GLOBAL ALLIANCE FOR TAX JUSTICE

CIVIL SOCIETY FINANCING FOR DEVELOPMENT Mechanism

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Article 12 - Capacity Building and Technical Assistance

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Thank you, Mr. Chair, Mr. Co-Lead

I am speaking on behalf of the Institute for Agriculture and Trade Policy, and global civil society coordinated by the Global Alliance for Tax Justice.

From the onset, it needs to be clear that it is not only developing countries that need capacity building within the international tax system. We have indeed observed that both developed and developing countries have received significant capacity development in the implementation of the global minimum tax for instance.

We emphasize that capacity building must be needs driven and for this reason, developing countries, in particular, must be involved in agenda setting and decision making. Consequently, we lament the removal of language related to agenda-setting and decision making. Agenda-setting and decision-making help ensure that capacity-building priorities reflect States' needs, experiences and evolving challenges. Without this element, there is a significant risk that the capacity-building efforts of this article will be less effective. We therefore urge states to reinclude participation in agenda-setting and decision-making as part of article 12.

An effective Framework Convention is dependent on the ability of States to implement it. This requires robust, coordinated and sustained support. Technology transfer is one of the most critical forms of this cooperation. Arguably, this may in fact be the most important aspect of capacity support compared to technical assistance. Currently, software licenses for tax administrations, just to do their job, can cost revenue authorities millions. Therefore, an approach to capacity building based on technology transfer and shared access could construct multilateral technological platforms as an alternative to a privatized data landscape which helps obscure the true extent of tax evasion and avoidance. We welcome this provision within article 12.

Lastly, we reiterate that capacity building is not a replacement for system reform. States cannot capacity build their way out of a broken system, where even the most technically capable states lose billions in tax revenue every year. Indeed, we wonder why many of these states have not been more ambitious, as they too would gain immensely from a clear, effective and truly international tax system.

The stated objective of this convention is to build an alternative to the current paradigm, where nearly everyone loses, and to define a multilateral tax system grounded in sustainable development. Capacity-building, in an equitably constructed tax system, plays a crucial role.