Fair taxation, tax transparency and disclosure rules

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Fair taxation, tax transparency and disclosure rules

THEME V:

KRISTINA JONÄLL
SUSANNE ARVIDSSON
Speakers and moderator in the theme

INVITED SPEAKERS:
HANS GRIBNAU, Professor of Tax Law at Tilburg University. Gribnau specializes in formal tax law, fiscal ethics, quality of fiscal regulations and legal principles in tax law. He will focus his presentation on good tax governance and transparency.

AXEL HILLING, Associate Professor of Business Law at Lund University. His research is focused on the challenges of analyzing law that allows aggressive tax planning. He will focus is presentation on Ethics taxation.

TOMAS ALGOTSSON, Head of Unit at the Swedish Tax Agency’s Legal Department. He will focus his presentation on disclosure rules and transparency.

ROGER PERSSON ÖSTERMAN, Professor of Law at Stockholm university. His research covers corporate tax law and EU tax law. He will focus his presentation on reflecting on academic perspectives related to corporate taxation from a sustainable business perspective.

YVONNE BERTLIN, CFO at Astra Zeneca. She will focus her presentation on transparency and taxation.

BJÖRN NORDGREN, Former Nordic Tax Director at GE. He will focus his presentation on fair taxation.

INVITED MODERATOR:
INGRID MELBI, Partner tax services PwC. She works with national and international business taxation at PwC in Stockholm with a special focus on private equity.
Summary of the presentations

HANS GRIIBNAU: (Keynote address) Good tax governance and transparency

Gribnau concluded from the earlier themes, that we can be compliant with the law and the legal rules and still not act morally responsibly. This difference between legality and morality is exactly what the actual debate about sustainable tax is about. The Panama and the Paradise Papers show how important tax issues are, but they also show that somehow, the tax world became disconnected from the real world. The tax system is very complex, with many different national domestic tax systems. A challenge is that this opens the way to interpretations in the tax-planning process. As a company, you cannot comply with all the different tax laws, but you can select the laws that you want to comply with. In the end, you can be very compliant but at the same time you can end up paying no taxes, which we view as not acting morally.

Gribnau stated that corporate social responsibility (CSR) is an important overlay between moral/ethics on the one hand and tax laws on the other hand. He emphasized that the problem is that tax laws are lagging behind developments in society. They are simply out of date, maybe as much as 10 years. Nevertheless, there is an idea of greening the tax system. One example is nudging. Interventionist elements to stimulate a better environment can be seen, for example, in the different kinds of environmental car premiums. However, owning a tax-subsidized hybrid car does not necessarily mean that the car is charged with environmentally friendly electricity, especially if the gasoline is being for by the employers. Hence, the subsidy becomes an interventionistic stimulus that is used but does not lead to the preferred outcome of the legislation.

To show how tax relates to CSR, Gribnau highlighted the pyramid of CSR (Carroll, 1991). The company has obligations towards society. These obligations can be economic, legal, ethical and/or philanthropic. Gribnau continued on this line of reasoning by discussing the place of taxes in this CSR pyramid. Most importantly, he argued, tax is a moral phenomenon, but taxes are also heavily regulated. Many rules open up for interpretations that will leave individuals or firms with a choice to pay more or less taxes. This means that you will contribute more or less to society, thus making tax into a moral phenomenon. Taking it one step further, Gribnau argued, there is an obligation to pay taxes. It is a democratic obligation, which is established by the parliament and viewed as an obligation towards society. This obligation requires MNCs to consider how they structure their tax governance. Gribnau argued that in order to achieve good tax governance, companies have to account for their
tax planning strategies and their actual behavior. Thus, they need to be transparent in relation to their tax conduct. Hence, tax is not only a legal concept.

Gribnau highlighted the following issues tax professionals should reflect upon.

