



## Regional: Enhancing Transparency and Exchange of Information for Tax Purposes

Project Name	Enhancing Transparency and Exchange of Information for Tax Purposes
Project Number	47149-001
Country	Regional
Project Status	Closed
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	<b>TA 8640-REG: Enhancing Transparency and Exchange of Information for Tax Purposes</b> Japan Fund for Poverty Reduction US\$ 820,000.00
Strategic Agendas	Inclusive economic growth Regional integration
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships
Sector / Subsector	<b>Public sector management</b> - Public expenditure and fiscal management
Gender Equity and Mainstreaming	No gender elements
Description	<p>The rapid globalization of financial services, investment and trade has imposed a significant impact on developing countries' revenue base. Cross border financial transactions are increasingly employed for aggressive tax avoidance, which result in the erosion of domestic tax revenues to the outside of developing countries, often to offshore financial centers. The issue is particularly acute in Asia. According to Global Financial Integrity, a Washington-based NGO's latest report, developing countries lost a total of 5.6 trillion US dollars in illicit financial outflows including tax evasion in 2001-2010, and Asia accounted for 61 % of the total illicit outflows . In order to counter international tax avoidance schemes and the erosion of domestic tax revenues, the tax authorities are increasingly required to strengthening their international network and capacity for the exchange of information with foreign tax authorities.</p> <p>This regional TA project focuses on the capacity development of 8 DMC members of the Study Group on Asian Tax Administration and Reserach (SGATAR), i.e. Indonesia, Malaysia, Mongolia, Papua New Guinea, the PRC, the Philippines, Thailand, and Vietnam, with respect to the exchange of information for tax purposes, and aims to enhance the framework of regional cooperation among the SGATAR member tax authorities.</p>

Project Rationale and Linkage to Country/Regional Strategy	<p>The risk of international tax avoidance and demand for the exchange of information among the Study Group on Asian Tax Administration and Research (SGATAR)'s developing member economies increase; according to Global Financial Integrity's global ranking on the estimated amount of illicit financial outflows in 2001-2010, the PRC is ranked the 1st out of 143 countries, and Malaysia the 3rd, the Philippines the 6th, Indonesia the 9th, Thailand the 13th, Vietnam the 33rd, Papua New Guinea the 99th and Mongolia the 111th respectively .</p> <p>In many SGATAR member countries, a majority of exchange of information cases are those with the SGATAR member countries. For example, at the National Tax Agency, Japan, in Operation Years 2010 and 2011, more than 60% of exchange-of-information cases were held within SGATAR members. In particular, the exchange of information with SGATAR's developing member countries increases its importance; the percentage of exchange-of-information cases with the SGATAR's developing member countries increased from 15% in Operation Year 2010 to more than 20% in Operation Year 2011. The OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes is promoting internationally recognized standards . While the OECD Global Forum's 118 member economies committed to implement the internationally recognized standards include all of the SGATAR's developed member economies except Taipei, China, only half of the SGATAR's developing member countries, i.e. Indonesia, Malaysia, the Philippines and the PRC are the OECD Global Forum's members, which imposes a further risk to widen capacity gap among SGATAR member economies. The OECD's Global Forum has also recognized the necessity of capacity development activities such as training seminars in Southeast Asia including Indonesia, Malaysia, The Philippines, Thailand and Vietnam , and it has expressed its support for the ADB to lead capacity development activities for SGATAR member countries.</p>
Impact	Sustainable tax base in participant DMCs through strengthened international cooperation mechanism.

## Project Outcome

Description of Outcome	Enhanced enforcement capacity in the member tax authorities of the Study Group on Asian Tax Administration and Research (SGATAR).
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Progress Toward Outcome

### Implementation Progress

Description of Project Outputs	<p>Technical consultation session on international standards on the exchange of information for up to four DMCs delivered.</p> <p>Recommendations for strengthening international cooperation and exchange of information produced.</p> <p>Training courses for (i) exchange of information, and (ii) audit to counter international tax avoidance and evasion designed and delivered.</p>
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Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

## Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

### Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

## Responsible Staff

Responsible ADB Officer	Miyaki, Yuji
Responsible ADB Department	Sustainable Development and Climate Change Department
Responsible ADB Division	SDGG
Executing Agencies	<i>Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines</i>

## Timetable

Concept Clearance	17 May 2013
Fact Finding	17 Jun 2013 to 04 Jul 2013

MRM	-
Approval	22 Apr 2014
Last Review Mission	-
Last PDS Update	29 May 2013

## TA 8640-REG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
22 Apr 2014	-	22 Apr 2014	31 Mar 2016	31 Jul 2016	-

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	820,000.00	0.00	0.00	0.00	0.00	820,000.00	22 Apr 2014	547,851.30

Project Page	<a href="https://www.adb.org/projects/47149-001/main">https://www.adb.org/projects/47149-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=47149-001">http://www.adb.org/forms/request-information-form?subject=47149-001</a>
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