Abstract

In view of the adopted SDGs in 2015 and their focus on domestic resource mobilisation, this diploma thesis attempts to fulfil two main objectives. First, it aims to describe and analyse the current tax system often labelled not only by developing states as unfit for the 21st century's globalized economy. Second, it tries to provide deeper understanding of reasons that lead certain countries not to support the creation of a UN Tax Body, the only platform where all countries could participate in the negotiating of tax harmonization on an equal footing. Three hypotheses based on a neorealist, liberal and functional regime theory are put forward. Using data obtained from interviews conducted with delegates at the UN, it can be concluded that the organisational infrastructure is the power reflection. While the OECD BEPS mechanism is recognised by many as efficient and sufficient, this is possible due to the enabling power relations that exclude more than hundred developing countries from the negotiation of international tax rules. It can thus be concluded that the current OECD mechanism does not address existing policy loopholes that cause losses to developing countries. To match the SDGs' rhetoric with reality, policy-makers should create a more inclusive and universally agreed on standard-setting mechanism in tax matters.