

OECD WORK ON
TAXATION



2018-19

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The Organisation for Economic Co-operation and Development (OECD)

The mission of the OECD is to promote policies that will improve the economic and social well-being of people around the world. It provides a forum where governments can work together to share experiences and seek solutions to common problems, bringing our expertise to help governments understand the drivers of economic, social and environmental change and support sustainable and balanced growth. At the OECD, officials meet to compare and exchange policy experiences, identify good practices and adopt decisions and recommendations. Dialogue, consensus, and peer review are at the very heart of how the OECD works.

Our work is wide-ranging. We measure productivity and global flows of trade and investment, and analyse and compare data to predict future trends. We set international standards on a wide range of topics, from agriculture and tax to the safety of chemicals. We also look at issues that directly affect everyone's daily life, like how much people pay in taxes and social security, and how much leisure time they can take. We compare how different countries' school systems are readying their young people for modern life, and how different countries' pension systems will look after their citizens in old age. Drawing on facts and real-life experience, we recommend policies designed to improve the quality of people's lives.

The OECD continues to grow: today we have 36 countries, with Lithuania as its newest member, and with Colombia who has been invited to join and is finalising its domestic procedures to do so. Accession discussions are also under way with Costa Rica. In addition, we work intensively with Key Partners such as Brazil, China, India, Indonesia and South Africa, have dedicated country programmes with Morocco, Peru and Kazakhstan, and have established regional programmes working with South-East Asia, and Latin-America and the Caribbean. Our expertise is called upon regularly by the G20, G7 and APEC; we partner regularly with other international and regional organisations, and draw on a full spectrum of perspectives in our work with regular engagement with business and civil society.

Preface by the OECD Secretary-General



Angel Gurría
OECD Secretary-General

Tax is at the heart of our societies. A well-functioning tax system is the foundation stone of the citizen-state relationship, establishing powerful links based on accountability and responsibility. It is also critical for inclusive growth and for sustainable development, providing governments with the resources to invest in infrastructure, education, health, and social protection systems.

Across the whole range of policy issues facing governments today, tax finds itself playing a central role, whether it is about collecting sufficient resources to fund the infrastructure of a society or acting as a policy lever to reflect attitudes and choices about such diverse areas as climate change, gender equality, education, health.

The OECD and its Centre for Tax Policy and Administration have worked tirelessly to shepherd these issues and provide a focal point for an inclusive conversation that leads to world class standards and effective implementation, always recognising the full range of contexts and constraints faced by countries. We have achieved great success in tackling tax evasion through the Global Forum on

Transparency and Exchange of Information for Tax Purposes (which has more than 150 members) – it is estimated that by June 2018, jurisdictions around the globe have identified EUR 93 billion in additional revenue (tax, interest, penalties) as a result of voluntary compliance mechanisms and other offshore investigations put in place since 2009.

Moreover, the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project now has over 115 members in its BEPS Inclusive Framework, all working together to ensure that tax is paid where value is created. In the midst of this great transformation of the international tax environment taxpayers and governments raised the issue of uncertainty in tax matters from the perspective of businesses and tax administrations. In response to the call from G20 Leaders, the OECD and the IMF have produced a report identifying the sources of uncertainty in tax matters. The OECD is working with governments to develop tools to promote greater tax certainty in order to provide a stable environment that will foster economic growth.

These gains, however, need to be cemented and new challenges are emerging that demand even greater emphasis on the collaborative environment we have fostered, whether this is about the digitalisation of the economy, promoting domestic resource mobilisation in developing countries or using tax policy to advance important social goals such as climate change, gender equality or healthier communities. I look forward to our tax work continuing to deliver tangible results, and co-operating with other international and regional organisations to help governments create the resilient, stable and sustainable environment needed for more inclusive growth.

Introduction by Pascal Saint-Amans



Pascal Saint-Amans
CTPA Director

“The scope and importance of the OECD’s work on tax has never been greater – from developing standards and multilateral legal instruments to providing comprehensive statistics that are crucial material for tax policy makers the world over to working with developing countries to ensure they have the tools needed to make their own tax systems work for them. It is very gratifying to know how valuable our work is to our members and stakeholders the world over.”

The Centre for Tax Policy and Administration (CTPA), as the Secretariat responsible for the OECD’s work on tax, supports the Committee on Fiscal Affairs and its subsidiary bodies. Sound tax policies are essential for efficient economies and to promote international trade and investment. Our work on avoiding double taxation through the OECD’s Model Tax Convention has been a fundamental part of the international tax architecture for more than 50 years. Our in-depth analysis on the impact of tax systems on labour markets, innovation, environmental concerns and economic growth support efforts worldwide toward economic approaches that promote growth while also fostering fairness and inclusivity.

Our work covers international and domestic issues, across direct and indirect tax matters, and builds on strong relationships with OECD members and the engagement of a large number of non-OECD, G20 and developing countries as well as input from business and civil society. This inclusive approach ensures our solutions are fit for a modern, globalized and digitalised economy.

A good example of this is our work on tax transparency – ensuring that bank secrecy and other forms of financial opacity do not prevent tax administrations from being able to apply their tax laws no matter where their taxpayers choose to place

their assets. An inclusive approach was needed to address a truly global issue, and the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) was formed. With its more than 150 members all on an equal footing the Global Forum is a true archetype of multilateralism.

Similarly, the Inclusive Framework on the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project established in 2016 brings together more than 115 jurisdictions working on an equal footing to ensure jurisdictions implement the BEPS action items and that tax is aligned with where value is created. The focus of the OECD/G20 BEPS Project currently is the work to address the tax challenges of the digitalisation of the economy. This is an area where the collaborative approach of the Inclusive Framework can be best leveraged to produce a long-term, consensus-based solution.

This era of unprecedented international co-operation on tax creates new opportunities for the enhanced participation of developing countries in international tax policy discussions and institutions, but also new challenges to fully realising the benefits. Ensuring that all economies have a voice in this important dialogue and that they have the skills and resources to use these tools is critical to their ability to mobilise their own domestic resources.

The OECD continues to provide capacity-building support to developing countries through a variety of activities, and

works together with the IMF, the UN and the WBG to better coordinate support and services to developing countries through the Platform for Collaboration on Tax (PCT) established in 2016. The OECD/UNDP Tax Inspectors Without Borders (TIWB) is a dynamic initiative that brings a fresh approach to delivering assistance by providing hands-on audit support to tax administrations in developing countries, engaging tax audit experts to transfer skills to strengthen capacity in auditing Multinational Enterprises. To date, 414 million USD of additional revenues have been raised with costs of less than 4 million USD.

The Global Revenue Statistics Database provides the largest public source of comparable tax revenue data, which is produced in partnership with countries and regional organisations. The database provides reliable and accessible country-specific indicators on tax levels and structures, supports global efforts to raise domestic revenues for sustainable development, contributing directly to the Sustainable Development Goals and the Addis Ababa Action Agenda. It will strengthen the capacity of governments and tax policy-makers to develop and implement tax policy reforms that will raise domestic resources to fund the provision of vital public goods and services.

Across all of our work on tax, we draw on the vast expertise within the CTPA to ensure that governments have access to guidance based on global best practice, robust standards, and the tools they need to implement them effectively.

OECD on tax – By the numbers

36 MEMBER COUNTRIES*

Australia	Korea
Austria	Latvia
Belgium	Lithuania
Canada	Luxembourg
Chile	Mexico
Czech Republic	Netherlands
Denmark	New Zealand
Estonia	Norway
Finland	Poland
France	Portugal
Germany	Slovak Republic
Greece	Slovenia
Hungary	Spain
Iceland	Sweden
Ireland	Switzerland
Israel	Turkey
Italy	United Kingdom
Japan	United States

+150 members of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

+115 countries and jurisdictions in the Inclusive Framework on BEPS (Base Erosion and Profit Shifting).

+120 countries and jurisdictions participating in the multilateral Convention on Mutual Administrative Assistance in Tax Matters.

+80 countries and jurisdictions, accounting for more than 1 360 bilateral tax treaties, have signed the Multilateral Convention to Implement Tax-Treaty Related Measures to Prevent BEPS.

+100 countries and jurisdictions committed to automatically exchanging financial account information by September 2018 (almost half have already started in September 2017).

+155 secretariat staff from more than **40** countries.

* Colombia was invited to join the OECD as its 37th member on 25 May 2018 and is finalising its domestic procedures to do so.

OECD and the G20: Our partnership on tax

Over the last decade, building on the OECD's longstanding experience and breadth of expertise on major international tax issues, we have partnered with the G20 to deliver unprecedented progress, including a major overhaul of the international tax architecture, and a new environment of global tax transparency.

Our partnership with the G20 on tax consists of four pillars: enhancing tax transparency, addressing tax avoidance, promoting tax policies for strong, sustainable and inclusive growth, and finally, supporting tax as a tool for development.

1. Enhancing tax transparency

With the support of the G20 who declared the “end of bank secrecy” in April 2009, the OECD established the [Global Forum on Transparency and Exchange of Information for Tax Purposes \(Global Forum\)](#), charged with monitoring the implementation of the tax transparency standard for [exchange of information “on request” \(EOIR\)](#).

By building a global consensus, today we have more than 150 jurisdictions in the Global Forum, all committed to the EOIR Standard. An in-depth peer review process monitors progress in fulfilling their commitments to implement the tax

transparency standard, delivering recommendations as well as assigning an overall rating against the EOIR Standard.

In 2013, responding to a G20 call to take the next step in tax transparency, the OECD developed the single, global Common Reporting Standard (CRS) for the [automatic exchange of financial account information \(AEOI\)](#). Endorsed by G20 Leaders in November 2014, the OECD standard on AEOI is a game-changer in terms of deterring and detecting tax evasion, allowing governments to trace funds shifted offshore that were previously unknown and unknowable.

