

# ATI Consultative Group 1

*Inception meeting on 19 November 2020*

The newly constituted ATI Consultative Group 1 met for the first time on 19 November 2020 during the virtual 2020 ATI General Assembly to discuss possible activities and ideas related to ATI Commitment 1 of the ATI Declaration 2025: "ATI partner countries commit to enhance DRM on the basis of equitable tax policies as well as efficient, effective and transparent revenue administrations. ATI development partners commit to supporting such reforms." The following items were discussed.

## *Equitable taxation*

The members of ATI Consultative Group 1 agreed that it is necessary to work on a clear definition of equitable taxation involving both the equity and equality dimension. The definition should be operationalised through concrete indicators that will make part of the monitoring framework for the ATI Declaration 2025, which will be used to measure progress in this area. Duplication vis-à-vis previous work (e.g. indicators list for the original ATI commitments) needs to be avoided.

It was suggested to take into account the role of equitable taxation on sustainable growth. At the same time, members agreed on focusing on the revenue side instead of expanding the scope to consider expenditures as well.

Members suggested developing a collection of examples from ATI member countries that have moved towards making systems more equitable. Another suggestion was to collect examples on how member countries reacted to the COVID-19 pandemic and succeeded in increasing available revenues while defending equity. Specific dimensions, such as gender, should be examined when analysing the fiscal incidence. Additionally, a product that summarises (e.g. in table format) the policy areas in which there is scope for action towards equitable taxation could be developed. This could comprise revenue-raising potential, equity impact, political feasibility, potential to increase growth etc.

## *Role of revenue administrations*

The members of ATI Consultative Group 1 also agreed that tax administrations play a crucial role beyond revenue generation and can also foster equitable taxation. In that context, promoting trust and voluntary compliance as well as counteracting tax evasion were mentioned. It was highlighted that concrete indicators for revenue administration progress and transparency are needed and that data generation should be enabled. As one option, members suggested selecting TADAT and ISORA indicators that can be relevant for the monitoring framework.

It was stressed that some inefficiencies in partner countries are also the result of international policies and frameworks defined by multilateral and bilateral donors that lead policies to fail. Therefore, country characteristics should be emphasised and tailored solutions to partner country contexts should be designed. It is therefore important to have frank discussions with partner countries about which areas would be most important to foster efficient and equitable revenue

generation. It would also be important to reflect on international tax exemptions for ODA and other issues that affect domestic tax policies in partner countries.

Some of the pressing topics mentioned and faced by partner countries in their efforts to increase revenue collection, which could be tackled by the consultative group, were as follows: wages and income revenue, property taxation, the promotion of transparency around tax exemptions, opportunities for incentives on informal sector, consumption taxes, civil society engagement, and expenditures on direct transfers to the poor. Members suggested developing a collection of success stories and experiences from ATI partner countries.