

**ASSESSMENT OF OECD'S BASE EROSION AND PROFIT  
SHIFTING (BEPS) PROJECT IN TACKLING INTERNATIONAL  
TAX AVOIDANCE: NIGERIAN PERSPECTIVE**

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## Background to the Study

- ❖ International tax avoidance giving rise to base erosion and profit shifting (BEPS) has been generating concerns globally.
- ❖ BEPS raises issues of fairness and threatens the integrity of corporate income tax.
- ❖ OECD affirms that BEPS is a major concern for developing nations owing to their dependence on corporate income tax.

## Background to the Study – Cont'd

- ❖ Technological advancement is redefining our world, and physical locations of business activities is becoming less relevant.
- ❖ Emergence of businesses driven by ICT as impetus for digital economic activities appears to be compounding the growing concern of BEPS.
- ❖ The fluidity of intellectual property as well as the delivery of digital goods and services make tax arbitrage easier and economically attractive.

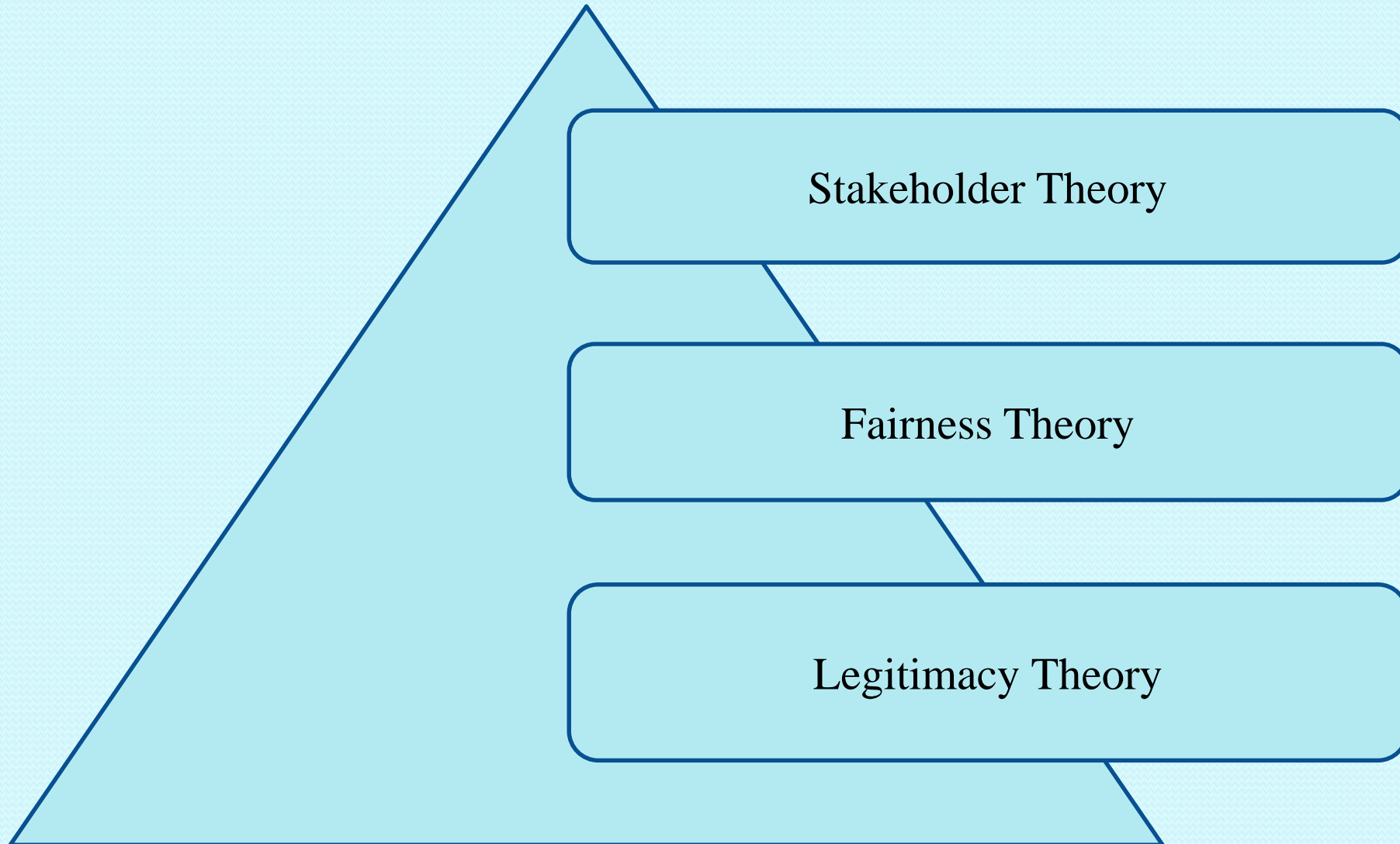
## Background to the Study – Cont'd

- ❖ OECD together with G20 countries have been making frantic efforts at stemming the ugly tide of international tax avoidance through different studies and publications.
- ❖ In September, 2013, OECD published 15 action plans, as well as the establishment of OECD/G20 inclusive cooperation framework on BEPS in 2016.
- ❖ The OECD BEPS Project is designed to assist governments in dealing with tax avoidance practices by MNCs.

## Methodology

- ❖ This study used exploratory research design to lend scholastic contribution to the discourse on the role of OECD's BEPS Project in tackling international tax avoidance from Nigeria perspective.

# Theoretical Framework



# The 15 Focal Points of OECD BEPS Action Plan

## 1- Addressing the tax challenges of the digital economy

Coherence	Substance	Transparency
2- Neutralising the effects of hybrid mismatch arrangements	6- Prevention of tax treaty abuse*	11- Establish methodologies to collect and analyse data on BEPS and the actions to address it
3- Strengthening controlled foreign companies (CFC) rules	7- Prevention of artificial avoidance of permanent establishment (PE) status	12- Requiring taxpayers to disclose their aggressive tax planning arrangements
