



Committee of Experts on International Cooperation in Tax Matters

22nd Session

UNDESA/FSDO Capacity Development: Facts and Prospects

(October 2020-December 2021)

Overview

Context

❑ Tax and Domestic Resource Mobilization

- ✓ Work of the UN Tax Committee, its Subcommittees and capacity development at the global, regional, national and local levels
Integrating policy and capacity support for the achievement of resilient, sustainable development and the SDGs.

- ❖ Capacity building activities in tax
 - Activities organized and delivered since October 2020
 - Planned activities through December 2021.

- ❖ Capacity building activities in asset management
 - Activities on Infrastructure Asset Management for Sustainable Development

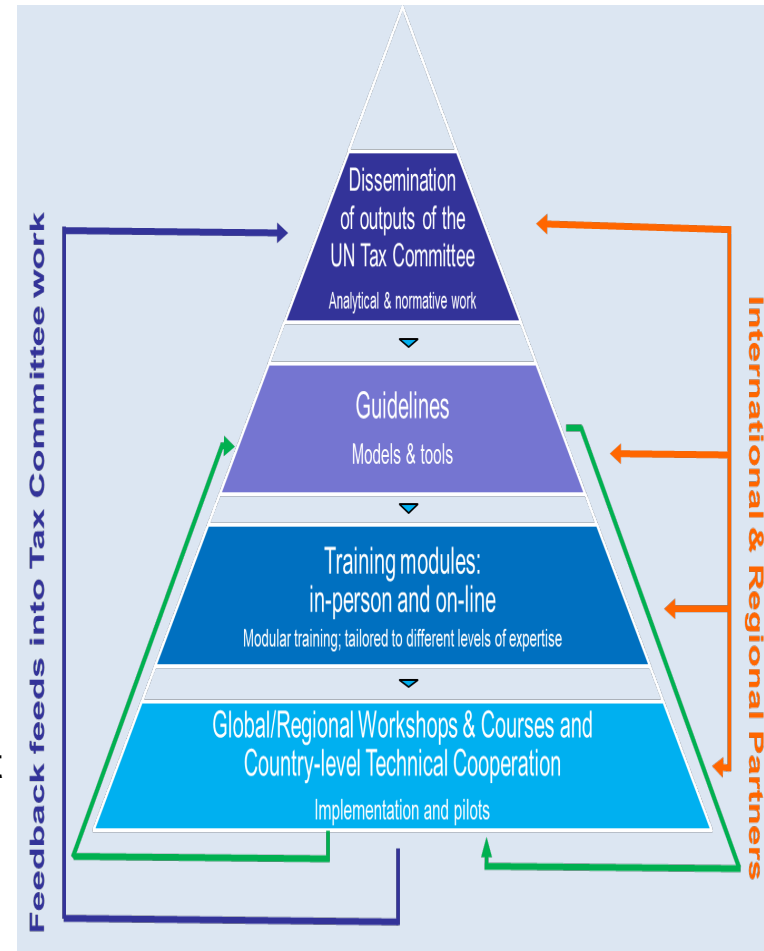


Capacity Development

FSDO continues to disseminate guidance by the UN Tax Committee, especially to developing countries, through a comprehensive capacity development programme:

- Workshops and webinars (global, regional and country-level);
- Online courses (e.g., updates of courses and development of new ones);
- Technical advisory/assistance to requesting Member States.

These activities have been supported by the generous contribution of the Norwegian Agency for Development Cooperation (Norad). They aim to help developing countries mobilize domestic resources by strengthening their tax policy and administration, broadening their tax base and curbing tax avoidance and evasion.