More than 100 jurisdictions have committed to implement AEOI by 2018, with developing countries working towards that standard in line with their capacity constraints. With the commencement of the first AEOI exchanges in 2017 and 2018, the Global Forum carries out monitoring and review of implementation. The work of the OECD and Global Forum is outlined in more detail on page 16.

2. Addressing tax avoidance

With the rapid evolution of the global economy and modern business practices, the OECD recognised that the international tax rules, based on concepts first developed a century ago, required a significant update to ensure that profits of multi-national

enterprises could not be shifted away from the location where economic activities and value creation take place.

The OECD/G20 Base Erosion and Profit Shifting (BEPS) Project was launched by the G20 in 2013, and the BEPS package of 15 measures was delivered in October 2015, endorsed by the OECD Council and by G20 Finance Ministers and Leaders. It was a significant achievement to maintain a consensus approach to the international tax rules, thereby avoiding a proliferation of uncoordinated unilateral measures, and one which is forming the basis for international taxation for many years to come.

The current phase of the BEPS Project focuses on the effective and consistent implementation of the BEPS package through a robust peer review process carried out by the more than 115 members of the Inclusive Framework on BEPS, established in 2016. They each participate on an equal footing with other members of the Inclusive Framework, not only in undertaking peer reviews but also in developing important standards such as on the tax challenges arising from the digital economy, on which an interim report was published in March 2018.

3. Promoting tax policies for strong, sustainable and inclusive growth

Tax policy can act as an important structural driver of strong, sustainable and inclusive growth. As a policy tool, it can provide

answers to address some of the most pressing challenges of our time, including lower global growth, slowing productivity gains, increasing inequality, ageing populations, and the need for environmental sustainability.

Recognising this potential, the G20 Presidency works with the OECD to draw on its expertise and consider how tax policy can drive innovation and inclusive growth, as well as provide the certainty necessary to support investment and trade.

4. Supporting tax as a tool for development

The role of effective tax systems as a crucial element of domestic resource mobilisation (DRM) is receiving growing recognition by the G20 as well as in discussions on development financing as part of the global commitment to the post-2015 Sustainable Development Goals (SDGs). In that context, an overarching consideration of the OECD and G20's work on tax has been to ensure that the needs of countries from across the development spectrum are taken into account.

In 2016, the IMF, the OECD, the UN and the World Bank Group established the Platform for Collaboration on Tax (PCT) with a view to better co-ordinate their capacity building support to developing countries and address the priorities that they have identified through various regional consultations.

Reforming international tax rules – The BEPS Project

Since the international tax rules were first written in the 1920s, the global landscape has changed dramatically with new economic opportunities and challenges brought by globalisation, changing business models and shifting geopolitics. As a result, many of those rules needed to be updated to address the gaps and mismatches in the rules, leading to double non-taxation, as well as double taxation.

These developments led the OECD to launch the Base Erosion and Profit Shifting (BEPS) project, in partnership with the G20. At its heart, the project aims to ensure that the international tax rules don't facilitate the shifting of corporate profits away from where the real economic activity and value creation are taking place.

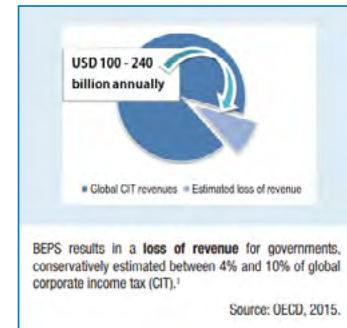
In September 2013, G20 Leaders endorsed the OECD's ambitious and comprehensive 15-point BEPS Action Plan, to:

- ▶ improve the coherence of tax rules across borders

- ▶ reinforce substance requirements, and
- ▶ enhance transparency and certainty

With a conservatively estimated annual revenue loss of USD 100 to 240 billion due to base erosion and profit shifting, the stakes are high for governments around the world.

In just two years, OECD and G20 countries with input from over 100 additional jurisdictions, delivered a comprehensive package of policy tools that allow governments to address the gaps in the international tax system. The IMF, the World Bank, the UN as well as regional tax organisations including ATAF (African Tax Administration Forum) and CIAT (Inter-American Centre for Tax Administration) also participated in the project.



The BEPS package

The BEPS package, presented in October 2015, covers the 15 areas identified in the 2013 BEPS Action Plan. These include four new minimum standards, updates of the existing standards, agreed common approaches, and guidance that draws on best practices. The package also takes a holistic look at the tax challenges raised by the evolving digitalisation of the economy, and set the basis for negotiation of the multilateral instrument, finalised in 2016, that allows countries to swiftly update their tax treaty network in line with the BEPS measures.

- ▶ Action 1: Addressing the Tax Challenges of the [Digital Economy](#)
- ▶ Action 2: Neutralising the Effects of [Hybrid Mismatch Arrangements](#)
- ▶ Action 3: Designing Effective [Controlled Foreign Company Rules](#)
- ▶ Action 4: Limiting Base Erosion Involving [Interest Deductions](#) and Other Financial Payments
- ▶ Action 5: Countering [Harmful Tax Practices](#) More Effectively, Taking into Account Transparency and Substance
- ▶ Action 6: Preventing the Granting of [Treaty Benefits](#) in Inappropriate Circumstances
- ▶ Action 7: Preventing the [Artificial Avoidance of Permanent Establishment Status](#)
- ▶ Actions 8-10: Aligning [Transfer Pricing](#) Outcomes with Value Creation

- ▶ Action 11: [Measuring and Monitoring BEPS](#)
- ▶ Action 12: Mandatory [Disclosure Rules](#)
- ▶ Action 13: Guidance on [Transfer Pricing Documentation and Country-by-Country Reporting](#)
- ▶ Action 14: Making [Dispute Resolution Mechanisms](#) More Effective
- ▶ Action 15: Developing a [Multilateral Instrument](#) to Modify Bilateral Tax Treaties

Four BEPS minimum standards

Four of the areas covered by the BEPS package resulted in minimum standards – where countries committed to take action in cases where no action by some countries would have created negative spill over effects. These are:

1. [To address harmful tax practices](#), including rules around preferential regimes and transparency of tax rulings.
2. [To prevent tax treaty shopping](#), clarifying the purpose of tax conventions.
3. [To ensure Country-by-Country Reporting](#) of key data on the operations of multi-national enterprises to allow for more effective risk assessment by tax administrations.
4. [To improve the effectiveness of cross-border tax dispute resolution](#) between tax administrations.

Monitoring and supporting implementation of the BEPS measures

The BEPS Project is now focused on supporting governments' efforts to implement the BEPS measures, ensuring effective implementation of the BEPS minimum standards and finalising the remaining standard setting work, particularly on transfer pricing and the tax challenges arising from the digitalised economy. All of this work is carried out by the Inclusive Framework on BEPS.

The OECD/G20 Inclusive Framework on BEPS

In response to the call of G20 Leaders in November 2015, OECD and G20 members established an inclusive framework which allows interested countries and jurisdictions to work on an equal footing with OECD and G20 members in the next phase of the BEPS Project.

Developing countries lose around USD 100 billion per year in revenues due to tax avoidance practices.

Source: UNCTAD, 2015

Membership of the Inclusive Framework builds on the existing OECD Committee on Fiscal Affairs, to include interested countries and jurisdictions that commit to the comprehensive BEPS package and its consistent implementation. They participate in the decision-making plenary body, as well as all of the technical working groups. Relevant international and regional organisations also participate, including through regional events and capacity building events, or as Observers

to the Inclusive Framework. As of August 2018, there were 117 members of the Inclusive Framework.

The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS

The BEPS Multilateral Instrument (MLI) is a tool that allows countries to swiftly update their tax treaty network in line with the treaty-related measures agreed under the OECD/G20 BEPS Project. More than 80 jurisdictions have signed the MLI accounting for more than 1400 bilateral tax treaties to be modified. The MLI entered into force on 1 July 2018 after its ratification by different jurisdictions, already having an impact on hundreds of tax treaties.

The mandate of the framework is to:

- ▶ **Complete the remaining standard-setting work** required under the BEPS Action Plan.
- ▶ **Review the implementation of the four BEPS minimum standards** through a peer-review process.
- ▶ **Monitor new developments relating to the other BEPS measures and to measure the impact of those measures.**
- ▶ **Support jurisdictions in the implementation of the BEPS measures**, working with them to develop further guidance, as well as practical toolkits that target the BEPS priority issues identified by low capacity developing countries.

Tax challenges arising from digitalisation

The world has changed significantly over recent decades. In addition to globalisation, new technologies have facilitated new business models that have been putting the existing international tax rules under pressure. The OECD/G20 BEPS Project showed that some of the specific BEPS behaviours that were of concern had been exacerbated by the rapid and continuing evolution of digital technologies – the process of digitalisation. As part of the work of Action 1 under the OECD/G20 BEPS Project, it was recognised that, as a result of the pervasive nature of digitalisation, it would be difficult, if not impossible, to ring-fence the “digital economy”.

Beyond the BEPS issues, the 2015 Action 1 report also concluded that digitalisation was giving rise to some broader tax challenges, including in the areas of data, nexus and characterisation. Of course, it is always a challenge for policy makers to stay ahead of the latest developments. This is especially the case in the context of digitalisation.

The OECD/G20 Inclusive Framework on BEPS agreed to continue working on tax and digitalisation with the objective of producing a final report in 2020. In March 2017, the G20 called on the OECD to produce an interim report in 2018.



The interim report on the *Tax Challenges Arising from Digitalisation* was delivered to the G20 in March 2018. It identifies countries' currently divergent views on how to deal with the tax challenges posed by digitalisation and paves the way for further work towards a consensus-based long-term solution. All members of the Inclusive Framework agreed to examine the concepts of nexus and profit allocation with a view to reaching consensus by 2020, with an update in 2019.

