

INTRA-EUROPEAN ORGANISATION OF TAX ADMINISTRATIONS CHARTER

[Last revised by the IOTA Membership at the Administrative Session of the 22nd General Assembly on 25 June 2018]

Article 1 - Establishment and Name

1.1 An organisation was created by the Founding Members, in the course of the Third Conference "On Tax Administration Issues in the Central and Eastern European and Baltic States" in Warsaw, on 30 October 1996. Founding Members were the tax administrations of Bulgaria, the Czech Republic, Hungary, Latvia, Lithuania, Poland and the Slovak Republic.

1.2 The name of the Organisation is "Intra-European Organisation of Tax Administrations" (Abbreviated name: IOTA; hereinafter referred to as "the Organisation").

Article 2 - Purpose

The purpose of the Organisation is to provide a forum for discussion of practical tax administration issues, to strengthen co-operation between tax administrations in the European region, to support their development according to their individual needs and to facilitate and assist in and encourage the identification and adoption of good practice in tax administration.

Article 3 - Legal Personality and Domicile

3.1. In order to exercise its functions and to fulfil its purposes, the Organisation possesses, on the territory of the Republic of Hungary, legal personality with the full capacity to contract, to acquire and dispose of immovable and movable property and to institute legal proceedings.

3.2. The Organisation has its domicile in Budapest, Hungary.

Article 4 - Financial Resources

4.1. The Organisation is a self-financing, non-profit making institution.

4.2. The Organisation's sources of revenue are

- 1) annual membership contributions;
- 2) fees for rendering services and observer's fees;
- 3) other sources, including voluntary contributions and donations, insofar as they are consistent with the nature and functions of IOTA.

4.3. The financial administration of the Organisation is governed by the Financial Regulations.

Article 5 - Working Language

The working language of the Organisation is English.

Article 6 - Membership

6.1. Members of the Organisation are the tax administrations of states recognised by the United Nations that are located in the European region, including the states around the Black Sea, as well as states in the Western part of the Caspian Sea, starting from Azerbaijan and Armenia in the South and ending with the Russian Federation and Kazakhstan in the North. A tax

administration becomes a member of the Organisation if its request for membership, which must be made in writing by the head of the administration to the Executive Secretary, is accepted by the Executive Council as a valid application having regard to the conditions specified in this Article and Article 10.14, and subsequently approved by the General Assembly.

6.2. Associate Members of the Organisation are the tax administrations of states recognised by the United Nations that are not located in the European region. A tax administration becomes an Associate Member of the Organisation if its request for associate membership, which must be made in writing by the head of the administration to the Executive Secretary, is accepted by the Executive Council as a valid application having regard to the conditions specified in this this Article and Article 10.14 and subsequently approved by the General Assembly.

6.3. Only one tax administration of each state shall be admitted to the membership of the Organisation. In the event there is more than one tax administration in a state, it is the responsibility of that state to determine which tax administration may apply for and retain membership of the Organisation. Evidence of such determination shall accompany the request for membership in such instances.

6.4. Unless requested otherwise, membership shall become effective immediately after the request, which has been accepted by the Executive Council as a valid application, is approved by the General Assembly.

Article 7 - Rights and Obligations of Membership

7.1. Each Member and Associate Member shall designate the officials from the tax administration to represent them at the General Assembly.

7.2. Each Member and Associate Member shall appoint an official from the tax administration to act as the principal contact person to the Organisation.

7.3. Each Member may participate in the administrative session of the General Assembly with the right to speak and vote.

7.4. Each Member is eligible to be elected to Presidency and to membership in the Executive Council, and its representative to be appointed as one of the Internal Auditors.

7.5. Each Member is entitled to attend the Organisation's conferences, seminars and other technical events, request information and have access to relevant documentation, whether in electronic form or otherwise, of the Organisation.

7.6. Associate Members are entitled to participate in selected technical events and the technical session of the General Assembly.

