The impact of Belgian tax policy on our preferred partners for development

Created by Datawrapper

Niels Bammens, Lynn De Smedt, Alexandra Fernandes, Jozef Pacolet & Simon Van Doorn

KU LEUVEN HIVA
RESEARCH INSTITUTE FOR WORK AND SOCIETY

KU LEUVEN
FACULTY OF LAW AND CRIMINOLOGY

Strength in numbers

RESEARCH INSTITUTE FOR
WORK AND SOCIETY

FACULTY OF LAW AND CRIMINOLOGY

Strength in numbers

THE IMPACT OF BELGIAN TAX POLICY ON OUR PREFERRED PARTNERS FOR DEVELOPMENT

Niels Bammens, Lynn De Smedt, Alexandra Fernandes,
Jozef Pacolet & Simon Van Doorn

Project management: Em. prof. dr. Jozef Pacolet & prof. dr. Niels Bammens

Research commissioned by 11.11.11

Abstract

11.11.11 commissioned HIVA and Faculty of Law of the Catholic University of Leuven to assess the impact of the Belgian tax treaties and Belgian domestic tax law on the potential tax avoidance in the relation between Belgium and its preferred partners countries for development. The report provides an up-to-date analysis of the Belgian tax system and its impact for the relations with the 14 partner countries, but also to further disentangle the economic concepts that are in vogue to describe the potential risk of tax avoidance such as illicit financial flows and 'base erosion profit shifting' (BEPS). In a further attempt to estimate the potential risk of those flows, several statistical sources such as corporate accounts via the ORBIS database and country-by-country reporting of multinational companies, as collected by OECD, have been explored. The focus was to quantify the specific importance of the relation of Belgium with the preferred partner countries. The implications about the risk of tax avoidance and tax evasion, all missed income for development, are about global development goals.

Published by
KU Leuven
HIVA - RESEARCH INSTITUTE FOR WORK AND SOCIETY
Parkstraat 47 box 5300, 3000 LEUVEN, Belgium
hiva@kuleuven.be
http://hiva.kuleuven.be

D/2023/4718/028 – ISBN 9789088361463

Preface

'Times they are a-changing', Bob Dylan was singing these famous lines in 1963. That certainly is the feeling we have today when looking at the debate on fair taxation, tax evasion and tax avoidance, at national and at international level. This changing certainly is the merit of politicians, social movements, NGO's, generations of activist persons, and scholars. In the rich economies of the North, we need the tax revenue for financing the welfare state, in the developing economies of the South we need it 'to finance development', including emerging welfare states. There is a joint benefit of effective and fair taxation in globalising economies.

Within that spirit we were happy with the demand from 11.11.11 to investigate how the tax structure and policies of Belgium influence the tax revenue in the preferred partner countries for development of Belgium, and if this could be quantified in some way or another. It goes without saying that this must be put in a broader perspective of the economic and budgetary situation of those partner countries, the economic links with the Belgian economy and with the rest of the world. The report teaches us that this link is limited, but it is an important link in the chain of further debate and reform in that process of fair taxation.

The authors thank 11.11.11 for giving us the opportunity to investigate this further, and we hope that the provided facts and figures will support their further action. We especially thank Femmy Thewissen of 11.11.11 for launching the project and commenting critically on the outcome.

As authors we enjoyed this indirect working for 11.11.11, and on top of that we enjoyed the multidisciplinary working together of colleagues from the Law Faculty and of HIVA of the Catholic University of Leuven. It allowed us not only to provide an up-to-date analysis of the Belgian tax system and its impact for the relations with the 14 partner countries, but also to disentangle further the economic concepts that are in vogue on illicit financial flows, BEPS, tax evasion and avoidance. Observing that official instances as UNCTAD and UNODC are launching new manuals on measuring statistics on those concepts and are initiating pilot estimates, illustrates the complexity. They are launching those initiatives to assess the attainment of SDGs by 2030, here the SDG 16.4.1. It illustrates that we are on the good path with our research, but also that there is still a long way to go on that path.

Contents

List of abbreviations

ATAD	Anti Tax Avoidance Directive
BEPS	Base erosion and profit shifting
CbCR	Country-by-country reporting
CDIS	IMF's Coordinated Investment Survey
CIT	Corporate income tax
DR Congo/DRC	Democratic Republic of the Congo
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
ETR	Effective tax rate
EU	European Union
FATS	Foreign affiliates statistics
FDI	Foreign Direct Investment
GDP	Gross domestic product
GUO	Global Ultimate Owner
IDA	International Development Association
IFF	Illicit financial flows
IMF	International Monetary Fund
IP	Intellectual property
LOB	Limitation on benefits
MNE	Multinational enterprise
n.e.c.	Not elsewhere classified
NGO	Non-governmental organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PE	Permanent establishment
PPP	Purchasing power parity
PPT	Principal Purposes Test
TBML	Trade-based money laundering
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNODC	United Nation Office on Drugs and Crime
UPE	Ultimate parent entity
WCO	World Customs Organization
WHT	Withholding tax

List of tables

List of figures

Introduction

This research is commissioned by 11.11.11 (triple eleven), a coalition of NGOs, unions, movements, and various solidarity groups in Flanders, which has one common goal: a fair world without poverty (11.11.11, 2021). 11.11.11 strives for global justice, which includes policy work on redistribution. One specific topic in this context is tax avoidance by large corporations, the subject of this research.

Despite growing awareness that tax evasion and tax avoidance are an unsustainable outcome, and despite growing older and newer political willingness to bring this race to the bottom to an end, the size of missed income for public finances in developed countries as well as developing countries remains high. This race to the bottom is occurring within Europe, internationally between developed countries, and between developing and developed countries.

Illicit financial flows (IFF) which erode the financing for development are topped up, if they are not included, by the size of tax avoidance, at the burden of the own or other tax authorities. It becomes even difficult to qualify it as tax avoidance because the possibilities for tax planning results of differences in tax rates and national policies to enter a vicious circle of tax competition.

Both illicit final flows and tax avoidance at the burden of developing countries surmount the efforts of Official Development Assistance (ODA) (Stemming the spill, note 2, p. 20). They hamper the international ambition of not less than two of the Social Development Goals (SDG's), namely SDG 17 to strengthen the means to reach sustainable development, and especially target 17.1, to improve domestic capacity for tax and other revenue collection; and SDG 16 'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels', target 16.4 'by 2030, significantly reduce illicit financial [and arm] flows'. To assess this, an indicator is used '16.4.1 Total value of inward and outward illicit financial flows'.

This puts the proposed ambition of this research in perspective. Although completely different in motive and mechanism, tax evasion, tax avoidance and downward tax competition by states themselves all result in similar effects on the public finances.[1] It is finally this third dimension that is also of relevance for Belgium, which, like some other European countries, plays a substantial role as a host for multinational entities that benefit from a secure but also profitable legal and fiscal surrounding. Whereas in previous research on the relation between Belgium and its preferred partner countries for development we highlighted the illicit financial flows, in this project we will concentrate on tax avoidance and the place of Belgium in this context.

It is estimated by the State of Tax Justice 2021 reports the world is annually losing over 483 billion USD, or 408 billion euro,[2] in tax due to international tax abuse (Tax Justice Network, 2021d). Around 65% of this loss can be attributed to multinational corporations shifting profits into tax havens, while the remaining 35% is lost to wealthy individuals hiding undeclared assets and incomes offshore. Tørsløv, Wier and Zucman (2020) estimate that approximately 40% of multinational profits are shifted to tax havens globally. Although tax avoidance in the EU dropped by 12-16% from 2009 to 2015, the annual cost of tax evasion was still over 823 billion euro in European countries in 2015 (Milena, 2021).

In this regard, Belgium is often indicated as a tax haven itself, while others qualify it as a 'competitive' tax jurisdiction. In an international perspective, Belgium, together with other EU Member States,

1 It has been by the way the approach of several of our studies on 'the cost of non-taxation' (see Pacolet & Van De Putte, 2000).

2 Converted for 2021 using https://data.oecd.org/conversion/exchange-rates.htm

appears in many international studies as a tax haven.[3] As the former EU Commissioner M. Monti states 'So the Member States of the European Union themselves have to realise that under some angles each of them is a paradise relative to the citizens of the others.' (Monti, 2009).

Although international tax abuse has negative consequences for all countries worldwide, the impact on developing countries is often of even greater concern. They can be considered as one of the biggest challenges for developing countries trying to achieve their national development goals (Akhtar & Grondona, 2019). For instance, it is stated that the illicit flows leaving developing countries are almost eight times higher than the ODA donated to developing countries (Van de Poel, 2017). An estimated USD 1 trillion, or 753 billion euro,[4] in illicit financial flows left developing countries in 2013 (Eriksson, 2017a).

Developing countries' vulnerability to international tax abuse is exacerbated by their reliance on corporate income taxes as a revenue source. According to a 2021 OECD analysis, for instance, corporate tax revenues in 2018 were a significantly larger share of total tax revenues on average in Africa (19.2%) than the OECD (10.0%).[5] A 2015 UNCTAD study has estimated that taxes and social contributions paid by foreign affiliates of MNE's contribute around 6% of government revenues in developing countries; 50% of that contribution derives from corporate income taxes.[6] Academic literature has also emphasised the relationship between taxation and state-building in developing countries, noting that taxation stimulates demands for representation and increases the administrative and institutional capacity of government (Bräutigam, Fjeldstad & Moore, 2008).

This report wants to provide facts and figures how Belgium could contribute to eventual tax avoidance and what might be the importance for the fourteen preferred partner countries for development cooperation.

Therefore, in this research, we aspire to answer two main research questions to investigate which of Belgium's tax policies contribute to profit shifting, the erosion of the tax base, and other forms of tax competition, with a specific focus on the impact of Belgium tax policy on developing countries and how their corporate tax base can be protected. More specifically, the research questions are:

1. which Belgian tax measures enable tax avoidance?
2. what impact do these tax measures have on other countries and in particular the 14 preferred partners countries of Belgium?[7]

The report includes a legal part that describes the fiscal mechanisms and an economic part that tries to quantify some of the impact. The latter is not so easy, but it is symptomatic to the issue of quantifying in general tax avoidance and perhaps even as difficult as quantifying tax avoidance? It remains a quest for the 'dark figure', that resulted especially in revealing the interlinkages between Belgium and those preferred partner countries and the potential sources of tax avoidance.

These research questions are first and foremost answered by looking at literature written on these subjects. Nevertheless, a quantitative and qualitative analysis is undertaken as well. An important advantage is the diversified group of researchers working on this study, as it enables us to look at the topic from both a legal and economic perspective.

In the legal part we separately assess the role of tax treaties and their use and potential misuse on one hand, and the impact of the Belgian domestic tax rules on the other hand.

3 See for instance Tørsløv, Wier and Zucman (2018).

4 Converted for 2013 using https://data.oecd.org/conversion/exchange-rates.htm

5 OECD Corporate Tax Statistics. Third edition https://oe.cd/corporate-tax-stats

6 UNCTAD, FDI, Tax and Development. The fiscal role of multinational enterprises: towards guidelines for Coherent International Tax and Investment Policies, 2015 Working Paper, 12.

7 These partners countries are Benin, Burkina Faso, Burundi, Democratic Republic of the Congo, Guinea, Mali, Morocco, Mozambique, Niger, Uganda, Palestine, Rwanda, Senegal, and Tanzania (FPS Foreign Affairs, Foreign Trade and Development Cooperation, 2016).

On the economic side we bring together the information normally also used to internationally assess the size and direction of tax evasion and tax fraud. But they first of all quantify the economic linkages between the Belgian (and international) economy and those preferred partner countries, so that they refer more to the risk of tax avoidance and tax evasion, instead of exactly quantifying it.

In *Chapter 1*, the focal point is on Belgium. In particular, different Belgian tax measures are investigated. We end as a bridge to the second chapter by summarising how Belgium could be analysed as a tax haven. *Chapter 2* aims the attention at the 14 preferred partner countries of Belgium and analyses what the effect of tax measures are on these countries. More specifically, attempts are made to quantify profit shifting and other methods of tax evasion. Finally, *Chapter 3* concludes the research with the most important findings. In addition, country fiches of Belgium and the 14 partner countries are included in *appendix 1*, to put the collected information in macro-perspective.

1 | Focus on Belgium

1.1 Introduction: an overview of the relevant framework

In order to assess the features of the Belgian tax system that are relevant for understanding the potential impact of that system on public finances in developing countries, it is necessary to draw a distinction between the tax treaties concluded between Belgium and those countries on the one hand, and the relevant provisions of Belgian domestic tax law on the other hand. While tax treaties may impose a direct limitation on the partner countries' taxing powers (and, thus, potentially on their revenue-raising capacity), Belgian domestic legal provisions do not directly affect the taxing sovereignty of other countries. As will be discussed, however, provisions of Belgian domestic tax law may nevertheless have an impact on developing countries' capacity to mobilise revenue.

Section 1.2 will address the tax treaties that Belgium has concluded with its 14 preferred partner countries for development cooperation, with a particular focus on the restriction of withholding tax rates and the potential of treaty abuse. Section 1.3 addresses the relevant features of the Belgian domestic corporate income tax system.

Before addressing those different aspects, the present section will briefly describe the international tax framework and explain how deficiencies in that framework can result in tax evasion and avoidance.

International tax law, as it currently stands, is a patchwork of different and largely uncoordinated sets of rules. The starting point is that every country has full sovereignty in matters of taxation and is therefore free to design its own tax system. Provided that a transaction, payment, or person has a sufficient connection to the territory of a country (for instance because the payment is sourced there, or because a person or company is a resident of in its territory), that country is entitled to levy tax at a rate it can freely choose.

As a result of that tax sovereignty, the risk of double taxation arises in cross-border situation. If a person that is resident in country A earns income in country B, it is likely that that income is taxable both in country A (on the basis that the taxpayer is a resident in that country) and in country B (on the basis that the income is sourced there). In order to mitigate that risk (and to address a number of other issues relating to the taxation of cross-border situations), most countries have concluded tax treaties. Tax treaties are bilateral agreements (*i.e.*, agreements between two countries) in which provisions are adopted to remove or mitigate double taxation. In particular, those provisions determine which of the states is entitled to tax the different items of income covered by the treaty. For certain items of income, the jurisdiction to tax is allocated exclusively to one of the two countries involved. For instance, most tax treaties provide that income from immovable property is exclusively taxable in the source country (*i.e.*, the country where the immovable property is located). As a result, the treaty requires the other country (*i.e.*, the residence country of the recipient of the income) to exempt that income. For other items of income, tax treaties typically provide for a shared tax jurisdiction, meaning that both countries are entitled to tax the income, up to a certain threshold. For instance, dividends are generally taxable both in the source state and in the recipient's residence state, but the source state is required to limit its tax rate to a fixed maximum of *e.g.*, 15%, while the residence state is required to remove the remaining double taxation. Most tax treaties also contain provisions to address other tax-related obstacles related to cross-border activity, such as provisions on the exchange of information between tax authorities. In practice, the majority of tax treaties currently in force are based on a model treaty published by the OECD (see Section 1.2.2).

In the absence of harmonised tax systems, mismatches between different countries' tax rules allow for tax avoidance and evasion (concepts which are defined below). As noted above, countries are in principle free to design their own domestic tax systems. The inevitable result is that the rules in different countries are not aligned, for instance because concepts are defined differently. Assume, for instance, that a parent company established in country A intends to grant funding to its subsidiary established in country B. In such a scenario, it may be possible to exploit mismatches in the domestic tax systems of countries A and B by drafting the contract between the two companies in such a way that country A's domestic law qualifies the funding as equity funding, while country B's domestic law qualifies it as debt funding. From the perspective of country A's domestic law, the payments that the parent company receives under the contract qualify as dividends, which are typically exempt from corporate income tax. From the perspective of country B's domestic law, the payments that the subsidiary pays under the contract qualify as interest, which are typically deductible for corporate income tax purposes. Such an arrangement is generally referred to as a hybrid mismatch arrangement and it is an example of an arrangement that can be used to shift taxable profits from one taxpayer to another taxpayer, often within a multinational group of companies. There is a wide variety of profit shifting mechanisms, but many of them rely on mismatches between tax systems and the lack of harmonisation of domestic and international tax rules. Another type of profit shifting arrangement, transfer mispricing (or transfer pricing manipulation), refers to the practice of related parties setting artificial prices for their transactions in order to shift profits. For instance, company A, established in a country with a high tax rate, could sell its products at an artificially low price to a related company B, established in a tax haven, which then sells the products on at a much higher price. The result is that company A records low taxable profits, while the high profits of company B remain untaxed in the tax haven where it is established.

In 2013, the OECD G20 Base Erosion and Profit Shifting Project ('BEPS Project') was launched with the objective to remove loopholes in tax rules and mismatches between different countries' tax systems in order to prevent multinational corporations from engaging in profit shifting. The BEPS project consists of 15 action plans, each of which deals with a different topic. For instance, Action 2 addresses hybrid mismatches and suggests countries adopt domestic anti-mismatch rules as well as related tax treaty provisions; Action 6 concerns treaty abuse and recommends the adoption of provisions to combat treaty shopping; Actions 8-10 concern transfer pricing and intend to align transfer pricing outcomes with value creation.[8]

In addition, it is important to set out a number of definitions that are relevant for the present analysis. In particular, it is necessary to define the concepts tax avoidance and tax evasion, given their importance for the analysis. In this regard, it should be emphasised that there is no uniform, binding definition of those concepts. Nevertheless, it is possible to posit a working definition that may be helpful for purposes of the present analysis.

Tax evasion (or tax fraud) could be interpreted as the deliberate illegal evasion of taxes, for instance by hiding income or information from the tax authorities or by falsifying information. Tax evasion is generally punishable under criminal law or tax law.[9]

Tax avoidance, on the other hand, refers to the arrangement of a taxpayer's affairs that is intended to reduce its tax liability and that, although the arrangement is strictly legal, is in contradiction with the intent of the law it purports to follow.[10] Tax avoidance is generally not punishable under criminal law, but most countries have included provisions in their tax laws to challenge tax avoidance, for instance general anti-avoidance rules that seek to prevent a wide variety of arrangements that qualify as tax avoidance, or specific anti-avoidance rules that seek to prevent specific types of tax avoidance. Within the European Union, the case law of the Court of Justice has had a considerable influence on the interpretation of the concept tax avoidance (or, to be more exact, on the interpretation and

8 https://www.oecd.org/tax/beps/

9 OECD, Glossary of Tax Terms, www.oecd.org/ctp/glossaryoftaxterms.htm

10 *Ibid.*

application of anti-tax avoidance rules in the EU Member States). In accordance with that case law, tax avoidance is generally interpreted as an arrangement or a series of arrangements which, despite formally observing the conditions laid down by the applicable rules, do not achieve the purpose of those rules (objective component) and which are intended to obtain a tax advantage by artificially creating the conditions laid down for obtaining it (subjective component).[11]

Finally, it is also necessary to define the term profit shifting. For purposes of the present analysis, profit shifting refers to tax-motivated mechanisms whereby multinational enterprises use gaps and mismatches or loopholes in the international tax rules to artificially shift taxable profits between entities of the group with the aim of reducing the tax burden on those profits. In many cases, such mechanisms make use of 'sinks' and 'conduits'. Sinks are entities established in countries that attract and retain foreign capital by imposing low or zero corporate income taxes. Countries that have been identified as sink offshore financial centres include the British Virgin Islands; the Cayman Islands; the Seychelles; and the Bahamas.[12] Conduits are entities that are used to route investments to a sink or to the ultimate investor. Conduits are generally established in countries that have extensive tax treaty networks and attractive holding company regimes (no withholding taxes on dividends; exemptions for foreign dividends; capital gains exemptions; *etc.*), so that capital can be transferred to another country with no or low taxation. Countries that have been identified as conduit offshore financial centres include the Netherlands; the United Kingdom; Switzerland and Singapore.[13]

1.2 Belgian tax treaties

1.2.1 General considerations

Tax treaties are bilateral international agreements in which the two contracting states agree on a set of rules relating to the tax treatment of income (and, in certain treaties, capital) in cross-border situations involving both countries. As noted in the introduction, countries are in principle free to design their tax system as they see fit. However, that freedom is limited as a result of the tax treaties that they have concluded. Countries that conclude a tax treaty agree to limit the application of their taxing powers in situations where the tax treaty applies (for instance, by exempting certain items of income, or by agreeing to a maximum withholding tax rate on payments to residents of the other contracting state that is lower than the standard withholding tax rate under domestic law). Since tax treaties thus curtail the taxing powers of the countries that conclude them, it can be expected that those treaties may have an impact on those countries' ability to raise revenue from their tax system. For that reason, the present chapter describes the most important features of the tax treaties concluded between Belgium and the partner countries (Section 1.2.2), as well as the features of the wider treaty network of the partner countries (Section 1.2.4).

The underlying purpose of tax treaties is to remove a number of tax-related obstacles to cross-border activities, either from the perspective of the taxpayer, or from the perspective of the tax authorities.

From the perspective of the tax authorities, those obstacles mainly relate to difficulties in obtaining the necessary information to correctly apply tax legislation and collecting taxes in a cross-border situation. In order to address those obstacles, tax treaties often contain provisions that allow for the exchange of information between the competent authorities of the contracting states and mecha-

11 E.g., ECJ, 12 September 2006, C-196/04, Cadbury Schweppes, § 51-55; ECJ 26 February 2019, Joined Cases C-115/16, C-118/16, C-119/16 and C-299/16, N Luxembourg 1, § 124.

12 J. GARCIA-BERNARDO et al., Uncovering Offshore Financial Centers: Conduits and Sinks in the Global Corporate Ownership Network, Scientific Reports 2017, 7 (6246).

13 *Ibid.*

nisms concerning assistance in the collection of taxes. In addition, some tax treaties also contain mechanisms to prevent situations of double non-taxation (*e.g.*, anti-abuse rules).

From the perspective of the taxpayer, potential obstacles could relate to tax discrimination in cross-border situations. Tax treaties generally contain non-discrimination rules that prohibit specific types of such discrimination. However, the main obstacle faced by taxpayers engaged in cross-border activities is that income (or capital) may be subject to double taxation if both countries exercise their taxing jurisdiction in relation to the same activity, income, or capital. In order to address that obstacle, tax treaties contain rules to allocate the taxing powers between the two contracting states, in order to mitigate the risk of double taxation. For different categories of income (or capital), different rules determine which of the states (*i.e.*, either the residence state of the taxpayer or the source state of the income) is entitled to levy tax. Those rules either provide for an exclusive jurisdiction to tax (for instance in the case of income from immovable property, which is typically exclusively taxable in the state where the property is situated) or for a shared jurisdiction to tax (for instance in the case of dividends, which are typically taxable in both countries, with the source state tax being restricted to a fixed percentage and the residence state being required to apply a mechanism to remove double taxation).

It has been argued that tax treaties between developed countries and developing countries are asymmetric in nature due to the unequal investment flows between the contracting parties: while developed countries are generally capital exporters (*i.e.*, the home state of the investor), developing countries are generally capital importers (*i.e.*, the state where the investment is made).[14] Under that assumption, it is generally the developing country that makes the most important concession when signing the tax treaty, since that country agrees to a restriction of the withholding taxes it can apply to outbound investment income (*e.g.* dividends and interest). It has been suggested in literature that developing countries expect that the loss of tax revenue due to the restrictions imposed by a tax treaty do not outweigh the benefits that the treaty brings. For instance, those countries may expect that signing a tax treaty will attract foreign investors because it increases international legitimacy and may assuage investor concerns over the instability and uncertainty of the domestic tax regime.[15] In addition, a tax treaty may offer a developing country mechanisms to collect information in relation to its own taxpayers and mechanisms to collect taxes that it would otherwise not have available. According to some studies, however, those expected benefits for developing countries do not always materialise.[16]

The majority of tax treaties that currently apply are based on a model developed by the OECD, *i.e.* the OECD model Convention.[17] It has been argued that the provisions of the OECD model Convention are biased in favour of the interests of developed countries because the provisions allocating taxing powers are more favourable for the residence state than the source state.[18] For instance, article 21 of the OECD model Convention, which deals with items of income not covered by other provisions of the OECD model, states that such 'other income' is exclusively taxable in the taxpayer's state of residence. Similarly, article 7 of the OECD model Convention provides that the profits of an enterprise of a contracting state are in principle taxable only in that state. The exception is the situation where the enterprise carries on business in the other contracting state through a permanent establishment in that other state. In that case, the profits of the enterprise may be taxed in the other state but only so much of them as is attributable to that permanent establishment. In other words,

14 E.g., E. BAISTROCCHI, 'The Use and Interpretation of Tax Treaties in the Emerging World: Theory and Implications', British Tax Review 2008, 352-391.

15 E.g., L. SACHS and K. SAUVANT, 'BITs, DTTs, and FDI flows: An Overview' in K. SAUVANT and L. SACHS (eds.), The Effect of Treaties on Foreign Direct Investment: Bilateral Investment Treaties, Double Taxation Treaties and Investment Flows, New York, Oxford University Press, 2009, 27.

16 E.g., J. VAN DE POEL, In search of a new balance. The impact of Belgian tax treaties on developing countries, 2016, 14; P. Baker, An Analysis of Double Taxation Treaties and their Effect on Foreign Direct Investment, International Journal of the Economics of Business 2014, 3, 341-377.

17 OECD, Model Tax Convention on Income and on Capital, 2017, www.oecd.org

18 E.g., T. DAGAN, 'The tax treaties myth', N.Y.U. Journal of International Law and Politics 2000, 4, 990.

the permanent establishment criterion functions as a threshold that determines whether the source state, *i.e.*, the state where an enterprise of the other contracting state conducts business activities, is entitled to tax business profits derived from those activities. If that threshold is not met, the source state is not entitled to tax the profits generated by business activities carried out in its territory. The term permanent establishment is defined in article 5 of the OECD model Convention and it includes, for instance, an office, a factory, a workshop, a mine, an oil or gas well, a quarry or any other place of extraction of natural resources. A building site or construction or installation project also constitutes a permanent establishment under the OECD model Convention, but only if it lasts more than 12 months.

In the case of a tax treaty between 2 developed countries, a bias for the residence state does not significantly affect the revenue interests of either state. Since, in that scenario, the bilateral income and investments flows are fairly balanced, the end result over a longer period will generally be the same, irrespective of whether the allocation of taxing powers favours the source state or the residence state. The situation may be different, however, where it concerns a tax treaty between a developed country and a developing country. In such a case, the income and investments flows are generally asymmetric, since as noted the developing country tends to be a capital importer and the developed country a capital exporter. In that scenario, a bias in favour of the residence country would affect the revenue interests of the capital importing country, since taxing jurisdiction would be allocated more often to the capital exporting country (home state of the investor) than the capital importing country (state where the investment is made).

Because of that bias, attempts have been made to develop alternative model conventions. The most important of these alternative models is the UN model convention.[19] The provisions of the UN model convention are very similar to that of the OECD model Convention but tend to give more weight to the source principle in allocating taxing powers than those of the OECD model Convention. For instance, article 5(3) of the UN model convention provides that a building or construction site constitutes a permanent establishment if it lasts more than six months (whereas the OECD model Convention provides for a minimum threshold of twelve months). The lower threshold as compared to the OECD model is arguably more favourable from the perspective of a capital importing country that has concluded a tax treaty with a capital exporting country. Similarly, article 21 of the UN model convention provides that items of income not covered by other provisions of the UN Model are exclusively taxable in the source state of the income. Again, the preference for the source state in that provision is arguably more favourable for capital importing countries.

In practice, however, the influence of such alternative models remains limited and the majority of tax treaties, including those concluded by developing countries, is largely based on the OECD model Convention.[20]

Another consideration to be addressed here concerns tax sparing clauses.[21] Such clauses are sometimes included in tax treaties between a developed and a developing country in order to avoid that

19 United Nations, United Nations Model Double Taxation Convention between Developed and Developing Countries, 2017, www.un.org

20 E.g., P. PISTONE, 'General Report' in M. LANG, P. PISTONE, J. SCHUCH and C. STARINGER, The impact of the OECD and UN model conventions on bilateral tax treaties, Cambridge, Cambridge University Press 2012, 2.

21 For a general overview, see e.g. J. HINES, 'Tax Sparing and Direct Investment in Developing Countries' in J. HINES (ed.), International Taxation and Multinational Activity, University of Chicago Press, 2000, 39-72; C. AZEMAR, R. DESBORDES and J. MUCCHIELLI, 'Do tax sparing agreements contribute to the attraction of FDI in developing countries?', International Tax and Public Finance 2007, 14, 543-562; A. OGUTTU, 'The Challenges of Tax Sparing: A Call to Reconsider the Policy in South Africa', Bulletin for International Taxation 2011, 1. See also OECD Commentary 1963, art. 23, para. 47-49: *'In certain cases a State, particularly a State which is commonly referred to as an industrially under-developed State, may for particular reasons give concessions to taxpayers, e.g. tax incentive reliefs to encourage industrial output. [...] When such a State concludes a Convention with a State which applies the exemption system, no restriction of the relief given to the taxpayers arises, because that other State must give exemption regardless of the amount of tax, if any, imposed in the State of source. But when the other State applies the credit system the concession is nullified, inasmuch as that other State will allow a deduction only of the tax paid in the State of source. Moreover, by reason of the concessions, that other State secures what may be called an uncovenanted gain for its own Exchequer. Should the two Contracting States agree that the benefit of the concessions given to the taxpayers in the State of source are not to be nullified, a deviation from Article 23(A) paragraph 2, and Article 23(B) will be necessary.'*

the effect of favourable tax regimes granted in the source state (the developing country) would be undermined by the taxation of the investor in his home state.

Developing countries can use different tax measures in their domestic law to attract foreign investors, such as tax exemptions for newly incorporated businesses, exemptions for investors in certain industries, reduced corporate income tax rates, *etc*. The effectiveness of such measures would be reduced if the home state of an investor subsequently taxes such income (which was exempt in the source state). Tax sparing clauses are intended to avoid that outcome.

The mechanism of tax sparing clauses is related to the mechanism used in tax treaties to avoid double taxation. Broadly speaking, contracting states have two options to remove double taxation in their capacity as the home state of a taxpayer: either they grant a credit for the taxes levied in the source state, or they exempt the income sourced in the other contracting state.

If a developed country, in a tax treaty with a developing country, has opted to apply the credit method to relieve double taxation for its taxpayer in relation to income sourced in that developing country, then the effect of tax benefits granted by the latter country would be undermined since the taxpayer's home state (*i.e.*, the developed country) is only required to grant a tax credit for the tax effectively levied in the source state. If that source state has not levied any tax (or has applied a reduced tax rate), the home state will not grant a credit (or will grant a credit at a reduced rate). The result is that the benefit of the source country's favourable tax regime is not enjoyed by the investor, but by that investor's home state. Indeed, the investor will be fully taxed on the income from the investment, albeit not in the source state: the tax which the source state refrains from levying is ultimately levied in the home state.

The same issue arises if the investor's home state grants an exemption for income sourced in the other contracting state and that exemption is made subject to a requirement of an effective (minimum) taxation in the source state. In that case as well, the application of the favourable tax regime in the source state will have the effect that the home state is no longer bound to grant an exemption for the foreign-sourced income and, ultimately, the effect of that favourable regime is lost.

Tax sparing clauses intend to prevent that outcome by requiring the home state to grant relief from double taxation even though no tax (or a limited amount of tax) was levied in the source state. From the perspective of the source state, the expected advantage of such a clause is that foreign investors would be encouraged to invest since they would fully enjoy the benefit of favourable tax regimes granted by the source state. From the perspective of the home state, tax sparing clauses are generally seen as an aspect of development cooperation: the investor's home state refrains from levying the tax that it would normally levy in order to contribute to the source country's economic development. In addition, a developed country may be concerned that not including a tax sparing clause in its tax treaty with a developing country would create a competitive disadvantage for its enterprises as compared to enterprises from other developed countries which - due to the tax sparing clauses in the treaties concluded by those countries and the developing country in question - are able to fully enjoy the benefit of the favourable tax regimes in the latter country.

As a final remark, it is important to note that tax treaties evolve, and that changes to the international tax framework may affect their influence on countries' capacity to raise tax revenue. Arguably the most important evolution that is currently ongoing is the OECD work on the pillar two model rules (also referred to as the global anti-base erosion or GloBE rules).[22]

The pillar two model rules are designed to ensure large multinational enterprises (MNEs) pay a minimum level of tax on the income arising in each jurisdiction where they operate. The minimum rate is currently set at 15%. In order to do so, a number of mechanisms have been proposed. The primary mechanism is the income inclusion rule (IIR), under which a parent entity is subject to a minimum tax in its home country if its subsidiaries have low taxed income. As a backstop for the

22 OECD, Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two), 20 December 2021.

IIR, the undertaxed payments rule (UTPR) has been proposed. Under the UTPR, an entity that makes an intra-group payment is subject to a tax adjustment (such as a denial of a deduction) if the recipient of the payment is a low-tax entity. Finally, the subject to tax rule (STTR) complements those two mechanisms. The STTR is a proposed tax treaty provision that allows the source country of a payment to apply a top up tax to the agreed minimum rate to intra-group payments that are taxed below the minimum rate in the recipient's home country. The STTR is therefore based on the rationale that a source jurisdiction that has ceded taxing rights in the context of a tax treaty should be able to apply a top up tax to the agreed minimum rate where, as a result of BEPS structures relating to intragroup payments, the income that benefits from treaty protection is not taxed or is taxed at below the minimum rate in the other contracting jurisdiction. By restoring taxing rights to the source state in these cases, the STTR is designed to help source countries to protect their tax base, notably those with lower administrative capacities.[23] Finally, the Pillar Two Model Rules allow jurisdictions to adopt a qualified domestic minimum top-up tax (QDMTT) that grants them the primary right to increase the tax burden on low-taxed entities in their jurisdiction up to the minimum rate. It can be expected that the introduction of pillar two will have a considerable effect on countries' policy in relation to tax incentives (see Section 1.3.1).

It can be expected that those rules, if adopted, would have an impact on the issues addressed in the present report. The STTR in particular would be relevant, in that it would allow source countries to 'tax back' income up to the agreed minimum rate where other countries (*e.g.*, Belgium) have not exercised their taxing rights or have applied a low level of taxation. However, the pillar two rules have not yet entered into force and there is still uncertainty on their design. As a result, it is difficult to take a position on the extent of that impact.

1.2.2 Belgian tax treaties with partner countries

Belgium has concluded tax treaties that are currently in force with 95 countries.[24] This is quite similar to the Netherlands, which also has treaties in force with 95 countries,[25] Germany (96 countries)[26] and Luxembourg (84 countries),[27] but slightly less than France which has treaties in force with 124 countries. Of the 95 treaties concluded by Belgium, 22 have been concluded with developing countries[28] (*i.e.*, 23%). This is similar to the Netherlands, which has concluded 19 treaties with developing countries (*i.e.*, 20%) and Germany (25 treaties with developing countries, *i.e.*, 26%). It is slightly less than France (37 treaties with developing countries, *i.e.*, 30%), but significantly more than Luxembourg (11 treaties with developing countries, *i.e.*, 13%).

The Belgian treaty policy in relation to developing countries has been the subject of some criticism. Most notably, attention has been drawn to the relatively low withholding tax rates in treaties with a number of developing countries (see also below), the fact that Belgium has concluded tax treaties with a number of countries (such as Bahrain and the Seychelles) that could be regarded as tax havens and that Belgium's tax treaties traditionally do not contain robust anti-abuse measures.[29]

23 OECD, Tax Challenges Arising from Digitalisation – Report on Pillar Two Blueprint, 14 October 2020.

24 Belgium - Treaty Withholding Rates Table, www.ibfd.org

25 Netherlands – Treaty Withholding Rates Table, www.ibfd.org

26 Germany - Treaty Withholding Rates Table, www.ibfd.org

27 Luxembourg - Treaty Withholding Rates Table, www.ibfd.org

28 'Developing countries' in this context is defined by reference to the list of low-income and lower middle income economies as classified by the World Bank (https://datahelpdesk.worldbank.org/knowledgebase/articles/906519).

29 E.g., J. VAN DE POEL, In search of a new balance. The impact of Belgian tax treaties on developing countries, 2016, 14; P. Baker, An Analysis of Double Taxation Treaties and their Effect on Foreign Direct Investment, International Journal of the Economics of Business 2014, 3, 341-377.

Given the scope of the present research project, the focus of the analysis is on the 14 preferred partner countries selected for development cooperation. Those partner countries are:
- Benin;
- Burkina Faso;
- Burundi;
- Democratic Republic of the Congo (DR Congo);
- Guinea;
- Mali;
- Morocco;
- Mozambique;
- Niger;
- Uganda;
- Palestine;
- Rwanda;
- Senegal;
- Tanzania.

Of those countries, Belgium has concluded a tax treaty that is currently in force with the Democratic Republic of the Congo (DR Congo), Morocco, Rwanda, and Senegal. Belgium has also concluded a tax treaty with Uganda, but that treaty has not yet entered into force. The analysis below will address the treaties with those five countries. With the other partner countries, Belgium has not concluded a tax treaty, as a result of which those countries are not restricted by a tax treaty to fully apply their domestic tax rules in bilateral situations involving Belgium.

This section describes the relevant features of the five treaties concluded by Belgium by assessing whether they use the wording of the OECD model Convention or that of the UN model convention (under the assumption that treaty provisions that follow the UN model convention may be more favourable for developing countries; see above). In particular, the analysis will consider the following 11 treaty provisions:

1. a threshold for a building or construction site to constitute a permanent establishment that is lower than the twelve-month threshold in the OECD model ('construction PE' in Table 1.1 below);[30]
2. a provision under which the furnishing of services by an enterprise constitutes a permanent establishment if those activities are carried out for a certain minimum duration ('services PE');[31]
3. a provision under which an insurance company of a contracting state has a permanent establishment in the other contracting state if it collects premiums in the territory of that other state or insures risks situated therein ('insurance PE');[32]
4. a provision under which the permanent establishment-state is also entitled to tax profits from other business activities carried on in that state of the same or similar kind as those effected through the permanent establishment ('PE force of attraction');[33]
5. a provision that expressly states which expenses are not deductible for purposes of determining the profits of a permanent establishment ('limitation of expenses');[34]
6. a provision under which the source state of dividends is entitled to levy a higher rate of withholding tax than under the OECD model Convention (*i.e.*, higher than 5% in the case of substantial shareholdings and higher than 15% in other cases) ('dividend WHT rate');[35]

30 Article 5(3)(a) UN model convention.
31 Article 5(3)(b) UN model convention.
32 Article 5(6) UN model convention.
33 Article 7(1) UN model convention.
34 Article 7(3) UN model convention.
35 Article 10(2) UN model convention.

7. a provision under which the source state of interest is entitled to levy a higher rate of withholding tax than under the OECD model Convention (*i.e.*, higher than 10%) ('interest WHT rate');[36]
8. a provision that allows the source state of royalties to tax those royalties ('royalty source tax');[37]
9. a provision under which the residence state of a company is entitled to tax capital gains on shares in that company if the alienator held a specified participation before the alienation ('capital gains on shares');[38]
10. a provision under which the source state is entitled to tax items of income not covered by the other treaty provisions ('source tax other income');[39]
11. a tax sparing clause.[40]

Table 1.1 below gives an overview of those features of the treaties concluded by Belgium with the five partner countries referred to above. Since the present study is concerned with the impact of the Belgian tax policy on public finances in the partner countries, a distinction is made between those features that may have an immediate and significant impact on a partner country's ability to raise tax revenue, and other features (*i.e.*, features that do not immediately affect a partner country's ability to raise revenue, or features that are only relevant in specific scenarios). The former category includes the treaty provisions that determine the extent to which the source country is entitled to tax dividends, interest, royalties, and items of income not expressly dealt with in the treaty (*i.e.*, features 6, 7, 8 and 10 in the list above). In the table below, these provisions are listed under I. The latter category includes the other provisions, which in the table below are listed under II.

The treaties are listed chronologically. Note that the table lists two treaties with Morocco. The reason is that Belgium and Morocco concluded a treaty in 1972, which has since been replaced by a new treaty concluded in 2006 (effective 1 January 2010). Given the historical relevance of the 1972 treaty, it has also been included in the table.

If a treaty contains an in-scope provision in line with the UN Model, the relevant cell contains 'Yes' and is filled in green. If not, the relevant cell contains 'No' and is filled in red. The exceptions are the rows dealing with the provision on construction sites, where the relevant cell indicates the time threshold in months for a permanent establishment to exist, and the rows dealing with withholding tax rates on dividends and interest, where the applicable percentages are mentioned. Only the rates applicable to dividends and interest sourced in the partner country are mentioned in the table (since, under a number of treaties, those rates are different from the rates that apply to income sourced in Belgium). In the case of interest, the relevant cell is filled in green if the withholding tax rate is higher than the 10% rate of the OECD model Convention, and red if it is not higher. In the case of dividends, the cell is filled in green if the average of the withholding tax rates is higher than 10% (which is the average of the rates of 5% and 15% provided for under the OECD model Convention). However, the treaty with Senegal and the old treaty with Morocco contain a uniform withholding tax rate for dividends (unlike most tax treaties which, in line the OECD model and UN Model, contain a reduced withholding tax rate for dividends from substantial shareholdings). For the sake of simplicity, the relevant cells are filled in green in those cases if that uniform rate is higher than 10%.

36 Article 11(2) UN model convention.
37 Article 12(2) UN model convention.
38 Article 13(5) UN model convention.
39 Article 21 UN model convention.
40 For an in-depth overview of Belgium's tax treaty policy in relation to tax sparing clauses, see N. BAMMENS, Dubbelbelastingverdragen en fiscaal relevante investeringsverdragen met ontwikkelingslanden, Larcier, 2016, 73-97.

Table 1.1 Relevant features of in-scope treaties

		Morocco (1972)	Senegal (1987)	Morocco (2006)	Rwanda (2007)	D.R. Congo (2007)	*Uganda (2007 – not yet in force)*
I.	Dividend WHT rate	15	16 [1]	6,5/10	0/15 [2]	10/15 [3]	5/15
	Interest WHT rate	15	16 [4]	10	0/10 [5]	10	10
	Royalty source tax	Yes	Yes	Yes	Yes	Yes	Yes
	Source tax other income	No [6]	No	Yes	Yes	Yes	Yes
II.	Capital gains on shares	No	No	No	No	No	No
	Construction PE	6 M	6 M	6 M	6 M	6 M	6 M
	Services PE	No	Yes	Yes	Yes	No	No
	Insurance PE	No [7]	Yes	Yes	Yes	No	Yes
	PE force of attraction	No	No	No	No	No	No
	Limitation of expenses	No	No	Yes	No	Yes	Yes
	Tax sparing clause	Yes	No	Yes	Yes	Yes	No

1 The rate of 16% applies 'insofar as the rate of tax on income from movable capital applicable to dividends paid to non-residents, in accordance with Senegalese law, amounts to 16%'. In other cases, the applicable rate is 15% (article 10(2) of the treaty).

2 The withholding tax exemption applies if the beneficial owner of the dividends is a company which is a resident of the other Contracting State and which at the moment of the payment of the dividends holds, for an uninterrupted period of at least twelve months, a participation of at least 25% in the distributing company and the paying company does not enjoy the benefit of special measures to promote economic development (article 10(2) of the treaty). According to the Protocol accompanying the treaty, the term 'special measures to promote economic development' only refers to special measures taken in Rwanda in order to promote economic development in Rwanda.

3 Note that the 15% rate only applies if it concerns dividends paid by a company whose profits are exempt from Congolese tax under the Investment Code, provided that the beneficial owner is a company which holds directly at least 25% of the capital of the company paying the dividends. In all other cases, a 10% rate applies. These rates apply to dividends distributed by Congolese companies. The rates applicable to dividends distributed by Belgian companies are 5% and 10%, respectively.

4 The rate of 16% applies 'insofar as the rate of tax on income from movable capital applicable to interest paid to non-residents, in accordance with Senegalese law, amounts to 16%'. In other cases, the applicable rate is 15% (article 11(2) of the treaty).

5 The exemption applies if the recipient of the interest holds directly or indirectly at least 35% of the paying company, insofar as the total amount of the loan(s) granted by the recipient does not exceed an amount equal to the equity of the paying company.

6 The treaty originally did not include a provision on 'other income', as a result of which the source state's taxing power was not restricted. Due to a 1983 amendment, however, a provision was included in the treaty under which other income is exclusively taxable in the taxpayer's state of residence.

7 However, article 5(5) of the treaty states that the general rule on independent agents does not apply to agents that act on behalf of an insurance enterprise and habitually exercises an authority to conclude contracts in the name of that enterprise.

The table shows that all of the treaties in-scope of the analysis contain a 6 month-threshold for a permanent establishment to exist in the case of construction projects, as well as a provision entitling the source state to tax outbound royalty payments. None of the treaties include a provision allowing for a force of attraction principle in the taxation of a permanent establishment, nor a provision entitling the residence state of a company to tax capital gains realised on its shares. The inclusion of the other provisions varies from treaty to treaty, but it is remarkable that only the two oldest treaties (*i.e.*, the treaty with Senegal and the former treaty with Morocco) allow for higher withholding tax rates on dividends and interest than the OECD model Convention (with the exception of the treaty with the DR Congo, which allows for a 15% withholding tax rate on dividends paid by an exempt Congolese company if the beneficial owner is a company that holds a direct participation of at least 25% in the distributing company, and a 10% rate in other cases). There is no clear reason why those two old treaties provide for higher withholding tax rates although it is remarkable that a number of other treaties concluded by Morocco in the 1970's provide for similar rates, particularly in relation to dividends (*e.g.* the 1970 treaty between France and Morocco; the 1972 treaty between Norway and Morocco; the 1973 treaty between Finland and Morocco; and the 1975 treaty between Canada and Morocco). It therefore seems likely that those rates were included on the request of the Moroccan treaty negotiators. In addition, it is interesting to note that the parliamentary documents relating to the new treaty with Morocco (signed in 2006) expressly state that the renegotiation of the old treaty was initiated on the request of Belgium, and that it was Belgium's objective to reduce the source tax on dividends from substantial shareholdings, on bank interest and on certain royalties.[41] No such information is available as regards the treaty with Senegal.

By way of further context, the 1972 treaty with Morocco was ratified in Belgium by the Law of 14 August 1974.[42] The explanatory memorandum accompanying that law states that the treaty was drafted in accordance with the OECD model, but that 'a number of specific solutions were necessary to take account of the different economic development of the two partner countries'.[43] The explanatory memorandum specifically points to the six month-threshold for construction permanent establishments and the source state taxing jurisdiction as regards royalties as examples of provisions that are 'in line with Belgium's position in relation to developing countries'.[44] The explanatory memorandum accompanying the ratification bill of the 2006 treaty with Morocco also states that a number of provisions, such as those concerning permanent establishments of insurance companies and the provision on the limitation of permanent establishment expenses, were inspired by the UN model,[45] but at the same time notes that the new treaty was negotiated in order to reduce the source tax on dividends and interest.[46]

Similarly, the explanatory memorandum accompanying the ratification bill of the treaty with Senegal confirms that certain treaty provisions were inspired by the UN model convention and refers by way of example to the provisions concerning construction PE's, service PE's, and PE's of insurance companies.[47]

The explanatory memorandum accompanying the ratification bill of the treaty with Rwanda notes that, 'in order to assure Rwanda of the further development of its tax revenue and in line with the UN model convention the permanent establishment concept is given a broad interpretation'. The memorandum then specifically refers to the provision on construction PE's, service PE's and insurance PE's.[48]

Finally, the treaty with the DR Congo was concluded in 2007 and entered into force on 24 December 2011.[49] A Protocol to amend the treaty was signed in 2010 but has not yet entered into force.[50] As noted in the table, the 2007 treaty provides that a building site or construction or installation project constitutes a permanent establishment if it lasts more than six months (in contrast to the twelve-month threshold in the OECD model). The explanatory memorandum accompanying the ratification bill of the 2007 treaty with the DR Congo states that the construction PE-threshold is set at six months, 'as is the case in many other tax treaties with developing countries, and as established

41 Parl. St. Kamer 2008-09, 4-1088/1, 2.
42 Official Gazette 8 March 1975.
43 Parl. St. Kamer 1972-73, 529/1, 1.
44 *Id.*, 2-3.
45 Parl. St. Senaat, 2008-09 4-1088/1, 5-6 and 8.
46 *Id.*, 2.
47 Parl. St. Kamer 1989-90, 1072/1, 2-3.
48 Parl. St. Senaat, 2007-08, 4-947/1, 5-6.
49 Convention between the Kingdom of Belgium and the Democratic Republic of Congo for the avoidance of double taxation and the prevention of fiscal evasion and fraud with respect to taxes on income and on capital, 23 May 2007 (Official Gazette 10 February 2012, 10360).
50 Protocol amending the Convention between the Kingdom of Belgium and the Democratic Republic of Congo for the avoidance of double taxation and the prevention of fiscal evasion and fraud with respect to taxes on income and on capital, 16 July 2010, www.fisconetplus.be

in the UN model convention'.[51] The explanatory memorandum further states that the 'limitation of expenses' provision was also inspired by the UN model convention.[52]

Given those statements in the relevant parliamentary documents, it does not seem unreasonable to assume that at least some of the deviations identified in the table above were included in the interest of enhancing the revenue-raising capacity of the partner country.

By way of general conclusion, there does not seem to be a specific policy that informs Belgium's position in negotiating treaties with the selected countries. That conclusion was also reached in an earlier analysis of 2016, in which the relevant features of 61 treaties between Belgium and developing countries were identified, in a similar way as in the present analysis.[53] That analysis revealed that the decision to include treaty provisions that can be expected to be beneficial to the partner country's revenue-raising capacity does not seem to be strongly linked to factors such as the partner country's development level or OECD membership. One clear trend that emerged from that earlier analysis, however, is that provisions allowing for higher withholding tax rates on dividends and interest than under the OECD model have significantly decreased over time, particularly since the 1990's.[54] Although the sample size of the present analysis is very small and therefore not suited to draw broad conclusions, it reveals a similar pattern in that only the oldest two treaties allow for a relatively high withholding tax rate on dividends and interest in the source country. Given the relevance of withholding taxes and the potential use of dividend and interest payments in the context of profit shifting schemes, that evolution may have a negative impact on the revenue-raising capacity of the countries in question.

In order to compare Belgium's position to that of other developed countries, it may be useful to refer to a 2014 analysis by the International Bureau of Fiscal Documentation (IBFD) in which the relevant features of 825 treaties between developed countries and developing countries were assessed.[55] The table below compares the relevant features of the 61 treaties concluded by Belgium that were the subject of the 2016 analysis (see above) to the results of the IBFD analysis.[56] It is important to point out that the methodology of the two analyses is not entirely identical: the two analyses use different definitions of developing countries,[57] the IBFD analysis did not address withholding tax rates, and the IBFD analysis only considered tax treaties concluded in the period 1997-2013 while the 2016 analysis considered the treaties concluded by Belgium between 1972 and 2013. Despite those differences, it may be useful to compare their results. The table below shows that comparison, by indicating the percentage of treaties in each analysis that contains the listed treaty provisions that follow the UN model convention.

51 Parl.St. Senaat 2007-08, 4-946/1, 6.

52 *Ibid.*

53 N. BAMMENS, Dubbelbelastingverdragen en fiscaal relevante investeringsverdragen met ontwikkelingslanden, Larcier, 2016, 35-68.

54 *Ibid.*, 54.

55 W. WIJNEN and J. DE GOEDE, 'The UN Model in practice 1997-2013', Bull.IBFD 2014, 118-146. Note that that.

56 See also N. BAMMENS, Dubbelbelastingverdragen en fiscaal relevante investeringsverdragen met ontwikkelingslanden, Larcier, 2016, 67.

57 The IBFD analysis used OECD membership as a proxy for distinguishing between developing and developed countries, while the 2016 analysis of Belgium's tax treaties considered whether the partner country received official development assistance at the moment of signing the treaty.

Table 1.2 Features of Belgian tax treaties (in %)

Treaties concluded by Belgium		IBFD analysis	
UN clause	**Number of treaties**	**UN clause**	**Number of treaties**
Construction PE*	66	Construction PE	59
Services PE	33	Services PE	35
Insurance PE	30	Insurance PE	22
PE force of attraction	18	PE force of attraction	11
Limitation of expenses	39	Limitation of expenses	20
Royalty source tax	90	Royalty source tax	85
Capital gains on shares	25	Capital gains on shares	14
Source tax other income	48	Source tax other income	34

* Note that the scoring of this feature is slightly different in both analyses: the IBFD analysis considers every provision with a threshold lower than the twelve-month threshold in the OECD model as a 'UN clause', while the 2016 analysis of Belgium's tax treaties disregarded provisions that contained a nine-month threshold since such a provision is not closer to either the OECD model (twelve-month threshold) or the UN Model (six-month threshold)

The results of both analyses are quite similar. The difference between the results is generally less than 10%, apart from the categories 'Limitation of expenses'; 'Capital gains on shares' and 'Source tax other income'. Another remarkable observation is that the treaties concluded by Belgium generally contain more 'UN clauses' than the treaties in the IBFD analysis, apart from the category 'Services PE'. Again, however, it should be noted that the methodology of both analyses was not entirely identical, so it is difficult to draw conclusions with any degree of certainty.

In order to obtain a basic understanding of the impact of Belgium's tax treaty policy on the partner countries' budget, it may be useful to consider the potential effect of the reduced withholding tax rates under the relevant treaties. The three tables below estimate that potential effect (subject to a number of caveats, as set out below). An important preliminary remark is that we calculate the difference in tax return applying the differences in tax treaties with Belgium on the total flow of investment returns (dividends and interest), as documented in appendix 4. The share of Belgium is however only 1.5% of this total, illustrating the limited role Belgium has in the total of economic flows with our partner countries, even when they are 'preferred'. The real estimated impact is so only 1.5% of what is calculated in the tables below.[58]

The first table below give an overview of dividends paid to a Belgian recipient from the five partner countries with which Belgium has concluded a tax treaty. The amounts (in million USD) are based on the balance of payments included in appendix 4. A distinction is made between direct investment dividends and portfolio dividends because the relevant tax treaties generally provide for a lower withholding tax rate with respect to the former category of dividends. It should be noted, however, that the definition of direct investment varies in the different treaties (*e.g.*, a 25% participation is required under the treaties with Morocco, Rwanda, and the DRC, while a 10% participation is required under the treaty with Uganda) and does not necessarily coincide with the definition of that term used for purposes of the balance of payments.

The tables contain the amount (in million USD) of dividends paid; the withholding tax rates applicable to dividend payments according to the partner countries' domestic tax law[59] ('Domestic rate'); and the maximum withholding tax rates provided for under the applicable treaty ('Treaty rate'). The final column ('Difference') contains the difference (in million USD) between the amount of withholding tax that could theoretically be levied if the domestic rate were fully applied to the dividends

58 Weyzig (2013, p. 22) estimates in a similar way for the Netherlands and for all developing countries the impact on some 150 to 550 million euro.

59 These rates are based on the information on current withholding taxes on payments to non-resident companies provided in the IBFD country reports for each of the partner countries (https://research.ibfd.org).

and the amount of withholding tax that can be levied if the treaty rates are applied to the dividends. That difference could be regarded as the potential amount of revenue foregone in the partner country as a result of the reduced withholding tax rates under the treaty (but see the caveats below).

The second table below contains the same information in relation to interest payments. Again, a distinction is made between direct investment interest and portfolio interest,[60] because the treaty with Rwanda provides for a withholding tax exemption for the former category of interest (it being understood that in that context, a direct investment is defined as a participation of at least 35%).

Table 1.3 Potential effect of Belgium's tax treaties on dividend withholding taxes in partner countries (million USD and %)

Partner country	Direct investment dividends				Portfolio dividends			
	Amount	Domestic rate (in %)	Treaty rate (in %)	Difference	Amount	Domestic rate (in %)	Treaty rate (in %)	Difference
D.R. Congo	452.52	20	15.00 [1]	22.63	-	20	10	-
Morocco	1,380.81	15	6.50	117.37	0.48	15	10	0.02
Rwanda	33.92	15	0.00 [2]	5.10	-	15	15	-
Senegal	315.77	10	15.00 [3]	0.00	96.24	10	15 [4]	0.00
Uganda	144.00	15	5.00	14.40	0.00	15	15	0.00

1 Note that the 15% rate only applies if it concerns dividends paid by a company whose profits are exempt from Congolese tax under the Investment Code, provided that the beneficial owner is a company which holds directly at least 25% of the capital of the company paying the dividends. In all other cases, a 10% rate applies.

2 The withholding tax exemption applies if the beneficial owner of the dividends is a Belgian resident company which at the moment of the payment of the dividends holds, for an uninterrupted period of at least twelve months, a participation of at least 25% in the distributing company and the paying company does not enjoy the benefit of special measures to promote economic development (article 10(2) of the treaty).

3 A rate of 16% applies 'insofar as the rate of tax on income from movable capital applicable to dividends paid to non-residents, in accordance with Senegalese law, amounts to 16%'. In other cases, the applicable rate is 15% (article 10(2) of the treaty).

4 A rate of 16% applies 'insofar as the rate of tax on income from movable capital applicable to dividends paid to non-residents, in accordance with Senegalese law, amounts to 16%'. In other cases, the applicable rate is 15% (article 10(2) of the treaty).

Source Own calculations based on appendix 4

60 For the purpose of that table, the amount of 'portfolio interest' is the total of interest income classified as portfolio investment income and other investment income in the table in appendix 4.

Table 1.4 **Potential effect of Belgium's tax treaties on interest withholding taxes in partner countries (million USD and %)**

Partner country	Direct investment dividends				Portfolio dividends			
	Amount	Domestic rate (in %)	Treaty rate (in %)	Difference	Amount	Domestic rate (in %)	Treaty rate (in %)	Difference
D.R. Congo	0.00	20	10	0.00	982.26	20	10	98.23
Morocco	39.02	10	10	0.00	918.05	10	10	0.00
Rwanda	-	15	0 [1]	-	189.81	15	10	9.49
Senegal	41.61	16	16 [2]	0.00	472.32	16	16 [3]	0.00
Uganda	8.66	15	10	0.43	247.19	15	10	12.36

1 The exemption applies if the recipient of the interest holds directly or indirectly at least 35% of the paying company, insofar as the total amount of the loan(s) granted by the recipient does not exceed an amount equal to the equity of the paying company.
2 The rate of 16% applies 'insofar as the rate of tax on income from movable capital applicable to interest paid to non-residents, in accordance with Senegalese law, amounts to 16%'. In other cases, the applicable rate is 15% (article 11(2) of the treaty).
3 The rate of 16% applies 'insofar as the rate of tax on income from movable capital applicable to interest paid to non-residents, in accordance with Senegalese law, amounts to 16%'. In other cases, the applicable rate is 15% (article 11(2) of the treaty).
Source Own calculations based on appendix 4

The table suggests that Belgium's tax treaties mainly affect the withholding tax on direct investment dividends in Morocco (117 million USD of revenue foregone); the withholding tax on portfolio interest in the DRC (98 million USD of revenue foregone); and the withholding tax on direct investment dividends and portfolio interest in Uganda (14 million USD and 12 million USD of revenue foregone, respectively).

It is important, however, to add some nuance to these findings. First, the treaty with Uganda has not yet entered into force (see above), as a result of which the amounts referred to in the tables in relation to Uganda only concern the potential impact of that treaty.

In addition, the tables assume that the existence of a treaty does not affect the amount of investments in the partner country. As noted in Section 1.2.1, there may be an expectation that signing a tax treaty will attract foreign investors. If that expectation is correct (although as noted in Section 1.2.1, it has been disputed in a number of studies), the amount of revenue foregone as a result of signing the treaty may, to an extent, be compensated for by the increased investment (and, hence, the increased withholding taxes) resulting from the treaty. Finally, the tables only refer to the standard withholding tax rates under the domestic law of the partner countries, without considering potential reductions or exemptions that may apply under domestic law. In the D.R.C., for instance the standard withholding tax rate for dividends and interest is 20%, but a reduced rate of 10% applies to dividends paid by mining companies while interest paid by the holder of a mining license in respect of loans granted in foreign currency is exempt from tax. Similarly, a withholding tax exemption applies in Morocco with respect to dividends distributed by companies established in Casablanca Finance City or in an industrial acceleration zone. In Rwanda, a withholding tax exemption applies, amongst others, to dividends and interest paid by special purpose vehicles, subject to certain conditions (*e.g.,* the entity is registered for investment purpose in projects which are meant to last for more than 2 years; its assets in Rwanda are at least 1 million USD; the annual expenditure in Rwanda is at least 15,000 USD; *etc.*). Those nuances were not included in the table, but their effect is that the actual amount of revenue foregone (*i.e.*, the difference between the amount of withholding tax that could theoretically be applied under domestic law and the amount that is actually levied in accordance with the tax treaty) is likely lower than that included in the table. Nevertheless, the tables suggest that the potential impact on the partner countries' budget may be significant in a number of cases.

1.2.3 Treaty shopping

Treaty shopping refers to situations in which the benefits of tax treaties are claimed in situations where these benefits were not intended to be granted. The concept particularly refers to situations where a person that is not a resident of either contracting state seeks to claim the benefits of the tax treaty between those states, for instance by incorporating a letterbox company in one of the contracting states. In such a case, income that is channelled through the letterbox company may be entitled to a favourable tax regime - such as a withholding tax exemption in the source state of the income - that would not be available had the income been directly paid to the ultimate beneficiary.

Assume, for instance, that a Belgian investor intends to invest in Mozambique. As noted in Section 1.2.2 above, Belgium and Mozambique have not concluded a tax treaty. As a result, dividends paid by a Mozambican company to a Belgian resident would be subject to the withholding tax as it applies under Mozambican domestic law (currently at a rate of 20%),[61] without any treaty restriction. In order to obtain a more favourable tax treatment, the investor could consider channelling the investment through an entity incorporated in a jurisdiction with a favourable tax system. For instance, the Belgian investor could incorporate a company in Mauritius, which then makes the investment in Mozambique. In such a case, dividends paid by the Mozambican company to the Mauritian company would in principle be entitled to the benefits of the tax treaty between Mauritius and Mozambique, which was concluded in 1997.[62] Under that treaty, the withholding tax rate on dividends in Mozambique is limited to 8% if the beneficial owner is a Mauritian company that holds a participation of at least 25% in the distributing company. Dividends that are subsequently paid by the Mauritian company to the Belgian investor would then, in turn, in principle benefit from the provisions of the tax treaty between Belgium and Mauritius, concluded in 1995[63] (it being understood that dividend distributions from resident companies to non-resident companies are not subject to withholding tax under domestic law in Mauritius,[64] as a result of which that treaty would be of limited importance in the case at hand). By interposing the Mauritian company as a conduit, the Belgian investor has therefore been able to reduce the withholding tax rate in Mozambique from 20% to 8%. While there may be bona fide business reasons to use, for instance, a Mauritian company to structure an investment, such a situation would constitute tax abuse (as defined in Section 1.1) if the main purpose (or one of the main purposes) of interposing that Mauritian company was to obtain a tax advantage.

Traditionally (*i.e.*, before the BEPS project discussed below), the main mechanism to challenge treaty shopping structures was the beneficial ownership requirement which is included in most tax treaties. That requirement entails that the tax treaty benefits related to dividends, interest, and royalties (*i.e.*, the reduced withholding tax rates or withholding tax exemptions for such items of income), are only available if the recipient of the income is a resident of a contracting state that is also the beneficial owner of the income. In other words, the source state of dividends, interest or royalties is not obliged to give up taxing rights over that income merely because it was paid to a resident of the other contracting state. For instance, where income is paid to a resident of a contracting state acting in the capacity of agent or nominee, or as a simple conduit for another person, then that direct recipient of the income does not qualify as the beneficial owner of the income since that recipient acts as a mere fiduciary or administrator acting on account of the interested parties. In such a situation, the direct recipient's right to use and enjoy the income is constrained by a contractual or legal obligation to pass on the payment received to another person. The direct recipient of the income only qualifies as the beneficial owner if it does have the right to use and enjoy the income unconstrained by a contractual or legal obligation to pass on the payment received to another person.[65] Applied to the example given above, the Mozambican tax authorities could rely on the beneficial ownership require-

61 Which is reduced to 10% for dividends distributed by companies listed on the Mozambique Stock Exchange to corporate shareholders: IBFD, Mozambique: Country Tax Guides - Corporate Taxation, www.ibfd.org.

62 IBFD tax treaty database, www.ibfd.org

63 IBFD tax treaty database, www.ibfd.org

64 IBFD, Mozambique: Country Tax Guides - Corporate Taxation, www.ibfd.org

65 OECD, Commentaries on the articles of the Model Tax Convention, article 10, 12-12.4 and article 11, 10-10.4.

ment in article 10 of the tax treaty between Mozambique and Mauritius if they consider that the structure amounts to treaty shopping. Under that provision, the limitation of the dividend withholding tax to 8% only applies if the beneficial owner of the dividends is a resident of Mauritius. Consequently, if the Mozambican tax authorities succeed in demonstrating that the Mauritian company does not have the right to use and enjoy the income (but is, for instance, under a legal obligation to pass it on to the Belgian investor), then those authorities would be entitled to apply the domestic withholding tax rate of 20%.

While the beneficial ownership criterion is suitable to address certain cases of treaty shopping, it leaves room for interpretation and uncertainty as a result of which its application in practice is often difficult, particularly in complex cases.[66]

The OECD/G20 BEPS Project is an initiative to address base erosion and profit shifting (BEPS), a concept that refers to tax planning strategies used by multinational enterprises that exploit gaps and mismatches in tax rules to avoid paying tax. Following the release of the report 'Addressing Base Erosion and Profit Shifting' in February 2013, an action plan to address BEPS was adopted in September 2013. The purpose of that action plan, which consisted of 15 separate actions, was to improve the coherence of the domestic rules that affect cross-border activities, to reinforce substance requirements in the existing international standards, and to improve transparency as well as certainty.[67]

BEPS action 6 deals with different types of treaty abuse, including treaty shopping.[68] Both the OECD and the UN have recognised that action 6 is among the BEPS action points with the highest priority for developing countries.[69] The 2015 final report on BEPS action 6 suggested three measures to counter treaty shopping:

1. the inclusion in tax treaties of a clear statement that the contracting states intend to avoid creating opportunities for tax evasion or avoidance, including through treaty shopping arrangements;
2. the inclusion in tax treaties of a specific anti-abuse rule, the limitation-on-benefits ('LOB') rule, that limits the availability of treaty benefits to entities that meet certain conditions. These conditions, which are based on the legal nature, ownership in, and general activities of the entity, seek to ensure that there is a sufficient link between the entity and its State of residence;
3. the inclusion in tax treaties of a more general anti-abuse rule based on the principal purposes of transactions or arrangements (the principal purposes test or 'PPT' rule). Under that rule, if one of the principal purposes of transactions or arrangements is to obtain treaty benefits, these benefits would be denied unless it is established that granting these benefits would be in accordance with the object and purpose of the provisions of the treaty.[70]

Depending on their treaty policy, domestic legislation, and administrative capacity, contracting states may opt to include only the LOB rule, only the PPT rule or both rules in their tax treaties in order to prevent treaty shopping. Obviously, both types of rules have strengths and weaknesses. For instance, the LOB rule is based on objective criteria and therefore offers a greater degree of legal certainty as compared to the PPT rule, which requires a case-by-case assessment of the purposes of transactions and arrangements. On the other hand, the scope of application of the LOB rule is restricted to certain specific cases of treaty shopping, while the PPT rule has a much broader scope of application. In

66 For a general overview, see e.g., C. DU TOIT, The Evolution of the Term 'Beneficial Ownership' in Relation to International Taxation over the Past 45 Years, Bulletin for International Taxation, 2010, 10.

67 OECD (2013), Addressing Base Erosion and Profit Shifting, OECD Publishing. http://dx.doi.org/10.1787/9789264192744-en

68 OECD (2015), Preventing the Granting of Treaty Benefits in Inappropriate Circumstances, Action 6 – 2015. Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris. http://dx.doi.org/10.1787/9789264241695-en

69 OECD, 'Part 1 of a report to G20 development working group on the impact of BEPS in low income countries', 28-31; United Nations, Responses to questionnaire for developing countries from the UN Subcommittee on Base Erosion and Profit Shifting, 2014, E/C.18/2014/CRP.12, 6-7.

