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Special meeting on international cooperation in tax matters

Summary record of the 8th meeting
Held at Headquarters, New York, on Friday, 9 December 2016, at 3 p.m.

President: Mr. Shava .... (Zimbabwe)

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The meeting was called to order at 3.05 p.m.

International cooperation in tax matters (*continued*)

Panel discussion: "Strengthening tax capacity in developing countries"

1. **Mr. Trepelkov** (Director, Financing for Development Office, United Nations Department of Economic and Social Affairs), moderator, presenting the Platform for Collaboration on Tax, said that both the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development emphasized the importance of domestic resource mobilization. One way to boost domestic resource mobilization was to modernize tax systems, which involved adopting development-oriented tax policies, streamlining tax administration, broadening the tax base and combating tax evasion and capital flight.

2. While international and regional organizations had made substantial progress in fostering international tax cooperation and providing guidance, strengthened and better coordinated efforts were needed to implement that guidance effectively in developing countries, taking into account their different needs and capacities. The Platform for Collaboration on Tax, a joint initiative of the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), the United Nations and the World Bank, had been launched in 2016 to intensify cooperation on tax issues. Specifically, the Platform was intended to improve the coordination of tax capacity-building support for developing countries, deliver joint outputs and strengthen the interactions between standard-setting, capacity-building and technical assistance.

3. In response to a request from the Group of 20, IMF, OECD, the United Nations and the World Bank had produced a report on enhancing the effectiveness of external support in building tax capacity in developing countries. The report sought to identify the core elements of successful tax capacity-building programmes and enabling factors. It emphasized the need to create a supportive political and social environment for reform at the country level, develop coherent revenue reform strategies, foster cooperation among development partners, and ensure the inclusion of developing countries in international discussions.

4. Turning to the issue of ensuring political commitment to tax reform, he noted that the report had identified strong country commitment within a supportive political environment as essential for successful tax capacity development. While external support could play a critical role, tax reforms must be country-driven and backed by continued commitment at the highest levels. Both the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda stressed the importance of national ownership and leadership for achieving sustainable development. Cohesive, nationally owned sustainable development strategies, supported by integrated national frameworks, should be at the heart of countries' efforts to achieve the Sustainable Development Goals. In the area of domestic public resources, the 2030 Agenda and the Addis Ababa Action Agenda emphasized that public policies and the mobilization and effective use of domestic resources should be underpinned by the principle of national ownership. Moreover, the Addis Ababa Action Agenda encouraged countries to set national targets and timelines for domestic resource mobilization as part of their sustainable development strategies.

5. The report contained recommendations aimed at supporting the creation of enabling in-country political environments for tax reforms, which could lead to increased domestic resource mobilization for investment in sustainable development. He highlighted recommendation 1, which called on the Group of 20, international organizations and development partners to encourage political support for tax system development through, for example, financial support and mutual accountability provisions, such as those contained in the Addis Tax Initiative. He also drew attention to recommendation 1b, which called on the Group of 20 and donor countries to build the capacity of local stakeholders to engage in reforms and develop medium-term revenue strategies.

6. The report also contained examples of strategies and country approaches adopted to foster political and social support for tax reforms. There were important lessons to be learned from those examples. He looked forward to hearing the views of participants on how to ensure that political commitment to tax reform was promoted and made sustainable at the country level.

7. **Ms. Perez-Navarro** (Deputy Director, Centre for Tax Policy and Administration, OECD), panellist, addressing the topic of how to ensure that the international tax agenda delivered for developing countries, said that the Addis Ababa Action Agenda had put the issue of international taxation on the political agenda of developing countries. That was significant, as high-level political support and commitment to legislative change — not just technical cooperation — were needed in order to close loopholes and conclude treaties and other instruments. In order to translate that commitment into action, the next step

was for countries to identify national priorities, which would help them to focus their efforts.

8. A wide range of international and regional initiatives were helping to drive change. Since 2009, the Group of 20 had recognized the importance of helping developing countries to implement measures aimed at tackling cross-border tax evasion and avoidance. There had also been a dramatic increase in collaborative approaches to such issues. Over 90 States, including more than 40 developing countries, had joined the OECD inclusive framework on base erosion and profit shifting. Meanwhile, 137 States were members of the Global Forum on Transparency and Exchange of Information for Tax Purposes, which had been extremely effective in terms of boosting the exchange of information and improving countries' ability to administer their tax systems.

