



THE PLATFORM FOR COLLABORATION ON TAX PCT PROGRESS REPORT 2021



THE PLATFORM FOR COLLABORATION ON TAX

PCT PROGRESS REPORT 2021



This report has been prepared in the framework of the Platform for Collaboration on Tax (PCT) under the responsibility of the PCT Secretariat and staff of the four organizations. This report reflects a broad consensus among these staff, but it should not be necessarily regarded as the officially endorsed views of those organizations, their member countries, or the donors of the PCT Secretariat.

PARTNER ORGANIZATIONS



DEVELOPMENT PARTNERS

The work of the PCT Secretariat is generously supported by the governments of:



France



Japan



Ministry of Foreign Affairs of the Netherlands

The Netherlands



Norway



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

Switzerland



The United Kingdom



TABLE OF CONTENTS

ACRONYMS	2
I. INTRODUCTION	4
II. WORKSTREAMS	9
A. Workstream 1 - Medium-Term Revenue Strategies (MTRS):	10
B. Workstream 2 - COVID-19:	14
C. Workstream 3 - Tax and SDGs:	14
D. Workstream 4 - International Taxation:	17
E. Workstream 5 - Coordination:	21
III. STRENGTHENED BUDGETARY SUPPORT AND THE SECRETARIAT STAFFING	25
IV. NEXT STEPS AND FUTURE STRATEGIES	27
APPENDIX	29
APPENDIX 1: Status of Action Items under the PCT Workplan of 2018	30
APPENDIX 2: Updates on Countries' Medium-Term Revenue Strategies	32
APPENDIX 3: PCT Partner Coordination on the Ground: Country Case-Studies	37

ACRONYMS

AAAA:	Addis Ababa Action Agenda
ADB:	Asian Development Bank
ATAF:	African Tax Administration Forum
ATI:	Addis Tax Initiative
BEPS:	Base Erosion and Profit Shifting
CD:	Capacity Development
CIT:	Corporate Income Tax
DAC:	Development Assistance Committee
DRM:	Domestic Resource Mobilization
DRMS:	Domestic Resource Mobilization Strategy
DPs:	Development Partners
ECOWAS:	Economic Community of West African States
EMDEs:	Emerging Markets and Developing Economies
FAD:	Fiscal Affairs Department
FBR:	Federal Board of Revenue
FfD:	Financing for Development
FIRS:	Federal Inland Revenue Service
FTA:	Forum on Tax Administration
GDP:	Gross Domestic Product
GLoBE:	Global anti-Base Erosion
GTP:	Global Tax Program
IF:	Inclusive Framework
INFF:	Integrated National Financing Framework

IMF:	International Monetary Fund
KSP-TA:	Knowledge Sharing Platform for Tax Administrators
MTRS:	Medium-Term Revenue Strategy
OECD:	Organisation for Economic Co-operation and Development
ODA:	Official Development Assistance
OIP:	Online Integrated Platform
PCT:	Platform for Collaboration on Tax
PIT:	Personal Income Tax
RMTF:	Revenue Mobilization Thematic Fund
SDGs:	Sustainable Development Goals
TA:	Technical Assistance
TIWB:	Tax Inspectors Without Borders
TSR:	Tax System Reform
UN:	United Nations
UNDP:	United Nations Development Program
VAT:	Value-Added Tax
WAEMU:	West Africa Economic and Monetary Union
WB:	World Bank
WBG:	World Bank Group

I. INTRODUCTION

The world is in the throes of an exceptionally challenging period caused by a global health pandemic and the ensuing economic downturn. As of September 12, 2021, more than 225 million people were infected and over 4.6 million people lost their lives to the disease¹. The global health emergency continues as the infection rate is yet to be contained although nearly 30 percent of the global population has been fully vaccinated as of September 12, 2021. Developing countries continue to have limited access to vaccines and lag behind advanced countries in vaccinating their populations. The crisis is far from over with some regions experiencing second and subsequent waves of infections, which require more lockdowns and lead to a looming uncertainty over the recovery. The IMF World Economic Outlook Update of July 2021² projects a world gross domestic product (GDP) growth rate of 6% with emerging and developing economies (EMDEs) growing at 6.3% on average (driven by higher expected growth in emerging and developing Asia) in 2021. This projected growth is subject to the risks of how the pandemic evolves in the coming months and of access to vaccinations, particularly, for developing economies. The World Bank forecasts that per capita income losses in two-thirds of EMDEs in 2020 would not be made up for until 2022³. The pandemic has dealt a harder blow to the underprivileged and poorer sections of the population. Governments and policy makers continue to struggle with the increased spending needs to boost economic revival on the one hand, and lower revenues caused by containment and mitigation measures on the other.

In a fiscally constrained environment, more than ever before, governments and policy makers need well-designed fiscal policies and strategies on both tax and expenditure fronts to respond to the crisis, boost economic revival and meet the SDGs and other developmental goals.

This period is also marked by an historic agreement at the

political level among 136 members of the OECD/G20 Inclusive Framework on BEPS (IF) to reform international tax rules with a view to addressing the tax challenges posed by the digitalization and globalization of the economy. The two-pillar solution⁴ is expected to be a major area of focus for the international tax landscape in the coming months as the work on drafting and implementing related agreements such as a multilateral convention for Amount A under Pillar 1 and model rules for Global anti-Base Erosion (GLoBE) rules under Pillar 2 continues. Those countries that join the subsequent legal agreements may need to adopt concomitant, legal and administrative changes as part of the process. As noted in the Detailed Implementation Plan⁵ accompanying the Statement, technical assistance will need to be made available to developing countries joining up to support all aspects of implementation.

During this period, The Platform for Collaboration on Tax Partners - the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), the United Nations (UN) and the World Bank Group (WBG) - continued their support to countries through the release of joint knowledge products, technical assistance concerning tax-related responses to the crisis, and workshops on critical issues.

The Platform for Collaboration on Tax (PCT) reviewed and revamped its work program during a two-day work programming retreat held on October 28-29, 2020 following seven pre-retreat core group meetings. The updated work program resulting from this exercise was approved by the PCT Principals and endorsed by the Partnership Council⁶ in November and December 2020 respectively.

1 Source: WHO COVID-19 dashboard, <https://covid19.who.int/>

2 IMF World Economic Outlook. Retrieved from <https://www.imf.org/en/Publications/WEO>

3 World Bank. 2021. Global Economic Prospects, June 2021. Retrieved from <https://www.worldbank.org/en/publication/global-economic-prospects>

4 Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy can be accessed at <https://www.oecd.org/tax/beps/statement-on-a-two-pillar-solution-to-address-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-october-2021.pdf>

5 See Annex to the Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy.

6 The Partnership Council consists of the representatives of PCT Partners and Donors.

The revised work program retains key activities from the previous action plan and introduces new priorities identified by the PCT Partners. It also reflects the increased resources of the Secretariat and is more aligned and responsive to the current context and the challenges of the pandemic. The refocused, output-oriented work program is organized under five workstreams (see Section II for details) and will be delivered over an 18-month period since its approval in December 2020. The five workstreams are:

- a) Medium-Term Revenue Strategies (MTRS)
- b) COVID-19
- c) Tax and Sustainable Development Goals (SDGs)
- d) International Taxation
- e) Coordination

The theme of each of the workstreams was identified after detailed deliberations to focus on the rapid changes in the global tax landscape, the challenges posed by the pandemic, the need for a coordinated global response to it, and the central role that taxation is expected to play in an equitable and resilient recovery. The key outputs that have been delivered since the finalization of the revised work program are as follows:

- The PCT continued to deliver toolkits on key areas of significance for developing countries. Two new toolkits on **Transfer Pricing Documentation** and **Tax Treaty Negotiations** were released, taking the total number of toolkits published to five so far. For wider outreach, the PCT carried out virtual **consultation workshops** for the draft Toolkit on Tax Treaty Negotiations as well as virtual dissemination workshops for the finalized toolkits. Since July 2020, six workshops were organized with more than 1,300 participants from governments, civil society organizations, business representatives, tax practitioners, media and academia from across the globe.

- The PCT also conducted **three regional workshops** in partnership with the **African Tax Administration Forum (ATAF)** (one workshop for Africa) and the **Asian Development Bank (ADB)** (two workshops: one each for small and large states in Asia) to facilitate better exchange of information on the **MTRS** and how it can benefit countries' tax system reform priorities, particularly, in the light of the COVID-19 pandemic. Overall, nearly 550 participants including ministers of finance and/or senior government officials from 53 countries, staff from PCT Partners, regional partners (ATAF and ADB) and development partners attended the workshops.
- The **COVID-19 response tab** on the PCT website was continually updated with Partners' resources, blogs, policy papers on COVID-19, and tax policy and tax administration responses to assist countries, particularly developing countries, in dealing with the crisis.
- Shining the light on how COVID-19 has affected women and how tax systems can impact gender equality, the PCT Principals released a **joint blog** on the subject. Gender equality issues in tax system reform were also discussed with stakeholders during the **Tax and Gender Equality Workshop** on June 15, 2021.

The following sections of this Progress Report provide an update of the work of the PCT since the last **Progress Report** was released in July 2020. This Progress Report is part of PCT's commitment to operating transparently and making its workplan and outputs publicly available to governments, providers of capacity development (CD) and their donors, civil society organizations, and the general public through its publicly accessible website.

Table 1 below lists the action-oriented deliverables under each of the five workstreams and the progress made in their respect. The status of the activities and achievements under

the 14 action items of the original workplan of 2018 are listed in Appendix 1. Ongoing activities from the workplan of 2018 have been included in the revised workplan. *Section II* of this report details the objectives, activities, outcomes and next

steps for each of the five workstreams. *Section III* reports on the strengthened budgetary support. The next steps for further collaboration between the Partners are included in *Section IV* of this Progress Report.

TABLE 1:

Deliverables for the PCT’s work plan from December 2020 to June 2022 and their status

MTRS	COVID-19	TAX AND SDGS	INTERNATIONAL TAX	COORDINATION
Hold Workshops on MTRS, starting with workshops focused on Sub-Saharan Africa and the East Asia and Pacific region [<i>public workshop</i>] (three workshops held)	Start sharing data on monitoring the impact of COVID-19 on revenues between the Partners (ongoing)	Produce two Principal blogs—one on gender equality and tax, one on environment and tax— in 2021 [<i>public document</i>] (Principals’ blog on tax and gender equality published, second blog to be released in Q4 2021)	Finalize pending toolkits and the review of toolkit topics. [<i>public documents</i>] (two more toolkits released, taking the total to five)	Include a dedicated page on the PCT website on the Partners’ tax tools, frameworks and assessments, which would include links to the Partners’ websites and contain up-to-date information on country assessments [<i>public</i>] (ongoing)
Produce a policy note on the role of MTRS in the time of COVID-19 [<i>public document</i>] (ongoing)	Hold an internal Partners’ roundtable to share COVID-19 updates and experiences (preparations underway)	Develop terms of reference for technical outputs on gender, equity, health and environment, and commission external consultants. (ongoing)	Produce a Principals’ blog on the benefits of a multilateral approach to finding solutions to the international tax debate in 2021 - without preempting ongoing international deliberations on the issue [<i>public document</i>] (to be dropped in view of the progress made under the IF framework)	Update the Online Integrated Platform (OIP) data twice a year [<i>public</i>]. (one update carried out, second update underway)
Provide more information on MTRS on the PCT website (e.g. through an MTRS tab) [<i>public</i>] (completed)		Organize Tax and SDGs webinars starting with a gender webinar [<i>public webinar</i>] (gender webinar held in June 2021, more events to be scheduled in the coming months)	Scope a possible review paper of the PCT’s role in supporting the development of more effective tax systems (in a similar vein to the paper published in 2011: <i>Supporting the Development of More Effective Tax Systems</i>) (to be taken up)	Compile a calendar on main deliverables for FY21/22 (completed)
Improve the coordination and information exchange on MTRS through semi-annual updates and quarterly meetings [<i>internal document/ meeting for Partners</i>] (to be taken up)		Curate resources on tax and SDGs on the PCT website on a designated webpage (preparation underway)	Review, after Q3 2021, possible work on further guidance for low-income/ low-capacity countries with regards to the BEPS process, concerns and priorities (to be taken up in Q4 2021)	

MTRS	COVID-19	TAX AND SDGS	INTERNATIONAL TAX	COORDINATION
Support country-level Partner collaboration by setting up deep dives that will take place every other month on specific countries with the participation of relevant country officials <i>[internal]</i> (to be taken up)			Develop e-learning versions of the PCT toolkits that build on and are complementary to existing ones. (ongoing)	
Further assess the overlaps between INFFs and MTRS and, where possible, collaborate. (discussed during the MTRS workshops)			Information exchange on Partners' BEPS impact assessments (to be shelved to focus on forward-looking work)	
			Develop two-three country case studies on taxation of government-to-government aid (ongoing)	

II. WORKSTREAMS

The details of the objectives, activities, outcomes and next steps of each of the workstreams are discussed below:

A. WORKSTREAM 1 - MEDIUM-TERM REVENUE STRATEGIES (MTRS):

1.1 Objectives: An MTRS is a comprehensive tax system reform strategy for the medium-term through a country-led and whole-of-government approach. The **MTRS approach** relies on four interdependent components for sustained tax reforms in a country. The **first component** places the tax system reform in the context of a government's assessment of the overall medium-term expenditure needs for financing its development goals. The **second component** relates to the process of tax system reform itself. Ideally targeting a period of about 4 to 6 years, this aims at designing a comprehensive program including tax policy and tax administration reforms and development of the necessary legal framework. The **third component** calls for a sustained and whole-of-government commitment to reform involving not only the ministry of finance, and tax administrations but also other line ministries, which are stakeholders in sector-specific tax reforms. It also calls for commitment at the highest political level to ensure the sustained pursuit of reform. The **fourth component** of the MTRS approach is a coordinated and well-sequenced engagement of the external development partners (providing technical assistance and/or financial support) with the government in the lead in designing and implementing a tax reform strategy.

