

**EFFECT OF TAX LEGISLATION ON THE IMPLEMENTATION OF ORGANISATION
FOR ECONOMIC CO-OPERATION AND DEVELOPMENT G20 BASE EROSION AND
PROFIT SHIFTING PACKAGE BY MULTINATIONAL CORPORATIONS IN
NAIROBI CITY, KENYA**

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DECLARATION

This is my original work and has not been submitted to any other institution or university for an award of postgraduate diploma.

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This research project has been submitted for examination with my approval as the university supervisor

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DEDICATION

I devote this work to my family, companions, and partners for their support particularly during my studies at Kenya School of Revenue Administration.

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LIST OF ABBREVIATIONS

BEPS	Base Erosion Profit Shifting
CBCR	Country By Country Reporting
CRSMCAA	Common Reporting Standard Multilateral Competent Agreement Authority Agreement
ICT	Information Communication Technology
IFF	Illicit Financial Flows
KRA	Kenya Revenue Authority
MLI	Multi-Lateral Instrument
MNC	Multi-National Corporations
MNE	Multi-National Enterprise
NASCOTI	National Commission for Science, Technology and Innovation
OECD	Organization for Economic Co-operation and Development
PIN	Personal Identification Number
SBI	Solel Boneh International
SPSS	Statistical Package for Social Science (SPSS)

DEFINITION OF TERMS

Base Erosion and Profit Shifting	It refers to multinational tax planning strategies that move the tax base of higher tax administrations from higher to lower tax administrations (OECD 2015).
Dispute Resolution	In this way, disputes between two or more parties can be overcome (Ingemar, 2012). The resolution seeks to promote justice in business practices for all parties and is always moderated by a third party. There is always a dispute settlement clause in contracts that sets out how a dispute is settled.
Multi-National Corporation/Enterprise	This is a multi-country organisation, but governed by one (home) nation (OECD, 2015).
Tax Treaty	Two countries have arrangements about how people can be taxed (Devereux & Vella, 2015).
Taxation	This is the levy on persons or organizations made mandatory by governments (Cheryl, 2004).
Taxation Law	These are a set of regulations, rules and laws governing taxation of land, sales, inventory, wages, permits, and other government charges. Furthermore, taxation requires foreign import duties and taxation on individuals imposed by the government in favor of the state (Aaron and Michael, 2011).

Transfer Pricing

The price layout of products and services sold between regulated (or associated) legal entities within a business (OXFAM 2016). For example , if a member sells products to a parent company, the cost of such products charged by that parent to the subsidiary will be the transfer price.

Transparency

A state of transparency of business and financial transactions so that individuals can count on integrity and equality (OECD, 2015) (September 2015)

ABSTRACT

The tax enforcement issue for MNEs is as old as taxes themselves. Characterizing the observed trends of tax violations and eventually seeking solutions to reduce these trends is evident to countries around the world. As a matter of Public Finance and Law, tax enforcement incorporates the principles of equity. Lack of legislation and policy recommendations are an internal factor influencing Kenya's ability to enforce the OECD / G20 Action Plans. Therefore, this study sought to establish the effect of tax legislation on the implementation of OECD/G20 BEPS package by multinational companies in Nairobi City, Kenya. The study specifically sought to find out the effect of tax legislation, regulations, treaties, and international laws that affect the implementation of OECD/G20 BEPS by multinational companies domiciled in Nairobi City County. The study anchored its findings on two basic theories: Social contract theory and Distributive Justice. The social contract theory underpins the Government's imposition of taxes (Cheryl, 2004). The main idea of the social contract theory is that every person must surrender some of his/her rights in order to obtain a benefit which can only be guaranteed by the Government which ensures that every such person does not breach the agreement aforesaid. Distributive Justice Theory, on the other hand, is about just allocation of goods in a society. Distributive Justice corresponds to the distribution of wealth among taxpayers in accordance with the principle of equality. John Rawl's, the principal harbinger of this theory argues for the use of the tax system as a means of achieving Distributive Justice. Furthermore, the researcher reviewed the various studies on the topic. The study adopted descriptive research design to analyze the effect of legislation on the implementation of OECD/G20 BEPS by multinational companies in Nairobi. The data was collected through organized questionnaires, which were quantitatively coded, keyed, and analyzed using both descriptive statistics (mean, standard deviation and frequencies and inferential statistics). The study revealed an R-of (79.0%) which indicated that taxation laws, treaties and international laws explain 79.0% of implementation in OECD / G20 Base Erosion and Profit Shifting package (BEPS). The study concluded that treaties are beneficial to the company and helps the organization in implementing OECD/G20 BEPS. The study recommended that the Kenyan legislation on tax should comply with OECD/G20 Action Plans so that they are further implemented and structured.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Most academics are troubled by the rise of national tax revenue losses owing to excessive tax planning by multinationals in view of revenues shifting to erode the taxable base. The preceding serves as the key pillar for drafting of OECD Tax Base Erosion and Profit Shifting Action Plan, which was endorsed in September 2013 by the G20 Leaders Declaration (Deloitte 2016). BEPS is primarily concerned with instances in which Multi-National Enterprises (MNEs) can use various tax laws for interactivity in tax planning to selectively transfer income from countries in which they have been made leading to low taxes or even double non-taxation. It means fiscal planning and its consequences, used by private players to deprive Governments of revenue. The OECD defines BEPs as the use of artificial intra-group transactions by the use of shell companies, intangibles, liabilities, money, and other risk transactions (Aaron and Michael 2011). One of the problems facing developing countries is to create and maintain a sustainable source of income to finance domestic expenditure.

1.1.1 Global Perspective on OECD/BEPS

Bernard Michael Gilroy et al. (2006) pointed out that the global concern over the last few years is that many multinationals have appeared to be able to pay lesser taxes below the amount predicted from the headline levels in their countries. Several well-known cases of low paying and nonpaying tax corporations have exposed these issues and caused tax avoidance and evasion to be discussed. The Organization for Economic Cooperation and Development (OECD) was tasked at the G20 request to identify the strategies used by multinationals to reduce their tax rates to respond to the challenges mentioned above. The above contributed to the publication of the OECD report and the

follow-up action plan. The G20 proposed and supported the 15-point initiative in October 2015 (OECD 2015).

These include additional guidance on the application of established international standards such as the Arm's Length Principle, and specific recommendations that countries should implement by changing their domestic tax laws. In the context of urgent action, it is considered to be the most essential priority step, according to the OECD (2015) in the program: combating negative tax competition (Action 5); preventing misuse of tax treaties, such as Treaty shopping 9; improving transparency for country-by-country reports (CbCR). The Program is a program that provides minimum standards.

The OECD focused on the implementation of its recommendations following the publication of the BEPS Plan. As part of the call of the G20 for the global and consistent implementation of the BEPS agreement, the OECD developed an integrative structure for BEPS involving the G20 and other non-G20 countries and jurisdictions, among them developing countries, which could be involved in equal treatment of work by BEPS if they also agreed to implement minimum standards.

1.1.2 Kenyan Perspective on OECD/BEPS

MNCs are also involved in IFF operations in the floral industry. The majority of Naivasha-based companies in Kenya are subsidiary companies of Dutch companies, which are recognized as the leading tax haven in the Netherlands. Some studies show that the Dutch tax system permits the registration of special vehicles (foundations, trusts, etc.) primarily for tax planning and avoidance (Kyle & Emily, 2016).

To get an understanding of the operation of the fresh flower market, the Kenya Revenue Authority contacted Flora Holland, Netherlands ' world largest flower marketer. KRA alleged that Kenyan flower companies contribute \$250 million annually to the Dutch flower market. In a statement sent

to journalists, Mr. Njiraini, the former Commissioner General reported that there have been cases where MNCs subsidiaries recorded losses while their parent firms made enormous profits, noting that KRA was investigating potential misuse of the transfer pricing policies of these firms (Deloitte, 2016).

Through the Global Tax Exchange Platform Kenya hopes to target multinational tax cheats that are focused on corporate taxes transferred by multinationals in countries where they can either pay less tax or refrain from payment. The Forum provides for cooperation in tax exchange information for multinational companies between the tax authority, central banks and other organisations, (Kyle and Emily, 2016). Despite this forum, it still remains a serious challenge to know details of avoiding income taxes, especially regarding what they pay to expatriates. Kenya could lose further because foreign firms that are not registered on the I-Tax platform have evaded taxation.

Tax Justice Network Africa reported that Kenya lost Kenya shillings 639 billion a year to tax evasion from MNCs in 2015. However, only around Kenya shillings 146 billion was lost in trade mis-invoicing from 2002 to 2011, which could be tracked through the available records and statistics from these firms. MNCs ' money losses from IFFs result in fiscal gains at corporate headquarters and branches, while data from local companies are exploited to interpret losses (Kasper & Christoph 2015).

Article 10 of the Kenyan Constitution (2010), national values and principles of good governance are enshrined in the Constitution and are binding, wherever they exist, all State institutions and officials and public authorities and all persons; and, where they exist, any public policies are adopted or implemented. National ideals and governance principles include dignity, social justice, inclusiveness and equal treatment. Under Article 201 of the Constitution, all facets of public finances in the Republic are governed by principles including oversight and openness, public

participation in financial matters, public finance for the promotion of a fair society. The Constitution states that the tax burden is equally divided and that the profit between state and county governments is equally distributed geographically. Expenditure is intended to promote a country's fair development, including through the special safeguards of vulnerable groups and areas; responsibilities for resource use and public credit, which should also be shared equally between present and future generations, and financial management and fiscal reporting should be transparent (Hansson, 2012).

It is worth noting that following the enactment of the Constitution; several acts of parliament have been enacted that govern tax including VAT Act 2013, Tax Procedures Act 2015 and Finance Acts, which are enacted every year. In addition, the law that governs income of MNEs is supposedly the Income Tax Act of commencement date 1st, January 1974. It has been argued that there is need for a complete overhaul of the original Act as it has several amendments, which have been made piecemeal; others are contained in Finance Acts. The Income Tax Act as it is to date does not make any provisions to curb BEPs by MNEs and therefore in need of reforms (Aaron & Michael, 2011).

Furthermore, Article 2 of the Constitution provides that the general rules of international law will form part of Kenya's law. Also, article 2(6) provides that any treaty or convention ratified by Kenya will form part of Kenya's law (Deloitte, 2016). It is self-evident that the previously mentioned articles are the receiving clauses for the enactment of international law in Kenya. Kenya has ratified some multilateral treaties touching on the issue of tax evasion and avoidance but to date there is no enactment of a domestic statute to implement the provisions of the treaty in question. Further, no act of Parliament has been enacted to implement the OECD/BEPs Action Plan (OECD, 2015).

From the preceding, there is a need to strengthen institutions in terms of legislative amendment to incorporate the BEPS Action Plan into the Income Tax Act. The study also identifies the need for enhancement of both institutional and technical capacity at KRA and for taxpayers to enable them deal with the issue of base erosion and profit shifting. The focus of this study is to evaluate these challenges in line with international best practices in order to ascertain the reforms necessary to govern the legal framework.

1.1.3 OECD/Base Erosion and Profit Shifting (BEPS)

This study deals with the concept of BEPS and weaknesses in BEPS legislation. Ideally, taxation is an important process in the economic development of any state since it is a source of revenue to support government expenditure on social welfare services and infrastructure development. It must therefore have both strong theoretical and practical foundation (OECD, 2013). A wholesome perspective requires a government to observe the canons of taxation by avoiding arbitrariness and ambiguity while setting tax regulations that are certain, clear and equitable for corporations to observe. This view conforms to the provisions of the constitution, which provides that every person has the right to administrative action that is expeditious, efficient, lawful reasonable and procedurally fair (OXFAM, 2016).

MNCs show more interest in investing in countries where the legal framework allows them to repatriate bulk of their profits (Devereux & Vella, 2015). They do this by investing in low tax jurisdictions, which have weak regulation on BEPS. MNCs take advantage of ineffective legal and regulatory mechanisms to pay less tax than is due to them. This wreaks havoc on the recipient developing/host countries in terms of balance of payments distortions and resulting in foreign loans to fill in the shortfall, which further translates into poor infrastructural development or lack thereof (OECD, 2015).

Very few taxpayers enjoy paying taxes although many regard it as a public duty to pay their fair share of the money required by the Government to provide social services (Prem, 2015). This is also true about MNCs if they were to work with tax authorities in good faith, BEPS would be dealt with but it has an added risk that could be used to shift profits into low tax jurisdictions even if little business is carried on.

