Tax and Development at the OECD

A RETROSPECTIVE 2009-2024

OECD
BETTER POLICIES FOR BETTER LIVES

Acronyms and abbreviations

Acronym	Meaning
AAAA	Addis Ababa Action Agenda on Financing for Development
ATI	Addis Tax Initiative
APA	Advance Pricing Agreement
ATAF	African Tax Administration Forum
AfDB	African Development Bank
ADB	Asian Development Bank
AEOI	Automatic Exchange of Financial Account Information
BEPS	Base Erosion and Profit Shifting
CTPA	Centre for Tax Policy and Administration
CFA	Committee on Fiscal Affairs
CRS	Common Reporting Standard
CbC	Country-by-Country
CbCR	Country-by-Country Reporting
CREDAF	*Cercle de réflexion et d'échange des dirigeants des administrations fiscales*
DAC	Development Assistance Committee
DRM	Domestic Revenue Mobilisation
EOI	Exchange of Information
EOIR	Exchange of Information on Request
FTA	Forum on Tax Administration
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
GRP	Global Relations Programme
GST	Goods and Services Tax
GHG	Greenhouse Gas
Inclusive Framework	OECD/G20 Inclusive Framework on BEPS
ISM	Information Security Management
CIAT	Inter-American Centre of Tax Administrations
IDB	Inter-American Development Bank
IGF	Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development
The Academy	International Academy for Tax and Financial Crime Investigation
IMF	International Monetary Fund
ISORA	International Survey on Revenue Administration
IOTA	Intra-European Organisation of Tax Administrations
MIRA	Maldives Inland Revenue Authority
MCAA CbC	Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports
MAAC	Multilateral Convention on Mutual Administrative Assistance in Tax Matters
STTR Multilateral Instrument or STTR MLI	Multilateral Convention to Facilitate the Implementation of the Subject to Tax Rule
MLC	Multilateral Convention to implement Amount A of Pillar One
BEPS Multilateral Instrument or BEPS MLI	Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS
MNEs	Multinational Enterprises
ODA	Official Development Assistance
PCT	Platform for Collaboration on Tax
RA-FIT	Revenue Administration Fiscal Information Toolkit
SPTR	Social Protection Tax Revenue
STTR	Subject to Tax Rule
SDGs	Sustainable Development Goals
TAK	Tax Administration of Kosovo
TFTC	Task Force on Tax Crimes and Other Crimes
TIWB	Tax Inspectors Without Borders
TIWB-CI	TIWB criminal investigation programmes
UN	United Nations
UN-ECLAC	United Nations Economic Commission for Latin America and the Caribbean
ECOSOC	United Nations Economic and Social Council
UNDP	United Nations Development Programme
VAT	Value Added Tax
WBG	World Bank Group

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Table of contents

Executive summary 4

Expanding multilateralism in tax 9
Tax Transparency and the Global Forum 10
Countering base erosion and profit shifting and updating international business taxation 12
The Inclusive Framework 14
Inclusive policy approaches to optimise the VAT treatment of cross-border digital trade 18
Fighting tax crimes and other financial crimes 19

Increasing data on taxation 20
Global Revenue Statistics 21
Corporate Tax Statistics 22
Tax Administration Data 22
Carbon Pricing 23

Capacity building 24
Global Relations Programme 25
The Global Forum Programme 26
Bilateral capacity-building programmes 29
Tax Inspectors Without Borders 33
OECD Academy for Tax and Financial Crime Investigation 35
Digitalisation of tax administrations 37

Tax and the international development agenda 38
Tracking ODA to Tax 39
Increasing transparency on ODA taxation 39
Tax policy for development 40

Partnerships for tax 42

Looking ahead 43

Please cite this publication as: OECD (2024), *Tax and Development at the OECD: A Retrospective (2009-2024)*, OECD Publishing, Paris, https://doi.org/10.1787/9db734bc-en.

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Executive summary

Effective taxation is vital for development. An effective tax system not only raises revenues needed for funding public services; it can also support development goals. Taxation can help in reducing inequality through redistribution, for example, or in addressing health, environmental, and social objectives through behavioural change. Taxation also lies at the heart of the social contract between state and citizens and is core to building trust and establishing accountability.

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The importance of taxation to development is increasingly recognised, both in the global dialogue on development and at the OECD. Prior to the global financial crisis of 2008, there was relatively little focus on the needs of developing countries in respect to taxation. At the OECD, taxation-related activities were limited to the early work of the Global Relations Programme (GRP), which ran outreach training sessions on OECD international tax standards.

Following the global financial crisis, the landscape changed dramatically. This included a growing recognition of the importance of taxation for development and an acknowledgement of the importance of integrating developing countries, and development considerations, into the international taxation dialogue and architecture. At the OECD, what had begun as a relatively modest outreach training programme on tax standards, evolved to comprise a comprehensive restructuring of OECD engagement with developing countries on taxation. At the same time, development considerations were integrated into the OECD work on taxation.

171 members of the Global Forum and **145** members of the Inclusive Framework

The first significant development in this evolution was the restructuring of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) in 2009. This was closely followed in 2010 by the amendment of the OECD/Council of Europe Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC) which opened a new phase of global tax co-operation.

As a result of these developments, a rapidly increasing number of non-OECD members began to benefit from increased cross-border transparency and co-operation on taxation, facilitating their efforts to fight tax evasion and other illicit financial flows more effectively. The initial commitment to the standard for exchange of information on request (EOIR) and the subsequent implementation of the standard for automatic exchange of financial account information (AEOI) effectively put an end to bank secrecy.

The Global Forum has grown to 171 member jurisdictions as of February 2024, of which more than half are developing countries. As of the end of 2023, 147 jurisdictions have signed the MAAC, 125 jurisdictions have committed to commencing automatic exchange of financial account information and more than 100 jurisdictions have begun exchanges. Over the past 15 years, co-operation within the Global Forum has been profoundly shaped by a shared commitment to tackling tax evasion, fostering inclusivity, accepting diversity, and cultivating a spirit of mutual support. Since 2009, this co-operation has facilitated the identification of more than EUR 126 billion in additional revenues and penalties gained through increased tax transparency and exchange of information for tax purposes; more than EUR 41 billion of this amount has been identified by developing countries. The Global Forum's capacity-building assistance to developing countries has been decisive in enabling these sizeable revenue gains.

The financial crisis also intensified the focus on the tax practices of multinational enterprises and heightened the need for greater tax transparency and increased international co-operation. Globalisation and the digitalisation of the economy increased opportunities for tax base erosion and profit shifting (BEPS) in the context of existing rules. Building on the success of international co-operation within the Global Forum, jurisdictions collaborated on the 2015 BEPS Actions which provided new tools to address BEPS and incorporated new commitments from jurisdictions to take measures to reduce related risks. As with the legal instruments on tax transparency, these Actions have been made available to all interested countries, including developing countries. To support widespread participation in the ongoing development of approaches to combat BEPS, the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework) was established; 145 countries participate as members by the end of 2023, including 70 developing countries.

In 2021 a landmark agreement was reached to address the tax challenges originating from the digitalisation of the economy. Developing countries have actively participated in establishing the rules of this agreement. This agreement led, for the first time, to setting a floor on tax competition through the establishment of a Global Minimum Tax standard. As with the tax transparency standards, a range of technical assistance programmes have emerged to support developing countries in the implementation of these new rules.

The increase in multilateralism and international tax co-operation has taken place alongside a change

in the approach to international development. With the negotiation of the Sustainable Development Goals (SDGs) in 2015, accompanied by the Addis Ababa Action Agenda on Financing for Development (AAAA), a more universal approach to development was agreed. Development was reframed as a common goal requiring that all countries, institutions, and other stakeholders integrate development considerations across the board in their policies and practices.

In response to this universal agenda on development, the OECD has sought to mainstream development systematically across all its work on tax, going beyond the progress in transparency, exchange of information, and BEPS.

For example, in support of policy makers and in recognition of the importance of data for development, the OECD has expanded the availability of its data on taxation to include high-quality, internationally comparable data on a growing range of countries, far beyond OECD countries. By the end of 2023, over 160 countries were included in the Corporate Tax Statistics, more than 150 countries in the International Survey on Revenue Administration (ISORA) database, more than 120 in the Global Revenue Statistics database, and more than 70 in Pricing Greenhouse Gas Emissions.

Complementing the role of tax transparency in advancing the fight against illicit financial flows, in 2010 the OECD established a Task Force on Tax Crimes and Other Crimes (TFTC). The TFTC has developed the first set of international principles to address these crimes, which are key components of illicit financial flows. The TFTC is complemented by the Academy on Tax and Financial Crime Investigation. The Academy encourages and supports all countries in implementing principles and best practices to effectively fight financial crimes. Some 170 jurisdictions in five regional centres have participated in the unique training provided by the Academy.

Designing, implementing, and administrating domestic tax policies that support the achievement of the SDGs is a challenge for all countries. The OECD has expanded its work on tax policy and administration, utilising data from developing countries and responding to the needs they articulate. This has resulted in a combination of outputs: some are focussed on specific development issues – such as taxation and the informal economy, or the requirements of developing countries in the digitalisation of tax administrations; others look at the analysis of tax trends, the integration of gender considerations into taxation, and self-assessment tools for the maturity of tax administration functions and processes.

All these developments require a range of new skills and capacities. The OECD and Global Forum Secretariats, together with the members of the BEPS Inclusive Framework and the Global Forum, offer unparalleled access to expertise in international taxation. The OECD and the Global Forum have a unique ability to provide and facilitate high-quality capacity-building programmes. The scale and scope of these programmes have expanded dramatically in recent years. They encompass virtual and multilateral training, and ad hoc and comprehensive bilateral programmes, reaching tens of thousands of officials from more than 150 jurisdictions each year. Evolving in response to demand, their support covers an increasingly wide range of issues in the design, implementation, and enforcement of international taxation. Among the more innovative approaches is

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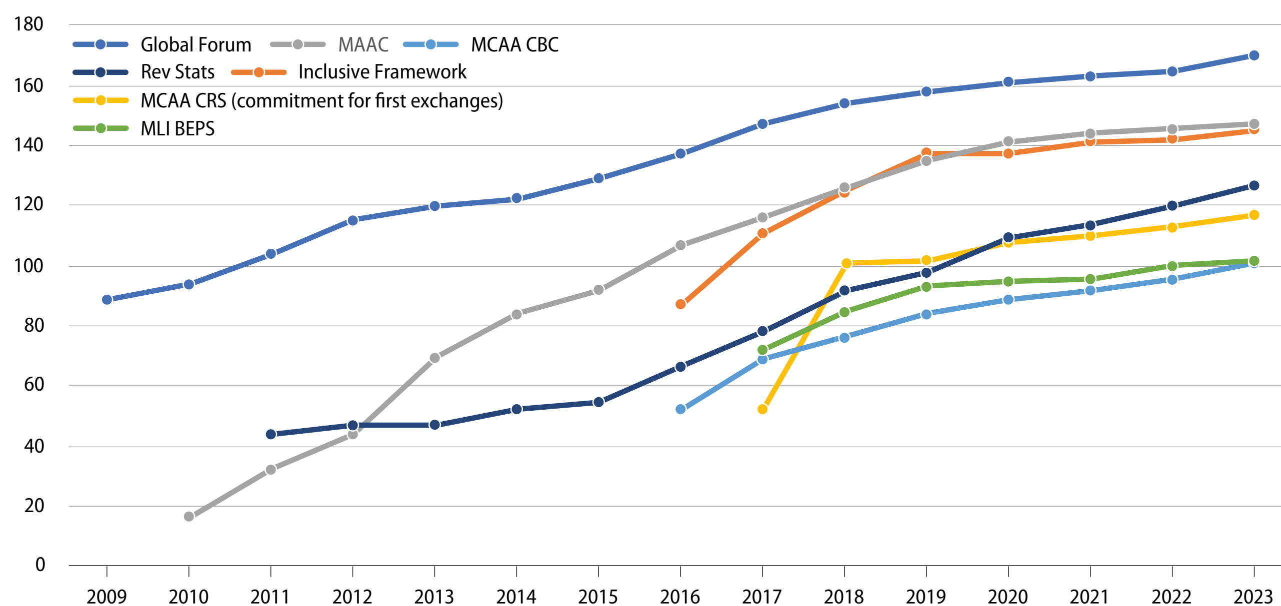
the Tax Inspectors Without Borders (TIWB) initiative, developed together with the United Nations Development Programme (UNDP). TIWB provides skilled experts who work alongside tax officials on actual audit and investigation cases, offering a level of support in enforcement that was previously considered impossible. This initiative has led to the collection of more than USD 2.3 billion in additional revenues as of the end of 2023.

The importance of development assistance in promoting the establishment of effective and sustainable tax systems was highlighted in both the SDGs and the AAAA. The OECD has played a valuable role in promoting discussion and analysis of the role of development assistance in taxation. The OECD has revised its reporting framework for Official Development Assistance (ODA) to enable, since 2015, the tracking of amounts spent on supporting taxation. The OECD has also increased transparency on how ODA itself is taxed. As ODA spending can be a sizeable part of the economy in some developing countries, its tax treatment can have a significant impact on revenues, and on the economy more widely. With several developing countries questioning tax exemptions on ODA, as well as highlighting a lack of clarity on policies and processes, the OECD has established a transparency hub on the policies and practices of all major bilateral donors.

A range of partnerships with countries and institutions across the globe has been integral to all of this work. They enable the skills, experience, and functions of the OECD to be complemented and enhanced by those of other organisations and entities (and vice versa), augmenting the impact on development. These partnerships exist at multiple levels: global (e.g. the Platform for Collaboration on Tax (PCT) with the International Monetary Fund (IMF), United Nations (UN) and World Bank Group (WBG)); regional (primarily with regional tax organisations, such as the African Tax Administrators Forum (ATAF) or the Inter-American Center of Tax Administrations (CIAT), and regional development banks, such as the Asian Development Bank (ADB), the African Development Bank (AfDB) or the Inter-American Development Bank (IDB)); and bilateral. These partnerships cover a range of activities from observer status to the Global Forum and Inclusive Framework, to the collection and dissemination of data, as well as the design and delivery of guidance and

FIGURE 1. **Number of Jurisdictions participating in OECD and OECD-hosted forums, instruments, and data on taxation, 2009-2023**



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technical assistance. The significant contribution of the OECD in supporting tax and development in the past 15 years would not have been possible without the co-operation of these partners. In addition, many countries have contributed a combination of financial and technical resources to enable this work to take place.

These developments since the global financial crisis have fundamentally changed the way the OECD works on tax and development. Developing countries, and development considerations, have become an integral part of the work on taxation undertaken by the OECD, and the standards developed at the OECD increasingly reflect the views and needs of a diverse range of countries. The process, however, is not yet complete. The inclusion of developing country voices in discussions on international tax standards continues to evolve. The least developed countries remain under-represented and some countries, especially smaller developing countries, lack sufficient capacity to engage fully; at the same time, all countries require time to adjust to the new environment. Thus, there is still much work to be done and the scale and pace of change in the past 15 years, as outlined in this report, makes the trajectory for the next decade clear. With the renewal of the mandate of the Inclusive Framework in 2025, there is an important opportunity to continue the momentum and take the next step change on tax and development at the OECD.