70 OECD (2015), Preventing the Granting of Treaty Benefits in Inappropriate Circumstances, Action 6 – 2015. Final Report, OECD/G20 Base Erosion and Profit Shifting Project, 18-19.

addition, the application of the LOB rule can require a very technical analysis, and the administrative capacity of some countries might prevent them from applying such detailed rules, and instead require them to opt for more general anti-abuse rules.[71]

All the tax treaties in scope of the present analysis, with the exception of the 1972 treaty with Morocco, contain a beneficial ownership requirement in the provisions concerning dividends, interest and royalties.

As regards LOB and PPT rules, neither the 1972 treaty with Morocco nor the treaty with Uganda contains such a rule.

The 2006 treaty with Morocco, on the other hand, contains the following PPT-rule:

'A benefit under the treaty shall not be granted in respect of an item of income or capital if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of the treaty.' The same PPT rule is also included in the treaty with Senegal.

The treaty with Rwanda contains a specific PPT rule. The scope of that rule is restricted to the benefits of the tax sparing clause in the treaty, *i.e.*, a treaty provision under which Belgium grants an exemption from corporate income tax for business profits that may be taxed in Rwanda, but which are not effectively taxed there according to special measures to promote economic development in Rwanda (see Section 1.2.1). According to the PPT rule, that exemption in Belgium does not apply

'To a resident of Belgium where the main purpose of that resident's activities or investments in Rwanda was to take undue advantage of the said provisions, that is where it is established that the said activities and investments do not meet legitimate requirements of a financial or economic nature. This shall be the case, in particular, where - before the end of, or after the expiry of, the period during which the exemption of Rwandan tax referred to in those provisions is granted to a company which is a resident of Rwanda or to a permanent establishment that a resident of Belgium has in Rwanda - an enterprise which is associated, within the meaning of article 9, with that resident of Belgium or Rwanda, as the case may be, takes over the activities of the abovementioned company or permanent establishment in order to be granted in Rwanda a new period of exemption of the profits derived from those activities.'[72]

The same PPT rule is also included in the treaty with the DR Congo.[73]

1.2.4 The wider treaty network of the partner countries

As is apparent from the overview set out above, a country's tax policy cannot be determined in isolation. Although countries in principle have full sovereignty to design their tax system as they see fit, the functioning of that system may be affected by other countries' domestic tax systems and by the tax treaties concluded with other countries. Moreover, the potential impact of tax treaties on a country's tax system is not limited to the treaties which that country itself has concluded with other countries; there may also be (indirect) effects of tax treaties concluded between third countries. That is to say, while tax treaties are inherently bilateral in nature, the totality of those treaties forms a global network that can be relied on to structure cross-border investments and payments in a tax-efficient way. As discussed in Section 1.2.3, that may create an incentive for treaty shopping whereby, for instance, a letterbox company is interposed to claim entitlement to a favourable tax regime.

71 *Id.*, 14. See also OECD, 'Part 1 of a report to G20 development working group on the impact of BEPS in low income countries', 14: 'Rules also need to be implementable in the context of developing country resource and capacity limitations – this might mean they need to be simplified or more mechanical in nature, and allow for limited discretion.'

72 Belgium-Rwanda Income and Capital Tax Treaty (2007), Protocol, No. 5.

73 Belgium-Congo (Dem. Rep.) Income and Capital Tax Treaty (2007), Protocol, No. 4.

For that reason, it is not sufficient to only consider Belgium's direct relationship with the 14 partner countries. In order to obtain a full picture of the potential impact of Belgium's international tax policy (*i.e.*, Belgium's decision to enter into tax treaties with certain partner countries), it is necessary to consider the wider treaty network of those partner countries. Applied in the context of the example given in Section 1.2.3: it is not sufficient to only consider the direct relationship between Belgium and Mozambique (in which no tax treaty applies): given the possibility of treaty shopping, the indirect treaty relationship (constituted by the Mozambique-Mauritius treaty and the Mauritius-Belgium treaty) should also be considered.

As there are currently more than 3,000 bilateral tax treaties in force, it is not feasible to consider every treaty that directly or indirectly links Belgium to the 14 partner countries. For the sake of feasibility, therefore, the present analysis is restricted to indirect relationships involving three countries (*i.e.*, Belgium, one of the 14 preferred partner countries, and a third country). In addition, the analysis only considers those situations in which the third country is either among the five highest ranking jurisdictions in the 2021 Corporate Tax Haven Index (*i.e.*, the British Virgin Islands, the Cayman Islands, Bermuda, the Netherlands and Switzerland (Tax Justice Network, 2021b)) or is Mauritius (since Mauritius, due to its favourable domestic tax regime and its extensive tax treaty network with African countries, has historically often been used as a stepping stone in treating shopping schemes in Africa).[74]

Those limitations lead to 84 potential configurations, but since the present analysis is only concerned with the potential impact of the tax treaty network on the tax position of the 14 preferred partner countries, only those cases will be addressed where the partner country has a treaty with a third country and that third country also has a treaty with Belgium. That leaves 10 situations to be discussed.[75] The treaties that apply in those situations are represented in Table 1.5. Note that the table only considers the tax treaties that the 14 preferred partner countries have concluded with the six selected third countries (and not the treaties which those six countries have concluded with Belgium) since the focus of the present analysis is on the potential impact of the Belgian tax treaty network on the tax position of the 14 preferred partner countries.

74 A. OGUTTU, 'OECD's Action Plan on Tax Base Erosion and Profit Shifting: Part 2 – A Critique of Some Priority OECD Actions from an African Perspective – Addressing Excessive Interest Deductions, Treaty Abuse and the Avoidance of the Status of a Permanent Establishment', Bull. IBFD 2016, 335.

75 The British Virgin Islands, the Cayman Islands, and Bermuda have not concluded any income tax treaties with either Belgium or any of the 14 partner countries in scope. Benin, Burkina Faso, Burundi, the Democratic Republic of the Congo, Guinea, Mali, Niger, and Palestine have not concluded any income tax treaties with any of the six selected third countries. In some cases, treaties are currently under negotiation (e.g., between Burkina Faso and Mauritius) but in the absence of details in such cases they are not included in the analysis.

Table 1.5 Relevant features of the wider treaty network of the partner countries

	Tanzania-Switzerland (1963) [1]	Morocco-Netherlands (1977)	Morocco-Switzerland (1993)	Mozambique-Mauritius (1997)	*Rwanda-Mauritius (2001)* [2]
Construction PE	12 M	6 M	6 M	6 M	12 M
Services PE	N	N	N	Y	Y
Insurance PE	Y [3]	N	Y	N	N
PE force of attraction	No	N	N	N	N
Limitation of expenses	No	N	N	Y	Y
Dividend WHT rate	No treaty provision	10/25	7/15	8/10/15 [4]	0
Interest WHT rate	No treaty provision	10/25 [5]	10	8	0
Royalty source tax	N	Yes	Y	Y	N
Capital gains on shares	N	Yes [6]	N	N	N
Source tax other income	Yes [7]	No	N	N	N
Tax sparing clause	No	No	Y	Y	Y

	Senegal-Mauritius (2002) [7]	Uganda-Mauritius (2003)	Uganda-Netherlands (2004)	Rwanda-Mauritius (2013)	*Morocco-Mauritius (2015)* [8]
Construction PE	9 M	6 M	6 M	6 M	6 M
Services PE	Y	Y	Y	Y	Y
Insurance PE	Y	N	N	Y	N
PE force of attraction	N	N	N	Y	N
Limitation of expenses	Y	Y	Y	Y	Y
Dividend WHT rate	0	10	0/5/15 [9]	10	8/10
Interest WHT rate	0	10	10	10	10
Royalty source tax	N	Y	Y	Y	Y
Capital gains on shares	N	N	Y	N	N
Source tax other income	N	N [10]	N	Y	N
Tax sparing clause	Y	Y	N	N	Y

1 This treaty has since been terminated, but no information is available on why and when that termination occurred. Note for the sake of completeness that the treaty between Switzerland and Tanzania was actually an extension of the 1954 treaty between Switzerland and the United Kingdom. Article XXI of the latter treaty allowed for a territorial extension under the following conditions: 'The present Convention may be extended, either in its entirety or with modifications, to any territory for whose international relations the United Kingdom is responsible and which imposes taxes substantially similar in character to those which are the subject of the Convention, and any such extension shall take effect from such date and subject to such modifications and conditions (including conditions as to termination) as may be specified and agreed between the Contracting Parties in notes to be exchanged for this purpose.'

2 This treaty was terminated in 2013 and replaced by a new treaty (see below).

3 According to point (d) of the modifications, the treaty provision on business profits 'shall apply subject to the proviso that nothing in that paragraph shall affect any provisions of the law of [Tanzania] regarding the taxation of income from the business of insurance'. Consequently, Tanzania would be able to tax income from insurance activities even in the absence of a PE.

4 The 8% rate applies if the beneficial owner is a company which holds at least 25% of the capital of the company paying the dividends; the 10% rate applies if the beneficial owner is a company which holds less than 25% of the capital of the company paying the dividends; the 15% rate applies in all other cases.
5 The 10% rate applies to interest paid by a resident of a State to an enterprise of the other State. The 25% rate applies in all other cases.
6 Under article 14(5) of the treaty, capital gains are taxable in the specific situation where it concerns capital gains on shares 'in a company which is a resident of that State and whose capital is wholly or partially divided into shares, where such gains are derived by an individual who is resident in the other State and who was a resident of the first-mentioned State at some time during the five years preceding the alienation'.
7 A source tax on other income would be possible under article XV(1) of the treaty, pursuant to which 'The laws of the Contracting Parties shall continue to govern the taxation of income arising in either of the territories, except where express provision to the contrary is made in the present Convention'.
8 This treaty was terminated in 2019. No new treaty between the parties has yet been concluded.
9 This treaty was concluded on 25 November 2015 but has not yet entered into force.
10 Note that the other income provision in this treaty (article 23) include a subject-to-tax requirement, meaning that the source state is only required to grant an exemption if the recipient of the income is subject to tax in respect of that income in his residence state.

It is difficult to draw any firm conclusions based on this overview, but it is remarkable that a number of the treaties, particularly those concluded with Mauritius, provide for fairly low withholding tax rates on dividends and interest (in some cases even 0% rates). It is not surprising, then, that Mauritius - as noted above - has often been used as a conduit for foreign investors to route their investments in certain African countries.

Low withholding tax rates (and the resulting potential for treaty shopping) are one of the reasons why a number of African countries have decided to renegotiate their tax treaty with Mauritius. [76] The 2001 Rwanda-Mauritius treaty is a good example: the exemption from withholding tax on dividends and interest under that treaty was among the reasons why that treaty was replaced with the 2013 treaty (which provides for a 10% withholding tax for both categories, broadly in line with the OECD model). Similarly, Uganda decided in 2014 to temporarily cease tax treaty negotiations because of, inter alia, concerns about treaty shopping.[77]

The analysis above concerns the situation where an entity in a third country is used as a conduit entity by a Belgian resident investing in one of the partner countries. It is of course also possible that a resident of a third country interposes a conduit entity in Belgium. Assume for instance that an investor resident in the Netherlands intends to invest in Rwanda. As no tax treaty applies between the Netherlands and Rwanda, dividends sourced in Rwanda and paid directly to the investor would be subject to withholding tax in Rwanda at the domestic rate of 15%.[78] If that investor would instead use a Belgian subsidiary to make the investment, the outcome would be different. In that case, the Rwandan-sourced dividend paid to the Belgian subsidiary would in principle be exempt in Rwanda under the treaty between Belgium and Rwanda (see Section 1.2.2). The dividend paid by the Belgian subsidiary to its Dutch parent company would then in principle be exempt in Belgium under the parent-subsidiary directive. That scenario is further addressed in Section 1.3.2.

A similar situation could arise in relation to capital gains on shares. As will be discussed in the case study in Section 1.4.1, the domestic law of the DRC provides for a 30% tax on capital gains realised by a non-resident shareholder from the sale of a direct or indirect shareholding in a DRC company that holds a mining licence. As no tax treaty applies between the DRC and the Netherlands, the DRC would not be precluded from applying that tax if a resident of the Netherlands sells such a shareholding. Under the tax treaty between Belgium and the DRC, however, such capital gains are exclusively taxable in Belgium (see Section 1.2.2). As capital gains on shares are exempt for Belgian corporate income tax purposes (subject to conditions; see Section 1.3.3), the Dutch investor could con-

76 A. OGUTTU, 'OECD's Action Plan on Tax Base Erosion and Profit Shifting: Part 2 – A Critique of Some Priority OECD Actions from an African Perspective – Addressing Excessive Interest Deductions, Treaty Abuse and the Avoidance of the Status of a Permanent Establishment', Bull. IBFD 2016, 335-338.
77 M. HEARSON and J. KANGAVE (2016) A review of Uganda's tax treaties and recommendations for action. Working paper, 50. Institute of Development Studies, International Centre for Tax and Development.
78 Rwanda - Corporate Taxation - Country Tax Guides, sec. 6.3, www.ibfd.org

sider using a Belgian subsidiary to hold the shares in the DRC mining company instead of holding them directly.

While these examples are hypothetical, they illustrate the risk of abuse to the disadvantage of the partner countries' finances and underline the importance of robust anti-abuse measures both in tax treaties and in domestic tax law.

1.3 Belgian domestic tax law

1.3.1 Introduction

This section will seek to identify several aspects of Belgian domestic tax law that can have an impact, directly or indirectly, on public finances in developing countries. As no empirical data is available on the impact of these measures, reference will be made to the Corporate Tax Haven Index instead, as an aid for making a selection of relevant measures. The index describes itself as '*a ranking of jurisdictions most complicit in helping multinational corporations underpay corporate income tax*' and analyses the impact of specific measures in this context.[79] In this index, Belgium is ranked as number 16 worldwide, which translates to it being responsible for '*2.2% of the world's corporate tax abuse risks*.'[80]

While a useful tool of reference to identify measures of interest and distinguish between their relative impact, this remains an approximation. Hence, the classification under the Index alone is not enough to draw conclusions with respect to a particular measure. It does, however, permit us to indicate which regimes pose a potentially higher risk. Based on this index, the following selection was made:

- treatment of dividend and interest payments;
- capital gains on shares;
- interest limitations;
- preferential IP regimes;
- transfer pricing.

For the first three, Belgium was awarded the maximum score in the Index, identifying them as particularly high risk areas. With respect to preferential IP regimes, Belgium was awarded a score of 90 under the 'patent box' classification. Finally, several aspects of transfer pricing - including the availability of unilateral transfer price rulings - were highlighted in the index as points of notice and thus also warrant a closer look.

As a preliminary comment, it is worth nothing that during the period of 2018-2020 the general Belgian corporate income tax rate was lowered. Whereas up to 2017, a rate of 33.99% applied, Belgium saw a gradual decrease to first 29.58% in 2018 and subsequently 25.00% in 2020. This was linked to the elimination of various tax deductions[81] and special regimes,[82] as well as the introduction of several (EU) anti-abuse measures.[83] [84]

This is not an isolated phenomenon. Over the past few decades, the average statutory tax rate in the EU has declined significantly.[85] Many countries either had lowered their statutory rate, or were intending to lower it when the Belgian corporate income tax was reformed at the end of 2017.[86] After all, such a general decrease of the corporate tax rate is one of the main forms tax competition can

79 https://cthi.taxjustice.net/en/
80 https://cthi.taxjustice.net/en/
81 E.g., Section 1.3.5.
82 E.g., Section 1.3.6.
83 E.g., Section 1.3.4.
84 Parl. St. Kamer, 2017-2018, Doc 54, 2864/001, 3-5.
85 EU Tax Observatory, New Forms of Tax Competition in the European Union: an Empirical Investigation, November 2021, p. 19.
86 Parl. St. Kamer, 2017-2018, Doc 54, 2864/001, 3.

take,[87] though it can equally manifest itself via more specific tax-favourable regimes,[88] such as the IP regime set out in Section 1.3.6.

Finally, it is worth noting that the OECD Pillar Two measures may equally have an impact. In particular, the indirect effect of the global minimum corporate tax rate of 15% could be significant. After all, several of the regimes enumerated below result in a lower effective tax rate than 15% on certain items of income. This could trigger the Pillar Two Income Inclusion Rule in a different state. That state would then impose a top-up tax on the parent entity of a lower-taxed Belgian subsidiary until the 15% minimum tax rate is achieved. Consequently, the tax advantage would be eliminated for the company, whereas Belgium would lose out on tax revenue. Ultimately, the effect could be that tax incentives become less effective since tax benefits granted can be 'taxed back' in another jurisdiction. To the extent that a tax incentive reduces the tax burden below 15%, it will therefore no longer lead to increased investment in the jurisdiction granting the incentive. As a result, it is likely that Pillar Two, if adopted, would result in a shift in Belgian tax policy. It is important to note, however, that the Pillar Two Model Rules allow jurisdictions to adopt a qualified domestic minimum top-up tax (QDMTT) that grants them the primary right to increase the tax burden on low-taxed entities in their jurisdiction up to the minimum rate. That possibility will arguably mitigate the practical impact of the Pillar Two rules. In particular, it can be expected that countries currently granting tax incentives (including Belgium) will consider the introduction of a QDMTT in order to retain their tax incentives (including low tax rates): if those incentives lead to an effective tax rate below 15%, the difference with the minimum rate is collected under the QDMTT. The end result is then that the jurisdiction is able to levy the minimum amount of tax needed to prevent other jurisdictions from applying the other Pillar Two mechanisms. Academic literature has suggested that the design of the Pillar Two Model Rules may encourage jurisdictions to reduce their tax rates below 15% and may even increase tax competition.[89]

1.3.2 Treatment of dividend and interest payments

This section will elaborate on the treatment of dividend and interest payments. In addition to the Corporate Tax Haven Index, other studies have equally identified the treatment of inbound and outbound dividend and interest payments as a field of interest, in that reduced withholding rates may have spillover effects.[90] A tax spillover is the direct or indirect effect of one country's tax rules and practices on other countries, for instance their tax revenues, rules, or practices.[91] Low withholding tax rates on outbound dividend and interest payments may have spillover effects because they may create an opportunity for conduit entities to transfer income to another country without attracting taxation (see Section 1.1 above).

In principle, Belgium applies a 30% withholding tax to dividend and interest payments, both for payments made to residents and for payments made to non-residents. If the recipient of dividend or interest income is a Belgian resident, both categories of income are included in the taxable base of that recipient.

87 L. CERIONI, 'Harmful Tax Competition Revisited: Why not a Purely Legal Perspective under EC Law?' in *ET*, July 2005, 267-268.

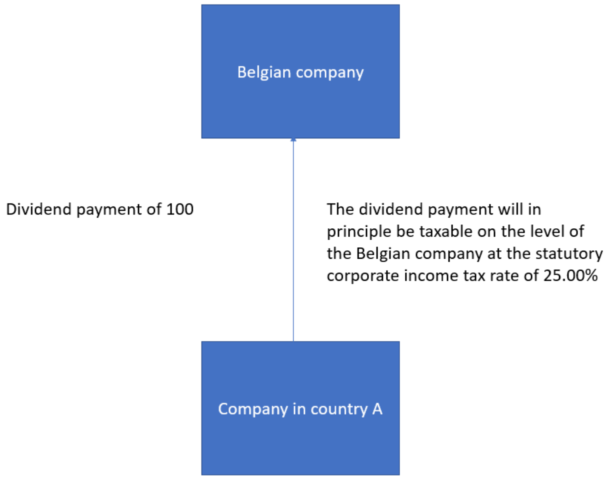
88 P. PIANTAVIGNA, 'Tax Competition and Tax Coordination in Aggressive Tax Planning: A False Dichotomy' in *WTJ*, 2017 (Volume 9), No. 4, p. 480.

89 M. Devereux, J. Vella, and H. Wardell-Burrus, *Pillar 2: Rule Order, Incentives, and Tax Competition,* Oxford University Centre for Business Taxation Policy Brief 2022, Available at SSRN: https://ssrn.com/abstract=4009002; N. Bammens and D. Bettens, *The potential impact of Pillar Two on tax incentives*, Intertax 2023, 2, 155.

90 F. WEYZIG, *Evaluation issues in financing for development Analysing effects of Dutch corporate tax policy on developing countries*, November 2013, 64.

91 ActionAid, 2018; Baker & Murphy, 2019. See Section 2.2.3

Figure 1.1 Theoretical taxation of received dividends in corporate income tax



Source Own elaboration

However, Belgium has implemented the European parent-subsidiary directive,[92] which was already identified as a field of interest in an earlier Irish study.[93] In Belgian law, this takes the form of the so-called participation exemption regime, or dividends received deduction.[94] Under this regime, dividends received by Belgian companies from their subsidiaries, European or otherwise, are exempted from tax.[95] To qualify for this regime, three main conditions must be met:

- qualitative condition:[96] The distributing subsidiary must be subject to Belgian corporate income tax, or a similar tax;[97]
- quantitative condition[98]: The parent must hold a minimum participation of 10% of the capital in the subsidiary at the time of the dividend distribution, or must hold a participation with an acquisition value of at least 2.5 million euro;
- permanence condition:[99] Said participation must have been held in full ownership for at least one year, though this is also a condition that can be met after the dividend distribution.

If these conditions are fulfilled, the dividends received will not be taxed at the level of the parent company (subject to among others certain anti-abuse provisions).[100]

In addition to the participation exemption and as regards outbound dividends, Belgian domestic law has implemented the directive under similar conditions as those outlined above, resulting in a full exemption from withholding tax.[101] The reduction of withholding rates on passive income has been

92 Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States.

93 IBFD, *Spillover Analysis Possible Effects of the Irish Tax System on Developing Economies*, July 2015, 8.

94 In Belgium this is known as the 'DBI' regime, or 'definitief belast inkomen'.

95 Please note that these dividends are initially included in the tax base, but later excluded from it via the dividend received deduction, i.e., a deduction from the taxable base for amount of dividends received. To the extent that the deduction is unused (for example due to a negative year result), it can be carried forward and used during a later taxable period. An exemption at source is under certain conditions possible as well.

96 Article 203 ITC92.

97 Please note that article 203 ITC92 defines this condition in a negative way, listing a variety of conditions that may not be present on the level of the subsidiary, as well as certain types of income that cannot qualify for the regime, such as a carve-out specifically for income derived from hybrid instruments leading to a mismatch.

98 Article 202, §2 ITC92.

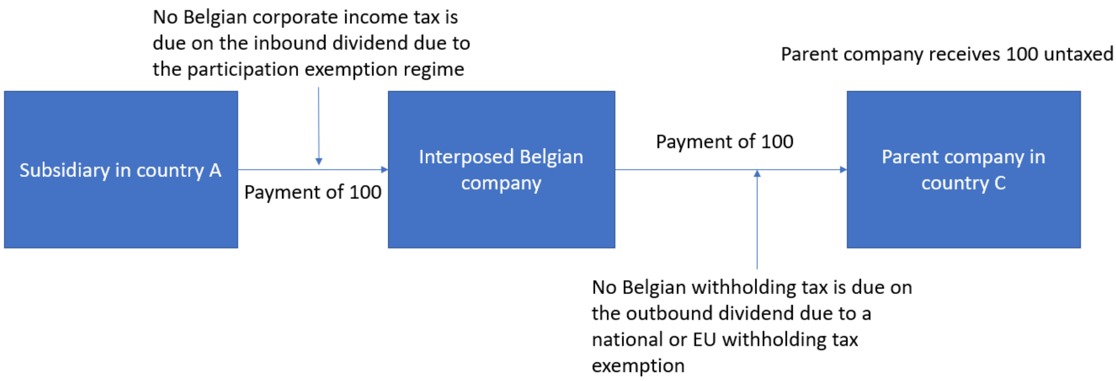
99 Article 202, §2 ITC92.

100 Article 266 (4) ITC92 contains a general anti-abuse provision to that extent.

101 Article 106, §1 and §5 of the Royal Decree to the ITC92. §1 explicitly requires that both the subsidiary and the parent have one of the legal forms as listed in the parent-subsidiary directive. Here an exemption at source is equally possible.

identified in the past as an important aspect of bilateral tax competition, at the EU level[102] but also for example in an earlier study in the Netherlands,[103] and in particular in relation to developing countries,[104] this is a point of interest. Indeed, it can be argued that such low rates make a country particularly suited as an intermediary state between a source country and a tax haven.[105] Paired with the aforementioned regime, this entails that inbound income will not be taxed and can then be passed on without incurring outbound taxation, meaning the passage of the income through Belgium is tax neutral. This can be illustrated as follows:

Figure 1.2 Double non-taxation of inbound and outbound dividend payments



Source Own elaboration

Similarly, outbound interest payments can benefit from an exemption under the implementation of the Interest and Royalties Directive,[106] which was equally highlighted in the Irish study.[107] Belgian law imposes, in line with the directive, the following conditions for an interest payment made by a Belgian company to be exempt from withholding tax:

- it must concern an interest payment between associated companies, meaning one of the two companies must hold a minimum participation of 25% in the other company;
- the beneficiary must be a company of a Member State in line with the directive's definition;
- said beneficiary must be the beneficial owner of the payment.

Reference should be made here to that notion of beneficial ownership, although its application in respect of the Belgian implementation of the parent-subsidiary directive is contested, in particular in

102 European Commission Joint Research Centre, *Bilateral Tax Competition and Regional Spillovers in Tax Treaty Formation*, 2020, No 07/2020, 29.
103 F. WEYZIG, *Evaluation issues in financing for development Analysing effects of Dutch corporate tax policy on developing countries*, November 2013, 64.
104 European Commission, *PLATFORM FOR TAX GOOD GOVERNANCE: Follow-up of the Communication on the External Strategy: Toolbox spill-over effects of EU tax policies on developing countries*, 18 October 2017, Platform/32/2017/EN, 4.
105 IBFD, *Spillover Analysis Possible Effects of the Irish Tax System on Developing Economies*, July 2015, 61.
106 Council Directive 2003/49/EC of 3 June 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States. Implemented in Belgium in article 107, §6 of the Royal Decree to the ITC92.
107 IBFD, *Spillover Analysis Possible Effects of the Irish Tax System on Developing Economies*, July 2015, 8.

situations not concerning abuse.[108] Likewise, even for the Interest and Royalties Directive it is disputed whether the Belgian implementation provides for this requirement.[109]

In principle, the beneficial ownership concept limits the benefits of a withholding tax exemption, or reduced rate, to the beneficial owner of the income. An interposed entity is in principle be unable to qualify as beneficial owner and thus be denied these benefits. It has, however, been a matter of dispute whether this notion is to be interpreted juridically or economically, *i.e.*, whether it requires a legal or contractual obligation for the income to be paid on,[110] or whether it is sufficient if 'economically speaking' such an obligation exists at the level of the direct recipient of the income.

In Belgium, the beneficial ownership concept has traditionally been interpreted in a more juridical manner.[111] However, recent case of law of the Court of Justice entails that, at least as far as the application of (the domestic implementation of) EU Law is concerned, an economic approach to the notion is to be used.[112] This means that only the person that has the economic enjoyment of the income qualifies as the beneficial owner, even if the direct recipient of the income has no strict legal obligation to pass on the income to that person.

Whereas the exact consequences of this case law remain to be seen, it limits the potential use of conduit companies and other abusive and/or artificial structures, as already exemplified by early case law on the topic.[113] Thus, this change in interpretation would permit a broader application of the notion than before. Indeed, in general the increase in anti-abuse measures for purposes of the parent-subsidiary directive has led an Irish study to conclude this should reduce international tax planning.[114]

Please note that for outbound dividend and interest payments, the Belgian tax code and the corresponding royal decree also include a variety of domestic withholding tax exemptions.[115] These include, but are not limited to, dividends paid to non-resident tax-exempt pension funds[116] and dividends distributed by Belgian corporate investment funds to non-residents, insofar the distribution is not sourced in income derived from Belgian real estate or dividends received by the investment company from Belgian companies.[117] It is worth noting that these exemptions are not always aligned with the EU-exemptions. Indeed, many of these do not contain a beneficial ownership requirement and thus can allow for exemptions that would have otherwise been refused under the Belgian implementation of the EU Interest-and royalties directive, severely limiting the impact of this condition. The Belgian general anti abuse rule may sometimes offer a solution. However, its burden of proof is not always easily fulfilled, in particular in light of the open-ended framing of some of the withholding tax exemptions.

That said, the recent European Commission proposal with regard to shell entities would have an impact, if adopted.[118] In particular the transparency norms could facilitate both identifying and taking action against entities with no economic activity.

108 E.g. L. DE BROE and S. GOMMERS 'De Deense 'uiteindelijk gerechtigde'-arresten van het Hof van Justitie' in *AFT* 2020/5; O.C.R. MARRES, 'Panta rhei: de doorstroomarresten' in *Nederlands tijdschrift voor fiscaal recht beschouwingen*, 27 June 2019, 2019/6. As neither the parent subsidiary directive, nor the Belgian implementation thereof impose a beneficial ownership requirement, the question remains to what extent it can be applied.

109 L. DE BROE and S. GOMMERS 'De Deense 'uiteindelijk gerechtigde'-arresten van het Hof van Justitie' in *AFT* 2020/5, 72; K. HELLINCKX, 'HvJ interpreteert begrip 'uiteindelijk gerechtigde'' in *AFT* 2019/6-7, 33 and 41.

110 Under this interpretation, benefits would only be denied in case of conduits, fiduciaries, and the like.

111 Oral question nr. 802 van Dhr. Devlies, 28 March 2006, Beknopt Verslag - Kamercommissie Financiën, Com 906, 13 and following; Ruling no. 2016.058, 8 March 2016, fisconetplus.be.; C. BORGERS and H. VANHULLE, 'Enkele actuele fiscale vragen in verband met afgeleide financiële instrumenten' in *Liber amicorum Daniel* Mareels, Brussel, Larcier, 2015, 188; P. LION, 'Conflicts in the attribution of income to a person' in *TFRS* September 2008, 346, 737.

112 ECJ 26 February 2019, C-116/16, C-117/16, §96-114; ECJ 26 February 2019, C-115/16, C-118/16, C-119/16 and C-299/16, §84-122.

113 Court of Appeal of Ghent 1 December 2020, 2019/AR/306 and 2019/AR/307, fisconetplus.be.

114 IBFD, *Spillover Analysis Possible Effects of the Irish Tax System on Developing Economies*, July 2015, 65.

115 Contained predominantly in the Royal Decree to the Belgian Income Tax Code 1992, articles 106 and following.

116 Article 106, §2 Royal Decree to the ITC92.

117 Article 106, §7 Royal Decree to the ITC92.

118 Proposal for a council directive laying down rules to prevent the misuse of shell entities for tax purposes and amending Directive 2011/16/EU, 22 december 2021, Com(2021) 565 Final, https://ec.europa.eu/taxation_customs/system/files/2021-12/COM_2021_565_1_EN_ACT_part1_v7.pdf.

In conclusion, withholding tax rates on outbound dividend and interest payments, as well as the taxation of inbound dividend income, can be reduced significantly under existing Belgian legislation.

1.3.3 Capital gains on shares

As of 2018, capital gains on shares in Belgium can be fully exempt, provided dividends from said shares would qualify for the participation exemption regime set out above.[119] If those conditions are not met, the capital gain is taxable for Belgian corporate income tax purposes at the ordinary rate of 25%.[120] Prior to 2018, a 0.412% tax on shares was applied irrespective of the size of the participation.[121]

This exemption may lead to spillover effects if the owner of an asset situated in a developing country (*e.g.*, immovable property) avoids taxation in that country by holding (and selling) the asset through an interposed Belgian company, rather than selling the asset directly.[122] As the IMF states: '*Such transactions can involve the host country receiving little or no revenue when substantial gains are realised on assets located there*.'[123] Indeed, the OECD has expressed concern with respect to such 'offshore indirect transfers': '*Moreover, while the location country may choose not to exercise its right to tax OITs, experience - exemplified by the cases discussed in the next section - shows that not doing so can provoke intense domestic dissatisfaction*.'[124]

Obviously, the potential for such a spillover effect to arise also depends on the provision of the applicable tax treaty. As noted in Section 1.2.2, certain tax treaties contain a provision under which gains realised by a resident of a contracting state from the alienation of shares may be taxed in the other contracting state if they derive more than 50% of their value from immovable property situated in that other contracting state. In such a case, there are no legal obstacles for the country where the immovable property is situated to tax the capital gain in accordance with its domestic tax rules.

1.3.4 Interest limitations

Intra-company debt shifting can give rise to spillovers.[125] This entails that within a group, loans are concluded between two (or more) separate legal entities of the group. As interest payments are deductible and interest income is taxable, this can be used to shift profits from one jurisdiction to another, for example from a high tax jurisdiction to a low tax jurisdiction, or from a company turning a profit to a company making a loss. The following simplified example illustrates how it can be used to shift profits and result in a zero taxable base for both companies involved:

119 These conditions were aligned as of 2018.

120 Before 2020, different rates applied depending on which of the conditions was not met.

121 This tax did not apply to enterprises qualifying as SME's.

122 IMF, *Spillovers in International Corporate Taxation*, 9 May 2014, https://www.imf.org/external/np/pp/eng/2014/050914.pdf, 28.

123 IMF, *Spillovers in International Corporate Taxation*, 9 May 2014, https://www.imf.org/external/np/pp/eng/2014/050914.pdf, 28.

124 OECD, IMF, UN and WBG, *The Taxation of Offshore Indirect Transfers – A Toolkit*, 4 June 2020, https://www.oecd.org/tax/taxation-of-offshore-indirect-transfers.htm

125 IMF, *Spillovers in International Corporate Taxation*, 9 May 2014, https://www.imf.org/external/np/pp/eng/2014/050914.pdf, 18.

Table 1.6 No taxation via intra-company debt shifting

	Company A	Company B
Initial profit	100	-100
Interest expenses		
Interest income		
Taxable income	100	0
Tax due	25	0
	Company A	**Company B**
Initial profit	100	-100
Interest expenses	-100	0
Interest income	0	100
Taxable income	0	0
Tax due	0	0

Such a set-up would result in the country of company A losing out on a taxable income of 100. In addition, due to the exemption regime as set out in Section 1.3.3. no withholding tax will be due on the interest payment either.

That said, the Belgian tax code does include several rules that limit the deductibility of interest payments made by a Belgian company, the main ones which will be enumerated in this section. Such rules seek to prevent excessive debt shifting and may therefore stem spillover effects of the Belgian tax system.

A first provision concerns interest payments exceeding the market rate.[126] The amount of interest paid above this market rate is considered a disallowed expense,[127] meaning the payer will not be able to deduct it from its tax base.[128]

In addition, Belgium also limits the deduction of interest payments made to certain beneficiaries, often colloquially referred to as payments to tax havens.[129] These are equally considered disallowed expenses, unless the taxpayer can prove that these payments are related to real and genuine transactions and that they do not exceed the normal limits.

Furthermore, prior to the implementation of the EU Anti Tax Avoidance Directive (ATAD I),[130] Belgium had a rule to counteract thin capitalisation in the corporate income tax system. This rule restricted the deduction of interest payments insofar the payor's debt/equity ratio exceeded 5/1. Following the implementation of ATAD I, the scope of application of this regime has been restricted, as a result of which it now only applies if the beneficial owner of the payment is either not subject to an income tax, or subject to a tax regime significantly more favourable than the ordinary Belgian regime. With respect to all other interest payments, it has been phased out following the implementation of ATAD I. [131]

ATAD I, and its Belgian implementation, provides for a regime restricting the deduction of interest expenses on the basis of a 30% EBITDA ratio.[132] Interest expenses exceeding the highest of two

126 Article 55 ITC92.
127 This portion of the interest payment is requalified into a dividend payment.
128 E.g., if an appropriate market rate for the specific transaction would have been 3%, and instead a rate of 5% is charged, this 2% interest is requalified as a dividend and no longer constitutes a deductible expense.
129 Article 54 ITC92. This covers payments made to a non-resident or foreign establishment either not subject to income tax or subject to a substantially more beneficial tax regime.
130 Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market.
131 The grandfathered regime can currently be found in article 198, §1, 11° ITC92, which still applies to loans concluded prior to 17 June 2016 that have not been substantially amended since.
132 Article 198/1 ITC92, which applies as of financial year 2019.

thresholds[133] are considered disallowed expenses. In principle this applies to all Belgian entities, though carve-outs exist for among others financial institutions and insurance companies.[134]

It is worth noting that one of the main points of critique of the corporate tax haven index is the grandfathering of old loans. This entails that loans concluded prior to 17 June 2016 are covered by the old regime imposing a 5/1 debt/equity ratio rather than the new ATAD I regime. However, this carve-out was permitted under the ATD I Directive[135] and is applied restrictively in Belgium, meaning any loan that has been concluded prior to, but substantially amended since, 17 June 2016 will be covered by the new regime.[136] This includes for example the refinancing of a loan, or a novation.[137]

That said, whereas the aforementioned rules limit the deduction of interest payments, they do not exclude it entirely. Hence, intra-group debt shifting remains possible to a certain extent and thus remains a point of attention.

1.3.5 Notional interest deduction

The notional interest deduction (or 'deduction for risk capital') is included in the corporate tax haven index as a fictional interest deduction.[138] Originally, the Belgian notional interest deduction mechanism was a deduction based on the total equity of a company and could have a significant impact. Studies show that in its year of introduction, the effective corporate tax rate dropped from 29.5% to 25.7%.[139] Another study estimated that in 2008 '*estimated allowances added up to approximately 6 billion euro and reduced the corporate tax yield by slightly more than 10%*'.[140]

For financial years starting as of 1 January 2018, however, a new regime was introduced. Under this new regime, a deduction is granted based on the average increase in the company's equity over the five previous years.[141] This increase is determined in accordance with Belgian accounting law, though several adjustments are made.[142] Some of these adjustments are, at least in part, inspired to further curtail abuse, such as the exclusion for equity sourced in debt-funding, which was introduced in 2018.[143] This excludes equity originating (in)directly from loans concluded by an affiliated enterprise insofar the loan leads to deductible interest expenses for the affiliated company.[144]

Once the increase in equity has been determined, an annually adjusted rate is applied to determine the notional interest deduction.[145] Note that for large enterprises the rate is currently negative and has been set to zero, meaning the notional interest deduction itself amounts to zero for such enterprises as well. Paired with the already significantly reduced calculation base, this significantly limits the potential of this regime. Indeed, of the countries offering such an equity-based deduction, Belgium's system is considered to be one of the less generous ones.[146]

Recent years have seen several cases involving the old notional interest deduction regime and the requirement of economic substance. The Belgian Supreme Court ruled that the enjoyment of the

133 30% of the company's fiscal EBITDA, or 3 million, with the latter being apportioned among the different members of the group.

134 For a comprehensive list, see article 198/1, §6 ITC92.

135 Article 4(4)a ATAD I.

136 Article 198/1, §2, ITC92.

137 Circular 2019/C/89 of 11 September 2019, https://eservices.minfin.fgov.be/myminfin-web/pages/fisconet/document/bba4efe1-1b67-4da5-b8f8-fd3ae6eb3144; Parl. St., Kamer, 2017-2018, DOC 54 2864/003, p. 178.

138 https://cthi.taxjustice.net/en/

139 J. KONINGS, C. LECOCQ, B. MERLEVEDE en R. VANDENDRIESSCHE, 2016. 'De impact van de notionele intrestaftrek op de kapitaalstructuur en tewerkstelling van multinationale ondernemingen in België,' Working Papers of VIVES - Research Centre for Regional Economics 545962, KU Leuven, Faculty of Economics and Business (FEB), VIVES - Research Centre for Regional Economics, p. 2.

140 R.A. DE MOOIJ, *Tax Biases to Debt Finance: Assessing the Problem, Finding* Solutions, 3 May 2011, https://www.imf.org/external/pubs/ft/sdn/2011/sdn1111.pdf, 18.

141 Article 205*ter*, §1 ITC92.

142 Article 205*ter*, §2 ITC92. This includes adjustments for own shares held, participations qualifying for the participation exemption regime and investments not intended to generate periodic income.

143 Parl. St. Kamer, 2017-2018, Doc 54, 3147/001, p. 7.

144 Article 205*ter*, §2, 9° ITC92.

145 Pre 2018, this rate was applied to the total equity, after adjustments.

146 EU Tax Observatory, New Forms of Tax Competition in the European Union: an Empirical Investigation, November 2021, p. 29.

deduction is contingent on the company having sufficient economic substance.[147] However, the application of this principle has proven difficult for the Belgian tax authorities, where courts have found the factual burden of proof to be unfulfilled on several occasions.[148]

Consequently, whereas the impact of the regime has been limited significantly by the reform and adjustments have been made to better combat certain types of potentially abusive funding, it can still result in deductions by companies of limited economic substance.[149] In addition, the question remains whether the incentive has succeeded in encouraging sufficient equity funding, as it was intended to do. Some studies argue it has failed to do so,[150] while others conclude there has been a positive effect.[151]

1.3.6 Preferential IP regimes

Another potential issue identified by the corporate tax haven index is Belgium's preferential IP regime.[152] Indeed, past studies have concluded that such preferential IP regimes can give rise to spill-overs and erode the tax base.[153]

Historically, Belgium had a patent income deduction regime. Under this regime, an 80% deduction was granted for all income derived from patents held by the company. This deduction ensured that only 20% of the patent income was taxable, resulting in a much lower effective tax rate of 6.798% (100% - 80%, taxed at the ordinary corporate income tax rate of 33.99% at that time).[154] In the 2015 BEPS action 5 Report, that regime was identified as inconsistent with the nexus approach.[155] This nexus approach seeks to counteract regimes that grant a preferential tax treatment for IP income without any substantial activity being required to enjoy its benefits (in other words, purely tax-driven operations would be possible under such regimes).[156]

The Belgian patent income deduction regime was consequently abolished as of 1 July 2016[157] and replaced by the innovation deduction regime, which is compliant with the OECD nexus constraints.[158] This regime grants a deduction for 85% of the qualifying net innovation income.[159] It covers a larger spread of income[160] than the old regime, but only targets the net innovation income, meaning expenses are now taken into account. In addition, a so-called nexus fraction is applied to ensure that the deduction is only granted to the extent that the Belgian company actively contributed to the development of the IP right.

147 Cass. 24 May 2019, F.18.0058.N.

148 Court of Appeal of Antwerp, 1 April 2020, *Fiscoloog*, n° 1651, p. 3; Court of Appeal of Ghent, 16 June 2020, *Fiscoloog*, n° 1662, p. 11.

149 Do note that as of 1 January 2019, the European principle of anti-abuse as codified in article 6.1 ATAD may offer a solution, as indicated in J. VAN DYCK, 'En nog eens Cassatie over economische substantie bij NIA' in *Fiscoloog*, n° 1732, p. 8.

150 G. VAN CAMPENHOUT and T. VAN CANEGHEM, 'How did the notional interest deduction affect Belgian SMEs' capital structure?' in *Small. Bus. Ec.*, 2013, 370: '*With respect to the impact of the NID on the capital structure of SMEs, results from panel regressions indicate that the introduction of NID did not result in significantly lower leverage ratios for NID users compared to non users in the short term*.'

151 J. KONINGS, C. LECOCQ, B. MERLEVEDE en R. VANDENDRIESSCHE, 2016. 'De impact van de notionele intrestaftrek op de kapitaalstructuur en tewerkstelling van multinationale ondernemingen in België,' Working Papers of VIVES - Research Centre for Regional Economics 545962, KU Leuven, Faculty of Economics and Business (FEB), VIVES - Research Centre for Regional Economics, p. 8.

152 https://cthi.taxjustice.net/en/

153 IMF, *Spillovers in International Corporate Taxation*, 9 May 2014, https://www.imf.org/external/np/pp/eng/2014/050914.pdf, 13-14; IBFD, *Spillover Analysis Possible Effects of the Irish Tax System on Developing Economies*, July 2015, 63-64; F. WEYZIG, *Evaluation issues in financing for development Analysing effects of Dutch corporate tax policy on developing countries*, November 2013, 70.

154 Applicable rate before 1 January 2018.

155 2015 BEPS Action 5 Report, 61.

156 2015 BEPS Action 5 Report, 23-24.

157 L. DE BROE, *Vademecum Fiscale Falconis*, Mechelen, Kluwer; 441. There is, however, a transitional regime contained in article 543 ITC92 that lasts until 30 June 2021.

158 https://www.oecd.org/tax/beps/harmful-tax-practices-peer-review-results-on-preferential-regimes.pdf

159 Article 205/1 ITC92.

160 See article 205/1, §2, 1° and 2°. It covers patents, but also other IP rights such as copyrighted computer programmes and includes not just the income from license fees itself, but also for example the part of a sales price of a good or service reflecting the market value of said license fee.

However, while compliant with the OECD nexus constraints, it does still result in a significantly decreased effective tax rate for the affected income. Income covered by the regime will be subject to an effective tax rate of 3.75% (100% - 85%, taxed at the ordinary corporate income tax rate of 25%). In this respect, Belgium is one of the countries with the greatest divergence between the statutory corporate income tax rate and the tax rate applicable to (certain) R&D income.[161] This is also visible in the data collected by the OECD with respect to Belgium, resulting in an average effective tax rate of 12.3% for R&D income, as opposed to the general effective average tax rate of 19.73%.[162] The low tax rate resulting from the regime means that it is likely to be affected by the OECD Pillar Two measures.

In conclusion, the new Belgian regime has been deemed compliant with the OECD Nexus constraints following BEPS Action Plan 5. However, preferential tax regimes for IP rights remain a point of interest and can still have spillover effects even when compliant with the OECD nexus constraints.

1.3.7 Transfer Pricing

Transfer pricing rules concern the pricing of transactions between associated enterprises, covering both goods and services.[163] The OECD (and by extension Belgium) pursues a separate entity approach,[164] meaning that the prices used between associated enterprises for intragroup transactions must mirror those used between independent enterprises. The transaction is treated as if the associated enterprises were independent enterprises as it were, resulting in a correct market price being applied. To correctly set prices, the functions, assets and risks performed by the entities involved are taken into account. Depending on the nature and roles of the parties involved, several possible transfer pricing methods can be employed, which will usually generate a price range within which the transaction must be situated.[165] For example, for a loan, the applicable interest rate may vary between 1% and 3%, whereas for services provided a 5% mark-up on the incurred operational expenses could be considered a fair market price.

At the centre of achieving said market price is the arm's length principle, also contained in article 9(1) of the OECD model Convention and correspondingly included in Belgium's tax treaties. As the OECD states:

> *'By seeking to adjust profits by reference to the conditions which would have obtained between independent enterprises in comparable transactions and comparable circumstances (i.e. in 'comparable uncontrolled transactions'), the arm's length principle follows the approach of treating the members of an MNE group as operating as separate entities rather than as inseparable parts of a single unified business.'*[166]

On a national level, Belgium has equally endorsed this principle.[167] Indeed, it is reflected in various legal provisions in the ITC92, permitting the Belgian tax authorities to make adjustments to transactions not in line with these general principles of transfer pricing, to counteract profits being shifted.[168]

The risk exists of transfer mispricing whereby a multinational deliberately manipulates its transfer pricing.[169] This results in an inflation or deflation of the price charged for a transaction, allowing a

161 EU Tax Observatory, New Forms of Tax Competition in the European Union: an Empirical Investigation, November 2021, p. 27.
162 Data for 2020, as found in OECD, *Corporate Tax Statistics*, third edition (2021), https://www.oecd.org/tax/tax-policy/corporate-tax-statistics-database.htm
163 L. BATSELIER, *Transfer Pricing*, Mechelen, Kluwer, 2013, 6.
164 OECD TP Guidelines 2017, §1.6.
165 The five main methods identified by the OECD in its 2017 Transfer Pricing Guidelines are the comparable uncontrolled price-method, the resale price method, the cost-plus method, the profit-split method and the transaction net-margin method. The first three are traditional transactional methods, whereas the latter two are transactional profit methods.
166 OECD TP Guidelines 2017, §1.6.
167 Circular 2020/C/35 betreffende richtlijnen inzake verrekenprijzen voor multinationale ondernemingen en belastingadministraties of 25 February 2020.
168 These include, but are not limited to, articles 26, 49, 54, 185 and 207 ITC92.
169 IMF, *Spillovers in International Corporate Taxation*, 9 May 2014, https://www.imf.org/external/np/pp/eng/2014/050914.pdf, 11.

multinational to shift profits to low-tax jurisdictions.[170] More specifically, it causes the erosion of the tax base in a country, either by reducing income, or by increasing expenses.[171] This can be done in a variety of ways, ranging from overemphasising the importance of certain functions, to shifting risks and so forth. Both with respect to Rwanda[172] and Uganda[173] this has already been identified as an issue.

Indeed, a Dutch study highlights that advance pricing arrangements (agreements concluded in advance between tax authorities and a taxpayer as to the application of transfer pricing policies, in order to ensure legal certainty) can severely impact the tax base.[174] Likewise, an Irish study indicated the risk of loss of tax revenue for developing countries.[175] The IMF also identifies the risk for spill-overs in this context.[176] It is worth noting here that historically Belgium is one of the countries issuing most unilateral advance pricing agreements.[177]

In the past the issuance of such advance pricing arrangements has been the cause of some controversy in Belgium. It is possible to submit a file to the Belgian Ruling Commission concerning transfer pricing, in order to acquire legal certainty with regard to a company's transfer pricing policy, or a particular transaction. However, some of these rulings, the so-called excess profit rulings, have been classified as State aid by the European Commission[178] and are currently the subject of a procedure before the European Court of Justice.[179] The rationale behind these rulings, granted between 2004 and 2014, was that the so-called excess profit should not be taxed in Belgium, as it was profit only realised by a company due to its role in a larger group; a separate entity would not have realised these profits. Therefore, Belgium would not tax these profits (although they were in principle Belgian profits). However, under these excess profit rulings, profits were sometimes left untaxed altogether, as these profits were not picked up in the tax base in another state. The European Commission held that this often led to the reduction of profit of the involved companies by more than 50% and in some cases even up to 90%, leading to its demand of a recovery of approximately 700 million euro granted in State aid.[180]

Another aspect of transfer pricing that has been identified in the past as potentially relevant for a spillover analysis is that of 'location savings'.[181] This concerns the question as to which entity is entitled to benefit from '*cost savings attributable to operating in a particular market*'.[182] Differently put, if expenses are reduced by virtue of a geographical (re)location, for example due to reduced labour cost or cheaper resources, the question arises which entity these savings should be located to, *i.e.*, which entity should benefit from them.

Such savings are not by definition allocated to the local entity (*i.e.*, the host economy). The attribution of location savings are contingent on the treatment of such savings on the level of local comparables,[183] or, if such comparables are lacking, dependent on the functions, assets and risks of the

170 A. WARIS, 'Taxing Intra-Company Transfers: The Law and Its Application in Rwanda' in *BIT*, 2013 (Volume 67), No. 12.

171 W. BAHATI KAZI and B. BEYEZA, 'An analysis of the Oi Fiscal Regime in Uganda' in *BIT*, 2017 (Volume 71), No. 11.

172 A. WARIS, 'Taxing Intra-Company Transfers: The Law and Its Application in Rwanda' in *BIT*, 2013 (Volume 67), No. 12.

173 W. BAHATI KAZI and B. BEYEZA, 'An analysis of the Oi Fiscal Regime in Uganda' in *BIT*, 2017 (Volume 71), No. 11.

174 F. WEYZIG, *Evaluation issues in financing for development Analysing effects of Dutch corporate tax policy on developing countries*, November 2013, 70.

175 IBFD, *Spillover Analysis Possible Effects of the Irish Tax System on Developing Economies*, July 2015, 74-75.

176 IMF, *Spillovers in International Corporate Taxation*, 9 May 2014, https://www.imf.org/external/np/pp/eng/2014/050914.pdf, 18.

177 EU Tax Observatory, New Forms of Tax Competition in the European Union: an Empirical Investigation, November 2021, p. 31.

178 EU Commission decision of 11.1.2016 on the excess profit exemption scheme SA.37667 (2015/C) (ex 2015/NN) implemented by Belgium, C(2015)9837 Final, https://ec.europa.eu/competition/state_aid/cases/256735/256735_1748545_185_2.pdf

179 M. MASSANT, 'Europees Hof kwalificeert excess profit rulings als 'steunregeling' in *Fiscoloog* 1715, 22 september 2021, 7. The dispute was referred back to the General Court of the EU by the Court of Justice in ECJ 16 September 2021, C-337/19.

180 https://ec.europa.eu/commission/presscorner/detail/en/IP_16_42

181 IMF, *Spillovers in International Corporate Taxation*, 9 May 2014, https://www.imf.org/external/np/pp/eng/2014/050914.pdf, 34.

182 OECD TP Guidelines 2017, §1.139.

183 OECD TP Guidelines 2017, §1.142.

enterprises involved, as well as the options realistically available.[184] Unlike transfer mispricing, this is a completely valid application of transfer pricing, yet it can equally have a significant impact on the attribution of profits.

In conclusion, the application of transfer pricing rules can negatively affect the tax revenue of developing countries. This can stem from transfer mispricing, but equally from the correct application of general transfer pricing principles.

That said, the proposed OECD Pillar One measures may affect the foregoing. Via new nexus and profit allocation rules, Pillar One pursues a better alignment between value creation and value taxation. This will in the first place enlarge the taxing rights of market jurisdictions.[185] If adopted, they may help in counteracting both transfer mispricing as well as result in a more accurate attribution of profits via *bona fide* transfer pricing rules. That said, as Pillar One focuses on digital service providers, the impact on transfer pricing between Belgium and the partner countries may be of only limited relevance.

1.3.8 Conclusion

The analysis above indicates that several aspects of Belgian corporate tax law have been identified as fields of interest by the Corporate Tax Haven Index, as well as other research.

There are three elements of Belgian domestic tax legislation that could be of particular interest when investigating the potential impact of Belgian domestic tax law on other countries' tax revenue:

- withholding tax rates applicable to inbound and outbound dividend distributions, as reduced rates and exemptions can make a state particularly suited as an intermediary state, in particular when paired with an exemption for capital gains realised on shares, as set out in Sections 1.3.2 and 1.3.3;
- withholding tax rates on interest payments, as reduced rates and exemptions can make a state particularly suited as an intermediary state, as set out in Section 1.3.2.;
- transfer pricing can equally give rise to spillover effects, both via the *bona fide* application of transfer pricing rules (such as via advance pricing arrangements as well as the attribution of location savings), as well as via transfer mispricing, as shown in Section 1.3.7.

In addition, several historically vulnerable elements of the Belgian tax system have recently been amended to mitigate base erosion and profit shifting concerns. The question remains, however, to what extent these caused spillover effects, both in their past as well as their current form. These include:

- preferential tax treatment of IP regimes, as set out in Section 1.3.6;
- the deductibility of interest payments as well as any limitations imposed on this deductibility, as set out in Section 1.3.4.

Finally, and although still identified by the corporate tax haven index as a point of interest, the notional interest deduction regime does not seem likely to have much of an impact in its current shape, as established in Section 1.3.5.

184 OECD TP Guidelines 2017, §1.142: '*When reliable local market comparables are not present, determinations regarding the existence and allocation of location savings among members of an MNE group, and any comparability adjustments required to take into account location savings, should be based on an analysis of all of the relevant facts and circumstances, including the functions performed, risks assumed, and assets used of the relevant associated enterprises, in the manner described in paragraph 9.126 - 9.131*.'
H. MIES 'International - Cross-Border Outsourcing – Issues, Strategies and Solutions' in *BIT* 24 September 2014, volume 68, no. 10; S. PENTTILA and M. NIEMINEN, 'Contemporary Transfer Pricing Case Law of the Finnish Supreme Administrative Court' in *ET* 5 June 2015, Volume 55, no. 7

185 OECD, *Tax Challenges Arising from Digitalisation – Report on Pillar One Blueprint*, 2020, https://www.oecd.org/tax/beps/tax-challenges-arising-from-digitalisation-report-on-pillar-one-blueprint.pdf, p. 12.

1.4 Case studies

In order to illustrate the issues referred to in the sections above, the present section discusses two hypothetical case studies that concern a number of features of Belgian domestic law and tax treaty law that were addressed in the analysis above. The first case study concerns the treatment of capital gains on shares in a mining company, whereas the second concerns a treaty shopping structure. These case studies were selected because they are fairly straightforward examples of situations in which a taxpayer can use the interaction between tax treaty provisions and Belgian domestic tax law in order to obtain a favourable tax treatment, in which the source country is unable to tax the transaction.

1.4.1 Capital gains on shares

A Belgian company (hereafter 'B') acts as a holding company. Since 2016, it has held a 100% participation in a company (hereafter 'D') that is established in the DRC. D's activities consist of cobalt mining in the DRC. D's assets consist of a mining license and immovable property where the mining activities are conducted. D is considered to be a resident of the DRC for tax purposes and is subject to income tax in the DRC at a rate of 30%.[186]

If B would choose to terminate its activities in the DRC in 2021, two options can be distinguished. The first option would be for D to be liquidated. Such liquidation proceeds would in principle be exempt in Belgium under the participation exemption regime in Belgium (see below). D, however, would risk being taxed in the DRC on the profits realised as a result of the liquidation (*i.e.*, the profits from the sale of its assets, being the mining license and immovable property).

Alternatively, B can opt to sell its shares in D. Consequently, it would realise a capital gain on shares (rather than D realising a capital gain on the tangible assets located in the DRC). That capital gain on shares would in principle be taxable in Belgium. As noted in Section 1.3.2, however, the capital gain would be exempt if the shares meet the requirements of the participation exemption regime. Those requirements are met in the case at hand since D is subject to tax in the DRC at a rate of more than 15% and therefore subject to a tax similar to the Belgian corporate income tax (qualitative condition); B holds a 100% participation in D in full ownership (quantitative condition) and B has held this participation uninterruptedly for a period of more than one year (permanence condition). Consequently, the capital gains realised by B on the D shares would be exempt from corporate income tax in Belgium.

Under the domestic law of the DRC, capital gains realised by a non-resident shareholder from the sale of a direct or indirect shareholding in a DRC company that holds a mining licence are subject to a special tax on capital gains at a rate of 30%.[187] In principle, that capital gains tax would apply to the sale by B of its shares in D. Under the tax treaty between Belgium and the DRC, however, such capital gains are exclusively taxable in Belgium[188] (and, as noted above, an exemption applies for Belgian corporate income tax purposes).

1.4.2 Treaty shopping and dividend payments

A Belgian company (hereafter 'B') has set up a company in Uganda (hereafter 'U') to manufacture footwear. Rather than holding the participation in U directly, B has set up an intermediate holding company in the Netherlands (hereafter 'N'). The group structure therefore is that the Belgian company B holds 100% of the shares in the Dutch company N which, in turn, holds 100% of the shares in the Ugandan company U.

186 Congo (Dem. Rep.) – Corporate Taxation – Country Tax Guides, sec. 1.6.1, www.ibfd.org

187 Congo (Dem. Rep.) - Corporate Taxation - Country Tax Guides, sec. 1.4, www.ibfd.org

188 Article 13(4) of the treaty allows for the taxation in the DRC of capital gains derived by a Belgian resident from the alienation of shares deriving more than 50% of their value from immovable property situated in the DRC, but that provision does not apply to shares deriving more than 50% of their value from immovable property in which the company exercises its activities.

U is subject on its business profits in Uganda. In principle, the standard corporate income tax rate of 30% applies,[189] but U is entitled to a 10-year tax holiday as a result of which it does not effectively pay tax in Uganda on its business profits.[190] Under Ugandan domestic law, dividends distributed by a Ugandan company to a non-resident shareholder are subject to withholding tax at a rate of 15%.[191] If B had held its participation in U directly, that 15% withholding tax would be applicable since no tax treaty currently applies between Belgium and Uganda (see Section 1.2.2 above). In the case at hand, however, the dividend is paid to the Dutch company N and therefore qualifies for an exemption from withholding tax under the tax treaty between Uganda and the Netherlands (see Section 1.2.3 above).

In the Netherlands, the dividends received by N should qualify for an exemption from corporate income tax under the Dutch participation exemption regime.[192] If N redistributes these dividends to B, that distribution should be exempt under the Dutch implementation of the EU parent-subsidiary directive.

In Belgium, the dividends distributed by N to B should be exempt under the Belgian participation exemption regime (see Section 1.3.1). In the case at hand, the dividends should qualify for the participation exemption regime since the three conditions are met. The qualitative condition is met since the distributing company N is subject to a tax similar to the Belgian corporate income tax;[193] the quantitative condition is met since B holds a 100% participation in N in full ownership; and the permanence condition is met since B has held this participation uninterruptedly for a period of more than one year.

The end result is that the business profits generated by U and ultimately received by B remain untaxed, inter alia because Uganda is precluded from taxing those dividends at source under the treaty between Uganda and the Netherlands. That exemption could be disallowed if the Ugandan tax authorities succeed in demonstrating that N does not qualify as the beneficial owner of the dividends, but as noted in Section 1.2.3 the beneficial ownership criterion is difficult to apply in practice and is mainly effective in situations involving fairly simple treaty shopping structures.

1.5 Belgium as a tax haven

In order to figure out whether Belgium can be considered as a tax haven, a clear definition of the term is essential. However, there is no such thing as a universally agreed-upon or legal definition of this term (Whistleblower Justice Network, n.d.; Palan, 2009), as it is very hard to define tax havens (Ahmed, Jones & Temouri, 2020).

According to the Organisation for Economic Co-operation and Development (OECD) (n.d.) a ‘tax haven in the ‘classical’ sense refers to a country which imposes a low or no tax and is used by corporations to avoid tax which otherwise would be payable in a high-tax country.’ Furthermore, certain characteristics of a tax haven are summarised: (1) no or only nominal taxes; (2) lack of effective exchange of information; (3) lack of transparency in the operation of the legislative, legal, or administrative provisions.

Saringer (2017) highlights four elements in the OECD definition, namely the absence or reduced income tax, weak effective exchange of information, lack of transparency, and non-existence of material activity.

189 Uganda – Corporate Taxation – Country Tax Guides, sec. 1.6, www.ibfd.org

190 Uganda - Corporate Taxation - Country Tax Guides, sec. 1.7.1.2, www.ibfd.org

191 Uganda – Corporate Taxation – Country Tax Guides, sec. 6.3, www.ibfd.org

192 Netherlands - Corporate Taxation - Country Tax Guides, sec. 2.2, www.ibfd.org

193 Note that the dividend paid by U to N would also qualify for the Belgian participation exemption regime if it had been paid directly by U to B. Indeed, the legislator has confirmed that that regime should also apply in situations where temporary tax benefits are granted as an incentive for investment and development (Kamer, DOC 50, 1918/001, 49). That is important since the Belgian participation exemption regime contains a specific exception for redistributed dividends (such as the dividends redistributed by N in the case at hand) if the original dividend payment did not meet the requirements of the participation exemption regime.

The core of a tax haven therefore seems to be **low or no taxes** and **secrecy**. However, it is stated that so far, literature has focussed too much attention on the low tax rates and almost no attention to secrecy provisions that tax havens can provide (Ahmed *et al.*, 2020). Similarly, a critique on 'The missing profit of nations' by Tørsløv *et al.* (2020) is that the terms 'tax haven' and 'low-tax' are used interchangeably while they are clearly different (Hodge, 2018).[194]

Some literature distinguishes different types of tax havens. Ahmed *et al.* (2020) differentiate between three groups of tax havens. First, following the conservative approach, there are 'dot tax havens'. These are geographically small, isolated, island economies that thrive as financial hubs with little indigenous population or industry (for example the Cayman Islands, Andorra, Monaco, and Seychelles). Second, there are the 'Big seven havens' which are countries with over two million inhabitants and a significant indigenous economic activity. They are Hong Kong (China), Ireland, Switzerland, Liberia, Lebanon, Singapore, and Panama. Third, they also take into account the European Union (EU) blacklist of non-cooperative jurisdictions. This list entails non-EU countries[195] which encourage abusive tax practices, and the aim of this list is to be a tool to tackle tax fraud or evasion, tax avoidance, and money laundering (European Council, 2021).

Another categorisation in two groups is proposed by Seuren (2014). The first group are the 'pure' or 'classical' tax havens, meaning the exotic and tropical islands where the fiscus is friendlier and in reality (almost) no economic activity is taking place. The second group are countries that want to attract large corporations to establish themselves on their territory. For this reason, they set out attractive fiscal arrangements. In this case, economic activity is usually taking place in the territory.

In Belgian law, the term 'tax haven' as such is not legally defined (Delanote, n.d.). Nevertheless, a country is considered to be a tax haven if it occurs on one of three lists (Lettens & Seré, 2021). First, there is a Belgian list of countries with no or low taxes. This list entails 30 countries and is defined in article 179 KB/WIB93 (Vanhove & Cassimon, 2021). In addition, in certain anti-abuse provisions, diverging definitions of tax havens are provided, for instance in legislation regarding the DBI-deduction,[196] CFC scheme,[197] abnormal benevolence, and the 'old' interest deduction limitation (Lettens & Seré, 2021). Second, there is a list set up by the Global forum on transparency and exchange of information for tax purposes by the OECD[198] of countries which are not effectively or substantially applying the prevailing standards of information exchange. The third list is the EU-list discussed above, the blacklist of non-cooperative jurisdictions. Subsequently, when one makes transactions with a company established in countries marked as a tax haven by Belgium, there are certain fiscal consequences, for instance a declaration obligation for payments of more than 100,000 euro (Vanhove & Cassimon, 2021). Having these three lists illustrates how difficult it is to have a strict definition of tax havens. Belgian tax administration is using these three official lists of tax havens to control the requirement of Belgian firms to report payments of more than 100,000 euro to beneficiaries in tax havens: an OECD list, an EU list, and a Belgian list (Rekenhof, 2022). The controllers even prefer to use a larger list of 'low tax' countries, since they observe that real fraudulent firms learn to avoid payments to tax haven but orient to those 'low tax' countries.

It is clear that many international organisations, multilateral agencies, and non-governmental organisations (NGO's) have compiled lists of tax havens. However, especially for multilateral organisations such as the OECD and the EU, the process and criteria used are often highly influenced by

194 The critique of Hodge (2018) was provided on the study by Tørsløv *et al*. which was first issued in June 2018 and revised in April 2020.

195 As of 22 February 2021, the EU list of non-cooperative jurisdictions for tax purposes is composed of American Samoa, Anguilla, Dominica, Fiji, Guam, Palau, Panama, Samoa, Trinidad and Tobago, US Virgin Islands, Vanuatu, and Seychelles (European Council, 2021).

196 DBI stands for 'definitief belaste inkomsten' (definitively taxed income) and it is an exemption scheme applicable to companies that invest in the shares of other companies in order to avoid double taxation (KBC, n.d.)

197 CFC stands for 'controlled foreign company' and these rules are a are a type of specific anti-avoidance rules that target particular taxpayers or transactions (Tax Justice Network, 2021a). In Belgium, this implies that the undistributed profits of a low-taxed subsidiary resulting from an artificial construction (or series of constructions) will still be taxable in the Belgian corporate income tax (Vanhove & Cassimon, 2021).

198 See https://www.oecd.org/tax/transparency/

realpolitik pressures, subjectivity, vested interest and opacity (Akhtar and Grondona, 2019). This is obvious as some countries defined as a tax haven on one list escape this label on another list. Therefore, Palan (2009) states for instance that the OECD is ill equipped to deal with tax havens as many of its members, including Belgium, are considered to be tax havens themselves.

Now, the question arises whether Belgium itself can/should be regarded as a tax haven. The opinions on this are clearly divided. According to the Tax Justice Network (2021b), Belgium is clearly classified as a tax haven, as it is ranked 16th on the Corporate Tax Haven Index of 2021[199]. This index 'is a ranking of jurisdictions most complicit in helping multinational corporations underpay corporate income tax'. According to the Tax Justice Network (2021a) Belgium is responsible for 2.2% of the world's corporate tax abuse risks. Furthermore, Belgium's global scale weight amounts to 1.6%, indicating that 1.6% of the financial activity conducted by MNEs around the world is hosted by Belgium. The index is designed by looking at several indicators, including lowest available corporate income tax, loopholes and gaps, transparency, anti-avoidance, and double tax treaty aggressiveness. The 20 indicators are 'chosen and designed in order to measure the intensity of a jurisdiction's potential to poach the tax base of others, as enshrined in its laws, regulations and documented administrative practices' (Ates, *et al.*, 2021, p. 98). There are several indicators on which Belgium has a high score, for instance 'lowest available corporate income tax'[200], 'capital gains taxation',[201] 'patent boxes',[202] or 'fictional interest deduction',[203] with the latter three being a part of the indicator loopholes and gaps.

