

Minutes of the 7th Meeting of the ATI Consultative Group 3

14 December 2023, 10:00h – 11:30h (GMT+1), Microsoft Teams

Participants

Abdul Muheet Chowdhary (South Centre), Alena Kukuckova (MoF Slovakia), Alistair Lobo (PFTD UK), Fanou Rasmouki (ITC), Federica Boncristiano (MoF Italy), Gunilla Näsman (MoF Sweden), Guy Goldman (ITC), Maria Altavilla (MoF Italy), Maria Delia Ruggiero (MEF Italy), Marta Proietti (MEF Italy), Martin Brehm-Christensen (Oxfam Novib), Michelle Ordonez (ITC), Munazza Ijaz (FBR Pakistan), Taïs Chartouni (ITC), Valerie Schulte Nordholt (MFA Netherlands).

Agenda

1. Welcome and introductions
2. Overview of the activities implemented by ATI Consultative Group 3 in 2023
3. Open dialogue about potential additional products and areas of engagement for 2024-2025
4. Development of a work plan for CG3 for 2024-2025
5. Next steps

Objectives

Building on the discussions that emerged in the previous CG3 meeting, held in June during the [ATI General Assembly 2023](#), the main objectives of the 7th Meeting of the ATI Consultative Group 3 were to present the outcomes of products developed by the Group since June, such as the technical follow-up meetings on tax expenditures (TEs), and discuss new potential products and activities for 2024-2025.

In line with the [ATI Declaration 2025](#), the ATI members pledge to keep [four key commitments](#) that promote fair, equitable and effective domestic revenue mobilisation (DRM). The ATI Consultative Group 3, initiated in 2020, supports the implementation of Commitment 3: “ATI members commit to apply coherent and coordinated policies that foster DRM and combat tax-related illicit financial flows (IFFs)”.

ATI Technical Follow-up Meetings on Tax Expenditures (TEs)

The ATI Secretariat, represented by Markus Paffhausen (ITC), opened the meeting and presented an overview of the activities implemented by ATI Consultative Group 3 since June 2023. Together with

the Council on Economic Policies (CEP) and the German Institute of Development and Sustainability (IDOS), and in collaboration with local partners, the ATI organised two technical follow-up meetings on tax expenditures (TEs), focusing on West and East Africa. The meetings, hosted in Ghana in September and in Tanzania in December, aimed at providing a more technical deep dive into TE topics while consolidating regional networks.

The workshops also addressed the transparency of TEs as many countries, such as Madagascar, are making significant advances in this field. Alistair pointed out that some countries are still dealing with data issues which makes producing external reports a big challenge. In this scenario, civil society could play an important role in pushing transparency by analysing internal reports and bringing parliamentarians into the debate.

The ATI Secretariat gathered participants' demands for support via a survey in which the following areas were mentioned: capacity-building at the bilateral level, especially for estimation and evaluation, increasing the engagement of parliamentarians and their staff, financing evaluation studies at the national level, and promoting peer-to-peer exchange and learning formats. Besides finalising and disseminating a pocket guide on TEs for parliamentarians and coordinating remote support by CEP and IDOS to member countries, the ATI Secretariat will organise the next follow-up regional meeting in Asia.

Alistair Lobo (PFTD UK) mentioned that the ATI regional workshops are the best ones organised by the initiative so far, especially as TEs become an increasingly relevant topic in the scope of the 2021 OECD [two-pillar solution to reform the international taxation rules](#). According to him, the next steps should focus on peer-to-peer learning and on formalising the working groups formed during the workshops since there is limited capacity for bilateral support. Alistair also suggested bringing together the East and West African networks allowing authorities from both regions to share their knowledge, experiences and demands.

Potential products and areas of engagement for 2024-2025

Public country-by-country reporting (CbCR)

According to Ian Gary (FACT Coalition), who recorded a video for the CG3 meeting participants, as CbCR will become an international norm, tax fairness and transparency are gaining momentum and it is time to address the issue of information asymmetries between countries. In the case of ATI member countries, the lack of access to country-by-country data prevents some of them from considering policy responses to new global tax rules, particularly the global minimum tax for multinational enterprises (MNEs) starting next year.

To address the issue, Guy Goldman (ITC) proposed partnering with a research institute with expertise in CbCR to develop a more analytical learning product with an introduction to the theme, its scope, its added value, and implementation requirements and an analysis for ATI partner countries with a deep

look at MNEs structures and activities, including implications on tax policies and administration. The ATI Secretariat also emphasised the need to advocate for access to data and suggested that it would be important that ATI members brought up the topic in the next ECOSOC Forum on Financing for Development.

