



EU approach to DRM

24 – 26 June 2024

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Agenda – Day 1

Time	Content	
10:00 – 10:05	Welcome to DRM Training	Training Team Martin B.
10:05 – 10:20	Training programme and introduction on the EU’s approach to DRM	Roxanne R. & Anca-Maria S. (INTPA E1)
10:20 – 11:00	I. DRM, an introduction <ul style="list-style-type: none">▪ Tax to GDP ratio▪ Why do developing countries tax so little?▪ DRM : a tool for state-building	Martin B.
11:00 - 11:05	Q&A	Martin B. JDBM (INTPA E1)
11:05 - 11:20	<i>Break</i>	
11:20 - 12:50	II. Tax Policy and Tax Administration <ul style="list-style-type: none">▪ Tax Policy (Goals and general recommendations)▪ Tax and Customs Administrations (Goals and general recommendations)▪ Digitalization process: The case of Kenya▪ TADAT	Martin B. JBDM. (INTPA E1)
12:50 - 13:00	Q&A and closure	Martin B. JBDM. (INTPA E1)

*The timing is subject to adjustment as the training progresses

Agenda – Day 2

Time	Content	
10:00 – 10:15	Recap day 1	Martin B.
10:15 – 10:50	II. Tax Policy and Tax Administration <ul style="list-style-type: none">▪ Tax effort : Definition, determining factors (why do developing countries tax so little?) & worldwide long-term trends in tax reform	Martin B.
10:50 – 11:00	Q&A	Martin B. & JBDM (INTPA E1)
11:00 - 11:10	<i>Break</i>	
11:10 - 12:15	III. Taxonomy of taxes <ul style="list-style-type: none">▪ Indirect taxation (VAT, excises, Green taxation)▪ Direct taxation (PIT and CIT)▪ Property taxes▪ Tax expenditure	Martin B.
12: 15 - 12:35	Budget Support DRM Indicators	JBDM (INTPA E1)
12:35 - 12:50	Q&A	Martin B. & JBDM (INTPA E1)
12:50 - 13:00	Closure	Martin B. JBDM (INTPA E1)

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Agenda – Day 3

Time	Content	
10:00 – 10:15	Recap day 2	Martin B.
10:15 – 11:15	IV. International Agenda – FATF and EU listings : <ul style="list-style-type: none">• EU policy towards high-risk third countries• AML and countering the financing of terrorism Q&A	Sanda-Maria OP. (DG FISMA) Cecile P. (FPI)
11:15 – 11:30	<i>Break</i>	
11:30 - 12:00	IV. International Agenda – FATF and EU listings : <ul style="list-style-type: none">• EU list of non-cooperative jurisdictions for tax purposes Q&A	Anna M. (DG TAXUD, Unit D1)
12:00 - 12:30	Final discussion & Closure	Martin B. JBDM (INTPA E1)

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Fair and effective taxation is at the heart of the Commission's political priorities



One of the key foundations of our social market economy is that **everybody pays their fair share.**

A race to the bottom on taxations undermines the ability of countries to set **tax policies that meet the needs of their economies and people.**

I will stand for **tax fairness** – whether for bricks-and-mortar or digital businesses.

I will **step up the fight against tax fraud** and make our **action against harmful tax regimes** in third countries stronger.

(excerpts from the Political guidelines for the European Commission, 2019-2024)

Taxation features prominently in the Commission's economic and financial agenda...



“You should lead international efforts to find an agreed approach on **digital taxation** (...).

Taxation must play a central role in the European Green Deal (...). You should lead on the proposal of a **Carbon Border Tax**.

Europe must step up the **fight against tax fraud, tax evasion and tax avoidance**.

You should help develop stronger measures to **combat harmful tax regimes** around the world, including by making full use of the list of **non-cooperative jurisdictions** for tax purposes.