- Tax is a central moral phenomenon of our civilisation. Without taxes there is no society, no economy, no state, no market, nothing. Normally, we forget about all this.
- By paying taxes you enable the state to sustain society, and the tax burden is distributed between everyone who pays. The money paid by taxes will be spent between people in our social welfare systems. Thus, behind the tax system lies an overarching idea of solidarity.
- With taxes, the state can promote the well-being of citizens, it can promote positive liberty because there is also this idea of negative liberty (it takes money from you). On the other hand, you receive goods such as education, hospitals, infrastructure, protection of property, legal system, etc. Without a legal system, there is no market, because you would not trust enough to trade.
- The obligation to contribute to society and the system.

Gribnau argued that there is a push towards governance and transparency. One reason is that transparency promotes trust. If you have information, you can exercise power. You can differentiate between two kinds of transparency. One towards tax authorities due to legal obligations. You have to be transparent with earnings, turnover, profit and so on in order to determine how much tax you should pay. The other is transparency to the general public, towards the market, consumers, suppliers, etc. Transparency helps the general public to understand what multinationals are actually doing when they are engaging in tax paying.

Transparency can be a difficult process because companies can publish what they want us to see at the same time as they hide other information. An overload of information also makes it difficult for stakeholders to understand what is really going on. Companies who tick the information boxes are different from those who take transparency more seriously. Gribnau ended his presentation by stating that only when transparency becomes a task for the entire company and only when information is integrated into the company, will you obtain better output. Not just box ticking. This is what differentiates companies that actually work with transparency from those that are mere box tickers. This is a challenge to focus on!

**AXEL HILLING: Ethics and corporate taxation**

Hilling started by claiming that most societies seek prosperity, and prosperity is often equated with economic growth. The market economy is a good economic model of how to create economic growth. Unfortunately, the model also has potential negative effects on society, such as social and economic injustice or environmental
issues. A government that chooses to use this economic model to create prosperity for society has to take responsibility not only for the model to make prosperity but also for its negative effects. Tax regulation is a way for the government to take responsibility for society.

Hilling highlighted three general or basic functions of the tax system: raising revenue, regulating social and economic behaviours and redistributing wealth and income within society. He continued by explaining that there are also two underlying principles:

- **The benefit principle** means that most governments try to make the tax system fair; in an international context, they also try to design a system that makes it possible to tax the income where it originates.
- **The single tax principle**, which from an international perspective tries to make sure that the income is normally taxed only once.

Still, tax laws are imperfect, Hilling concluded. This means that regulation entails several difficulties. In many situations, tax regulations need to be interpreted, a point also mentioned by Gribnau his is keynote address. This interpretation exercise is a challenge.

The constitutional rule of law, protects the taxpayer from unfair treatment by the taxation authorities. However, it is ironic that the rule of law cannot be used for tax planning, as means on which to base legal argumentation in order to circumvent legislative intent. By defining the rule of law with reference to the strict adherence to a literal interpretation of the code, Hilling meant that tax planners find it possible to use the letter of the law to defeat the laws underlying policy rules. What we have, Hilling argued, is an imperfect system.

Ethics is something that most scholars know is imperative with any business conduct. Ethics is about how to behave as a human being. According to Hilling, there are three different kinds of ethics; deontology, teleology and virtue. Taken together, an ethical person respects the rights of others, takes responsibility for the consequences of their actions and behaves with integrity.

Hilling argued that, the purpose of a business is to earn as much money as possible while at the same time complying with the fundamental rules of society. These rules lie within the law, but they are also embedded in ethical practices. Hence, you should make money and create shareholder value but you have to do it in an ethical way. If we merge imperfect tax legislation with ethics, this means that an imperfect legislation must be interpreted in an ethical and honest way. Hilling emphasized that if you apply tax legislation and it turns out that you do not have to pay any tax, then
you probably did not interpret it in an honest way. You instead interpreted the law in a self-serving way. This is not ethical.

Tax legislation is not only imperfect, Hilling argued. He stressed that we can also agree that it is very old-fashioned. The benefit principle and the single tax principle, the two pillars of the international tax regime, both stem from the 1920s. This is almost 100 years ago. Globalization, technological advances and other societal developments pose a challenge to the tax system. Hilling closed his presentation by emphasizing that the world today looks different. Relying on a tax system based on old principles can become a severe problem with a challenging agenda in the years to come.

