Chapter 6
Introduction to International Taxation

6.1 Defining International Taxation

The returns on trade and investment within national borders are naturally subject to income taxation. The way in which those incomes are taxed is based upon a country's domestic tax policy. The same principle also applies to international trades and investments. As technology and capital markets have developed over time, people have moved around more and more, often living in different countries over long periods of time and/or generating income in different countries concurrently. As a country's trade and commerce become increasingly internationalized, the taxation of international transactions becomes ever more important. Once an entity extends its arm beyond its national borders, it is most likely to fall within the ambit of the tax laws of another country. The way in which that country's tax laws impact the entity will have consequences for the manner in which the entity is taxed domestically. Thus, the tax regimes of each country become interrelated.

This phenomenon is called "international tax" and can be regarded as a subset of the broader notion of "international law." This perspective is particularly relevant in the context of double tax treaties. However, there is no definitive, overarching international tax law applicable to countries that choose to comply with it. In fact, international tax law is more correctly referred to as the international aspect of the income tax laws of individual countries. With minor exceptions, tax laws are not "international." They are creations of sovereign states. A country at its federal, national, state, or local government level can impose those laws. Most often the tax burden on international transactions is imposed at the national level. However, there are international bodies such as the United Nations (UN) and the Organization for Economic Cooperation and Development (OECD) that attempt to organize and harmonize the tax systems of various nations.

International tax is best regarded as the body of laws of different countries that covers the tax aspects of cross-border transactions. It encompasses all tax issues arising under a country's income tax laws that include some foreign elements. Although income tax aspects of cross-border trade in goods and services represent

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one important category, international taxation may also include estate taxes, gift taxes, inheritance taxes, general wealth taxes, sales taxes, customs duties, and a variety of special levies.

The international aspects of estate and gift taxes are particularly important. For example, such wealth transfer taxes have important international implications when a resident receives a bequest or gift from a nonresident or non-domiciled individual or when a person dies owning property in a foreign county. Other issues include cross-border manufacturing by a multinational enterprise, cross-border investment by individuals or by investment funds, and taxation of individuals who work or do business outside the country where they usually reside. An activity falling within one of these categories usually presents an international tax issue under the tax laws of at least two countries.

Tax treaties are probably the most obvious international element of a nation's income tax system. Most developed countries have entered into tax treaties with their major trading partners as well. Many developing countries also have extensive treaty networks. These treaties impose significant limitations on the taxation powers of the treaty partners. Tax treaties, however, do not generally impose tax. In fact, in most countries, they are exclusively relieving the tax burden. Although tax treaties are binding agreements between sovereign states, they generally do not have any effects on taxpayers unless they are specifically incorporated into a country's tax law by domestic statute.

International tax situations vary in their complexity. Some international tax laws must be applied to extremely complex situations. One example would be the reorganization of a multinational corporation with foreign subsidiaries in several countries. On the other hand, other situations may be quite simple. For example, an international tax issue would arise under the tax laws of most countries if a resident individual attempts to claim a deduction for the support of a dependent spouse or child residing in a foreign country.

Different countries have addressed the issue of who is liable to tax (the "taxable subject") in an international transaction or economic event (which produces a "taxable object," usually income or capital) in different ways over time for various political, cultural, and historical reasons. However, despite the methodology adopted, if a government wishes to tax transactions and economic events that occur across its borders, it needs to have some underlying policy rationale to substantiate its impost. That justification is based on its "international tax policy."

The generally accepted convention under international law is that while a country is free to levy tax however it chooses, it cannot enforce its tax claims on the territory of another country. In other words, it cannot extend its taxing power on taxable objects that arise in another country. For example, France cannot levy its tax on Germans who derive all of their income from Germany. Therefore, typically a country's tax jurisdictions are confined to taxable subjects and objects that have some sort of connection with the country. Those tax laws normally cover two kinds of activities: (1) the activities of a resident of that country in foreign countries and (2) the activities of a nonresident in that country.

Tax analysts often refer to a transaction involving the export of capital or other resources from a country as an outward-bound or "outbound" transaction.

Conversely, the term inward-bound or "inbound" transaction is commonly used to refer to a transaction involving the import of capital or other resources from a foreign country. A transaction that a country considers to be an outward-bound transaction typically involves its rules for taxing the foreign income of resident taxpayers. Inward-bound transactions, in contrast, typically imply a country's rules for taxing nonresidents on domestic income. In some circumstances, a single transaction may have consequences under both sets of rules. An example is the liquidation of a foreign affiliate into a domestic parent corporation.