(Mission letter for Commissioner Gentiloni, 1 December 2019)

...and has permeated its development agenda

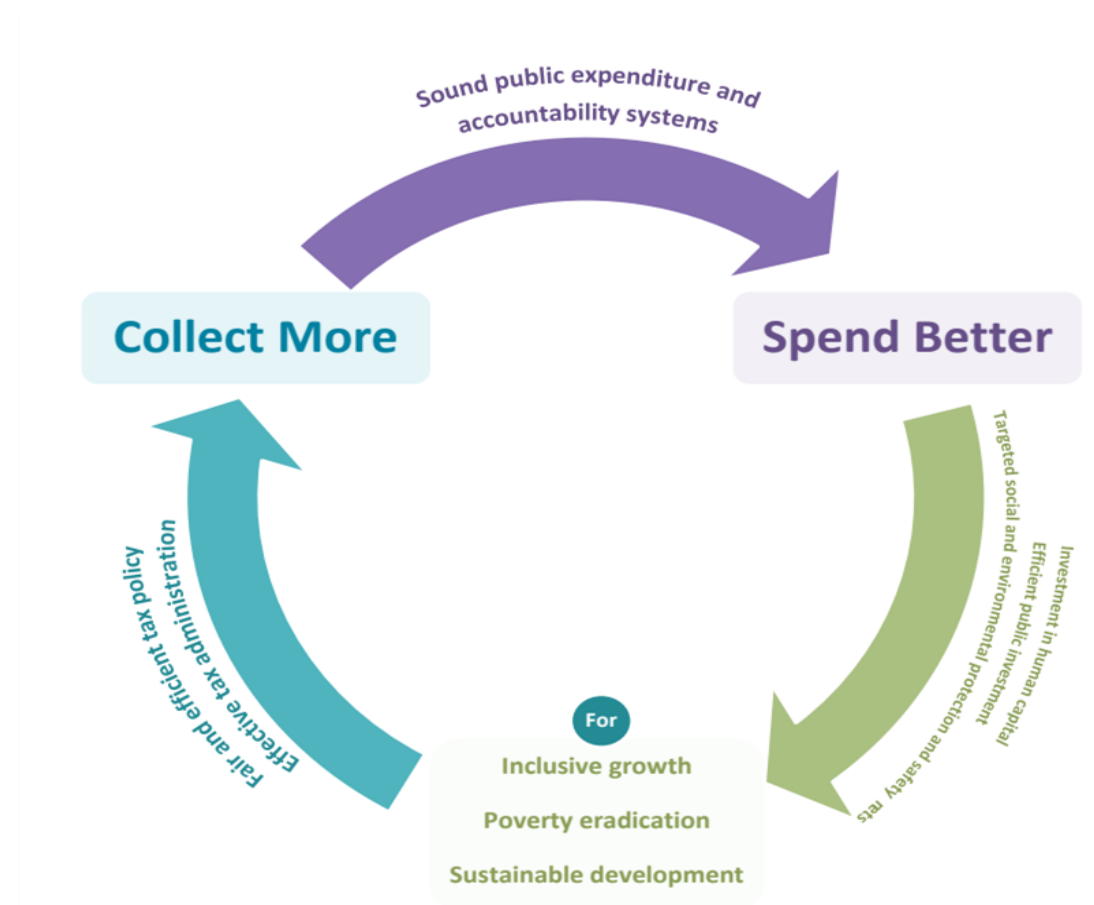


“Addressing inequalities and fostering sustainable development require **mobilising domestic revenues in a just and effective way**. We also need to **fight tax evasion, illicit financial flows and corruption**. When everyone pays their fair share of taxes, countries have more budget to provide for **essential services**, including education, public health care and social security.”

(Commissioner Urpilainen, 17 December 2021, after the Commission endorsed the Addis Tax Initiative Declaration 2025 on behalf of the EU)

Increasing the mobilisation of domestic public finance and improving its use :

The EU's « Collect More - Spend Better » approach



Advancing the EU's DRM agenda through the Team Europe approach

What?