7.7. The Members and Associate Members shall fulfil their obligation to contribute to the budget of the Organisation by the end of February each year (see Annex – contribution system). The membership fee for Associate Members amounts to 50 per cent of the fee for full membership.

7.8. In case of a specific difficulty that impacts on the ability of the Member or Associate Member to fulfil their obligation to contribute to the budget of the Organisation by the timeframes specified

in Article 7.7, the Executive Council may, upon written request of the Member or Associate Member to the Executive Secretary and setting out the particular circumstances involved, postpone the deadline by up to three months. The Member or Associate Member shall be informed by the Executive Secretary of the Organisation in writing of the decision made by the Executive Council.

7.9. New Members and Associate Members shall fulfil their obligation to contribute to the budget of the Organisation within three months of the conclusion of the General Assembly at which their membership was approved, or the date their membership takes effect.

Article 8 - Termination of Membership

8.1. Members and Associate Members who, having regard to Article 7.8 have not paid their membership contribution by the due date mentioned in Article 7 will lose their membership at that date. At least seven days prior to such loss of membership, the Executive Secretary shall notify, in writing, the impending loss of membership to the head of the tax administration concerned. The former Member or Associate Member shall be informed by the Executive Secretary in writing of the termination of its membership. The General Assembly shall take note of the termination of membership in accordance with the provisions of this Article.

8.2. Any Member or Associate Member may terminate its membership of the Organisation upon giving formal notice in writing of its intention to do so to the Executive Secretary. The termination of that membership shall become effective on the last day of the month following the month in which the member has delivered written notification of termination of its membership or on such later date as the member may specify.

Article 9 - Statutory and Technical Bodies

9.1. The Organisation consists of the following statutory bodies:

1. 1) the General Assembly;
2. 2) the Executive Council;
3. 3) the Secretariat.

9.2. Technical bodies may be established by the Executive Council. The purpose of a technical body is to advise and assist the Executive Council and the Secretariat in accordance with the terms and conditions set by the Executive Council.

Article 10 - The General Assembly

10.1. The supreme body of the Organisation is the General Assembly comprising all the Members and Associate Members. The statutory representative of the Member at the General Assembly is the head of the tax administration of the Member, or such other person as may be designated in writing by the head of the tax administration.

10.2. The powers and responsibilities of the General Assembly are:

- 1) to approve the agenda of the General Assembly proposed by the Executive Council;
- 2) to review and approve the activities and financial report;
- 3) to approve and amend the Charter;
- 4) to approve and amend the Financial Regulations;
- 5) to approve the admission requests for membership and associate membership of the Organisation submitted by the Executive Council;
- 6) to take note of the termination of membership;

- 7) to approve the location of the annual General Assembly and to select the Presidency for one or more years in advance;
- 8) to elect the Executive Council;
- 9) to appoint the Internal Auditors;
- 10) to approve the strategy of IOTA;
- 11) to adopt the work programme;
- 12) to fix the criteria and approve the membership contribution system;
- 13) to adopt and amend the budget;
- 14) to review, where deemed necessary, any decision of the Executive Council;
- 15) to appoint the Executive Secretary and decide on the prolongation and termination of his/her employment having regard to any recommendations of the Executive Council;
- 16) to decide the domicile of the Organisation;
- 17) to dissolve the Organisation.

10.3. The Members and Associate Members shall hold an annual General Assembly.

10.4. An extraordinary General Assembly may be called by more than two thirds of the total number of members by notification in writing to the Executive Secretary signed by the head of each of the respective tax administrations or by the Executive Council where more than two thirds of the Executive Council members agree to such a proposal.

10.5. An extraordinary General Assembly shall take place in the domicile of the Organisation within three months of the date of notification to the Executive Secretary or decision of the Executive Council as provided for in paragraph 10.4.

10.6. The date of the annual or extraordinary General Assembly shall be determined by the Executive Council. The President informs the Members and Associate Members in writing regarding the agenda and the date(s) of the General Assembly at least 60 days before the event takes place.