1.1.4 Multinational Corporations in Kenya

Companies are denying Kenya trillions of revenue by reducing their expatriated income taxes (OECD 2013). The opening of an employment relationship that retained the secrets of a multinational company evading taxes of almost 1 billion Kenyans. A manager called by the boss to stop him from revealing the company's secrets turned around and unveiled the secrets. In a case first listed on 5 December 2012, Solel Boneh International (SBI) Holdings asked for temporary orders to disclose trade secrets and other sensitive information to its former Finance Manager (Squire, 2015).

In the six years he had worked at business after failing to achieve tax clearances, the previous financial manager would eventually seek special compensation including the exemption of the duties he refused. It was apparent that this organization would not remove or refund its payroll benefits from its obligatory revenue tax, which was split into two cleverly in order to preserve the net of the taxpayer. SBI paid a net monthly salary of US\$ 9,750 and a brutal monthly salary of Kenya shillings of 383,000 to the former finance manager, as documented by the courts. It wouldnt have been possible to detect the tax avoidance schemes of SBI if a contractual collapse were not the case between the company and the ex-financing manager (Love, 2013).

1.2 Statement of the Problem

The East African region's economic hub is Kenya. The readiness of multinationals to contribute to the domestically-built capital movement is, however, hindered by the fact that, by transferring revenue to low tax jurisdiction, they often participate in tax avoidance schemes that erode their tax bases (Devereux & Vella 2015). In order to counter this, Kenya has taken a range of steps. These initiatives include joint initiatives to combat unlawful financial flows such as the Global Platform for Openness and Exchange of Information for the purposes of taxation; the Multilateral Mutual Administrative Aid Convention for Tax Matters (INGEMAR, 2012) and the BEPs Programme. Moreover, it has tried to set legal, administrative and specifications, but has not been successful. Kenya has the Central Bank of Kenya, the Kenya Revenue Authority, and the National Treasury; the Ethics and Anti-Corruption Commission; the Financial Reporting Centre; and the Asset Recovery Agency, Directorate of Criminal investigations; among some of the organizations which fight illicit financial transactions. These organs face barriers which limit their efficiency. Due to Kenya's strategic position, the region has both well intended and ill intended investors, poor intergovernmental coordination between financial-sector regulators, legal enforcement agencies, institutions, weak legislation and domestic controls on financial firms and limited participation the challenges include vulnerability of Kenya's financial sector.

Deloitte (2016) noted that effective Kenyan tax base containment requires the adoption of treaty abuse legislation, the redefinition of the establishment of permanent entities, dispute settlement and the inclusion of multilateral instruments. There has been no definition of the actual volume of illegal financial flows in Kenya. It has been estimated that in 2016, Kenya lost 160 billion in illegal financial flows according to the OECD (2017) report. Trade mispricing, payments and profit shifting mechanisms designed to hide revenues between parent companies and their subsidiaries

are a number of common ways for illicit financing practices.No law on the application of the OECD BEPs action plan is currently enacted.

1.3 Objective of the Study

1.3.1 General Objective

To find out the effect of legislation on the implementation of OECD/G20 Base Erosion and Profit Shifting (BEPS) package by multinational corporations in Nairobi, Kenya.

1.3.2 Specific Objectives

- i. To assess how Kenya's tax laws are affecting the application by Kenya's multinational corporations of a base erosion and profit shifting package in Nairobi.
- ii. To learn how multinational agreements, affect the implementation by multinational corporations of the Erosion and Profit Shifting Package in Nairobi, Kenya.
- iii. Finding out how international legislation affects the implementation of the Base Erosion and Profit Shifting Package by MNCs in Nairobi.

1.4 Research Questions

- i. Do Kenyan tax laws affect the implementation of OECD/G20 Base Erosion and Profit Shifting package by multinational corporations in Nairobi, Kenya?
- ii. Do treaties affect the implementation of OECD/G20 Base Erosion and Profit Shifting Package by multinational corporations in Nairobi, Kenya?
- iii. What are the effects of International Laws on the implementation of Base Erosion and Profit Shifting Package by multinational corporations in Nairobi, Kenya?

1.5 Significance of the Study

The current legal framework is inadequate in dealing with the implementation of Base Erosion and profit shifting by multinational companies in Kenya. It is imperative that this study is critical at this point in time, since with the increased level of cross border transactions and advancement in

technology, Kenya needs to be ready to deal with MNCs eroding its tax base and shifting profits and disputes that will arise.

The study findings will help the taxman to appraise the legal and institutional framework on BEPs in Kenya and compares it with other countries that have successfully adopted workable solutions.

The findings of the study will form the basis for proposals to strengthen the legal and institutional framework on BEPs in Kenya. This study also makes recommendations that will contribute to transforming the existing regime and make it more relevant and acceptable. It is intended not only to contribute in highlighting those loopholes that exist but also suggest the areas to strengthen BEPs legislation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter highlights the theories that the study will be based on, the empirical literature review, conceptual framework, critique to the literature, research gaps, and summary of the chapter.

2.2 Theoretical underpinning.

This section discusses the theories the researcher wants to base this study. It discusses the Social Contract Theory and Distributive Justice Theory.

2.2.1 Social Contract Theory

The social contract theory underpins the Government's imposition of taxes (Cheryl, 2004). The main idea of the theory is that every person must surrender some of his/her rights in order to obtain a benefit which can only be guaranteed by the Government which ensures that every such person does not breach the agreement aforesaid.

The benefit derived is usually social goods or assurance of security and protection of property, which manifests in a state of nature. In the perspective of taxation, everyone accepts taxation as the social contract whereby they forfeit a portion of their income to the state on the strength of the contract that the state assures and will guarantee their rights and protection of their properties in a state of nature (Sikka, 2015). There are a number of philosophers who share these propositions, which include Thomas Hobbes, John Locke, Jean Jacques Rousseau among others.

Thomas Hobbes avers what life in a state of nature is short, nasty and brutish because of conditions such as equality of need, scarcity and limited altruism. In this state of nature, there are no social goods hence the need for social cooperation (Ware & Kynoch, 2013). To achieve the social cooperation, two things, need to be fulfilled that is guarantee that people will not harm one another

but rather they should depend on one another in lieu thereof. The foregoing necessitates the need for a government (Bower, 2012). The people will forfeit some of their rights in order to form the social contract. Each person agrees to abide by the laws of the state on condition that everyone else will do the same. That way everyone is relatively safe from each other and everyone benefits from the social goods that will accrue (Douma, 2012).

Jean Jacques Rousseau on the other hand mirrors the Hobbesian theory by stating that in the state of nature, everyone enjoys physical freedom of having no restraints on their behavior. They then form a social contract whose objective is formation of laws that are accepted as just and those who do not adhere to the laws will be breaching the law. Rousseau advocates for compelling everyone to adhere to the law since it is in the best interest of everyone. According to Rousseau, citizens are allowed to do what they please provided it does not interfere with public interest. He further propounds that humans have two personalities public and private. He does not distinguish the personalities but states that public persona takes precedence over private self hence taxation takes priority (Laurence & Cooper, 1999).

Lastly, John Locke postulates a state of nature is one where there are no social goods and the only way to enforce one's rights is through the use of violence. He postulates that the state of nature is the foundation for the proposition that man should reach out to a consensus with one another by forfeiting some of his rights for protection of other rights by government. He states that in this state of affairs people may still have their rights (Locke, 2013). However, society will always be in a state of continual warfare as fear will dominate since the rights are not guaranteed.

Taxation is part of the social contract. The contract requires individuals to forfeit some of their rights. In this sense, it is a portion of their income so as to gain social benefits. Rousseau's contribution demands that for tax laws to be accepted, they are to be just and contributed by all

(Laurence & Cooper, 1999). Those who fail to contribute are considered as breaking the law. The foregoing demands that tax laws be made on a fair and just principles and to contribution by all including economic users. Taxation therefore serves as the solution to man's anguish in the state of nature justified by his consent in the social contract.

2.2.2 Distributive Justice Theory

Distributive Justice is about just allocation of goods in a society. In relation to taxation, Distributive Justice corresponds to the distribution of wealth among taxpayers in accordance with the principle of equality. John Rawl's, the principal harbinger of this theory argues for the use of the tax system as a means of achieving Distributive Justice.

Rawl's postulates that society is composed of a system of cooperation for mutual advantage between individuals. He advocates that society needs to have a form of social contract to achieve social cooperation. This move for agreement among citizens is what places Rawls justice as fairness within the social contract tradition of Locke, Rousseau and Kant.

The social contract needs to establish appropriate ways of distributing benefits and burdens in society. Rawls considered justice as the overriding principle when it comes to distribution of resources (Rawls, 2009). He sees justice as a principle that free and rational people whose intention is to further his or her own interest would agree on the initial position of equality. Further, he posites that in establishing the social contract, each citizen needs to be represented as an equal. The representatives ought to be governed by principles that eliminate any possibility for bias towards certain social status, profession, gender, race, age (Sikka, 2015). Rawls argues that in order to achieve these, they need to be covered by a veil of ignorance meaning that the principles need to be agreed on without knowledge of what a future position in society might be. In the veil

of ignorance, there is absence of bias, which makes sure that the principles designed do not favor a particular condition and are fair to all.

Rawls deems this hypothetical thought experiment that seeks to make vivid to ourselves restrictions that seem reasonable to impose on arguments for principles of justice the original position (Rawls, 2008). In relation to taxation, the theory advocates for member's outcomes is based on their outputs. People who have invested a lot of inputs deserve more than those who have invested little or none. He also advocates for the proposition that taxes ought to be paid based on the ability to pay. Income tax being the basic tax has to be governed by laws that are in line with the principles of justice.

The second limb of Rawls theory is the difference theory. Rawls postulates that people will agree to equal distribution of basic liberties. The difference principle allows inequality but to the extent that it is to the advantage of everyone (Fung, 2017). He supports inequality that will be to the advantage of the least advantaged people in society. Rawls argues that the inequality aforementioned will always be to the advantage of the least advantaged people in society. It may promote hard work as an incentive for people to generate more wealth. A certain level of material well-being is guaranteed in the difference principle hence everyone can work hard to spur economic growth.

Rawls advocates for a capitalist system of economy to improve the condition of the least advantaged (Douma, 2011). The same is achieved through rewarding productive behavior as an incentive to increase productivity and prosperity. In relation to taxation, both the rich and the poor would benefit. Tax incentives would motivate the rich to work harder and the less advantaged would get some necessities all of which would end up in benefiting the state as it would spur economic growth.

Both theories have expressed the need for a social contract, which is considered as an agreement for fair and just tax laws (Boggs, 2015). Adam Smith, although a capitalist philosopher recognized that taxes are part of a social contract and the need for them to be guided by the good principles. He stated that taxation should be guided by four principles. His first principle is that taxes ought to be based on a person's ability to pay and the revenue one receives under that protection of the state. He emphasized the point of progressive taxation stating that it was not unfair for the rich to contribute to public expenses more than in proportion to their income. His other principles specified that taxes ought not to be arbitrary, ought to be as low as possible and convenient to pay. Such principles have been adopted by international bodies such as the OECD to guide taxation laws such as the OECD herein. Taxation laws need to be flexible to ensure that the tax system continues to be fair.

2.3 Empirical Literature Review

2.3.1 Taxation Laws

Irene Burgers & Irma Mosquera (2013) discuss the differences in understanding of justice between developing countries and developed countries, which influence developing countries and advanced countries, and advise on how to resolve these differences. This article discusses the context of the initiatives of the BEPs of the OECD (Action Plan, study on low-income countries, multilateral framework and inclusive structure), and developed countries' questions regarding their ability to adopt BEPS (Fung, 2017). The article also offers a non-exhaustive description of the limitations of the BEPs project and the implementation action plan (section 2). Arguments why developing countries should interpret corporate income tax fairness differently from those of the developed countries and guidelines from international organizations, governments and academic experts on fairness against developing countries which should be discussed accordingly. The learned writers

agree that given the legitimacy problems and diverse needs of developing countries, it is not clear why these developed nations engage in BEPS.

There is no study on this subject for the best knowledge of the authors. Any explanation of why certain countries engage in BEPS is the need to obtain technical help and to learn more about transfer pricing. These were some of the issues that developed countries discussed (Douma, 2011). The authors fail to explain how the 15-point action plan in developing countries can be applied to combat BEPs. Their emphasis is, however, on different justice viewpoints between developing and developed countries. They suggest more work on how developed countries are inspired to engage in BEPs and on the particular challenges in implementing BEPs in developing countries (Aaron & Michael, 2011).

