# TACKLING AGGRESSIVE TAX PLANNING THROUGH IMPROVED TRANSPARENCY AND DISCLOSURE

## REPORT ON DISCLOSURE INITIATIVES

February 2011

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# Foreword

*The OECD, with the political support of the G20, has recently made unprecedented progress in countering offshore tax evasion. All financial centres have agreed to provide bank and other relevant information on request and more broadly to engage in effective exchange of information. The OECD has also made progress in countering aggressive tax planning, which may undermine public trust in the system, creates inequalities, and reduces tax revenues. The amounts at stake are vast, often hundreds of millions of US $ in a single transaction or a series of transactions.*

*OECD countries have developed a number of strategies to deal with aggressive tax planning. The underpinning of any such strategy, and one of the most important response strategies in itself, is ensuring the availability of timely, targeted and comprehensive information, which traditional audits alone can no longer deliver. The availability of such information on a timely basis is essential to enable governments to quickly identify risk areas and decide whether and how to respond. To improve information flows, several countries have developed, or are in the process of developing, measures that either require or provide incentives for taxpayers to disclose instances of aggressive tax planning or tax risk more generally (disclosure initiatives). Taxpayers are best placed to know which issues will be of relevance to the tax authorities. A system which starts with the upfront disclosure of such information not only allows for quicker dispute resolution and improved legal certainty, but also holds the potential for significant reduction in costs through better allocation of resources for both governments and taxpayers.*

*This report, which was approved by the Committee on Fiscal Affairs in January 2011, builds on earlier work in this area, including the 2008 Study into the Role of Tax Intermediaries, the 2009 Report Engaging with High Net Worth Individuals on Tax Compliance, the 2010 Report Addressing Tax Risks Involving Bank Losses, and forms part of the OECD's wider work on improving transparency. The Report provides an overview of disclosure initiatives introduced in certain OECD countries and discusses some of their experiences with such initiatives. These include, for instance, early mandatory disclosure rules for tax avoidance transactions or tax shelters, additional reporting obligations and co-operative compliance programs. While these strategies differ in a number of important respects, they have in common that they either require or create incentives for taxpayers (and in certain cases advisors) to provide the relevant information to the tax administration on a timely basis.*

*The Report concludes that disclosure initiatives, and in particular early mandatory disclosure rules, can substantially reduce the time-lag between the creation and promotion of aggressive tax planning schemes and their identification by the authorities, thus enabling governments to more quickly develop a targeted response.*

*I hope that this Report will be widely used by tax policy makers, tax administrators, other stakeholders and the public at large and that it will contribute to the discussions on the design or revision of disclosure initiatives around the world.*

*Jeffrey Owens, Director of the Centre for Tax Policy and Administration of the OECD*

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# I. INTRODUCTION

1. This Report has been prepared by the Aggressive Tax Planning Steering Group of Working Party No. 10 on Exchange of Information and Tax Compliance of the Committee on Fiscal Affairs (CFA). The CFA adopted the Report on 3 January 2011 and agreed to derestrict it. The Report outlines the importance of timely, targeted and comprehensive information to counter aggressive tax planning, provides an overview of disclosure initiatives introduced in certain OECD countries, discusses their experiences with the usefulness of such initiatives (for both taxpayers and tax administrations), and contains a number of conclusions and recommendations. The Report does not deal with tax evasion and the disclosure initiatives discussed in this Report will generally have little or no impact in tax evasion cases.

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# II. THE IMPORTANCE OF TIMELY, TARGETED AND COMPREHENSIVE INFORMATION

2. Over the years, many countries have witnessed a proliferation of aggressive tax planning schemes and have developed various responses to address the risk such proliferation poses to their tax base. These responses range from targeted or general anti-avoidance rules to new penalty regimes for taxpayers and scheme promoters. They also include litigation strategies and measures to focus resources on particular taxpayer segments.[1] Further, countries are increasingly countering aggressive tax planning by encouraging CEOs and Boards to consider good tax compliance as part of their good corporate governance agenda.

3. The underpinning of any response to address aggressive tax planning is the availability of timely, targeted and comprehensive information. The availability of information at an early stage allows the tax administration to improve risk assessment and to make efficient use of the resources available, therefore improving overall compliance. At the same time, it allows the tax policy function to make timely and informed decisions on appropriate legislative responses.

