



**MENA-OECD
INVESTMENT
PROGRAMME**



WORKING GROUP 3 MEETING

Tax policy for investment

- Agenda -

19-20 June 2007

Conrad Hotel, Cairo

Objectives

The objectives of this third meeting of Working Group 3 (*Tax Policy for Investment*) of the MENA-OECD Investment Programme are to hold substantive discussions amongst senior tax officials on taxation and investment; consider reform initiatives of MENA and OECD countries and report on tax discussions at the OECD; to hold a ‘roundtable discussion’ on taxation and foreign direct investment; to consider draft proposals on assessment approaches supportive of tax policy development; to identify key tax policy topics for future roundtable discussions; and to discuss future seminars and workshops on various tax topics and venues, to assist MENA countries in carrying forward their national tax reform agendas implementing sound tax policies.

In a first round of discussions, Working Group 3 (WG3) will receive presentations on current and future tax reform initiatives from MENA and OECD country representatives (Egypt, Morocco, Belgium, Turkey, United Kingdom), followed by a presentation by the OECD Secretariat summarising findings of a 2005-06 project on taxation and foreign direct investment, carried out by Working Party No2 (WP2) of the OECD Committee on Fiscal Affairs. This will be followed by a presentation of a paper *Tax Incentives for Investment – A Global Perspective* prepared by the OECD Secretariat, looking at the issue of the effectiveness of tax incentives for FDI, both within and outside the MENA region.

A *Draft Declaration on Tax Policy Development Supportive of Investment* (to be circulated to MENA countries in advance of the meeting) will also be presented and discussed during the first day, asking MENA countries to signal an intention to meet regularly where possible (e.g. annually) on a regional basis to hold high-level discussions on tax policy, and to agree a set of proposals regarding best practices in the *assessment* of tax policy options (e.g. the development of tax burden measures). A revised draft declaration will be subsequently tabled during the second day, for consideration by participants. Following the meeting, MENA countries will be contacted to determine if they agree with a final drafting of the declaration based on the discussions at this WG3 meeting.

The first day of the meeting will conclude with an overview of future seminars and workshops on taxation and possible venues for participation by MENA countries. Senior tax policy makers will be asked for feedback and guidance on the list of topics, and MENA country participation in the workshops will be encouraged. This session will also officially launch a Regional Tax Policy Training Programme, based in Cairo and sponsored by the government of Egypt, targeted at officials of countries in the MENA region, with the OECD Centre for Tax Policy and Administration called upon to organise tax events in its areas of expertise, including tax treaties, transfer pricing, tax policy analysis and tax modelling. Representatives of tax training and research centres in Turkey and Spain will outline their tax programmes and consider ways to organize activities in ways to serve MENA country training needs.

The second day of the meeting will begin with a ‘roundtable discussion’ on the topic of Taxation and Foreign Direct Investment. This discussion will be opened by the OECD Secretariat, outlining the nature of roundtable discussions at the OECD, presenting additional results from its 2005-06 project on taxation and FDI, and tabling a list of issues for discussion. This will be followed by presentations by the United Kingdom, as well as other international organisations invited to participate (FIAS, EC), with the aim of fostering discussions amongst senior tax officials on key issues in relation to both inbound and outbound investment. Input will be sought from MENA countries in advance of the meeting on items that they would like to see addressed during the discussions.

The next major item will consist of a discussion of current OECD work on the topic of *Taxation of Small and Medium-Sized Enterprises (SMEs)*, leading up to an International Tax Dialogue (ITD) global conference on this topic, involving OECD and non-OECD countries, in October 2007. An ‘issues paper’ by the OECD Secretariat will be tabled for consideration, and MENA countries will be encouraged to

identify issues in relation to the taxation of SMEs that are of particular interest or concern in their countries. WG3 participants will be asked to consider whether the topic of 'taxation of SMEs' would be a suitable topic for 'roundtable discussion' at the next meeting of WG3 (in 2008).

A wrap up session will consider revised text of the *Draft Declaration on Tax Policy Development Supportive of Investment*, and conclude the meeting with proposals for future WG3-related activities.

Participants

Senior tax officials of MENA and OECD countries as well as international organisations and private sector representatives partnering with the Programme are invited to attend this meeting.

