DIFFERENT ASPECTS OF INTERSTATE COOPERATION IN THE ELIMINATION OF DOUBLE TAXATION

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ABSTRACT

The expansion of relations between states and the convergence of the basic principles of taxation and the methods of developing tax policies have been underway since the 19th century. Double taxation agreements are bilateral arrangements that serve to harmonize the tax systems of the two countries involved and apply not only to organizations, but also to individuals engaged in cross-border trade and investment. In the absence of a tax agreement, income from cross-border transactions or investments may be subject to double taxation: first, in the country where the income is generated and, second, in the country where the recipient of the income is a resident. Tax agreements eliminate double taxation between the two countries by putting tax jurisdiction over income.

States are deploying and should continue to develop their experience in conducting simultaneous audits, joint audits, tax audits and dealing with cross-border issues in the field of taxation, especially double taxation and tax evasion, because all existing problems may be resolved through careful planning and open communication between states.

Keywords: double taxation, cooperation, tax agreements, multilateral cooperation, League of Nations, resident, globalization, economic integration, tax liability, national legislation, UN model, OECD model, tax information exchange, tax audit, international tax control.

INTRODUCTION

One of the main goals of international cooperation in the field of taxation was to create legal mechanisms to prevent double taxation. Experience shows that unilateral measures taken by the state are incapable of completely eliminating double taxation or mitigating its consequences due to the diversity of tax systems, their legal and tax histories, and tax policies of states.

All these differences are reflected in the country's approach to the promotion of foreign investment, the way taxable income is characterized and calculated, and the various methods used to distribute this income. Due to the growing complexity of taxation systems and the diversity of taxes, it is becoming increasingly difficult to achieve a complete and effective elimination of international double taxation with a one-sided approach to the above problem.

Today, there are several types of international agreements that provide a legal basis for international cooperation between tax administrations, including the exchange of tax information, assistance in tax collection, prevention of double taxation and the fight against tax evasion.

Historical aspects of cooperation

In the second half of the 19th century, states embarked on a process of cooperation to prevent double taxation because this period was characterized by factors such as the globalization of world markets and transnational activities of companies. The world's leading countries began to apply their own versions of national economies in the territories under their control, which led to a rapid development of economic relations between the metropolises.

As a result of the economic expansion of national companies, the ability of citizens to earn income from foreign sources, as well as the opportunity to own property abroad, governments became interested in taxing the foreign income and property of their citizens and companies, which inevitably paved the way for double taxation [14, 15-19].

In 1843, the first international tax agreement was signed between France and Belgium. It should be noted that the International Committee of the Red Cross is the first international organization

established with the objective of interstate cooperation. However, this organization was established in 1864, i.e., already after international cooperation in financial matters had started. It should be noted that 24 tax conventions were signed between 1899 and 1919.
At the beginning of the 20^{th} century, World War I divided the economic system of states into two camps, and there was minimal economic cooperation between them. During World War II, there was a tendency for temporary economic closeness between countries, which was eliminated by the end of the war.
Activities of the League of Nations. International efforts to address the problem of international double taxation were initiated by the League of Nations in 1919 and were continued by the Organization for Economic Cooperation and Development and various regional forums. The Finance Committee of the League of Nations identified the following reason for the need to develop tax conventions: "The existence of model draft agreements has demonstrated significant advantages ... They have been instrumental in solving many technical difficulties. This procedure has a number of advantages. On the one hand, the standard model forms the basis of bilateral agreements on the prevention of double taxation, which automatically creates uniform practices and legal framework. On the other hand, any bilateral agreement can be modified to suit the conditions existing in different countries or a group of countries" [12, 4].
In October 1928, the General Meeting of Government Experts on Double Taxation and Tax Evasion convened by the League of Nations Council adopted the Convention on the Elimination of Double Taxation in the Field of Direct Taxes and three other bilateral models. These were conventions on legal aid in inheritance matters, administrative assistance in tax matters and tax collection. The work of the General Meeting was based on the draft Model Conventions prepared by a group of high-ranking civil servants (tax inspectors).
In 1922, the working group included experts from seven European countries. Then in 1925, the working group was expanded to include experts from two more European countries, as well as Japan, Argentina and Venezuela [11, 7-21].
In 1927, experts from the United States were included in the working group as well. The Working Group drafted the text of the Convention on Direct Taxes, but the General Meeting considered it necessary to develop two new drafts of the Model Conventions on the same subject, because the first draft was intended primarily for signatory states. Their tax systems consisted of non-personal taxes on income from domestic sources and income taxes on all sources, both external and internal. However, this draft Model Convention could not be easily applied to many tax systems based on both the income of non-residents from domestic sources and the progressive income tax of residents on income from all sources.
Although the 1928 bilateral model tax conventions theoretically gave significant taxing powers to source countries, these powers were essentially limited to the practical nature of international private capital flows until the Great Depression [21, 17].
During the meetings of the Finance Committee of the League of Nations in the late 1920s and early 1930s, much attention was paid to the formation of rules for the distribution of income from commercial and industrial activities in a number of countries (no distinction was made between individuals and legal entities).
In June 1939, the suggestion was made at a session of the Finance Committee of the League of Nations that the three Model Conventions of 1928 covering direct taxes be revised to reflect the technical improvements embodied in bilateral tax treaties. In particular, new trends and challenges in international trade and investment, as well as the views and recommendations proposed directly by the Finance Committee during the various sessions, should be taken into account [2, 20].
The revision of the Model Conventions began at a meeting of the subcommittee in The Hague in April 1940 and continued at two regional tax conferences in Mexico in June 1940 and July 1943 under the auspices of the League of Nations. Representatives from Argentina, Bolivia, Canada, Chile, Colombia, Ecuador, Mexico, Peru, the United States, Uruguay and Venezuela attended the regional conferences. At the end of the discussions, the second regional conference adopted the Bilateral Model Convention on the Elimination of Double Taxation on Income and its Annex

