

# Enhancing Tax Administration Capacity

Wuzhen Action Plan (2019–2021) Final Report

Enhancing Tax Administration Capacity Task Force



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# Abbreviations

<b>AEOI</b>	<b>Automatic Exchange of Information</b>
<b>BRI</b>	<b>Belt and Road Initiative</b>
<b>BRITA</b>	<b>Belt and Road Initiative Tax Academy</b>
<b>BRITACEG</b>	<b>Belt and Road Initiative Tax Administration Capacity Enhancement Group</b>
<b>BRITACOF</b>	<b>Belt and Road Initiative Tax Administration Cooperation Forum</b>
<b>BRITACOM</b>	<b>Belt and Road Initiative Tax Administration Cooperation Mechanism</b>
<b>CICDC</b>	<b>China-IMF Capacity Development Center</b>
<b>ECOSOC</b>	<b>Economic and Social Council</b>
<b>EOI</b>	<b>Exchange of Information</b>
<b>FTA</b>	<b>Forum on Tax Administration</b>
<b>GRP</b>	<b>Global Relations Programme</b>
<b>IBFD</b>	<b>International Bureau of Fiscal Documentation</b>
<b>ICC</b>	<b>International Chamber of Commerce</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>ITIC</b>	<b>International Tax and Investment Center</b>
<b>OECD</b>	<b>Organization for Economic Co-operation and Development</b>
<b>PCT</b>	<b>Platform for Collaboration on Tax</b>
<b>SGATAR</b>	<b>Study Group on Asian Tax Administration and Research</b>
<b>SDGs</b>	<b>Sustainable Development Goals</b>
<b>TIWB</b>	<b>Tax Inspectors Without Borders</b>
<b>UN</b>	<b>United Nations</b>
<b>WBG</b>	<b>World Bank Group</b>



# Executive summary

Tax administration capacity building plays an important role in achieving sustainable goals, through which more tax revenue can be mobilized without hindering economic growth. Many Belt and Road Initiative (BRI) jurisdictions face more severe challenges than developed countries in terms of enhancing tax administration capacity, increasing taxpayer compliance, and improving tax certainty. In response to the requests of the Belt and Road Initiative Tax Administration Cooperation Mechanism (BRITACOM) Council Members and Observers, the Enhancing Tax Administration Capacity Task Force (the Task Force) was established to promote and assist in capacity building in the BRI jurisdictions by sharing experience, utilizing assistance from international organizations, organizing bilateral and multilateral programs and developing knowledge products.

This report is prepared by the Task Force chaired by Uruguay and participated by 17 BRITACOM Council Member Tax Administrations (TAs), 7 Observers and 3 Advisors with the support of

the BRITACOM Secretariat. It has been further perfected by the input and feedback of the Member TAs and Observers via two surveys.

This report updates on the progress made by the Task Force, which reflects the requests identified in the Wuzhen Action Plan (2019-2021) (Action Plan), including:

## **-Establishing 4 Belt and Road Initiative Tax Academies (BRITAs).**

The BRITACOM has set up 4 BRITAs, in Nur-Sultan, Macao, China, Beijing and Yangzhou respectively. Up to now, BRITA-Nur-Sultan and BRITA-Macao, China have fulfilled their first Russian-speaking and Portuguese-speaking training programs. Meanwhile, BRITA-Yangzhou, as the training center for English and Chinese speaking jurisdictions, has conducted several training programs and seminars.

## **-Launching 2 surveys to analyze the status quo and needs on capacity building in the BRI**

**jurisdictions.** The Task Force launched 2 surveys in 2019 and 2021 respectively to comprehend the status quo of tax administration capacity building in the BRI jurisdictions, assess the capacity building programs held, and identify priorities for future steps.

**-Building a characteristic training system consisting of on-site and online training programs.** So far, 340 tax officials from 62 jurisdictions have attended 13 on-site training programs in Chinese mainland and Kazakhstan, and 13 online training programs with 846 participants were held through the BRITAs website or in the form of webinars. According to the feedback, most participants believed the training programs were significant, insightful and beneficial.

**-Holding a series of high-level meetings and seminars.** Two high-level meetings were held to address the COVID-19 and digitalization of tax administration in 2020, where Commissioners and other high-ranking tax officials from BRITACOM Council Member TAs reached consensus on future direction. And a series of seminars were carried out to address issues such as business continuity in the context of COVID-19, Value Added Tax (VAT) administration in the digital times, governance and application of tax-related data, tax treaties, etc.

**-Publishing the BRI Tax Journals.** Serving as an important platform to share insights and exchange practices and experience among tax administrations of the BRI jurisdictions and beyond, the BRI Tax Journal released its first

issue on 12 June, 2020. So far, 3 issues have been released.

The report also provides best practices of jurisdictions and international organizations in building tax administration capacity, which include domestic capacity building activities, international assistance by developed countries, and efforts taken by international organizations such as the United Nations (UN), the International Monetary Fund (IMF), Organization for Economic Co-operation and Development (OECD), etc.

Going forward, in light of the best practices adopted by various jurisdictions and international organizations, the Task Force will redouble efforts to better align priorities for the BRI jurisdictions and advance cooperation within and beyond the BRITACOM, which shall include, but are not limited to:

- Establishing more BRITAs and developing standards of operation;
- Designing and developing training courses;
- Extending training programs and improving training quality;
- Integrating expert resources and building a professional faculty team;
- Holding more seminars and offering more opportunities for experience sharing; and
- Developing an online training platform and expanding knowledge acquisition channels.

# Introduction

## 1.1 Background

To facilitate closer cooperation and exchanges among the BRI tax administrations and contribute to building a growth-friendly tax environment, BRITACOM was established as one of the outcomes of the First Conference of the Belt and Road Initiative Tax Administration Cooperation Forum (BRITACOF) held in the city of Wuzhen, China on 18-20 April, 2019. Another outcome of the Forum, the Action Plan, sets the directions for the work of the BRITACOM in five areas including Raising Tax Certainty and Rule of Law, Expediting Tax Dispute Resolution, Enhancing Tax Administration Capacity, Streamlining Tax Compliance and Digitalizing Tax Administration. To address the concerns of all BRI jurisdictions and for the benefits of stakeholders, 5 task forces were established to ensure inclusive and

effective implementation of the Action Plan.

The Task Force is chaired by Uruguay and participated by 17 BRITACOM Council member TAs, 7 BRITACOM Observers and 3 Advisors. Its mission statement is to support the BRI tax administrations to develop sound tax system and high-level tax administration capacity essential for mobilizing domestic revenue, funding basic services, building trust and pursuing the Sustainable Development Goals (SDGs). Over the past two years, the Task Force has been committed to advancing the capacity building and development programs through the Belt and Road Initiative Tax Administration Capacity Enhancement Group (BRITACEG), which is one of the important pillars of the BRITACOM.

## 1.2 Objectives and main content of this report

Based on the status quo of tax administration capacity building in the BRI jurisdictions, this report aims to provide guidance for the BRI jurisdictions to enhance their tax administration capacity by sharing the best practices of some jurisdictions and international organizations. As the final report of the Task Force, this report also fully reflects the work progress and next steps of the Task Force since the first BRITACOF, so as to further cooperation in tax administration capacity building within the BRI jurisdictions.

Starting from the definition and connotation of tax administration capacity building, the report analyzes the challenges of tax administration capacity building in the BRI jurisdictions based on the results of a survey in 2019. It also introduces the phased outcomes and relevant progress made by the Task Force in implementing the Action Plan. Based on the experiences of some jurisdictions and international organizations, it puts forward the next steps for enhancing tax administration capacity in the BRI jurisdictions.

# Overview of tax administration capacity building

## 2.1 Importance of enhancing tax administration capacity in the BRI jurisdictions

A complete tax system plays an irreplaceable role in fulfilling government functions, achieving economic growth, promoting sustainable development and improving national welfare. The development of the taxation systems, which include tax law system and tax administration system, constitutes an important aspect of the national governance capabilities. For all jurisdictions, collecting tax revenue effectively through a high-quality tax administration system is a key guarantee for achieving SDGs. Some BRI jurisdictions face more severe challenges in revenue collection because of their weak tax administration foundation, low taxpayer compliance, insufficient tax transparency and limited governance capability. Thus they are in even more urgent need of enhancing tax administration capacity. Moreover, the traditional international tax

rules could hardly keep up with the development of new economic forms and business models in the context of digital economy, intensifying the risks of Base Erosion and Profit Shifting (BEPS) faced by every jurisdiction. The implementation of the outcomes of the G20 tax reform (BEPS and Common Reporting Standards (CRS)) has pushed the urgency of capacity building to an unexpectedly high level, especially for developing and low-income countries, as the modern tax system is based on new concepts and jurisprudence that requires for higher level of expertise than before. Therefore, tax administrations worldwide, including those of the BRI jurisdictions, must make joint efforts to enhance tax administration capacity and build up more robust and efficient tax administrations.

## 2.2 Definition and connotation of tax administration capacity building

In recent years, more and more jurisdictions and international organizations have realized that adequate tax capacity is vital for building a well-functioning tax system and achieving long-term economic and social development. The Addis Ababa Action Agenda (Addis Agenda) agreed by 193 UN members in 2015 recognizes that “significant additional domestic public resources, supplemented by international assistance as appropriate, will be

critical to realizing sustainable development and achieving the SDGs”. The Addis Agenda stresses the need for assistance offered to developing countries in improving their capacity of revenue collection, and contains commitments to providing international support for developing countries in reaching targets for enhanced domestic revenue. At the Forum on Tax Administration (FTA), the Capacity Building Programme (2015-2016), led by Canada and China,

looks at tax capacity building in a global context, helping to develop guidance on how the FTA members can support and engage in tax capacity building in a coordinated and sustainable way.

