

OECD Global Forum on **Development**

Hosted by the OECD

Centre for Tax Policy and Administration

Development Co-operation Directorate

Development Centre

Annotated Agenda

“Domestic Resource Mobilisation for Development: the Taxation Challenge”

OECD Global Forum on Development





**Centre for Tax and Policy Administration
Development Centre
Development Co-operation Directorate**

OECD Global Forum on Development

28th January 2010

Domestic Resource Mobilisation (DRM) for Development: The Taxation Challenge

Event objectives

Taxation is integral to sustainable growth and poverty reduction. As highlighted in the Monterrey Consensus, tax receipts provide developing countries with a stable and predictable fiscal environment to promote growth and to finance their social and public investment needs. Combined with economic growth, efficient tax systems will progressively reduce aid dependency. More generally, taxation plays a supportive role in improving governance by promoting the accountability of government to citizens. The key challenge is to turn principles into action, to ensure taxation delivers on its promise as a core source of development finance. This Forum builds directly on the discussions between the OECD's Development Assistance and Fiscal Affairs Committees held on 27th January, and brings together international and domestic tax policy and development experts, decision-makers from OECD and non-OECD countries as well as representatives of NGOs and the business community to deliver three objectives:

- To make recommendations for supporting developing countries to participate in the work of the Global Forum on Transparency and Exchange of Information, in the context of the G20 initiative. How can exchange of information structures be strengthened so that developing countries can play a role in the global move towards greater transparency and implementation of international standards?
- To make recommendations for reinforcing capacity in tax administrations to make them more effective and transparent, to enable them to combat tax evasion and avoidance and to spread the tax burden evenly and fairly. How can bilateral and multilateral organisations support regional initiatives such as the African Tax Administration Forum (ATAF) to find domestic resource mobilization solutions and reinforce citizen-state accountability?
- To make recommendations as to how tax policies can be designed and implemented so that objectives for maximising revenue can be reconciled with poverty alleviation and equality objectives. What can be done to support developing countries in this endeavour?

Agenda

**28th January 2010
Room CC1**

8.00-8.45 Arrival/Registration

9.00-9.30 OPENING REMARKS

Pier Carlo Padoan, OECD Deputy Secretary General and Chief Economist
Why tax, and why now? (5 min)

**Eckhard Deutscher, Chair of the Development Assistance Committee and
Jeffrey Owens, Director of the Centre for Tax Policy and Administration**
Reporting back from joint CFA/DAC meeting (5 min)

This session will provide an overview of the significance of taxation and its increasing prominence in international debates. A broad picture will be set out as to the challenges and opportunities facing developing countries seeking to mobilise domestic resources. A short report from the previous day's joint meeting of the Committee of Fiscal Affairs and the Development Assistance Committee will provide proposals which can be developed over the course of the day's discussions.

**09.30-12.45 SESSION I: THE CHANGING INTERNATIONAL CLIMATE –
NON-COOPERATIVE JURISDICTIONS, TAX EVASION AND AVOIDANCE**

09.30-11.00 How can developing countries benefit from a more co-operative tax environment?

Chair: **Stephen Timms, Financial Secretary to the Treasury, HM Treasury (UK)**

**Francois D' Aubert, Chair of the Peer Review Group of the Global Forum on
Transparency and Exchange of Information** (5 min)
Joel Tan-Torres, Commissioner of the Bureau of Internal Revenue (Philippines) (5 min)
Daniel Ablorh-Quarcoo, Commissioner of the Internal Revenue Service (Ghana) (5 min)
Attiya Waris, University of Nairobi/Tax Justice Network (5 min)

Discussion

This session will discuss the international tax environment, the various initiatives currently underway, and in particular the work of the Global Forum on Transparency and Exchange of Information. The focus will be on the mechanisms for involving developing countries in its work, the different mechanisms for international agreements, and the support which can be offered to actively involve countries as both recipients and suppliers of information.

