OECD SECRETARY-GENERAL TAX REPORT TO G20 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS

G20 Brazil, July 2024

BETTER POLICIES FOR BETTER LIVES

OECD Secretary-General Tax Report G20 Finance Ministers and Central Bank Governors

G20 Brazil, July 2024

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Introduction

It is my pleasure to report to you on tax developments ahead of the July meeting of G20 Finance Ministers and Central Bank Governors.

Ahead of your meeting, the Brazilian G20 Presidency requested several reports from the OECD, which we have delivered to you together with this Report: a diagnostic report examining interactions between taxation and inequality[1] with regard to progressivity and the taxation of high-net-worth individuals (HNWIs); and separate reports on the three priorities expressed in the inauguration of the G20 Financial Track for 2024 in relation to strengthening tax transparency, on real estate properties[2], on beneficial ownership[3] and on the Crypto-Asset Reporting Framework (CARF)[4]. Further details on those reports are also outlined below.

I am also pleased to report that excellent progress on the Two-Pillar international tax package continues.

- On Pillar Two, around 40 jurisdictions have already implemented or are planning to implement the global minimum tax with effect from January 2024 or 2025, with more jurisdictions taking steps towards implementation. This is already helping to stabilise the global tax landscape, reduce profit shifting and curb harmful tax competition by limiting the possibility of a race to the bottom on corporate tax rates. There has also been important progress on the Subject-to-Tax Rule (STTR). A first high-level signing ceremony of the Multilateral Convention to facilitate the implementation of the STTR will be held in Paris on 19 September 2024.
- On Pillar One, members of the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework) have secured near full consensus on the Multilateral Convention to implement Amount A (MLC) and are working to resolve remaining gaps on a framework for Amount B. The level of consensus achieved is another significant milestone towards achieving the goal of agreeing a comprehensive Pillar One package.

As countries continue to face significant fiscal pressures, the implementation of the Two-Pillar international tax package can help deliver revenues to enable governments to make the investments and deliver the services their citzens need and accelerate development progress.

[1] OECD (2024), *Taxation and Inequality: OECD Report to G20 Finance Ministers and Central Bank Governors*, OECD Publishing, Paris, https://doi.org/10.1787/8dbf9a62-en.

[2] OECD (2024), *Strengthening International Tax Transparency on Real Estate – From Concept to Reality: OECD Report to G20 Finance Ministers and Central Bank Governors*, OECD Publishing, Paris, https://doi.org/10.1787/fa2db2a4-en.

[3] OECD (2024), *Beneficial Ownership and Tax Transparency – Implementation and Remaining Challenges: OECD and Global Forum Report to G20 Finance Ministers and Central Bank Governors*, OECD Publishing, Paris, https://doi.org/10.1787/f95790b1-en.

[4] OECD (2024), *Bringing Tax Transparency to Crypto-Assets – An Update: Global Forum Report to G20 Finance Ministers and Central Bank Governors*, OECD Publishing, Paris, https://doi.org/10.1787/b33c9aa1-en.

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BEPS Inclusive Framework

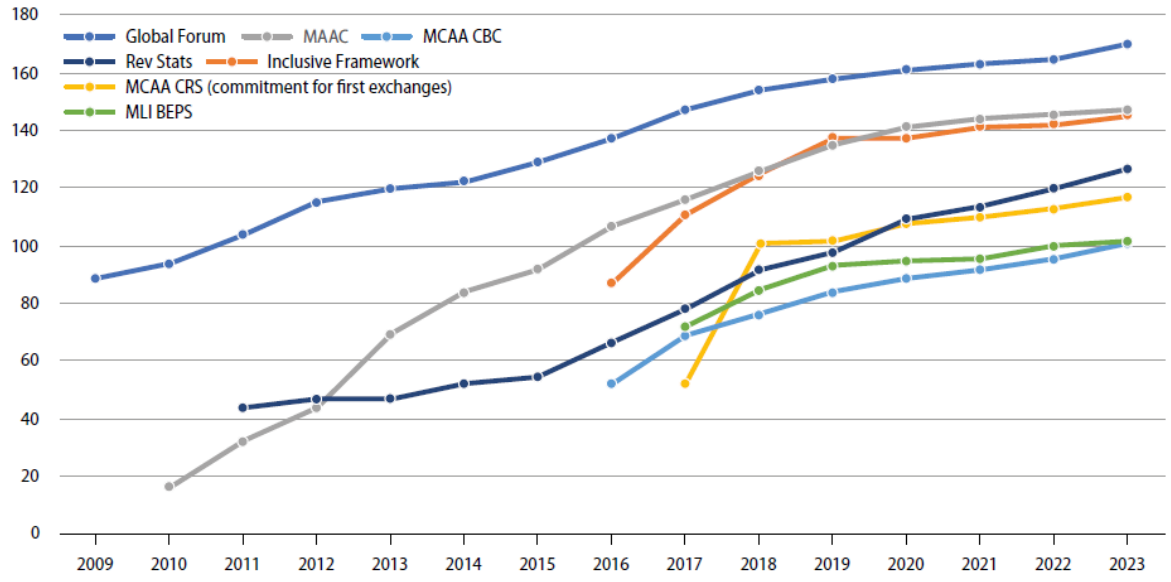
Since I last reported to you in February, over 400 delegates from 127 countries and jurisdictions and 13 international organisations met at the 16th Plenary Meeting of the Inclusive Framework to consider the impact and implementation of the BEPS Project and discuss important developments relating to the Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy (Two-Pillar Solution).

Existing forms of financing only make up roughly half of the revenues needed to finance the sustainable development goals.

Taxes represent the largest (and most stable) source of revenues for development.

In addition to BEPS and the Two-Pillar Solution, several sessions were dedicated to other topics, such as a reflection on challenges and opportunities associated with the Inclusive Framework journey to date and opportunities for further enhancing effectiveness and inclusivity, tax and inequality, capacity building, domestic resource mobilisation efforts and the work of the Platform for Collaboration on Tax. Valuable contributions were made by our partners, the UN, IMF and World Bank. As those discussions highlighted, the work on BEPS has been an important part of shoring up corporate tax systems and preventing their erosion over time, yet given the scale of financing required to meet the SDGs, increasing revenues from all kinds of taxes, and continued international co-operation, are needed by governments around the world.[5]

Since its launch in 2016, the Inclusive Framework has now grown from 82 members to 147 members with interest in joining remaining strong. Two further countries – the Republic of Moldova and Fiji – have joined the Inclusive Framework since your last meeting in April.



Jurisdictions participating in OECD tax forums, instruments and data on taxation, 2009-2023

[5] See https://www.oecd.org/en/publications/global-outlook-on-financing-for-sustainable-development-2023_fcbe6ce9-en.html and OECD Revenue Statistics, available at: https://www.oecd.org/en/publications/revenue-statistics-2023_9d0453d5-en.html

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Two-Pillar International Tax Package

Pillar One

Pillar One is comprised of two complementary components: the coordinated reallocation of taxing rights over the profits of the world's largest and most profitable companies (Amount A); and a framework for enhanced tax certainty and rule simplification relating to transfer pricing for in-country baseline marketing and distribution activities, with a particular focus on the needs of low-capacity jurisdictions (Amount B).

