

BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

**MEMORANDUM OF UNDERSTANDING ON THE
ESTABLISHMENT OF THE BELT AND ROAD
INITIATIVE TAX ADMINISTRATION
COOPERATION MECHANISM**



**Wuzhen · China
April 18–20, 2019**



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PREAMBLE

We,

RECALLING the cooperation priorities of the Belt and Road Initiative (hereinafter referred to as "BRI"), namely policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bond;

ACKNOWLEDGING the growing importance of cooperation in tax matters for removing obstacles in cross-border trade and investment, and boosting coordinated regional development and inclusive growth in economic globalization;

RECOGNISING that strengthened cooperation in tax matters will be increasingly important as the BRI construction gains momentum;

REAFFIRMING the consensus on rule of law in taxation, taxpayer service, dispute resolution and capacity building reached at the BRI Tax Cooperation Conference held in Astana, Kazakhstan during May 14-16, 2018;

DESIRING to strengthen tax administration cooperation and capacity building through the establishment of a structured and institutional BRI Tax Administration Cooperation Mechanism (hereinafter referred to as "BRITACOM") featured by win-win cooperation, inclusiveness and mutual learning under the principle of achieving shared growth through consultation and collaboration;

convened at Wuzhen, the People's Republic of China, on April 18-20, 2019, for the first Conference of the Belt and Road Initiative Tax Administration Cooperation Forum (hereinafter referred to as "BRITACOF"), and have agreed as follows:

Chapter 1 BRITACOM

Article 1 Nature

The BRITACOM is a non-profit official mechanism for tax administration cooperation amongst the jurisdictions that subscribe to the Belt and Road Initiative (hereinafter referred to as “BRI jurisdictions”). It is operated on the basis of respecting sovereignty and laws of all participating jurisdictions.

Article 2 Vision

The vision of the BRITACOM is to facilitate trade and investment, foster economic growth of the BRI jurisdictions and contribute to the fulfillment of inclusive and sustainable development as set out in the United Nations’ 2030 Agenda for Sustainable Development.

Article 3 Purpose

Supporting and complementing such prevailing international tax standards as the OECD and UN Model Tax Conventions, the OECD and UN Transfer Pricing Guidelines, the Inclusive Framework on Base Erosion and Profit Shifting and the Global Forum on Tax Transparency and Exchange of Information, the BRITACOM aims to contribute to building a growth-friendly tax environment through cooperation and sharing of best practices in following rule of law, raising tax certainty, expediting tax dispute resolution, improving taxpayer service, and enhancing tax capacity building.

In achieving this purpose, the independent choice of each party shall be respected.

Article 4 Structure

4.1 The BRITACOM consists of the following bodies:

- 1) the Council;
- 2) the Secretariat;
- 3) the BRITACOF; and

4) the Belt and Road Initiative Tax Administration Capacity Enhancement Group (hereinafter referred to as "BRITACEG").

4.2 An Advisory Board will be established under the BRITACOM, the purpose of which is to advise the Council and the Secretariat in accordance with the terms and conditions as set out by the Council.

Chapter 2 The Council

Article 5 Responsibilities

5.1 The Council is the decision-making body of the BRITACOM.

5.2 A Council Member is the head (or his/her authorized representative) of the Tax Administration of a BRI jurisdiction that has signed the Memorandum of Understanding on the Establishment of the BRITACOM (hereinafter referred to as "MoU") as a BRITACOM Member Tax Administration (hereinafter referred to as "TA") during the first BRITACOF Conference, or has completed the procedures as specified in Article 8.2 of the MoU after the first BRITACOF Conference. To reflect the wide representation of the BRITACOM, each Member TA shall have no more than one designated person sitting on the Council.

5.3 The Council:

- 1) appoints Council Chair in accordance with Article 7.2 of the MoU;
- 2) elects Vice-Chairs, and appoints one of the Vice-Chairs to be the Treasurer of the Council;
- 3) appoints Executive Secretary;
- 4) appoints Deputy Executive Secretary on the basis of the Executive Secretary's recommendation;
- 5) appoints Director of the BRITACEG;
- 6) establishes the Advisory Board;

7) approves admission into the BRITACOM, including the Council and the BRITACEG;

8) reviews and approves the annual financial contribution scheme and determines the annual financial contribution of each Member TA;

9) reviews and approves the strategy, work programs as well as the rules and regulations of the BRITACOM, including those of the Council, the Secretariat, the BRITACOF and the BRITACEG;

10) reviews and approves the annual work reports, audit reports, budgets and financial statements presented by the Secretariat;

11) decides on the convening of a BRITACOF conference, approves the date, venue, theme and agenda of the conference, and reviews and approves the conference reports;

12) reviews and approves technical assistance requests made by the Member and Observer TAs and develops technical assistance plans accordingly;

13) supervises the work of the Secretariat and the BRITACEG, and undertakes annual assessment on the performance of the Executive Secretary and the Director of the BRITACEG;

14) appoints internal auditors, and employs or dismisses external auditors; and

15) reviews and approves amendments to and/or termination of the MoU.