Protocol, the Bilateral Model Convention on the Elimination of Double Taxation on Inheritance and its Annex Protocol, as well as the Model Convention on assistance in collecting direct taxes and its annex protocol.

UN Model Convention. The successor to the League of Nations on various issues was the United Nations, which adopted the UN Model Convention for the Prevention of Double Taxation between Developed and Developing Countries (UN Model Convention) in 1980. During the eighth meeting of the special expert group on international cooperation on tax issues, a Working Group was established to revise and update the UN Model Convention, taking into account the significant changes experienced in the international economic and financial environment since 1980 [24, 196]. At its meetings in New York in December 1998 and in Amsterdam in March 1999, the Working Group reviewed the members' comments and suggestions on the articles and interpretations of the UN Model Convention and submitted a revised draft of the UN Model Convention. The expert group adopted a revised version of the UN Model Convention, taking into account editorial changes not related to its substance. The comments and suggestions of members of the expert group on the above editorial changes were examined by the steering committee during a meeting in New York in April 2000 and the final text of the UN Model Convention was adopted [20, 11].

The final version of the UN Model Convention for the Prevention of Double Taxation between Developed and Developing Countries, approved by members of the expert group, was published by the UN in 2001.

It should be noted that the UN has had a significant impact not only on the solution of the problem of double taxation between developed and developing countries, but also on the solution of problems in specific sectors of the economy.

Directions of cooperation in the 21st century

Prevention of double taxation and agreements on taxes on income and capital (Double Taxation Agreements). This type of agreement is based on the OECD Model Convention. This type of agreement is based on the OECD Model Convention. The need for a draft bilateral tax convention on income and capital taxes, which could help expand the network of bilateral tax agreements for all OECD member states, stemmed from the growing economic interdependence of OECD member states in the postwar period. This was galvanized by issues such as economic cooperation between countries, which increasingly demonstrated the importance of measures to prevent double taxation [5, 168].

In 2010, the OECD and the Council of Europe announced the need to sign a Protocol amending the Council of Europe-OECD Joint Convention on Mutual Administrative Assistance in Tax Matters. The purpose was to bring the provisions of this document in line with international information exchange standards that allow the circulation of banking information. At an annual meeting of authorized representatives of OECD countries held in Paris on 27 May 2010, 15 countries signed the relevant Protocol.

Currently, there are 22 signatories and 15 participants of the Convention, including OECD countries such as Belgium, Canada, Denmark, Finland, France, Germany, Iceland, Italy, Korea, Mexico, the Netherlands, Norway, Poland, Portugal, Slovenia and Spain. Sweden, the United Kingdom and the United States, as well as non-OECD countries such as Azerbaijan, Georgia and Ukraine, should be mentioned as well.

