OECD WORK ON

TAXATION

2021

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About the OECD

The Organisation for Economic Co-operation and Development (OECD) is an international organisation that works to build better policies for better lives. Our goal is to shape policies that foster prosperity, equality, opportunity and well-being for all. We draw on over 60 years of experience and insights to better prepare the world of tomorrow.

Together with governments, policy makers and citizens, we establish evidence-based international standards and find solutions to a range of social, economic and environmental challenges. From improving economic performance and creating jobs to fostering strong education and fighting international tax evasion, we provide a unique forum and knowledge hub for data and analysis, exchange of experiences, best-practice sharing, and advice on public policies. Through our standard setting, programmes and initiatives, we help drive and anchor reform in more than 100 countries around the world, building on our collective wisdom and shared values.

Our 38 member countries span the globe, from North and South America to Europe and Asia-Pacific. The most recent countries to join the OECD were Costa Rica in May 2021 and Colombia in April 2020. The OECD also works with some of the world's largest economies: Brazil, China, India, Indonesia and South Africa, which are OECD Key Partners. They participate in the OECD's daily work, bringing useful perspectives and increasing the relevance of policy debates.

Introduction by Pascal Saint-Amans and Grace Perez-Navarro

Tax is at the core of building better, stronger and more inclusive societies. The COVID-19 pandemic has reinforced the critical role that sound, timely tax policies and efficient tax administrations can play in supporting people and businesses through the most challenging times towards a more promising and sustainable future.

The OECD's Centre for Tax Policy and Administration (CTPA) brings together a range of tax experts to support the member-driven work of the Committee on Fiscal Affairs, including the Inclusive Framework on BEPS and the CFA's specialised fora, taskforces and working groups, as well as the Global Forum on Transparency and Exchange of Information for Tax Purposes. Our work covers international and domestic issues, across direct and indirect taxation, and builds on strong relationships with OECD members and the engagement of a large number of non-OECD, G20 and developing countries on an equal footing, as well as input from business and civil society. This inclusive approach ensures our solutions are fit for a modern, globalised and digitalised economy.

Our work has its origins in eliminating tax barriers to cross-border trade and investment. The *OECD Model Tax Convention*, which aims to reduce double taxation and forms the basis of over 3 000 bilateral tax treaties, has been a fundamental part of the international tax architecture for more than 50 years. Similarly, the *OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* are widely used around the world.

The CTPA's work as a global standard-setter and consensus facilitator has led to major progress over the past decade to tackle tax evasion and avoidance. Working to enhance

tax transparency and exchange of information between tax administrations, we have contributed to ending bank secrecy for tax purposes. In 2019, information was exchanged on 84 million bank accounts worth EUR 10 trillion. The Global Forum on Transparency and Exchange of Information for Tax Purposes, which monitors the implementation of tax transparency and information exchange standards, is comprised of over 160 member countries and jurisdictions working on an equal footing. **Fighting tax avoidance by multinational enterprises**, the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) and its nearly 140 members are implementing the BEPS measures to ensure that taxes are paid where value is created. They are also collectively addressing the tax challenges arising from the digitalisation of the economy, a concern that has grown with the COVID-19 pandemic.

We have also significantly increased our capacity building support to developing countries, highlighting the links between tax and development and working to improve domestic resource mobilisation, in particular in the context of the Sustainable Development Goals. The OECD partnered with the International Monetary Fund (IMF), the United Nations (UN) and the World Bank Group (WBG) to establish the Platform for Collaboration on Tax, which aims at better co-ordinating support and services to developing countries. Through initiatives such as the OECD/UNDP Tax Inspectors Without Borders, we have developed on-site assistance to developing countries' tax administrations that led to over USD 775 million of additional tax revenues. Through our International Academy on Tax and Financial Crime Investigation, we have provided training to almost 1 300 officials worldwide.

Over the years, we have also greatly expanded and improved our statistics and databases allowing countries to compare with one another on the basis of country-specific, reliable data and objective criteria. The *Global Revenue Statistics Database*, produced in partnership with countries and regional organisations, provides the largest public source of comparable tax revenue data for over than 100 countries and jurisdictions. The data we gather informs our in-depth analysis of a range of issues including the impact of tax systems on labour markets, innovation, climate change, gender issues and economic growth, which support efforts worldwide toward economic approaches that promote growth and sustainability while also fostering fairness and inclusivity.

Finally, CTPA, working with the Forum on Tax Administration, provides governments with internationally recognised expertise and comparative data and analysis to improve tax administration, compliance and certainty, which has proved invaluable to help countries support businesses and households during the COVID-19 crisis.

Across all of our work on tax, our ambition is to help strengthen the capacity of all governments to improve their tax systems, to design and to implement fair and efficient tax policy reforms that will foster resilient and sustainable economies in the long-term.

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OECD on tax – By the numbers

38 MEMBER COUNTRIES

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

+135 countries and jurisdictions participating in the OECD/G20 Inclusive Framework on BEPS (Base Erosion and Profit Shifting).

+160 members of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

+140 countries and jurisdictions participating in the multilateral Convention on Mutual Administrative Assistance in Tax Matters.

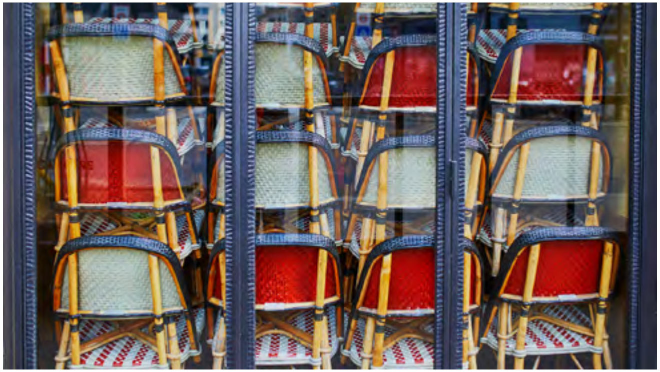
95 countries and jurisdictions, accounting for more than 1 700 bilateral tax treaties, have signed the Multilateral Convention to Implement Tax-Treaty Related Measures to Prevent BEPS.

+100 countries and jurisdictions committed to automatically exchanging financial account information.

+200 secretariat staff from more than **40** countries.

Tax in the time of COVID-19

CTPA responded quickly to the COVID-19 crisis by providing data, guidance and tools to help all countries adapt their tax policies and tax administrations to help people and businesses stay afloat through the pandemic.



The 2020 report, *Tax and Fiscal Policy in Response to the Coronavirus Crisis – Strengthening Confidence and Resilience*, summarises over 120 jurisdictions' tax and fiscal policy responses to the COVID-19 crisis and suggests a policy framework for adapting tax policies through the various phases of the crisis. It encourages countries to prioritise supporting health systems and recovery above all and then adapt their tax policies to social and economic transformations that include, but are not limited to, those triggered by the COVID-19 pandemic. Beyond domestic measures, issues of international taxation and co-operation will remain a priority as governments develop recovery plans to restore growth.

The 53 members of the OECD Forum on Tax Administration (FTA) acted rapidly and pragmatically to mitigate the effects of the COVID-19 crisis on both taxpayers and the day-to-day operation of tax administrations. This included frequent large-scale virtual meetings to exchange knowledge and experiences in dealing with particular aspects of the pandemic, as well as the production of a number of notes setting out examples and considerations to assist tax administrations globally in their own domestic responses. These included reviews on measures taken to support taxpayers, business continuity considerations in a pandemic, recovery period planning and support for wider government. Further FTA work is planned on new ways of working piloted by different administrations during the crisis, a guide to successful remote working and a comparative analysis of digital resilience.

Working together with regional tax organisations to help developing countries meet the challenges of the pandemic, CTPA held four regional dialogues on tax policy, tax administration and business continuity in the context of COVID-19. The four workshops brought together more than 350 tax officials from over 50 jurisdictions and were organised with the African Tax Administration Forum (ATAF), the Asian Development Bank (ADB), Commonwealth Association of Tax Administrators (CATA), Pacific Islands Tax Administrators' Association (PITAA), Caribbean Organisation of Tax Administrators (COTA) and Caribbean Community (CARICOM). Revenue Statistics events were also held to discuss the impact of COVID-19 on tax revenues and policy responses, with a focus on Africa, Asia-Pacific and Latin America.

Finally, the OECD addressed specific international tax issues that had arisen as a result of the COVID 19 pandemic. In the area of tax treaties, guidance was provided in April 2020, and updated in January 2021, on the tax treaty implications for cross-border workers and individuals who were stranded by travel restrictions in a country that was not their normal country of residence. The OECD also provided guidance in December 2020 on transfer pricing issues related to comparability analysis, treatment of losses, government assistance and Advanced Pricing Arrangements (APAs) in the economic circumstances brought on by the pandemic.

CTPA and the Committee on Fiscal Affairs (CFA) will continue to provide high quality data, policy advice and practical tax administration support as governments, businesses and individuals continue to deal with the economic and social impacts of the pandemic.

OECD and the G20: Our partnership on tax

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

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

Addressing tax avoidance

With the rapid evolution of the global economy and modern business practices, the OECD decided to update the international tax rules, which were based on 100 year-old concepts, to ensure that profits of multinational enterprises are not shifted away from the location where economic activities and value creation take place.

The OECD/G20 Base Erosion and Profit Shifting (BEPS) Project launched by the G20 in 2013, produced a package of 15 measures in October 2015, endorsed by the OECD Council and by G20 Finance Ministers and Leaders. This package has resulted in the most fundamental changes in international taxation in years. It also led to the creation of the OECD/G20 Inclusive Framework on BEPS in 2016, which today gathers more than 135 countries and jurisdictions working together on an equal footing, to further develop standards and ensure effective implementation of the BEPS measures through a robust peer review process.

Responding to the tax challenges of the digitalisation of the economy

The current tax priority of the OECD and G20 is to address the income tax challenges arising from the digitalisation of the economy, based on a two-pillar approach agreed by the Inclusive Framework in 2020. Pillar One focuses on the allocation of taxing rights among countries, and Pillar Two would ensure that a minimum level of corporate tax is paid by multinationals. Blueprints on both pillars were welcomed by the G20 in October 2020, together with the economic impact assessment of the measures proposed. Further work at the political and technical levels is needed to reach a solution by mid-2021, as mandated by the G20.