Tax administration capacity building refers to the broad process by which tax administrations unleash, strengthen, create, adapt and maintain capacity over time. The capacity here refers to the ability of people, organizations and the society as a whole to manage tax matters successfully.<sup>1</sup> Based on the previous work of international organizations, including the UN, OECD, IMF, WDG and Asian Development Bank (ADB), the scope of tax administration capacity building is relatively broad, covering all aspects of tax administration, including tax system, governance structure, human resource management, information technology, taxpayer service, taxpayer education, registration, declaration, payment, reimbursement, audit, collection and dispute resolution, etc.

In terms of its design, the tax administration capacity building framework translates several key principles into a concrete process. These principles include: (a) a wide range, and large number of organizations are involved in financing and/or delivering support for building tax capacity; (b) the program development process needs to begin with sound diagnostics; (c) a common approach requires a common nomenclature, and common technologies require common standards; (d) assistance for sophisticated interventions and basic capacity establishment are also important; and (e) tracking and evaluating results are vital.

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1 Tax Administrations and Capacity Building: A Collective Challenge, OECD Publishing, Paris, <https://doi.org/10.1787/9789264256637-en>.

# Status quo and challenges of tax administration capacity building in the BRI jurisdictions

Training can help tax officials upgrade knowledge and capabilities needed for current and future work in a timely manner. It is the most common means of enhancing tax administration capacity and also an important indicator of tax administration capacity building in a jurisdiction. Based on a survey conducted in 2019 by the Task Force, this section examines the current situation and challenges of providing training programs in the BRI jurisdictions and identifies the Task Force's future priorities.

## 3.1 Background

The Task Force conducted a survey in 2019 to collect data and information about the BRI jurisdictions' tax training programs. 36 jurisdictions gave their feedback, among which almost 40% are in Asia-

Pacific, 25% in Europe and 22% in Africa. The feedback can largely reflect the current situation of tax administration capacity building in the BRI jurisdictions.

## 3.2 Findings

The results of the survey show that with the emergence of new technology and business models, the BRI jurisdictions are facing increasingly significant tension between the shortage of resources and the need for higher tax administration capacities. For some developing and low-income countries, it is difficult to organize and carry out systematic training programs on their own, as they usually are faced with shortages of budget and experts. Some jurisdictions can only get limited external assistance due to low level of international

cooperation.

**The resources of tax administration capacity building are insufficient.** In the meantime, the training resources invested by the BRI jurisdictions are unbalanced. On the whole, there are varied problems such as insufficient training time and limited training channels. Especially, under the background of emerging new business models, rapidly -changing international tax rules and development of new information technologies, it is

difficult to acquire the latest professional knowledge through structural and systematic training for tax officials, and it is equally difficult to improve their working skills.

**The content of tax administration capacity building projects is limited.** The tax administration capacity building projects carried out by the tax authorities of the BRI jurisdictions focus more on the interpretation and implementation of the domestic tax system. With the intensification of economic globalization, the BRI jurisdictions have integrated extensively into the global industrial chain. While the tax authorities understand and comply with international tax rules to encourage

economic cooperation, they also face the challenges of BEPS. Nevertheless, the tax administration capacity building projects of international tax rules have not attracted enough attention.

**Communication opportunities for tax administration capacity building are limited.**

Due to the lack of cooperation and information exchanging platforms, tax officials in some BRI jurisdictions have limited opportunities to obtain advanced tax administration experience or share experience with others. There are few opportunities for the BRI jurisdictions to participate in the provide of assistance.

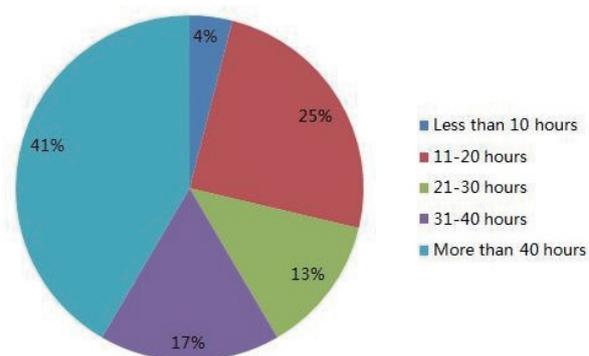
## 3.3 Challenges

### 3.3.1 Lack of adequate time for training

The BRI jurisdictions have been developing capacity building programs in recent years. The survey shows an average of less than 40 training hours (or 5 working days) per tax official in over 50% of the responding jurisdictions and less than 20 hours (or 2.5 working days) in about 30% of the responding jurisdictions over the past 12-month period.

In comparison, members of the American Institute of Certified Public Accountants and the Association of Chartered Certified Accountants are required to complete 120 hours of continuing professional education every 3 years (i.e. at least 40 hours every year).

Figure 1. Internal training hours provided by the BRI jurisdictions

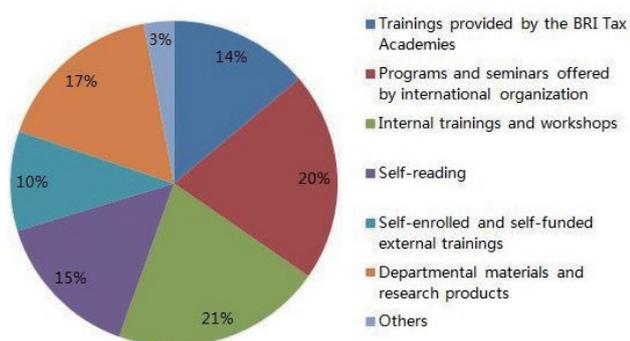


### 3.3.2 Limited channels for updating tax knowledge

According to the survey, more than 40% of the respondents have updated their tax knowledge and managed to know the best practices by traditional channels such as programs and seminars offered by international organizations, internal training and workshops, and technical assistance. Besides, around 25% of the respondents have learned through self-reading and self-enrolled training instead of structured training provided by the tax administration.

14% of the respondents have received training from the BRITAs, even though the BRITAs started training in 2019. It indicates that capacity building programs of the BRI jurisdictions are relatively limited, and thus the BRITACEG training programs have the potential to become one of the key channels to assist the BRI jurisdictions to enhance their tax administration capacity.

Figure 2. Channels for updating tax knowledge in the BRI jurisdictions



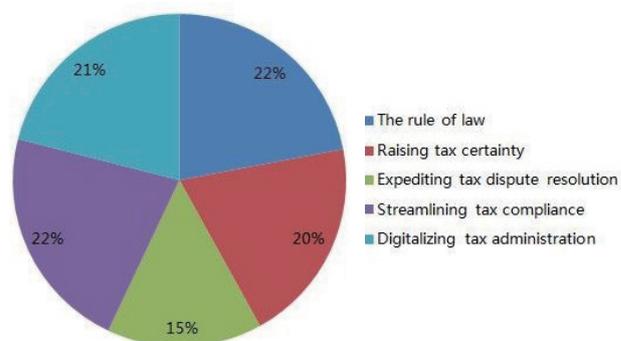
### 3.3.3 Confined topics and forms of capacity building programs

The survey indicates training programs delivered for tax officials of the BRI jurisdictions are mainly

applied to improving tax system. The composition of the training programs in terms of the topics is: The Rule of Law (22%), Streamlining Tax Compliance (22%), Digitalizing Tax Administration (21%), Raising Tax Certainty (20%) and Expediting Tax Dispute Resolution (15%). The programs on the topic of “Expediting Tax Dispute Resolution” account for only 15% of the total. Being the lowest, the programs on this topic need to increase at least by 5%.

As the economic globalization deepens, the BRI jurisdictions are increasingly involved in international trade. According to statistics from the State Information Center of China, the total foreign trade of the BRI jurisdictions registers 9.3 trillion US dollars, accounting for 27.8% of the global total. Therefore, the BRI jurisdictions need guidance and assistance as to the international regimes in order to secure domestic tax base and deal with complex international tax issues. It is noteworthy that complex issues such as treaty implementation and application are the focus of future programs.

Figure 3. Topics covered in the internal training offered by the BRI jurisdictions

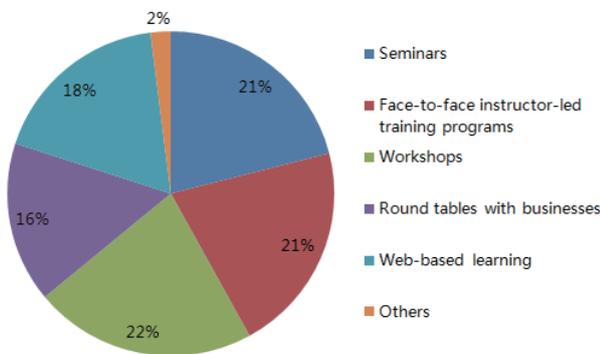


The survey also shows that the traditional ways of training are more prevalent in the BRI jurisdictions, including seminars (21%), classroom training (21%)

and workshops (22%), compared with web-based learning (18%).

However, due to the COVID-19 pandemic, web-based learning is becoming the most reliable and effective way of training. Many tax administrations have taken this opportunity to develop their own web-based training programs, which forms an important part of the Task Force’s work.

