**COUNTRY:**The Netherlands

**FORUM:** Economic and Financial Affairs Council

**QUESTION OF:** International Cooperation in Combating Tax Evasion

A network of banks, stockbrokers and top lawyers has extracted billions of dollars from European treasuries through suspicion of fraud and speculation with dividend tax. Germany was the most affected country, with around 31 billion Euros withdrawn from the German treasury.  Estimated losses for other countries are at least €17 billion for France, €4.5 billion for Italy, €1.7 billion for Denmark and 201 million for Belgium.

The International Consortium of Investigative Journalists (ICIJ) released 11.9 million leaked financial records in addition to 2.9 TB of data on behalf of the Pandora Documents in early October 2021, and the secret offshore accounts of about 35 world leaders in tax havens were exposed.

About 3% of personal taxes are evaded on average in Scandinavia, but this figure rises to around 30% in the top 0.01% of the wealth distribution.

Commits to enhance disclosure practices and transparency in source and destination countries, including through transparency in all financial transactions between Governments and companies to relevant tax authorities

Commits Member States to make sure that all companies, including multinationals, pay taxes to the Governments of countries where economic activity occurs and value is created

Encourages countries to work together to strengthen transparency and adopt policies, including: MNE reporting country-by-country to tax authorities where they operate; access to beneficial ownership information for competent authorities; and progressively advancing towards automatic exchange of tax information among tax authorities as appropriate, with assistance to developing countries, especially LDCs, as needed

Stresses that efforts in international tax cooperation should be universal and should fully take into account the different needs and capacities of all countries

Welcomes on-going efforts, including the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes; takes into account OECD work on BEPS

Decides to further enhance the resources of the Committee of Experts on International Cooperation in Tax Matters to strengthen its effectiveness and operational capacity; increase the frequency of its meetings and its engagement with the Economic and Social Council through the Special Meeting on International Cooperation on Tax Matters; urges Member States to support the Committee and its subsidiary bodies through the voluntary trust fund

Most developing countries do not participate in the cooperation, but participation has been growing since 2017. Underdeveloped countries in particular have lagged behind significantly.

Reporting offices (meldpunten) have been set up for reporting suspected tax evasion. Anyone can contact the Tax Information Line if they want to make such a report.

The Fiscal Information and Investigation Service (FIOD) investigates and tackles tax evasion on behalf of the Tax Administration. The FIOD investigates for example bank accounts held abroad by residents of the Netherlands. By doing so it is able to uncover undeclared income and assets abroad.

Administrative fines and criminal prosecution. The Tax Administration has the power to impose fines. In more serious cases, the Public Prosecution Service can launch a criminal case and ask the court to impose a sentence.

The Tax Administration exchanges information with the tax authorities of other countries. This makes it easier for the Tax Administration to track down people with undeclared savings.

Strict rules on voluntary disclosure. People who have undisclosed income in box 2 or 3 can no longer report it to the Tax Administration voluntarily without being liable to a fine. However, if the Tax Administration discovers undisclosed income or assets itself, the fine will often be higher than it would have been in the case of voluntary disclosure. So it is always better to report undisclosed income and assets to the Tax Administration voluntarily. Income in box We can still be declared within two years of an incorrect tax return without paying a fine.

Publication of fines for culpable negligence. The inspector can impose fines on service providers that jointly perpetrate tax evasion. This means tax consultants, civil-law notaries, accountants and lawyers for example. In serious cases the Tax Administration may even publicly announce such a fine. The information will remain on the Tax Administration’s website for five

As the Netherlands, if we look at the international dimension of tax evasion, we want this number to increase even though it has started working in other countries to solve the tax evasion problem in recent years. It is important for more countries to unite against tax evasion and work on this issue in terms of solving or minimizing the tax evasion problem in the world For this, the establishment of an international organization and the participation of countries in it will be important in order to prevent the problem of tax evasion.

References

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