

THE PLATFORM FOR COLLABORATION ON TAX PCT PROGRESS REPORT 2023



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This report has been prepared in the framework of the Platform for Collaboration on Tax (PCT) under the responsibility of the PCT Secretariat and staff of the four organizations. The work of the PCT Secretariat is generously supported by the Governments of France, Japan, the Netherlands, Norway, Switzerland, and the United Kingdom.

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TABLE OF CONTENTS

ACRONYMS	2
I. INTRODUCTION	4
II. PCT ACTIVITIES AND WORKSTREAMS	6
A. Workstream 1: Tax and the Sustainable Development Goals (SDGs)	7
B. Workstream 2: International Taxation	10
C. Workstream 3: Medium-Term Revenue Strategy (MTRS)	15
D. Workstream 4: Resilience to and Preparedness for Shocks	17
E. Workstream 5: Stakeholder Engagement, Dissemination, and Internal Exchanges	18
III. BUDGETARY SUPPORT AND THE SECRETARIAT STAFFING	20
IV. FUTURE STEPS	22
APPENDIX	24
APPENDIX 1: Updates on Countries' Medium-Term Revenue Strategies	25
APPENDIX 2: Examples of PCT and Other Partners' Coordination	29

ACRONYMS

ADB	Asian Development Bank
AfDB	African Development Bank
ATAF	African Tax Administration Forum
BEPS	Base Erosion and Profit Shifting
CD	Capacity Development
DRM	Domestic Resource Mobilization
DP	Development Partner
ECOWAS	Economic Community of West African States
EU	European Union
FCDO	Foreign and Commonwealth Development Office
GDP	Gross Domestic Product
GTP	Global Tax Program
HMRC	His Majesty's Revenue and Customs (UK)
IF	Inclusive Framework
ISM	Information Security Management
INFF	Integrated National Financing Framework
IMF	International Monetary Fund
MDTF	Multi-Donor Trust Fund
MTRS	Medium-Term Revenue Strategy
NORAD	Norwegian Agency for Development Cooperation
OECD	Organisation for Economic Co-operation and Development
OIP	Online Integrated Platform
PCT	Platform for Collaboration on Tax

PIT	Personal Income Tax
RMTF	Revenue Mobilization Thematic Fund
SDG	Sustainable Development Goal
SUNAT	National Superintendency of Customs and Tax Administration (Peru)
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TIWB	Tax Inspectors Without Borders
TSR	Tax System Reform
TWG	Technical Working Group
UN	United Nations
UNDP	United Nations Development Program
USAID	United States Agency for International Development
VAT	Value-Added Tax
WB	World Bank
WBG	World Bank Group

I. INTRODUCTION

As geopolitical tensions, supply chain disruptions, and rising inflation rates pose challenges for many developing countries, governments and policy makers are in urgent need of support for implementing well-designed fiscal policies and strategies to boost revenues, alleviate the debt crises, and help meet sustainable and other developmental goals.

The Platform for Collaboration on Tax (PCT) Partners — the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the United Nations (UN), and the World Bank Group (WBG) — continue their commitment to deepening their collaboration on tax and resource mobilization through the PCT, in order to help countries develop resilient tax systems and better fiscal policies in response to the rapidly changing global tax landscape.

The revised PCT work program, designed for July 2022-December 2023, is organized into five workstreams as follows:

- a) Tax and the Sustainable Development Goals (SDGs)
- b) International Taxation
- c) Medium-Term Revenue Strategy (MTRS)
- d) Resilience to and Preparedness for Shocks
- e) Stakeholder Engagement, Dissemination, and Internal Exchanges

The PCT work program builds on the progress made under the previous work program, while focusing on three priorities: tax and environment (under the tax and the SDGs workstream), international taxation, and MTRS. In the last year, one important part of the PCT Partners' work on international tax has been following and understanding the potential implications of ongoing global discussions and negotiations on new international tax standards. The IMF, UN, and the World Bank are observers to the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (the Inclusive Framework). Furthermore, the Partners have been involved in [informal briefings/consultations](#) organized by the UN Secretariat and were invited to provide written inputs in light of the General Assembly resolution on the promotion of inclusive and effective international tax cooperation at the United Nations. These discussions and

negotiations may, depending on final outcomes and their uptake, lead to significant changes in the international tax landscape, which may also create new opportunities for collaboration.

The key outputs delivered since the release of the [2022 Progress Report](#) include the following:

- The PCT continued to foster knowledge exchange on MTRS through its first MTRS Country Roundtable, held on December 7, 2022.
- PCT's Tax and Environment Expert subgroup, consisting of representatives of the four Partners, continued to meet regularly to discuss areas of work where the PCT could provide knowledge materials and guidance for countries. Under the subgroup's guidance, the environmental tax expert in the PCT Secretariat finalized [a paper](#) comparing the PCT Partners' carbon pricing approaches, which was released in September 2023.
- The [Online Integrated Platform](#) (OIP), a database of Partners' tax-related activities and capacity development (CD) projects across the globe, was updated in March 2023.
- PCT Partners continued to convene and discuss topical issues, including updates on Pillars 1 and 2 of the Inclusive Framework project, updates on the work of the UN Tax Committee, tax and fiscal support programs in the context of resilience and preparedness for shocks, and organizational strategies for taxation and gender equality.

The following sections of the Progress Report provide an update on the work of the PCT since the [2022 Progress Report](#): Section II details each of the PCT's five workstreams, highlighting objectives, activities, outcomes, and next steps for each; Section III reports on the budgetary support provided by PCT's development partners; and Section IV notes potential future steps and opportunities for continued delivery of the PCT workplan. This Progress Report is part of the PCT's commitment to operating transparently and making its workplan and outputs widely available to governments, CD providers and their donors, civil society organizations, and the general public, through its publicly accessible website.

II. PCT ACTIVITIES AND WORKSTREAMS



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A. WORKSTREAM 1: TAX AND THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

1.1 Objectives

Taxation has a significant role to play in achievement of SDGs. While taxes provide revenues to finance achievement of the SDGs, tax policy and administration also impact growth and equity and influence taxpayers' behavior. Equitable and fair tax systems help build the social contract between governments and taxpayers. Under this workstream, with an emphasis on environmental taxation, the PCT focuses on raising awareness of the interlinkages between taxation and the SDGs, and identifying areas and key topics for countries that would benefit from potential collaboration by the Partners.

1.2 Activities

1.2.1 Tax and Environment

In February 2023, the PCT onboarded its new environmental tax specialist, Dr. Ryan Milan Rafaty, to join the Secretariat team. Ryan serves as the PCT's dedicated consultant to undertake technical work and promote Partner coordination for the Tax and Environment workstream.

The Tax and Environment Expert subgroup has continued to hold regular monthly workstream meetings and as of July 1, 2023, had met nine times during 2023, amounting to 18 meetings in total since this group was formed. The subgroup members regularly update each other on the work of each partner organization on topics including carbon pricing (including carbon taxation) and fossil fuel subsidy removal, among others. In addition, the Partners discuss areas of work where PCT-level knowledge materials, technical expertise, and seminars would be most beneficial to countries as well as curate key resources on environmental taxation. The PCT Secretariat aids with the latter

exercise by developing issue notes on relevant topics, to aid internal discussions – within and between – PCT partners, such as that of land-use related policy instruments, and the role of environmental taxation in countries with large informal sectors.

This year the PCT Secretariat, in collaboration with expert members of the Tax and Environment subgroup, finalized its report, *Carbon Pricing Metrics: Analyzing Existing Tools and Databases of PCT Partners*. The report was published and made [available online](#) on September 8, 2023.

The report showcases the diverse range of existing carbon pricing metrics – and their associated computational methods – currently used by the PCT Partners (and others). While the diversity of carbon pricing metrics and approaches provides a rich perspective on the different forms that the concept of 'carbon pricing' can take, it also risks confusing policymakers and other stakeholders. The report addresses this challenge by providing a comprehensive overview and comparative assessment of existing metrics and computational methods, highlighting how they complement each other and how they differ. The report identifies unifying concepts 'hidden' behind different terminologies and approaches, providing valuable insight into how the different forms of carbon pricing – 'direct,' 'indirect,' 'positive,' and 'negative' – are interrelated and interdependent.

The report contains several key messages and takeaways: 1) existing carbon pricing metrics differ in their policy coverage, the forms of carbon pricing accounted for (direct vs. indirect, positive vs. negative), and their purpose; 2) metrics can diverge due to technical approaches, geographic coverage, and the benchmarks they are compared to; 3) the divergence in approaches presents policymakers and other stakeholders with scattered guidance (that the report helps address through facilitating the comparison and interpretation of the various metrics); and 4) all PCT Partners agree that carbon pricing signals to date have been insufficient to achieve Paris targets. Accordingly, one of the report's findings is that international cooperation is important to support countries in their efforts to achieve net zero targets.