Figure 4. Most effective training forms in the BRI jurisdictions

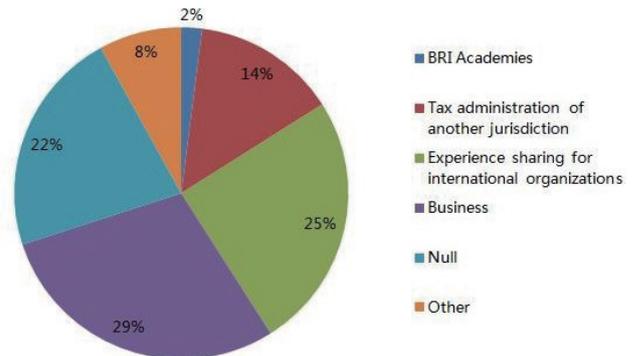


### 3.3.4 Less experience in providing comprehensive external training

The survey shows that about 40% of the surveyed tax administrations have offered trainers to another jurisdiction or shared experience with international organizations in the past 6 months in diverse ways. Approximately 30% of the surveyed tax administrations have provided trainers for the businesses. In other words, the BRI jurisdictions have some experience in training, but not so much in international training, which should be a priority area for the Task Force in future arrangements. The result that only 2% of tax administrations have provided trainers for the BRITAs indicates that tax administrations have less experiences in training under the BRI framework and there is a great potential for cooperation among the BRI

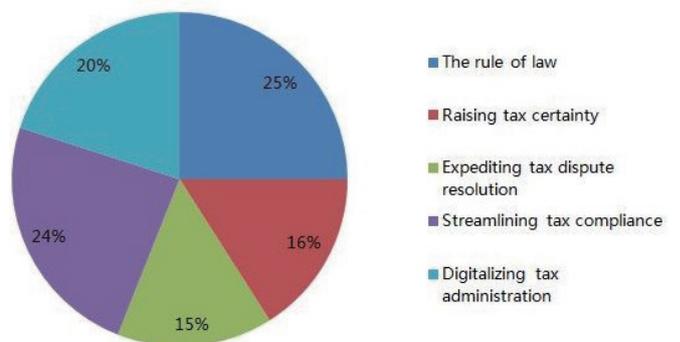
jurisdictions. While experience sharing among international organizations and tax administrations are dominant, quite few respondents have been invited by the BRITAs to provide trainers so far.

Figure 5. Training occasions attended by the BRI jurisdictions



The survey indicates that training programs offered by respondents were mainly related to The Rule of Law (25%), Streamlining Tax Compliance (24%) and Digitalizing Tax Administration (20%). Fewer programs were related to Raising Tax Certainty (16%) and Expediting Tax Dispute Resolution (15%), an observation consistent with the feedback that more programs on these topics should be offered as indicated above.

Figure 6. Topics in the external training provided by the BRI jurisdictions



# Snapshot of the Task Force on enhancing tax administration capacity

The Action Plan lays out a blueprint for strengthening the tax administration capacity building. It includes: (a) building up the BRITAs' network; (b) conducting researches within the BRI tax administrations; (c) developing improvement plan; (d) holding seminars; and (e) organizing and implementing training programs. The Task Force has carried out the following work in the past two years.

## 4.1 Establishing 4 BRITAs

A network of training institutions that aims to cover the BRI jurisdictions was created, consisting of 4 BRITAs in Kazakhstan, Macao, China and the Chinese mainland (Beijing and Yangzhou) for Russian-, Portuguese-, English- and Chinese-speaking jurisdictions.

BRITA·Yangzhou and BRITA·Beijing were established in 2019. BRITA·Yangzhou organized the first training event in May, 2019, right after its inauguration, on Tax Dispute Resolution and was joined by 27 senior tax officials from 13 jurisdictions. BRITA·Yangzhou was inaugurated in National Tax Institute (NTI) of the State Taxation Administration (STA) of China. The faculty, facilities, organizational culture and curriculum are factors that make NTI stand out. It offers each year an average of 350 programs on various aspects of taxation, which are attended by 25,000

trainees, from the director-general level to the grass roots level, aiming at providing talent and intellectual support to tax modernization in China. In addition, NTI has been co-operating with the OECD, IMF, Japan International Cooperation Agency (JICA), United Nations Development Programme (UNDP) and Study Group on Asian Tax Administration and Research (SGATAR) since 2004 when the International Tax Training Center of STA was incepted there. In 2016, the OECD-STA Multilateral Tax Centre (MTC), the sixth OECD MTC and the only one in a non-OECD jurisdiction, was established in the NTI. The MTC is an important platform for the development of a deeper understanding of OECD tax standards in China and Asia at large. It provides a purpose-built training centre, including the necessary infrastructure, where the OECD organizes face-to-face training events on tax issues for tax officials from China

and from non-OECD economies. Since 2018, the OECD-STA MTC has hosted 15 face-to-face and 6 virtual training events, benefiting - in addition to the Chinese participants - over 300 international participants from more than 40 jurisdictions in Asia and beyond.

The first Russian-speaking training program was conducted in Nur-Sultan, Kazakhstan in November, 2019 under the auspices of the Tax Revenue

Committee of the Ministry of Finance, with the theme of Transfer Pricing: International Standards and National Legislation.

The first Portuguese-speaking course of the BRITA-Macao,China was held virtually from 15 November, 2020 to 27 January, 2021 and dealt with the increasingly important topic of Dispute Prevention and Resolution in Tax Matters.

## 4.2 Surveying and analyzing capacity building

To understand the landscape of the BRI tax administrations in building their capacity, particularly in identifying their priorities in the need for matching training programs, and to assess the capacity building events held so far, the Task Force conducted two surveys in 2019 and 2021 respectively. The survey in 2019 focused on the main challenges of the BRI jurisdictions identified in respect to capacity building. The survey in 2021 aimed to obtain feedback on training programs so as to offer insights and direction for future training programs. The survey shows that Digitalization in Taxation, Transfer Pricing, Tax Dispute Resolution,

Tax Treaties and BEPS, and Risk Management are topics to be further elaborated. Besides, most BRI jurisdictions applied information technology to the domestic tax administration systems to varying degrees. Information technology is playing an increasingly important role in taxation. In particular, since the outbreak of the COVID-19 pandemic, the function of information technology is extremely important. How to build a convenient, efficient tax administration and taxpayer service system by applying information technology has become a critical issue to be addressed firstly in these jurisdictions.

## 4.3 Offering on-site and online training programs

The BRITACEG, as part of the BRITACOM, is an important platform for capacity building efforts. At present, the BRITACEG has 20 members and 14 partners, covering 8 jurisdictions, with 3 international organizations and 3 academic institutions taking part in.

In 2019, the BRITACEG carried out several on-

site training programs. Because of COVID-19, on-site training programs have been replaced by online training programs since 2020. This transition from on-site to online has promoted the BRITACEG's training programs, expanded its training forms, and proved to be an effective approach to saving costs, improving training effect and expanding

BRITACOM's influence.

#### 4.3.1 Improving on-site training programs

In 2019, 340 tax officials from 62 jurisdictions including Cambodia, Ghana, Mongolia, Afghanistan, Sri Lanka, etc. participated in 13 training events held in China and Kazakhstan, among which 12 events were held in Chinese mainland and 1 in Kazakhstan. The training programs covered 11 topics, such as Tax Dispute Resolution, Tax Treaties and BEPS, Personal Income Tax, Guidelines & Digital Economy. The overall satisfaction rate of the participants on these events scored more than 90%. After one year's exploration, the BRITACEG has developed a characteristic training system, turning over a new leaf of standardized cooperation.

#### 4.3.2 Exploring online training programs

Due to the COVID-19 pandemic, the original

agendas for 2020-2021 training events were disrupted but online courses were designed and delivered through the website of the BRITACOM ([www.britacom.org](http://www.britacom.org)) and the BRITAs ([www.brita.top](http://www.brita.top)) based on the Task Force's training plan. After one and a half year's operation, the BRITAs website managed to offer online teaching. By the end of June, 2021, 13 training events with 846 participants taking part in have been held via the BRITAs website and other live broadcasts. In light of the previous survey results, the program is more targeted. It covers 10 topics such as Tax Dispute Prevention and Resolution, Transfer Pricing 2.0, Tax Treaties, Country by Country Reporting, and Risk Management. 92% of the participants were satisfied with the training, and 87% believed that through the platform of the BRITACEG, their tax administration coordination capacity with other jurisdictions had been significantly enhanced.

## 4.4 Holding regular meetings and seminars

The BRITACEG, since its establishment, has held regular meetings and a series of seminars. In addition to experts and representatives from the BRITACOM Council Member TAs and Observers, it has invited representatives from international organizations, tax and accounting firms, and academic community to participate in.

#### 4.4.1 High-level meetings to shed light on directions

On 2 June, 2020, the virtual meeting with the theme of "Responding to COVID-19: BRITACOM Perspective" was held. Wang Jun, the Commissioner

of the STA of China, on behalf of the BRITACOM Council, delivered a speech and pointed out that solidarity and cooperation were the global community's most effective weapon to defeat the virus. He also made 3 proposals: (a) establishing a platform for exchanging information and sharing experience; (b) strengthening cooperation and jointly work out solutions; and (c) adapting to the reality and promoting the development of the BRITACOM. Based on extensive consultation, all parties reached the consensus to postpone the second BRITACOF to 2021 and shift this

BRITACOM meeting from offline to online.