Enhancing transparency and exchange of information

With the support of the G20, which declared the "end of bank secrecy" in April 2009, the OECD restructured the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum), charged with ensuring the effective implementation of the transparency and exchange of information "on request" (EOIR) standard. By building a global consensus, there are now more than 160 jurisdictions in the Global Forum, all committed to EOIR. Through a rigorous peer review process, the Global Forum evaluates the compliance of jurisdictions with the EOIR standard, delivering recommendations and assigning an overall rating against the standard.

Responding to a G20 call to further enhance transparency, the OECD also developed the global Common Reporting Standard (CRS) for the automatic exchange of financial account information (AEOI). Endorsed by G20 Leaders in November 2014, the AEOI standard is a game-changer in terms of deterring and detecting tax evasion, allowing governments to trace assets shifted offshore that were previously unidentified.

About 100 jurisdictions have already started to exchange financial account information automatically and over 115 jurisdictions are expected to exchange such information by 2023. The Global Forum has delivered the first assessment of the legal frameworks put in place to implement AEOI and commenced the peer review of their effectiveness in practice.

So far, the work on transparency has been a great success, resulting in the identification of more than EUR 107 billion of additional tax revenue around the world. In 2019, information on 84 million bank accounts was exchanged, worth almost EUR 10 trillion.

Promoting tax policies for strong, inclusive growth and a sustainable environment

Tax policy can act as an important structural driver of strong, sustainable and inclusive growth. As a policy tool, it can provide answers to address some of the most pressing challenges of our time, including lower global growth, slowing productivity gains, increasing inequality, ageing populations, and the need for environmental sustainability. Recognising this potential, the G20 works with the OECD to draw on its expertise and consider how tax policy can drive innovation and support inclusive and sustainable growth, as well as provide the certainty necessary to support investment and trade, in particular in the context of the COVID-19 pandemic. Tax policy for the environment is also a key area of OECD/G20 collaboration under the Italian G20 Presidency.

Supporting tax as a tool for development

The role of effective tax systems as a crucial element of domestic resource mobilisation (DRM) is receiving growing recognition by the G20 as well as in discussions on development financing as part of the global commitment to the Sustainable Development Goals (SDGs). In that context, an overarching consideration of the OECD and G20's work on tax has been to ensure that the needs of countries from across the development spectrum are taken into account. The deployment of capacity building programmes, including the OECD/UNDP Tax Inspectors Without Borders initiative, is increasing and has already led to tangible results: more than USD 775 million in additional tax revenues have been collected in participating developing countries.

In 2016, with the support of the G20, the IMF, the OECD, the UN and the World Bank Group established the Platform for Collaboration on Tax (PCT) to better co-ordinate their capacity building support to developing countries and address the priorities that they have identified through various regional consultations.

Reforming international tax rules – The BEPS Project

Introduction

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

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

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

- improve the coherence of tax rules across borders
- reinforce substance requirements, and
- enhance transparency and certainty

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

In just two years, OECD and G20 countries with input from over 100 additional jurisdictions as well as from international and regional organisations, delivered a comprehensive package of policy tools that allow governments to address the gaps in the international tax system.

The BEPS package

The BEPS package, released in October 2015, covers the 15 areas identified in the 2013 BEPS Action Plan. These include four minimum standards, updates of the existing standards, agreed common approaches, and guidance that draws on best practices. The package also identified the tax challenges raised by the evolving digitalisation of the economy, and set the basis for negotiation of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (also known as the BEPS Multilateral Instrument, or MLI), finalised in 2016 and that allows countries to swiftly update their tax treaty network in line with the BEPS measures.

- Action 1: Addressing the Tax Challenges of the Digital Economy
- Action 2: Neutralising the Effects of Hybrid Mismatch Arrangements
- Action 3: Designing Effective Controlled Foreign Company Rules
- Action 4: Limiting Base Erosion Involving Interest Deductions and Other Financial Payments
- Action 5: Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance
- Action 6: Preventing the Granting of Treaty Benefits in Inappropriate Circumstances
- Action 7: Preventing the Artificial Avoidance of Permanent Establishment Status
- Actions 8-10: Aligning Transfer Pricing Outcomes with Value Creation
- Action 11: Measuring and Monitoring BEPS
- Action 12: Mandatory Disclosure Rules
- Action 13: Guidance on Transfer Pricing Documentation and Country-by-Country Reporting
- Action 14: Making Dispute Resolution Mechanisms More Effective
- Action 15: Developing a Multilateral Instrument to Modify Bilateral Tax Treaties

Box: Four BEPS minimum standards

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

1. Action 5 to address harmful tax practices, including rules on preferential regimes and transparency of tax rulings.
2. Action 6 to prevent tax treaty shopping, clarifying the purpose of tax conventions.
3. Action 13 to ensure Country-by-Country Reporting of key data on the operations of multinational enterprises to allow for more effective risk assessment by tax administrations.
4. Action 14 to improve the effectiveness of cross-border tax dispute resolution between tax administrations.

Monitoring and supporting implementation of the BEPS measures

The BEPS Project is now focused on supporting governments' efforts to effectively implement the BEPS measures, and finalise a solution to the tax challenges arising from the digitalisation of the economy. All of this work is carried out by the OECD/G20 Inclusive Framework on BEPS.

Progress on the implementation of BEPS measures, April 2021

Coherence	Substance	Transparency	
Action 2 32 jurisdictions have adopted Action 2 Standard	**Action 6** 94 implementing and amending their treaties	**Action 11** Second Corporate Tax Statistics published	**Action 1** Tax challenges of the digitalised economy: Pillar One and Pillar Two
Action 3 49 jurisdictions now have CFC rules in place	**Action 7** Over 45 have agent-PE, over 55 anti-fragmentation rules	**Action 12** MDRs implemented in a wide range of jurisdictions Additional Model MDRs for CRS avoidance and offshore structures	**Action 15** 95 have joined, 61 have ratified, MLI now covering 650 treaties
Action 4 90 jurisdictions have introduced general interest limitation rules	**Action 8-10** Guidance and Monitoring Report on implementation of HTVI released	**Action 13** 90+ jurisdictions with CbC reporting filing obligations 2700+ bilateral relationships for the exchange of CbC reports	
Action 5 295 regimes reviewed, with 160 amended or abolished 20 000 rulings identified, leading to 36 000 exchanges		**Action 14** 82 jurisdictions reviewed, 1 800 recommendations made	

OECD/G20 Inclusive Framework on BEPS

In response to the call of G20 Leaders in November 2015, the OECD and the G20 established an inclusive framework to allow all interested countries and jurisdictions to work together on an equal footing to take forward the BEPS Project, including the critical issue of addressing the tax challenges arising from the digitalisation of the economy.

Membership of the OECD/G20 Inclusive Framework on BEPS builds on the existing OECD Committee on Fiscal Affairs, to include interested countries and jurisdictions that commit to the comprehensive BEPS package and its consistent implementation. They participate in the decision-making plenary body, as well as all of the technical working groups. Fifteen international and regional organisations also participate as Observers to the Inclusive Framework, including through regional and capacity building events. As of April 2021, there were 139 members of the Inclusive Framework, including 68 developing countries.

Beyond reviewing the implementation of the four BEPS minimum standards through a peer-review process, and completing the remaining standard-setting work required under the BEPS Action Plan, the Inclusive Framework monitors the impact of the BEPS measures and supports jurisdictions in their implementation. Particular support is provided to developing countries through dedicated guidance, induction programmes and practical toolkits.

Focus on… Key OECD tax instruments

OECD Model Tax Convention

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

By maintaining and regularly updating its Model Tax Convention, the OECD provides countries with a firm basis on which to conclude and implement arrangements to minimise

double taxation on international trade and investment without creating opportunities for unintended non-taxation. It also provides certainty for taxpayers and tax administration alike, through both the interpretive guidance in its Commentaries and its provision for a dispute resolution mechanism for treaty-related disputes. Countries meet regularly at the OECD to discuss updates of the Articles and Commentary of the Model Tax Convention to reflect new developments, address interpretation issues and close loopholes as they arise. In an increasingly globalised world, the Model Tax Convention is an important policy tool for countries as they work to establish a sustainable basis for growth and investment. Almost 70 countries, including all OECD members have set out their positions on the provisions of the Model Tax Convention, which also greatly facilitates bilateral negotiations.

Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS

The BEPS Multilateral Instrument (MLI), open for signature since 2017, is a revolutionary tool that allows countries to swiftly update their tax treaty networks in line with the treaty-related measures agreed under the OECD/G20 BEPS Project, without having to renegotiate each treaty bilaterally. As of April 2021, 95 jurisdictions have signed the MLI accounting for more than 1 700 bilateral tax treaties to be modified. The MLI entered into force on 1 July 2018. Over 60 countries have ratified it, which has already resulted in approximately 650 bilateral tax treaties being modified.

OECD Transfer Pricing Guidelines

The OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations provide guidance on valuing cross-border transactions within a multinational group. Based on the "arm's length principle" found in the OECD Model Tax Convention, these Guidelines are a touchstone for businesses and tax administrations alike, operating in an economy where intra-group trade represents a major share of world trade. In that context, robust transfer pricing rules are critical for governments to ensure profits, and the associated revenues, are not artificially shifted out of the jurisdiction where the value has been created to lower tax jurisdictions. For taxpayers, an effective and consistent approach to transfer pricing can limit the exposure to economic double taxation or risks of cross-border tax disputes arising between two countries in which they do business.

Key Publications

- *OECD/G20 Inclusive Framework on BEPS: Progress report (2020)*
- *Final BEPS package:*
    - o *OECD/G20 BEPS Project Explanatory Statement*
    - o *2015 final reports on the 15 BEPS Actions*
- *Action Plan on Base Erosion and Profit Shifting (2013)*

www.oecd.org/tax/beps

- *OECD Model Tax Convention on Income and on Capital (2017)*
- *OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (2017; forthcoming edition in 2021)*

www.oecd.org/tax/tax-treaties

www.oecd.org/tax/transfer-pricing

Tax challenges arising from digitalisation of the economy

"We will continue our cooperation for a globally fair, sustainable, and modern international tax system. We remain committed to reaching a global and consensus-based solution building on the solid basis of the Reports on the Blueprints for Pillar 1 and Pillar 2, by mid-2021. We acknowledge the progress made to date and urge the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) to address the remaining outstanding issues with a view to achieving an agreement by the set deadline."

