



CONCEPT NOTE AND ANNOTATED AGENDA FOR THE WATAF HIGH-LEVEL POLICY DIALOGUE ON BOOSTING TAX REVENUE ADMINISTRATION THROUGH EFFICIENT LEADERSHIP AND GOOD CORPORATE GOVERNANCE

BRIEF ON WATAF

WATAF is the product of conviction within the West African sub-region that there is a need for West African Tax Administrations to cooperate and actively promote improvement in tax administration. It was established to contribute to the efficacy of tax administration and improved public service delivery in support of the development of countries in West Africa. Membership is open to all members of the Economic Community of West African States (ECOWAS).

As part of its mandate, WATAF is organising the fourth edition of its annual High-Level Policy Dialogue (HLPD); which focuses on ***boosting tax revenue administration through efficient leadership and good corporate governance.***

The HLPD will be held in September 21st-22nd in Cotonou, Benin Republic and participation is open to Board Members and Officials of Tax Administrations, Ministries of Finance and Planning, Academia/Research Institutes, Civil Society Organisations (CSOs), Parliamentarians, the ECOWAS Commission, Development Partners/Donor Agencies, International Non-Governmental Organisations (INGOs) and other stakeholders.

The HLPD will be a platform for sharing ideas and practices on the path toward formulating sound domestic/regional policy frameworks for West Africa to better position its tax administrations through efficient leadership that lays a sound organisational foundation for the tax officials of tomorrow.

Taxation is without any doubt a fundamental tool that drives national development, especially within West Africa and it is arguably the most reliable source of raising revenue for the government to finance development priorities, especially now that countries are grappling with the effects of the COVID 19 pandemic.

This scenario brings to mind the question of how the various Tax Administrations will fill in the gap now that the region is in dire need of domestic revenue mobilisation.

Additionally, the risks associated with dysfunctional tax administration have the propensity to create uncertainty for businesses and distort taxpayers' perception of their civic responsibility of voluntary tax compliance.

Therefore, a well-functioning tax administration is not just key to enhancing State revenue but also plays important role in promoting economic prosperity which can only be achieved through efficient leadership and good corporate governance.

Leadership will involve the leader's competencies and the capacity to influence the performance ability of an organisation as well as building a common Leadership Culture as support system for strategic aspirations.

Also, the reality occasioned by COVID 19 became a catalyst for businesses to deploy different types of technologies in their operations through job automation, remote operations, the use of bots for most routine work, and using big data to provide new insights for solutions.

To this end, tax administrations should not be left behind and as such needs leaders who will regularly take a step out from everyday work-related routine to obtain a bird's eye view of these changes in order to be able to adopt decisions about leading their respective tax administrations accordingly.

Furthermore, it is important for tax administrations to begin to refocus on building strong and virile corporate governance structures that will emphasise collaborative approaches, mutual respect, trust, and transparency with taxpayers and other stakeholders within the tax accountability milieu.

TARGET PARTICIPANTS

The target participants are:

- i. Heads of Tax Administrations in West Africa
- ii. Ministers of Finance and Economic Planning of West African countries
- iii. High Level representatives from the ECOWAS Commission
- iv. Civil Society Organisations
- v. Academia
- vi. ECOWAS Countries' Parliamentarians
- vii. Tax Intermediaries/Consultants
- viii. Students of Tertiary Institutions, etc.

EXPECTED OUTCOMES OF THE HLPD ON BOOSTING TAX REVENUE ADMINISTRATION THROUGH EFFICIENT LEADERSHIP AND GOOD CORPORATE GOVERNANCE

Essentially the desired outcome of the HLPD *on boosting tax revenue administration through efficient leadership and good corporate governance* includes the following:

1. Bring to the fore the importance of good leadership and sound corporate governance practice as necessary ingredients in repositioning Tax Administrations within the rapidly changing business environment.
2. Communicate the role of government in enthroning the culture of good leadership to promote the long term objective of tax administrations.

3. Highlight the importance of the support of corporates through voluntary compliance to enable Tax Administrations achieve their mandates.

PROGRAMME FLOW

Day One

Panel 1: Leading a 21st Century Tax Administration in Africa: Challenges and Prospects

Disruptive technology has increasingly impacted the way individuals and businesses conduct their operations with ripple effects on tax revenue collection and processes and this requires tax administrations to adapt, renew and or evolve to deliver seamless, easy, and transparent processes to meet emerging demands.

Therefore, tax administrations require robust leadership to exploit the emerging technological developments to enhance tax compliance, which extends beyond filing tax returns to a wider range of processes many of which take place outside the view and control of tax administrations.

Panel 2: Good Governance in Tax Administration: Impact on Domestic Revenue Mobilisation in Africa

Strengthening governance arrangements enables Tax Administrations to perform optimally and bridge the trust gap with taxpayers, which often accounts for a high level of non-compliance in African countries. This session will discuss good governance practices in revenue administrations and the role played by assurance functions including Internal Audit, Enterprise Risk Management, Secretariat to the Board, Anti-Corruption Units, and Internal Affairs.

Also, emerging governance challenges including digitisation and COVID-19 with its implication on governance practices, especially as it relates to business continuity management and recovery will be discussed. Panelists will share their experiences in putting in place stronger governance practices and building resilient organisations that are able to achieve corporate objectives even when contending with major risks and threats to good performance.