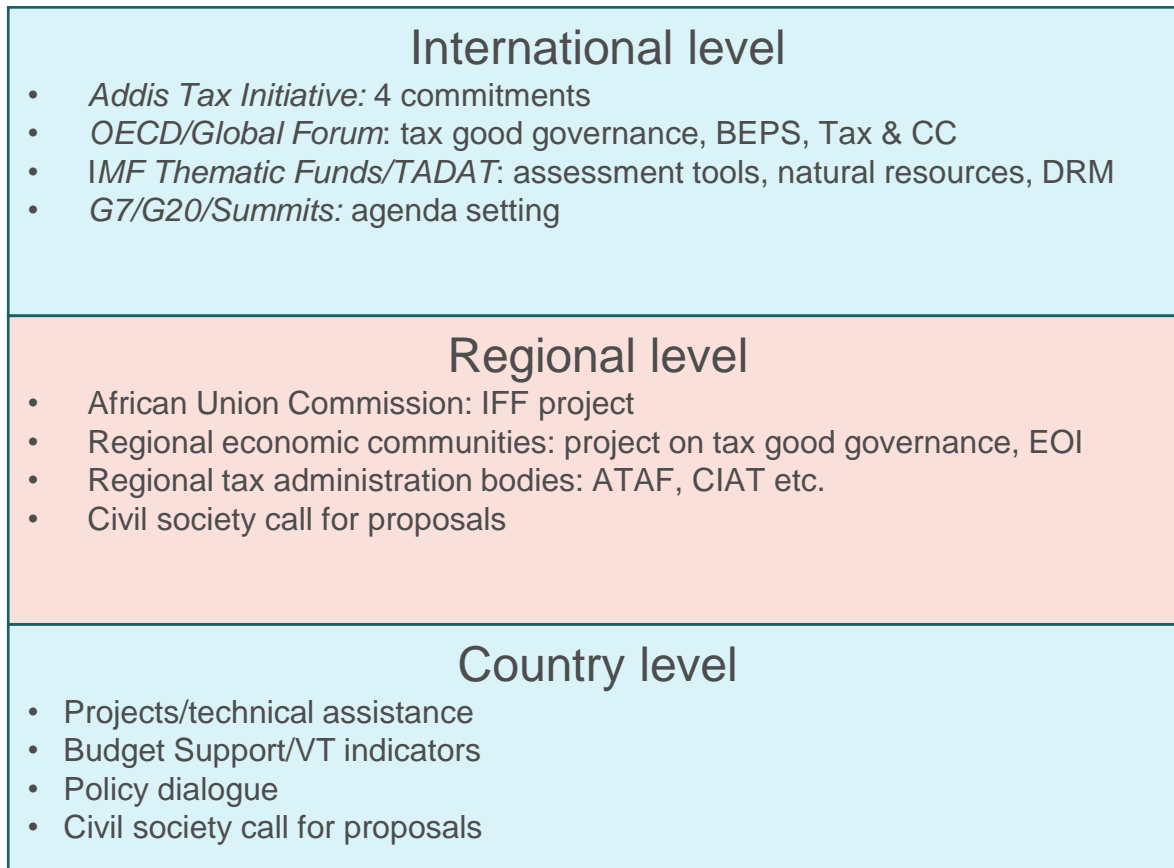
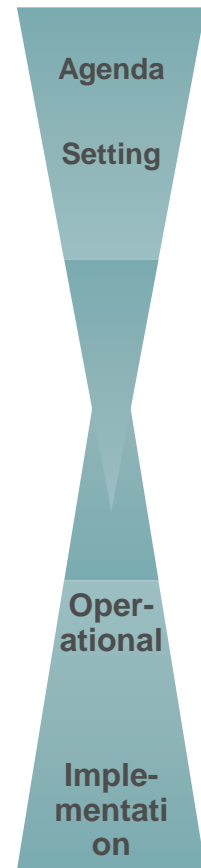
How?

Wider policy agenda

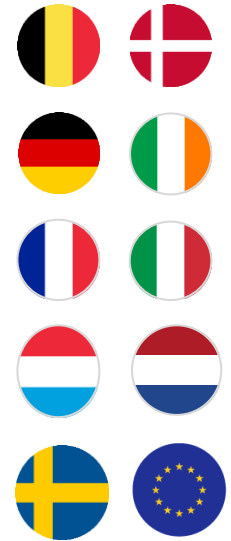
- Recovery
- Digital
- Green
- Equity
- Gender
- Tax good governance
- Finance for Development

DRM agenda

- **Collect more**
- **Fair and effective DRM**
- **Equitable tax policies**
- **Efficient and transparent tax administrations**
- **Policy coherence**
- **Greener DRM**
- **Civil society involvement**
- **Tax related IFF**



Team Europe



Close coordination with EU Member States in various fora

5.1. International tax policy (norms and standard setting)

UN Tax Committee

BE	DE	DK	EC	ES	FI	FR	IE	IT	LU	NL	SE	SI	SK
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OECD (BEPS Inclusive Framework)

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OECD (Global Forum T & EOI)

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- Membership
- Funding
- Expertise

5.2. Coordination platforms

Addis Tax initiative (via ITC)