1.2.2 Tax and Gender

On June 21, 2023, the PCT held an internal roundtable on Tax and Gender, where Partner experts exchanged on the work administered by their respective organizations on gender equality and taxation. The World Bank Gender Team presented on its new gender strategy entitled: “World Bank Group Gender Strategy 2024-30: Accelerating Gender Equality for a Sustainable, Resilient, and Inclusive Future.” The Strategy, to be formally launched in 2024, proposes a focus on innovation, financing, and collective action to end gender-based violence, elevate human capital, expand and enable economic opportunities, and engage women as leaders. The presentation was part of the World Bank team’s effort to shape the Gender Strategy by extensive and inclusive engagement with development partners, among other key stakeholders. Following the presentation, invited Partner experts offered their feedback on the World Bank Strategy presentation and shared relevant resources and topical strategies of their own respective organizations.

The IMF highlighted its work on tax policy and revenue administration and gender, which is embedded in the Fund’s broader “IMF Strategy Toward Mainstreaming Gender,” approved in July 2022. The strategy, which is already in place, aims at integrating gender into the IMF’s core activities—surveillance, lending, and capacity development—in accordance with its mandate. It enables IMF staff to systematically assess the macroeconomic consequences of gender gaps, evaluate the gender-differentiated impact of shocks and policies, and provide detailed and tailored advice.¹ On tax policy, the IMF has been conducting analysis of tax policies that are gender-friendly² and designing a tool that makes it possible to identify implicit and explicit biases in the personal tax and transfer system, which can help explain women’s disincentives to work (formally). On revenue administration, the IMF has been undertaking analytical work ([Technical Note on Gender and Revenue](#)

[Administration—Principles and Practices](#)) that highlights how revenue administrations can: 1) administer gender-sensitive tax laws effectively and apply a gender lens when administering tax or trade laws with a view to reducing barriers to women’s employment, entrepreneurship, and trade; and 2) develop gender-balanced and inclusive workforces with policies and procedures that ensure equal employment opportunities, including several country examples of targeted measures that have led to positive outcomes.

The OECD highlighted two recent releases on gender equality: the [OECD-wide Gender Strategy](#), released as part of the OECD Ministerial meetings in 2023, as well as a [cross-OECD report on policies for gender equality](#), including a chapter on taxation. The OECD also highlighted that they are working on a special study on the taxation of second earners (usually women) as part of the OECD Taxing Wages series, which will be published in spring 2024. In addition, gender analysis will be integrated into other analysis where data permits; for example, some countries provide a gender breakdown of business owners which will permit additional analysis. The Global Forum’s ‘Women Leaders in Tax Transparency’ program has entered its second year, training women from developing countries to become leaders in tax transparency and exchange of information, while the OECD Gender Balance Network continues to discuss concrete ways to improve gender balance in tax administrations. Ideas discussed by the Network include fighting gender imbalance and unconscious bias within tax administrations relying on objective facts and data; using technology and AI to promote gender balance and diversity; and working on how new ways of working can affect equality between men and women. A Gender Balance Maturity Model that will help tax administrations to self-assess their level of gender balance and describe the ways to improve it is being developed.

The UN recognized the efforts of the UN Tax Committee, an expert body dedicated to developing practical tax policy

1 <https://www.imf.org/-/media/Files/Publications/PP/2022/English/PPEA2022037.ashx>

2 <https://www.imf.org/-/media/Files/Publications/WP/2022/English/wpia2022026-print.pdf.ashx>

guidance tailored for developing countries. The Tax Committee guidance emphasizes SDG-aligned tax and fiscal policies, notably encompassing gender-responsiveness. From the perspective of the UNDESA Secretariat, the UN highlighted that significant success has been achieved over the years in encouraging and achieving gender balance during tax capacity development events. Furthermore, UNDESA is planning a workshop in November specifically focused on gender and taxation. This workshop aims to facilitate the exchange of lessons, experiences, and pinpoint areas where the Committee might provide future guidance. In addition, the UN highlighted various gender-related initiatives, including the efforts of the UN Commission on the Status of Women and UN Women. All the PCT Partners also participate in the Inter-Agency Task Force on Financing for Development (IATF).³ Within the IATF's framework, tax and gender considerations are featured in the annual Financing for Sustainable Development Report. On December 8, 2022, the IATF convened an Expert Group Meeting on Gender Responsive Tax Systems and Policies. The meeting promoted the sharing of lessons, experiences, and perspectives by the PCT Partners on various aspects, including: relevant presentations of current research and analysis, e.g., on why gender responsive tax systems and policy are necessary in the current context of intersecting crises and severely constrained fiscal space; examples of country practices in addressing gender equality in taxation (identification and assessment of implicit and explicit biases in tax systems and efforts by countries to address those biases); and opportunities, challenges, and ways forward, e.g., key policy considerations to help promote gender responsive tax systems and policies.

1.3 Outcomes

The collective efforts by the PCT Partners have raised awareness about the role of taxation in enabling countries to address the critical challenges they face and in supporting their progress towards achieving the SDGs. Enhanced discussions

among the Partners have facilitated internal exchanges on the Partners' priorities and work as well as exploring opportunities for synergies and potential collaborative work. This has facilitated better outreach to relevant stakeholders and better communication regarding the Partners' thinking, guidance, and resources, particularly to governments from developing countries.

1.4 Next steps

The Tax and Environment subgroup plans to host a virtual webinar event to publicize the publication of the aforementioned report, Carbon Pricing Metrics: Analyzing Existing Tools and Databases of PCT Partners. Following a similar format to the PCT's past two webinars on Tax Treaty Negotiations and Taxation of Offshore Indirect Transfer of Assets Toolkits, the upcoming event will also take the format of an "Ask an Expert" webinar. The webinar will, among other things, provide a platform to announce the launch of the carbon pricing report, describe its core contents and public relevance to ongoing international climate policy efforts, highlight several national examples of indirect carbon pricing instruments, and answer questions fielded from event attendees.

In addition to the anticipated webinar event, members of the Tax and Environment Expert subgroup have been holding monthly meetings to discuss potential thematic areas and substantive goals for its future workstream over the coming fiscal year. Potential themes for the upcoming workstream are being discussed and comparatively assessed in relation to multiple criteria, including data availability, potential environmental impact, clients' and stakeholders' needs, and synergies in existing environmental tax workstreams across the four partner organizations. The subgroup will continue exploring potential PCT environmental outputs over the coming year, that would benefit from further collaborative work by the Partners.

³ The Inter-Agency Task Force on Financing for Development (IATF), convened by the United Nations Secretary-General to follow up on the Addis Ababa Action Agenda, is comprised of over 60 United Nations agencies, programmes and offices, regional economic commissions, and other relevant international institutions.

B. WORKSTREAM 2: INTERNATIONAL TAXATION

2.1 Objectives

Under this workstream, the PCT aims to facilitate exchanges on the rapidly evolving international taxation landscape. The workstream also aims to identify key international tax issues relevant particularly to developing countries, and devise ways for the PCT to provide practical guidance and toolkits as part of capacity development for countries on those issues. This aids the countries' participation in discussions on those topics at global, regional, and national levels, their consideration of options, as well as the implementation of changes they decide to make as a result of the discussions and their outcomes.

2.2 Activities

2.2.1 PCT toolkits

The PCT toolkits serve as valuable resources that provide guidance on complex international tax issues for governments, particularly those with low capacities. The toolkits also serve as resources for the PCT Partners to use in their capacity-building efforts and training. The development process of each toolkit includes public consultation on discussion drafts with stakeholders and direct dialogue with relevant stakeholders, all of which are facilitated by the PCT Secretariat. Table 1 lists the five PCT toolkits, with their dates of release and the number of times each has thus far been accessed.

TABLE 1

PCT Toolkits on BEPS and Related Tax Matters

TOOLKIT	RELEASE DATE	NUMBER OF TIMES DOWNLOADED SINCE LAUNCH (AS OF JULY 1, 2023)
Options for Low-Income Countries' Effective and Efficient Use of Tax Incentives for Investment	October 2015	233 (main report) 87 (background paper)
Addressing Difficulties in Accessing Comparables Data for Transfer Pricing Analyses	June 2017	248
Taxation of Offshore Indirect Transfers	June 2020	415
Practical Toolkit to Support the Successful Implementation by Developing Countries of Effective Transfer Pricing Documentation Requirements	January 2021	284
Tax Treaty Negotiations ⁴	March 2021 Updated in May 2021 and May 2022	267 (2022 update) 140 (2021 update)

Apart from the joint PCT work through the toolkits (and subsequent updates to those toolkits), and other dissemination initiatives, the UN and the OECD have been collaborating to build government capacities in the area of tax treaty negotiations. This effort is significant given the differences between the UN and the OECD Model Tax Conventions with respect to certain taxing rights for source countries and the opportunity for

representatives from both developing and developed countries to participate together in mock negotiations. Box 1 presents this effort in more detail and other examples of collaboration on capacity development by the two organizations.

