English facilitates the innovation economy because it allows individuals and companies around the world to communicate, and therefore collaborate toward a common vision or goal.

References:

1. English the language of innovation [Electronic resource] / Will Yakowicz. – 2015. - Mode of access: http://www.inc.com/will-yakowicz/english-the-language-of-innovation.html – Date of access: 19.02.2017.
2. Business English as international language [Electronic resource] / Pascale Chauvot. – 2010. – Mode of access: https://www.communicaid.com/business-language-courses/blog/business-english-as-international-language-of-business/ – Date of access: 19.02.2017

TAX AVOIDANCE: HOW TO CHANGE CORPORATE BEHAVIOUR?

E. A. Derechenik
Scientific tutor L.V. Bedritskaya
BSEU (Minsk)

Public confidence in governments' ability to make sure big business contributes its fair share in corporate income tax has been blown to smithereens in recent years. A string of revelations about ultra-low tax bills among many of the world's largest businesses – including Apple, McDonald's, Starbucks, and Google – has led to widespread public anger. It is a scandal costing the world economy hundreds of billions of dollars a year. Thus, studying the problem of corporate tax avoidance is of importance as never before. The purpose of the research is to reveal the peculiarities of this phenomenon in different countries and the ways of tackling it.

Eight of the world's top industrialized nations lowered their corporation tax rates last year or announced plans to do so. In the OECD annual report on tax changes around the world the think-tank said Japan, Spain, Israel, Norway and Estonia had lowered their tax rates for corporate profits in 2015. Meanwhile, future reductions had been announced by Italy, France, and the UK, while Japan planned further cuts [1]. The downward trend was accelerating as governments around the world emerged from the aftermath of the 2008 banking crisis and began using their tax policies more aggressively to chase GDP growth. In particular, countries were vying with one another to offer foreign multinationals the most attractive tax rate in an effort to attract investment. Strangely, the US government is one of the few to stand out against the trend and maintain its high corporation tax rate. At 35% for major corporations and 40% once local taxes are taken into account, its main rate is double the UK's 20%.

However, between 4% and 10% of global corporate income tax revenues are being lost to tax avoidance. For example, the EU is investigating claims that McDonald's avoided more than €1bn in tax by channeling money through a Luxembourg-based subsidiary with a Swiss branch to exploit a generous tax break on intellectual property rights [2]. At the same time, Apple is accused of avoiding €13bn in corporate taxes by using Ireland as a tax haven [3]. Starbucks is also accused of tax avoidance by the European Commission as it has funnelled tens of millions of dollars in royalty payments from Amsterdam to an obscure British shell company [4].

Policymakers have recognized that without a crackdown on the biggest avoiders, the current system of taxing corporations risks becoming a bad joke. Hence, Action Plan on Base Erosion and Profit Shifting (BEPS) was developed by the OECD [5].The BEPS package identifies measures towards fairer and more effective corporate taxation worldwide. Under the project tall large companies are expected to publish a country-by-country report (CbCR) on profits, taxes, employees and turnover. It's supposed to become the most powerful tool for exposing the mismatch between where big businesses are most commercially active and where their income is taxed. However, for legal reasons the CbCR will be limited to EU countries while for the rest of the world only aggregated figures will be provided.

As for Belarus, we can accede to the international agreement on automatic exchange of information on foreign financial accounts. As a result of the exchange the Belarusian tax authorities will have access to the accounts opened by payers in foreign financial institutions, including offshore companies. Moreover, it will enable the government to recover tax revenue lost to non-compliant taxpayers, and will further strengthen international efforts to increase transparency, cooperation, and accountability among financial institutions and tax administrations.

Thus, in a bid to shore up their depleted exchequers, countries lower corporation tax rates. In turn, it provokes others to follow suit and leads to so called "race to the bottom". Multinationals take advantage of this situation and practice tax avoidance. World leaders are increasingly aware of concerns that aggressive tax competition is leading to wider income and wealth inequality and develop join projects to reduce the possibility for tax evasion.The unfair tax privileges afforded to multinationals force countries all over the world, including Belarus, to call for a crackdown on tax loopholes.

References:

1. Corporation tax is on a downward trend, says OECD report// The Guardian [Electronic resource] – 2016. – Mode of access:https://www.theguardian.com/business/2016/sep/22/corporation-tax-downward-trend-oecd-gdp-growth.pdf. Date of access: 25.02.2016.
2. EU to investigate claims McDonald's avoided $1bn in tax// The Guardian [Electronic resource] – 2016. – Mode of access: https://www.theguardian.com/business/2015/may/05/mcdonalds-tax-avoidance-investigation-europe.Date of access: 27.02.2016.
3. The Apple tax ruling – what this means for Ireland, tax and multinationals// The Guardian [Electronic resource] – 2016. – Mode of access: https://www.theguardian.com/business/2016/aug/30/eu-apple-ireland-tax-ruling-q-and-a. Date of access: 27.02.2019.
4. We have done right thing on tax, insists Starbucks// The Times [Electronic resource] – 2015. – Mode of access: http://www.thetimes.co.uk/tto/business/industries/leisure/article4461040.ece. Date of access: 27.02.2016.
5. About BEPS and the inclusive framework// Organisation for Economic Co-operation and Development [Electronic resource] – 2016. – Mode of access: http://www.oecd.org/tax/beps/beps-about.htm. Date of access: 02.03.2016.

THINK TANK: HE WHO OWNS THE INFORMATION, OWNS THE WORLD

A.V. Doroshkevich
Scientific tutor L.V. Bedritskaya
BSEU (Minsk)

The current political landscape is fraught, treacherous and more difficult than ever to navigate. In a globalized world faced with increasingly complex relations and interactions, a world that generates an environment of risks and opportunities the governance of different countries has opened the door to other socio-political players.

Think tanks – just like lobby groups, NGOs, public relations agencies, multinationals or transnational institutions – are being launched, at an exponential rate and with great authority, into the debate on and design of public policies in all