As the 16th Plenary meeting of the Inclusive Framework concluded on 30 May 2024, the Co-Chairs of the Inclusive Framework released a Statement including on the latest developments on Pillar One, which noted as follows:

> *"Following productive discussions on remaining open issues related to Pillar One of the Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy, we can report that the Inclusive Framework on BEPS is nearing completion of the negotiations on a final package on Pillar One (which includes a text of the Multilateral Convention (MLC) for Amount A and a framework for Amount B) with the goal of reaching a final agreement in time to open the MLC for signature by the end of June. In this regard, we welcome the expressions of interest by France and Brazil in hosting a signing ceremony as soon as practical after the MLC is opened for signature."*

Since the Co-Chair Statement in May 2024, efforts have continued at pace across the Inclusive Framework to try to finalise this work, including on the development of a framework of commitments on Amount B applicable to members that become parties to the MLC (Amount B Framework). There is now very broad support for the Amount B Framework, with some remaining issues for a small number of members to be resolved in order to unlock the adoption of the MLC.

In addition, there have been other key developments in relation to Amount B, since I last reported to you:

- The guidance contained in the Amount B report released in February 2024 has now been incorporated into the OECD Transfer Pricing Guidelines.[6] This will allow all jurisdictions that choose to apply Amount B to benefit from its use as of January 2025. In particular for many low capacity Inclusive Framework members, Amount B will make a substantial difference, covering between 30-70% of their transfer pricing disputes.
- On 17 June 2024, two additional pieces of guidance were released on Amount B, relating to the definitions of qualifying jurisdiction[7] and covered jurisdiction.[8]

> Amount B is a simplified and streamlined approach to transfer pricing intended to enhance tax certainty and relieve compliance burdens for taxpayers and tax administrations alike

A list of countries applying Amount B will be available on the OECD website later this year.

[6] OECD (2024), Pillar One - Amount B: Inclusive Framework on BEPS, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, https://doi.org/10.1787/21ea168b-en.

[7] See https://www.oecd.org/content/dam/oecd/en/publications/support-materials/2024/02/pillar-one-amount-b_41a41e1e/statement-qualifying-jurisdiction-definitions-section-5-2-section-5-3-simplified-streamlined-approach.pdf

[8] See https://www.oecd.org/content/dam/oecd/en/publications/support-materials/2024/02/pillar-one-amount-b_41a41e1e/statement-covered-jurisdiction-definition-inclusive-framework-commitment-amount-b.pdf

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Pillar Two

Pillar Two is comprised of two complementary components: the Global Anti-Base Erosion (GloBE) Rules.[9] and the subject-to-tax rule (STTR),[10] a treaty-based rule that allows a source jurisdiction to "tax back" where taxing rights have been ceded under a tax treaty and a payment is subject to a low nominal rate (below 9%) in the residence jurisdiction.

Global Minimum Tax

The global minimum tax ensures that large multinational enterprises pay a minimum level of tax (at an effective rate of 15%) on their income in each jurisdiction where they operate, thereby reducing the incentive for profit shifting, placing a floor under tax competition and bringing an end to the race to the bottom on corporate tax rates. Inclusive Framework members have achieved this outcome through agreement on a coordinated set of rules that imposes a minimum level of taxation on multinationals without giving rise to double taxation.

The minimum tax under the GloBE Rules is now in effect. To date, around 40 jurisdictions have already implemented or are planning to implement the global minimum tax with effect from January 2024 or 2025. This is already changing the international tax landscape – mitigating the political economy challenges of jurisdictions acting alone to raise their effective corporate tax rates and providing them with an opportunity to review tax incentives without having a negative impact on investment.

Since I last reported to you, the OECD has published new Q&As on the peer review process to ensure consistent implementation and application of the global minimum tax, and the Inclusive Framework has agreed and released several key documents including:

- the **Consolidated Commentary** to the Global Anti-Base Erosion Model Rules[11] (25 April 2024);
- the fourth set of **Administrative Guidance** items[12] (17 June 2024);
- **Illustrative examples** on the application of the Model GloBE Rules to certain fact patterns.[13]

60% of large MNEs will be in-scope of the global minimum tax by the end of 2024, through the Income Inclusion Rule alone, and 90% by 2025 when the UTPR comes into effect.

[9] For further details on the GloBE Rules, see: https://www.oecd.org/en/topics/sub-issues/global-minimum-tax/global-anti-base-erosion-model-rules-pillar-two.html

[10] For more information on the STTR, see: https://www.oecd.org/en/topics/subject-to-tax-rule.html

[11] OECD (2024), *Tax Challenges Arising from the Digitalisation of the Economy – Consolidated Commentary to the Global Anti-Base Erosion Model Rules (2023): Inclusive Framework on BEPS*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, https://doi.org/10.1787/b849f926-en.

[12] OECD (2024), *Tax Challenges Arising from the Digitalisation of the Economy – Administrative Guidance on the Global Anti-Base Erosion Model Rules (Pillar Two), June 2024*, OECD/G20 Inclusive Framework on BEPS, OECD, Paris, https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/global-minimum-tax/administrative-guidance-global-anti-base-erosion-rules-pillar-two-june-2024.pdf.

[13] OECD (2024), *Tax Challenges Arising from the Digitalisation of the Economy –Global Anti-Base Erosion Model Rules (Pillar Two) Examples*, OECD, Paris, https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-

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Subject-to-tax-rule

The STTR primarily protects the rights of developing countries. It allows source jurisdictions to "tax back" where defined categories of intra-group covered income are subject to nominal corporate income tax rates below the STTR minimum rate of 9%, and domestic taxing rights over that income have been ceded under a treaty.

The first high-level ceremony for the Multilateral Convention to facilitate the implementation of the STTR will take place in Paris on 19 September 2024.

The STTR takes priority over the GloBE Rules (additional tax payable as a result of STTR is creditable under those rules) and is designed to help developing Inclusive Framework members to protect their tax base. More than 70 developing country members of the Inclusive Framework can now request inclusion of the STTR in their treaties with Inclusive Framework Members that apply corporate income tax rates below 9% to covered payments. Over 1 000 treaties could be the object of such a request.

As part of the implementation plan for the STTR, a Multilateral Convention to Facilitate the Implementation of the Pillar Two Subject to Tax Rule (hereafter "STTR MLI") was developed. The STTR MLI allows the relevant existing bilateral tax treaties to be amended to include the STTR in a synchronised and efficient manner. A first high-level signing ceremony of the STTR MLI will be held in Paris on 19 September 2024.

BEPS implementation

Underpinning the work on the Two-Pillar Solution is the Base Erosion and Profit Shifting project (BEPS) project, which began over a decade ago by diagnosing the vulnerabilities in the existing system that enabled base erosion and profit shifting and agreeing 15 actions to address these vulnerabilities. Ten years on, with many BEPS changes now in place there is evidence not just on their widespread adoption but also on their broader impacts.

The BEPS Project was driven by the recognition among governments that international rules and standards needed to be modernised and adapted to the rapid digitalisation and globalisation of the economy.

- The latest CbC data shows a significant reduction in profit accumulating in investment hubs relative to 2018.
- There is evidence that the introduction of interest limitation rules results in reductions in debt shifting that reduces tax bases in affiliate (source) countries.
- Firms subject to CbCR report higher taxes globally and reduce their presence in low-tax jurisdictions.
- We can also see the impacts of BEPS on tax competition. While the last 25 years have seen significant declines in corporate income tax rates worldwide, in the post-BEPS period, we are starting to see this race to the bottom stabilise, with very modest increases in average corporate income tax rates in recent years.[14]

issues/global-minimum-tax/tax-challenges-arising-from-the-digitalisation-of-the-economy-global-anti-erosion-model-rules-pillar-two-examples.pdf.

