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G20 Research Group
at Trinity College at the Munk School of Global Affairs in the University of Toronto
with the
International Organisation Research Institute
at the National Research University Higher School of Economics, Moscow
present

2013 St. Petersburg G20 Summit Final Compliance Report

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Contents

Preface	3
Introduction and Summary	6
Table 1: 2013 G20 St. Petersburg Summit Commitments Selected for Compliance Monitoring	8
Table 2: 2013 G20 St. Petersburg Final Compliance Scores	10
Table 3: 2013 G20 St. Petersburg Summit Final Compliance by Country	11
Table 4: 2013 G20 St. Petersburg Summit Final Compliance by Commitment.....	11
Table 5: G20 Compliance by Member, 2008-2013	12
Appendix: General Considerations.....	14
1. Macroeconomics: Investment	16
2. Macroeconomics: Credit Access	51
3. Trade	75
4. Financial Regulation: Tax Avoidance.....	100
5. Food and Agriculture: Food Price Volatility and Sustainable Agriculture	122
6. Climate Change.....	181
7. Energy: Clean Technology.....	198
8. Labour and Employment: Labour Policies	228
9. Labour and Employment: Vocational Training Programs	300
10. Crime and Corruption	329
11. Development: Tax Administration.....	363
12. Employment: Job Creation.....	391
13. Employment: Education.....	420
14. Macroeconomic Policy: Small and Medium-Sized Enterprises	446
15. Development: Green Growth.....	469
16. Development: Remittances.....	491

11. Development: Tax Administration

“[We are committed to continue to assist developing countries, including through the IO’s, in] building capacity in the area of tax administration (in addition to automatic exchange of information).”

St. Petersburg Summit Leaders Declaration

Assessment

	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia			+1
Brazil		0	
Canada			+1
China		0	
France			+1
Germany			+1
India			+1
Indonesia		0	
Italy		0	
Japan			+1
Korea			+1
Mexico		0	
Russia		0	
Saudi Arabia		0	
South Africa		0	
Turkey		0	
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.50	

Background

The G20 firmly launched its development agenda during 2009 Pittsburgh Summit with the establishment of the G20 Framework for Strong, Sustainable and Balanced Growth.¹⁸⁴⁷ G20 Leaders realized that narrowing the development gap and reducing poverty were vital to the G20’s core objectives of achieving strong, sustainable and balanced growth. During this Summit G20 Leaders declared that development issues were to be addressed jointly with global economic challenges, as they are interdependent with economic growth, job creation, investment climate and poverty reduction. At the 2010 Toronto Summit, G20 Leaders established the G20 Development Working Group (DWG) and then at the November 2010 Summit in Seoul G20 Leaders adopted the Seoul Development Consensus for Shared Growth in order to “add value to and complement existing development commitments.” During the Seoul summit they also adopted the Multi-Year Action Plan on Development (MYAP). The MYAP established nine pillars where G20 action was identified as necessary to resolve the most significant challenges facing developing countries with respect to inclusive, sustainable and resilient growth: 1) infrastructure, 2) human resource development, 3) trade, 4) private investment and job creation, 5) food security, 6) growth with resilience, 7) financial inclusion, 8) domestic resources mobilization and 9) knowledge sharing. The eighth pillar, domestic resources

¹⁸⁴⁷ About the Group, G20 DWG IEF. Date of Access: 19 February 2014. <http://www.g20dwg.org/>.

mobilization, stressed the importance of strengthening “tax regimes and fiscal policies in developing countries to provide a sustainable revenue base for inclusive growth and social equity, as well as to enhance the transparency and accountability of public finances.”¹⁸⁴⁸ The Action Plan also calls for IO’s such as the OECD, UN, IMF and World Bank to support the development of more effective tax systems in developing countries.¹⁸⁴⁹

In 2009, at the London Summit the G20 first declared the end of an era of bank secrecy, and stepped to the forefront of establishing a more effective, efficient and fair international tax system.¹⁸⁵⁰ Moreover, in 2009, the G20 called upon the Global Forum on Transparency and Exchange of Information for Tax Purposes to ensure a rapid implementation of its standards of transparency and exchange of information. During the 2011 Cannes Summit, G20 Leaders took under consideration the development of a new global tax standard, the automatic exchange of information for tax purposes. In 2012 at the Los Cabos Summit, G20 Leaders welcomed the report by the OECD on automatic exchange and “encouraged all countries to join this practice” and in July 2013 made it the new global standard. The G20 also declared that “there is a clear need for the practical and full implementation of this new tax standard on a global scale.” In doing so, G20 Leaders again called upon organizations such as the Global Forum, OECD, and the World Bank, among others, to assist developing countries in identifying their need for technical assistance and capacity building with respect to taxation standards.

According to a report published by the OECD, IMF, UN, and World Bank for the G20 DWG, taxation provides governments with the necessary funds needed to invest in development, relieve poverty, and deliver public services.¹⁸⁵¹ It also allows developing countries to reduce their dependency on foreign aid. Moreover, according to the report, tax system design is closely linked to domestic and international investment decisions, including in terms of transparency and fairness. Thus, a strong tax administration is essential to strengthening domestic resource mobilization. Despite this, half of the sub Saharan African countries still mobilize less than 17% of their GDP in tax revenues, which is well below the 20% minimum level considered by the UN as necessary to achieve the Millennium Development Goals (MDGs). Therefore, the G20 needs to take greater action in assisting developing countries in building capacity with respect to their tax administrations.

Commitment Features

The commitment requires G20 member countries to assist developing countries in building capacity in the area of tax administration. In a report to the G20 DWG focused on supporting the development of more effective tax systems, there were two main way in which G20 countries can better assist developing countries to strengthen their tax systems and support their revenue mobilization efforts: leading by example in addressing common issues and furthering common interests, and as shareholders

¹⁸⁴⁸ Annex II: Multi-Year Action Plan on Development, The Seoul Summit Document (Seoul) 12 November 2010. Date of Access: 19 February 2014. <http://www.g20dwg.org/documents/pdf/view/323/>.

¹⁸⁴⁹ Annex II: Multi-Year Action Plan on Development, The Seoul Summit Document (Seoul) 12 November 2010. Date of Access: 19 February 2014. <http://www.g20dwg.org/documents/pdf/view/323/>.

¹⁸⁵⁰ Tax Annex to the Saint Petersburg G20 Leaders Declaration, G20 Leaders Declaration (Saint Petersburg) 5 September 2013. Date of Access: 19 February 2014. <http://www.g20.utoronto.ca/2013/2013-0905-tax.html>.

¹⁸⁵¹ Supporting the Development of More Effective Tax System, A Report to the G20 Development Working Group by the IMF, OECD, UN, and World Bank 2011. Date of Access: 19 February 2014. <http://www.imf.org/external/np/g20/pdf/110311.pdf>.

or member of the international organizations most closely concerned with taxation and development.¹⁸⁵²

In order to fulfill these two mandates the report developed several recommendations for G20 Leaders on capacity building:¹⁸⁵³

Common issues, common interests — leading by example and developing partnerships

1. Estimate and publish tax expenditures, and the cost of special provisions, in regular tax expenditure and budgets. G20 countries could lead and encourage a more rigorous assessment of the costs and benefits of such provisions.
2. Develop analytical frameworks, suitable to the varying needs and circumstances of different countries, to assess the costs and benefits of preferential tax treatments, including in particular tax incentives aimed at FDI, and provide guidelines for countries which use such incentives.
3. Disclose and consider reducing the scope of tax exemptions required by G20 countries from country recipients of aid-funded projects.
4. Undertake “spillover” analyses of proposed changes to tax law in G20 countries, for example in trade and international taxation — which could have effects on the fiscal circumstances of developing countries.

Acting as shareholders or members in international organizations

1. Encourage international organizations to more thoroughly assess and act upon linkages of tax and expenditure policies in their technical assistance to developing countries.
2. Encourage the IMF and World Bank, working with other international and regional organizations as appropriate, to further develop and make publicly available consistent and detailed revenue data sets for the developing countries.
3. Encourage the international organizations, including the Forum on Tax Administrations, to develop a tool kit of measures to counter tax evasion and avoidance, based on best practices and guidelines adapted to the needs of developing countries.
4. Promote the Multilateral Convention on Administrative Assistance in Tax Matters.

This commitment calls for G20 member countries to provide assistance, “including through IO’s.” Thus, the implementation of this commitment can be pursued through national actions on a bilateral basis and actions through and in partnership with international institutions (OECD, IMF, UN, World Bank, among others). In order to receive full compliance G20 members must take action to assist developing countries in capacity building through national actions that address common issues and common concerns AND as stakeholders or member of international organizations.

¹⁸⁵² Supporting the Development of More Effective Tax System, A Report to the G20 Development Working Group by the IMF, OECD, UN, and World Bank 2011. Date of Access: 19 February 2014.
<http://www.imf.org/external/np/g20/pdf/110311.pdf>.

¹⁸⁵³ Supporting the Development of More Effective Tax System, A Report to the G20 Development Working Group by the IMF, OECD, UN, and World Bank 2011. Date of Access: 19 February 2014.
<http://www.imf.org/external/np/g20/pdf/110311.pdf>.

Scoring Guidelines

-1	Member does not assist developing countries in capacity building through national actions that address common issues and common interests or as stakeholders or members of international organizations.
0	Member assists developing countries in capacity building through national actions that address common issues and common interests OR as stakeholders or members of international organizations, but not both.
+1	Member assists developing countries in capacity building through national actions that address common issues and common concerns AND as stakeholders or members of international organizations.

Lead Analyst: Jonathan Tavone

Argentina: 0

Argentina has partially complied with the commitment on assisting developing countries in building capacity in the area of tax administration.

The Organisation for Economic Co-operation and Development (OECD)'s Global Forum on Transparency and Exchange of Information for Tax Purposes currently finds Argentina to be largely compliant with phases 1 and 2 of the standards implementation.¹⁸⁵⁴

From 17 to 20 September 2013, the representatives of the Governmental Management of Public Revenues of the city of Buenos Aires were in Mexico City, Mexico, in order to exchange best tax administration practices with their Mexican counterparts. This meeting allowed for the identification of “potential improvements and a consolidation in the relation and interaction with the residents/taxpayers” on both parts.¹⁸⁵⁵

On 6 May 2014, it was announced that Argentina and Switzerland would cooperate with regards to automatic exchange of tax information. This happened in the context of signing onto the OECD's Declaration of Automatic Exchange of Information for Tax Purposes to establish a new international set of standards. Argentina was among the 34 countries to sign the agreement, as well as one of the “Early Adopters Group.”¹⁸⁵⁶

On 14 May 2014, the Argentinian Federal Administration of Public Revenue announced the signature of a Memorandum of Understanding with the Netherlands for the automatic exchange of tax information. This first step, the Argentinian government emphasized, is paving the way for a more thorough collaboration between the two countries with regards to information sharing in all tax matters.¹⁸⁵⁷

On 11 October 2014, Axel Kicillof, the Argentinian Minister of Economy and Public Finance issued a statement to the International Monetary and Financial Committee stressing the need for co-operation to

¹⁸⁵⁴ “Phases 1 and 2 Review,” Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD. Access Date: 17 October 2014. http://www.oecd-ilibrary.org/taxation/global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-peer-reviews-argentina-2013_9789264205505-en

¹⁸⁵⁵ “Exchange of experiences between the SAT of Mexico and the AGIP of Argentina,” CIAT News, 21 September 2014. Date of Access: 14 June 2014. <http://www.ciat.org/index.php/en/component/content/article/2964.html>

¹⁸⁵⁶ “Argentina a la vanguardia de la implementación del nuevo estándar global de intercambio de automático de información financier,” *Diálogo Fiscal*, 6 May 2014. Access Date: 14 June 2014. <http://www.dialogofiscal.gob.ar/panoramaFiscal/vanguardiaIntercambioInfoFinanciera.aspx>

¹⁸⁵⁷ “La Argentina implementa el intercambio automático de datos fiscales con los Países Bajos,” *Diálogo Fiscal*, 14 May 2014. Access Date: 14 June 2014. <http://www.dialogofiscal.gob.ar/internacionales/audioPaísesBajos.aspx>

deal with global imbalances, the stability of the international financial system and international taxation. The statement declares that Ministry of Economy and Public Finance is focused on enhancing income distribution to increase domestic demand and reorient private investments in the wake of the recent economic crisis.¹⁸⁵⁸

Argentina has advanced tax collection and transparency standards domestically and shares its expertise with regional counterparts. Furthermore, it has also engaged at the international level with the OECD and IMF. Finally, it has entered into bilateral partnerships for the automatic transfer of tax information. However, it has only partially complied since most initiatives focus on the development of taxation domestically instead of in developing countries.

