

# TAX INSPECTORS WITHOUT BORDERS

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## TIWB Summary

by Ben Dickinson, Head of Global Relations Division, OECD  
& Marcos Neto, Director, Financial Sector Hub, UNDP

As representatives of the founding partners, the Organisation for Economic Development and Co-operation (OECD) and the United Nations Development Programme (UNDP), behind the TIWB initiative, we are delighted to update you on recent events.

As you read on, you will see that the initiative continues to flourish, with ever more expert deployments, South-South work and greater tax revenue gains. The TIWB initiative has substantially scaled-up, with 67 programmes ongoing and completed in 36 countries across the globe and a further 26 programmes in the pipeline. Tax administrations supported by TIWB are reporting a range of positive outcomes including more than USD 480 million of additional revenues collected to date.

As we reflect on progress made since the Addis conference, where in 2015 the OECD and UNDP came together to start work on TIWB, it is interesting to note how the operating environment for TIWB has changed for both organisations.

For the OECD, it was not possible to anticipate how TIWB would develop, hand in hand with broader changes in international tax co-operation, such as the Base Erosion and Profit Shifting (BEPS) Project, where 131 countries work together to address the tax challenges of the digitalised economy. As the BEPS work has been rolled out, TIWB has played a critical role in providing practical solutions to everyday international tax audit problems associated with BEPS in the developing world. Tax officials participating in TIWB often report how critical TIWB has been in building confidence for dealing with the complexities of BEPS, particularly when essential tax revenue increases are the tangible result.

For the UNDP and its network of 170+ Country offices worldwide, TIWB is now recognised as an integral part of UNDP's offering to support countries finance their Sustainable Development Goals (SDG) priorities. As UNDP



The TIWB Secretariat met in Paris, France on 21 May 2019 to review TIWB's progress to date, discuss TIWB's key challenges and develop an action plan going forward.

consolidates and builds its larger SDG Finance offer the lessons learnt from TIWB successes are essential to enhance UNDP support to countries and the provision of technical assistance across a broad range of government operations, while strengthening UNDP's partnership with OECD.

In the coming months we will be taking stock of our joint work on TIWB. We will look closely at what we have achieved and what more can be done. We will assess how the TIWB model could evolve to cover other areas of taxation. Our annual report for 2018/19 will provide more detail.

## TIWB in numbers...

- 8 South-South programmes
- 16 Partner Administrations
- 36 Host Administrations
- 46 Active TIWB Experts
- 480M USD in increased tax revenues

## Reflections



By John Christensen, *TIWB Governing Board Member, Director and Chair of the Board of Tax Justice Network (TJN)*

**TIWB: You were one of the founders of the TIWB Idea. How far do you think the Initiative has come from its inception?**

John Christensen: The origins of Tax Inspectors Without Borders lie in a series of discussions held between 2009 and 2011. Some of these discussions involved tax officials in Central America and Sub-Saharan Africa, which was where I heard of the pressing need for technical support with tax audits and investigating complex offshore tax structures.

In the early days of the tax justice movement, some people thought the idea of promoting an organisation focussed on capacity building was tangential to TJN's core mission of advocating for systemic change. However, I see the two tasks as complementary and entirely consistent with our wider goal of working with the governments of aid recipient countries to increase tax receipts and reduce dependence of external debt and aid flows.

What we had in mind from the outset was a programme involving governments and international organisations; civil society would have a role to play, though unlike Médecins sans Frontières, from whom we drew inspiration, this initiative would need to engage with tax authorities at the highest level. In practice the collaboration between OECD and UNDP has proved itself a great success, much of which can be attributed to the enthusiasm and the personalities of the core team, who have put their hearts and souls into realising the dream that is TIWB.

In many respects TIWB is still in its start-up phase, but it has already proved itself as a concept and is delivering tangible results. Now in its fourth year of operations, it is recognised as a successful player able to deliver hundreds of millions of extra tax dollars to contribute towards sustainable development. As importantly, it is changing the tax culture among key players in the corporate community. According to latest estimates, every dollar spent on TIWB is helping to generate over USD 100 of additional domestic resources for developing countries, which is an astonishing success by any measure and an almost unheard rate of return in the development sector.

I'm immensely proud and honoured by having played a part in TIWB's remarkable journey since its inception, and I'm genuinely excited about the prospects for the coming years. TIWB is poised to make transformational changes which will deliver tangible benefits to the people of many developing countries.

