Council

EXTENSION OF THE MEMORANDUM OF UNDERSTANDING FOR THE OECD-BUDAPEST MULTILATERAL TAX CENTRE

(Note by the Secretary-General)
1. The purpose of this note is to consult with Council prior to the signature of a renewed Memorandum of Understanding on the “OECD-Budapest Multilateral Tax Centre”. The consultation is being held in accordance with the Resolution of the Council on OECD facilities located outside headquarters of 23 November 2005. [C/M(2005)22, Item 294].

Background

2. The Committee on Fiscal Affairs’ (CFA) network of multilateral tax centres (MTCs) was established as a forum for dialogue between OECD countries and Non-OECD Economies (NOEs) on tax matters. The tax centres host seminars and workshops on tax policy, tax administration and international taxation issues for senior tax officials from NOEs. The overall goal is to assist tax officials in NOEs to develop and implement effective and efficient tax policies, and to promote the adoption of OECD standards and guidelines.

3. The MTCs were initially established by the OECD in 1992 when, within the framework of the Committee on Fiscal Affairs (CFA), MTCs were established in Budapest, Copenhagen and Vienna in order to provide seminars and workshops on tax policy, tax administration and international taxation to senior officials from Central and Eastern Europe and the New Independent States. Since then the global reach of the MTCs has been extended with the opening of three further MTCs in Korea, Mexico and Turkey. The Copenhagen MTC was closed in 1996.

4. The programmes in the MTCs are formulated annually based on the programme of work of the CFA and its subsidiary bodies. The MTCs do not require any fixed financial commitment from the OECD and provide a cost effective architecture to associate NOEs with the work of the CFA as they allow partnerships with NOEs to be developed with minimum operational costs.

5. The practical arrangements at the MTCs are governed by Memoranda of Understanding (MOUs).

The OECD-Budapest Multilateral Tax Centre

6. The OECD – Budapest Multilateral Tax Centre was created in 1992. Since then, 96 weeks of workshops have been organised at the OECD-Budapest Multilateral Tax Centre for tax officials from Central and Eastern Europe and Baltic States as well as further afield. Over 1,800 participants from 18 countries have benefited from these workshops. The Centre facilities are provided by the Hungarian Ministry of Finance.

7. In 2005, the Hungarian government and the OECD signed an agreement to extend the operation of the Budapest Multilateral Tax Centre until the end of 2008. The agreement was between the OECD (represented by the Director of Centre for Tax Policy and Administration, Mr. Jeffrey Owens) and the Hungarian government (represented by the Hungarian Minister of Finance, Mr. Veres Janos).

MoU Renewal

8. Given the highly successful outputs achieved by the OECD-Budapest MTC, and its key position in the CFA’s global relations programme, Hungary and the Centre for Tax Policy and Administration (CTPA) would like to renew the MOU for a period of three years until 31st December 2011.

9. A draft Memorandum of Understanding is set forth in the Appendix. A table of the estimated budget is included for information in the Annex to the MoU, which includes Hungary’s estimate of its in-kind contribution towards the operation of the Centre.
10. Finally, it should be noted that the renewal of the OECD-Budapest MoU would be in line with the renewal of the OECD-Ankara MoU [C(2008)1], noted by Council in February 2008 [C/M(2008)2], and the renewals of the OECD-Vienna and OECD-Mexico MoUs [C(2008)135], noted by Council in October 2008 [C/M(2008)17].

Proposed Action

11. In the light of the above, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

a) noted document C(2008)201;

b) noted the draft Memorandum of Understanding to renew the operation of the OECD-Budapest Multilateral Tax Centre until 31 December 2011, set out in Appendix I to document C(2008)201.
APPENDIX

MEMORANDUM OF UNDERSTANDING

between

THE MINISTRY OF FINANCE OF THE REPUBLIC OF HUNGARY

and

THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

on

THE IMPLEMENTATION OF THE MULTILATERAL TAX PROGRAMME AT THE OECD BUDAPEST MULTILATERAL TAX CENTRE

1. In accordance with the provisions of the Convention on the Organisation for Economic Co-operation and Development (hereinafter referred to as OECD) dated 14 December 1960 of which Hungary is a party as from 1996, the OECD – Budapest Multilateral Tax Centre (hereinafter referred to as Centre) was approved by the Council of the OECD and the Ministry of Finance of the Republic of Hungary (hereinafter referred to as Ministry) in 1992 in order to provide training for senior tax officials. The Ministry provides a purpose-built training centre, including the necessary infrastructure – e.g. accommodation facilities, classrooms, office, etc. – for the duration of the events and OECD organises a number of annual events on taxation issues at the Centre, for senior tax officials from non-OECD economies as set out below.