6.2 Determining International Tax Policy

The international tax policy adopted by a country will be driven by its economic and social objectives, ultimately, of course, because any country decisions about international tax policies are political ones dictated by those broader economic and social imperatives. However, in order that a conscious decision is taken, proper considerations of different and often conflicting international tax policies are essential. There are generally four major objectives underlying a country's incorporation of international tax rules into its own tax legislation: revenues, investment appeal, import capital neutrality, and/or export capital neutrality.

6.2.1 Revenues

A major goal of a country involved with international tax rules is to provide itself with its fair share of the tax revenues resulting from income generated by transnational activities of domestic and foreign taxpayers. Since the way international transactions are taxed ultimately determines the allocation of the tax imposed between the two (or more) states involved in the international transaction(s), the attempt to maximize national wealth requires that a country maximize its share of that impost. This encompasses both the private return that is obtained by an investor that invests abroad and the tax revenue that the investor's government collects from that investor in respect of the foreign investment. Furthermore, a country must protect its domestic tax base. That is, it must develop good domestic tax rules and avoid entering into tax treaties that inappropriately limit its right to tax its domestic-source income.

6.2.2 Investment Appeal

Each country wants to avoid tax measures that could undermine its competitive position in the global economy. In the international context, removing those provisions of the tax law that lead to a capital flight and a brain drain best enhances a country's competitiveness or that discourages the import of capital and workers. In the medium and long run, however, a country's competitiveness is not enhanced by tax incentives and other beggar-thy-neighbor policies that invite a retaliatory response by foreign governments. Such policies simply erode the ability of all governments to impose fair and effective taxes on income from movable capital.

Moreover, the economic competitiveness of a country's domestic economy would be more stable if taxation does not drive a wedge into optimal investment decision-making. This means that since investors will make investment decisions capable of generating the maximum return, the tax impost on the pretax return on an investment should not distort the after-tax return on the investment and thereby create a bias in the investor's decision-making process. In order to achieve an unbiased outcome, the imposition of tax must be neutral among the array of different domestic and foreign investment options that an investor faces.

6.2.3 Import/Export Capital Neutrality

The principle of capital export neutrality suggests that a country should design its international tax rules so as to neither encourage nor discourage outflows of capital. In practice, policymakers typically treat capital export neutrality as a secondary goal. In virtually every country of the world, capital inflows generally are considered desirable and are encouraged through tax and other economic policies. Conversely, capital outflows are generally thought to diminish national wealth.

In reality, many countries adopt measures designed to discourage capital outflows although they might also have provisions of their tax laws that have the unintended effect of encouraging outflows. Prudent policymakers exercise caution in discouraging outflows because limitations on capital outflows might discourage capital inflows. For example, a country that imposes excessively high withholding taxes on dividends, interest, and royalties paid to nonresidents is likely to discourage nonresidents from investing in that country.

According to the principle of capital export neutrality, a country should avoid international tax rules that might cause its multinational companies to bear a higher effective tax burden in foreign markets than the multinational companies of other countries. To implement this principle fully, residence countries would need to exempt all foreign-source income from domestic tax.

Although no consensus has been reached among tax analysts on the proper balance between these principles in the design of international tax rules, most countries have adopted international tax rules that contain some features consistent with capital export neutrality. For example, most countries tax resident individuals on their worldwide income. Nevertheless, other features are consistent with capital import neutrality. For example, most countries do not tax foreign-source income earned by foreign corporations controlled by residents except in special circumstances.

Generally, it is unwise for small capital-importing countries to adhere strictly to a policy of capital export neutrality to achieve the most efficient worldwide allocation of resources when that country has a negligible impact on global capital markets, while other countries adopt a more relaxed international tax policy position. In setting its international tax policies, a country must take account of the policies adopted by other countries, particularly its major trading partners, and (especially if it is a capital-importing country) the countries competing for the capital investment that it seeks. Therefore, the objectives of international tax policy may well conflict, in which case, a government must decide which objectives shall be predominant in the light of the broader social and economic aims that it is trying to achieve for its citizens.

