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**Committee of Experts on International
Cooperation in Tax Matters
Twenty-fourth session**

Virtual meetings of 4-7 and 11-12 April 2022

Item 3 (k) of the provisional agenda

Increasing Tax Transparency.

Co-Coordinator's Report

Background and Subcommittee Mandate

1. At the 23rd session of the Committee in October 2021, the secretariat provided a paper on Increasing Tax Transparency ([E/C.18/2021/CRP.31](#)). That paper examined the role that the Committee could play in promoting and supporting tax transparency initiatives in developing countries.

2. As noted in the [Report on the twenty-third session](#), after some discussion, the Committee established a Subcommittee on Increasing Tax Transparency, with Ms. Mensah and Mr. Troya as Co-Coordinator, and with the following mandate:

“The Subcommittee is mandated:

(a) To address the issue of increasing tax transparency in developing countries by:

(i) Identifying gaps in existing work done in other forums as they relate to exchange of information in developing countries and identifying challenges faced in the implementation of international standards in exchange of information;

(ii) Proposing solutions to address the identified gaps and challenges, including possible new standards and domestic measures;

(iii) Advising on ways to provide technical support to developing countries to address those challenges;

(b) To report back to the Committee no later than the twenty-fourth session on its findings and recommendations, including a proposed plan of work.

In undertaking its work, the Subcommittee may wish to consult broadly and engage with others active in this area.”

First Meeting of the Subcommittee

3. The Subcommittee held its first meeting virtually between 10-11 January 2022. During its preparatory meeting, the members agreed that the Subcommittee would focus first on identifying the gaps in implementation of the international standards for developing countries as well as any other challenges that these countries were facing in implementation of exchange of information. To do this adequately, the Subcommittee felt it would need to collect information from developing countries. Members further agreed that engaging regional international organizations was key in identifying these challenges.

4. To this end, during its first meeting, the Subcommittee had on its agenda to discuss the option of a questionnaire to share with developing countries to assist in identifying the above-mentioned gaps and challenges.

5. Also on the agenda was the composition of the subcommittee. This report reflects the outcome of those discussions.

Issues

6. At the meeting, the Subcommittee discussed ways to identify the gaps in existing work done in other forums as they relate to exchange of information in developing countries and identifying challenges faced in the implementation of international standards in exchange of information. To do this adequately in this case, it was agreed that a questionnaire could be developed for sharing with developing countries. The subcommittee then discussed and agreed

on the issues that would form the substance of the questionnaire, as follows:

- Determination of the level of understanding and interaction with Exchange of Information in the various jurisdictions.
- Determination of the infrastructure in place for exchange of information in the respective jurisdictions, i.e. Legal framework, training undertaken, knowledge level, ICT capacity etc.
- Determination of existing gaps in the current standards of exchange from a developing country perspective, and any challenges encountered in the implementation of these standards.
- Extent of the jurisdiction's participation in the work of The OECD Global Forum on Transparency and Exchange of Information for Tax purposes.
- Impact of Exchange of Information on the jurisdiction's revenues.
- Examination of existing guidance products by the countries to determine what gaps existed in these products that the Committee could address.
- Identification of the issues on which the Committee could offer guidance and what sort of guidance.
- Identification of the Capacity development needs which countries had.
- Existence of Voluntary disclosure/ tax amnesty programs relating to Exchange of Information.

7. The members also developed explanatory notes to guide jurisdictions as they filled the questionnaire by explaining the objectives of the questions for a common understanding.

Proposed work plan and the Sustainable Development Goals

8. As noted in the [Report on the twenty-third session](#), held in October 2021, the Committee agreed:

- (a) To continue to discuss taxation and the Sustainable Development Goals regularly during sessions, as a permanent agenda item.
- (b) To request the secretariat to provide regular updates on taxation and the Sustainable Development Goals, at each session:
 - (i) To preserve the focus of the Committee's work in the area.
 - (ii) To identify any gaps in guidance.
 - (iii) To establish priorities for technical work to be carried out by the secretariat; and
- (c) To have subcommittees reflect on the link between their work and the Goals.

9. In addressing paragraph (c) of that conclusion, the Subcommittee recognizes that tax transparency is vital in supporting domestic revenue mobilization to harness much needed revenues by developing countries. Countering illicit financial flows, tax evasion and corruption is a way to ensure that a jurisdiction has more resources without the need to impose an additional tax burden on citizens and Small and Medium Enterprises. This contributes to domestic revenue mobilization as it assists countries grow their revenues and hence puts them on course to meet their SDGs.

Composition of the Subcommittee

10. Members agreed that it is important to invite participation from government observers who are involved in exchange of information in their jurisdictions, as well as the various international organizations involved in this work. The participation of the international organizations would be on an ad hoc basis when their expertise was required. Consistent with the Committee's practices and procedures, after the 24th Session, the Co-Coordinator will circulate to the Committee for approval a list of proposed participants in the Subcommittee.

Next Steps

11. The Subcommittee will continue to work with jurisdictions and international organizations to obtain the information necessary to meet its mandate.

12. At the 24th Session, pending Committee feedback on this note and the questionnaire, the Subcommittee proposes to share the questionnaire with the participants in the session with responses expected by 30 April 2022. The responses could then provide a basis for focused exchanges with the relevant international and regional organizations to collect further information to identify the gaps and challenges on which the Subcommittee should concentrate its work.

Issues for discussion

13. The Subcommittee seeks the views of the Committee on its efforts underway to develop its proposed plan of work, including the issues addressed in the questionnaire it has put together, as well as any other issues in this note.