9. She highlighted the importance of multilateral legal instruments, such as the Convention on Mutual Administrative Assistance in Tax Matters, which had been signed by 107 countries. The Committee of Experts on International Cooperation in Tax Matters was also engaged in important work specifically focused on developing countries. The text of a multilateral instrument on the implementation of tax treaty related measures to prevent base erosion and profit shifting had recently been finalized. Lastly, IMF and the World Bank were working to support tax reforms through lending and advisory services.

10. Noting that regional organizations had a vital role to play in helping countries to implement reforms, she said that a regional component had been incorporated in the inclusive framework on base erosion and profit shifting. While international forums were useful, smaller regional meetings were important for ensuring that all countries' voices were heard.

11. She highlighted recommendation 5 of the report, which called on international organizations, regional tax organizations and development partners to help developing countries to participate effectively in international tax policy discussions and institutions and for good experiences to be disseminated with a view to scaling them up. In that connection, OECD was engaged in capacity-building and had established a twinning programme to help countries to engage effectively with the inclusive framework on base erosion and profit shifting.

12. She also drew attention to recommendation 2c, that the Platform for Collaboration on Tax should develop mechanisms to support the development of coordinated plans for all development providers' work in relation to the implementation of the inclusive framework on base erosion and profit shifting and wider international tax issues. That meant that donors also needed to investigate how they could support developing countries in their efforts to implement reforms.

13. Lastly, she highlighted recommendation 4, which called for the Group of 20 countries and development partners to continue to work closely with regional tax organizations and provide support for increasing their strength and coverage in terms of fostering local networks and exchange of experiences, supporting capacity development in targeted areas, and influencing international rule setting and implementation. Regional tax organizations indeed played a critical role in supporting developing countries. Countries in a particular region tended to have similar legal systems and contexts, which meant that they could learn from one another.

Interactive discussion

14. **Ms. Rangaprasad** (Society for International Development) said that developing countries felt that in order for the international tax agenda to deliver for them, they must be given an equal seat at the table and the opportunity to participate in the design of the agenda itself. She asked what could be done to ensure the political commitment of OECD countries to that goal.

15. **Ms. Perez-Navarro** (Deputy Director, Centre for Tax Policy and Administration, OECD) said that was a question for the members of the Committee of Experts on International Cooperation in Tax Matters, rather than OECD. OECD had tried, through various new and existing institutions, to offer a seat at the table for all.

16. **Mr. Ohme** (Germany) said that OECD was heavily involved in the work of the Inter-Agency Task Force on Financing for Development. Political reporting on such issues as domestic resource mobilization was key in order to hold all actors accountable. It was estimated that $150-200 billion in illicit financial flows was being diverted annually from areas that would help to achieve the Sustainable Development Goals. He asked whether OECD, and in particular the Centre for Tax Policy and Administration and the Development Assistance Committee, would work together in the Inter-Agency Task Force to see that indicators and targets were put in place with a view to combating illicit financial flows, as well as an accounting system to measure progress.

17. **Mr. Trepelkov** (Director, Financing for Development Office, United Nations Department of Economic and Social Affairs) said that the question

concerned not only OECD but also the United Nations, in particular the Financing for Development Office, which was the coordinator of the Inter-Agency Task Force on Financing for Development. One of the areas of work of the Task Force, as identified in the Addis Ababa Action Agenda, was illicit financial flows, in particular in terms of data, estimates and figures. Plans had been made to engage with OECD, IMF and the World Bank at both the staff level and the expert level, with the participation of other stakeholders. It was hoped that the results of that joint work would be presented in the 2017 report of the Task Force.