However, some countries may not have this freedom as the European Union imposes directives upon its 27 individual Member States, which govern, inter alia, how certain transactions between taxable subjects of one Member State and taxable subjects of another Member State have to be treated for tax purposes. For example, the Sixth Directive establishes rules about the imposition of value added tax on cross-border transactions between Member States. Similarly, the Parent-Subsidiary Directive and the Savings Directive specify rules about the imposition (or non-imposition) of income tax on cross-border transactions (of the types addressed in the directives) between Member States.

6.2.4 Other Considerations

As far as the planning of domestic tax policy is concerned, the above international tax policy objectives are formulated within the context of attempting to minimize compliance and administrative costs. In other words, a government that wishes to adopt sound international tax policies will try to ensure that taxpayer's compliance and the tax authority's administrative costs are minimized once the policy is operational. Compliance costs represent a dead-weight loss (costs to the economy arising from the imposition of a tax). Different international tax policies will have different levels of dead-weight loss. For example, international taxation of foreign-sourced income on an accrual basis, which distinguishes between black, white, and gray list countries, will impose greater compliance costs and administrative costs than a policy that does not require such differentiation or a simpler policy that merely exempts foreign-sourced income from the tax base of an investor's country.

In addition, it is generally desirable for a country's international tax policies to be compatible with those of other countries. In a globalized world, where capital freely flows between most countries, a sensible government would not want to impose significantly harsher international tax policies on people investing in its country than those implemented by other countries, which would most likely result in an outflow of resources from that country. Furthermore, where a country's international tax policies are not compatible with those of other countries, arbitrage opportunities are created whereby tax planners can arrange international transactions to take advantage of the asymmetric international tax regimes to the detriment of the tax base of at least one of the countries through which the transactions take place.

6.3 Double Taxation

Some countries tax their citizens or residents on their worldwide income. Others tax only income sourced in their own state. Furthermore, others use a combination of these approaches. As a result, it is quite possible (and, in fact, it is rather common) that taxpayers engaging in cross-border transactions are taxed more than once (usually twice) on the same amount of income. This phenomenon is known as "double taxation." Double taxation can take different forms, but regardless of the form it inhibits economic activity. Therefore, international tax policymakers have designed ways to try to ensure that income derived by a taxpayer is ultimately taxed only once.

Technically, "international double taxation" has been defined as the imposition of comparable income taxes by two or more sovereign countries on the same item of income (including capital gains) in the hands of the same taxable person and for the same taxable period. The juridical or legal definition of international double taxation is a very narrow one, excluding from its scope much of what commentators frequently refer to as double taxation. It identifies what many commentators consider to be the necessary ingredients of international double taxation. Even so, it is not always easy to determine whether double taxation exists under this definition in a particular case. For example, questions may arise as to whether the taxes levied by the two countries are comparable or whether the items of income subject to tax are the same.

International double taxation should be distinguished from internal or domestic double taxation. Domestic double taxation may arise, for example, with respect to income earned by a corporation and distributed to its domestic shareholders under the so-called classical method of corporate taxation. It may also arise when tax is imposed on the income of a person by both the central government of a country and one or more of its political subdivisions. Double taxation by national and subnational governments is not necessarily objectionable. Indeed, when the levels of taxation are properly regulated to avoid excessive tax burdens, such double taxation may be an inevitable feature of fiscal federalism.

Furthermore, the legal definition of international double taxation should be distinguished from the broader economic concept of double taxation. Under the latter definition, double taxation occurs whenever there is multiple taxation of the same item of economic income. Under the legal definition, taxation of a subsidiary company by one country and the taxation of the parent company on a dividend from that subsidiary by another country is not international double taxation because the two companies are separate legal entities. In the economic sense, however, the parent and the subsidiary constitute a single enterprise. Economic but not legal double taxation also may arise when income is taxed to a partnership and to the partners or when it is taxed to a trust and to the beneficiaries of the trust.

The methods for relieving international double taxation use both the legal and the economic definition of double taxation. Double taxation relief sometimes extends to taxes paid by foreign subsidiaries and other foreign affiliates, as dictated by the economic definition. In most other contexts, however, the legal definition predominates. The reason is that the economic definition is exceedingly broad and difficult to specify with the precision needed for the tax laws purpose(s). For example, some economic double taxation occurs when income is taxed as earned and again as consumed. Yet no country is prepared to extend double taxation relief to sales taxes or other consumption taxes. Similarly, countries are not prepared to grant relief from the economic double taxation resulting from the imposition of both an income tax and an estate or wealth tax.

