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G20 Research Group
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at the National Research University Higher School of Economics, Moscow

present

2013 St. Petersburg G20 Summit Interim Compliance Report

7 September 2013 to 16 June 2014

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11. Development: Tax Administration

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

G20 St. Petersburg Leaders Declaration

Assessment

	Lack of Compliance	Partial Compliance	Full Compliance
Argentina			+1
Australia			+1
Brazil		0	
Canada		0	
China			+1
France			+1
Germany			+1
India		0	
Indonesia		0	
Italy		0	
Japan			+1
Korea		0	
Mexico		0	
Russia		0	
Saudi Arabia		0	
South Africa		0	
Turkey		0	
United Kingdom			+1
United States			+1
European Union			+1
Average		+0.45	

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.¹³⁰⁶ 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. At Pittsburgh 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 Seoul Summit the 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)

¹³⁰⁶ About the Group, G20 DWG IEF. Access Date: 19 February 2014. <http://www.g20dwg.org/>.

knowledge sharing. The eighth pillar, domestic resources 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.”¹³⁰⁷ The Action Plan also calls for international organisations such as the Organisation for Economic Co-operation and Development (OECD), United Nations, International Monetary Fund (IMF) and World Bank to support the development of more effective tax systems in developing countries.

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.¹³⁰⁸ 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, 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, leaders welcomed the report by the OECD on automatic exchange and “encouraged all countries to join this practice” and in July 2013 it became the new global standard.¹³⁰⁹ 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.¹³¹⁰ 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 per cent of gross domestic product in tax revenues, which is well below the 20 per cent 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 members 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 ways in which G20 countries can better assist developing countries to strengthen their tax systems and support their revenue mobilization efforts: leading by

¹³⁰⁷ Annex II: Multi-Year Action Plan on Development, The Seoul Summit Document (Seoul) 12 November 2010. Access Date: 19 February 2014. <http://www.g20dwg.org/documents/pdf/view/323/>.

¹³⁰⁸ Tax Annex to the St. Petersburg G20 Leaders Declaration, G20 Leaders Declaration (St. Petersburg) 5 September 2013. Access Date: 19 February 2014. <http://www.g20.utoronto.ca/2013/2013-0905-tax.html>.

¹³⁰⁹ Tax Annex to the St. Petersburg G20 Leaders Declaration, G20 Leaders Declaration (St. Petersburg) 5 September 2013. Access Date: 19 February 2014. <http://www.g20.utoronto.ca/2013/2013-0905-tax.html>.

¹³¹⁰ 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. Access Date: 19 February 2014. <http://www.imf.org/external/np/g20/pdf/110311.pdf>.

example in addressing common issues and furthering common interests, and as shareholders or member of the international organizations most closely concerned with taxation and development.¹³¹¹

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

1. Estimate and publish tax expenditures, and the cost of special provisions, in regular tax expenditure and budgets. G20 members 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 foreign direct investment, and provide guidelines for countries which use such incentives.
3. Disclose and consider reducing the scope of tax exemptions required by G20 members from country recipients of aid-funded projects.
4. Undertake “spillover” analyses of proposed changes to tax law in G20 members, for example in trade and international taxation — which could have effects on the fiscal circumstances of developing countries.¹³¹²

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 members to provide assistance, including through international organizations. 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 as well as as stakeholders or member of international organizations.

¹³¹¹ 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. Access Date: 19 February 2014.
<http://www.imf.org/external/np/g20/pdf/110311.pdf>.

¹³¹² 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. Access Date: 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 a stakeholder or member of international organizations.
0	Member assists developing countries in capacity building through national actions that address common issues and common interests OR as a stakeholder or member 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 a stakeholder or member of international organizations.

Lead Analyst: Stacey Bocknek

Argentina: +1

Argentina has fully 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.¹³¹³ Relatedly, according to an OECD report published in January 2014, Argentina's percentage of tax revenues to gross domestic product was of 37.3 per cent in 2012, which makes it the highest in Latin America. This is viewed positively by the OECD, which argues that it speaks of improved tax collection capacity.¹³¹⁴

From 17 to 20 September 2014, 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.¹³¹⁵

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."¹³¹⁶

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

¹³¹³ "Phases 1 and 2 Review," Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD. Access Date: 14 June 2014. <http://www.oecd.org/tax/transparency/GF%20ratings%20april%202014.pdf>.

¹³¹⁴ OECD Notes Improved Latin American Tax Collection, Public Finance International, 20 January 2014. Access Date: 13 June 2014. <http://www.publicfinanceinternational.org/news/2014/01/oecd-notes-improved-latin-american-tax-collection/>.

¹³¹⁵ "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>.

¹³¹⁶ "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>.

thorough collaboration between the two countries with regards to information sharing in all tax matters.¹³¹⁷

Argentina represents a model within Latin America with regards to tax collection and transparency standards application and shares its expertise with regional counterparts. Furthermore, it has also engaged at the international level with the OECD. Finally, it has entered into bilateral partnerships for the automatic transfer of tax information. Overall, therefore, Argentina receives the score of +1 for having fully complied with the commitment under assessment.

Analyst: Sarah Mathieu-Comtois

Australia: +1

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

On 14 November 2013, when Julie Bishop, Australia's Minister for Foreign Affairs, addressed Commonwealth foreign ministers meeting in Sri Lanka for a Heads of Government Meeting, she took the opportunity to outline Australia's vision for the G20 Brisbane summit agenda.¹³¹⁸ She stated, "an area we hope to focus upon is in taxation, reforming taxation systems."¹³¹⁹ She explained that not only did she want to implement tax reform in her own country but she wanted to extend this priority to developing nations, as she explains that "some developing countries lose more revenue in tax evasion than they receive in foreign aid and we certainly want to support stronger tax administration and reform where necessary and appropriate."

