



Committee of Experts on International Cooperation in Tax Matters

Twenty First Session, 20-29 October 2020

Taxation and the SDGs in COVID-19 response and recovery

22 October 2020, 10.15-11am EST

Key messages:

- **Fiscal policies (tax and expenditure) are a crucial component of COVID-19 response and recovery.**
- **The pandemic is an opportunity to put in place fiscal policies and reforms that accelerate the achievement of the SDGs.**
- **The UN system, including the Committee, can take on a leadership role in the context of fiscal policies aimed at strengthening the COVID-19 response, and at building more resilient systems in the long run.**

Aims of the presentation:

- **Provide the Committee with a framework of how fiscal policies (tax and expenditure) can support the broader COVID-19 response and recovery framework**
- **Stimulate discussion on how to integrate an SDGs component into existing (and prospective) Committee workstreams**

Overview

- **How can fiscal policies (tax and expenditure) support the SDGs in the COVID-19 response and recovery framework?**
 - Immediate crisis-responsive policies
 - Recovery support
 - Long-term resilience building
- **Main streams and venues for implementation of work on tax and the SDGs**
 - ECOSOC Special Meeting
 - Tax and SDG-related capacity building
- **Committee guidance and related capacity building**

**How can fiscal policies
(tax and expenditure)
support the achievement of the SDGs
within the UN COVID response and recovery
framework?**

Achieving the SDGs in the era of COVID-19 and beyond



“Unless we take action now, we face a global recession that could wipe out decades of development and put the 2030 Agenda for Sustainable Development completely out of reach.”

UN Secretary-General António Guterres

Safeguarding lives and livelihoods: the UN Socio-Economic Response Framework



How fiscal policies can support the UN COVID response and resiliency framework

The UN's Three-Point Comprehensive Response

Relevant fiscal policies

Focus SDGs



THE HEALTH RESPONSE

- Expenditure policies to expand health coverage



SAFEGUARDING LIVES AND LIVELIHOODS

- Revenue policies to reduce inequalities and tax evasion
- Fiscal reform to boost the economy
- Expenditure policies to provide social protection
- Fiscal stimulus proportional with securing the revenues needed to restore fiscal sustainability



A BETTER POST-COVID-19 WORLD

- Green fiscal reform
- Gender-responsive fiscal policies
- Expenditure policies to increase preparedness for health crisis
- Structural fiscal policies to reduce inequalities
- Technical assistance to build sustainable and efficient tax systems
- Capacity building in proposing, negotiating and implementing international tax norms



Financing the COVID-19 response and recovery

The FACTI panel identified several factors that can contribute to attaining and financing the SDGs:

- Stop the drain of resources that IFF, tax avoidance and evasion divert from sustainable development
- Promote financial accountability, transparency and integrity
- Develop a coherent, nuanced and equitable approach to international tax cooperation
- Recognize that different countries have different needs

“We are facing a pandemic of inequality [...] tax avoidance and evasion remain widespread. Corporate tax rates have fallen. This has reduced resources to invest in the very services that can reduce inequality: social protection, education, healthcare.”
UN Secretary-General António Guterres

To raise revenue while reaping co-benefits:

- Wealth taxes
- Environmental taxes

Main streams and venues for implementation of work on tax and the SDGs

ECOSOC Special Meeting

(29 April 2021, format TBD)

- In the wake of COVID-19, important occasion to engage countries on discussion and cooperation on the role played by fiscal policies to build back, better.
- Should advance policy dialogue on how taxation can increase the resilience of economies, public health systems and climate responses.
- Should focus on SDGs 3 (Good Health and Well-being), 9 (Decent Jobs and Economic Growth) and 13 (Climate Action)



Tax and SDG-related capacity building

- **Workshop on Tax Base Protection and Tax Measures in Support of the SDGs (Nairobi, 10-14 June 2019)**
- **Workshop on environmental taxation (Q4 2020)**
- **Workshop on Taxation and SDGs (Q1 2021)**



Committee guidance and related capacity building

Potential action areas for Committee guidance on Tax and SDGs

Integrate SDG perspective in existing work areas

- Tax treaty issues (including BEPS-related)
- Transfer pricing
- Taxation of the digitalized economy
- Taxation of extractive industries
- Environmental taxation
- Exchange of information
- Tax administration
- Tax evasion and avoidance

Exploring/expanding workstreams

- Fiscal policies in support of health and social protection
- Green fiscal reform
- Broader issues on illicit financial flows
- Gender-responsive fiscal policies
- Formalization of the informal economy
- Country- and context-specific guidance

Questions for discussion

1. **Based on your country experience, and in the context of COVID-19 response and recovery, what are emerging issues in the Tax and SDGs workstream?**
2. **Are there other areas or specific issues where policy dialogue and guidance on tax and expenditure is needed in light of COVID-19 response and recovery?**
3. **What are priority areas for technical assistance and/or capacity building?**



Thank you

Additional references:

- UNDESA COVID-19 response: <https://www.un.org/development/desa/en/covid-19.html>
- FACTI Panel Interim Report: <https://www.factipanel.org/>
- Financing for Sustainable Development Report, FSDR 2020: <https://developmentfinance.un.org/fsdr2020>
- Secretary-General's UN Comprehensive Response to COVID-19: <https://www.un.org/en/coronavirus/UN-response>
- UN framework for the immediate socio-economic response to COVID-19: <https://unsdg.un.org/resources/un-framework-immediate-socio-economic-response-covid-19>