

## **Report to the Federal Parliament Belgian Tax Administration and international cooperation**

**March 2011 – In its report to the Federal Parliament, the Court examined whether the Belgian tax administration cooperates with foreign tax services in an optimal way. The Court checked more particularly whether the Belgian tax administration have the legal means necessary to develop cooperation and exchange data with foreign partners, whether their internal organization is appropriate to ensure a smooth international cooperation and whether international cooperation produces tangible results.**

Belgium has concluded many cooperation agreements. The legal instruments are thus in place. Nevertheless, it is unclear whether the regions and communities should also be involved in the parliamentary approval process so that most conventions recently signed with regard to the exchange of bank data have not yet actually entered into force. It follows that the lifting of the international bank secrecy has for the time being only been achieved with the United States.

The reciprocity principle is another legal obstacle. Governments exchange data only if their partners are also able to supply such data. This is a problem for Belgium in respect of the exchange of information on real property. A first reason is to be found in the lack of an international standard ensuring an efficient electronic exchange of information. Moreover the regionalization of the property tax does not make it possible for the federal tax department to provide all the data requested by foreign administrations.

The internal organization of tax services is adapted to the tasks and follows up developments. It could still further gain in efficiency through setting up a helpdesk for tax service officers, speeding up the transmission to the tax control offices of automatic information received, taking action against the fragmentation of data banks and ensuring a better follow-up of activities. An improvement is to be expected for the latter two as soon as the so-called Stirint computer project is operational.

The Savings Directive and the double taxation prevention agreements have considerably increased the volume of automatic information exchange. The control capacity is limited though so that a selection is to be made of the files for which a control is more relevant. This selection process has been enforced fairly satisfactorily within the framework of the Savings Directive but still needs largely to be reinforced in the instance of the double taxation prevention agreements.

The Court also recommended to work out rules specific to the Federal Public Service Finance on the protection of individual privacy. They would allow a better linkage and smoother exchange of data bases within the framework of the implementation of risk management techniques.

Apart from a few points for improvement the Court found that cooperation with the Netherlands and France in the form of multilateral and cross-border controls is gaining ground and produces good results.