

ITIC Bulletin

International Tax and Investment Center

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Contents

Recent ITIC Publications

News on Board Members, Advisors, and Staff

ITIC Participation in Global Events

Academy of Public Finance

Asia-Pacific Update (including Myanmar)

Middle East/North Africa Update (including Iraq and Libya)

Africa Update

Eurasia Update (including Kazakhstan and Azerbaijan)

Latin America Update

Combatting Illicit Trade

Oil and Gas Taxation and Regulatory Dialogue

Upcoming ITIC Events

Editor's Note

Some articles throughout this Bulletin are linked to longer articles on ITIC's website. These articles include a link for easy, "one click" access to the full article. Please note that some articles are limited for Sponsors only and are password protected.

Inaugural Frenzel Memorial Tax and Trade Lecture



The Honorable Pascal Lamy

In honor of the organization's founding chairman, William (Bill) Frenzel, ITIC is inaugurating an annual lecture as a tribute to Mr. Frenzel's lasting contributions to the organization's mission, achievements and impact. Mr. Frenzel, a Member of Congress for two decades and a leading advocate of free trade, pro-growth policies, passed away in November 2014.

The inaugural *Frenzel Memorial Lecture* will be held in Washington, DC on Friday, 17 April 2015. The theme for

this inaugural event draws on the link between two areas in which Mr. Frenzel was a noted subject-matter expert among economists and policymakers alike – tax and trade. Continued on page 2

12th Annual Asia-Pacific Tax Forum - Registration Open



Registration is now open for the 12th Annual *Asia-Pacific Tax Forum*. The meeting, jointly organized with the Indian Council for Research on International Economic Relations, will be held on 5-7 May 2015 in New Delhi, India.

The meeting will feature presentations by leading public finance and taxation officials from the Indian Government:

- Minister of Finance Jayant Sinha
- Ministry of Finance Revenue Secretary Shakti Kanta Das
- Chairman Kaushal Srivastava, Central Board of Excise and Customs
- Chairperson Anita Kapur, Central Board of Direct Taxes
- Dr. Arvind Subramanian, Chief Economic Advisor to the Government of India

Continued on page 2

Second Shadow Economy and Taxation Conference to be held in Bucharest

ITIC and Euromonitor Business Consulting Services are jointly organizing the second *International Conference on Shadow Economy and Taxation* in Bucharest, Romania, on 22-24 April 2015. Continued on page 2

Inaugural Frenzel Memorial Tax and Trade Lecture

Continued from page 1

ITIC is pleased to announce that Pascal Lamy, former EU Trade Commissioner and Director General of the WTO, will deliver the first *Frenzel Memorial Lecture*. Following his formal remarks, a high-level panel of Ministers of Finance from countries who have hosted ITIC's regional forums in Asia, MENA, and Africa, and business leaders will discuss the implications of the increasing linkage between tax and trade for the Trans-Pacific Partnership (TPP) and Andean Trade Preference Act (ATPA) negotiations, as well as the work of the WTO and the OECD. The event will be moderated by Mary Kissel, a member of *The Wall Street Journal*'s editorial board and a specialist in international economics.

This is an invitation-only event limited to 75 participants from business, government and academia. Since the lecture will be held on the eve of the IMF and World Bank spring meetings, it will feature high-level official representatives from both developed and developing countries.

Second Shadow Economy and Taxation Conference

Continued from page 1

This conference will focus on the link between taxation, the shadow economy and illegal trade in excise products. Speakers from the WCO, OECD, INTERPOL, EUROPOL, other enforcement agencies, private-sector experts and renowned academics, will discuss a range of shadow economy issues.

Liz Allen, ITIC Program Advisor and former HM Revenue and Customs officer, will serve as the conference co-chair.



David Luna, Chair of the OECD Task Force on Charting Illicit Trade, will discuss the key findings and recommendations of the Task Force.

Report on First Conference

The first *International Conference on Shadow Economy and Taxation* was held in April 2013 in Vilnuis, Lithuania. A special edition ITIC *Bulletin* reporting on the conference is available here.