On 15 December, 2020, the BRITACOM High-level Virtual Conference with the theme of “New Challenges, New Opportunities and New Future – Development Planning of Tax Digitalization in the Context of the Global Pandemic” was held to exchange views on tax digitalization. The 36 BRITACOM Council Member TAs agreed on the Joint Statement of the High-level Virtual Conference of the BRITACOM on Digitalizing Tax Administration.

#### 4.4.2 Series of seminars to push forward in a down-to-earth way

Based on the experience in BRITAs’ operation in China, the BRITACOM Secretariat and the STA of China held the Seminar on BRITAs Development in August, 2019, focusing on the functions, facilities and priorities of the BRITAs. The outcomes of discussion were integrated into the BRITA Working Plan (Draft) and the BRITACEG Explanatory Document (Draft). Another multilateral seminar of the BRITACOM was held in Beijing, China on 6-8 November, 2019 to discuss the preparatory work for the second BRITACOF in Kazakhstan and participants agreed on “Digitalization of Tax Administration” as the main theme.

With the outbreak of the COVID-19 pandemic, seminars began to be held online. The virtual Seminar on Business Continuity in Response to COVID-19 was held on 30 July, 2020. Under the background of the pandemic containment on a regular basis, making full use of digitalization to ensure business continuity, improve taxpayer compliance, and provide contactless taxpayer service has been one of the priorities of tax

administrations. Participants shared experience and researches on business continuity in response to COVID-19 to satisfy the diversified demands of taxpayers, and ensure the continuity of quality taxpayer service, which are practical and inspiring measures to keep connections between taxpayers and tax administrations. Another virtual seminar on “Service and Administration of VAT in Digital Times” took place on 15 October, 2020. As digital revolution has radically changed the traditional business model and dramatically impacted VAT administration, this seminar mainly focused on three subtopics: online cash registers and online invoicing in Hungary, SII system and Making Tax Digital.

Seminars in 2021 continued to be held virtually. The seminar on “Tax-related Data Governance and Application” was held on 8 April, 2021. Participants exchanged experience and views on data governance and application and highlighted the importance of data in supporting the administration of tax authorities. Data infrastructure development, data quality control, data analysis and application are key steps in the whole process of tax data governance and control, which combines tax technical knowledge, large sets of data, and new technologies, assisting tax administrations to be smarter and more efficient. The termination of this seminar marked the end of the series of virtual meetings featuring tax administration digitalization. Another virtual seminar in 2021 themed on “Tax Treaty” was held on 24 June, 2021. As COVID-19 is still wreaking havoc around the world and hindering the negotiation and signing of tax treaties between different jurisdictions, how to curb the negative impact of the pandemic with tax contribution

is of great importance at this critical moment. Participants introduced their treaty network and experiences in successfully signing and enforcing tax treaty during COVID-19, presented insights in improving and expanding tax treaty rules and proffered proposals on future improvement to address treaty-related issues.

#### 4.4.3 Virtual meetings to reach consensus on next steps

The Task Force held a virtual meeting on 26 August, 2020. Mr. Felipe Quintela, Chair of the Task Force and Director of Planning, Research and Coordination Division of Uruguay Tax

Administration hosted the meeting and updated the participants on the recent progress of the Task Force. The Participants expressed views on how to improve the draft interim report and discussed effective solutions to practical difficulties and measures to enhance tax administration capacity. The other four task forces all held virtual meetings in August and September of 2020 to exchange views on the drafts of interim reports and reach consensus on next steps. Moreover, in order to make good preparation for the final report and discuss further actions, the Task Force held a virtual meeting on 28 July, 2021 and the other four task forces held virtual meetings at the same period.

## 4.5 Publishing the BRI Tax Journal

As a key knowledge product of the BRITACOM, the BRI Tax Journal was launched in Beijing, China on 12 June, 2020. The journal provides an important platform for communication and cooperation among tax administrations of the BRI jurisdictions and beyond, through which the BRITACOM Member TAs, Observers and other stakeholders can share insights into the formulation and development of effective tax policies and tax system, and exchange innovative practices and invaluable experience. The Editorial Advisory Board of the BRI Tax Journal is composed of 34 tax experts from more than 10 jurisdictions around the world. Published amid the global fight against COVID-19, its inaugural issue introduced a range of tax policies adopted by the BRI jurisdictions to minimize the impact of the virus while maintaining economic stability. So far, the BRITACOM has released 3

issues.

Moreover, at this critical moment in the world's fight against COVID-19, the Special Edition of the BRITACOM Update on COVID-19 was issued, aiming to provide a platform for the BRITACOM Member TAs, Observers and other stakeholders to exchange views and share experience in the fight against the pandemic. Up till now, we have released 21 special editions, which cover themes ranging from "Measures Rolled out by the BRI jurisdictions to Help Taxpayers in Light of the Rapid Evolution of COVID-19" to "Revenue Reports COVID-19".

# International experience of enhancing tax administration capacity

Priorities and circumstances vary across tax administrations in the BRI jurisdictions, but the main challenges they face may have a lot in common. Capacity building has been an on-going task as jurisdictions seek to improve fundamental operations and sustain revenue stream. This session provides an overview of practices of selected jurisdictions and international organizations in terms of building capacity to meet the challenges in this ever-changing world.

## 5.1 Domestic practices of capacity building in different jurisdictions

### 5.1.1 Integrating tax administration capacity building into national strategic planning of taxation development

The importance of enhancing tax administration capacity building has become a general consensus of the international community. More and more jurisdictions have put “enhancing tax administration capacity” into their medium and long-term taxation plan, and formulated strategic management systems, clear visions, specific goals and detailed annual guidelines for the smooth implementation of the plan.

#### ***Jurisdiction example – Hungary: transforming the strategic goals into scheduled tasks***<sup>2</sup>

Based on the long-term strategy, Hungarian

National Tax and Customs Administration (NTCA) has implemented a new strategic management system in 2020, defining comprehensively the vision, the main strategic directions and goals of the NTCA for the medium term. The system is a very complex organizational management tool, that (a) defines clearly the necessary medium term organizational development goals and the milestones; (b) specifies the necessary tasks, measures, costs, scheduling and responsibilities; (c) provides the continuous follow-up of the tasks and ensures their accountability; (d) serves as reference base for the consistent implementation of the organizational development steps; and (e) provides a predictable vision for both employees in the tax administrations and the taxpayers.

<sup>2</sup> Source: Hungary's National Tax and Customs Administration.

To translate the strategic goals into scheduled tasks, a strategic implementation plan was formulated, which defines how to implement and reach the strategic goals in daily work. To reach the strategic aims, annual working plans define the concrete organizational tasks, their resources needs, the deadlines, the expected results, and the responsible departments. In order to reach the goals mentioned above, the Institute for Training, Health and Culture of the NTCA develops and provides competency-based training that relates to job-based promotion system and professional tasks. The training programs are published in the Annual Training Catalogue, which is renewed every year. The annual training plan and the training budget are prepared based on the training needs analysis.

***Jurisdiction example – Italy: publicizing the performance plan as guidelines***<sup>3</sup>

The reinforcement of the administrative capacity is essential for a quality administration and, for this reason, the Italian Revenue Agency (the Agency) pays particular attention to the quality of human resources, organization, development of performance management systems, digitalization, management of inter-institutional and stakeholder relations. The Agency must therefore be able to rely on highly competent and professional staff who have strong commitment and willingness to change. A public document, the Performance Plan, describes the strategic and operational guidelines of the Agency, as well as the related objectives, and defines, at the same time, the indicators for evaluating organizational and individual performance over a three-year period. The ability to enhance the value

of staff, by increasing their skills and motivation, contributes to the success of the organization as an essential element in achieving the objectives that the organization foresees.

Moreover, the Agency promotes the understanding and sharing of strategies, the dissemination of values and behavioral models of reference and the consolidation of operational knowledge. In-house training along with the National School of Public Administration, contributes to the needs assessment and planning process for high-level training on technical-tax and legal-administrative issues.

***Jurisdiction example – Tajikistan: implementing long-term training Strategy***<sup>4</sup>

One of the main priorities of the Committee under the Government of the Republic of Tajikistan (the Committee) is continuous professional development of officials of the tax authorities. Project on tax administration reform developed and implemented the training strategy on professional development for the period 2015-2020. Center for Professional Development of the Committee (the Center) and its regional branches are the only training centers for professional development and retraining of tax officials. Tax officials of the central office and regional divisions undergo training on a regular basis. As of July 2021, 85 classes with the participation of more than 2.2 thousand tax officials have been organized by the Center and its branches since 2019. In addition, it is important to note that officials of the Committee, with the support of international organizations accredited in the Republic of Tajikistan, participate in international

<sup>3</sup> Source: Italy's Revenue Agency.

<sup>4</sup> Source: Committee under the Government of the Republic of Tajikistan.

short-term and long-term educational online courses and webinars. The BRITACOM also makes a significant contribution in this direction.

### 5.1.2 Enhancing tax administration capacity based on national or regional conditions

The core of tax administration capacity building lies in the updating of knowledge. Therefore, the BRI tax authorities have invested a lot of human and material resources in tax administration capacity building. However, as there are lots of differences in the level of economic development, tax system and tax administration capacity among the BRI jurisdictions, they mainly carry out domestic tax administration capacity building activities such as training and Mentorship Project based on their own national or regional circumstances.