⁴ Beyond the downloadable PDF version, the Toolkit on Tax Treaty Negotiations also has an [online version](#). The numbers provided under Table 1 refer strictly to the PDF version.

BOX 1**UN-OECD Collaboration on Regional and Global Workshops**

Practical Workshop on Negotiation of Tax Treaties. Since 2014, the UN and the OECD, with support from the Austrian Ministry of Finance, have jointly organized a series of week-long negotiation workshops for developing countries at the Ministry’s tax training center in Vienna. The workshops consist of a mock negotiation between fictitious developed and developing countries and follow a learning-by-doing approach. The background materials are regularly updated to reflect emerging issues, such as the addition of provisions on offshore indirect transfers to Article 13 of the 2021 UN Model Tax Convention.

The workshops have been facilitated by tax treaty experts from both developed and developing countries. While the workshops initially included government officials from developing countries only, since 2022, participants have also included a few government officials from OECD countries, enhancing diversity and enabling the creation of mixed teams, which enriched the analysis and discussions with different perspectives and experiences in a no-stakes, supportive environment.

This year’s joint workshop on tax treaty negotiations was successfully delivered on July 17-21, in Vienna, where 28 officials (46 percent women) participated from 20 countries.

In addition, the OECD and UN also collaborate on a series of virtual workshops titled “Getting Ready for Tax Treaty Negotiations;” initially developed during the COVID-19 pandemic, these virtual workshops followed a learning-by-observing approach. Participants first engage in the types of preparatory meetings that members of a tax treaty negotiation team would hold in advance of negotiations. They then observe a mock negotiation between experienced tax treaty negotiators in which participants are exposed to different negotiation styles and the most effective ways of making substantive arguments, reproducing how new team members learn to negotiate in real life when they become part of a negotiating team with an experienced leader. These workshops have proved popular, filling a gap between, on the one hand, the more theoretical information provided in the online or in-person courses on tax treaties offered by both organizations, and, on the other, the intensive in-person tax treaty negotiation workshops held in Vienna. Each year, the virtual workshops focus on a different set of treaty articles of relevance to developing countries. Since the publication of the PCT toolkit, the workshop also has specific sessions to discuss sections A, B, and C of the PCT Toolkit on Tax Treaty Negotiations and new set of tools developed for the toolkit through its updates.

Workshop on Services. On May 2-5, 2023, the UN and OECD, in collaboration with the Inter-American Center of Tax Administrations (CIAT), delivered a four-day regional workshop on the treatment of services in the UN Model in Mexico City. This is the first long-form workshop on the

BOX 1 *continued***UN-OECD Collaboration on Regional and Global Workshops**

topic to include discussions on recent key additions to the UN Model, notably fees for technical services and the taxation of income from automated digital services. These provisions were added to the UN Model in 2017 and 2021 because of the risk to developing countries from multinational enterprises (MNEs) providing services remotely. The workshop also covered in depth a number of other provisions that are usually covered quickly in many tax treaty workshops. The enthusiastic response from participants reflected the importance of the topic to their countries.

Participants came from 18 developing countries in Latin America and the Caribbean. Ten of the participants were female and eleven were male. In response to demand from participants, a follow-up (virtual) workshop was held in June to go over case studies to assess the extent to which the material has been assimilated by the participants.

Transfer Pricing. On July 4-6, 2023, the Inland Revenue Board of Malaysia and the OECD organized a regional workshop on the Fundamentals of Transfer Pricing at the Malaysian Tax Academy. The objective of the workshop was to provide participants with a solid understanding of key transfer pricing principles and practical tools to help manage transfer pricing risks. It provided insights into current trends and practices shaping the transfer pricing landscape. It also provided an opportunity to discuss key aspects of the Toolkit for [Addressing Difficulties in Accessing Comparables Data for Transfer Pricing Analyses](#), developed by the PCT. The program included presentations, case studies, and interactive discussions to help participants understand the practical implications of transfer pricing. Experienced transfer pricing experts from the OECD, the UN, the Australian Taxation Office, and HM Revenue & Customs facilitated the workshop. The workshop was attended by 27 participants (13 male and 14 female) from 13 countries.

2.2.2 Exchanges and updates on the International Taxation landscape

During 2023, the PCT Partners regularly shared updates on the developments in the international taxation landscape and discussed the role the PCT can play through regular and ad hoc meetings of the Technical Working Group (TWG). Notable discussions included the following:

(a) The IMF, United Nations, and World Bank are all observers to the Inclusive Framework. The [Inclusive Framework on BEPS](#) brings together over 140 jurisdictions to collaborate on

combatting tax base erosion and profit shifting; this includes the [15 BEPS Actions](#) and the current negotiations on the [Two Pillar Solution on Addressing the Tax Challenges of the Digitalizing Economy](#). PCT Partners participate, to a greater or lesser extent, in the various working parties, which are developing and monitoring the BEPS Actions and Two Pillar Solution, as well as the Task Force on the Digital Economy, and the Inclusive Framework plenary. PCT Partners are regularly invited to present at the Inclusive Framework meetings, both individually, and as representatives of the PCT. In the Inclusive Framework plenary in July 2023 the World Bank presented

in a session on the implementation of the Two Pillar Solution discussing the needs of countries, and what activities the World Bank are planning; UNDP also participated in this session focusing on the potential for TIWB. The IMF was part of a panel at the Inclusive Framework Stakeholders Forum, which discussed future international tax priorities, providing an input to help Inclusive Framework members in brainstorming future priorities for the Inclusive Framework.

In addition to participation in the IF plenary meetings, some PCT Partners have engaged in dialogue to improve the analysis that they have produced on the proposals arising from the Inclusive Framework discussions. For example, some of the secretariats have discussed their economic analysis of the impact of the IF proposals, improving the quality of the impact assessments, and have produced useful analysis and guidance to complement the outputs of the IF, including the OECD's ongoing economic impact analysis,⁵ the IMF policy paper on International Corporate Tax Reform,⁶ the World Bank paper on the Global Minimum Tax,⁷ and the OECD's report on Tax Incentives and the Global Minimum Tax.⁸

(b) The PCT structures can also facilitate effective information sharing and coordination across the Partners in a crowded tax and development landscape, with the PCT Secretariat and individual PCT TWG members providing briefings on developments that all PCT Partners are unable to follow in detail, as well as providing a space to discuss plans before events where multiple PCT Partners will be present. One example is the Addis Tax Initiative (ATI), where the Secretariat, together with a PCT TWG member, have provided regular updates on developments and priority areas for the PCT (as all the Partners are ATI supporting organizations). In addition, PCT TWG members updated each other on their respective organizations' contributions to the ATI General Assembly, held on June 20-22,

2023, in advance, to encourage complementarity at the event, in which all four PCT Partners participated.

(c) On March 31, 2023, experts representing the OECD, World Bank, and IMF participated as panelists at the [2023 UN Economic and Social Council \(ECOSOC\) Special Meeting on International Cooperation in Tax Matters](#), held in New York. The Meeting helped to further advance policy dialogue on using tax as a policy lever for sustainable development and making the international tax system fully inclusive and more effective. Participation by the Partners enables sharing of perspectives from the various organizations as well as promoting dialogue and understanding of the diverse initiatives to aid countries in considering the various options available to them.

(d) During the TWG meeting held on March 29, 2023, the OECD briefed the Partners on the progress being made toward implementation of Pillars 1 and 2 of the Inclusive Framework project, since the agreement in October 2021. The Partners discussed the need to support developing countries in understanding the various options as well as the potential impact of such options and their tax systems.

(e) On February 15, 2023, the PCT presented at the [OECD's Tax and Development Days](#). The presentation featured a general overview of the PCT and a more detailed overview of the recent research commissioned by the PCT, and conducted by the French think tank Ferdi. The [Ferdinand Report](#), released on December 2, 2022, featured country case studies that shed more light on the implications of tax exemptions extended to projects funded by government-to-government aid for the recipient countries. The Report was prepared in the broader context of the [United Nations Guidelines on the Tax Treatment of Government-to-Government Aid Projects](#).

⁵ See, for example, <https://doi.org/10.1787/7c35a55c-en> for the most recent update to Pillar One assessment.

⁶ <https://www.imf.org/en/Publications/Policy-Papers/Issues/2023/02/06/International-Corporate-Tax-Reform-529240>

⁷ <https://openknowledge.worldbank.org/server/api/core/bitstreams/1b42e3ec-7e6e-570d-8809-e32b21e239ae/content>

⁸ <https://doi.org/10.1787/25d30b96-en>

(f) PCT Partners also collaborate through various UN tax initiatives, for example, work related to various subcommittees of the UN Committee of Experts on International Cooperation in Tax Matters and to the Inter-Agency Task Force on Financing for Development (IATF).⁹ The UN Tax Committee is a subsidiary body of the ECOSOC comprising 25 tax experts nominated by UN Member States and selected by the UN Secretary-General to act in a personal capacity to produce practical guidance on domestic and international tax matters, as well as to strengthen international tax cooperation. It has a broad mandate, and in all its work it is mandated to give special attention to developing countries.