12th Annual Asia-Pacific Tax Forum - Registration Open

Continued from page 1



The meeting will also feature presentations by international experts:

- Dr. Jeffrey Owens, Former Head, Centre for Tax Policy and Administration, OECD
- Mr. Dave Hartnett, Former Permanent Secretary, Her Majesty's Revenue and Customs, United Kingdom
- Professor Sijbren Cnossen, University of Pretoria, Erasmus University Rotterdam, and University of Maastricht
- Mr. Wayne Barford, Former Assistant Commissioner, Australian Taxation Office

More information, including a link for registration, can be viewed on the meeting's dedicated web page: www.iticnet.org/aptf2015.

ITIC Diplomatic Dialogue Luncheon Series at House of Lords Continues

ITIC's Diplomatic Dialogue Series will continue with two luncheons at the House of Lords.

The *Diplomatic Dialogue for Africa* will be held on 10 March and will feature comments from Mr. Dave Hartnett (Former Permanent Secretary of HMRC) and Mr. Duncan Onduru (Executive Director of the Commonwealth Association of Tax Administrators).

On 12 March, ITIC will hold the *Diplomatic Dialogue for Asia*, with guest of honor/speaker, The Honorable Partho Shome, Chairman of India's Tax Administration Reform Commission.

Invitation letters have been sent to ITIC Board members and sponsors.

2015 Eurasia Tax Forum



The 2015 *Eurasia Tax Forum* will be held on 30 June - 2 July at the World Customs Organization headquarters. Registration for the meeting will open on 15 April.

For more information, please visit the <u>Forum's dedicated</u> web page on ITIC's website.

The meeting will feature the following speakers:

- The Honorable Timur Suleimenov, Minister of Economy and Financial Policy, Eurasian Economic Commission
- The Honorable Ruslan Dalenov, Vice Minister of Finance, Republic of Kazakhstan
- The Honorable Sergey Shtogrin, Auditor of the Accounts Chamber, Russian Federation
- The Honorable Dmitry Kiyko, Deputy Minister of Finance, Republic of Belarus
- The Honorable Elena Razumova, Deputy Head, Expert Dept., RF Government Analytical Center
- Dr. Jeffrey Owens, Former Head, Centre for Tax Policy and Administration, OECD
- Mr. Dave Hartnett, Former Permanent Secretary, Her Majesty's Revenue and Customs, United Kingdom
- Dr. Sijbren Cnossen, University of Pretoria;
 Erasmus University Rotterdam; and University of Maastricht
- Dr. Natalia Kornienko, Head of Tax System Department, Gaidar Institute for Economic Policy, Russian Federation
- Mr. Wayne Barford, Former Assistant Commissioner, Australian Taxation Office

2014: A Record Year for ITIC Programs

In 2014, ITIC organized or participated at 89 events around the world. This is a record level of program activity for ITIC since our founding in 1993.

The 2014 program summary is available on <u>ITIC's</u> website.

2015 Program and Organizational Goals

ITIC's 2015 program and organizational goals have been prepared by management and approved by the Executive Committee. The goals are aligned with the implementation of the 2015-2017 business plan that was endorsed by the Board of Directors at the October 2014 meeting.

A copy of the 2015 goals is available on <u>ITIC's website</u>.

Recent ITIC Publications

Global Taxes and International Taxation Paper Published

Professor Richard Bird, ITIC Senior Economic Advisor, was recently published by the *International Centre for Tax and Development* (ICTD). His paper, "Global Taxes and International Taxation: Mirage and Reality," was originally published as an *ITIC Special Study*. To view the original ITIC publication, click here.

Professor Bird's ICTD published paper can be <u>viewed</u> <u>here</u>.

News on Board Members, Advisors, and Staff

Wayne Barford Joins ITIC as Senior Advisor



ITIC is pleased to announce that Wayne Barford, former Assistant Commissioner of the Australian Taxation Office (ATO), has been appointed as a Senior Advisor. Mr. Barford brings to ITIC extensive knowledge of both direct and

indirect tax compliance and expertise in tax law and legal interpretation. Read the full press release here.

Wayne immediately began his first assignments for ITIC with missions to Kazakhstan and Azerbaijan. He also visited senior ministry of finance officials from several APTF countries, including Vietnam, Cambodia, Malaysia, Thailand, and the Philippines.

