

Tax and Development

10th IMF-Japan High-Level Tax Conference For Asian Countries in Tokyo

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International Taxation under Japanese Presidency



Japanese Presidency focuses on:

1. tax challenges arising from digitalization
2. implementation of the BEPS package
3. exchange of tax information
4. **assistance to developing countries**

G20 Leaders' declaration (Buenos Aires, 30 November – 1 December 2018)

26. ···We continue to support enhanced ··· tax capacity building in developing countries, including through the Platform for Collaboration on Tax.

Domestic resource mobilization (DRM) : Key to SDGs

- Significant tax revenues, raised in fair and efficient ways, are required to meet the global development challenges.
 - ✓ Preliminary analyses estimate the financing gap for achieving the SDGs for developing countries at about US\$2.5 trillion (UNCTAD, 2014).
 - ✓ The potential for DRM expansion may be particularly high in Asia and the Pacific since the region only had a tax revenue to GDP ratio of 17.8% compared to 21.8% for Latin America and 28.6% worldwide in the 2000s (ADB, 2015).

SDGs 17.1 domestic resource mobilization

- Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development
- 17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection

Coordination among developing partners

- Increasing support to DRM, including through the Medium-Term Revenue Strategies (MTRS)
 - ✓ IMF: Revenue Mobilization Thematic Fund
 - ✓ World Bank: Global Tax Program
- Further collaboration is needed among developing partners to make the most of limited resources and provide effective assistance.
- Platform for Collaboration on Tax (PCT), joint initiative of the IMF, the OECD, the UN and the WB, is an important framework for such collaboration.
- Japan has supported its work and pledged financial contribution.

Platform for Collaboration on Tax (PCT)

- Central vehicle for their enhanced cooperation, particularly for developing and implementing Medium-Term Revenue Strategies (MTRS)
 - ✓ Comprehensive as including various aspects of tax policy and administration
 - ✓ Collaboration among developing partners led by the PCT is particularly necessary.

- Further collaboration, at the global and country level, is expected under the expanded workplan for 2019-2020.

- Progress report will be submitted to the G20 meeting in June.

Japanese contribution to strengthen tax capacity of developing countries

Japan has been contributing to strengthen tax capacity of developing countries through various channels.

Domestic resource mobilization

- Revenue Mobilization Thematic Fund (IMF)
- Global Tax Program (WB)
- Domestic Resource Mobilization Trust Fund (ADB)

International taxation and exchange of information

- Global Relations Program (OECD)
- BEPS and Developing Countries Program (OECD)
- Global Forum on Transparency and Exchange of Information for Tax Purposes (OECD)

Diagnosis

- Tax Administration Diagnostic Assessment Tool (IMF)

Bilateral ODA (JICA)