

## **AUSTRALIA ENDORSES ONGOING GLOBAL EFFORTS TO COMBAT TAX AVOIDANCE AND EVASION**

The Assistant Treasurer, Senator Nick Sherry, today confirmed that following the *Second Conference on the Fight against International Tax Fraud and Evasion* held in Berlin, Germany, the Rudd Government continues to strongly support the tough global position against tax evasion taken by the 19 participant countries.

"The G20 has delivered a very strong message to the global community – tax havens, tax avoidance and tax evasion are unacceptable. They are a risk to the integrity of each domestic tax system but also a risk to the global financial system as a whole."

"The Berlin conference confirms the global commitment to stamp out these practices, and this is backed by all major economies, including Australia and many of our major partners."

"Australia fully endorses the outcomes of this meeting, and as Assistant Treasurer I will be very active with our regional partners on these matters," said the Assistant Treasurer.

Australia is also a long-standing supporter of the Organisation for Economic Cooperation and Development's (OECD) *Harmful Tax Practices Initiative*, which aims to prevent tax avoidance and evasion through global standards that promote greater tax transparency and improved international cooperation.

"Australia continues to be an active supporter of international efforts to prevent tax evasion through agreements that allow for greater exchange of information between jurisdictions."

"In the last month for example we have signed just such an agreement with Jersey, and just last week we signed an important tax information agreement with Belgium."

"The Australian Government is concerned to ensure that the Australian tax system remains fair and equitable and that everyone pays their fair share of tax."

"The Government recognises that the fight against tax offences is a shared responsibility of all countries and territories and takes its own role in this endeavour very seriously."

"We support the conclusions of the Berlin conference and affirm its support for strong action, including the imposition of defensive measures

where necessary, to establish a global level playing field on tax transparency."

"Maintaining the integrity of Australia's tax system is a key objective of the Australian Government and is in the interest of all Australians," said the Assistant Treasurer.

The Berlin meeting was attended by high-level officials from Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, Norway, Spain, Sweden, and Switzerland.

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## **SUMMARY OF CONCLUSIONS**

1. At the invitation of Herr Peer Steinbrück, Minister of Finance, Germany, and of M. Eric Woerth, Minister for the Budget, Public Accounts and the Civil Service, France, Ministers and senior officials of 19 countries came together in Berlin on 23 June, 2009, in order to review the progress that has been made with respect to the implementation of the OECD standard on transparency and exchange of information in tax matters since their last meeting held on 21 October, 2008, in Paris.
2. They emphasised that transparency and exchange of information in tax matters are the basis for fair competition in a global economy and an equitable tax burden weighing on honest taxpayers. They confirmed that the fight against any form of tax offences is a shared responsibility of all countries and territories.
3. They welcomed recent endorsements of the OECD standard on exchange of information by many significant financial centres, including four OECD member countries. They further noted that since the October meeting all 84 jurisdictions covered by the OECD's Global Forum assessment have committed to the standard.

4. They also welcomed the adoption of the OECD standard by the UN Committee of Experts on International Cooperation in Tax Matters on 22 October, 2008, which underlined the universal character of the standard.
5. They noted that in its action plan of 15 November, 2008, the G20 considers the adherence by all countries to the standard of the OECD to be an important precondition for preserving the integrity of financial markets and that the G20 leaders at their meeting on 2 April, 2009 were determined to take action against jurisdictions that fail to implement their commitment swiftly. They also noted that, at their meeting on 13 June, 2009, the G8 Finance Ministers urged further progress in the implementation of the OECD standards.
6. They expressed the wish for the OECD Global Forum on Taxation to be tasked with developing a more precise monitoring, including the corresponding procedures, of the standards of transparency and exchange of information in tax matters that should be based on peer review and rating, to encourage greater conformity of implementation.
7. Being aware that tax fraud and evasion also have damaging effects on developing countries, they consider that further efforts are required to enhance tax compliance in these countries and to enable them to benefit from the progress made in tax cooperation.
8. While encouraging all jurisdictions to implement the OECD standard on exchange of information, the countries convened today unequivocally support action to be taken where a jurisdiction refuses to implement its commitment, in particular in cases where time has elapsed since the commitment was made.

In view of the above, the participating countries:

9. RECOGNISE the significant progress that has been made since they met in October 2008.

In particular, all major financial centres are committed to the OECD and UN standards.

10. EXPECT a swift and effective implementation of the standards of transparency and exchange of information in tax matters.
11. REMIND the jurisdictions that committed to the latest OECD standards that a refusal to conclude agreements or protocols with OECD member countries would be considered as a lack of willingness to fully implement their commitment.
12. AGREE to explore the possibility of using new tools, including multilateral negotiations or instruments, in order to speed up the process and to help developing countries getting full access to it.
13. ARE AWARE that implementation of the standards must be accompanied by reviews to ensure effective operation of the exchange of information. To that end, they ARE DETERMINED to assess their practices both as requesting and as requested party and those of their partners.
14. Also ENCOURAGE the OECD and non OECD countries to work together in a reformed and expanded Global Forum, in order to set up a multilateral, impartial and transparent monitoring and peer review process of all jurisdictions that ensures effective implementation of the standards on a global basis. The outcome of the review process for each jurisdiction should be published.
15. ARE DETERMINED to take initiatives to enhance voluntary compliance of their taxpayers by facilitating disclosure of hidden assets and income.
16. ARE also DETERMINED to promote the best practices to protect their tax base against those countries and territories that are not implementing the OECD standards in a timely and effective manner. Defensive measures should be applied to prevent undue delays in the implementation. Up to each country, these defensive measures can include:

- increased withholding taxes in respect of a wide variety of payments made to non-cooperative jurisdictions;
- denial of deductions in respect of expense payments to payees resident in a non-cooperative jurisdiction;
- termination of treaties with countries and territories which refuse effective exchange of information.

17. UNDERLINE that they will consider a co-ordination of their action as regards some of the measures aiming at protecting their tax base against those countries and territories that are not implementing the OECD standards timely and effectively, such as:

- increased disclosure requirements, on the part of national and foreign financial institutions and collective investment vehicles, to report transactions involving non-cooperative jurisdictions;
- denial of the participation exemption;
- asking international financial institutions to review their investment policy with respect to non-cooperative jurisdictions.

18. NOTE the importance of the availability of information regarding beneficial owners of bank accounts, investment vehicles and other financial assets for taxation purposes, and URGE the OECD, the FATF and the EU to explore ways to facilitate access to information in relation to trusts, foundations, shell corporations and other arrangements that may be used for tax evasion purposes.

19. EMPHASISE the importance of the political support in enforcing transparency and exchange of information for tax purposes with a view at promoting a healthy international financial system as well as a fair international allocation of the tax base.