TSPP 10

Improve Cross-Border Taxpayer Service with a Focus on Tax Certainty

Serving multinational enterprises and cross-border investment is a specialised area of taxpayer services and a priority for tax administrations. This chapter focuses on certainty services in the cross-border context. Through case studies, it seeks to facilitate exchanges among countries and help members of the Belt and Road Initiative Tax Administration Cooperation Mechanism (BRITACOM) draw from international best practices that are adaptable to their national circumstances. By continuously improving certainty services, tax administrations can foster a better business environment, attract investment, and promote economic development.

I. Tax Certainty: Conceptual Meaning and Strategic Value

(1) Definition and Core Elements of Tax Certainty

Tax certainty generally refers to the ability of taxpayers to make reasonable assessments of the tax consequences of their transactions based on clear, stable, and predictable tax rules, and to obtain timely and fair remedies in the event of disputes. Drawing on the practices of various jurisdictions, tax certainty primarily encompasses certainty of rules (clear and stable legislation with no retroactive effect), certainty of interpretation and enforcement (consistent and transparent application of the law), ex ante certainty (obtaining formal confirmation from the tax authority before a transaction is entered into), and certainty in dispute resolution (having efficient avenues for relief when disputes arise).

Tax certainty is a governance objective pursued by both tax administrations and taxpayers. For tax administrations, it reduces information asymmetry, lowers dispute resolution costs, and enhances voluntary compliance. For taxpayers, certainty is a critical factor in investment decisions, influencing capital allocation, financing structures, and profit distribution strategies.

(2) Challenges to Cross-Border Tax Certainty

For multinational enterprises engaged in cross-border investment and operations, tax certainty is challenged on three fronts:

First, overlapping rules. Multinational enterprises must simultaneously apply the tax laws of the residence jurisdiction, the tax laws of the source jurisdiction, and the tax treaty between the two jurisdictions. Conflicts may arise in the interpretation and application of these three sets of rules. For example, a payment of royalties may be characterised as business profits under the residence country's domestic law, as royalties under the source country's domestic law, and the tax treaty may grant limited taxing rights to the source country. The tax consequences under the three frameworks may differ, creating significant compliance challenges for taxpayers.

Second, information asymmetry. Tax administrations often struggle to obtain a complete picture of a multinational enterprise's global value chain, especially where structures involving intangible asset holding, intra-group service charge allocations, and related-party financing span multiple jurisdictions, making comprehensive assessment extremely difficult. At the same time, multinational enterprises find it difficult to fully understand tax administrations' unpublished discretionary practices, internal guidance, and shifting audit priorities. This two-way information asymmetry is a major source of tax disputes, preventing taxpayers from securing a safe harbour ex ante and increasing the costs of dispute resolution ex post.

Third, rapidly evolving international rules. International tax rules are undergoing a period of fundamental change, posing systemic challenges to tax certainty for multinational enterprises. Under the Two-Pillar Solution, Pillar One shifts taxing rights from physical presence to significant economic presence, reshaping the basis of source-state taxing rights. Pillar Two introduces a 15% global minimum tax (GloBE rules), requiring multinational enterprise groups to calculate effective tax rates in each jurisdiction where they operate and to coordinate potential top-up taxes across jurisdictions. Enterprises must navigate the interface between new parallel tax regimes and existing tax treaties, with the risk that the same profits may be subject to inconsistent treatment in different jurisdictions. Furthermore, the normalisation of remote work has blurred the traditional boundaries of permanent establishments. Cross-border teleworking and the rise of digital nomad policies have shifted the determination of "fixed place of business" from physical presence to temporal accumulation and functional analysis, making it difficult for enterprises to predict which jurisdictions may assert taxing rights or to lock in compliance costs in advance.

(3) A Two-Way Perspective: Distinct Certainty Needs of FDI and ODI

The certainty needs of "bringing in" (FDI) and "going global" (ODI) differ in emphasis, a point that tax administrations should bear in mind when delivering services.

FDI certainty needs tend to focus on the following questions: Is the host country's tax system transparent and stable? Can treaty benefits be accessed smoothly? Are withholding tax burdens on profit repatriation predictable? Do related-party transactions comply with transfer pricing rules? For developing countries, FDI certainty directly determines their competitiveness in global capital flows. Many business environment assessments feature "paying taxes" as a core indicator, and tax certainty is a key dimension.