**TOMAS ALGOTSSON: Disclosure rules and transparency**

Algotsson started his presentation by discussing the basis of the tax system. If a tax system is to work efficiently, he argued, we have to have confidence that most taxpayers pay what they should. On the other hand, if taxpayers have trust in the system, they also willingly pay their taxes. If they doubt the system and believe that all taxpayers do not pay their share, this will result in losses in the tax system and the government’s revenues will drop. With this opening, Algotsson sought to highlight the importance of trust in the tax system. Building trust is a challenge. He continued by explaining that in his daily work, he works with building trust in the tax system so that revenues will increase. At the same time, there is both a complex reality and complex rules that are hard to interpret in a good way. Complicated and complex rules can lead to tax planning, tax avoidance and tax evasion. Tax planning is the legal way of diminishing taxes. Tax avoidance, is a greyer area. You do not know if it is OK with the legal system or if it is not, so you take a risk or chance to approach your tax obligations in terms of avoidance strategies. Tax evasion is when you deliberately break the rules.

Algotsson emphasized that the Swedish Tax Agency is constantly working to promote and build trust. He admitted that this is a challenging task. In this work, Algotsson highlighted different kinds of tools, each with their own kind of effectiveness: providing information, encouraging companies to have tax strategies, requesting better rules, performing investigations and audits, engaging in international information exchange and receiving information from tax advisors. When it comes to information, there is much legal guidance available. The focus here is on clarifying complex rules and on providing information about decisions made. Furthermore, Algotsson explained that the Swedish Tax Agency replies to individual questions from taxpayers and that there also is a possibility to apply for a specific ruling from the Swedish Board of Advance Tax Rulings.
The Swedish Tax Agency also encourages companies to formulate tax strategies. Algotsson emphasized that the focus here is not on promoting a specific strategy but on stimulating management teams and board members to take tax planning into consideration.

Algotsson then emphasized their role in promoting better rules. During audits and when the agency meets stakeholders, they often notice operations that are not working well or are working in a way that is harmful to the tax system. Algotsson explained that they then request changes from the Ministry of Finance regarding unclear or harmful rules and ask to have the law changed if it possible. Developing better rules is important in the effort to build trust in the tax system.

The Swedish Tax Agency also performs investigations and audits to clarify issues and to make decisions on whether certain taxes should be paid or not. Many of these actions concern international transactions that are often complex and which require international cooperation with tax agencies in other countries. International tax planning is a connected area. Such planning could be revenues that are shifted to countries with lower taxes. This means that the tax base leaves the country, and there will perhaps be no tax at all. It could also be the case that deductions are taken for the same transaction in two countries. This, Algotsson explained, also diminishes the tax base.

To solve the international tax planning issue and to achieve more efficient taxation, Algotsson emphasized the need to exchanging information between countries. This can take place in the form of automatic exchange of information that goes directly to different countries. It can also take the form of exchange of information upon request, exchange of transfer pricing information or country by country reporting. Exchange of rulings between countries are other forms of information sharing.

The last ‘tool’ that Algotsson brought up, is that the tax agency receives information about tax planning arrangements from tax advisors. Discussion is ongoing, and the EU draft of mandatory disclosure rules was presented in summer 2017. This draft, Algotsson explained, is about what tax advisors should inform and report to tax agencies in connection with various arrangements regarding tax planning. With this information, tax authorities can request changes in the laws and thereby obtain a higher quality in application of tax rules. This, Algotsson argued, will result in a faster and more effective legislation with higher legal certainty.

Not only in Sweden but also in other countries, the landscape for tax planning is changing. Most challenges are about what should be reported. According to Algotsson, EU has mentioned that there have to be sanctions, and maybe these should be different for different countries. Hopefully, this will lead to the correct information and also the proper amount of information being reported. The trend towards transparency is very clear. Algotsson closed his presentation by claiming that transparency
leads to efficient taxation, and efficient taxation builds trust. Conversely, trust is very important for ascertaining whether the tax system is operating as it should.