Thus, Argentina is awarded a score of 0.

Analysts: Sarah Mathieu-Comtois and Jonathan Tavone

Australia: +1

Australia has succeeded in complying with its commitment to strengthen tax administration at the federal and international level, as well as aiding developing countries with taxation strategies.

Australia's annual Tax Expenditures Statement (TES) provides a description of the tax expenditures provided to taxpayers by the Australian Government. Though the report is only formally published annually towards the end of January, the Budget at a Glance document serves to provide an overview of key budget aggregates and the Australian Government's priorities. An attachment published on the government's website contains an overview of the cost of tax expenditures provided to taxpayers through the tax system either as tax exemptions, tax deductions, tax offsets, reduced tax rates or deferral tax liabilities. The projected total for the 2014-2015 fiscal year is \$128.5 billion, contributing to 7.9% of the country's GDP.¹⁸⁵⁹

On 17-18 April 2014, officials of jurisdictions and international organizations worldwide came together in Tokyo to discuss the progress of the OECD Global Forum on VAT (Value Added Taxes). The Global Forum discussed the VAT guidelines as a global standard to address issues of double taxation and unintended non-taxation resulting from inconsistencies in the application of VAT to international trade.¹⁸⁶⁰ The Forum urged the OECD to present a final outline of the Guidelines for endorsement at the Global Forum in November 2015. Australia played an active role during this event.

On 4 September 2014, the Honourable Joe Hockey, Treasurer of the Commonwealth of Australia included in his Ministerial Statement on G20-OECD Tax and Transparency speech that "foreign investment is essential and as mentioned before, Australia is open for business."¹⁸⁶¹ He explains that by opening Australia's doors to foreign investment requires ensuring that multinational corporations pay fair tax on the incomes earned on Australian soil. Therefore, as part of the Australian Government's reform of trust taxation, the Australian Taxation Office (ATO) will be receiving \$67.9 million over a

¹⁸⁵⁸ "Statement by the Honorable Axel Kicillof Minister of Economy and Public Finance", International Monetary and Financial Committee: Thirtieth Meeting, IMF, 11 October 2014. Access Date: 18 October 2014.

<http://www.imf.org/External/AM/2014/imfc/statement/eng/arg.pdf>

¹⁸⁵⁹ Mid – year Economic and Fiscal Outlook (Australia), Commonwealth of Australia, 2013. Date of Access: 21 October 2014. http://www.budget.gov.au/2013-14/content/myefo/html/06_attachment_c.htm

¹⁸⁶⁰ Statement of Outcomes on the OECD International VAT/GST1 Guidelines, 17 April 2014 (Paris). Date of Access: 24 October 2014. <http://www.oecd.org/ctp/consumption/statement-of-outcomes-on-vat-gst-guidelines.pdf>

¹⁸⁶¹ Ministerial Statement on G20-OECD Tax and Transparency (Australia), The Treasury of the Australian Government. 4 September 2014. Date of Access: 21 October 2014. <http://jhb.ministers.treasury.gov.au/speech/014-2014/>

period of four years,¹⁸⁶² for the purpose of targeting compliance activity aimed at high wealth individual taxpayers who have been involved in criminal and offensive tax avoidance. This reform will reduce the possibility for individual taxpayers to conceal income, mischaracterize transactions and underpay tax, and sets global standards in tax collection.

Since the last G20 summit in St. Petersburg, Australia also seems to have a number of initiatives to address strategies of tax reform and improved tax administration for developing countries.

On 20-21 September 2014 at the Meeting of G20 Finance Ministers and Central Bank Governors in Cairns, it was explained that "[Australia's] global response to cross-border tax avoidance and evasion has seen much progress, as [we] strive to complete our two-year G20/OECD Base Erosion and Profit Shifting (BEPS) Action Plan and commit to finalizing all action items in 2015."¹⁸⁶³ The G20 is working alongside the Organization for Economic Co-operation and Development (OECD) towards eliminating these BEPS, as tax base erosion and profit shifting contravenes the just principle that tax should be paid where the related economic activity occurs. By eliminating BEPS, developing countries have more revenue that can be used to promote growth and development. The desire for the G20 to help improve the lives of the poorest and most vulnerable through combatting tax avoidance can be more clearly seen in the Hobart Development Meetings that occurred 5-9 May 2014.¹⁸⁶⁴ The mechanism the OECD proposes increases international tax transparency as well as global information sharing to ensure that all taxpayers, be they individuals or private corporations, rightly pay the taxes they owe.

Overall, developing countries have engaged in a number of processes through a range of mechanisms to help contribute to the G20 tax agenda. There have been various meetings on Global Forums, such as the VAT meeting that took place in April 2014. There have been additional meetings of the International Task Force on Tax and Development, hosted by the OECD in March 2014, which was attended by more than 110 jurisdictions worldwide. In addition, the G20 Additional Tax Symposium was held on May 2014, whose aim was to discuss developments in international taxation that focused on the key items of the G20 tax agenda.¹⁸⁶⁵ Most importantly, there is ongoing dialogue and consultations with key international organizations, such as the OECD, World Bank Group, IMF and Committee of Experts on International Cooperation in Tax, the outcomes of which would assist developing countries with their tax regimes.¹⁸⁶⁶

Since the last G20 summit in St. Petersburg, Australia appears to have implemented a number of initiatives to address strategies of tax reform and improved tax administration, both within and outside Australia. Moreover, Australia has taken measures throughout the compliance period to assist developing countries with the administration of their tax systems, both through national actions that address common issues and common concern, as well as through international organizations such as the G20.

¹⁸⁶² Monthly PAYG instalments to be extended (Australia), KPMG 2014. Date of Access: 21 October 2014.
<http://www.pwc.com.au/tax/federal-budget/2013/tax-administration.htm>

¹⁸⁶³ Meeting of G20 Finance Ministers and Central Bank Governors Cairns, 20-21 September 2014 (Cairns). Date of Access: 24 October 2014. <http://www.g20.utoronto.ca/2014/2014-0921-finance.html>

¹⁸⁶⁴ Developing countries critical for G20 global growth agenda, (Canberra) Date of Access: 24 October 2014.
https://www.g20.org/news/developing_countries_critical_g20_global_growth_agenda

¹⁸⁶⁵ G20 International Tax Symposium, 9 May 2014 (Canberra). Date of Access: 24 October 2014.
<http://www.treasury.gov.au/Policy-Topics/Economy/G20/Events/International-Tax-Symposium>

¹⁸⁶⁶ Department of Foreign Affairs and Trade: G20 Development (Canberra). Date of Access: 24 October 2014.
<http://www.dfat.gov.au/trade/g20/development.html>

Thus, Australia is awarded a score of +1.

Analyst: Casimir Legrand

Brazil: 0

Brazil has partially complied with the commitment to assist developing countries in capacity building in the area of tax administration. They have assisted developing countries through national actions that address common issues and interests, but not as stakeholders or in ways related to taxation and public accountability.

The World Bank recognized Brazil this year for its successful program, “Bolsa Familia,” which seeks to reduce social inequality and poverty. It has brought 36 million people out of extreme poverty and brought vaccination rates for young children under the age of seven to 99.1 per cent.¹⁸⁶⁷ It is part of Brazil’s larger project, “Brazil Without Poverty,” which hopes to include another 600,000 families in the program this year.¹⁸⁶⁸ The program has improved social equality by 13 per cent and reduced poverty by 57.8 per cent in the last eight years.

Moreover, Brazil contributed BRL440 million to the Amazon Fund this past year, which supported 36 projects throughout the indigenous regions of the continent.¹⁸⁶⁹ These projects are built with the objectives of creating sustainable development that is also environmentally friendly.

In February 2013, Brazil prioritized its commitments to implementing infrastructure resources through water supply and roads in the areas that have received settlements through the “My Life My House” program, a program that benefits agrarian reform settlers.¹⁸⁷⁰ In April 2013, projects in this program became able to be contracted together with schools in health clinics so as to improve both of these services.

Furthermore, in May 2013, Brazil agreed to contribute to development projects throughout the Caribbean by training engineers in Haiti and assisting in building infrastructure.¹⁸⁷¹ This is expected to create a phase of cooperation among the countries.

Brazil is largely compliant with tax transparency according to the Global Forum on Transparency.¹⁸⁷² Overall, Brazil has launched many initiatives to create inclusive and sustainable development. However, these initiatives failed to address fiscal transparency.

Thus, Brazil receives a score of 0.

Analyst: Daanish Hussain

¹⁸⁶⁷ World Bank: Bolsa Família points solutions for the world, Portal Brasil (Brazil), 2 February 2014, Access Date: 27 February 2014. <http://www2.brasil.gov.br/news/history/2014/02/world-bank-bolsa-familia-points-solutions-for-the-world>

¹⁸⁶⁸ Brazil without Poverty Program to Include another 600,000 Families in the Coming Year (Brasilia), 18 September 2013. Access Date: 27 February 2014. <http://www2.brasil.gov.br/news/history/2013/09/18/brazil-without-poverty-program-to-include-another-600-000-families-in-the-coming-year>

¹⁸⁶⁹ Amazon Fund has supported 36 projects, totaling R\$ 440 million (Brasilia), 28 March 2013. Access Date: 27 February 2014. <http://www2.brasil.gov.br/news/history/2013/03/28/amazon-fund-has-supported-36-projects-totaling-r-440-million>

¹⁸⁷⁰ "My House, My Life" housing program to benefit agrarian reform settlers in Brazil" (Brasilia), 18 February 2013. Access Date: 5 April 2014. <http://www2.brasil.gov.br/news/history/2013/02/18/my-house-my-life-housing-program-to-benefit-agrarian-reform-settlers-in-brazil>

¹⁸⁷¹ Brazil to Help Haiti Train New Engineers (Brasilia), 22 May 2013. Access Date: 27 February 2014. <http://www2.brasil.gov.br/news/history/2013/05/22/brazil-to-help-haiti-train-new-engineers>

¹⁸⁷² Tax Transparency 2013: Report on Progress (Paris), OECD 2013. Access Date: 22 February 2014. http://www.oecd.org/tax/transparency/draft%20annual%20report%202013%20%20for%20GF_2.pdf

Canada: +1

Canada has fully complied with the commitment on assisting developing countries in building capacity in the area of tax administration.

