

**PRESENTATION
TAX EVASION AND REVENUE POLICY IN DEVELOPMENT
FINANCE FORUM**

ISTANBUL, TURKEY

4 OCTOBER 2009

Thank you for the opportunity to make a few brief points.

The topic of tax evasion and revenue policy in development finance is a challenging one that international institutions have been grappling with for some time.

From Australia's perspective, I would like to share the following observations:

- We should recognise that significant progress has been made over the past 12 months in addressing the lack of transparency and impediments to effective exchange of information on tax matters.
- Over 110 tax information exchange agreements have been signed over the past few years – most in the last 6 months.
- All jurisdictions have committed to implement international standards, but in some instances implementation of those commitments has been slow.
- Peer review of those commitments by the Global Forum on transparency and exchange of information will commence next year.
- The OECD and other international agencies, such as the World Bank and IMF, are contributing to improving the capacity of developing countries and the awareness of the benefits of having improved transparency.
- The prospect of countermeasures if international standards are not implemented

remains relevant considering the strong statements of the G-20.

Australia has taken an active interest in this work and we are pleased to have been elected Chair of the Global Forum given that body's important task in reviewing the implementation of the international standards and the ongoing work in promoting their adoption. This work is significant because it has the potential to improve both the speed and quality of implementation of international standards.

Australia is negotiating tax information exchange agreements (TIEAs) and, where the opportunity arises, updating our old tax treaties to the new international standards of transparency and exchange of information. In addition to our TIEAs, we offer technical assistance where that is needed to jurisdictions with whom we conclude a TIEA.

We are also fully engaged in work being carried out by the financial stability board to boost adherence to international standards on prudential supervision and financial regulation, particularly in the area of regulatory cooperation.

Closer to home, we have a program of active engagement with the countries of our region. This engagement is directed at improving the institutional capacity of administrations. This includes their ability to administer their tax systems and to engage with other countries through exchange of information. For example the Australian Taxation Office recently ran a training program for regional tax administrators on effective exchange of information.

We have also worked to improve taxpayer disclosure of offshore bank accounts and we are working with interested parties and our international colleagues in assessing the best methods to promote compliance with the tax laws. That said, Australian taxpayers are generally good when it comes to paying their fair share of tax. However, there will always be those who try to evade or avoid their obligations and so we remain vigilant.

So what does this mean for developing countries? The problems faced by developing countries are not isolated to them. We all face the same revenue risks associated with harmful tax practices.

While we are currently addressing the evasion issue from the stand point of exchange of information, there remains the question of what other specific steps can be taken to assist developing countries improve their access to the improved level of transparency.

Part of the solution may lie in the work already underway through various assistance programs directed at improving the capacity of tax administrations. I would point out that the OECD has been very active in this area, working with interested countries for example in promoting the establishment of tax policy centres and holding tax policy dialogues.

In this respect, I congratulate those involved in the decision to establish an African tax administration forum aimed at strengthening domestic resource mobilisation on the African continent. This is a good example of what can be done to address specific needs and could easily be an approach that other countries with similar interests could explore.

In conclusion, there has been significant progress in tackling key parts of the tax evasion challenge to revenue policies. Further consideration of how to better integrate the existing international work in improving capacity of developing countries should be our next step.