Tax Capacity Building Activities

- Activities since Committee's 21st session (20-29 October 2020)
 - ❑ Virtual workshops / training delivered
 - ❑ Virtual webinars (global)
 - ❑ Preparation of Tax Talks
- Capacity Building work: May – December 2021
 - ❑ Dissemination of the content of new and updated Tax Committee's publications through virtual workshops (e.g. global, regional, national)
 - ❑ Update of online courses (transfer pricing, tax treaties)

UN Virtual Workshop on the Handbook on Carbon Taxation (30 Nov-1 Dec 2020)

Objective: provide practical knowledge on the potential options to design and administer a carbon tax

- Based on the approved chapters of the Handbook on Carbon Taxation
- Delivered by Subcommittee members
- Specialized presentations by UNEP and IMF
- Six country experiences (Canada, Chile, Colombia, Sweden, Singapore and South Africa)

Key message: Carbon taxation is achievable.

Once political will is present, countries can always find good solutions to design and administer a carbon tax that works for them. The important thing is to get started, and to leave room for some adjustments along the way.

Attended by over 110 government officials of 32 developing countries:

- ❖ National Tax Administrations
- ❖ Ministries of Finance
- ❖ Ministries of Environment

Follow-up workshop will be held in 2nd half of 2021, on:

- ❖ Use of revenues
- ❖ Public acceptability
- ❖ Interaction with other policies

Virtual Webinars

UN Webinar on the COVID-19 Impact on Transfer Pricing (March 2021)

- ❑ Focus on three issues: transfer pricing challenges of Covid-19; comparability analysis in times of economic downturn; and dispute avoidance and resolution.
- ❑ More than 300 participants (government officials, international organizations, civil society, academia and private sector).
- ❑ Interactive Q&A (developing countries strong participation)



What were the key messages conveyed?

- (i) Covid-19 brought challenges and opportunities for taxpayers and tax administrations in developing countries.
- (ii) Comparability analysis should continue to be applied – instrumental in the analysis of impacts of the pandemic on taxpayers and/or market.

Virtual Webinars

UN Webinar on Transfer Pricing Aspects of Financial Transactions (March 2021)

- ❖ More than 650 unique viewers on YouTube as of now; interactive dialogue during Q&A
- ❖ Highlighted key elements of financial transactions in the UN Manual on Transfer Pricing (e.g., delineation, intra-group loans, Credit rating, etc.) relevant for developing countries.
- ❖ Presented practical examples (e.g., intra-group financial guarantees)
- ❖ Issue of asymmetric information between taxpayers and tax authorities underscored.
- ❖ Financial transactions are very complex to analyze and to evaluate even more for developing countries with capacity and resources constraints



Overcoming challenges through practical solutions

- ✓ Safe harbor rules as a way of reducing occurrence of disputes
- ✓ Anti-abuse rules to limit tax evasion

Platform for Collaboration on Tax (PCT)

Toolkit on Transfer Pricing Documentation

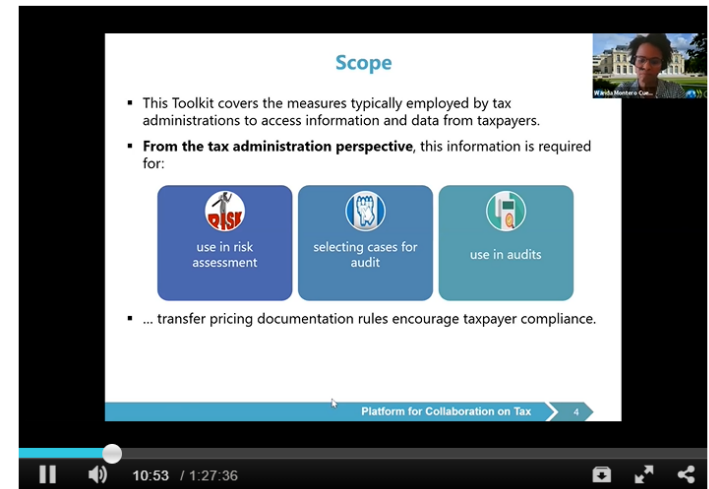


Toolkit on Transfer Pricing Documentation

- Launched in January 2021
- Available online for open download
- Targeted to developing countries

