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## OECD

*Report from Luis Nouel, Team Manager Global Knowledge Group*

### **Tax collectors worldwide to co-operate in revenue-raising to offset fiscal deficits**

The heads and deputy heads of revenue bodies from over 34 economies met in Paris, France on 28-29 May 2009 for the fifth meeting of the OECD's Forum on Tax Administration (FTA). As a result of the discussions, and building on the outcomes from the FTA meeting in Cape Town of 2008, the FTA agreed to continue:

- Improving the tax administration, taxpayer services and tax compliance – both nationally and internationally: In this regard, the revenue bodies were determined to improve taxpayer services and will undertake further work to share information and expertise to enable revenue bodies to prevent, detect and respond to noncompliance, including in relation to [offshore arrangements](#).
- Promoting strong corporate governance in the area of tax: The FTA administrations will continue to engage with business and with the agencies responsible for the development of corporate governance codes and guidelines with a view to ensuring tax compliance.
- Supporting tax administrations in developing economies: The revenue bodies will increase their understanding of the needs of developing countries in the area of tax administration and share relevant products, experience and expertise.

Also, two reports were issued at this meeting:

- the first is related to Building Transparent Compliance by Banks; while
- the second report deals with Engaging with High Net Worth Individuals ([HNWI](#)) on Tax Compliance.

In the report on building transparent compliance by banks, the FTA acknowledges that it can be difficult for revenue bodies to understand the complex financial products and transactions used by banks, and to distinguish those which carry a tax risk due to the complex structured finance transactions. In this regard, the revenue bodies recognized the need to develop the necessary skills to better understand complex financial products and differentiate those that should be regarded as aggressive from a tax perspective. The report states that revenue bodies should develop response strategies that improve transparency and compliance.

In the report related to HNWI, the FTA also recognized that the HNWI segment is of particular interest for tax administrations because of the:

- complexity of their affairs and the large numbers of entities they may control;
- amounts of tax revenue at stake;
- opportunity to undertake aggressive tax planning; and
- impact on overall integrity of tax system.

This report acknowledges that in order to improve compliance, tax administrations could consider:

- changing the structure of their operations to effectively focus resources and rely on international cooperation, at both a strategic and operational level, and
- sharing information and expertise between tax administrations, particularly on cross-border dealings.

It was also suggested that tax administrations should also strive to provide maximum guidance on voluntary disclosure rules and programmes, whilst dealing firmly with those who commit tax evasion

and fail to come forward before intervention by the authorities.

Reference: *TNS:2009-03-20:O2-1*.

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