

Conference organized by:
Institute for Austrian and International Tax Law Vienna
WU Global Tax Policy Center

Improving Tax Compliance in a Globalized World

RUST CONFERENCE 2016
QUESTIONNAIRE

GUIDELINES FOR THE
20-PAGE CONTRIBUTION

Improving Tax Compliance in a Globalized World

This year's conference will focus on measures to improve tax compliance. We will discuss different levels of non-compliance, ranging from tax crimes to aggressive tax planning. We will examine in which areas tax evasion/tax avoidance is still high and what has already been done to reduce the tax gap. We will deal with domestic and cross-border tax evasion but concentrate on income and corporate income taxes. The goal of this conference is to learn from each other, to see which measures work in which context and whether such measures can serve as an example for our respective countries. We will also analyze the challenges that lie ahead of us and try to find ideas to overcome existing and future problems.

This questionnaire serves as a guideline. We are especially interested in particularities of and innovative solutions to the problem of tax evasion in your country. If you consider that your country adopted a standard solution also chosen by many other countries and there are neither particular problems nor innovative solutions, you can keep these parts short. Please feel free to include additional points in your report that are not mentioned in the questionnaire and that you find of interest for other countries.

Your report should be divided into eight chapters. All chapters are linked with each other. If you think that a point mentioned in one chapter should be dealt with in another chapter, please feel free to do so. The result should be a readable text, suitable to be included in the book we plan to publish with IBFD. Author's guidelines are provided separately.

1. What is the tax gap in your country and how do you measure the tax gap?

- The tax gap can be defined as the difference between taxes owed and taxes paid.
- Does your government provide estimates of the tax gap in your country? (See e.g. <https://www.irs.gov/uac/The-Tax-Gap> or <https://www.gov.uk/government/statistics/measuring-tax-gaps-tables>) Do other institutions estimate the tax gap as well? Do the estimates differ?
- Are estimates available for specific types of taxes or different types of taxpayers? Do the estimates distinguish between domestic and cross-border tax evasion? How about estimates of assets held offshore by domestic taxpayers?

- What are the methods used for the estimation of the tax gap? (See e.g. <http://gabriel-zucman.eu/richeesse-cachee/> or http://www.taxjustice.net/wp-content/uploads/2014/04/Price_of_Offshore_Revisited_120722.pdf)
- Which tax provisions are particularly difficult to apply? Is it possible to challenge a lack of enforcement as a violation of the constitutional principle of equality where only a few taxpayers pay their taxes owed?

2. Improving access to information needed by tax administrations

- For an illustration, see especially http://www.keepeek.com/Digital-Asset-Management/oecd/taxation/tax-compliance-by-design_9789264223219-en#page1 and <http://www.oecd.org/tax/forum-on-tax-administration/49427993.pdf>
- To which extent does the tax administration in your country rely on the tax return filed by the taxpayer and which information is routinely verified?
- What are the reporting obligations of third parties, e.g. banks and other financial institutions, advisors, employers, publishing houses for royalty income, companies when distributing dividends, pension funds, etc.?
- What are the limits to obtaining information? Can banks, advisors or other persons refuse to give information due to secrecy rules/attorney-client privilege?
- How is information that is obtained for one type of tax used for other types of taxes? For instance, does the tax administration use the sales figures obtained for VAT purposes to check the validity of income tax returns? How is data obtained from inheritance tax returns or net wealth tax returns used for income tax purposes?
- Has your country introduced tax lotteries or similar measures to obtain receipts to verify sales figures? Have these measures led to increased revenue which outweigh the administrative costs?
- Has your country granted incentives for credit card payments or wire transfers instead of cash payments? Will payments by mobile phone be automatically tracked by the tax administration? Are there limits to the deductibility of cash payments?
- Is the use of electronic cash registers compulsory in your country?
- How do voluntary disclosure rules work in your country?
- Has your country introduced tax amnesties and would you regard them as successful? How many times have they been used and how much additional revenue was generated? Has tax compliance improved after a tax amnesty or has it possibly declined as taxpayers waited for another tax amnesty?
- Has your country introduced whistleblower programs where persons (e.g. employees, ex-spouses, neighbors, etc.) can report income or suspicious transactions to the tax administration? How do these programs work and are they effective?
- How does the tax administration obtain information about the ultimate beneficiaries behind trusts, foundations and other opaque entities?
- The G20 has recommended that all countries introduce country-by-country reporting and master files for transfer pricing purposes (see action 13 BEPS). How will your country go about implementing this proposal? How does your country intend to use the information? How many MNEs will be

above the USD 750,000 threshold? How will your country link up to domestic files?

3. Exchange of information between tax administrations of different countries

- What are the measures taken in your country to exchange information with other tax administrations? Is exchange of information granted upon request, spontaneously or automatically?
- Are newly-concluded tax treaties in line with the latest version of Article 26? Are older treaties revised to comply with the new requirement of Article 26?
- Is your country a member of the CoE/OECD Convention on Mutual Administrative Assistance in Tax Matters?
- What does the network of TIEAs signed by your country look like? Do the agreements follow the OECD Model TIEA?
- Has your country signed a FATCA Agreement with the US? Which model does your country follow? When will it be implemented? Is there any deviation from the standard?
- Are there any other agreements for the cross-border exchange of information? (For instance, the Mutual Assistance Directive for EU countries.)
- How does the exchange of information between tax administrations work in practice? Can a request for information be refused due to bank secrecy or professional secrecy rules? Has a request been refused due to trade secrets or due to the ordre public? Which measures would you propose to improve the exchange of information mechanisms?
- What is your country's experience with joint audits?
- How are new technologies used to facilitate the exchange of information?