G20 Finance Ministers and Central Bank Governors' meeting, 7 April 2021

A key part of the BEPS Project, the work to address the tax challenges raised by the digitalisation of the economy has reached a critical juncture. Having developed substantial guidance in the indirect tax area, the top priority of the 139 members of the OECD/G20 Inclusive Framework on BEPS is to finalise and deliver a global, consensus-based solution to the corporate income tax challenges that digitalisation of the economy pose.

Direct taxation: a fundamental reform of the international tax rules

The international tax rules on how to allocate taxing rights among countries were designed a century ago, and are no longer fit for purpose given changing business models, the increasing digitalisation of the economy and the heavy reliance on intangibles rather than capital and labour to generate profits. Of particular concern is the fact that the existing rules, which rely on a concept of physical presence to allocate taxing rights, fail to fairly allocate taxing rights in situations where highly digitalised companies can earn substantial profits in a jurisdiction without the need for a physical presence.

In response to growing public and political outcry over the unfairness of the outcomes under the current international rules, the G20 mandated the Inclusive Framework on BEPS to deliver a global, consensus-based solution to this issue. After several years of work, the Inclusive Framework delivered in October 2020 blueprints for a solution built on two pillars that have the potential to fundamentally alter the international tax architecture:

- Pillar One, which would establish a new taxing right for market jurisdictions through new nexus and profit allocation rules that would bring the international tax rules into the 21st century, and
- Pillar Two, which would ensure that multinational enterprises pay a minimum level of corporate tax, thereby addressing remaining BEPS issues.

This package reflected convergent views on a number of key policy features, principles and parameters of both Pillars, and identified remaining political and technical issues to be bridged in 2021, the deadline agreed by the G20.

The stakes are high. The OECD's economic impact assessment shows that the proposed two pillars would have a significant impact, increasing global corporate income tax revenues by up to 4%, or USD 100 billion, with a broadly similar effect across low, middle and high income jurisdictions. Moreover, a multilateral solution would lead to a more favourable environment for investment and growth than would likely be the case in absence of a global agreement. The proliferation of unilateral measures that would likely result in the absence of agreement would lead to tax and trade disputes that could reduce global GDP by more than 1%, an outcome that the global economy can ill afford in the wake of the economic crisis brought about by COVID-19.

The COVID-19 pandemic has only reinforced the need to address the tax challenges of the digitalisation of the economy as governments move beyond the recovery phase to restoring public finances. The focus of Pillar One on companies with high levels of profitability should facilitate revenue raising without negatively impacting the recovery of companies that have suffered heavily from the crisis. Where some countries may need to engage in difficult fiscal choices after the crisis, the demand for effective global implementation of the proposal under Pillar Two will likely be higher, not least to ensure that there is a level playing field in the levels of effective taxation between major MNEs and SMEs who may suffer disproportionately from the crisis. Reaching a global consensus on both pillars has thus become even more urgent.

Indirect taxation and e-commerce

The OECD has also developed standards and guidance for the effective collection of VAT on online sales of goods, services and digital products, to ensure that VAT is paid by e-commerce sellers in their customers' countries. They were included in the 2015 BEPS Action 1 Report and detailed implementation guidance has been developed since then. These include rules and mechanisms for the effective collection of VAT on online sales by offshore online vendors and digital platforms, including e-commerce marketplaces. These standards have continued to influence VAT reform in a growing number of countries worldwide. Seventy countries have implemented these standards, including all the (36) OECD countries that operate a VAT system. These reforms have already yielded considerable revenues and have minimised competitive distortions between online traders and traditional businesses, which has become even more relevant with the onset of the COVID-19 pandemic and the resultant surge in online shopping and increased demand for digital products and online services. These standards will be complemented in

2021 with a report providing comprehensive guidance for the VAT treatment of the sharing and gig economy, including on the role of sharing and gig economy platforms in facilitating VAT compliance.

Enhancing digital platforms' reporting

As the digitalisation of the economy entails a shift from traditional employment contracts towards independent work, activities facilitated by platforms may not always be reported to tax administrations, either by third parties or by taxpayers themselves. Meanwhile, the platform economy also means increased access to information for tax administrations, as it brings activities previously carried out in the informal cash economy onto digital platforms.

Recognising the impact of digital platforms on the growth of the sharing and gig economies, the OECD has developed a standardised reporting and exchange framework on the gig economy for interested jurisdictions. Approved in June 2020 and presented to the G20, the **Model Rules for Reporting by Platform Operators with respect to Sellers in the Sharing and Gig Economy** (Model Rules), allow tax administrations to better track income generated by those deriving income through the use of such platforms and avoid unnecessary compliance costs for businesses stemming from the proliferation of different unilateral reporting rules. The basic framework of the Model

Rules requires digital platforms to report information to their jurisdiction of residence and those jurisdictions then share this information with the jurisdiction(s) of residence of platform sellers, or, for real estate rental transactions, the jurisdiction(s) where such real estate is located.

The Model Rules have also paved the way for expected amendments to the EU Directive on Administrative Cooperation (DAC7), extending the EU tax transparency rules to digital platforms.

Key Publications

- *Tax Challenges Arising from Digitalisation – Report on Pillar One Blueprint: Inclusive Framework on BEPS (2020)*
- *Tax Challenges Arising from Digitalisation – Report on Pillar Two Blueprint: Inclusive Framework on BEPS (2020)*
- *Tax Challenges Arising from Digitalisation – Economic Impact Assessment: Inclusive Framework on BEPS (2020)*

www.oecd.org/tax/beps/beps-actions/action1/

Enhancing transparency and exchange of information

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

The international standards on transparency and exchange of information

The international standards developed by the OECD provide for transparency and exchange of information on request (EOIR) and for automatic exchange of financial account information (AEOI).

The EOIR standard requires that information that is "foreseeably relevant" for tax purposes be available and accessible to tax authorities, who can then exchange this information with tax authorities in other jurisdictions, on the basis of an international agreement. This standard covers information such as identity of legal and beneficial owners of companies and other legal entities and arrangements like partnerships and trusts, accounting information and bank account information. All members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) have committed to implement the EOIR standard and the implementation of their commitment is assessed through a robust peer review process since 2010.

The AEOI standard relies on a common set of requirements (the Common Reporting Standard) for financial institutions to share financial account information with their domestic tax authorities, which then exchange that information with their foreign counterparts on an annual basis. First AEOI started in September 2017 and there are now about 100 jurisdictions exchanging financial account information automatically with this number expected to grow to over 115 by 2023. In 2019, information was exchanged on 84 million bank accounts with a total value of EUR 10 trillion. A recent CTPA study shows that wider exchange of information driven by the Global Forum is associated with a global reduction in foreign-owned bank deposits in international financial centres (IFC) by 24% (USD 410 billion) between 2008 and 2019.

The Global Forum monitors and reviews the implementation of AEOI commitments and lends support to its members, particularly the developing countries, to enable them to effectively engage in and benefit from such exchanges.

Providing the legal frameworks for information sharing

The OECD has developed effective legal mechanisms under which exchanges can take place.

The multilateral Convention on Mutual Administrative Assistance in Tax Matters is the most comprehensive instrument facilitating international co-operation of tax authorities to tackle tax evasion and avoidance. It provides for a full range of cross-border tax assistance, including tax information exchange, as well as joint audits and recovery of foreign tax liabilities. Today, more than 140 jurisdictions participate in this convention, making it an extremely effective mechanism for jurisdictions to quickly establish a wide network of exchange partners.

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

In addition to having a legal basis, jurisdictions engaging in AEOI also require procedural mechanisms for that exchange. For that purpose, the OECD developed the Multilateral Competent Authority Agreement for the CRS, which has been signed by 110 jurisdictions.

Supporting the implementation of the standards

The Global Forum works closely with jurisdictions to support their implementation of the transparency standards, as well as the use of these tools for improving tax compliance and domestic revenue mobilisation. This support ranges from regional initiatives to bilateral assistance programmes. To address the logistical challenges posed by the COVID-19 pandemic, a range of tools were deployed to provide capacity building support remotely.

Common Transmission System for AEOI

The Common Transmission System (CTS) was designed by the OECD to provide a single, secure connection between tax administrations through which they can exchange tax information. Originally intended to support jurisdictions in meeting their commitments to exchange financial account information, the CTS can also be used for the exchange of other relevant tax information, including Country-by-Country reports on MNEs' assets, staff and taxes paid – under BEPS Action 13 (see dedicated section). In 2021, the use of the CTS was expanded to other types of exchanges, such as EOIR.

Box: Treaty Relief and Compliance Enhancement (TRACE)

TRACE is a standardised system for claiming withholding tax relief at source on portfolio investments through a self-contained set of agreements and forms to be used by any country that wants to implement the so-called Authorised Intermediary ("AI") system. It removes the administrative barriers that currently affect the ability of portfolio investors, including investors making use of pooled investment vehicles, to effectively claim the reduced rates of withholding tax to which they are entitled pursuant to tax treaties or to domestic law of the country of investment. In light of the ongoing implementation of TRACE, the OECD released in 2020 a standardised IT tool to support the reporting of information under the TRACE AI system, the TRACE XML Schema and User Guide.

https://oe.cd/trace

Building bridges into tax compliance

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

The OECD has always pursued a twin-track approach, enhancing tax co-operation, while also building bridges for taxpayers to move into a tax compliant position. In particular, the OECD has supported tax administrations interested in putting in place effective voluntary disclosure initiatives. When appropriately designed, these programmes can benefit everyone involved – taxpayers making the disclosure, compliant taxpayers and the government. It is estimated that jurisdictions around the globe have identified EUR 107 billion in additional revenue (tax, interest, penalties) as a result of voluntary compliance mechanisms and other offshore investigations put in place since 2009. The OECD's most recent work in this area reflects the wealth of practical experience gained by many countries in relation to voluntary disclosure programmes and we continue to work with countries to ensure the right balance is struck as they put in place either temporary or permanent voluntary disclosure programmes.

