

ICC TAX CHARTER

CHARTER

Prepared by the ICC Commission on Taxation

ICC seeks to promote predictable and efficient tax systems to more effectively foster international trade, responsible business conduct and a global approach to regulation. The ICC Tax Charter provides a common international approach to Tax Charters for individual countries - presenting an effective roadmap based on the rights and obligations of both taxpayers and tax administrations. It aims to foster trust and create confidence in the tax system; improve tax administrative efficiency as well as enhance certainty for business.

Introduction

The International Chamber of Commerce (ICC), as the world business organization, works to promote international trade, responsible business conduct and a global approach to regulation. In the area of taxation, ICC seeks to promote transparent and non-discriminatory treatment of foreign investments and earnings that eliminate tax obstacles to cross-border trade and investment. Through its wide membership network, ICC has been actively engaged in the G20-mandated Organisation for Economic Co-operation and Development Base Erosion and Profit Shifting (BEPS) process in advocating for a consistent global tax system.

As an increasing number of governments introduce recommendations from the BEPS proposals and unilateral tax measures, tax compliance has become even more crucial, and at the same time, more complex, with increased reporting obligations and greater scrutiny. As tax authorities and businesses work to find their footing in this post-BEPS implementation environment, it is ever more important to establish a mutual relationship of trust, respect and responsibility between taxpayers and tax authorities.

In order to recognise the rights and obligations of both taxpayers and tax administrations, and in an effort to advocate for a balanced tax system, ICC has proposed a Tax Charter. In line with ICC's mission to promote open, rules-based multilateral trade and investment and sustainable economic growth, the ICC Tax Charter provides a common international approach to Tax Charters for individual countries.

Creating trust and efficient co-operation between governments and the business community is essential to achieve a balanced and effective tax system. Each party has a key role to play in fulfilling their mutual responsibilities, which is instrumental in building a relationship of trust and co-operation.

The ICC Charter below presents an effective roadmap based on liberty and the responsibility of both parties and is intended to meet the following objectives:

- Foster trust between tax administrations, taxpayers and the broader business community to create confidence in the tax system
- Improve tax administrative efficiency by simplifying administrative processes, as well as reducing administrative burdens
- Enhance certainty for business, which is an important driver for trade and investment
- Improve tax compliance by providing predictability and certainty and ensuring clarity of rules and consistency

Collaboration between governments and the business community is essential to helping define the contours of a suitable tax framework that encourages business activities, job creation and economic growth.

The Taxpayer should:

<i>Fairness</i>
<ul style="list-style-type: none"> ○ Fulfill tax responsibilities in good faith, and in a professional and timely manner ○ Be truthful, honest and act within the law ○ Give full, comprehensive and reliable information when lawfully required to do so ○ Inform administrations promptly and without significant delay when there is a change of relevant circumstances
<i>Non- discrimination</i>
<ul style="list-style-type: none"> ○ Respect the tax administration's impartiality and independence and do not seek to influence their consideration or conduct of affairs inappropriately
<i>Rule of Law</i>
<ul style="list-style-type: none"> ○ Respect the tax administration's rights to administer the tax system according to the law (including sanctions) ○ Meet all relevant legal obligations ○ Only undertake transactions or operations aligned with commercial and economic activity, and which do not have the sole purpose of creating a tax benefit ○ Appreciate that when relevant circumstances change, tax administrations may no longer be bound by advance or other tax rulings ○ File tax returns and other tax information, and make tax payments that are due on a timely basis as and when required without inappropriate deduction or offset, subject to the right to appeal
<i>Reasonable compliance burden</i>
<ul style="list-style-type: none"> ○ Provide information promptly and efficiently and provide clarity where needed ○ Contact tax administrations as soon as possible where clarification or help is needed ○ Inform tax administrations in advance or on a timely basis if there are challenges in meeting taxpayer's obligations ○ Use available services to seek assistance and when relevant information cannot be found, ask for advice on where to find it ○ Voluntarily submit correct and full information where corrections are required or if the correct amount of tax has not been paid
<i>Privacy</i>
<ul style="list-style-type: none"> ○ Respect tax administration's rights to hold, disclose and withhold information where permitted by law ○ Ensure openness and cooperation where relevant for tax administrations' functions
<i>Efficiency</i>
<ul style="list-style-type: none"> ○ Cooperate fully in dealings with tax administrations including on audits and other investigations ○ Engage constructively with tax administrations' appeals processes and make every effort to keep appeals procedures efficient and short ○ Be honest and specific in making complaints to tax administrations or other relevant investigation bodies and be open to enter dialogue on complaints as necessary ○ Appreciate that complaints may not interfere with or postpone procedures, including tax collection
<i>Representation</i>
<ul style="list-style-type: none"> ○ Be accountable for the correctness and completeness of the information supplied to tax administrations, whether or not another person has been engaged to prepare, assemble and/or submit the information ○ Be aware of the information and payments a representative sends to tax administrations

