



Prime Minister David Cameron (2013 chair of the G8)

Prime Minister Stephen Harper

President François Hollande

Chancellor Angela Merkel

Prime Minister Enrico Letta

Prime Minister Shinzō Abe

President Vladimir Putin

President Barack Obama

cc. An Taoiseach Enda Kenny (presidency of the Council of the European Union)

cc. Herman Van Rompuy, President of the European Council

cc. José Manuel Barroso, President of the European Commission

cc. Angel Gurría, Secretary-General, Organisation for Economic Cooperation & Development

13 June 2013

We represent citizens and civil society organisations fighting poverty, tax evasion and avoidance, capital flight and corruption in every region of the world: in North and South America, Africa, Asia, Europe and Australasia.

We hope and anticipate that your governments at this year's G8 summit will endorse an international system of automatic tax information exchange to fight tax evasion and harmful financial secrecy, and announce efforts to ensure that tax havens and secrecy jurisdictions are brought within this common international regime. We welcome the progress that has been made so far.

We are, however, deeply concerned that the emerging automatic information-exchange regime may exclude access for developing countries. The United States and the European Union have stated that they aim ultimately for global participation in such a regime. Yet some

countries - and the financial sector in some tax havens - are beginning to argue that tax information should not be exchanged automatically with developing countries.

The emergence of a two-tier international tax information system would be unacceptable. There are undoubtedly practical challenges to participation in automatic tax information exchange, and a need for data confidentiality and taxpayer protection. Some countries' tax authorities may legitimately decide to prioritise other forms of international tax cooperation. However, excluding developing countries that wish to join such an international system – either directly or *de facto* through an unfeasible burden of immediate reciprocation of information - would in many cases freeze out those countries worst hit by tax avoidance and evasion. It would also risk incentivising the creation of new secrecy jurisdictions in countries excluded from the 'top tier' of information exchange, thereby threatening all countries' tax bases in the future.

We therefore urge your governments to commit to a global tax information-exchange standard and system that is accessible to all countries from its inception.

In practical terms this means that:

- 1) G8 members' action plans on combating tax evasion should explicitly aim to develop a global tax information-exchange platform that enables the participation of developing countries.
- 2) Global automatic information-exchange standards currently under development by the OECD should permit developing countries to access the information stream without requiring full immediate reciprocation, as is the case for the US in many cases with its Foreign Account Tax Compliance Act system.
- 3) To prevent the creation of new secrecy jurisdictions, or the exemption of existing ones, such non-reciprocation should be time-bound, and limited to countries which fall below well-defined measures of significance as a financial centre.
- 4) We urge major donors, including G8 countries, to offer assistance for developing countries to establish systems to handle data confidentially, and to process and match exchanged taxpayer information. Such assistance should build on existing capacity-building work to promote integrated tax information systems undertaken by donors, the African Tax Administration Forum, the Inter-American Centre for Tax Administrations, and other regional organisations.

Yours sincerely,

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