

# ATAF NEWSLETTER

DECEMBER 2011



## ATAF hosts discussions on domestic resource mobilisation

Make aid effective and break poverty for good — that was the focus as delegates met at Busan in Korea to chart a future for aid effectiveness. The African Tax Administration Forum joined the multitude of international, multilateral and aid organisations in deliberating the path for an effective aid agenda.

ATAF Executive Secretary, Logan Wort, chaired a strong panel of speakers at a side event hosted by ATAF during the 4th High-Level Forum on Aid Effectiveness. The event entitled: “Domestic Resource Mobilisation, Tax and Development: Implications for the Aid Effectiveness Agenda” served to discuss the importance of investing in tax revenue and tax administration as an important means of economic self reliance for African countries. The panel consisted of:

- Dr Donald Kaberuka – President of the African Development Bank
- Mr Nhlanhla Nene – Deputy Minister of Finance, South Africa,
- Mr Angel Gurría – Secretary General of the OECD
- Mr Eric Postel – Deputy Administrator of USAID
- Dr Christoph Beier – Managing Director of GIZ
- Mr Amadou Ba – Commissioner General of the Senegal Revenue Authority

Dr Kaberuka emphasized the importance of using DRM as a development mechanism as opposed to using tax holidays which create more damage in the long term than the advantages of DRM. The view was supported by South Africa's Deputy Minister of Finance Mr Nene, who further stressed the need to mobilise resources as the process leads to the development of stronger institutions that enhance



Panelists at the ATAF side event in Busan. From left to right : Dr Christoph Beier – Managing Director of GIZ; Mr Logan Wort - ATAF's Acting Executive Secretary; Mr Eric Postel – Deputy Administrator of USAID; Dr Donald Kaberuka – President of the African Development Bank; Mr Nhlanhla Nene – Deputy Minister of Finance, South Africa; Mr Amadou Ba – Commissioner General of the Senegal Revenue Authority

the relationship between citizen and state

The Commissioner General of Senegal Revenue Authority called for improved donor coordination and investment in the development of south-south organisation. He cited ATAF as a good coordinator of activities on the African continent and expressed that such institutions should receive more funding to develop programmes for their members.

An American and European perspective was provided by Mr Eric Postel of USAID and Dr Christoph Beier of GIZ, both providing success stories about the reforms of the Georgia and Ghana Revenue Authority. Speaking from the floor, Mr. George Blankson, Commissioner General of the

Ghana Revenue Authority, made a passionate plea for the continued support of development of African revenue authorities citing the tremendous gains that Ghana had made in collaboration with the GIZ and through ATAF technical events and seminars.

Mr Angel Gurría, the Secretary General of the OECD, made it clear that DRM was the main driver of future development and it is essential that revenue authorities develop to collect revenues across all available tax brackets in a fair manner.

The side event was very successful and placed the issues of tax administration on the central agenda of the aid debate. It also highlighted the role of ATAF and its work



Mr George Blankson – Commissioner General, Ghana Revenue Authority speaking at the ATAF side event in Busan

in support of African revenue authorities and the need to build strong and capable tax administrations on Africa. ATAF members in attendance were;

- Mr George Blankson – Commissioner General, Ghana Revenue Authority
- Mr Yaw Opoku – Head of International Relations, Ghana Revenue Authority
- Mr Amadou Ba – Commissioner General, Senegal Revenue Authority
- Mr Joseline Ogai – Commissioner for Research, Kenya Revenue Authority
- Mr Charles Gakwaya – Director of Research and Planning, Rwanda Revenue Authority
- Mr Thulani Shongwe – ATAF Secretariat
- Mr Jean Moueli – ATAF Secretariat
- Mr Logan Wort ATAF Executive Secretary (Acting).

## Africa must take charge, urges Forum on Aid Effectiveness

Africa must take charge, not charity. This was one of the key messages from the recent 4th High-Level Forum (HLF) on Aid Effectiveness held in the city of Busan in the Republic of Korea.

The HLF, attended by several high level government and civil society figures, aimed to chart a future for aid effectiveness. This follows similar consultations which resulted in the Paris Declaration on Aid Effectiveness of 2005 as well as the Accra Agenda for Action of 2008. The agenda was clear; make aid effective and break the poverty cycle for good.

United Nations Secretary General Ban Ki Moon called on donor countries to honour their commitments for aid, even though

they themselves may face strong domestic fiscal demands. Official Donor Assistance, he said, is not charity, but a smart investment. Queen Raina of Jordan stressed the importance of aid being used to help vulnerable people in developing countries and the development of programmes that empower women.

President Paul Kagame of Rwanda called for a shift in thinking about development assistance and that aid must focus on outcomes and results that eventually render it unnecessary. Similarly, US Secretary of State Hilary Clinton called for a shift in approach from aid to the investment in the mobilisation of domestic resources. Countries must own and direct their own development strategies with domestic and

international business having to also be partners in development.

At a side event organised by the African Union (AU) and Nepad, the AU called for greater emphasis in domestic resource mobilisation and a focus on tax revenue as an important vehicle for sustainable national development. In addition, there is a need to invest in human capital and a need for a role carved out for the private sector in national development. Dédé Ahoéfa Ekoue, Minister of Finance of Togo, called for strong domestic capacity for development and the implementation of successful change. As owners of rich natural resources, Africa needs to create the ability to generate sustainable wealth from it. Therefore the role of the private sector as partner was emphasised.

HLF concluded with the adoption of the Busan Partnership for Effective Development Cooperation, which recognises through all the stakeholders present at the 4th High Level Forum on Aid Effectiveness, a united new partnership that is broader and more inclusive than the previous Paris Declaration and Accra Agenda for Action.

The principles of this document are based on common goals. Four principles have been identified, namely ownership, focus on results, inclusive development partnerships and transparency and accountability. The Busan Partnership for Effective Development Cooperation is the next step in trying to achieve the Millennium Development goals and overall making aid effective for developing countries.

## Euro crisis adds to drama at G20 meeting in Cannes

There was high drama of a different kind when the world's top 20 economies descended upon Cannes, the town famous for annual showcasing some of the best new films on offer. In the spotlight was the Eurozone and the possible default on its debt by Greece. The international tax agenda received also received some attention at the event.

The problem of illicit flows of revenue and tax evasion came under after it was highlighted by Indian Prime Minister Manmohan Singh. He went on to state that "tax evasion and illicit flows have seen the migration of tax bases in developing countries abroad and are serious problems".

