Independent Study Paper Title : The International Cooperation on Exchange of Information to Prevent Tax Evasion

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ABSTRACT

According to the study of tax avoidance and tax evasion and the investigation of measures to prevent tax evasion and tax evasion, the UN and the OECD model measures found that the aims of these measures are the same; It is to prevent and combat tax evasion and tax evasion. And from the research it can apply for tax avoidance and tax evasion at home and abroad as follows:

Establishing international cooperation to avoid tax evasion to exchange information in order to prevent and combat tax evasion and tax evasion. The modification and adjustment of applicable laws to reduce the complication and to be flexible to adopt when avoidance or evasion takes place.

For any transaction, especially in the international transaction, the rules and regulations for exchanging information between the state or between the organization should be more stringent and enforceable.

The legislation of the laws, rules and regulations applicable to the international tax avoidance and tax evasion case.

Adam Smith's good tax policy that prescribed 4 canons of good tax policy, namely Equality, Certainty, Convenience, Economy, should be followed in order to issue the good tax rules and regulations to be applied with international tax evasion.

Furthermore, with regard to the study and research, it was founded that tax avoidance and tax evasion continue to increase with regard to the increase of the investment because the purpose of the investment is the advantages and in order to gain more benefit the investor tries to reduce their costs and one of those advantages is to reduce the tax burden. And tax planning is the way to reduce the tax burden, but sometimes they try to avoid taxes and avoid tax evasion. To solve the problems, the International Cooperation to Prevent Tax Evasion should be established, and when the
case of international tax evasion occurs, the international rules and regulations should be issued to apply with the international tax.

Therefore, in order to avoid international tax evasion, the International Cooperation to Prevent Tax Evasion should be established, especially on information exchange. To exchange information regarding the international transaction between the contracting states. Because at the present the international transaction still increasing regarding the open market and some country did not have their resource so such country try to attract the investor to invest in their country by provided the incentive for the foreign investor and one of such incentive to provided low tax or no tax for the foreign investor in order to attract them to run the business inside the country. It is the way the investor uses for their tax planning in order to avoid paying tax that is the result of international tax evasion, according to the reason mentioned herein.

Recommendation for this study is as follows: 1) legislating the applicable law by each country's government establishes the standard for the transfer of personal information, in particular on financial account information, by making the rules specified in an agreement; The procedures and regulations governing the exchange of information and 2) specify the applicable law which may apply to the general country and also specify a penalty in the event that the Member State and/or country does not comply with or violate any rules, procedures and regulations requiring the exchange of information, especially in tax matters.