Article 6 Council Meeting

6.1 The Council meeting, funded by the host Member TA of the BRITACOF conference, should be held at least once in each calendar year coinciding with the dates and venue of the BRITACOF conference.

6.2 Based on the principle of non-interference, nothing in the MoU or in the resolutions passed by the Council shall require a Member TA to act in a way that is not in accordance with the laws, regulations, tax policies and administrative practices to which it is subject.

6.3 A valid Council meeting requires a quorum constituted of the Chair or his/her authorized representative and 50% or more of the Council Members. Each Council Member has one vote with the same voting weight.

6.4 Unless otherwise stipulated in the MoU, the resolutions of the Council should be adopted with a two-thirds majority vote of the Council Members. Council Members who cannot be physically present at the meeting can vote by proxy or in writing.

6.5 Resolutions with respect to amendments to and/or termination of the MoU can only be adopted with unanimity of the Council Members. Council Members who cannot be physically present at the meeting can vote by proxy or in writing.

Article 7 Chair and Vice-Chairs

7.1 The Council should have one Chair and four Vice-Chairs. The number of Vice-Chairs is subject to change by the resolutions of the Council.

7.2 The Chair of the Council should be the President of the BRITACOF, holding office for the interval between two adjacent BRITACOF conferences.

7.3 Vice-Chairs should be elected by the Council from the Council Members and hold office for two years, eligible for re-elections. If, according to the BRITACOF hosting schedule, a Vice-Chair's home jurisdiction is to host the next BRITACOF conference, that Vice-Chair will automatically take up the position of the Chair of the Council as well as the President of the next BRITACOF. In that case, a new Vice-Chair will be elected by the Council.

7.4 The Chair:

- 1) promotes and enhances the interests and well-being of the BRITACOM;
- 2) presides over Council meetings;
- 3) oversees the formulation and implementation of the strategy and work programs in pursuit of the purpose of the BRITACOM; and
- 4) signs documents and correspondences on behalf of the BRITACOM as

authorized by the Council.

7.5 The Vice-Chairs:

- 1) assist the Chair in fulfilling his/her duties;
- 2) provide support and guidance to the day-to-day affairs of the Secretariat, the BRITACOF, and the BRITACEG; and
- 3) take charge of financial issues of the BRITACOM if he/she is appointed as the Treasurer of the Council.

Chapter 3 Council Membership

Article 8 Membership

8.1 Founding Member TAs of the Council are the TAs which sign the MoU at the first BRITACOF Conference held in Wuzhen on April 18, 2019.

8.2 A tax administration, aside from the founding Member TAs, may become a Member TA of the Council upon completion of the following procedures:

- 1) submitting to the Secretariat its written request signed by the head of the TA or his/her authorized representative; and
- 2) having this written request being approved with a two-thirds majority vote of the Council Members.

8.3 A Member TA is entitled to:

- 1) designate its head or his/her authorized representative to discharge its functions in the Council;
- 2) appoint one of its officials to act as the principal contact person to the Secretariat;
- 3) have its Council Member participate in Council meetings with the right to speak and vote;
- 4) participate in BRITACOF conferences in due time;

5) be involved in the operation of the BRITACEG, share training resources, produce knowledge products and receive technical assistance from the BRITACEG; and

6) enjoy other rights as should be determined by the Council.

8.4 Subject at all times to its administrative practices, tax policies and applicable laws and regulations, a Member TA should:

1) abide by the MoU;

2) comply with and carry out the resolutions of the Council;

3) host Council meetings;

4) host BRITACOF conferences and make proposals thereof; and

5) be involved in the operation of the BRITACEG.

Article 9 Termination of Membership

9.1 A Member TA may withdraw from the Council. In the event that a Member TA decides to withdraw from the Council, it should deliver a written notice to the Secretariat at least two months prior to the next Council meeting. Its membership will be terminated upon its receipt of the Secretariat's written confirmation, whereupon the MoU will no longer be applicable to it.

9.2 If a Member TA fails to fulfill its obligations, the Council may terminate its membership. However, such Member TA should be entitled to prior notice by the Secretariat.