Oguttu, (2018), in her research analyzes the 15 acts to reduce base erosion and income changes. It focuses on the application of the OECD/BEPS project, which, since it was established in the 1920s, was considered as the most far-reaching reform to international corporate taxation, and has impact on three main areas of the international fiscal system: internationally agreed guidelines on international tax principles; domestic legislation and administrative policies and changes to tax treaties. The paper describes the advantages and drawbacks of such choices and offers general suggestions as to how developing countries should choose (Sikka, 2015). It ends by making recommendations on developing countries, which decide whether to join the MLI. The BEPs measures that form the basis of the multilateral instrument are found in articles 3 to 17 of the Action Plan and cover hybrid mismatches, treaty abuse, and avoidance of permanent entity status, dispute resolution and mandatory arbitration (Lock, 2013).

2.3.2 Treaties and Implementation of BEPS

Ahmed (2013) writes about implementing all 15 measures to prevent tax evasion schemes of all kinds. A multilateral treaty agreement to implement tax treaty measures to prevent BEPS (Multilateral Instrument) was opened for signature on 7 June 2017 to ensure international consistency in the implementation of the Action Plan. He stressed that several countries adopted the 15 action plans to counter the income and profit shift strategies of companies within their respective competence, based on OECD / G20 erosion and profit. He said this was done by signing the Multilateral Convention for Implementing Tax Convention Related Measures for the Prevention of BEPs and the OECD Recommended Common Multilateral Competent Agreement (CRS MCAA) (Love, 2013).

He also highlights Nigeria's BEPS action plan. He applauds Nigeria for joining the pact as it gives Nigeria the need to restructure existing tax treaties with countries who have signed the treaty in the interests of time, resources, and cumbersome renegotiations as well. Sixty-one countries, including six African countries, Burkina Faso, Cameroon, Egypt, Gabon, Nigeria, Senegal and South Africa, had signed the multilateral instrument as of 17 August 2017 (Ahmed 2013). Countries worldwide are expected to modify their tax law to reflect the BEPs action plan. The learned author does not, however, know how to implement the 15-point action plan and leaves many gaps in his work. He stops recommending that the legal framework be modified in order to fit into the perspective of the 15-point action plan (Sikka, 2015).

The action plan for BEPS was highlighted by Frederica (2015) but does not discuss its feasibility. He asserts that BEPS aims to target the taxable income of companies in countries where the tax rate is high, to low tax rates and deduct expenses. Instead of the 15-Action Plan as an alternative to solving the risk of base erosion and profit shift, his key focus on unitary taxation. He leaves a lot of gaps, since he doesn't understand how BEPS can be set up to act or how BEPS can be

implemented. This work will therefore seek to determine how the four action points in the Kenyan can be implemented to ensure they serve the intended purposes.

2.3.3 International Laws and Implementation of BEPS

For MNC investments in tax haven countries, different arguments have been proposed. Next, the rules of tax paradise countries and other mechanisms are used to bypass and escape tax legislation or certain jurisdictions ' regulations. Second, the existence of tax liability minimization gives productivity to MNCs. Third, banking and finance secrecy is subject to inadequate regulatory scrutiny (Dziurdz and Marchgraber, 2015). As a result, tax planners to raise more income from related MNCs. Christian Aid reports show that no significant commercial activities are carried out in tax haven countries so that related tax haven companies have jurisdictions to avoid and pay tax (Dunning and Lundan 2008) have used tax haven countries as an effective tool. Based on these observations, the OECD states that challenges of profit shifting occur when MNCs employ existing loopholes, tax shelters, frictions or improper interactions between the domestic fiscal rules of countries. This situation especially occurs in tax haven countries, as laws are often made to contrast the tax legislation of other countries. Tax haven countries play an important role in transfer pricing by enabling income to be made in those countries (Devereux and Vella, 2015).

An International Agreement must be established for transfer pricing purposes when MNCs sell and buy goods from partners. The International Agreement stipulates the terms of supply and conditions for goods and services by related MNCs operating in various jurisdictions. See for instance section 31(2) of the South Africa Income Tax Act for some jurisdictions that provide specifically for international transfer price agreements. However, scholars argue that e-commerce is affected in international agreements, as it is insecure and can be easily removed at all times if a data controller decides to do so for tax evasion purposes (Bernard et al., 2006). Without being

detected in e-commerce, terms and conditions can be easily changed. In addition, anticipated functions and risks can be separated into the data processor, which prevents access to the data to a reasonable price at a distance. It is important to understand the International Agreement, which plays a major role in price adjustment and adjustment including avoidance of double fees (Sjoerd, 2011).

2.4 Conceptual Framework

Smith (2004) defines a conceptual framework as a tool to understand and communicate visually the situation under study. If the conceptual framework is well articulated, the results of the study will have a lot of meaning. To guide the study in the conceptual context model shown in Figure 2.1., the interrelation between the variables discussed above will be presented.

Independent Variables

Dependent Variable

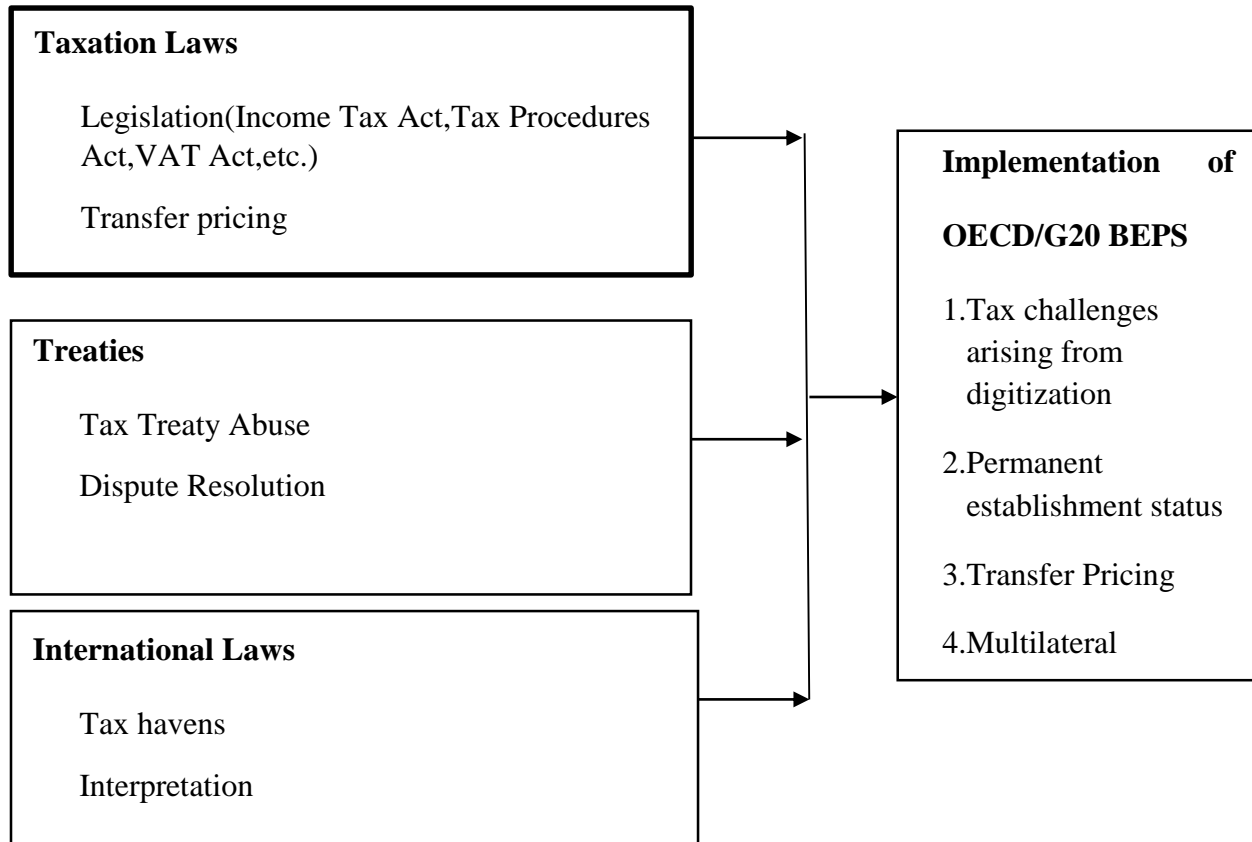


Figure 2.1: Conceptual Framework

2.5 Critique of Literature

BEPS action plans resemble international politics that are playing out, where powerful states primarily dictate on the global action point. Sissie looks at the objectives of the program and its taxation policies of weaker countries, which are marginalized. Due to the powerful states dictating the direction of the global economy while other countries are left behind legislation wise to curb the effects of BEPS (Sikka, 2015). OECD (2015) lauds the project as one of the major success stories, in the history of multinational taxation, but it falls short of its requirement of the wealthy nations to assist the developing countries from base erosion and profit shifting by multinational companies that are registered in their home countries. The project has not met the objectives it was founded, but it has failed completely to solve the unresolved problems and biases of the global tax

system. Not all researchers hold the same opinion. Many agree that the arm's length principle should remain as it is, others agree the arm's length principle is inadequate and that it should be replaced by the delivery method. The last party argues that in this globalized world both ways of assessing the income distribution are not enough (Lock, 2013).

The frequently used argument is that the formula for distribution will contribute to arbitrariness. This argument should be dismissed, as the concept of arm's length offers further opportunities to transfer income. Taxation based on the distribution system is claimed to put taxation in line with economic fact. Prof. Avi Yonah claims that the arm's length scheme is more arbitrary than the awarding of income based on the distribution method because the MNEs do not pay any tax at the place of the manufacturing or the distribution site, while any tax owing to the jurisdiction of its residence is subject to a postponement or exemption (Pomerleau & Potosky, 2016). Many scholars who went further and said that precise corporate income taxation is always a conceptual impossibility argued the same (Lock, 2013; OXFAM, 2016; Love, 2013; Pomerleau and Potosky, 2016).

The OECD 's point is that, as the countries concerned have different interests, unitary taxation can lead to dual taxation due to disputes over a single general distribution format. The fact that the EU has included the delivery package in the proposal for the Common Consolidated Corporate Tax Base can overcome this today. The EU then contains a formula. There can be an international consensus as regards the impact of the United States and the EU (including Member States) on other countries in the OECD. The result can be a formula used in all OECD states (Hansson, 2012).

2.6 Research Gap

There are numerous credibility deficiencies in the BEPS project and it is not clear if these criticisms are warranted (OECD 2015). There are also remarkable differences between domestic democracy

and the institutions of global governance: lack of electoral participation, presence of individuals, global parliament, the role of political players in global institutions, and so on. However, in response to their vertical concerns, advocates question to what extent the OECD / G20 as global tax regulators for the BEPS project is democratic in determining whether it is appropriate to do so, considering that some Member States (like China , Russia, Saudi Arabia) are not démocraties (Devereux & Vella, 2015).

In addition, the majority rule regulates democracy, which accepts a binding majority of all; however, this law contradicts the principle that all States have a fair say in the decision making of international countries. As such, the idea of democracy in the institutions of world governance is problematic and conflicts with the fundamental principle of international law. According to Gregory Shaffer (OECD, 2015), in general, international institutions should not be judged by an ideal form of domestic democracy but should view the legitimacy of institutions in the broader context with regard to the relative responsibility of decisions for those who are involved in them (Sikka, 2015).

2.7 Chapter Summary

This chapter discussed how government taxation theory of social contracts and distribution justice theories are the underlying theories. It also discussed the impact on the implementing of BEPs of the tax legislation and its BEPS perspective. Different researchers noted that the work carried out by the OECD within the BEPS action plan has been confronted with various challenges. A major boost was observed from the leading G-20 countries during literature review. The OECD maintains that BEPS poses a threat to governments because it causes damage, increases costs of enforcement and undermines tax systems' credibility. It also poses risks for people because they have a greater

burden and can not benefit from public spending as if MNEs are not engaged in BEPS activities.

In conclusion, companies are facing difficulties when equal competition is compromised.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The analysis was conducted in this chapter. It includes the design of the study, target population, design and processing samples, data collection and processing instruments, data analysis and submission.

3.2 Research Design

The study employed Descriptive Research Design. Descriptive research design involves enquiries on elements or the relationship among the elements under study (Kothari, 2014). The research design used the data in order to use findings to generalize on the conclusions about the whole population under the study. The descriptive method was integrated with a survey design for collecting a comprehensive quantitative data that enriched the findings and results of the study.

3.3 Target Population

Target population refers to a general large collection of objects or people who the researcher wants to make findings about a certain features or characteristics (Mugenda & Mugenda, 2009). The research targeted multinational companies within Nairobi City. The study concentrated on the 43 multinational companies registered by the Kenya Investment Authority during the period of the study (See Appendix V). The study conducted a census survey of all 43 multinational companies in Nairobi.