18. **Ms. Perez-Navarro** (Deputy Director, Centre for Tax Policy and Administration, OECD) said that OECD had established the Task Force on Tax and Development, a joint initiative of the Committee on Fiscal Affairs and the Development Assistance Committee, precisely to make the link between development assistance and tackling tax avoidance and evasion. The Development Assistance Committee had also produced a report entitled “Illicit Financial Flows from Developing Countries: Measuring OECD Responses”. The report reviewed the implementation of the recommendations of the Financial Action Task Force, which was vital because strengthening anti-money laundering rules in OECD countries — where illicit financial flows often ended up — would help developing countries to stem such flows. The report also detailed the number of countries that had signed tax information exchange agreements with developing countries, which was another policy avenue for supporting developing countries. Lastly, thanks to the Addis Tax Initiative, a number of countries had committed to doubling their development assistance to support the tax systems of developing countries.

Panel discussion: “How to establish medium-term reform strategies and improve and integrate diagnostic tools and strategic thinking”

19. **Ms. Perry** (Assistant Director, Fiscal Affairs Department, IMF), panellist, said that in low-capacity environments, building tax capacities was a protracted process that required persistent effort. A medium-term reform strategy, country-developed and country-owned, could help guide support to where it was most needed. Any such strategy should begin with a broad consensus on the desired level of revenue mobilization and any necessary reforms, with due consideration to poverty and distribution implications. A comprehensive reform plan could then be devised that included three components: a redesign of tax policy in line with revenue goals and other considerations; a reform of revenue agencies to maximize compliance; and, ideally, any legal changes necessary to enable the new policies and reforms. On the country side, the process required a level of political commitment sufficient to ensure sustained implementation. On the donor side, there must be a commitment to adequate financing and technology transfer to overcome domestic constraints. All parties needed to look beyond the political appeal of immediate results and approach the process with a commitment to the medium term.

20. Any potential framework for the design, implementation and evaluation of a medium-term reform strategy needed to include a diagnosis of the current situation, an implementation strategy, and ongoing monitoring throughout the process. Every stage should be accompanied by consultation with stakeholders, going beyond high-level officials to include civil society and both individual and corporate taxpayers.

21. The paper submitted by the Platform to the G-20 finance ministers had recommended that national authorities, with support from international organizations and development partners, should develop country-specific medium-term revenue strategies with a view to launching three to five pilot strategies by the middle of 2017. The Platform was in the process of identifying candidate countries for such pilot strategies. The paper had also recommended that donor and G-20 countries should facilitate capacity-building not only for governments, but also for local stakeholders, including businesses, civil society organizations and media. That would require additional technical assistance.

22. **Ms. Moreno-Dodson** (Lead Economist, Global Tax Team, World Bank), panellist, said that in order to build medium-term revenue strategies, developing countries needed to be equipped with diagnostic tools that were based on a cohesive set of principles and allowed for comparisons with other countries. A number of such tools were already in use by several countries. The Revenue Administration — Gap Analysis Program (RA-GAP) tool allowed tax authorities to calculate the gap between potential and actual revenue collection, and determine what part of that gap was due to non-compliance and what part to policy loopholes. The Fiscal Analysis of Resource Industries (FARI) tool allowed for an estimate of the distribution of revenues from extractive industries between industry and government. The International Survey on Revenue Administration (ISORA) — developed through a partnership among IMF, the Intra-European Organisation of Tax Administrations (IOTA), OECD and the Inter-American Centre of Tax Administrations (CIAT) — was designed to harmonize

surveys in order to produce a global set of baseline data to facilitate country comparisons. The Tax Administration Diagnostic Assessment Tool (TADAT) provided a uniform set of criteria for evaluating the performance of tax administrations with a view to establishing benchmarks for country comparisons and monitoring progress over time. The Tax Policy Assessment Framework (TPAF) was a new tool under development by the World Bank and IMF that would provide a coherent framework for systematic and structured assessment of which instruments were performing best within the parameters of a given tax policy.

23. All of the tools responded to the recommendation in the Platform paper for the development of diagnostic tools and framework for assessing cross-border tax issues, including avoidance, evasion and tax crimes. That paper also recommended that Platform partners should review and monitor the use of diagnostic tools in determining priorities for tax reform programmes.

Interactive discussion

24. **Mr. Campuzano** (Observer for Ecuador) said that some countries, including Ecuador, were experiencing difficulties implementing the recommendations and adopting new systems and strategies because their legal systems were old and outdated. For example, when Ecuador had been trying to address transfer pricing, under the country's legal code the authorities had been given just one year to introduce measures, which was not sufficient.

