Chapter 9

Legislated administrative frameworks for tax administration

This chapter provides an overview of the legislated administrative frameworks for the conduct of tax administration in surveyed countries, including matters such as: (1) *taxpayers' rights and obligations;* (2) *access to rulings;* (3) *taxpayer registration and identification systems;* (4) *withholding and third party information reporting regimes;* (5) *return filing and payment regimes;* (6) *administrative review;* (7) *enforced collection of unpaid taxes;* (8) *information and access powers; and* (9) *tax offences (including use of voluntary disclosure policies and approaches). A number of selected country examples are also included to elaborate particular recommended approaches and/or describe recent developments.*

Key points

Taxpayers' rights and charters

- With minor exceptions, all revenue bodies operate with a formal set of taxpayers' rights set out in law or other statutes, and/or in administrative documents. (A number of related recent developments are described for revenue bodies in Ireland and the United States.)

Access to rulings

- Over 90% of revenue bodies reported they provide public and, at taxpayer's request, private rulings.
- Concerning private rulings, time limits are applied for their provision in over two-thirds of surveyed revenue bodies while over a third impose fees for such rulings for some/all taxes.

Taxpayer registration and identification numbering systems

- The most commonly used types of identifier for PIT purposes are a unique taxpayer identifier and a citizen ID number; a very small number use the identifier established for social insurance purposes.
- Reflecting quite different systems of personal tax administration and registration, there are significant variations between countries in the relative size of their respective taxpayer registration databases.
- The majority of revenue bodies use unique identification and numbering systems for CIT and VAT.

Collection of Personal Income Tax

- With a few exceptions all revenue bodies administer "withholding at source" arrangements for the collection of PIT (and in most countries where applicable, SSC) on employment income.
- Withholding regimes for employment income fall into two categories (i.e. non-cumulative and cumulative), with the latter most commonly observed.
- Employers are generally required to withhold and remit payments on a monthly basis although there are some noteworthy exceptions observed. Significant variations are also observed in the frequency of employers' reporting obligations.
- Withholding regimes for the collection of income tax – as a final or creditable tax – for both interest income and dividend income of resident taxpayers are in place in over two-thirds of revenue bodies.
- Withholding and/or mandatory reporting arrangements are also used to varying degrees in many countries for payments made by businesses to certain categories of self-employed/contractors/small medium enterprises, rents, royalties and patents, and sales of shares and real property.
- With minor exceptions, all countries provide for the graduated collection of PIT (on income not subject to withholding of tax at source) and CIT with a regime of advance/instalment payments. The requirements of these arrangements vary substantially (e.g. numbers of payments and mandatory use of e-payment) with implications for taxpayers and revenue body workloads.

Collection of Corporate Income Tax

- With minor exceptions, all countries provide for the graduated collection of CIT with a regime of advance payments. Most countries aim to maximise the amount of tax collected by advance payment regimes *within the year the relevant income is derived*. Typically, this is achieved with a regime of monthly advance payments for large taxpayers (just over 40% of countries) and quarterly for small/medium sized taxpayers (just under 30%).
- While there is no "optimal" approach, over 40% of countries have what appears to be a relatively rigid "one size fits all" approach to the frequency of advance payments. For some, this may present opportunities to advance the collection of taxes from larger taxpayers and/or reduce payment frequency for smaller taxpayers, taking account of compliance costs and other considerations.
- Many countries (almost half) have mandated the use of e-filing and e-payment for their largest corporate taxpayers, while a significant number have also extended the requirement to smaller corporations.

Key points *(continued)*

Collection of Value Added Tax

- Most countries aim to align the collection of VAT with underlying economic activity, in practice using a regime of monthly or quarterly returns and payments. Some countries differentiate between large and SME taxpayers, requiring returns and payments less frequently from SME and very small taxpayers. A small number of countries administer what appear to be relatively rigid "one size fits all" requirements for VAT return filing and payments, suggesting opportunities for reform to produce a variety of benefits.
- Around two-thirds of surveyed countries have mandated use of e-filing and e-payment obligations for their largest and SME taxpayers, while over half have extended this obligation to their smallest VAT payers. This factor accounts for the very high overall rates of e-filing observed (see Table 7.5) and, in particular, for the rapid growth seen in many countries over the last 4 to 5 years.

Enforced debt collection

- The vast majority of surveyed bodies have the more traditional forms of powers to enforce the payment of tax debts (e.g. payment arrangements, collection of debts from third parties, and tax clearances for government contracts); the less commonly-observed powers included imposing liability for certain tax debts on company directors, closure of businesses/loss of license to operate, and use of publicity).
- The series observes that just under one-fifth of revenue bodies have, in comparison with others, what appears to be a more limited range of powers for enforced debt collection purposes.

Information and access powers

- With minor exceptions, revenue bodies have powers to obtain relevant information and in virtually all countries these powers extend to third parties; the circumstances in which entry of dwellings and business premises and search powers can be used vary between countries, as do the use of warrants and the extent of the involvement of other government agencies.

Tax offences, interest, penalties and enforcement

- The vast majority (almost 90%) of revenue bodies reported they have a common administrative penalty framework for the major taxes administered by them.
- The use of voluntarily disclosure policies and programmes appears to be an under-utilised strategy for many revenue bodies. Results from selected countries indicate they can be an effective tool for encouraging taxpayers to report past acts of non-compliance, in particular concerning that concerning the concealment of assets and income in offshore bank accounts. (A number of related recent developments are described for revenue bodies in Australia, Chile and Israel.)

Introduction

This chapter outlines key elements of the legislated administrative frameworks of tax systems in the countries surveyed, identifying common features as well as some of the more unique practices and recent developments. The specific topics covered are: *(1)* taxpayers rights and obligations; *(2)* access to rulings; *(3)* taxpayer registration and identification systems; *(4)* withholding and third party information reporting regimes; *(5)* return filing and payment regimes; *(6)* administrative review; *(7)* enforced collection of unpaid taxes; *(8)* information and access powers; and *(9)* tax offences (including use of voluntary disclosure policies and approaches).

Taxpayers' rights and obligations

In any democratic society taxpayers/citizens will have a number of basic rights as well as obligations in relation to their government and its agencies. Revenue bodies are no exception and most countries have legislation governing taxpayer's rights and obligations in relation to taxation.

As would be expected, given the diversity of environments in which revenue bodies around the world exist, the specific details of taxpayers' rights and obligations vary somewhat by country. There are, however, a number of common threads that can be identified. In 1990, the OECD's Committee of Fiscal Affairs completed a report (unpublished) of its study examining the legal and administrative frameworks in place in OECD countries concerning taxpayers' rights and obligations. The survey found that, while most countries at that time did not have an explicit "taxpayers' charter", the following basic taxpayer rights were present in all systems:

- The right to be informed, assisted, and heard.
- The right of appeal.
- The right to pay no more than the correct amount of tax.
- The right to certainty.
- The right to privacy.
- The right to confidentiality and secrecy.

These basic taxpayers' rights also imply obligations on the part of taxpayers. There is a set of behavioural norms expected of taxpayers by Governments to underpin smooth functioning of the tax system. These expected behaviours are so fundamental to the successful operation of taxation systems that they are legal requirements in many, if not most, countries. These taxpayer obligations are:

- The obligation to be honest.
- The obligation to be co-operative.
- The obligation to provide accurate information and documents on time.
- The obligation to keep records.
- The obligation to pay taxes on time.

Without this balance of taxpayers' rights *and* obligations taxation systems could not function effectively and efficiently.

Over recent decades, many countries have elaborated these basic rights and obligations into a "taxpayer/customer" or "service" charter. These documents often include statements about behaviours expected from officials and taxpayers. Some countries have chosen to consolidate the measures taken to protect taxpayers into a "taxpayers' charter" or "declaration", and to publish these widely. In some countries, they have taken the form of a general statement of the broad principles which should govern the relationship between the revenue body and taxpayers. In other countries, these documents provide a more detailed guide to the rights of taxpayers at each stage in the assessment process. Yet other countries have taken the approach of including statements about behaviours expected from officials and taxpayers in documents such as their mission statements. Accordingly, it should be stressed that even countries without a taxpayer charter may, nevertheless, attach equal importance to taxpayers' rights and that in practice taxpayers in such countries have rights similar to those found in formal taxpayers' charter statements.

As set out in Table 9.1, as of early 2014 just about all revenue bodies conduct tax operations that are underpinned with a formal set of taxpayers' rights set out in either legislative and/or administrative form. Of these, 45 countries have codified them (partly or in full) in tax law or other statutes, while 43 revenue bodies operate with a set of rights and obligations that are elaborated in administrative documents, sometimes referred to as "taxpayer" or "service" charters. These figures suggest an increasing trend towards the codification of taxpayers' rights and obligations since 2003 when further OECD work found that only two-thirds of member countries had some form of formal statements of taxpayers' rights (OECD, 2003).

The decision whether to take a codified or administrative approach appears to be based on a range of different factors, in addition to cultural and legal issues. Reasons advanced in support of relying on an administrative approach include:

1. It is likely to be quicker to develop and implement than a legislative document.
2. Administrative documents can be drafted in a "reader-friendly" and readily disseminated, which may not be easily duplicated with a legislated approach.
3. It allows for the inclusion of "service" and other broader rights that may be less suitable for a legislative approach.
4. Administrative documents can be easily adapted to address changing taxpayer requirements.
5. Administrative redress mechanisms tend to be cheaper and quicker than statutory processes.

On the other hand, there is some attraction to adopting a codified approach. First, such an approach may strengthen taxpayers' perceptions that the rights set out in law are indeed are genuine and will be respected in practice. Second, revenue body staff may be more responsive, aware that the rights have the force of law. Third, there may be less scope for interference as a result of political interests. Finally, taxpayers' rights will be subject to established mechanisms of redress and challenge that are seen as independent.

The form and content of these sets of rights varies between countries. There are, however, some common themes and elements. Drawing on the experiences of revenue bodies in a number of OECD countries, the CFA's 2003 note described the elements, including both "taxpayers' rights" and "taxpayers' obligations", of an illustrative taxpayers' charter (see Box 9.1) and encouraged revenue bodies to develop a taxpayers' charter covering the basic rights and obligations identified, if they had not already done so.

The promotion of taxpayers' rights and the objective making them highly transparent is also evident in the guidance provided by other international bodies, for example:

- The IMF's *Manual on Fiscal Transparency* gives explicit recognition to the importance of taxpayers' rights and provides some specific guidance (IMF, 2007):

  > […] The constitutional framework of almost all countries embodies the principle that no tax may be levied unless it has a clear legal basis (although there are some differences in the application of this principle). It is fundamental to fiscal transparency that taxation be under the authority of law and that the administrative application of tax laws be subject to procedural safe-guards, such as taxpayer rights and tax dispute procedures […]

Box 9.1. Illustrative Taxpayers' Charter: Description of taxpayers' rights and obligations

Taxpayers' Rights

Your right to be informed, assisted and heard:

We will treat you with courtesy and consideration at all times and will, in normal circumstances, strive to help you to understand and meet your tax obligations; explain to you the reasons for decisions made by us concerning your affairs; finalise refund requests within … days/[as quickly as possible] and, where the law allows, pay you interest on the amount; answer written enquiries within … days/[as quickly as possible]; deal with urgent requests as quickly as possible; answer your telephone call promptly and without unnecessary transfer; return your telephone call as quickly as possible; keep your costs in complying with the law to a minimum; give you the opportunity to have your certified legal or taxation adviser present during any investigation; send you, within … days/[as quickly as possible] of the completion of an investigation, written advice of the result of that investigation including the reasons for any decision and, where an assessment has been issued, details of how the assessment was calculated.

Your right of appeal

We will, in normal circumstances, strive to fully explain your rights of review, objection and appeal if you are unsure of them or need clarification; review your case if you believe that we have misinterpreted the facts, applied the law incorrectly or not handled your affairs properly; ensure that the review is completed in a comprehensive, professional and impartial manner by a representative who has not been involved in the original decision; determine your objection within … days/[as quickly as possible], unless we require more information to do so, or the issues are unusually complex; give you reasons if your objection has been completely or partially disallowed; and request further information from you only where it is necessary to resolve the issues in dispute.

Your right to pay no more than the correct amount of tax:

We will act with integrity and impartiality in all our dealings with you, so that you pay only the tax legally due and that all credits, benefits, refunds and other entitlements are properly applied.

Your right to certainty

We will, in normal circumstances, strive to provide you with advice about the tax implications of your actions; let you know at least … days/[as quickly as possible] before the conduct of an interview; advise you of the scope of an interview and our requirements; and arrange a suitable time and place for the interview and allow you time to prepare your records.

Your right to privacy

We will only make enquiries about you when required to check that you have complied with your tax obligations; only seek access to information relevant to our enquiries; and treat any information obtained, received or held by us as private.

Your right to confidentiality and secrecy

We will not use or divulge any personal or financial information about you unless you have authorised us in writing to do so or in situations where permitted by law; and only permit those employees within the administration who are authorised by law and require your personal or financial information to administer our programmes and legislation, to access your information.

Taxpayers' Obligations

Your obligation to be honest

We expect you to provide complete and accurate information as and when required; declare all your assessable income in your income tax return; claim only deductions, rebates and credits to which you are entitled; answer questions completely, accurately and honestly; explain the full facts and circumstances when you seek tax advice or when you request a private ruling.

Your obligation to be co-operative

We expect you to co-operate with tax administrators and treat them with courtesy, consideration and respect, as we do in our dealings with you.

Your obligation to provide accurate information and documents on time:

We expect you to file correct returns and documents within time limits specified; provide complete and accurate information by certain dates; take reasonable care in preparing your tax returns, documents and information; inform us of relevant events such as incorporation, opening a business, correspondence address changes, moving the place of business, ceasing business, with required taxpayer identifiers in a timely manner so that we can administer tax legislation properly, efficiently and effectively.

Your obligation to keep records

We expect you to keep sufficient records and books to enable you to meet your tax obligations; keep sufficient records and books for the required retention period; take reasonable care in preparing your records and books; allow us access to records and books so that we can check your tax obligations.

Your obligation to pay taxes on time

We expect you to pay the full amount of your taxes by the due dates; pay the full amount of any balance outstanding resulting from assessment or reassessment; help us develop a mutually acceptable payment arrangement if you cannot pay any outstanding balance in full and have exhausted all reasonable possibilities of obtaining the necessary funds by borrowing or re-arranging your financial affairs; withhold and remit by due dates all taxes withheld or collected on behalf of others; advise us as soon as practical if some event beyond your control has affected your ability to pay your taxes on time so that appropriate arrangements can be put into place to assist you.

Source: Practice note: Taxpayers' Rights and Obligations (OECD CFA, July 2003).

Tax laws should provide taxpayers with the following rights or safeguards: *(i)* confidentiality – the right to have personal information accorded the greatest possible confidentiality with the tax authorities; *(ii)* notice – the right to be notified of an assessment, a decision on adjudication, or any collection action against the taxpayer's assets; *(iii)* explanation – the right to an explanation of why a tax is being assessed in the way it is and to an explanation of the reasons for a decision by adjudication; *(iv)* appeal – the right to an independent administrative appeal and a final judgment appeal; and *(v)* representation – the right to be represented by a qualified professional (attorney, accountant, etc.) in any dealings with the tax authority.

These rights should be established in law and can also be incorporated in a taxpayers' charter or equivalent that is used to communicate taxpayer rights and to hold agencies accountable for their performance, including administrative discretion, etc.

- The European Commission's (EC) set of Fiscal Blueprints, the background to which is described in Chapter 1 of this series, includes a blueprint concerning "Taxpayer Services" which emphasises the importance of defining and publicising taxpayers' rights and obligations so that taxpayers have confidence in the fairness and equity of the tax system but are also aware of the implication of non-compliance (EC, 2007).

Country developments with the development of taxpayers' or service charters

Previous editions of this series highlighted developments in the codification of taxpayers' rights and the introduction of taxpayer and/or service charters. CIS 2008 outlined examples from Canada and Slovenia, CIS 2010 drew attention to the approaches of revenue bodies in Australia, Denmark, and the United Kingdom, while the 2013 series looked outside the OECD and outlined developments in Hong Kong and Lithuania. For this series, the opportunity is being taken to again provide other examples – see Boxes 9.2 and 9.3.

Ireland

Ireland's Revenue has also developed and published a customer service charter, and, like a few other countries, its charter also includes a set of its expectations of its customers – see Box 9.2 (Revenue, 2014). That distinction aside, the principles underpinning Revenue's charter broadly align with those in the OECD model although, in addition, Revenue gives explicit recognition to the issue of taxpayers' compliance costs. Revenue also complements its charter with a comprehensive statement on service standards that set out the levels/rates of performance customers can expect in relation to the more common categories of services, and publishes the level of performance achieved in its annual performance report.

United States

The Internal Revenue Service (IRS) published a "Taxpayer Bill of Rights" in June 2014. As reported by the IRS's National Taxpayer Advocate, the Taxpayer Bill of Rights takes the multiple existing rights embedded in the tax code and groups them into 10 broad categories, making them more visible and easier for taxpayers to locate:

> Congress has passed multiple pieces of legislation with the title of "Taxpayer Bill of Rights". However, taxpayer surveys conducted by my office have found that most taxpayers do not believe they have rights before the IRS and even fewer can name their rights. I believe the list of core taxpayer rights the IRS is announcing today will help taxpayers better understand their rights in dealing with the tax system. (IRS, 2014)

Box 9.2. **Ireland: Revenue's Customer Service Charter**

Revenue collects taxes and duties which fund the provision of public services for the benefit of all citizens. Revenue protects society through its Customs Service working on frontier control. The effective and fair administration of tax and customs law requires Revenue and citizens to recognise certain basic rights and responsibilities. This Customer Charter sets out mutual expectations in this context.

Consistency, Equity and Confidentiality

- Revenue will administer the law fairly, reasonably and consistently and will seek to collect no more than the correct amount of tax or duty.
- Revenue will treat the information you give us in confidence and ensure that it will not be used or disclosed except as provided for by law.

Courtesy and Consideration

- You can expect to be treated courteously, with consideration and in a non-discriminatory way in your dealings with Revenue.
- We expect you to treat Revenue officials with courtesy and to give them all reasonable co-operation.

Information and Assistance

- You can expect to be given the necessary information and all reasonable assistance to enable you to clearly understand and meet your tax and customs obligations and to claim your entitlements and credits.
- We expect you to provide true and correct information in all your contacts with Revenue and to advise Revenue in a timely manner of developments (such as change of address, commencement or cessation of business) that are relevant to your tax and customs affairs.

Presumption of Honesty

- You can expect to be treated as honest in your dealings with Revenue unless there is clear reason to believe otherwise and subject to Revenue's responsibility for ensuring compliance with tax and customs law.
- We expect you to deal in an honest way with Revenue by returning the tax and duty which you are due to pay and seeking only those entitlements and credits to which you are due.

Compliance Costs

- You can expect that Revenue will administer the tax and duty regimes in a way that will minimise, as far as possible, compliance costs.
- We expect you to maintain proper records and accounts and to ensure that your returns and declarations are completed fully, accurately and in a timely manner.

Complaints, Review and Appeal

There are comprehensive complaints and appeal procedures open to all customers of Revenue and we encourage you to avail of these if you are in any way dissatisfied with the service you receive from us. You can expect:

- That if you make a complaint, Revenue will deal with it promptly, impartially and in confidence.
- That availing of Revenue's own complaints procedures will never prejudice your rights to raise issues with the Ombudsman or lodge, within the statutory time limits, a formal appeal to the Office of the Appeal Commissioners against an assessment raised by Revenue or against certain determinations made by Revenue officials.

Source: Revenue website (September 2014).

Box 9.3. **United States: Taxpayer Bill of Rights**

The Right to Be Informed

Taxpayers have the right to know what they need to do to comply with the tax laws. They are entitled to clear explanations of the laws and IRS procedures in all tax forms, instructions, publications, notices, and correspondence. They have the right to be informed of IRS decisions about their tax accounts and to receive clear explanations of the outcomes.

The Right to Quality Service

Taxpayers have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS, to be spoken to in a way they can easily understand, to receive clear and easily understandable communications from the IRS, and to speak to a supervisor about inadequate service.

The Right to Pay No More than the Correct Amount of Tax

Taxpayers have the right to pay only the amount of tax legally due, including interest and penalties, and to have the IRS apply all tax payments properly.

The Right to Challenge the IRS's Position and Be Heard

Taxpayers have the right to raise objections and provide additional documentation in response to formal IRS actions or proposed actions, to expect that the IRS will consider their timely objections and documentation promptly and fairly, and to receive a response if the IRS does not agree with their position.

The Right to Appeal an IRS Decision in an Independent Forum

Taxpayers are entitled to a fair and impartial administrative appeal of most IRS decisions, including many penalties, and have the right to receive a written response regarding the Office of Appeals' decision. Taxpayers generally have the right to take their cases to court.

The Right to Finality

Taxpayers have the right to know the maximum amount of time they have to challenge the IRS's position as well as the maximum amount of time the IRS has to audit a particular tax year or collect a tax debt. Taxpayers have the right to know when the IRS has finished an audit.

The Right to Privacy

Taxpayers have the right to expect that any IRS inquiry, examination, or enforcement action will comply with the law and be no more intrusive than necessary, and will respect all due process rights, including search and seizure protections and will provide, where applicable, a collection due process hearing.

The Right to Confidentiality

Taxpayers have the right to expect that any information they provide to the IRS will not be disclosed unless authorised by the taxpayer or by law. Taxpayers have the right to expect appropriate action will be taken against employees, return preparers, and others who wrongfully use or disclose taxpayer return information.

The Right to Retain Representation

Taxpayers have the right to retain an authorised representative of their choice to represent them in their dealings with the IRS. Taxpayers have the right to seek assistance from a Low Income Taxpayer Clinic if they cannot afford representation.

The Right to a Fair and Just Tax System

Taxpayers have the right to expect the tax system to consider facts and circumstances that might affect their underlying liabilities, ability to pay, or ability to provide information timely. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through its normal channels.

Source: United States IRS website (September 2014).

The IRS released the Taxpayer Bill of Rights publication after extensive discussions with the Taxpayer Advocate Service, an independent office inside the IRS that represents the interests of US taxpayers. Since 2007, the development of a Taxpayer Bill of Rights has been a goal of National Taxpayer Advocate, Nina Olson, and it was listed as the Advocate's top priority in her most recent Annual Report to Congress. The Taxpayer Bill of Rights contains 10 provisions that are set out in Box 9.3 and aligns closely with the set of rights recommended in the OECD's model charter (Box 9.1).

The IRS is attaching high priority to ensuring taxpayers are aware of the new provisions and have a clear understanding of their rights. As recently stated by the IRS's tax commissioner (IRS, 2014):

> This information is critically important for taxpayers to read and understand […] We encourage people to take a moment to read the Taxpayer Bill of Rights, especially when they are interacting with the IRS. While these rights have always been there for taxpayers, we think the time is right to highlight and showcase these rights for people to plainly see.

To help disseminate the provisions, the IRS has created a publication that is being sent routinely with IRS correspondence to taxpayers. The publication was initially available in English and Spanish and updated versions have subsequently been made available in Chinese, Korean, Russian and Vietnamese. The IRS has also created a special section on its website to highlight the 10 rights (see www.irs.gov/Taxpayer-Bill-of-Rights. The IRS internal website for employees has added a special section so people working in the IRS have easy access as well. As part of its ongoing efforts to disseminate the new Bill of Rights, the IRS has added posters and signs to its public offices so taxpayers visiting the IRS can easily see and read the information, and in September 2014, it released a new YouTube video encouraging taxpayers to learn about the Taxpayer Bill of Rights.

Access to tax rulings

In line with taxpayers' rights to be informed, assisted and provided with certainty, it has become a matter of practice for revenue bodies to provide services in the form of advice on how they will interpret the laws they administer. This section provides an overview of the regimes operated by revenue bodies that provide rulings on important aspects of tax law (that are made public) and allow taxpayers to seek advanced rulings in respect of certain transactions being considered by them or already undertaken.

A public ruling is a published statement of how a revenue body will interpret provisions of the tax law in particular situations. They are generally published to clarify the application of the law, especially in situations where large numbers of taxpayers may be impacted by particular provisions of the law and/or where a particular provision has been found to be causing confusion and/or uncertainty – in other words, a taxation issue or question of public importance. Typically, a public ruling is binding on the revenue body if the ruling applies to the taxpayer and the taxpayer relies on the ruling.

A private ruling relates to a specific request from a taxpayer (or their tax representative) seeking clarification of how the law would be applied by the revenue body in relation to a particular proposed or completed transaction/s. The objective of private ruling systems is to provide additional support and early certainty to taxpayers on the tax consequences of certain, often complex or high-risk transactions.