The COVID-19 pandemic has underscored the need for more efficient and equitable tax systems that are aligned with countries' development goals, making MTRSs more salient in the recovery phase under this workstream. The PCT aims to facilitate a better exchange of information on the MTRS and how it can be useful for countries' tax system reform priorities including through workshops, country deep dives and updates on country engagement.

1.2 Activities:

1.2.1 Country engagement: Some 25 countries are currently involved in discussing, formulating, and implementing MTRSs. These countries receive extensive support for their MTRSs from the PCT Partners, in particular, the IMF and World Bank, who provide hands-on support through their respective country teams. Many countries are already fully engaged in tax administration, law and/or policy reforms domestically that provide a sound basis for adopting a holistic approach – particularly one integrated with and based upon an analysis of development spending needs. In some cases, these ongoing reforms are supported through intensive engagements financed, for example, under the IMF's Revenue Mobilization Thematic Fund (RMTF) or the World Bank's Global Tax Program (GTP). In other cases, for instance, the UN supports MTRSs through its linkages with the Integrated National Financial Frameworks (INFFs) while OECD provides support to some countries by training on international tax, exchange of information and the Tax Inspectors Without Borders (TIWB) program. A list of the countries at various stages of engagement on their MTRSs is below. Since the last PCT Progress Report, Cameroon, Kenya and Togo have commenced dialogue on MTRSs; Bangladesh and Vietnam have advanced from dialogue to the stage of MTRS formulation; and Egypt, Liberia and Senegal have progressed to the implementation stage. More details about the progress made on country MTRSs can be found in Appendix 2:

- *Implementation support:* Egypt, Liberia, Papua New Guinea (PNG), Uganda.
- *Early implementation:* Senegal.
- *Formulation support:* Albania, Bangladesh, Benin, Ethiopia, Indonesia, Lao PDR, Pakistan, Rwanda, Thailand and Vietnam.
- *Dialogue pre-formulation:* Cameroon, Georgia, Honduras, Jordan, Kenya, Malaysia, Mongolia, Morocco, Togo and Uzbekistan.

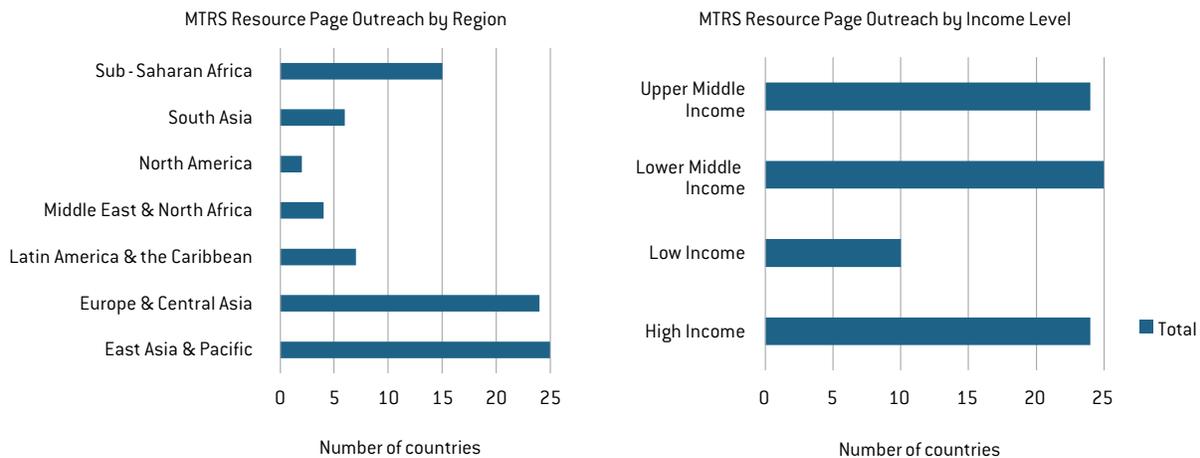
1.2.2 MTRS workshops: In May and August 2021, the PCT conducted three regional and virtual MTRS workshops for ministers and senior government officials. These workshops titled “**Medium-Term Revenue Strategies (MTRSs) to Support Recovery and Development**” were designed to increase countries’ understanding of the role that MTRSs can play in reforming their tax systems to meet revenue and other policy goals, enhance the exchange of information and experience between countries in the regions on adopting, formulating and implementing the MTRS and how it compares with other approaches to tax reform, and foster an understanding between capacity development partners (bilateral donors, regional tax organizations and PCT Partners) on their role and how to coordinate their activities in MTRS countries. The *first workshop* was held on *May 18-19, 2021* for countries in Africa in partnership with **ATAF**. *Two more workshops* were held in partnership with **ADB** for countries in Asia on *May 26-27, 2021* (for large states) and on *August 25-26, 2021* (for small states). In all, nearly 550 participants from 53 countries including ministers, high-level officials of ministries of finance, tax and customs administrations (commissioners general/deputy commissioners general), and other senior officials attended the workshops as panelists and attendees and shared their

views and experiences. Senior representatives of the PCT Partners (IMF, OECD, UN and World Bank), ATAF and ADB leaders, development partners and other stakeholders presented the MTRSs, its features, and how it compares with other forms of tax system reform. Interlinkages between the MTRS and the Integrated National Financial Frameworks (INFFs) were also discussed. More information on the workshops’ resources, program, recordings and presentations can be accessed [here](#).

1.2.3 MTRS resource tab: To enhance transparency and facilitate a better exchange of information on the MTRS, a dedicated [MTRS resource page](#) has been added to the PCT website. The webpage collates information about the MTRS approach and its four interdependent components, including a video featuring its keys aspects. The MTRS webpage also includes information on the status of country engagement, publicly available MTRS country documents and resources on each of the MTRS workshops. A report on the lessons from the regional MTRS workshops held so far can be accessed [here](#). Since its launch in June 2021, the webpage has been accessed 1908 times as of September 26, 2021. Figure 1 below shows details of country-based break-up of the visits to this webpage.

FIGURE 1:

MTRS Resource Page Country Outreach by Region and Income Level

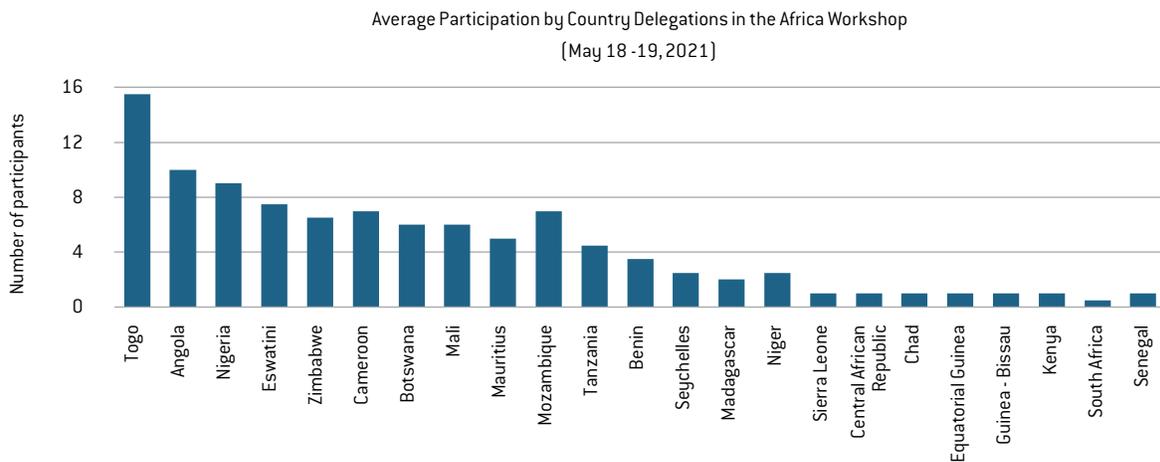


1.3 Outcomes: The efforts made, particularly through the MTRS workshops and the MTRS resource tab, have facilitated greater appreciation of the MTRS as an approach to tax system reform and how it can support countries in strengthening their tax systems to achieve their developmental goals, not least in the light of challenges posed by the COVID-19 crisis. The

workshops have also prompted several countries to express an interest in designing and adopting an MTRS. An analysis of the participant profiles and summary of the feedback received from those participants who responded to a survey after the three MTRS workshops can be found in Figures 2-5 below.

FIGURE 2:

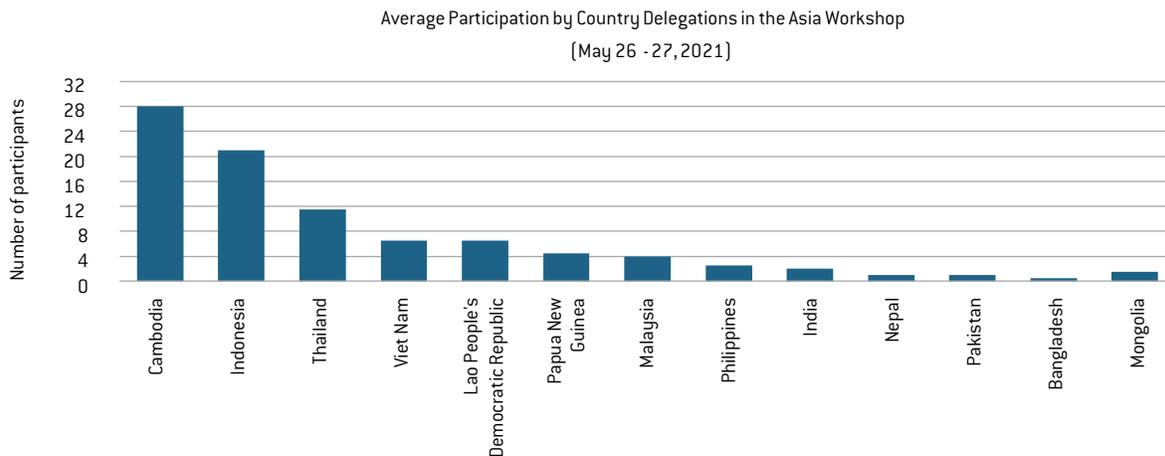
Average Participation* by Country Delegations in the Africa Workshop



*The average number of observers, who participated in the Africa workshop, is 35. Observers include participants from development partners, international organizations and regional partners.