BE	DE	DK	EC	ES	FI	FR	IE	IT	LU	NL	SE	SI	SK
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Platform for Collaboration on Tax

BE	DE	DK	EC	ES	FI	FR	IE	IT	LU	NL	SE	SI	SK
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OECD Forum of Tax Administration

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5.3. Multilateral tax capacity development

IMF RMTF

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WB GTP

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UNDP/OECD TIWB

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OECD Global Forum T&EOI

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TADAT

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5.4. Extractive sector

EITI

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WB EGPS

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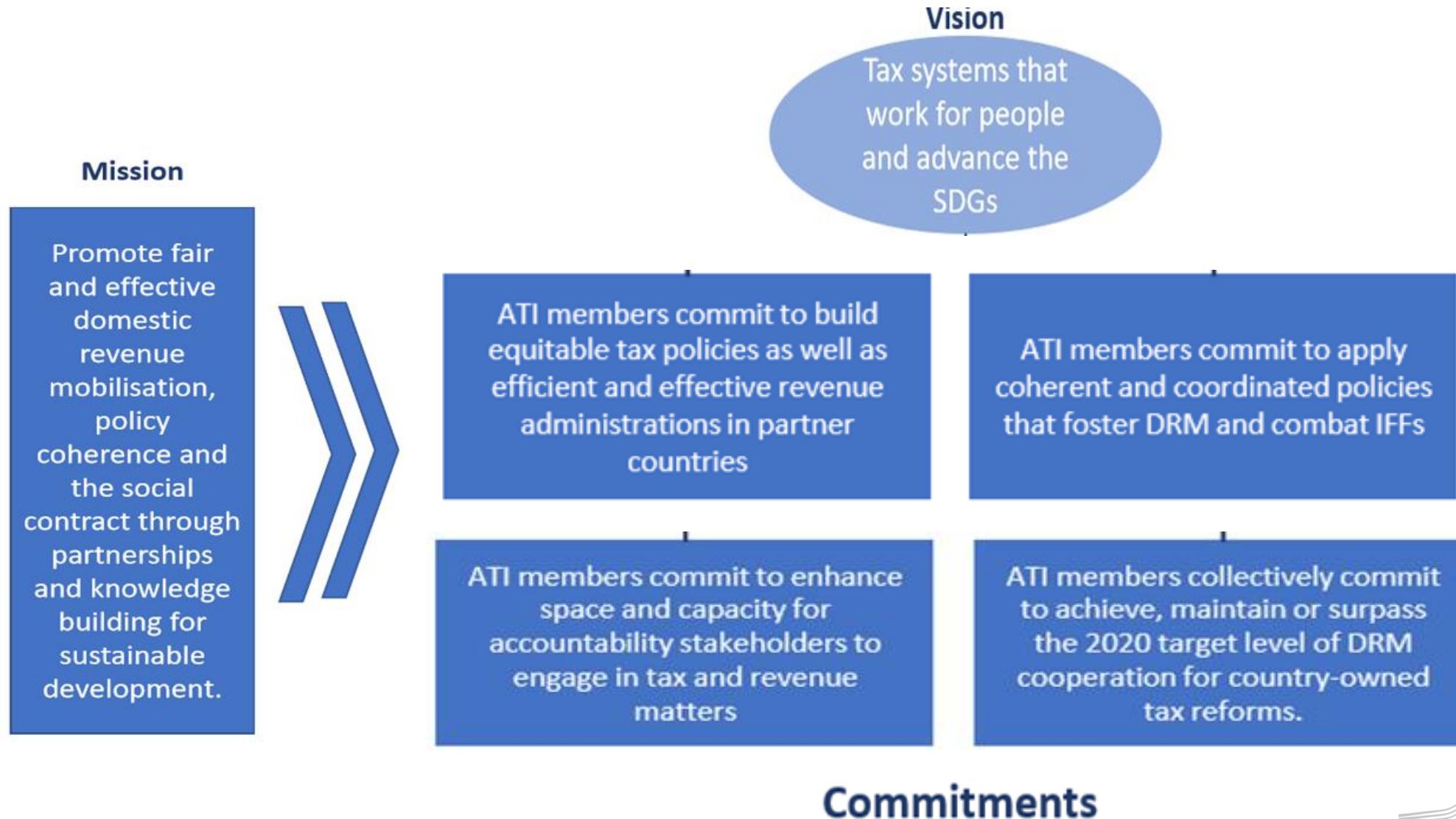
IMF MNRW

