General Assembly

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ATI Consultative Group 1 Meeting

23 July 2025 16:00-17:45 EAT| Hybrid

Tax systems that work for people and advance the Sustainable Development Goals

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Welcome and agenda

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Time	Session	Speaker
5 min.	Welcome and presentation of the agenda	Moderator
15 min.	Key findings from the 2023 ATI Monitoring Report	ATI Secretariat
10 min.	Q&A	Facilitated by the moderator
15 min.	Expert input	Amina Ebrahim, Research Fellow, UNU-WIDER
10 min.	Q&A	Facilitated by the moderator
45 min.	Discussion on the group's work plan: • Report on the implemented activities in the previous period • Determining the workstreams in the period ahead • Confirmation of co-coordinators for the period ahead	Facilitated by the moderator
5 min.	Closing	Moderator

Key findings from the 2023 ATI Monitoring Report

ATI Secretariat

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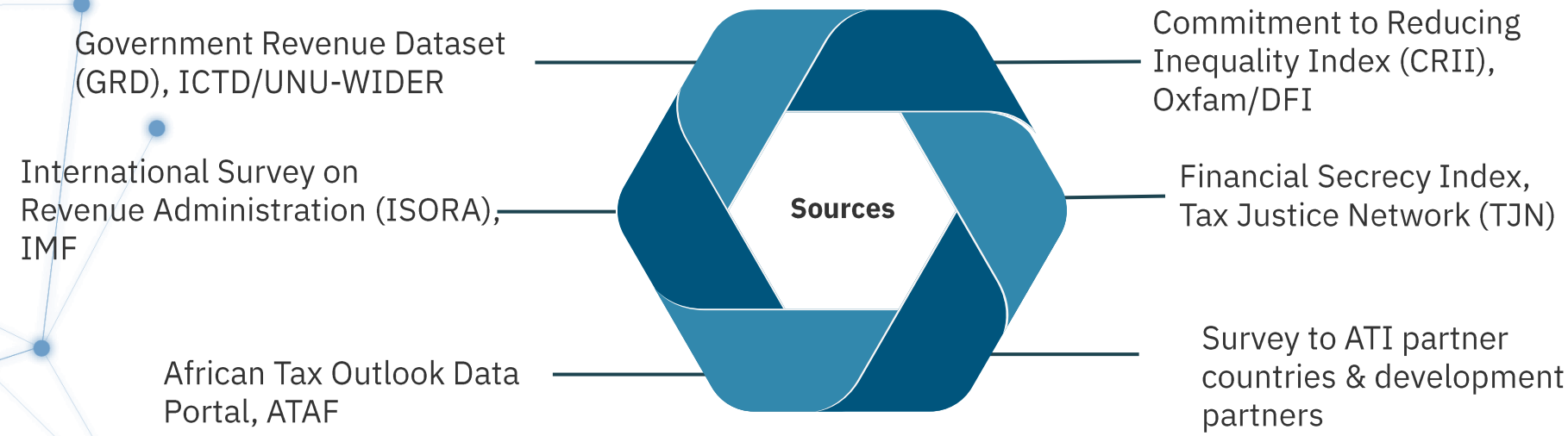
ATI Commitment 1

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.

METHODOLOGY

- Performance on partner countries' revenue mobilisation is based largely on official publicly available data sources



TOTAL REVENUES & REVENUE COMPOSITION

- The *average revenue-to-GDP* ratio for 28 ATI partner countries in 2021 was **17.7%**, an **increase** from the 2020 ratio of **16.9%**.
- In 2022, this ratio was reported for 20 partner countries to be **16.15%**.

- In 2022, out of the 20 ATI partner countries: **13** saw a **decrease** in their tax revenue, while sustained **increase** was observed in **five** countries.

- *The share of taxes on income, profit and capital gains increased* from 36.3% in 2020 to 40.96% in 2022, While tax on goods and services **fall** from 41.6% in 2020 to 39.03% in 2022 – suggesting a **further shift towards more progressive taxes**.