Australia's annual Tax Expenditures Statement provides a description of the tax expenditures provided to taxpayers by the Australian government. This report published in 2014 outlines the major changes from 2012 that were seen throughout 2013. According to the report, the carbon pricing mechanism benchmark (a point of reference for representing standard taxation treatments) has been set at zero from 2014-15, reflecting the government's policy to repeal the carbon tax.¹³²⁰ In addition, the report outlines that the natural resources benchmark has been modified to reflect the government's policy to repeal the minerals resource rent tax from 1 July 2014.

On 19 February 2014, according to the *The Guardian*, it was alleged that the mining boom in Australia has resulted in a huge extraction of wealth and is reducing companies' profits. Luke Mansillo, a reporter for the Guardian claimed the allegation was false since "within the last year alone, there has been a 20% increase in BHP Billiton's Western Australian iron ore exports." However, in spite of the growth, the

¹³¹⁷ "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>.

¹³¹⁸ With 365 days until the Brisbane summit, Bishop outlines Australia's G20 agenda, *The Interpreter* (Australia), 15 November 2013, Access Date: 23 March 2014. <http://www.lowyinterpreter.org/post/2013/11/15/With-365-days-until-the-Brisbane-summit-Bishop-outlines-Australias-G20-agenda.aspx?COLLCC=1824936132&>

¹³¹⁹ The G20 2014 Agenda - Address to Commonwealth Foreign Ministers, Minister for Foreign Affairs (Australia), 14 November 2013, Access Date: 23 March 2014. http://foreignminister.gov.au/speeches/2013/jb_sp_131114.html

¹³²⁰ Tax Expenditures Statement 2013, Australian Government Treasury (Australia), 30 January 2014, Access Date: 23 March 2014. <http://www.treasury.gov.au/~media/Treasury/Publications%20and%20Media/Publications/2014/TE%202013/Documents/PDF/TE-13-Consolidated.ashx>

minerals resource rent tax only cost USD29 million, which disproves the original allegation and proves that the mining tax is allowing BHP to remain competitive, as shown by its bumper profits.¹³²¹

As part of the Australian government's reform of trust taxation, it has recently been announced that the Australian Taxation Office (ATO) will be receiving AUD67.9 million over a period of four years, for the purpose of targeting compliance activity aimed at high-wealth individual taxpayers who have been involved in criminal and offensive tax avoidance.¹³²² This reform will reduce the possibility for individual taxpayers to conceal income, mischaracterize transactions and underpay tax.

On the ATO's website, it was announced that no changes to the income tax rates or thresholds (which pertains to consumers and individual taxpayers) had been proclaimed.¹³²³ The regular tax table calculators provided on the website for the most part can still be used.

On 14-15 April 2014, the Tax Administration Conference, a biennial event that brings together leading tax administrations, academics, and practitioners from around the world is scheduled to take place at the Australian School of Business at the University of New South Wales in Sydney.¹³²⁴ The conference will be paneled by an esteemed list of speakers who will discuss a variety of issue areas, within and beyond Australia, including the undermining of tax integrity, agent-based modeling of tax compliance, building trust through leadership, Australasian judicial responses to taxpayer claims against tax officials, the case of Greece, tax compliance in New Zealand, Korea, the United States and Malaysia.

Since the St. Petersburg Summit, Australia has implemented a number of initiatives to address tax reform and improved tax administration, both within and outside Australia. With a clear agenda throughout 2014 on how to address these issues of development (through conferences, fora, discussions), 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.¹³²⁵ It is part of Brazil's larger project, "Brazil Without Poverty," which hopes to include another 600,000 families in the

¹³²¹ Mining tax: it's time for all Australians to realise they are being ripped off, The Guardian (Australia), 19 February 2014, Access Date: 23 March 2014. <http://www.theguardian.com/commentisfree/2014/feb/19/mining-tax-its-time-for-all-australians-to-realise-they-are-being-ripped-off>

¹³²² Monthly PAYG instalments to be extended, PWC Australia, Access Date: 23 March 2014. <http://www.pwc.com.au/tax/federal-budget/2013/tax-administration.htm>

¹³²³ Tax Tables, Australian Taxation Office, 2014. Access Date: 23 March 2014. <http://www.ato.gov.au/Rates/Tax-tables/>

¹³²⁴ Atax 11th International Tax Administration Conference, UNSW Australia (Sydney), April 2014, Access Date: 23 March 2014. http://www.asb.unsw.edu.au/schools/taxationandbusinesslaw/newsandevents/conferencesandevents/Documents/2014_tax_admin_conference_program.pdf

¹³²⁵ 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>

program this year.¹³²⁶ 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.¹³²⁷ 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.¹³²⁸ 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.¹³²⁹ 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.¹³³⁰ Overall, Brazil has launched many initiatives to create inclusive and sustainable development. However, due to the inadequacy of these initiatives in their ability to address fiscal transparency, Brazil receives a score of a 0.

Analyst: Jasmine Vallve

Canada: 0

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

Canada will contribute \$18.5 million by 2021 to Benin to help increase internal revenues and strengthen public financial management including through tax capacity building.¹³³¹

On 5 February 2014 Canada and the United States reached agreement on Foreign Account Tax Compliance Act (FACTA).¹³³² FACTA has “acted as a catalyst for the move towards automatic

¹³²⁶ 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>

¹³²⁷ 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>

¹³²⁸ “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>

¹³²⁹ 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>

¹³³⁰ Tax Transparency 2013: Report on Progress (Paris), OECD 2013. Access Date: 22 February 2014. http://www.oecd.org/tax/transparency/draft%20annual%20report%202013%20for%20GF_2.pdf

¹³³¹ Trade, Tax and Transparency: The 2013 UK G8 Presidency Report, Prime Minister’s Office (United Kingdom) 19 December 2013. Access Date: 22 February 2014.

