

## CLOSING STATEMENT BY THE CO-CHAIRS

At the second plenary meeting of the Task Force on Tax and Development, we agreed we must make rapid progress on:

- Statebuilding, accountability and effective capacity development;
- Effective transfer pricing regimes;
- Transparency in financial reporting; and
- Countering international tax evasion and avoidance through exchange of information work led by the Global Forum.

We emphasized that our multi-stakeholder dialogue, with partner countries' needs and priorities at the heart of our discussions, is the key to achieving a coherent and effective approach to development through taxation.

We agreed on a set of priority recommendations which we would like to see endorsed and implemented through the joint CFA/DAC Tax and Development Programme working together with and drawing on the strengths of all partners in this initiative. Moreover we proposed that these actions should also feed into the response to the G20 domestic resource mobilisation agenda.

The Task Force proposed the following for the Committees' consideration:

### ***Statebuilding, Accountability and Effective Capacity Development***

We agreed to identify developing countries whose needs require an international response and to bring problems of international coherence to the attention of the international donor community. Developing evidence to improve donor performance and support are priorities. A work programme focused on improving our understanding of, and establishing best practices for developing countries in the areas of tax morale, taxpayer education and linking revenue with expenditures are priorities.

The issue of mapping current initiatives is underway and is an important platform for focused action. But developing countries need to understand not just what is on offer from development partners, they need to develop mechanisms to establish their own needs and inform their own demands. In this context we encourage ATAF, building on the work of and with the support of the OECD, IMF, ITD, and other development partners, to lead work on benchmarking progress in tax administration and setting out best practices leading to the creation of a focused diagnostic tool to enable developing countries to determine and prioritise their own needs.

### ***Effective Transfer Pricing Regimes***

We recognized that the effectiveness of transfer pricing regimes in developing countries lies in ensuring a consistent application of the arm's length principle and that this can only be done by fully considering these countries' individual circumstances.

Developing a study of the specific implementation issues faced by developing countries is a central priority and we welcome the possibility of building on the

work of the EC, the OECD, the UN and others. An enhanced programme of **capacity building events** incorporating South-South and North-South sharing of experiences, as well as the compilation of a **database of country case studies** are priorities. We also encourage the development and use of a database of material accessible by developing countries to support the implementation of the transfer pricing principles.

We encourage international organisations active in this area to set up an informal “panel of experts” working with the international organisations and in particular the ATAF Working Group on Transfer Pricing to provide fast-turnaround responses to specific policy, administration (such as the development of joint audits) or audit queries submitted by developing countries.

### ***Increased Transparency in Financial Reporting***

We recognized that public disclosure of financial data by MNEs on a country-by-country basis is potentially relevant to the mobilization of domestic resources in developing countries, as well as an important instrument to ensure government integrity. A **full assessment** of the costs to obtain and provide information and knowledge on the linkages between public disclosure and tax compliance are priorities.

We endorse the evaluation of different mechanisms to deliver greater transparency, with special consideration given to the possibility of developing **an international standard on transparency** for the extractive industry sector, as well as the development of policy recommendations regarding mandated disclosure of local statutory accounts.

### ***Countering International Tax Evasion and Avoidance through Exchange of Information***

We acknowledged the leading role of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) and recognize its primary responsibility in this area.

We agreed that working closely with the Global Forum, the participants in the Task Force have value to add in preventing the erosion of domestic tax revenues. Facilitating **regional approaches to exchange of information**, for example in South, West or East Africa, is a priority, as well as supporting developing country needs in situations, such as in automatic exchange, which may currently be outside the remit of the Global Forum.

## **Contributions to the G20 Domestic Resource Mobilisation Pillar**

The Task Force encouraged the OECD Committees to maximise the opportunity for promoting tax systems development through the G20 Domestic Resource Mobilisation Pillar reporting. Strategic priorities where G20 countries could show leadership include more coherent support for capacity building and tax systems development including in transfer pricing and transparency in tax incentives and financial data reported by multinational enterprises.