

Australia has recently ratified the Convention on Mutual Administrative Assistance in Tax Matters, a tool designed to help national revenue authorities to enforce national tax laws.

The Convention was developed jointly by the Organisation for Economic Cooperation and Development (OECD) and the Council of Europe with the goal of enabling international cooperation to exchange information about taxpayers, assist in the recovery of taxes, and to prevent tax avoidance and evasion.

Thirty-eight countries have signed the Convention, including Australia, which became a signatory on 1 December 2012.

## What is the benefit of a Convention from the ATO's point of view?

The convention provides a multilateral basis for the exchange of tax information and recovery. This enables the ATO to actively seek - as well as the obligation to provide - administrative assistance for:

- The exchange of taxpayer information;
- Recovery of tax debts, including measures intended to conserve proceeds pending the formal recovery process being completed
- The service of documents

## What types of taxes are included in the Convention?

The Convention covers a substantial range of taxes and its scope goes far beyond the standard terms of a double taxation agreement.

The list of taxes referenced in the document include:

- Goods and Services Tax
- Income tax
- Capital Gains Tax
- Superannuation taxes
- Property taxes
- Excise
- Administrative fines and costs of recovery and interest.



- Others not mentioned but which are not specifically excluded

## How does this affect Australians and Australian businesses?

The ATO already has an extensive data-matching program in force to ensure that tax liabilities are properly reported.

With the support of the signatories to the Convention, the Australian Tax Office now has the capability to call on other national revenue services to exchange information and assist in the recovery of tax claims for foreign income or assets.

While there are some restrictions on what information can be exchanged, the interpretation of the Convention would lead some to assume that the recovery powers of the ATO are quite robust.

For this reason, any businesses or individuals with international revenue, payments or tax obligation are well advised to seek professional input on what their obligations are both in the country where they are resident and any foreign taxation liabilities.

## More information

For more information about the Convention and international tax strategy, please contact Matt Zhou on 02 9957 4033 or via [enquiry@batescosgrave.com.au](mailto:enquiry@batescosgrave.com.au).

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