25. **Ms. Ghally** (Observer for Egypt) said that her country had found the TADAT tool useful for identifying areas for development. She wondered precisely what the differences were between that tool and the RA-GAP tool. Egypt was pleased with the cooperation it had received from OECD as a member of both the Global Forum on Transparency and Exchange of Information for Tax Purposes, which it had joined in August 2016, and of the base erosion and profit shifting (BEPS) framework. Her country had also become a member of the ad hoc group of the multilateral instrument for BEPS tax treaty measures, and was reviewing strategies for overcoming potential domestic obstacles to signing that instrument.

26. **Ms. Perry** (Assistant Director, Fiscal Affairs Department, IMF) said that it was certainly the case that outdated legal frameworks could be a major impediment to tax reforms. That was why the medium-term reform strategy's third component on legal frameworks was so important. Where legal reform was not possible, reform strategies needed to take that constraint into account. The principal difference between the RA-GAP and TADAT tools was that RA-GAP was designed to determine what parts of a gap in the collection of a particular tax was due to policy and what part due to non-compliance, whereas the TADAT tool was designed to look only at compliance gaps. Although the two tools were intended to do different things, they overlapped.

27. **Ms. Moreno-Dodson** (Lead Economist, Global Tax Team, World Bank) said that existing laws could be an obstacle to reform, and legislative change could take time. The framework was designed to give authorities the information they needed to evaluate proposed legislative changes and to compare their laws with those of other countries.

28. **Ms. Perez-Navarro** (Deputy Director, Centre for Tax Policy and Administration, OECD) said that the tools could help move forward necessary legislative changes by allowing countries to compare their strategies and time frames with those of other countries. OECD strove to offer a wide range of support to countries such as Egypt that were just coming into the process in order to optimize engagement and maximize benefit.

Next steps in the work of the Platform for Collaboration on Tax

29. **Ms. Perez-Navarro** (Deputy Director, Centre for Tax Policy and Administration, OECD), panellist, said that one of the main focuses of the Platform going forward would be to develop toolkits to assist national tax authorities. A toolkit on wasteful tax incentives had already been completed. Toolkits were also being developed on comparability analysis, indirect transfer of assets, treaty negotiation, transfer pricing documentation, base eroding payments, BEPS risk assessment and supply chain management. All the toolkits were designed to help low-income countries address problems created by base erosion and cross-border transactions.

30. **Mr. Trepelkov** (Director, Financing for Development Office, Department of Economic and Social Affairs), moderator, said that he was pleased to note that the communiqué issued by the leaders of the Group of 20 (G-20) following their summit in September 2016 had acknowledged the establishment of the Platform. The Platform would be providing the G-20 with an updated progress report by mid-2017. It planned to hold a global conference every two years, with the first such conference scheduled for February 2018 at United Nations Headquarters in New York. The theme would be the role of taxation in achieving the

Sustainable Development Goals, and the goal would be to identify synergies between the Platform and the 2030 Agenda, with a focus on the perspectives of least developed countries.

31. **Ms. Moreno-Dodson** (Lead Economist, Global Tax Team, World Bank), panellist, said that there were a number of ways that taxation could have an impact on achievement of the Sustainable Development Goals. Most obviously, taxation mobilized domestic resources and promoted fiscal sustainability. She cautioned that countries needed to tread a fine line between maximizing revenue collection and discouraging foreign investment and economic diversification. Taxation could also be designed to reduce wealth disparities, inter alia by preventing tax evasion by large taxpayers from shifting tax burdens to small taxpayers. Tax policy could also have implications for gender equality, notably by eliminating obstacles for small and medium enterprises, which were often owned by women. Taxation could also promote public goods such as health (as with tobacco and alcohol taxes), human development and environmental sustainability. Limiting tax avoidance and evasion across borders would reduce the drain of domestic resources that could otherwise be directed towards development.

Interactive discussion

32. **Ms. Bustamante** (Panama) said that her delegation was pleased that the Platform for Collaboration on Tax would convene a global conference on taxation and the Sustainable Development Goals in 2018, given the impact that taxes could have on development. Her Government was committed to the identification of resources to help developing countries make progress. To that end, her country, with the support of the United Nations, had hosted a number of capacity-building events organized the Inter-American Centre of Tax Administrations (CIAT) on matters such as transfer pricing, tax base protection and double tax treaties.