Next to Belgium (16th), many other European countries can be found in the top of the ranking of the corporate tax haven index of 2021: the Netherlands (ranked 4th), Switzerland (5th), Luxembourg (6th), Ireland (11th), United Kingdom (13th), Cyprus(14th), France (18th), Malta (21st), Spain (22nd), and Germany (23rd) (Tax Justice Network, 2021b).[204] This ranking shows that while small islands are indeed significant players in terms of tax havens, many important havens are also EU Member States (Ates, *et al.*, 2021). In an international perspective, Belgium, together with other EU member states, appears in many international studies as a tax haven.[205] As the former EU Commissioner M. Monti states 'So the Member States of the European Union themselves have to realise that under some angles each of them is a paradise relative to the citizens of the others' (M. Monti, 2009).

Furthermore, Tørsløv *et al.* (2020) also classify Belgium as a tax haven.[206] This was concluded based on an analysis of profit shifting, by looking at the ratio of pre-tax corporate profits to wages for local and foreign firms. It was found that in tax havens, this ratio is high and is entirely driven by the high profitability of foreign firms.

199 The 15 countries preceding Belgium are (1) British Virgin Islands (2) Cayman Islands, (3) Bermuda, (4) Netherlands, (5) Switzerland, (6) Luxembourg, (7) Hong Kong, (8) Jersey, (9) Singapore, (10) United Arab Emirates, (11) Ireland, (12) Bahamas, (13) United Kingdom, (14) Cyprus (15) Mauritius.

200 'This indicator identifies the lowest available corporate income tax rate (LACIT) for any large for-profit company that is tax resident in a country. It takes the statutory corporate income tax rate only as a starting point to analyse legal gaps and loopholes that result in lower accessible rates. The scoring of Haven Indicator 1 is computed by scaling that LACIT rate against the spillover risk reference rate of 35% (the highest available corporate income tax rate in a democracy).' (Tax Justice Network, 2021a).

201 'This indicator measures the extent to which a jurisdiction taxes corporate capital gains arising from the disposal of domestic and/or foreign securities (i.e., shares and bonds). As such, it assesses the lowest available tax levied on corporate capital gains, applicable for large for-profit corporations which are tax resident in the jurisdiction, irrespective of whether the capital gains are taxed as part of corporate income tax or as part of another type of tax, such as wealth tax or an independent capital gains tax.' (Tax Justice Network, 2021a).

202 ' This indicator measures whether a jurisdiction offers preferential tax treatment for income related to intellectual property rights (e.g., patent boxes) and whether the Organisation for Economic Co-operation and Development (OECD) nexus approach constraints are applicable to the patent box.' (Tax Justice Network, 2021a).

203 'This indicator measures whether a jurisdiction offers fictional interest deduction to lower the corporate income tax. Because the deduction is given even though no actual interest was paid, the interest deduction is referred to as 'fictional' or 'nominal'. Fictional interest deduction allows a company with a capital structure with high equity (i.e., mostly financed by issuing shares instead of borrowing money) to deduct a certain sum of fictitious.' (Tax Justice Network, 2021a).

204 The top 10 ranked on the Corporate tax Haven Index are (1) British Virgin Island, (2) Cayman Islands, (3) Bermuda (4) the Netherlands, (5) Switzerland, (6) Luxembourg, (7) Hong Kong, (8) Jersey, (9) Singapore, and (10) United Arab Emirates (see https://cthi.taxjustice.net/en/ for the full list).

205 See for instance Tørsløv, Wier, & Zucman (2018).

206 See also https://missingprofits.world/

In addition, Forstater (2018) quotes research from Oxfam stating that the top 5 tax havens where European banks earn profits are Hong Kong, Luxembourg, Belgium, Ireland, and Singapore. The total profits earned by EU banks in Belgium amounted to 3,158 million euro in 2015, which makes Belgium the third tax haven in terms of reported profit (Oxfam International, 2017). However, this research also states that country-by-country reporting suggests that most banks do not use Belgium as a tax haven, although it varies considerably from bank to bank. In 2016, Belgium also ranked second on corporate tax avoidance in Europe, after the Netherlands and before Cyprus (Meers, 2018). This research looked at 33 harmful tax practices allowing MNEs to avoid taxes listed by the EU executive and found that 16 of them were identified in Belgium (Oxfam International, 2016).

In a recent study on assessing the role of tax havens on the basis of CbCR (see also Section 2.5.3), Garcia-Bernardo and Janský (2021, p. 47) rank the Netherlands on the second place as major destination country for shifted profits, followed somewhat lower by Ireland (11th) and Luxembourg (17th). As major countries that shifted profit to other jurisdictions, Germany and France occupy respectively the second and third place as major country where MNE shifted profits to other destinations, followed by Ireland and United Kingdom on respectively the 5th and 7th place. Belgium only occupied the 24th place (Garcia-Bernardo & Janský 2021, p. 49).

Situated between EU Member States playing an important role in profit shifting, no wonder that some strongly disagree with the notion of Belgium being a tax haven but qualify it as a 'competitive' tax jurisdiction. For instance, Van Overtveld (2019), the former Belgian minister of finance, states that Belgium is not a tax haven. He states that the analysis on which the research commission of the European Parliament classifies Belgium as a country that facilitates aggressive tax planning is outdated. For instance, the commission aims her attention at the notional interest deduction[207] and the patentbox,[208] while both instruments were recently completely reformed. Because of these reforms, the inequality between large MNEs (multinational enterprises) and local businesses will finally be reduced. Legal certainty will increase, and Belgium will be back on the international map with a competitive rate. Additionally, Van Overtveld (2019) states that Belgium is a pioneer in terms of information exchange. However, it is estimated that the gains which will arise from abolishing the notional interest deduction are overestimated, meaning that this reform will not be budget neutral and the money will possibly be collected from middle and lower classes (Dierckx, 2016).

Hodge (2018) is of the same opinion, namely that Belgium cannot be classified as a tax haven. Belgium has a conventional corporate tax system, is an EU Member State, and does not appear on the EU's list of tax havens. Furthermore, he critiques Tørsløv *et al.* (2020) by saying that they 'failed to do the most basic thing – define in clear and objective terms what is meant by 'tax haven' and why some countries were labelled as havens and others not' (Hodge, 2018, p. 8). In addition, Tørsløv *et al.* (2020) use the terms 'tax haven' and 'low-tax' interchangeably, although there are vast substantive differences between the two. He states that countries like Ireland, Belgium, Luxembourg, and the Netherlands, defined as tax havens by Tørsløv *et al.* (2020), are just developed countries with conventional but competitive tax systems. However, it is exactly this tax competition risk which is leading us into a race to the bottom and leaves perhaps some jurisdictions to increased tax revenue (at a low rate) but others to shifted tax base and pressure on the desired tax rate.

Nevertheless, these arguments to counter the idea that Belgium is a tax haven can also be countered themselves. Indeed, it is true that the Belgian government took steps to reform harmful tax benefits, as Van Overtveld (2019) rightfully claims. However, Belgium 'compensated for these reforms by lowering corporate tax and taking part in an international 'race to the bottom' where countries bid against each other for low corporate income tax' (Meers, 2018). Furthermore, as Hodge (2018) claims,

207 This measure entails that all companies subject to Belgian corporate tax can deduct from their taxable income a notional interest calculated on the basis of their equity (net assets). (FOD Financiën, n.d.).

208 ' Belgian Patent Box also known as Innovation Income Deduction is a tax relief scheme for innovative companies in Belgium. Corporation tax on profits from a company's own innovations are reduced by up to 85%.' (Patent Box, 2021)

Belgium is indeed one of those countries that has a competitive tax system, but does this mean it should not be defined as a tax haven? Is this not exactly the thing that tax havens are known for?

Overall, answering the question whether Belgium is a tax haven is a difficult task, as no uniform definition of the term is agreed upon. However, as seen in the beginning of this paragraph, two aspects often reoccur: low or no taxes, and secrecy. In this sense, it can be concluded that Belgium certainly aims to be an attractive country concerning interesting tax rates, but it cannot be said that the secrecy in Belgium is unusually high. The Financial Secrecy Index for Belgium in 2020 amounted to 45.05 on a scale from 0 to 100, and is based on certain key indicators, including banking secrecy, tax court secrecy, anti-money laundering and many more (Tax Justice Network, 2020).

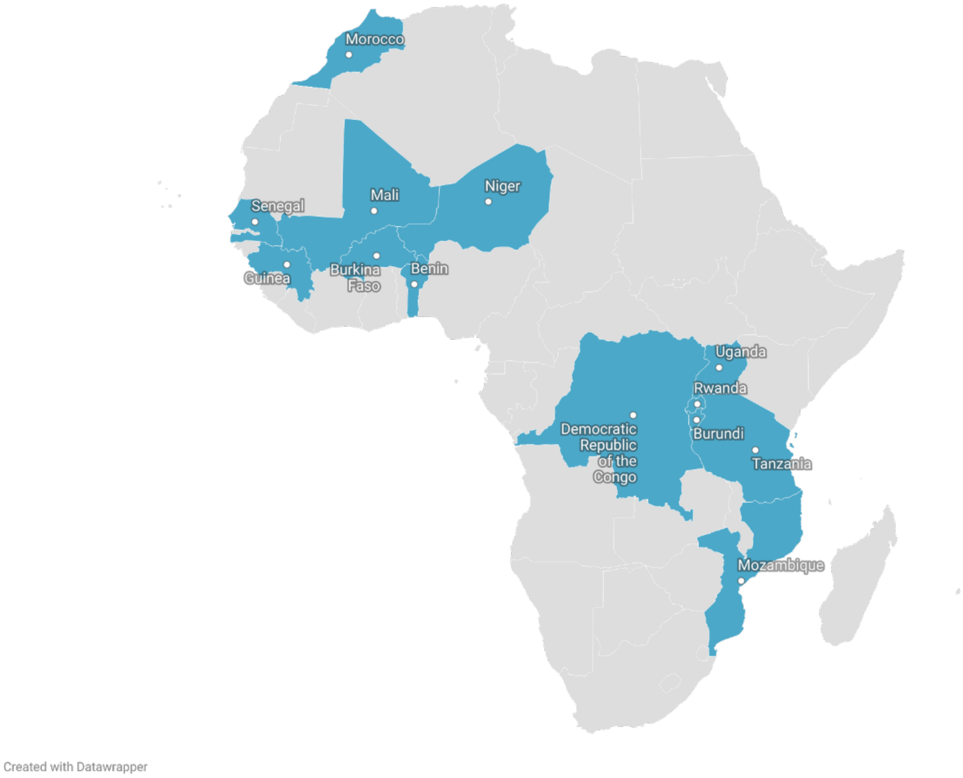
This section has clearly demonstrated that a uniform definition of tax havens is still missing. Therefore, it is difficult to label a country as a tax haven, as it might be one according to one definition but not according to another one. However, it is clear that Belgium has the most important characteristic of one, namely a competitive tax system. In addition, it is worth repeating and striking to find out that Belgium, a small country with only 11.5 million inhabitants (Statbel, 2021), is responsible for 2.2% of the world's corporate tax abuse risks (Tax Justice Network, 2021a). Therefore, one can conclude that Belgium can and should be considered a tax haven. Nonetheless, in general it should not matter whether a county is a tax haven or not. When this country is responsible for tax evasion and has a negative impact on tax revenues in other (developing) countries, an end should be put to it either way.

2 | Focus on 14 partner countries

2.1 Overview of the 14 partner countries

Before we dive into impact of tax measures on the 14 Belgian partner countries, a short general overview of the partner countries is provided. Figure 2.1 shows the location of 13 of Belgium's preferred partner countries, all located in the continent of Africa. The countries are Benin, Burkina Faso, Burundi, Democratic Republic of the Congo (DR Congo), Guinea, Mali, Morocco, Mozambique, Niger, Rwanda, Senegal, Tanzania, and Uganda. In addition, the fourteenth preferred partner country is Palestine (not shown on the map) which is located in the continent of Asia, more specifically in the Middle East.

Figure 2.1 Preferred partner countries of Belgium in Africa*



* Palestine, the 14th preferred partner country of Belgium, is not included on the map as it lies in Asia.
Source Authors

An overview of some economic indicators of the partner countries is provided in Table 2.1. The Gross Domestic Product (GDP) per capita is provided in purchasing power parity (PPP) in order to take into account the cost of local goods, services and inflation rates of the country. Compared to the GDP per capita in Belgium, especially the GDP in Burundi is remarkable, as it is 67 times smaller, namely 45,524 euro *versus* 676 euro. For most of the partner countries, the GDP per capita lies between 1,000 and 3,000 euro with the exception of Benin (3,071 euro), Burundi (676 euro), DR Congo (991 euro), Morocco (6,391 euro), Palestine (4,985 euro), and Senegal (3,050 euro).

In terms of population, DR Congo stands out in particular as is has almost 8 times as many inhabitants as Belgium (89.5 million *versus* 11.6 million). On the other end of the spectrum is Palestine, with less than 5 million inhabitants.

The fourth column indicates the ODA the partner countries received from Belgium in 2018. DR Congo received the highest amount of more than 109 million euro. However, to put the amounts in perspective, they were divided by the number of inhabitants to get an idea of the ODA received per person in each country. This calculation is done in the final column. However, it should be noted that data from two different years is combined, so it should be looked at with care. The final column shows that in relative terms, especially Palestine (4.98 euro per person) received an important amount of ODA from Belgium, and to a lesser extent Rwanda (2.83 euro), Burundi (2.74 euro), Benin (1.92 euro), and DR Congo (1.22 euro). In general, in the 14 partner countries, each inhabitant received about 0.86 euro ODA from Belgium.

Table 2.1 GDP per capita (PPP in euro, 2020), population in thousands (2020), and ODA received from Belgium (in euro, 2018) for Belgium and its 14 preferred partner countries

	GDP per capita (PPP [1] in euro, 2020) [2]	Population (in thousands, 2020) (A)	ODA received from Belgium (in euro, 2018) (B)	ODA received from Belgium per inhabitant (in euro) (B/(A*1,000))
Belgium	45,524	11,556		
Benin	3,071	12,123	23,286,850	1.92
Burkina Faso	1,997	20,903	13,200,133	0.63
Burundi	676	11,891	32,615,451	2.74
DR Congo	991	89,561	109,197,025	1.22
Guinea	2,468	13,133	8,980,136	0.68
Mali	2,049	20,251	13,747,290	0.68
Morocco	6,391	36,911	11,141,653	0.30
Mozambique	1,136	31,255	10,531,984	0.34
Niger	1,106	24,207	18,797,979	0.78
Palestine [3]	4,985	4,803	23,903,160	4.98
Rwanda	1,939	12,952	36,708,525	2.83
Senegal	3,050	16,744	8,911,483	0.53
Tanzania	2,435	59,734	10,365,136	0.17
Uganda	2,012	45,741	22,027,201	0.48
Total partner countries		**400,210**	**343,414,006**	**0.86**

1 PPP stands for purchasing power parity, and this is a measurement of prices in different countries that uses the prices of specific goods to compare the absolute purchasing power of the countries' currencies.
2 GDP per capita in PPP was converted for 2020 from USD to euro using https://data.oecd.org/conversion/exchange-rates.htm
3 In data from the World Bank, Palestine is classified under the name 'Westbank and Gaza'.
Source The World Bank (2021)

Additionally, a more specific overview of tax related indicators is provided in Table 2.2. This table indicates that especially Mozambique has a high share of tax revenue in % of its GDP, namely 27.1%. Furthermore, Belgium (22.7%) and Morocco (21.4%) have a tax revenue of over 20% of their GDP. Although Belgium has a high tax revenue, it has the second lowest corporate income tax rate of 25%, after Palestine with 15%. Besides Palestine (15%) and Burkina Faso (28%), all other partner countries have a corporate income tax of 30% or higher. In general, it is found that developing countries have a lower total tax revenue (10-25% of GDP), while the total tax revenue for high-income countries lies between 25% and 40% of GDP (Weyzig, 2013, p. 31). This seems to correspond to the findings in Table 2.2, except for Mozambique having a rather high tax revenue for a developing country (27.1% of GDP). The figure for Belgium does not include the social security contributions that are included in the by Weyzig above mentioned figures of total revenue. For developing countries, social security financed by contributions are low to non-existing (Weyzig, 2013). The generally lower tax revenues are a result of several factors. For instance, the share of import tariffs and export levies in total revenues is still substantial, while personal income taxes and social security contributions are low because of the large informal sectors, weak tax administrations, and small social security systems funded by premiums (Weyzig, 2013). Furthermore, it is stated that especially corporate taxes are an important source of domestic revenues for developing countries, and less so for high-income countries. Therefore, threats to these incomes, for example tax evasion, are particularly impactful for developing countries.

In addition to general statistics on total tax revenue and corporate income tax, the final two columns of Table 2.2 show how much tax revenue is lost on an annual basis due to global tax abuse, both in absolute figures (in euro) and in relative figures (as a % of total tax revenue). These data come from Tax Justice Network (2021d). The annual tax loss is clearly highest in Belgium with over 3.3 billion euro, which is even higher than the total tax lost for the 14 partner countries combined (2.5 billion euro). Additionally, DR Congo and Morocco lost more than 500 million euro tax due to global tax abuse. Nevertheless, relative figures often tell a more reliable and comparable story. The last column indicates that DR Congo lost 19% of its annual tax revenue, Uganda 12%, and Mozambique 11%. Furthermore, Rwanda and Senegal each lost around 8% of their tax revenue, while more than 2% was lost by Belgium, Benin, Guinea, Mali, Morocco, and Tanzania. On the other hand, Burkina Faso, Burundi, Niger, Palestine each lost less than 1% of their tax revenue.

Thus, while tax revenue being lost as a result of global tax abuse is problematic for all countries, it is clear that the problem is of higher importance for certain countries than for others.

A more complete overview of different indicators is also provided in the country fiches for the 14 partner countries in appendix 1.

Table 2.2 Corporate income tax rate, total tax revenue (as % of GDP), and tax lost due to global tax abuse for Belgium and its 14 preferred partner countries

	Tax revenue (% of GDP, 2019) [1]	Corporate income tax rate (2020) (in %)	Annual tax lost due to global tax abuse (in euro, 2021) [2]	% of tax revenue lost annually (2021)
Belgium	22.7	25	3,336,335,157	2.50
Benin	10.8	30	36,607,078	3.20
Burkina Faso	15.7	28	1,840,389	0.11
Burundi	13.6	30	1,821,035	0.55
DR Congo	10.7	35	539,702,876	19.00
Guinea	10.8	35	33,683,347	2.90
Mali	14.5	35	42,030,291	2.50
Morocco	21.4	31	740,703,188	3.60
Mozambique	27.1	32	281,791,404	11.00
Niger	11.8	30	19,289,111	1.90
Palestine [3]	n.a.	15	1,306,163	0.01
Rwanda	14.6	30	89,327,589	8.00
Senegal	16.4	30	219,232,326	8.30
Tanzania	11.7	30	179,818,685	3.70
Uganda	12.3	30	323,492,368	12.00
Total partner countries			**2,510,645,849**	

1 The tax revenue as % of GDP concerns data from 2019 with the exception of Benin (1997), Burundi (1999), DR Congo (1989), Guinea (1992), Niger (1980), and Tanzania (2018). Tax revenue follows the definition of the Word Bank and excludes social security contributions, which are substantial in Belgium.
2 Annual tax lost due to global tax abuse was converted for 2021 from USD to euro using https://data.oecd.org/conversion/exchange-rates.htm
3 In data from the World Bank, Palestine is classified under the name 'Westbank and Gaza'.
Source The World Bank (2021), OECD (2021a), KPMG (2021), Trading Economics (2021), Healy Consultants (2021), Tax Justice Network (2021d)

2.2 Illicit financial flows: an overarching concept

In the rest of this chapter, we aim to answer research question 2 mentioned in the introduction, 'What impact do these tax measures have on other countries and in particular the 14 preferred partners countries of Belgium?'. To answer this research question, we first try to define in this Section 2.2 the term 'illicit financial flows' (IFF) which is becoming an overarching concept of (cross-border) tax evasion and tax avoidance, that is finally getting official recognition to collect statistics about it. This follows a long quest by NGO's and academicians to identify certain dimensions and forms of those illicit financial flows, and different methods to calculate them. In the rest of Section 2.2 we report part of this quest. In Section 2.3 until Section 2.6 we assess more in detail certain categories of illicit financial flows and statistical/administrative sources to estimate them.

From a concept that has been fostered by NGO's as Global Financial Integrity, sometimes criticised by lack of transparency and lack of academic interest, the concept seems to become an overarching concept that seems to be fruitful especially for developing countries to estimate the size of missed financing flows for development. As seems to be common for this kind of estimates of flows that sometimes want to stay hidden or unreported, even after some decades of estimates, the methodology is still at its infancy. Not earlier than July 2021, the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Office on Drugs and Crime (UNODC) launched a guideline for official statistical offices to estimate, in a pilot testing, the size of illicit financial flows (IFF).

The recent manuals further clarify the potentially large scope of this concept. Illicit international financial flows are to a large extent related to national concepts of fraud, tax evasion, tax avoidance and other illegal activities,[209] but they are concentrated on cross-border flows that make them of specific relevance for financing flows for development. At the same time however, they are of relevance for national public finances. The following synoptic schemes illustrate the fluid borderline between real economic activities and financial reporting, and the distinction between illegal and illicit which perhaps does not mean illegal but from an ethical point of view illicit since it avoids the intentions of certain rules, especially about taxation. The most recent guidelines make a distinction in those illicit financial flows between tax related and commercial practices. In Figure 2.2 three large categories are distinguished, and they also form the core of the reporting UNCTAD/UNODC are aiming at: (1) flows related with trade misinvoicing (F2); (2) international tax avoidance (F3, F4 and F5) and (3) flows of offshore wealth and (international) tax evasion (F1).

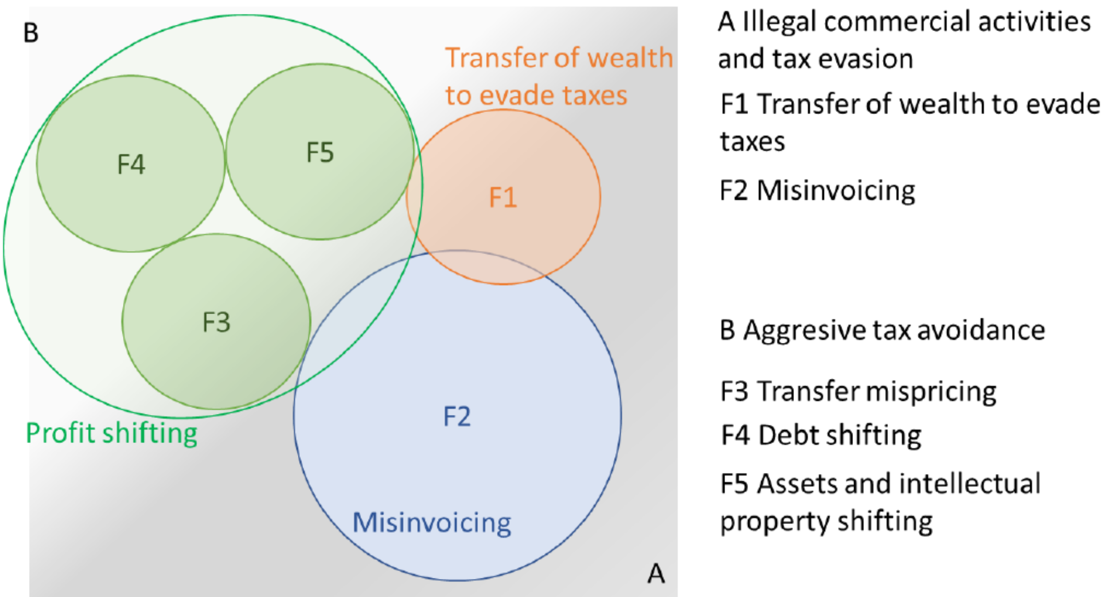
Ferwerda and Unger (2021) show that the concept of IFF indeed entails many different concepts (Figure 2.3). For instance, money laundering falls partly under IFF, but not entirely, seeing that some criminals prefer to pay taxes to give a more legitimate appearance to their proceeds. Furthermore, FDI related profit shifting fall completely under IFF as they are financial transactions that reduce the tax payments of companies and are therefore completely part of the tax gap. Trade misreporting on the other hand, can be used to reduce tax payments, but can also be completely legitimate. For this reason, the concept falls both in and out of the scope of IFF. A particular type of trade misreporting is trade-based money-laundering (TBML), which can be a part of the tax gap or not. Finally, the shadow economy falls completely under IFF.

Another visual representation of IFF is provided by UNCTAD (2021) (Figure 2.4). It clearly shows that IFF can both occur as legal and illegal activities. Especially in the area of tax avoidance it is challenging to specify which activities should be considered illicit or licit. For this reason, the bottom panel of Figure 2.4 shows a continuum of activities from legal tax planning to tax evasion.

There is a growing acceptance that it is difficult to distinguish between evasion and avoidance: 'However, as pointed out in the Conceptual Framework [of UNCTAD & UNODC], it is statistically unfeasible to separate illegal (*i.e.*, tax evasion) from legal practices (*i.e.*, aggressive tax avoidance). Moreover, the literature also indicates that the estimates of global profit shifting, and associated tax revenue losses do not distinguish between tax avoidance, tax evasion and tax fraud' (Amaral & Barcarolo, 2020, p. 4). The authors highlighted for instance that aggressive tax avoidance has been included as an illicit financial flow for the purposes of SDG indicator 16.4.1. (Amaral & Barcarolo, 2020, p. 3). We followed that line from the very beginning, because of the importance for public finances (tax gap) AND for reason of fairness of taxation.

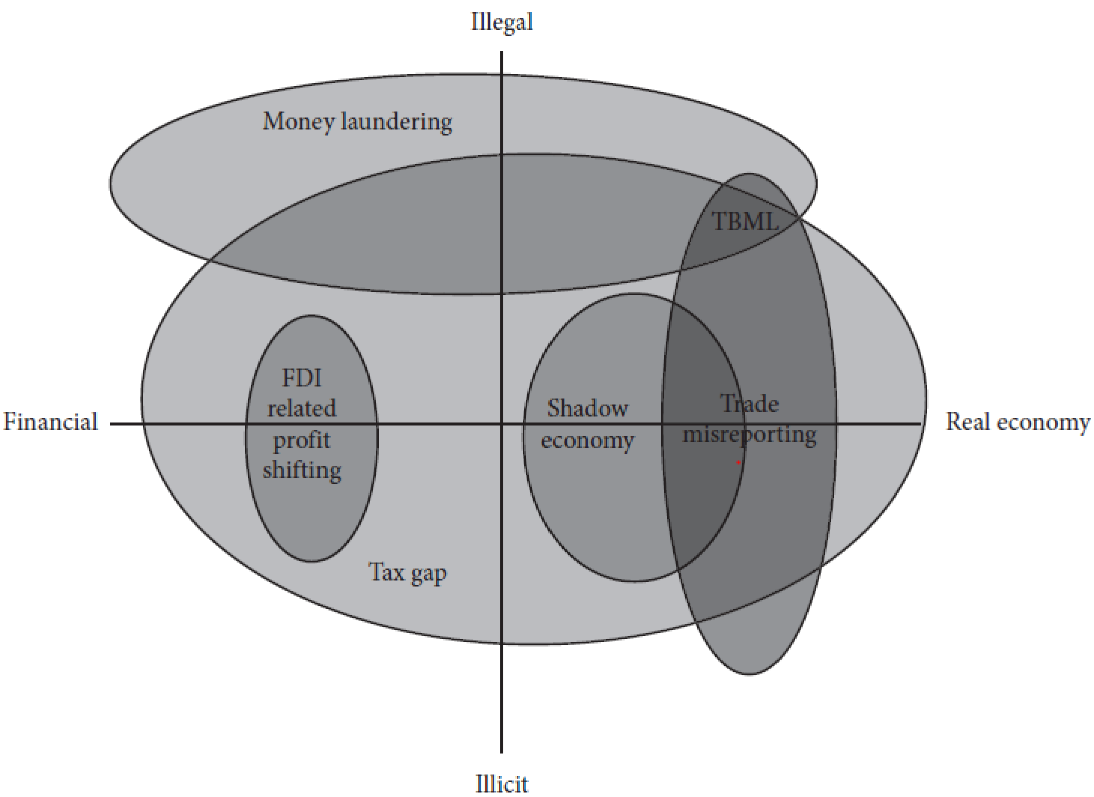
209 An approach we used ourselves in the BEFIND paper (Pacolet & Vanormelingen, 2015).

Figure 2.2 Main types of tax and commercial illicit financial flows



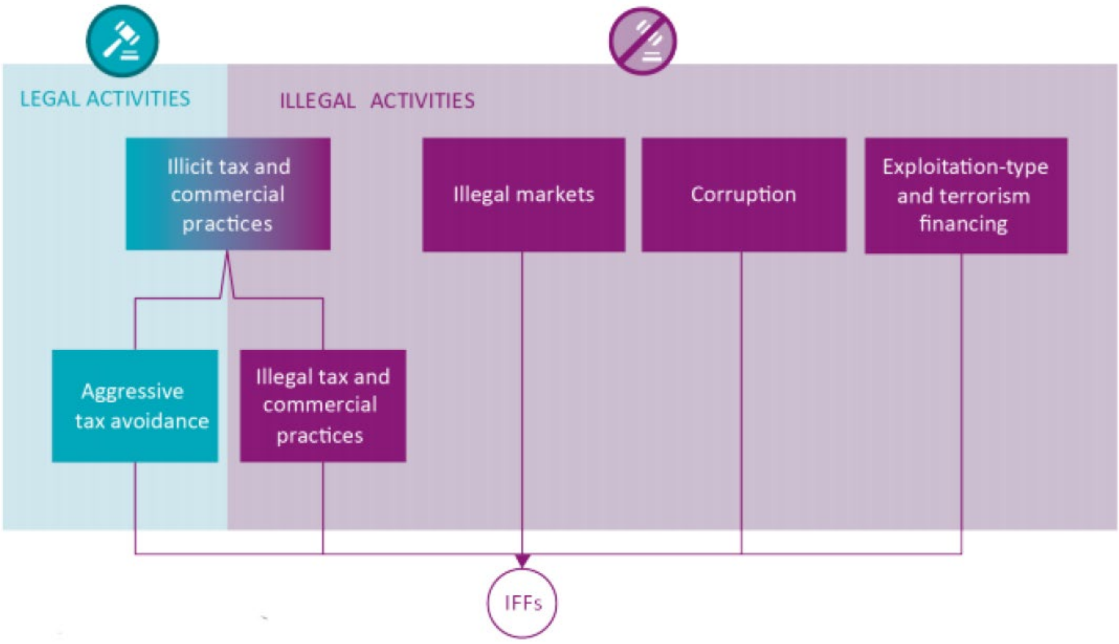
Source UNCTAD (2021, p. 15)

Figure 2.3 Visual representation of selected concepts within the over-arching concept of illicit financial flows



* TBML Trade-based money laundering.
Source Ferwerda and Unger (2021, p. 81)

Figure 2.4 **Categories of activities that may generate illicit financial flows (top panel), boundaries of aggressive tax planning (bottom panel)**



Source UNCTAD and UNODC (2020)

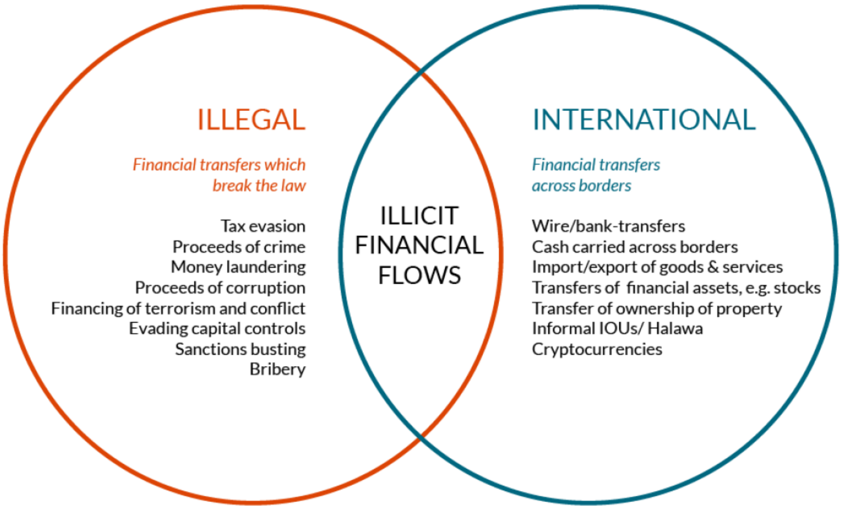
Source UNCTAD (2021, pp. 10-11)

This process of clarification of concepts ending with the above-described official recognition (by UNCTAD and UNODC) of the concept of illicit financial flows follows a longer period of scientific debate.

But as already mentioned above, this is not as evident as it seems. The one thing the literature agrees upon, is that a clear consensus on the definition of IFF is missing (Eriksson, 2017a; Pacolet, De Wispelaere & Vanormelingen, 2017; Reuter, 2017; Forstater, 2018). For some, IFF means money that is illegally earned, transferred, or used (Ibrahim, 2017). Others, however, note that the definition can be widened up to include behaviour that is legal which reduces tax payments (Forstater, 2018). Eriksson (2017a) highlights that 'illicit means that it is more than illegal as it also refers to the social norms of disapproval: 'disapproved by society'. Therefore, certain financial flows could be problematic even if they are not technically illegal.

Forstrater (2018, p. 4) proposes a common working definition of IFF which focuses on the 'concept of financial transfers across borders that are in some way related to illegal activity'. Figure 2.5 provides a visual representation of this definition, where IFF can be found at the overlap of financial transfers which break the law and financial transfers across borders. A similar definition is provided by Cobham *et al.* (2020, p. 56) stating that IFF 'are transfers of money from one country to another that are forbidden by law, rules or custom'.

Figure 2.5 Conceptual map for core definition of illicit financial flows



Source Forstrater (2018, p. 5)

Practices that are involved in IFF are often money laundering, bribery by international companies, tax evasion, and trade mispricing (OECD, 2014). Additionally, Reuters (2017) mentions corruption, criminal enterprise, currency restriction violations, and transfer pricing abuse by multinationals. However, the OECD (2014) emphasises that these practices do not reveal anything about the source or origin, and the intended use of IFF. They could originate from illegal practices such as smuggling, fraud, or counterfeiting, or they could originate from legal practices while the transfer was illegal, such as tax evasion. Similarly, IFF could be used for illegal activities like bribery or terrorist financing, or simply for legal consumption of goods.

In the end, Forstater (2018) accurately concludes that the concept of IFF will only be settled and defined by those stakeholders who use it, be it international organisations, governments, researchers and academics, or activists. Therefore, a critique on the term IFF is that it is losing its meaning, as it has 'become a bit of a floating identifier, a term that is vague enough to be used for many different concepts' (Ferwerda & Unger,2021, p. 84).

Of course, the lack of a definition of the term IFF hinders the quantification of the concept (Reuter, 2017; Forstater, 2018). Consequently, setting up anti-IFF policies is also a difficult task (Eriksson, 2017a). However, the question arises whether IFF should always be regarded from a negative viewpoint. The key assumption is that IFF create a loss for development at the country level, as IFF are not taxed, developing governments would otherwise use these tax revenues for developments, and IFF which are transferred across borders cannot benefit the county of origin. Nevertheless, Eriksson (2017b) posits that this key assumption is based on premises which do not always hold true. First, untaxed funds can still benefit the economy. For instance, illicit funds can be kept in the country of origin and strengthen the economic, investment, and entrepreneurship climate as well as the competitiveness. Second, it is not certain that governments would use the tax revenues effectively. This is especially true in countries with a high occurrence of political corruption. Third, even if they do not benefit the country of origin, IFF could benefit the country of destination. Thus, it should be recalled when quantifying IFF that this does not equal the actual loss to development, as there might also be positive consequences (Eriksson, 2017b).

Although these counterarguments should be kept in mind when analysing the negative consequences of IFF, it is generally agreed upon that IFF 'constrain economic growth and undermine investment, depriving governments of the financial resources that might otherwise be invested in public goods, such as health, education or infrastructure' (OECD, 2018, p.108). Several analyses came to the consensus that IFF likely exceed aid flows and investment in volume (OECD, 2014), and more specifically they exceed the amount of ODA provided to Africa (OECD, 2018), where 13 of Belgium's 14 preferred partner countries are located. In the country fiches in appendix 1, the comparison between IFF and ODA can be made for each of the partner countries. The gross illicit financial outflows are divided by the ODA for the years 2006 until 2013, after which the average is calculated. This gives us an idea of the magnitude of IFF compared to ODA for every partner country. Especially in Guinea (149%) and Morocco (313%), this share is remarkable. For the majority of partner countries, the percentage lies around 50% (Benin 55%, Burkina Faso 50%, Mali 50%, Rwanda 42%, and Uganda 43%) and for Senegal it amounts to 83%. For the remaining partner countries, the share is rather on the low side (Burundi 18%, DR Congo 9%, Mozambique 18%, Niger 31%, and Tanzania 17%). For Palestine, data on gross illicit financial outflows were not available. Thus, in general, in many partner countries an amount equal to around half or more of ODA is flowing out of the country again through IFF.

Another estimate of IFF for two partner countries is provided by the United Nations (2020, p. 46). An undervalued amount of EU imports from the DR Congo between 2000 and 2010 equalled 9.95 billion euro. In addition, in Morocco, the IFF were estimated at 16.6 billion USD or 12.5 billion euro[210] during 2013-2014. This comes close to the estimation of the gross IFF provided in the country fiche for Morocco, where the sum for 2013 and 2014 amounts to 17.1 billion USD or 12.8 billion euro.[211]

The Tax Justice Network report (Cobham *et al.*, 2020) allows us to have a look at the IFF Vulnerability Tracker, which indicates the level of vulnerability[212] to IFF in relation to eight main channels: trade (exports and imports), banking positions (claims and liabilities), foreign direct investment (outward and inward), and portfolio investment (outward and inward). The vulnerability score is calculated based on the average haven/secrecy score sourced from the Corporate Tax Haven Index and the Financial Secrecy Index. *'The central idea behind this approach [...] is that since illicit financial flows are by definition hidden, the likelihood of an illicit component will increase with the degree of financial secrecy offered by the partner jurisdiction in any given transaction.*' (Tax Justice Network (2021d, p. 54). Thus, the vulnerability to IFF can tell us more about international linkages and outflows of resources.

Table 2.3 shows the vulnerability to IFF for Belgium and its 14 partner countries, namely the most vulnerable channel[213] and the vulnerability score of this channel, as well as the three trading partners most responsible for this vulnerability.

For 11 partner countries, trade seems to be the most vulnerable channel, be it outward trade or export (for Benin, Burundi, DR Congo, Guinea, Mali, Niger, Uganda, Rwanda, and Senegal) or inward trade or import (for Burkina Faso and Tanzania). In addition, foreign direct investment (FDI)[214] is the most vulnerable channel for Belgium, Morocco, and Mozambique (inward). Finally, in Palestine, outward portfolio investments are the most vulnerable trading channel.

Overall, the vulnerability scores lie between 55 and 75. The highest scores can be found in Rwanda (68) and Palestine (75). In Rwanda, the United Arab Emirates is the trading partner mostly causing this vulnerability, while in Palestine it is mostly caused by trading partner Jordan.

In addition, it is interesting to see for which countries Belgium is one of the three trading partners most responsible for vulnerability. This only occurs in 3 countries: (1) in Saint-Helena (score of 50 for exports) Belgium is the third most responsible trading partner with 8.5%; (2) in Zimbabwe (score

210 The amount in USD was converted to euro using the OECD exchange rate for 2013 and 2014 (the exchange rate for 2014 is identical to the one of 2013) (https://data.oecd.org/conversion/exchange-rates.htm).

211 *Ibid.*

212 'Vulnerability is the average financial secrecy level of all partners with which the country trades with or invests in for that channel, weighted by the volume of trade or investment each partner is responsible for' (Cobham *et al.*, 2020, p. 57). Therefore, vulnerability looks at how 'secretive' each trading partner is and weighs this with the volume of trade or investment done with this partner.

213 This means the channel through which the country concerned is most vulnerable to IFF.

214 'A foreign direct investment (FDI) is an investment made by a firm or individual in one country into business interests located in another country.' (Investopedia, 2021)

of 60 for exports) Belgium is the third most responsible trading partner with 1.4%; (3) in Norfolk Island (score of 42 for exports) Belgium is the second most responsible trading partner with 13.4%.

In general, it has been found that the majority of risks in IFF are imported in Africa from other continents (Tax Justice Network, 2019). The risk in trade is mainly caused by Europe and Asia, while the risk of IFF through FDI is concentrated in Asia. This is the result of European and Asian countries being Africa's main trading partners in terms of volume (Tax Justice Network, 2019). This is clearly illustrated in Table 2.3 below, as in all partner countries, with the exception of Uganda, the trading partner most responsible for vulnerability is not located in the continent of Africa. Even when analysing the second and third most responsible trading partner for the vulnerability, an African country is only found for Mali, Mozambique, and Rwanda.

Table 2.3 Vulnerability to illicit financial flows of Belgium and its 14 partner countries, 2021

Country	Most vulnerable trading channel	Vulnerability score for this channel*	Trading partner most responsible for vulnerability	Trading partner 2nd most responsible for vulnerability	Trading partner 3rd most responsible for vulnerability
Belgium	Direct investment (inward)	58	Netherlands (26.3%)	France (20.5%)	Luxembourg (18.2%)
Benin	Exports (trade outward)	63	Bangladesh (21.3%)	Vietnam (13.0%)	India (12.6%)
Burkina Faso	Imports (trade inward)	55	China (17.4%)	United States (9.1%)	France (8.4%)
Burundi	Exports (trade outward)	61	United Arab Emirates (34.1%)	Switzerland (12.5%)	Pakistan (9.2%)
DG Congo	Exports (trade outward)	58	China (49.7%)	United Arab Emirates (11.5%)	Italy (5.4%)
Guinea	Exports (trade outward)	64	United Arab Emirates (47.1%)	China (25.7%)	India (5.5%)
Mali	Exports (trade outward)	65	Switzerland (33.6%)	United Arab Emirates (27.6%)	South Africa (26.7%)
Morocco	Direct investment (inward)	61	United Arab Emirates (37.8%)	France (28.1%)	Spain (5.1%)
Mozambique	Direct investment (inward)	62	United Arab Emirates (24.4%)	Mauritius (18.5%)	South Africa (13.2%)
Niger	Exports (trade outward)	61	United Arab Emirates (24.0%)	France (22.6%)	China (15.3%)
Uganda	Exports (trade outward)	64	Kenya (27.2%)	United Arab Emirates (25.1%)	Rwanda (8.6%)
Palestine	Portfolio investment (outward)	75	Jordan (82.9%)	United Arab Emirates (5.0%)	United States (1.7%)
Rwanda	Exports (trade outward)	68	United Arab Emirates (58.7%)	Kenya (7.0%)	United States (6.0%)
Senegal	Exports (trade outward)	61	Switzerland (27.7%)	India (10.6%)	China (8.5%)
Tanzania	Imports (trade inward)	57	China (21.0%)	India (13.1%)	United Arab Emirates (11.5%)

* The vulnerability score is set on a scale from 0 (no vulnerability) to 100 (full vulnerability).
Source Tax Justice Network (2021d, Table 6)

In what follows, several types of IFF are discussed. Each of them requires specific methods to estimate them. In addition, a quantification following these methods is attempted, with a focus on the 14 preferred partner countries of Belgium. Nevertheless, it still remains troublesome to identify whether it is truly the Belgian tax measures that are responsible for the loss in the partner countries through tax evasion. Whenever possible, this hypothesis will be tested. However, one must bear in mind that by their very nature, IFF are extremely difficult to measure, as they rely heavily on the use of financial secrecy in order to hide cash flows (Cobham, 2017).

The sections below will successively discuss trade misinvoicing (Section 2.3), offshore tax abuse (Section 2.4), profit shifting (Section 2.5), and foreign direct investment (FDI) (Section 2.6).

2.3 Trade misinvoicing

Trade misinvoicing can be defined as 'the intentional misstating of the value, quantity, or composition of goods on customs declaration forms and invoices, usually for the purpose of evading taxes or laundering money' (Baker *et al.*, 2014, p. 1). Baker *et al.* (2014) state that most misinvoicing is conducted with the knowledge of both the seller and the buyer in the transaction.

There are four types of trade misinvoicing that can be distinguished: import under-invoicing, import over-invoicing, export under-invoicing, and export over-invoicing (Baker *et al.*, 2014). Import under-invoicing and export over-invoicing can be seen as *illicit inflows*, as more money will come into the country, while export under-invoicing and import over-invoicing fall under the heading of *illicit outflows*, as they make sure money flows out of the country.

Trade misinvoicing particularly seems to be a problem in developing countries, as it makes up almost 80% of IFF outflows from developing countries (Baker *et al.*, 2014).

However, the question arises how to calculate trade misinvoicing. The most prominent way to calculate this are 'mirror trade statistics', which entails looking at the reported value of a trade transaction in both the country of destination and the sending country (Nitsch, 2017). Baker *et al.* (2014) applied this method by analysing the discrepancies between trade figures developing countries report to the IMF and the UN, and the figures developed countries report on their trade with each developing country. Nkurunziza (2017) explains that country B's imports from country A have to be equal to country A's exports to country B and the freight and insurance costs. In addition, Pacolet and De Wispelaere (2016) highlight that freight and insurance costs should certainly be taken into account, because exporting countries report value of goods at initial point of departure, and importing countries report value of goods at point of final destination. They also specify that it is best to look at data in several years because of the possible volatility of figures.

Nevertheless, the question remains whether it is possible to calculate trade misinvoicing in any case, as Forstater (2018) brings up some pertinent issues. First, mismatches in trade data might not reliably reflect the concept of trade misinvoicing, and misinvoicing is not always reflected in trade data. There are issues of price volatility, transit and merchanting trade, and the use of bonded warehouses which can all cause trade data discrepancies while still arising from legitimate trade. Second, a mismatch in value could mean a misdeclared price, a misdeclared quantity, or it could reflect 'orphan imports' or 'missing exports'. In any of these cases, the explanation for its occurrence can be innocent or illicit. For instance, when there is a pricing difference it could simply reflect ordinary costs variance (innocent) or tax evasion (illicit). Third, the findings from trade invoicing studies do not accurately reflect corporate practice by MNEs.

Therefore, Forstater (2018) claims that the problem of misinvoicing is certainly real but it might be overoptimistic to think that it can be detected by looking at publicly available data and perform simple calculations on them. Furthermore, as quantitative findings rely heavily on the underlying assumptions in the empirical analysis, Nitsch (2017, p. 9) even states that making estimations on trade misinvoicing is 'largely a matter of faith'. Thus, it should be kept in mind that it might not be possible to accurately quantify misinvoicing.

The estimate of trade mis-invoicing would require additional research, which will not be the focus of this report. We made a first estimate of discrepancies in export and import statistics for the relation with Belgium and its preferred partner countries in Pacolet and De Wispelaere (2016). The complexity is well illustrated by a recent study of the World Customs Organization (WCO, 2018), confirming this need for further research on that aspect, considered of importance for the earlier studies on IFF. With the enlarged definition of IFF, its relevance becomes perhaps less important, since other categories of IFF come in the picture, but the study of WCO confirms the need to analyse it further.

In literature, there are already some estimates available. Baker *et al.* (2014) analysed five developing countries in detail concerning trade misinvoicing, of which three are Belgian partner countries. For these three countries (Mozambique, Tanzania, and Uganda), considerable illicit financial outflows were found.

Mozambique knows a high dependency on aid, as it supports nearly half of all government expenditure, which makes IFF even more poignant. It seems that in this country, both export under-invoicing and import over-invoicing appear to be equal in terms of amounts of illicit outflows. From 2002 to 2011 the cumulative trade misinvoicing in Mozambique amounted to 5.27 billion USD.

The amount for Tanzania is 18.73 billion USD. And in this country, it seems that illicit outflows came exclusively in the form of import over-invoicing, which raises questions about Tanzania's reliance on import duties to finance the government budgets. The majority of the import over-invoicing transactions turn out to be fuel import, which have an import duty exemption for mining companies. *'This suggests that mining companies could be over-inflating their import costs to shift capital out of Tanzania illicitly with the added kick-back of lower taxable income due to artificially inflated inputs.'* (Baker *et al.*, 2014, p. 32).

In Uganda, it appears that illicit outflows through trade misinvoicing significantly outpace illicit inflows. Here, the cumulative trade misinvoicing amounted to 8.84 billion USD from 2002 to 2011.

2.4 Offshore tax abuse or wealth transfer

An issue which is still of high importance is financial secrecy, as it allows wealthy individuals to abuse their tax responsibilities or launder money, keeps drug cartels bankable, human trafficking profitable, and terrorist financing feasible (Tax Justice Network, 2021). In total it is estimated that the world is losing 171 billion USD or 153 billion euro[215] in tax a year to offshore wealth tax evasion related to financial wealth alone.

To analyse the offshore tax abuse, the Tax Justice Network follows the method of looking at discrepancies in macroeconomic statistics, namely the difference between globally reported portfolio investment assets and liabilities is attributed to unrecorded offshore wealth. Thereafter, the estimates are extended to cover other financial assets such as bank deposits, and non-financial assets such as real estate, gold, luxury yachts, or art.[216]

As a result, Table 2.4 gives an overview of the offshore wealth and the consequent tax revenue loss for Belgium and the 14 partner countries. The share of global offshore wealth owned by citizens of Belgium amounts to 1.14%, while it amounts to 0.12% for the total of the 14 partner countries. Furthermore, in total, the share of global offshore wealth of African citizens only amounts to 1.60%, while it amounts to 44.94% for European citizens (Tax Justice Network, 2021).

The offshore wealth owned by citizens in the 14 partner countries (10.54 billion euro) is almost ten times lower than the wealth owned by Belgian citizens (101.00 billion euro). Most of the wealth owned by citizens in the 14 partner countries comes from Morocco (3.30 billion euro). Compared to the GDP of each country, the share of offshore wealth owned by citizens is especially remarkable in Belgium (21.2%), and Mozambique (10.3%). On the contrary, it does not reach 1% of GDP in Niger (0.7%) and Palestine (0.9%). Those figures reveal a relative low importance for most of the partner countries. The tax revenue lost because of this offshore wealth reached more than 2.5 billion euro in Belgium, or 0.53% of GDP. This is in line with other estimates for Belgium, although a recent study for the European Commission estimates the tax revenue loss even at 0.95% of GDP (Pacolet & Fernandes, 2023). For the 14 partner countries combined, it amounts to 183.7 million euro. Those figures refer to the tax revenue loss in the own country.

But those tax jurisdictions also inflict tax losses on other countries. This is especially the case in tax havens. This can be seen in the last two columns of Table 2.4 for Belgium and the 14 partner coun-

215 Converted for 2019 using https://data.oecd.org/conversion/exchange-rates.htm

216 The methodology followed consists of four steps: (1) 'abnormal deposits' are identified by looking at jurisdictions that (a) attract amounts of bank deposits that are disproportionally large in comparison to the size of their economy and (b) offer strong bank secrecy laws; (2) these abnormal deposits are attributed to their origin countries; (3) the value of offshore wealth originating from each individual country is derived by combining existing estimates of total global offshore wealth with the estimated country shares; (4) tax revenue losses resulting from wealth being stored in secrecy jurisdictions are derived from the estimates. For the full methodology see https://taxjustice.net/wp-content/uploads/2021/11/SOTJ_2021_Methodology.pdf

tries. While in total African countries lost 2.3 billion USD or 2.1 billion euro in tax revenue through offshore wealth, they only inflicted 893 million USD or 79 million euro on other countries. For European countries, the amount of tax revenue lost due to offshore wealth (99.2 billion USD or 88.9 billion euro) is closer to the amount of tax loss inflicted on others (84.1 billion USD or 75.1 billion euro).[217] The global tax loss inflicted on others by Africa only amounts to 0.5%, whereas this share reached 49.3% for European countries (Tax Justice Network, 2021). Table 2.4 shows that 1.0% of the global tax loss is inflicted by Belgium. In monetary values this corresponds to around 1.5 billion euro. The only other country out of the 14 partner countries with a relative important tax loss inflicted on other countries is Mozambique, where the tax loss inflicted on other countries is larger than the tax revenue loss in the own country.

Table 2.4 Estimated tax revenue losses due to offshore financial wealth and of tax losses inflicted on other countries, 2019*

	Share of global offshore wealth owned by citizens of country (in %)	Offshore wealth owned by citizens of country (billion euro)	Offshore wealth owned by citizens of country (% of GDP)	Tax revenue loss: offshore wealth (million euro)	Tax revenue loss (% of GDP)	Share of global tax loss inflicted by country (in %)	Tax loss inflicted on other countries (million euro)
Belgium	1.14	101.00	21.2	2,523.89	0.53	1.0	1,498.01
Benin	0.00	0.18	1.2	2.14	0.01	0.0	
Burkina Faso	0.00	0.18	1.0	1.96	0.01	0.0	
Burundi	0.00	0.09	3.7	1.43	0.06	0.0	
DR Congo	0.01	0.98	2.3	20.54	0.05	0.0	
Guinea	0.01	0.54	4.6	7.77	0.07	0.0	
Mali	0.01	0.63	4.3	9.29	0.06	0.0	
Morocco	0.04	3.30	3.1	62.15	0.06	0.0	
Mozambique	0.02	1.43	10.3	22.59	0.16	0.0	27.68
Niger	0.00	0.09	0.7	1.07	0.01	0.0	
Palestine	0.00	0.09	0.9	1.34	0.01	0.0	
Rwanda	0.00	0.18	1.7	2.23	0.02	0.0	
Senegal	0.01	0.89	4.2	17.59	0.08	0.0	
Tanzania	0.01	1.16	2.2	18.04	0.03	0.0	
Uganda	0.01	0.80	2.5	15.54	0.05	0.0	
Total partner countries	**0.12**	**10.54**		**183.69**		**0.0**	

* Monetary values are originally provided in USD and were converted to euro using the OECD exchange rate for 2019 (https://data.oecd.org/conversion/exchange-rates.htm).
Source Tax Justice Network (2021d, Table 5)

2.5 Profit shifting

Profit shifting occurs when companies move their profits to low-tax countries or tax havens in order to pay less taxes (Fuest, Hugger & Neumeier, 2021). Generally speaking, there are three different ways to shift profits.

217 Converted for 2019 using https://data.oecd.org/conversion/exchange-rates.htm

First, there is transfer price manipulation. MNEs locate subsidiaries, which provide inputs for affiliate companies, in low-tax countries and the subsidiary then charges high prices for these inputs (Fuest *et al.*, 2021).

Second, profit shifting can occur through the manipulation of the location of internal and external debt, also known as the interest rate channel. When subsidiaries in low-tax countries extend loans to affiliates in high-tax countries, they will receive interest payments which are consequently taxed at a lower rate (Fuest *et al.*, 2021).

Third, MNEs can strategically allocate their intangible assets[218] in low-tax countries, after which affiliates pay fees or royalties for using them (Fuest *et al.,* 2021). Intangible assets can especially facilitate profit shifting because of their high mobility and the difficulty to benchmark them to market price (Johansson *et al.*, 2017).

The question can arise how such a practice as profit shifting can occur. According to Valenduc (2021) this is possible because different entities of a MNE are regarded as separate entities, with their tax base set by transfer pricing rules and based on physical presence. MNEs could take advantage of the fact that their subsidiaries are taxed as if they are independent and autonomous companies (Picard, 2020).

However, a change might be on the way to prevent this from happening in the future. A new agreement was being discussed upon at the end of 2021 among members of the 'inclusive framework',[219] established in 2016 to discuss reforming the taxation of companies at international level (Valenduc, 2021). It would bring us closer to a 'unitary taxation', with tax base allocated within the group and among countries, on the basis of tangible factors such as jobs or sales (Valenduc, 2021). This new agreement was decided upon in November 2021 so now it is awaiting adoption in the different jurisdictions.

This new agreement consists of two pillars. The first one is designed to address the problem of the digital economy. Companies which surpass 20 billion USD profit and 10% profit margin will have to pay taxes where their customers are located, not only where their head office is situated (Bellens, 2021). However, this seems to be rather disappointing as it does not specifically target the fiscal problems caused by big tech organisations. Amazon for instance, will not fall under this regulation, as its profit margin is too small (Haeck, 2021). Furthermore, there are already certain exceptions in place for banks and insurance companies in the United Kingdom, oil- and gas companies, and air and maritime transport companies. The second pillar concerns a minimum tax of 15% for companies with a turnover higher than 750 million euro. This pillar is intended to establish a minimum taxation level without removing the right for each country to determine its tax rate (Valenduc, 2021). In concrete terms, it means that when a company meets these requirements, countries where it is active can levy 15% of tax.[220] Especially this pillar would be effective against tax havens.

Nevertheless, certain critiques arose on this agreement. Thériault (2021) mentions that the 15% of tax is too low, stating that 'they are setting the bar so low that companies can just step over it'. In addition, 60% of gains from this agreement would go to the G7 countries[221] themselves or the developed countries (Bellens, 2021), although Picard (2020) states that also developing countries would enjoy immediate revenue gains from Pillar Two. Finally, it is mentioned that this agreement lacks a third pillar on tax transparency, a topic which is not yet on the OECD's agenda (Picard, 2020).

---

218 Examples of intangible assets are patents, copyrights, trademarks, or licenses.

219 This group contains 139 members, among which 66 developing countries and most tax havens (Valenduc, 2021).

220 In the first proposal, it was stated that when this is not the case, the country where the headquarters is located, followed by countries which deliver sources, can levy further tax until the threshold of 15% is reached (Haeck, 2021). However, this did not get into the final agreement, as it might have resulted in revenue gains for a handful of countries where large MNEs are headquartered (Devereux, Vella & Wardell-Burrus, 2022). It is now agreed that the missing revenue is collected through (1) the Qualified Domestic Minimum Top-up Tax (QDMTT); (2) the Income Inclusion Rule (IRR); and (3) the Undertaxed Payment Rule (URPR), in that order. See Devereux *et al.* (2022) for more information.

221 The G7, or the group of seven, is a group with the world's leading industrial nations. It currently entails the European Union, the United States, the United Kingdom, Canada, France, Germany, Italy, and Japan (European Commission, n.d.).

Although still a lot of progress can be made on this agreement, it at least signals a political shift (Valenduc, 2021).

In what follows, an attempt is made to estimate profit shifting, both using micro-level data (the Orbis database, see Section 2.5.1) and macrolevel data (Foreign affiliates statistics, see Section 2.5.2; country-by-country reporting, see Section 2.5.3; and balance of payments data, see Section 2.5.4).

2.5.1 Measuring profit shifting on a micro level: Orbis database

The next question is how to capture profit shifting in data. A common way is to look at certain ratio's and compare them amongst local and foreign firms across countries, for instance the ratio of pre-tax corporate profit to wages (Tørsløv *et al.*, 2020), the ratio of pre-tax profit to total assets (Johansson *et al.*, 2021), or the ratio of profits per employee (Fuest *et al.*, 2021).

The data used for such research is often micro-data from databases such as Orbis or Amadeus (for instance Dischinger, 2007; Johansson *et al.*, 2017), but the main problem with this method is incomplete coverage in these databases. The coverage in Orbis is very poor for some countries, especially in tax havens, as they do not keep business registers or do not publish data therein (Fuest *et al.*, 2021). For instance, Tørsløv *et al.* (2020) found that in 2012, only 17% of the global profits of MNEs could be traced back in Orbis, indicating that 83% of profits were booked in subsidiaries not known in Orbis or that no data on profits were available. Additionally, even when there is an obligation to report financial information, certain indicators might not be required, such as profits, value of assets, or number of employees. Finally, the ownership structure information is incomplete in Orbis (Fuest *et al.*, 2021). As a result, analyses based on micro data, which often lack information about the activities of MNEs in many countries are likely biased downwards (Fuest *et al.*, 2021).

For more information on the (dis)advantages of the Orbis database, see appendix 2. It is indeed that case that the (financial) data availability is rather poor, especially for the 14 preferred partner countries. As a result, the outcome of this analysis should be regarded with care. However, some interesting findings come out of this analysis, as will be seen in the next sections.

First, it is important to define certain concepts as they are used in the Orbis database. Whenever the term **'companies'** is used, this includes the following standardised legal forms: public limited company, private limited company, partnership, sole trader/proprietorship, public authority, non-profit organisation, branch, foreign company, and other legal form.

The ownership database in Orbis is a database of links, and a link establishes an ownership relationship between two entities: a shareholder and a subsidiary. Therefore, the terms **'shareholder'** and **'subsidiary'** in Orbis should be regarded in a broad way: it is about entities at both end of a link. A shareholder can consist of different 'types', for instance a bank, a financial company, a corporate company, a foundation/research institute, a public authority, an individual or family, self-ownership, a publicly quoted company, a venture capital, a hedge fund, *etc.* A subsidiary, however, is always a corporation. Therefore, when analysing shareholders in this section, it is not about shareholders in a narrow sense (*e.g.*, a holder of shares of a company), but about an ownership relation in a broad sense. For this reason, it is also possible that company types that normally do not give out shares, such as partnerships or non-profit organisations can have a 'shareholder'.

Finally, the term '**foreign**' indicates that the shareholder (read 'owner') is located in a country other than the country of establishment of the company.

In what follows, two perspectives are analysed. First, companies located in the 14 partner countries with a Belgian shareholder are looked at (Section 2.5.1.1). Second, companies located in Belgium with a subsidiary in the 14 partner countries are examined (Section 2.5.1.2). In a third section, both analyses are compared to each other (Section 2.5.1.3). Finally, in Section 2.5.1.4, a broader network analysis is attempted, where there is a link between companies located in three companies, either from Belgium to a possible tax haven to the 14 partner countries (Section 2.5.1.4a) or from a possible tax haven to Belgium to the 14 partner countries (Section 2.5.1.4b).

2.5.1.1 Companies located in the 14 preferred partner countries with a Belgian shareholder

First, the analysis focusses on companies located in the 14 partner countries with a foreign (Belgian) shareholder. For the purpose of this research, it is of interest to know how many companies are located in the 14 preferred partner countries but have a foreign shareholder (located in Belgium). Table 2.5 shows the number of companies located in the 14 preferred partner countries with a foreign shareholder (located in Belgium). The boundary for participation of this foreign shareholder is set at a minimum of 10%.

In Orbis the location of some shareholders is not known. This means that they could either be located abroad (foreign) or in the country of establishment (domestic). As a result, a lower limit (excluding all shareholders for which the location is unknown) and an upper limit (including all shareholder with an unknown location) of the number of 'foreign' shareholders can be extracted from the database. The 'real' number of companies with a foreign shareholder lies somewhere in between. For example, in Uganda 468 companies have a foreign shareholder with minimum 10% participation including n.a., and 461 companies have a foreign shareholder with minimum 10% participation excluding n.a. This indicates that for 7 companies with a 'foreign' shareholder the exact location of this shareholder is not known; the shareholder could be truly foreign or could be located in Uganda. Therefore, the actual number of companies with a foreign shareholder with minimum 10% participation will lie between 461 and 468. For calculations, the lower limit (excluding n.a.) will be taken into account to be on the safe side (column B).

In total for the 14 partner countries, approximately 2.5 million companies can be found in the Orbis database (Table 2.5). Around two thirds of these, 1.6 million companies, are located in Morocco. Nevertheless, this does not necessarily indicate that Belgium only has intense relationships with Morocco. It could also indicate that the administrative data from the other countries is less complete.

The number of companies located in these countries with a foreign shareholder with a minimum participation of 10% lies between 15,985 and 945,160, or 0.6% and 38.1% of all companies. This big difference between the lower and upper limit is especially due to the large amount of companies located in Morocco where the location of the shareholder is unknown. In addition, it can be seen that there are 518 companies with a shareholder located in Belgium, which amounts to 3.2% of all companies with a foreign shareholder.

In certain countries, a high share of the companies in the database has a foreign shareholder (see column B/A). This is the case in Niger (49.1%), DR Congo (29.2%), Guinea (17.9%), and Mozambique (11.0%). In other countries, more specifically Mali, Morocco,[222] Rwanda, and Uganda, less than 1% of the companies has a foreign shareholder.

In absolute numbers, more than 100 companies located in DR Congo and Morocco have a foreign shareholder located in Belgium. On the contrary, in Palestine there is no company with a Belgian shareholder, and in Niger and Mozambique only 2 and 4 companies respectively have a Belgian shareholder with a minimum of 10% participation. In relative terms, especially in DR Congo (18.9%), Burundi (17.4%), and Rwanda (9.1%) a large share of the companies with a foreign shareholder has a shareholder located in Belgium (see column C/B).

222 However, in Morocco, the difference between the number of foreign shareholders incl. n.a. (938,692) and excluding n.a. (9,619) is considerable, namely for 929,073 companies the location of the shareholder is not known. Therefore, the lower limit of companies with a foreign shareholder in the total number of companies amounts to 0.6% (9,619/1,643,768), while the upper limit amounts to 57.1% (938,692/1,643,768). Thus, the true share of companies located in Morocco with a foreign shareholder will lie between 0.6% and 57.1%.

Table 2.5 **Number of companies located in 14 preferred partner countries, with a foreign shareholder with minimum 10% participation (located in Belgium)***

	Total (A)	Foreign shareholder (min 10%) located anywhere in the world (incl. n.a.)	Foreign shareholder (min 10%) located anywhere in the world (excl. n.a.) (B)	Foreign shareholder (min 10%) located in BE (C)	Share of companies with a foreign shareholder (excl. n.a.) in total (B/A) (in %)	Share of companies with a BE shareholder in total number of companies with a foreign shareholder (excl. n.a.) (C/B) (in %)
Benin	9,185	187	186	11	2.0	5.9
Burkina Faso	17,869	349	348	18	1.9	5.2
Burundi	967	72	69	12	7.1	17.4
DR Congo	2,090	621	610	115	29.2	18.9
Guinea	1,584	287	284	9	17.9	3.2
Mali	65,905	304	303	10	0.5	3.3
Morocco	1,643,768	938,692	9,619	246	0.6	2.6
Mozambique	15,510	1,724	1,709	4	11.0	0.2
Niger	214	105	105	2	49.1	1.9
Palestinian Territory	2,821	63	53	-	1.9	0.0
Rwanda	51,016	203	197	18	0.4	9.1
Senegal	14,188	822	821	41	5.8	5.0
Tanzania	100,299	1,263	1,220	16	1.2	1.3
Uganda	554,081	468	461	16	0.1	3.5
Total	**2,479,497**	**945,160**	**15,985**	**518**	**0.6**	**3.2**

* The participation of the foreign shareholder is set at 10%. This means that there is a minimum of 10% direct or total participation for all foreign shareholders (of the same country) combined. The number of companies with a foreign shareholder also includes subsidiaries that have domestic shareholder (known or unknown participations). The table just indicates that at least 10% is owned by a foreign shareholder.
When a foreign shareholder is located anywhere in the world, this can be including n.a. and excluding n.a. This indicates that the location of some shareholders is not known. Therefore, including n.a. constitutes an upper level of the number of foreign shareholders, and excluding n.a. is a lower level of the number of foreign shareholders. Especially for Morocco, the share of foreign shareholders for which the location is unknown is remarkably high, namely 99.0% (= (938,692-9,619)/938,692).
In this table, only **truly active companies** are taken into account. therefore, the following statuses are excluded: active companies (rescue plan, default of payment, insolvency proceedings, reorganisation, dormant), inactive companies (in liquidation, bankruptcy, dissolved (merger or take-over/demerger/liquidation/bankruptcy), inactive (no precision), unknown situation.
In this table, **all types of 'companies'** are included: public limited company, private limited company, partnership, sole trader/proprietorship, public authority, non-profit organisation, branch, foreign company, and other legal form.

Source Orbis database [last update 22/10/2021]

It is possible to analyse the companies located in the 14 partner countries which have a shareholder located in Belgium, more specifically column C of Table 2.5. However, taking into account the small number of companies it concerns in some countries, as well as the non-availability of financial data for many companies (see Table a2.1 in appendix 2), the analysis should be regarded with care. To illustrate this, the data availability is shown in Table 2.6. It is obvious that the data availability for companies with a shareholder in Belgium is highly inadequate. The NACE-code[223] is known for 232 companies out of 518 companies, while the amount of turnover is available for 115 out of 518 companies. Especially the number of employees is known for only a handful of companies,

223 NACE is the statistical classification of economic activities in the European Community (see https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF).

namely 23 companies out of the 518 companies. A variable which is quite complete is the standardised legal form, as it is known for 304 out of the 518 companies.