10.7. The administrative session of the General Assembly is held for the Members of the Organisation and the Secretariat exclusively.

10.8. A validly constituted General Assembly requires a quorum which is constituted by more than 50% of the total number of Members.

10.9. Each Member represented at the General Assembly has one vote.

10.10. The resolutions of the General Assembly shall be adopted with a simple majority of the votes (more than 50% of the votes submitted), unless stipulated otherwise in the Charter.

10.11. A simple majority of the votes (more than 50% of the total number of votes submitted) is required for the appointment of the Executive Secretary and for the prolongation or termination of his/her employment.

10.12. The votes of two-thirds of the total number of Members voting are required in the following cases:

- 1) amendments to the Charter;
- 2) amendments to the Financial Regulations;
- 3) changes to the domicile of the Organisation;

- 4) fixing the criteria and approval of the membership contribution system;
- 5) dissolution of the Organisation;
- 6) approving the admission requests for membership and associate membership of the Organisation submitted by the Executive Council.

10.13. In the case of the President, Executive Council and Internal Auditors, where the number of candidates equals or is less than the number of positions available, such candidates shall be deemed to be selected/elected/appointed as appropriate and there shall be no need for a ballot. Subject to the foregoing, a secret ballot is required in the following cases:

- 1) acceptance of application of the prospective Members and Associate Members;
- 2) selection of the President;
- 3) election of the Executive Council;
- 4) appointment of the Internal Auditors;
- 5) appointment of the Executive Secretary.

10.14. The applications for membership in the Organisation, for President, for membership of the Executive Council or for the positions of the Internal Auditors shall be in writing, signed by the head of the tax administration concerned and shall be submitted to the Executive Secretary at the latest 30 days before the General Assembly takes place.

10.15. The selection process for the President, and thus for the venue of the General Assembly, firstly gives priority to those candidates who have not previously hosted the General Assembly. Therefore if there is more than one candidate, priority will be given to that candidate who has never hosted the General Assembly; or, if all the candidates have previously hosted the General Assembly then priority will be given to the one(s) who have hosted on the least number of occasions.

10.16. The candidate with the most votes is appointed President.

10.17. In the event that there is no candidate for President and/or insufficient candidates for the Executive Council or the office of Internal Auditor, the serving Executive Council will seek the required number of nominations for candidacy, in consultation with the membership. In such circumstances, nominations may be taken from those members who would otherwise be ineligible for membership taking into account Article 11.4.

10.18. In case there are no candidates for President, the domicile of the Organisation will normally serve as the venue of the forthcoming General Assembly, unless the General Assembly decides otherwise on the basis of a recommendation made unanimously by the Executive Council.

Article 11 - The Executive Council

11.1. There shall be a maximum of nine members of the Executive Council, including the President.

11.2. The statutory member of the Executive Council is the head of the tax administration of the Member, or such other person as may be designated in writing by the head of the tax administration.

11.3. The powers and responsibilities of the Executive Council are:

- 1) to call the General Assembly and to determine the dates, venue and outline agenda;
- 2) to co-ordinate and support the organisation of the General Assembly;
- 3) to accept applications of the prospective Members and Associate Members and to submit them to the General Assembly for approval;
- 4) to review and submit the activities and financial reports to the General Assembly;
- 5) to review and submit to the General Assembly the proposed strategy and work programme;
- 6) to review and submit to the General Assembly the proposed budget, membership contribution system and Financial Regulations of IOTA and subsequent amendments;
- 7) to amend the adopted work programme and budget by the General Assembly. The latter shall be subject to prior communication with the Members;
- 8) to invite observers and special guests to participate in the activities of the Organisation and to define observers' fees;
- 9) to accept or reject voluntary contributions and donations;
- 10) to approve and amend the financial and internal rules of IOTA;
- 11) to set criteria and select the short-listed candidates for the positions of the Internal Auditors and to submit the list to the General Assembly;
- 12) to set criteria and select the short-listed candidate(s) for the position of the Executive Secretary and to submit the list to the General Assembly;
- 13) to appoint the members of the technical bodies in consultation with the Executive Secretary and decide on the termination of their appointments;
- 14) to supervise the activities carried out by the Secretariat
- 15) to undertake a performance review of the Executive Secretary at least annually.

