

**UPDATE ON WORK OF SUB-COMMITTEE ON CAPACITY BUILDING OCTOBER,
2010 TO OCTOBER, 2011**

BACKGROUND

The sub-committee on capacity building is one of the sub-committees of the United Nations (UN) Committee of Experts in International Co-operation in Tax Matters formed at the 5th session of the UN Committee in Geneva, Switzerland in October, 2009.

The subcommittee was formed with a specific mandate to focus on developing and executing capacity building strategies for tax agencies of developing countries. The sub-committee is expected to achieve its mandate within a four year life span. A critical objective is to empower developing countries to more effectively formulate tax policy and carry out tax administration, so as to strengthen the economy, enhance equity, mobilize revenues for development, and collect tax according to law, with minimal administrative and compliance costs.

The subcommittee's mandate calls for addressing capacity from the following perspectives:

- Research/ Needs Analysis;
- Organisational Structure and Strategy;
- Skills;
- Legislation, manuals, and publications;
- Processes, procedures, and systems;
- Level of investment in people, institutions, and practices;
- Funding support/ Technical Assistance; and
- Impact Assessment.

The members of the sub-committee include the following members and observers in the main committee as follows:

- (1) Ifueko Omoigui Okauru – Coordinator
- (2) Ben Arindell
- (3) Mansor Hassan
- (4) Amr El Monayer
- (5) Gianluca Pirozzi
- (6) Hein Zillikens (International Chamber of Commerce)
- (7) Jean Sebastien Conty/Eric Desquesses (Ministry of Foreign Affairs, France)
- (8) Victor Thuronyi
- (9) David Spencer (Tax Justice Network)
- (10) Arcotia Hatsidimitris (IBFD)
- (11) Chris Williams (RtVAT)
- (12) Jo Marie Griesgraber (S4TP)

1. WORKDONE SINCE OCTOBER, 2010

The subcommittee had reported on its activities from inception to October, 2010 in its report to the Sixth Session (**E/C. 18/2010/CRP.11**). This report is a further update to the activities reported in that paper and covers the period October, 2010 to October, 2011 except where otherwise indicated. Within the period under review, the sub-committee held three meetings in March, May and October 2011 in Florida, United States, Amsterdam, Netherlands and Geneva, Switzerland, respectively.

a) Florida Meeting

The meeting in Florida was for the purpose of strategizing on the effective management of the sub-committee's website (hosted and funded by S4TP¹ and RTPay/RTVat). The major objectives of the website and its areas of focus were discussed and overall strategy for managing the website was discussed and agreed.

b) Amsterdam Meeting

The meeting in Amsterdam held at the IBFD office in Amsterdam, Netherlands on the 23rd and 24th of May, 2011. This was an expanded meeting of the sub-committee to follow up on the progress of the work plan drawn up by the sub-committee at inception. There were also extensive discussions on the further development of the subcommittee website (content, structure and management etc), appointment/recruitment of country correspondents for the website, relationship building with partner organisations, donor agencies and international and regional tax bodies and proposals for the expansion of the sub-committee membership and creation of a new subcommittee on taxation of electronic transactions.

c) Geneva Meeting

The Geneva meeting of the sub-committee held at the offices of the South-South Centre in Geneva on the 23rd of October 2011 to follow up on progress of work from the May meeting in Amsterdam and consider the subcommittee's report to the Seventh Session.

2. KEY DECISIONS TAKEN BY THE SUB-COMMITTEE INCLUDE

- (i) **Implementation of work plan** –the subcommittee noted the status of implementation of its work plan and reiterated the areas of responsibility for specific members. To facilitate the work of the subcommittee, the following coverage areas were given to members

Member	Area of Coverage
Gianluca Pirozzi	Europe
Mansor Hassan	Asia Pacific
Ben Arindell	Americas
Amr El Monayer	Africa and the Middle East

¹ South South Sharing of Successful Tax Practices and RTVat are partner organisations and observers on the sub-committee

(ii) **Key Performance Indicators (KPIs)** – the six key performance indicators agreed by the sub-committee in 2010 as parameters for assessing its work were retained. These performance indicators are:

- 1) Establishment of a website and number of hits on the website
- 2) Spread and frequency of participation of developing and less developed countries in UN sub-committee activities
- 3) Clear list of needs and products to address identified needs and gaps
- 4) Pool of resources available (skills, time, online events, tools etc)
- 5) Evidence that sub-committee activities have impacted positively in the activities of countries within the target group – satisfaction, revenue yield, effectiveness etc, using baseline measures set in 2010
- 6) Execution of Work plan

The above would be continually used to assess the performance of the sub-committee.

