



A Collaborative Mid-Term Strategy Meeting on

Creating a Tax Justice Narrative in India

Public Services International and Centre for Budget and Governance Accountability

October 12, 2017 | Seminar Hall 2, India International Centre, New Delhi

Agenda

9:30 – 10:00 Welcome and introductions

10:00 – 11:30 Linking Development with Domestic Resource Mobilisation and Progressive Tax Systems

Domestic resources are integral to ensuring that countries have sustainable revenue for public spending on social security, make interventions across key social sectors, finance development, reduce inequality and secure human rights. India's high dependence on indirect taxes has contributed to a regressive tax system, and major reforms in the tax system have included a commitment to lowering corporate tax rates and the introduction of an indirect, destination-based consumption tax, the Goods and Services Tax which subsumes a majority of indirect taxes previously levied in the country. Revenue foregone through tax exemptions and holidays offered to corporations and revenue lost to illicit financial flows also constrains public resource mobilisation. This session will focus on the centrality of domestic resource mobilisation and progressive tax policies with respect to development, especially in the light of the Post-2015 Development Agenda.

11:30 – 11:45 Coffee / Tea

11:45 – 12:45 Impact of the International Tax System and Financial Architecture on National Tax Policies

The fundamental design of the international tax system emerged since World War I with the state taxation of business income. As each state devised its own tax measures, conflicts and differential treatment between states gave way to a loose system for coordination of tax jurisdiction, comprised mainly of bilateral tax treaties. This complex maze of treaties and the limited scope of application of national revenue authorities made the international tax system vulnerable to abuse. Attention became focused on the possibilities for international tax avoidance through transfer pricing manipulations and tax havens on part of big businesses and multi-national corporations. The current norm-setters of international taxation include the OECD and the G20, both of which are comprised mostly of rich, developed countries. Developing and low-income countries from the Global South are therefore not part of the process of designing standards of international taxation



that affect them directly. This session will explore the interlinkages between the lacunae in the international tax system and raising national revenue.

12:45 – 1:45

Lunch

1:45 – 3:15

Goods and Services Tax and Challenges Facing Tax Administration in India

India replaced its numerous federal and state taxes on goods and services, with the Goods and Services Tax (GST), effective July 2017. While the impacts of GST will be evaluated in due course, the opportunities and challenges presented by this reform with regard to its scope, revenue collection and implementation must be analysed by stakeholders. A number of challenges also face tax administration in India, despite having one of the bigger revenue departments among developing countries. Shortage of trained human resource contributes to unresolved tax disputes, hesitation towards tax litigation and limited information exchange. India also does not have an All-India Tax Litigation Cell, thus spelling a delay in resolution of tax disputes. As recent reforms in tax administration increasingly emphasise digitalisation and an expansion of powers vested in income tax officers, the department lacks trained human resource to attend to the limitations of tax administration in the country. This session will take stock of the challenges facing tax administration in India and opportunities that could be exploited.

3:15 – 3:30

Coffee / Tea

3:30 – 4:55

Mapping the Landscape of Public Discourse on Tax Issues in India

This session would discuss the current state of the public discourse on tax issues in India, focusing especially on who are the actors whose views are dominating the taxation narrative at present. It would also assess the levels of engagement of key stakeholders and constituencies in this sphere. The session would aim to identify some of the strategies that could be pursued in the coming years to democratize the discourse on tax issues and build a strong tax justice narrative in the country.

4:55 – 5:00

Closing Remarks and Vote of Thanks