Since Australia has been leading the discussions on tax transparency by requiring multinationals to disclose data on taxes, revenue, and profits, Martin Brehm-Christensen (Oxfam Novib) suggested putting together a workshop to share the country's pathway to responsible investment.

Combating tax-related illicit financial flows (IFFs)

Tax-related IFFs (TIFFs) pose systemic risks for countries' tax systems and undermine their efforts to enhance domestic revenue mobilisation (DRM) while discouraging public trust. The ATI Secretariat provided some background on the topic drawing from the findings of the study "[ATI Partner Countries' perspectives on tackling tax-related illicit financial flows](#)", commissioned to the International Bureau of Fiscal Documentation (IBFD). As explained by Markus Paffhausen (ITC), despite misinvoicing being an important cause of revenue losses, the study underscores that it is not well-considered amongst PCs.

The ATI Secretariat sought the views of the participants on potential activities and products they would be interested in pursuing to support combatting tax-related IFFs, particularly trade misinvoicing. Some initial ideas presented comprise enhancing customs authorities' knowledge and expertise, promoting virtual workshops and/or studies that examine the gaps in expertise for selected PCs, and compiling successful stories – potentially from Pakistan and Uganda - on effective interagency cooperation and exchange of information between customs and tax authorities responsible for investigation and prosecution. Gunilla Näsman (MoF Sweden) pointed out that Zambia could also be an interesting case to analyse.

The ATI Secretariat also suggested organising a webinar to share the experience of PCs on the effectiveness of digital tools used to detect trade misinvoicing, namely Kenya's RADDEX, Mozambique's Single Entry Transit Window (SETW) and Rwanda, Uganda and Tanzania's Automated System for Customs Data (ASYCUDA).

Regarding Martin Brehm-Christensen's (Oxfam Novib) suggestion to strengthen the focus on beneficial ownership, Guy Goldman (ITC) shared that the [Network of Tax Organisations \(NTO\)](#) – an initiative also facilitated by the [International Tax Compact \(ITC\)](#) - is developing a training course that will be launched soon on how beneficial ownership transparency can increase tax collection.

Spillover analysis

The interest in the topic of spillover analysis was recently raised by DPs but CG3 has already organised a [webinar](#) to promote the spillover analysis of tax policies in 2022. Despite it being part of the [ATI](#)

[Monitoring Framework](#), so far, only two ATI Development Partners have conducted a spillover analysis ([2020 ATI Monitoring Report](#)). If there is still interest from the DPs, Martin Brehm-Christensen (Oxfam Novib) offered to organise a webinar on the theme that could be facilitated by the ATI Secretariat.

Taxation of Official Development Assistance (ODA)

Granting tax exemptions for ODA projects is a long-standing practice that has been contested within the space of development financing. While each donor is free to establish the conditions under which it is willing to provide bilateral aid, it should recognise that tax exemptions create significant difficulties for developing countries and run counter to the objective of strengthening DRM.

The ATI PCs and development partners' (DPs) recent interest in the topic was raised during the technical follow-up meetings on TEs, though CG3 has executed activities on ODA taxation before. In 2021, the group organised a [webinar series](#) to offer insight into the guidelines published by the United Nations Committee of Experts on International Cooperation in Tax. As for the next steps, Abdul Muheet Chowdhary (South Centre) offered support to organise activities to further disseminate the UN guidelines, and Martin Brehm-Christensen (Oxfam Novib) suggested gathering partners who have stopped taxing ODA to share their experiences. Markus Paffhausen (ITC) highlighted that the UN guidelines were presented by the UN Department for Economic and Social Affairs (UN DESA) and complemented by country experiences in the 2021 webinar.

Valerie Schulte Nordholt (MFA Netherlands) stated that from the donors' point of view, ODA is only a part of international aid. In that context, it would be important to clarify what modalities of aid taxation would be referred to.

The work plan for 2024-2025

Closing the 7th Meeting of the ATI Consultative Group 3, the ATI Secretariat summarised the topics discussed, and the ideas brought up by the participants. A draft for the 2024-2025 work plan will be shared with the group for them to add their input.

To avoid the duplication of efforts and allow deeper discussions by the consultative groups, Alistair Lobo (PFTD UK) suggested that the ATI should stay focused on its topics of expertise, broadening the scope only if they can really add value. He also emphasised the importance of facilitating collaboration and organising further activities on TEs to straighten the networks formed during the follow-up regional technical meetings.