



**OUTCOMES STATEMENT of 5th ATAF GENERAL ASSEMBLY CONFERENCE held under the theme
“MOVING AFRICA BEYOND AID THROUGH TAX REVENUE MOBILISATION”**

OUTCOMES STATEMENT

23-25 October 2018

- 1. More than 200 officials from Ministries of Finance and Tax Administrations of 30 African Countries, Development Partners, and representatives of International and regional organisations, academia, and tax practitioners met in Gaborone-Botswana from the 22nd to 26th of October 2018, to discuss how African countries can move beyond aid dependency towards African self-reliance. This discussion focused on the challenges and opportunities facing ATAF members in building strong tax systems to mobilize domestic resources for their national development. Inspired by the 2019 celebration of the 10th anniversary of ATAF’s creation, the participants looked forward to creating solutions and transforming African tax systems over the next decade.**
- 2. The event was hosted by the Commissioner-General of the Botswanan Unified Revenue Service, Mr Keneilwe MORRIS, and opened by the Minister of Finance and Economic Development. The Hon. Minister Otefetsi Kenneth MATAMBO welcomed the participants and stressed the significance of the meeting’s deliberations when falling aid required a transformed perspective among tax administrations and their governments. ATAF has served as the platform for technical assistance, promoting good governance, capacity building and for developing products that contribute to domestic resource mobilization (DRM) in Africa.**

3. The Chairman of the ATAF Council and Executive Chairman of the Federal Inland Revenue Service (FIRS) in Nigeria, Mr. Tunde FOWLER, emphasized the need for Africa's pro-active approach and ATAF's global visibility recognizing the recent appointment of ATAF on the UN sub-committees on tax and ODA, as well as tax treaties at their recent sitting in Geneva. Further he highlighted that ATAF is now recognized by the African Union (AU) as the leading body in Africa on tax matters.
4. The participants considered the topic of aid and building African self-reliance through DRM to be both timely and significant if Africa's development agenda 2063 is to be realized. The conference discussed the nature of the economic environment and the opportunities and pressures for improving DRM. Citizens and government need to be sensitized to the key role of tax, a theme which informed trends in tax policy.
5. For members to reach their broad objective of a 20% tax: GDP ratio, they should consider improvements in domestic and international tax policy and implement modernization programmes targeting increased efficiency and effective revenue mobilization which recognizing the impact of Africa in global value chains.
6. The meeting noted the need to widen the tax net to increase DRM through closer consideration of policy opportunities in VAT and the taxation of the informal economy, high net worth individuals, extractives and the agricultural sector. In this light, the discussions strongly criticized ill-conceived tax incentives offered to potential investors as a substantial drain on Africa's revenue, while the impact is either not measured or insignificant compared to the foregone revenue. They suggested that ATAF support a whole of government approach on evaluation and develop cost benefit analysis to assess the impact of incentives [and consider possible work on incentives in the context of the extractives industry].
7. Participants recognized that Africa's ability to improve DRM relies on political support to introduce well designed and appropriate tax policies and effective and updated legislation

that is supported by efficient tax administrations. They welcomed ATAF's tax policy work, noted that the African Tax Outlook is the benchmark for tax policy making and ATAF's key tools including the *ATAF Model Double Tax Agreement* that balances taxing rights between countries, and the *ATAF Suggested Approach to Drafting Transfer Pricing Legislation* are extensively used by members.

8. In preparing for the next decade, participants called for strong integrated systems for economies of scale, a closer dialogue between tax administration and policy, political support for implementation and improved taxpayer education to reinforce a tax paying culture and the social contract. The AU recognition is a game changer in raising the political profile of tax issues in this area and the conference called for DRM to become an AU theme in a future year. They also noted growing tax harmonization and collaborative initiatives in regional fora.
9. The meeting applauded ATAF for its technical assistance work, new Technical Assistance Policy and its plans to cover all taxes and related systems. Participants called on ATAF to develop an online platform for members to share best practice and solve technical issues. They welcomed ATAF's bilateral 'downstream' assistance which strengthens individual tax administrations. The meeting launched a *Manual on the Delivery of Technical Assistance* stressing the importance of country ownership, 'South-South' support between African countries, evaluation and impact analysis. This forms the basis for developing ATAF policy briefs ('upstream' work) and tools for strengthening legislation and developing systems.
10. In response to a call for greater engagement of Commissioners General, ATAF will launch a new high-level dialogue next year to harness and share leadership experience. A key element will be developing a strategy for intra agency support after determining the areas for attention and assistance. This will seamlessly complement the established annual dialogue on the nexus between tax policy and administration that is already developing a

closer relationship with policy makers, government and the legislator to build tax systems which reflect broader internal and external economic developments.

- 11.** To reinforce DRM, the meeting discussed the opportunities for improving voluntary compliance in African tax systems and the challenges of a large informal economy. Areas considered included presumptive taxes, segmentation and sector challenges including oil and gas, taxpayer education, auditing integrity, and the significance of the social contract.
- 12.** Participants recognised the challenges and opportunities posed by the digitalization of the economy. The growing importance of data, intangibles, and the absence of a physical presence to do business challenges the global tax rules. Africa must have a powerful proactive voice in the global tax debate to ensure the rules are fit for purpose in Africa. The meeting called on ATAF to form a Committee on Digitalization. In addition, African innovation building on initiatives such as *Mpesa* offers a real chance to improve taxpayer connectivity, increase understanding and develop alternate African online systems for assessment and collection reflecting the continent's needs.
- 13.** Participants discussed the potential role of ATAF in standard setting in a global and African context. [to be added]
- 14.** The participants reflected on how to enhance the relationship between ATAF and its development partners and proposed that ATAF develop an ATAF – Development Partner Framework for Engagement to increase collaboration and the value of the partnership for members and partners.
- 15.** As a practical example of international co-operation witnessed by the meeting, ATAF, OECD and the Zimbabwe Revenue Authority (ZIMRA) agreed to gear up efforts to tackle tax base erosion and profit shifting by multinational enterprises in Zimbabwe, through its participation in the Tax Inspectors Without Borders (TIWB) programme. Under the

partnership between ATAF and TIWB the programme will build ZIMRA's capacity in auditing multinational enterprises.

16. Participants proposed that ATAF take the following actions:

- Develop a model approach for cost-benefit analyses in respect of tax incentives [and consider possible approaches to this issue in the extractives industry]
- Propose that the African Union include Domestic Resource Mobilization as a future theme
- Develop an ATAF online platform to help members resolve technical issues
- Launch a Commissioners-General Dialogue
- Form an ATAF Committee on Digitalization
- Develop a Framework for Engagement between ATAF and its development partners.

17. Finally, the ATAF General Assembly, in line with its rules and procedures, elected a new governing Council as follows; Chair (Nigeria), Vice-Chair (Mauritius) and the following members: Angola, Burundi, The Kingdom of Eswatini, Morocco, Rwanda, South-Africa, Togo, and Uganda.