

PARLIAMENTARY ASSEMBLY OF THE BLACK SEA ECONOMIC COOPERATION
PABSEC

THE TWELFTH PLENARY SESSION OF THE GENERAL ASSEMBLY

Doc.: GA 5032/98

RECOMMENDATION 30/1998¹

Legal Framework for the Avoidance of Double Taxation

1. The Assembly reiterates the principles and objectives of the Istanbul Summit Declaration of 25 June 1992, in particular "... to improve business environment and to stimulate individual and collective initiative of the enterprises and firms by ... ensuring appropriate conditions for investment, capital flows and different forms of industrial cooperation, notably by concluding and putting into effect, in near future, agreements on the avoidance of double taxation...";
2. At the same time the Assembly reaffirms its commitment to the BSEC Summit Documents regarding the issue of facilitation of conditions for the development of business and investments:
 - *The Bucharest Statement of the High Level Meeting of the BSEC Participating States of 30 June 1995*, expressing "...the determination to speed up the implementation of the objectives of the economic cooperation in the Black Sea Region in order to help overcome the serious difficulties..." and stressing "...the importance of solving existing problems which have a negative impact on the climate of economic cooperation investigating the possibilities of concluding an agreement or agreements facilitating the trade and business cooperation of the Black Sea countries, provided that the existing treaty obligations of the Participating States are respected";
 - *Moscow Declaration of the Heads of State or Government of the Participating States of the Black Sea Economic Cooperation of 25 October 1996*, confirming "support to development of the Black Sea region as an area where the principles of free international cooperation and partnership, democracy and market economy prevail" and considering important "... contribution to the future development of a reliable basis for the promotion and protection of investments ... and called upon private sector

¹ Assembly debate on 10 December 1998 (see Doc.: GA 5031/98, Report of the Legal and Political Affairs Committee "Legal Framework for the Avoidance of Double Taxation" discussed in Athens on 20 October 1998; Rapporteur: Mr. Karoly Kerekes - Romania)

Text adopted by the Assembly in St. Petersburg on 10 December 1998.

representatives and other business communities of the BSEC Participating States and extraregional states to use more efficiently their potential in the interest of cooperation and ensuring economic growth”;

3. The Assembly underlines the importance of the BSEC Yalta Summit as a turning point in the Black Sea Economic Cooperation process and states its support to the Summit Declaration of 5 June 1998 sharing “the common view that in the 21st century the role of the Black Sea region will grow substantially, due to its strategical location and vast economic potential which requires a new BSEC economic agenda for the future, in order to meet the challenges of the era of globalisation ... to stimulate economic growth and innovation”.
4. At the same time, the Assembly recalls the Declaration on the Fifth Anniversary of the Parliamentary Assembly of the Black Sea Economic Cooperation, signed in Bucharest on 24 June 1998 stressing the significance of “major multilateral projects such as the harmonisation of legislation of the Member Countries by putting into practice laws and regulations in the fields of foreign trade regimes, banking and finance, investment protection to expand multilateral economic cooperation and gradually establish the BSEC Free Trade Area duly observing the obligations vis-à-vis the European Union, World Trade Organisation and other international instruments”.
5. The Assembly assesses that the fundamental need for overall cooperation among the BSEC Participating States in order to remove obstacles that international double taxation presents to the free movement of goods, services and capital between the member countries assumes special importance in view of the regional economic projects and the establishment of the BSEC Free Trade Area.
6. The Assembly stresses that lack of bilateral and multilateral agreements between the BSEC countries in the growing economic integration process within the framework of the Black Sea Economic Cooperation causes the legal uncertainties for the business communities, workers and private individuals involved in cooperation in the Black Sea Region.
7. **The Assembly recommends** the Parliaments and the Governments of the PABSEC Member Countries:
 - i. to expedite the process of conclusion of intergovernmental bilateral double taxation agreements between the BSEC countries in order to prevent double taxation in the Black Sea region on the basis of the OECD Model Double Taxation Treaty;
 - ii. to invite the BSEC bodies to start a preparatory work for concluding of a multilateral BSEC convention on the avoidance of double taxation;
 - iii. to enact legislation aiming at relaxing the double taxation procedures which hamper in a great extent development of business and investment in the region;
 - iv. to strengthen, where necessary, legal, regulatory or administration provisions for the detection and prevention of double taxation;

- v. to extend special attention to improvement and extension of exchange of information on taxation regimes among the national tax administrations of the BSEC countries by instruments already in force and by seeking new arrangements of a bilateral or multilateral character;
 - vi. to exchange experience on a continuous basis on a work done at national or international level for avoidance of double taxation with due regard to safeguard of taxpayers;
 - vii. to ensure full participation and support of the BSEC related bodies in the process of putting an end to the multiple taxation in the Black Sea region
 - viii. to work in close cooperation with the international organisations experienced in dealing with the taxation and double taxation problems, such as Organisation for Economic Cooperation and Development (OECD), the European Union, the United National Conference on Trade and Development (UNCTAD) and the United Nations Economic Commission for Europe (ECE);
 - ix. to equalise to the extent possible national taxation legislation and to coordinate the tax practices in such a way that there is no legal uncertainty for the taxpayers in the BSEC countries.
8. **The Assembly** invites the BSEC Ministers of Foreign Affairs to consider this Recommendation.