

TAX JUSTICE & POVERTY

- European workshop on tax dodging and illicit financial flows (IFFs) between Africa and the EU -

Tuesday 10 December 2019

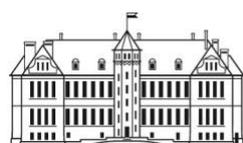
Representation of the Free State of Bavaria to the EU

77 rue Wiertz, 1050 Brussels

Tackling poverty in Sub-Saharan Africa is one of the pressing development challenges of our time. At the same time, the Tax Justice & Poverty research project supports findings that Africa loses more money in illicit financial outflows than it receives in official development aid (ODA) and foreign direct investment. Africa therefore would not need any ODA if it were able to curb IFFs and to collect taxes from persons and corporations in accordance with the Principle of Ability to Pay. The findings of the research clearly demonstrate: African tax administrations should receive more support than is the case so far. In the light of the foregoing and to take the findings of the study further, we suggest a discussion around the following four areas:

AREAS OF DISCUSSION & GUIDING QUESTIONS

- 1. How to improve practical cooperation between Europe and Africa in the effort to improve corporate taxation and to stem illicit financial flows?** The focus will be on progress in the field of public country-by-country reporting, more assistance and concessions in the area of automatic exchange of information/common reporting standard, training of tax administrations, cooperation of tax administrations in the field of joint tax audits, provision of equipment used in tax collection like computers, etc.
 - **Guiding question:** how to improve tax transparency inside and between countries?
- 2. How to improve practical cooperation between Europe and Africa in taxing private wealth?** Both in Germany and in African countries, private wealth is not adequately taxed. Real property is the best area to start with. At the same time, real property is a major area for laundering illegal and illicit money flowing to EU member states. Therefore, improving the taxation of real property also improves the fight against money laundering.



- **Guiding question:** how can we establish public registers of property ownership in all countries and the exchange of information contained therein among tax administrations?
3. **How to ensure legal and policy coherence, i.e. how can political commitment be transformed into adequate support and fair legal agreements?** EU trade and investment policy should be coherent and consistent with EU development policy objectives. Also, Double Taxation Agreements (DTAs) concluded on the basis of the OECD framework-conditions are often seen as disadvantageous for developing countries.
- **Guiding questions:**
 - Would the *Agreement of the African Tax Administration Forum (ATAF) on Mutual Assistance in Tax Matters (AMATM)* be an alternative to OECD framework-conventions for DTAs?
 - How can we ensure that trade policy or DTAs do not “cost” African governments more revenue than development-based support programmes for African tax administrations assist them in generating?
4. **What can we, as Jesuits and the Church, do to advance tax literacy and tax advocacy in Europe and Africa?** We seek advice of those present so that we can best fit into already existing initiatives. Apart from making use of Church institutions such as schools or representations at government institutions:
- **Guiding question:** What campaigns do exist already that would be worthwhile supporting, e.g. the Tax Haven Free Cities Movement?

Apparently, it may look like there will be more tax revenue for Africa at the expense of Europe as illicit flows to the North are curtailed. But in the long term, any investment in infrastructure, education, health care and job-creation by African countries on account of increased government revenue will create economic and social opportunities for Africans. This will reduce the migration pressure to Europe and Europe’s efforts to help Africa to curb illicit financial flows will lead to a win-win outcome - an improvement with mutual benefits.

