

# **Strengthening Tax Capacity in Developing Countries**

**ECOSOC Special Meeting on International  
Cooperation in Tax Matters**

**New York, April 2017**

# The Platform for Collaboration on Tax (PCT)



- ❖ Joint initiative to intensify cooperation on tax issues.

## Main goals

- ⑩ Design and implementation of standards for international tax matters
- ⑩ Strengthen capacity-building support
- ⑩ Deliver joint developed guidance
- ⑩ Knowledge sharing

## Highlights

- ⑩ Capacity building report
- ⑩ Medium term revenue strategies
- ⑩ Toolkits
- ⑩ Tax Incentives, published in 2016
- ⑩ Comparability –Consultation ends today
- ⑩ Secretariat established at the WBG
- ⑩ First Global Conference - Taxation and SDGs, Feb 2018

# Practical Toolkits

**Assisting low income, low capacity countries to address base erosion and profit shifting**

# Base erosion and profit shifting and low income, low capacity countries

OECD report to Development Working Group of G20 2014:

- Identified key base erosion and profit shifting pressure points for low income countries
- Recommended development of 8 toolkits
  - By the Platform for Collaboration on Tax
  - Focus on practical tools
  - Aligned with BEPS, but tailored to the realities and needs of low capacity countries,
  - Supporting implementation of BEPS, and
  - Addressing base erosion / profit shifting issues of particular relevance to developing countries not directly addressed by the BEPS action plan

# 8 Practical Toolkits

Description	Status	ETA
Options for efficient and effective use of <b>incentives</b> for investment	Completed	Oct 2015
Addressing difficulties in accessing <b>comparables</b> data for TP analyses +Addressing information gaps on prices of minerals	Discussion draft	Jul 2017
Options for taxation of offshore <b>indirect transfers</b> of assets (e.g. through sale of company holding the asset)	Discussion draft June	2017
Implementing effective <b>TP documentation</b> regimes	Drafting	2017
Effective <b>treaty negotiation</b>	Drafting	2017
Practical tools for effective <b>BEPS risk assessment</b>	Scoping	2018
Addressing <b>base eroding payments</b>	Scoping	2018
Counteracting artificial profit shifting resulting <b>from supply chain restructuring</b>	Initial Scoping	2018

# Medium-term revenue strategies (MTRS)

## MTRS

A high level road map for tax system reform to mobilize revenues over 4-6 year horizon—while taking account of distributional and economic/social development goals

### ***How will this help meet the SDGs?***

Create a shared vision of and commitment to the way forward that all stakeholders can support over the long haul—government, taxpayers, civil society, donors...

- Can help low capacity countries make more effective use of external support by promoting coordination and aligning their efforts under the government led umbrella of an MTRS

# MTRS - 2

## What is needed?

- A workable *consensus* on the broad future development of the tax system, in order to support shared goals
- High level *political commitment* by the government to the vision and the plan—*including* leading the process of consensus building, concrete political support to hard-to-sell institution reforms, provision of internal resources for managing the reform process
- A *comprehensive reform plan* spanning the policy setting, institutional/revenue agency reforms/appropriate legal framework
- Donor agreement to *systematically support* the vision in appropriate order and depth; sticking to the plan—avoid fragmented, unsequenced support and interventions

## What's next?

- A workshop at Ministerial as well as technical level, sponsored by HMT/DFID in early May, to present the concept, discuss its ramifications, and obtain support from governments and donors alike
- IMF Revenue Mobilization Trust Fund, Phase II, is already supporting several “intensive engagements” underpinning multi-year revenue reform projects including extensive policy and capacity development work

# 1<sup>st</sup> Global Conference of the Platform for Collaboration on Tax

# 1<sup>st</sup> Global Conference of the Platform

- **Date & Venue:** 14-16 February 2018, UN Headquarters in New York
- **Overall theme:** Taxation and the Sustainable Development Goals (SDGs)
- **Objectives:**
  - a) To take forward the global dialogue on the role of tax in achieving the SDGs
  - b) To seek country insights on relevant challenges and opportunities
- **Thematic areas:**
  1. Domestic resource mobilization and the State
  2. Role of tax in supporting sustainable economic growth, investment and trade
  3. Tax and the social dimension: addressing poverty, inequality and health
  4. Tax capacity development
  5. Tax cooperation and the SDGs
- **Outcome:** Note summarizing the discussions, issues and challenges raised and reflecting on the role of the Platform in helping countries address them
- Draft concept note and agenda included in the printed materials for this meeting and posted online for comments and feedback

# THANK YOU