Global Forum on Transparency and Exchange of Information for Tax Purposes

Statement of Outcomes

Cape Town, South Africa, 26-27 October 2012

1. On 26-27 October 2012, over 200 delegates from 80 jurisdictions and 10 international organisations and regional groups came together at the fifth meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) in Cape Town, South Africa (Annex 1 provides a list of participants). The Global Forum welcomed the 10 new members which have joined since its last meeting, increasing the membership of the Global Forum to 116 members.

2. The Global Forum adopted and published a further 9 peer review reports and 3 supplementary reports, representing further progress in the finalisation of the Phase 1 review programme. Accordingly, the Global Forum discussed the expectations and challenges that member jurisdictions will face in the context of the Phase 2 reviews, which assess the practical implementation of the international standard on tax transparency and information exchange.

3. At its meeting held in Paris in 2011, the Global Forum agreed to extend its current mandate to the end of 2015. While during the second mandate the focus of its work will be on the Phase 2 reviews, the members discussed the future direction of the Global Forum after the completion of its current schedule of reviews. The members agreed that there should be a continuing role for the Global Forum in providing an essential framework for work on transparency and exchange of information for tax purposes and that this should include a monitoring role, combined with further development of the Terms of Reference and the sharing of best practices as experience of information exchange increases and the exchange of information environment continues to evolve.

4. The Global Forum was also pleased to note the interest shown by a range of jurisdictions in signing the multilateral Convention on Mutual Administrative Assistance in Tax Matters, making it a key instrument for the exchange of tax information to the international standard.

5. The main outcomes of the meeting which were agreed by delegates are set out below.

Membership and Governance

6. The Global Forum welcomed 10 new members: Albania, Burkina Faso, Cameroon, Gabon, Kazakhstan, Latvia, Lithuania, Pakistan, Tunisia and Uganda. It also welcomed the Centre de rencontres et d’études des dirigeants des administrations fiscales (CREDAF) and the World Customs Organization (WCO) as new observers. The constant expansion of the Global Forum reiterates the relevance of the
Global Forum’s work and brings it closer to the ultimate goal of achieving a level playing field for transparency and exchange of information for tax purposes.

7. As the Global Forum will start its second mandate in 2013, the composition of the Steering Group and the Peer Review Group needed to be re-visited. As three new members joined the Steering Group last year, the meeting agreed on re-appointing the existing members of the Steering Group, including the Vice-Chairs, for a period of one year. Indonesia was designated to replace Australia, which stepped down from its roles in the Steering Group and Peer Review Group. Being a new member, Indonesia will be appointed for a period of two years. It was also agreed that further rotation of the Steering Group will take place in 2014 based on a rotation mechanism that will be developed next year.

8. With Australia stepping down from the Steering Group, Mr. Mike Rawstron’s term will expire at the end of 2012. The Global Forum expressed its warm appreciation of Mr Rawstron’s success in leading the Forum throughout its first mandate and wished him well for the future. The Global Forum designated South Africa (Mr. Kosie Louw) as the new Chair to take over from Australia at the beginning of 2013 for a period of two years.

9. Three new members, Indonesia, Norway and Spain, were appointed to the Peer Review Group for a period of three years, replacing Australia, Denmark and Ireland. Existing members and the Chair and Vice-Chairs were re-appointed for one year. In addition, it was agreed that Global Forum members may attend PRG meetings as observers in certain circumstances. Finally, an annual rotation mechanism would be implemented next year, based on the governance principles already agreed on by the Global Forum, to provide the opportunity to more Global Forum members to contribute to the work of the Peer Review Group.

**Progress with the Peer Reviews**

10. The Global Forum adopted and published an additional 9 peer review reports (i.e. the combined reviews of Argentina and South Africa, and the Phase 1 reviews of Dominica, Marshall Islands, Niue, Russian Federation, Samoa, Sint Maarten and Slovenia. A further 3 supplementary reports - for Liechtenstein, Monaco and Uruguay - were adopted and published as well. As a result of the progress reflected in their supplementary reports, Liechtenstein and Uruguay, which earlier could not move to Phase 2, can now do so. After adoption of 88 reports, including 22 combined reports, there are now 14 jurisdictions which are unable to move to Phase 2. The progress with the peer reviews is also reflected in the Global Forum’s 2012 Annual Report “Tax Transparency, 2012: Report on Progress”, which was adopted by the Global Forum.

11. After almost three years, most of the members have undergone their Phase 1 review, and the Global Forum has recently launched the first stand-alone Phase 2 reviews, which assess the practical implementation of the international standard on tax transparency and information exchange. Members discussed the expectations and challenges for the Phase 2 reviews. The Global Forum members recognised the significance of Phase 2 reviews, which will eventually lead to ratings of jurisdictions on essential elements and an overall rating, and resolved to ensure that this sensitive exercise was conducted with equity, fairness and in a transparent manner.
**Technical Assistance**

12. In response to a call from the G20, the Technical Assistance Coordination Platform was launched in February 2012. This platform, in the form of a secure website, is a tool to enhance coordination between providers of technical assistance in the field of tax transparency and information exchange, notably international organisations and development agencies and the recipient member jurisdictions. The Global Forum noted with satisfaction that the Coordination Platform has raised awareness of its work with these partners, providing them with access to relevant materials and alerting them to upcoming events and training seminars. However, the Coordination Platform has not yet reached its full potential, and all of the Global Forum’s partners agreed that it should be developed further.

