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| <p>Group Meeting on “Capacity Building on Tax Treaty Administration”</p> <p>Rome, Italy, 28-29 January 2013</p> |
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1. Background

Tax treaties play a key role in the context of international cooperation in tax matters. On the one hand, they encourage international investment and, consequently, global economic growth, by reducing or eliminating international double taxation over cross-border income. On the other hand, they enhance cooperation among tax administrations, especially in tackling international tax evasion.

Developing countries, and especially the least developed ones, generally lack adequate skills and experience to efficiently interpret and administer tax treaties. This may result in difficult, time-consuming and, in the worst case scenario, unsuccessful application of tax treaties. Also, gaps in the interpretation and administration of existing (or newly negotiated or re-negotiated) tax treaties may jeopardize developing countries' capacity to be effective treaty partners, especially as it relates to cooperation in combating international tax evasion.

Capacity building initiatives targeted to strengthen skills of developing countries in the area above will contribute to further develop their role in supporting the global efforts aimed at improving the investment climate and effectively curbing international tax evasion.

2. Joint Project of FfDO/UN-DESA and ITC

The Financing for Development Office (FfDO) of UN-DESA and the International Tax Compact (ITC) are working on a joint project aimed at strengthening the capacity of National Tax Authorities (NTAs) in developing countries to effectively interpret and administer tax treaties.

The ultimate goal of this project is to support the development of a comprehensive set of capacity building tools to be used in developing countries, which are demand driven, reflect adequately needs and level of development of these countries, and are not a duplication of any existing and available tools, but rather a useful complement to them.

To this end, FfDO and ITC will jointly organize a Group Meeting with a view to launching and advancing the relevant work programme for the purposes of the above-mentioned project. The meeting will be held in Rome, Italy, on 28-29 January 2013.

3. Group Meeting

Objective

The Group Meeting will aim to: (1) identify the needs of developing countries in the area of tax treaty administration and take stock of the available capacity development tools at the disposal of developing countries; and (2) determine the actual skills gaps and challenges faced by developing countries in administering their tax treaties.

Participants

Up to twelve representatives from NTAs or other competent authorities in developing countries will be invited to participate in the meeting. FfDO and ITC will jointly select participants, in consultation, where appropriate, with the Inter-American Center of Tax Administrations (CIAT), the African Tax Administration Forum (ATAF) and other relevant organizations. Equitable geographic distribution will be ensured by selecting: 3-4 participants from Africa and the Middle East, 3-4 participants from Asia; 3-4 participants from Latin America and the Caribbean; and 1-2 participants from Europe and CIS. Selection of participants will be based on the agreed terms of reference, including, inter alia, requirement to have a significant practical experience in the field of tax treaty administration gained through several years of active work in this area and fluency in the English language. Selection will be subject to the fulfilment of all relevant formalities necessary to travel.

Each participant is expected to: (1) participate in an interactive discussion, including reporting on the current situation in his/her country with respect to the administration of tax treaties; (2) share his/her practical experiences in this field, including an analysis of the main knowledge gaps and problems that are frequently encountered by relevant authorities in developing countries; (3) contribute to identifying the most needed in developing countries capacity development initiatives and/or tools and the most suitable strategy for their implementation.

Modalities

Three world-renowned experts in international taxation, drawn from the academia, NTAs or the private sector, as appropriate, and with several years of experience in the area of tax treaty interpretation and application, will be invited to chair the meeting sessions and lead the discussions, with a view to contributing to the systematic analysis of the issues and to the identification and definition of suitable modalities to deal with them.

Moreover, one representative from CIAT and one representative from ATAF will be invited to attend the Group Meeting, report on all data and information readily available to them with respect to the administration of tax treaties in their respective member countries and actively participate in the meeting discussions. Furthermore, attending representatives from CIAT and ATAF will be required to assist in the design of initiatives to be implemented, with their support, as a follow-up to the meeting and aimed at further investigating and defining the actual demand in terms of capacity development needs among their vast network of member countries in respective regions.

Outcome

A report of the meeting will summarize the main findings with regard to the existing skills gaps and problems faced by developing countries in administering their tax treaties and detail priority areas for the purposes of developing relevant capacity building activities and tools to address these issues.