

**IN THE FOURTH SESSION OF THE FIFTH PARLIAMENT OF THE FOURTH REPUBLIC
OF GHANA**

REPORT OF THE

FINANCE COMMITTEE

ON THE

**CONVENTION ON MUTUAL
ASSISTANCE IN TAX MATTERS**

OCTOBER, 2012

1.0 INTRODUCTION

The **Convention on Mutual Administrative Assistance in Tax Matters** was laid in the House on Thursday 27th September, 2012 and referred to the Finance Committee for consideration and report.

The Committee met and discussed the convention with the Deputy Minister of Finance and Economic Planning, Hon. Seth Tekper and officials from the Ministry of Finance and Economic Planning (MOFEP) and the Ghana Revenue Authority (GRA) and hereby submits this report to the House pursuant to the Standing Orders of the House.

2.0 BACKGROUND

The Convention on Mutual Assistance in Tax Matters is a multilateral agreement designed to promote international cooperation for a better operation of national tax laws, while respecting the fundamental rights of taxpayers.

The Convention was deployed jointly by the council of Europe and OECD and opened for signature by the member states of both organizations on 25th January, 1988. It provides for all possible forms of administrative cooperation between the

parties in the assessment and collection of taxes, with a view to combating tax avoidance and evasion.

In April 2009, the G20 called for action "to make it easier for developing countries to secure the benefits of the new cooperative tax environment, including a multilateral approach for the exchange of information." In Response the OECD and the Council of Europe developed a Protocol amending the multilateral Convention on Mutual Administrative Assistance in Tax Matters to bring it in line with the international standard on exchange of information for tax purposes and to open it up to all countries. The Convention was amended by the Protocol which entered into force on 1 June 2011. To date, 34 countries are signatories to the convention.

The amended Convention provides for all possible forms of administrative cooperation between states in the assessment and collection of taxes, in particular with a view to combating tax avoidance and evasion. This co-operation ranges from exchange of information, including automatic exchanges, to the recovery of foreign tax claims.

3.0 PURPOSE OF THE AGREEMENT

The objective of the Convention on Mutual Administrative Assistance in Tax Matters is to promote international co-operation for a better operation of national tax laws, while respecting the fundamental rights of tax payers.

4.0 OBSERVATIONS

Fighting Cross Border Evasion

The Committee observed that international cooperation in tax matters is crucial to ensuring the administration and enforcement of countries' tax laws as cross border tax evasion becomes easier with the liberalization of financial markets.

Information to be Exchanged

The competent authorities of the Contracting Parties shall provide assistance through exchange of information that is foreseeably relevant to the administration and enforcement of the domestic laws of the Contracting Parties concerning taxes covered by this Agreement. Such information shall include information that is foreseeably relevant to the determination, assessment and collection of such taxes, the recovery and enforcement of tax claims, or the investigation or prosecution of tax matters. Information shall be exchanged in accordance

with the provisions of this Agreement and shall be treated as confidential in the manner provided in Article 8. The rights and safeguards secured to persons by the laws or administrative practice of the requested Party remain applicable to the extent that they do not unduly prevent or delay effective exchange of information

Matters covered under the convention

The Committee was informed that the Convention covers all forms of compulsory payments to the general governments except for customs duties. It applies to taxes on income, profits, capital gains, and net wealth levied at the central government level. It also covers local taxes, compulsory social security contributions, estate, inheritance or gift taxes, etc.

Confidentiality of Information

It also noted that the Convention provides for standards of confidentiality and protection of personal data. The Convention provides that information shall be treated as confidential and protected in the receiving State in the same manner as information obtained under its domestic laws. If personal data are provided, the Party receiving them shall treat them in compliance not only with its own domestic law, but also with the safeguards that may be required to ensure data

protection under the domestic law of the supplying Party (Article 22).

Benefits to Ghana

The Committee was informed that the Convention on Mutual Administrative Assistance in Tax Matters offers a wide range of benefits that include the following:

- i. The Convention will assist the country in countering tax evasion by multinational enterprises and promote compliance with tax laws.
- ii. The Convention would rapidly expand Ghana's *Exchange of Information (EOI)* network to include some of its major trade and investment partners in Exchange of Information relationships.
- iii. The Convention would put in place the framework, as the capacity of Ghana's Revenue Authority develops, to use the provisions of the convention to seek assistance from Parties to the Convention to collect taxes.
- iv. It also allows, in certain circumstances, for the information obtained to be used for other (non-tax) purposes – for example to combat serious crime.
- v. It also provides a basis for future types of information exchange including automatic exchange, or tax examinations abroad, as well as joint audits and may

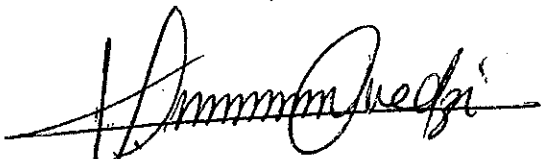
also further other law enforcement purposes such as fighting money laundering.

5.0 **CONCLUSION**

Committee has critically scrutinized the Convention and noted the immense benefits to be derived from multilateral cooperation in tax administration matters.

The Committee therefore recommends to the House to adopt this report and ratify by resolution, the **Convention on Mutual Administrative Assistance in Tax Matters** in accordance with article 75 of the 1992 Constitution and Standing Orders of the House.

Respectfully submitted.



HON. JAMES KLUTSE AVEDZI
CHAIRMAN



PEACE A. FIAWOYIFE (MS)
CLERK

25TH OCTOBER, 2012