

Wuzhen Statement

The First Conference of the Belt and Road Initiative Tax Administration Cooperation Forum

Wuzhen, China

April 18-20, 2019

1. Heads and their representatives of tax administrations or finance departments from 85 jurisdictions, 16 international organizations, and a number of academic institutions and businesses met in Wuzhen during 18-20 of April, 2019 for the first Conference of the Belt and Road Initiative Tax Administration Cooperation Forum (hereinafter referred to as “BRITACOF”), organized with the support and under the Presidency of the State Taxation Administration of the People’s Republic of China (hereinafter referred to as “STA”), and attended by more than 350 delegates from the Belt and Road Initiative Tax Administration Cooperation Mechanism (hereinafter referred to as “BRITACOM”) participating tax administrations (hereinafter referred to as “TAs”), the International Monetary Fund, the Center for Tax Policy and Administration from the Organization for Economic Co-operation and Development, the United Nations, the World Bank Group, and representatives of other international organizations. The discussions, enriched by the engagement with stakeholders, focused on how to build a growth-friendly tax environment that would promote economic

growth while ensuring tax revenue mobilization in jurisdictions that support the Belt and Road Initiative (hereinafter referred to as the “BRI”). Agreed to by all the BRITACOM Member TAs and the Belt and Road Initiative Tax Administration Capacity Enhancement Group (hereinafter referred to as “BRITACEG”) Members, this statement is the outcome from the 3 days of discussions and is issued under the responsibility of the Chair of the BRITACOF Conference for the BRITACOM Member TAs and the BRITACEG Members.

2. We, the BRITACOM Member TAs and the BRITACEG Members, met at a time when the world economy is undergoing profound changes, presenting both opportunities and challenges. We welcome the modest global economic growth while recognizing that it has been increasingly less synchronized between countries and some of the major risks have partially materialized.

3. Although the concept of comparative advantage is still as relevant as it was 200 years ago, we are mindful that the world production has been structured into global value chains, bringing about dramatic changes to the world production landscape and further accelerating the economic globalization process.

4. We reaffirm our stand on supporting multilateralism and making economic

globalization more open, inclusive, and balanced so that its benefits are shared by all. Economic globalization, liberalization and facilitation of trade and investment have promoted competition and innovation, which are beneficial for world peace, stability as well as balanced and sustainable development.

5. Recognizing that tax cooperation plays an important role in materializing the above-mentioned values and rationale as well as in facilitating the BRI economic development, and building on the consensus embodied in the Astana Proposal released in the Belt and Road Initiative Tax Cooperation Conference during May 14-16, 2018, we officially launch the BRITACOM by signing the Memorandum of Understanding on the Establishment of the BRITACOM (hereinafter referred to as “MoU”). The BRITACOM consists of the Council, the Secretariat, the BRITACOF, the BRITACEG and the Advisory Board.

6. The BRITACOM aims to facilitate tax administration cooperation and promote sharing of experience and best practices in tax administration so that the BRITACOM contributes towards building a growth-friendly tax environment. The BRITACOM supports and reinforces prevailing international tax standards such as the OECD and UN Model Tax Conventions on Income and on Capital, the OECD Transfer Pricing

Guidelines, the UN Transfer Pricing Manual, the Inclusive Framework on Base Erosion and Profit Shifting and the Global Forum on Transparency and Exchange of Information.

7. To the date this Statement is released, 34 tax administrations or finance departments have signed up to be the Member TAs of the BRITACOM Council, 22 tax administrations or finance departments and international organizations have signed up to be the Observers, 19 tax administrations or finance departments have signed up to be the BRITACEG Members, and 14 tax administrations or finance departments, international organizations and academic institutions have signed up to be the BRITACEG Partners. In addition, 11 world-recognized tax experts have signed up to be the Members of the Advisory Board. Annex 1 provides a list of the BRITACOM Council Members and Observers.

