

Appendix 1

Mutual assistance in the field of direct taxation

Overall Report

A coordinated audit by 12 Supreme Audit Institutions of Member States of the European Union

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1 Introduction

The progressive removal of regulatory barriers to cross-border trade and services, means that tax authorities are encountering an ever-increasing number of international transactions. This has underlined the importance of cooperation between national tax authorities to ensure that the correct amount of tax is assessed and effective action taken against tax evasion, avoidance and fraud. To facilitate the mutual exchange of tax information, countries have enacted appropriate national laws and concluded bilateral and multilateral conventions. Member States of the European Union have acknowledged the need to strengthen international collaboration among their tax authorities by adopting the European Council's 1977 Directive on Mutual Assistance.

2 Coordinated audit

2.1 Introduction

In early 1995, the Netherlands Court of Audit invited the Supreme Audit Institutions (SAIs) of the European Union to participate in a coordinated audit to investigate the extent to which Member States co-operated in exchanging information on direct taxation. In February 1996, the participating SAIs signed a Memorandum of Understanding that sets out their role and responsibilities in the audit and the timetable for reporting the findings.

2.2 Participating Supreme Audit Institutions

The SAIs of three of the 15 Member States of the European Union were unable to participate in the audit, either because of staff shortages (France) or because they did not have the necessary legal authority (Greece, Luxembourg) to do so.

The 12 participating SAIs were:

■ Austria	Rechnungshof
■ Belgium	Rekenhof/Cour des Comptes
■ Denmark	Rigsrevisionen
■ Finland	State Audit Office
■ Germany	Bundesrechnungshof
■ Ireland	Office of the Comptroller and Auditor General
■ Italy	Corte dei Conti
■ Netherlands	Algemene Rekenkamer
■ Portugal	Tribunal de Contas
■ Spain	Tribunal de Cuentas

- Sweden Swedish National Audit Office
- United Kingdom National Audit Office

The European Court of Auditors participated as observers.

2.3 Objective and scope of the coordinated audit

The participating SAIs agreed on the following objectives:

‘the improvement of international information exchange on direct taxation between Member States of the European Union to help ensure the correct assessment of taxes due by law; and the increase of cooperation between the Supreme Audit Institutions of the Member States of the European Union’.

Within the participating Member States, the audit covered the following main subjects:

- the legislative framework for exchanging information (Chapter 3);
- the competent authorities responsible for exchanging information and their administrative procedures (Chapter 4);
- the effectiveness of the exchange of information and its timeliness (Chapter 5).

The main conclusions and recommendations are given in Chapter 6.

The audit did not deal with the exchange of information on indirect taxes or with administrative assistance between tax authorities to collect tax.

2.4 Audit evidence

The audit covered mutual assistance on direct taxation from 1992 to 1995 and reports the position found as at 1 December 1996. The examination of effectiveness issues was limited to 1994 and 1995 because of the availability of appropriate data.

The cases referred to in this report are provided by the competent authorities of the participating Member States and are included in this report for illustration purposes only. Due to provisions relating to secrecy adopted in national law, the cases were anonymised.

2.5 Audit procedures

The SAIs carried out the audit of their national tax authorities between May 1996 and December 1996, using a common questionnaire. This was designed to identify the legal basis for the authorities' exchange of information, the volume of information exchanged, and the supporting administrative arrangements. The Netherlands Court of Audit, as coordinators of the project, then produced a draft national report for each SAI, based on their completed questionnaire.

After clearing the accuracy of the evidence with their respective national tax authorities, the SAIs formally notified the Netherlands Court of Audit of their approval of the draft. They then produced this overall report which was also presented for approval to the SAIs and their national tax authorities, depending on local procedures.

Each SAI is responsible for the contents of their national report and the corresponding part of the overall report. Publication of both reports was subject to approval by the SAIs concerned. This report was published in October 1997 and was sent for information to the European Parliament, the European Commission and the European Court of Auditors.

3 Legislative framework

3.1 Introduction

Mutual assistance on taxes between the competent authorities of (Member) States requires a legal basis in bilateral and/or multilateral conventions and in national law. Besides bilateral and multilateral conventions, supranational conventions have been concluded by members of the Organisation for Economic Cooperation and Development (hereafter: OECD). Member States of the European Union have adopted a Council Directive which enables Member States to exchange information within the European Union.

3.2 EC Council Directive

3.2.1 Objective and scope

In February 1975, the Council of the European Communities adopted a resolution on the measures to be taken by the European Economic Community to combat international tax evasion and avoidance. As a result, Council Directive 77/799/EEC governing mutual assistance between the Member States of the European Economic Community on direct taxation was adopted on 19 December 1977 (the 1977 Directive).

The 1977 Directive's objective is to strengthen collaboration between the tax authorities of the Community so that they can combat tax evasion and avoidance more effectively. It makes the point that: 'the international nature of the problem means that national measures, whose effect does not extend beyond national frontiers, are insufficient; collaboration between administrations on the basis of bilateral agreements is also unable to counter new forms of tax evasion and avoidance, which are increasingly assuming a multinational character.' The 1977 Directive's provisions require tax authorities to exchange any information that would enable them to assess correctly the tax due on: income and capital; gains from the disposal of property; salaries and wages; and capital appreciation.

The 1977 Directive provides for the following forms of mutual assistance:

- on request: this covers the exchange of information in particular cases at the request of a tax authority;

- spontaneous: this covers the exchange of information that has not been asked for but which one tax authority considers might be of interest to another;
- automatic: this covers the periodic and systematic supply of information from tax records on individual cases or groups of cases and is usually passed to other countries in bulk;
- assistance in person: this covers support given by officials during tax enquiries in other countries.

3.2.2 Implementation of the 1977 Directive in national law

In order to comply with the Directive, Member States were expected to enact the necessary laws, regulations and administrative provisions no later than 1 January 1979. Of those countries that were members of the European Union in 1977 Belgium, Denmark, Ireland and the United Kingdom met this target. Spain, Portugal, Austria, Finland and Sweden joined the European Union after January 1979 ¹.

Table 1 shows that all the participating Member States have incorporated the 1977 Directive into their national legislation.

Implementation of the 1977 Directive in national law

Table 1

<i>Member State</i>	<i>Date of implementation</i>
Austria	23 August 1994
Belgium	1 January 1979
Denmark	13 December 1978
Finland	1 January 1995
Germany	19 December 1985
Ireland	4 December 1978
Italy	5 June 1982
Netherlands	24 April 1986
Portugal	17 April 1990
Spain	11 September 1987
Sweden	1 January 1995
United Kingdom	31 July 1978

¹ Spain and Portugal joined the European Union on 1 January 1986. Austria, Finland and Sweden joined the European Union on 1 January 1995.

3.3 Bilateral conventions on the avoidance of double taxation

Member States can exchange information both under the 1977 Directive and double taxation agreements.

The survey at Annex XIV shows that all participating Member States have concluded bilateral conventions on the avoidance of double taxation, although as yet Portugal has no arrangements with Denmark, the Netherlands and Sweden. Most of the conventions are based on the model tax treaty adopted by the OECD which provides for exchange of information as described in Section 3.2.1.

3.4 Conventions on mutual assistance

3.4.1 OECD Convention on mutual administrative assistance in tax matters

In January 1988, the members of the Council of Europe signed the Convention on mutual administrative assistance produced by the OECD. This Convention covers all kinds of taxes except import duties. By December 1996 the OECD Convention was ratified and applied only in Denmark, Finland and Sweden. The competent authorities of Belgium have signed the Convention but have not yet ratified it, while in the Netherlands the Convention has been ratified by Parliament but has not yet been implemented.

3.4.2 Bilateral and multilateral conventions on mutual assistance

Several Member States participating in this audit have concluded additional bilateral and/or multilateral conventions on mutual assistance. Germany has negotiated bilateral agreements on mutual assistance with Austria, Denmark, Finland, Italy and Sweden. The Nordic Convention on Mutual Administrative Assistance in Tax Matters between the Nordic countries¹ provides for mutual assistance for all kinds of taxes except import duties.

¹ Denmark, Finland, Sweden (together with the Faroe Islands, Greenland, Iceland and Norway).

3.5 Legal basis for the exchange of information

Table 2 shows that the legal basis for the exchange of information between the participating Member States rests on:

- I national legislation resulting from the implementation of the 1977 Directive;
- II bilateral conventions on the avoidance of double taxation in combination with national legislation;
- III the OECD Convention on mutual administrative assistance in combination with national legislation;
- IV the Nordic Convention on Mutual Administrative Assistance in Tax Matters in combination with national legislation;
- V the bilateral conventions on mutual assistance between Germany and Austria, Denmark, Finland, Italy and Sweden.

Legal basis for the exchange of information

Table 2

<i>Member State</i>	<i>I</i>	<i>II 1)</i>	<i>III</i>	<i>IV</i>	<i>V 5)</i>
Austria	X	X			X
Belgium	X	X			
Denmark	X	X ²⁾	X	X	X
Finland	X	X	X	X	X
Germany	X	X ³⁾			X
Ireland	X	X			
Italy	X	X			X
Netherlands	X	X ²⁾			
Portugal	X	X ⁴⁾			
Spain	X	X			
Sweden	X	X ²⁾	X	X	X
United Kingdom	X ⁶⁾	X			

1) Annex XIV.

2) Except Portugal.

3) The amended convention on the avoidance of double taxation between Germany and Sweden entered into force in 1995. This convention supersedes the bilateral agreement on mutual assistance between Germany and Sweden.

4) Except Denmark, the Netherlands and Sweden.

5) These bilateral agreements on mutual assistance may be used parallel with or instead of the 1977 Directive.

6) Except Finland.

For most of the participating Member States the exchange of information is based on national legislation resulting from the implementation of the 1977 Directive and/or on a combination of bilateral and/or multilateral conventions in conjunction with national legislation. Between Denmark, Finland and Sweden the legal basis for the exchange of information is the Nordic Convention on Mutual Administrative Assistance in Tax Matters, whereas between Germany and Austria, Denmark, Finland, Italy and Sweden agreements on mutual assistance between these participating Member States provide the principal basis for the exchange of information.

