

**Press Information Bureau
Government of India
Ministry of Finance**

20-April-2015 13:40 IST

Intervention of Finance Minister on International Tax Issues at G20

Following is the text of the Intervention made by the Union Finance Minister Shri Arun Jaitley:

“Base Erosion and Profit Shifting (BEPS) has been a cause of concern for developing and emerging economies for long as it erodes their tax base depriving them of much needed resources for developmental activities. It is also unfair to the general taxpaying public. It also provides an unfair competitive advantage to Multinational Enterprises (MNEs) vis-à-vis domestic companies which have no opportunities for BEPS strategies. We welcome the progress made in BEPS project incorporating the participation of eight (8) non-OECD G20 countries.

Although exchange of information on “request basis” has resulted in improving transparency, its scope is limited; as offshore financial centers and tax havens are obliged to provide information only when investigation in a particular case has already commenced. The problem of offshore tax evasion and flow of illicit money can be addressed only by the free flow of financial account information, exchanged amongst countries on an automatic basis.

We strongly feel that there is a need to ensure that the Common Reporting Standards on Automatic exchange of Information should be implemented on a fully reciprocal global basis and those countries which have not yet committed to the timeline of 2017 or 2018 should do it without any further delay. The problem of black money and illicit flow to offshore jurisdictions and tax havens can be addressed only if this is implemented at a global level.

The Global Forum should monitor the implementation of common reporting standards on exchange of information and ensure that every country/jurisdiction is effectively implementing them, have necessary legal and regulatory frameworks and are also exchanging information in practice.

DSM/KA