ROGER PERSSON ÖSTERMAN: Rule of law on corporate taxation from a sustainable business perspective

Persson Österman opened his presentation by emphasizing that paying tax is a legal obligation. You have to pay tax, and if you do not, there are various sanctions. From the perspective of political science, Persson Österman argued that you can assume that individuals accept paying their tax because they can see that they have some benefits from society by doing so. There are, however, some conditions that are important to highlight. Here he related to the rule of law condition, also discussed by Algotsson. This creates the level playing field where you can be sure that you do not pay more tax than someone else in the same situation. In this respect, trust is also an important condition.

He then went on to discuss tax by the rule of law condition in more detail, raising the question, ‘Why is law good for me?’ He argued that in Sweden and many other countries, we have a democratic process where the content of laws and policies are decided by government, and conflicts are resolved by the courts. He then introduced the idea of ‘the Law governs’, stressing that we are equal under the law; this is what creates the level playing field. Decisions are made on an objective and predictable basis. The judge and the tax official are not using their own individual notions of what is good and bad, right or wrong. Instead, they look at the text of the law to find out who should pay tax. According to Persson Österman, we can hopefully avoid arbitrary outcomes when we use the law as the instrument for decision-making. As a taxpayer, you have the right to appeal to an independent and impartial judiciary, namely the court of law. If you are not satisfied with a decision, you can appeal and obtain another opinion on a decision. Social science research has pointed out how important it is for individuals and companies to have the possibility to present their case if they think they have been mistreated. On the other hand, he argued, legislation is good because you are accountable and you must respect the legislation. Otherwise you will be subject to various sanctions.

Persson Österman argued that the main problem with social and ethical norms is that of identifying who decides and who produces the norms. The parliament does not produce social and ethical norms. There is no tax administration who decides their content, and no courts can administer or construct these norms. If you perceive some unfair treatment, Persson Österman emphasized that it is hard to seek redress. This is simply because no court can put forward your case. However, Persson Österman highlighted that there exists some degree of self-regulation via NGOs. Internal regulation via tax policies also exists, but there are also some problems in this area, Here Persson Österman pointed out that media also contributes in this area.
because most companies do not want to be exposed in the media as morally remiss in terms of their tax paying. The risk of damaging their corporate reputation is often sufficient.

Persson Österman continued to discuss other constraints and boundaries. First, he highlighted that management teams and board members are bound by the corporate law. Stakeholders often have conflicting expectations when it comes to how they want a company to act in a specific tax-paying situation. Employees, shareholders and consumers do not share the same level of expectations. The CEO of a company presumably has some core belief about the essence of doing business and generating profits; this is also a boundary which cannot be crossed. Persson Österman also highlighted that there might be a cost/benefit boundary. He also emphasized that he likes the idea of a true ethical motivation entering into the tax context. Unfortunately, he stressed, external pressures might be a more important factor underlying ethical corporate behaviour than the pure intrinsic one. Nor must we forget that the effort to maintain a positive corporate reputation might promote ethical behaviour.

YVONNE BERTLIN: Transparency and taxation

Bertlin began her presentation by briefly presenting Astra Zeneca in numbers. She explained how Astra Zeneca works with sustainability issues and that transparency and taxation are important considerations in their sustainability work. She then highlighted the OECD’s project for Base Erosion and Profit Shifting (BEPS). Bertlin emphasised that Astra Zeneca supports the BEPS project as a means of realigning taxation with economic substance and value creation. This effort is focused on putting a stop to artificial tax planning. Astra Zeneca has developed a public tax policy. In short, the policy states that when the company makes tax decisions, they should do so in accordance with the shareholders’ expectations in terms of both financial and reputational aspects. She also highlighted other transparency measures, such as the ongoing process of preparing their country-by-country report that will be filed in the UK head office. If the tax authorities want more information, other initiatives are also available. The company has a master file and a local file of tax information that is accessible to the authorities.

