

***The Convention on Mutual Administrative Assistance in
Tax Matters:
The 20th Anniversary Edition***

Preface

Twenty years have passed since the OECD and the Council of Europe member states established the Convention on Mutual Administrative Assistance in Tax Matters. In many ways, the Convention was ahead of its time. Today, it is assisting countries to ensure that taxes are fairly assessed and collected: a task which has become more difficult in an environment characterised by increased trade and financial liberalisation, coupled with rapid advances in communication technologies.

The Convention is a unique multilateral instrument for international co-operation, and it is open for signature by all the 54 countries which are members of the Council of Europe or the OECD, or both.

The Convention also provides for a broad range of tools for tax administrations. It not only facilitates the exchange of information, but also provides for assistance in tax collection, which differentiates it from most bilateral tax treaties. It provides for simultaneous tax examinations and participation in tax examinations in other countries. Moreover, this instrument has a wide scope covering all taxes and plays a key role in the exchange of information in the field of indirect taxes, especially at a time when VAT fraud is an increasing concern.

To protect the legitimate interests of taxpayers, the Convention guarantees full respect for the confidentiality of information which is exchanged between tax authorities. Such information must be treated with the same confidentiality by the receiving country as information obtained under its own domestic laws, or the conditions of tax confidentiality which apply in the country supplying the information if these conditions are more strict. The information received under the Convention can also be used for other purposes besides those related to tax co-operation, for example to counter money laundering, provided certain conditions are met.

Currently there are thirteen Contracting Parties, and another five countries are in the process of joining the Convention. The Coordinating Body meets annually to work on improving the effectiveness and efficiency of the Convention. This Body is in the process of designing a Model Memorandum of Understanding on Assistance in Tax Collection.

During its first two decades of existence, the Convention has proved its value as an effective tool to improve tax compliance. On this 20th anniversary, we call on those Council of Europe and OECD member states which have not yet ratified the Convention to do so rapidly so that they can benefit from its advantages.



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