The G20 members took the opportunity to address the tax matters such as tax evasion, tax havens, illicit flows of revenue. This discussion culminated in the signing of the Convention on Mutual Administrative Assistance in Tax Matters by 12 countries present.

The immediate advantage of this convention is the positive effect it will have for developing countries as it provides access to a tax information exchange network



including some of the world's top economies. The boost in cooperation means more is being done to address some of the issues of tax avoidance and evasion by large corporations and high net worth individuals.

Moreover, much work was undertaken to counter the non-compliance of countries

and to tackle tax havens. The meeting saw the signing of over 700 tax information exchange agreements. The Global Forum on Transparency and Exchange of information for Tax Matters is responsible for overseeing that each country in the G20 has a legal framework for the exchange of information for tax matters and that this legal framework is effective.

## ATAF and partners take stock and discuss way forward

A consultative meeting was held at the OECD Conference Centre in Paris on 4 November 2011 between senior officials of the ATAF Secretariat and representatives of Development Partners.

The consultations followed a meeting of the GOVNET Taxation and Governance Task Team (also attended by the ATAF officials) with the aim of taking stock of the development of the organisation over the last two years, as well as to provide Development Partners with an idea of the direction to be taken in the immediate future.

ATAF was represented by Mr Logan Wort, the Acting Executive Secretary and Mr Lincoln Marais, the Director for Institutional Development, while the Development Partners were comprised of representatives of Germany, Ireland, the Netherlands, Norway, Switzerland and the United Kingdom.

The objective of the meeting was to provide partners with a general overview of ATAF's activities over 2010 and 2011, and consider the challenges and lessons learnt thus far. Various aspects of ATAF's 2010 Development Partners Activity &

Financial Report and the key focus areas of the ATAF work plan for 2012 were also discussed.

Among the most important developments in 2010 was the establishment of the ATAF Interim Secretariat within the structures of the South African Revenue Service (SARS) until such time that ATAF becomes an independent organisation. A further highlight was the finalisation of the texts of the ATAF Agreement and Rules & Procedures, and their adoption by the ATAF Council at their meeting in Tunis in November 2010. The Working Groups on Exchange of Information & Tax Treaties and on Transfer Pricing were also launched while the research on the Tax Aspects in Good Financial Governance was also completed.

The meeting also heard that, among others, the Joint ATAF – Korea Conference on "Domestic Resource Mobilisation: Challenges to African Tax Policy and Administration" in Cape Town in April 2011 was a key deliverable for the year, as was the 1<sup>st</sup> ATAF General Assembly held in Mauritius in July 2011 under the overall theme "International and Domestic Aspects of Tax Fraud, Evasion and Avoidance". 2011 also

marked a significant beginning for ATAF in formally coordinating the provision of Technical Assistance to its members.

Looking to the future, Mr Wort highlighted the key focus areas for the 2012 ATAF Work plan. Among these was the establishment of the ATAF Permanent Secretariat and a Working Group on Indirect Taxes, operationalising the Governance Committees of the ATAF Council, as well as the development of a Technical Assistance Unit within the Secretariat. In essence, ATAF will pursue a dual strategy of both institution-building and adding value to its members.

For an organisation as young as ATAF, the experience of the first two years had posed several challenges and provided valuable lessons for its future operations. Development Partners had clearly shown their commitment and consistent support to ATAF since its inception. This was noticeable in their willingness to explore additional avenues of support beyond the existing framework. There was thus general agreement that ATAF had made significant strides in its short period of existence, and is providing tangible assistance to its members in developing more effective and efficient tax administrations in Africa.

## Guernsey negotiates info exchange agreements with SADC states

A very fruitful meeting of SADC Member States was held from 5-8 September 2011, in Johannesburg. This meeting provided the platform for SADC multi-party Tax Information Exchange Agreements (TIEAs) to be negotiated with Guernsey. Botswana, Lesotho, Malawi, Seychelles, Swaziland and Zambia entered into successful negotiations with Guernsey. The TIEAs now have to go through the signature and ratification processes.

During this meeting the updates to the SADC Commentary were also discussed and accepted. Prior to the actual negotiations, Ron van der Merwe of the South African Revenue Service presented a copy of the Model TIEA, which formed the basis of negotiations, to delegates and facilitated the discussions on the provisions. The benefits of Exchange of Information were discussed and the importance of access to information in order to protect the tax base and ensure transparency was highlighted. The interaction was lively and a good understanding of the interpretation and application of TIEAs was achieved.

Prior to these negotiations, Mauritius and South Africa were the only two SADC countries to have entered into TIEA negotiations.

Rob Gray, Director of Income Tax, negotiated on behalf of Guernsey and all the negotiators agreed that the synergy created by the interaction during these multiparty negotiations assisted in achieving consensus and the initialling of the six bilateral TIEAs and signing of the Agreed Minutes in limited time.

The remaining SADC Member States were all observers to the negotiations and these States were of the view that great value was gained from the exercise and that they now are well equipped to present a case to their authorities motivating the negotiation of TIEAs.

The multiparty TIEA negotiation between these six SADC Member States and Guernsey was a first opportunity for the SADC to facilitate such and it is considered to be a major step forward in creating a basis for exchange of information for SADC members.

## Nearly 5m South Africans file tax returns

The South African Revenue Service (Sars) collected 4.86-million income tax returns in the 2011 tax season, which ended on 25 November, representing a 23% increase over the previous year's figure. Finance Minister Pravin Gordhan, releasing the preliminary outcomes of the tax season in Pretoria this week, said this was a fantastic achievement for a young democracy, and demonstrated the

extent of compliance in the country.

"In this institution we have a constant endeavour to improve service to facilitate taxpayer compliance, and at the same time ensure that those who are non-compliant are subject to the laws of the land," he said.

According to Sars, most returns were filed using the online eFiling system, with re-

turns being assessed within 24 hours and refunds of R12.67-billion being issued. Had the majority of taxpayers not moved to filing their returns electronically, a total of R150-million would have been spent on mailing manual returns, said Gordhan.

Gordhan said the compliance and returning of returns on time was good for the country's economy. "This kind of tax

compliance, given our current economic environment both globally and in South Africa, is important because the credibility and viability of the fiscal system depends ... on the extent to which a government concludes tax administration and custom administration to be able to effectively collect all the amounts of money that are due to the state," he said.

Source: BuaNews

# Three new members elected to Global Forum steering group

More than 250 delegates from 84 countries and nine international organisations and regional groups came together at the 4th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) in Paris on 25-26 October 2011.

The membership of the Global Forum increased to 105 jurisdictions, the latest members being El Salvador, Mauritania, Morocco, and Trinidad and Tobago.

