



World Customs Organization

Role of Customs in Combating Cross-Border Tax Evasion and Avoidance

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70th Session of the Policy Commission

Agenda

- 1. Background information**
- 2. International response to prevent cross-border tax evasion and avoidance**
- 3. WCO instruments and tools for information exchange**
- 4. Action required of the Policy Commission**

1. Background information

- ✓ **Globalization has benefitted our economies, but has also brought new complexities**
- ✓ **Multinational enterprises have shifted from a country-specific operating model to global models**
- ✓ **Impact on countries' corporate income tax regime**
 - Domestic laws + treaties to avoid double taxation
 - Gaps have allowed double non-taxation
 - Exacerbated by increasingly sophisticated tax planning
- ✓ **Increased awareness among governments and citizens**

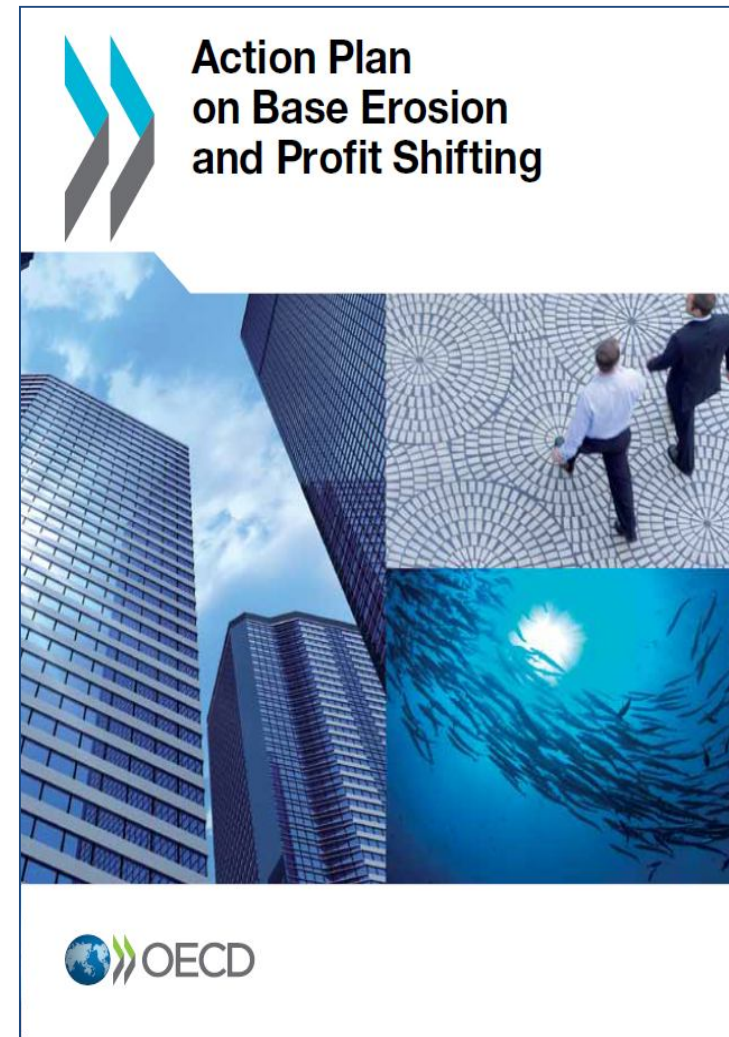
2. International response to prevent cross-border tax evasion and avoidance

- ✓ **High-level and large-scale response:**
 - G8 Summit in Northern Ireland, June 2013
 - G20 Summit in the Russian Federation, Sept. 2013
 - Active participation by the OECD

- ✓ **Main areas:**
 - Action Plan on Base Erosion and Profit Shifting (BEPS)
 - Enhancement of mechanisms for Exchange of Information (EOI)