In our opinion, an important advantage of the Convention is its multilateral nature, as well as the fact that it aims to prevent evasion of all types of taxes, except for customs duties. Cooperation between tax administrations under this Convention covers the exchange of information, including simultaneous tax audits by both states, the collection of taxes and execution of orders for the submission of documents, as well as the adoption of temporary documents [6].

It can also be argued that the main advantage of the Convention over bilateral international agreements is that the Convention covers both the provisions of the OECD Model Tax Convention and issues of information exchange, i.e. exchange of information upon request, automatic exchange of information, simultaneous tax audits abroad, assistance in tax collection, submission of documents, exchange and use of information for non-tax purposes, such as money laundering, corruption and financing terrorism.

Thus, states are gaining a powerful multilateral tool to combat tax and other financial crimes.

The tax agreements in question include legal provisions governing the application of instruments of international tax cooperation, such as the exchange of information for tax purposes, assistance in tax collection, as well as simultaneous tax audits, joint tax audits, tax audits abroad.

At present, states are open to dialogue and work together to combat problems in the field of international taxation. To achieve this goal, governments usually conclude and implement various types of tax agreements based on the Model Conventions of international organizations, which are designed to integrate legal norms, developments and experience of authorized foreign administrations in the field of taxation.

Thus, general approaches to the elimination of double taxation, as well as Model Conventions concluded on the basis and within the framework of agreements on the elimination of double taxation are constantly being developed and implemented. Double taxation agreements are beneficial to most countries because they provide individuals and legal entities engaged in international businesses with some degree of confidence. The settlement of disputes and disagreements is also an obvious advantage of the Contracting States concluding agreements on the elimination of double taxation. We believe that the main advantages of agreements on the prevention of double taxation are as follows: 1. Clarification of the right of each state to collect taxes. The tax right granted under the agreement applies exclusively to residents of a particular country and exclusively to taxes specified therein. If the agreement does not cover all issues, reference is made to the relevant national legislation. 2. Prevention of double taxation. 3. Prevention of tax evasion.

Future mechanisms of international cooperation

Today, in order to rigorously comply with tax laws, governments must move towards more coordinated action and joint efforts to eliminate tax evasion using the latest tools in international tax cooperation.

International cooperation on tax issues includes a number of methods identified and jointly developed by the tax administrations of states and international organizations operating in the field of taxation [4, 30-35]. Each of these methods is based on a regulatory framework that allows taxpayers the opportunity to control their activities not only within the national state. The said methods have their own characteristics, advantages and disadvantages.

In order to fully study the features, characteristics, properties and factors of each specific method, it is proposed to classify them according to certain criteria. The need for classification is associated with the following: first, insufficient scientific research on the issue; second, the need to differentiate the events being studied; third, the need to conduct a comparative analysis of each specific method and identify weaknesses, focusing on the most problematic aspects. The proposed methods differ in terms of the degree of study and application, the amount and composition of the necessary costs, but they all pursue the common goal of eliminating double taxation. This classification has the following structure:

- exchange of tax information;
- assistance in tax collection;
- simultaneous tax audits;
- joint tax audits;
- tax audits abroad [15, 18-30; 18, 150].

This classification influences all existing methods of cooperation between tax administrations in order to increase the efficiency of tax collection and provides an accurate description of each of them.

First, let's look at the method of exchanging tax information. One of the most common forms of international cooperation in the fight against double taxation is the exchange of information between the most developed foreign tax administrations.

The exchange of information with the competent authorities of countries pursues the following objectives:

- Determine the facts under which the provisions of the agreement (convention) related to taxes on income and capital should be applied;
- Determine whether the taxpayer has the right to reduce the tax rate on the fees received to ensure proper distribution of profits among relevant enterprises;
- Assist a Contracting State in sending or implementing the provisions of its domestic tax laws;
- mutual assistance between tax authorities in the detection of tax violations, the fight against double taxation and the fight against tax evasion.