At its meeting, the Forum adopted a Progress Report which was to be submitted to the G20 for its summit in Cannes. The report shows significant progress towards improving transparency and a high level of co-operation by Global Forum members, but also shows that more needs to be done to address the recommendations made to those reviewed jurisdictions. In this regard, the Forum will also facilitate the co-ordination of assistance to support the effectiveness of information exchange, and in particular to developing countries.

The Forum's Steering Group had worked on a mechanism to ensure that the governance of the Global Forum is both stable and representative of the membership. In this regard, the meeting endorsed a proposal for a system of rotation to be implemented in 2013, while three new members were elected to the Steering Group, namely Kenya, Spain and the United Arab Emirates.

Updates on co-operation with the Forum as well as new developments in their areas of work were provided by representatives from DFID, the IMF, World Bank, ATAF and the OECD Task Force on Tax and Development.

ATAF was represented at the meeting by Mr Lincoln Marais, the Director for Institutional Development in the Secretariat. He briefed delegates on the proceedings of the 2nd Meeting of the ATAF Working Group on Tax

Information Exchange and Tax Treaties, which took place on 18 – 19 October 2011 in South Africa. He elaborated on the Working Group's progress in 2011 and its deliverables for 2012.

Furthermore, he informed the meeting of the successful multiparty negotiations in September 2011 between Guernsey and six ATAF member countries of the SADC region of Tax Information Exchange Agreements ("TIEAs").

**Successful multiparty negotiations of Tax Information Exchange Agreements ("TIEAs") between Guernsey and six ATAF member countries of the SADC region.**

The six African countries are Botswana, Lesotho, Malawi, Seychelles, Swaziland and Zambia. ATAF considers this to be a major step forward in creating a stronger basis for exchange of information, both in the SADC region as well as on the African continent. ATAF is also investigating the possibility of facilitating a Multilateral Treaty on Exchange of Information for its ATAF members.

The representatives also emphasized the need for technical assistance in relation to transparency and exchange of information. The meeting thus reaffirmed its commitment to serve as a platform to facilitate the co-ordination of technical assistance and a new mechanism to ensure the appropriate response to technical assistance requests is to be overseen by the Steering Group.

The membership thus adopted guidelines on the best way to conduct technical assistance, to be commenced through two pilot projects (with Ghana and Kenya) to test the usefulness of the guidelines.

These projects will be funded by the UK Department for International Development (DFID), under which it will facilitate the co-ordination of assistance to Ghana and Kenya to help them build capacity and reinforce the legal infrastructure necessary for tax transparency and international co-operation.

The Global Forum also adopted its 2011 Annual Report "Tax Transparency, 2011: Report on Progress", which provides a comprehensive overview of the progress made by countries, as reflected in the peer review reports.

Following the discussion at its previous meeting in Bermuda, Global Forum members agreed to convene a meeting of competent authorities to enhance their co-operation. This would allow competent authorities to exchange views on issues they have encountered while best practices would assist in ensuring effective exchange of information in practice. The meeting of competent authorities will be organised in conjunction with a Peer Review Group meeting in May 2012 in Paris.

The Forum agreed that its focus now would be on successfully completing the Phase 2 reviews to assess the implementation of the standard in practice. It was further agreed to extend the Global Forum's current mandate until the end of 2015, in order to allow for commitments to the expenditure of funds to be made beyond 2012 when the current mandate expires.

Delegates also concurred that a more substantive discussion on the future direction of the work would take place in 2012. The Forum is scheduled to next meet in October 2012 and thanked the South African government for its offer to host that meeting.

## TRA plans to award taxpayers in Singida Region for compliance



The Tanzania Revenue Authority (TRA) in Singida Region will award taxpayers who meet all requirements of keeping records, paying taxes timely and comply to pay tax voluntarily.

Speaking to reporters, the TRA Regional Manager, Samson Jumbe, said they will issue the awards at the climax of the taxpayers' day scheduled to be held at regional level tomorrow.

He said the main aim of the taxpayers' day is to identify contribution made by the taxpayers in the development of the region and the country's economy.

He said the theme for this year's taxpayers' day is "Pay Tax for Self Dependence" hence it is important for all people to pay tax since development depends on the revenue collected.

He warned unscrupulous businesspersons who evade to pay tax saying this leads to poor delivery of services and denies development to the country.

Explaining further, he said in marking the day, the authority will carry out various social activities.

He mentioned some as provision of humanitarian assistance to orphans, support women wards at Iramba District Hospital and conduct quiz to primary and secondary schools.

The authority's officials will also visit traders at working places and exchange ideas on their businesses.

Source: The Guardian

## Panel of experts sets their sights on fighting illicit capital flight

The African Union (AU) and the United Nations Economic Commission for Africa (UNECA) have teamed up to establish a Panel of Experts to tackle issues regarding illicit capital flight in Africa

This is in line with the draft resolution L8 from the 4th Joint Annual Meetings of the AU Conference of Ministers of Economy and Finance and ECA Conference of African Ministers of Finance, Planning and Economic Development.

The Panel of Experts, who have not yet been selected, will study trends, determine how much capital flight is taking place and address problems specific to illicit capital flight from the continent.

Debate around illicit capital flight from

Africa makes for interesting reading. According to the Global Financial Integrity (GFI), Africa has seen a loss of \$854 billion in illicit financial outflows from 1970 through 2008. Moreover, the GFI's report entitled "Illicit Financial Flows from Developing Countries" estimated that developing countries are losing as much as \$1 trillion every year.

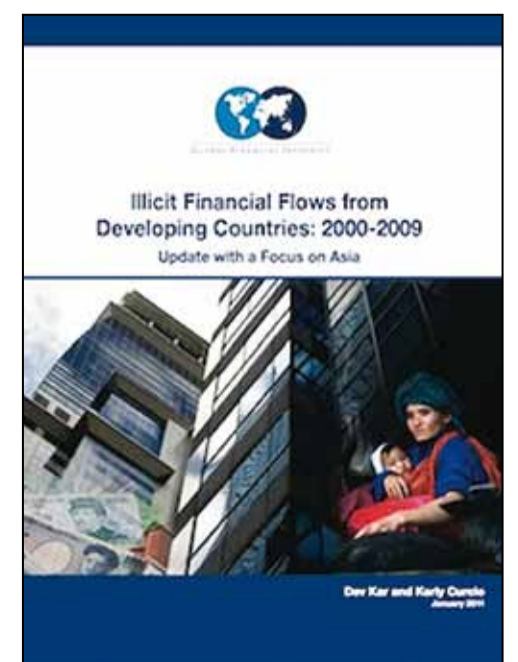
The GFI report on "Illicit Financial Flows From Africa: Hidden Resource For Development" reports that Sub-Saharan African countries experienced the bulk of illicit financial outflows, with the west and central African region posting the largest outflows numbers.

