

Fiscal Affairs Department

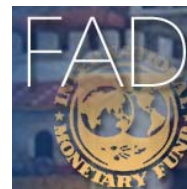
CAPACITY DEVELOPMENT IN TAXATION—AN IMF PERSPECTIVE



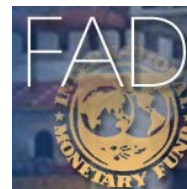
Michael Keen

ECOSOC Special Meeting on International Cooperation
in Tax Matters

May 29, 2013

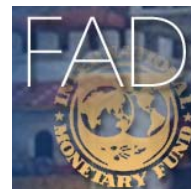


Technical Assistance



Objectives

- Not just long term revenue mobilization...
 - For development objectives and macro stability
- ...but simpler, more efficient, more transparent and and fairer tax systems, both policy and administration
 - To promote growth, equity and good governance
- Rapid response to crises when needed:
 - To address worsening tax compliance, help taxpayers cope, and strengthen fiscal institutions



Model

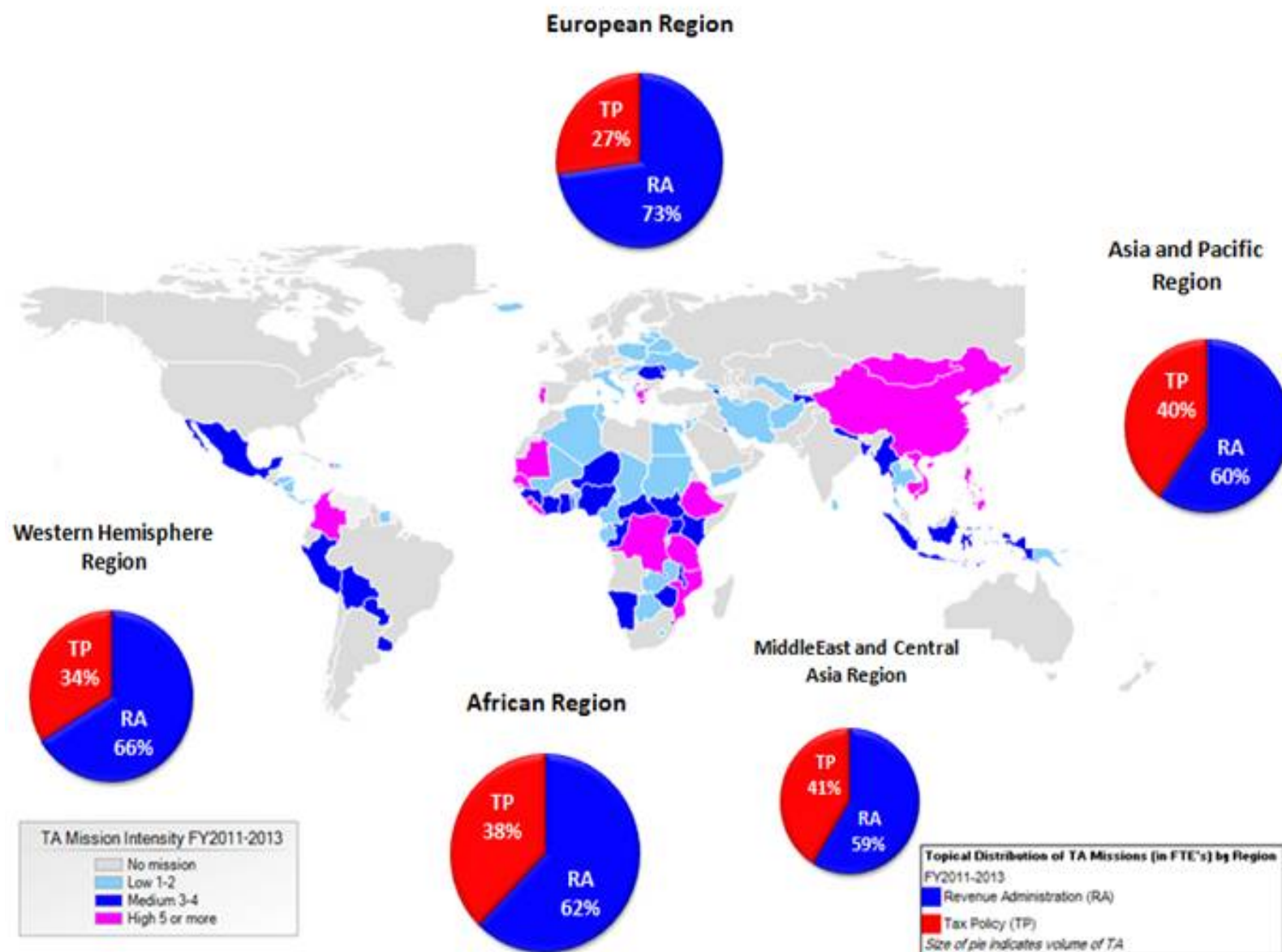
- Integrated policy, administrative and legal advice
- Strategic vision, plus rapid response capacity
- Demand-driven, drawing on wider, continuing dialogue
- We design, deliver, and manage our TA programs
- Regional Technical Assistance Centers (RTACs) support implementation, integrated with HQ
- Close coordination with other TA providers

