SECTION I Background

1. Introduction

- An overview of the study; including background, terms of reference and objectives. The overview will set out that, building from the Seoul Declaration, the study has looked at all three segments of the market; revenue bodies, taxpayers and tax intermediaries.

- The introduction will also include an overview of the consultation process that has been undertaken.

2. Country overview

- An overview of the variation between the tax systems of FTA member countries. This overview and related appendix will cover:
  - statutory frameworks;
  - the taxes imposed and rates of tax; and
  - the operation of tax administrations; including the scope of responsibility and powers.
3. Historical perspective

- An overview of the issues which led to the Seoul Declaration and the establishment of the study.

SECTION II The Marketplace

- This section will provide an overview of the three segments (revenue bodies, taxpayers and tax intermediaries) of the ‘marketplace’ or tax environment. It will examine their interdependent roles, obligations and the factors that influence their behaviour.

4. Analysis of taxpayers – their role, services, drivers and obligations

4a. The types of taxpayers and the services demanded

- The role of taxpayers and their obligations
- An overview of the different services demanded and potential risks posed by the taxpayer groups that the study has focused on:
  - large public corporates; and
  - high net wealth individuals (HNWIs).

4b. The factors that influence the behaviour of taxpayers and shape their relationships with both revenue bodies and tax intermediaries

- An overview of the key factors that influence the behaviour of taxpayers and shape their relationships with revenue bodies and tax intermediaries. These factors include:
  - Shareholder obligations.
  - Corporate Governance.
  - Competitiveness.
  - Tax risk attitude and management.
  - Tax code complexity.
  - Political, judicial and regulatory environment.
  - Economic and business climate.

5. Analysis of revenue bodies – their role, services, drivers and obligations

- The role of revenue bodies and their obligations.
- An overview of the key factors that influence the behaviour of revenue bodies and shape their relationships with taxpayers and tax intermediaries. These factors include:
  - Leadership and organisational culture.
  - Revenue targets.
- Resource constraints.
- Tax rate levels and competition.
- Tax code complexity.
- Political, judicial, economic and regulatory environment

6. **Analysis of tax Intermediaries – their role, services, drivers and obligations**

6a. **Importance of tax intermediaries**

- The importance of tax intermediaries and their integral role in the tax system.

6b. **The types of tax intermediaries and their roles**

- An overview of the different types of tax intermediaries and the variations between countries. This overview will include an analysis of the roles and services undertaken by:
  - Accounting Firms.
  - Legal Firms.
  - Investment and Retail banks.
  - In-house tax teams.
  - Boutiques & Promoters – accountants and lawyers.
  - Insurance companies.

6c. **The impact tax intermediaries have on tax compliance**

- An overview of:
  - the role of tax intermediaries in promoting compliance and reducing non-compliance; and
  - a review of the risks they sometimes pose in developing ‘unacceptable tax minimisation arrangements’.

6d. **The factors that influence the behaviour of tax intermediaries and shape their relationships with revenue bodies and taxpayers.**

- An overview of the key factors that influence the behaviour of tax intermediaries and shape their relationships with revenue bodies and taxpayers. These factors include:
  - Client duties & the need to give best advice.
  - Reputation risk.
  - Competitiveness.
  - Privilege.
  - Professional fee structures.
  - Marketplace supply and demand.
  - Professional bodies.
  - Political, judicial, economic and regulatory environment.
SECTION III Managing Risk

7. Risk management – how revenue bodies assess and manage risk
   - Why risk management is important.
   - What risk management is and how risk is assessed.
   - The different techniques currently used by FTA countries to assess risk and a review of best practice.

8. What revenue bodies need to undertake effective risk management
   - The need for revenue bodies to better understand taxpayers and tax intermediaries:
     - Increased commercial awareness (business/industry/sector), including the scope for training/education with business and with tax intermediaries.
     - Disseminating this intelligence/building capacity within revenue bodies (both at a domestic and international level).

SECTION IV Encouraging low-risk behaviour by tax intermediaries/taxpayers and deterring high-risk behaviour by tax intermediaries/taxpayers

9. How different countries encourage low-risk behaviour by tax intermediaries and taxpayers
   - Overview, including:
     - The role of registration and regulation of tax intermediaries.

10. Deterring high-risk behaviour
    - An overview of the different approaches used by revenue bodies to address high risk behaviour, in relation to ‘unacceptable tax minimization arrangements’. This section will cover:
      - Information tools.
      - Penalties.
      - Tools that restrict the activities of tax intermediaries.

11. Supporting low-risk behaviour
    - An overview of the different approaches used by revenue bodies to support low-risk behaviour, including tools that allow:
      - Differentiation from high-risk behaviour.
• Increased predictability:
  • legislative clarity;
  • real-time, pre-return advice from the revenue body;
  • quicker resolution of issues; and
  • consistency.

12. The international dimension

• An overview of the cross-border issues that impact effective risk management.
• An analysis of the role of international co-operation in managing risk, including:
  • the importance of effective information exchange; and
  • the impact of OECD initiatives, including the Aggressive Tax Planning (ATP) register.

SECTION V The enhanced relationship

13. Introduction

• A review of the current relationship between revenue bodies, taxpayers and tax intermediaries, and an analysis of how this relationship can be optimised:
  • What each party wants in an enhanced relationship.
  • The benefits to each party of an enhanced relationship.
  • What a tripartite relationship looks like and why it works.

14. What an optimal ‘tripartite’ relationship requires

• An analysis of the key elements of an optimal relationship, including the role of:
  • Trust;
    • the importance of establishing trust; and
    • what trust implies.
  • Transparency & Disclosure;
    • what does transparency and disclosure mean?; and
    • the benefits of transparency?
  • Language
  • Understanding – commercial awareness

• An assessment of how much of this already exists.

• An assessment of the likely implications of such a relationship on all three parties (revenue bodies, taxpayers and tax intermediaries)
15. Guiding principles for enhanced relationship

- The content of this section will be explored later in the project, however it may include:

  - Recommended principles for the enhanced relationship (which may form the foundation of a tripartite ‘code of conduct’). In establishing any principles we will:
    - ensure there is mutuality in the principles and any adopted code; and
    - take account of the other (legal & fiduciary) obligations of tax intermediaries, taxpayers and tax administrators.

SECTION VI  Transitional Issues

16. Transition – How we get there

- The content of this section will be explored later in the project. It will be for each country to decide how to implement any recommendations the study might make, however, this section may include:

  - An analysis of the transitional issues and the ability of countries to implement the recommendations, for example:
    - HR strategy.
    - Culture and organisational structure.
    - Global linkages/support.

SECTION VII  The way forward

17. Conclusions / Recommendations / Next Steps

OECD intermediaries study team
April 2007