A ranking of the top five countries with the highest outflows measured as follows; Nigeria (\$89.5 billion) Egypt (\$70.5

billion), Algeria (\$25.7 billion), Morocco (\$25 billion), and South Africa (\$24.9 billion).

Development on the continent and the achievement of targeted goals such as the Millennium Development Goals are jeopardised by the illegal outflow of capital and exacerbate the reliance on aid for many African countries. GFI point out that illicit financial outflows from Sub Saharan Africa was at least twice the amount that it received in official development assistance – and these outflows were growing at almost 12% per annum.

ATAF has welcomed the establishment of the Panel of Experts as another step in the fight the abuse of tax systems in Africa.



## Tackling revenue challenges a steep task for South Sudan

Support from neighbours, donors for world's youngest country

Following the overwhelming vote for autonomy at the referendum for self determination in January 2011, the Republic of South Sudan declared its independence on 9 July 2011. Being the newest state of the world and Africa's 54th country, South Sudan now faces the challenge of building state institutions capable of improving the livelihood of its citizens.

Despite relatively high per capita GDP of estimated 1,546 US\$ in 2010 compared to 769 US\$ of neighbouring Kenya (South Sudan National Bureau of Statistics), the country is one of the least developed countries in the world.

According to the World Bank's "A Poverty Profile for the Southern States of Sudan" (2011), 50.6 % of the South Sudanese population live below the poverty line. Around 80% of public services such as health services, education, water and sanitation are currently provided by NGOs.

Basic infrastructure is lacking, the road network needs to be developed and incentives to foster domestic economic activity are required to spur local production and reduce the high dependency on imported goods.

Against this background, the South Sudanese government needs to regain citizens' trust in state action and improve the legitimacy of the state to build a stable, sustainable democracy. A transparent and accountable system of taxation can contribute immensely to this state-building process.

Currently 98% of the public budget of South Sudan is based on oil resources, which poses a severe risk to the government not only in terms of its state-building effort but also because oil revenues are expected to reach a peak within the next couple of years and decline thereafter. The Republic of South Sudan is well aware of the importance to strengthen non-oil revenues and to build a sustain-



A market place in Southern Sudan

able and efficient revenue system. The strategy to develop an effective revenue system addresses the main challenges South Sudan faces in the area of taxation and customs. A key challenge is the issue of multiple taxation - this arises due to revenue collection of different government levels as well as non-governmental actors at illegal road blocks throughout the country. Additionally, required legal provisions and amendments to existing law and the establishment of an effective and accountable revenue administration remain challenges ahead.

Much progress has already been made in the last months, namely through the Intergovernmental Fiscal Relations Task Force that developed recommendations for a clearer assignment of revenue collection competencies across government levels to overcome the problem of multi-

ple taxation.

Equally, the Government of South Sudan is working towards eliminating all illegal roadblocks to reduce the costs of doing business and improve transparency for the taxpayer and trader alike.

In terms of the legal framework, a new Customs Act and amendments to the existing Taxation Act 2009 are underway to incorporate customs duties as well as taxes such as the business profit tax on large businesses previously administered by the Government of National Unity into the South Sudanese law.

The major challenge will now be to implement the new laws and develop procedural guidelines and manuals for the staff to administer the revenue system. Most importantly, though, capacity in all respects needs to be improved. This

includes physical infrastructure of the tax and customs administration such as premises and IT equipment that urgently needs to be set up.

Additionally, human resource capacity is lacking and training of staff on basic administrative processes and the new laws is required. In its attempt to implement an effective revenue system, the Republic of South Sudan not only receives support from different bilateral donors, but also from neighbouring African countries like Kenya and Uganda.

ATAF has strongly welcomed the delivery of assistance by its member countries and, with support from its development partner GIZ, the forum is currently exploring in which way it can contribute to and complement the technical assistance currently provided to South Sudan.

## ATAF attends 32<sup>nd</sup> CATA Annual Conference

ATAF participated at the 32<sup>nd</sup> Annual CATA Technical Conference held in Colombo, Sri Lanka from 18-23 September 2011. The conference focused on taxpayer education as a compliance tool and transfer pricing.

George Obell, chairperson of the ATAF Transfer Pricing Working Group, delivered the presentation: "The Status of Transfer Pricing in Developing Economies", which focused on the Transfer Pricing Project deliverables aimed at assisting ATAF member countries in building capacity in this area.

The ATAF presentation elicited a lot of excitement and responses from the plenary, and there was a clear feeling that ATAF was leading the way in finding a regional solution to a problem that afflicts and affects its members directly. Some developing countries at the conference expressed their satisfaction

with the ATAF line of thinking, including countries in Asia that were engaged in their own implementation. They also requested to be updated on progress for the ATAF Transfer Pricing products to be developed. This would assist them to replicate and implement these products in their own regions.

Other discussions focused on how transfer pricing guidelines are being developed, how the arm's length principle is determined and the application of various transfer pricing adjustment methods, such as Advanced Pricing Arrangements (APA) and Mutual Agreements Procedures (MAP).

Speakers on taxpayer education elaborated on different techniques used and the positive influence of these activities on compliance.

### Taxpayer education

Delegates were informed that, when

developing strategies for the success of taxpayer education as a compliance tool, societies will show a greater and permanent commitment towards complying with their fiscal duties only when they perceive:

- An equitable tax system
- An efficient and fair tax administration
- A State that makes rational and full use of revenues originating from taxes that have been paid
- The tax administration's ability to instil trust in the integrity and fairness of the tax administration.

Tax administrations were encouraged to effectively deliver services because the business community in today's world demands quicker services and excellent customer care. Furthermore, tax education should be seen as an important tool to achieve maximum compliance and thus should build rich information flow.

The roles of taxpayer education and the public relation functions are vital in increasing taxpayer compliance. Tax administrations were therefore encouraged to undergo reforms in order to improve these functions even though there are certain challenges, which include:

- Lack of in-house skills
- Recognition or commitment in strategic planning
- How revenue authorities deal with education and public relations.

It was revealed that the success of these important roles depends on dedicated staff, training and skills development, commitment in strategic plan, commitment to both promoting and supporting voluntary compliance.

Conference delegates showed great interest in these topics and urged CATA to consider raising them again in future meetings.