3.4 Sampling and Sampling Techniques

The majority of companies have their headquarters in and around Nairobi, and the time for and accessibility of the researcher was convenient. Because the number of respondents in the

multinational corporations was limited to 43 tax officers, the study then carried out a survey of the census. Since a population census has been carried out, no sampling is required.

3.5 Data Collection Instruments

A questionnaire was appropriate in this study because new explanations of the observed practices and assumptions underlying any of the practices were examined in more detail (Kothari, 2014). Further, a questionnaire provided disaggregated data that was used to examine the tax practices of firms on an individual basis rather than on an aggregated basis. This data collection instrument is very convenient in case the data to be collected from the diverse companies and it is cheap in terms of costs.

3.6 Data Collection Process

The data collection process is used to obtain information from research respondents (Orodho & Kombo, 2002). In particular, permits from the relevant authorities were sought for the University and NASCOTI. The data collection was performed using a self-administered questionnaire. In order to capture the problems needed and avoid low response rates, the investigator has administered the questionnaire. No time was needed to collect completed questionnaires later (Mugenda & Mugenda, 2009). In the 43 multinationals targeted to the tax administration officers in this study, the questionnaires were provided. Probably these managers had the necessary tax compliance and tax management information.

3.7 Pilot Study

This is a pre-study carried out to measure whether the research instrument (questionnaire) was suitable for use in this study (Mugenda & Mugenda, 2009). Pilot testing was necessary because it aided the researcher to check the validity of the study. Pilot study as well helped the researcher accurately approximate the cost of the study (Orodho & Kombo, 2002). A pilot test was conducted

using a questionnaire intended to collect data in the main study and was administered to respondents in multinational companies in Nairobi. A sample size of 10% of 43 respondents which gave 4 multinational companies located in Nairobi County. In each company, one tax manager was targeted. After the piloting exercise, those ambiguous questions were reframed to give clarity.

3.7.1 Reliability of Research Instruments

Instrument reliability is referred to as the magnitude to which the results of the study will remain consistent over time. It is said that if the research findings gave the same results under same methodology, the instrument is said to be reliable when its results will be used in making conclusions (Orodho & Kombo, 2002). The study used the factor analysis to select a subset from the large group of elements that exhibit the correlation features with the same as the large group. Cronbach's Alpha is the method that was utilized in analyzing how the findings were reliable. It determined whether the elements in the research had collected from the group had a major distinction. Cronbach alpha's least with 0.8% for any reliable questionnaire Creswell (2012).

3.7.2 Validity of Research Instruments

This study used construct validity to check the framing of questions to ensure that the questions did not give ambiguous responses. Validity is defined as the accuracy of conclusions that is considered on the study findings (Kothari (2014). Here, the questionnaire was administered to research professionals together with project supervisor to analyze it and give an assurance on construct validity of the instrument. This construct validity testing ensured that the questionnaire did not veer off the intended focus, remained accurate and consistent with the study objectives.

3.8 Data Analysis and Presentation

The collected data was coded into both the Social Science Statistics Package (SPSS) and the MS sheets. The analysis was performed with descriptive (percentage and mean) and inferential

(regression) statistics (Kothari (2014).). In the analysis of the correlation, the SPSS was used to investigate how the relationships in the study are important (potential or negative). Data submission was in the form of statistical descriptions such as frequency distribution, percentages and tables.

3.8.1 Inferential Statistics

The data was used for the purpose of multiple regression analysis, which examined the effects by the MNEs of the OECD in Nairobi, Kenya, of various aspects of BEPS. The study's dependent variable was the degree to which OECD and G20 action plans were adopted. The different factors that affect the BEPS implementation, namely tax law and legislation, Treaties and international law were independent variables for the study.

The regression equation assumed the following form:

Implementation of OECD/G20 BEPS = f (X₁, X₂, X₃);

More specifically, the regression will be of the form;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where Y = Implementation of OECD/G20 BEPS

β = Constant

X₁ = Tax Legislation (statutes)

X₂ = Treaties

X₃ = International Laws

ε = Stochastic Disturbance/ Error Term

CHAPTER FOUR

DATA ANALYSIS RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter explores how findings obtained from the field questionnaires were interpreted and presented. Descriptive and inferential statistics were used to explain the outcomes of the analysis.

4.2 Response Rate

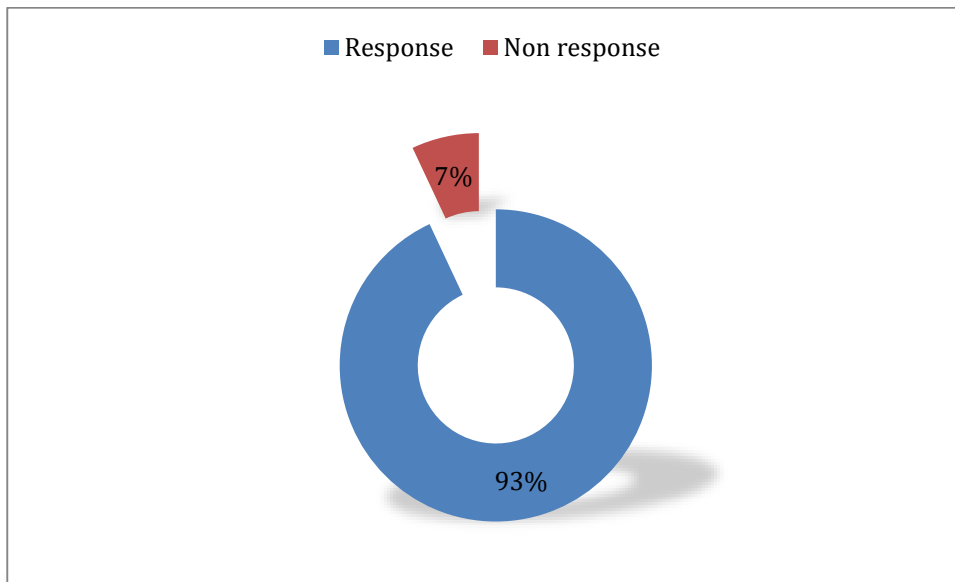


Figure 4.2: Response rate

43 officials from 43 multinational companies registered by the Kenya investment authority were targeted. Of the questionnaires issued, 40 completed and returned the questionnaires at a 93% response rate. In conclusion of the report, this rate of response was sufficient. The response rate was 70 percent from Weisberg, Krosnick & Bowen (2006). The response rate of 50% is suitable for review and reporting, the rate at Mugenda & Mugenda (2008) is 60 percent decent and the response rate at 70 percent more and more is outstanding. On the basis of the above statement, the response rate was excellent.

4.3 Validity and Reliability Tests

The data gathering process is used to gather data from researchers (Orodho & Kombo, 2002). In addition, licences of the competent authorities were requested from the University and NASCOTI. For the collection of data, a self-administered questionnaire was used. The questionnaire was conducted by the researcher to detect the necessary problems and avoid low responses. Later collection of completed questionnaires (Mugenda and Mugenda, 2009) took no time. The 43 multinationals targeting tax officers submitted their questionnaires in this study. Probably these managers had the information necessary on tax compliance and tax management

Table 4.1: Reliability Coefficients

Scale	Cronbach's Alpha	Number of items
Taxation laws	0.799	9
Treaties	0.856	11
International laws	0.792	10

Source: Researcher, (2020)

4.4 Bio Data

The research sought to classify the demographic details of respondents in Nairobi City's multinational corporations. The respondents' demographic details included their positions in the group, the number of years of service of the multinational corporation, and the nature of their market. The findings of the study are summarized in the following sub-sections.

4.4.1 Position in the Multi National Corporation

The research sought to assess the respondents' position in the MNCs. The results of the study are shown in the following figure 4.3.

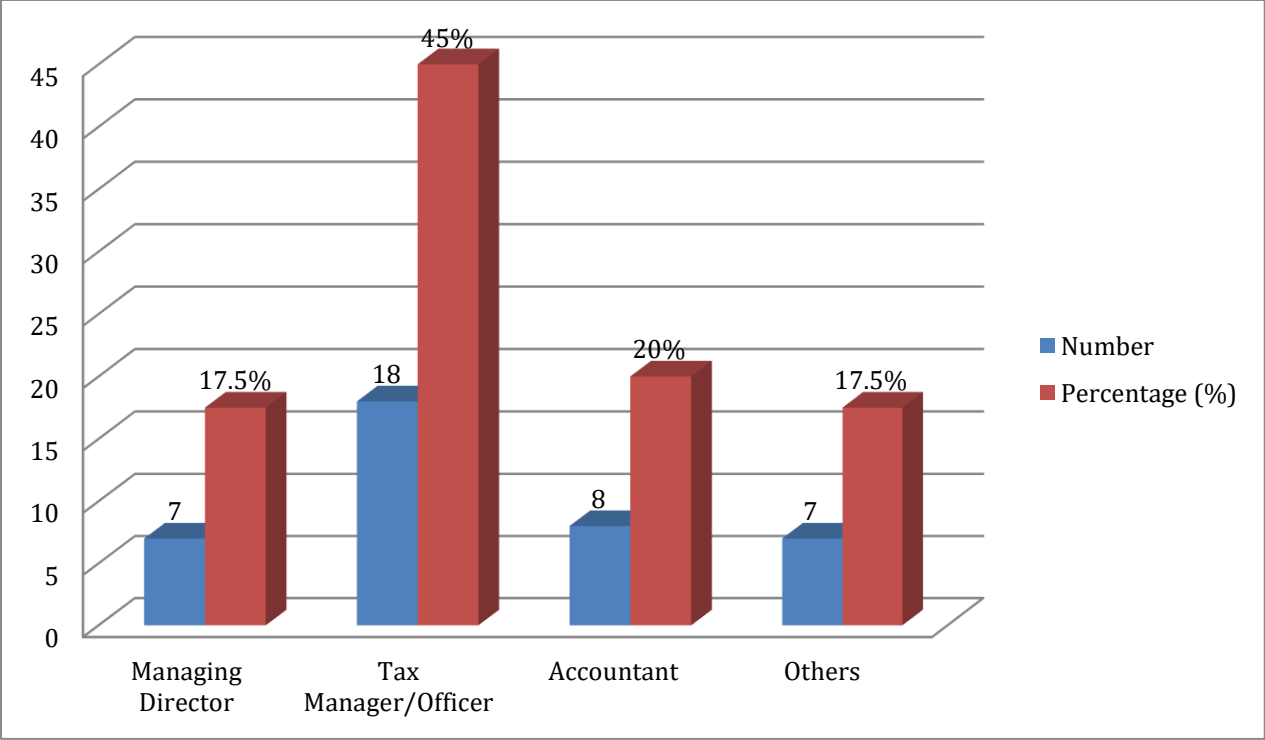


Figure 4.3: Position in the Company

The study has shown that the majority (18.45%) of respondents reported being tax officers. Numerous (8, 20 per cent) respondents who reported being accountants followed. Findings also indicated that each of the total was equal to (8, 17.5%) both the managers and other officers. The study reaffirmed that intervals were well distributed in the multinational departments to supply information on the effect of tax legislation on the OECD / G20 BEPS package implementation.

4.4.2 Number of years in operation

The study also attempted to establish the number of years’ multinational corporations had been in operation. The results of the analysis of the findings are shown in the figure 4.4.