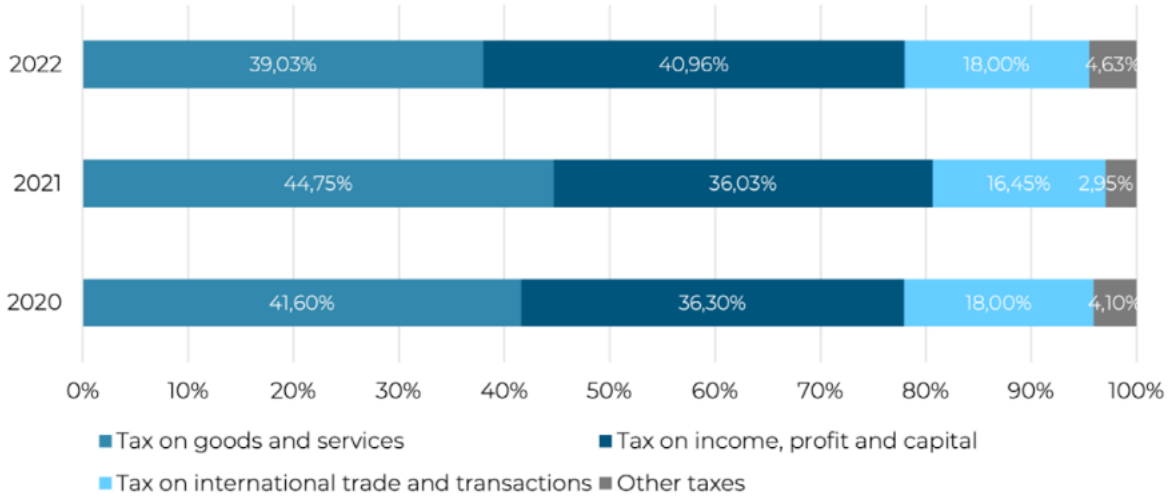


Figure 1.3. Average contribution to tax revenue, 2020-2022

Source: *GRD (ICTD-UNU- Wider).*
Note: *This graph is based on data from 20 ATI partner countries.*

EQUITABLE AND SUSTAINABLE TAXATION

Survey Results

Environmental sustainability

- **Georgia and Rwanda** –has measures exempting electric vehicles from import duties, while **the Philippines** gives tax exemptions for manufacturers, importers and buyers of electric vehicles.
- **Madagascar** – gives a 5% VAT reduction on butane gas to discourage use of firewood or charcoal
- **Bangladesh** introduced a new environmental surcharge for individuals owning multiple cars in 2023, while **the Gambia** has levied a high tax on older vehicles to reduce emissions.
- **The Maldives** collects a green tax and a plastic bag fee

Gender Equality

- **Bangladesh** has a higher tax-free income threshold for female taxpayers
- **Ecuador** announced that women's sanitary products were not subject to Value Added Tax (VAT)
- **Pakistan**, the government reduced the tax burden on women by reducing the tax payable on profits for women-owned enterprises
- **Rwanda** revised the structure of its income tax in 2022 to support low-income earners, consisting predominantly of women.
- **Sierra Leone** introduced an income tax credit of 6.5% on the PAYE of females employed in management positions

Commitment to Reducing Inequality Index (CRII)

Assesses tax progressivity

i.e. one that supports the redistribution of the national tax burden from lower income households to higher income households.

ATI partner countries with the most equitable tax structure in 2024

six ATI partner countries (Togo, Nepal, Benin, Bangladesh, Cameroon, and Zambia) scored above 0.7,

ATI partner countries with the least equitable tax structure in 2024

included Georgia, Madagascar, Mauritania, Mongolia and Paraguay – all scoring below 0.5.

EFFICIENT REVENUE ADMINISTRATION

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Managing Taxpayers and High Net Worth Individuals (HNWIs)

29 ATI partner countries have set up Large Taxpayer Offices (LTOs).

- In 2022, on average, 61% of total revenues were managed through this unit, ranges from 10% in **Senegal** to 95% in **Malawi**.

At least eight ATI partner countries have set up units to engage HNWIs.

- However, information on the proportion of revenue these units are able to mobilise remains limited.

Withholding Taxes

- **13 ATI partner countries** have increased the percentage of PIT withheld and subsequently paid to tax administrations between 2020 and 2022. The largest increases were reported for **the Solomon Islands**, which increased by 79 percentage points followed by **Uganda** (up 77 percentage points)
- At the same time, **nine** experienced decreases in PIT withheld and paid to governments. The largest decrease was reported in **Burkina Faso**, falling from 99% to 13%, followed by a 47 percentage point decrease in Pakistan, from 80% to 33%.
- In 2023, among 12 African ATI partner countries, the percentage of withholding tax as a share of total revenue averaged **6.2%**. **Senegal** has the highest ratio of withholding tax, at 14.85%.