3.6 Conclusions

The 1977 Directive has strengthened the possibilities for collaboration between the tax authorities of the European Union by requiring them to provide each other with information to help ensure correct assessments of taxes on income and capital and by encouraging visits by officials in one tax authority to another to assist tax enquiries.

The audit's main conclusion is that overall, bilateral and multilateral conventions, supported by the 1977 Directive, provide a useful legal framework for the exchange of information between Member States of the European Union.

4 Competent authorities and procedures

4.1 Introduction

The 1977 Directive provides for the competent authorities of Member States to exchange any information that would enable them to assess correctly taxes on income and capital. Generally, the competent authorities are the domestic Revenue Commissioners or their authorised representatives. Member States may by mutual agreement permit the authorised representatives to communicate directly with each other in specified cases or in certain categories of cases. Also, Member States may have developed specific procedures and forms for facilitating mutual assistance.

4.2 Competent authorities

Table 3 gives an overview on the competent authorities charged with the exchange of information for each participating Member State. The powers to exchange information may be delegated specifically to local and regional tax authorities, that may also be charged with gathering and/or distributing information.

In most participating Member States the competent authority charged with the exchange of information is centralised at the Revenue Commissioners. In most participating Member States, local and regional authorities may also be responsible for handling both inward and outward exchanges of information.

Competent authorities

Table 3

<i>Member State</i>	<i>Competent authorities</i>	<i>Authorities responsible for gathering and distributing information</i>
Austria	Federal Ministry of Finance	local tax administrations
Belgium	Central Tax Administration 1)	local tax administrations 1)
Denmark	Ministry of Taxation; Central Customs and Tax Administration	local and regional tax administrations
Finland	Ministry of Finance; Central Tax Administration	2)
Germany	Federal Ministry of Finance; Federal Finance Office 3)	regional tax administrations 4)
Ireland	Central Tax Administration	local tax administrations
Italy	Ministry of Finance 5)	Ministry of Finance
Netherlands	Ministry of Finance 6)	local tax administrations
Portugal	Ministry of Finance and delegated representatives	local tax administrations
Spain	Ministry of Finance 7)	local tax administrations
Sweden	National Tax Board	regional tax administrations
United Kingdom	Board of Inland Revenue 8)	

- 1) In specific situations, the Central Administration of a specialised tax control service is also considered the competent authority for the exchange of information (local tax authorities are not responsible for distributing information).
- 2) The Central Tax Administration is responsible for gathering information which may be delegated to the local tax administration.
- 3) The Federal Ministry of Finance may delegate this authority to the supreme tax authority of the Länder. Regarding assistance in person the competent authorities are the supreme tax authorities of the Länder by origin, however, those requests require the consent of the Federal Ministry of Finance.
- 4) The bilateral convention between Germany and Austria provides for delegation of this authority to the regional finance directorates in the Länder.
- 5) The competent authority for the spontaneous exchange of information is the Office for Studies on Comparative Tax Legislation and for International Relations. The Revenue Department is the competent authority for the exchange of information on request and the General Registry of Stocks and Shares is competent for the automatic exchange of information.
- 6) The Fiscal Information and Investigation Service handles the exchange of information as the authorised representative of the Ministry of Finance, except for assistance in person
- 7) A Central Information Unit handles the exchange of information.
- 8) A Central Information Unit handles the exchange of information as the Board's authorised representative. Specialised cases, such as transfer pricing, are dealt with by the appropriate specialist office.

4.3 Procedures

Member States may have taken various steps to facilitate the exchange of tax information, including laying down specific guidelines in instruction books and establishing appropriate regulations based on national law and bilateral and multilateral conventions.

Table 4 indicates the extent to which the participating Member States have put in place administrative arrangements to exchange information on request, spontaneously, automatically, and by assistance in person.

Administrative arrangements for the exchange of information

Table 4									
		<i>on request</i>		<i>spontaneous</i>		<i>automatic</i>		<i>assistance in person</i>	
<i>Member State</i>		<i>sent</i>	<i>received</i>	<i>sent</i>	<i>received</i>	<i>sent</i>	<i>received</i>	<i>visiting</i>	<i>hosting</i>
Austria		✓	✗	✓	✗	✗	✗	✗	✓
Belgium		✓	✓	✓	✓	✓	✓	✗	✗
Denmark		✓	✗	✗	✗	✗	✗	✗	✗
Finland		✗	✗	✗	✗	✓	✓	✗	✗
Germany		✓	✓	✓	✓	✗	✗	✓	✓
Ireland		✓	✓	✓	✓	✗	✗	✗	✗
Italy		✗	✗	✓	✓	✓	✓	✗	✗
Netherlands		✓	✓	✓	✓	✗	✗	✓	✓
Portugal		✗	✓	✗	✗	✗	✗	✗	✗
Spain		✓	✓	✓	✓	✓	✓	✗	✗
Sweden		✓	✓	✓	✓	✓	✓	✓	✓
United Kingdom		✓	✓	✓	✓	✓	✓	✓	✓

The exchange of information on request

- Seven of the 12 participating Member States have procedures in place for dealing with both incoming and outgoing requests for information.
- Three participating Member States have procedures in place for handling either inward or outward requests but not both.
- Two participating Member States have no procedures in place at all for dealing with requests for information.

Spontaneous exchange of information

- Eight of the 12 participating Member States have put in place procedures for sending and receiving information spontaneously.
- One participating Member State has procedures to send information spontaneously but not to receive it.
- Three participating Member States have no procedures in place at all for the spontaneous exchange of information.

The automatic exchange of information

- Six of the 12 participating Member States have procedures in place both for sending information automatically and for receiving it.
- Six participating Member States have no procedures in place at all for sending or receiving information automatically.

Assistance in person

- Four of the 12 participating Member States have arrangements to provide assistance in person on tax enquiries.
- One participating Member State has procedures in place for hosting officials from other Member States but not for visiting other Member States.
- Seven participating Member States have no procedures at all for providing assistance in person.

Where procedures for assistance in person do exist, inquiries have to be performed in the presence of a representative of the national tax administration in whose country the inquiry takes place, for reasons of sovereignty. In general, prior to the inquiry, the competent authorities have to obtain written permission from their counterparts in the Member State to be visited.

4.4 Conclusions

In the participating Member States the competent authorities are usually the Revenue Commissioners, central, regional or local authorities, or a combination of these. In some participating Member States the competent authority varies, depending on the method used to exchange information.

Of the 12 participating Member States, only Sweden and the United Kingdom have established administrative arrangements covering all four forms of mutual assistance. Overall, the audit's conclusion is that ten participating Member States have not established administrative arrangements for facilitating all four forms of mutual assistance.

5 Effectiveness of mutual assistance

5.1 Introduction

In order to combat the practice of tax evasion and tax avoidance more effectively, the 1977 Directive considered that cooperation between the tax authorities of the Member States should be strengthened in accordance with common principles and rules. The tax authorities should exchange, without request, any information which appeared relevant to the correct assessment of tax on income and capital. Member States which are requested to furnish information should provide the information as soon as possible and the requesting Member State should be advised promptly of the nature of any delay or the reasons for not providing the information.

The Member States should, together with the European Commission, constantly monitor the cooperation procedure provided for in the 1977 Directive and should pool their experience, with a view to improving such cooperation.

The statistical data are given in Annexes IA-XIIB.

5.2 Assessment of effectiveness

The audit's assessment of the effectiveness of mutual assistance between the tax authorities of the participating Member States covered:

- the participating Member States' motives for exchanging information and their involvement in relevant working groups and deliberative bodies;
- whether the participating Member States had considered the general principles and restrictions applicable to mutual assistance;
- the extent to which data on the exchange of information between the participating Member States were available;
- the extent to which participating Member States actually received the information requested from other participating Member States;
- the extent to which participating Member States used the four forms of exchanging information;

- the time limits for levying additional tax assessments;
- the time taken to respond to requests for information;
- the extent to which the participating Member States provided feedback on the results of the information provided.

5.3 Motives of participating Member States

The analysis of the questionnaire indicated that generally the tax authorities of all the participating Member States considered mutual assistance to be important for avoiding double taxation and for preventing tax evasion and fraud. More specific reasons given by some authorities were:

- the need to avoid non-taxation as well as double taxation (Austria);
- the implementation of domestic laws and ensuring the correct assessment of taxes on income and capital (the Netherlands, Portugal and the United Kingdom);
- the need to monitor taxes in a comprehensive and economical manner (Spain).

5.4 Participation in working groups and deliberative bodies

In the European Community the main working group on the subject of mutual assistance in the field of direct taxation is European Union Working Group IV chaired by the Directorate General XV of the European Commission. The objective of this working group is to improve the working of the single market in financial services by removing obstacles to the cross-border provision of insurance services, mainly by improving the exchange of information in this area. The working group also collects statistical information and draws up guidelines for the exchange of information. Within the OECD, Working Party 8 deals with the different aspects of mutual assistance and the fight against fraud. An example of a working group on a regional level are the activities of the members of the Nordic Convention on Mutual Administrative Assistance in Tax Matters. Some Member States also participate in working groups on a bilateral level.

Table 5 summarises the involvement of the 12 participating Member States in working groups and deliberative bodies and shows that all participating Member States are represented in the EU Working Group IV and in the OECD Working Party 8.

