Seville Declaration on Domestic Revenue Mobilisation

Tax systems that work for people and advance the SDGs

Addis Tax Initiative

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Vision statement

We, the members of the Addis Tax Initiative (ATI), are united and driven by the vision that partner countries can generate more domestic revenues to deliver essential public goods and services required to advance progress on the Sustainable Development Goals (SDGs). We believe that tax systems can provide manifold benefits to societies and economies, including by promoting investment and economic growth, strengthening gender equality and empowering minorities, protecting the environment, and reducing inequalities.

I. Introduction

1. We affirm our shared commitment to implement the 2030 Agenda for Sustainable Development and the outcomes of the Fourth International Conference on Financing for Development, building on the 2015 Addis Ababa Action Agenda (AAAA). In particular, we believe that strengthening domestic revenue mobilisation (DRM) and improving capacities to design and collect taxes and other revenues in a transparent, effective, accountable, and equitable manner, is central to fulfilling the 2030 Agenda's promise. DRM is key for macroeconomic and fiscal stability.
2. We recognise that domestic revenues from taxes and non-tax sources are the most reliable and sustainable way of financing the 2030 Agenda. We emphasise that improved DRM is defined by increased public revenues and better governance that reduce inequalities and promote fair, transparent, effective and accountable public institutions, gender equality, and environmental protection.
3. We collectively reaffirm our commitment to strengthening equitable and effective DRM in partner countries. Declining economic growth, global health crises, weak institutions and governance, rising risks of debt distress, persistent high levels of illicit financial flows, and the substantial financing needs to meet the SDGs further underscore the urgent need to strengthen fair and effective DRM to expand fiscal space and build resilience to interconnected challenges. We recognise that progress toward achieving the SDGs is severely off track amidst growing geopolitical instability, environmental crises, widening inequalities, reduced fiscal space and declining Official Development Assistance (ODA). We recognise that the increasing frequency of natural disasters and extreme weather events caused by climate change and environmental degradation continues to disproportionately undermine certain countries' ability to achieve sustainable development, deepening social inequalities.
4. Coordinated and collective actions at the global, regional, national, and subnational levels are crucial to foster inclusive social and economic development. Globalisation and changes in business models have led to increased erosion of the tax base and profit shifting, undermining domestic revenue mobilisation, particularly in developing countries. Since 2015, important progress has been made through multilateral tax initiatives. Continued efforts to strengthen international cooperation and establish effective international tax standards are key to support countries in exercising their taxing rights, combating tax evasion and tax avoidance, and mobilising resources for sustainable development. We fully support further cooperation by all jurisdictions in the work to support effective, fair, and transparent international taxation.
5. We acknowledge the need to strengthen political will to implement reforms strategically, emphasise good financial governance, and enhance countries' efforts to implement the 2030 Agenda. Any tax reform is more likely to be successful if integrated in wider public financial management and development reform agendas. Mobilising and ensuring effective use of public resources requires actions at the national level to strengthen fiscal systems - both revenue and expenditure -, aligning them with sustainable development objectives. Enhancing fiscal systems is essential to building trust between governments and citizens, reinforcing tax morale, and strengthening the social contract.
6. We recognise the critical role of citizen participation and the inclusion of DRM accountability stakeholders in tax and revenue policy-making. These stakeholders include, but are not limited to, civil society organisations,

academia, the media, trade unions, parliamentarians, supreme audit institutions, the judiciary, and the private sector.

7. Private business activity, investment, and innovation are important drivers of sustainable development, economic growth, and job creation. We emphasise the role of a thriving and tax-compliant private sector as central to enhance public revenues. Tax systems need to be fair, efficient, and effective to minimise distortions on savings, investment, and economic activity.

8. We recognise that capacity building and long-term partnerships are needed to strengthen national tax systems where necessary and achieve sustainable results. We emphasise the importance of country ownership in the implementation of tax reforms. Therefore, we encourage country-driven capacity-development efforts and coordinated support from development partners, as well as South-South and triangular cooperation. We affirm the need to enhance the quality, effectiveness, and inclusiveness of development cooperation in DRM.

9. We are encouraged by our joint achievements. Since the ATI's foundation in 2015, it has evolved into an effective and inclusive initiative for consultation and collaboration on DRM among providers of development cooperation, partner countries, and supporting organisations. It has made important contributions to increasing available financing for development through agenda setting, donor coordination, peer learning, and enhancing political commitment. Being inclusive in nature, the ATI plays an impartial and constructive role in fostering dialogue and exchange, allowing the voices of all members to be heard in global discussions around DRM.

