



Editorial

Duncan Onduru, Executive Director

At the time of writing this, a number of countries have reported a second wave of the COVID-19 pandemic and are retreating into another lockdown, throwing in disarray 'post-COVID' recovery plans. Already, in response to the first wave, countries unleashed an array of measures to mitigate the health and economic (disastrous) effects of the pandemic. These measures, however, have been short-term in nature in response to the immediate challenges. Ultimately, the shift must be towards rebuilding and putting the economies back in a long-term growth trajectory.

This would entail tackling the rising unemployment (and underemployment), availing credit to the private sector and assisting those enterprises that have gone into insolvency and bankruptcy. All these would require a targeted state (Keynesian) intervention. As one analysis remarked, 'In locking down the WAQ` 1, the state has accepted the duty of care for an immobilized economy and the livelihoods that depend on it'.

In spite of attempts by many analysts, no one is sure what the post-pandemic world economy will look like. However, there is consensus on the fact that public debt (and fiscal deficit) will see unprecedented levels as expenditures outstrip revenue inflows. How would tax policy and administration play in this space? Will an increase in tax rates be feasible? And, if yes, which taxes are best suited at this stage of recovery? If rate increases are not possible, which areas can be targeted to widen the tax base? How can countries take advantage of international initiatives like 'global transparency' and 'exchange of information' to consolidate their tax bases?

Digital service taxes and environmental taxes have been mooted as the next frontier for extra revenues. However, can these alone turn the tide in revenue mobilization? These are not easy choices. No 'rule book' exists as the pandemic is unprecedented, its course unpredictable and its long term effects defy rational economic modelling. Striking the right balance between the need to raise additional revenue and ensuring economic recovery is 'the conundrum that governments must face once COVID-induced recession runs its course'.

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News from the Secretariat

(Please click on hyperlinks in blue to view the full articles on the CATA website)

[Delivery of Commonwealth Summit Commitments](#)

The UK - the current 'Chair in Office' of the Commonwealth Heads of Government Meeting - has released a status report on the implementation of the various commitments made by the Heads of Government during their summit in London in 2018.

[Draft changes to the UN Model Double Tax Convention: A call for public comments](#)

The United Nations Committee of Experts on International Cooperation is requesting comments on its discussion draft document that includes a proposed change to the definition of royalties included in Article 12 of the United Nations Model Double Taxation Convention.

[Tax administration responses to COVID-19: Caribbean region share experiences](#)

CATA in collaboration with the OECD and COTA hosted a meeting in June for Caribbean nations to discuss responses to the COVID-19 pandemic.

[The OECD publishes corporate tax statistics](#)

The OECD has published statistics on corporate income taxes based on data obtained from the Country-by-Country Reports filed by multinational enterprises.

[The PCT launches toolkit on taxation of offshore indirect transfer of assets](#)

[A toolkit that guides on](#) issues involved in the taxation of indirect transfer of assets and suggestions for legislation and implementation considerations, has been released by the Platform for Collaboration on Tax.

[Virtual meeting for SIDS](#)

A virtual meeting hosted by CATA and EY for Small Island Developing States (SIDS) in the Caribbean Region was held at the end of July to discuss the positioning of SIDS in the new international environment.

[TOIT Programme 2020](#)

Nearly fifty participants from sixteen member countries took part in the 2020 edition of the Taxation of International Transactions (TOIT) Programme that took place from the 6th to 17th July. For the first time, the programme was delivered in a virtual format.

[UN Tax Committee proposal on tax action of digital services](#)

The UN Tax Committee has proposed a revision of the Model Treaty to address the taxing rights over income arising from digital services. The proposal seeks to grant taxing rights to the state of the resident payer.

[Malta and Papua New Guinea feature in The Global Forum Peer Review Report](#)

News from our members

[Cyprus](#)

Exit Tax

Cyprus has adopted legislation implementing exit taxation. Article 33B was introduced with Amending Income Tax Law 80(I)/2020 and applies as from 1st January 2020.

[CATA 41st Annual Technical Conference](#)

Save the date - The 41st Annual Technical Conference will be hosted in Nicosia, Cyprus from 8th to 12th November 2021.

[Kenya](#)

Kenya partners with global jurisdictions to avert cross-border tax crimes

Kenya Revenue Authority (KRA) has acquired the ability to exchange tax information with 130 jurisdictions globally following ratification of the Mutual Administrative Assistance in Tax Matters. The convention will help KRA to fight against cross-border tax evasion and avoidance schemes.

[Malaysia](#)

HASiLChat and HASiL Knowledge Centre - Key role in communication and information channel during the COVID-19 pandemic

The Inland Revenue Board of Malaysia reports that since the outbreak of the COVID-19 pandemic, the tax administration has seen an increase in the number of users accessing its communication and information platforms - the HASiLChat and HASiL Knowledge Centre (HKC).

[Mauritius](#)

Some tax measures in Mauritius

Mauritius's Finance Bill was enacted on 7th August 2020 and the bill features several tax measures, including personal income tax measures, measures to improve business climate and VAT measures.

New Zealand

Effective use of financial account data

Using data collected on international exchange of financial accounts, the Inland Revenue Department of New Zealand has piloted a number of compliance campaigns with varying objectives ranging from general customer education to active enforcement.

Upcoming events

Webinar - ICT as a Strategic Tool to Leapfrog the Efficiency of Tax Administrations 5th October 2020

A webinar hosted by CATA and the Inter-American Center of Tax Administrations (CIAT) based on CIAT's publication ICT as a Strategic Tool to Leapfrog the Efficiency of Tax Administration.

OECD e-learning courses

The Global Relations Programme have developed e-learning courses to respond to the growing demand for training on tax matters from developing countries. These courses are free and available to tax officials from all countries. The courses can be accessed via the [KSP_{TA}](#).



Windsor Castle on a sunny day captured by Megan



Duncan Onduru



Megan Jones



Gerry Cook