

行政院及所屬各機關出國報告
(出國類別：其他)

參加 APEC 因應 COVID-19 疫情
租稅政策工作坊視訊會議報告

服務機關：財政部賦稅署

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派赴國家：視訊會議

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摘要

本次「2021 年財長程序－因應 COVID-19 疫情租稅政策工作坊」主要係討論因應 COVID-19 疫情所引發之經濟及財政危機，就疫情期間施行與規劃稅務措施之經驗分享，並討論後疫情時代之稅制改革及經濟復甦與制定財政政策等議題，供各經濟體未來施政方向之參考。為瞭解最新國際租稅發展趨勢，適時與國際接軌，本署藉由參與本次會議汲取他國經驗，以作為我國未來稅制規劃改革之參考。

參加 APEC 因應 COVID-19 疫情 租稅政策工作坊視訊會議報告

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參加 APEC 因應 COVID-19 疫情 租稅政策工作坊視訊會議報告

壹、緣起及目的

2021 年亞太經濟合作 (APEC) 資深財金官員視訊會議 (SFOM) 係由 21 個 APEC 經濟體、亞洲開發銀行 (ADB)、國際貨幣基金 (IMF) 經濟合作暨發展組織 (OECD)、世界銀行集團 (WBG) 及企業諮詢委員會 (ABAC) 等國際組織代表與會。會議主要議題包括因應 COVID-19 疫情及其他挑戰之總體經濟及結構政策、更新太子城願景執行計畫、宿霧行動計畫執行策略與更新 2021 年財長程序工作計畫及預期目標草案等，本次會議係 2021 年財長程序 (FMP) 7 月至 10 月預定舉辦研討會之一。

「2021 年財長程序－因應 COVID-19 疫情租稅政策工作坊」係由 2021 年 APEC 主辦經濟體紐西蘭規劃辦理，於同年 7 月 21 日及 22 日召開視訊會議，我國由財政部賦稅署黃專員啟倫、江專員得港、楊專員振國、陳科員思穎及楊科員佩烜等 5 人與會。本次會議著重於 COVID-19 疫情於全球大流行所引發之經濟及財政危機，以及就疫情及後疫情期間施行與規劃稅務措施之經驗分享及討論，俾供各經濟體未來施政方向之參考。本工作坊延續 2021 年 3 月 APEC 財政次長暨央行副總裁會議之討論，盼透過各經濟體經驗分享有效解決財政政策相關問題，並將討論成果提報 2021 年 10 月財政部長會議 (Finance Ministers' Meeting) 及納入當年度財長聯合宣言。

貳、會議議題概述

本次會議主要係分享 APEC 經濟體因應 COVID-19 疫情所採行之稅務措施、發布最新版亞太地區稅收統計（the 2021 edition of Revenue Statistics in Asia and the Pacific）與討論後疫情時代之稅制改革及經濟復甦與制定財政政策等議題。本次會議由 OECD 與其他國際組織專家〔包括太平洋島嶼稅務行政協會（Pacific Islands Tax Administrators Association，PITAA）、亞洲開發銀行（ADB）及美洲國家稅務主管中心 CIAT 等〕及 APEC 經濟體進行簡報，並邀請 APEC 負責租稅政策官員參加，分享因應 COVID-19 疫情之紓困與刺激復甦階段已採行之稅務措施，及後續規劃經濟復甦之優先項目。

參、會議內容

本次會議議題廣泛且內容豐富，謹就涉及本署業務之「因應 COVID-19 之稅務措施」及「後疫情時代之稅制改革與制定財政政策」議題，選擇部分國家經驗分享報告簡要整理如下，供我國日後研議相關措施參考。

一、因應 COVID-19 疫情之稅務措施

各國因應 COVID-19 疫情已採行之財政政策有提供貸款保證、工資補助、直接補貼、擴大社會福利措施及稅務措施，其中稅務措施包含紓困、刺激經濟及增加稅收等三面向。紓困措施採行方式有展延繳稅時間（如延分期繳稅）、延長申報時間、提前退稅、虧損扣抵，及暫時性之稅務減免；刺激經濟採行方式有投資之租稅優惠、降低公司稅（Corporate tax）稅率、就業租稅優惠、暫時性降低加值型營業稅（下稱加值稅）稅率及降低財產交易稅（property transaction tax）；增加稅收採行方式有提高個人所得稅最高邊際稅率、增加與環境相關稅收（如：燃料稅及碳稅）及財產稅（property tax）稅收。

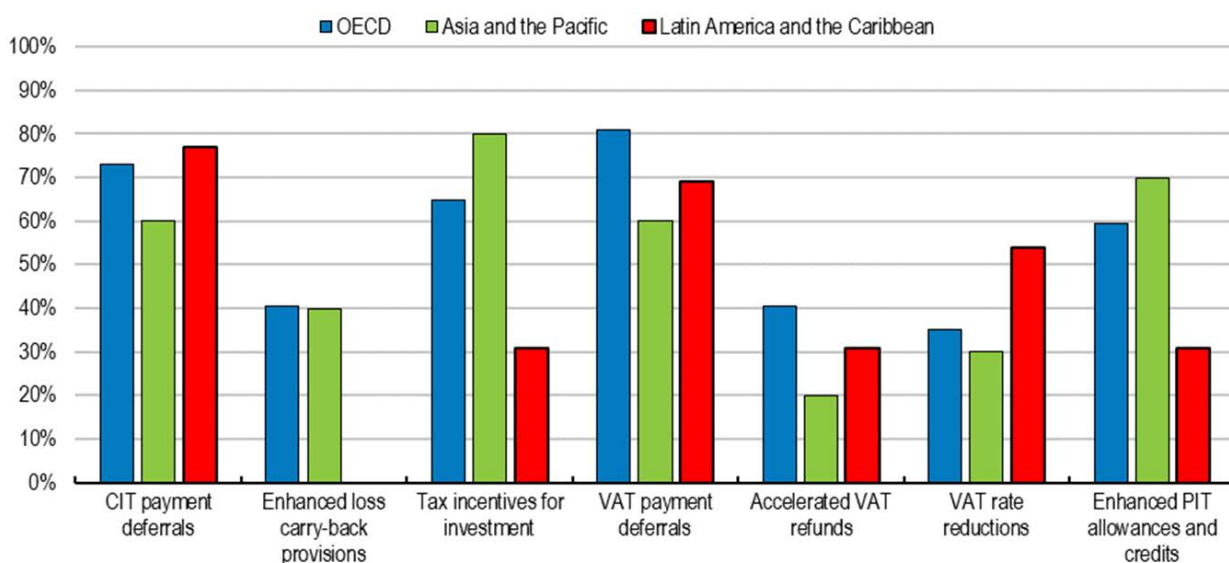


圖 1 因應 COVID-19 疫情採行稅務措施比較圖-按地區

比較 OECD 成員國（藍色圖示）、亞太地區國家（綠色圖示）及拉丁美洲國家（紅色圖示）因應 COVID-19 疫情所採行之稅務措施（詳圖 1），亞太地區國家相較其他地區國家，多採行投資之租稅優惠及提高個人所得稅最高邊際稅率之措施；另比較針對增值稅所採行之稅務措施（包含延長增值稅之繳稅時間、增值稅之提前退稅及降低增值稅之稅率），亞太地區國家之採行率則較其他地區國家為低。

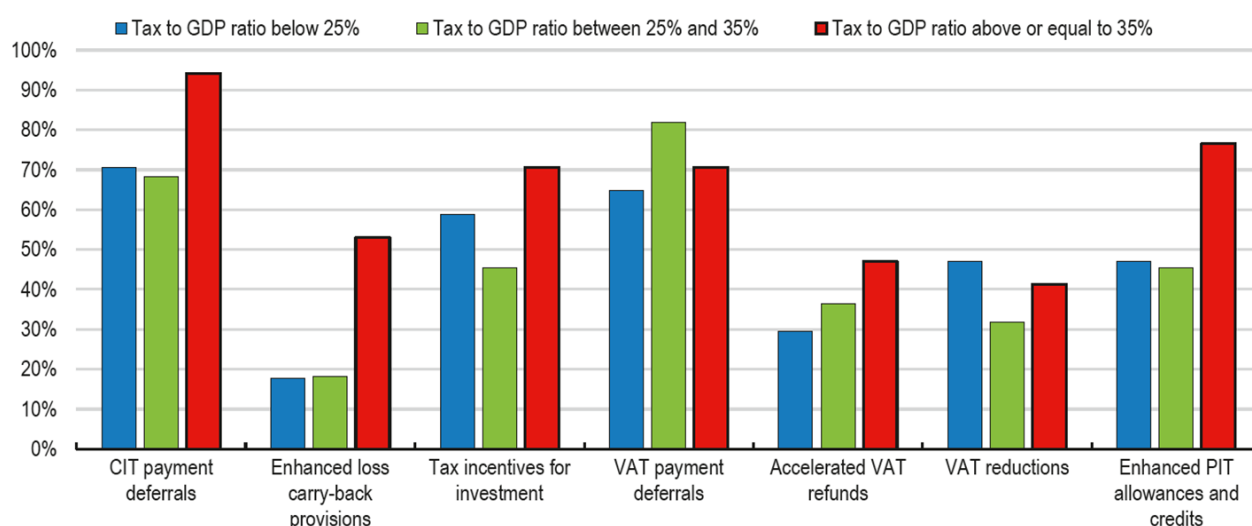


圖 2 因應 COVID-19 疫情採行稅務措施比較圖-按租稅負擔率

按各國家之租稅負擔率（稅收占 GDP 之比率）比較其因應 COVID-19 疫情所採行之稅務措施（詳圖 2），高租稅負擔率（大於 35，紅色圖示）之國家，相較低租稅負擔率（小於 35，綠色及藍色圖示）之國家，較多採行延長公司稅之繳稅時間、投資之租稅優惠及提高個人所得稅之免稅額及扣抵稅額；租稅負擔率低於 25 之（藍色圖示）國家，則較多採行增值稅之減稅措施。

因應 COVID-19 疫情後續之財政規劃，OECD 就以下三個面向提出建議：

- （一）提升目的性措施，並審慎訂定暫時性稅務減免措施之退場時機：

1. 避免過早取消稅務協助措施，並適時採取挹注私部門現金流及收入之政策，例如將延遲繳納稅款政策改為免息之分期付款措施。
2. 以目的性措施逐步取代原一籃子政策（blanket measures），並密切關注家計單位及私部門之公共衛生（健康）及經濟面向之發展。最後，應留意避免稅務負債驟升及懸崖邊緣效應（“cliff edge” effects），並審慎執行控管相關紓困措施，適時調整以確保救濟行為不被濫用。

（二）採行短期措施需留意下列重要原則：

1. 確保係暫時性之刺激效果。
2. 措施應具針對性，並兼具公平及刺激經濟成長。
3. 優先考慮提升就業之措施。
4. 鼓勵企業調整其資本結構。
5. 所採行之短期措施需與長期之環境、健康及社會目標保持一致，並須考量各別國家之經濟情況。

（三）中長期應重新評估稅收及支出政策：

1. OECD 建議政府應重新全盤評估財政政策，以確保其有能力因應中長期之挑戰，例如氣候變遷、所得分配不均之加劇、人口結構高齡化及數位轉型等結構性變遷。
2. OECD 經濟部門與租稅政策及管理中心正針對此進行合作研議，並表示希望未來幾年能就包容性架構（Inclusive Framework）部分分享更多見解。

最後 OECD 認為就持續性及包容性成長之政策制定可朝向下列面向規劃：

- （一）採取特定租稅措施：對最高收入之課稅、課徵團結稅

(solidarity levies) 及對超額利潤課稅。

- (二) 稅制在解決不平等議題上可以做到更多，例如加強對資本所得 (capital income)、財富 (或家庭儲蓄)、遺產及資本收益 (capital gains) 課稅。
- (三) 針對氣候變遷所帶來的長期挑戰，多數國家已承諾將於本 (21) 世紀中達成零碳排放之目標，碳定價扮演重要角色；另外，在稅制方面亦可發揮作用，例如編列綠色預算或針對綠色能源技術之投資給與相關租稅優惠。
- (四) 為支持創新及刺激生產力，對投資及研究發展等給予稅制上之優惠。
- (五) 為更好運用稅基，除現有的消費稅及財產稅外，亦可考慮新稅 (如健康稅)。
- (六) 面對數位化下的稅務挑戰，應持續擴大稅基提升稅收，OECD 在「OECD/G20 BEPS 包容性架構」下提出兩大支柱方案，其中第一支柱為「一致性徵稅方法」(unified approach)，第二支柱為「全球最低稅負制度」(Global Anti-Base Erosion, GloBE)，其目標在使跨國企業在其營運業務及賺取利潤之地方納稅，同時為國際稅收制度增加確定性和穩定性。

二、印尼及泰國兩國就因應 COVID-19 疫情所採行稅務及振興經濟措施說明。

(一) 印尼經驗分享

印尼政府因應 COVID-19 疫情分階段推出財政紓困措施，於 2020 年頒布並實施第 1 號政府法規 (Perpu No.1) 及第 2 號政府法規 (Perpu No.2)，允許政府於疫情期間之預算赤字可超過該國 GDP 之 3%¹ 以支應抑制 COVID-19 疫情所

¹ 依據印尼法律規定，印尼政府預算赤字不得超過印尼 GDP 之 3%。

需經費及推動後續經濟復甦計畫；2021 至 2022 年持續推動改革，著重人力及物質資本之強化、加速經濟復甦及轉型；2023 年度預計推出健全財政措施，強化該國之財政紀律及債務管理，並訂定政府預算赤字降回印尼 GDP 3% 以內之目標。

2020 年因應 COVID-19 疫情，該國編列 2,593.5 兆印尼盾支出用於醫療保健、社會安全網計畫及推動未來經濟復甦，致預算赤字占 GDP 比重達 6.1%，印尼政府於會上表示，實證資料顯示該國所採行之措施確有助抑制經濟緊縮；2021 年預計用於經濟復甦之預算支出較 2020 年成長 21%，主要用於醫療保健方面（如疫苗接種計畫之推行、醫事人員之補助措施、推動健康稅及增設醫療設備等）、刺激經濟復甦（如提供所得稅、房屋及機車購買之租稅優惠）及其他重要政策（如推動勞力密集計畫、旅遊業復甦計畫及食品安全等）。

印尼採行之租稅措施分為三大面向，首先，就維持國內需求部分，對符合一定條件之企業，其扣繳員工之所得稅（PPH 21）由政府負擔、減免購買住宅之增值稅，及提供高價汽機車奢侈稅之減免；其次，對於受疫情影響之產業，提供相關租稅減免措施，如逐步降低公司所得稅稅率（2020 年至 2021 年公司所得稅率將從目前的 25% 降為 22%，2022 年則再降低至 20%）、對符合條件公司提供每月分期繳納之所得稅（PPH 25）減免 30%、免徵進口時扣繳之所得稅（PPH 22）、增值稅提前退稅、符合條件之中小企業（MSMEs）減免所得稅、對出口導向之產業免徵增值稅，及提供進口關稅減免措施；最後則係提供醫療相關之租稅減免措施，如減免進口醫療器械之關稅及增值稅，及所得稅之減免。

(二) 泰國經驗分享

COVID-19 疫情爆發後，嚴重衝擊泰國經濟，該國零售及娛樂活動較 COVID-19 疫情爆發前減少 10.7%，餐飲旅遊業 2020 年成長率較 2019 年減少 36.6%，製造業則較 2019 年減少 5.7%。惟伴隨該國出口貿易國家之經濟復甦，預計出口將成長 10.78%，加上該國政府持續採行相關刺激經濟措施（如發放近 1 兆泰銖之債券）及考量該國旅遊業將復甦等因素，該國預期 2021 年經濟成長率可達 2.3%。

另該國亦分三階段推出刺激經濟措施，除透過現金補貼維持民眾基本生活需要，泰國亦採取多項稅務協助措施，內容如下：

1. 個人所得稅部分：延長個人所得稅申報及繳納期限、提供醫療及公共衛生領域之工作人員防疫津貼免徵所得稅、將健康保險費之扣除額由 15,000 泰銖提高至 25,000 泰銖。
2. 公司所得稅部分：提供企業培訓費用加倍（200%）扣除額、提供飯店業用於重建或改善之費用 1.5 倍（150%）扣除額、減免企業給付之扣繳稅率（由 3% 降至 1.5%）、給予中小企業利息費用 1.5 倍及薪資費用 3 倍之扣除額。
3. 消費稅部分：提供延長增值稅申報及繳納期限、加速出口商之增值稅退稅流程、進口醫療防疫相關用品免徵增值稅及噴氣燃料用油氣之貨物稅由每公升 4.726 泰銖降至 0.2 泰銖等措施。
4. 財產稅部分：延長土地與建築稅繳納期限，並於 2021 年調降土地與建築稅 90%，及調降不動產交易稅率至 0.01%。

(三) 發布最新版亞太地區稅收統計

發表 2021 年澳洲等 24 個亞太地區國家重要賦稅指標比較（如租稅負擔率）、數據解讀分析，並提出後疫情時期財政挑戰之觀點，主要發現如下：

1. 租稅負擔率分析部分，各國平均租稅負擔率（賦稅收入占 GDP 比率）為 21%，低於 OECD 國家之平均（33.8%）及拉丁美洲與加勒比海國家之平均（22.9%），其中亞太地區各國之租稅負擔率差異甚大，最低為不丹（10.3%）、最高為諾魯（48.2%）。
2. 比較亞洲國家及太平洋地區國家之稅收情形，亞洲國家之租稅負擔率較低，主要稅收來源多為公司所得稅，而太平洋地區國家租稅負擔率較高，主要稅收來源多為個人所得稅。自 2010 年起，有超過一半之國家逐步提升租稅負擔率。
3. 亞太地區近三分之二國家 2018 年及 2019 年稅課收入明顯受到經濟衰退衝擊，透過數據分析，COVID-19 疫情主要影響公司所得稅、貿易稅（trade tax）、貨物稅（excise tax）及旅遊觀光之稅收；財產稅、增值稅（VAT）及個人所得稅則受 COVID-19 影響較小。

另外，亞洲開發銀行（ADB）預測 2021 年亞太地區國家之經濟成長率可望提升至 7.3%，財政收入亦因此受益，惟因應 COVID-19 各國政府均大幅擴張支出，恐面臨財政負擔之難題；如需採行刺激經濟措施，建議調整稅收結構及擴大稅基，以提升並穩定財政收入來源及強化國內資源運用（Domestic Resource Mobilization，簡稱 DRM）。未來疫情趨緩，政府中長期目標應朝向財政收支平衡，至因應疫情採行稅務措施之解除議題，ADB 建議應特別考量受疫情衝擊較大之產業，亦須留意疫情後產生之各項社會問題，例如所得

分配更為不均、地下經濟活動之擴張及數位經濟之租稅挑戰。

二、後疫情時代之稅制改革與制定財政政策

(一) Build back better 租稅革新之選項

本項議題由經濟合作暨發展組織（OECD）稅收政策與行政中心環境稅部主任 Kurt Van Dender 及國家租稅政策部主任 Bert Brys 擔任主講人，針對租稅與氣候變遷及納入包容性成長概念之租稅設計為主題進行簡報，並由 OECD 資深稅務顧問 Andrew Auerbach 擔任主持人，各與會國代表可於簡報後提問或分享政策經驗，其簡報及討論內容摘要如下：