ODI certainty needs tend to focus on the following areas: the tax certainty of overseas investment structures, ex ante assessment of treaty application and beneficial ownership determinations, the calculation of foreign tax credits, identification of tax risks in host countries, and resolution of cross-border tax disputes. As more enterprises from BRITACOM members invest overseas, the demand for ODI certainty services is growing rapidly, yet the service capacity of many member tax administrations in this area remains relatively limited.

This chapter therefore maintains a two-way perspective throughout, providing members with both a toolkit of certainty measures for attracting foreign investment and a capacity-building pathway for supporting domestic enterprises' overseas expansion.

II. Certainty at the Legislative Level: Building a Clear and Stable Foundation

(1) The Core Value of Legislative Certainty

Tax legislation is the institutional foundation of tax certainty. For developing countries, uncertainty at the legislative level typically manifests as: fragmented tax systems (conflicts between legal instruments at different levels), lack of transitional arrangements for policy changes, unclear transition rules between old and new laws, and ambiguous definitions of core concepts (such as inconsistencies between domestic law definitions of "permanent establishment" and "beneficial owner" and treaty provisions). These problems not only increase compliance costs for taxpayers but also create a negative perception among international investors that "policy is unpredictable", undermining government efforts to attract investment.

The role of tax administrations at the legislative level should not be limited to that of enforcer. They should also serve as drivers of legislative quality——by participating in legislative drafting, issuing explanatory materials, and establishing official notification mechanisms for tax law changes, thereby enhancing legislative certainty at source. The BRITACOM Working Group on Improving Tax Certainty has promoted the continuous updating of its tax policy and legislation database. As of September 2025 (following the 6th BRITACOF), the database has published or updated the Tax Profiles, Current Tax Systems, and Tax Codes of 38 members and a number of observers, providing an important foundation of rule transparency for cross-border investors.

(2) Case Study: Gabon——Building a Certainty Framework Through Statutory Tax Incentives and Regional Rule Alignment

Gabon, as a member of the Central African Economic and Monetary Community (CEMAC), provides tax certainty for multinational enterprises through statutory incentives in its special economic zones and the domestic incorporation of regional rules.

First, statutory tax incentives in special economic zones. The Nkok Special Economic Zone (SEZ), located 27 kilometres east of Libreville and covering 1,126 hectares, serves as an example. Enterprises established in the zone originally benefited from a 10-year corporate income tax exemption followed by a 5-year period at a reduced rate of 10%, together with customs duty exemptions on imported production equipment and machinery, and free repatriation of funds. The 2021 Amending Finance Act shortened the tax exemption period for newly established enterprises to no more than 5 years, while existing contracts were protected by a grandfather clause. The standard corporate income tax rate is 30% (35% for oil and mining companies). (Note: The above rates are subject to the relevant legal texts; please refer to the latest legislation when applying.)

Second, domestic incorporation of CEMAC regional rules and VAT exemption period. As a CEMAC member, Gabon applies the Common External Tariff. Law No. 005/2023 of 2024 transposed the CEMAC VAT Directive into Gabonese domestic law. The standard VAT rate is 18%, with a zero rate applicable to exported goods. Within the Nkok SEZ, eligible enterprises may also benefit from a VAT exemption of up to 25 years (subject to the relevant legal texts), further reducing initial cash flow burdens and enhancing the predictability of tax incentives.

Lessons learned: Gabon's experience demonstrates that the key to tax certainty lies not only in statutory incentives, but also in transitional arrangements such as grandfather clauses that ensure rule changes do not have retroactive effect. At the same time, proactively incorporating regional uniform rules into domestic law helps multinational enterprises form stable expectations within a consistent regional legal framework.

(3) Case Study: Indonesia——Compliance Management for Treaty Benefits and Beneficial Owner Review

On 21 November 2018, the Indonesian Directorate General of Taxes (DGT) issued Regulation PER-25/PJ/2018, which systematically codified the procedures for claiming tax treaty benefits and the corresponding anti-abuse review standards. Effective from 1 January 2019, it replaced the previous PER-10/PJ/2017 Regulation. The underlying logic of PER-25 is to enhance tax certainty through a dual mechanism of “standardised procedures plus substantive review” – an approach that also offers valuable insights for compliance management in areas such as transfer pricing.