Table 9.1. **Taxpayers' rights and selected features of the revenue rulings system**

Country	Rights are formally defined in		Public rulings are		Private rulings are			
	Tax or other laws	Administrative documents	Issued	Binding	Issued	Binding	Subject to time limits (time limit)	Subject to fees
OECD Countries								
Australia	✓	✓	✓	✓	✓	✓	✓ (28 days) /1	x
Austria	✓	✓	✓	✓	✓	✓ /1	✓	✓ /1
Belgium	✓	✓	✓	✓	✓	✓	✓ (3 months)	x
Canada	✓	✓	✓	x	✓	✓	✓ (varies by tax) /1	✓ /2
Chile	✓	✓	✓	✓	✓	✓	x	x
Czech Republic	✓	x	✓	✓	✓	✓	✓	x
Denmark	✓	✓	✓	✓	✓	✓	✓	✓
Estonia	✓	x	✓	✓	✓	✓	(60 days) /1	✓
Finland	✓	✓	✓	✓	✓	✓	✓	✓
France	✓	✓	✓	✓	✓	✓	✓ (3 months)	x
Germany	✓	x	✓	✓	✓	✓	x	✓
Greece	✓	✓	✓	✓	✓ /1	✓ /1	✓ (120 days)	✓
Hungary	✓	✓	✓	✓	✓	x	✓ (30 days)	x
Iceland	✓	x	✓	✓	✓	✓ /1	✓	✓
Ireland	x	✓	✓	✓	✓	✓	✓	x
Israel	✓	✓	✓	✓	✓	✓	✓	x /1
Italy	✓	✓	✓	✓ /1	✓	✓ /1	✓	x
Japan	✓	x	✓	✓	✓	x	x	x
Korea	✓	✓	✓	✓	✓	✓	✓ (1 month)	x
Luxembourg /1	✓	✓	✓	✓	✓	✓	x	x
Mexico	✓	✓	✓	✓	✓	✓	✓ (3 months)	x
Netherlands	✓	✓	✓	✓	✓	✓	x	x
New Zealand	x	✓	✓	✓	✓	✓	✓ (3 months)	✓
Norway	✓	✓	✓	✓	✓	✓	✓	✓
Poland	✓	x	✓	✓	✓	✓	✓ (3 months)	✓
Portugal	✓	✓	✓	✓	✓	✓	✓ (150 days) /1	✓
Slovak Republic	✓	x	✓	✓	✓	✓ /1	✓ /1	✓ /1
Slovenia	✓	x	✓	✓	✓	✓	✓	✓
Spain	✓	✓	✓	✓	✓	✓	✓	x
Sweden	✓	✓	✓	✓	x	n.a.	n.a.	n.a.
Switzerland	✓	x	✓	✓	✓	✓	x	x
Turkey	x	✓	✓	✓	✓	✓	x	x
United Kingdom	✓	✓	✓	✓	✓	✓	✓	x
United States	✓	✓ /1	✓	✓	✓	✓	x	✓
Non-OECD countries								
Argentina	x	x	✓	✓	✓	✓	✓ (90 days)	x
Brazil	✓	✓	✓	✓	✓	✓	✓ (360 days)	x
Bulgaria	✓	✓	✓	✓	✓	x	✓	x
China	✓	✓	x	x	x	x	x	x
Colombia	x	✓	✓	✓	x	x	x	x
Costa Rica	✓	x	✓	✓	✓	✓	✓ (2 months)	x
Croatia	✓	✓	✓	✓	✓	✓	x	x
Cyprus	✓	✓	✓	✓	✓	✓	✓ (30 days)	x
Hong Kong, China	✓	✓	✓	x	✓	✓	✓ (6 weeks)	✓
India	✓	✓	✓ /1	✓	✓ /2	x	x	✓
Indonesia	✓	x	✓	✓	x	x	x	x
Latvia	✓	✓	✓	✓	✓	✓	✓ (1 month) /1	x
Lithuania	✓	✓	✓	✓	✓	✓	✓ (60 days) /1	x
Malaysia	✓	✓	✓	✓	✓	✓	✓ (60 days)	✓ /1
Malta	✓	✓	✓	✓	✓	x	x	x
Morocco	✓	✓	✓	✓	✓	✓	x	x
Romania	✓	✓	✓	✓	✓	✓	✓	✓
Russia	✓	x	✓	✓	✓	✓	✓ (1 month)	x
Saudi Arabia	✓	✓	✓	✓	✓	✓	x	x
Singapore	✓	✓	✓	✓	✓	✓	✓ (varies by tax) /1	✓ /1
South Africa	x	✓	✓	✓	✓	✓	✓ (varies) /1	✓
Thailand	✓	x	✓	✓	✓	✓	3 months	x

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 332.
Source: Tax Administration 2015 survey responses.

Table 9.1 identifies some important features of the systems in place for obtaining public and private tax rulings. The key observations are as follows:

- With one exception (i.e. China) all revenue bodies reported the operation of a public rulings system. Most revenue bodies (53 of 55) reported that such rulings are generally binding on them.
- Most revenue bodies (51 of 56) reported the operation of a private rulings service, although around 10% reported that such rulings are generally not binding on the revenue body. In Sweden, there is a council independent of the revenue body that provides advance private rulings that, in some cases, are subject to a charge (but there are no time limits).
- Over two-thirds of revenue bodies providing private rulings reported the existence of time limits (either imposed under the law or applied administratively) for making rulings, with some indicating additional time requirements for complex cases or where further information is required from taxpayers. As will be evident from Table 9.1, the time limits applied in practice vary widely, ranging from 28 days up to a year.
- Just over a third of revenue bodies also reported that provisions exist for imposing a fee for the provision of a ruling, for some/all of the taxes administered by them.

Taxpayer registration and identification numbering systems

Comprehensive systems of taxpayer registration and numbering are a critical feature of the tax administration arrangements in most countries, supporting most tax administration processes and underpinning all return filing, collection, assessment and verification activities.

For some revenue bodies, registration involves the maintenance of basic taxpayer identifying information (e.g. for individuals, full name and address, date of birth, and for businesses, full name, business and postal addresses) using a citizen or business identification number that is used generally across government and which, for tax administration purposes, permits the routine identification of taxpayers for a range of administrative functions (e.g. issue of notices, detection of non-filers and follow-up enforcement actions). For others, the registration system involves the operation of a system of unique taxpayer identification numbers (TINs) which similarly facilitates general administration of the tax laws. Regardless of whether the identification and numbering of taxpayers is based on a citizen number or a unique TIN, many revenue bodies also use the number to match information reports received from third parties with tax records to detect instances of potential non-compliance, to exchange information between government agencies (where permitted under the law), and for numerous other applications. Japan is an example of a country that has recently taken steps to adopt a new numbering system for tax and social security administration purposes – see Box 9.4 (NTA, 2014).

Box 9.4. **Japan. New numbering system for tax and social security administration**

In May 2013, the Act on Use of Numbers to Identify Particular Individuals in Administrative Procedures and other bills related to Act were promulgated, thereby introducing a new social security and tax number system. The social security and tax number system is to be the base of a more fair social security and tax system, and will contribute to the people’s convenience and a higher efficiency of administration as infrastructure of information society. Personal numbers will first be introduced in limited areas such as the social security and tax fields.

Box 9.4. **Japan. New numbering system for tax and social security administration** *(continued)*

On the other hand, corporate numbers will be used widely and generally disclosed. Both the public and private sectors shall be able to make various uses of them.

Introduction schedule: At present, introduction of the number system is scheduled as follows: *(1)* Personal numbers and Corporate numbers will be notified around the autumn of 2015: *(2)* The numbers will start to be used from January 2016 in the fields of social security, taxes and disaster measures. As a result, in accordance with the Act for Introduction of the Number Act, the numbers in the tax area will start to be used from the tax returns of the year 2016 for income tax, from the tax returns of the business year starting in or after January 2016 for corporate tax, from statutory statements for the payment of money, etc. made in or after January 2016, from applications, etc. that should be submitted in or after January 2016.

Outline of the number system: In the tax field, the NTA expects that use of the numbers on tax-related documents (such as final tax returns and statutory statements, etc.) will facilitate name-based aggregation of statutory statements and matching with tax returns. This is expected to improve the accurate verification of income and thus, contribute to proper and fair taxation.

Introduction of the numbers is also expected to be more convenient for taxpayers, for example, attachment of certificates of residence can be omitted in final tax return procedures by utilising the Basic Resident Registration network system, and electric filings can be submitted to only one address for the payment records and withholding records of salary/pension which the taxpayers are required to submit with the same entries to both the national and the local governments.

Source: NTA's Annual Report, 2014.

Information concerning the registered taxpayer populations of surveyed revenue bodies, the system of taxpayer identifiers used, and the use of such identifiers is set out in Tables 9.2, 9.3 and 9.4. The key observations are as follows:

Personal Income Tax

- Around half (27) of surveyed revenue bodies utilise a unique taxpayer identifier for personal taxation purposes, while just under half (22) use a citizen ID number, with the balance (including Canada, Finland, United Kingdom and United States) employing the identifier originating for social insurance purposes.
- For around 75% of the countries surveyed, the identifiers used are all numeric although, of some concern, six countries (including China, Switzerland, and the United States) reported using an identifier that does not incorporate a check digit that can be used for point-of-entry data validation purposes; where a citizen ID number is used, the identifier often includes digits that are taxpayer specific (e.g. age, nationality or residence) as is the case in Spain.
- Taxpayer identifiers, regardless of their specific nature, are used widely in the reporting of employment income, pension, interest and dividend income (all in over 80% of countries, but less so for asset sales and payments to prescribed contractors, which is around two-thirds).

- Using country labour force data as a benchmark, the proportion of personal taxpayers who are registered with the revenue body varies substantially across revenue bodies. For around one-third of revenue bodies (18), the proportion was less than 80%, and for many well below this figure; in the vast majority of these countries employees are generally not required to file annual tax returns, being either under the income threshold for personal income tax or dealt with under the cumulative form of employee withholding that is used in these countries (see further comments later in this chapter).
- Revenue bodies with relatively low rates of registration (i.e. less than 60% of the labour force population or 20% citizen population) were Brazil, Colombia, Costa Rica, Croatia, Czech Republic, India, Indonesia, Japan, Korea, Malaysia, Mexico, Morocco, Romania, Slovak Republic, Thailand, and Turkey); all of these revenue bodies administer withholding regimes for their PIT taxpayers that free the majority of them from the requirement to file annual tax returns.
- Revenue bodies with relatively high rates of personal taxpayer registration (i.e. over 180% of their respective labour forces or over 90% of their respective citizen populations) such as Australia, Finland, Greece, Israel, Luxembourg, and the United States) typically have some other unique features attaching to their systems of personal tax administration (e.g. use of a social security or citizen identity number as the taxpayer identifier and/or non-cumulative withholding regimes that require an end-of-year tax return/reconciliation).

Corporate Income Tax and Value Added Tax

- Similar arrangements apply for CIT and VAT, with unique identification and numbering systems used by 40 revenue bodies (for CIT) and 37 revenue bodies (for VAT) respectively.

Table 9.2. **System of taxpayer identifiers used and numbers of registrations – PIT**

Country	Nature of identifier			Features of identifier				Number registered end 2013 (millions)	Registrations as % of	
	Unique TIN	Citizen ID number*	SSC number	N or AN	No. of digits	Check digit	Taxpayer specifics		Labour force	Citizen population
OECD countries										
Australia	✓			N	9	✓	x	27.2	223	118
Austria	✓			N	9	✓	x	6.9	157	81
Belgium		✓		N	11	✓	✓	6.83	138	61
Canada			✓	N	9	✓	x	28.8 /1	150	82
Chile		✓		N	8	✓	x	8.88	106	51
Czech Republic		✓		AN	10	✓	✓	2.92	55	28
Denmark		✓		N	10	✓	✓	5.00	173	89
Estonia		✓		N	11	✓	✓	0.55 /1	81	42
Finland			✓	AN	10	✓	✓	5.4	201	99
France	✓			N	13	✓	✓	36.5 /1	128	56
Germany	✓			N	11	✓	x	62.92	147	77
Greece	✓			N	9	x	x	11.85	238	107
Hungary	✓			N	10	✓	✓	5.19	118	52
Iceland		✓		N	10	✓	✓	0.26	144	81
Ireland		✓		AN	9	✓	x	2.72	126	59
Israel		✓ /1		N	9	✓	x	7.22 /1	196	90
Italy	✓			AN	16	✓	✓	41.41 /1	162	68
Japan	-	-	-	-	-	-	-	22.0 /1	33	17
Korea		✓		N	13	✓	✓	21.4 /1	83	43
Luxembourg		✓		N	11	✓	✓	1.10	440	204
Mexico	✓			AN	13	✓	✓	9.76	19	8
Netherlands		✓		N	9	✓	x	7.85	88	47
New Zealand	✓			N	9	✓	x	3.70	153	83
Norway		✓		N	11	-	✓	3.4	126	67
Poland		✓		N	10 /1	✓	✓	17.27	99	45
Portugal	✓			N	9	✓	x	7.0	130	65
Slovak Republic	✓			N	10	✓	x	0.66 /1	24	12
Slovenia	✓			N	8	✓	x	1.01	100	49
Spain		✓		AN	9	✓	✓	19.4 /1	84	42
Sweden		✓		N	12	✓	✓	7.5	146	78
Switzerland			✓	N	Vary	x	x	4.8 /1	103	60
Turkey	✓			N	11	✓	x	1.79	6	2
United Kingdom			✓	N	10	✓	x	39.0	121	62
United States			✓	N	9	x	x	283.1 /1	181	90
Non-OECD countries										
Argentina	✓			N	11	✓	✓	4.4	23	11
Brazil	✓			N	11	✓	x	25.6	25	13
Bulgaria	✓			N	10	✓	✓	2.6	77	36
China	✓			AN	18	x	✓	n.a.	n.a.	n.a.
Colombia	✓			AN	9	✓	x	1.56	n.a.	3
Costa Rica		✓		N	12	✓	x	0.33*	15	7
Croatia		✓		N	11	✓	x	0.10 /1	6	2
Cyprus	✓			AN	9	✓	✓	0.36	84	41
Hong Kong, China	✓			AN	7	✓	x	3.30	85	46
India	✓			AN	10	✓	✓	32.50	n.a.	3
Indonesia	✓			N	15	✓	x	25.06	21	10
Latvia		✓		N	11	✓	✓	0.91	90	45
Lithuania	✓			N	9-11	✓	✓	1.40	95	47
Malaysia	✓			AN	11	✓	x	6.79	51	23
Malta		✓		AN	Vary	x	✓	0.28	147	67
Morocco	✓			N	8	x	x	4.5	n.a.	14
Romania		✓		N	13	✓	✓	0.56 /1	6	3
Russia	✓			N	10	✓	x	145.3 /1	192	101
Saudi Arabia	-			-	-	-	-	/1	n.a.	n.a.
Singapore		✓		AN	7	✓	x	2.0 /1	93	37
South Africa	✓			N	10	✓	x	15.7 /1	79	30
Thailand		✓		N	13	✓	x	16.76	42	25

* Citizen ID number = national personal/individual identity card number (or equivalent ID used across Government).
For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 333.
Source: Tax Administration 2015 survey responses.

Table 9.3. **System of taxpayer identifiers used and number of registrations – CIT and VAT**

	Corporate income tax (CIT)						Value added tax (VAT)					
	Characteristics of identifier					Number registered end FY2013 (millions)	Characteristics of identifier					Number registered end FY2013 (millions)
Country	Unique TIN	N or AN	No. of digits	Check digit	Taxpayer specifics		Unique TIN	N or AN	No. of digits	Check digit	Taxpayer specifics	
OECD countries												
Australia	✓	N	9	✓	x	3.1	✓	N	11	✓	x	2.7
Austria	✓	N	9	✓	x	0.15	✓	AN	11	✓	x	0.83
Belgium	x /1	N	10	✓	x	0.56	✓	AN	12 /1	✓	x	0.84
Canada	✓	AN	15	✓	x	2.98 /1	✓	AN	15	✓	x	2.56 /1
Chile	✓	N	8	✓	x	0.94 /1	✓	N	8	✓	x	0.83 /1
Czech Republic	✓	AN	10	✓	x	0.53	✓	AN	10	✓	x	0.53
Denmark	✓	N	8	✓	x	0.25	✓	N	8	✓	x	0.47
Estonia	x /1	N	8	✓	x	0.20	✓	AN	11	✓	x	0.07
Finland	x	N	8	✓	x	0.41	✓	AN	10	✓	x	0.31
France	x /1	N	9	✓	x	1.88	✓	N, AN /1	13	✓	x	3.77
Germany	✓	N	11	✓	x	1.02	✓	N	11	✓	x	5.75
Greece	✓	N	9	x	x	0.43	x	N	9	x	x	1.12
Hungary	✓	N	11	✓	✓	0.58	✓	N, AN /1	10 or 11	✓	✓	0.62*
Iceland	x	N	10	✓	x	0.04	✓	N	6	x	x	0.03
Ireland	✓	AN	9	✓	x	0.16	✓	AN	9	✓	x	0.25
Israel	x /1	N	9	✓	x	0.22 /2	x /1	N	9	✓	x	0.51 /2
Italy	✓	N	11	✓	x	1.24 /1	✓	N	11	✓	x	5.06 /1
Japan	-	-	-	-	-	3.0 /1	-	-	-	-	-	3.0 /1
Korea	✓	N	10	✓	✓	0.57	✓	N	10	✓	✓	5.9 /1
Luxembourg	x	N	11	✓	✓	0.09	✓	AN	10	✓	x	0.06
Mexico	✓	AN	12	✓	✓	1.52	✓	AN	12 or 13 /1	✓	✓	5.31
Netherlands	✓	N	9	✓	x	0.89	✓	N	9	✓	x	1.64
New Zealand	✓	N	9	✓	x	0.45	✓	N	9	✓	x	0.63
Norway	x /1	N	9	✓	x	0.26	x /1	AN	9	✓	x	0.35
Poland	✓	N	10	✓	x	0.46	✓	N	10	✓	x	2.44
Portugal	✓	N	9	✓	x	0.42	✓	N	9	✓	x	1.36
Slovak Republic	✓	N	10	✓	x	0.29	✓	N	10	✓	x	0.23
Slovenia	✓	N	8	✓	x	0.10	✓	AN	10	✓	x	0.1
Spain	✓	AN	9	✓	✓	2.53	✓	AN	9	✓	✓	3.25
Sweden	x	N	12	✓	✓	0.65	x	N	12	✓	✓	1.0

Table 9.3. **System of taxpayer identifiers used and number of registrations – CIT and VAT** *(continued)*

	Corporate income tax (CIT)						Value added tax (VAT)					
	Characteristics of identifier					Number registered end FY2013 (millions)	Characteristics of identifier					Number registered end FY2013 (millions)
Country	Unique TIN	N or AN	No. of digits	Check digit	Taxpayer specifics		Unique TIN	N or AN	No. of digits	Check digit	Taxpayer specifics	
Switzerland	x	N	Varies	x	x	0.3 /1	✓	N	9	x	x	0.3 /1
Turkey	✓	N	10	✓	x	0.67	✓	N	10 or 11	✓	x	2.37
United Kingdom	✓	N	10	✓	x	1.8	✓	N	9	✓	x	1.97
United States	✓	N	9	x	x	22.8 /1	No national VAT in place					
Non-OECD countries												
Argentina	✓	N	11	✓	✓	0.36	✓	N	11	✓	✓	1.52
Brazil	✓	N	14	✓	x	0.9	No national VAT in place					
Bulgaria	✓	N	9	✓	x	0.4	✓	AN	11 or 12	✓	x	0.2
China	✓	AN	15	x	x	7.71	✓	AN	15	x	x	24.24
Colombia	✓	AN	9	✓	x	0.78	✓	AN	9	✓	x	0.93
Costa Rica	x	N	12	✓	x	0.16	x	N	12	✓	x	0.1
Croatia	✓	N	11	✓	x	0.13	✓	N	11	✓	x	0.15
Cyprus	✓	AN	9	✓	✓	0.20	✓	AN	9	✓	✓	0.09
Hong Kong, China	✓	N	Up to 8	✓	x	0.96	No national VAT in place					
India	✓	AN	10	✓	✓	0.60	No national VAT in place					
Indonesia	✓	N	15	✓	x	2.32	✓	N	15	✓	x	0.51
Latvia	x /1	N	11	✓	x	0.08	x /1	AN	11	✓	✓ /1	0.09
Lithuania	✓	N	9-10	✓	✓	0.11	✓	AN	9 or 12	✓	✓	0.08
Malaysia	✓	AN	10	✓	x	0.77	No national VAT in place					
Malta	✓	N	9	✓	✓	0.05	✓	N	8	✓	x	0.05
Morocco	✓	N	8	x	x	0.2	✓	N	8	x	x	0.3
Romania	✓	N	12	✓	x	0.66	✓	AN	2-12	✓	x	0.38
Russia	✓	N	12	✓	x	4.7 /1	✓	N	12	✓	x	2.7
Saudi Arabia	✓	N	10	✓	x	/1	No national VAT in place					
Singapore	x	AN	10	✓	x	0.18 /1	x /1	AN	9 or 10	✓	x	0.09
South Africa	✓	N	10	✓	x	2.2	✓	N	10	✓	x	0.7
Thailand	x /1	N	13	✓	x	0.72	x /1	N	13	✓	x	0.49

TIN: Taxpayer Identification Number, **AN**: Alpha-Number, **N**: Number

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 333.

Source: Tax Administration 2015 survey responses.

Table 9.4. **Use of taxpayer identifiers for information reporting and matching**

Country	Use of taxpayer identifiers (or some other number) for information reporting and matching: Wages	Pensions and benefits	Interest	Dividends	Asset sales and purchases	Payments to sub-contractors
OECD countries						
Australia	✓	✓	✓	✓	x	✓
Austria	✓	✓	x	x	x	x
Belgium	✓	✓	✓	x	x	x
Canada	✓	✓	✓	✓	✓ (some)	✓
Chile	✓	✓	✓	✓	✓	✓
Czech Republic	✓	✓	✓	✓	✓	✓
Denmark	✓	✓	✓	✓	✓	x
Estonia	✓	✓	✓	✓	✓	x
Finland	✓	✓	✓	✓	✓	✓
France	x	x	x	x	x	✓
Germany	✓	✓ /1	x	x	x	x
Greece	✓	✓	✓	✓	✓	✓
Hungary	✓	✓	✓	✓	✓	✓
Iceland	✓	✓	✓	✓	✓	✓
Ireland	✓	✓	✓	x	x	✓
Israel	✓	✓	✓	✓	✓	✓
Italy	✓	✓	✓	✓	✓	✓
Japan	x	x	x	x	x	x
Korea	✓	✓	✓	✓	✓	✓
Luxembourg /1	✓	✓	x	✓	✓	✓
Mexico	✓	✓	✓	✓	x	✓
Netherlands	✓	✓	✓	✓	✓	✓
New Zealand	✓	✓	✓	✓	x	✓
Norway	✓	✓	✓	✓	✓	✓
Poland	✓	✓	✓	✓	✓	✓
Portugal	✓	✓	✓ /1	✓	✓	✓
Slovak Republic	x	x	x	x	x	x
Slovenia	✓	✓	✓	✓	n.a.	n.a.
Spain	✓	✓	✓	✓	✓	✓
Sweden	✓	✓	✓	✓	✓	x
Switzerland	✓	x	x	x	x	x
Turkey	x	x	x	x	x	x
United Kingdom	✓	✓	✓	x	✓	✓
United States	✓	✓	✓	✓	x	✓
Non-OECD countries						
Argentina	✓	✓	✓	✓	✓	✓
Brazil	✓	✓	✓	✓	✓	✓
Bulgaria	✓	✓	✓	✓	✓	✓
China	✓	✓	✓	✓	✓	✓
Colombia	✓	✓	✓	✓	✓	✓
Costa Rica	✓	✓	✓	✓	x	x
Croatia	✓	✓	✓	✓	✓	✓
Cyprus	✓	✓	x	✓	✓	x
Hong Kong, China	✓	✓	n.a.	n.a.	n.a.	n.a.
India	✓	✓	✓	✓	✓	✓
Indonesia	✓	✓	✓	✓	✓	✓
Latvia	✓	✓	✓	✓	n.a.	n.a.
Lithuania	✓	✓	✓	✓	✓	✓
Malaysia	✓	✓	x	x	x	x
Malta	✓	✓	✓	✓	✓	✓
Morocco	✓ /1	✓ /1	✓ /1	✓ /1	✓ /1	✓ /1
Romania	✓	✓	✓	✓	✓	✓
Russia	✓	✓	✓	✓	✓	x
Saudi Arabia	x	x	✓	✓	✓	✓
Singapore	✓	✓	x	x	x	✓
South Africa	✓	✓	✓	✓	✓	x
Thailand	✓	✓	✓	✓	x	x

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 334.

Source: Tax Administration 2015 survey responses.

Collection and assessment of taxes

The policy decisions that shape the frameworks for collecting and assessing taxes are often influenced by decisions made outside a revenue body's control. However, these decisions can have significant implications for the compliance burden imposed on taxpayers, how the tax system is to be administered and the resulting workload for the revenue body, as well as general efficiency and effectiveness considerations. This section focuses on arrangements for the collection and assessment of income taxes.

Overview – income tax withholding regimes

Withholding at source arrangements are generally regarded as the cornerstone of an effective income tax system. Imposing the obligation on independent third parties such as employers and financial institutions to withhold an amount of tax from payments of income to taxpayers: *(1)* significantly reduces, if not eliminates, their ability to understate such income for tax assessment purposes; *(2)* is a more cost efficient way for both taxpayers and the revenue body to transact the payment of taxes; and *(3)* reduces the incidence of unpaid taxes that might otherwise arise where taxpayers correctly report their income but are unable to pay all of the tax assessed.

Published research findings of selected revenue bodies (Swedish Tax Agency, 2008, United Kingdom HMRC, 2014; United States IRS, 2012) provide strong evidence of the substantial compliance benefits from withholding. Furthermore, the timely remittance of amounts withheld by employers to the revenue body ensures a regular flow of revenue to Government, thereby assisting budgetary management.

In practice, withholding is applied almost universally to employment income – of the 55 countries covered by this series that administer a PIT only four (i.e. France, Hong Kong, Singapore and Switzerland) generally do not use withholding regimes for the collection of personal income tax from employment income, although in the case of France, withholding is applied for the collection of SSC from employment income, while Switzerland requires withholding in respect of employment income paid to non-residents. In all four countries, reporting regimes ensure that the revenue body has a record of each employee's annual employment income, facilitating the checking of tax returns, while taxpayers are generally required to make advance payments of tax.

Withholding regimes for employment income

As already noted, withholding regimes are almost universally applied for the collection of personal income tax on employment income. However, there are some significant differences in the design of these regimes, with implications for how they operate in practice and the responsibilities and costs they impose on employers, taxpayers and revenue bodies. This series applies the terms "cumulative withholding" and "non-cumulative withholding" to distinguish the two basic approaches.