The Committee regularly updates the UN Model Tax Convention and is updating/developing guidance on matters as diverse as transfer pricing, extractives industries taxation, avoidance and resolution of tax disputes, environmental taxation, wealth and solidarity taxation, indirect taxation, the relationship of tax with trade and investment agreements, tax transparency, digitalization and other improvements to tax administration and taxing the digitalized and globalized economy, among others.

In many of the subcommittees taking forward this work for Committee consideration, staff members from PCT Partners have played an integral, informative, and constructive role. Particular examples have been the work on indirect taxes, health taxes, transfer pricing, environmental taxes, wealth and solidarity taxes, tax transparency, and taxation of the extractive industries. Valuable contributions have also been made by representatives of PCT Partners in the Committee's plenary sessions and in capacity building initiatives based on the Committee's guidance (see Box 1 in section 2.2.1 for examples on collaboration on capacity development).

Additionally, while not an activity of the Platform itself, the Partners serve as the core institutional group for the preparation of a chapter on domestic public resources in the Financing for

Sustainable Development Report (FSDR), produced annually by the IATF,¹⁰ as the basis for discussions and intergovernmental negotiations at the annual UN ECOSOC Forum on Financing for Development follow up. The Financing for Sustainable Development Office of the UN Department of Economic and Social Affairs serves as the coordinator and substantive editor of the report, while the IMF, World Bank, and OECD, collaborate with DESA to prepare data and analysis on both taxation and expenditure policies. A key focus of the chapter is on international tax cooperation and tax capacity building.

The cooperation of the PCT members on the report ensures the FSDR has a solid technical basis for its analysis and that the recommendations made to Member States are supported and endorsed by the main international organizations active on taxation issues. Over the eight annual editions of the report since 2016, the members of the PCT, along with other members of the Task Force, have produced important analysis on the trends and policy challenges in a range of tax and revenue issues, including tax administration, digitalization of administration, gender-responsive tax systems, inequality impacts of the fiscal system, fossil fuel subsidies, carbon taxes, taxation of the digitalized and globalized economy, and tax-related illicit financial flows. The FSDR has also served as a venue to highlight the progress of the PCT and its joint work on toolkits, guidance, and other material.

2.3 Outcomes

Updating and disseminating the PCT's toolkits through the PCT website has facilitated distribution of relevant guidance to a wide audience across geographical regions, including many developing countries. Currently, the toolkits are the most visited resource on the PCT website (14,947 page views as of July 1, 2023).

⁹ See footnote 3 for further details on the IATF.

¹⁰ See footnote 3 for further details on the IATF.

Timely and frequent updates on the rapidly evolving international tax landscape have allowed discussions on the role the PCT and its Partners can play in facilitating a better understanding of the developments particularly for low-capacity countries. These exchanges also help explore the prospects for synergies and further collaborative work.

2.4 Next steps

The PCT will continue to closely monitor the developments in international taxation and identify areas that may require further collaborative work. The PCT Partners have discussed how to assist countries in assessing the impact of Pillar 2 on their corporate tax incentives. The PCT will continue to disseminate technical guidance in the toolkits through its website, continued updates, and dedicated webinars under the Ask-an-Expert series.

C. WORKSTREAM 3: MEDIUM-TERM REVENUE STRATEGY (MTRS)

3.1 Objectives

Medium-term revenue strategy (MTRS) is a comprehensive approach for undertaking tax system reform to increase tax revenues and improve the tax system over the medium term through a country-led, whole-of-government approach.

Under the MTRS workstream, the PCT aims to promote better understanding of the MTRS approach for countries, development partners (including the PCT Partners), and other stakeholders by conducting workshops, events, and exchanges that serve as platforms for developing better appreciation of the MTRS and its four interdependent components as an approach for undertaking comprehensive tax system reform.

Publicly accessible resources on the MTRS are made available through the dedicated [MTRS resource tab](#) on the PCT website.

BOX 2

The Four MTRS Components

The MTRS approach relies on four interdependent components for sustained tax reforms in a country. The first component places the tax system reform in the context of a government's assessment of the overall medium-term expenditure needs for financing its development goals. The second component relates to the process of tax system reform itself. Ideally targeting a period of about four to six years, this aims at designing a comprehensive program including tax policy and tax administration reforms and development of the necessary legal framework. The third component calls for a sustained and whole-of-government commitment to reform involving not only ministries of finance and tax administrations, but also other line ministries, which are stakeholders in sector-specific tax reforms. It also calls for commitment at the highest political level to ensure the sustained pursuit of reform. The fourth component of the MTRS approach is a coordinated and well-sequenced engagement of external development partners (providing technical assistance and/or financial support) with the government in designing and implementing a tax reform strategy.

3.2 Activities

3.2.1 MTRS roundtable

On December 7, 2022, the PCT conducted its first MTRS Country Roundtable. The format of MTRS roundtables is intended for countries that have embarked on an MTRS (or are in the process of doing so) to identify further lessons learned and build on those. The purpose of the roundtables is twofold: (i) for countries to present their experience in designing and implementing specific aspects of their MTRS and learn from each other's experiences, and (ii) to inform partners, including (but not only) PCT partner organizations, how they can best provide support to countries' reform efforts.

The roundtables are not meant to be an evaluation of the MTRS approach but are focused on learning from countries'—and partner organizations'—experiences. Details of the discussions are only shared internally.

The first MTRS Country Roundtable featured senior country officials from Egypt, Rwanda, and Uzbekistan, who are involved in designing and implementing their respective countries' MTRSs; senior officials from selected countries interested in learning more about MTRS; PCT Technical Working Group (TWG) members; country leads and MTRS leads of the PCT Partners; and representatives of development partners, who have been supporting the MTRS. The PCT Secretariat provided logistical support to organize the event.

The roundtable included an overview presentation of the MTRS as a tax system reform strategy, presentations by country authorities on their experiences with formulating and implementing their MTRS, and an open discussion on the following topics:

- How MTRS helped the authorities respond to the pandemic and more recent shocks to help manage risk and build resilience for sustainable development (how multiple shocks have motivated countries to rethink and reframe their MTRSs);
- The role of MTRS in motivating tax reform, including aspects relating to climate, international taxation, and ensuring an inclusive recovery;
- How (and to what extent) MTRSs have helped country authorities link tax revenue reforms with other financing for development reforms, including public expenditure strategies and goals (including potential links between the MTRS and Integrated National Financial Frameworks (INFF));
- How country authorities have managed the political economy aspects of designing and implementing an MTRS – both across the government and between the government and other stakeholders.

Experiences shared at the above MTRS Country Roundtable showed clear appreciation of the MTRS as an approach to tax system reform and how it has supported countries in strengthening their tax systems to achieve their developmental goals.

3.2.2 Country engagement

Currently, 29 countries are involved in discussing, formulating, and implementing an MTRS (see detailed overview in Appendix 1). These countries receive extensive support in this effort from the PCT Partners, in particular the IMF and World Bank, which provide hands-on support through their respective country teams. Many countries are already fully engaged in tax administration, law and/or policy reforms domestically that provide a sound basis for adopting a holistic approach — particularly one integrated with, and based upon, an analysis of development spending needs. In some cases, these reforms are supported through intensive engagements financed, for example, under the IMF's [Revenue Mobilization Thematic Fund](#) (RMTF) and the [Managing Natural Resource Wealth Thematic Fund](#) (MNRW-TF), or the World Bank's [Global Tax Program](#) (GTP). In several other cases, the UN supports MTRSs through its linkages with the Integrated National Financial Frameworks (INFFs), while the OECD provides support to some countries by training on international tax, exchange of information, and the Tax Inspectors Without Borders (TIWB) program.

Following is a list of countries at various stages of engagement in an MTRS.

- Implementation support: Cambodia, Egypt, Liberia, Pakistan, Papua New Guinea (PNG), Rwanda, Senegal, and Uganda
- Formulation support: Albania, Bangladesh, Benin, Cote d'Ivoire, Ethiopia, Ghana, Indonesia, Kenya, Maldives, Sierra Leone, Thailand, Uzbekistan, and Vietnam
- Dialogue pre-formulation: Cameroon, Georgia, Jordan, Lao People's Democratic Republic, Malaysia, Mongolia, Morocco, and Tajikistan

3.3 Outcomes

Senegal has progressed in their MTRS and has advanced to the stage of full implementation. A few new countries, such as Cote d'Ivoire, Ghana, and Tajikistan, have embarked on an MTRS journey and are being supported by IMF in formulating their MTRS approach. In addition, Rwanda has started discussions with the IMF for the formulation of their MTRS-2.