33. It was important to ensure that efforts to combat tax evasion did not impede foreign direct investment in developing countries by developed countries. Furthermore, problems such as corruption and the inefficient use of States resources warranted as much attention from the international community as tax evasion. Her delegation hoped that those issues would be discussed at the global conference on taxation and the Sustainable Development Goals.

Panel discussion: "How can the coordination and impact of capacity-building support be improved: regional perspective"

34. **Mr. Velázquez** (Director, Planning and Institutional Development, Inter-American Centre of Tax Administrations (CIAT)), panellist, said that CIAT, which currently had 39 member and associate member States from America, Europe, Africa and Asia, had been founded to promote international cooperation in tax matters. Practically all the Centre's work involved collaboration with other organizations, including the United Nations, the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF), the World Bank and the German Agency for International Cooperation. CIAT hoped to see the establishment of a network of regional tax organizations. To that end, it had held a meeting on sharing products and ideas, eliminating duplication of effort and the enhancing the efficiency of service delivery in October 2016, which had been attended by organizations such as the African Tax Administration Forum (ATAF) and the Intra-European Organisation of Tax Administrations (IOTA). CIAT intended to continue its efforts in that area. The Centre's strategic alliances enabled it to better support developing countries, which comprised a significant proportion of its members. It had worked with the Inter-American Development Bank, OECD, the United Nations and others to produce publications, and had supported United Nations initiatives on transfer pricing and the United Nations Model Double Taxation Convention between Developed and Developing Countries.

35. Cooperation with international organizations had played a very positive and important role in the Centre's work thus far, and it expected to continue to work effectively with such organizations in the future. Activities would likely include further seminars and workshops on issues of interest, such as international taxation and tax recovery and collection. Study visits and short-term technical assistance projects sponsored by its partner organizations would also remain a key element of the Centre's work. Those activities often involved South-South cooperation, with countries such as the Dominican Republic and India among the providers of support. Communication and coordination were essential to effective cooperation. CIAT had improved its cooperation with other organizations over the past five years by improving its planning, communication and coordination with those entities.

36. **Mr. Shongwe** (Specialist in Multi-lateral Cooperation, African Tax Administration Forum (ATAF)), panellist, said that ATAF had 38 member States and was governed by a council of 10 States. OECD had invited ATAF to participate in its base erosion and profit shifting process, which had allowed States members of ATAF to contribute to the process and highlight issues of importance to them, such as transfer pricing, interest rules and treaties. As a result of that cooperation, ATAF had developed risk assessment tools and drafted model legislation on interest rules that would come into effect in 2017. It had also contributed to the revision of the guidelines on pricing cross-border commodity transactions and on intra-group services in the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and to the revision of article 5 of the OECD Model Tax Convention on Income and on Capital.

37. An OECD staff member was currently seconded to ATAF to and was training 11 African experts to take over his work and deliver technical transfer pricing assistance on the continent. ATAF was implementing country programmes as part of the Africa Initiative of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes and working with the World Bank to develop model legislation on transfer pricing and a transfer pricing risk assessment tool for the Economic Community of West African States (ECOWAS) region. It was also collaborating with the United Nations on capacity-building programmes on transfer pricing and information exchange, both of which were going very well. The Forum's in-country technical assistance programmes in the area of cross-border tax, which involved reviewing legislation and introducing ATAF products such as its Model Transfer Pricing Legislation, Model Agreement on the Avoidance of Double Taxation and risk assessment tools, were also having a positive impact. The first Tax Inspectors Without Borders exchange between two African countries would soon take place, when an official from the Kenyan revenue authority would visit the corresponding authority in Botswana.

38. The most important element for improving collaboration was political support, in order to ensure that inadequate legislation could be reviewed and amended promptly. That would involve tax administrators and the Ministry of Finance making an effort to align their priorities. Coordination with other organizations was also important. ATAF was already working with a number of international organizations in Africa and was responsible for coordinating a number of transfer pricing and technical assistance projects. International organizations should leverage the work that had already been carried out by ATAF, rather than starting from scratch, especially since a number of ATAF products had been developed in consultation with States in the region.