Bertlin argued that with the changing tax landscape, companies face more challenges. The downside of the country-by-country report going to the tax authorities is that there will probably be many more questions raised by audit. Bertling also expected that there will be an increased risk of double taxation. An increased number of enquiries into transfer pricing is also an issue. Bertlin said that we have talked a lot today about greedy taxpayers, but tax authorities and governments all around the world are really competing about getting their fair share of the companies’ taxes (and they often want to have more). According to Bertling, companies are often
forced to pay not only 100 per cent of their profit in tax but sometimes even more. Bertling highlighted that there is a need for governments to put in place effective dispute-resolution mechanisms that make it possible to obtain support in advanced pricing agreements and mutual agreements in which countries can decide how to share the double taxation. According to Bertlin, this related to the UN’s Sustainable Development Goal (SDG) no. 17 ‘Partnership for the goals’. In the future, we would like to see greater collaboration between the OECD, EU and UN on international tax matters.

BJÖRN NORDGREN: Fair taxation

Nordgren began his presentation by raising some questions: Who sets the norms and to whom should the norm apply? Are there differences between norms on a global scale and on a national scale? Talking about fair taxation - who determines what is fair?

He continued by reiterating that society has an obligation towards people living in the society. Then he raised yet another question: Are societies really homogeneous? Some countries apply 12.5 percent tax, other 35 percent tax. If a global company operates in several countries, which society is the important one? Should it be an issue of taking the average tax for the entire operation, or what percentage should the company apply? Companies always have the option to choose where they place their investments. What should drive this decision? What happens if the norm changes? Over time, we know that norms change as the government’s spending increases. Is the fairness measured in terms of dollars, is it measured in terms of percentage or even in calculation of the tax bases? There are more questions than answers, Nordgren concluded. These are some of the challenges posed by fair taxation.

To give perspective on how a company can view an investment and the effect of taxes, Nordgren presented an example. For a company, the taxes will affect a firm’s cost of capital, and the cost of capital will decide whether the company will make an investment. If it makes an investment today, the company will live from that investment for 10 or 20 years hence. It is important to know today what is the cost and what is the return on this investment. In this analysis, Nordgren underscored, taxes play a central role.

Imagine that we have a market and a company that makes an investment in a factory. It will sell goods on this market. The company will have a profit of 100 and will be taxed at 20 per cent because it is placed in country A, in which the corporate income tax rate is 20 percent. Then the company discovers that there is an additional market of exactly the same size in another country. The company can serve the new market from country A in which they have the factory. Then the company will
increase its profit to 200 from country A and continue to pay tax in country A at the 20 percent rate, but now out of the 200 profit. This means that the company pays 40 in tax (0.2x200).

The company identifies that there is an additional market in country B. It needs to have some kind of establishment in country B in order to be able to increase the market. The company needs some kind of a taxable presence in country B, and all of a sudden, their profit rises to 300. The country A's part of the profit is 100. The remaining 200 derives from country B. In country B, the tax rate happens to be 30 per cent, so the company has increased their profit, but their tax rate has also increased because it is now operating in the 30 per cent tax rate regime. The combined average tax rate for the company is now 27 per cent.

Nordgren now added some new information to the example: The company starts to develop a business, which will dramatically change their operation. They have developed a 3D printing device that they can put in the new market. Instead of having regional sales and warehousing, they can now put the printer wherever they serve the market and work from there. In doing so, the company has increased its profit dramatically because it can serve the market at a lower cost. In country A, their sales will still be taxed at 20 per cent. The sale that the company makes in country B will still be the same 200, as in our previous example. What is new is that the incremental profit of 300 will be taxed in the country where the company developed the device. This happens to be in a jurisdiction where the corporate income tax is 12.5 per cent, and this 12.5 per cent will be assessed on a 300 profit, resulting in a tax bill of 37.5. This gives a total tax bill of 117.5 (20 + 60 + 37.5). More importantly, Nordgren stressed, the company's average tax rate shrinks to 19.6 per cent. Thus, the aggregate tax rate is even lower than the tax rate in country A.

This example, Nordgren concluded, illustrates the challenges associated with tax paying. The key is that the business idea started in one jurisdiction, the main market is in the second jurisdiction and then we have the quantum leap that entirely changes your profitability in this existing flow or supply chain. So where is the fair tax? Nordgren asked. The difficulty or challenge, he stressed, lies in making a decision on an investment about where a company should put its R&D. How can it make sure that the norm does not change, or if it changes, what will be the tax impact on the operation?
Panel discussion and dialogue with the audience

At the end of the presentations, moderator Ingrid Melbi, as well as the audience, addressed several questions to the panel. The panel discussion focused on three issues: Who decides what is moral in a tax perspective? How should a company act ethically when related to taxes? What role does transparency play in dealing with these challenges?

