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TAX DIRECTORS LUNCH DIALOGUE SESSION REPORT

Tax Directors in Conversation with Tax Administrations on Tax Dispute Prevention and Resolution

Monday, 6 October 2025 | 12.00-13.00

Chairs

Prof. Dr. Robert Danon

Prof. Dr. Adolfo Martín Jiménez

Panel members

Ivana Rosa (ARAUCO/Chile)

Valerio Barbantini (Fincantieri/Italy)

Angelique Beek van Doremaele (ASML/The Netherlands)

Jesper Barenfeld (Volvo/Sweden)

Andrea Prieto González (DIAN)

Gian Sandri (Swiss Tax Authority)

Simon Hellmers (ATO)

Helen Baird-Parker (HMRC)

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1. Introduction

The Tax Director's Lunch Dialogue was a follow-up session of the Tax Directors' Webinar, which was held on 13 May 2025. The Webinar gave the stage to Tax Directors from different geographies and industries and provided valuable insights into the evolving challenges they face, including transfer pricing disputes, inconsistencies in MAP outcomes, and gaps between international standards and domestic practices. Building on the Webinar discussions, the dialogue aimed to highlight key issues for dispute prevention and resolution, this time also including representatives of tax authorities in the conversation. It focused on concrete problems that tax directors and tax authorities are currently facing. The conversations focused on three pressing issues: (1) Investment climate, (2) Legal framework, and (3) Procedural and institutional framework.

2. Main Topics Discussed

2.1. Topic 1: Investment Climate

The discussion began with the Tax Directors' perspectives on the investment climate. It was emphasized that in a highly competitive global market, unresolved double taxation can become a deciding factor against investment, particularly in long-term projects. The Tax Directors stressed that while tax incentives are commonly used to attract investment, they might not always provide predictability, as they can be withdrawn or altered rapidly. Governments should not focus solely on tax incentives, but should also provide resources to the tax administration to strengthen its capacity. This would also allow tax administrations to better perform their mission and, at the same time, to ensure timely double tax relief, which ultimately contributes more to a stable investment environment and gives desired certainty to the investors.

Tax Authorities supported the importance of tax certainty for the investment climate. They highlighted that early engagement with businesses, proactive risk signaling, and dispute prevention approaches, such as advance pricing agreements (APAs), are increasingly prioritized. However, Tax Authority representatives stressed that achieving these goals requires, in addition to adequate resources, also cooperation from all jurisdictions involved. The importance of trust between tax authorities and taxpayers (or between tax authorities from different jurisdictions) was repeatedly highlighted, and face-to-face interaction, especially in MAP or bilateral APAs context, was cited as more effective than virtual

communication for dispute prevention and resolution. Throughout the discussion, consistent application of rules and long-term stability in administrative practices were seen as the key to reducing double taxation and strengthening the investment climate.

2.2. Topic 2: Legal Framework

The Tax Directors noted that while the international tax system provides mechanisms to mitigate double taxation, such as the OECD Model Convention and Transfer Pricing Guidelines, significant concerns remain regarding their application in practice. Even when no significant regulatory barrier exists, disputes often remain unresolved due to limited resources within competent authorities and insufficient commitment to collaborative resolution. Furthermore, unresolved disputes persist, as differences in interpretation among authorities can even prevent the parties from reaching the negotiating table. As a result, businesses face prolonged uncertainty and may be pushed into mutual agreement procedures (MAP) that do not guarantee resolution.

Tax authorities acknowledged that international rules could lead to divergent interpretations, particularly when global standards interact with domestic law and administrative traditions. They underscored that even when both sides are committed to cooperation, legal boundaries of the different jurisdictions may restrict the flexibility needed to fully resolve disputes. The representatives of the tax authorities stated that, despite the existence of dispute-resolution mechanisms, early engagement to prevent conflicts before they materialise, trust-building between authorities, and genuine cooperation from taxpayers are key to tax certainty. In this context, for instance, the existence of the arbitration process itself is seen as a preventative mechanism, incentivising parties to negotiate in a reasonable manner and resolve disputes without resorting to the costly and lengthy arbitration process.

2.3. Topic 3: Procedural and Institutional Framework

The Tax Directors emphasised that many of the current challenges with double taxation do not stem from gaps in the international rules themselves, but from the procedures and institutional conditions surrounding their use. They noted that while a full range of dispute prevention and resolution tools, such as treaty relief mechanisms, APA, and MAP, exist, their accessibility and practical effectiveness vary in practice. It was highlighted that the multinational enterprises struggle less with the absence of mechanisms and more with the manner in which they are applied during the administrative processes. From a business

perspective, it was noted that the effective elimination of double taxation requires not only a legal framework but also the simplification of procedural aspects. Many cross-border processes remain overly complex and time-consuming. Such administrative hurdles often discourage taxpayers from accessing treaty benefits, increasing compliance costs and ultimately undermining competitiveness and investment certainty.

The representatives from tax authorities also recognised the difficulties posed by the procedural and institutional framework for dispute resolution. However, it was highlighted that the tax authorities take dispute prevention and resolution seriously and allocate significant resources to resolve disputes more efficiently. For instance, it was noted that early engagement with taxpayers is essential to identify and mitigate potential issues proactively. While bilateral and multilateral processes, such as MAP, generally function well and can expedite resolution, they are inherently challenging due to the need to coordinate between sovereign jurisdictions. Effective outcomes require committed resources from all parties, as well as good-faith cooperation from taxpayers, including the timely provision of relevant information.

3. Conclusions and Key Takeaways

The Lunch Dialogue highlighted that while international tax rules provide a foundation for avoiding double taxation, their effectiveness in practice depends heavily on consistent application, interpretation of international regulations by different jurisdictions, administrative capacity, and cooperation between jurisdictions and tax authorities. Procedural and institutional factors, such as sufficient resources, specialised teams, and clear processes, are often the key determinants of whether dispute prevention and resolution mechanisms work effectively. The key takeaway of the Dialogue was that enhancing communication between businesses and tax authorities is essential for building trust, identifying potential issues before they escalate, reducing uncertainty, and supporting long-term investment decisions. Strengthening these cooperative relationships, alongside consistent application of existing rules, emerged as the most important factor for enhancing tax certainty, promoting investment, and improving the overall investment climate. An important conclusion was that there is no shortage of international tax rules or procedures. However, the current system could be better complemented with a body or a platform (the example of the EU Joint Transfer Pricing Forum was cited as an example) that can help in filling the gaps or achieving uniform interpretation and application of those international tax

rules. It can provide pragmatic solutions and help build trust between tax authorities and taxpayers when working together to solve common issues of concern. In this respect, the panel recognised the opportunity to continue this dialogue, particularly given IFA's neutral status, which provides a constructive platform for open discussion among all stakeholders.