4. The experience in several countries shows that traditional audits alone are often not sufficient to satisfy these information needs. While audits remain a key source of relevant information, they suffer from a number of constraints as tools for the early detection of aggressive tax planning schemes, such as:

- An audit may not necessarily reveal that a taxpayer has engaged in aggressive tax planning, particularly in the case of more complex, often international, arrangements including those exploiting mismatches in the classification of entities, instruments or transfers in different countries. Reasons include the complexity of the arrangements, the often difficult application of the law to these arrangements, the need to understand the intricacies of foreign law and the related workload;
- Where the traditional audit process does identify the use of aggressive tax planning, very often a significant time lag, which may stretch to several years, will have elapsed between the creation, promotion or use of the scheme and its detection through the audit process;
- It may be difficult to establish whether an aggressive tax planning scheme detected in an audit context is an isolated case or a more widespread phenomenon.

5. Traditional audits alone may, therefore, not be a resource-effective way to obtain timely, targeted and comprehensive information on aggressive tax planning schemes, and hence may not always allow for timely and well informed tax compliance and/or tax policy responses. Recognising the difficulties of relying on traditional audits alone, several countries have introduced complementary disclosure initiatives aimed at improving their capability to detect aggressive tax planning schemes. Initiatives introduced or under consideration in a number of OECD countries are described below.

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1 For a detailed overview, see *e.g. Engaging with High Net Worth Individuals on Tax Compliance (*2009) pp. 37 – 51.

# III. OVERVIEW OF DISCLOSURE INITIATIVES

6. This section describes in general terms disclosure initiatives that have been adopted in certain OECD countries. It covers (a) early mandatory disclosure rules, (b) additional reporting of specific relevance to aggressive tax planning, (c) use of questionnaires, (d) co-operative compliance programs, (e) rulings regimes and (f) penalty linked aggressive tax planning disclosure rules. The strategies are not mutually exclusive and several countries use more than one.

7. What these strategies have in common is that they either require or create incentives for taxpayers (and in certain cases advisors) to provide the relevant information to the tax administration on a more timely basis. Rather than the tax administration having to invest substantial resources to uncover whether there is an issue and then seeking to establish the issue, it is the taxpayer (and in certain cases the advisor) that discloses or "volunteers" the issue. This enables the tax administration to proceed immediately to an assessment of the issue and its resolution. Early detection and resolution create benefits for both the taxpayer and the tax administration, such as fewer routine audits, increased transparency, and a positive impact on compliance culture in general.

8. At the same time, these strategies also differ in a number of important respects, such as their scope (*e.g.* whether they apply to all taxpayers/transactions or not), effects (*e.g.* the point at which they provide the information, whether they also provide information on promoters of aggressive tax planning, and whether or not they provide early certainty to taxpayers), and compulsion (*e.g.* whether they are mandatory or not). The table below highlights some of the key differences as they are typically found in connection with the different strategies:

| | All taxpayers | Early information | Information on promoters | Certainty for taxpayers | | Mandatory | Voluntary |
|---|---|---|---|---|---|---|---|
| | | | | All Transactions | Some Transactions | | |
| Mandatory early disclosure | + | + | + | - | - | + | - |
| Additional reporting | + | + | - | - | - | + | - |
| Questionnaires | - | + | - | - | - | + | - |
| Co-operative compliance | - | + | - | + | - | - | + |
| Rulings | - | + | - | - | + | - | + |
| Penalty linked Disclosure | + | + | - | - | - | - | + |

## A. Early mandatory disclosure rules

9. Several countries have recently enacted rules which require certain tax shelter or tax avoidance schemes to be disclosed to the tax administration in advance of the tax return filing process. These rules require a disclosure to be made when a transaction or scheme meets certain conditions. The operation of these rules varies from country to country but typically involves both taxpayers and promoters.

10. Mandatory disclosure regimes are currently in place in Canada (where a substantial revision is currently under consideration), Portugal, the United Kingdom and the United States. In

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all four countries, much of the obligation for disclosure falls on the promoter. Ireland has recently also adopted legislation requiring mandatory disclosure of certain transactions. Other countries are actively considering the introduction of mandatory disclosure rules.

11. All mandatory disclosure regimes have to address a number of design questions which determine their scope and application. At a very basic level, the regimes need to specify who has to report, what must be reported and when the disclosure must be made. The regime will also need to manage the expectations and explain the consequences of making disclosures for taxpayers. The regimes further need to spell out the consequences of non-disclosure. Annex 1 gives a high-level overview of the relevant design choices made or under consideration in Canada, Ireland, Portugal, the United Kingdom and the United States.

