

SGATAR Communiqué

October 17, 2013
Jeju, Republic of Korea

We, the Heads and Deputy Heads of tax administrations from 16 economies, have come together here in Jeju, Korea to share ideas on how to address the common challenges that face us as tax administrators. At a time when economic uncertainties are growing, issues of tax evasion and avoidance must be effectively dealt with if we are to enhance taxpayer compliance and finance the national budget. To this end, we agreed to strengthen our cooperative network and continue to share our experience and best practices.

Encouraging exchange of information to address offshore tax evasion

At this meeting, we confirmed that offshore tax evasion is an issue of common interest. Offshore tax evasion not only erodes our tax base, but hurts fairness in taxation and adversely affects compliance.

Exchange of information (EOI) in tax matters is one of the most fundamental and crucial tools we have in combating and preventing offshore tax evasion. We agreed to cooperate in responding to partner members' request for tax information within the framework of existing tax treaties and in a prompt manner to the extent our legal and administrative system allows, and also agreed to examine ways to promote automatic exchange of information, where appropriate. Furthermore, we reached a consensus to remove the practical barriers for the implementation of EOI and to prevent the proliferation of tax schemes and aggressive tax planning.

Reducing the tax gap

We also noted our commitments to realize fairness in taxation and to reduce the tax gap. We recognize that countering all forms and types of tax evasion and avoidance, including transactions in the underground economy, is a key in achieving this goal.

It is our core mission to minimize the difference between the tax collected and the tax that should be collected. Illegal as well as hidden or unreported economic activities hinder the transparency of the tax base, ultimately resulting in financial instability.

We shared our experience and best practices in uncovering sophisticated and intelligent tax schemes. In addition, we discussed the necessity of a tax authority's timely access to tax information that is held by financial institutions and other government agencies. We also studied how to enhance compliance in the cash-intensive industries.

Efficient and effective tax debt management

Our administrations must perform our duties in an efficient and effective manner particularly under the growing economic uncertainties. Now when we are pressed to meet the fiscal demands of our economies, it is required for tax administrations to play an active role to deal with tax debts.

Members discussed individual administrative rights and structures pertaining to tax debt collection and exchanged best practices and proven collection methods. We recognized and felt the need to make our debt management practices more efficient to better detect the assets concealed by tax debtors.

We agreed to continue cooperating within the framework of bilateral treaties and multilateral conventions so as to facilitate the tax administration and enforcement of SGATAR members.

Lastly, in the face of the rapidly changing tax administrative environment, we acknowledged that it is time for SGATAR to perform a more active role in identifying and finding solutions to common challenges. To this end, we agreed to establish a Task Force for researching SGATAR's future. A Steering Group will be set up consisting of volunteering Heads of tax administrations and chaired by Korea, with the goal of reporting the findings of the Task Force at the next meeting in Australia.

We, the representatives of tax administrations of 16 economies, will continue to coordinate our actions under our strong co-operative network in order to address tax evasion and avoidance. A list of economies participating in this meeting is attached.

Attachment: Participating Economies

- Australia
- People's Republic of China
- Hong Kong, China
- Indonesia
- Japan
- Korea
- Macao, China
- Malaysia
- Mongolia
- New Zealand
- Papua New Guinea
- Philippines
- Singapore
- Chinese Taipei
- Thailand
- Vietnam