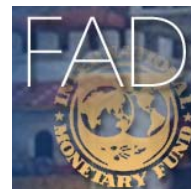
Modalities



- Strategic direction from HQ
 - 63 Tax Policy and 89 Rev Admin HQ-led missions this year
- Eight RTACs, covering 80 countries
 - 4 in Africa; Pacific; Mid East; Caribbean; Central AM
- Expert Assignments
 - Resident (28): RTAC, regional, country
 - Peripatetic (850, visits, o/w290 HQ-managed)
- Policy development and dialogue

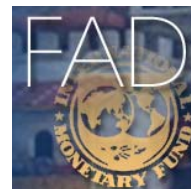
Revenue Administration and Tax Policy Mission Intensity FY2011-2013



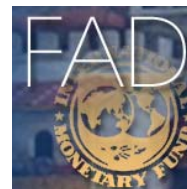


Trends and challenges

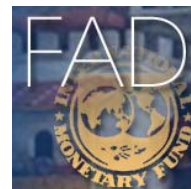
- Rapid growth (40% in last year alone), reflecting external finance:
 - Bilateral
 - Multilateral: Two new Topical Trust Funds: (1) Tax Policy and Administration; (2) Natural Resource Wealth
- Integrating tax and expenditure advice
- Natural resource issues—closely related to macro performance and transparency
- International issues—regional coordination, TP, spillovers, treaties...



- Transfer pricing
 - Providing TP advice in Africa, Asia and Europe.
 - Advice set in a broader context of tax policy and tax administration, which is tailor-made to a country's need and capacity
- New tools in revenue administration
 - RA-FIT (benchmarking); responses from 86 countries
 - RA-GAP
 - (PEFA-like) Diagnostic tool