First, unified forms and electronic submission. PER-25 consolidates the former

DGT-1 and DGT-2 forms into a single Form DGT, which is completed by the non-resident taxpayer and submitted to the Indonesian withholding agent. The withholding agent uploads the information in one batch through the DGT electronic system, which generates an electronic receipt (tanda terima). The non-resident taxpayer may present this receipt to other withholding agents within its validity period (up to 12 months, which may span fiscal years) without the need for repetitive, transaction-by-transaction submissions. This "one submission, multiple applications" mechanism significantly reduces compliance costs and minimises regional disparities and administrative discretion that often arise from piecemeal applications.

Second, statutory anti-treaty-abuse tests. Article 5 of PER-25 explicitly sets out six conditions for establishing "non-abuse", requiring non-resident taxpayers to demonstrate economic substance, including: consistency between legal form and economic substance; autonomous management by an independent management team with full decision-making authority over transactions; ownership of sufficient and appropriate fixed and non-fixed assets to carry out business activities; employment of adequate staff with relevant professional competencies; engagement in active business operations in the treaty-partner country beyond merely receiving Indonesian-source dividends, interest and royalties; and the primary purpose of the transaction not being to obtain treaty benefits, directly or indirectly, that would result in double non-taxation or an undue reduction of tax liability. These criteria effectively translate the principal purpose test (PPT) under the BEPS Action Plan into operable domestic law rules.

Third, quantitative criteria for beneficial owner review and key tightening. Article 6 of PER-25 provides five beneficial owner tests, among which the most restrictive is that no more than 50% of the non-resident taxpayer's income may be used to discharge obligations to third parties. PER-25 significantly tightens this test by removing the previous exemption that excluded dividend distributions from the 50% obligation-expenditure calculation, retaining only two exclusions: "reasonable remuneration paid to employees" and "payments to other parties in the ordinary course of business". This means that if an entity distributes dividends to its shareholders in excess of 50% of its income, it will no longer satisfy this beneficial owner test. Additionally, the test requires that the non-resident taxpayer exercise control over the assets, funds or rights generating Indonesian-source income, bear the risks associated with its own assets, capital or liabilities, and have no written or unwritten obligation to pass on all or part of the income to third parties.

Fourth, post-withholding verification mechanism. When a non-resident taxpayer presents an existing receipt to a new withholding agent to claim treaty benefits, that withholding agent must verify the receipt information through the DGT electronic system. If verification reveals that the taxpayer does not meet the conditions for residency, non-abuse or beneficial ownership under PER-25, the withholding agent must apply the statutory withholding tax rate of 20% (rather than the treaty-reduced rate). This design of “front-end convenience + back-end verification” both protects the certainty expectations of compliant taxpayers and preserves the tax authority’s capacity for base protection.

Lessons learned: The Indonesian experience demonstrates that tax certainty depends not only on the clarity of rules themselves, but also on the predictability of procedural design – reducing compliance costs through unified forms, electronic submission and a one-time receipt mechanism; providing clear expectations for both tax administrations and taxpayers through statutory economic substance tests and quantified beneficial owner criteria; and simultaneously guarding against abuse risks through verification mechanisms. This combination of “procedural transparency + rigid standards” sends compliant taxpayers a clear signal of “well-defined rules and consistent enforcement”.

(4) Case Study: Singapore——Providing Tax Certainty Through Legislative Updates and International Rule Implementation

The legislative certainty of Singapore's tax system is reflected in inclusive law-making processes and the timely incorporation of international rule changes into domestic law, enabling multinational enterprises to operate within a predictable legal framework at all times.

First, institutionalised public consultation and regular review. Singapore's Ministry of Finance typically conducts public consultations before major tax law amendments, seeking input from enterprises, professional bodies, and academia. The Ministry also regularly reviews the income tax system to ensure that the rules remain relevant and are responsive to evolving business needs. This approach of embedding rule changes in the legislative process, rather than relying solely on administrative directives, ensures the predictability of tax law changes.

