

Report of the 4th meeting of ATI Consultative Group 1

The 3 E's of good tax systems

- Date: 24 March 2022, 13:00 – 17:00 (CET), Virtual
- Participants: Abdul Muheet Chowdhary (South Centre), Anders Gerdin (SIDA), Anne Maina (Kenya), Asa Palmgren (INTPA), Ashima Neb (PCT/World Bank), Audier Rakotomalala (Madagascar), Benedikt Madl (EC), Brian McAuley (ADB), Carine Rakotoarisoa (Madagascar), Carly Munnelly (Save the Children), Cinzia Castelli (Italy), Daisuke Miura (ADB), Daniel Nuer (Ghana), David Dod (USAID), Elizabeth Gavin (IMF), Gayline Vuluku (Kenya), Iliza Mushumba (Rwanda), Ingrid Widlund (Sweden), Jane Muguchu (Kenya), Jenny Russell (Save the Children), Joseph Sirengo (Kenya), Kate Brady (Ireland), Koni Ravono (Pacific Islands Tax Administrators Association), Lodovico Muratori (Italy), Marianna Macaskova (Slovakia), Martin-Brehm Christensen (Oxfam), Matthew Martin (DFI), Melissa Säilä (Finland), Mulay Weldu (Ethiopia), Nathan Coplin (Oxfam), Oliver Petzold (OECD), Outi Hakkarainen (Finland), Penny Davies (Sweden), Peter Ellehoj (Denmark), Rabemanantsoa Domohina Hanitriniala (Madagascar), Samba Sallah (The Gambia), Steve Rozner (USAID), Stina Färje (Swedish), Tantely Ravelomanana (Madagascar), Thierry Lippert (Luxembourg), Thomas Kanneh (Liberia), Wapinu Ndule (WATAF), Төгсжаргал Сэрээнэндорж (?), Altayesh Taddese Terefe (ITC), Michelle Ordóñez (ITC), Stefanie Rauscher (ITC).
- Agenda:
1. Welcome and introduction
 2. Post-2020 monitoring framework for ATI Commitment 1
 3. Latest developments on the [ATI Consultative Group 1 work plan](#)
 4. Open dialogue
 5. Next steps

The ATI Consultative Group 1 is dedicated to the implementation of 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 support such reforms.”

Welcome and introduction

The fourth meeting of ATI Consultative Group 1 was held on 24 March 2022 as part of the second day of the 2022 ATI General Assembly. The meeting had the following objectives:

- 1) Present the new monitoring framework to measure progress towards the achievement of ATI Commitment 1
- 2) Provide an overview on the latest developments of the group work plan for 2022/2023
- 3) Collect ideas for additional topics, specific products, and activities for the group.

Daniel NUER (Ghana), co-coordinator of the group together with Oxfam, Norway, and Senegal, opened the meeting welcoming in his role as moderator of the current session.

ATI post-2020 monitoring framework

The ITC/ATI Secretariat presented the final indicators of this framework which form the basis of the ATI monitoring report under the ATI Declaration 2025. The guiding principles used to develop the post-2020 monitoring framework indicators were **simplicity, availability** of data, and **balance** between accuracy and efforts needed to collect data. The conceptual framework went through three discussion meetings and various feedback loops before it was presented to the ATI Steering Committee for final approval. The upcoming ATI Monitoring Reports will assess the progress of ATI member countries towards the accomplishment of the commitments until 2023 and until 2025, and will have 2020 as the baseline report. A methodological note describing all the indicators used will be available on the ATI website.

The monitoring indicators for ATI Commitment 1 are categorised into six topics and are targeted to the different stakeholder groups of the ATI. Five of the topics – “enhance DRM”, “equitable tax systems”, “efficient, effective, and transparent revenue administration” – are related to partner countries, while the “commitment to support reforms” is linked to development partners. Topics one and two are related to enhancing DRM in an equitable manner, while topics three to five relate to improvements of tax administrations. Different indicators were developed under each topic. Both primary and secondary information sources are to be used – i.e., partner country surveys, qualitative narratives, assessment by an external consultant, and secondary and publicly available data sources. Secondary (the principal) data sources include the IMF, ISORA, OECD DAC, TJN, ATAF and the ATI DRM database, CRII, government websites, etc.

Under the topic of “equitable tax systems”, the “progressivity” indicator as a measure of ‘socio-economic equality’ received much interest from participants, including a question from **Ashima NEB** (PCT) on how CRII measures progressivity. **Matthew MARTIN** (DFI) explained that the indicator – from the Commitment to Reducing Inequality Index (CRII), jointly developed by Development Finance International (DFI) and Oxfam – considers mainly personal income tax (PIT), corporate income tax (CIT), value added tax (VAT). For VAT, there is a general assumption of regressivity and progressivity is drawn based on factors such as the VAT registration threshold put for businesses and the exemption of basic food items. For PIT, the indicator measures regressivity by looking at how much the income tax rate increases for each additional dollar of income. For CIT, the focus is on the baseline tax rate applicable on companies and the exceptions. **Nathan COPLIN** (Oxfam) emphasised the need to understand the potential interaction between indicators like ‘progressivity’ and other indicators such as ‘efficient/effective tax administration’, etc. In addition, **Matthew MARTIN** pointed out that there are considerations to include wealth taxes and social security payments into CRII’s measurement of progressivity and noted that such areas could be future areas of engagement.