Table 2.6 **Data availability for companies located in the 14 partner countries with a foreign shareholder with minimum 10% participation located in Belgium**

	Total number of companies*	Of which NACE-code is known	Of which turnover is known	Of which number of employees is known	Of which standardised legal form is known
Benin	11	3	1	1	5
Burkina Faso	18	1	0	0	8
Burundi	12	5	3	2	7
DR Congo	115	17	3	13	38
Guinea	9	1	0	0	5
Mali	10	2	0	0	6
Morocco	246	196	103	0	199
Mozambique	4	0	0	0	0
Niger	2	0	0	0	0
Palestine	0				
Rwanda	18	2	1	3	10
Senegal	41	0	0	0	6
Tanzania	16	5	4	4	10
Uganda	16	0	0	0	10
Total	**518**	**232**	**115**	**23**	**304**

* For the total number of companies, see Column C of Table 2.5.
Source Orbis database [last update 22/10/2021]

First, the standardised legal form is analysed further, as this variable was known for the largest group of companies. This variable also tells us something about the ownership structure that occurs most. In the end, this could therefore sketch an image of the type of company that engages most in profit shifting, if evidence for profit shifting is indeed encountered. Table 2.7 shows that in total, a private limited company is the most common standardised legal form. However, for companies in Burundi and Rwanda, public limited company is the most frequent legal form. Furthermore, it is remarkable that in Morocco, 81 out of the 246 companies with a Belgian shareholder with a minimum of 10% participation are sole traders. This is almost one third of the Moroccan companies with a Belgian shareholder.

Table 2.7 **Standardised legal form of companies located in 14 partner countries with a Belgian shareholder with a minimum participation of 10%, breakdown by partner country**

	Private limited companies	Public limited companies	Sole traders/ proprietor-ships	Other legal forms	Companies with unknown/ unrecorded legal form, or n.a.	Total*
Benin	5				6	11
Burkina Faso	7		1		10	18
Burundi		7			5	12
DR Congo	24	13	1		77	115
Guinea	4	1			4	9
Mali	3	3			4	10
Morocco	88	29	81	1	47	246
Mozambique					4	4
Niger					2	2
Rwanda		10			8	18
Senegal	4	2			35	41
Tanzania	1	9			6	16
Uganda	9			1	6	16
Total	**145**	**74**	**83**	**2**	**214**	**518**

* For the total number of companies, see Column C of Table 2.5.
Source Orbis database [last update 22/10/2021]

Second, seeing that the NACE-code is known for a large group of companies, this variable is also analysed further. The top 10 NACE-codes for companies with a Belgian shareholder with minimum 10% participation are pictured in Table 2.8. Seeing that 196 out of the 232 companies with a known NACE-code are located in Morocco, the overrepresentation of Morocco is no surprise. For instance, the three most common NACE-codes are Retail sale of clothing in specialised stores, Other retail sale of food in specialised stores, and Construction of other civil engineering projects n.e.c., all because of companies located in Morocco.

However, companies active in the sector of wholesale of mining, construction and civil engineering machinery also stand out, as it concerns companies with a Belgian shareholder active in Benin, Burkina Faso, DR Congo, Guinea, and Mali. For those companies in Burkina Faso and Guinea, it concerns the only company with a known NACE-code. This could indicate that this sector is of importance for companies with a Belgian shareholder. Although the sector of activity does not directly tell us anything about profit shifting, it says something about the structure of the economy and the role of foreign companies.

Table 2.8 Top 10 NACE-codes of companies located in 14 partner countries with a Belgian shareholder with a minimum participation of 10%, breakdown by partner country

NACE-code and description	Total	Share in total* (in %)	Benin	Burkina Faso	DR Congo	Guinea	Mali	Morocco	Rwanda
4771 Retail sale of clothing in specialised stores	**14**	**6.0**						14	
4729 Other retail sale of food in specialised stores	**9**	**3.9**						9	
4299 Construction of other civil engineering projects n.e.c.	**7**	**3.0**						7	
4690 Non-specialised wholesale trade	**7**	**3.0**			1			6	
4941 Freight transport by road	**7**	**3.0**						6	1
6190 Other telecommunications activities	**7**	**3.0**						7	
4711 Retail sale in non-specialised stores with food, beverages or tobacco predominating	**6**	**2.6**						6	
5630 Beverage serving activities	**6**	**2.6**						6	
4663 Wholesale of mining, construction and civil engineering machinery	**5**	**2.2**	1	1	1	1	1		
6831 Real estate agencies	**5**	**2.2**						5	

* The share is calculated by dividing the total number of companies with this NACE-code by the total number of companies with a known NACE-code. For instance, for NACE-code 4771, to arrive at 6.0%, the 14 companies are divided by the total of 232 companies (see also Table 2.6).

Source Orbis database [last update 22/10/2021]

Seeing that for Moroccan companies with a Belgian shareholder, almost 80% has a known NACE-code, it might be interesting to analyse this variable specifically for Morocco. Out of the 196 companies located in Morocco with a shareholder in Belgium, 14 are active in the sector of Retail sale of clothing in specialised stores, or 7.1% of all companies with a Belgian shareholder and a known NACE-code. Other sectors of interest are Other retail sale of food in specialised stores (4.6%), Construction of other civil engineering projects n.e.c. (3.6%), and Other telecommunications activities (3.6%). More than 3% of the companies can also be found in the following sectors each: Non-specialised wholesale trade, Retail sale in non-specialised stores with food, beverages or tobacco predominating, Freight transport by road, and Beverage serving activities.

Next, a combination of the standardised legal form and the NACE-code is of great interest, as some sectors in combination with certain legal forms might be more sensitive to profit shifting, or they might offer more opportunities for profit shifting. For instance, it can be seen that all 14 Moroccan companies active in the sector of Retail sale of clothing in specialised stores are sole traders, and the same is true for the 9 companies active in the sector of Other retail sale of food in specialised stores. Out of the 7 companies active in the sector of Construction of other civil engineering projects n.e.c., 5 are private limited companies, 1 is a sole trader, and 1 has another legal form. Finally, for the sector of Other telecommunications activities, the standardised legal forms for the 7 companies are as follows: 5 private limited companies, 1 public limited company, and 1 sole trader.

A similar analysis is conducted for foreign majority shareholders where the participation of the foreign shareholder is set at a minimum of 51% (Table 2.9). It is of course the case that the companies mentioned in this table were already included in the previous table (Table 2.5), as companies with a foreign shareholder with a minimum participation of 51% also have a minimum participation of 10%. Furthermore, the total number of companies almost doesn't differ between a minimum participation of 10% (945,160) and a minimum participation of 51% (943,927). Therefore, one could conclude that when there is a foreign shareholder involved, this is often a majority shareholder.

Overall, out of the 2.5 million companies located in the partner countries, between 14,719 and 943,927 companies have a foreign shareholder with a minimum participation of 51%. Again, this large difference between the lower and upper limit can be contributed to the difference in these limits in Morocco. There are 423 companies in the 14 partner countries with a Belgian majority shareholder. almost half of these companies are located in Morocco.

Similar trends as discussed before can be discovered. Especially in Niger (44.9%), DR Congo (26.3%), and Guinea (16.5%) a high share of companies has a foreign majority shareholder. Furthermore, out of these companies with a foreign majority shareholder, a high share located in DR Congo (16.9%) and Burundi (14.1%) has a Belgian foreign majority shareholder. These high shares could indicate capital drain or capital flight.

Table 2.9 **Number of companies located in 14 preferred partner countries, with a foreign shareholder with minimum 51% participation (located in Belgium)***

	Total (A)	Foreign shareholder (min 51%) located anywhere in the world (incl. n.a.)	Foreign shareholder (min 51%) located anywhere in the world (excl. n.a.) (B)	Foreign shareholder (min. 51%) located in BE (C)	Share of companies with a foreign shareholder (excl. n.a.) in total (B/A) (in %)	Share of companies with a BE shareholder in total number of companies with a foreign shareholder (excl. n.a.) (C/B) (in %)
Benin	9,185	167	164	10	1.8	6.1
Burkina Faso	17,869	322	318	13	1.8	4.1
Burundi	967	69	64	9	6.6	14.1
DR Congo	2,090	564	550	93	26.3	16.9
Guinea	1,584	266	262	9	16.5	3.4
Mali	65,905	274	268	8	0.4	3.0
Morocco	1,643,768	938,163	9,076	205	0.6	2.3
Mozambique	15,510	1,450	1,430	3	9.2	0.2
Niger	214	97	96	2	44.9	2.1
Palestinian Territory	2,821	38	34	-	1.2	0.0
Rwanda	51,016	184	179	16	0.4	8.9
Senegal	14,188	736	730	35	5.1	4.8
Tanzania	100,299	1,173	1,134	10	1.1	0.9
Uganda	554,081	424	414	10	0.1	2.4
Total	**2,479,497**	**943,927**	**14,719**	**423**	**0.6**	**2.9**

* The participation of the foreign shareholder is set at 51%. This means that there is a minimum of 51% direct or total participation for all foreign shareholders (of the same country) combined. The number of companies with a foreign shareholder also includes subsidiaries that have domestic shareholder (known or unknown participations). The table just indicates that at least 51% is owned by a foreign shareholder.
When a foreign shareholder is located anywhere in the world, this can be including n.a. and excluding n.a. This indicates that the location of some shareholders is not known. Therefore, including n.a. constitutes an upper level of the number of foreign shareholders, and excluding n.a. is a lower level of the number of foreign shareholders. Especially for Morocco, the share of foreign shareholders for which the location is unknown is remarkably high, namely 99.0% (= (938,163-9,076)/938,163).
In this table, only **truly active companies** are taken into account. therefore, the following statuses are excluded: active companies (rescue plan, default of payment, insolvency proceedings, reorganisation, dormant), inactive companies (in liquidation, bankruptcy, dissolved (merger or take-over/demerger/liquidation/bankruptcy), inactive (no precision), unknown situation.
In this table, **all types of 'companies'** are included: public limited company, private limited company, partnership, sole trader/proprietorship, public authority, non-profit organisation, branch, foreign company, and other legal form.

Source Orbis database [last update 22/10/2021]

Although an analysis of the number of companies with a majority shareholder in Belgium (column C of Table 2.9) could be performed here as well, the data availability would be even poorer compared to the companies with a 10% shareholder. Furthermore, similar results would be found, as the group of companies with a Belgian shareholder with minimum 51% participation is already included in the group of companies with a Belgian shareholder with minimum 10% participation. Therefore, this analysis is not attempted here.

2.5.1.2 Companies located in Belgium with a subsidiary in the 14 preferred partner countries

The analysis in the Orbis database can also be performed from the other point of view. Instead of looking at companies located in the 14 partner countries with a Belgian shareholder, it is possible to analyse the companies located in Belgium with a subsidiary located in the 14 partner countries.

In the Orbis database, there are 2,366,545 active companies located in Belgium.[224] Table 2.10 indicates that between 11,418 and 11,690 companies have a foreign subsidiary located anywhere in the world (when the subsidiary is owned for a minimum of 10% by the Belgian shareholder) and between 8,649 and 8,900 companies when the minimum participation is set at 51%. As a result, only around 0.4%-0.5% of the Belgian companies seem to have a foreign subsidiary.

In total, 257 Belgian companies with a minimum participation of 10% have a foreign subsidiary in the 14 preferred partner countries. In Morocco, 137 Belgian companies hold a subsidiary, and in DR Congo 63 Belgian companies do the same. On the contrary, in Palestine (0 companies) and Niger (3) Belgian companies have (almost) no subsidiaries. Similar findings can be seen when only looking at Belgian companies with a minimum participation of 51% in the foreign subsidiaries. In total, 199 Belgian companies have a subsidiary in the 14 partner companies. Many of these Belgian companies have a subsidiary in Morocco (100 companies) and DR Congo (51 companies).

However, as also mentioned above, this does not necessarily indicate that Belgium only has intense relationships with Morocco and DR Congo. It could also indicate that the administrative data from the other countries is less complete.

224 Orbis database [last update 5/11/2021].

Table 2.10 Number of companies located in Belgium with a subsidiary located in the 14 preferred partner countries, 10% or 51% minimum participation [1]

	Belgian companies with a foreign subsidiary (min 10%) located in ...	Belgian companies with a foreign subsidiary (min 51%) located in ...
Anywhere in the world (incl. n.a.) [2]	11,690	8,900
Anywhere in the world (excl. n.a.) [2]	11,418	8,649
Benin	8	7
Burkina Faso	14	11
Burundi	12	9
DR Congo	63	51
Guinea	8	8
Mali	11	10
Morocco	137	100
Mozambique	8	6
Niger	3	3
Palestine	-	-
Rwanda	14	12
Senegal	31	26
Tanzania	10	8
Uganda	12	8
Total partner countries [3]	**257**	**199**

[1] The participation is set at 10% or 51%. This means that there is a minimum of 10% direct or total participation. The number of companies with a foreign subsidiary also includes shareholders with foreign subsidiaries that have other recorded shareholders located in the foreign country. The table just indicates that at least 10% or 51% of the subsidiary is owned by a Belgian shareholder.
In this table, only **truly active companies** are taken into account. therefore, the following statuses are excluded: active companies (rescue plan, default of payment, insolvency proceedings, reorganisation, dormant), inactive companies (in liquidation, bankruptcy, dissolved (merger or take-over/demerger/liquidation/bankruptcy), inactive (no precision), unknown situation.
In this table, **all types of 'companies'** are included: public limited company, private limited company, partnership, sole trader/proprietorship, public authority, non-profit organisation, branch, foreign company, and other legal form.

[2] When a foreign subsidiary is located anywhere in the world, this can be including n.a. and excluding n.a. This indicates that the location of some subsidiaries is not known. Therefore, including n.a. constitutes an upper level of the number of foreign subsidiaries, and excluding n.a. is a lower level of the number of foreign subsidiaries.

[3] The total does not equal the sum of the number of Belgian companies with a subsidiary in the 14 partner countries, as this would lead to double counting. There are Belgian companies which have a foreign subsidiary in several of the 14 preferred partner countries.

Source Orbis database [last update 5/11/2021]

A further analysis of the 257 Belgian companies with a subsidiary (min. 10% participation) in a partner country is performed below. However, unlike in the paragraph above, with the analysis of companies located in the 14 partner countries with a Belgian shareholder, it is not possible for every variable to provide a breakdown by the 14 states. Seeing that is it not possible to download information on the country where the subsidiary is located, this should be done manually for each of the 257 companies (Table 2.10). For this reason, a general analysis is performed for the 257 companies together, and where interesting, specific analyses are performed for Belgian companies with a Moroccan subsidiary, or a subsidiary located in DR Congo, as they are the largest in number.

First, the standardised legal form is looked at in detail. For all 254 out of the 257 companies, the standardised legal form is known. Table 2.11 reveals that almost three quarters of the Belgian companies with a subsidiary in the 14 partner countries is a public limited company. Furthermore, around 21% is a private limited company, while only 4% of the companies is a partnership.

Table 2.11 Standardised legal form of Belgian companies with a subsidiary with a minimum participation of 10% in the 14 partner countries

Standardised legal form	Number of companies	Share in total (in %)
Companies with unknown/unrecorded legal form	3	1.2
Partnerships	10	3.9
Private limited companies	55	21.4
Public limited companies	189	73.5
Total*	**257**	**100**

* For the total number of companies, see the second column of Table 2.10.
Source Orbis database [last update 5/11/2021]

Second, the sector of activities in which the companies are active is of interest (Table 2.12). It is clear that a high number of Belgian companies with subsidiaries in the 14 partner countries are active in two main sectors. First, almost 17% of these companies are involved in Activities of holding companies. Second, 25 companies, or almost 10% of all companies are engaged in Business and other management consultancy activities. For this variable, it is interesting to see whether similar activities arise for Belgian companies with a subsidiary in Morocco and a subsidiary in DR Congo.

Table 2.12 Top 10 NACE-codes of Belgian companies with a subsidiary with a minimum participation of 10% in the 14 partner countries

NACE-code and description	Number of companies	Share in total (in %)*
6420 Activities of holding companies	43	16.9
7022 Business and other management consultancy activities	25	9.8
7010 Activities of head offices	8	3.1
4120 Construction of residential and non-residential buildings	5	2.0
4291 Construction of water projects	5	2.0
4511 Sale of cars and light motor vehicles	5	2.0
6202 Computer consultancy activities	5	2.0
4669 Wholesale of other machinery and equipment	4	1.6
5229 Other transportation support activities	4	1.6
6810 Buying and selling of own real estate	4	1.6

* The share is calculated by dividing the total number of companies with this NACE-code by the total number of companies with a known NACE-code. In total, out of the 257 companies (see Table 2.10) the NACE-code was known for 254 companies.
Source Orbis database [last update 5/11/2021]

Out of the 137 Belgian companies with a subsidiary in Morocco (Table 2.10), the NACE-code for 136 was available. Many of these companies are active under the same NACE-codes as was found in general (Table 2.12). Activities of holding companies are the most common NACE-code, with 25 companies or 18.4% of all companies, followed by 16 companies, or 11.8% of all companies, which are active under NACE-code Business and other management consultancy activities.

For the 63 Belgian companies with a subsidiary in DR Congo, the NACE-code was unavailable for 1 company. Also here, the most common NACE-code is Activities of holding companies, for 15 companies or 24.2% of all companies with a known NACE-code. However, the two following NACE-codes of interest are Activities of head offices (5 companies or 8.1% of all companies), and Sale of cars and light motor vehicles (4 companies or 6.5% of all companies).

Overall, it is remarkable that a large number of Belgian companies with subsidiaries in the 14 partner countries are active under NACE-codes which are difficult to immediately understand the specifics. For instance, it is hard to imagine which specific activities companies perform under the NACE-codes Business and other management consultancy activities or Activities of head offices.

2.5.1.3 Comparison of companies located in 14 partner countries with a Belgian shareholder and companies located in Belgium with a subsidiary in the 14 partner countries

Table 2.13 Number of Belgian identified companies with daughters in the 14 partner countries

	Belgian companies with a foreign subsidiary (min. 10%) located in 14 partner countries	Belgian companies with a foreign subsidiary (min. 51%) located in 14 partner countries
Parent companies from the perspective of Belgium	257	199
Daughter companies from the perspective of the 14 partner countries	518	423
Overlapping companies with same global ultimate owner	152	152

Source Summary based on tables above

In the previous paragraphs, two groups of companies were analysed: companies located in the 14 partner countries with a Belgian shareholder, and Belgian companies with a subsidiary in the 14 partner countries. Based on the analyses, it is clear that it does not necessarily concern the same sample of companies. For instance, the number of companies differs as well as the sector of activity. In theory for companies found in Belgium with a subsidiary in the 14 partner countries, a company with a Belgian shareholder can be found in the 14 partner countries. They are of course two different companies of which the accounts can be analysed, but they belong to the same group.

There are several reasons for this. First, as explained above (at the start of Section 2.5.1), a shareholder does not need to be a company. Therefore, the Belgian shareholder for companies located in the 14 partner countries might not be found as a Belgian company with subsidiaries in the 14 partner countries.

Second, although a company in one of the 14 partner countries with a Belgian shareholder (companies found in Section 2.5.1.1) might be the subsidiary of a Belgian company with a subsidiary in one of the 14 partner countries (companies found in Section 2.5.1.2), this is not directly visible in the Orbis database. In the first analysis, Orbis returns the information on the company located in the 14 partner countries, while in the second analysis, Orbis returns the information on the Belgian company. Thus, the name of the companies can differ, as well as the sector of activity, even though they can belong to the same corporate group. One way to identify whether they indeed belong to the same group, is to look at the Global Ultimate Owner (GUO) of the companies. The GUO has a minimum of 50.01% of control in the path from the subject company.

Although it is possible to see the GUO in the Orbis database itself, these data cannot be downloaded. However, through a manual analysis, it was possible to see how many companies in both analyses had the same GUO and thus belonged to the same corporate group. This analysis is only performed for companies in the 14 partner countries with a Belgian shareholder with a minimum of 10% participation, and for Belgian companies with a subsidiary in the 14 partner countries with a minimum of 10% participation.[225]

For the companies in the 14 partner countries with a Belgian shareholder, the information on the GUO was not available for 19% of the companies, while for Belgian companies with a subsidiary in

225 Orbis database [last update 5/11/2021].

the 14 partner countries, this was the case for 4% of the companies. Thus, the total group of companies amounts to 427 with a Belgian shareholder, and 248 with a subsidiary in the 14 partner countries. For these companies, it turns out that 152 have the same GUO. As a result, 152 companies in the 14 partner countries with a Belgian shareholder and 152 Belgian companies with a subsidiary in the 14 partner countries have the same GUO and belong to the same corporate group. It is sometimes also the case that the Belgian company with the subsidiaries in the 14 partner countries is the GUO itself.

Further analysis indicates that for 91 of these 152 companies the GUO is incorporated in Belgium, while for another 15 companies, the GUO is located in France. Furthermore, several GUO are incorporated in countries that are classically considered to be tax havens: 2 in Switzerland, 1 in Hong Kong, 1 in the Cayman Islands, 3 in Luxembourg, 3 in the Netherlands, and 2 in the British Virgin Islands.

A third reason that the group of companies in both exercises is not similar concerns the information provided, as the information provider differs depending on the search in the Orbis database. The main information providers for companies located in the 14 partner countries with a Belgian shareholder are the Moroccan Office of Industrial and Commercial Property, Bureau van Dijk's ownership database, and Worldbox (Table 2.14). For Belgian companies with a subsidiary in the 14 partner countries on the other hand, the main information provider is the National Bank of Belgium.

Table 2.14 Information provider for companies in 14 partner countries with a Belgian shareholder (minimum 10% participation) and for Belgian companies with a subsidiary in the 14 partner countries (minimum 10% participation)

Information provider	Number of companies
Companies in 14 partner countries with Belgian shareholder	
A.M. Best	1
BvD ownership database	187
BvD Research	6
Office Marocain de la Propriété Industrielle et Commerciale	200
OpenCorporates	10
Worldbox	116
World'Vest Base Inc.	4
Total	**524**
Companies in Belgium with subsidiary in 14 partner countries	
A.M. Best	2
BvD ownership database	1
National Bank of Belgium	242
World'Vest Base Inc.	12
Total	**257**

Source Orbis database [last update 5/11/2021]

2.5.1.4 Broader network analysis

Third, instead of only investigating the link between Belgium and the 14 partner countries, a broader network analysis is attempted. In this case Belgium can shift profits towards another country, which then shifts profits towards the 14 partner countries. Another option is that profits are shifted from another country towards Belgium, and then further towards the 14 partner countries. Although the true extent of profit shifting cannot be detected, the Orbis analysis performed in the following sections reveals some interesting results.

The analysis performed in Orbis looks at companies with two links including Belgium, the 14 partner countries, and an additional country. There are two ways in which this scenario is possible:

a. Belgium → country → 14 partner countries;
b. Country → Belgium → 14 partner countries.

In the Orbis analysis, the company in the middle link will be analysed, and the criteria are having a foreign subsidiary in the 14 partner countries (min. 10%) and having a foreign shareholder (min. 10%) either in Belgium (option a) or in another country (option b). Thus, what will be discovered in option a is where the companies with a foreign subsidiary in the 14 partner countries and having themselves a Belgian shareholder are located exactly. In option b, the focus will be on Belgian companies with a foreign subsidiary in the 14 partner countries and having themselves a foreign shareholder in another country. These two options are analysed, as the role of Belgium can be different. In option a, Belgium can be seen as using a subsidiary in another country to further organise its activities in the 14 partner countries. While in option b, Belgium is the country through which subsidiaries are organised, while the shareholder is located in another country.

Data retrieved from these companies will include information about the sector of activity as well as certain financial data. However, it is important to point out that the true extent of profit shifting performed by these companies might not be uncovered.

There are 40 companies detected in the Orbis database with a Belgian shareholder and a subsidiary in the 14 partner countries (option a). Many of these are located in France and are active as a holding company. Furthermore, 87 Belgian companies are identified which have a subsidiary in the 14 partner countries and a foreign shareholder (option b). For many companies this foreign shareholder is located in France and Luxembourg, and a high share of these companies is active as a holding company or in business and other management consultancy activities. In both these groups, the 40 and 87 companies, there are a few companies where the turnover per employee is on the high side, and the tax paid is on the low side. Furthermore, when calculating the corporate income tax rate, it is often lower than the theoretical national corporate income tax rate in that specific country where the company is located. Nevertheless, this analysis still does not allow us to state with certainty that these companies engage in profit shifting. For this to happen, the individual annual accounts and financial transactions should be looked at in detail, which goes beyond the scope of this report.

a) Belgium → country → 14 partner countries

In this section, the focus lies on companies with a Belgian shareholder and a foreign subsidiary in the 14 partner countries. In the Orbis analysis, it is possible to select the active companies which have a foreign subsidiary in the 14 partner countries (min. 10%), and a Belgian shareholder (min. 10%). In total, 40 companies meet these criteria. First, some general information of these companies is discussed before diving into their financials.

Table 2.15 shows the location of these companies. Almost half of the 40 companies are located in France. This is not a surprise concerning the close link with its neighbouring country Belgium as well as France's link with the 14 partner countries. Furthermore, four companies are located in Spain and three in Luxembourg. Further research is needed to assess if the use of this chain of subsidiaries is determined by fiscal or also economic/industrial reasons. Hereafter we further describe the profile.

Table 2.15 Location of companies with a foreign subsidiary in the 14 partner countries (minimum participation 10%) and a Belgian shareholder (minimum participation 10%)

Location of the company	Number of companies	Share in total (in %)
Canada	1	2.5
Côte D'Ivoire	1	2.5
Finland	1	2.5
France	18	45.0
Italy	2	5.0
Luxembourg	3	7.5
Malta	1	2.5
Netherlands	1	2.5
Portugal	2	5.0
South Africa	1	2.5
Spain	4	10.0
Switzerland	2	5.0
United Kingdom	2	5.0
United States	1	2.5
Total	**40**	**100.0**

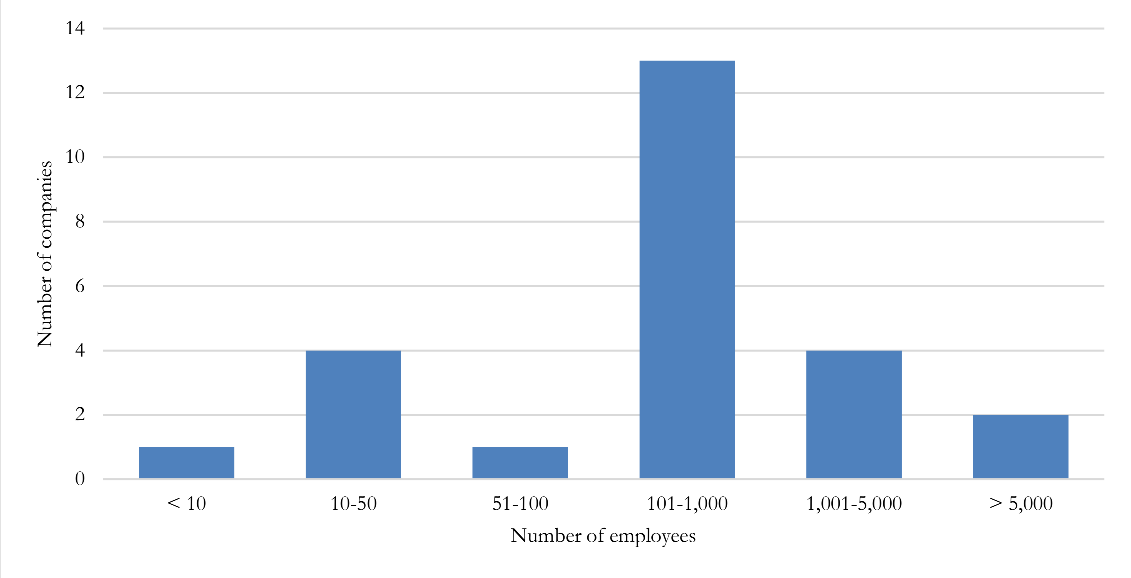
Source Orbis database [last update 12/11/2021]

Concerning the sector of activity of these 40 companies, the most common one is Activities of holding companies, as six companies are active under this NACE-code. This is followed by Engineering activities and related technical consultancy under which three companies are active.

Regarding the standardised legal form, there is a rather equal division between two forms. There are 21 private limited companies, 18 public limited companies, and one company with an unknown or unrecorded legal form.

A final non-financial variable is the number of employees. For 15 companies, this variable is not available. For the remaining 25 companies the number of employees ranges from 4 to 91,698 (Figure 2.6). The average number of employees is 5,534 while the median only amounts to 452 employees, indicating that there are a few companies with a very large number of employees. More specifically, six companies have more than 1,000 employees, while two even have more than 5,000 employees. One of these companies, active in the manufacture of other plastic products, has around 26,400 employees, while the other one, active in business and other management consultancy activities, even has more than 91,600 employees.

Figure 2.6 **Number of employees for companies with a Belgian shareholder (minimum participation 10%) and a foreign subsidiary (minimum participation 10%) in the 14 partner countries***



* For 15 out of the 40 companies, the number of employees was not available.
Source Orbis database [last update 12/11/2021]

The financial data retrieved from Orbis comes from the last available accounts for that specific company. Therefore, it might be useful to know what the year of the last accounts is for these 40 companies. For the majority of companies (21 companies) 2020 is the last available year, although for one company it is 2021, seeing that the closing date for this company is September 2021. Next, the year of last accounts is 2019 for 9 companies, 2018 for 3, 2017 for 2, 2015 for 1, 2014 for 1, and 2010 for 1. Finally, for one company this variable is not available.

First, a short overview of the financial data availability for the 40 companies is provided in Table 2.16. The data availability is quite satisfactory, as for almost all variables the value is known for more than 30 out of the 40 companies. Only concerning the interest paid, the value is unknown for 12 companies. However, taking into account the adequate data availability, the financial analysis that follows can be seen as representative of the 40 companies with a foreign subsidiary in the 14 partner countries and a Belgian shareholder, both with a minimum participation of 10%.

Table 2.16 **Financial data availability for 40 companies with a foreign subsidiary in the 14 partner countries (minimum participation 10%) and a Belgian shareholder (minimum participation 10%)**

	Value is known and not zero	Value is unknown	Value equals zero
Operating revenue (turnover)	32	6	2
Profit/loss before tax	34	5	1
Taxation	28	7	5
Profit/loss after tax	34	5	1
Capital	37	2	1
Interest paid	28	12	0
Total assets	**36**	**4**	**0**

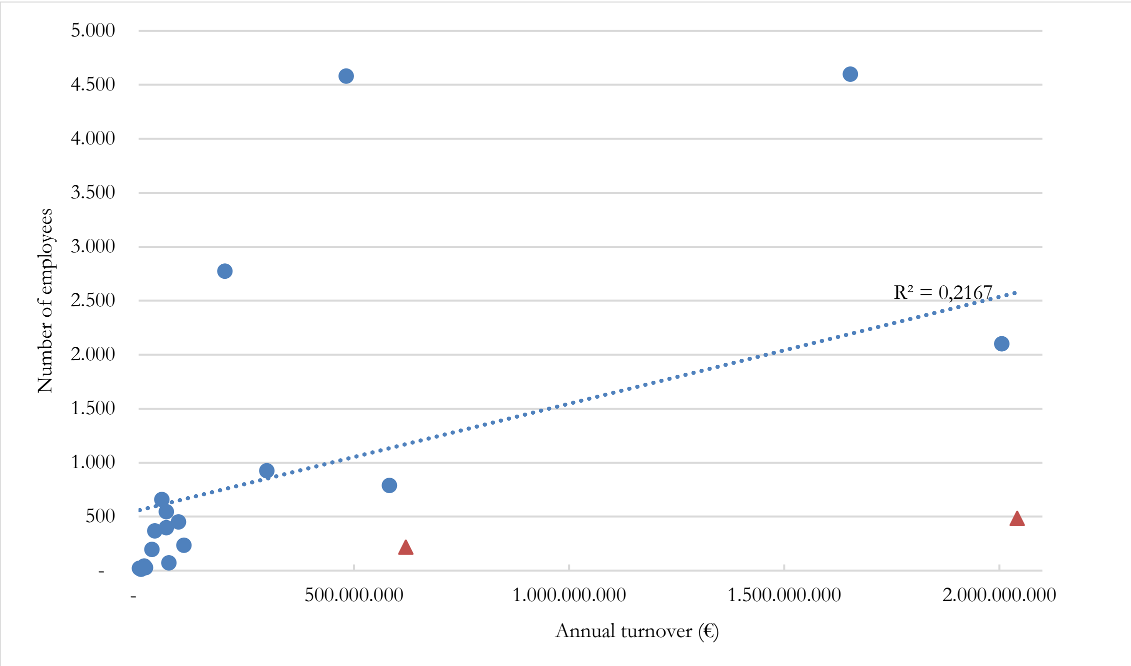
Source Orbis database [last update 12/11/2021]

In order to capture profit shifting, ratios are often calculated, for instance (1) the ratio of pre-tax corporate profit to wages (Tørsløv *et al.*, 2020), (2) the ratio of pre-tax profit to total assets (Johansson *et al.*, 2021), or the (3) ratio of profits per employee (Fuest *et al.*, 2021). It is the latter ratio which will be looked at in detail.

With regard to the ratio of profits per employee, this ranges from 57,192 annual profit per employee to 4,235,892 euro. The average equals 621,483 euro whereas the median equals 293,654 euro. Two companies in particular stand out, as the annual profit per employee amounts to 2,901,161 euro (most left red triangle in Figure 2.7; not included in Figure 2.8 as the variable of taxation was not available) and 4,235,892 euro (most right red triangle in Figure 2.7; company 'w' in Figure 2.8). These companies are active in the Renting and leasing of office machinery and equipment (including computers) and Activities of holding companies respectively. Seeing that these sectors are not the most labour intensive, the profit per employee is indeed high, namely 10 times and 14 times as much as the median value.

The relation between the number of employees and the annual turnover is pictured in Figure 2.7. the 2 companies which stood out, as mentioned above, with an annual profit per employee of more than 2 and 4 million euro respectively, are indicated by a red triangle. It can be seen that these companies indeed have a high turnover (located on the right-side of the figure), while having a low number of employees (located on the bottom of the figure). However, the majority of companies are located in the bottom left corner of the figure, which indicates a rather low annual turnover with a low number of employees.

Figure 2.7 Annual turnover (euro) and number of employees for companies with a Belgian shareholder (minimum participation 10%) and a foreign subsidiary (minimum participation 10%) in the 14 partner countries*



* For 18 out of the 40 companies, the annual turnover and/or the number of employees was not known.
2 observations were omitted as they were outliers. For one company the annual turnover was 7,124,275,000 euro with 26,427 employees. For another company the annual turnover was 5,244,384,999 euro with 91,698 employees.
2 observations are indicated by a red triangle, as their ratio of annual profit per employee was rather high. The company located most at the left of the figure had an annual profit per employee of 2,901,161 euro and the one on the right of 4,235,892 euro.

Source Orbis database [last update 12/11/2021]

In the Orbis database it is possible to consult the profit or loss before taxes, the taxation, and the profit or loss after taxes. For 28 out of the 40 companies all three variables were known. They are visualised in Figure 2.8, with the top panel showing the eight companies of these 28 which reported a loss before taxes, and the bottom panel showing the 20 companies with a profit before tax. For privacy reasons, the name of the companies is replaced by a letter. Be aware that the left-hand scale of those figures is a logarithmic scale, which implies that each value is 10 times smaller than the next line. It explains also why the difference between the profit before and after taxes seems to be limited, even when the effective tax rate is substantial.

Out of the eight companies which reported a loss, four 'paid' a negative tax, meaning that they recovered taxes. It concerns companies b (with the share of taxation on PLBT reaching -2%), company e (-24%), company f (-111%), and company h (-62%).

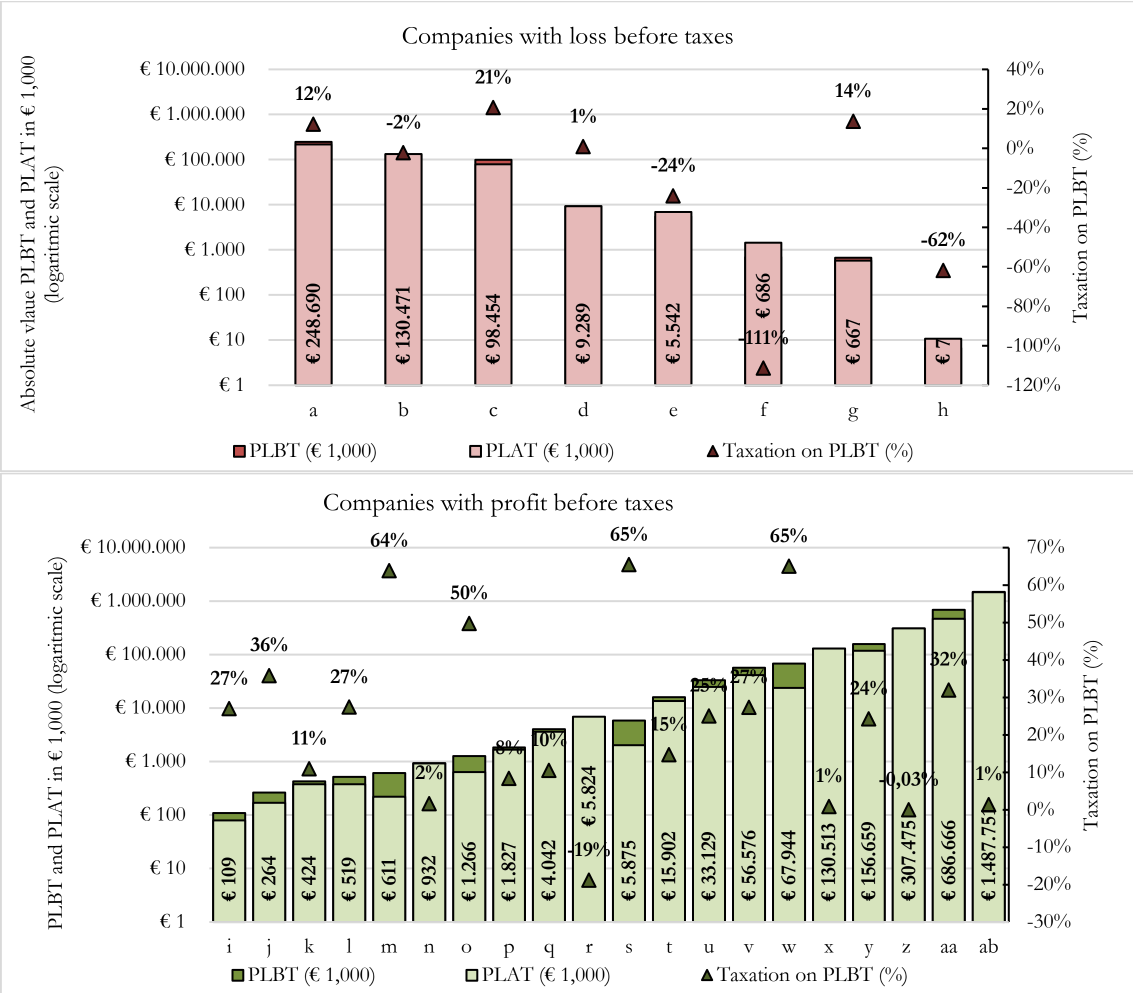
For the 20 companies with a profit before taxes, it was investigated whether they paid a high amount of taxes or not, which could possibly give an idea of tax evasion. If a relatively high level of profits is maintained in the country, and the effective tax rate is low, this could illustrate profit shifting. The reverse holds when a low level of profits is observed, with a high effective tax rate. It would require a further analysis to assess the real missed tax revenue for either the host country or the parent country.

For two companies with a profit before tax,[226] the taxation was negative (-19% for company r and -0.03% for company z respectively), meaning they received money. While company r made a profit before tax of around 5.8 million euro, company z made more than 307 million euro profit before tax.

Furthermore, for several other companies, the corporate income tax rate, calculated by looking at the ratio of tax paid on the profit before taxation, was rather on the low side (see right axis). For instance, the ratio for two companies amounted to 1% (companies x and ab), for one company to 2% (company n), and one company to 8% (company p). Therefore, it can be said that these companies did not pay a high amount of taxes. This corporate income tax rate can be compared to the theoretical income tax rate of the country where the company is located. It can then be seen that a Finnish company paid a lower amount of taxes (15%) compared to the Finnish corporate income tax rate (20%) (company 't' in Figure 2.8). The same goes for six French companies (companies 'i', 'k', 'n', 'p', 'v', and 'x' in Figure 2.8), a UK company (company 'ab' in Figure 2.8), one Portuguese (company 'q' in Figure 2.8), and one US company (company 'y' in Figure 2.8).

226 These are not the same companies as the ones described above which had a high ration of profit per employee. For the two companies mentioned here with negative taxation, the annual turnover per employee amounted to 955,246 euro and 109,100 euro respectively.

Figure 2.8 **Profit or loss before and after tax (left axis on logarithmic scale) and taxation on profit or loss before tax (right axis) for companies with a Belgian shareholder (minimum participation 10%) and a foreign subsidiary (minimum participation 10%) in the 14 partner countries, in 1,000 euro**



Source Orbis database [last update 12/11/2021]

b) Country → Belgium → 14 partner countries

Next, option b is discussed, as explained in the beginning of Section 2.5.1.4. Here, the analysis covers Belgian companies with a subsidiary in the 14 partner countries and having themselves a foreign shareholder in another country. For both criteria a threshold of a minimum participation of 10% is used. As it is not possible to download the location of the foreign shareholder from the Orbis database, some possible countries of the foreign shareholder were chosen by the researchers. These countries were chosen due to their frequent description as tax haven, as well as their appearance in Table 2.3, in which the trading partners were mentioned of Belgium and the 14 partner countries which were most responsible for the vulnerability to illicit financial flows.

The countries where the foreign shareholder is located which were analysed are pictured in Table 2.17. This is certainly not an exhaustive overview of the location of all foreign shareholders; only the 10 countries mentioned in the table were analysed. However, the number of companies with a French foreign shareholder (22 companies) and a Luxembourgian foreign shareholder (18) are on the high side.

It should be kept in mind that a company can have multiple foreign shareholders in multiple countries. For this reason, the sum of these companies cannot be made. In total however, it is found in Orbis that there are 87 Belgian companies with a foreign subsidiary in the 14 partner countries (min. 10%) and a foreign shareholder (min. 10%) in one of the ten chosen countries. It is for these 87 companies that further analyses are performed.

Table 2.17 Location of the foreign shareholder of companies located in Belgium with a foreign subsidiary in the 14 partner countries (minimum participation 10%) and a foreign shareholder (minimum participation 10%)

Location of the foreign shareholder [1]	Number of companies
China	1
France	22
Germany	4
Ireland	0
Luxembourg	18
Mauritius	0
Netherlands	8
United Arab Emirates	2
United Kingdom	10
United States	7
Total [2]	**87**

[1] All countries which were analysed are mentioned in this table. For this reason, it is also interesting to know that there are no Belgian companies with a foreign subsidiary in the 14 partner countries (min. 10%) which have a foreign shareholder (min. 10%) located in Ireland or Mauritius.

[2] In total, there are 87 Belgian companies with a foreign subsidiary in the 14 partner countries (min. 10%), and a foreign shareholder (min. 10%). This table is not an exhaustive overview of the location of all foreign shareholders, it only shows the selection of countries that were analysed.
One company can have multiple shareholders in multiple countries. Therefore, a company might be counted twice or more in this table when making the sum. Thus, the sum or the share in total are not mentioned to avoid confusion. For instance, when a company located in Belgium has three foreign shareholders: one in Luxembourg with 40% participation, one in France with 40% participation, and one in Germany with 20% participation, it would be counted three times when providing the sum of the number of companies.

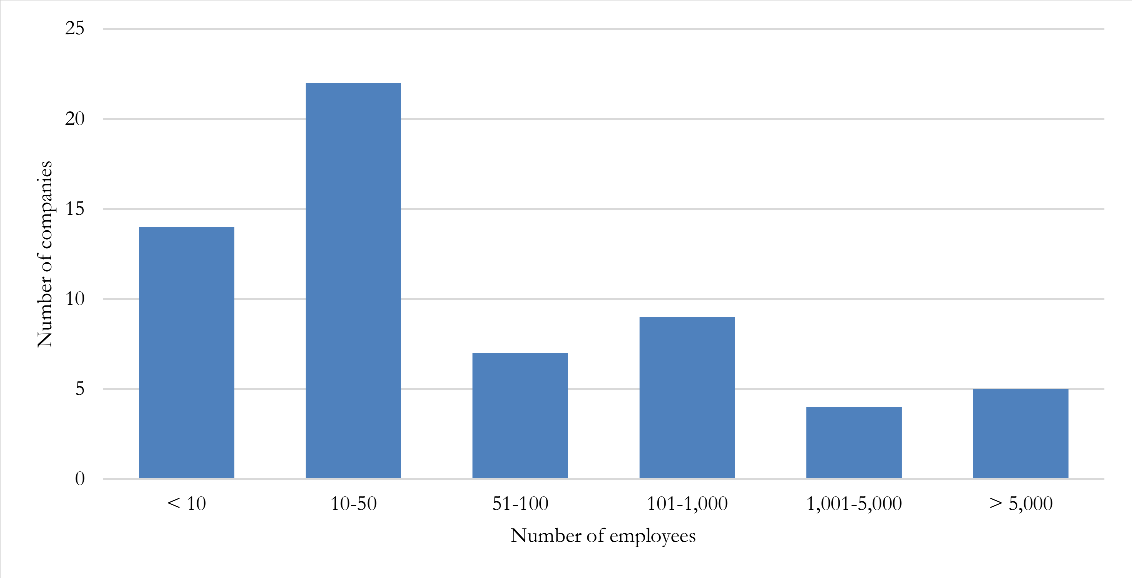
Source Orbis database [last update 12/11/2021]

Out of the 87 Belgian companies with a foreign subsidiary in the 14 partner countries (min. 10%), and a foreign shareholder (min. 10%), many are active under NACE-code 6420 Activities of holding companies, namely 16 companies. Furthermore, nine companies are active in Business and other management consultancy activities, and 4 are involved in Other transportation support activities.

The standardised legal form is only unknown for one company. For the large majority of companies, 74 companies or 86% of all companies, the standardised legal form is a public limited company. Only 12 companies, or the remaining 14%, are active as a private limited company.

A final non-financial variable concerns the number of employees, which is not available for 26 companies. The number of employees ranges from 1 to 163,695. The average number of employees is 4,309 while the median only amounts to 50 employees. This large difference indicates that there are many companies with a low number of employees. Indeed, 35 companies have less than 50 employees, and of these, 14 employ even less than 10 persons (Figure 2.9). Out of these 14 companies with less than 10 employees, five operate under the NACE-code Activities of holding companies.

Figure 2.9 **Number of employees for companies located in Belgium with a foreign subsidiary in the 14 partner countries (minimum participation 10%) and a foreign shareholder (minimum participation 10%)***



* For 26 out of the 87 companies, the number of employees was not available.
Source Orbis database [last update 12/11/2021]

Before diving into the financial variables, the last year of the available accounts is analysed in order to see whether the information available is up to date. This is certainly the case as for 79 companies, or 91% of all companies, 2020 is the most recent year of the accounts available. Furthermore, for 4 companies 2019 is the most recent year, for 3 companies 2018, and for one company 2017.

Next, it is possible to analyse the financial data availability of the 87 Belgian companies with a foreign subsidiary in the 14 partner countries and a foreign shareholder. This is pictured in Table 2.18. This shows that the data availability is certainly adequate, with only a considerable number of companies missing a value for turnover (20 companies), taxation (22), and interest paid (25).

Table 2.18 **Financial data availability for 87 Belgian companies with a foreign subsidiary in the 14 partner countries (minimum participation 10%) and a foreign shareholder (minimum participation 10%)**

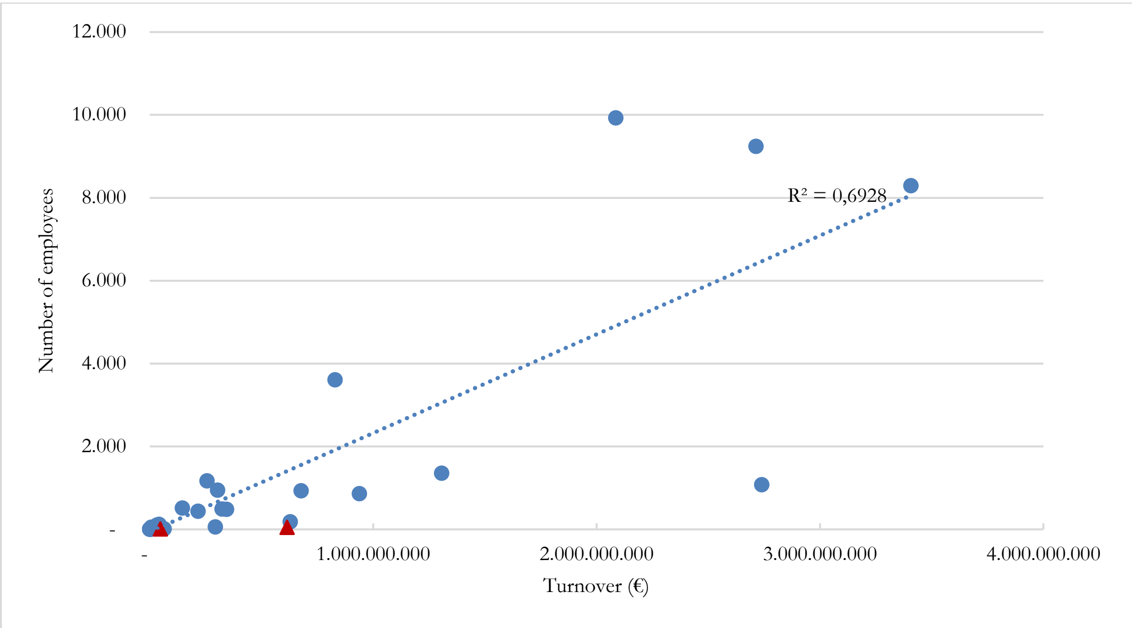
	Value is known and not zero	Value is unknown	Value equals zero
Operating revenue (Turnover)	67	20	0
Profit/loss before tax	87	0	0
Taxation	65	22	0
Profit/loss after tax	84	3	0
Capital	83	3	1
Interest paid	62	25	0
Total assets	**86**	**0**	**1**

Source Orbis database [last update 12/11/2021]

Some financial ratios can be calculated based on which profit shifting might be identified. The turnover per employee ranges from 75,000 euro per year to 16,081,000 euro per year for the 57 companies for which these variables are available. The average amounts to an annual turnover of 1,436,000 euro per employee and the median annual turnover per employee is 511,000 euro. There are 13 companies for which the annual turnover per employee surpasses 1,000,000 euro. Most remarkably, one company has an annual turnover of 13,693,191 euro per employee (most right red triangle in Figure 2.10; company 'e' in Figure 2.11), while a second has an annual turnover of 16,080,525 euro per employee (most left red triangle in Figure 2.10; company 't' in Figure 2.11).

The relation between the number of employees and the annual turnover is pictured In Figure 2.10. The two companies which stood out, as mentioned above, with an annual profit per employee of more than 13 million euro respectively, are indicated by a red triangle. It can be seen that these companies stand out not because of a particularly high turnover (as they are located on the left-side of the figure), but primarily because they have a low number of employees (located on the bottom of the figure). However, the majority of companies are still located in the bottom left corner of the figure, which indicates a rather low annual turnover with a low number of employees.

Figure 2.10 Annual turnover (euro) and number of employees for companies located in Belgium with a foreign subsidiary in the 14 partner countries (minimum participation 10%) and a foreign shareholder (minimum participation 10%)*



* For 30 out of the 87 companies, the turnover and/or number of employees was not available.
2 observations were omitted as they were outliers. For one company the annual turnover was 40,533,778,343 euro with 163,695 employees. For another company the annual turnover was 18,037,000,000 euro with 11,055 employees.
2 observations are indicated by a red triangle, as their ratio of annual profit per employee was rather high. The company located most at the left of the figure had an annual profit per employee of 16,080,525 euro and the one on the right of 13,693,191 euro.

Source Orbis database [last update 12/11/2021]

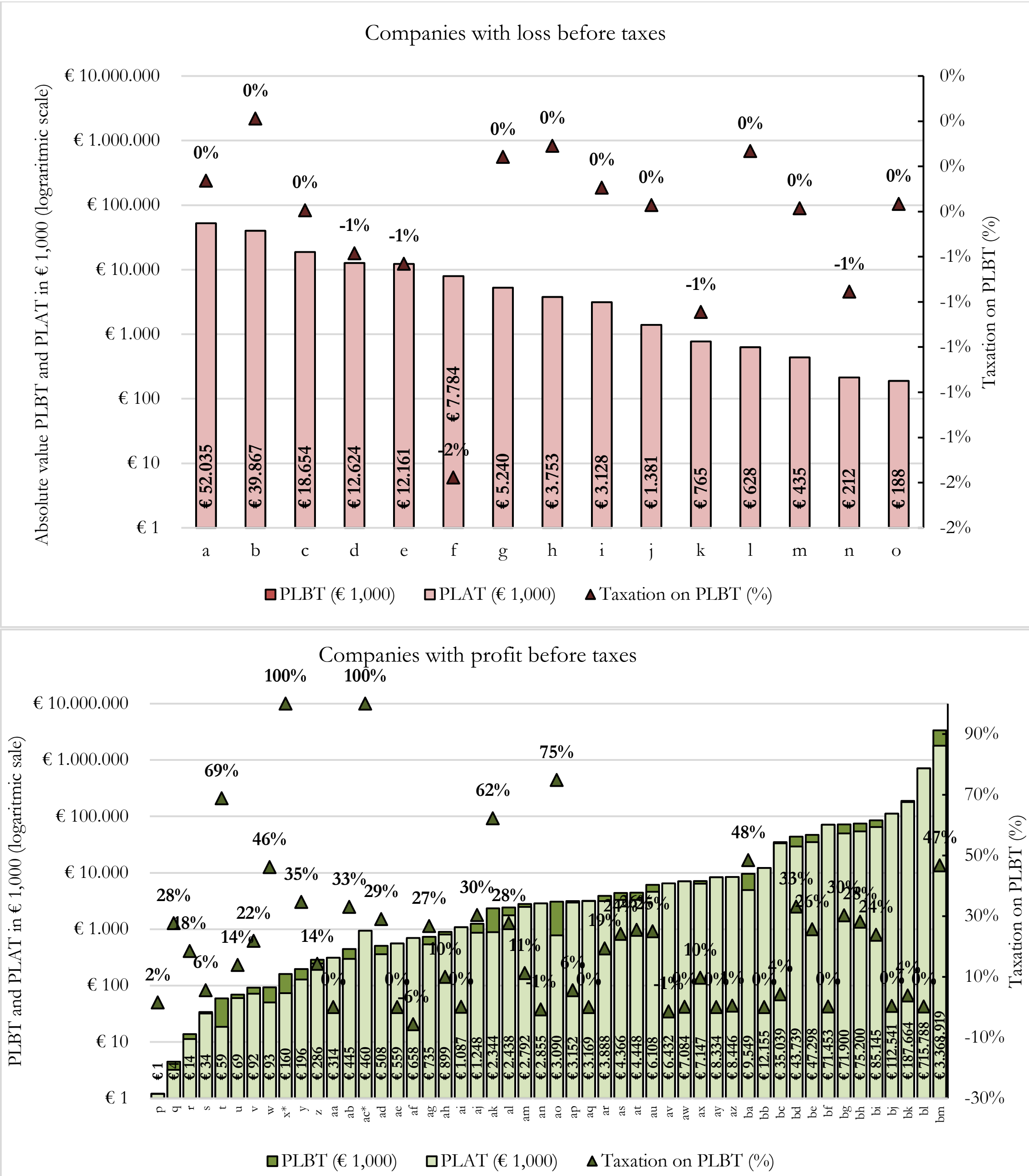
Next, the profit or loss before taxes, the taxation, and the profit or loss after taxes can be compared to each other. For 65 out of the 87 companies all three variables were known, these are anonymously shown in Figure 2.11. Fifteen of these 65 companies reported a loss before taxes; they are pictured in the top panel of Figure 2.11. Of the remaining 50 companies with a profit before taxes, two companies reported a loss after taxes (companies x and ac, as the share of taxation on PLBT for these companies also exceeded 100%).

For three companies with a profit before and after taxation, the taxation was negative, meaning that they received money.[227] It concerns company 'af' with 658,429 euro profit before tax and a share

227 These are not the same companies as discussed above when analysing the annual turnover per employee. The three companies mentioned here, with a profit before tax and a negative tax, have an annual turnover per employee of 618,243 euro, 492,328 euro, and 835,234 euro.

of -6% taxation on profit before taxes, company ‘an’ with 2,854,919 euro profit before tax and a share of -1%, and company ‘av’ with 6,431,524 euro profit before tax and a share of -1%. Furthermore, for several other companies the ratio of tax paid on the profit before taxation was low. It can be seen on the figure that many triangles are situated below 10%. This ratio can be considered as the corporate income tax rate or the estimated effective tax rate as it measures the taxes paid divided by the profit before taxes. As seen in Table 2.2, this rate equals 25% in Belgium. However, out of these 50 companies with a profit before taxes (bottom panel), 29 Belgian companies paid less than 25% taxes. For instance, the ratio for 10 companies amounted to less than 0.5%, while for half of these companies it was even less than 0.1%. These companies are active in a variety of sectors. Nevertheless, it is notable that two of the 29 companies are active in other transportation support activities, three in Business and other management consultancy activities, and four in Activities of holding companies. Therefore, it can be said that these companies did not pay a high amount of taxes.

Figure 2.11 **Profit or loss before and after tax (left axis on logarithmic scale) and taxation on profit or loss before tax (right axis) for companies located in Belgium with a foreign subsidiary in the 14 partner countries (minimum participation 10%) and a foreign shareholder (minimum participation 10%), in 1,000 euro***



* The taxation on profit before tax amounted to 146% for company x and 305% for company ac.

Source Orbis database [last update 12/11/2021]

2.5.2 Measuring profit shifting on a macrolevel: foreign affiliates statistics (FATS)

Another method to assess profit shifting is the use of macrodata. One issue is that in most of such research only US statistics are used so there is only a focus on United States MNEs (Tørsløv *et al.*, 2020). Another problem is that in macro-statistics it is difficult to control for MNEs scale of real economic activity, causing estimations of profit shifting to often be biased upwards (Fuest *et al.*, 2021).

For this reason, other data sources are better being used to estimate profit shifting. Tørsløv *et al.* (2019) use foreign affiliates statistics (FATS) to provide a global map of where MNEs book their profits (or the balance of payments and partners' FATS when FATS are not available for a certain country), and data on bilateral service trade (to be discussed in Section 2.5.4) to allocate shifted profits to the countries where they have been made.

An attempt to estimate profit shifting is made using FATS. A definition of foreign affiliate might first be useful: '**Foreign affiliate'** shall mean an enterprise resident in the compiling country over which an institutional unit not resident in the compiling country has control, or an enterprise not resident in the compiling country over which an institutional unit resident in the compiling country has control' (Eurostat, 2012, p. 13).

Furthermore, there are two different types of FATS: inward FATS and outward FATS. **Inward FATS** describe the overall activity of foreign affiliates resident in the compiling economy (Eurostat, 2019). For instance, the inward FATS of Belgium concern the activities of foreign firms operating in Belgium. **Outward FATS** describe the activity of foreign affiliates abroad controlled by the compiling country (Eurostat, 2019). For instance, the outward FATS of Belgium capture the activity of the affiliates of Belgian firms operating abroad. Thus, for the purpose of this research, outward FATS for Belgium are looked at, more specifically for those firms operating in the 14 preferred partner countries.

However, the available data seem to be limited, and only concern the amount of turnover, the number of persons employed, and the number of enterprises for affiliates of Belgian firms operating in DR Congo and Morocco. For the other 12 partner countries, data are also available, but they are equal to zero or not available.

Table 2.19 shows these variables for DR Congo and Morocco. In DR Congo the number of Belgian enterprises active has been below or around 10 from 2010 to 2018. The amount of turnover dropped from 24 million euro to 0 euro from 2010 to 2011 but has been growing from 16 million euro in 2013 to 23 million euro in 2018. Unfortunately, the number of persons is only available in 2010 and 2011 when it amounted to 433 and 826 respectively.

The number of affiliates of Belgian firms operating in Morocco has grown considerably over the years. It went from 6 in 2010 to 20 in 2018, or a growth of 233%. This is also visible in the number of persons employed and the turnover. In 2011 137 persons were employed in Moroccan based affiliates of Belgian firms, while in 2018 this number grew to 670. Furthermore, 2 million euro turnover was made in 2012 by Belgian firms, whereas in 2018, they made 43 million euro turnover.

Table 2.19 Activities of affiliates of Belgian firms operating in DR Congo and Morocco (outward FATS of Belgium), number of enterprises, number of persons employed, turnover in million euro, 2010-2018

	2010	2011	2012	2013	2014	2015	2016	2017	2018
DR Congo									
Number of enterprises	6	7	10	9	9	8	7	7	8
Persons employed	433	826	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Turnover (in million euro)	**24**	**0**	**n.a.**	**16**	**17**	**19**	**15**	**24**	**23**
Morocco									
Number of enterprises	6	7	9	9	12	11	17	17	20
Persons employed	n.a.	137	186	223	217	249	449	381	670
Turnover (in million euro)	**n.a.**	**n.a.**	**2**	**n.a.**	**7**	**36**	**38**	**33**	**43**

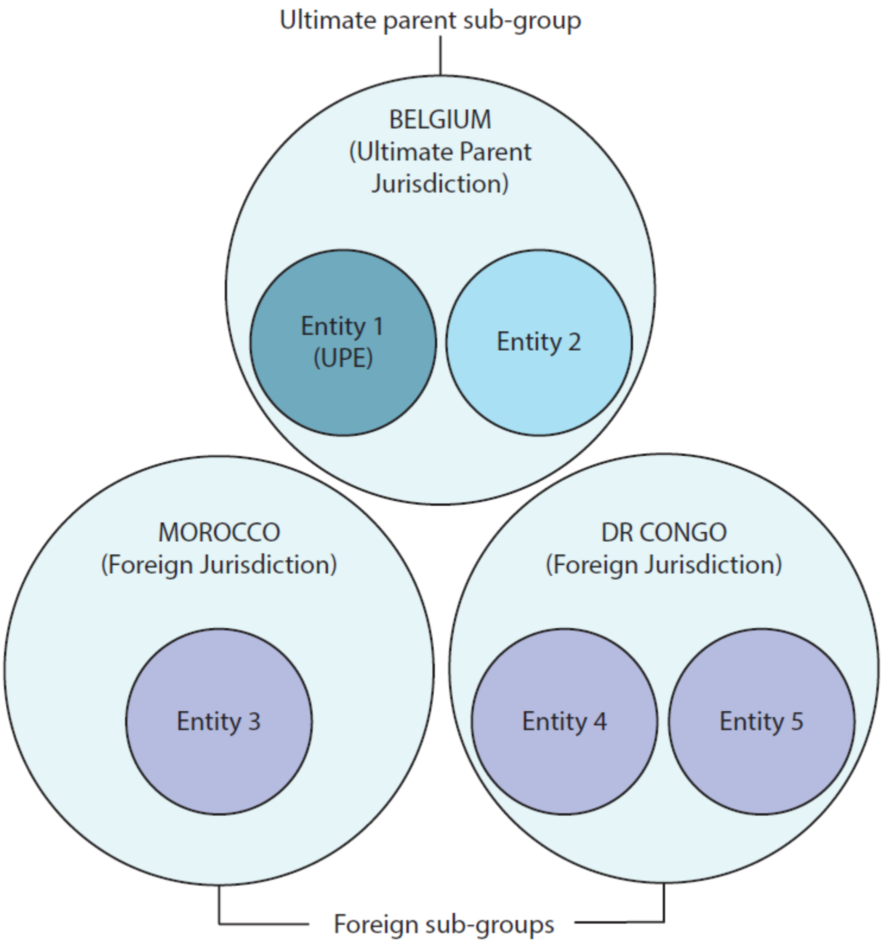
Source Eurostat [FATS_OUT2_R2]

2.5.3 Measuring profit shifting on a macrolevel: country-by-country reporting (CbCR)

Next to FATS, CbCR are looked at in more detail. As a part of Action 13 of the OECD/G20 BEPS project, this country-by-country reporting was implemented to support jurisdictions in combating BEPS[228] (OECD, 2021d). In general, all large MNE with consolidated revenues above 750 million euro must file CbCRs in the jurisdiction of their ultimate parent entity (UPE). These reports are shared with tax administrations for use in high level transfer pricing and BEPS risk assessments, and they are also publicly shared in an aggregated and anonymised way (OECD, 2021c). This information is aggregated at the sub-group level according to certain sub-group or group characteristics. For fiscal year 2017, the most recent data, 62 jurisdictions required CbCR, of which 40 were estimated to have received sufficient CbCRs to provide aggregated statistics. In the end, 38 jurisdictions could provide anonymised and aggregated CbCR statistics for 2017, of which Belgium is one. As a result, a total of almost 6 000 MNE groups are covered in 38 jurisdictions.

Figure 2.12 provides an example of a possible MNE structure. This MNE group operates in Belgium, Morocco, and DR Congo, and the ultimate parent entity is in Belgium. Therefore, Belgium is the ultimate parent jurisdiction, while Morocco and DR Congo are foreign jurisdictions.

Figure 2.12 Example of MNE structure



Source Based on OECD (2021d, p. 35)

228 There are 139 countries and jurisdictions working together in the OECD/G20 Inclusive Framework on BEPS to implement 15 actions to tackle tax avoidance, improve the coherence of international tax rules, ensure a more transparent tax environment, and address the tax challenges arising from the digitalisation of the economy (OECD, 2021b).

For Belgium as reporting jurisdiction, 15 individual partner jurisdictions[229] are included in the data and 55 CbCRs were delivered (OECD, 2021d). The average unrelated party revenues[230] amount to 5,266 million USD or 4,660 million euro for these 55 CbCRs, the tangible assets (other than cash) to 3,499 million USD or 3,097 million euro, and the income tax accrued[231] to 126 million USD or 112 million euro.[232] On average those 55 CbCRs of Belgian MNE also encompass 12,244 employees.[233]

Before analysing the detailed CbCR data, it is important to point out some limitations to the data. In general, the data do not include many details. For instance, it is not possible to distinguish the ownership structure of MNEs, details of intracompany transactions, or information on intangible assets, debt, intracompany interest and royalty payments, or taxable income (OECD, 2021e). Therefore, it is almost impossible to exactly pinpoint which mechanism made profit shifting possible, if profit shifting can even be identified. Next, the profit figures could be subject to double counting as the intracompany dividends may have been included in profit figures by some MNEs (OECD, 2021d). Therefore, it is not recommended to calculate certain ratios based on these data. For instance, the effective tax rate (ETR) might be artificially low because of high levels of profit and low tax accrued or paid. Furthermore, profit margins and return on capital may be reduced, whereas revenue per employee and revenue per unit of tangible assets may be increased (OECD, 2021e). Furthermore, in general it is explained that CbCR may only be used in a high-level risk assessment of a MNE, and it may not be used as evidence that BEPS exist (OECD, 2021d). Although the CbCR has triggered recent studies on the size of profit shifting by MNE (see further), the new available statistics are still in its infancy stage and will need to grow further to maturity, in construction, transparency, and use. The warnings of OECD concern not only the variables as already published by them, such as profits, and accrued taxes, used hereafter also by us, but also the popular used EFT effective tax rate since that is the relation between the previous two indicators (OECD, 2022). Also the discrepancy between real indicators of national economic activity reported in the CbCR and further reported hereafter in some of our tables, as employment and revenue, and financial and fiscal indicators as reported profit and accrued taxes, remain an important source of estimating the profit shift and missed tax revenue in the further quoted studies of Tax Justice Network (2021d) and Garcia-Bernardo and Janský (2021).

