

# ICE

MINISTERIO DE INDUSTRIA, TURISMO Y COMERCIO

INFORMACIÓN COMERCIAL ESPAÑOLA

Secretaría de Estado de Turismo y Comercio

## NEW TRENDS IN INTERNATIONAL ECONOMY AND TAXATION

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**ALBI IBÁÑEZ, Emilio**

**Economic globalization as a framework for international relations**

**Abstract:** Economic globalization affects nation-states, although not in any fundamental way. Nor is globalization an inflexible process, beyond democratic political regulation and control. Intergovernmental co-operation, international relations and institutions or intergovernmental organizations are appropriate tools for correcting internationalized market failures stemming from the globalizing process.

**Key words:** economy internationalization, international economic relations, role of the State.

**JEL Classification:** F02.

**ALONSO MESEGUER, Javier and SOSVILLA RIVERO, Simón**

**Projections for the Spanish education system in light of the immigration boom**

**Abstract:** The authors attempt to evaluate the consequences of immigration on the Spanish education system. To this end, the gross schooling rate is reviewed as a synthetic indicator of the nation-wide public education system. Enrolment and education system spending projections are made through the year 2050 under different scenarios for immigration flows and immigrant and second generation immigrant integration. Such projections may serve as a basis for adapting the education system to the new circumstances.

**Key words:** immigration, education system, population forecasts, schooling, Spain.

**JEL Classification:** J11, J24.

**BUSTOS BUIZA, José Antonio**

**Tax scheme for entities subject to income attribution provisions in non-resident income tax legislation**

**Abstract:** Major amendments to non-resident income tax legislation enacted in 2002 came into effect in January 2003. The present paper contains a thorough analysis of these changes in connection with «entities subject to income attribution regulations».

**Key words:** fiscal policy, direct taxation, international double taxation, Spain.

**JEL Classification:** H87, K34.

**CARMONA FERNÁNDEZ, Néstor**

**Royalty tax in non-resident income tax legislation**

**Abstract:** Taxation on what tax legislation refers to as royalty income earned in Spain by non-residents—a highly controversial area of the country's tax system—is analyzed based

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on both domestic (the Act on Non-resident Income Tax) and bilateral (conventions for the avoidance of double taxation) rules. Special attention is lent to cases that are particularly difficult to classify or otherwise exceptional: complex technology transfer agreements, technical assistance services, know-how assignment, research and development agreements or computer program and digital product transactions.

**Key words:** fiscal policy, direct taxation, international double taxation, international taxation, Spain.

**JEL Classification:** H87, K34.

### CORDÓN EZQUERRO, Teodoro

#### Ex- and impatriate taxation

**Abstract:** The present article purports to analyze the ways that tax policy, implemented through the personal income tax, may impact the existing inter-relations between economic globalization, international economy and international taxation. In recent years the Spanish tax system has defined a strategy geared to favouring a more open economy and the internationalization of Spanish enterprise. In this regard, non-resident income tax regulations acquire considerable relevance in connection with the tax system applicable to the movement of persons in an environment that requires countries to compete to attract people with the highest levels of technical expertise.

**Key words:** fiscal policy, direct taxation, international double taxation, Spain.

**JEL Classification:** H87, K34.

### CRUZ AMORÓS, Miguel

#### Exchange of information and tax fraud

**Abstract:** In this article the author attempts to analyze the status and evolution of the chief information-gathering instruments available to combat tax fraud within the scope of conventions on the avoidance of double taxation and agreements among members of the European Community, and their inclusion in the Spanish system. Special attention is focused in this regard, firstly, on the information framework created around Directive 2003/48/EC on taxation of savings income in the form of interest payments, and secondly, on the relationship between the information system against tax fraud and measures to control money laundering.

**Key words:** international taxation, fiscal policy, international double taxation, EC Directive, EU.

**JEL Classification:** H87, K34.

**DELGADO PACHECO, Abelardo**

**Anti-avoidance measures in international taxation**

**Abstract:** This article contains an overview of the measures applied to combat international tax avoidance, analyzing the meaning of so-called international tax planning and anti-avoidance measures. This analysis is followed by a discussion of the chief anti-avoidance measures in domestic legislation, the anti-abuse provisions of double taxation agreements and the role of the general anti-avoidance provisions in the General Law on Taxation. Lastly, the issue of the exchange of information and co-operation among tax authorities is addressed.