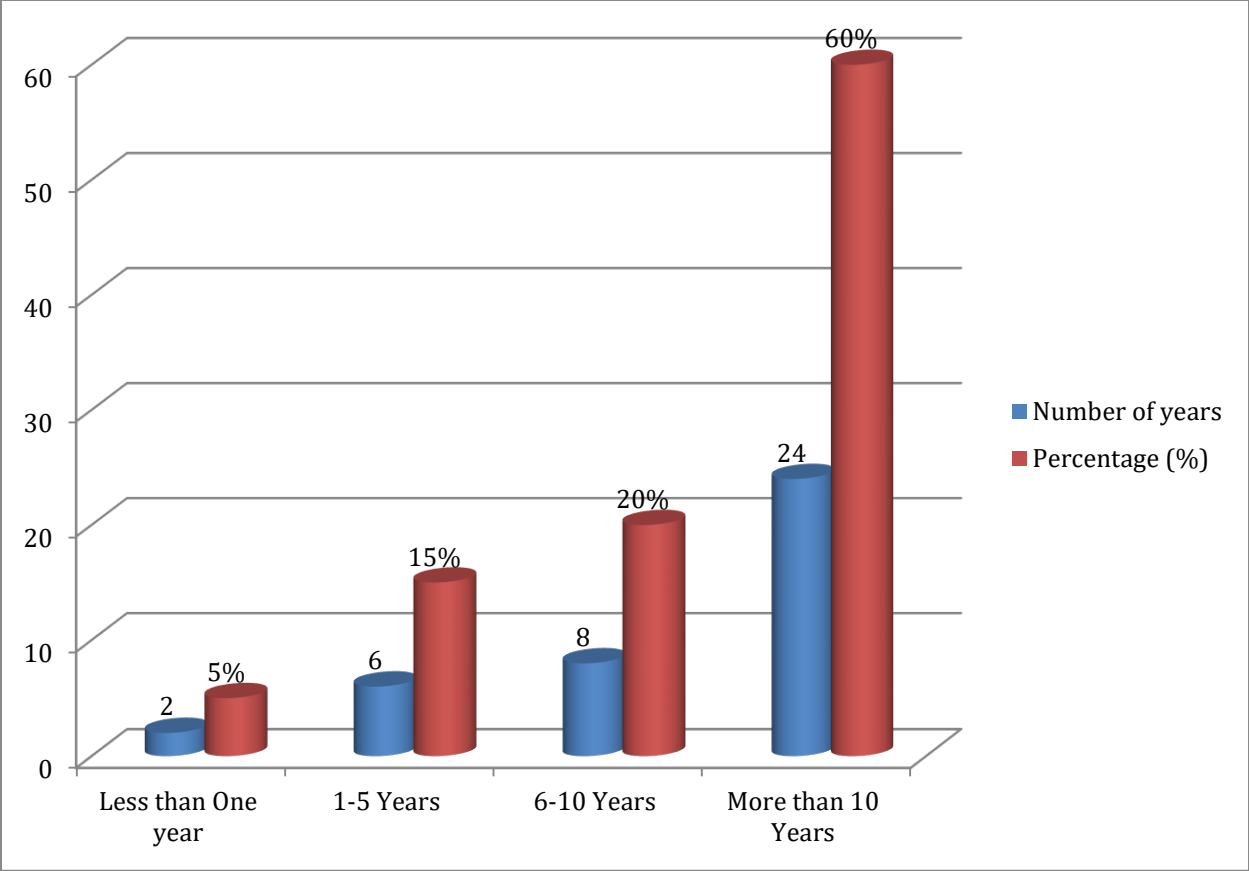


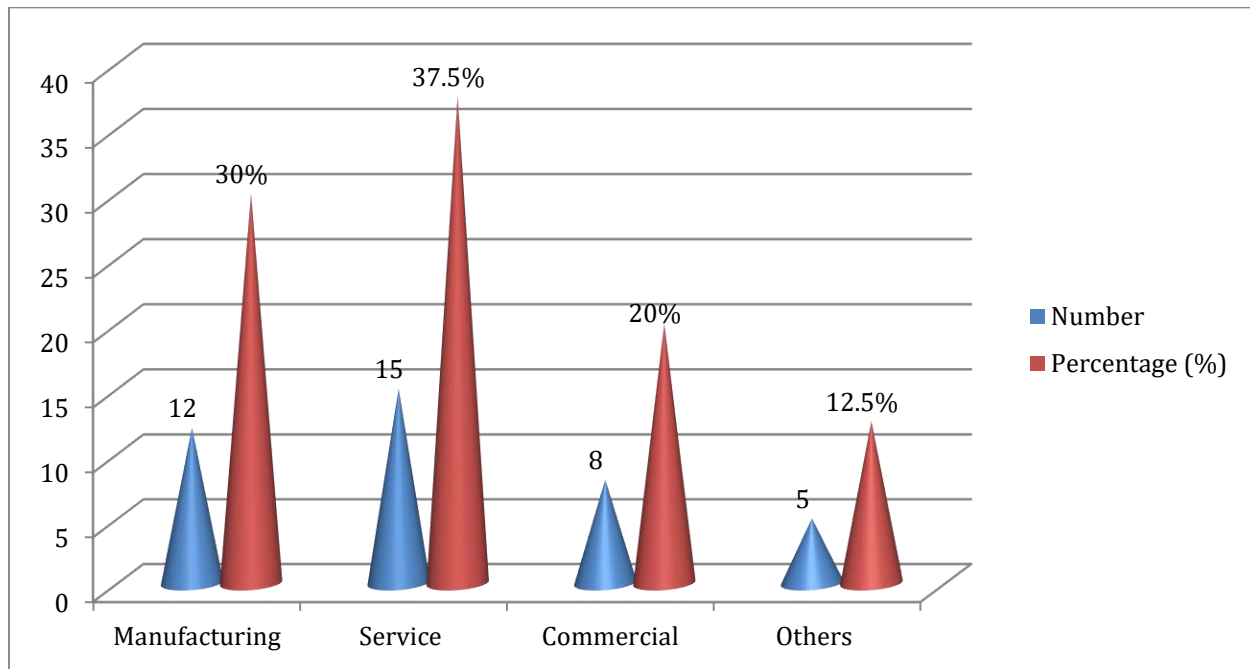
Figure 4.4: Number of Years in Existence

Results analyzed showed that the majority of respondents (24,60%) said their companies had been in operation for more than a decade. The respondents were closely followed by respondents who said that for 6 to 10 years they operated at 8 interviewees per 20 percent of the total respondent population. 15 % of the total number of respondents reported having one to five years of company attendance and (2.5%) reported having been under 1 year. The study found, then, that the companies were operating for a period of time to inform the OECD / G20 Base Erosion and Profit Shifts (BEPS) program about the effects of fiscal legislation.

4.4.3 Nature of the Business

The study aimed to determine the nature of the organization. The results of the study of the findings are shown in the figure 4.5.

Figure 4.5: Nature of Business



From the analysis of findings, it was established that majority of the respondents (15, 37.5%) indicated they worked for corporations in the service industry. Respondents (12, 30%) who indicated that they worked for the manufacturing industries closely followed this. The study also established that (8, 20%) of the respondents indicated that they worked for the commercial industry. Only a mere 12.5% of the total respondents conceded to working for other industries. The study noted that there was an even distribution of respondents in different sectors relevant to provide information on the effect of tax legislation on the implementation of OECD/G20 base erosion and profit shifting (BEPS) package.

4.5 Descriptive Statistics

The research aimed at evaluating different variables in terms of tax law and the application of the OECD / G20 BEPS kit from the respondents. The results of the review of the findings are shown in the following pages.

4.5.1. Taxation Laws and Regulations

4.5.1.1: Tax Legislation Compliance

The study sought to establish whether the Kenyan tax legislation complies with the OECD G20 Action plan. The results from the analysis are illustrated in the figure below as shown.

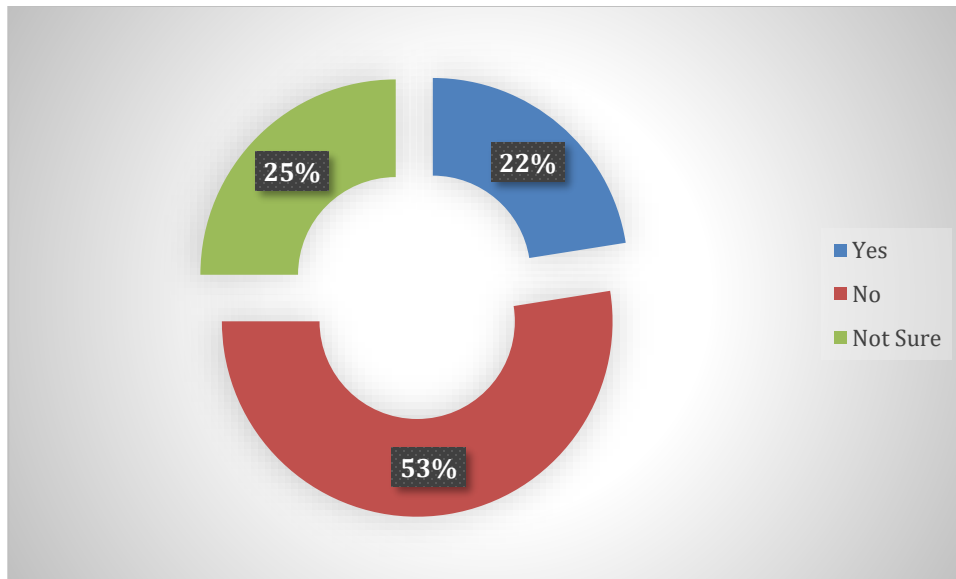


Figure 4.6: Domestication of the OECD G20 Action Plans

A review of the results showed that the tax law in Kenya did not domesticate the OECD / G20 action plan for most of the respondents (21.5%). Only 25 % of respondents in Kenya said that tax law had domesticated the OECD action plans while another 22% said they were not sure whether OECD action plans had been domesticated by tax law in Kenya. The framework OECD / G20 Inclusive BEPS now includes 116 members accounting for more than 95% of global GDP. Oversight OECD / G20 BEPS Inclusive Structure (BEPS OECD Structure for 2019) has provided 15 new officials from Bahamas, Bahrain, Barbados, Maldives, Mongolia, Oman , Qatar, Saint Kitts, St. Lucia, Serbia, Trinidad and Tobago, Tunisia, Zambia and Kenya (OECD Framework 2019).

4.5.1.2: Corporations' Compliance with Filing True Returns

The study also sought to establish from the respondents whether their multinational corporation complied with filing true returns. The results from the analysis of findings are illustrated in the figure below as shown.

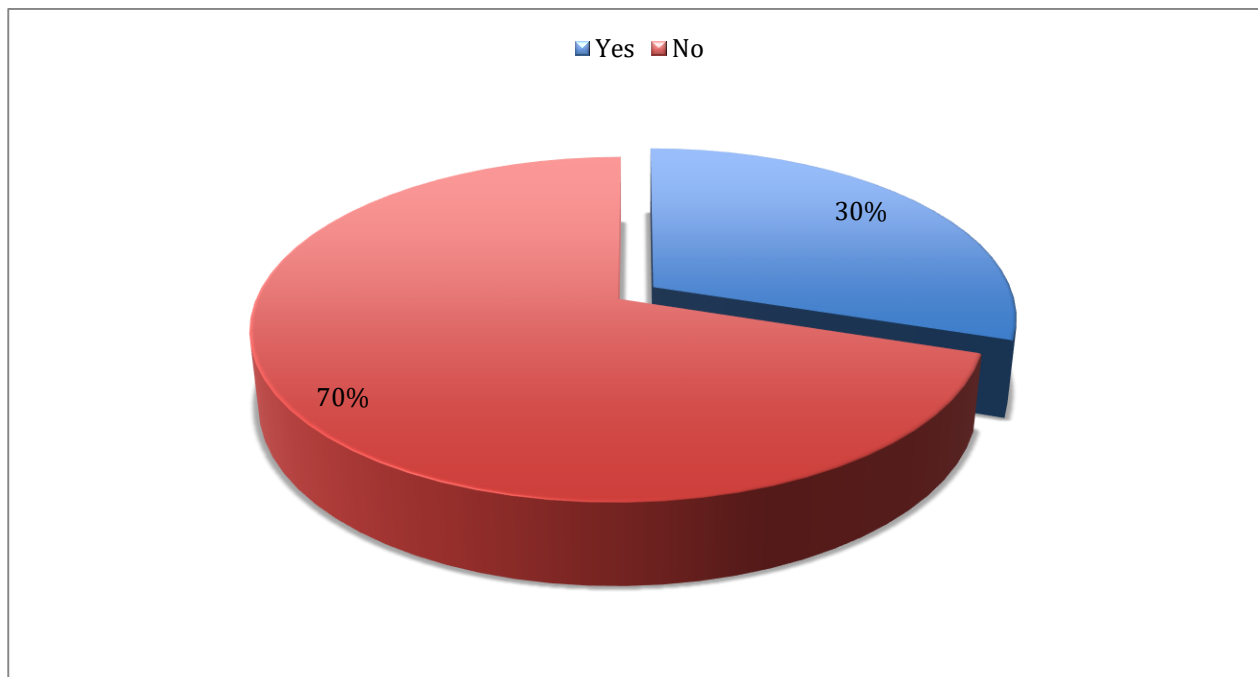


Figure 4.7: Corporations Compliance with Filing True Returns

From an overview of the results, most respondents (12.70%) acknowledged that they were uncertain whether their company filed true returns. Only a mere 30% of the corporations analyzed indicated that their firm filed true returns. Froberg and Waris (2010) noted that many of the aggressive tax evasion schemes involving multinationals are considered part of the broader illicit financial flows problem as the schemes in question are similar to those used in criminal activities support this. Moreover, as they introduce schemes that funnel money through shell corporations located in protected tax havens.

4.5.1.3: Tax Legislation on Implementation of OECD/BEPS

The analysis aimed to determine whether tax law affects the application of the BEPS kit for the OECD / G20 base erosion and benefit transfer. The results of the respondents are shown in Table 4.2 below.