1) Cumulative withholding regimes

The objective of the cumulative approach to employee withholding is to ensure that for the majority of employees the total amount of taxes withheld over the course of a fiscal year matches their full-year tax liability. To the extent this is achieved, employees are freed of the obligation to prepare and file an annual tax return, the primary benefit frequently attributed to the cumulative approach. Under this approach, employees are required to provide employers with details of relevant entitlements to assist them determine the amount of tax to be deducted from their earnings. In some countries (e.g. Ireland and United Kingdom), employees provide this information to the revenue body which in turn advises the employer of a code that determines the amount of tax to be deducted from earnings. Employers withhold tax from income paid, as required, determining amounts to be withheld on a progressive/cumulative basis over the course of the fiscal year. Employees changing jobs during the course of a fiscal year must inform their new employer of their tax position and, in some countries, the revenue body as well.

Under the cumulative approach, employees tend to have few entitlements (that reduce tax payable) as this enables greater accuracy in calculating the amount of taxes withheld over the course of a fiscal year vis-à-vis their end-of-year tax liabilities. However, in two countries (i.e. Japan and Korea), employee taxpayers can present details of certain deductions/entitlements to their employers towards the end of the fiscal year for an adjustment to their overall withholdings for the year.

Employers report annually or more regularly in some countries, to revenue bodies on incomes paid and taxes withheld in respect of individual employees. Increasingly, this reporting is being done using electronic reporting methods. For some countries, this reporting facilitates checks that are carried out to ensure that the correct amount of tax has been paid and/or to determine whether taxpayers are required to file a tax return. In practice, the operation of withholding regimes for other categories of income (e.g. for interest income) complement the employment cumulative withholding arrangements and together ensure that most employees are not required to file an end-of-year tax return.

The United Kingdom's PAYE system, administered by HMRC, is based on the cumulative approach. In 2013/14, HMRC introduced a system known as "real-time information (RTI)", *moving from an annual system of employers' reporting wage income to one where wage income is reported contemporaneously (and electronically) with the payment of wages* – see Box 9.5 (UK NAO, 2014). RTI reporting has been introduced to improve the efficiency and effectiveness of withholding administration and, while

Box 9.5. **United Kingdom. Collecting employees' PAYE data in real time**

In 2013-14, HMRC changed PAYE so it could collect more timely data from employers through the Real Time Information system (RTI). RTI offers HMRC the prospect of tracking changes in income and employment in year, helping to keep people on the correct tax code when their employments change and thereby reducing the levels of under and overpayments of tax. RTI also allows HMRC to identify PAYE debt in year rather than at the end-of-year reconciliation.

HMRC piloted RTI in 2012-13 before introducing it for all employers in 2013-14. As at 31 March 2014, 1.6 million employer schemes (94 per cent) are filing through RTI, comprising 47.7 million employments (over 99 per cent). Data quality has improved and HMRC's own evaluation suggests that RTI is helping to change employer behaviour by encouraging them to tell HMRC of changes in employee circumstances earlier.

HMRC's employer survey suggests that, for most employers, changing to RTI has not been unduly burdensome. HMRC has nevertheless recognised that some smaller employers struggled to adapt their internal processes and systems in time. For example, in December 2013, it allowed employers with nine or fewer employees to report PAYE information on or before the last payday in the tax month until April 2016.

Source: Report by the Comptroller and Auditor General, HMRC Resource Accounts 2014.

at first glance may appear to be overly burdensome on employers, the UK experience to date tends to suggest this impact is marginal, particularly given advances with the automation of payrolls, and is significantly outweighed by the overall benefits. A number of other countries have already adopted similar arrangements or are planning to do so (e.g. Denmark, and Norway from January 2015).

2) Non-cumulative withholding

The alternate approach to withholding on employment income is described as "non-cumulative". By way of contrast, the non-cumulative withholding approach operates on a "pay period" basis for each employee. Under this approach, employers withhold taxes for each pay period having regard to their gross income, known entitlements (that may reduce the amount to be withheld) and the rate of withholding to be applied. Where an employee changes jobs, the new employer simply commences the withholding process on the employee's future income without regard to his/her previous employment withholdings. However, as this approach involves a less precise form of withholding, the amount deducted for each employee over the course of a fiscal year represents only an approximation of their full-year tax liability. In these circumstances, employees are normally required to file annual tax returns to ensure that the correct overall amount of tax is paid (and to obtain a refund of any overpaid tax), taking account of all categories of assessable income and entitlements (e.g. tax deductions and credits), as well as any other responsibilities administered by the revenue body that may be linked to the personal tax system (e.g. collection of student loans).

Information on the regimes of employers' withholding, payment and reporting obligations of surveyed revenue bodies is set out in Table 9.5. Among other things, this table reveals that of the 51 revenue bodies administering employer withholding regimes, approximately two-thirds administer "cumulative" type regimes. These include countries such as Austria, Bulgaria, Ireland, Japan, Korea, Mexico, New Zealand, South Africa, Spain, and the United Kingdom. Use of the non-cumulative withholding approach is limited to around one-third of surveyed countries, including Canada, Finland, Malaysia, Netherlands, Norway, Portugal, and the United States.

3) The pros and cons of cumulative and non-cumulative regimes

Providing an exhaustive account of the advantages and disadvantages of both the cumulative and non-cumulative approaches is beyond the scope of this series, particularly given the many differences in the personal tax legislative framework applying from country to country. However, it is possible to make some general observations drawing on various published reports and other FTA work.

Concerning the cumulative approach, the view is sometimes expressed that it is highly attractive (and beneficial) because it eliminates the requirement for annual tax returns from most employees, which would otherwise have to be processed by the revenue body. In other words, applying this approach frees large numbers of employees of a significant compliance burden while the revenue body avoids the cost of processing tax returns. These arguments are particularly relevant and persuasive in countries with relatively new tax systems, where the level of awareness and understanding of the tax system is likely to be very low, and/or where the costs of having most employees prepare tax returns which must be processed by the revenue body are likely to be significant. However, the administration of cumulative regimes presents some additional costs which may be significant depending on a range of factors (e.g. the degree of automation and complexity of tax law). Such regimes, with their objective of achieving an exact amount of withholding pay-by-pay, can be costly for employers to administer and their operation can entail considerable in-year administrative action by the revenue body (e.g. dealing with adjustments to entitlements and changes of employment that affect an employee's withholding) to achieve withholding precision. The extent of these costs will depend on a variety of factors, including the degree of employment mobility and technological support from the revenue body and tax law complexity.

In countries where employees are generally required to prepare and file end-of-year tax returns to finalise their overall tax situation, including those using non-cumulative PAYE regimes, significant costs potentially arise for taxpayers and the revenue body from the requirement to prepare and process tax returns. However, over the last two decades technology has been used increasingly to automate and streamline these processes and to reduce their attendant costs. These developments include, as described in Chapter 7 of the series, electronic filing and the use of fully or partially completed pre-filled tax returns that can be accessed electronically by taxpayers and their representatives.

At the end of the day, these quite different approaches to personal tax administration for employee taxpayers turn largely on whether absolute precision in pay-by-pay withholdings is an objective worth pursuing for the majority of employees, or whether a simpler approach entailing approximate in-year withholdings and an end-of-year reconciliation (largely automated) is to be preferred. Factors such as the complexity of the tax law and demographic factors (e.g. ageing populations with a more diverse range of incomes) are likely to be quite relevant to these considerations and may have quite different applicability across the 51 countries covered by this series that apply withholding regimes to employment income.

Employers' obligations on payment and reporting

Regardless of whether a country's withholding regime operates on a cumulative or non-cumulative basis, an important consideration in their design concerns the frequency of payment and reporting obligations, given the compliance burden these may impose on SME and very small businesses. With this perspective in mind, the survey sought to identify the frequency of payment and reporting and whether countries differentiated between large, medium and very small employers to take account of compliance burden considerations. This and related information concerning the mandatory use of e-payment and e-reporting obligations are set out in Table 9.5. The key observations are as follows:

- All but four countries (i.e. France, Hong Kong, Singapore, and Switzerland) apply "withholding at source" requirements for the collection of personal income taxes (and in most countries where applicable, social security contributions) on employment income.
- Employers are generally required to withhold tax from wages and remit withheld amounts to the revenue body on a *monthly* basis. However, in four countries (i.e. Australia, Canada, New Zealand, and the United States) the relevant tax laws provide for the accelerated collection of wage withholdings from the largest employers (e.g. on a weekly or fortnightly basis).
- To reduce the administrative burden on smaller businesses, around eleven countries (including Australia, Canada, Czech Republic, Greece, Ireland, Romania, Spain, Turkey, and United Kingdom) permit less frequent remittance of withheld taxes. Examples of such regimes are set out in Table 9.10.
- A number of countries reported the use of mandatory e-payment and/or e-reporting obligations for some of their employer size categories (e.g. by amount

of withholdings or business turnover). Just under a quarter indicated that larger employers must pay electronically while the use of mandatory reporting obligations was far more extensive, with almost two-thirds reporting such an approach, including Japan which requires electronic reporting from employers with over one thousand employees.

- The frequency of employers' income reporting obligation varies significantly across surveyed revenue bodies. In the majority of cases, employers must report details of individual employees' income etc., on an annual basis, while in other countries employers are required to report more regularly (often monthly but for others bi-monthly or quarterly). Variations in the frequency of reporting requirements may imply substantial differences in the compliance burden imposed on employers and the associated workload of revenue bodies, although it is known that some revenue bodies have taken steps to automate much of this regular reporting obligation, for example:

  > We are committed to improving our work efficiency and reducing taxpayers' compliance cost. Targeted at the small and medium enterprises, we strengthened the functions of electronic filing of employer's return during the year. Now, employers can upload and submit the details of employee's remuneration via the Internet using the approved Employer's Software. In addition, the maximum number of forms for filing of employees' remuneration under eTAX has been increased to cater for the need of more employers. The electronic data so provided will be transmitted to our computer system for direct processing. The data will be pre-filled onto the respective employees' electronic tax returns on the next day. It brings convenience to the employers, employees and the Department. Besides, we have upgraded our system server and workstation infrastructure during the year to achieve greater efficiency. (Hong Kong Inland Revenue, 2014)

Withholding regimes for other categories of income

In addition to employment income, many countries apply withholding at source arrangements to other categories of income – see Table 9.5. The key observations from the information reported are as follows:

- Well over two-thirds of revenue bodies administer withholding regimes to collect income tax – either as a final or creditable tax – for payments of interest income (39 revenue bodies) and dividend income (42 revenue bodies) made to *resident* taxpayers; relative high use is also seen for payments of royalties while almost 50% of revenue bodies apply withholding to prescribed categories of business and self-employment income. (Box 9.6 sets out some examples.)
- OECD countries that make fairly limited use of withholding for incomes of resident taxpayers, other than for employment-related income, are Australia, France, Norway, and the United States. However, for both Australia and the United States, the law requires application of withholding to payments made where taxpayers have not provided a valid taxpayer identifier to a prescribed payer (e.g. a financial institution).
- For payments made to *non-residents*, even higher rates of withholding usage were reported for interest income (45), dividends (47) and payments of prescribed business income (35).

Table 9.5. **Personal income tax: Employer withholding, payment and income reporting obligations**

Country	Type of withholding regime[a]	Large[b]				Small/medium[b]				Very small[b]			
		Frequency of obligation[c]		Mandatory electronic[d]		Frequency of obligation[c]		Mandatory electronic[d]		Frequency of obligation[c]		Mandatory electronic[d]	
		Payment	Reporting	Payment	Reporting	Payment	Reporting	Payment	Reporting	Payment	Reporting	Payment	Reporting
OECD countries													
Australia	NC	W	A	✓	x	M	A	✓	x	Q	A	✓	x
Austria	C	M	M, A	x	✓	M	M, A	x	✓	M	M, A	x	✓
Belgium	NC	M	A	✓	✓	M	A	✓	✓	M	A	✓	✓
Canada	NC	I	A	✓	✓ /1	M	A	x	✓ /1	Q	A	x	x
Chile	C	M	A	✓ /1	✓ /1	M	A	✓ /1	✓ /1	M	A	✓	✓
Czech Republic	C	Q	M	x	x	SA	M	x	x	A	M	x	x
Denmark	C	M	M	✓	x /1	M	M	✓	x	M	M	✓	x
Estonia	NC	M	M	x	x	M	M	x	x	M	M	x	x
Finland	C	M	A	x	x	M /1	A	x	x	Q	A	x	x
France	n.appl. /1	n.appl.	A	n.appl.	x	n.appl.	A	n.appl	x	n.appl.	A	n.appl.	x
Germany	C	M	M	x	✓	M	Q	x	✓	M	A	x	✓
Greece	NC	M	A	✓	✓	BM	A	x	✓	BM	A	x	✓
Hungary	NC	M	M	✓	✓	M	M	✓	✓	M	M	✓	✓
Iceland	NC	M	M	x	x	M	M	x	x	M	M	x	x
Ireland	C	M	A	✓	✓	M	A	✓	✓	M	A	✓	✓
Israel	C	M	A	x	✓	M	A	x	✓	BM	A	x	✓
Italy	C	M	A	x	✓	M	A	x	✓	M	A	x	✓
Japan	C	M	A	x	✓	M	A	x	x	SA	A	x	x
Korea	C	M	A	x	x	M	A	x	x	SA	A	x	x
Luxembourg	C	M	A	x	x	M	A	x	x	M	A	x	x
Mexico	C	M	M	x	✓	M	M	x	✓	M	M	x	✓
Netherlands	NC	M	A	x	✓	M	A	x	✓	M	A	x	✓
New Zealand	C	I	I	✓	✓	M	M	x	x	M	M	x	x
Norway	NC	BM	BM	x	✓	BM	BM	x	✓	BM	BM	x	✓
Poland	C	M	A	x	x	M	A	x	x	M	A	x	x
Portugal	NC	M	M	x	✓	M	M	x	✓	M	M	x	✓
Slovak Republic	C	M	M	x	✓ /1	M	M	x	✓ /1	M	M	x	✓ /1
Slovenia	C	I	I	✓	✓	I	I	✓	✓	I	I	✓	✓
Spain	C	M	A	✓	✓ /1	Q	A	✓	✓ /1	Q	A	✓	✓ /1
Sweden	NC	M	A	x	x	M	A	x	x	M	A	x	x
Switzerland	PIT is administered at the sub-national (i.e. canton) level and generally does not provide for tax withholdings on employment income of resident taxpayers /1												
Turkey	C	M	n.a	x	n.a	M, Q	n.a.	x	n.a.	Q	n.a.	x	n.a.

Table 9.5. **Personal income tax: Employer withholding, payment and income reporting obligations** *(continued)*

Country	Type of withholding regime [a]	Large [b]				Small/medium [b]				Very small [b]			
		Frequency of obligation [c]		Mandatory electronic [d]		Frequency of obligation [c]		Mandatory electronic [d]		Frequency of obligation [c]		Mandatory electronic [d]	
		Payment	Reporting	Payment	Reporting	Payment	Reporting	Payment	Reporting	Payment	Reporting	Payment	Reporting
United Kingdom	C	M	M	x	✓	M, Q	M	x	✓	Q, A	Q, A	x	✓
United States	NC	I /1	Q	✓	x	I	Q	x	x	I	A	x	x
Non-OECD countries													
Argentina	NC	M	M	✓	x	M	M	✓	x	M	M	✓	x
Brazil	NC	M	A	x	✓	M	A	x	✓	M	A	x	✓
Bulgaria	C	M	M	x	✓	M	M	x	✓	M	M	x	✓
China	C	M	I	x	x	M	I	x	x	M	I	x	x
Colombia	C	M	A	x	✓	M	A	x	✓	M	A	x	✓
Costa Rica	C	M	A	✓	x	M	A	✓	x	M	A	✓	x
Croatia	C	I /1	I /1	✓	✓	I /1	I /1	✓	x	I /1	I /1	x	x
Cyprus	C	M	A	x	✓	M	A	x	✓	M	A	x	✓
Hong Kong, China	n.a	n.a	A	n.a	x	n.a	A	n.a	x	n.a	A	n.a	x
India	C	M	A	✓ /1	✓	M	A	✓ /1	✓	M	A	✓ /1	x
Indonesia	NC	M	A	x	✓	M	A	x	x	M	A	x	x
Latvia	C	M	M	x	✓	M	M	x	✓	M	M	x	✓
Lithuania	NC	M	A, M	x	x	M	A, M	x	x	M	A, M	x	x
Malaysia	C	M	A	x	x	M	A	x	x	M	A	x	x
Malta	NC	M	A	x	✓	M	A	x	✓	M	A	x	✓
Morocco	C	M	A	✓	✓	M	A	x /1	x /1	M	A	x	x
Romania	C	M	A	x	✓	Q	M, Q, A	x	✓	Q	M, Q, A	x	✓
Russia	C	M	A	x	✓	M	A	x	✓	M	A	x	x
Saudi Arabia	There is no system of withholding on personal income tax												
Singapore	n.a	n.a /1	A	n.a	✓ /1	n.a /1	A	n.a	✓ /1	n.a /1	A	n.a	✓ /1
South Africa	C	M	SA	✓	-	M	SA	✓	-	M	SA	✓	-
Thailand	NC	M	M	x	x	M	M	x	x	M	M	x	x

Legend: a. **C**: cumulative; **NC**: Non-cumulative.

b. Size criteria (e.g. annual amount of liability or turnover) for large, SME and very small employers as defined by individual countries in their law for employer income tax withholding payment and reporting purposes.

c. Legend: **W**: weekly; **M**: monthly; **BM**: bi-monthly; **Q**: quarterly; **SA**: semi-annually; **A**: annually; **I**: irregular (number of payments).

d. Mandatory e-payment and e-reporting may apply to some or all taxpayers in this size category.

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 334.

Source: Tax Administration 2015 survey responses.

Box 9.6. **Withholding regimes and self-employment/business income**

Ireland's Professional Services Withholding Tax: This is a withholding and reporting regime covering prescribed professional services: *(1)* medical, dental, pharmaceutical, optical, veterinary; *(2)* architectural, engineering, surveying and related services; *(3)* accounting, auditing, finance, advertising, marketing; *(4)* legal services; and *(5)* geological services.

Ireland's Relevant Contracts Tax: The regime applies to payments by principal contactors for construction, forestry and meat processing operations. Since 2012, all contracts entered into and payments made must be notified to Irish Revenue in real time using Revenue's Online Service (ROS). Revenue responds to payment notifications in real time advising the principal contractor of the rate of tax to be deducted from the payment to the subcontractor. For compliant subcontractors the rate of tax to be applied is 0%. For substantially compliant subcontractors, the rate of tax to be applied is 20%. Where the subcontractor is unknown to Revenue, or has serious compliance issues that are not being addressed, the rate of tax to be applied is 20%. The subcontractor will automatically be credited with the deducted tax for offset against any other tax liabilities they may have. Any excess tax can only be refunded once the annual Income Tax or Corporation Tax return for the period has been filed.

The return filing frequency for the principal contractor is either monthly or quarterly, depending on size. Revenue pre-populates a summary based on the payment notifications made by the principal during the return period and make this summary available through ROS. The principal has the opportunity to make amendments to the summary and sign and submit an amended return. Otherwise, the summary automatically becomes the return on the return filing date. As all information is now supplied either monthly or quarterly, there is no annual return.

United Kingdom's Construction Industry Scheme (CIS): The CIS is a withholding and reporting regime for contractors in the construction industry. A contractor may be a construction company and building firm, as well as a Government department or local authority and other businesses known in the industry as "clients". Non-construction businesses or other concerns are treated as contractors if their average annual expenditure on construction operations over a period of 3 years is GBP 1 million or more. Contractors must withhold tax at varying rates from payments to subcontractors unless the subcontractor is entitled to exemption from withholding. Sub-contractors who can pass a business test, a turnover test, and a good compliance test administered by the revenue body can be paid "gross" (i.e. no withholding).

Sources: Previous OECD publications (OECD, 2009; and OECD 2013).

Use of third party information reporting requirements

In practice, most withholding regimes are complemented by the reporting of information to the revenue body on individual payees (e.g. name of payee, their identification number, amount paid, and amount of taxes withheld). In the absence of a withholding requirement, systems of information reporting in their own right are an important compliance tool for the administration of income tax systems in many countries. As evidenced from the cited US research, considerably higher rates of compliance are achievable where income is subject to systematic reporting and matching with tax records, compared to where this is not the case. For the purpose of this series, the term "*third party information reporting*" refers to a mandatory requirement on prescribed third parties (e.g. businesses, financial institutions, and government agencies) to report payments of income (and other tax-related transactions) and payee details (generally with a taxpayer identifying number) to the revenue body. Traditionally, these reports have been used to verify the information reported by taxpayers in their returns. However, a more recent development has seen use of these reports to pre-fill tax returns, as discussed in chapter 7.

Table 9.6. **Withholding and reporting regimes for income of resident taxpayers**

	Type of income normally subject to withholding (**W**) and/or reporting (**R**) where paid to resident taxpayer								
Country	Wages/ salaries	Dividends	Interest	Rents	Prescribed business income	Royalties/ patents	Share sales	Real estate sales	Other income
OECD countries									
Australia	W, R	R	R	-	-	-	-	-	-
Austria	W, R	W	W	-	R	-	W /1	W, R /2	-
Belgium	W, R	W	W	-	W, R /1	W	-	R	W, R
Canada	W, R	R	R	-	R	R	R	R /1	W, R
Chile	W, R	R	W /1, R	R	W, R	-	R	R	W, R /1
Czech Republic	W	W	W	-	R	-	-	-	W
Denmark	W, R	R	R	R	-	W, R	-	-	W, R /1
Estonia	W, R	- /1	-	W, R	-	W, R	R	-	W, R
Finland	W, R	W, R	W, R	R	W, R	W, R	R /1	R /1	W /1, R /1
France	R	R /1	R /1	-	-	R	-	-	-
Germany	W, R	W	W	-	-	-	W	R	R
Greece	W, R	W, R	W, R	-	W, R	W, R	-	W, R	-
Hungary	W, R	W, R	W, R	-	-	W, R	-	-	W, R
Iceland	W, R	W, R	W, R	R	W, R	R	R	-	W, R
Ireland	W, R	W, R	W, R	-	W, R	W, R	-	R	-
Israel	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R
Italy	W, R	W, R /1	W, R	-	W, R	W, R	W, R /1	-	W /2
Japan	W, R	W, R	W, R	R	W, R	W, R	W, R	R	W, R /1
Korea	W, R	W, R	W, R	R	W, R	W, R	-	-	W, R /1
Luxembourg /1	W, R	W	W	W, R	-	-	-	-	-
Mexico	W, R	R	W, R	W, R	W, R	W, R	W, R	W, R	W, R
Netherlands	W, R	W	R /1	-	-	-	-	/2	-
New Zealand	W, R	W /1, R	W, R	-	W, R	-	-	-	-
Norway	W, R	R	R	-		-	R /1	R	-
Poland	W, R	W	W	-	-	W, R	R	-	-
Portugal	W, R	W, R	W, R	W, R	W, R	W, R	R	R /1	-
Slovak Republic	R /1	-	W, R	R	R	W, R	R	R	W, R
Slovenia	W, R	W, R	W, R /1	W, R	R	W, R	R	R	W, R
Spain	W, R	W, R	W, R	W, R	W /1, R	W, R	R	R	W /1, R
Sweden	W, R	W, R	W, R	R	-	R	R	R	R
Switzerland	W, R /1	W	W	-	R	-	-	-	-
Turkey	W, R	W, R	W, R	W, R	W, R	W, R	W, R	R	R
United Kingdom	W, R	-	W, R /1	-	W, R /2	W, R	W, R	R	-
United States	W, R	R /1	R /1	R /1	R /1	R /1	R /1	R	R /1
Non-OECD countries									
Argentina	W, R	W, R	W, R	W, R	W, R	W, R	R	W, R	W, R
Brazil	W, R	R	W, R	R	W, R	W, R	W, R	R	R
Bulgaria	W, R	W, R	W /1	R	R	W, R	R	R	-
China	W	W	W	-	-	-	-	-	-
Colombia	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R
Costa Rica	W, R	W, R	W, R	-	n.a.	W, R	-	W, R /1	-
Croatia	W, R	W, R	W, R	R	W, R	W, R	W, R	R	W, R
Cyprus	W, R	W, R	W	W, R /3	-	-	R /1	R /2	-
Hong Kong, China	R	- /1	- /1	-	R	-	- /1	- /1	-
India	W, R		W, R	W, R	-	-	-	W	-
Indonesia	W, R	W, R	W, R	W, R	W, R	W, R	R	R	W, R
Latvia	W, R	W, R	W, R	W, R /1	/2, R	W, R	R	R	W, R
Lithuania	W, R	W, R	R	W, R	R	W, R	R	R	R
Malaysia	W, R	-	-	-	R	-	-	W, R	-
Malta	W, R	W, R	W, R	-	-	-	W, R	W, R	-
Morocco	W, R	W, R	W, R	R	W, R	R	/1, R	R	-
Romania	W, R	W, R	W, R	R	W, R /1	W, R	W, R /1	W	W, R
Russia	W, R	W, R	W, R	W /1, R	-	W, R	W, R	W, R	W, R
Saudi Arabia	-	-	-	-	-	-	-	-	-
Singapore	R	-	-	-	-	-	-	-	-
South Africa	W, R	W, R	R	-	-	-	R /1	-	-
Thailand /1	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R	-

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 334.
Source: Tax Administration 2015 survey responses.

