The Tax Inspectors Without Borders initiative

General Features | International Tax



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The TIWB initiative implements over 100 tax programmes across the world, offering practical hands-on assistance to support developing countries.

The Covid-19 pandemic continues to challenge policymakers and citizens, but it has not stopped Tax Inspectors Without Borders' experts from continuing their work to improve tax audits of multinational enterprises in developing countries worldwide. Tax Inspectors Without Borders – or TIWB for short – is a joint initiative of the Organisation for Economic Co-operation and Development (OECD) and the United Nations Development Programme (UNDP), designed to support developing countries in building tax audit capacity, and its success is evident with the recent launch of its 100th programme.

By using a practical 'learning by doing' approach, tax auditors from partner administrations work alongside officials in developing countries to share their knowledge and experience of auditing multinational enterprises by working with them on current audit cases. The narrow and precise emphasis on assisting audits in

real-time distinguishes TIWB from the mainstream of existing international tax assistance. TIWB is helping to bridge the gap between theory and practice.

Practical audit assistance to develop tax audit skills and effective audit processes has been considered an area which could improve the quality and consistency of frontline tax administration. Host tax administrations define their priorities for assistance and the TIWB Secretariat matches an expert from a partner tax administration or the UNDP Roster of Experts. TIWB experts are not a substitution for local tax audit staff, nor do they carry out audit work where no local audit personnel would otherwise exist. Rather, the experts balance ‘getting the job done’ with the development of technical skills at the host administration.

TIWB is a unique form of technical assistance composed of short-term, periodic deployments of TIWB experts. Most programmes run for 18 to 24 months and consist of six to eight onsite visits of up to two weeks, interspersed with remote assistance based on confidentiality arrangements. TIWB experts can provide assistance on international tax audit issues related to transfer pricing, mutual agreement procedures, advance pricing agreements, pre-audit risk assessment and case selection, and audit investigatory techniques, among others.

In spite of the Covid-19 crisis, TIWB programmes have continued to provide support to developing country tax administrations through remote assistance. TIWB now counts 53 completed and 49 current programmes, covering 53 jurisdictions globally. Africa continues to account for more than half of all TIWB programmes initiated in 2020/21. The initiative is actively targeting the Asia-Pacific, Eastern Europe and Latin America and the Caribbean regions to balance the geographical distribution of programmes and to ensure equal footing for all countries.

Owing to the success of the initiative, developing countries have expressed a desire for similar technical assistance in other areas of taxation. Consequently, the TIWB audit assistance model is now being applied to criminal tax investigations and the effective use of information exchanged automatically (AEOI) between governments, both of which help fight illicit financial flows.

To date, more than $1.6 billion has been collected in additional tax revenues through TIWB and TIWB-style assistance offered in collaboration with the African Tax Administration Forum (ATAF) and World Bank Group.

Partnerships for impactful collaboration

TIWB has not, at any point, been envisaged as a technical assistance provider itself.

The initiative relies on its allies, and in this regard, HMRC has been one of TIWB's greatest partner administrations from the early days of the initiative, providing assistance in nine programmes taking place across Cambodia, Egypt, Ethiopia, Lesotho, Malawi, Malaysia, Pakistan and Thailand. HMRC experts mainly provide assistance on tax audit programmes, but also on criminal tax investigation and AEOI pilot programmes in Pakistan and Malaysia, respectively. In addition to serving tax officials from HMRC, other tax experts from the UK have collaborated on TIWB programmes through participation in the UNDP Roster of Experts.

Overall, HMRC's support has helped tax administrations to improve auditors' skills and confidence in managing complex transfer pricing audit cases and further develop organisational structure. Broader benefits can also arise from improving the confidence in tax administrations, including:

- an increase in voluntary compliance and effective combat of non-compliance;
- greater certainty and consistency for business creating an improved investment climate;
- enhanced state-society relations, where taxation is one of the founding elements of that relationship, and by stimulating engagement with and confidence in the taxation process, a stronger link is established to a more effective and accountable state; and
- fostering international dialogue on tax matters between tax administrations in developed and developing countries.