FIGURE 3:

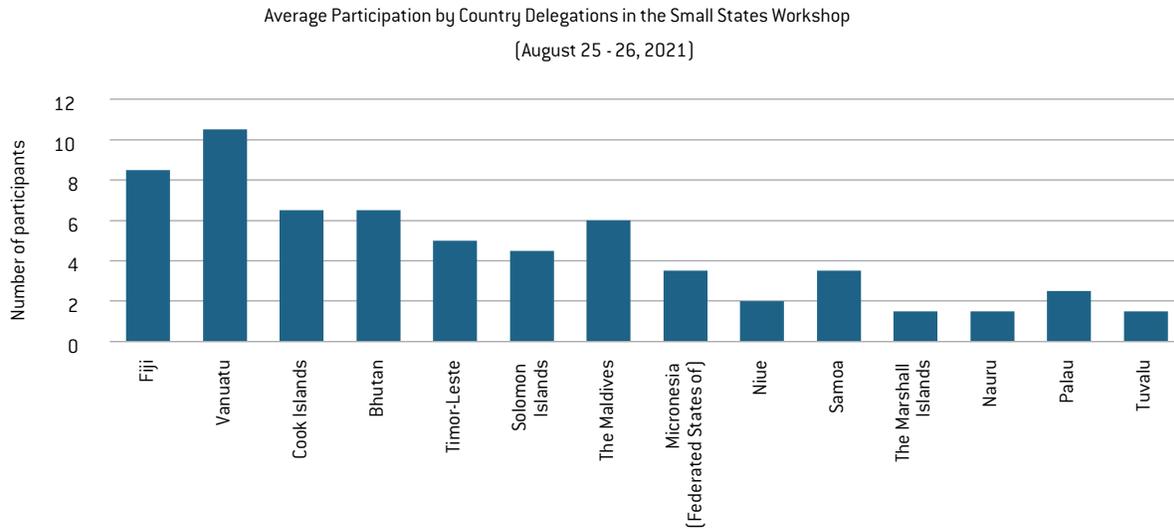
Average Participation* by Country Delegations in the Asia Workshop



*The average number of observers, who participated in the Asia workshop, is 101. Observers include participants from development partners, international organizations and regional partners.

FIGURE 4:

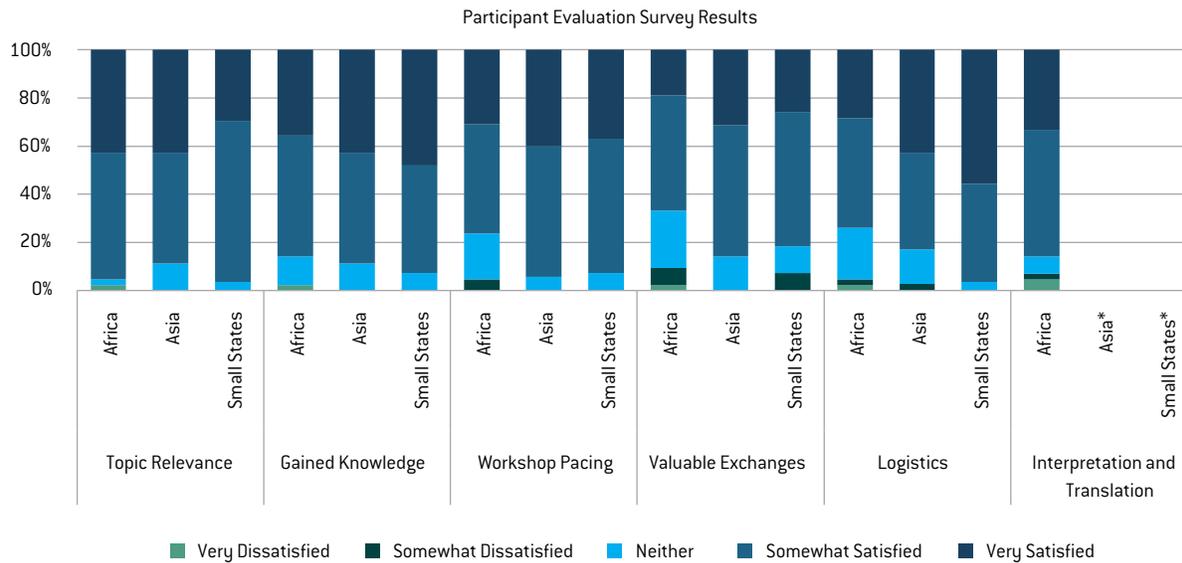
Average Participation* by Country Delegations in the Small States Workshop



* The average number of observers, who participated in the Small States workshop, is 86. Observers include participants from development partners, international organizations and regional partners.

FIGURE 5:

MTRS Workshop Participant Survey Results



*No interpretation or translation was provided during Asia and Small States MTRS Workshops.

Note: n=35 for Asia, n=42 for Africa, n= 27 for small states

1.4 Next Steps: In the coming six months, and subject to country authorities' interest and availability (especially given the pandemic-related demands on senior officials), the PCT Partners are considering organizing *MTRS country deep dives* to share experiences on the progress made with the country MTRSs. The discussions will inform the development of future MTRSs.

Efforts will also be made to hold other regional MTRS workshops, especially for Latin America and the Caribbean (LAC) to engage with countries in other regions and promote their understanding of how MTRSs can support their efforts in tax system reform to satisfy their development goals.

The status of progress made by countries in engaging on MTRS dialogue, formulation and implementation will be updated annually on the website.

B. WORKSTREAM 2 - COVID-19:

2.1 Objectives: COVID-19 and its aftermath have had repercussions on the PCT's workplan by informing each of its workstreams. Under this workstream dedicated to COVID-19, the PCT aims to assist countries, particularly developing countries, in dealing with the crisis by sharing the Partners' cutting-edge knowledge resources, blogs and policy papers on tax policy and tax administration responses to COVID-19. The Partners also aim at exchanging information internally through discussions on their experiences and lessons learned on countries' tax-related responses to dealing with the COVID-19 crisis. Additionally, they strive to regularly share updates on the impact of the COVID-19 crisis on revenue collections.

2.2 Activities: The dedicated [COVID-19 resource tab](#) is frequently updated to include the Partners' resources on COVID-19 including topical blogs, knowledge resources and compilations of fiscal policy, tax policy and tax administration responses by countries. Some of the resources discuss niche

technical issues such as COVID-19 implications for tax treaties and transfer pricing, and others cover issues such as greening the economy, gender and broader macro-fiscal development as well as social and economic consequences of the crisis.

2.3 Outcomes: The COVID-19 resource tab serves as a one-stop-shop for the Partners' COVID-19 resources. The resource tab was accessed 4790 times with 3585 unique page views from its inception through September 26, 2021. Since the last Progress Report, the number of countries viewing the tab has been increased overall and the outreach of the tab has been expanded globally as shown in the Figure 6. The resources collated on this tab have provided timely and topical information and guidance to governments and policymakers in tackling the particular challenges posed by the pandemic.

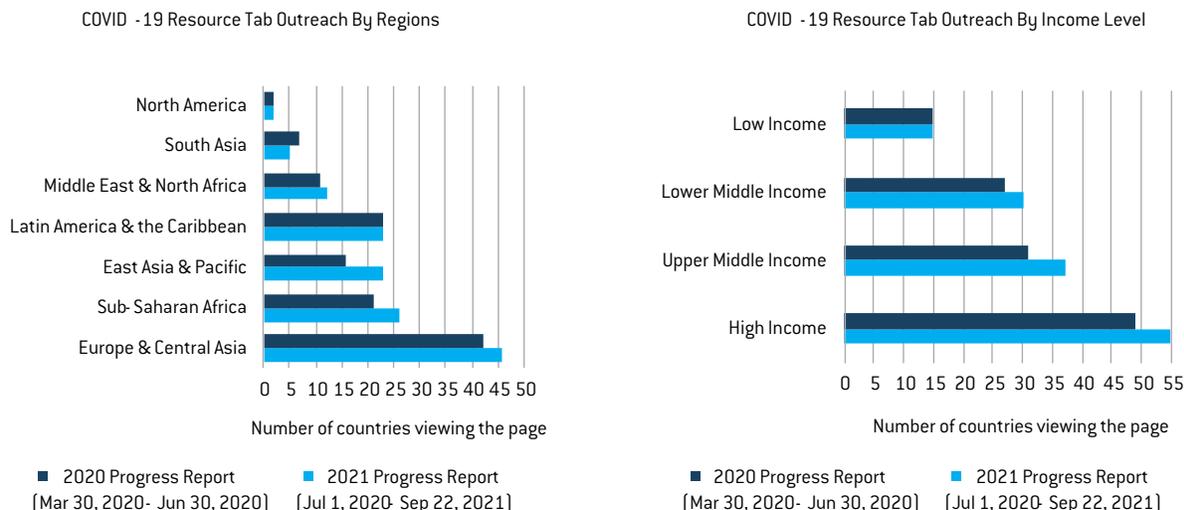
2.4 Next Steps: As more data and analysis about the impact of COVID-19 and the responses to its challenges becomes available, the PCT Partners will hold an internal Roundtable to exchange views on how the crisis is affecting revenues, and their experience in technical assistance and lessons learnt through engagement with countries on their response to the crisis. The resource tab will be also tailored to different country groups with relevant content to further expand its outreach.

C. WORKSTREAM 3 - TAX AND SDGs:

3.1 Objectives: Taxation has a significant role to play in meeting the SDGs. While tax systems can generate revenues to fulfill the spending needs of governments to meet SDGs, tax policy interventions can promote equity, poverty alleviation, gender equality, health, sustainable environment and other SDGs. Under this workstream, the PCT focuses on raising awareness on the interlinkages between taxation and the SDGs, scoping possible joint work by the PCT Partners, identifying areas where additional research is desirable and producing joint papers/pilot studies on key topics.

FIGURE 6:

COVID-19 Resource Tab Outreach by Country Groups* Per Progress Report Periods



*Country groups are based on World Bank’s current country and lending classifications at <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

Given the PCT Partners’ organizational priorities and the close interlinkages between tax-related interventions and achievement of some of the SDG targets, and based on deliberations during the PCT Retreat, gender equality, environment, equity and health will be prioritized in the PCT workplan.

3.2 Activities:

3.2.1 Tax and Gender: To identify the possible joint work, the PCT Secretariat conducted a review of the existing resources and ongoing work of the PCT Partners on how various taxes impact gender equality.

On June 3, 2021, the PCT Principals released a [joint blog](#), ‘How Tax reforms can promote growth and gender equality in the post COVID era’ shining the light on the need to remove explicit and implicit biases in the tax systems that disadvantage women, engage with women to make the administration of taxes responsive to women’s needs and highlight gender equality issues in tax system reform

through stakeholder consultations. Noting that women have shared a disproportionate burden of the pandemic, the blog highlights the importance of progressivity in personal income taxes (PITs) and assessing the incidence of VAT systems under the gender lens. Authors recommend the removal of unnecessary incentives under corporate income taxes (CITs). They also emphasize the necessity to make tax and customs administrations more supportive to women. In the blog, PCT Partners underline their commitment to engage with each other, governments and civil society and help governments formulate policies and procedures to promote gender equality.

On May 20, 2021, a core team of experts from PCT Partners participated in an **Internal Roundtable on Taxation and Gender Equality** to share their ongoing and planned work on understanding how taxes impact gender equality. During this virtual roundtable, Partners presented on their existing research on the impact of various taxes on gender equality, discussed their ongoing or planned technical assistance and engagement with countries, learned about each other’s

approaches and priorities, and explored possibilities of collaboration in collecting gender disaggregated and related data on the impact of various taxes.

On June 15, 2021 the PCT organized a three-hour public **Workshop on the Role of Taxation in Achieving Gender Equality**. The workshop featured a keynote address by H.E. Srimulyani Indrawati, Minister of Finance, Indonesia. Experts from the PCT Partners, governments, think tanks, academia, and civil society discussed how tax policy and tax and customs administrations affect gender equality, especially in the context of the COVID-19 pandemic. Experts also discussed the need for advances in data collection and methodology and the importance of incorporating gender equality initiatives in tax reforms. The workshop was attended by nearly 305 participants from governments, civil society organizations, academia, PCT and development partners. Recordings, presentations and program overview of the workshop can be accessed [here](#).

