

**PCT WORKSHOPS ON:  
ENGAGEMENT FOR AND DISSEMINATION OF PCT TOOLKITS**

**Concept Note**

**Background**

1. **The Platform for Collaboration on Tax (PCT) Partners produces joint guidance and toolkits on issues pertaining to international taxation, transfer pricing and other areas in taxation having relevance for developing countries.** The topics on which the toolkits have been developed were identified based on in part upon action items from the original G20/OECD Base Erosion and Profit Shifting (BEPS) project, with additions identified as of particular interest to lower income countries through discussion with their representatives and regional tax organizations.

1.1 **These analytical toolkits are all jointly developed by staff of the four Partner organizations (the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), the United Nations (UN) and the World Bank Group (WBG)).** The process of development of these toolkits involves one or more rounds of public feedback through public release of drafts and inviting comments from governments, regional tax organizations, members of the civil society, business representatives, donors and public at large. The drafts are reviewed in the light of the comments received and revised, where necessary. The final products reflect consensus among the Partner staffs, but do not necessarily represent views of Management and members of the Partner organizations, nor purport to be official products of those organizations.

1.2 The following toolkits have been released so far:

- a) The Toolkit on ***Options for Low Income Countries' Effective and Efficient Use of Tax Incentives for Investment***<sup>1</sup> was finalized in October 2015. The toolkit recommends good governance of tax incentives including subjecting the tax incentives to the legislative process, increased transparency and informed decision making through tax expenditure review. It also recommends regional co-ordination to check tax competition and indiscriminate proliferation of tax incentives. The toolkit is particularly relevant for low income countries with low capacities who may tend to offer tax incentives without measuring their potential to actually boost investment or meet other development or social policy goals—or, in particular, to measure their costs.

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<sup>1</sup> <http://documents.worldbank.org/curated/en/794641468000901692/pdf/100756-Tax-incentives-Main-report-options-PUBLIC.pdf>

- b) The toolkit on **Addressing Difficulties in Accessing Comparables Data for Transfer Pricing Analyses**<sup>2</sup> was finalized in June 2017. The toolkit addresses an important gap in transfer pricing analyses carried out by tax jurisdictions in the absence of access to data of suitable comparables. The toolkit recognizes the lack of availability of comparable data, recommends use of financial databases, and foreign comparables (with suitable comparability adjustments) in cases where no domestic comparables are available. It stresses on the delineation of the actual transaction for any transfer pricing study and recommends development of safe harbors by tax jurisdictions and regional organizations. The toolkit also includes a Supplementary Report on addressing the information gaps in prices of minerals sold in intermediate form.
- c) The toolkit on **The Taxation of Offshore Indirect Transfers** toolkit was published in June 2020<sup>3</sup>. The Toolkit recommends that countries (often developing countries) should have the right—if they so choose—to tax gains realized in respect of offshore indirect transfers of immovable assets located in their jurisdictions (and possibly other assets generating location specific rents). It analyzes the economic foundation for such a tax provision, noting that Articles 13(4) of both the OECD and UN versions of the Model Tax Convention recognize the right of location countries to tax indirect transfers of immovable assets. It suggests two models for domestic legislation which countries may adopt to bring to tax such transfers. The toolkit also suggests a model definition of immovable property for the purposes of such domestic legislation.

1.3 Other toolkits on the following topics are planned and are at various stages of development:

**Table 1. Calendar for toolkits on BEPS and related tax matters**

<b>Toolkit</b>	<b>Timeline</b>
<b>Implementing Efficient and Effective Transfer Pricing Documentation Regimes</b>	Final version to be released in Quarter 3, 2020
<b>Tax Treaty Negotiation</b>	Discussion draft to be released for public consultation in Q3 2020
<b>BEPS Risk Assessment</b>	Outline has been prepared. Draft in pipeline.
<b>Toolkit on base eroding payments</b>	Early stages of discussion. May have to be reconsidered depending upon the developments under Pillar 2 of the BEPS 2.0 project.

