



Fiscal Affairs Department

Challenges of International Taxation in Developing Countries

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2nd Annual Research Conference of Banco de España
Taxes and Transfers

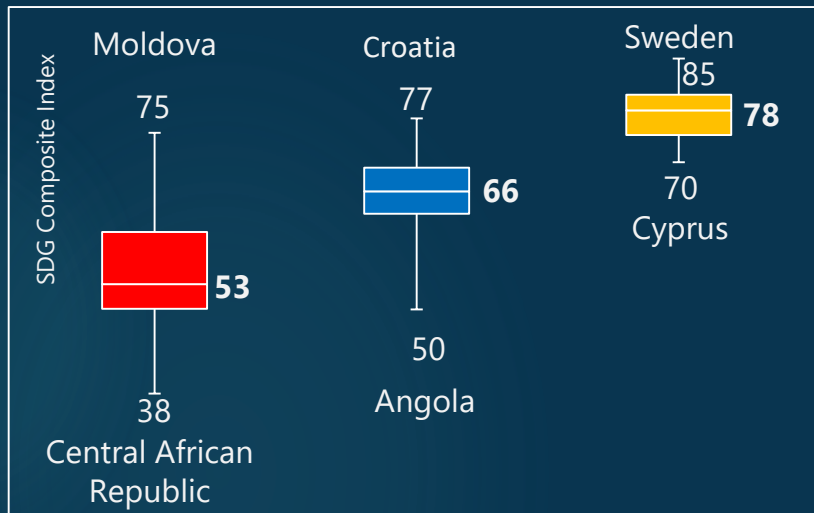
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SEPTEMBER 3-4, 2018