3.2.2 Tax and Environment: Following a series of discussions between the experts of the PCT Partners, among other things, it has been agreed:

- to analyze the existing carbon pricing tools and databases of the Partners, and produce a short paper comparing the approaches, and suggest possible ways of increased collaboration,
- to produce a short paper explaining the interlinkages between taxation and environment, trends in global practices and the urgency of adopting green fiscal policies,
- to conduct a pilot study on tax expenditures under PIT, CIT, VAT systems that undermine carbon taxes (e.g., VAT exemptions on kerosene, deductions on fuel or transport allowance paid to employees) in order to raise awareness about the counteractive effects of such expenditures on mitigation efforts, and

- to produce a scoping note for possible joint work on benchmarking environmental taxes vis-a-vis conventional taxes in respect of fiscal and social objectives (e.g., robustness against informality, evasion, fiscal multiplier effects, equity).

These outputs are planned to be delivered over a period of twelve months with the support of an expert consultant.

3.3 Outcomes: The collective efforts by the PCT Partners through a joint blog, virtual events and agreed outputs have raised awareness about the role of taxation can in supporting countries' progress towards the SDGs. Enhanced discussions among the Partners have facilitated internal exchange of information on each other's priorities and work as well as on exploring opportunities for joint work. Speaking in one voice on critical issues has facilitated better outreach of the Partners' thinking and their guidance and resources to the relevant stakeholders, particularly, governments from developing countries. The joint Principals' blog on tax and gender equality has been accessed 1801 times with 1610 unique pageviews since its release in June 2021. The public webinar on tax and gender received positive feedback and interesting exchange of views among participants, 45 percent of which were from governments.

3.4 Next steps: In the coming months, the PCT plans to conduct an Internal Roundtable on Tax and Environment and to hold a public webinar on the subject for wider stakeholder engagement, in addition to the expected outputs listed in 3.2.2 above.

Similar exercises for other SDGs such as equity and health, which have been identified as priority areas for the PCT, will be also undertaken. Efforts will be made to explore the feasibility of joint analytical work in critical areas to understand the impact of tax policies and practices on specific developmental goals by leveraging respective Partner strengths.

In addition, a dedicated tax and SDGs resource page collating PCT and PCT Partners' resources on this workstream will be hosted on the PCT website.

D. WORKSTREAM 4 - INTERNATIONAL TAXATION:

4.1 Objectives: Under this workstream, the PCT aims to provide guidance, particularly, to developing countries on the key areas of taxation through jointly developed technical toolkits. The workstream also intends to facilitate informed participation of developing countries in the international tax debates as well as provide support in the implementation of agreed outcomes.

TABLE 2:

PCT Toolkits on BEPS and Related Tax Matters

TOOLKIT	TIMELINE
Options for Low-Income Countries' Effective and Efficient Use of Tax Incentives for Investment	Completed in October 2015
Addressing Difficulties in Accessing Comparables Data for Transfer Pricing Analyses	Completed in June 2017
Taxation of Offshore Indirect Transfers	Completed in June 2020
Practical Toolkit to Support the Successful Implementation by Developing Countries of Effective Transfer Pricing Documentation Requirements	Completed in January 2021
Tax Treaty Negotiations	Completed in March 2021/Updated in May 2021

4.2.1.1 Transfer Pricing Documentation: The toolkit on Transfer Pricing Documentation, which was released for public comments in September 2019, was finalized on January 19, 2021. The finalized version was released in [English](#). [French](#), [Russian](#) and [Spanish](#) translations are also available for wider dissemination amongst country officials. This toolkit discusses the documentation recommended under the BEPS Action Item 13 Report and additional measures that tax administrations use to require taxpayers to document all stages of their transfer pricing analysis. Serving as a "sourcebook" of guidance, the toolkit provides an analysis of policy options and examples to assist developing countries

4.2 Activities:

4.2.1 PCT Toolkits: The toolkits are a valuable resource that provides a single point of reference for countries, particularly countries with lower capacity, on complex international tax issues. The toolkits also serve as a resource for the PCT Partners (either individually or collectively) to use in their capacity-building efforts and training. The development process of each toolkit includes public consultation on discussion drafts with stakeholders and direct dialogue with interested stakeholders, all of which are facilitated by the PCT Secretariat. Since the last Progress Report, two more toolkits on [Transfer Pricing Documentation](#) and [Tax Treaty Negotiations](#) were finalized and released, bringing the total number of PCT toolkits published so far to five. Table 2 below lists the finalized toolkits released as of September 27, 2021.

in implementing efficient and effective transfer pricing documentation regimes, and additional approaches to documentation, including information required in or to be filed along with the tax return (such as transfer pricing return schedules) as well as other measures such as questionnaires and draft sample penalty provisions in case taxpayers fail to properly maintain the required documentation.

4.2.1.2 Tax Treaty Negotiations: The draft toolkit on **Tax Treaty Negotiations** was released for public consultation through the PCT website and the dedicated PCT hub on the Knowledge Sharing Platform for Tax Administrators (KSP-TA) on June 29,

2020, and public comments were accepted until September 24, 2020. 26 sets of comments were received from tax administrations, regional tax organizations, tax practitioners, business representatives, civil society organizations (CSOs) and individual treaty experts. The toolkit was revised in light of the comments received and released on March 10, 2021. This toolkit provides capacity-building support on tax treaty negotiations, building on existing guidance, particularly from the UN Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries. The toolkit describes the steps involved in tax treaty negotiations, including considerations to whether a comprehensive tax treaty is necessary, how to prepare for and conduct negotiations, and the follow-up measures to take after negotiations. Treaty negotiating teams, especially those new to the process, can also find practical tips on the conduct of negotiations and negotiation styles. Additionally, the toolkit collates links to publicly available resources that treaty negotiators will find useful, making them easily accessible.

A unique feature of this toolkit is that it is designed as a 'living document,' allowing for regular updates and improvements based on new developments and feedback from users and experienced negotiators. Since its release in March 2021, the toolkit has already been updated in May 2021 with 11 additional resources including templates, examples and links that treaty negotiators and those interested in the subject may find useful.

In addition, a user-friendly, [online version](#) of the toolkit, which facilitates easy navigation to specific sections of interest for the reader and links to additional resources, is available. [French](#) and [Spanish](#) translations of the toolkit, as well as their [online versions](#), can be also found on the PCT website.

4.2.2 PCT Toolkit Workshops: In line with its commitment to maximize outreach efforts for its toolkits, since July 2020, the PCT has conducted six virtual workshops to collect feedback on, disseminate and discuss the guidance provided in its toolkits. In all, over 1,300 participants from across the globe including government officials from ministries of finance and tax administrations, business representatives, tax practitioners, CSOs media and academia attended the workshops and participated in the discussions. Table 3 below lists the workshops held since July 2020. The links provided in Table 3 lead to event summaries, recordings, presentations and resources of the toolkit events. Furthermore, Figures 7-8 summarize the results on participant profiles and their event feedback. The virtual format of delivery enabled participation from all regions of the world in these workshops. The workshop for the launch of the Transfer Pricing Toolkit held on February 17, 2021 attracted many tax practitioners and business representatives from higher-income countries, accounting to 44% of participants. 56% of all participants, however, were from low-income, lower-middle-income and upper-middle-income countries, who were the primary target audience for these workshops.

TABLE 3:

PCT Toolkits launch and public consultation events

EVENT	DATE	NUMBER OF PARTICIPANTS
Launch Webinar for the Toolkit on Offshore Indirect Transfer of Assets	July 23, 2020	212
Public Consultation Workshop on Draft Toolkit for Tax Treaty Negotiations	November 4, 2020	478
Public Consultation Workshop on Draft Toolkit on Tax Treaty Negotiations (French)	December 1, 2020	26
Public Consultation Workshop on Draft Toolkit on Tax Treaty Negotiations (Spanish)	December 1, 2020	31
Launch webinar for the Toolkit on Transfer Pricing Documentation	February 17, 2021	437
Launch Workshop for the Toolkit on Tax Treaty Negotiations	March 11, 12 & 15, 2021	303 (unique participants over three days)

FIGURE 7:

PCT Toolkit Events Participant Profiles

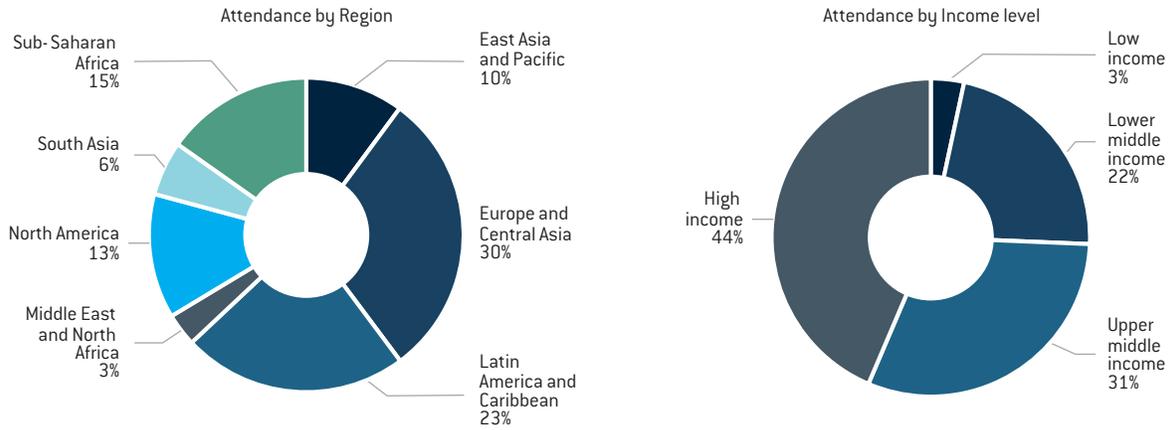
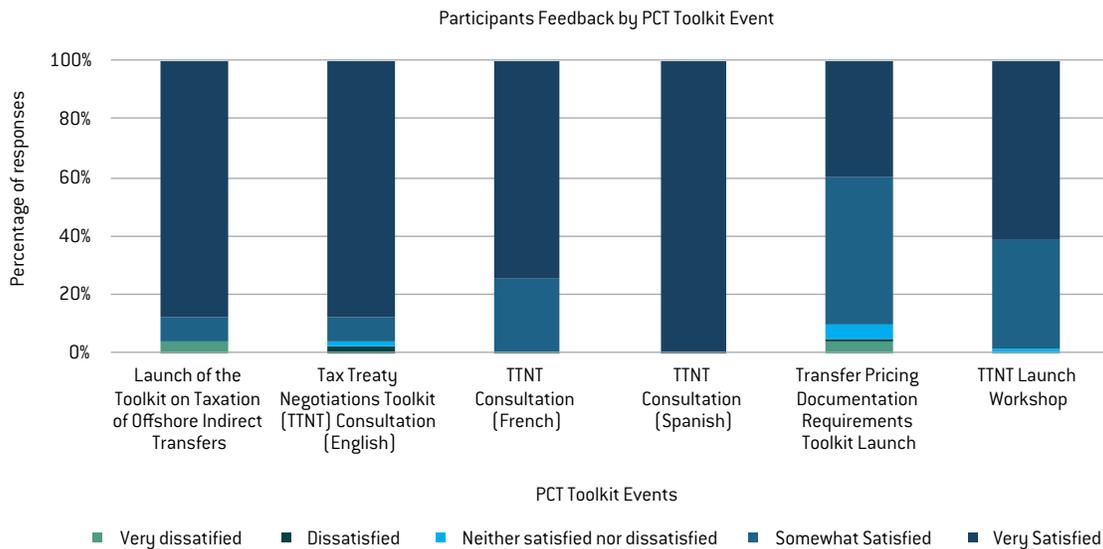


FIGURE 8:

PCT Toolkit Events Participant Feedback



4.2.3 PCT collaboration on taxation of projects funded by government-to-government aid:

The PCT Partners have continued to collaborate across their activities to support the implementation of the commitment in the Addis Ababa Action Agenda (AAAA) for countries to ‘consider not requesting tax exemptions on goods and services deliveries

as government-to-government aid, beginning with renouncing repayments of value-added taxes and import levies.⁷ Since the last PCT Progress Report, these activities have included the finalization of guidelines by the United Nations (UN) Committee of Experts on International Cooperation in Tax

⁷ Para 58 Addis Ababa Action Agenda on Financing for Development - https://sustainabledevelopment.un.org/content/documents/2051AAAA_Outcome.pdf

Matters, an agreement by the OECD Development Assistance Committee to establish an Official Development Assistance (ODA) taxation transparency hub, and a decision by the PCT to commission further research in this area.