The exchange of information is provided for in most agreements (conventions) for the prevention of double taxation and is regulated by provisions of Article 26 of the OECD Model Convention on Income and Capital Taxes and those of the UN Model Convention for the Prevention of Double Taxation between Developed and Developing Countries. However, there are several legal documents governing the exchange of information:

- Agreements (conventions) on the elimination of double taxation in respect of income and capital taxes;
- Multilateral or bilateral information exchange agreements;
- Bilateral agreements on mutual assistance;
- Directive No. 2011/16/EC of the Council of the European Union on Administrative Cooperation in the Field of Taxes dated 15.02.2011;
- Joint Convention on Mutual Administrative Assistance between the Council of Europe and the OECD on Tax Issues;
- Nordic Convention on Mutual Administrative Assistance in Tax Matters;
- European Union Directive on Taxation of Deposits [8, 121].

Article 26 of the OECD Model Convention provides the most common legal framework for the bilateral exchange of information on tax matters [10, 22]. For example, most double taxation agreements are based on the OECD Model Conventions of 2005 and 2010.

The purpose of the exchange of information is the need to use the information obtained by competent tax authorities in the application of the provisions of the relevant international agreement or national legislation. At the same time, the exchange of information applies only to information related to taxes provided for in this international agreement.

Principles of information exchange. The exchange of information is based on four key principles recommended by the OECD and other international organizations. These principles are:

- • the principle of foreseeable relevance;
- • no fishing expeditions;
- • the principle of confidentiality;
- • the principle of reciprocity [13, 288-290].

According to the first principle, in the interests of proper application of a relevant double taxation agreement or the application of the domestic law of a partner state, information may be provided only if it is considered useful.

The “no fishing expeditions” principal stems from the principle of “apparent need” for information, which means that competent tax authorities have the right to request information about a specific taxpayer from a partner state for the period covered by the agreement. In this case, the tax authority should not go beyond the tax audit and the suspected tax violation.

The principle of confidentiality is a key element in the cooperation between states in tax matters. Any information received by a foreign state from a contracting partner shall be considered confidential and adequately protected. Any information obtained is provided only to “persons or bodies (including courts and administrative bodies) involved in the determination, collection or enforcement of tax decisions” and is used only for the purposes specified in the agreements, i.e., for tax administration purposes [17, 343-344].

The basis of the principle of reciprocity is that the country receiving information in response to a previously sent request also undertakes to provide relevant information after receiving such a request.

When exchanging tax information, measures should be taken not to violate the legislation and administrative practices of the contracting partner state. In addition, it is prohibited to disclose information that represents commercial, business, industrial or professional secrets, or information the disclosure of which contradicts public policy.

Notwithstanding the above exceptions, the requirements of national tax interests or banking secrecy shall not limit the obligations of partner states to exchange information with each other.

There are several types of information exchange:

First, the exchange of information upon request. As part of the exchange of information upon request, the competent authority of a state shall provide information about the taxpayer's compliance with tax liabilities during a certain period of time in response to a reasoned request of a partner state. This type of information exchange is the most common form of information exchange.

Second, "ad hoc" information exchange (spontaneous). In this type of information exchange, information is provided spontaneously, i.e. without prior request, when the tax authority or tax auditor discovers information that may be of interest to another country.

Spontaneous information exchange is based on the active participation and cooperation of tax authorities and tax auditors.

Third, automatic information exchange. Automatic information exchange is a systematic and regular transmission of information on different income categories and other types of information to partner countries on a contractual basis: without a prior request and on a regular basis.

In our opinion, automatic information exchange has the following advantages:

- the risk of tax evasion is reduced;
- has a deterrent effect, i.e., encourages taxpayers to declare their income from external sources;
- encourages compliance with tax laws.

We believe that the implementation of the procedure for the exchange of tax information can contribute to a significant increase in budget revenues. However, in order to achieve this goal, it is necessary to work closely with competent authorities of foreign countries, adopt their practices, introduce changes to domestic legislation, comply with OECD recommendations, make high-quality selection of inquiries sent abroad, and conduct trainings for employees of local tax departments on the existing requirements and changes in this area.

Another method of cooperation is simultaneous tax audits. Simultaneous tax audits are audits of taxpayers of mutual or relative interest to both states performed simultaneously and independently by two or more states in their respective territory for the subsequent exchange of necessary information [15, 29-30].

Simultaneous tax audits are a form of cooperation used in a wide range of international tax issues. Simultaneous tax audits are carried out when the information belonging to a third country is the "key" for the tax audit.

Both compliance and oversight, as well as parallel tax audits used by tax administrations, are considered effective in cases of international tax evasion. The audit may involve both direct and indirect taxes. It helps to identify cases of abuse of legislation for personal gain or violations of existing legislation. Simultaneous tax audits provide a high level of efficiency in the exchange of information between tax jurisdictions. They can also reduce tax liabilities for taxpayers by coordinating inquiries from competent tax authorities of different states.