It was also recognised that, in the meantime, technology is providing opportunities as well as new challenges to BEPS and tax policy and administration. For example, blockchain gives rise to both new, secure methods of record-keeping while also facilitating crypto-currencies which can pose risks to the gains made on tax transparency in the last decade. Work is already underway to better understand and address these developments, including on the appropriate tax treatment of crypto-currencies, both for income tax and VAT/GST purposes and how to investigate tax crimes involving crypto-currencies.

The most pressing challenge for the Inclusive Framework – and the international tax community more generally – is how to bridge the divide among the various points of view so that coherence of the international tax system is maintained. An interim Report, prepared by the Secretariat, will be presented to the G20 on these developments in June 2019 while we are confident that the 2020 Report should bring a common position to solve long-term challenges.

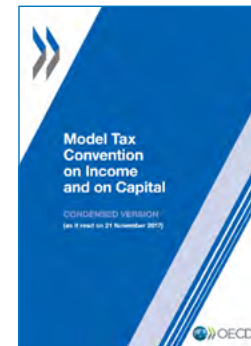


Focus on... Key OECD tax instruments

The OECD standard-setting work on the international tax rules has been based on two key standards: the [OECD Model Tax Convention on Income and on Capital](#) as well as the [OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations](#). These are updated regularly, keeping pace with new developments, including as part of the BEPS Project.

OECD Model Tax Convention

The OECD Model Tax Convention has stood as the international benchmark for the negotiation, interpretation and application of tax treaties since it was first published in 1963. Today it forms the basis of a network of around 3 000 tax treaties globally, reducing the tax barriers to cross-border trade and investment, as well as assisting in the prevention of tax avoidance and evasion.



By maintaining and regularly updating the Convention, the OECD provides countries with a firm basis on which to conclude and implement arrangements to minimise double taxation on those cross-border movements without creating opportunities for unintended non-taxation. Countries meet regularly at the OECD to discuss updates of the Articles and Commentary of the Model Tax Convention to reflect new developments, address interpretation issues and close loopholes as they arise. In an increasingly globalised world, where tax policy and administration continue at the national level, while the global economy cuts across borders, the Model Tax Convention is an important policy tool for countries as they work to establish a sustainable basis for growth and investment. Over 65 countries have set out their positions on the provisions of the Model, which also greatly facilitates bilateral negotiations.

OECD Transfer Pricing Guidelines



The OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations provide guidance on valuing cross-border transactions within a Multinational Group. Based on the “arm’s length principle”, these Guidelines are a touchstone for business and tax administrations alike, operating in an economy where some estimates suggest that intra-group trade accounts for

approximately 50% of global transactions.

In that context, robust transfer pricing rules are critical for governments to ensure profits, and the associated revenues, are not artificially shifted out of the jurisdiction where the value has been created. For taxpayers, an effective and consistent approach to transfer pricing can limit the exposure to economic double taxation or risks of cross-border tax disputes arising between two countries in which they do business.

Key Publications

- *OECD/G20 Inclusive Framework on BEPS: Progress report (2018)*
- *OECD/G20 Inclusive Framework on BEPS: Peer reviews (ongoing)*
- *Tax Challenges Arising From Digitalisation: Interim Report 2018*
- *Final BEPS package:*
 - *OECD/G20 BEPS Project Explanatory Statement*
 - *2015 final reports on the 15 BEPS Actions*
- *Action Plan on Base Erosion and Profit Shifting (2013)*

www.oecd.org/tax/beps

- *OECD Model Tax Convention on Income and on Capital (2017)*
- *OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (2017)*

www.oecd.org/tax/tax-treaties

www.oecd.org/tax/transfer-pricing



Enhancing tax transparency

The OECD has driven the global fight against tax evasion through enhanced tax transparency for more than two decades. Its multi-prong approach is based on developing strong tax transparency standards, promoting global buy-in to ensure a level playing field, providing support to countries on implementation, and monitoring progress to ensure that jurisdictions' commitments are fulfilled and maintained.

The international standards on tax transparency

The international standards developed by the OECD on tax transparency provide for the [exchange of information 'on request' \(EOIR\)](#), and the [automatic exchange of financial account information \(AEOI\)](#).

The EOIR Standard requires that information that is “foreseeably relevant” for tax purposes be available and accessible to tax authorities, who can then exchange the information with tax authorities in other countries, on the basis of a legal agreement. This standard covers information such as identity of legal and beneficial owners of companies and other legal entities and arrangements like partnerships and trusts, accounting information and bank account information. All members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) have committed to imple-

menting the EOIR Standard. The Global Forum monitors these commitments through a robust peer review process.

AEOI relies on a single, common, global requirement (the Common Reporting Standard) for financial institutions to share financial account information with tax authorities, which then exchange that information with their foreign counterparts on an agreed, annual basis. This global standard, developed by the OECD in 2014, is a game changer for tax administrations – allowing them to trace offshore funds that were previously unknown and unknowable. AEOI commenced in almost 50 jurisdictions in 2017, with another 50 jurisdictions expected to start in September 2018. The Global Forum monitors and reviews the implementation of AEOI the commitments made by these jurisdictions and lends support to other jurisdictions, particularly developing countries, to enable them to also engage in such exchanges so that there will no longer be anywhere for tax evaders to hide...

Providing the legal mechanisms necessary for tax information exchange

All tax information exchange is subject to strict confidentiality and data safeguard obligations, and the OECD has developed the legal mechanisms under which such exchanges can take place.

The [multilateral Convention on Mutual Administrative Assistance in Tax Matters](#) is the most comprehensive instrument available to tax authorities for international co-operation to tackle tax evasion and avoidance. It provides for a full range of cross-border tax assistance, including tax information exchange, as well as joint audits and recovery of foreign tax liabilities. Today, more than 120 jurisdictions participate in the Convention, making it an extremely effective mechanism for jurisdictions to quickly establish a broad network of tax information exchange partners.

Tax information exchange can also take place under bilateral arrangements, such as tax treaties based on the [OECD Model Tax Convention \(Article 26\)](#), or the [OECD's model tax information exchange agreement \(Model TIEA\)](#), which was first developed in 2002.

In addition to having a legal basis, jurisdictions engaging in AEOI also require procedural mechanisms for that exchange. For that purpose, the OECD developed the [Multilateral Competent Authority Agreement for the CRS](#), which has been signed by more than 100 jurisdictions.

Supporting the implementation of the standards

The Global Forum works closely with jurisdictions to ensure that implementation of the tax transparency standards is globally consistent and coherent. This ranges from the provision of regional training seminars and bilateral

programmes of assistance, and also includes developing the technical tools that jurisdictions need for cost efficient and effective implementation.

Common Transmission System for AEOI

The Common Transmission System (CTS) was designed by the OECD to provide a single, secure connection between tax administrations through which they can exchange tax information. Originally intended to support jurisdictions in meeting their commitments to implement the AEOI Standard for exchange of financial account information, the CTS also allows the exchange of other relevant tax information as necessary.

Treaty Relief and Compliance Enhancement (TRACE)

The TRACE project will standardise the system for claiming withholding tax relief at source on portfolio investments through a self-contained set of agreements and forms to be used by any country that wants to implement the so-called Authorised Intermediary (“AI”) system. It removes the administrative barriers that currently affect the ability of portfolio investors, including investors making use of pooled investment vehicles, to effectively claim the reduced rates of withholding tax to which they are entitled pursuant to tax treaties or to domestic law of the country of investment.

Moreover, it minimises administrative costs for all stakeholders and enhances the ability of both source and residence countries to ensure proper compliance with tax obligations.

By orchestrating a single, common approach, the OECD has helped countries significantly reduce the development and operating costs they would have faced in designing individual systems, while reducing the challenges posed by multiple interfaces.

Building bridges into tax compliance

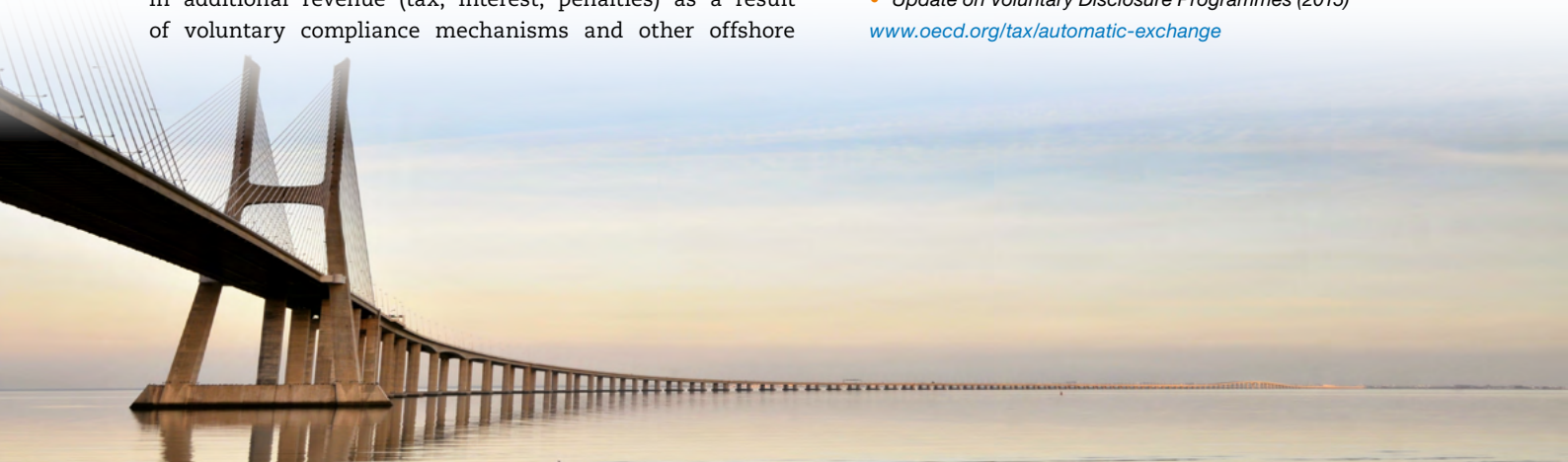
The OECD has always pursued a twin-track approach, enhancing tax co-operation, while also building bridges for taxpayers to move into a tax compliant position. In particular, the OECD has supported tax administrations interested in putting in place effective [voluntary disclosure initiatives](#). When appropriately designed, these programmes can benefit everyone involved– taxpayers making the disclosure, compliant taxpayers and the government. It is estimated that jurisdictions around the globe have identified EUR 93 billion in additional revenue (tax, interest, penalties) as a result of voluntary compliance mechanisms and other offshore

investigations put in place since 2009. The OECD's most recent work in this area reflects the wealth of practical experience gained by many countries in relation to voluntary disclosure programmes and we continue to work with countries to ensure the right balance is struck as they put in place either temporary or permanent voluntary disclosure programmes.