1. 永續經濟成長（租稅與氣候變遷）

2021 年 7 月各國財長座談（High-level Symposium）討論租稅政策與氣候變遷議題，核心議題為碳定價相關事宜。目前碳稅及碳排放權交易系統僅涵蓋全球排放量之 5 分之 1 且價格不高，即使是 OECD 及 G20 國家，亦仍有 60% 屬於未訂價狀態。OECD 建議對能源使用課稅，並可參考燃料貨物稅（Fuel excise）、碳稅、碳排放特許價格之加總數為基準，訂定有效碳定價費率，若以此碳定價標準估算，目前以公路運輸業費率為最高，而工業及電力業費率最低，國際貨幣基金組織（IMF）預估 2030 年全球碳定價應達每公噸 75 美元。另就碳定價策略提出建議，包含對大量排放者或產業類別訂定差別收費或差別費率，並鼓勵投資於節能科技，及將碳定價收入用於協助產業轉型等。

2. 納入包容性成長概念之租稅設計

租稅措施除紓困及刺激經濟措施外，尚需涵蓋增稅措施，於 Build back better 計畫中，前期工作為透過租稅政策降低所得分配不公，並建立包容性成長之租稅設計。其中

租稅措施之設計首要考量籌措所需租稅收入及納稅義務人租稅負擔能力，且未必採累進稅率作為增加稅收之方式，應藉由移轉性支付降低所得分配不公問題，研究顯示課徵財產稅對公平與效率可能產生正面效果。又發展中及新興國家可能需要投入財源擴張或更新社會保護系統，並持續精進稅制，以促進經濟成長及避免形成稅基侵蝕（BEPS）。另建議應思考如何將減碳經濟轉化為經濟成長動能，並於規劃稅制過程中妥適衡量各別國家情況、企業動態、產能、商業型態及勞動市場等情形。

（二）支持發展中經濟體

本項議題由 IMF 財政司副處長 Margaret Cotton 及亞洲開發銀行（Asian Development Bank）公共管理專家 Daisuke Miura 擔任主講人，針對中期財政收入策略（Medium Term Revenue Strategies）及亞太稅務中心（Asia Pacific Tax Hub）進行介紹及簡報，並由 OECD 稅務顧問 Diego Gonzalez-Bendixsen de Zaldivar 擔任主持人，各與會國代表可以於簡報後提問討論，其簡報及討論內容摘要如下：

1. 透過中期（4 年至 6 年）財政收入策略

COVID-19 疫情前，亞洲開發中及新興國家之租稅負擔率呈現上升趨勢，但各國情況並不一致，而 2020 年受到疫情衝擊，租稅收入顯著下降，而上開各國租稅負擔率相對低於租稅量能（Tax Capacity），為達到永續發展目標（SDGs）與支援經濟重建，建議上開各國建立中期財政收入策略，分為下列 4 層面：

- (1) 訂定財政收入目標：將公平面、效率面、可執行性、依從成本及政策確定性納入考量。
- (2) 全面租稅革新：包括政策面、收入管理面及法制面，內

容應具體並參採實際數據。

(3) 政策執行面因素：包括政府領導力、民眾支持度、溝通協調及施行時間點。

(4) 發展租稅量能：包括確認需求、聯合或協調各經濟體領導力。

2. 亞太稅務中心之簡介及建議

亞太稅務中心係亞洲開發銀行所屬機構，在全球經濟受到 COVID-19 衝擊下，該稅務中心將有助於加強國內資源動員（Domestic Resource Mobilization，簡稱 DRM）和國際稅務合作（International Tax Cooperation，簡稱 ITC），同時提供各國一個開放且包容性之平台，進行政策對話、經驗分享及各方意見協調。其目標係推動中期財政收入策略、租稅管理自動化進程及促進國際租稅合作。

亞太稅務中心建議強化國內資源動員（DRM）作為永續發展目標之一環，尤其對後疫情時代之亞太國家而言，強化國內資源動員將持續成為優先策略，除可作為直接財源挹注其他永續發展目標，亦可作為達成特定目標之工具。政府可運用累進稅因應所得分配不公平，運用碳稅等環保相關稅制推動綠色經濟復甦，並透過創新數位科技之投資，促進稅制現代化及強化租稅課徵。各國因應疫情實施之眾多紓困措施已造成政府債務增加，且財政收入下降更加重財政惡化，政府應審慎管理財政收入及重視財政脆弱性，以避免市場失去信心，確保有足夠財政資源因應疫情並帶動經濟復甦。而低所得國家為維持外部財源（如貸款或國際組織資助等），尚須提升財政管理面，確保其財政健全。最後建議透過國際租稅合作，協助亞太地區發展中國家就跨境貿易及投資達成多邊共識，以防止稅基流失，

並避免雙重課稅。

肆、心得及建議

- 一、因應本次 COVID-19 肺炎疫情造成之社會、經濟劇變，各國皆採行各項稅務措施，以協助受疫情衝擊之個人及企業度過本次危機，我國亦提供多項稅務措施，例如為避免 COVID-19 疫情期間產生群聚風險，延長所得稅結算申報期限；為減輕營利事業資金調度壓力，提供虧損扣除及免辦理營利事業所得稅暫繳等措施；並考量業者受疫情影響情形，依其實際營業或使用情形覈實調減各項稅負；以及從寬受理延期或分期繳納稅捐等措施。惟因應 COVID-19 疫情，除提供各項稅務協助措施外，亦大幅擴張支出，為免未來面臨財政負擔之難題，爰建議在數位經濟快速發展、全球化及網路經濟興盛之交易模式下，持續推動相關擴大稅基措施(如運用大數據掌握稅源及加強國際租稅資訊交換等因應策略避免稅基侵蝕)，提升並穩定我國財政收入來源。
- 二、為降低貧富差距，我國積極透過租稅移轉與社會福利措施等政策工具，努力改善所得分配，其中甫實施之房地合一稅 2.0，將獲得之稅收應用在長照、興建社會住宅上，就是希望透過租稅政策降低所得分配不公平性。鑑於研究顯示，財產稅在效率面之扭曲性最低，較不受景氣影響，建議未來持續思考如何運用財產稅特性落實租稅改革，並建立納入包容性成長之租稅制度，達成財政收支平衡及永續發展之目標。

附件：會議資料

Tax Policy Responses to the COVID-19 Pandemic – Agenda

Facing a pandemic that brought the global economy to a standstill in 2020, economies in APEC and beyond have looked to tax policy to help respond to the crisis and shape an inclusive and sustainable recovery. The OECD is pleased to support APEC member economies by organising this capacity-building workshop to examine tax policy responses to the COVID-19 pandemic, covering a survey of the approaches taken at the outset of the crisis, which approaches have been particularly successful and how economies are now looking to tax policy as a lever to ensure that relief remains targeted and supports a strong and inclusive recovery.

Requests for intervention in all sessions should be made by writing your economy name in the chat box, the Chair will then call economies in order.

Day one: 21 July 11:00pm – 1:40am (NZT)

Workshop length = 3 hours

Time (NZT)	Agenda
11:00pm- 11:15pm	<p><u>Welcome and introduction</u></p> <p>Mr Mark Blackmore, Senior New Zealand Treasury Representative Southeast Asia, will welcome attendees to the session and will run through the meeting format.</p> <p>Ms Grace Perez-Navarro, Deputy Director of the OECD's Centre for Tax Policy and Administration, will provide opening remarks for the OECD.</p>
11:15pm – 12:00pm	<p><u>Session One: Tax policy responses to the COVID-19 pandemic</u></p> <p>Overview of OECD's work on tax policy responses to the COVID-19 pandemic by Mr David Bradbury, Head of Tax Policy and Statistics Division, OECD.</p> <p>Following the presentation, economies will have an opportunity to ask questions and make comments. The discussion will be moderated by Mr Andrew Auerbach, Senior Tax Advisor, OECD.</p>
12:00pm – 12:50am	<p><u>Session Two: Panel Discussion</u></p> <p>APEC member economies will share their experiences in using tax policy during the emergency phase of the COVID-19 pandemic and to stimulate the economic recovery:</p> <ul style="list-style-type: none"> Indonesia - Ms Pande Putu Oka Kusumawardani, Director of Centre for State Revenue Policy, Fiscal Policy Agency Thailand - Ms Kanjana Tangpakorn, Director of the Tax Policy Bureau, Fiscal Policy Office, Ministry of Finance Thailand

	<p>Each presenter economy will give a ten-minute presentation. At the end of the presentations there will be discussion moderated by Mr Stephen Bond, Principal Advisor, Tax Strategy, New Zealand Treasury.</p> <p>Economies should indicate their wish to speak in the chat box.</p>
12:50am – 12:55am	<p><u>BREAK</u> 5 minutes</p>
12:55am – 01:50am	<p><u>Session Three: Launch – Revenue Statistics in Asia & the Pacific 2021: Emerging Challenges for the Region in the Post-COVID Era</u></p> <p>This session will feature a number of presentations detailing the OECD’s Revenue Statistics in Asia and the Pacific, including the lessons learned from this study.</p> <ul style="list-style-type: none"> • Presentation of key findings from <i>Revenue Statistics in Asia and the Pacific</i>, and broadening to include APEC (presentation by Ms Michelle Harding, OECD) • Emerging fiscal challenges for the region post COVID-19 (the special feature) (ADB) • The Pacific perspective (comment by Ms Koni Ravono, Pacific Islands Tax Administrators Association (PITAA)) • APEC economy perspectives: <ul style="list-style-type: none"> ○ The Philippines – Ms Rowena Sta Clara, Director, Department of Finance ○ Singapore <p>Following these presentations there will be an opportunity for attendees to ask questions.</p>
01:50am – 02:00am	<p><u>Wrap up and close</u></p> <p>Stephen Bond (New Zealand) and Andrew Auerbach (OECD) will provide a wrap up of discussions and thank participants for their contributions.</p>

Day two: 22 July 11:00pm – 1:10am (NZT)

Workshop length = 2 hours 10minutes

Time (NZT)	Agenda
11:00pm – 11:05pm	<p><u>Welcome to Day 2</u></p> <p>Stephen Bond (New Zealand) will welcome attendees back to the workshop</p>
11:05pm – 12:20pm	<p><u>Session Four: Building back better – Options for Tax Reform</u></p> <p>This session will focus on tax policy as a tool to strengthen inclusive and sustainable economic growth. There will be two presentations:</p> <ul style="list-style-type: none"> • Tax Design for Inclusive Growth – Mr Bert Brys, Head of Unit, Country Tax Policy, OECD • Tax and Climate Change – Mr Kurt Van Dender, Head of Unit, Environmental Tax, OECD <p>There will be a Q&A following each presentation, moderated by Andrew Auerbach (OECD).</p> <p>Economies are also encouraged to share their policy experience and thinking about how tax policy can support inclusive and sustainable growth.</p>
12:20pm – 01:20am	<p><u>Session Five: Supporting Developing Economies</u></p> <p>This will be an information session on how IOs and IFIs can support tax policy design and implementation:</p> <ul style="list-style-type: none"> • Platform for Collaboration on TAX (PCT) – Medium Term Revenue Strategies, presented by Ms Margaret Cotton, Deputy Division Chief, IMF Fiscal Affairs Department • Asian Development Bank – Asia Pacific Tax Hub. This will be presented by Mr Daisuke Miura, Public Management Specialist (Taxation), Asia Development Bank. <p>The session will be moderated by Mr Diego Gonzalez-Bendiksen de Zaldivar (OECD).</p>
01:20am – 01:30am	<p><u>Wrap up and close</u></p> <p>Mark Blackmore (New Zealand) and Andrew Auerbach (OECD) will sum up discussions from both days and thanks attendees for their contributions.</p>

Economy and Timezones

Economy	Local time for 11.00pm NZT
Australia	9:00pm
Brunei Darussalam	7:00pm
Canada	7:00am
Chile	7:00am
People's Republic of China	7:00pm
Hong Kong, China	7:00pm
Indonesia	6:00pm
Japan	8:00pm
Republic of Korea	8:00pm
Malaysia	7:00pm
Mexico	6:00am
New Zealand	11:00pm
Papua New Guinea	9:00pm
Peru	6:00am
The Philippines	7:00pm
The Russian Federation	2:00pm
Singapore	7:00pm
Chinese Taipei	7:00pm
Thailand	6:00pm
United States of America	7:00am
Viet Nam	6:00pm



TAX POLICY RESPONSES TO THE COVID-19 PANDEMIC

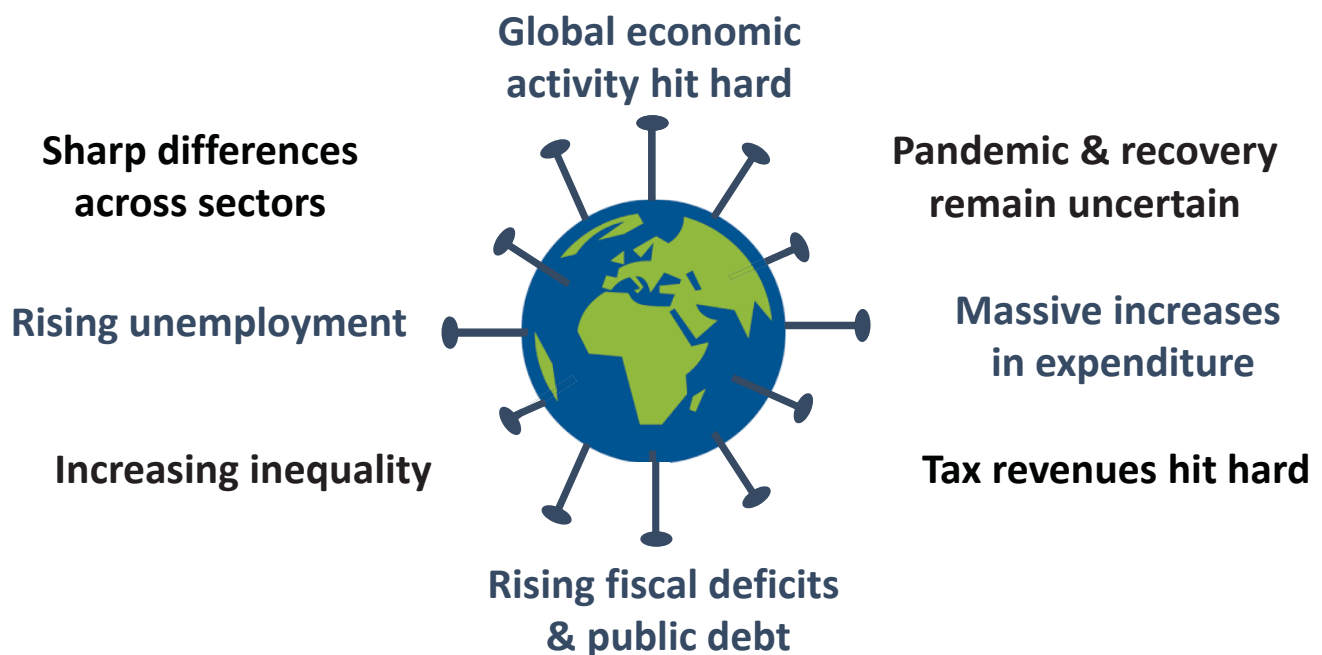
APEC/OECD Tax Policy Workshop

David Bradbury, Head of Tax Policy & Statistics
OECD's Centre for Tax Policy and Administration

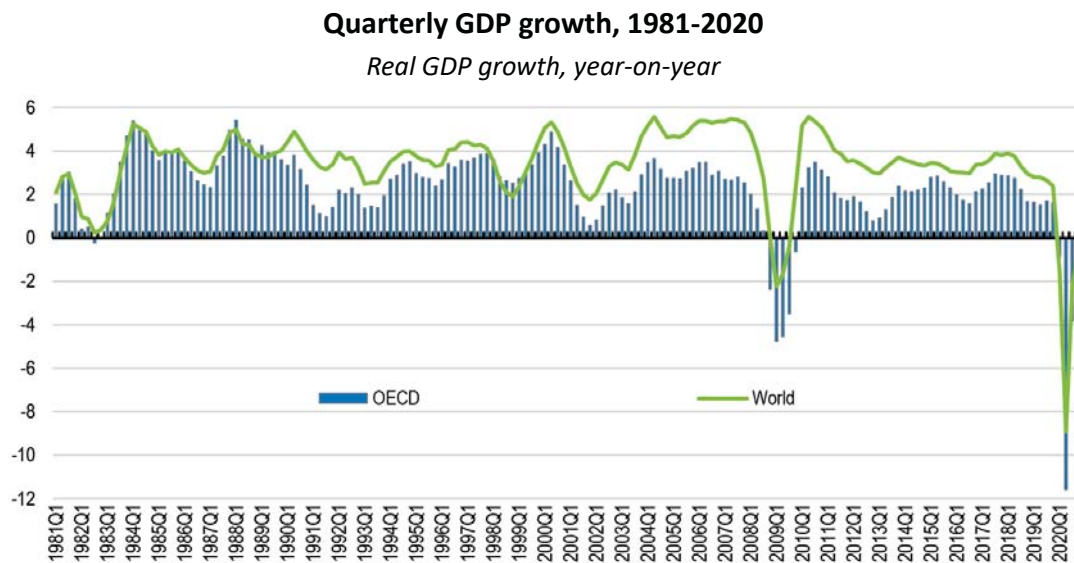
21 July 2021



Impact of the COVID-19 crisis on tax systems



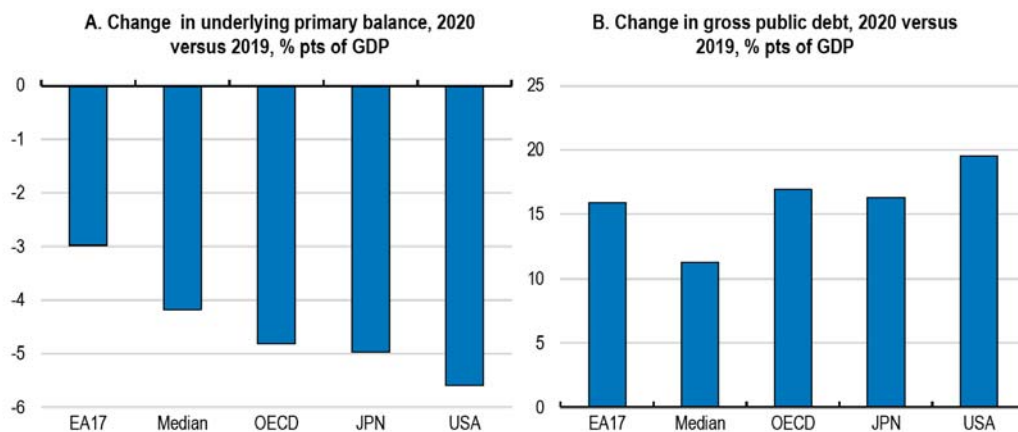
A global health and economic crisis without recent precedent



Source: OECD Economic Outlook Database

Governments' fiscal responses have also been unprecedented in scale

Public finance projections (based on estimates)



Source: OECD Economic Outlook Database

Tax policy responses to the COVID-19 pandemic

- **Report to the G20 Finance Ministers and Central Bank Governors Meeting in April 2021**
 - Updated the April 2020 report on *Tax and fiscal policy in response to the Coronavirus crisis*
- **Tax Policy Reforms 2021**: Special edition on Tax Policy during the COVID-19 pandemic
- **Covers 66 jurisdictions**, including all OECD and G20 economies and an additional 21 Inclusive Framework members



A wide range of fiscal policy tools have been used to respond to the pandemic's economic impacts

