

Original release: September 2013

BIAC Statement of Tax Best Practices for Engaging with Tax Authorities in Developing Countries

Intention of statement of tax best practices

The tax best practices identified in this statement are intended to support responsible business tax management and to enhance co-operation, trust and confidence between tax authorities in developing countries and international business, understanding that business must comply with the laws and regulations of the jurisdiction in which it operates.

These tax best practices aim to promote stability, certainty and consistency in the application of tax principles as well as to support capacity building for efficient, effective tax authorities in developing countries. This will foster cross-border trade, investment and sustainable growth for the benefit of all.

Tax best practices

1. Business should be open and transparent with tax authorities about their tax affairs and provide relevant, reasonably requested information that is necessary to enable a balanced assessment of possible tax risks.
2. Business should commit to responding to reasonable tax authority enquires and make payment of their tax liabilities within established due dates, or within a reasonable time-frame where no such due dates are established.
3. Where tax authorities ask reasonable, specific and legitimate questions, business should commit to answering those questions in a straight-forward and transparent manner.
4. If questions or assessments from tax authorities appear not to be legitimate or are based on misunderstandings of fact or the law, business should work with tax authorities where possible to identify the issues and explore options to resolve misunderstandings.
5. Where relevant, reasonably requested information is not available, business should timely inform the tax authorities and explore mutually acceptable alternatives.
6. Business should work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible.
7. Business may utilise tax incentives that are transparent, publically published and endorsed by the host nation legislation.
8. Business should refrain from claiming or accepting exemptions not contemplated in the statutory, regulatory, or administrative framework related to taxation, financial incentives, or other issues.
9. Business should follow established and agreed upon procedures and channels when dealing with tax authority officials.
10. Business should consider how best to explain more fully to the public their economic contribution and taxes paid in the jurisdictions in which they operate, where they determine that that such explanation would be helpful in building trust in the tax system.