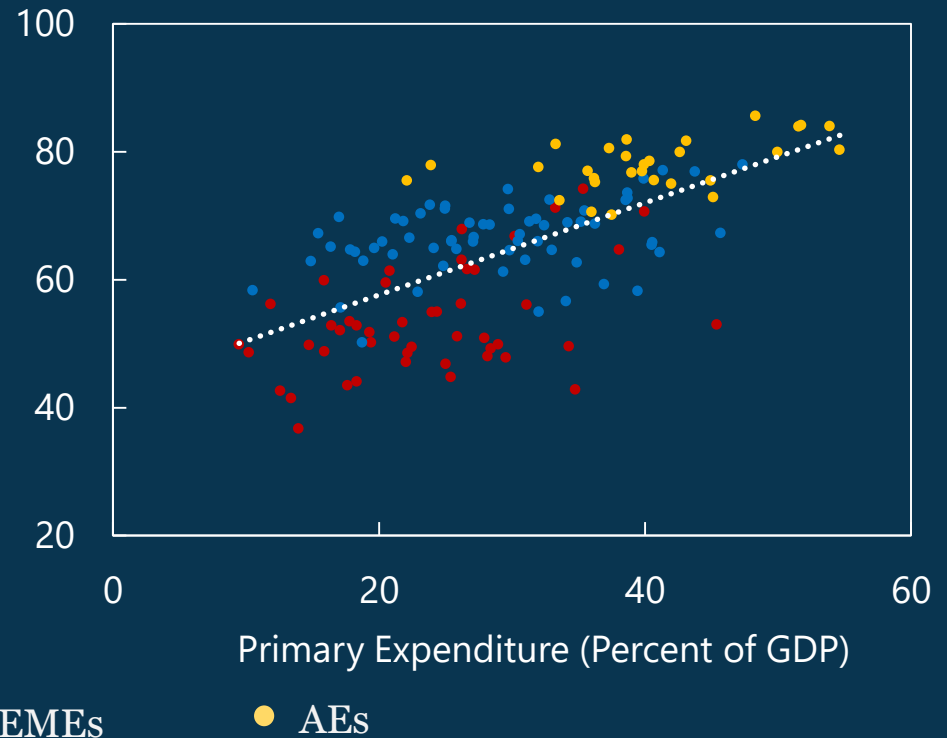


Developing Countries Lagging in Meeting SDGs

SDG Composite Index Score, By GDP per Capita



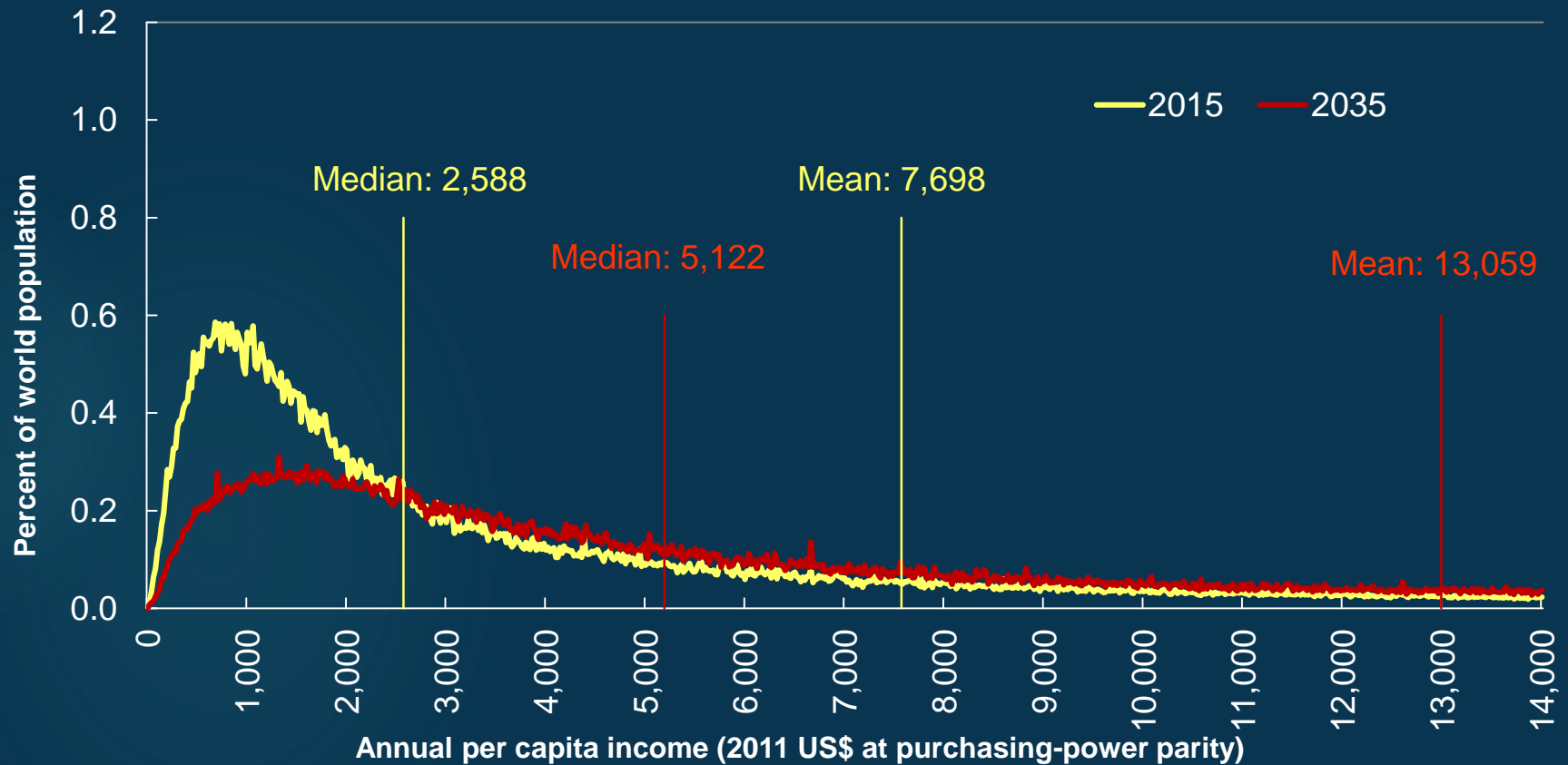
SDG Composite Index Score, By Government Expenditure



Source: The 2018 SDG Index and Dashboards report

Incomes are Projected to Increase Globally

Distribution of Global Income, 2015 and 2035



Source: T. Hellebrandt and P. Mauro, 2016; and IMF staff calculations.