The CbCR reveals however, as is also illustrated in the recent yearly reporting of OECD on corporate income tax statistics, an innovate insight in the importance of MNE for the national economy, either as a partner jurisdiction for MNE headquartered in other countries, or as the relative importance seen from the point of view of one parental jurisdiction. We develop both dimensions hereafter for Belgium, and finally provide the evidence available in other reporting countries revealing information on some of the 14 partner countries.

2.5.3.1 Belgium as partner jurisdiction

First, the analysis focusses on Belgium. In total in 2017, the income tax accrued for MNEs located in Belgium as the partner jurisdiction amounted to 4.8 billion euro, which equals 26.3% of the total

229 These are Australia, Canada, France, Germany, Luxembourg, Mexico, the Netherlands, Poland, Spain, the United Kingdom, the United States, Brazil, Ecuador, Romania, and Russia. Unfortunately, the 14 partner countries do not come up as a partner jurisdiction, as they are mostly included in 'Other Africa'.

230 Unrelated party revenues include sales of products, interest income and dividend income, while related party revenues include transactions between consolidated group entities (Shell, 2018).

231 The income tax accrued is the provision of the tax that is payable in a certain year, while the income tax paid is the tax actually paid in a certain year.

232 The amounts in USD were converted to euro using the OECD exchange rate for 2017 (https://data.oecd.org/conversion/exchange-rates.htm).

233 Just to compare with the information that could be found in the Orbis database, Garcia-Bernardo and Janský (2021, p. 46) compared the number of large MNCs headquartered in a country according to Orbis and observed in the 2016 CbCR data. They reported that some 45 firms headquartered in Belgium could be found in the Orbis database, while there where 54 CbCRs available. This difference is surprising since the Belgian data in Orbis should be considered as exhaustive.

tax on company profits collected by the Belgian government.[234] This means that more than a quarter of all company income tax in Belgium originates from the MNE groups included in the CbCR. Furthermore, it can be seen that this 26.3% consists of 20.6% from MNE groups with a foreign ultimate parent, and 5.7% from MNE groups with Belgium as the ultimate parent jurisdiction.

Table 2.20 shows some interesting variables for all MNE groups where Belgium is the partner jurisdiction. For instance, especially French MNEs (1,208) and US MNEs (1,408) have a high number of entities in Belgium. The highest number of employees can be found for MNE groups with an ultimate parent in Belgium itself (163,200), followed by an ultimate parent in France (123,900), and the United States (106,200).

The total revenues are highest for MNE groups from the United States (142.7 billion euro), while the profit before income tax was highest for Belgian companies (11.1 billion euro). In total, the 506.4 billion euro revenues of MNE groups with a Belgian subsidiary are made up of 54.9% of unrelated party revenues and 45.1% of related party revenues.

The total income tax accrued in Belgium is highest for French MNE groups (1,141 million euro), Belgian groups (1,032 million euro), and US groups (1,010 million euro).

An estimate of the effective tax rate (ETR) is calculated by dividing the income tax accrued by the profit (loss) before income tax. Nevertheless, this estimate should be looked at with care, taking into account the warning issued by OECD (2021d) stating that it might be artificially low due to data limitations. For instance, it can be seen that the ETR for Bermuda MNE groups with a daughter in Belgium, the ETR is impossible (1,029.9%). For Swiss MNE groups the ETR exceeds 50% and for Japanese ones 30%. On the other hand, the rate is on the low side for Luxembourg MNE groups (5.4%), and South African MNE groups (1.1%). In total, for all foreign MNE groups with a subsidiary in Belgium, the ETR amounts to 23.3%.

Next, for all variables, the shares were calculated in the total for all MNE groups with a daughter company in Belgium, which makes it possible to compare and identify potential profit shifting. The Belgian MNE groups have 28.5% of all employees in Belgium, 23.9% of total revenues, and 41.0% of profits while only 21.7% of income tax accrued. This could indicate that some of these profits are kept within the jurisdiction, but seem to be treated fiscally favourable, as can be learned also from the implicitly calculated ETR of 9.3%.

Additionally, 71.5% of employees working in Belgium for an MNE group with Belgium as a partner jurisdiction have a foreign ultimate parent, whereas this share reaches 76.1% of total revenues, 59.0% of profits, and 78.3% of income tax accrued. Here there is a relatively lower share in reported profits, but for those that are present, the implicit ETR is relatively high (21.3%).

234 The total tax on company profit collected by the Belgian government in 2017 amounted to 18,048,910,463 euro. This calculation is based on the share of taxes on income, profits and capital gains for corporations in GDP (IMF, 2022). This share was retrieved for the general government of Belgium, which includes the central government, state governments, and local governments (IMF, 2014, p. 20).

Table 2.20 CbCR for all MNE groups where Belgium is the partner jurisdiction, 2017*

Ultimate parent jurisdiction	Partner jurisdiction	Number of CbCRs	Number of entities	Number of employees (1,000)	Share number of employees (in %)	Unrelated party revenues (million euro)	Share unrelated party revenues (in %)	Related party revenues (million euro)	Share related party revenues (in %)	Total revenues (million euro)	Share total revenues (in %)	Profit (loss) before income tax (million euro) (A)	Share profit (loss) before income tax (in %)	Income tax accrued (million euro) (B)	Share income tax accrued in total (in %)	ETR (B/A) (in %)
Australia	Belgium	17	37	1.6	0.3	886	0.3	180	0.1	1,066	0.2	83	0.3	12	0.3	14.4
Belgium	Belgium	55	1,099	163.2	28.5	83,807	30.2	37,112	16.2	120,919	23.9	11,131	41.0	1,032	21.7	9.3
Denmark	Belgium	27	73	11.1	1.9	1,671	0.6	428	0.2	2,099	0.4	99	0.4	11	0.2	10.8
France	Belgium	149	1,208	123.9	21.6	60,150	21.6	23,466	10.3	83,617	16.5	3,991	14.7	1,141	24.0	28.6
Germany	Belgium	197	570	56.6	9.9	29,851	10.7	16,363	7.2	46,214	9.1	3,392	12.5	956	20.1	28.2
Italy	Belgium	52	97	5.0	0.9	2,812	1.0	1,217	0.5	4,029	0.8	143	0.5	21	0.4	14.4
Japan	Belgium	175	575	45.0	7.8	21,923	7.9	35,147	15.4	57,070	11.3	1,121	4.1	344	7.2	30.6
Luxembourg	Belgium	64	340	33.1	5.8	8,298	3.0	13,665	6.0	21,963	4.3	1,286	4.7	69	1.5	5.4
Mexico	Belgium	3	6	0.7	0.1	211	0.1	110	0.0	321	0.1	12	0.0	5	0.1	44.0
Spain	Belgium	34	81	4.4	0.8	962	0.3	242	0.1	1,205	0.2	134	0.5	19	0.4	14.2
Switzerland	Belgium	42	87	9.2	1.6	5,873	2.1	1,342	0.6	7,215	1.4	95	0.4	49	1.0	51.6
United States	Belgium	550	1,408	106.2	18.5	56,995	20.5	85,715	37.5	142,709	28.2	5,197	19.2	1,010	21.3	19.4
Bermuda	Belgium	17	34	0.9	0.2	324	0.1	289	0.1	613	0.1	1	0.0	8	0.2	1,029.9
Brazil	Belgium	7	9	0.1	0.0	121	0.0	24	0.0	145	0.0	20	0.1	2	0.1	12.8
China	Belgium	23	36	7.8	1.4	2,017	0.7	4,298	1.9	6,315	1.2	200	0.7	43	0.9	21.6
India	Belgium	30	56	3.3	0.6	1,582	0.6	788	0.3	2,369	0.5	213	0.8	31	0.6	14.4
South Africa	Belgium	8	18	1.4	0.2	360	0.1	8,167	3.6	8,526	1.7	16	0.1	0	0.0	1.1
Total foreign	***Belgium***			***410.1***	***71.5***	***194,036***	***69.8***	***191,442***	***83.8***	***385,478***	***76.1***	***16,003***	***59.0***	***3,721***	***78.3***	***23.3***
Total	**Belgium**			**573.3**	**100.0**	**277,842**	**100.0**	**228,554**	**100.0**	**506,396**	**100.0**	**27,134**	**100.0**	**4,753**	**100.0**	**17.5**

* Monetary values are originally provided in USD and were converted to euro using the OECD exchange rate for 2017 (https://data.oecd.org/conversion/exchange-rates.htm). It is possible that the total includes double counting, as company statistics can be reported in the jurisdiction of the parent and the jurisdiction of the partner.

Source OECD Stat (2022, Table I Aggregate totals by jurisdiction)

2.5.3.2 Belgium as Ultimate parent jurisdiction

The other perspective is also possible, namely not looking at which MNEs chose Belgium as a partner jurisdiction but looking at where Belgian MNEs like to settle themselves (Table 2.21). The most common partner jurisdictions for Belgian MNE groups, besides Belgium itself, seem to be France (481 entities), the United States (339), the United Kingdom (335), the Netherlands (256), and Germany (236). Furthermore, many entities are located in other European countries (790) and Asian countries (617). In Other Africa, 224 entities could be found, with a total of 25,400 employees.[235]

Most employees of Belgian MNE groups can be found in daughter companies located in Belgium itself (163,000), followed by Other Asia (82,500), Other Europe (68,900), France (62,900) and the United States (48,100).

The total revenues of Belgian MNE groups amount to 606.4 billion euro of which two thirds come from unrelated parties, and one third from related parties. Most revenues originate from companies with Other Europe as a partner jurisdiction (259.4 billion euro), while Belgium (120.9 billion euro), the United States (43.9 billion euro) and the United Kingdom (31.4 billion euro) follow at a distance.

The highest profit was made by Belgian MNEs with a subsidiary in Other European countries (137.7 billion euro) and the United Kingdom (107.3 billion euro). In Australia, a loss was made of 166 million euro.

In terms of income tax accrued, most can be found in Belgian subsidiaries (1,032 million euro), Brazilian subsidiaries (1,108 million euro), and Other Americas subsidiaries (950 million euro).

The final column depicts the estimated ETR, which should be regarded with care, as mentioned above (OECD, 2021d). For example, it amounts to -60.9% in Australia and -8.1% in Russia. Furthermore, it seems unlikely that the ETR is less than 1%, as is the case for Belgian subsidiaries in the United Kingdom and Other European countries.

Finally, for all variables, the shares were calculated in the total for all Belgian MNE groups, making it possible to compare and identify potential profit shifting. Belgian MNE groups with a daughter company in the United Kingdom account for 2.1% of the employees, 5.2% of total revenues, 37.9% of profit, and only 1.0% of income tax accrued. Therefore, it seems that while these companies make a high amount of profit in the United Kingdom, a relatively low amount of income taxes are accrued, which could indicate profit shifting from Belgium to the United Kingdom. For Belgian MNE groups with a subsidiary in Other Africa, the share of employees amounts to 3.8%, for revenues to 1.1%, for profit to 0.5%, and for income tax accrued to 4.2%. Thus, while many persons are working in these subsidiaries, not a lot of profit is made in this region, while an appropriate amount of taxes seems to be paid for the profit made, also taking into account the estimated ETR or 17.0%, illustrating the importance of corporate income tax in this region, and even when it is lower than the average CIT rate (see Table 2.2). The interpretation about the size and direction of profit shifting remains however still speculative not only because of details on intracompany transactions are missing (OECD, 2022), but also because the size and reason for tax exemptions are missing, as well as tax-exempted entities are missing.

235 It is possible that some of these entities were captured by the Orbis analysis performed in Section 2.5.1.4 b). There, we found 199 Belgian companies with a subsidiary in one of the 14 partner countries with a minimum participation of 51%. However, this includes Belgian companies with whichever profit or loss, and not only Belgian MNEs with a minimum turnover of 750 million euro, as is the case for CbCR. Seeing that CbCR data does not show individual company data, it is not possible to analyse the overlap between 'Other Africa' in CbCR and the companies captured in the Orbis analysis in the 14 preferred partner countries.

Table 2.21 CbCR for all MNE groups where Belgium is the ultimate parent jurisdiction, 2017*

Ultimate parent jurisdiction	Partner jurisdiction	Number of CbCRs	Number of entities	Number of employees (1,000)	Share number of employees (in %)	Unrelated party revenues (million euro)	Share unrelated party revenues (in %)	Related party revenues (million euro)	Share related party revenues (in %)	Total revenues (million euro)	Share total revenues (in %)	Profit (loss) before income tax (million euro) (A)	Share profit (loss) before income tax (in %)	Income tax accrued (million euro) (B)	Share income tax accrued in total (in %)	ETR (B/A)
Belgium	Australia	20	124	5.9	0.9	2,667	0.7	925	0.5	3,592	0.6	-166	-0.1	101	1.7	-60.9
Belgium	Belgium	55	1,099	163.2	24.2	83,807	20.8	37,112	18.2	120,919	19.9	11,131	3.9	1,032	16.9	9.3
Belgium	Canada	22	93	8.4	1.2	4,224	1.0	760	0.4	4,984	0.8	460	0.2	201	3.3	43.6
Belgium	France	44	481	62.9	9.3	11,829	2.9	4,582	2.2	16,410	2.7	496	0.2	113	1.9	22.8
Belgium	Germany	40	236	35.2	5.2	14,666	3.6	5,561	2.7	20,226	3.3	688	0.2	200	3.3	29.1
Belgium	Luxembourg	37	181	2.9	0.4	5,355	1.3	11,881	5.8	17,235	2.8	6,472	2.3	108	1.8	1.7
Belgium	Mexico	19	160	37.0	5.5	7,818	1.9	6,159	3.0	13,977	2.3	1,360	0.5	530	8.7	39.0
Belgium	Netherlands	40	256	15.6	2.3	5,889	1.5	3,285	1.6	9,174	1.5	1,743	0.6	227	3.7	13.0
Belgium	Poland	31	80	6.3	0.9	1,061	0.3	311	0.2	1,372	0.2	75	0.0	5	0.1	6.5
Belgium	Spain	30	88	5.0	0.7	1,785	0.4	932	0.5	2,717	0.4	819	0.3	91	1.5	11.1
Belgium	United Kingdom	36	335	14.2	2.1	11,200	2.8	20,161	9.9	31,362	5.2	107,279	37.9	64	1.0	0.1
Belgium	United States	36	339	48.1	7.1	34,991	8.7	8,902	4.4	43,893	7.2	5,099	1.8	297	4.9	5.8
Belgium	Brazil	21	77	38.8	5.8	8,159	2.0	5,370	2.6	13,528	2.2	1,912	0.7	1,108	18.1	58.0
Belgium	Ecuador	7	13	2.9	0.4	912	0.2	453	0.2	1,365	0.2	225	0.1	55	0.9	24.4
Belgium	Romania	21	52	2.6	0.4	406	0.1	90	0.0	496	0.1	19	0.0	2	0.0	8.3
Belgium	Russia	18	44	5.2	0.8	1,000	0.2	113	0.1	1,113	0.2	-75	0.0	6	0.1	-8.1
Belgium	Other Africa	23	224	25.4	3.8	6,064	1.5	816	0.4	6,880	1.1	1,528	0.5	260	4.2	17.0
Belgium	Other Asia	35	617	82.5	12.3	17,448	4.3	7,031	3.4	24,479	4.0	1,677	0.6	447	7.3	26.7
Belgium	Other Americas	21	326	42.2	6.3	10,797	2.7	2,504	1.2	13,301	2.2	4,667	1.6	950	15.5	20.4
Belgium	Other Europe	46	790	68.9	10.2	172,504	42.8	86,907	42.6	259,411	42.8	137,686	48.6	318	5.2	0.2
Belgium	***Total foreign***			*510.0*	*75.8*	*318,773*	*79.2*	*166,742*	*81.8*	*485,516*	*80.1*	*271,963*	*96.1*	*5,085*	*83.1*	*1.9*
Belgium	**Total**			**673.2**	**100.0**	**402,580**	**100.0**	**203,854**	**100.0**	**606,434**	**100.0**	**283,094**	**100**	**6,117**	**100**	**2.2**

* Monetary values are originally provided in USD and were converted to euro using the OECD exchange rate for 2017 (https://data.oecd.org/conversion/exchange-rates.htm). It is possible that the total includes double counting, as company statistics can be reported in the jurisdiction of the parent and the jurisdiction of the partner.

Source OECD Stat (2022, Table I Aggregate totals by jurisdiction)

2.5.3.3 14 partner countries as partner jurisdictions

As mentioned earlier (see footnote 229), the 14 partner countries are not reporting jurisdictions, and as seen in Table 2.20 and Table 2.21 they cannot be found as ultimate parent jurisdiction or partner jurisdiction when Belgium is the partner jurisdiction or ultimate parent jurisdiction respectively. However, the partner countries can be found as partner jurisdiction for other countries, which is what the following analysis is based on.[236] Out of the 38 jurisdictions which could provide anonymised and aggregated CbCR statistics for 2017, one or more partner countries appeared in the data of 16 jurisdictions.[237] See appendix 3 and Table a3.1 for a complete overview of all data where the 13 partner countries appeared in CbCR. They stand for 1,800 companies and a total of 340,000 employees included in this CbCR.

First, for certain variables, the share is calculated for the total of the partner jurisdictions (the 13 we take into account) in the total for foreign partner jurisdictions. The results are included in Table 2.22 below. A concrete example illustrates how the shares were calculated. Australian MNE groups employed 1 471 persons in Morocco, Mozambique, and Tanzania combined (see Table a3.1). In total, Australian MNE groups employed 460,863 persons in foreign partner jurisdictions. Therefore, the share for number of persons employed in the partner countries on the total number of persons employed in foreign jurisdictions amounts to 0.3% (=1 471/460,863). In general, seeing that shares are rather on the low side in Table 2.22, it is clear that the 13 preferred partner countries of Belgium are not important partner jurisdictions for the 38 jurisdictions that provided CbCR.

Four ultimate parent jurisdictions do, however, stand out for the 13 partner countries. First, France is a rather important ultimate parent jurisdiction for Belgium's preferred partner countries. Almost 2% of employees of French MNEs are employed in the partner countries. However, only 0.6% of profit and 1.1% of revenues is made in these countries. The share of income tax accrued (1.4%) does seem to be in line with the share of employees (1.9%) but is higher than the share of profit (0.6%).

Second, for Indian MNEs the partner countries are of some importance. Here the shares lie very closely together, as 0.9% of total revenues, profit, and income tax accrued is found in the partner countries. However, 1.6% of total persons employed in foreign jurisdictions can be found in the partner countries, which is considerably higher than the profit, revenues, and income tax accrued that can be found here.

For Indonesian MNE groups, Senegal was the only partner country that could be found. And it is shown that Senegal is a relevant partner jurisdiction for Indonesian MNEs, seeing that 6.3% of total revenues in foreign jurisdictions are generated in Senegal and 3.4% of all income tax accrued can be found here. Nevertheless, only 0.1% of total employees in foreign daughters of Indonesian MNE groups are located in Senegal.

Finally, South Africa seems to be an important parent jurisdiction for many of the Belgian partner countries. Almost 10% of employees of South African MNE groups with a foreign partner jurisdiction are located in the 13 partner countries. However, only 1.6% of total revenues and 0.7% of profit is generated in the partner countries. The negative income tax accrued is highly influenced by the share of DR Congo (-54.5%).[238] The negative value for income tax accrued could imply that companies foresee in the accounts that they will recover taxes. For other partner countries, this share is remarkably higher, for instance in Uganda (10.4%)[239], Tanzania (10.6%)[240], and Mozambique (18.5%).[241]

236 Only for Palestine, no data are available as partner jurisdiction.

237 These jurisdictions are Australia, Denmark, France, Germany, Italy, Japan, Luxembourg, Mexico, Spain, Switzerland, The United States, Bermuda, China, India, Indonesia, and South Africa.

238 See Table a3.1 for the calculation: -225.2 million euro/413.4 million euro.

239 See Table a3.1 for the calculation: 42.9 million euro/413.4 million euro.

240 See Table a3.1 for the calculation: 43.8 million euro/413.4 million euro.

241 See Table a3.1 for the calculation: -76.5 million euro/413.4 million euro.

Table 2.22 Share of partner jurisdictions in total foreign partner jurisdictions, 2017 (in %)

Ultimate parent jurisdiction	Partner jurisdiction	Unrelated party revenues	Related party revenues	Total revenues	Profit (loss) before income tax	Income tax accrued - current year	Number of employees
Australia	Total partners	0.1	0.7	0.2	0.2	0.0	0.3
Denmark	Total partners	0.1	0.2	0.1	0.3	0.2	0.2
France	Total partners	1.0	1.2	1.1	0.6	1.4	1.9
Germany	Total partners	0.1	0.1	0.1	0.1	0.2	0.5
Italy	Total partners	0.1	0.0	0.1	0.0	0.1	0.2
Japan	Total partners	0.1	0.3	0.1	-0.2	-0.6 [1]	0.7
Luxembourg	Total partners	0.1	0.0	0.1	0.3	0.3	0.4
Mexico [2]	Total partners	0.0	0.0	0.0	0.0	0.0	0.0
Spain	Total partners	0.1	0.5	0.2	0.6	0.2	0.4
Switzerland	Total partners	0.2	0.1	0.1	0.3	0.2	0.6
US	Total partners	0.1	0.0	0.0	0.0	0.1	0.3
Bermuda [2]	Total partners	0.0	0.0	0.0	0.0	0.0	0.0
China	Total partners	0.4	0.1	0.3	-0.8	0.5	1.7
India	Total partners	1.1	0.3	0.9	0.9	0.9	1.6
Indonesia [2]	Total partners	8.3	0.3	6.3	-5.7	3.4	0.1
South Africa	Total partners	1.3	2.5	1.6	0.7	-5.7 [1]	9.7

1 The negative value for income tax accrued could imply that companies foresee in the accounts that they will recover taxes.

2 For certain ultimate parent jurisdictions only one of the fourteen partner countries could be found. The partner jurisdictions included as 'Total partners' therefore includes only one country. More specifically it concerns Morocco (partner jurisdiction) for Mexico (ultimate parent jurisdiction), Morocco for Bermuda, and Senegal for Indonesia.

Source OECD Stat (2022, Table I Aggregate totals by jurisdiction)

In what follows, the focus lies on the income tax accrued. For Belgium and each of the 14 partner countries, the corporate tax revenue is calculated based on IMF data (IMF, 2022). The share of taxes on income, profits and capital gains for corporations in GDP for 2017 is provided[242] [243] (see third column of Table 2.23). Next, this share is multiplied by the GDP for 2017 for each country, which gives us the corporate tax revenue for 2017 in euro (column A).

Then, using the CbCR data the total income tax accrued as a partner jurisdiction (column B) can be divided by the corporate tax revenue. This gives an idea about the share of income taxes accrued in our partner countries that is reported by the 38 ultimate parent jurisdictions. An example will clarify where the numbers come from. In Burkina Faso, a total of 35,529,283 euro income tax is accrued by MNE groups with a foreign ultimate parent jurisdiction. This is made up of 26,719,607 euro from French MNEs, 626,802 euro German MNEs, 2,289,091 euro Japanese MNEs, 3,325,082 euro Indian MNEs, and 2,568,701 euro South African MNEs. For a complete overview, see also 0 and Table a3.1. Furthermore, the total corporate tax revenue collected by Burkina Faso in 2017 amounted to 284,466,521 euro. Thus, it can be seen that 12.5% of this total corporate tax revenue comes from

242 For all 14 partner countries, the share of taxes on income, profits, and capital gains for corporations in GDP was selected for the budgetary central government. 'The budgetary central government is often a single unit of the central government that encompasses the fundamental activities of the national executive, legislative, and judiciary powers' (IMF, 2014, p. 397). For Belgium the calculation earlier was made for the general government (see footnote 179), because other data were not available for Belgium, and the general government data for most of the 14 partner countries were not available. However, it is assumed that the shares do not differ (much) between general government and budgetary central government, which means that the calculation for Belgium and the 14 partner countries can be compared.

243 However, for some partner countries, the most recent year was different. This was the case for Benin (2013), Burundi (2013), Guinea (1999), and Niger (2007).

MNE groups with a foreign ultimate parent, more precisely located in France, Germany, Japan, India, and South Africa.

Furthermore, this share is also on the high side in many other partner countries: in Morocco (10.5%), Mozambique (9.8%), Niger (18.1%), Rwanda (6.3%), Senegal (26.3%), Tanzania (14.0%), and Uganda (30.5%). See Table a3.1 to analyse from which foreign ultimate parent jurisdictions exactly. This implies that for many partner countries, income taxes from foreign MNE groups are of high importance for the total corporate tax revenue they receive.

For DR Congo, the total income tax accrued as a partner jurisdiction is negative. This implies that certain foreign MNE groups with a daughter in DR Congo expect to retrieve income tax in DR Congo. This is the case for Japanese and South African MNE groups (see Table a3.1). For Guinea, the corporate tax revenue for 2017 is likely underestimated, which means that the numbers for this country are better left aside.

In total for all 13 partner countries (Palestine is excluded as no data were available), a total of 513 million euro income taxes were accrued as partner jurisdictions. The total corporate tax revenue amounted to 8.6 billion euro. This implies that 6% of all corporate tax revenues collected by the 13 partner countries originated from MNE groups with a foreign ultimate parent jurisdiction, more precisely, one of the 16 jurisdictions mentioned above in Table 2.22. When excluding DR Congo (because of negative income tax accrued) and Guinea (because of doubtful data concerning total corporate tax revenue), the total income tax accrued is 918 million euro, which implies a share of total corporate tax revenue of even 11.5%. This indicates that quite some taxes are indeed accrued in the partner countries by foreign MNE groups, and that these MNE groups are of importance for the corporate tax revenues in the partner countries. The impact on the total tax revenue is however the result of profits not attributed to those jurisdictions, and the legal or even reduced tax levied on those profits. Those estimates are made in the studies of the Tax Justice Network and Garcia-Bernardo and Janský (2021), discussed in Section 2.5.3.4.

In Belgium as a partner jurisdiction, as mentioned earlier, foreign MNE groups accrued 20.6% of income taxes, while Belgian MNE groups account for 5.7% of income taxes accrued. Therefore, also in Belgium (foreign) MNE groups are of high importance for the corporate tax revenues collected. The total corporate income tax accrued that is reported in Belgium towards Other Africa is 260 million euro, around one quarter of the reported tax of 918 million euro by other countries in the 14 partner countries.

The figures for Belgium are identical with the synthesis provided by the OECD Corporate Tax Statistics (OECD, 2021d, p. 41) for other major reporting countries of the MNE contribution to total corporate income tax (CIT) revenue of not only local affiliates owned by domestic MNE but also from local affiliates owned by foreign MNE. Belgium is here even at a lower end compared to other neighbouring or well-known countries as a tax haven. While in Belgium MNEs contribution to total CIT amounts to 26%, this contribution amounts to 71% in Luxembourg, 67% in Ireland, and 50% in the Netherlands. For the first two countries the contribution comes almost completely from local affiliates owned by foreign MNE.

Table 2.23 Share of total income tax accrued as partner jurisdiction in total corporate tax revenue, 2017[1]

Partner jurisdiction	Ultimate parent jurisdiction	Share of corporate tax revenue in GDP (in %)	Corporate tax revenue (in euro) (A)	Total income tax accrued as a partner jurisdiction (in euro) (B)	Share of total income tax accrued in corporate tax revenue (B/A) (in %)
Belgium	Total	4.07	18,048,910,463	4,753,129,690	26.3
	Belgium			1,032,175,500	5.7
	Foreign			3,720,954,190	20.6
Other Africa	Belgium			259,924,500	
Benin	Foreign	1.40	157,784,487	431,278	0.3
Burkina Faso	Foreign	2.28	284,466,521	35,529,283	12.5
Burundi	Foreign	2.40	58,283,318	10,778	0.0
DR Congo	Foreign	1.55	520,440,267	-435,420,479	-83.7
Guinea [2]	Foreign	0.33	30,421,062	30,607,207	100.6
Mali	Foreign	2.81	381,955,707	4,410,809	1.2
Morocco	Foreign	4.85	4,704,095,949	495,243,591	10.6
Mozambique	Foreign	7.96	931,550,029	91,672,515	9.8
Niger	Foreign	1.46	144,470,716	26,153,333	18.1
Palestine	Foreign	0.28	40,533,781		
Rwanda	Foreign	1.03	134,651,628	8,441,009.80	6.3
Senegal	Foreign	1.64	419,899,773	110,254,175.56	26.3
Tanzania	Foreign	2.26	575,882,194	80,809,315.46	14.0
Uganda	Foreign	2.26	213,236,662	65,039,489.04	30.5
Partner countries [3]	Foreign		8,557,138,314	513,182,305	6.0
Partner countries [4]	Foreign		8,006,276,985	917,995,577	11.5

1 It is possible that the total includes double counting, as company statistics can be reported in the jurisdiction of the parent and the jurisdiction of the partner.
2 The corporate tax revenue for Guinea is most likely underestimated. This is because the taxes on income, profits and capital gains for corporations as a share of GDP was only available for 1999. Even when multiplying this by the GDP of 2017, the total corporate tax revenue seems to be an underestimation.
3 The total for the partner countries is the sum of the 13 partner countries. Palestine is not included in the sum, as data for the total income tax accrues as a partner jurisdiction were not available.
4 Excluding Guinea, DR Congo, and Palestine.
Source IMF (2022), OECD Stat (2022, Table I Aggregate totals by jurisdiction)

2.5.3.4 Further analysis based on country-by-country reporting (CbCR)

The analysis of the CbCR data up until now in this report has been on the descriptive side. However, other reports try to go further and make an estimate of profit and tax loss based on the CbCR data. The Tax Justice Network (2021d) calculates the amount of tax each country loses to corporate tax abuse and the amount of tax loss each country inflicts on other countries by enabling corporate tax abuse. This is done by looking at the misalignment between the location of profits and the location of productive economic activity. Thus, profit shifting is estimated using profit misalignment, which is the difference between reported profits and theoretical profits. The methodology consists of five steps,[244] after which an estimate can be made, as shown in Table 2.24. Regarding the profits shifted outwards, Belgium and Morocco show an amount of more than 2 billion euro, while DR Congo and

244 They are (1) analysing the double-counting of profits in the data; (2) estimating the number of domestic employees and the volume of sales of multinational corporations in every country present in the data; (3) calculating the misalignment between where profit is generated and where it is reported, i.e., shifted to; (4) calculating the misalignment between where profits are reported and where economic activity is carried out; (5) performing a sensitivity analysis. For the full methodology see https://taxjustice.net/wp-content/uploads/2021/11/SOTJ_2021_Methodology.pdf

Uganda also indicate an amount of more than 1 billion euro. The annual tax loss through corporate tax abuse was highest for Belgium (993 million euro), Morocco (714 million euro), and DR Congo (545 million euro). However, in relative terms, in % of GDP, the impact is highest for Mozambique (2.0%), DR Congo (1.5%), Rwanda (1.2%), Senegal (1.2%), and Uganda (1.1%). In total for the 14 partner countries (excluding Burkina Faso and Palestine), the outward shifted profits in 2017 amounted to 8 207 million euro, and the annual tax loss through corporate tax abuse to 2 447 million euro). This total amount of tax loss because of profit shifting is much higher for the 14 partner countries than the in Table 2.24 estimated tax loss because of offshore financial wealth. For Belgium it is lower with 0.2% of GDP, to be compared with 0.53% of GDP in Table 2.24. Again, this is in line with other estimates for Belgium of tax loss because of profit shifting, although some other estimates arrive even at three times higher levels (Pacolet & Fernandes, 2023).

Table 2.24 Countries' profit and tax loss to global corporate tax abuse, 2017*

	Shifted profits outward (million euro)	Annual tax loss: corporate tax abuse (million euro)	Annual tax lox: corporate tax abuse (% of GDP)
Belgium	2,921.4	993.0	0.2
Benin	186.7	36.2	0.3
Burkina Faso			0.0
Burundi	1.8	0.5	0.0
DR Congo	1,946.1	544.9	1.5
Guinea	78.8	27.5	0.3
Mali	115.9	34.8	0.3
Morocco	2,303.7	714.1	0.7
Mozambique	852.3	272.8	2.0
Niger	63.7	19.1	0.2
Palestine			
Rwanda	304.4	91.3	1.2
Senegal	707.1	212.1	1.2
Tanzania	568.2	170.5	0.4
Uganda	1,077.9	323.4	1.1
Total partner countries	**8,206.6**	**2,447.2**	

* Monetary values are originally provided in USD and were converted to euro using the OECD exchange rate for 2017 (https://data.oecd.org/conversion/exchange-rates.htm).

Source Tax Justice Network (2021d, Table 3)

Another working paper which looks into CbCR data in more detail is the paper by Garcia-Bernardo and Janský (2021), using the 2016 CbCR data. A similar methodology is used as discussed above, namely looking at the extreme concentration of profits without corresponding economic activity in a small number of low-tax jurisdictions. Thus, profit shifting is again analysed by discovering misalignment between where the profits are reported and the location of the economic activity, typically approximated by a combination of labour (measured using wages and employees), capital (often approximated with tangible assets) and revenue.

Table 2.25 shows the shifted profits and tax revenue lost for Belgium and the 14 partner countries as countries acting as profit origins, so where the profits are shifted from. In absolute values, the profits shifted from Belgium (6,517 million euro) are greater than the profits shifted from the 14 partner countries (5,597 million euro, although data for Burkina Faso, Burundi, Guinea, and Palestine are not available). The total tax revenue loss is highest in Belgium (606 million euro), followed by Morocco (531 million euro), Mozambique (338 million euro), and Tanzania (314 million euro). Following a different methodology and a different year of reference for CbCR data (2017 for Tax Justice Network (2021d) and 2016 for Garcia-Bernardo and Janský (2021)), it is still remarkable that the shifted profits outwards estimated in Table 2.24 and Table 2.25 differ so much. For instance, while the Tax Justice Network (2021d, Table 2.24) estimated that 2.9 billion euro profits were shifted outward from Belgium, it amounts to more than 6.5 billion euro according to Garcia-Bernardo and Janský (2021, Table 2.25). The difference between the estimated profit shifting also amounts to more than 50% (either up-or downward) for Benin (+283%, from 48.8 million euro according to Garcia-Bernardo and Janský (2021, Table 2.25) to 48.8 million euro according to Tax Justice Network (2021d, Table 2.24)), DR Congo (+246%, 561.7 million euro *vs.* 1,946.1 million euro), Mali (-67%, 354.0 million euro *vs.* 115.9 million euro), Senegal (+140%, 294.4 million euro *vs.* 707.1 million euro), and Uganda (+198%, 361.2 million euro *vs.* 1,077.9 million euro). Although similar in approach, hypotheses might be different between both sources. For instance, for calculating the missed tax revenue, the ETR is used by Garcia-Bernardo and Janský (2021, p. 11), while in the Tax Justice Network sometimes the statutory corporate income tax rate is used (Tax Justice Network, 2021e, point 1.2). Nevertheless, for other countries the figures are sometimes similar for shifted profit and the impact on tax revenues, The grand total for the 14 partner countries of lost tax revenue ranges from 1.5 billion euro to 2.4 billion euro, referring to two different years, but similar in order of magnitude. Even for Belgium the estimated missed tax revenue in 2017 of 0.2% of GDP is close to 0.13% of GDP in 2016 (calculated as 605.9/6 517*1.4% of GDP).

The profit shifting in terms of GDP is highest for Mozambique (7.7%) and Rwanda (5.0%), while also being on the high side in Mali (2.5%), and Morocco (1.9%). When comparing the profits shifted to the potential base, the most remarkable values are noted for Rwanda (233.6%), Mozambique (160.9%), and DR Congo (138.8%). The total tax revenue loss clearly has the highest impact in Mozambique (12.0% of tax revenue and 369.2% of corporate tax revenue), while it also has an impressive impact in Rwanda (10.5% of tax revenue and 64.7% of corporate tax revenue).

Table 2.25 Countries acting as profit origins, estimated profit shifting and tax revenue lost, 2016*

	Profits shifted (million euro)	Profits booked (million euro)	Tax revenue loss (million euro)	Profit shifting (% GDP)	Profit shifting (% potential base)	Tax revenue loss (% tax revenue)	Tax revenue loss (% corporate tax revenue)
Belgium	6,517.0	42,185.5	605.9	1.4	13.4	0.4	4.0
Benin	48.8		9.9	0.4	99.3	0.6	5.8
Burkina Faso							
Burundi							
DR Congo	561.7	-157.1	44.2	1.5	138.8	1.3	9.2
Guinea							
Mali	354.0	91.2	50.6	2.5	79.5	2.6	91.2
Morocco	1,939.6	2,674.7	531.0	1.9	42.0	2.4	11.3
Mozambique	1,043.9	-395.5	337.7	7.7	160.9	12.0	369.2
Niger	43.3	56.9	12.6	0.4	43.2	0.9	31.5
Palestine							
Rwanda	418.1	-239.3	125.5	5.0	233.6	10.5	64.7
Senegal	294.4	272.7	62.3	1.5	51.9	2.1	23.7
Tanzania	531.9	158.9	314.2	1.1	77.0	5.8	44.6
Uganda	361.2	366.6	54.2	1.2	49.6	1.7	47.9
Total partner countries	**5,596.8**	**2,829.1**	**1,542.3**				

* Monetary values are originally provided in USD and were converted to euro using the OECD exchange rate for 2016 (https://data.oecd.org/conversion/exchange-rates.htm).
Source Garcia-Bernardo & Janský (2021, Table B4)

2.5.4 Measuring profit shifting on a macrolevel: balance of payments (BoP)

The fundamental strategies used by multinational enterprises to minimise tax payments by shifting profits to jurisdictions with lower tax rates involve actions that directly affect international flows (Hebous, Klemm & Wu, 2021). As such, the statistics of the balance of payments (BoP) can be used as an alternative source of macrodata to (indirectly) estimate profit shifting, as identified in the BEPS action 11 report (OECD, 2015). The BoP includes all monetary transactions between a country and the rest of the world, including payments for exports and imports of goods, services, financial capital and financial transfers. Hence, it encompasses information on flows widely used to shift profits: manipulation of transfer prices of cross-border intragroup trade affects import and export data, corporate debt and financing structures affect international flows of interest, and the location of intangible assets, such as patents, affects international flows of royalties and license fees.

The relatively recent statistics on bilateral service trade provided by Eurostat and explored by Tørsløv *et al.* (2019) could provide further insights about the magnitude of these types of flows, either directly between Belgium and its 14 preferred partner countries, but also indirectly, given the wider treaty network of the partner countries (as exposed in Section 1.2.4). In this context, following the classification of services according to the BPM6 methodology, service categories SH – Charges for the use of intellectual property (which comprises franchises and trademarks licensing fees, licenses for the use of outcomes of R&D and licenses for the distribution of software and audio-visual products) and SJ – Other business services (which comprises R&D services, patents and copyrights, among others) would be of special relevance given the fact that these refer to transfers involving intangibles.

However, this data comes with two main limitations in the specific context of the analysis at hand. First, as the data concerns EU countries, data on the flows between the 14 partner countries and the non-EU countries identified in Table 2.17. As such, we limit our analysis to Belgium plus the 6 other EU countries identified (Germany, Ireland, France, Luxembourg, Netherlands, and United Kingdom).[245] Second, we limit our analysis to **total flows** as the detail on the targeted service categories is rarely available for the 14 partner countries. We present these flows in percentage of the total exports and imports of the EU-28 and the group of 7 EU countries to/from the 14 partner countries, and then complement the analysis by using data on the standard BoP from the accounting point of view of the 14 partner countries, *i.e.* exports to and imports from the rest of the world, to calculate the difference between these flows and the flows between the 7 EU countries (from the accounting perspective of the EU countries) and the 14 partners countries (from the accounting perspective of the 14 partner countries). Table 2.26 summarises the results.

245 The United Kingdom is still regarded as an EU country, as the data used concern 2019 in this instance, when Brexit was not yet in place.

Table 2.26 Bilateral service trade balance in million euro, 2019

Partner	Panel a) Exports (credit) from seven EU-countries and the rest of the world																							Rest of the world[1]	Differenc e w.r.t. 7 EU countries
	EU-28	7 EU countries	Belgium			Germany			Ireland			France			Luxembourg			Netherlands			United Kingdom				
	M euro	M euro	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries		
Benin	249.20	147.30	19	7.6	12.9	n,a,	-	-	0	0.0	0.0	122	49.0	82.8	1	0.4	0.7	5.3	2.1	3.6	0.0	0.0	0.0	717.20	569.90
Burkina Faso	274.60	221.50	20	7.3	9.0	n,a,	-	-	1	0.4	0.5	176	64.1	79.5	17	6.2	7.7	2.9	1.1	1.3	4.6	1.7	2.1	1,300.74	1,079.24
Burundi	24.10	22.50	10	41.5	44.4	3	12.4	13.3	0	0.0	0.0	3	12.4	13.3	0	0.0	0.0	6.5	27.0	28.9	0.0	0.0	0.0	200.17	177.67
DR Congo	393.20	329.20	113	28.7	34.3	21	5.3	6.4	1	0.3	0.3	96	24.4	29.2	14	3.6	4.3	22.7	5.8	6.9	61.5	15.6	18.7	2,011.89	1,682.69
Guinea	308.40	164.20	21	6.8	12.8	n.a.	-	-	0	0.0	0.0	88	28.5	53.6	1	0.3	0.6	6.4	2.1	3.9	47.8	15.5	29.1	756.76	592.56
Mali	405.70	264.80	9	2.2	3.4	15	3.7	5.7	0	0.0	0.0	150	37.0	56.6	7	1.7	2.6	4.1	1.0	1.5	79.7	19.6	30.1	1,844.60	1,579.80
Morocco	5,021.80	3,194.70	103	2.1	3.2	181	3.6	5.7	97	1.9	3.0	2,298	45.8	71.9	16	0.3	0.5	161.3	3.2	5.0	338.4	6.7	10.6	8,573.95	5,379.25
Mozambique	713.00	294.10	12	1.7	4.1	24	3.4	8.2	8	1.1	2.7	n.a.	-	-	12	1.7	4.1	21.6	3.0	7.3	216.5	30.4	73.6	2,509.02	2,214.92
Niger	182.30	128.20	9	4.9	7.0	13	7.1	10.1	n,a,	-	-	100	54.9	78.0	0	0.0	0.0	2.8	1.5	2.2	3.4	1.9	2.7	951.56	823.36
Palestine	n.a.	5.40	2	-	37.0	n.a.	-	-	0	-	0.0	n.a.	-	-	1	-	18.5	2.4	-	44.4	n.a.	-	-	-	-
Rwanda	127.90	80.10	17	13.3	21.2	16	12.5	20.0	n,a,	-	-	5	3.9	6.2	9	7.0	11.2	24.0	18.8	30.0	9.1	7.1	11.4	919.06	838.96
Senegal	855.80	626.20	48	5.6	7.7	25	2.9	4.0	n,a,	-	-	398	46.5	63.6	18	2.1	2.9	82.5	9.6	13.2	54.7	6.4	8.7	1,482.86	856.66
Tanzania	346.60	202.50	10	2.9	4.9	34	9.8	16.8	2	0.6	1.0	40	11.5	19.8	13	3.8	6.4	50.0	14.4	24.7	53.5	15.4	26.4	1,568.27	1,365.77
Uganda	356.60	181.50	7	2.0	3.9	19	5.3	10.5	n.a.	-	-	n.a.	-	-	4	1.1	2.2	26.2	7.3	14.4	125.3	35.1	69.0	2,392.39	2,210.89
Total	**9,259.20**	**5,862.20**	**400**	**4.3**	**6.8**	**351**	**3.8**	**6.0**	**109**	**1.2**	**1.9**	**3,476**	**37.5**	**59.3**	**113**	**1.2**	**1.9**	**418.7**	**4.5**	**7.1**	**994.5**	**10.7**	**17.0**	**25,228.46**	**19,371.66**

Table 2.26 Bilateral service trade balance in million euro, 2019 (continued)

Partner	Panel b) Imports (debit) from seven EU countries and the rest of the world: EU-28	7 EU countries	Belgium			Germany			Ireland			France			Luxembourg			Netherlands			United Kingdom			Rest of the world [2]	Difference w.r.t. 7 EU countries
	M euro	M euro	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries	M euro	% EU-28	% 7 countries		
Benin	171.7	93.4	8	4.7	8.6	n.a.	-	-	0	0.0	0.0	83	48.3	88.9	0	0.0	0.0	2.4	1.4	2.6	0.0	0.0	0.0	470.43	377.03
Burkina Faso	106.4	73.3	9	8.5	12.3	n.a.	-	-	0	0.0	0.0	49	46.1	66.8	3	2.8	4.1	5.5	5.2	7.5	6.8	6.4	9.3	480.62	407.32
Burundi	7.4	4.4	2	27.0	45.5	n.a.	-	-	0	0.0	0.0	1	13.5	22.7	0	0.0	0.0	1.4	18.9	31.8	0.0	0.0	0.0	91.63	87.23
DR Congo	207.8	71.6	41	19.7	57.3	n.a.	-	-	0	0.0	0.0	n.a.	-	-	9	4.3	12.6	4.5	2.2	6.3	17.1	8.2	23.9	126.31	54.71
Guinea	148.6	91.0	12	8.1	13.2	n.a.	-	-	0	0.0	0.0	75	50.5	82.4	0	0.0	0.0	1.7	1.1	1.9	2.3	1.5	2.5	84.91	-6.09
Mali	387.2	204.0	5	1.3	2.5	n.a.	-	-	0	0.0	0.0	187	48.3	91.7	2	0.5	1.0	5.4	1.4	2.6	4.6	1.2	2.3	524.61	320.61
Morocco	6,624.0	3,599.3	134	2.0	3.7	n.a.	-	-	n.a.	-	-	2,495	37.7	69.3	41	0.6	1.1	326.6	4.9	9.1	602.7	9.1	16.7	17,228.29	13,628.99
Mozambique	347.6	77.2	3	0.9	3.9	n.a.	-	-	1	0.3	1.3	n.a.	-	-	0	0.0	0.0	7.1	2.0	9.2	66.1	19.0	85.6	828.82	751.62
Niger	154.9	79.4	7	4.5	8.8	n.a.	-	-	0	0.0	0.0	64	41.3	80.6	1	0.6	1.3	1.7	1.1	2.1	5.7	3.7	7.2	232.05	152.65
Palestine	n.a.	13.4	1	-	7.5	n.a.	-	-	1	-	7.5	9	-	67.2	1	-	7.5	1.4	-	10.4	n.a.	-	-	-	-
Rwanda	47.6	23.1	11	23.1	47.6	n.a.	-	-	n.a.	-	-	3	6.3	13.0	1	2.1	4.3	4.7	9.9	20.3	3.4	7.1	14.7	0.16	-22.94
Senegal	855.6	593.3	22	2.6	3.7	n.a.	-	-	6	0.7	1.0	515	60.2	86.8	8	0.9	1.3	26.4	3.1	4.4	15.9	1.9	2.7	1,241.05	647.75
Tanzania	718.3	339.0	46	6.4	13.6	n.a.	-	-	n.a.	-	-	112	15.6	33.0	12	1.7	3.5	33.4	4.6	9.9	135.6	18.9	40.0	3,810.58	3,471.58
Uganda	296.1	105.3	17	5.7	16.1	n.a.	-	-	1	0.3	0.9	n.a.	-	-	2	0.7	1.9	13.5	4.6	12.8	71.8	24.2	68.2	1,806.33	1,701.03
Total	10,073.2	5,367.7	318	3.2	5.9	0	0.0	0.0	9	0.1	0.2	3,593	35.7	66.9	80	0.8	1.5	435.7	4.3	8.1	932.0	9.3	17.4	26,925.79	21,571.49

[1] From the accounting perspective of the 14 preferred partner countries (i.e., exports from the 7 EU countries' perspective correspond to imports from the 14 partner countries' perspective).
[2] From the accounting perspective of the 14 preferred partner countries (i.e., imports from the 7 EU countries' perspective correspond to exports from the 14 partner countries' perspective).
Source Eurostat [BOP_ITS6_DET] and IMF

From the data above it is possible to infer that, among the 7 EU countries, France has the highest level of exports of services to the 14 preferred partner countries, representing 59.3% of the exports made by the 7 EU countries and 37.5% of the exports made by the EU-28. The United Kingdom follows with 17.0% and 10.7% of total exports made by the 7 EU countries and the EU-28, respectively. Turning to imports, France is responsible for 66.9% of the imports made from the 7 EU countries from the 14 partner countries, and for about 35.7% of the imports from the EU-28. It is once again followed by the United Kingdom, with 17.4% and 9.3% of total imports made by the 7 EU countries and the EU-28, respectively.

2.6 Foreign Direct Investment and investment income

Foreign direct investment (FDI) is the ownership and control of foreign assets (Mohs, Wnek & Galloway, 2018). This includes for example mergers and acquisitions (M&A), manufacturing, logistics, *etc.* For instance, a French company acquires a Moroccan company (acquisition), a German company builds a factory in Guinea (manufacturing), or a Belgian company opens a warehouse in Luxembourg (logistics). Several reasons for MNEs to participate in FDI are increasing sales and profits, entering rapidly emerging markets, reducing costs, gaining a foothold in economic blocs, protecting foreign and domestic markets, and acquiring technological and managerial know-how (Mohs *et al.*, 2018).

As we saw in Section 2.2 and more specifically in Table 2.3, FDI can also be a vulnerable trading channel for IFF. This is the most vulnerable channel for Belgium, Burkina Faso, Mozambique, Niger, and Palestine (inward), and for Morocco (outward) (Cobham *et al.*, 2020). In other studies, FDI is also mentioned as a way to take advantage of tax rules and regulations. For instance, Kosters *et al.* (2013) analysed the tax treaties between the Netherlands and selected developing countries. It was found that certain tax treaties can have a certain 'pull'-effect on FDI through the Netherlands. Nevertheless, FDI streams were also considerable towards non-treaty countries, which indicates that other factors are also still at play.

Furthermore, Ahmed *et al.* (2020) found a strong positive association between tax haven use and FDI into countries characterised by low economic development and extreme levels of capital flight. Thus, especially in countries where economic development is low and capital flight is high, a lot of FDI flows in. In their report, they quote the capital flight as % of GDP as found by Global Financial Integrity. This percentage lies below 2% for DR Congo and Tanzania, between 2% and 5% in Benin, Burundi, Morocco, Mozambique, Niger, and Uganda, and between 5% and 10% in Burkina Faso, Rwanda, Senegal, Mali, and Guinea. Although the general idea is that western countries are pouring money into Africa through ODA among others, the opposite appears to be true. It has been found that Africa has been a net creditor to the rest of the world for decades, indicating that capital has been flowing out of the continent, which can happen legally or illegally, through IFF (Iorio, 2019).

Janský and Palanský (2019) observe that the higher the share of FDI from tax havens, the lower the reported rate of return on inward FDI. This lower rate of return is attributed to profit shifting practices, based on the proposition that a higher share of FDI from tax havens is associated with a higher tendency to shift profits to these tax havens. Moreover, the three main channels of profit shifting recognised in the literature - debt shifting, location of intangible assets and manipulation of transfer prices - are considered to be reflected in the observed relationship between the share of FDI from tax havens and the lower rate of return on that investment, through inflated interest and royalty payments to the tax havens and inflated exports from the tax havens to the other countries. Using FDI data from IMF's Coordinated Investment Survey (CDIS) and balance of payments statistics (BoP), the authors estimate the scale of profit shifting and tax revenue losses. These losses amount to 389.4 million USD in Mozambique, 170.9 million USD in Uganda, 25.1 million USD in Mali, 7.5 million USD in Burkina Faso, 1.8 million USD in Niger and 1.2 million USD in Benin.

Although FDI should certainly be considered as an important channel when analysing tax avoidance, it should be kept in mind that taxes are only one of many factors that influence the decision of MNEs to carry out FDI (Mohs *et al.*, 2018).

FDI can be analysed from three different perspectives:
- FDI **positions/stocks**: show at a point in time the value of financial direct investment assets/ liabilities of residents of an economy on/to non-residents. These are recorded in the International Investment Positions (I.P.P.) statements;
- FDI **flows**: financial transactions showing the net acquisition or disposal of financial assets and liabilities involved in direct investment relationships. These are recorded in the financial account of the balance of payments; and
- FDI **income**: distributive transactions showing amounts payable and receivable between resident and non-resident entities in return for providing financial direct investment assets or incurring direct investment liabilities with the rest of the world. These are recorded in the primary income account of the balance of payments.

Moreover, two different presentation principles can be followed (see appendix 5, based on OECD, 2014b):
- assets and liabilities principle: allocates the balance of payments/I.P.P. data according to whether the investment relates to an asset or a liability; and
- directional principle: organises the FDI data according to the direction of the direct investment relationship, either abroad or in the reporting economy. Namely, FDI data are classified under:
  - direct investment abroad (DIA): when the resident entity is the direct investor and the non-resident entity is the direct investment enterprise (outward); or
  - direct investment in the reporting economy (DIRE): when the resident entity is the direct investment enterprise and the non-resident entity is the direct investor (inward).

The difference in the approach is that in assets position of a country as well assets of national parents in foreign affiliates are included, but also assets of resident affiliates in foreign parents. In the outward position of a country assets of national parents in foreign affiliates are presented, minus the position of foreign affiliates in resident parents. In liabilities, as well foreign parents' assets (equity and lending) to residential affiliates are included, but also foreign affiliates equity and lending to resident parents. In the inward approach foreign parents' equity and lending towards resident affiliates are represented minus resident affiliates equity in and lending to foreign parents.

Table 2.27 below contains data on the international investment positions of Belgium and its 14 preferred partner countries, in terms of the amount of **assets and liabilities** pertaining to direct investment, portfolio investment and the three remaining investment categories (other investment, financial derivatives and reserve assets) for the year 2018 (latest available data). It shows that the 14 preferred partner countries (with the exception of Palestine, for which there was no data available) are debtor nations, with a combined amount of FDI assets on non-residents of 8,404,89 million USD, while the combined amount of FDI liabilities to non-residents reaches 182,148,50 million USD.

Table 2.27 International investment positions, million USD (2018)

Country	Assets			Liabilities			Net I.I.P.
	Direct investment	Portfolio investment	Other investment categories	Direct investment	Portfolio investment	Other investment categories	
Belgium	2,280,780.68	748,998.32	510,963.34	987,847.61	636,263.91	475,941.48	180,728.83
Partner countries							
Benin	455.39	1,266.51	1,777.99	2,824.62	880.02	5,280.61	-5,485.36
Burkina Faso	180.70	4,337.72	5,705.75	3,458.36	3,653.09	9,934.15	-6,821.43
Burundi	2.41	138.86	549.78	226.68	3.49	2,363.80	-1,902.92
DR Congo	1,079.75	198.37	5,976.10	23,322.39	49.63	6,135.54	-22,253.34
Guinea	4.35	1.12	3,534.62	2,488.85	26.34	2,446.03	-1,421.13
Mali	13.88	949.70	1,674.42	3,929.94	895.86	5,611.13	-7,798.92
Morocco	5,418.22	1,161.83	32,222.92	64,135.30	10,561.33	40,813.83	-76,707.49
Mozambique	58.66	17.16	11,560.13	39,729.86	497.38	23,774.07	-52,365.35
Niger	189.89	372.87	1,546.15	7,306.39	799.88	4,646.30	-10,643.66
Palestine	-	-	-	-	-	-	-
Rwanda	73.91	127.00	1,835.38	2,283.71	517.61	4,155.08	-4,920.11
Senegal	754.72	1,843.73	5,904.00	4,571.60	5,268.00	10,262.41	-11,599.55
Tanzania	-	0.67	7,494.60	14,555.59	32.90	22,816.78	-29,910.01
Uganda	173.00	1,032.97	5,114.24	13,315.21	257.34	9,971.17	-17,223.52
Total (partner countries)	**8,404.89**	**11,448.51**	**84,896.08**	**182,148.50**	**23,442.86**	**148,210.90**	**-249,052.78**
Total	**104,749.48**			**353,802.26**			**-249,052.78**

Source IMF [International Investment Position by Country]

The bilateral **inward and outward** FDI positions between the 14 preferred partner countries and Belgium and the ten countries used in Table 2.17 in the network analysis (China, France, Germany, Ireland, Luxembourg, Mauritius, Netherlands, United Arab Emirates United Kingdom and United States) from IMF's CDIS are presented in Table 2 28. Those countries are identified in Table 2.17 as potential contributing to IFF or are important neighbouring countries of Belgium that might be used in tax (treaty) shopping. We call them a 'wider tax treaty network'. In addition to the inward/outward FDI stocks from the perspective of Belgium and the wider tax treaty network countries, mirror data from the perspective of the 14 preferred partner countries is also presented. It should be noted that, in contrast with the data on the I.P.P., which was presented according to the assets and liabilities principle, the data is now presented according to the directional principle.

Inward FDI stocks range between 3,720.93 and 2,246.45 million USD, while outward FDI stocks range between 39,972.22 and 66 750.55 million USD, given the existing bilateral asymmetries. These asymmetries might be due to limitations faced by economies in their compilation process or the use of methodologies deviating from the standards, among other factors (Angulo & Hierro, 2017).

Regarding outward FDI stocks, France has the highest percentage among the 11 countries (around 25.00%-38.28%), followed by the United Arab Emirates (around 24.72%), the Netherlands (around 9.91%-18.53%) and Mauritius (13.34%-17.03%). Also, when it comes to inward FDI stocks, France has the highest weight among the selected countries, at about 47.94%-64.38%. Nevertheless, the analysis is somewhat limited by the lack of available data for certain countries and the existing bilateral discrepancies.

In the inward approach towards the 11 selected countries from the 14 partner countries, the assets of foreign parents of the 14 are included, minus the assets of resident affiliates to the parents abroad. In the outward approach of the 11 towards the 14 partner countries, the assets of the parent companies of the 11 countries are included, minus the assets of foreign affiliates in the 14 to the parent companies in the 11 countries.

Although the assets/liabilities approach is clearly distinguished from the outward/inward presentation, both presentations represent similar flows of financial dependency (OECD, 2014b). Note that the difference between Table 2.27and Table 2.28 is that in the latter only the international dependency for 11 countries is brought into the picture, and it also reveals the limited impact of Belgium within those 11 countries.

Table 2.28 Inward/outward direct investment positions (stock) as reported by the 11 countries and the 14 preferred partner countries, million USD (2019)

Partner countries	11 countries (Belgium and wider treaty network)				Belgium				China				France				Germany				Ireland			
	Inward in 11	Mirror (outward from 14)	Outward from 11	Mirror (inward in 14)	Inward	Mirror (outward)	Outward	Mirror (inward)	Inward	Mirror (outward)	Outward	Mirror (inward)	Inward	Mirror (outward)	Outward	Mirror (inward)	Inward	Mirror (outward)	Outward	Mirror (inward)	Inward	Mirror (outward)	Outward	Mirror (inward)
Benin	2.04	132.61	273.38	1,468.07	0.45	-	12.47	-	1.37	-	73.36	321.92	-	128.04	167.96	1,005.09	0.22	-	-	-	0.00	-	0.00	-
Burkina Faso	14.62	6.96	345.45	472.44	0.34	0.00	-	0.77	1.28	0.00	0.13	0.00	-	6.45	315.70	261.27	0.00	0.00	-	18.33	0.00	0.00	0.00	0.00
Burundi	17.11	0.00	205.88	0.00	0.11	-	2.25	-	0.00	-	2.55	-	-	-	-	-	0.00	-	0.90	-	0.00	-	0.00	-
D.R. Congo	-32.88	0.00	4,237.85	0.00	-5.62	-	216.59	-	1.34	-	1,604.49	-	-	-	184.14	-	1.35	-	-	-	0.00	-	0.00	-
Guinea	84.31	1.81	1,186.76	1,158.60	1.69	-	212.43	-	0.62	-	104.36	77.89	-	-	182.42	146.93	-	-	0.45	-	0.00	-	0.00	0.18
Mali	5.60	16.86	-11.86	850.33	3.59	0.00	-	-	0.75	0.00	179.59	0.00	-	16.71	146.41	190.09	0.00	0.00	-	17.59	0.00	0.00	0.00	0.00
Morocco	2,416.95	2,088.21	14,867.73	24,211.49	54.71	55.42	253.10	413.05	32.27	-	142.81	-	1,964.67	925.71	11,316.28	9,731.67	-39.21	-	1,033.53	203.33	7.86	-	94.37	566.45
Mozambique	112.60	0.00	5,565.34	21,837.49	-	-	-4.83	669.59	13.95	-	405.79	685.89	-	-	-	706.39	-	-	71.00	436.20	-	-	790.87	364.46
Niger	10.25	0.00	1,151.59	5,519.43	8.31	-	-0.11	1.06	0.06	-	494.23	2,677.72	-	-	560.46	2,836.34	0.00	-	-	1.06	-	-	0.00	-
Palestine	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rwanda	79.62	0.00	889.79	1,387.33	3.37	-	10.56	54.61	0.00	-	14.26	20.96	-	-	-	9.60	0.00	-	-	5.32	0.00	-	0.00	0.00
Senegal	518.75	0.00	3,446.11	2,801.18	13.48	-	-	0.43	-0.11	-	180.03	163.78	430.76	-	2,427.71	1,609.20	0.00	-	17.97	67.59	-	-	0.00	-
Tanzania	221.86	0.00	4,669.50	7,044.20	-	-	0.00	259.20	1.36	-	582.81	671.80	-	-	-	188.00	-	-	74.59	16.90	0.00	-	0.00	2.80
Uganda	270.10	0.00	3,144.70	0.00	-	-	-	-	0.09	-	381.99	-	-	-	-	-	0.11	-	7.41	-	0.00	-	0.00	-
Total	**3,720.93**	**2,246.45**	**39,972.22**	**66,750.55**	**80.44**	**55.42**	**702.46**	**1,398.72**	**52.99**	**0.00**	**4,166.40**	**4,619.96**	**2,395.43**	**1,076.90**	**15,301.08**	**16,684.57**	**-37.52**	**0.00**	**1,205.86**	**766.31**	**7.86**	**0.00**	**885.24**	**933.90**
(%)	**(100.00)**	**(100.00)**	**(100.00)**	**(100.00)**	**(2.16)**	**(2.47)**	**(1.76)**	**(2.10)**	**(1.42)**	**(0.00)**	**(10.42)**	**(6.92)**	**(64.38)**	**(47.94)**	**(38.28)**	**(25.00)**	**(-1.01)**	**(0.00)**	**(3.02)**	**(1.15)**	**(0.21)**	**(0.00)**	**(2.21)**	**(1.40)**

Table 2.28 Inward/outward direct investment positions (stock) as reported by the 11 countries and the 14 preferred partner countries, million USD (2019) (continued)

Partner countries	Luxembourg				Mauritius				Netherlands				United Arab Emirates				United Kingdom				United States			
	Inward	Mirror (outward)	Outward	Mirror (inward)	Inward	Mirror (outward)	Outward	Mirror (inward)	Inward	Mirror (outward)	Outward	Mirror (inward)	Inward	Mirror (outward)	Outward	Mirror (inward)	Inward	Mirror (outward)	Outward	Mirror (inward)	Inward	Mirror (outward)	Outward	Mirror (inward)
Benin	-	0.86	0.08	2.13	-	3.71	22.00	80.91	0.00	-	-4.49	-	-	-	-	30.51	0.00	-	0.00	26.58	0.00	-	2.00	0.95
Burkina Faso	-	0.00	1.25	0.00	13.00	0.38	25.00	1.22	0.00	0.00	3.37	6.63	-	0.00	-	0.28	0.00	0.00	0.00	183.36	0.00	0.14	0.00	0.58
Burundi	0.00	-	5.86	-	17.00	-	19.20	-	0.00	-	174.13	-	-	-	-	-	0.00	-	0.00	-	0.00	-	1.00	-
D.R. Congo	-0.74	-	-43.44	-	-	-	-	-	-29.21	-	2,186.14	-	-	-	-	-	0.00	-	3.94	-	0.00	-	86.00	-
Guinea	0.00	-	8.10	0.54	82.00	1.81	411.00	43.34	0.00	-	0.00	10.57	-	-	-	220.00	0.00	-	-	519.00	-	-	268.00	140.15
Mali	0.00	0.00	-337.87	16.38	-	0.00	-	0.04	2.25	0.00	0.00	0.14	-	-	-	-	0.00	0.00	0.00	625.76	-1.00	0.15	0.00	0.33
Morocco	170.77	457.05	813.48	275.76	304.56	229.39	441.72	225.47	-51.68	100.30	395.44	722.66	-	79.04	-	11,169.10	-	224.97	-	629.71	-27.00	16.32	377.00	274.29
Mozambique	-0.61	-	2.27	0.00	106.00	-	2,844.67	6,469.54	-6.74	-	1,278.43	4,121.10	-	-	-	4,709.67	0.00	-	177.14	3,673.65	0.00	-	-	0.99
Niger	-	-	-	-	3.00	-	15.00	-	-1.12	-	82.01	3.26	-	-	-	-	0.00	-	0.00	-	0.00	-	0.00	-
Palestine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rwanda	0.00	-	9.06	60.62	74.00	-	806.71	911.27	2.25	-	38.20	106.77	-	-	-	60.45	0.00	-	-	47.20	0.00	-	11.00	110.53
Senegal	-	-	163.79	19.33	69.00	-	636.00	-	5.62	-	5.62	-	-	-	-	57.89	0.00	-	-	769.11	-	-	15.00	113.85
Tanzania	-15.67	-	14.35	88.20	220.00	-	817.20	1,173.80	11.23	-	1,519.96	1,642.40	-	-	-	250.00	3.94	-	149.59	1,979.60	1.00	-	1,511.00	771.50
Uganda	0.00	-	0.00	-	107.00	-	769.00	-	162.89	-	1,727.79	-	-	-	-	-	0.00	-	216.50	-	0.00	-	42.00	-
Total	**153.75**	**457.91**	**636.92**	**462.95**	**995.56**	**235.29**	**6,807.51**	**8,905.59**	**95.49**	**100.30**	**7,406.58**	**6,613.53**	**-**	**79.04**	**-**	**16,497.89**	**3.94**	**224.97**	**547.17**	**8,453.96**	**-27.00**	**16.62**	**2,313.00**	**1,413.17**
(%)	**(4.13)**	**(20.38)**	**(1.59)**	**(0.69)**	**(26.76)**	**(10.47)**	**(17.03)**	**(13.34)**	**(2.57)**	**(4.46)**	**(18.53)**	**(9.91)**	**-**	**(3.52)**	**-**	**(24.72)**	**(0.11)**	**(10.01)**	**(1.37)**	**(12.67)**	**(-0.73)**	**(0.74)**	**(5.79)**	**(2.12)**

Source IMF [CDIS Table 3]

Table 2.29 turns to the analysis of direct investment income (the portfolio investment income is not included), which is composed of dividends, reinvested earnings, and interest. The direct investment income debits from the 14 preferred partner countries to Belgium, as well as the direct investment income credits to Belgium from the 14 preferred partner countries, are calculated using data from IMF's CDIS and BoP. The underlying assumption is that the FDI income debits from the 14 partner countries to Belgium can be calculated as a percentage of the total FDI income debits of the 14 partner countries, that percentage being the weight of inward direct investment from Belgium in the total inward direct investment made by the rest of the world in the 14 partner countries (Table 2.29). Similarly, FDI income credits (from Belgium's accounting perspective) are calculated by means of the weight of Belgium's outward investment in the 14 partner countries in Belgium's total outward investment in the rest of the world (Table 2.30).

The total inward direct investment stock reported by the partner countries in 2019 amounts to 123,003.95 million USD, from which about 1,842.46 million USD corresponds to Belgium's position. This stock has generated an amount of FDI income payments of 4,413.54 million USD to the rest of the world, 64.30 million USD of which to Belgium. The highest payment was made by Morocco (23.25 million USD), followed by D.R. Congo (16.16 million USD), Tanzania (13.56 million USD), Guinea (6.3 million USD), Rwanda (3.08 million USD) and Mozambique (1.63 million USD), while the remaining countries made payments of under 1 million USD.