8. The Council is the decision-making body of the BRITACOM. In accordance with the MoU, Mr. Wang Jun, Commissioner of the STA, the People's Republic of China, was appointed as Chair of the Council. To assist Mr. WANG Jun in fulfilling the vision and purpose of the BRITACOM, Mr. Marat Sultangazyev, Chairman of the State Revenues Committee of the Ministry of Finance, the Republic of Kazakhstan; Ms. Tuma Adama Jabbi, Chairperson of the National Revenue Authority, the Republic of Sierra Leone; Mr. Khalid Ali Albustani, Director General of the Federal Tax Authority, the United Arab Emirates; and Mr. Joaquin Serra, Director General of the Dirección General Impositiva, Uruguay, were elected as Vice-Chairs of the Council.

9. The Secretariat is a liaison office supporting the daily operation of the BRITACOM. We thank the People's Republic of China for hosting the Secretariat in its capital city, Beijing. In accordance with the MoU, Mr. Liao Tizhong, Director-General of the International Taxation Department of the STA, the People's Republic of China, and Mr. Yermek Kozhabergenov, Head of the International Relations Division, the State Revenues Committee of the Ministry of Finance, the Republic of Kazakhstan, were appointed as Executive Secretary and Deputy Executive Secretary of the Secretariat respectively.

10. The BRITACOF is a non-profit official event authorized by the Council. We thank the STA for hosting the first BRITACOF Conference. The second BRITACOF Conference will be held in Kazakhstan in 2020. Starting from 2021, the BRITACOF conferences will be hosted by Member TAs in rotation following the alphabetical order of their home jurisdictions.

11. The BRITACEG is a network composed of willing Member TAs or Observers of the Council who, making full use of their existing training institutions or expertise, are dedicated to conducting tax-related training, research and technical assistance programs approved by the Council. Annex 2 provides the list of the BRITACEG Members and Partners. In accordance with the MoU, Mr. Anatoliy Aleksandrov, Director of the Strategic Development and International Cooperation Department, the State Fiscal Service of Ukraine, was appointed as Director of the BRITACEG. The

Council also approved 4 BRI tax academies (hereinafter referred to as the “BRITAs”) to be set up in different regions, open to all the Member TAs and Observers for the above-mentioned purposes. We thank Kazakhstan, the Macau Special Administrative Region of China and the mainland of China for setting up BRITAs based on their existing tax institutions, and encourage more jurisdictions to set up BRITAs.

12. We recognize that the BRITACOM is an open, transparent, inclusive and sustainable administrative mechanism that is jointly built through consultation to meet the interests of the jurisdictions supporting the BRI. In light of this, we welcome interested parties to join the BRITACOM and the BRITACEG following this BRITACOF Conference by completing the procedures stipulated in the MoU.

13. We call on Member TAs and BRITACEG Members to take concrete actions in the following areas, taking into consideration our national laws and regulations, and reinforcing and supporting international obligations and standards, so as to build a growth-friendly tax environment:

Following rule of law in taxation

14. A growth-friendly tax environment must be shored up by robust tax administration. We reiterate the essential role of the rule of law principle in

underpinning the fairness and impartiality of tax administration.

15. To this end, we will respect the spirit and letter of law in taxation, and expect that taxpayers will make a similar commitment. We reaffirm our commitment to ensuring the tax system is administered fairly, transparently and with consistency.

16. We are determined to apply the laws and the tax treaties in a fair, predictable and consistent fashion.

17. We recognize that the accessibility and the efficiency of a domestic tax dispute prevention and resolution regime are crucial to build investors' trust in the fairness of the taxation system. We support continuing efforts by BRITACOM Member TAs in building fair, coherent and efficient domestic tax dispute prevention and resolution mechanisms.

Raising tax certainty

18. Economic growth depends in part on the growth in cross-border trade and investment, which requires high level of tax certainty.