4.2.3.1 UN Guidelines. The United Nations (UN) Committee of Experts on International Cooperation in Tax Matters and its multi-stakeholder Sub-Committee on Tax Treatment of ODA projects, in which all PCT Partners are engaged, approved the Revised Guidelines on the Tax Treatment of Government-to-Government Aid Projects at its 21st meeting in October 2020. The Revised Guidelines were released during the 22nd meeting of the UN Committee on April 28, 2021.⁸ The objective of the **thirteen non-binding guidelines** is to assist donor and recipient countries and international organizations through whom aid is provided in determining whether or not tax exemptions should be requested with respect to the execution of government-to-government aid projects, and - if tax exemptions are requested - how they should be negotiated and, where granted, implemented. The Revised Guidelines, inter alia, recommend that:

- donor countries, their aid agencies and international organizations (through whom government to government aid is provided) refrain from requesting specific tax exemptions for their aid projects, except in circumstances where the tax rules in the recipient country are not consistent with internationally agreed principles or where there are serious concerns about the governance structure, tax system or tax administration of the recipient country;
- tax authorities of the recipient countries should be involved in any negotiation or drafting of the provisions of tax exemptions in aid agreements, should there be an agreement to grant such exemptions;

⁸ The Committee also adopted a *Recommendation on the Public Disclosure of Provisions Concerning the Tax Treatment of Government-to-Government Aid Projects* to support the Guidelines by emphasizing the importance of transparency with respect to tax provisions related to government-to-government aid projects.

- donor and recipient countries and international organizations develop, review periodically and make public their policies on taxation of government-to-government aid and, subject to confidentiality clauses, provisions granting specific tax exemptions for development assistance in aid agreements; and,
- recipient countries analyze the costs and benefits of extending such exemptions, make revenue forecasts, publicly release tax expenditure statements and ensure that all requirements to make the agreements legally enforceable are met.

4.2.3.2 OECD ODA Taxation Transparency Hub. The OECD Development Assistance Committee (DAC) has commenced work on transparency related to country policies and practices on taxation of Official Development Assistance (ODA). A transparency hub is being established, to provide information on DAC members' policies and practices on ODA taxation. Following a workshop to inform the requirements for the hub, a survey was completed by DAC members, on a voluntary basis to provide data for the hub, which is currently being designed and tested.

4.2.3.3 PCT research on taxation of government-to-government aid. To better understand the impact of tax exemptions on aid-funded projects, the PCT is undertaking empirical research to carry out case studies in at least three developing countries on the challenges and impacts of ODA taxation. It is expected that this research will provide new evidence and analysis on a range of issues including the spillover costs resulting from economic distortions, administrative difficulties and compliance burdens, and risks of tax avoidance and abuse.

4.3 Outcomes: The PCT's toolkits are the most visited resource on the PCT website (11,189 page views as of September 26, 2021). They intend to inform the formulation of country policies and practices in critical areas of taxation. The public

consultation process of the PCT toolkits helps inform the discussion for countries' policy and legislation on key issues of concern. The endorsement of the guidance in the toolkits by the four PCT Partners provides wider acceptance among stakeholders and facilitates adoption by countries. For example, the toolkit on Offshore Indirect Transfer of Assets provides sample domestic legislation for two approaches to tax offshore indirect transfers of assets and provides the basis (with some modifications) for some of the recent legislation by developing countries to tax such transfers. Both the [OECD Model](#) and the [UN Model Tax Conventions](#) have incorporated Article 13(4) providing taxation rights to source countries in cases of offshore indirect transfers of assets. Inclusion of the new standards in Article 9 of the BEPS Multilateral Instrument will facilitate early incorporation or strengthening, as the case may be, of these provisions in tax treaties where treaty parties agree to do so.

The PCT's efforts towards wider dissemination of its toolkits through translations, media and social media channels, and virtual launch events have enabled access to the guidance by a wide audience, including government officials who would have been constrained to attend face-to-face events.

4.4 Next steps:

The international tax landscape has developed significantly in the last year and will continue to do so in the coming months. As a result, the activities in this workstream will be reviewed to align them with emerging priorities following the global economic shock posed by COVID-19 and the outcome of the Inclusive Framework (IF) negotiations to address the tax challenges posed by the digitalization of the economy, as well as other relevant developments. The review process will involve internal and external consultations and will identify additional areas where PCT actions can add value, for example, identifying areas where the changing international tax landscape has created new priorities for developing countries where PCT toolkits/technical guidance would be desirable.

In addition, further efforts will be made to increase the accessibility and utility of the existing toolkits. User-friendly, e-learning modules of the existing toolkits will be developed to facilitate self-paced learning by stakeholders, in particular those from low-income or low-capacity countries, on key aspects of the guidance in the toolkits.

E. WORKSTREAM 5 - COORDINATION:

5.1 Objectives: This workstream aims to further strengthen the coordination among the PCT Partners and focuses on coordinating the workplan management. While the technical assistance and other capacity development activities are delivered by the PCT Partners themselves, the PCT Secretariat has a primary role in coordinating the public availability and sharing of information on activities of the Partners. This is crucial to realizing synergies as well as preventing duplication and redundancies.

5.2 Activities: The PCT Partners met regularly allowing for exchange both at the technical working level and at the senior management level (Principals). The Technical Working Group (TWG), comprised of senior technical experts from each of the Partners, aims to meet twice a month. Since July 2020, the TWG met 22 times to prepare for and execute the PCT's workplan and exchanged information and views on collaborative activities of the Partners. Moreover, experts from PCT Partners met on five occasions as members of technical core groups for each of the workstreams to discuss and suggest activities and deliverables for the revised workplan. The TWG met for a two-day retreat on October 28-29, 2020 to deliberate on the suggestions by the core groups and finalize the workplan.

The PCT Principals, senior staff of the PCT Partners at the director level, who provide strategic vision and guidance to the PCT work program, met on November 25, 2020 to discuss and approve the workplan. They met again on September 9,

2021 to hold strategic discussions on the PCT and its role in tax system support given the recent challenges and developments. They also briefed each other on their respective organizations' priorities.

The Partnership Council is comprised of the PCT Partners, development partners to the PCT (France, Japan, Norway, Switzerland, the Netherlands and the United Kingdom), and representatives of other countries and regional tax organizations as observers. The Partnership Council meeting took place on December 17, 2020 and included the participation of senior ministers/government officials from Egypt, Georgia, Jamaica, Nigeria, Peru, Uzbekistan and Zambia as well as representatives from ATAF.

In addition to the meetings arranged as per the PCT workplan, PCT Partners also arrange ad-hoc meetings to confer on possible collaboration and exchange of views on their significant activities. In the last year, this has included an exchange of information on each other's ongoing activities and country projects in the taxation of extractive industries (June 23, 2020), a briefing on the developments under the work of the UN Tax Committee such as the taxation of G2G Aid work (November 18, 2020), and progress made under the Inclusive Framework on BEPS project to address tax challenges posed by the digitalization of the economy (May 20, 2021).

The [Online Integrated Platform](#)⁹ (OIP) is a publicly accessible database on domestic resource mobilization (DRM) activities and projects executed by the PCT Partners. The OIP lists and describes the projects and activities of each of the Partners and enables searches both for the country- and regional-level data. The interactive map in the OIP is a user-friendly tool that provides an overview of the country projects and technical assistance activities of the Partners with a click on the country on the map. It also affords an organization-based view of activities supporting DRM efforts. On the interactive map, countries, where the PCT Partners have an engagement

in Medium-Term Revenue Strategy (MTRS), are highlighted in yellow. The OIP also provides insights into current and future opportunities for global collaboration. Since its launch in March 2020, the OIP has been extensively used by the experts of the four PCT organizations and beyond. Nearly 4916 visitors accessed the OIP map or its data as of September 26, 2021. The latest OIP update took place in February 2021 and featured data collected in October 2020. The PCT Secretariat is continuously working on further harmonizing the data and providing more granular information. Under the PCT's commitment in the 2020 Progress Report¹⁰, the PCT Secretariat holds an internal database of country/project contacts. Stakeholders can email the PCT Secretariat using the link <https://www.tax-platform.org/contact> with the subject "Country Contact Information – [Country Name]" to request access to relevant country contacts. For further information on the field coordination among PCT Partners, Appendix 3 provides specific examples from Nigeria and Pakistan.

As part of the coordination efforts, the PCT website serves as the primary vehicle for transparency and dissemination of information on the PCT and its Partners' activities. The website resources are updated with new resources regularly. Where useful, new tabs are also added to improve navigation. In the last year, the [MTRS resource page](#) (see also section 1.2) and a [training calendar](#) of PCT and Partners' tax-related training courses were added to the website. Information about forthcoming PCT events and post-event resources, recordings and event summaries are made available through the [news](#) and [events](#) page.

Furthering its outreach activities, the PCT Partners and the Secretariat also engaged with various fora to share updates and highlights on the PCT and its workplan:

- i) On July 2, 2020, the TWG representatives from each of the PCT Partners presented the key PCT achievements

⁹ An updated collation of PCT Partners' activities and projects will be available in November 2021

¹⁰ <https://www.tax-platform.org/sites/pct/files/publications/Platform-for-Collaboration-on-Tax-PCT-Progress-Report-2020.pdf>.

in the previous year to the members of the Inclusive Framework at its bi-annual meeting.

- ii) On *September 17, 2020*, the PCT Secretariat presented its toolkit on Tax Incentives for developing countries at a webinar organized by the Addis Tax Initiative (ATI) for its members.
- iii) On *September 22, 2020*, the TWG representatives collectively presented highlights of their workplan at the G20-IFA meeting.
- iv) On *October 01, 2020*, the PCT Secretariat presented highlights from its tax tools and frameworks workplan at the Virtual Roundtable on Tax Tools and Frameworks conducted by the Center for Global Development.
- v) During the twenty first session of the Committee of Experts on International Cooperation in Tax Matters held from October 20 to 29, 2020 as well as its twenty-second session held from April 19-28, 2021, the UN Secretariat briefed Committee members on the work program of the PCT,
- vi) On December 10, 2020, PCT Partners from the UN and the OECD presented the progress made by the UN Sub-Committee on finalizing the guidelines on the taxation of projects funded by government-to-government aid and the work on promoting transparency of country practices by the OECD DAC, respectively, at a virtual seminar organized by the French think tank, Foundation for Studies and Research on International Development (FERDI).
- vii) On *Jan 26, 2021*, the PCT Secretariat presented the literature review of the PCT Partners' work on taxation and gender equality at the World Bank Gender Learning Week.
- viii) On *Jan 30, 2021*, the PCT Secretariat presented on the PCT, its governance structure and key achievements, and

experts from the PCT Partners engaged with the audience through a Q&A session at the [OECD Tax and Development Day](#), which was a public event open to all interested stakeholders.

- ix) On *July 22, 2021*, the IMF and the PCT Secretariat presented how the MTRS strategy can support countries in their tax system reforms at the Asia-Pacific Economic Conference (APEC) seminar on “Tax Policy Responses to the COVID-19 Pandemic”.

5.3 Outcomes: The PCT as a platform has proved to be an effective vehicle to exchange views and information on the Partners' responses to the crisis with each other and between the Partners and various stakeholders. Partners also intensified the exchange of information and other forms of coordination on their engagement in the provision of capacity development support. In particular, regular exchanges among the Partners have forged effective relationships, facilitated quick exchanges of views and information, and served as a forum for conferring with each other on tax-related activities.

Transparency on Partners' country projects and activities through the OIP also affords a picture of the trends in Partners' activities at the country level. The country examples in Appendix 3 demonstrate results from the project leads' responses to a survey carried out by the Secretariat and offer a glimpse of country-level collaboration and potential for increasing it.

Enhanced outreach—covering both inputs into and the dissemination of the work of the PCT—is vital to ensuring both the quality and impact of the PCT's work, enabling countries to access and use the guidance developed by the PCT that is sensitive to their needs and circumstances. Outreach activities allow the PCT to share with a wider audience the lessons learned from country experiences on the MTRS formulation and implementation, toolkits, SDG workshops, and other capacity development activities.