Canada has pledged to contribute \$18.5 million by 2021 to Benin to help increase internal revenues and strengthen public financial management including tax capacity building.¹⁸⁷³

In early 2014, Canada published its report on *Tax Expenditures and Evaluations*. The document provides estimates and projections for broadly defined tax expenditures as well as evaluations and analytical papers addressing specific tax measures. Since 2000, this document has been published on an annual basis.¹⁸⁷⁴

On 5 February 2014 Canada and the United States reached agreement on the Foreign Account Tax Compliance Act (FATCA).¹⁸⁷⁵ FATCA has “acted as a catalyst for the move towards automatic exchange of information in a multilateral context.”¹⁸⁷⁶ Its objective is to identify people practicing tax evasion by placing assets in non-US accounts. Under this agreement Canadian financial institutions will not report information directly to the US Internal Revenue Service.¹⁸⁷⁷ Instead information on accounts held by US residents and US citizens will be reported to the Canadian Revenue Agency. The agreement also provides reciprocal benefits in terms of the U.S. sending information to Canada on Canadian taxpayers with U.S. accounts. This agreement is consistent with Canada’s support in promoting tax fairness and automatic exchange of information.

Canada has signed agreements on tax information exchange with Liechtenstein, Panama, Bahrain and Uruguay on 27 January 2014, 3 April 2014 and 27 June 2014 respectively. All of these agreements have been entered into force.¹⁸⁷⁸ Canada has signed a Tax Information Exchange Agreement with Brunei but this agreement has not been entered into force.¹⁸⁷⁹

On 21 November 2013 the Government of Canada ratified the Convention on Mutual Administrative Assistance in Tax Matters, which entered into force on the first of March 2014.¹⁸⁸⁰ Its purpose is to improve cooperation between countries that have ratified the convention by countering international tax avoidance and evasion. In ratifying this convention, Canada will exchange tax information as

¹⁸⁷³ Trade, Tax and Transparency: The 2013 UK G8 Presidency Report, Prime Minister’s Office (United Kingdom) 19 December 2013. Date of Access: 22 February 2014.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271676/G8_report_WEB_FINAL.PDF

¹⁸⁷⁴ Tax Expenditures and Evaluations 2013, Department of Finance Canada 27 February 2014. Date of Access: 14 November 2014. <http://www.fin.gc.ca/taxexp-depfisc/2013/taxexp1301-eng.asp#toc2>.

¹⁸⁷⁵ Canada and U.S. Reach Agreement on Foreign Account Tax Compliance Act, Department of Finance (Canada) 5 February 2014. Date of Access: 22 February 2014. <http://www.fin.gc.ca/n14/14-018-eng.asp>

¹⁸⁷⁶ Standard for Automatic Exchange of Financial Account Information, OECD 13 February 2014. Date of Access: 22 February 2014. <http://www.oecd.org/ctp/exchange-of-tax-information/automatic-exchange-of-financial-account-information.htm>

¹⁸⁷⁷ Canada and U.S. Reach Agreement on Foreign Account Tax Compliance Act, Department of Finance (Canada) 5 February 2014. Date of Access: 22 February 2014. <http://www.fin.gc.ca/n14/14-018-eng.asp>

¹⁸⁷⁸ Tax Information Exchange Agreements, Department of Finance (Canada) 9 July 2014. Date of Access: 4 October 2014. <http://www.fin.gc.ca/treaties-conventions/tieaaerf-eng.asp>

¹⁸⁷⁹ Tax Information Exchange Agreement Signed Between Canada and Brunei, Department of Finance (Canada) 22 May 2013. Date of Access: 4 October 2014. <http://www.fin.gc.ca/treaties-conventions/notices/brunei-eng.asp>

¹⁸⁸⁰ Ratification of the Convention on Mutual Administrative Assistance in Tax Matters, Department of Finance (Canada) 21 November 2013. Date of Access: 22 February 2014. <http://www.fin.gc.ca/treaties-conventions/notices/maatm-aammf-eng.asp>

outlined by the Organisation for Economic Co-operation and Development (OECD) with other parties to the convention.

On 23 February 2014, G20 Finance Ministers endorsed the Common Reporting Standard for automatic exchange of tax information.¹⁸⁸¹ The OECD developed this project, the mandate of which calls on governments to obtain detailed account information from their financial institutions and exchange that information automatically with other countries on an annual basis.

Although Canada has acted as a member of international organizations, most notably the OECD, it has not addressed common issues and common interests as effectively. No information was found on Canada's actions to assess preferential tax agreements and the possibility of reducing tax exemptions from recipients of tax funded projects. Additionally, at the G8 Lough Erne Summit in June 2013 Canada was believed to have resisted some measures that would lead to greater tax transparency because Canada believes that "competitive tax systems are important drivers of investment." However, Prime Minister Stephen Harper also announced that Canada would draw up an action plan on corporate transparency, a regime that would include rules to combat money laundering vis-à-vis land ownership and tax collection in developing countries.¹⁸⁸²

Overall, Canada has complied with this commitment; it has not only acted as a member of international organizations by ratifying agreements that will improve tax administration and promote the automatic exchange of information, but has also implemented programs in tax administration capacity building with other countries on a bilateral basis.

Thus, it has been awarded a score of +1.

Analyst: Carol Drumm

China: 0

China has partially complied with its commitment to better assist developing countries to strengthen their tax systems and support their revenue mobilization efforts.

No instances of direct action in assisting developing countries with capacity building have been registered in China during the compliance period. However, China has taken action as a stakeholder and member of international organizations to promote international taxation and development.

On 18 March 2014, China's State Administration of Taxation (SAT) held a nationwide videoconference to review the agency's work in international tax administration and to introduce its plans for the future. Specifically, the SAT stressed that China must continue to expand its international cooperation.¹⁸⁸³

On 21-22 January 2014, Wang Jun, the administrator of the SAT, led a delegation to FTA Steering Committee Meeting on tax administration at the Organisation for Economic Co-operation and Development. Jun offered three suggestions on international cooperation in tax matters and development: First, countries should improve tax legislation, tax enforcement, tax administration system

¹⁸⁸¹ OECD releases full version of global standard for automatic exchange of information, OECD, 21 July 2014. Date of Access: 4 October 2014. <http://www.oecd.org/newsroom/oecd-releases-full-version-of-global-standard-for-automatic-exchange-of-information.htm>

¹⁸⁸² Canada seen as holdout on G8 pledge tax reform, The Globe and Mail (Ireland), 18 June 2013. Date of Access: 22 February 2014. <http://www.theglobeandmail.com/report-on-business/international-business/european-business/g8-seen-striking-pact-aimed-at-cracking-secret-havens/article12630105/>

¹⁸⁸³ Mary Swire. Chinese Tax Authority Announces New Goals, Tax-News.com. 21 March 2014. Access Date: 1 April 2014. http://www.tax-news.com/news/Chinese_Tax_Authority_Announces_New_Goals___64112.html

and efficiency to proactively tackle challenges. Second, scientifically determined issues on international tax cooperation, for example the issues of cross-border trade and e-commerce. Third, improve the position and impact of international tax cooperation.¹⁸⁸⁴

In 2013, China's efforts against tax evasion and avoidance contributed an additional RMB34.6 billion to its tax income, 27.9 times the tax income generated in 2008. China exchanged tax information with 46 countries last year, recovering RMB5.6 billion in taxes, said the agency.¹⁸⁸⁵

In 2003, China's SAT worked on implementing general anti-avoidance rules and is known to be ambitious in this area. It will continue to closely monitor and challenge location-specific advantages, treaty shopping and restructuring without reasonable commercial purpose.¹⁸⁸⁶

On 15 October 2013, China participated in and spoke at the 43rd Annual Meeting of the Study Group on Asian Tax Administration and Research (SGATAR). Wang Jun offered three recommendations. First, establish efficiently running SGATAR organs. Second, create a broader and more impactful international tax cooperation system. Third, create international and regional tax exchange mechanisms that are closely associated with leadership meetings.¹⁸⁸⁷

Moreover, on 15 October 2013, a joint statement was adopted at the 43rd Annual Meeting of the Study Group on Asian Tax Administration and Research in regards to consensus on the strengthening of tax information exchange as a way of coping with cross-border tax evasion, reducing the loss of tax revenues, and implementing management of tax arrears. It was the first joint statement in the history of SGATAR.¹⁸⁸⁸

On 27 August 2013, China signed the Multilateral Convention on Mutual Administrative in Tax Matters. This marked the increasingly important role played by the world's second largest economy in international tax collection collaboration and the closing of legal loopholes that allowed tax avoidance by multiple big businesses, the paper said.¹⁸⁸⁹ Towards this goal, on 3 July 2014, the SAT also issued a draft administrative guidance for public comments concerning anti-avoidance cases. The draft clarifies

¹⁸⁸⁴ Deepen International Cooperation to Serve Tax Reform, State Administration of Taxation of the people's Republic of China. 13 March 2014. Access Date: 1 April 2014. <http://www.chinatax.gov.cn/n2925/n2957/c675435/content.html>

¹⁸⁸⁵ Toh Han Shih. China's efforts to curb tax evasion net extra HK\$59b, South China Morning Post.com. 20 March 2014. Access Date: 1 April 2014. <http://www.scmp.com/business/china-business/article/1452672/chinas-efforts-curb-tax-evasion-net-extra-hk59b>

¹⁸⁸⁶ Ernst and Young. The outlook for global tax policy in 2014. 10 March 2014. Access Date: 1 April 2014. [http://www.ey.com/Publication/vwLUAssets/EY-the-outlook-for-global-tax-policy-in-2014/\\$FILE/EY-the-outlook-for-global-tax-policy-in-2014.pdf](http://www.ey.com/Publication/vwLUAssets/EY-the-outlook-for-global-tax-policy-in-2014/$FILE/EY-the-outlook-for-global-tax-policy-in-2014.pdf)

¹⁸⁸⁷ Promoting International Cooperation on Tax Affairs, and Serving the Opening-up and Development of World Economy, State Administration of Taxation of The people's Republic of China. 5 December 2013. Access Date: 1 April 2014. <http://www.chinatax.gov.cn/n2925/n2957/c607851/content.html>

¹⁸⁸⁸ Promoting International Cooperation on Tax Affairs, and Serving the Opening-up and Development of World Economy, State Administration of Taxation of The people's Republic of China. 5 December 2013. Access Date: 1 April 2014. <http://www.chinatax.gov.cn/n2925/n2957/c607851/content.html>

¹⁸⁸⁹ China joins G20 in global fight against tax evasion, Want China Times.com. 11 September 2013. Access Date: 1 April 2014. <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20130911000138&cid=1102>

the procedures for dealing with such cases, and is an important step towards transparency in tax administration.¹⁸⁹⁰

In July 2013, the SAT emphasized in its nationwide administrators meeting that its focus will be to protect China's interest in the global tax environment and to resolve international tax matters involving China.¹⁸⁹¹

On 17 September 2014, the SAT cooperated with the Organisation for Economic Cooperation and Development with new Actions Plans concerning base erosion and profit sharing (BEPS). The objective is to regulate the business dealings of multinational corporations in China. In taking fast action, the SAT reaffirmed its commitment to combat tax evasion through international cooperation.¹⁸⁹²

China has taken steps towards bettering its own tax administration system, and establishing best practices for other states. While it has also taken many measures to promote international tax administration within international fora, it has failed to assist developing countries with capacity building directly.

Thus, China receives a score of 0.

Analyst: Justice Durland

France: +1

France has fully complied with the commitment on assisting developing countries in regard to capacity building in the area of tax administration.

France is one of 40 countries that committed to early adoption of the new single standard for the automatic exchange of information between tax authorities set by the Organisation for Economic Cooperation and Development (OECD) in September 2014.¹⁸⁹³

On 21 November 2013 France was one of 16 countries to receive a fully compliant rating from the Transparency and Exchange of Information for Tax Purposes.¹⁸⁹⁴ Compliance ratings were decided based on countries' work to implement the OECD Global Forum's Standards of Transparency and Exchange of Information for Tax Purposes. There are currently 122 states that are party to the OECD's Global Forum.