Table 2.29 Direct investment income debits from the partner countries of Belgium perspective, million USD (2019)

Partner countries	A [3]	B [3]	C=B/A	D [3]	E=C*D
	Total inward direct investment (stock) reported by the partner countries	Inward direct investment (stock) from Belgium reported by the partner countries	%	Total direct investment income debits reported in the partner countries BoP	Direct investment income debits from the partner countries to Belgium (million USD)
Benin	2,968.22	12.47 [1]	0.42	31.14	0.13
Burkina Faso	3,493.60	0.77	0.02	492.09	0.11
Burundi	207.62 [2]	2.25 [1]	1.08	1.71	0.02
DR Congo	6,066.35 [2]	216.59 [1]	3.57	452.52	16.16
Guinea	2,489.78	212.43 [1]	8.53	73.84	6.30
Mali	-	-	-	-	-
Morocco	30,870.89	413.05	1.34	1,737.80	23.25
Mozambique	47,001.47	669.59	1.42	114.50	1.63
Niger	6,616.79	1.06	0.02	132.77	0.02
Palestine	-	-	-	-	
Rwanda	2,546.90	54.61	2.14	143.64	3.08
Senegal	5,642.44	0.43	0.01	443.34	0.03
Tanzania	15,099.90	259.20	1.72	790.19	13.56
Uganda	-	-	-	-	-
Total	**123,003.95**	**1,842.46**	**1.50**	**4,413.54**	**64.30**

[1] Outward position reported by Belgium was used when the inward position reported by the partner countries was not available.
[2] Mirror data for total inward direct investment was used.
[3] Column A and B are based on the directional approach; D is based on the assets/liabilities principle.
Source IMF [CDIS Table 3 and balance of payments standard presentation by country]

When applying the same exercise from Belgium's outward direct investment perspective, Belgium's FDI position abroad amounts to 649,486.18 million USD, from which 962.86 million USD corresponds to Belgium's position in the 14 partner countries. This stock has generated income receipts of 44,832.34 million USD, from which 66.46 million USD originated from the 14 partner countries. The highest payment was made by Tanzania (17.89 million USD), followed by Morocco (17.47 million USD), D.R. Congo (14.95 million USD) and Guinea (14.66 million USD), while the remaining countries made payments of under 1 million USD. The calculations in both tables are the mirror of each other, from the perspective of payments of the partner countries respectively the receipts in Belgium. They result in similar total figures and also the most substantial bilateral relations (Morocco and Tanzania) pop up. How tax treaties can play a role was illustrated in Section 1.2.2 above.

Table 2.30 Direct investment income (credits) from the partner countries, Belgium's perspective, million USD (2019)[1]

Country	A [2]	B [2]	C=B/A	D [2]	E=C*D
	Total outward direct investment (stock) reported by Belgium	Outward direct investment (stock) by Belgium reported by Belgium	%	Total direct investment credits reported in Belgium BoP	Direct investment income credits to Belgium from the partner countries (million USD)
Belgium	649,486.18	-		44,832.34	
Partner countries					
Benin	-	12.47	0.00	-	0.86
Burkina Faso	-	0.77	0.00	-	0.05
Burundi	-	2.25	0.00	-	0.16
D.R. Congo	-	216.59	0.03	-	14.95
Guinea	-	212.43	0.03	-	14.66
Mali	-	-	-	-	-
Morocco	-	253.10	0.04	-	17.47
Mozambique	-	-4.83	0.00	-	-0.33
Niger	-	-0.11	0.00	-	-0.01
Palestine	-	-	-	-	-
Rwanda	-	10.56	0.00	-	0.73
Senegal	-	0.43	0.00	-	0.03
Tanzania	-	259.20	0.04	-	17.89
Uganda	-	-	-	-	-
Total	**649,486.18**	**962.86**	**0.15**	**44,832.34**	**66.46**

1 Inward position reported by the partner countries was used when the outward position reported by Belgium was not available.
2 Column A and B are based on the directional approach; D is based on the assets/liabilities principle.
Source IMF

3 | Conclusion

‘Member States of the European Union themselves have to realise that under some angles each of them is a paradise relative to the citizens of the others’. This is about taxation, and it is a quote of previous European Commissioner Mario Monti (2009). It should not surprise us that this also holds for the rest of the world, including our relations with the 14 present preferred partner countries for development. The legal part of this report provides an overview of the fiscal rules that might create missed fiscal revenue for concerned constituencies.

As a kind of bridge between the economic and more empirical part, we recall this concern about Belgium being a potential tax haven. Situated between and undoubtedly qualified as a tax escape route of the Netherlands and Luxembourg, it should not surprise us that also Belgium has some of those characteristics. Belgium, together with many other European countries, pops up in several lists of tax havens, of a more official *versus* more partisan nature. In the well-known list of the Tax Justice Network, Belgium is listed 16th in a ranking of jurisdictions most complicit in helping multinational corporations underpay corporate income tax. In academic research as well, Belgium shows up between tax havens in one study, ... or not any more in another study. Belgium can benefit from financial flows that imply additional tax revenue but can also lose tax revenue to other countries. A recent study of Oxfam groups Belgium between five important jurisdictions where banks earn profits. Others call it a sign of competitiveness of the national tax system, in a context of international tax competition, non-taxation, tax avoidance. Only international cooperation can stop this. But it is also a matter of rising concern and awareness at national level.

In the second part of this summary, we synthesise the empirical evidence, original or based on other studies, on the forms of potential missed tax revenue in those partner countries, and the potential role that the economic linkages between Belgium and those countries can play. It reveals that the potential data sources that might be used are still in either in an early stage of development or are limited especially in the considered partner countries because the statistical registers need to be developed further, but especially are difficult to be interpreted at a detailed (granular) level. Other international studies helped to situate, however, some of the importance.

3.1 Conclusion on the legal fiscal framework in Belgium

In Chapter 1, we have given an overview of the features of the relevant legal framework that determines the position of Belgium in tax matters in relation to the partner countries in scope of the analysis. This overview concerned both international law and domestic law.

From the perspective of international law, that position is mainly determined by the tax treaties that Belgium has concluded with the partner countries. Belgium has concluded a tax treaty with five of those countries: the DR Congo, Morocco, Rwanda, Senegal, and Uganda. We have assessed whether those treaties are favourable for the partner countries by testing whether 11 selected treaty provisions are drafted in accordance with the OECD model Convention or the UN model convention (under the assumption that treaty provisions drafted in accordance with the UN model convention are more favourable for developing countries). The conclusion from that analysis was that there does not seem to be a specific policy that informs Belgium’s position in negotiating treaties with the selected countries. It is however remarkable that provisions allowing for higher withholding tax rates on dividends and interest than under the OECD model can only be found in the two oldest treaties, the (now terminated) 1972 treaty with Morocco and the 1987 treaty with Senegal (with the exception of the dividend article in the 2007 treaty with DR Congo).

In order to assess the impact of Belgium's tax treaty policy on the partner countries' budget, we have considered the potential impact of the maximum withholding tax rates on dividends and interest as agreed in the relevant tax treaties. We apply the Belgian tax rates however to the total of income flows, while in reality the Belgian share in FDI in those partner countries is only 1.5%. This analysis suggested that Belgium's tax treaties mainly affect the withholding tax on direct investment dividends in Morocco (117 million USD of revenue potentially foregone); the withholding tax on portfolio interest in the DRC (98 million USD of revenue potentially foregone); and the withholding tax on direct investment dividends and portfolio interest in Uganda (14 million USD and 12 million USD of revenue potentially foregone, respectively). In a stylised way, the Belgian share in this foregone tax revenue is only 1.5%. It should however be noted that the treaty with Uganda has not yet entered into force, as a result of which this treaty has not yet had any actual effect in practice. In addition, the analysis did not consider the possibility that signing the tax treaties led to increased investment from Belgium, and it only took account of the standard withholding tax rates in the partner countries, without considering potential reductions or exemptions that may apply under domestic law. The actual impact of the treaties is therefore likely lower, but the effect of those parameters is difficult to measure.

Our discussion of Belgium's tax treaties also addressed treaty shopping, *i.e.*, situations in which the benefits of tax treaties are claimed in situations where these benefits were not intended to be granted (for instance, by interposing a letterbox company as a conduit entity). While all the treaties in scope, with the exception of the 1972 treaty with Morocco, contain a beneficial ownership requirement, LOB and PPT rules (which are more robust measures to counteract treaty abuse) are only included in a limited number of treaties. Neither the 1972 treaty with Morocco nor the treaty with Uganda contains such a rule, while the treaties with Rwanda and the DR Congo contain a specific PPT rule the scope of which is restricted to the benefits of the tax sparing clause. The 2006 treaty with Morocco and the treaty with Senegal, on the other hand, contain a PPT-rule that is generally applicable.

We subsequently considered the position of Belgium in the wider treaty network of the partner countries, by looking at the 10 cases where a partner country has a tax treaty with a country that is either Mauritius or one of the five highest ranking jurisdictions in the 2021 Corporate Tax Haven Index, and the latter country also has a tax treaty with Belgium. That analysis revealed that several of the treaties, particularly those concluded with Mauritius, provide for low withholding tax rates on dividends and interest (in some cases even 0% rates), which may create opportunities for treaty shopping.

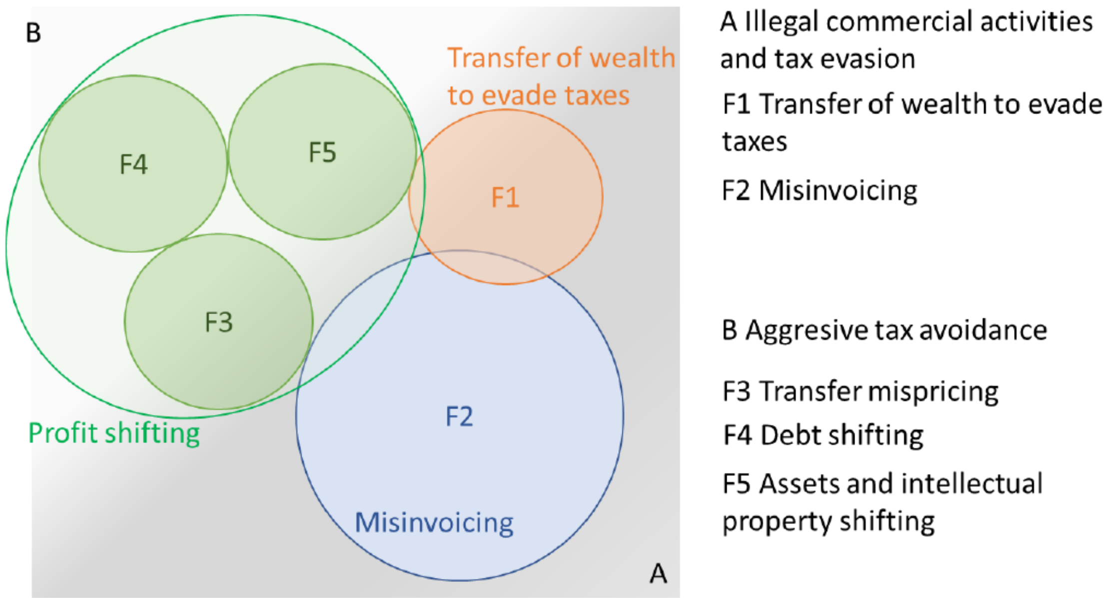
The second part of our analysis considered Belgian domestic tax law. We concluded that three elements in particular may have spillover tax effects on the partner countries: withholding tax reductions and exemptions for inbound and outbound dividend distributions (which create opportunities to use Belgium as a conduit state, especially when combined with an exemption for capital gains realised on shares); withholding tax reductions and exemptions for interest payments (for the same reason); and transfer pricing mechanisms.

A number of historically vulnerable elements of the Belgian tax system have recently been amended to mitigate base erosion and profit shifting concerns, most notably the preferential tax treatment of intellectual property and the rules on the deductibility of interest payments. Despite those amendments, however, the question remains whether and to what extent those regimes may have spillover effects.

3.2 Conclusions on the estimate of the missed tax revenue and the potential sources of it

Estimating the size of this potential effect is even more problematic. The growing international concern and awareness helps us to have some idea of the magnitude. This awareness is situated in the SDG's that want to bring under control this erosion of the financial means for national development. In a previous study we compared the national fight against tax evasion and avoidance with the fight against illicit financial flows. Although estimated internationally for more than a decade, it is only now going to become a manual for an overarching estimate of three dimensions of erosion of tax revenue and wealth of a nation: profit shifting, misinvoicing and illegal activities and tax evasion. But tax havens can also include a lack of control of tax evasion and in the end all kinds of other criminal activities.

Figure 3.1 Main types of tax and commercial illicit financial flows



Source UNCTAD (2021, p. 15)

We tried to identify the importance of those components in the relation between Belgium and the preferred partner countries. However, it is difficult to estimate the evaded or avoided tax revenue, so we must limit ourselves to the potential sources, since the missed revenue is dependent on the international economic relation linkages between Belgium and those countries.

Belgium, a country with some 11.5 million inhabitants and a GDP of 450 billion euro has a preferred relation with 14 partner countries, with a total population of 400 million and some 410 billion USD GDP. The size in population of almost the total EU. The GDP is almost the size of Belgium's GDP. Belgium's per capita income is some 45,500 euro, in purchasing power parity, while it is ranging from 676 euro in Burundi to 6,391 euro in Morocco. Those countries received some 343 million euro official development aid from Belgium in 2018, out of a total of official development aid that those countries receive of 21 billion euro. Those 14 partner countries generate some 47 billion euro tax revenue, of which 9.7 billion euro corporate tax revenue, illustrating the relative importance of corporate income tax for developing countries.

The illicit financial flows from those countries have been estimated repeatedly by Global Financial Integrity at some 17.7 billion USD, illustrating the size of missed resources of those countries, if you compare it with the total tax revenue. But the official guideline for national statistical offices to report on those flows is only recently launched on a feasibility phase by UNCTAD and UNODC (United Nations Office on Drugs and Crime), illustrating the blurred borderline between tax evasion and avoidance and criminal activities, not to neglect that tax evasion is an illegal activity.

If you compare it with macro-economic estimates of undeclared activities in those countries, they are estimated by a well know scholar on undeclared economy Schneider at some 121 billion USD.

The total corporate tax lost by profit shifting of multinational companies is estimated at 2.7 billion USD, or a quarter of total corporate income tax.

The total loss of tax revenue because of offshore wealth is estimated for some of those countries to amount in total to some 206 million USD.

The international efforts to create more transparency in tax base erosion and profit shifting, and the lost tax revenue that it implies is increasing. Among them is the CbCR of profits and paid or accrued taxes of multinational corporations. The total income tax accrued as a partner jurisdiction of multinational companies is 579 million USD. This information is used by Garcia-Bernardo and Janský (2021) to estimate the missed tax revenue.

Belgium is an important host country of multinational companies, but also a head office for others. Our own handling of the CbCR of those multinational companies in Belgium do not reveal however the linkages to the partner countries. If existing, they could only be situated in the group 'Other Africa'.

Some of those partner countries are however identified in the CbCR of other countries. It is especially Morocco, and to be found especially in the reporting by France.

The total missed income is for Belgium situated at some 606 euro; but Belgium is also benefitting from taxes on profits from other countries. For the 14 partner countries the tax revenue lost is estimated by Garcia-Bernardo and Janský (2021) on 1.5 billion euro.

A potential way of base erosion and profit shifting is via trade in services. According to the balance of payments statistics, the 14 partner countries exported around 25.2 billion euro and imported approximately 26.9 billion euro. The potential impact on tax revenue is however difficult to estimate. The share of Belgium in those flows is limited if not to say marginal.

Foreign direct investments also imply the risk of profit shifting and loss of tax revenue. According to official statistics on FDI they amount to some 10 billion USD, yearly. The total liabilities amount to 182 billion USD, to be topped up with other portfolio investment of 23 billion USD and other investment categories (loans) of some 148 billion USD. Those investments generated investment income payments of 4.2 billion USD in 2019, of which 3.1 billion USD in dividends, some 1 billion USD in reinvested income and some 189 million USD in interest.

The economic linkages between the Belgian economy and those 14 partner countries can also be traced back in meso-databanks, namely the accounts of individual firms, as the Orbis-database. This database provides information on the accounts but also the ownership of firms active in a country. Of the 2.5 million firms located in the 14 partner countries which can be found in the registers of Orbis, a maximum of 945,160 companies have a foreign shareholder with a minimum participation of at least 10%, but most of the time the location of this 'foreign' shareholder is not known. Of the 15 985 companies for which the location is known, 518 are situated in Belgium. This amounts to 3.2% of those companies with a foreign shareholder for which the location of the shareholder is known. The financial information that can be retrieved from this databank is however limited, and most of the time coming from Morocco. This picture does not change substantially if we put the limit at a minimum ownership of 50%. Then only 423 firms can be traced back to Belgium, as some 2.9% of those with an identified country of the shareholder have a Belgian majority shareholder. This is an inward picture from the perspective of the host countries, limited by the accounting registers in those countries.

More financial information is available when we look at the companies located in Belgium with a subsidiary in the 14 partner countries. We can find a maximum of 11,690 Belgian companies with a subsidiary of more than 10% anywhere in the rest of the world. Only 257 are situated in the 14 partner countries. When the ownership share is set at a minimum of 51%, those are reduced to, respectively, 8,900 and 199 companies.

The firms identified from the perspective of the partner countries and those identified from Belgium's perspective are not the same. Thus, the Belgian shareholder identified when analysing companies located in the 14 partner countries with a Belgian shareholder (Section 2.5.1.1) is not always the same Belgian company identified when analysing Belgian companies with a subsidiary in the 14 partner countries (Section 2.5.1.2). Only 152 were identified as overlapping, illustrating that this massive databank is still incomplete and not completely integrated. The sectorial profile of those companies identified from a Belgian perspective (Section 2.5.1.2) tells us however that they are mostly concentrated in the sector of holding companies (17%) and management and consultancy activities (10%).

The Orbis database also allows further intercompany links. We identify 40 companies with a subsidiary in the 14 partner countries and a shareholder of more than 10% located in Belgium (Section 2.5.1.4a). Those companies are the parent company of subsidiaries in the 14 partner countries, but they have themselves a shareholder of more than 10% in Belgium. Almost half of those companies are situated in France. France is by the way a country with much more subsidiaries in the 14 partner countries, but this should not surprise us, not only considering the size of its economy but also its links to Africa. Of some 28 of those 40 firms, financial information is available as well as on their taxation. On a yearly basis some show a loss, but the majority report a profit. This varies from a rather limited profit of 109,000 euro to a larger company with 1.5 billion euro profit. The tax paid varies from almost zero to sometimes 65%. It is difficult to say that in such case it avoids many taxes for the Belgian shareholder, but it depends of course also on the profit situated in that country.

Furthermore, we identified 87 Belgian companies with subsidiaries in the 14 partner countries and with themselves having a foreign shareholder of more than 10% (Section 2.5.1.4b). These are foreign shareholders that, via Belgian daughters, are further active in the 14 partner countries. Of the 87 Belgian companies, the shareholders of more than 10% come for 22 companies from France, and 18 companies have a shareholder from Luxembourg. The size of those Belgian companies varies from smaller than 10 employees to the largest company with 165,695 employees and an annual turnover of the largest company of 40 billion euro. Those Belgian companies report a profit varying between 1,000 euro and 3.4 billion euro, and paid taxes that vary from 2% to almost 100, but many vary between zero to 10% and around 25%.

The Orbis database has been used on several occasions to identify clusters of international tax havens, but on a more granular analysis it is difficult to assess the reasons why the effectively paid taxes differ from nominal tax tariffs. They also show the weakness of this database to reveal the tax situations of the firms in the partner countries themselves because of missing financial information.

Another source of information are the foreign affiliate statistics (FATS) that provide information on foreign affiliates which is either an enterprise resident in the reporting country, but with foreign owners, or a company not resident in the reporting country, but controlled by an institutional unit which is resident in the reporting country. The first are 'inward' linkages of MNE controlled by foreign entities, and the latter are outward linkages of foreign subsidies of national firms. For Belgium, only bilateral FATS are provided for DR Congo and Morocco. It concerns information on respectively 8 and 20 firms, with a turnover of 23 million euro in DR Congo, and in Morocco a turnover of 43 million euro and some 670 employees.

The action 13 of the OECD aims at greater transparency of the activities, profit and taxes paid by multinational companies in the so-called country by country reporting (CbCR). Although based on the individual reporting of multinational companies (some MNEs even publish them individually in a sense of corporate responsibility), the information is aggregated at the level of the reporting countries, and their bilateral relations are sometimes by country, but sometimes also grouped, probably for reasons of confidentiality. These are very new statistics, reported by the OECD, but also used in recent studies to estimate the size of profit shifting and tax revenue loss because of the existence of tax havens (see for instance Garcia-Bernardo & Janský, 2021). This is however an aggregated level of flows within multinational companies between the ultimate parent jurisdiction and the partner jurisdictions. For the most recent available year some (2017) 62 jurisdictions participate in the action, of which ultimately 38 jurisdictions could provide aggregated CbCR statistics. Belgium is one of them. The Belgian data are based on the CbCR of 55 companies. We were interested to see the repartition of employees, revenue, profit, paid taxes, and the effective tax rate difference between activities in the home country and those situated in other jurisdictions, and especially in the 14 partner countries. Unfortunately, the Belgian CbCR provides only information at the level of 'Other Africa' and not the 14 individual partner countries. Of the 55 MNE reporting in Belgium, 23 reported activities in Other Africa, standing for 224 entities (firms). Their activities were good for a reported profit of some 1.5 billion euro, and 260 million euro paid taxes, or an implicit ETR of 17%. The profit situated in Belgium by those 55 Belgian MNE was some 11.1 billion euro, which implied an income tax of 1 billion euro, and an implicit ETR of 9.3%. From the CbCR from the other countries, we learn that the subsidiaries in Belgium of foreign MNE are good for a total profit of 16 billion euro in Belgium, and 3.7 billion euro tax paid, at an implicit ETR of 23.3%. Their effective tax rate is higher, but their profits reported in the Belgian jurisdiction is lower, ending however with a share of accrued taxes in line with the share of economic activities.

So, in this source we could not identify the bilateral relations between MNE in Belgium and their 14 partner countries. Those countries popped up however in the CbCR of 16 other jurisdictions. For 11 of the 14 partner countries, we can retrieve some 918 million euro accrued income taxes, or some 11.5% of total corporate tax revenue of those countries. It illustrates the importance of the MNE in those countries and their share in national tax revenue. The total accrued taxes from Belgian MNE in 'Other Africa' was 260 million euro. The total accrued corporate income tax of MNE in Belgium (Belgian MNE and daughters of foreign MNE) was 4.7 billion euro or 26.3% of total corporate tax revenue in 2017.

The Tax Justice Network calculates based on this information the outward shifted profit and the implicit lost tax revenue. For Belgium they estimate it at some 2.9 billion euro shifted profit, which implied 993 million euro missed tax revenue, or some 0.2% of our GDP. This report also provided information for (some of) the partner countries, indicating some 8.2 billion euro profit shifted outward, and some 2.4 billon euro missed tax revenue, implying for some of those countries a missed revenue of even 2% of their GDP. Another study using the CbCR (Garcia-Bernardo & Janský, 2021) estimated the profits shifted from Belgium to other countries, at some 6.5 billion euro (some 1.4% of GDP!), with a tax revenue loss at some 606 million euro (or some 4% of the corporate tax revenue). The figures provided for (some of) the partner countries estimate the shifted profit at 5.6 billion euro, and a tax revenue loss of 1.5 billion euro.

Those estimates illustrate that the potential tax leakages outward from the 14 partner countries are much more important to the rest of the world, including very traditional tax havens, than to Belgium, not in the least because of the overall limited importance of the Belgian economy and its tax system for those countries. This limited macro-economic impact is not at all in contradiction with the relevance and importance of individual firms and their economic and fiscal implications. It was not possible to further analyse the bilateral relations between Belgium and those partner countries, the more since the above used international studies (Garcia-Bernardo & Janský, 2021; Tax Justice Network, 2021) use econometric models that are more difficult to replicate at a smaller scale, while the use at a micro level of case studies of individual companies was not taken as a research option within this study.

Important financial flows for development are foreign direct investment. Three categories are distinguished: direct investments, portfolio investment, and other investment categories, mostly loans. In the balance of payments and international investment positions statistics, two presentations of those flows are possible. The presentation according to the asset/liability principle describes, and we take the liabilities position of the developing countries, the foreign parents' equity in and lending to resident affiliates plus the foreign affiliates' equity in and lending to resident parents. Those flows do not represent the direction of the influence on those flows. The 'directional presentation' for the inward investments are the foreign parents' equity in and lending to residential affiliates minus the resident affiliates' equity in and lending to foreign parents.

According to asset/liabilities principle the 14 partner countries show a total of some 354 billion USD liabilities, of which some 182 billion USD of direct investment. For some major countries and Belgium, we also aggregated their outward (so controlling) direct investment position to the 14 partner countries which aggregates to some 40 billion USD (the mirror figure on the inward (controlled) position is even 67 billion USD). In those statistics, Belgium only represents 702 million to 1.4 billion USD. Controlling for some missing countries we estimate the total inward direct investment position of those countries at 123 billion USD, of which Belgium counts for 1.8 billion USD or 1.5%. This results in a total direct investment income to be paid (dividends, retained earnings, interests) of 4.4 billion USD, of which 64 million USD goes to Belgium. We applied on the total dividend and interest flows the potential revenue lost for the partner countries while applying the tariffs used in the Belgian tax treaties. This resulted in some total missed withholding tax on dividends of some 160 million USD, and some 120 million USD missed withholding tax on interest income, in total 280 million USD. But the Belgian share in the direct investment, and investment income, is only 1.5%, so the total missed income because of the relations with Belgium and their tax treaty rules is only some 4.2 million USD. But again, it is influenced by the limited economic relations with those countries.

Those figures illustrate however that the size of the bilateral relations of Belgium with its preferred partner countries is limited but nevertheless in line with the relative importance of the ODA in the total ODA that those countries receive. This implies that a major part of ODA that those countries receive comes from the rest of the world, but that also the missed income because of tax avoidance, or tax evasion or any other illicit financial flow relates to the rest of the world, not in the least even traditional tax havens as some estimations suggest. This makes the international evolution of increased transparency on those flows, or the policies to tackle them, promising but nevertheless a major point of concern. As said in the beginning of our conclusions, only international cooperation can contain those illicit flows.

- APPENDICES -

appendix 1 Country fiches

For all the following country fiches, the general sources are:
- Worldbank (2021), IDA (2021);
- Pacolet & De Wispelaere (2016);
- IMF (2022);
- Tax Justice Network (2021d);
- Orbis database (last update 22/10/2021);
- OECD Stat (2022), and Eurostat [BOP_ITS_DET].

The sources for specific rows are:
1. Hassan & Schneider (2016);
2. Medina & Schneider (2020);
3. Kar & Spanjers (2015);
4. Global Financial Integrity (2021);
5. Boyce & Ndikumana (2021).

Table a1.1 Country fiche Benin (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	8.2	8.5	8.7	8.9	9.2	9.5	9.7	10.0
GDP *(current billion USD)*	7.0	8.2	9.8	9.7	9.5	10.7	11.1	12.5
GDP/capita *(current USD)*	856	966	1,125	1,089	1,037	1,130	1,145	1,251
Revenues (excluding grants) *(million USD)*	1,080.0	1,550.7	1,696.0	1,599.1	1,646.4	1,729.1	1,760.6	2,105.5
Revenues (excluding grants) *(% of GDP)*	15.4%	19.0%	17.3%	16.4%	17.3%	16.2%	15.8%	16.8%
Corporate tax revenue *(million USD)*	134.5	154.1	162.2	134.3	131.9	153.7	142.2	175.7
Corporate tax revenue *(% of GDP)*	1.9%	1.9%	1.7%	1.4%	1.4%	1.4%	1.3%	1.4%
IDA Grants *(million USD)*	0.0	19.2	9.3	39.0	7.0	43.4	25.7	0.0
IDA Grants *(% of GDP)*	0.0%	0.2%	0.1%	0.4%	0.1%	0.4%	0.2%	0.0%
FDI inflows *(current million USD)*	-12.4	139.2	48.2	-18.8	53.5	161.3	281.5	360.3
FDI inflows *(% of GDP)*	-0.2%	1.7%	0.5%	-0.2%	0.6%	1.5%	2.5%	2.9%
ODA *(current million USD)* **(A)**	400.3	475.3	636.7	677.6	689.3	672.6	507.9	660.2
ODA *(constant 2018 million USD)*	441.8	480.4	604.0	662.0	689.1	655.2	493.2	625.6
ODA *(% of GDP)*	5.7%	5.8%	6.5%	7.0%	7.2%	6.3%	4.6%	5.3%
ODA/capita *(current USD)*	48.7	56.2	73.2	75.7	74.9	71.1	52.2	66.0
ODA Belgium *(current million USD)*	14.2	14.9	21.9	25.6	29.0	28.4	25.6	24.1
ODA Belgium *(% of GDP)*	0.20%	0.18%	0.22%	0.26%	0.30%	0.27%	0.23%	0.19%
Shadow economy *(billion USD)*	4.1	4.9	6.4	6.6	6.6	7.0	7.5	8.3
Shadow economy *(% of GDP)* (1)	58.4%	60.5%	65.6%	67.9%	68.7%	65.7%	67.4%	66.5%
Shadow economy *(billion USD)*	3.5	3.8	4.5	4.8	4.7	5.2	5.3	5.5
Shadow economy *(% of GDP)* (2)	50.4%	46.6%	45.7%	49.0%	48.9%	48.3%	47.3%	43.9%
Gross illicit financial outflows *(million USD)* (3) **(B)**	0.0	0.0	0.0	0.0	342.7	453.3	465.1	80.9
Gross illicit financial outflows *(% of GDP)*	0.0%	0.0%	0.0%	0.0%	3.6%	4.2%	4.2%	0.6%
Gross illicit financial flows *(million USD)* (4)			926	911	740	792	929	4,062
Gross illicit financial flows *(% of GDP)*			9.5%	9.4%	7.8%	7.4%	8.3%	32.4%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**					49.7%	67.4%	91.6%	12.3%
Capital Flight, 2010 *(constant 2010 million USD)* (5)								
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.1 Country fiche Benin (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	10.3	10.6	10.9	11.2	11.5	11.8	12.1	10.1
GDP *(current billion USD)*	13.3	11.4	11.8	12.7	14.3	14.4	15.7	11.5
GDP/capita *(current USD)*	1,291	1,077	1,087	1,137	1,241	1,220	1,291	1,129.5
Revenues (excl. grants) *(million USD)*								1,645.9
Revenues (excl. grants) *(% of GDP)*								16.8%
Corporate tax revenue *(million USD)*								148.6
Corporate tax revenue *(% of GDP)*								1.5%
IDA Grants *(million USD)*	0.0	0.0	0.0	0.0	61	65.1	61.4	22.1
IDA Grants *(% of GDP)*	0.0%	0.0%	0.0%	0.0%	0.4%	0.5%	0.4%	0.2%
FDI inflows *(current million USD)*	405.7	149.8	131.8	200.9	194.1	218.2		165.2
FDI inflows *(% of GDP)*	3.1%	1.3%	1.1%	1.6%	1.4%	1.5%		1.4%
ODA *(current million USD)* **(A)**	599.3	436.6	500.8	680.0	574.6	602.2		579.5
ODA *(constant 2018 million USD)*	568.1	465.7	533.3	708.8	574.6	612.3		579.6
ODA *(% of GDP)*	4.5%	3.8%	4.2%	5.4%	4.0%	4.2%		5.3%
ODA/capita *(current USD)*	58.3	41.3	46.1	60.8	50.0	51.0		59.0
ODA Belgium *(current million USD)*	21.1	19.6	19.9	25.3	27.7	22.8		22.9
ODA Belgium *(% of GDP)*	0.16%	0.17%	0.17%	0.20%	0.19%	0.16%		0.2%
Shadow economy *(billion USD)*								6.4
Shadow economy *(% of GDP)* (1)								65.1%
Shadow economy *(billion USD)*	5.3	5.4	5.3	5.3				
Shadow economy *(% of GDP)* (2)	40.0%	47.6%	44.9%	41.5%				
Gross illicit financial outflows *(million USD)* (3) **(B)**								167.8
Gross illicit financial outflows *(% of GDP)*								1.6%
Gross illicit financial flows *(million USD)* (4)	864	839	648	742				
Gross illicit financial flows *(% of GDP)*	6.5%	7.4%	5.5%	5.8%				
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								55.2%
Capital Flight, 2010 *(constant 2010 million USD)* (5)								
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*						2.4		
Tax revenue loss: offshore wealth *(% of GDP)*						0.02%		
Corporate tax loss *(million USD)*				40.9				
Corporate tax loss *(% of GDP)*				0.3%				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							186	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							11	
Share of companies with a Belgian shareholder in total **(D/C)**							5.9%	
Total income tax accrued as a partner jurisdiction *(million USD)*				0.49				
Share of total income tax accrued in corporate tax revenue *(%)*				0.3%				
Total export bilateral services *(million €)*						717.2		
Total export to Belgium *(million €)*						19.0		
Total import bilateral services *(million €)*						470.4		
Total import from Belgium *(million €)*						8.0		
Liabilities, direct investment *(million USD)*					2,824.6			
Liabilities, portfolio investment *(million USD)*					880.0			
Liabilities, other investment categories *(million USD)*					5,280.6			
Total direct investment income debits *(million USD)*						31.1		
Direct investment income debits to Belgium *(million USD)*						0.1		
Direct investment income debits dividends *(million USD)*						11.1		
Direct investment income debits reinvested earnings *(million USD)*						18.9		
Direct investment income debits interest *(million USD)*						1.2		
Total portfolio investment *(million USD)*						81.3		
Portfolio investment dividends *(million USD)*						0.4		
Portfolio investment interest *(million USD)*						80.9		
Other investment income interest *(million USD)*						77.1		

Table a1.2 Country fiche Burkina Faso (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	13.8	14.3	14.7	15.1	15.6	16.1	16.6	17.1
GDP *(current billion USD)*	6.5	7.6	9.5	9.5	10.1	12.1	12.6	13.4
GDP/capita *(current USD)*	473	535	643	624	648	751	758	787
Revenues (excl. grants) *(million USD)*	761.1	932.9	1,084.8	1,146.3	1,376.9	1,684.1	1,956.3	2,262.1
Revenues (excl. grants) *(% of GDP)*	11.6%	12.2%	11.5%	12.1%	13.6%	13.9%	15.6%	16.8%
Corporate tax revenue *(million USD)*	134.5	154.1	162.2	134.3	131.9	153.7	142.2	175.7
Corporate tax revenue *(% of GDP)*	1.9%	1.9%	1.7%	1.4%	1.4%	1.4%	1.3%	1.4%
IDA Grants *(million USD)*	36.4	90.5	19.6	134.3	124.7	154.7	180.2	92.4
IDA Grants *(% of GDP)*	0.6%	1.2%	0.2%	1.4%	1.2%	1.3%	1.4%	0.7%
FDI inflows *(current million USD)*	83.8	21.7	33.2	56.7	38.9	143.8	329.3	490.4
FDI inflows *(% of GDP)*	1.3%	0.3%	0.4%	0.6%	0.4%	1.2%	2.6%	3.6%
ODA *(current million USD)* **(A)**	900.5	942.7	1,000.4	1,083.7	1,044.6	982.0	1,152.3	1,045.1
ODA *(constant 2018 million USD)*	989.7	946.0	941.8	1,060.2	1,026.0	905.8	1,111.4	999.6
ODA *(% of GDP)*	13.8%	12.4%	10.6%	11.5%	10.3%	8.1%	9.2%	7.8%
ODA/capita *(current USD)*	65.1	66.1	68.1	71.6	66.9	61.1	69.5	61.2
ODA Belgium *(current million USD)*	16.8	14.4	13.0	14.0	16.0	11.6	9.8	14.3
ODA Belgium *(% of GDP)*	0.26%	0.19%	0.14%	0.15%	0.16%	0.10%	0.08%	0.11%
Shadow economy *(billion USD)*	3.3	4.2	4.7	4.5	4.9	5.9	6.5	7.1
Shadow economy *(% of GDP)* (1)	50.7%	55.5%	49.9%	48.1%	48.7%	48.7%	51.5%	52.6%
Shadow economy *(billion USD)*	2.4	2.8	3.2	3.2	3.2	3.6	3.7	4.1
Shadow economy *(% of GDP)* (2)	37.2%	37.2%	34.0%	33.7%	31.9%	29.6%	29.3%	30.5%
Gross illicit financial outflows *(million USD)* (3) **(B)**	171.9	246.9	394.6	403.7	489.5	530.7	1,060.6	855.9
Gross illicit financial outflows *(% of GDP)*	2.6%	3.2%	4.2%	4.3%	4.8%	4.4%	8.4%	6.4%
Gross illicit financial flows *(million USD)* (4)			317	299	304	544	547	834
Gross illicit financial flows *(% of GDP)*			3.4%	3.2%	3.0%	4.5%	4.4%	6.2%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	19.1%	26.2%	39.4%	37.3%	46.9%	54.0%	92.0%	81.9%
Capital Flight, 2010 *(constant 2010 million USD)* (5)	-324.5	-52.8	151.3	181.7	-196.5			
Capital Flight, 2010 *(constant 2010 % of GDP)*	-5.0%	-0.7%	1.6%	1.9%	-1.9%			
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.2 Country fiche Burkina Faso (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	17.6	18.1	18.6	19.2	19.8	20.3	20.9	17.2
GDP *(current billion USD)*	13.9	11.8	12.8	14.1	16.1	16.0	17.4	12.2
GDP/capita *(current USD)*	793	653	688	735	813	787	831	701.4
Revenues (excl. grants) *(million USD)*	2,156.3	1,772.0	2,076.1	2,369.7	2,673.1	2,983.2		1,802.5
Revenues (excl. grants) *(% of GDP)*	15.5%	15.0%	16.2%	16.8%	16.6%	18.7%		14.7%
Corporate tax revenue *(million USD)*								148.6
Corporate tax revenue *(% of GDP)*								1.5%
IDA Grants *(million USD)*	72.8	94.3	77.8	94.6	120.1	118.4	110.7	101.4
IDA Grants *(% of GDP)*	0.5%	0.8%	0.6%	0.7%	0.7%	0.7%	0.6%	0.8%
FDI inflows *(current million USD)*	357.3	231.9	390.6	2.6	268.4	163.0		186.5
FDI inflows *(% of GDP)*	2.6%	2.0%	3.0%	0.0%	1.7%	1.0%		1.5%
ODA *(current million USD)* **(A)**	1,123.4	998.4	1,029.5	892.2	1,108.8	1,148.8		1,032.3
ODA *(constant 2018 million USD)*	1,075.6	1,065.0	1,096.7	932.4	1,108.8	1,175.2		1,031.0
ODA *(% of GDP)*	8.1%	8.4%	8.0%	6.3%	6.9%	7.2%		9.2%
ODA/capita *(current USD)*	63.9	55.1	55.2	46.5	56.1	56.5		61.6
ODA Belgium *(current million USD)*	9.8	10.6	13.3	14.9	15.6	18.1		13.7
ODA Belgium *(% of GDP)*	0.07%	0.09%	0.10%	0.11%	0.10%	0.11%		0.1%
Shadow economy *(billion USD)*								5.1
Shadow economy *(% of GDP)* (1)								50.7%
Shadow economy *(billion USD)*	4.4	4.0	4.4	4.7				3.6
Shadow economy *(% of GDP)* (2)	31.4%	34.0%	34.0%	33.1%				33.0%
Gross illicit financial outflows *(million USD)* (3) **(B)**								519.2
Gross illicit financial outflows *(% of GDP)*								4.8%
Gross illicit financial flows *(million USD)* (4)	749	432	614	554				519.4
Gross illicit financial flows *(% of GDP)*	5.4%	3.7%	4.8%	3.9%				4.2%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								49.6%
Capital Flight, 2010 *(constant 2010 million USD)* (5)								-48.2
Capital Flight, 2010 *(constant 2010 % of GDP)*								-0.8%
Tax revenue loss: offshore wealth *(million USD)*						2.2		
Tax revenue loss: offshore wealth *(% of GDP)*						0.01%		
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*				0.0%				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							348	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							18	
Share of companies with a Belgian shareholder in total **(D/C)**							5.2%	
Total income tax accrued as a partner jurisdiction *(million USD)*				40.15				
Share of total income tax accrued in corporate tax revenue *(%)*				12.5%				
Total export bilateral services *(million €)*						1,300.7		
Total export to Belgium *(million €)*						20.2		
Total import bilateral services *(million €)*						480.6		
Total import from Belgium *(million €)*						9.0		
Liabilities, direct investment *(million USD)*					3,458.4			
Liabilities, portfolio investment *(million USD)*					3,653.1			
Liabilities, other investment categories *(million USD)*					9,934.2			
Total direct investment income debits *(million USD)*						492.1		
Direct investment income debits to Belgium *(million USD)*						0.1		
Direct investment income debits dividends *(million USD)*						330.3		
Direct investment income debits reinvested earnings *(million USD)*						100.3		
Direct investment income debits interest *(million USD)*						61.5		
Total portfolio investment *(million USD)*						70.8		
Portfolio investment dividends *(million USD)*						0.4		
Portfolio investment interest *(million USD)*						69.3		
Other investment income interest *(million USD)*						65.0		

Table a1.3 Country fiche Burundi (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	7.6	7.9	8.1	8.4	8.7	9.0	9.2	9.5
GDP *(current billion USD)*	1.3	1.4	1.6	1.8	2.0	2.2	2.3	2.5
GDP/capita *(current USD)*	167	172	198	212	234	250	252	257
Revenues (excl. grants) *(million USD)*								
Revenues (excl. grants) *(% of GDP)*								
Corporate tax revenue *(million USD)*					47.1	56.1	58.0	58.8
Corporate tax revenue *(% of GDP)*					2.3%	2.5%	2.5%	2.4%
IDA Grants *(million USD)*	68.0	60.9	51.7	36.8	89.5	86.2	49.0	52.0
IDA Grants *(% of GDP)*	5.3%	4.5%	3.2%	2.1%	4.4%	3.9%	2.1%	2.1%
FDI inflows *(current million USD)*	0.0	0.5	3.8	0.3	0.8	3.4	0.6	116.7
FDI inflows *(% of GDP)*	0.0%	0.0%	0.2%	0.0%	0.0%	0.2%	0.0%	4.8%
ODA *(current million USD)* **(A)**	432.0	504.5	520.4	575.8	627.6	572.2	524.2	558.8
ODA *(constant 2018 million USD)*	474.4	505.9	493.6	565.7	617.8	534.3	504.3	529.8
ODA *(% of GDP)*	33.9%	37.2%	32.3%	32.3%	30.9%	25.6%	22.5%	22.8%
ODA/capita *(current USD)*	56.8	64.2	64.0	68.6	72.3	63.9	56.7	58.6
ODA Belgium *(current million USD)*	33.3	26.3	58.2	52.2	56.9	63.8	56.2	65.2
ODA Belgium *(% of GDP)*	2.62%	1.94%	3.61%	2.93%	2.80%	2.86%	2.41%	2.66%
Shadow economy *(billion USD)*	0.6	0.8	1.0	1.0	1.3	1.3	1.2	1.2
Shadow economy *(% of GDP)* (1)	44.0%	58.8%	62.1%	57.5%	64.4%	56.9%	52.7%	49.7%
Shadow economy *(billion USD)*	0.4	0.5	0.6	0.6	0.7	0.8	0.8	0.8
Shadow economy *(% of GDP)* (2)	35.0%	36.7%	35.1%	35.9%	35.5%	34.7%	34.6%	34.5%
Gross illicit financial outflows *(million USD)* (3) **(B)**	133.5	52.5	0.0	28.3	13.8	145.6	134.4	227.4
Gross illicit financial outflows *(% of GDP)*	10.5%	3.9%	0.0%	1.6%	0.7%	6.5%	5.8%	9.3%
Gross illicit financial flows *(million USD)* (4)			56	49	63	71	111	133
Gross illicit financial flows *(% of GDP)*			3.5%	2.8%	3.1%	3.2%	4.8%	5.4%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	30.9%	10.4%	0.0%	4.9%	2.2%	25.4%	25.6%	40.7%
Capital Flight, 2010 *(constant 2010 million USD)* (5)	464.6	318.4	169.5	839	-6.4			
Capital Flight, 2010 *(constant 2010 % of GDP)*	36.5%	23.5%	10.5%	47.1%	-0.3%			
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.3 Country fiche Burundi (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	9.8	10.2	10.5	10.8	11.2	11.5	11.9	9.6
GDP *(current billion USD)*	2.7	3.1	3.0	3.2	3.0	3.0	3.3	2.4
GDP/capita *(current USD)*	275	306	282	293	272	261	274	247.1
Revenues (excl. grants) *(million USD)*								
Revenues (excl. grants) *(% of GDP)*								
Corporate tax revenue *(million USD)*								55.0
Corporate tax revenue *(% of GDP)*								2.4%
IDA Grants *(million USD)*	112.7	84.5	82.1	100.8	75.5	70.1	69.5	72.6
IDA Grants *(% of GDP)*	4.2%	2.7%	2.8%	3.2%	2.5%	2.3%	2.1%	3.2%
FDI inflows *(current million USD)*	81.7	49.6	0.1	0.3	1.0	1.0		18.6
FDI inflows *(% of GDP)*	3.0%	1.6%	0.0%	0.0%	0.0%	0.0%		0.7%
ODA *(current million USD)* **(A)**	515.4	366.6	742.6	435.8	451.1	588.9		529.7
ODA *(constant 2018 million USD)*	488.0	393.6	787.7	455.6	451.1	601.5		528.8
ODA *(% of GDP)*	19.0%	11.8%	25.1%	13.7%	14.9%	19.6%		24.4%
ODA/capita *(current USD)*	52.4	36.1	70.8	40.3	40.4	51.1		56.9
ODA Belgium *(current million USD)*	61.8	48.7	52.0	36.2	41.5	28.5		48.6
ODA Belgium *(% of GDP)*	2.28%	1.57%	1.76%	1.14%	1.37%	0.95%		2.2%
Shadow economy *(billion USD)*								1.1
Shadow economy *(% of GDP)* (1)								55.8%
Shadow economy *(billion USD)*	0.9	1.1	1.1	1.0				0.8
Shadow economy *(% of GDP)* (2)	34.4%	34.6%	36.4%	32.7%				35.0%
Gross illicit financial outflows *(million USD)* (3) **(B)**								91.9
Gross illicit financial outflows *(% of GDP)*								4.8%
Gross illicit financial flows *(million USD)* (4)	113	63	69	103				83.1
Gross illicit financial flows *(% of GDP)*	4.2%	2.0%	2.3%	3.2%				3.4%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								17.5%
Capital Flight, 2010 *(constant 2010 million USD)* (5)								357.0
Capital Flight, 2010 *(constant 2010 % of GDP)*								23.5%
Tax revenue loss: offshore wealth *(million USD)*						1.6		
Tax revenue loss: offshore wealth *(% of GDP)*						0.05%		
Corporate tax loss *(million USD)*				0.6				
Corporate tax loss *(% of GDP)*				0.0%				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							69	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							12	
Share of companies with a Belgian shareholder in total **(D/C)**							17.4%	
Total income tax accrued as a partner jurisdiction *(million USD)*				0.01				
Share of total income tax accrued in corporate tax revenue *(%)*				0.0%				
Total export bilateral services *(million €)*						200.17		
Total export to Belgium *(million €)*						10.0		
Total import bilateral services *(million €)*						91.6		
Total import from Belgium *(million €)*						2.0		
Liabilities, direct investment *(million USD)*					226.7			
Liabilities, portfolio investment *(million USD)*					3.5			
Liabilities, other investment categories *(million USD)*					2,363.8			
Total direct investment income debits *(million USD)*					1.7			
Direct investment income debits to Belgium *(million USD)*					0.0			
Direct investment income debits dividends *(million USD)*					1.7			
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*					3.47			

Table a1.4 Country fiche DR Congo (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	56.6	58.5	60.4	62.4	64.6	66.8	69.0	71.4
GDP *(current billion USD)*	14.5	16.7	19.8	18.6	21.6	25.8	29.3	32.7
GDP/capita *(current USD)*	255	286	328	299	334	387	425	458
Revenues (excl. grants) *(million USD)*	6,598.9	6,796.0	9,542.9	5,839.9	8,810.6			
Revenues (excl. grants) *(% of GDP)*	45.7%	40.6%	48.2%	31.3%	40.9%			
Corporate tax revenue *(million USD)*	168.9	173.0	290.6	198.2	273.0		256.9	329.2
Corporate tax revenue *(% of GDP)*	1.2%	1.0%	1.5%	1.1%	1.3%		0.9%	1.0%
IDA Grants *(million USD)*	131.0	121.1	198.3	316.6	276.7	351.4	251.5	199.4
IDA Grants *(% of GDP)*	0.9%	0.7%	1.0%	1.7%	1.3%	1.4%	0.9%	0.6%
FDI inflows *(current million USD)*	256.1	1808.0	1726.8	-243.2	2742.3	1596.0	2891.6	1697.6
FDI inflows *(% of GDP)*	1.8%	10.8%	8.7%	-1.3%	12.7%	6.2%	9.9%	5.2%
ODA *(current million USD)* **(A)**	2,197.2	1,348.3	1,766.9	2,362.4	3,483.6	5,526.5	2,846.2	2,584.0
ODA *(constant 2018 million USD)*	2,492.4	1,353.2	1,691.8	2,360.7	3,452.0	5,283.2	2,759.9	2,461.6
ODA *(% of GDP)*	15.2%	8.1%	8.9%	12.7%	16.2%	21.4%	9.7%	7.9%
ODA/capita *(current USD)*	38.8	23.1	29.2	37.8	54.0	82.8	41.2	36.2
ODA Belgium *(current million USD)*	221.6	209.8	174.4	177.0	648.8	173.2	131.1	144.9
ODA Belgium *(% of GDP)*	1.53%	1.25%	0.88%	0.95%	3.01%	0.67%	0.45%	0.44%
Shadow economy *(billion USD)*	8.1	9.0	10.3	12.6	13.1	21.1	23.0	29.2
Shadow economy *(% of GDP)* (1)	56.0%	53.9%	51.9%	67.5%	60.7%	81.9%	78.5%	89.2%
Shadow economy *(billion USD)*	7.4	8.0	9.2	9.1	9.9	11.6	13.2	14.1
Shadow economy *(% of GDP)* (2)	50.9%	48.0%	46.7%	49.0%	46.0%	45.0%	45.0%	43.1%
Gross illicit financial outflows *(million USD)* (3) **(B)**	458.1	169.5	0.0	311.6	175.5	0.0	0.0	18.2
Gross illicit financial outflows *(% of GDP)*	3.2%	1.0%	0.0%	1.7%	0.8%	0.0%	0.0%	0.1%
Gross illicit financial flows *(million USD)* (4)			2,118	1,676	2,313	1,058	2,812	1,502
Gross illicit financial flows *(% of GDP)*			10.7%	9.0%	10.7%	4.1%	9.6%	4.6%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	20.9%	12.6%	0.0%	13.2%	5.0%			0.7%
Capital Flight, 2010 *(constant 2010 million USD)* (5)	784.7	3,012.2	1,715.3	-411.6	1,813.6			
Capital Flight, 2010 *(constant 2010 % of GDP)*	5.4%	18.0%	8.7%	-2.2%	8.4%			
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.4 Country fiche DR Congo (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	73.8	76.2	78.8	81.4	84.1	86.8	89.6	72.0
GDP *(current billion USD)*	35.9	37.9	37.1	38.0	46.8	50.4	49.9	31.7
GDP/capita *(current USD)*	487	497	471	467	557	581	557	425.9
Revenues (excl. grants) *(million USD)*								7,517.7
Revenues (excl. grants) *(% of GDP)*								41.3%
Corporate tax revenue *(million USD)*	534.9	760.7	452.5	588.1	1,109.6	770.8		454.3
Corporate tax revenue *(% of GDP)*	1.5%	2.0%	1.2%	1.5%	2.4%	1.5%		1.4%
IDA Grants *(million USD)*	225.3	180.7	165.1	149.1	222.8	225.7	210.1	215.0
IDA Grants *(% of GDP)*	0.6%	0.5%	0.4%	0.4%	0.5%	0.4%	0.4%	0.8%
FDI inflows *(current million USD)*	1499.6	1165.7	932.4	1048.0	1407.6	1351.0		1,420.0
FDI inflows *(% of GDP)*	4.2%	3.1%	2.5%	2.8%	3.0%	2.7%		5.2%
ODA *(current million USD)* **(A)**	2,400.0	2,599.0	2,102.3	2,292.6	2,513.9	3,025.5		2,646.3
ODA *(constant 2018 million USD)*	2,280.0	2,729.8	2,228.9	2,389.0	2,513.9	3,075.8		2,648.0
ODA *(% of GDP)*	6.7%	6.9%	5.7%	6.0%	5.4%	6.0%		9.8%
ODA/capita *(current USD)*	32.5	34.1	26.7	28.2	29.9	34.9		37.8
ODA Belgium *(current million USD)*	150.6	89.4	103.1	113.9	128.3	100.9		183.4
ODA Belgium *(% of GDP)*	0.42%	0.24%	0.28%	0.30%	0.27%	0.20%		0.8%
Shadow economy *(billion USD)*								15.8
Shadow economy *(% of GDP)* (1)								67.4%
Shadow economy *(billion USD)*	15.0	16.5	16.5	16.3				11.4
Shadow economy *(% of GDP)* (2)	41.7%	43.4%	44.5%	43.0%				45.9%
Gross illicit financial outflows *(million USD)* (3) **(B)**								141.6
Gross illicit financial outflows *(% of GDP)*								0.8%
Gross illicit financial flows *(million USD)* (4)	2,293			888				1,967.4
Gross illicit financial flows *(% of GDP)*	6.4%	0.0%	0.0%	2.3%				6.9%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								8.7%
Capital Flight, 2010 *(constant 2010 million USD)* (5)								1,382.8
Capital Flight, 2010 *(constant 2010 % of GDP)*								7.7%
Tax revenue loss: offshore wealth *(million USD)*						23.0		
Tax revenue loss: offshore wealth *(% of GDP)*						0.05%		
Corporate tax loss *(million USD)*				615.7				
Corporate tax loss *(% of GDP)*				1.5%				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							610	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							115	
Share of companies with a Belgian shareholder in total **(D/C)**							18.9%	
Total income tax accrued as a partner jurisdiction *(million USD)*				-492.00				
Share of total income tax accrued in corporate tax revenue *(%)*				-83.7%				
Total export bilateral services *(million €)*						2,011.9		
Total export to Belgium *(million €)*						113.0		
Total import bilateral services *(million €)*						126.3		
Total import from Belgium *(million €)*						41.0		
Liabilities, direct investment *(million USD)*					23,322.4			
Liabilities, portfolio investment *(million USD)*					49.6			
Liabilities, other investment categories *(million USD)*					6,135.5			
Total direct investment income debits *(million USD)*						452.5		
Direct investment income debits to Belgium *(million USD)*						16.2		
Direct investment income debits dividends *(million USD)*						452.5		
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*						982.3		

Table a1.5 Country fiche Guinea (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	9.3	9.5	9.7	10.0	10.2	10.4	10.7	10.9
GDP *(current billion USD)*	4.2	6.3	7.0	6.7	6.9	6.8	7.6	8.4
GDP/capita *(current USD)*	453	660	715	674	672	651	717	769
Revenues (excl. grants) *(million USD)*								
Revenues (excl. grants) *(% of GDP)*								
Corporate tax revenue *(million USD)*								
Corporate tax revenue *(% of GDP)*								
IDA Grants *(million USD)*	9.2	12.0	17.1	1.8	0.1	101.2	26.2	26.1
IDA Grants *(% of GDP)*	0.2%	0.2%	0.2%	0.0%	0.0%	1.5%	0.3%	0.3%
FDI inflows *(current million USD)*	125.0	385.9	381.9	91.0	101.4	956.1	605.6	0.2
FDI inflows *(% of GDP)*	3.0%	6.1%	5.5%	1.4%	1.5%	14.1%	7.9%	0.0%
ODA *(current million USD)* **(A)**	173.1	257.6	351.2	217.7	221.0	202.1	633.4	467.5
ODA *(constant 2018 million USD)*	192.3	261.0	337.4	209.3	217.8	188.7	606.0	441.1
ODA *(% of GDP)*	4.1%	4.1%	5.0%	3.2%	3.2%	3.0%	8.3%	5.6%
ODA/capita *(current USD)*	18.6	27.1	36.1	21.8	21.7	19.4	59.5	42.9
ODA Belgium *(current million USD)*	1.5	0.9	2.2	1.1	1.0	1.5	1.4	1.9
ODA Belgium *(% of GDP)*	0.04%	0.01%	0.03%	0.02%	0.02%	0.02%	0.02%	0.02%
Shadow economy *(billion USD)*	2.1	2.5	3.4	3.4	4.7	3.9	4.3	4.5
Shadow economy *(% of GDP)* (1)	49.9%	39.5%	48.8%	50.2%	68.0%	57.1%	56.3%	53.6%
Shadow economy *(billion USD)*	1.6	2.1	2.2	2.3	2.4	2.4	2.5	2.8
Shadow economy *(% of GDP)* (2)	36.8%	32.9%	32.1%	33.9%	34.4%	34.8%	33.2%	33.8%
Gross illicit financial outflows *(million USD)* (3) **(B)**	421.5	633.1	251.1	0.0	413.2	392.9	23.7	445.7
Gross illicit financial outflows *(% of GDP)*	10.0%	10.1%	3.6%	0.0%	6.0%	5.8%	0.3%	5.3%
Gross illicit financial flows *(million USD)* (4)			498					856
Gross illicit financial flows *(% of GDP)*			7.2%					10.2%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	243.5%	245.8%	71.5%		187.0%	194.4%	3.7%	95.3%
Capital Flight, 2010 *(constant 2010 million USD)* (5)	-10.9	-127.2	26.6	-538	-154.2			
Capital Flight, 2010 *(constant 2010 % of GDP)*	-0.3%	-2.0%	0.4%	-8.0%	-2.2%			
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.5 Country fiche Guinea (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	11.2	11.4	11.7	12.1	12.4	12.8	13.1	11.0
GDP *(current billion USD)*	8.8	8.8	8.6	10.3	11.9	13.5	15.7	8.8
GDP/capita *(current USD)*	787	769	732	856	955	1,058	1,194	777.6
Revenues (excl. grants) *(million USD)*								
Revenues (excl. grants) *(% of GDP)*								
Corporate tax revenue *(million USD)*								
Corporate tax revenue *(% of GDP)*								
IDA Grants *(million USD)*	17.6	19.1	19.3	23.1	74.4	71.2	64.5	32.2
IDA Grants *(% of GDP)*	0.2%	0.2%	0.2%	0.2%	0.6%	0.5%	0.4%	0.4%
FDI inflows *(current million USD)*	-73.8	53.3	1618.4	577.6	352.8	44.4		372.8
FDI inflows *(% of GDP)*	-0.8%	0.6%	18.8%	5.6%	3.0%	0.3%		4.8%
ODA *(current million USD)* **(A)**	563.1	538.9	567.1	472.3	594.4	580.7		417.1
ODA *(constant 2018 million USD)*	531.5	574.5	602.4	492.1	594.4	592.4		417.2
ODA *(% of GDP)*	6.4%	6.1%	6.6%	4.6%	5.0%	4.3%		5.0%
ODA/capita *(current USD)*	50.5	47.1	48.3	39.1	47.9	45.5		37.5
ODA Belgium *(current million USD)*	3.5	6.8	6.8	4.9	10.6	9.2		3.8
ODA Belgium *(% of GDP)*	0.04%	0.08%	0.08%	0.05%	0.09%	0.07%		0.0%
Shadow economy *(billion USD)*								3.6
Shadow economy *(% of GDP)* (1)								52.9%
Shadow economy *(billion USD)*	2.9	2.9	2.7	3.2				2.5
Shadow economy *(% of GDP)* (2)	33.1%	33.5%	31.8%	30.7%				33.4%
Gross illicit financial outflows *(million USD)* (3) **(B)**								322.7
Gross illicit financial outflows *(% of GDP)*								5.1%
Gross illicit financial flows *(million USD)* (4)	875	684						728.3
Gross illicit financial flows *(% of GDP)*	10.0%	7.8%						8.8%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								148.7%
Capital Flight, 2010 *(constant 2010 million USD)* (5)								-160.7
Capital Flight, 2010 *(constant 2010 % of GDP)*								-2.4%
Tax revenue loss: offshore wealth *(million USD)*						8.7		
Tax revenue loss: offshore wealth *(% of GDP)*						0.06%		
Corporate tax loss *(million USD)*				31.1				
Corporate tax loss *(% of GDP)*				0.3%				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							284	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							9	
Share of companies with a Belgian shareholder in total **(D/C)**							3.2%	
Total income tax accrued as a partner jurisdiction *(million USD)*				34.58				
Share of total income tax accrued in corporate tax revenue *(%)*				100.6%				
Total export bilateral services *(million €)*						756.76		
Total export to Belgium *(million €)*						21.0		
Total import bilateral services *(million €)*						84.9		
Total import from Belgium *(million €)*						12.0		
Liabilities, direct investment *(million USD)*					2,488.9			
Liabilities, portfolio investment *(million USD)*					26.3			
Liabilities, other investment categories *(million USD)*					2,446.0			
Total direct investment income debits *(million USD)*						73.8		
Direct investment income debits to Belgium *(million USD)*						6.3		
Direct investment income debits dividends *(million USD)*						72.6		
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*						1.3		
Total portfolio investment *(million USD)*						23.4		
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*						23.4		
Other investment income interest *(million USD)*						67.1		

Table a1.6 Country fiche Mali (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	13.2	13.7	14.1	14.6	15.0	15.5	16.0	16.4
GDP *(current billion USD)*	6.9	8.2	9.8	10.2	10.7	13.0	12.4	13.2
GDP/capita *(current USD)*	523	597	697	702	710	838	779	805
Revenues (excl. grants) *(million USD)*	981.9	1,226.2	1,361.6	1,541.6	1,629.7	1,707.3	1,716.3	1,950.3
Revenues (excl. grants) *(% of GDP)*	14.2%	15.0%	13.8%	15.1%	15.2%	13.1%	13.8%	14.7%
Corporate tax revenue *(million USD)*	83.0							
Corporate tax revenue *(% of GDP)*	1.2%							
IDA Grants *(million USD)*	5.4	11.7	25.7	7.4	1.9	2.9	57.3	52.4
IDA Grants *(% of GDP)*	0.1%	0.1%	0.3%	0.1%	0.0%	0.0%	0.5%	0.4%
FDI inflows *(current million USD)*	148.2	206.1	266.4	646.6	371.6	556.1	397.9	307.9
FDI inflows *(% of GDP)*	2.1%	2.5%	2.7%	6.3%	3.5%	4.3%	3.2%	2.3%
ODA *(current million USD)* **(A)**	869.2	1,021.0	967.8	984.7	1,091.5	1,267.6	995.6	1,397.6
ODA *(constant 2018 million USD)*	956.3	1,020.1	915.0	976.4	1,088.4	1,203.8	990.3	1,321.2
ODA *(% of GDP)*	12.6%	12.5%	9.8%	9.6%	10.2%	9.8%	8.0%	10.6%
ODA/capita *(current USD)*	65.8	74.8	68.6	67.5	72.5	81.7	62.3	85.0
ODA Belgium *(current million USD)*	13.3	19.4	23.4	19.6	18.7	19.6	15.6	29.7
ODA Belgium *(% of GDP)*	0.19%	0.24%	0.24%	0.19%	0.18%	0.15%	0.13%	0.22%
Shadow economy *(billion USD)*	3.3	3.7	4.4	4.6	4.8	5.8	5.6	6.2
Shadow economy *(% of GDP)* (1)	47.3%	45.5%	44.5%	45.2%	45.1%	44.9%	44.8%	46.6%
Shadow economy *(billion USD)*	2.4	2.8	3.3	3.6	3.6	4.5	4.1	4.3
Shadow economy *(% of GDP)* (2)	34.8%	34.6%	33.1%	34.7%	34.1%	34.8%	33.3%	32.7%
Gross illicit financial outflows *(million USD)* (3) **(B)**	226.6	187.1	968.7	322.4	944.9	590.6	351.7	799.7
Gross illicit financial outflows *(% of GDP)*	3.3%	2.3%	9.8%	3.2%	8.8%	4.5%	2.8%	6.0%
Gross illicit financial flows *(million USD)* (4)			599		706	663	527	
Gross illicit financial flows *(% of GDP)*			6.1%		6.6%	5.1%	4.2%	
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	26.1%	18.3%	100.1%	32.7%	86.6%	46.6%	35.3%	57.2%
Capital Flight, 2010 *(constant 2010 million USD)* (5)								
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.6 Country fiche Mali (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	16.9	17.4	18.0	18.5	19.1	19.7	20.3	16.6
GDP *(current billion USD)*	14.4	13.1	14.0	15.4	17.1	17.3	17.4	12.9
GDP/capita *(current USD)*	848	751	781	830	895	879	859	766.3
Revenues (excl. grants) *(million USD)*	1,895.9	1,947.8	2,250.9	2,673.4	2,122.1	2,667.0		1,833.7
Revenues (excl. grants) *(% of GDP)*	13.2%	14.9%	16.0%	17.4%	12.4%	15.4%		14.6%
Corporate tax revenue *(million USD)*	396.9	306.1	382.5	431.6	363.9	431.4	577.3	371.6
Corporate tax revenue *(% of GDP)*	2.8%	2.3%	2.7%	2.8%	2.1%	2.5%	3.3%	2.5%
IDA Grants *(million USD)*	83.0	30.8	31.8	56.1	79.9	84.3	81.8	40.8
IDA Grants *(% of GDP)*	0.6%	0.2%	0.2%	0.4%	0.5%	0.5%	0.5%	0.3%
FDI inflows *(current million USD)*	144.0	275.4	356.2	559.4	467.1	493.8		371.2
FDI inflows *(% of GDP)*	1.0%	2.1%	2.5%	3.6%	2.7%	2.9%		3.0%
ODA *(current million USD)* **(A)**	1,235.8	1,201.6	1,205.2	1,360.1	1,499.6	1,863.2		1,211.5
ODA *(constant 2018 million USD)*	1,165.6	1,282.0	1,288.3	1,417.7	1,499.6	1,902.8		1,216.3
ODA *(% of GDP)*	8.6%	9.2%	8.6%	8.9%	8.8%	10.8%		9.8%
ODA/capita *(current USD)*	73.0	68.9	67.1	73.5	78.6	94.8		73.9
ODA Belgium *(current million USD)*	18.8	21.6	22.5	13.2	13.3	17.4		19.0
ODA Belgium *(% of GDP)*	0.13%	0.17%	0.16%	0.09%	0.08%	0.10%		0.2%
Shadow economy *(billion USD)*								4.8
Shadow economy *(% of GDP)* (1)								45.5%
Shadow economy *(billion USD)*	4.6	4.4	4.7	5.1				4.0
Shadow economy *(% of GDP)* (2)	32.2%	33.6%	33.4%	33.1%				33.7%
Gross illicit financial outflows *(million USD)* (3) **(B)**								549.0
Gross illicit financial outflows *(% of GDP)*								5.1%
Gross illicit financial flows *(million USD)* (4)			1,154	703				725.3
Gross illicit financial flows *(% of GDP)*			8.2%	4.6%				5.8%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								50.4%
Capital Flight, 2010 *(constant 2010 million USD)* (5)								
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*						10.4		
Tax revenue loss: offshore wealth *(% of GDP)*						0.06%		
Corporate tax loss *(million USD)*				39.3				
Corporate tax loss *(% of GDP)*				0.3%				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							303	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							10	
Share of companies with a Belgian shareholder in total **(D/C)**							3.3%	
Total income tax accrued as a partner jurisdiction *(million USD)*				4.98				
Share of total income tax accrued in corporate tax revenue *(%)*				1.2%				
Total export bilateral services *(million €)*						1,844.6		
Total export to Belgium *(million €)*						9.0		
Total import bilateral services *(million €)*						524.6		
Total import from Belgium *(million €)*						5.0		
Liabilities, direct investment *(million USD)*					3,929.9			
Liabilities, portfolio investment *(million USD)*					895.9			
Liabilities, other investment categories *(million USD)*					5,611.1			
Total direct investment income debits *(million USD)*					504.8			
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*					212.6			
Direct investment income debits reinvested earnings *(million USD)*					236.9			
Direct investment income debits interest *(million USD)*					55.3			
Total portfolio investment *(million USD)*					50.6			
Portfolio investment dividends *(million USD)*					1.2			
Portfolio investment interest *(million USD)*					49.4			
Other investment income interest *(million USD)*					60.0			