Key Publications

- *CRS Implementation Handbook (2018)*
- *Standard for Automatic Exchange of Financial Account Information in Tax Matters, 2nd Edition (2017)*
- *Multilateral Convention on Mutual Administrative Assistance in Tax Matters (2011)*

www.oecd.org/tax/automatic-exchange

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

The Global Forum was fundamentally restructured in 2009 to ensure the effective implementation of the international transparency and exchange of information standards. Today, over 160 jurisdictions participate in its work on an equal footing.

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

Exchange of Information on Request – The peer review process

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

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

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

The Global Forum completed its first round of EOIR reviews in 2016, having assigned overall ratings to over 120 jurisdictions. A second round of reviews began in 2016. It combines the Phase 1 and Phase 2 components and includes some enhanced requirements, such as a requirement to ensure the availability of beneficial ownership information — as defined by the Financial Action Task Force — for all legal entities and arrangements, as well as access to it by tax authorities. This requirement discourages the use of shell companies and other opaque legal arrangements to conceal the real owners' identity. It also assists in the fight against other crimes such as money laundering and corruption. As of April 2021, nearly half of the Global Forum's 162 members have been reviewed under this second round of EOIR peer reviews.

The Global Forum's peer reviews have had a substantial impact on the implementation of the EOIR standard around the world and has strengthened governments' ability to address tax evasion. A peer review is a unique opportunity for a jurisdiction to examine its own legal and regulatory framework, as well as its practices, and may be the starting point for improvements that also enable governments to better enforce tax obligations. For example, following the first round of EOIR peer reviews, strict bank secrecy for tax purposes has been eliminated in almost all Global Forum jurisdictions. Many countries have taken measures to eliminate bearer shares entirely or to ensure that their owners can be properly identified.

Automatic Exchange of Information – The peer review process

With the adoption of the AEOI standard in 2014, the Global Forum was charged with promoting its global implementation. All jurisdictions, other than developing countries which are not financial centres, were required to commit to AEOI and begin the first exchanges by 2017 and 2018. Around 100 jurisdictions have committed to exchange their information and most of them have started to exchange information.

The first peer review report on the implementation of AEOI was released in 2020. This report assigns the determinations on the quality of the each jurisdiction's legal frameworks. The next step, an evaluation of effectiveness in practice is ongoing and the results will be released in 2022.

Box. Crypto-assets and transparency

In order to prevent an erosion of the progress made over the past decade to achieve tax transparency on offshore investments, the international tax transparency standards need to be adapted to address emerging risks and gaps so that they maintain their effectiveness. CTPA is therefore working on expanding AEOI to extend its coverage to crypto-assets, to ensure tax transparency with respect to these assets including the income derived from their sale, with a view to presenting a comprehensive implementation package to later in 2021.

This work complements and builds on the report released by the OECD on *Taxing Virtual Currencies: Tax Treatments and Emerging Policy Issues*, presented to the G20 in October 2020. Covering over 50 jurisdictions including all G20 and OECD members, this report is the first comprehensive analysis of the existing approaches and key policy gaps across the main categories of taxes.

Helping members to meet the tax transparency standards

Capacity building is key to the inclusive environment which the Global Forum is set to deliver. It has been integral to the Global Forum's success in promoting the effective implementation of the transparency and exchange of information standards and ensuring that developing countries receive the support necessary to fully benefit from it.

With close to 90 Global Forum members being developing countries, practically all of them have received some form of technical assistance over the past ten years. In 2020 alone, despite the operational challenges caused by the global pandemic, about 70 developing countries were provided with assistance to comply with, and fully benefit from, the EOIR and AEOI standards.

Transparency has great potential as a domestic revenue mobilisation instrument. At least EUR 29 billion in additional revenue (tax, interest, penalties) have already been identified worldwide by developing countries through voluntary disclosure programmes and offshore tax investigations against the backdrop of increased tax transparency.

The Global Forum reaches out in numerous ways to provide support, including political outreach and regional engagement to build political buy-in, advice on EOIR and AEOI legal framework, operational assistance on exchange of information and information security management.

The support activities include:

- Tailored bilateral technical assistance, which includes 38 ongoing comprehensive induction programmes for new members and tailored assistance on demand, which was provided to 39 jurisdictions in 2020 alone, to support the implementation of the international standards.
- Peer-to-peer learning between members, including AEOI pilot projects between two peers facilitated by the Global Forum. In 2020, the pilot project between Albania and Italy successfully concluded, with Albania starting its first exchanges. Four AEOI pilot projects are underway (i.e. France and Morocco; the United Kingdom and Egypt; the Philippines and Australia; Germany and Georgia) and a new pilot project (Switzerland and Tunisia) to be launched in 2021.
- Trainings and e-learning courses, both face-to-face or virtual. In 2020, over 7 500 officials from 157 jurisdictions were trained through virtual training and e-learning.

Box: The Africa Initiative and the Yaoundé Declaration

The Global Forum's Africa Initiative was launched in 2015 to promote tax transparency and exchange of information in African countries and enhance their capacity to tackle tax evasion and other illicit financial flows. With Mali joining the Africa Initiative in 2020, its membership grew to 32 jurisdictions. The progress made is reported in *Tax Transparency in Africa 2020,* which is a joint publication of the Global Forum, the African Union Commission (AU Commission) and the African Tax Administration Forum (ATAF).

The growing commitment of the African continent to the transparency agenda translates in strong support given to the Yaoundé Ministerial Declaration, a regional call of action to participate in and benefit from the enhanced global co-operation enabled through the Global Forum processes. As of April 2021, the Declaration had been signed by 30 African countries after the recent endorsement of the Ministers of Finance of Cabo Verde, Djibouti, Egypt, Eswatini and Kenya, and by the AU Commission.

Overall, in 2020, 25 African countries received technical assistance from the Global Forum and about 1 300 officials were trained.

This support is also complemented by guidance, including:

- ***Beneficial Ownership Toolkit*** (2019), published in co-operation with the Inter-American Development Bank, to ensure that law enforcement officials have access to reliable information on who the ultimate beneficial owners are behind a company or other legal entity.
- ***Toolkit for Becoming a Party to the Convention on Mutual Administrative Assistance in Tax Matters*** (2020) to help governments expand their networks of exchange partners, which is critical for many developing countries.
- ***Toolkit on Confidentiality and Information Security Management*** (2020) to support developing countries in their implementation of AEOI and other exchanges, such as country-by-country reporting.
- ***Toolkit on Establishing and Running an Effective EOI Function*** (2020), released with the African Tax Administration Forum (ATAF), to assist jurisdictions in strengthening their organisational capacity in exchange of information.

Several regional initiatives encourage progress towards greater transparency and effective use of international exchange of information channels. Following the success of the Africa Initiative and Latin America Initiative, a new initiative for the Pacific region was launched in October 2020.

Box: Latin American Initiative and the Punta del Este Declaration

In November 2018, Ministers and Deputy Ministers of Latin American countries, gathered in Punta del Este, Uruguay, for the Global Forum Plenary meeting and discussed how to use exchange of information to fight tax fraud and corruption more effectively. As a conclusion of the meeting, the Punta del Este Declaration was signed, where signatories agreed to lead by example in tackling illicit financial flows through increased international tax co-operation. Concrete steps to tackle tax evasion and other financial crimes were included in the Punta del Este Declaration, including establishing a Latin American initiative meeting regularly – the Third Meeting took place in November 2020 – to maximise the effective use of the information exchanged to tackle tax evasion, corruption and other financial crimes.

As of April 2021, the Punta del Este Declaration had been signed by 13 countries.

Overall, in 2020, 10 Latin America countries received technical assistance and 1 100 officials were trained.

Key Publications

- *2020 Global Forum Secretariat's Capacity Building Report (2021)*
- *Country peer reviews – Exchange of Information on Request (ongoing)*
- *Global Forum Annual Report: Tax Transparency and Exchange of Information in times of COVID-19 (2020)*
- *Peer Review of the Automatic Exchange of Financial Account Information (2020)*
- *Toolkit on Confidentiality and Information Security Management (2020)*
- *Tax Transparency in Africa 2020: Africa Initiative Progress Report (2020)*
- *A Beneficial Ownership Implementation Toolkit (2019)*

www.oecd.org/tax/transparency

Tax crime and other illicit financial flows

Tax crimes, money laundering, corruption and other financial crimes threaten the strategic, political and economic interests of both developed and developing countries. They also undermine citizens' confidence in their governments, affect tax morale (the willingness of citizens to pay taxes, and deprive governments of revenues needed for sustainable development. Countering these activities requires greater transparency, more effective intelligence gathering and analysis, and improvements in co-operation and information sharing between government agencies and between countries to prevent, detect and prosecute criminals and recover the proceeds of their illicit activities.

Building on earlier OECD Council Recommendations on combatting bribery and other serious crimes, the OECD's Oslo Dialogue, launched in 2011, promotes a "whole-of-government approach" to tackling tax crimes and other financial crimes by fostering inter-agency domestic co-ordination and international co-operation.

As part of the Oslo Dialogue, the work of the OECD Task Force on Tax Crimes and Other Crimes (TFTC) comprises standard-

setting and best practices, capacity building, and evaluation and impact measurement. TFTC reports on prevention, detection and investigation of tax crimes and other financial crimes include *Fighting Tax Crime: The Ten Global Principles*, launched in 2017. This is the first study of its kind, setting out essential legal, institutional, administrative and operational principles for effectively tackling tax crimes. With a view to support countries' implementation of the Ten Global Principles and measure their impact, the *Tax Crime Investigation Maturity Model* was released in 2020 as a self-assessment tool based on a set of indicators.

White collar crimes like tax evasion, bribery, and corruption are often concealed through complex legal structures and financial transactions facilitated by lawyers, accountants, financial institutions and other "professional enablers" of such crimes.

Box: International Academies for Tax and Financial Crime Investigation

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

The first centre of the Academy was established in Ostia, Italy, in 2014, in co-operation with Italy's Guardia di Finanza and with the support of the G20 and G7. Since then regional academies have been established in Argentina, Japan and Kenya. These regional centres provide demand-driven training addressing the specific needs and best practices of jurisdictions in their respective regions. Since 2014, the Academies have trained over 1300 investigators from over 135 jurisdictions. Due to the COVID-19 pandemic and subsequent restrictions on international travel, since March 2020 all programmes have been delivered through virtual platforms, while maintaining quality and high standards.