9.3 The application for resumption of the membership can only be submitted three years after the termination.

Chapter 4 Council Observership

Article 10 Observership

10.1 A non-Member TA or an international organization that signs the MoU

as an Observer during the first BRITACOF Conference or completes the procedures as specified in Article 10.2 of the MoU after the first BRITACOF Conference may serve as an Observer of the Council.

10.2 A non-Member TA or an international organization will become an Observer of the Council upon completion of the following procedures:

- 1) submitting to the Secretariat its written request signed by the head of the TA or of the international organization, or his/her authorized representative; and
- 2) having this written request being approved with a two-thirds majority vote of the Council Members.

10.3 An Observer is entitled to:

- 1) appoint one of its officials to act as its principal contact person to the Secretariat;
- 2) participate in Council meetings at the invitation of the Council, with the right to speak but not to vote, and make proposals on and engage in the development of the BRITACOM;
- 3) participate in BRITACOF conferences and make proposals thereof; and
- 4) engage in activities of the BRITACEG, and upon approval by the Council, utilize research outcomes of the BRITACEG.

10.4 An Observer should endeavor to:

- 1) participate in Council meetings at the invitation of the Council;
- 2) participate in BRITACOF conferences and relevant activities in due time; and
- 3) provide assistance to the activities of the BRITACOF and the development of the BRITACEG.

Article 11 Termination of Observership

11.1 An Observer of the Council may withdraw from the BRITACOM. In the event that an Observer decides to withdraw from the Council, it should

deliver a written notice to the Secretariat at least two months prior to the next Council meeting. Its observership should be terminated upon its receipt of the Secretariat's written confirmation, whereupon the MoU will no longer be applicable to it.

11.2 If an Observer fails to fulfill its obligations, the Council may terminate its observership. However, such Observer should be entitled to prior notice by the Secretariat.

11.3 The application for resumption of observership can only be submitted three years after the termination.

Chapter 5 The Secretariat

Article 12 The Secretariat

12.1 The Secretariat, not a legal entity, is the liaison office of the BRITACOM located in Beijing, supporting the routine operation of the Council, the BRITACOF and the BRITACEG.

12.2 The Executive Secretary is the head of the Secretariat, appointed by the Council for a three-year term of office and eligible for reappointments. A Deputy Executive Secretary should be appointed by the Council, assisting the Executive Secretary in discharging his/her functions and holding office for the same term, also eligible for reappointments.

12.3 Each Member TA or Observer may second one representative to the Secretariat, who can work either on site in China or online outside China. The State Taxation Administration of the People's Republic of China (hereinafter referred to as "STA") will provide supporting staff in addition to seconding its own representative.

12.4 The financial management of the Secretariat should comply with the Financial Regulations to be formulated and annexed to the MoU according to Article 33.

As an interim approach, the STA will bear the costs of the Secretariat in the first two years after the establishment of the BRITACOM (2019 and 2020). However, voluntary contributions may be sought from Member TAs, Observers and other appropriate donors, and will be duly reported to the Council.

Article 13 Responsibilities

The Secretariat should:

- 1) prepare and organize Council meetings;
- 2) implement resolutions of the Council, and assist the Chair, Vice-Chairs and other Council Members in fulfilling their duties;
- 3) assist the Member TAs in preparing BRITACOF conferences;
- 4) coordinate activities of the BRITACEG, such as training, research and technical assistance programs;
- 5) prepare and submit annual reports, budgets and financial statements to the Council for review and approval;
- 6) facilitate the work of the internal and external auditors, and submit audit reports to the Council;
- 7) assist the Council in raising and managing funds, review the source of the funding, and accept or reject the funding on behalf of the Council;
- 8) draft or revise the rules and regulations of the BRITACOM and submit them to the Council for approval;
- 9) keep records and documents for the BRITACOM; and
- 10) handle applications for admission and withdrawal of membership and observership.

Article 14 Executive Secretary

14.1 The Executive Secretary should:

- 1) take charge of the day-to-day affairs of the BRITACOM;

- 2) participate in Council meetings with the right to speak, but not to vote;
- 3) implement the rules and regulations of the BRITACOM as approved by the Council;
- 4) employ and dismiss Secretariat staff as needed and approved by the Council; and
- 5) report to the Council on the performance of the Secretariat.

14.2 The Executive Secretary should cease to hold the position, upon:

- 1) resignation by sending a written notice of resignation three months in advance to the Chair of the Council;
- 2) resolution approved with a two-thirds majority vote of the Council Members;
- 3) inability to perform the duties; or
- 4) conviction by a competent court for a criminal offence.