5.4 Next Steps: The PCT will continue to update its website resources regularly. An additional resource page for collating publicly available resources on the tools and frameworks used by the PCT Partners for tax-related diagnostic and information collection will be added to the website.

In addition, Partners will continue to build on the experiences and lessons from the coordination and analyses of each other's activities to further strengthen collaboration, leverage synergies and avoid duplication and redundancies.

III. STRENGTHENED BUDGETARY SUPPORT AND THE SECRETARIAT STAFFING

The PCT Multi-Donor Trust Fund (MDTF) dedicated to support the PCT Secretariat and work program is funded by contributions from Japan, Norway, Switzerland, The Netherlands, and the United Kingdom. France joined the PCT Council in April 2021 with a commitment of USD 300,000.

The increased budgetary commitments and, consequently, strengthened Secretariat staffing will further support the Partner coordination and secure the delivery of the PCT workplan. The majority of the technical activities, and analysis, however, continue to be undertaken by the four PCT Partners, funded through their funding arrangements.

IV. NEXT STEPS AND FUTURE STRATEGIES

Review of the Work Program. The PCT will carry out a mid-term review exercise of the progress made on its workplan agreed to in November 2020. In particular, the completed tasks and outputs, ongoing activities and pending tasks will be reviewed and prioritized. The revised work program will take into account recent developments in taxation, particularly international tax issues which may require broader changes in the workplan, including introducing new priorities and activities, which may necessitate dropping some activities. The review will also take into account the need to further strengthen tax systems to

support pandemic recovery. This review will ensure that the PCT focuses on the areas where collaboration between the partners provides the maximum value.

The PCT will collect systematic feedback through surveys on the PCT outputs, such as toolkits, from its target audience on their utility, accessibility and the need for additional guidance and will follow up with the attendees of MTRS workshops, who gave their consent to be contacted to explore engagement on the MTRS.

APPENDIX

APPENDIX 1:

Status of Action Items under the PCT Workplan of 2018

ACTION ITEM	STATUS	NOTES
1. On a regular basis, working with others including the Addis Tax Initiative, we will help to give a comprehensive picture of the total effort of international, regional and bilateral partners in supporting developing countries on tax matters.	Achieved	Standalone PCT website developed. Updated DRM project list of four partners available through the publicly accessible data repository on the PCT website.
2. We will integrate and aim for the highest possible standards of transparency in the provision of information about our capacity development activities in developing countries through the PCT website.	Achieved	Standalone PCT website developed. Updated DRM project list accessible through a data repository; sustained through regular and frequent updates to the Website/OIP.
3. On international tax, we will scale up our joint work to support developing countries to address tax transparency and base erosion and profit shifting, including on treaties.	Ongoing	The provision of international tax policy advice is implemented through toolkits and toolkit workshops. Several PCT events on toolkits conducted as of September 2021: 9 Toolkits translated into French, Russian and Spanish: 11 ⁷
4. Working together with other stakeholders, we will seek to provide coherent and consistent international tax policy advice.	Ongoing	PCT is actively in exchange and coordination with other stakeholders (e.g., ATI, ADB, ATAF, FTA, APEC, PITAA).
5. We will complete the PCT Toolkits to help countries address challenges in international taxation and launch an expanded outreach program to support the development and use of the Toolkits. We will respond to additional concerns raised by countries with analytical work, recommendations and guidance.	Completion expected by 2021	PCT Toolkits – Progress: <ul style="list-style-type: none"> • Tax Incentives for Investment Toolkit: Published in October 2015. • Transfer Pricing and Comparables Data Toolkit: Published in June 2017. • OIT Toolkit: Published on 4 June 2020. • TP Documentation Toolkit (Discussion Draft): Published on Jan 14, 2021. • Tax Treaty Negotiation Toolkit: Published on March 10, 2021. • BEPS Risk Assessment Toolkit: In early stages of discussion; to be reviewed in Q4 2021.
6. We will provide, in mid-2018, an update to the G20 on tax certainty and developing countries	Achieved	The report is available at https://www.tax-platform.org/sites/pct/files/publications/119100-WP-PUBLIC-World-Bank-Document.pdf
7. We will analyze and report on the spillovers and opportunities from changes in the international tax environment on and for developing countries.	Ongoing	Related outputs are available in the revised workplan.
8. We will work together to support the development of country-led MTRSs, including through the involvement of bilateral partners, and report on outcomes. We will align our support according to the plans set out by governments.	Ongoing	Related outputs (MTRS-related information sharing; country deep dives, workshops) are available in the revised workplan. Three MTRS workshops for Africa (in partnership with ATAF), Asia and small states in Asia and Pacific (in partnership with ADB) were held in May and August 2021.
9. We will help developing countries access the knowledge, experience and good practices in tax administration, starting with the use of technology, working with the Forum on Tax Administration, regional tax organizations and other partners.	Ongoing	Standalone PCT website developed. Updated DRM project list accessible through a data repository. PCT KSP-TA Hub launched. Three MTRS workshops for Africa (in partnership with ATAF), Asia and small states in Asia and Pacific (in partnership with ADB) were held in May and August 2021.

ACTION ITEM	STATUS	NOTES
10. We will support the participation of developing countries in tax policy discussions at international fora.	Ongoing	PCT will convene in October 2021 to review the toolkit basket on international tax and other relevant issues
11. We will launch a multi-year Tax and SDGs Program, that will include components on taxation and health, education, gender, inequality, environment, and infrastructure.	Ongoing	Revised workplan includes workstream on tax and SDGs.
12. We will establish a regular dialogue between the PCT and stakeholders—most importantly developing country governments.	Ongoing	<p>In the 2019 PCT Partnership Council Meeting, Egypt participated as an observer.</p> <p>In the July 2020 PCT Partnership Council Meeting, Egypt, Uzbekistan, and the representatives from UN Tax Committee (Argentina, Jamaica, Japan) participated as observers to participate in the dialogue.</p> <p>In the December 2020 PCT Partnership Council Meeting, Egypt, Georgia, Jamaica, Nigeria, Peru, Uzbekistan and Zambia participated as observers.</p>
13. We will review current practice, and provide guidance and recommendations, on the tax treatment of ODA-funded goods and services.	Ongoing	<p>The updated PCT workplan includes case studies on government-to-government aid to be completed in 2021.</p> <p>UN guidance is completed.</p>
14. To help deliver this agenda we will seek to secure donor funding for the expanded work program, supported by a strengthened PCT Secretariat.	Achieved	

APPENDIX 2:

Updates on Countries' Medium-Term Revenue Strategies

The progress made on countries' MTRSs is detailed below:

Implementation Support

Egypt — The MTRS was approved by the Egyptian Council of Ministers on December 31, 2020. The MTRS document includes chapters on expenditure needs, revenue and other goals setting, tax policy and revenue administration reform options and legislative measures. The authorities requested IMF support with the implementation of the MTRS. Consequently, the IMF is setting up a long-term support program to assist the authorities to implement their MTRS. The support program will include a peripatetic long-term advisor. An important part will be the coordination with development partners so that all international organizations present in Egypt will assist with the implementation avoiding overlaps or gaps in CD. As the next steps, the IMF will set up the long-term support program and develop consultation with the authorities and an action plan for the implementation of the MTRS.

Liberia — Liberia Revenue Authority and Ministry of Finance and Development Planning have already started working on the implementation of the DRM Strategy and fleshing it out with concrete tax proposals. The modernization of excise taxes—a switch from ad valorem to specific tax rates and the use of excise duty stamps—has been already implemented. Several further measures have been considered for implementation, e.g., streamlining various tax concessions, improvements to property taxation (property valuation), higher taxation of telecommunication services, and a suite of measures geared towards the improvement of tax enforcement (an update from UN is awaited).

Papua New Guinea (PNG) — PNG's MTRS was formally launched in November 2017, covering a period from 2018 to 2022. In May 2020, the PNG government reconfirmed

its commitment to the MTRS while updating some key milestones. Going forward, the Revenue Administration will focus on the implementation of the new Tax Administration Act, organizational redesign, taxpayer service strategy development and implementation, short-term revenue recovery, and IT modernization. Tax policy and legal divisions will focus on modernization and simplification of Income Tax Act, capacity building in Tax Policy Division, and mining and petroleum fiscal analysis and modeling. The MTRS covers the period between 2018 and 2022. The Tax Administration Act implementation has commenced in July 2020 and been completed by January 2021.

Uganda — Uganda's MTRS, which is called *the Domestic Revenue Mobilization Strategy (DRMS)*, was concluded in the FY19/20 and adopted by the Ministry of Finance and the Commissioner of the Uganda Revenue Administration after the approval of a costing implementation plan in June 2021. The plan covers the period from 2019-2020 to 2023-2024 and targets an increase in revenue of at least 2.5 percent of GDP over five years. It envisages both tax policy and tax administration measures. On tax policy, it envisions revising excise duties, depreciation rates and some export levies. On tax administration, the DRMS intends to improve arrears management and tax audits as well as data and information sharing. Over the medium-term, the DRMS contemplates revising exemptions, including adopting a new tax expenditure framework, and other tax administration measures to improve taxpayer registration, risk modeling, better enforcement and debt collection, and dispute resolution.

Early Implementation Support

Senegal — The authorities finalized the draft MTRS document end of May 2020, making it the first country in Francophone Africa to prepare one. The main focus of the MTRS is to, in tax policy, expand the tax base by reducing tax expenditures and formalization of the economy, and in revenue administration, increasing the number of taxpayers, tackling fraud, and digitalization. The IMF's FAD is providing CD support in a

managerial and operational capacity, revenue administration core business functions and procedures, support functions and improving the business environment. The World Bank is providing CD support in targeted tax policy and administration areas, including international taxation (transfer pricing, anti-abuse and treaty policy), risk-based audit selection, MSME taxation and excise taxation (tobacco). The MTRS covers the period of 2020-2023 and detailed implementation plans for both the tax policy and revenue administration are under preparation. In January 2021, IMF assisted in reviewing Senegal's Medium-term Revenue Strategy (MTRS) to factor in the negative impact of COVID-19 and update the matrix of priority reforms, including a timetable and the potential yield of key measures in revenue administration. Tax policy plans are being reviewed, as authorities would like to alter the focus of the efforts.

Formulation Support

Albania — In November 2019, an IMF tax policy and administration mission advised on the MTRS formulation, including tax policy and administration options to reform the tax system and increase the tax-to-GDP level, to be considered in Albania's MTRS. Unfortunately, the country was affected by an earthquake in late 2019 and the COVID-19 pandemic in 2020, temporarily stalling the progress. Recently, the MTRS formulation process has been reinvigorated. Based on the IMF recommendations, the Ministry of Finance and Economy drafted the strategy and, in June 2021, requested the IMF support in reviewing and revising the draft strategy to reflect the post-pandemic realities on the ground. An engagement is planned in September-October 2021 to review and revise the MTRS.

Bangladesh — The Bangladesh Medium-Term Revenue Strategy (MTRS) process continues to make progress, in both preparation, and readiness for implementation, amidst challenging COVID-19 constraints. More specifically, the MTRS preparation manifests variable progress, across the three MTRS Pillars. These include: (a) the Bangladesh DRM Reforms Mapping (2010-2020) report, which is completed,

(b) the technical analyses that are progressing, and (c) the key stakeholder consultations, which have been constrained by COVID-19. The National Board of Revenue (NBR) plans to update the MTRS document following the consultations, as the COVID-19 situation permits. Responding to the prolonged COVID-19 constraints, the NBR has revised the MTRS Delivery Plan. This plan adopts an agile approach for the draft MTRS preparation, including extensive review and engagement of the NBR officials at all levels, which will substantively complete the MTRS preparation activity and provide comprehensive actionable reform agenda, across the VAT, income tax, and customs, led by NBR. The MTRS will be a living document and will be updated to take account of emerging reform needs and priorities, including from the analyses and consultations.

