



The Platform for Collaboration on Tax (PCT)

**The Platform for Collaboration on Tax: A major step to boost
international cooperation in tax matters**

United Nations Headquarters, New York, 21 October 2016

Background and context

- The Sustainable Development Goals and the Addis Ababa Action Agenda are clear that strong and effective tax systems are vital for sustainable development.
- This has increased the attention and spending on tax by developed and developing countries alike.
- Simultaneously through the G20, EU, media, civil society etc. tax issues have become a truly universal agenda, where change is occurring rapidly.
- In such a dynamic environment ensuring a focus on development impact is more vital than ever.
- The Platform for Collaboration on Tax, through deepening the collaboration and cooperation of the IMF, OECD, UN and World Bank is a response by the International Organizations to this context.

Launch of the Platform

- April 2016: International organizations (IMF, OECD, UN and WBG) launched the Platform for Collaboration on Tax to boost global co-operation in tax matters.
- Objective: Better support governments in addressing the tax challenges they face.



Activities of the Platform

- Develop **tools for developing countries in the taxation of multinational enterprises**, including in relation to the new measures from the BEPS Project. → **Toolkits**
- Support interested developing countries to participate in the implementation of the BEPS Package and **input into future global standard setting** on international tax.
- **Capacity development** issues.
- Improve awareness to build comprehensive and effective **exchange of information mechanisms**.
- Taxation and the **“informal” economy**.
- **Biennial global conference**. First one to be hosted by the UN at its Headquarters in New York at the end of 2017/beginning 2018. Proposed theme: “Taxation and the Sustainable Development Goals”.

International Monetary Fund (IMF)

- **Technical Assistance in taxation to member countries is a core function of the IMF**
 - Provided for over 50 years
 - Headquarters staff of more than 60 professional tax staff (policy and administration), supplemented by tax staff in 9 regional technical assistance centres covering the vast majority of lower income countries
- **Advice now provided to approximately 100 countries annually**
 - For lower income countries this can take form of comprehensive multi-year programs—with financing assistance provided through bi-lateral and multi-lateral donor trust funds
- **Technical assistance is facilitated by Fund staff's deep involvement with member countries' macroeconomic frameworks**
 - Discussions of reform strategies and goals take place at Ministers/Deputy Ministerial level, with implementation advice throughout technical levels

International Monetary Fund (IMF)

- **Selected recent and upcoming analytic work**

- Current Challenges in Revenue Mobilization—Improving Tax Compliance (<http://edms.imf.org/cyberdocs/Viewdocument.asp?doc=400151&lib=REPOSITORY>)
- Spillovers In International Corporate Taxation (<http://www.imf.org/external/np/pp/eng/2014/050914.pdf>)
- Tax Policy, Leverage and Macroeconomic Stability (paper, forthcoming November 2016)
- International Taxation and the Extractive Industries (book, forthcoming October, 2016)

- **New tools**

- **TADAT**: Tax Administration Diagnostic Tool, now operated through an independent secretariat
- **ISORA**: a revenue administration benchmarking methodology for collecting data on a variety of relevant metrics, now used as a collective basis for several international organizations to assess progress in revenue administration capacity building in countries receiving TA
- **RA-GAP**: a standardized methodology for measuring compliance gaps in specific taxes

- **Integration with IMF surveillance**

- Greater emphasis on integrating tax issues into assessment of macroeconomic stability and problems in member country surveillance, for countries at all levels of economic development

Organisation for Economic Co-operation and Development (OECD)

The OECD is responding to the need for inclusive approaches to universal challenges

- **Inclusive Framework on BEPS**
 - Forum open to all, on equal footing
 - More than 50 new members (mostly developing countries) – Georgia, Senegal, Nigeria on Steering Group
 - Builds on previous efforts to increase engagement with developing countries
 - Forum for developing countries to identify problems and concerns in international tax, and seek solutions
 - e.g. source/residence
- **Global Forum on Transparency and Exchange of Information**
 - 137 members, all on an equal footing (over 60 developing countries, 21 African)
 - Over 100 signatories to the Multilateral Convention on Mutual Administration Assistance on Tax Matters
 - 101 countries signed up to Automatic Exchange of Information
 - Africa Initiative to build support and best practice in Africa

OECD Tax and Development programme complements these with initiatives to support developing countries in their engagement, to use the tools available, and to improve the effectiveness of aid to tax.

