

PRESS RELEASE

On the occasion of the launch of the ADDIS TAX INITIATIVE

Better tax systems crucial for development

Embargo until Wednesday 15 July 10:00 (GMT + 3 hours)

Mobilising the revenues needed to further development and improve people's lives will depend on broader tax bases, stronger tax institutions, and redoubled efforts to stem both cross-border and domestic tax evasion and avoidance. In many countries billions of dollars are lost every year to narrow tax bases, weak administrative capacity, and poor tax compliance. Helping countries to strengthen their tax systems and achieve the Sustainable Development Goals (SDGs) requires a new framework for action.

In launching the Addis Tax Initiative, over 30 countries and international organisations have now teamed up to strengthen international cooperation in this area. The Initiative highlights the crucial importance of domestic revenue for financing development and specifically stresses the importance of tackling domestic and cross-border tax evasion and avoidance.

Harnessing the momentum of the Financing for Development agenda, the Addis Tax Initiative brings new energy and enthusiasm to the field of domestic resource mobilisation (DRM), emphasizing the importance of building sustainable DRM capacity through increased technical cooperation, strong domestic governance and institutions, and the political will to drive forward tax system reforms.

In the spirit of the Addis Ababa Action Agenda, the countries subscribing to the Addis Tax Initiative declare their commitment to enhance the mobilisation and effective use of domestic resources and to improve the fairness, transparency, efficiency and effectiveness of their tax systems. Concretely, participants commit to step up efforts as specified below:

- Participating providers of international support will collectively double their technical cooperation in the area of domestic revenue mobilisation and taxation by 2020;
- Partner countries restate their commitment to step up domestic resource mobilisation as a key means of implementation for attaining the SDGs and inclusive development; and
- All countries restate their commitment to ensure Policy Coherence for Development.

In addition to broad-based capacity building, participating providers of international support stand ready to expand cooperation in the following areas:

- ❖ Enabling partner countries take advantage of the progress made on the international tax agenda, such as the OECD/G20 Base Erosion and Profit Shifting (BEPS) project and the Global Forum on Tax Transparency and Exchange of Information for Tax Purposes;
- ❖ Integrating partner countries into the global tax debate; and
- ❖ Improving taxation and management of revenue from natural resources.

In addition to routine OECD-DAC reporting, the International Tax Compact (ITC) will play a coordinating role to monitor and report on the increased support facilitated by this Initiative.

An ITC/OECD discussion paper released last week, 'Examples of Successful DRM Reforms and the Role of International Co-operation', illustrates country cases where substantial improvements in both DRM capacity and revenues were facilitated by international support. These include an increase of US\$55 million collected in Kenya due to better transfer pricing and a ten-fold increase in tax revenue in Colombia.

The following countries have joined the Addis Tax Initiative: Australia, Belgium, Canada, Cameroon, Denmark, Ethiopia, European Commission, Ghana, Finland, France, Italy, Germany, Indonesia, Kenya, Korea, Liberia, Luxembourg, Malawi, Netherlands, Norway, Philippines, Sierra Leone, Senegal, Slovenia, Sweden, Switzerland, Tanzania, United Kingdom, and the United States.

In addition, the following international organisations have expressed their support for the Addis Tax Initiative: African Tax Administration Forum (ATAF), Commonwealth Association of Tax Administrators (CATA), Inter-American Centre of Tax Administrations (CIAT), IMF, OECD, World Bank and the Global Forum on Transparency and Exchange of Information for Tax Purposes. And the Gates Foundation.