6.4 Sources of Conflict

Most countries tax on the basis of both the residence status of the taxpayer and the source of income. Consequently, both the country of source and the country of residence absent relief provisions designed to prevent double taxation may tax foreign-source income earned by a resident of a country. If income tax rates are low, as they were in the early years of the twentieth century, the inefficiencies and unfairness caused by double taxation are modest enough to be bearable. However, when tax rates reach the levels currently prevailing, double-tax burdens can become onerous and interfere substantially with international commerce. Therefore, the necessity for relief is clear on grounds of equity and economic policy.

6.4.1 Tax Jurisdictions

Before exploring the different types of double taxation, it will first be necessary to examine the types of tax jurisdictions that can become entangled. In the context of taxation of cross-border economic activity, a government is broadly concerned about two things: (a) the activities of residents of other countries in its country and (b) the activities of its residents in foreign countries. These two aspects give rise to the two fundamental platforms of a country's international tax law, commonly known as the (a) *source jurisdiction of taxation* and (b) *residence jurisdiction of taxation*.

6.4.2 Source Jurisdiction

The source jurisdiction of taxation means that a country taxes nonresident individuals and corporations on income generated domestically. In principle, this system of taxation captures income derived by the nonresidents from the sale or use of goods, services, capital, or other resources in the country where these business activities are being undertaken.

Simply put, the reason behind taxation of an income that has a source in a particular country stems from the benefit theory of taxation. A country taxes income of which it is the source because of an evident nexus between it and the income-generating activities. There is an identifiable and tangible connection between the country and the income-earning activity. In other words, the country will tax income arising or having a source within its jurisdiction if it has provided public goods (e.g., roads and other infrastructure, police and military protection, the form and administration of the legal system, etc.) for the benefit of the nonresident taxpayers to enable the taxpayer to undertake its economic activity, which generated the income. In this respect, the tax imposed can be regarded as a contribution towards the cost of those public goods.

Therefore, the benefit theory's rationale behind the source basis of taxation implies that the nonresident taxpayer needs to have some sort of presence in the country of business activities in order to be able to take advantage of the public goods and services offered by the government. This logic explains why, in principle, DTAs require a nonresident business taxpayer to have a "permanent establishment" in such a country before it may impose tax on the nonresident's business income derived in that country. It hence follows that a nonresident merely exporting goods or services from overseas to that country is not liable to be taxed there on income from those export sales (notwithstanding that the income is derived from that country) because the simple exporting of goods or services by a nonresident to that country does not involve any presence there of the nonresident exporter. Thus, as the foreign exporter obtains no benefit of that country's public goods and services, no contribution to the cost of its public goods and services issues.

A similar conclusion can be reached by reference to the "doctrine of economic allegiance," which considers that in an international development "...a part of the total sum paid according to the ability of a person ought to reach the competing authorities according to his economic interest under each authority." One element of the doctrine of allegiance then is to look to where the income or wealth is produced in a physical or economic sense, in other words, to ascertain the origin of the income or wealth produced.

6.4.3 Residence Jurisdiction

The residence jurisdiction involves the taxation of a country's resident individuals and corporations on income arising in foreign countries (and also in the country itself), i.e. on the taxpayer's worldwide income. This encompasses income derived by the resident from the sale or use of goods, services, capital, or other resources to, or in, other countries. Again, applying the benefit theory of taxation, income is taxed because of a nexus between a country and the person (not the activity) that earns the income. The resident taxpayer is taxed on his worldwide income because (a) the taxpayer draws the benefit of the government's public goods and services to facilitate the economic activity that produces his income from all sources (both within and outside the country of residence) and (b) the resident taxpayer typically obtains a greater level of public goods and services from the government than a nonresident taxpayer does, e.g. public education and social welfare benefits. Over a longer term, at least some of those public goods and services have put the resident (natural person) taxpayer in a position to earn his or her worldwide income, and therefore it seems reasonable to provide a greater contribution towards the government's costs.

6.5 Types of Double Taxation

International double taxation can arise from a variety of causes. The following three types of double taxation arise from conflicts over tax jurisdiction.