[14] OECD (2024), *Corporate Tax Statistics 2024*, OECD Publishing, Paris, https://doi.org/10.1787/9c27d6e8-en.

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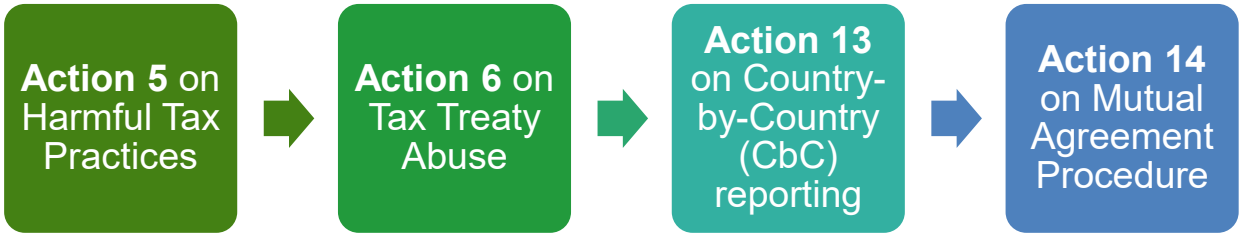
Of the 15 BEPS actions, 4 represent minimum standards where steady progress continues to be made.



BEPS minimum standards

Action 5 – Harmful tax practices

The Action 5 minimum standard addresses harmful tax practices through peer review and exchange of information. Peer review assessments are carried out annually on more than 130 jurisdictions. When the BEPS Project began, virtually no information on tax rulings was being exchanged. Today, over 54 000 exchanges of rulings have taken place based on our most recent data and the Forum on Harmful Tax Practices (FHTP) has now reviewed 322 regimes. Almost all regimes are now in line with the prevailing standard and over 40% of those regimes have been (or in the process of being) abolished. Further, the 12 no or nominal tax jurisdictions that have been reviewed under Action 5 have now introduced economic substance requirements.

Outcomes of the review of preferential tax regimes by the Forum on Harmful Tax Practices (updated as of February 2024)

The next annual monitoring exercise for no or only nominal tax jurisdictions will take place in the second half of 2024.

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Action 6 – Tax treaty abuse

Action 6 is focused on strengthening treaty anti-abuse provisions to ensure that double tax treaties do not open up unintended opportunities for non-taxation or reduced taxation through tax evasion or avoidance. The implementation of Action 6 is primarily facilitated through a multilateral instrument (the BEPS MLI) which implements the minimum standard along with other treaty-related BEPS measures. Over the last several years, there has been remarkable progress in the implementation of Action 6 with the BEPS MLI proving to be an extremely effective tool.

To date, the BEPS MLI covers 103 jurisdictions and over 1 900 bilateral tax treaties.

Since I last reported to you in February 2024, the latest peer reviews were released, assessing jurisdictions' efforts to prevent tax treaty shopping and other forms of treaty abuse under Action 6.

- To date, 103 jurisdictions have signed the BEPS MLI covering 90% of treaties between Inclusive Framework members.
- The majority of the jurisdictions that have signed the BEPS MLI have listed almost all their treaties under the MLI with the effect that the MLI has already strengthened over 1,400 existing treaties.
- This coverage continues to expand as Signatories ratify or new Signatories join the instrument.

Action 13 – Country-by-Country reporting

Action 13 requires all large multinationals to prepare a country-by-country (CbC) report with aggregate data on the global allocation of income, profit, taxes paid and economic activity in all tax jurisdictions in which it operates. The CbC report is then shared with qualifying tax administrations in these jurisdictions, for use in high level transfer pricing and BEPS risk assessments.

The information contained in CbC reports exchanged under Action 13 gives a tax administration unprecedented access to information on a foreign MNE's structure and operations, improving its ability to undertake effective risk assessment.

As a result of Action 13:

- Substantially all MNEs above the EUR 750 million threshold are now covered by a CbC reporting filing obligation and their information is available;
- Over 115 jurisdictions have introduced CbC legislation and more than 3 400 bilateral relationships have been established for the automatic exchange of information on the cross-border operations of multinationals;
- Today, 78 Inclusive Framework members are now in a position to receive CbC reports on foreign MNEs.

Work is also underway to make sure that the information exchanged under CBC reporting can be put to effective use, such as through workshops, training events, risk assessment software, handbooks and guidance. In addition, there is critical ongoing work with developing countries on Action 13. See below the separate section dedicated to *Developing Countries and the Minimum Standards*.

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Action 14 – Mutual Agreement Procedure (MAP)

As the need for tax certainty increases, Action 14 remains critical to ensuring that tax disputes are resolved in a timely, effective and efficient manner.

The purpose of the Action 14 standard is to ensure that dispute resolution mechanisms in tax treaties are operating well, by assessing how members are preventing disputes, the availability and access to MAP, resolution of MAP cases and implementation of MAP agreements. Peer review under Action 14 aims to assess a jurisdiction's adherence to the minimum standard while also providing recommendations and guidance in relation to areas of concern, as well as ongoing assistance to jurisdictions to meet the standard.

As a result of Action 14:

- 82 jurisdictions have already undergone two stages of peer reviews. A full peer review process is currently underway to assess the progress achieved by 55 of these jurisdictions with meaningful MAP experience in meeting the Action 14 minimum standard.
- 60 jurisdictions with limited or no MAP experience have undergone or are currently undergoing a simplified peer review process, with reports for 20 jurisdictions expected to be published soon. Another 32 jurisdictions are scheduled to undergo this simplified peer review process in the coming months. The simplified process aims to help these jurisdictions to set up a more robust MAP programme for a possible increase in cases in the future.[15]

Jurisdictions also report statistics related to their tax certainty obligations under Action 14. Ongoing collection of information and statistics provides a clearer picture of implementation and ensures that information about each jurisdiction's MAP function is available in published information on MAP (e.g. MAP guidance or MAP profiles). Commencing in 2024, jurisdictions will also provide statistics related to Advance Pricing Arrangements, allowing stakeholders greater insight into the functioning of dispute prevention mechanisms within a jurisdiction.

The MAP statistics reporting framework now covers a record 139 jurisdictions (practically all MAP cases worldwide), with MAP profiles available for over 120 jurisdictions.

[15] The simplified peer review includes some jurisdictions that have been peer reviewed before and all jurisdictions whose peer review had been deferred in the initial peer review process.

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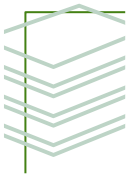
Developing countries continue to make progress in the implementation of the BEPS Minimum Standards.

70 developing countries have received information on tax rulings



43 developing countries have signed the BEPS MLI

There is on-going capacity building to support developing countries' implementation of Actions 5 and 6

Under Action 14, developing countries that had benefitted from a deferral because of their low levels of MAP cases, are now undergoing a simplified peer review process, and there is increasing demand for capacity building in this area.