Table 9.7. **Withholding and reporting regimes for income of non-resident taxpayers**

Country	Type of income normally subject to withholding (**W**) and/or reporting (**R**) where paid to non-resident taxpayer								
	Wages/ salaries	Dividends	Interest	Rents	Prescribed business income	Royalties/ patents	Share sales	Real estate sales	Other income
OECD countries									
Australia	W, R	W, R	W, R	-	W, R	W, R	-	-	-
Austria	W, R /1	W	W /1	-	W, R	W	W /1	W, R /1	-
Belgium	W, R	W	W	-	W, R	W	-	R	W, R
Canada	W, R	W, R	W, R	W, R	R	W, R	R	R	W, R
Chile	W, R	W, R	W, R	W, R	W, R	W, R	W /1, R /1	W /1, R /1	W, R
Czech Republic	W, R	W, R	W, R	-	R	W, R	-	-	W, R
Denmark	W, R	R	R	R	-	W, R	-	-	W, R
Estonia									
Finland	W, R	W, R	W, R	R	W, R	W, R	R	R	W, R /1
France	W, R /1	W /2, R	W /3, R	-	-	W, R	-	-	-
Germany	W, R	W /1	W /1	R	W /1	W, R	W	R	R /1
Greece	W, R	W, R	W, R	-	W, R	W, R	-	W, R	
Hungary	W, R	W, R	W, R	-	-	W, R	-	-	-
Iceland	W, R	W, R	W, R	R	W, R	W, R	W, R	-	W, R
Ireland	W, R	R	W, R	/1	W, R	W, R	-	R	-
Israel	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R
Italy	W, R	W, R /1	W, R	-	W, R	W, R	W, R	-	W, R /2
Japan	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R /1
Korea	W, R	W, R	W, R	R	W, R	W, R	W /1, R	W /1, R	W, R /1
Luxembourg	W, R	W		W, R	W /1				
Mexico	W, R	-	W, R	W, R	W, R	W, R	W, R	W, R	W, R
Netherlands	W, R	W	R /1	-	-	-	-	/2	-
New Zealand	W, R	W, R /1	W, R	-	W, R	W	-	-	-
Norway	W, R	W, R	R	-	R	-	R	R	-
Poland	W, R	W, R /1	W, R /1	-	-	W, R	-	-	-
Portugal	W	W	W, R	W, R	W	W, R	R	R	-
Slovak Republic	R /1	-	W, R	W /1, R	R	W, R	R	R	W, R
Slovenia	W, R	W	W	W, R	W, R	W, R	R /1	R	W, R
Spain	W, R	W, R	W, R	W, R	W, R	W, R	R	W, R	W, R
Sweden	W, R	W, R	R	R	-	R	R	R	R
Switzerland	W, R	W	W	-	W, R /1	-	-	-	-
Turkey	W, R	W, R	W, R	W, R	W, R	W, R	W, R	R	R
United Kingdom	R	-	W, R	W, R	-	W, R	R	R	W
United States /1	W, R	W, R	W, R	W, R	W, R	W, R	-	W, R	W, R
Non-OECD countries									
Argentina	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R
Brazil	W, R	R	W, R	W, R	W, R	W, R	R	W, R	W, R
Bulgaria	W, R	W, R	W, R	R	R	W, R	W, R	W, R	-
China	W	W	W	-	-	-	-	-	-
Colombia	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R
Costa Rica	W, R	W, R	W, R	-	-	W, R	-	W, R /1	-
Croatia /1	W, R	W, R	W, R	R	W, R	W, R	W, R	R	W, R
Cyprus	W, R /1	R	R /1		W /1	W /1	R /1	R /1	W /1
Hong Kong, China	R	- /1	- /1	-	W, R	W, R	- /1	- /1	-
India	W, R	W, R	W, R	W, R	R	W, R	R	W, R	R
Indonesia	W	W	W	W	W	W	R	W	W
Latvia	W, R	W, R	W, R	W /1, R	R	W, R	W, R	W, R	W, R
Lithuania	W, R	W, R	W, R	W, R	R	W, R	R	W, R	R
Malaysia	W, R	-	W, R	W, R /1	W, R	W, R	-	W, R	W, R
Malta	W, R	W, R	R	-	-	-	W, R	W, R	-
Morocco	W, R	W, R	W, R	R	W, R	W, R	/1, R	R	-
Romania	W, R	W, R	W, R	R	W, R	W, R	W, R	W	W, R
Russia	W, R	W, R	W, R /1	W, R /1	-	W, R /1	W, R /1	W, R /1	W, R /1
Saudi Arabia	W, R	W, R	W, R	W, R	W, R	W, R	-	-	W, R
Singapore	W, R	-	W, R	W, R	W, R	W, R	-	W, R	W, R
South Africa	W, R	W, R	R /1	-	-	W, R	R /2	W /3, R	-
Thailand /1	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R	-

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 335.
Source: Tax Administration 2015 survey responses.

In contrast to the high cost and low audit coverage that can be achieved with traditional audit processes, comprehensive programmes of information reporting and matching can provide an extremely effective tool to screen relatively large populations of taxpayers' records, to both detect non-compliance and to encourage the correct reporting of tax liabilities. However, there are two pre-conditions for such arrangements to be sufficiently efficient to make them attractive to revenue bodies: *(1)* electronic reporting by third parties of information reports; and *(2)* the use of a high integrity taxpayer identifier to enable accurate matching of information reports with revenue body records.

As indicated in Table 9.5, many countries require the mandatory reporting of payments in respect of salaries and wages, dividend and interest income (much of which is also subject to withholding). However, beyond these categories of payments, use of mandatory third party reporting varies substantially. Other examples include:

- ***Australia's reporting system for the building and construction industry:*** An annual reporting regime introduced from July 2012 that requires details of payments made to sub-contractors in prescribed industries to be reported to the ATO on an annual basis.
- ***Canada's Contract Payments Reporting System*:** This is an annual reporting regime introduced in 1999 for payments in the building and construction sector and payments by Government for services provided by business.
- ***Ireland's system of third party returns:*** Traders (incl. farmers), professionals and others carrying on a business (incl. non-profit bodies and Government bodies) are required to automatically make third party returns. Broadly, the following payment categories are included: *(1)* payments for services rendered in connection with the trade, profession, business, etc., whether paid on their own behalf or on behalf of someone else; *(2)* payments for services rendered in connection with the formation, acquisition, development or disposal of the trade or business; and *(3)* periodical or lump sum payments made in respect of copyright. There is a prescribed list of exclusions to these requirements.
- ***United States' information reporting requirements:*** The US tax code contains information reporting requirements for a very wide variety of transactions that must be reported to the IRS, generally in electronic format, for matching with tax records. In addition to wages and investment incomes, these transactions include agricultural payments, allocated tips, barter exchange income, brokers' transactions, capital gains distributions, non-employee compensation and fees, fishing boat crew member proceeds, fish purchases for cash, prescribed gambling winnings, real estate transactions, rents, and sales of securities.

Income tax payment and return filing obligations

In the absence of withholding, there is a need for an alternate approach to ensure a timely and appropriate flow of revenue to Government. For this purpose, Governments have implemented systems of advance payments for both the PIT and CIT.

The design of advance payment regimes for both the PIT and CIT is not a straightforward issue given a number of competing considerations, including: *(1)* taxpayers should be able to determine their payment obligations and make payment with minimal compliance burden; *(2)* the volume of payments and information to be processed by the revenue body should be minimised to avoid excessive costs; *(3)* excessive lagging of tax payments may jeopardise their ultimate collectability; *(4)* Government requirements for a timely flow of tax revenue to fund expenditure commitments; and *(5)* taxpayers in similar circumstances should be treated equally.

Taking these sorts of factors into account, the vast majority of surveyed countries have evolved systems for the advanced collection of personal income and corporate income taxes, the basic features of which are set out in Tables 9.8 and 9.9. The key observations are set out hereunder:

Personal income tax

- With two exceptions (i.e. Lithuania and Singapore), all countries provide for the graduated collection of PIT on income not subject to withholding with a regime of advance/instalment payments.
- Most countries aim to maximise the amount of tax collected by advance payment regimes *within the year the relevant income is derived*. Typically, this is achieved with a regime of quarterly instalments to be made largely within the year of income, often subject to minimum threshold below which instalments are not generally required. In the case of France where employees themselves are generally required to make advance payments, a number of payment schemes apply: *(1)* three instalments, with payments by 15 February, 15 May and 15 September of the assessment year; or *(2)* a monthly scheme using the banking system.
- Around 30% of revenue bodies appear to require monthly advance payments from all taxpayers, including those with relatively small liabilities, suggesting opportunities for reducing taxpayers' compliance burden and low value administrative workloads.
- A minority of revenue bodies have mandated the use of electronic payment and return filing services, with the vast majority preferring to rely on the attractiveness of the electronic services offered. As indicated in Table 9.8, only nine revenue bodies reported some use of mandated e-payment obligations, while 22 revenue bodies reported the use of mandatory e-filing requirements for some/all PIT taxpayers.
- Just over half of revenue bodies confirmed that their PIT system is designed on based on self-assessment principles. Of the 22 revenue bodies not reporting this to be the case, almost two-thirds were from Europe.

Corporate income tax

- All countries provide for the gradual collection of CIT with a regime of advance payments, although the requirements of these systems vary substantially in terms of the frequency of payments (and as observed in TA2013, in relation to their timing and method of computation).
- Most countries aim to maximise the amount of tax collected by advance payment regimes *within the year the relevant income is derived*. Typically, this is achieved with a regime of monthly advance payments for large taxpayers (just over 40% of countries) and quarterly for small/medium sized taxpayers (just under 30%) to be made largely within the year of income.
- Many countries apply a regime that reduces the frequency of payments for smaller CIT taxpayers to reduce their administrative/compliance burden; some examples reported in survey responses are set out in Table 9.10.

Table 9.8. **Personal income tax: Assessment system and advance payments (excl. withholdings)**

Country	System of assessment	Frequency of advance payments*	Mandatory obligations (for some/all taxpayers)	
			e-payment	e-filing
OECD countries				
Australia	Self-assessment	Q, A	x	x
Austria	Assessment	Q	x	✓
Belgium	Assessment	Q	✓	x
Canada	Self-assessment	Q	x	✓ /1
Chile	Self-assessment	M	x	x
Czech Republic	Assessment	Q, SA, A (depending on liability size)	x	x
Denmark	Assessment	M (for 10 months)	✓	✓
Estonia	Self-assessment	Q	x	x
Finland	Assessment	M	x	x
France	Assessment	I /1	✓	x
Germany	Assessment	Q	✓	✓
Greece	Assessment	BM (3 payments)	x	✓
Hungary	Self-assessment	Q	✓	✓
Iceland	Assessment	A	x	x
Ireland	Self-assessment	M	✓	✓
Israel	Self-assessment	M/BM	x	✓
Italy	Self-assessment	SA /1	x	✓
Japan	Self-assessment	SA	x	x
Korea	Self-assessment	A	x	x
Luxembourg	Assessment	Q	x	x
Mexico	Self-assessment	M	x	✓
Netherlands	Assessment	M	x	x
New Zealand	Self-assessment	I (3)	x	x
Norway	Assessment	Q	x	x
Poland	Self-assessment	M	x	x
Portugal	Assessment	I (3)	x	✓
Slovak Republic	Self-assessment	M, Q	x	✓ /1
Slovenia	Assessment	M, Q	✓	✓
Spain	Self-assessment	Q, A	x	✓ /1
Sweden	Assessment	M	x	x
Switzerland	---------------------------- PIT is administered at the sub-national (i.e. canton) level ----------------------------			
Turkey	Self-assessment	SA	x	✓
United Kingdom	Self-assessment	SA	x	✓
United States	Self-assessment	Q	x	x
Non-OECD countries				
Argentina	Self-assessment	BM	✓	✓
Brazil	Self-assessment	M	x	✓
Bulgaria	Self-assessment	M, Q	x	x
China	Self-assessment	n.a.	x	x
Colombia	Self-assessment	I	x	✓
Costa Rica	Self-assessment	Q	✓	✓
Croatia	Self-assessment	M	x	x
Cyprus	Self-assessment	SA	x	✓
Hong Kong, China	Assessment	I (2) /1	x	x
India	Assessment	M	x	✓
Indonesia	Self-assessment	M	x	x
Latvia	Self-assessment	Q	x	✓
Lithuania	Self-assessment	n.applic.	x	x
Malaysia	Self-assessment	BM	x	x
Malta	Self-assessment	Q	x	x
Morocco	Assessment	A	✓ /1	✓ /1
Romania	Assessment			
Russia	Assessment	Q	x	x
Saudi Arabia	---No personal income tax---			
Singapore	Assessment	----------------------No system for making advance payments applies----------------		
South Africa	Assessment	SA	n.a.	n.a.
Thailand	Assessment	SA	x	x

* Legend: **M**: monthly; **BM**: bi-monthly; **Q**: quarterly; **SA**: semi-annually; **A**: annually; **I**: irregular (number of payments)
For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 336.
Source: Survey responses and Secretariat research.

Table 9.9. **Corporate income tax: Advance payment and annual return filing obligations**

Country	Large*			Small/medium*			Very small*		
	Payment frequency**	Mandatory electronic		Payment frequency**	Mandatory electronic		Payment frequency**	Mandatory electronic	
		Payment	File return		Payment	File return		Payment	File return
OECD countries									
Australia	M	✓	x	Q	x	x	A	x	x
Austria	Q	x	✓	Q	x	✓	Q	x	✓
Belgium	Q	✓	✓	Q	✓	✓	Q	✓	✓
Canada	M, Q	x	✓ /1	M, Q	x	✓ /1	M, Q	x	x
Chile	M	✓ /1	✓ /1	M	✓ /1	✓ /1	M	✓ /1	✓ /1
Czech Republic	Q	x	x	SA	x	x	A	x	x
Denmark	SA	✓	x	SA	✓	x	SA	✓	x
Estonia	M /1	x	✓	M /1	x	✓	M /1	x	✓
Finland	M	x	x	M	x	x	M	x	x
France	Q	✓	✓	Q	✓	✓	Q	✓	✓
Germany	Q	✓	✓	Q	✓	✓	Q	✓	✓
Greece	M /1	✓	✓	M /1	✓	✓	M /1	✓	✓
Hungary	M	✓	✓	Q	✓	✓	Q	✓	✓
Iceland	M/ 1	x	x	M/ 1	x	x	M/ 1	x	x
Ireland	SA	✓	✓	A	✓	✓	A	✓	✓
Israel	M	x	x /1	M/BM	x	x	BM	x	x
Italy	SA	✓	✓	SA	✓	✓	/1	/1	/1
Japan	A	x	x	A	x	x	A	x	x
Korea	I (1)	x	x	I (1)	x	x	I (1)	x	x
Luxembourg	Q	x	x	Q	x	x	Q	x	x
Mexico	M	x	✓	M	x	✓	BM	x	✓
Netherlands	M	x	✓	M	x	✓	M	x	✓
New Zealand	I (3)	x	x	I (3)	x	x	I (3)	x	x
Norway	SA	x	x	SA	x	x	SA	x	x
Poland	M	✓	x	M, Q	✓	x	M, Q	✓	x
Portugal	Q	✓	✓	Q	✓	✓	Q	✓	✓
Slovak Republic	M, Q	x	✓ /1	M, Q	x	✓ /1	M, Q	x	✓ /1
Slovenia	M, Q	✓	✓	M, Q	✓	✓	M, Q	✓	✓
Spain	M	✓	✓	Q	✓	✓	Q	✓	✓
Sweden	M	x	x	M	x	x	M	x	x
Switzerland	----------------------------- CIT is administered at the sub-national (i.e. canton) level -----------------------------								
Turkey	Q	✓	✓	Q	✓	✓	Q	✓	✓
United Kingdom	Q	x	✓	n.a	x	✓	n.a	x	✓
United States	Q /1	✓	✓	Q /1	✓	x	Q /1	✓	x
Non-OECD countries									
Argentina	M	✓	✓	M	✓	✓	M	✓	✓
Brazil	M	✓	✓	M	✓	✓	M	✓	✓
Bulgaria	M	x	x	Q	x	x	-	-	-
China	M, Q, A	x	x	M, Q, A	x	x	Q, A	x	x
Colombia /1	BM	x	✓	SA	x	✓	SA	x	✓
Costa Rica	Q	✓	x	Q	✓	x	Q	✓	x
Croatia	M	x	✓	M	x	✓	M	x	✓
Cyprus	SA	x	✓	SA	x	✓	SA	x	✓
Hong Kong, China	I (2) /1	x	x	I (2) /1	x	x	I (2) /1	x	x
India	Q	✓	✓	Q	✓	✓	Q	✓	✓
Indonesia	M	x	x	M	x	x	M	x	x
Latvia	M	x	✓	M	x	✓	M	x	✓
Lithuania	Q	x	x	Q	x	x	A	x	x
Malaysia	M	x	x	M	x	x	M	x	x
Malta	Q	x	x	Q	x	x	Q	x	x
Morocco	Q	✓	✓	Q	✓ /1	✓ /1	Q	x	x
Romania	Q	✓	✓	Q	✓	✓	Q	✓	x
Russia	M	x	✓	M	x	✓	M	x	x
Saudi Arabia	Q	✓	x	A	✓	✓	A	✓	✓
Singapore	I /1	x	x	I /1	x	x	I /1	x	x
South Africa	SA	x	x	SA	x	x	SA	x	x
Thailand	SA	x	x	SA	x	x	SA	x	x

* Size criteria as defined by individual countries in their law for CIT filing and payment purposes.

** Legend: **M**: monthly; **BM**: bi-monthly; **Q**: quarterly; **SA**: semi-annually; **A**: annually; **I**: irregular (no. of payments).

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 337.

Source: Tax Administration 2015 survey responses.

- While there is no "optimal" approach, over 40% of countries have what appears to be a relatively rigid "one size fits all" regime for CIT advance payments. For some, there may be potential to advance the collection of taxes from larger taxpayers, having regard to other countries' approaches; for others, there may be a case for reducing payment frequency for smaller taxpayers, taking account of compliance costs and other factors and other countries' approaches.
- Many countries (almost half) have mandated the use of e-filing and e-payment for their largest corporate taxpayers, while a significant number have also extended the requirement to smaller corporations.

VAT payment and return filing obligations

As evident from the tax revenue data reported in Chapter 6, VAT constitutes a significant source of tax revenue in just about all surveyed countries. Of the 56 countries surveyed, only Hong Kong, India, Malaysia, Saudi Arabia and the United States currently do not administer a VAT as part of their system of indirect taxation.

Given the significant and growing reliance being placed on VAT systems it is not surprising that the compliance burden resulting from their application has come under a fair deal of scrutiny by Governments, revenue bodies and the business community at large. Over the last decade, many studies have been conducted pointing to the nature and scale of the compliance burden that can result from the policy and administrative design features of a country's VAT system.

A report prepared for the FTA in 2008 observed that, based on a number of country studies of the compliance burden resulting from their major taxes (e.g. Canada, Germany, Sweden and United Kingdom), the VAT was clearly the most burdensome on business of all taxes (OECD, 2008). Among other things, it pointed to data from a study carried out for the United Kingdom's HMRC which had found that invoice requirements and return filing obligations were the most burdensome responsibilities of the VAT system in place and particularly impacted the population of smaller businesses. The FTA's report noted that to address such concerns, some countries had taken steps to reduce the compliance burden by modifying the design of their VAT (e.g. by raising the threshold for registration and collection of VAT, by adjusting the frequency of return filing and payment obligations, and/or by adopting simplified liability calculation rules). (Similar action had been taken by some in respect of other taxes.) In addition, it pointed to increased use by some revenue bodies of modern technology to ease the burden, including electronic filing of returns and electronic tax payments. For Chile, the report highlighted an initiative to largely automate the production of VAT invoices and related record-keeping for SME taxpayers, as briefly described in Chapter 3.

For this series, data were captured on the return filing and payment obligations of VAT systems in surveyed countries, including the use of electronic filing and payment – see Table 9.11. The key observations are:

- Most countries aim to align the collection of VAT with the underlying economic activity; typically, this is achieved with a regime of monthly or quarterly returns and tax payments. Some countries differentiate between large and SME taxpayers, requiring returns and payments less frequently from SME and very small taxpayers – see Table 9.10.

- A small number of countries (e.g. Australia, Canada, Finland and Luxembourg) permit very small remitters of VAT and/or those taxpayers with irregular transactions to file returns/make payments less frequently (e.g. annually).
- A small number of countries administer what appear to be relatively rigid "one size fits all" requirements for VAT return filing and payments, including Argentina, Bulgaria, Chile, Costa Rica, Estonia, Lithuania and Thailand.
- Around two-thirds of surveyed countries have mandated use of e-filing and e-payment obligations for their largest and SME taxpayers, while over half have extended this obligation to their smallest VAT payers. This factor accounts for the very high overall rates of e-filing reported, and in particular for the rapid growth seen in many countries over the last 4 to 5 years – see Table 7.5.

Table 9.10. **Country examples of differentiated tax filing and/or payment regimes**

Tax	Country	Taxpayer category and size criteria	Filing/payment frequency
Employees' income tax withholdings	Australia	Large: Withholdings over AUD 1 million/year	Weekly
		Medium: Withholdings over AUD 25 000-1 million/year	Monthly
		Small: Withholdings less than AUD 25 000/year	Quarterly
	Canada	Large: Average monthly withholding amount (AMWA) – over CAD 50 000	Weekly (must be paid electronically)
		Medium: AMWA – CAD 15 000 to 49 999	Monthly
		Small: AMWA below CAD 3 000	Quarterly
Corporate income tax	Czech Republic	Large: Tax liability over CZK 150 000	Quarterly
		Small/ medium: Tax liability of CZK 30 000-150 000	Semi-annually
		Very small: Tax liability below CZK 30 000	Annually
	Ireland	Large: Tax in prior year over EUR 200 000	In 6th and 11th month of accounting period.
		Other: Tax in prior year less than EUR 200 000	31 days before end of accounting period.
VAT	Japan	Where consumption exceeded JPY 48 million during the last taxation period	Monthly
		Where consumption exceeded JPY 4 million but was less than JPY 48 million during last taxation period	Quarterly
		Where consumption exceeded JPY 480 000 but was less than JPY 4 million	Annually
	New Zealand	Large: Taxable supplies exceed NZD 24 million in a 12 month period	Monthly
		Small Medium Enterprise: Taxable supplies between NZD 500 000 and NZD 24 million in a 12 month period	Bi-monthly
		Very Small: Taxable supplies up to NZD 500 000 in a 12 month period.	Semi-annually
	South Africa	Large: Taxable supplies exceed ZAR 30 million in 12 month period	Monthly
		Medium: Taxable supplies less than ZAR 30 million	Bi-monthly
		Small: Where taxable supplies do not exceed ZAR 1.5 million in a 12 month period, vendor can request longer period	Four monthly
		Persons in agriculture and farming etc., where taxable income is below ZAR 1.5 million and taxable supplies less than ZAR 30 million	Six-monthly

Source: Tax Administration 2015 survey responses.

Administrative review

Administrative review is an important part of tax administration in just about all surveyed revenue bodies. It is the process by which a taxpayer can challenge a revenue body's decision without or prior to entering the legal system, to safeguard their rights and aiming to have the laws administered correctly. Also relevant in some countries are the operation of oversight bodies and Ombudsman, as mentioned in Chapter 1. Based on survey responses, an administrative review is generally compulsory in just over three-quarters of surveyed countries before a taxpayer can seek legal recourse. In the vast majority of countries, the process is undertaken by the revenue body itself, although for a small number of revenue bodies further assistance is provided by another government body such as the MOF. An exception is Austria where the process was the responsibility of an independent tribunal until the end of 2013, and the Federal Financial Court from 1 January 2014.

Table 9.12 sets out selected features of the tax dispute systems in the surveyed countries. The following observations can be made:

- The time period in which taxpayers have to appeal for administrative review varies considerably between countries. The minimum time reported was 14 days while the maximum extend out to five years; periods of 30-60 days were frequently reported.
- Despite being an integral part of the tax assessment and collection mechanism, the use of performance standards for reviews was only reported by just over half of revenue bodies.
- Around two-thirds of revenue bodies reported (some with qualifications) that they can collect disputed tax where a case is under administrative review. This can be compared with cases under court review where almost 80% of revenue bodies reported that disputed tax can be collected, albeit in some cases only in certain circumstances.
- Specialised tax courts exist in just under half of surveyed revenue bodies.

Performance data on tax disputes in administrative review are set out in Tables 6.14 and 6.15, with brief analysis in Chapter 6. As noted earlier, there were many gaps in survey responses limiting any comprehensive analysis and observations.

Enforced collection of unpaid taxes

The efficiency and effectiveness of a revenue body's enforced debt collection activities relies to a large degree on the nature and scope of the remedies that can be applied under the laws to enforce the payment of tax debts, including the provision of an appropriate regime of sanctions (e.g. interest and/or penalties) to deter and penalise non-compliance. In practice, the legal framework for the enforced collection of taxes is set out separately in the laws governing each tax administered or, ideally, in a single comprehensive law on tax administration that provides a common set of provisions covering all taxes.

The survey undertaken set out a menu of 14 specific powers that are known to exist to varying degrees across revenue bodies and sought an indication as to whether the powers indicated were available to the revenue body. (Performance data and selected ratios on tax debt are described in Chapter 6).

