



**MENA-OECD  
INVESTMENT  
PROGRAMME**



**4<sup>th</sup> Meeting of  
Working Group 3  
(Tax Policy Analysis)**

**- Agenda -**  
(26 January 2009)

***Tax Implications  
of the Global Financial Crisis,  
Globalization and Taxation of SMEs,  
and 'Tax Indicators'***

**28-29 January 2009\***  
**OECD Headquarters, Conference Room CC15**

\* This meeting will be preceded by an informal 'technical' meeting in the afternoon of 27 January, 2009.

### *Overview and main objectives*

A central mandate of Working Group 3 (*Tax Policy Analysis*) of the MENA-OECD Investment Programme is to support a regional (MENA) network of senior tax policy officials organized to enable dialogue on the implementation of tax policies supportive of economic development, including exchanges of views on alternative approaches, and experience with specific policy measures. The role of the OECD is to help foster dialogue in support of tax reform efforts, drawing on data, analytical tools, publications and reports on tax policy making, compiled by the Centre for Tax Policy and Administration (CTPA), with insights from activities of other working groups organized under the Investment Programme.

The objectives of this fourth meeting of WG3, to be held 28-29 January 2009 in Paris, at OECD headquarters, are: to hold discussions on tax implications of the current global financial crisis; consider work analyzing the implications of globalization for the taxation of small and medium-sized enterprises; advance work on ‘tax indicators’; and plan future WG3 activities. An informal half-day ‘technical’ meeting (targeted at tax policy analysts) will be held prior to the WG3 meeting, during the afternoon of 27 January 2009, to discuss tax policy theory and analysis in relation to ‘tax indicator’ work.

The first agenda item of the WG3 meeting will address the current global financial crisis, with a focus on how tax policy may contribute to alleviating the effects of the crisis including ramifications on the real economy, and policy approaches that may help avoid similar crises in the future. The session will begin with an overview of current work at the OECD aimed at assisting countries in developing short- and long-term policy responses, with a special focus on the potential role of tax policy. Participants will be encouraged to share their views, with regard to considerations and implications for MENA countries.

The second agenda item focusing on the taxation of small and medium-sized enterprises (SMEs), will report main findings of a recent OECD study analyzing tax impediments to SME creation, growth and tax compliance, tax incentives for SMEs, and approaches to reduce SME tax compliance burdens. The session will also outline scope of follow-up work focusing on the implications of globalization for the taxation of SMEs. Key SME tax policy and tax administration concerns of MENA countries will be presented under a ‘tour de table’ where all participants will be asked to share their views. It is hoped that the discussions will be helpful in identifying potential areas where WG3 could formulate recommendations on SME tax policy and/or administration, to be presented at a Ministerial meeting of the MENA-OECD Investment Programme scheduled for the end of next year. Possible tax recommendations would be discussed by participants in a follow-up WG3 meeting tentatively scheduled for the fall of 2009.

A key focus of the meeting, addressed in agenda items III to VI, is on various ‘tax indicators’ including those forming the tax component of the OECD *Business Climate Development Strategy* (BCDS) index framework, aimed at identifying areas where the OECD can provide ‘technical assistance’ to MENA countries to support tax policy analysis and development. This assistance includes the provision of various analytical tools (‘tax models’) and discussions around main findings of studies developed with policy makers assessing the pros and cons of alternative policy approaches. Findings of recent collaborative work of the OECD, IMF and World Bank will also be presented that examines relative strengths and limitations of the World Bank’s *Doing Business* tax indicators. Countries will be asked to provide views on the usefulness of BCDS ‘tax indicators’ and possible refinements, and to assist the Secretariat in determining areas where technical assistance could be most helpful.

Finally, guidance will be sought from WG3 participants on how best to tailor WG3 resources and activities in the future to the best meet the interests of MENA countries. The Secretariat will review the 2009 schedule of tax seminars and workshops organized under the CTPA’s tax ‘outreach’ programme, including events specifically designated for MENA country participation. Possible topics for ‘roundtable’

discussion at the next WG3 meeting will also be raised, with MENA countries encouraged to indicate their preferences by March 2009 to enable planning for the next WG3 event.

