



Recommendation of the Council on Tax Avoidance and Evasion

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Date(s)

Adopted on 21/09/1977

Background Information

The Recommendation on Tax Avoidance and Evasion was adopted by the OECD Council on 21 September 1977 on the proposal of the Committee on Fiscal Affairs. The Recommendation recommends that Adherents strengthen their powers of investigation in order to prevent tax avoidance and evasion, improve and extend exchanges of information and exchange experiences.

THE COUNCIL,

HAVING REGARD to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

CONSIDERING that tax avoidance and evasion are contrary to fiscal equity, have serious budgetary effects and distort international competition;

NOTING that tax avoidance and evasion schemes involving international transactions have become increasingly complex and more difficult to detect;

CONSIDERING that effective action against such schemes requires strengthened co-operation between OECD Member countries;

I. RECOMMENDS Governments of Member countries:

- a) To strengthen, where necessary, their legal, regulatory or administrative provisions and their powers of investigation for the detection and prevention of tax avoidance and evasion, with regard to both their domestic and international aspects, and to exchange experiences with respect to such action;
- b) To facilitate, improve and extend exchanges of information between their national tax administrations, with a view to combatting tax avoidance and evasion, notably by making more intensive use of international conventions or instruments in force and by seeking new arrangements of a bilateral or multilateral character, with due regard to the provision of adequate safeguards for taxpayers;
- c) To exchange experiences on a continuing basis on tax avoidance and evasion practices, on techniques for detecting and preventing them and on ways and means of improving tax compliance in general.

II. INSTRUCTS the Committee on Fiscal Affairs to pursue its work with a view to facilitating the achievement of the above aims and to submit to the Council, as appropriate, specific proposals for increased co-operation between Member countries in this field.

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- **Decisions:** OECD legal instruments which are legally binding on all Members except those which abstain at the time of adoption. While they are not international treaties, they entail the same kind of legal obligations. Adherents are obliged to implement Decisions and must take the measures necessary for such implementation.
- **Recommendations:** OECD legal instruments which are not legally binding but practice accords them great moral force as representing the political will of Adherents. There is an expectation that Adherents will do their utmost to fully implement a Recommendation. Thus, Members which do not intend to do so usually abstain when a Recommendation is adopted, although this is not required in legal terms.
- **Declarations:** OECD legal instruments which are prepared within the Organisation, generally within a subsidiary body. They usually set general principles or long-term goals, have a solemn character and are usually adopted at Ministerial meetings of the Council or of committees of the Organisation.
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