• 33/73: uncertain basis for intervention• 17/73: no longer have basis for intervention
3	Complexity in implantation and enforcement	<ul style="list-style-type: none">• 24/73: high complexity for Tax and Customs Administration
4	Effort to benefit from the scheme	<ul style="list-style-type: none">• 11/73: high demand on taxpayers



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THANKS