Chapter 6 The Advisory Board

Article 15 The Advisory Board

15.1 The Advisory Board may be established by the Council, consisting of prominent figures from international organizations, academic institutions, businesses and other related fields.

15.2 The purpose of the Advisory Board is to offer, on a voluntary basis, the Council non-binding strategic advice and opinions on the operation of the BRITACOM, reflecting international developments and their professional experience.

15.3 Members of the Advisory Board should be appointed by the Chair of the Council, and hold office for three years, eligible for reappointments.

15.4 The financial management of the Advisory Board should comply with the Financial Regulations to be formulated and annexed to the MoU according to Article 33.

Chapter 7 The BRITACOF

Article 16 Nature

The BRITACOF is a non-profit official event authorized by the Council. In principle, the BRITACOF conference should be hosted every 12 months by Member TAs based on the alphabetical order of the English names of their home jurisdictions.

Article 17 Purpose

The BRITACOF aims to provide a platform for facilitating dialogue, strengthening cooperation in tax administration, and improving capacity building for jurisdictions, international organizations, academic institutions, businesses and other stakeholders who are willing to be involved in tax administration cooperation along the Belt and Road.

Article 18 President

18.1 The president of the BRITACOF should be the Council Member representing the TA that hosts the BRITACOF conference for the year concerned.

18.2 The President of the BRITACOF should be responsible for organizing the BRITACOF conference as well as presiding over plenary sessions and press conferences on behalf of the BRITACOF.

As an interim approach, China will host the first BRITACOF Conference in 2019. The host of the second BRITACOF Conference will be decided by the Council during the first BRITACOF Conference. Starting from 2021, new Member TAs that join the BRITACOM may be placed in the hosting schedule based on the alphabetical order.

Article 19 Sessions

19.1 The BRITACOF conference may consist of plenary sessions, parallel sessions and special sessions. The Council should determine the agenda of the BRITACOF conference as per the time and duration intended by the host

Member TA, except that the draft agenda of the first BRITACOF Conference should be determined by the President of the first BRITACOF.

19.2 The Business and Industry Tax Dialogue may be established under the framework of the BRITACOM, and be incorporated into the agenda of the BRITACOF conference for businesses and other stakeholders to communicate on tax matters and voice their suggestions and concerns.

Article 20 Funding

20.1 The costs of hosting the BRITACOF conference, other than such costs as the participants' international trips and accommodations, should be funded by the host Member TA, who will thus be entitled to exemption of its annual financial contribution for the year concerned.

20.2 If the host Member TA encounters financial problems, upon its application and with the approval of the Council, the Secretariat should consult the next Member TA in the hosting schedule on its willingness to serve as the host.

20.3 The financial management of BRITACOF conferences should comply with the Financial Regulations to be formulated and annexed to the MoU according to Article 33.

Chapter 8 The BRITACEG

Article 21 Establishment and Purpose

21.1 Establishment

The BRITACEG is a network composed of willing Member TAs and Observers of the Council which, making full use of their existing training institutions or expertise, are dedicated to conducting tax-related training, research and technical assistance programs.

21.2 Purpose

The BRITACEG aims to provide tax-related knowledge products, training

courses and technical assistance to primarily help Member TAs and Observers with their tax administration capacity building. Furthermore, academic researches and exchanges will be carried out by the BRITACEG so as to facilitate tax administration cooperation amongst the BRI jurisdictions.

The principles and strategies of the BRITACEG will be aligned with and complement the experience and best practices of the existing international organizations in tax capacity building.

Article 22 Membership and Partnership

22.1 Membership

Members of the BRITACEG are the Member TAs and Observers of the Council that voluntarily join the BRITACEG.

A BRITACEG Member should designate one or more of its training institutions and submit the profile of the institution(s) to the Secretariat for evaluation and documentation.

If a BRITACEG Member does not have such institutions, it may choose to contribute in other manners as may be appropriate.

22.2 Partnership

BRI jurisdictions, international organizations, academic institutions, businesses and other stakeholders supportive of the BRI may become Partners of the BRITACEG upon approval of the Council. Partners of the BRITACEG may make suggestions and provide knowledge and expertise for tax training, research and technical assistance programs.

Article 23 Director

23.1 The Director of the BRITACEG should be appointed by the Council from Council Members representing the TAs that have joined the BRITACEG as a member, and hold office for three years, eligible for reappointments.

