



## G20 Ministerial Meeting

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The G20 trade ministerial summit on Trade and Digital Economy was concluded on 9th June at Tsukuba, near Tokyo in Japan.

- The meeting focused on the ways to promote trade and cooperation among the G20 countries in order to harness the potential of the digital economy.
- The G20 trade ministers' deliberations form part of the G20 summit leaders agenda in the formal discussions and will also be a part of the summit declaration.
- Although there are no binding commitments in G20, it sets the agenda for multilateral trade relations.

### Issues Raised by India

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- **Greater participation of the medium and small scale enterprises (MSMEs) in developing countries** to boost the domestic as well as the global trade.
- **Digital taxation:** India has urged for the adoption of "**significant economic presence**" concept for taxing global digital companies.
- **Fugitive economic offenders:** It has asked for close cooperation among the G20 member nations to deal with fugitive economic offenders who flee their countries to escape the consequences of the law.
- **Non-compliant tax:** Also pitched for development of a **common defensive toolkit** of measures to deal with non-compliant tax jurisdictions that refuse to share tax-related information. The G20/Global Forum should further expand the network of **automatic exchange of financial account information (AEOI)**, by identifying jurisdictions, including developing countries and financial centres that are relevant but have not yet committed to any timeline

### Digital Taxation

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- Internet heavyweights like Google and Facebook take advantage of low-tax jurisdictions in places like Ireland and pay next to nothing in other countries where

they make huge profits.

There is an urgency to fix the issue of determining the right nexus and profit allocation solution for taxing the profits made by digital economy companies.

- The G20 has tasked the Organisation for Economic Cooperation and Development to fix the system of proper tax distribution.

## Fugitive Economic Offenders

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- A fugitive economic offender is an individual who has committed some specified offence(s) involving an amount of 100 crore rupees or more and has absconded from India or refused to come back to India to avoid or face criminal prosecution in India.
- A Fugitive Economic Offender is a person declared so by a 'Special Court' set up under the **Prevention of Money-laundering Act (PMLA), 2002**, against whom an arrest warrant has been issued in respect of any of the economic offences provided in the schedule to Fugitive Economic Offenders Act, 2018 and who has left India so as to avoid criminal prosecution, or being abroad, refuses to return to India to face criminal prosecution.

## Automatic Exchange of Information (AEOI)

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- Automatic Exchange of Information (AEOI) provides for the exchange of non-resident financial account information with the tax authorities in the account holder's country of residence. It reduces the possibility of tax evasion.
- AEOI will enable the discovery of formerly undetected tax evasion. It will enable governments to recover tax revenue lost to non-compliant taxpayers, and will further strengthen international efforts to increase transparency, cooperation, and accountability among financial institutions and tax administrations.
- AEOI will generate secondary benefits by increasing voluntary disclosures of concealed assets and by encouraging taxpayers to report all relevant information.