Table 9.11. **VAT: Payment and return filing obligations**

	Large[a]				Small/medium[a]				Very small[a]			
	Frequency of obligation[b]		Mandatory electronic[c]		Frequency of obligation[b]		Mandatory electronic[c]		Frequency of obligation[b]		Mandatory electronic[c]	
Country	Payment	File return	Payment	File return	Payment	File return	Payment	File return	Payment	File return	Payment	File return
OECD countries												
Australia	M	M	✓	✓	Q	Q	✓	x	A	A	x	x
Austria	M	M, A	x	✓	M	M, A	x	✓	M	M, A	x	✓
Belgium	M	M	x	✓	Q	Q	x	✓	-	-	-	-
Canada	M	M	✓ /1	✓	Q	Q	✓ /1	✓	A	A	x	x
Chile	M	M	✓ /1	✓ /1	M	M	✓ /1	✓ /1	M, Q /2	M, Q /2	✓	✓
Czech Republic	M	M	x	✓ /1	Q	Q	x	✓ /1	Q	Q	x	✓ /1
Denmark	M	M	✓	✓	Q	Q	✓	✓	SA	SA	✓	✓
Estonia	M	M	x	x	M	M	x	x	M	M	x	X
Finland	M	M	x	x /1	M	M	x	x /1	A/Q	A/Q	x	x /1
France	M	M	✓ /1	✓	M	M, Q	✓ /1	✓	I	A	✓ /1	✓
Germany	M/Q/A /1	M/Q/A /1	x	✓	M/Q/A /1	M/Q/A /1	x	✓	M/Q/A/ 1	M/Q/A /1	x	✓
Greece	M	M	✓	✓	Q	Q	✓	✓	Q	Q	x	✓
Hungary	M	M	✓	✓	Q	Q	✓	✓	A	A	✓	✓
Iceland	BM	BM	x	✓	BM	BM	x	✓	BM	BM	x	✓
Ireland	BM	BM	✓	✓	BM/Q	BM/Q	✓	✓	BM/Q/SA/A	BM/Q/SA/A	✓	✓
Israel	M	M	x	✓	M/BM	BM	x	✓ /1	BM	BM	x	✓ /1
Italy	M	A	✓	✓	Q	A	✓	✓	- /1	-	-	-
Japan	M	M	x	x	Q	Q	x	x	Q	Q	x	x
Korea	Q	Q	x	x	SA	SA	x	x	A	A	x	x
Luxembourg	M	M	x	✓	Q	Q	x	✓	A	A	x	x
Mexico	M	M	x	✓	M	M	x	✓	BM	BM	x	✓
Netherlands	M	M	x	✓	Q	Q	x	✓	A	A	x	✓
New Zealand	M	M	x	x	BM	BM	x	x	SA	SA	x	x
Norway	BM	BM	x	x	BM	BM	x	x	A	A	x	x
Poland	M	M, Q	x	x	Q, M	M, Q	x	x	Q, M	M, Q	x	x
Portugal	M	M	✓	✓	Q	Q	✓	✓	Q	Q	✓	✓
Slovak Republic	M, Q /1	M, Q /1	x	✓ /2	M, Q /1	M, Q /1	x	✓ /2	M, Q /1	M, Q /1	x	✓ /2
Slovenia	M	M	✓	✓	M	M	✓	✓	M, Q	M, Q	✓	✓
Spain	M	M, A	✓	✓	M, Q	M, Q, A	✓	✓	M, Q	M, Q, A	✓	✓
Sweden	M	M	x	x	M, BM, Q	M, BM, Q	x	x	A	A	x	x
Switzerland	M, Q /1	M, Q /1	x	x	Q, SA /2	Q, SA /2	x	x	Q, SA /2	Q, SA /2	x	x

Table 9.11. **VAT: Payment and return filing obligations** *(continued)*

Country	Large[a]				Small/medium[a]				Very small[a]			
	Frequency of obligation[b]		Mandatory electronic[c]		Frequency of obligation[b]		Mandatory electronic[c]		Frequency of obligation[b]		Mandatory electronic[c]	
	Payment	File return	Payment	File return	Payment	File return	Payment	File return	Payment	File return	Payment	File return
Turkey	BM	I	x	✓	BM	I	x	✓	BM	I	x	✓
United Kingdom	Q	Q	x	✓	Q	Q	x	✓	Q	Q	x	✓
United States	No national VAT											
Non-OECD countries												
Argentina	M	M	✓	✓	M	M	✓	✓	M	M	✓	✓
Brazil	No national VAT (see footnote 1 for Table 1.1)											
Bulgaria	M	M	x	✓	M	M	x	✓	M	M	x	✓ /1
China	/1	/1	x	x	/1	/1	x	x	/1	/1	x	x
Colombia	BM	BM	✓	✓	Q	Q	✓	✓	Q	A	✓	✓
Costa Rica	M	M	✓	✓	M	M	✓	✓	M	M	✓	✓
Croatia	M, Q	M, Q, A	x	✓	M, Q	M, Q, A	x	✓	M, Q	M, Q, A	x	✓
Cyprus	Q	Q	x	x	Q	Q	x	x	Q	Q	x	x
Hong Kong, China	No national VAT											
India	No national VAT											
Indonesia	M	M	x	✓	M	M	x	✓	M	M	x	✓
Latvia	M	M	x	x	M	M	x	x	M, Q, SA	M, Q, SA	x	x
Lithuania	M	A, SA, M	x	x	M	A, SA, M	x	x	M	A, SA, M	x	x
Malaysia	No national VAT											
Malta	M	M	x	x	Q	Q	x	x	A	A	x	x
Morocco	M	Q, M	✓	✓	Q, M /1	Q, M /1	✓ /2	✓ /2	Q	Q	x	x
Romania	M	M, Q, SA, A /1	x	x	Q	M, Q, SA, A /1	x	x	SA, A	M, Q, SA, A /1	x	x
Russia	M	Q	x	✓	M	Q	x	✓	M	Q	x	✓
Saudi Arabia	No national VAT											
Singapore	M, Q, SA	M, Q, SA	x	✓	M, Q, SA	M, Q, SA	x	✓	n.a	n.a	n.a	n.a
South Africa	M	M	x	x	BM	BM	x	x	(4 monthly)	(4 monthly)	x	x
Thailand	M	M	x	x	M	M	x	x	M	M	x	x

a. Size criteria as defined as defined by individual countries in their law for VAT filing and payment purposes.
b. Legend: **M**: monthly; **BM**: bi-monthly; **Q**: quarterly; **SA**: semi-annually; **A**: annually; **I**: irregular (number of payments).
c. Mandatory e-payment and e-payment may apply to some or all taxpayers in this size category.

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 337.

Source: Tax Administration 2015 survey responses.

Table 9.12. **Selected features of tax disputes of assessment or rulings**

	Administrative review						Revenue body can make a risk-based settlement	There is a court specialised in tax	Collection of disputed tax	
Country	Availability	Compulsory before court review	Organisation(s) in charge	Time limit in law to request review after assessment/ ruling	Time limit in law for revenue body to resolve dispute	Performance standard in place			Possible during administrative review	Possible during court review
OECD countries										
Australia	✓ /1	✓ /2	Revenue	/3	/4	✓ (70% in 56 days)	✓	x	✓	✓
Austria	✓	✓	Federal Financial Court /1	1 month	6 months	x	x	✓	✓ /2	✓ /2
Belgium	✓	✓	Revenue	6 months	6 months	✓(6 months)	x	x	x	x
Canada	✓	✓	Revenue /1	✓ /2	90-180 days	✓ /3	x /4	✓	In certain cases	
Chile	✓	x	Revenue	x	50 days	✓	x	✓	x	✓
Czech Republic	✓	✓	Revenue	30 days	6 months	x	x	x	✓	✓
Denmark	✓	✓	Revenue	3 months	1-11 months	✓	✓	x	✓	✓
Estonia	✓	x	Revenue	30 days	30 days /1	x	x	x	✓	✓
Finland	✓	✓	Revenue +	Within reasonable time	5 years	✓ /1	x	x	✓	✓
France	✓	✓	Revenue + /1	/2	6 months	✓ /3	✓ /4	x	✓ /5	/6
Germany	✓	✓	Revenue	1 month	No time limit	x	x	✓ /1	✓ /1	✓ /1
Greece	✓	✓ /1	Revenue	30 days	90 days	✓	x	✓	✓ /1	✓
Hungary	✓	✓	Revenue+ MONE	15 or 30 days /1	30 days /2	✓	✓	x	x /3	✓ /4
Iceland	✓	x	Revenue Board	3 months	None	✓	x	x	✓	✓
Ireland	✓	x	Revenue+ /1	None	None	✓ /1	✓	x /1	x	✓
Israel	✓	✓	Revenue	30 days	1 years	x	✓	x	x	x
Italy	✓	✓ /1	Revenue	60 days	90 days	x	✓	✓	✓	✓
Japan	✓	✓	Revenue	2 months /1	n.a.	✓	x	x	✓	✓
Korea	✓	✓	Revenue+ /1	90 days	90 days	x	x	x	✓	✓
Luxembourg	✓	✓	Revenue	3 months	6 months	x	x	x /1	✓	✓
Mexico	✓	x	Revenue	30 business days	3 months	✓	x	✓	x	x
Netherlands	✓	✓	Revenue	6 weeks	6 weeks	✓	✓	✓	✓ /1	✓ /1
New Zealand	✓	✓ /1	Revenue /2	2 months /3	None /4	✓ /5	✓ /6	✓ /7	x	x
Norway	✓	x	Revenue	3-6 weeks	Within reasonable time	x	x	x	✓	✓
Poland	✓	✓	Revenue	14 days	2 months	x	x	✓	x	x
Portugal	✓	x	Revenue	120 days	4 months	✓ (0.76 months)	x	✓	✓	✓
Slovak Republic	✓	✓	Revenue+ MOF	15 days	Various /1	x	x	x	x	✓
Slovenia	✓	✓	Revenue+ MOF /1	15 and 30 days /2	2 months	x /3	x	x	✓	✓
Spain	✓	✓	Revenue+	1 month	1 month	x	x	✓	x	x
Sweden	✓	✓	Revenue	2 months – 5 years	None	✓	x	x	✓	✓

Table 9.12. **Selected features of tax disputes of assessment or rulings** *(continued)*

	Administrative review						Revenue body can make a risk-based settlement	There is a court specialised in tax	Collection of disputed tax	
Country	Availability	Compulsory before court review	Organisation(s) in charge	Time limit in law to request review after assessment/ ruling	Time limit in law for revenue body to resolve dispute	Performance standard in place			Possible during administrative review	Possible during court review
Switzerland	✓	✓	Revenue	30 days	None	✓(all in 6 months)	✓	✓	x	x
Turkey	✓	x	Revenue	30 days	30 days	x	x	✓	✓	✓
United Kingdom	✓	x	Revenue+ /1	30 days	45 days (extended by agreement)	Statutory time limit	✓	✓	✓	✓ /2
United States	✓	✓	Revenue	30 days	/1	/1	✓	✓	✓ /1	✓ /1
Non-OECD countries										
Argentina	✓	✓	Revenue	15 days	60 days	x	x	✓	x	✓
Brazil	✓	x	Revenue	30 days	n.a.	✓	x	x	x	x
Bulgaria	✓	✓	Revenue	14 days	60 days	✓	x	x /1	✓	✓
China	✓	✓	Revenue	60 days	60 days	✓	x	x	✓	✓
Colombia	✓	x	Revenue	2 months	1 year	✓	x	✓	x	x
Costa Rica	✓	x	Revenue +	30 business days	30 business days	x	✓	x	✓	✓
Croatia	✓	✓	Revenue + /1	30 days	2 months	x	x	x	✓ /2	✓ /3
Cyprus	✓	✓	Revenue+		3 years	x	✓	x	✓	x
Hong Kong, China	✓	✓	Revenue	1 month/6 years /1	None	✓(98% in 4 months)	✓	x	✓	✓
India	✓	✓	Revenue	30 days	1 year	✓	x	✓	x	x
Indonesia	✓	✓	Revenue	3 months	12 months	✓	x	✓	x	x
Latvia	✓	✓	Revenue+	1 month	1-3 months	x	✓	x	x	✓
Lithuania	✓	✓	Revenue+ /1	20 days	30/60 days	✓	x	x	x	x
Malaysia	✓	✓	Revenue	30 days	12 months	✓	✓	✓	✓	✓
Malta	✓	✓	Revenue	30 days – 6 months	n.a.	x	✓	x	x	x
Morocco	✓	✓	Revenue + /1	60 days	6 months	x	-	x	✓	✓
Romania	✓	✓	Revenue	30 days	45 days	✓	x	x	✓	✓
Russia	✓	✓ /1	Revenue	1 month /2	1 month /3	✓	x	x	✓ /4	✓ /5
Saudi Arabia	✓	✓	Revenue+	60 days	60 days	x	x	✓	✓	✓
Singapore	✓	✓	Revenue+ /1	30 (21) days	None	✓ /1	✓	x	✓	✓
South Africa	✓	✓	Revenue	30 days /1	90 days	✓ /1	✓	✓	✓	✓
Thailand	✓	✓	Revenue /1	30 days	90 days	x	x	✓	✓	✓

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 337.
Source: Tax Administration 2015 survey responses.

Powers to enforce the collection of unpaid taxes

As set out in Table 9.13, most of the 56 surveyed revenue bodies have been given the more traditional types of powers to enforce (and encourage) the collection of unpaid taxes:

1. To grant taxpayer further time to pay (50 revenue bodies);
2. To make payment arrangements (52 revenue bodies);
3. To collect from third parties that have liabilities to taxpayers (50 revenue bodies), for some with limitations/qualifications;
4. To obtain a lien over taxpayers' assets (48 revenue bodies), with a few requiring a court order;
5. To arrange seizure of taxpayer's asset (49 revenue bodies), although in a few a court order is required);
6. To require a tax clearance for government contracts (41 revenue bodies);
7. To offset taxpayer's liabilities to his/her tax credits (51 revenue bodies); and
8. To initiate bankruptcy action (48 revenue bodies), although some require a court order.

Other powers available but reported less frequently included: *(1)* to withhold government payments to debtor taxpayers (34 revenue bodies); *(2)* to close a business/ cancel a license to operate (22 countries); and *(3)* to impose tax liabilities on company directors when certain conditions are satisfied (38 revenue bodies), with a court order required by some. Only 20 of 52 revenue bodies reported that they are permitted to publically disclose details of individual taxpayers' tax debts.

Looking across the population of surveyed countries and having regard to the menu of 14 powers used for survey purposes, revenue bodies in Belgium, Brazil, Chile, China, Colombia, Costa Rica, Hong Kong, Indonesia, Japan, New Zealand, Romania and Thailand appeared to have a fairly limited range of powers. However, in the case of Chile it must be acknowledged that the enforced collection of taxes is primarily the responsibility of the Treasury, not the revenue body.

While more information is required to be conclusive, the data reported suggests that there may be opportunities for revenue bodies' wishing to improve tax payment compliance and their collection effectiveness to examine the approaches of others.

Information and access powers

The ability of authorised revenue body staff to readily obtain information from taxpayers and other parties is critical to the smooth and efficient functioning of the tax system. For this reason, the legislative framework in place for conducting tax administration generally includes provisions that enable tax officials to acquire information required for tax purposes from taxpayers and other parties and to have adequate access to books and records. At the same time, there is a need for safeguards to ensure that such powers are not abused.

Table 9.14 provides an overview of the information and access powers that are used by revenue bodies in OECD and selected non-OECD countries to administer the tax system. The key points are as follows:

- With one exception, all surveyed revenue bodies have powers to obtain relevant information and for virtually all these revenue bodies (except Slovak Republic and Slovenia) these powers extend to requests to third parties.
- Without exception, taxpayers are required to produce all records on request from revenue bodies.
- Revenue bodies' access powers are a little more limited with regard to taxpayers' private dwellings. A search warrant is required in over half of surveyed bodies to enter taxpayers' dwellings for any purposes and in two countries these can only be for fraud or criminal cases. There are exceptions in a few countries (e.g. Ireland and Hungary) that apply where parts of the dwelling are used for business purposes.
- Just over half of surveyed revenue bodies require a warrant to seize taxpayers' documents.
- In just over half of OECD countries tax officials can request a search warrant without the help of other government agencies. This is less prevalent in non-OECD countries surveyed (less than half reported having this power).

Table 9.13. **Enforced tax debt collection powers**

Country	Powers provided for enforced payment of taxes and filing of tax returns (* denotes court order required)													
	Grant further time to pay	Make payment arrange-ments	Collect from third parties	Restrict overseas travel by debtor	Arrange seizure of debtors' assets	Close business/ cancel licence	Offset debits on tax credits	Obtain lien over assets	Withhold government payments to debtors	Tax clearance needed for government contracts	Deny access to certain government services	Impose tax debts on company directors	Publish names of debtors	Initiate bankruptcy
OECD countries														
Australia	✓	✓	✓	✓	✓	x	✓	✓	✓	x /1	x	✓	x /1	✓
Austria	✓	✓	✓	x	✓	x	✓	✓	✓	✓	x	✓	x	✓
Belgium	-	x	x /1	-	x	x	x	x	x /2	x	-	x	-	x /3
Canada	✓	✓	✓	x	✓ /1	x	✓	✓ /1	✓	x /2	x	✓ /1	x	✓ /1
Chile	x /1	x /1	✓	x /1	x /1	✓	✓	✓	x	x /1	x	x	x	✓
Czech Republic	✓	✓	✓	x	✓	✓	✓	✓	x	✓	x	x	✓	✓
Denmark	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	✓
Estonia	x	✓	✓	x	✓	x	✓	✓	✓	✓	x	✓	✓	✓
Finland	✓	✓	✓	x	✓	✓ /1	✓	✓	✓	✓	x	✓	✓	✓
France	✓	✓	✓	x	✓	x	✓	✓	✓	✓	x	✓	x	✓
Germany	✓	✓	✓	✓ /1	✓	✓ /1	✓	✓	✓	✓	x	✓	x	✓
Greece	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hungary	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓ /1	✓
Iceland	x	✓	✓	x	✓	✓	✓	✓	x	✓	x	✓	x	✓
Ireland	✓	✓	✓	✓	✓	✓	✓	x	x	✓	x	✓	✓	✓
Israel	✓	✓	✓	✓	✓	x	✓	✓	x	✓	x	✓	x	✓
Italy	✓	✓	✓	x	✓ /1	✓	✓ /1	✓ /1	✓	✓	x	✓ /1	x	✓ /1
Japan	✓	✓	✓	x	✓	x	✓	✓	x	✓	x	x	x	x
Korea	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x
Luxembourg	✓	✓	✓	x	✓	x	✓ /1	✓	✓	✓	x	✓ /2	x	✓
Mexico	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	x	✓	✓	✓
Netherlands	✓	✓	✓	✓	✓	x	✓	✓	x	✓	x	✓	x	✓
New Zealand	✓	✓	✓	x	✓	x	✓	✓	x	x	x	✓	x	✓
Norway	✓	✓	✓	x	✓	x	✓	✓	✓ /1	✓	x	✓	x	✓
Poland	✓	✓	✓	x	✓	x	✓	✓	x	✓	x	✓	x	✓
Portugal	✓	✓	✓	x	✓	x	✓	✓	✓	✓	x	✓	✓	✓
Slovak Republic	✓	✓ /1	✓	x	✓	x /1	✓	✓	x	✓	x	x	✓	✓
Slovenia	✓	✓	✓	x	✓	x	✓	✓	✓	✓	x	x	✓	✓
Spain	✓	✓	✓	x	✓	x	✓	✓	✓	✓	x	✓	x	✓

Table 9.13. **Enforced tax debt collection powers** *(continued)*

Country	Powers provided for enforced payment of taxes and filing of tax returns (* denotes court order required)													
	Grant further time to pay	Make payment arrange-ments	Collect from third parties	Restrict overseas travel by debtor	Arrange seizure of debtors' assets	Close business/ cancel licence	Offset debits on tax credits	Obtain lien over assets	Withhold government payments to debtors	Tax clearance needed for government contracts	Deny access to certain government services	Impose tax debts on company directors	Publish names of debtors	Initiate bankruptcy
Sweden	✓	✓	✓	x	✓	✓ /1	✓	✓	✓ /2	x	x	x /3	x	✓
Switzerland	✓	✓	✓	x	✓	x	✓ /1	x	✓ /1	✓	x	x	x	x
Turkey	✓	✓	✓	x	✓	x	✓	✓	✓	✓	x	✓	✓ /1	✓
United Kingdom	✓	✓	✓ /1	x	✓	x	✓	✓ /1	x	x	x	✓	x /1	✓ /1
United States	✓	✓	✓	x	✓	x	✓	✓	✓	✓ /1	x	✓	x	✓ /2
Non-OECD countries														
Argentina	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Brazil	x	x	x	x	✓	x	✓	x	x	✓	✓	✓	✓	✓
Bulgaria	✓	✓	✓	x	x	✓ /1	✓	✓	✓	✓	x	✓	✓ /2	✓
China	✓	x	✓	✓	✓	x	✓	x	x	✓	x	x	✓	x
Colombia /1	✓	✓	✓	x	✓	✓	x	✓	✓	x	x	✓	x	x
Costa Rica	✓	✓	x	x	x /1	✓	✓	x	x	x /2	x	x /3	✓	x
Croatia	✓ /1	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	x	✓	✓
Cyprus	✓	✓	✓	✓	✓	x	✓	✓	x	✓	✓	x/✓	x	✓
Hong Kong, China	✓	✓	✓	✓ /1	✓	x	✓	x	x	x	x	x	x	✓
India	✓	✓	✓	x	✓	x	✓	✓	✓	x	x	x	✓	✓
Indonesia	✓	✓	x	✓	✓	x	✓	✓	x	✓	x	✓	x	x
Latvia	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	x	✓	✓
Lithuania	✓	✓	x	x	x	✓	✓	✓	x	✓ /1	x	✓	✓	✓
Malaysia	✓	✓	✓	✓	✓	x	✓	✓	x	x	x	✓	x	✓
Malta	✓ /1	✓ /1	✓ /1	x	✓ /1	✓ /2	✓ /3	✓ /4	✓ /5	✓	✓ /2	✓	x	✓ /3
Morocco	✓ /1	✓	✓	✓	✓	x	✓	✓	✓	✓	x	✓ /2	x	✓
Romania	x	✓	✓	x	✓	x	x	✓	x	✓	x	✓	✓	✓
Russia	✓	✓	✓	✓	✓	✓ /1	✓	✓	✓	x	✓	✓ /2	✓ /3	✓
Saudi Arabia	✓	✓	✓	x	✓	x	✓	✓	✓	✓	✓	x	x	✓
Singapore	✓	✓	✓	✓	✓	x /1	✓	x	✓	x	x	x	x	✓
South Africa	✓	✓	✓	✓ /1	✓	x	✓	✓	x	✓	x	✓	✓ /2	✓
Thailand	✓	✓	x	x	✓	x	x	✓	✓	x	x	x	x	✓

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 340.
Sources: Survey responses.

Table 9.14. **Verification of taxpayers' liabilities: information access and search powers of tax officials**

Country	Nature of powers available to authorised/delegated tax officials								
	Obtain all relevant information	Powers extend to third parties	Taxpayers must produce records on request	Obtain information from other government departments	Enter business premises without taxpayer's consent and search warrant	Enter taxpayers' dwellings without consent and search warrant	Seize taxpayers' documents without consent and search warrant	Request a search warrant without help of other government agencies	Serve a search warrant without help of other government agencies
OECD countries									
Australia	✓	✓	✓	✓	✓	✓ /1	x	x	x
Austria	✓ /1	✓	✓	✓	✓ /2	✓ /2	✓ /3	✓ /4	x
Belgium	✓	✓	✓	✓	✓	x	✓	✓	x
Canada	✓ /1	✓ /1	✓ /1	limited	✓ /1	x	x	✓	✓ /2
Chile	✓	✓	✓	✓	✓ /1	✓ /1	✓ /1	✓	✓
Czech Republic	✓	✓	✓	✓	✓	✓ /1	✓	✓	✓
Denmark	✓	✓	✓	✓	✓	x	✓	x	x
Estonia	✓	✓	✓	✓	x	x	x	✓	✓
Finland	✓	✓	✓	✓	✓	✓ /1	✓	x /1	x /1
France	✓	✓	✓	✓	✓	x	x	x	x
Germany	✓	✓	✓	✓ (limited)	✓ (in work hours)	x	x /1	✓	✓
Greece	✓	✓	✓	✓	✓	x	✓	✓	✓
Hungary	✓	✓	✓	✓	x /1	x /1	x /1	x /1	x
Iceland	✓	✓	✓	✓	✓	x	✓	✓	x
Ireland /1	✓	✓ /1	✓	✓	✓	x /1	✓	✓	✓
Israel	✓	✓	✓	✓	x	x	x	✓	✓
Italy	✓	✓	✓	✓	✓	x	x	x	x
Japan	✓	✓	✓	✓	x	x	x	✓	✓
Korea	✓	✓	✓	✓	x	x	x	x	✓
Luxembourg	✓	✓	✓	✓	x	x	x	x	x
Mexico	✓	✓	✓	✓	x	x	x	x	✓
Netherlands	✓	✓	✓	✓	✓ (in work hours)	x /1	x /2	✓	✓
New Zealand	✓	✓	✓	✓	✓	x	x /1	✓	✓
Norway	✓	✓	✓	✓	✓	x	✓	x	x
Poland	✓	✓	✓	✓	x	x	x	x	x
Portugal	✓	✓	✓	✓	x /1	x /1	x	✓	x
Slovak Republic	✓	x	✓	✓	x /1	x /1	✓	x	✓
Slovenia	✓	x	✓	✓	✓ /1	x	✓	-	-
Spain	✓	✓	✓	✓	x	x	x	✓	x
Sweden	✓	✓	✓	✓	x /1	x /1	x /1	x	x

Table 9.14. **Verification of taxpayers' liabilities: information access and search powers of tax officials** *(continued)*

Country	Nature of powers available to authorised/delegated tax officials								
	Obtain all relevant information	Powers extend to third parties	Taxpayers must produce records on request	Obtain information from other government departments	Enter business premises without taxpayer's consent and search warrant	Enter taxpayers' dwellings without consent and search warrant	Seize taxpayers' documents without consent and search warrant	Request a search warrant without help of other government agencies	Serve a search warrant without help of other government agencies
Switzerland	✓	✓	✓	✓	x	x	x	✓	✓
Turkey	✓	✓	✓	✓	x	x	x	✓	x
United Kingdom	✓	✓	✓	✓	✓	x	x	✓	✓
United States	✓	✓	✓	✓	x	x	x	x	✓
Non-OECD countries									
Argentina	✓	✓	✓	✓	x	x	x	✓	✓
Brazil	✓	✓	✓	✓	x /1	x	✓	x	✓
Bulgaria	✓	✓	✓	✓	x	x	x	x	x
China	x	x	✓	✓	✓	x	x	x	x
Colombia	✓	✓	✓	✓	✓	x	✓	x	✓
Costa Rica	✓	✓	✓	✓	x	x	x	✓	x
Croatia	✓	✓	✓	✓	x	x	x	x	x
Cyprus	✓	✓	✓	✓	x (VAT, ✓)	x	x	✓	x (VAT, ✓)
Hong Kong, China	✓	✓	✓	✓	x	x	x	✓	✓
India	✓	✓	✓	✓	✓ /1	x	x	n.a. /2	✓
Indonesia	✓	✓	✓	✓	x	x	x	✓	x
Latvia	✓	✓	✓	✓	✓	x	x	x	x
Lithuania	✓	✓	✓	✓	✓	x	✓	x	x
Malaysia	✓	✓ /1	✓	✓ /2	✓ /3	✓ /3	✓ /3	x	x
Malta	✓	✓ /1	✓	✓	x	x	x	✓ /2	✓ /3
Morocco	✓	✓	✓	✓	x	x	x	n.a.	n.a.
Romania	✓	✓	✓	✓	x	x	✓ /1	x	x
Russia	✓	✓ /1	✓	✓	✓ /2	x	✓ /2	x	x
Saudi Arabia	✓	✓	✓	✓	✓	x	✓	✓	✓
Singapore	✓	✓ /1	✓	✓	✓	✓	✓	✓ /1	✓ /1
South Africa	✓	✓	✓	✓	✓ /1	✓ /1	✓ /1	✓	✓
Thailand	✓	✓	✓	✓	✓	✓	✓	x	✓

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 340.