#### ***Jurisdiction example – Hong Kong, China : setting up a normal learning mechanism***<sup>5</sup>

Staff are the valuable assets of the Inland Revenue Department (Department). The Department recognizes the importance of providing opportunities of continuous learning to the staff to keep them abreast of the changing environment and to acquire the necessary knowledge to perform their duties. A variety of training courses in taxation, accounting, interpersonal skills, management, languages, computer, etc. are offered to staff members. In 2020-2021, the need to practice social distancing amidst the COVID-19 pandemic has impacted the training programs, resulting in a reduction of staff training duration to a total of 5,483 man-days, which was equivalent to about 1.87 man-days per official. By participating in overseas training programs, the professional officials may

broaden their horizons and acquire the necessary knowledge to cope with new and complex global issues. In 2020-2021, the use of online platforms for delivering training by overseas course organizers accelerated during the pandemic. The Department deployed information and communication technology in an effort to achieve a sustainable system of distance learning, and 65 officials attended virtual training and e-learning courses on different issues. Moreover, a Mentorship Scheme for Assistant Assessors has been set up since 2008. Under this scheme, experienced officials (the mentors) will guide newly recruited Assistant Assessors (the mentees) to broaden their perception about the Department such as the organization structure, work, connection and culture, and help them integrate into the civil service.

#### ***Jurisdiction example – Singapore: advocating “Career Fitness” to achieve life-long learning***<sup>6</sup>

The Inland Revenue Authority of Singapore (IRAS) advocates “Career Fitness” to imbue in officials a sense of ownership over their career development and lifelong learning, encouraging them to actively develop competencies and boost productivity, and be agile in doing new/redesigned work. The IRAS officials gain foundational and functional competencies through ongoing upskilling opportunities including: (a) structured training programs; (b) on-the-job learning; (c) customized courses to address specific needs; and (d) seminars and conferences to bridge knowledge/skills gaps.

Development of technical skills is the key. The IRAS Accredited Tax Specialist (ATS) Scheme provides recognition to tax officials who have attained a

<sup>5</sup> Source: Inland Revenue Department, Hong Kong, China .

<sup>6</sup> Source: Inland Revenue Authority of Singapore.

high level of technical competency. It also puts in place a structure for tax specialists to continually upgrade, share their technical knowledge, and contribute to the development of other tax officials in the IRAS. Officials with specialist inclinations are coached and encouraged to work towards and apply for accreditation under the ATS Scheme. Another way in which the IRAS develops technical skills is through internal sharing sessions, where officials learn from one another through the sharing of knowledge and expertise across all ranks and divisions. To develop soft skills, the IRAS officials also regularly attend courses organized by the Civil Service College and Workforce Singapore, for instance in the areas of public administration and digital literacy.

### 5.1.3 Capacity building guided by internal and external customers' needs

In resource-limited circumstances, it is necessary to identify the needs of tax administrations for more effective allocation and a need-oriented training program is, without doubt, more effective. The capacity building practices in Serbia show that in order to effectively deal with challenges in tax administration, capacity building activities should be based on the jurisdiction's current situation, and targeted capacity building development plans should be formulated after having fully assessed the needs and feasibility. It is worth noting that capacity building goes beyond the internal affairs of tax authorities, thus we also need to pay attention to problems like inadequate tax co-governance, incommensurate awareness of taxpayer compliance and insufficient trust between tax authorities and

taxpayers caused by lack of social participation.

The capacity building practices in Uruguay show that capacity building should not only be limited to tax authorities themselves, but a broader group of national stakeholders should be involved to elevate tax co-governance and taxpayer compliance.

#### ***Jurisdiction example – Serbia: carrying out training programs as needed***<sup>7</sup>

Taxpayer Service and Education Sector, a separate organizational unit within the Serbian Tax Administration (STA), continually organizes need-based training, workshops and seminars for the staff in accordance with the previously defined Plan.

During 2020, 18 different seminars were realized by the Sector. The seminars can be classified into three categories depending on their nature: professional training, general training and IT training. Some of the training are as follows: Annual Financial Statement and Assessment of Corporate Income Tax, Improvement of Intelligence and Analytical Capabilities of Tax Police, Risk Indicators/ Risk Analysis in STA, Emotion Management in Organizations, Basics of Accounting, and ERP Training.

During 2021, 33 seminars were finalized and organized by the Sector. There were 1,497 professional training and 106 general training courses, some of which were Audit of Recording Turnover by Means of Fiscal Cash Registers and Basic Tax Training that includes several modules focusing on a different tax law apiece (e.g. Law on Personal Income, Law on Corporate Income, Law on VAT).

<sup>7</sup> Source: Serbian Tax Administration.

***Jurisdiction example – Uruguay: capacity building involving a broader group of national stakeholders***<sup>8</sup>

To enhance their own capabilities and make contributions to the development of society, Dirección General Impositiva, the tax authority of Uruguay, has formulated two actions specifically. The first action focuses on taxpayer outreach and education of tax practices, including seminars, lectures and teaching activities on tax law changes, new technologies and taxpayer service for professional associations and public organizations. The purpose is to increase tax literacy, raise the tax awareness of the whole society, and listen to taxpayers' feedback on the tax authority. The second action focuses on academic discussion, highlighted by the two annual tax conferences organized by the tax authority. It centers on topics of national significance, such as BEPS, CRS, digital services tax, corruption and public ethics issues related to tax administration. At the same time, they have deepened the understanding of major tax issues from all walks of life and worked out fair and equitable solutions.

**5.1.4 Digital training methods widely applied**

Because of the development of information technology, capacity building is no longer limited to the traditional on-site training, seminars, sharing of best practices and etc. Instead, more information means are used to launch new models such as online learning platform and online training. Compared with on-site training, online learning platforms cover a wider range of areas. And the

uniform content and flexible schedules make them increasingly popular in developing countries. Especially amid the COVID-19 pandemic, various jurisdictions and international organizations have been carrying out online capacity building projects actively. Facing challenges of the COVID-19 together, they have made great achievements as expected.

***Jurisdiction example – Canada: promoting online learning tools***<sup>9</sup>

Knowledge Sharing Platform (KSP), hosted by Canada Revenue Agency, is designed as a global online tool to promote, share and capture knowledge and expertise among tax administrations and international/regional tax organizations. The KSP provides online library, e-Learning courses, communities of practice, with an event management function and a tracking and analysis function, facilitating knowledge exchange and offering a scalable experience. Tax officials from all over the world can register for free by accessing the platform ([www.ksp-ta.org](http://www.ksp-ta.org)) with their official e-mail address. By creating an account, officials can access training products and other resources of international taxation produced by the OECD and other national and international organizations. The OECD's Global Relations Programme on Taxation (GRP) uses the KSP as its main platform to disseminate its e-learning courses, virtual classes, and face-to-face training events.

***Jurisdiction example – China: building a learning platform called “Xuexi Xingshui”***<sup>10</sup>

The app Xuexi Xingshui (literally ‘building tax

<sup>8</sup> Source: Uruguay Dirección General Impositiva.

<sup>9</sup> Page 51–56, OECD (2016), Tax Administrations and Capacity Building: A Collective Challenge, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264256637-en>.

<sup>10</sup> Source: STA of China.

strength through learning’) developed in 2020 is an all-encompassing learning platform supporting self-learning, online-training, tests/examination and evaluation. Tailored to the needs of the Chinese tax officials, this app helps strengthen the links between learning/training and productive work by providing an enabling online environment, thus contributing to building capacity and improving performances.

### 5.1.5 Capacity strengthened through foreign aid

Apart from capacity building programs carried out by domestic tax administrations, developing countries also receive tailored technical assistance from developed countries or international organizations. Guided by foreign technical assistance, Mongolia made great achievements in transfer pricing assessment. Senegal successfully implemented tax reform, and Indonesia updated their global perspectives and practices. Some developed countries and international organizations have taken more responsibilities to provide technical assistance for developing countries while meeting their own tax administration’s capacity building needs.

#### ***Jurisdiction example – Mongolia: stepping forward in transfer pricing assessment***<sup>11</sup>

Enhancing tax administration capacity has been one of the top priorities of Mongolian Tax Administration, therefore they have initiated close collaboration with International Organizations: (a) the Memorandum of Understanding between Ministry of Finance and General Department of Taxation and Fiscal Affairs Department of the IMF is being implemented between 2020 and 2022 with

the objective to achieve sustained increase in tax revenue through improving taxpayer compliance and strengthening the tax policies; (b) JICA has always been working closely with Mongolian Tax Administration since the late 1990’s and implemented a number of projects to contribute to the development of their tax administration, namely establishing distance learning system, improving the capacity to administer tax collection and to conduct internal tax audits; and (c) work closely with other international organizations, namely, the OECD, the Intergovernmental Forum on Mining, Minerals, Metals, and Sustainable Development, and the OECD/UNDP Tax Inspectors Without Borders (TIWB) program. As a result of the mining tax audit capacity building initiatives, the Mongolian Tax Administration issued its first TP tax assessment in late 2020, representing a significant milestone and a step forward in executing its strategy to combat tax BEPS in the mining sector.

