



## **SOUTH CENTRE TAX INITIATIVE**

# **PEER EXCHANGE CAPACITY BUILDING MODULE: INTERNATIONAL TAX COOPERATION**

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## INTRODUCTION

The South Centre Tax Initiative (SCTI) seeks to strengthen policies and practices in developing countries by drawing on lessons and experiences from other developing countries. Peer-to-peer knowledge building and exchange on taxation policies is one key strategy for this purpose. South-South peer exchanges among developing countries open spaces for innovation and expand the capacities of tax officials to design more effective and realistic national policies in line with their capabilities and that are more likely to bring in revenue. These exchanges also increase the ability of Global South tax officials to participate actively in international standard setting fora, including in the United Nations, the OECD, and other bodies.

Peer exchange activities in learning and collaboration provide the opportunity for special focus on topics of priority for developing countries and those high in the agenda of the global reform effort, including those emerging from the OECD, UN, and other international agencies.

In addition, increased cooperation among developing country tax officials can also help identify areas of common interest in the international tax agenda, which will enable developing countries to arrive at consensus positions for norms and mutual action at the regional and global levels.

## SUBSTANTIVE ISSUES

The peer exchange module will cover the following topics:

### Exchange of Information and Risk Assessment

Accessing tax-related data of residents from other jurisdictions is a key requirement for being able to assess their tax dues and assess risk. Only when tax officials have the full data on the foreign income and assets of residents can they accurately assess how much tax they have to pay. With the decline of banking secrecy and the maturity of international mechanisms for exchanging information, more and more developing countries are able to obtain such information from tax havens and developed countries, some of which are one and the same. These mechanisms include Article 26 of the UN and OECD Model Conventions, Tax Information Exchange Agreements, the Convention for Mutual Administrative Assistance in Tax Matters, the Common Reporting Standard and Country-by-Country Reporting. Automatic Exchange of Information (AEOI) in particular has emerged as a useful tool.



**Peer Exchange Delivered By:**

- a. The government of **Indonesia** will share its experience on the use of Country-by-Country Reporting (CbCR) data obtained from exchange of information agreements for carrying out transfer pricing risk assessment.

**Transfer Pricing**

Transfer pricing, the essential process through which profit is attributed to an associated enterprise of an MNE, has always been a technically challenging issue for developing countries and even developed countries. The difficulties involved have increased manifold with the expansion of the digitalized economy and the increased reliance on intangibles as a source of value.

**Peer Exchange Delivered By:**

- a. The government of **Indonesia** will share its experience on resolving transfer pricing disputes through Mutual Agreement Procedures (MAP).

**MODALITY**

The South Centre will facilitate the peer exchange module which will take place virtually and with the help of interpreters where required. It will be a three-day program of two hours per day. The timings are from 17-19 March 2021 from 1900-2100 WIB/1300-1500 CET (2 hours).