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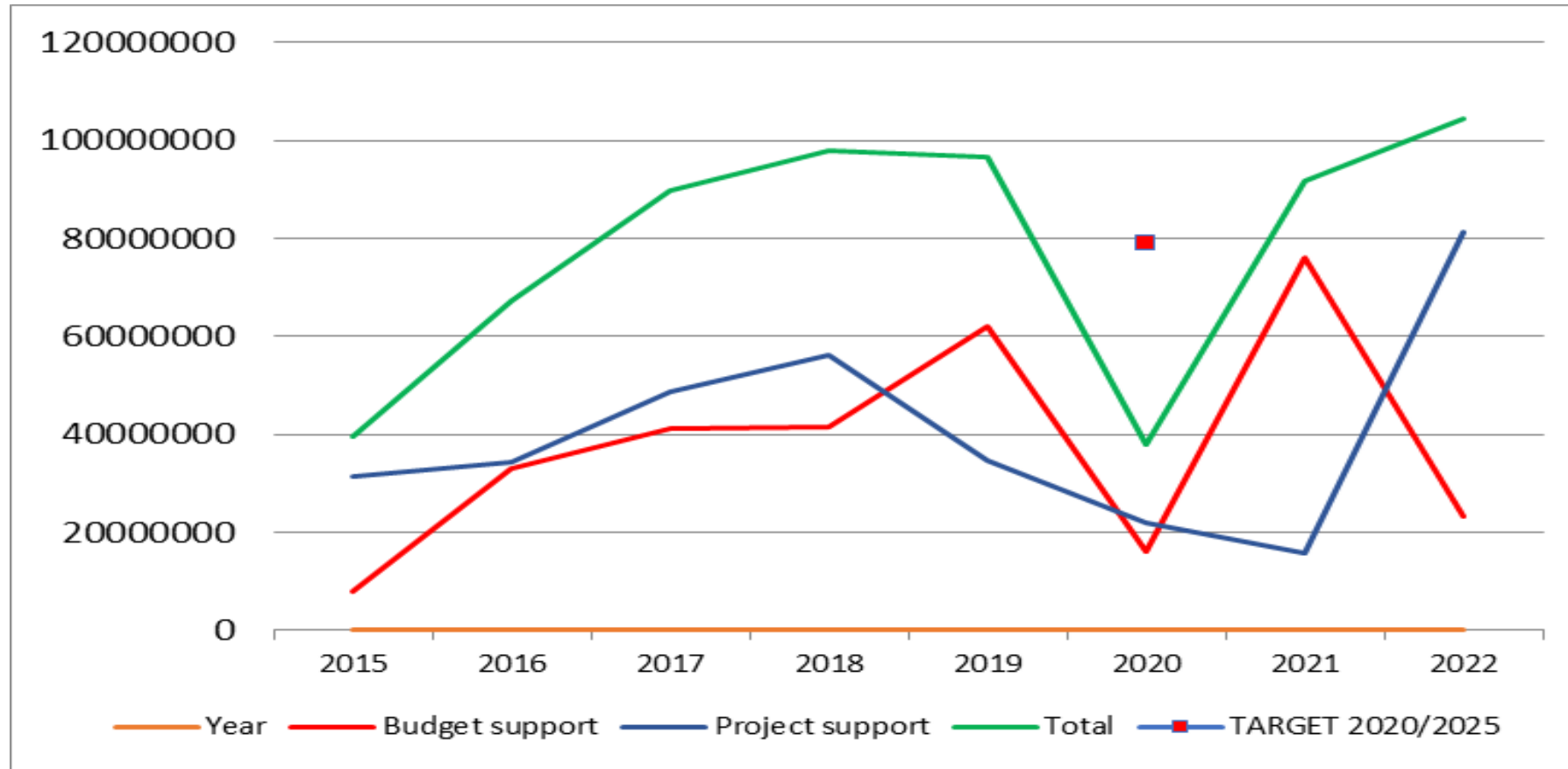
OECD Global Relations Programme

