CONCEPT NOTE: Spotlight Session 9

Driving effective partnerships and dialogue in international tax to achieve the Sustainable Development goals

14 December 2022
08:00– 09:30 AM

Background:

Governments around the world depend on taxation as a key financing source for achieving their Sustainable Development Goals (SDGs). In addition to generating revenues, tax policies have the potential to incentivise desired behaviours, promote sustainable development and steer investments towards SDG-relevant areas. As countries emerge from the COVID-19 pandemic, taxes can help countries "build back better" by implementing tax reforms to foster more sustainable and just societies in accordance with the 2030 Agenda for Sustainable Development, as well as to promote transparent, accountable, effective and fair government.

The Mexico High Level Meeting Communiqué of the GPEDC's first High-Level Meeting in Mexico in 2014 recognized the critical challenge of ensuring the adequate mobilization of public and private domestic resources to support development, as underlined in the Monterrey Consensus. Adequate mobilization of government revenues is required for direct financing and for leveraging private funds for investments in public services and social protection, institutional and human development, basic infrastructure, and strong and inclusive economic growth. One limiting factor in the ability of governments to raise tax revenues is lack of capacity. Supporting countries' tax capacity yields hundred-fold returns in mobilised tax revenue which contribute to SDG achievement.

Tax Inspectors Without Borders (TIWB) was launched in 2015 to strengthen developing countries' audit capacity and multinationals' compliance worldwide. TIWB focuses on promoting hands-on assistance by sending Experts to build audit and audit-related skills pertaining to specific international tax matters and the development of general audit skills within developing tax administrations. Experts work together with tax auditors from the Host Administration on actual audit cases to enable sharing of tax audit knowledge and skills with tax administrations in developing countries.

TIWB is attracting great interest as an excellent example of how effective 21st century development assistance should be designed and delivered. It supports participating countries' sustainable development and recovery efforts in several ways, for example by:

- Enhancing domestic resource mobilisation (DRM), which in turn increases funding available for SDG-relevant projects and reduces dependence on external development finance prone to exogenous shocks;
- Promoting efficient implementation of tax legislation to reduce tax avoidance and illicit financial flows (IFFs), thereby contributing to the sustainability of the global financial system; and
- Strengthening the detection of tax crime and reinforcing accountability for violations, thereby improving tax morale and enhancing the social contract between citizens and the state.

Through TIWB, the OECD and UNDP combine their respective strengths and expertise to best assist developing country tax administrations with hands-on support to strengthen domestic revenue mobilisation.

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To date, a total of **USD 1.7 billion** in additional tax collected and **USD 3.9 billion** in additional tax assessed are attributed to TIWB programmes across Africa, Asia and the Pacific, Eastern Europe, and Latin America and the Caribbean.

The TIWB initiative aligns with, complements and maximises the impact of national and international strategies for tax and development to promote fairer and efficient tax systems around the world.

Purpose of the Session:

Predictable, fair and sufficient domestic public revenues are the bedrock of country-owned sustainable development pathways. Supporting countries' tax capacity yields hundred-fold returns in mobilised tax revenue which contribute to SDG achievement. This session will make the case for sustained investments in effective multi-stakeholder approaches to strengthen countries' tax systems as a critical enabler to achieve the SDGs.

Objectives:

- Make the case for sustained investments in effective multi-stakeholder approaches to strengthen countries' tax systems as a critical enabler to achieve the SDGs.
- Discuss how to step up and support development co-operation, based on sharing good practices and dialogue, so that it can boost tax collection and cut illicit financial flows in developing countries.
- Demonstrate the value of TIWB's unique multi-stakeholder co-operation on tax as an effective approach to tackle tax avoidance through greater country ownership and a focus on results.

Expected Outcomes:

- Stronger country interest to scale up multi-stakeholder co-operation on tax matters to contribute to the domestic resource mobilisation efforts of developing countries.
- Increased awareness on the critical role and impact of multi-stakeholders dialogue and the need to join forces to enhance tax revenue mobilisation for achieving the SDGs.
- Moving from commitments to action at the country level: additional development partners, partner countries and international organisations get involved.

Format:

Following an introductory video on Tax Inspectors Without Borders, the moderator of the session shall introduce the issue and the speakers. This will be followed by initial interventions by all high-level panellists (5 minutes). The moderator will then initiate an interactive discussion among the participants, including those from the floor and those following the event online. It will be important to frame the discussions from an effectiveness angle on how development co-operation can address tax evasion and avoidance.

Session Focal Points:

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