Table a1.7 Country fiche Morocco (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	30.8	31.2	31.5	31.9	32.3	32.8	33.2	33.7
GDP *(current billion USD)*	68.6	79.0	92.5	92.9	93.2	101.4	98.3	106.8
GDP/capita *(current USD)*	2,228	2,536	2,933	2,909	2,882	3,092	2,956	3,168
Revenues (excl. grants) *(million USD)*	17,681.4	22,216.0	28,603.7	26,270.7	24,773.2	27,408.9	27,500.2	29,018.0
Revenues (excl. grants) *(% of GDP)*	25.8%	28.1%	30.9%	28.3%	26.6%	27.0%	28.0%	27.2%
Corporate tax revenue *(million USD)*	2,847.6	3,751.6	6,033.0	5,451.8	4,455.1	5,025.6	5,055.8	4,857.0
Corporate tax revenue *(% of GDP)*	4.1%	4.7%	6.5%	5.9%	4.8%	5.0%	5.1%	4.5%
IDA Grants *(million USD)*	0	0	0	0	0	0	0	0
IDA Grants *(% of GDP)*	0%	0%	0%	0%	0%	0%	0%	0%
FDI inflows *(current million USD)*	2,460.8	2,825.8	2,466.3	1,970.3	1,240.6	2,521.4	2,842.0	3,360.9
FDI inflows *(% of GDP)*	3.6%	3.6%	2.7%	2.1%	1.3%	2.5%	2.9%	3.1%
ODA *(current million USD)* **(A)**	1,101.5	1,219.2	1,453.4	1,046.0	985.5	1,440.2	1,471.1	2,008.7
ODA *(constant 2018 million USD)*	1,189.3	1,202.4	1,349.3	968.2	942.1	1,338.0	1,430.3	1,912.0
ODA *(% of GDP)*	1.6%	1.5%	1.6%	1.1%	1.1%	1.4%	1.5%	1.9%
ODA/capita *(current USD)*	35.8	39.1	46.1	32.8	30.5	43.9	44.3	59.6
ODA Belgium *(current million USD)*	10.3	12.7	15.2	22.4	20.7	28.8	15.5	13.8
ODA Belgium *(% of GDP)*	0.01%	0.02%	0.02%	0.02%	0.02%	0.03%	0.02%	0.01%
Shadow economy *(billion USD)*	25.9	27.5	35.5	34.5	34.1	39.3	40.0	43.5
Shadow economy *(% of GDP)* (1)	37.8%	34.8%	38.3%	37.1%	36.6%	38.8%	40.7%	40.7%
Shadow economy *(billion USD)*	22.7	24.6	26.2	28.3	27.8	29.6	30.1	32.2
Shadow economy *(% of GDP)* (2)	33.1%	31.1%	28.3%	30.5%	29.8%	29.2%	30.6%	30.1%
Gross illicit financial outflows *(million USD)* (3) **(B)**	3,281.3	4,125.5	5,405.7	3,692.2	3,493.3	4,056.2	4,519.3	3,933.8
Gross illicit financial outflows *(% of GDP)*	4.8%	5.2%	5.8%	4.0%	3.7%	4.0%	4.6%	3.7%
Gross illicit financial flows *(million USD)* (4)			8,382	6,141	6,730	8,081	7,573	8,525
Gross illicit financial flows *(% of GDP)*			9.1%	6.6%	7.2%	8.0%	7.7%	8.0%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	297.9%	338.4%	371.9%	353.0%	354.5%	281.6%	307.2%	195.8%
Capital Flight, 2010 *(constant 2010 million USD)* (5)	2,958	6,064	3,464	5,988	4,506			
Capital Flight, 2010 *(constant 2010 % of GDP)*	4.3%	7.7%	3.7%	6.4%	4.8%			
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.7 Country fiche Morocco (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	34.2	34.7	35.1	35.6	36.0	36.5	36.9	33.8
GDP *(current billion USD)*	110.1	101.2	103.3	109.7	118.1	119.7	112.9	100.5
GDP/capita *(current USD)*	3,219	2,919	2,941	3,083	3,278	3,282	3,058	2,965.7
Revenues (excl. grants) *(million USD)*	29,205.3	26,158.4	26,028.3	27,700.1	30,406.8	30,532.7		26,678.8
Revenues (excl. grants) *(% of GDP)*	26.5%	25.9%	25.2%	25.3%	25.7%	25.5%		26.9%
Corporate tax revenue *(million USD)*	4,957.8	4,274.4	4,499.1	5,315.4	5,533.7	5,347.2	5,406.6	4,854.1
Corporate tax revenue *(% of GDP)*	4.5%	4.2%	4.4%	4.8%	4.7%	4.5%	4.7%	4.8%
IDA Grants *(million USD)*	0							0.0
IDA Grants *(% of GDP)*	0%							0.0%
FDI inflows *(current million USD)*	3,525.4	3,252.9	2,153.4	2,680.1	3,544.4	1,720.8		2,611.8
FDI inflows *(% of GDP)*	3.2%	3.2%	2.1%	2.4%	3.0%	1.4%		2.7%
ODA *(current million USD)* **(A)**	2,240.1	1,518.3	2,062.3	2,427.6	818.2	757.9		1,467.9
ODA *(constant 2018 million USD)*	2,091.7	1,640.9	2,222.1	2,550.9	818.2	785.9		1,460.1
ODA *(% of GDP)*	2.0%	1.5%	2.0%	2.2%	0.7%	0.6%		1.5%
ODA/capita *(current USD)*	65.5	43.8	58.7	68.2	22.7	20.8		43.7
ODA Belgium *(current million USD)*	19.0	15.4	22.2	16.0	13.1	15.7		17.2
ODA Belgium *(% of GDP)*	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%		0.0%
Shadow economy *(billion USD)*								35.0
Shadow economy *(% of GDP)* (1)								38.1%
Shadow economy *(billion USD)*	32.3	30.8	31.3	32.0				29.0
Shadow economy *(% of GDP)* (2)	29.3%	30.4%	30.3%	29.2%				30.2%
Gross illicit financial outflows *(million USD)* (3) **(B)**								4,063.4
Gross illicit financial outflows *(% of GDP)*								4.5%
Gross illicit financial flows *(million USD)* (4)	8,584	8,175	8,809	9,520				8,052.0
Gross illicit financial flows *(% of GDP)*	7.8%	8.1%	8.5%	8.7%				8.0%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								312.5%
Capital Flight, 2010 *(constant 2010 million USD)* (5)								4,596.0
Capital Flight, 2010 *(constant 2010 % of GDP)*								5.4%
Tax revenue loss: offshore wealth *(million USD)*						69.9		
Tax revenue loss: offshore wealth *(% of GDP)*						0.06%		
Corporate tax loss *(million USD)*				806.9				
Corporate tax loss *(% of GDP)*				0.7%				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							9,616	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							246	
Share of companies with a Belgian shareholder in total **(D/C)**							2.6%	
Total income tax accrued as a partner jurisdiction *(million USD)*				559.60				
Share of total income tax accrued in corporate tax revenue *(%)*				10.5%				
Total export bilateral services *(million €)*						8,574.0		
Total export to Belgium *(million €)*						103.0		
Total import bilateral services *(million €)*						17,228.3		
Total import from Belgium *(million €)*						134.0		
Liabilities, direct investment *(million USD)*					64,135.3			
Liabilities, portfolio investment *(million USD)*					10,561.3			
Liabilities, other investment categories *(million USD)*					40,818.3			
Total direct investment income debits *(million USD)*						1,737.8		
Direct investment income debits to Belgium *(million USD)*						23.3		
Direct investment income debits dividends *(million USD)*						1,380.8		
Direct investment income debits reinvested earnings *(million USD)*						318.0		
Direct investment income debits interest *(million USD)*						39.0		
Total portfolio investment *(million USD)*						345.5		
Portfolio investment dividends *(million USD)*						0.5		
Portfolio investment interest *(million USD)*						345.0		
Other investment income interest *(million USD)*						573.1		

Table a1.8 Country fiche Mozambique (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	21.1	21.7	22.3	22.9	23.5	24.2	24.9	25.6
GDP *(current billion USD)*	9.2	10.5	12.6	11.9	11.1	14.4	16.4	17.0
GDP/capita *(current USD)*	435	482	564	520	472	595	658	664
Revenues (excl. grants) *(million USD)*					1,816.8	2,733.0	3,423.0	4,118.6
Revenues (excl. grants) *(% of GDP)*					16.4%	19.0%	20.9%	24.3%
Corporate tax revenue *(million USD)*					289.1	489.0	872.5	1,145.6
Corporate tax revenue *(% of GDP)*					2.6%	3.4%	5.3%	6.7%
IDA Grants *(million USD)*	28.8	39.8	25.3	15.8	6.5	2.3	0.0	0.0
IDA Grants *(% of GDP)*	0.3%	0.4%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%
FDI inflows *(current million USD)*	251.1	416.7	641.4	930.1	1,258.5	3,663.9	5,635.1	6,697.4
FDI inflows *(% of GDP)*	2.7%	4.0%	5.1%	7.8%	11.3%	25.5%	34.5%	39.5%
ODA *(current million USD)* **(A)**	1,641.9	1,785.0	1,993.1	2,013.6	1,943.1	2,065.5	2,071.7	2,312.7
ODA *(constant 2018 million USD)*	1,784.2	1,778.3	1,894.4	1,998.8	1,929.6	1,949.4	2,005.6	2,225.8
ODA *(% of GDP)*	17.9%	17.1%	15.9%	16.9%	17.5%	14.4%	12.7%	13.6%
ODA/capita *(current USD)*	77.9	82.4	89.5	88.0	82.6	85.4	83.3	90.5
ODA Belgium *(current million USD)*	12.8	23.4	25.9	23.1	34.0	33.5	11.9	30.9
ODA Belgium *(% of GDP)*	0.14%	0.22%	0.21%	0.19%	0.31%	0.23%	0.07%	0.18%
Shadow economy *(billion USD)*	3.9	4.1	5.4	5.5	5.3	7.3	8.8	10.7
Shadow economy *(% of GDP)* (1)	42.3%	39.7%	42.7%	46.6%	48.1%	50.6%	53.5%	63.1%
Shadow economy *(billion USD)*	3.3	3.7	4.2	4.1	3.9	4.7	4.9	5.3
Shadow economy *(% of GDP)* (2)	36.4%	35.3%	33.2%	34.5%	35.1%	32.5%	30.0%	31.3%
Gross illicit financial outflows *(million USD)* (3) **(B)**	362.3	102.9	0.0	22.9	639.9	44.0	993.9	260.2
Gross illicit financial outflows *(% of GDP)*	3.9%	1.0%	0.0%	0.2%	5.8%	0.3%	6.1%	1.5%
Gross illicit financial flows *(million USD)* (4)			531	551	550	1,359	1,230	1,395
Gross illicit financial flows *(% of GDP)*			4.2%	4.6%	5.0%	9.4%	7.5%	8.2%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	22.1%	5.8%		1.1%	32.9%	2.1%	48.0%	11.3%
Capital Flight, 2010 *(constant 2010 million USD)* (5)	1,803.10	241.8	72	132	733.6			
Capital Flight, 2010 *(constant 2010 % of GDP)*	19.6%	2.3%	0.6%	1.1%	6.6%			
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.8 Country fiche Mozambique (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	26.3	27.0	27.8	28.6	29.5	30.4	31.3	25.8
GDP *(current billion USD)*	17.7	16.0	11.9	13.2	14.8	15.3	14.0	13.7
GDP/capita *(current USD)*	674	590	429	461	503	504	449	533.3
Revenues (excl. grants) *(million USD)*	4,894.3	3,899.0	2,582.0	3,173.3	3,455.6	4,422.1		3,451.8
Revenues (excl. grants) *(% of GDP)*	27.6%	24.4%	21.6%	24.0%	23.3%	28.9%		23.0%
Corporate tax revenue *(million USD)*	1,425.1	912.9	582.4	1,052.6	943.8	1,725.6		943.9
Corporate tax revenue *(% of GDP)*	8.0%	5.7%	4.9%	8.0%	6.4%	11.2%		6.2%
IDA Grants *(million USD)*	108.6	93.0	85.4	-67.2	260.7	248	263.6	74.0
IDA Grants *(% of GDP)*	0.6%	0.6%	0.7%	-0.5%	1.8%	1.6%	1.9%	0.5%
FDI inflows *(current million USD)*	4,998.8	3,868.4	3,128.1	2,319.1	2,678.2	2,180.8		2,762.0
FDI inflows *(% of GDP)*	28.2%	24.3%	26.2%	17.5%	18.0%	14.3%		18.5%
ODA *(current million USD)* **(A)**	2,106.0	1,819.1	1,533.8	1,806.1	1,823.5	1,907.8		1,915.9
ODA *(constant 2018 million USD)*	2,006.4	1,924.7	1,619.4	1,873.1	1,823.5	1,941.4		1,911.0
ODA *(% of GDP)*	11.9%	11.4%	12.8%	13.7%	12.3%	12.5%		14.3%
ODA/capita *(current USD)*	80.1	67.3	55.1	63.0	61.8	62.8		76.4
ODA Belgium *(current million USD)*	21.1	19.0	17.0	18.5	12.5	10.3		21.0
ODA Belgium *(% of GDP)*	0.12%	0.12%	0.14%	0.14%	0.08%	0.07%		0.2%
Shadow economy *(billion USD)*								6.4
Shadow economy *(% of GDP)* (1)								48.3%
Shadow economy *(billion USD)*	5.5	5.5	4.7	4.9				4.6
Shadow economy *(% of GDP)* (2)	31.3%	34.6%	39.5%	37.2%				34.2%
Gross illicit financial outflows *(million USD)* (3) **(B)**								303.3
Gross illicit financial outflows *(% of GDP)*								2.4%
Gross illicit financial flows *(million USD)* (4)	1,790		645	700				972.3
Gross illicit financial flows *(% of GDP)*	10.1%		5.4%	5.3%				6.6%
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								17.6%
Capital Flight, 2010 *(constant 2010 million USD)* (5)								596.5
Capital Flight, 2010 *(constant 2010 % of GDP)*								6.0%
Tax revenue loss: offshore wealth *(million USD)*						25.3		
Tax revenue loss: offshore wealth *(% of GDP)*						0.17%		
Corporate tax loss *(million USD)*				308.2				
Corporate tax loss *(% of GDP)*				2.0%				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							1,709	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							4	
Share of companies with a Belgian shareholder in total **(D/C)**							0.2%	
Total income tax accrued as a partner jurisdiction *(million USD)*				103.58				
Share of total income tax accrued in corporate tax revenue *(%)*				9.8%				
Total export bilateral services *(million €)*						2,509.0		
Total export to Belgium *(million €)*						12.0		
Total import bilateral services *(million €)*						828.8		
Total import from Belgium *(million €)*						3.0		
Liabilities, direct investment *(million USD)*					39,729.9			
Liabilities, portfolio investment *(million USD)*					497.4			
Liabilities, other investment categories *(million USD)*					23,774.1			
Total direct investment income debits *(million USD)*						114.5		
Direct investment income debits to Belgium *(million USD)*						1.6		
Direct investment income debits dividends *(million USD)*						114.5		
Direct investment income debits reinvested earnings *(million USD)*						0		
Direct investment income debits interest *(million USD)*						0		
Total portfolio investment *(million USD)*						0		
Portfolio investment dividends *(million USD)*						0		
Portfolio investment interest *(million USD)*						0		
Other investment income interest *(million USD)*						337.7		

Table a1.9 Country fiche Niger (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	14.1	14.7	15.3	15.8	16.5	17.1	17.8	18.5
GDP *(current billion USD)*	4.8	5.7	7.3	7.4	7.9	8.8	9.4	10.2
GDP/capita *(current USD)*	336	390	479	464	477	513	530	553
Revenues (excl. grants) *(million USD)*								
Revenues (excl. grants) *(% of GDP)*								
Corporate tax revenue *(million USD)*	54.7	83.6						
Corporate tax revenue *(% of GDP)*	1.1	1.5						
IDA Grants *(million USD)*	28.1	43.8	47.0	23.0	57.7	20.6	0.0	48.1
IDA Grants *(% of GDP)*	0.6	0.8	0.6	0.3	0.7	0.2	0.0	0.5
FDI inflows *(current million USD)*	40.31	99.07	283.08	633.82	796.64	1,067.19	841.23	719.34
FDI inflows *(% of GDP)*	0.8	1.7	3.9	8.6	10.1	12.2	8.9	7.0
ODA *(current million USD)* **(A)**	541.9	575.5	615.5	470.6	741.4	644.7	891.1	797.3
ODA *(constant 2018 million USD)*	597.5	584.6	584.9	458.1	735.2	607.3	863.8	753.9
ODA *(% of GDP)*	11.4	10.0	8.4	6.4	9.4	7.3	9.5	7.8
ODA/capita *(current USD)*	38.3	39.2	40.4	29.7	45.0	37.7	50.1	43.1
ODA Belgium *(current million USD)*	18.9	15.9	21.9	26.3	34.8	23.6	17.6	25.0
ODA Belgium *(% of GDP)*	0.40	0.28	0.30	0.36	0.44	0.27	0.19	0.24
Shadow economy *(billion USD)*	2.0	2.5	3.1	3.3	3.5	3.6	3.9	4.2
Shadow economy *(% of GDP)* (1)	42.8	42.9	42.5	44.5	44.7	40.8	41.5	41.2
Shadow economy *(billion USD)*	1.9	2.2	2.7	2.7	2.7	3.0	3.2	3.4
Shadow economy *(% of GDP)* (2)	39.5	39.1	37.5	36.9	34.0	33.7	34.0	33.4
Gross illicit financial outflows *(million USD)* (3) **(B)**	0.0	102.1	98.5	0.0	560.9	198.1	260.5	142.8
Gross illicit financial outflows *(% of GDP)*	0.0	1.8	1.3	0.0	7.1	2.3	2.8	1.4
Gross illicit financial flows *(million USD)* (4)			204	237	364	251	271	393
Gross illicit financial flows *(% of GDP)*			2.8	3.2	4.6	2.9	2.9	3.8
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**		17.7	16.0		75.7	30.7	29.2	17.9
Capital Flight, 2010 *(constant 2010 million USD)* (5)								
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.9 Country fiche Niger (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	19.2	20.0	20.8	21.6	22.4	23.3	24.2	18.8
GDP *(current billion USD)*	10.9	9.7	10.4	11.2	12.8	12.9	13.7	9.5
GDP/capita *(current USD)*	565	484	498	518	572	554	565	499.8
Revenues (excl. grants) *(million USD)*								
Revenues (excl. grants) *(% of GDP)*								
Corporate tax revenue *(million USD)*								69.2
Corporate tax revenue *(% of GDP)*								1.3
IDA Grants *(million USD)*	80.6	64.9	67.1	71.8	142.9	153.7	153.2	66.8
IDA Grants *(% of GDP)*	0.7	0.7	0.6	0.6	1.1	1.2	1.1	0.7
FDI inflows *(current million USD)*	822.97	529.48	301.33	338.71	466.04	717.15		546.9
FDI inflows *(% of GDP)*	7.6	5.5	2.9	3.0	3.6	5.6		5.8
ODA *(current million USD)* **(A)**	917.8	869.3	952.5	1,224.7	1,199.5	1,490.3		852.3
ODA *(constant 2018 million USD)*	868.1	928.2	1,016.6	1,281.0	1,199.5	1,521.4		857.2
ODA *(% of GDP)*	8.4	9.0	9.2	10.9	9.3	11.5		9.2
ODA/capita *(current USD)*	47.7	43.5	45.8	56.7	53.4	63.9		45.3
ODA Belgium *(current million USD)*	17.4	17.1	22.0	20.6	22.4	19.9		21.7
ODA Belgium *(% of GDP)*	0.16	0.18	0.21	0.18	0.17	0.15		0.3
Shadow economy *(billion USD)*								3.3
Shadow economy *(% of GDP)* (1)								42.6
Shadow economy *(billion USD)*	3.7	3.7	3.9	4.1				3.1
Shadow economy *(% of GDP)* (2)	34.1	37.7	38.0	36.7				36.2
Gross illicit financial outflows *(million USD)* (3) **(B)**								170.4
Gross illicit financial outflows *(% of GDP)*								2.1
Gross illicit financial flows *(million USD)* (4)	335	245	235					281.7
Gross illicit financial flows *(% of GDP)*	3.1	2.5	2.3					3.1
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								31.2
Capital Flight, 2010 *(constant 2010 million USD)* (5)								
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*						1.2		
Tax revenue loss: offshore wealth *(% of GDP)*						0.01		
Corporate tax loss *(million USD)*				21.6				
Corporate tax loss *(% of GDP)*				0.2ù				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							105	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							2	
Share of companies with a Belgian shareholder in total **(D/C)**							1.9	
Total income tax accrued as a partner jurisdiction *(million USD)*				29.55				
Share of total income tax accrued in corporate tax revenue *(%)*				18.1				
Total export bilateral services *(million €)*						951.6		
Total export to Belgium *(million €)*						9.0		
Total import bilateral services *(million €)*						232.1		
Total import from Belgium *(million €)*						7.0		
Liabilities, direct investment *(million USD)*					7,306.4			
Liabilities, portfolio investment *(million USD)*					799.9			
Liabilities, other investment categories *(million USD)*					4,646.3			
Total direct investment income debits *(million USD)*						132.7		
Direct investment income debits to Belgium *(million USD)*						0.0		
Direct investment income debits dividends *(million USD)*						69.8		
Direct investment income debits reinvested earnings *(million USD)*						14.2		
Direct investment income debits interest *(million USD)*						48.8		
Total portfolio investment *(million USD)*						62.0		
Portfolio investment dividends *(million USD)*						0.7		
Portfolio investment interest *(million USD)*						61.3		
Other investment income interest *(million USD)*						45.0		

Table a1.10 Country fiche Palestine (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.1
GDP *(current billion USD)*	5.3	5.8	7.3	8.1	9.7	11.2	12.2	13.5
GDP/capita *(current USD)*	1,570	1,664	2,035	2,192	2,557	2,881	3,067	3,315
Revenues (excl. grants) *(million USD)*	297.4	300.6	552.9	473.7	579.1	621.3	560.3	684.8
Revenues (excl. grants) *(% of GDP)*	5.6	5.2	7.6	5.9	6.0	5.6	4.6	5.1
Corporate tax revenue *(million USD)*	9.2	10.5	12.1	13.2	23.1	24.0	33.8	40.3
Corporate tax revenue *(% of GDP)*	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3
IDA Grants *(million USD)*								
IDA Grants *(% of GDP)*								
FDI inflows *(current million USD)*	18.6	19.6	51.5	300.5	179.9	238.8	63.0	189.6
FDI inflows *(% of GDP)*	0.3	0.3	0.7	3.7	1.9	2.1	0.5	1.4
ODA *(current million USD)* **(A)**	1,360.3	1,717.1	2,470.1	2,827.7	2,512.6	2,434.7	2,006.1	2,602.3
ODA *(constant 2018 million USD)*	1,495.6	1,731.7	2,390.7	2,876.8	2,541.8	2,326.2	1,913.6	2,536.5
ODA *(% of GDP)*	25.4	29.5	33.8	35.0	26.0	21.8	16.4	19.3
ODA/capita *(current USD)*	399.3	491.4	687.7	766.5	663.6	627.0	504.0	638.3
ODA Belgium *(current million USD)*	15.8	19.7	30.3	22.7	24.3	30.0	33.5	33.5
ODA Belgium *(% of GDP)*	0.29	0.34	0.41	0.28	0.25	0.27	0.27	0.25
Shadow economy *(billion USD)*								
Shadow economy *(% of GDP)* (1)								
Shadow economy *(billion USD)*								
Shadow economy *(% of GDP)* (2)								
Gross illicit financial outflows *(million USD)* (3) **(B)**								
Gross illicit financial outflows *(% of GDP)*								
Gross illicit financial flows *(million USD)* (4)								
Gross illicit financial flows *(% of GDP)*								
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								
Capital Flight, 2010 *(constant 2010 million USD)* (5)								
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.10 Country fiche Palestine (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	4.2	4.3	4.4	4.5	4.6	4.7	4.8	4.1
GDP *(current billion USD)*	14.0	14.0	15.4	16.1	16.3	17.1	15.6	12.1
GDP/capita *(current USD)*	3,352	3,272	3,528	3,620	3,562	3,657	3,240	2,900.9
Revenues (excl. grants) *(million USD)*	861.4							548.0
Revenues (excl. grants) *(% of GDP)*	6.2							5.7
Corporate tax revenue *(million USD)*	39.0	32.9	33.9	45.8	52.4			28.5
Corporate tax revenue *(% of GDP)*	0.3	0.2	0.2	0.3	0.3			0.2
IDA Grants *(million USD)*								
IDA Grants *(% of GDP)*								
FDI inflows *(current million USD)*	159.7	104.9	296.5	184.0	210.7	121.6		152.8
FDI inflows *(% of GDP)*	1.1	0.8	1.9	1.1	1.3	0.7		1.3
ODA *(current million USD)* **(A)**	2,487.8	1,872.2	2,401.7	2,147.2	2,296.1	2,234.3		2,240.7
ODA *(constant 2018 million USD)*	2,352.4	1,986.9	2,546.6	2,233.1	2,296.1	2,291.0		2,251.4
ODA *(% of GDP)*	17.8	13.4	15.6	13.3	14.1	13.0		21.0
ODA/capita *(current USD)*	596.1	438.4	549.9	482.0	502.5	476.9		558.8
ODA Belgium *(current million USD)*	20.7	24.2	34.8	23.7	25.1	22.3		25.8
ODA Belgium *(% of GDP)*	0.15	0.17	0.23	0.15	0.15	0.13		0.2
Shadow economy *(billion USD)*								
Shadow economy *(% of GDP)* (1)								
Shadow economy *(billion USD)*								
Shadow economy *(% of GDP)* (2)								
Gross illicit financial outflows *(million USD)* (3) **(B)**								
Gross illicit financial outflows *(% of GDP)*								
Gross illicit financial flows *(million USD)* (4)								
Gross illicit financial flows *(% of GDP)*								
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								
Capital Flight, 2010 *(constant 2010 million USD)* (5)								
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*						1.5		
Tax revenue loss: offshore wealth *(% of GDP)*						0.01		
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							53	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							0	
Share of companies with a Belgian shareholder in total **(D/C)**							0.0	
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*						2.0		
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*						1.0		
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.11 Country fiche Rwanda (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	9.0	9.3	9.5	9.8	10.0	10.3	10.5	10.8
GDP *(current billion USD)*	3.3	4.1	5.2	5.7	6.1	6.9	7.7	7.8
GDP/capita *(current USD)*	367	439	544	580	610	668	725	723
Revenues (excl. grants) *(million USD)*			711.8	779.9	874.2	1,025.5	1,133.3	1,180.9
Revenues (excl. grants) *(% of GDP)*			13.7	13.8	14.3	14.9	14.8	15.1
Corporate tax revenue *(million USD)*			93.3	80.6	78.5	90.1		
Corporate tax revenue *(% of GDP)*			1.8	1.4	1.3	1.3		
IDA Grants *(million USD)*	19.5	73.4	99.6	103.3	135.9	153.2	58.3	62.0
IDA Grants *(% of GDP)*	0.6	1.8	1.9	1.8	2.2	2.2	0.8	0.8
FDI inflows *(current million USD)*	30.6	82.3	102.3	118.7	216.2	112.1	269.6	233.8
FDI inflows *(% of GDP)*	0.9	2.0	2.0	2.1	3.5	1.6	3.5	3.0
ODA *(current million USD)* **(A)**	605.4	780.0	935.5	934.3	1,033.1	1,263.2	878.6	1,086.3
ODA *(constant 2018 million USD)*	655.5	783.4	904.6	938.5	1,036.4	1,205.8	861.2	1,042.4
ODA *(% of GDP)*	18.2	19.2	18.1	16.5	16.9	18.4	11.5	13.9
ODA/capita *(current USD)*	66.9	84.1	98.2	95.5	102.9	122.7	83.3	100.5
ODA Belgium *(current million USD)*	36.1	42.5	65.2	82.2	70.3	76.5	53.5	47.6
ODA Belgium *(% of GDP)*	1.09	1.05	1.26	1.45	1.15	1.11	0.70	0.61
Shadow economy *(billion USD)*	1.5	1.7	1.9	2.1	2.2	2.4	2.9	3.0
Shadow economy *(% of GDP)* (1)	44.9	41.6	36.1	37.4	35.7	34.9	37.5	38.6
Shadow economy *(billion USD)*	1.2	1.4	1.7	1.8	1.9	2.1	2.2	2.2
Shadow economy *(% of GDP)* (2)	37.1	34.9	32.2	31.9	31.4	29.8	29.1	28.6
Gross illicit financial outflows *(million USD)* (3) **(B)**	135.8	177.2	145.1	284.9	430.0	525.8	607.1	1,039.2
Gross illicit financial outflows *(% of GDP)*	4.1	4.4	2.8	5.0	7.0	7.6	7.9	13.3
Gross illicit financial flows *(million USD)* (4)			133	109	130	148	151	200
Gross illicit financial flows *(% of GDP)*			2.6	1.9	2.1	2.2	2.0	2.6
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	22.4	22.7	15.5	30.5	41.6	41.6	69.1	95.7
Capital Flight, 2010 *(constant 2010 million USD)* (5)	-130.1	50.9	-192.3	-274.3	-317.7			
Capital Flight, 2010 *(constant 2010 % of GDP)*	-3.9	1.3	-3.7	-4.8	-5.2			
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.11 Country fiche Rwanda (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	11.1	11.4	11.7	12.0	12.3	12.6	13.0	10.9
GDP *(current billion USD)*	8.2	8.5	8.7	9.3	9.6	10.4	10.3	7.5
GDP/capita *(current USD)*	744	751	745	772	784	820	798	671.2
Revenues (excl. grants) *(million USD)*	1,505.1	1,559.5	1,587.1	1,689.9	1,760.6	1,891.3		1,308.2
Revenues (excl. grants) *(% of GDP)*	18.3	18.3	18.3	18.3	18.3	18.3		16.3
Corporate tax revenue *(million USD)*	75.5	90.1	97.0	95.6	126.7	177.2	146.0	104.6
Corporate tax revenue *(% of GDP)*	0.9	1.1	1.1	1.0	1.3	1.7	1.4	1.3
IDA Grants *(million USD)*	53.4	0.0	0.0	0.0	0.0	0.0	0.0	50.6
IDA Grants *(% of GDP)*	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.9
FDI inflows *(current million USD)*	314.0	162.1	279.7	274.0	366.2	384.5		210.4
FDI inflows *(% of GDP)*	3.8	1.9	3.2	3.0	3.8	3.7		2.7
ODA *(current million USD)* **(A)**	1,035.0	1,088.4	1,150.5	1,231.3	1,119.7	1,191.1		1,023.7
ODA *(constant 2018 million USD)*	987.2	1,134.1	1,219.6	1,283.8	1,119.7	1,210.4		1,027.3
ODA *(% of GDP)*	12.6	12.7	13.2	13.3	11.6	11.5		14.8
ODA/capita *(current USD)*	93.4	95.7	98.6	102.8	91.0	94.3		95.0
ODA Belgium *(current million USD)*	42.2	35.9	26.3	40.6	41.9	41.8		50.2
ODA Belgium *(% of GDP)*	0.51	0.42	0.30	0.44	0.43	0.40		0.8
Shadow economy *(billion USD)*								2.2
Shadow economy *(% of GDP)* (1)								38.3
Shadow economy *(billion USD)*	2.4	2.4	2.5	2.6				2.0
Shadow economy *(% of GDP)* (2)	28.6	28.0	28.5	27.7				30.7
Gross illicit financial outflows *(million USD)* (3) **(B)**								418.1
Gross illicit financial outflows *(% of GDP)*								6.5
Gross illicit financial flows *(million USD)* (4)	204	153	161					154.3
Gross illicit financial flows *(% of GDP)*	2.5	1.8	1.9					2.2
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								42.4
Capital Flight, 2010 *(constant 2010 million USD)* (5)								-172.7
Capital Flight, 2010 *(constant 2010 % of GDP)*								-3.3
Tax revenue loss: offshore wealth *(million USD)*						2.5		
Tax revenue loss: offshore wealth *(% of GDP)*						0.02		
Corporate tax loss *(million USD)*				103.2				
Corporate tax loss *(% of GDP)*				1.2				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							197	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							18	
Share of companies with a Belgian shareholder in total **(D/C)**							9.1	
Total income tax accrued as a partner jurisdiction *(million USD)*				9.54				
Share of total income tax accrued in corporate tax revenue *(%)*				6.3				
Total export bilateral services *(million €)*						919.1		
Total export to Belgium *(million €)*						17.0		
Total import bilateral services *(million €)*						0.2		
Total import from Belgium *(million €)*						11.0		
Liabilities, direct investment *(million USD)*					2,283.7			
Liabilities, portfolio investment *(million USD)*					517.6			
Liabilities, other investment categories *(million USD)*					4,155.1			
Total direct investment income debits *(million USD)*						143.6		
Direct investment income debits to Belgium *(million USD)*						3.1		
Direct investment income debits dividends *(million USD)*						33.9		
Direct investment income debits reinvested earnings *(million USD)*						109.7		
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*						27.3		
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*						27.3		
Other investment income interest *(million USD)*						162.5		

Table a1.12 Country fiche Senegal (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	11.4	11.7	12.0	12.3	12.7	13.0	13.4	13.8
GDP *(current billion USD)*	11.7	14.0	16.9	16.1	16.1	17.8	17.7	18.9
GDP/capita *(current USD)*	1,031	1,198	1,404	1,309	1,272	1,367	1,318	1,373
Revenues (excl. grants) *(million USD)*				2,992.7	3,112.1	3,596.3	3,563.8	
Revenues (excl. grants) *(% of GDP)*				18.5	19.3	20.2	20.2	
Corporate tax revenue *(million USD)*				165.4	214.4	208.0	223.1	
Corporate tax revenue *(% of GDP)*				1.0	1.3	1.2	1.3	
IDA Grants *(million USD)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IDA Grants *(% of GDP)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FDI inflows *(current million USD)*	289.8	351.5	455.7	331.5	272.1	338.7	276.2	311.4
FDI inflows *(% of GDP)*	2.5	2.5	2.7	2.1	1.7	1.9	1.6	1.6
ODA *(current million USD)* **(A)**	869.4	865.3	1,065.8	1,018.0	936.4	1,054.6	1,075.8	994.5
ODA *(constant 2018 million USD)*	946.7	864.1	1,011.3	992.3	921.6	976.2	1,036.0	957.6
ODA *(% of GDP)*	7.4	6.2	6.3	6.3	5.8	5.9	6.1	5.3
ODA/capita *(current USD)*	76.4	74.0	88.8	82.5	73.9	80.9	80.3	72.2
ODA Belgium *(current million USD)*	22.8	22.8	20.9	19.3	17.7	24.0	17.7	23.9
ODA Belgium *(% of GDP)*	0.19	0.16	0.12	0.12	0.11	0.13	0.10	0.13
Shadow economy *(billion USD)*	5.5	6.8	8.2	8.5	8.9	9.3	10.1	9.9
Shadow economy *(% of GDP)* (1)	47.1	48.9	48.4	52.9	55.3	52.5	57.0	52.6
Shadow economy *(billion USD)*	4.6	5.4	6.2	6.5	6.6	7.0	6.8	7.1
Shadow economy *(% of GDP)* (2)	39.6	38.9	36.8	40.5	41.1	39.3	38.3	37.6
Gross illicit financial outflows *(million USD)* (3) **(B)**	489.9	693.4	1,439.6	606.4	587.7	764.1	996.9	1,029.0
Gross illicit financial outflows *(% of GDP)*	4.2	5.0	8.5	3.8	3.6	4.3	5.6	5.4
Gross illicit financial flows *(million USD)* (4)			1,307	875	1,100	1,449	1,430	1,474
Gross illicit financial flows *(% of GDP)*			7.8	5.4	6.8	8.1	8.1	7.8
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	56.4	80.1	135.1	59.6	62.8	72.5	92.7	103.5
Capital Flight, 2010 *(constant 2010 million USD)* (5)								
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.12 Country fiche Senegal (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	14.2	14.6	15.0	15.4	15.9	16.3	16.7	13.9
GDP *(current billion USD)*	19.8	17.8	19.0	21.0	23.1	23.3	24.9	18.5
GDP/capita *(current USD)*	1,397	1,219	1,270	1,362	1,458	1,430	1,488	1,326.3
Revenues (excl. grants) *(million USD)*		3,412.4	3,964.0	4,480.9	4,570.5			3,711.6
Revenues (excl. grants) *(% of GDP)*		19.2	20.8	21.3	19.8			19.9
Corporate tax revenue *(million USD)*	281.2	255.3	292.4	474.5	505.3	597.3	652.9	351.8
Corporate tax revenue *(% of GDP)*	1.4	1.4	1.5	2.3	2.2	2.6	2.6	1.7
IDA Grants *(million USD)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IDA Grants *(% of GDP)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FDI inflows *(current million USD)*	403.1	409.2	472.4	588.3	847.8	983.3		452.2
FDI inflows *(% of GDP)*	2.0	2.3	2.5	2.8	3.7	4.2		2.4
ODA *(current million USD)* **(A)**	1,108.7	869.4	731.2	908.2	998.9	1,443.9		995.7
ODA *(constant 2018 million USD)*	1,068.3	924.5	779.2	943.5	998.9	1,474.1		992.5
ODA *(% of GDP)*	5.6	4.9	3.8	4.3	4.3	6.2		5.6
ODA/capita *(current USD)*	78.2	59.6	48.8	58.9	63.0	88.6		73.3
ODA Belgium *(current million USD)*	19.3	17.8	20.3	14.6	10.6	10.1		18.7
ODA Belgium *(% of GDP)*	0.10	0.10	0.11	0.07	0.05	0.04		0.1
Shadow economy *(billion USD)*								8.4
Shadow economy *(% of GDP)* (1)								51.8
Shadow economy *(billion USD)*	8.1	7.7	8.2	7.7				6.8
Shadow economy *(% of GDP)* (2)	40.7	43.2	43.3	36.8				39.7
Gross illicit financial outflows *(million USD)* (3) **(B)**								825.9
Gross illicit financial outflows *(% of GDP)*								5.1
Gross illicit financial flows *(million USD)* (4)	1,567	1,465	1,562	1,882				1411.1
Gross illicit financial flows *(% of GDP)*	7.9	8.2	8.2	9.0				7.7
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								82.8
Capital Flight, 2010 *(constant 2010 million USD)* (5)								
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*						19.7		
Tax revenue loss: offshore wealth *(% of GDP)*						0.08		
Corporate tax loss *(million USD)*				239.7				
Corporate tax loss *(% of GDP)*				1.2				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							821	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							41	
Share of companies with a Belgian shareholder in total **(D/C)**							5.0	
Total income tax accrued as a partner jurisdiction *(million USD)*				124.58				
Share of total income tax accrued in corporate tax revenue *(%)*				26.3				
Total export bilateral services *(million €)*						1,482.9		
Total export to Belgium *(million €)*						48.0		
Total import bilateral services *(million €)*						1,241.1		
Total import from Belgium *(million €)*						22.0		
Liabilities, direct investment *(million USD)*					4,571.6			
Liabilities, portfolio investment *(million USD)*					5,268.0			
Liabilities, other investment categories *(million USD)*					10,262.4			
Total direct investment income debits *(million USD)*					443.3			
Direct investment income debits to Belgium *(million USD)*					0.0			
Direct investment income debits dividends *(million USD)*					315.8			
Direct investment income debits reinvested earnings *(million USD)*					86.0			
Direct investment income debits interest *(million USD)*					41.6			
Total portfolio investment *(million USD)*					263.2			
Portfolio investment dividends *(million USD)*					96.2			
Portfolio investment interest *(million USD)*					164.3			
Other investment income interest *(million USD)*					308.0			

Table a1.13 Country fiche Tanzania (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	39.5	40.7	41.9	43.1	44.3	45.7	47.1	48.5
GDP *(current billion USD)*	18.6	21.8	27.9	29.1	32.0	34.7	39.7	45.7
GDP/capita *(current USD)*	472	537	668	675	722	759	843	942
Revenues (excl. grants) *(million USD)*				3,518.2	3,328.4	3,576.7	4,489.8	5,190.6
Revenues (excl. grants) *(% of GDP)*				12.1	10.4	10.3	11.3	11.4
Corporate tax revenue *(million USD)*				322.4	305.5	353.1	496.3	656.2
Corporate tax revenue *(% of GDP)*				1.1	1.0	1.0	1.3	1.4
IDA Grants *(million USD)*	13.7	31.3	28.2	19.4	2.3	0.0	0.0	0.0
IDA Grants *(% of GDP)*	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
FDI inflows *(current million USD)*	403.0	581.5	1,383.3	952.6	1,813.2	1,229.4	1,799.6	2,087.3
FDI inflows *(% of GDP)*	2.2	2.7	5.0	3.3	5.7	3.5	4.5	4.6
ODA *(current million USD)* **(A)**	1,887.7	2,823.8	2,331.1	3,127.2	2,960.3	2,441.8	2,822.2	3,433.2
ODA *(constant 2018 million USD)*	2,040.4	2,838.5	2,226.6	3,132.8	2,962.7	2,318.6	2,728.4	3,300.7
ODA *(% of GDP)*	10.1	12.9	8.3	10.8	9.2	7.0	7.1	7.5
ODA/capita *(current USD)*	47.7	69.4	55.7	72.6	66.8	53.5	60.0	70.8
ODA Belgium *(current million USD)*	14.7	13.8	18.5	21.2	22.5	25.7	22.8	13.3
ODA Belgium *(% of GDP)*	0.08	0.06	0.07	0.07	0.07	0.07	0.06	0.03
Shadow economy *(billion USD)*	12.9	16.7	17.8	20.5	20.9	22.8	26.5	31.2
Shadow economy *(% of GDP)* (1)	69.4	76.5	63.9	70.6	65.4	65.9	66.8	68.2
Shadow economy *(billion USD)*	10.7	12.1	11.7	15.7	16.5	17.3	19.5	21.6
Shadow economy *(% of GDP)* (2)	57.6	55.6	41.7	54.0	51.6	50.0	49.1	47.2
Gross illicit financial outflows *(million USD)* (3) **(B)**	36.3	58.5	389.9	308.1	1,355.4	605.7	792.6	322.6
Gross illicit financial outflows *(% of GDP)*	0.2	0.3	1.4	1.1	4.2	1.7	2.0	0.7
Gross illicit financial flows *(million USD)* (4)			1,520	1,379	1,701	2,108	1,965	2,895
Gross illicit financial flows *(% of GDP)*			5.4	4.7	5.3	6.1	5.0	6.3
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	1.9	2.1	16.7	9.9	45.8	24.8	28.1	9.4
Capital Flight, 2010 *(constant 2010 million USD)* (5)	-329.6	-505.7	-1,062.6	-216.7	-151.2			
Capital Flight, 2010 *(constant 2010 % of GDP)*	-1.8	-2.3	-3.8	-0.7	-0.5			
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.13 Country fiche Tanzania (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	50.0	51.5	53.0	54.7	56.3	58.0	59.7	48.9
GDP *(current billion USD)*	50.0	47.4	49.8	53.3	57.0	61.1	62.4	42.0
GDP/capita *(current USD)*	1,000	920	938	975	1,012	1,054	1,045	837.5
Revenues (excl. grants) *(million USD)*	6,114.7	5,393.2	6,173.3	7,236.0	7,927.0			5,294.8
Revenues (excl. grants) *(% of GDP)*	12.2	11.4	12.4	13.6	13.9			11.9
Corporate tax revenue *(million USD)*	897.6	593.9	946.6	650.7	769.6			599.2
Corporate tax revenue *(% of GDP)*	1.8	1.3	1.9	1.2	1.4			1.3
IDA Grants *(million USD)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.3
IDA Grants *(% of GDP)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FDI inflows *(current million USD)*	1,416.1	1,506.0	864.0	940.5	971.6	990.6		1,209.9
FDI inflows *(% of GDP)*	2.8	3.2	1.7	1.8	1.7	1.6		3.2
ODA *(current million USD)* **(A)**	2,650.5	2,584.7	2,317.9	2,585.8	2,455.0	2,153.1		2,612.5
ODA *(constant 2018 million USD)*	2,534.7	2,698.1	2,436.8	2,682.9	2,455.0	2,188.0		2,610.3
ODA *(% of GDP)*	5.3	5.5	4.7	4.8	4.3	3.5		7.2
ODA/capita *(current USD)*	53.1	50.2	43.7	47.3	43.6	37.1		55.1
ODA Belgium *(current million USD)*	16.4	12.1	14.0	13.5	12.2	12.1		16.6
ODA Belgium *(% of GDP)*	0.03	0.03	0.03	0.03	0.02	0.02		0.0
Shadow economy *(billion USD)*								21.2
Shadow economy *(% of GDP)* (1)								68.3
Shadow economy *(billion USD)*	22.7	22.4	23.4	25.0				18.2
Shadow economy *(% of GDP)* (2)	45.4	47.2	47.1	46.9				49.5
Gross illicit financial outflows *(million USD)* (3) **(B)**								483.7
Gross illicit financial outflows *(% of GDP)*								1.5
Gross illicit financial flows *(million USD)* (4)	4,298	2,796	2,829	1,996				2,348.7
Gross illicit financial flows *(% of GDP)*	8.6	5.9	5.7	3.7				5.7
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								17.3
Capital Flight, 2010 *(constant 2010 million USD)* (5)								-453.2
Capital Flight, 2010 *(constant 2010 % of GDP)*								-1.8
Tax revenue loss: offshore wealth *(million USD)*						20.2		
Tax revenue loss: offshore wealth *(% of GDP)*						0.03		
Corporate tax loss *(million USD)*				192.6				
Corporate tax loss *(% of GDP)*				0.4				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							1,220	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							16	
Share of companies with a Belgian shareholder in total **(D/C)**							1.3£	
Total income tax accrued as a partner jurisdiction *(million USD)*				91.31				
Share of total income tax accrued in corporate tax revenue *(%)*				14.0				
Total export bilateral services *(million €)*						1,568.3		
Total export to Belgium *(million €)*						10.0		
Total import bilateral services *(million €)*						3,810.6		
Total import from Belgium *(million €)*						46.0		
Liabilities, direct investment *(million USD)*					14,555.6			
Liabilities, portfolio investment *(million USD)*					32.9			
Liabilities, other investment categories *(million USD)*					22,816.8			
Total direct investment income debits *(million USD)*						790.2		
Direct investment income debits to Belgium *(million USD)*						13.6		
Direct investment income debits dividends *(million USD)*						514.1		
Direct investment income debits reinvested earnings *(million USD)*						247.3		
Direct investment income debits interest *(million USD)*						28.8		
Total portfolio investment *(million USD)*						2.4		
Portfolio investment dividends *(million USD)*						2.4		
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*						398.3		

Table a1.14 Country fiche Uganda (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	28.6	29.5	30.4	31.4	32.4	33.5	34.6	35.7
GDP *(current billion USD)*	10.0	11.9	14.4	25.0	26.6	27.8	27.2	28.8
GDP/capita *(current USD)*	349	404	475	797	819	829	787	807
Revenues (excl. grants) *(million USD)*	1,267.4	1,529.4	1,913.9	2,745.8	2,801.8	3,773.9	3,035.6	
Revenues (excl. grants) *(% of GDP)*	12.7	12.8	13.3	11.0	10.5	13.6	11.2	
Corporate tax revenue *(million USD)*	70.5	76.9	79.9	118.1	156.5	647.7	195.2	206.6
Corporate tax revenue *(% of GDP)*	0.7	0.6	0.6	0.5	0.6	2.3	0.7	0.7
IDA Grants *(million USD)*	123.5	0.5	8.6	31.8	0.0	0.0	0.0	0.0
IDA Grants *(% of GDP)*	1.2	0.0	0.1	0.1	0.0	0.0	0.0	0.0
FDI inflows *(current million USD)*	644.3	792.3	728.9	841.6	543.9	894.3	1,205.4	1,096.0
FDI inflows *(% of GDP)*	6.5	6.7	5.0	3.4	2.0	3.2	4.4	3.8
ODA *(current million USD)* **(A)**	1,589.2	1,738.2	1,643.4	1,786.3	1,690.1	1,572.9	1,642.5	1,697.1
ODA *(constant 2018 million USD)*	1,726.9	1,762.3	1,603.8	1,814.4	1,706.7	1,514.6	1,606.2	1,651.7
ODA *(% of GDP)*	15.9	14.6	11.4	7.1	6.4	5.7	6.0	5.9
ODA/capita *(current USD)*	55.6	58.9	54.0	56.9	52.1	47.0	47.5	47.5
ODA Belgium *(current million USD)*	14.9	15.0	17.0	22.2	28.3	14.2	21.6	15.7
ODA Belgium *(% of GDP)*	0.15	0.13	0.12	0.09	0.11	0.05	0.08	0.05
Shadow economy *(billion USD)*	4.7	5.7	6.0	9.1	9.6	12.7	8.6	9.4
Shadow economy *(% of GDP)* (1)	47.3	47.5	41.6	36.2	36.2	45.8	31.8	32.8
Shadow economy *(billion USD)*	3.8	4.3	4.8	7.9	8.2	8.9	7.7	8.1
Shadow economy *(% of GDP)* (2)	38.4	36.3	33.5	31.6	30.9	31.9	28.4	28.1
Gross illicit financial outflows *(million USD)* (3) **(B)**	465.8	701.4	1,011.8	1,446.1	1,143.2	27.3	612.2	362.8
Gross illicit financial outflows *(% of GDP)*	4.7	5.9	7.0	5.8	4.3	0.1	2.3	1.3
Gross illicit financial flows *(million USD)* (4)			589	627	627	686	692	857
Gross illicit financial flows *(% of GDP)*			4.1	2.5	2.4	2.5	2.5	3.0
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	29.3	40.4	61.6	81.0	67.6	1.7	37.3	21.4
Capital Flight, 2010 *(constant 2010 million USD)* (5)	4,123	980.4	913.9	141.4	-163.0			
Capital Flight, 2010 *(constant 2010 % of GDP)*	41.3	8.2	6.3	0.6	-0.6			
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.14 Country fiche Uganda (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	36.9	38.2	39.6	41.2	42.7	44.3	45.7	36.3
GDP *(current billion USD)*	32.5	32.2	29.1	30.7	32.9	35.2	37.4	26.8
GDP/capita *(current USD)*	880	844	733	747	770	794	817	723.4
Revenues (excl. grants) *(million USD)*		3,749.6	3,493.3	3,801.9	4,108.1	4,629.7		3,070.9
Revenues (excl. grants) *(% of GDP)*		11.6	12.0	12.4	12.5	13.2		12.2
Corporate tax revenue *(million USD)*	175.7	567.5	238.5	240.9	566.0	659.4	722.0	314.8
Corporate tax revenue *(% of GDP)*	0.5	1.8	0.8	0.8	1.7	1.9	1.9	1.1
IDA Grants *(million USD)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.0
IDA Grants *(% of GDP)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
FDI inflows *(current million USD)*	1,058.6	737.7	625.7	802.7	1,055.4	1,266.0		878.0
FDI inflows *(% of GDP)*	3.3	2.3	2.2	2.6	3.2	3.6		3.7
ODA *(current million USD)* **(A)**	1,633.7	1,638.2	1,762.6	2,011.8	1,945.5	2,100.0		1,746.5
ODA *(constant 2018 million USD)*	1,578.8	1,717.3	1,860.0	2,090.3	1,945.5	2,132.6		1,765.1
ODA *(% of GDP)*	5.0	5.1	6.1	6.5	5.9	6.0		7.7
ODA/capita *(current USD)*	44.3	42.9	44.5	48.9	45.5	47.4		49.5
ODA Belgium *(current million USD)*	24.2	16.8	18.4	22.3	26.1	34.0		20.8
ODA Belgium *(% of GDP)*	0.07	0.05	0.06	0.07	0.08	0.10		0.1
Shadow economy *(billion USD)*								8.2
Shadow economy *(% of GDP)* (1)								39.9
Shadow economy *(billion USD)*	9.1	9.3	8.5	9.2				7.5
Shadow economy *(% of GDP)* (2)	28.0	28.8	29.4	29.8				31.3
Gross illicit financial outflows *(million USD)* (3) **(B)**								721.3
Gross illicit financial outflows *(% of GDP)*								3.9
Gross illicit financial flows *(million USD)* (4)	779	630	687	703				687.7
Gross illicit financial flows *(% of GDP)*	2.4	2.0	2.4	2.3				2.6
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								42.5
Capital Flight, 2010 *(constant 2010 million USD)* (5)								1,199.1
Capital Flight, 2010 *(constant 2010 % of GDP)*								11.2
Tax revenue loss: offshore wealth *(million USD)*						17.4		
Tax revenue loss: offshore wealth *(% of GDP)*						0.05		
Corporate tax loss *(million USD)*				365.4				
Corporate tax loss *(% of GDP)*				1.1				
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							461	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							16	
Share of companies with a Belgian shareholder in total **(D/C)**							3.5	
Total income tax accrued as a partner jurisdiction *(million USD)*				73.49				
Share of total income tax accrued in corporate tax revenue *(%)*				30.5				
Total export bilateral services *(million €)*						2,392.4		
Total export to Belgium *(million €)*						7.0		
Total import bilateral services *(million €)*						1,806.3		
Total import from Belgium *(million €)*						17.0		
Liabilities, direct investment *(million USD)*					13,315.2			
Liabilities, portfolio investment *(million USD)*					257.3			
Liabilities, other investment categories *(million USD)*					9,971.2			
Total direct investment income debits *(million USD)*						354.2		
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*						114.0		
Direct investment income debits reinvested earnings *(million USD)*						201.5		
Direct investment income debits interest *(million USD)*						8.7		
Total portfolio investment *(million USD)*						75.0		
Portfolio investment dividends *(million USD)*						0		
Portfolio investment interest *(million USD)*						75.0		
Other investment income interest *(million USD)*						172.2		

Table a1.15 Country fiche total 14 partner countries (2006-2020)

	2006	2007	2008	2009	2010	2011	2012	2013
Population *(million persons)*	266.7	274.3	282.2	290.4	298.9	307.6	316.6	325.9
GDP *(current billion USD)*	172.0	201.2	241.5	252.7	263.5	293.4	303.8	331.5
GDP/capita *(current USD)*	9,517.8	10,868.3	12,807.2	13,045.6	13,445.5	14,710.2	14,959.1	15,872.4
Revenues (excl. grants) *(million USD)*	28,668.1	34,551.8	45,467.7	46,907.9	50,749.1	47,856.0	49,139.4	46,510.8
Revenues (excl. grants) *(% of GDP)*								
Corporate tax revenue *(million USD)*	3,502.7	4,403.9	6,833.3	6,618.5	6,106.1	7,200.9	7,476.0	7,645.1
Corporate tax revenue *(% of GDP)*								
IDA Grants *(million USD)*	463.6	504.1	530.5	729.1	702.2	915.9	648.2	532.4
IDA Grants *(% of GDP)*								
FDI inflows *(current million USD)*	4,739.4	7,730.1	8,572.8	6,611.7	9,629.4	13,482.5	17,438.5	17,668.7
FDI inflows *(% of GDP)*								
ODA *(current million USD)* **(A)**	14,569.7	16,053.6	17,751.2	19,125.3	19,960.1	22,140.7	19,518.7	21,645.3
ODA *(constant 2018 million USD)*	15,982.9	16,111.9	16,949.2	19,014.3	19,867.2	21,007.3	18,910.2	20,759.4
ODA *(% of GDP)*								
ODA/capita *(current USD)*	1,091.9	1,250.0	1,499.5	1,567.5	1,479.7	1,478.0	1,294.2	1,472.3
ODA Belgium *(current million USD)*	446.9	451.4	508.1	529.0	1,023.0	554.2	433.7	483.9
ODA Belgium *(% of GDP)*								
Shadow economy *(billion USD)*	78.0	90.1	108.0	116.3	119.9	142.5	148.8	168.4
Shadow economy *(% of GDP)* (1)								
Shadow economy *(billion USD)*	66.1	73.9	80.4	90.7	92.2	100.5	104.0	111.6
Shadow economy *(% of GDP)* (2)								
Gross illicit financial outflows *(million USD)* (3) **(B)**	6,183.1	7,250.1	10,105.1	7,426.7	10,590.0	8,334.4	10,818.0	9,518.2
Gross illicit financial outflows *(% of GDP)*								
Gross illicit financial flows *(million USD)* (4)			17,180.0	12,854.0	15,328.0	17,210.0	18,238.0	23,126.0
Gross illicit financial flows *(% of GDP)*								
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**	7.7	8.2	8.3	6.2	10.6	8.4	8.6	7.4
Capital Flight, 2010 *(constant 2010 million USD)* (5)	9,338.3	9,982.0	5,257.7	5,841.5	6,064.2			
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*								
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*								
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**								
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**								
Share of companies with a Belgian shareholder in total **(D/C)**								
Total income tax accrued as a partner jurisdiction *(million USD)*								
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*								
Total export to Belgium *(million €)*								
Total import bilateral services *(million €)*								
Total import from Belgium *(million €)*								
Liabilities, direct investment *(million USD)*								
Liabilities, portfolio investment *(million USD)*								
Liabilities, other investment categories *(million USD)*								
Total direct investment income debits *(million USD)*								
Direct investment income debits to Belgium *(million USD)*								
Direct investment income debits dividends *(million USD)*								
Direct investment income debits reinvested earnings *(million USD)*								
Direct investment income debits interest *(million USD)*								
Total portfolio investment *(million USD)*								
Portfolio investment dividends *(million USD)*								
Portfolio investment interest *(million USD)*								
Other investment income interest *(million USD)*								

Table a1.15 Country fiche total 14 partner countries (2006-2020) (continued)

	2014	2015	2016	2017	2018	2019	2020	Average 2006-2020
Population *(million persons)*	335.6	345.6	356.0	366.7	377.7	388.9	400.2	328.9
GDP *(current billion USD)*	352.1	332.9	335.0	358.2	393.8	409.6	410.4	310.1
GDP/capita *(current USD)*	16,311.6	15,053.1	15,124.2	15,856.0	16,672.8	16,880.7	16,464.5	14,505.9
Revenues (excl. grants) *(million USD)*	46,632.9	47,891.9	48,155.0	53,125.1	57,023.8	47,125.9		46,414.7
Revenues (excl. grants) *(% of GDP)*								
Corporate tax revenue *(million USD)*	8,783.7	7,793.7	7,524.9	8,895.2	9,970.9	9,708.8	7,504.8	7,331.2
Corporate tax revenue *(% of GDP)*								
IDA Grants *(million USD)*	754.0	567.3	528.6	428.3	1,037.3	1,036.5	1,014.8	692.9
IDA Grants *(% of GDP)*								
FDI inflows *(current million USD)*	15,113.2	12,496.3	11,550.7	10,516.1	12,831.1	10,636.3		11,358.4
FDI inflows *(% of GDP)*								
ODA *(current million USD)* **(A)**	20,616.8	18,400.8	19,059.8	20,475.7	19,398.8	21,087.8		19,271.7
ODA *(constant 2018 million USD)*	19,596.4	19,465.4	20,237.8	21,334.1	19,398.8	21,504.8		19,295.7
ODA *(% of GDP)*								
ODA/capita *(current USD)*	1,388.9	1,124.0	1,259.2	1,216.2	1,186.6	1,225.7		1,323.8
ODA Belgium *(current million USD)*	445.7	355.3	392.5	378.3	400.9	363.2		483.3
ODA Belgium *(% of GDP)*								
Shadow economy *(billion USD)*								121.5
Shadow economy *(% of GDP)* (1)								
Shadow economy *(billion USD)*	116.8	116.0	117.4	121.1				99.2
Shadow economy *(% of GDP)* (2)								
Gross illicit financial outflows *(million USD)* (3) **(B)**								8,778.2
Gross illicit financial outflows *(% of GDP)*								
Gross illicit financial flows *(million USD)* (4)	22,451.0	15,482.0	17,413.0	17,791.0				17,707.3
Gross illicit financial flows *(% of GDP)*								
Gross illicit financial outflows *(million USD)*/ODA *(current million USD)* **(B/A)**								818.2%
Capital Flight, 2010 *(constant 2010 million USD)* (5)								
Capital Flight, 2010 *(constant 2010 % of GDP)*								
Tax revenue loss: offshore wealth *(million USD)*						205.7		
Tax revenue loss: offshore wealth *(% of GDP)*								
Corporate tax loss *(million USD)*				2,765.2				
Corporate tax loss *(% of GDP)*								
Number of companies with a foreign shareholder (min. 10%) located anywhere in the world **(C)**							15,985	
Number of companies with a foreign shareholder (min. 10%) located in Belgium **(D)**							518	
Share of companies with a Belgian shareholder in total **(D/C)**							3.2%	
Total income tax accrued as a partner jurisdiction *(million USD)*				579.9				
Share of total income tax accrued in corporate tax revenue *(%)*								
Total export bilateral services *(million €)*						25,228.5		
Total export to Belgium *(million €)*						400.0		
Total import bilateral services *(million €)*						26,925.8		
Total import from Belgium *(million €)*						318.0		
Liabilities, direct investment *(million USD)*					182,148.5			
Liabilities, portfolio investment *(million USD)*					23,442.9			
Liabilities, other investment categories *(million USD)*					148,210.9			
Total direct investment income debits *(million USD)*					949.8	4,322.6		
Direct investment income debits to Belgium *(million USD)*					0.1	64.2		
Direct investment income debits dividends *(million USD)*					530.1	3,123.6		
Direct investment income debits reinvested earnings *(million USD)*					322.8	1,009.9		
Direct investment income debits interest *(million USD)*					96.9	189.2		
Total portfolio investment *(million USD)*					313.8	687.6		
Portfolio investment dividends *(million USD)*					97.4	4.4		
Portfolio investment interest *(million USD)*					213.7	682.0		
Other investment income interest *(million USD)*					371.4	2,880.2		

appendix 2 The Orbis database: general information

The Orbis database from Bureau van Dijk contains (non-)financial information from around 400 million companies and entities across the globe (Bureau van Dijk, 2021). The data is collected from over 170 providers and own sources, which are then treated, appended, and standardised to ensure comparability. In the Orbis database a broad scope of information can be consulted, including the address of the company, the sector of activity, foreign subsidiaries and shareholders, financial information, balance sheet information, and information on directors, managers, and advisors.

The Orbis database is increasingly used by academics studying multinational enterprises and tax analyses,[246] among others because it is a very extensive database (Rungi, Morrison & Pammolli, 2018), considered to be the 'most comprehensive commercially available company-level global database at present' (Nakamoto, Chakraborty & Ikeda, 2019, p. 4).

This increased use of the Orbis database is due to several important advantages of the database. First, the data are standardised, meaning there is a certain degree of consistency between data from different countries, which would be impossible to achieve using different national datasets (European Commission, 2017; Luptak *et al.*, 2015). Second, the information provided is very broad, combining balance sheet and ownership information (European Commission, 2017). For example, the detailed information on corporate ownership structures Orbis provides is unique among firm-level datasets (Luptak *et al.*, 2015; Ahmad *et al.*, 2018). Third, its coverage is very broad and balanced, not only in terms of type of information, but also in the countries and industries covered (Cortinovis & van Oort, 2015; European Commission, 2017a; Johansson *et al.*, 2017). Several studies have compared the coverage of Orbis to other sources, namely OECD, Eurostat data, data from commercial registers, or Cambridge Econometrics (Cravino & Levchenko, 2014, 2016; Merlevelde *et al.*, 2015; Gerner-Beuerele *et al.*, 2016). These studies concluded that Orbis captures reality quite well, as the database approximates the structure of the European economy across countries, regions, and industries. However, data coverage for other parts in the world might be less complete, as will be seen below. Finally, Orbis is a database with commercial access, meaning that the data retrieval could (in practice) be easily repeated (European Commission, 2017).

Nevertheless, Orbis also has some disadvantages which should not be overlooked. First, although the broad coverage of Orbis is one of its main advantages, its coverage is not complete, which is understandable, as Orbis is not an administrative dataset (European Commission, 2017; Johansson *et al.*, 2017). Firms included in Orbis only represent a fraction of the entire firm population, and the firms included in the database are on average larger, older, and more productive (Bajgar *et al.*, 2020). This partial coverage means that 'in any given economy, only a subset of corporations is represented in the database, and coverage varies considerably across economies and over time' (Damgaard, Elkjaer & Johannesen, 2019, p. 8).

Not only are not all companies included in the Orbis database, those that are included also can have missing data for certain variables. The principal reason for missing data seems to relate to the different accounting rules and obligations with regard to the provision of information in different countries. Additionally, data are collected from different sources across countries, such as chambers of commerce, local public authorities, and credit institutions (Johansson *et al.*, 2017). As a result, the

246 See for instance Gerner-Beuerele et al. (2016) and European Commission (2017).

availability of information might differ between countries and sectors (Ahmad *et al.*, 2018; Tørsløv *et al.*, 2018). It was also found that since larger firms often have stricter data reporting requirements, they are better covered in the database, and smaller firms might be underrepresented (Johansson *et al.*, 2017; Cortinovis & van Oort, 2015). However, missing data of a certain firm could also indicate a 'red flag' of intentional non-reporting, for instance in the case of a letterbox company. Thus, in general, it should be kept in mind that not every company is present in the Orbis database.

The availability of financial data for the total database, selected regions of interest, and the 15 countries of interest is pictured in Table a2.1. However, it should be kept in mind that it might be the case that not all companies in a country are included in the database.

Overall, out of the 415 million companies in the Orbis database, 26.5 million have detailed information on financials, or 6.4% out of the total (Table a2.1). At a first glance, it is clear that financial data in certain regions are more available than in others. For instance, in Western Europe, 14.9% of the companies in the database have detailed financials available, while this share amounts to only 1.9% in Africa and 0.1% in the Middle East.

Concerning the countries of interest, the share of companies with detailed financials remains limited. Only in Belgium (12.2%), Morocco (11.9%), and Guinea (1.0%), 1% of the companies or more has detailed information available. Therefore, a precise analysis of the financials of companies should be regarded with care as it will not be representative for the entire population of companies.

Table a2.1 Availability of financial data for companies in the Orbis database, specific regions, and countries

	Companies with detailed financials (A)	Companies with limited financials (B)	Companies with no recent financials (C)	Companies without financials (D)	Total (E)*	Share of companies with detailed financials (A/E) (in %)	Share of companies with limited/no recent/no financials ((B+C+D)/E) (in %)
Total	**26,491,473**	**114,008,501**	**50,418,064**	**223,707,569**	**414,625,607**	**6.4**	**93.6**
Western Europe	12,031,433	10,696,800	16,481,283	41,726,733	80,936,249	14.9	85.1
Belgium	523,458	109,181	326,411	3,340,716	4,299,766	12.2	87.8
Middle East	3,311	687,347	1,340,867	4,082,348	6,113,873	0.1	99.9
Palestinian Territory	44	30,963	535	7,676	39,218	0.1	99.9
Africa	292,088	2,107,780	374,593	12,354,460	15,128,921	1.9	98.1
Benin	15	5,946	25	3,260	9,246	0.2	99.8
Burkina Faso	22	221	26	17,619	17,888	0.1	99.9
Burundi	6	635	4	327	972	0.6	99.4
DR Congo	17	790	80	1,269	2,156	0.8	99.2
Guinea	16	377	6	1,212	1,611	1.0	99.0
Mali	27	315	21	65,592	65,955	0.0	100.0
Morocco	221,911	168	89,069	1,554,619	1,865,767	11.9	88.1
Mozambique	35	1,348	25	14,146	15,554	0.2	99.8
Niger	8	1	3	8,821	8,833	0.1	99.9
Rwanda	29	254	13	50,759	51,055	0.1	99.9
Senegal	28	1,155	10,484	2,685	14,352	0.2	99.8
Tanzania	88	771	58	100,472	101,389	0.1	99.9
Uganda	48	0	12	556,845	556,905	0.0	100.0

* This total includes **all types of 'companies'**: public limited company, private limited company, partnership, sole trader/proprietorship, public authority, non-profit organisation, branch, foreign company, and other legal form. It also includes companies with **all possible statuses**: active companies (active, rescue plan, default of payment, insolvency proceedings, reorganization, dormant), inactive companies (in liquidation, bankruptcy, dissolved (merger or take-over/demerger/liquidation/bankruptcy), inactive (no precision), unknown situation.

Source Orbis database [last update 22/10/2021]

Another issue concerns the update frequency of information. Orbis updates its data each week, which assures the user that they have the most up-to-date information. However, this can also lead to inconsistencies in data downloaded a few days apart. For this reason, whenever Orbis data is utilised, the date of the last data update is mentioned in a footnote.

