

## Communique of BRICS Heads of Revenue Meeting Issued in New Delhi on 18th January, 2013

We, the Heads of Revenue of the Federal Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa held a meeting on 17<sup>th</sup> and 18<sup>th</sup> January, 2013 at New Delhi to discuss the potential areas of cooperation based on our existing commitment to openness, solidarity, mutual understanding and trust, as stated in the Delhi Declaration issued on March 29, 2012. In this context, we would like to refer to the decision taken during the BRICS Finance Ministers and Central Bank Governors meeting held in Washington DC on 19<sup>th</sup> April, 2012, wherein it was agreed by all countries to develop a cooperative approach on issues relating to international taxation, transfer pricing, exchange of information and tax evasion and avoidance.

### Tax Administration Cooperation

In accordance with the above, we conducted the meeting with the primary objective of identifying specific areas of common interest and concern and finding ways and means for improving cooperation in these areas related to international taxation, transfer pricing, exchange of information, prevention of tax evasion and avoidance, and tax legislation and administration. We

- affirm our continued commitment to the objectives of the BRICS Heads of Revenue of promoting closer coordination and cooperation on issues of mutual concern;
- recognise the importance of the economic and commercial links between Brazil, Russia, India, China and South Africa and the need for us to contribute to the strengthening of these links.

We agree to extend the cooperation on the following issues of tax policy and tax administration:

- i. contribute to development of International Standards on International Taxation and Transfer Pricing taking into account the aspirations of developing countries in general and BRICS Countries in particular
- ii. strengthening the enforcement processes by taking appropriate actions for non-compliance and putting more resources on international cooperation
- iii. sharing of best practices and capacity building
- iv. sharing of anti-tax evasion and non-compliance practices, including abuse of treaty benefits and shifting of profits by way of complex multi-layered structures
- v. development of a BRICS mechanism to facilitate countering abusive tax avoidance transactions, arrangements, shelters and schemes
- vi. promotion of effective exchange of information
- vii. any other issues of common interests and concerns related to taxation.

### Confronting Non-Compliance with the Tax Laws in an International Context

We express our concern at the erosion of the tax base by practices that involve **abuse** of tax treaty benefits, incomplete disclosure of information and fraudulent claims, and jointly agree to work together to address these concerns. We commit to prevent the base erosion and profit shifting through cooperation amongst ourselves and with other countries. We also agree to produce a paper on these subjects for mutual benefit of BRICS countries.

### Capacity Building

We agree to work together towards capacity building of personnel **and** improvement of our systems and express our commitment to share resources, knowledge and best practices to achieve this end.

### Multilateral Cooperation

We also agree to establish a central point of contact in each of the BRICS Countries for coordination of issues relating to taxation. The central points of contacts will identify issues of common interest in areas of International Taxation and Transfer Pricing and will develop a common response, interact and meet regularly, including pre-meeting before important multilateral meetings. The agreed common response of

the BRICS countries would be communicated to international organisations engaged in development of standards on International Taxation and Transfer Pricing.

### **Governance Issues**

**We** agree to make a commitment to continue the process of cooperation in tax administration. We agree to establish a Governance Framework in accordance with the overall BRICS commitment by May, 2013.

We reiterate the spirit of cooperation and solidarity that underlies the BRICS partnership, and look forward to extend it to the area of tax administration in a way that will benefit the people and our countries and contribute to their overall wellbeing.

We also agree:

- (i) to inform the BRICS Summit of the outcomes of our deliberations; and (ii) to decide the date and place of next meeting BRICS Heads of Revenue after mutual consultation