On 6 February in Astana, Wayne was interviewed by Michelle Witte for *The Astana Times*, the largest English language newspaper in Kazakhstan. Continue reading

Former House Speaker Gingrich pays tribute to Bill Frenzel in Politico

"Bill Frenzel was a remarkable citizen, a real leader in Congress and a serious intellectual trying to understand what America needed to do in a changing world. More than that, he was a good friend and a man of remarkable integrity and decency..." Full article

ITIC Participation in Global Events

ITIC Senior Advisor Participates in Azerbaijan Tax Forum IV

On 9-10 February 2015, the Ministry of Taxes of the Republic of Azerbaijan held its *Tax Forum IV* with the theme "Tax System of Azerbaijan: Realities and Prospects." The forum was dedicated to the 15th anniversary of the Ministry's establishment. <u>Full story</u>

ITIC Participates in Kazakhstan Supreme Court Roundtable

On 6 February in Astana, ITIC participated in the Kazakhstan Supreme Court's *Roundtable on Fair and Stable Legislation - The Basis of Investment Attractiveness and Dispute Resolutions: Policy and Procedures.* ITIC Senior Advisor Wayne Barford spoke at the roundtable. Full story

Vienna Workshop on "Use of Arbitration in Taxation"

ITIC partnered with WU (Vienna University of Economics and Business) to hold a workshop on the *Use of Arbitration in Taxation* on 19-20 January in Vienna, Austria, at the new campus of WU Wien. <u>Full story</u>

Academy of Public Finance

2015-2016 Schedule and Informational Flyer

The 2015-2016 schedule of events for the *Academy of Public Finance* (for both Eurasia and Africa) is available online. Click here to view the schedule. For more important on the *Academy*, please view the <u>informational flyer</u>.

Academy of Public Finance Feedback Reports Now Available

In late 2014, three *Academy* workshops were held for both African and Eurasian tax officials. Feedback reports from the following workshops have been published: VAT, Transfer Pricing, and Excise Taxation. Full story

Academy of Public Finance Advisory Board Meeting held in Vienna

The Advisory Board of the *Academy of Public Finance* met in Vienna on 21 January. The *Academy of Public Finance* is a joint program of the WU Global Tax Policy Center, EY, ITIC, the World Bank, and the African Tax Institute, with the purpose of tax administration capacity building in Eurasia and Africa. <u>Full story</u>

Asia-Pacific Update

Advance Copies of ASEAN Excise Reform Manual Presented

After two years of work, the ASEAN Excise Tax Study Group has completed its landmark publication: ASEAN Excise Tax Reform: A Resource Manual. A limited advance print run of the manual was done in order for copies to be distributed to senior officials during recent meetings held with APTF countries by Daniel Witt, Wayne Barford, and Hafiz Choudhury.

The ASEAN Excise Tax Reform: A Resource Manual will be formally released at the 12th APTF meeting in New Delhi on 5-7 May. Electronic copies of the manual have been sent to the members of the Study Group from all 10 ASEAN countries. Plans are underway to publish editions of the manual in Indonesian, Vietnamese, and Thai.

Following the APTF New Delhi meeting, a series of country workshops and other educational programs featuring the *manual* will be planned.

ASEAN Excise Manual Presented in Indonesia

Since the idea to form the ASEAN Excise Tax Study Group was conceived at the eight annual APTF meeting in Bali in 2011, it was appropriate that the first copies of the

manual were presented to senior officials in Indonesia during Daniel Witt's recent visit.

More information on ITIC meetings in Indonesia can be viewed at the following links:

- ITIC President meets with Indonesia Vice President to Discuss Indonesia and ASEAN Programs
- ITIC President Presents New ASEAN Excise Manual to Indonesia Ministry of Finance
- ASEAN Excise Manual Presented in Indonesia

12th APTF Meeting in New Delhi



Registration for the 12th annual *Asia-Pacific Tax Forum* is now open on ITIC's website.

ITIC Senior Advisor Meets with Government Officials in Cambodia, Malaysia, and Thailand

Wayne Barford continued meeting with ASEAN Government officials to introduce himself as a newly appointed ITIC Senior Advisor and discuss his availability as a technical advisor for Tax Administrations in the region.