Table 4.2: Taxation laws and Level of Implementation of OECD/G20 Action Plans

Independent Variable (Shifting (BEPS) package)	Mean	Standard Deviation
The differences in perception of fairness influence developing countries in embracing base erosion and profit sharing	4.578	0.823
Developing countries have been left behind legislation wise to curb the effects of BEPS	4.512	0.461
Baseline erosion and shifting profits should be seen as part of the broad agenda on reducing illegal financial flows	4.138	0.665
Multinationals exploit unconnected regulations on taxation that are not in line with modern business models to erode tax bases in countries and turn profits into low-tax jurisdictions.	4.129	0.589
Base erosion and the shifting of profits can increase taxes paid by the MNCs	4.058	0.577
Countries should take stock of their existing legislation in order to determine which measures need to be introduced on basis erosion and profit shifting	4.010	0.966
International tax cooperation efforts should take full account of all countries' diverse needs and capacities	3.998	0.843

Based on the SPSS data, majority of respondents strongly agreed (M=4.578, SD=0.823) that disparities in perceptions of wealth impact developed countries in the inclusion of grassroots depletion and income sharing. There was also broad support of a large number of respondents (M=4.512, S.D= 0.461) in the statement; developed nations were left behind with legislation designed to curb the impact of BEPS, and legislation domesticating BEP's action plan is required

in those countries. The study also suggested that majority of respondents accepted (M= 4.138, S.D= 0.665) that national regulations on base erosion and Profit Shifting should be included in the broad agenda to minimize illegal financial flows. A review of the findings also pointed out that multinational corporations are using unsynchronized tax laws that have not suited the existing market models to erode the tax bases of their countries and transfer income to low tax systems. This was demonstrated by the average of 4.129. The measured standard deviation of 0.589 showed consistency in the responses. The study also noted that most people accepted (M= 4,058, S. D= 0,577) that curbing tax planning would increase taxes paid by MNCs. The results also showed that the majority of respondents accepted (M= 4,010, S.D= 0.966) that the efficacy of their legislation should be checked by the countries in assessing the degree to which profit shifting initiatives should be implemented. The findings are consistent with Sikka (2015), who pointed out that the 15 actions package has been designed to minimize the evasion of taxes to better match the position of taxable income with the position of economic activities and value development and strengthen the information available to tax authorities in order to efficiently enforce their tax legislation.

4.5.2 Treaties and level of implementation of OECD/G20 Action Plans

4.5.2.1: Benefits of the Treaties

The study attempted to determine whether the treaties agreed benefit the target multinationals. The results of the analysis of the results are shown in the figure below.

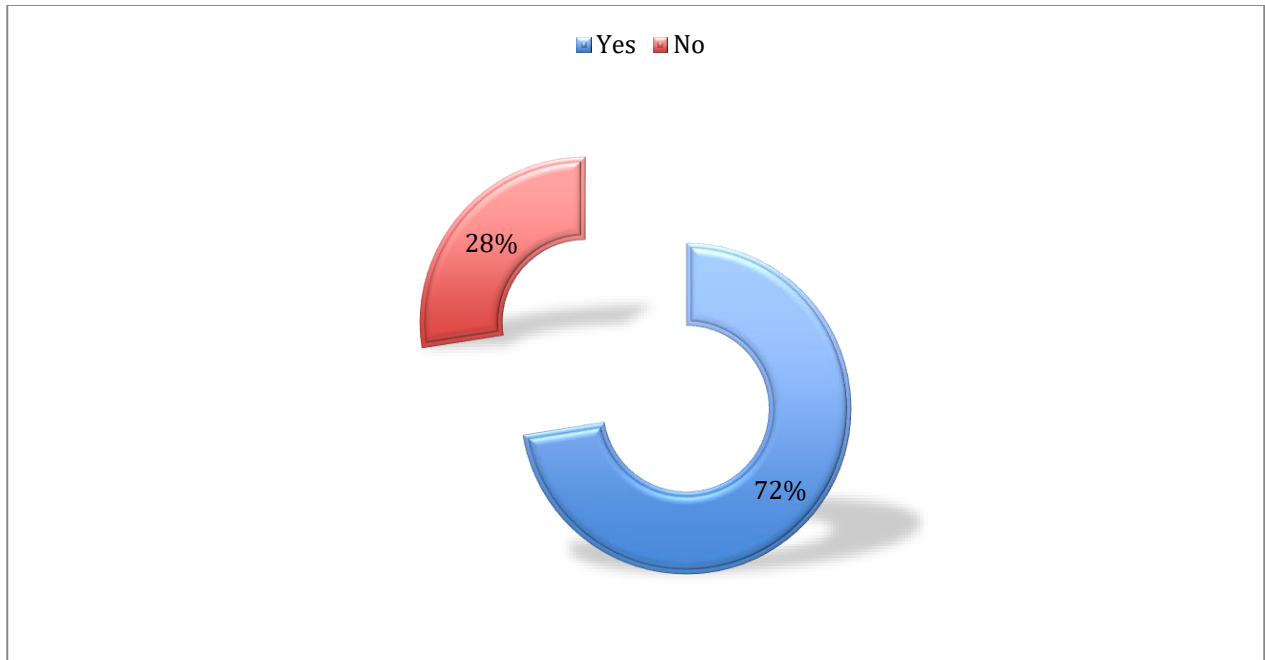


Figure 4.8: Treaties

The majority of respondents (29, 72 percent) agreed on treaties benefiting target multinational corporations, based on analysis of the findings. Just 28 percent said the convened treaties were not to the benefit of businesses. The existing international political will to tackle the fundamental erosion and shifting of profit can be used by (Aaron and Michael,2011) African countries to strengthen cooperation with regional organizations, such as the Tax Agency 's Forum so that the core tax avoidance objectives can be achieved.

4.5.2.2: Treaty Abuse to Avoid Taxes

The study also sought to establish whether the corporation's abuse treaties to avoid taxes. The results from the analysis of findings are illustrated in the figure shown below: -

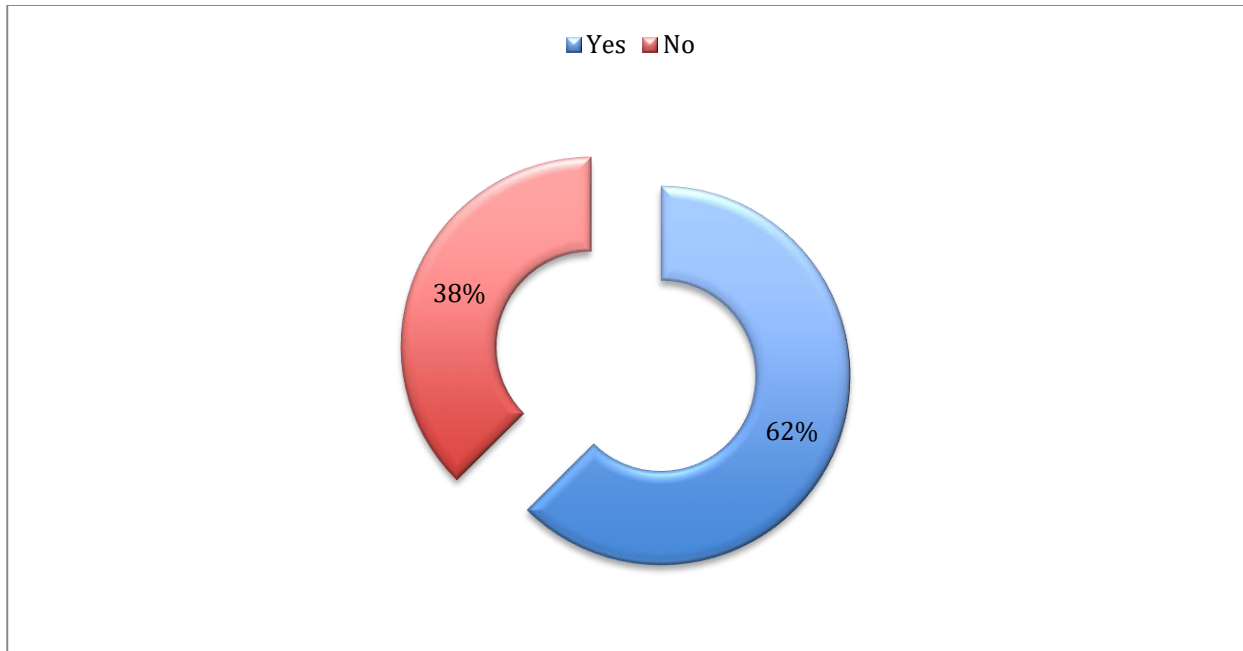


Figure 4.9: Manipulation of Treaties to Avoid Taxes

The majority of respondents admitted that their organization manipulated tax-prevention treaties from analysis of the finding (25, 62 percent). Only 38 % of respondents reported that they did not misuse any tax treaties. In Action 6, it is suggested that the Treaties should have anti-abuse rules, as per the two-pronged approach in cases in which a person does not endure any restrictions in the Treaties. (2018). First, the title and preamble of the treaties should state very clearly that the treaties are not designed by treaty shopping to establish no tax or cut taxes. Secondly, treaties can have specific benefits restrictions and/or a standard anti-abuse provision on the basis of the main purpose control.

4.5.2.3: Treaties in Implementation of OECD/G20 BEPS package

The study sought to establish the relationship between tax treaties in the implementation of OECD/G20 BEPS package. The findings from the analysis are illustrated in the table 4.3 as shown

Table 4.3: Treaties

	Mean	Standard Deviation
Countries have adopted the OECD/G20 Base erosion and profit shifting 15 Action plans to counter income and profit shifting strategies of companies	4.612	0.175
Countries around the world ought to amend their tax legislation to reflect the BEPs action plan	4.553	0.412
Companies set-up shell corporations in tax haven countries to shift income and profit so as to avoid taxation in high tax countries	4.487	0.859
Action points can be implemented to cater for base erosion and profit shifting	4.028	0.492
Base erosion arising from the fact that economic activities which formerly were subject to the local taxing jurisdiction can be restructured	4.221	0.475
Countries must be more aware both of how their tax systems affect other countries' systems	4.007	0.059
Dual tax treaties are generally relatively consistent and can be regarded as a list of provisions performing separate and distinct functions.	4.022	0.441

Source: Researcher (2020)

It became obvious from the review of the descriptive statistics that most respondents saw a connection between the treaties and BEPS package implementation. From the study, most respondents strongly accepted (M=4.612, S.D=0.175) that the countries have not implemented the OECD / G20 Base Erosion and Profit Shifting 15 point tax planning action plans. There was also clear consensus on the need to change the laws on taxation for Kenya to represent the BEPs action plan for a small number of respondents (M=4,553, S.D=0,781). The review of the results also pointed to the fact that a large number of respondents accepted (M=4,487, S.D=0,859) that businesses set up shell firms in tax haven countries to transfer profits to avoid taxes in high taxation countries. The findings confirmed that action points can be applied to tackle tax planning. This

was noted by the average of 4,028 measured. The measured standard deviation of 0.492 demonstrated consistency in the responses from respondents. Base erosion resulting from the prospect of changing economic activities that historically were subject to local fiscal control. This is true with the average measured at 4,221. The measured standard deviation of 0.475 demonstrated continuity in the respondents' answers. The results of the study were found to be consistent with Devereux and Vella (2015) who pointed out that tax agreements based on the United Nations Model Tax Convention on Income and Capital will represent African countries. This favors importing capital countries in contrast with exporting capital countries, as it usually places less constraints on the fiscal authority of source countries.

4.5.3 International laws and Level of adoption of OECD/G20 Action Plans

4.5.3.1: Tax Havens

The study sought to establish the extent to which international laws governing tax havens affect implementation of OECD/G20 in the firm. The results from the analysis of findings are illustrated in the figure below as shown.

