

Fair Tax Monitor Technical Working Group

Meeting Report

December 16 2019

Chaminuka Lodge

1. Introduction

1.1. On Monday, December 16 2019, CUTS brought together and formed Zambia's first Fair Tax Monitor (FTM) Technical Working Group for the purposes of completing Zambia's FTM report. CUTS with support from Oxfam is currently implementing a project entitled Fair Tax Monitor. The FTM project was started in December 2014 and developed by Oxfam Novib and Tax Justice Network–Africa in collaboration with partners and Oxfam Country Offices.

1.2. The overall objective of the project is to develop local capacity on technical fiscal issues. It provides an overview of national tax systems and identifies the main challenges they face. It is also used to gather qualitative and quantitative information in a standardized manner.

1.3. This project is being undertaken in several countries and Zambia has nominated to be the pilot country in the region. In order to ensure accuracy of the information within the report we would like to request if you might nominate an officer to be a part of the technical team.

2. Opening Remarks

2.1. The opening remarks were delivered by CUTS Centre Coordinator, Ms Chenai Mukumba. In her remarks, she thanked the participants for taking the time to attend and feed into Zambia's first FTM report. She indicated that value of this report was to have a document that could be used as a basis for advocacy on tax issues by civil society, not only within Zambia but as a tool to compare Zambia to other countries as well.

3. FTM Presentation

3.1. Following Ms Mukumba's opening remarks, Mr Eneya Maseko from Oxfam gave a presentation on the Fair Tax Monitor project. He began by describing the FTM as a diagnostic tool that provides an overview of national tax systems, and identifies bottlenecks & opportunities for making tax systems fairer. He added that the tool sees national tax policies as entry point to reducing economic inequality by raising revenues for universally accessible essential services (health, education, social protection).

3.2. The stated that the FTM project working group defined a fair tax system as follows:

1. Progressive & serves as a mechanism to redistribute income in a gender responsive way.
2. Allows to raise sufficient revenue to perform government functions & provide essential services.
3. Refrains from & eliminates harmful tax exemptions & incentives.
4. Tackles causes of illicit capital flight & tax evasion by international companies & the wealthy.

3.3. Mr Maseko explained that the goal of the FTM is 'to strengthen tax advocacy efforts at local & global levels aimed at fighting growing inequality.' In explaining the methodology of the project, Mr Maseko noted that the FTM reports make use of the Common Research Framework (CRF).

3.4. The CRF defines in more detail which information is required to be analysed in the FTM Country Reports. This is done to ensure that qualitative & quantitative information that is gathered is done in a standardized manner. Following this, a research report with more detailed information & analyses is produced by each focus country.

3.5. The CRF analyses tax system along 6 cluster topics:

1. Progressive tax system
2. Sufficient revenues
3. Tax competition and corporate tax incentives
4. Effective tax administration
5. Pro-poor government spending
6. Accountable public finances

3.6. Mr Maseko explained that some of the anticipated outcomes of TWG meeting include:

- Validating the data & information gathered by CUTS.
- Providing insights on key issues & opportunities on sustained tax dialogue, advocacy to improve Zambia's tax system.
- Proposing improvements to the methodology.
- Identifying opportunities for future capacity strengthening & collaboration, CSOs & Government officials

Mr Maseko ended his presentation by highlighting some of the common challenges that had been noted in countries that had completed their respective FTM reports – some of these challenges included: Excessive indirect taxation – regressivity; Tax burden shifting from companies to poor citizens; Corporate tax incentives lacking effective regulation & transparency; Ineffective tax administration structure; Insufficient civic space for participation in budget process; and Lack of accessible, reliable, official data (Access to Information)

4. Group Discussions

4.1. Following the presentation, participants were divided into groups based on their areas of expertise. Each group was assigned two drafts of the six cluster topics as follows.

Group 1

Cluster Topics:

Effective Tax Administration

Sufficient Revenues

Group Participants

- CUTS
- Ministry of Finance
- Zambia Revenue Authority
- NGOCC
- CTPD
- PWYP

Group 2

Cluster Topics:

Government Spending Tax competition and Corporate Tax Incentives

Group Participants

- CUTS
- Zambia Revenue Authority
- Ministry of Gender
- ActionAid

Group 3

Cluster Topics:

- Progressive Tax System
- Accountable Public Finances

Group Participants

- CUTS
- Ministry of Finance
- Oxfam
- ZIPAR

Each group read through the drafts giving inputs and correcting information that was inaccurate or outdated.

5. **Presentations**

5.1. Following the discussions, the respective groups made presentations that were centred on the FTM's scoring methodology. Each group gave scores on the questions in the scoring methodology based on the many issues that were raised during the group discussions. (Please see final excel sheet for finalised scoring results)

6. **Closing Remarks**

6.1. Ms Chenai Mukumba closed the meeting by thanking the participants for making time to attend and meaningfully participate in the process. She explained that a draft will be finalised based on the contributions made and sent to a team of international peer reviewers that are looking at the research to make sure that it conforms to the international standards. She notified the TWG that CUTS would be in touch once feedback was received.