Organisation for Economic Co-operation and Development (OECD)

- **Guidance and learning – toolkits, training and shared experience:**
 - 60 bi/multilateral events per year for 2000+ tax officials from 100+ countries
 - Six **Multilateral Tax Centres**: focus for dialogue with partner countries on tax matters
 - **International Academy for Tax Crime Investigation**: equips developing countries' investigators, judges etc. to fight illicit financial flows
 - Comparable Revenue Statistics – for increasing number of countries on all continents
 - Online Knowledge Sharing Platform – to support capacity development
- **Regional consultation and discussion**
 - Working with RTOs to improve voice of developing countries, and promote regional understanding, analysis and cooperation.
- **Country level capacity building**
 - Demand-led programmes on transfer pricing/BEPS issues, including legislation analysis and reviews, design of governance frameworks and risk assessment processes and capacity building for 20+ countries
 - Programmes include focus on extractive industries capacity building (mineral product pricing practical tools)
 - **OECD/UNDP Tax Inspectors Without Borders**
 - Targeted tax audit assistance in developing countries that has lead to increased revenue collection

United Nations (UN)

- **Capacity development programme on international tax cooperation**, as mandated by ECOSOC, aims to:
 - Focus on the needs and priorities of developing countries;
 - Draw on the outputs of the UN Tax Committee to disseminate and operationalize them;
 - Benefit from the collaborative engagement of the members of the UN Tax Committee, tax officials from developing countries, international and regional organizations and academics;
 - Include training, technical assistance, publications and other capacity development tools based on:
 - UN Model Double Taxation Convention between Developed and Developing Countries;
 - UN Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries;
 - UN Practical Manual on Transfer Pricing for Developing Countries.

United Nations (UN)

- **Recent publications:**

- *UN Handbook on Selected Issues in Administration of Double Tax Treaties for Developing Countries;*
- *Papers on Selected Topics in Negotiation of Tax Treaties for Developing Countries;*
- *UN Handbook on Selected Issues in Protecting the Tax Base of Developing Countries;*
- *Practical Portfolios on Protecting the Tax Base of Developing Countries (forthcoming).*

World Bank Group (WBG)

Mandate: The WBG Tax Program supports client countries in strengthening domestic resource mobilization through :

- **Diagnostics and analysis:** macro and micro levels
- **Technical assistance:** tax policy, administration--delivered through a range of instruments ranging from loans to technical assistance and blends
- **Capacity building** to support implementation: training, knowledge management, and menus of good practice
- **Monitoring and evaluation,** impact assessment

WBG Tax Program

Summary of Work streams

General Tax	Tax Policy	Tax Administration	International Tax	Specific Tax Areas
<ul style="list-style-type: none"> •Diagnostics •Fiscal Sustainability analysis •Equity & efficiency •Fiscal rules and revenue 	<ul style="list-style-type: none"> •Tax policy reform •Instrument specific reforms •Non-tax revenue 	<ul style="list-style-type: none"> •Tax and customs modernization •Compliance management •Tax instruments reform •Risk systems, profiles 	<ul style="list-style-type: none"> •Transfer pricing •International instruments •Tax transparency •Exchange of Information •Illicit Flow of Funds 	<ul style="list-style-type: none"> •Natural resource taxation •Sin taxes •Subnational Taxation •Tax incentives

- Delivered through: Direct Technical Assistance, Lending Operations/instruments including TA, Investment, PforRs and DPLs, analytical and advisory and Country Programs, Sector Programs, Regional programs

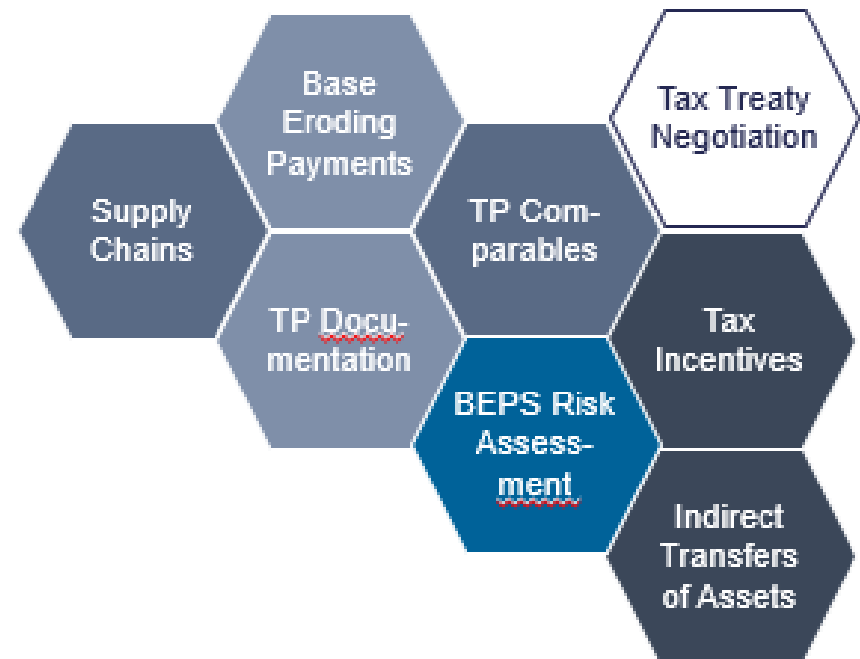
Tools Used:

- Tax gap measures (policy and administration), expenditure analysis, productivity analysis, tax incidence
- Tax administration diagnostic (TADAT, Functional Reviews), Tax Policy diagnostic (TPAF - in development, in collaboration with IMF)
- Fiscal projection and forecasting tools, including fiscal sustainability analysis, profitability analysis
- Survey analysis, process mapping, Political Economy Analysis, sector revenue analytics (extractives, health)
- Impact Evaluation, citizen engagement and multi stakeholder approaches and regional consultations.

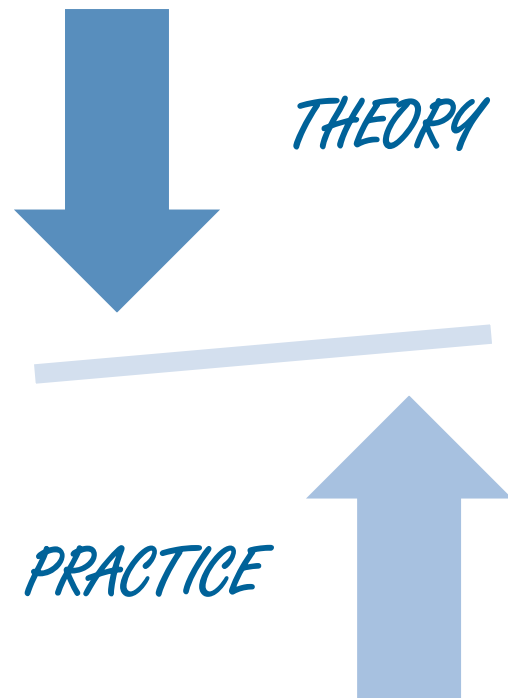
Focus Area 1: Joint outputs–the toolkits

Overview

- Feeding **countries' experiences and challenges** into **tools** to support the implementation by developing countries of solutions to relevant international tax issues, including BEPS and others
 - Joint work of the **IMF**, the **OECD**, the **UN** and the **WBG**.
 - Policy considerations and practical solutions: training material, model legislation
 - **First toolkit on Tax Incentives** delivered in November 2015
 - Deliverables in 2016, 2017 and 2018 focussed on **developing countries' specific concerns**



Toolkits: Approach



- **Practical:** surveys on the lack of comparables data for transfer pricing purposes, on the different regimes for transfer pricing documentation
- Role and importance of **country examples** and **case studies**
- Need for on-going **consultations with stakeholders**
- Role of the toolkits in the broader **context of capacity building**



Focus Area 2: Capacity Development

- In February 2016, G20 requested the PCT members—IMF, OECD, United Nations and World Bank Group—to:
 - "...recommend mechanisms to help ensure effective implementation of technical assistance programs, and recommend how countries can contribute funding for tax projects and direct technical assistance, and report back with recommendations at our July meeting."
- Drawing on partners experience on CD, in consultation with countries, CSOs, business organizations and individuals (including through a public review during the period, June 30-July 8 2016), the PCT delivered to the G20 finance ministers (at their meeting held in July 2016 in Chengdu, China) the report on CD:
 - *Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries*

PCT paper on CD to G20 – Highlights

- *Enthusiastic country commitment*; an indispensable prerequisite to improving tax capacity
- External support cannot create/replace this enthusiasm, though it can help
- The report provides several recommendations to enhancing effectiveness in building tax capacity, including:
 - ✓ Developing coherent revenue strategies
 - ✓ Supporting non-government stakeholders
 - ✓ Nurturing managerial, as well as technical, skills in tax agencies
 - ✓ Gathering more reliable and comparable data to measure impact
 - ✓ Increasing partnerships and support for regional tax organizations
 - ✓ facilitating developing countries meaningful participation in international tax policy discussions and institutions
- ...and a crucial one is enhancing coordination and collaboration among CB providers to avoid fragmented support and approaches

PCT More information



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