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- 1) The negative impact of BEPS on South Africa is evident in the escalating rates of poverty

stered companies in South Africa are active and pay their tax revenue (Oxfam, 2012). This shows that about 400 000 registered companies are not paying taxes, thus resulting in loss of *fiscus* for the country. As a result, this reduces the ability of the government to provide the socio-economic rights like housing, health and education for the people in the country (Dlamini and Tromp, 2014). One would assume that since the MNE's are capable of profit shifting, they are amongst the companies that are not paying taxes.

- 2) The most common practice or structure used for base erosion and profit shifting is the weak or rather lenient tax regime in South Africa. The much needed foreign investment from multinational enterprises provides these companies with the advantage of lobbying for favourable tax rates from the government, which then results in them being able to erode the profits from the



In addition, they must ask if there is local employment or opportunities for self-employment creation and beneficiation. Therefore a tota

the economic principle of marginal cost and marginal benefit, that assumes that a person or business is in equilibrium when marginal cost is equal to marginal benefit.

The moment the marginal cost is higher than marginal benefit, then the consumer would reduce their consumption of that product, so as to remain in equilibrium. Therefore by increasing the cost of tax avoidance, it would be expected that the companies will reduce their consumption of tax avoidance.

- 7) Yes, we believe that Action points 3, 5, 7, 14 and 15 are also of importance to the developing countries.
- 8) With regard to other recommendations please find the attached copy of our recent submission on BEPS to the national Davis Tax Committee, who has been tasked with reviewing the current South African tax regime.
- 9) Please refer to both the submission to the BEPS sub-committee (Davis Tax Committee) as well as the Recommendations made by the African civil society organisations.
- 10) Yes.