## B. Additional reporting obligations

12. Some countries impose additional reporting obligations on taxpayers either as part of the return filing process or in advance of that, for example by requiring taxpayers to:

- Inform the tax authorities of the intention to claim a deduction for certain interest expenses owed to a related party (*e.g.* in the Netherlands);
- Give advance notice on capital losses (*e.g.* in Italy and the United States); or
- Explain and reconcile certain significant differences between tax and financial accounting.

13. An exposure draft on income tax was published by the International Accounting Standards Board (IASB) in March 2009 (ED/2009/2). It proposes that "an entity shall disclose information about the major sources of estimation uncertainties relating to tax…, including: a description of the uncertainty…" (Paragraph 49 of ED/2009/2). To the extent that financial accounting rules may increasingly require similar forms of disclosure, this may also become relevant for tax administrations.

## C. Questionnaires

14. Some countries (*e.g.* New Zealand, Italy) use questionnaires targeted at certain groups of taxpayers and focused on particular areas of risk (such as debt/equity hybrid instruments, dual resident companies and hybrid entities) as a means for selecting taxpayers for audits and/or to facilitate actual field audits. In most cases, the completion of questionnaires is made mandatory. New Zealand, for example, developed a mandatory financing questionnaire following concerns it had about foreign-owned companies (other than banks or insurers) engaging in aggressive tax planning practices relating to their intra-group financing activities.

## D. Co-operative compliance programmes

15. There is a basic relationship in any country between the tax authorities and the taxpayer. This basic relationship varies between countries, but broadly it is characterised by the parties interacting by reference to what each is legally required to do. Taxpayers file a tax return that discloses the information as required by law,[2] including their taxable income – and, in self-assessment systems, the tax payable – and pay that amount on time.

2 Some countries require more than others so the precise scope of the basic relationship varies from country to country.

16. The 2008 OECD *Study into the Role of Tax Intermediaries* describes an enhanced relationship based on mutual trust between taxpayers, tax advisers and tax authorities, and recommends that tax authorities establish a tax environment in which such trust and co-operation can develop. Such a relationship depends on disclosure and transparency by taxpayers and requires commercial awareness, impartiality, proportionality, openness and responsiveness on the part of the tax authorities. The 2009 OECD report *Engaging with High Net Worth Individuals on Tax Compliance* describes a similar relationship between high net worth individuals, tax advisers and tax authorities.

17. The objective of encouraging relationships of this kind is to create a joint approach to improving tax risk management and overall tax compliance, with benefits for both parties. Countries that have engaged in such initiatives generally do so as one important component of a wider compliance strategy which encompasses a balance between guiding and supporting risk management by taxpayers, alongside audit and other enforcement actions. Countries that have developed business models aimed at improving tax risk management and compliance by large business taxpayers through greater co-operation include Australia (Annual Compliance Arrangement), Ireland (Co-operative Approach to Tax Compliance), Italy (Risk Management Monitoring), the Netherlands (Horizontal Monitoring), New Zealand (Co-operative Compliance Initiative), Spain (Forum for Large Taxpayers), the United Kingdom (Tax Compliance Risk Management Process) and the United States (Compliance Assurance Process).

## E. Rulings

18. Advance ruling mechanisms can be seen as forms of selective co-operative compliance on issues chosen by the taxpayer rather than comprehensive programs described in the preceding section. They are not primarily designed to work as disclosure mechanisms, but they do provide relevant information depending on the scope, design and context within which those mechanisms operate. Ruling regimes differ from country to country and include general tax ruling regimes, specific clearance processes, and opinions provided by the tax administration on particular transactions or proposed transactions. In principle, rulings apply to the entity that requested the ruling. However, some countries (*e.g* Australia, the Netherlands and New Zealand) have introduced so-called "product rulings" *i.e.*, a ruling which is intended to be relied upon not just by the person requesting the ruling, but by any person or persons in a specific class that may invest in a particular "product".