23.2 The Director of the BRITACEG is responsible for coordinating and implementing the BRITACEG work plans and programs.

Article 24 Responsibilities of Designated Institutions

24.1 Each designated institution, primarily open to BRITACOM participating TAs, should endeavor to carry out the training, research and technical assistance programs as approved by the Council.

24.2 The flag and logo of the BRITACOM should be placed at the designated training institutions.

Article 25 Funding

The operation of the BRITACEG should mainly be funded by the home jurisdictions of the designated institutions. The financial management of the BRITACEG should comply with the Financial Regulations to be formulated and annexed to the MoU according to Article 33.

Chapter 9 Asset Management

Article 26 Sources of Funds

26.1 The BRITACOM's sources of funds include:

- 1) annual financial contributions;
- 2) grants and donations from governments, international organizations and businesses; and
- 3) other legitimate income.

26.2 Member TAs whose home jurisdictions are plagued by wars, terrorist attacks, pandemic diseases, natural disasters and other force majeure as well as those on the list of LDCs released by the United Nations for the year concerned will be exempted from the obligation of hosting BRITACOF conferences and making annual financial contributions.

26.3 Notwithstanding the provisions of the previous Articles, annual financial contributions shall not be compulsory in the first two years after the establishment of the BRITACOM. In the wake of two-year BRITACOM

operation, the Council may revisit the quality and effectiveness of the BRITACOM and deliberate on the necessity for annual financial contributions.

Article 27 Use of Funds

All the funds of the BRITACOM shall be appropriately used, within the scope and regulations as set out in the MoU, to serve the purpose of the BRITACOM such as the operation of the Council, the Secretariat, the BRITACOF and the BRITACEG.

Article 28 Financial Management

28.1 Financial management of the BRITACOM, undertaken by the Secretariat and supervised by the Council, should comply with internationally accepted accounting principles to ensure that financial books and records of the BRITACOM are legitimate, authentic, accurate and complete.

28.2 Internal auditors, invited from Member TAs and appointed by the Council, should work in accordance with the principles of objectivity, fairness, transparency, prudence, high discipline and independence. A written internal audit report should be submitted to the Council through the Secretariat two months prior to the next Council meeting.

28.3 External auditors may be employed by the Council. Audit reports on annual financial statements of the BRITACOM should be prepared by external auditors and submitted to the Council through the Secretariat in due time.

28.4 The Secretariat should apply for a dedicated account for the management of the funds of the BRITACOM.

Chapter 10 Amendments, Signature, Entry into Force and Termination

Article 29 Amendments

29.1 Amendments to the MoU should be proposed by at least three (or 20%) of the Council Members, whichever is higher, and submitted to the Secretariat at

least four months prior to the next Council meeting. The proposed amendments should be circulated to all Council Members by the Secretariat for discussion at the next Council meeting.

29.2 Where the proposed amendments are adopted by the Council in accordance with Article 6.5, such amendments should come into effect on the date of their adoption by the Council.

29.3 The MoU should be reviewed every three years for possible amendments.

Article 30 Signature and Entry into Force

30.1 The MoU is open to all TAs and international organizations willing to join the BRITACOM.

30.2 The MoU shall enter into force on the ninetieth day following the date of signature by the signatories.

Article 31 Termination

The MoU should remain in force until otherwise terminated by a resolution of the Council. Under such circumstances, the residual properties of the BRITACOM should be used only for activities in conformity with the purpose of the BRITACOM.

Chapter 11 Supplementary Provisions

Article 32 Working Language

The official working language of the BRITACOM is English.

Article 33 Supplementary Rules and Regulations

Rules and regulations on the financial management, the BRITACOF, and the BRITACEG will be drafted by the Secretariat and annexed to the MoU after the latter is approved by the Council at the first BRITACOF Conference. Once being adopted by the Council resolutions, the annexes will then form an integral part of the MoU.

Article 34 Flag and Logo

The flag and logo designed for the BRITACOM are protected by intellectual property laws of the country in which the Secretariat is located. Such bodies as the Council, the Secretariat, the BRITACOF, the BRITACEG and the Advisory Board as well as their venues, websites and publications should bear the flag and logo appropriately.

Article 35 Interpretation

The Council reserves the right to interpret the provisions of the MoU. Any differences, disputes or controversies which may arise shall be resolved by Member TAs amicably in the spirit of mutual cooperation and good faith.

Article 36 Legal Effect

The MoU is not legally binding and does not create any legal rights or obligations.

Signed on April 18, 2019, in Wuzhen, the People's Republic of China, only in the English language by the signatories on behalf of their respective agencies.

BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