***Participants***

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

***Documentation***

Copies of the finalized agenda, documents and presentations will be made available at the meeting, and also found at the following website:

[http://www.oecd.org/document/33/0,3343,en\\_34645207\\_34645764\\_41842785\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/33/0,3343,en_34645207_34645764_41842785_1_1_1_1,00.html)

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

[www.oecd.org/mena/investment](http://www.oecd.org/mena/investment)

## MEETING ITINERARY

### Co-chairs of Working Group 3

*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*

**28 January 2009**

<b>9:00 - 9:20</b>	<b>Registration</b>
<b>9:20 - 10:00</b>	<b>Opening Session</b>
	<ul style="list-style-type: none"> <li>• <b>Mr. Ashraf Al Arabi</b>, Co-chair of Working Group 3, Tax Commissioner, Egypt.</li> <li>• <b>Mr. Timur Çakmak</b>, Co-chair of Working Group 3, Revenue Administration, Turkey.</li> <li>• <b>Mr. Anthony O’Sullivan</b>, Head, MENA-OECD Investment Programme.</li> <li>• <b>Mr. Christian Valenduc</b>, Chair, Working Party No2, OECD Committee on Fiscal Affairs.</li> <li>• <b>Mr. Steven Clark</b>, Manager, Working Group 3, MENA-OECD Investment Programme.</li> </ul>
<b>10:00 - 11:00</b>	<b>Session I. Tax implications of the current global financial crisis</b>
	<p><i>This session will address regulatory and policy considerations surrounding the current global financial crisis, including tax policy considerations. This will be followed by an open discussion of the issues raised, including tax considerations for MENA countries.</i></p> <ul style="list-style-type: none"> <li>• <b>Mr. Christian Valenduc (Chair, WP2, OECD)</b>, to moderate the discussion.</li> <li>• <b>Mr. Adrian Blundell-Wignall (Deputy Director, DAF, OECD)</b>, to present work examining causal and conditioning factors that led to the current global financial crisis, and various possible regulatory/policy implications.</li> <li>• <b>Mr. Geoff Lloyd (OECD)</b>, to outline areas of current work examining specifically tax implications of the global financial crisis, including possible tax factors that may have exacerbated the crisis, and implications for tax reform.</li> <li>• <b>Mr. Steven Clark (OECD)</b>, to review tax policy considerations in boosting demand and fostering sustained, balanced economic growth, including findings of a recent OECD study on taxation and economic growth.</li> </ul> <p><i>Open discussion on tax considerations for MENA countries.</i></p>
<b>11:00 – 11:30</b>	<b>Coffee-break</b>
<b>11:30 - 12:45</b>	<b>Session II. Roundtable on Taxation of Small and Medium Sized Enterprises (SMEs)</b>
	<p><i>This session will consider recent collaborative work on the taxation of SMEs, work examining tax implications for SMEs of globalization, and recent reforms and challenges of MENA countries to encourage SME creation and compliance. Participants will be encouraged to share views through a ‘tour de table’ discussion. MENA country officials will be asked to help identify possible draft recommendations on SME tax policy and/or administration for consideration by Ministers.</i></p> <ul style="list-style-type: none"> <li>• <b>Mrs. Marie-Florence Estimé (OECD)</b>, to moderate the discussion.</li> <li>• <b>Mr. Steven Clark and Mr. Alastair Thomas (OECD)</b>, to present main results of a recent OECD report on <i>Taxation of Small and Medium-Sized Enterprises</i> and planned follow-up work on the implications of globalisation for the taxation of SMEs.</li> <li>• <b>Mr. Jan Loeprick (FIAS/IFC/World Bank)</b>, to review recent and current work in the MENA region, addressing SME informal markets.</li> <li>• <b>MENA/OECD country roundtable</b> -- ‘tour de table’ comments by participants on main SME tax issues in relation to encouraging SME tax compliance, SME creation and growth, possible recommendations on SME tax policy/administration.</li> </ul>

