

TAX AND DEVELOPMENT

THE REPORT TO THE G20 (November 2011)

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IMF-Japan High Level Tax Conference for Asian
and Pacific Countries,
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The views expressed herein are those of the author and should not be attributed to the IMF, its Executive Board, or its management.

What the report is

The report ...

“Focuses on how the G-20 can contribute to strengthening the enabling environment in which tax systems can be developed...

...is not a comprehensive plan for how tax can be used to promote development...

...sets out how the G-20 can show leadership and provide political support to ongoing initiatives and identifies areas which need to be reinforced”

...and was prepared by

- IMF, OECD, World Bank, UN
 - Consulting too with ATAF, CIAT
- Drawing on a range of inputs/events, including
 - IMF conferences in DC (Spring 2011) and Nairobi in 2011
 - Task force on Tax and Development

What it recommended
(paraphrased)

“Deepening international cooperation”

- Review the level of our tax-related TA
- Analyze spillover effects on DCs of major changes in our own tax systems, and support their efforts to counter evasion and avoidance
- Share our efforts to improve tax expenditure analysis and ask IOs to develop a framework for assessing special tax treatments and develop guidance for countries using tax incentives to attract FDI
- Make transparent our exemptions on ODA funded goods and services, and encourage other donors to follow
- Link tax and expenditure in our assistance programs

MNE transparency and compliance

- Promote the Multilateral Convention on Administrative Assistance in Tax Matters, support spontaneous EOI in international tax fraud cases and include anti treaty shopping in our treaties with DCs
- Request IOs to advise G-20 on how to improve transparency in the operations of MNEs in DCS, taking into account the current debate on country-by-country reporting
- Strongly encourage MNEs to provide the relevant and necessary information to developing countries in which they operate
- Urge IOs and other donors to strengthen their programs to assist developing countries to effectively implement TP rules

“Measuring progress”

- Encourage IOs to map assistance programs, improve the reporting of those programs, and develop KM platforms
- Share our own benchmarking of performance and structure of our tax administrations; support IOs and ROs benchmarking tax administrations and develop core indicators to monitor and assess capacity improvement in tax administration and other revenue related areas
- Urge IOs and ROs to improve quality and consistency of DC tax statistics