BOX 1. **OECD Tax and Development in numbers, 2009-2024**

EUR 41 billion	increased revenues in developing countries from offshore tax investigations, EOIR, use of Common Reporting Standard data, AEOI-related voluntary disclosure programmes and others
USD 2.3 billion	increased revenues in developing countries from TIWB (2012-2023)
100 000+	officials trained through the Global Relations Programme (2009-2023)
45 000+	officials trained through the Global Forum capacity-building programme (2011-2023)
3 000	officials trained through the Academy for Tax Crime Investigation
171	members of the Global Forum (95 developing countries)
147	jurisdictions participating in the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (71 developing countries)
145	members of the Inclusive Framework (70 developing countries)
127	economies in OECD Global Revenue Statistics Database (79 developing countries)
120	signatories of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (45 developing countries)
102	jurisdictions party to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (42 developing countries)
100	signatories of the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (33 developing countries)
91	jurisdictions provided with bilateral support in exchange of information (2012-2023)
72	countries in carbon pricing database (35 developing countries)
63	developing countries with TIWB programmes (2012-2023)
52	developing countries that have received bilateral support in transfer pricing and BEPS (2012-2023)
24	tax administrations providing expertise to a TIWB programme
22	OECD members providing details on their tax treatment of aid to OECD hub
19	developing countries receiving country-by-country reports
11	developing countries with TIWB-criminal investigation programmes
8	languages used in OECD tax training

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Expanding multilateralism in tax

Since the global financial crisis in 2008, there has been a significant expansion of multilateral dialogue and action on international taxation at the OECD. This has encompassed a wide range of countries across all levels of development, with a shared commitment to increasing international co-operation on tax, and has provided, often for the first time, opportunities for interested developing countries to participate in new multilateral instruments and shape the discussion on international taxation. These developments have led to some of the biggest reforms in international tax in generations. These reforms have already started to deliver results in many developing countries, with the potential for even greater benefits in the coming years.

Tax Transparency and the Global Forum

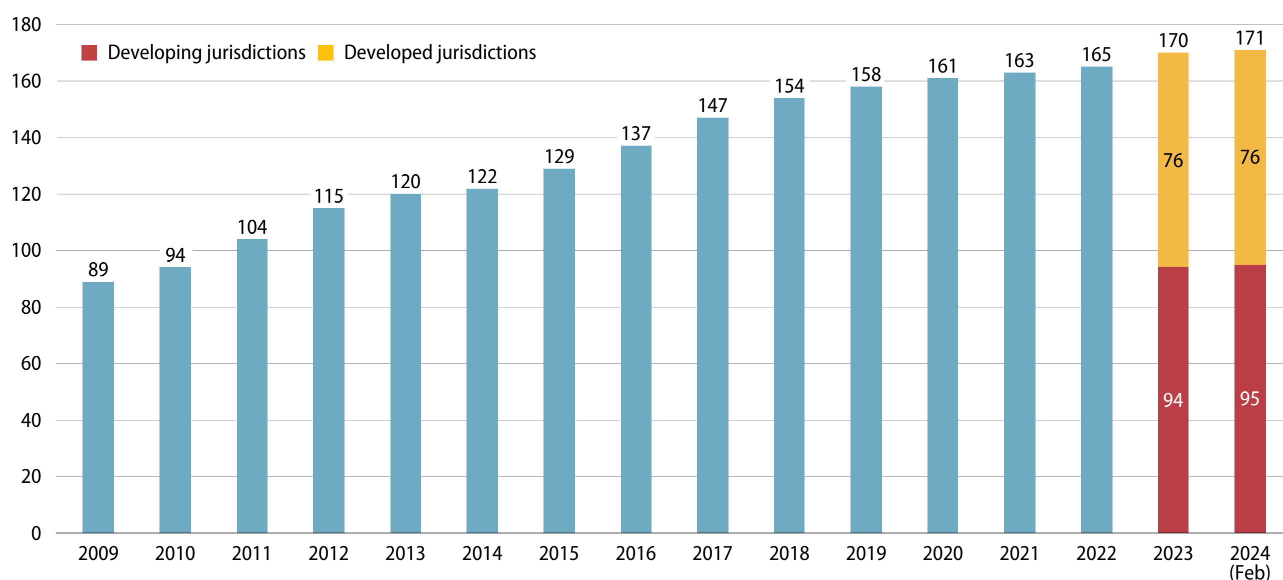
Numerous standards and instruments aimed at facilitating international co-operation on tax transparency and exchange of information have been developed at the OECD. Their overarching aim is to tackle tax evasion and strengthen domestic resource mobilisation. Since the global financial crisis in 2008, rapid and widespread progress has been achieved. Alongside the evolution of standards and instruments, there has been a notable increase in the number and diversity of jurisdictions joining the global effort and engaging in effective co-operation.

The Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) was originally established in 2000 to engage with non-OECD jurisdictions relevant to the work on geographically mobile capital. In the aftermath of the global financial crisis, the Global Forum was restructured in 2009 expanding membership on an equal footing to all countries and jurisdictions interested in implementing the standard for Transparency and EOIR. The transformative global impact of this co-operation is illustrated by the fact that in 2022 alone, more than 130 jurisdictions reported engaging in exchanges of information on request, and more than 26 600 requests for information were sent to support ongoing tax investigations. In 2014, the Global Forum initiated a further commitment process to implement the AEOI standard. As of February 2024, 125 jurisdictions have committed to implementing this standard by a specific date[1] and more than 100 have commenced exchanges. In 2022, information on more than 123 million financial accounts, with a value of almost EUR 12 trillion, was exchanged globally.

The Global Forum, acting by consensus, is tasked with ensuring the effective and widespread implementation of the standards on tax transparency and exchange of information through robust peer reviews and capacity-building and outreach activities. Membership in the Global Forum has grown from 89 jurisdictions in 2009 to 171 as of February 2024; more than half of these are developing countries (Figure 2). The Global Forum members are supported by a dedicated, self-standing Secretariat hosted by the OECD, with staff members representing nearly 40 nationalities.

Developing country members participate in the Global Forum's subsidiary bodies and contribute actively to its peer review and capacity-building work. In 2023, they represented 35% of the Steering Group and 40%, 23% and 27% respectively of the Peer Review Groups on EOIR, AEOI and Confidentiality. They provided 31% of all peer inputs, which are critical to ensuring the proper

FIGURE 2. **Global Forum membership, 2009-2024**



Source: Global Forum Secretariat

1. In recognition of their capacity constraints and competing priorities, developing country members without financial centres are not required to commit to implementation by a specific date.

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Training on exchange of information under the Punta del Este Declaration Initiative, 20-24 November 2023, Montevideo, Uruguay.

assessment and monitoring of the implementation of the standards. They also represented 61% of the members who contributed to capacity-building activities by providing expertise and sharing experiences.

The progress achieved globally has been greatly facilitated by the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC), originally developed in the framework of the OECD and the Council of Europe in the 1980s. Designed to facilitate exchange of information and other forms of administrative co-operation for tax purposes amongst signatories, the MAAC was amended in 2010 to strengthen its ability to facilitate global co-operation with jurisdictions beyond the membership of the OECD and/or Council of Europe. The amended MAAC came into force in 2011. By the end of 2023, 147 jurisdictions had signed the MAAC, of which 139 already had it in force. Today, a global network for administrative co-operation between tax administrations can be unlocked by any jurisdiction through a single intergovernmental instrument. This can be especially advantageous to less politically and economically powerful countries who may otherwise have struggled to secure bilateral agreements, for instance because they lack the capacity to negotiate and ratify a large number of such instruments.

The MAAC provides for all possible forms of administrative co-operation for tax purposes, from exchange of information, including automatic exchange, to the recovery of foreign tax claims. Over 8 000 bilateral exchange relationships have been enabled through the MAAC, which covers a wider range of taxes than bilateral tax treaties (i.e. Value added tax (VAT) and social security contributions, as well as income taxes). Given its comprehensive nature and the large number of jurisdictions it covers, the MAAC has provided a platform for implementing further developments in tax transparency, including the AEOI (see below) and the exchange of country-by-country reports (CbC, see below).

The synergies of multilateral approaches have also been beneficial in other areas. To facilitate the implementation of the AEOI standard, a Multilateral Competent Authority Agreement for the Common Reporting Standard (CRS) was developed; it operationalises the automatic exchange of information under the CRS, based on the MAAC. Currently, 120 jurisdictions are signatories to this agreement, providing for 8 700 relationships for automatic exchange via the CRS. Again, a single instrument establishing multiple bilateral relationships is especially beneficial to those jurisdictions that may have otherwise struggled to secure bilateral agreements. The OECD has also developed technical solutions to support the implementation of AEOI, most notably the XML Schema which allows the reporting of information under the CRS in an IT-based and standardised format, reducing the costs for implementing countries.

The work to support international co-operation on tax transparency through exchange of information has been welcomed by the G20 and endorsed by the UN.

Over 8 000 bilateral exchange relationships have been enabled through the MAAC, which covers a wider range of taxes than bilateral tax treaties (i.e. Value added tax (VAT) and social security contributions, as well as income taxes).

16th Global Forum plenary meeting, 29 November-1 December 2023, Lisbon, Portugal.

In 2017, the United Nations Economic and Social Council (ECOSOC) passed a resolution adopting a code of conduct for co-operation in combatting international tax evasion; it also called for states to endorse the CRS on AEOI. The resolution encouraged all states not yet party to the MAAC to consider joining.

The impact of the increase in international tax transparency has been significant, both globally and within developing countries. Jurisdictions have reported that they have identified EUR 126 billion in additional revenue in the 2009-2022 period through offshore tax investigations, including EOIR, the use of CRS data and AEOI-related voluntary disclosure programmes. Developing countries are reported to have received one-third of this amount (EUR 41 billion).

Countering base erosion and profit shifting and updating international business taxation

While tax transparency was the starting point for increased multilateralism and deeper engagement with developing countries on taxation, this quickly expanded to other areas. In the wake of the global financial crisis there was an increased focus on BEPS by multinational enterprises (MNEs). BEPS refers to tax planning strategies that shift profits from higher to lower tax jurisdictions (including through preferential regimes), exploiting loopholes and mismatches in tax rules.

To address the concern about increasing BEPS practices by MNEs, in 2013 the 15-point BEPS Action Plan was published.[2] Based on this Action Plan, a comprehensive package of measures to counter BEPS was developed and agreed in just two years. The BEPS package represented a major update of the international tax system, recognising that fundamental changes were needed to bolster coherence, realign substance with taxation rights and increase transparency. 25 non-OECD countries, including 13 developing countries and all non-OECD G20 members, actively participated in the development of the BEPS package. There was also wide consultation with other countries, business, civil society, and other stakeholders.

The BEPS Action Plan recognises the interdependency amongst countries on international taxation. BEPS minimum standards – the BEPS actions whose implementation is needed in one country to ensure results in others – were adopted and all jurisdictions committing to the BEPS package agreed to implement these.

2. OECD (2013), Action Plan on Base Erosion and Profit Shifting, OECD Publishing. http://dx.doi.org/10.1787/9789264202719-en.

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To support the implementation of the BEPS measures, new instruments for international tax co-operation also needed to be developed. To give them legal effect, some of the BEPS measures would need to be inserted into bilateral tax treaties, but doing so on a bilateral basis would take significant time and resources. For this reason, the Inclusive Framework developed a first-of-its-kind multilateral convention to modify bilateral tax treaties. An ad hoc group, in which all interested jurisdictions were invited to participate on an equal footing, was constituted to develop the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (BEPS Multilateral Instrument or BEPS MLI). The group comprised 103 jurisdictions, including a number of developing countries. The BEPS MLI was completed in November 2016. Over time the number of signatories has grown, reaching 102 at the end of 2023. More than 1 850 bilateral treaties are covered by the BEPS MLI, allowing developing countries to strengthen their tax treaties against abuse without the burden of bilateral renegotiations.

CbCR was introduced through BEPS Action 13, which requires MNEs to provide key information on their activities in each country in which they operate, facilitating improved high-level risk analysis by tax administrations. To support the exchange of CbC reports

More than 1 850 bilateral treaties are covered by the BEPS MLI, allowing developing countries to strengthen their tax treaties against abuse without the burden of bilateral renegotiations.

amongst tax administrations, the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (MCAA CbC) was developed to enable the automatic exchange of CbC reports amongst signatories. The first exchanges took place in June 2018. As of the end of 2023, there were 100 signatories to the MCAA CbC, with 3 489 bilateral exchange relationships activated between jurisdictions. While 20 developing countries are receiving CbC reports, progress in this area has not been as rapid as hoped, especially beyond G20 countries and financial centres. The OECD is working to increase the number of developing countries participating in exchange of CbC reports, including by providing technical assistance to help countries put in place the necessary requirements. As envisaged in BEPS Action 11, the Inclusive Framework also collects anonymised and aggregated CbC data and publishes them as part of the annual Corporate Tax Statistics report, discussed in the section on Increasing Data on Taxation.

The OECD recognised that the BEPS Actions would not address all base erosion challenges faced by developing countries, especially on issues of tax incentives, transfer pricing comparability, and tax losses on the indirect transfer of assets.[3] Supplementary work has therefore been undertaken, in collaboration with the IMF, UN and WBG, to produce a series of toolkits and trainings in these areas.[4] Some of these issues, at least in part or indirectly, also have been addressed by the Two-Pillar Solution to Address the Challenges of the Digitalising Economy (see the following section). In particular, the global minimum tax provides a backstop against wasteful tax incentives, and Amount B of Pillar One provides a simplification of transfer pricing.

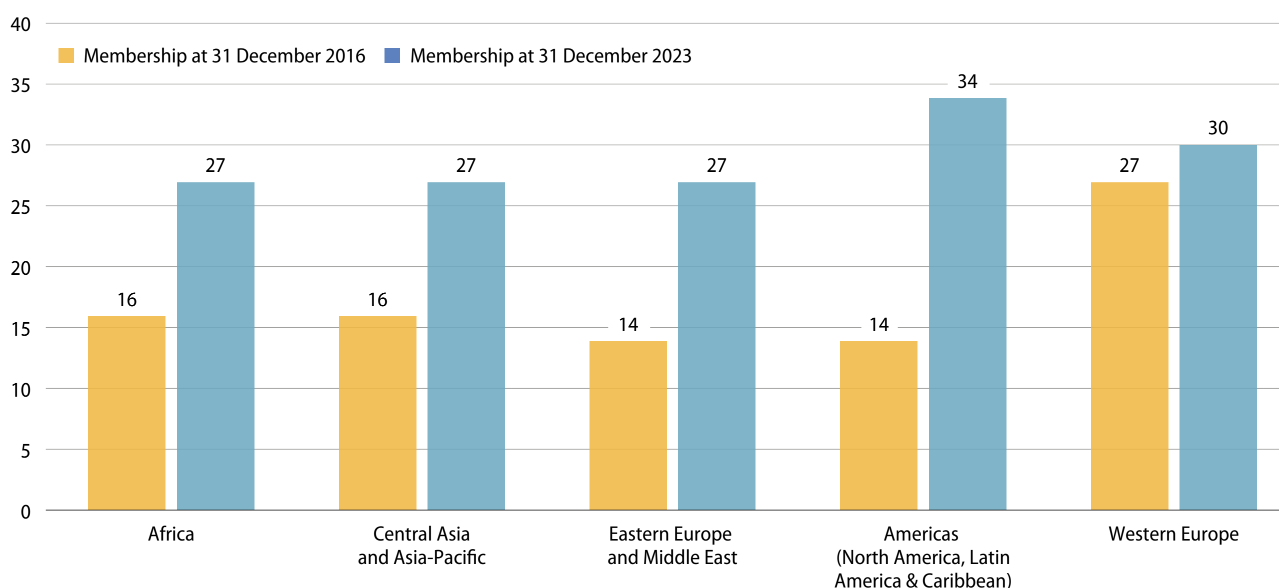
The Inclusive Framework

The Inclusive Framework was established by the OECD Committee on Fiscal Affairs (CFA) in 2016, to support and monitor the implementation of the BEPS measures, and to tackle the remaining BEPS issues, in particular the tax challenges arising from the digitalisation of the economy. The OECD Centre for Tax Policy and Administration (CTPA) serves as the secretariat for the Inclusive Framework. Employees of the Secretariat supporting the Inclusive Framework can come from any member jurisdiction of the Inclusive Framework. The membership of the Inclusive Framework has grown from 82 countries and jurisdictions at its launch in 2016, to 145 members at the end of 2023, including 71 developing economies. Kuwait, the Philippines and Uzbekistan joined in 2023 and new members are still welcome. In addition, there are 15 observer organisations to the Inclusive Framework, including the UN, the IMF, the WBG and several regional organisations and development banks. The observer organisations bring the voice and perspective of their members, including those that are not yet Inclusive Framework members.

A Steering Group composed of 25 countries and jurisdictions with broad geographic representation guides the work of the Inclusive Framework; 12 of the 25 members are developing countries. In 2022, the Inclusive Framework's governance was modified to increase representation: rather than a single Chair, it now has two Co-Chairs. As of the end of 2023 the Co-Chairs are from the United Kingdom and Jamaica, and the Vice-Chairs from the People's Republic of China (hereafter 'China') and Nigeria. Representation in the leadership positions within the subsidiary bodies of the Inclusive Framework is also diverse.