Loan
guarantees

Job retention
schemes

Direct
transfers

Expanded
access to
social benefits

Tax
measures

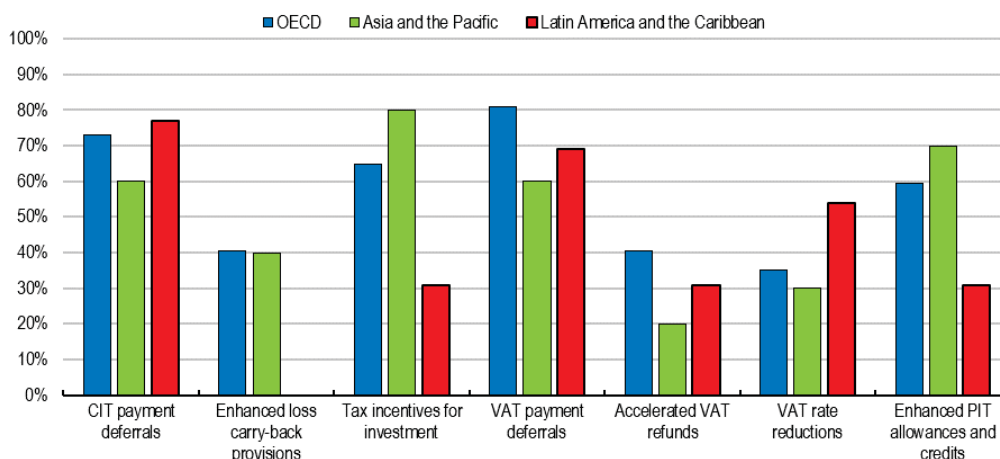
Tax packages have evolved to include recovery-orientated stimulus measures & some tax increases

Relief	Recovery-oriented stimulus	Tax increases
<ul style="list-style-type: none"> • Tax deferrals • Tax filing extensions • Accelerated tax refunds • Loss carry-back provisions • Temporary tax waivers • Temporary tax rate reductions 	<ul style="list-style-type: none"> • Tax incentives for investment • Corporate tax rate decreases • Tax incentives for employment • Temporary VAT rate reductions • Reduces property transaction taxes 	<ul style="list-style-type: none"> • Increases in top PIT rates • Increases in environmentally related taxes, in particular fuel excise and carbon taxes • Property tax increases

There were a number of tax policy measures that were common across economies

Most common tax measures in selected regions

Shares of economies reporting tax measures in each group

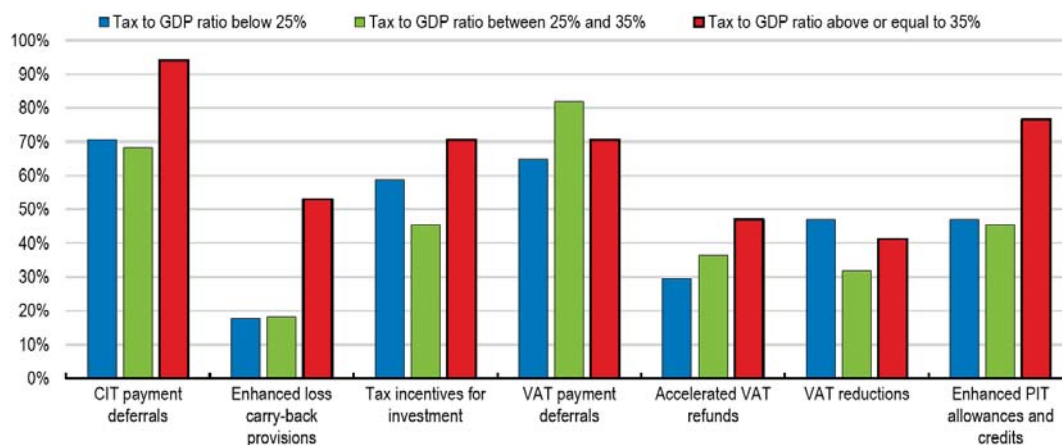


Source: OECD Tax Policy Reforms Questionnaire (2021)

The scope and size of tax packages has been larger in economies with greater fiscal space

Most common tax measures across economies with different tax-to-GDP ratios

Shares of economies reporting tax measures in each group



Source: OECD Tax Policy Reforms Questionnaire (2021)

The way forward: Increased targeting & careful withdrawal of emergency tax relief will be needed

- **Avoid premature withdrawal of relief** and extend cash flow and income support measures where appropriate
 - For example, consider converting tax deferrals into interest-free tax instalments
- Progressively replace blanket measures with **more targeted support**
 - Pay careful attention to ensure support is targeted to the households, businesses and sectors that continue to be affected as the health and economic situation evolves
- Avoid “**sudden spikes**” in tax liabilities and “**cliff edge**” effects
- Carefully **enforce and monitor relief** measures
 - To ensure relief provisions are not being abused and to recalibrate policy where appropriate

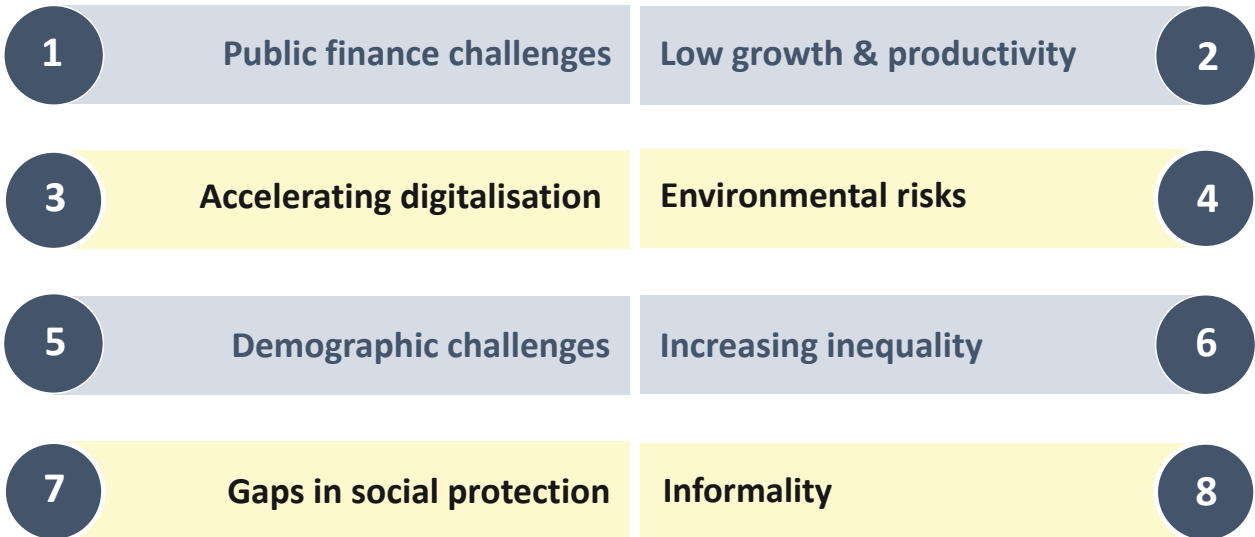
The way forward: In the short run, pursuing well-designed stimulus will be required

- Ensure that stimulus is **temporary**
- Target where **equity needs and fiscal multipliers** are highest
- Prioritise measures that **support employment**
- Encourage **business recapitalisation**
- Align with **environmental, health and social objectives**
- Tailor to **economy-specific circumstances**
- **Coordinate tax stimulus with other policies** (and across economies)

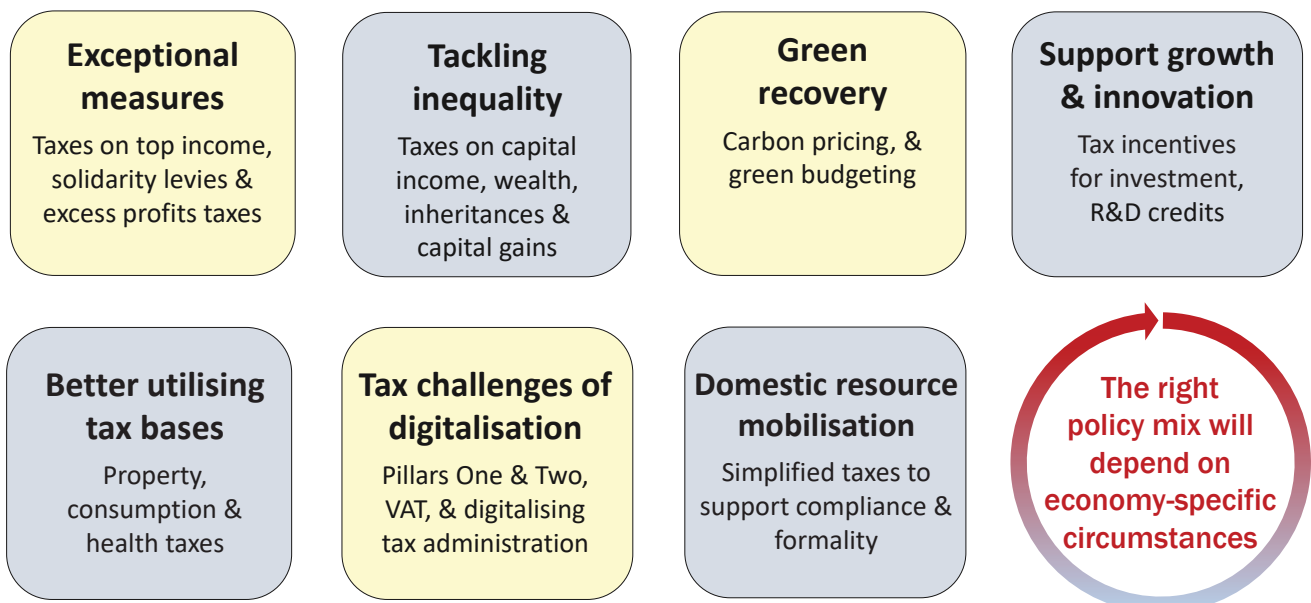
The way forward: In the medium to long run, tax and spending policies should be reassessed

- Opportunity for governments to **fundamentally reassess** their fiscal strategies (i.e. tax and spending policies) to ensure they are capable of meeting **medium and long-term challenges**
 - **Challenges brought to the fore by the crisis** and its uneven impact
 - **Structural trends:** climate change, rising inequalities, population ageing and digitalisation
- The **OECD is undertaking significant work in this area** and is looking forward to collaborating with the Inclusive Framework over the coming years
 - **Joint project:** between the Centre for Tax Policy and Administration and the Economics Department

Long-term trends, structural shifts & challenges



Policy options for sustainable & inclusive growth



Contact details



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INDONESIA EXPERIENCES IN USING TAX POLICY TO STIMULATE THE ECONOMIC RECOVERY

APEC/OECD Workshop:
Tax Policy Responses to the COVID-19 Pandemic
July, 21-22 2021

Pande Putu Oka Kusumawardani
Acting Head of Center of Revenue Policy



Fiscal Policy Agency
Ministry of Finance of Indonesia



FISCAL POLICY RESPONSES DURING COVID-19 PANDEMIC

COVID-19 handling, recovery acceleration and reforms pave way towards economic transformation



EXTRAORDINARY POLICY

Extraordinary policy to
respond the impact of the
COVID-19 pandemic

IMMEDIATE RESPONSE:

- Perpu No.1/2020 → Law No.2/2020
- Increasing the budget deficit to address COVID-19 and economic recovery program's (PEN)



REOPENING POLICY

Commitment to COVID-19
handling and economic
recovery

FISCAL STIMULUS TO SUPPORT REOPENING

- Accelerating Covid-19 containment,
- Providing jump start for the economy,
- Commencing Indonesia's economic recovery program



RECOVERY & REFORM POLICY

Commitment to continuously
reform

ACCELERATING RECOVERY & COMMITTING REFORMS

- Improving and strengthening human & physical capital
- Institutional & regulatory Reform
- Transforming the economy



FISCAL CONSOLIDATION

Smooth fiscal consolidation

FISCAL DISCIPLINE TOWARDS LONG TERM SUSTAINABLE BUDGET

- 3% deficit of GDP in 2023;
- Manageable debt risk

2020

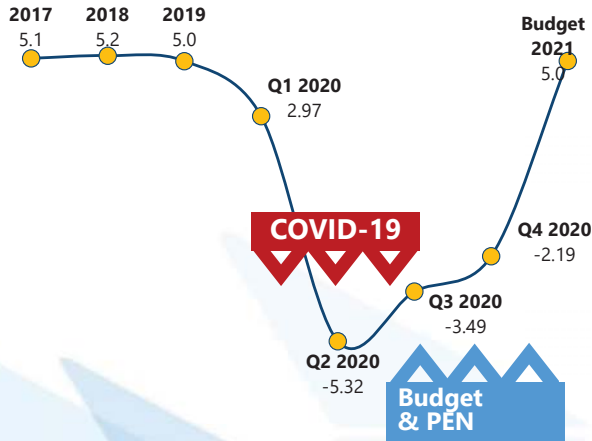
2021-2022

2023

THE BUDGET PLAYS CRITICAL ROLE IN CONTAINING THE IMPACT OF COVID-19

A countercyclical instrument in avoiding deeper economic contraction

Indonesia Economic Growth (% , yoy)



- The budget expansion program has positively affected growth of household consumption through social protection program, investment through capital spending, and government consumption.
- Through the widening of the 2020 budget deficit to 6.1% of GDP, the realization of expenditure of IDR 2,593.5 trillion, including the realization of PEN, IDR 579.8 trillion government role prevented a deeper economic contraction due to the 2020 pandemic.
- In 2021, budget and fiscal policy will continue playing its role as a driver the economic recovery.

2021 BUDGET: A VITAL TOOL TO CONTINUE THRIVE AMIDST UNCERTAINTY

Including 2021 PEN Budget Rp699,43T or grows by 21 % (yoy) compared to 2020 PEN realization (unaudited) Rp579,78T

2021 BUDGET

REVENUE **Rp1.743,6T**

EXPENDITURE **Rp2.750,0T**

Central Govt. Exp. **Rp1.954,5T**

Transfer to Regions **Rp795,5T**

Surplus/Deficit **(Rp1.006,4T)**

Financing **Rp1.006,4T**

Social Protection

Rp153,86T

2020: Rp230,2T

PKH, Food assistance, Cash Transfer, Pre-employment, Cash Transfer – Village Fund, Electricity Discount, etc

MESMEs & Corporation support

Rp171,77 T

2020: Rp177T

Interest subsidy for MSMEs, BPUM, guarantee services (IJP), PMN to SOEs, etc

Health

Rp193,93 T

2020: Rp99,5T

Vaccination, tracing & testing, health worker's incentive and compensation, health tax incentives, medical facilities, etc.

Business incentives

Rp62,83 T

2020: Rp120,61T

Government-borne income tax, tax incentive for housing and motor vehicle purchase, etc

Priority Programs

Rp117,04T

2020: Rp67,9T

Labor intensive program, tourism supports, food security/food estate, etc



ECONOMIC RECOVERY POLICY FRAMEWORK 2021

1

HEALTH INTERVENTION

- Free Vaccination → for 181.5 million people to achieve herd immunity
- Encouraging 5M 3T
- Other intervention → Health facilities, Health Protective Equipment

Social Protection Programs

For bottom 40 and the vulnerable group:
PKH, Groceries card, BST, BLT DD, Pre-employment, electricity discount, internet subsidy

2

SURVIVAL AND RECOVERY KIT

Maintaining Business Continuity

- Support for SMEs and cooperation
- Priority programs to support job creation

3

STRUCTURAL REFORM

Through the Job Creation Law to address various challenges of development (providing employment opportunities, empowering MSMEs, regulatory reform, SWF development, Ease of Doing Business, etc.)

GAME CHANGER
2021

ECONOMIC RECOVERY



ECONOMIC RECOVERY PROGRAM: TAXATION INCENTIVES

The government provides incentives to support demand, business cashflow, medical devices and vaccines



To Support Demand

To help maintaining people's purchasing power during the pandemic

Incentives to support demand:

- PIT Article 21 borne by the government
- Luxury tax of Motor Vehicles borne by the government
- VAT of Housing borne by the government

To Support Cashflow

For the business sectors affected by the pandemic, the government provides additional tax incentives

Incentives to maintain Business Cashflow:

- lower CIT rate
- Income Tax Article 25 reduction
- Exemption of Income Tax Article 22 (import)
- Accelerated-VAT refund
- MSME final income tax borne by the government
- VAT not collected for export-oriented Industry
- Import duty borne by the government

Medical Devices and Vaccines

To support the efforts to overcome the COVID-19 pandemic, the government also provides tax incentives in the process of procuring medical equipment and vaccines

Health sector incentives:

- Import duty exemption
- VAT borne by the government of medical devices
- PIT Article 21 Exemption
- Exemption of Income Tax Article 22
- Income tax Article 23 exemption

Vaccine procurement incentives:

- Import Duty Exemption
- Excluded of Income Tax Article 22
- VAT not collected on import
- VAT borne by the government

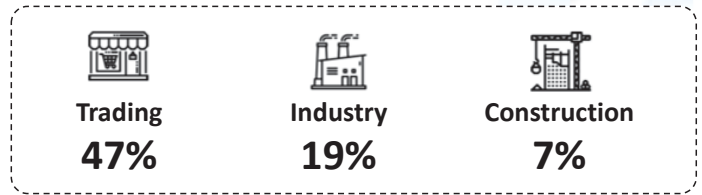


Utilization of Covid-19 Tax Incentives in 2020

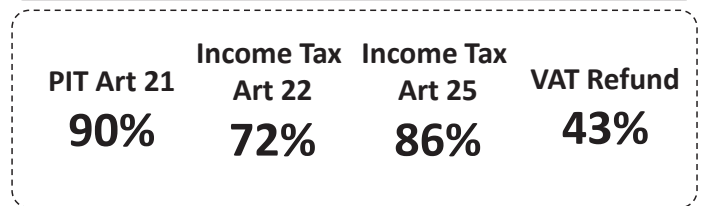
Tax incentives have been utilized and helped
463,316 Taxpayers

incentives to increase people's purchasing power	PIT 21	131,889 employers (3.49 T)
incentives to help liquidity and business continuity	Income Tax 22	14,941 taxpayers (13.56 T)
	Income Tax 25	66,682 taxpayers (20.56 T)
	VAT Refund	2,529 taxpayers (5.05 T)
corporate income tax rate reduction incentives	CIT 25	corporate taxpayers (12.68 T)
Incentives to help MSMEs	Final tax PP-23	corporate taxpayers (12.68 T)

Most affected taxpayers by the pandemic dominate the utilization of incentives



Majority of eligible Business Classifications have benefitted from the incentives



7



Utilization of Covid-19 Tax Incentives in 2020

Finding from MOF's 2020 Survivability Survey

Type of Incentives	Sector domination	Taxpayers who find it useful	Taxpayers who would like to utilize it again	March
Government-borne PIT Art 21	Trade (43%) Industry (18%)	95%	95%	The beneficiaries of Government-borne Personal Income Tax Article 21 incentive have less likely reduced their employees compared to those who did not utilize the incentive.
Income Tax Article 22 exemption	Trade (53%) Industry (41%)	97%	97%	Business activity contractions of the incentive beneficiaries are relatively lower compared to the non-beneficiaries: <ul style="list-style-type: none"> • Lower contraction on turnover (local sales) • Lower contraction on import • Lower contraction on local purchase
Income Tax Article 25 reduction	Trade (55%) Industry (16%)	98%	98%	
Accelerated VAT refund	Trade (39%) Industry (37%)	98%	98%	
Medical equipment import facilities	63.8% private entities	90%	93%	
Import duty borne by the government	11 Industries	100%	100%	

Source: DGTax and DGCustoms



Provide more precise and measurable fiscal incentives

Government continues to provide incentives including tax incentive to support economic recovery



Optimize tax revenue

- Tax e-commerce
- Extend excisable goods
- Develop digital-based Customs and Excise services
- Increase voluntary compliance
- Law enforcement and supervision,
- Reform: organization, HR, IT and databases, as well as business processes and regulations.



Perform relaxation procedures to accelerate economic recovery



Improve tax regulations



Provide incentives for vocational and R&D, and protection for the community and the environment

TAX REVENUE RISKS IN 2021

- Commodity prices volatility
- Economic performance would not entirely recover after the COVID-19 pandemic;
- The business would be still in the recovery period after experiencing business losses;
- Tax Extensification and intensification efforts would not yet be optimal after the COVID-19 pandemic.