(iii) **Development and management of the website** –as reported at the Sixth Session of the Committee, the website was developed with the cooperation of all committee members and the UN secretariat. It is funded and hosted by the S4TP and RTPay/RTVat on www.s4tp.org.

As part of efforts to improve the website the sub-committee agreed to appoint a website facilitator/country correspondent with overall responsibility for managing input to the website, sourcing and review of content and recruiting country correspondents (especially from developing countries) for the website. This website facilitator would also provide fulltime support to the sub-committee.

In this regard, the Federal Inland Revenue Service of Nigeria agreed to support the sub-committee by enabling Mr. Shadrach Saddih to work fulltime on sub-committee matters whilst also acting as country correspondent for Nigeria.

In addition to Nigeria, the other country correspondent identified to date is Mr. Freedoon Akram Sheik for Pakistan.

The sub-committee thanks the Federal Inland Revenue Service, Nigeria and Ms. F. Amjad of the UN Committee for their support in this regard and urges other committee members to assist in the expansion of the network of country correspondents.

The subcommittee has also agreed to:

- link the website to those of relevant agencies, such as the UN, IMF, World Bank and regional and international tax bodies, such as CIAT², CATA³ and ATAF⁴; and
- make the website more interactive with enhanced features for access to and posting of content by users.

² Inter-American Center of Tax Administrations

³ Commonwealth Association of Tax Administrators

⁴ African Tax Administration Forum

Areas of focus on the website include: transfer pricing, double taxation, tax and climate change, tax modernisation and modern technology, informal sector and small taxpayers.

- (iv) **Questionnaire on Capacity Building /Needs Assessment Analysis** – to determine specific areas of need for developing countries and aid the provision of targeted capacity building intervention to developing countries it was agreed to circulate a questionnaire on capacity building / needs assessment analysis and obtain feedback to aid the subcommittee in this regard. The questionnaire, which is on the subcommittee website, is available as **EC.18/2011/CRP.8/Add1**. To date, representatives from fifteen (15) countries have completed and provided required feedback on the questionnaire. The countries are:

1. Brazil	2. Pakistan
3. Ghana	4. Republic of Seychelles
5. Liberia	6. Swaziland
7. Macedonia	8. The Gambia
9. Mauritius	10. The Republic of Moldova
11. Namibia	12. United Arab Emirates
13. Nepal	14. Uganda
15. Nigeria	

A summary of feedback from the questionnaires is attached as Annexure 1 to this report. The subcommittee expresses its appreciation to those who have completed the questionnaires, while members and participants, who are yet to do so, are requested to complete and return the forms to the subcommittee coordinator.

3. SPECIFIC FUNDING INTERVENTION/CAPACITY BUILDING INITIATIVES SINCE OCTOBER, 2010

In addition to previous funding and other assistance received by the subcommittee (indicated in the report to the Sixth Session) the sub-committee has received further funding and assistance from the following bodies in the period under review:

- (i) **GIZ**⁵ –has provided direct funding (15,000 euros) to the sub-committee, which is being utilised as follows:
- establishment of a Transfer Pricing Unit in the Federal Inland Revenue Service, Nigeria and to provide training for officials⁶

⁵ Deutsche Gesellschaft Internationale Zusammenarbeit Gmbh

⁶ After due consideration of different countries for the choice of pilot for technical assistance to support the set up of a transfer pricing office, the donors decided on Nigeria as pilot country largely because of the need to support a country that had no clear structures for transfer pricing. Other countries considered included - Egypt and El Salvador

GIZ has also offered to support two other countries that **do not have any** transfer pricing units (greenfield situations). The sub-committee is awaiting applications from interested countries.