Key Publications

- *CRS Implementation Handbook (2018)*
- *Standard for Automatic Exchange of Financial Account Information in Tax Matters, 2nd Edition (2017)*
- *AEOI: Implementation Report (2017)*
- *The Global Forum's Plan of Action for Developing Countries Participation in AEOI (2017)*
- *Multilateral Convention on Mutual Administrative Assistance in Tax Matters (2011)*
- *Update on Voluntary Disclosure Programmes (2015)*

www.oecd.org/tax/automatic-exchange



The Global Forum on Transparency and Exchange of Information for Tax Purposes

The Global Forum was established in 2009. It ensures effective implementation of the international tax transparency standards. Today, more than 150 jurisdictions participate in its work, on an equal footing.

In addition to its in-depth peer reviews to assess implementation of the tax transparency standards, the Global Forum provides capacity building support to jurisdictions through training, peer learning and bilateral programmes to ensure all jurisdictions can benefit from the new environment of enhanced tax transparency.

Exchange of Information on Request – the peer review process

Peer reviews of the EOIR Standard have been the core activity of the Global Forum since 2009. The peer review process evaluates jurisdictions' compliance with the EOIR Standard, including the assessment of:



- ▶ The legal and regulatory framework (Phase 1);
- ▶ The implementation of this framework in practice (Phase 2).

Following the assessment, each jurisdiction receives one of four possible overall ratings comprising both Phases: compliant, largely compliant, partially compliant and non-compliant.

The Global Forum completed its first round of EOIR reviews in 2016, having assigned overall ratings to nearly 120 jurisdictions. A second round of reviews which combines the Phase 1 and Phase 2 components into one review began in 2016, under new and strengthened Terms of Reference. These include a requirement to ensure the availability of beneficial ownership information — as defined by the Financial Action Task Force — for all legal entities and arrangements as well as its access by tax authorities.

By ensuring the availability of the beneficial ownership information, this new requirement discourages the use of shell companies and other opaque legal arrangements to conceal the real owners' identity. It also assists in the fight against other crimes such as money laundering and corruption.

The Global Forum's peer reviews have had a substantial impact on the implementation of the tax transparency standards around the world and has strengthened governments' ability to address tax evasion. A peer review is a unique opportunity for a jurisdiction to examine its own legal and regulatory

framework as well as its practices and may be the starting point for improvements that also enable countries to better enforce their domestic tax obligations. For example, following the first round of EOIR peer reviews, strict bank secrecy for tax purposes has been eliminated in almost all Global Forum jurisdictions for domestic tax purposes, as well as for international information sharing purposes. As a result of their reviews, many countries have also taken measures to eliminate bearer shares entirely or to ensure that their owners can be properly identified and have established extensive networks of international agreements across the globe.

Automatic Exchange of Information – the peer review process

With the establishment of the AEOI Standard in 2014, the Global Forum was charged with monitoring its implementation. All jurisdictions, other than developing countries which are not financial centres, were required to commit to AEOI and begin the first exchanges by 2017 and 2018. Nearly 50 jurisdictions successfully commenced exchanges in 2017 and more than 50 other jurisdictions are due to start such exchanges by September 2018.

The monitoring and review of the AEOI Standard has commenced and focuses on the areas which can be assessed before the commencement of exchanges, such as verifying capacity to maintain data confidentiality safeguards and the quality of the domestic legislative frameworks. The process

will continue to build towards full peer reviews of compliance with the standard.

Helping members to meet the tax transparency standards

As jurisdictions join the Global Forum, they can access the capacity building support and technical advice of the Global Forum Secretariat, which has a dedicated team of specialised personnel in place to support members, as well as an online helpdesk and other resources. Assistance is provided for both exchange of information on request and automatic exchange of information.

The support activities include:

- ▶ Bilateral capacity building, focusing on the needs of one jurisdiction at a time, often in connection with its peer review.
- ▶ Peer-to-peer learning between members, focusing on issues such as auditor sensitisation, building exchange of information systems and training assessors to conduct peer reviews.
- ▶ Development of tools and offering induction programmes for new members to support the implementation of the international standards.

More than half of the Global Forum's members are developing countries and much of its technical assistance and capacity

building efforts are aimed at them, as well as assisting all Global Forum members to implement the standard of automatic exchange of information.

Africa Initiative

The Africa Initiative was initially launched for a period of three years (2015-2017) along with its African members and ATAF, the Cercle de Réflexion et d'Échange des Dirigeants des Administrations Fiscales (CREDAF), the OECD, the World Bank Group, the French Ministry of Europe and Foreign Affairs and the United Kingdom's Department for International Development to promote tax transparency and exchange of information in Africa to address tax evasion and other illicit financial flows. It was renewed for another three years (2018-2020) at the Global Forum meeting in Yaoundé in November 2017 to provide for further concrete steps and targets in the implementation of international tax transparency standards, as well as technical assistance programmes to build capacity in co-ordination with key organisations in Africa. The Yaounde Ministerial Declaration, now signed by 21 African countries is a call to action for African countries to participate in and benefit from the enhanced global cooperation enabled through the Global Forum processes.

Key Publications

- *Global Forum Annual Report 2017*
- *Exchange of Information on Request – Handbook for Peer Reviews 2016-2020*
- *Country peer reviews*
- *Global Forum's Plan of Action for Developing Countries Participation in AEOI (2017)*

www.oecd.org/tax/transparency



Tax crime and other financial crimes

Tax crimes, money laundering, corruption and other financial crimes threaten the strategic, political and economic interests of both developed and developing countries. They also undermine citizens' confidence in their governments, affect tax morale (the willingness of citizens to pay taxes), and deprive governments of revenues needed for sustainable development.

The [OECD's Oslo Dialogue](#), launched by the OECD in 2011, promotes a whole of government approach to tackling financial crimes by fostering inter-agency and international co-operation, and builds on earlier OECD Council Recommendations on tax measures for further combating bribery of foreign public officials in international business transactions (2009) and the Council Recommendation to facilitate co-operation between tax and other law enforcement authorities to combat serious crimes (2010).

To be effective, greater transparency, more effective intelligence gathering and analysis, and improvements in co-operation and information sharing are required, to prevent, detect and prosecute criminals and recover the proceeds of their illicit activities.

Under the Task Force on Tax Crimes and Other Crimes (TFTC), the work of the Oslo Dialogue includes surveys of best practices in inter-agency co-operation (the 3rd edition of the report *Effective inter-agency cooperation in fighting tax crimes and*

other financial crimes was released in 2017), analysis of tax crime issues across particular industry sectors, practical guidance for law enforcement agencies to raise awareness of different financial crimes and their hallmarks, as well as an intensive training programme for officials. In November 2017, the TFTC released the report *Fighting Tax Crime; the Ten Global Principles*, which is the first study of its kind, setting out essential legal, institutional, administrative and operational principles for effectively tackling tax crimes.



International Academy for Tax Crime Investigation

A key pillar of the OECD Oslo Dialogue is strengthening the capacity of criminal tax investigators, especially in developing countries, to tackle illicit financial flows and the OECD International Academy for Tax Crime Investigation is a critical part of this initiative. The programme greatly improves the ability of developing countries to detect, investigate and prosecute tax crimes and other financial crimes, and recover the proceeds of those crimes, by developing the skills of tax and financial crime investigators through intensive training courses.

The first centre of the Academy was established in Ostia, Italy, in 2013, in co-operation with Italy's Guardia di Finanza. In 2017, a sister Africa Academy was piloted in Kenya and will be formally launched in Nairobi, in late 2018. The OECD Latin America Academy for Tax and Financial Crime Investigation was launched in July 2018, and will be hosted in Buenos Aires, Argentina. As of July 2018, the Academy has trained over 550 investigators from over 80 countries.

Countries that participated in the Academy programmes have reported significant benefits, including legislative changes to combat tax evasion and money laundering, enhanced inter-agency and international co-operation, and a greater capacity to fight illicit financial flows.

Focus on... Illicit financial flows

The international movement of money, illegally or illicitly, is a global concern impacting all countries. Illicit financial flows (IFFs) have several sources and channels including bribes, tax evasion, criminal earnings, cash smuggling, shell corporations, informal value transfer systems, trade based money laundering, and fraudulent customs invoicing. By hiding certain income flows from the sight of tax authorities and other law enforcement agencies, IFFs impede effective domestic resource mobilisation. The global concern on the adverse impact of IFFs is reflected in the international commitment to counter IFFs in the Sustainable Development Goal (SDG) Target 16.4 “By 2030, significantly reduce illicit financial flows and arms flow, strengthen the recovery and return of stolen assets and combat all forms of organised crime”. Addressing Illicit Financial Flows has a particularly high profile in Africa where policy responses are being championed by former President Thabo Mbeki, in his role as Chair for the High Level Panel on Illicit Financial Flows from Africa.