3.4 Next steps

In the coming months, and subject to country authorities' interest and availability, the PCT Partners will continue to facilitate exchanges among countries through MTRS Country Roundtables that enable countries to share their experiences in successfully implementing MTRS reform with other countries that have embarked on or plan to embark on an MTRS. These discussions will also inform the development of future MTRSs. Efforts will also be made to engage with countries in regions not yet explored by the PCT, to promote their understanding of how MTRSs can support their efforts in tax system reform to satisfy the countries' development goals.

The status of countries' progress engaging on MTRS dialogue, formulation, and implementation will continue to be hosted and updated on the PCT website.

D. WORKSTREAM 4: RESILIENCE TO AND PREPAREDNESS FOR SHOCKS

4.1 Objectives

This forward-looking workstream was formerly referred to as the COVID-19 workstream, where the PCT Partners shared their cutting-edge knowledge resources, blogs, and policy papers on tax policy and tax administration responses to the pandemic. Previously, the PCT Partners have also shared updates and exchanged information internally on their experiences and lessons learned regarding countries' tax-related responses to dealing with the COVID-19 crisis. As a follow up to this work, and in the context of overlapping/multiple crises, the PCT refashioned the workstream to explore ways in which it can support countries' responses to some of the other crises the world faces today, including conflict, fragility, and other economic shocks.

The PCT website hosts [a dedicated tab](#) for the workstream, which collates and provides access to the Partners' knowledge resources, blogs, and papers on particular challenges posed by crises.

4.2 Activities

The PCT Partners and invited experts met on May 10, 2023, to provide updates on their respective organizations' tax and fiscal support programs for Ukraine, as well as hold a discussion on existing and planned work for Ukraine's reconstruction efforts. Some of the topics discussed at the meeting included: impact of war on human capacity at tax administrations, tax mobilization for equal burden sharing, support for developing a national revenue strategy agenda, observed actions in implementing international tax standards, and forming a medium-term approach to tax reform.

4.3 Outcomes

Internal discussions on Partners' support for Ukraine have facilitated an avenue for exchange of information on each other's priorities and work as well as on exploring opportunities for potential collaboration.

The [Resilience to and Preparedness for Shocks](#) resource tab on the PCT website, which serves as a one-stop shop for the Partners' resources, has been accessed 5,330 times, with 3,992 unique page views, from its inception through July 1, 2023. The resources collated on this tab have provided timely, topical information and guidance to governments and policy makers.

4.4 Next steps

The PCT Partners will continue to consult and exchange views on existing and ongoing research on the role of taxation in promoting SDG-aligned fiscal policies in countries dealing with economic and other crises. They will also exchange views on their respective experiences in providing technical assistance to support crisis countries in their reconstruction efforts.

E. WORKSTREAM 5: STAKEHOLDER ENGAGEMENT, DISSEMINATION, AND INTERNAL EXCHANGES

5.1 Objectives

This crosscutting workstream aims to strengthen PCT's engagement with its various stakeholders, including governments, development partners, development banks, regional tax organizations, civil society organizations, academia, media, and the general public. It aims to improve dissemination of the PCT products and activities, through the PCT's website, workshops, webinars, events, and social media outreach. While technical assistance is delivered by the PCT

Partners themselves, the PCT Secretariat plays a primary role in coordinating public availability and sharing information on PCT events. The workstream also arranges for timely exchanges among the PCT Partners with a view toward reviewing and updating the PCT workplan and its accompanying activities.

5.2 Activities

5.2.1 Regular and ad hoc meetings

The PCT Partners met as planned to allow exchanges at both the technical working level and the senior management level. The Technical Working Group (TWG), comprised of senior technical experts from each of the partner organizations, meets twice a month. Between December 2022 and July 2023, TWG met 12 times to suggest and discuss potential deliverables for the PCT. During these meetings, the TWG members shared information and views relevant for the execution of the PCT workplan and briefed each other on their respective organizations' priorities. While most TWG meetings are regular bi-weekly PCT discussions, some are structured to center on specific topical areas.

The PCT Principals, who are senior managerial staff of the PCT Partners at the director level, provide strategic vision and guidance to and approve the PCT work program. The Principals, together with the development partners to the PCT (France, Japan, Norway, Switzerland, the Netherlands, and the United Kingdom), and representatives of other countries and regional tax organizations as observers, comprise the Partnership Council. The Partnership Council meets once a year and endorses the work plan and budget for implementing the PCT activities. It also monitors the progress of PCT activities, identifies complementarities with other initiatives implemented by other stakeholders working on tax issues, and provides nonbinding input to the PCT Partners on setting PCT priorities. The last Partnership Council meeting took place on December 5, 2022.

An additional ad-hoc meeting with the development partners was held on June 23, 2023, where the PCT Secretariat provided an update on the Environmental Taxation workstream.

5.2.2 Website and Online Integrated Platform

The [Online Integrated Platform](#) (OIP) is a publicly accessible database on domestic resource mobilization (DRM) activities and projects executed by the PCT Partners. The OIP lists and describes relevant projects and activities of the Partners and enables searches for both country- and regional-level data. The OIP provides interactive, user-friendly tools to aid the user experience. An interactive map provides an overview of the country projects and technical assistance activities of the Partners, which can be accessed by clicking on a country on the map. The OIP also affords an organization-based view of activities supporting DRM efforts and insights into current and future opportunities for global collaboration. Since its launch in March 2020, the OIP has been used extensively by experts from the four PCT organizations and beyond. For example, as of July 1, 2023, the OIP map or its data was accessed 7,663 times. The last OIP update, in March 2023, featured data collected over Fall/Winter 2022. The PCT Secretariat will continue to release new rounds of data updates, with next year's iteration expected to be released in Spring 2024.

As part of its efforts to improve stakeholder engagement and knowledge dissemination, the PCT website serves as a useful vehicle for transparency and communication of information on the PCT and its Partners' activities in areas of DRM and international tax cooperation. The website resources are updated with new resources regularly. Where useful, new tabs are also added to improve navigation. The [news](#) and [events](#) tabs on the PCT website share information on upcoming events; recordings, resources, and summaries of recent events; and the activities and achievements of the PCT. From its launch in March 2020 to July 1, 2023, the website has been accessed 174,861 times.

Finally, to enhance PCT visibility and communication, the PCT issues press releases through traditional media, and conducts digital and social media outreach through the Partners' digital communication channels.

5.3 Outcomes

The PCT has established itself as an effective platform for Partners to exchange views and discuss new initiatives among themselves and with other various stakeholders. Regular meetings among the Partners have contributed to more effective relationships among the four organizations on tax-related activities. Transparency regarding Partners' country projects through the OIP and the country case studies outlined in Appendix 2, also afford a picture of the trends in Partners' activities at the country level, leveraging their respective strengths and avoiding unintended duplication of effort.

The quality and impact of the PCT's work is ensured through enhanced outreach, which, in turn, enables countries to access and use PCT-developed guidance that is relevant to their needs and circumstances. Outreach activities allow the PCT to share with a wider audience the lessons learned from country experiences across various activities of the five workstreams.

5.4 Next steps

The PCT will continue to update its website resources regularly. The PCT will continue hosting activities based on the success and interest collected through system feedback (e.g., participant surveys) from its target audience. PCT Partners will continue to build on the experiences and lessons from the coordination and analyses of each other's activities to further strengthen collaboration, leverage synergies, and avoid duplication and redundancies.

The next Partnership Council meeting will be held during Fall 2023.

III. BUDGETARY SUPPORT AND THE SECRETARIAT STAFFING

The PCT Multi-Donor Trust Fund (MDTF) dedicated to supporting the PCT Secretariat and its work program is funded by contributions from Japan, France, Norway, Switzerland, the Netherlands, and the United Kingdom. The majority of the technical activities and analyses, however, continue to be undertaken by the staff of the four PCT Partners, funded from each organization's own budget.



IV. FUTURE STEPS



Continuation of the PCT. Recognizing the usefulness of the PCT as a unique mechanism for exchange and collaboration to support countries in their tax and domestic resource mobilization efforts to build resilience and promote effective and efficient tax systems, the PCT Partners and development partners have agreed to extend the PCT MDTF (which funds the PCT Secretariat) until June 2028. To this end, the PCT and its Partners will develop PCT Secretariat's future workplan and explore financing options to secure a new mandate for a period of five years until June 2028.

Review of the Work Program. In the format of a Technical Working Group (TWG) Retreat, the PCT Partners will come together for a work program review exercise in September 2023. The TWG will review and prioritize completed tasks and outputs, ongoing activities, and pending tasks of the current work program. The discussions will take into account recent developments in taxation, particularly international tax issues, which may require changes in the workplan. The TWG Retreat will ensure that the PCT focuses on the areas where collaboration between the Partners provides maximum value and benefit for the collective membership of the four organizations.