## F. Penalty-linked disclosure rules

19. Some countries have introduced rules that do not require taxpayers to disclose aggressive tax planning schemes but measures which encourage them to do so voluntarily in the form of reduced penalties and/or interest. In Ireland, for example, a taxpayer that has been found to have engaged in a "tax avoidance transaction" is normally subject to a 20% surcharge on the tax avoided plus interest. The surcharge and interest will, however, not be charged if the taxpayer files a "Protective Notification" within 90 days of the start of the transaction. In New Zealand, the penalty for taking an "abusive tax position" is normally 100% of the resulting tax shortfall. However, if the taxpayer makes a full voluntary disclosure of all details of the shortfall either (i) before the receipt of the first notification of a pending tax audit or (ii) after the first notification but before the tax audit or investigation begins, the penalty is reduced by 75% and 40%, respectively.

# IV. COUNTRIES' EXPERIENCES WITH DISCLOSURE INITIATIVES

20. Many of the approaches described above are relatively recent and there are differences in the experiences of countries in relation to disclosure initiatives. These differences can be explained by differences in administrative, legal and cultural frameworks, as well as different behavioural features of taxpayers, including the degree to which the taxpayer is open about its tax strategy, governance, appetite for aggressive tax planning, and willingness to work in real time and to share details of transactions involving tax uncertainty. Notwithstanding these differences, the experiences of countries that introduced disclosure initiatives has overall been positive and can be useful to other countries that are considering introducing new initiatives or revising existing ones.

## A. Early mandatory disclosure rules

21. Countries using early mandatory disclosure rules have found that such rules are very effective as they:

- Significantly reduce the time taken by the tax administration to detect a scheme;
- Enable effective risk-based investigations;
- Allow for a rapid response through legislation, compliance action and/or litigation; and
- Deal with aggressive tax planning schemes more quickly, thus reducing the period in which promoters can earn professional fees from those schemes and users can accrue tax advantages from those schemes. This has a significant deterrent effect and reduces the attractiveness of aggressive tax planning.

For taxpayers, the main benefits are that mandatory early disclosure rules create a level playing field, encouraging everyone to pay the right tax at the right time, ensuring that those that might not will not go undetected, and that they may obtain greater guidance from tax administrations.

22. As an example, the box below illustrates the positive results obtained by the United Kingdom since the introduction of its early mandatory disclosure rules in 2004.

**Box 1. Measuring success of disclosure of tax avoidance schemes - United Kingdom**

In the United Kingdom 2 928 schemes (2 035 relating to direct tax; 893 relating to indirect tax) were disclosed during the first five and one- half years of operation of its disclosure rules.

HMRC Disclosure Statistic from 1 August 2004 to 31 March 2010[3]

| Financial Year | | Number of schemes disclosed | |
|---|---|---|---|
| **From** | **To** | **Direct tax** | **Indirect tax (VAT)** |
| 1 August 2004 | 31 March 2005 | 503 | 680 |
| 1 April 2005 | 31 March 2006 | 607 | 91 |
| 1 April 2006 | 31 March 2007 | 346 | 65 |
| 1 April 2007 | 31 March 2008 | 273 | 29 |
| 1 April 2008 | 31 March 2009 | 130 | 16 |
| 1 April 2009 | 31 March 2010 | 176 | 12 |
| **Total** | | **2035** | **893** |

The scheme disclosures have informed a range of anti-avoidance measures – 49 measures in total – cutting off over GBP 12 billion in avoidance opportunities. There is also considerable anecdotal evidence suggesting that its disclosure rules have changed the economics of avoidance.[4]

## B. Additional reporting obligations

23. Countries that have introduced additional reporting obligations targeted at or with particular relevance to aggressive tax planning have noticed a significant improvement in audit efficiency. Resources can be focused on returns that contain specific information that are of particular interest or of sufficient magnitude to warrant further inquiry, and audit teams are able to identify potential issues more quickly and efficiently. For taxpayers, this means less (but more focused) audit activity and therefore potentially reduced compliance costs. Unlike the early mandatory disclosure rules described above, these additional reporting rules typically do not provide information on the promoters or advisors of aggressive tax planning schemes.

## C. Questionnaires

24. As regards the use of questionnaires, the experience of New Zealand shows that short and well-focused questionnaires are a very effective method to obtain relevant information. This is because (i) questionnaires are flexible (*i.e.,* they can be issued at any time and can address a whole variety of issues), (ii) although not being audits in themselves, they increase audit efficiency, (iii) they positively encourage disclosure (with potential penalty reduction) through the ripple effect of general media publicity, tax practitioners discussing them with clients, etc., and (iv) if, well-targeted, they do not result in significant compliance costs to taxpayers and may in fact reduce compliance cost for lower risk taxpayers.