Source: Tax Administration 2015 survey responses.Just over half of surveyed revenue bodies have powers of access to taxpayers' business premises and dwellings for the purpose of obtaining information required to verify or establish tax liabilities without the need for taxpayers' consent or search warrants. For a few, such access is permitted only in business hours. A search warrant is required to enter business premises in 23 countries for any purpose and in 2 countries only in criminal cases.

Tax offences (including policies to encourage voluntary disclosures)

Revenue bodies typically have resorted to a range of sanctions under the laws they administer for various offences that arise in the day to day operation of the tax system. Sanctions are intended to serve three fundamental purposes: *(1)* to act as a deterrent to non-compliant behaviour; *(2)* to punish those who offend; and *(3)* to enforce compliance with a specific provision of the law (e.g. the filing of a tax return and the payment of taxes). The most commonly-observed acts of non-compliance in practice tend to be: *(1)* the failure to file tax returns on time; *(2)* the failure to pay taxes on time; and *(3)* the failure to correctly declare all tax liabilities.

For this edition, revenue bodies were asked a range of questions concerning the offence of taxpayers failing to correctly declare all their tax liabilities, including the use of voluntary disclosure policies and the results achieved from such policies.

Survey responses concerning the questions posed are set out in Table 9.15, while details of recent developments reported by some revenue bodies are briefly outlined towards the end of the chapter. The key findings and observations are as follows:

- Six revenue bodies reported the absence of a common administrative penalty framework for the major taxes administered, suggesting the possibility of taxpayers being penalised inconsistently across taxes for identical acts of non-compliance.
- Nine revenue bodies reported that taxpayers' culpability is not a consideration in the imposition of these penalties, raising the prospect of taxpayers being penalised inconsistently for identical acts of non-compliance.
- Relatively few revenue bodies are empowered to publish details of individual taxpayers who are penalised for this offence.
- Only around 40% of survey revenue bodies reported they were empowered to offer reduced penalties as an incentive to taxpayers to voluntarily disclose past understatements of declared tax liabilities.

Voluntary disclosure policies

With reduced resources available for compliance programmes and greater expectations of improved revenue collection performance, revenue bodies are generally looking for effective "quick win" strategies. The deployment of "voluntary disclosure" policies is a proven (low cost) strategy which a number of revenue bodies have used successfully for many years as an integral feature of their approach to encouraging voluntary compliance. Furthermore, the imminent introduction of a new global standard for automatic exchanges of information between treaty partners – the OECD's Common Reporting Standard (CRS) – and the commitments already made to its adoption by individual countries presents a powerful incentive for revenue bodies to make use of this tool to achieve improved compliance and increased tax revenues (OECD, 2014).

What is a voluntary disclosure policy?

In general terms, voluntary disclosure programmes are opportunities offered by revenue bodies to allow previously non-compliant taxpayers to correct their tax affairs under specified terms. When drafted carefully, voluntary disclosure programmes benefit everyone involved – taxpayers making the disclosure, compliant taxpayers and governments.

Table 9.15. **Incorrect reporting of tax liabilities – framework for sanctions**

Country	Common administrative framework for PIT, CIT and VAT penalties	Revenue body is authorised to: Consider taxpayers' culpability in raising penalty	Remit penalties in appropriate circumstances	Publish details of taxpayers penalised	Offer reduced penalties for voluntary disclosures	Policy in place to encourage voluntary disclosures
OECD countries						
Australia	✓	✓	✓	x	✓	✓
Austria	✓	✓	✓	x	✓	✓
Belgium	-	✓	-	x	✓	x
Canada	x	x /1	✓	x	✓ /2	✓ /2
Chile /1	✓	✓	✓	✓ /2	✓	✓
Czech Republic	✓	x	x	x	x	x
Denmark	x	✓	✓	x	x	x
Estonia	✓	✓	x	✓	x	x
Finland	✓	✓	✓	✓ /1	x	x
France	✓	✓	✓	x	✓	✓ /1
Germany	✓	✓	✓	x	x	x
Greece	✓	✓	x	x	x	x
Hungary	✓	✓	✓	✓	x	x
Iceland	✓	✓	✓	x	x	x
Ireland	✓	✓	✓	✓	✓	✓
Israel	✓	x /1	✓	x /2	✓	✓
Italy	✓	✓	✓	x	✓	✓
Japan	✓	x	✓	x	✓	x
Korea	✓	✓	✓	✓	x	x
Luxembourg	x	✓	✓	x	x	x
Mexico	✓	✓	✓	✓ /1	✓	✓
Netherlands	✓	✓	✓	x	✓	✓
New Zealand	✓	✓	✓	x	✓	✓
Norway	✓	✓	✓	x	✓	✓
Poland	✓	✓	✓	x	✓	x
Portugal	✓	✓	✓	✓	✓	✓
Slovak Republic	✓ /1	x	✓	x	x	x
Slovenia	✓	✓	x	x	✓	✓
Spain	✓	✓	✓	x	✓ /1	✓
Sweden	✓	x	✓	x	x	x
Switzerland	✓	✓	✓	x	✓ /1	x
Turkey	✓	✓	✓	✓	✓	✓
United Kingdom	✓	✓	✓	✓	✓	✓
United States	✓	✓	✓	x	✓	✓
Non-OECD countries						
Argentina	✓	✓	✓	✓	x	✓
Brazil	x	x	✓	x /1	✓	x
Bulgaria	x	✓	✓	x	x	x
China	✓	✓	x	✓	x	x
Colombia	✓	x	x	x	x	x
Costa Rica	✓	✓	✓	✓ /1	✓ /2	x
Croatia	✓ /1	✓	x	x	x	x
Cyprus	PIT and CIT only	✓	✓	x	✓	x
Hong Kong, China	✓ /1	✓	x /1	x	✓	✓
India	✓ (No VAT)	✓	✓	x /1	x	x
Indonesia	✓	✓	✓	x	x	x
Latvia	✓	✓	✓	x	✓ /1	x
Lithuania	✓	✓	✓	✓	x	x
Malaysia	✓ (No VAT)	✓	✓	x	✓	✓
Malta	PIT and CIT only	✓	✓	x	✓	✓
Morocco	✓	✓	✓	x	✓	✓
Romania	✓	x	x	x	x	x
Russia	✓	✓	✓	✓	✓	x
Saudi Arabia	✓ (No VAT)	x	x	x	x	x
Singapore	✓	✓	✓	x	✓ /1	✓
South Africa	✓	✓	✓	x	✓	✓
Thailand	PIT and CIT only	✓	✓	x	✓	✓

Source: Tax Administration 2015 survey responses.

Many countries have features in their general law or administrative practice that encourage voluntary disclosures and thus provide certain incentives to taxpayers who have not complied with their tax obligations to come forward. In addition, several countries have put in place a temporary voluntary disclosure programme in order to take advantage of the momentum given by, for example, the availability of information about financial accounts held offshore and increased co-operation between revenue bodies. These programmes generally offer incentives, such as reduced penalties and interest charges, together with some form of protection from prosecution. Generally, programmes run for a short defined period, with a deadline for disclosure being set at the outset and the incentives, or incentives that are superior to those offered under existing general provisions, only being available during that period. Voluntary disclosure programmes, whether part of general law or designed as special programmes, can offer revenue bodies the chance of increased revenues at reduced cost, e.g. through fewer audits, litigation and criminal proceedings and increased voluntary compliance in future years by taxpayers that have come forward through the programme.

A critical consideration in the design of a voluntary disclosure programme is the set of incentives offered to encourage taxpayers to come forward voluntarily (e.g. concessions regarding penalties and/or interest). Typically, countries do *not* waive tax as part of their voluntary disclosure programme. Waiving tax would represent some form of a tax amnesty. According to IMF research, tax amnesty programmes are unlikely to deliver benefits that exceed their true costs. In fact, the IMF suggests that repeated stand-alone amnesties can lead to an erosion of the gross revenue collected from each successive amnesty, and may negatively affect overall tax compliance (IMF, 2008). This particular point highlights the fundamental difference between a “tax amnesty” and a “tax voluntary disclosure” policy, a distinction often not appreciated by commentators and particularly by the media where the terms are frequently used interchangeably.

Principles for successful voluntary disclosure programmes

In 2010, the OECD published the report of a study examining revenue bodies’ approaches to, and experiences with, the use of voluntary disclosure policies and programmes (OECD, 2010). The report, drawing on a comprehensive survey of member countries and advice received from external parties, identified a set of principles on which a successful voluntary disclosure programme should be based, as part of a wider tax compliance strategy. Specifically, a successful programme will:

a) be clear about its aims and terms;

b) deliver demonstrable and cost-effective increases in current revenues;

c) be consistent with the generally applicable compliance and enforcement regimes;

d) help to deter non-compliance;

e) improve levels of compliance among the population eligible for the programme; and

f) complement the immediate yield from disclosures with measures that improve compliance in the longer-term.

The report concluded that how these principles are to be implemented is a matter for each country, taking into account its particular circumstances and including its tax law and practice.

For this series, revenue bodies were asked whether their tax law permitted the use of such policies and, if so, were the policies being employed as part of their compliance strategy and what results were being achieved. Drawing on survey responses and limited research, the key findings and observations are as follows, while Table 9.16 sets out details of the value of adjustments and/or assessments reported in respect of these programmes, where data were available:

- Around 40% of revenue bodies have a policy to encourage voluntary disclosures; however, less than three-quarters of these revenue bodies were able to provide details concerning the scale of these programmes and the results achieved in practice.
- A number of revenue bodies (e.g. ATO, HMRC and IRS) have a policy of promoting/targeting such programmes to specific areas of non-compliance (e.g. assets concealed in offshore bank accounts).
- Results achieved by a number of revenue bodies suggest that voluntary disclosure programmes can be an effective means of encouraging taxpayers to come forward and make disclosures and a reasonable source of revenue.

Table 9.16. **Revenue bodies' use of voluntary disclosure**

	Numbers of cases processed				Taxes, penalties and interest (millions in local currency)			
Country	2010	2011	2012	2013	2010	2011	2012	2013
OECD countries								
Australia	9 776	13 742	10 945	11 216	582 /1	764 /1	838 /1	836 /1
Austria	n.a.	2 589	6 965	12 947	n.a.	n.a	n.a	n.a
Canada	12 506	13 009	13 633	15 133	/1	/1	/1	/1
Israel	-	-	1 079	255	-	-		
Italy /1	-	-	2	59	-	-	7	413
Mexico	-	-	-	-	-	-	-	170 538 /1
Netherlands /1	1 035	353	/1	/1	98	60	/1	/1
New Zealand	1 301	1 120	2 527	3 077	188	265	407	489
Portugal	1 033 534	2 679 891	1 956 346	2 041 435	45 /1	70 /1	58 /1	52 /1
Slovenia	21 315	13 887	14 491	17 522	14	10	14	10
Sweden	998	5 641			115	452		
Turkey	17 600	1 198 000			3.3	2 455		
United Kingdom	19 000	22 000	595	1 295	400	275		
United States	15 000 /1	18 000 /1	4 800	4 200	360 /1	3 040 /1	1 500	1 600
Non-OECD countries								
Malta	1 374	1 117	2 946	1 783	41	16	11	16
Morocco	n.a	n.a	5 961	29 254	n.a	n.a	n.a	1. 360
Russia	333 592	202 907	n.a	n.a	75 248	50 063	n.a	n.a
Singapore /1	818	745	13 209	13 851	68	36	17	20
South Africa	-	3 140 /1	814 /1	1 622 /1	-	1 700 /1	1 670 /1	1 490 /1
	-	-	-	28 /2	-	-	-	230 /1

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 342.

Source: Tax Administration 2015 survey responses.

Table 9.17 provides examples from revenue bodies that routinely offer voluntary disclosure programmes as part of their normal on-going compliance activities.

Table 9.17. **Examples of voluntary disclosure regimes**

Country	Brief outline
Australia	The ATO has for many years promoted a policy of voluntary disclosure to encourage compliance with the tax laws. When a taxpayer tells the ATO about a false or misleading statement they have made or a mistake that increases their tax or reduces their credits – and they do so without prompting, persuasion or direct compulsion on the ATO's part, it is referred to it as a "voluntary disclosure". A voluntary disclosure generally opens the way to concessional treatment both for any administrative penalties that apply and any interest charges. (Administrative penalties are those the ATO may impose without taking court action. They apply uniformly across most tax laws. That is, the penalty imposed for a particular type of mistake is the same regardless of the law involved, except for excise. (Excise law has its own penalties regime.) More information can be found at ATO website (ATO, 2014).
Canada	The CRA's Voluntary Disclosures Programme (VDP) allows taxpayers to come forward and correct inaccurate or incomplete information or to disclose information they have not reported during previous dealings with the CRA. Taxpayers may avoid being penalised or prosecuted, if they make a valid disclosure. A disclosure may be made for Income Tax and Goods and Services Tax/Harmonised Sales Tax (GST/HST) purposes. A valid disclosure must meet **all** of the following four conditions: *(1)* The disclosure is voluntary (made before the taxpayer becomes aware of any compliance action taken by the CRA against him/her); *(2)* a penalty applies to it; *(3)* the information is at least one year overdue; and *(4)* the information is complete. If the CRA accepts the disclosure as valid, the taxpayer may only have to pay the taxes or charges owing, plus interest. The VDP does not assess penalties, but rather relieves them. More information can be found at CRA website (CRA, 2014).
New Zealand	New Zealand IR's voluntary disclosure rules provide an incentive to taxpayers to determine their correct tax liability. By making a full voluntary disclosure, a taxpayer will attain the advantage of either a full or partial reduction of any "shortfall penalty" for which they are liable and may also avoid prosecution action. A taxpayer can make a full voluntary disclosure for the purpose of a shortfall penalty reduction, either: *(1)* before the taxpayer is first notified that a tax audit is pending ("pre-notification disclosure"), or *(2)* after the taxpayer is first notified of a pending audit but before the audit starts ("post-notification disclosure"). The relevant provisions of the law do not apply unless the taxpayer makes a full voluntary disclosure. It allows the Commissioner to specify what information must be provided by the taxpayer to be a full disclosure and the form in which the disclosure must be provided. Where a taxpayer makes a full voluntary disclosure a full or partial reduction will be allowed in the shortfall penalty rate, depending on the circumstances of the case (e.g. taking account of the degree of culpability, and the point in time when the voluntary disclosure is made in the course of the administrative process). When a taxpayer makes a pre-notification disclosure, the Commissioner's practice is not to consider subsequent prosecution action against them in respect of the tax shortfall that they have voluntarily disclosed. However, Inland Revenue may consider prosecution action when a taxpayer makes a post-notification disclosure that involves evasion or similar offending. (New Zealand Inland Revenue, 2014)
Singapore	IRAS introduced a Voluntary Disclosure Programme (VDP) in 2009 to encourage taxpayers to come forward voluntarily to disclose past errors made in tax declarations in exchange for no or reduced penalties; the VDP is applicable to Income Tax (including withholding tax) as well as, Goods and Services Tax. Further details of the VDP can be found in the IRAS e-tax guide "IRAS Voluntary Disclosure Programme" (IRAS, 2014).

Use of voluntary disclosure policies concerning off-shore non-compliance

In recent years, a number of revenue bodies have introduced more targeted voluntary disclosure programmes aimed at specific types or forms of non-compliance, in particular, non-compliance involving the concealment of income and assets in offshore accounts. These programmes have generally coincided with work of the OECD's co-ordinated effort to counter and eliminate offshore tax evasion practices through initiatives to eliminate bank secrecy, and expand and modernise the arrangements for automatic exchanges of information between treaty partners, as acknowledged in the following example provided by Australia's Commissioner of Taxation:

> The G20 work on increasing tax transparency across borders is having an impact – people are realising they need to come forward and clean up their affairs. Over 500 taxpayers have already made disclosures under the ATO's Project DO IT, totalling more than AUD 100 million in income and AUD 450 million in previously unreported assets. (ATO, 2014)

Examples of a few of these more targeted forms of voluntary disclosure campaigns are set out below:

- In March 2014, ***Australian*** tax authorities announced an initiative (Project DO IT) to allow eligible taxpayers to come forward and voluntarily disclose unreported foreign income and assets. In announcing the initiative, the ATO Commissioner urged taxpayers with offshore assets to declare their interests ahead of a global crackdown on people using international tax havens. The initiative covers amounts not reported or incorrectly reported in tax returns, including foreign income or a transaction with an offshore structure; deductions relating to foreign income that have been claimed incorrectly; capital gains in respect of foreign assets or Australian assets transferred offshore; income from an offshore entity that is taxable in your hands; and offshore deductions relating to domestic income.

  The initiative closed on 19 December 2014, with more than 5 600 taxpayers coming forward. More background can be found on the ATO website – see www.ato.gov.au/projectdoit.

- ***Chile*** reported that a special voluntary disclosure programme for declaration of assets and incomes held abroad is in effect between 1 January 2015 and 31 December 2015 (provisional Art. 24 Tax Reform). Taxpayers that choose to come forward under the programme are subject to a tax of 8% on the value of the assets and incomes declared. This tax replaces all other taxes that would otherwise be applicable to such assets and incomes. No further interest and monetary penalties are applicable. Taxpayers that comply with the requirements provided for in the law to declare assets and related income held abroad and pay the corresponding 8% tax, are exempted from further administrative, civil or criminal penalties applicable under tax, companies limited by shares, foreign exchange and securities laws. However, criminal prosecution is possible under anti-money laundering law.

- ***Israel*** reported that it implemented an offshore voluntary disclosure initiative between November 2012 and September 2013; the tax involved is established only after approval of the voluntary report and, as of May 2014, 600 cases had been approved, with tax of ILS 348 688 for cases reported in 2012-13.

Tax sanctions – recent legislative developments

Reforms concerning the sanctions regime administered were reported by a number of surveyed revenue bodies. The reforms reported are described briefly hereunder:

- ***Canada's*** CRA reported a number of developments:

  - *New Sanctions for Income Tax and GST/HST – Electronic Suppression of Sales Software:* Budget 2013 introduced new administrative monetary penalties and criminal offences for both GST/HST and income taxes to specifically address the underreporting of revenues through the use of electronic suppression of sales software. These measures strengthen existing penalties and offences for making false statements or omissions under each of the Excise Tax Act and the Income Tax Act, as well as existing sanctions under the Criminal Code. The provisions came into effect on January 1, 2014 and are in relation to the use, possession, acquisition, manufacture, development, sale, possession for sale, offer for sale or otherwise making available electronic sales suppression software.

- *False statements in Excise Tax Returns:* Budget 2014 standardided sanctions related to false statements in Excise Tax Returns to make them consistent with GST/HST sanctions. This included adding a new monetary penalty and amending the existing criminal offence.
- *Scientific Research and Experimental Development (SR&ED)*: The CRA revised Form T661, *SR&ED Expenditures Claim*, to include new prescribed information "Part 9 – Claim preparer information". A penalty of CAD1 000 may be assessed in respect of each SR&ED claim for which the prescribed information about the claim preparer(s) is missing, incomplete or inaccurate. If a claim preparer has prepared or assisted in the preparation of the claim, the claim preparer will be jointly and severally, or solidarily, liable with the taxpayer for the penalty. The penalty applies in respect of claims filed on or after 1 January 2014.
- *Gifting Tax Shelters:* Budget 2012 increased the penalties for unregistered charitable donation tax shelters and unreported tax shelter sales. Starting with the 2013 tax year, the CRA will not assess taxes owed or provide a refund to taxpayers who claim a tax credit under a gifting tax shelter scheme until the CRA has audited the tax shelter. Further, legislation introduced in Budget 2013 allows the CRA to collect 50% of the amount in dispute or to withhold 50% of the refund of an amount in dispute, when these amounts are related to a gifting tax shelter, starting with amounts assessed for the 2013 tax year.

- ***Chile*** reported that in November 2012 a tax reform bill was approved introducing Transfer Pricing regulations including sanctions for non-compliers in filing sworn affidavits informing on their operations with cross-border related entities.
- ***Costa Rica*** noted that changes to the General Tax Code in 2013 (Law No. 9069 of 28 September 2013) provided for increased penalties for failure to provide information as requested or in a timely manner, for the provision of wrongful and inaccurate information, and for the failure to comply with the duty to keep records of shareholders of corporate entities.
- ***Croatia*** reported that new legislation introduced in January 2013 for regulating the procedure of fiscalisation of cash payments, taxpayers subject to fiscalisation, contents of fiscalised receipts, recordkeeping on taxpayers subject to cash payment fiscalisation, the implementation of fiscalisation procedures, cash payments between taxpayers subject to fiscalisation, and the supervision of the implementation of this Act. The Act also includes a comprehensive set of sanctions, with fines up to HRK 500 000 for non-compliance, including by customers.
- In ***Denmark***, **s**mall/medium-sized corporations are now subject to an administrative fine of DKK 5 000-80 000 (depending on size of size of company) in case of (significant) monthly non-reporting, delay or faulty statement of tax liabilities of PAYE for employees to the e-Income register. Under separate "hidden economy" legislation in 2012 there is now a risk of liability for payment of tax for contracted works when transactions above EUR 1 200 are paid for in cash.

- ***Hungary*** reported that the penalty for under-declaration of tax liabilities (previously set at 75%) has been increased to a maximum 200% from January 2012, if it relates to the concealment of revenues or the falsification or destruction of documents, books or records.
- ***Ireland*** reported a number of developments: *(1)* Security for certain fiduciary taxes (i.e. Employers Tax, VAT, Relevant Contracts Tax, Universal Social Charge) where the person, in relation to a business that has ceased to trade, was involved in the management of the business and tax arose while the business was trading which has not been paid in full – if security is not provided and they continue to trade, they may be prosecuted; *(2)* New powers to request documentation and information for the purposes of investigation of a relevant offence; *(3)* Power to require certain persons to provide return of property; *(4)* New anti-avoidance measures; *(5)* Publication of the details of any excise licences revoked; *(6)* Extended provisions for penalties for failure to make an excise return; and *(7)* New provisions to authorise the forfeiture of alcohol products held for sale in unlicensed premises.
- ***Israel*** advised a number of developments were reported concerning new or revised sanctions. Major businesses are obliged to submit an expanded VAT annual report (a report that notes every invoice digitally). From January 2012, those taxpayers who fail to file an expanded report are subject to imprisonment of one year. In addition, proposed regulations for an administrative fine of ILS 2 000 for this offence are under way. The extended VAT filing requirement has been expanded from 2014. In 2012 and 2013, the requirement applied to businesses with a turnover exceeding 2.5 million NIS. From March 2014, the amended law was enforced so this requirement now includes businesses with turnover exceeding ILS 2 million. From January 2015, the turnover threshold will fall to ILS 1.5 million.
- ***Japan*** reported two developments: *(1) Penalties for a person who submits a request form for reassessment that includes falsified descriptions:* A person who submits a request form for reassessment that includes falsified descriptions to the district director of the tax office shall be punished by imprisonment with work for one year or less or by a fine of JPY 500 000 or less; and *(2) Penalties for intentional failure to file a foreign assets statement:* If a person submits a foreign assets statement that includes falsified descriptions, or fails to file the statement by the due date without reasonable reasons, the person shall be punished by imprisonment with work for one year or less or by a fine of JPY 500 000 or less. Provided, however, that if a person fails to file the statement by the due date, the person may be exculpated from the punishment in light of the circumstances.
- ***New Zealand*** advised that new penalties are being introduced to domestic legislation in order for New Zealand to be able to remedy "significant non-compliance" in accordance with the proposed inter-governmental agreement (IGA) with the United States in respect of FATCA. The specific change is the introduction of new offences for failing to register with a foreign government agency when required to by an agreement such as the proposed IGA. (Further information can be found under the heading "penalties" at the bottom of page 59 of the commentary to the relevant tax bill, http://taxpolicy.ird.govt.nz/sites/default/files/2013-commentary-arearm.pdf.
- ***Singapore*** reported a range of developments:
  - *New sanctions under the Anti-Money Laundering Legislation for tax offences:* The Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act (*CDSA*) is the principal anti-money laundering legislation in

Singapore that criminalises laundering of benefits derived from drug trafficking and other serious offences. Certain tax offences relating to fraud and evasion have been newly included as serious, and therefore predicate offences under the CDSA, and the laundering of proceeds of such crimes has been criminalised.

- *New sanctions relating to the Productivity and Innovation Credit (PIC) Scheme*: The PIC scheme was introduced in 2010 to encourage businesses to invest in productivity and innovation activities. Tax benefits include tax deductions/ allowances and cash payouts. Criminal sanctions have been introduced in respect of fraudulent claims for such benefits.
- *New sanctions relating to exchange of information:* Criminal sanctions have been introduced in respect of failure to provide information as required, providing false or misleading information in response to the revenue body's notice, as well as contravening the confidential nature of such notice (anti-tipping).

• ***Slovenia*** reported that new sanctions have been implemented for taxpayers who possess or use computer software or other electronic devices, which allow adaptation, hiding, deletion or any other kind of change to specific records, saved in the device or other media, with no possibility to trace such changes. The same sanctions apply to developers who supply such software to taxpayers.