A key function of the Inclusive Framework is to monitor progress and review the implementation of the agreed

FIGURE 3. **Membership in the Inclusive Framework by region, 2016 and 2023**



Source: OECD Secretariat

3. See OECD report to the G20 working group on the impact of BEPS in low-income countries: https://www.oecd.org/tax/tax-global/report-to-g20-dwg-on-the-impact-of-beps-in-low-income-countries.pdf

4. https://www.tax-platform.org/publications

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Third meeting of the Inclusive Framework, 21-22 June 2017, Noordwijk, The Netherlands

four BEPS minimum standards, which countries choosing to join the Inclusive Framework commit to implement, as they address negative spill-overs. The timing of their implementation may vary in accordance with the level of development of the individual countries and jurisdictions.

To increase engagement with non-OECD members – even beyond the Inclusive Framework – the mandate of the OECD's Advisory Group for Co-operation with Partner Economies, established to develop the OECD's capacity building on taxation, was revised in 2021. The renamed Advisory Group for Global Dialogue on Tax Matters, which is open to all interested countries and jurisdictions, is better aligned to the current international tax landscape and provides a platform to facilitate the sharing of developing country perspectives on the development of standards, best practices and guidance of the OECD CFA and Inclusive Framework.

Since its establishment, a primary focus of the Inclusive Framework has been on addressing the tax challenges arising from the digitalisation of the economy. Digitalisation and new business models can facilitate the sustained engagement of MNEs in market jurisdictions without their having a physical, taxable presence. By October 2021, negotiations on this subject led to the Statement on a Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy.[5] On 11 July 2023, 138 members of the Inclusive Framework agreed an Outcome Statement memorialising progress on the October 2021 Statement, this has subsequently been joined by all new members of the Inclusive Framework.[6] The Two-Pillar Solution

Since its establishment, a primary focus of the Inclusive Framework has been on addressing the tax challenges arising from the digitalisation of the economy.

marks a significant development in international tax co-operation, introducing new approaches which include: allocating taxing rights on a part of residual profits to market jurisdictions; using formulaic approaches rather than traditional facts-and-circumstances approaches; and agreeing a global minimum effective corporate tax rate. All members of the Inclusive Framework have been able to participate on an equal footing in these negotiations to reshape the international tax system. The work has advanced by consensus in recognition of the need for widespread, co-ordinated implementation of the standards in order to realise concrete benefits. This consensus-based negotiation among such a diverse group of jurisdictions delivering fundamental changes to the international tax rules with widespread adoption and concrete outcomes, represents a significant and unprecedented milestone in international tax co-operation.

Amount A of Pillar One would provide for a reallocation of taxing rights over a portion of the profits of the largest and most profitable MNEs based on the location of customers or users. The taxing rights are assigned to the market jurisdictions where the profits are generated via a multilateral, formulaic approach to reallocating taxing rights on this portion, while relieving double taxation. To

5. 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

6. https://www.oecd.org/tax/beps/outcome-statement-on-the-two-pillar-solution-to-address-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-july-2023.htm

implement Amount A, which is a departure from current agreed international standards, a new multilateral convention will be required. The Inclusive Framework released a text of the Multilateral Convention to implement Amount A of Pillar One (MLC) in October 2023.[7] At the time of writing, the MLC is expected to be open for signature[8] as of mid-2024. The OECD Secretariat estimates that taxing rights on USD 200 billion in profits will be reallocated through the implementation of Pillar One.[9] The gains would be shared widely, with low-, middle-, and high-income jurisdictions gaining additional revenues, while investment hubs would lose revenues on average. Low- and middle-income jurisdictions would gain the most as a share of existing corporate income tax revenues; these countries would be allocated new taxing rights, without having any obligation to relieve tax collected under existing taxing rights. Investment hubs, as a result of the relatively large proportion of residual profits located there under existing rules, will generally have to surrender tax revenues to relieve double tax on taxing rights reallocated to markets.

Pillar One also provides a simplified and streamlined approach to the application of the arm's length principle in specific circumstances, with a particular focus on the needs of low-capacity countries (referred to as Amount B). An Amount B report was published in February 2024[10] and has been incorporated into the OECD Transfer Pricing Guidelines.[11] This Amount B guidance, in large part, responds to concerns raised by low-capacity jurisdictions, especially concerning the lack of appropriate local market comparables on the basis of which arm's length prices can be established. In addressing this issue, Amount B aims to bring significant benefits to low-capacity jurisdictions, both in terms of revenues and through the simplification of the administrative burden, as it will cover a large number of transfer pricing cases in many developing countries.

Under Pillar Two, a series of interconnected rules are establishing a global minimum corporate tax at an effective rate of 15% on large MNEs with revenues above EUR 750 million. Due to the interlocking nature of the rules, it is not necessary for all jurisdictions to implement the tax for it to become effective across the globe, and not all countries need to implement the minimum tax for it to be effective in putting minimum taxation in place. As such, it is expected that around 90% of in-scope MNEs will be subject to the global minimum tax by the end of 2025, based on the jurisdictions that have implemented or announced implementation. A key feature of Pillar Two is that it enables source countries (which include most developing countries) to implement a domestic minimum top-up tax which has priority before other jurisdictions (and ultimately the jurisdiction where the MNE is headquartered) apply their rules, thereby effectively ensuring that source countries have the priority taxing right. Pillar Two will provide additional annual global corporate income tax revenues estimated at USD 150-200 billion.[12] ATAF has been active in developing guidance for African countries on domestic minimum top-up taxes.[13] In Asia, the ADB, as part of its Asia Pacific Tax Hub, is developing a portal for support on various aspects of the Two-Pillar Solution incorporating guidance notes, training opportunities, and access to specialist technical support for countries in the region.

Another component of Pillar Two, the Subject to Tax Rule (STTR), targets BEPS intragroup payment structures that take advantage of low nominal rates of taxation in certain contracting jurisdictions that can pose risks to developing countries. The STTR provides a solution for source jurisdictions that have ceded taxing rights via a treaty, enabling them to apply a top-up tax on intragroup payments that are not taxed, or are taxed below the agreed minimum rate in the other jurisdiction. Inclusive Framework members imposing a

7. https://www.oecd.org/tax/beps/multilateral-convention-to-implement-amount-a-of-pillar-one.htm.

8. As noted in the MLC, there are different views on a handful of specific items, noted in footnotes by a small number of jurisdictions who are constructively engaged in resolving these differences.

9. See O'Reilly, P., et al. (2023), "Update to the economic impact assessment of pillar one: OECD/G20 Base Erosion and Profit Shifting Project", OECD Taxation Working Papers, No. 66, OECD Publishing, Paris, https://doi.org/10.1787/7c35a55c-en

10. OECD (2024), Pillar One - Amount B: Inclusive Framework on BEPS, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, https://doi.org/10.1787/21ea168b-en

11. OECD (2022), OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2022, OECD Publishing, Paris, https://doi.org/10.1787/0e655865-en

12. See https://www.oecd.org/tax/beps/summary-economic-impact-assessment-global-minimum-tax-january-2024.pdf

13. See ATAF Suggested Approaches to Drafting Domestic Minimum Top-Up Tax Legislation - https://events.ataftax.org/index.php?page=documents&func=view&document_id=209,

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low rate on relevant income have agreed to implement the STTR into their bilateral treaties with developing countries when requested to do so. In September 2023, the Inclusive Framework concluded negotiations on the Multilateral Convention to Facilitate the Implementation of the Subject to Tax Rule (STTR Multilateral Instrument, or STTR MLI) and it has been open for signature since 3 October 2023. The STTR MLI can swiftly implement the Subject to Tax Rule in existing bilateral tax treaties without the need for bilateral negotiations.

In both Pillars, developing countries have actively participated in negotiating and securing agreement on specific design features reflecting their unique needs and circumstances. For instance, in Pillar One:

- The profits from extractive industries are excluded from Amount A to ensure that the countries in which natural resources are located do not lose taxing rights.
- Special nexus thresholds ensure that smaller jurisdictions can secure allocations under Amount A.
- The *de minimis* rules (e.g. for the elimination of double taxation) ensure that smaller markets are unlikely to have to surrender taxing rights under Amount A.
- Tail-end revenue provisions in the revenue sourcing rules for consumer-facing businesses provide additional Amount A revenue for low-income jurisdictions.
- Developing countries with limited experience in dispute resolution are eligible for elective dispute resolution rather than a mandatory binding process.

The impact of ATAF has been particularly notable in helping shape the design of the new rules for the benefit of African lower-income developing countries. ATAF has provided a valuable forum to enable African countries to develop their positions collectively. As a result, through supporting a leading role for ATAF, African countries were instrumental in shaping the design of the rules on the global minimum tax of Pillar Two, including ensuring that source countries would have the first right to taxing low-tax income through a qualified domestic minimum top-up tax. ATAF has also published a Suggested Approach to Drafting Domestic Minimum Top-Up Tax Legislation under the Pillar Two GloBE Rules, followed by a policy brief on the same topic.[14]

Collectively, the changes being taken forward under the Two Pillars represent a significant evolution in international co-operation on tax, with important benefits for developing countries.

14. ATAF (2023) ATAF Suggested Approaches to Drafting Domestic Minimum Top-up Tax Legislation available at https://events.ataftax.org/index.php?page=documents&func=view&document_id=209

First Regional Meeting of the Inclusive Framework, 2016, Manila, The Philippines.

Inclusive policy approaches to optimise the VAT treatment of cross-border digital trade

Value Added Tax (VAT) – also known as Goods and Services Tax (GST) – is often the single largest source of tax revenues for developing countries; on average, it accounts for more than 25% of their total tax revenues (compared to around 18% for CIT).

The transformation of economies by globalisation and digitalisation has created considerable pressure on the VAT regimes of developing countries. This is a result, in particular, of the growth in online sales to private consumers by non-resident merchants; traditional VAT rules and collection mechanisms lack effectiveness in collecting the appropriate amount of VAT on these sales.

Safeguarding these crucially important VAT revenues in developing economies is critical not only for strengthening domestic resource mobilisation and generating the revenues necessary to finance sustainable development; it is also fundamental to minimise competitive distortion between foreign online sellers and local physical stores. If left untreated, such distortion is likely to have an adverse impact on domestic employment and other tax revenues.

To address these challenges, the OECD has delivered a set of internationally agreed standards and recommended approaches for the VAT treatment of international trade, with a particular focus on digital trade. These solutions were developed in an inclusive manner, notably through the Global Forum on VAT. Reflecting a consensus amongst more than 100 jurisdictions worldwide, they include the International VAT/GST Guidelines,[15] as well as a series of implementation guidance reports.[16]

By the end of 2023 almost 100 jurisdictions worldwide (including many developing economies) have implemented reforms based on these VAT standards and their related implementation guidance; more than 30 additional jurisdictions are in the process of implementing such reforms or considering doing so. Their implementation allows countries to secure crucial VAT revenues and to ensure a level playing field amongst e-commerce and traditional businesses without stifling innovation and economic growth. The implementation of reforms targeting services and intangibles has delivered USD 203 million in the first 13 months of implementation in Thailand, USD 775 million in the first three years of implementation in Chile, and more than USD 1.2 billion in the first nine years in South Africa.

While most of these reforms have been aimed at the collection of VAT on online sales of digital services and products, many countries are considering further reform to ensure that VAT is also effectively collected on online sales of low-value imported goods, based on OECD standards and recommended approaches.

To further support countries interested in implementing these internationally agreed standards and guidance, especially developing economies, the OECD, together with the WBG, has developed a series of regional VAT Digital Toolkits: for Latin America and the Caribbean, in partnership with CIAT and the IDB;[17] for Asia-Pacific, in partnership with the ADB;[18] and for Africa, in partnership with ATAF.[19] Development of the toolkits has involved broad consultation with more than 100 jurisdictions to tailor each to the specific needs of the particular region. The toolkits are complemented by technical assistance (see Capacity building section).

The transformation of economies by globalisation and digitalisation has created considerable pressure on the VAT regimes of developing countries.

15. OECD (2017), *International VAT/GST Guidelines*, OECD Publishing, Paris, https://doi.org/10.1787/9789264271401-en

16. Implementation guidance includes reports on: *The Impact of the Growth of the Sharing and Gig Economy on VAT/GST Policy and Administration*, OECD Publishing, Paris OECD (2021), https://doi.org/10.1787/51825505-en;
The Role of Digital Platforms in the Collection of VAT/GST on Online Sales, OECD Publishing, Paris (2019), https://doi.org/10.1787/e0e2dd2d-en;
Mechanisms for the Effective Collection of VAT/GST: Where the supplier is not located in the jurisdiction of taxation, OECD Publishing, Paris (2017); https://www.oecd.org/tax/consumption/mechanisms-for-the-effective-collection-of-vat-gst.htm

17. OECD/WBG/CIAT/IDB (2021), *VAT Digital Toolkit for Latin America and the Caribbean*, OECD Publishing, Paris, https://www.oecd.org/tax/consumption/vat-digital-toolkit-for-latin-america-and-the-caribbean.pdf

18. OECD/WBG/ADB (2022), *VAT Digital Toolkit for Asia-Pacific*, OECD Publishing, Paris, https://www.oecd.org/tax/vat-digital-toolkit-for-asia-pacific.htm

19. OECD/WBG/ATAF (2023), *VAT Digital Toolkit for Africa*, OECD Publishing, Paris, https://www.oecd.org/tax/consumption/vat-digital-toolkit-for-africa.htm

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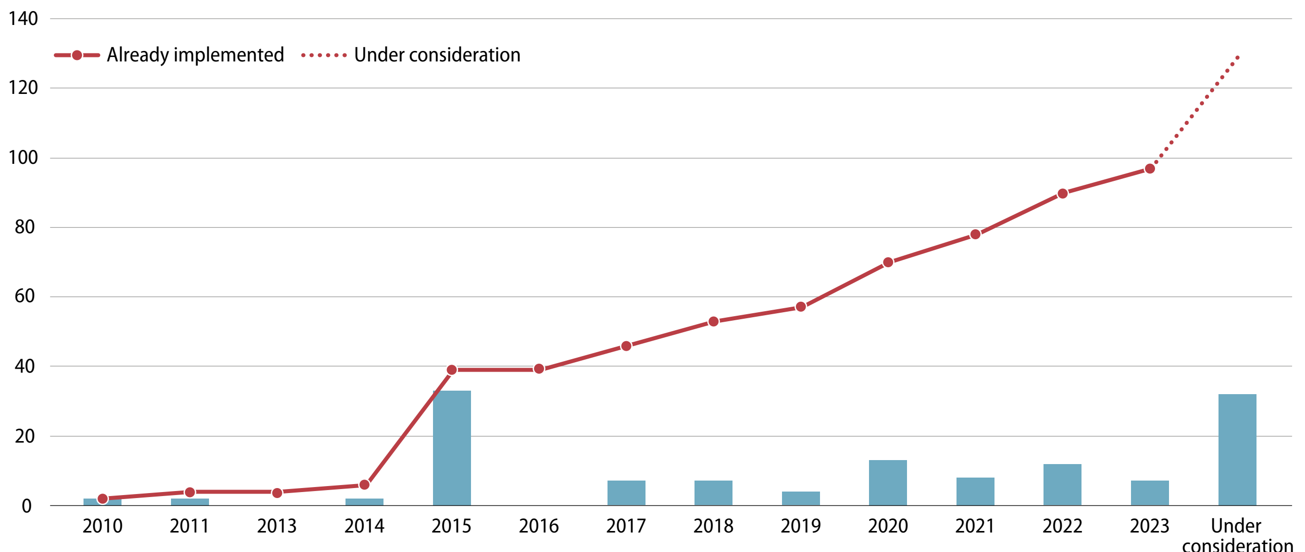
FIGURE 4. **Number of jurisdictions that have implemented VAT reforms targeting international supplies of services and intangibles based on OECD standards and guidance (2010-2023)**



Source: OECD Secretariat

Fighting tax crimes and other financial crimes

All countries face the threat of increasingly complex forms of financial crime. Tax evasion, fraud, corruption, money laundering and other financial crimes represent a significant component of illicit financial flows; they threaten the strategic, political, and economic interests of countries, and also undermine public trust in government and the financial system. Combatting these closely related crimes requires financial transparency, robust legal and institutional frameworks, and effective co-operation between tax administrations and other law enforcement authorities, both within and amongst jurisdictions.