3 See http://www.hmrc.gov.uk/avoidance/avoidance-disclosure-statistics.htm.

4 See HMRC Consultation "Disclosure of Tax Avoidance Schemes (DOTAS)", 9 December 2009, p.6. Available at: http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageLibrary_ConsultationDocuments&propertyType=document&columns=1&id=HMCE_PROD1_029990.

## D. Co-operative compliance programmes

25. Countries' experience shows that cooperative compliance programmes result in taxpayers and tax authorities working together in real time. This clearly results in mutual benefits. The more transparent taxpayers (and their advisers) are in their communications and dealings with the tax authorities (*e.g.* disclosing significant risks in a timely manner) the better informed tax authorities will be. Better information leads to more effective risk assessment and more appropriate resource allocation, and early disclosure also facilitates more timely responses, including remedial legislation. Unnecessary audit time can be greatly minimised when complex transactions involving potential tax disputes are resolved early, preferably in real time. In the medium-long term there is a noticeable financial advantage for taxpayers: if tax authorities are able to succeed in directing more of their resources into high-risk issues and high-risk behaviour by taxpayers, there will be a long-term gain for lower-risk taxpayers. In addition, real-time scrutiny by the tax administration leads to better integration of tax issues as transactions are being structured.

## E. Rulings

26. Rulings are seen as providing only limited actionable intelligence on aggressive tax planning where countries have adopted a "no rule" policy for transactions which involve avoidance or where the ruling request aims to explore the outer limits of acceptable tax planning. Conversely, where countries are willing to rule on transactions that are potentially of a tax avoidance nature, the regime tends to generate more relevant information, as taxpayers and promoters are more likely to consult with the tax administration on future transactions or investment products. Positive results in this regard have for instance been reported by New Zealand where private ruling requests have allowed New Zealand to develop potential policy and compliance responses at a very early stage. Australia has reported equally positive experiences with its product ruling regime, where ruling requests have permitted the tax authorities to obtain early intelligence and have created an environment in which it appears that the general public will not invest in mass-marketed tax products unless they have received a favourable ruling from the tax authorities.

## F. Penalty-linked disclosure rules

27. Countries that have introduced penalty-linked disclosure rules have noticed a slight improvement in obtaining timely information on aggressive tax planning schemes. The extent of the improvement seems to very much depend on a range of factors, including the type of incentive given to taxpayers to voluntarily disclose relevant information.

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28. In summary, countries' experience shows that disclosure initiatives can bring a number of benefits for both governments and taxpayers. *For governments,* benefits include earlier and more comprehensive information allowing for a quicker response at both compliance and policy levels and improved risk assessment focusing on higher risk taxpayers, thereby promoting better resource allocation and potentially reduced administrative costs. *For taxpayers,* benefits include the creation of a level playing field, increased certainty, a reduction of compliance costs for those that are transparent and do not engage in aggressive tax planning, and maintaining a good reputation and public image. There are also a number of mutual benefits *for governments and taxpayers* that disclosure initiatives contribute to achieve, such as fewer routine audits, increased transparency, and a positive impact on compliance culture in general.

## V. CONCLUSIONS AND RECOMMENDATIONS

29. Countries' strategies have to operate within the broader context of their country's tax system, administrative practice and culture. It is up to each country to decide how to approach the issues addressed in this report and what responses would be the most appropriate in the context of, and the most consistent with, its rules and framework. It is against this background that this report reaches the following conclusions and recommendations.

### *Conclusions*

- Having timely, targeted and comprehensive information is important both from a compliance and tax policy perspective.

- Properly targeted disclosure initiatives will also benefit taxpayers at large.

- Tax audits will continue to play a key role in the detection, deterrence and prevention of aggressive tax planning. However, traditional audits alone may not be a resource-effective way to obtain timely, targeted and comprehensive information on aggressive tax planning schemes.

- Disclosure initiatives can help to fill the gap between the creation/promotion of aggressive tax planning schemes and their identification by the tax authorities. Mandatory early disclosure rules, for example, have proven to be very effective in providing governments with timely, targeted and comprehensive information on aggressive tax planning schemes, thus allowing timely policy and compliance responses.