Notes to Tables

Table 9.1. Taxpayers' rights and selected features of the revenue rulings system

/1. **Australia:** Where the taxpayer's request raises particularly complex matters that will take more than 28 days to resolve after receiving all the required information, an extended reply date is negotiated. **Austria:** From 2011 only private rulings on group taxation, business restructuring or transfer pricing are binding on the revenue body and fees will be charged. **Canada:** Income Tax – within 90 business days of receipt of all essential information from the client; GST/HST – within 45 working days of receipt in the CRA. This excludes highly technical and precedent and/or policy-setting GST/HST rulings and interpretations. **Estonia:** With provision to extend by 30 days. **Greece:** Private rulings only apply as regards to Advance Pricing Agreements (APAs). **India:** Central Board of Direct Taxes issues Circulars, which are in the nature of public guidance. **Israel:** Fees are required only for rulings on mergers and acquisitions. **Latvia:** 1 month is norm but may be extended for objective reasons up to 4 months, subject to notification of this to applicant. **Italy:** Rulings are binding only on the Revenue Agency. **Lithuania:** 60 days is norm but further 60 days may be added where additional examination required. **Luxembourg:** Direct taxes only. **Malaysia:** Fees are charged only for Advanced Private Rulings. **Portugal:** 150 days is norm but can be 90 days if a request to justify its urgency is made by the taxpayer and accepted by the tax administration. **Singapore:** 8 weeks for income tax and 4 weeks for GST; expedited rulings can be made for an additional fee. **Slovak Republic:** There is no general period within which the revenue body (SFA) is obliged to issue a private ruling following a taxpayer's request. The SFA will issue (on the basis of the written request of the taxpayer) the binding statements (defined by the Tax Procedure Code) to the tax regulations application from 1 September 2014. In such cases, the issuing period is to be defined 60 days from the day of the written request delivery (max. 6 calendar months – after consultation with the taxpayer). Required fee is 1% (at minimum EUR 4 000), 2% (at minimum EUR 5 000) or 3% (at minimum EUR 6 000) of the assumed business case value. These binding statements are binding for the revenue body and the second-instance (appellate) authority. **South Africa:** Depends on complexity of ruling. **United States:** IRS has not adopted a separate Taxpayer Bill of Rights that sets forth basic rights of taxpayers, nor has Congress codified that. However, Congress has enacted various specific protections of taxpayers' rights over the years, and the IRS has published a publication "Your Rights as Taxpayer" which spells out some of those statutory and other rights.

/2. **Canada:** Only private rulings on income tax matters are subject to a fee. **India:** Tax administration does not give private rulings. There is the institution of the Authority of Advance Rulings which the taxpayers may approach for a ruling on specific facts applicable to their case.

Table 9.2. System of taxpayer identifiers used and number of registrations – PIT

/1. **Canada:** Number of taxpayers who were alive on 31 December 2012 and who filed at least one return in the last five years. **Croatia:** The number represents individuals/natural persons who are conducting self-employment activities reported to the revenue body, as well as of craft and freelance business activities. **Estonia:** Number of natural persons who submitted PIT return for 2013. **France:** Number of "fiscal households", which are made up of one person (single, widow, divorced), two persons (married or partners) children, even adult children under certain conditions for the latter. **Israel:** A special number is given for combined businesses and a unique identifier is issued for withholding files**.** Concerning the registered population**, o**nly active taxpayers are counted, thereby excluding closed files such as terminated businesses that are not required to file and businesses in the process of closing files. **Italy:** Data for 2013 are not available because the terms of submission of returns are currently open. Figure refers to 2012. **Japan:** The number of people who filed a final tax return for 2013. **Korea:** Number of registered taxpayers subject to 2012 Global Income Tax (5.6 million) and number of wages and salary earners subject to year-end settlement (15.8 million). **Poland:** Two numbering systems exists, and each has different features. PESEL (Powszechny Elektroniczny System Ewidencji Ludności), the personal identification number is the tax identifier for the selected taxpayer groups (i.e. individuals who do not lead the business or they are not registered as VAT taxpayers; others have a NIP (Numer Identyfikacji Podatkowej), tax identification number. PESEL has 11 digits including some that are taxpayer specific, while the NIP has ten digits, none of which are taxpayer specific. **Romania:** Registered taxpayers are those who are recorded on the taxpayer master files that are under regular administration by the revenue body; the number shown does not include those employee taxpayers who are generally not required to file an income tax return because their income tax liabilities are finalised by employers' withholding. **Russia:** FTS have no statistics of PIT taxpayers. The number shown is all registered individuals payers of due taxes. **Saudi Arabia:** The revenue body administers a tax on income/profits and a tax unique to SA known as the ZAKAT. There are around 11 000 individuals and companies registered for the tax on income/profits and 250 000 registered for the ZAKAT. **Singapore:** The number of individual tax filing packages issued for 2014 year of assessment to taxable individuals as at end of February 2014. **Slovak Republic:** The number recorded on the taxpayer master files that are under regular administration of the revenue body. **South Africa:** The number registered at the end of the 2013 financial year (i.e. end of March 2013) and includes individuals and trusts (totalling 0.3 million in 2012/13). In 2010/11, SARS changed its policy and stipulated that all individuals who are formally employed must register as taxpayers, rather than only those taxpayers above the tax threshold, resulting in the number of individuals on register increasing from 5.9 million in 2009/10 to 15.4 million in 2012/13. **Spain:** Number of registered personal taxpayers is the number of annual PIT returns (with including several taxpayers as it is possible a joint PIT return with spouses or children under 18). **Switzerland:** Last precise figures available for PIT are for 2010. **United States:** These include all taxpayers on the IRS Master File, including spouses as of the close of cycle 2013, and it includes all taxpayers for which activity has taken place within the last four years, and within ten years for those with outstanding tax liabilities.

Table 9.3. System of taxpayer identifiers and number of registrations – CIT and VAT

/1. **Belgium:** The CIT number is the official registered enterprise number that can be used across Government. The VAT number is the enterprise number plus the code "BE". **Canada:** Figure for CIT represents the number of registered corporations in the Business Number system as of end of March. The figure for VAT represents the total number of CRA administered GST/HST programme accounts as of end of March 2013 and excludes GST/HST programme accounts administered by the Province of Quebec (Federal/Provincial Administrative Agreement). **Chile:** Figure for CIT registrants represents number who filed return in 2014; figure for VAT registrants is number who filed returns in 2013. **Estonia:** The CIT number is the registered entity number for government purposes, recorded in the Business Register. **France:** Business identification (SIREN) is a unique company registration number. It is allocated for each company by the national statistics office and is made by 9 numbers (8 numbers and 1 check number). For public entities, this number starts automatically with "1" or "2". For VAT, the identification number consists of 3 elements: the country code (FR), the numeric or alphanumeric key of 2 characters and the unique company registration number of 9 characters. **Hungary:** For VAT registration and identification purposes, taxpayers are identified using either their PIT number where a natural person or their CIT number where a legal entity. Thus the client identifier used for VAT will reflect the individual features of the respective numbering systems. **Israel:** CIT number is the registered company number. A special number is given for combined businesses and a unique identifier is issued for withholding files**.** The number for VAT purposes is either the registered company number or the citizen identity number for a sole trader or self-employer. **Italy:** Data for 2013 are not available because the terms of submission of returns are currently open. Figure refers to 2011 for CIT and VAT. **Japan:** The CIT amount is the number of declared cases for 2012, and the VAT figure is the number of declared cases (payments and refunds) for 2012. **Korea:** Amount is the number of registered taxpayers at the end of 2012. **Latvia:** For CIT identification, a joint registration number is granted by the Enterprise Register; where such a code has not been granted to the legal entity, it is granted an 11-digit taxpayer registration code. For VAT payer identification, one applies the taxpayer registration code which is the same as the PIT or the CIT identifier, if such an identifier has not been granted, the VAT liable person is granted an 11-digit VAT registration number. **Mexico:** The number of digits of the identifier for VAT can be 12 (where a corporate taxpayer) or 13 where an individual (and registered for PIT). **Norway:** CIT is the same number as the registration number in the Company House. The VAT number is the same number as CIT plus MVA (abbreviation for VAT). **Russia:** The expressed figure is the number of all registered legal entities payers of CIT and special regimes taxpayers. **Saudi Arabia:** Revenue body administers a tax on income/profits and a tax unique to SA known as the ZAKAT. There are around 11 000 individuals and companies registered for the tax on income/profits and 250 000 registered for the ZAKAT. **Singapore:** For CIT, figures represent the number of active companies that were issued a tax return for the 2014 year of assessment 2014 as at 23 March 2014. **Switzerland:** Latest precise figures available are CIT (2010) and VAT (2011). **Thailand:** Number as per Certificate of Juristic Person Registration. **United States:** The corporation figure includes all active and inactive corporations that file Form 1120. Inactive corporations remain on the master file for four years and up to 10 years if there are outstanding tax judgments.

/2. **Israel:** Only active taxpayers are counted for CIT and VAT. Closed files (such as terminated businesses that are not required to file and businesses in the process of closing files) are not included.

Table 9.4. Use of taxpayer identifiers for information reporting and matching

/1. **Germany:** Legislation enacted with technical implementation underway. **Luxembourg:** Direct Taxes only. **Morocco:** Individuals are not obliged to have a fiscal identifier so the revenue body uses the national identifier. **Portugal:** Interest income is generally subject to final withholding tax. Taxpayer identification is reported only in case of global income taxation.

Table 9.5. PIT: Employer withholding, payment and reporting obligations

/1. **Canada:** Mandatory electronic filing obligations apply to employers that file more than 50 information returns for a calendar year. Generally this would exclude very small businesses. **Chile:** Mandatory e-payment and e-filing applies to taxpayers authorised to keep electronic accounting records. **Croatia:** Employers generally are required to remit tax withholdings and report income details to the revenue body when wage payments are made to employees. **Denmark:** Although reporting electronically is not mandatory 99.7% of reports are received this way; it is planned to introduce mandatory reporting requirements in 2015. **Finland:** Small employers can apply to make their payments quarterly. **France:** There is no regime for the collection of PIT by withholding at source, although such requirements exist for social security contributions. **India:** All corporates and persons who are required to have their books of account audited are required to use e-payment for their withholdings. **Morocco:** The requirements for e-payment and the e-filing for tax returns are optional for taxpayers who have a turnover between 10 and 50 million MAD. **Singapore:** No tax withholding on employment income where paid to taxpayers who are citizens of Singapore; reporting of wage income must be made electronically by employers participating in the auto-inclusion (i.e. prefilling service) system used by IRAS. **Slovak Republic:** Mandatory from 2014 where taxpayer is also a VAT payer or uses the services of tax agents. **Spain:** From January 2014, all reporting must be made electronically, or by using special Tax Help Programme that produces reports that can be processed using scanners. **Switzerland:** Requirements vary across cantons. However, all foreign employees who do not hold a long term residence permit but who nevertheless have their tax domicile or residence in Switzerland shall be subject to tax withholding on employment income. **United States:** Frequency of payments depends on the employer's payment schedule as determined by prior liabilities and how often employees are paid.

Table 9.6. Withholding and reporting regimes for income of resident taxpayers

/1. **Austria:** From 1 April 2012. **Belgium:** Specified business income (e.g. commissions, broker fees, etc.) **Bulgaria:** Some bank interest is subject to withholding taxation. **Canada:** Only if property is other than primary residence. **Chile:** Re interest, withholding on certain public debt instruments; other payments include directors' fees and rents when paid to real estate agents. **Costa Rica:** Tax Administration is in charge of collecting the tax derived from transfer of immovable property. This tax is collected by bank entities as a requirement for filing the correspondent public deed before the Public Registry. Real estate tax is collected by each local government. **Finland:** Sale/purchase of shares: No withholding when shares are sold or purchased. Sale/purchase of real estate: No withholding when real estates are sold or purchased; Other types of income:

Pensions, social benefits etc. are all mainly subject to withholding **France:** dividends and interests are subject to general rate of income tax since incomes earned in 2013. **Hong Kong:** Capital gains, dividends or interest are not subject to tax in Hong Kong. **Italy:** withholding only for non-qualified shares and reporting only for qualified shares; **Japan:** Distribution of profits based on contracts of specified anonymous association etc. **Korea:** Retirement income, Pension, Other income. **Latvia:** If one has registered economic activity, the tax shall be paid upon submission of the annual income return. **Luxembourg:** For individuals only. **Morocco:** Tax for sales/purchases of shares is withheld at source only if shares are quoted in Casablanca Stock Exchange. **Netherlands:** Banks and insurance companies provide the values at the beginning and end of fiscal year of accounts and capital insurance policies. **New Zealand:** New Zealand operates an imputation credits system. **Norway:** (if listed). **Portugal:** 50% of this income is taxed but can be exempted provided that the sale value is reinvested in real estate for private residence purposes. **Romania:** For certain activities/transactions tax is not withheld. **Russia:** No, if rent income of the individual (physical person) is received from the legal entity, the tax is withheld at source of income. If rent income of the individual (physical person) is received from another individual, then income should be declared and tax should be paid by recipient of income. **Slovak Republic:** Employer (payer of the tax) shall deduct or withheld the tax advances (monthly) from the taxable income (wage and salary) of employee and employee shall ask employer for annual tax assessment. If employee (resident or non-resident) does not ask employer for annual tax assessment he has to report it in the tax return. (The taxpayer reports incomes from dependent activity (salary and wage) not withheld in the tax return.) **Slovenia:** Interest withholding is not valid for all types of interest. **South Africa:** Shares listed on the Johannesburg Stock Exchange and participatory interests in regulated Collective Investment Schemes. **Switzerland:** Requirements vary across cantons. However, all foreign employees who do not hold a long term residence permit but who nevertheless have their tax domicile or residence in Switzerland shall be subject to tax withholding on employment income. **Thailand:** Non-residents may not be subject to tax according to relevant double tax treaties. **United Kingdom:** No interest withholding if taxpayer make claims, as below income tax charge. **United States:** Backup withholding may be required under certain circumstances.

/2. **Austria:** From 1 April 2012. **Italy:** a special regime is applied on gambling income sourced on Italian territory. **Latvia:** If one has not registered economic activity, the tax shall be withheld by the income payer at the moment of payment. **The Netherlands:** For the transfer of real estate a notarial act is obligatory and these are registered at the tax administration. **United Kingdom:** Withholding and reporting is in place for certain workers in the construction industry

Table 9.7. Withholding and reporting regimes for income of non-resident taxpayers

/1. **Austria:** *Wages:* Only if employee is employed by a permanent establishment (for wage tax proposes) in Austria; *Interest:* Within EU: withholding tax according to council directive 2003//48/EC; outside the EU; normally no. limited tax liability in Austria. *Share sales:* Only for those activities listed in Income Tax Act. *Real estate sales*: from 1 April 2012. **Chile**: Withholding must be applied over the capital gain obtained in a transaction. **Costa Rica:** The Tax Administration is in charge of collecting tax derived from the transfer of immovable property. This tax is collected by bank entities as a requirement for filing the correspondent public deed before the Public Registry. **Croatia:** Agreed provisions of concluded Agreements on avoidance of double taxation apply. Depending on whether there is full documentation submitted (e.g. residency certificate) the tax on specific income can be withheld at source; otherwise it cannot be withheld at the source and national tax procedures apply. **Cyprus:** *(1) Employment income*: where employment is exercised in Republic or if directors' fees paid by a resident company; *(2) Interest income*: If subject to EU savings directive; *(3) Professional income:* All types of such income of an individual; *(4) Income from royalties/patents:* Exempt if royalties/patents used abroad and non-resident was not engaged in business in Cyprus or per interest and royalties directive; *(5) Shares:* By seller: For CGT purposes, if there is a sale of shares of companies not registered on a recognised stock exchange with immovable property in Cyprus; *(6) Real estate*: By seller: Before any transfer of immovable property situated in Cyprus. Any CGT due needs to be settled before the transfer; *(7) Other income:* Technical assistance, cinematography film, entertainer group including football clubs and athletic missions. **Finland:** Other types of income such as pensions, social benefits etc. are all mainly subject to withholding and reporting. **France:** Yes, by taxpayers using tax returns. **Germany:** From 2009, interest, dividends, fund distributions and capital gains from capital investments (e.g. shares or units) are subject to a uniform final flat-rate withholding tax of 25%. The investment income of non-residents is only liable to tax in a few exceptional cases, e.g. where the principal is secured through domestic real property or where over-the-counter transactions are involved. Tax deduction is only provided for in the case of the latter. Dividend payments are, however, reported in case of an application for refund of the withholding tax. Interest payments are reported in the cases falling under the Interest Information Regulation (implementation of the Savings Taxation Directive). No deduction of tax in the case of renting out domestic real property, dwellings and office space etc. Business income withholding for certain types of income, e.g. income of artistes, professional sportsmen, authors and journalists applies. Upon deduction of the tax for business income, the remuneration debtor must submit a self-assessed tax return, in which it is, however, generally only necessary to enter the entire remuneration amount subject to the tax deduction. It is not normally necessary to state what the total figure comprises. Other incomes are recurring benefits and pensions. In case of pension payments, the amount of the benefits has been communicated using a pension payment notification for assessment periods since 2005. **Hong Kong:** Capital gains, dividends or interest are not subject to tax in Hong Kong. **Ireland:** Payments of rent to non-residents of the state are paid gross if the payments are made to a resident agent who is acting on behalf of the non-resident property owner. Revenue may request third-party returns from letting agents and managers of premises. Payments of rent to non-residents are subject to withholding tax by the tenant at the standard rate (currently 20%) where the rent is paid directly to the non-resident into his/her bank account. In this situation, the tenant must account for the tax to the Revenue Commissioners. **Italy:** Under certain circumstances, a reduced withholding of 1.375% is applied for UE and EEA companies. **Japan:** Distribution of profits based on contracts of specified anonymous association etc. **Korea**: Withheld only when selling shares or real estate, Retirement income, Pension, Other income. **Latvia:** If one has registered economic activity, the tax shall be paid upon submission of the annual income return. **Luxembourg:** Artists and sportsmen only. **Malaysia:** Income from rents of immovable property and other income type are subject to withholding and reporting by the payer. **Morocco:** Tax for sales/purchases of shares is withheld at source only if shares are quoted in Casablanca Stock Exchange. **The Netherlands:** Banks and insurance companies provide the values at the beginning and end of fiscal year of accounts and capital insurance policies. **New Zealand:** New Zealand operates an imputation credit scheme. **Poland:** (CIT) Remitters are obliged withhold withholding tax on dividends, interests, royalties and patents on the day of making the payment. Taxpayers shall transfer the amounts of tax, no later than the 7th day of the month following the month in the course of which the tax was withheld to the account of the tax office headed by the Head of the tax office relevant for matters of taxation of foreign persons (non-resident taxpayers). Remitters are obliged to send the non-resident taxpayers and the tax office information about the payments made and the withheld tax prepared in compliance with the set template. **Russia:** In relation to legal entity – when a non-resident carries out business activities by creating a permanent establishment for the purposes of taxation. **Slovak Republic:** Employer (payer of the tax) shall deduct or withheld the tax advances (monthly) from the taxable income (wage and salary) of employee and employee shall ask employer for annual tax assessment. If employee (resident or non-resident) does not ask employer for annual tax assessment he has to report it in the tax return. (The taxpayer reports incomes from dependent activity (salary and wage) not withheld in the tax return.). **Slovenia:** If non-residents alienate Slovenian source financial capital they are not required to pay the tax on capital gains earned by this alienation, unless the alienated security or equity share represented a majority share in an entity (defined in the Slovenian Personal Income Tax Act as 10% of voting rights or 10% share in a capital or in a particular class of securities that a legal entity issued directly or indirectly through an associated enterprise) in the period of 5 years before the alienation. **South Africa:** A withholding tax on interest paid to non-residents is to be introduced with effect from 1 January 2015. **Switzerland:** Only applicable if performance of artists, musicians, sportspersons and contributors is in Switzerland. Also applies for income paid by a Swiss-company to members of a governing board. **United States:** The requirements for withholding and reporting vary depending on the source of the income (US or foreign), provisions of tax treaties, amount and type of payments, etc. **Thailand:** Non-residents may not be subject to tax according to DTA.

/2. **France:** Only if incomes are taxable in France according to a tax convention. **Italy:** A special regime is applied on gambling income sourced on Italian territory. **Netherlands:** For transfer of real estate a notarial act is obligatory and these are registered at the tax administration. **South Africa:** Shares listed on the Johannesburg Stock Exchange and participatory interests in regulated Collective Investment Schemes.

/3. **France:** Yes, by taxpayers using tax returns. **South Africa:** Withholding tax on payments to non-resident sellers of immovable property.

Table 9.8. PIT: Assessment system and advance payments (excl. withholdings)

/1. **Canada:** Tax agents filing more than 10 returns must e-file returns. **France:** There are a number of schemes: *(1)* Three instalments, with payments by 15 February, 15 May and 15 September of assessment year; or *(2)* monthly scheme using banking system. **Hong Kong**: A person who is chargeable to salaries tax (or PIT) is required to pay provisional salaries tax. Provisional salaries tax is normally payable in two instalments of 75% in January and 25% in April. **Italy:** Special regime for individual entrepreneurs (without employees) with yearly income under EUR 30 000; they pay a cumulative/substitutive tax of 5% and must file annual return of their income. **Morocco:** Mandatory requirements for e-payment and the e-filing for tax returns depend on the turnover. **Slovak Republic:** Mandatory from 2014 where taxpayer is also a VAT payer or uses the services of tax agents. **Spain:** From January 2014, paper returns are no longer allowed and all returns must be e-filed or filed using a Tax Help Programme designed by the Tax Agency that enables the production of a return in PDF format that can be easily read by scanners.

Table 9.9. Corporate income tax: Return filing and advance payment obligations

/1. **Canada:** Most corporations with annual gross revenue over CAD 1 million are required to file CIT returns via Internet. **Chile:** Taxpayers authorised to keep electronic ledgers with annual turnover over 50 million pesos are required to file electronically the annual income tax return. Re monthly advance payments, taxpayers authorised to keep electronic accounting books are required to file and pay electronically. **Colombia:** Data sourced from IBFD database**. Estonia:** Data relates to Estonia's flat rate distribution tax on distributed profits; there is no CIT per se. **Greece:** Eight monthly advance payments are required. **Hong Kong:** CIT taxpayers (regardless of their size) are required to pay provisional profits tax (or CIT). Depending on the accounting year-end date of the companies and time of issue of the profits tax assessments, provisional profits tax is in general payable in two instalments-75% in November/January and 25% in January/April. **Iceland:** 10 monthly payments. **Israel:** Legislation process initiated to mandate CIT e-filing. **Italy:** Special regime for individual entrepreneurs (without employees) with yearly income under EUR 30 000. They pay a cumulative/substitutive tax of 5% and must file annual return of their income. **Morocco:** Mandatory requirements for e-payment and e-filing for tax returns depend on the turnover. **Singapore:** Advance payment of CIT is applicable only if a company is winding down (e.g. striking off, liquidation). **Slovak Republic:** Mandatory from 2014 where taxpayer is also a VAT payer or uses the services of a tax agent. **United States:** Corporations must make instalment payments of estimated taxes if expected tax for a year is USD 500 or more. Certain corporations (or a group of related corporate entities) with total assets of USD 10 million or more that file at least 250 returns during the calendar year of any type (including income tax returns, information returns, payroll returns, etc.) are required to e-file (unless a waiver is received).

Table 9.11. VAT: Payment and return filing obligations

/1. **Bulgaria:** VAT return and sales and purchases registers must be reported electronically where there are more than five records in any register. **Canada:** Payments of CAD 50 000 must be made electronically or at the taxpayers' financial institution. **Chile:** Enterprises authorised to keep electronic accounting records are required to file and pay through the Internet. **China:** According to VAT law, the frequency of file return and payment obligation is as follows: The VAT assessable period shall be one day, three days, five days, ten days, fifteen days or one month. The actual assessable period of the taxpayer's shall be determined by the competent tax authorities according to the magnitude of the tax payable of the taxpayer; tax that cannot be assessed in regular periods may be assessed on a transaction-by-transaction basis. Taxpayers that adopt one month as an assessable period shall report and pay tax within ten days following the end of the period. If an assessable period of one day, three days, five days, ten days or fifteen days is adopted, the tax shall be prepaid within five days following the end of the period and a monthly return shall be filled with any balance of tax due settled within ten days from the first day of the following month. **Czech Republic:** Mandated e-filing obligations commenced from January 2014. **Finland:** There are no mandatory requirements; however, those filing electronically are given an additional 5 days to file (and pay). **France:** e-payments are mandatory for all sizes of taxpayer from 1 October 2014. **Germany**: Frequency of payments of VAT and return filing obligations does not depend on the taxpayer segment but in general on the amount of previous year`s tax. Return filing: quarterly (generally), annually if previous year`s tax does not exceed EUR 1 000; monthly if previous year`s tax does exceed EUR 7 500. Taxable persons starting their business have to file monthly in the first and the following calendar year. In addition, annual return filing is required from all taxable persons (monthly or quarterly fillings are provisional advance returns). **Israel:** Only mandatory for a tax refund request. **Italy:** Special regime for individual entrepreneurs with yearly income below EUR 30 000; a VAT exemption regime is granted. **Morocco:** The frequency of payments and return filing of VAT depends on the turnover. **Romania:** filing frequency depends on taxpayer turnover and whether there are intra-community procurements; **Slovak Republic:** Thresholds apply to determine filing frequency (i.e. monthly (large) and quarterly (others); all taxpayers have choice to file monthly if they wish. **Switzerland:** Large enterprises can choose between monthly or quarterly if they are regular creditors (over CHF 50 000 per month).

/2. **Chile:** Taxpayers who participate in the Simplified VAT regime file and pay quarterly. **Morocco:** Mandatory requirements for e-payment and e-filing of tax returns depend on turnover. **Slovak Republic:** All businesses must e-file VAT returns from January 2014. **Switzerland:** SME and very small enterprises can choose either quarterly or semi-annual filing if annual turnover is below CHF 5 million.