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

¹³³² Canada and U.S. Reach Agreement on Foreign Account Tax Compliance Act, Department of Finance (Canada) 5 February 2014. Access Date: 22 February 2014. <http://www.fin.gc.ca/n14/14-018-eng.asp>

exchange of information in a multilateral context.”¹³³³ The act’s 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 U.S. Internal Revenue Service.¹³³⁴ Instead information on accounts held by US residents and U.S. citizens will be reported to the Canadian Revenue Agency. This agreement is consistent with Canada’s support in promoting tax fairness and automatic exchange of information.

On 27 January 2014, an agreement between Canada and Liechtenstein on tax information exchange was entered into force.¹³³⁵ The same agreement between Canada and Panama was entered into force on 6 December 2013.¹³³⁶ Canada has signed Tax Information Exchange Agreements with Bahrain, the British Virgin Islands, Brunei and, Uruguay but these agreements have not been entered into force.¹³³⁷

On 21 November 2013 the Government of Canada ratified the Convention on Mutual Administrative Assistance in Tax Matters which will enter into force on 1 March 2014.¹³³⁸ Its purpose is to improve cooperation between countries who have ratified the convention by countering international tax avoidance and evasion. In ratifying this convention, Canada will exchange tax information as outlined by the Organisation for Economic Co-operation and Development (OECD) with other parties to the convention.

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 been resisting some measures that would lead to greater tax transparency because Canada believes that “competitive tax systems are important drivers of investment.”¹³³⁹

Canada has acted as a member of international organizations by ratifying agreements that will improve tax administration and promote the automatic exchange of information. Canada has not done enough work in assisting developing countries in capacity building. Thus, it has been awarded a score of 0.

Analyst: Carol Drumm

China: +1

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

¹³³³ Standard for Automatic Exchange of Financial Account Information, OECD 13 February 2014. Access Date: 22 February 2014. <http://www.oecd.org/ctp/exchange-of-tax-information/automatic-exchange-of-financial-account-information.htm>

¹³³⁴ Canada and U.S. Reach Agreement on Foreign Account Tax Compliance Act, Department of Finance (Canada) 5 February 2014. Access Date: 22 February 2014. <http://www.fin.gc.ca/n14/14-018-eng.asp>

¹³³⁵ Canada Signs Tax Information Exchange Agreement with Liechtenstein, Department of Finance (Canada) 31 January 2013. Access Date: 22 February 2014. <http://www.fin.gc.ca/n13/13-014-eng.asp>

¹³³⁶ Canada Partners with Panama to Fight International Tax Evasion, Department of Finance (Canada) 17 March 2013. Access Date: 22 February 2014. <http://www.fin.gc.ca/n13/13-037-eng.asp>

¹³³⁷ Tax Information Exchange Agreements, Department of Finance (Canada) 5 June 2013. Access Date: 22 February 2014. <http://www.fin.gc.ca/treaties-conventions/tieaaerf-eng.asp>

¹³³⁸ Ratification of the Convention on Mutual Administrative Assistance in Tax Matters, Department of Finance (Canada) 21 November 2013. Access Date: 22 February 2014. <http://www.fin.gc.ca/treaties-conventions/notices/maatm-aammf-eng.asp>

¹³³⁹ Canada seen as holdout on G8 pledge tax reform, The Globe and Mail (Ireland), 18 June 2013. Access Date: 22 February 2014. <http://www.theglobeandmail.com/report-on-business/international-business/european-business/g8-seen-striking-pact-aimed-at-cracking-secret-havens/article12630105/>

No instances of direction 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.¹³⁴⁰

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 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.¹³⁴¹

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.¹³⁴²

In 2003, China's SAT worked on implementing general anti-avoidance rules and is known to be ambitious in this area. Although no date has been set for their availability, these rules will likely be announced in 2014. China will continue to closely monitor and challenge location-specific advantages, treaty shopping and restructuring without reasonable commercial purpose.¹³⁴³

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.¹³⁴⁴

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.¹³⁴⁵

¹³⁴⁰ 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

¹³⁴¹ 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>

¹³⁴² 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>

¹³⁴³ Erst 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)

¹³⁴⁴ 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>

¹³⁴⁵ 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>

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.¹³⁴⁶

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.¹³⁴⁷

During the compliance period China has taken measures to be a stakeholder and member of international organizations and international efforts to promote international tax administration but failed to directly assist developing countries with capacity building. Thus, China receives a score of +1.

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 to have committed to early adoption of the new single standard for the automatic exchange of information between tax authorities set by the Organisation for Economic Co-operation and Development (OECD).¹³⁴⁸ The OECD formally presented this standard during a meeting of G20 finance ministers on 22 February 2014.

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.¹³⁴⁹ 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.

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).¹³⁵⁰ 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.

¹³⁴⁶ 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>

¹³⁴⁷ 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>

¹³⁴⁸ OECD delivers new single global standard on automatic exchange of information, OECD 13 February 2014. Access Date: 23 February 2014. <http://www.oecd.org/tax/exchange-of-tax-information/oecd-delivers-new-single-global-standard-on-automatic-exchange-of-information.htm>

¹³⁴⁹ Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD 21 November 2013. Access Date: 23 February 2014. <http://www.oecd.org/tax/transparency/ENG%20Jakarta%20Statement%20of%20Outcomes.pdf>

¹³⁵⁰ Tax Inspectors Without Borders, OECD. Access Date: 23 February 2014. <http://www.oecd.org/ctp/tax-global/tiwb-background.pdf>

Since the 1990s, France has provided support for International Monetary Fund projects on tax administration in 19 francophone countries in Sub-Saharan Africa.¹³⁵¹ France is still active in the 19 francophone countries, providing them with three types of support: sending French tax advisors to the francophone countries to assist with tax administration, training, 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, it 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.¹³⁵² It is an interactive, three-week course 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.”¹³⁵³ It also places emphasis on the fight against corruption. Overall, this course is meant to increase resource mobilization capacities and inter-agency cooperation throughout the world.