APPENDIX

APPENDIX 1: UPDATES ON COUNTRIES' MEDIUM-TERM REVENUE STRATEGIES

The progress made on countries' MTRSs is detailed below.

Implementation Support

Cambodia — Cambodia Ministry of Economy and Finance (MEF) is developing its MTRS, referred to as the third Revenue Mobilization Strategy (RMS) 2024-2028, which covers tax policy, tax administration, and customs administration reform. MEF requested the World Bank for technical assistance in the RMS development process. Consequently, the World Bank has developed a TA funded by the Global Tax Program to assist the authorities. To date, a number of assessments and reviews have been completed to serve as baselines and inform the reform directions of the RMS. This includes a DIAMOND customs administration assessment, a TADAT assessment (jointly with the IMF), a comprehensive tax policy review, and in-depth PIT and Excise taxes reviews. MEF plans to finalize the draft RMS by December 2023 for government adoption in early 2024.

Egypt — MTRS implementation continues. The Inception Phase of the Swiss State Secretariat of Economic Affairs (SECO)-financed MTRS project ended in January 2023, with the proposed milestones for this phase achieved and the project moving to the next phase of support for the MTRS implementation. IMF staff, working closely with the authorities, developed a structured MTRS implementation plan comprising revenue administration, legal, and tax policy initiatives. The plan includes consolidated initiatives from the initial MTRS, endorsed in December 2020, with a number of new initiatives

added, and represents the results of a robust dialogue with a broad cross-section of representatives from the Ministry of Finance and the two revenue authorities (tax and customs). The MTRS implementation plan now comprises 120 specific initiatives grouped under eight pillars with timeframes extending through the end of 2026 and beyond. Establishing a clear and comprehensive reform implementation plan is a crucial prerequisite for progressing with implementation of a complex and multidisciplinary tax system reform program like the Egyptian MTRS and to ensure coordinated partner support.

Liberia — Liberia has developed a DRM Strategy with the assistance of the UN. This reform effort is being undertaken outside the MTRS approach. While the DRM Strategy suffered from delays, several important initiatives have been implemented, e.g., modernization of excise taxes (a switch from ad valorem to specific tax rates and use of excise duty stamps), streamlining of certain tax expenditures, consolidating the Liberia Revenue Code, and establishing a pilot project to begin the process of decentralizing property tax administration. An IMF March 2022 mission reviewed progress in the DRM Strategy Implementation and engaged with the authorities on further domestic revenue mobilization measures, including VAT design and implementation. No changes have been reported over the course of 2023.

Pakistan — Pakistan's MTRS, based on the five-year strategic reform plans (2021–2025) of the IRS and Customs, was approved in April 2022 by the Federal Board of Revenue

(FBR). Called the Inland Revenue Strategic Reform plan, the strategy has already begun to be used to implement reforms; significant achievements have been made for sustainable revenue mobilization, taxpayer facilitation, and reducing cost of doing business under the World Bank's Pakistan Raises Revenue Program (PRRP). In particular, the harmonization of Sales Tax laws and procedures among provinces and the federal government was a landmark achievement with benefits for taxpayers and all revenue authorities. Other key achievements include reducing cost of doing business by reduction in withholding lines from 58 to 33, increase in imports and exports through green channels from 35 to 66 percent, and the broadening of the tax base. Compliance Risk Management (CRM) is also a major focus for the FBR; with IMF support, the FBR is making progress on the implementation of the IMF's CRM Framework.

Papua New Guinea (PNG) — The review of the authorities' draft MTRS-2 for the period of 2023-2027 is currently underway. An IMF mission to advise on medium-term tax policy reforms and the completion of the Income Tax Act as part of preparations for MTRS-2 was completed in June 2023.

Rwanda — MTRS-1 is currently being implemented in Rwanda, while preparations for MTRS-2 are underway. South Korea is supporting a tax reform masterplan that will be reviewed by the IMF for the development of MTRS-2.

Senegal — Senegalese authorities finalized the MTRS document in June 2020, making Senegal the first country in Francophone Africa to prepare one. The main focus of the MTRS is (a) in tax policy, to expand the tax base by reducing tax expenditures and formalizing economic activity, and (b) in revenue administration, to increase the number of taxpayers, broaden digitalization, and tackle fraud. The MTRS is currently in full implementation.

Uganda — Uganda's MTRS, called the Domestic Revenue Mobilization Strategy (DRMS), was concluded in Fiscal Years 2019-2020 and adopted by the Ministry of Finance and the

Commissioner of the Uganda Revenue Administration after approval of a costing implementation plan in June 2021. The plan covers the period from 2019–2020 to 2023–2024 and targets an increase in revenue of at least 2.5 percent of GDP over five years. This MTRS (DRMS) is currently being reviewed, and recommendations for its successor are planned to be discussed with the authorities in August 2023.

Formulation Support

Albania — The MTRS formulation process was reinvigorated in 2021. Based on the IMF recommendations, the Ministry of Finance and Economy has formulated its MTRS, which has been reviewed by experts from the IMF. Based on this draft MTRS, efforts have been made to mobilize revenue, including VAT measures already in place and the recently approved Income Tax Law that has incorporated elements of the MTRS. Other revenue-enhancing tax policy initiatives in the pipeline include property and gambling tax reforms, and further removal of VAT exemptions. The MTRS has not yet been sent out for public consultation.

Bangladesh — The Bangladesh MTRS process continues to make progress, in both preparation and readiness for implementation. More specifically, the MTRS preparation manifests variable progress across the three MTRS Pillars. These include: (a) the Bangladesh DRM Reforms Mapping (2010–2020) report, which is completed, (b) technical analyses, which are progressing, and (c) key stakeholder consultations, which have been constrained by COVID-19. The National Board of Revenue (NBR) plans to update the MTRS document following the consultations. The NBR has also revised the MTRS Delivery Plan. This plan adopts an agile approach for drafting MTRS preparations, including extensive review and engagement of the NBR officials at all levels, which will substantively complete the MTRS preparation activity and provide a comprehensive, actionable reform agenda across the VAT, income tax, and customs. The MTRS will be a living document and will be updated to take account of emerging reform needs and priorities, including from the analyses and consultations. No changes were reported on the Bangladesh MTRS over the course of 2023.

Benin — The preparatory work towards the formulation of an MTRS is underway. The MTRS formulation work supported by the IMF includes: (a) a tax administration diagnostic assessment tool (TADAT) assessment (completed in November 2019), (b) a value-added tax (VAT) gap analysis (ongoing), and (c) an evaluation of income tax incentives (completed) to inform the preparation of a rationalization strategy that should feed into an MTRS. In Fiscal Year 2024, the authorities have begun to set up a team and a process and are developing a roadmap of timelines.

Cote d'Ivoire — Cote d'Ivoire is currently developing an MTRS with an ambitious timeline, to be finalized by the end of May 2024. The IMF conducted its first tax policy (TP) mission in May 2023 and is currently assisting with designing the plan and making recommendations.

Ethiopia — Ethiopia has re-committed to the MTRS and has set up a working group across both Ministries (Finance and Revenues). After workshops with the IMF, Ethiopia has produced the first draft of its MTRS; the IMF has since provided feedback to the authorities.

Ghana — Ghana is currently developing an MTRS with an ambitious timeline, to be finalized by the end of September 2023. As of July 2023, the IMF is reviewing Ghana's ongoing plans and making recommendations.

Indonesia and Thailand — While in both Indonesia and Thailand, engagements based on the MTRS concept have helped shape reforms in tax policy and administration over the past years, the governments are not currently pursuing a formal MTRS. No changes have been reported for the two countries over the course of 2023.

Kenya — In Kenya, the new government has reiterated its commitment to the MTRS. The first draft of the MTRS has also been completed by the authorities. The country is currently in the process of setting up the infrastructure to support the MTRS.

Maldives — Detailed comments on the authorities' draft MTRS document and redrafted Goods and Services Tax (GST) Act were provided by the IMF in May 2023. The final MTRS was expected to be submitted to the Maldives Cabinet for approval by the end of July 2023. IMF assistance will also be provided in November 2023 to amend the Income Tax Act and draft a new excise regime in February 2024, which, in turn, will support the implementation of the reforms envisioned in the MTRS. Policy momentum is expected to pick up after parliamentary elections in September 2023.

Sierra Leone — The draft MTRS was adopted by the Cabinet of Sierra Leone in April 2023, though it has not been tabled in Parliament due to the 2023 elections. Though the MTRS has not yet been finalized, the authorities have already aligned their strategic plans to soon begin implementation of draft MTRS measures.

Uzbekistan — The draft MTRS document for Uzbekistan was reviewed and improved in April 2023, based on the comments received from the President's Administration. The MTRS document has yet to be approved and signed by the President.