**TIWB: You have been an important international advocate for the role of civil society in the broader international taxation dialogue. What drives your passion for the subject and how do you think TIWB can engage and influence these discussions? Where do you think progress is being made and where do challenges remain?**

JC: My interest in international taxation goes back to the late 1970s when I was involved in a series of civil society dialogues around poverty alleviation and developing aid exit strategies. I was an early convert to the idea that the best way of spelling aid was T-A-X. As I delved deeper into the complexities of tackling illicit financial flows and aggressive profits shifting it became clearer to me that systemic change at the international level would need to be matched by tax capacity building at national levels.

The international systemic changes are well underway, for example through adoption of country-by-country reporting standards, and enhanced cooperation on information exchange between national tax authorities. The creation of TIWB has put in place the second part of the equation: the crucial knowledge transfer and capacity building steps intended to help developing countries increase their reliance on tax-generated domestic resources.

The rules of international taxation have changed enormously in recent years, and are likely to change radically in the coming decade. Changes that seemed inconceivable even three years ago are now under discussion as governments respond to the challenges of the digital age. I can envisage a situation in which support programmes will be implemented to enable judicial authorities build their capacity to handle complex tax litigation. This need was discussed by tax officials during our dialogues a decade ago, and I think this is another area where the TIWB model can make an important contribution

**TIWB: What would success look like for TIWB in the future?**

JC: I feel passionately that TIWB should build on its commitment to South-South cooperation. We have already initiated or completed 11 programmes that fall into this category, and there is clearly scope for expanding South-South cooperation in the foreseeable future. I'd hope this might alleviate any lingering fears, not least within civil society, about conflicts of interest of partner countries. Happily, many tax officials employed in the Global-South have considerable experience of complex tax audits of multinational companies and are well

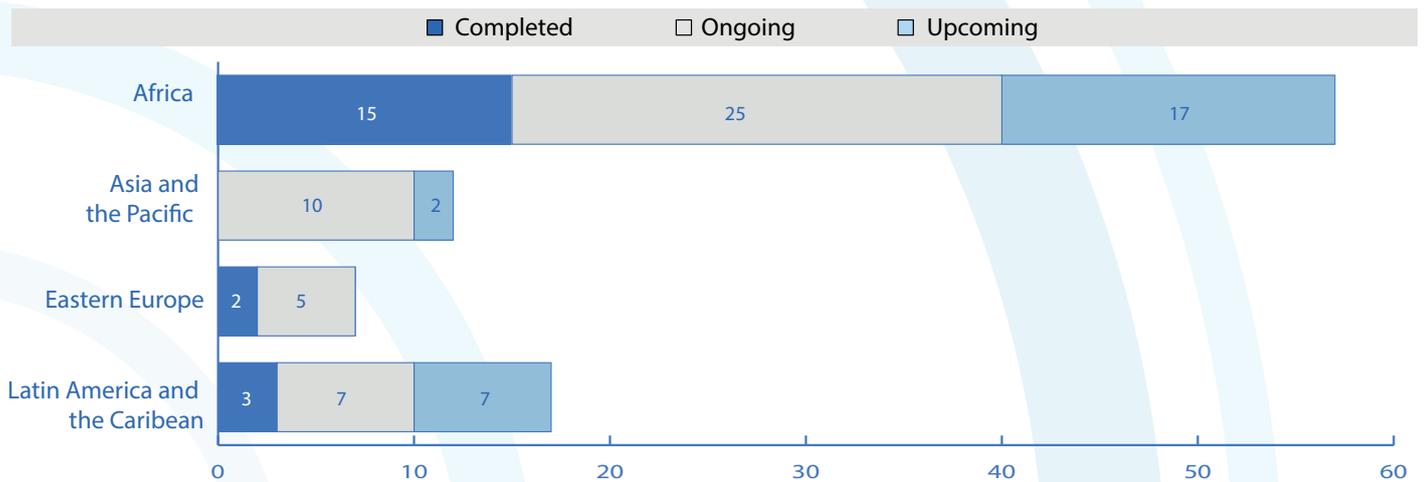
placed to communicate their knowledge and experience.

I would also like to see more developing countries initiating requests for tax audits, and across an expanded range of industries.

As the rules on international taxation evolve to meet the needs of a changing world, TIWB will need to adapt to handle new requests from developing countries. Our success in delivering on the needs of these countries will play a significant part in delivering on the promises of the SDGs.