#### ***Jurisdiction example – Senegal: implementing tax reforms with technical assistance***<sup>12</sup>

Senegal was approved by the Tax Policy and Administration Topical Trust Fund (TPA-TTF) to become the recipient of technical assistance under the IMF trust fund which helped Senegal implement tax reforms. In the early stage of evaluation, the TPA-TTF has assessed Senegal’s needs of technical assistance in tax administration, and has spotted 3 critical problems to be solved in establishing a modern service-oriented tax administration in Senegal: (a) the scope of responsibilities of Senegal’s tax authorities is too wide; (b) organizational tasks of Senegal’s tax authorities lack flexibility; and (c)

11 Source: Mongolian Tax Administration.

12 Page 21, Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries(IMF/OECD/UN/WBG).

risks and priorities are not considered in advance by Senegal's tax authorities. In the mid-term stage of design, the TPA-TTF has put forward 3 reform strategies: (a) reorganizing the tax administration departments according to the functional line and subdividing the taxpayers; (b) registering the taxpayers and establishing the bank deduction processing system; and (c) controlling and reducing tax arrears and establishing risk-oriented tax audit. In the later stage of implementation, the TPA-TTF has sent experts to Senegal to continuously promote the reform. In the stage of monitoring and assessment, the TPA-TTF has established a clear link between four core indicators and results: (a) establishing a clear link between national strategies and specific technical assistance projects; (b) tracking the process and identifying the results by using overall and detailed indicators; (c) using performance assessment monitoring tools to track the progress of the project; and (d) using performance information for accountability and

decision-making.

### ***Jurisdiction example – Indonesia: seeking global perspectives and practice*** <sup>13</sup>

Human resource capacity is of paramount importance to enhancing tax administration. With this view in mind, Directorate General of Taxation (DGT) is keen to provide sustainable training for tax officials to cultivate the requisite knowledge, skills, and attitudes. Internally, the DGT provides regular in-house training by inviting experts in specific tax fields. Moreover, it seeks to collaborate with the OECD, IMF, WBG, SGATAR, BRITACOM, JICA, Australian Taxation Office (ATO), International Bureau of Fiscal Documentation (IBFD), and other organizations to provide global perspectives and practices for tax officials, delivering capacity buildings with regional, national and international coverage.

## **5.2 Technical assistance from developed countries**

At present, foreign aid is mostly undertaken by some developed countries and international organizations. On the one hand, developed countries with more sophisticated tax administration can form replicable experience, and help jurisdictions with weak foundation in tax administration to reduce their learning cost and boost their efficiency of tax administration; on the other hand, they have also accumulated a wealth of capacity building resources, including adequate financial support, high-quality

teachers and experts and fine knowledge products. They are capable of providing long-term, systematic and targeted capacity building support to developing jurisdictions. The main rules and characteristics are as follows:

### **5.2.1 Meeting the actual needs of recipient jurisdictions**

When providing foreign aid, developed countries pay close attention to the actual needs of recipient

<sup>13</sup> Source: Indonesia Directorate General of Taxation.

jurisdictions as a prerequisite for increased effectiveness of capacity building. From the practices of New Zealand and other jurisdictions, it can be seen that the implementation of capacity building projects should start from the reality of tax administration of the recipient jurisdictions. To conclude, only by formulating targeted aid programs can they effectively achieve the goal of foreign aid.

***Jurisdiction example – New Zealand: conscious of the needs of targeted jurisdictions***<sup>14</sup>

New Zealand Inland Revenue is fully cognizant of the needs of small island developing jurisdictions, especially those in the region of the South Pacific. In this regard, Inland Revenue has been working with the ADB, the OECD and the ATO to provide technical assistance on international tax matters to jurisdictions in the Pacific.

Capacity building must be aligned with needs and priorities of the targeted jurisdictions. Owing to the Revenue's close cooperation with the Pacific Island Tax Administrators Association, immediate priorities were identified for capacity building and a plan of action formulated. A staged approach is now being delivered with a strong concentration to date on effective use of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and practical training on Exchange of Information (EOI) generally.

**5.2.2 Seeking joint forces to achieve synergy**

Tax authorities of developed countries believe that deep international participation is the key to improving the global tax governance system.

While providing capacity building assistance within their own capabilities, they also join hands with international organizations and stakeholders, so that the synergy can breed efficiency.

***Jurisdiction example – Spain: cooperating with the European Union to provide foreign aid***<sup>15</sup>

Spain's Agencia Estatal de Administracion Tributaria (AEAT) is a partner of the European Commission's European Social Program. The focus of the Spanish and European Social Program is to strengthen the tax administration capability of public administration agencies in South America. In 2015, during the implementation of this project, the AEAT undertook several technical assistance tasks, benefiting Latin American jurisdictions including El Salvador, Colombia and Chile.

Within the framework of the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum), Spain supports Colombia in implementing the CRS for the Automatic Exchange of Information (AEOI). Spain's experience with AEOI and leadership in promoting the CRS are critical factors for its partnering with Colombia in this pilot project. And Colombia, for its part, is able to benefit from AEOI in a timely manner through peer-to-peer knowledge transfers and step-by-step approach. The support from the Global Forum and the WBG is also a contributing factor to the successful collaboration. In addition, what have been highlighted to guarantee the collaboration are: (a) the need for an adequate legal framework; (b) the need for administrative capacity; and (c) the need for confidentiality and data

<sup>14</sup> Source: New Zealand's Inland Revenue.

<sup>15</sup> Page 28, OECD (2016), Tax Administrations and Capacity Building: A Collective Challenge, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264256637-en>.

safeguards.

***Jurisdiction example – Australia: cooperating with the Department of Foreign Affairs and Trade to provide foreign aid***<sup>16</sup>

The ATO and the Department of Foreign Affairs and Trade have developed a foreign aid framework for tax policy and collection management to guide its aid partners to achieve the goal of improving tax administration capability. Through the implementation of foreign aid, the ATO aims to: (a) better identify and mitigate global tax risks; (b) advocate an internationally transparent and fair tax environment; and (c) strengthen cooperation among tax authorities and fulfill Australia's commitment to support regional development.

In order to achieve these goals, the ATO has integrated a series of activities into a unified capacity development plan. The measures taken include: providing experts for selected OECD/GRP training events, based on location and theme; developing partnerships with other tax authorities; actively participating in the work of SGATAR; providing capacity building resources directed by the needs. In addition, the ATO has established bilateral development plans with major developing countries, adopting flexible and diversified models, including assigning short-term or long-term consultants or mentors, conducting research or study visits, and establishing visitor programs.

### 5.2.3 Providing continuous technical support

Training events are short-term activities while

ongoing support and mentoring are long-term commitments. Long-term assistance and support to those in need is contributive to desired effects and sustained outcomes.

***Jurisdiction example – Japan: following up the project evaluation***<sup>17</sup>

Japan's National Taxation Agency (NTA) collaborates with the JICA<sup>18</sup> to provide technical assistance to developing countries in tax system and tax administration. Based on the requirements of the recipient governments, the NTA and the JICA first determine the needs of the recipient jurisdictions, and comprehensively consider how to provide assistance in human resources development, organizational strengthening, policies formulation, and institutional mechanisms. Having decided to implement technical assistance, the JICA is responsible for analyzing problems and customizing a three-year plan, while the NTA is responsible for providing the expertise and technology to the most extent. In order to ensure the smooth implementation of the project, the NTA sends tax officials to certain recipient jurisdictions as long-term experts for three years on average. At the end of the project, the evaluation team evaluates each technical cooperation project.

16 Page 39, OECD (2016), Tax Administrations and Capacity Building: A Collective Challenge, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264256637-en>.

17 Page 40, OECD (2016), Tax Administrations and Capacity Building: A Collective Challenge, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264256637-en>.

18 Japanese Water Conservancy Professional Vocabulary Classification Manual [M]. China Water Conservancy and Hydropower Press, 2007.

## 5.3 Capacity building activities of international organizations

This session provides an overview of practices of selected international organizations in building capacity to meet the challenges in the ever-changing world.

### 5.3.1 IMF's comprehensive package

The IMF has three core functions: economic surveillance, lending and capacity development. Over the past 50 years, the IMF has provided capacity-building support to all member jurisdictions in line with their priorities. The function of Capacity Development accounts for almost a third of the IMF's administrative spending in 2020, 24% of which was on technical assistance and 5% on training.<sup>19</sup> The IMF has thematic capacity development funds which are contributed by external partners to support jurisdictions, especially the less-developed ones, in areas of revenue mobilization, fiscal and natural resource management, financial sector stability and access, debt issues, and statistics.<sup>20</sup>

The IMF delivers technical assistance and capacity-building programs through various channels: field visits and mission events led by the IMF headquarter staff, placement of resident advisors for long-term assistance on a country-by-country basis, online courses platform, and a global network of 16 regional capacity development centers in Africa, Asia-Pacific regions, Europe and Central Asia, and Middle East.<sup>21</sup> The IMF's training programs for the member jurisdictions are offered to unlock its

resources while taking region-specific issues into consideration. Training programs are sometimes combined with technical assistance tailored to specific institutions of member jurisdictions. Online training courses have been offered since 2013 and many courses are delivered in 7 languages.

### 5.3.2 OECD's capacity building programs aligned with the international tax agenda

The OECD has been providing capacity-building support to developing countries through the FTA, the GRP, bilateral jurisdiction programmes, and the Global Forum, as well as through the TIWB program, run jointly with UNDP. It focuses on supporting the tax administrations to understand the international standards to effectively address such challenges as tax avoidance and evasion, and better mobilize domestic revenue resources.