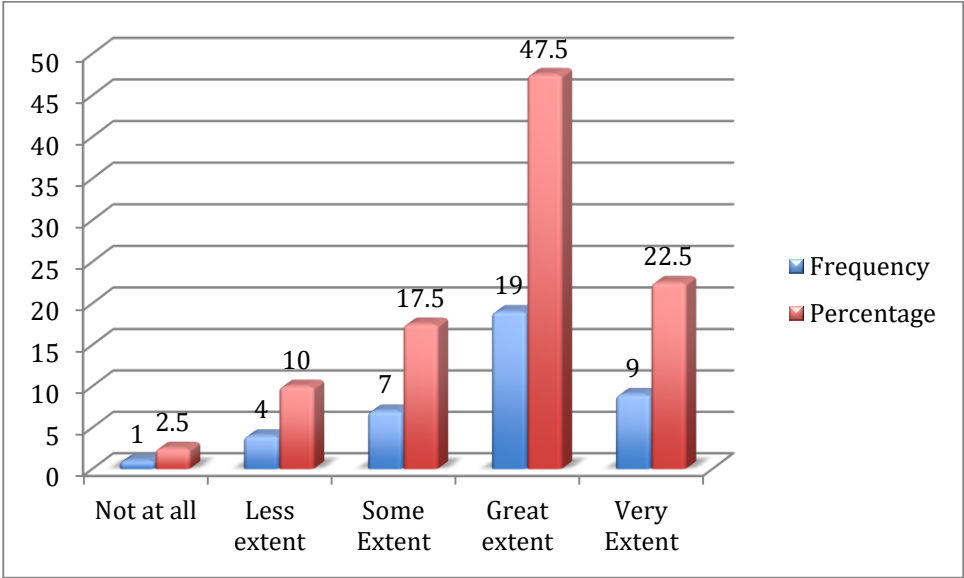


Figure 4.10: Influence of Tax Havens

From the analysis of findings, majority of the respondents (19, 47.5%) indicated that international law governing tax havens (multilateral instrument) had to a great extent influenced implementation of OECD/G20 BEPS package. 22.5% of the respondents conceded that a very great extent of implementation of OECD/G20 BEPS package was influenced by tax havens. 17.5% of the respondents indicated that international law on tax havens had to some extent influenced while 12.5% of the respondents indicated less extent or not at all. Since tax planning strategies are often very complex and require complex circumventions in different jurisdictions that also mask the confidentiality of tax havens (African Union and African Economic Commission, 2015), it is difficult for revenue authorities to question their legality in court.

4.5.3.2: International Laws on Implementation of OECD/G20 BEPS package

The study sought to establish the relationship between international laws and implementation of OECD/G20 BEPS package. The findings are illustrated in the table 4.4 as shown below: -

Table 4.4: International laws and Level of adoption of OECD/G20 Action Plans

	Mean	Standard deviation
Tax haven Country legislation is used to evade and avoid other jurisdiction's tax laws and regulations	4.693	0.762
Minimizing tax liability offers profit benefit to MNCs	4.579	0.821
The problem of profit shifting arises when MNCs use existing loopholes, gaps and frictions in the interaction of national tax laws countries.	4.419	0.561
In price transfer, tax haven countries play an important part	4.332	0.987
International e-commerce agreements are affected as they can easily be deleted by a tax evasion data controller	4.289	0.391

Understanding of international agreement is important in transfer pricing adjustment 4.117 0.552

Separate entities of a multinational enterprise, residing in different tax jurisdictions ought to be treated as separate entities for tax purposes. 4.098 0.227

Source: Researcher (2020)

Based on the respondents' responses, it was clear to most respondents that international law regulating tax haven countries was ignored in order to escape tax. This was noted true by the mean and standard deviation calculated from the responses. It was calculated by the study where most respondents agreed strongly (M=4.693, S. D=0.762). It was also ascertained from the findings that a reduction in tax burden would favor MNCs in terms of profit making. This is valid with the measured mean of 4.579. The measured standard deviation of 0.821 demonstrated continuity in the responses to findings.

There was also a clear consensus among a large number of respondents (M=4.419, S.D= 0.561) that problems occur in profit shifting when MNCs use existing holes, uncertainty and interaction of domestic tax laws. An interpretation of the results also shows that a large number of respondents accepted that tax haven countries have an important role to play in transfer pricing (M=4.332, S.D=0.987). It was concluded that foreign e-commerce agreements are affected, as tax evasion data controller would easily remove them. This is valid with the mean calculated at 4.289. The measured standard deviation of 0.391 indicated consistency in the responses from the respondents. Comprehension of the international agreement is critical for adjusting transfer prices. This was demonstrated by the average of 4.117. The measured standard deviation of 0.552 demonstrated precision in the responses of the respondents. While African countries do not obey the recommendations of the OECD, they share a common interest in improving credibility of the

international corporate tax system in all countries (including the African economies). Tackling tax avoidance strategies would be key to rising illegal financial flows as a by-product of many aggressive tax avoidance schemes and ensuring improved tax collection.

4.6 Bivariate Linear Correlation Analysis

As shown by linear analysis of the correlation between variables. Table 4.5 provides the results.

Table 4.5: Bivariate Correlation on Implementation of OECD/G20 BEPS Package

		Tax laws & regulations	Treaties	International laws	Implementation of OECD/G20 BEPS package
Tax laws & regulation	Pearson Correlation	1			
	Sig. (2-tailed)				
Treaties	N	43			
	Pearson Correlation	.702*	1		
International laws	Sig. (2-tailed)	.004			
	N	43	43		
Implementation of OECD/G20 BEPS package	Pearson Correlation	.652*	.337	1	
	Sig. (2-tailed)	.045	.137		
	N	43	43	43	
	Pearson Correlation	.652*	.437*	.637*	1
	Sig. (2-tailed)	.045	.137	.137	
	N	40	40	40	40

Table 4.5 indicates that all predictor variables shown are positively correlated at a significant level of 0.01 and thus included in the study. The bivariate analytical values of linear correlations are as follows:

Tax laws and Regulations $X_1 = 0.652^*$

Treaties $X_2 = 0.437^*$

International laws $X_3 = 0.637^*$

The relationship between tax laws and implementation of BEPS is highly positive and significant (correlation coefficient 0.652^{**}). There is also a clear positive association between treaties and BEPS implementation (correlation coefficient 0.437^{**}). The results also indicate that international

law and the implementation of the BEPS (correlation coefficient 0.637*) have a relatively good, positive relationship. This means that the OECD / G20 tax avoidance (BEPS) package implementation was influenced most by International laws.

4.7 Regression Analysis

The study aimed to determine the effect of legislation on the application by multinational corporations in Nairobi, Kenya, of the OECD / G20 Base Erosion and Profit Shifting (BEPS) package. The investigative factors were the availability of tax laws, rules, treaties and international law. The regression model was:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where;

α = Constant

Y = Implementation of OECD/G20 Base Erosion and Profit Shifting (BEPS) package

X_1 = taxation laws

X_2 = treaties

X_3 = International law

ε = Stochastic disturbance error term

4.7.1 ANOVA

The study sought to determine the ANOVA used to present regression model significance. The findings are presented in Table 4.6.

Table 4.6: Model Validity

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	5.928	3	1.976	76.001	.000 ^b
	Residual	0.936	36	.026		
	Total	6.942	39			

a. Dependent Variable: Implementation of OECD/G20 Base Erosion and Profit Shifting (BEPS) package

b. Predictors: (Constant), Tax Laws, trade conventions, international laws

The study examined whether or not the multiple regression model was valid. For determining the validity of a model, the F statistics was used. It was found that $F(3, 39) = 76.001$, $P < 0.001$ was valid. Thus, this implies that the 3 variables in the OECD / G20 BEPS package implementation of multinational companies in Nairobi, Kenya are good in explaining the variation.

4.7.2 Model Summary

The study sought to determine the model's goodness of fit statistics. The findings are presented in Table 4.7.

Table 4.7: Model's Goodness of Fit Statistics

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.889 ^a	.790	.783	.202

The R-square measuring coefficient (79%) indicates that the three variables of the predictors explain 79% of the variation in the OECD / G20 BEPS package 's overall implementation. This means that the stochastic error word (μ) amounts to 21.0%.

4.7.3 Regression Coefficients

The study attempted to identify the multiple coefficients for the regression variable. Table 4.8 shows the findings.

Table 4.8: Multiple Regression Variable Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.813	.702		3.951	.000
Dependent Variable: OECD/G20 Base & (BEPS)					
Taxation Laws (X ₁)	.325	.106	.136	2.124	.036
Treaties (X ₂)	.462	.027	.134	2.305	.023
International law (X ₃)	.694	.060	.953	9.940	.000

a. Dependent Variable: BEPS Implementation (Y)

BEPS implementation = $1.813 + 0.325 * \text{Taxation Laws} + 0.462 * \text{Treaties} + 0.694 * \text{International law}$

The study established that when taxation laws, treaties and international laws are zero, implementation of OECD/G20 Base Erosion and Profit Shifting (BEPS) package is at 1.813.

The study also established that holding other factors constant, a unit increase in tax laws and regulations would lead to a 0.325-unit increase in implementation of OECD/G20 BEPS package.

A unit increase in international law would yield a 0.462-unit increase in implementation of OECD/G20 BEPS package. A unit increase in complying with treaties would result in a 0.462 increase in implementation of OECD/G20 BEPS package. From the coefficients, it was established that each of the variables; taxation laws, treaties and international laws were significant in explaining implementation of OECD/G20 BEPS package in Nairobi County.

4.8: Discussion of Findings

The study found that tax legislation significantly and positively influences the implementation by multinational corporations of the OECD / G20 base erosion and profit transfer package. The results are consistent with Fung (2017), which found that developing countries should interpret corporate income tax fairness differently to developed countries and guidelines on fairness against developing countries from international organizations, government and academic expertise.

It was also noted by analysis of the results that the treaties in developing countries have an important and positive influence on the implementation by multinational corporations in Nairobi City, Kenya, of the OECD / G20 base erosion and profit share package. The conclusions were supported by Love (13), which stressed that numerous countries adopted the 15 action plans to counter revenue and profit shifting strategies of companies within their respective jurisdictions, based on OECD / G20 erosion and profit shifting.

Analysis also showed that the implementation of the OECD / G20 BEPS package by the Nairobi County, Kenya, is significantly and positively influenced in international law. These results corresponded to Dziurdz and Marchgraber (2015), who affirmed that banking and financial confidentiality was undergoing insufficient regulatory examination. This led to tax havens being used by tax planners as effective instruments to raise more income from associated multinational corporations. Dunning and Lundan, (2008) affirmed that in the countries of tax havens there are no significant commercial activities so that the related tax havens are competent to evade and pay taxes. It is thus apparent that the implementation of the OECD / G20 base erosion and profit shift package by multinational companies in Kenya is significantly influenced by tax law, treaties and international law.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section of the study summarizes the observations, draws conclusions and proposes recommendations based on the results of the analysis.

5.2: Summary of Findings

The study targeted 43 respondents through a census survey of Nairobi County multinationals, of whom 40 completed and returned a questionnaire making a response rate of 93%. This rate of response was sufficient in making conclusions of the study. The analysis of the results showed that the majority (18, 45%) of respondents reported being tax managers. There were interviewees (8, 20%) who suggested they were accountants. The study also showed that both managing directors and other officers contributed 17.5% of the total respondents. The demographic statistics also revealed that most (24, 60%) respondents said their businesses had been in operation for over 10 years. The majority of respondents (15, 37.5%) suggested in terms of company structure that they worked for companies in the service sector.

5.2.1 Tax Laws and Implementation of OECD/G20 BEPS package

The first objective of the study was to examine how Kenyan tax law affects the implementation by multinational companies of the Base Erosion and Profit Shifting Package in Nairobi, Kenya. The findings showed that most respondents (23, 67%) suggested that Kenya tax legislation was not in line with the OECD G20 action plan because the action plans under consideration are not domesticated. A good positive relationship exists between tax legislation and implementation of the OECD / G20 BEPS Package (correlation coefficient 0.652**). The regression coefficients also showed that if other variables are constant, a unit increase in tax legislation would result in

an increase of 0,456($p=.002$) in the implementation of the OECD / G20 BEPS package. Froberg and Waris (2010) states that many of the aggressive tax avoidance schemes involving multinational corporations are perceived to be part of the wider issue of illegal financial transactions are close to those used for criminal activity. This is more so when they introduce schemes, which route money through shell companies based in secret tax havens.

5.2.2 Treaties and Implementation of OECD/G20 BEPS package

The second objective of this study was to determine how treaties impact the implementation by of the Base Erosion and Benefit Shifting Package by MNCs in Nairobi. Most respondents (29,72 percent) accepted that the treaties agreed upon were advantageous for target multinationals. The majority of respondents (25,62 percent) also admitted that their company violated tax avoidance treaties from the review of the results. The descriptive statistics showed that countries have implemented OECD / G20 Base erosion and profits shifting 15 Action plans to counter corporate income and profit shifting strategies. This was demonstrated by the mean measured in the study. It was further noted that corporations create shell companies in the countries with tax havens to transfer profits and benefit in order to escape taxes in high-tax countries. The results show the clear positive link between the Treaties and the implementation of the OECD / G20 BEPS package (coefficient of correlation 0.437*), whereas the regression coefficients will result indicated that a unit increase in treaty enforcement led to a 0.694 ($p=.000$) increase in the implementation of the OECD / G20 BEPS package if other variables were kept constant.