The Berlin School of Economics and Law, a public German academic institution, also offers, since 2012, a Master of Arts in Tax Policy and Administration specially targeting African professionals who intend on applying their skills at home. Although this initiative predates the St. Petersburg Summit, the sustained commitment of the German government in offering the degree and collaborating with partners such as the African Tax Administration Forum (ATAF), the South African Revenue Services, German Federal Ministry of Finance, German tax offices, the German parliament and the EU Commission.¹³⁵⁴

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.”¹³⁵⁵ The German government plans on having the ATAF established and functioning by 2016 and pledged financial support at least until then. It is relevant to note that the ATAF held a Consultative Conference on New Rules of the Global Tax Agenda in Johannesburg, South Africa, on 18-19 March 2014. This important

¹³⁵¹ Tax Administration Reform in the Francophone Countries of Sub-Saharan Africa, International Monetary Fund July 2013. Access Date: 23 February 2014. <http://www.imf.org/external/pubs/ft/wp/2013/wp13173.pdf>

¹³⁵² Conducting Financial Investigations, Course Programme, OECD. Access Date: 13 June 2014. <http://www.oecd.org/ctp/crime/capacity-building-brochure.pdf>

¹³⁵³ Conducting Financial Investigations, Course Programme, OECD. Access Date: 13 June 2014. <http://www.oecd.org/ctp/crime/capacity-building-brochure.pdf>

¹³⁵⁴ MA Tax Policy and Tax Administration, Berlin School of Economics and Law. Access Date: 13 June 2014. <http://www.mba-berlin.de/en/master-programmes/ma-tax-policy-and-tax-administration/content/>.

¹³⁵⁵ “State-Building through Taxation,” German Federal Enterprise for International Cooperation (GIZ). Access Date: 13 June 2014. <https://www.giz.de/en/worldwide/15810.html>.

step was supported by the German government and highlights the success of Germany's tax administration capacity building in sub-Saharan Africa.¹³⁵⁶

The German Agency for International Cooperation (GIZ) is currently involved in the conducting and funding of more than 30 development projects¹³⁵⁷ meant to address 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.¹³⁵⁸ 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."¹³⁵⁹ GIZ involvement in Ghana has been sustained for many years and replicated in other parts of the developing world.

On 9 May 2015 and 5 February 2014, BMZ is also one of the core partners of the International Tax Compact, "an informal platform supporting the establishment of better tax systems."¹³⁶⁰ It organizes workshops and conferences — most recently in Rio, Brazil and in Accra, Ghana — on topics pertaining to tax administration and fiscal issues relevant to public resource mobilization.¹³⁶¹

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. For those reasons, it is found that it has fully complied with this commitment and receives a score of +1.

Analyst: Sarah Mathieu-Comtois

India: 0

India has partially complied with its commitment to assist developing countries, including through the international organizations, in building capacity in the area of tax administration, in addition to automatic exchange of information. It has participated in international organizations and contributed to collective pressuring efforts to increase the transparency of tax information.

India first participated in the efforts to improve tax administration around the world in 2009 when it agreed to the International Standard for Tax Transparency and Exchange of Information and became a member of the Organisation for Economic Co-operation and Development's Global Forum on

¹³⁵⁶ "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.

¹³⁵⁷ German Agency for International Cooperation (GIZ). Access Date: 13 June 2014. <http://www.giz.de/en/html/searchresult.html?query=tax+administration&doc-types=html&hits=10#>.

¹³⁵⁸ Public Finances, German Agency for International Cooperation (GIZ). Access Date: 13 June 2014. <http://www.giz.de/expertise/html/3173.html>.

¹³⁵⁹ "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/>.

¹³⁶⁰ "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/>.

¹³⁶¹ International Tax Compact. Access Date : 13 June 2014. <http://www.taxcompact.net/index.html>.

Transparency and Exchange of Information for Tax Purposes. It has published Phase 1 of its findings and has been assessed as compliant.¹³⁶²

On 15 October 2011 at the G20 Finance Ministers and Central Bank Governors meeting on Development in France, India actively promoted other countries to join this commitment. Finance Minister Pranab Mukherjee emphasized the importance of having Automatic Exchange of Information among countries and declared it one of the most effective ways to improve voluntary tax compliance and decrease evasion.¹³⁶³ He then asked G20 “to call to the United Nations ... for developing internationally agreed guidelines on transfer pricing and international taxation.” Furthermore, Mukherjee expressed desires to expand the systems and standardized exchange of tax information when he said “the assistance in collection of taxes should also be part of the International Standards of Transparency and Exchange of Information for Tax Purposes.”¹³⁶⁴

In 2011, India declared it would work to develop the international tax administration and automatic exchange of information infrastructure when it announced it would contribute EUR320,000 to the Global Forum that would monitor effectiveness of tax avoidance and exchange information treaties.¹³⁶⁵

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 2015.¹³⁶⁶

India’s Finance Minister P. Chidambaram pressed in particular for increased transparency for effective system for getting financial information from other nations. Chidambaram urged to widen the 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.

While India has not participated through national actions that address common issues or further common interests, it has been an active participant as a member in international organizations and has advocated for strengthening the international structures that increase tax transparency around the world. Thus, India has been awarded a score of 0.

Analyst: Nancy Xue

Indonesia: 0

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

¹³⁶² Global Forum on Transparency and Exchange of Information for Tax Purposes Peer Reviews: India 2010: Phase 1, OECD Publishing 2010. Access Date: 25 February 2014. <http://dx.doi.org/10.1787/9789264095533-en>.

¹³⁶³ Carbon Tax Cannot be Additional Source of Climate Finance: Pranab, Livemint 15 Oct 2011. Access Date: 26 Feb 2014. <http://www.livemint.com/Politics/p3mcEbWpBnp79OUzbjFO/Carbon-tax-cannot-be-addl-source-of-climate-finance-Pranab.html>.