For updates on Wayne's visits, see the following links:

- Meeting with Cambodian Government Officials
- <u>Meeting with Malaysia and Thai Government</u> Officials

Thailand Excise Department Visits US Alcohol and Tobacco Compliance Laboratory

On 23 January, ITIC arranged for 12 members of the Thailand Excise Department to tour the Compliance Laboratory of the US Alcohol and Tobacco Tax and Trade Bureau in Walnut Creek, California. Full story

ITIC and INDEF to expand cooperation in Indonesia and ASEAN



During their recent visit in Jakarta, ITIC President Daniel Witt and INDEF Chairman Dr. Didik Rachbini (who is also an Advisor to ITIC) discussed expanding the cooperation between their two organizations: ITIC and the Institute for

Development of Economics and Finance. Both NGOs

have similar missions and common agendas to advance pro-investment economic reforms and closer economic integration in ASEAN.

Mr. Witt and Dr. Rachbini signed a letter of intent to formalize a cooperation agreement that is expected to be signed at the upcoming APTF meeting in New Delhi.

11th APTF Meeting – Special Edition Bulletin Published

The *ITIC Special Edition Bulletin* reporting on the 11th annual *Asia-Pacific Tax Forum* (held on 2-4 October 2014 in Hanoi, Vietnam) is now available. <u>Click here</u> to download a copy.

ITIC Myanmar Special Commercial Tax Project Update

Messrs. Hafiz Choudhury and Michael Evans, ITIC advisors working on the Myanmar Special Commercial Tax (SCT) Project, recently conducted the third five-day workshop on the new SCT Law which ITIC is working on for the Ministry of Finance. Full story

Middle East/North Africa Update

Sixth Annual MENA Tax Forum



The sixth annual *Middle East/ North Africa (MENA) Tax Forum* will be held on 10-12 November 2015 in Doha, Qatar. As the meeting nears, please continue to check the <u>dedicated web page</u> on ITIC's site for updated information.

Fifth Annual MENA Tax Forum – Special Edition Bulletin Forthcoming

A special edition *ITIC Bulletin* reporting on the fifth annual *MENA Tax Forum* (held on 10-13 November 2014 in Riyadh, Saudi Arabia) will be published in March.

A copy will be sent to all ITIC sponsors, and available for download on our website.

Iraq Customs Working Group Meeting held in Dubai

On 22 January, ITIC convened a meeting of the *Iraq Customs Working Group* in Dubai with officials from the General Customs Commission (GCC) and South Oil Company (SOC), including:

- Mr. Hakeem Jasim Hassan, Director General, GCC
- Mr. Abdul Setar Jabar, Head of Legal Department, GCC
- Mr. Ahmed Nori Abide, South Region Director,, GCC
- Mr. Basel Al Bachary, Member of the Basra Investment Commission, Manager Clearance, Department, SOC
- Mr. Ahmed Ryad Ahmed, SOC

A copy of the report/action items from the meeting has been sent to the Iraqi participants, as well as senior officials, including the Minister of Finance, Minister of Oil, and Director General of the South Oil Company.

Iraq Tax Working Group

The next joint meeting of the *Iraq Petroleum Taxation Working Group* and *Oil Services Taxation Working Group* with the Iraqi officials will be held on 22-23 March in Dubai. The meeting will include participation by senior Ministry of Finance, General Commission on Taxation, and PCLD/Ministry of Oil officials.

More information on the meeting and the summary notes from the recent teleconferences are available in the <u>Iraq</u> <u>Library</u>.

Libya Petroleum Taxation Working Group

The *Libya Petroleum Taxation Working Group* meeting planned at the end of February was postponed due to the security situation at the Tripoli airport. The meeting is being rescheduled for 28-29 April in Istanbul.

The working group convened via teleconference to discuss the key issues that will form the agenda for the upcoming meeting.

Africa Update

Seventh Africa Tax Dialogue to be held in Mozambique



The Honorable Rosario Fernandes, President of the Mozambique Revenue Authority, has confirmed that the MRA will host the seventh *Africa Tax Dialogue* in Maputo on 17-19 November.

The organizing committee is being formed between MRA and

ITIC. The committee will include President Fernandes, Gil Gabriel (MRA), ITIC Distinguished Fellow Jeffrey

Owens, ITIC Senior Economic Advisor Sijbren Cnossen, and Riel Franszen from the African Tax Institute. A preliminary informational flyer will be released shortly.

