

Introduction

The first OECD *Bribery Awareness Handbook for Tax Examiners* was launched in 2001 and updated in 2009 to support the implementation by countries of the 1996 *Recommendation on the Tax Deductibility of Bribes to Foreign Public Officials in International Business Transactions* and the 2009 *Recommendation on Tax Measures for Further Combating Bribery of Foreign Public Officials in International Business Transactions*. The 2009 Recommendation requires that OECD member countries and other parties to the OECD Anti-Bribery Convention explicitly disallow the tax deductibility of bribes to foreign public officials in an effective manner, and the Handbook provided practical guidance to help tax examiners identify suspicious payments likely to be foreign bribes so that the denial of deductibility could be enforced, and bribe payments detected and reported to the appropriate domestic law enforcement authorities. In 2010, the OECD issued a *Recommendation to Facilitate Co-operation between Tax and Other Law Enforcement Authorities to Combat Serious Crimes*. This Recommendation required countries to implement effective legal and administrative frameworks and provide guidance to facilitate reporting by tax authorities of suspicions of all serious crimes arising out of performance of their duties. This covers all forms of corruption, including that arising in a domestic or international context, and by private and public officials. To support the implementation of the 2010 Recommendation, the latest version of the Handbook considers various types of corruption that a tax examiner or auditor are most likely to encounter in their work, including different forms of bribery, and not just the bribery of foreign public officials. This wider focus also reflects the fact that, in the course of their activities, tax examiners and auditors may find indicators of possible corruption but may not be in a position to determine whether or not it concerns foreign public officials. This version of the Handbook was developed by a team comprising specialists from Austria, Canada, Germany, the Netherlands, Norway and the United States and includes input from the OECD Task Force on Tax Crimes and Other Crimes and the OECD Working Group on Bribery.

The purpose of this *Bribery and Corruption Awareness Handbook for Tax Examiners and Tax Auditors* is to raise the awareness of tax examiners and auditors with respect to issues regarding bribery and other forms of corruption.¹ This Handbook provides guidance to tax examiners and auditors on how to recognise indicators of possible bribery or corruption that they may come across in the course of regular tax examinations and tax audits. The key instruments for tax examiners and auditors to deter taxpayers from participating in bribery and corruption are (i) the ability to reduce the benefits of bribery and corruption by denying a tax deduction for bribes and other payments associated with these crimes, and taxing any proceeds from the crime, in accordance with domestic tax legislation, and (ii) referring suspicions of possible bribery and corruption to the appropriate law enforcement authority or public prosecutor, for investigation and possible prosecution. While this Handbook does not detail criminal investigation methods, it does describe the nature and context of

bribery and corruption so that tax examiners and auditors can better understand how their contribution can assist criminal investigators as well as other law enforcement authorities in countering these crimes.

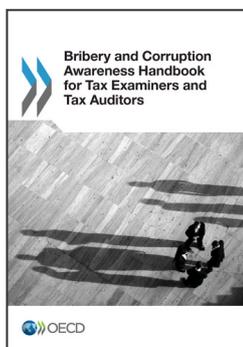
It is hoped that tax administrations will provide copies of this Handbook to tax examiners and auditors as a reference tool for use in their work, and will integrate it into their training programmes. While the purpose of this Handbook is to raise the awareness of tax examiners and auditors concerning transactions and activities related to bribery and corruption, this Handbook is not meant to replace domestic rules and procedures. Tax administrations can adapt this Handbook to suit their particular circumstances and may wish to add details of specific domestic rules and procedures in an annex to their own version. It is also important to note that the various lists of indicators of possible bribery or corruption presented in this Handbook are not intended to be exhaustive and should be expanded upon as necessary, depending upon a country's circumstances and experience.

A list of useful websites and resources, as well as other relevant publications, is included in Annex A. An outline of the types of information that should be included in a referral to the appropriate law enforcement authority or public prosecutor of a tax examiner's or auditor's suspicions of possible bribery or corruption is set out in Annex B. Annex C includes a compilation of the indicators of possible bribery or corruption contained in various chapters of this Handbook.

The text of this Handbook will be amended from time to time to ensure it is kept up to date. The latest version is available in several languages on the OECD website at www.oecd.org/tax/crime/bribery-corruption-awareness-handbook.htm.

Note

1. Bribery is a form of corruption which involves a person intentionally offering, promising or giving an undue advantage to an official or decision maker, with the intention that the official or decision maker acts or refrains from acting in relation to the performance of their duties. In practice it is the form of corruption that tax examiners and auditors are most likely to encounter in the course of their work. Therefore, in this Handbook, the term "bribery" is used to refer specifically to this offence, while "corruption" is used to refer to forms of corruption *other than bribery*.



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