Benin — The authorities showed interested in the MTRS approach, given the revenue needs and their interest to increase the tax-to-GDP ratio to the West Africa Economic and Monetary Union (WAEMU) level (20 percent of GDP). A workshop to explain the MTRS framework to the officials from the Ministry of Finance was organized in November 2019, and an MTRS road map was prepared. The MTRS formulation work supported by IMF's FAD includes: (1) a Tax Administration Diagnostic Assessment Tool (TADAT) assessment (completed in November 2019), (2) a value-added tax (VAT) gap analysis (ongoing), and an evaluation of income tax incentives (completed). Discussions for the formulation of an MTRS document are still taking place but the progress has been slow since the pandemic outbreaks.

Ethiopia — The IMF has provided comprehensive advice in tax policy and administration, including estimations of the revenue potential of the various measures. The medium-term measures for both tax policy and revenue administration are currently under consideration and final development by the authorities with the assistance of IMF. The government has published their “[Ten Years Development Plan: A pathway to Prosperity](#)” for 2021-2030. The revenue mobilization goals are to increase the tax-to-GDP ratio from 9.2% to 18.2%

over 10 years through reform of tax policy and regulations, modernizing the tax system and administration, reforming the tax structure and fighting illegal trade activities. The mid-point or medium-term plans are under development for the first five years and considers the IMF's comprehensive advice that included a blueprint of reforms in tax policy and administration to achieve the goals. The medium-term measures for both tax policy and revenue administration are currently under consideration and final development by the authorities. Once the government decides on measures that will be included in the medium-term plan and in line with the IMF supported ECF/EFF program, the next steps are anticipated to include: (i) assisting the drafting of granular compliance improvement plans, (ii) redrafting VAT legislation, and (iii) assisting the implementation plan as needed.

Indonesia and Thailand — Both countries received the IMF's advice for drafting their MTRSs. In both cases, the MTRS drafts have not been formally adopted; instead, in both countries, they took a selective approach and considered some of the reform options provided for the draft MTRSs. Thus, neither of these countries are presently pursuing the implementation of an MTRS to tax system reform with a comprehensive approach. However, Thailand informed that at the end of 2019, the Ministry of Finance created a team to analyze the tax system reform options recommended in the MTRS draft.

Lao PDR — In May 2018, the Ministry of Finance requested IMF assistance in developing an MTRS, covering the period of 2021-2025 to support their 9th National Socio-Economic Development Plan (NSEDP). IMF missions (financed by the government of Japan) in tax policy, revenue administration and customs administration were undertaken, with the results expected to be combined in a draft MTRS. Both the tax and customs agencies have strategic plans for the period of 2018-2020, which were intended to build the foundation for stronger results through the MTRS. In December 2019, the Ministry of Finance officials indicated that the focus would be on strengthening the tax and customs administrations,

specifically related to domestic revenue mobilization. IMF's FAD has provided CD on domestic revenue mobilization that can serve as a stepping stone to a potential future MTRS.

Pakistan — The government continued developing an MTRS with close support from the WB and other development partners working in the Domestic Revenue Mobilization (DRM) improvement. Recently, the MTRS has benefited from a multi-donor engagement to carry out the Tax Administration Diagnostic Toolkit (TADAT) to assess the tax administration performance and practices. TADAT will provide an evidence-based assessment about the main gaps against good practices and set out a baseline for further reforms. Based on the latter, development partners will define the framework for further assistance with the leadership at the Federal Board of Revenue (FBR). This will allow better coordination and focus on key areas where the development partners working in this space have a relative comparative advantage. In this context, the WB will continue to assist the FBR to consolidate the MTRS providing technical advice in the tax policy and tax administration, including customs fields.

Rwanda — An MTRS workshop led by the IMF's FAD and Rwanda's Ministry of Finance in September 2019 helped establish governance arrangements for an MTRS and also define an MTRS roadmap and action plans. The subsequent formulation work supported by IMF's FAD includes a TADAT assessment (completed), capacity building in policy analysis and tax expenditure assessment (ongoing), and VAT gap analysis (ongoing). The MTRS covers FY2023-24 through FY2025-26. The authorities have completed consultation with stakeholders on the MTRS -1 (May -July 2021), and will now process to finalization for approval. MTRS-1 covers FY2021-22 through FY2023-24. The next steps include: (i) taking into consideration task holder input, (ii) submitting MTRS for approval (including the Cabinet), (iii) publishing the final MTRS, and (iv) initiating the implementation plan. A follow-up MTRS (MTRS-2) is planned to commence in FY2024-25.

Vietnam — The Ministry of Finance is preparing its

comprehensive tax reform strategy for 2021-2030 and tax reform plan for 2021-2025 with assistance from the IMF and the World Bank. Specifically, the IMF and the World Bank are jointly supporting the General Department of Taxation (GDT) to formulate the tax administration reform strategy and plan, while the Tax Policy Department (TPD) is preparing the tax policy reform strategy with support from the World Bank. The IMF and the World Bank conducted joint missions to support the GDT. This includes a tax administration assessment using the DIAMOND tool led by the World Bank to identify strengths, weaknesses, and performance gaps of the GDT to inform the formulation of the Vietnam tax administration reform strategy for 2021-2030 and reform plan for 2021-2025, and a series of virtual technical assistance led by the IMF to help the GDT to identify external challenges to the upcoming strategy and plan. On the policy side, the World Bank is supporting the TPD to conduct a comprehensive review of the tax policy framework and provide options for reforms. With inputs from the WB and IMF team, the draft Vietnam Tax System Reform Strategy 2021-2030 was completed and circulated by the Ministry of Finance for public consultation in early July 2021. On July 8, 2021, the WB Country Director sent the World Bank's comprehensive recommendations for the draft strategy to the Minister of Finance. The government plans to have the strategy to be adopted by the end of December 2021

Dialogue pre-formulation

Cameroon — MTRS consultations with Cameroon were initiated. However, in March 2021, the Revenue Administration officials indicated that the focus would be on fostering the digitalization process to improve domestic revenue collection.

Georgia — Georgia is receiving intensive CD support in the taxation area from the IMF, under its RMTF. The focus of the CD program has been mostly on tax administration with targeted policy advice to address some issues, and there has been some progress. The World Bank is providing targeted support on tax compliance in the area of VAT. Discussions with the authorities have been held to transition the ongoing

tax system reform into an MTRS, though there have been no developments over the last 12 months. The authorities emphasized their preference to reform the tax system gradually through accelerated modernization of the Revenue Administration.

Honduras — During the 2019 Spring Meetings, the authorities asked for technical assistance on developing a fiscal pact (Pacto Fiscal) and an MTRS. However, during the 2021 Spring Meetings, the authorities did not ratify the request on the fiscal pact and MTRS, requesting CD in other areas.

Jordan — In April 2019, the Minister of Finance expressed interest in exploring the formulation of an MTRS. The minister requested the IMF mission to provide more background information and share experiences from other countries. While there was a change of government in late 2019, MTRS is still seen as a valuable tool going forward, but more in the medium-term timeline.

Kenya—Engagement with Kenya on the MTRS has commenced in FY2020-21. Following the interest expressed by the authorities in formulating an MTRS, IMF's FAD has held two rounds of technical discussions with the authorities, providing an overview of the MTRS framework and the various steps in the process of its formulation. Engagement on formulation is expected to commence before the end of the calendar year of 2021.

Malaysia — In January 2020, the IMF conducted an MTRS workshop and discussed steps for the MTRS formulation and an action plan to take the MTRS formulation forward. The Ministry of Finance established an MTRS Steering Committee, but plans were put on hold due to the COVID-19 pandemic. IMF is seeking re-engagement on the government's interest in pursuing the MTRS approach once the immediate COVID-19 crisis abates.

Mongolia — Mongolia receives intensive CD support in tax system reform areas from the IMF under its RMTF and the

Government of Japan through customs reforms, though, mostly in tax administration. In addition, the World Bank has provided CD support on tax expenditures and is preparing a policy that includes support for the implementation of international tax standards. The MTRS approach was discussed with officials as a means to finance government spending and offset the high volatility in the mining sector. OECD, in partnership with the IGF, is providing intensive assistance on taxing the mining sector, complemented by a joint OECD-UNDP Tax Inspectors Without Borders (TIWB) program. Authorities continue to focus on achieving sustainable increases in revenue through improvements in tax administration. A new RMTF funded project (2020-22) has been agreed to focus on tax administration. The authorities are not considering further work to progress the MTRS. The MTRS approach may be raised with authorities again at a future time within the context of ongoing economic dialogue.

Morocco — During the 2019 IMF missions on revenue administration, the Secretary-General of the Ministry of Finance and the Director-General of the Tax Administration showed keen interest in proceeding with an MTRS approach,

and it was agreed that IMF would take the lead. The Minister of Finance has to confirm this interest.

Togo — The dialogue for the MTRS engagement was commenced, but it is presently on hold. In May 2021, the Ministry of Finance officials indicated that the focus would be on tax policy reforms to improve domestic revenue mobilization.

Uzbekistan — Since 2018 the government is pursuing significant reforms of its tax system - a whole revamping of the policy setting, administration, and legal framework. Already significant changes have taken place in tax policy, and there is also a comprehensive tax administration reform strategy. The IMF is providing an intensive CD program under its RMTF, working in collaboration with the World Bank and other DPs. During the 2020 IMF Spring Meetings, the authorities reiterated their interest in transitioning the current tax system reform program into an MTRS. In April and June 2021, the IMF supported the initial work to develop the MTRS action plan. The preliminary agreement was reached on a broad timeline: (1) MTRS formulation is expected for end-2021, and (2) MTRS is to cover 2022 - 2026.

APPENDIX 3:

PCT Partner Coordination on the Ground: Country Case-Studies

To understand the dynamics of PCT Partners' activities at the country level and coordination among them, the PCT Secretariat carried a survey of Partners' activities in two countries: Nigeria and Pakistan on a sample basis. Both countries were chosen because as per the last update on the Online Integrated Platform, all four PCT Partners have a substantial presence in these countries in strengthening their DRM efforts and because of their geographical diversity. The survey respondents were project leads and representatives of the Partners in the TWG and the description below explains the scope of Partners' activities, their attempts at leveraging complementarities and synergies among each other and with other development partners as well areas where coordination could be strengthened.

A. Nigeria Country Case Study

Coordination in Capacity Development Activities

Both the IMF and WBG are active in the space of tax and customs administrations' capacity building, extractive industries and tax policy reform advice.

In the space of revenue administration reforms, teams from both organizations have developed a collaboration framework for project design and capacity-building delivery to support the implementation of specific reforms. The framework aims to improve the capacity-building coordination and effectiveness which have resulted in improved breadth and depth of coverage of the authorities' capacity development needs. The Partners consolidate meetings to reduce the demand on the Nigerian authorities' time. It has also helped ensure that the capacity development provided by both organizations is complementary and has aimed to consolidate technical meetings as much as possible to achieve time efficiencies,

both for the authorities and the IMF and WB technical teams. Key aspects of the framework include:

- i) Sharing and discussing action plans and agreeing on convenient work modalities:** The IMF-FAD and WB experts and teams organize 'kick-off' meetings to agree on work focus modalities and discuss their respective action plans and decide on a practical work modality on each topic.
- ii) Aligning meeting schedules.** The IMF-FAD and WB staff and experts working on similar topics participate in meetings together (individual schedules permitting), and where possible assign responsibility for delivery of a task to support implementation.
- iii) Sharing meeting schedules for non-shared capacity development (CD) activities.** The IMF and WB staff keep each other informed of the timing of CD meetings for non-shared activities to minimize CD activity meetings for the authorities.
- iv) Reviewing recommendations.** The IMF-FAD and WB teams share all mission reports and review and discuss key recommendations to ensure they are consistent.
- v) Sharing outputs for all deliverables.** Materials that are prepared during or for a mission including detailed implementation plans, PowerPoint presentations or 'how-to' notes to guide the authorities in implementing proposed measures are shared between the teams.
- vi) A joint reform implementation monitoring committee.** The committee comprising staff from the Federal Inland Revenue Service (**FIRS**) of Nigeria, IMF FAD and WB, and chaired by the FIRS, meets periodically to assess reform progress and discuss and resolve emerging issues.