The Task Force on Tax Crimes and Other Crimes (TFTC) brings together jurisdictions from across the globe. It promotes international co-operation and supports global efforts to stamp out financial crimes through implementation of the OECD Recommendation on the Ten Global Principles for Fighting Tax Crime.[20] This instrument offers the first comprehensive global standard on combatting tax crimes, setting out the essential legal, institutional, administrative, and operational frameworks necessary to effectively prevent, detect, investigate, and prosecute these crimes, while recovering their proceeds. In alignment with these Principles, the TFTC delivers policy recommendations, practical tools, guidance, training, and capacity building to support jurisdictions in their fight against tax crimes and other financial crimes, both domestically and internationally. The TFTC is open to developing countries, a growing number of which are participating in its meetings and activities; an even larger number participate in the Forum on Tax and Crime.

The work of the TFTC is complemented by capacity-building activities including through the International Academy on Tax and Financial Crime Investigation, and Tax Inspectors Without Borders programmes on criminal investigations (see Capacity building section).

20. https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0469

Increasing data on taxation

The importance of data for development is well recognised. The Sustainable Development Goals (SDGs) call for increasing the availability of high-quality, timely and reliable data. Such data, especially when internationally comparable, are a vital resource for policy makers in seeking to assess and reform their tax policies and increase domestic resource mobilisation.

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In recent years, effective international co-operation on the production and publication of international tax data has enabled a vast expansion in the coverage of these data. The OECD partners with countries and other international and regional organisations to produce key datasets that contribute to the availability of high-quality, inclusive data.

Global Revenue Statistics

The Global Revenue Statistics Initiative[1] supports countries in mobilising domestic revenues to fund public policies and development. The initiative, which provides detailed data on tax and non-tax revenues as well as analysis of revenue trends, covered 44 countries with two annual publications in 2011. Today, with four annual publications and one global dataset, it covers 127 economies, including 79 developing countries across Africa, Asia-Pacific, Latin America and the Caribbean, and Eastern Europe. The data in the Global Revenue Statistics Database[2] enable international comparability both amongst and within regions.

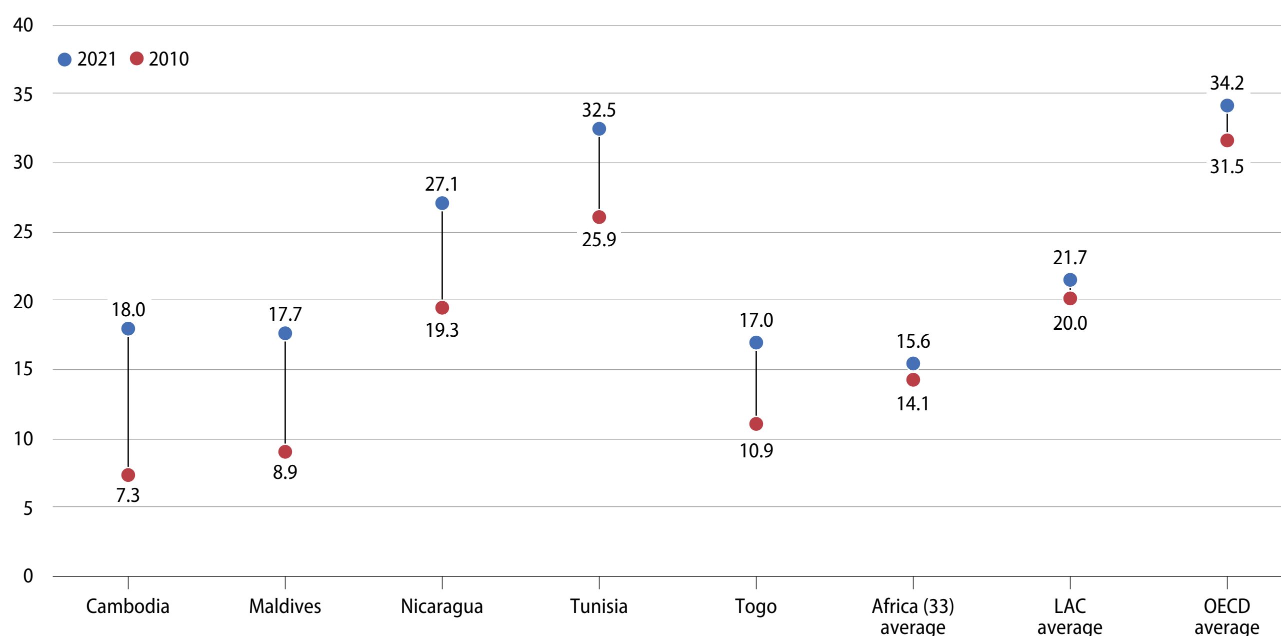
Global Revenue Statistics is produced in partnership with participating countries and with regional and international partners, including the African Union Commission, ATAF, AfDB, ADB, the *Cercle de réflexion et d'échange des dirigeants des administrations fiscales* (CREDAF), the United Nations Economic Commission for Latin American and the Caribbean (UN-ECLAC), the European Union (EU), CIAT, IDB, the Pacific Community and the Pacific Island Tax Administrators Association.

The data are produced under an internationally recognised classification consistent with the System of National Accounts 2008 and the IMF's Government Fiscal Statistics 2014. The OECD and the IMF work together to co-ordinate the production and classification of revenue data, to compare results, and to further understanding between the datasets.

The data and analysis of the OECD Global Revenue Statistics are widely used by countries, academics, journalists, researchers and policy makers around the world. Developing countries have acknowledged the value of the Global Revenue Statistics data for:

- the benchmarking of national revenues and tax systems against those of other countries from the same region and from other regions;

FIGURE 5. **Changes in tax-to-GDP ratios between 2010 and 2021: The five developing countries with the highest increases and regional averages**



Source: https ://www.oecd.org/tax/tax-policy/global-revenue-statistics-database.htm

1. https://www.oecd.org/tax/tax-policy/global-revenue-statistics-database.htm
2. Global Revenue Statistics Database – OECD, https://www.oecd.org/tax/tax-policy/global-revenue-statistics-database.htm.

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- the design/reform of tax policies and administrations, decisions on tax policy, and speeches by/discussions amongst politicians and decision makers;
- official documentation and analytical work on tax policy and administration; and
- presentations and policy dialogue at the local, national and international levels.

Countries have also reported improvements in their data collection and management systems because of their participation in the Global Revenue Statistics initiative. This is particularly true for the African countries, as they benefit from a wide range of capacity-building activities organised through Revenue Statistics in Africa. These activities contribute to achieving the objectives stated in the African Union's African Charter on Statistics,[3] and in its Strategy for the Harmonization of Statistics in Africa.[4]

Corporate Tax Statistics

Corporate Tax Statistics,[5] published annually, provides a further source of international tax data for policy makers and researchers. First published in 2019 with a coverage of close to 100 jurisdictions, the 2023 edition has expanded to bring together data from more than 160 jurisdictions worldwide. This database includes data on corporate tax revenues, statutory and effective corporate tax rates, research and development and intellectual property regime incentives, withholding taxes, interest limitation rules, controlled foreign company rules, and anonymised and aggregated CbCR information. The CbCR data provide governments with important information on MNE behaviour, particularly in relation to tax, and provide unique insights into the global activities of MNEs. Information on CbCR is collated by countries, anonymised, aggregated and sent to the OECD in a standardised form, and published annually. In 2023, the data covered more than 7 000 MNE groups worldwide. The OECD is working with countries to improve the coverage, granularity, and timeliness of the data in future editions of the report.

Tax Administration Data

The International Survey on Revenue Administration (ISORA)[6] is a collaborative initiative of the IMF, the Intra-European Organisation of Tax Administrations (IOTA), CIAT and the OECD, with the participation of the ADB. As of 2016, the Survey collects tax administration data from more than 150 tax administrations on an annual basis. The data provide information on the performance of tax administrations across a range of functions, as well as in organisational issues. This comparative information is intended to assist tax administrations in managing and evaluating their own performance while providing insights into global trends in tax administration. The ISORA partners provide the data to tax administrations via the IMF's dedicated Revenue Administration Fiscal Information Toolkit (RA-FIT) data portal;[7] in addition, they regularly comment on the data through their respective publications, such as the OECD Tax Administration Series.[8] These publications can assist tax administrations with their own ISORA data analysis and help them understand how they compare internationally. To contribute to this understanding, the ISORA partners are planning to organise training workshops on the use of ISORA data.

3. https://au.int/sites/default/files/treaties/36412-treaty-african_charter_on_satistics_eng.pdf
4. https://statafric.au.int/en/strategy-shasa-2-2017-2026
5. https://www.oecd.org/tax/beps/corporate-tax-statistics-database.htm
6. https://data.rafit.org/?sk=BA91013D-3261-42F8-A931-A829A78CB1EC
7. https://data.rafit.org/?sk=BA91013D-3261-42F8-A931-A829A78CB1EC
8. The RA-FIT data portal contains links to the recent publications: https://data.rafit.org/?sk=3dba84d7-1dd8-4533-b682-c0dfcb1d7f13&sId=1445912602010

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Carbon Pricing

The benefits of carbon pricing and fossil fuel subsidy reform extend beyond contributing to good climate policy and are relevant for all countries, not just advanced economies. Against this background, OECD's work on carbon pricing and energy taxation provides data that can help to identify opportunities for pricing carbon and reforming fossil fuel subsidies in a range of countries at diverse stages and levels of economic development.

The Pricing Greenhouse Gas Emissions[9] series supports countries in the transition to net zero greenhouse gas (GHG) emissions by providing comparable data on explicit carbon prices, energy taxes and subsidies. Building on the initial work, which in 2015 covered 41 OECD and G20 countries, the 2023 edition[10] has expanded to cover 72 countries, including 35 developing countries; this encompasses approximately 80% of global GHG emissions and energy use, as well as the majority of members of the Coalition of Finance Ministers for Climate Action. The scope of the data has also expanded over time to include fossil fuel subsidies, a common policy measure in many developing countries, which enables net effective carbon rates and net effective energy indicators to be calculated. The data, including the country summaries, assist governments in meeting their climate targets, improving air and water quality, and supporting public finance.

These publications also include policy discussions, including with a focus on key considerations for developing countries. The low level of GHG emissions generated by developing and emerging countries indicate that their ability to slow down climate change in the near future through their own actions is limited. However, reforms in carbon pricing and fossil fuel subsidies enable countries to respond to multiple pressing challenges, including climate change but also extending beyond it. For example, cutting GHG emissions substantially reduces local air pollution. These co-benefits can counterbalance some of the short-term costs of climate action (e.g. higher energy and food prices).

While interest in carbon pricing reform is on the rise, as evidenced by the growth in explicit carbon pricing schemes, the data show that carbon prices continue to be relatively low in many developing and emerging economies. The barriers to carbon pricing reform are not predominantly administrative. Almost all countries have experience with fuel excise taxes (the most current type of carbon pricing in developing countries), which indicates that the implementation of carbon price reform is within reach in administrative terms. Governments could make further progress by aligning excise taxes with the carbon content of fuels. Such fuel-based carbon taxes could be collected from the fuel suppliers in the same way as existing fuel excise taxes.

Carbon pricing can also strengthen developing countries' efforts to improve domestic resource mobilisation. While the revenue potential varies across countries, data show that it is often substantial. In *Taxing Energy Use for Sustainable Development*,[11] the OECD found that on average, developing countries could raise revenues equivalent to 1% of GDP by implementing carbon pricing on fossil fuels, even at a low-end benchmark. Carbon taxes are also generally harder to avoid than direct taxes on personal or corporate income and can, therefore, be effective in economies facing the challenge of high levels of informality.

The OECD offers training resources on carbon pricing implementation and also engages in the global dialogue on carbon pricing, including through the Coalition of Finance Ministers for Climate Action, and through UN processes. It has also engaged in dialogue with several countries considering carbon pricing reform. With the partners in the Platform for Collaboration on Tax (PCT), the OECD also contributes to *Carbon Pricing Metrics*,[12] which shows that the metrics of the partners in the PCT complement each other, offering a comprehensive picture of the carbon pricing landscape. According to the report, the PCT partners concur on a crucial message: energy prices are poorly aligned with climate and environmental and health costs, and carbon pricing signals to date are insufficient.

9. https://www.oecd.org/tax/tax-policy/pricing-greenhouse-gas-emissions-turning-climate-targets-into-climate-action.htm

10. OECD (2023), *Effective Carbon Rates 2023: Pricing Greenhouse Gas Emissions through Taxes and Emissions Trading, OECD Series on Carbon Pricing and Energy Taxation*, OECD Publishing, Paris, https://doi.org/10.1787/b84d5b36-en

11. https://www.oecd.org/tax/tax-policy/taxing-energy-use-for-sustainable-development.htm

12. https://www.tax-platform.org/sites/pct/files/publications/PCT-CPM-Report.pdf

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Capacity building

Capacity building is essential to help developing countries implement their tax policy and tax administration objectives. Working with a wide range of partners, the OECD has developed extensive capacity- building activities, and these have expanded significantly in recent years.

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A combination of multilateral and bilateral programmes, as well as virtual and in-person opportunities, provide numerous options for countries, ranging from high-level introductions to in-depth technical support. Two innovations are particularly notable: TIWB, and virtual training and e-learning.

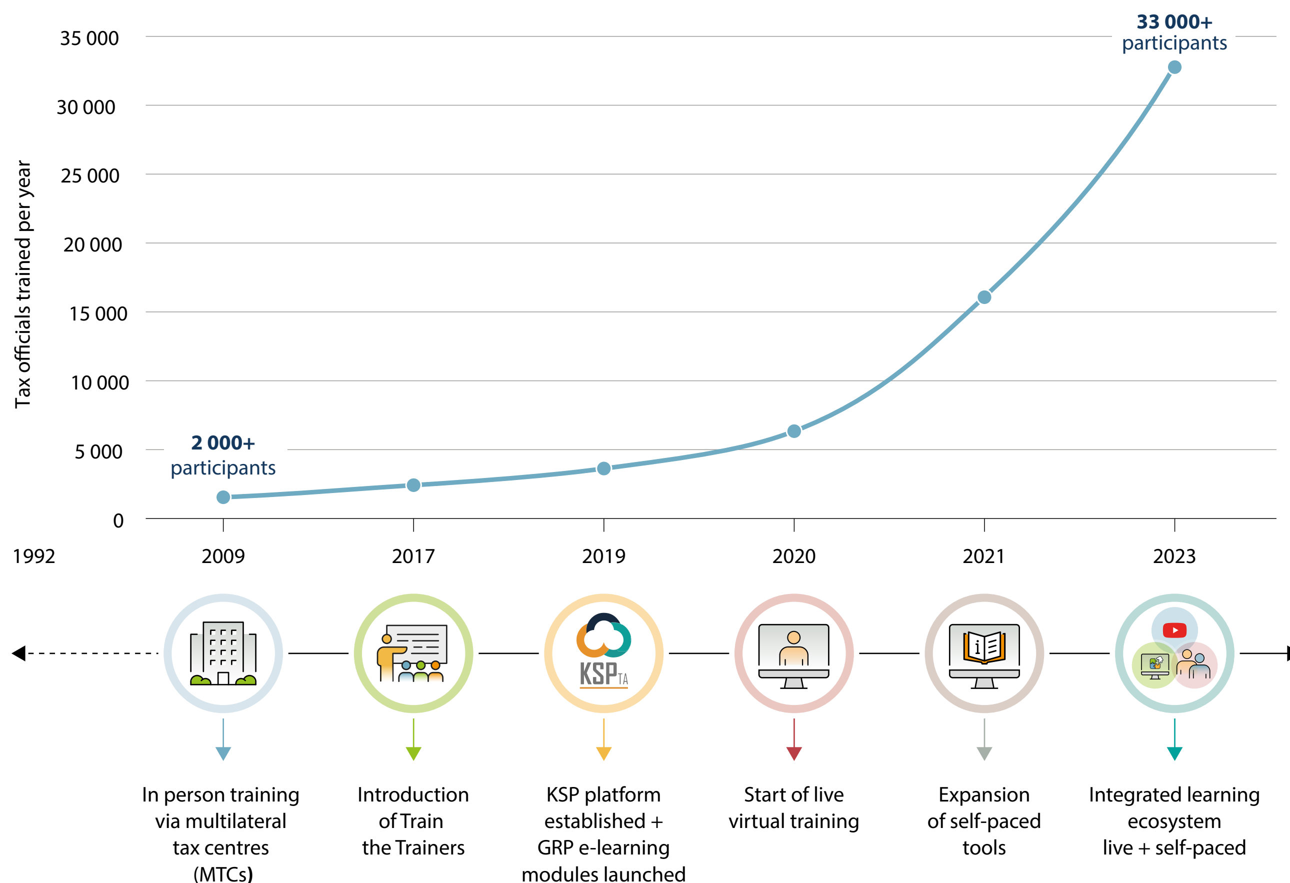
TIWB was established in 2015 to provide a solution to allow experts to work alongside officials on live audits. This support has helped generate an additional USD 2.3 billion in revenues.