**Key words:** international taxation, international double taxation, tax avoidance.

**JEL Classification:** H87, K34.

**DURÁN HERRERA, Juan José and ÚBEDA MELLINA, Fernando**

**The pathway for developing foreign direct investment by autonomous communities**

**Abstract:** The degree of multi-nationalization of an economy, measured by its stock of inbound and outbound foreign direct investment, is related to both its structures and its level of development level. According to the theory of the international foreign investment cycle, an analysis that includes economic development variables, Spain can be classified as an advanced country. When this theory is extended to Spanish regions, the seventeen autonomous communities can be grouped into three stages, one on a par with the nation-wide level and the other two in earlier phases of development.

**Key words:** foreign direct investment, economic development, regional analysis, Spain.

**JEL Classification:** F21, R50.

**FERNÁNDEZ-ARDAVÍN MARTÍNEZ, Ana and HURTADO OCAÑA, Inmaculada**

**Analysis of the commercial agreement with Chile and its impact on Spanish foreign trade**

**Abstract:** The recent trend in EU trade policy has been clearly forward-looking, with developments such as the formalization of the Free Trade Agreement with Chile in 2002, a so-called fourth generation agreement and the broadest and most ambitious of any signed to date with the European Union. After analyzing the content of the agreement and trade relations between Spain and Chile, the authors draw conclusions on the effects that such liberalization may have for our economy. Particular attention has been focused of late on the effects of enlargement of the Union to the east. The analyses conducted of the consequences of that process have revealed that it will bring

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scant benefits for Spain. Community trade policy has not ceased to advance, however, inasmuch as a number of agreements have been signed with third countries. Some of these hold promise for our economy, as Spain's traditional trade with several of these countries clearly affords us a competitive advantage. The present paper focuses exclusively on the final agreement reached with Chile. An analysis of Spanish-Chilean bilateral trade, including comparative advantages/disadvantages and a review of intraindustrial commerce, is followed by a projection of the possible benefits (costs) that the reduction of trade barriers will entail for the two partners.

**Key words:** common commercial policy, intraindustrial trade, regional agreements, Spain, Chile, EU.

**JEL Classification:** F13, F36.

**FERRÁNDIZ SERRANO, Victoria and GONZÁLEZ CARBONELL, José Francisco**

### **A new approach to appraising privatizations: the Greenshoe option**

**Abstract:** This paper aims chiefly to propose a model for calculating the stock market premium on public share offerings for State-owned companies in privatization processes, to evaluate the market's view of the State's valuation. The existence of a stabilizing provision known as the Greenshoe option can be used to rectify the fluctuation in share prices after a share offering. The authors take account of the existence or otherwise of the green shoe option when calculating the premium as a way to prevent possible distortion of the results.

**Key words:** fiscal policy, privatization, stock market premium.

**JEL Classification:** E62, G34, H11, L32.

**GALINDO MARTÍN, Miguel-Ángel**

### **Foreign direct investment as a tool of economic policy**

**Abstract:** Traditionally, both theoretical and empirical literature on growth has addressed the question of the role of foreign direct investment on this objective of economic policy. The conclusions in this regard are not consistently positive, since whilst acknowledging the technology transfers and enhanced competitiveness stemming from such investment, it is generally accepted that other factors must also be considered, such as social capability and the possible disappearance of small and medium-sized enterprises. All these issues must be borne in mind when designing economic policy to favour FDI. The purpose of the article is to study the economic policy measures that may be considered to attract foreign investors to a country.

**Key words:** foreign direct investment, economic growth, fiscal policy, monetary policy.

**JEL Classification:** F21, O23.

**GUTIÉRREZ LOUSA, Manuel and RODRÍGUEZ ONDARZA, José Antonio****Tax incentives for internationalizing Spanish enterprise**

**Abstract:** The Spanish economy has enthusiastically embraced economic globalization and since 1997 has been a net exporter of foreign direct investment, thereby strengthening the country's international position and competitiveness. In this context, it is essential to avoid distortions arising from tax legislation and develop a strategy to correct double international taxation, enabling our companies to compete abroad on level ground with their local competitors. The present paper contains an analysis of the trends in outbound Spanish foreign direct investment and the unilateral measures taken in the country to avoid double international taxation.

