Communiqué of the 10th Meeting of the OECD Forum on Tax Administration (FTA)

Beijing, 13 May 2016

We, the heads of 44 tax administrations, met in Beijing for the 10th meeting of the OECD Forum on Tax Administration (FTA). The meeting brought together over 150 delegates, including tax commissioners and senior officials, representatives of business and international partner organisations, working to advance tax administration. We would like to thank our hosts, the State Administration of Taxation (SAT) of the People's Republic of China, for the excellent arrangements for this meeting and for the warm welcome to Beijing.

Our meeting came at a critical time where tax co-operation and tax transparency have been very high on the G20 agenda under the Chinese Presidency with increased expectations of progress. Countries are now moving to BEPS (Base Erosion and Profit Shifting) implementation after the G20 Leaders endorsed the 15 BEPS actions and called for consistent implementation. At the same time, major progress has been achieved in the area of transparency with now 101 jurisdictions having committed to the OECD Common Reporting Standard (CRS) for automatic exchange of information. We, as tax commissioners, will continue our collective efforts to tackle tax evasion and tax avoidance, including through the JITSIC Network, which demonstrates our resolve to work together quickly and efficiently. We are committed to our role in facilitating growth, investment and prosperity for all our citizens.

At this year's Plenary we focused on three interlocking themes:

- effective implementation of the G20/OECD international tax agenda requiring co-ordinated action from us, as tax commissioners;
- building modern tax administrations that effectively respond to the challenges and opportunities of an increasingly digital world and integrating it into the way we work; and
- helping build capacity in tax administration so that all countries, and in particular developing countries, can benefit from the changes in the international tax landscape and better mobilise the resources they need.

Delivering on the G20/OECD international tax agenda

Following the adoption of the BEPS package, we recognise the key role of tax administrations in supporting and implementing the G2O/OECD work on designing a fairer and more transparent international tax system and in tackling offshore tax evasion through effective co-operation, including greater transparency and data sharing. We welcomed the signing of the Multilateral Competent Authority Agreement on automatic exchange of financial account information (CRS MCAA) by Israel and the Russian Federation, bringing the total number of signatories to 82 jurisdictions. We discussed and endorsed a number of actions to implement automatic exchange of information (AEOI) through the CRS, and to counter BEPS. We welcome the new inclusive framework for BEPS implementation and will contribute to the review and monitoring of BEPS implementation under it, noting that the first meeting of the inclusive framework will be held in June in Kyoto.

We agreed on actions needed to receive and utilise the data from country by country reporting (CbC) and AEOI, and will continue to develop additional tools to enable the effective use of CbC and CRS data. Just as we promised when we last met in Dublin, we have designed and agreed a Common Transmission System (CTS) creating the first global bilateral exchange system connecting our tax administrations and enabling CRS, CbC and other exchanges in a truly transformative step in the way we work together. The cornerstone of the CTS is data security, with leading industry standards of encryption applied to each transmission. We, as advanced and emerging tax administrations, have pooled our resources and expertise to fund and develop this system, not only for us but for the benefit of all countries, in particular developing countries. We look forward to the close involvement of the Global Forum on Transparency and Exchange of Information for Tax Purposes in the operation of the CTS that, with its more than 130 members, brings together the largest group of users. We anticipate this system to be operational in time for the first exchanges of CRS data in September 2017.

We confirmed our commitment to a strengthened JITSIC, which recently met, now renamed as the Joint International Taskforce on Shared Intelligence and Collaboration, the network of tax administration officials with responsibility for responding to global compliance risks through collaboration and action. It provides a key tool for co-operation among tax administrations in the fight against international tax avoidance and offshore tax evasion as well as an agile mechanism for undertaking cross-border compliance and enforcement activities. This increase in collaboration and information sharing, based on existing legal instruments, makes tax authorities more effective globally.

The Plenary hosted the second signing ceremony of the Multilateral Competent Authority agreement for the automatic exchange of Country-by-Country reports (the "CbC MCAA"), where Canada, Iceland, India, Israel, New Zealand and the People's Republic of China joined the Agreement, bringing the total number of signatories to 39 countries, continuing the efforts to boost transparency by multinational enterprises (MNEs). The CbC MCAA will enable consistent and swift implementation of new Country-by-Country reporting developed under Action 13 of the BEPS Action Plan and will ensure that tax administrations obtain a more complete understanding of the way MNEs structure their operations, while also ensuring that the confidentiality and the appropriate use of such information is safeguarded.

