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C(2008)147



Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

28-Oct-2008

English - Or. English

COUNCIL

**C(2008)147
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Council

REVISION OF THE MANDATE OF THE COMMITTEE ON FISCAL AFFAIRS

(Note by the Secretary-General)

JT03254060

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1. This document contains a proposal to revise the current mandate for the OECD Committee on Fiscal Affairs (CFA) which expires on 31 December 2008 [see C(2004)37]. The CFA has not yet benefitted from an In-depth Evaluation by the Council, which is foreseen to take place in the forthcoming biennium 2009-10.

2. The original mandate for the CFA dates back to 1971 when the CFA was created to “be responsible for investigating the methods by which taxation can be used to promote improved allocation and use of economic resources, both domestically and internationally and for proposing ways of increasing the effectiveness of taxation as a policy instrument for achieving Governmental objectives, but excluding work on the use of fiscal policy for demand management purposes”. Subsequently, the mandate was expanded to include work on tax avoidance and evasion, transfer pricing, harmful tax practices and tax administration.

3. In 1995, the CFA developed and approved a mission statement which was slightly revised in 2002 as part of a broader review of the structure and working methods of the Committee [see DAFFE/CFA(2002)10/REV1].

4. At its meeting in January 2008, the CFA discussed a draft revised mandate [see CTPA/CFA(2008)10]. Delegates were invited to consider a number of questions ranging from what the main focus of the CFA should be in the coming years to the usefulness of the CFA’s substructure.

5. The discussion of the draft mandate was timely as it followed the discussion of the preparation of the PWB for 2009-10. Delegates requested that the substance of the current mission statement of the CFA be correctly reflected in the revised mandate and that the latter reflect the priority given to the work with non-OECD economies. No changes were proposed to the CFA’s own substructure, the subsidiary bodies of which had each been the subject of substantive policy reviews in 2005-2006. Those reviews had confirmed the effectiveness of the current substructure of the CFA, which corresponds well to the CFA’s output results.

6. The draft mandate was revised to reflect the comments by the Committee and was approved by the CFA at its June 2008 meeting [see CTPA/CFA(2008)10/REV2]. The draft revised mandate has been structured in three parts. The first part details the overarching and main specific objectives of the Committee in accordance with the high-priority policy needs identified by member countries. It also promotes policy dialogue with non-members. The second part highlights methods of work which have been considered to be particularly relevant for achieving these objectives and ensuring they will have a high policy impact. The last part is devoted to the Committee’s strengthened cooperation with other OECD bodies, relevant international organisations, and major stakeholders.

7. It is proposed that the revised mandate, if approved, will remain in force until 31 December 2013, subject to the outcome of the In-depth Evaluation due to be conducted in 2009-10.

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

THE COUNCIL

- a) noted document C(2008)147;
- b) adopted the draft Resolution concerning the mandate of the Committee on Fiscal Affairs as set out in the Annex to document C(2008)147.

ANNEX

**DRAFT RESOLUTION OF THE COUNCIL REVISING
THE MANDATE OF THE COMMITTEE ON FISCAL AFFAIRS**

THE COUNCIL

Having regard to the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

Having regard to the Rules of the Procedure of the Organisation;

Having regard to the following Council Recommendations concerning the Organisation's work on taxation:

- Resolution of the Council concerning the Activities of the Organisation in the Field of Taxation [C(71)41]
- Recommendation of the Council on Tax Avoidance and Evasion [C(77)149(Final)]
- Recommendation of the Council on the Determination of Transfer Prices between Associated Enterprises [C(79)83(Final)]
- Minutes of the 669th session of the Council [C/M(87)16(Final)]
- Recommendation of the Council on Tax Treaty Override [C(89)146(Final)]
- Recommendation of the Council concerning the model tax convention on income and capital [C(94)11/FINAL]
- Recommendation of the Council on the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations [C(95)126/FINAL]
- Recommendation of the Council on Counteracting Harmful Tax Competition [C(98)17/FINAL]

Having regard to Council Decision regarding a Sunset Clause for all Committees [C/M(2004)5, item 75] entered into force on 22 April 2004 [C/M(2004)10, item 143, IV, c)]Council C(2004)37;

Having regard to the proposal to revise the mandate C(2008)147;

DECIDES

1. The mandate of the Committee on Fiscal Affairs as follows:

i) Objectives

- a) The overarching objective of the Committee on Fiscal Affairs (hereinafter called "The Committee") is to contribute to the shaping of globalisation for the benefit of all through the promotion and development of effective and sound tax policies and guidance that will foster growth and allow governments to provide better services to their citizens. Its work is intended to enable OECD and non-OECD governments to improve the design and operation of their national tax systems, to promote co-operation and co-ordination among them in the area of taxation and to reduce tax barriers to international trade and investment.

- b) In light of this objective, the Committee shall:
1. facilitate the negotiation of bilateral tax treaties and the design and administration of related domestic legislation,
 2. promote communication between countries and the adoption of appropriate policies to prevent international double taxation and to counteract tax avoidance and evasion,
 3. encourage the elimination of tax measures which distort international trade and investment flows;
 4. promote a climate that encourages mutual assistance between countries and establish procedures whereby potentially conflicting tax policies and administrative practices can be discussed and resolved;
 5. support domestic tax policy design through the development of high quality economic analysis of tax policy issues, comparative statistics and comparisons of country experiences in the design of tax systems;
 6. improve the efficiency and effectiveness of tax administrations, both in terms of taxpayer services and enforcement.
 7. support the integration of non-OECD economies into the international economy by strengthening policy dialogue with them to increase their awareness of and contribution to the Committee's standards, guidelines and best practices.

ii) Methods

In order to achieve these objectives, the Committee will focus its work on delivering outputs of high quality and with high policy impacts and shall regularly assess whether these targets are being met. In particular, the Committee shall:

- a) develop standards, guidelines and best practices in areas where international co-ordination is desirable and monitor the practical implementation of them and other recommendations;
- b) provide a forum for discussions by senior policymakers and tax administrators, and where appropriate the business community and other parts of civil society, of international and domestic tax policy and administration issues and emerging issues in a global economy which require a response from senior tax policy makers;
- c) supply OECD countries with internationally comparable tax statistics and comparisons of the major taxes used throughout the OECD area, and provide strategic analysis of important tax policy and administration issues for use in publications, briefs, and the like;

iii) Co-operation

- a) The Committee shall strengthen policy dialogue with non-OECD economies in order to increase their awareness and use of the Committee's standards, guidelines and to explore together the identification of good practices.
- b) The Committee shall monitor and contribute to relevant activities carried out in other international bodies. In particular, it will continue to participate in the UN Committee of Experts on International Cooperation in Tax Matters and will continue its co-operation with the Financial Action Task Force on issues of mutual interest.

- c) It will promote and develop strategic partnerships with regional tax and other international organisations and will continue to develop the International Tax Dialogue. The Committee will monitor and co-ordinate work undertaken by the Organisation in related fields and shall co-operate with relevant OECD bodies. In particular, it will continue to work jointly with other committees carrying out projects having tax policy aspects, in particular with the Economic and Development Review Committee, Economics; in the Environment Policy Committee; in the Employment, Labour and Social Affairs Committee; in the Development Assistance Committee; and in the Working Group on Bribery.
- d) The Committee shall continue to co-operate closely with BIAC and other major stakeholders.

2. The mandate of the Committee shall remain in force until 31 December 2013 unless the Council decides otherwise.