The FTA capacity-building program was initiated in 2016<sup>22</sup> when the report *Tax Administrations and Capacity-building: A Collective Challenge* was published describing the FTA's role in supporting developing countries to deal with challenges and promote the SDGs. This report led to the FTA Capacity-building Network<sup>23</sup> where a Capacity-building Framework (Framework) has been identified as the primary work tool. The Framework guides the FTA and its members to start shoring up such building blocks as legal framework, governance, risk management, compliance verification and audit, dispute resolution etc. In

19 Page 55 and 65, IMF (2020), IMF Annual Report 2020.

20 Page 69, IMF (2019), IMF Annual Report 2019.

21 <https://www.imf.org/en/About/Factsheets/Sheets/2017/06/14/imf-regional-capacity-development-initiatives>.

22 <https://www.imf.org/en/About/Factsheets/Sheets/2017/06/14/imf-regional-capacity-development-initiatives>

23 Page 9, OECD (2019), Summary Report of the Forum on Tax Administration—Twelfth Plenary Meeting, 26–28 March, 2019.

addition, the Framework requires a program-based approach which has four necessary steps: diagnostic, design, implementation, and monitoring and evaluation.

The OECD's GRP, established in 1992, delivers more than 50 multilateral events each year mainly in three formats<sup>24</sup>: (a) face-to-face events through its 6 Multilateral Tax Centers located in Europe (Ankara, Budapest and Vienna), Latin America (Mexico City) and Asia (Seoul and Yangzhou); (b) e-learning modules (including recorded webinars) through the Knowledge Sharing Platform for tax administrations which is a free, integrated online global tool to promote sharing of tax knowledge and expertise which was created by the Canadian Revenue Agency; and (c) virtual live training events (including live webinars) where the participants are provided with live presentations and case studies, over a 3 to 5 days period, through video-conference, on topics related to international taxation.

Since 2012, the OECD has provided bilateral support to 42 jurisdictions on BEPS and Transfer Pricing issues. These bespoke programs are tailored to the needs of the recipient jurisdiction, and can cover drafting of legislation, organizational restructuring as well as building the skills of individuals. In many jurisdictions, the bilateral program is complemented by a TIWB program to support practical implementation.

The Global Forum, with more than half of its 162 members being developing countries, monitors the effective implementation of the standards of transparency and EOI for tax purposes, including

through peer reviews, and supports its members in implementing and benefitting from these standards to fight tax evasion and other illicit financial flows and maintain integrity of their tax systems. To that end, it develops tools (toolkit, e-learning courses, etc.), provides training on key areas of EOI and jurisdiction specific support on legal and organizational framework, practical implementation and confidentiality and information security management. These efforts lead to a growing awareness of tax transparency and the EOI at the political level, more effective implementation of the tax transparency standards and therefore contribute to the revenue mobilization. TIWB, a joint initiative of the OECD and UNDP, is a unique approach to capacity building that deploys experts in tax administrations of developing countries to provide practical, hands-on assistance on actual tax audits and related international tax issues.

Since 2012, TIWB programs have run in 47 jurisdictions, and TIWB and TIWB-style audit assistance, including anonymised casework conducted during joint workshops with the African Tax Administration Forum, the OECD, and the WBG, has produced impressive results; a total of USD 1.40 billion in additional tax revenues collected and USD 3.87 billion in additional tax assessed are attributed to these programs across Africa, Asia, and Eastern Europe, as well as Latin America and the Caribbean.

### 5.3.3 UN's capacity building support catering for developing countries

Capacity-building support to developing countries

has been high on the development agenda of the UN. Within the UN, the intergovernmental deliberations on international tax cooperation are undertaken by the Economic and Social Council (ECOSOC).<sup>25</sup> Tasked to help the developing countries build capacity, the ECOSOC and its subsidiary body, the Committee of Experts on International Cooperation in Tax Matters (the Committee), work with the United Nations Financing for Development Office in organizing events where representatives from developing countries and world-renowned experts meet to develop proper tools, activities and other resources. Moreover, the committee has also formed numerous subcommittees which offer the BRI jurisdictions opportunities to interact with public and private sector colleagues on specialized taxation matters. These subcommittees regularly meet and produce resource materials that include guidance papers and handbooks such as the UN Handbook on Selected Issues for Taxation of the Extractive Industries by Developing Countries.<sup>26</sup>

The United Nations Model Double Taxation Convention between Developed and Developing Countries (UN Model Convention) reflects circumstances and priorities of developing countries. Many of them, however, lack adequate understanding of the provisions of the UN Model Convention and have difficulties in negotiating, interpreting and administering tax treaties. Similarly, developing countries also face challenges in applying the arm's length principle in transfer pricing, especially when many multinationals have unique and hard-to-value intangibles and the

transactions are complicated. The UN helps the tax authorities through its Capacity Development Program on International Tax Cooperation (Capacity Development Program). The Capacity Development Program delivers courses on transfer pricing based on the United Nations Transfer Pricing Manual so that developing countries can properly apply the principles and methodologies.

Developing countries need to effectively protect their tax base and mobilize domestic revenue in their pursuit of sustainable development. The Capacity Development Program covers various topics geared towards the needs of developing countries with different levels of capacity. These efforts lead to the United Nations Handbook on Selected Issues in Protecting the Tax Base of Developing Countries and a set of UN Practical Portfolios on Protecting the Tax Base of Developing Countries.<sup>27</sup> These documents summarize relevant information while providing practical examples.

#### **5.3.4 Synergy forged through the platform for collaboration on tax**

While providing capacity -building support in their respective capacities, international organizations also work together to forge synergy and improve efficiency. One of the most impressive examples is the Platform for Collaboration on Tax (PCT), a joint effort launched in April 2016 by the IMF, OECD, UN and WBG. The PCT is designed to produce concrete joint outputs and deliverables by leveraging each organization's comparative advantages and strengthen dynamic interactions when setting standard, building capacity and delivering technical

25 <https://www.un.org/esa/ffd/topics/capacity-development-tax-cooperation.html>

26 [https://www.un.org/esa/ffd/wp-content/uploads/2018/05/Extractives-Handbook\\_2017.pdf](https://www.un.org/esa/ffd/wp-content/uploads/2018/05/Extractives-Handbook_2017.pdf).

27 <https://www.un.org/esa/ffd/topics/capacity-development/capacity-development-tax-cooperation/cd-tbp.html>.

assistance.<sup>28</sup>

The activities of the PCT are broadly categorized into three work streams: Work stream 1, tasked with cooperation on Domestic Resource Mobilization capacity development activities, provides information about the PCT Partners' efforts in building capacity of tax administrations. Work Stream 2 conducts analytical work at the platform level so as to reduce inconsistencies among the Partners and provides common frameworks and tools in light of global trends. Work Stream 3 ensures quality and impact of the PCT work through the outreach and engagement activities including briefings, training, Medium-Term Revenue Strategy workshops, and feedback collection.

### 5.3.5 NGO, academic and industry cooperation

International Tax and Investment Center (ITIC), an independent, nonprofit research and education organization founded in 1993, works to promote tax reform and public-private initiatives and improve the investment climate in transition and developing economies. ITIC serves as a clearinghouse for information on best practices in taxation and investment policy. Through its affiliates and offices around the world, ITIC works with ministries of finance, customs services and tax authorities in 85 jurisdictions, some of the cooperation programs include: ITIC-Mozambique Revenue Authority Joint Capacity-Building Program; ITIC Iraq Petroleum Taxation Workshop Series; Myanmar Natural Resource Taxation Working Group.<sup>29</sup>

The IBFD, an independent foundation with over 75 tax researchers, has a unique position to support governments in over 40 developing countries in their domestic revenue mobilization efforts since 1993. It boasts tax research platform with integrated online trainings, excellent track record in international taxation and practical jurisdiction experience and insights. It offers a series of professional development courses, including bespoke programs designed for revenue administrations. The IBFD government services cover such areas as developing tax policy, drafting legislation, capacity building and training. It also develops assessment tools to understand the needs of the jurisdictions within their development context, for example, the BEPS Assessment Tool is used to assess the status of the identified partner jurisdictions' implementation of the BEPS recommendations, and the Tax-Ray is used to understand the needs of the tax authorities and measure progress.<sup>30</sup>

The International Chamber of Commerce (ICC), a world business organization, seeks to promote transparent and non-discriminatory treatment of foreign investments and earnings that eliminate tax obstacles to cross-border trade and investment. ICC convenes an annual conference and periodic seminars bringing together industry tax officials with public sector officials and academics. These activities contribute to international trade, responsible business conduct and a global approach to regulation.<sup>31</sup>

28 Page 5, PCT (2016), The Platform for Collaboration on Tax: Concept Note.

29 Source: ITIC.

30 <https://www.ibfd.org/>.

31 Source: ICC.

# Next steps

Since the inception of the BRITACOM, key areas in capacity building have been identified and encouraging progress has been made. Efforts will be redoubled to better align priorities for the BRI jurisdictions and advance cooperation within and beyond the BRITACOM.

## 6.1 Establishing more BRITAs and developing operation standards

On the basis of the existing BRITAs in Beijing, Yangzhou, Macao, China and Nur-Sultan whose official teaching languages are Chinese, English, Portuguese and Russian, the BRITACEG will establish more BRITAs in languages of Arabic, Spanish, French and others. Meanwhile, the BRITACEG will also strengthen exchange and cooperation among the BRITAs, world-renowned universities and research institutes through building research centers and being active in theoretical

researches, and academic exchange activities. The BRITAs are expected to be multilingual, versatile, and professional with international influence. Unifying standards and standardizing the operations of the BRITAs from the aspects of access requirements, curriculum development, faculty training, quality evaluation and logistic systems, the BRITACEG hopes to promote the existing BRITAs and to boost more jurisdictions to build the BRITAs jointly.