¹³⁶⁴ The Global Forum on Transparency and Exchange of Information for Tax Purposes Information Brief, The Global Forum on Transparency and Exchange of Information for Tax Purposes 16 April 2012. Access Date: 27 February 2014. <http://www.oecd.org/ctp/harmful/43757434.pdf>.

¹³⁶⁵ India Makes G20 Ministers Agree on Sharing Info on Tax Evasion, Deccan Herald (Paris) 15 October 2011. Access Date: 26 February 2014. <http://www.deccanherald.com/content/198151/india-global-action-against-tax.html>.

¹³⁶⁶ 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. Access Date 25 February 2014. <http://www.g20.utoronto.ca/2014/2014-0223-finance.html>.

In October 2013, the Financial Action Task Force pointed to Indonesia, as an entity displaying important weaknesses with regards to tax administration and transparency. Furthermore, Indonesia also ranks within the “top 15 illicit money providers” in the world, according to a Global Financial Integrity Report published in December 2013.¹³⁶⁷

Furthermore, while Indonesia signed the Convention on Mutual Administrative Assistance in Tax Matters on 3 November 2011, it still has not deposited any instrument of ratification, acceptance, or approval of the convention. In this sense, it has not taken any official steps towards implementing the provisions of this international agreement overseen by the Organisation for Economic Co-operation and Development.¹³⁶⁸

On 21 November 2013, Indonesia hosted the 2013 Global Forum on Transparency and Exchange of Information for Tax Purposes, which was held in Jakarta, Indonesia. The objective of the meeting was to agree on ways of more effectively implementing international cooperation against tax evasion and thereby perform better with regards to resource mobilization.¹³⁶⁹ At the Forum there was publication of new compliance ratings on countries’ work to implement the Global Forum’s information exchange standard.

The forum’s constituents — which include more than 80 countries and 10 international organizations — also took this opportunity to highlight the important ways in which the Indonesian government has collaborated with different international organizations on tax administration projects.¹³⁷⁰

The Indonesian government is currently undergoing national difficulties with regards to tax administration, and therefore does not seem to be in a position to offer bilateral assistance. The hosting of the 2013 Global Forum, a major multilateral platform for tax-related discussion, represents a considerable engagement with international organizations, as well as with their stakeholders. Overall, Indonesia receives a score of 0 for its partial compliance with the commitment under assessment.

Analyst: Sarah Mathieu-Comtois

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

¹³⁶⁷ “Enhancing Cooperation among Tax Administrators in Asia-Pacific,” International Tax Review, 28 January 2014. Access Date: 14 June 2014. <http://www.internationaltaxreview.com/Article/3302780/Enhancing-cooperation-among-tax-administrators-in-Asia-Pacific.html>.

¹³⁶⁸ Status of the Convention on Mutual Administrative Assistance in Tax Matters and Amending Protocol, OECD, 23 May 2014. Access Date: 14 June 2014. http://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf.

¹³⁶⁹ Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD 21 November 2013. Access Date: 22 February 2014. <http://www.oecd.org/tax/transparency/ENG%20Jakarta%20Statement%20of%20Outcomes.pdf>

¹³⁷⁰ “Statement of Outcomes,” 2013 Global Forum on Transparency and Exchange of Information for Tax Purposes. Access Date: 14 June 2014. <http://www.oecd.org/tax/transparency/ENG%20Jakarta%20Statement%20of%20Outcomes.pdf>.

minor tax non-compliance issues; lower and more predictable energy costs; and a simpler legal system for businesses.¹³⁷¹ 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).¹³⁷²

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 published 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.”¹³⁷³ These efforts are meant to improve fiscal efficiency, reduce administration costs and increase the impact tax expenditures have on the economy.

This working paper initiated that process by first discussing why and how tax expenditures are evaluated and the benefits it could have for the economy and citizens. It went on to discuss what types of tax expenditures currently exist in Italy and concluded with which of these expenditures should be reformed to increase their efficiency and positive impact on the Italian economy.¹³⁷⁴ The clear, concise and approachable way in which this working paper was written serves as an excellent model for other countries to follow.

On February 13 2014 Italy, along with France and the United Kingdom, became one of 41 other 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 more fair 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.¹³⁷⁵ 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.¹³⁷⁶

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

¹³⁷¹ ‘Destination Italy’ Pro-Foreign Business Plan Unveiled, ANSAmed (Rome) 19 September 2013. Access Date: 15 June 2014. http://www.ansa.it/ansamed/en/news/nations/italy/2013/09/19/-Destination-Italy-pro-foreign-investment-plan-unveiled_9327534.html

¹³⁷² 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>

¹³⁷³ 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>

¹³⁷⁴ 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>

¹³⁷⁵ 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>

¹³⁷⁶ 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>

bureaucracy.¹³⁷⁷ 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.”¹³⁷⁸ 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 latest peer-review by the OECD, published on 4 April 2014, 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”¹³⁷⁹ 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.¹³⁸⁰

Italy has undertaken extensive national actions that address common issues and interests, but its comparatively little involvement as a stakeholder or member of an organization that directly assists or impacts developing countries. Italy is hence awarded a score of 0.

Analyst: Aurora Hudson

Japan: +1

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

Japan has made some indirect efforts to assist developing countries with capacity building and to participate via international organizations to promote international taxation and development.