Second, proactive incorporation of international rules into domestic law. The domestic implementation of Pillar Two rules serves as an example. Singapore’s Multinational Enterprise (Minimum Tax) Act was enacted on 8 November 2024, implementing the domestic top-up tax (DTT) and the income inclusion rule (IIR), under the Global Minimum Tax agreed by the OECD/ G20 Inclusive Framework on Base Erosion and Profit Sharing (IF).Both the DTT and the IIR apply to financial years beginning on or after 1 January 2025. Subsequently, the IF issued a number of technical clarifications. Singapore issued the relevant draft Bill in 2025 and completed parliamentary legislative procedures to incorporate the latest clarifications into domestic law. On 18 August 2025, the IF placed both DTT and its Income Inclusion Rule (IIR) on the central record of legislation with qualified status (Transitional Qualified Status) with effect from 1 January 2025. The transitional qualified mechanism is a simplified procedure that allows swift recognition of the qualified status of implementing jurisdictions’ legislation on a temporary basis for the initial phase of GloBE rules implementation. Under the relevant IF procedures, a full legislative review is expected to be conducted within two years of the domestic legislation entry into effect, and the transitional qualified status will end once the full legislative review is completedPlease refer to theOECD website for the latest central record of legislation with qualified status.

Third, advance ruling and ex ante certainty mechanisms. Under Singapore's Income Tax Act, advance rulings are binding on the tax authority, enabling taxpayers to arrange their transactions accordingly. Advance Pricing Agreements (APAs) also allow enterprises and the tax authority to agree in advance on a set of criteria for ascertaining the pricing of the enterprise's related-party transactions for a specific period of time, thereby providing certainty for the taxpayer.

Lessons learned: Singapore's experience shows that the essence of legislative certainty lies not in freezing the law, but in ensuring that rule changes are accompanied by due process, adequate notice, and smooth transitions——international rules are embedded into domestic law through legislative procedures, proposed changes are announced in advance through public consultation, and tax certainty may be obtained for individual cases individual cases through ruling mechanisms.

(5) Accessibility of Legislation and Interpretive Materials

Many tax administrations place a high priority on making legislation and interpretive materials easily accessible, facilitating voluntary learning and encouraging compliance. For example, the Australian Taxation Office (ATO) maintains a Legal Database that makes all tax laws, interpretive materials, and practical guidance freely available to the public, with keyword search functionality enabling taxpayers to quickly locate relevant rules. The US Internal Revenue Service (IRS) website also publishes its Internal Revenue Manual (IRM), tax publications, tax rulings, and official guidance, providing taxpayers with multi-layered access to policy information. The accessibility of legislative materials is a fundamental prerequisite for certainty in rule interpretation——taxpayers must be able to "find" the rules before they can "use" the certainty they provide.

III. Certainty in Rule Interpretation: Consistent Enforcement and Reduced Compliance Costs

(1) Real-World Challenges in Rule Interpretation Certainty

Even where legislative texts are clear, tax certainty remains elusive if enforcement and interpretation are inconsistent. Common interpretive uncertainties in developing countries include: significant variations in the application of the same treaty provisions across different regions; divergent understandings among frontline tax officials of core concepts such as "beneficial owner"; and the lack of official guidance on the taxation of cross-border digital services.

To enhance certainty in the interpretation and enforcement of tax rules, tax administrations should focus on three dimensions: harmonising interpretive standards (eliminating regional disparities), making interpretive texts publicly available (reducing information costs), and adapting to language and culture (bridging communication barriers).

(2) Case Study: HMRC's International Manual——Transparent Enforcement through Public Disclosure

The UK tax authority (HMRC) publishes the International Manual (INTM) on its official website, representing a high-standard practice among developed countries in rule interpretation certainty. The manual systematically addresses the application of tax treaties, permanent establishment determinations, Controlled Foreign Company (CFC) rules, and other complex areas, complemented by an official case law database that sets out typical dispute cases.

The manual provides tax certainty to enterprises on three levels:

First, externalising internal enforcement practices to eliminate "hidden rule" uncertainty. The manual was originally an internal working guide for tax officials but has now been proactively disclosed to taxpayers. It makes public HMRC's internal interpretive logic on transfer pricing, permanent establishments, the Diverted Profits Tax (DPT), and other complex rules, transforming the "hidden enforcement rules" that previously existed only in the individual cognition of tax officials into transparent rules that enterprises can consult, anticipate, and follow. While the manual does not have the force of law and does not bind taxpayers, it clarifies the tax authority's enforcement position——by understanding HMRC's enforcement tendencies, enterprises can precisely locate the boundaries of their own conduct within the compliance framework.

Second, dynamic updating mechanisms to ensure certainty during periods of rule change. HMRC continuously updates the manual in response to legislative changes and international standards. In recent years, the manual has been revised in a timely manner following UK reforms to transfer pricing, permanent establishment, and diverted profits tax rules, providing clarity on key technical details (such as the use of medians in transfer pricing analyses). Each update is scheduled, to the extent possible, to be released before new legislation takes effect, enabling enterprises to maintain clear compliance expectations even during periods of rule change.