Jurisdictions that participated in the Academies' programmes reported significant benefits, including legislative changes to combat tax evasion and money laundering, enhanced inter-agency and international co-operation, and a greater capacity to conduct complex financial crime investigations and recover assets derived from the offence.

www.oecd.org/tax/crime/tax-crime-academy/

These crimes have significant impacts on government revenue, public confidence and economic growth. A report released in February 2021 sets out a range of strategies and actions for countries to take to tackle professional intermediaries who enable tax evasion and other financial crimes on behalf of their criminal clients.

Focus on… Illicit financial flows

The international movement of money, illegally or illicitly, is a global concern impacting all countries. Illicit financial flows (IFFs) have several sources and channels including bribes, tax evasion, criminal earnings, cash smuggling, shell corporations, informal value transfer systems, trade based money laundering, and fraudulent customs invoicing. By hiding certain income flows from the sight of tax authorities and other law enforcement agencies, IFFs impede effective domestic resource mobilisation. The global concern on the adverse impact of IFFs is reflected in the international commitment to counter IFFs in the Sustainable Development Goal (SDG) Target 16.4 "By 2030, *significantly reduce illicit financial flows and arms flow, strengthen the recovery and return of stolen assets and combat all forms of organised crime*".

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

Tax transparency and exchange of information is the best universal weapon to fight IFFs, together with greater interagency co-operation as promoted by the OECD's Oslo Dialogue, and ongoing capacity building which is also critical as are the OECD's Ten Global Principles for fighting tax crimes. To the extent that tax avoidance is considered as part of IFFs the BEPS package of 15 measures, as well as the OECD/UNDP Tax Inspectors Without Borders initiative offer robust solutions and tailored bilateral support.

Key Publications

- *Ending the Shell Game: Cracking Down on the Professionals Who Enable Tax and White Collar Crimes (2021)*
- *Tax Crime Investigation Maturity Model (2020)*
- *Money Laundering and Terrorist Financing Awareness Handbook for Tax Examiners and Tax Auditors (2019)*
- *Fighting Tax Crime: The Ten Global Principles (2017)*
- *Effective Inter-agency Co-operation in Fighting Tax Crimes and Other Financial Crimes (2017)*
- *Improving Co-operation between Tax and Anti-Money Laundering Authorities (2018)*
- *Electronic Sales Suppression: A threat to tax revenues (2013)*

https://oe.cd/taxcrime

Strengthening tax administration

Forum on Tax Administration

The Forum on Tax Administration (FTA) was created in 2002 and brings together tax administrations from 53 OECD and non-OECD countries.

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

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

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

Work programme

The FTA collaborative work is organised under three pillars, representing the challenges and opportunities created by a changing business environment, rapid technological change and an increasing global economy:

- **Tax Certainty and BEPS**, covering dispute prevention and resolution and BEPS implementation and impacts;
- **Tax Co-operation**, focusing on the effective use of information received under the Common Reporting Standard (CRS) and on the Common Transmission System (CTS) and on supporting Small Medium Enterprises (SMEs) to get tax right;
- **Digital Transformation**, developing a vision of future tax administration more connected to taxpayers' natural systems (Tax Administration3.0), and undertaking joint work on the core building blocks.

The work programme is delivered by a range of Collaborative Networks, knowledge sharing Communities of Interest and a number of time-limited projects and reports undertaken by smaller groups of tax administrations together with the FTA Secretariat.

Collaborative Networks include the Large Business & International Programme, the Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC), the Mutual Agreement Procedure (MAP) Forum, the Tax Debt Management Network, the Capacity Building Network and the Gender Balance Network.

Communities of Interest: Seven Communities of Interest provide a forum for tax administration experts to get together both physically and virtually to exchange best practice, discuss emerging issues and consider possible collective actions in the area of the digital transformation, the shadow economy, analytics, behavioural insights, enterprise risk management, human resources and small and medium sized enterprises.

The FTA work programme is also complemented by a number of supporting measures co-ordinated by the FTA Secretariat:

- **Tax Administration Series** which contains comparative information on tax administrations.
- **Maturity Model Series:** These models are intended to help tax administrations globally to assess their current performance and to consider future possible reforms, paving the way to more seamless and frictionless tax administration. Three self-assessment maturity models have been published on tax debt management, the reduction of compliance burdens and enterprise risk management.

- **Capacity building** including through e-learning and peer-to-peer assistance and support.

As part of the FTA work in the area of digital transformation, a discussion document titled *Tax Administration 3.0: The Digital Transformation of Tax Administrations* was released in December 2020. This sets a vision, under which taxation becomes more of a seamless and frictionless process over time, with tax processes increasingly built into the natural systems that taxpayers use to run their businesses, undertake transactions and communicate. As these opportunities increase, it may be possible to make significant inroads into the structural limitations of current tax administration, helping to build in compliance, tackle persistent tax gaps and reduce burdens. Digital transformation of tax administration is a journey which will take many years and requires many pieces to fit together to realise the full benefits, and the vision presented in this document includes co-development of many of the building blocks of future tax administration with other parts of government, with private sector actors and internationally.

In addition, to help businesses and households facing the COVID-19 pandemic, tax administrations have put in place a wide range of emergency measures. The FTA has analysed and compared the tax administration measures taken worldwide, and released various guidance and recommendations under the Tax Administration Responses to COVID-19 series, on issues such as recovery period planning, privacy, disclosure and fraud risks, and business continuity considerations.

Box: Joint International Taskforce on Shared Intelligence & Collaboration (JITSIC)

JITSIC brings together over 42 tax administrations that have committed to work together to find more effective and efficient ways to deal with tax avoidance. It offers a platform to enable its members to actively collaborate within the legal framework of effective bilateral and multilateral conventions and tax information exchange agreements – sharing their experience, resources and expertise to tackle the issues they face in common.

The JITSIC Network looks to deliver practical outcomes for its members and examples of work which it undertakes includes, collaborating on understanding industry and taxpayer risks including routinely sharing information on these risks, developing operational guidance and in facilitating bilateral and multilateral action. Areas of recent interest have included sharing best practice in relation to High Net Worth Individuals and developing a better understanding of crypto-assets.

https://oe.cd/fta-jitsic

Box: International Compliance Assurance Programme (ICAP)

ICAP is a voluntary programme for a co-ordinated risk assessment of large MNE groups by tax administrations in several jurisdictions using a group's Country-by-Country reports, master file, local files and other transfer pricing information. The programme facilitates open and co-operative multilateral engagements between MNE groups and tax administrations, with a view to providing early tax certainty and assurance over key transactions that can be a source of uncertainty and dispute.

ICAP was developed under the framework of the FTA Large Business and International Programme, sponsored by the Canada Revenue Agency, and has been tested through two pilots: the first beginning in 2018 with 8 participating tax administrations and the second beginning in 2019 with 19 participating tax administrations. At the Forum on Tax Administration Plenary, held in December 2020, Commissioners agreed that ICAP should move from a pilot phase to an established programme open to all FTA members, with the next intake of MNEs in September 2021.

https://oe.cd/icap

Focus on… The Gender Balance Network

The FTA's Gender Balance Network was launched in 2019, to be a catalyst for positive institutional change to improve gender balance in leadership positions. The aim of this Network is to help improve the gender balance across the FTA members by leveraging the more balanced position that already exists in some administrations, and identifying effective policies and practices to promote gender equality. In 2020, the Network produced a report on *Advancing Gender Balance in the Workforce: A Collective Responsibility*, looking at legislative and administrative initiatives taken by a number of Network members or their governments to support and enhance gender balance.

Key Publications

- *Tax Administration 3.0: The Digital Transformation of Tax Administration (2020)*
- *Enhancing International Tax Debt Management (2020)*
- *Advancing Gender Balance in the Workforce: A Collective Responsibility (2020)*
- *Tax Administration 2019 (2019)*
- *Shining Light on the Shadow Economy: Opportunities and threats (2017)*
- *Country-by-Country Reporting: Handbook on Effective Tax Risk Assessment (BEPS Action 13) (2017)*

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

Supporting domestic resource mobilisation

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

Support to developing countries

CTPA ensures that developing countries' needs are taken into account and supported across its programme of work on tax matters. To do so, it has developed a strong demand-led bilateral country programme providing assistance to countries on key international tax issues such as transfer pricing and other BEPS-related matters, to help improve developing country ability to mobilise domestic resources by tackling BEPS practices, following international standards and best practices. Assistance provided includes broad capacity building, legislative amendments and policy design, organisational changes and skills building. CTPA provides support to a range of countries covering Africa, Asia-Pacific, Eastern Europe and Latin America, in partnership with the African Tax Administration Forum (ATAF), the European Union (EU), the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) and the World Bank Group (WBG). This provides strong first-hand knowledge which is fed into the development of OECD's tools and standards. New developing country members of the Inclusive Framework on BEPS can benefit from targeted support in the implementation of the BEPS package through induction programmes. Regional outreach events on BEPS and other topics are carried out in collaboration with regional tax organisations.

In addition, capacity building is supported through multilateral assistance, for example with the development of practical toolkits that address major BEPS issues identified by developing countries.

The OECD develops and promotes research across a variety of areas, looking at the central role the tax system plays in state building, including taxation in the extractive industries and the effectiveness of tax incentives as a policy tool to attract investment. We provide guidance to development co-operation agencies on how to provide more and better support to country-led DRM efforts. Our recent publications include a survey of taxpayer education tools used across more than 40 countries, and an assessment of the factors which influence tax morale.

Tax morale

The OECD report *Tax Morale: What Drives People and Businesses to Pay Tax?* assessed the various drivers behind companies and individuals' voluntary compliance with tax obligations, particularly in developing countries. This work shows that the willingness to voluntarily pay tax can be improved through better understanding of the interlinkages between enforcement, trust in government and the ease of compliance. More recently CTPA has carried out a perception survey on

Box: The Platform for Collaboration on Tax

In 2016, recognising the growing demand for enhanced co-ordination on tax issues, the International Monetary Fund, the OECD, the United Nations and the World Bank Group created the Platform for Collaboration on Tax (PCT). The Platform formalises regular discussions between the four international organisations to better coordinate their capacity-building support.