10. In the spirit of our global partnership, we, the ATI members, have jointly developed this Declaration to build on past achievements, proclaim our shared vision and mission, and guide our future actions.[1]

II. Mission statement

11. **The ATI promotes fair and effective domestic revenue mobilisation, policy coherence and the social contract through partnerships and knowledge building.**

    I. The ATI will provide a common space for effective partnerships and knowledge building to diverse groups of stakeholders to realise our vision. It will strengthen development cooperation on tax and revenue matters in an inclusive, participatory, and meaningful manner at subnational, national, regional, and international levels. We will cultivate coordinated collective actions and identify suitable modalities to fulfil the social contract, enhance policy coherence, and equitably and effectively increase revenue.

    II. The ATI will turn the vision into reality by elevating fair and effective DRM, policy coherence, and the social contract as political priorities in the "Decade of Action" to implement the 2030 Agenda, advancing the Addis Ababa Action Agenda and implementing the commitments agreed at the Fourth Financing for Development Conference in Seville, Spain, and within our respective DRM strategies and programs.

III. Actions

12. We have developed the following actions in a spirit of partnership and mutual accountability to enhance collective action and reach our shared vision. Implementing these actions will require significant political support and national budget allocations from partner countries, as well as support from accountability stakeholders and development partners. We recognise that the ATI actions need to be interpreted in the light of the specific situation of each partner country and development partner.[2]

[1] This Declaration does not, nor is intended to, create any legal obligations, under domestic or international law.

[2] ATI members will implement the provisions of this Declaration in a manner that is consistent with the outcomes of the Fourth International Conference on Financing for Development (FFD4), recognising their shared commitment to the broader Financing for Development agenda.

Action 1

13. **ATI members commit to support enhancing DRM on the basis of fair, gender responsive and environmentally sensitive tax policies, as well as fair, efficient, effective and transparent revenue administrations.**

    i. We will support advancing progressivity within tax and non-tax revenues and increase cooperation that fosters equitable tax systems in partner countries in order to promote the design of fair tax systems and reduce inequalities, including gender inequity.[3] With the goal of advancing the social contract, social integration, and broadening the tax base in ways that simultaneously reduce inequality and incentivise investments and growth, we will address the need for investment in people and increased labour market participation.

    ii. We will support partner countries to improve the data and analysis of distributional and gender aspects of both tax policy and administration.

    iii. We will support fiscal reforms that combat climate change and environmental degradation and their social impacts, particularly to the most vulnerable, and promote a just transition in order to achieve sustainable economic growth in partner countries. We will support more effective taxation of natural resources through balanced and simplified fiscal regimes. We are generally supportive of multilateral initiatives that facilitate international tax cooperation to address climate change and environmental degradation.[4]

    iv. We will support enhancing the efficiency and effectiveness of partner countries' revenue administrations by strengthening their capacities and capabilities, including through the use of technology such as digitalisation, improvement of risk management, and institutional reforms. We will support partner countries in strengthening the transparency and accountability of their revenue administrations by enhancing institutional capacity and human resource development.[5]

    v. We recognise the particular global challenges, in both policy and administration, and the potential for progressively generating additional revenues by effectively taxing high-net-worth individuals (HNWI), domestically. We support improving partner countries' capacity in relevant areas of personal taxation, including wealth and capital taxation, as well as measures to reduce tax evasion and avoidance through transparency and access to information, including beneficial ownership[6] , amongst others. We support enhancing DRM cooperation that develops and strengthens countries' capacity to capture their taxpayers' cross border operations, including the domestic effective taxation of HNWI, while fully respecting the tax sovereignty of each country and the authority of each country to decide on its tax mix. We will encourage other actors, including multilateral institutions, to do the same.

    vi. Through all of these actions, we aim to support non-distortive and efficient tax systems that are simple to comply with, predictable and fair. This will reduce inequality, encourage trust and voluntary tax compliance, improve the business environment and ultimately foster sustainable and inclusive economic growth.

[3] These actions particularly support SDG target 17.1: "strengthen domestic resource mobilisation, including through international support to developing countries to improve domestic capacity for tax and other revenue collection." and SDG target 10.4: "adopt policies especially fiscal, wage, and social protection policies and progressively achieve greater equality".

[4] These actions particularly support SDG 13: "take urgent action to combat climate change and its impacts" and SDG 10: "reduce inequality within and among countries".

[5] These actions particularly support SDG target 16.6: "develop effective, accountable and transparent institutions at all levels."