11.4. The members of the Executive Council are elected or re-elected or deemed elected or re-elected at each General Assembly, but none of them, including the President, may be elected for more than three consecutive years, save in accordance with the circumstances outlined in paragraph 10.17 of this Charter.

11.5. Subject to the provisions of paragraph 10.13, the eight candidates with the most votes are appointed to the Executive Council.

11.6. The members of the Executive Council remain in office until the next General Assembly concludes its administrative session.

11.7. A validly constituted meeting of the Executive Council requires a quorum which is constituted by the President and five members of the body.

11.8. Sessions of the Executive Council may be attended by the members of the body and the Executive Secretary, and such other members of the Secretariat as may be decided by the Executive Secretary or the Executive Council. The President may extend an invitation to other participants for particular agenda topics. Members of the Executive Council participate in the meetings with the right to speak and to vote, whereas the invitees have the right to speak but not to vote.

11.9. Save as otherwise provided for in this Charter, decisions of the Executive Council are made on the basis of a simple majority vote.

11.10. In case of a tied vote in the Executive Council, the President is entitled to the casting vote to resolve the issue.

Article 12 - The President

12.1. The President of the Organisation is the President of the General Assembly and of the Executive Council.

12.2. Having regard to the provisions of Article 10.2.7, the President holds office from the conclusion of the General Assembly immediately preceding the start date of the term for which the President is selected until the conclusion of the General Assembly coinciding with the end date of the term for which the President is appointed.

12.3. The responsibilities of the President are:

- 1) to preside over the General Assembly;
- 2) to call and preside over the meetings of the Executive Council;
- 3) to carry out the activities assigned to him/her by the General Assembly and the Executive Council;
- 4) to represent the Organisation, including signing international agreements, with the possibility to delegate in writing the representation to the Executive Secretary. The terms of the delegation will be established by the President.

12.4. In case of temporary absence or removal from the function of the representative of the Member holding the Presidency, the relevant government authority of that state may appoint another representative acting as the President throughout the duration of the incumbent's absence or removal. This decision shall be notified to the Executive Secretary in writing.

12.5. In the temporary absence of the designated representative of the President at the sessions of the General Assembly or the Executive Council, the delegated representative of the President replaces him/her.

12.6. If no representative has been formally appointed for the vacancy of the Presidency, another statutory member of the Executive Council elected by a majority of the body will act as the President throughout the duration of such absence or until the governmental authority of the state holding the Presidency formally appoints a substitute. In such circumstances, the quorum for a validly constituted meeting of the Executive Council shall be the President and four members of the body.

Article 13 - Internal Auditors

13.1. One Internal Auditor of the Organisation shall be appointed for a two-year term at each annual General Assembly. Reelection is possible. The setting of criteria and the selection of the candidates for the positions shall be decided by the Executive Council. The Internal Auditors shall not represent a member of IOTA that has been elected as a member of the currently elected Executive Council.

13.2. The candidate with the most votes is appointed as Internal Auditor.

13.3. The Internal Auditors hold office between annual General Assemblies.

13.4. The powers and responsibilities of the Internal Auditors are:

- 1) to review and assess the internal procedures of the Organisation, as well as the conformity of those with the legislation(s) and the Charter;
- 2) to examine and evaluate the overall economic viability and efficiency of the Organisation, as well as the financial management and the internal control systems;
- 3) to keep track of the efficient use of the resources available, monitor how property items are conserved and augmented and check the reliability and credibility of the accounting system and financial reports in cooperation with the external (independent) auditor;
- 4) to present statements and recommendations on the processes examined, to prepare analyses and assessments for the General Assembly on how to enhance the operational efficiency of IOTA and to improve and further develop the internal procedures, along with the internal audit system itself.
- 5) to formulate recommendations and proposals on how to remove and eliminate risk factors and shortcomings;
- 6) to keep track of the measures and actions taken, based on the recommendations incorporated in the audit reports.