19. We reaffirm our commitment to offering support to taxpayers in order to improve tax certainty by enhancing the transparency and predictability of tax

laws in order to build mutual trust between taxpayers and tax administrations.

20. We highlight the importance of minimizing tax uncertainty by avoiding excessive discretion as well as increasing consistency and transparency of tax administration.

21. We call on BRITACOM Member TAs to enhance dialogue with taxpayers by exploring cooperative compliance approaches, providing guidance to taxpayers concerning the interpretation and application of the law, making use of advanced rulings, and enhancing cooperation between BRITACOM Member TAs.

Expediting tax dispute resolution

22. We recognize the importance for BRI jurisdictions to minimize and resolve cross-border tax disputes in a timely and principled manner in order to better protect the legitimate rights of taxpayers on one hand, and to secure domestic tax base on the other.

23. We call on BRITACOM Member TAs to respect and comply with international standards, particularly those relating to Base Erosion and Profit Shifting and to Transparency and Exchange of Information for Tax Purposes, as well as those in tax treaties signed by their governments.

24. We encourage BRITACOM Member TAs to dedicate resources to relevant parts of their administrations dealing with dispute resolution procedures.

25. We will intensify the collaboration between BRITACOM Member TAs to improve dispute resolution mechanisms and explore the potential of alternative dispute resolution procedures adaptable to the needs and circumstances of their home jurisdictions.

Streamlining tax compliance and digitalizing tax administration

26. Streamlined tax administration facilitated by digital technology helps to achieve the overarching objective of tax administrations to raise sufficient funds to finance public spending while responding to public demand for cost-effective and time-efficient services.

27. We encourage BRITACOM Member TAs to streamline tax administration procedures, taking into account country-specific conditions. In light of this, we believe that efforts should be made in enhancing tax administration cooperation, improving taxpayer service, protecting taxpayers' legitimate rights, and avoiding arbitrary decisions on taxpayers' compliance status.

28. We reaffirm our commitment to maximizing the benefits of emerging technologies by adopting a long-term strategy to digitalizing tax administration, improving digital infrastructure within tax administrations and working to build improved taxpayer trust, privacy and data protection.

Enhancing tax administration capacity

29. We note the pressing need for tax administration capacity building amongst BRI jurisdictions. We will prioritize our work in this area and support increasing efforts by international organizations, in particular, the Platform for Collaboration on Tax, in assisting BRI jurisdictions to accomplish the objectives of the *UN 2030 Agenda for Sustainable Development* and the *Addis Ababa Action Agenda*.

30. We will fulfill our collective commitment to establishing an inclusive and sustainable capacity building platform by promoting training, conducting research as well as sharing knowledge products and best practices of Member TAs and BRITACEG Members, particularly in the areas of following rule of law, raising tax certainty, expediting tax dispute resolution, streamlining tax compliance and digitalizing tax administration.

31. We will align our capacity building activities with other initiatives run by international organizations in an effort to avoid duplication and deliver the

BRI tax administration capacity building initiatives in a coordinated, cost-effective and sustainable manner, which is tailored to the real needs of emerging and developing economies.

Future Actions

32. We reaffirm that the BRITACOM's founding spirit is to bring together the BRI tax administrations on an equal footing to catalyze actions. Once we agree, we will deliver. To guide our work in light of this spirit, we are committed to developing action plans which will be approved by the Council every two years so as to achieve tangible accomplishments. We adopt the Wuzhen Action Plan (2019-2021), and will brief on it at the Second Belt and Road Forum for International Cooperation which will be held during 25-27 April, 2019, in Beijing. Annex 3 provides the Wuzhen Action Plan (2019-2021).

33. We thank China for its BRITACOF Presidency and its successful hosting of the first BRITACOF Conference. We look forward to our next Conference in Kazakhstan in 2020.

Annexes:

1. List of BRITACOM Council Members and Observers
2. List of BRITACEG Members and Partners
3. Wuzhen Action Plan (2019-2021)