6.5.1 Source–Source Conflicts

Two or more countries assert the right to tax the same income of a taxpayer because they all claim the income was sourced in their country.

6.5.2 Residence–Residence Conflicts

Two or more countries assert the right to tax the same income of a taxpayer because they claim the taxpayer is a resident of their country. A taxpayer that is a resident of two countries is commonly referred to as a "dual-resident taxpayer."

6.5.3 Residence–Source Conflicts

One country asserts the right to tax foreign-source income of a taxpayer because the taxpayer is a resident of that country, and another country asserts the right to tax the same income because the source of the income is in that country.

International double taxation can also occur due to differences in the way countries define income and in the timing and tax accounting rules they adopt. International double taxation also may occur due to disputes among countries over how to set a proper arm's-length price on cross-border transactions between related parties. Other rules adopted to curtail tax avoidance can also produce double taxation. For example, if one country denies the deduction of interest paid by a resident corporation to a shareholder in another country pursuant to thin capitalization rules, the amount may be taxable in both countries.

Tax treaties typically provide relief from the three major types of international double taxation and from some of the other types as well. Double taxation resulting from source–source conflicts is addressed by seeking some uniformity in source rules. For example, Article 11 (5) of the OECD Model Treaty provides rules concerning the source of interest income. However, most tax treaties do not contain extensive source rules. Instances of the source–source type of double taxation that are not resolved by the specific provisions of a treaty may be resolved through consultation between tax officials of the two treaty countries (the "competent authorities") under the treaty's mutual agreement procedures. Resolution of such issues is not easy, however, because the competent authorities of most countries are reluctant to bargain away their country's source jurisdiction.

Individual taxpayers almost always obtain relief from international double taxation resulting from residence–residence conflicts through tax treaties. Many residence–residence conflicts involving legal entities are also resolved by treaty. Article 4 (2) of the OECD Model Treaty provides a series of "tie-breaker" rules to resolve cases in which an individual is a resident in both countries. The question of dual residence of a legal entity is resolved under the OECD Model Treaty by deeming the entity to be a resident in the country where the place of effective management is located. Countries using the place-of-incorporation test for determining the residence of a corporation usually modify this tiebreaker rule. The mutual agreement procedure is sometimes used to deal with dual-residence cases that are not resolved explicitly in the treaty.

Of these three types of international double taxation, residence–source conflicts are the most likely to occur if measures to relieve double taxation are not put into force. Residence–source conflicts are very difficult for a taxpayer to avoid through tax planning. To some degree, taxpayers can minimize their exposure to the other types of double taxation through careful tax planning. Most of the attempts of the international tax community to deal with international double taxation have focused on the elimination of residence–source conflicts. The residence country ordinarily grants relief from double taxation resulting from the imposition of tax by a residence country and a source country on the same income. In other words, the source country's right to tax has priority over the residence country's right.

6.6 Tax Treaty Models

Countries, as developed by international organizations, generally use double tax treaty models as a basis for negotiations of their bilateral tax treaties. The two models most widely recognized as part of the continuing international efforts aimed at eliminating double taxation are (1) the United Nations Model: Double Taxation Convention between Developed and Developing Countries and (2) the OECD Model: Tax Convention on Income and on Capital. These models formed the basis for most of the several thousand tax treaties currently in force, thus providing a profound influence on international tax treaty practice. The similarities between these two leading models reflect the importance of achieving consistency where possible. On the other hand, the divergences between them reflect the different membership and priorities of the two organizations. The key differences relate, in particular, to the issue as to what extent a country should forego, under bilateral tax treaties, taxing rights, which would be otherwise available to it under domestic law, with a view to avoiding double taxation and encouraging investments.

In general terms, the UN Model tends to preserve a greater share of taxing rights for the source country, which is the country where investment or other activity takes place. The OECD Model, on the other hand, favors retention of a greater share of taxing rights by the residence country, which is the country of the investor or trader. Thus, the UN Model would normally allow developing countries more taxing rights on income generated by foreign investments in these countries. This has long been regarded as an issue of particular importance for developing countries in view of their development goals. Nevertheless, it is also a position that some developed countries seek in their bilateral tax treaties.

6.6.1 The Organization for Economic Cooperation and Development (OECD) Model

The Organization for Economic Cooperation and Development (OECD) is an international economic organization of 34 countries founded in 1961 to stimulate economic progress and world trade. It is a forum of countries committed to democracy and the market economy, providing a platform to compare policy experiences, seeking answers to common problems, identifying good practices, and coordinating domestic and international policies of its members.