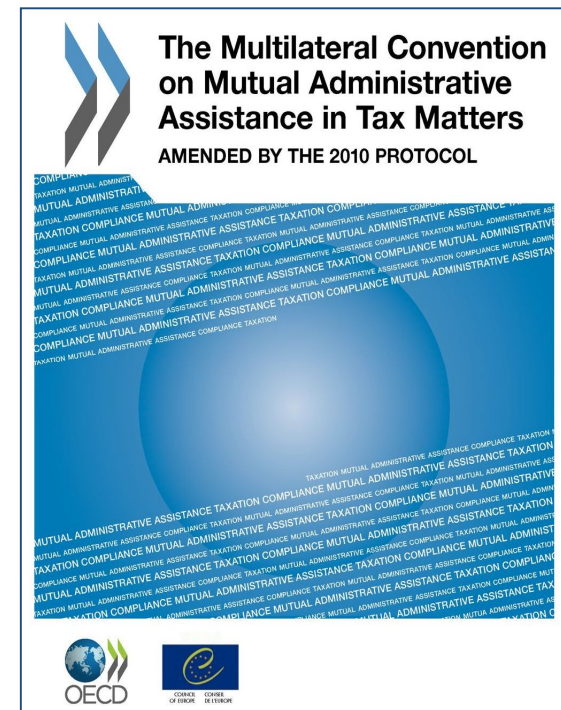
(a) Action Plan on BEPS

- ✓ **Artificial segregation of taxable income from the activities that generate it**
- ✓ **Prepared by the OECD at the request of the G20**
- ✓ **It identifies:**
 - 15 concrete actions
 - Clear deadlines
 - Resources and methodology



(b) Exchange of information: Multilateral Convention on Mutual Administrative Assistance in Tax Matters

- ✓ **Developed by the Council of Europe + the OECD and opened to all countries in 2010 (signed by 62 countries - in force in 48)**
- ✓ **Scope: All direct and indirect taxes (except Customs duties)**
- ✓ **Content:**
 - Mechanism for EOI: On request, spontaneous and automatic (bilateral level)
 - Specific and clear exceptions
 - Confidentiality and data protection
- ✓ **Way forward: Global standard for automatic EOI to be presented to the G20 in February 2014**



Implementation: Global Forum on Transparency and EOI for Tax Purposes

- ✓ **Established in 2009 to implement international standards on EOI: availability, access, exchange**
- ✓ **121 Members and 12 observers (including the WCO)**
- ✓ **Two-phase peer review mechanism:**
 - 124 peer review reports (available to the public)
 - 100 jurisdictions reviewed



3. WCO instruments and tools for information exchange

✓ **Nairobi Convention**

- In force since May 1980 - 52 Contracting Parties

✓ **Johannesburg Convention (not in force)**

- Adopted in 2003 - 3 Contracting Parties - not in force

✓ **Revised Kyoto Convention**

- In force since 2006 - 91 Contracting Parties

✓ **Model Bilateral Agreement on Mutual Administrative Assistance in Customs Matters**

- Developed in 2004

Globally Networked Customs (GNC)

✓ Customs information exchange framework

- Set of Protocols, Guidelines and Standards
- Two-track approach (Commercial and Enforcement)

✓ Utility Blocks: “A library of GNC Standards”

- Exchange of AEO data between the US, the EU and Switzerland
- Exchange of export/transit data between South Africa and Swaziland
- Exchange of import/export declarations within Mercosur and between Mercosur and third countries



Customs Enforcement Network (CEN)