Working groups and deliberative bodies

Table 5

<i>Member State</i>	<i>EU Working Group IV</i>	<i>OECD Working Party 8</i>	<i>Other unilateral/bilateral or multilateral meetings</i>
Austria	✓	✓	✗
Belgium	✓	✓	✗
Denmark	✓	✓	✓
Finland	✓	✓	✓
Germany	✓	✓	✓
Ireland	✓	✓	✗
Italy	✓	✓	✗
Netherlands	✓	✓	✓
Portugal	✓	✓	✓
Spain	✓	✓	✗
Sweden	✓	✓	✓
United Kingdom	✓	✓	✓

5.5 Limitations on mutual assistance

In answer to the questionnaire the participating Member States identified the following limitations on exchanging tax information:

- (I) there is no obligation to provide the information under the 1977 Directive, or bilateral or multilateral conventions;
- (II) providing the information would be contrary to public policy;
- (III) the information is not available under national law or domestic law; or administrative practices prevent enquiries being carried out to provide the information, or prevent the collection and use of such information;
- (IV) the Member State requesting the information is unable, for practical or legal reasons, to provide similar information (principle of reciprocity);
- (V) the information would disclose a commercial, industrial or professional secret;

(VI) the Member State requesting the information could obtain it from their regular domestic sources;

(VII) providing the information would violate the provisions of other conventions;

(VIII) the information could not be obtained cost-effectively;

(IX) the confidentiality of the information could not be guaranteed by the Member State requesting it.

Table 6 shows the extent to which these limitations apply to each participating Member State.

Limitations on mutual assistance

Table 6

	I	II 1)	III 1)	IV 1)	V 1)	VI 1)	VII	VIII	IX
Austria	✓	✓	✓	✓	✓	✓	✗	✗	✗
Belgium 2)	✓	✓	✓	✗	✓	✗	✓	✗	✗
Denmark	✓	✗	✓	✓	✓	✗	✗	✗	✗
Finland	✓	✓	✓	✓	✓	✓	✗	✗	✗
Germany 3, 4)	✗	✓	✓	✓	✓	✓	✗	✓	✗
Ireland	✓	✓	✓	✓	✓	✓	✓	✓	✓
Italy	✓	✓	✓	✓	✓	✓	✗	✗	✓
Netherlands 3)	✓	✓	✓	✓	✓	✓	✓	✗	✓
Portugal 3)	✓	✓	✓	✓	✓	✓	✗	✗	✗
Spain	✓	✓	✓	✓	✓	✓	✓	✗	✓
Sweden 3)	✓	✓	✓	✗	✓	✗	✗	✗	✗
United Kingdom	✓	✓	✓	✓	✓	✗	✗	✓	✓

1) These general principles and restrictions are given in the Directive.

2) During the audit period there were no cases where providing the information would be contrary to public policy.

3) These Member States have notification procedures in their national law.

In Germany and the Netherlands, the person involved must be notified prior to answering a request from other countries. This notification procedure also applies to information to be sent spontaneously. In Portugal the person involved must be notified prior to answering a request from other Member States, under the Directive. In Sweden the person involved must, in general, be notified when information is provided to the competent authority of another country. In Germany, Portugal and Sweden, the notification procedure is not mandatory in fraud cases. In the Netherlands the notification procedure is postponed in fraud cases.

4) Limitations II, III, and V: obligatory restrictions; limitations IV, VI and VIII: decision at discretion. Limitation IX applies since a recent amendment of national law.

Table 6 indicates that the applicability of these limitations varies for each participating Member State. The limitations for Member States which enable them to refuse to exchange information as described in the Directive, are not applicable in all participating Member States. The limitation not to provide information if there is no obligation to do so under the 1977 Directive, or bilateral or multilateral conventions, does not apply in Germany. Denmark does not refrain from providing information in cases where disclosure of the information would be contrary to public policy.

The principle of reciprocity is not applicable in Belgium and Sweden. In addition, in Germany, Ireland and the United Kingdom the exchange of information may also be limited if the cost of obtaining the information would be disproportionate to the possible tax demand.

All participating Member States stated that the limitations apply to all four forms of mutual assistance and to all participating Member States, except for Austria and Denmark where their applicability depends on the situation in each specific case.

In all participating Member States, except for Portugal, the competent authorities are responsible for assessing whether the limitations are applied correctly. In Finland and Portugal the correct application of these limitations is not tested.

5.6 Extent of mutual assistance

5.6.1 Availability of statistical data

Annexes IA to XIIB detail the statistical information on the exchange of information for the years 1992 to 1995 provided in response to the questionnaire. In some cases, figures were unavailable or incomplete for the following reasons:

- in some cases no explanation was given for the absence of statistics on the information exchanged between participating Member States. This applies to most forms of information exchange, and for most years, initiated by Finland and for information exchanged by Belgium in 1992 and 1993 (annexes IIA and IIB; IVA and IVB);
- sometimes information was exchanged on the basis of bilateral agreements concluded between participating Member States and local tax administrations were involved in the exchange of information directly. These statistics are not included in the annexes. This applies to all forms of information exchange between Austria and Germany based on the

Austrian-German mutual assistance treaty (annexes IA and IB; VA and VB). It also applies to Germany with regard to all forms of information exchange with Sweden, based on the German-Swedish mutual assistance treaty (annexes VA and VB);

- some forms of mutual assistance are not performed by centralised competent authorities, but by regional or local tax administrations directly. This applies to Germany with respect to assistance in person (annexes VA and VB);
- in cases where a participating Member State does not or was not able to distinguish between spontaneous and automatic information received from other Member States. This applies to Germany (annex VB);
- some participating Member States provide other participating Member States with automatic information. However, only an estimate was available, not the exact figure. This applies to Sweden with respect to automatic information provided to Belgium and the Netherlands (annex XIA);
- sometimes a participating Member State received automatic information from other participating Member States. However, only an estimate was available, not the exact figure. This applies to Sweden with respect to automatic information received from Belgium, Finland and the United Kingdom (annex XIB);
- in some cases the registration of information exchanged does not coincide with year ends applied by other participating Member States. This applies to the statistics on the automatic exchange of information received by the United Kingdom, which are based on financial years ending on 31 March compared to other participating Member States that apply the calendar year (annex XIIB).

As a result of the incompleteness of the statistics provided on mutual assistance, the Supreme Audit Institutions found a number of significant differences between the amount of information some States indicated that they have exchanged with each other. The lack of comprehensive statistics also means that data on the different forms of information exchange cannot be compared. Nevertheless, it is still possible to make a number of general observations on the extent to which information is exchanged.

5.6.2 Exchange of information on request

The data available suggests that this method of exchanging information is little used, for example:

- eight of the 12 participating Member States initiated, on average, under 50 requests a year;
- for three of the participating Member States the figure was over 50 but under 100;
- one participating Member State could not provide information to show that they had initiated any requests at all.

Table 7 shows that generally for most participating Member States the exchange of information concentrates on the neighbouring countries.

Information on request between Member States

Table 7

<i>Data from</i>	<i>Main Member States with which information on request is exchanged</i>
Denmark	Germany, Sweden, the United Kingdom
Finland	Sweden
Germany	Austria, Belgium, Denmark, the Netherlands, Sweden, the United Kingdom
Ireland	the United Kingdom
Netherlands	Belgium, Germany, the United Kingdom
Spain	the Netherlands, Portugal, the United Kingdom
Sweden	Denmark, Finland
United Kingdom	Ireland, Spain

The competent authorities of Belgium, Ireland, Italy, Spain and the United Kingdom did not receive all the information requested from other participating Member States in 1994 and 1995. According to the competent authorities of these participating Member States, the main reason was that the information received from other participating Member States was incomplete and therefore not useful. The following situations also occurred:

- no information at all was received (Spain, the United Kingdom);
- the information was no longer valid for example because the tax years concerned could not be reopened (the United Kingdom);

- the information requested was not available and could not be obtained for practical or legal reasons (Spain, the United Kingdom).

The remaining participating Member States received all the information requested in 1994 and 1995.

Belgium, Germany, Ireland, the Netherlands, Spain and the United Kingdom did not provide other Member States with all the information requested in 1994 and 1995.

The main reasons were that the information was not available or incomplete.

More specific reasons for not providing the information requested included the following:

- the necessary investigations to obtain the information requested could not be completed within the time limits for issuing an additional assessment (Belgium);
- a commercial, industrial or professional secret would be disclosed by providing the information (Germany);
- the secrecy of bank transactions would be violated (Germany);
- the requesting participating Member State had not exhausted its own national sources in obtaining the information (Germany);
- the request was unclear (Germany);
- the request for information was not based on international conventions (the Netherlands);
- the requesting authority was not the competent authority for requesting information (the Netherlands);
- restrictions imposed in national law or administrative practices (Spain, the United Kingdom).

The remaining participating Member States provided all the information requested in 1994 and 1995.

5.6.3 Spontaneous exchange of information

Analysis of the statistics provided by the competent authorities of the participating Member States indicate that:

- eleven of the 12 participating Member States provided information spontaneously during the period covered by the audit varying from one or two cases to thousands;
- all participating Member States received information spontaneously during the period covered by the audit varying from one or two cases to thousands;
- two participating Member States did not maintain statistics on spontaneous information received;
- one participating Member State could not distinguish between the information received spontaneously and automatically.

The reasons for not providing information spontaneously were:

- the absence of reciprocity (the Netherlands);
- the secrecy of bank transactions would be violated (Germany).

In general, the participating Member States stated that the information was not always provided in a form that was usable.

5.6.4 Automatic exchange of information

Despite the stipulation in the 1977 Directive that the competent authorities should regularly exchange information automatically, without prior request, most of the 12 participating Member States had not agreed bilateral arrangements on automatic exchange with other participating Member States during the audit period.

Analysis of the statistics indicate that:

- four of the 12 participating Member States did not supply any information automatically;

- three participating Member States may have supplied information automatically but did not have any records to confirm this;
- two participating Member States may have received information automatically but did not have any records to confirm this;
- one participating Member State did not distinguish between information received spontaneously and automatically.

The reasons for not exchanging information automatically were:

- absence of a legal basis (Germany, the Netherlands);
- absence of complete information (Belgium, Finland);
- absence of staff resources (Ireland);
- absence of reciprocity (Ireland);
- absence of an adequate system to provide such information (Portugal).

5.6.5 Assistance in person

The results from the questionnaire indicate that:

- representatives from three of the 12 participating Member States had visited the territory of other participating Member States to carry out tax enquiries in person;
- three participating Member States did not have (complete) statistics available.

The reasons for refusing requests for assistance in person were:

- absence of a legal basis (Belgium);
- the information requested could be obtained from regular domestic sources (the Netherlands).