Objectives

- Provide developing countries with a sourcebook of guidance in implementing efficient and effective transfer pricing documentation regimes
- Outline policy choices and legislative options, including through sample legislation and examples from over 30 countries



Launch webinar (17 February 2021)

- Attended by over 430 participants
- Streamed on YouTube
- Participants included government officials, tax practitioners, civil society, business, media and academia

Platform for Collaboration on Tax (PCT)

Toolkit on Tax Treaty Negotiations

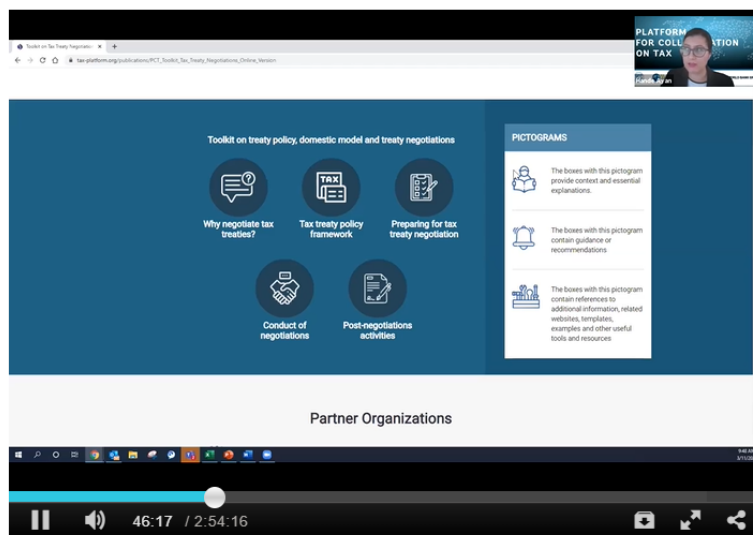


Toolkit on Tax Treaty Negotiations

- Launched in March 2021
- Available online for open access
- Targeted to developing countries
- Can be used interactively or downloaded

Objectives

- Provide practical and accessible guidance before, during and after a tax treaty negotiation
- Emphasize the desirability of developing tax treaty policies and treaty models for countries
- Cover treaty policy, domestic model and treaty negotiations



3-day launch workshop (March 2021)

- Attended by 237 participants on average
- 70% Government participants
- 30% participants from business, civil society, media and academia.

What's Next on Capacity Development?

Tax Talks

FSDO's new initiative

- Pre-recorded capacity development events addressing policy and administrative tax issues of relevance for developing countries analyzed by renowned international tax experts (e.g., tax incentives, taxation of the digitalized economy)
- Two initial topics: Talk on 'The Future of Tax Incentives' and 'Where do LDCs stand on the Digital Debate?'



