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)

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

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

Joint initiative to intensify cooperation on tax issues.
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

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
<th>ETA</th>
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<tbody>
<tr>
<td>Options for efficient and effective use of <strong>incentives</strong> for investment</td>
<td>Completed</td>
<td>Oct 2015</td>
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<tr>
<td>Addressing difficulties in accessing <strong>comparables</strong> data for TP analyses +Addressing information gaps on prices of minerals</td>
<td>Discussion draft</td>
<td>Jul 2017</td>
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<td>Options for taxation of offshore <strong>indirect transfers</strong> of assets (e.g. through sale of company holding the asset)</td>
<td>Discussion draft June</td>
<td>2017</td>
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<td>Implementing effective <strong>TP documentation</strong> regimes</td>
<td>Drafting</td>
<td>2017</td>
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<td>Effective <strong>treaty negotiation</strong></td>
<td>Drafting</td>
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<td>Practical tools for effective <strong>BEPS risk assessment</strong></td>
<td>Scoping</td>
<td>2018</td>
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<tr>
<td>Addressing <strong>base eroding payments</strong></td>
<td>Scoping</td>
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<tr>
<td>Countering artificial profit shifting resulting from supply chain restructuring</td>
<td>Initial Scoping</td>
<td>2018</td>
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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
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
1st Global Conference of the Platform for Collaboration on Tax
1st 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