5.7 Timeliness of the information

It is vital to have rapid access to information because, in general, tax years once closed cannot be reopened, and the national laws of the competent authorities may also lay down restrictions on the time-scale for pursuing cases of fraud. Besides a general time limit for issuing additional tax demands, a period that varies for specific situations may be laid down in national law. Fraudulent or negligent conduct is an example of these specific situations.

The 1977 Directive stipulates that information should be provided as soon as possible after it was requested.

Table 8 presents an overview of the period for issuing an additional tax demand for each participating Member State.

Additional tax demands (expressed in months)

Table 8

<i>Member State</i>	<i>General period</i>	<i>Extension for specific situations</i>
Austria	60	120 1)
Belgium	36	60
Denmark	40	-
Finland	60	-
Germany	48	60/120 2)
Ireland	120	3)
Italy	60	72
Netherlands	60	144
Portugal	60	-
Spain	60	-
Sweden	24	72
United Kingdom	72	240

1) Tax evasion.

2) Negligent non-compliance: 60 months; fraud: 120 months.

3) Negligent non-compliance and fraud: unlimited.

In all participating Member States a general period for issuing additional tax demands is laid down in national law.

This period varies from 24 to 120 months. Seven participating Member States have the legal authority to extend the general period to up to 60 months to 240 months for specific situations. In one participating Member State the period for issuing additional tax demands in specific situations is unlimited.

Only Sweden and the Netherlands could provide complete data on the number of cases for each period (expressed in months) between the request for information and the receipt of the information in 1994 and 1995.

The competent authorities of Austria, Finland, the Netherlands, Portugal and Sweden confirmed that, in 1994 and 1995, they had received all the information requested before the expiry of the time for issuing additional tax demands. The competent authorities of Denmark, Germany, Ireland, Italy and Spain could not provide information on this issue. Belgium and the United Kingdom indicated that this information could not be obtained cost-effectively.

5.8 Feedback on results

Feedback on any achievements resulting from mutual assistance between Member States can be considered an important factor in determining the success of mutual assistance.

Table 9 indicates whether the competent authorities of the participating Member States were able to provide figures on feedback on any results achieved through cooperation between participating Member States in 1994 and 1995.

Feedback on results achieved

Table 9

Member State	Feedback provided to other Member States	Feedback received from other Member States
Austria	2)	2)
Belgium	1)	5)
Denmark	yes	yes
Finland	2)	2)
Germany	4)	4)
Ireland	1)	yes
Italy	2)	1)
Netherlands	3)	3)
Portugal	no	no
Spain	no	no
Sweden	4)	4)
United Kingdom	2)	2)

- 1) Only on information exchanged spontaneously.
- 2) Occasionally but no data available.
- 3) Occasionally.
- 4) Only regarding a limited number of participating Member States.
- 5) No data available.

Table 9 shows that the competent authorities of the participating Member States do not provide other participating Member States with feedback on results achieved by the exchange of information on an extensive scale.

Only Denmark could provide information on the results achieved by the information provided and requested. Some of the participating Member States did not provide or receive any information on the results achieved. The majority of the participating Member States could provide only limited information on this subject because the results were not supplied to or received from other participating Member States on a structured basis. Nevertheless, most participating Member States considered providing feedback important for determining the effectiveness of mutual assistance.

5.9 Conclusions

The participating Member States' motives for exchanging information and the high level of involvement in working groups and deliberative bodies suggest that they attach considerable importance to mutual assistance on tax matters.

The participating Member States identified nine main limitations on the exchange of tax information some of which derived from national and domestic legislation. All participating Member States applied four or more of the limitations with the maximum being nine.

Only seven of the 12 competent authorities were able to provide comprehensive statistics on the inward and outward exchange of information during 1992 to 1995, the period covered by the audit. On the basis of the results from the questionnaire it is likely, however, that the various forms of mutual assistance could be used more extensively by the participating Member States.

Also, the exchange of information on request, spontaneously and automatically was often limited to a few of the participating Member States, despite the adoption of the 1977 Directive and endorsement of its objectives.

The audit's main conclusion about the timeliness of the information is that all 12 participating Member States have incorporated into their national law a general time period within which an additional tax demand must be issued. Eight participating Member States can legally extend this general period. This does not relieve the participating Member States from the obligation of responding promptly to requests for information.

Only two participating Member States had statistical information on the time taken to respond to requests for information.

Eight participating Member States could not provide information on instances where an additional tax demand was prevented by delays in providing the information requested.

Whilst most participating Member States considered that providing feedback was an important way of determining the success of the exchange of information very few of them were doing so.

6 Conclusions and recommendations

6.1 Main conclusions

Bilateral and multilateral conventions, supported by the 1977 Directive, provide a useful legal framework for the exchange of information between Member States of the European Union.

All participating Member States subscribed to the importance of mutual assistance.

Of the 12 participating Member States, only two have established administrative arrangements covering all four forms of exchange of information.

The non-availability of reliable, complete and comparable statistics in the participating Member States makes it difficult to give a valid opinion on the effectiveness of mutual assistance between the participating Member States of the European Union.

The participating Member States identified nine main limitations on the exchange of tax information. All participating Member States operated four or more of these limitations.

Only two of the 12 participating Member States had any accurate information on the time taken to respond to requests for information.

Only one participating Member State notified other Member States of the results of the exchange of information.

Despite the importance the participating Member States claim to attach to mutual assistance, the Supreme Audit Institutions conclude that the participating Member States have not taken full advantage of the scope for strengthening collaboration on tax matters provided by the 1977 Directive.

6.2 Recommendations

The participating Member States attach considerable importance to mutual assistance and the 1977 Directive has strengthened collaboration between them in combating tax evasion and fraud. The Supreme Audit Institutions consider that implementation of the following actions, that might be applicable to all Member States of the European Union, would improve current arrangements further:

- Member States should consider how they can improve their present implementation of the 1977 Directive to ensure that the correct amount of tax due by law is levied;
- Member States should review the legal and administrative obstacles to the efficient and effective exchange of information with a view to abolition;
- Member States should agree a common approach to the collection and recording of statistical information to show clearly the amount of information exchanged and the speed with which it is provided;
- Further efforts should be made to pool experience among the competent authorities of the Member States and agree Codes of Practice working through, for example, EU Working Group IV;
- Member States should ensure that there are contact points within their competent authority so that mutual problems on the exchange of information can be discussed and resolved more easily;
- Member States should agree a code of conduct on the time to be taken to provide information, including setting targets;
- Member States should agree arrangements for reporting the quantitative and qualitative impacts achieved by exchanges of information;
- Member States should ensure information is exchanged in a form that can be readily processed and used;
- The relevant officials of the competent authorities of the Member States should hold regular meetings to monitor exchanges and discuss problems, for example long-outstanding cases;
- Member States should ensure that their local and regional offices are aware of the importance of exchanging information and the correct procedures for doing so.

Annexes I-XIV

Annexes IA-XIIB

Statistical information

Annex I A

Austria

Exchange of information initiated by Austria in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Belgium	0	2	0	0	1	1	2	4	0	0	0	0	0	0	0	0
Denmark	0	0	0	0	1	2	0	1	0	0	0	0	0	0	0	0
Finland	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0
Germany 1)	0	0	1	0	104	143	235	125	0	0	0	0	6	8	4	6
Ireland	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0
Italy	2	0	0	0	8	46	10	38	0	0	0	0	0	0	0	0
Netherlands	0	1	0	1	0	0	1	1	0	0	0	0	0	0	0	0
Portugal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spain	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Sweden	1	1	0	1	1	4	3	3	0	0	0	0	1	0	0	0
United Kingdom	0	2	2	0	2	2	15	10	0	0	0	0	1	0	0	0
Total	3	6	4	2	118	199	267	185	0	0	0	0	8	8	4	6

- 1) In relation to Germany direct contacts between local tax authorities (tax offices) are permitted on the basis of the Austro-German mutual assistance treaty. These data are therefore incomplete and are based only on the information provided by the Federal Ministry of Finance. The Finanzlandesdirektionen provided data only concerning the assistance in person.
-

Annex I B

Austria

Exchange of information initiated by other Member States 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Belgium	0	0	0	0	0	0	1)	1)	0	0	0	0	0	0	0	0
Denmark	0	1	3	0	1	22	52	11	0	0	0	0	0	0	0	0
Finland	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Germany 2)	0	0	2	0	34	2,127	65	1,280	0	0	0	0	50	36	37	35
Ireland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Italy	0	1	2	1	0	102	221	151	0	0	0	0	0	0	0	0
Netherlands	0	3	1	1	0	0	0	0	0	0	0	0	0	1	4	0
Portugal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spain	1	0	2	1	0	0	0	0	0	0	0	0	0	0	0	0
Sweden	0	0	0	1	0	1	12	2	0	0	0	0	1	0	0	1
United Kingdom	0	0	4	0	1)	132	112	91	0	0	0	0	0	1	1	0
Total	1	6	14	4	35	2,384	462	1,535	0	0	0	0	51	38	42	36

1) The number of cases could not be ascertained.

2) In relation to Germany direct contacts between local tax authorities (tax offices) are permitted on the basis of the Austro-German mutual assistance treaty. These data are therefore incomplete and are based only on the information provided by the Federal Ministry of Finance. The Finanzlandesdirektionen provided data only concerning the assistance in person.

Annex II A

Belgium

Exchange of information initiated by Belgium in 1992, 1993, 1994 and 1995

	<i>on request 1)</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
					1)	1)			1)	1)						
Austria	-	-	-	-	-	-	1)	0	-	-	1)	100	0	0	0	0
Denmark	-	-	-	-	-	-	0	0	-	-	130	30	0	0	0	0
Finland	-	-	-	-	-	-	1)	0	-	-	1)	10	0	0	0	0
Germany	-	-	-	-	-	-	5	5	-	-	12,500	1,400	0	0	0	0
Ireland	-	-	-	-	-	-	1	2	-	-	200	20	0	0	0	0
Italy	-	-	-	-	-	-	0	2	-	-	60,000	0	0	0	0	0
Netherlands	-	-	-	-	-	-	2	8	-	-	0	5,000	0	0	0	0
Portugal	-	-	-	-	-	-	0	0	-	-	1,400	800	0	0	0	0
Spain	-	-	-	-	-	-	0	0	-	-	12,000	3,900	0	0	0	0
Sweden	-	-	-	-	-	-	1)	0	-	-	0	50	0	0	0	0
United Kingdom	-	-	-	-	-	-	1	0	-	-	4,000	1,100	0	0	0	0
Total	-	-	-	-	-	-	9	17	-	-	90,230	12,410	0	0	0	0

1) There were no statistics available.