In addition to the above, simultaneous tax audits also play an important part in preventing double taxation and avoiding the need to apply the mutual agreement procedure in accordance with Article 25 of the OECD Model Convention and relevant provisions of agreements (conventions) on the prevention of double taxation [1, 683].

Some of the countries conducting simultaneous tax audits for several years have said that this tool is an effective method of tax control. For example, the tax authorities of the Scandinavian countries have been conducting multilateral tax audits for several years and have achieved positive results in controlling the collection of both direct taxes and VAT.

Other forms of international cooperation

Other forms of international cooperation in the field of taxation may be carried out during simultaneous tax audits. For example, it is recommended that an auditor from one Contracting State be present at a simultaneous a tax audit in another Contracting State. This type of tax control is accompanied by a request for relevant information.

The regulatory framework for simultaneous tax audits is as follows:

- Relevant articles of bilateral tax conventions on income and capital taxes, as well as agreements (conventions) on the prevention of double taxation, entitled "Information Exchange", as stated in Article 26 of the OECD Model Convention;
- Article 8 of the Joint Convention on Mutual Administrative Assistance between the Council of Europe and the OECD on Tax Issues [19, 15-16];
- Article 12 of the Nordic Tax Assistance Convention [23, 203-204];
- Article 8b of Directive 77/799/EEC of the Council of the European Union on Mutual Assistance completed by Directive 2004/56/EC93/2003 of the Council of the European Union [25];
- Article 12 of Regulation No. 1798/2003 of the Council of the European Union on Administrative Cooperation in the Field of VAT [16, 143];
- Provisions of tax information exchange agreements modeled on the basis of Article 5 of the CIAT Model Tax Information Exchange Agreement.

At the same time, any exchange of information that occurs as part of a tax audit must be carried out in accordance with the provisions of the above legal documents.

We believe that simultaneous tax audits are a means of determining the accuracy of the calculation of tax liabilities of dependents, for example, in cases where expenses and revenues are distributed among taxpayers in different tax jurisdictions. It can be difficult for tax authorities to obtain the necessary information and identify facts and circumstances such as the terms of application of transfer prices between related entities in two or more jurisdictions, especially if the taxpayer refuses to cooperate or does not provide the required information in a timely manner. However, a simultaneous tax audit can help tax authorities to identify facts more quickly and efficiently, which is also a cost-effective mechanism for tax administrations.

Simultaneous tax audits are carried out by states separately, using domestic legislation and existing provisions on the exchange of tax information within the framework of the practices of the tax authorities of each state.

In all cases, the information obtained by the tax authority during the simultaneous tax audit shall be considered confidential.

In the modern world, as a result of "disappearing borders" and increasing international transactions involving both legal entities and individuals, tax authorities face the need for closer international cooperation to optimize compliance between national and international tax rules [3, 530-533].

Joint tax audits are a new form of coordinated activity between states. A joint tax audit is a tax audit conducted simultaneously by two or more countries in relation to one or more taxpayers in order to get a complete picture of a taxpayer's cross-border activities [22, 72-73].

A joint tax audit is appointed in the following cases:

1. If countries have a common or complementary interest in one or more related taxpayers;
2. If an internal tax audit is insufficient, it provides a complete picture of the taxpayer's tax liabilities for individual transactions.

We believe it is possible to agree with the steps taken by OECD experts to conduct joint tax audits to achieve the following goals:

3. Understand the differences in the legislative and administrative procedures of foreign countries;
4. Raise awareness of tax auditors on existing opportunities in matters of international tax risks;
5. Recognize and study various methods of conducting tax audits;
6. Identify and improve areas of future cooperation;
7. Eliminate double taxation and fight against tax evasion.

In our opinion, a joint tax audit contributes to the development of the following positive factors:

- development of cooperation between tax authorities and taxpayers;
- compliance with legal requirements by international companies;
- more efficient real-time tax management;
- elimination of double taxation and fight against tax evasion.

Tax examinations abroad. Traditionally, the exchange of tax information between the competent authorities of foreign countries is carried out in writing, which often requires considerable effort and time. Therefore, the efficiency of the exchange of tax information may be reduced compared to other forms of international cooperation on tax issues.