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Addis Tax Initiative

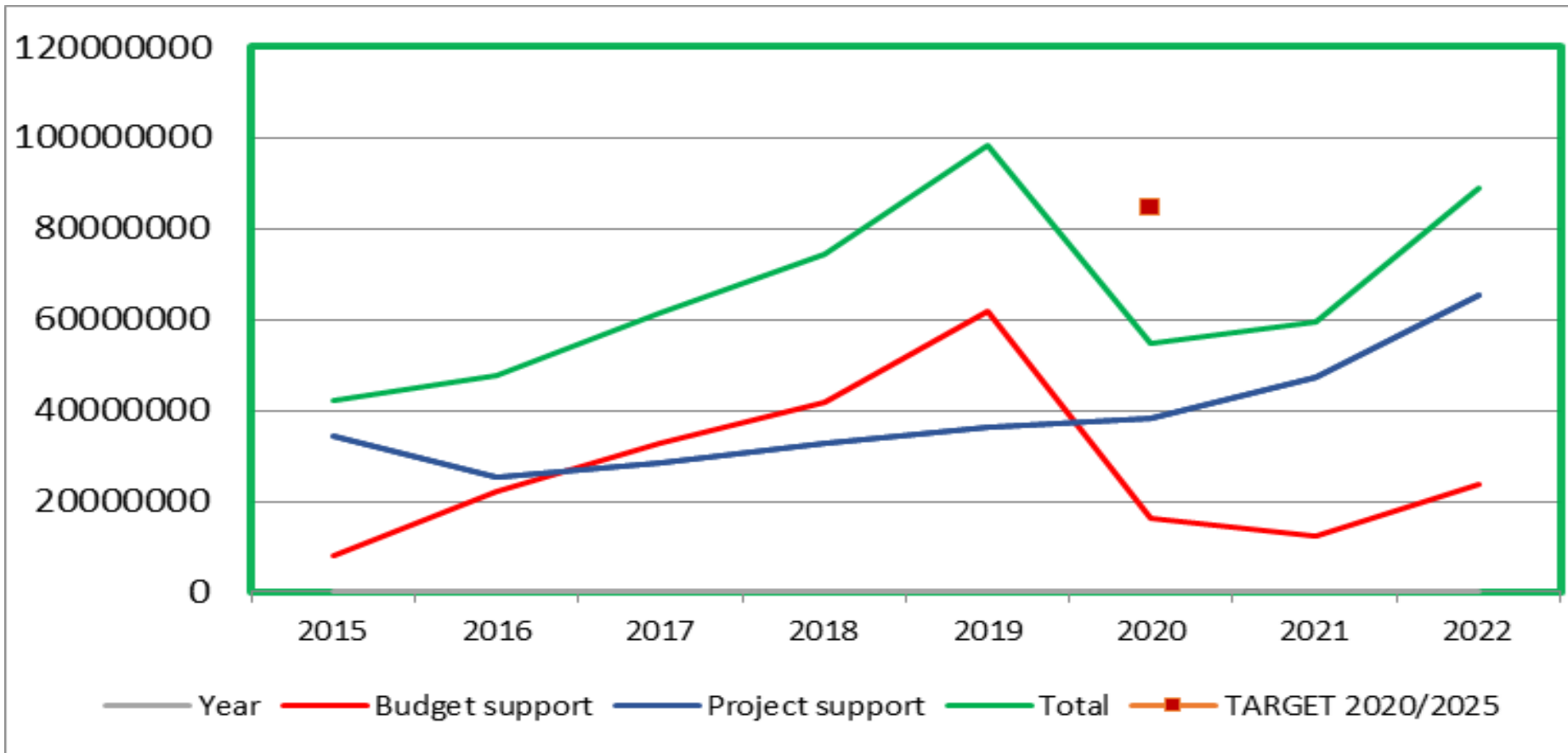


Addis Tax Initiative: the EU walking the talk (commitments)