The OECD defines itself as a "forum of countries committed to democracy and the market economy; providing a setting to compare policy experiences, seek answers to common problems, identify good practices, and coordinate domestic and international policies." Its mandate covers economic, environmental, and social issues. It acts by peer pressure to improve policy and implement "soft law"—nonbinding instruments that can occasionally lead to binding treaties. In this work, the OECD cooperates with businesses, trade unions, and other representatives of civil society. Collaboration at the OECD regarding taxation, for example, has fostered the growth of a global web of bilateral tax treaties.

The OECD published and updates a model tax convention that serves as a template for bilateral negotiations regarding tax coordination and cooperation. This model is accompanied by a set of commentaries that reflect OECD level interpretation of the content of the model convention provisions. In general, this model allocates the primary right to tax to the country from which capital investment originates (i.e., the home or resident country) rather than the country in which the investment is made (the host or source country). As a result, it is most effective as between two countries with reciprocal investment flows, such as among the OECD member countries, but can be very unbalanced when one of the signatory countries is economically weaker than the other (such as between OECD and non-OECD parties).

Since 1998, the OECD has led a charge against harmful tax practices, mainly targeting the activities of tax havens (while principally accepting the policies of its member countries, which would tend to encourage tax competition). These efforts have been met with mixed reactions: the primary objection is the consideration of tax policy as a matter of sovereign entitlement. The OECD maintains a "blacklist" of countries it considers uncooperative in the drive for transparency of tax affairs and the effective exchange of information, officially called "The List of Uncooperative Tax Havens." In May 2009, all remaining countries were removed from the list.

In an OECD meeting in Paris (October 22, 2008), 17 countries led by France and Germany decided to draw up a new blacklist of tax havens. The OECD has been asked to investigate around 40 new tax havens in the world where undeclared revenue is hidden and that host many of the nonregulated hedge funds that have come under fire during the 2008 financial crisis. Germany, France, and other countries called on the OECD to specifically add Switzerland to a blacklist of countries that encourage tax fraud. China treaties generally follow the OECD model.

6.6.2 The United Nations (UN) Model

The UN Model aims at both encouraging investments and increasing public revenues for sustainable development. To this end, it seeks a compromise between the so-called source taxation (i.e., taxation in the host country of the investment) and the so-called residence taxation (i.e., taxation in the home country of the investor). However, compared to other leading international double tax treaty models, the UN Model gives more weight to source taxation, thus protecting the specific interest of developing countries to retain a greater share of taxing rights over the income sourced in those countries so that the proceeds can be used to meet development needs. However, the provisions of the UN Model take into consideration the fact that taxation in the source country should not be too high in order not to discourage investment and recognize the appropriateness of the sharing of revenue with the country providing the capital. For instance, unlike other leading international tax treaty models that allocate taxing rights over royalties only to the country of residence of the recipient, the UN Model provides that royalties may also be taxed in the country where they originate to a maximum percentage negotiated in the bilateral tax treaty. The country of residence of the recipient is also allowed to tax the royalties but needs to deduct the amount already paid in the other country. There is an obligation in the UN Model that the country of residence of the recipient grant double taxation relief for taxes paid in the country where the royalties originate.

Tax treaties based on the UN Model, therefore, play a key role in preventing double taxation over cross-border income, thus promoting international investments, trade, and transfer of technology. By the same token, they also retain appropriate shares of taxing rights over income sourced in developing countries in support of achieving their development goals.

Recently reaching a milestone in its ongoing efforts to enhance international tax cooperation, the United Nations encourages international investments for development. An updated version of the United Nations Model: Double Taxation Convention between Developed and Developing Countries was adopted in 2011. It culminates the work carried out by the UN Committee of Experts on International Cooperation in Tax Matters for over more than a decade since the last revision of the UN Model in 1999 (which was published in 2001). The main objective of this revision of the UN Model has been to take into account recent developments in the area of international tax policies of both developing and developed countries. Moreover, the updated UN Model further clarifies and improves the operation of its provisions aimed to prevent double taxation over income from cross-border investments and activities and also offers improved explanations to help countries make their own decisions on these important issues of tax policy and practice.