



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

# The 4th Belt and Road Initiative Tax Administration Cooperation Forum

— Improving Tax Environment

Tbilisi Georgia

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# Building Tax Capacity to Support the Business Environment



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「01」 Economic and Tax Performance

「02」 Challenges for Business

「03」 Building Tax Capacity



# Overview





# PART ONE

Economic and Tax Performance





## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

### Economic Challenges



01

Low Growth

02

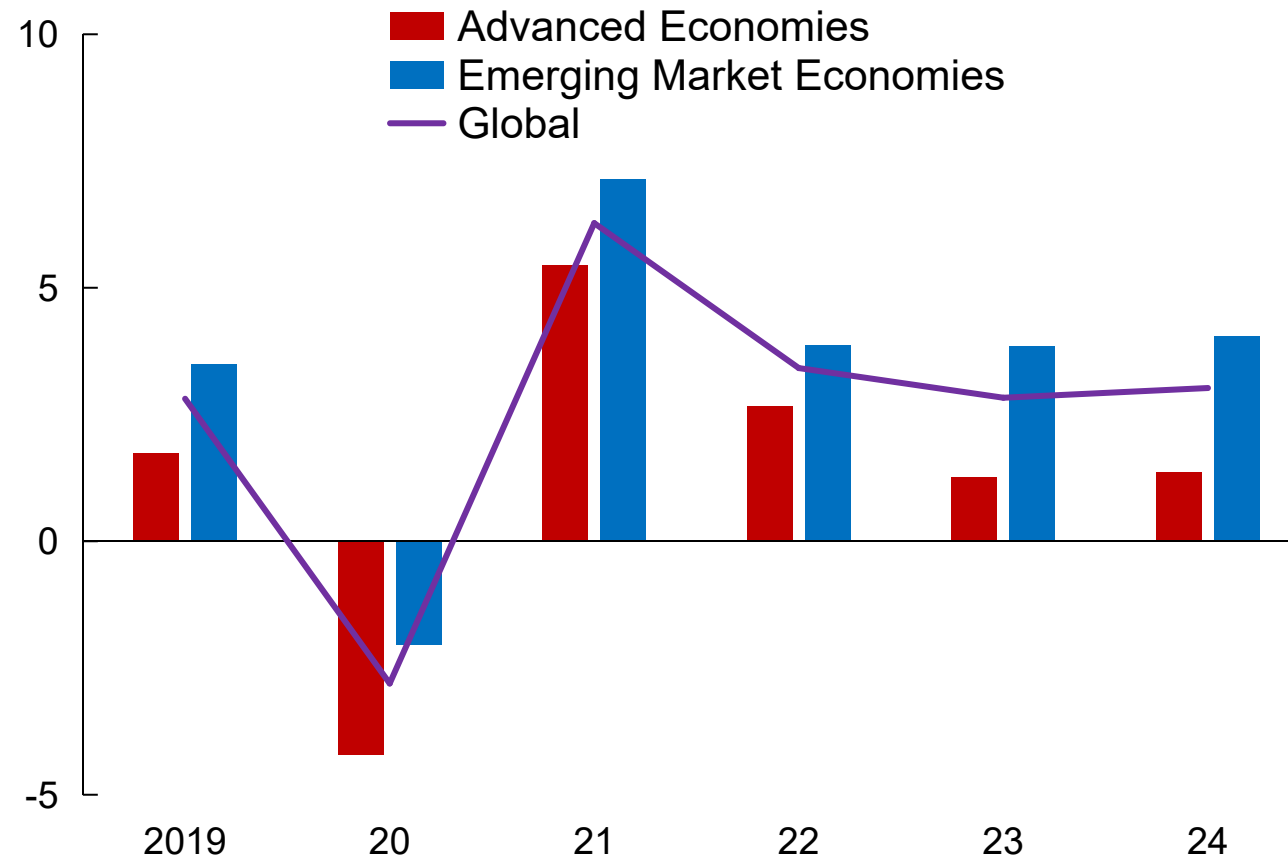
High Debt and Interest Burden

03

Stagnating Tax Revenues



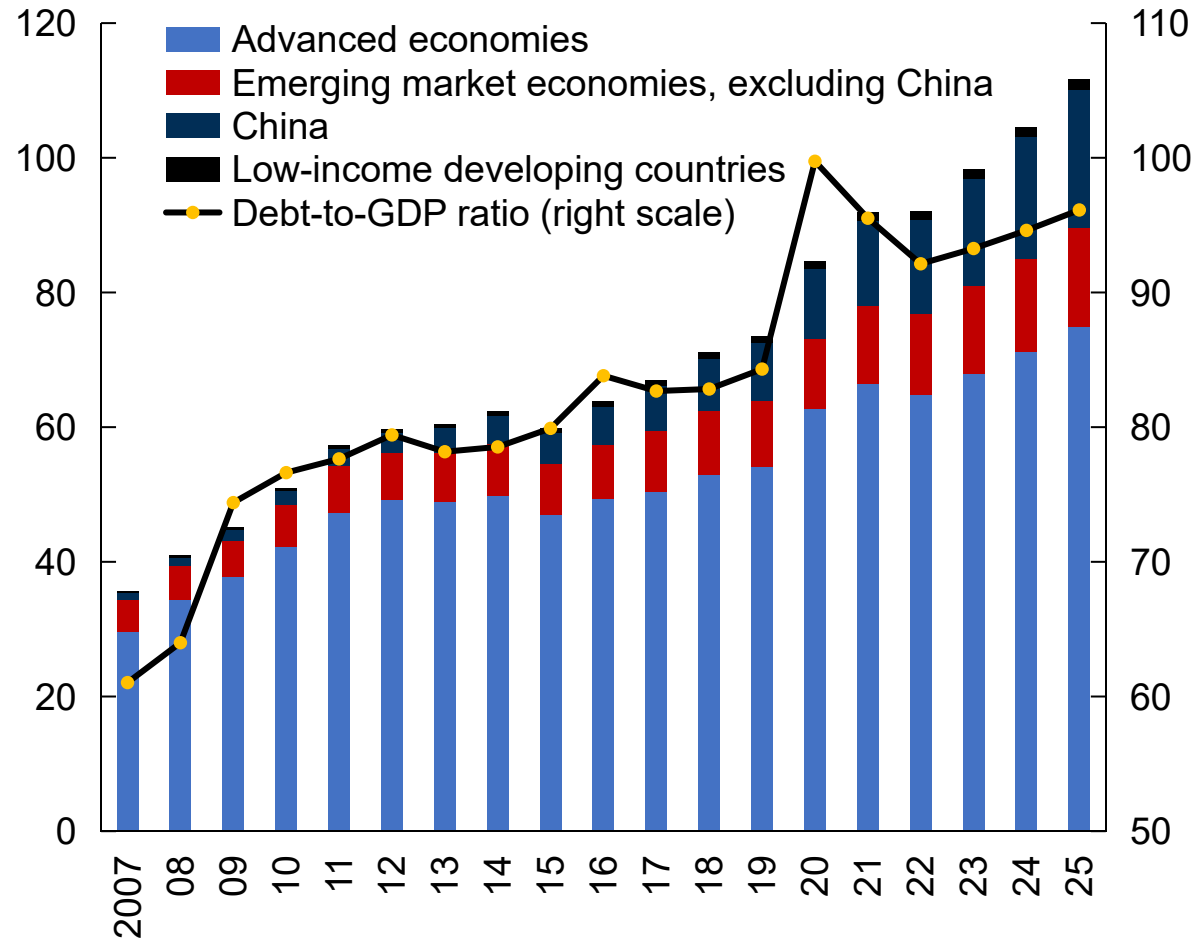
## Low and Stagnating Economic Growth



Source: IMF Fiscal Monitor, April 2023. Note: Growth rates in percent



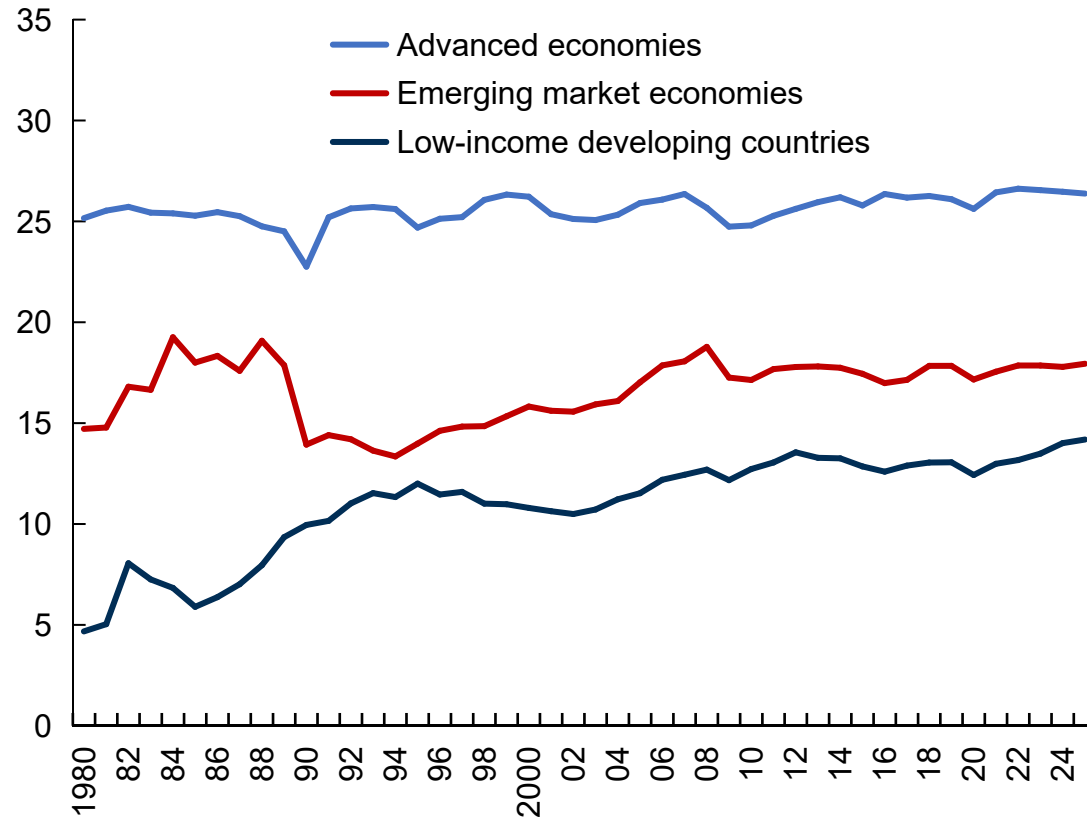
## Debt Levels are Rising



Source: IMF Fiscal Monitor, April 2023. Note: Trillions of dollars, left scale; percent of GDP, right scale



## Tax Revenues Stagnating



Source: IMF Fiscal Monitor, April 2023. Note: Total Tax Collection percent of GDP





# PART TWO

Challenges for Business