TAX REVENUE CHALLENGES IN 2021

- Changes in the economic structure
- Development of electronic transactions;
- The business would still need government support to increase competitiveness and quality of human resources;
- The tax base needs to be expanded
- Tax compliance must always be improved.

Thank you



Thailand's Tax Policy Measures and Economic Stimulus Measures' Experiences during COVID-19 Pandemic

**Panel discussion of APEC member economy experiences in using tax policy during the emergency phase of the COVID-19 pandemic and to stimulate the economic recovery
21st July 2021, 12:15 am (NZ time)**

Ms. Kanjana Tangpakorn
Director of the Tax Policy Bureau
Fiscal Policy Office, Ministry of Finance of Thailand

Outline



1) The Impact of COVID-19 on Thai economy



2) Tax Policy Measures during COVID-19

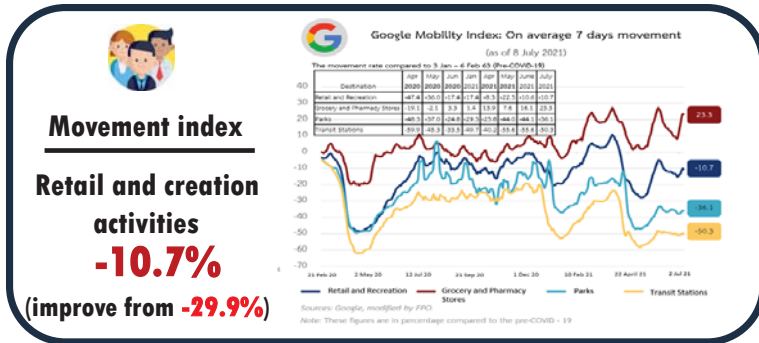


3) Economic Stimulus Measures

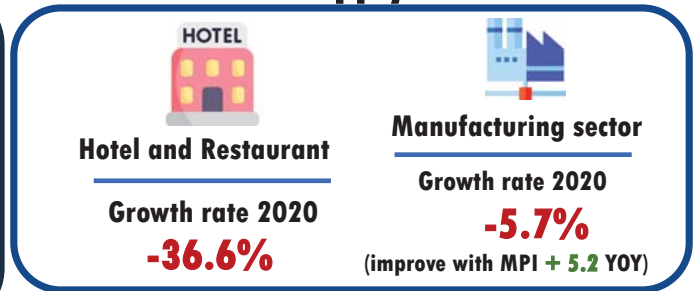
1) The Impact of COVID-19 on Thai economy



Demand side

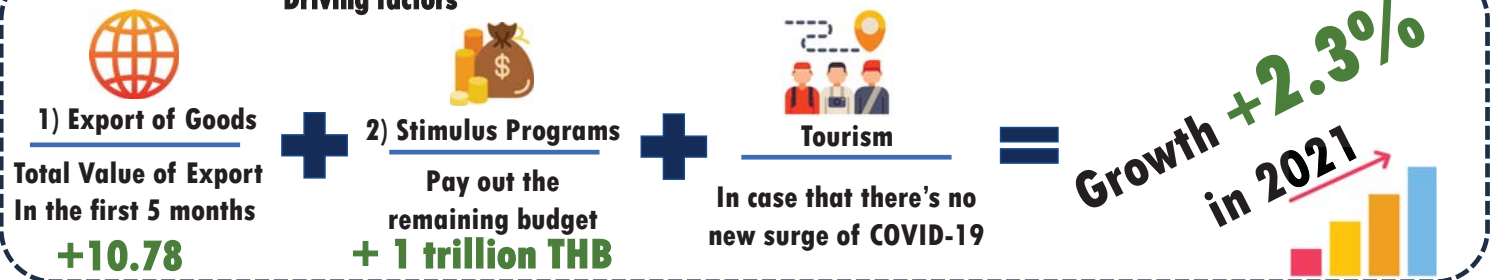


Supply side



Projection

Driving factors



2) Tax Policy Measures during COVID-19



4 th February 2020	10 th March 2020	24 th March 2020	January 2021	April - May 2021
PIT	CIT	PIT	PIT	CIT
1) Extension the filing and payment of personal income tax (Deadline: June 2020)	1) Reduction in withholding tax rates from 3% to 1.5% (Exp: 30 th Sep 2020)	1) Postpone the filing and payment PIT (Deadline: 31 st August 2020) 2) PIT exemption for medical staff and public health personnel (Tax year 2020) 3) Increasing the limit of deduction of health insurance premiums (Since 2020)	1) Postpone the filing and payment of personal income tax (Deadline: 30 th June 2021)	1) Extension of the deadline for corporate income tax submission and payment (30 th June 2021)
CIT	2) Deduction of 1.5 times interest expenses for SMEs (1 st Apr – 31 st Dec 2020)	CIT	CIT	2) Extension of 200% corporate income tax deduction on domestic training seminars (1 st Jan – 30 th Sep 2021)
2) 200% corporate income tax deduction on domestic training seminars (1 st Jan – 31 st Dec 2020)	3) Deduction of 3 times wage expenses for SMEs (1 st Apr – 31 st Jul 2020)	4) Tax and fee measure to support debt restructuring (1 st Jan 2020 – 31 st Dec 2021) 5) Postpone the submission of tax returns and payments for entrepreneurs (15 th – 23 rd May 2020) 6) Postpone the filing and payment CIT (Deadline: 31 st Aug 2020 for P.N.D. 50, deadline: 30 th Sep 2020 for P.N.D. 51)	2) Reduction in withholding tax rate to 2% (Exp: 31 st Dec 2022) 3) 200% tax deduction for expenses invested in e-Tax system preparation (1 st Jan 2020 – 31 st Dec 2022) 4) Extension for withholding tax filing and payment (Deadline: Last day of each month)	EXCISE
3) 150% corporate income tax deduction to support the improvement of hotel businesses (1 st Jan – 31 st Dec 2020)	VAT	VAT	VAT	3) Extension of reduction in excise tax rate on jet fuel oil from 4.726 to 0.2 baht/liter (Exp: 31 st Dec 2021)
EXCISE	4) Speed up VAT refund Process : VAT payers participating in the "good exporter" program will receive VAT refunds faster than usual	7) VAT exemption on import items & donation for COVID-19 (1 st Mar 2020 – 28 th Feb 2021)	5) VAT filing and payment extension (Deadline: Last day of each month)	CUSTOMS
4) Reduction in excise tax rate on jet fuel oil from 4.726 to 0.2 baht/liter (Exp: 30 th Sep 2020)	CUSTOMS	8) Filing and payment extension for businesses in entertainment industry (Deadline: 15 th Jul 2020) 9) Payment extension for entrepreneurs within oil and oil products (Exp: 30 th Jun 2020)	Property tax	4) Extension of import duty exemption on items for COVID-19 (Exp: 31 st Mar 2022)
		10) Import duty exemption on items for COVID-19 (26 th Mar – 30 th Sep 2020)	6) 90% cut on land and building tax (throughout 2021) 7) Land and building tax payment extension (Deadline: by June 2021) 8) Reduction in fee for property transactions to 0.01% (Exp: 31 st Dec 2021)	

3) Economic Stimulus Measures



October – December 2020

January – March 2021

June 2021 – Present

1) Kon-La-Krueng or HALF-HALF Phase 1

Subsidize **50% of expenses** for food, drink, goods and services



1) Kon-La-Krueng or HALF-HALF Phase 2

2) The program to increase the purchasing power for state-welfare cardholders Phase 2

Allowance top-up **500 baht/person/month** via welfare card for purchasing goods at Blue Flag shops



3) Shop Dee Mee Kuen (Shop and Payback)

Income tax deduction up to **30,000 baht** when purchasing products and services that have VAT



1) Kon-La-Krueng or HALF-HALF Phase 3

Subsidize 50% of expense for food, drink, goods and services 1st & 2nd round no more than **1,500 baht/person** in each round



2) The program to increase the purchasing power for state-welfare cardholders Phase 3

Top-up **+200 baht/person/month** purchasing at Blue Flag shops, shops under HALF-HALF scheme



3) Spend More, Get More (Ying Chai, Ying Dai)

Government gives **e-Voucher** when purchasing food and services from VAT registered stores. e-Voucher is calculated no more than **5,000 baht/person/day** or **60,000 baht/person** with a maximum e-Voucher cashback **7,000 baht/person**



4) Program to increase the purchasing power of people who need special assistance

Payout **200 baht via citizen ID cards** for 6 months from July to December 2021





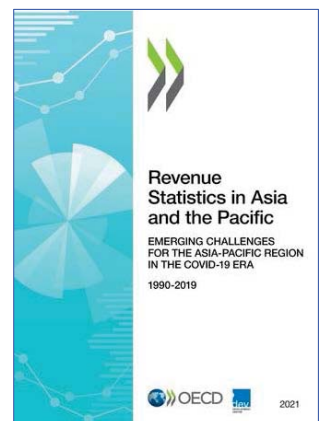
Revenue Statistics in Asia & the Pacific 2021

Emerging challenges for the Asia-Pacific region in the COVID-19 era

Michelle Harding, OECD Centre for Tax Policy & Administration

Revenue Statistics in Asia & the Pacific

- Detailed, harmonised data on public revenues are a foundational input to tax policy reform:
 - How does the tax system perform in mobilising domestic revenues?
 - What is the level of tax revenues in the economy?
 - From what sources do these revenues come?
- In 2021, the publication covers 24 economies, including three new economies:
 - Lao PDR, the Maldives & Viet Nam
 - The publication includes for the first time an Asia-Pacific average, allowing comparisons with other regions
- A special feature, written by the ADB, discusses the emerging challenges for the Asia-Pacific region in the COVID-19 era



KEY FINDINGS

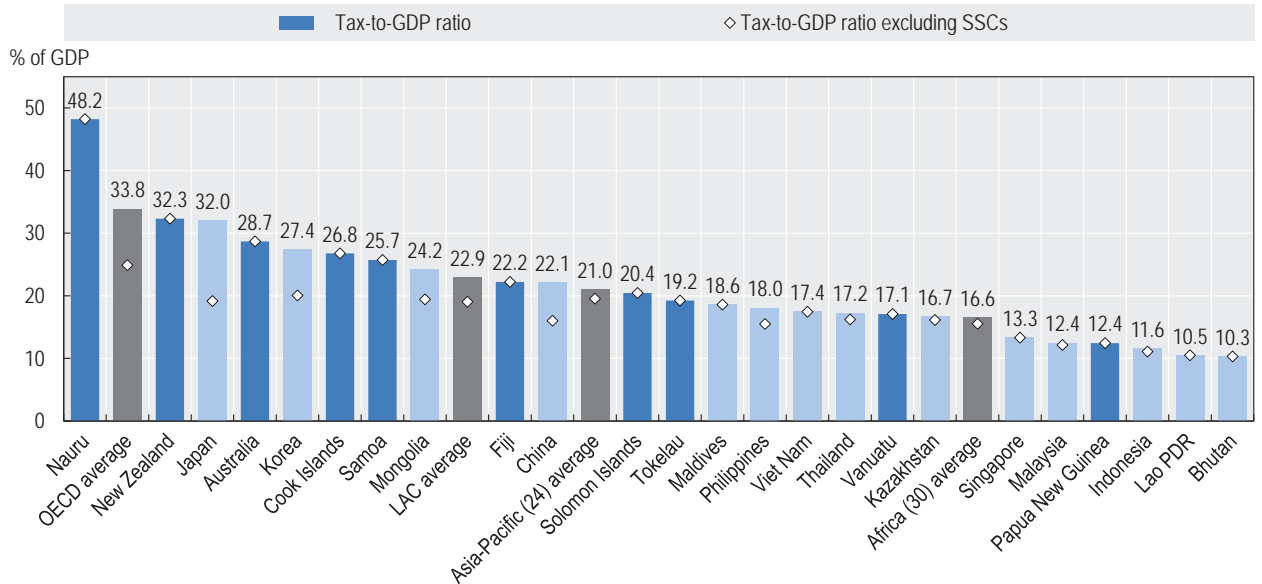


Tax revenues in Asia-Pacific have been hit by economic slowdowns

- Tax-to-GDP ratios decreased in two-thirds of economies between 2018 & 2019. A downturn in economic activity was the major cause of the decreases
- Tax-to-GDP ratios in the region vary widely:
 - The average tax-to-GDP ratio in the Asia-Pacific region was 21.0% in 2019, ranging from 10.3% in Bhutan to 48.2% in Nauru
 - Taxes on goods & services (49.8%) are the main source of tax revenues
- There are marked differences between the Asia & Pacific regions:
 - In general, Asian economies have lower tax levels & are more reliant on corporate income taxes
 - Pacific economies have higher tax levels & are more reliant on personal income taxes
- Since 2010, more than half of the economies have increased their tax-to-GDP ratios
 - Six of 14 Asian economies have higher tax-to-GDP ratios in 2019 than in 2010, as well as the majority of Pacific economies

Tax-to-GDP ratios range from 10.3% in Bhutan to 48.2% in Nauru...

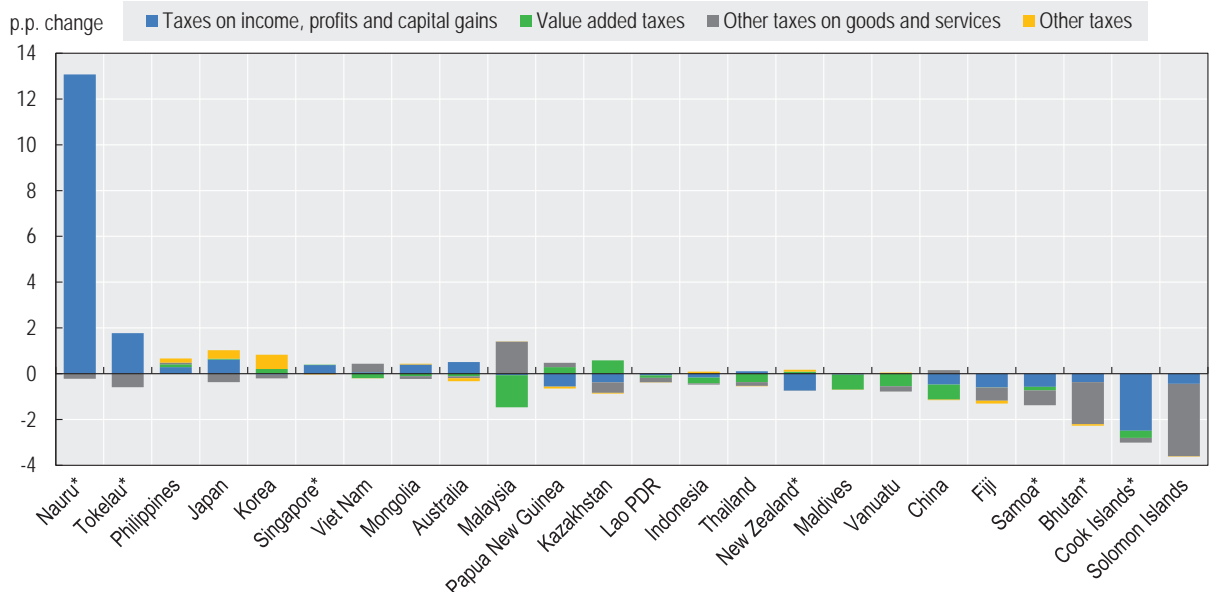
Tax-to-GDP ratios including & excluding social security contributions, 2019



Note: 2018 data are used for the Africa (30) average, Australia & Japan, as 2019 data are not available.

... and fell in two-thirds of Asian & Pacific economies between 2018 & 2019

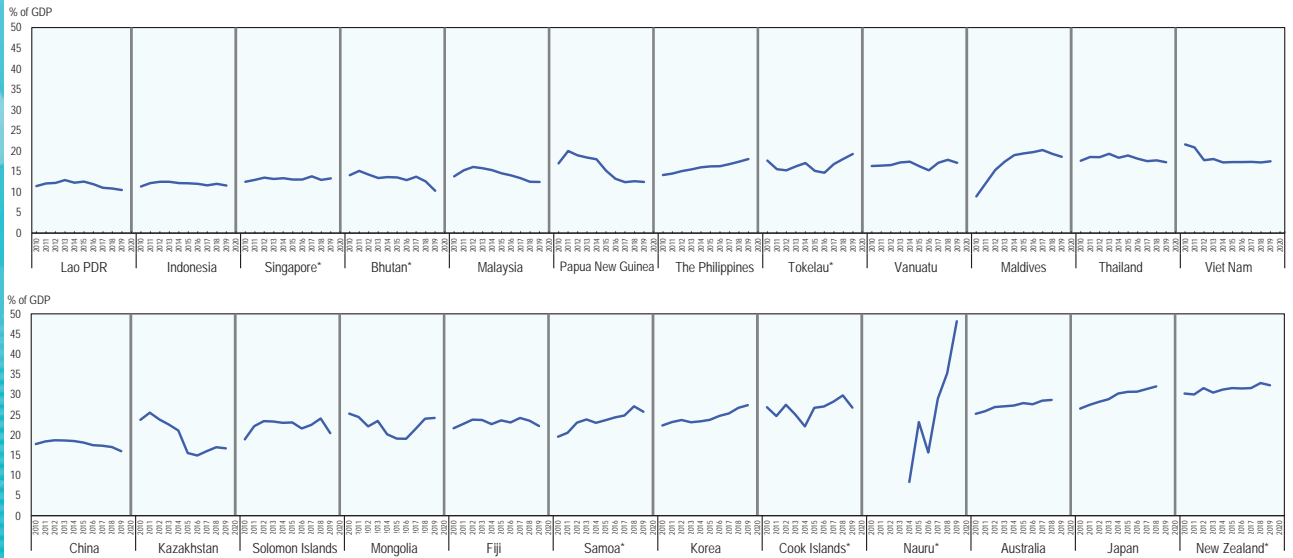
Changes in tax-to-GDP ratios between 2018 & 2019 by main type of tax



Note: 2018 data are used for Australia & Japan as their 2019 data are not available. The data for China are exclusive of SSCs. Economies with an asterisk: Part of 2020 is included in the fiscal year 2019.

Over a longer timeframe, progress in mobilising domestic resources has been mixed

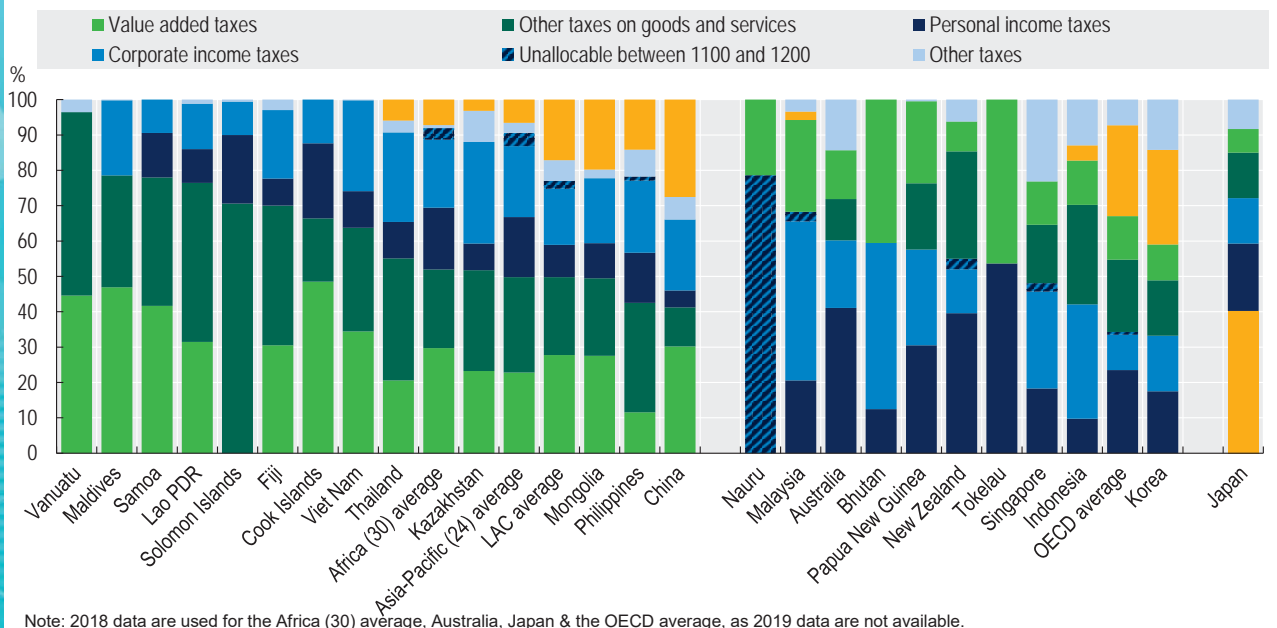
Tax-to-GDP ratios, 2010-2019



Note: Data for Nauru are only available from 2014 onwards. The data for China are exclusive of SSCs. Economies with an asterisk: Part of 2020 is included in the fiscal year 2019.