Tax Capacity is Weak in Developing Countries

Tax-to-GDP Ratios and Income Levels

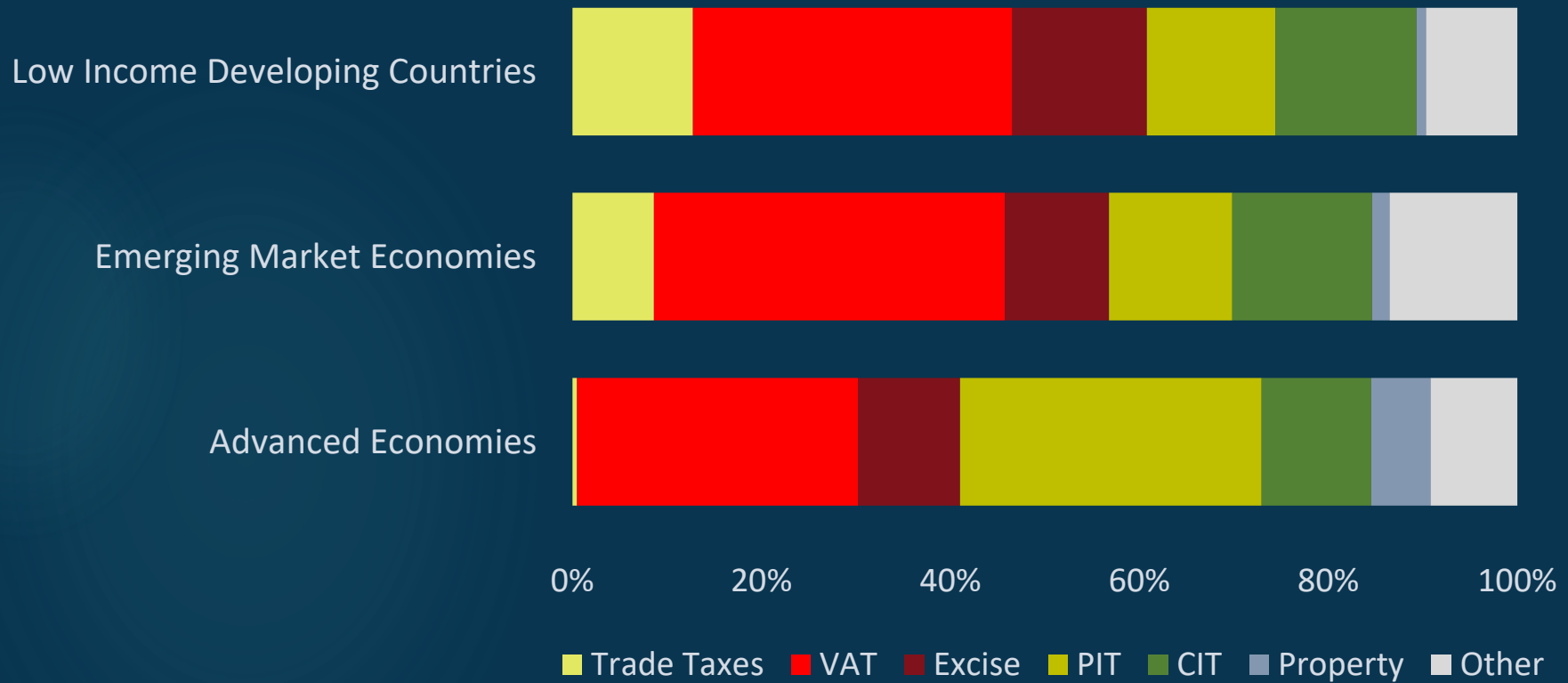


Note: The dots represent median values for each income decile, and the red dotted lines 25 and 75 percentile bounds.