¹⁸⁹⁰ China issues draft administrative guidance on general anti-avoidance rules (GAAR) for public comments. 18 July 2014. Access Date: 18 October 2014.

[http://www.ey.com/Publication/vwLUAssets/China_issues_draft_administrative_guidance_on_general_anti-avoidance_rules_\(GAAR\)_for_public_comments/\\$FILE/2014G_CM4583_China%20issues%20draft%20administrative%20guidance%20on%20general%20anti-avoidance%20rules%20for%20public%20comments.pdf](http://www.ey.com/Publication/vwLUAssets/China_issues_draft_administrative_guidance_on_general_anti-avoidance_rules_(GAAR)_for_public_comments/$FILE/2014G_CM4583_China%20issues%20draft%20administrative%20guidance%20on%20general%20anti-avoidance%20rules%20for%20public%20comments.pdf)

¹⁸⁹¹ Mark Tran. Rich countries failing to address money laundering and tax evasion, says OECD, The Guardian.com. 18 December 2013. Access Date: 1 April 2014. <http://www.theguardian.com/global-development/2013/dec/18/rich-countries-money-laundering-tax-evasion-oecd>

¹⁸⁹² SAT responds fast to the first batch of BEPS deliverables. 18 September 2014. Access Date: 18 October 2014. http://www.pwccn.com/home/eng/chinatax_news_sep2014_21.html

¹⁸⁹³ OECD delivers new single global standard on automatic exchange of information, OECD 13 February 2014. Access Date: 4 October 2014. <http://www.oecd.org/tax/transparency/AEOI-early-adopters-statement.pdf>

¹⁸⁹⁴ Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD 21 November 2013. Date of Access: 23 February 2014. <http://www.oecd.org/tax/transparency/ENG%20Jakarta%20Statement%20of%20Outcomes.pdf>

France and Norway were the only two countries to support a one-year feasibility study to explore a new OECD project called Tax Inspectors Without Borders (TIWB).¹⁸⁹⁵ TIWB is a program run through the OECD to enable the transfer of tax audit knowledge and skills to tax administrators in developing countries. TIWB just finished a six-month implementation phase and will launch in early 2014. This project has received strong support from G20 Leaders in their 2013 St Petersburg Declaration.

Since the 1990s, France has provided support for International Monetary Fund projects on tax administration in 19 francophone countries in Sub-Saharan Africa.¹⁸⁹⁶ France is still active in these 19 francophone countries, providing them with three types of support: sending French tax advisors to assist with tax administration, training local authorities, and project support.

Overall, France has made long-term commitments to assist developing countries in capacity building and has demonstrated continued support for international organizations that are working to improve tax administration and automatic exchange of information.

Thus, France has been awarded a score of +1.

Analyst: Carol Drumm

Germany: +1

Germany has fully complied with the commitment on assisting developing countries in building capacity in the area of tax administration.

The German government has contributed to the development of a course led by the Organisation for Economic Co-operation and Development (OECD), titled “Conducting Financial Investigations,” as part of the Foundation Programme series.¹⁸⁹⁷ It is meant to provide participants with “thorough understanding of the key skills required in financial investigations, including the ability to trace flows of money through complex financial arrangements and use sophisticated techniques to identify links between suspects and illicit financial activities.”¹⁸⁹⁸ It also places emphasis on the fight against corruption and is meant to increase resource mobilization capacities and inter-agency cooperation throughout the world.

Moreover, the German Federal Ministry for Economic Cooperation and Development (BMZ) continues to finance a project called “Supporting the Establishment of the ATAF.” The project, launched in 2011, “aims to establish ATAF as an African competence center for the creation of tax reform options that all member states use and draw from on a regular basis.”¹⁸⁹⁹ The German government plans on having the ATAF established and functioning by 2016 and pledged financial support. The ATAF held a Consultative Conference on New Rules of the Global Tax Agenda in

¹⁸⁹⁵ Tax Inspectors Without Borders, OECD. Date of Access: 23 February 2014. <http://www.oecd.org/ctp/tax-global/tiwb-background.pdf>

¹⁸⁹⁶ Tax Administration Reform in the Francophone Countries of Sub-Saharan Africa, International Monetary Fund July 2013. Date of Access: 23 February 2014. <http://www.imf.org/external/pubs/ft/wp/2013/wp13173.pdf>

¹⁸⁹⁷ Conducting Financial Investigations, Course Programme, OECD. Access Date: 13 June 2014. <http://www.oecd.org/ctp/crime/foundation-capacity-building-brochure.pdf>

¹⁸⁹⁸ Conducting Financial Investigations, Course Programme, OECD. Access Date: 13 June 2014. <http://www.oecd.org/ctp/crime/foundation-capacity-building-brochure.pdf>

¹⁸⁹⁹ “State-Building through Taxation,” German Federal Enterprise for International Cooperation (GIZ). Access Date: 13 June 2014. <https://www.giz.de/en/worldwide/15810.html>

Johannesburg, South Africa, on 18-19 March 2014. This was supported by the German government and highlights the success of Germany's tax administration capacity building in sub-Saharan Africa.¹⁹⁰⁰

The German Agency for International Cooperation (GIZ) is currently involved in multiple development projects addressing domestic resource management and capacity building in the realm of tax administration. The agency's website also puts important emphasis on assistance in "revenue collection and the use of funds" in a "transparent, legitimate and development oriented" manner as one of its central objectives.¹⁹⁰¹ For example, "Germany's help for the Ghana Revenue Authority are cited as works that secured sustained increases in administrative effectiveness and a high degree of local ownership."¹⁹⁰² GIZ involvement in Ghana has been sustained for many years and replicated in other parts of the developing world.

Germany has made long-term commitments and reaffirmed ongoing commitments to assist developing countries in capacity building and has demonstrated continued support for international organizations and collaborative projects that are working to improve tax administration.

Thus, Germany has been awarded a score of +1.

Analyst: Emma Best

India: +1

India has partially complied with its commitment to assist developing countries in capacity building through membership in international organizations and has contributed to collective efforts to increase the transparency of tax information.

On 21-22 November 2013, India participated in the Global Forum Meeting in Jakarta, Indonesia. There, the Global Forum rated 50 jurisdictions including India on their transparency and exchange of information for tax purposes. India was evaluated for both its legal and regulatory framework, and the implementation of the standard in practice. It was given an overall rating of "Compliant."¹⁹⁰³

On 22 February 2014 during the G20 Finance Ministers and Central Bank Governors in Australia, ministers agreed to start automatic sharing of tax information by the end of 2015.¹⁹⁰⁴ The Indian Finance Minister P. Chidambaram pressed for increased transparency as an effective system for getting financial information from other nations. Chidambaram urged the international community to widen its scope of the commitment by including various types of tax avoidance besides tax evasions as part of the overall global tax agenda. Once again, India advocated for increased automatic exchange of financial information to help member nations and developing nations effectively deal with tax evasion.

¹⁹⁰⁰ "Historic Meeting to Make Africa's Voice Heard in International Tax Agenda," German Information Center Africa. Access Date: 13 June 2014. http://www.gicafrika.diplo.de/Vertretung/suedafrika-dz/en/__pr/2014/03/03-GIZ-Tax-agenda-conf.html.

¹⁹⁰¹ Public Finances, German Agency for International Cooperation (GIZ). Access Date: 13 June 2014. <http://www.giz.de/expertise/html/3173.html>.

¹⁹⁰² "Tackling cross-cutting structural issues: Informality and fiscal legitimacy," African Economic Outlook. Access Date: 13 June 2014. <http://www.africaneconomicoutlook.org/en/theme/public-resource-mobilisation-and-aid/policy-options/tackling-cross-cutting-structural-issues/>.

¹⁹⁰³ Global Forum on Transparency and Exchange of Information for Tax Purposes: 2013 Report on Progress, OECD Publishing 2013. Date of Access: 15 October 2014. <http://www.oecd.org/tax/transparency/GFannualreport2013.pdf>

¹⁹⁰⁴ Document from the G20 Information Centre Website: Communique Meeting of the G20 Finance Ministers and Central Bank Governors Sydney, Australia, G20 Information Centre (Toronto) 23 February 2014. Date of Access 25 February 2014. .

India demonstrates interest in reworking domestic tax incentives and increasing advocacy for an effective and fair institutional architecture for taxation. The Centre for Budget Governance and Accountability (CBGA), a think-tank focusing on public policies and government finance in India, is participating in an informal Asia-wide network to work on illicit financial flow issues.¹⁹⁰⁵

Moreover, in the Second Report of TARC published in September 2014 by India's Tax Administration Reform Commission, India emphasizes its commitment to capacity building in the area of Customs administration, (such as duty collection for the global exchange of goods and services), as well as the open exchange of information for tax purposes. Notably, the report affirms India's commitment to providing technical assistance to developing countries and LDCs in the area of tax administration and tax collection through Customs and duties. This aims to be achieved by way of a separate fund for such capacity building activities. Another term of reference covered in the TARC report is on exchange of data and information, whereby the Government of India aims to allow the free flow of information analysing how to improve tax compliance and to ensure better enforcement, inter-agency communication and best practices.¹⁹⁰⁶

Throughout the compliance period, India has been an active member within international organizations on the subject of tax administration within the context of development, as well as advocating for strengthening the international structures that increase tax transparency around the world. At the national level, India has committed itself to various capacity building initiatives *vis-à-vis* developing countries that address common issues and common interests.

Thus, India has been awarded a score of +1.

Analyst: Nancy Xue

Indonesia: 0

Indonesia has partially complied with its commitment to undertake reforms to improve tax administration.

On 21-22 November 2013, Indonesia hosted the Global Forum on Transparency and Exchange of Information for Tax Purposes. Over 200 delegates, 10 international organizations and regional groups participated, additionally welcoming six new members. During the meeting, ratings were adopted for the first 50 jurisdictions in regards to the compliance level for the standard for exchange of information. In addition, the Automatic Exchange of Information (AEOI) was also created, which would monitor and review the implementation of AEOI.¹⁹⁰⁷

On 4 August 2014, the Phase 2 Peer Review Report on the Implementation of the Standard in Practice of the Global Forum on Transparency and Exchange of Information for Tax Purposes has been published, in which Indonesia has received the rating of "Partially Compliant."¹⁹⁰⁸

¹⁹⁰⁵ Tax and Development: A scoping study of funding opportunities, A report commissioned by the Transparency and Accountability Initiative. Open Society Foundation 2014. http://www.transparency-initiative.org/wp-content/uploads/2014/09/TAI_TaxandDevelopment_FULL_OCT14.pdf

¹⁹⁰⁶ Tax Administration Reform in India: Spirit, Purpose and Empowerment (New Delhi) September 2014. Date of Access: 23 October 2014. http://www.finmin.nic.in/the_ministry/dept_revenue/TARC2ndReport.pdf

¹⁹⁰⁷ 6th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Jakarta), 21-22 November 2013. Date of Access: 16 October 2014. <http://www.oecd.org/tax/transparency/ENG%20Jakarta%20Statement%20of%20Outcomes.pdf>, pp. 2.

¹⁹⁰⁸ Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD iLibrary, 14 August 2014. Date of Access: 6 October 2014.

As of 17 October 2014, Indonesia, as a non-member of the Council of Europe and a partner of OECD, still has not ratified the Convention on Mutual Administrative Assistance in Tax Matters.¹⁹⁰⁹ Indonesia has taken steps toward improving tax development, however due domestic and internal issues such as lack of sufficient resources and understaffing in proportion to the size of the country's population¹⁹¹⁰ it was not able to sufficiently divert its attention to tax development.