### *Recommendations*

30. Based on these conclusions, and building on the work of the Aggressive Tax Planning Steering Group and of the Forum on Tax Administration, this Report recommends member countries concerned with aggressive tax planning to:

- Review the disclosure initiatives in this report with a view to evaluating the introduction of those best suited to their particular needs and circumstances.

- Continue to share experiences on the design and implementation of disclosure initiatives to assist in creating a compliance framework that benefits both governments and taxpayers at large.

## Annex 1: Overview of mandatory early disclosure rules

| Country | Who | What | When | Effects of non-disclosure |
|---|---|---|---|---|
| Canada (existing regime) | Promoter | Certain tax shelters | Before the tax shelter is sold, issued or the promoter accepts consideration in connection therewith | Penalty equal to greater of CAD 500 or 25% of consideration received<br>Suspension of tax benefit associated with tax shelter pending payment of penalty |
| Canada (proposed regime) | Taxpayer and promoter/tax advisor entitled to a fee<br><br>If more than one person required to file an information return, filing by one satisfies obligation of other(s) | Reportable transactions (*i.e.*, avoidance transactions that meet at least two of three hallmarks) | On or before the taxpayer's filing due-date for the taxation year in which the tax benefit arose | Suspension of any tax benefit sought to be obtained by the taxpayer pending reporting and payment of penalty equal to total of all fees payable to any promoter or tax advisor (promoter/tax advisor jointly and severally liable with taxpayer for relevant portion of penalty) |
| Ireland | Normally, promoter<br>User, amongst others, if in-house scheme | Disclosable transactions falling into one of four classes of a specified description | If promoter, within five days of first marketing the scheme or the scheme being made available for implementation by another person<br>If user, within five days of entering into first transaction forming part of scheme | Initial penalty of up to EUR 500 per day, followed by daily penalties of EUR 500 |
| Portugal | Normally, promoter<br>User, amongst others, if in-house scheme | Reportable transactions (five categories) | If promoter, within 20 days of scheme of month in which scheme was first proposed<br>If user, before end of month following month of implementation | Penalties ranging from EUR 5 000 to EUR 100 000 for promoter<br>Penalties ranging from EUR 500 to EUR 80 000 for user |
| United Kingdom | Normally, promoter<br>User if in-house scheme or promoter is based offshore or protected by legal professional privilege | Hallmarked schemes (six hallmarks for promoter schemes; four for in-house schemes) | Within five days of the earlier of: (i) promoter making firm approach to another person to make scheme available for implementation by that person or others, or (ii) scheme being made available for implementation by another person if promoter<br>Within five or 30 days of entering into first transaction forming part of scheme if user | Daily penalties of maximum GBP 600 imposed initially by the court and secondarily by HMRC if failure continues after imposition of initial daily penalty; the court can determine higher penalty of maxiumum GBP 1 million if initial daily penalty appears inappropriately low after taking into account fees/advantage sought |
| United States | Material advisors<br>Taxpayers | Reportable transactions (five categories) | If material advisor, the last day of the month that follows the end of the calendar quarter in which the advisor became a material advisor. If taxpayer, generally at the time the taxpayer's tax return is filed for a taxable year for which the taxpayer participated in the reportable transaction. | For material advisors, penalties ranging from USD 50 000 to USD 200 000 or 50% (or 75% if an intentional failure to file complete and/or true information) of the gross income received from providing aid, assistance, or advice, whichever is greater<br><br>For taxpayers, penalties ranging from USD 5 000 (for individuals) or USD 10 000 (for others) up to USD 100 000 (for individuals) or USD 200 000 (for others). |

# TACKLING AGGRESSIVE TAX PLANNING THROUGH IMPROVED TRANSPARENCY AND DISCLOSURE

## Report on disclosure initiatives

Aggressive tax planning is a major risk to the revenue base of many countries. Countries have developed a number of strategies to deal with aggressive tax planning. The underpinning of any such strategy is ensuring the availability of timely, targeted and comprehensive information, which traditional audits alone can no longer deliver. Several countries have therefore introduced complementary disclosure initiatives aimed at improving their capability to identify and quickly respond to aggressive tax planning. This report, approved by all OECD members, covers a range of approaches from mandatory disclosure rules to forms of cooperative compliance. It provides a toolkit for those concerned with aggressive tax planning and recommends a careful review of the different approaches to inform both tax policy and compliance.

Centre for Tax Policy and Administration