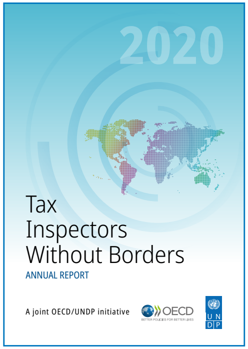
The Platform develops toolkits, which provide tax guidance to address developing countries' specific concerns. Four toolkits have already been published – on efficient tax incentives for investment in 2015, and on the difficulties in accessing comparables data for transfer pricing purposes in 2017, on the taxation of offshore indirect transfers in 2020 and on transfer pricing documentation in 2021. Further toolkits are in development, including on tax treaty negotiation. Toolkits can help contribute to building tax capacity. This can in turn support tax certainty by providing clear options for developing countries to use that are consistent with international standards.

The Platform collects data on all the technical assistance activities of the Platform partners, publishing them on the Platform website, which also hosts all the toolkits and the annual report of the Platform's activities. The Platform also developed the Medium-Term Revenue Strategy concept, to support more effective planning and implementation of significant reforms.

https://www.tax-platform.org/

more than 1 200 officials working in tax administrations in 139 countries (most of them tax auditors). This survey aimed to capture the perceptions that tax officials have on the tax behaviour of large/multinational companies, and on consulting firms. The results identify some significant regional variations in perceptions of trust in and transparency of large businesses, which are being discussed in a series of regional roundtables. The outcomes will be published in a report later in 2021.

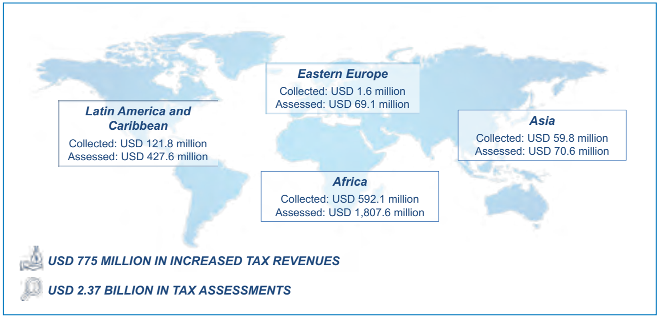
Focus on… Tax Inspectors Without Borders



The OECD/UNDP Tax Inspectors Without Borders (TIWB) initiative facilitates the deployment of experts to work alongside tax auditors from tax administrations in developing countries on complex international tax audits and audit-related issues. Transferring knowledge and skills through a real time, "learning by doing" approach, TIWB is a unique, niche form of capacity building assistance which has gained relevance in the COVID-19 era as a practical tool to help developing countries collect the taxes due from multinational enterprises, attracting the interest of government donor agencies and private foundations.

TIWB programmes help improve the quality and consistency of audits by ensuring a sustained transfer of knowledge to Host Administrations (tax administrations requesting assistance). Beyond the benefits of increased revenues, longer-term outcomes include greater certainty for taxpayers and enhanced compliance. TIWB programmes have helped generate USD 775 million in increased tax revenues for Host Administrations, being recovered from an overall tax assessment of USD 2.37 billion up to the end of 2020. To date, with 80 ongoing and completed programmes, TIWB, along with its partners, has been able to assist developing countries in raising crucial tax revenues. Despite the constraints that the COVID-19 crisis has imposed, the TIWB initiative not only remains open for

Cumulative increases in tax collection as a result of TIWB programmes, March 2021



business-but is also expanding to new tax areas: such as tax crime investigations, effective use of AEOI, joint audits, and natural resources and environmental tax issue.

The TIWB Governing Board is co-chaired by the OECD Secretary-General and the UNDP Administrator. The other board members are:

- Sigrid Kaag (Minister for Foreign Trade and Development Co-operation, the Netherlands)
- Ville Skinnari (Minister for Development Cooperation and Foreign Trade, Finland)
- Bob Hamilton (Commissioner of the Canada Revenue Agency, Canada)
- Ekniti Nitithanprapas (Director-General of the Revenue Department, Thailand)
- Paul Collier (Professor of Economics and Public Policy, University of Oxford)
- Nora Lustig (Professor of Latin American Economics, Tulane University)
- John Christensen (Chair and Co-founder, Tax Justice Network)
- Mary Baine (Director of the Tax Programmes, African Tax Administration Forum)

www.tiwb.org

Global Relations and Development: The Global Relations Programme

CTPA sees development as a universal agenda, and we will continue to mainstream development concerns into all areas of tax policy making, and across all of our work.

CTPA's work on Global Relations and Development on tax fosters policy dialogue and capacity building on new developments in global tax standards, guidelines and best practices in tax administration and tax policy, ultimately leading to enhanced domestic resource mobilisation. The goal is to integrate tax officials in a global community of practice, share experiences, acquire a higher understanding of international tax systems and their implementation, and develop solutions to common problems. A key mechanism to achieve this community of practice is the Knowledge Sharing Platform (KSP) launched in 2016: an online tool open to tax officials for sharing tax knowledge and improving the delivery of our events.

Since the beginning of the COVID-19 pandemic, the Global Relations Programme has been delivered through virtual means, offering virtual classes and e-learning courses on all the key areas of the OECD work on tax and emerging issues relevant to developing countries. In 2020, virtual delivery of the Programme allowed to reach over 30 000 tax officials from the developing world.

In 2021, the Programme will continue to evolve to comprise a comprehensive and integrated learning ecosystem, and tax officials around the world will have greater opportunities to choose several training options and be able to tailor the learning experience around their needs and schedule. The Programme plans to implement its activities through virtual means only, while standing ready to resume in-person events as soon as COVID-related restrictions are eased. Close co-operation will continue with the Multilateral Tax Centres, Key Partners, Regional Tax Organisations, as well as other relevant partners and stakeholders, including for the purposes of hosting virtual events.

OECD Global Relations Programme event formats, 2021

Key Publications

- *Tax Co-operation for Development: Progress Report (2021)*
- *Toolkit on Transfer Pricing Documentation (2021)*
- *TIWB Annual Report (2021)*
- *Platform for Collaboration on Tax Annual Report (2020)*
- *Toolkit on The Taxation of Offshore Indirect Transfers (2020)*
- *Tax Morale: What Drives People and Businesses to Pay Tax? (2019)*

www.oecd.org/tax/tax-global/

Tax policy

Providing tax policy analysis and advice

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

CTPA's tax policy and statistics work draws on a combination of economic theory, empirical evidence and practical experience, to analyse the effects of alternative tax policy choices. Policies are evaluated in terms of their impact on economic efficiency, growth, income distribution, government revenues and other policy objectives such as environmental sustainability and support for innovation.

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

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

High quality data

To support our analysis, we work with countries to develop reliable revenue data, which can help policy makers make informed tax policy choices, and make comparative assessments between countries and over time. This work forms the basis of some of the OECD's annual flagship publications on tax, including on *Revenue Statistics, Taxing Wages, Consumption Tax Trends* and *Corporate Tax Statistics*. Our 'Country Notes' series, provides OECD members with a

snapshot of the key data points across each of these issues in their country. In addition, the OECD Tax Policy Reviews provide tailored tax policy recommendations based on an in-depth analysis of countries' tax systems using reliable comparative data, tax modelling tools, country benchmarking and international good practices.

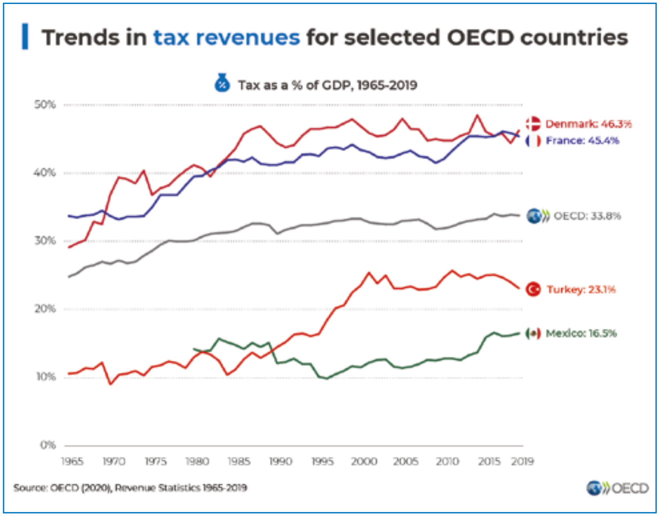
Revenue Statistics

Growing rapidly in recent years in response to demand, the OECD's Global Revenue Statistics initiative now covers more than 100 countries across the globe, with specific streams of work devoted to OECD countries, Africa, Latin America and the Caribbean, and Asia and the Pacific economies. Drawing on the high quality approach used to develop revenue statistics for OECD members for more than 50 years, we work in close co-operation with participating countries and regional and international organisations, and with the financial support of the EU and others in the donor community, to deliver a unique set of detailed and internationally comparable tax revenue data in a common format. These data are a critical tool for countries' tax policy reform and domestic resource mobilisation efforts, and the initiative contributes to strengthening statistical capacity in participating countries.

Box: OECD Global Revenue Statistics Database

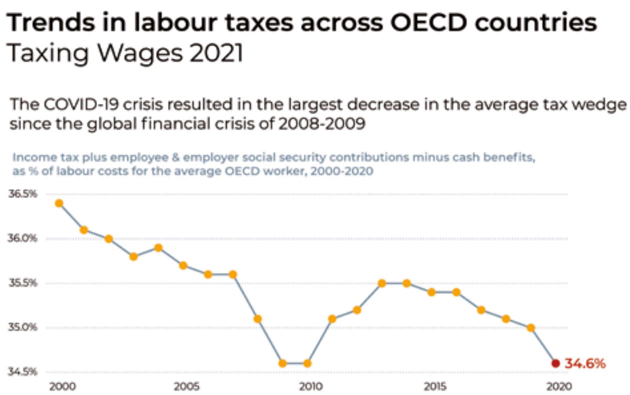
The Global Revenue Statistics Database is a major step forward in providing **comparable and reliable tax revenue data** for a large number of countries from all regions of the world. It provides detailed comparable tax revenue data for more than 100 countries, from 1990 onwards. The data are reported at the general level of government and also at the sub-national and social security fund levels.

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



Taxing Wages

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



Source: Taxing Wages 2021.