# First ATAF General Assembly held in Mauritius

## 1<sup>ST</sup> ATAF GENERAL ASSEMBLY

BALACLAVA, MAURITIUS  
25 - 27 JULY 2011



**Almost two years after its Inaugural Conference, ATAF held its first General Assembly in Balaclava on the island of Mauritius, focusing on illicit financial flows, tax evasion and tax avoidance among other issues.**

The General Assembly also discussed the distinctions between tax havens and genuine attempts to offer tax incentives for attracting foreign investment to stimulate economic national development.

ATAF Chairperson Oupa Magashula expressed his satisfaction with the progress made by this young organisation, pointing out that African Revenue bodies had responded very well to the formation of ATAF.

Over the past year, the organisation has grown to a membership of 34 African countries. The opportunity for heads of tax administrations to engage with their counterparts on common challenges

of domestic revenue collection and the building of capable institutions has been very valuable for comparability purposes and planning the way ahead for each revenue authority.

The ATAF Acting Executive Secretary, Logan Wort, noted that ATAF was already making a huge impact – not only in Africa but internationally as well, through various policy and technical interventions. He added that Working Groups on Transfer Pricing and Exchange of Information & Tax Treaties were progressing very well, and several engagements on the challenges of Domestic Resource mobilisation had been very fruitful.

One of the distinguishing features of

the ATAF General Assembly was the inclusion of representatives of the private sector, who made inputs on what their respective organizations were doing to combat tax fraud.

Furthermore, Erich Kieck, Director for Capacity Building of the World Customs Organization (WCO), delivered a keynote address on “Capacity Building in Africa – The Customs Experience” while outlining the WCO’s capacity building initiatives and programmes, highlighting their 3P-approach of People, Political Will and Partnerships.

Several resolutions were adopted by the General Assembly in furthering the work of the organisation.

## SPECIALIST IN STAKEHOLDER RELATIONS

# Building relations more than just a job for Jean

*Jean Moueli is a specialist in Stakeholder Relations at the ATAF Secretariat. Jean, who was born and brought up in Cote d’Ivoire, joined ATAF in 2009 as a translator and interpreter. He provided the French translations and interpretations at the inaugural ATAF conference in Kampala, Uganda in November 2009. He now handles Stakeholder Relations at the ATAF Secretariat in Pretoria, South Africa. Jean is passionate about building relations with ATAF member states and convincing other African states to join the organisation.*

### How important are stakeholder relations for ATAF?

The African Tax Administration Forum (ATAF) is aware that engaging with stakeholders enables a proactive cultivation of relationships which is of utmost importance for the organisation, both for the short and long terms. The ATAF Council has also recognised the importance of this and has mandated the Secretariat to put in place a Stakeholder Relations Strategy Document that serves as an engagement framework with members. This framework will guide the organisation in its relationships with members and a wider range of stakeholders.

### How would you like to see the Stakeholder Relations role when ATAF reaches its optimum performance and growth?

Only two years after its inception in November 2009 in Kampala, Uganda, ATAF already has 34 member countries.

Maintaining excellent working relationships between the Secretariat and these members and among the members themselves is paramount to the effectiveness of ATAF. In light of ATAF’s current activities and engagements at continental and international levels, I strongly believe that the role played by stakeholder relations when ATAF reaches its optimum performance and growth is crucial – and I see my role growing as the organisation grows. The stakeholder relations role will be strengthened to better respond to the queries and needs of member countries.

### What do you like about your role?

What I like best about my role is that I am interacting with people across the continent. I like the fact that I am engaging with a large variety of people, listening to them and helping them with their queries and information. I love being in touch with people and able to tell them about ATAF, thus attracting them to the organisation. That is my biggest motivation.

### Given your background working in large and diverse institutions – what makes ATAF so special?

In essence, all organisations are different from one another, and special in their own way. You shouldn’t really compare and contrast them. Nevertheless, what makes ATAF different and special for me is that it is a continent-wide African organisation. It has members in all the linguistic and geographic regions and embraces a comprehensively continental view. The fact that its focus is on



Mr Jean Moueli

building capable tax administrations and mobilising domestic resources for the continent’s development, and the passion with which it has pursued its mandate in its first two years make it special.

### As the Stakeholder Relations Specialist what are your challenges?

I wouldn’t like to see things in terms of challenges while performing my daily duties. However, I am aware of the differences from one stakeholder to another, thus enabling me to approach stakeholders in a much more customised way. Other challenges relate to things like communications infrastructure, regular changes of personnel in tax administrations and logistical problems. However, I firmly believe that where there is the will, any challenge can be overcome!

### How many stakeholders do you manage and how have these been categorised?

The ATAF stakeholder grouping is based on regions, languages and types of institutions. ATAF’s stakeholders are the 34 member states, non-ATAF members, development partners, regional economic communities, multilateral organisations and civil society. Stakeholder Relations follows this categorisation and also deals with business and donors as specific groupings.

### What are some of the daily duties you perform as a Stakeholder Relations specialist?

I respond to queries or needs expressed by the ATAF Members and other tax administrations and international organisations. Furthermore, I fulfil a liaison function on a daily basis, maintaining good relations with stakeholders and keeping them informed.

Finally, I set up and maintain up-to-date directories and contact details of all ATAF stakeholders. I still provide translations with regard to the correspondence received and sent by ATAF even though translation/interpretation services at events and conferences are now outsourced.

### What do you think about your professional development at ATAF?

My skills and competencies have developed significantly since joining ATAF and my level of responsibility has developed to reflect this.

Dealing with stakeholders daily is a very rewarding and empowering task that has tested my skills across a very broad range of areas. Working at the ATAF Secretariat has given me exposure and opportunities to learn from my colleagues.

# URA starts second phase of modernisation programme

The 2010/11 financial year was a good year for the Uganda Revenue Authority (URA) with a surplus of UGX 79.82 billion raised. Total collections amounted to UGX 5,114.20 billion against a target of UGX 5,034.37 billion, meaning that the URA performed at 101.59%. This performance represented a 21.60% growth compared with the previous financial year.

Currently Uganda funds 70% of its national budget. This is no mean achievement and can be attributed to the URA's first modernisation project that improved service delivery across all departments.