## Regional distribution of TIWB Programmes

TIWB aims to maintain a regional balance in the support it provides through its global programmes. The graph below highlights the number and status of TIWB programmes by region.



## Expanding Scope for South-South Co-operation

By James Karanja, *Head of TIWB Secretariat*

As Tax Inspectors Without Borders continues to develop, an important trend of growth in South-South co-operation is emerging since the launch of the first South-South co-operation programme in Botswana supported by Kenya in November 2017. TIWB currently runs eight South-South co-operation programmes in Africa and Latin America, and three programmes have been already completed. The programmes mainly entail the deployment of serving officials from tax administrations through bilateral co-operation facilitated by the TIWB Secretariat.

New programmes recently launched include [Cameroon](#) assisted by Morocco, Eswatini and Uganda assisted by India; Ghana, Zambia and Zimbabwe all assisted by South Africa, mainly in the areas of mining and oil and gas audits and Colombia supported by Mexico. Other ongoing South-South programmes include Liberia assisted by Nigeria and Uganda assisted by a South African TIWB Roster Expert. More South-South programmes are due to be launched in 2019 with support from Kenya and India.

TIWB continues to receive strong support from its growing list of Partner Administrations. These include Belgium, Canada, France, Germany, India, Italy, Kenya, Mexico, Morocco, the Netherlands, Nigeria, Slovak Republic, South Africa, Spain, the United Kingdom and the United States. OECD and UNDP are committed to securing further support of new Partner Administrations, particularly Global-South partners.

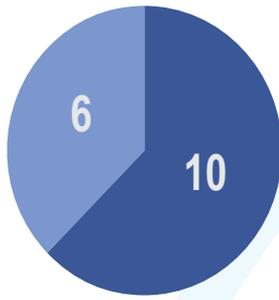
South-South co-operation is not a substitute for, but rather a complement to, North-South co-operation. The Second High-level United Nations Conference on South-South co-operation recently held in Buenos Aires, Argentina, from 20 to 22 March, 2019 recognised that South-South co-operation and triangular co-operation enables developing countries to achieve

## TIWB Objective = 100 Deployments



Deployments to date

■ Global-South Partners ■ Global-North Partners



\*The proportion of current TIWB Partner Administrations indicates the ratio of Global-South partners relative to Global-North partners

sustainable development through partnership and, inter alia, to promote unity and co-operation, which contribute to establishing a fair and equitable international economic order. (Read more from the outcome statement at <https://undocs.org/en/A/73/L.80>.)

In seeking to expand the reach of South-South co-operation, TIWB has benefited from a broad range of regional and international actors including the African Tax Administration Forum (ATAF), Inter-American Centre for Tax Administrations (CIAT) and Cercle de Réflexion et d'Échange des Dirigeants des Administrations fiscales (CREDAF), as well as the Forum on Tax Administration (FTA), which are all providing strong backing for more involvement of their member governments to be more deeply

engaged in the exchange of experts. TIWB is currently exploring opportunities for more involvement of Global-South partners through triangular co-operation and expanding mentorship opportunities. Triangular co-operation involves experts from developing countries teaming up with experts from developed countries to jointly deliver technical assistance in a third country.

The South African Revenue Service (SARS) recognises that 'participation in these South-South co-operation programmes cements South Africa's commitment to promoting international co-operation, encouraging a common understanding of shared problems in Africa, [and] enhancing skills development on global tax issues'.



## UNDP Maldives CO support in setting up of TIWB Programme

By Radha Kulkarni, Project Advisor TIWB, UNDP

TIWB launched its programme in the Maldives in August 2018 with support from the UNDP Maldives Country Office (CO), to help mobilise more domestic resources for the country. The programme focuses on building the revenue authority's tax audit capacities to audit multinational enterprises more effectively, in the areas of transfer pricing, thin capitalisation, application of tax treaties, and audit related aspects of international exchange of information.

The Maldives is a typical example of the 'island paradox' with multi-dimensional development challenges. On the one hand, the country has made significant development progress. Gross National Income (GNI) increased by over [200%](#) between 1990-2015, and human development indicators such as life expectancy at birth improved

by 15.6 years over this period. The country graduated to middle-income status in 2011. On the other hand, the country grapples with challenging macro-economic fundamentals: a high fiscal deficit, high public debt levels, a narrow economic and tax base, and weak public financial management systems, amongst others. This is combined with gender inequalities and a high vulnerability to climate change; the Maldives has amongst the highest climate adaptation costs in the world as a proportion of GDP. In this context, an important objective in the Maldives is to increase domestic resources.