Developing Countries and Country-by-Country Reporting

A key issue for developing countries in respect of the minimum standards is Action 13. There are currently 23 developing countries that have fully implemented the CbC reporting standard. Developing country uptake of CbC reporting under Action 13 has been a high priority and was identified as a key issue in the *G20/OECD Roadmap on Developing Countries and International Taxation* and subsequent reports.[16] The Secretariat has increased direct engagement and targeted support for developing countries in implementing the CbC reporting building blocks, including increased delivery of virtual and in-person training and dedicated workshops and a new TIWB pilot programme on effective use of CbC reporting data. In July 2023, the *G20/OECD Roadmap on Developing Countries and International Taxation Update* included a target for an additional 10 developing countries to be in a position to receive CbC reports by September 2024, a further 10 by September 2025 and a further 10 by September 2026. Currently, eight developing countries have already met the standard since the 2024 target was set in the Roadmap in 2023 and others are progressing well. This is a priority area for the Inclusive Framework including with respect to capacity building support to ensure that the targets can be met**.**

[16] OCDE (2022), *G20/OECD Roadmap on Developing Countries and International Taxation : OECD report for the G20 Finance Ministers and Central Bank Governors*, OECD Publishing, Paris, https://doi.org/10.1787/cf46900c-en and OCDE (2023), *G20/OECD Roadmap on Developing Countries and International Taxation Update 2023 : OECD Report to the G20 Finance Ministers and Central Bank Governors*, OECD Publishing, Paris, https://doi.org/10.1787/4fc33451-en. Note also the OECD and the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) jointly convened a High-level Roundtable on CbC reporting in April 2023 and the United Kingdom chaired a side event on Tax and Development at the OECD Ministerial Council Meeting, with a focus on developing country access to CbC reports, in June 2023.

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Tax and Development

It is now 15 years since the restructuring of the Global Forum, which marked the start of a new era for the OECD's tax work with and for developing countries. From the restructuring of the Global Forum, through the BEPS Actions, the establishment of the Inclusive Framework and negotiations on the Two-Pillar Solution, OECD has developed a range of tools, instruments and forums with wide participation from developing counties.

Accompanying the move to greater multilateralism in tax matters, the OECD has also sought to increase the availability of data on taxation, for example through the Global Revenue Statistics Database, and support for more integrated tax and development policy thinking, for example on the taxation of development assistance. Concurrently there has been continuous growth in the OECD capacity-building activities, now reaching over 30 000 officials in over 100 countries annually. Notable among these initiatives is the groundbreaking joint OECD/UNDP Tax Inspectors Without Borders initiative. Box 1. provides some of the key results from this work. In addition, the progress has been charted in a new retrospective report – *Tax and Development at the OECD: A Retrospective (2009-2024)*[17] – which also features several case studies highlighting the impacts across various countries, as well as the wide range of partnerships forged by the OECD to harness taxation's potential in advancing sustainable development.

To date, OECD/UNDP Tax Inspectors Without Borders (TIWB) assistance across Africa, Asia and the Pacific, Eastern Europe and LAC has led to a total of **USD 2.30 billion** in additional tax collected and **USD 6.05 billion** in additional tax assessed by governments.

Box 1. OECD Tax and Development in numbers, 2009-2024

EUR 41 billion	increased revenues in developing countries from offshore tax investigations, EOIR, use of Common Reporting Standard data, AEOI-related voluntary disclosure programmes and others
USD 2.3 billion	increased revenues in developing countries from TIWB
100 000+	officials trained through the Global Relations Programme
45 000+	officials trained through the Global Forum capacity-building programme
3 000	officials trained through the Academy for Tax and Financial Crime Investigation
171	members of the Global Forum (95 developing countries)
147	jurisdictions participating in the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (71 developing countries)
147	members of the Inclusive Framework (over 70 developing countries)
127	economies in OECD Global Revenue Statistics Database (79 developing countries)
120	signatories of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (45 developing countries)
102	jurisdictions party to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (42 developing countries)
100	signatories of the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (33 developing countries)
91	jurisdictions provided with bilateral support in exchange of information (2012-2023)

[17] OECD (2024), *Tax and Development at the OECD: A Retrospective (2009-2024)*, OECD Publishing, Paris, https://www.oecd.org/en/publications/tax-and-development-at-the-oecd_9db734bc-en.html.

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72	countries in carbon pricing database (35 developing countries)
63	developing countries with TIWB programmes (2012-2023)
52	developing countries that have received bilateral support in transfer pricing and BEPS (2012-2023)
24	tax administrations providing expertise to a TIWB programme
22	OECD members providing details on their tax treatment of aid to OECD hub
22	developing countries in a position to receive country-by-country reports
11	developing counties with TIWB-criminal investigation programmes
8	languages used in OECD tax training

Consumption Tax

While much of the BEPS work focused on corporate income tax, part of the BEPS package included the delivery of rules and mechanisms in the area of Value Added Taxes (VAT) and Goods and Services Taxes (GST). In connection with Action 1, internationally agreed solutions to address the VAT/GST challenges of digital trade growth were first developed in October 2015 and have since been complemented with detailed implementation guidance.

To date, 102 countries have implemented these solutions with another 30 countries considering implementation. These reforms have become critically important, notably for developing economies, where VAT/GST is often the largest source of tax revenues accounting for 30% or more of total taxes. VAT/GST reform is not only required to address increasingly significant VAT/GST revenue losses and economic distortions. It has also become a critical component of developing countries' strategies to harness the immense potential of digital transformation for growth, job creation and poverty reduction. The implementation of the internationally agreed VAT/GST solutions, adjusted to the specific needs and circumstances of developing countries, removes undue obstacles that VAT/GST might create for e-commerce growth and digital transformation as a facilitator of access to regional and global markets for entrepreneurs and small businesses in developing countries.

The OECD continues to roll-out a comprehensive technical assistance programme for interested developing countries. To date, bespoke bilateral technical assistance on VAT/GST reform to address the challenges of the digital economy has been provided to over 30 developing countries worldwide while technical training has been delivered to officials from over 180 countries. In parallel, the OECD continues to facilitate global policy dialogue on consensus-based solutions to tackle VAT/GST fraud and non-compliance in digital trade and to address new challenges as digital business models continue to evolve, including in the area of online payments and activities involving crypto-assets.

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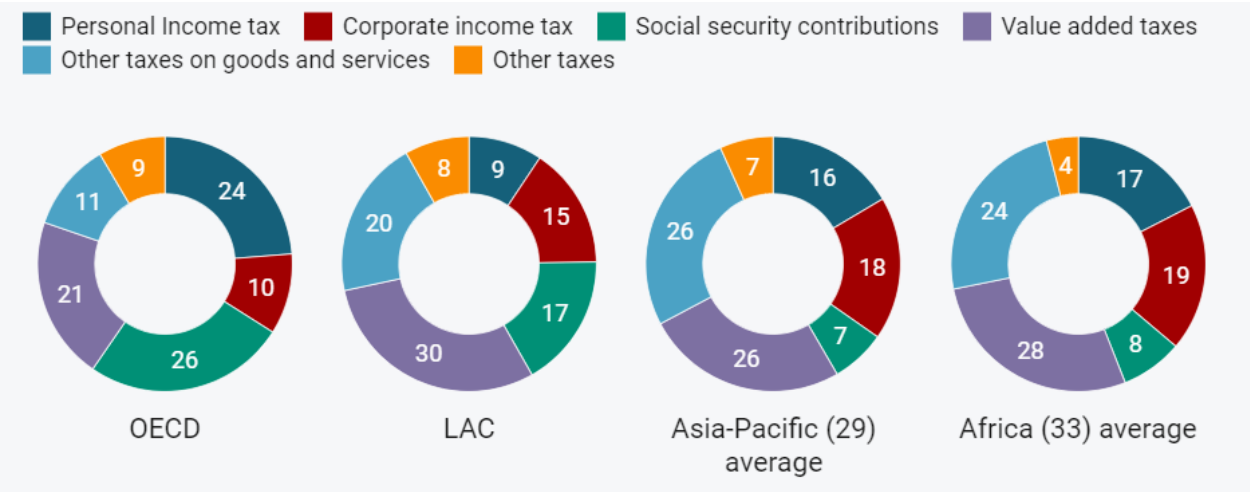

