

INFORMATION & COMMUNICATION DIRECTORATE

Media Advisory No:

Date: 29th May 2023

Venue: Addis Ababa, Ethiopia

Specialised Technical Committee on Finance, Monetary Affairs, Economic Planning & Integration.
“Sub-Committee on Tax and Illicit Financial Flows.”

What: The opening session of the Specialised Technical Committee on Finance, Monetary Affairs, Economic Planning & Integration- the Sub-Committee on Tax and Illicit Financial Flows will discuss and provide recommendation on tax policy matters that focus on equitability in taxing rights and tax standard-setting initiatives such as the United Nations (UN) Convention on International Tax Cooperation and effective tax administration, especially in cross-border trade.

When: 31st May 2023. 9 AM EAT.

Where: African Union Commission, Old Plenary Hall.

Who: The Opening Session will be addressed by among others;

- H. E. Amb. Albert Muchanga, AU Commissioner for Economic Development, Trade, Industry and Mining.
- Mr. Antonio Pedro, Executive Secretary, UNECA
- Mr. Logan Wort, Executive Secretary, African Tax Administration Forum
- Mr. Maurice Ochieng, Programme Manager GIZ-GFG
- Mr. Djamel Ghrib, AU Commission, Director for Economic Development, Integration and Trade.

Background information:

The digital economy has experienced unprecedented growth over the past few decades, transforming the global economic landscape and reshaping the way businesses and individuals interact. This phenomenon has been driven by rapid advancements in technology, widespread internet access, and the increasing penetration of smartphones and other digital devices. This includes increased consumption of digital goods and services, such as streaming platforms, e-commerce, and online advertising. The application of traditional tax principles (Nexus rules) for income tax and in the context of Value Added Tax (VAT).

In many cases, digital services are delivered across borders, making it difficult to establish the appropriate jurisdiction for tax collection. Moreover, the intangible nature of digital goods complicates the process of determining value for taxation purposes.

These developments impact Africa’s ability to mobilize revenues while influencing tax policies and the protection of tax bases. As a result, Africa’s position in the global tax debate requires a renewed approach to tax policy initiatives, including the United Nations Resolution for a Tax Convention and the incoming international tax rules proposed by the OECD Inclusive Framework’s Two-Pillar solution. At a practical level, countries will also be confronted with

the collection of revenue from digital sales of goods and services and the allocation of taxing rights on a global minimum effective tax rate.

As African countries continue to grapple with low tax collection and ever-increasing revenue demands, particularly building back from the COVID-19 pandemic, it is critical to address these issues and ensure that the African interest is protected in the design and implementation of the global tax rules. It ought not to be the case that the highly profitable large businesses keep profits that belong to countries – and their people.

The two-day meeting sessions will centre on

- **Session 1:** What does a minimum tax mean for Africa?
- **Session 2:** How best can Africa protect its tax bases?
- **Session 3:** New areas of Focus: What Efficiency gains can Africa draw in its Domestic tax regimes? A focus on VAT Cross border transactions.
- **Session 4:** Progress Report on the UN Tax Convention.
- **Session 5:** Progress Report on Curbing Illicit Financial Flows (IFFs) in Africa.

The expected outcomes for the First Sub-Committee on Tax and IFFs Issues are:

- African position on the ongoing developments on the UN resolution on a Tax Convention for International Tax Cooperation.
- Adoption of recommendation for Africa's approach to domestic minimum tax.
- Consideration for a coordinated approach to VAT compliance in cross-border supplies in the digital economy.
- Update on the work of the Commission on combatting IFFs from Africa.

Find attached is the **Concept Note** and **Agenda Programme**.

For further information, please contact:

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