

# Summary of the High-level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda virtual consultation with experts on improving cooperation in tax matters

## 5 May 2020

On 5 May 2020, the High-level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI Panel) held virtual consultations with experts on improving cooperation in tax matters. More than 135 people participated in the meeting. The 12 speakers from outside the FACTI Panel included academics and researchers, tax administrators, representatives from intergovernmental organizations, representatives from civil society, and private sector actors.

### Opening

The meeting was co-chaired by **H.E Dr. Dalia Grybauskaitė**, former President of Lithuania and **H.E. Dr. Ibrahim Mayaki**, former Prime Minister of Niger and Chief Executive Officer of the New Partnership for Africa's Development (NEPAD) Agency. In his opening remarks, **Dr. Mayaki** provided the participants with highlights of the Panel's substantive work since the launch, including the review of the background paper, the agreement on three clusters of work, the holding of virtual consultations with UN Member States as well as with civil society, and the intention to deliver the interim report in September 2020.

He also introduced the purpose of the meeting that is to hear experts' views on key priority actions for the Panel to improve cooperation in tax matters. **Mr. Jose Antonio Ocampo**, coordinator of the FACTI Panel's cluster on tax matters, indicated that the Panel was interested in five aspects in relation to the tax cluster: (1) universal international legal instruments; (2) allocation of taxing rights; (3) tax avoidance and evasion; (4) reliable data and information on taxation; and the (5) institutional framework. He also noted the linkages among the three clusters of the Panel's work.

### Discussion

The consultation started with an initial round of interventions; the following experts made statements: Ms. Kim Jacinto-Henares (Albright Stonebridge Group), Mr. Logan Wort (African Tax Administration Forum), Ms. Allison Christians (McGill University) and Ms. Irma Mosquera (University of Leiden). After these initial interventions, Dr. Mayaki opened the floor to all other participants. In total, eleven experts from diverse backgrounds and locations were able to speak. Among the many inputs, the following priorities were raised by speakers.

General considerations about tax cooperation:

- The lack of inclusive global governance in tax matters, and the under-representation of developing countries' voices, should be addressed by fostering universal participation in international legal instruments;
- Mandatory binding arbitration is considered a deal-breaker for developing countries, while there is a need for more consistent implementation of global standards and reconsideration of sanctions;
- Addressing the private sector and hearing from the practitioners who are also interested in fair rules;
- Need to generate stronger political will, so that policies have political buy-in and are not driven by tax administrations on their own, both at national level and at international negotiations;
- Need for stronger implementation of FATF standards, and political commitment to update beneficial ownership registries and better use of technology;

- The importance of the linkages between the tax and fiscal systems and the sustainable development agenda, including links to environmental and social issues, and especially considering gender equality and the impacts of fiscal systems on women. Call for consistency of the international tax system with human rights norms.

#### On international institutional arrangements:

- Call for inclusivity in all aspects of international cooperation from beginning to end, including in identifying priorities, setting rules, and conducting peer reviews;
- Upgrading the UN Committee of Experts on International Cooperation in Tax Matters to an intergovernmental body, but also a warning that universal participation will not solve problems of unfair tax norms;
- At other bodies, all countries should have their voices heard and be able to influence or vote on the rules;
- Recognition that current institutional arrangements are not prioritizing the concerns of developing countries, and that proposals to address BEPS and digitalization will not help most developing countries.

#### On information and data on taxation:

- Promoting data openness to all actors, so that tax administrations have the information they need and so that researchers can study the impacts of the international tax system;
- Call for more sharing of data within governments;
- Suggestion that there should be no or lower thresholds for the submission of country-by-country reports;
- Call for an end to bank secrecy laws that enable hiding of information;
- Suggestion that the data from a global asset registry could assist with tax enforcement.

#### On capacity constraints and need for capacity building:

- Stronger consideration needs to be given to capacity constraints in developing countries in relation to participation in international negotiations and defending their interest when norms are being set;
- Ensuring that international tax norms, including new ones agreed to address digitalization, are simple and made easily administrable for developing countries;
- Peer review processes for developing countries should be important avenues for peer learning and contextualization of international norms to realities in developing countries.

#### On tax policies:

- There is a need for much more fiscal transparency, especially in the context of emergency COVID-19 expenditures, with special consideration of tax expenditure and the need for transparency on all tax incentives;
- Need to address the offshore system as a whole, meaning the ability to use artificial legal structures to escape tax and regulation;
- Recognition that there are problems with arm's length pricing, and consideration of alternative mechanisms for allocation of taxing rights, with consideration of capacity of developing countries.

## Closing

**Dr. Dalia Grybauskaitė** thanked all speakers for their valuable inputs and then invited all participants to engage in the Panel's future activities highlighting that their participation will help the Panel present proposals that would enable the global economic and financial systems to work better for everyone and everywhere. She concluded the consultation by wishing participants and their beloved continued health.