13.5. Internal Auditors may participate at the sessions of the General Assembly with the right to speak but not to vote.

13.6. Internal Auditors shall conduct their audit independently.

13.7. The Internal Auditors may seek information during the period of the incumbency from the statutory and technical bodies of the Organisation with the assistance of the Secretariat.

13.8. The observations and recommendations of the Internal Auditors shall be included in a written report notified to the President and the Executive Secretary at the latest 30 days before the General Assembly takes place. The report shall be presented to the Executive Council and the General Assembly before the vote on the Financial Report. The written report shall be attached to the resolution of the General Assembly.

Article 14 - The Secretariat

14.1. The Secretariat comprises the Executive Secretary and other international and national staff members.

14.2. The responsibilities of the Secretariat are:

- 1) to perform the technical and administrative functions of the Organisation, as well as those entrusted to it by the General Assembly, the Executive Council and the President;
- 2) to register Members and Associate Members;
- 3) to administer the budget;
- 4) to prepare and submit to the Executive Council the draft activities and financial reports;
- 5) to prepare and submit to the Executive Council the draft strategy and work programme;
- 6) to prepare and submit to the Executive Council the draft budget and membership contribution system;
- 7) to prepare the sessions of the General Assembly, and to draft and administer their resolutions;
- 8) to assist the voting operation of and record the decisions of the General Assembly;

- 9) to prepare the sessions of the Executive Council and to draft and administer their decisions;
- 10) to facilitate the work of the auditors;
- 11) to facilitate contacts with other organisations;
- 12) to facilitate activities of the technical bodies of the Organisation;
- 13) to inform the membership on the activities of the Organisation.

Article 15 - The Executive Secretary

15.1. The Executive Secretary is appointed by the General Assembly for a period of three years. The setting of the criteria for the selection of the candidate(s) for the position is the competence of the Executive Council.

15.2. Where the Executive Council proposes to renew the appointment of the serving Executive Secretary, it has the authority to make this recommendation to the General Assembly for approval and not initiate a formal recruitment procedure. In the event that the General Assembly does not approve the recommendation of the Executive Council, the serving Executive Secretary remains in the position of acting Executive Secretary until a new Executive Secretary is appointed by the General Assembly or an alternative acting Executive Secretary is appointed by the Executive Council.

15.3. In the case of vacancy in the Executive Secretary position, due to unforeseen temporary or permanent absence for any reason, a person appointed by the Executive Council, stands in as the acting Executive Secretary until the return of the Executive Secretary or appointment of the new Executive Secretary by the General Assembly.

15.4. The Executive Secretary participates in the sessions of the General Assembly and the meetings of the Executive Council with the right to speak but not to vote.

15.5. The Executive Secretary exercises the rights of employer over the employees of the Secretariat.

15.6. The Executive Secretary exercises the powers required for the day-to-day management of the operations of the Secretariat, including contracting for goods and services in relation to the above function and is responsible for reporting on those operations, both to the President on a regular basis and to the Executive Council at its sessions

Article 16 - Duration and terms of dissolution

16.1. The Organisation is of unlimited duration.

16.2. The Organisation may be dissolved by resolution adopted by the annual or extraordinary General Assembly. The dissolution will take effect according to the resolution adopted by the General Assembly. In case of dissolution, all property of the Organisation will be transferred to another organisation with similar objectives.

The Charter was amended by the 22th General Assembly held in Bratislava, Slovakia on 25 June 2018 and shall come into force from the closing of the Assembly. During the first application of Article 13.1., one Internal Auditor shall be appointed for a one-year term and one for a two-year term.