Thus, Indonesia is awarded a score of 0.

Analyst: Elizaveta Klimenko

Italy: 0

Italy has partially complied with its commitment to assist developing countries in capacity building in the area of tax administration. It has undertaken extensive national legislation and actions that address common issues and interests, but has done little as a stakeholder or member of an international organization that directly assists or impacts developing countries.

On 19 September 2013, in order to attract foreign direct investment in Italy, the Italian Government unveiled its package of measures dubbed “Destination Italy.” Italy has previously been perceived as unattractive for its high taxation rates, slow bureaucratic response and heavy red tape. This new package of measures addresses these concerns through a variety of new laws and administrative structures, including: standardized procedures to speed up approval processes; tailored tax agreements for large scale investments; simplified work-rules available and clearly stated in English; reduced penalties for minor tax non-compliance issues; lower and more predictable energy costs; and a simpler legal system for businesses.¹⁹¹¹ Also as of 19 September 2013 Italy, along with 63 other countries, became a signatory to the Multilateral Convention on Administrative Assistance in Tax Matters of the Organisation for Economic Co-operation and Development (OECD).¹⁹¹²

In January 2014, the International Monetary Fund (IMF), with input from the Ministry of Economics and Finance (MEF) — published a working paper titled “Reforming Tax Expenditures in Italy: What, Why and How?.” This paper was in response to an advisement from the IMF for member countries to evaluate their current tax expenditures as a way of supporting “fiscal consolidation efforts.”¹⁹¹³ These efforts are meant to improve fiscal efficiency, reduce administration costs and increase the impact tax expenditures have on the economy.

http://www.oecd-ilibrary.org/fr/taxation/global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-peer-reviews-indonesia-2014_9789264217737-en;jsessionid=1ldwlqp4qf4vw.x-oecd-live-02?site=fr See also: Exchange of Tax Information, Phase 2 Review of Global Forum on Transparency and Exchange of Information for Tax Purposes, 4 August 2014. Date of Access: 6 October 2014. <http://eoi-tax.org/jurisdictions/ID#latest>

¹⁹⁰⁹ Convention on Mutual Administrative Assistance in Tax Matters CETS No.: 127, Council of Europe, 17 October 2014. Date of Access: 16 October 2014.

<http://www.conventions.coe.int/treaty/Commun/ChercheSig.asp?NT=127&CM=&DF=&CL=ENG>

¹⁹¹⁰ A Comparative Analysis of Tax Administration in Asia and the Pacific, Asian Development Bank (Philippines) April 2014. Date of Access: 16 October 2014. <http://www.adb.org/sites/default/files/pub/2014/tax-administration-asia-pacific.pdf>

¹⁹¹¹ ‘Destination Italy’ Pro-Foreign Business Plan Unveiled, ANSAMED (Rome) 19 September 2013. Access Date: 15 June 2014. http://www.ansamed.info/ansamed/en/news/nations/italy/2013/09/19/-Destination-Italy-pro-foreign-investment-plan-unveiled_9327534.html

¹⁹¹² Worldwide: The Current Signatories to the OECD's Convention, MONDAQ, Connecting Knowledge and People (New York) 16 September 2013. Access Date: 15 June 2014.

<http://www.mondaq.com/x/243464/tax+treaties/The+Current+Signatories+To+The+OECDs+Convention>

¹⁹¹³ IMF Working Paper WP/14/7 Reforming Tax Expenditures in Italy: What, Why and How? International Monetary Fund (Brussels) January 2014. Access Date: June 15 2014. <http://www.imf.org/external/pubs/ft/wp/2014/wp1407.pdf>

On 13 February 2014 Italy, along with France and the United Kingdom, became one of 41 nations to adopt the First Standard Automatic — a new global standard on the automatic exchange of information. This new standard makes it harder for citizens, trusts, foundations and other entities to hide offshore investments and hence, dodge the associated taxes. This increased tax transparency will make it fairer between developing and developed countries as their respective governments will be able to better collect taxes from these properties, bolstering the annual taxes it collects from the higher income tax bracket.¹⁹¹⁴ On 17 March 2014 Italy implemented Directive No. 2011/16/EU (Mutual Assistance Directive) through Legislative Decree No. 29 which implemented this automatic exchange of information in Italy and broadens it to include: income from employment; directors fees; certain life insurance products; pensions; and ownership of and income from, immovable property.¹⁹¹⁵

In early April, shortly after being elected to office, Prime Minister Matteo Renzi unveiled the comprehensive Italian Reform Agenda. The first stage will reform the electoral system by cutting the number of politicians in office by 3,000, reducing the expensive overlap of government services and improving political administration efficiency by cutting superfluous positions and levels of bureaucracy.¹⁹¹⁶ Another important aspect of this agenda relates to the taxation system, as it will implement laws “delegating the Government to develop a more equitable, transparent and growth-oriented taxation system.”¹⁹¹⁷ These laws will improve tax efficiency and help direct tax expenditures where they are needed most: job creation and youth employment strategies.

According to the OECD, Italy raised its foreign aid contributions in 2013 as well as set higher official development assistance (ODA) targets for 2014-2017. It has committed itself to increase ODA from 0.14 per cent of gross domestic product to 0.28-0.31 per cent by 2017. The review went on to recommend “institutional changes to improve the running, delivery and evaluation of development programmes”¹⁹¹⁸ as the management of ODA programmes is not as efficient or effective as it could be.

On June 2, 2014, the European Commission published its deficit and debt-reduction recommendations for Italy and France. In response, Italy’s Ministry of Economy and Finance issued a press release stating that the recommendations given by the European Commission fully support the ground-breaking Italian Reform Agenda inaugurated under the Prime Minister Matteo Renzi in April. It went on to say the ministry does not foresee any additional changes needed in order to achieve the recommendations and the government will continue to move forward with its reform agenda.¹⁹¹⁹

¹⁹¹⁴ Tackling Tax Evasion: First Standard Automatic, *The Economist* (New York) 14 February 2014. Access Date: 15 June 2014. <http://www.economist.com/blogs/schumpeter/2014/02/tackling-tax-evasion>

¹⁹¹⁵ Italy: New Exchange of Information Rules Implemented in Italy, *International Tax Review* (Rome) 30 April 2014. Access Date: 15 June 2014. <http://www.internationaltaxreview.com/Article/3336089/Italy-Country-Briefing/Italy-New-exchange-of-information-rules-implemented-in-Italy.html>

¹⁹¹⁶ Italy’s Renzi Cuts Local Government in First Step of Ambitious Agenda, *Reuters* (New York) 3 April 2014. Access Date: 15 June, 2014. <http://www.reuters.com/article/2014/04/03/us-italy-politics-idUSBREA321T620140403>

¹⁹¹⁷ EU Recommendations, Commission’s Approval of Italian Government’s Reforms the Ministry of The Economy and Finance is Confident that the Budget Objectives will be Reached Without Further Corrective Measures, *Italy Ministry of Economy and Finance* (Rome) 2 June 2014. Access Date: 15 June 2014. http://www.mef.gov.it/en/ufficio-stampa/comunicati/2014/comunicato_0135.html

¹⁹¹⁸ Italy Increases Aid Contributions but Should Address Working Practices, *OECD Says, Organization for Economic Cooperation and Development* (France) 4 May 2014. Access Date: 15 June 2014. <http://www.oecd.org/newsroom/italy-increases-aid-contributions-but-should-address-working-practices-oecd-says.htm>

¹⁹¹⁹ EU Recommendations, Commission’s Approval of Italian Government’s Reforms the Ministry of The Economy and Finance is Confident that the Budget Objectives will be Reached Without Further Corrective Measures, *Italy Ministry of Economy and Finance* (Rome) 2 June 2014. Access Date: 15 June 2014 http://www.mef.gov.it/en/ufficio-stampa/comunicati/2014/comunicato_0135.html

Italy has undertaken extensive national actions that address common issues and interests, but is comparatively less involved as a stakeholder or member of an organization that directly assists or impacts developing countries.

Thus, Italy is awarded a score of 0.

Analyst: Elisabeth Asselin

Japan: +1

Japan has fully complied with its commitment to assist developing countries in capacity building in the area of tax administration.

On 17 December 2013, Government of Japan and Government of United Kingdom of Great Britain and Northern Ireland signed the Protocol Amending Tax Convention to avoid double taxation and to prevent fiscal evasion.¹⁹²⁰

On 18 December 2013, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the jointly prepared Tenth Report on G20 Investment Measures, where they reported on investment policy and investment-related measures taken between 16 May 2013 and 15 November 2013 by the G20 members. The report noted no investment policy measure or investment measure relating to Japan was taken during the reporting period.¹⁹²¹

On 21 April 2014, “Emerging Taxation Issues for Asian Countries,” the fifth IMF-Japan high level tax conference for Asian Countries was held in Tokyo Japan, during which fiscal policy measures have been discussed. Mr. Shinohara has pointed out that Japan’s fiscal consolidation measures have been very successful after increasing the rate of Consumption Tax (VAT). Thus, Mr. Shinohara stressed the importance of reforming international taxation and addressing the issues of revenue mobilization. Topics of discussion included energy taxation, regional harmonization of tax system, and analytical tools to strengthen tax administration, international taxation, and taxation of high income and wealth individuals.¹⁹²²

On 6-7 May 2014, Japan, along with many other countries, participated in the Meeting of the Council at Ministerial Level of OECD, during which the prevention of cross-border tax fraud and evasion were discussed and steps were taken to improve the automatic exchange of financial account information. The OECD Committee on Fiscal Affairs, working closely with G20 members, worked on ensuring the application of the “new single global standard.”¹⁹²³

On 18 June 2014, the Tax Information Exchange Agreement was signed between Japan and the Government of the British Virgin Islands, which provides a detailed mechanism for the exchange of tax

¹⁹²⁰ Press Release, Protocol Amending Tax Convention with the United Kingdom was Signed [Provisional Translation], Ministry of Finance (Tokyo) 18 December 2013. Access Date: 20 February 2014.
http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20131218uk.htm

¹⁹²¹ UNCTAD-OECD Tenth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 18 December 2013. Access Date: 15 March 2014.
http://unctad.org/en/PublicationsLibrary/unctad_oecd2013d10_en.pdf

¹⁹²² The 5th IMF-Japan High level Tax Conference for Asian Countries “Emerging Taxation Issues for Asian Countries”, International Monetary Fund (Tokyo) 21 April 2014. Date of Access: 3 October 2014.
<http://www.imf.org/external/np/speeches/2014/042114.htm>

¹⁹²³ Declaration on Automatic Exchange of Information in Tax Matters, Ministry of Economy, Trade and Industry (Tokyo) 6 May 2014. Date of Access: 4 October 2014. <http://www.mofa.go.jp/files/000038870.PDF>

information between the two parties, as well as the expansion of the international information exchange network on the prevention of cross-border tax abuse and fiscal evasion.¹⁹²⁴ On 11 September 2014, the Government of the British Virgin Islands informed of its completion of required internal procedures for the entry into force of the agreement.¹⁹²⁵

From 17 to 22 July, 2014, Mr. Toshimitsu Motegi, Japan's Minister of Economy, Trade and Industry (METI) visited Sydney, Australia, and Manila in the Philippines. In Sydney, Mr. Motegi attended the G20 Trade Ministers meeting, during which he introduced Japan's reduction of effective corporate tax rates, along with other topics. Mr. Motegi also stated his concern with the growing number of countries implementing protectionist measures, encouraging them to observe the "standstill and rollback commitments." In Sydney, In Manila, Mr. Motegi urged the improvement of business environment in Philippines by suggesting the facilitation of refund for the value-added tax, as well as the simplification of the application program for the bilateral double taxation treaty.¹⁹²⁶

On 31 July 2014, Japan's State Minister Akaba visited India and had a meeting with Minister of State for Commerce and Industry. At the meeting Japan and India concluded to enhance their cooperative relationship for international taxation. The talks have further strengthened their cooperative relationship and will allow both countries to continue working on developing India's tax systems.¹⁹²⁷

On 22 September 2014, Japan's State Minister of Economy, Trade and Industry, Mr. Daishiro Yamagiwa, visited Thailand to discuss the democratization process of the country. At the meeting, Mr. Daishiro Yamagiwa urged Thailand to improve the operation of administrative procedures, such as the advancement of negotiations on customs duties under the Japan-Thailand EPA. Japan additionally made other advisory contributions for Thailand in regards to its economic growth, such as the authorization of foreign investment and discussions on Thailand's safeguarding measures on products made of iron and steel.¹⁹²⁸

Japan has taken actions to strengthen transparency between tax systems, and has taken measures both multilaterally and bilaterally to assist developing countries with their tax regimes.

