

OECD Public Consultation on Tax Morale: Simmons & Simmons comments

Simmons & Simmons response to the Public Consultation Document released by the OECD on 10 April 2019 discussing the factors affecting the tax morale of taxpayers.

Submitted	13 May 2019
Applicable Law	European Union , Global
Topic	Tax
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Simmons & Simmons welcomes the work of the OECD in this area and the opportunity to respond to [the public consultation](#) which is aimed at increasing understanding of what motivates taxpayers to participate in and comply with tax systems.

The consultation should be seen in the context of the recent BEPS (base erosion and profit shifting) developments. The focus on increasing transparency in tax matters in the years since the OECD's 2013 BEPS Action Plan has led to a heightened awareness of the underreporting of taxes. One of the BEPS action items concerned ensuring transparency while promoting increased certainty and predictability. In this respect, requiring taxpayers to disclose their aggressive tax planning arrangements (Action 12); re-examining transfer pricing documentation (Action 13), making dispute resolution mechanisms more effective (Action 14) and developing a multilateral instrument (Action 15) were presented as means to ensure transparency and promoting certainty.

In this context, Simmons & Simmons response recognises the importance, in particular of tax certainty. Developments that increase tax certainty for taxpayers are likely to be particularly effective in increasing tax morale and tax compliance. These would include simplification of tax systems and well-functioning dispute resolution mechanisms.

However, we would suggest that the scope of the OECD's work should not be limited to developing countries and should also encompass the role of advisers in promoting tax compliance. Additional aspects that impact tax morale should also be considered, including recognition or reward for individuals or businesses for being or becoming compliant and the role of broader corporate governance factors.

To read the Simmons & Simmons response in full, [click here](#).

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