

Tale til OECD konferanse om Tax and Crime

Grand hotell mandag 21. mars kl.14.00

- Ladies and gentlemen
- On behalf of the Minister of Finance, who is not able to be present himself, I wish you all welcome to this Tax and Crime conference.
- It is a great pleasure for me to be here at the Grand Hotel and open this conference. Allow me first to congratulate the organizers of this conference for delivering an impressive program.
- The subject of this conference is how to combat economic crime in a wide perspective.
- Money laundering, corruption, tax crimes and other financial crimes can threaten the strategic, political and economic interests of countries. Financial crimes undermine the effective governing of the society and the economic life. Financial crime may also undermine the democratic control of the development of societies.

- To a large extent economic crime involves tax evasion or misuse of public funds. This means less resources to public benefits, and others must pay a larger part of the public expenditures. In business life it is particularly unfortunate that criminal traders and law-abiding traders do not compete on equal terms.
- Several aspects of our society have features that may result in increased risk for financial crime. As examples I can mention better communications, free capital flows, swifter transactions, globalisation and strong competition.
- Fighting economic crime that threatens government revenues throughout the world is of vital importance to secure and build infrastructure and the standard of living for everyone.
- Fighting economic crime require greater transparency and improved efforts to make the most of the capacity of different government agencies to work together, aiming to prevent, detect and prosecute these crimes. This fight must be fought both domestically and internationally.
- Furthermore, economic crime threatens both developed and developing countries. I am glad to see that OECD includes the

important interests of developing countries in the international struggle for effective tax systems, both for securing tax revenue and for combating tax evasion. This conference will hopefully be useful also in this field of international aid and cooperation. The OECD Task Force on Tax and Development is bringing together policymakers from both the tax area and the development aid area, as well as from both OECD members, developing countries and NGOs (Non Governmental Organizations). It is very meaningful that the cooperation between developed and developing countries also encompasses experience sharing and capacity building in a common fight against tax crime and other economic crime. Norway strongly supports this widening of the OECD work, and I very much welcome the participation of developing country representatives and development aid people in this conference.

- OECD, FATF and the Global Forum on Transparency and Exchange of Information for tax purposes are important international arenas for improving the fight against financial crime.

- Norway is a founding member of the OECD. Norway has been a member of the FATF since 1991 and is now prepared to hold the Presidency of the FATF from July 2012, and before that, the position as vice-president from July 2011. As an OECD country, Norway has also been a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes since its creation.
- In today's globalised economy, effective exchange of information, is essential for countries to maintain sovereignty over the application and enforcement of their tax laws and to ensure the correct application of tax conventions. While taxpayers can operate relatively unconstrained by national borders, tax authorities and law enforcement agencies must respect these borders in carrying out their functions. This obviously calls for extensive cooperation between authorities.
- Better transparency and information exchange for tax purposes are important keys to ensure that taxpayers will have no safe haven for hiding their income and assets, and that they pay the right amount of tax in the right place. Both the OECD and the

Global Forum on Transparency and Exchange of Information for Tax purposes bring this work forward.

- Norway has a long history of supporting the work on exchange of information. With the chair position of the OECD Working Party 8 on tax avoidance and evasion for many years, our clear policy has been to promote international exchange of information in tax matters. We are also signatories to the Joint Council of Europe /OECD Convention on Mutual Administrative Assistance in Tax Matters, and participate in the work of the Coordinating Body. We especially welcome the fact that the amended convention of 2010 also is open for countries outside the Council of Europe and OECD.
- Since the remaining countries have now withdrawn their reservation to Article 26 regarding exchange of information of the OECD Model Tax Convention, all OECD countries now accept the standard of Article 26 of access to bank information.
- The OECD standard provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the tax laws of a requesting

party. Fishing expeditions are not authorised, but all foreseeably relevant information must be provided, including bank information, regardless of the existence of domestic tax interest or the application of dual criminality standards.

- Another important step ahead is the developing of the Model for the Tax Information Exchange Agreements, so called TIEAs. The purpose of these Agreements is to promote international co-operation in tax matters through exchange of information. The Model Agreement grew out of the work undertaken by the OECD to address harmful tax practices. The Model Agreement represents the standard of effective exchange of information for the purposes of the OECD's initiative on harmful tax practices. A growing number of bilateral agreements have now been based on this Model Agreement. So far Norway has signed 29 TIEAs.
- In this line of international work the Global Forum on Transparency and Exchange of Information for Tax purposes fits in perfectly to make sure that these international standards are implemented. The work of the Global Forum is to ensure that all jurisdictions fully implement the international standards

on transparency and exchange of information. This is done by reviewing the jurisdiction's legal and regulatory framework as well as the application of the standards in practice. Norway has recently gone through a "combined" review. I am pleased to see that the review concludes that we have a system in place in Norway which achieves effective exchange of information in practice.