Tax structures for the OECD, LAC, Asia-Pacific (29) and Africa (33) averages and for selected economies in 2021 Economies in Africa, Latin America and the Caribbean, and Asia and the Pacific rely more on revenues from taxes on goods and services and corporate income taxes, whereas OECD countries rely more on revenue from social security contributions and personal income taxes. Source: OECD (2023)

Tax Policy

Tax revenues have recovered to their level prior to the pandemic in a majority of the 130 economies in the *Global Revenue Statistics* database.[18] The average tax-to-GDP ratio for Asia and the Pacific region was 19.3% in 2022, the same level as in 2019, while the average for Latin America and the Caribbean was 21.5% (slightly below the level in 2019) and the average across OECD countries was 34.0% in 2022, 0.6 percentage points higher than in 2019. The latest available *Revenue Statistics data for African countries* shows that tax revenues generally remained below their pre-pandemic level in 2021.[19] Higher revenues from corporate income tax (CIT) were a key factor behind the increases in tax-to-GDP ratios in 2022, especially in countries with a large oil and gas sector. While household consumption continued to recover from the impact of the COVID-19 pandemic, cost-of-living pressures weighed on revenues from taxes on goods and services in 2022, with many countries reducing tax rates on essential goods in response to inflation, in particular higher prices for food and fuel.

Faced with consecutive challenges coupled with an uncertain macroeconomic outlook, policymakers have been navigating a complex terrain, according to the upcoming 2024 edition of the OECD's *Tax Policy Reforms: OECD and Selected Partner Economies report*, which covers tax reforms introduced or announced during the 2023 calendar year within 90 member jurisdictions of the Inclusive Framework.[20] The report will be launched at the end of September 2024. Policymakers are tasked with raising additional domestic resources while simultaneously extending or enhancing tax relief to alleviate the cost-of-living crisis that is affecting households and businesses around the world. This balancing act has led to a range of country tax policy responses, as will be documented in detail in the report. On the one hand, governments further protected and broadened their domestic tax bases, increased rates, or phased out existing tax relief. On the other hand, reforms also kept or expanded personal income tax relief to households, temporary VAT reductions, or cuts to environmentally related excise taxes.

[18] See: https://www.oecd.org/en/data/datasets/global-revenue-statistics-database.html

[19] OECD/AUC/ATAF (2023), *Revenue Statistics in Africa 2023*, OECD Publishing, Paris, https://doi.org/10.1787/15bc5bc6-en-fr.

[20] For the previous report, see OECD (2023), *Tax Policy Reforms 2023: OECD and Selected Partner Economies*, OECD Publishing, Paris, https://doi.org/10.1787/d8bc45d9-en.

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Tax and Inequality

Policy interest in addressing inequality, including through the tax system, is increasing. This has been driven by a number of factors including views on the need to reduce inequality and the role of tax in it, and awareness that revenue raising capacity and the need to finance sustainable development requires considering the distribution of tax burdens.

Recent studies have shown low effective tax rates (ETRs) at the top of the distribution and a rise in concessional tax regimes aimed at attracting high income and wealthy individuals.

In preparation for the July 2024 meeting of the G20 Finance Ministers and Central Bank Governors, the Brazilian G20 Presidency commissioned the OECD to produce a report examining interactions between taxation and inequality[21], with a focus on opportunities to enhance progressivity and the taxation of high-net-worth individuals (HNWIs). The report suggests that, to help inform domestic policy options and identify opportunities for further international co-operation, it will be important to continue analysing vulnerabilities in existing domestic and international tax systems that could exacerbate inequality and limit the potential for inclusive growth. This would require a better understanding of how countries' varying circumstances and objectives can influence the effectiveness of domestic tax policies.

Furthermore, there could be room to build on areas in which international co-operation has already made a difference – most notably co-operation on international transparency – and explore the scope and desire for additional co-operation to enhance the effectiveness of domestic policies. In this regard, significant work is already underway, including at the OECD. Building on this existing body of work and ongoing initiatives could help inform and accelerate countries' potential policy responses and enhance their ability to achieve positive outcomes.

Tax Administration

As highlighted in the OECD report on taxation and inequality delivered for your meeting, practical tax design and implementation considerations are just as important as tax policy. Taxpayers can conceal their income and wealth in cases of weak tax administration and enforcement. Effective tax administration is therefore critical for shoring up lost revenue sources for governments.

The total amount of outstanding arrears across 58 jurisdictions (approx. 90% of global GDP) is around EUR 2.5 trillion and total collectable arrears is around EUR 710 billion as of 2022.

To help administrations address persistent tax and compliance gaps across jurisdictions, the OECD has developed key resources through the OECD Forum on Tax Administration (FTA), including the annual Tax Administration publication, dedicated tax administration toolboxes and the Tax Debt Management Network (TDMN), which brings together officials working in tax recovery teams across over 50 tax administrations to discuss common problems and share best practice on domestic and international recovery issues.[22]

One of the FTA's key priorities is supporting global tax administration capacity building, including supporting the implementation of the Two-Pillar Solution. The FTA Knowledge Sharing Network, which is

[21] OECD (2024), *Taxation and Inequality: OECD Report to G20 Finance Ministers and Central Bank Governors*, OECD Publishing, Paris, https://doi.org/10.1787/8dbf9a62-en.

[22] For further information on tax debt figures and on tax administration, see https://www.oecd.org/en/publications/tax-administration-2023_900b6382-en.html

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supported by the UK's HM Revenue & Customs, utilises the Canada Revenue Agency's Knowledge Sharing Platform for Tax Administrations (KSPTA), and facilitates discussions on administrative aspects crucial to the Two-Pillar Solution. As part of that, it fosters high-level exchanges among tax administrations regarding their strategies for addressing specific administrative challenges related to the implementation of the Pillars. The Network, which functions through the exchange of peer experience via virtual sessions, has been joined by over 100 jurisdictions.

Tax Transparency

In July 2023, at the request of the Indian G20 Presidency, I transmitted to you a dedicated report on tax transparency and real estate[23] which identified potential short-term and structural approaches to enhance tax transparency with respect to real estate on a voluntary basis. Since July 2023, technical work has continued at the OECD to refine the understanding on: the information needs of tax administrations in respect of real estate held abroad by their taxpayers; the information they have available; and the steps needed to deliver the conceptual solutions identified in the July 2023 Report. This is now covered in the new report on *Strengthening International Tax Transparency on Real Estate – From Concept to Reality*[24], delivered to you at the request of the Brazilian Presidency ahead of your July meeting.

Following this report, technical work is now underway to give shape to the short-term solution for advancing the exchange of readily available information on real estate transactions, holdings and income between tax administrations of interested jurisdictions. In addition, the key items for further consideration regarding a potential architecture that would enable tax authorities to structurally obtain fast-track access to the information contained in real estate and beneficial ownership registers, will be further scoped out and assessed in terms of their technical, legal and financial implications. I look forward to updating you on the advancement of this work in 2025.

Jurisdictions that have not satisfactorily implemented the tax transparency standards

To promote a level playing field in tax transparency standards, the G20 have requested regular reports from the OECD on jurisdictions that fail to comply with the tax transparency standards. The most recent update in this regard was delivered to you in July 2022, when four jurisdictions were considered to have failed to comply with the tax transparency standards.[25] While significant progress has been made, with three jurisdictions (Anguilla, Niue and Sint Maarten) successfully implementing the necessary measures

[23] OECD (2023), *Enhancing International Tax Transparency on Real Estate: OECD Report to G20 Finance Ministers and Central Bank Governors*, OECD Publishing, Paris, https://doi.org/10.1787/37292361-en.