Thus, Japan has been awarded a score of +1.

Analysts: Freda Zhang and Elizaveta Klimen

Korea: +1

Korea has fully complied with its commitment to assist developing countries in capacity building as stakeholders or members of international organizations and through national actions that address common issue and common interests.

¹⁹²⁴ Signing of the Tax Information Exchange Agreement between the Government of Japan and the Government of the British Virgin Isles, Ministry of Economy, Trade and Industry (Tokyo) 19 June 2014. Date of Access: 3 October 2014. http://www.mofa.go.jp/press/release/press4e_000317.html

¹⁹²⁵ Entry into Force of the Tax Information Exchange Agreement between the Government of Japan and the Government of the British Virgin Islands, Ministry of Economy, Trade and Industry (Tokyo) 12 September 2014. Date of Access: 3 October 2014. http://www.mofa.go.jp/press/release/press4e_000418.html

¹⁹²⁶ METI Minister Motegi Visited Australia and the Philippines, Ministry of Economy, Trade and Industry (Tokyo) 23 July 2014. Date of Access: 3 October 2014. http://www.meti.go.jp/english/press/2014/0722_04.html

¹⁹²⁷ State Minister Akaba Visited Sri Lanka and India, Ministry of Economy, Trade and Industry (Tokyo) 31 July 2014. Date of Access: 3 October 2014. http://www.meti.go.jp/english/press/2014/0806_03.html

¹⁹²⁸ State Minister Daishiro Yamagiwa Visited Thailand and Laos, Ministry of Economy, Trade and Industry (Tokyo) 22 September 2014. Date of Access: 3 October 2014. http://www.meti.go.jp/english/press/2014/0925_02.html

On 17 October 2013, the Study Group on Asian Tax Administration and Research (SGATAR), decided to establish a task force chaired by Korea to address the common challenges faced by tax administrators in the 16 economies that make up SGATAR. Some of the issues included offshore tax evasion, reducing the tax gap, and efficient and effective tax data management. The creation of the task force is a step forward in developing an analytical framework, that can assess the needs and circumstances of the common issues and common interests different countries.¹⁹²⁹

On 5 December 2013, Korean Deputy Prime Minister and Minister of Strategy and Finance, Oh Seok Hyun, announced that Korea will contribute USD15 million to International Monetary Fund's (IMF) capacity development programs over the next five years.¹⁹³⁰

Korea's contribution to the IMF will be used to support technical assistance and training for IMF member countries in order to contribute to its anti-money laundering (AML) efforts.¹⁹³¹ IMF Managing Director Christine Lagarde called the development, "the beginning of a new stage in the strategic partnership between Korea and the IMF on capacity development."¹⁹³²

On 20 February 2014, Korea hosted the first Regional Consultation on Base Erosion and Profit Sharing (BEPS) for the Asia-Pacific Region. This forum was held to incorporate the views of both G20 partner nations and developing countries into the framework of the OECD/G20 BEPS project. The meeting discussed how developing countries could benefit from the implementation of the BEPS Action Plan, how the international community can contribute to capacity building initiatives and considered how to maintain an open dialogue about tax related issues.¹⁹³³

The conclusions reached at the meeting were presented at the Global Forum on Transfer Pricing and Task Force on Tax and Development on 26-28 March 2014.¹⁹³⁴

Furthermore, on 25 March 2014, Korea's Cabinet approved the 2014 expenditure plan, which declared it would not approve any new tax exemption exceeding KRW10 billion if it failed to pass a feasibility test. Additionally, the finance ministry announced that any future tax reductions or exemptions not encompassed in the new form would expire in three years. The new guidelines were submitted to relevant ministries and agencies. Comments from these institutions were submitted at the end of April and will be reflected in the yearly review of Korea's tax code.¹⁹³⁵

Korea has fully complied with its commitment by both encouraging stricter analyses of various tax institutions at a national level, and by acting as an important member of international committees establishing best tax-related practices.

¹⁹²⁹ SGATAR Communiqué, Organisation for Economic Cooperation and Development (Paris) 17 October 2013. Access Date: 27 February 2014. <http://www.oecd.org/site/ctpfta/43rd-SGATAR-Meeting-Final-Communique.pdf>

¹⁹³⁰ Korea Contributes US\$15 Million to IMF Capacity Development Activities, International Monetary Fund (Washington) 5 December 2013. Access Date: 27 February 2014. <http://www.imf.org/external/np/sec/pr/2013/pr13487.htm>

¹⁹³¹ IMF to Start Operations Under its First Topical Trust Fund Supporting Technical Assistance in Anti-Money Laundering and Combating the Financing of Terrorism, International Monetary Fund (Washington) 1 April 2009. Access Date: 27 February 2014. <http://www.imf.org/external/np/sec/pr/2009/pr09108.htm>

¹⁹³² Korea Contributes US\$15 Million to IMF Capacity Development Activities, International Monetary Fund (Washington) 5 December 2013. Access Date: 27 February 2014. <http://www.imf.org/external/np/sec/pr/2013/pr13487.htm>

¹⁹³³ Regional Consultation on Base Erosion and Profit Sharing (Seoul) 21 February 2014. Access Date: 1 October 2014. <http://www.oecd.org/ctp/Co-chairs-summary-Seoul-2014.pdf>

¹⁹³⁴ Regional Consultation on Base Erosion and Profit Sharing (Seoul) 21 February 2014. Access Date: 1 October 2014. <http://www.oecd.org/ctp/Co-chairs-summary-Seoul-2014.pdf>

¹⁹³⁵ S. Korea to toughen standards for tax expenditure (Seoul) 25 March 2014. Access Date: 5 October 2014. <http://www.koreaherald.com/view.php?ud=20140325000946>

Thus, Korea is awarded a score of +1.

Analyst: Jiyoung Han

Mexico: 0

Mexico has partially complied with the assistance of capacity building in developing countries to implement fiscal transparency and tax administration.

On 7-8 February 2013, Mexico attended a consultation meeting with United Nations Development Assistance Framework (UNDAF) to establish priority area commitments between 2014 and 2016. This included equality, inclusion, green economies, social cohesion and justice. Mexico emphasized the need for involving transversal issues into objectives while the UNDAF encouraged Mexico to strengthen their capabilities to improve project management and inter-agency communication.¹⁹³⁶

In September 2013, Mexico signed a technical cooperation agreement with Brazil to approve 13 projects in health, education, agricultural development and water.¹⁹³⁷ One of the commitments made was to define a project on breastfeeding to improve infant mortality rates.

Mexico emphasized its interest in promoting sustainable economic development through infrastructure in Latin America at the Inter-American Development Bank investment meeting with the United States in October 2013.¹⁹³⁸ Moreover, in November 2013, Mexico and the European Union signed the Financing Agreement of Cooperation Program on Social Cohesion to improve equal opportunities to justice, public safety, and human rights.¹⁹³⁹ This will strengthen the ongoing education programs as well as improve the country's national development initiative of social cohesion.

In November 2013 Mexico and Germany signed an agreement of approximately EUR185 million for the Program of Cooperation for Development. This agreement will look at regional development, improving industrial sectors through human resources development and training, and environmentally friendly practices.¹⁹⁴⁰ On February 7 2014, Mexico enacted new transparency reform, allowing citizens to access public information, including the allocation of public funds that come from taxpayer's money.¹⁹⁴¹ Furthermore, the Global Forum on Transparency and Exchange of Information for Tax

¹⁹³⁶ Mexico and the United Nations System Establish Priorities of Cooperation (Mexico City), 12 February 2013. Access Date: 27 February 2014. <http://amexcid.gob.mx/index.php/en/press/press-releases/1718-establecen-mexico-y-el-sistema-de-naciones-unidas-prioridades-de-cooperacion>

¹⁹³⁷ Aprueban Mexico y Brasil Programa de Cooperacion 2013-2015 (Mexico City), 5 September 2013. Access Date: 27 February 2014. <http://amexcid.gob.mx/index.php/en/press/press-releases/1869-aprueban-mexico-y-brasil-programa-de-cooperacion-tecnica-2013-2015>

¹⁹³⁸ Mexico y el BID Reiteran Interes en el Desarrollo Socioeconomico Sostenible en America Latina y el Caribe (Mexico City), 8 October 2013. Access Date: 27 February 2014. <http://amexcid.gob.mx/index.php/en/press/press-releases/1903-mexico-y-el-bid-reiteran-interes-en-el-desarrollo-socioeconomico-sostenible-en-america-latina-y-el-caribe>

¹⁹³⁹ Mexico y la UE Suscriben Convenio de Financiacion del Programa de Cooperacion Laboratorio de Cohesion Social II (Mexico City), 19 November 2013. Access Date: 27 February 2014. <http://amexcid.gob.mx/index.php/en/press/press-releases/1934-mexico-y-la-ue-suscriben-convenio-de-financiacion-del-programa-de-cooperacion-laboratorio-de-cohesion-social-ii>

¹⁹⁴⁰ Mexico y Alemania Acuerdan Nuevo Programa de Cooperacion por al menos 185 Millones de euros (Mexico City), 26 November 2013. Access Date: 27 February 2014. <http://amexcid.gob.mx/index.php/en/press/press-releases/1939-mexico-y-alemania-acuerdan-nuevo-programa-de-cooperacion-por-al-menos-185-millones-de-euros>

¹⁹⁴¹ Mexico enacts access to public information reform, 7 February 2014. Date Accessed: 4 October 2014. <http://www.tm.org.mx/reforma-transparencia/>

purposes has awarded Mexico the highest rank of ‘Compliant’ in its phase 2 of review, as of Aug 4th 2014.¹⁹⁴²

Although Mexico has made some agreements towards inclusive development, it has not made any direct commitments towards any tax administration initiatives in developing countries, nor has it positioned itself as a stakeholder in any existing initiatives.

Thus, Mexico is awarded a score of 0.

Analyst: Daanish Hussain

Russia: 0

Russia has partially complied with the commitment on assisting developing countries in tax administration.

Russia is a member of and donor to the Public Expenditure Management Peer-Assisted Learning (PEMPAL) network, which is “a multilateral effort to develop capacity and share reform experiences among countries in Central Asia and Central and Eastern Europe.” PEMPAL supports “the enhancement of domestic capacity in public expenditure and financial management, to play a catalytic role in scaling up aid, and to strengthen institutions and policies.”¹⁹⁴³ Through a trust fund managed by the World Bank, Russia allocated USD30 million to support PEMPAL in 2010-2014, including USD8 million and USD4 million in 2013 and 2014 respectively.¹⁹⁴⁴

Russia has taken actions to assist developing countries in building capacity for tax administration through the international partnership, but no evidence of national action has been registered during the compliance period. Thus, it has been awarded a score of 0.