2. This Memorandum of Understanding provides the framework for co-operation between the Ministry and the OECD on the implementation of the Multilateral Tax Programme at the Centre, from 1 January 2009 until 31 December 2011. The programme, including the number of events, their dates and topics, and a maximum number of participants per event, will be decided by the OECD in consultation with the Ministry on an annual basis. A forecast financing and expenditure statement will be decided annually by both parties. The programme, along with similar programmes for other countries, will be presented to the Committee on Fiscal Affairs’ (CFA) Advisory Group on Co-operation with non-OECD economies. This Memorandum of Understanding is conditional upon the programme continuing to fall within the OECD Programme of Work and Budget. An estimated budget for the 2009 programme is attached and an activity and financial report based on actual income and expenditure will also be presented annually to the CFA’s Advisory Group with explanations for any variances.

3. Consistent with this Memorandum of Understanding and subject to OECD rules and procedures:

   a) The Centre will be operated by the Ministry according to Hungary’s laws and regulations;

   b) The costs of the Centre and its annual programme will be shared between the OECD and the Ministry as set out below.
A. OECD’s Financial Contribution

4. Subject to OECD rules and procedures, OECD’s financial contribution each year will come from two sources:
   a) Annual Budget of the OECD Centre for Tax policy and Administration;
   b) Grants and voluntary contributions donated for the purpose of this Memorandum of Understanding.

5. OECD’s financial contribution will be used to cover the expenses listed as follows and disbursements will be made in accordance with the Financial Regulations and Rules of the OECD.
   a) The salaries of OECD staff working on this programme;
   b) The costs of participation of OECD Secretariat members and independent consultants in the events;
   c) The costs of translation of materials into Russian;
   d) The general maintenance costs (including the costs of accessories) of the equipment owned by the OECD and provided for the use of the Centre (that is, interpretation equipment, a laptop computer and a printer);
   e) The cost of replacement of the equipment mentioned in sub-paragraph d) above, as agreed in advance between the Ministry and the OECD.

B. Ministry’s Contribution

6. The Ministry contributes directly by providing the facilities of the Centre and paying the costs incurred in connection with the operation of the Centre as follows:
   a) The provision of the conference room and other necessary premises to carry out the OECD events;
   b) The costs associated with the provision of accommodation, breakfast, meals and coffee break for the participants, instructors and interpreters;
   c) The costs of a social event to be organised during each seminar;
   d) The costs of local transportation for the participants’ social events;
   e) The costs of interpretation from English to Russian and from Russian to English;
   f) The locally incurred costs associated with the administration of the Centre and events held at the Centre;
   g) The provision of Ministry’s staff dealing with the co-ordination of the programmes of the Centre;
h) The costs of photocopying and printing, the usage costs of computers, laptop, printer, internet, telephone, fax machine, overhead projector (including the costs of rental of equipment where necessary), incurred for the organisation of the events or the administration of the Centre and technicians’ service charge for the operation of the interpretation equipment;

i) The storage costs of books being put at the disposal of the Centre and the storage costs of the equipment mentioned under subparagraph d) of paragraph 5;

j) Other local costs incurred necessarily in connection with the operation of the Centre.

7. The Ministry will submit a report each year to the OECD/CTPA Board for Co-operation with non-OECD economies on the Ministry’s contribution for the previous year.

8. This Memorandum will enter into force on 1 January 2009 and will expire on 31 December 2011. It may be amended as appropriate, upon written agreement of both Parties. It may be terminated by either Party giving three months written notice to the other Party.

Done at .......... this day of 2008, in duplicate in the English language.

On behalf of the OECD

Mr. Pier Carlo PADOAN
Deputy Secretary-General
OECD

On behalf of the Ministry of Finance

Mr. János VERES
Minister
Ministry of Finance
Republic of Hungary
## Estimated Budget in Euros for 2009 for Budapest MTC (based on 3 events)

### A. Estimated expenditures
- Participation of OECD secretariat members and independent consultants in the events: €7,140

**Total estimated expenditure**: €7,140

### B. Financing sources
- Voluntary contributions for this area of work: €7,140

**Total financing sources**: €7,140

### C. In-kind contribution from Hungary
- Centre facilities and accommodation for participants and instructors: €30,000
- Daily meals and coffee breaks throughout the events for participants and instructors: €27,000
- Local administrative staff costs: €6,300
- Interpretation costs: €16,200
- General administrative costs: €32,100
- Equipment usage (incl. technician's fee), storage and associated maintenance costs: €12,000
- Social event and transport: €3,000
- Printing, stationary and other costs: €11,400

**Gross contribution**: €138,000