Asia-Pacific economies rely on goods & services taxes, as well as income taxes...

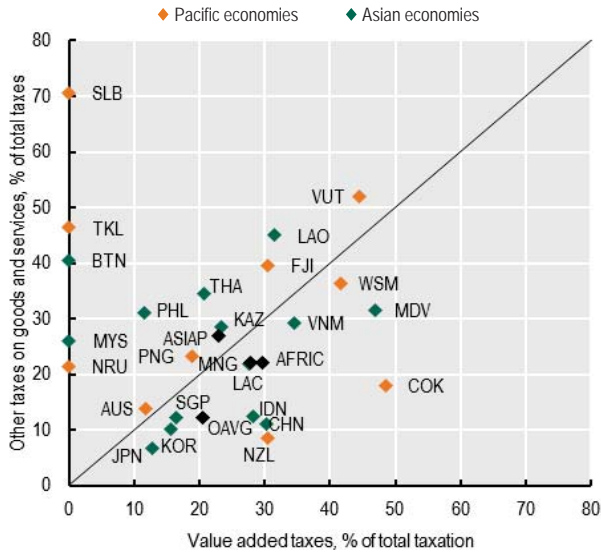
Tax structures as % of total tax revenue, 2019



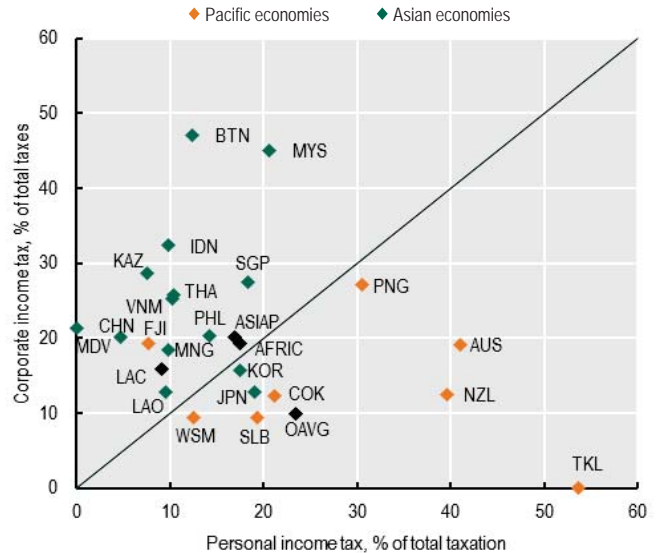
Note: 2018 data are used for the Africa (30) average, Australia, Japan & the OECD average, as 2019 data are not available.

... but within these categories, the source of revenues differs between Asia & the Pacific

Revenues from VAT & other taxes on goods & services, 2019

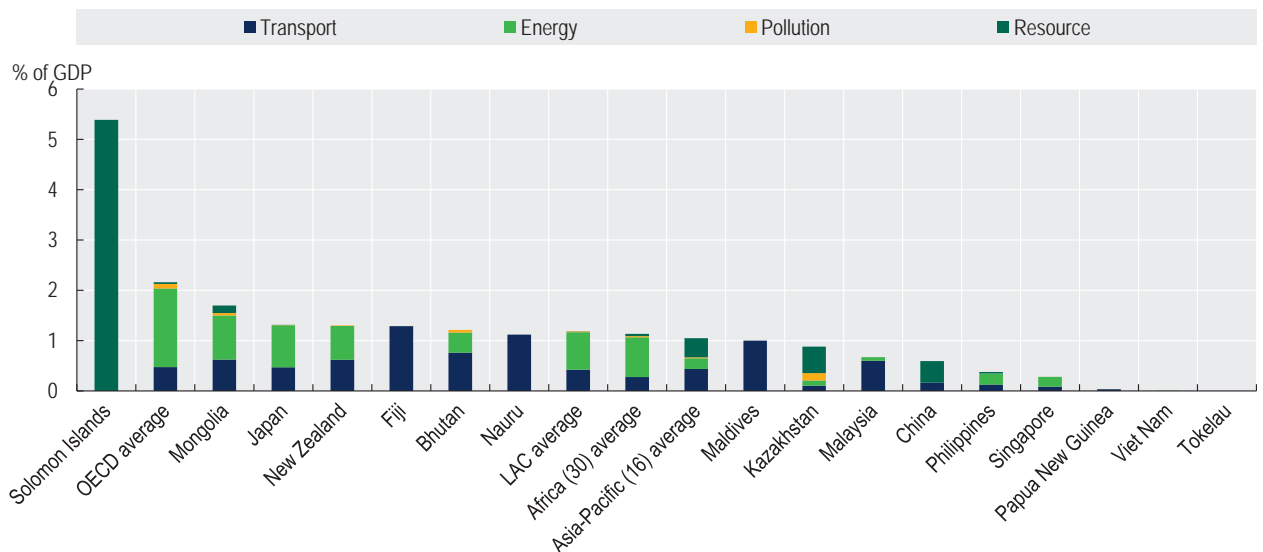


Revenues from corporate income tax (CIT) & personal income tax (PIT), 2019



Considerable scope remains to expand environmentally related taxation in the region

Environmentally related tax revenues by main tax base, 2019



Note: It has not been possible to identify environmentally related tax revenue for Australia, Indonesia, Korea, Lao PDR, Samoa, Thailand & Vanuatu due to data availability issues. 2018 data for Africa (30) average.

TAX REVENUES ACROSS APEC MEMBER ECONOMIES

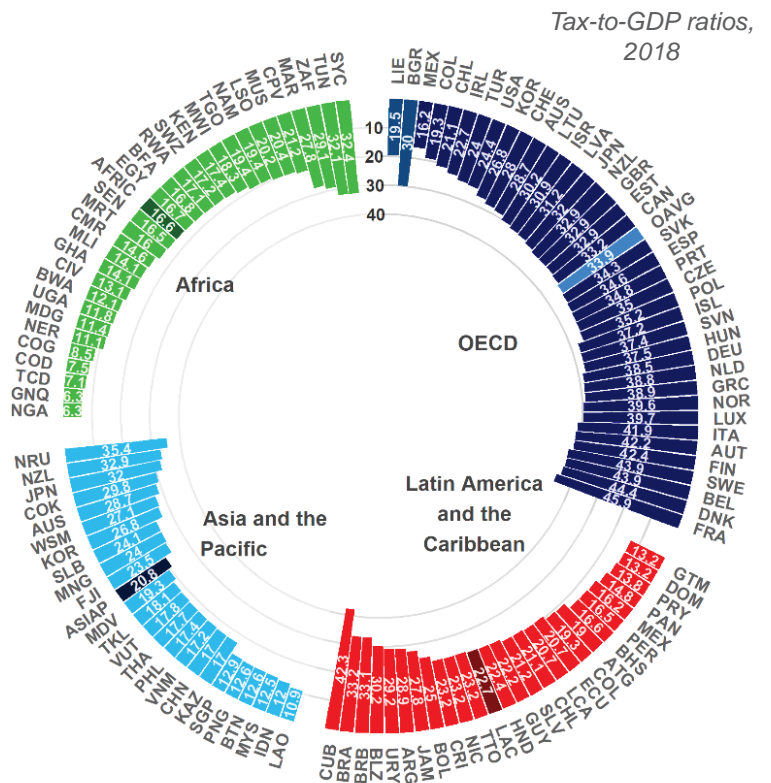
A Global Revenue Statistics Database



Revenue Statistics in Asia and the Pacific is part of a broader initiative which provides detailed, comparative information on tax levels, tax structure, & changes over time for 100+ economies according to a common classification



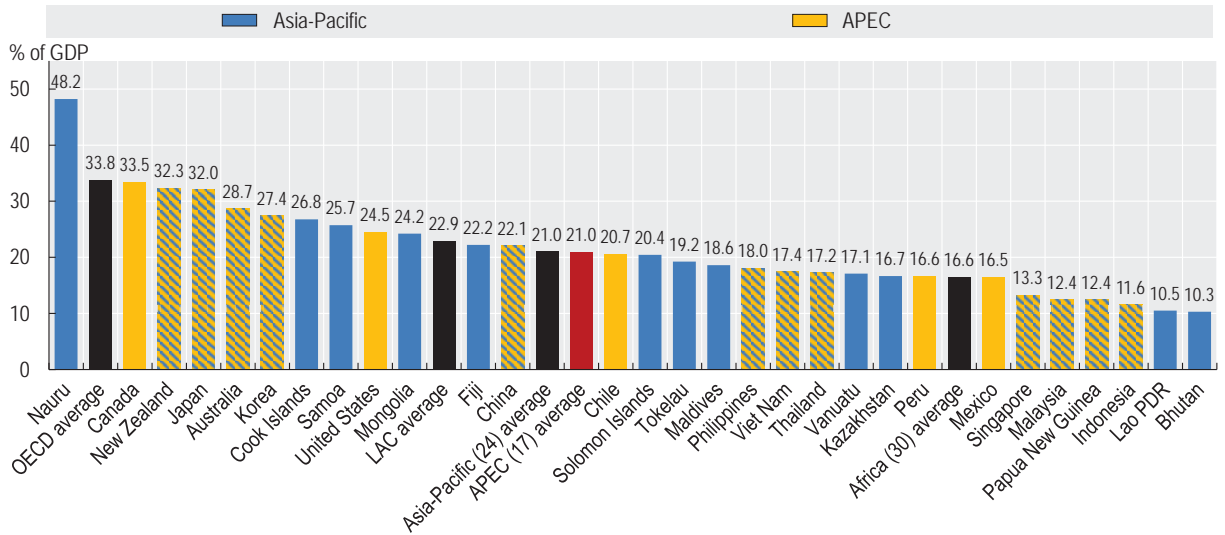
Four annual *publications* (OECD, Latin America & the Caribbean, Africa, Asia & Pacific) & *online datasets*; a *Global Database*; an interactive tool (“Compare your country”); & regional communities of practice



Source: OECD (2021), Global Revenue Statistics Database.

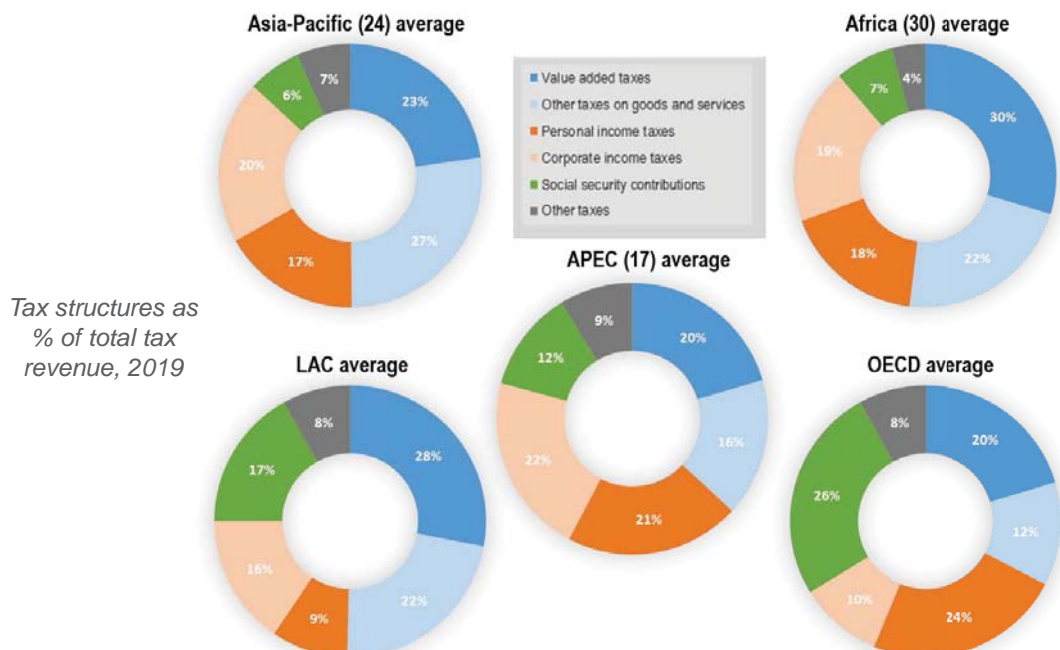
Tax levels across APEC economies are at similar levels to those in the Asia-Pacific region

Tax-to-GDP ratios for Asia-Pacific & APEC economies, 2019



Note: 2018 data are used for the Africa (30) average, Australia & Japan, as 2019 data are not available. Mexico data was estimated as sub-national data were not available at the time of data release.

APEC economies have a comparatively low reliance on VAT & a high reliance on CIT



Note: APEC (17) average excludes Brunei Darussalam; Hong Kong; Chinese Taipei; China & the Russian Federation due to data availability. 2018 data are used for Australia, Japan & Mexico as data are not available for 2019.



What does this imply for tax policy after COVID-19?

- Going into the COVID-19 pandemic, tax revenues in Asia-Pacific were already declining due to economic conditions:
 - In many economies in the region, tax revenues were relatively low in 2019
 - Initial evidence suggests that COVID-19 has reduced corporate taxes, excises & tourism-related revenues – major tax bases in the region
- Once the recovery is underway, there will be a need for the region to build back sustainable public finances & improve domestic resource mobilisation
- Diversifying & broadening tax bases can increase revenues & reduce volatility:
 - Property taxes & VAT revenues, and to a lesser extent, personal income taxes, have been less affected by the COVID-19 pandemic
 - In Asia, high reliance on corporate income taxes & on resource-related tax revenues increases volatility; investing in personal income tax architecture & widening tax base can enhance redistribution & contribute to inclusive growth
 - Across the Asia-Pacific region, scope exists to increase environmentally related taxes & property taxes to boost DRM in a sustainable & fair way

Emerging Challenges for the Region Post-COVID-19

- Revenue Statistics in Asia and the Pacific 2021 (Special Feature) -

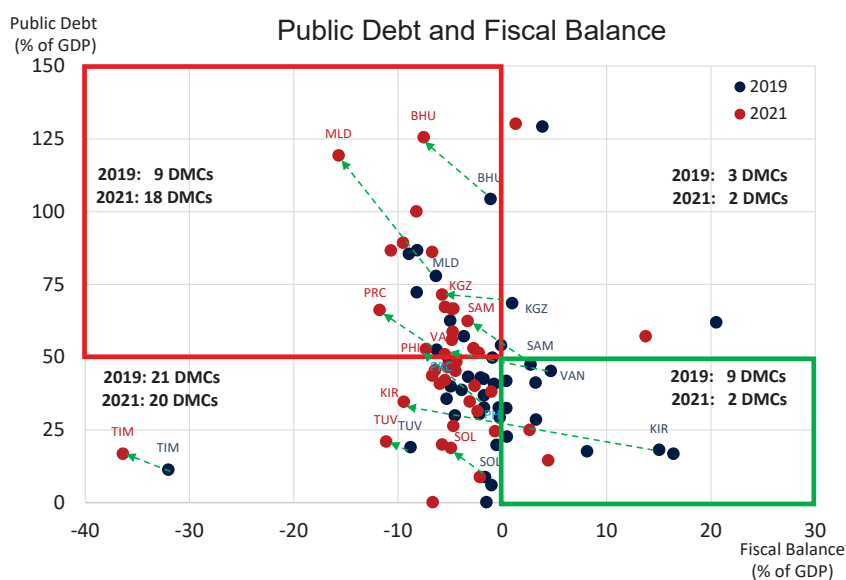
21 July 2021



Limited Fiscal Space Post-Pandemic

Key Messages:

- GDP in this region is projected to rebound to 7.3% in 2021, and economic growth will recover revenue collection to some extent.
- Unanticipated increases in public debt as a result of large fiscal measures to mitigate the impact of COVID-19, and shrinking tax revenues have worsened fiscal balances and created debt sustainability challenges.



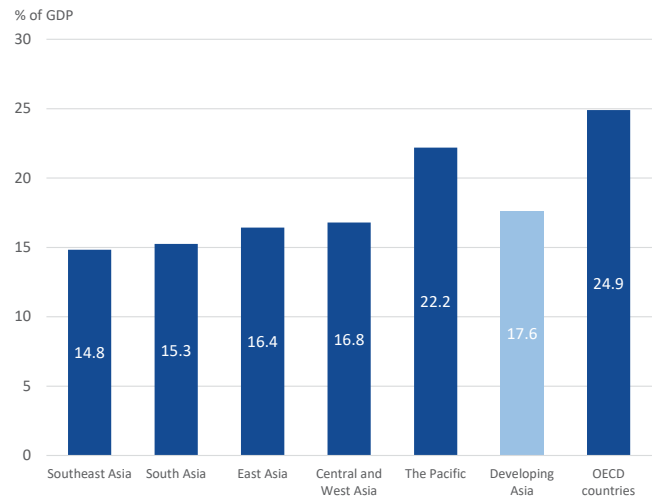


Why does DRM matter for Asia and the Pacific?

Key Messages:

- Even prior to the pandemic, many of our developing members had recorded **weak revenue performance** on average, compared to OECD economies.
- The tax-to-GDP ratio in several member economies **remains below 15%**, which is regarded as minimum level required for sustainable growth.
- This region is **falling short on all 17 Sustainable Development Goals** (SDGs). DRM will also be a crucial pillar as SDG 17 is the foundation for achieving all of other SDGs.

Comparison of tax-to-GDP ratios in 2018



Note: Data do not include social security contributions.
Source: ADB Key indicator database, OECD 2020 Revenue Statistics, World Bank Open Data, and IMF Article IV Report

3



Emerging Challenges from COVID-19 Pandemic

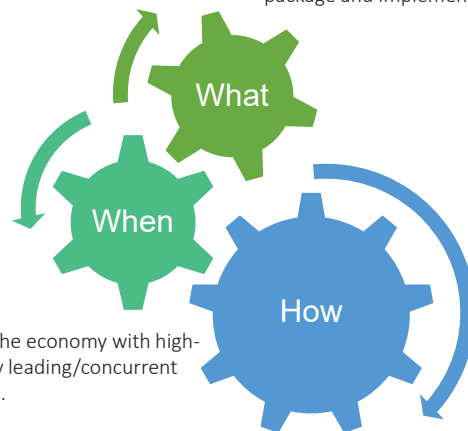
Challenges:

- The optimal timing for the removal of the tax measures is never easy. Those measures are extension of time limits on the payment of taxes and tax deferrals, which have been the most widely adopted measures in the Asia and Pacific region.
- Governments can begin to consider easing or eliminating tax measures and strengthening DRM to regain a balanced budget over the medium term.