Vietnam — Although a few years ago the authorities expressed interest in framing their tax reform efforts into an MTRS approach, that interest is currently on hold. No progress has been made on the MTRS front over the course of 2023, though the revenue mobilization work has progressed as planned: Vietnam's Ministry of Finance has been preparing a comprehensive tax reform strategy for 2021-2030 and tax reform plan for 2021-2025 with assistance from the IMF and the World Bank. Specifically, the IMF and the World Bank are jointly supporting the General Department of Taxation (GDT) to formulate the tax administration reform strategy and plan, while the Tax Policy Department (TPD) is preparing the tax policy reform strategy with the support from the World Bank. The IMF and the World Bank have conducted joint missions to support the GDT.

Dialogue Pre-formulation

Cameroon — In March 2021, Cameroon's Revenue Administration officials indicated their focus would be on fostering the digitalization process to improve domestic revenue collection. The authorities are actively considering the MTRS, but the pandemic and political economy context have complicated progress on MTRS formulation and implementation. No changes have been reported for Cameroon over the course of 2023.

Georgia — Under an IMF Stand-by Arrangement, Georgian authorities have agreed to develop an MTRS by March 2024. An IMF scoping mission for Georgia is planned for September 2023 to support this initiative.

Jordan — In Jordan, tax authorities are developing a reform roadmap through 2025 to translate their overarching strategic objectives into concrete steps towards reforms. The roadmap has been prepared with support from the IMF and a draft is currently under review.

Lao People's Democratic Republic — Ongoing MTRS discussions with Lao authorities have shaped reforms on strengthening the tax and customs administration to enhance revenue mobilization. These efforts might serve as a stepping stone toward a potential future MTRS. No changes have been reported on MTRS over the course of 2023, though the revenue mobilization work has progressed as planned.

Malaysia — Refresher discussions were held with the authorities in Malaysia in July 2023. Malaysian officials are currently trying to determine whether to adopt the full MTRS approach or an alternate path for their revenue strategy.

Mongolia — Reforms in the tax administration have been informed by initial dialogue about the MTRS approach. The government has not yet embarked on a process of formulating an MTRS. No changes have been reported over the course of 2023.

Morocco — During the 2019 IMF revenue administration missions to Morocco, the Secretary General of the Ministry of Finance and the Director General of the Tax Administration showed a keen interest in proceeding with an MTRS approach, and it was agreed that the IMF would take the lead. The Minister of Finance has not yet confirmed an interest in proceeding. No changes have been reported over the course of 2023.

Tajikistan — In response to a request by the Minister of Finance, IMF tax administration and tax policy diagnostic missions were conducted during December 2022-January 2023. The tax administration mission assessed current reform initiatives and functions of Tajikistan's Tax Committee (TC). This initial phase of engagement provided support to the authorities in the identification of high-level tax administration reforms and options for revenue generation as input for the formulation of an MTRS. Further awareness-building on the steps needed to formulate, and the components of, an MTRS was also provided to the Ministry of Finance and the TC.

APPENDIX 2: EXAMPLES OF PCT AND OTHER PARTNERS' COORDINATION

This Appendix contains examples of the clear dynamic between the PCT and other development partners' work, illustrating how the collaboration and coordination between participants takes place.

BOX 2.A

PCT Partners' Support to Ghana on Health Taxes

Development Partners. Ministry of Finance; Ghana Revenue Authority; the World Health Organization (WHO); the International Monetary Fund (IMF); and the World Bank Group (WBG).

Health Taxes. In 2017, the Economic Community of West African States (ECOWAS) adopted a significant reform of the tobacco excise tax directive. The new directive reformed the tobacco excise tax structure from an ad valorem to a mixed system (i.e. both ad valorem and specific tax), with a minimum rate of 50 percent of CIF value and USD 0.02 per stick (USD 0.40 per pack). The reform brought the directive in line with WHO recommendations and global best practices.

The WBG conducted a mission to Ghana during 2022, during which an assessment of all health taxes (including tobacco, alcohol, and non-alcoholic beverages) was conducted. The assessment included recommendations that Ghana implement the ECOWAS tobacco tax directive over several years, first by implementing a specific tax and then increasing it annually until the minimum is met. Shortly after, the IMF began negotiations with Ghana on an Extended Credit Facility, focusing on ambitious structural reforms including tax policy and revenue administration. Significant engagement between the WBG and IMF, including sharing of detailed analytics, led to the coordination of recommendations, and ultimately inclusion in the reform program.

In early 2023, Ghana implemented the ECOWAS tobacco tax directive immediately rather than over several years as the WBG and IMF had recommended. The analytic support provided by the WBG, and coordinated recommendations from the WBG and IMF, along with support from other partners including WHO and civil society organizations, were able to convince the Ministry of Finance and

BOX 2.A *continued***PCT Partners' Support to Ghana on Health Taxes**

Ghana Revenue Authority that the reforms were important and achievable. While Ghana will require substantial implementation support to ensure that the reforms achieve their objectives of raising tax revenue and reducing the health burden of tobacco use, Ghana will now be an important example for other ECOWAS countries.

Future Outlook. Efforts are underway to leverage the reforms in Ghana at the ECOWAS level and encourage other countries to begin efforts to reform their tobacco tax structures and increase tax rates in line with the ECOWAS directive. Ghana will be encouraged to share their experience with their peers. While this serves to encourage other countries, it is also in Ghana's self-interest since reforms in neighboring countries will reduce tax differentials between countries and reduce incentives for cross-border smuggling.

BOX 2.B**PCT Partners' Support to Kenya**

Development Partners. The African Development Bank (AfDB); the Organisation for Economic Co-operation and Development (OECD), in collaboration with the African Tax Administration Forum (ATAF); the European Union (EU) Foreign, Commonwealth, and Development Office (FCDO); the International Monetary Fund (IMF); Norwegian Agency for Development Cooperation (NORAD); the International Development Cooperation Agency (SIDA); the Royal Danish Embassy (DANIDA); the US Treasury's Office of Technical Assistance (OTA); the United Nations Development Programme (UNDP), and the World Bank Group (WBG).

These development partners (DPs) mainly collaborate to provide support for reforms to improve revenue mobilization and strengthen public financial management (PFM).

Coordinated Support. Donor coordination in Kenya is multifaceted and led by the Kenyan government. First, the Kenya Revenue Authority (KRA), under its Marketing Department, has established the International Relations Division (IRD) to coordinate efforts between the various DPs to avoid duplication and omission while providing support to revenue administration reforms. The IRD keeps a matrix of projects supported by the DPs. During the planning stage, departments in KRA identify and submit their needs for development partner support to IRD, which liaises with the DPs directly or with assistance of the Public Financial Management Reform Coordination Secretariat (PFMRCS) to source support from the DPs.

BOX 2.B continued**PCT Partners' Support to Kenya**

In addition, DP coordination takes place at the National Treasury and Economic Planning (NTEP) level under the broader Public Financial Management Reform (PFMR) strategy. A PFMR Secretariat has been established in the NTEP, which oversees donor coordination. The Program is run through a governance structure comprising a high-level PFM Sector Working Group and a Steering Committee, supported by a Technical Committee (TC). The TC comprises the implementing agencies (including KRA) and DP representatives who support reform strategy that covers various public finance topics (including revenue mobilization). The TC is responsible for technical monitoring and guidance of the reform program and meets on a quarterly basis, or as necessary.

DPs have sought a joint approach to supporting reform setting and planning. For example, a joint IMF (lead), WBG, ATAF, and FCDO mission conducted a TADAT assessment in April 2021. The resulting performance assessment report clarified reform priorities and a common understanding for all main DPs and highlighted the need for revenue administration reform in Kenya. Following this and other missions on Tax Policy, as well as IMF briefings with the NTEP and KRA about the benefits of developing a Medium-Term Revenue Strategy (MTRS), Kenya made the decision to develop an MTRS and set up a corresponding cross-governmental agency team. The MTRS is currently under development and is supported by the IMF through the multi-donor Revenue Mobilization Thematic Fund (RMTF).

Reform Management. The Kenya draft 2024/27 MTRS covers tax policy and administrative reforms, which aim to: 1) increase revenue collection by an additional five percent of GDP; 2) increase tax compliance rate by twenty percent; 3) align tax policy objectives with other government objectives to provide incentives for economic growth and social development; and 4) enhance collaboration between the government and other stakeholders on domestic revenue mobilization. A TC comprising the KRA, NTEP, and the office of the Attorney General is finalizing the MTRS for submission to the Cabinet for approval.¹¹

11 Kenya Draft Zero of the MTRS is pending Cabinet approval.

BOX 2.C**PCT Partners' Support to Peru¹²**

Development Partners. The National Superintendency of Customs and Tax Administration (SUNAT); the Ministry of Economy and Finance (MEF); the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum); the Organisation for Economic Co-operation and Development (OECD); the International Monetary Fund (IMF); and the World Bank Group (WBG). The IMF's assistance is financed by the Swiss State Secretariat for Economic Affairs (SECO). WBG's technical assistance on taxation to Peru is financed by the Global Tax Program (GTP) Trust Fund.