Analyst: Mark Rakhmangulov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to assist developing countries in strengthening their tax systems and supporting their revenue mobilization efforts.

Saudi Arabia has made no direct actions during the compliance period in assisting developing countries with capacity building. Nevertheless, Saudi Arabia has taken action as a stakeholder and member of international organizations (IMF and the OECD) to promote international taxation and development.

On 26 -28 August 2014, Saudi Arabia attended the Tax-Customs Interaction workshop hosted by the IMF’s Middle East Regional Technical Assistance Center. The workshop focused on opportunities and challenges associated to enforcing heightened interaction and cooperation amongst tax customs administrations.¹⁹⁴⁵

¹⁹⁴² Global Forum on Transparency and Exchange of Information for Tax Purposes completes phase 2 assessment of Mexico and awards ‘compliant’ status, 4 Aug 2014. Date Accessed: 4 October, 2014. <http://eoi-tax.org/jurisdictions/MX#latest>

¹⁹⁴³ About PEMPAL, PEMPAL. <http://www.pempal.org/about/about-pempal/>.

¹⁹⁴⁴ Government Directive No 222-r of 26 February 2010, Russian Government 2 March 2010. <http://archive.government.ru/gov/results/9565/>.

¹⁹⁴⁵ IMF’s Middle East Regional Technical Assistance Center Concludes Workshop on Tax-Customs Interaction, International Monetary Fund (Washington) 29 August 2014. Access Date: 5 October 2014. <http://www.imf.org/external/np/sec/pr/2014/pr14404.htm>

On 6 May 2014, Saudi Arabia endorsed the Declaration on Automatic Exchange of Information in Tax Matters during the OECD's annual Ministerial Council Meeting in Paris. The Declaration mandates countries to acquire all information from their financial institutions and automatically exchange information with other jurisdictions on a yearly basis so that tax administrations may combat cross-border tax evasion and non-compliance.¹⁹⁴⁶

Saudi Arabia has partially complied with its commitment to better assist developing countries in strengthening their tax systems and supporting their revenue mobilization efforts. While Saudi Arabia failed to contribute to the capacity building of developing countries, Saudi Arabia took actions as a stakeholder and member of international organizations to promote international taxation and development.

Thus, Saudi Arabia has been awarded a score of 0.

Analyst: Joy Lizette Aguilar

South Africa: 0

South Africa has partially complied with capacity building of tax administration programs in developing countries.

South Africa is one of the 18 countries to comply with global standards on tax transparency, according to the Organisation for Economic Co-operation and Development's Global Forum on Transparency and Exchange of Information.¹⁹⁴⁷ They willingly exchange information, and are contributing towards creating an international tax system that avoids evasion and is efficient and fair.^{1948,1949}

South Africa's National Development Plan (NDP) was released in February 2013 and includes mother-to-child transmission programs to prevent HIV, education initiatives and poverty reduction.¹⁹⁵⁰ It also seeks to broaden ownership of assets to historically disadvantaged groups such as women and rural communities while ensuring access to clean water and electricity.¹⁹⁵¹ From April 2013 women have made up for 8 per cent of total employment, which is higher than 2 per cent of employment in 2010. The NDP also seeks to lower the cost of living, develop a green economy, increase infrastructure investment and reduce income inequality.¹⁹⁵²

¹⁹⁴⁶ Declaration on Automatic Exchange of Information in Tax Matters, Organization for Economic Co-operation and Development (Paris) 6 May 2014. Access Date: 5 October 2014. <http://www.oecd.org/mcm/MCM-2014-Declaration-Tax.pdf>

¹⁹⁴⁷ South Africa one of 18 countries that comply with global standards for exchange of tax information (Pretoria), 27 November 2013. Access Date: 5 April 2014. <http://www.gov.za/speeches/view.php?sid=42134>

¹⁹⁴⁸ South Africa partners with UK for pilot scheme on auto exchange of tax info, 12 October, 2013. Access Date: 4 October 2013: http://www.treasury.gov.za/comm_media/press/2013/2013101202 - Statement on Auto Exchange Tax info.pdf

¹⁹⁴⁹ South Africa signs agreement with the US to share tax information, 9 June 2014. Access Date: 4 October 2014. <http://www.sars.gov.za/Media/MediaReleases/Pages/9-June-2014---United-States-and-South-Africa-Sign-an-Intergovernmental-Agreement-to-Share-Tax-Information.aspx>

¹⁹⁵⁰ Implementation of the National Development Plan - Post-SoNA media briefing by Ministers Trevor Manuel and Collins Chabane (Pretoria), 19 February 2013. Access Date: 5 April 2014. <http://www.gov.za/speeches/view.php?sid=34312>

¹⁹⁵¹ Budget vote speech 2013/14 by the Deputy Minister of Economic Development, Prof Hlengiwe Mkhize, MP (Pretoria), 7 May 2013. Access Date: 5 April 2014. <http://www.gov.za/speeches/view.php?sid=39527>

¹⁹⁵² National Development Plan lecture delivered by National Planning Commission Deputy Chairperson Cyril Ramaphosa at the Wits University (Pretoria), 10 September 2013. Access Date: 5 April 2014. <http://www.gov.za/speeches/view.php?sid=39622>

In March 2013, South Africa committed to a partnership with South Sudan to explore trade and investment. They are planning to supply foreign direct investment (FDI) to help develop infrastructure and housing.¹⁹⁵³

On April 7 2014, South Africa's Minister of Finance launched the South Africa Tax Ombud to provide a remedy for taxpayers who have legitimate complaints that relate to administrative matters, poor service or the failure by SARS (South Africa Revenue Service) to observe taxpayer rights¹⁹⁵⁴

South Africa has taken some national actions to address common issues and interests, as well as bilateral initiatives to assist developing countries. However, it has not explicitly taken action on the issue of tax administration in any of its partnerships, nor through international organizations.

Thus, South Africa is awarded a score of 0.

Analyst: Daanish Hussain

Turkey: 0

Turkey has partially complied with its commitment to better assist developing countries in strengthening their tax systems and support their revenue mobilization efforts.

Turkey has taken no direct actions during the compliance period in assisting developing countries with capacity building. Nevertheless, Turkey has taken action as a stakeholder and member of the OECD to promote international taxation and development.

As of August 2014, Turkey has partially complied with the multilateral framework of the Global Forum on Transparency and Exchange of Information for Tax Purposes (hosted by the OECD) on tax transparency and exchange of information.¹⁹⁵⁵

On 6 May 2014, Turkey endorsed the Declaration on Automatic Exchange of Information in Tax Matters during the OECD's annual Ministerial Council Meeting in Paris. The Declaration mandates countries to acquire all information from their financial institutions and automatically exchange information with other jurisdictions on a yearly basis so that tax administrations may combat cross-border tax evasion and non-compliance.¹⁹⁵⁶

On 24-28 February 2014, the Turkish Ministry of Finance along with the Turkish International Co-operation Agency held a 5-day seminar at the OECD-Ankara Multilateral Tax Centre. Attended by over 30 participants from 18 jurisdictions within Eastern Europe and Central Asia, the seminar focused on

¹⁹⁵³ Speech by Nkosiphendule Kolisile MEC for the Gauteng Department of Economic Development at the Gauteng Business Lounge with South Sudan Delegation (Pretoria), 20 March 2013. Access Date: 5 April 2014. <http://www.gov.za/speeches/view.php?sid=35411>

¹⁹⁵⁴ South Africa Launches Tax Ombud, 7 April 2014. Access Date: 4 October 2014. <http://www.gov.za/speeches/view.php?sid=44920>

¹⁹⁵⁵ Phase 1 and Phase 2 Reviews, Organization of Co-operation and Economic Development (Paris) August 2014. Date of Access: 5 October 2014. <http://www.oecd.org/tax/transparency/GFratings.pdf>

¹⁹⁵⁶ Declaration on Automatic Exchange of Information in Tax Matters, Organisation for Economic Co-operation and Development (Paris) 6 May 2014. Access Date: 5 October 2014. <http://www.oecd.org/mcm/MCM-2014-Declaration-Tax.pdf>

topics of international standards for transparency, exchange of information for tax purposes, and systems of monitoring via peer review mechanisms.¹⁹⁵⁷

Turkey has partially complied with its commitment to better assist developing countries in strengthening their tax systems and supporting their revenue mobilization efforts. While Turkey failed to contribute to the capacity building of developing countries through national actions, Turkey took actions as a stakeholder and member of the OECD to promote international taxation and development.

Thus, Turkey has been awarded a score of 0.

Analysts: Joy Lizette Aguilar and Justice Durland

United Kingdom: +1

The United Kingdom has fully complied with the commitment on assisting developing countries in building capacity in the area of tax administration.

The 2013 UK G8 Presidency Report on Trade, Tax and Transparency states that the UK had launched a capacity building unit to assist developing countries in increasing tax revenues.¹⁹⁵⁸ Additionally, it will provide GBP 6 million for the Organisation for Economic Co-operation and Development (OECD), Global Forum, and World Bank Group projects that are aimed to help authorities eliminate tax evasion and avoidance.

On 20 November 2013 the United Kingdom issued a statement stating that it will provide developing countries with advice to increase tax revenues.¹⁹⁵⁹ It will support the funding of four international projects to improve revenue collection and avoid tax evasion. International Development Secretary Justine Greening stated, “this commitment shows that the United Kingdom is leading the way in providing support to developing country tax authorities.”

The UK is one of 40 countries to have committed to early adoption of the OECD’s new single standard for the automatic exchange of information between tax authorities.¹⁹⁶⁰ The OECD formally presented this standard during a meeting of G20 finance ministers on the 22nd of February 2014 and the UK agreed to early adoption in September 2014.¹⁹⁶¹

On 21 November 2013, members of the Global Forum on Transparency and Exchange of Information for Tax Purposes met in Jakarta in order to implement greater international cooperation against tax

¹⁹⁵⁷ Regional Training Seminar on Exchange of Information: The International Standards and Peer Reviews, Organization of Cooperation and Economic Development (Paris) 28 February 2014. Date of Access: 5 October 2014. <http://www.oecd.org/tax/transparency/regionaltrainingseminaronexchangeofinformationtheinternationalstandardsandpeerreviews24-28february2014.htm>

¹⁹⁵⁸ Trade, Tax and Transparency: The 2013 UK G8 Presidency Report, Prime Minister’s Office (United Kingdom) 19 December 2013. Date of Access: 22 February 2014. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271676/G8_report_WEB_FINAL.PDF

¹⁹⁵⁹ UK plans major boos to tax collection in developing countries, Department for International Development and HM Treasury (United Kingdom) 20 November 2013. Date of Access: 22 February 2014. <https://www.gov.uk/government/news/uk-plans-major-boos-to-tax-collection-in-developing-countries>

¹⁹⁶⁰ OECD delivers new single global standard on automatic exchange of information, OECD 13 February 2014. Date of Access: 22 February 2014. <http://www.oecd.org/tax/exchange-of-tax-information/oecd-delivers-new-single-global-standard-on-automatic-exchange-of-information.htm>

¹⁹⁶¹ Joint Statement by the Early Adopters Group, OECD September 2014. Access Date: 4 October 2014. <http://www.oecd.org/tax/transparency/AEOI-early-adopters-statement.pdf>

evasion.¹⁹⁶² At the forum there was the publication of new compliance ratings on countries' work to implement the Global Forum's information exchange standard. The UK was one of 26 countries to be named largely compliant.