Gribnau commented that all the speakers have shown that many companies struggle because of difficulties in how to make decisions about prerequisites for taxation and how changes in norms can affect corporate tax behaviour.

Nordgren was asked to elaborate on the example from his presentation. He did so by reflecting on a new example related to corporate income tax rates and corporate localisation. Here he pointed out that Ireland has a low corporate income tax rate, and years ago, the country’s educational level was modest. Since a lot of corporate investments were made on the basis of the Ireland’s 12.5 percent tax rate, the country has received increased tax revenues. This was then invested in the Irish educational system, and the educational level increased. Since many companies also moved to Ireland, the country became an attractive alternative for corporate location. This is not just because of low corporate tax rates but also due to other companies already being located there. As a MNC, you can choose where to locate your business. You do not put all your eggs in the same basket. You diversify by having at least two or three R&D centres in the world. This gives you a chance to decide where to put the investments.

To the question of what is moral, Hilling stated that there are no rules related to morality. Humans are always seeking out rules to lean on and use as an excuse for a behaviour, but ethical behaviour is self-explanatory. You have to stand up for what you are doing, and you have to act with integrity. No one else will tell you what to do in every situation. You have to do it as good as you can. Morality is what to do, ethics is how to behave.

According to Bertlin, morality depends on who you are asking. In a corporation, there are a lot of individuals. They may all have their own particular view of ethics and morality. The same is true of governments, taxpayers, tax authorities, etc. What she would like to know is what a society thinks fair taxation, ethics, and morality is. It should be very clear from the side of law. She claimed that those who do not care about morality are those who simply do not care about their reputation.
Persson Österman reflected upon the fact that legal structures and laws must be ethical in their construction. Otherwise, tax payers will not feel very obliged in an ethical sense. This is especially true if rules are strange or inconsistent. He illustrated this inconsistency with an example. If a company pays money for climate compensation, which is a very good thing to do, they cannot deduct this because the legal norm says that it is a non-commercial gift. This is an imperfect system, which might prevent companies from acting ethically in a tax context. This example illustrates the difficulties of linking morality and ethics with corporate tax behaviour.

Melbi agreed that a number of tax laws are complex. A tax advisor can advise you about how to interpret a specific rule, but the advisor will most likely conclude that it depends on this or that factor or condition. Ethics and morality are perspectives that need to be included into the interpretation. Hilling added that this is actually what the law says; it is about how you interpret the law in hard cases. You have to act ethically when interpreting the legislation. If you know what legislation is about and what the legislator wants to achieve, then legislation could be your ethical guide.

Nordgren raised the question: if there is a conflict between two laws, how should you act? It is important that the law states the law. If companies are measured on moral or ethical parameters, these lie in another dimension. In its actions, a company has to be responsible for what it is doing, but the application of the law has to be as clear as possible. According to Nordgren, we cannot enter the arena of morally-based legislation, which is very difficult to apply and to predict. It is hard enough to interpret the law as being on the basis of jurisdictions. Hilling responded to this point, arguing that everyone would probably prefer a clear-cut regulation that is predictable. This would be good for everyone. According to Hilling, this is often not the case. If there are conflicting laws from different countries, which induce obstacles for corporate trade, Hilling argued, then the responsibilities rest on the countries involved to do something about it. Bertlin highlighted that she believes that this takes us back to the risks of double taxation. All countries are driven by their own tax authorities' spirit of the law. Hence, it is difficult for companies to follow the spirit of the law because it varies.