Transparency and Exchange of Information. Peru joined the Global Forum in 2014 and committed to the implementation of the standards on exchange of information on request (EOIR) and automatic exchange of financial account information (AEOI).

Peru achieved positive results in its EOIR peer review in 2020 and received an overall 'Largely Compliant Rating.' A visit of the Global Forum and the WBG to Peru in February 2019 to carry out an EOIR "mock" assessment was crucial for this achievement. It provided a gap analysis of the legal framework and its implementation in practice, in order to prepare Peru for the applicable peer review. Through various substantive measures, Peru paved the way to ensure that information about beneficial ownership, accounting books, and banking data is accurate, accessible, and timely, enabling its effective exchange with partner countries.

Peru started its reciprocal exchanges under AEOI in 2020. The Global Forum and WBG provided technical support and assistance allowing Peru to take concrete steps to comply with its AEOI commitments by: 1) enacting domestic legislation that requires financial institutions to report relevant information; 2) developing an international legal framework to exchange information with partner jurisdictions; 3) implementing administrative and information technology systems to collect, exchange, and use the information; and 4) ensuring confidentiality and enabling an information security management (ISM) framework to protect the reception and exchange of information. The Global Forum has also provided technical assistance to Peru on the effective use of information received through AEOI.

Despite politically challenging circumstances and the shocks caused by the COVID-19 pandemic, the stability and continuity of the MEF and SUNAT technical staff, as well as the continuous support and technical assistance delivered by the Global Forum and WBG (including regular interactions with the MEF and SUNAT senior management), have been fundamental in ensuring the progress of these reforms.

12. Further details can be found in the Peru Tax and Development Case Study: <https://www.oecd.org/tax/tax-global/tax-and-development-case-studies.htm#peru>

BOX 2.C *continued***PCT Partners' Support to Peru**

Peru has also continued to benefit from technical assistance by the Global Forum Secretariat and the WBG. Both organizations provide ongoing support in a coordinated manner to help Peru establish the legal framework and administrative infrastructure necessary to implement and benefit from international standards. Capacities within SUNAT continue to increase and strengthen, contributing towards improved domestic revenue mobilization and in the fight against illicit financial flows (IFFs).

Transfer Pricing and BEPS. The OECD's Tax and Development Program and the WBG's Tax Program continue to provide technical assistance on transfer pricing and other issues related to base erosion and profit shifting (BEPS).

In 2021, the OECD and WBG participated in the first-ever transfer pricing course for the Peruvian Judiciary Power, organized by the Peruvian Tax and Customs Institute (Instituto Aduanero y Tributario (IAT)), in cooperation with SUNAT. The objective of this course was to discuss transfer pricing and global Mutual Agreement Procedure (MAP) jurisprudence cases to raise awareness among the Peruvian Judiciary Power. The latter established a good practice and served as an example of support for the Judiciary Power and other governmental agencies on tax-related topics.

Joint OECD-WBG technical assistance has provided Peru with advice on joining the Inclusive Framework and support for capacity development on BEPS challenges. In 2017, the country also joined the OECD/G20 Inclusive Framework on BEPS. Following the latter decision, Peru agreed on a roadmap outlining BEPS implementation priorities, timelines, and next steps. OECD- and WBG-provided technical assistance programs have resulted in significant progress in Peru's implementation of minimum standards. Peru was one of the first developing countries that was able to implement Action 13, which entails receiving Country-by-Country (CbC) Reports from abroad – a key element of risk assessment in transfer pricing.

Another illustration of good cooperation is a joint initiative by the OECD and WBG to assist Peru with ensuring the proper collection of VAT on the continuously growing volumes of cross-border e-commerce sales. In October 2022, the OECD and WBG jointly provided capacity building to SUNAT and MEF with recommendations for implementation.

Compliance Risk Management and Tax Gaps. The IMF has provided capacity development (CD) to SUNAT since 2011, focusing on two main strategic areas: 1) developing and implementing a Compliance Risk Management (CRM) framework, and 2) strengthening SUNAT's analytical capability to assess tax gaps to measure the quantitative impacts of administrative reforms.

BOX 2.C continued**PCT Partners' Support to Peru**

The project objectives are to raise revenues and facilitate international trade, contributing to inclusive and long-term growth. The key actions under the project are: 1) strengthening SUNAT's CRM framework to put in place a solid compliance improvement program that guides all institutional actions, including customs risk management, by taking into account the customs business particularities; 2) improving SUNAT's VAT electronic management model to strengthen the traceability of the electronic payment flow of VAT-related business transactions; 3) strengthening control actions to enhance the tax compliance of large taxpayers; 4) improving cargo traceability by incorporating new technologies into customs processes by collecting more information, and cross-checking data with internal tax units and other border agencies to develop a comprehensive profile of foreign trade operators (to allow the application of tailored treatments according to risk profile); and 5) strengthening post-clearance audits, encouraging voluntary compliance.

The project is being implemented through a sequenced plan of activities, including regular IMF staff and expert in-person visits; hands-on workshops, including the participation of several Latin American revenue administrations and selected speakers from outside the region; and study tours.

Future Outlook. Peru will continue implementing the BEPS measures. Peru has worked closely with the OECD since 2013 when a Country Program was established to support Peru's reform agenda and improve its public policies in several key priority areas, including tax policy and administration. As an Inclusive Framework member jurisdiction, the country is actively participating in the rule making process to implement the October 2021 Two-Pillar International Tax agreement. Future technical assistance is expected to include advice on options for implementing the Global Minimum Tax, including identifying possible reforms to existing tax incentives.

In 2022, the OECD Council also decided to open accession discussions with Peru. Peru will continue working closely with the OECD's Centre for Tax Policy and Administration in the framework of its accession process.

The current SECO-supported IMF program with SUNAT on CRM and tax gaps will continue throughout most of 2025.

BOX 2.D**PCT Partners' Support to Sri Lanka**

Development Partners. The Asian Development Bank (ADB); the International Monetary Fund (IMF); the Organisation for Economic Co-operation and Development (OECD) through the OECD/UNDP Tax Inspectors without Borders Initiative; the United Nations Development Program (UNDP); the United States Agency for International Development (USAID); the US Treasury's Office of Technical Assistance (OTA); and the World Bank Group (WBG).

These development partners (DPs) are collaborating to provide coordinated capacity development (CD) support in response to the catastrophic economic and humanitarian crisis facing Sri Lanka. All partners aim to implement critical reforms needed to restore Sri Lanka's macroeconomic stability and debt sustainability.

Coordinated Support. Donor coordination in Sri Lanka is multifaceted. First, Sri Lanka's Inland Revenue Department (IRD) has established a dedicated reform unit to manage reforms and coordinate bilateral CD with development partners. Second, as part of IMF's CD support, an experienced long-term resident expert (LTX) working across public financial management and revenue policy and administration workstreams has been appointed to help achieve an integrated and country-centered programmatic approach to CD delivery and reform implementation. The LTX is also tasked with interacting, at least bi-monthly, with all development partners to discuss progress and resolve emerging issues. This cross-workstream coordination was adopted in a recent undertaking of an IMF cross-departmental Governance Diagnostic Assessment, which resulted in even greater clarity on key reforms across the main economic sectors.

Third, DPs have sought a joint approach to supporting reform setting and planning. For example, a joint IMF (lead), ADB, and WBG mission conducted a TADAT assessment in January 2023. The resulting performance assessment report clarified reform priorities and a common understanding for all main DPs, and highlighted the need for urgent revenue administration reform in Sri Lanka. Another example relates to a multi-year revenue administration blueprint for reform that was developed in July 2023 through collaboration between Sri Lankan officials, the IMF, and the WBG.¹³

Reform Management. The 2023 revenue administration blueprint for reform identifies critical enablers for modernization and growth and is underpinned by commitments in the March 2023 Extended Fund Facility Arrangement between the IMF and the Government of Sri Lanka, as well as the Development Policy Operation established with the WBG and the Government of Sri Lanka in June 2023. This collaborative plan is built on four thematic areas: 1) short-term measures to

¹³ The IMF's revenue administration capacity development (CD), supported by the Government of Japan, is also complemented by CD from the South Asia Regional Training and Technical Assistance Center (SARTTAC).

BOX 2.D *continued***PCT Partners' Support to Sri Lanka**

boost revenues and compliance; 2) measures to address corruption vulnerabilities; 3) sustained modernization of IRD; and 4) effective management and governance. These important areas of focus include strengthening core functions of registration, filing, reporting, and payment—with priority focus on revenue mobilization, implementing a conventional VAT refund model to replace the Simplified VAT model currently in place, and improved use of data and analytics.



WORLD BANK GROUP

IFC International Finance Corporation

MIGA

Multilateral Investment Guarantee Agency