6

We will continue to update the meeting's <u>dedicated web</u> page.

Eurasia Update

ITIC Kazakhstan 2015 Program Plan Released

By Mukhit Akhanov, President, ITIC Kazakhstan

In late November, ITIC received a <u>letter</u> from the State Revenues Committee Deputy Chairman A. Dzhumadildayev outlining their 2015 priorities for ITIC. Upon receipt of letter, we canvassed our sponsors to seek their input; many of the priorities were aligned.

We reconciled all of these inputs and developed the 2015 Kazakhstan program plan that represents the joint priorities of the Ministry of Finance and ITIC sponsors.

The program plan is available to ITIC Sponsors in the Kazakhstan Library.

Workshop on Risk Management System

ITIC Kazakhstan immediately commenced programs to implement the 2015 plan, beginning with the *Workshop on Risk Management Systems* organized at the request of the Kazakhstan State Revenues Committee. For a report on the workshop, <u>click here</u>. The workshop was also featured on the Kazakh State Revenues Committee website.

Kazakhstan Announces New Ministry of Finance Appointment

Mr. Anuar Dzhumadildayev has been appointed Chairman of the Financial Control Committee of the Kazkah Ministry of Finance. Prior to this appointment, Mr. Dzhumadildayev was Deputy Chairman (Head of the Tax Service) of the State Revenues Committee.

WTO Accession - Kazakhstan

This accession negotiation is seemingly in the "end game," and hopefully not to be affected by the upcoming Presidential election on 26 April. Final inputs are awaited from Astana on the specific outstanding questions (i.e., agriculture domestic support and market access, Tariff Adjustment and SPS), resolution of which is a precondition for circulating the Draft Accession Package for review by Members of the Working Party.

Prior to convening the final meeting of the Working Party and settling the draft Accession Package, a Technical Verification Meeting of the Draft Goods Schedule will be convened for Signatory Members, the Russian Federation and Kazakhstan.

WTO Accession - Azerbaijan

By Douglas Townsend, Senior Advisor, ITIC London

The next cycle of Working Party meetings is scheduled for the week of 2 March, with the Agriculture Plurilateral Meeting on 5 and 12 March, and the Working Party Meeting on 6 March.

The agenda includes the revised Draft Working Party Report (DWPR), Revised Goods and Services offers, Revised Agriculture Supporting Tables, Replies to Members' Questions, Customs Valuation Questionnaire, Subsidies Checklist, updated Legislative Action Plan (LAP), and the accompanying Azerbaijan draft legislation.

Tax Policy

Sponsors may be aware of the interview last month by the *Financial Times* of Mr. Ali Hasanov, Head of the Political and Public Affairs Department of the Azerbaijani Presidential Administration.

Mr. Hasanov, among other things, expressed confidence in Azerbaijan's ability to ride out the effect of sharply falling oil prices on its budget and development plans, partly because it was introducing new taxes on bank deposits, property sales and luxury items. Mr. Hasanov stressed that no new taxes would be imposed on the private, non-oil sector of the economy, perhaps leaving a question mark over future treatment of the oil sector.

Azerbaijan and the United Kingdom

On 2 March, Azerbaijan and the UK signed a Memorandum of Understanding "On Economic and Trade Cooperation."

Under the Memorandum, the sides have established a joint inter-governmental commission to promote their mutual economic and trade relations across all sectors of their economies. Given their long and intense cooperation in the oil and gas sector, it is perhaps surprising that such an agreement had not already been concluded, although it does now reflect the joint interest in promoting the economic diversification strategy of the Presidential "Vison-2020."

Latin America Update

By Blake Marshall, Vice President, ITIC

ITIC and the Grupo de Estudos Tributários Aplicados (GETAP), located in Sao Paulo, Brazil, have signed a Memorandum of Cooperation to pursue joint programs to advance their common research and educational missions as non-governmental organizations (NGOs). The fundamental aim of the GETAP-ITIC collaboration is to foster mutual understanding and trust between the Government and taxpayers. The organizations will

pursue their common agenda through several program components: education and stakeholder outreach, research and publications, capacity building, and information sharing.