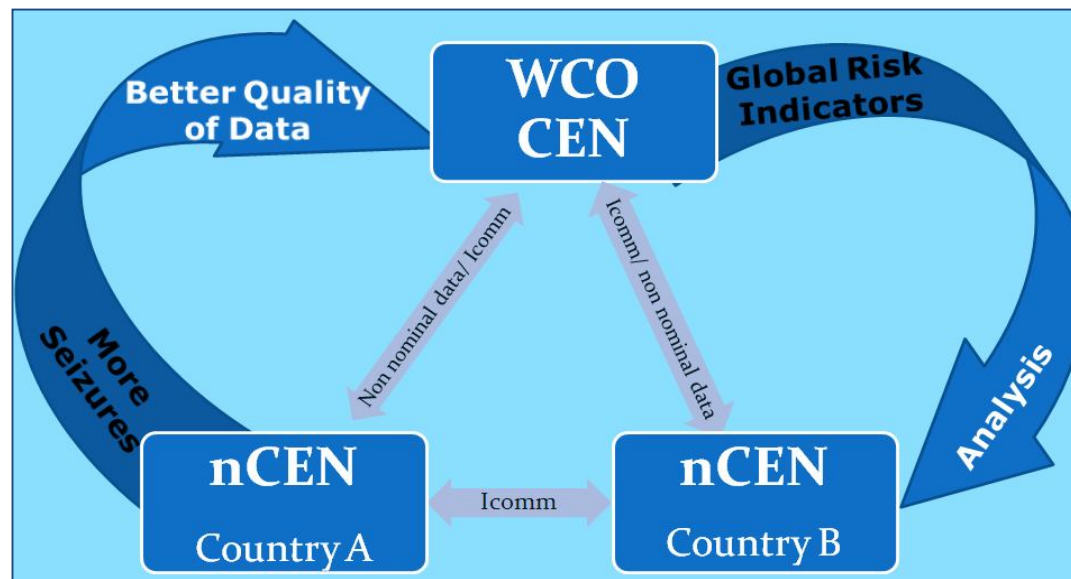
- ✓ **A system to share and disseminate information on Customs offences in a timely, reliable and secure manner**
- ✓ **Composed of a Database, Web site and communication network**
- ✓ **Managed by the WCO's 11 Regional Intelligence Liaison Offices (RILOs) in 6 regions**
- ✓ **1,680 users from 139 countries**



National Customs Enforcement Network (nCEN)

nCEN: national nominal seizure database

- ✓ Pilots (Mauritius, Kenya) completed
- ✓ Roll-out started in November with software and training: Namibia, Swaziland



Powerful seizure search function

CEN WCO-OMD

Search Seizure

Saved Searches | **New Seizure Search**

Expand | Collapse

Status: Draft Validated All cases
 Redraft Submitted
 Deleted Any status

Case reference filter

nCEN ref.: Start Offence Date&Time:

National ref.: End Offence Date&Time:

Country: Location:

Location type: Service:

Narrative:

Commodity filters Select commodity type

Consignment filter Add consignment filter

Person filter Add person filter

Company filter Add company filter

Conveyance filters Select Conveyance Type

Route filter Add route filter

Search Save Clear Search

https://newcen.wcoomd.org/ncen/#

Pictures in the CEN Database

▲ Pictures

Picture:



File name:

[IMG_1893.jpg](#)

Classification:

Commodity, Other

Xray type:

Narrative:

Data type:

Non-Nominal

Xray penetration:

Xray power:

Picture:



File name:

[IMG_1818.jpg](#)

Classification:

Xray

Xray type:

X-ray

Narrative:

Data type:

Non-Nominal

Xray penetration:

Xray power:

Picture:



File name:

[DSC02271.JPG](#)

Classification:

Concealment

Xray type:

Narrative:

Data type:

Non-Nominal

Xray penetration:

Xray power:

WTO Agreement on Trade Facilitation

✓ Article 12: Customs Cooperation

✓ Scope:

- Specific information
- To verify an import or export declaration
- In identified cases where there are reasonable grounds to doubt the truth or accuracy of the declaration

✓ Content:

- Mechanism for EOI: On request
- Broad exceptions
- Confidentiality and data protection



4. Action required of the Policy Commission

The Policy Commission is invited to:

- ✓ **consider the current state of play on tax information exchange at the G8 and G20, and in the OECD**
- ✓ **examine the linkage and implications for Customs**
- ✓ **provide orientation and guidance on the future role of the WCO in this regard**

Questions to be discussed in breakout groups

1. What are the **implications for the Customs community** of the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters and the OECD's ongoing work on the automatic exchange of information; and **what should the WCO do in response** ?
2. What **types of information do Customs administrations provide to tax authorities**, and vice versa ?
3. How can Customs and tax authorities **work together** in order to achieve their common and individual objectives ?
4. If you represent a **Revenue Authority**, what substantive interaction takes place between the Customs Department and the Tax Department ?

Thank you

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