Sources: IMF WoRLD, WEO; and IMF Staff Estimates.

Trade Taxes still Important for Developing Countries

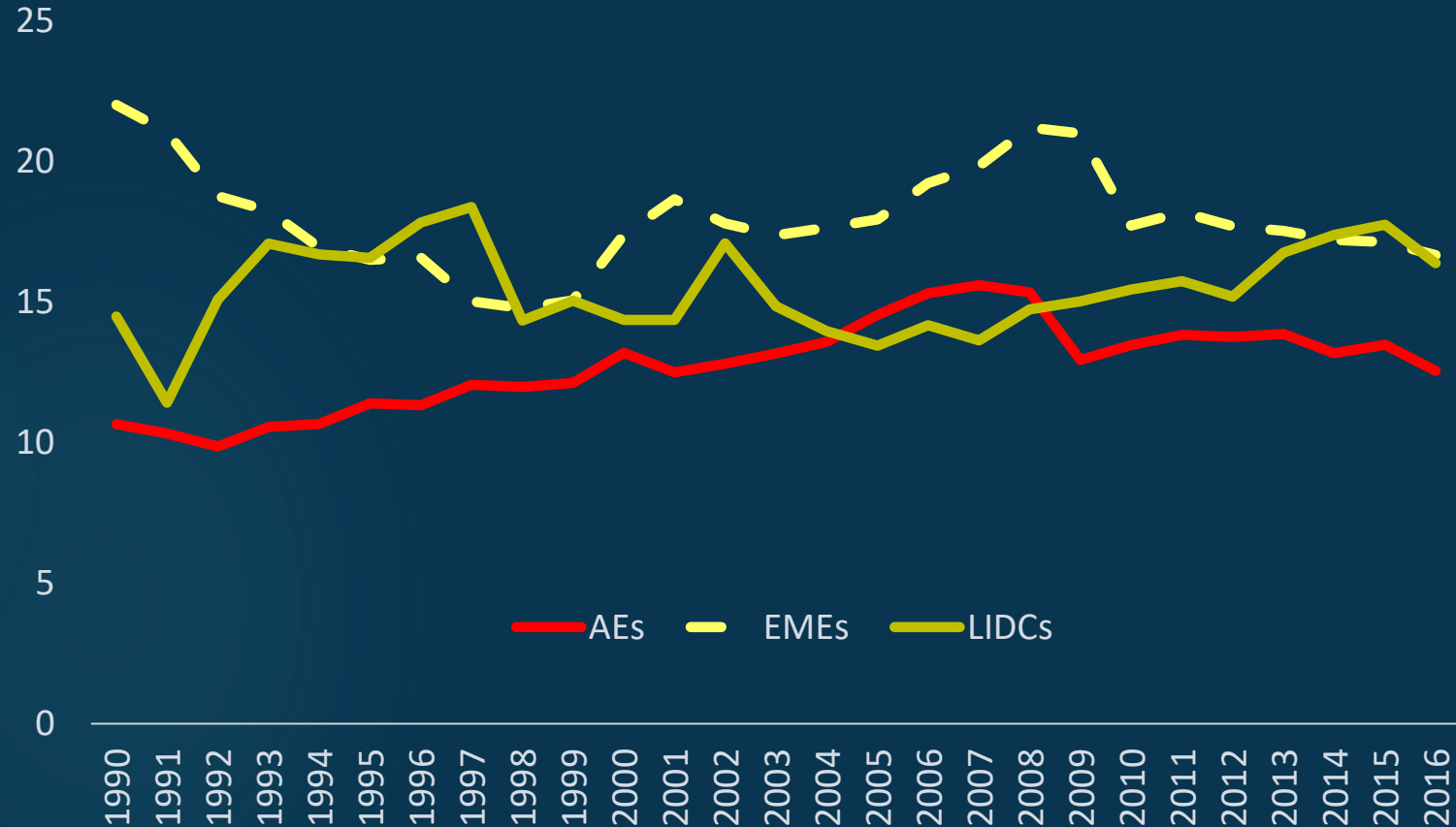
Revenues from Main Taxes, 2010-2016
(in percent of Total Tax Revenue)



Source: IMF WoRLD Database.