Considerations:

- Three challenges needed to be addressed when removal of tax measures: the what, when, and how.
- Emphasis should be placed on the importance of avoiding the premature withdrawal of relief measures but of increasingly targeting it to severely affected businesses and households.

- Removal should be put into effect simultaneously?
- Broken up into components of a package and implemented separately?



- Monitor the economy with high-frequency leading/concurrent indicators.

- Wind down tax measures gradually?
- Withdraw them in full and go back to the normal tax structure?

4



Other Emerging Challenges from the Pandemic

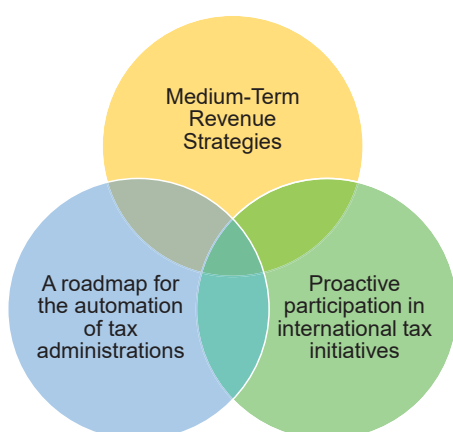
	Growing income and social inequality	Expansion of the informal economy	Addressing the tax challenges from the digital economy
Challenges	<ul style="list-style-type: none"> The vulnerable including women and informal workers have suffered job losses and slumping incomes at a faster rate than other groups. 	<ul style="list-style-type: none"> Informal economic activity is significant in this region, and rated among the higher compliance risks. 	<ul style="list-style-type: none"> The tax challenges have been exacerbated by the increased digitalization of the economy due to prolonged restrictions on physical movement of goods and people.
Considerations	<ul style="list-style-type: none"> Enhance the progressivity of personal income tax (PIT) systems as tax revenue from PIT in developing economies in Asia are lower than in advanced economies. Introduce other progressive tax systems, such as property tax. 	<ul style="list-style-type: none"> Introduce and implement compliance risk management strategy. Accelerate the digitalization of tax administration. Pursue better use of data and information including through exchange of information on tax matters. 	<ul style="list-style-type: none"> ➤ A multilateral, consensus-based solution will be needed so as to avoid increasing the use of uncoordinated unilateral measures, the occurrence of double taxation, undermining cross border trade and investments across Asia and the Pacific. ➤ Ensure that the VAT systems are adequately equipped to address the implications of e-commerce growth.

5



Enhancing DRM requires Long-standing Efforts along with Support from Development Partners

Key Building Blocks



ADB's Efforts on DRM

- ADB has officially launched an **Asia Pacific Tax Hub** in May 2021, which is envisioned to serve as an **open and inclusive platform** for strategic policy dialogue, knowledge sharing, and development coordination between/among ADB, its members and development partners.
- The Tax Hub will assist our developing members to define differentiated goals on domestic resource mobilization and international tax cooperation, including **three key building blocks**.

6



TAX DESIGN FOR INCLUSIVE GROWTH

Bert Brys, Head of Unit

Centre for Tax Policy and Administration

APEC/OECD Tax Capacity Building Workshop

22-22 July 2021



COVID-19 health and economic crisis: setting the scene

- Covid-19 pandemic: health crisis and large economic downturn
- Timing of crisis varied around the world, but crisis consisted of multiple phases (linked to health pandemic), thereby prolonging the economic downturn
- Economies around the world have responded with a wide range of support measures, which have prevented a further drop in economic activity
 - Loan guarantees
 - Job retention schemes
 - Direct transfers
 - Expanded access to social benefits
 - Tax measures
- Interaction with existing weaknesses in economies' economic systems (e.g. informality)
- Targeted tax and non-tax stimulus will help with the economic recovery
- Need for fiscal consolidation but timing is crucial: not too soon, but not too late either



Tax packages have evolved to include recovery-orientated stimulus measures and some tax increases

Relief	Recovery-oriented stimulus	Tax increases
<ul style="list-style-type: none">• Tax deferrals• Tax filing extensions• Accelerated tax refunds• Loss carry-back provisions• Temporary tax waivers• Temporary tax rate reductions	<ul style="list-style-type: none">• Tax incentives for investment• Corporate tax rate decreases• Tax incentives for employment• Temporary VAT rate reductions• Reduces property transaction taxes	<ul style="list-style-type: none">• Increases in top PIT rates• Increases in environmentally related taxes, in particular fuel excise and carbon taxes• Property tax increases

3



Tax Policy Reforms series

- **Country coverage:** OECD +G 20 economies + 21 additional jurisdictions that replied to the questionnaire
- **Objective:** Identify major tax reforms and tax policy trends across economies since the outbreak of the COVID-19 pandemic
- **2021 edition was published on 21 April 2021**



4



Need to “build back better” by taking into account long-term trends & structural shifts (challenges and opportunities)

Increased public and private debt & low borrowing costs

Low growth & productivity; increased market concentration

Increasing income & wealth inequality

Demographic challenges: ageing populations, migration

Climate change & environmental sustainability

Accelerating digitalisation, artificial intelligence & automation



BUILDING BACK BETTER RAISES A LOT OF NEW TAX POLICY QUESTIONS: A SELECTION



Mobilising the required level of tax revenues

- What is the impact of the long term trends on tax revenues?
- How much additional revenues have to be raised to stabilise public debt?
- Which tax bases will be under pressure?
- Can new tax bases be tapped into? What is their tax revenue potential? Is the revenue structural or transitional?
- To re-prioritise spending $><$ raising more tax revenues: what is the optimal balance?
- How to design the tax system in a dynamic setting (i.e. to prevent discrete jumps in revenues)

7



Changes in firm dynamics, productivity, business models and labour markets

- Should changes in firm dynamics, productivity, and business models translate into changes in the design of business taxes (beyond changes in international tax rules)?
- How to tax economic rents? Does value creation versus value extraction (rent-seeking behaviour) matter for tax design?
- Business tax design and tax incentives (also in light of Pillar I and II)
- Does the interaction between the ageing of the population and automation call for progressive SSCs?

8



Rising income and wealth inequality

- Does rising income and wealth inequality call for changes in the way we tax capital income?
 - Do the rich pay taxes on their (capital) income? Where and how much? How progressive is the tax system at the very top of the income and wealth distribution?
 - How to strengthen the design of taxes on capital income at the individual level so that we close the opportunities for tax arbitrage?
 - Do we want to increase the progressivity of capital income taxes?
 - What is the tax revenue potential?
- Would higher taxes on capital income reduce economic growth?

9



Decarbonising the economy as a driver of growth

- How to design the tax system (carbon taxes, tax incentives, etc.) in order to incentivise decarbonisation?
 - Can we achieve multiple objectives? Decarbonise, stimulate investment and create high quality jobs?
 - To which extent will carbon taxes yield transitional revenues or structural tax revenues?
- Inducing behavioural change through the use of carbon taxes
- What is the optimal mix between taxation and other instruments that governments have at their disposal? What works best when?
- Tax design and the circular economy

10



Tax affordability

- How to design effective compensation mechanisms that compensate lower-income households for the impact of the long-term trends?
- How to ensure that low-income households can afford to pay their tax burden, including a shift towards indirect taxes?
- How to design affordable housing taxes?



EARLIER WORK ON TAX
AND INCLUSIVE GROWTH



Channels through which tax policy affects inequality

Tax revenues finance expenditure which may reduce inequality

- Most redistribution occurs through transfers

Taxes can reduce disposable income inequality

- PIT progressivity is the key tool to narrow the distribution of disposable income

Taxes can reduce market income inequality

- Taxes affect pre-tax opportunities and behaviours, e.g. tax and skills

The tax system can redistribute income across the lifecycle

- Intra-personal as opposed to inter-personal redistribution, e.g. SSCs to finance future benefits

13



A systems approach to tax design for inclusive growth

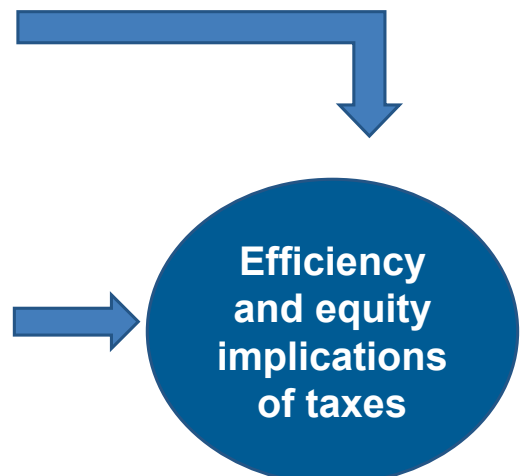
Design of individual taxes

Tax system factors

- Tax administration and tax enforcement
- Tax remittance
- Behavioural responses to tax changes
- Tax planning and income shifting
- Tax incidence
- International tax rules

Non-tax system factors

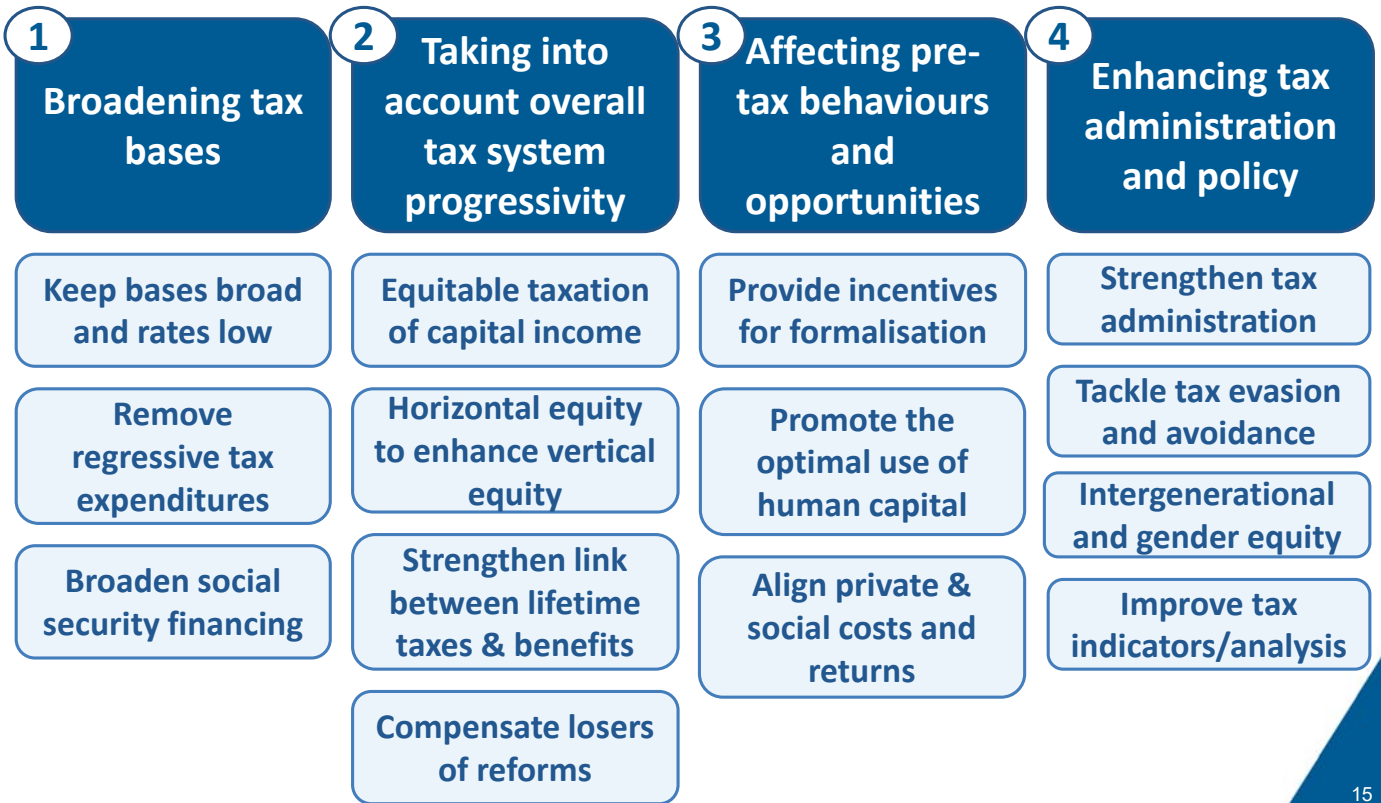
- Economic structure and challenges
- Interactions with benefit systems
- (Non-tax) drivers & characteristics of informality
- Social preferences for redistribution
- Existence of compensation mechanisms
- Time horizons



Efficiency
and equity
implications
of taxes



Some tax policy design principles for inclusive growth

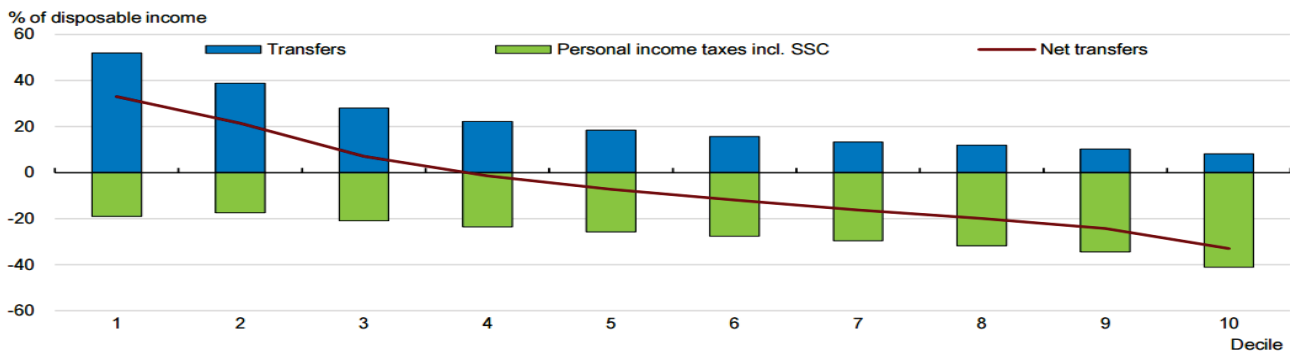


A WIDE RANGE OF TAX POLICY MEASURES TO “BUILD BACK BETTER”



Transfers play an important role in reducing inequality

Transfers received and personal income taxes paid across deciles



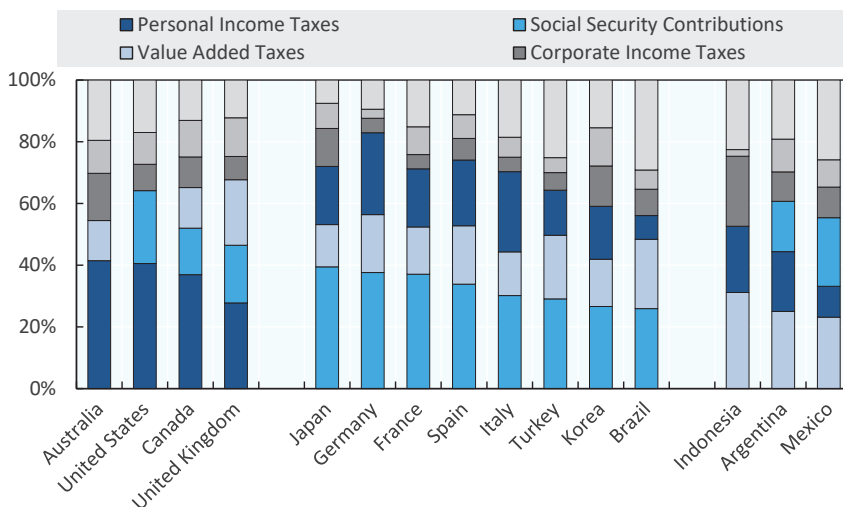
Data are for working-age population, 2014 or latest available year
Source: Causa and Hermansen (2017) based on OECD Income Distribution Database

Transfers are an important source of income support among low-income households, and the COVID-19 crisis has reminded us it is important to be able to reach all households and businesses in a timely manner – economies with large informal sectors are particularly vulnerable



Pro-growth shifts in the tax mix do not need to be regressive with good design

The tax mix in selected G20 economies



Note: Economies are grouped according to the largest tax type of Personal Income Taxes, Social Security Contributions, or Value Added Taxes. Source: OECD Revenue Statistics

- Rebalance tax mix towards those taxes that are pro-growth and less mobile
- Eliminate regressive tax expenditures and strengthen progressivity (if possible)
- Also expand those taxes that address externalities (carbon and other environmental taxes)
- Taxes raise revenue to finance transfers. Do not implement progressivity on a tax-by-tax basis.



Developing and emerging economies may need to finance expanded social protection systems

- COVID-19 crisis has shown that population that cannot benefit from good quality social protection is very vulnerable
- Financing social protection will require raising more tax revenues
- Role for enhanced use of health taxes (on alcohol, tobacco, sugar, SSBs, meat....) to induce people to live a more healthy lifestyle (prevention is better than the cure)

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Broader labour market reforms are necessary

- Increased unemployment as a result of COVID-19; human capital depreciation as a result of skill-biased technological change; automation and reduced demand for workers, but ageing and resulting drop in labour supply....
-call for policies that do NOT price labour out of the market via the tax system (e.g. through too high labour taxes), but also through non-tax measures (e.g. early retirement provisions).
- Scope exist to support labour through tax incentives for re-skilling of workers,
- Avoid tax-induced incentives to replace labour with capital (including robots)

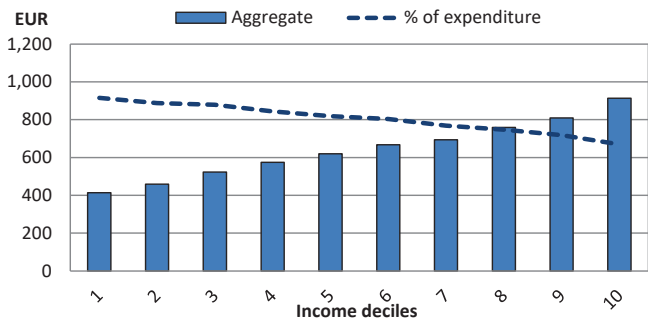
22



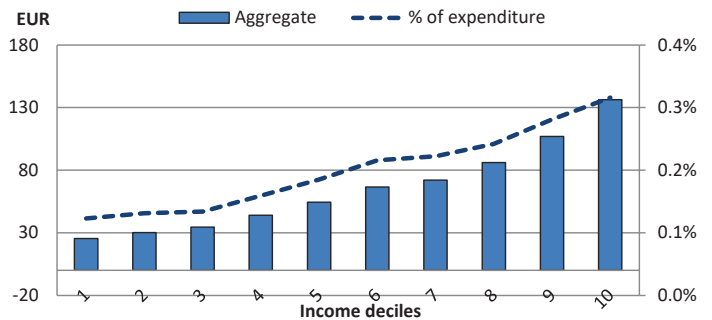
Reform the design of consumption taxes to eliminate regressive tax expenditures

The value of VAT tax expenditures across the income distribution

Average tax expenditure per household from all reduced rates
(all-economy average)



Average tax expenditure per household from reduced rates on restaurant food
(all-economy average)



Source: The Distributional Effects of Consumption Taxes in OECD Countries, OECD (2014)

The “efficiency” of the VAT remains lower than it could be in most economies. Broadening the tax base should focus on the removal of tax deductions that benefit higher income earners



Continue to make business tax policies more growth-friendly and less prone to BEPS