Documentation

Documents to be presented at the WG3 meeting include: 1. Executive Summary of a 2005-06 OECD study on Taxation and Foreign Direct Investment (FDI); 2. Draft paper on Tax Incentives for Investment – A Global Perspective; 3. Draft Declaration on Tax Policy Development Supportive of Investment; 4. Report on WG3 past and proposed future activities; 5. Suggested list of issues for discussion on the Taxation and FDI roundtable; 6. Issues paper on Taxation and Small and Medium-Sized Businesses.

Policy papers relating to the National Investment Reform Agenda Workshops which have been organised by the Programme will also be available on our website.

The relevant meeting documents together with a finalized agenda will be distributed to participants in advance of the meeting and made available on our web site.

For information about the MENA-OECD Investment Programme, please visit the following website:

www.oecd.org/mena/investment

MEETING ITINERARY

Chairpersons of the meeting:

Mr. Ashraf Al Arabi, Co-chair of Working Group 3, Ministry of Finance, Egypt

Mr. Timur Çakmak, Co-chair of Working Group 3, Revenue Administration, Turkey

19 June

8:45 - 9:30	Registration
09:30 - 10:00	Opening Session
	<ul style="list-style-type: none"> • H.E. Dr. Youssef Boutros Ghali, Finance Minister, Egypt • Dr. Rainer Geiger, Director, MENA-OECD Investment Programme • Mr. Ashraf Al Arabi, Co-chair of Working Group 3, Ministry of Finance, Egypt
10:00 - 11:00	Session I. Presentations on Taxation, Investment, and Tax Reform Initiatives, Part I
	<i>This session will begin with MENA and OECD country presentations on recent and future tax reforms. The OECD will then present findings of a 2005-06 project carried out by Working Party No2 (WP2) of the OECD Committee on Fiscal Affairs on Taxation and FDI. This will be followed by a presentation of a draft paper from the OECD Secretariat on Tax Incentives and FDI performance.</i>
	<ul style="list-style-type: none"> • Mr. Ashraf Al Arabi (Egypt), to moderate the session and present Egyptian Tax Reform • Mr. Said Mifdal (Morocco), to present Tax Expenditure Report in Morocco • Mr. Christian Valenduc (Belgium), to present Belgium Tax Reforms • Mr. Alan Carter (United Kingdom) to present Corporate Tax Reform Experiences in the UK and OECD countries
11:00 – 11:30	Coffee-break
11:30 - 13:00	Session I. Presentations on Taxation, Investment, and Tax Reform Initiatives, Part II
	<ul style="list-style-type: none"> • Pr. Moustafa Alkafry (Syria) to present Tax Reforms in Syria • Mr. Timur Çakmak (Turkey) to present “Improvement of FDI and Tax reforms in Turkey” • Mr. Christian Valenduc (Chair of OECD WP2) and Dr. Steven Clark (OECD) to summarize findings of the 2005-06 OECD report on taxation of inbound/outbound FDI. • Dr. Ana Cebreiro (OECD) to present draft paper on Tax Incentives and FDI Performance. <p><i>Documentation:</i> 1) Executive summary of the 2005-06 OECD study on Taxation and Foreign Direct Investment; 2) Draft paper on Tax Incentives – A Global Perspective</p>
13:00 - 14:30	Lunch