- Automatic exchange of tax information, without preceding need for requests, is of course the ideal solution. Within Norway, and between the Nordic countries, automatic systems have been widely developed. Norway will strongly support more international use of automatic exchange. We look forward to further development in this area, though we realize that legal, technical and administrative obstacles will not speed up this desirable development.
- Even though efficient exchange of information is a very important factor to combat crime, other appropriate measures are also necessary. For instance measures against money laundering and corruption.

- The efforts of the FATF to counter the use of the financial systems by criminals are crucial in fighting economic crime. The FATF recommendations set out the basic framework for anti money laundering and counter terrorism financing efforts.
- The Norwegian Anti Money Laundering legislation is based on international initiatives such as the FATF 40+9 recommendations and the third EU Money Laundering directive. Norway is not a member of the EU, but participates in the EU common market as a signatory of the EEA Agreement. Therefore Norway is bound to implement relevant EU legislation. For instance, according to the EEA Agreement, the EU Money Laundering Directives are binding for Norway.
- In this context I would especially like to mention the ongoing work in the FATF, in preparation for the fourth round of mutual evaluations, considering including tax crime as a predicate offence for money laundering. Among other things this means that transactions related to the laundering of the proceeds of tax crime would have to be reported as suspicious transactions. In Norway there is no limitation regarding what is to be considered

as a predicate offence. In fact all crimes, including tax crime, may be a predicate offence for money laundering. In my opinion, the FATF effort to include tax crime as a predicate offence for money laundering, is an import step forward.

- Fighting corruption is also important in building a stronger, cleaner and fairer world economy.
- The OECD has been a global leader in the fight against corruption since the adoption of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The Convention established legally binding standards to criminalize bribery of foreign public officials. In 1996 the Recommendation on the Tax deductibility of Bribes to Foreign Public Officials in International Transactions was adopted. This recommendation sent a clear message that bribery would no longer be treated as a business expense, and is a criminal offence subject to serious penalties.
- In 2009 the OECD council adopted the Recommendation on Tax measures for further Combating Bribery of Foreign Public Officials in International Business Transactions. The

recommendation further strengthens the role of tax authorities in combating bribery. It requires countries to explicitly prohibit the tax deductibility of bribes to foreign public officials, and promotes enhanced co-operation between tax authorities and law enforcement agencies, both at home and abroad to counter corruption. The Bribery Awareness Handbook for Tax Examiners is a valuable tool for the detection of bribes by tax examiners.

- In Norway corruption is a criminal offence subject to serious penalties, and Norwegian Tax Law explicitly prohibits tax deduction of bribes. In fact, Norway was the first OECD member to introduce such tax legislation.
- Tax examiners and auditors are in a unique position to identify traces of irregularities in the books and records of individuals and businesses. At the same time, tax administrations can complement the efforts of other regulatory agencies by combating crime from the tax side.
- Therefore, improving cooperation between tax and law enforcement agencies, including anti-corruption and anti-money

laundering authorities, is crucial to counter economic crime more effectively. The establishing of the Task Force on Tax Crimes and other Crimes (TFTC) is an important step towards improving such cooperation. I would like to underline that it is an excellent initiative by the TFTC to arrange this conference. It will hopefully raise global awareness of the links between tax crime and other serious crimes.

- The Anti-Money Laundering Awareness Handbook for Tax Examiners and Tax Auditors is a worthy example of what can be achieved by the Task Force on Tax Crime and other Crime. It is a most useful tool in training and awareness building. I am very content by the fact that the Handbook has been translated to Norwegian and distributed to every tax auditor in Norway.
- Finally I would like to mention that the Norwegian Government last Tuesday has launched the Norwegian Government's action plan for combating economic crime. Since 1992 four such action plans have been launched. The new, launched plan is the fifth in row. The main objective of this last action plan is to improve the total efforts in fighting economic crime, by making the efforts

more efficient and more visible. The action plan is extensive and contains a large number of specific measures.

- I would just like to point out that one of the important measures that is referred to in the plan, is the importance of co-operation between different authorities. The action plan looks into co-operation both between supervisory authorities and between supervisory authorities and law enforcement authorities. And this is also one the subjects of this conference.
- I wish you a productive and interesting conference!
- Thank you for your attention!