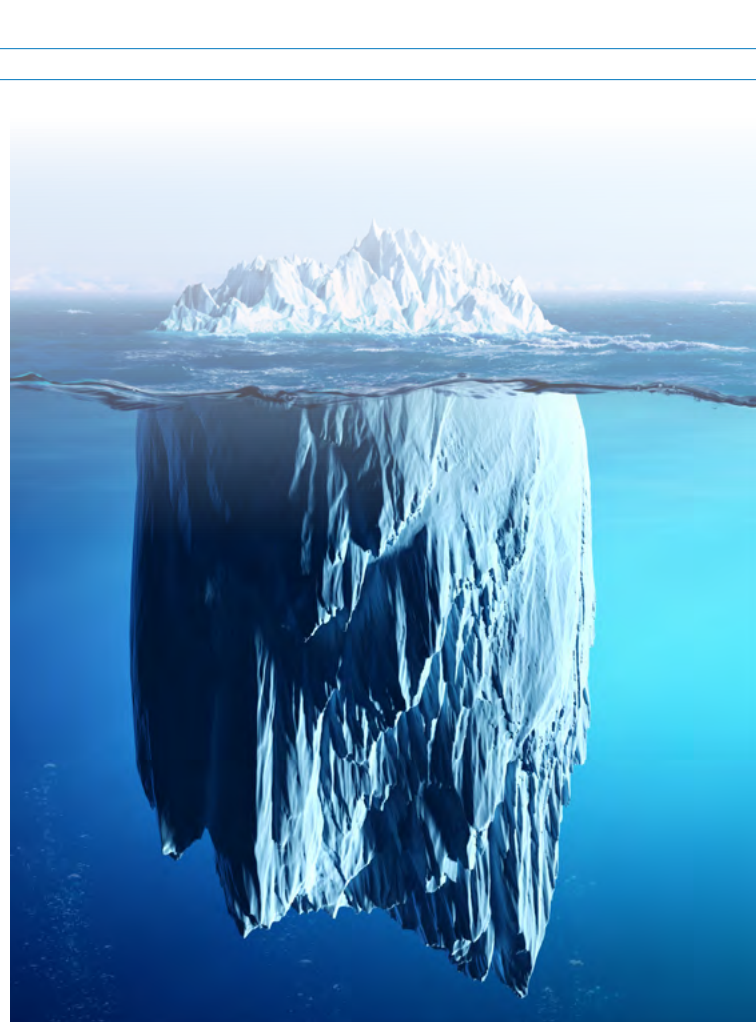
Tax evasion is a significant component of illicit financial flows and the tax system is often the entry point for policy responses to other IFF sources and channels, for example money laundering and bribery. Much of the work carried out by the OECD in the field of taxation directly or indirectly supports the global and country-level effort to fight IFFs.

Tax transparency and exchange of information is the best universal weapon to fight IFFs, shedding light on the legal and beneficial ownership of companies and other legal entities and arrangements located offshore, which are most often used to carry out illegal activities that result in IFFs. Greater inter-agency co-operation as promoted by the OECD's Oslo Dialogue, and ongoing capacity building are also critical to tackling illicit financial flows as are the OECD's Ten Global Principles for fighting tax crimes. To the extent that tax avoidance is considered as part of IFFs the BEPS package of 15 measures, as well as the OECD/UNDP Tax Inspectors Without Borders initiative offer robust solutions and tailored bilateral support.

Key Publications

- *Fighting Tax Crime: The Ten Global Principles (2017)*
- *Effective Inter-agency Co-operation in Fighting Tax Crimes and Other Financial Crimes (2017)*
- *Improving Co-operation between Tax and Anti-Money Laundering Authorities (2015)*
- *Bribery and Corruption Awareness Handbook for Tax Examiners and Tax Auditors (2013)*
- *Evading the Net: Tax crime in the fisheries sector (2013)*
- *Electronic Sales Suppression: A threat to tax revenues (2013)*

www.oecd.org/tax/crime



Strengthening tax administration

Forum on Tax Administration

The Forum on Tax Administration (FTA) was created in 2002 and brings together tax commissioners from 51 OECD and non-OECD countries.

Vision

The FTA aims to create a forum through which tax administrators can identify, discuss and influence relevant global trends and develop new ideas to enhance tax administration around the world. The FTA achieves this vision and aim through the engagement of participating countries by:

- ▶ Providing a unique global forum where the heads of revenue bodies and their teams can share experiences and expertise on tax administration issues.
- ▶ Harnessing the collective strength of participating revenue bodies and, where appropriate, speaking with one voice and developing joint programmes of action on key tax administration issues.
- ▶ Developing and promoting world class products and best practices on effective, efficient and fair tax administration.
- ▶ Engaging in dialogue with key stakeholders (including business and individual policy makers and financial

regulators) and supporting parallel dialogue at a national level.

- ▶ Promoting co-operation between countries and working co-operatively with other OECD fora, international and regional tax organisation.

Work programme

Enduring Programmes: These are established networks overseeing thematic and operational work, including;

- The FTA Mutual Agreement Procedure (MAP) Forum, which has been undertaking the peer review of BEPS Action 14 since the end of 2016;
- Large Business and International Programme (LBIP), which seeks to advance effective BEPS implementation, while also ensuring options for collaborative compliance are developed and provide a path to tax certainty for taxpayers and tax administrations;
- The Tax Debt Management Network facilitates the sharing of intelligence and collective working to improve the tax debt collection process, and;
- The Capacity Building Network continues to focus on advancing the recommendations of the 2016 report *Tax Administrations and Capacity Building: A Collective Challenge*.

Projects, which are concentrated on defined outcomes and of time-limited duration. The ten current targeted projects are focused on producing outputs such as “how to” guides, best practice notes and issues notes, and increased FTA collaboration.

Communities of Interest: Five Communities of Interest provide a forum for tax administration experts to get together both physically and virtually to exchange best practice, discuss emerging issues and consider possible areas for collective actions.

Supporting Measures: These measures support and complement the rest of the work programme.

- The Tax Administration Series, whose primary purpose is to share information that will facilitate dialogue on the design and administration of tax systems.
- Exploratory work on maturity models, which are tools to help assess the relative maturity of a tax administration against meaningful and clear criteria and in an objective manner.
- Pilot project on Peer to Peer advice for tax administrations to facilitate FTA tax administrations requesting free informal and targeted advice on particular activities or functions from a volunteering FTA member who has particular experience in an element of administration.

- The development of a Gender Balance Network that will seek to improve the gender balance across the FTA by leveraging the more balanced position that already exists in some administrations, and identifying effective policies to promote gender equality, as well as opportunities for mentoring and peer learning.

Joint International Taskforce on Shared Intelligence & Collaboration (JITSIC)

JITSIC brings together tax administrations that have committed to more effective and efficient ways to deal with tax avoidance. It offers a platform to enable its members to actively collaborate within the legal framework of effective bilateral and multilateral conventions and tax information exchange agreements – sharing their experience, resources and expertise to tackle the issues they face in common.

JITSIC also develops best practices for engagement among tax administrations to enhance the quality of interactions and reduce the need for tax administrations to negotiate an engagement framework every time they want to collaborate with another country.

Focus on... Tax implications of blockchain technologies

As a foundational technology which offers the possibility of radically new business models and ways to create and store value, distributed ledger technology (DLT) is being assessed by the Inclusive Framework's Task Force on the Digital Economy. With work being undertaken in conjunction with other subsidiary bodies of the Committee on Fiscal Affairs, its implications for both tax policy and tax administration are being explored.

The issues raised range from the tax treatment of digital financial assets such as Bitcoin through to the changes for tax administration if DLT is widely adopted by business, the implications of decentralisation for international tax rules, as well as the possibilities offered by DLT to improve the effectiveness of certain tax administration processes. Safeguarding against risks, such as the possibility for DLT-based payment tokens to undermine recent progress to improve tax transparency relating to financial accounts through the global adoption of the CRS, is critical. Ensuring that investigators have the right tools to investigate, seize and successfully prosecute tax crimes involving these tokens, notwithstanding their highly mobile and anonymous nature, is an important challenge that requires an international and cross-agency approach.

The OECD's work relating to DLT and other emerging technologies is set out in Chapter 7 of the 2018 Interim Report on the *Tax Challenges Arising from Digitalisation*, and a comprehensive update on progress will be provided by 2020, ensuring tax officials are well-positioned to respond to the latest technological developments.



Key Publications

- *Tax Administration 2017*
- *The Changing Tax Compliance Environment and the Role of Audit (2017)*
- *Shining Light on the Shadow Economy: Opportunities and threats (2017)*
- *Country-by-Country Reporting: Handbook on Effective Implementation (BEPS Action 13) (2017)*
- *Country-by-Country Reporting: Handbook on Effective Tax Risk Assessment (BEPS Action 13) (2017)*

www.oecd.org/tax/forum-on-tax-administration



Fiscal Federalism Network

The [Network on Fiscal Relations Across Levels of Government](#) was created in 2004 to:

- ▶ provide countries with the analytical and statistical underpinnings to inform decisions on how to organise the financial relations among central, regional and local governments,
- ▶ organise workshops and expert meetings to facilitate the sharing of best practices and emerging trends.

The Network is served jointly by the OECD's Centre for Tax Policy and Administration (CTP), the Economics Department (ECO), the Directorate for Public Governance and Territorial Development (GOV) and the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE). This multi-disciplinary approach aims to provide a holistic and multi-dimensional perspective to policy reform.

Activities of the Fiscal Federalism Network

The Network focuses on three broad lines of activity: (i) sub-central taxation; (ii) spending decentralisation and intergovernmental grants; (iii) macroeconomic management, fiscal rules and fiscal consolidation.