Panel 3: Rethinking the Framework of Administrative and Legislative Supervision of Tax Administration to advance Organisational Management.

Traditionally, the task of administrative and oversight supervision of tax Administrations is spread across the Boards of Tax Administrations, the Ministry of Finance or any other designated Ministry saddled with the responsibility of providing needed oversight and the Legislature. These agents of government are meant to provide the needed checks-and-balances function which is very essential in ensuring tax administration adopts flexible policies that focus on human and material resource management; effective stakeholder engagement; alongside other strategies to achieve organisational goals.

However, in reality this is usually not the case because most often than not, the condition necessary for the discharge of this very important responsibility is absent or under-utilised where present.

It is expected that the discourse in this session will help to unearth critical success factors for operating efficient and effective administrative and legislative supervision of Tax Administrations in Africa.

Day Two

Panel 4: Promotion of Ethics in Tax Administration to Improve Organisational Performance.

The promotion of ethics in tax administrations is especially important since they are public entities responsible for collecting the income of the state, regardless of the institutional design of the public entity (Autonomous, dependent on the country's Ministry of Finance or other institution). Its link with society fulfills a double role: to offer services to its citizens, from the perspective of daily tax management, and to control the correct compliance of tax obligations by taxpayers.

In Africa just as it is in other regions of the world, there are still problems related to the ethical performance of public servants, and we can identify structural reasons (not in all countries); such as deficient Internal Control, salary inequities, and low remuneration in key positions; high turnover of personnel, few instruments for the withholding and development of the staff, and stress-inducing working conditions alongside the high pressure on revenue officials to collect more revenue without commensurate institutional support.

Although there are laws that regulate the performance of public functions, cases of unethical behavior among tax officials have been recorded and these are attributable to the often lax control of processes and people. In short, an official is as vulnerable as the whole process in which they are involved.

Therefore, this discussion will help to promote among WATAF member countries the adoption of ethics as a key business value and the development of strategies on a regional scope to preserve it as an institutional value and, of course, as an element of the institutional strategy.

Panel 5: Fostering Good Corporate Governance in Tax Administration through Cooperative Compliance: Private Sector vs TAs Perspectives

Tax administrations are an integral part of the changing environment in which large businesses operates and to perform optimally this requires an approach to managing tax compliance that is dynamic. Hence, Tax authorities are transforming their relationship with corporates to one based on trust, transparency and a shared commitment to facilitating the efficient and effective collection of the right tax at the right time.

On the other hand, from a private sector perspective, the issue of transparency and judicious use of revenue is a sine qua non for payment of taxes, as there is the belief that if amenities are put in place, trust in governance would lead to increased voluntary compliance.

In order to create a balance of expectations, enhancing relationships between tax administrations, taxpayers, and tax intermediaries and encouraging good corporate governance is a vital issue for both tax administrations and large businesses. Thus, Revenue Administrations will be better placed to identify risk and help business to improve certainty through ongoing open dialogue

Panel 6: Improving the Use, Exchange, and Security of Taxpayer Information in the Era of Big Data

Tax Revenue Administrations collect and exchange a huge amount of information with public and private third parties and with taxpayers. Part of these exchanges take place with foreign tax administrations and are mainly applied to financial information.

Establishing and maintaining such data flows is a relevant area of investment, bringing opportunities and benefits to the Tax Revenue Administration, such as:

- increasing transparency in the field of international taxation, through a better understanding and knowledge of transactions carried out by multinational companies, a greater flow of information between countries and a fairer international taxation;
- services tailored to taxpayer needs: taxpayer profiling allows to provide targeted services, such as proactive communications, and to get greater accuracy and completeness of information owned by the tax authority, in the name of transparency;
- preventing and fighting against tax evasion, thanks to an improved taxpayer risk profiling, that allows to detect anomalous behavioral patterns and to increase accuracy of tax control activities.

As a precautionary measure to guard against breach of confidential tax data, Tax Revenue Administrations are putting in place a structured set of measures to ensure an adequate level of data security and protection, in cooperation with technological partners.

This session will take a look at existing practices, technology and data protection systems; and the architecture of global cooperation in the exchange and protection of taxpayer information.

Panel 7: Role of International Tax Organisations in advancing Corporate Best Practices in Tax Administration

As the need for increased collaboration among tax administrations becomes more heightened, the Network of Tax Organisations (NTO) which is a global network of regional and international revenue organisations was created in 2018 for among other objectives:

1. Foster capacity development by organising cross-network peer learning activities, supporting staff exchanges among the secretariats of NTO member organisations, and facilitating the access to external experts. This enables NTO members to learn from one another and to provide better services to revenue administrations worldwide.

2. Enhance internal collaboration within its member organisations by offering joint activities and promoting knowledge sharing across revenue administrations through the provision of regionally tailored services, products and information.

This session will examine the extent to which members of the NTO have been able to fulfill their mandate(s) in respect of advancing corporate best practices in Tax Administration through capacity building initiatives in their respective jurisdictions and collectively as a group. Additionally, it will also, help highlight the future aspirations of the NTO.

