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Editorial

Duncan Onduru, Executive Director

For most developing countries, addressing the huge tax gap remains a daunting task. The resources required to tackle the misreporting and underreporting of taxable transactions, particularly in small and micro enterprises, are enormous. This segment contributes substantially to the tax gap in these countries. Tackling this sector is no doubt resource intensive.

Interestingly, statistics show that even in these countries, a large proportion of their tax revenues is derived from voluntary declarations by taxpayers. Revenue attributed to audit and enforcement measures remains largely insignificant and erratic.

It is no wonder that the emphasis in many countries is now on enhancing voluntary compliance. Far-reaching revenue administrative reforms currently being undertaken, especially in the deployment of technology, are all geared towards this end.

Over the years, tax administrations have come up with tailored solutions for various segments of their taxpayers. These include enhanced engagement, for example, with large corporate business - through the creation of large business offices - and the deployment of dedicated relationship managers to handle specific taxpayers' accounts. These measures have helped build trust and confidence between the tax administrations and the taxpayers thus improving revenues and lowering the cost of compliance.

Through such engagements, tax risk management is now a key priority for most corporate boards and is considered part of good corporate governance. At the height of the coronavirus pandemic when tax audit and enforcement measures were suspended, a number of tax administrations still managed to collect substantial revenue, largely through voluntary declarations by the taxpayers. This is a testament to the fact that with a good working relationship in place, administrations need not always 'wield the big stick'.

For sustainability, such relationships need to be anchored to a formal framework that defines the rules of engagement. The cooperative compliance model is such a framework. The WU Global Tax Policy Centre and the International Chamber of Commerce (ICC) in collaboration with CATA launched a pilot study in 2018 which has culminated in the publication of the book *Cooperative Compliance: A Multi-stakeholder and Sustainable Approach to Taxation*. This book provides a practical guide and road map - including case studies - to countries considering implementing this model.

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Since the cooperative compliance model targets specific categories of taxpayers and is, therefore, less resource-intensive, it can help free up resources that may be used in addressing the other challenging sectors such as small and micro-enterprises. Therefore, I recommend this publication.

News from the Secretariat

(Please click on the headlines to view the full articles on the CATA website)

[Addressing tax challenges of the digitalisation of the economy - OECD recent statement](#)



The [statement](#) follows an agreement of the 130 members of the Inclusive Framework on the BEPS Pillar 1 and Pillar 2 proposals.

[Asia-Pacific 2021 revenue statistics](#)



The OECD released the 2021 edition of its *Revenue Statistics in Asia and the Pacific* publication on 21st July 2021. The document presents detailed, internationally comparable data on tax revenues for 24 Asian and Pacific economies.

[G20 Finance Ministers welcome consensus on new global tax rules](#)



The G20 Finance Ministers expressed their support on the key elements reached by the OECD Inclusive Framework members with regard

to the Pillar 1 and 2 proposals during the Third Finance Ministers and Central Bank Governors Meeting held from 9th to 10th July 2021.

[Handbook on cooperative compliance launched](#)

The WU Global Tax Policy Centre (GTPC) has published a handbook on cooperative compliance. The publication is a culmination of work started in 2018 led by GTPC in cooperation with CATA and the International Chamber of Commerce (ICC).



[Maldives, Papua New Guinea and Rwanda join Multilateral Convention](#)

Maldives, Papua New Guinea, and Rwanda have signed the Convention on Mutual Administrative Assistance in Tax Matters, bringing the total number of jurisdictions that participate in the Multilateral Convention to 144.

[VAT Digital Toolkit for Latin America and Caribbean launched](#)

The OECD, in partnership with the World Bank Group, has released a VAT digital toolkit for Latin America and the Caribbean. The publication provides detailed guidance for the successful implementation of a comprehensive VAT strategy directed at e-commerce.

News from our members

By CATA Country Correspondents

Cyprus



[Electronic library of tax cases](#)

Cyprus Tax Department is developing an electronic library (e-library) of tax cases. The e-library will help to strengthen the Tax Department's capacity to analyse and implement court decisions on tax matters.

New Zealand



[The importance of diversity and inclusion in tax administration](#)

New Zealand Inland Revenue reflects on the importance of having a diverse and inclusive workforce.

Mauritius



[Recently introduced tax measures in Mauritius](#)

Mauritius Revenue Authority shares details of tax measures recently introduced in Mauritius.

From our members' websites

Brunei



[Brunei signs DTA with Philippines](#)

Guyana



[Tax relief for COVID supplies extended to December 2021](#)

Lesotho



[Entry into force of the Lesotho-Mauritius Double Taxation Agreement](#)

Maldives



[Maldives signs the Convention on Mutual Administrative Assistance in Tax Matters and related Competent Authority Agreements](#)

Singapore



[Singapore-Serbia agreement for the avoidance of double taxation enters into force](#)

Pakistan



[FBR takes steps for ease of doing business & taxpayers facilitation](#)

United Kingdom



[1.8 million couples benefitting from extra tax relief](#)

Upcoming Events

[NTO 1st Technical Conference](#)

19th to 21st October 2021

Theme: Building stronger partnerships to fight tax-related illicit financial flows



Please visit the NTO [website](#) for further details about this event.

[41st CATA Technical Conference](#)

9th to 11th November 2021

Theme: Simplified and efficient tax administrations

As previously communicated, the 41st CATA Technical Conference will now be held virtually and not in Nicosia, Cyprus. Cyprus Tax Department has issued the following statement:

We would like to apologize for not being able to host the above event in Nicosia, Cyprus. Our decision was based on the fact that



positive cases of COVID-19 had risen dramatically in Cyprus, creating uncertainties relating to the safety of prospective participants at the conference.

We hope to be able to organise a Technical Conference, if all is well, from 2023 onwards.



Marlborough House - the headquarters of the Commonwealth - on a summer's day

Best wishes from the CATA Secretariat.



Duncan Onduru



Megan Jones



Gerry Cook