Third, supporting APA mechanisms to lock in certainty at the case level. The manual sets out the circumstances under which HMRC will accept unilateral Advance Pricing

Agreement (APA) applications, providing certainty for enterprises participating in cost contribution arrangements. Through an APA, enterprises can reach a binding agreement with the tax authority in advance, translating the general guidance in the manual into transaction-specific arrangements.

Lessons learned: Tax administrations in developing countries often face a "rules in the drawer" dilemma——policy interpretations rely on internal documents or verbal communications, leading to inconsistent application across regions. The UK experience demonstrates that systematising, disclosing, and dynamically updating enforcement interpretations is a low-cost, high-efficiency approach to enhancing certainty. Developing countries could prioritise high-frequency cross-border tax dispute areas (such as permanent establishment determinations and beneficial ownership assessments) by compiling their own International Tax Operations Manual or Cross-Border Tax Guidance, with an update mechanism synchronised with legislative reforms.

(3) Case Study: Uganda——Publishing a Multilingual Tax Guide

The Uganda Revenue Authority (URA) has published a multilingual Tax Guide on its official website. The production and release of the Chinese-language edition is particularly instructive, having been jointly compiled by the URA, the Chinese Embassy in Uganda, and the Uganda Chinese Chamber of Commerce.

Innovative collaboration mechanism: The URA provided the authoritative tax texts and policy interpretations, while the Chinese side undertook translation, terminology harmonisation, and adaptation to the needs of Chinese-invested enterprises. The two sides signed a memorandum of understanding establishing regular communication mechanisms to synchronise tax law changes and update translations in line with revisions to the China-Uganda tax treaty and domestic law changes.

Certainty value beyond language translation: The guide not only overcomes the language barrier for Chinese enterprises ("not understanding the rules"), but also provides a unified reference interpretation that helps reduce compliance risks arising from divergent policy interpretations. For the URA, the process also serves as a self-regulatory mechanism——by publishing multilingual interpretations, the authority is effectively compelled to ensure consistency in its internal enforcement standards. (Note: Multilingual translations are for reference only; the official language text prevails for legal effect.)

Lessons learned: Tax administrations in developing countries with major sources of foreign investment may consider providing multilingual information services, presenting key domestic tax laws and interpretations in the languages of their investors. This is both an innovation in taxpayer services and a means of improving compliance among foreign investors.

IV. Ex Ante Certainty Services

(1) The Institutional Value of Ex Ante Certainty and Pathways for Expansion

Ex ante tax certainty means that taxpayers obtain formal confirmation from the tax authority on specific tax treatments before entering into a transaction or making a business decision, thereby eliminating uncertainty at source. Traditional ex ante certainty tools are primarily tax advance rulings and Advance Pricing Agreements. In recent years, however, some tax administrations in developed countries have begun to explore more targeted "tailored certainty services for large enterprises"——no longer waiting for case-by-case applications from taxpayers, but proactively identifying high-risk, high-value enterprises and locking in tax outcomes through dedicated service mechanisms. This pathway has significant reference value for BRITACOM members. In terms of "binding effect", advance ruling systems across countries can be divided into legally binding types (rulings binding on the tax authority) and administrative guidance types (providing advisory opinions), allowing taxpayers to choose according to their needs.

(2) Case Study: HMRC's Advance Tax Certainty Service for Major Investment Projects

HMRC has developed a two-tier structure for tax certainty services for large enterprises: "day-to-day engagement plus major project lock-in".

Tier One: Customer Compliance Manager (CCM) day-to-day engagement. Since 2006, HMRC has assigned dedicated Customer Compliance Managers to large enterprises with annual turnover exceeding £200 million. Each CCM currently manages an average of approximately 12 enterprises. CCMs gain an in-depth understanding of enterprise business models and tax risks, and assign enterprises to different risk categories through regular risk assessments, enabling "real-time interaction and immediate clarification". Surveys indicate that the vast majority of large enterprises rate their relationship with their CCM as "good". The core of this mechanism lies in transforming the tax authority from an "ex post inspector" into a "day-to-day partner", resolving issues at an embryonic stage through ongoing dialogue.

