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## G8 leaders seek common ground on tax

By Lindsay Whipp and Jim Pickard



UK Prime Minister David Cameron will lead a key discussion on tax evasion and avoidance on Tuesday, as Group of Eight leaders tackle an important but complex issue on which progress can be slow moving.

While international leaders agree on the need to tackle evasion and increase transparency, it is more difficult for them to find a single voice over how to

change tax rules to counter avoidance. This is partly due to the complicated nature of tax legislation across the globe, but also because G8 countries are essentially competing for tax dollars and inward investment in a post financial-crisis world of high government debt and slow growth.

### G8 summit in Lough Erne



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The aim is to form action plans to increase transparency and make headway on automatic information exchange, ahead of the Group of 20 meeting in September at which members are expected to agree concrete steps to tackle profit shifting by multinationals.

Mr Cameron made tax the cornerstone of his G8 agenda at the UK-hosted summit in Lough Lerne in Northern Ireland, that has so far been overshadowed by the escalating Syrian conflict and rifts over western intervention in the form of arming of Syrian rebels.

The tax debate will focus on a number of key areas. First, transparency in the form of breaking down corporate secrecy by requiring companies to disclose their “beneficial ownership”, or who really owns and controls them. Second, tax havens, a subject that has been the centre of recent controversy in France when it emerged a former budget minister held a secret account. Over the weekend, Mr Cameron reached an agreement with the UK’s crown dependencies and offshore financial centres to tackle tax evasion by signing up to a multilateral convention to help countries track down tax cheats.

Third, multinational taxation, a focus in the wake of recent revelations about the way some high-profile companies game the international tax rules. Fourth, there is likely to be a discussion on extractive industries, as lobby groups and NGOs pressure the G8 to force disclosure on deals between companies and governments of particularly developing countries for their national resources, deals from which the public of those nations may receive scant, if any, benefit.

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Great tax race



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Finding common ground on tax in a globalised world is not easy and organisations such as the OECD have been working for years to make piecemeal progress on issues such as information exchange.

However, the debate has been given fresh impetus in recent months in the wake of revelations of how companies such as Apple and Amazon minimise their tax bills.

George Osborne, the UK chancellor – who will attend the G8 session on tax, said on Tuesday a beneficial ownership register could be burdensome on companies but that it would make tax rules “fit for the 21st century” by improving transparency.

“We have made more progress in the last 24 hours than people have had in the past 24 years,” he told the BBC. “We should know which companies own companies, how that information is available will be partly a matter for the individual countries,”

Mr Osborne said that a “high-level declaration” from all eight major economies would represent a “step-change in seriousness” in terms of governments addressing the tax issue.

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