On 11 March 2014, the Japan International Cooperation Agency and United Nations Development Programme announced a reinforcement agreement to strengthen their partnership and accelerate the

¹³⁷⁷ 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/italy-politics-idUSL5N0MV4YW20140403>

¹³⁷⁸ 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

¹³⁷⁹ 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/italy/italy-increases-aid-contributions-but-should-address-working-practices-oecd-says.htm>

¹³⁸⁰ 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

implementation of infrastructure and economic development projects in Iraq, specifically in the areas of delegation of management, tax and duty exemption, and knowledge sharing.¹³⁸¹

As of 30 January 2014, Japan had concluded 60 tax treaties or agreements applicable to 79 countries, including developing countries and commitments to expand assistance in recovery.¹³⁸² Moreover, on 28 June 2013, Japan ratified the Convention on Mutual Administration Assistance in Tax Matters, which entered into force for Japan on 1 October.¹³⁸³

On 29 May 2013, India and Japan committed to enhancing bilateral economic cooperation and agree to work closely to develop a complimentary tax administration system and business environment.¹³⁸⁴ They agreed to continue working towards a greater understanding of all financial and taxation related issues including Indian rupee denominated finance by Japan Bank for International Cooperation and establishing a consultative mechanism between the two countries.¹³⁸⁵

Finally, the Japan External Trade Organization is committed to assisting business expansion to developing countries.¹³⁸⁶

For all these reasons, Japan had been rewarded a score of +1 for full compliance with its commitment to better assist developing countries to strengthen their tax systems and support their revenue mobilization efforts.

Analyst: Justice Durland

Korea: 0

Korea has partially complied with its commitment to assist developing countries in capacity building as stakeholders or members of international organizations but not through national actions that address common issue and common interests.

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.¹³⁸⁷

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.¹³⁸⁸ IMF Managing

¹³⁸¹ UNDP. JICA (Japan) and UNDP Partnership Reinforcement Agreement to Accelerate Economic Recovery in Iraq. 11 March 2014. Access Date: April 1 2014.

<http://www.iq.undp.org/content/iraq/en/home/presscenter/pressreleases/2014/03/11/jica-japan-and-undp-partnership-reinforcement-agreement-to-accelerate-economic-recovery-in-iraq/>

¹³⁸² PwC. Japan Tax Update: Updates on the status of Tax Treaties/Agreements. January 2014. Access Date: 1 April 2014. <http://www.pwc.com/jp/en/taxnews/pdf/tax-treaties-2014-e.pdf>

¹³⁸³ Ministry of Finance Japan. Convention on Mutual Administrative Assistance in Tax Matters will Enter into Force for Japan. 1 July 2013. Access Date: 1 April 2014. http://www.mof.go.jp/english/tax_policy/tax_conventions/press_release/20130701.htm

¹³⁸⁴ India, Japan to develop conducive tax regime to promote ties, the Economic Times. 29 May 2013. Access Date: 1 April 2014. http://articles.economictimes.indiatimes.com/2013-05-29/news/39602317_1_indian-institute-shinzo-abe-western-dedicated-freight-corridor

¹³⁸⁵ Joint Statement on the occasion of Official Visit of the Prime Minister of Japan to India, Ministry of External Affairs, Government of India. 25 January 2014. Access Date: 1 April 2014. <http://mea.gov.in/bilateral-documents.htm?dtl/22772>

¹³⁸⁶ Japan External Trade Organization. Assisting business expansion of developing countries. 2014. Access Date: 1 April 2014. <https://www.jetro.go.jp/en/jetro/activities/oda/>

¹³⁸⁷ 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>

Director Christine Lagarde called the development, “the beginning of a new stage in the strategic partnership between Korea and the IMF on capacity development.”¹³⁸⁹

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.¹³⁹⁰

Korea received a score of 0 for partially complying with its commitment to assist developing countries in capacity building as a stakeholder or member of international organizations.

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.¹³⁹¹

In February 2013 Mexico signed an agreement with Costa Rica on Cooperation for Development, which will open spaces for cooperation and outline an agenda for greater development impact.¹³⁹²

In September 2013, Mexico signed a technical cooperation agreement with Brazil to approve 13 projects in health, education, agricultural development and water.¹³⁹³ 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

¹³⁸⁸ 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>

¹³⁸⁹ 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>

¹³⁹⁰ SGATAR Communiqué, Organisation for Economic Cooperation and Development (Paris) 17 October 2014. Access Date: 27 February 2014. <http://www.oecd.org/site/ctpfta/43rd-SGATAR-Meeting-Final-Communique.pdf>

¹³⁹¹ 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>

¹³⁹² Mexico y Costa Rica Suscriben Convenio para el Desarrollo (Mexico City), 20 February 2013. Access Date: 27 February 2014. <http://amexcid.gob.mx/index.php/en/press/press-releases/1726-mexico-y-costa-rica-suscriben-convenio-de-cooperacion-para-el-desarrollo>

¹³⁹³ 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>

in October 2013.¹³⁹⁴ 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.¹³⁹⁵ 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.¹³⁹⁶

Although Mexico has made some agreements towards inclusive development, it has not made any direct commitments towards any tax administration initiatives, nor has it positioned itself as a stakeholder. Mexico thus is awarded a score of 0.

Analyst: Jasmine Vallh

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.”¹³⁹⁷ 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.¹³⁹⁸

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 better assist developing countries in strengthen their tax systems and support their revenue mobilization efforts.

¹³⁹⁴ 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>

¹³⁹⁵ 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>

¹³⁹⁶ 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>

¹³⁹⁷ About PEMPAL, PEMPAL. <http://www.pempal.org/about/about-pempal/>.

¹³⁹⁸ Directive No 222-r of 26 February 2010, Russian Government 2 March 2010. <http://archive.government.ru/gov/results/9565/>.

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

On 29 October 2013, Saudi Arabia signed the Organisation for Economic Co-operation and Development's Multilateral Convention on Mutual Administrative Assistance in Tax Matters, thus providing for spontaneous exchange of information, simultaneous tax examinations, and assistance in tax collection.¹³⁹⁹

On 29 May 2013, Saudi Arabia participated in a one-day special meeting to consider international cooperation in tax matters, including institutional arrangements to promote such cooperation, with the participation of representatives from national tax authorities and ministries of finance.¹⁴⁰⁰ Finally, on 7 May 2013, Saudi Arabia signed a double tax treaty with Luxembourg.¹⁴⁰¹

Saudi Arabia has partially complying with its commitment to better assist developing countries to strengthen their tax systems and support their revenue mobilization efforts. While Saudi Arabia took actions as a stakeholder and member of international organizations, Saudi Arabia failed to directly assist developing countries with capacity building. Thus Saudi Arabia had been rewarded a score of 0.

