

Report on the 8th meeting of ATI Consultative Group 4

Promoting Tax Compliance through Improved Accountability

Date: 19 June 2024, 15 :00 – 16 :00 (CET)

Participants: Fariya Mohiuddin (IBP), Lorena Aquino Fernandez (the Philippines), Edmund Shoko (AFROSAI-E), Marieme Gnagna Thiam (IBP), Steve Rozner (USAID), Lilian Prestegard, Felix Kazahura (USAID), Lorena Fernandez (Philippines), Chika Okoh (IBP), Lala Herisoa Nirina ANDRIAMORA (Madagascar), David Dod (USAID), Denis Lee Oguzu (Uganda), Mari Khurtsidze (Georgia), Fredrik Berglien Werring, Clement Otindo KRA), Regina Navuga (IBP), KLIMES Micong (INTPA), YAKOUBOU MOUSSA GARBA SAY (Benin), Hellen Massawe (IBP), Cynthia Chepkwony (KRA), ALTAVILLA MARIA (Italy), Altayesh Taddese Terefe (ITC), Michelle Ordenez (ITC).

- Agenda:**
1. Welcome and presentation of agenda.
 2. Panel discussion: “The role of accountability stakeholders in improving voluntary tax compliance in ATI Partner Countries”
 3. Q&A
 4. Discussion on the progress made towards Commitment 4 of the ATI Declaration 2025
 5. Proposals for upcoming activities and defining a workplan for CG4 for 2024-2025: Open discussion
 6. Next steps and closing remarks.

1. Summary the discussion

The meeting of Consultative Group (CG) 4 facilitated a dialogue on the role of three accountability stakeholders, namely civil society organisations (CSOs), supreme audit institutions (SAIs), and Members of Parliament (MPs), in improving tax compliance. The Panel discussion delved into the intricacies of promoting tax compliance through improved accountability, emphasising the critical role of transparency in revenue mobilisation. The discussion highlighted the importance of parliamentary oversight committees, CSOs, and SAIs in bridging the engagement gap between tax administrators and citizens.

The speakers stressed cooperation as an effective mechanism in dealing with a wide range of actors in the quest to boost revenue generation. These actors range from governments, non-Governmental organisations (NGOs), multinational corporations, inter-governmental organisations, decentralised autonomous organisations, and universities. The exchanges between governments, civil society, audit institutions, and the citizenry as well as cooperation between various actors lead to increased efficiency in tax administration, improved audit criteria, increased citizens’ understanding of tax issues, capacity building of tax administrators and improvement in the way tax administrators collect taxes.

Some challenges impeding tax regimes were further discussed, including the issues of familiarity and reduced efficiency that arises with long-term engagements between a particular audit institution and multinationals, priority issues arising from multiplicity of funders for civil society and audit institutions, lack of information about the uses of tax proceeds by citizens and lack of communication and misunderstanding between audit institutions and civil society.

Key Insights and Takeaways of the Panel include:

1. **Importance of Cooperation:** The working together of audit institutions and civil society as well as between civil society and tax authorities leads to improved understanding of each other's work and efficiency in tax matters.
2. **Link between Tax Compliance and Social Benefits:** Citizens will pay taxes once they know they are getting something in exchange for what they are paying.
3. **Capacity Building of Tax Administrators:** Continually offering training and capacity building workshops for tax administrators improves their ways of collecting taxes.
4. **Importance of Audit Follow-up:** It is important to note that audit does not end with recommendations, but that audit institutions, inter-parliamentary committees, and civil society should follow up until recommendations from audit are fully implemented.
5. **Citizen Engagement on Tax Matters:** Citizens should be at the centre of fiscal governance and, hence, it is vital to recognise that engaging them in tax matters will improve their relationship with tax authorities thereby enhancing tax compliance.

The session concluded with an overview of the progress made towards Commitment 4 of the ATI Declaration 2025. With respect to citizen engagement, all the five dimensions of the indicator of the 2021-2022 ATI Monitoring Brief showed improvement over the previous years. Out of an average score of 100, the budget process of 2023 indicates the following improvement: budget formulation; 39 (up from 32), budget implementation; 21 (up from 15), budget legislative deliberations; 18 (up from 17), prior information; 23 (up from 21) and feedback on citizen's view; 8 (up from 7). While there is a modest improve in these dimensions, the group recognised the need to strengthen the work towards the achievement of Commitment 4 of the Declaration.