13. In accordance with the guidelines that were adopted at last year’s Global Forum meeting in Paris, the Secretariat reported that over the last year, 58 requests for advisory services were received from 36 member jurisdictions. The Global Forum also welcomed progress in respect of the pilot projects for assistance in Ghana and Kenya, and noted the new requests for project assistance from 9 other member jurisdictions. Recognising the increasing demand for assistance, in particular from its newer members, the international organisations and development agencies were called upon to take the lead in delivering such assistance.

**Evaluation exercise**

14. As indicated in its initial mandate, the Global Forum completed an evaluation exercise, which was adopted at the meeting. This exercise concludes that the establishment of a peer review mechanism and subsequent completion of reviews on 88 jurisdictions in three years, is a significant achievement. The output is significant not only in terms of number of reports, but in terms of concrete results which can be clearly identified across a wide range of jurisdictions. Transparency is improving, strict bank secrecy for tax purposes is disappearing and bearer shares are being eliminated or measures put in place to identify their owners. Further, the possibilities for exchanging information have increased dramatically, with more than 800 bilateral information exchange agreements signed since 2009 and more countries signing the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which is now open to a potentially worldwide membership. All of this will have a significant deterrent effect on tax evasion, and in the course of the Phase 2 reviews the Global Forum will examine the practical impact of these changes.

**Future direction**

15. At its meeting in Paris in October 2011, Global Forum members agreed to extend the mandate until the end of 2015. As the schedule of reviews currently does not go beyond the 1st half of 2014, a discussion on the future direction of the Global Forum’s work was held.

16. It was agreed that there should be a continuing role for the Global Forum in providing an essential framework for work on transparency and exchange of information for tax purposes. The Global Forum should further develop its monitoring role to ensure that the international standard is applied to the full extent by all jurisdictions. Its core focus should continue to be on the exchange of information. It should examine the Terms of Reference in the light of experience of the peer reviews and as the exchange of information environment continues to evolve. The Steering Group should further develop proposals in the light of the Global Forum’s discussions in Cape Town.
Competent Authorities

17. In May 2012, the Global Forum organised a successful meeting of competent authorities in charge of exchange of information, bringing together 186 delegates from 78 jurisdictions and 6 international organisations. Considering the outcomes of that meeting, the Global Forum welcomed the progress made in the development of a database of competent authorities, and adopted the joint Global Forum / OECD publication *Keeping it Safe: Guide on the Protection of Confidentiality of Information Exchanged for Tax Purposes*. The Global Forum agreed to hold the next meeting of competent authorities in the first half of 2013.

Budget

18. An intermediate financial report for 2012 was considered and the Global Forum adopted the proposed budgets for 2013 and 2014. It was agreed that the members’ contributions for both years will not be subject to an annual increase. The members also agreed on a policy to suspend and ultimately exclude members who do not pay their dues. A number of Global Forum members and observers are making voluntary financial contributions and assisting by seconding staff to the Global Forum Secretariat. During the year, Japan offered to provide a voluntary contribution to the Global Forum to provide assistance as well as training seminars to a number of Asian countries including Indonesia, Philippines, Thailand and Vietnam. The UAE agreed to host two training seminars by the Global Forum Secretariat in the MENA Region, the first of which will take place in November 2012.

Next Steps

19. Having considered its programme of work for the coming year, the Global Forum looked forward to the Phase 2 peer reviews, which will be a key focus of the Peer Review Group in 2013, together with the attribution of ratings for more than 50 jurisdictions that will have undergone Phase 2 or combined reviews by the autumn of that year. The Global Forum also recognised the continuing work that needed to be done with respect to the future direction of the Global Forum.

20. The Global Forum agreed that its next meeting will take place in October-early November 2013, and looks forward to offers by member countries to host the meeting. Finally the Global Forum thanked the government of South Africa for its generous hospitality.
ANNEX 1: LIST OF PARTICIPANTS AT GLOBAL FORUM MEETING

CAPE TOWN, SOUTH AFRICA,

26-27 OCTOBER 2012

Andorra; Argentina; Australia; Austria; The Bahamas; Bahrain; Barbados; Belgium; Bermuda; Botswana; Brazil; Brunei Darussalam; Burkina Faso; Canada; the Cayman Islands; Chile; Cook Islands; Costa Rica; Cyprus; the Czech Republic; Denmark; Finland; France; Gabon; Germany; Ghana; Gibraltar; Guernsey; Hong Kong, China; Hungary; India; Indonesia; Ireland; Isle of Man; Italy; Jamaica; Japan; Jersey; Kazakhstan; Kenya; the Republic of Korea; Latvia; Liberia; Liechtenstein; Lithuania; Luxembourg; Macao, China; Malaysia; Malta; Marshall Islands; Mexico; Monaco; the Netherlands; Nigeria; Norway; the People’s Republic of China; the Philippines; Poland; Portugal; Qatar; the Russian Federation; Saint Kitts and Nevis; Samoa; San Marino; the Seychelles; Singapore; Sint Maarten; the Slovak Republic; South Africa; Spain; Sweden; Switzerland; Turkey; the Turks and Caicos Islands; Uganda; the United Arab Emirates; the United Kingdom; the United States; Uruguay; the Virgin Islands (British).

African Tax Administration Forum (ATAF); Inter-American Center of Tax Administrations (CIAT); Centre de Recontre et D’Etudes des Dirigeants des Administrations Fiscales (CREDAF); European Bank for Reconstruction and Development (EBRD); European Union (EU); International Monetary Fund (IMF); Organisation for Economic Co-operation and Development (OECD); United Nations (UN); World Bank (together with the International Finance Corporation); World Customs Organization.