[24] OECD (2024), *Strengthening International Tax Transparency on Real Estate – From Concept to Reality: OECD Report to G20 Finance Ministers and Central Bank Governors*, OECD Publishing, Paris, https://doi.org/10.1787/fa2db2a4-en.

[25] OECD (2022), *OECD Secretary-General Tax Report to G20 Finance Ministers and Central Bank Governors (Indonesia, July 2022)*, OECD Publishing, Paris, https://www.oecd.org/en/publications/oecd-secretary-general-tax-report-to-g20-finance-ministers-and-central-bank-governors-indonesia-july-2022_235e66c6-en.html, p. 11.

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and being removed from the list,[26] two new jurisdictions (Jordan and Montenegro[27]) are now added on account of not meeting their commitment to commence AEOI exchanges by the end of 2023.

Consequently, the current list of jurisdictions deemed to have not satisfactorily implemented tax transparency standards comprises three jurisdictions: Jordan, Montenegro, and Trinidad and Tobago. The Global Forum remains actively engaged with these jurisdictions, including through capacity building, technical assistance and guidance to facilitate their progress towards full compliance.

Global Forum on Transparency and Exchange of Information for Tax Purposes

With 171 members, the Global Forum on Transparency and Exchange of Information for Tax Purposes is the leading multilateral body mandated to ensure that jurisdictions around the world adhere to, and effectively implement, the standards of transparency and exchange of information on request (EOIR) and automatic exchange of financial account information (AEOI). These objectives are achieved through a robust monitoring and peer review process. The Global Forum goes a step further by offering extensive capacity-building programmes. These programmes empower member jurisdictions to implement and use the standards effectively and equip tax authorities to maximise the benefits of cross-border information sharing. Furthermore, the Global Forum has recently welcomed the request from the G20 to build on its commitment and monitoring processes to ensure the widespread implementation of the amended Common Reporting Standard and the Crypto-Asset Reporting Framework (CARF), which extends AEOI to crypto-assets.

The tangible benefits of international tax transparency are evident: over **EUR 130 billion** of additional revenues (tax, interest, penalties) have been identified since 2009, thanks to exchange of information, including voluntary disclosure programmes, similar initiatives and offshore tax investigations, having about **EUR 45 billion** been identified by developing countries.

Since I last reported to you in February, the Global Forum advanced its peer review activities, promoting a level playing field. In 2023, developing countries identified the majority of the reported tax revenues, which reaffirms the great potential of EOI as a domestic revenue mobilisation tool and illustrates a growing capacity of developing country members to use EOI to tackle offshore tax evasion. Developing countries collected close to 80% of the additional revenue generated through EOI (further details in the "Progress made at regional level" section.

Ensuring the level playing field through widespread implementation of the EOI Standards

While the Global Forum swiftly continues its peer review activities related to the AEOI and EOIR Standards to meet ambitious deadlines,[28] it actively pursues the widespread implementation of the newly established CARF.

[26] Since July 2022, Anguilla, Niue and Sint Maarten meet the criterion on Automatic Exchange of Information. Anguilla is also removed from the list, thanks to the improvement of its rating in respect of its compliance with the standard on Transparency and Exchange of Information on Request. From the 2022 update, only Trinidad and Tobago remains on the list.

[27] These two jurisdictions were identified as jurisdictions of relevance for AEOI and were due to commence exchanges by the end of 2023.

[28] https://www.oecd.org/tax/transparency/documents/global-forum-annual-report-2023.pdf

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Ongoing significant impact of the Automatic Exchange of Information in 2023, with increased benefits for developing countries

The 2014 G20 Leaders' Communiqué under the Australian Presidency endorsed the global Common Reporting Standard (CRS) for AEOI on financial accounts on a reciprocal basis.[29] A decade later, this vision has become a reality, with widespread implementation observed in both the commitments made and the impact on transparency and revenue mobilisation. This impressive achievement is attributable to a two-pronged strategy: a robust, phased commitment and peer review process and a comprehensive capacity building strategy.[30]

126 jurisdictions have now committed to implementing the AEOI Standard by a specific date, with **108 jurisdictions** already exchanging information automatically. This progress is particularly encouraging for developing countries, with 51 committed to begin exchanges by 2026 and 34 already doing so.

Increased commitments to AEOI by developing jurisdictions demonstrate the effectiveness of capacity building and outreach efforts in expanding AEOI adoption (further details in "Progress made at regional level" below). Combating illicit financial flows (IFFs) is crucial for developing jurisdictions, which are disproportionately affected by this issue. AEOI serves as a powerful tool in this fight, promoting tax transparency, boosting revenue collection, and fostering fairer tax systems. In 2023, AEOI on financial accounts continues to be a powerful tool for tax transparency. Following the decline of bank secrecy, AEOI activity remained high in 2023, with information exchanged on over 134 million financial accounts, representing nearly EUR 12 trillion in total assets. This represents a considerable wealth of information that allows jurisdictions to match the data received against their own databases and investigate offshore tax evasion.

The Global Forum is progressing on the 3-year second round of peer reviews of the effectiveness of the implementation of the AEOI Standard in practice. This process provides for a deeper assessment, including onsite visits, to meet relevant governmental and financial sector stakeholders, due to be completed in 2025. Finally, the Global Forum, through the dedicated peer review group on AEOI, is conducting discussions on how a strengthened AEOI Standard, with the finalisation of the amended Common Reporting Standard, could be implemented on a widespread basis. Overall, the results of the AEOI peer reviews so far show high levels of compliance with the requirements with 94% of jurisdictions having legal frameworks fully or substantially in accordance with the requirements and 64% being on track with respect to effectiveness of their implementation in practice.

Transparency and Exchange of Information on Request

The EOIR standard is the foundation of the international architecture for transparency and exchange of information for tax purposes and remains the most widely used form of exchange. Its relevance has increased since the move to the AEOI standard, as an increasing number of requests are

[29] Paragraph 13 of the Leader's Communiqué of 16 November 2014 under the Australian G20 Presidency states: "*To prevent cross-border tax evasion, we endorse the global Common Reporting Standard for the automatic exchange of tax information (AEOI) on a reciprocal basis. We will begin to exchange information automatically with each other and with other countries by 2017 or end-2018, subject to completing necessary legislative procedures. We welcome financial centres' commitments to do the same and call on all to join us*".

[30] OECD (2023), *Update on the Implementation of the 2021 Strategy on Unleashing the Potential of Automatic Exchange of Information for Developing Countries*, OECD Publishing, Paris, https://www.oecd.org/en/publications/update-on-the-implementation-of-the-2021-strategy-on-unleashing-the-potential-of-automatic-exchange-of-information-for-developing-countries_f939b5b6-en.html.

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triggered by the information received automatically and related to suspected tax offences that might have not been detected without this information.

In March 2024, the Global Forum published peer review reports of Armenia, Bulgaria, Cameroon, Egypt, Georgia, Kenya, Malta and Romania. The recommendations given through the peer review process have effectively driven changes. Under the follow-up process, as enhanced in 2021, the Global Forum monitors the implementation of the recommendations issued in the EOIR peer review reports as well as the peer input provided by Global Forum members on the compliance with the EOIR standard by their EOIR partners. While most of the peer input has been positive and reflective of satisfactory bilateral relationships, the enhanced follow-up process has shown promising results in timely identification of issues. Some jurisdictions have already addressed the issues detected and others have been invited to report further on their progress in solving the issues identified from the peer input in subsequent follow-up. The Global Forum has adopted new processes, which shift the focus from peer reviews to ongoing monitoring of the proper implementation of the standard. Preparatory work is underway to ensure a smooth roll-out of these processes in 2025.