CIT is Important for Developing Countries

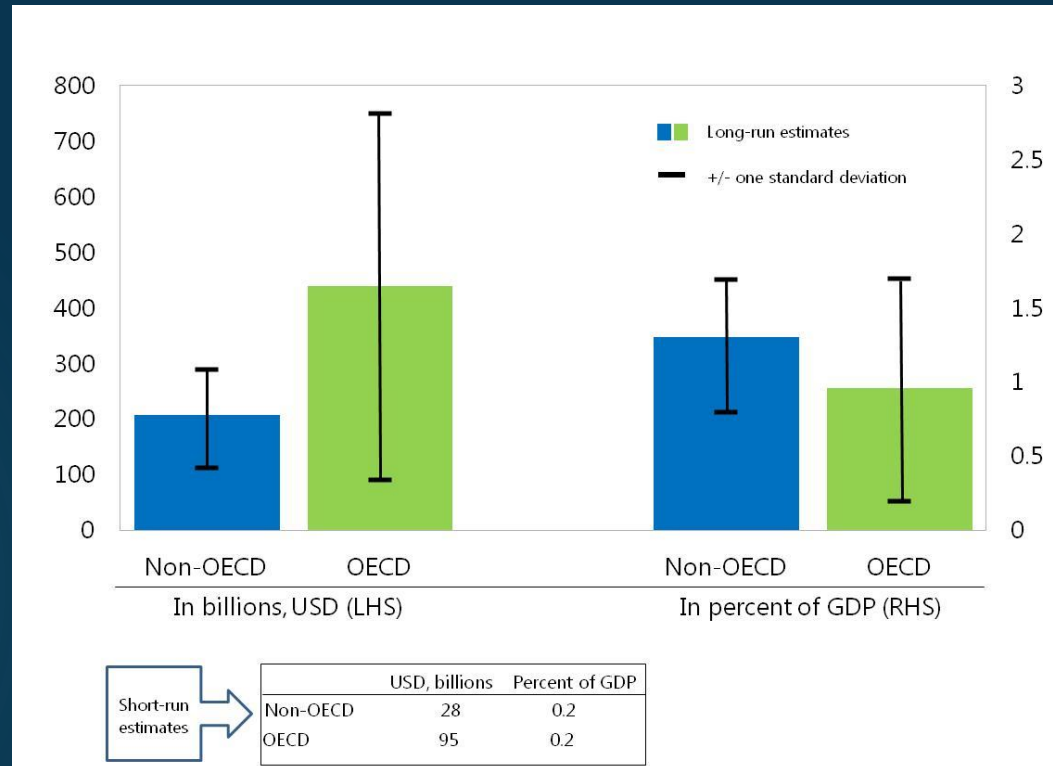
CIT Revenue, 1990-2016 (in percent of Tax Revenue)



Source: IMF WORLD Database.