The introduction of virtual training and e-learning, which accelerated significantly during the COVID-19 pandemic, has enabled the OECD capacity-building work to expand from working with a couple of thousand officials a year in 2008 to over 40 000 by 2023. Some countries have also integrated OECD virtual and e-learning resources into their domestic training programmes.

The Global Relations Programme

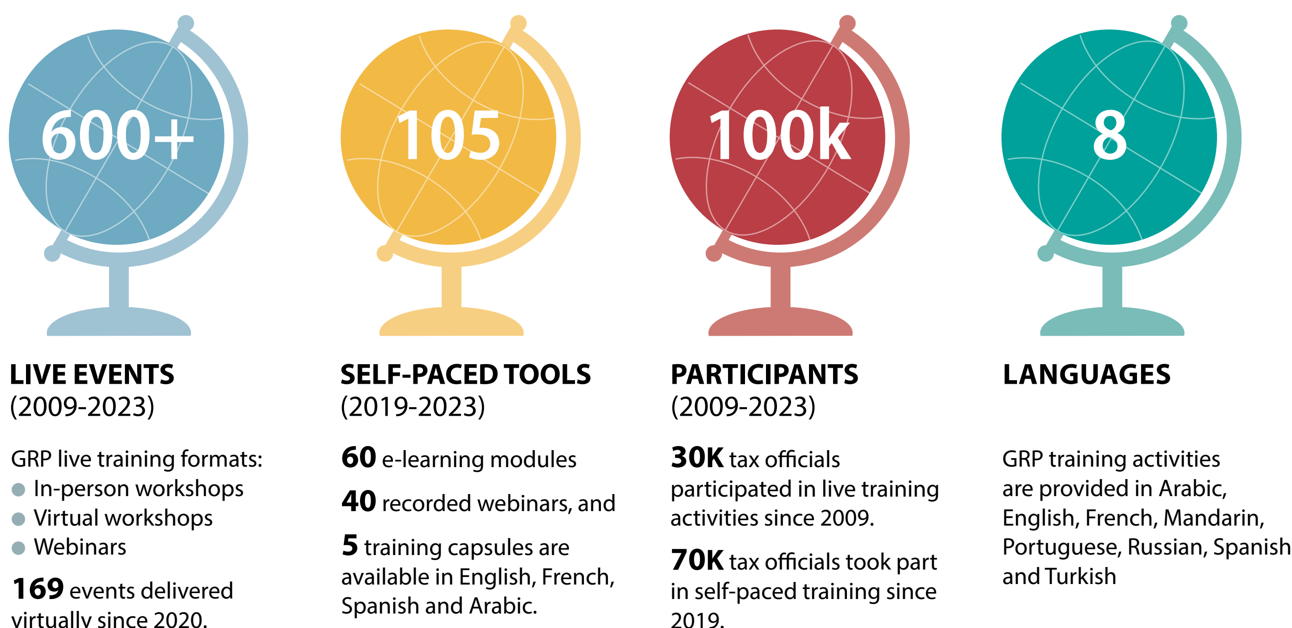
The Global Relations Programme (GRP) is the oldest of the OECD initiatives for capacity building in tax. Established in 1992 to provide support on international tax issues to Eastern European countries in transition, it has evolved into a truly global programme. Today, the GRP delivers more than 50 events yearly, both virtually and through the six OECD multilateral tax centres around the world (Austria, China, Hungary, Korea, Mexico, Türkiye). These events equip tax officials from developing countries with the knowledge and skills needed to tackle today's most pressing challenges in international taxation. The GRP offers a full range of training topics, from basic understanding of the issues, to consolidating practical knowledge and skills. The programme focusses on key areas of international tax co-operation and on emerging issues relevant to developing countries, including but not limited to tax treaties, transfer pricing, BEPS, tax and digitalisation, exchange of information, tax administrations, VAT and tax and crime.

FIGURE 6. **Evolution of the Global Relations Programme, 2009-2024**



Source: OECD Secretariat

FIGURE 7. **The Global Relations Programme capacity-building activities and global outreach, 2009-2023**



Source: OECD Secretariat

The goal of the GRP is to enable tax officials to share their experiences, acquire a common understanding of international tax systems, and develop solutions to common problems. All capacity-building activities are offered free of charge. Teaching is provided by a combination of OECD staff and officials from a range of countries. Many of the events are delivered in partnership with regional and international tax organisations.

The OECD training offer has expanded into a fully integrated and blended learning ecosystem. Tax officials have the flexibility to choose from several live and self-paced training options, which cover from the most basic to the most complex issues. GRP training activities have grown significantly to include more than 33 000 participants in 2023.

The Global Forum Programme

Capacity building on EOI began in 2011 when the Global Forum developed pilot projects in Ghana and Kenya. Since then, bilateral support has been provided to more than 90 jurisdictions, most of them developing countries. This support is tailored to the demands of each jurisdiction and has evolved to encompass changes to the standard on EOIR as well as the introduction of AEOI. The goal is to ensure that members of the Global Forum can access the benefits of EOI, including helping jurisdictions in using EOI to mobilise domestic resources.[1]

The Global Forum has built a multi-faceted approach to capacity building and outreach, including regional initiatives, tailored assistance (mostly bilateral), e-learning, toolkits, thematic initiatives, and pilot projects. Some of the highlights include:[2]

Since 2011

- Various practical tools have been developed, including **10 toolkits and 19 tools developed in 2020-23,** to help jurisdictions navigate key aspects of the effective implementation and use of tax co-operation for fighting illicit financial flows and domestic resources mobilisation.

- **379** events have been organised and **31 000** tax officials have been trained.

Since 2019

- **Nine e-learning courses** have been released; they have been completed by **more than 10 000 officials**.

1. The latest iteration is the 2023 Global Forum Capacity-Building Report https://www.oecd.org/tax/transparency/documents/capacity-building-report-2023.htm
2. 2023 Global Forum Capacity Building Report

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Since 2021

- A network of **186 local trainers from 65 jurisdictions**, established under the Train the Trainer programme, have coached **6 100 officials** in EOI.

Since 2022

- **More than 20 women** have participated each year in the Women Leaders in Tax Transparency initiative, a nine-month programme promoting the establishment and development of a network of women officials from tax administrations and ministries of finance. The aim is to empower women to take leading roles in tax transparency and to act as role models in their organisations.

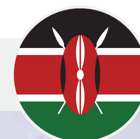
Regional initiatives

The Global Forum has launched several regional initiatives to support the tax transparency agenda and address specific needs identified by its members. Regional initiatives enable the provision of tailored support to address the needs and priorities of countries in each region and help them build their capacity in exchange of information. These initiatives include:

- The **Africa Initiative**[3], created in 2014 by the Global Forum, counts 39 African member countries and several regional and international organisations and development partners. It aims to unlock the potential of tax transparency and exchange of information

3. http://www.oecd.org/tax/transparency/what-we-do/technical-assistance/africa-initiative.htm

BOX 2. **KENYA: Evolution of EOI**



Kenya joined the Global Forum in 2010. At that time, Kenya did not have a unit in place to handle EOI and faced challenges in ensuring the transparency of its taxpayers' cross-border activities. With the support of the Global Forum Secretariat, Kenya kicked off its EOI journey by establishing an EOI unit in 2014.

Although Kenya had the minimal infrastructure for EOI, the country sent only one request between 2014 and 2018. This was because of a lack of awareness of the potential of EOI on the part of tax auditors and investigators as well as the dependence on manual EOI processes and a limited EOI network of only nine double-tax conventions.

In 2019, Kenya began to strengthen the EOI function, allocating additional financial and human resources with a view to making the country a visible player in the global tax transparency community.

The use of EOI has steadily increased in Kenya, from one request in 2018 to 17 in 2019, 73 in 2020, and 173 in 2021. The resulting increase in revenue amounted to EUR 1.1 million (USD 1.05 million or KES 130 million) in 2019, EUR 86 000 (USD 82 560 or KES 10.5 million) in 2020 and EUR 8.1 million (USD 8.5 million or KES 985.2 million) in 2021.*

Building on this success, Kenya embraced a new challenge: in 2020, the country committed to implementing the AEOI standard and in September 2022, Kenya realised its

High-level meeting between Kenya Revenue Authority and Global Forum Secretariat in the margins of the 11th Meeting of the Africa Initiative, Nairobi, Kenya, 14-16 June 2022.

first exchange. With support from the Global Forum and partners, including the United Kingdom (Her Majesty's Revenue and Customs) and ATAF, Kenya implemented the relevant international legal framework and passed its primary legislation. In parallel, it developed secondary legislation and actively worked to set up a solid confidentiality and data safeguards framework, including Information Security Management (ISM) and the relevant IT and administrative capacity.

Source: Kenya Revenue Authority (KRA). OECD (2022), *Tax Transparency in Africa 2022: Africa Initiative Progress Report, Global Forum on Transparency and Exchange of Information for Tax Purposes*, OECD, Paris, https://www.oecd.org/tax/transparency/documents/tax-transparency-in-africa-2022.pdf.

* Exchange rate USD/KShs/EUR as on 11 May 2022.

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for Africa by ensuring that African countries are better equipped to tackle tax evasion and other illicit financial flows by harnessing improvements in global tax transparency. To this end, 33 African countries and the African Union Commission have also endorsed the Yaoundé Declaration.[4] The Africa Initiative has agreed an ambitious work programme to develop and consolidate a culture of transparency and exchange of information in African countries while progressing towards the implementation of automatic exchange of information. This includes a working group on cross-border assistance in recovery of tax claims.[5] The last report on progress can be found in *Tax Transparency in Africa 2023: Africa Initiative Progress Report*.[6]

- The **Latin America Initiative**[7] was established in 2018 and now includes 15 signatories, four technical partners and one observer country. The initiative focusses on maximising the effective use of the information exchanged under the international tax transparency standards to tackle tax evasion, corruption, and other financial crimes. One area of emphasis relates to the use of information exchanged through EOI agreements for non-tax purposes such as the fight against money laundering and corruption, or for customs matters; a pilot project involving six countries was launched in November 2022. Recent progress is reported in *Tax Transparency in Latin America 2023: Punta del Este Declaration Progress Report*.[8]

- The **Asia Initiative**[9] was launched in 2021 with the strong support of the ADB. This initiative is supported by the firm political commitment expressed in the Bali Declaration,[10] focussing on tailored solutions to ensure the implementation of tax transparency and EOI across Asia. The first report, *Tax Transparency in Asia 2023: Asia Initiative Progress Report*, was issued in 2023.[11]

- Together with the ADB and other partners, in 2020 the Global Forum launched a **Pacific Initiative**[12] to raise awareness and enhance tax transparency in developing Pacific Islands.

To unleash the potential of AEOI for developing countries, the Global Forum issued its new strategy at the end of 2021.[13] A comprehensive and structured capacity-building programme is available to developing

BOX 3. **AEOI In Latin America**

In 2022, only a year after starting its first automatic exchanges of financial account information, Ecuador implemented a comprehensive strategy around the use of AEOI data. The total amount of regularised assets has amounted to EUR 1.7 billion, with the collection of more than EUR 84 million in tax revenues. One case stands out, in which a taxpayer regularised assets of more than EUR 93 million and paid EUR 5.3 million in taxes.

The use of AEOI data in Peru allowed the country to increase the number of taxpayers reporting their foreign source income by 53% in 2022 compared to the average of the previous four years. These results emphasise the potential that AEOI holds for countries in the region as a revenue mobilisation tool.

Source: OECD (2023), *Pioneering Global Progress in Tax Transparency: A Journey of Transformation and Development – 2023 Global Forum Annual Report, Global Forum on Transparency and Exchange of Information for Tax Purposes,* OECD, Paris, https://www.oecd.org/tax/ transparency/documents/global-forum-annual-report-2023.pdf.

4. https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/the-yaounde-declaration.htm
5. *Building effective frameworks for cross-border assistance in the recovery of tax claims in African countries*
6. OECD (2023), *Tax Transparency in Africa 2023: Africa Initiative Progress Report, Global Forum on Transparency and Exchange of Information for Tax Purposes,* OECD Publishing, Paris, https://www.oecd.org/tax/transparency/documents/tax-transparency-in-africa-2023.pdf
7. http://www.oecd.org/tax/transparency/what-we-do/technical-assistance/punta-del-este-declaration.htm
8. OECD (2023), *Tax Transparency in Latin America 2023: Punta del Este Declaration Progress Report, Global Forum on Transparency and Exchange of Information for Tax Purposes,* OECD Publishing, Paris, https://www.oecd.org/tax/transparency/documents/tax-transparency-in-latin-america-2023.pdf
9. https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/asia-initiative.htm
10. https://www.oecd.org/tax/transparency/documents/Bali-Declaration.pdf
11. OECD (2023), *Tax Transparency in Asia 2023: Asia Initiative Progress Report, Global Forum on Transparency and Exchange of Information for Tax Purposes,* OECD Publishing, Paris, https://www.oecd.org/tax/transparency/documents/tax-transparency-in-asia-2023.pdf
12. https://www.oecd.org/tax/transparency/what-we-do/technical-assistance/pacific-initiative.htm
13. OECD (2021), *Unleashing the potential of automatic exchange of information for developing countries, 2021 Strategy*, OECD Publishing, Paris, www.oecd.org/tax/transparency/documents/aeoi-strategy-developing-countries.pdf

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countries to assist in effectively implementing and using AEOI. Its modular approach covers the various implementation requirements in respect to the legal framework, as well as practical operational, confidentiality and data safeguarding aspects. Significant progress has already been made, as reported in July 2023 to the G20.[14]

Bilateral capacity-building programmes

Transfer pricing and BEPS

The OECD began providing bespoke bilateral capacity building on international tax issues in 2011, initially consisting of support to five countries on transfer pricing issues. These programmes, developed in line with the needs of the country, can cover a combination of training with support on legislative and regulatory reform, and on organisational restructuring. To date, more than 50 countries have received in-depth support on transfer pricing and BEPS issues. Of these: 42 now have transfer pricing legislation in place, aligned with the most recent international standards, or are in the process of drafting such legislation; 30 have introduced secondary transfer pricing legislation, which contributes to improving taxpayer certainty, or are in the process of drafting it; and 43 have built dedicated transfer pricing technical capacities or are in the process of doing so.

In many countries support has been provided over several years, evolving over time from general principles of transfer pricing to increasingly complex issues, including sector-specific issues and Advance Pricing Agreements (APAs). This evolution often reflects the fact that countries have successfully completed earlier phases, developing both the regulatory environment and human resources needed to undertake more complex work.