Annex II B

Belgium

Exchange of information initiated by other Member States in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92 1)	93 1)	94	95	92 1)	93 1)	94 2)	95 2)	92 1)	93 1)	94 2)	95 2)	92 1)	93 1)	94 2)	95 2)
Austria	-	-	1)	0	-	-	-	-	-	-	-	-	-	-	-	-
Denmark	-	-	0	4	-	-	-	-	-	-	-	-	-	-	-	-
Finland	-	-	1)	0	-	-	-	-	-	-	-	-	-	-	-	-
Germany	-	-	3	13	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	-	-	0	0	-	-	-	-	-	-	-	-	-	-	-	-
Italy	-	-	1	2	-	-	-	-	-	-	-	-	-	-	-	-
Netherlands	-	-	17	16	-	-	-	-	-	-	-	-	-	-	-	-
Portugal	-	-	1	2	-	-	-	-	-	-	-	-	-	-	-	-
Spain	-	-	1	4	-	-	-	-	-	-	-	-	-	-	-	-
Sweden	-	-	1)	4	-	-	-	-	-	-	-	-	-	-	-	-
United Kingdom	-	-	2	2	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	25	47	-	-	-	-	-	-	-	-	-	-	-	-

1) There were no statistics available.

2) Only total figures are available, including non-participating Member States.

Annex III A

Denmark

Exchange of information initiated by Denmark in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	0	2	0	1	0	6	1	0	27	22	115	10	0	0	0	0
Belgium	0	1	1	1	0	11	5	4	50	92	192	176	0	0	0	0
Finland	0	0	4	4	0	4	4	4	375	235	2,320	108	0	0	0	0
Germany	0	7	19	10	6	67	75	572	3,072	1,028	2,115	1,970	0	0	0	0
Ireland	0	1	1	0	0	2	3	1	4	30	112	50	0	0	0	0
Italy	0	0	4	0	0	10	7	0	108	100	187	151	0	0	0	0
Netherlands	0	0	2	0	2	6	3	4	0	72	516	474	0	0	0	0
Portugal	0	7	7	0	0	6	4	1	8	51	69	60	0	0	0	0
Spain	0	1	0	5	0	9	16	21	23	469	143	0	0	0	0	0
Sweden	1	21	53	40	80	72	82	95	1,400	1,033	28,588	1,954	0	0	0	0
United Kingdom	1	5	6	4	5	27	21	15	35	366	45,480	1,950	0	0	0	0
Total	2	45	97	65	93	220	221	717	5,102	3,498	79,837	6,903	0	0	0	0

Annex III B

Denmark

Exchange of information initiated by other Member States in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	1	0	0	0	0	1	0	0	750	0	0	0	0	0	0	0
Belgium	0	1	5	1	0	0	1	0	1,620	0	130	29	0	0	0	0
Finland	0	3	2	2	0	0	0	1	2,425	940	593	235	0	0	0	0
Germany	5	18	46	38	0	12	29	43	0	180	78	116	0	0	0	0
Ireland	0	1	2	2	0	0	0	0	270	0	0	0	0	0	0	0
Italy	0	2	3	5	0	1	0	3	600	0	0	20	0	0	0	0
Netherlands	0	3	4	8	0	3	0	3	0	0	0	0	0	0	0	0
Portugal	1	1	2	0	0	0	0	0	2,300	0	0	0	0	0	0	0
Spain	3	15	15	5	0	1	0	1	300	0	0	1	0	0	0	0
)				
Sweden	6	27	30	26	0	33	53	96	10,949	7,334	9,009	4,562	0	0	0	0
United Kingdom	2	17	16	18	2	16	13	12	730	0	436	822	0	0	0	0
Total	18	88	125	105	2	67	96	159	19,944	8,454	10,246	5,784	0	0	0	0

1) A magnetic tape was received but could not be read; it was therefore returned to Spain.

Annex IV A

Finland

Exchange of information initiated by Finland in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92 1)	93 1)	94	95	92 1)	93 1)	94	95	92 1)	93 1)	94 1)	95	92 1)	93 1)	94	95
Austria	-	-	0	1	-	-	0	0	-	-	-	173	-	-	0	0
Belgium	-	-	0	1	-	-	0	0	-	-	-	235	-	-	0	0
Denmark	-	-	3	4	-	-	0	0	-	-	-	468	-	-	0	0
Germany	-	-	1	7	-	-	0	0	-	-	-	1,501	-	-	0	0
Ireland	-	-	1	1	-	-	0	0	-	-	-	56	-	-	0	0
Italy	-	-	0	0	-	-	0	0	-	-	-	314	-	-	0	0
Netherlands	-	-	0	1	-	-	0	0	-	-	-	401	-	-	0	0
Portugal	-	-	0	0	-	-	0	0	-	-	-	83	-	-	0	0
Spain	-	-	0	0	-	-	0	0	-	-	-	1,621	-	-	0	0
Sweden	-	-	14	20	-	-	8	11	-	-	-	3,406	-	-	0	0
United Kingdom	-	-	0	3	-	-	0	0	-	-	-	1,875	-	-	0	0
Total	-	-	19	38	-	-	8	11	-	-	-	10,133	-	-	0	0

1) There were no statistics available.

Annex IV B

Finland

Exchange of information initiated by other Member States in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic 1)</i>				<i>assistance in person</i>			
	92 1)	93 1)	94	95	92 1)	93 1)	94	95	92	93	94	95	92 1)	93 1)	94	95
Austria	-	-	0	0	-	-	0	0	-	-	-	-	-	-	0	0
Belgium	-	-	0	0	-	-	0	0	-	-	-	-	-	-	0	0
Denmark	-	-	1	3	-	-	2	2	-	-	-	-	-	-	0	0
Germany	-	-	1	3	-	-	0	0	-	-	-	-	-	-	0	0
Ireland	-	-	0	0	-	-	0	0	-	-	-	-	-	-	0	0
Italy	-	-	0	0	-	-	0	0	-	-	-	-	-	-	0	0
Netherlands	-	-	0	0	-	-	0	0	-	-	-	-	-	-	0	0
Portugal	-	-	0	0	-	-	0	0	-	-	-	-	-	-	0	0
Spain	-	-	0	4	-	-	0	0	-	-	-	-	-	-	0	0
Sweden	-	-	19	22	-	-	13	2	-	-	-	-	-	-	7	5
United Kingdom	-	-	1	1	-	-	0	1	-	-	-	-	-	-	0	0
Total	-	-	22	33	-	-	15	5	-	-	-	-	-	-	7	5

1) There were no statistics available.

Annex V A

Germany

Exchange of information initiated by Germany in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person 2)</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria ¹⁾	0	0	4	0	2	15	20	357	1,413	2,111	1,132	1,749	-	-	-	-
Belgium	1	4	11	8	45	38	54	115	198	310	171	281	-	-	-	-
Denmark	2	4	6	8	17	4	21	94	117	178	105	163	-	-	-	-
Finland	1	1	1	2	2	2	6	26	23	62	34	127	-	-	-	-
Ireland	2	1	0	3	1	1	1	5	37	50	26	78	-	-	-	-
Italy	2	11	3	9	4	54	82	199	565	993	780	793	-	-	-	-
Netherlands	5	13	16	17	69	56	110	344	372	629	495	569	-	-	-	-
Portugal	0	0	0	0	0	0	12	11	16	29	25	57	-	-	-	-
Spain	5	3	15	9	0	0	20	45	268	397	299	238	-	-	-	-
Sweden ¹⁾	0	1	4	16	1	9	9	108	170	274	716	234	-	-	-	-
United Kingdom	16	27	13	26	74	44	77	111	1,397	2,084	1,640	1,736	-	-	-	-
Total	34	65	73	98	215	223	412	1,415	4,576	7,117	5,423	6,025	-	-	-	-

- 1) As regards to Austria and Sweden, regional tax administrations are authorised to exchange information directly with the administrations of these Member States.
No figures were available concerning this form of exchanging information.
- 2) No statistics were available on assistance in person by the supreme tax authority of the Länder.

Annex V B

Germany

Exchange of information initiated by other Member States in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous 1)</i>				<i>automatic 1)</i>				<i>assistance in person 2)</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	2	54	23	5	2	197	264	168					-	-	-	-
Belgium	5	3	29	23	45	154	13,199	309					-	-	-	-
Denmark	16	15	94	45	17	2,385	2,477	3,057					-	-	-	-
Finland	1	1	1	12	2	2,450	1,502	1,301					-	-	-	-
Ireland	0	0	3	3	1	3	0	1					-	-	-	-
Italy	2	4	9	16	4	2	1	14					-	-	-	-
Netherlands	14	20	22	40	69	25	25	95					-	-	-	-
Portugal	1	0	5	37	0	0	2	2					-	-	-	-
Spain	3	12	3	10	0	32	0	2					-	-	-	-
Sweden	0	14	15	45	1	9	115	47					-	-	-	-
United Kingdom	6	19	35	35	92	1,109	1,183	1,965					-	-	-	-
Total	50	142	239	271	233	6,366	18,768	6,961					-	-	-	-

1) The statistics available do not distinguish between spontaneous and automatic information. Therefore all exchanges are recorded as spontaneous information.

2) No statistics were available on assistance in person by the supreme tax authority of the Länder.