CIT Avoidance is Large in Developing Countries

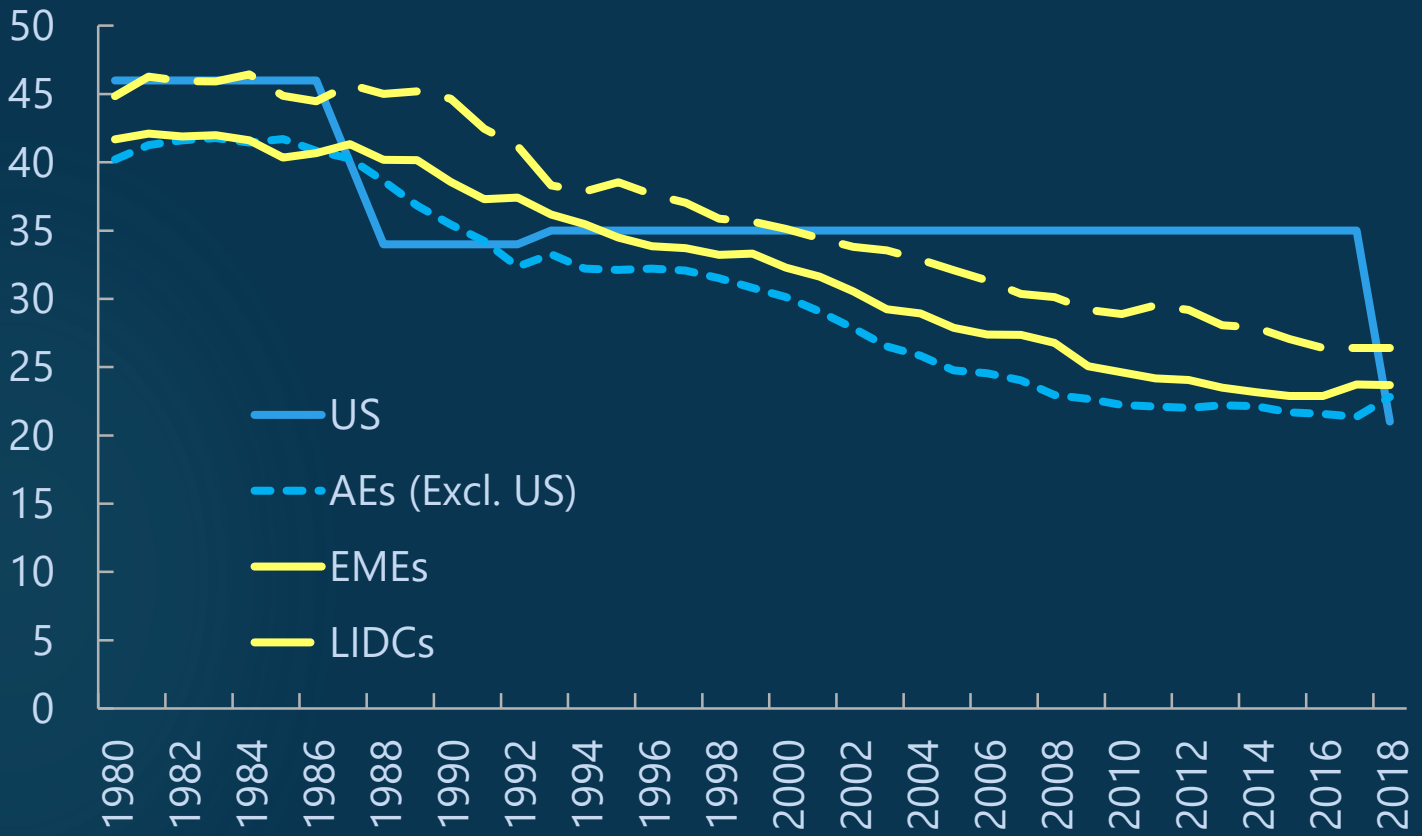
Revenue Loss Estimates from Base Erosion



Source: E. Crivelli, R. De Mooij and M. Keen, 2016, Base erosion and profit shifting in developing Countries, Finanzarchiv 72(3).

CIT Competition Affects Developing Countries

CIT Rates
(percent, simple averages)



Source: IMF Tax Rate Database.

Conclusions

- ❑ Developing Countries Need Significant Additional Resources for Growth and Development.
- ❑ Tax Capacity is crucial to enable the State.
- ❑ International Tax Spillovers are particularly important for Developing Countries.