Interactive discussion

39. **Mr. Spatz** (United Cities and Local Governments) said that local governments must be key partners of national Governments in tax matters in order to ensure sustainable and inclusive economic and social development. Building the capacities of local governments, ensuring they had access to their own resources and allowing them an adequate degree of fiscal autonomy would increase investment and the mobilization of domestic resources, which would result in improved infrastructure and provision of basic services.

40. Local taxation was one of the most appropriate tools for collecting local resources and ensuring returns on investments in local infrastructure, but in many countries it was limited to property tax. Its performance was particularly low in developing countries where cities lacked adequate tax registers and geographic information systems. It was therefore necessary to strengthen the capacities of local governments and diversify local taxation in order to include a portion of wealth created at the local level in the tax base. It was only right that local governments should be able to reinvest returns on their budget. Making that possible would involve taking steps to reduce local tax exemptions, which were often set at the national level, and tax evasion.

41. Giving local governments the power and necessary resources to adapt local tax policies to cope with shocks would promote development by increasing the creditworthiness of local governments and improving investor confidence. On average, local governments were responsible for 40 per cent of public investment, but there were significant discrepancies between countries. In developed countries and some emerging countries, local governments received 30 per cent of national resources and were responsible for over 50 per cent of public investment. That figure reached 70 per cent in some OECD member countries. However, in most of the least developed countries, only around 8 per cent of national resources were shared with local governments and their participation in public investment did not exceed 7 per cent.

42. It was essential to share national resources in an equal and appropriate manner, enable local governments to improve tax collection and increase

their access to loans and partnerships with the private sector. Local government agencies stood ready to work with international institutions to explore ways to strengthen local finance capacities.

43. **Mr. Chandra** (Observer for Indonesia) said that the discussion on sustainable development could not be separated from efforts to end poverty and achieve prosperity and equality. Indonesians should have guaranteed basic services and a sufficient income. However, the global economic situation had led to a decrease in the revenue of the State and a budget shortfall. Tax collection was one of the ways to strengthen the budget and enable spending on development priorities. His Government was therefore introducing tax reforms through regulatory and institutional means with the hope of increasing the tax to gross domestic product ratio, which currently stood at 11 per cent.

44. One reform was a tax amnesty intended to improve taxation data and expand the tax base in future. It was also in line with global efforts to combat base erosion and profit shifting. The amnesty had enabled the Ministry of Finance to collect $7.5 billion in the first phase of the amnesty programme. More public awareness campaigns would be promoted with the aim of reaching the target of $12.4 billion.

45. The Ministry of Finance was also seeking to ensure the integrity of the tax collection authority and had set up a team consisting of various stakeholders who were looking at ways to increase the credibility, transparency and accountability of tax collection. On the basis of Indonesia's experience, taxation should not be considered the only solution to the gap in financing for development. It was part of a wider effort to establish a comprehensive and integrated development financing framework.

46. As part of efforts to strengthen global tax cooperation as mandated by the Addis Ababa Action Agenda, Indonesia had just organized a forum on developing country tax policies and cooperation. The forum had attracted experts from various developing countries to further their collaboration, in particular in the context of the implementation of the Sustainable Development Goals.

47. **Mr. Ogouma** (Observer for Gabon) said that international tax cooperation was a major component of his country's domestic resource mobilization strategy. In a context of trade globalization, no tax authority could effectively thwart harmful tax practices and aggressive tax optimization or achieve its aims without cooperating with other tax jurisdictions. His country's commitment to combating fraud and tax evasion was reflected in the fact that it was a founding member of the African Tax Administration Forum and had also joined the Global Forum on Transparency and Exchange of Information for Tax Purposes of the Organization for Economic Cooperation and Development (OECD). Its mechanisms and instruments for cooperation with other tax authorities included a dynamic network of agreements, participation in the work of international and regional bodies, and, at the bilateral level, five double tax agreements with its main trading partners, with another twelve agreements in the pipeline for 2017. At the multilateral and subregional level, Gabon was also a party to the double tax agreement of the Central African Economic and Monetary Community.