Analyst: Justice Durland

South Africa: 0

South Africa has partially complied with capacity building among other developing countries in the area of tax administration.

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.¹⁴⁰² They willingly exchange information, and are contributing towards creating an international tax system that avoids evasion and is efficient and fair.

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.¹⁴⁰³ 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.¹⁴⁰⁴ 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.

¹³⁹⁹ KPMG. Saudi Arabia – International tax agreements, income tax treaties. 29 October 2013. Access Date 5 April 2014. <https://www.kpmg.com/global/en/issuesandinsights/articlespublications/taxnewsflash/pages/saudi-arabia-international-tax-agreements-income-tax-treaties.aspx>

¹⁴⁰⁰ FfDO/DESA. Special meeting of ECOSOC on "International Cooperation on Tax Matters", Newsletter 2013/6, June 2013. Access Date: 5 April 2014. http://www.un.org/esa/ffd/tax/2013ITCM/Tax_newsletter6_june2013.pdf

¹⁴⁰¹ Deloitte. Luxembourg Tax Alert, Luxembourg Tax Department. 24 July 2013. Access Date: 5 April 2014. http://www.deloitte.com/assets/Dcom-Luxembourg/Local%20Assets/Documents/Newsletters/Tax%20Alert/2013/lu_taxalert_saudiarabia_24072013.pdf

¹⁴⁰² 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>

¹⁴⁰³ 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>

¹⁴⁰⁴ 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>

The NDP also seeks to lower the cost of living, develop a green economy, increase infrastructure investment and reduce income inequality.¹⁴⁰⁵

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.¹⁴⁰⁶

South Africa has taken some national actions to address common issues and interests but has not explored the issues of tax administration as a stakeholder in any of its partnerships, and is therefore graded a 0.

Analyst: Jasmine Vallve

Turkey: 0

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

Turkey took actions as a stakeholder and member of international organizations to promote international taxation and development during the compliance period, including hosting the third Forum on Tax and Crime for the Organisation for Economic Co-operation and Development (OECD) and signing a memorandum of understanding regarding the OECD-Ankara Multilateral Tax Centre.

Turkey failed, however, to take action to directly assist developing countries with capacity building and taxation development.

On 7-8 November 2013, Turkey hosted the OECD Forum on Tax and Crime. In the Outcomes Statement, participating countries proposed seven aims, including “maximise the benefits of using Suspicious Transaction Reports in combating tax crimes” and “monitor tax crime and other risks associated with the growth in digital currencies.”¹⁴⁰⁷

On 5 May 2013, Turkey signed a memorandum of understanding with the OECD to establish the framework for co-operation in the implementation of the Multilateral Tax Programme at the OECD-Ankara Multilateral Tax Centre.¹⁴⁰⁸ The OECD Ankara Multilateral Tax Center operates in Ankara under the management of the Turkish Ministry of Finance.¹⁴⁰⁹

¹⁴⁰⁵ 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>

¹⁴⁰⁶ Speech by Nkosiphendule Kolisile MEC for the Gauteng Department of Economic Development at the Gauteng Business Lounge with South Sedan Delegation (Pretoria), 20 March 2013. Access Date: 5 April 2014.

<http://www.gov.za/speeches/view.php?sid=35411>

¹⁴⁰⁷ Outcomes Statement, 3rd OECD Forum on Tax and Crime. 8 November 2013. Access Date: 5 April 2014.

<http://www.oecd.org/ctp/crime/outcomes-third-forum-on-tax-crime.pdf>

¹⁴⁰⁸ The Implementation of the Multilateral Tax Programme at the OECD Ankara Multilateral Tax Centre, Memorandum of Understanding between The Government of Turkey and the OECD. 3 May 2013. Access Date: 5 April 2014.

<http://www.resmigazete.gov.tr/eskiler/2014/01/20140128-1-1.pdf>

¹⁴⁰⁹ Deloitte. Luxembourg Tax Alert, Luxembourg Tax Department. 24 July 2013. Access Date: 5 April 2014.

[http://www.deloitte.com/assets/Dcom-](http://www.deloitte.com/assets/Dcom-Luxembourg/Local%20Assets/Documents/Newsletters/Tax%20Alert/2013/lu_taxalert_saudi Arabia_24072013.pdf)

[Luxembourg/Local%20Assets/Documents/Newsletters/Tax%20Alert/2013/lu_taxalert_saudi Arabia_24072013.pdf](http://www.deloitte.com/assets/Dcom-Luxembourg/Local%20Assets/Documents/Newsletters/Tax%20Alert/2013/lu_taxalert_saudi Arabia_24072013.pdf)

Turkey signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters in 2011, but has failed to ratify the agreement to date.¹⁴¹⁰ Since 1993, it has hosted education seminars on tax matters for over 4,000 participants from 45 countries.¹⁴¹¹

Turkey has partially complied with its commitment to better assist developing countries to strengthen their tax systems and support their revenue mobilization efforts. Thus, Turkey has been rewarded a score of 0.

Analyst: 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.¹⁴¹² Additionally, it will provide GBP6 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 saying it will provide developing countries with advice to increase tax revenues.¹⁴¹³ It will support the funding of four international projects to improve revenue collection and avoid tax evasion. International Development Secretary Justine Greening stated that “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.¹⁴¹⁴ The OECD formally presented this standard during a meeting of G20 finance ministers on 22 February 2014.