Annex VI A

Ireland

Exchange of information initiated by Ireland in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic 1)</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Belgium	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Denmark	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Finland	0	0	0	1	1	0	0	1	0	0	0	0	0	0	0	0
Germany	1	0	1	2	0	1	0	0	0	0	0	0	0	0	0	0
Italy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Netherlands	0	0	1	1	1	0	1	0	0	0	0	0	0	0	0	0
Portugal	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Spain	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0
Sweden	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
United Kingdom	25	24	13	14	14	47	31	10	0	0	0	0	0	0	0	0
Total	26	25	17	18	19	48	32	11	0	0	0	0	0	0	0	0

1) Ireland does not yet have the resources to provide information automatically.

Annex VI B

Ireland

Exchange of information initiated by other Member States in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
Belgium	0	4	2	3	0	0	0	1	0	0	1	0	0	0	0	0
Denmark	0	0	1	2	0	4	1	1	1	0	1	0	0	0	0	0
Finland	0	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Germany	0	4	0	2	2	4	2	3	0	0	0	0	0	0	0	0
Italy	0	0	3	2	0	0	0	1	0	0	0	0	0	0	0	0
Netherlands	0	2	1	0	8	2	0	1	0	0	0	0	0	0	0	0
Portugal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spain	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sweden	0	0	1	0	1	0	1	2	0	0	0	0	0	0	0	0
United Kingdom	11	10	9	14	8	7	7	12	0	0	1	1	0	0	0	0
Total	11	21	18	23	20	17	12	22	1	0	3	1	0	0	0	0

Annex VII A

Italy

Exchange of information initiated by Italy in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
	1)	1)			1)				1)	1)	1)	2)				
Austria	-	-	0	-	-	0	221	155	-	-	-	0	0	0	0	0
Belgium	-	-	0	2	-	0	0	0	-	-	-	200	0	0	0	0
Denmark	-	-	0	1	-	104	0	21	-	-	-	150	0	0	0	0
Finland	-	-	0	0	-	0	0	0	-	-	-	0	0	0	0	0
Germany	-	-	0	5	-	0	0	163	-	-	-	500	0	0	0	0
Ireland	-	-	2	2	-	0	0	0	-	-	-	0	0	0	0	0
Netherlands	-	-	0	1	-	0	0	0	-	-	-	0	0	0	0	0
Portugal	-	-	0	1	-	0	0	0	-	-	-	0	0	0	0	0
Spain	-	-	1	1	-	0	0	28	-	-	-	0	0	0	0	0
Sweden	-	-	0	0	-	0	0	0	-	-	-	0	0	0	0	0
United Kingdom	-	-	5	2	-	0	0	0	-	-	-	2,500	0	0	0	0
Total	-	-	8	15	-	104	221	367	-	-	-	3,350	0	0	0	0

1) There were no statistics available.

2) Data regarding stock dividends referring to the 1992 financial year.

Annex VII B

Italy

Exchange of information initiated by other Member States in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92 1)	93 1)	94	95	92 1)	93	94	95	92	93	94	95	92	93	94	95
Austria	-	-	2	1	-	28	8	32	0	0	0	0	0	0	0	0
Belgium	-	-	0	1	-	0	0	0	0	0	0	60,000	0	0	0	0
Denmark	-	-	0	0	-	122	65	4	91	123	0	0	0	0	0	0
Finland	-	-	0	0	-	0	0	1	430	375	527	0	0	0	0	0
Germany	-	-	4	4	-	2	0	31	0	0	579	800	0	0	0	0
Ireland	-	-	0	0	-	0	0	0	0	0	0	0	0	0	0	0
Netherlands	-	-	0	0	-	0	0	0	0	0	0	0	0	0	0	0
Portugal	-	-	0	0	-	0	1	0	0	0	0	0	0	0	0	0
Spain	-	-	1	1	-	0	2	3	0	0	0	0	0	0	0	0
Sweden	-	-	0	0	-	1	0	19	0	0	0	0	0	0	0	0
United Kingdom	-	-	4	4	-	0	1	1	771	442	661	500	0	0	0	0
Total	-	-	11	11	-	153	77	91	1,29 2	940	1,76 7	61,300	0	0	0	0

1) There were no statistics available.

Annex VIII A

The Netherlands

Exchange of information initiated by the Netherlands in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic 1)</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	0	2	1	1	0	1	0	0	0	0	0	0	0	0	0	0
Belgium	11	17	13	17	215	146	6,459	70	0	0	0	0	0	0	0	0
Denmark	0	0	2	2	0	2	0	3	0	0	0	0	0	0	0	0
Finland	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Germany	16	9	18	19	47	50	15	37	0	0	0	0	0	1	0	0
Ireland	0	4	1	0	8	1	0	1	0	0	0	0	0	0	0	0
Italy	3	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Portugal	0	2	0	2	0	0	0	0	0	0	0	0	0	0	0	0
Spain	5	3	0	3	25	12	4	9	0	0	0	0	0	0	0	0
Sweden	3	2	0	0	0	2	0	0	0	0	0	0	0	0	0	0
United Kingdom	7	19	10	5	11	4	1	15	0	0	0	0	1	1	0	0
Total	45	60	46	49	307	218	6,479	135	0	0	0	0	1	2	0	0

1) Absence of a legal basis.

Annex VIII B

The Netherlands

Exchange of information initiated by other Member States in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0
Belgium	35	46	40	21	6	3,305	1,394	7,218	0	0	0	0	0	0	0	0
Denmark	3	2	3	3	937	80	86	636	0	0	0	0	0	0	0	0
Finland	1	0	0	0	538	616	323	363	0	0	0	0	0	0	0	0
Germany	9	16	10	10	437	163	854	482	0	0	0	0	0	0	0	0
Ireland	0	1	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Italy	0	2	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Portugal	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Spain	7	2	6	17	0	41	0	1	0	0	0	0	0	0	0	0
Sweden	2	1	2	2	267	241	53	162	0	0	0	0	0	0	0	0
United Kingdom	8	8	6	6	1,646	1,302	1,284	1,718	0	0	0	0	0	0	1	0
Total	66	78	70	61	3,832	5,748	3,995	10,581	0	0	0	0	0	0	1	0

Annex IX A

Portugal

Exchange of information initiated by Portugal in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Belgium	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0
Denmark	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Germany	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Italy	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Netherlands	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spain	0	5	1	2	0	0	0	0	0	0	0	0	0	0	0	0
Sweden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
United Kingdom	0	2	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	8	4	6	0	0	0	0	0	0	0	0	0	0	0	0

Annex IX B

Portugal

Exchange of information initiated by other Member States in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Belgium	1	0	0	0	607	0	0	0	0	0	0	0	0	0	0	0
Denmark	1	2	0	0	1	26	0	106	0	0	0	0	0	0	0	0
Finland	0	0	0	0	0	107	0	80	0	0	0	0	0	0	0	0
Germany	0	0	4	0	15	1	9	5	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Italy	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0
Netherlands	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spain	3	15	2	8	1	0	0	1	0	0	0	0	0	0	0	0
Sweden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
United Kingdom	4	6	1	1	1	0	0	3	0	0	0	0	0	0	0	0
Total	9	23	7	9	625	135	9	195	0	0	0	0	0	0	0	0

Annex X A

Spain

Exchange of information initiated by Spain in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic 1)</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	1	0	2	2	0	0	0	2	0	0	0	0	0	0	0	0
Belgium	1	1	2	3	0	0	1	0	0	1	0	2	0	0	0	0
Denmark	1	4	0	3	0	0	0	1	0	0	0	3	0	0	0	0
Finland	0	1	0	0	0	0	0	2	0	0	0	0	0	0	0	0
Germany	3	9	7	8	1	0	0	5	1	0	0	0	0	0	0	0
Ireland	1	1	0	3	0	0	0	2	0	0	0	0	0	0	0	0
Italy	1	1	0	5	0	1	1	2	0	2	0	0	0	0	0	0
Netherlands	4	10	8	15	0	0	0	3	0	2	0	0	0	0	0	0
Portugal	2	1	5	10	1	1	0	2	0	0	0	0	0	0	0	0
Sweden	1	0	0	4	0	0	0	3	0	0	0	0	0	0	0	0
United Kingdom	6	2	9	9	0	0	0	3	0	1	0	2	0	0	0	0
Total	21	30	33	62	2	2	2	25	1	6	0	7	0	0	0	0

1) The data relate to different taxpayers.

Annex X B

Spain

Exchange of information initiated by other Member States in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic 1)</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	0	0	1	0	1	0	0	1	0	0	0	0	0	0	0	0
Belgium	1	1	5	4	1	0	1	0	0	0	1	1	0	0	0	0
Denmark	11	7	6	4	24	12	11	15	1	6	1	0	0	0	0	0
Finland	0	1	1	1	0	0	0	0	1	1	1	0	0	0	0	0
Germany	4	3	9	11	0	0	1	3	1	1	2	3	0	0	0	0
Ireland	0	2	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Italy	1	2	5	5	0	1	0	0	0	0	0	1	0	0	0	0
Netherlands	8	2	9	7	17	7	3	4	0	0	0	0	0	0	0	0
Portugal	1	8	2	9	0	0	1	0	0	0	0	0	0	0	0	0
Sweden	1	1	1	7	1	2	4	0	0	0	1	1	0	0	0	0
United Kingdom	8	8	17	13	15	16	5	11	2	3	2	3	0	0	0	0
Total	35	35	56	61	60	38	26	34	5	11	8	9	0	0	0	0

1) The data relate to different taxpayers.

Annex XI A

Sweden

Exchange of information initiated by Sweden in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	1	0	0	1	0	4	11	3	0	0	0	0	0	0	0	0
Belgium	0	1	2	4	1	6	2	8	350	0	140	140 ¹⁾	0	0	0	0
Denmark	1	1	1	33	15	17	196	95	10,300	5,840	10,800	8,800	0	0	2	1
	9	4	8													
Finland	1	1	1	28	5	3	58	67	14,000	3,030	14,300	28,000	0	0	7	1
	0	7	2													
Germany	4	8	3	13	1	13	162	32	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	2	4	0	0	0	0	0	0	0	0
Italy	0	0	0	0	1	1	22	17	0	0	0	0	0	0	0	0
Netherlands	1	2	0	2	1	0	15	8	300	150	140	140 ¹⁾	0	0	0	0
Portugal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spain	1	0	0	3	0	1	42	29	0	0	0	0	0	0	0	0
United Kingdom	1	4	2	6	3	2	499	329	2,550	2,040	2,100	2,500	0	0	0	0
Total	37	46	37	90	27	47	1,009	592	27,500	11,060	27,480	39,580	0	0	9	2

- 1) Automatic information has been sent but the number of cases has not been counted. The National Tax Board estimated the number of cases to be equal to the previous year.