More than 110 jurisdictions have now been fully reviewed in the second round of EOIR peer reviews since 2016 and the ratings assigned are generally very good, with 88% of the jurisdictions reviewed deemed “Compliant” or “Largely Compliant”, 10% assessed as "Partially Compliant" and only 2% as "Non-Compliant.”

Confidentiality and data safeguards

The protection of the confidentiality and the proper safeguarding of the sensitive information exchanged are critical to the AEOI standard. The Global Forum therefore continues to implement its programme of confidentiality and data safeguards assessments to maintain assurance that the data exchanged is protected by participating tax administrations. Most of the post-exchange assessments of the jurisdictions that initiated exchanges in 2017-18 have been completed, with the remainder to be completed by 2025. Pre- and post-exchange assessments of more recently committed jurisdictions are continuing to provide the same level of assurance. In light of the rapidly evolving technological and information security environments, the Global Forum is developing an enhanced methodology for continuing assessments from 2025, including a new mechanism to monitor jurisdictions’ ongoing implementation of key information security measures. The results of the assessments are not published due to their confidential nature.

Addressing the risks posed by Crypto-Assets through the Crypto-Asset Reporting Framework (CARF)

Following the G20 Leaders' September 2023 declaration, the Global Forum formed the CARF Group. Open to all interested members (currently with 49 participating jurisdictions and the European Union), this group aims to ensure broad implementation of CARF. The discussions within the CARF Group are well underway, with a focus on delivering the Global Forum’s CARF commitment process by the 2024 Plenary meeting of the Global Forum. This includes identifying relevant jurisdictions and establishing a coordinated timeline, recognising the intent of a significant number of jurisdictions to initiate exchanges under CARF by 2027.[31] The CARF Group is also working on providing guidance and tools to jurisdictions implementing the CARF.

[31] 58 jurisdictions have already adhered to the Joint Statement on the Implementation of the Crypto-Asset Reporting Framework (CARF), which includes an intent to commence exchanges under the CARF in 2027, or, at the latest, by 2028. Available at https://www.oecd.org/tax/transparency/documents/CARF-signatories-joint-statement.pdf

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Progress made at regional level shows widespread implementation

In May and June 2024, the Global Forum held meetings of its regional initiatives. These regional events, taking place at high-level level, demonstrates the strong commitment of all Global Forum members to the tax transparency work and the tailoring effect of working at regional level.

Unprecedented progress in Africa

Over the past decade, the tax transparency agenda has developed in Africa with currently 39 African country members of the Global Forum and the Africa Initiative. Under this capacity-building programme steered by high-level officials of African countries, significant progress in implementing EOIR and AEOI has been made. This collaborative effort is bearing fruit in the fight against tax evasion and illicit financial flows. The *Tax Transparency in Africa 2024: Africa Initiative Progress Report,*[32] launched at the 15th Meeting of the Africa Initiative in Lomé Togo, highlights remarkable achievements: **African countries collected more tax revenue through transparency measures in 2023 than in the combined total of the previous 13 years, and for the second time the region is net sender of requests for information**. This progress strengthens domestic resource mobilisation (DRM) efforts across the continent: over EUR 3.8 billion of additional revenue has been identified since 2009, including EUR 2.2 billion reported by 7 African countries last year, through exchange of information on request (EOIR) and automatic exchange of financial account information (AEOI), along with voluntary disclosure programs (VDPs).

Progress in Africa

- 22 African countries have joined the Global Forum since 2014, including 5 since March 2023 (Angola, Democratic Republic of the Congo, Sierra Leone, Zambia and Zimbabwe).
- African countries have entered into over 3 400 EOI bilateral relationships to foster tax co-operation
- 12 African countries are committed to start automatically exchanging financial account information by 2026, and 5 have already started automatic exchanges.
- 8 out of 12 African countries fully reviewed in the second round of EOIR peer reviews were granted a satisfactory rating ("Compliant" or "Largely compliant").
- More than 2 700 tax officials have been trained on the exchange of information by the Global Forum Secretariat between 2020 and 2023, including through the flagship programmes: Train the Trainer and Women Leaders in Tax Transparency.

The Africa Initiative has continued to advance the work started in 2021 to put in place the essential building blocks for enhancing the use of cross–border assistance in the recovery of tax claims (CBAR). Following the publication of a toolkit on establishing and running an effective CBAR function[33] and the organisation of well-attended workshops in 2023, a model manual for CBAR is in the finalisation process.

[32] OECD (2024), *Tax Transparency in Africa 2024: Africa Initiative Progress Report*, Global Forum on Transparency and Exchange of Information, available at https://www.oecd.org/tax/transparency/documents/tax-transparency-in-africa-2024.pdf.

[33] OECD (2023), *A Toolkit for Establishing a Function for Cross–Border Assistance in the Recovery of Tax Claims*, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD, Paris, https://www.oecd.org/tax/transparency/documents/a-toolkit-for-establishing-a-function-for-cross-border-assistance-in-the-recovery-of-tax-claims.pdf. It is available in English, French and Spanish

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Benefits from tax transparency in Latin America

The Latin American initiative was established in 2018 to tackle tax evasion, and explore the synergies in the fight against corruption and other financial crimes through transparency and EOI for tax purposes. The report on *Tax Transparency in Latin America 2024*was launched at the 10th Meeting of the Punta del Este Declaration, held on 30-31 May 2024 in Cartagena de Indias, Colombia. [34] The report covers 15 Latin American member countries of the Global Forum and highlights that the region has continued to use EOI tools to identify additional revenue.

Since 2009, Latin American countries have identified close to EUR 4.8 billion thanks to EOIR and offshore tax investigations, and close to EUR 23.1 billion thanks to VDPs and the effective use of AEOI data.

An important milestone was reached with the signing by Brazil, Colombia, Costa Rica, Dominican Republic and Paraguay of a Competent Authority Agreement for the Wider Use of Treaty-Exchanged Information developed by the Latin America Initiative under a pilot project[35] launched to meet one of the objectives of the Punta del Este Ministerial Declaration: using the possibility contained in Article 26 of the Multilateral Convention on Administrative Assistance in Tax Matters to facilitate the use for non-tax purposes of information previously obtained via EOI for tax purposes, namely combating corruption, money laundering, terrorism financing and customs offences. In addition, Peru joined the pilot project which now gathers seven Latin American members.[36]

Progress in Latin America

- Latin American countries reported EUR 862 million in additional revenue for 2019-23, resulting from 2 964 requests for information (EUR 291 000 per request on average).
- 8 Latin American countries relayed how the use of automatically exchanged information helped support tax activities, compliance, and revenue collection, with at least EUR 118.9 million identified between 2018 and 2023.
- Latin American members have entered into over 2 000 EOI bilateral relationships to foster tax co-operation
- 8 out of 10 Latin American countries that have been fully reviewed in the second round of EOIR peer reviews were granted a satisfactory rating ("Compliant" or "Largely compliant").
- 7 957 officials were trained on EOI by the Global Forum Secretariat between 2020 to 2023, including through its flagship Train the Trainer and Women Leaders in Tax Transparency programmes.