The Tax Administration should:

<i>Fairness</i>
<ul style="list-style-type: none"> ○ Operate under the presumption that taxpayers are honest and acting in good faith ○ Ensure that the tax system is administered fairly, honestly and with integrity ○ Only charge penalties where appropriate ○ Seek to prevent or identify and pursue instances of tax fraud, in order to ensure a level playing field for compliant taxpayers
<i>Non-discrimination</i>
<ul style="list-style-type: none"> ○ Act neutrally, free from any inappropriate influence, and without bias or preference ○ Be consistent with the principle of non-discrimination in administering a neutral tax system and promote the equality of treatment of all taxpayers before the law
<i>Certainty</i>
<ul style="list-style-type: none"> ○ Ensure that the tax system is administered to provide, as far as possible, certainty and clarity and avoid instances of double taxation ○ Be open, reasonable and consistent in the application of tax laws, rules and procedures ○ Assume responsibility with respect to the burden of proof for taxpayers' non-compliance by clearly demonstrating where taxpayers have not complied with their obligations.
<i>Rule of Law</i>
<ul style="list-style-type: none"> ○ Not require the taxpayer to pay more than the amount of tax legally due and return any tax over-payments required by law ○ Provide tax assessments and sanctions only as provided for by law ○ Ensure consistent interpretation and application of relevant double taxation conventions ○ Accept that taxpayers are entitled to take advantage of legal reliefs and exemptions and to take reasonable steps to minimise their tax liabilities in accordance with the law
<i>Reasonable compliance burden</i>
<ul style="list-style-type: none"> ○ Provide a helpful, efficient and effective service and keep compliance costs to a minimum ○ Deal with requests for assistance in a comprehensive and timely manner and appropriately help taxpayers understand their rights and obligations ○ Correct any errors in the administration of taxpayers' affairs as soon as possible ○ Ensure that all staff have the right level of expertise ○ Make every effort to ensure that complexity is minimised and encourage simplicity in compliance procedures and completion of returns and reporting requirements
<i>Privacy</i>
<ul style="list-style-type: none"> ○ Protect information obtained or held, establish standardised procedures to mitigate potential privacy risks and share information with third parties only as permitted by law ○ Seek only information relevant for performing tax administrative functions ○ Deal with and permit only authorised representatives to access information
<i>Efficiency</i>
<ul style="list-style-type: none"> ○ Provide accurate, clear and timely information to enable taxpayers to fulfill their tax obligations ○ Strive to introduce enhanced ways of communicating when appropriate ○ Ensure an independent, speedy and effective process is in place in the event of disputes on tax liabilities (subject to national provisions) ○ Utilise, where appropriate, arbitration provisions to enable more efficient dispute resolution ○ Make every effort to keep court procedures as efficient and short as possible ○ Enter into dialogue with taxpayers about complaints and treat such taxpayers fairly ○ Resolve complaints and review cases objectively and in a timely manner ○ Co-operate and work with other tax administrations in order to implement internationally agreed tax rules, procedures and practices and avoid double taxation
<i>Representation</i>
<ul style="list-style-type: none"> ○ Allow taxpayers to be represented by a person of their choosing



The International Chamber of Commerce (ICC)

The International Chamber of Commerce (ICC) is the world's largest business organisation with a network of over 6 million members in more than 100 countries. We work to promote international trade, responsible business conduct and a global approach to regulation through a unique mix of advocacy and standard setting activities—together with market-leading dispute resolution services. Our members include many of the world's largest companies, SMEs, business associations and local chambers of commerce.

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