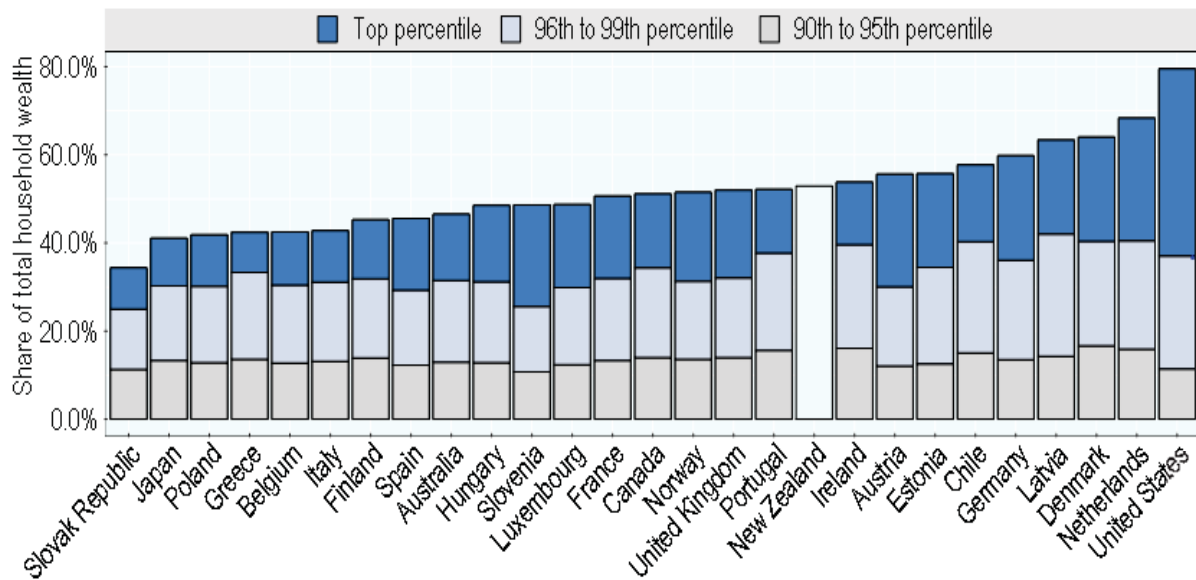
- Reassessing the relationship between taxation and investment: the tax sensitivity of investment differs between MNEs and domestic firms, and between the entity-level and the group-level
- Tax incentives for R&D and innovation can support growth, but key design issues need to be addressed so these incentives to do not a) exacerbate gaps between large and small firms and b) provide opportunities for profit-shifting
- Widespread use of investment tax incentives may provide windfall gains with little additionality;
- Consider the overall taxation of capital



Increasing wealth inequality

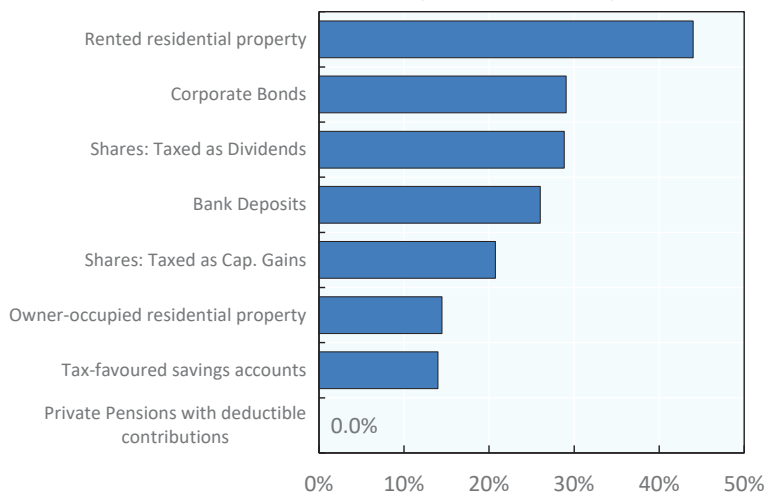
Share of total net household wealth held by the top 10% of the wealth distribution

2015 or latest available year



Towards a Dual Progressive Income Tax, augmented with inheritance and gift taxes?

Marginal effective tax rates across asset types, average across 40 economies (OECD & G20)



Source: The Taxation of Household Savings, OECD (2018)

- Tax systems tax different forms of saving in different ways
 - Pension funds tend to be the most tax-favoured
 - Owner-occupied residential property also often tax-favoured
 - Dividends taxed higher than capital gains
 - Bank accounts relatively heavily taxed
- Different taxes for different assets incentivizes tax planning and is often regressive



Digitalisation and taxation

- Implications for tax design, in particular tax incentives because of GLOBE
- Strengthening the design and functioning of VAT/GST – ecommerce, digital platforms, imports of low-value goods...
- Opportunities to strengthen the functioning of the tax administration



Broadening tax bases is a key priority

- Tax and informality
 - E.g. revisit the design of simplified tax regimes
- Evaluate tax expenditures
 - Avoid ill-targeted and highly regressive tax provisions
 - Tax revenue foregone estimations
- Ensure self-employed and free professions are included in the tax base
- Tax evasion and EOI (upon request and AEOI)



How can we help your economy? Do not hesitate to get in touch!!!



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TAX AND CLIMATE CHANGE

APEC/OECD WORKSHOP: TAX POLICY RESPONSES TO THE COVID-19 PANDEMIC

SESSION 6 – BUILDING BACK BETTER

Kurt Van Dender, Head of the Tax and Environment Unit

21 July 2021



Overview of OECD analysis

- **Team:** Located in Tax Policy and Statistics Division
- **Focus:** Energy taxation and carbon pricing, e.g. Taxing Energy Use, Effective Carbon Prices
- **Committees:** Joint Meetings of Tax and Environment Experts, CFA and EPOC Parent Committees
- **Collaboration:** with ECO, ENV, GOV, TAD, IEA, ITF and external stakeholders
- **Contributions:** to IPAC and Horizontal Project on Climate and Resilience
- **Economy-specific analysis:** e.g. DG REFORM “Technical support instrument” projects
- **Representation:** in Coalition of Finance Ministers for Climate Action (Principle 3), UN Subcommittee on Environmental Taxation, and outward engagement on environmental tax in general, including in G7 and G20



Overview of OECD analysis

High Level Tax Symposium on Tax Policy and Climate Change

9 July 2021



- Finance Ministers discussed role of tax in climate policy for first time
- Recognised the potential of pricing, noting different approaches and roles for implicit and explicit pricing
- Identified a need for dialogue on management of inter-economy spillovers

3



Tax policy and climate change

- IMF-OECD (2021), [*Tax Policy and Climate Change: IMF/OECD Report for the G20 Finance Ministers and Central Bank Governors, April 2021*](#)
- 9 July 2021: High Level Tax Symposium
- IMF-OECD report requested for October



4



The case for carbon pricing

- Across-the-board incentives
- Mobilises private investment
- More flexible than regulations
- Ongoing mitigation incentives
- Reduces rebound effects
- Mobilises government revenue
- Domestic co-benefits



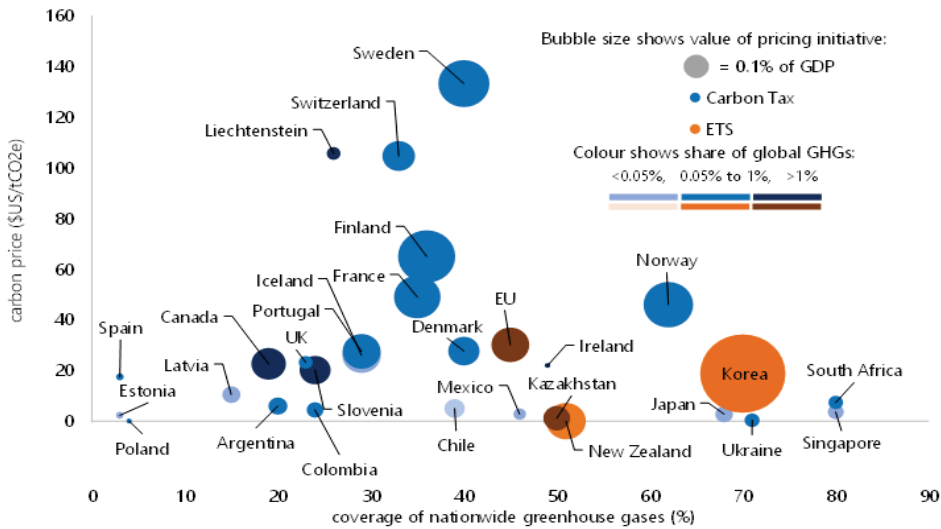
The practice of carbon pricing at present

- Carbon taxes and emissions trading systems cover approximately a fifth of global emissions, with often low prices (USD 3/tCO₂).
- Carbon taxes, emissions trading systems and fuel taxes together leave about 60% of emissions entirely unpriced across OECD and G20 economies. Economy and sector differences are very large.

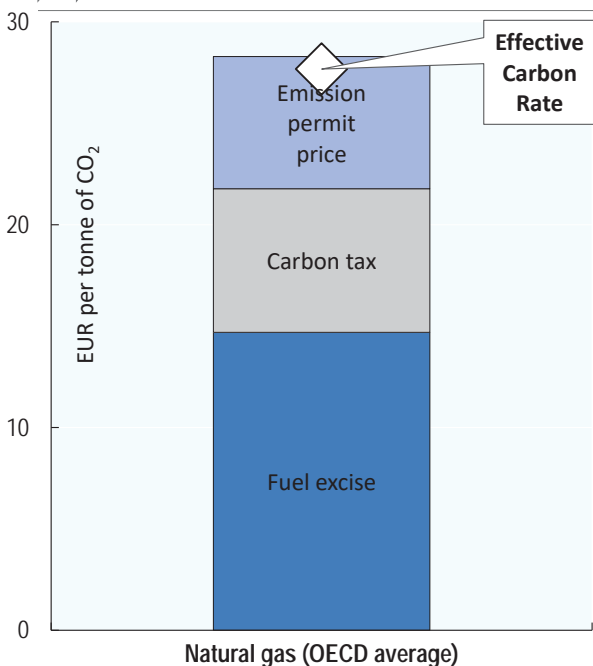


Stocktake – carbon tax, ETS

Carbon pricing schemes, November 2020 (World Bank, Climate Watch, Fund Staff estimates)



OECD Taxing Energy Use, Effective Carbon Rates



Comprehensive, systematic and detailed:

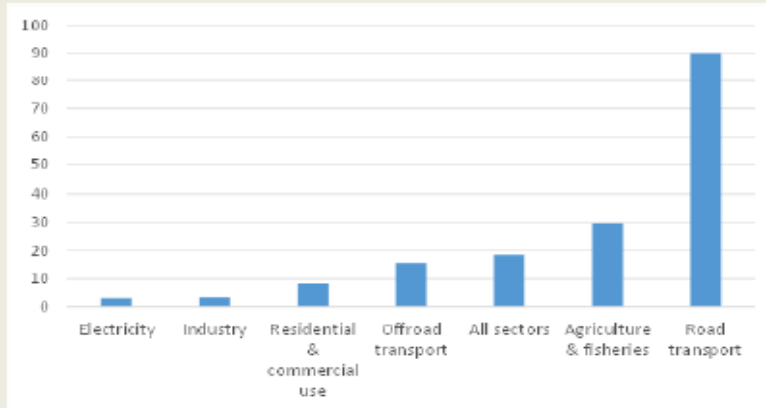
- OECD&G20 + 15 selected developing and emerging economies
- All energy use by fuel, sector and user type
- Same approach for all jurisdictions
- Performance indicators
- Detailed map to identify and assess reform options



The practice of carbon pricing at present

Effective carbon rates are highest in road transport and lowest in the industry and electricity sectors

Average effective carbon rate by sector, 44 OECD and G20 economies, EUR/tCO₂, 2018



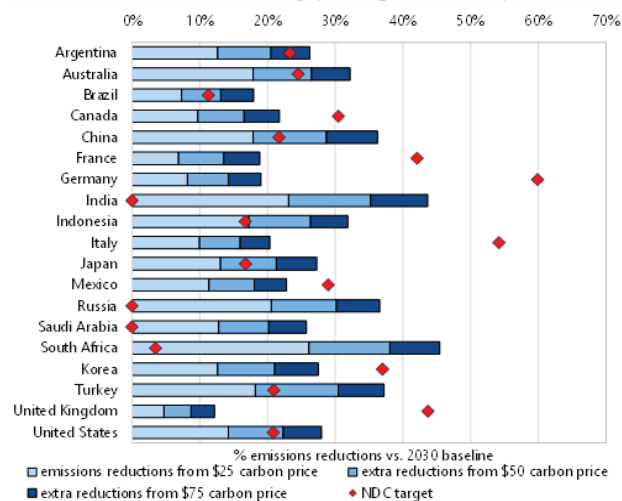
Note: The effective carbon rates pertain to fuel combustion in the sector, not all greenhouse gas emissions.
Source: OECD Effective Carbon Rates database.



Potential impacts of carbon pricing

Price increase needed to reach intermediate commitments

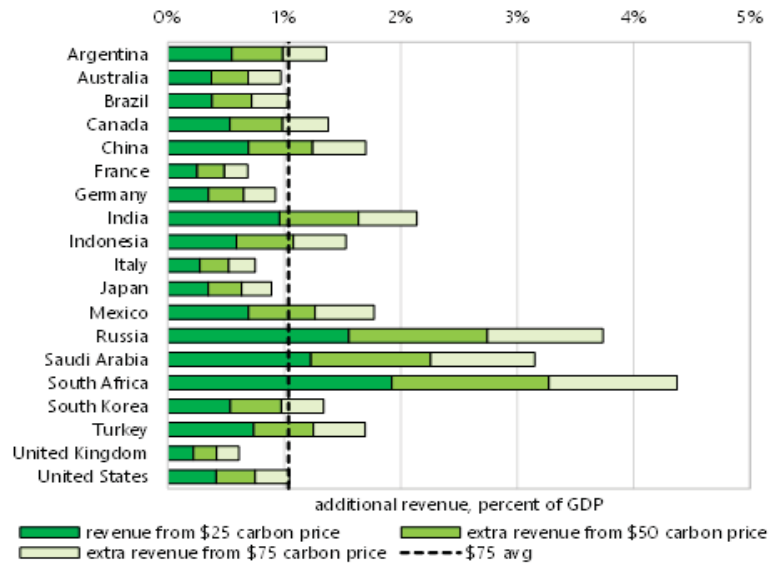
NDC goals and emissions reductions by pricing scenario (IMF staff estimates)





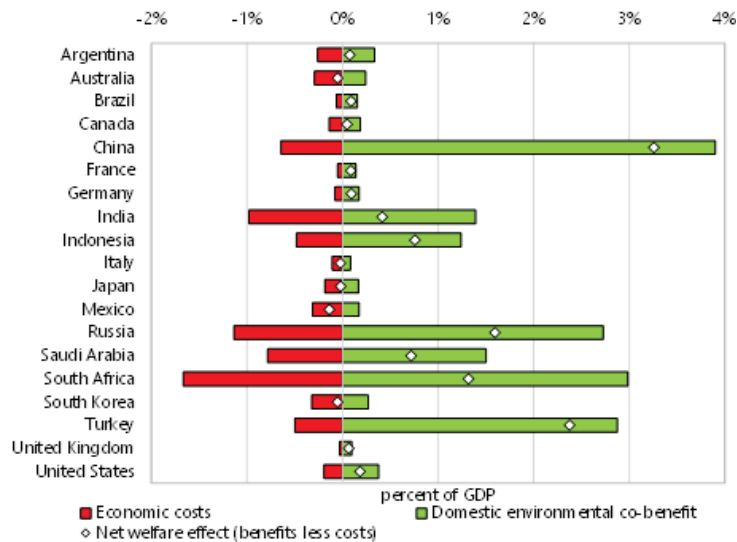
Potential impacts of carbon pricing

Fiscal revenues from alternative carbon pricing scenarios, 2030 (IMF staff estimates)



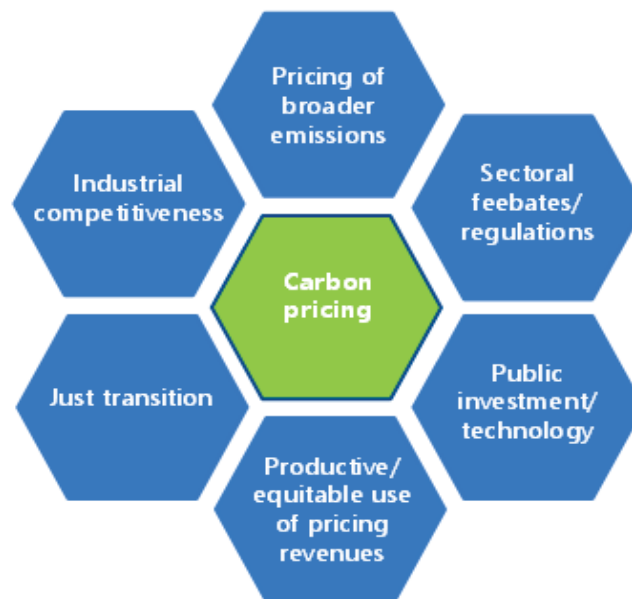
Potential impacts of carbon pricing

Efficiency costs and domestic environmental co-benefit for a \$50 carbon price, 2030 (IMF staff estimates)





Comprehensive mitigation strategies



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The practice of carbon pricing going forward

- Mitigation policy mixes are context-dependent. They include price-based measures, efficiency and emission standards, etc., in proportions that vary across economies. Prices can be a catalyst, bringing coherence and a clear sense of direction.
- Pricing raises revenue that can be put to use for a just transition.
- Practical constraints can lead to alternative, equivalent approaches.
- IMF estimate: need global carbon price (implicit or explicit) of USD 75 by 2030.

