

TAXATION, DATA AND DEVELOPMENT

Comments

Maria Kurikkala

Ministry for Foreign Affairs of Finland

Unit for Development Finance and Private Sector Cooperation

FINLAND, TAXATION AND DEVELOPMENT



- **Finnish tax system is very performant. The fiscal deficit is one of the smallest in the world and the willingness to pay taxes is very high (79 % says they like paying taxes!)**
- **One of the (out of 4) main priorities of the Finnish Development Policy is to strengthen democratic and effective societies -> Strengthening the tax base in developing countries is an important element of this work.**
- **In 2015 Finland, together with other donors, committed to doubling its support for development countries' domestic resource mobilization by 2020, in the context of the Addis Tax Initiative.**

FINLAND'S TAX AND DEVELOPMENT ACTION PROGRAMME 2016-2019



The Action programme has 4 objectives:

1. International cooperation has achieved and implemented revised international tax rules
2. **Developing countries' domestic resource mobilization and taxation capacity has been strengthened.**
3. Civil societies' awareness and knowledge on the link between taxation and public services has increased and their ability to hold governments accountable has improved
4. **Reliable country-specific research and analysis of illicit financial flows and solutions to curb the exist, as well as evidence of the effectiveness of measures aimed at building taxation capacity.**



Comprehensive, evidence-based approach

- **Comprehensive approach:** more than just supporting the developing countries “technical” capacity to collect more taxes -> good governance, accountable institutions and responsible use of the resources collected to basic services accessible to all in order to decrease inequalities.
- **Evidence-based approach:** Research has a key role to play. Decisions, whether taken at international (i.a. international tax rules) or at national level (national fiscal policies) should be based on as good and as reliable information as possible.



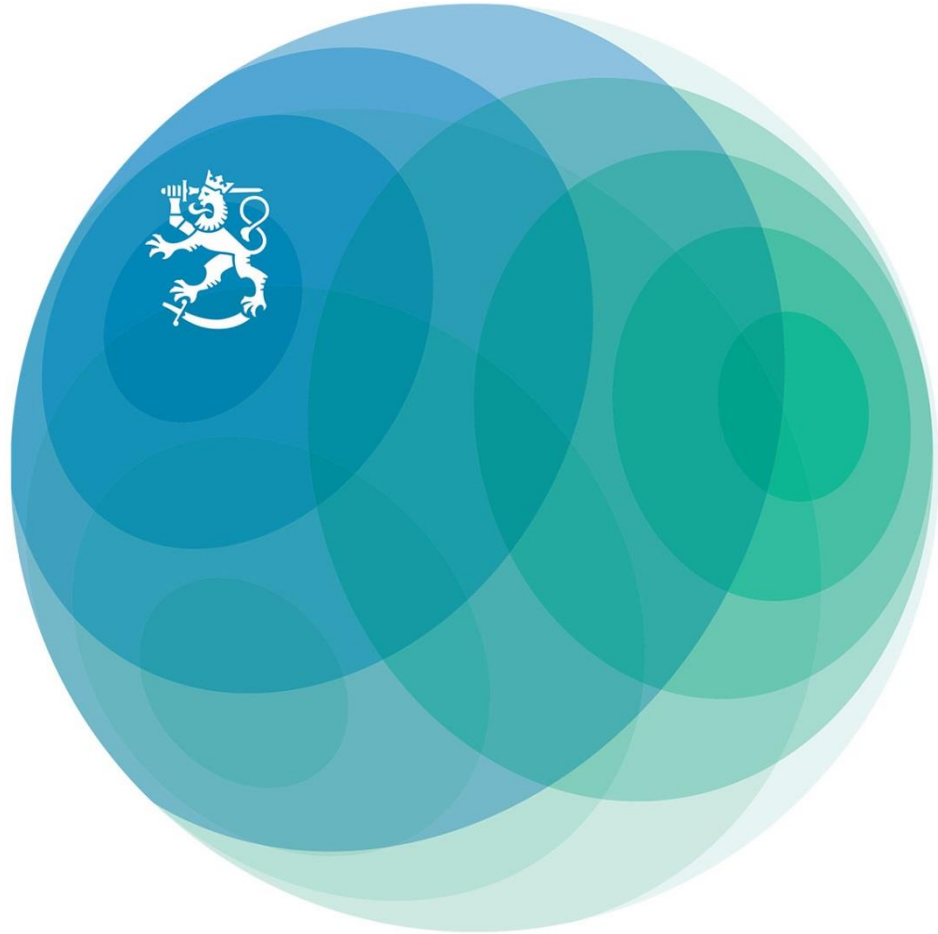
COMMENTS

- In Africa, tax and revenue authorities collect a lot of data on individuals and firms, but this data is not used. Problems of data quality.
- Capacity of African revenue administrations to conduct tax analyses is weak. -> Capacity building is "built-in" feature of the project. Cooperation between international experts and local experts.
- Using Uganda and South Africa as examples for other African/developing countries -> comparability of data.

QUESTIONS



- Continuity? Availability and quality of data? What can be done to improve it?
- Ownership? Real impact on the ground?
- User-friendliness and clarity of data/database; a precondition for its use.
- Transparency of data; Balance between safety of data and transparency
- Lessons learnt from Ugandan and South African cases that can be used in addressing illicit financial flows in the broader sense?



Kiitos! Thank you!