Between 22 October 2013 and 13 December 2013, the United Kingdom signed automatic tax information sharing agreements with Jersey, Guernsey, the Cayman Islands, Gibraltar, Bermuda, Montserrat, the Turks and Caicos, the British Virgin Islands, and Anguilla.¹⁹⁶³

On 7 May 2013 the United Kingdom made long term commitments to assist Tanzania and Ethiopia in setting up more effective systems of tax collections.¹⁹⁶⁴ The government of the UK also has a new capacity building program, the Developing Countries Capacity Building Unit, which sets up projects to work with both countries in order to strengthen their tax administration.

The United Kingdom has started a unit that will help developing countries in capacity building and working with international organizations to provide better tax administration in developing countries.

Thus, the United Kingdom has been awarded a score of +1.

Analyst: Carol Drumm

United States: +1

The United States has fully complied with its commitment to assist developing countries in building capacity in the area of tax administration.

The United States has identified tax administration and reform as a critical issue facing its government. President Barack Obama and his congressional counterparts have each developed ongoing plans to improve tax administration, reduce inequality, avoid tax evasion and simplify the American tax code to improve taxation in the United States.

Obama, for example, has suggested a variety of tax loophole closers.¹⁹⁶⁵ Similarly, the Senate Finance Committee has engaged in a lengthy consultative process to develop a comprehensive reform to America's tax code, which is set to hold hearings summer 2014 to spur movement on tax reform.¹⁹⁶⁶

Tax reform and improved tax administration — particularly tax evasion, broadening the tax base, and improving its fairness — are acknowledged as urgent issues however implementation of change has been almost lacking domestically.¹⁹⁶⁷

¹⁹⁶²Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD 21 November 2013. Date of Access: 22 February 2014. <http://www.oecd.org/tax/transparency/ENG%20Jakarta%20Statement%20of%20Outcomes.pdf>

¹⁹⁶³Tax transparency: what the government is doing internationally to reduce tax avoidance and evasion, HM Treasury (United Kingdom) Date of Access: 22 February 2014. http://embed.verite.co/timeline/?source=0AqU9_JLgk8C8dE9YWXRsbHoyS3liMEdfr3puM09Nanc&font=Bevan-PotanoSans&maptype=toner&lang=en&height=650

¹⁹⁶⁴UK government to assist Tanzania and Ethiopia in tax collection, HM Treasury (United Kingdom) 7 May 2013. Date of Access: 22 February 2014. <https://www.gov.uk/government/news/uk-government-to-assist-tanzania-and-ethiopia-in-tax-collection>

¹⁹⁶⁵Reforming the Tax Code, The White House. Access Date: 14 June 2014. <http://www.whitehouse.gov/economy/reform/tax-reform>

¹⁹⁶⁶Tax Reform Option Papers, The United States Senate Committee on Finance. Access Date 14 June 2014. <http://www.finance.senate.gov/issue/?id=6c61b1e9-7203-4af0-b356-357388612063>

¹⁹⁶⁷Move on tax reform before US companies move, The Hill 7 May 2014. Access Date: 14 June 2014. <http://thehill.com/opinion/op-ed/205529-move-on-tax-reform-before-us-companies-move>

Bilaterally, the United States has made significant steps in further implementing the sharing of information related to taxation. In March the United States and Hong Kong signed a tax agreement for the exchange of information to prevent tax evasion.¹⁹⁶⁸ The U.S. has also implemented the Foreign Account Tax Compliance Act, which improves the sharing of American citizen's financial information to recoup federal tax revenues. In this compliance cycle, agreements have been achieved with Malta, Canada, the Netherlands, Bermuda, the Cayman Islands, Costa Rica, and France, amongst others.¹⁹⁶⁹¹⁹⁷⁰

USAID has drafted the Guidelines for Improved Tax Administration in Latin American and the Caribbean to provide “actionable guidance to help tax administrators and donors understand leading practices, pinpoint areas with potential for improvement, and take steps toward more effective and efficient tax administration.”¹⁹⁷¹ These guidelines have the overall aim of assisting struggling Latin American and Caribbean countries in modernizing tax administration.

The United States has built on its bilateral and regional efforts in tax administration development. It has done so by committing itself to the adoption of the single global standard on automatic exchange of information between tax authorities world-wide set by the Organisation for Economic Co-operation and Development.¹⁹⁷² This multilateral commitment involves over 40 countries and builds on the United States' ongoing FATCA efforts.

Thus, the United States is awarded a score of +1.

Analyst: Elisabeth Asselin

European Union: +1

The European Union has fully complied with its commitment to assist developing countries with building capacity in the area of tax administration.

In April 2014, the European Parliament issued a report outlining the importance of strong tax administration policies in developing countries and the conditions that EU countries should meet in order to effectively assist with related initiatives. In its conclusions, the “Tax Revenue Mobilisation in Developing Countries” report outlines two key preconditions for European assistance: coordination with preexisting initiatives in the international community and increased participation with low income countries — not just the BRICS.¹⁹⁷³

¹⁹⁶⁸ Hong Kong and the United States of America signed a Tax Information Exchange Agreement on 25 March 2014. Access Date: 18 October 2014. <http://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Newsletters/Tax-alert/Documents/Tax-alert-1403-07-Tax-Information-Exchange-Agreement.pdf>

¹⁹⁶⁹ United States Signs Six More Bilateral Agreements to Improve Tax Compliance, Combat International Tax Evasion, And Implement FATCA, US Department of the Treasury 19 December 2013. Date Accessed 14 June 2014. <http://www.treasury.gov/press-center/press-releases/Pages/jl2251.aspx>

¹⁹⁷⁰ US Signs Historic Agreements With Cayman Islands, Costa Rica to Fight Offshore Tax Evasion, US Department of the Treasury 29 November 2013. Date Accessed 14 June 2014. <http://www.treasury.gov/press-center/press-releases/Pages/jl2226.aspx>

¹⁹⁷¹ Detailed Guidelines for Improved Tax Administration in Latin American and the Caribbean, USAID 2 October 2013. Date Accessed 14 June 2014. http://www.usaid.gov/sites/default/files/LAC_TaxBook_Entire%20Book%20-%20ENGLISH.pdf

¹⁹⁷² OECD Delivers New Single Global Standard on Automatic Exchange of Information, OECD 13 February 2014. Date Accessed 14 June 2014. <http://www.oecd.org/newsroom/oecd-delivers-new-single-global-standard-on-automatic-exchange-of-information.htm>

¹⁹⁷³ Tax Revenue Mobilisation in Developing Countries: Issues and Challenges, European Parliament. Access Date: 5 October 2014. [http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/433849/EXPO-DEVE_ET\(2014\)433849_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/433849/EXPO-DEVE_ET(2014)433849_EN.pdf)

The report further recommended that EU continue to support current international initiatives to reform developing countries' tax systems, provide financial assistance to the tax administrations of low income countries, and give assistance to regional tax organizations in the developing world.

At the occasion of the 2014 Substantive Session of the United Nation's Economic and Social Council, the EU declared, "domestic revenue mobilization was a key source of financing in developing countries." It also emphasized the important "synergies [in place] between taxation and development" as well as the importance of fostering more synchronized action between national or regional governments and international organizations in order to achieve concerted international standards.¹⁹⁷⁴

The introductory comments to the fourth EU-Africa Summit, held on 2-3 April 2014, delivered in part by José Manuel Barroso, President of the European Commission, also underlined the importance of building "fair and effective tax systems" in order to nurture hospitable investment environment and economic growth.¹⁹⁷⁵

The European Commission signed an agreement to support better public finance management in Central America through the funding the International Monetary Fund's (IMF) Central America Center to the amount of EUR6.3 million in April 2014. Those funds will go towards three core projects, one of which targets "public finances (tax and customs administration and public financial management)."¹⁹⁷⁶ This long-term commitment — meant to happen over a five-year period — guarantees the countries of the region technical assistance in the realm of tax administration, notably.

In the same vein, the IMF's Caribbean Technical Assistance Center's steering committee of donors, which the EU is party to, applauded important improvements in the region's public financial management reform agendas, notably the "strengthening of tax administration structures," on 12 May 2014. The committee thus reaffirmed its support and set new, reform-deepening goals for the countries of the region.¹⁹⁷⁷

On 13 March 2014, the EU agreed to renew financial support for three international financial reporting and auditing standards organizations: the International Financial Reporting Standards Foundation, the European Financial Reporting Advisory Group and the Public Interest Oversight Board. It was announced the EU will maintain its yearly EUR8 million contribution to those working towards better tax administration and fiscal fraud detection globally.¹⁹⁷⁸

The European Commission also agreed to support Georgia in its drive to improve public fiscal management. On 5 March 2014, it was announced that the commission would in fact provide Georgia

¹⁹⁷⁴ Transcription: Economic and Social Council Considers International Cooperation in Tax Matters during Special Meeting, United Nations Economic and Social Council. Access Date: 13 June 2014. <http://www.un.org/News/Press/docs/2014/ecosoc6624.doc.htm>.

¹⁹⁷⁵ Introduction: Fourth EU-Africa Summit 2-3 April 2014, Brussels Declaration, NEPAD, 2 April 2014. Access Date: 13 June 2014. <http://www.nepad.org/nepad/news/3300/fourth-eu-africa-summit-2-3-april-2014-brussels-declaration>

¹⁹⁷⁶ EU funds PFM capacity building efforts in Central America, Public Finance International, 12 June 2014. Access Date: 13 June 2014. <http://www.publicfinanceinternational.org/news/2014/06/eu-funds-pfm-capacity-building-efforts-in-central-america/>.

¹⁹⁷⁷ IMF Technical Assistance Boosting Caribbean PFM, Public Finance International. 12 May 2014. Access Date: 13 June 2014. <http://www.publicfinanceinternational.org/news/2014/05/imf-technical-assistance-boosting-caribbean-pfm/>.

¹⁹⁷⁸ European Parliament Approves Continued Financing of IFRS Bodies, Public Finance International, 13 March 2014. Access Date: 13 June 2014. <http://www.publicfinanceinternational.org/news/2014/03/european-parliament-approves-continued-financing-of-ifrs-bodies/>.

with EUR21 million in financial support to the promotion of “transparency, while increasing efficiency and effectiveness of planning and governmental spending.”¹⁹⁷⁹

On 27 January 2014, the European Commission announced that “the commission announced that almost EUR140 million in aid funding would be released” to Ghana after almost four years of financial support interruption, following the 2008 coup. Those funds target public financial management reforms at large. More specifically, one of the projects will aim at “strengthen[ing] the state’s accountability system, improve[ing] internal revenue and boost[ing] the institutional capabilities of the Ministry of the Economy and Finance.”¹⁹⁸⁰

The European Union has made long-term commitments, reaffirmed ongoing commitments to assist developing countries in capacity building and has demonstrated continued support for international organizations and collaborative projects that are working to improve tax administration.

Thus, the EU is awarded a score of +1.

Analyst: Emma Best and Sarah Mathieu-Comtois

¹⁹⁷⁹ Georgia and EU Agree Third PFM Deal, Public Finance International, 5 March 2014. Access Date: 13 June 2014. <http://www.publicfinanceinternational.org/news/2014/03/georgia-and-eu-agree-third-pfm-deal/>.

¹⁹⁸⁰ Guinea Set for PFM Reform after EU Resumes Funding, Public Finance International, 28 January 2014. Access Date: 13 June 2014. <http://www.publicfinanceinternational.org/news/2014/01/guinea-set-for-pfm-reform-after-eu-resumes-aid-funding/>