UK experts have multiple ways of participating in the initiative's work. Currently, serving tax officials can get in touch with HMRC's International Relations Department, which can recommend suitable candidates to the TIWB Secretariat for possible upcoming programmes.

Selected officials continue to act as employees of HMRC, but also have responsibilities towards the host administration in terms of programme delivery and confidentiality, among others. Both the partner administration and host administration agree upon these responsibilities in the programme Terms of Reference before commencement.

Non-HMRC experts or retired tax officials interested in participating can express their desire to share their experiences via TIWB's online Expert 'Expression of

Interest’ (see bit.ly/3oCXPEE). Just like serving tax officials, the experts have specific responsibilities, defined in the programme Terms of Reference.

Looking ahead

In a challenging year, TIWB has persevered in delivering additional revenue and building audit skills that can improve the overall performance of developing country tax administrations in the longer term, making it an indispensable tool in the efforts to improve domestic resource mobilisation. With the collaboration of the many development partners, that provide funding and expert resources, TIWB continues to expand in scope and reach.

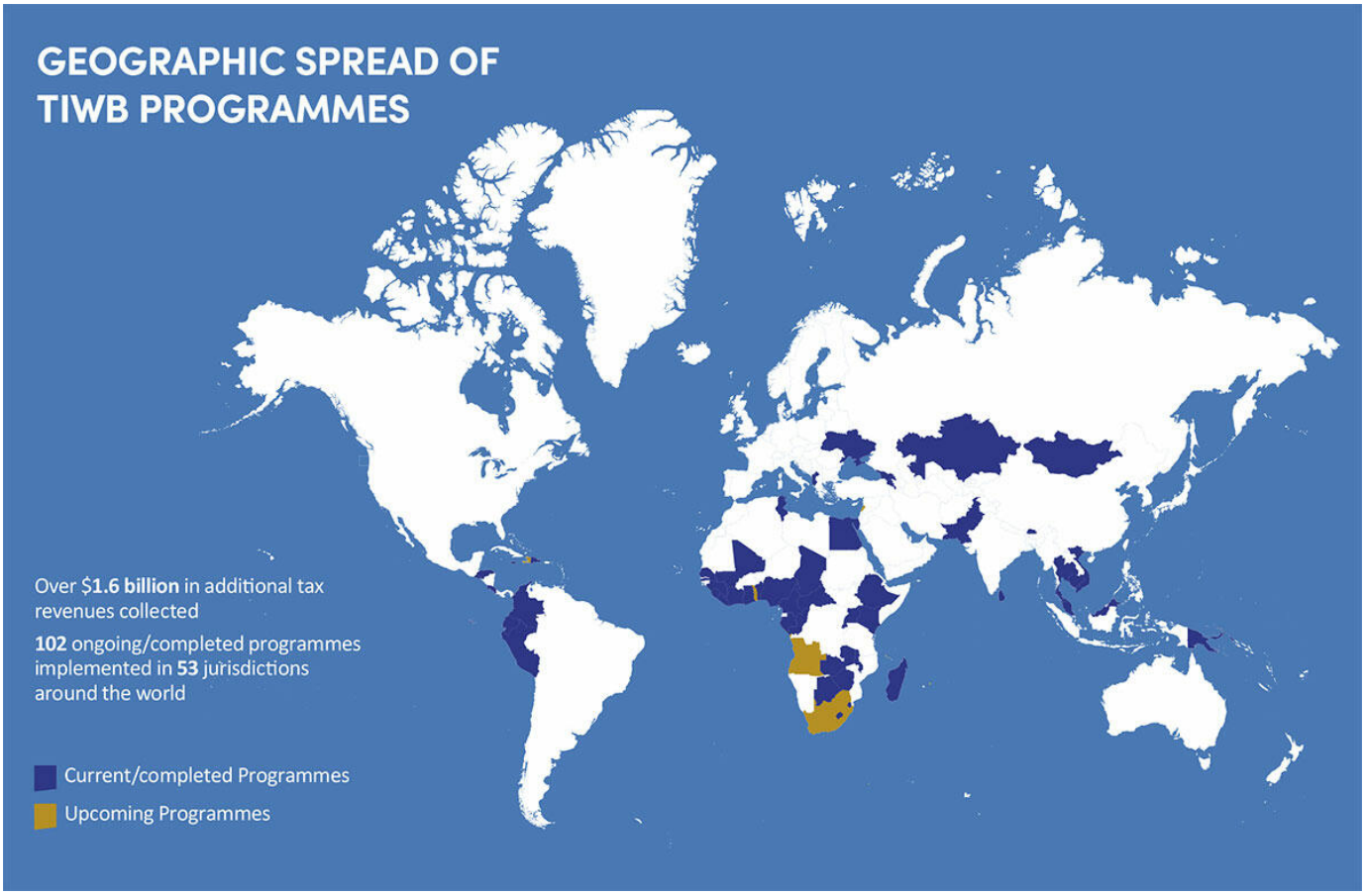
Moreover, TIWB has ambitious objectives for 2022 and beyond, with the ultimate aim of enhancing domestic resource mobilisation for developing countries and encouraging a more predictable investment climate for taxpayers.