48. Gabon was an active member of the Centre de Rencontre et d'Études des Dirigeants des Administrations Fiscales. Training was an important aspect of international tax cooperation, in particular in the areas of transfer pricing, value-added tax fraud, risk analysis, negotiations on tax agreements, human resources management and revenue mobilization reform. His country's needs had often been met through international cooperation, which had improved its technical capacity, tax legislation and administrative framework, enabling better control of transfer pricing and building expertise in fraud detection. Gabon's tax legislation included a procedure on preliminary agreements on prices. A transfer pricing task force was in place to assist inspectors dealing with multinational enterprises and their subsidiaries, and an information exchange cell had been established. The outlook was promising since, in the medium term, his country would automatically exchange information with its partners, and the resulting advantages outweighed the disadvantages of setting up that system. A move towards an organizational model in which the tax and customs authorities were merged was no longer unthinkable.

49. Gabon drew benefits from international tax cooperation and was making efforts to broaden its tax agreements and align them with international best practices. Indeed, international cooperation was the best way for tax authorities to respond to harmful tax practices in a context which, in the case of Gabon, was marked by a collapse in income from petroleum exports.

50. **Ms. Rangaprasad** (Society for International Development) said that the current drafting of the United Nations Code of Conduct on Cooperation in Combating International Tax Evasion and Avoidance merely sought to endorse the Global Forum on Transparency and Exchange of Information for Tax

Purposes process. That process was welcome but limited because, although it was rapidly building a tax information exchange system for early adopters, it would ensure that developing countries took longer than necessary to join. Multilateral engagement, rather than bilateral agreements, was the most effective approach.

51. There should be a commitment to ensuring confidentiality and providing data safeguards so that developing countries were not prevented from participating. The use of information for non-tax purposes, for example to combat corruption and money laundering, should be allowed. Aggregate statistics should also be collected, collated and published. Such data would not breach confidentiality and would enable a better understanding of the size and composition of offshore finance while encouraging developing countries to join the system.

52. Low-capacity developing countries should be allowed to opt for non-reciprocity so that they only received information and would benefit from exchanges of information as they adjusted to the costs of setting up systems that allowed full reciprocity. Furthermore, loopholes such as sham residency certificates and the thresholds under which there was no reporting should be closed. Collective sanctions should be imposed on financial centres that did not choose all other co-signatories without proper justification. Transparency initiatives such as central registries of beneficial ownership were important for banks.

53. Her organization supported a greater role for the United Nations. The Committee of Experts on International Cooperation in Tax Matters was not part of OECD or the G20 and could therefore go beyond merely endorsing the work of other international institutions and aim higher, in order to include developing countries also outside those institutions. Regarding automatic exchanges of information, the Committee should fill the existing gaps. True intergovernmental cooperation should mean that all Member States took part in negotiations on those issues in a neutral and transparent platform. Consequently, her organization supported the call by the Group of 77 and China for an intergovernmental United Nations tax body.

54. **Mr. Sinha** (India) said that national tax policies had ramifications across borders. Exchanges of information were good but not a substitute for genuine and equitable multilateralism when it came to defining international norms and standards on taxation. If the 2030 agenda was truly universal and domestic resource mobilization was an important component of achieving the Sustainable Development Goals, then Member States must all have an equal seat at the table to discuss global issues including tax and tax cooperation issues.

55. The Committee of Experts had some limitations since the views of its members were expressed in their individual capacity and did not reflect the views of their Governments. Developed countries dominated the Committee of Experts and decisions were taken by vote, not by consensus. The Committee should therefore be upgraded to the status of an intergovernmental body which would ensure greater cooperation for the benefit of developing countries; help to broaden the tax base in developing countries; strike a balance between North and South; and give a voice to developing countries. It would provide assistance and expertise from both developing and developed countries in policy formulation on taxation; set the benchmark for the development of international standards; and ensure that the views of developing countries were not ignored in disputes with developed countries. It would also enhance the legitimacy, accountability and authority of the Committee; strengthen the relationship between taxation and development through balanced representation; and facilitate the establishment of a dedicated technical staff of experts on tax issues.

56. **The President** said that the Council's discussions had demonstrated the importance of strengthened cooperation between the Committee of Experts on International Cooperation in Tax Matters and the Economic and Social Council with the aim of enhancing intergovernmental consideration of tax issues at the United Nations.

The meeting rose at 5.35 p.m.