



SETTING NEW STANDARDS IN THE INTERNATIONAL TAX & DEVELOPMENT ARENA: HOW TO STRENGTHEN THE VOICE OF PARTNER COUNTRIES



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GLOBAL CONTEXT AND WHERE ATAF FITS IN



1

OECD-DRIVEN

International tax standards are set and driven by **OECD and G20 countries**

2

LIMITED ROLE OF THE UN

The UN has limited resources and in taxation, **our governments are not supportive**

3

LIMITED SPACE FOR AFRICA

African countries are increasingly relying on ATAF to voice their concerns of complex tax issues in the global tax arena

RECENT DEVELOPMENTS IN THE GLOBAL ARENA



USA



- US Tax Reforms
- Introduction of the BEAT Rule – Interest deductibility
- US Trade Wars and the impact on taxation?
- US proposal on taxing the digital economy

- Continental Free Trade Agreement
→ Effects on customs earnings



EUROPE



- EU Blacklisting of Namibia and Grey listing of Swaziland and possibly Botswana
- OECD's focus on digital economy
- EU using OECD standards to force compliance?



KEY FEATURES OF THE GLOBAL TAX AGENDA



- **The Inclusive Framework** remains an avenue for African countries to voice their opinions → ATAF supports member countries
- **VAT Systems** → ATAF is looking at technologies to support enhanced collection of VAT through real time VAT systems and the use of blockchain technologies (workshop in June 2019)
- **Illicit Financial Flows** → Additional research is required to track the implementation of the HLP report.
- **Tax Policy and Tax Administration (Nexus)** → Required for the successful implantation of ATAF standards and the reforms of legislations and regulation in member countries.
- **Extractive Industries** → Remain a challenge for member countries. ATAF has developed sector-specific technical assistance to aid in the taxation extractive industries.

GLOBAL ISSUES FOR AFRICA TO CONSIDER



OPPORTUNITY FOR AFRICA

- Gaining more taxing rights for African countries through allocation of profits in marketing intangibles proposal.
- Formulaic approaches have been advocated by African countries for decades as they might be easier than arm's length principle in the African context.

AFRICAN UNION AGENDA 2063

- Mobilising domestic resources is a priority and the taxation of the digital economy could bring more revenue to funding Africa's development
- An opportunity exists for African countries to be more creative in collecting more revenue outside of the traditional means which have not worked well for Africa.

CHANGES TO THE GLOBAL RULES

- Another opportunity for Africa to consolidated positions and actively contribute to the global debate.
- The success of ATAF in raising the voice of Africa in the BEPS project is a starting point for digital economy taxation.

TAX POLICY

- An opportunity for African countries to develop tax policy in line with economic development and maximise the 4th industrial revolution.
- RE-alignment of tax policy and tax administration to ensure Africa's voice in this new debate on altering the global tax rules.

STANDARD SETTING WORK BY ATAF



01

COUNTRY PROGRAMMES

- The country programmes unearth specific issues faced by countries
- Our experts document the technical data and interpretations of the issues and then present them for debate in technical committees

02

TECHNICAL COMMITTEE

- The technical committees debate issues arising from the global tax arena but more importantly specific elements from African countries.
- There are 3 committees, CBT, VAT and EOI debating African and global issues and their impact on ATAF members

03

GLOBAL ARENA

- ATAF take the outcomes of technical debates from technical committees and present them on the global tax arena.
- ATAF is represented in the OECD Inclusive framework and the working groups of the OECD + the United Nations Tax Committee & subcommittees