Among other important tasks, the TIWB Secretariat plans to commence new audit programmes through a blended approach of onsite and remote assistance, and implement pilots for criminal tax investigation and effective use of AEOI programmes. It also plans to launch new mentoring programmes with a particular focus on women, with a view to expand the participation of female experts from developing countries.

Since its inception, the TIWB initiative has demonstrated impressive flexibility to meet developing countries’ demand. Even as the world moves beyond the pandemic, the challenges will not subside, and 2021/22 has already presented additional pressures stressing taxation capacities of all countries. TIWB stands ready to assist developing country tax administrations meet these challenges in co-operation with experienced partner administrations and other international development partners.

For more information about IWIB, see www.tiwb.org.

Image


GEOGRAPHIC SPREAD OF TIWB PROGRAMMES
Over $1.6 billion in additional tax revenues collected
102 ongoing/completed programmes implemented in 53 jurisdictions around the world
Current/completed Programmes
Upcoming Programmes

Image

EXAMPLES OF TIWB'S WORK

Cambodia: Tax experts from HMRC commenced implementation of a TIWB programme with Cambodia's General Department of Taxation in 2020 in response to a request to receive assistance on multinational transfer pricing audits. Since the Cambodian transfer pricing legislation was introduced in 2017, the support from TIWB experts on transfer pricing audits is crucial to building local auditors' capacity within the tax administration.

Egypt: The Egyptian Tax Authority (ETA) launched a new TIWB programme in January 2020 to strengthen capacity to effectively exchange information with other global tax jurisdictions. This programme is implemented in co-operation with the UK and is partly funded by the EU. The focus is on helping ETA implement the international standard of exchange of information on request (EOIR) in practice and benefit from tax transparency and international co-operation to tackle tax evasion and other illicit financial flows.

Pakistan: HMRC has supported Pakistan's Federal Board of Revenue since 2014 via a capacity building programme aimed at helping the country to achieve its objectives on tax reform. TIWB experts have thus provided transfer pricing advice on anonymised casework. Realising the benefits of having tax audit experts support real audit cases, Pakistan amended its legislative provisions authorising foreign inspectors to participate in audit processes.

Thailand: The Revenue Department of Thailand launched its first TIWB programme in partnership with HMRC in November 2021. HMRC experts are providing assistance to local audit teams on cases in the oil and gas, digital economy and manufacturing sectors.

Uganda: A South African expert from the Roster of Experts, who was mentored by an HMRC official during an early TIWB programme in Uganda, later led a subsequent TIWB programme there from 2017 to 2019. The TIWB expert helped the Uganda Revenue Authority progress nine audit cases, guiding Ugandan officials through all audit stages from risk assessment and case selection to tax assessment and collection.