Key points discussed

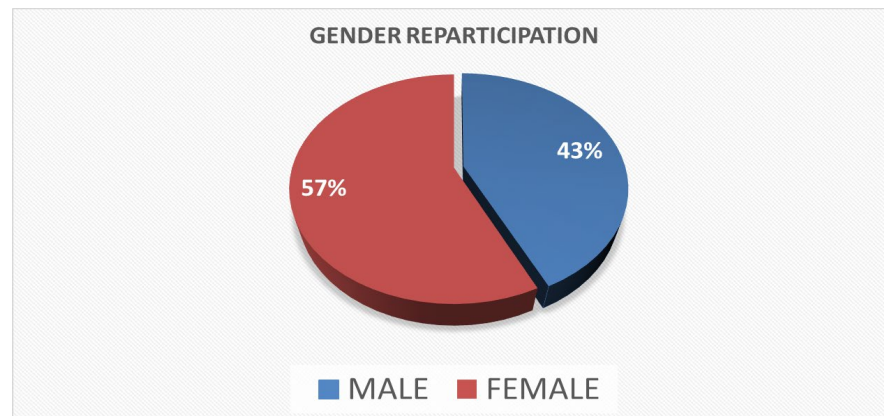
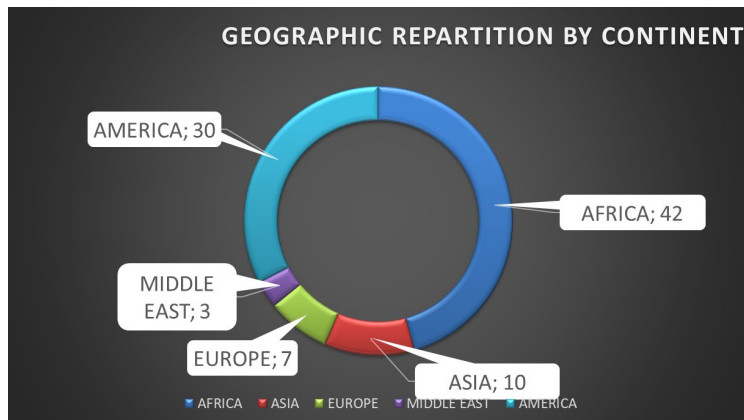
- ❖ Challenges in using tax incentives of corporate taxes to attract and/or maintain investments or to develop certain industries to help achieving the SDGs;
- ❖ Global minimum tax and its impact on tax incentives;
- ❖ LDC's representation in the international debate on the taxation of the digitalized economy;
- ❖ Analysis of current proposals (Pillar 1 and Article 12B) within the context of developing countries.

What's Next on Capacity Development?

UN Online Courses: Updates

Main steps:

- Diagnosis based on facts:



- Online Course on Transfer pricing (update is ongoing)
- ✓ It is based on the new edition of the Manual on Transfer Pricing approved by the Tax Committee
- Online course on Tax Treaties (upcoming)
- Translation of the MAP online course (in French and Spanish)

What's Next on Capacity Development?

Dissemination of Committee's Guidance (June-Dec. 2021 and beyond)

- Launch of the new and updated publications in June 2021

- Transition to the new Committee's membership

- Initial ideas for the upcoming CD activities



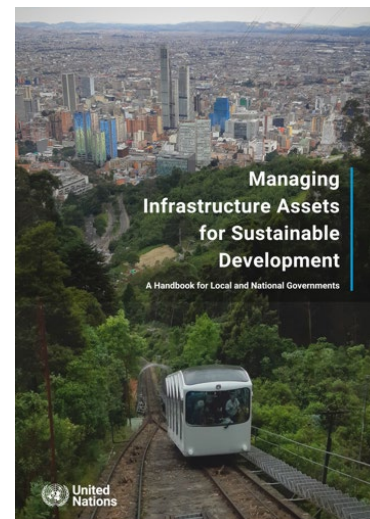
Translation of content and guidance of updated and new UN Tax Committee publications into capacity development activities and practical tools (e.g., thematic workshops, online courses)

- Work plan for CD activities going forward



Capacity building on infrastructure asset management

- Infrastructure asset management supports DRM through:
 - Enhanced productive capacity of the economy
 - Better taxpayer compliance
 - Bolstered local revenue streams (user fees, tax increments; property taxes)
 - Strengthened collateral/creditworthiness of asset owners (e.g., national and local governments)
- In 2020, workshops on COVID-19 responsive asset management (special focus on health facilities; shelter; water and sanitation systems)
- Q1-Q2 2021:
 - Publication ***Managing Infrastructure Assets for Sustainable Development: A Handbook for Local and National Governments*** – a comprehensive toolkit of practical, farsighted guidance *Available in Spanish and French, with more translations to come
 - **‘Online Solutions Dialogues’** offered certifiable training to officials from the Africa, Asia-Pacific and LAC regions covering the themes of asset management basics, data and crisis resilience
- Upcoming: asset management **Massive Open Online Course (MOOC)** and more capacity development activities, including workshops for Ministries of Finance and Local Government and continued field support on implementation of tools/AMAPs





Thank you

UNDESA/FSDO
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