(ii) IBFD

- Provision of tuition free and slots in the annual IBFD 4-day Tax Treaty Negotiation course
- Hosted the May 2011 meeting of the sub-committee in Amsterdam, Netherlands
- Provision of IBFD ITA online training at discounted rates

The list of participants at the Tax Treaty Negotiation Course of January, 2011 and the ITA Online Training Course (2010 to 2011) along with feedback received are attached as Annexures 2 and 3 to this report.

(iii) RTPay / RTVAT

- Continuous assistance with the design, hosting and management of the website of the sub-committee and other technical support to the Sub-Committee

(iv) S4TP

- Facilitation of all funding received to date and on-going proposals for additional funding to meet the needs of the sub-committee. These include:
 - proposals to the African Development Bank and the Asian Development Bank
- Development and management of the sub-committee's website. Current initiatives include:
 - signing of Memorandum of Understanding (MOU) between CIAT and the Special Unit on South-South Cooperation within the year; and
 - creation of links with CIAT and ATAF on the website within the year. This will be expanded to other regional and international bodies;
- Facilitation of the website strategy meeting of the subcommittee in March, 2011;
- Hosting of sub-committee's pre-Seventh Session meeting in October, 2011;
- Participating with UNDESA (South Unit of the -South-South Cooperation – SU SSC) in a joint project with UNDP (Bureau for Development Policy—Democracy and Poverty Units) on Illicit Financial Flows; with SU-SSC responsible, through S4TP, for leading on South-South Methodology and with UNDESA (Tax Committee Secretariat) for tax administration and policy content. This is a very new initiative, and more information will be shared as the program develops

A detailed presentation on S4TP is available as **EC.18/2011/CRP.8/Add2** and would be presented to the Committee.

The subcommittee expresses its appreciation to the above named partner organisations – GIZ, IBFD, RTPAY/RTVAT AND S4TP for their continued support. The sub-committee continues to expect and welcomes similar assistance from these and other organisations.

4. AREAS OF CO-OPERATION WITH OTHER SUB-COMMITTEES, DEVELOPMENT PARTNERS AND OBSERVERS

There are several areas in which the sub-committee requires co-operation and assistance of other sub-committees in the execution of its mandate. These areas include:

- (i) Contribution and provision of technical input to the S4TP website – the sub-committee invites other sub-committees to visit the website and become active participants and contributors of content to the website especially in respect of areas within the direct responsibility of such sub-committees;
- (ii) Identification of potential funding support and development partners;
- (iii) Provision of pro-bono or discounted training courses and identifying such opportunities for use by the sub-committee;
- (iv) Responding to requests for information, questionnaires and other initiatives being undertaken by the sub-committee. While the subcommittee has received some responses in this regard, there is need for response from a larger number of Committee members and participants; and
- (v) Provision of direct support to tax administrations in developing countries, through exchange of personnel, funding and other capacity building initiatives

5. PROPOSAL FOR THE CREATION OF A NEW SUBCOMMITTEE ON TAXATION OF ELECTRONIC TRANSACTIONS

Following presentations made by RTPay/RTVat on the potential for improvement in the tax collection process in developing nations through use of electronic/mobile payment platforms, it was agreed by the subcommittee to put forward a proposal for the creation of a new subcommittee on taxation of electronic transactions, as an offshoot of the subcommittee on capacity. A detailed proposal is on this is available as **EC.18/2011/CRP.8/Add3** and would be presented to the Committee.