Tier Two: Advance Tax Certainty Service (ATCS). Building on the CCM engagement framework, HMRC is further developing a dedicated certainty service for major investment projects. Pursuant to the relevant provisions of the Finance Act 2026, HMRC plans to formally launch the Advance Tax Certainty Service on 1 July 2026, with expressions of interest to be accepted from 1 June 2026. The service is designed for major investment projects with expected qualifying expenditure of £1 billion or more over their lifecycle, providing binding tax certainty rulings covering corporation tax, VAT, stamp taxes, income tax, and other taxes, with a maximum duration of 5 years and the possibility of renewal. Applicants must submit a formal application as early as possible before the first return relating to the transaction is due, and HMRC will issue a ruling within a target timeframe after receiving a complete application. ATCS aims to lock in tax outcomes at the investment decision stage through early engagement and collaborative assessment, removing tax uncertainty as a barrier to investment. (Note: The specific launch date, threshold amounts, and eligibility criteria are subject to the latest ATCS guidance published by HMRC.)

Lessons learned: HMRC's two-tier structure demonstrates that ex ante certainty services can be delivered in layers——day-to-day certainty through dedicated relationship managers, and major project certainty through statutory procedures. Developing countries could start by assigning dedicated tax liaison officers to large foreign-invested enterprises in strategic sectors, establishing regular communication mechanisms, and then gradually transitioning to formal major-project ruling systems.

V. Certainty Services for Large Enterprises

(1) The Need for Large Enterprise Certainty Services

Large enterprises (particularly multinational enterprise groups) have unique tax certainty needs: complex transaction structures, substantial tax exposures, broad policy implications, and high dispute resolution costs. Providing certainty services to one large multinational enterprise may have a ripple effect covering dozens of related enterprises and hundreds of cross-border transactions. The provision of certainty services for large enterprises is therefore a strategic choice for tax administrations seeking to enhance the effectiveness of cross-border tax services in a "point-to-area" manner.

(2) Case Study: Brazil's CONFIA Cooperative Compliance Programme——Providing Large Enterprise Certainty Through Taxpayer-Administration Cooperation

Brazil's Federal Revenue Service (RFB), drawing on OECD cooperative compliance concepts, launched the CONFIA Cooperative Compliance Programme pilot in 2021, which has been gradually refined and brought into regular operation in recent years. It is a typical example of a developing country tailoring cooperative compliance to its domestic context.

Background and objectives. The CONFIA programme aims to provide tax certainty for large enterprises and reduce tax disputes and administrative litigation through transparent communication and ongoing dialogue between tax authorities and taxpayers. Its core objectives include improving the predictability and certainty of tax law interpretations, preventing disputes and penalties, encouraging good tax governance practices, enhancing risk management, and increasing mutual trust.

Eligibility and certification. CONFIA is open to voluntary applications from large enterprises, subject to both quantitative and qualitative criteria. The quantitative criteria include thresholds for annual declared revenue and tax liabilities, among other metrics; the qualitative criteria assess tax compliance history, litigation records, and tax governance structures. The certification process comprises several stages, including self-assessment, application, verification, compliance work plan development, and certification, with a considerable number of enterprises having been certified during the pilot phase.

Compliance Work Plan——the core certainty mechanism. The tax authority and enterprises jointly negotiate an annual work plan setting out the key tax issues to be addressed by the RFB, providing enterprises with a predictable "agenda". Enterprises may also proactively raise outstanding policy questions in the work plan, and the RFB coordinates with its various technical areas to form a consolidated position in response. The work plans cover areas including income taxation, profit taxation, social security contributions, bookkeeping, and filing, with international tax matters such as transfer pricing, financial expenses, and thin capitalisation among the issues addressed.

Certainty benefits. Enterprises participating in CONFIA are assigned dedicated tax auditors as fixed points of contact, receiving timely responses on policy application and practical issues. Under the supporting regulations, certified enterprises that maintain continuous compliance may benefit from tiered reductions in specific taxes, priority treatment for tax matters, and streamlined renewal of tax clearance certificates, among other administrative facilitations. In addition, enterprises that proactively disclose as-yet-undetected tax risks may be eligible for a reduction of penalties by a corresponding percentage; where the RFB identifies discrepancies and initiates a communication process, enterprises that rectify the issues within a specified period may be exempted from administrative penalties and late-payment surcharges. During the pilot phase, the programme generated substantial voluntary tax assessments and avoided significant penalty expenditures.

