

Policy component

Workshop on the measurement of tax and commercial IFFs

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Objective (s) of the policy component of the project

- Evidence based policy responses:
 - Measurement: provides the useful stats-but remain as such if not further used to inform the direction of policies...highlights the gravity of the problem that is significantly undermining Africa's achievement of the SDGs...one of the key drainers of development financing for Africa
 - Policy: Addressing IFFs in line with the realities in Ghana
 - Enhance tax collection and increase domestic revenue

Focus of the policy component

- Trade related IFFs
 - Mis-invoicing
 - Under/over pricing
 - Multiple invoicing
 - Over/under reporting of quantities
 - Misclassification of tariff categories

Policy assessment methods

1. Method 1: Partner Country Plus
 - Tax law and tax policy reform options
 - Multiple invoicing
 - Miss-classification of Tariff codes
2. Method 2: Price Filter Plus
 - Addressing over pricing/under pricing
 - Multiple Invoicing

Why policies in curbing IFFs

- Identify products with the most leakages
- Identify gaps...enablers of IFFs
 - Policies... tax regimes-tax incentives, tax havens, tax avoidance-Profit shifting
 - Institutional framework...poor governance, weak regulatory structures (gaps/weakesses in the existing structures)
- Who and what will be key in closing the identified gaps

Why policies in curbing IFFs'

- Policies, laws and regulations reforms/amendments
 - e.g. regulations on supervision on financial institutions
 - Regulations on registration of cooperations for tax purposes
 - Reporting mechanisms
 - rules and regulations against mis-stating price, quantity, quality (tax avoidance)
 - Tax policy reviews
- Enhance the capacity of relevant institutions
 - customs officials, financial professionals, law enforcement...

Why policies in curbing IFFs'

- Areas for cooperation: national, regional and international
 - Information sharing-synergies across institutions
 - e.g. automatic exchange of tax information systems/frameworks at regional and global levels subject to national capacity and to maintaining the confidentiality of price sensitive business information.
 - Financial intelligence units- sharing information on prosecutions for facilitating the movement and laundering of the proceeds of IFF crimes.

Why policies in curbing IFFs'

- Overall:
 - Evidence based counter IFF-measurement are in place and implemented coherently by the key actors
- However, effectiveness of policies rests on both political commitment and leadership...coherence and coordination
 - Good advocacy plan

Key Outputs

key outputs:

1. workshop on policy options
2. Draft report on policy options/lessons learned

*Advocacy plan

Thank you!