Annex XI B

Sweden

Exchange of information initiated by other Member States in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	0	1	0	0	1	5	4	4	0	0	0	0	0	0	0	0
Belgium	0	3	2	2	1	0	1	0	0	60	60 1)	60 1)	0	0	0	0
Denmark	42	38	29	38	62	70	10	16	7,650	6,700	2,700	1,500	0	0	1	0
Finland	10	10	14	20	3	4	17	55	8,750	13,200	7,000	7,000 1)	0	0	0	0
Germany	6	8	5	6	15	14	17	27	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Italy	0	0	1	0	1	1	22	0	0	0	0	0	0	0	0	0
Netherlands	2	2	0	0	0	2	0	0	0	0	0	0	0	0	0	0
Portugal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spain	1	0	1	6	0	0	0	0	0	0	0	0	0	0	0	0
United Kingdom	1	1	2	2	3	9	17	4	400	1,060	3,300	3,300 1)	0	0	0	0
Total	62	63	54	74	230	234	341	511	16,800	21,020	13,060	11,860	0	0	1	0

- 1) Automatic information has been received but the number of cases has not been counted. The National Tax Board estimated the number of cases to be equal to the previous year.
-

Annex XII A

United Kingdom

Exchange of information initiated by United Kingdom in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic</i>				<i>assistance in person 1)</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	2	1	2	3	0	1	2	2	177	131	110	90	-	-	-	-
Belgium	0	4	0	1	2	4	2	4	497	300	388	552	-	-	-	-
Denmark	8	7	2	4	22	28	18	10	482	345	436	822	-	-	-	-
Finland	0	1	2	0	1	0	0	2	69	42	65	69	-	-	-	-
Germany	5	5	7	4	61	95	15	76	1,499	1,031	1,022	1,748	-	-	-	-
Ireland	13	10	8	12	5	5	7	13	11,493	6,838	4,614	3,527	-	-	-	-
Italy	1	0	2	3	1	2	1	1	688	295	352	406	-	-	-	-
Netherlands	4	6	1	3	6	4	2	16	1,638	1,292	1,280	1,681	-	-	-	-
Portugal	0	3	1	3	1	1	0	1	370	54	183	184	-	-	-	-
Spain	6	15	12	12	48	80	32	19	2,103	1,822	943	1,218	-	-	-	-
Sweden	2	0	3	3	2	17	18	3	401	536	1,009	1,222	-	-	-	-
Total	41	52	40	48	149	237	236	442	19,417	12,686	10,402	11,519	-	-	-	-

1) There were no statistics available.

Annex XII B

United Kingdom

Exchange of information initiated by other Member States in 1992, 1993, 1994 and 1995

	<i>on request</i>				<i>spontaneous</i>				<i>automatic (1)</i>				<i>assistance in person (3)</i>			
	92	93	94	95	92	93	94	95	92	93	94	95	92	93	94	95
Austria	9	2	7	6	0	2	3	0	0	0	0	0	-	-	-	-
Belgium	15	7	25	16	2	1	1	0	0	0	3,549	3,375	-	-	-	-
Denmark	9	18	16	18	37	33	51	23	32	576	0	1,938	-	-	-	-
Finland	4	2	2	2	0	0	0	0	2,203	1,870	1,417	1,488	-	-	-	-
Germany	17	21	25	20	87	64	66	90	1,400	2,084	1,237	1,340	-	-	-	-
Ireland	30	25	17	18	11	7	31	3	748	1,083	1,498	1,845	-	-	-	-
Italy	3	2	5	6	0	0	0	1	0	0	0	784	-	-	-	-
Netherlands	5	9	12	14	15	4	1	18	0	0	0	0	-	-	-	-
Portugal	2	3	2	1	0	1	0	0	0	0	0	0	-	-	-	-
Spain	3	1	13	21	0	18	1	0	0	0	0	2)	-	-	-	-
Sweden	2	1	6	5	0	3	8	8	2,505	3,333	490	2,363	-	-	-	-
Total	99	91	130	127	152	133	162	143	6,888	8,946	8,191	13,133				

- 1) The figures given are for the financial years ending 31 March 1993, 31 March 1994, 31 March 1995 and 31 March 1996. Figures for calendar years are not available.
- 2) Information received on magnetic disks: number of items received are not available.
- 3) Assistance received but no data available.
-

Annex XIII

Cases

Case 1

Information came into the hands of the tax authorities of a Member State concerning a company whose accounts showed very substantial profits. The information pointed to major frauds within the company committed by its principal directors over a period of years.

The information included reference to a possible fraud involving the inflation of certain costs. The fraud was set up in such a way as to ensure that the funds passed through at least four countries before being ultimately sent to a fifth country where the amount extracted was divided between the participants.

Invoices were inflated and falsified in each country for maximum protection and the scheme was such that no one country acting independently would be able to suspect that anything was wrong.

Documents were seized and the investigators who examined them were quickly able to confirm the strong suspicions of fraud within this company. The tax authorities finally established that the fraud reached 315,000,000 ECU¹.

To obtain evidence of the fraud, it was necessary to request the assistance of other countries using the exchange of information provisions. Requests were sent to several countries including four Member States. All Member States (and others) were extremely cooperative and the information provided enabled the investigators to prove the fraud.

This resulted in a successful prosecution and the recovery of millions of ECU in tax.

1 Exchange value of April 1997

Case 2

This case involved the non-disclosure of ownership of a luxury yacht and a berth for it. A request was sent by the tax authorities of Member State X to Member State Y to try and verify the location of the yacht and its ownership. An interim response was received from Member State Y which confirmed where the yacht was berthed and that it was owned by the taxpayer under investigation. Subsequently, the authorities of Member State Y sent two important documents: a bill of sale showing that the taxpayer purchased the yacht from a national of Member State Z, and a certificate signed by the taxpayer as its owner. These documents were extremely valuable and were one of the main reasons it was possible to mount a successful prosecution. The result of this was that the taxpayer's premises were searched and the investigator discovered further details about the yacht and information that there might also be a flat/apartment in Member State Y.

Another more detailed request was made to Member State Y. The authorities were able to provide more evidence concerning the taxpayer's ownership of the yacht, the berth and for the first time, an apartment. They also provided copies of documents, which included invoices in respect of utilities at the berth, a contract signed by the taxpayer for the purchase of the berth and contracts in the taxpayer's name for both the purchase and sale of the apartment. The taxpayer had originally denied ownership of these assets and the information received from Member State Y has resulted in a prosecution.

Case 3

This case involved the extraction of money, totalling almost 4,300,000 ECU, from a company on false purchase invoices in the name of Mr A, said to be supplying a commodity from a location in Member State Y.

For the purposes of prosecuting the three individuals benefiting from the extraction of funds, it was important to prove that Mr A did not exist. The tax authorities of Member State X asked the authorities of Member State Y for assistance in person. Investigators of Member State X went to Member State Y and obtained statements from *them* that no records existed for a Mr A trading in the commodity at the location given. This demonstrated that the supplier, and therefore the supplies, were bogus and that the invoices were false, as the tax authorities of Member State X had suspected from the tracing of money to false named accounts.

The authorities of Member State Y also helped the tax authorities of Member State X to firm up another part of this case. One of the participants in the fraud, originating in Member State X, used the name Mr A to purchase some Member State X properties for letting, using his share of the proceeds from the fraud. To remain anonymous to the tax authorities, he supplied addresses in Member State Y, pretending to write to this letting agent from hotels and guest houses in Member State Y, at which he stayed. By visiting each location the tax authorities were able to obtain statements which proved that a Mr A never resided at the various premises at the dates given by the misleading letters. In addition, purported signatures of genuine residents who were said to have witnessed Member State X property transfer documents were shown to be false by obtaining a statement from the individual concerned.

The information and statements obtained from Member State Y were invaluable to the success of part of the overall prosecution. It made the case against one particular individual watertight as far as attributing benefit from the fraud was concerned. This particular individual was sentenced to 2 years in imprisonment and ordered to pay 72,000 ECU.

The tax loss which will be recouped will be about 1,152,000 ECU.
Two individuals were successfully prosecuted.

Case 4

Information was supplied spontaneously concerning an estate in Member State Y. As a direct result of this information an investigation was carried out by the tax authorities of Member State X into the deceased's tax affairs. This resulted in a settlement with the executors of about 144,000 ECU.

Case 5

Spontaneous information was provided by Member State Y concerning a company in Member State Y which paid commissions on invoices from a company in State Z but to a taxpayer of Member State X. The information from Member State Y included copies of the second company's invoices and a copy of an agreement between a company in Member State X (of which the taxpayer was an employee) and the company in Member State Y. This agreement was signed by the taxpayer. These documents were crucial to the success of the investigation performed by the tax authorities.

As a result the employee's tax affairs were investigated. He admitted receiving the commissions and disclosed other income which had not been declared on his tax returns. Tax, interest and penalties of 971,000 ECU were recovered.

Case 6

Under their domestic legislation spontaneous information was received from a bank in Member State X concerning interest paid to a Miss A in that state. The interest was substantial and the authorities made enquiries which established she did not live in Member State X (the address was that of a relative) but in Member State Y. This information was sent to the tax authorities of Member State Y spontaneously.

The interest was not declared on her tax returns and she did not appear to have sufficient wealth to have such a large amount of money invested. An investigation was started by the tax authorities of Member State Y and eventually it was revealed that the substantial monies invested (in excess of 1,440,000 ECU) were monies she had held on behalf of her father, prior to and after his death. The father was in business in Member State Y and the investments represented profits from his business which he had not declared and the subsequent interest arising. The case was eventually settled and 755,000 ECU was paid to the tax authorities of Member State Y.