Given post-election changes in Brazil's Ministry of Finance and Tax Service, preliminary discussions on topical issues and engagement plans are underway this spring, leading to an initial workshop later in 2015.

Combatting Illicit Trade

Combating Illegal Trade of Alcohol Products Meeting organized by ITIC with Europol and Industry



Europol has recently increased the priority they gave to tackling illegal trade in alcohol products as a result of hearing a presentation by Mr. Iain MacDonald of Diageo at ITIC's 2013 International Conference on Shadow

Economy and Taxation held in Vilnius.

Mr. Carlo Van Heuckelom (Europol) added that he wanted to develop relationships between Europol and the alcohol industry so that Europol's efforts to fight illegal trade could benefit from any information industry has about how the illegal trade is working, routes, persons, transporters, distribution hot spots etc.

On 3 March, ITIC Program Advisor Liz Allen organized a meeting between Europol and key alcohol industry sponsors of ITIC: Diageo, SABMiller, Pernod Ricard and Chivas Bros. Diageo kindly hosted the meeting in London, and the Scotch Whisky Association (SWA) also participated.

Europol provided information on their role and activities in coordinating intelligence to support cross-border operations in EU Member States focusing on illegal trade in alcohol products -- either diversion of excise goods under bond within the EU or smuggling of counterfeit goods. As a result of the meeting, actions were agreed by both Europol and industry to start developing a closer relationship and thus improve the effectiveness of cross-border enforcement operations designed to reduce illegal trade in alcohol products.

ITIC stands ready to develop learning materials to help officials in tackling illegal trade in alcohol products and/or to arrange events (conferences, seminars or workshops) to bring together senior officials, academic experts, private sector experts and industry to discuss the issues in depth when the industry requires.

OECD Task Force on Charting Illicit Trade

Program Advisor Liz Allen will represent ITIC as a member at the upcoming meeting of the *OECD Task Force on Charting Illicit Trade*.

Press Release – Nine out of 10 Hong Kong Residents concerned about black market cigarettes

As a continuation of the discussion of the ITIC Oxford Economics study, *Illicit Tobacco Indicator 2013* ("Asia-14"), Mr. Oliver Salmon, OE Economist and ITIC Advisor, participated at an event organized by Hong Kong United Against Illicit Trade (HKUAIT).

To view the press release from the event, click here.

Press coverage of the event is available on ITIC's website.

Oil and Gas Taxation and Regulatory Dialogue

ITIC's recently formed *Oil and Gas Taxation and Regulatory Dialogue* convened a meeting in Washington, DC on 10 February. The group discussed the ITIC submissions that will be presented in advance of the April meeting of the UN Tax Committee Subcommittee on Extractive Industries and other related submissions/ presentations.

The working group also met with representatives from international organizations that are working on natural resource taxation, including the Secretariat of the UN Tax Committee, Fiscal Affairs Department of the International Monetary Fund, and the World Bank.

Detailed reports from each of these meetings have been sent to the working group.



10 March	Diplomatic Dialogue Luncheon - Africa	House of Lords, London
12 March	Diplomatic Dialogue Luncheon - Asia	House of Lords, London
22-23 March	Iraq Taxation Working Groups Meeting	Dubai
28-29 April	Libya Petroleum Taxation Working Group Meeting	Istanbul
17 April	Inaugural Global Tax and Trade Lecture	Washington, DC
22-24 April	Second International Conference on the Shadow Economy and Taxation	Bucharest, Romania
5-7 May	12 th Annual Asia-Pacific Tax Forum	New Delhi, India
30 June	Annual Board of Directors' Luncheon	House of Lords, London
30 June - 2 July	11 th Annual Eurasia Tax Forum	Brussels
September	Brazil Tax Workshop with GETAP	Brasilia, Brazil
2 November	Board of Directors' Briefing, Reception and Dinner	London
3 November	Board of Directors' Meeting	London
10-12 November	Sixth Annual Middle East/North Africa Tax Forum	Doha, Qatar
17-19 November	Seventh Africa Tax Dialogue	Maputo, Mozambique

Edited by: Diana McKelvey, ITIC Washington



The International Tax and Investment Center (ITIC) is an independent, nonprofit research and education organization founded in 1993 to promote tax reform and public-private initiatives to improve the investment climate in transition and developing economies.

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