Lessons learned: The CONFIA programme offers several lessons for BRITACOM members. First, pilot before scaling up——starting with a small number of enterprises and transitioning to formal legislation after several years of experience provides a measured pathway for developing countries with limited administrative resources. Second, codify to build trust——embedding the core cooperative compliance rules in law ensures that enterprises participating in the programme can obtain stable certainty benefits, eliminating the uncertainty of administrative discretion. Third, dedicated service through institutionalised support——assigning dedicated tax auditors as fixed contact points ensures consistency and continuity in policy advice. Fourth, combine commitments with incentives——the combination of tax reductions, priority rights, and other positive incentives with arrangements such as penalty exemptions creates sustainable participation incentives. Developing countries may draw on Brazil's experience in seeking a balance between attracting foreign investment and protecting the tax base through institutionalised certainty services.

VI. Certainty on Key Issues

(1) Transfer Pricing Certainty as a Global Challenge

Transfer pricing is the area with the highest incidence of cross-border tax disputes and the most difficult area in which to achieve tax certainty. The OECD Transfer Pricing Guidelines provide a principled framework, but their application involves significant professional judgment in areas such as comparable company selection, selection of transfer pricing methods, and determination of profit level indicators, giving rise to frequent disagreements between tax authorities and taxpayers.

For developing countries, the development of transfer pricing certainty faces a dual challenge: preventing multinational enterprises from eroding the domestic tax base through transfer pricing while avoiding overly aggressive transfer pricing audits that could damage the investment climate. Transfer pricing certainty services are therefore an exercise in balancing "enforcement capacity" and "service capacity".

(2) Case Study: India——Implementing Transfer Pricing Safe Harbours with Reference to OECD Guidelines

The OECD Transfer Pricing Guidelines note that safe harbours are "rules that apply to a specified category of taxpayers or transactions and that relieve eligible taxpayers from certain aspects of the general transfer pricing compliance obligations". India inserted relevant provisions in its Income Tax Act through the Finance Act 2009, authorising the Central Board of Direct Taxes to formulate safe harbour rules. These rules were formally issued in September 2013, making India one of the earlier developing economies to implement such a system.

Safe harbours provide tax certainty on three levels:

First, statutory acceptance mechanisms eliminate audit uncertainty. India's tax law defines a safe harbour as a situation in which "the tax authority shall accept the transfer price declared by the taxpayer". This statutory framework provides that as long as an enterprise's transactions meet the prescribed conditions, "the tax authority shall accept" the declared transfer price or income. This mandatory "shall accept" language transforms transfer pricing outcomes from ex post disputes to ex ante predictability——enterprises need not fear that the same transaction will be treated differently by different tax officials. (Note: Tax authorities may still initiate audit procedures in specific circumstances, such as in cases of fraud or material non-disclosure.)

Second, reduced compliance burdens lower implementation costs. Safe harbours relieve enterprises from the need to conduct a full functional, asset, and risk analysis and an economic comparability analysis, substituting a predetermined profit margin or mark-up rate for complex case-by-case benchmarking. For smaller multinational enterprises without dedicated transfer pricing teams, this significantly lowers the compliance threshold.

Third, dynamic expansion and multi-year lock-in continuously strengthen certainty. India's safe harbour rules have been expanded year by year, with the scope and threshold criteria continuously refined. IT services have been placed in a unified category applying a uniform profit margin standard. IT service enterprises that elect to use the safe harbour may lock in for multiple consecutive years; other qualifying transactions have lock-in periods of several years. This multi-year lock-in enables enterprises to make investment decisions over the medium to long term on the basis of a predictable tax burden. (Note: The specific eligible industries, profit margin standards, and lock-in periods are subject to the latest notifications of the Central Board of Direct Taxes.)

Lessons learned: India's experience demonstrates that establishing a transfer pricing safe harbour regime with reference to the OECD Guidelines is an effective, low-cost, high-efficiency pathway for developing countries to enhance tax certainty. The core value is not in reducing tax burdens, but in shifting the "interpretive authority" over related-party transaction pricing from case-by-case discretion to preset rules——enterprises that know "compliance with the threshold means immunity from audit" can lock in their compliance boundaries ex ante. For BRITACOM members, priority could be given to establishing safe harbour profit margins and eligibility thresholds in high-frequency cross-border transaction areas, with regular review and dynamic adjustment mechanisms.

