

**Committee**: General Assembly 2: The Economic and Financial Committee

**Agenda**: International cooperation in combating tax evasion

**State:** San Marino

**Delegate:** Kağan Darga

Tax evasion poses a significant challenge to the integrity of the global financial system. It undermines the principles of fairness and transparency, distorts market competition, and stifles economic growth. San Marino, officially known as the Republic of San Marino, is a small and independent microstate located within the orders of Italy. San Marino acknowledges the interconnectedness of nations in addressing this issue and firmly believes that international cooperation is paramount to combat tax evasion effectively.

Tax evasion, like in any other country, has an adverse impact on San Marino. Despite its relatively small size, San Marino faces significant challenges and consequences when it comes to tax evasion. Tax evasion hampers economic growth and stability. It reduces the revenue that the government could collect and allocate towards public services, infrastructure development, and social welfare programs. This, in turn, hinders the country's ability to invest in education, healthcare, and other essential services that contribute to the well-being of its citizens.

To mitigate the adverse effects of tax evasion, San Marino has implemented various measures to enhance tax transparency, strengthen its tax system, and promote international cooperation.

* Tax Transparency and Information Exchange: San Marino has adopted the Common Reporting Standard (CRS) developed by the Organisation for Economic Co-operation and Development (OECD). The CRS facilitates the automatic exchange of financial account information among participating countries, aiding in the detection and prevention of tax evasion.
* Bilateral Tax Information Exchange Agreements (TIEAs): San Marino has signed bilateral TIEAs with various countries including Canada, Spain, Austraila, UK, The Netherlands, France and Denmark. These agreements enable the exchange of tax-related information to combat tax evasion and ensure compliance with international tax standards.
* Anti-Money Laundering (AML) Regulations: San Marino has implemented stringent AML regulations to prevent money laundering and illicit financial activities, which often facilitate tax evasion. Financial institutions are required to maintain strict due diligence and reporting procedures to identify and prevent these unlawful activities.
* Legislative Reforms: San Marino has enacted legislative reforms to strengthen its tax system and deter tax evasion. These reforms include measures to enhance tax administration, improve transparency, and establish penalties for tax offenses.

By actively participating in initiatives San Marino aims to combat tax evasion and ensure a level playing field for businesses. By doing so, San Marino strives to protect its economy, maintain public trust, and contribute positively to the international fight against tax evasion.

San Marino actively participates in international initiatives and organizations focused on combating tax evasion. By collaborating with other nations and participating in capacity-building programs, San Marino aims to strengthen global efforts in addressing this issue. On 8 December 2015, the European Union and San Marino signed an agreement aimed at improving tax compliance by private savers. The agreement will contribute to efforts to clamp down on tax evasion, by requiring the EU member states and San Marino to exchange information automatically. This will allow their tax administrations improved cross-border access to information on the financial accounts of each other's residents. On 17 May 2023, the Republic of San Marino and the United Kingdom signed the convention eliminating double taxation on income and new steps to prevent tax evasion and avoidance. The convention establishes a series of rules that determine how to declare the benefits obtained based on their origin and thus avoid double taxation on the same person or company, the same income or possession. The convention marks a significant development in the bilateral relations between the UK and San Marino. It includes provisions for exchanging information between the UK and San Marino tax authorities. The United Nations recognizes that tax evasion has serious consequences for countries and their ability to achieve sustainable development goals. It views tax evasion as a hindrance to the mobilization of domestic resources and the promotion of social welfare programs. The UN advocates for international cooperation, transparency, and information exchange to combat tax evasion effectively. It has developed initiatives such as the Sustainable Development Goals (SDGs) and the Addis Ababa Action Agenda to address issues related to tax evasion and illicit financial flows. San Marino supports United Nations’ measures.

As San Marino we believe there are things that should be done to address the issue.

1. Strengthening Domestic Tax Administration: San Marino emphasizes the importance of robust tax administration within its own jurisdiction. This includes enhancing tax collection procedures, improving audit capabilities, and implementing effective mechanisms to detect and deter tax evasion. By investing in the training and capacity-building of tax officials, San Marino aims to improve its ability to identify and prevent tax evasion domestically.
2. Promoting Tax Transparency: San Marino recognizes the significance of tax transparency in combating tax evasion. The country supports the exchange of information among tax authorities and the implementation of international standards, such as the Common Reporting Standard (CRS), to ensure transparency and facilitate the detection of cross-border tax evasion. San Marino encourages other countries to adopt similar measures to promote a level playing field and discourage tax evasion.
3. Strengthening Anti-Money Laundering (AML) Measures: San Marino recognizes the close link between tax evasion and money laundering. To combat tax evasion effectively, the country emphasizes the importance of robust anti-money laundering regulations and practices. By enhancing AML measures, San Marino aims to prevent the flow of illicit funds derived from tax evasion and promote the integrity of its financial system.

These are just one of the few solutions that San Marino comes up with to address this issue.

In conclusion San Marino believe tax evasion is a paramount issue that should be combatted as there are the significant challenges posed by tax evasion. As a small but determined nation, San Marino is committed to promoting tax transparency, enhancing its domestic tax administration, and fostering international cooperation to combat tax evasion effectively. San Marino remains steadfast in its commitment to combating tax evasion, strengthening tax transparency, and fostering international cooperation. By working together with the international community, San Marino strives to create a fair and transparent global tax environment that ensures sustainable development, economic stability, and social welfare for all.