With the introduction of the BEPS Actions, and more recently the Two-Pillar solution, the capacity-building programmes have also evolved to provide support on a wider range of issues. In addition to the BEPS minimum standards, there has been significant demand for support on BEPS Action 4 (on interest deductibility)

14. OECD (2023), *Update on the Implementation of the 2021 Strategy on Unleashing the potential of automatic exchange of information for developing countries*, OECD Publishing, Paris, https://www.oecd.org/tax/transparency/documents/update-on-implementation-of-2021-aeoi-strategy-for-developing-countries.pdf

BOX 4. Addressing BEPS in ZAMBIA

In recent years, Zambia has made great efforts to combat BEPS abuses by building the audit skills of Zambian Revenue Authority officials and improving the Zambian legislative framework on transfer pricing and other BEPS-related issues. In 2017, Zambia joined the OECD/G20 Inclusive Framework on BEPS, an international coalition of 145 jurisdictions working together to end tax avoidance. To improve its tax audit capacity, Zambia joined Tax Inspectors Without Borders (TIWB) in 2018. Since then, Zambia has also received technical assistance on exchange of information for tax purposes. Most recently, Zambia joined the BEPS in Mining Programme; this programme, run by ATAF, the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) and the OECD, provides targeted support on transfer pricing audits in the mining sector, and on improving related legislation.

By 2020, the Zambian Revenue Authority had achieved significant results on their transfer pricing audit work, including USD 133 million in assessed tax and USD 111 million in collected tax. In May 2020, the Zambian Revenue Authority won a landmark tax case in the Supreme Court against Mopani Copper Mining PLC. The Court ordered the company to pay additional tax of 240 million Kwacha (USD 13 million). The judgement hinged on Zambia making a technical case showing evidence of tax avoidance through BEPS. Zambia and many African tax administrations report that the abuse of transfer pricing rules – the pricing of goods and services between related parties of a multinational enterprise – represents one of the highest BEPS risks to their tax bases.

The landmark victory in the Mopani case sends a message beyond Zambia: African tax authorities are able and confident to take on and deal with complex transfer pricing transactions. The dispute, which was long and complex, demonstrates the value of long-term and patient capacity-building support; this support equipped the Zambian Revenue Authority's audit and legal teams to confidently and competently tax multinational enterprises, and ultimately generate additional tax revenue for the government.

Source: Adapted from Landmark Supreme Court victory in Zambia: Collecting millions in tax revenues and sending a message across borders (Baine, M, Dickinson, B and Mvula, I) https://oecd-development-matters.org/2020/11/12/landmark-supreme-court-victory-in-zambia-collecting-millions-in-tax-revenues-and-sending-a-message-across-borders/ see also https://www.oecd.org/tax/tax-global/building-capacity-to-prevent-profit-shifting-by-large-companies-in-zambia.pdf

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BOX 5. **Multidimensional capacity building in KAZAKHSTAN**

The Kazakhstan bilateral BEPS capacity-building programme has been running since 2020. It is focused on transfer pricing and runs in parallel with the ongoing TIWB programme, centred on the mining sector and financial transactions. Together these programmes have provided traditional capacity building, including training – especially on financial transactions – as well as hands-on assistance with carrying out transfer pricing audits.

As a part of the programme, numerous tax avoidance practices have been identified; they result from divergences between the existing transfer pricing law in Kazakhstan and the international standard represented by the OECD Transfer Pricing Guidelines. In response to these challenges, Kazakhstan has developed, with support from the programme, amendments to the Transfer Pricing Law, which, once passed by Parliament, should bring some elements of the legal framework closer to the international standard.

In 2023, the TIWB programme helped to produce USD 98 million in tax base adjustments, bringing the total tax adjustments for the 2021-2023 period to USD 263 million and the total additional tax collected as a result of the TIWB programme for the same period to the equivalent of USD 70.4 million.

Furthermore, in 2023 Kazakhstan also completed all necessary requirements for sending and receiving CbC reports. This included putting in place a domestic filing requirement and Qualifying Competent Authority Agreements, as well as meeting the confidentiality and appropriate use requirements under the Action 13 minimum standard. This makes it possible for Kazakhstan to receive CbC reports on exchange.

Source: OECD and TIWB Secretariats and Kazakhstan.

and on Action 7 (on preventing artificial avoidance of permanent establishment status). The demand for support on the implementation of the Two-Pillar Solution continues to grow, especially in respect to Pillar Two. In 2023, nine pilot programmes were launched on tax incentives and the global minimum tax.

In many cases the transfer pricing and BEPS programmes are complemented by other programmes, such as on exchange of information, which is especially important in the implementation of CbCR, and TIWB; these have been especially important in countries that have very limited experience in transfer pricing audits.

These programmes support countries in implementing effective taxation of MNEs using international standards and adapting them to local requirements where necessary; they provide revenues to governments, as well as certainty and predictability to taxpayers.

The main objective of such reforms is to increase voluntary compliance by taxpayers, and several countries have reported progress in this respect. In Zambia, the number of mining companies paying corporate income tax has doubled since the programme started, while the tax paid has increased by more than 500%. Although other factors also contribute to these figures, the increases have continued even as copper prices have declined, indicating that improved voluntary compliance is at least contributing to progress in revenue performance. Ukraine's analysis following transfer pricing reforms shows that in 2020-21, 520 companies made voluntary adjustments, increasing the tax base by USD 410 million; in 2022, a further 80 companies made voluntary adjustments, amounting to USD 70 million.

Extractives

The economies of many developing countries are highly dependant on natural resources, especially on extractive industries. The effective taxation of these industries is therefore vital if resource-rich countries are to raise the revenues they require to meet development goals. The design and implementation of tax systems for natural resources can be especially challenging because of a range of factors, including fluctuating commodity prices, limited supply of non-renewable resources, and political and economic factors involved in natural resource contracts and projects.

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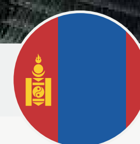
BOX 6. **Improving mining taxation in MONGOLIA**



Mining is one of the largest economic sectors in Mongolia, accounting for close to one-fifth of GDP and more than 90% of export values. Mining's contribution to government revenues, however, is much smaller than those figures would suggest. This is in part due to aggressive BEPS strategies employed by mining companies, as well as to the limited capacity of the Mongolian General Department of Taxation. The OECD/IGF programme in Mongolia has lent support to address these challenges.

The Global Forum has supported Mongolia in exchange of information since 2017. An OECD/IGF deep-dive programme was launched in 2019, accompanied by a TIWB programme. Collectively, these programmes have helped Mongolia to put in place the legal, administrative and human resources needed to tax the mining sector more effectively. They have contributed to the establishment of modern exchange of information and transfer pricing rules, supporting this with capacity building on the practical aspects of administering the modern framework. In addition, new mining-specific regulations – on valuing mining and exploration licenses and ring-fencing – were also introduced. Collectively, these changes not only improve the General Department of Taxation's ability to effectively tax the mining sector, but also provide a clearer and more predictable tax environment for mining companies operating in Mongolia.

Fourteen months after the launch of the BEPS in Mining deep-dive and TIWB programmes, the Mongolian General Department of Taxation issued its first transfer pricing assessment as part of a comprehensive audit of a large multinational mining company. The results – USD 228 million paid in full and the denial of USD 1.5 billion in carried-forward losses – were the result of the work of a small transfer pricing team that was formed in October 2019.

Source: Adapted from *Tackling multinational tax avoidance in Mongolia: OECD Tax and Development Case Study* – https://www.oecd.org/tax/tax-global/tackling-multinational-tax-avoidance-in-mongolia.pdf

In 2018, OECD bilateral programmes expanded their ongoing support to resource-rich countries by creating a dedicated extractives programme with a focus on mining. Developed in partnership with the IGF, the programme brings together industry and taxation expertise to deliver a three-pronged approach to technical assistance that comprises guidance documents, regional training, and comprehensive bilateral country programmes.

As the mining sector has specific tax risks, there is a need for specialised guidance on how to identify these risks and apply international standards to the extractives sector, focussing especially on addressing BEPS-related risks, including transfer pricing. A range of toolkits and practice notes have been developed, including toolkits on pricing specific minerals.[15] These guidance products are complemented by multilateral international tax training programmes, specifically directed to the extractive sector and often undertaken at the regional level, in partnership with regional tax organisations.

For the countries with the highest needs, bespoke and tailored bilateral support programmes have been introduced. As with more general bilateral support on BEPS, these deep-dive programmes provide assistance on the full range of legal, administrative, and organisational challenges that resource-rich developing countries

15. OECD/IGF (2023), *Determining the Price of Minerals: A Transfer Pricing Framework*, IGF, Ottawa/OECD Publishing, Paris, https://doi.org/10.1787/de6ec0c5-en

experience. In addition, where there is also a TIWB programme working on specific cases, the deep-dive programme supports the TIWB experts in delivering their programme.

The impact of enhancing capacity in the extractives sector can be significant, as demonstrated by the results in Mongolia: in 2021, just 14 months after the programme commenced, the Mongolian authorities issued a tax assessment of USD 228 million paid in full, and denied USD 1.5 billion in carried-forward losses.

Boosting developing economies' capacity to secure the efficient and effective collection of VAT on international digital trade

In response to requests from a growing number of developing economies and other stakeholders, such as development banks and regional organisations, the OECD has developed a capacity-building programme to assist interested developing economies with the efficient and effective collection of VAT on international digital trade, in line with recommended approaches. The activities include:

BOX 7. OECD comprehensive technical assistance for the design and implementation of VAT reforms on digital trade: Country experiences

EGYPT

Since the end of 2019, the OECD has provided extensive and continuous support to Egypt in the design and implementation of VAT reforms directed at e-commerce. Egypt's regime for VAT on supplies of digital services and other remote supplies of services by non-resident businesses came into force on 22 June 2023. The OECD's assistance now focusses on the extension of the new VAT measures to cover the importation of goods (retail products) sold by non-resident online sellers and platforms. A workshop with tax administration and customs authority officials was held in Cairo in early December 2023.

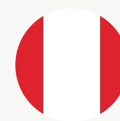
GEORGIA

A comprehensive programme of assistance supports the Georgian tax authorities in VAT reform, targeted primarily at low-value imported goods. This includes guidance on the project scope, project management, and policy decisions. The OECD will provide further assistance in drafting primary and secondary legislation, establishing compliance management and communication strategies, developing guidance on technical implementation, and in conducting consultations with businesses and other stakeholders.

JAMAICA

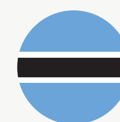
The OECD is providing ongoing support to the Jamaican tax authority for the design and implementation of reforms to impose VAT on supplies of digital services to consumers in Jamaica. This project involves in-person workshops as well as virtual meetings, in the context of a broader initiative on indirect tax in co-operation with the WBG.

PERU



The OECD has provided input to the Peruvian tax authorities for the revision of a reform bill to levy VAT on international sales of digital services, with the aim of aligning it with OECD recommendations. This revision is a direct outcome of a collaborative process of OECD engagement with the Peruvian Tax Authorities, including a workshop, virtual meetings, and a legislative review conducted in close co-operation with the WBG.

BOTSWANA



In partnership with ATAF, the OECD is providing comprehensive assistance to the Botswanan tax authority on VAT reforms targeting international digital services. Support activities include the facilitation of dialogue with the international business community to raise awareness of the planned reforms and solicit feedback on early drafts of legislation. The OECD also contributed, in August 2023, to the drafting of the legislation through an intensive full-week workshop with ATAF and experts from African tax authorities.

FIJI

The OECD provided guidance on the drafting of a new VAT Act, including legislation for increased effectiveness in imposing and collecting VAT on supplies by non-resident businesses operating in the digital economy. In close partnership with the Australian Taxation Office, the OECD also provided input into the development of a Pacific-One-Stop-Shop to enable international businesses and digital platforms to comply with VAT obligations in Fiji and across the Pacific Island region through a single VAT registration.

Source: OECD Secretariat

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- ***The development of regional VAT Digital Toolkits***, in partnership with the WBG and regional organisations. The toolkits provide step-by-step guidance for the design and implementation of the recommended framework for the collection of VAT on digital trade, taking into account the specific regional circumstances and challenges in Latin America and the Caribbean (in partnership with CIAT and IDB),[16] Asia-Pacific (in partnership with the ABD)[17] and Africa (in partnership with ATAF).[18]

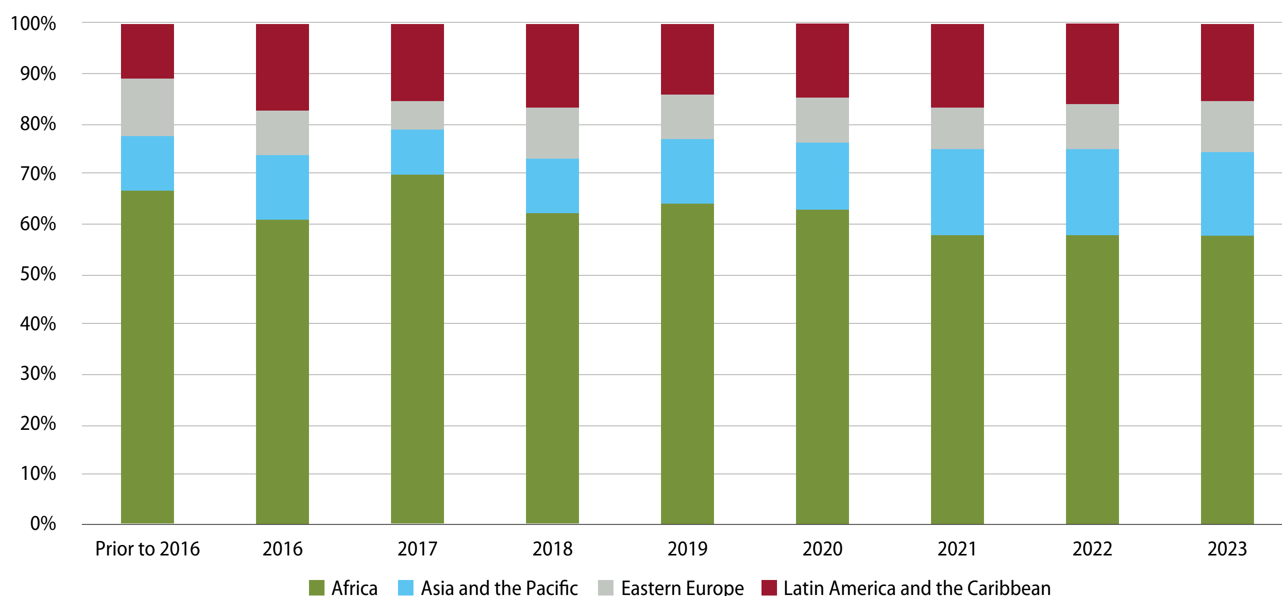
- ***The provision of technical assistance to interested developing economies***, including multilateral and bilateral technical assistance. This assistance comprises bespoke support on specific aspects of implementing reforms based on the internationally agreed standards and recommend approaches delivered by the OECD, as well as more comprehensive support across all aspects of implementation. Since 2020, 44 global and regional workshops and events have reached some 180 jurisdictions, raising awareness and building understanding of the standards and recommended approaches. Close to 25 developing countries have received bilateral support to date, with 16 already having brought into force measures for allocating and collecting VAT on international supplies of digital services and products. Full technical assistance is currently provided to six jurisdictions. Box 7 provides an overview of the extensive support lent.

- An increasing number of developing countries have made VAT reforms directed at digital trade. As a result, there is a growing demand for support in enhancing tax administrations' capacity to tackle VAT fraud and non-compliance, particularly by non-resident suppliers. In response, TIWB programmes are being piloted to enable experienced experts to support audit and enforcement processes directed at non-resident sellers falling under the VAT regime on digital trade.

Tax Inspectors Without Borders

Taxpayer confidentiality requirements often restrict access to data, making it difficult for external experts to provide direct support on live tax audits. Because of this, crucial final steps translating tax reforms and training into action have often gone unsupported, limiting the impact of traditional technical assistance programmes on tax.