## Challenges in the Business Tax Environment



### BEPS 2.0 Pillar Two is expected to happen

85% expect a critical mass of countries to implement an Income Inclusion Rule under Pillar Two by 2025 or earlier



### Tax administration and tax disputes high

40% agree or strongly agree that the tax authority in their ultimate parent's jurisdiction has become more rigorous in tax examinations in the last 12 months



### EU tax transparency proposals will affect many

65% expect to report in line with the EU public country by country reporting directive



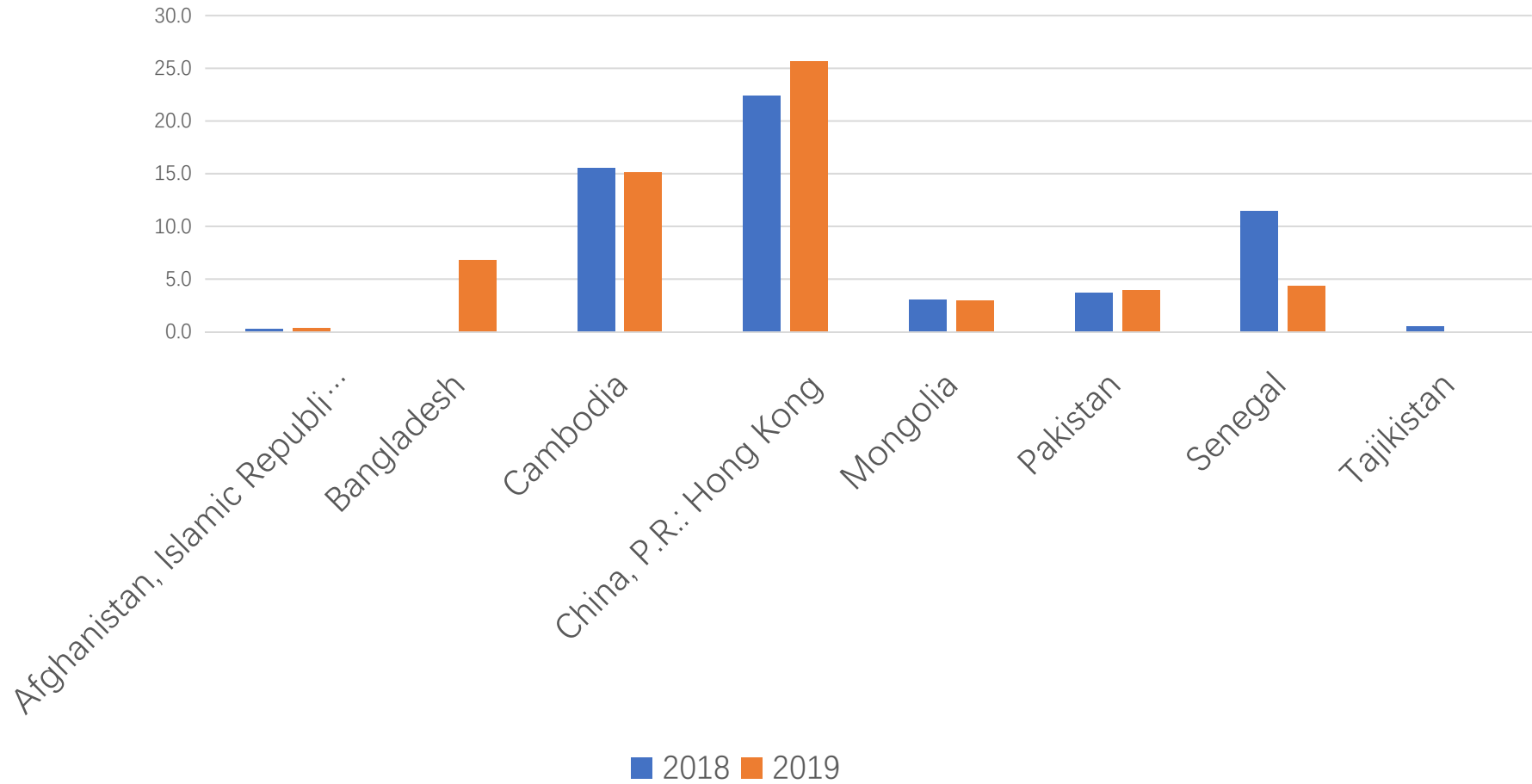
### Stakeholder interest in tax will continue to increase