[6] In accordance with international fundamental and human rights standards, especially with regard to data protection requirements, and the standards of the Financial Action Task Force (FATF).

Action 2

14. **ATI development partners collectively recommit to at least double the volume of DRM cooperation provided at the time the Addis Tax Initiative was established to support country-led tax reforms.**[7]

    i. ATI members recognise the transformative potential in investing in tax reforms, where the potential for revenue returns can be many multiples of the costs, hence the importance of further prioritising DRM cooperation.

    ii. We will support strengthening capacities of partner countries at the regional, national, and subnational levels, and foster a diversity of approaches to collaboration and capacity development, including through support to regional tax organisations, South-South, and triangular cooperation. ATI members recognise the need for support to enhance DRM in partner countries and the importance of ATI partner countries taking the lead in coordinating DRM cooperation at the country level.

    iii. ATI members will enhance the quality and effectiveness of DRM cooperation by coordinating efforts to reduce the possibility of overlap, sharing knowledge, including by facilitating access to technical expertise, to better align DRM programmes with country development plans (e.g. DRM strategies). We will support ATI partner countries to formulate and implement comprehensive, prioritised, and costed national revenue or reform strategies after public consultation with accountability stakeholders.

    iv. We will facilitate the alignment and integration of the ATI data to the extent possible with other platforms such as the Platform for Collaboration on Tax (PCT) and the relevant multi-donor trust funds (MTFs).

Action 3

15. **ATI members commit to apply coherent and coordinated policies that foster DRM and combat tax-related illicit financial flows (IFFs).**[8]

    i. We recognise that collecting taxes effectively is complex and is assisted by cooperation across relevant entities and alignment with anti-corruption efforts, making it the leading edge of the broader development of relevant institutions. We will work towards implementing a whole-of-government approach (WGA) on tax and development, working across jurisdictional boundaries of ministries, public administrations, and public agencies to improve DRM in partner countries.

    ii. We acknowledge that we all have a role to play. While partner countries need to improve their tax systems, development partners will undertake, where appropriate and feasible, the analyses of spillover effects and policy coherence.

    iii. We will continue to take actions to combat tax-related IFFs and tax avoidance by strengthening tax governance and fiscal transparency, eliminating banking secrecy and corruption, improving all methods of exchange of relevant information and the use of tools such as beneficial ownership registers[9] and Country-by-Country reports, providing technical expertise for the correct and effective use of such information. We support the work of various multilateral fora on tax, including the Global Forum on Transparency and Exchange of Information for Tax Purposes, the OECD/G20 Inclusive Framework on BEPS, the United Nations, the Financial Action Task Force, and relevant regional bodies and initiatives, while stressing the importance to avoid duplication of efforts. We will collaborate on issues surrounding mutual administrative assistance in tax collection and enforcement, and where appropriate, leverage tools provided by the UN Model Convention,

[7] USD 220.6 million (2015) in ODA disbursements.

[8] IFFs constitute money that is illegally earned, transferred or used and that crosses borders. Three types of flows are generally considered, which are not mutually exclusive or comprehensive: IFFs originating from (a) criminal activity; (b) corruption-related IFFs; and (c) tax-related IFFs. It is recognised that there is no universally accepted definition of IFFs, and there are differing views on whether tax avoidance is in-scope. ATI members, cognizant of the definition provided in the Mbeki Panel Report, will follow the ongoing discussions in various forums on this topic.

[9] In accordance with international fundamental and human rights standards, especially with regard to data protection requirements, and the standards of the Financial Action Task Force (FATF).

the OECD Model Convention, the Convention on Mutual Administrative Assistance in Tax Matters, the African Agreement on Mutual Assistance in Tax Matters and other frameworks developed by regional tax organisations. We support strong collaboration between the multiple institutions at the international, regional, and local levels to coordinate effective assistance and support, leveraging the full potential of policy synergies, existing instruments, and complementarities.

iv. We will empower institutions and professionals to detect, investigate, report on, and prevent IFFs through greater cross-border cooperation, levering cutting-edge technologies, data analytics, and training programmes. We will also strengthen enforcement through robust legal frameworks, risk-based supervision, and the application of proportionate, effective, and dissuasive sanctions, ensuring stronger compliance with FATF and other international standards. This includes work to improve the effective identification of IFFs, and the refinement of legal frameworks that facilitate seizure, and repatriation of assets derived from tax crimes, including when related to money laundering, corruption, and organised crime.

v. To minimise wasteful or harmful tax expenditures, ATI partner countries will continue to support the rationalisation of tax expenditures by further improving their design, monitoring, and evaluation, including those granted in Special Economic Zones (SEZs). In order to foster enhanced tax expenditure governance and transparency, we will publish tax expenditures reports regularly, and work towards the development and adoption of joint voluntary minimum standards for tax expenditure reporting, starting from information captured in tax returns. We will strengthen the capability to design, monitor, and evaluate tax expenditures and modify or phase out ineffective or inefficient ones. We will also strengthen domestic interagency cooperation to ensure better coordination throughout the tax expenditure policy cycle.