VAT Refunds

- **Seven ATI partner countries automatically paid out VAT refunds**, while **six** pay out refunds subject to funds available. Out of the **14** that establish them as a credit, **eight** refund VAT credits on request and **six** refund credits subject to funds available.

- **Outstanding VAT credits averaged 30%** in relation to VAT collected in 18 ATI partner countries, ranging from a high of 205% for Zambia to a low of 0-2% in Sierra Leone and Ecuador.

EFFECTIVE REVENUE ADMINISTRATION

Timeliness of Tax Filings and Payments

- In 2022, **Payments** for Corporate Income Tax (CIT) and Personal Income Tax (PIT) **are timelier than filings,** while the reverse is true for Value Added Tax (VAT) and PAYE.

Tax Gaps and Arrears

- **11 ATI partner countries** reported they had undertaken a gap analysis for at least one tax type. **11 conducted** tax gap analysis on VAT, **six** on **PIT**, and **five** on **CIT**.

- The closing of **tax arrears** at year end averaged **31%** of total tax revenue; and ranged from a low of 1% in Sierra Leone to a high of 133% in Kenya.
- Between 2020 and 2022, the closing stock of tax arrears **decreased** for **14** countries, while it **increased** for **10** countries.

TRANSPARENT REVENUE ADMINISTRATION

Tax administration commitments and responsibilities

- **24 ATI partner countries have taxpayer charters** (or similar documents) that set out taxpayer rights and obligations. Only one country, **Liberia**, indicated it did not have an accessible taxpayer service charter, despite having had one in 2020.

DRM SUPPORT BY ATI DEVELOPMENT PARTNERS TOWARDS EQUITABLE TAX SYSTEMS

- In 2023, the proportion of DRM projects across ATI development partners that focused on promoting equity outcomes increased to **35.7%**, exceeding 2021 and 2022 levels, though still below the 2020 figure.

- The most significant contributors to equity outcomes in value terms were: 2023: **EU** (USD 24.3 million), **Norway** (USD 16.3 million) and **Switzerland** (USD 12.5 million).

Types of equity

- Tax fairness – 16.3%
- Gender equity – 13.1%
- Corporate income – 13.1%
- extractive industries – 5
- Personal income – 3%
- Wealth taxation – 5.5%
- Property taxation – 2.5%
- Tax expenditure – 1%.

DRM SUPPORT BY ATI DEVELOPMENT PARTNERS TOWARDS EFFICIENT, EFFECTIVE AND TRANSPARENT TAX SYSTEMS

- In **2021**, **31.3%** of overall ODA for DRM supported strengthening the efficiency, effectiveness and transparency of tax administrations. In **2023**, this number increased to **32.3% – with 7.1% allocated to ATI partner countries**.
- Development partners with the highest contribution in value terms in 2023 were **EU** (USD 22.7 million), **Norway** (USD 12.1 million) and **Switzerland** (10.7 million).

Largest recipients of ODA focused on strengthening the efficiency, effectiveness and transparency of tax administrations, in 2023

Ecuador (USD 2.6 million), Malawi (USD 2.3 million) and Zambia (USD 2.1 million)

Q&A

Presentation of the new Action 1 and discussion on the group’s work plan

Moderator

Things to cover in this segment

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- Implementation of current Commitment 1
- Seville Declaration and its Action 1

- Deciding on new workstreams
- Collecting ideas on concrete activities

- Reflection on modalities of cooperation in CG1
- Selecting CG1 co-coordinators for the coming period

Commitment 1 (2021-2025)

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- **Workstream: Sub-national taxation**
  - Webinar series on the role of subnational DRM for service delivery (with DeLoG and Norad)
  - Virtual workshop series on policy design for property taxation among partner countries in partnership with the Local Government Revenue Initiative + Tailored advisory support delivered by LoGRI
- **Workstream: Revenue administration and reform**
  - Presentation of the Digital Economy Compliance (DEC) Tool developed by CIAT and Norad
  - Workshop series on digitalisation of revenue administrations in collaboration with the OECD's Forum on Tax Administration (FTA)
  - Webinar on ATI partner countries' experiences with formulating and implementing national revenue or reform strategies in the medium- term
  - ATI Tax Gap Workshop in partnership with IMF, UNU-WIDER, and World Bank
  - Community of Interest for practitioners working on tax gap estimations
  - Tax gap estimation toolkit for CIT, VAT, and PIT gap in collaboration with UNU-WIDER

