Global Tax Alert

Asia Pacific tax administrations create task force as next step in greater regional cooperation

On 24-27 November 2014, the 44th Study Group on Asian Tax Administration and Research (SGATAR) and the 7th meeting of Heads of Training Institutions (MHTI) convened in Sydney. The combined group included nearly 200 senior representatives from 17 tax administrations across the Asia-Pacific region.

Representatives from national tax administrations were joined by representatives from a number of multilateral bodies, including the Asian Development Bank, the Inter-American Center of Tax Administrations (CIAT), the Organisation for Economic Cooperation and Development (OECD), and the World Bank.

SGATAR

SGATAR is an organization of tax administrators in the Asia-Pacific region that was founded by the Philippines in 1970. With an emphasis on tax administrative reform, SGATAR provides members with an opportunity to gather at annual meetings, working level meetings, joint training programs and meetings of heads of training institutions, and to exchange information, ideas and experiences in the field of taxation. In addition, SGATAR enables the alignment of operations in the different tax systems in Asia-Pacific countries in an effort to encourage a favorable tax regime to support the development of trade and investment in the region.

The current SGATAR members include Australia, People’s Republic of China, Hong Kong SAR, Indonesia, Japan, Republic of Korea, Macao SAR, Malaysia, Mongolia, New Zealand, Papua New Guinea, The Philippines, Singapore, Chinese Taipei, Thailand and Vietnam.

The meeting communiqué

At the conclusion of the SGATAR meeting, a communiqué was issued. According to the communiqué, the representatives shared their knowledge and experiences on the key tax administration issues of globalization and the erosion of the tax base, the operation of multinational entities, seamless exchange of information and the use of bulk data, and opportunities for capability development across all fields of tax administration.
The communiqué also outlined the creation of a new task force made up of SGATAR members, which will be designed to:

- Enable the Asia-Pacific region to engage in effective discussions and to keep abreast of international developments and issues including base erosion, profit shifting and tax transparency. According to the communiqué, there is already unprecedented and powerful global collaboration on these issues and the creation of the task force will give all SGATAR members a platform to play a role, including relaying their views to international forums.

- Enable cooperation and support for the development of robust, cohesive tax systems in each jurisdiction. According to the communiqué, SGATAR members will be able to use the task force to coordinate sharing of best practice and experience and seek assistance on implementing initiatives such as exchange of information.

At the conclusion of the meeting, SGATAR welcomed Cambodia as a member and Australia was elected Chair of SGATAR for 2015. The 45th SGATAR conference in 2015 will be held in Singapore.

Implications

The formalization of the SGATAR operating model and the creation of a task force represent both a growing trend toward greater coordination between tax administrations and the rising importance of developing economies in the global debate on business taxation.

SGATAR’s new task force follows many of the same principles that the OECD’s Forum on Tax Administration (FTA) described when it recently announced its own plans to create a new international platform called the JITSIC (Joint International Tax Shelter Information and Collaboration) Network, whose objective will be to focus specifically on cross-border tax avoidance. The JITSIC Network will be open to all members of the OECD’s FTA on a voluntary basis and it will integrate the existing cooperation among some national tax administrators into the larger FTA framework.

As noted in the SGATAR meeting communiqué, the existence of a more formalized SGATAR network will also provide Asia-Pacific nations with a stronger platform via which to feed into the OECD’s Base Erosion and Profit Shifting (BEPS) project. This in turn supports the recent mandate of the G20 members to drive deeper engagement with developing countries, in order to address their concerns.

Endnotes


For additional information with respect to this Alert, please contact the following:

**Ernst & Young LLP, Washington DC**
- Rob Hanson  +1 202 327 5696  rob.hanson@ey.com
- Rob Thomas  +1 202 327 6053  rob.thomas@ey.com

**Ernst & Young (Australia), Sydney**
- Howard Adams  +61 2 9248 5601  howard.adams@au.ey.com
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