Box. Tax and Gender

Taxes can have important implications for gender equality that require consideration and adaptation by policymakers, particularly in the post-COVID world, where many underlying gender inequities have been exacerbated. It is important that both the direct impacts of tax on gender equity as well as its interaction with underlying social and economic inequalities be considered in order to understand its impact on gender equality. OECD work includes consideration of how taxes affect women's incentives to participate in the labour market; the potential impact of consumption taxes on women and the distribution of unpaid work; and the presence of informal taxes and user fees in developing economies; together with the institutional and administrative practices that can impact gender equality.

www.oecd.org/gender/

Corporate Tax Statistics

Launched in 2019, the OECD report and database, ***Corporate Tax Statistics***, provides internationally comparable statistics and analysis from around 100 countries worldwide on 7 main categories of data: corporate tax revenues, statutory corporate income tax (CIT) rates, corporate effective tax rates, anonymised and aggregated Country-by-Country Report statistics, controlled foreign company rules, interest limitation rules, and tax incentives related to innovation.

Key Publications

- *Global Revenue Statistics 2021, with regional editions*
- *Taxing Wages (2021)*
- *Tax Policy Reforms (2021)*
- *Taxing Virtual Currencies: An Overview of Tax Treatments and Emerging Tax Policy issues (2020)*

Tailored tax policy advice – recent examples:

- *Inheritance Taxation in OECD Countries (2021)*
- *Taxation and Philanthropy (2020)*
- *Mobilising Tax Revenues to Finance the Health System: Côte d'Ivoire (2020); Morocco (2020)*
- *Tax Expenditures and Corrective Taxes in Chile (2020)*
- *Tax Policy Reviews: Costa Rica (2017) and Slovenia (2018)*

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

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

Box: Tax revenues to finance health systems

The COVID-19 crisis has put spending and tax revenues under severe pressure while at the same time requiring increased funding for the health sector. The OECD released in 2020 two reports analysing Côte d'Ivoire and Morocco, with recommendations on how to improve the design of their tax systems to mobilise domestic revenues to finance their health financing systems. These reports recognise that financing aid graduation and meeting the health targets of the Sustainable Development Goals will ultimately require an increase in public health spending financed through tax reforms. They present detailed tax recommendations on how the two countries could improve the design of their tax systems, with a focus on health taxes. This includes improving the design of health social security contributions and raising more revenues from taxes on products that are harmful for health (e.g. tobacco excise).

https://oe.cd/tax-reforms-health-financing-blog

Focus on… Tax and the environment

With growing global awareness of the widespread impacts of climate change, and with concerns over pollution high on domestic policy agendas, the OECD has developed comprehensive analysis and data to support improved usage of tax instruments to pursue environmental goals. Effective environmental tax policy ensures balanced tax treatment of energy and other sources of pollution aligned with their environmental impact to encourage less polluting production and consumption choices. Through their revenue-raising capacity, environmentally related taxes can also contribute to growth-friendly tax policy.

CTPA's work on carbon pricing contributes to the global debate on carbon emissions abatement, including at the annual COP-meetings. It provides decision-makers with the most comprehensive and systematic data on "effective carbon rates" on CO_2 emissions from energy use. Effective carbon rates are the sum of carbon taxes, excise taxes on energy use and tradeable emission permit prices, expressed in euros per tonne of CO_2 emissions.

The results set out in our reports on ***Effective Carbon Rates***, are striking: in the 44 OECD and G20 countries surveyed, around 55% of CO_2-emissions from all energy use are not subject to an Effective Carbon Rate at all, and only 10% to a rate of at least EUR 60 per tonne. Hence, 90% of emissions are

priced at less than estimate of the costs of CO_2-emissions to society in 2020, being EUR 60 per tonne.

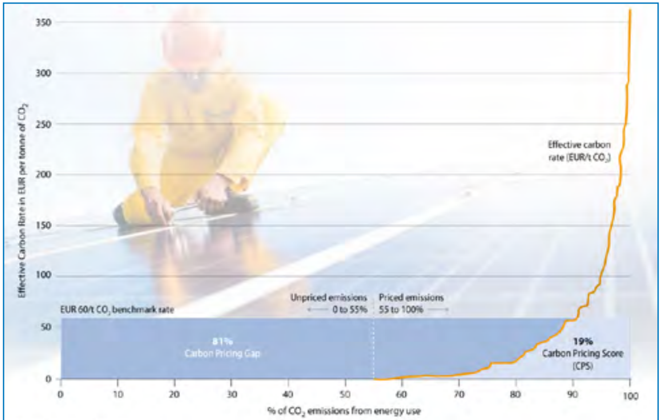
The report ***Taxing Energy Use 2019*** provides more detail on energy taxes, indicating particularly low rates on some fuels, including coal. These analyses are based on the OECD's Taxing Energy Use database, a unique dataset to compare coverage and magnitude of specific taxes on energy use across 42 OECD and G20 economies, which together represent approximately 80% of global energy use and CO_2-emissions associated with energy use. The report shows that 70% of all energy-related CO_2 emissions are completely untaxed, and that 85% of energy related CO_2 is take place outside of the road sector. In addition, the report *Taxing Energy Use for Sustainable Development* released in 2021 shows that 15 developing and emerging countries could generate revenue equivalent to 1% of GDP, on average, if they set carbon rates on fossil fuels at EUR 30 per tonne of CO_2.

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

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

Finally, tackling climate change through tax policy will be a critical aspect in the recovery from the COVID-19 crisis.

The carbon pricing score, 2018

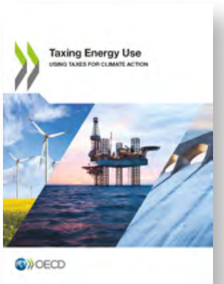


Source: Effective Carbon Rates 2021

Key Publications

- *Effective Carbon Rates (2021)*
- *Taxing Energy Use for Sustainable Development: Opportunities for energy tax and subsidy reform in selected developing and emerging economies (2021)*
- *Green budgeting and tax policy tools to support a green recovery (2020)*
- *Taxing Energy Use (2019)*
- *Environmental Fiscal Reform: Progress, Prospects and Pitfalls (2017)*
- *The impact of energy taxes on the affordability of domestic energy (2017)*

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



Fiscal Federalism Network

The Network on Fiscal Relations Across Levels of Government was created in 2004 to:

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

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

Activities of the Fiscal Federalism Network

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

The Network, with 16 member countries, has established a comprehensive Fiscal Decentralisation database covering all aspects of intergovernmental fiscal relations and state/regional and local public finance.

Key Publications

- *Ageing and Fiscal Challenges across Levels of Government (2020)*
- *Digitalisation challenges and opportunities for subnational governments (2020)*
- *Fiscal decentralisation database*

http://www.oecd.org/tax/federalism/

Consumption taxes

CTPA's work on consumption taxes assists OECD and non-OECD economies with the design and operation of Value Added Taxes/Goods and Services Taxes (VAT/GST) and excise duties. We delivered the *International VAT/GST Guidelines* in 2016 as the internationally agreed standard for the application of VAT/GST to international trade, with a particular focus on trade in services and intangibles. These Guidelines include recommended rules and mechanisms for the collection of VAT/GST on digital trade, which have been implemented by 69 countries worldwide, including all (36) OECD countries that operate a VAT/GST. Many more countries are implementing these standards or are considering doing so. These reforms have already yielded considerable VAT/GST revenues and have minimised competitive distortions between online traders and traditional businesses. This has become even more relevant with the onset of the COVID-19 pandemic and the resultant surge in online shopping and increased demand for digital products and online services.

The OECD continues to advance its work to support developing countries seeking to implement these recommended solutions for the collection of VAT on digital trade. A Regional VAT Digital Toolkit providing detailed practical implementation guidance for Latin American and Caribbean countries will be released in the second quarter of 2021, in co-operation with the World Bank Group (WBG), the Inter-American Development Bank (IDB) and the Inter-American Center of Tax Administration (CIAT). Similar toolkits will be delivered in the second half of 2021 for the Asia-Pacific region (with the WBG and the Asian Development Bank (ADB) as partners) and for Africa (with the WBG and ATAF as partners). In addition, a bilateral assistance programme was launched in 2020 in response to the growing demand from developing countries for bespoke bilateral capacity building on VAT and e-commerce.

Our work also includes the development of comprehensive, comparative data and the provision of country-specific advice on the design and operation of consumption taxes.

International VAT/GST Guidelines

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

- to support the neutrality of VAT/GST in international trade;
- to minimise risks of double taxation and unintended non-taxation and uncertainty that result from the uncoordinated application of VAT/GST to international trade;
- to ensure the effective collection of VAT/GST on cross-border trade in services and intangibles, including on cross-border e-commerce sales to private consumers (B2C), in accordance with the destination principle.

These Guidelines were complemented with a report on *Mechanisms for the Effective Collection of VAT/GST* (2017), to support the implementation of effective regimes for the collection of VAT/GST on online sales by foreign suppliers. In 2019, we delivered a detailed report on *The Role of Digital Platforms in the Collection of VAT/GST on Online Sales*, which provides practical guidance on the effective VAT/GST treatment of e-commerce marketplaces and other digital platforms. A report providing comprehensive guidance for the VAT treatment of the sharing and gig economy, including on the role of sharing and gig economy platforms in facilitating VAT compliance, will be delivered in 2021.

Global Forum on VAT

The OECD Global Forum on VAT was created in 2012 as a unique platform for a global dialogue on the design and operation of VAT/GST. It provides an opportunity to participants from around the world, including from numerous developing economies, to share analysis and experiences and develop consensus-based solutions on a wide range of aspects of VAT design and operation, notably in light of the digitalisation of the global economy. This includes identifying best practice approaches for the effective implementation of the internationally agreed OECD standards for the collection of VAT on online sales of goods, services and digital products.

Consumption Tax Trends

This biennial publication presents cross-country comparative data on consumption taxes in OECD member countries. It presents and documents the key revenue and policy trends, particularly in respect of VAT/GST and excises, and documents the large number of differences that exist in respect of the consumption tax bases, rates and implementation rules while highlighting the features underlying their development. It includes an estimate of the VAT Revenue Ratio (VRR) in OECD countries, which provides an indicator of the combined effect of revenue losses resulting from exemptions, reduced rates and fraud.