Commitment 1 (2021-2025)

- **Workstream: Equitable taxation**
  - Different in-person presentations and webinars (latest one in cooperation with the World Ban on net wealth taxation)
  - Brief on ATI partner countries' perspectives from moving towards equitable tax systems
  - Analysis on progressive taxation with country experiences from Latin America

- **Workstream: Monitoring**
  - Development of the monitoring framework for ATI Commitment 1
  - Evaluation of ATI Commitment 1's progress towards the ATI Declaration 2025

- **Workstream: Cross-cutting topics with other CGs**

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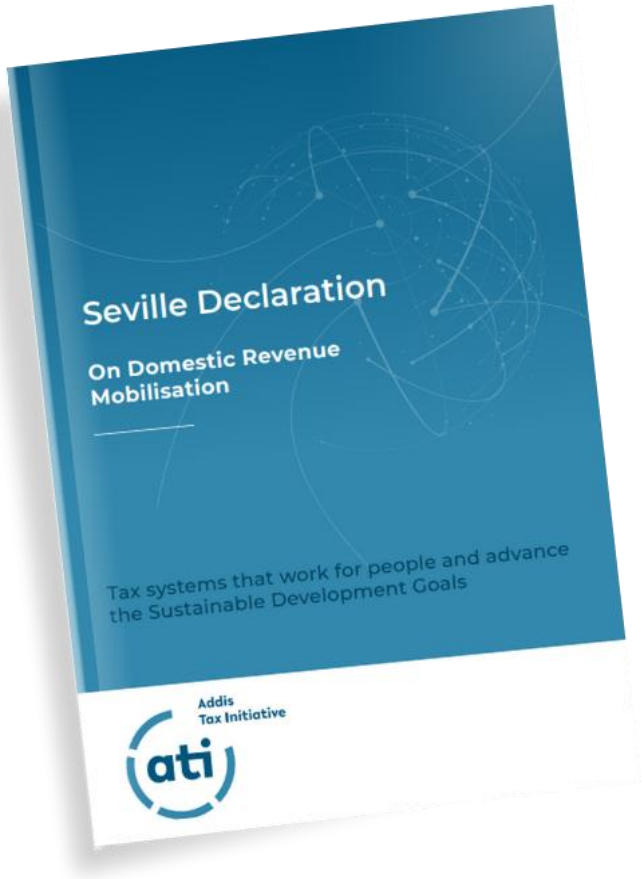

The Seville Declaration on DRM

Action 1

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.

Action 1

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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.

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

Supporting partner countries to **improve the data and analysis of distributional and gender aspects of both tax policy and administration**

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.**

Action 1

Enhancing the **efficiency and effectiveness** of revenue administrations by strengthening their capacities and capabilities, including through the use of technology such as **digitalisation**, improvement of **risk management**, and **institutional reforms**. Strengthening the **transparency and accountability** of their revenue administrations by enhancing institutional capacity and human resource development.

Supporting **effectively taxing HNWI**, domestically, and improving 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. We support **enhancing DRM cooperation** that develops and strengthens countries' **capacity to capture taxpayers' cross border operations**, while fully respecting the tax sovereignty of each country and its authorities to decide on its tax mix.

Supporting **non-distortive and efficient tax systems** that are **simple to comply with, predictable and fair,** in order to reduce inequality, encourage trust and voluntary tax compliance, improve the business environment and ultimately foster sustainable and inclusive economic growth.

Implementation of Action 1

Idea collection and discussion

Proposed workstreams (2025-2030)

1. **Revenue administration and reform**
   a. Enabling compliance, predictability and fairness
   b. Transparency and accountability of tax administrations
   c. Tax and data
2. **Equitable taxation**
   a. Wealth taxation
   b. Gender and tax
   c. Data on distributional and gender effects
3. **Environmental taxation**
4. **Monitoring**
5. **Cross-cutting**

CG1 processes after the GA 2025

- New and/or renewed mandate for the co-coordinators
- Confirmation of the list of activities for the following period in a dedicated meeting of the CG1

Closing

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