

## OECD's Forum on Tax Administration agrees on collective actions on tax certainty, cooperation and digital transformation

---

### **NEW!** EY Tax News Update: Global Edition

EY's new Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

---

### Executive summary

On 28 March 2019, the Organisation for Economic Co-operation and Development's (OECD) Forum on Tax Administration (FTA) published a communiqué at the conclusion of its 12th plenary meeting which took place in Santiago, Chile on 26-28 March 2019. At this year's plenary, the FTA focused on four priorities: (i) Delivering on base erosion and profit shifting (BEPS) and tax certainty; (ii) Improving tax cooperation; (iii) Supporting the continued digitalization of tax administrations; and (iv) Building capacity for developing countries.

Also, at the plenary meeting, the FTA members welcomed the publication of seven reports which will provide direct practical assistance to tax administrations on the aforementioned four priorities.

### Detailed discussion

The FTA was created in July 2002 by the OECD's Committee on Fiscal Affairs, with the aim of promoting dialogue between tax administrations and identifying good tax administration practices. At the time of the plenary meeting, the FTA comprised 53 members.<sup>1</sup> The Chile meeting brought together over 140 delegates, including tax commissioners and senior officials, as well as representatives from international partner organizations. Representatives of business and the profession (including EY) attended part of the event.

The communiqué outlined the agreed-upon actions and commitments made by the FTA in four key areas:

- ▶ Delivering on BEPS and tax certainty
- ▶ Improving tax cooperation
- ▶ Supporting the continued digitalization of tax administrations
- ▶ Building capacity for developing countries

Among others, the FTA members agreed to:

- ▶ Ramp up work on tax certainty by expanding to 17 the number of FTA members participating in the second phase of the pilot on the International Compliance Assurance Programme (ICAP).
- ▶ Support policy makers in the development of new standardized reporting requirements to facilitate international exchange of information on those selling goods and services through the sharing and gig economy.
- ▶ Pursue collective work on the effective use of the vast amount of information on offshore accounts currently being exchanged under the OECD/G20 Common Reporting Standard.
- ▶ Set out in concrete and practical terms a digital vision for Tax Administration 2030 and to help reduce compliance burdens for small- and medium-sized enterprises (SMEs) through the use of new technologies.

### BEPS and delivering tax certainty

FTA members will continue to prioritize implementation of the OECD/G20 international tax agenda, with good progress being made in supporting the implementation of Country-by-Country reporting, Mutual Agreement Procedure (MAP) and exchange of rulings. Given that tax certainty is high on the agenda of the FTA, the FTA members recognized that they should focus on improving dispute prevention and dispute resolution mechanisms. To that end, the following outcomes were concluded:

- ▶ The FTA members endorsed the *International Compliance Assurance Programme Pilot Handbook 2.0* report. ICAP is a voluntary risk assessment and assurance program to facilitate open and cooperative multilateral engagements between multinational enterprise (MNE) groups willing to engage actively and transparently and tax administrations in jurisdictions where they have activities. The first ICAP pilot program was launched in January 2018 with the participation of eight FTA members.<sup>2</sup> In ICAP 2.0, there will be nine additional tax administrations participating. Several other FTA members are actively considering joining at a later stage.

- ▶ Building on the unprecedented information that tax administrations have on MNEs due to the implementation of the BEPS project, work is underway to improve consistency in tax administrations' understanding of tax risk, the key indicators that risk may be present and the information needed to conduct an effective risk assessment. This advance work on improving the consistency and coordination of tax risk assessments will promote certainty for MNEs and tax administrations.
- ▶ Furthermore, the FTA members advanced the work on joint audits with the release of *Joint Audit 2019 - Enhancing Tax Co-operation and Improving Tax Certainty* report. This report sets out the most advanced form of audit-related tax cooperation, provides best practices and identifies possible areas of improvement and future work not limited to the OECD FTA.
- ▶ Finally, both the FTA MAP Forum and the FTA Large Business International Program will continue to advance the tax certainty agenda, in particular by identifying improvements that could be made to the advance pricing agreements (APAs) and MAP. Furthermore, the sharing of basic benchmark information in the transfer pricing area should be explored by the aforementioned forums.

### Improving tax cooperation

The work of the FTA in the area of tax cooperation is concentrated around two fronts: the Common Reporting Standard (CRS) and the Sharing and Gig Economy.

The communiqué highlights the success of the large-scale ongoing exchange of information under the CRS. Details on the CRS exchanges will be provided to the G20 in due course.

