

RATIFICATION OF THE AFRICAN TAX ADMINISTRATION FORUM AGREEMENT

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Purpose

To consider South Africa's ratification of the African Tax Administration Forum (ATAF) Agreement and South Africa's hosting of the ATAF secretariat .

- Adopted in November 2010 by the ATAF Council
- Open for signature to African States
- South Africa is in a position to be a founding member
- Not yet entered into force
- South Africa one of the main drivers behind ATAF



Background

- **At the initiative of Minister Gordhan** (then SARS Commissioner) the establishment of ATAF was mooted at the **International Conference on Taxation, State Building and Capacity Development in Africa** held on 28 to 29 August 2010 in Pretoria, South Africa,
- **ATAF Inaugural Conference** held on 19 November 2009 in Kampala, Uganda.
- **31 African countries** have pledged membership to ATAF.
- A **Council of 10 members** elected (namely Botswana, Gabon, Ghana, Kenya, Morocco, Nigeria, Rwanda, Senegal, South Africa and Zimbabwe)
- **Commissioner Oupa Magashula** of SARS elected as the **1st Council Chairperson**.
- The permanent seat of the **ATAF Secretariat is in Pretoria, South Africa**.
- **Endorsed by G20**, Organisation for Economic Cooperation and Development, Tax World and Donor Partners.



Current Status – ATAF Agreement

- 15 November 2010 – ATAF Council adopted Agreement at its second meeting held in Tunis, Tunisia.
- Agreement is now open for members to proceed with domestic ratification procedures.
- Received opinion on consistency with domestic law from State Law Advisors at DIRCO and DJCD
- Cabinet Working Committee adopted ATAF Cabinet Memorandum 2 of 2011, dated 31 January 2011 on 16 February 2011



Establishing ATAF

- Laying a strong basis for a new approach to African taxation, state building and capacity development;
- Establish and develop bilateral and continental networks to regularly exchange ideas on the lessons learned and good practice on all issues of taxation;
- Examine ways to improve systems and mechanisms in African tax administrations through the sharing of experiences and developing relevant best practices;
- Engage in an ongoing dialogue with their counterparts from OECD countries, other multi-lateral organisations and other relevant organisations on sustainable partnerships in support and development of African tax administrations, systems and institutional capacity; and
- Ensure greater synergy and cooperation in capacity development among all relevant stakeholders in order to reduce duplication and give greater support to African Tax Administrations.



Strategic Focus

The establishment of ATAF falls within South Africa's Foreign Policy objectives and directly speaks to the African Agenda, building effective, efficient and capable tax administrations to mobilise domestic resources are essential to provide governments with sustainable, domestic-generated revenue.

Mobilising domestic resources will provide African states with the relevant fiscal space to determine their own spending priorities in line with their own national objectives and socio-economic needs and reduce the reliance on development aid.



SA Participation in ATAF (1)

1. Organisational and Personnel

- SARS is fulfilling the role of ATAF Interim Secretariat until such time as ATAF becomes a legally established and an independent entity.

2. Financial

- Potential long-term financial implications covering membership fees as well as costs associated to the participation in ATAF events and meetings.
- Membership fees has been calculated at US\$ 32 000,00 (approximately ZAR256,000) per annum.
- Development Partners committed approximately R16,6 Million to the development of ATAF over a period of 3 years



SA Participation in ATAF (2)

South Africa has taken a leading role in ensuring the establishment of ATAF and SARS has undertaken the role of ATAF's Interim Secretariat, with the following functions and responsibilities:

- Providing logistical and human resource assistance
- Preparing the ATAF Agreement, ATAF Rules and Procedures, ATAF Strategic Plan and Work Programme.
- Performing the administrative and technical functions of ATAF – implementing the strategic plan and work programme
- Managing the relationships between ATAF and donors and other international organisations.
- Acting as depository of all records of ATAF, of procedures adopted for ATAF and of all instruments of ratification and accession.



Overview of the ATAF Agreement

- Articles 3,4 and 5: Vision, Mission and Objectives of ATAF
- Article 6: Legal personality
- Article 7: Official languages (English, French & Portuguese)
- Article 8: Membership, associate membership and development partner status
- Article 9: Membership fees
- Articles 10 – 16: Structure and institutions
- Articles 17 – 20: Governance issues – privileges and immunities, finances and account, dispute resolution, review and amendment of the agreement
- Articles 21 – 24: Ratification, acceptance, approval, entry into force and accession
- Article 25: Transitional provisions



Objectives

- **Strengthen African Tax Administrations** to improve **domestic resource mobilisation** for economic development.
- Enhance the **professionalism** of African Tax Administrations through **capacity development, international dialogue and interaction**.
- **Innovate, develop, share and implement best practices** in African Revenue Administration.
- **Combat tax evasion & avoidance** through mutual cooperation between African Administrations and international institutions.
- **Develop key relations** with civil society, **improve good governance & accountability** between state and citizens.
- Ensure **greater synergy & cooperation** in capacity development among all relevant stakeholders in order to **reduce duplication** and **give greater support** to African Tax Administrations.
- Provide a mechanism for **African perspectives on tax issues** to **inform and influence** the global dialogue on tax issues.



Membership Fees

ATAF has a four-tier annual membership fee structure which is aimed at acknowledging the differences among members in terms of their ability to pay.

The ATAF membership cost structure are as follows:

- **Category 1: US\$ 32 000.00 (Countries with a GDP > US\$ 12bn)**
- Category 2: US\$ 18 000.00 (Countries with a GDP >= 5bn < US\$12bn)
- Category 3: US\$ 10 000.00 (Countries with a GDP >= 1bn < US\$5bn)
- Category 4: US\$ 5 000.00 (Countries with a GDP < US\$1bn)



ATAF Member Countries (1)

31 African Countries

Morocco	Benin
Namibia	Botswana
Niger	Chad
Nigeria	Cote D'Ivoire
Rwanda	Egypt
Senegal	Eritrea
Seychelles	Gabon
Sierra Leone	Ghana
South Africa	Kenya
Sudan	Lesotho
Swaziland	Liberia
Tanzania	Madagascar
The Gambia	Malawi
Uganda	Mauritania
Zambia	Mauritius
Zimbabwe	



ATAF Member Countries (2)

ATAF members are currently:

- Contributing membership fees
- Secondments to the ATAF secretariat
- Participating in technical events and working groups



Benefits for SA & Africa

- Strengthening the continent's tax administrations through capacity building and co-operation to mobilise its own revenues and grow out of aid.
- It is intrinsic to development, economic growth and poverty reduction – building strong and capable states and accountability to its citizens.
- Enabling African tax administrations to deal better with tax collection challenges.
- Pooling resources, information and research, sharing best practices and assisting with the training of staff from African tax administrations; and
- Coordinating donor aid aimed at the development of tax and revenue administrations to the benefit of member countries.



Benefits for SA

Benefits include:

- Strengthening the capacity of SARS and SA institutions involved in tax policy & development through influencing, leveraging, supporting and coordinating delivery on SARS's mandate
- Delivering on South Africa's economic and political objectives
- Building the capacity of revenue administrations in Africa, and this contributes towards:
 - Defending and extending our tax base
 - Enhancing the technical capacity and knowledge of SARS officials and that of African revenue administrations through our capacity building activities
 - Securing the supply chain for licit trade and prohibiting the entry of illicit goods
- SARS profile has significantly increased in the tax and development arena.



Thank you