**Key words:** foreign direct investment, economy internationalization, capital movements, double international taxation, fiscal neutrality, international taxation.

**JEL Classification:** E62, F21, F23, H20, K34.

**MARTÍNEZ ARGÜELLES, Santiago R. and RUBIERA MOROLLÓN, Fernando****Performing versus buying business services. Analysis of decisions on outsourcing knowledge-intensive services in the Spanish economy**

**Abstract:** Use of knowledge-intensive services to conduct business has become a universal practice and an essential element in a firm's competitive capacity. Such tertiary needs may be met by outsourcing or in-house provision of services. In this article the authors study the elements affecting decisions on outsourcing knowledge-intensive services in the Spanish economy. The results obtained show the importance of company location as well as other variables, such as size, in these decisions.

**Key words:** services, business strategy, outsourcing.

**JEL Classification:** C35, R11.

**PALACIOS PÉREZ, José and CALVO SALINERO, Rafael****The Spanish holding company as a foreign investment platform**

**Abstract:** In 1995, the at the time new Act 43/1995 on Corporation Tax included a special chapter devoted to the so-called foreign securities holding companies or ETVEs (Spanish initials). This formula was created in a context of furtherance of Spanish investment abroad as a source of wealth. The present article contains an analysis of these provisions, which first introduced and then consolidated a vehicle for internationalization that has lived up to the expectations that occasioned its creation.

**Key words:** foreign direct investment, international taxation, economy internationalization, EC Directive, double international taxation.

**JEL Classification:** H87, K34.

### PONS NOVELL, Jordi

#### Regional economic balance, 1995-2002: should all Spaniards feel satisfied?

**Abstract:** The author of this study analyzes whether the estimated fiscal balance between the Spanish autonomous communities contained in the paper by Julio and Pablo Alcaide «Balance económico regional (autonomías y provincias), años 1995-2002» (Regional economic balance (regions and provinces), 1995 to 2002) provides sufficient grounds to conclude that the degree of inter-regional solidarity among Spanish regions may appear to be inordinate to the inhabitants of certain regions. He also analyzes whether financial flows between regions have contributed to the convergence of the income and GDP per capita of the poorer autonomous communities on the figures recorded in wealthier regions.

**Key words:** economic convergence, fiscal balance, regional analysis, Spain.

**JEL Classification:** D70, H20, H73, R50.

### TRAPÉ VILADOMAT, Montserrat

#### The Forum on transfer prices in the European Union

**Abstract:** The purpose of the present article is to introduce the European Forum on Transfer Prices, its activities and in particular the highlights of the work undertaken to date. The European Forum on Transfer Prices, created under the Spanish Presidency in 2002, is the only working party under the Commission's umbrella with a mixed public authority-private sector membership. Its chief mission consists in proposing pragmatic solutions to reach a more uniform enforcement of Member State regulations on transfer prices and in particular to effectively eliminate double taxation deriving from adjustments in transfer prices through the procedure provided for in the Arbitration Convention. Particular attention is focused in the article on the two reports that the forum has issued to date. Lastly, after evaluating these two years of operations, the author describes the work outstanding and prospects for the future.

**Key words:** international taxation, fiscal policy, international double taxation, transfer prices, EU.

**JEL Classification:** H87, K34.

### VALLEJO CHAMORRO, José María

#### Pernicious tax competition within the OECD and the European Union

**Abstract:** The present globalization scenario breeds tax competition. This environment and the advantages offered by tax havens have heightened the most adverse aspects of such tax competition to levels of intensity that give cause for concern in terms of loss of overall revenue. In response, the governments of the most highly developed countries

have been prompted to undertake an in-depth review of the present situation and possible adoption of corrective measures. Systematic studies of this phenomenon are being conducted in two domains: the OECD and the European Union. The OECD initiated an exercise in 1998, whose geographic scope has now been expanded to 100 countries, intended to draw a world map of tax havens and attempt to commit such jurisdictions to raise their standards of transparency and exchange of information. The European Union in turn, likewise in 1998, began an exercise to «remodel» business tax provisions that may involve harmful tax competition. Its scope of action is limited to the 25 Member States and the purpose is to eliminate such provisions through political commitments undertaken by the Member States.

**Key words:** international taxation, fiscal policy, tax avoidance, tax haven, OECD, EU.

**JEL Classification:** H87, K34.