11.00-11.15 Coffee Break

11.15-12.45 Increasing transparency in developing countries

Chair: **Oupa Magashula, President of the African Tax Administration Forum (South Africa)**

Alfredo Gutiérrez Ortiz-Mena, President Tax Administration (Mexico) (5 min)

Stephen Timms, Financial Secretary to the Treasury, HM Treasury (UK) (5 min)

William Morris, Senior International Tax Counsel & Director (GE International Inc.)
(5 min)

Discussion

This session will discuss mechanisms for achieving transparency through international agreements and domestic action. New proposals on how multinationals might provide additional information through annual financial statements covering financial performance in each country in which it operates will also be debated.

12.45-13.45 Lunch – Hall of the Chateau

13.45-17.45 SESSION II: THE DOMESTIC DIMENSION - FISCAL LEGITIMACY, TAX ADMINISTRATIONS AND POVERTY REDUCTION

13.45-14.00 OPENING REMARKS

Eric Martin, Chair of the Development Centre Board, Ambassador to the OECD (Switzerland)

Enhancing domestic resource mobilisation – setting the scene (5 min)

Brahim Kettani, Director of Legislation, Studies and International Cooperation, General Administration of Taxes, Ministry of Economy and Finance (Morocco)

The Moroccan experience (5 min)

This session will set the scene for further discussion about the social contract, tax administration and poverty and inequality alleviation, including highlights of taxation challenges and successes as experienced by a senior policy maker from North Africa.

14.00-15.00 Fiscal legitimacy and the social contract

Chair: **Serge Tomasi, Director for Global Economy and Development Strategy, Ministry of Foreign and European Affairs (France)**

John Di John, Professor, SOAS (UK) (5 min)

Debapriya Bhattacharya, Special Advisor on LDCs (UNCTAD) and Mustafizur Rahman, Executive Director, Centre for Policy Dialogue (Bangladesh)

(5 min)

Discussion

This session will focus on the vital link between public expenditure and tax revenue generation and on the goal of achieving a social contract between government and taxpayers and fiscal legitimacy in public policy. Examples of African and Asian economies which have endeavoured to build a functional and viable social contract will be presented.

15.00-16.30 How can tax administrations be strengthened for development?

Chair: **Liao Tizhong, Deputy Director-General, International Taxation Department, SAT (China)**

Otaviano Canuto, Vice President, Poverty Reduction and Economic Management (WB) (5 min)
Sandro de Vargas Serpa, Sub-Secretary of Taxation, Federal Revenue (Brazil) (5 min)
Caroline Silberztein, Head of Transfer Pricing Unit CTPA (OECD Secretariat) (5 min)

Discussion

This session will look specifically at the challenges facing developing countries' tax administrations, and initiatives taken by tax administrators themselves to address these through multilateral action. The particular challenge of implementing transfer pricing will be examined.

16.30-16.45 Coffee Break

16.45-17.45 How can Domestic Resource Mobilisation through taxation help reduce poverty and inequality?

Chair: **Fernando Cepeda Uloa, Ambassador to France (Colombia)**

Lim Hong Eng, Director, Advance Rulings Division, Inland Revenue Board (Malaysia) (5 min)
Roy Culpeper, President and CEO, The North-South Institute (Canada) (5 min)

Discussion

This session will analyse the dilemmas and trade-offs countries face when attempting to balance maximising public revenues with poverty and inequality alleviation objectives. Indirect taxation, or the potential for the informal sector to broaden the tax base, offers opportunities but also threats. Policy choices, including lower direct tax rates and simpler tax structures, will be explored. Achievements in Latin America, successes in Asia and progress in Africa will be discussed.

17.45-18.00 CONCLUDING PANEL: Agreed next steps and action plans

Richard Carey – Director of the Development Co-operation Directorate
Javier Santiso – Director of the Development Centre
Jeffrey Owens – Director of the Centre for Tax Policy and Administration

Building on the outcomes from the meeting on 27th January, between the OECD's Committee on Fiscal Affairs and the Development Assistance Committee, and the key perspectives reflected in the presentations and discussions today, the Directors will provide a statement including proposals for further action.