On 21 November 2013, members of the Global Forum on Transparency and Exchange of Information for Tax Purposes met in Jakarta, Indonesia, to implement greater international cooperation against tax evasion.¹⁴¹⁵ At the forum there was 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.

¹⁴¹⁰ Analysis of OECD’s Multilateral Convention on Mutual Administrative Assistance in Tax Matters, Offtax.com. 30 May 2013. Access Date: 5 April 2014. <http://www.offtax.com/resources/articles/oecd-multilateral-convention-on-mutual-administrative-assistance-in-tax-matters.php>

¹⁴¹¹ Turkey’s Relations with the OECD, Republic of Turkey Ministry of Foreign Affairs. 2011. Access Date: 5 April 2014. <http://www.mfa.gov.tr/oecd.en.mfa>

¹⁴¹² Trade, Tax and Transparency: The 2013 UK G8 Presidency Report, Prime Minister’s Office (United Kingdom) 19 December 2013. Access Date: 22 February 2014. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271676/G8_report_WEB_FINAL.PDF

¹⁴¹³ UK plans major boost to tax collection in developing countries, Department for International Development and HM Treasury (United Kingdom) 20 November 2013. Access Date: 22 February 2014. <https://www.gov.uk/government/news/uk-plans-major-boost-to-tax-collection-in-developing-countries>

¹⁴¹⁴ OECD delivers new single global standard on automatic exchange of information, OECD 13 February 2014. Access Date: 22 February 2014. <http://www.oecd.org/tax/exchange-of-tax-information/oecd-delivers-new-single-global-standard-on-automatic-exchange-of-information.htm>

¹⁴¹⁵ Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD 21 November 2013. Access Date: 22 February 2014. <http://www.oecd.org/tax/transparency/ENG%20Jakarta%20Statement%20of%20Outcomes.pdf>

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.¹⁴¹⁶

On 7 May 2013 the United Kingdom made long term commitments to assist Tanzania and Ethiopia set up more effective systems to collect tax.¹⁴¹⁷ The government has a new capacity building program, the Developing Countries Capacity Building Unit, which sets up projects to work with both countries 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.¹⁴¹⁸ 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.¹⁴¹⁹ However, while tax reform and improved tax administration — particularly tax evasion, broadening the tax base, and improving its fairness — are acknowledged as urgent issues, implementation of change has been almost non-existent domestically.¹⁴²⁰

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.¹⁴²¹ The U.S. has also implemented Foreign Account Tax Compliance Act, which improves the sharing of American citizen's financial information to recoup

¹⁴¹⁶ Tax transparency: what the government is doing internationally to reduce tax avoidance and evasion, HM Treasury (United Kingdom) Access Date: 22 February 2014.

http://embed.verite.co/timeline/?source=0AqU9_JLgk8C8dE9YWXRSbHoyS3liMEdfR3puM09Nanc&font=Bevan-PotanoSans&maptype=toner&lang=en&height=650

¹⁴¹⁷ UK government to assist Tanzania and Ethiopia in tax collection, HM Treasury (United Kingdom) 7 May 2013. Access Date: 22 February 2014. <https://www.gov.uk/government/news/uk-government-to-assist-tanzania-and-ethiopia-in-tax-collection>

¹⁴¹⁸ Reforming the Tax Code, The White House. Access Date: 14 June 2014.

<http://www.whitehouse.gov/economy/reform/tax-reform>

¹⁴¹⁹ Tax 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>

¹⁴²⁰ Move 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>

¹⁴²¹ Hong Kong and the United States Tax Agreement Promotes International Tax Transparency, Orangefield ICS 14 May 2014. Access Date: 14 June 2014. <http://ics.orangefield.com/news/news-archive/news-archive-2014/hong-kong-and-the-united-states-tax-agreement-promotes-international-tax-transparency/>

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.¹⁴²²

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.”¹⁴²³ 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 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.¹⁴²⁴ This multilateral commitment involves over 40 countries and builds on the United States ongoing FATCA efforts.

Overall, and as a result of the aforementioned and cumulative efforts, the United States receives a compliance score of +1.

Analyst: Taylor Grott

European Union: +1

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

At the occasion of the 2014 Substantive Session of the United Nation’s Economic and Social Council, the EU declared that “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.¹⁴²⁵

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.¹⁴²⁶

¹⁴²² 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> AND

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>

US And France Agree to Combat Offshore Tax Evasion, US Department of the Treasury 14 November 2014. Access Date 14 June 2014. <http://www.treasury.gov/press-center/press-releases/Pages/jl2217.aspx>

¹⁴²³ 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/where-we-work/latin-american-and-caribbean/tax-administration>

¹⁴²⁴ OECD Delivers New Single Global Standard on Automatic Exchange of Information, OECD 13 February 2014. Date Accessed 14 June 2014. <http://www.oecd.org/tax/exchange-of-tax-information/oecd-delivers-new-single-global-standard-on-automatic-exchange-of-information.htm>

¹⁴²⁵ 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>.

¹⁴²⁶ 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>.

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)."¹⁴²⁷ 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.¹⁴²⁸

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. The EU, it was announced, will maintain its yearly EUR8 million contribution to those instances working towards better tax administration and fiscal fraud detection globally.¹⁴²⁹

The European Commission also agreed to support Georgia in its will to improve public fiscal management. On 5 March 2014, it was announced that the commission would in fact provide Georgia with EUR21 million in financial support the promotion of "transparency, while increasing efficiency and effectiveness of planning and governmental."¹⁴³⁰

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 year 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."¹⁴³¹

The European Union 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. For those reasons, it is found that it has fully complied with this commitment and receives a score of +1.

Analyst: Sarah Mathieu-Comtois

¹⁴²⁷ 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/>.

¹⁴²⁸ 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/>.

¹⁴²⁹ 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/>.

¹⁴³⁰ 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/>.

¹⁴³¹ 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/>