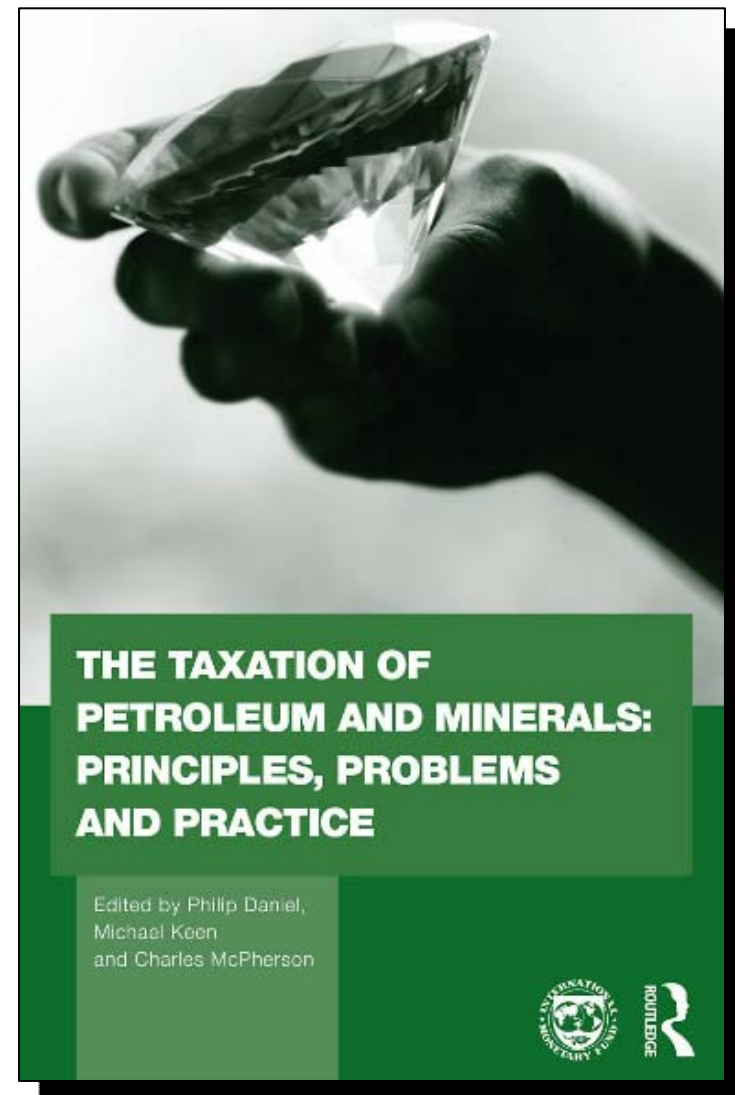
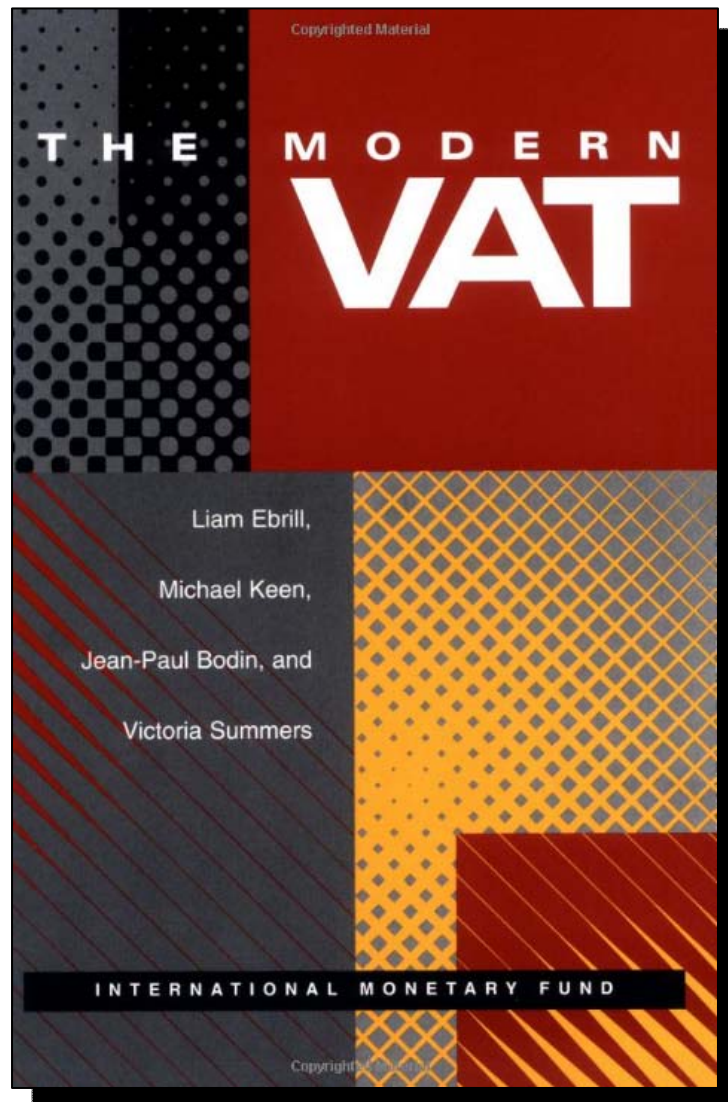


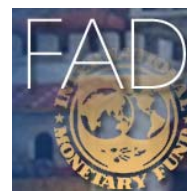
Policy Development and Dialogue



- Advice from HQ
- Conferences/workshops
 - Taxation for development, 2011; Resource taxation, 2008; Equity and growth, 2013; ITD
 - Regional events; Tax and growth, Brasilia, 2012; Tokyo, 2013; Resources, Kenya 2011, Peru 2013
 - Technical: International issues in resource taxation; Financial sector taxation (Brussels, DC)
- Publications: A product of, and for, TA....