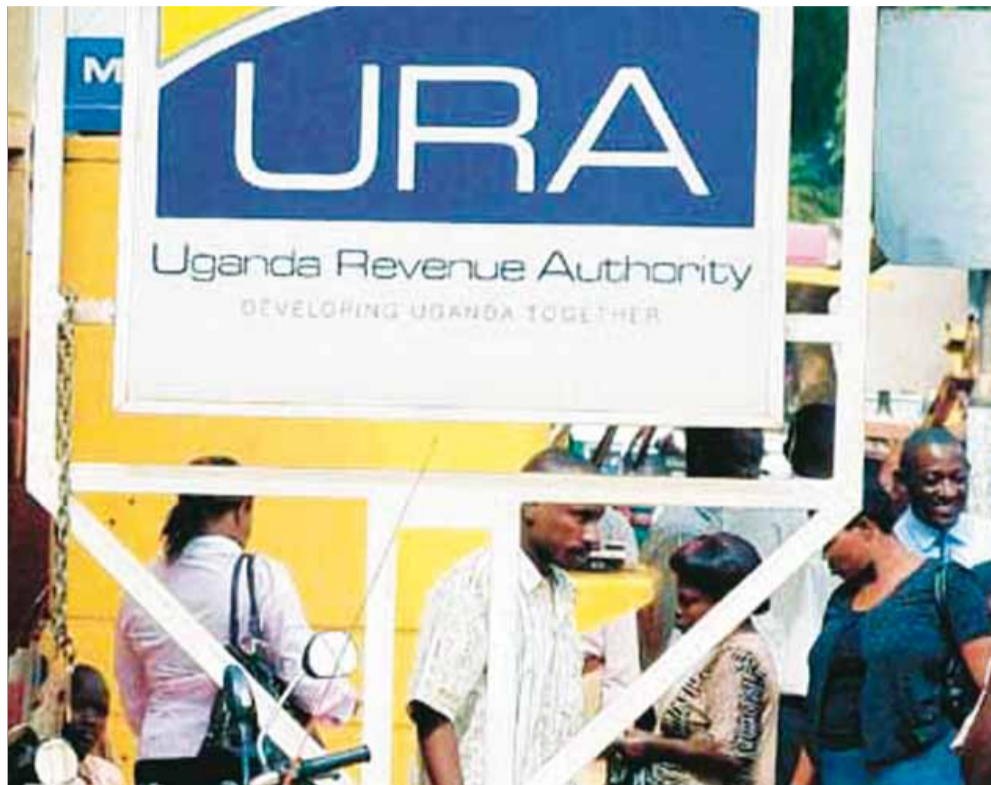
However, the URA's goal is to fully finance the national budget. To achieve this, they have embarked on the second phase of their modernisation programme. This phase will help them raise the required revenue to finance government's recurrent and development expenditure. The second phase of the modernisation is called "Managing Compliance Program" (MCP).

The MCP is in line with the URA's 2010/2011 - 2014/2015 Corporate Strategy to enhance compliance through excellent service delivery, while leveraging a professional workforce and appropriate technology. There are four interlinked projects under the MCP.

## 1. Service Support Enhancement

Through this project the URA intends to map all its business processes end to end across all functional departments and implement uniform client service standards. A mechanism to sustain continuous improvement will also be instituted.

To enable staff and clients to know about their services and standards, a service catalogue (both electronic and manual) will be developed and published. Staff will also be reoriented in service delivery techniques



and also equipped with marketing skills to sell its services and products.

## 2. Customs Business Systems Enhancement

The overall objective of this project is to facilitate trade without compromising customs controls. This is to be done through providing simple, predictable and efficient customs services while leveraging staff professionalism and technology to facilitate international trade, and maximise voluntary compliance. Some of the strategic initiatives under this project are to upgrade Acycuda++ to Asycuda World, implement the national AEO Accreditation programme, build staff capacity (in both technical – valuation, risk management, intelligence, surveillance, scanner operations – and IT usage) and implement the electronic cargo tracking system.

Another critical aspect about the project is that it will enable workflow management, which means better management and tracking of client transactions and resultantly improved client relationships and overall improvement in service delivery.

## 3. Integrated Tax Systems Enhancement

The project is set to enhance information systems for better service delivery in URA. It will entail business process re-engineering to ensure that the processes are simple enough to support service delivery.

## 4. Infrastructure Development Project

This project aims at delivering modern infrastructure that will support institutional service delivery.

The MCP is as a result of a need to reinforce the achievements gained after

the first modernisation tax reforms and deal with new challenges. The challenges were identified under the new strategic planning and management framework of the balance scorecard (BSC) that URA has adopted and implemented as well as from best practices identified from leading revenue administrations and stakeholders.

These challenges related to gaps in capacity development, weakness in URA's enforcement capacity and a changing operational environment that have continuously led to revenue leakages in processes and systems.

The overall MCP is to be championed by the Commissioner General as the program sponsor. The Assistant Commissioner of Research Planning and Business Development is the overall programme coordinator for the four projects. Each individual project is headed by a Project Owner whose overall role is to raise support for the decision-making function of the project and a Project Manager mandated to manage the daily project activities and Project Teams that maintain oversight and direct the successful delivery of the particular work streams that delivers the overall project goal.

The MCP has received financial support from the government of Uganda and three development partners, namely KfW German Government, Trademark East Africa and the Danish embassy.

Clients' expectations change as rapidly as the world is changing. With this in mind, the URA has to constantly adapt itself to business and client needs. It is premised that if reforms under the MCP are rolled out, the URA will minimise the current challenges experienced in mobilising revenue to finance the national budget. – Paul Kato Kyeyune, Manager Public And Corporate Affairs. (URA)

## Spotlight on organisation of tax administrations

In line with the 2011 ATAF Work Plan, the Technical Event on Organisational Management in Tax was hosted by the Mauritius Revenue Authority in Port Louis from 29 August to 2 September 2011.

The 12 countries represented at this event were Senegal, Egypt, South Africa, Mauritius, Malawi, Kenya, Uganda, Namibia, Tanzania, Gabon, Zimbabwe, and Sudan.

The workshop provided a broad overview of principles and practices on the Organisation and Management of Tax Administration in Sweden, Switzerland, Australia and South Africa.

The discussion covered a variety of topics including the core tasks, mission, vision, goals and values of tax administrations, with a specific focus on fairness, integrity, autonomy and accountability.

Tax policy and implementation, the role of tax administration in legislation, general design considerations and institutional solutions and developments in organisational structure of tax administration were also dealt with.

Participants then considered the importance of segmenting taxpayers so as to better understand taxpayer needs and behaviours, monitor and manage compliance and risk and implement appropriate strategies to improve taxpayer compliance.

Key processes of tax administration including registration, filing and assessment, collection and enforcement were also amongst the focus areas of the workshop. Attention was also given to Human Resource aspects of planning and control, staffing and training and performance management.