*“Domestic resources are crucial for a small-island developing state such as the Maldives, to finance the Sustainable Development Goals. TIWB assistance comes at an opportune time, given the government’s efforts to mobilise increased resources to deliver on its national plans. TIWB continues to be a key offering under the UN’s financing for sustainable development umbrella.”*

**Nasheeth Thoha**, (Former) Deputy Resident Representative, UNDP Maldives

The UNDP Maldives CO provided in-country support for setting up the TIWB programme by helping raise awareness with key decision-makers at the national level. It helped to build political support for the initiative. It was also instrumental in providing the TIWB expert with an overview of the overall development landscape in the country. The CO helped put TIWB into context with respect to the government’s national development plans. It also helped contextualise how TIWB’s work fits under the broader umbrella of the United Nations development assistance programme in-country.

For example, one of the key areas of assistance for the UN in the Maldives is governance, which includes building stronger, more transparent and more effective institutions, in addition to improving access to finance. TIWB furthers these priorities by strengthening the organisational capacities of tax administrations and mobilising finance for sustainable development. UNDP also assists in the area of SDGs based budgeting.

UNDP Maldives CO also connected the expert to key national stakeholders and decision-makers, and facilitated coordination between various donors in-country to bring in more synergies between the efforts of different donors in the public financial management space. For example, meetings set-up by the CO with the Asian Development Bank and World Bank fiscal teams in-country helped the TIWB expert to understand the range of taxation assistance received by the Maldives and situate TIWB assistance and future recommendations accordingly. Lastly, the CO offered to liaise with the government for follow-up on the expert’s recommendations, including fostering policy dialogue on tax issues and supporting broader tax reforms in the country.



## Press Articles

- » Cabinet approves signing of ToR to provide tax assistance to Eswatini ([The Times of India](#), 10 Jan 2019)
- » Countries are seeking help to deal with corporate tax avoidance ([The Economist](#), 21 Feb 2019)
- » Tax Inspectors Without Borders – a Tax Justice Network idea bears fruit ([Tax Justice Network](#), 27 Feb 2019)
- » New SARS boss to call in Tax Inspectors Without Borders? ([Mail & Guardian](#), 08 Mar 2019)
- » Does the World Need Tax Inspectors Without Borders? ([TaxNotes](#), 22 Mar 2019)
- » Tax pirates and tax fairness: action-packed drama now showing ([The Canberra Times](#), 04 May 2019)
- » Armenia, Italy to cooperate to improve control in criminal investigation ([Public Radio of Armenia](#), 21 May 2018)

# Extract of the TIWB Governing Board Meeting Co-Chairs Statement

12 April 2019, Washington D.C.



The third meeting of the joint OECD-UNDP Tax Inspectors Without Borders (TIWB) Governing Board was held in Washington D.C. on 12 April 2019.

The Board approved an extension of the mandate of the current Board members for an additional three years. In addition, four new Board seats were proposed with vacancies to be filled later in 2019 with due consideration given to gender and geographical representation, particularly from developing countries.

The TIWB Secretariat reported on progress since the last Governing Board meeting in 2017.

We noted the increasing importance of taxation as part of ongoing Domestic Resource Mobilisation efforts needed to meet the Sustainable Development Goals (SDGs).

The initiative has expanded its deployments of tax experts. TIWB continues to benefit from the increased and active participation of its Partner Administrations, with numerous countries deploying their serving tax officials. It also draws support from the UNDP-managed Roster of 52 tax audit experts, including 13 experts from the Global-South. Collaboration and partnerships between TIWB and regional and international organisations also continue to grow.

TIWB's success has been made possible by donors who continue to make a significant investment in TIWB, such as Finland's generous contribution to UNDP for the initiative. Moreover, TIWB's progress can be attributed in part to the contribution of the OECD's Forum on Tax Administration, which champions the initiative through the provision of experts -- a vital in-kind contribution. UNDP's contribution and support to TIWB, through its expertise in sustainable development and on-the-ground global presence has been indispensable in advancing the initiative. The continued, positive role played by civil society in building awareness of the initiative is also crucial, particularly in Low Income Countries.

OECD and UNDP will strengthen their efforts to secure the further support of new Partner Administrations, particularly South-South partners -- this will benefit from the use of the Knowledge Sharing Platform, developed by Canada.