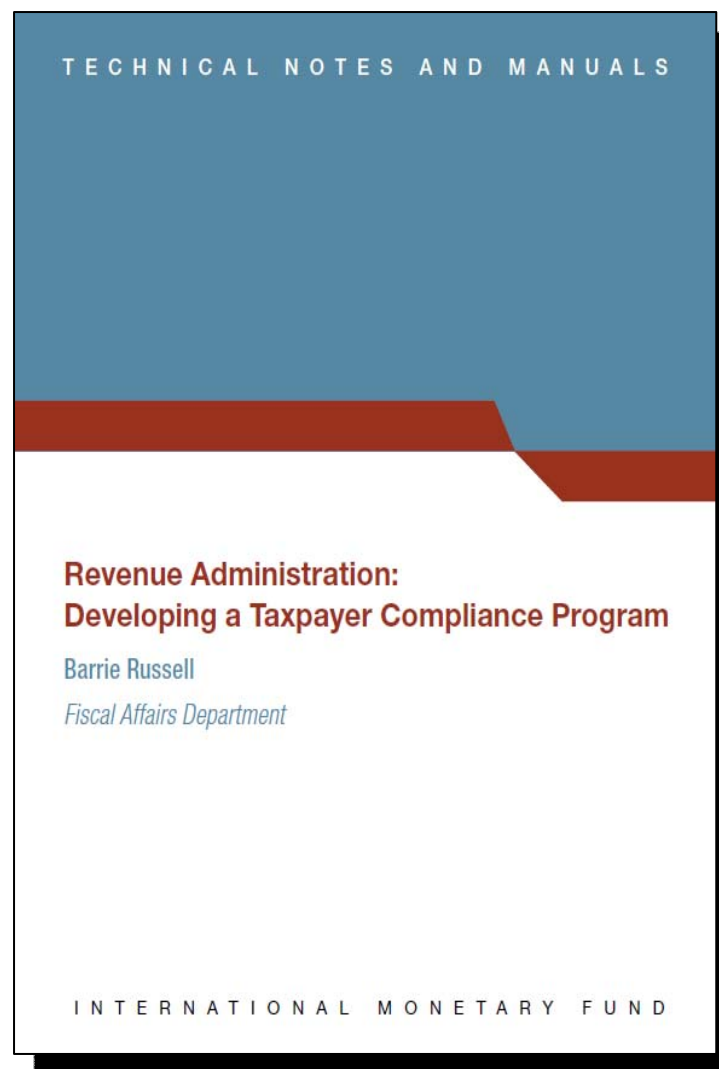
Books

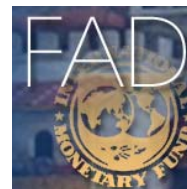




Papers, technical notes...

INTERNATIONAL MONETARY FUND	
Revenue Mobilization in Developing Countries	
Prepared by the Fiscal Affairs Department	
Approved by Carlo Cottarelli	
March 8, 2011	
Contents	Page
Abbreviations and Acronyms	3
Executive Summary	4
I. Introduction	6
II. Aims, Trends, and Possibilities	6
A. Objectives and Context	7
B. Similarities, Differences, and Strategies for Reform	8
C. Trends and Recent Experience	12
D. Assessing the Scope to Raise More Revenue	16
III. Issues and Lessons	17
A. Core Administration Reforms	19
B. The Value-Added Tax (VAT)	23
C. Trade Liberalization and Customs Administration	28
D. Personal Income Taxation	31
E. Taxing Corporations	33
F. Excises	37
G. Taxing Small Businesses	39
H. Real Estate Taxation	41
IV. Institutions and Transparency	42
V. Issues for Discussion	45
Table	
1. VAT Features by Income Group	25
Figures	
1. Revenue-Related and Other Structural Benchmarks, 2002–10	11
2. Trends in Total and Tax Revenue 1980–2009	12





Strengthening cooperation

Comparative advantage



- There's plenty to do!
 - but resources limited, so comparative advantage (CA) key
- Everyone has comparative advantage in something!
 - Fund, e.g., does not have CA in broad training
 - Does not mean no absolutely no overlap

Patterns of CA reflect mandate and expertise

- Distinctive and important role of UN
- Key issue: In a changing TA and tax environment, and with changing role of countries themselves, what are the gaps/mismatches in CA?



Managing relationships

- Increasingly large and diverse group of players (good!) makes this critical—and a challenge
- A range of interactions needed: e.g. on project basis for TA delivery, strategic on broad issues
- Many of these relationships work well—as work for G20 showed