Table 9.12. Selected features of tax disputes of assessment or rulings

/1. **Australia:** In large disputes, ATO attempts to use alternative dispute resolutions processes to solve the matter before the need for a judicial hearing. **Austria:** Financial Tribunal has become a court from the 1 January 2014. **Bulgaria:** There is no specialised court, but the administrative courts and the Supreme Administrative Court have judicial panels that are dealing primarily with tax disputes. **Canada:** Province of Québec resolves GST (VAT) objections on behalf of Canada for registrants within the province of Québec.

Croatia: Independent Sector for Second-Instance Administrative Procedure, Service for Second-Instance Tax Procedure formed within the Ministry of Finance. **Estonia:** 30 day (may extend by 10 days). **Finland:** Complete 40% in 3 months, 80% in 6 months, and 100% in 12 months. **France:** Taxpayers dissatisfied with a decision that has been made about their disagreement can ask the departmental tax conciliator (i.e.: a senior tax officer of the local tax services) for a review, or the ombudsman of the financial and economic ministries located in the tax administration's headquarters for a further review. **Germany:** With limitations. **Greece:** Taxpayers who submit an objection have to pay 50% of the tax assessed in order to get a clearance and not pay the balance until a decision by the Dispute Resolution Unit or courts is made. **Hong Kong:** Applicable to an assessment which is excessive by reason of an error or omission in respect of any return or statement submitted. **Hungary:** In the case of dissolution proceedings, the time limit is 8 days. **Ireland:** Generally, there is no time limit, but after appeal to the Appeal Commissioners no administrative review is available; Ombudsman can also conduct administrative review of disputed tax cases. Performance standard is 4-6 weeks from receipt of complete information. The Appeal Commissioners are the persons appointed under statute for hearing appeals by taxpayers against decision of the Revenue Commissioners concerning taxes and duties. Appeals to the courts may be made against their determinations. **Italy:** Legislative Decree n. 98/2011, amending the regulations on tax disputes, introduced a mandatory mediation for the assessments less than EUR 20 000. Taxpayers are obliged to lodge a complaint procedure with the Revenue Agency, seeking to solve the dispute before requiring the Court decision. Initial appeal period of 60 days and legal decision period of 90 day apply to the abovementioned mediation. **Japan:** Requests for re-investigation: within 3 months. Requests for reconsideration: within 1 year. **Korea:** Tax Tribunal and the Board of Audit and Inspection of Korea. **Lithuania:** Central tax administration is a compulsory pre-trial institution, decisions of which may be appealed to the Commission on Tax Disputes (a voluntary pre-trial. institution) or courts. General time limit for legal decision of central tax administration (30 days) may be extended by a decision of the central tax administration for a period up to 60 days. Decision of Commission on Tax Disputes shall be made within 60 days from receipt of an appeal. **Luxembourg:** For Indirect Taxes. **Morocco:** Regional and national tax commissions have authority to conduct administrative review of disputed tax cases. **The Netherlands:** Tax law allows for the full amount to be collected but NTCA's policy is that payment of the disputed tax liability is deferred on the taxpayer's request and collection is suspended pending the outcome of the dispute. **New Zealand:** There is provision for the taxpayer and Inland Revenue to agree that a dispute proceed straight to a review by an external judicial body without first going through an administrative review, if the dispute would be resolved more efficiently by doing so. **Russia:** The procedure of compulsory pre-court review is applied to cases when the rulings rendered in the results of tax audits. In addition, if the tax administration has failed to make a decision on appeal in due term the taxpayer will be entitled to appeal in court. **Singapore:** Once an objection is raised by taxpayer, IRAS will have 6 months (from the date of receipt of complete information) to review and convey our decision to taxpayer. For complex cases, IRAS will inform the taxpayer the estimated time needed for review. **Slovak Republic:** The first instance appeal body (level) – a Customs office – decides on review of a tax dispute case in 30 days period. The second instance (level) body – the Financial Directorate of the Slovak Republic – decides on review of a tax dispute case in 60 days period, which can be extended by the Ministry of Finance of the SR (no time limit for it). **Slovenia:** 1. Ministry of Finance as second instance according to State Administration Act, conducts the administrative review of disputed tax cases. The Revenue body conducts the administrative review of disputed tax cases only in means of testing the grounds stated in appeals. If the Revenue body finds the statements grounded, can by itself substitute the existing decision. If not, the appeal must be sent to the MOF. **South Africa:** Aim to resolve within 90 days. **Thailand:** The Commission of Appeal comprises of Director-General of the Revenue Department or representative, representative of the Office of the Attorney General in Thailand and representative of the Department of Provincial Administration. **United Kingdom:** Also the Adjudicator and Parliamentary Ombudsman. **United States:** Appeals officers are urged to consider tax disputes in a timely manner. IRC 6501 requires a tax assessment within the statute of limitations. Appeals consideration is finalised before the expiration of the statute of limitations, which is generally 3 years from the due date of the tax return. IRC 7122 provide review of rejected Offer in Compromise. IRC 7429 provides for a 16 day time frame to consider the jeopardy or levy assessment. IRC 6404 provides for interest abatement due to unreasonable errors or delay by the IRS. Whether the IRS unreasonably delayed a tax dispute may be brought before the Tax Court. Appeals Quality Measurement System (AQMS) is Appeals' quality review organisation. Appeals looks to AQMS to measure how well it communicates with its customers, resolves cases, and treats customers. The AQMS review data is used to assess the performance of Appeals as an organisation. The review data is compiled, analysed, and explained in an AQMS Annual Report. It's also used to identify trends, procedural concerns, and training needs. In this way, closed case reviews provide information and benefits to Customers, Appeals Management, and Appeals employees. Collection during appeal process is generally not possible, except for jeopardy and termination assessments under IRC sections 6851, 6852, 6861, and 6862.

/2. **Australia:** The administrative reviews of disputed tax cases are conducted by independent officers. **Austria:** Under certain circumstances deferral of payment can be applied and will be granted. **Brazil:** There is not any time limit set up in law. Nevertheless, Article 27, of Decree nº 70.235/72, states that decisions shall be delivered attending to order and time limit established in an Act issued by the RFB. Except for first instance tax dispute cases addressing high amounts of tax credit or having criminal consequences, which shall be ruled. **Canada:** For PIT, the time limit for filing an objection is the later of: *(1)* one year after the filing due date of the return; and *(2)* 90 days after date of notice of assessment. **Croatia:** In accordance with the tax decision disputed – only when an appeal does not postpones the execution of the tax decision. **France:** General rule: until December 31st of the second year following this of collection or payment. This time is reduced of one year for direct local taxes. **Hungary:** Exceptions: In case of posteriori tax assessment the deadline for adopting a resolution is 60 days, or in the event of dissolution proceedings the time limit is 15 days and it may be extended by up to 30 days. **India:** Yes, subject to stay granted by Authority. **Malaysia:** Appeal on tax matters is handled by Special Commissioners of Income Tax, an independent body under MOF. **New Zealand:** Review is conducted by a separate impartial unit (the Disputes Review Unit) within Inland Revenue. **Russia:** Rulings, rendered upon the results of tax audit, which have not yet come into force can be reviewed within a month (in order of appeal) Rulings, rendered in the results of tax audit, that have come into force and which were not reviewed in order of appeal can be reviewed within a year. Other rulings and actions of tax authorities can be reviewed within a year. **Slovenia:** An appeal may be filed within 15 days after the serving of a decision, an appeal against an assessment decision issued under a tax inspection may be filed within 30 days after the serving of the decision. **United Kingdom:** HMRC can collect disputed debt where a court has previously found for HMRC, even if the taxpayer files a further appeal.

/3. **Australia:** The large corporate taxpayers that are eligible for an independent review of proposed audit adjustments must request the independent review within 10 days of receiving the Statement of Audit Position. **Canada:** Published service standards for all dispute programmes require taxpayers to be provided with an initial contact letter within 30 days of receipt of the objection or appeal to the Minister. **Croatia:** Generally, lawsuit before a court does not postpone execution of the tax decision disputed. **France:** Performance standard: rate of disputed cases in terms of tax basis for PIT, residence tax and television fee should be answered within 30 days by local tax services. **Hungary:** In exceptional cases (e.g. taxpayers may be fined for non-compliance with the obligation of notification or for the pursuit of taxable activities without a tax number) the resolution of the tax authority shall be executable, irrespective of any appeal. In the absence of a final appellate decision precautionary measures may be ordered, which ensures the enforcement of a claim at a later date only. **India:** Yes, subject to stay granted by any Authority/Court. **New Zealand:** Any assessment required in respect of the adjustment that the taxpayer disputes is made at the completion of the administrative review. The overall disputes process, which includes the administrative review, contains a number of steps and is commenced by a taxpayer filing a notice in response to the notice of proposed adjustment (“NOPA”) within a time limit of 2 months after the NOPA. The NOPA outlines the adjustment proposed to the taxpayer’s return. Many of the other steps in the process also have their own 2 month time limits within which they have to be completed. **Russia:** Time limit for finalising a review of a tax dispute case in the revenue body can be extended but not more than for a month in special circumstances. When rulings, rendered in the results of tax audit, that have come into force, are reviewed (in order of appeal) the recovery of tax is not imposed. Upon the taxpayer’s motion for suspense execution of the ruling under review can be suspended. **Slovenia:** Performance standards are set in the General Administrative Procedure Act, Decree on Education and Proficiency Exam to Head and Decide in the Framework of Administrative Procedure, and in Tax Administration Act. An official person conducting proceedings or deciding in administrative matters in a public law authority should have the appropriate degree of education, the necessary work experience and shall have passed the state professional exam.

/4. **Australia:** All independent reviews will be completed within 60 days of the request being received. **Canada:** CRA does not have ability to negotiate a settlement to tax disputes based on the likelihood of litigation success or amounts at issue or a taxpayer’s ability to pay, and is bound to apply the law to the particular facts of a case. **France:** DGFIP can reach a compromise with the taxpayer but only penalties can be deducted in that case. **Hungary:** Except the suspension of enforcement by the court. **New Zealand:** There are time limits set in the law for some other steps in the disputes process but no overall time limit for completion of the administrative review stage. However, although not specifically related to these reviews, there is a general 4 year limit (statute bar) in the law on reassessments to increase a taxpayer’s liability. **Russia:** Where the disputed decision has come into force and the motion for suspense of enforced actions has not been filed, or filed but not granted by court.

/5. **France:** The dispute has no payment suspension effect in itself but the taxpayer can ask for the suspension of payment concerning the contested tax. **New Zealand:** Standard: Minimum % of adjudication cases completed within three months of receipt: 2012 – target 90%, actual 94.7%; 2013 – target 90%, actual 94.7%. **Russia:** If the motion for suspense of enforced actions has not been filed, or filed but not granted by court.

/6. **France:** Taxpayers who ask for the suspension of payment can benefit from it until the Court of first instance’s judgement. Each taxpayer has the right to benefit from the suspension of payment if he provides warranties to the tax officer that is in charge of recovery when the contested amount exceeds EUR 4 500. **New Zealand:** Ability to settle applies most often at a later stage than the administrative review, i.e. after the taxpayer has filed challenge proceedings with an external appellate body, but on occasion a case may be settled at an earlier stage than the administrative review.

/7. **New Zealand:** A tribunal – Yes; An appellate court – No. Taxpayers can only be required to pay tax in dispute if there is a significant risk that the tax will not be paid if they are unsuccessful in their dispute.

Table 9.13. Enforced tax debt collection powers

/1. **Australia:** Currently under consideration **Belgium:** By garnishment order. **Brazil:** Through a judicial proceeding conducted by the National Treasury Attorney's Office (PGFN). **Bulgaria:** NRA can only request licenser for a license withdrawal. **Canada:** Court order required. **Chile:** The revenue body has very limited responsibility in enforced tax debt collection as this function is the primary responsibility of the Treasury. **Costa Rica:** Compulsory tax debt collection is in charge of the General Direction of Fiscal Matters. The Ministry of Finance does not have the powers required to seize assets, but it can request a judge to proceed accordingly. **Croatia:** Under the provisions of the Law on the collection of the tax debt of natural persons (Official Gazette no. 55/2013) and of legal persons (Official Gazette no. 45/2011). **Finland:** Can cancel certain registrations (e.g. pre-assessment registry).**Germany:** Actions of other authorities if needed can be initiated/ requested by tax administration, vehicle registration may be denied if vehicle tax is not paid. **Hong Kong:** A departure prevention direction can only be sought from a District Judge to prevent a delinquent taxpayer from leaving Hong Kong without paying his taxes. **Hungary:** Details can be published if the tax arrears exceed 100 million HUF, 10 million HUF in case of natural persons. **Italy:** Only Revenue Agency has this power. **Lithuania:** The revenue body issues tax clearance certificate by law. **Luxembourg:** Only for VAT. **Malta:** Applies only to Direct Tax Authority and Customs Department; **Morocco:** To grant extensions of time to pay tax debts requires guaranties. **Norway:** Can only be done according to set-off rules, not against payments according to social security legislation. **Russia:** Collection from third parties is possible in cases of imposition of joint liability in bankruptcy procedures. **Singapore:** Certain recovery or prosecutorial actions taken by the revenue body will likely give effect to the closure of a taxpayer's business/withdrawal of his license. E.g. Application for winding-up, criminal conviction for tax evasion results in revocation of professional licence **Slovak Republic:** See previous notes. **South Africa:** Only by order of court for purposes of compulsory repatriation of foreign assets to satisfy local debts. **Sweden:** Neither the Swedish Enforcement Agency, which collects tax debts, or the revenue body can close a business but the revenue body can recall a tax license. **Switzerland:** Only for VAT. **Turkey:** The names of debtor taxpayers are published for 2 months per year. **United Kingdom:** Court order required. **United States:** While a "certificate" per se is not issued, federal contractors are required to be compliant with Federal tax obligations.

/2. **Belgium:** By garnishment order or through offsetting. **Bulgaria:** NRA publishes a list of debtors whose liabilities exceed BGN 5000. **Canada:** Quebec Province requires any business wishing to bid on a call for tenders or to obtain a negotiated contract of CAD 25 000 or more, to provide a Certificate of Compliance from the province. **Costa Rica:** A sworn statement is requested to entities. **Luxembourg:** Not for limited liability companies or public limited companies. **Malta:** Applies only to Customs Department. **Morocco:** Liability on company directors depends on the legal form of the company. **Russia:** Indirectly, by virtue of initiation a criminal case or making a requesting to court by initiating a procedure of subsidiary liability. **South Africa:** May publish names in respect of criminal offences. **Sweden:** Requires a court order e.g. from sequestration. **United States:** Forced asset liquidation action is done through the seizure process.

/3. **Belgium:** Tax body can close business after repeated non-payment of taxes due. **Costa Rica:** Regarding liability on company directors, it is questioned only in cases where negligence or intent in the related actions performed by directors can be demonstrated. **Malta:** Direct Tax Authority only. **Russia:** Debtors' names can only be published when the bankruptcy procedure is pending towards the taxpayer. **Sweden:** Revenue body is liable.

/4. **Malta:** VAT and Direct Tax Authority only.

/5. **Malta:** Direct Tax Authority in case of court decision.

Table 9.14. Verification of taxpayers' liabilities: information access and search powers of tax officials

/1. **Australia:** ATO uses search powers in very limited cases. **Austria:** Except information covered by bank secrecy. **Brazil:** Provision of National Tax Code prevents any legislation to exclude or limit tax administrations to examine taxpayers merchandise, records or documents. However, Brazilian Supreme Court has been of the opinion that Article 5, XI, of Federal Constitutional Act, represents a Constitutional guarantee that should be extended to businesses premises. Article 5, XI – Federal Constitutional Act: "The home is inviolable refuge of the individual, and no one may enter therein without the consent of the dweller, except in the event of flagrante delicto or disaster, or to give help, or, during the day, by court order." **Canada:** Civil matters only. **Chile:**

Seizure can only be made where the SII is compiling information in order to decide on the presentation of a lawsuit to prosecute a tax crime. **Czech Republic:** Only if dwelling is business place. **Finland:** With police only. **Germany:** Limited to criminal cases. **Hungary:** Where it is reasonably presumed that the taxpayer is concealing any physical evidence of importance or is attempting to cover up the true circumstances of his operations, a tax inspector is entitled to search and inspect any site, premises or motor vehicle that may be presumed to be involved in the business operations as well as the cargo of any such vehicle. This provision may be applied in respect of the search of a residential property if any part of the property is used for business activities. The search must be approved by the public prosecutor in advance, unless there is reason to believe that any delay is likely to result in detrimental consequences in terms of the objective of the search. The tax authority must subsequently notify the competent public prosecutor of any search conducted without prior approval, with the search warrant and a copy of the report made on the search attached. **India:** Tax officials can enter a taxpayer's premises without his/her consent on the basis of a warrant that is issued by the administrative head of the Investigation Wing. If the premises do not include a residence, a search warrant is not required. In such cases, an authorisation for entering the business premises will suffice, which can be issued by an official above a specified rank. **Ireland:** Excluding confidential information between professional and client; except parts of a dwelling where a business is being carried on. **Malaysia:** Relevant tax law extends to "any person" for purposes of the Tax Act. **Malta:** Applies to Direct Tax Administration and to Customs Department. **Netherlands:** Warrant needed. **New Zealand:** Warrant now required to seize documents. **Portugal:** To enter taxpayer's premises without their consent and execute a search warrant is only possible with the co-operation of police bodies. To enter taxpayer's dwellings without consent and execute a search warrant and to seize documents is only possible with the authorisation of a Public Prosecutor or a judge. **Romania:** In conformity with the Fiscal Procedure Code the fiscal body can withhold documents for a period for up to 30 days, which can be extended to 90 days with the approval of the manager of the fiscal body. **Russia:** With regard to taxpayer to which an audit has been carried out **Singapore:** In light of the revenue body's power to enter taxpayer's business premises/dwellings and seize taxpayer's documents without requiring taxpayer's consent and a search warrant, there is accordingly no need for the revenue body to request a court to issue a search warrant or serve search warrants with the help of other government agencies. **Slovak Republic:** The Financial Administration has competence according to the Tax Code to serve a search and to enter the taxpayer's business premises and dwellings; there is not the need to get any warrant of other government agencies or the court. Entry to the taxpayer's business premises and dwellings depends on taxpayer's consent. There is one exemption only, if the entry is realised during the tax recovery proceeding when taxpayer's consent is not needed; in this case the tax authorities can realise the entry also by force with the police assistance. **Slovenia:** Tax officials can enter and search business premises without taxpayer's consent and search warrant, therefore requesting a court to issue a search warrant is not intended in law. **South Africa:** Search and seizure without a warrant under special circumstances and only part of dwelling used for business purposes may be entered without consent and search warrant. **Sweden:** If a taxpayer does not comply, coercive measures can be taken according to the relevant law. A court must approve the actions to be taken.

/2. **Austria:** Inspections only under the Tax Procedure Code (no right to search). **Canada:** When conducting a criminal investigation the CRA uses search warrants to enter a taxpayer's dwelling or place of business. To ensure safety of its officers, the CRA will normally be accompanied by police. **India:** Revenue bodies do not have to approach the courts for a warrant; it can be issued by the administrative head. **Malaysia:** Does not extend to a public officer who is under statutory obligation to observe secrecy to provide the particular. **Malta:** Applies to VAT and Customs only. **Netherlands:** Only in criminal cases. **Russia:** Only in case of field tax audit.

/3. **Austria:** As per the Fiscal Penal Code, only if delay is dangerous to secure evidence related to criminal investigations. **Malaysia:** These powers are only exercised in conducting investigation cases. **Malta:** Applies to Customs only.

/4. **Austria:** Only in case of criminal investigations.

Table 9.15. Incorrect reporting of tax liabilities: Framework for sanctions

/1. **Brazil:** Cases where taxpayers' registration numbers have been cancelled or exclusion from the small or medium size businesses programme (SIMPLES) has occurred are published in the Official Journal. **Canada:** There is a civil penalty of 10% of unreported income for repeated omissions within 3 prior years for income taxes (PIT and CIT) for which there is no consideration of culpability. There are also civil penalties for false statement or omission (either knowingly or through gross negligence) for income taxes (50% of understated tax) and VAT (25% of net tax advantage). Additionally, criminal charges can result in fines which vary for income taxes (from 50% to 200% of understated tax and prison up to 5 years) and for VAT (from 50% to 200% of amount evaded, or CAD1 000-25 000 if amount cannot be verified, and prison up to 2 years). The CRA accepts that in cases where the CRA determines that a person has exercised due diligence, certain penalties may be either not charged by the CRA, or if already charged, cancelled by the CRA. The acceptance of a due diligence defence is limited to the cancellation of the penalties, and will not result in the cancellation of interest payable. The onus is on the person who claims to have been duly diligent to demonstrate to the CRA that due diligence has been exercised. **Chile:** Tax Code establishes that Regional Directors have the authority to write-off all or part of penal interest for late payment of taxes in cases expressly authorised by the Law and to reduce or forgive administrative sanctions. **Costa Rica:** Under the General Tax Code, the only lists that may be published are the ones concerning taxpayers who are defaulters, hidden or neglectful. The Constitutional Chamber has established that this article applies only to taxpayers not having an ongoing judicial case. **Croatia:** There is a common administrative violation sanctions and similar measures framework (not penalty/criminal measures framework). **Finland:** Tax liability register from year 2014. **France:** Yes, for some rare situations (voluntary disclosure campaign). **Hong Kong:** Penalty can only be imposed if the taxpayer has without reasonable excuse filed incorrect returns. The taxpayer may appeal to a tax tribunal against the imposition of administrative penalties, or that the administrative penalties imposed are excessive in the circumstances of the cases. **India**: The revenue body does not make any specific taxpayer information public. Information on tax debts is also confidential. Judicial decisions are reported through the normal channels of case law reporting. The tax information of taxpayers is held by the Income Tax Department in a fiduciary capacity and is treated as confidential. **Israel:** Except for penalties for shortfall which vary for "careless" and "deliberate" cases. **Latvia:** For penalties but not for interest rate. **Mexico:** With the 2013 tax reform, the Tax Administration can now make public details of taxpayers that simulate operations. **Singapore:** The penalties imposed depend on the section the taxpayer is charged under. The discretion of imposing the penalty is left to the court when the taxpayer has been charged with an offence. **Slovak Republic:** Relevant laws stipulate for the tax administrator a duty to always levy a fine (penalty) if the taxpayer commits a tax offence. The legislation allows the tax administrator to levy a fine in a minimal amount. In this regard the tax administrator considers the relevance, consequences and duration of the illicit state. **Spain:** A temporary law entered into force in 2012 designed to encourage the voluntary reporting of unreported tax liabilities at low rates. Deadline for the submission of the Special Tax Return (Form 750) was 30 November 2012. **Switzerland:** Direct tax only at cantonal level and varies between cantons.

/2. **Canada:** Relief from penalty and prosecution with respect to tax liabilities including the late filing of tax and information returns. **Chile**: However, Law No. 19 628, on Protection of Personal Information, indicates that personal data about criminal convictions and administrative or disciplinary offenses cannot be communicated -if they are requested by anyone except a Court of Justice or any other Public Entity in the exercise of their functions – once the statute of limitations about criminal or administrative action, penalty or punishment has expired, or once the penalty or punishment has been carried out. **Costa Rica:** The current legislation includes provisions for offering reduced penalties, but not for reduced interest or tax payment. **Israel:** Public details are published only of some persons who paid a penalty in lieu of criminal (not administrative) procedures.

Table 9.16. Revenue bodies' use of voluntary disclosure policies

/1. **Australia**: The figures shown on taxes etc., raised do not include penalties or interest amounts because it is not possible to derive those amounts separately from the impact of other audit outcomes. **Canada**: Total amounts of unreported income related to the number of disclosures reported are CAD 1.8 billion (2010), CAD773 million (2011), CAD 863 million (2012), and CAD 1.2 billion (2013). **Italy**: Numbers reported relate to results of provisional law concerning voluntary disclosure of individuals owning unreported and undetected assets abroad, in force from 2012 until early 2014. **Mexico:** In 2013, the programme "Catch Up" was implemented; programme was part of Revenue Act for 2013 and ran for the period January to May of 2013. **Netherlands**: Since 2010 about 3 500 taxpayers have come forward to voluntarily disclose their offshore capital with a total value of EUR 1 500 million. Over half of these taxpayers have come forward in 2013 (the voluntary disclosure arrangement was expanded in September 2013). For the 3 500 taxpayers, tax assessments have been imposed with a total (tax, interest, fines) value of EUR 235 million. For those taxpayers who came forward in 2013 the amount assessed was EUR 72 million. **Portugal:** Only penalties. **Singapore:** IRAS has a Voluntary Disclosure Programme ("VDP"), introduced in 2009, to encourage voluntary disclosure of past errors made in tax declarations by taxpayers in exchange for no or reduced penalties. Arising from a review of the programme, VDP treatment is now extended to past actions involving wilful intent to evade taxes. Taxpayers who voluntarily disclose their actions face reduced penalties instead of criminal prosecution, subject to the meeting of conditions stipulated under the VDP. **South Africa**: These results arise from temporary legislation where the applications window period ended October 2011. **United States:** The reported case numbers represent the number of submissions received and not the number of cases processed. The IRS commissioner recently testified that the offshore voluntary disclosure programme has resulted in more than 43 000 disclosures and the collection of about USD 6.5 billion in taxes, penalties and interest since its introduction in 2009.

/2. **South Africa:** These results arise from current permanent legislation (Tax Administration Act, Act 28 of 2011).

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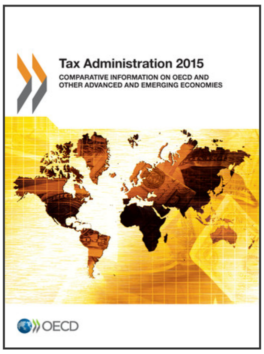

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