<b>12:45 – 14:30</b>	<b>Lunch hosted by the OECD</b>
<b>14:30 - 15:15</b>	<b>Session III. Business Climate Development Strategy (BCDS) index framework</b>
	<i>This session will review the Business Climate Development Strategy (BCDS) index framework, a structured process for countries to assess, design and implement various non-tax and tax policies to improve the business climate. Presentations will include an overview of the components of the BCDS index, a review of the tax component that focuses on current practice and progress in implementing certain ‘mainstream’ analytical frameworks for assessing tax policy, and an application in the case of Belgium.</i>
	<ul style="list-style-type: none"> <li>• <b>Mr. Anthony O’Sullivan (OECD)</b>, to introduce the BCDS index framework (all dimensions) and moderate the discussion.</li> <li>• <b>Ms. Ana Cebreiro (OECD)</b>, to introduce the tax component of the BCDS framework.</li> <li>• <b>Mr. Christian Valenduc (Belgium)</b>, to summarize an assessment of Belgium, under the tax component of the BCDS index framework.</li> </ul> <p><i>Questions and comments</i></p>
<b>15:15 - 16:00</b>	<b>Session IV. ‘Alternative’ tax indicators</b>
	<i>This session will present a current collaborative effort by the OECD, IMF and World Bank examining the relative strengths and limitations of the World Bank’s ‘Doing Business’ tax indicators, to be considered alongside other similar indicators. Countries will be asked to consider how best to structure tax indicators to reflect tax systems, approaches and technical assistance needs of MENA countries</i>
	<ul style="list-style-type: none"> <li>• <b>Mr. Steven Clark (OECD)</b>, to moderate the discussion.</li> <li>• <b>Mr. Richard Stern (FIAS)</b>, to review work under FIAS technical assistance programmes, focusing on pro-growth reform of tax administration, and assessments of TA reform progress under <i>Doing Business</i> indicators.</li> <li>• <b>Mr. Alan Carter (UK)</b>, to present current collaborative work on the World Bank’s <i>Doing Business</i> tax indicators.</li> </ul>
<b>16:00 – 16:30</b>	<b>Coffee-break</b>
<b>16:30 - 18:00</b>	<b>Session IV continued (‘Alternative’ tax indicators)</b>
	<ul style="list-style-type: none"> <li>• <b>Mr. Steven Clark (OECD)</b>, to moderate the discussion.</li> <li>• <b>Ms. Ana Cebreiro (OECD)</b>, to present tax indicators commonly employed in OECD tax surveillance work.</li> <li>• <b>Ms. Nawal Jellouli (Morocco)</b>, to present views on OECD tax indicator work, areas of technical assistance identified under the framework that could be useful in policy analysis and development, other indicators that could be usefully introduced into the BCDS framework.</li> <li>• <b>Mrs. Ana Cebreiro (OECD)</b>, to introduce the OECD <i>Taxing Wages</i> (TW) framework.</li> </ul> <p><i>Open discussion</i></p>