We welcomed the significant progress the FTA MAP Forum has made in putting in place a robust peer review process to ensure timely, effective and efficient resolution of treaty-related disputes, and aim to begin the review process in 2016 as scheduled.

We endorsed the FTA report, *Co-operative Tax Compliance: Building Better Tax Control Frameworks*, which outlines the importance of an effective tax control framework (TCF) as an essential component of a rigorous tax risk management programme.

We appreciated the dialogue with business during our session on BEPS and recognise the contribution business can make as we work towards greater and earlier certainty for taxpayers and tax administrations.

Building modern tax administrations

At a time when China, the host, is making great strides in deepening the reform of its tax system and tax administration, thereby facilitating sustainable economic growth, a key topic of the Plenary was building modern tax administrations. Technological advances hold vast opportunities for tax administrations to improve taxpayer service and strengthen tax compliance. We endorsed three reports that outline how tax administrations can move towards more digital service delivery, also by seeking co-operation with providers of tax services to improve Small and Medium Enterprise (SME) compliance and utilise advanced analytics and big data to better identify risk, manage resources and target interventions. Together these reports constitute an important milestone in building modern tax administrations that integrate an increasingly digital world into the way we operate.

We welcome the new joint approach by the OECD, the Inter-American Center of Tax Administration (CIAT), the Intra-European Organisation of Tax Administrations (IOTA) and the International Monetary Fund (IMF) to collect comparative data on tax administrations. This is a milestone in international collaboration, cost reduction and efficiency ultimately delivering a comparative data set for over 150 tax administrations from around the world. Making use of this new platform, we launched the 2016 international survey on tax administration which will be published in the FTA's Tax Administration Series, providing comparative information and analysis on tax administrations across 56 advanced and emerging economies, including all OECD, EU, and G20 members.

Capacity building

Effective tax systems, including an efficient tax administration, are critical to increase domestic resource mobilisation and sustainable development and, therefore, lie at the heart of the capacity building process. In recognition of the G20 leaders' call, the UN's 2030 Agenda for Sustainable Development and the global responsibility of FTA members to aid developing countries in the improvement of tax administration, the

Plenary discussed ways to improve the efficiency and effectiveness of capacity building, and to enhance co-ordination and collaboration with other international organisations, thereby avoiding duplication. The FTA approved four key recommendations to guide future efforts in the organisation and delivery of tax administration capacity building assistance:

- the adoption of a common Tax Administration Capacity Building Framework,
- the domestic application of a 'whole-of-government' approach to capacity building,
- participation in the development of the Knowledge Sharing Platform, a global on-line tool that will enable broader and more timely sharing of knowledge and expertise amongst tax administrations, and
- the establishment of a Capacity Building Network to connect to the work of others.

The FTA's tax capacity building project brings together the collective response from the world's advanced and emerging tax administrations on this key challenge and takes place in the context of the G20's call to the International Monetary Fund (IMF), the OECD, the United Nations, and the World Bank Group for recommendations on improving the effectiveness of technical assistance programmes. These combined efforts are intended to contribute to the creation of a sound, fair and transparent international tax environment, which in turn facilitates the emergence of strong, sustainable and inclusive growth worldwide.

Looking forward, the FTA will continue to support these three work areas, including supporting the effective implementation of BEPS and the CRS. Further, we intend to take forward a number of specific projects to enhance customer service and improve domestic tax compliance.

ANNEX: Participating tax administrations and international partner organisations

Australia
Austria
Belgium
Brazil
Cambodia
Canada
Chile
Costa Rica
Denmark
Finland
France
Georgia
Germany
Hong Kong, China
Hungary
India
Indonesia
Ireland
Israel
Italy
Japan
Korea
Lithuania
Luxembourg
Malaysia
Mexico
Netherlands
New Zealand
Norway
Pakistan
People's Republic of China
Portugal
Republic of Kazakhstan
Russian Federation
Singapore
Slovak Republic
South Africa
Spain
Sweden
Switzerland
Tanzania
Turkey
United Kingdom
United States

Inter-American Center of Tax Administration (CIAT)
European Commission (EC)
International Monetary Fund (IMF)
Intra-European Organisation of Tax Administrations (IOTA)
World Customs Organisation (WCO)