Action 4

16. **ATI members commit to enhance space and capacity for DRM accountability stakeholders in partner countries to strengthen the broader social contract.**

i. We will protect and promote the civic space for holding public revenue institutions and governments accountable to strengthen transparency and accountability of fiscal systems. This is important for tax morale, the social contract and social cohesion. This includes bolstering legal and regulatory frameworks to ensure greater public participation and scrutiny.

ii. We will collectively contribute to an enabling environment for accountability of state and non-state stakeholders in partner countries by involving them in the formulation and implementation of tax and revenue policies in a meaningful, inclusive, and timely manner. We will strengthen their role in analysing tax policies, advocating for or against policy proposals, fostering greater government transparency, accountability, and raising awareness on tax rights and obligations.

iii. We wil enhance the capacities of state and non-state accountability stakeholders in partner countries to engage in tax and revenue matters through technical assistance and promoting platforms that facilitate collaboration amongst these stakeholders.

iv. We encourage complementary efforts to also increase transparency and accountability on the expenditure side in partner countries, recognising its impact on tax morale and the social contract.

IV. Partnership principles

17. In line with the Busan Partnership for Effective Development Cooperation, the ATI is founded on a common set of principles that underpin all forms of development cooperation in the area of DRM. We recognise that the ways in which these principles are applied differ across countries at various stages of development, and among the different types of stakeholders involved.

18. Embracing the diversity that our partnership is based on, we share common principles which – consistent with our agreed international commitments on human rights, decent work, gender equality, environmental sustainability, and inclusiveness – form the foundation of our cooperation:

    i. **Ownership of development priorities by partner countries.** Each country has the primary responsibility for its own economic and social development. Development partnerships can only succeed if implemented approaches are driven by country-specific situations and if needs respond to common interests.

    ii. **Alignment of technical assistance.** Development partners align their support for DRM with tax and revenue priorities and policies set out by partner countries and use local systems.

    iii. **Coordination of support.** Development partners coordinate their support for DRM, simplify their procedures and share information on their ongoing and planned development cooperation activities to achieve synergies and avoid duplication.

    iv. **Focus on results.** Our investments, efforts and development partnerships must have a lasting impact on enhancing partner countries' capacities to foster DRM for sustainable development.

    v. **Evidence-based policies.** Policies should rely on the best available evidence from in-country or regional research to ensure that policy makers take well-informed decisions.

    vi. **Inclusiveness of development partnerships.** Openness, trust, mutual respect and learning lie at the core of effective partnerships in support of development goals, whereby the different and complementary roles of all stakeholders are recognised.

    vii. **Accountability and transparency.** Accountability and transparency in public finance management are ensured towards citizens and taxpayers, as well as other ATI members.

    viii. **Promotion of gender equality.** We strive to promote gender-responsive action as part of all ATI partnerships and initiatives, including by collecting and evaluating appropriate data within the ATI.

    ix. **Addressing climate change and protecting the environment.** We aim to place protecting environmental resources, promoting environmental sustainability and addressing climate change at the heart of our partnership.

    x. **Strengthening fiscal systems for sustainable development, covering both revenue and expenditure.** While stressing the importance of optimising revenue collection, we also underscore the importance of effective allocation and use of domestic public resources to support the achievement of the sustainable development goals.

V. Monitoring progress

19. We will regularly assess our mutual progress in implementing the actions, both qualitatively and quantitatively. We will collectively work to improve data collection, transparency, disaggregation, and accessibility. This will provide an overview of the opportunities for, and obstacles to, aligning our efforts, as well as good practices from which to draw lessons. Monitoring our progress will help us to hold one another accountable for our actions.

20. The monitoring exercise will inform our decision-makers and the international financing for sustainable development community about the progress made and provide recommendations on how to adjust our actions or our partnership to achieve our collective goals. The monitoring framework will be developed in a participatory manner by a designated expert group of representatives from ATI members, building on existing frameworks where possible.