Key Publications

- *Regional VAT Digital Toolkits for Latin America and the Caribbean (2021); for South East Asia (2021); and for Africa (2022)*
- *The Impact of the Growth of the Sharing and Gig Economy on VAT/GST Policy and Administration (2021)*
- *Consumption Tax Trends (2020)*
- *Consumption Tax Revenues under COVID-19: Lessons from the 2008 global financial crisis (2020)*
- *The Role of Digital Platforms in the Collection of VAT/GST on Online Sales (2019)*
- *Simplified registration and collection mechanisms for taxpayers that are not located in the jurisdiction of taxation: A review and assessment (2018)*
- *Mechanisms for the Effective Collection of VAT/GST (2017)*
- *International VAT/GST Guidelines (2017)*

www.oecd.org/tax/consumption

Who we are and how we work

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

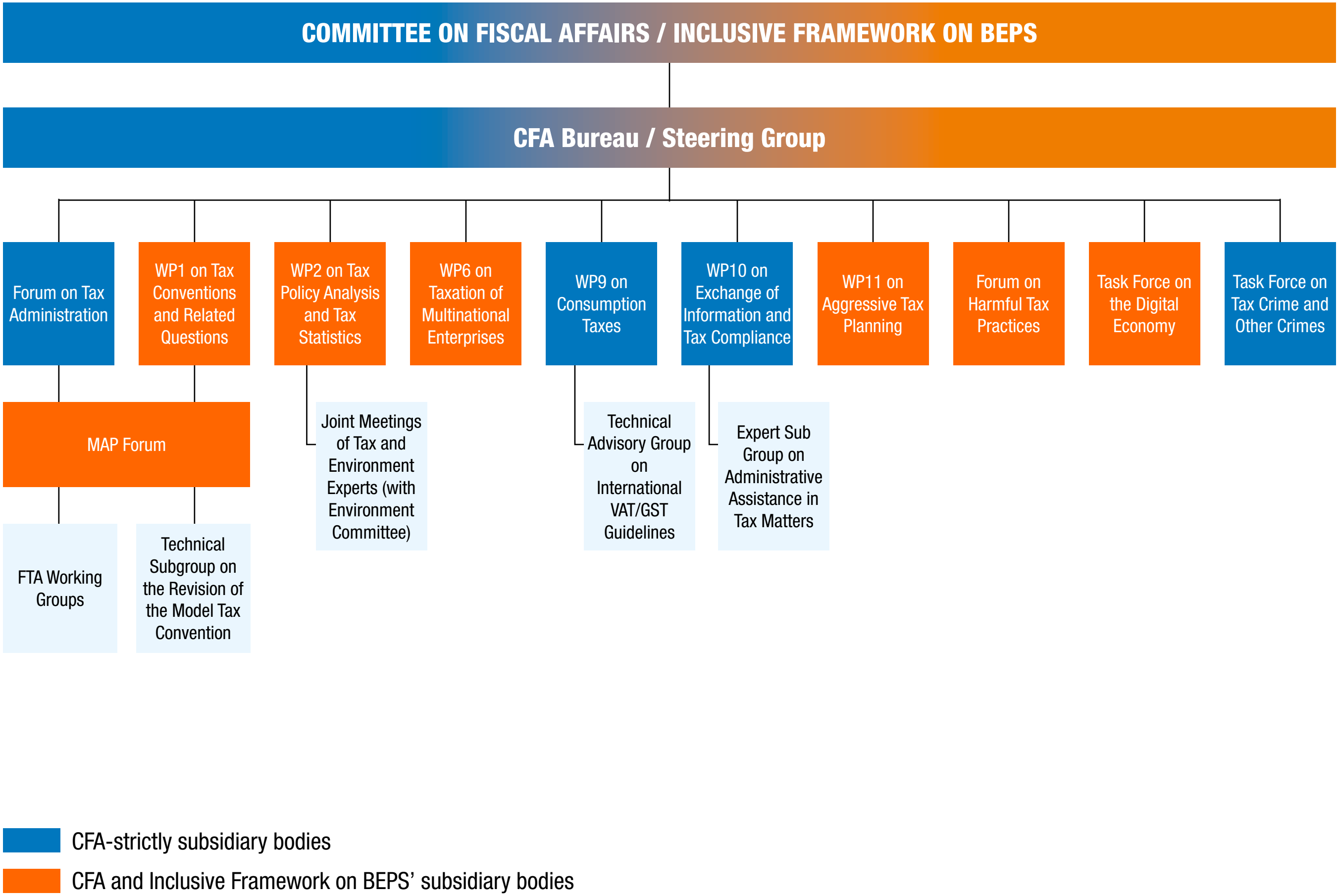
The CFA's work is based around **eight core principles**, namely:

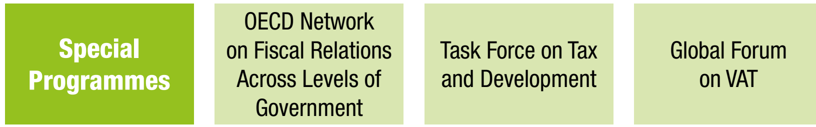
- Eliminating international double taxation on income and capital without creating opportunities for non-taxation by complying with the key substantive provisions of the OECD Model Tax Convention.
- Collecting appropriate data for the CFA's periodic tax statistics and tax policy publications and to contribute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

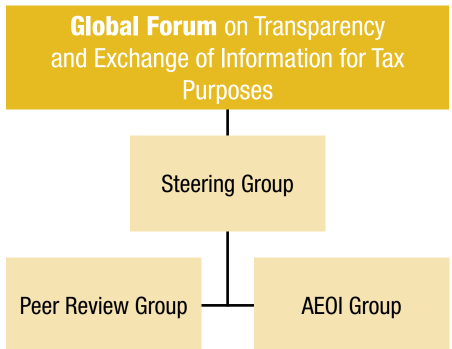
- Combating tax crimes and other crimes in accordance with the 2009 Council Recommendation, the 2010 Council Recommendation and the 2017 Ten Global Principles in Fighting Tax Crime.
- Committing to provide appropriate data for the International Survey on Revenue Administration for purposes of the Tax Administration Comparative Information Series.

The Structure of the Committee on Fiscal Affairs

The CFA has been transformed dramatically with the 139 members (as of April 2021) of the Inclusive Framework on BEPS participating on an equal footing in all of the BEPS-related work of the Committee on Fiscal Affairs and its subsidiary bodies. These members include all OECD countries, all G20 countries, plus a growing number of other countries and jurisdictions. In addition, a number of these non-OECD countries also participate in the non-BEPS related work of the CFA or its subsidiary bodies, as Associates, Participants and Invitees. Full details can be found online in the OECD's Bodies Book:
http://webnet.oecd.org/oecdgroups/


COMMITTEE ON FISCAL AFFAIRS / INCLUSIVE FRAMEWORK ON BEPS
CFA Bureau / Steering Group
Forum on Tax Administration
WP1 on Tax Conventions and Related Questions
WP2 on Tax Policy Analysis and Tax Statistics
WP6 on Taxation of Multinational Enterprises
WP9 on Consumption Taxes
WP10 on Exchange of Information and Tax Compliance
WP11 on Aggressive Tax Planning
Forum on Harmful Tax Practices
Task Force on the Digital Economy
Task Force on Tax Crime and Other Crimes
MAP Forum
Joint Meetings of Tax and Environment Experts (with Environment Committee)
Technical Advisory Group on International VAT/GST Guidelines
Expert Sub Group on Administrative Assistance in Tax Matters
FTA Working Groups
Technical Subgroup on the Revision of the Model Tax Convention
CFA-strictly subsidiary bodies
CFA and Inclusive Framework on BEPS' subsidiary bodies


Special Programmes
OECD Network on Fiscal Relations Across Levels of Government
Task Force on Tax and Development
Global Forum on VAT


Global Forum on Transparency and Exchange of Information for Tax Purposes
Steering Group
Peer Review Group
AEOI Group

The team

The Centre for Tax Policy and Administration is a multicultural team, encompassing some 200 international civil servants: economists, tax lawyers, policy analysts, statisticians and administrative staff.

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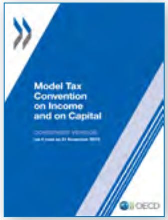
Flagship publications & legal instruments



- OECD Model Tax Convention
- OECD Transfer Pricing Guidelines
- Global Forum on Transparency and Exchange of Information for Tax Purposes: Peer Reviews on EOIR and AEOI
- OECD/G20 Base Erosion and Profit Shifting: Final Reports
- OECD/G20 Base Erosion and Profit Shifting: Peer Reviews
- OECD/G20 Base Erosion and Profit Shifting: Tax Challenges Arising from Digitalisation, Pillar One and Two Blueprints
- Standard for Automatic Exchange of Financial Account Information in Tax Matters
- OECD International VAT/GST Guidelines
- Revenue Statistics covering OECD, Latin American and Caribbean, Asian and Pacific, and African countries
- Tax Administration
- Effective Carbon Rates
- Taxing Energy Use
- Tax and Fiscal Policy in Response to the COVID-19 Crisis
- Tax Policy Reforms
- Fighting Tax Crime: The 10 Global Principles
- Convention on Mutual Administrative Assistance in Tax Matters
- Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting

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

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

Key links

- Automatic exchange of information: www.oecd.org/tax/automatic-exchange/
- Base erosion and profit shifting: www.oecd.org/tax/beps/
- Consumption tax: www.oecd.org/tax/consumption/
- Forum on Tax Administration: www.oecd.org/tax/forum-on-tax-administration/
- Global Forum on Tax Transparency and Exchange of Information for Tax Purposes: www.oecd.org/tax/transparency/
- Network on Fiscal Relations: www.oecd.org/tax/federalism/
- Tax and crime: www.oecd.org/tax/crime/
- Tax and development: www.oecd.org/tax/tax-global/tax-and-development.htm
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- Tax policy analysis & statistics: www.oecd.org/tax/tax-policy/
- Tax database: www.oecd.org/tax/tax-policy/tax-database.htm
- Tax treaties: www.oecd.org/tax/treaties/
- Transfer pricing: www.oecd.org/tax/transfer-pricing/
- Tax Inspectors Without Borders: www.tiwb.org

- OECD legal instruments: http://webnet.oecd.org/oecdacts/
- OECD policy responses to COVID-19: www.oecd.org/coronavirus/

… and more at www.oecd.org/tax

More information on the OECD's work on taxation

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