Also, the report *The Sharing and Gig Economy: Effective Taxation of Platform Sellers* was issued at the FTA plenary meeting. The main purpose of this report is to ensure the effective taxation of income derived from the sale of goods or services in the sharing and gig economy. The report considers the different ways that tax administrations can best engage with platform sellers, sharing and gig economy platforms, and assisting each other to enable more effective tax compliance. It contains three recommendations for further work: (i) engagement with sharing and gig economy platforms on educating platform sellers on their tax obligations; (ii) improving the evidence base to understand the tax at risk; and (iii) assisting policy makers in the development of a standardized reporting model, including facilitating greater exchange of information between tax administrations.

## Supporting digital transformation

A key topic of the FTA meeting was how to build modern tax administrations by leveraging technological advances. It was agreed that the FTA members will work together on a digital vision for Tax Administration 2030 by setting out a pathway as well as the technological and organizational building blocks for digital transformation. The FTA members will also examine ways that new technology and new processes can be used to both enhance compliance and reduce burdens for taxpayers, with a particular focus on SMEs.

At the plenary meeting, the following three reports were issued that will provide direct practical assistance to tax administrations:

- ▶ *Unlocking the Digital Economy - A Guide to Implementing Application Programming Interfaces (APIs) in Government*, which provides an overview of key practices, techniques and standards used to deliver contemporary APIs for use in web and mobile applications. It is intended to provide practical assistance to tax administrations, which are seeking to implement or further develop their API strategy.
- ▶ *Implementing Online Cash Registers: Benefits, Considerations and Guidance* which provides advice and guidance to tax administrations on the adoption and implementation of online cash registers (OCR). The report sets out examples of the implementation of OCR systems in a number of FTA members and contains a “how to” guide drawing on the lessons learned from these experiences.
- ▶ *Introducing a Commercial Off-The-Shelf (COTS) Software Solution* which provides a practical example of the Tax Finland’s experience when purchasing, implementing and maintaining a COTS product. This report provides, among others, examples of the procurement process (including the selection criteria, the drafting of the request for proposals and the contract and specialist inputs required) and the planning processes needed for a COTS. It also discusses the later stages of the implementation process as the conversion between two systems, the relevant trainings, and the maintenance of the COTS.

## Building capacity

The FTA resumed the discussion on ways to improve the efficiency and effectiveness of capacity building and to enhance coordination with other international organizations. The following topics were discussed by the FTA:

- ▶ The work of the FTA Capacity Building Network and the new framework to guide enhanced cooperation in tax capacity building, which improve coordination, diminish the cost and define a strategic way to enhance tax administration.
- ▶ The human resources needs to support effective tax administration, particularly in a digital age. The Commissioners also supported the positive institutional change to improve gender balance in leadership positions through launching the new FTA Gender Balance Network.
- ▶ The communiqué notes the endeavor of the FTA to promote the utilization of maturity models to help tax administrations build their own capability. Among others, the FTA members are committed to the development of e-learning and greater use of the Knowledge Sharing Platform for information sharing, training and improved coordination.

## Future FTA plans

Hans Christian Holte, Chair of the FTA and Head of the Norwegian Tax Administration, stated that the plenary meeting in Chile showed the FTA’s collective determination to progress an ambitious and strategic work program to enhance global tax administration, improve tax certainty and international cooperation and lead the way on providing better taxpayer services.

The subsequent FTA Plenaries will be held in the Netherlands in 2020 and in Singapore in 2021.

---

## Endnotes

1. Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hong Kong (China), Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Kenya, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, People’s Republic of China, Peru, Poland, Portugal, Romania, Russian Federation, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.
2. See EY Global Tax Alert, [OECD launches International Compliance Assurance Programme pilot](#), dated 26 January 2018.

For additional information with respect to this Alert, please contact the following:

**Ernst & Young LLP (United Kingdom), London**

- ▶ Chris Sanger                      csanger@uk.ey.com

**Ernst & Young Belastingadviseurs LLP, Amsterdam**

- ▶ David Corredor-Velásquez      david.corredor.velasquez@nl.ey.com
- ▶ Konstantina Tsilimigka        konstantina.tsilimigka@nl.ey.com

**Ernst & Young LLP (United States), Global Tax Desk Network, New York**

- ▶ Jose A. (Jano) Bustos          joseantonio.bustos@ey.com

**Ernst & Young LLP (United States), Washington, DC**

- ▶ Rob Thomas                      rob.l.thomas1@ey.com

**About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

© 2019 EYGM Limited.  
All Rights Reserved.

EYG no. 000868-19Gbl

1508-1600216 NY  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

**[ey.com](http://ey.com)**