**29 January 2009**

<b>9:15 - 10:15</b>	<b>Session V. OECD Taxing Wages model</b>
	<p><i>This session will review the OECD Taxing Wages (TW) model to assess tax effects on employment. This methodology, included in the BCDS tax indicator framework, calculates marginal and average tax rates on labour income, including effects of income tax and social security contributions, for different household types, and income levels. Applications in the Greek tax system, and in analyzing employment-related benefits, will be presented.</i></p>
	<ul style="list-style-type: none"> <li>• <b>Mr. Steven Clark (OECD)</b>, to moderate the discussion.</li> <li>• <b>Mrs. Ana Cebreiro (OECD)</b>, to elaborate on the OECD Taxing Wages (TW) framework.</li> <li>• <b>Mrs. Dimitra Dertsou (Greece)</b>, to report on TW applications in Greece.</li> <li>• <b>Mr. Bert Brys (OECD)</b>, to consider TW applications to analyze employment-related benefits (in-work tax credits, unemployment insurance).</li> </ul> <p><i>Questions and comments</i></p>
<b>10:15 – 11:15</b>	<b>Session VI. Marginal Effective Tax Rate (METR) models</b>
	<p><i>This session will review marginal effective tax rate (METR) models to assess tax effects on investment. Such models, included in the BCDS tax indicator framework, provide summary indicators of distortions to investment from main corporate and shareholder-level tax parameters (statutory tax rate(s), depreciation allowances, investment tax credits, capital taxes, dividend taxes and capital gains taxes). Applications in Canada and the EU will be presented.</i></p>
	<ul style="list-style-type: none"> <li>• <b>Mr. Steven Clark (OECD)</b>, to moderate the discussion and introduce METR analysis.</li> <li>• <b>Mr. Paul Berg-Dick (Canada)</b>, to review METR applications to tax policy development in Canada.</li> <li>• <b>Mr. Jean Pierre DE LAET (European Commission)</b>, to present METR analysis for EU countries (and certain non-EU countries).</li> <li>• <b>Mr. Rajul Awasthi (FIAS)</b>, to review METR applications by FIAS in its technical assistance programmes.</li> </ul> <p><i>Questions and comments</i></p>
<b>11:15 - 11:30</b>	<b>Coffee break</b>
<b>11:30 - 12:30</b>	<b>Session VII. CTPA's Global Relations Programme and other Outreach Activities</b>
	<p><i>This session will review 2009 tax seminars/workshops organized under the CTPA Global Relations (outreach) programme, to which MENA country tax officials are invited to attend. Other training events and outreach activities will also be presented.</i></p>
	<ul style="list-style-type: none"> <li>• <b>Mr. Richard Parry (OECD)</b>, to moderate the discussion and present the CTPA Global Relations programme on tax for 2009.</li> <li>• <b>Mr. David Partington (OECD)</b>, to review OECD-led tax treaty seminars sponsored by the Ministry of Finance, United Arab Emirates</li> <li>• <b>Mr. Timur Cakmak (Turkey)</b>, to review 2009 activities of the OECD Multilateral Tax Training Centre, Ankara.</li> <li>• <b>Mr. Ashraf Al-Arabi (Egypt)</b>, to review activities of Egypt's Tax Training Centre, Cairo.</li> <li>• <b>Mr. Daniel Witt (ITIC)</b>, to report on activities of the International Tax &amp; Investment Center in the MENA region, and possible synergies with WG activities.</li> <li>• <b>MENA/OECD country roundtable</b> -- 'tour de table' comments by participants, indicating topics and corresponding tax seminars/workshops of special interest.</li> </ul> <p><i>Questions and comments</i></p>

12:30 – 13:00	Session VIII. Future WG3-related Activities and Conclusions
	<p><i>The meeting will conclude first with a brief review of the main items considered at the meeting. The Secretariat will propose that a questionnaire be sent to participants, following the meeting, to obtain feedback on: contact persons in their country for co-ordination of the BCDS exercise (to help guide the targeting of future WG3-related discussions and consolidate a basis for future discussions on tax policy); whether the scope of WG3 should be broadened (e.g. to address tax administration issues); tax recommendations that could be presented at the November 2009 meeting of MENA country Ministers, organized under the MENA-OECD Investment Programme.</i></p>
	<ul style="list-style-type: none"> <li>• <b>Mr. Ashraf Al Arabi (co-Chair WG3, Egypt)</b>, to moderate the discussion.</li> <li>• <b>Mr. Steven Clark (OECD)</b>, to summarize the main items presented at the meeting, and outline the elements of a questionnaire to obtain feedback on BCDS participation, the scope of WG3 topics; possible tax recommendations for the 2009 MENA Ministerial.</li> <li>• <b>MENA/OECD country roundtable</b> -- ‘tour de table’ for initial feedback on the issues raised by the Secretariat (BCDS, WG3 topics, MENA Ministerial).</li> <li>• <b>Mr. Steven Clark (OECD)</b>, to identify future key dates (timing of BCDS exercise, timing of the questionnaire; proposed dates and possible venue for the next WG3 meeting).</li> <li>• <b>Mr. Timur Cakmak (co-Chair WG3, Turkey)</b> – closing comments.</li> <li>• <b>Mr. Ashraf Al Arabi (co-Chair WG3, Egypt)</b> – closing comments</li> </ul>

## **LIST of SPEAKERS and OECD CONTACTS**

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### **GREECE**

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### **TURKEY**

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### **EUROPEAN COMMISSION**

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