

Advancing Open Standards in eGovernment -Tax

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The OECD





The OECD

- Membership: 3 NAFTA, 4 Asian-Pacific countries and 23 European countries, EXT
- Setter of “soft” and occasionally “hard” rules
- A forum for discussing the economic and social challenges of interdependence and globalisation
- A provider of comparative data, analysis and forecasts to underpin multilateral co-operation

Council

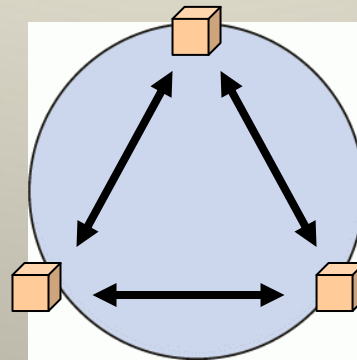
Oversight and strategic direction

Representatives of member countries; decisions taken by consensus

Committees

Discussion and implementation

Representatives of member countries and countries with Observer status work with the OECD Secretariat on specific issues



Secretariat

Analysis and proposals

Secretary-General

Deputy Secretaries-General

Directorates

Annual budget:

Funded by member countries + grants



The Committee on Fiscal Affairs

What are we?

A forum for senior policy makers and administrators

What do we cover?

All international and related domestic tax issues

How are we organised?

- Biannual meeting
- Eight subsidiary bodies
- Centre for Tax Policy and Administration



The Centre for Tax Policy and Administration

What are we?

- **Forty plus professionals grouped into 5 divisions:**
- **Treaties/Transfer Pricing;**
- **International Co-operation; Tax Policy;**
- **Tax Administration; Outreach**

What do we do?

- **Draft reports for the CFA**
- **Advise other parts of OECD on tax related issues (e.g R & D)**
- **Assist governments in their tax reforms**
- **Compile comparative information**
- **Co-ordinate with other international organisations**



Major Outputs of the CFA

- Model Tax Convention
- Transfer Pricing Guidelines
- Standards on Exchange of Information
- Best Practices Guidelines in Tax Administration
- International VAT/GST Guidelines
- Comparative Analysis and Statistics on Tax Levels and Structures
- Anti-Bribery Convention

- A fairer tax system:
 - Similar treatment for similarly placed taxpayers (horizontal equity)
 - Achieve desired allocation of tax burden by income level (vertical equity)
 - Improved compliance
- An efficient and competitive tax system:
 - Promoting a competitive and flexible fiscal environment
 - Making work, savings and investment pay
 - Reduce tax-induced distortions
- A simpler tax system:
 - Reduce compliance costs for taxpayers, particularly SME's
 - Reduce administrative costs for tax authorities



Successful Tax Reform Requires also Administration Reform

- Tax administrations face challenges due to globalisation
 - ❑ Proliferation of tax shelters and abuse of tax havens
 - ❑ Changing attitudes towards compliance
- The response of OECD tax administrations
 - ❑ Move to integrated tax administrations
 - ❑ Administration by segment/function rather than by type of tax
 - ❑ Move to cumulative withholding and information reporting
 - ❑ Improved risk management
 - ❑ Better access to information
 - ❑ Use of new technologies
- Good compliance requires good taxpayer service and effective reinforcement
- Putting tax compliance on the good corporate governance agenda

- Integration of direct and indirect administrations
- Delivering social programmes
- Using new technologies to improve tax payer service
- Achieving better compliance – the role of risk management
- Dealing with offshore non-compliance



Financial crisis – Issues

- Tax deductibility of interest favours mortgages and corporate leverage
- Tax heavens (trillions of \$ - OECD is forcing transparency)
- Ultra light regulation of investment banks
 - Excessive risk taking – advanced and extremely complex securities products (*fruit-salads*)
 - TCP/IP enabled one “borderless” financial world



Tax Metadata - a Necessity

- Metadata describes characteristics of information bearing entities to aid the identification, assessment and management of the described entities
 - Bank account information: easy interpretation, could be difficult identification
 - Income/wealth information: complicated
 - Common challenge: legal framework needed



Taxpayer Services – Standard Business Reporting

- Creating a financial taxonomy which can be used by businesses to report financial information to Government
- Using the creation of that to drive out unnecessary or duplicated data descriptions
- Enabling use of that taxonomy for financial reporting and facilitating straight-through reporting for many types of report direct from accounting and reporting software



Promotion of Open Standards and Net Neutrality

- *Standard-making processes should be open and should encourage competition. We support the procurement policies that promote open standards, open data formats, and free and open software.*
 - The OECD Civil Society Seoul Declaration (2008)



The end

OECD

- Thank you for your attention