FIGURE 8. **Regional distribution of TIWB programmes (cumulative)**



Source: TIWB Secretariat based on internal data

16. OECD/WBG/CIAT/IDB (2021), *VAT Digital Toolkit for Latin America and the Caribbean*, OECD Publishing, Paris; https://www.oecd.org/tax/consumption/vat-digital-toolkit-for-latin-america-and-the-caribbean.pdf
17. OECD/WBG/ADB (2022), *VAT Digital Toolkit for Asia-Pacific*, OECD Publishing, Paris, https://www.oecd.org/tax/vat-digital-toolkit-for-asia-pacific.htm
18. OECD/WBG/ATAF (2023), *VAT Digital Toolkit for Africa*, OECD Publishing, Paris, https://www.oecd.org/tax/consumption/vat-digital-toolkit-for-africa.htm

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TIWB, a joint initiative of the OECD and UNDP, was established in 2015 to address this problem. TIWB's unique approach to international tax co-operation makes it possible for experienced, serving tax auditors from partner administrations to work alongside officials in developing countries, sharing their knowledge and experience in auditing multinational enterprises as they work together on current cases with access to confidential data. As of the end of 2023, there have been 130 TIWB programmes across 62 jurisdictions, of which 71 were concluded and 59 were still ongoing. These programmes, sometimes implemented with partners including ATAF and the WBG, have resulted in additional tax revenues of more than USD 2.3 billion across Africa, Asia and the Pacific, Eastern Europe, and Latin America and the Caribbean.

Since its creation, the TIWB programme has evolved. While the first programmes primarily used experts from OECD countries, over time TIWB has sought to broaden the pool of experts, in particular in support of South-

BOX 8. TIWB capacity building around the globe

Sweden and Norway partner to assist KOSOVO in domestic revenue mobilisation and capacity building

The TIWB audit programme for the Tax Administration of Kosovo (TAK) was launched in November 2022 with the collaboration of the Swedish Tax Agency and the Norwegian Tax Administration. The programme focusses on related-party transactions in the financial services sector and aims to build capacity amongst TAK officials through work on actual international audit cases. The first two missions in Kosovo were successful, with TAK auditors appreciating the opportunity to work with experts from both organisations.

Positive impact from the TIWB-CI programme in THE MALDIVES

The Maldives Inland Revenue Authority (MIRA) has received support from an Australian criminal tax investigations expert under the TIWB initiative since 2021. Local investigators working with the expert have made significant progress in their casework, with several cases being finalized and submitted for potential charges. Collaboration with TIWB has greatly enhanced the MIRA's investigative capacity, leading to an agreement between the MIRA and the Economic Crime Department of the Maldives Police Service to create a framework facilitating simultaneous investigations. Additionally, with the help of the TIWB expert, an Intelligence Section has been established within MIRA's Risk Management and Investigation Department.

Strengthening the application of tax laws in TUNISIA

In 2022, a TIWB programme was launched in Tunisia to provide technical assistance to the local tax administration's Advance Pricing Agreement (APA) Unit. The programme includes support for analysing APA applications and developing model APAs, as well as training in the use of commercial databases to improve skills in comparability analysis. Positive outcomes include the implementation of a selection grid to enhance the thoroughness of APA applications.

Legislative changes in UGANDA

Uganda's engagement with TIWB led to the introduction of provisions for a Capital Gains Tax (CGT), permitting the implementation of legislative changes such as interest deductibility rules and penalties for non-compliance. These reforms helped to shorten audit cycles and improve self-assessments, resulting in an increase in internal revenue collection. In addition to these changes, local auditors have reported increased confidence and capabilities in transfer pricing audits.

Administrative enhancement in ZAMBIA

Since 2013, expert guidance and advice resulting from effective collaboration between TIWB and ATAF has driven administrative and legal changes in Zambia. This partnership, and the active commitment of the country, resulted in the establishment of dedicated units for international tax audits and transfer pricing in 2016; reforms were also made to the existing tax legislation, as were recommendations on treaty provisions.

TIWB learning by doing in GEORGIA

TIWB programmes in Georgia have helped build skills and confidence amongst tax auditors, who have acquired skills and knowledge in transfer pricing and other international tax topics. This in turn has led to organisational change, improved service delivery, better co-operation with taxpayers and increased tax compliance. Through TIWB, auditors of the Georgia Revenue Service improved their ability to conduct high-quality audits, including in complex transfer pricing cases. This enabled the Georgia Revenue Service to issue amended assessments amounting to USD 2.16 million in additional tax revenues.

Source: TIWB Secretariat

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Tax Academy Train the trainers Programme,
September 2019, Nairobi, Kenya

South international co-operation. Since 2016, there have been 26 South-South programmes. In addition, TIWB has begun a mentorship programme to further build the pool of southern-based TIWB experts.

The scope of TIWB programmes has also evolved. The focus of the programmes has been adapted to respond to country demands, with more specialised programmes focussing on specific sectors (e.g. telecoms) or on specific aspects of international taxation, such as APAs.

The TIWB initiative has also expanded beyond the initial concentration on MNE audits to bring the unique TIWB approach to other areas. TIWB programmes in tax crime investigations (TIWB-CI) began in 2019 and by the end of 2023 there were nine criminal investigation programmes running. Pilots on the use of information received under AEOI began in 2021 and in 2022, pilots on supporting tax administrations in their digitalisation began.

Since its launch in 2015, TIWB has helped to build audit skills that improve the overall performance of tax administrations in developing countries, delivering additional revenue that increases domestic resource mobilisation. With the collaboration of its partners, TIWB continues to expand in scope and reach, standing ready to assist an increasing number of jurisdictions from across the globe. Going forward, TIWB will continue to explore opportunities, supporting jurisdictions in enforcing their tax laws and in increasing revenues from taxation of the digital economy, including through the implementation of the Two-Pillar Solution.

OECD Academy for Tax and Financial Crime Investigation

The OECD International Academy for Tax and Financial Crime Investigation (the Academy) was established in 2013 to support developing jurisdictions in implementing the Ten Global Principles for Fighting Tax Crime. The Academy provides demand-driven training to tax and other law enforcement authorities, equipping them with the core skills required to successfully disrupt tax and financial crimes and empowering participants to share their experiences with colleagues and domestic agency counterparts.

The Academy has determined to achieve gender balance amongst both participants and experts, and to expand the number of instructors from developing countries through trainer-of-trainers programmes in Africa and Latin America.

The first International Academy Centre was established in Italy in 2013; following its immediate success, additional Centres were established, in partnership with host country administrations, in Africa (Kenya), Asia-Pacific (Japan), and Latin America (Argentina). More recently, the Academy has continued to expand, with two additional pilot programmes covering South Asia (India) and the Francophone countries – providing tailored training in French, improving access to the Academy for investigators worldwide who have French as a first language. In 2022 and 2023, the Academy also delivered three ad hoc programmes in Arabic for participants from the MENA region.

The course content of the Academy has evolved over time, with a core, foundation course on conducting financial crime investigations, complemented by an intermediate course on managing financial crime investigations, as well as more specialised courses, including on specific issues such as anti-money laundering; asset recovery; VAT/GST fraud; management of major cases; investigative techniques in the cash economy; the use of banking information; anti-corruption

and bribery; and crypto assets. The courses, delivered by an international pool of experts with practical experience, combine lectures, group discussions, practice exercises and participant presentations. The Academy has committed to achieve gender balance amongst both participants and experts, and to expand the number of instructors from developing countries through trainer-of-trainers programmes in Africa and Latin America, two of which already have taken place.

By the end of 2023, the Academy had trained more than 3 000 officials from some 170 jurisdictions. There is increasing evidence of the impact of participation in the Academy. In the most recent impact assessment, more than half of the survey respondents were able to provide practical examples of how they have applied the training to live investigations; more than three-quarters reported procedural or organisational reforms having been implemented in their institutions as a result of their participation; and one-third were initiating policy or legislative reforms related to financial crimes, access to financial information, investigative powers, and money laundering.

BOX 9. **Case studies and testimonials by Academy participants**

Task Force established in the PHILIPPINES

"My participation in the Managing Financial Investigations and Asset Recovery courses in 2017 was the main driver behind the creation of the Asset Recovery Task Force in the Bureau of Internal Revenue in the Philippines. Since its establishment, the unit has recovered assets and generated revenues for the Philippine government amounting to PHP 38.5b (EUR 660m); its work has resulted in the identification and prosecution of more or less 300 tax offenders, and regular public auctions of seized and forfeited properties nationwide."

Grace Lacerna, Revenue District Officer, Bureau of Internal Revenue, the Philippines

Skills applied in RWANDA

After gaining skills in financial investigative techniques through participation in the Academy, an anti-corruption specialist from Rwanda successfully investigated three cases of embezzlement, with a total value of 3 billion Rwandan Francs (approximately EUR 2.2 million). After prosecution, the embezzled funds were returned to the government treasury.

Stamping out corruption and money laundering in NAMIBIA

"Following our participation in the Academy, we were assigned to a Task Team to investigate the infamous Fishrot case, focussed on alleged high-level fraud and corruption in the Namibian fishing sector. The skills learnt at the Academy proved very useful to our investigation, in particular for tracking, examining, analysing, and investigating suspicious financial transactions, invoices, bank statements, and other financial records. The Academy's strong focus on analysing transactions led us to follow the money to its source, including through companies with links to the suspects' families and friends. The investigation has resulted in criminal charges against several senior politicians and officials who are currently awaiting trial in what is considered a landmark case for Namibia, cracking down on conduct that threatens the economic and social well-being of the country at large."

Ms Maria Mbeeli & **Mr Aaron Kalinga**, Senior Taxation Officers, Tax Intelligence and Investigation Co-ordination Unit, Namibia Revenue Agency

Operational and institutional reforms in KYRGYZSTAN

After his participation in the Academy, a prosecutor working at Kyrgyzstan's Prosecution Service reported that an interdepartmental working group on asset recovery had been established at the national level. His direct responsibilities now include ensuring international legal co-operation on asset recovery and countering money laundering.

Uncovering illicit financial flows in BOLIVIA and abroad

A financial crime investigator from the Bolivian Financial Investigation Unit, who participated in the Academy in 2022, described how the skills gained helped to uncover corruption, illicit financial flows and money laundering. The case involved private companies, public officials and their families. Mechanisms such as the use of ATMs, credit card payments, and advance payments of bank debts had been used by public officials to divert money. Suspicions of crime were verified based on the acquisition of real estate and vehicles, paid in cash. A constant migratory flow to the United States, Panama, Brazil, and Argentina was also identified, and through successful international co-operation, suspicious financial movements in said countries were also identified.

Source: OECD Secretariat

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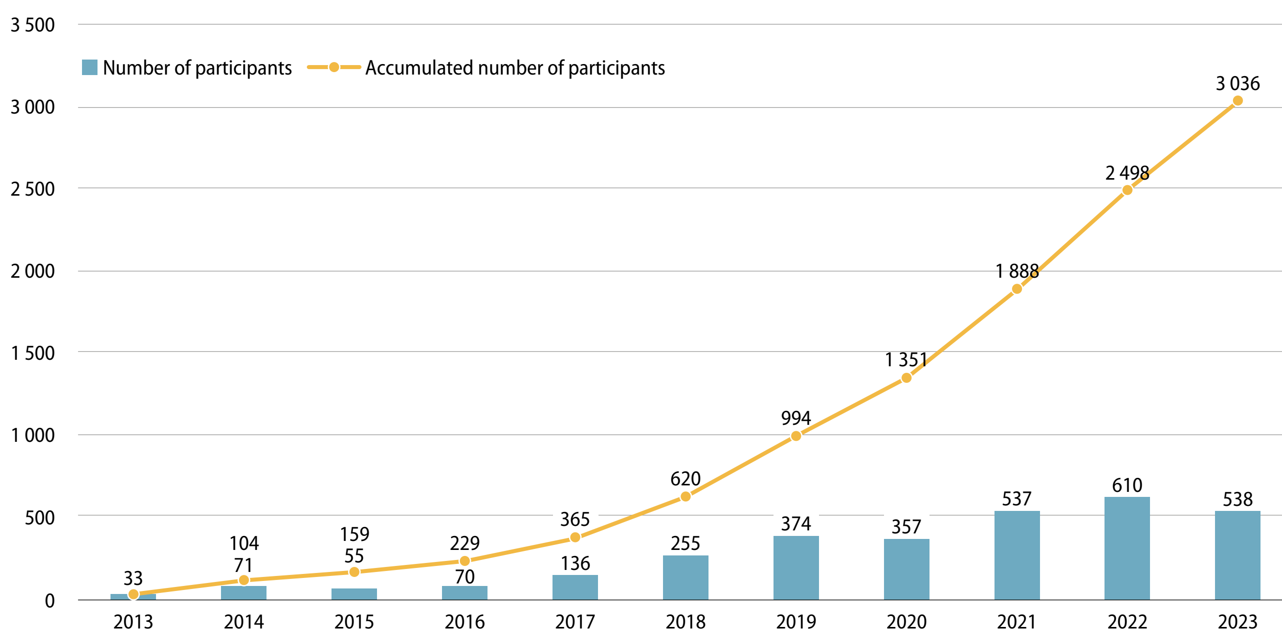
FIGURE 9. **Participants in the Academy**



Source: OECD Secretariat based on internal data

Digitalisation of tax administrations

Digitalisation and digital transformation are topical and important issues for tax administrations, including in developing countries. This has been the focus of the Forum on Tax Administration (FTA) since the publication of the report *Tax Administration 3.0: The Digital Transformation of Tax Administration in 2020*[19]. The FTA's work in this area provides a broad and deep foundation of insight. Given its importance for tax administrations globally, FTA capacity-building activities were focused on this area starting as of late 2020.

To contribute to capacity building on digitalisation and digital transformation in developing country tax administrations, good practice and useful experience are shared by FTA member administrations, non-FTA member tax administrations, and regional and international tax organisations as appropriate. Building on the FTA's Tax Administration 3.0 discussion document, the approach combines the analysis of specific issues in digitalisation for developing countries[20] with universal tools and outreach targeted to developing countries. The tools include maturity models for digital transformation[21] and analytics,[22] as well as the Inventory of Tax Technology Initiatives,[23] which contains information on technology tools and digitalisation solutions implemented by 80 tax administrations worldwide. These tools can assist tax administrations in considering possible domestic reforms, while helping to identify where future collaboration between tax administrations might be of most value. More than 40 countries have received guidance on how to use OECD tax administration maturity models, while more than 3 500 officials have participated in webinars and workshops on digitalisation.

The OECD is also piloting peer-to-peer strategic guidance on digitalisation, delivered through the TIWB initiative. The first pilots were launched in 2023 and have covered issues such as developing and implementing digital strategies, and strategic decision making related to electronic invoicing.

19. https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/tax-administration-3-0-the-digital-transformation-of-tax-administration.htm
20. https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/supporting-the-digitalisation-of-developing-country-tax-administrations.htm
21. https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/digital-transformation-maturity-model.htm
22. https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/analytics-maturity-model.htm
23. https://www.oecd.org/tax/forum-on-tax-administration/tax-technology-tools-and-digital-solutions

Tax and the international development agenda

The vital role of taxation in development has not been consistently recognised in the international development dialogue. This has gradually begun to change in the past 15 years, most notably through an increased focus on taxation in the global financing for development dialogue. The OECD supports this process through a combination of dialogue and data. In addition to the tax-specific issues below, the OECD seeks to place tax in the broader financing for development context through the biennial Global Outlook on Financing for Sustainable Development, which presents data, analysis, and recommendations to advance a more holistic global approach to financing sustainable development.

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Tracking ODA to Tax

The Addis Ababa Action Agenda on Financing for Development (AAAA) contains a commitment to provide more support to developing countries in advancing their tax systems. In response, the OECD has facilitated the tracking of allocations of Official Development Assistance (ODA) to tax through the introduction of a purpose code for Domestic Revenue Mobilisation (DRM) in the ODA Creditor Reporting System. For ODA spending from 2015, it is now possible to quickly identify and analyse both aggregate and project-level data on ODA spending focussed on domestic revenue mobilisation. This data is widely used, including by the Addis Tax Initiative (ATI) as part of their monitoring of progress against the commitment by ATI development partners to collectively double their development assistance to DRM between 2015 and 2020.

Figure 10 shows how ODA to DRM has evolved, increasing significantly from USD 220 million in 2015 to USD 750 million in 2022. While bilateral funding from the members of the Development Assistance Committee (DAC) increased from USD 203 million in 2015 to USD 318 million in 2022, the majority of the overall increase has come from multilateral development banks, overwhelmingly from the WBG and primarily in the form of loans.