6. NEXT STEPS

A number of tasks as set out in the work plan and as discussed at sub-committee meetings are yet to be carried out. Significant tasks include:

- (i) Expansion of Website Country Correspondent network;
- (ii) Ensure effective coverage of areas of jurisdiction by subcommittee members;
- (iii) Linkage with the work of other sub-committees such as in Treaty Negotiation Manual, Transfer Pricing Manual, Guide to Mutual Agreement Procedure (MAP)/Dispute Resolution, Exchange of Information etc. as is relevant to building capacity in relation to developing countries;
- (iv) Conclusion of Capacity Building Needs Assessment Analysis to determine specific areas of need for developing countries and aid the provision of targeted capacity building intervention to developing nations;
- (v) Hosting of an annual conference on topical area;
- (vi) Leverage on partner organizations and donor agencies for continuous funding and technical support for the sub-committee;
- (vii) Proposal for creation of subcommittee on taxation of electronic transactions as an offshoot of the subcommittee on Capacity Building;

- (viii) Development of an Impact Assessment Framework for use by the Sub-Committee to determine achievement of mandate and key objectives

As we finalise the update of the United Nations Model Double Taxation Convention between Developed and Developing Countries, the practice manual on transfer pricing for developing countries as well as the manual for the negotiation of bilateral tax treaties between developed and developing countries, the work of this sub-committee becomes increasingly critical. We need your continued support and increased involvement.

Thank you for your support to date.

**ANNEXURE 3 – PARTICIPANTS IN ITA ONLINE COURSES
2010 - 2011**

S/N	Country	Name	Responsibility	Course	Status	Start Date	End Date
1.	Botswana	Segametse Radibe-Michael (Mrs)	Principal Revenue Officer, Botswana Unified Revenue Service	ITA101 Fundamentals of Tax Treaties	Attended	21-Jun-10	30-Aug-10
2.	Egypt	Tarek Farouk Halim Haroun	Assistant to Senior Advisor to the Minister for Tax Audit, Egyptian Ministry of Finance	ITA103 Permanent Establishments	Attended	16-Jun-10	25-Aug-10
3.	Egypt	Amr Hamed Hamed Mahmoud,	Researcher in International Tax Treaties Department, Egyptian Tax Authority – Ministry of Finance	ITA103 Permanent Establishments	Attended	16-Jun-10	25-Aug-10
4.	Gambia	Assan Jallow	Senior Compliance and Strategy Officer, Gambia Revenue Authority	ITA101 Fundamentals of Tax Treaties	Attended	24-Jun-10	2-Sept-10
5.	Gambia	Malamin Jatta	Senior Tax Officer, Gambia Revenue Authority	ITA101 Fundamentals of Tax Treaties	Attended	16-Jun-11	11-Aug-11
6.	Ghana	Joyce Rita Addae Kumi,	Legal Advisor, Ghana Revenue Authority	ITA101 Fundamentals of Tax Treaties	Attended	29-Jun-10	24-Aug-10
7.	Ghana	Samuel Chekpeche	Senior Economics Officer, Ministry of Finance and Economic Planning, Ghana	ITA101 Fundamentals of Tax Treaties	Attended	16-Jun-11	25-Aug-11
8.	Kenya	Jacqueline Shirenya Mapesa,	Revenue Officer, Kenya Revenue Authority	ITA103 Permanent Establishments	Attended	17-Jun-10	26-Aug-10
9.	Kenya	Jacqueline Matara	Revenue Officer, Kenya Revenue Authority	ITA101 Fundamentals of Tax Treaties	Attended	17-Jun-10	12-Aug-10
10.	Kenya	Clement Okello Migai,	Revenue Officer, Kenya Revenue Authority	ITA101 Fundamentals of Tax Treaties	Attended	21-Jun-10	30-Aug-10
11.	Kenya	Eric Kagira Njoroge	Senior Tax Auditor, Kenya Revenue Authority	ITA103 Permanent Establishments	Attended	22-Jun-10	17-Aug-10
12.	Malawi	Vyamala Moyo	Technical Officer, Domestic Tax, Malawi Revenue Authority	ITA103 Permanent Establishments	Attended	29-Jun-11	25-Aug-11
13.	Malawi	Balawe Gray	Technical Officer, Domestic Tax Division, Malawi Revenue Authority	105 Passive Income	Attended	5-Jun-11	13-Sep-11
14.	Nigeria	Babatunde Olusegun Olalekan Oduye	Deputy Director, Tax Policy (Tax Advisory & Dispute Resolution), Federal Inland Revenue Service, Nigeria	ITA101 Fundamentals of Tax Treaties	Attended	16-Jun-10	11-Aug-10