Case 7

Spontaneous information was received from Member State X concerning commission payments made by a company in Member State X to a Member State Y individual on invoices issued from his address in Member State Y. The payments went to a bank account in a third country. The commissions in the report were not disclosed in the tax returns.

An investigation was started by the tax authorities of Member State Y and the individual confirmed that he had received the commissions and subsequently disclosed total commissions received over a four-year period from various assignments. The final settlement will be approximately 288,000 ECU.

Case 8

During the audit of a company in Member State X, the auditors identified payments of cash commissions. The directors of the company said that these were paid to a Member State Y company to which it sold furniture. Some of the commissions were paid to the Member State Y director of the company when he was in Member State X.

The authorities of Member State X asked the tax authorities of Member State Y whether the commissions of approximately 288,000 ECU were included in the Member State Y company's accounts.

From the information in this company's file it was not possible to say definitely whether the commissions had or had not been reported by the company. Enquiries were therefore made.

The Director of the company immediately admitted receiving the cash commissions but said they had not been included in the company's accounts. In fact they had gone to a foreign bank account and during the course of the investigation which followed he disclosed that there was 10,000,000 ECU in this, all from unrecorded commission payments. In this case 8,600,000 ECU was recovered.

Case 9

Member State X received a request for information from a Member State Y concerning commissions paid by a Member State Y company to an alleged Member State X resident. The commissions were in respect of sales made by the Member State Y company to a Member State X public company but they were not paid to the individual in Member State X but to a bank account in Member State Y. The authorities of Member State Y suspected over-invoicing.

The tax authorities of the Member State X were asked to confirm the existence of the individual and that he had received the commissions totalling approximately 221,500 ECU.

They also wanted to know the relationship between the individual and the Member State X public company.

The individual could not be traced and an interim report was sent to Member State Y. The authorities of Member State Y made further enquiries at the company and obtained another name for the individual. He was immediately traced as an employee of the Member State X public company.

An investigation was started and the individual admitted receiving the commissions. The case was settled for tax, interest and penalties of 257,000 ECU.

Case 10

The police of a Member State X found that an individual of Member State Y and several inland and foreign companies controlled by him were trading with future contracts on the gold/metal/crude oil markets. A tax investigation was conducted at the request of Member State X and the investigators of Member State Y found that transactions registered in the books were totally made up.

The Member State X companies showed substantial deficits based upon these made-up losses and the corresponding gains were made by two companies based in the far east (also controlled by the aforementioned individual).

As a result the tax authorities of Member State Y rejected deductions amounting to 23,000,000 ECU.

The investigators of Member State Y also found that one trail went to Member State Z where the 'losses' seemed to occur in a similar way. All available information was sent to Member State Z and this part of the investigation resulted in increases amounting to 1,190,000 ECU (plus 596,000 ECU in additional taxes).

Case 11

The tax authorities of Member States X and Y received some information on irregularities in companies in these Member States owned by the same family.

The company in Member State X produces and delivers its products directly to the company in Member State Y but its products are re-invoiced by a base company in a third country. Information on the transactions between the companies was requested by the competent authorities of both Member States.

The investigations were later conducted simultaneously, the tax officers met, and the premises of both companies were searched at the same time. The amounts in question are about 5,750,000 ECU.

Case 12

A regional tax authority of Member State X received some anonymous information on a Member State Y company and its employees residing in Member State X. According to this information, some of the income of the staff had not been taxed due to the fact that the company had failed to submit the statements of income for its staff to the tax authorities.

The company had not been registered in Member State X as having a permanent establishment there and because of this the company did not keep its accounts there. At the same time, the tax authorities of Member State Y had been told that there was a permanent establishment in Member State X.

The competent authority of Member State Y agreed to start a tax investigation at the company and two tax officers of Member State X were allowed to be present at the investigation pursuant to a multilateral convention on mutual assistance in tax matters.

In the course of the tax audit in Member State Y, information on wage and salary payments as well as social security contributions was obtained for the years 1994-1995. The result so far from the corresponding follow-up (not yet finished) in Member State X is 100,000 to 200,000 ECU in additional taxes and more is thus to come. Payroll fees have not been paid, neither in Member State X nor in Member State Y. If social security contributions are also paid in Member State X, this would mean another 3,450,000 ECU.

Case 13

The tax authorities of Member State X stated that a Member State Y construction company had built 27 houses on the initiative of a cooperative building society. To enable an investigation to be conducted, two tax auditors were allowed to be present at a tax investigation of the company in Member State Y.

The following observations were made, partly on the basis of the tax investigation and partly on the basis of the corresponding follow-up in Member State X.

As the Member State Y company actually had a permanent establishment in the Member State X, it should be liable to taxation in this Member State.

The workforce in Member State X had been engaged through a subcontractor of Member State Y that had accounted for neither business activity nor staff in Member State Y. Demands were later issued for social security contributions to be paid in Member State X.

In Member State Y, payments had been entered as costs for consulting services to a third country's company. The follow-up through a Member State Y bank revealed that the money had instead been paid to two members of the board of the cooperative building society which had initiated the construction works. The police and the tax authorities are now investigating the case in more detail.

Case 14

Tax officers of Member State X were present at a tax investigation in Member State Y. The Member State Y company had performed some construction works in Member State X.

The following observations were made.

The owner and manager of the Member State Y company was also the owner and manager of a company in Member State X with which the first company had business transactions. The Member State X company is currently subject to a tax investigation.

According to invoices in the books of the Member State Y company, labour was contracted for work in Member State X by a company in a third country. Additional taxes have been charged in respect of the staff of the company in Member State X.

Payments of considerable amounts to a company in a third country for renting a 'geological exploitation tool' were entered in the books of both companies. Deductions for costs were not allowed as the technical investigations revealed that this tool was useless.

Annex XIV

Conventions on the avoidance of double taxation

Member State	Date of conclusion
Austria	
Belgium	29 December 1971
Denmark	23 October 1961
Finland	8 October 1963
Germany	4 October 1954
Ireland	24 May 1966
Italy	29 June 1981
Netherlands	1 September 1970
Portugal	29 December 1970
Spain	20 December 1966
Sweden	14 May 1962
United Kingdom	30 April 1969
Belgium	
Austria	29 December 1971
Denmark	16 October 1969
Finland	18 May 1976
Germany	11 April 1967
Ireland	24 June 1970
Italy	29 April 1983
Netherlands	19 October 1970
Portugal	16 July 1969
Spain	24 September 1970
Sweden	5 February 1991
United Kingdom	1 June 1987
Denmark	
Austria	23 October 1961
Belgium	16 October 1969
Finland	12 September 1989
Germany	30 January 1962
Ireland	26 March 1993
Italy	26 February 1980
Netherlands	20 February 1957
Portugal	no treaty

continued...

Member State	Date of conclusion
Denmark continued..	
Spain	3 July 1972
Sweden	7 December 1989
United Kingdom	11 November 1980
Finland	
Austria	8 October 1963
Belgium	18 May 1976
Denmark	12 September 1989
Germany	5 July 1979
Ireland	27 March 1992
Italy	12 June 1981
Netherlands	13 March 1970
Portugal	27 April 1970
Spain	15 November 1967
Sweden	12 September 1989
United Kingdom	17 July 1969
Germany	
Austria	4 October 1954
Belgium	11 April 1967
Denmark	30 January 1962
Finland	5 July 1979
Ireland	17 October 1962
Italy	18 October 1989
Netherlands	16 June 1959
Portugal	15 July 1980
Spain	5 December 1966
Sweden	14 July 1992
United Kingdom	26 November 1964
Ireland	
Austria	24 May 1966
Belgium	24 June 1970
Denmark	26 March 1993
Finland	27 March 1992
Germany	17 October 1962
Italy	11 June 1971
Netherlands	11 February 1969
Portugal	1 June 1993
Spain	10 February 1994
Sweden	8 October 1986
continued...	

Member State	Date of conclusion
Ireland continued...	
United Kingdom	2 June 1976
Italy	
Austria	29 June 1981
Belgium	29 April 1983
Denmark	26 February 1980
Finland	12 June 1981
Germany	18 October 1989
Ireland	11 June 1971
Netherlands	8 May 1990
Portugal	14 May 1980
Spain	8 September 1977
Sweden	6 March 1980
United Kingdom	21 October 1988
Netherlands	
Austria	1 September 1970
Belgium	19 October 1970
Denmark	20 February 1957
Finland	12 September 1989
Germany	16 June 1959
Ireland	11 February 1969
Italy	8 May 1990
Portugal	no treaty
Spain	16 June 1971
Sweden	18 June 1991
United Kingdom	7 November 1980
Portugal	
Austria	29 December 1970
Belgium	16 July 1969
Denmark	no treaty
Finland	27 April 1970
Germany	15 July 1980
Ireland	1 June 1993
Italy	14 May 1980
Netherlands	no treaty
Spain	26 October 1993
Sweden	no treaty
United Kingdom	27 March 1968
continued...	

Member State	Date of conclusion
Spain	
Austria	20 December 1966
Belgium	24 September 1970
Denmark	3 July 1972
Finland	15 November 1967
Germany	5 December 1966
Ireland	10 February 1994
Italy	8 September 1977
Netherlands	16 June 1971
Portugal	26 October 1993
Sweden	16 June 1976
United Kingdom	21 October 1975
Sweden	
Austria	5 November 1991
Belgium	5 February 1991
Denmark	7 December 1989
Finland	7 December 1989
Germany	14 July 1992
Ireland	1 July 1993
Italy	6 March 1980
Netherlands	18 June 1991
Portugal	no treaty
Spain	16 June 1976
United Kingdom	30 August 1983
United Kingdom	
Austria	30 April 1969
Belgium	1 June 1987
Denmark	11 November 1980
Finland	17 July 1969
Germany	26 November 1964
Ireland	2 June 1976
Italy	21 October 1988
Netherlands	7 November 1980
Portugal	27 March 1968
Spain	21 October 1975
Sweden	30 August 1983