ATAF'S WORK IN GLOBAL STANDARD SETTING

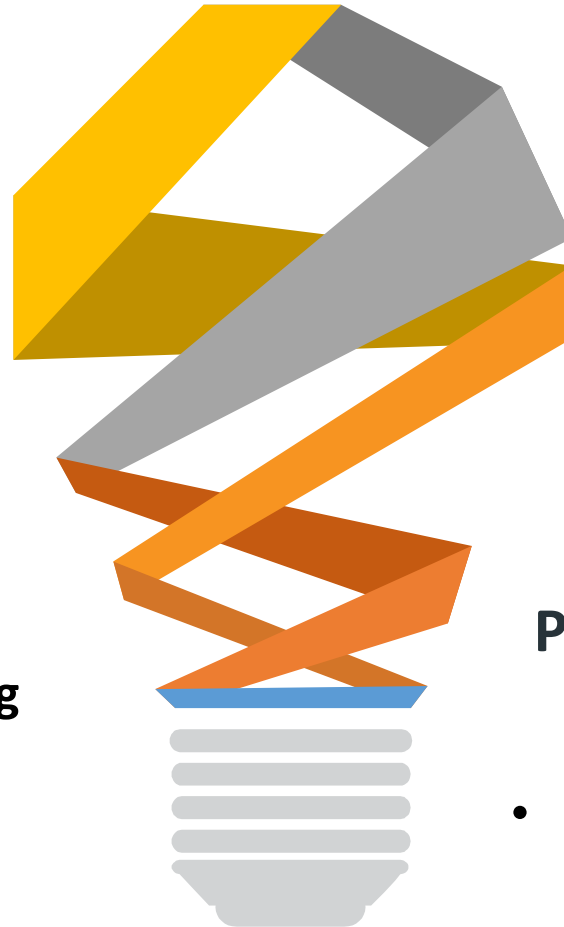


01 TECHNICAL ASSISTANCE

- Assisting members in international tax, domestic tax issues and other revenue administration and tax policy issues

02 ATAF PRODUCTS

- Suggested Approaches to Drafting Legislation and Regulations in TP, Interest and PEs
- AMATM, DTA, ATO



CAPACITY BUILDING

- Continuous innovation of training of revenue officials, media specialists (for better reporting) and corporate taxpayer engagements (for smoother taxpayer experience)

PARTICIPATING IN GLOBAL TAX DISCUSSIONS

- Participation in both OECD and UN working Groups and Subcommittees. Feedback to our membership and vice versa

GLOBAL ISSUES FOR AFRICA TO CONSIDER



ILLCIT FINANCIAL FLOWS

Implementing the HLP
Reporting achievements

TAX INCENTIVES

Incentives remain a
challenge for revenue
collection

STANDARD SETTING

The pace of standards is leaving
African countries behind



CONTINENTAL FREE TRADE

What does this mean for customs
revenue? African countries heavily
reliant on customs revenue

NEW TECHNOLOGY

Blockchain is becoming an
increasingly favoured
tracking and invoice
innovation

POLICY COHERENCE

Ensuring Heads of State are
accountable to their parliaments.
Parliamentarians to scrutinize
agreements signed by Heads of State

HIGHLIGHTS OF ATAF SUCCESSES

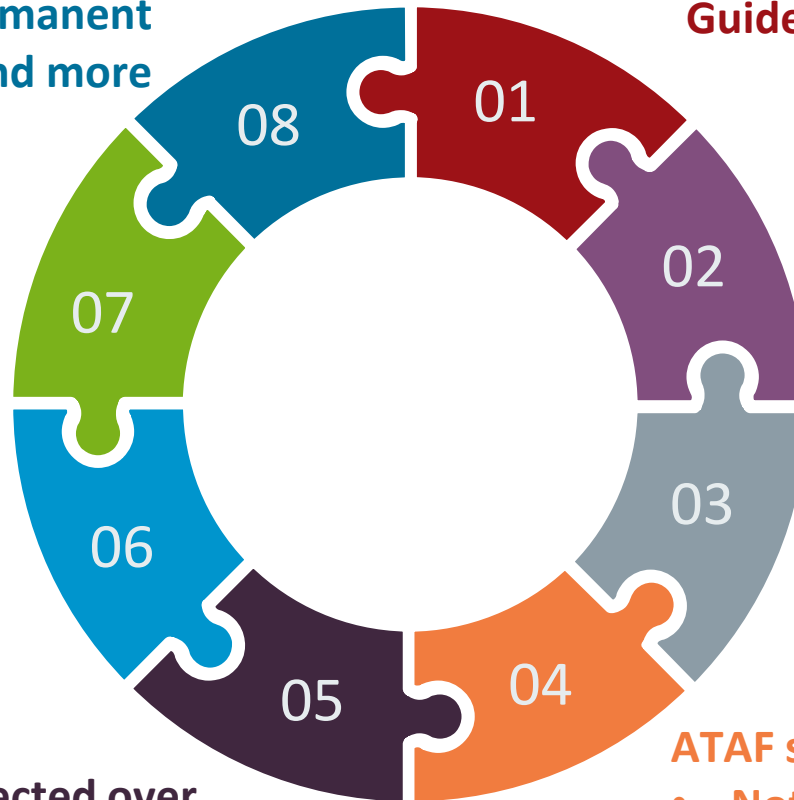


ATAF has provided over 60 written comments to the OECD and the United Nations on TP, Interest, treaties, exchange of information, permanent establishments, financial transactions and more