VII. Country Case Study

China's TaxExpress——A Proactive Model for Cross-Border Tax Certainty

China's tax authorities launched the "TaxExpress" cross-border tax service brand in 2023, marking a shift in tax certainty services from an "ex post remedial" model to an "ex ante preventive" and "in-process companion" model, representing a distinctive and original contribution to international tax services.

First, institutionalised provision of knowledge products——addressing information asymmetry. A primary source of tax uncertainty is a lack of information——without understanding the host country's tax system, enterprises cannot anticipate their compliance costs. TaxExpress addresses this through the systematic development of knowledge products: it continuously publishes Country/Region Investment Tax Guides covering the main destinations for Chinese investment abroad, with annual updates; the Global Tax Newsletter tracks tax policy changes in various countries on a monthly basis; the Overseas Tax Case Database translates abstract rules into contextualised references; and the revised Going Global Tax Guide systematically organises tax-related matters to provide enterprises with clear guidance. This large-scale, high-frequency, systematic production of country-specific tax knowledge transforms fragmented and scattered information into searchable, predictable, and referenceable public knowledge, reducing tax uncertainty arising from information gaps at source. (Note: The specific number of guides is subject to the latest data published by the State Taxation Administration.)

Second, the Dedicated Project Manager system——bringing certainty services forward to the investment decision stage. For key cross-border enterprises and investment projects, TaxExpress assigns a dedicated "Project Lead" from the investment attraction stage onwards, proactively engaging with needs and analysing risks, rather than waiting for enterprises to encounter problems. To date, a large number of key projects nationwide have been assigned Dedicated Project Managers providing full-cycle one-to-one support. This mechanism advances the timing of tax certainty from "after a dispute arises" to "before an investment decision is made", enabling enterprises to obtain clear tax expectations at the structuring stage. At the same time, through institutionalised service procedures and quality controls, it ensures basic consistency in discretionary standards across different projects.

Third, country-specific tax counselling and multilingual advisory services——clearing uncertainty at the implementation level. TaxExpress collaborates with foreign tax authorities, Chinese embassies abroad, and overseas Chinese business associations to deliver country-specific tax counselling programmes, extending its service reach overseas. The 12366 Shanghai (International) Tax Service Centre provides multilingual tax and fee advisory services (including English, Japanese, Korean, and other major languages), eliminating compliance blind spots arising from language barriers.

Lessons learned: TaxExpress demonstrates that tax certainty services can move beyond the passive "dispute resolution" framework towards a proactive paradigm of "knowledge product provision plus proactive service outreach". For BRITACOM members, a priority could be to compile country-specific tax guides for the main destinations of their enterprises' overseas investment, establishing a regular "compilation-update-expansion" mechanism. At the same time, they could bring tax services forward to the investment decision stage, helping enterprises avoid tax risks at source through mechanisms such as "project liaison officers" and "pre-investment tax counselling".

VIII. Future Outlook

Tax certainty is a core value of cross-border tax services and a key lever for capacity building in developing country tax administrations. From clear rules at the legislative level, to harmonised enforcement at the interpretive level, from ex ante certainty lock-in through tailored services for large enterprises, to the improvement of dispute resolution mechanisms, from the proactive service innovation of TaxExpress, to targeted breakthroughs in high-frequency areas such as transfer pricing——tax certainty runs through the entire cross-border tax governance process, forming a layered, mutually reinforcing systemic project.

In recent years, tax reforms led by the OECD and the United Nations have profoundly reshaped the international tax governance landscape. BRITACOM members should keep pace with the evolution of international rules and choose their priority areas for breakthrough based on their domestic circumstances, while always maintaining a "whole-of-process" approach to avoid fragmented, patchwork reforms. At the same time, in advancing tax certainty services, countries should give full consideration to their own administrative resource constraints, prioritise high-frequency cross-border transaction areas and key sources of foreign investment, and adopt a phased, gradual, and step-by-step approach to expansion.

The BRITACOM platform will continue to promote experience sharing, technical assistance, and collaborative cooperation among members in the field of tax certainty, supporting tax administrations in their transition from "enforcement-led" to a balanced approach of "enforcement and service". The ultimate goal is to build a cross-border tax certainty service system characterised by "transparent policies, standardised procedures, convenient services, and efficient dispute resolution", providing a solid tax institutional foundation for the high-quality development of cross-border economic and trade investment.