

Overview of a Medium-Term Revenue Strategy

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Presentation by Fiscal Affairs Department, IMF

Seminar on MTRS and Related Issues

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Manila

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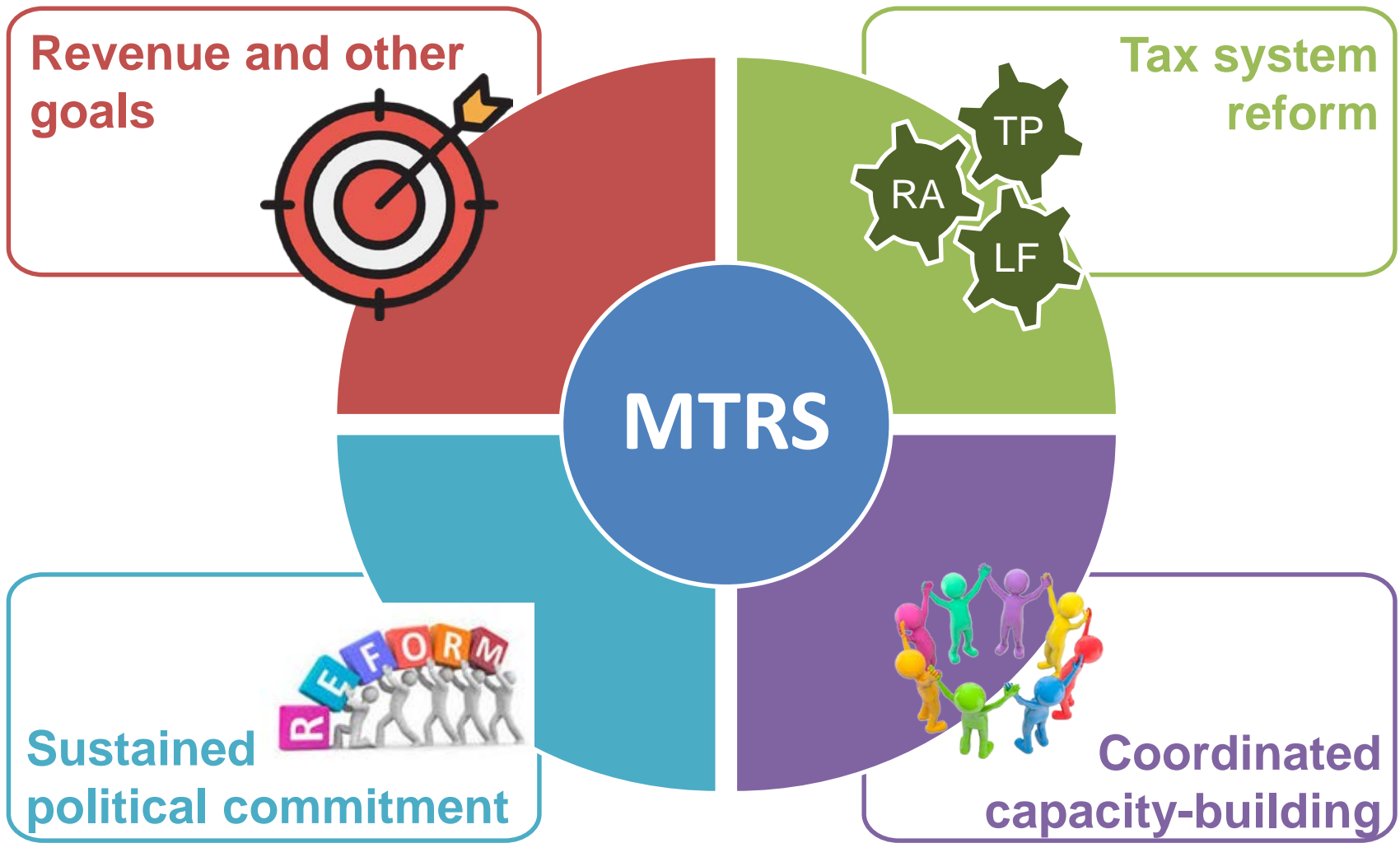


Outline

- What is an MTRS approach to tax system reform?
- Where did the concept originate?
- How is an MTRS different to many current approaches to revenue reform?

The MTRS approach to tax system reform

MTRS Approach to Tax System Reform



Four Interdependent Components of MTRS

1. Broad consensus on level of revenue mobilization effort for medium-term with due consideration to other objectives
2. Comprehensive tax system reform plan, reflecting country circumstances and state of institutional capacity and efforts underway:
 - ✓ Redesign of tax policy setting to meet the revenue goal
 - ✓ Reform of revenue agencies to properly administer policy setting and achieve high level taxpayers' compliance to meet revenue goal
 - ✓ Strengthen legal framework to enable policy redesign and administration reform, including by balancing revenue agencies' powers and taxpayers' rights

Four Interdependent Components of MTRS

3. Country's commitment to steady and sustained implementation (Government-led), notably by securing good governance, political support (whole-of-government) and resourcing
4. Secured financing, including coordinated and aligned support by donors and technical assistance providers behind the country's MTRS

Where did the MTRS concept originate?



Background

- Embraced by the Platform for Collaboration on Tax
- Supported by the G20
- Several initiatives and events

Enhancing the Effectiveness of
Support in Building Tax Capacity
Developing Countries

Prepared for Submission to G20 Finance Ministers

July 2016

International Monetary Fund (IMF)
Organisation for Economic Co-operation and Development (OECD)
United Nations (UN)
World Bank Group (WBG)

Update on Activities of the Platform for
Collaboration on Tax

June 27, 2017

International Monetary Fund (IMF)
Organisation for Economic Co-operation and Development (OECD)
United Nations (UN)
World Bank Group (WBG)



Background

- SDGs/ATI/G20 dialogue –opportunity to reinforce medium term DRM efforts
- DRM high priority - bringing context/momentum to nurture political will
- Broad perspective of dialogue:
 - broaden approach to tax systems
 - involve/reach out multiple stakeholders
- Some good experiences to learn and build upon
- Start with few cases



Why MTRS is needed?

- Clearer picture of likely tax revenues and increased certainty for taxpayers over the medium term
- Building tax capacity is a protracted/persistent effort
- Legal framework requires timely change to support policy/administration changes
- Low capacity environments benefit from medium term vision
 - helps guide support
 - helps cope with instabilities/ uncertainties (e.g. political)
- Enhances coordination among donors/partners to avoid fragmentation

How is the MTRS different to current revenue reform approaches?



How is the MTRS different?

- Direct link to and driven by country spending needs
- Involvement of ‘whole of government’ and civil society to ensure revenue is a strategic priority
- Comprehensive approach ensures synergy and sustainability
- Better sequencing and integration of all revenue reforms (policy, legal, and administration)
- Visible country commitment allows for increased accountability
- Partner/donor support to be aligned under the MTRS

Thank You