Algotsson stated that when the tax authority makes a decision, it starts with the law. Equal cases have to be treated equally. If the tax authority involves interpretations of morality or ethics, there is a risk that equivalent cases will be treated differently. According to Algotsson, there is a great danger in engaging in such interpretations. Here Hilling added that it is possible to use wording as opportunities for making different understandings. A word can have different meanings, and if you have legislation that enables you to interpret it in a way that is in conflict with the legislation's intent, then you are using the rule of law to distort the legislation. This, Hilling argued, is when you should act ethically and interpret the law in a way that is more in line with one's ethical principles.
The discussion continued to address the level playing field issue. Hilling argued that if all companies know about a tax loophole, then everyone can use it. In a way, this creates a level playing field. If ninety-nine companies have carried out the same kind of tax optimisation operation, could you really instruct the hundredth company that ‘We do not think this is really ethical anymore.’ You simply must refrain from this. These kinds of considerations are hard to integrate into the system, and it creates a risk of unequal treatment. The answer, Hilling claimed, is to change the law. Algotsson argued just the opposite, since not everyone can use the loopholes. He argued that international tax planning is the big problem. All companies cannot conduct international tax planning, which means that it is an uneven playing field. If you can get away with not paying taxes by doing international tax planning then you are acting and taking advantage of your position, and you are getting a better position compared to others.

The panel discussion ended with a focus on tax transparency. Bertlin emphasized that companies prefer to discuss tax positions and tax returns with the tax authorities rather than to discuss it in the media. The country-by-country report is designed as high-level tool for use by the tax authorities so that they can react and discuss corporate tax activity, taxes and documentation. If these documents were made public, Bertling expected that there might be a risk, even if journalists in general were responsible and thoughtful. Some would be tempted to get headlines or generate as many clicks as possible on the web. Good tax news does not sell. Bad tax news, e.g. when someone could be viewed as having paid too little, is what makes headlines. Here Melbi added that the media could have a definition of tax evasion that is completely different from that of the tax authorities and simply not correct.
Summing up:
Challenges and future knowledge needs

In the last session, focused on the ‘Fair taxation, tax transparency and disclosure rules’, the presentations and panel discussion took place in the shadow of the Paradise Papers. Even the previous Panama papers was used to highlight how important tax issues are and what major challenges surround the tax system. It was stressed that there is a conflict between the legal rules that tax planners follow and the suspicions that the public has about those who ‘exploit’ the prevailing tax laws. It was discussed that this is related to poor knowledge of what distinguishes tax planning (legal), tax avoidance (gray zone) and tax evasion (illegal). The keynote speaker, Professor Hans Gribnau, said that CSR is an important bridge between morality/ethics and tax law. He emphasized that a company aspiring to be ethical and sustainable, seeking to gain stakeholder confidence, must not only adhere to the law but sometimes also go beyond the law in its compliance activities. This argument was not shared by all the speakers, however. Some were hesitant to link tax law with ethics. Here there was a call for more research. The question was also raised about who decides what is fair taxation.

It was agreed upon that in some respects, the tax system is both imperfect and dated. This was highlighted as a key challenge for the future. Several of the speakers emphasized that BEPS is a step in the right direction. From the Swedish Tax Agency, it was highlighted that transparency leads to effective taxation, which in turn leads to trust. The benefits of having a transparent tax policy were shared by all. A discussion was also held about the pros and cons of the forthcoming disclosure rules requiring tax consultant information on using tax planning strategies. In this regard, the speakers all agreed that there is a need for greater cooperation on international tax law between the OECD, the EU and the UN.
Suggestions for interdisciplinary projects

The key challenges and future knowledge-needs covered in this session call for different kinds of studies:

- Multidimensional studies on the meaning of the concept of *fair taxation*. Who decides what is fair? To what degree and how should changes in norms be reflected in the tax system/taxation?
- In-depth studies of *how* companies develop their tax policy. What affects this process and the final tax policy? What considerations does the company include in this developing process?
- Explorative studies on the meaning of responsible *tax behaviour* among companies in different country and industry contexts. These studies could also include a stakeholder focus (legislators, tax authorities, society).
- Studies focused on identifying the boundaries between tax planning, tax avoidance and tax evasion. These studies need to adopt both corporate and stakeholder perspectives (including stakeholders such as legislators, tax authorities, society).
- Studies on the relationship between transparency and effective tax legislation.
- Studies on the effects of country-by-country reporting.