



Communiqué of Meeting of the Heads of Tax Authorities of the BRICS countries

Issued during the virtual Meeting Chaired by India, on September 15, 2021

We, the heads of delegations of the Tax Authorities of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa held a virtual meeting on September 15, 2021, hosted by the Republic of India, to discuss challenges faced by the tax administrations in the digital era, coupled with outbreak of COVID-19 pandemic, sharing experience and devising strategies to overcome those challenges. Redefining business processes of tax administration amidst challenges posed by COVID-19 and in the digital era was the broad theme of the meeting during which we also exchanged opinions and views based on existing commitment to the principles of mutual respect, consolidation and continuity as stated in the XIII BRICS Summit, New Delhi Declaration issued on September 9, 2021.

2. We acknowledge that the advancement in the area of Information and Communications Technologies in recent years has transformed the ways in which business is conducted. This has resulted in the economy going digital. For carrying out day-to-day transactions and related activities, the physical component has been diminishing across the spectrum of activities. The process is dynamic, all pervasive and requires quick adaptation by all stakeholders including our tax authorities.

3. While the tax authorities of the world were making efforts to adapt to the changing needs of digital transformation, the world was faced with an unprecedented humanitarian crisis due to COVID-19 pandemic in 2019, impacting every sphere of life adversely. Measures to assist businesses and individuals in the form of various concessions, relaxations and fiscal stimuli have been undertaken by almost all governments of the world, including tax authorities of BRICS countries.

4. Tax authorities across the world, including BRICS countries, have addressed the challenges of balancing the need to tackle the concerns of taxpayers by easing compliance and reporting obligations with the mandate to obtain optimum revenues with commendable grit and innovation. They have endeavoured to undertake many short- and long-term measures like reduction of tax payments and interest rates, extension of time limits for various compliances, waivers from certain penalties and prosecution etc. They also undertook awareness programs to keep the stakeholders informed of the change in business processes of tax administration. These changes would serve as a template for further reforms in view of the continuing pandemic.

5. New business processes make good use of the lessons learnt while adopting to the digital transformation. This includes seamless, remote delivery and interaction, taxpayers' outreach programs, e-assessment, e-appeals and electronic delivery of taxpayers' services. Assistance in terms of online facilities have been afforded to taxpayers for meeting the compliance requirement aiming to make the tax system efficient. In essence, the processes which the tax authorities undertook by trying to leverage the technological advancement to make tax services contactless and virtual have largely been fast tracked due to outbreak of the pandemic.

6. We believe that voluntary compliance by taxpayers continue to be backbone of our law enforcement efforts. For voluntary compliance to be truly successful, it is imperative that taxation processes are in-built into natural systems used by taxpayers. This will allow automation of tax collection and enforcement to a greater degree while ensuring that taxpayers comply with tax laws with ease.



7. We note the efforts by the OECD in releasing its discussion paper titled “*Tax Administration 3.0: The Digital Transformation of Tax Administration*” to stimulate debate and conversation on this issue. We understand that the paper is a visionary and inspiring blueprint for the digital transformation of tax administration. The journey calls for closer cooperation to share ideas and solutions among tax administrations and other stakeholders.

8. We recognise that such a system would require a major overhaul in the way tax administrations work and also how businesses operate. Such a major undertaking would be benefited by mutual understanding, inclusiveness and mutually beneficial cooperation. We can learn from initiatives taken by each member to enrich our understanding of the matter.

9. With a view to promote cooperation on capacity building we stress the importance to dedicate time and effort to help each other in improving our capacity in digitalisation. To this end, we reiterate our commitment to organize workshops, sharing of knowledge and experience and develop common initiatives and collaboration in digital tax administration innovations.

10. We commit to continuously discuss transformation of tax administrations beyond COVID-19 so as to evolve the best practices that would enable our nations to grow together in the BRICS spirit of Cooperation for Continuity, Consolidation and Consensus.

11. The Tax Authorities of Brazil, Russia, India and South Africa extend full support to the State Taxation Administration of China for holding the BRICS Tax Experts and Tax Heads Meetings during BRICS Chairship of China in 2022.

Agreed on September 15, 2021.

On behalf of Special Secretariat of the Federal Revenue of Brazil of the Federative Republic of Brazil _____

On behalf of Federal Tax Service of the Russian Federation _____

On behalf of Department of Revenue of the Ministry of Finance of the Republic of India _____

On behalf of State Taxation Administration of the People’s Republic of China _____

On behalf of South African Revenue Service Republic of South Africa _____