<sup>2</sup> <https://www.oecd.org/tax/toolkit-on-comparability-and-mineral-pricing.pdf>

<sup>3</sup> [https://www.tax-platform.org/sites/pct/files/publications/PCT Toolkit The Taxation of Offshore Indirect Transfers.pdf](https://www.tax-platform.org/sites/pct/files/publications/PCT_Toolkit_The_Taxation_of_Offshore_Indirect_Transfers.pdf)

1.4 Workstream 3 of the PCT workplan 'Outreach and Engagement' envisions conduct of regional workshops for dissemination and discussion among peer countries of the toolkits (both during their development, and once completed) to assist in both the development of toolkits in production, and the dissemination and utilization of completed toolkits.

### Purpose of this activity

2. **The main objective of this initiative is to conduct capacity building workshops, with at least two per year to be held.** The balance between consultation workshops on toolkits in development and dissemination workshops on completed toolkits will be determined by the production schedule of the toolkits. The following specific purposes are expected to be served:

#### *For Toolkits in Development::*

- (i) Obtain stakeholder inputs as well as feedback on the technical aspects during the course of development of the toolkits;
- (ii) Provide a forum for exchange of experiences and country approaches on the issues discussed in the toolkits.

#### *For Finalized Toolkits:*

- (i) Exchange views and country experiences through real and stylized examples in dealing with issues discussed in the respective toolkits;
- (ii) Forge linkages with PCT members in providing capacity building activities for DRM reform more generally;
- (iii) Better understand country concerns and specific capacity building requirements of participating countries in topical technical areas of taxation;
- (iv) Provide a forum for exchange of experiences and country approaches on the issues discussed in the toolkits.

### Workshop Design and Content

3. **Each workshop would, typically, deal with either a) a toolkit in development or b) a toolkit which has been finalized.** In respect of the finalized toolkits, the Workshop design would involve presentations and discussions on the problems discussed in the relevant toolkit, their recommendations, and application to country examples. As far as possible, stylized examples would be used as case studies. The workshop would be interactive and encourage participants to discuss with each other. It is therefore important that the officials who attend be at the appropriate technical level. In respect of the toolkits under development, these workshops would be designed to elicit inputs on country concerns on the relevant toolkit topic, feedback on drafts and specific areas where common guidance would be helpful.

## Output

4. **The PCT Secretariat will produce an informal workshop report and share it with participants after the event.** The findings of the report will provide inputs into the annual report of the PCT.

4.1 Each workshop would have a monitoring and evaluation plan, and workshop results would be collected through a survey to capture feedback from the participants after the workshop.

## Participants

5. **Participants for these workshops should include officials from tax policy/legislative units and tax administrations of countries and organizations who are dealing with or are likely to deal with the subject of the relevant toolkit.**

## Format

6. **The workshop will typically extend over three to five days. Discussions will be held in an interactive format, facilitated by experts from Partner Organizations.** Chatham House Rules will apply to encourage free, honest and solution-based discussions. Ideally, the workshop would be delivered face-to-face. However, in case travel restrictions posed by the COVID-19 pandemic are not relaxed or it remains otherwise necessary to limit travel, the workshop will be held in a virtual format through video conferencing facilities.

## Preparation & Delivery

7. **In case of face-to-face workshops,** PCT partners will implement the workshops in collaboration with regional partners and/or countries interested in hosting the workshop, with the PCT Secretariat providing administrative and operational support. **In case of virtual workshops,** the workshops would be held through video-conferencing [participants would be requested to register through the Knowledge Sharing Platform(KSP)], with PCT Secretariat providing the administrative and logistical support.

7.1 **Alignment with PCT partners training programs will be pursued where practicable.** PCT partners already have multilateral training programs (e.g. OECD Global Relations Program), aligning the toolkit workshops to these programs may offer efficiencies in administration, as well as established communications to encourage participation.

## Dates

**8. Q1, Q3 and Q4 2020.** The first such Workshop was held on the 16-17<sup>th</sup> March, 2020 virtually. It addressed the toolkit on Accessing Comparables Data for Transfer Pricing Analyses. Part 2 of the same workshop was held from April 29-30, 2020. Two more workshops on other toolkits are planned for Q3 and Q4 2020.

## Costs

**9. The PCT Multi-Donor Trust Fund will cover the costs of the workshops other than those covered by the host.** Travel costs for participating officials from low income countries will be covered by the PCT. Costs of technical contributions by experts from Partners and their travel and accommodation would be borne by the respective Partners.