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TAX AND CLIMATE CHANGE

APEC/OECD WORKSHOP: TAX POLICY RESPONSES TO THE
COVID-19 PANDEMIC

SESSION 6 – BUILDING BACK BETTER

kurt.vandender@oecd.org

21 July 2021





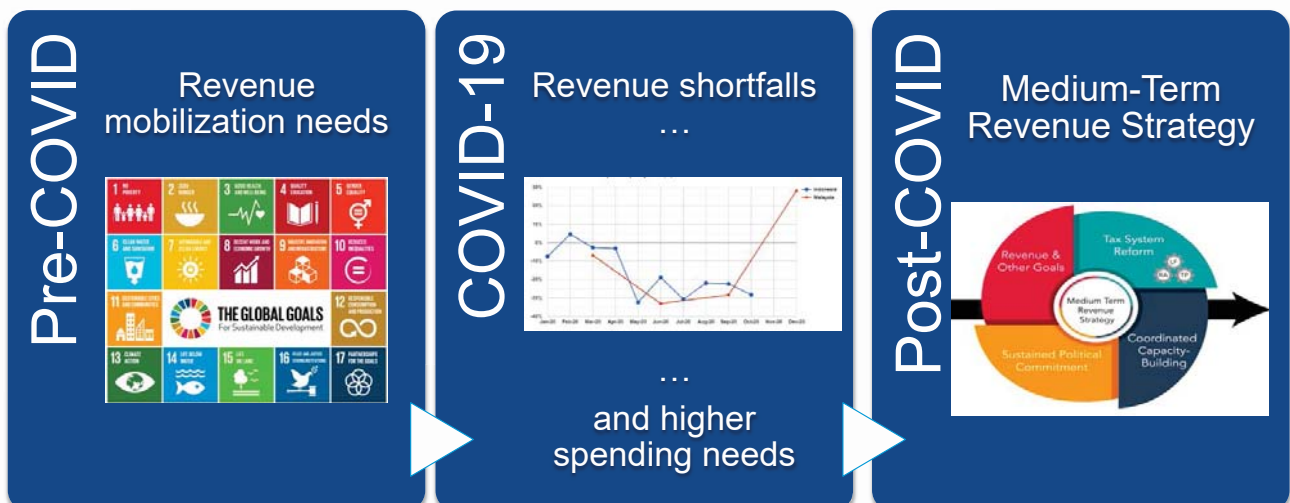
Supporting Recovery in Developing Economies: Medium-term Revenue Strategies

APEC WORKSHOP

JULY 26, 2021

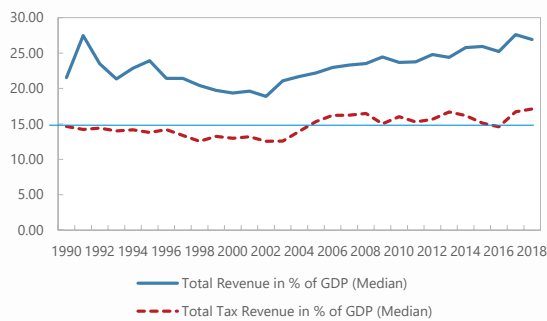
Margaret Cotton
Deputy Division Chief
IMF Fiscal Affairs Department

Revenue imperative pre- and post COVID-19



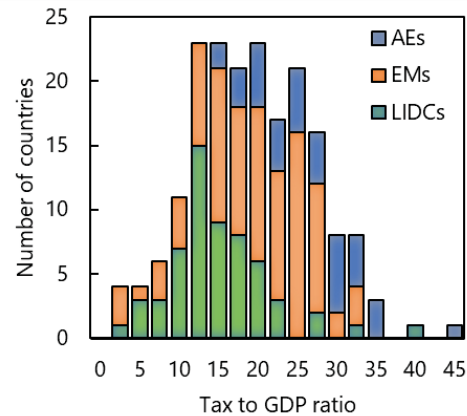
Pre-COVID-19: progress underway – but uneven outcomes

Tax-to-GDP ratios in Emerging and Developing Asia had been rising since the early 2000s



Source: IMF WoRLD Database

Tax-to-GDP ratios are still very low in several LIDCs and EMs



Source: IMF WoRLD Database

COVID-19: Revenue shortfalls

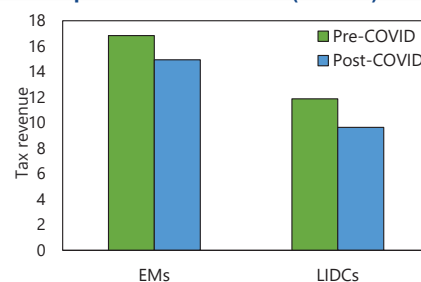
- GDP in emerging and developing Asia dropped
 - 1 percent in 2020 (WEO)
- But tax revenue dropped more
 - Tax-to-GDP ratio projected to fall from 16 to 14.1 percent in LIDCs in Asia
- Mostly endogenous response
 - Commodity price slump
 - But also measures to support health, firms and individuals
- WEO projections suggest revenue pick up
 - But convergence to a lower 14.8 percent in 2026 in LIDCs in Asia

Tax revenue collections in Indonesia and Malaysia, change y-o-y 2020



Source: Sebastian James, 2021, Revenue Effects of COVID-19, Global Fiscal Policy Series, World Bank.

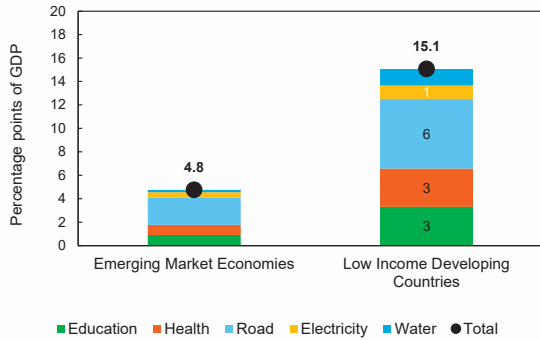
Tax revenue projection pre- and post COVID for 2020 (% GDP)



IMF Fiscal Monitor Database

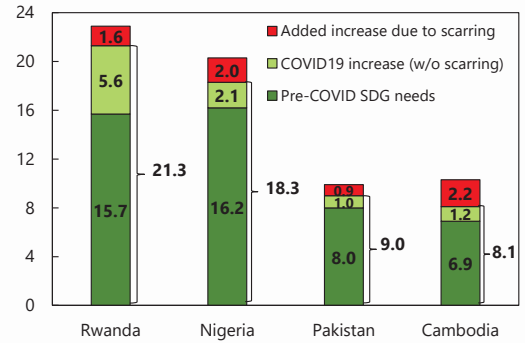
COVID-19: increased already sizeable financing needs to achieve SDGs

Pre-COVID assessment of additional spending needed in 2030 to achieve high outcomes in selected sectors of SDGs (Percentage points of GDP)



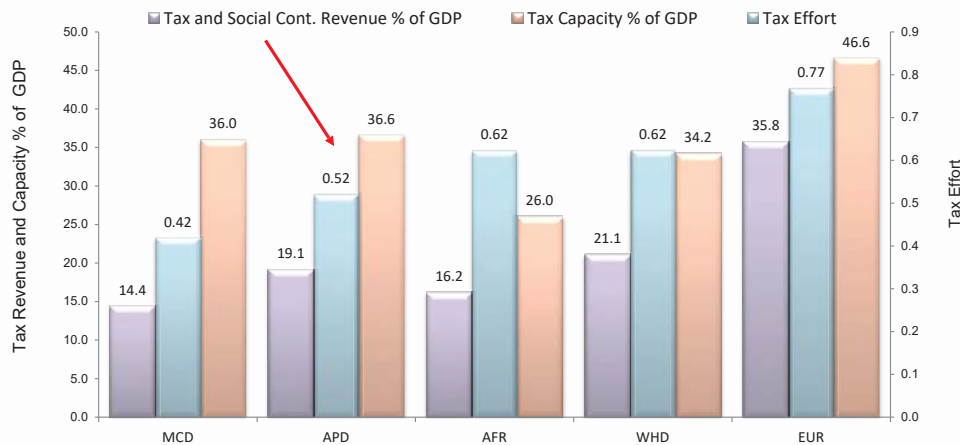
Source: IMF staff calculations

Additional spending needs pre- and post COVID-19 (% GDP)



IMF Staff Discussion Note: A Post-Pandemic Assessment of the Sustainable Development Goals, April 2021

Tax effort in most Asian economies is considerably below tax capacity



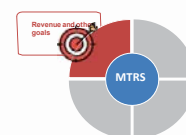
IMF Staff Discussion Note: A Post-Pandemic Assessment of the Sustainable Development Goals, April 2021 (background note)

Post-COVID-19: Building tax capacity through a medium-term revenue strategy

- Embedded in wider government's strategy for economic and social development – such as SDGs
- High-level road map of tax system reform over 4-6 years—policy, administration, legal components
- Government-owned and led
- Aligned CD support



#1: Revenue and other goals



Building the narrative

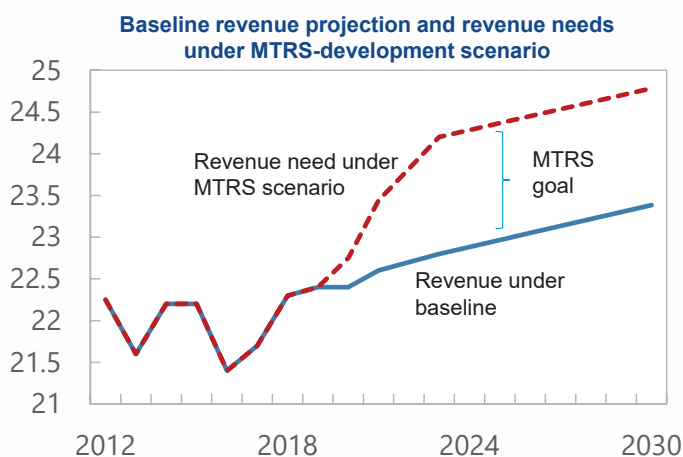
- Revenue mobilization as essential part of the development agenda

Revenue goal

1. Baseline projections
2. Medium-term expenditure ambition
3. Quantitative revenue goal for MTRS

Other goals – criteria used in MTRS

- Equity – inclusiveness
- Efficiency – (green) investment/growth
- Enforceability – administration
- Compliance
- Certainty

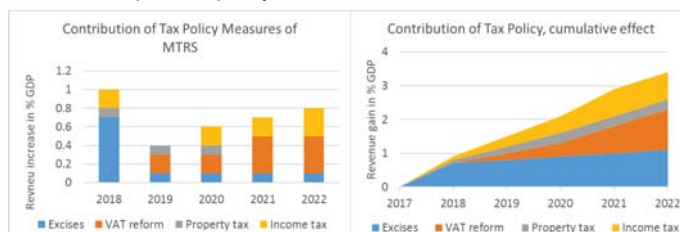


Source: IMF MTRS report

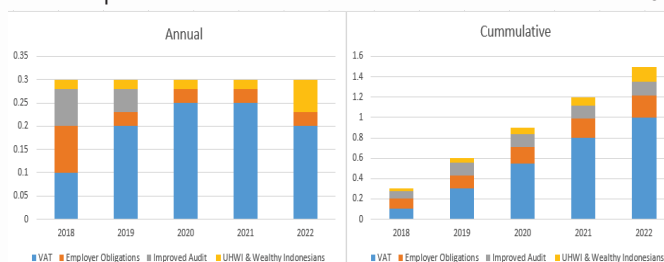
#2: Comprehensive tax system reform



Example: Tax policy measures in Indonesia's MTRS 2018



Example: Tax administration measures in Indonesia's MTRS 2018



Source: Ruud de Mooij, Suahasil Nazara and Juan Toro, A MTRS for Indonesia, 2018

Comprehensive

- Covering tax policy, revenue administration and legal framework

Concrete

- Specific measures with timeline
- Concrete plan for improving tax compliance, building institutional capacity

Evidence-based – revenue, distribution, economic impact

- Ensure credibility
- Structured debate
- Enables monitoring

#3: Political commitment



Government leadership

- Commitment from the highest level
- Whole-of-government

Public support

- Consultation with stakeholders
- Support from local governments

Communication

- Emphasize link to expenditures
- Exploit quantitative results

Timing

- Use good times; use bad times
- Sequencing – big bang vs incremental



#4: Capacity development



Identify needs

- Support reform design, quantification
- Build institutions, e.g. tax policy unit
- Support implementation, e.g. capacity/training in revenue agencies, IT implementation

Align/coordinate support

- Fit into the economies' own strategy
- Sequencing in line with priorities
- Avoid overlap/gaps or competition

Economy leadership

- MTRS not led by partners of PCT
- PCT partners facilitate and support formulation and implementation of MTRS



MTRS: a valued process – more than words

MTRS for Indonesia

Dialogue – started in Bangladesh, Cameroon, Georgia, Honduras, Jordan, Kenya, Malaysia, Mongolia, Morocco, Togo, Viet Nam, Uzbekistan

Formulation – ongoing in Albania, Benin, Ethiopia, Rwanda, Indonesia, Laos, Thailand

Consultation – ongoing in many

Publication/implementation – Egypt, Papua New Guinea (PNG), Rwanda, Senegal, Uganda





Thank you



PCT Website Resources on MTRS please visit

<https://www.tax-platform.org/medium-term-revenue-strategy>

- ✓ What is an MTRS? The four components etc.
- ✓ Current Status: Updates on economies' MTRS engagement and progress, public reports
- ✓ Event Materials such as:
 - MTRS Africa Seminar: Medium-Term Revenue Strategies to Support Recovery and Development in Africa (May 18-19, 2021)
 - MTRS Asia Seminar: Medium-Term Revenue Strategies to Support Recovery and Development in Asia (May 26-27, 2021)
 - Upcoming MTRS Seminar: Medium-Term Revenue Strategies to Support Recovery and Development for Small States in Asia and Pacific (August 25-26, 2021)

Title	Region/Country	Year	Type
Malaysia: 2020 Article IV Consultation-Press Release, Staff Report, and Statement by the Executive Director for Malaysia	Malaysia	2020	Report
PCT 2020 Annual Progress Report - Appendix - Countries' Medium Term Revenue Strategies: Updates	Global	2020	Annex
PCT Workshops On: Implementing Medium-Term Revenue Strategies in Support of the 2030 Agenda	Global	2020	Concept Note
Ethiopia's "Homegrown Economic Reform Agenda"	Ethiopia	2019	Book Chapter

Supporting Developing Economies – Asia Pacific Tax Hub

22 July 2021



Address Debt Sustainability

Key Messages:

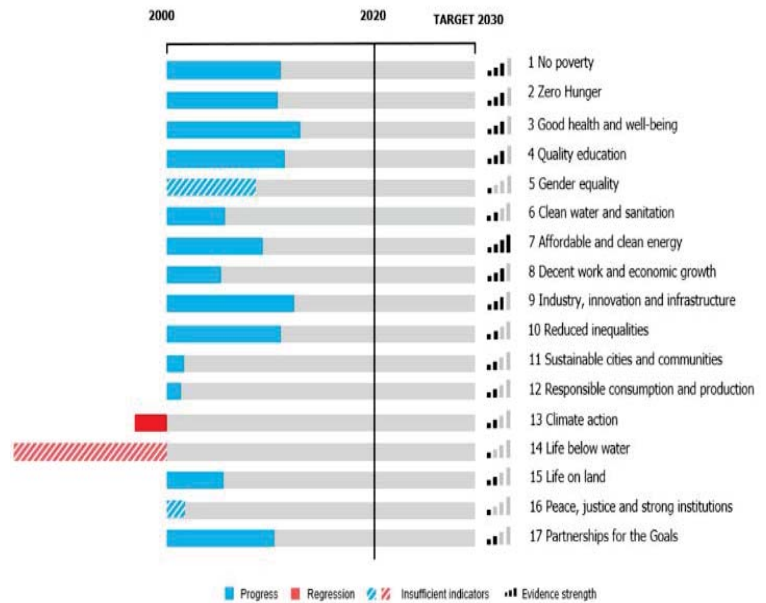
- **Domestic resource mobilization** will continue to be a **main strategic priority** in the aftermath of the COVID-19 for economies in Asia and the Pacific region.
- Unanticipated increases in public debt as a result of large fiscal measures to mitigate the impact of COVID-19, and shrinking tax revenues have **worsened fiscal balances and created debt sustainability challenges**.
- **The importance of careful revenue management** and attention to **underlying vulnerabilities** should be underscored.
- Governments need to **secure sufficient financial resources** to contain the spread of COVID-19, procure safe and effective vaccines, and get the economy back to a sustainable recovery track, **without losing market confidence**.
- Lower income economies need to **improve their public financial management to ensure debt sustainability** to maintain access their principal sources of external financing: concessional loans and grants from development financial institutions, including ADB.



Achieve the Sustainable Development Goals

Key Messages:

- The Asia and Pacific region is **falling short on all 17 SDGs**.
- DRM as part of SDG 17 provides a **source of direct financing** the other SDGs more generally and offers **the tools to achieve specific goals in SDGs**.
- Governments can better address income inequality through **progressive taxes**, promote a green recovery through **carbon taxes or other environmental taxes**, and investment in **innovative digital technologies** to modernize tax policy and administration and enhance tax collection.



Source: Asia and the Pacific SDGs Progress Report 2021, UNESCAP

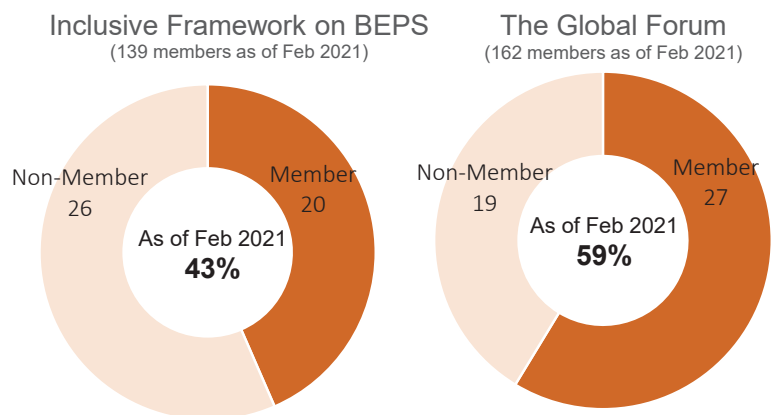


A Call to Join International Tax Fora

Key messages:

- Governments need to **build and maintain public trust** by demonstrating that tax burdens are distributed fairly and equally.
- International tax cooperation (ITC) will play a role in helping our developing members in Asia and the Pacific work together to **close the tax loopholes and combat tax evasion**.
- **A multilateral, consensus-based solution** to address the tax challenges arising from the digital economy will be needed so as to avoid increasing the use of uncoordinated unilateral measures, the occurrence of double taxation, undermining cross border trade and investments across Asia and the Pacific.

Status of participation of ADB developing members in international tax fora

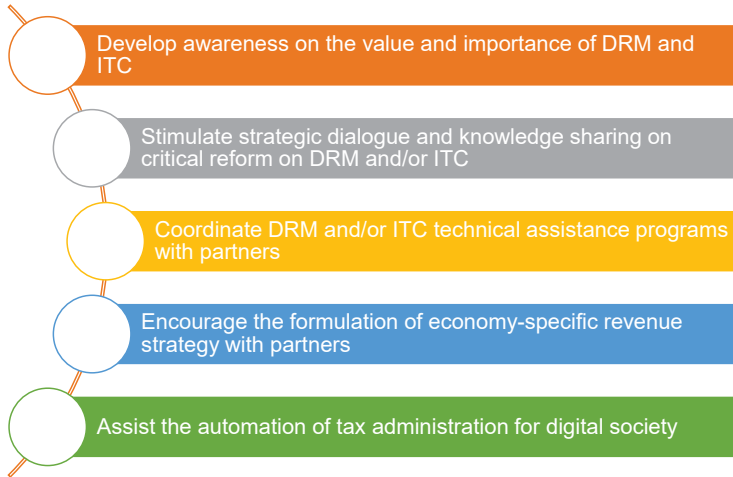


Legend: BEPS = Base Erosion and Profit Shifting; Global Forum = Global Forum on Transparency and Exchange of Information for Tax Purposes
Source: OECD



Overview of the ADB Asia Pacific Tax Hub

The Tax Hub will serve as an **open and inclusive platform** for (i) strategic policy dialogue, (ii) knowledge sharing, and (iii) development coordination among our members, development partners, and ADB.



Tax Hub Website Photo

[The Tax Hub Website](#) was released upon the launch of the Tax Hub, which will be main venue for the knowledge sharing and capacity building activities.



Key Building Blocks of the Tax Hub

Medium Term Revenue Strategies (MTRS):

- Build entry points for formulating MTRS through knowledge sharing and capacity building activities such as regional workshops in collaboration with **the Platform for Collaboration on Tax** (largely the IMF),
- Support the implementation of MTRS.
- Promote the use of **Tax Administration Diagnostic Assessment Tool**.

Roadmaps for the automation of tax administration:

- Promote knowledge and capacity through the regional workshops and training program in collaboration with **the World Bank**;
- Conduct **needs assessments** in selected our developing members to prepare a roadmap;
- Support their implementation of the roadmap.

International Tax Initiatives:

- Facilitate policy dialogue with **the OECD** and stimulate proactive participation of our developing members in the international tax initiatives;
- Develop **technical assistances** with development partners to support the implementation of the international tax standards.





First High-level Regional Tax Conference

Tentative format:

- The conference will be **virtually held in the 4th quarter** of this year.
- Main target will be heads of tax policy and administration agencies from ADB members and senior officials from development partners.

Key Objectives:

- Serve as **Organizational event** of the Tax Hub.
- Acknowledge the core role of the Tax Hub in taxation agenda in Asia and the Pacific.
- Conduct a strategic dialogue on the priority areas of the Tax Hub.
- Showcase the progress of the on-going activities around the three key building blocks.

Work in Progress:

- On-going **bilateral consultations** with ADB members and development partners to discuss possible areas of collaboration.

