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Introduction

1. In July 2005, Article 26 on exchange of information of the OECD Model Tax Convention on Income and on Capital (OECD model) has been amended with the purp

Fourth Meeting of the OECD Global Forum on Taxation

19. Recently, on 15-16 November 2005, Australia hosted the fourth meeting of the OECD Global Forum on Taxation¹ to discuss the importance of achieving a global level playing field² in respect of improving transparency and effective exchange of information in the tax area. Over 130 representatives from 55 governments met in Melbourne to review progress towards a level playing field in these areas.

20. The purpose of the Melbourne meeting was to review implementation of the process agreed at the Global Forum meeting held in Berlin in June 2004 for working towards a global level playing field based on high standards of transparency and effective exchange of information in tax matters. Two key aspects of this process were to invite other significant financial centres to participate in the dialogue and to carry out a review of countries' (which included the Invitees)³ legal and administrative frameworks in the areas of transparency and exchange of information in tax matters.

21. Eighty-one countries were include(-)41.5596(o)-46.67308567(o)-46.6743(3(-)-235.931(t)-37.8567(h)-34.526(e)-41.9318(-)-126.5

are negotiating agreements that provide for exchange of information⁴ many countries have improved transparency by implementing the FATF customer due diligence requirements and several countries have recently required bearer shares to be immobilised or held by an approved custodian (e.g., the British Virgin Islands, the Cook Islands, Saint Kitts & Nevis).

Next Steps

23. The process endorsed at the Berlin Global Forum meeting recognised that integrated individual, bilateral and collective actions would be needed both to achieve and to maintain the goal of a level playing field.

(i) Individual actions

24. In terms of *individual actions*, the Berlin Report referred to the fact that some countries may need to modify some existing laws and practices to fully implement the principles of transparency and effective exchange of information in tax matters. Despite the progress referred to in the previous section, further actions at the individual country level remain necessary.

25. The Global Forum recognised that countries will not be able to move simultaneously to make the necessary changes due to differences in legal systems and in the issues – political, economic and institutional -- that different countries would need to address. Nevertheless, all countries are strongly encouraged to take the necessary steps towards a level playing field. In particular:

(i) Further progress is required in some countries to address the constraints placed on international co-operation to counter criminal tax abuses.

(ii) Further progress is required to address those instances where countries require a domestic tax interest to obtain and provide information in response to a specific request for information related to a tax matter.

(iii) Further progress is required in the area of access to bank information for tax purposes. Although most countries reported being able to obtain such information for criminal tax matters, a number of countries continue to have strict limits on access to bank information which excessively constrain their ability to respond to specific requests for information in civil and criminal tax cases. Those countries are encouraged to review their current policies on this issue and to report the outcome of their review at the next Global Forum meeting.

(iv) Further progress is required in some countries to ensure that competent authorities have appropriate powers to obtain information for civil and criminal tax purposes.

(v) Most countries have access to legal ownership information of companies, trusts, partnerships,

31. The Berlin Report pointed out that the bilateral “process permits the contracting parties to take account of the totality of their bilateral relations, their respective legal systems and practices, and their mutual economic interests.” The Berlin Report encouraged all countries to strive to achieve effective exchange of information and transparency by 2006 but recognised that countries could adapt their bilateral arrangements to suit their specific needs and mutual interests.

32. The review of countries’ legal and administrative frameworks suggests that the vast majority of countries are already in a position to exchange information in cases of tax crimes. It is important for all countries to

38. The Global Forum welcomed the endorsement by Argentina; China; Hong Kong, China; Macao, China; the Russian Federation and South Africa of the principles of transparency and effective exchange of information in tax matters and their willingness to work towards a level playing field in these areas.

Article 26 of the OECD Model Tax Convention

39. Article 26 of the OECD Model Tax Convention on Income and on Capital provides the most widely accepted legal basis for bilateral exchange of information for tax purposes. More than 2000 bilateral treaties are based on the Model Convention.

V. CONCLUSION

70. The exchange of information is a key element to fight against tax evasion. Such is the importance of this issue that international organisations as relevant as OECD, EU and CIAT have been working in it since long time