5.2.3 International Laws and Implementation of OECD/G20 BEPS package

The third objective of this study was to assess how international law affects the implementation of the basic erosion and benefit shift package by multinational companies in Nairobi, Kenya. The analysis shows that the OECD / G20 (BEPS) Programme implementation is primarily safeguarded

under international tax paradise law by the majority of the interviewees (19.47.5%) The study of descriptive statistics has shown that International law has a significant impact on the OECD / G20 BEPS package. The results from the analysis of the tests have shown this. The majority of respondents, for example, saw that the rules of tax havens are used to bypass and avoid tax rules or rules on other jurisdictions. It was also noted that most respondents agreed to support successful MNCs by a minimum of tax obligation. Most of the results indicate that the introduction into international legislation of the OECD / G20 Base Erosion and Benefit Shifting (BEPS) program has an impact. The estimated average was more than 3.7. This was obvious. In the answering of the respondents, a standard deviation of less than 1.5 was consistent. The OECD / G20 Base Erosion and Effects and Benefit Shifting Package (BEPS) (coefficients for the 637 ** correlation) has established a positive relationship between international law. If other factors are maintained constantly, the unit increase will result in an increase of 0.762 BEPS ($p = .000$) implemented by the OECD and G20 in accordance with international law.

5.3: Conclusions

The study indicates that if multinational corporations eliminate tax avoidance activities, these firms have the ability to contribute a large amount of tax to domestic capital mobilization. The resulting tax avoidance by the MNCs decreases government tax revenues and contributes to significant underfunding of public services and public programs that can help stimulate economic development.

The study concluded that while multinational corporations may argue that fiscal avoidance and the resulting base erosion and profit shifting is legitimate, these undertakings ' aggressive fiscal avoidance activities have a similar developmental effect on other forms of illegal financial flows. The study affirms that their effect on illegitimacy and growth should be concentrated instead of

simply stressing the legality of aggressive tax avoidance schemes. The study notes that stressing legality means that aggressive tax avoidance schemes are safe until legislation bans them.

The study concluded that Kenya has not only been the victim of tax avoidance by MNCs for investing on the continent but also moving taxes into developed and tax havens. While Kenya is not bound to abide by the OECD guidelines, all countries (including African economies) share an interest in improving the credibility of the international corporate tax system (Love, 2013).

5.4 Limitations of the Study

In the process of collecting data, the researcher faced a number of challenges in connection with research. The researcher did the work under financial constraints because of insufficient funding. Some people did not volunteer because of factors such as victimization to provide information when the results of the study had been published.

When asked to participate in an inquiry they were not aware of, the respondents were suspicious and nervous. The researcher had to explain the substance and purpose of the study to reassure the respondents that the information disclosure would be kept confidential to the researcher and that this was purely an academic exercise.

The management considered it confidential due to the sensitivity of the information sought; thus access was sometimes denied or otherwise limited. This made the research impossible. The researcher mitigated this by getting a letter of introduction and assurance that the data was only to be used for academic purposes.

5.5: Recommendations for Policy

The study showed that there are no proper mechanisms in Kenya to curb multinational corporations' base erosion and profit shifting activities. Kenya should leverage its current international political

will to tackle tax avoidance by enacting legislation, review the efficacy of existing tax laws and improve cooperation with regional organizations in order to implement a common position setting out its goals with respect to tax avoidance and tax evasion.

The Kenyan legislation on tax should comply with OECD/G20 Action Plans so that they are well implemented and structured. The government should employ experts to assist in the interpretation of international taxation laws for easier implementation of OECD/G20.

5.6: Suggestions for Further Research

This study focused on the effect of tax legislation on the implementation of OECD/G20 Base Erosion and Profit shifting package by multinational corporations in Nairobi City. Further studies ought to be carried out on all multinational corporations in Kenya to establish whether the findings hold the same ground. The study concentrated on the effect of tax laws, treaties, international law on implementation of OECD/G20 BEPS package. Other entities e.g. KRA should carry out further studies to establish other factors that affect implementation of BEPS package by MNCs in Nairobi. Further studies should be carried out on the effect of the 15 BEPS action plans and their implementation in Kenya.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Cedric Wasike

Kenya School of Revenue Administration

NAIROBI

Dear Sir/ Madam,

RE: DATA COLLECTION

I am a graduate student in Tax Administration at the Department of Economics and Finance of Jomo Kenyatta University. I am conducting research on the effects of tax legislation on the implementation by multinational companies in Nairobi City, Kenya, of the OECD / G20 Base Erosion and Profit Shift (BEPS) Package. You were picked to contribute to my studies. This is to ask you to answer with honesty and the best of your knowledge, by filling up the questionnaire. The provided information will only be used for academic purposes and be treated as confidentially as possible.

Upon request, you may receive a copy of the final report. You will be very appreciated for your help.

Yours faithfully,

Cedric Wasike-HDB336-C016-6431/2016

APPENDIX II: QUESTIONNAIRE

Instructions

This questionnaire collects information on how multinational corporations in Nairobi City, Kenya have affected tax laws to implement the OECD / G20 Base Erosion and profit shifting (BEPS) package. The obtained information is to be used only for academic purposes and thus is treated in the greatest confidence. You are asked as honestly and objectively as possible to complete this questionnaire. Please tick the appropriate box to provide detailed answers and fill in the blank rooms provided for these questions. **If you need more room for your answers, use the space behind this questionnaire.**

SECTION A: GENERAL INFORMATION

1. Name of MNE (Optional).....

2. Position of respondent in the organization.

Managing Director []

Tax Manager/Officer []

Accountant []

Others [] (Specify).....

3. How long has the organization been in existence?

Less than One year []

1-5 Years []

6-10 Years []

More than 10 Years []

4. What is the nature of your business?

Manufacturing []

Service []

Commercial []

Others []

(Specify).....

SECTION B: THE EFFECT OF LEGISLATION ON THE IMPLEMENTATION OF OECD/G20 BEPS

I. Taxation Laws

9. Do you think the Kenyan tax legislation complies with OECD G20 Action Plans?

Yes [] No []

11. Does your corporation comply with filing true tax returns?

Yes [] No []

If NO, please state why?

.....
.....
.....

Please indicate the extent to which you agree with the following statements on taxation laws and regulations. The scale below will be applicable:

Key 1= Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Taxation Laws and Regulations	1	2	3	4	5
The differences in perception of fairness influence developing countries in embracing base erosion and profit sharing					
Developing countries have been left behind legislation wise to curb the effects of BEPS					
Basic erosion and profit shift should be seen as part of the general agenda to reduce illicit financial flows					

Multinationals exploit unconnected regulations on taxation that are not in line with modern business models to erode tax bases in countries and turn profits into low-tax jurisdictions.					
Base erosion and the shifting of profits can increase taxes paid by the MNCs					
Countries must store the effectiveness of their legislation in place to determine the measures required for base erosion and profit shift					
International tax cooperation efforts should take full account of all countries' diverse needs and capacities					

SECTION C: Treaties

Tick or circle where appropriate) {Note: [1] = Not at all, [2] = Less extent, [3] = Some extent, [4] = Great extent, [5] =Very Great extent }

15. Are treaties agreed upon beneficial to your company?

Yes [] No [], Rate your answer: [1] [2] [3] [4] [5]

16. My organization usually abuses treaties to avoid tax. Do you agree to this statement? Yes

[] No [], Rate your response, [1] [2] [3] [4] [5]

Please indicate the extent to which you agree with the following statements on Treaties and their influence on implementation of OECD/G20. The scale below will be applicable:

Key 1= Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Treaties	1	2	3	4	5
Countries have adopted the OECD/G20 Base erosion and profit shifting 15 Action plans to counter income and profit shifting strategies of companies					
Countries around the world ought to amend their tax legislation to reflect the BEPs action plan					
Companies set-up shell corporations in tax haven countries to shift income and profit so as to avoid taxation in high tax countries					
Action points can be implemented to cater for base erosion and profit shifting					
Base erosion arising from the fact that economic activities which formerly were subject to the local taxing jurisdiction can be restructured					

Countries need to know better how their taxation systems influence the systems of other countries					
Two tax treaties generally apply to a relatively uniform structure that can be seen as a list of separate and separate functions					

SECTION D: INTERNATIONAL LAWS

Tick or circle where appropriate) {Note: [1] = Not at all, [2] = Less extent, [3] = Some extent, [4] = Great extent, [5] =Very Great extent }

19. To what extent do tax havens countries affect the implementation of OECD/G20 in your organization?

[1] [2] [3] [4] [5]

Please indicate the extent to which you agree with the following statements on international laws.

The scale below will be applicable:

Key 1= Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

International Laws	1	2	3	4	5
Country tax haven laws shall be used to evade and avoid tax laws or other jurisdictional regulations					
Minimizing tax liability offers profit benefit to MNCs					
The problem of profit shifting arises when MNCs use existing loopholes, gaps and frictions in the interaction of national tax laws countries.					
In price transfer, tax haven countries play an important part					
Global e-commerce contracts are influenced, as a tax avoidance data controller can be easily replaced					
International agreement understanding is important in adjusting transfer prices					
Minimizing tax liability offers profit benefit to MNCs The problem of profit shifting arises when MNCs use existing loopholes, gaps and frictions in the interaction of national tax laws countries. In price transfer, tax haven countries play an important part					
Global e-commerce contracts are influenced, as a tax avoidance data controller can be easily replaced					

International agreement understanding is important in adjusting transfer prices					
Separate multinational companies residing in different tax courts should be treated for tax purposes as separate entities.					

SECTION D: IMPLEMENTATION OF OECD/G20 ACTION PLANS

Tick or circle where appropriate) {Note: [1] = Not at all, [2] = Less extent, [3] = Some extent, [4] = Great extent, [5] =Very Great extent }

19. To what extent have multinationals implemented OECD/G20 action plans?

[1] [2] [3] [4] [5]

Please indicate the extent to which you agree with the following statements on implementation of OECD/G20 action plans. The scale below will be applicable:

Key 1= Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Implemented OECD/G20 Action Plans	1	2	3	4	5
Tax haven country’ laws have been detrimental to the implementation of OECD action plans					
Minimization of tax liability gives advantage to MNCs in profit making					
Tax haven countries play significant role in transfer of pricing					
MNCs show more interest in investing in countries where the legal framework allows them to repatriate the bulk of their profits.					
International agreements under electronic commerce (ecommerce) influence the implementation of the OECD action plans					
Taxation laws in Kenya have not domesticated the OECD/G20 action plans thus affecting their implementation					

Thank You for Your Co-operation

APPENDIX III: BUDGET

Item (2019)	Quantity	Costs (Kshs)
Preparation of Research Proposal		
Printing of draft Proposals	Approx. 6	3,000
Stationery	Ream, pencils & biro pens	530
Internet services	Browsing bundles & mailing	3,000
Data Collection		
Printing of Questionnaires	4 pages @10	40
Photocopying of Questionnaires	71 pages@3/=	213
NACOSTI Fee	1	2,000
Photocopying of the proposals @ 3/= per page	Approx. 3 copies	500
Photocopying of the project @ 3/= per page	Approx. 3 copies	1,000
Data Analysis software services		1,000
Binding proposal @ 100/= per copy	Approx. 3 copies	250
Printing final project –Hard copies	Approx. 3 copies	500
Binding of the Final project @ 300 per copy	Approx. 3 copies	2,000
Travelling Expenses		5,000
Total		19,033

APPENDIX IV: WORK PLAN (TIME SCHEDULE)

ACTIVITY (2019)	July(2020)	August (2020)	September (2020)
Draft proposal			
Proposal presentation			
Designing the research instrument			
Proposal defense			

APPENDIX V: MULTINATIONAL COMPANIES IN KENYA

1. Germany BASF
2. Bharti Airtel
3. Cisco Systems
4. Chartis
5. Citibank
6. Coca Cola
7. Eltek Kenya Limited
8. General Electric
9. Google
10. GSM Association
11. Heineken
12. Huawei
13. IBM
14. Intel Corporation
15. Kaspersky Lab
16. Kiva
17. LG
18. MasterCard
19. Motorola Solutions
20. Nokia/Siemens
21. Pfizer
22. PricewaterhouseCoopers

23. Qualcomm
24. Research in Motion
25. RTI International
26. Sage Group
27. Sony
28. Standard Chartered Bank
29. Stratlink Global
30. TNT Express Worldwide (K) Ltd 44
31. Toyota
32. Visa Inc.
33. British American Tobacco
34. Nestle Kenya
35. Weetabix East Africa Limited
36. Bata Shoe Company
37. Cadbury East Africa
38. Procter & Gamble
39. Biersdoff
40. Barclays
41. Deloitte and Touche
42. Ernest & Young
43. Samsung Electronics

Source: Kenya Investment Authority (2016)