Using the process developed under the framework, the IMF-FAD and WB developed plans that are complementary

and cover the key issues necessary to strengthen the VAT administration in Nigeria. To close the identified gaps, the IMF FAD has developed work plans to assist the FIRS to establish a VAT register and build a methodology for developing a basic VAT compliance improvement plan. The WB workplans focus on building effective enforcement and compliance functions, including establishing an audit function through training to build technical skills and introducing tested approaches to improve the accuracy of reporting, starting with the key economic sectors.

OECD projects provided technical assistance to Nigeria's Federal Inland Revenue Service (FIRS) in the areas of international tax, BEPS, transfer pricing, transparency and the exchange of information. These projects contributed to changes in regulations and documentations. In addition, TIWB supports tax audits in response to base erosion and profit shifting risks and is a joint initiative of the OECD and UNDP, which respectively bring tax expertise and strong relationships with tax administrations. TIWB experts from the OECD and ATAF have completed two programs providing tax audit support on real cases of transfer pricing audit in the oil and gas sector. Currently, TIWB is providing support to FIRS under a subsequent program focused on tax audits in the oil and gas sector, supported by a UNDP Roster expert, and under a tax audit program reviewing mutual agreement procedures in collaboration with ATAF. The TIWB programs in Nigeria, in addition to the OECD's BEPS and transfer pricing projects, was informed by close collaboration with the WBG Economic Community of West African States (ECOWAS) program. The shared diagnosis led to agreed courses of action and focus areas. Benefitting from the OECD and UNDP partnership, all TIWB programs reflect a strong collaboration, which, among other things, facilitates the recruitment of experts, as well as strong relationships with tax administrations and in-depth knowledge of country context thanks to the UNDP country offices. TIWB also benefits from the support of the UNDP Country Office in Nigeria to coordinate assistance with other development partners and align with the domestic SDG Agenda. The OECD also collects

data directly from ministries of finance, revenue and national statistical offices in many developing countries, in partnership with regional organizations¹¹ for its publications on revenue statistics, including Revenue Statistics in Africa. The OECD team collects the data directly from Nigeria in conjunction with the OECD's regional partners. Separately, the teams at the IMF and the OECD are in regular contact with each other on an ad hoc basis to ensure that the datasets are as aligned as possible and that both teams are clear on the links between the OECD classification (the Interpretative Guide), the IMF classification (GFSM 2014) and the national accounting standards. Consultation mechanisms include the informal IMF-OECD Working Group on Government Revenue Data, which brings together senior and technical officials from the OECD and the IMF, to explore areas of mutual interest.

Project leaders also reported how project design was indirectly informed by the PCT Partner publications and third-party support. The IMF cites Nigeria's 2018 TADAT assessment as the basis for its tax administration reform program, which involved the support of multiple donors and development partners¹². More than one PCT Partner commented on the role of ATAF and its assistance in leveraging funding and facilitating access to expertise.

A matrix of the PCT Partners' tax-related activities in Nigeria is in Table 4 below.

Leveraging Complementarities

Significant high-level coordination takes place among the Partner representatives at the PCT's Technical Working Groups, which meet twice a month to review topics with implications for all Partners' work, agree on best practices, leverage

11 The African Tax Administration Forum (ATAF), African Union Commission (AUC), CREDAF, African Development Bank, European Union, UN Commission for Latin America and the Caribbean (ECLAC), CIAT, Inter-American Development Bank, Asian Development Bank, Pacific Island Tax Administrators Association and the Pacific Community.

12 The African Tax Administration Forum (ATAF), the International Monetary Fund (IMF), Fiscal Affairs Departments (IMF-FAD) Foreign, Commonwealth and Development Office (FCDO, formerly DfID), and the United States Agency for International Development (USAID).

resources and expertise, create guidance and toolkits to inform country-level work and keep apprised of each other's activities to inform each organization's value-add.

At the country level, project teams from different organizations keep communication open to align activities. Teams meet to ensure interventions are mutually complementary, often consolidating funding and expertise into one program, rather than funding parallel programs. For example, the OECD collaborated closely with the WBG to avoid duplication in the area of transfer pricing. As part of their regular meetings, the IMF and WBG tax administration reform teams reassign responsibility for the delivery of a task to maximize benefits from the available resources. As described above, the OECD and IMF work together to ensure mutual understanding and consistent classification of their respective datasets of government revenues. This also serves as a channel through which the two organizations promote mutual involvement in regional workshops.

Steps to Improve Future Collaboration

All PCT Partner project leads voiced their support for further coordination in the future. In areas where coordination has been the highest, such as between the OECD and the UNDP,

or the IMF and the WBG on tax administrations, project team leads have spoken highly of the coordination arrangements, highlighting clear benefits for efficiency and quality delivery.

While there has been very good progress between PCT Partners in the area of tax administration, there is more work to do to ensure the same degree of information-sharing and collaboration regarding tax policy.

Some Partners have expressed the view that the greater information sharing among the PCT Partners on program delivery and project focal points could lead to benefits for all parties. Another Partner team supported the idea of broader coordination frameworks based on existing ones that work well to involve more development partners. A team from a third Partner stated that the coordination must be based on its inherent value-add, and no outside incentives should be required.

Multiple teams suggested that country authorities are best placed to incentivize collaboration, suggesting that the support for this initiative could dovetail well with the government's stated interest in establishing a DRM Working Group, and could fit under other efforts to support capacity building in the tax policy division.

TABLE 4:

Matrix of Tax Activities in Nigeria by the PCT Partners

THEME	IMF	OECD / UN	WBG
Tax Administration	<ul style="list-style-type: none"> Strengthening institutional arrangements and taxpayer segmentation. Improving core processes and ICT capabilities. Data analytics to improve VAT compliance. Developing skills to improve compliance in specialized sectors. Build revenue administration capacity through the Managing Natural Resource Wealth – Thematic Fund (MNRW-TF). Compliance risks in the oil and gas sector. 	<ul style="list-style-type: none"> Working with the ATAF and UNDP roster expert to provide tax audit support in the oil and gas sector under TIWB program. (OECD/UN) Working with the ATAF, TIWB's tax audit program focused on a mutual agreement procedure (MAP) case. (OECD/UN) 	<ul style="list-style-type: none"> Capacity building for non-oil revenue modeling. Developing tax gap analysis capacity. Developing tax expenditure analysis capacity. Developing tax incidence analysis capacity. Business processes review. Evaluation and improvement of current IT system. Support the setting up of a Compliance Risk Management Unit in FIRS. Improve SOE accountability for remittances of their operating surplus. Improved cash management and reduced revenue leakages through the implementation of the State Treasury Single Account (TSA).
Tax Policy	<ul style="list-style-type: none"> Reforms to broaden the tax base for corporate income tax, VAT, and excises. Capacity development on the petroleum fiscal regime policy (royalty, petroleum profits tax, production sharing and state participation). Assessment of policy and legislative reform proposals for the Petroleum Fiscal Bill. Training on petrol fiscal analysis and modeling. Ad hoc support provided in response to specific policy questions between mission visits. 	<ul style="list-style-type: none"> Revenue Statistics in Africa: collecting comparable revenue statistics. (OECD) Technical assistance (TA) on international tax leading to changes in regulations and documentation. (OECD) 	<ul style="list-style-type: none"> VAT transition strategy developed. Rationalize tax incentives. Streamline the VAT regime. Policy notes: inputs for Finance Bill 2020 and 2021. State-level benchmarking of property tax regimes. Incentivize state-level internally generated revenue: support the approval and publication of a consolidated state revenue code.
International Tax	<ul style="list-style-type: none"> Countering base erosion and profit shifting. 	<ul style="list-style-type: none"> TA for transfer pricing, BEPS. (OECD) TA for transparency and exchange of information. (OECD) Working with ATAF to provide transfer pricing audit support. (OECD/UN) 	<ul style="list-style-type: none"> Guidelines on introducing thin capitalization rules. Capacity development for tax cooperation on transfer pricing.
Customs Administration	<ul style="list-style-type: none"> Strategic planning, project management and key performance indicators. Core processes to streamline and secure import and transit operations. Post-clearance audit. Risk management and control of international trade. 		<ul style="list-style-type: none"> Report on improved control methods and risk-based management model for customs administration. Review of customs tariffs from the perspective of regional trade integration.

B. Pakistan Country Case Study

Coordination in Capacity Development Activities

The PCT Partners coordinate with each other and with other development partners during the design phase of projects. The Partners seek each other's input on interventions to benefit from the expertise and reinforce synergies by keeping each other apprised of upcoming activities. Through frequent check-ins, the Partners ensure a clear division of labor and conduct their work without close coordination on day-to-day activities.

The IMF and WBG have high levels of information exchange with each other in Pakistan, led by country teams, and supported by Pakistan's Tax Administration. The WBG sought the IMF's input on the technical design and structure of their major reform program. The IMF has regular email exchanges and meetings with the WBG to discuss aspects of both teams' reform agendas.

The OECD has held meetings with the WBG team, both in Pakistan and at headquarters, to understand each organization's value-add, as well as to inform sequencing of activities. The OECD specializes in international tax. Its activities include an induction program that provided Pakistan with guidance to implement the minimum standards and set up the normative and institutions to fight against BEPS, a capacity-building program of the Global Forum on Transparency and Exchange of Information for Tax Purposes, which was designed in close collaboration with the United Kingdom (UK), to support Pakistan on transparency and exchange of information, and a tax audit and tax crimes investigation support program with the UNDP on its TWIB program.

The Asian Development Bank (ADB) is leading a Tax Administration Diagnostic Assessment (TADAT), with the participation of the IMF, the WBG, and the Foreign and Commonwealth & Development Office (FCDO), UK.

A matrix of the PCT Partners' tax-related activities in Pakistan is in Table 5 below.

Leveraging Complementarities

Where efforts bear some thematic similarity, teams learn what other institutions are doing to keep a clear division of labor. In the area of tax administration, the IMF team focuses on compliance risk management while the WBG team focuses on improving the outcomes from tax audits. The WBG sought the support of the ADB on defining the scope of the Automated Entry-Exit System (AEES) activities because of the notable modernization interventions that the ADB was already undertaking at land-border posts. In the tax policy area, providers of capacity development support have worked in related but different areas. On some emerging issues, such as the establishment of a tax policy unit, further coordination is needed to ensure the Partners' advice is aligned.

Steps to Improve Future Collaboration

The PCT Partners' teams in Pakistan all expressed their support for further collaboration in the future. The OECD supports the coordination with other organizations in sequencing reforms to maximize effectiveness but also suggests simplifying administrative procedures to facilitate the co-funding of activities. The IMF appreciated the synergies that can be achieved by working together and suggested that coordination is already ideal and cooperation could be improved. The WBG supported the value of good coordination and has held the first of regular meetings for effective coordination and information exchange. In attendance were the IMF, OECD, and WBG, as well as the Asian Development Bank, Tax Inspectors Without Borders (OECD and UNDP), UK (FCDO and Her Majesty's Revenue and Customs), and World Health Organization.

TABLE 5:

Matrix of Tax Activities in Pakistan by the PCT Partners

THEME	IMF	OECD / UN	WBG
Tax Administration	<ul style="list-style-type: none"> Assisting the FBR in implementing aspects of its tax administration reform program. Helping to implement a compliance risk management framework. Providing advice and assistance on key domestic revenue mobilization focus areas. Provide advice on international best practices to address issues that will be raised in the TADAT assessment. 		<ul style="list-style-type: none"> Broadening the tax base and facilitating compliance. Strategic planning. Risk-based audit. Business processes reengineering [subnational]. Assisting the Sindh Revenue Board (SRB) in implementing its Tax Revenue Mobilization Plan. Improving automation. Implementing a new data center. Increase the tax base. Publication of quarterly reports. Improving human resources.
Tax Policy	<ul style="list-style-type: none"> Reducing and improving sales tax, PIT and CIT incentives. Restructure PIT for better efficiency, equity and revenue collection. Capacity development to inform the tax policy reform package. 		
International Tax		<ul style="list-style-type: none"> Support Pakistan on transparency and exchange of information, in particular on automatic exchange. (OECD) Guidance on minimum standards to fight against BEPS. (OECD) TIWB program for improving tax audit capacity. (OECD/UN) TIWB program on criminal investigation. (OECD/UN) 	
Customs Admin			<ul style="list-style-type: none"> Post-clearance audit.