The Network, with 15 countries on its governing board, has established a comprehensive Fiscal Decentralisation database covering all aspects of intergovernmental fiscal relations and state/regional and local public finance.

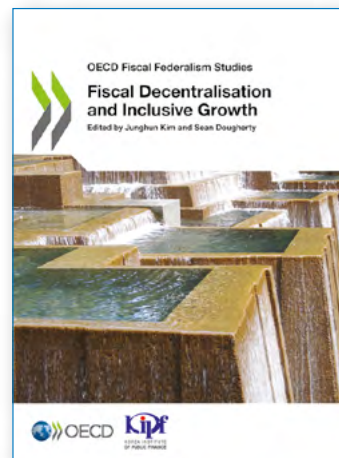
Key Publications

- *Fiscal Decentralisation and Inclusive Growth (2018)*
- *Fiscal Federalism: Making Decentralisation Work (2016)*

Fiscal Federalism Working Papers

- *Insolvency Framework for Sub-national Governments (2018)*
- *Improving the Performance of Sub-national Government through Benchmarking and Performance Reporting (2018)*
- *Decentralisation in a Globalised World (2018)*
- *Sub-central Tax Autonomy (2015)*

<http://oe.cd/fiscalnetwork>



Supporting domestic resource mobilisation

The role of effective tax systems as a crucial element of domestic resource mobilisation (DRM) has received increased recognition in recent years. This has included from the G20, as well as in the discussion on development financing as part of the global commitment to the 2030 Agenda, and Sustainable Development Goal 17 in particular.

Support for developing countries

The OECD ensures that developing countries' needs are taken into account and supported across its programme of work on tax matters. To do so, it has developed a strong bilateral country programme providing assistance to countries on key international tax issues such as transfer pricing. This provides strong first-hand knowledge which is fed into the development of OECD's tools and standards.

In addition, capacity building is supported through multilateral assistance, for example with the development of practical toolkits that address the top priority Base Erosion and Profit Shifting (BEPS) issues identified by developing countries. Since 2015, the OECD has also seconded one of its tax experts to work in the African Tax Administration Forum at their request, to

support their capacity building efforts on international tax issues across Africa.

Through the Tax and Development Programme, the OECD develops and promotes research across a variety of areas, looking at the central role the tax system plays in state-building, through to taxation in the extractive industries and the effectiveness of tax incentives as a policy tool to attract investment. We provide guidance to development co-operation agencies on how to provide more and better support to country-led DRM efforts. Our recent publications include a survey of taxpayer education tools used across more than 40 countries, and an assessment of the factors which influence tax morale (i.e., a taxpayer's willingness to pay taxes aside from their legal obligation to do so).

The OECD's work in this area is supported by the [Task Force on Tax and Development](#), a unique multi-stakeholder body bringing together governments, business, civil society and international and regional organisations. The Task Force is currently co-chaired by the Netherlands and South Africa.

The Platform for Collaboration on Tax

In 2016, recognising the growing demand for enhanced co-ordination on tax issues, the International Monetary Fund, the OECD, the United Nations and the World Bank Group created the Platform for Collaboration on Tax. The Platform formalises regular discussions between the four international organisations to better coordinate their capacity-building support. The Platform held its first global event in February 2018 on *Taxation and the SDGs*.

Two toolkits have already been published – on efficient tax incentives for investment in 2015, and on the difficulties in accessing comparables data for transfer pricing purposes in 2017, with the remaining six being developed over the next two years. Toolkits can help contribute to building tax capacity. This can in turn support tax certainty through providing clear options for developing countries to use, that are consistent with international standards. A toolkit on implementing effective transfer pricing documentation is due to be released in 2018.

In 2018, a conference aiming to provide guidance to countries and other stakeholders on how to better target tax efforts to achieve broader development goals was held, and issued a conference statement at the end which informed a future agenda on tax policy and administration.

Focus on.... Tax Inspectors Without Borders

The OECD/UNDP Tax Inspectors Without Borders (TIWB) initiative facilitates the deployment of experts to work alongside tax auditors from tax administrations in developing countries on complex international tax audits and audit-related issues. Transferring knowledge and skills through a real time, “learning by doing” approach, TIWB is a unique, niche form of capacity building assistance with impressive results to date, attracting the interest of government donor agencies and private foundations.

TIWB programmes help improve the quality and consistency of audits and the transfer of knowledge to Host Administrations (tax administrations requesting assistance). Beyond the



benefits of increased revenues, longer-term outcomes include greater certainty for taxpayers and enhanced compliance. TIWB programmes have helped generate USD 414 million in increased tax revenues for Host Administrations. TIWB represents excellent value for money with, on average, over USD 100 in additional tax revenues recovered for every USD 1 spent on operating costs. There are currently over 30 ongoing and 23 upcoming TIWB programmes across the globe.

The TIWB Governing Board is co-chaired by Angel Gurría, OECD Secretary-General and Achim Steiner, UNDP Administrator. The other board members are:

- ▶ Sigrid Kaag (Minister for Foreign Trade and Development Co-operation of the Netherlands)
- ▶ Mauricio Cárdenas Santa María (Minister of Finance and Public Credit of Colombia)
- ▶ Bob Hamilton (Commissioner of the Canada Revenue Agency)
- ▶ Ngozi Okonjo-Iweala (former Minister of Finance, Nigeria)
- ▶ Paul Collier (Professor of Economics and Public Policy, University of Oxford)
- ▶ John Christensen (Chair and Co-founder, Tax Justice Network)

Global Relations and Development

The CTPA's Global Relations and Development Division fosters policy dialogue and capacity building through sharing experiences, and encompasses around 60 multilateral and bilateral events per year, bringing together some 2000 tax officials from over 100 countries in more than 20 venues globally. This work focuses on new developments in global tax standards, guidelines and best practices in tax administration and tax policy, including BEPS, ultimately leading to enhanced domestic resource mobilisation.

The CTPA's capacity building support builds on a network of six Multilateral Tax Centres (MTC) as a focus for dialogue between OECD and Partner countries on tax matters. The goal is to integrate tax officials in a global community of practice, share experiences, acquire a higher understanding of international tax systems and their implementation, and develop shared solutions to common problems. A key mechanism to achieve this community of practice is the Knowledge Sharing Platform (KSP) launched in 2016: an online tool open to tax officials only for sharing tax knowledge and improving the delivery of our events. In 2018, the OECD launched a new project on blended learning. Courses are offered on various BEPS actions and implementation using a combination of online training (delivering reading materials, presentations, videos, self-assessment tests and email tutoring) to supplement traditional face-to-face workshops under the guidance of an event leader and experts at the six MTCs.

Key Publications

- *TIWB Annual Report (2018)*
- *Toolkit for Addressing Difficulties in Accessing Comparables Data for Transfer Pricing Analyses (2017)*
- *Building Tax Culture, Compliance and Citizenship: A Global Source Book on Taxpayer Education (2015)*
- *Options for Low Income Countries' Effective and Efficient Use of Tax Incentives for Investment (2015)*
- *Tax and Development: Aid Modalities for Strengthening Tax Systems (2013)*
- *What Drives Tax Morale (2013)*

www.oecd.org/tax/tax-global/tax-and-development.htm

www.tiwb.org



Tax policy

Providing tax policy analysis and advice

Tax policy must strike a balance between securing the revenues needed by governments to finance their social and economic programmes and the need for a tax system that promotes innovation, productivity and inclusive, economic growth.

The OECD's Tax Policy and Statistics Division is an interdisciplinary team of economists, lawyers, statisticians and specialist tax policy analysts. Our work draws on a combination of economic theory and empirical evidence, to analyse the effects of alternative tax policy choices. Policies are evaluated in terms of their impact on economic efficiency, growth, income distribution, government revenues and other policy objectives such as environmental sustainability and support for innovation.

We also work closely with a broad range of OECD and non-OECD countries across a range of direct and indirect tax issues to deliver tailored, country-specific tax policy advice. This can include designing appropriate policy solutions, supporting countries in the implementation phase, and also reviewing the effectiveness of enacted measures over time.

Some parts of our tax policy work also involve close collaboration with other OECD Directorates in a two-way exchange, providing input to economic surveys (Economics Department), multidimensional country reviews (OECD Development Centre), Environmental Performance Reviews (Environment Directorate) and other publications.

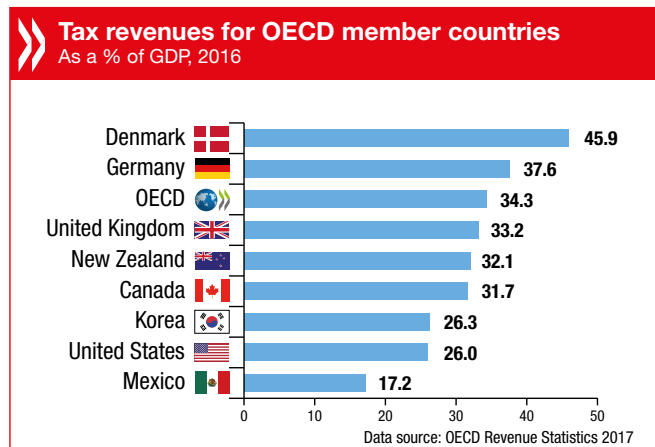
High quality data

To support our analysis, we work with countries to develop reliable revenue data which can help policy makers make informed tax policy choices, and make comparative assessments between countries and over time. This work forms the basis of some of CTPA's annual flagship publications, on [Revenue Statistics](#), [Taxing Wages](#) and [Consumption Tax Trends](#). Our 'Country Notes' series, provides OECD members with a snapshot of the key data points across each of these issues in their country.