14:30 - 15:30	Session II. Draft Declaration on Tax Policy Development Supportive of Investment
	<i>This session will consider a Draft Declaration on Tax Policy Development Supportive of Investment, with guidance sought from participating MENA countries on how the text can be modified to best reflect views on key elements (e.g. tax burden indicators) to consider in the development of tax policy supportive of investment. A revised document resulting from this discussion will be submitted for consideration in the Wrap up and Conclusions (second day of this meeting).</i>
	<ul style="list-style-type: none"> • Mr. Ashraf Al Arabi (Egypt), to moderate the discussion • Dr. Steven Clark (OECD), to introduce the Declaration <p>Open discussion</p> <p><i>Documentation: 3) Draft Declaration on Tax Policy Development Supportive of Investment</i></p>
15:30 - 16:45	Session III. Work Programme for 2007-2008
	<i>This session will provide an overview of plans for future seminars and workshops on taxation, for participation by MENA countries to assist them in carrying forward their tax reforms and implementing tax policies. MENA country feedback on the list of topics and participation in the seminars and workshops will be encouraged.</i>
	<ul style="list-style-type: none"> • Dr. El Sayed Torky (Egypt), to moderate the session • Dr. Zackaria Ahmed Hejres (Bahrain), to present the MENA Investment Center, in Bahrain. • Mr. Timur Çakmak (Turkey), to present 2007-08 work programme at the OECD Multilateral Tax Training Centre, in Ankara. • Mr. Ashraf Al Arabi (Egypt) to present information on planned activities of a Regional Tax Policy Training programme, supported by the government of Egypt and based in Cairo. • Mr. Bienvenido Pascual (Spain) to present Spanish IFS experience on training centres. • Dr. Ana Cebreiro (OECD) to present overview of the 2007-08 work programme. <p><i>Documentation: 4) Report on WG3 past and proposed future activities</i></p>

20 June

9:00 - 10:30	Session IV. Roundtable on Taxation and Foreign Direct Investment
	<i>This session will provide an opportunity for participants to engage in a discussion of key policy issues and experiences in relation to the taxation of inbound and outbound investment, with the aim of fostering peer-dialogue amongst MENA-country senior tax officials.</i>
	<ul style="list-style-type: none"> • Mr. Christian Valenduc (Chair of OECD WP2), to introduce and moderate the discussion • Dr. Steven Clark (OECD), to summarize elements of the 2005-06 OECD report on taxation of inbound/outbound FDI, focusing on tax-planning effects on tax burdens. • Mr. Vinod Kalloe (EC) to present “EU policy regarding (harmful) tax competition” • Mr. Sebastian S. James (FIAS), to present • Mrs. Neveen El Shafai (Egypt) (tbc) • Mr. C. Alexander Severens (United States), to present <p>Roundtable discussion (all participants)</p> <p><i>Documentation: 5) Suggested list of issues for discussion</i></p>
10:30 – 11:00	Coffee-break
11:00 - 12:00	Session V. Taxation of Small and Medium Sized Enterprises (SMEs)
	<i>This session will consist of a short presentation on a major 2007-08 project by the OECD, in collaboration with its ITD partners, on the topic of taxation of small and medium-sized enterprises (SMEs). MENA countries will be encouraged to share insights on the main tax impediments to SME financing and tax compliance, and asked to whether this topic should be chosen for the main ‘roundtable discussion’ at the next WG3 meeting (in 2008), and if so, what key issues should be addressed. Other possible topics for such discussions will be addressed and guidance sought.</i>
	<ul style="list-style-type: none"> • Mr. Timur Çakmak (Turkey), to moderate the discussion • Dr. Steven Clark (OECD) and Mr. Christian Valenduc (Chair of OECD WP2), to present an ‘issues paper’ on taxation of SMEs. • Mr. Sebastian S. James (FIAS) to present • Mr. Alan Carter (United Kingdom) to present <p>Open discussion</p> <p><i>Documentation: 6) Issues paper on Taxation and Small and Medium-Sized Businesses</i></p>
12:00 - 12:30	Wrap up and Conclusions
	<i>The meeting will conclude with a proposed work plan on future WG3-related activities, including participation in tax seminars/workshops, to assist MENA countries in carrying forward the implementation of their tax reforms. Revised text of the Declaration on Tax Policy Development Supportive of Investment will also be tabled for consideration by MENA countries</i>
	<ul style="list-style-type: none"> • Mr. Ashraf Al Arabi (Egypt), to moderate the session and provide concluding remarks • Dr. Steven Clark (OECD) to present the revised Declaration • Dr. Rainer Geiger (OECD), to provide concluding comments
12:30 – 13:00	Press conference and inauguration of the MENA Regional Tax Training Programme organised by the OECD
13:00 - 14:30	Lunch

BAHRAIN

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Deputy Chief Executive
Economic Development Board
Bahrain

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Conseiller général des Finances and Chair of the OECD Working Party 2 in the Committee of Fiscal
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EGYPT

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