The sixth topic on development partners’ “commitment to support reforms in partner countries” has two indicators – ‘aggregate DRM support towards equitable tax systems’ and ‘aggregate DRM support towards effective, efficient, and transparent tax administrations’. The ATI Secretariat invited **Nathan COPLIN** to share methodological insights of the indicators, based on

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an exercise performed by Oxfam, in which they assessed the qualitative aspects of DRM cooperation between development partners and partner countries. Thus, the idea will be to first look at aggregate DRM cooperation on specific tax areas with the potential to improve the progressivity and equity of tax systems, being the target areas PIT, CIT, property tax, taxation in extractive industries, wealth tax and tax expenditures (TEs). A second part of the analysis would be to assess DRM cooperation towards “effective, efficient and transparent tax administrations”. Information on targeted cooperation will be collected in a three-tiered system. i.e. through (i) secondary data on project description (the ATI DRM database based on the OECD DAC data), (ii) input from development partners, and (iii) assessment by a consultant. **Benedikt MADL** (EC) raised a concern on the political willingness of partner countries in allowing development partners to choose investment in the target areas. **Nathan COPLIN** acknowledged that DRM cooperation area is a collective decision of partner countries and development partners. However, PIT, CIT, and TEs are the three areas where improvement has been recorded collectively accounting for 4.2% of total DRM cooperation. The mutual commitment of partner countries and development partners, as well as the role of detailed project reporting were also emphasised as crucial factors in this discussion.

Developments on the ATI Consultative Group 1 work plan and Open Discussion

As the work stream *Monitoring Framework* was already completed, the discussion concentrated on the other three work streams.

Under the *Equitable taxation* work stream, the progress of the brief on ‘ATI partner countries’ perspectives on moving towards equitable tax systems’ was shared. The case studies from Uganda and Sierra Leone are being finalised, and will potentially include one additional country example. Moreover, the workshop on ‘DRM cooperation for equitable tax systems’, organised with Oxfam, and the coffee-break on the ‘Fair Tax Monitor (FTM) tool’, organised with Oxfam and TJNA, were completed during 2021. Additional products of the work stream include the upcoming webinar series on equity and taxation, organised in cooperation with Germany.

As part of the *Subnational taxation* work stream, two webinars were organised in 2021. The first aimed at raising awareness on the role of local governments in tax collection and better public service provision, while the second focused on the challenges and opportunities of property taxes for development. A follow-up event was proposed by the ATI Secretariat, i.e. a workshop on policy design for subnational taxation with the participation of subnational decision-makers (in cooperation with Germany, ICTD & the Local Government Revenue Initiative -LOGRI).

A webinar on the Digital Transformation Maturity Model was organised jointly with OECD’s Forum on Tax Administration (OECD FTA) as part of the *Revenue administration and reform* work stream. The idea is to follow-up on partner countries to evaluate their interest on implementing this self-assessment process with the support of the FTA Secretariat. Some upcoming events include a webinar series on data sharing and digital solutions for revenue administrations and a

webinar on the topic of ATI partner countries' experiences on formulating and implementing national revenue reform strategies.

Connected to the later work stream, **Oliver PETZOLD** (OECD) shared a brief overview of a new product: '[Inventory of Tax Technology Initiatives](#)'. The product was discussed as a follow up event to the collaborative work on the digital transformation maturity model. The aim of the initiative is to fill the gap that exists on the extent and progress of digitalisation of tax administrations globally. Together with eight partners, an underlying survey was collected from 76 administrations. The platform is expected to be operational in April 2022 and will have dedicated webpages for each of the building blocks of digitalisation for tax administration defined under the 2020 OECD report [Tax Administration 3.0](#). By serving as a platform to share the digitalisation experiences of other countries, the initiative aims to help countries on own domestic digitalisation reforms as well as identify areas for collaboration with other tax administrations. The initiative plans to add case studies and reports to the platform.

During the open discussion, focus on large taxpayers and high net worth individuals (HNWI) as well as environmental taxation as a means for just transition and green recovery were raised as potential topics. **Benedikt MADL** underlined the usefulness of organising an event on the TADAT assessment in collaboration with the TADAT Secretariat.

Next steps

The ATI Secretariat, based on the positive feedback of ATI member participants, will include the workshop on policy design in subnational taxation as part of the respective work stream/work plan. Building on this topic, **Nathan COPLIN** commented on the importance of working with or supporting ongoing initiatives as well as including francophone countries. He suggested collaboration with international organisations with a wider reach, such as the global organisation '[United Cities and Local Governments](#)'.

Furthermore, the different activities and products included in the work plan and discussed during this meeting will continue. The meeting was closed by **Daniel NUER** with the invitation to share additional ideas and areas of engagement with the ATI Secretariat.

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