Revenue Statistics

Growing rapidly in recent years in response to demand, the OECD's Global Revenue Statistics programme now covers more than 80 countries across the globe, which will expand to cover more than 90 countries by the end of 2018, with special focus devoted to OECD countries, Africa, Latin America and the Caribbean, and Asia and the Pacific. Drawing on the high-quality approach used to develop revenue statistics for OECD members for more than 50 years, we work in close co-operation with participating countries and regional organisations to deliver a unique set of detailed and internationally comparable tax revenue data in a common format



Taxing Wages

The OECD's annual Taxing Wages publication covers personal income taxes and employee social security contributions, payroll taxes and social security contributions paid by employers and cash benefits received by in-work families. It clearly illustrates how these taxes and benefits are calculated in each member country, and examines their impact on household incomes and employers' labour costs. The results also enable quantitative cross-country comparisons of labour cost levels and the overall tax and benefit position of single persons and families with and without children on different levels of earnings.



OECD Global Revenue Statistics Database

The new Global Revenue Statistics Database is a major step forward in providing comparable and reliable tax revenue data for a large number of countries from all regions of the world. It provides detailed comparable tax revenue data for 80 countries from 1990 onwards. The data are reported at the general level of government and also at the sub-national and social security fund levels.

<http://oe.cd/global-rev-stats-database>

Key Publications

- *Taxing Wages*
- *Taxation of Household Savings (2018)*
- *The Role and Design of Net Wealth Taxes in the OECD (2018)*
- *Revenue Statistics (edited from 1965 onwards covering OECD countries)*
- *Revenue Statistics in Latin America and the Caribbean*
- *Revenue Statistics in Asian Countries*
- *Revenue Statistics in Africa*
- *Tax Policy Reforms*
- *Taxation and Skills (2017)*

Tailored tax policy advice – recent examples:

- *Tax Policy Reviews: Costa Rica (2017) and Slovenia (2018)*
- *Statutory tax rates on dividends, interest and capital gains OECD Taxation Working Papers, n°34 (2018)*
- *The environmental tax and subsidy reform in Mexico, OECD Taxation Working Papers, n°31 (2017)*
- *The Impact of Tax and Benefit Systems on the Workforce Participation Incentives of Women, OECD Taxation Working Papers, n°29 (2016)*
- *From a Developing to an Emerging Economy: Côte d'Ivoire's Tax Policy Challenges, OECD Taxation Working Papers n°25 (2016)*

www.oecd.org/tax/tax-policy/tax-database.htm

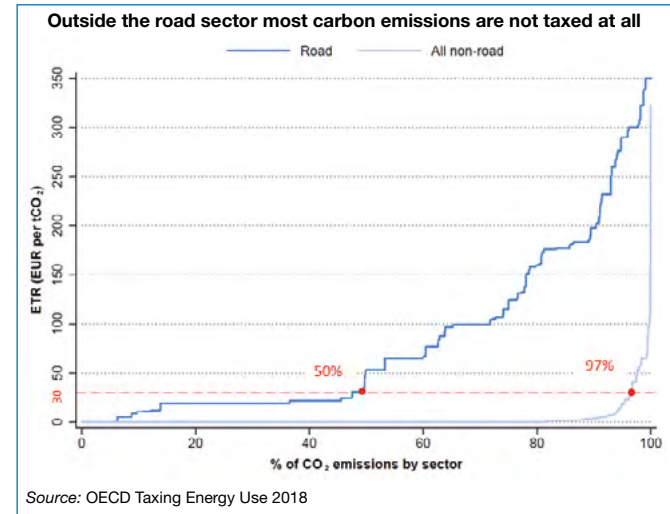
www.oecd.org/tax/tax-policy/

Focus on... Tax and the environment

With growing global awareness of the widespread impacts of climate change, and with concerns over pollution high on domestic policy agendas, the OECD has established itself as a global leader at the intersection of tax and environmental policy. Through our research and publications, we are helping countries to better understand the options and impacts when considering tax as an instrument for environmental policy. Effective environmental tax policy ensures balanced tax treatment of energy and other sources of pollution aligned with their environmental impact and encourages important behavioural change. Through their revenue-raising capacity, environmentally related taxes also can contribute to growth-friendly tax policy.

Our work on carbon pricing contributes to the global debate on carbon emissions abatement, including at the annual COP-meetings. It provides decision-makers with the most comprehensive and systematic data on “effective carbon rates” on CO₂ emissions from energy use. Effective carbon rates are the sum of carbon taxes, excise taxes on energy use and tradable emission permit prices, expressed in euros per tonne of CO₂ emissions. The results set out in our reports on *Effective Carbon Rates*, are striking: the gap between actual rates and the very conservative estimate (EUR 30/tonne) of the climate cost of CO₂ emissions is approximately 80%. The report *Taxing Energy Use 2018: Companion to the Taxing Energy Use Database* provides more detail on energy taxes, indicating particularly low rates on some

fuels, including coal. These analyses are based on the OECD’s Taxing Energy Use database, a unique dataset to compare



coverage and magnitude of specific taxes on energy use across 42 OECD and G20 economies, which together represent approximately 80% of global energy use and CO₂-emissions associated with energy use.

Our work on the distributional and affordability impacts of higher energy taxes has shown empirically that adverse impacts are more limited than often taken for granted, and that they can be compensated through transfers that require only part of the revenue from higher taxes. Higher energy prices through carbon pricing have so far not had measurable impacts on competitiveness on average.

Broad tax policy is not always aligned with environmental goals. For example, recent analysis investigates the conditions under which corporate income taxation encourages or discourages the choice for low carbon technology in electricity generation.

Key Publications

- *Effective Carbon Rates 2018*
- *Taxing Energy Use 2018: Companion to the Taxing Energy Use Database (2018)*
- *Unintended technology-bias in corporate income taxation (2018)*
- *Permit allocation rules and investment incentives in emissions trading systems (2017)*
- *The environmental tax and subsidy reform in Mexico*
- *Environmental Fiscal Reform: Progress, Prospects and Pitfalls (2017)*
- *The impact of energy taxes on the affordability of domestic energy (2017)*
- *The Diesel Differential: Differences in the Tax Treatment of Gasoline and Diesel for Road Use, OECD Taxation Working Papers, n°21 (2014)*

www.oecd.org/tax/tax-and-environment.htm



Consumption taxes

The OECD's work on consumption taxes assists OECD and non-OECD economies with the design and operation of Value Added Taxes/Goods and Services Taxes (VAT/GST) and excise duties. We delivered the [International VAT/GST Guidelines](#) in 2016 as the internationally agreed standard for the application of VAT/GST to international trade, with a particular focus on trade in services and intangibles. We are now developing implementation packages to provide practical guidance for the consistent and effective implementation of these Guidelines, notably to address the challenges of the digital economy. Our work also includes the development of comprehensive, comparative data and the provision of country-specific advice on the design and operation of consumption taxes.



International VAT/GST Guidelines

The OECD's International VAT/GST Guidelines were developed:

- to support the neutrality of VAT/GST and to ensure a level playing field for domestic and foreign businesses in international trade;
- to address the risks of double taxation and unintended non-taxation that result from the uncoordinated application of VAT/GST to international trade;
- to ensure the effective collection of VAT/GST on cross-border trade in services and intangibles, including on cross-border e-commerce sales to private consumers (B2C), in the jurisdiction where products are consumed.

The implementation package on [Mechanisms for the Effective Collection of VAT/GST](#) was delivered in 2017, to support the implementation of effective regimes for the collection of VAT/GST in particular on online sales by foreign suppliers.

Global Forum on VAT

Created in 2012 as a unique platform for a global dialogue on the design and operation of VAT/GST, the fourth meeting of the OECD Global Forum on VAT was held in April 2017. At this meeting participants from around the world, including from numerous developing economies, shared analysis and experiences on a wide range of aspects of VAT design and operation, notably in light of the digitalisation of the global economy. They also discussed best practice approaches for the effective implementation of the standards for the collection of VAT on online sales recommended by the International VAT/GST Guidelines. The next meeting will be held in Melbourne, Australia in March 2019.

Consumption Tax Trends

This biennial publication is a unique source of information on VAT/GST and excise duty bases and rates in OECD member countries. It also includes an estimate of the VAT Revenue Ratio (VRR) in OECD countries, which provides an indicator of the combined effect of revenue losses resulting from exemptions, reduced rates and fraud.

Key Publications

- *Consumption Tax Trends (2018 forthcoming)*
- *Simplified registration and collection mechanisms for taxpayers that are not located in the jurisdiction of taxation: A review and assessment (2018)*
- *Mechanisms for the Effective Collection of VAT/GST (2017)*
- *International VAT/GST Guidelines (2017)*
- *The Distributional Effects of Consumption Taxes in OECD Countries, OECD Tax Policy Studies, n°22 (2014)*

