Tax Expenditures in the Middle East and North Africa: Current Practice and Way Forward

December 3-4, 2019
Rabat, Morocco

**DAY 1 – DECEMBER 3, 2019**

08:30 – 09:30  Registration and Coffee/Tea

09:30 – 09:45  Introduction by the Director General, Direction Générale des Impôts, Morocco

09:45 – 10:00  Introduction by Mario Mansour, Center Coordinator, METAC

10:00 – 12:30  **TAX POLICY AND ADMINISTRATION ISSUES IN THE USE OF TAX EXPENDITURES: A GLOBAL PERSPECTIVE**

CHAIR: MARIO MANSOUR

10:00 – 11:00  The Role of Tax Expenditures in Revenue Policy: A Global Perspective
Dora Benedek, Deputy Chief, Tax Policy Division, Fiscal Affairs Department, IMF

*Tax expenditures play an important role in addressing equity and efficiency issues in tax design, by inducing changes in behavior. This is evident for instance in how tax incentives can play a role in encouraging investment; less talked about, but equally important, is how tax expenditures affect decisions to work and to consume. This session will present the topic of tax expenditures, what they are and how they are measured, and discuss their effectiveness in addressing efficiency and equity issues, with country experience from developed and developing economies.*

11:00 – 11:20  Coffee/Tea Break

Stoyan Markov, Revenue Administration Advisor, METAC, IMF

*The provision of tax expenditures raises significant tax administration issues, including for compliance and enforcement, in that they complicate the rules in several areas. They often entail information reporting for taxpayers, information storage and processing for tax and customs administrations, and new dimensions of risk analysis to ensure that (1) they are not abused, and (2) they reach their intended beneficiaries. Tax administrations also play a crucial role in the ongoing assessment of the feasibility of tax expenditures, which then feeds back into policy design. This session identifies the key tax administration issues raised by tax expenditures, including those in special zones.*
12:20 – 12:30  Summing up by the Chair

12:30 – 14:00  LUNCH

14:00 – 16:30  CURRENT PRACTICE OF TAX EXPENDITURES IN SELECTED MENA COUNTRIES

CHAIR: Dora Benedek, Deputy Chief, Tax Policy Division, Fiscal Affairs Department, IMF

14:00 – 14:45  A Historical Perspective on the Use of Tax Expenditures in Morocco

Representative from Ministry of Finance, Morocco

*Morocco is the first country to produce and publish tax expenditures in the MENA region. This session gives a historical perspective on the use of tax expenditures in Morocco, identifies key changes to methodologies and format of publication over the years, and draw some lessons for other countries.*

14:45 – 15:30  Experience in the administration and control of special zones

Representative from Egypt

*Different types of “special zones” are widely spread in the MENA region (and others), providing often favorable tax treatment to businesses established in the zones. This creates challenges for the administration and control of the movement of goods and increases tax compliance risks. Customs and tax administrations need to take a number of actions ensure that tax rules applicable in the zones are not misused.*

15:30 – 16:15  Administration of Sales Tax Exemptions

Amina Ahmady, Director General, Afghanistan Revenue Department, Afghanistan

*Sales taxes, including VATs, often entail the provision of exemptions for both business-to-business supplies (including imports) and for final consumers. What has been the experience with the tax administration in this area, and what are the lessons learned?*

16:15 – 16:30  Summing up by the Chair

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**DAY 2 – DECEMBER 4, 2019**

09:00 – 12:30  THE ROLE OF CAPACITY DEVELOPMENT IN PROMOTING THE PRODUCTION AND USE OF TAX EXPENDITURE ACCOUNTS

CHAIR: MOROCCO (TBC)

09:00 – 09:45  IMF Perspective on Technical Assistance in Tax Expenditure Analysis

Dora Benedek, Deputy Chief, Tax Policy Division, Fiscal Affairs Department, IMF

*The IMF has assisted several countries in producing or improving their tax expenditure accounts, and in some cases in evaluating certain aspects of tax expenditures, such as the distributional implications of VAT exemptions and VAT low rates. This presentation discusses what it takes for a country to produce tax expenditure accounts, from data collection to methodologies and methods, to*
dissemination, and finally to evaluating the efficiency and cost-effectiveness of tax expenditures. The presentation will rely heavily on country examples.

09:45 – 10:30 Experience in Preparing Tax Expenditure Accounts: Issues with the Definition of the Benchmark Tax System
Charmarke Aden Chirdon, Ministry of Budget, Djibouti

Recently, Djibouti benefited from IMF support in preparing its tax expenditure accounts. This session discusses the experience from a country’s perspective and shed light on how the IMF can improve support in this area.

10:30 – 11:00 Coffee/Tea Break

11:00 – 11:45 Experience in Preparing Tax Expenditure Accounts
Representative from Algeria (TBC)

Algeria has had some experience with the preparation of tax expenditures. Despite investing resources in this area, it has not yet published tax expenditure accounts. What can the Algerian experience tell other countries?

11:45 – 12:30 Administration of Tariff and VAT Exemptions on Imports in Sudan
Representative from Sudan’s Customs Authority

What are the difficulties encountered by customs officials in Sudan in enforcing tariff and VAT exemptions, and how have the customs authorities dealt with them over the years? Tax compliance and enforcement challenges and how they can be addressed/resolved by the customs administration including by application of risk management approach.

12:30 – 14:00 LUNCH

14:00 – 16:30 PROMOTING THE USE OF TAX EXPENDITURES IN MENA: WAY FORWARD FOR CAPACITY DEVELOPMENT

14:00 – 14:45 Workshop Summary and a Proposal for an Action Plan
Mario Mansour, Center Coordinator, METAC, IMF


15:30 – 16:20 Reflections from Selected Countries
Four countries with 10 minutes each

16:20 – 16:30 Summing up and Next Steps
Mario Mansour, Center Coordinator, METAC, IMF