

Side Events

Enhancing the Effectiveness of Tax – the Platform for Collaboration on Tax

Thursday 1 December 2016, 7.30-8.30

Objective:

- To highlight the role of the Platform (and Platform partners) in improving the effectiveness of support for tax matters
- To generate ideas on ways forward for on implementing Platform recommendations on modalities for support on tax
- To encourage dialogue and discussion between aid effectiveness and tax experts

Participants:

Speakers:

- Grace Perez-Navarro – Deputy Director, Centre for Tax Policy and Administration - OECD
- Moses Kaubi – Senior Operations Officer, Business Taxation - World Bank Group
- Armando Morales – Resident Representative in Kenya - IMF

Key issues discussed:

The event discussed the development of the [Platform for Collaboration on Tax](#), which was established in April 2016, to deepen the collaboration and cooperation of the IMF, OECD, UN and World Bank on tax and development issues and enable better support to governments in addressing the tax challenges they face. The Platform will achieve this through better coordination of capacity building, joint outputs and strengthening the interactions between standard setting, capacity building and technical assistance.

Each of the four International Organisations in the Platform undertakes a broad range of tax and development work which goes beyond the activities of the Platform, and provides a vast range of experience for the Platform to draw upon. A short summary of this work was provided.

The IMF outlined how technical assistance on taxation has been a core function of the IMF for over 50 years, and around 100 countries receive advice annually, integrated into the wider engagement on macroeconomic frameworks. The IMF also undertakes analytic work, for example the recent paper on spillovers in international corporate taxation, as well as developing tools (in partnership with others) such as TADAT (Tax Administration Diagnostic Tool).

The OECD outlined how it is responding to the need for more inclusive approaches to the universal international taxation challenges, primarily through the Inclusive Framework on BEPS and the Global Forum on Transparency and Exchange of Information; both of which are open to all, and all members participate on an equal footing. The OECD Tax and Development programme complements these with initiatives to support developing countries in their engagement in these fora (e.g. through guidance, training and regional consultations) and with country level capacity building, including through the OECD/UNDP Tax Inspectors Without Borders initiative.

The UN capacity development programme builds on the outputs of the UN Tax Committee, and seeks to disseminate and operationalize them. This includes training, technical assistance, publications and other capacity development tools based on; the UN Practical Manual on Transfer Pricing for Developing Countries, the UN Model Double Tax Convention between Developed and Developing Countries, and the accompanying manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries.

The World Bank Group supports countries through a combination of diagnostics and analysis, technical assistance, capacity building and monitoring and evaluation. This work covers the full range of tax issues, both tax policy and administration, and specific areas such as natural resources, subnational taxation and tax incentives.

The Platform brought this combined wealth of experience together in their recent report to the G20, [*Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries*](#), which identified the key factors that enable successful capacity building. Political will and commitment to tax reforms was identified as the key prerequisite; other important issues include developing coherent revenue strategies, supporting non-governmental stakeholders, improving collaboration and supporting regional tax organisations, and facilitating developing countries participation in international tax policy dialogue.

In questions from the floor there were questions on how to improve the teaching of tax in the education system, and how to reform tax systems so that small businesses were happier to formalise and pay taxes. These were acknowledged as some of the big challenges that need to be addressed, on how to bring all of society into constructive engagement with the tax system, and to be able to demonstrate both the benefits of paying taxes, and a level playing field across all taxpayers.

Main conclusions and next steps:

The Platform will be producing further toolkits for low income countries on some key issues on international taxation, with several due to be published in 2017. They will also produce an update to the G20 on progress on the recommendations in the report *Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries*. The Platform is also beginning to plan their first conference, to be held in New York in February 2018; this conference will focus on the role of taxation in achieving the SDGs.