Significant rewards from tax transparency for Asia

Launched in 2021 and established in 2022, the Asia Initiative has already proven to be a valuable capacity-building programme for Asian members of the Global Forum. Backed up by the 2021 Bali Declaration[37], the Asia Initiative has created a strong dynamic to advance tax transparency in the region, building on the diversity of the Asian jurisdictions to foster co-operation, share experience and find common solutions. The progress achieved in 2023 are reflected in the *2024 Tax Transparency in Asia report*[38],

[34] OECD (2024), *Tax Transparency in Latin America 2024: Punta del Este Declaration Progress Report*, Global Forum on Transparency and Exchange of Information, available at https://www.oecd.org/tax/transparency/documents/tax-transparency-in-latin-america-2024.pdf

[35] https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/punta-del-este-declaration.htm

[36] Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, Paraguay and Peru.

[37] https://www.oecd.org/tax/transparency/documents/Bali-Declaration.pdf

[38] OECD (2024), *Tax Transparency in Asia 2024: Asia Initiative Progress Report, Global Forum on Transparency and Exchange of Information*, available at https://www.oecd.org/tax/transparency/documents/tax-transparency-in-asia-2024.pdf.

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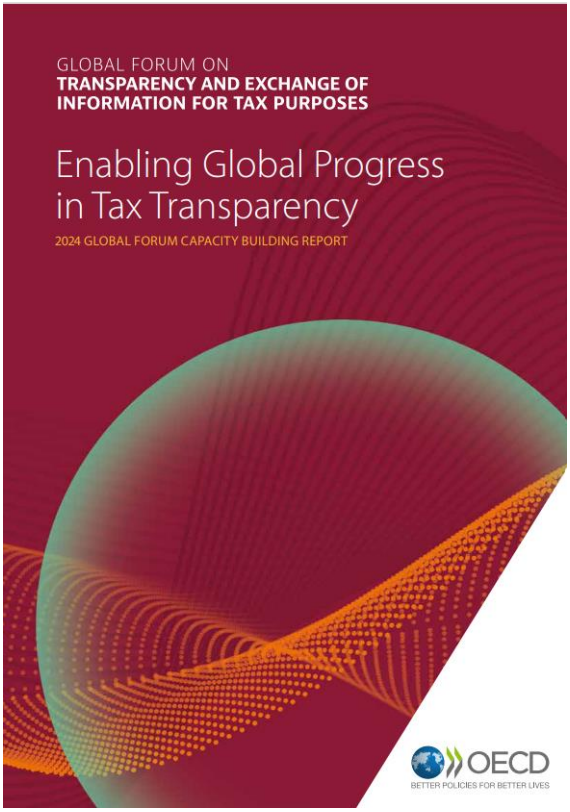
Progress in Asia

- More than 3000 EOI bilateral relationships entered into by Asian jurisdictions
- 18 Asian jurisdictions are committed to start automatically exchanging financial account information by 2026, and 15 had already started exchanging by the end of 2023.
- 13 of the 14 jurisdictions fully reviewed in the second round of EOIR peer reviews received a satisfactory rating ("Compliant" or "Largely compliant").
- 6 members of the Asia Initiative (Armenia, Azerbaijan, Indonesia, Japan, Korea and Singapore) are part of the 58 jurisdictions that expressed their intention to implement the Crypto Assets Reporting Framework (CARF) by 2027 or, at the latest, by 2028.

released on 24 June 2024 in Yerevan, Armenia. Last year, 13 jurisdictions identified at least EUR 1.8 billion extra tax revenue in 2023 through the use of EOIR (EUR 1.5 billion) and AEOI (EUR 277 million). In addition, the 17 Asia Initiative members have initiated concrete work to further improve the use of the data obtained automatically through a dedicated working group and to explore solutions to the challenges faced in the use of EOI for VAT/GST purposes.

Supporting all members in their implementation of the EOI Standards through capacity building and outreach



The 2024 Global Forum Capacity Building Report details the capacity-building and outreach activities carried out in 2023 by the Secretariat of the Global Forum.[39] This important work supports the global implementation of the tax transparency standards, especially EOIR and AEOI. The very encouraging developments highlighted in the report show member jurisdictions are not only making important, and sometimes rapid, progress in the fight against tax evasion and other illicit financial flows, but also reaping the rewards of their commitments and efforts through improved domestic resource mobilisation.

About EUR 45 billion of additional revenue have been identified by developing countries since 2009, through offshore tax investigation, including through the effective use of the EOIR standard, voluntary disclosure programmes implemented prior to the first exchanges under the(AEOI standard, and the effective use of AEOI data.

Through regional initiatives tailored to the needs and challenges faced by Global Forum members in Africa, Asia, Latin America and the Pacific, bilateral technical support, and new editions of the flagship programmes Train the Trainer and Women Leaders in Tax

[39] OECD (2024), *2024 Global Forum Capacity Building Report*, Global Forum on Transparency and Exchange of Information, available at https://www.oecd.org/tax/transparency/documents/2024-global-forum-capacity-building-report.pdf.

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Transparency, the Global Forum Secretariat's multipronged efforts enabled major changes and benefits for member jurisdictions across the globe: **In 2023, assistance was provided to 91 jurisdictions in various forms and training was offered to over 7 200 officials.** This ambitious programme was possible thanks to the support from donors, international organisations and regional partners.

The Capacity Building flagship programmes continue to expand and yield results:

- The Train the Trainer programme has already trained over 6 000 tax officers in EOIR since 2021 in 65 jurisdictions in Africa, Asia, Latin America, Central and Eastern Europe and Middle East. A new programme has been launched for Caribbean jurisdictions in 2024.
- The second edition of Women Leaders in Tax Transparency, the initiative designed to promote female leadership in tax transparency and EOI, was completed by 24 women representing tax administrations from developing jurisdictions. The new 2024 edition was launched earlier this year and 29 female tax officials are participating in it.
- Under the Information Security Management Network, 304 officials from 80 jurisdictions share experience and best practices in this critical area of EOI.

The Global Forum Secretariat also released a joint toolkit with the Inter-American Development Bank to support the implementation of strong beneficial ownership framework[40] and has made available to its members a guide for the implementation of EOI-related voluntary disclosure programmes.[41] Finally, to assist its members in implementing an effective framework to ensure compliance of financial institutions with their obligations under the AEOI standard, the Secretariat made available to its members a model audit manual and started a cycle of regional trainings with a first event hosted by Panama for Latin America and the Caribbean in April, and a second training jointly organised with the Intra-European Organisation of Tax Administration in Budapest, Hungary in May.

[40] OECD and IDB (2024), *Building Effective Beneficial Ownership Frameworks: A joint Global Forum and IDB Toolkit - Second edition*, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD, Paris, https://www.oecd.org/tax/transparency/documents/effective-beneficial-ownership-frameworks-toolkit-second-edition-2024.pdf.

[41] OECD (2024), *Voluntary Disclosure Programme: A Model Law and Guidance*, Global Forum on Transparency and Exchange of Information for Tax Purposes, available only to tax authorities upon request.

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OECD Secretary-General Tax Report to G20 Finance Ministers and Central Bank Governors

G20 Brazil, July 2024

The report describes some of the key developments in international tax reform since February 2024, including on the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy and on the implementation of the BEPS minimum standards. It also covers progress made in tax transparency and on tax and development, tax administration and consumption taxes, as well as dedicated segments on tax and inequality and tax policy developments. This report was prepared by the OECD ahead of the third meeting of G20 Finance Ministers and Central Bank Governors held under the Brazilian G20 Presidency from 25-26 July 2024, in Rio de Janeiro, Brazil.

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