## Secretariat reviews three-year plan

The ATAF Secretariat held its Strategic Planning workshop in October 2011. At the workshop, the Secretariat reviewed its operations for the next three years with a focus on a revision of the ATAF Strategic Plan 2011-2013 and the development of an work plan for 2012.

Acting Executive Secretary Mr Logan Wort, opened the session by welcoming the secretariat staff and noted the presence of the Commissioner General of the Zimbabwe Revenue Authority Mr Gershem Pasi and Mr Charles Lwanga of the Rwanda Revenue Authority.

Overall, the workshop noted that of the seven strategic objectives for the period 2011-2013 all remained relevant. Some of the objectives had deliverables that were completed and the rest have ongoing deliverables.

The workshop included contributions by Mr Richard Parry, from the OECD,

who spoke about Key Challenges in the Global Landscape. Mr Parry highlighted the need for co-operative agreements to share best practices, both in terms of functioning and developing multinational approaches.

He also emphasised the need for cooperation with development banks that is focused on sharing of best practices and provision of regional based assistance particularly on development of tax data including tax statistics.

Ms Hyun-Ju Koh of the GIZ addressed the meeting on the Trends and Challenges for Tax Administrations in (Sub-Saharan) Africa. She touched on the taxation of specialised industries, the taxation of micro, small- and medium enterprises, IT-based tax administration systems and regional tax matters.

The workshop was supported by the German International Cooperation (GIZ).

# Cooperation key to success of ATAF research projects

Two major research projects to assess the current state and the needs of African tax administrations are now underway and will gain more impetus in the new year.

ATAF has commissioned a diagnostic study and a needs assessment study. Both these research projects will not only provide insight for ATAF as an organisation but participating member countries will also benefit as the research will inform their own decision processes in terms of the reforms required and the priorities to be emphasized.

Research Project Manager Frankie Mbuyamba emphasised that the cooperation of member tax administrations was critical. "For the above projects and any future ones to succeed, cooperation amongst all the key stakeholders is required during the entire process but above all, ownership of the recommendations will be very paramount," he added.

The Needs Assessment Research Project has already commenced with work on the first of six African regions. The objective of this project is to identify major topics and needs of African tax administrations in order to define the reform priorities across the African continent.

The initial results of the research will be presented to and discussed with the respective tax administrations in a participatory workshop as it is crucial for ATAF to receive the direct feedback and inputs of its members to direct the way forward.

The first regional workshop for the pilot



Dr Christiane Schuppert who oversees the ATAF-GIZ partnership and Mr Frankie Mbuyamba – Research Project Manager

region will be held in Senegal in February 2012. Work on the remaining five regions, including five participatory regional workshops, will start in March 2012.

The Diagnostic Research Project will provide insights on the current state of African tax administrations, especially with respect to the core processes of the administrations, using a survey-based approach.

Work on this diagnostic study has already begun on refining the methodology to be used. It is anticipated that the survey will be sent out to all African countries in the early part of 2012. The project depends largely on the cooperation and provision of data by the respective administrations, and is expected to run until the end of 2012.

The research will enable ATAF to better

target and improve support to member countries in the form of technical events and specific technical assistance in pursuance of its objective to enhance the capacities of African tax administrations. The first step in delivering such tailor-made support is an understanding of the current state and the needs of African tax administrations which will be provided by the research projects.

The research will also provide guidance for donors who are willing to assist African countries in the establishment of effective tax systems

"For these projects to be successful, ATAF depends on the contribution and active support of its members in providing the required information for the research projects, said Mr Mbuyamba.

## Communications at centre of compliance

ATAF hosted its first seminar on communications and media in African revenue administrations from 10 to 12 October 2011.

The seminar focused on using communications channels and tools such as advertising, marketing & branding, reputation management and campaigns to encourage taxpayer compliance.

In his opening speech, the ATAF Acting Executive Secretary, Mr Logan Wort, indicated that taxpayer compliance is influenced by perceptions of fairness of the tax burden, transparency and the acceptance by citizens of their obligation to pay taxes.

It was imperative therefore for African revenue administrations to recognise and act upon the importance of developing good relations with taxpayers.

A major factor in improving compliance is to increase the understanding of taxpayers of the key role they play, through the taxes they contribute, to enabling the state to deliver on its social and economic development objectives.

This has to be complemented by offering the best possible services and being responsive to taxpayer need. Both of these elements are critical in maintaining and managing the reputation of revenue authorities.

A total of 12 ATAF member countries participated in this seminar namely Ghana, Botswana, Malawi, Nigeria, Congo, Lesotho, Rwanda, Uganda, Mauritius, Sudan, Benin and South Africa.

# Rwanda, Burundi launch one-stop border post

Senior tax officials from Rwanda and Burundi, signed a memorandum of understanding to operationalise the one border post at Nemba in Bugesera District.

The deal was signed at the Nemba border post by Rwanda Revenue Authority (RRA) Commissioner General, Ben Kagarama Bahizi, and his Burundian counterpart, Kieran Holmes of the Burundi Revenue Authority.

The development is expected to bolster trade across borders and reduce the time spent on clearing at the border posts.

Under the one border post, travellers will access services at one spot unlike in the past when documents were processed at two locations in both countries.

"It will reduce the number of stops by combining border control activities of the two countries at a single location," Kagarama said.

The RRA boss added that it would lead to greater inter-agency and cross-border cooperation between the two countries.

He urged the business community from the two countries and other East African



Mr Kieran Holmes of the Burundi Revenue Authority and Commissioner General Ben Kagarama Bahizi of the Rwanda Revenue Authority (RRA)

Community member states to take advantage of the economic reforms being introduced in the region, to fully enjoy the benefits of economic integration.

On his part, Holmes also stressed that the one-stop border concept would reduce the time spent by traders and other travellers in clearing their documents.

He observed that the objective of the two

EAC member countries in facilitating trade at Nemba has been achieved.

"Harmonisation of customs and border operations is key in the regional integration process ... by removing barriers and reducing the cost of doing business," Holmes noted.

Under the deal, the two countries will also share border control data that is useful in

border operations through the use of Information and Communication Technology.

Other areas of cooperation include conducting of joint technical training of border control officers so as to achieve common levels of conceptual understanding of the one-stop border post operations.

Eugene Higiuro, the private sector representative in Bugesera District, welcomed the development, saying that traders were facing unnecessary delays in processing documents.

The establishment of the one-stop border post at Nemba will be followed by another at Kagitumba at the Rwanda-Uganda border and Rusumo at the Rwanda-Tanzania border.