Addis Tax Initiative: commitments 2015-2022

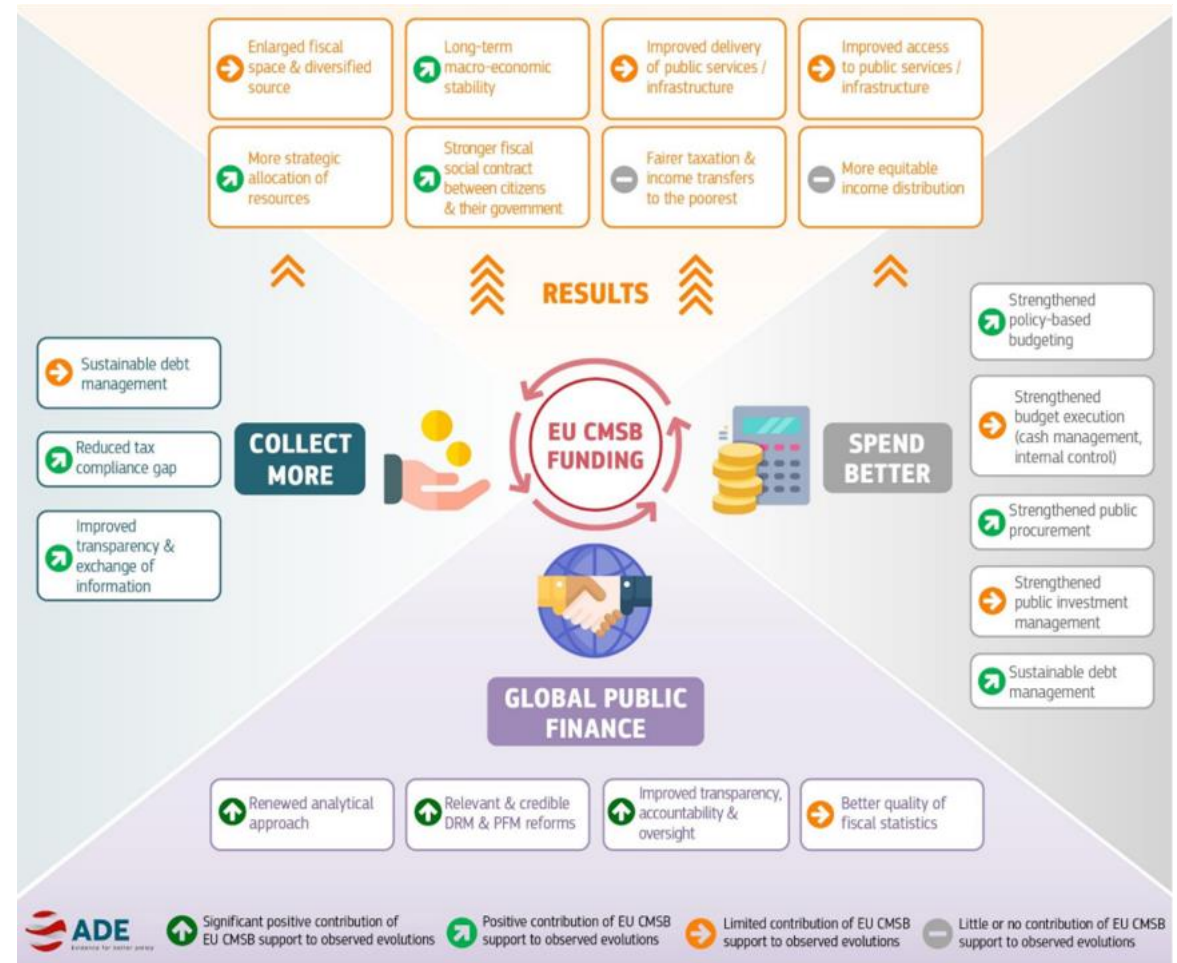
Addis Tax Initiative: the EU walking the talk (payments)



Addis Tax Initiative: payments 2015-2022

Positive impact of EU DRM support in partner countries

- Reduced tax compliance gap
- Growing tax-to-GDP ratio
- Improvement on tax cooperation / NCJ de-listing



How can the EU's support to DRM help ensure the success of the Global Gateway strategy?

Strengthening DRM is **essential for the successful rollout of the Global Gateway strategy (360° approach)**

- Tax certainty, transparency and ease of paying taxes
- Efficient tax administration
- Green taxation
- Digital taxation
- Fight against illicit financial flows



What can you do to support the EU's DRM agenda?

- Help further strengthen DRM capacities in the country that you cover through technical assistance (bilateral, regional, global) => NDICI programming review
- Talk to National Revenue Authority
- Enhance policy dialogue with the authorities on DRM issues, notably by including SMART DRM indicators in budget support operations
- Involve CSOs and build on their expertise
- Encode DRM projects under the right DAC code (15114) – multiple coding is possible.
- Link up with other donors financing DRM support activities in your country to enhance impact and increase EU visibility. Keep in mind that IMF and OECD technical assistance activities may well be co-funded by the EU.