4- Limiting base erosion through interest deductions and other financial payments	8- Transfer pricing of intangibles	13- Re-examination of transfer pricing documentation*
5- Countering harmful tax practices more effectively*	9- Transfer pricing of risk and capital	14- Making dispute resolution mechanisms more effective*
	10- Transfer pricing of other high-risk transactions	
15- Development of a multilateral instrument		

## Presentation of Issues

- ❖ OECD BEPS Project attempts to institutionalised global equal standard of addressing tax avoidance without giving due regards to peculiar jurisdictional differences.
- ❖ The challenge of appropriate macro/micro-economic data to develop a widely accepted measurement approach on the global fiscal effects of BEPS is still a striking one.
- ❖ More so, it has been argued that the interest of capital exporting countries significantly differs from the importing ones.



## Discussion of Findings

- ❖ The released of Companies Income Tax (Significant Economic Presence) Order, 2020 as guidelines in determining digital economic activities for foreign companies doing business or providing services to customers in Nigeria.
- ❖ The Income Tax (Transfer Pricing) Regulations of 2012, as well as the released of the Income Tax (Transfer Pricing) Regulations of 2018 were geared to effect some changes necessitated by OECD Transfer Pricing Guidelines.

## Implication of Findings

- ❖ Apparently, BEPS discourages tax morality, promote unfair perception in the tax system, and undermines competition as well as integrity of the tax system.
- ❖ More so, FIRS Transfer Pricing Regulations of 2018 appears to be garnering improved compliance response from multinational corporations in the country, but it remains to be seen whether or not this effort will still be sufficient in few years to come.

## Recommendations

- ❖ It is obvious that Nigeria is making necessary effort to protect her tax base in her bid to comply with OECD's BEPS Project, further effort is required to deepen her domestic tax policies and legislation, tax treaty, as well as tread with caution in her collaborative engagement with OECD.



**THANKS FOR YOUR ATTENTION**