



**MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA**

STATEMENT BY FINANCE MINISTER PRAVIN GORDHAN ON THE ELECTION OF SARS SENIOR EXECUTIVE KOSIE LOUW AS CHAIR OF THE GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

On behalf of the South African government, I would like to congratulate the South African Revenue Service (SARS) and Mr Kosie Louw on his election as chairperson of the Global Forum on Transparency and Exchange of Information for Tax Purposes. He was elected at the forum's meeting held in Cape Town on Friday and Saturday last week and will hold the post for two years from the beginning of 2013.

I am certain that the two years of South Africa's chairmanship will be beneficial not only to the forum but also to the wider global tax administration community. South Africa, the first African chair of the forum, takes over the post of the forum chair from Australia.

The position of forum chair is especially important because the forum's current mandate expires in 2015, and it is during SA's tenure that a decision must be made on the best way to take the work of the forum forward. SA's tenure also coincides with very challenging times for tax administrations globally, especially when it comes to the exchange of information for tax purposes.

Optimum transparency and exchange of information are critical for improving tax compliance and increasing the prospects of revenue collection at a time when most countries face fiscal constraints. International cooperation among tax administrations is vital in an era of rapid movement of money and people across borders.

The Global Forum plays a key role in promoting tax cooperation and the exchange of information among revenue authorities, and it feeds into the work of the OECD and the G20 on improving transparency on tax matters. The forum is the largest consensus-based organisation working to facilitate the exchange of tax information between jurisdictions, an important step towards an end to secrecy.

South Africa fully supports the work of the forum whose peer review report "reflects a very good practice in exchange of information."

With a current membership of 116, the forum is in a position to have a significant impact on how jurisdictions cooperate, not only in terms of transparency of information, but putting in more effort to ensure that taxes are collected and used in a way that improves the lives of the citizens of those jurisdictions.

Speaking at the Forum in Cape Town last Friday, I said that the forum members must ensure the integrity and sustainability of tax systems around the globe. Governments have an obligation to create an environment conducive to economic growth and job creation – and to ensure that the benefits that come from that growth are shared broadly. If this does not happen, we will be responsible for creating more inequality.

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