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15.	Nigeria	Toyin Maria Yinka Omotoye	Assistant Manager Tax, Federal Inland Revenue Service, Nigeria	ITA102 Residence	Attended	16-Jun-10	25-Aug-10
16.	Nigeria	Suleiman Muazu	Manager, Tax Policy, Federal Inland Revenue Service, Nigeria	ITA101 Fundamentals of Tax Treaties	Attended	16-Jun-10	11-Aug-10
17.	Nigeria	Nurudeen Adewale Adegboyega,	Manager Tax, Federal Inland Revenue Service, Nigeria	ITA103 Permanent Establishments	Attended	16-Jun-10	11-Aug-10
18.	Nigeria	Kyari Agid	Investigation of Criminal Tax Violation, Federal Inland Revenue Service, Nigeria	ITA102 Residence	Attended	16-Jun-10	11-Aug-10
19.	Nigeria	Kabir Ismaila	Deputy Manager (Tax), Federal Inland Revenue Service, Nigeria	ITA105 Passive Income	Attended	17-Jun-10	26-Aug-10
20.	Nigeria	Murtala Mohammed	Investigation of Criminal Tax Violation, Federal Inland Revenue Service, Nigeria	ITA101 Fundamentals of Tax Treaties	Attended	2-Aug-10	27-Sept-10
21.	Rwanda	Charles Lwanga	Director of Planning and Research, Rwanda Revenue Authority	ITA102 Residence	Attended	16-Jun-11	25-Aug-11
22.	South Africa	Pemola Govender	Operational Specialist: Audit, South African Revenue Services, South Africa	ITA102 Residence	Attended	16-Jun-10	11-Aug-10
23.	South Africa	Jaco Britz,	Tax Auditor, South African Revenue Services, South Africa	ITA103 Permanent Establishments	Attended	24-Jun-10	19-Aug-10
24.	Uganda	Kahima Samuel,	Supervisor ,Policy and Rulings, Uganda Revenue Authority	ITA101 Fundamentals of Tax Treaties	Attended	28-Jun-10	2-Sep-10
25.	Uganda	Edward Biryetega,	Supervisor Tax Audit, Uganda Revenue Authority	ITA102 Residence	Attended	2-Aug-10	11-Oct-10
26.	Uganda	Brian Atuhairwe Mugasha	Supervisor Arrears and Objections Management- Domestic Taxes Department, Uganda Revenue Authority	ITA101 Fundamentals of Tax Treaties	Attended	2-Aug-10	11-Oct-10
27.	Uganda	Moses Kajubi	Commissioner Domestic Taxes, Uganda Revenue Authority	ITA101 Fundamentals of Tax Treaties	Attended	20-Jun-11	15-Aug-11
28.	Zambia	Richard Kombe Kapasa	Assistant Manager, Policy & Legislation, Zambia Revenue Authority	ITA101 Fundamentals of Tax Treaties	Attended	16-Jun-10	25-Aug-10
29.	Zambia	Moses Shuko	Assistant Director Audit Large Taxpayer Office, Zambia Revenue Authority	ITA103 Permanent Establishments	Attended	17-Jun-10	26-Aug-10

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S/N	Country	Name	Responsibility	Course	Status	Start Date	End Date
30.		Mya Oo	Assistant Director, Internal Revenue Department	ITA103 Permanent Establishments	Attended	16-Jun-11	25-Aug-11
31.	Botswana	Itumeleng Kgosietsile (Mrs)			Nominated but did not attend		
32.	Gambia (LDC)	Mr. Mamour Joof	Deputy Commissioner Tax Office Operations		Nominated but did not attend		
33.	Gambia (LDC)	Ms. Musukebba Corr	Deputy Commissioner Large Taxpayers		Nominated but did not attend		
34.	Gambia (LDC)	Mr. Abdou M. Jeng	Policy Officer		Nominated but did not attend		
35.	Ghana	Edward Gyambrab			Nominated but did not attend		
36.	Kenya	Victor Njeru			Nominated but did not attend		
37.	Swaziland	Ms Lungile Mweli			Nominated but did not attend		