

What is the cost of transparency? Does it outweigh the benefits obtained from greater transparency?

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Abstract

Currently, the scope of tax transparency is increasing on a global level. Taxpayers and third parties have to provide more information to both tax authorities and the general public. Increasing transparency should hamper both tax evasion and tax avoidance. The tax transparency initiatives should contribute to providing tax administrations with useful information for assessing tax risks and specifically targeting those issues in an audit. Greater transparency does however not only contribute to the combat against tax avoidance and tax evasion but also involves an increased degree of data gathering, reporting and information exchange either from taxpayers to tax authorities or between tax authorities. This is a challenge for both the tax administrations and the taxpayers as they have to cope with handling an ever increasing amount of data. Focusing on the proposals in BEPS Action 13, the possible advantages and disadvantages of an increasing data traffic for tax purposes and the benefits arising from greater transparency will be assessed so that the costs and benefits can be compared with one another.

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