Orbis provides an overview of the information partners for each country as well as the update frequency of the data, which is visualised in Table a2.2. For most of the countries of interest, the data are updated weekly, as is the case for the Orbis database in general. However, for Uganda the data are updated on a quarterly basis, and in Morocco, Mozambique, and Senegal only yearly. Finally, for Niger the update happens once or twice a year.

Table a2.2 Information partners and update frequency for selected countries*

Country	Information partners	For companies with	Updated
Belgium	National Bank of Belgium, Trends Business Information	Detailed financials, no financials	Weekly
Benin	Worldbox	No financials	Weekly
Burkina Faso	Worldbox	No financials	Weekly
Burundi	Worldbox	No financials	Weekly
DR Congo	Worldbox	No financials	Weekly
Guinea	Worldbox	No financials	Weekly
Mali	Worldbox	No financials	Weekly
Morocco	OMPIC	Detailed financials, no financials	Yearly
Mozambique	Quantum Database	No financials	Yearly
Niger	Bureau van Dijk Research	No financials	Once or twice a year
Palestinian Territory	Cedar Rose	Detailed financials, limited financials, no financials	Weekly
Rwanda	Worldbox	Detailed financials, limited financials, no financials	Weekly
Senegal	ANSD	Limited financials, no financials	Yearly
Tanzania	Worldbox	Detailed financials, limited financials, no financials	Weekly
Uganda	OpenCorporates	No financials	Quarterly

* For some data, Orbis uses multiple sources. In that case, the national source takes precedence over information from other sources.

Source Orbis database [data extracted 27/10/2021]

A final important disadvantage of Orbis is the fact that it does not allow certain ownership data to be downloaded, although it is possible to consult this data in the database itself. Additional access is needed to download certain information, such as specific ownership data (number of recorded shareholders and subsidiaries), which proved impossible with the user account of the researchers. Although the data could be consulted in the online database, it could not be downloaded.

appendix 3 Country-by-country reporting 'BEPS action 13' between 16 other parent jurisdictions and the preferred partner countries

The 14 preferred partner countries cannot be found as an ultimate parent jurisdiction. However, 13 out of the 14 can be found as partner jurisdiction for a number of reporting countries. Only Palestine is not included in the data. Table a3.1 below provides an overview of all data where the 13 partner countries could be found.

For every ultimate parent jurisdiction, the individual partner countries of the 13 of interest are shown, as well as the sum of all partner countries ('Total partners'). Furthermore, the country itself as a partner jurisdiction is displayed, as well as the total for all foreign partner jurisdictions ('Total foreign'). For example, for Australia as an ultimate parent jurisdiction, three partner countries of interest could be found (Morocco, Mozambique, and Tanzania), of which the total is shown under 'Total partners'. Furthermore, Australian MNEs with a daughter company in Australia are displayed, as well as all data for all Australian MNE groups with a daughter company in a foreign partner jurisdiction (under 'Total foreign').

The final 13 rows of the table show the total for all 13 partner countries wherever the country was found as a partner jurisdiction. For instance, for Benin it takes the sum of the data where Benin is the partner jurisdiction for an ultimate parent located in Germany, Japan, China, and South Africa.

Table a3.1 Country-by-country reporting when one of the 14 partner countries emerges as partner jurisdiction, 2017, million euro and in 1,000 for number of employees*

Ultimate parent jurisdiction	Partner jurisdiction	Number of CbCRs	Number of CbCR sub-groups	Number of entities	Unrelated party revenues	Related party revenues	Total revenues	Profit (loss) before income tax	Income tax paid (on cash basis)	Income tax accrued - current year	Stated capital	Accumulated earnings	Number of employees	Tangible assets other than cash and cash equivalents
Australia	Morocco	5	5	6	17.0	0.0	17.1	-3.6	0.3	0.2	4.3	17.0	0.2	9.5
	Mozambique	5	5	5	42.6	385.7	428.3	37.9	1.2	0.1	315.1	168.1	1.1	484.3
	Tanzania	5	5	6	33.5	3.3	36.8	1.3	-0.7	1.8	31.0	-23.3	0.1	9.5
	Total partners	*15*	*15*	*17*	*93.1*	*389.0*	*482.1*	*35.6*	*0.9*	*2.1*	*350.5*	*161.8*	*1.5*	*503.3*
	Australia	125	125	8,554	411,310.8	48,499.2	459,810.0	78,639.8	15,034.5	17,792.3	943,434.8	104,213.9	1,130.1	408,280.5
	Total foreign	*125*	*1,508*	*6,292*	*142,785.9*	*52,101.6*	*194,887.4*	*19,790.5*	*3,593.1*	*4,428.8*	*329,194.9*	*52,789.7*	*460.9*	*126,699.9*
Denmark	Morocco	8	8	17	47.3	80.1	127.3	26.2	-2.0	2.4	144.6	39.3	1.1	281.7
	Mozambique	5	5	8	30.9	8.1	39.0	6.9	0.5	1.7	1.0	-1.6	0.2	1.1
	Senegal	4	4	6	20.0	12.2	32.2	1.8	-1.1	-0.4	2.3	-2.4	0.2	8.3
	Tanzania	3	3	6	7.5	5.7	13.2	-0.8	-0.2	-0.2	1.9	0.8	0.1	2.7
	Uganda	3	3	6	19.7	7.1	26.8	0.8	0.3	-0.2	0.9	-1.0	0.1	0.9
	Total partners	*23*	*23*	*43*	*125.4*	*113.2*	*238.6*	*34.9*	*-2.5*	*3.4*	*150.7*	*35.1*	*1.7*	*294.8*
	Denmark	64	64	1,379	130,567.5	73,309.6	203,877.1	31,815.7	3,537.9	3,500.4	25,390.0	346,729.6	219.7	60,844.8
	Total foreign	*64*	*64*	*5,529*	*181,190.6*	*58,848.3*	*240,038.9*	*13,152.4*	*1,672.3*	*2,184.7*	*76,377.1*	*96,350.9*	*1,040.6*	*83,235.3*
France	Burk. Faso	21	21	38	873.9	69.0	942.9	75.1	22.9	26.7	43.8	156.6	2.7	228.5
	Morocco	97	97	430	8,859.9	4,713.3	13,573.3	900.6	310.2	350.6	2,830.5	2,301.1	88.9	3,318.4
	Senegal	39	39	92	3,143.0	557.2	3,700.2	-322.4	91.2	91.3	277.0	863.7	8.9	1,285.1
	Total partners	*157*	*157*	*560*	*12,876.9*	*5,339.6*	*18,216.4*	*653.3*	*424.3*	*468.6*	*3,151.3*	*3,321.4*	*100.4*	*4,832.0*
	France	209	209	26,546	942,844.6	455,146.7	1,397,991.3	90,617.2	16,200.7	17,930.6	810,651.1	600,573.7	3,483.3	596,919.5
	Total foreign	*209*	*6,680*	*32,901*	*1,288,910.2*	*433,244.6*	*1,722,156.9*	*106,354.7*	*29,452.1*	*33,224.6*	*889,685.6*	*393,334.4*	*5,219.4*	*485,966.6*
Germany	Benin	4	4	6	38.2	5.1	43.3	1.0	1.5	0.7	4.5	16.0	0.2	21.1
	Burk. Faso	4	4	5	95.7	15.2	110.9	10.5	0.6	0.6	14.1	10.4	0.2	43.1
	DR Congo	3	3	4	5.8	0.3	6.1	-15.8	0.1	0.0	2.4	-43.7	0.1	2.0
	Morocco	44	44	83	944.6	474.5	1,419.2	190.7	25.5	45.8	267.0	1,015.5	21.3	629.3
	Mozambique	11	11	15	32.1	2.7	34.8	0.9	0.9	0.5	3.5	-3.2	0.3	58.9
	Rwanda	3	3	3	1.5	1.7	3.2	0.1	0.0	0.0	0.5	0.1	0.0	0.2
	Senegal	6	6	10	29.8	33.3	63.1	4.4	0.5	1.2	6.6	5.7	1.3	37.0
	Tanzania	11	11	17	169.1	11.0	180.1	22.6	9.6	9.0	25.0	66.7	0.9	75.9
	Uganda	4	4	7	18.9	25.0	43.9	3.5	0.1	0.1	6.8	-11.9	1.7	7.2
	Total partners	*90*	*90*	*150*	*1,335.6*	*568.9*	*1,904.6*	*217.8*	*38.7*	*58.1*	*330.4*	*1,055.5*	*26.0*	*874.6*
	Germany	379	379	15,621	1,387,226.8	833,141.7	2,220,174.5	177,674.0	21,222.6	21,486.2	1,591,393.9	671,612.7	4,012.9	962,308.8
	Total foreign	*379*	*9,152*	*31,936*	*1,652,102.8*	*589,456.6*	*2,241,556.8*	*170,945.3*	*29,475.9*	*29,171.5*	*1,476,375.8*	*624,004.6*	*4,883.8*	*733,420.6*

Table a3.1 Country-by-country reporting when one of the 14 partner countries emerges as partner jurisdiction, 2017, million euro and in 1,000 for number of employees (continued)

Ultimate parent jurisdiction	Partner jurisdiction	Number of CbCRs	Number of CbCR sub-groups	Number of entities	Unrelated party revenues	Related party revenues	Total revenues	Profit (loss) before income tax	Income tax paid (on cash basis)	Income tax accrued - current year	Stated capital	Accumulated earnings	Number of employees	Tangible assets other than cash and cash equivalents
Italy	DR Congo	4	4	5	29.8	0.1	29.9	-5.6	0.2	0.3	2.6	-6.8	0.3	13.6
	Morocco	26	26	29	69.2	17.8	87.0	5.4	1.8	1.3	43.4	-18.5	0.7	18.3
	Mozambique	6	6	10	29.3	0.8	30.1	-0.9	0.0	0.2	-3.9	-1.9	0.2	13.4
	Total partners	*36*	*36*	*44*	*128.4*	*18.7*	*147.1*	*-1.1*	*1.9*	*1.7*	*42.1*	*-27.2*	*1.2*	*45.3*
	Italy	129	129	2,458	326,295.3	77,879.6	404,174.9	44,698.8	5,908.5	3,956.8	324,174.5	141,480.8	833.9	186,973.4
	Total foreign	*133*	*2,542*	*7,323*	*240,085.5*	*51,484.9*	*291,945.2*	*30,279.9*	*3,581.7*	*2,578.6*	*217,593.9*	*55,652.6*	*797.8*	*91,066.9*
Japan	Benin	1	1	3	62.3	0.5	62.8	3.2	1.7	1.3	0.6	5.7	0.2	21.1
	Burk. Faso	3	3	5	113.9	1.4	115.3	7.3	2.1	2.3	4.4	8.8	0.3	35.8
	Burundi	2	2	2	0.8	0.0	0.8	-0.1	0.0	0.0	0.0	-0.3	0.0	0.2
	DR Congo	5	5	12	57.6	1,842.7	1,900.3	-457.8	162.8	-227.7	109.7	-3,310.0	13.5	7,538.6
	Guinea	2	2	3	25.9	1.0	26.9	4.0	0.7	1.1	1.3	0.5	0.1	7.6
	Mali	3	3	6	119.7	9.1	128.8	14.3	6.1	4.2	4.1	14.4	0.2	29.2
	Morocco	36	36	82	314.9	1,197.5	1,512.4	47.2	9.7	12.4	120.5	125.9	37.8	548.4
	Mozambique	12	12	22	71.9	2.8	74.7	-40.7	1.4	8.9	3.2	-766.3	0.3	292.7
	Niger	1	1	2	33.9	0.1	34.1	1.8	0.8	0.7	2.8	2.7	0.1	12.4
	Rwanda	3	3	5	6.7	0.0	6.7	1.4	0.6	0.5	0.7	7.3	0.2	4.0
	Senegal	5	5	10	184.4	7.5	191.9	5.6	2.8	2.1	14.5	9.8	0.6	62.9
	Tanzania	13	13	31	286.1	67.0	353.0	45.9	12.5	6.4	17.1	91.4	1.3	95.9
	Uganda	8	8	13	86.0	2.1	88.0	8.7	3.6	3.3	3.3	24.0	0.8	39.6
	Total partners	*94*	*94*	*196*	*1,364.0*	*3,131.7*	*4,495.7*	*-359.2*	*204.8*	*-184.6*	*282.1*	*-3,786.0*	*55.3*	*8,688.3*
	Japan	866	866	32,273	3,885,182.1	1,481,818.8	5,367,095.6	406,465.4	76,476.6	115,653.9	635,624.0	1,892,969.3	9,483.0	1,957,247.9
	Total foreign	*866*	*12,892*	*66,665*	*2,171,641.1*	*1,079,433.8*	*3,251,129.7*	*176,777.4*	*32,417.3*	*30,928.1*	*1,224,254.0*	*448,838.1*	*7,404.5*	*864,829.7*
Luxembourg	Morocco	17	17	33	476.7	49.2	525.9	75.6	6.7	7.6	286.8	-25.8	6.5	155.9
	Mozambique	8	8	11	2.8	0.0	2.8	21.1	0.0	0.0	3.4	-192.0	0.1	24.9
	Senegal	6	6	9	132.3	0.9	133.2	1.4	0.7	0.5	52.4	-185.2	0.3	87.2
	Total partners	*31*	*31*	*53*	*611.8*	*50.1*	*661.9*	*98.0*	*7.5*	*8.1*	*342.6*	*-403.0*	*6.8*	*268.0*
	Luxembourg	129	129	703	26,827.8	54,554.7	81,382.5	-8,339.0	157.2	80.6	208,859.3	-122.2	20.0	33,771.8
	Total foreign	*129*	*2,578*	*10,308*	*470,408.1*	*182,902.1*	*653,310.2*	*31,799.7*	*5,848.3*	*2,613.9*	*230,567.2*	*45,205.6*	*1,565.9*	*187,444.6*
Mexico	Morocco	2	2	3	0.8	0.0	0.9	-2.8	0.0	0.0	8.8	-0.9	0.3	3.3
	Mexico	69	69	3,115	218,051.9	142,161.1	360,213.0	17,641.3	6,537.1	5,888.3	193,445.1	24,692.2	1,555.1	190,834.4
	Total foreign	*634*	*634*	*2,875*	*153,991.3*	*34,799.6*	*188,791.0*	*-6,881.2*	*1,762.1*	*1,971.6*	*90,896.9*	*-444.9*	*634.4*	*169,891.0*

Table a3.1 Country-by-country reporting when one of the 14 partner countries emerges as partner jurisdiction, 2017, million euro and in 1,000 for number of employees (continued)

Ultimate parent jurisdiction	Partner jurisdiction	Number of CbCRs	Number of CbCR sub-groups	Number of entities	Unrelated party revenues	Related party revenues	Total revenues	Profit (loss) before income tax	Income tax paid (on cash basis)	Income tax accrued - current year	Stated capital	Accumulated earnings	Number of employees	Tangible assets other than cash and cash equivalents
Spain	Guinea	4	4	5	23.0	8.4	31.4	-2.0	0.0	0.7	1.5	-2.6	0.3	11.1
	Mali	4	4	4	15.6	1.4	17.0	0.6	0.8	-0.6	0.0	6.3	0.1	1.0
	Morocco	38	38	103	587.2	503.1	1,090.3	282.1	11.5	11.7	401.7	29.2	4.9	328.1
	Mozambique	8	8	21	30.0	32.9	62.8	7.3	1.8	0.6	10.8	-29.0	1.0	43.8
	Senegal	7	7	9	14.6	5.7	20.3	-5.4	0.1	0.1	6.5	-25.6	0.1	6.0
	Tanzania	5	5	6	4.2	3.8	8.0	-1.7	0.3	0.7	0.0	-3.0	0.1	0.6
	Uganda	4	4	4	2.8	0.7	3.5	-2.5	0.0	0.2	0.0	-4.0	0.0	0.5
	Total partners	*70*	*70*	*152*	*677.3*	*556.0*	*1,233.3*	*278.2*	*14.6*	*13.3*	*420.5*	*-28.8*	*6.6*	*391.2*
	Spain	120	120	5,083	311,315.0	123,825.2	435,140.2	38,870.6	5,062.6	3,918.9	248,103.7	260,255.4	1,145.9	440,052.1
	Total foreign	*120*	*2,465*	*11,183*	*507,180.3*	*116,465.2*	*623,645.5*	*46,618.3*	*9,388.2*	*6,428.7*	*494,308.3*	*214,603.9*	*1,559.4*	*270,973.0*
Switzerland	Morocco	15	15	22	322.7	82.4	405.0	11.8	5.3	5.6	52.4	-1.1	3.9	185.7
	Mozambique	5	5	7	15.9	2.2	18.0	-6.9	0.9	0.1	62.0	-29.7		21.9
	Senegal	5	5	7	96.6	23.7	120.4	0.1	1.2	0.6	6.0	-3.9		52.0
	Tanzania	8	8	31	146.6	11.7	158.4	0.9	6.4	6.2	28.1	-50.0	2.6	106.7
	Uganda	5	5	27	239.4	9.5	248.9	126.7	7.3	4.8	156.5	255.2	2.0	863.2
	Total partners	*38*	*38*	*94*	*821.2*	*129.5*	*950.7*	*132.6*	*21.2*	*17.3*	*304.9*	*170.6*	*8.5*	*1,229.5*
	Switzerland	71	71	993	101,660.9	149,829.4	251,489.6	40,274.7	3,274.5	3,487.1	283,451.2	426,922.7	259.6	137,237.1
	Total foreign	*71*	*2,589*	*8,788*	*484,392.3*	*149,425.6*	*633,818.0*	*43,080.0*	*11,520.2*	*10,555.1*	*572,287.2*	*178,046.4*	*1,444.1*	*203,985.1*
United States	Morocco	134	134		1,635.0	697.8	2,332.8	90.9	39.1	50.8	655.0	-163.8	27.7	691.0
	Mozambique	35	35		91.2	164.5	255.8	-83.1	6.2	1.4	126.0	319.9	6.5	446.6
	Senegal	22	22		97.9	50.2	148.2	-6.4	2.1	6.8	52.2	-8.0	0.7	54.0
	Tanzania	39	39		101.4	129.6	231.0	-34.0	4.7	5.2	138.7	-36.4	4.6	704.8
	Uganda	24	24		151.9	32.5	184.4	8.3	8.0	7.6	246.3	-19.6	1.4	197.5
	Total partners	*254*	*254*	*0*	*2,077.5*	*1,074.6*	*3,152.1*	*-24.2*	*60.1*	*71.9*	*1,218.2*	*92.0*	*40.9*	*2,093.9*
	US	1,487		68,184	9,396,914.4	2,924,018.3	12,320,932.7	1,044,287.2	188,334.7	232,554.0	13,063,362.1	7,396,597.0	22,903.5	4,901,553.6
	Total foreign	*1,575*			*4,071,801.8*	*2,687,903.8*	*6,759,705.6*	*745,203.9*	*97,216.4*	*100,239.4*	*11,394,485.4*	*4,364,128.1*	*14,165.6*	*2,451,804.5*
Bermuda	Morocco	7	7	8	12.6	0.0	12.6	-0.4	0.9	0.1	0.8	-3.0	0.0	2.0
	Bermuda	48	48	536	15,412.3	23,218.1	38,630.4	2,869.4	62.8	62.3	123,275.3	87,218.9	3.8	44,028.6
	Total foreign	*48*	*1,269*	*5,310*	*204,680.3*	*117,971.6*	*322,600.8*	*20,340.0*	*3,480.9*	*3,799.9*	*225,130.5*	*86,731.0*	*697.2*	*209,113.1*

Table a3.1 Country-by-country reporting when one of the 14 partner countries emerges as partner jurisdiction, 2017, million euro and in 1,000 for number of employees (continued)

Ultimate parent jurisdiction	Partner jurisdiction	Number of CbCRs	Number of CbCR sub-groups	Number of entities	Unrelated party revenues	Related party revenues	Total revenues	Profit (loss) before income tax	Income tax paid (on cash basis)	Income tax accrued - current year	Stated capital	Accumulated earnings	Number of employees	Tangible assets other than cash and cash equivalents
China	Benin	9	9	11	61.6	13.1	74.6	6.3	0.5	0.2	5.2	-61.9	4.1	23.3
	DR Congo	11	11	24	213.1	478.4	691.5	39.7	13.3	17.2	34.4	-44.5	4.2	619.7
	Guinea	12	12	10	292.1	21.9	314.0	3.1	0.7	0.0	0.6	2.0	1.7	82.9
	Mali	8	8	11	49.5	17.3	66.8	-8.1	0.9	0.4	50.4	1.7	0.3	256.3
	Morocco	17	17	17	203.4	9.6	213.0	10.9	9.0	4.8	2.1	16.9	0.4	24.8
	Mozambique	15	15	21	287.3	1.2	288.5	-5.7	0.6	1.2	6.2	-1.1	1.0	57.2
	Niger	7	7	20	322.8	52.1	374.8	50.2	19.4	21.0	0.0	-195.4	2.4	1,633.4
	Rwanda	6	6	6	39.6	1.5	41.1	4.1	0.3	0.2	0.1	-6.0	1.5	10.6
	Senegal	13	13	15	512.8	29.1	541.9	38.0	4.0	4.3	2.6	22.6	2.2	143.8
	Tanzania	15	15	26	131.5	9.3	140.8	-14.1	3.7	2.1	9.7	-14.8	5.0	68.5
	Uganda	14	14	19	427.2	16.7	443.9	-607.8	1.5	1.8	6.1	-618.1	6.5	1,246.9
	Total partners	*127*	*127*	*180*	*2,540.8*	*650.2*	*3,191.0*	*-483.5*	*53.9*	*53.2*	*117.2*	*-898.7*	*29.4*	*4,167.3*
	China	264	188	32,765	4,473,331.3	1,307,261.3	5,771,182.4	642,584.7	111,794.9	102,874.3	3,420,486.8	2,004,148.0	19,073.2	5,037,828.6
	Total foreign	*264*	*3,499*	*12,815*	*721,547.8*	*454,335.3*	*1,175,829.0*	*62,086.8*	*10,378.5*	*10,513.8*	*603,769.2*	*22,321,218.6*	*1,726.0*	*673,551.6*
India	Burk. Faso	3	3	5	378.3	83.3	461.6	81.1	0.0	3.3	4.8	356.9	0.3	111.6
	Guinea	3	3	4	7.6	0.0	7.6	-0.1	0.0	0.0	0.1	-0.2	0.0	0.0
	Morocco	8	8	9	45.7	10.2	55.9	1.5	0.2	0.6	22.2	-20.8	0.7	21.0
	Mozambique	12	12	20	60.8	54.7	115.5	-262.7	0.3	0.4	244.7	1,170.9	5.5	4,474.5
	Niger	2	2	4	138.8	17.5	156.3	-9.2	7.1	4.5	4.0	35.6	0.2	102.7
	Rwanda	5	5	8	20.8	5.0	25.9	-42.7	0.2	0.8	0.0	-184.3	0.4	35.3
	Senegal	11	11	13	66.3	3.4	69.7	3.7	0.0	1.0	3.3	0.3	0.1	4.9
	Tanzania	17	17	27	445.9	32.8	478.7	-36.6	4.5	5.8	81.8	-323.2	3.9	344.1
	Uganda	15	15	22	460.6	16.5	477.1	67.5	7.0	4.4	34.1	11.1	1.4	481.8
	Total partners	*76*	*76*	*112*	*1,624.8*	*223.5*	*1,848.3*	*-197.6*	*19.3*	*20.9*	*394.9*	*1,046.1*	*12.5*	*5,576.0*
	India	165	165	2,495	534,949.7	52,502.4	587,452.1	61,028.1	19,987.9	16,550.4	72,156.1	337,879.8	4,162.3	849,759.4
	Total foreign	*165*	*165*	*4,656*	*148,968.4*	*64,053.3*	*213,520.0*	*-22,577.1*	*5,462.9*	*2,315.9*	*125,895.1*	*-35,083.4*	*784.1*	*144,203.9*
Indonesia	Senegal	1	1	8	289.1	3.6	292.7	-36.4	0.0	2.8	258.5	-118.2	0.0	0.0
	Indonesia	27	27	1,060	80,076.0	19,414.0	99,490.1	16,212.4	3,011.9	2,691.3	73,784.0	69,155.4	511.5	154,637.4
	Total foreign	*27*	*124*	*340*	*3,475.9*	*1,136.3*	*4,612.2*	*640.0*	*66.1*	*80.6*	*6,939.7*	*1,044.5*	*14.8*	*8,325.8*

Table a3.1 Country-by-country reporting when one of the 14 partner countries emerges as partner jurisdiction, 2017, million euro and in 1,000 for number of employees (continued)

Ultimate parent jurisdiction	Partner jurisdiction	Number of CbCRs	Number of CbCR sub-groups	Number of entities	Unrelated party revenues	Related party revenues	Total revenues	Profit (loss) before income tax	Income tax paid (on cash basis)	Income tax accrued - current year	Stated capital	Accumulated earnings	Number of employees	Tangible assets other than cash and cash equivalents
South Africa	Benin	1	1	2	225.6	5.8	231.5	3.2	-15.6	-1.7	0.8	-10.3	0.3	90.5
	Burk. Faso	4	4	4	33.1	3.2	36.2	5.6	1.7	2.6	0.0	-22.3	0.3	25.2
	Burundi	1	1	1	0.1	0.0	0.1	0.0	-0.0	0.0	0.0	0.1	0.0	0.0
	DR Congo	7	7	13	86.1	1,841.7	1,927.8	-457.4	164.1	-225.2	104.4	-3,350.3	13.4	7,556.6
	Guinea	6	6	6	506.1	4.4	510.5	77.7	35.3	28.8	22.6	-39.1	3.9	231.8
	Mali	5	5	5	47.5	5.2	52.7	10.1	0.1	0.5	2.5	9.6	0.4	10.1
	Morocco	2	2	4	36.2	2.6	38.8	5.4	1.2	1.3	6.4	7.5	0.1	10.3
	Mozambique	26	26	68	816.5	253.1	1,069.5	268.1	80.3	76.5	706.2	374.5	18.6	1,775.1
	Rwanda	7	7	10	109.5	1.8	111.3	-4.2	-15.5	6.9	2.4	-0.3	0.4	74.3
	Senegal	3	3	3	2.2	0.0	2.2	-0.2	0.1	0.0	0.6	0.4	0.0	0.1
	Tanzania	23	23	35	796.4	20.3	816.7	105.0	47.9	43.8	702.3	-76.4	7.6	429.7
	Uganda	14	14	29	617.7	20.4	638.1	140.1	3.3	42.9	58.3	299.2	3.7	232.2
	Total partners	*99*	*99*	*180*	*3,276.8*	*2,158.5*	*5,435.3*	*153.3*	*302.8*	*-23.6*	*1,606.6*	*-2,807.4*	*48.8*	*10,436.0*
	South Africa	51	51	2,791	98,830.7	19,839.8	118,670.5	21,893.2	2,793.9	2,626.1	93,717.9	70,803.9	859.5	106,674.5
	Total foreign	*51*	*901*	*3,737*	*257,832.3*	*85,852.8*	*343,685.1*	*22,074.7*	*1,760.9*	*413.4*	*280,673.3*	*31,692.6*	*501.0*	*131,937.3*
Total	Benin	15	15	22	387.7	24.5	412.2	13.8	-12.0	0.4	11.1	-50.4	4.8	156.0
	Burk. Faso	35	35	57	1,494.9	172.1	1,667.0	179.5	27.2	35.5	67.2	510.4	3.7	444.1
	Burundi	3	3	3	0.8	0.0	0.8	-0.1	0.0	0.0	0.0	-0.2	0.0	0.2
	DR Congo	30	30	58	392.4	4,163.2	4,555.6	-896.9	340.3	-435.4	253.4	-6,755.3	31.5	15,730.4
	Guinea	27	27	28	854.6	35.7	890.4	82.7	36.7	30.6	25.9	-39.3	5.9	333.4
	Mali	20	20	26	232.2	33.0	265.2	16.9	7.9	4.4	57.0	31.9	1.0	296.6
	Morocco	456	456	846	13,573.2	7,838.2	21,411.4	1,641.4	419.4	495.2	4,846.5	3,318.5	194.4	6,227.6
	Mozambique	148	148	208	1,511.3	908.7	2,420.0	-57.9	94.2	91.7	1,478.3	1,008.4	34.8	7,694.4
	Niger	10	10	26	495.5	69.7	565.2	42.7	27.4	26.2	6.8	-157.1	2.7	1,748.6
	Rwanda	24	24	32	178.1	10.1	188.2	-41.3	-14.3	8.4	3.7	-183.3	2.5	124.4
	Senegal	122	122	182	4,589.0	727.0	5,316.0	-316.0	101.6	110.3	682.6	559.2	14.5	1,741.5
	Tanzania	139	139	185	2,122.3	294.5	2,416.7	88.5	88.6	80.8	1,035.7	-368.4	26.1	1,838.6
	Uganda	91	91	127	2,024.2	130.4	2,154.7	-254.7	31.3	65.0	512.2	-65.2	17.7	3,069.7
	Total	**1,120**	**1,120**	**1,800**	**27,856**	**14,407.1**	**42,263.3**	**498.5**	**1,148.4**	**513.2**	**8,980.2**	**-2,190.7**	**339.8**	**39,405.5**

* Monetary values are originally provided in USD and were converted to euro using the OECD exchange rate for 2017 (https://data.oecd.org/conversion/exchange-rates.htm). It is possible that the total includes double counting, as company statistics can be reported in the jurisdiction of the parent and the jurisdiction of the partner.

Source OECD Stat (2022, Table I Aggregate totals by jurisdiction)

appendix 4 **Balance of payments: investment income debits**

Investment income, registered as primary income in the Balance of Payments, is classified according to the investment category concerned: direct investment, portfolio investment, other investment, and reserve assets. It is linked with the financial account, which summarises all the transactions relating to financial assets and liabilities (NBB, 2016).

The financial account comprises five categories:
- direct investment: investment through which a resident is able to control or to significantly influence the management of a business resident in another economy;
- portfolio investment: investment in the form of equities and debt securities, which are neither direct investment nor reserve assets, and that can be traded;
- financial derivatives: financial products linked to the value of an underlying product;
- other investment: residual category covering transactions not included in any of the other four categories, such as loans and deposits; and
- reserve assets: external assets held for the account of a country's economy, such as monetary gold, claims on the IMF, bonds, and foreign currencies.

Table a4.1 below summarises the investment income debits (payments) registered in the 14 partner countries' Balance of payments for the year 2019.

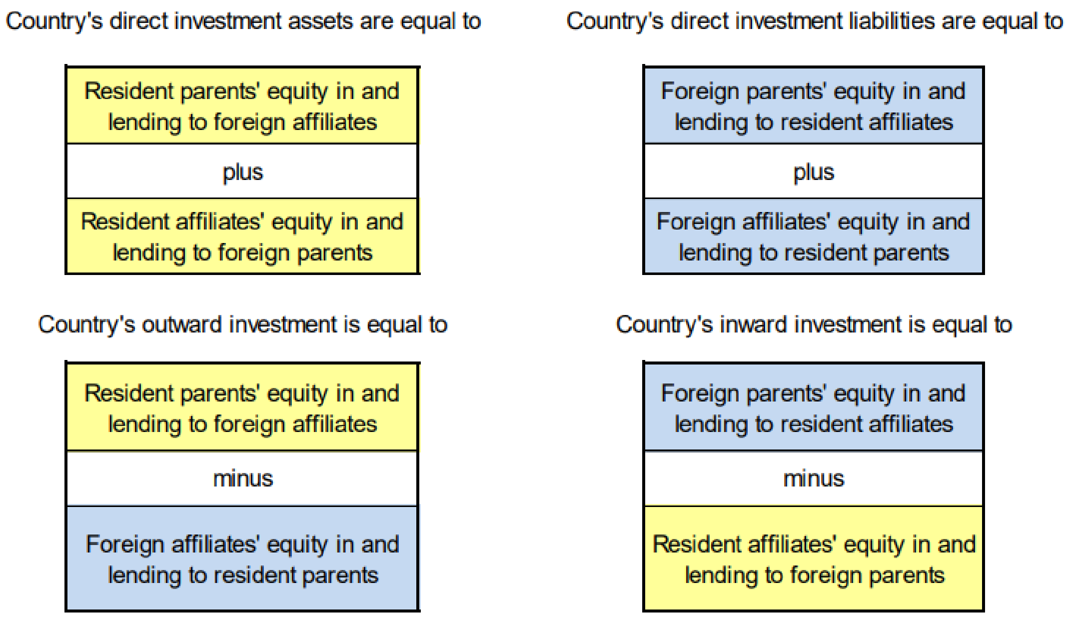
Table a4.1 Investment income debits registered in the 14 partner countries' balance of payments, million USD (2019)

Partner countries	Investment income (debit)														
	Direct Investment Income							Portfolio Investment					Other investment income		
	Total	**Dividends**	**%**	**Reinvested earnings**	**%**	**Interest**	**%**	**Total**	**Dividends**	**%**	**Interest**	**%**	**Total**	**Interest**	**%**
Benin	31.14	11.08	35.59	18.88	60.64	1.18	3.78	81.29	0.39	0.48	80.90	99.52	77.10	77.10	100.00
Burkina Faso	492.09	330.27	67.12	100.29	20.38	61.53	12.50	70.80	0.44	0.62	69.28	97.85	64.99	64.99	100.00
Burundi [1]	1.71	1.71	100.00	-	-	-	-	-	-	-	-	-	5.17	3.47	67.06
D. R. Congo	452.52	452.52	100.00	-	-	-	-	-	-	-	-	-	982.26	982.26	100.00
Guinea	73.84	72.58	98.29	-	-	1.26	1.71	23.35	-	-	23.35	100.00	67.07	67.07	100.00
Mali [1]	504.77	212.63	42.12	236.85	46.92	55.29	10.95	50.58	1.19	2.35	49.35	97.57	59.98	59.95	99.96
Morocco	1,737.80	1,380.81	79.46	317.98	18.30	39.02	2.25	345.46	0.48	0.14	344.98	99.86	574.31	573.07	99.78
Mozambique	114.50	114.50	100.00	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00	-	337.66	337.66	100.00
Niger	132.77	69.80	52.57	14.22	10.71	48.75	36.72	62.00	0.72	1.16	61.28	98.84	45.00	45.00	100.00
Palestine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rwanda	143.64	33.92	23.61	109.73	76.39	-	-	27.27	-	-	27.27	100.00	162.54	162.54	100.00
Senegal [1]	443.34	315.77	71.22	85.96	19.39	41.61	9.39	263.23	96.24	36.56	164.34	62.43	307.98	307.98	100.00
Tanzania	790.19	514.12	65.06	247.27	31.29	28.80	3.64	2.40	2.40	100.00	-	-	398.31	398.31	100.00
Uganda	354.16	144.00	40.66	201.50	56.90	8.66	2.45	74.98	0.00	0.00	74.98	100.00	172.21	172.21	100.00
Total	**5,272.47**	**3,653.70**	**69.30**	**1,332.67**	**25.28**	**286.10**	**5.43**	**1,001.36**	**101.85**	**10.17**	**895.74**	**89.45**	**3,254.58**	**3,251.61**	**99.91**
Total (with the exception of Mali and Uganda) [2]	**4.413,54**														

[1] 2018.
[2] Omitted from Table 2.29.
Source IMF [CDIS Table 3 and Balance of payments standard presentation by country]

appendix 5 Asset/liability and directional presentation of Foreign Direct Investments (FDI) positions

Figure a5.1 Constructing the asset/liability and directional presentation of FDI Positions



Source OECD (2014b), p.2

References

11.11.11 (2021). *About 11.11.11*. Retrieved on 24 June, 2021 from https://11.be/about-111111

ActionAid (2018). *Stemming the spills: guiding framework for undertaking national taks spillover analyses.* Retrieved from https://actionaid.org/sites/default/files/stemming_the_spills_online.pdf

Ahmad, S., Oliver, S., & Peters, C. (2018). *Using firm-level data to compare productivities across countries and sectors: possibilities and challenges.* Office of Economics Working Paper 2018-07-A. Retrieved from https://www.usitc.gov/publications/332/working_papers/final_draft_ahmad_oliver_peters_20180727.pdf

Ahmed, A., Jones, C., & Temouri, Y. (2020). The Relationship Between MNE Tax Haven Use and FDI into Developing Economies Characterized by Capital Flight. *Transnational Corporations Journal, 27*(2). Retrieved from https://ssrn.com/abstract=3692289

Akhtar, J., & Grondona, V. (2019). *Tax haven listing in multiple hues: Blind, winking or conniving?* Research Paper No. 94, South Centre, Geneva. http://hdl.handle.net/10419/232213

Alviarez, V. (2013). *Multinational production and comparative advantage*. Mimeo, University of Michigan.

Amaral, L. R. and Barcarolo, L. (2020), Statistical methodology to estimate BEPS-related financial flows or tax-related illicit financial flows channelled via phantom trade, UCTAD Research Paper, no. 57.

Angulo, E. and Hierro, A. (2017). *Asymmetries in the Coordinated Direct Investment Survey: What Lies Behind?* International Monetary Fund. Retrieved from https://www.imf.org/en/Publications/WP/Issues/2017/11/21/Asymmetries-in-the-Coordinated-Direct-Investment-Survey-What-Lies-Behind-45426

Ateș, L, Cobham, A., Herari, M., Janský, P., Meinzer, M., Millán, L., and Palanský, M. (2021). The Corporate Tax Haven Index. A New Geography of Profit Shifting. In B., Unger, L. Rossel, & J. Ferwerda (Eds.), *Combating fiscal fraud & empowering regulators. Bringing tax money back into the COFFERS* (pp. 89-111). Oxford: Oxford University Press. doi: 10.1093/oso/9780198854722.001.0001

Bajgar, M., Berlingieri, G., Calligaris, S., Criscuolo, C., & Timmis, J. (2020). *Coverage and representativeness of Orbis data*. OECD Science, Technology and Industry Working Papers 2020/06. https://doi.org/10.1787/18151965

Baker, A., & Murphy, R. (2019). The political economy of 'tax spillover': a new multilateral framework. *Global Policy, 10*(2), pp. 178-192. doi: 10.1111/1758-5899.12655

Baker, R., Clough, C., Kar, D., LeBlanc, B., & Simmons, J. (2014). *Hiding in plain sight. Trade misinvoicing and the impact of revenue loss in Ghana, Kanya, Mozambique, Tanzania, and Uganda: 2002-2011.* Global Financial Integrity. Retrieved on 12 July, 2021 from https://gfintegrity.org/report/report-trade-misinvoicing-in-ghana-kenya-mozambique-tanzania-and-uganda/

Bellens, S. (2021, 1 July). Donkere wolken boven het belastingparadijs. *Visie*, p. 5.

Boyce, J.K. and Ndikumana, L. (2012). *Capital Flight from Sub-Saharan African Countries: Updated Estimates 1970 – 2010*. Retrieved from http://peri.umass.edu/fileadmin/pdf/ADP/SSAfrica_capitalflight_Oct23_2012.pdf

Bräutigam, D., Fjeldstad, O., and Moore, M. (2008). *Taxation and State-Building in Developing Countries*, Cambridge: Cambridge University Press.

Bureau van Dijk (2021). *Orbis*. Retrieved on 27 October 2021 from https://www.bvdinfo.com/en-gb/our-products/data/international/orbis

Cobham, A. (2017). Tax avoidance and evasion – the scale of the problem. *Tax Justice Network Briefing*. Retrieved from https://mronline.org/wp-content/uploads/2019/07/Tax-dodging-the-scale-of-the-problem-TJN-Briefing.pdf

Cobham, A., Garcia-Bernardo, J., Palansky, M., & Mansour, M. B. (2020). The state of tax justice 2020: tax justice in the time of COVID-19. *Tax Justice Network*. Retrieved from https://www.taxjustice.net/reports/the-state-of-tax-justice-2020/

Cortinovis, N., & van Oort, F. (2015). Variety, economic growth and knowledge intensity of European regions: a spatial panel analysis. *The Annals of Regional Science, 55*, pp. 7-32. doi 10.1007/s00168-015-0680-2

Cravino., J. and Levchenko, A. (2014). *Multinational Firms and International Business Cycle Transmission*. Retrieved from https://economics.nd.edu/assets/147537/levchenko_paper.pdf

Cravino., J. and Levchenko, A. (2016). *Multinational Firms and International Business Cycle Transmission.* Working Paper 22498.Retrieved from https://www.nber.org/papers/w22498.pdf

Damgaard, J., Elkjaer, T., and Johannesen, N. (2019). *What Is Real and What Is Not in the Global FDI Network?* IMF Working Paper. Retrieved from https://www.imf.org/en/Publications/WP/Issues/2019/12/11/what-is-real-and-what-is-not-in-the-global-fdi-network

Delanote (n.d.). Belgische definitie van belastingparadijzen voortaan (ook) Europees gestuurd. *Delanote*. Retrieved on 5 July, 2021 from https://www.delanote.law/node/136

Devereux, M., Vella, J., and Wardell-Burrus, H. (2022). Pillar 2: Rule Order, Incentives, and Tax Competition. *Policy Brief Oxford University Centre for Business Taxation*. http://dx.doi.org/10.2139/ssrn.4009002

Dierckx, S. (2016). Hoger, lager: wat met de vennootschapsbelasting? *Samenleving & Politiek, 23*(9), pp. 10-17, retrieved from https://www.sampol.be/2016/11/hoger-lager-wat-met-de-vennootschapsbelasting

Erhart, S. (2020). *Statistical Audit of the Corporate Tax Haven Index. Joint Research Centre Statistical Report*. doi:10.2760/601301

Eriksson, F. (2017a). Illicit financial flows definitions – crucial questions. *U4 Anti-Corruption Resource Centre.* Retrieved on 14 June, 2021 from https://medium.com/u4-anti-corruption-resource-centre/iff-definitions-3f3d0ba106c3

Eriksson, F. (2017b). Illicit financial flows: What losses for international development? *U4 Anti-Corruption Resource Centre*. Retrieved on 14 June, 2021 from https://medium.com/u4-anti-corruption-resource-centre/iff-what-losses-for-development-a0bbfef473b2

European Commission (2017). *Aggressive tax planning indicators: final report, Working paper No. 71*. Retrieved from https://op.europa.eu/en/publication-detail/-/publication/5530eced-2283-11e8-ac73-01aa75ed71a1/language-en

European Commission (n.d.). G7. *European Commission*. Retrieved on 19 July, 2021 from https://ec.europa.eu/info/food-farming-fisheries/farming/international-cooperation/international-organisations/g7_en

European Council (2021). Taxation: EU list of non-cooperative jurisdictions. *European Council*. Retrieved on 1 July, 2021 from https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions/

Eurostat (2012). *Foreign Affiliates Statistics (FATS) Recommendations Manual.* Retrieved from https://ec.europa.eu/eurostat/documents/3859598/5922981/KS-RA-12-016-EN.PDF/c93cdf48-5efa-459f-b218-731a9a5476e9?version=1.0

Eurostat (2019). Glossary: Foreign affiliates statistics (FATS). *Eurostat.* Retrieved on 28 October, 2021 from https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Foreign_affiliates_statistics_(FATS)

Ferwerda, J. and Unger, B. (2021). How Big Are Illicit Financial Flows? The Hot Phase of IFF Estimations. In B., Unger, L. Rossel, & J. Ferwerda (Eds.), *Combating fiscal fraud & empowering regulators. Bringing tax money back into the COFFERS* (pp. 75-88). Oxford: Oxford University Press. doi: 10.1093/oso/9780198854722.001.0001

FOD Financiën (n.d.). Notionale interestaftrek: uniek en innoverend belastingvoordeel in België. *Federale Overheidsdienst Financiën*. Retrieved on 5 July, 2021 from https://financien.belgium.be/nl/ondernemingen/vennootschapsbelasting/belastingvoordelen/notionele_interestaftrek#q10

Forstater, M. (2018). *Illicit Financial Flows, Trade Misinvoicing, and Multinational Tax Avoidance: The Same or Different?* CGD Policy Paper. Washington, DC: Center for Global Development. Retrieved from https://www.cgdev.org/publication/illicit-financial-flows-trade-misinvoicing-and-multinational-tax-avoidance

FPS Foreign Affairs, Foreign Trade and Development Cooperation (2016). Guinea and Burkina Faso new partner countries of Belgian development cooperation. *Diplomatie Belgium*. Retrieved on 1 July, 2021 from https://diplomatie.belgium.be/en/Newsroom/news/press_releases/cooperation/2015/05/ni_210515_new_partner_countries

Fuest, C., Hugger, F., & Neumeier, F. (2021). Corporate profit shifting and the role of tax havens: evidence from German country-by-country reporting data. *CESifo working paper No. 8838*. https://ssrn.com/abstract=3770460

Garcia-Bernardo, J., Jan Fichtner,J., Takes,F.W.; Heemskerk, E.M., (24 July 2017). "Uncovering Offshore Financial Centers: Conduits and Sinks in the Global Corporate Ownership Network". Scientific Reports. 7 (6246): 6246. arXiv:1703.03016. Bibcode:2017NatSR...7.6246G. doi:10.1038/s41598-017-06322-9. PMC 5524793. PMID 28740120.

Garcia-Bernardo, J. and Janský, P. (2021). *Profit shifting of multinational corporations worldwide*, International Centre for Tax and Development at the Institute of Development Studies, ICDT Working Paper 119. Retrieved from https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/16467/ICTD_WP119.pdf?sequence=1

Gerner-Beuerle, C., Mucciarelli, F. M., Schuster, E. P. and Siems, M. M. (2016). *Study on the law applicable to companies.* Luxembourg: Publications Office of the European Union. Retrieved from https://publications.europa.eu/en/publication-detail/-/publication/259a1dae-1a8c-11e7-808e-01aa75ed71a1/language-en

Global Financial Integrity (2021). *Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017*. Retrieved from https://gfintegrity.org/report/trade-related-illicit-financial-flows-in-135-developing-countries-2008-2017/

Haeck, B. (2021, June 12). Belastingparadijzen gaan hier niets tegen kunnen ondernemen. *De Tijd*. Retrieved from https://krant.tijd.be/data/755/reader/reader.html?social#!preferred/0/package/755/pub/966/page/6/alb/43744

Haines, A. (2017). Tax havens. An unnecessary evil? *International Tax Review, 28*(7), pp. 24-28. Retrieved from https://heinonline.org/HOL/Page?handle=hein.journals/intaxr28&id=454&collection=journals&index=#

Hassan, M. and Schneider, F. (2016). Size and Development of the Shadow Economies of 157 Countries Worldwide: Updated and New Measures from 1999 to 2013. *IZA Discussion Paper, No. 10281*. Retrieved from https://docs.iza.org/dp10281.pdf

Healy Consultants (2021). Africa incorporation. *Healy Consultants.* Retrieved on 8 July, 2021 from https://www.healyconsultants.com/africa-incorporation/?utm_source=website&utm_medium=company_registration_page&utm_campaign=btn_link

Hebous, S., Klemm, A., & Wu, Y., (2021). How Does Profit Shifting Affect the Balance of Payments? IMF Working Paper – WP/21/41. IMF: Fiscal Affairs Department.

Hodge, S. A. (2018). *The "Missing profits of nations" mistakes tax competition for tax evasion.* Fiscal Fact No. 607. Retrieved from https://files.taxfoundation.org/20180815103227/The-%E2%80%9CMissing-Profits-of-Nations%E2%80%9D-Mistakes-Tax-Competition-for-Tax-Evasion.pdf

IBFD (2015). *IBFD spillover analysis*. *Possible effects of the Irish tax systems on developing economies*. Retrieved from http://www.budget.gov.ie/Budgets/2016/Documents/IBFD_Irish_Spillover_Analysis_Report_pub.pdf

Ibrahim, G. (2017). Illicit financial flows and/or BEPS: 'Scale-up efforts. Track it! Stop it! Get it!' *Mirror conference: Illicit financial flows and underground economy in developing and developed countries.* HIVA – KU Leuven. Retrieved from https://hiva.kuleuven.be/nl/nieuws/nieuwsitems/Mirror-conference-Illicit-financial-flows-and-underground-economy-in-developing-and-developed-countries-presentaties-20170613

IDA (2021). *IDA Financing*. Retrieved on 16 December, 2021 from https://ida.worldbank.org/en/financing

IMF (2014). *Government Finance Statistics Manual 2014.* Retrieved from https://www.imf.org/external/Pubs/FT/GFS/Manual/2014/gfsfinal.pdf

IMF (2022). Government Finance Statistics (GFS). *International Monetary Fund*. Retrieved on 11 February, 2022 from https://data.imf.org/?sk=a0867067-d23c-4ebc-ad23-d3b015045405

Investopedia (2021). Foreign Direct Investment (FDI). *Investopedia*. Retrieved on 9 July, 2021 from https://www.investopedia.com/terms/f/fdi.asp

Iorio, B. (2019, 26 August). Out of Africa: capital flight. *Global Financial Integrity*. Retrieved on 20 July, 2021 from https://gfintegrity.org/out-of-africa-capital-flight/

Janský, P. and Palanský, M. (2019). Estimating the scale of profit shifting and tax revenue losses related to foreign direct investment. *International Tax and Public Finance, 26*(5), pp. 1048-1103. https://doi.org/10.1007/s10797-019-09547-8

Janský, P., Knobel, A., Meinzer, M., Palanská, T., and Palanský, M. (2021). Country-by-Country Reporting and Other Financial Transparency Measures Affecting the European Union. In B., Unger, L. Rossel, & J. Ferwerda (Eds.), *Combating fiscal fraud & empowering regulators. Bringing tax money back into the COFFERS* (pp. 132-157). Oxford: Oxford University Press. doi: 10.1093/oso/9780198854722.001.0001

Johansson, Å., Bieltvedt Skeie, Ø., Sorbe, S., & Menon, C. (2017). Tax planning by multinational firms: firm-level evidence from a cross-country database. *Economics Department Working Papers No. 1355*. Paris: OECD Publishing. https://doi.org/10.1787/9ea89b4d-en

Kalemli-Ozcan, S., Sorensen, B., Villegas-Sanchez, C., Volosovych, V., and Yesiltas, S. (2015). *How to construct nationally representative firm level data from the Orbis global database*. NBER Working Paper series. Retrieved from https://www.nber.org/papers/w21558.pdf.

Kar, D. and Spanjers, J. (2015). *Illicit Financial Flows from Developing Countries: 2004-2013*. Global Financial Integrity. Retrieved from https://www.gfintegrity.org/wp-content/uploads/2015/12/IFF-Update_2015-Final-1.pdf

KBC (n.d.). DBI-aftrek optimaal benutten. *KBC*. Retrieved on 5 July, 2021 from https://www.kbc.be/ondernemen/nl/product/sparen-beleggen/dbi-aftrek.html

Kosters, B., Kool, C., de Goede, J., & de Castro Campos, M. (2013*). Onderzoek belastingverdragen met ontwikkelingslanden*. IBFD. Retrieved from https://www.eerstekamer.nl/overig/20130830/onderzoek_belastingverdragen_met/document

KPMG (2021). Corporate tax rates table. *KPMG*. Retrieved on 8 July, 2021 from https://home.kpmg/xx/en/home/services/tax/tax-tools-and-resources/tax-rates-online/corporate-tax-rates-table.html

Lettens, A., & Seré, S. (2021, February 2021). België telt voortaan meer belastingparadijzen. *Moore*. Retrieved on 15 June, 2021 from https://www.moore.be/nl/nieuws/belgie-telt-voortaan-meer-belastingparadijzen

Luptak, M., Boda, D. Szucs, G. (2015). *ORBIS as a Research Tool: Examination of the Capital Structure of the Hungarian and French Wine Industry*. Proceedings of the ENTRENOVA - ENTerprise REsearch InNOVAtion Conference, Kotor, Montengero, 10-11 September 2015. IRENET - Society for Advancing Innovation and Research in Economy: Zagreb. pp. 120-129. Retrieved from https://www.econstor.eu/bitstream/10419/183639/1/17-ENT-2015-Luptak-et-al-pp-120-129.pdf

MacFeely, S. (2021, March). *Illicit Financial Flows. Workshop on measuring informal economy. Session 3 Specific aspects of measuring informal economy*. PowerPoint presentation. Retrieved from https://unece.org/statistics/events/workshop-measuring-informal-economy-online

Medina, L. and Schneider, F. (2020). Shedding Light on the Shadow Economy. A Global Database and the Interaction with the Official One. *World Economics, 21*(2), pp. 25-82. http://dx.doi.org/10.2139/ssrn.3502028

Meers, J. (2018, 20 April). Belgium: Tax haven and hell. *The Brussels Times*. Retrieved on 16 July, 2021 from https://www.brusselstimes.com/news/magazine/47926/belgium-tax-haven-and-hell/

Merlevelde, B., De Zwaan, M., Lenaerts, K. and Purice, V. (2015). *Multinational Networks, Domestic, and Foreign Firms in Europe*. Working Paper: University of Ghent. Retrieved from http://wps-feb.ugent.be/Papers/wp_15_900.pdf

Milena (2021, June 21). Tax evasion statistics. *Balancing everything*. Retrieved on 24 June, 2021 from https://balancingeverything.com/tax-evasion-statistics/

Mohs, J., Wnek, R., & Galloway, A. (2018). The impact of taxes on foreign direct investment. *International Journal of Accounting and Taxation, 6*(2), pp. 54-63. doi: 10.15640/ijat.v6n2a6

Monti, M. (2009). *Keynote address Brussels Economic Forum 2009*. ECFIN Economic Brief, Issue 2, European Commission, pp. 8-11.

Nakamoto, T., Chakraborty, A. and Ikeda, Y. (2019). Identification of key companies for international profit shifting in the Global Ownership Network. *Applied Network Science 4*(58), pp. 1-26. https://doi.org/10.1007/s41109-019-0158-8

NBB (2016). *The balance of payments for non-specialists*. Retrieved from https://www.nbb.be/doc/dq/e_pdf_bb/bop_non-technical_en.pdf

NBB (2022). Online statistieken. Ontvangen belastingen en werkelijke sociale premies per sort. *Nationale Bank van België*. Retrieved on 10 February, 2022 from https://stat.nbb.be/Index.aspx?DataSetCode=CREDNFC&lang=nl#

Nitsch, V. (2017). Trade misinvoicing in developing countries. *CGD Policy paper*. Washington, DC: Center for Global Development. Retrieved on 15 July, 2021 from http://www.cgdev.org/publication/trade-misinvoicing-developing-countries

Nkurunziza, J. D. (2017). Capital flight, trade misinvoicing and poverty reduction in Africa. *Mirror conference: Illicit financial flows and underground economy in developing and developed countries.* HIVA – KU Leuven. Retrieved from https://hiva.kuleuven.be/nl/nieuws/nieuwsitems/Mirror-conference-Illicit-financial-flows-and-underground-economy-in-developing-and-developed-countries-presentaties-20170613

OECD (2014a). *Illicit Financial Flows from Developing Countries: Measuring OECD Responses*. Retrieved from https://www.oecd.org/corruption/Illicit_Financial_Flows_from_Developing_Countries.pdf

OECD (2014b). *Implementing the latest international standards for compiling foreign direct investment statistics. Asset/liability versus directional presentation.*

OECD (2015), Measuring and Monitoring BEPS, Action 11 - 2015 Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris. http://dx.doi.org/10.1787/9789264241343-en

OECD (2018). *Illicit Financial Flows The economy of illicit trade in West Africa.* Paris: OECD Publishing. http://dx.doi.org/10.1787/9789264268418-en

OECD (2021a). OECD Statistics. *OECD*. Retrieved on 8 July, 2021 from https://stats.oecd.org/

OECD (2021b). International collaboration to end tax avoidance. *OECD*. Retrieved on 19 July, 2021 from https://www.oecd.org/tax/beps/

OECD (2021c). Action 13 Country-by-Country Reporting. *OECD*. Retrieved on 19 July, 2021 from https://www.oecd.org/tax/beps/beps-actions/action13/

OECD (2021d). Corporate Tax Statistics: Third Edition. *OECD*. Retrieved on 9 February, 2022 from https://www.oecd.org/tax/beps/corporate-tax-statistics-database.htm

OECD (2022). *Important disclaimer regarding the limitations of the Country-by-Country report statistics*. Retrieved from https://www.oecd.org/tax/tax-policy/anonymised-and-aggregated-cbcr-statistics-disclaimer.pdf

OECD Stat (2022). *Corporate Tax Statistics*. Retrieved on 10 February, 2022 from https://stats.oecd.org/Index.aspx?DataSetCode=CTS_CIT#

OECD (n.d.). Glossary of Tax Terms. *OECD*. Retrieved on 1 July, 2021 from https://www.oecd.org/ctp/glossaryoftaxterms.htm#T

Oxfam International (2016, May 23). The Netherlands is a top EU tax haven, Commission data shows. *Oxfam International*. Retrieved on 14 February, 2022 from https://www.oxfam.org/en/press-releases/netherlands-top-eu-tax-haven-commission-data-shows

Oxfam International (2017). *Opening the vaults: the use of tax havens by Europe's biggest banks*. Retrieved on 14 February, 2022 from https://policy-practice.oxfam.org/resources/opening-the-vaults-the-use-of-tax-havens-by-europes-biggest-banks-620234/
Pacolet, J.& Vanormelingen, J. (2015). Illicit Financial Flows: Concepts And First Macro Estimates For Belgium And Its 18 Preferred Partner Countries, BeFinD working Paper 10https://www.befind.be/Documents/WPs/WP10
Pacolet, J., & De Wispelaere, F. (2016). Illicit financial flows: comparative evidence for the 14 preferred partner countries of Belgium. *BeFinD Working Paper*.
Pacolet, J., De Wispelaere, F., & Vanormelingen, J. (2017). Illicit financial flows and underground economy in the 14 preferred partner countries of Belgium. *Mirror conference: Illicit financial flows and underground economy in developing and developed countries.* HIVA – KU Leuven. Retrieved from https://hiva.kuleuven.be/nl/nieuws/nieuwsitems/Mirror-conference-Illicit-financial-flows-and-underground-economy-in-developing-and-developed-countries-presentaties-20170613
Pacolet, J., & Fernandes, A. (2023), The state of play in estimating the size of the undeclared economy in Belgium. An update in retrospect, HIVA Working Paper
Palan, R. (2009). History of tax havens. *History & Policy*. Retrieved on 16 July, 2021 from https://www.historyandpolicy.org/policy-papers/papers/history-of-tax-havens
Patent Box (2021). *Belgian Patent Box*. Retrieved on 5 July, 2021 from http://patentbox.be/en#innovation-income-deduction
Picard, S. (2020). Fair corporate taxation: why and how international tax rules need to be changed. *ETUI Policy Brief*. Retrieved on 12 July, 2021 from https://www.etui.org/publications/fair-corporate-taxation
Rekenhof (Belgian Court of Audit) (2022). *Betalingen aan belastingparadijzen. Verslag van het Rekenhof aan de Kamer van Volksvertegenwoordigers*. Brussel.
Reuter, P. (2017). Illicit financial flows and governance: the importance of disaggregation. *Background paper* for the World Development Report 2017. Retrieved from https://thedocs.worldbank.org/en/doc/677011485539750208-0050022017/original/WDR17BPIllicitFinancialFlows.pdf
Riley, O. (2017). In praise of tax havens. *Adam Smith Institute*. Retrieved on 1 July, 2021 from https://www.adamsmith.org/blog/in-praise-of-tax-havens
Rungi, A., Morrison, G., and Pammolli, F. (2018). *Global Ownership and Hierarchies of Firms. 'What is essential is invisible to the eye'*. Retrieved from https://www.aeaweb.org/conference/2019/preliminary/paper/rbKyH49Y
Saringer, M. (2017). *Austria: tax avoidance, tax evasion and tax havens: work for the chamber of labour.* Mirror conference: Illicit financial flows and underground economy in developing and developed countries. HIVA – KU Leuven. Retrieved from https://hiva.kuleuven.be/nl/nieuws/nieuwsitems/Mirror-conference-Illicit-financial-flows-and-underground-economy-in-developing-and-developed-countries-presentaties-20170613
Seuren, M. (2014). *Nederland belastingparadijs? Fiscaal concurreren in een rauw kapitalistische wereldorde*. Thesis. Tilburg University. Retrieved from http://arno.uvt.nl/show.cgi?fid=135725
Shell (2018). Introduction to country-by-country reporting. *Shell Tax Contribution Report 2018*. Retrieved on 10 February, 2022 from https://reports.shell.com/tax-contribution-report/2018/our-tax-data/introduction-to-country-by-country-reporting.html
Statbel (2021). Structuur van de bevolking. *Statbel.* Retrieved on 16 July, 2021 from https://statbel.fgov.be/nl/themas/bevolking/structuur-van-de-bevolking
Tax Justice Network (2019). *Vulnerability and exposure to illicit financial flows risk in Africa*. Retrieved from https://www.taxjustice.net/wp-content/uploads/2019/08/Vulnerability-and-Exposure-to-Illicit-Financial-Flows-risk-in-Africa_August-2019_Tax-Justice-Network.pdf
Tax Justice Network (2020). *Financial Secrecy Index 2020 Methodology*. Retrieved on 5 July, 2021 from https://fsi.taxjustice.net/PDF/FSI-Methodology.pdf
Tax Justice Network (2021a). *Corporate Tax Haven Index 2021 – Country profile Belgium*. Retrieved on 1 June, 2021 from https://cthi.taxjustice.net/cthi2021/country-detail-2021-BE.pdf
Tax Justice Network (2021b). *Corporate Tax Haven Index – 2021 Results*. Retrieved on 5 July, 2021 from https://cthi.taxjustice.net/en/
Tax Justice Network (2021c). *Illicit Financial Flows Vulnerability Tracker*. Retrieved on 8 July, 2021 from https://iff.taxjustice.net/#/
Tax Justice Network (2021d). *The State of Tax Justice 2021*. Retrieved from https://taxjustice.net/reports/the-state-of-tax-justice-2021/
Tax Justice Network (2021e). *Methodological note: State of Tax Justice 2021 Tax Justice Network*. Retrieved from https://taxjustice.net/wp-content/uploads/2021/11/SOTJ_2021_Methodology.pdf.
The World Bank (2021). *World Bank Open Data*. Retrieved on 6 July, 2021 from https://data.worldbank.org/
Thériault, A. (2021, 5 June). G7 global corporate tax deal is far from fair: Oxfam. *Oxfam*. Retrieved on 16 July, 2021 from https://www.oxfam.org/en/press-releases/g7-global-corporate-tax-deal-far-fair-oxfam

Tørsløv, T. R., Wier, L. S., & Zucman, G. (2018). *The missing profits of nations*. NBER Working Paper, 24701. doi: 10.3386/w24701
Tørsløv, T., Wier, L., & Zucman, G. (2019). *The missing profit of nations*. Presentation slides. Retrieved on 19 July, 2021 from https://missingprofits.world/
Tørsløv, T., Wier, L., & Zucman, G. (2020). *The missing profits of nations*. Working paper 24701. National Bureau of Economic Research.
Trading Economics (2021). Guinea Corporate Tax Rate. *Trading Economics*. Retrieved on 8 July, 2021 from https://tradingeconomics.com/guinea/corporate-tax-rate
UNCTAD & UNODC (2020, October). *Conceptual Framework for the Statistical Measurement of Illicit Financial Flows*. Retrieved from https://www.unodc.org/documents/data-and-analysis/statistics/IFF/IFF_Conceptual_Framework_for_publication_FINAL_16Oct_print.pdf
UNCTAD (2021, 19 July). *Updated draft for pilot testing. Methodological guidelines to measure tax and commercial illicit financial flows. Methods for pilot testing.* Retrieved from https://unctad.org/system/files/non-official-document/20210917_IFFsGuidelinesForPilots_en_0.pdf
Unger, B., Rossel, L., and Ferwerda, J. (2021). *Combating fiscal fraud & empowering regulators. Bringing tax money back into the COFFERS*. Oxford: Oxford University Press. doi: 10.1093/oso/9780198854722.001.0001
United Nations (2020). *Economic Development in Africa Report 2020. Tackling Illicit Financial Flows for Sustainable Development in Africa*. Retrieved from https://unctad.org/system/files/official-document/aldcafrica2020_en.pdf
United Nations (2021). *Report of the Inter-agency Task Force on Financing for Development. Financing for Sustainable Development Report 2021.* New York: United Nations. Retrieved from https://developmentfinance.un.org/fsdr2021
United Nations (2022). *2022 Financing for Sustainable Development Report Draft Outline*. Retrieved from https://developmentfinance.un.org/sites/developmentfinance.un.org/files/2022%20FSDR_Outline_draft_Sep2021.pdf
Valenduc, C. (2021). International taxation: Biden opens up the way to reform. *ETUI Policy Brief.* Retrieved on 12 July, 2021 from https://www.etui.org/publications/international-taxation
Van de Poel, J. (2017). *Aid in reverse: are poor countries developing rich countries?* Mirror conference: Illicit financial flows and underground economy in developing and developed countries. HIVA – KU Leuven. Retrieved from https://hiva.kuleuven.be/nl/nieuws/nieuwsitems/Mirror-conference-Illicit-financial-flows-and-underground-economy-in-developing-and-developed-countries-presentaties-20170613
Van Overtveldt, J. (2019). België is geen belastingparadijs. *De Tijd*. Retrieved on 15 June, 2021 from https://www.tijd.be/opinie/algemeen/belgie-is-geen-belastingparadijs/10103001.html
Vanhove, T., & Cassimon, L. (2021, January 25). Nieuwe EU-lijst van belastingparadijzen: wat zijn de fiscale gevolgen? *Monard Law*. Retrieved on 15 June, 2021 from https://www.monardlaw.be/home/-/asset_publisher/3DwqCLLTN4YX/content/nieuwe-eu-lijst-van-belastingparadijzen-wat-zijn-de-fiscale-gevolgen-/maximized
WCO [World Customs Organization] (2018). Study Report on Illicit Financial Flows via Trade Mis-invoicing. Available at: http://www.wcoomd.org/en/media/newsroom/2018/july/the-wco-presented-its-study-report-onillicit-financial-flows.aspx
Weyzig, F. (2013). *Evaluation Issues in Financing for Development. Analysing effects of Dutch corporate tax policy on developing countries*. Retrieved from https://www.oecd.org/derec/netherlands/Evaluation-issues-in-financing.pdf
Whistleblower Justice Network (n.d.). What is a tax haven? *Whistleblower Justice Network*. Retrieved on 1 July, 2021 from https://whistleblowerjustice.net/what-is-a-tax-haven/

11.11.11 commissioned HIVA and Faculty of Law of the Catholic University of Leuven to assess the impact of the Belgian tax treaties and Belgian domestic tax law on the potential tax avoidance in the relation between Belgium and its preferred partners countries for development. The report provides an up-to-date analysis of the Belgian tax system and its impact for the relations with the 14 partner countries, but also to further disentangle the economic concepts that are in vogue to describe the potential risk of tax avoidance such as illicit financial flows and 'base erosion profit shifting' (BEPS). In a further attempt to estimate the potential risk of those flows, several statistical sources such as corporate accounts via the ORBIS database and country-by-country reporting of multinational companies, as collected by OECD, have been explored. The focus was to quantify the specific importance of the relation of Belgium with the preferred partner countries. The implications about the risk of tax avoidance and tax evasion, all missed income for development, are about global development goals.

Prof. dr. Niels Bammens, Master of Law KU Leuven (2006), master in taxation KU Leuven (2007), PhD in Law KU Leuven (2011), professor of tax law at the KU Leuven Institute of Tax Law (since 2014)

Lynn De Smedt, master Business Economics KU Leuven, since May 2018 senior research associate in the research group Social and Economic Policy & Social Inclusion of HIVA-KU Leuven

Alexandra Fernandes, master in Economics from Faculdade de Economia do Porto and since February 2021 Early Stage Researcher in the research group Social and Economic Policy & Social Inclusion of HIVA-KU Leuven

Em. prof. dr. Jozef Pacolet, PhD in Economics KU Leuven, from 1983 untill 2017 head research group Social and Economic Policy & Social Inclusion of HIVA-KU Leuven and since October 2017 emeritus professor with formal duties at this institute

Simon Van Doorn, double degree Master of Law KU Leuven and Universität Zürich, master in taxation KU Leuven and since 2020 affiliated with the KU Leuven Institute of Tax Law, as of 2022 as a research associate

www.hiva.kuleuven.be