It is useful to approach tax audits in a particular foreign country to make it easier for the tax administration to gain a clear and detailed understanding of the business relationship between the resident of the audited state and its foreign partners. In addition, it is not uncommon for tax inspectors to be unable to verify accounting in their own country, because the laws of that country give the taxpayer the right to keep records in any other state. In all of the above cases, tax examinations abroad are applied [9, 50-55].

Article 6 of the Model Agreement on the Exchange of Information for Tax Purposes sets out the definition of tax examinations abroad. The article states that "one Contracting Party may, with the written consent of the persons being examined, allow representatives of the other Contracting Party to enter the territory of the first Party for the purpose of checking the accounts and questioning them. The competent authorities of the second party shall inform the competent authorities of the first party of the time and place of the meeting with the persons being examined. The main principle of such cooperation is the principle of reciprocity" [7, 242].

If the domestic legislation of the state permits the participation of external auditors in the tax audit, the officials of the competent authority may participate in the requested tax audit.

We believe that tax examinations abroad reduce taxpayers' tax burden by allowing tax authorities to work together on issues related to the same taxpayer or group of taxpayers. Such cooperation reduces costs and saves time, which has a positive effect for both the taxpayer and tax authorities.

Tax examinations abroad accompanied by information requests are carried out within the following regulatory framework:

- Relevant articles of bilateral tax conventions on income and capital taxes, as well as agreements (conventions) on the prevention of double taxation, entitled "Information Exchange", as stated in Article 26 of the OECD Model Convention;
- Article 9 of the Joint Convention on Mutual Administrative Assistance between the Council of Europe and the OECD on Tax Issues;
- Article 6 of Directive 77/799/AET of the Council of the European Union on Mutual Assistance completed by Directive 2004/56/EC93/2003 of the Council of the European Union;
- Article 11.2 of Regulation No. 1798/2003 of the Council of the European Union on Administrative Cooperation in the Field of VAT;
- Provisions in Article 6 of the OECD Model Tax Information Exchange Treaty and Article 6 of the Model Tax Information Exchange Treaty (CIAT)

International tax control

We consider it expedient to apply the concept of "international tax control" when studying issues related to the future mechanisms of interstate cooperation in the elimination of double taxation. The point is that this concept can be defined as the activity of competent authorities of foreign countries to exercise tax control over the activities of taxpayers engaged in commercial activities abroad or earning income outside their country, ensure compliance with tax legislation and prevent international tax evasion.

The purpose of international tax control is to prevent tax evasion at the international level and in cross-border operations.

To achieve this goal, the following must be resolved:

- monitoring compliance with international tax legislation;
- prevention of violations of tax legislation at the international level;
- ensuring correct calculation and collection of taxes;
- elimination of international double taxation;
- prevention of international tax evasion.

International tax control is carried out in the following forms:

- exchange of tax information;
- assistance in tax collection;
- simultaneous tax audits;
- tax examinations abroad;
- joint tax audits.

The main principles of such activity should be: legality, completeness and uniformity, regularity, reliability of results, priority of protection of taxpayer's rights, reciprocity, confidentiality, inadmissibility of illegal damage.

CONCLUSION

It can be concluded that the most effective way of preventing double taxation and tax evasion is the development and implementation by governments of tax agreements (conventions) that represent the basis of the tax procedure. At the same time, the mechanisms for combating tax evasion should be coordinated, including the methodology used to prevent double taxation and define certain conditions.

These agreements are not limited to taxpayers. Agreements on the elimination of double taxation protect the legitimate interests of states by facilitating the implementation of domestic tax laws and tax policy.

Tax agreements, especially those on the prevention of double taxation, incorporate rules agreed between partner countries, allowing countries the opportunity to work together in a coordinated manner in combating tax problems at the international level, thus taking an integrated approach to tax prevention and helping bridge the existing gaps.

The tax systems of most countries impose high tax rates on dividends, interest and fees for foreigners. Double taxation treaties are a mechanism to reduce the above-mentioned tax rates on a reciprocal basis, thereby removing barriers to participation in international transactions and trade. These agreements also have other features that provide companies with important tools to maintain a competitive position in the international business environment. For example, the establishment by the state of internationally agreed borders for the collection of taxes from foreign companies located in their territories; the requirement that tax laws be applied without discrimination to non-resident companies.

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