As the initiative moves forward, greater attention will be given to the measurement of the impact and outcomes of TIWB programmes in order to consolidate the current model. A fuller assessment on the future demand for multinational enterprise audits will be provided. In addition, an increased emphasis will be placed on reinforcing countries' in-house capacity on taxation in an even more sustainable manner. Greater priority will be given to gathering and synthesising lessons learned, and an international conference may be organised in the near future to share best practice.

Building on the success of the current model, we welcome the expansion of TIWB's work into new areas, including criminal tax investigation, exchange of information for tax purposes, as well as tax treaty negotiations.

Co-Chairs:

Mr. Angel Gurría (Secretary-General, OECD)

Mr. Achim Steiner (Administrator, UNDP)

## Recommended Reading

» [2019 Progress Report on Tax Certainty, IMF/OECD Report for the G20 Finance Ministers and Central Bank Governors](#)

» [Handbook on Selected Issues in Protecting the Tax Base of Developing Countries](#)

» [IATF Financing for Sustainable Development Report 2019](#)

» [Money Laundering and Terrorist Financing Awareness Handbook for Tax Examiners and Tax Auditors](#)

» [Practical Manual on Transfer Pricing for Developing Countries](#)

» [Programme of Work to Develop a Consensus Solution to the Tax Challenges Arising from the Digitalisation of the Economy](#)

» [Toolkit for Addressing Difficulties in Accessing Comparable Data for Transfer Pricing Analyses](#)

» [Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2017](#)

» [What drives tax morale?](#)

## Announcements



### **TIWB side-event at the International Conference on the Emergence of Africa (ICEA) - Mobilization of tax revenues and private sector engagement, January 2019**

The side event was an opportunity to learn more about the complex domestic resource mobilization challenges faced by many countries in Africa, and how those can be addressed. African countries need to mobilize more resources to enable the structural transformation of their economies, in line with the ambitions of the 2030 Agenda for sustainable development.

A leading panel of experts at the side-event discussed success stories and how these were achieved, and how governments could effectively engage with the private sector, so that companies are responsible 'citizens' in Africa.



### **TIWB Experts Roundtable and Stakeholder's Workshop, February 2019**

TIWB hosted an [Experts Roundtable and Stakeholders Workshop](#) in Paris, for tax experts and other stakeholders from 28 countries and 7 international and regional tax organisations. It was an opportunity for participants to discuss opportunities, risks and lessons learned, as well as means of measuring impact of TIWB programmes.

Participants expressed satisfaction with the initiative's achievements to date of transfer of skills, increased revenue collection, changes in the attitudes of multinationals to comply with tax laws, and progress made towards reaching TIWB's interim target of 100 deployments by 2020.



### **OECD Global Anti-corruption and Integrity forum, Paris, March 2019**

The session on *Combating Corruption: The Impact of Tax Information Sharing* examined the role that exchange of information, and AEOI data in particular, can play in combatting corruption, including through inter-agency co-operation, and give the perspective of developing countries in their fight against illicit financial flows. TIWB was represented on the panel by Dr. Amna Khalifa, Project Manager TIWB. She highlighted the role of AEOI in detecting offshore evasion and the need to build capacity in tax administrations for effectively using such data.



### **TIWB at the Addis Tax Initiative's side event at the UN's Financing for Development Forum, April 2019**

The side event provided an update on the current status quo and latest trends concerning domestic action and international support in the field of domestic resource mobilisation (DRM). TIWB was represented on the panel by Gail Hurley, Project Manager, TIWB and touched upon the significance of DRM in funding sustainable development. The side-event also sought synergies between the various Financing for Development initiatives.



### **TIWB at UNDP's fifth Istanbul Development Dialogue (IDD): Finance in the 21st Century - Putting Money to work for sustainable development, May 2019**

Policy-makers, business leaders and diverse experts gathered at the 5<sup>th</sup> IDD to discuss the financial realities of achieving the SDGs. The session on *Incentivising Change: The Role of Public Finance Management*, explored the status of financing for development from different institutional and policy perspectives to improve the availability and effectiveness of development financing.

The panel highlighted the need for improved (and strategic) co-ordination – nationally and internationally, to optimise development financing flows to prioritise sustainable development. They stressed the importance of country ownership and leadership in this process.

For more information and to stay up to date on all of  
Tax Inspectors Without Borders' programmes:

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