



PARLIAMENTARY ASSEMBLY OF THE BLACK SEA ECONOMIC COOPERATION  
**PABSEC**

INTERNATIONAL SECRETARIAT

*Doc.: GA54/EC53/REC170/19*

**RECOMMENDATION 170/2019 \***

**“Conclusion of Preferential Trade Agreements with a view to Eliminate Double Taxation between the BSEC Member States”**

1. The Parliamentary Assembly of the Black Sea Economic Cooperation (PABSEC) emphasizes that openness of the economy is one of the most effective ways of developing countries and regions in the context of involving the labour, natural and intellectual resources of the states in the foreign economic activity. Strengthening of integration in the Black Sea region necessitates approximation of legislation of the Member States in the field of taxation and the avoidance of double taxation.
2. The PABSEC recalls its recommendations: Recommendation 16/1996 “Development of Cooperation in the Field of Trade and Business among the BSEC Member Countries”; Recommendation 20/1997 “Improvement of Customs Regulations of the BSEC Participating States”; Recommendation 22/1997 “The BSEC Free Trade Area: Part of the New European Architecture”; Recommendation 30/1998 “Legal Framework of the Avoidance of Double Taxation”; Recommendation 37/1999 “Trade Development in the Black Sea Region”; Recommendation 123/2012 “Improvement of Taxation System in the BSEC Member States” that are aimed at achieving a higher degree of integration in the BSEC region into the global economy and creating favourable conditions for expansion of international trade.
3. The Assembly notes that tax factors are becoming increasingly topical and they affect the development of interstate activities, international trade, and investment movements. With the aim to expand foreign economic and trade cooperation, it is necessary to develop methods of adapting to the new circumstances of international relations and to ensure management of tax relations in the field of international economic cooperation, including conclusion of preferential trade agreements and development of mechanisms for avoidance of double taxation.
4. The PABSEC acknowledges that the problem of double taxation is one of the important aspects of the development of the Black Sea Region, since the energy resources are transported through this Region to the global markets and the Region is located at the crossroads of the major transport routes (the Silk Road, etc.), which paves the way towards the intensification of the international trade in the Region.

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\* The Assembly debate on 20 November 2019 (see Doc.: GA54/EC53/REP/19, Report of the Economic, Commercial, Technological and Environmental Affairs Committee “Conclusion of Preferential Trade Agreements with the aim to Eliminate Double Taxation in the BSEC Member States” discussed in Giresun on 18-19 September 2019; Rapporteur: Mr. Cemal ÖZTÜRK – Turkey)

*Text adopted at the General Assembly in Sofia on 20 November 2019.*

5. The PABSEC emphasizes that the current trade development models are based on the globalization of business and the use of information technologies. In this context, the tax system needs to be flexible and adapted to technological and trade development in order to ensure application of effective and fair internal and external tax policies in order to reach maximum government regulation of electronic economic relations.
6. The Assembly considers that tax agreements are designed to eliminate possible cases of double taxation that may arise between the partner countries. Promotion of preferential economic activities with reduced tax rates contributes to strengthening of the national legislation in terms of coexistence and harmonization of multilateral mechanism for regulating international trade.
7. The Parliamentary Assembly confirms that conclusion of double taxation agreements is an important tool for deepening and strengthening bilateral relations in the sphere of trade and investment. At the same time, the Assembly notes with satisfaction that the strengthening of integration processes in the Region increases the potential for business development and investment attractiveness in the BSEC Member States.
8. 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...”
9. The Assembly welcomes the work carried out by the BSEC and supports the decisions taken within the BSEC Organization and its Working Group on Trade and Economic Development in the field of double taxation and preferential trade agreements.
10. Therefore, **the Assembly** recommends that the Parliaments and the Governments of the PABSEC Member States:
  - i. *continue* the practice of concluding new and updating the existing agreements on the avoidance of double taxation on the basis of the Model Convention of the Organization for Economic Cooperation and Development (OECD);
  - ii. *take steps* to conclude both the agreements on avoidance of double taxation and the agreements on the provision of administrative assistance in tax matters;
  - iii. *extend* special attention to improvement and enhancement of exchange of information on taxation regimes among the national tax administrations of the BSEC countries through the instruments already in force;
  - iv. *update* the national taxation legislation and coordinate the tax collection practices so that there is no legal uncertainty for the taxpayers in the BSEC countries;
  - v. *ensure* the full participation and support to the BSEC bodies in the process of eliminating double taxation in the BSEC region;
  - vi. *work* in close cooperation with the international organizations specialized in taxation and double taxation problems, such as Organization 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).
11. **The Assembly invites** the BSEC Council of the Ministers of Foreign Affairs to consider this Recommendation.