4. Cooperation between tax administrations and other law enforcement agencies

- To which extent are tax administrations exchanging information with other law enforcement agencies (e.g. FIU) and to which extent do they receive information from other agencies? The fight against tax evasion will be more efficient if the authorities pool their knowledge and skills.
- Do tax administrations have access to information used to detect bribery, money laundering, terrorism financing and other crimes? (See <http://www.oecd.org/ctp/crime/report-improving-cooperation-between-tax-anti-money-laundering-authorities.pdf>)
- What are the legal barriers to tax administrations and law enforcement agencies sharing information? In case the transfer of information is prohibited between agencies, what are the legal consequences if information is nevertheless obtained by the tax administration? Is the improperly obtained evidence inadmissible?
- If the tax administration discovers tax fraud, does it have to transfer the case to the public prosecutor or can it still make its own investigations and reassess the tax liability?

- What do you think the implications will be of the Financial Action Task Force (FATF) having made tax crimes a predicated offence?

5. Co-operative compliance and risk management

- Is your country offering an enhanced relationship to compliant taxpayers or is there already a co-operative compliance framework? (See http://www.keepeek.com/Digital-Asset-Management/oecd/taxation/co-operative-compliance-a-framework_9789264200852-en#page1)
- What are the benefits and the challenges of co-operative compliance?
- Has your country already introduced risk management procedures in a domestic or cross-border context?
- Are there constitutional or other legal limits to co-operative compliance? Is it in line with the principle of equality, the fundamental freedoms or the State Aid rules to treat compliant taxpayers better than non-compliant taxpayers? Is it necessary to implement co-operative compliance via a parliamentary statute or is administrative guidance sufficient?
- What are the benefits for the taxpayer if he or she participates in a cooperative compliance program? How are the legitimate expectations of the taxpayer protected if he or she participates in a co-operative compliance program?

6. Improving the collection of taxes

- Which types of income are subject to a withholding obligation (e.g., interest, dividends, capital gains, payments in the construction business)? Are these withholding taxes final or used in combination with a later tax assessment?
- Are there special withholding tax obligations for non-resident taxpayers?
- Does the withholding tax obligation constitute an excessive administrative burden for the withholding agent? Are withholding agents compensated for their obligations?
- In the light of the BEPS report, is your country considering the introduction of positive rates of withholding on passive income into its tax treaties?
- Concerning other types of income, do taxpayers have to make (quarterly or monthly) prepayments of taxes estimated on the basis of the tax liability of prior taxable years?
- Do tax treaties already include a provision similar to Article 27?
- Are there other inter-state agreements for the assistance in the collection of taxes (e.g. the Mutual Assistance Directive in the EU)?
- How does the cross-border collection of taxes work? What are the obstacles? What can be improved?

7. Advantages for the taxpayer

- What are the advantages for the taxpayer if tax compliance is improved?
- Is the taxpayer still obliged to fill out a complete tax return or are certain parts of the tax return already filled out by the tax administration and the

taxpayer just has to verify whether these parts are correct? For instance, in some countries income from employment, from pensions, dividends, interest, capital gains or royalty income is already contained in the tax return sent to the taxpayer.

- Is taxpayer satisfaction with the services offered by the tax administration measured in your country?
- By reducing the tax gap, the tax burden on compliant taxpayers can be reduced. The perception that other people are paying their taxes leads to less tax evasion in general. Has public opinion vis-à-vis tax evasion changed during the last years? Is there increased pressure from civil society, politics, boardrooms, active investors, etc. to improve tax compliance?

8. Challenges ahead

- What are the areas in which tax evasion still plays a major role?
- Which measures will be taken by your government in the coming years to reduce tax evasion?
- How can the communication between tax administrations of different countries be improved?
- What are the additional challenges arising in the future? (For instance, the existence of new electronic currencies, blockchain, dematerialization of services and goods.) Which opportunities arise from the use of new technologies?
- Tax administrations are going to have unprecedented access to information from EOI, country-by-country reporting, master files, disclosure provisions, etc. Is your country prepared to use all this information? Will it lead to better risk management? What measures are being taken to protect the confidentiality of the information?
- If applicable: What are the specific challenges that developing countries face?

SOME PRACTICAL GUIDELINES

Paper length: 20 pages, Times New Roman 12 pt.

Format: preferably "MS Word"

Bibliographic reference and quoting: please follow the attached guidelines.

Deadline for delivery of the report: April 30, 2016

Please let us also have a **short CV** (3-5 lines) for the "List of Contributors" in the book, and a list of abbreviations, in due time. Please make sure that **graphics and charts** for the final version are black-and-white or **greyscale only** (no color graphics allowed for the book!) and please also email them as separate files in xlsx, docx, pptx, jpg or tif format. Resolution of pictures should be at least **300 DPI** to ensure good quality for printing.

The national reports will be placed for download on a password-protected conference website, so that the conference participants can be well prepared for the discussion.

On the basis of the national reports, we will identify the most relevant topics, and select speakers who will present selected issues in a three-minute input statement to encourage the public debate.

After the conference there will be a short period of time given for including the findings of the conference in the paper. We will organize linguistic editing.

If you have questions or doubts, please do not hesitate to contact us under Renee.Pestuka@wu.ac.at. We will be happy to assist you.