41% agree or strongly agree that it requires significant resources from the tax function to respond to media, political, or activist groups in corporate taxation



## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

# Tax Disputes Increasing in selected BRITACOM Jurisdictions



Source: IMF ISORA Dataset. Note: No. of internal administrative review cases initiated during the FY per 1000 active taxpayers (PIT and CIT)



## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

# How can the tax system mitigate challenges faced by business?





# PART THREE

Building Tax Capacity





## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

### Policy

Data, analysis, and forecasting – dedicated tax policy units

Tax staff skills and training, appropriate hardware, software, tools

### Technical Capabilities

**Tax Capacity**

### Institutions

Tax administration funding, management, governance, transparency, digitalization

Focus on human element: attitudinal change in tax administrators and taxpayers

### Human-centric





## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

### 01. Digitalization

Increased use of digital systems for risk-analysis, tax audit selection, etc.

### 03. Re-orient tax staff

Leadership development, move away from enforcement mindset to service orientation



### 02. Taxpayer services

Provide channels for taxpayers to still receive human-based services

### 04. Sensitize and inform taxpayers

Taxpayers as partners rather than adversaries of tax administration

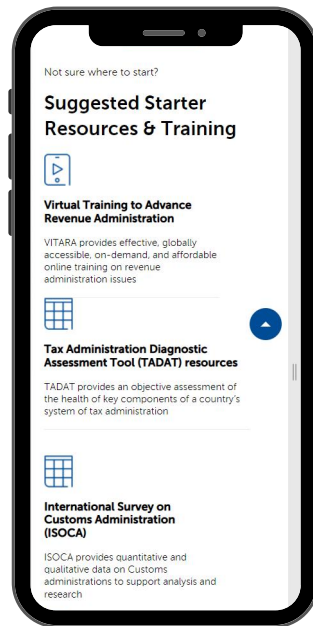


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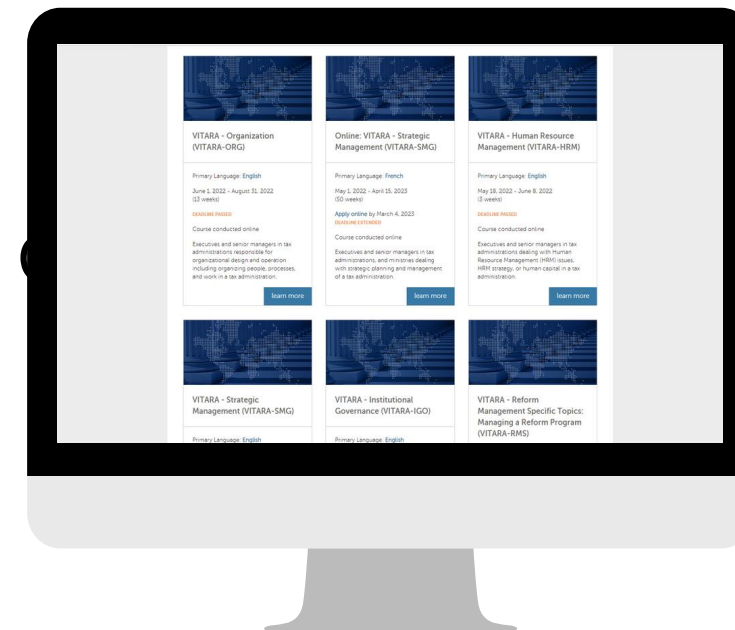
# Information on the IMF's revenue work

## IMF Revenue-Portal



<https://www.imf.org/en/Topics/fiscal-policies/Revenue-Portal>

## VITARA



Virtual Training to Advance Revenue Administration: Go to <https://www.imf.org/en/Capacity-Development/online-learning> and search VITARA



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**THANKS**