ATAF has voiced its concern of the EU listing processes and that it affects the development of African countries who are not fertile grounds for tax evasion

To date, ATAF has assisted countries in finalising 50 audit cases

ATAF country programmes have collected over USD300 million and raised assessment in excess of USD700 million



ATAF successfully negotiated the writing of the commodities chapter in the OECD TP Guidelines

ATAF provide the OECD Profit splits example using a Kenyan tea operation → First time an African example has been included in the OECD Guidelines

Through the standard setting work, ATAF has developed a suggested TP legislation for the continent → 6 countries implemented the ATAF approach

ATAF successes at the OECD

- Not using the Approved OECD Approach for attribution of profits
- Revised guidance on intra-group services (TP)

STRENGTHENING VOICES OF PARTNER COUNTRIES



TP Risk Assessment

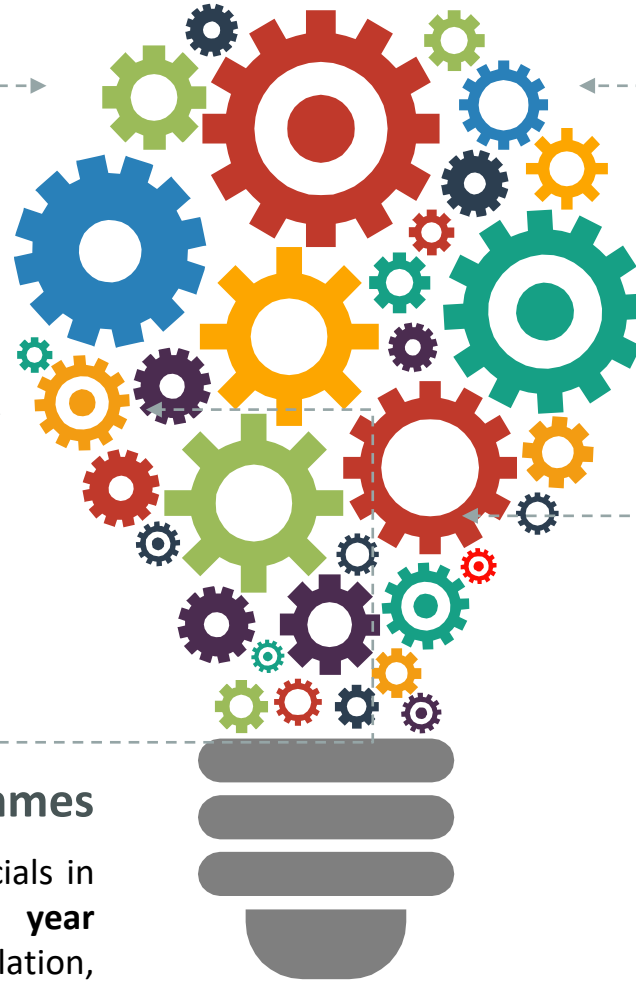
Assisting members identify TP risk and allocate the correct resources to the correct risk.
Free for ATAF members including training

Interest deductibility legislation

Currently developing a **suggested approach to drafting interest deductibility legislation** to prevent excess interest payments as a form of profit shifting.

Country Programmes

ATAF experts train officials in TP and EOI **over 3 year periods** to change legislation, work on anonymized cases and identifying future experts and leaders



Drafting TP Legislation

ATAF has **developed legislation and regulations** and offers members assistance in drafting the legislations

AMATM

ATAF encourages members to **sign this agreement** as it assists in AEOI, joint audits, simultaneous audits and revenue collection across jurisdictions

DTA

ATAF Model DTA as negotiated by ATAF members and drafted by ATAF members. First to include an article on technical services. Available to all African countries



MERCI!

Pour plus d'information sur le travail de l'ATAF dans le cadre des FFI, veuillez contacter le Secretariat de l'ATAF:

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