www.oecd.org/tax/consumption





Who we are and how we work

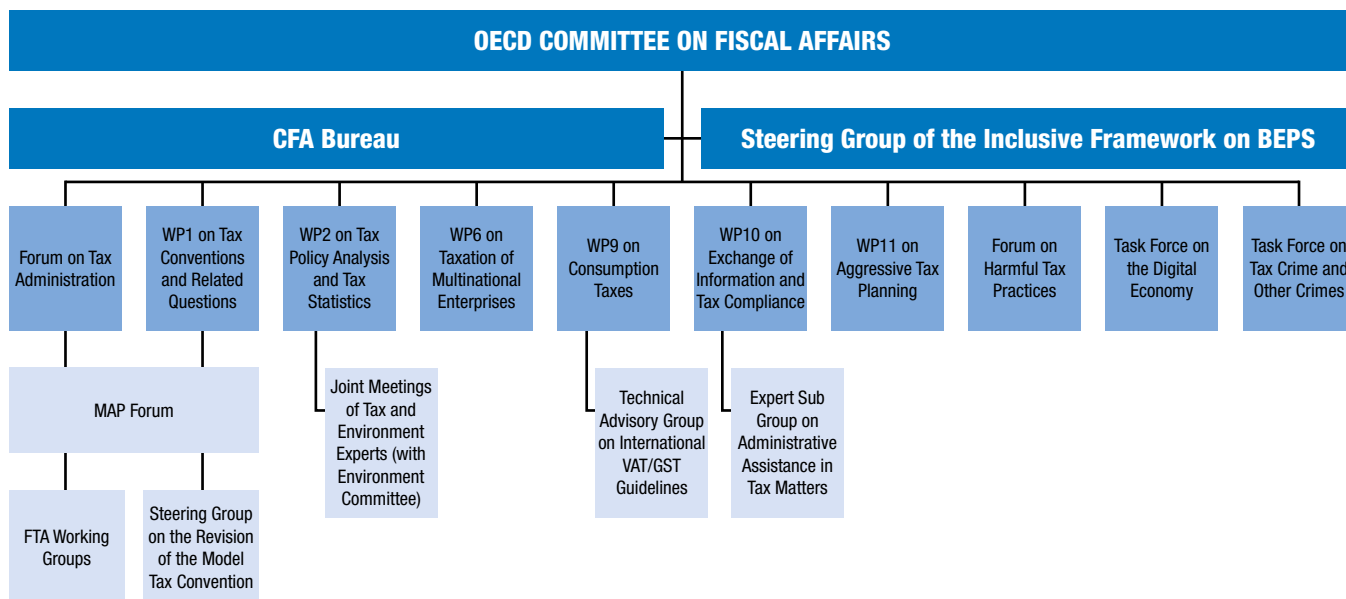
The work undertaken by the [Committee on Fiscal Affairs \(CFA\)](#) started with the OECD's Model Tax Convention, and broadened over time from a focus on international tax issues to the evolution of tax policy and best practices in tax administration. The CFA's work, carried out through its technical working parties, fora and taskforces, covers a wide range of international and domestic, direct and indirect tax issues and results in standards, guidelines and best practices that are implemented throughout the world.

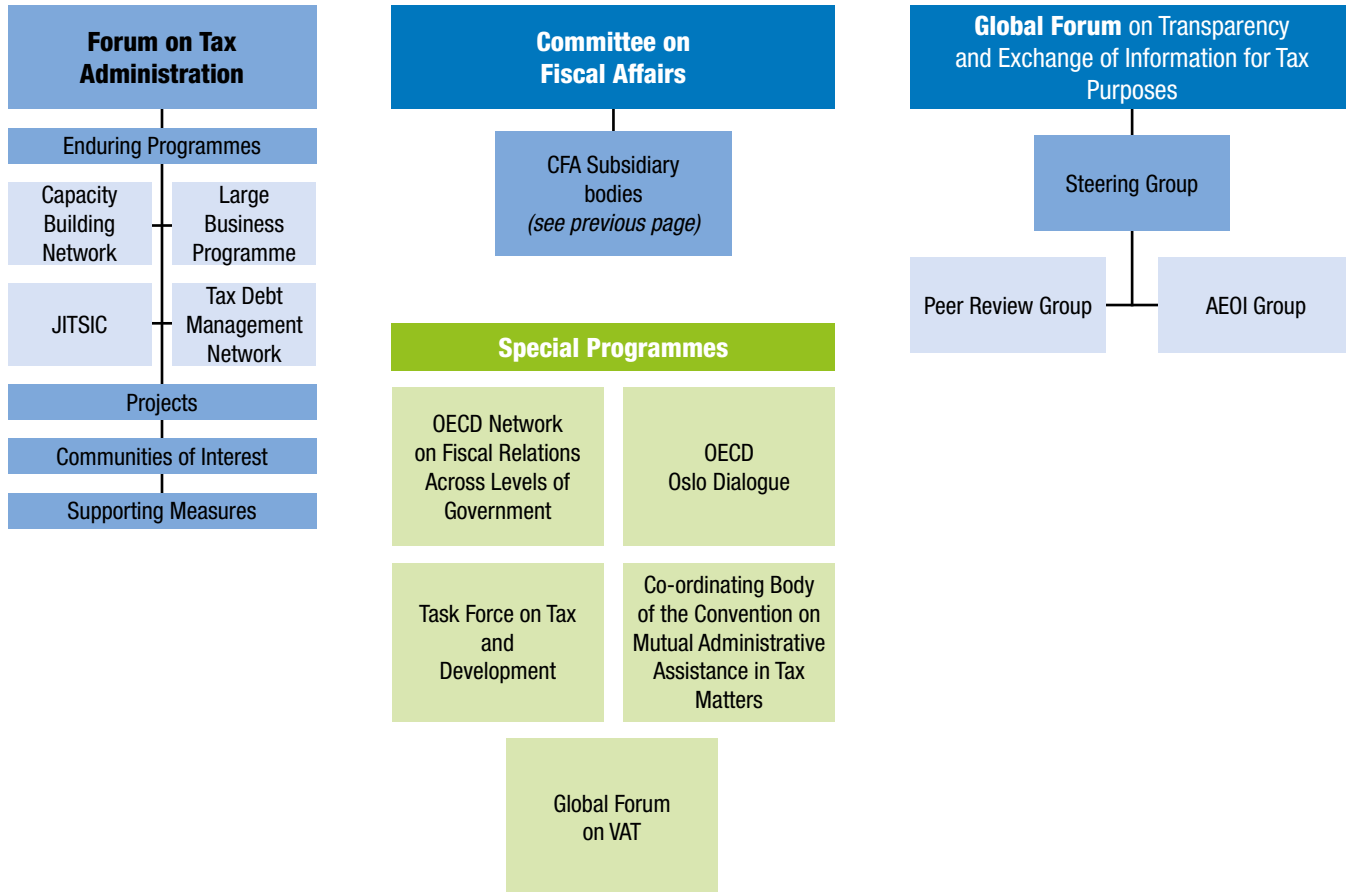
The CFA's work is based around **eight core principles**, namely:

- ▶ [Eliminating international double taxation on income and capital without creating opportunities for non-taxation](#) through complying with the key substantive conditions under the [OECD Model Tax Convention](#).
- ▶ [Collecting appropriate data for the CFA's periodic tax statistics and tax policy publications](#) and also to [contribute actively to the analysis of tax policy](#) in terms of its effects on economic performance and social well-being.
- ▶ [Eliminating double taxation through ensuring the primacy of the arm's length principle](#), as set out in the [OECD's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations](#), for the determination of transfer pricing between associated enterprises.
- ▶ Addressing [Base Erosion and Profit Shifting \(BEPS\)](#) in accordance with the BEPS package and the ongoing work of the OECD/G20 Inclusive Framework on BEPS.
- ▶ Engaging in administrative assistance in tax matters, including through [effective exchange of information](#) as reflected in the international standards on exchange of information and on automatic exchange of financial account information in tax matters.
- ▶ [Reducing uncertainty and risks of double taxation and unintended non-taxation when applying Value Added Tax/Goods and Services Tax in a cross-border context](#), through the design and operation of these taxes in accordance with the 2016 Council Recommendation setting out the OECD's of [International VAT/GST Guidelines](#).
- ▶ [Combating tax crimes and other crimes](#) in accordance with the 2009 Council Recommendation, the 2010 Council Recommendation and the Ten Global Principles in Fighting Tax Crime.
- ▶ [Committing to provide appropriate data for the International Survey on Revenue Administration for purposes of the Tax Administration Comparative Information Series](#).

The Structure of the Committee on Fiscal Affairs

The more than 115 members of the BEPS inclusive framework participate on an equal footing in the BEPS-related work of the Committee on Fiscal Affairs and its subsidiary bodies. These members include all OECD countries, all G20 countries, plus a growing number of other countries and jurisdictions. In addition, a number of these non-OECD countries also participate in the non-BEPS related work of the CFA or its subsidiary bodies, as Associates, Participants and Invitees. Full details can be found online in the OECD's Bodies Book: <http://webnet.oecd.org/oecdgroups/>





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The Centre for Tax Policy and Administration is a multicultural team, encompassing some 155 international civil servants: economists, tax lawyers, policy analysts, statisticians and administrative staff.

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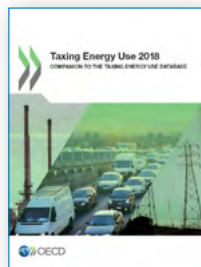
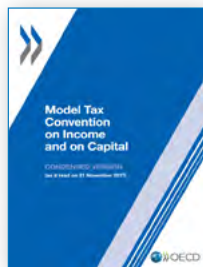
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▶ **Global Forum on Transparency and Exchange of Information for Tax Purposes**



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Flagship publications & legal instruments



- ▶ OECD Model Tax Convention
- ▶ OECD Transfer Pricing Guidelines
- ▶ Global Forum on Transparency and Exchange of Information for Tax Purposes: Peer Reviews
- ▶ OECD/G20 Base Erosion and Profit Shifting: Final Reports
- ▶ OECD/G20 Base Erosion and Profit Shifting: Peer Reviews
- ▶ Standard for Automatic Exchange of Financial Account Information in Tax Matters
- ▶ OECD International VAT/GST Guidelines
- ▶ Revenue Statistics covering OECD, Latin American and Caribbean, Asian and Pacific, and African countries
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- ▶ Taxing Energy Use

- ▶ Tax Policy Reforms
- ▶ Fighting Tax Crime: The 10 Global Principles
- ▶ Convention on Mutual Administrative Assistance in Tax Matters
- ▶ Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting

Taxation Working Papers:

This series is designed to make available to a wider readership selected studies focusing on tax policy related issues.

www.oecd.org/tax/tax-policy-working-papers.htm

Key links

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