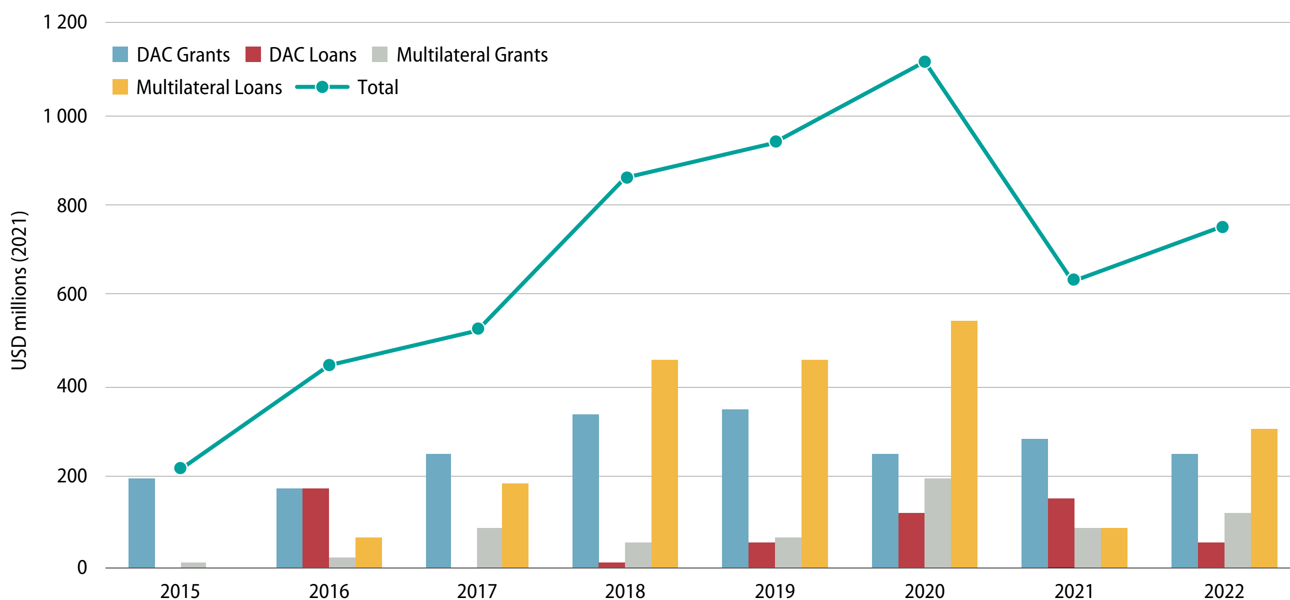
The OECD has also encouraged members to reflect on their approach to tax and development, including by making tax and development policies a part of development co-operation peer reviews,[1] and by reviewing policies and practices of whole-of-government approaches to tax and development across OECD members.[2]

Increasing transparency on ODA taxation

Much of the focus of tax and development has been on the tax practices of MNEs in developing countries, because of the large role MNEs play in developing country economies. In many developing counties, however – especially the least developed countries – ODA remains a large part of the economy, and so the tax treatment of ODA may have a significant impact.

Historically, much ODA has been exempt from taxation for a number of reasons, including a desire to maximise the impact of ODA, concerns over the administrative burden of complying with local tax systems, and

FIGURE 10. **ODA to DRM 2015-2022**



Note: Disbursements in constant prices (2021 USD million).

Source: OECD Creditor Reporting System (https://stats.oecd.org/index.aspx?datasetcode=crs1)

1. https://www.oecd.org/dac/peer-reviews/
2. See Annex 2.A of OECD (2022), *Tax Capacity Building: A Practical Guide to Developing and Advancing Tax Capacity Building Programmes*, OECD Publishing, Paris, https://doi.org/10.1787/c73f126f-en

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political reasons to avoid contributing directly to the budget in certain countries. More recently, the rationale for such exemptions has been increasingly questioned, especially as the importance of using country systems has been highlighted, and as many developing countries have significantly improved their tax systems, removing one of the key justifications for exemptions. There has also been increasing evidence of the uncertainty and high administrative burden exemptions create for developing country tax administrations, especially when there is a lack of clarity concerning the tax treatment of ODA.

The AAAA called on states to review their policies on the tax treatment of aid, stating: "We will also consider not requesting tax exemptions on goods and services delivered as government-to-government aid, beginning with renouncing repayments of value-added taxes and import levies."[3] To help countries fulfil this commitment, the OECD supported the UN Committee of Experts' subcommittee on the taxation of government-to-government aid in discussing and finalising guidelines,[4] including by organising an ad hoc meeting bringing together OECD DAC members and UN subcommittee members to discuss the guidelines.

While there is still not a clear consensus amongst all countries on what the tax treatment of ODA should be, there is consensus that increased transparency on the policies and practices in this area will help countries fulfil the Addis commitment; it will also make it easier to track progress on the commitment. To support increased transparency, the OECD has established an online transparency hub,[5] providing details of DAC members' positions. Launched in 2022 with participation on a voluntary basis, as of this writing 22 of the 32 DAC members participate in the hub, representing more than 80% of ODA spending.

Tax policy for development

In addition to providing sustainable domestic resources to support the implementation of the SDGs, tax policy can also contribute more directly to implementing the SDGs by helping to change behaviours and practices. This is particularly true in regard to the environment, health, social protection and gender equality, as well as in addressing informality and illicit financial flows. In co-operation with the Inclusive Framework and in response to country demand, the OECD has produced an array of analysis to support countries in shaping tax policies that contribute more directly to SDG implementation.

The annual *Tax Policy Reforms* publication tracks the development of global tax policies. All members of the Inclusive Framework are invited to participate in the annual survey that provides the basis for the analysis. Participation, including by developing countries, has grown annually; 71 jurisdictions were featured in the 2022 publication,[6] which included a supplementary analysis focussing specifically on tax policy reforms in low- and middle-income countries.[7] To assist governments in using tax policy to address the COVID-19 crisis, a database of more than 700 tax policy measures from more than 100 countries was updated in real time;[8] The OECD offers analysis on how tax and fiscal policy can cushion the impact of continued containment and mitigation policies, thereby supporting economic recovery.[9]

Under the guidance of the Inclusive Framework, the OECD has also undertaken tax policy analysis on specific topics related to the SDGs. For example, it has produced analysis to contribute to the global understanding of the gender dimensions of taxation, including a stocktaking of country approaches in 2022[10] with details from 43 countries at varying levels of development. Other statistical and analytical work has provided insights into

3. Addis Ababa Action Agenda para 58
4. United Nations (2021) *Guidelines on the Tax Treatment of Government-to-Government Aid Projects* available at https://desapublications.un.org/publications/united-nations-guidelines-tax-treatment-government-government-aid-projects
5. https://www.oecd.org/tax/tax-treatment-official-development-assistance/
6. OECD (2022), *Tax Policy Reforms 2022: OECD and Selected Partner Economies,* OECD Publishing, Paris, https://doi.org/10.1787/067c593d-en
7. OECD (2022), *Tax Policy Reforms in Low- and Middle-Income Countries: Policy brief,* OECD Publishing, Paris, oecd.org/tax/tax-policy/tax-policy-reforms-in-low-and-middle-income-countries-policy-brief.pdf
8. https://www.oecd.org/tax/covid-19-tax-policy-and-other-measures.xlsm
9. https://www.oecd.org/tax/tax-policy/tax-and-fiscal-policy-in-response-to-the-coronavirus-crisis-strengthening-confidence-and-resilience.htm
10. OECD (2022), *Tax Policy and Gender Equality: A Stocktake of Country Approaches,* OECD Publishing, Paris, https://doi.org/10.1787/b8177aea-en

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tax incentives provided to part-time and second earners, the vast majority of which are women.[11] Through the Platform for Collaboration on Tax (PCT), the OECD maintains active dialogue with other international organisations on the role of tax policy in impacting gender outcomes; with the UN Committee of Experts on Tax and the World Health Organisation, it does so on the role of tax policy in health financing.

In response to country demand, the OECD has worked with a number of developing countries to produce analysis on using tax policies to address illicit financial flows (South Africa[12]), contribute to health financing (Cote d'Ivoire,[13] Morocco[14] and Cameroon[15]), strengthen domestic resources to finance social protection (Senegal), reduce informality (Tunisia), and develop best practices for the design of presumptive tax regimes and to establish a tax policy unit (Tunisia and Pakistan). The approaches developed through these country-specific analyses have the potential for application in other countries and for the development of more general tax policy guidance and tools.

BOX 10. **The Social Protection Tax Revenue framework**

Most low- and middle-income countries face challenges in providing adequate social protection to all citizens. Social protection financing gaps have widened since the COVID-19 pandemic. Without appropriate tax policy reforms, there is a risk that these gaps will remain, or even widen further as countries face increasing burdens from demographic and climate changes.

Domestic resource mobilisation can provide sizeable revenue streams that are reliable and independent of other countries' priorities; such resources are necessary to sustain and expand social protection programs over the medium and long term.

The OECD's Social Protection Tax Revenue (SPTR) framework identifies the tax policy and tax administration options that can be applied by each country to raise sufficient revenues to close the social protection financing gap. The framework evaluates the advantages and disadvantages of the different reform options and quantifies their revenue potential based on country-specific analyses. Detailed recommendations are then made concerning the effective design of specific tax policy and tax compliance measures. The analyses pay special attention to tax measures that strengthen the employability of workers within the formal economy, as these measures can broaden the coverage of social protection and improve its financial sustainability.

Developed in 2022, the SPTR is being piloted in four countries and has the potential to expand to many more. The framework draws on data from the OECD Global Revenue Statistics Database, together with specific information provided by countries wishing to use it.

The SPTR framework is complemented by spending analyses undertaken by the OECD Development Centre, enabling the design of social protection systems to be integrated with the financing mechanisms.

11. Harding, M., D. Paturot and H. Simon (2022), "Taxation of part-time work in the OECD", *OECD Taxation Working Papers,* No. 57, OECD Publishing, Paris, https://doi.org/10.1787/572b72d3-en

12. OECD (2022), *Assessing Tax Compliance and Illicit Financial Flows in South Africa,* OECD Publishing, Paris, https://doi.org/10.1787/e8c9ff5b-en

13. OECD (2020), *Mobilising Tax Revenues To Finance The Health System in Côte d'Ivoire,* OECD Publishing, Paris. https://www.oecd.org/tax/tax-policy/mobilising-tax-revenues-to-finance-the-health-system-in-cote-ivoire.pdf

14. OECD (2020), *Mobilising Tax Revenues To Finance The Health System in Morocco,* OECD Publishing, Paris. https://www.oecd.org/tax/tax-policy/mobilising-tax-revenues-to-finance-the-health-system-in-morocco.htm

15. OCDE (2024), *Mobilisation des recettes fiscales pour le financement de la santé au Cameroun,* OCDE, Paris, https://www.oecd.org/fr/fiscalite/politiques-fiscales/mobilisation-des-recettes-fiscales-pour-le-financement-de-la-sante-au-cameroun.pdf

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Partnerships for tax

The OECD works in partnership across the breadth of its activities, thereby reducing the risk of duplication and increasing impact.

At the institutional level, the OECD is a member – together with the IMF, UN and WBG – of the Platform for Collaboration on Tax (PCT). The four members work together on various projects, including toolkits on international taxation. A wide range of organisations participate as observers to both the Global Forum and the Inclusive Framework; these include the PCT partners, regional tax organisations, and regional development banks.

The OECD participates as an observer to the UN Committee of Experts on Tax Matters and attends all sessions where observers are permitted. The OECD also partners with the UN in various other ways, including on capacity building for tax treaty negotiations, some of which is done in collaboration with the other PCT partners.

TIWB, a global partnership between the OECD and the UNDP, relies on a number of further partnerships, including with ATAF in Africa and with the 24 partner tax administrations that provide expertise to the individual TIWB programmes.

Several OECD data sets are produced through partnership: ISORA is a partnership between the OECD, IOTA, IMF and CIAT; Revenue Statistics has a number of partners for its three regional publications (Africa, Asia-Pacific and Latin America and the Caribbean).

Much of OECD's training and capacity building is also delivered through partnerships. Practicing experts from a range of governments around the world deliver a large share of the OECD tax training, including through the Global Relations Programme and the Academy on Tax and Financial Crime Investigation. The programme on extractives involves a comprehensive partnership with the Intergovernmental Forum on Mining, Minerals and Metals, while much of the training and capacity building in Africa is delivered in partnership with ATAF. Capacity building is also delivered in partnership with the WBG in several countries.

As the Two-Pillar Solution moves to implementation, new partnerships are being developed. The OECD-hosted Pillars Knowledge Sharing Network, which enables discussion of administrative aspects of the Two-Pillar Solution, is run by the United Kingdom's HM Revenue & Customs. Through a series of peer-to-peer knowledge-sharing events, this partnership facilitates 'quick answers to quick questions' as well as high-level conversations between different tax administrations about how they have approached particular administrative issues when implementing the Pillars. More than 100 jurisdictions have already joined the initiative. A stakeholder forum, with its first meeting in 2024, will co-ordinate the various actors looking to support implementation of the Two Pillars.

These partnerships have been vital in the delivery of the OECD's work on tax and development to date, allowing the OECD to draw on an unparalleled network of expertise from around the world. Many of the activities detailed in this report would have been impossible without the commitment and dedication of the many partners, including those who provide the funding.

A wide range of organisations participate as observers to both the Global Forum and the Inclusive Framework; these include the PCT partners, regional tax organisations, and regional development banks.

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Looking ahead

While there has been significant progress in the past 15 years, challenges clearly remain. The impact of the COVID-19 crisis, as well as increasing geopolitical instability and the climate crisis, have slowed the already insufficient progress towards the SDGs. Developing countries require additional revenues more urgently than ever.

The potential for additional revenues is there. IMF staff estimate that, on average, low-income countries have the potential to increase tax-to-GDP ratios by up to nine percentage points.[1] Realising that potential will not be easy. It will require reforms across tax policy, administration, and beyond. It will also require looking beyond the current international political focus of corporate income tax to include all revenue sources, both direct and indirect.

A new agenda and new ways of working will be essential. Hopefully more countries, especially the least developed countries, will continue to take advantage of the forums, instruments and data sets available through the OECD. Alongside further expansion of membership, there is scope to improve the governance and ways of working to reflect this growing and increasingly diverse membership. With such a membership, setting an agenda that reflects the priorities of all members is an undeniable challenge. While the OECD has dramatically changed its ways of working in the past 15 years, the process is not complete. A key ambition for the coming years will be to work with all countries to set the agenda for the next phase of the OECD's work on tax, ensuring that development considerations are integral to that agenda.

1. Benitez, Juan Carlos, Mansour, Mario, and others (2023). *Building Tax Capacity in Developing Countries.* Staff Discussion Note SDN/2023/006. International Monetary Fund, Washington, DC.

The tax and development work is funded by the following donors, in 2024:

Tax and Development at the OECD

A RETROSPECTIVE 2009-2024

This report looks back at 15 years of tax and development work at the OECD charting the evolution of the OECD's engagement with, and inclusion of, developing countries in its tax work from 2009 to 2024. Beginning with the restructuring of the Global Forum on Transparency and Exchange of Information for Tax Purposes in 2009, through the BEPS Actions, the establishment of the Inclusive Framework on BEPS and negotiations on the Two Pillar Solution to Address the Tax Challenges of the Digitalising Economy, it shows how OECD initiatives have combined the momentum for multilateral tax co-operation with the increased focus on taxation in international development, to develop a range of tools, instruments and forums with wide participation from developing counties.

Accompanying the move to multilateralism in tax matters, the OECD has also sought to increase the availability of data on taxation, for example through the Global Revenue Statistics Database, and support more integrated tax and development policy thinking, for example on the taxation of development assistance. Concurrently there has been a continuous growth in the OECD capacity building activities, now reaching over 30,000 officials in over 100 countries annually. Notable among these initiatives is the groundbreaking joint OECD/UNDP Tax Inspectors Without Borders initiative. The report features several case studies highlighting the impacts across various countries, as well as the wide range of partnerships forged by the OECD to harness taxation's potential in advancing sustainable development.

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