All the initiatives are being jointly undertaken by sister revenue authorities within the EAC bloc to significantly reduce the cost of doing business by removing existing trade barriers.

The establishment of the one-stop border post at Gasenyi 1/Nemba border post is financed by the African Development Bank. – James Buyinza (RRA).

## Checkpoint for the ATAF Transfer Pricing Working Group

The ATAF Transfer Pricing Working Group met for their second meeting of the year in Pretoria, South Africa from 15 to 16 September 2011. Two new members from Rwanda and Senegal were introduced and welcomed to the Working Group.

At the initial meeting in April 2011, the Working Group set itself short-term and long-term deliverables to accomplish the main objective of assisting member countries to build the capacity of identifying and addressing Transfer Pricing and thin capitalisation risks.

Six months from its inception, the Working Group has achieved a significant amount of work:

- The working group performed reviews on some ATAF members' transfer pricing capability, on completed questionnaires from the respective member countries. The next step would be to draft a timetable for in-depth reviews.
- Based on the Transfer Pricing Technical Event held in Rwanda this September, the Working Group agreed with the OECD on the content to be used to develop the Working Group Transfer Pricing Programme for 2012.
- A link to the Transfer Pricing knowledge database has been created for use by member states to access information on Transfer Pricing, including material on Transfer Pricing technical events. The working group and member states can contribute articles or any Transfer Pricing information to this database.
- The Working Group has already analysed the questionnaire to determine what products are needed to assist ATAF members in Transfer Pricing Dispute Resolution.

The Working Group has achieved a lot within a short space of time. However, there still remains much to be done. The mandate stretches to the point of ensuring that African Revenue Authorities can effectively deal with complex tax planning schemes which have deprived them of their due revenue.

The Working Group's objectives for 2012 include:

- Setting up an ATAF Transfer Pricing Panel that will receive and advise on transfer pricing enquiries
- Undertaking a feasibility study on access to commercial databases
- Setting up an ATAF Transfer Pricing Business Forum
- Developing a Guide Note for ATAF countries on drafting and implementing their country-specific transfer pricing and thin capitalisation rules.

The 3<sup>rd</sup> Meeting of the Transfer pricing Working group is scheduled for April 2012, and will be held back-to-back with a Technical Conference on Transfer Pricing of the broader ATAF membership.

## Final technical event of the year focuses on Exchange of Information

ATAF's final technical event of 2011 was on the Exchange of Information (EOI) and was presented in collaboration with the Organisation for Economic Cooperation and Development (OECD). It was the second technical event specifically on EOI for the year and this event focused on identifying ways to improve the efficiency of the processes of exchange of tax information between competent authorities.

Ubaldo Gonzalez of the OECD and Rudolf Terblanche of SARS facilitated the week's discussions at which eight ATAF member countries were represented, namely Burundi, Egypt, Mauritius, Seychelles, South Africa, Uganda, Zimbabwe and Nigeria.

The event was officially opened by Mrs Ifueko Omoigui Okauru, the Executive Chairman of the Federal Inland Revenue Service of Nigeria. The ATAF representative, Ms Lebohng Leshoro, provided the background to the event in relation to the 2011 ATAF Capacity Development Programme.

According to ATAF, the focus of the final technical event of the year reflected what had been unfolding in the global economic environment and the role of the Exchange of Information. ATAF recognised the importance of ensuring that a platform is available for discussions on EOI to be furthered.

One of the highlights of the ATAF 2011



Opening ceremony of the Exchange of Information Technical Event. From left to right: Executive Chairman of FIRS Mrs Ifueko Omoigui Okauru, ATAF secretariat representative Lebohng Leshoro, Technical experts on EOI: Rudolf Terblanche of SARS and Ubaldo Gonzalez of the OECD

Work Plan was that a Working Group on the Exchange of Information and Tax Treaties had been set up, comprised of senior tax officials from five ATAF member countries. They are Mauritius, Nigeria, South Africa, Uganda and Kenya.

The Working Group's key deliverable is establishing a system of facilitating effective exchange of information among the 34 ATAF member countries and with the rest of the world. Two major deliverables have been achieved to date, namely:

- The establishment of the Competent Authority Portal on the ATAF website with contact information of competent authorities for those member countries that have made this information available.
- The development of a survey questionnaire, which will be used to gather information from various countries on each country's priority needs for technical assistance for developing and implementing the appropriate system that will facilitate the exchange of information.

## ATAF represented at transparency events

Femi Edgal of FIRS Nigeria, the coordinator of the ATAF Exchange of Information Working Group, also represented ATAF at the Seminar on Transparency organised by the Global Forum, the World Bank and the South African Revenue Service in Durban, South Africa in June this year, as well as at the OECD's Third Global Forum on Transparency and Exchange of Information for Tax Purposes in Bermuda.

Both the sessions focused on providing an opportunity for delegates to present the technical assistance they require for exchange of information for tax purposes. Some of the areas of assistance put forward for the consideration of the Global Forum and the World Bank were:

- The facilitation of local and international training targeted at meeting deficiencies in the capacity of Public Service officials (e.g. tax authorities and the judiciary) for effective exchange of information.
- Secondments of technical experts to African countries to assist in developing domestic legal and administrative frameworks, implementing sustainable processes systems for exchange of information and assisting countries to prepare for peer reviews.
- Assisting African countries in opening channels of communication with G20 countries and members of the Global Forum to negotiate and conclude tax treaties and update existing tax treaties to meet the required global standards.

In summary, ATAF members expressed a greater understanding for the importance of establishing competent authorities, and ensuring that there is certainty in processes to be followed in facilitating requests for exchange of information to ensure that such engagement is effective. The validity of instruments, such as Memoranda of Understanding instead of actual TIEAs, were also discussed and countries were encouraged to facilitate the finalisation of TIEAs that had been negotiated but not yet signed by the relevant authorities.

## Send us your contact details

The ATAF Exchange of Information & Tax Treaties Working Group was requested to collect a detailed list of the competent authorities from each ATAF member as part of an information-sharing exercise.

To date, 11 members have submitted the full contact details of their designated competent authorities. These contact details have been uploaded onto the ATAF website for unrestricted access.

The Secretariat thanks those members who have already contributed and call upon the remaining ATAF members to also provide their competent authorities' information to Elizabeth Storbeck to be uploaded onto the ATAF website.

Please contact Elizabeth Storbeck on EStorbeck@sars.gov.za or Ronel Davel RDavel@sars.org.za at the ATAF Secretariat should you wish to extend access to this site to additional officials within your administration.

