

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.



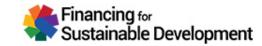


Aims of the presentation:

- 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























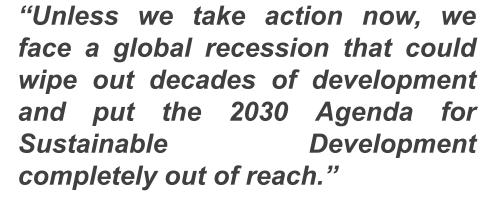












UN Secretary-General António Guterres







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

- 1 Protect health services and systems during the crisis
- 2 Protect people: Social protection and basic service
- 3 Protect jobs, small and medium-sized enterprises, informal sector
- 4 Facilitate macroeconomic response & multilateral collaboration
- 5 Support social cohesion and community resilience





























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

SAFEGUARDING

LIVES AND

LIVELIHOODS

Expenditure policies to expand health coverage



A BETTER



- 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



- 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)









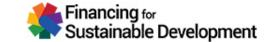
Tax and SDG-related capacity building

- 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 BEPSrelated)
- 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





