



Inter American Center of Tax Administrators (CIAT)

**DECLARATION ON THE PROMOTION OF ETHICS
IN TAX ADMINISTRATION**

PREAMBLE

CIAT member countries, assembled in Buenos Aires, Argentina, on the occasion of the 39th CIAT General Assembly.

CONSIDERING

- the endorsement by CIAT members, at the 30th CIAT General Assembly held in Santo Domingo, Dominican Republic, in 1996 of the Charter-document “Minimum Necessary Attributes for a Sound and Effective Tax Administration”;
- the decision taken at the 37th CIAT General Assembly held in Cancun, Mexico, in March 2003, to assist member countries to strengthen their integrity programs;
- the commitment made at the 38th CIAT General Assembly, held in Cochabamba, Bolivia, in March 2004, to support the mandate given to the CIAT Steering Committee on Ethics, charged with the development of a model Code of Conduct, and to consider other mechanisms to promote ethics in the tax administration;

RECOGNISING

- the impact and cost of corruption on national economies, which can weaken the prestige and credibility of the government;
- that tax administrations play a fundamental role in the ability of a government to meet its social and economic goals;
- that integrity is a fundamental value for all nations, and that the presence of corruption is a critical issue that can severely limit the tax administration’s ability to accomplish its mission;
- that the promotion of ethics must be at the heart of all policies of the tax administration;

- that low standards of integrity in the tax administration undermines the taxpayers' trust and respect of the tax administration and adversely affects the fundamental premise behind the voluntary compliance and self-assessment systems;
- that expected standards of behaviour should be communicated to the tax officials;
- that, as a result of their positions, tax officials face situations of special vulnerability and ethical risk.

AFFIRMING

- that political will and a commitment to fight corruption should be a priority for all Governments;
- that the promotion of integrity in the tax administration is a proactive, ongoing, and preventive process that requires long-term and comprehensive responses and strategies;
- the importance that CIAT provide support to member countries in the promotion and maintenance of integrity in the tax administration;

DECLARE that a tax administration must have an integrity program that addresses the following key elements:

1. Leadership and Commitment

The prime responsibility for the safeguarding and promoting integrity in the tax administration rests with the head of the tax administration and the executive management cadre. They must adopt a strong leadership role and demonstrate a clear and unequivocal focus on integrity. They must recognize that their commitment to the fight against corruption must be maintained over time.

2. Legal Framework

Tax legislation, regulations, procedures and administrative guidelines should be clear, precise, public, and easily accessible.

3. Fairness

There needs to be a regime of tax law that is fair and equitable. Laws, regulations and policies should be administered in a transparent way.

Taxpayers are entitled to a high degree of certainty and predictability in their dealings with the tax administration. They have the right to be presumed honest; the right to

impartial application of the law; the right to appeal and redress, and the right to privacy and confidentiality.

Information provided to taxpayers should be clear, accurate and easily accessible.

4. Automation

Computerization of tax functions contributes to improved efficiency and effectiveness of the tax administration, and increases the ability to identify inappropriate access or use of tax information.

Information systems must include strict security rules to avoid unauthorized manipulation of the information.

5. Management Autonomy

Guarantee of the integrity and impartiality of the tax administration requires independence for determining its policies and strategies for controlling compliance with tax obligations, through strict application of the law, without concessions of favours or interference of senior level authorities or other members of the political power.

6. Efficient Accountability Mechanisms

Strong accountability mechanisms, such as offices of internal and external control, are key elements for good governance that contribute to safeguard the integrity of tax administrations.

7. Codes of Conduct

A key element of any effective integrity program is the development, publication and acceptance of a comprehensive Code of Conduct setting out in very practical and unambiguous terms the behaviour expected of all tax officials. The Code of Conduct can be an excellent tool to promote and safeguard integrity in the tax administration.

8. Human Resource Management Practices

The application of sound human resource management policies and procedures plays a major role in the promotion of ethics in the tax administration. Human resource management practices, which have proved successful, include among others:

- Fair, equitable and transparent personnel selection and promotion processes;
- Competitive remuneration package;
- Implementation of the career concept;
- Rules that guarantee tax officials may exercise their rights;
- Timely corrective mechanisms for irregular or inadequate behaviours;
- Deployment, rotation and relocation of tax officials when appropriate;
- Solid training and professional development programs;

- Performance appraisal procedures; and
- Work environment free of discrimination and harassment.

Given the importance of promoting ethics in tax administrations, CIAT representatives assembled at the 39th CIAT General Assembly in Buenos Aires, Argentina, agree to actively pursue the development and implementation of comprehensive and sustainable integrity programs.

Endorsed in Buenos Aires, Argentina, on the 19th April 2005 (39th CIAT General Assembly)