## 6.2 Designing training courses and enriching training content

Training programs, if carefully designed and calibrated, can play an essential role in enhancing tax administration capacity. Relevant courses and learning materials will be developed based on the survey and analysis of the needs of the BRI tax officials, so that the experts and participants could discuss difficulties they encounter when facing specific tax issues and the best practices. Current training programs are focusing on such topics as Tax Dispute Resolution, Digitalization of Tax

Administration, Taxpayer Service and VAT Reform. More topics will be covered including those at the front edge such as addressing the tax challenges arising from the digitalization of the economy. Face-to-face events, though brought to a halt by COVID-19, will be restarted as appropriate to provide additional opportunities for in-depth group discussions, case studies and field visits.

### 6.3 Extending training programs and improving training quality

Starting with training the BRI tax officials, the range of trainees participating in the training programs could be expanded to participants from enterprises. Through the training, those participants could better understand the tax systems of certain BRI jurisdictions, adapt to the business environment, and increase time compliance.

The training programs' duration will extend from

short-term courses of 1-3 weeks to long-term courses of up to 6 months. Furthermore, the BRITAs will carry out relevant training programs that can offer trainees master's degrees or professional qualifications. Meanwhile, the BRITACEG will keep following up the trainees' performance at work and collect their suggestions and opinions about the courses, so as to improve the quality of the training programs.

### 6.4 Integrating expert resources and building a professional faculty team

We shall select a group of elites who possess sound theoretical knowledge and rich experience in taxation, and establish an international brain tank by way of providing permanent positions, temporary exchanges, short internship, etc.

Besides the 35 Chinese tax officials selected as training teachers in 2019, we shall continually integrate expert resources from the BRITACOM Council Member TAs and Observers, the Advisory Board, and the BRITACEG Partners; meanwhile, we shall strengthen cooperation with the OECD,

IMF, UN, WBG as well as well-known universities, research institutions, industry associations, multinational enterprises and international accounting firms. Moreover, more "Train the Trainers" programs will be carried out to help the teachers to polish their teaching skills. The professional faculty team will contribute their expertise and wisdom through delivering courses, researching on pressing issues and developing knowledge products that are tailored to the circumstances and preferences of BRI economies.

### 6.5 Holding more seminars and creating experience sharing opportunities

For the purpose of sharing experience in tax administration, discussing the latest development trends in taxation, updating international tax knowledge and promoting communications between tax administrations and enterprises, we will continue to hold seminars, workshops and other forms of international communication

activities on topics such as accelerating tax dispute resolution, advancing digitalization of tax administration, improving taxpayer service, and trends and developments in international tax, etc., and invite representatives and experts from tax administrations, international organizations, professional service agencies, industry associations

and academic institutions to participate in. We will hold discussions between tax administrations and businesses to hear tax-related issues and suggestions from businesses on good practices of

tax administrations, and help tax administrations to understand current and emerging business models and the underlying commercial rationale of business transactions.

## 6.6 Developing online learning platforms and expanding knowledge acquisition channels

At the critical moment in the global fight against COVID-19, online learning platforms are effective measures in addressing the challenges brought to capacity building efforts of tax administrations. We will keep on updating courses and enriching learning resources. Meanwhile, the modern information technology will be fully explored.

### 6.6.1 Software development

The existing online courses are generally carried out via the third-party conference software by which confidential contents are unable to be transmitted safely. Therefore, it is necessary for the BRITACEG to develop an exclusive course software for course live broadcast, participants interaction and courseware transmission.

### 6.6.2 Resource integration

As the existing tax administration capacity building resources are scattered, the BRITACEG will classify and integrate existing resources and upload them to the exclusive software for tax officials.

### 6.6.3 Information security management

The software to be developed must take information security into account via strengthened firewall or other security monitoring systems.

# Annexes

## Annex 1

### Overview of the Training Events during 2019-2021

No.	Topic	Venue	Date
1	Tax Dispute Resolution	China	27/5/2019- 31/5/2019
2	OECD/GRP Training on Tax Treaty Negotiation	China	10/6/2019- 14/6/2019
3	OECD/GRP Training on Personal Income Tax	China	1/7/2019- 5/7/2019
4	IT Based Taxation Statistics Management for Officials of Developing Countries	China	24/6/2019- 18/7/2019
5	Doing Business and Tax Service	China	14/7/2019- 20/7/2019
6	Tax Dispute Resolution	China	26/8/2019- 30/8/2019
7	IMF/CICDC Current International Issues in Tax Law Design II	China	2/9/2019- 6/9/2019
8	OECD/GRP Training on International VAT/GST Guidelines & Digital Economy	China	16/9/2019- 20/9/2019
9	Tax Dispute Resolution	China	28/10/2019- 1/11/2019
10	Construction of Tax Collection and Taxable Capacity for Developing Countries	China	5/11/2019- 25/11/2019
11	Application of Information Technologies in Taxation and Finance for BRI Jurisdictions	China	8/11/2019- 28/11/2019
12	OECD/GRP Training on Offshore Taxation	China	18/11/2019- 22/11/2019
13	Transfer Pricing: International Standards and National Legislation	Kazakhstan	28/11/2019- 29/11/2019

No.	Topic	Venue	Date
14	Large Enterprise Management	online	6/7/2020-31/12/2020
15	Tax Risk Management	online	14/9/2020-31/12/2020
16	OECD/GRP Training on Country by Country Reporting	online	21/9/2020-22/9/2020
17	OECD/GRP Training on Tax Treaties	online	12/10/2020-14/10/2020
18	OECD/GRP Training on Train the Trainers on International Taxation	online	26/10/2020-30/10/2020
19	Transfer Pricing	online	22/10/2020-23/10/2020
20	Implementation and Discussion of BEPS	online	14/12/2020-15/12/2020
21	Dispute Prevention and Resolution in Tax Matters	online	15/11/2020-27/1/2021
22	Tax Dispute Resolution	online	11/1/2021-11/4/2021
23	IMF/CICDC International Issues in Tax Law Design	online	15/3/2021-17/3/2021
24	OECD/GRP Training on Effective Use of CbC data and the OECD Risk Assessment Tool	online	18/5/2021-20/5/2021
25	OECD/GRP Training on Tax Treaties Specific Provisions: PE, Royalties, Services	online	1/6/2021-3/6/2021
26	Taxpayer Service	online	14/6/2021-12/9/2021

Source: BRITACOM Secretariat, 2021.

## Annex 2

### Belt and Road Initiative Tax Administration Capacity Enhancement Group

The BRITACEG is a network composed of willing Member TAs and Observers of the BRITACOM Council which, making full use of their existing training institutions or expertise, are dedicated to conducting tax-related training, research and technical assistance programs.

The BRITACEG aims to provide tax-related knowledge products, training courses and technical assistance to primarily help BRITACOM Council Member TAs and Observers with their tax administration capacity building. Furthermore,

academic researches and exchanges will be carried out by the BRITACEG so as to facilitate tax administration cooperation amongst the BRI jurisdictions.

Members of the BRITACEG are composed of the BRITACOM Council Member TAs and Observers, while the BRITACEG partners could be BRI jurisdictions, international organizations, academic institutions, businesses and other stakeholders supportive of the BRI.

Afghanistan	Djibouti	Macao,China	Senegal
Bangladesh	Gabon	Mongolia	Somalia
Cambodia	Georgia	Nigeria	Ukraine
Cameroon	Kazakhstan	Rwanda	Uruguay
China	Kuwait	Saudi Arabia	Thailand

#### List of BRITACEG Members (As of 30 June 2021)

Angola	Singapore	Inter-American Center of Tax Administrations(CIAT)
Armenia	South Sudan	International Bureau of Fiscal Documentation(IBFD)
Cyprus	Tajikistan	International Tax Center Leiden
Indonesia	African Tax Administration Forum(ATAT)	WU Global Tax Policy Center, Institute of Austrian and International Tax Law, Vienna University of Business and Economics
Iran	China Chamber of International Commerce (CCIC)	

#### List of BRITACEG Partners (As of 30 June 2021)

## Annex 3

### The Enhancing Tax Administration Capacity Task Force

The Task Force chaired by Uruguay and participated by 17 BRITACOM Council Member TAs, 7 Observers and 3 Advisors, aims to upgrade the

capacity of tax administrations to deal with the complex international tax issues that arise in the BRI jurisdictions.

Chair	Tax Administrations/IOs/Academic Institutions		Advisors
	BRITACOM Members	BRITACOM Observers	
<p><b>Uruguay</b> Mr. Felipe Quintela</p> 	<p><b>Uruguay,</b> Afghanistan, Algeria, Angola, Bangladesh, Cambodia, Democratic Republic of the Congo, Djibouti, Gabon, Mongolia, Nigeria, P.R. China, Samoa, South Sudan, Sudan, Tajikistan</p>	<p>Armenia, CIAT, IBFD, ITIC, Qatar, Ukraine, WATAF</p>	<p>Jeffrey Owens, Kees Van Raad, Pascal Saint-Amans</p>

#### The Composition of the Enhancing Tax Administration Capacity Task Force (As of 30 June 2021)

# Enhancing Tax Administration Capacity

Wuzhen Action Plan (2019–2021) Final Report  
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