

Fundamentals of Tax Policy

24-April – 26-April, 2018

Location: J Building, J B1 - 080

Program Overview: This three day hands-on course presented jointly by the Domestic Resource Mobilization Unit of the Governance GP and the Macroeconomics, Trade and Investment GP presents practical tools useful in country analysis to help World Bank staff better assess a country's taxation policies. Participants will be taught to analyze the impact of tax policies on revenue collection, efficiency, and its distributional impact. The course is designed as a series of modules that build on each other and cover all the major types of direct income and indirect taxes. Class size will be kept small and the content is tailored to fit participants'/regional interests. The course instructors are drawn from the World Bank's tax experts, and invited external tax economists.

Learning Objectives: This training course is designed to help World Bank staff refresh their command of tax policy-related concepts, analytical tools and cross country lessons on Taxation. The hands-on-sessions on major taxes and analytical methodologies will ensure that they can apply what is learnt in their work. The course will in particular support World Bank staff to: -

- Apply the key definitions, principles, analytical models, and available cross-country tax databases in analyzing their country's tax issues and readily incorporate it in their core work programs (e.g., preparation of the Macro Framework, Economic updates, Public Expenditure Reviews (PERs), and design of revenue pillars in DPLs).
- Effectively engage in country dialogues on reviewing the settings and performance of the existing tax regimes and helping the governments to identify potential areas for tax reforms.
- Participate in comprehensive country case studies, possibly with fellow tax experts to analyze taxation-related challenges and conduct appropriate technical diagnostics under the guidance of experienced counselors.
- Network with peers globally.

Intended Audience: The course aims to support the specific needs for economists who carry out analytical work, prepare, and supervise lending operations with a component on revenue mobilization. It is ideal for World Bank staff to provide evidence-based advice on tax policies, especially to Ministries of Finance and Economic Planning in governments, at both national and subnational levels.

Instructors: Tuan Minh Le and Sebastian James (TTLs), Rajul Awasthi and Ana Cebreiro (all World Bank).

Course Details

Tuesday (Apr-24, 2018)			
Time	Topic	Topic Description	Instructor(s)
9:00 – 9:15	Introduction	Tax Policy context for our work	Alma Kanani Sudarshan Gooptu
9:15 – 10:30	Tax Policy Basics – I	<p>Tax Policy Basics – Tax Structure, Trends and Performance</p> <p>This topic will provide an overview of the following key policy questions such as</p> <ol style="list-style-type: none"> 1) What are the principal taxes and how does it perform? What is the tax structure? Direct and Indirect taxes, Consumption versus Income, Social Security taxes, etc. 2) How is the tax system performing? Policy measures (tax expenditures, buoyancy, etc.), Administrative measures (evasion, tax base, etc.), Efficiency-Equity-Simplicity tradeoffs 3) Is my country collecting enough taxes when compared to its peers and its level of expenditure, etc.? 	Tuan Minh Le
10:45 – 12:00	Case Study – 1	<p>Tax system – Macro trends and Tax structure</p> <p>Participants will analyze the tax system of their respective countries. Analysis will include, tax structure and tax collection trends, benchmarking against other countries, etc.</p>	Sebastian James
1:00 – 2:30	Understanding the Tax Instruments – I	<p>Personal Income Taxes</p> <ol style="list-style-type: none"> a. The Concept of Income, Haig Simons definition and what it implies in practical terms, Scheduler versus Global Income Taxes, Exemptions versus Deductions 	Sebastian James

		b. Concept of Residence, Territorial vs. Worldwide taxation, Taxing Unit, Employment Income vs. Individual Business income, Capital gains taxation, Reliefs, etc.	
2:45 – 4:00	Practical Session	File your Personal Income Tax Returns	Sebastian James
Wednesday (Apr-25, 2018)			
Time	Topic	Topic Description	Instructor(s)
9:00 – 10:30	Understanding the Tax Instruments – II	Value Added Taxes <ol style="list-style-type: none"> VAT vs. other types of general sales taxes (turnover tax, and single stage (e.g.) Retail Sales Tax) Key concepts - Base, Rates, Exemptions, Zero Ratings, Threshold Dealing with hard to tax sectors and related issues in dealing with equity in VAT. VAT refunds 	Tuan Minh Le
10:45 – 12:00	Case Study – 2	Estimating the VAT Gap This session will introduce the participants to tools and techniques to estimate the VAT base/VAT gap.	Tuan Minh Le
1:00 – 2:00	Understanding the Tax Instruments – III	The Corporate Income Tax and the Taxation of legal persons <ol style="list-style-type: none"> Policy Framework: Incidence of Corporate Tax, Double taxation of corporate income, Integration of Personal and Corporate Income Taxes, Decision making of the firm and taxation Concepts in CIT - Financial Accounting vs. Tax Accounting – Why it matters, Carry Forward of Losses, Capital Receipts vs. Revenue Receipts, Thin Capitalization, 	Sebastian James

		Interest deductibility vs. Equity, introduction to Related Party transactions and Transfer Pricing, Depreciation economic versus Tax, Minimum Taxes	
2:00 – 2:30	Case Study - 3	Understanding Business Taxation – Prepare the Balance Sheet of your business	Sebastian James
2:45 – 4:00	Special Topics on Taxation - I	<p>International Tax Issues</p> <p>This session will cover the important area of international taxation that is posing risks to the tax bases of countries around the world including:</p> <ol style="list-style-type: none"> CFC Rules, Transfer Pricing, Tax Havens, Digital Economy, e-commerce and impact on tax collections Worldwide efforts to tackle International Tax Avoidance – Base Erosion and Profit Shifting (BEPS), Country by Country reporting, Exchange of Information between countries. Tax Treaties, etc. How individual countries could tackle these risks? 	Ana Cebreiro Sebastian James
Thursday (Apr-26, 2018)			
Time	Topic	Topic Description	Instructor(s)
9:00 – 10:30	Special Topics on Taxation - II	<p>Taxation of Small and Medium Businesses</p> <p>This session will include various policy measures to tackle tax evasion among hard to tax groups, the pros and cons of having an SME tax regime, tax instruments to improve compliance among hard to tax group, lowering the cost of compliance of tax for the SMEs including,</p> <ol style="list-style-type: none"> Use of Withholding taxes Enforcing filing of tax returns Simplified taxation of SMEs (presumptive tax) 	Rajul Awasthi Ana Cebreiro

		d. Policy versus administrative solutions to tackle SME cost of compliance	
10:45 – 12:15	Understanding the Tax Instruments – IV	Property Taxation This session will introduce participants to the Property Tax and relevant issues in designing one.	Rajul Awasthi
Time	Topic	Topic Description	Instructor(s)
1:00 – 2:30	Special Topics on Taxation - III	Effectiveness of Tax Incentives – Estimating Tax Expenditures and Costs and Benefits of Tax Incentives The revenue costs of tax incentives are quite high in many countries and this is an area of great need for reform. Participants will be trained on the following:- <ol style="list-style-type: none"> Use of Tax Incentives across the World Effectiveness of Tax Incentives – evidence from the latest research Tax Competition and Tax Harmonization methods and experience from around the World Measuring the effectiveness of tax incentives in encouraging investment using firm level data Tax Gap, Tax Expenditures and how to measure it Cost-Benefit Analysis of tax incentives 	Sebastian James

2:45 – 4:00	Panel Discussion	Participants will discuss tax reform agenda of their relevant countries and how they plan to support the government. Participants will be informed of the various ways the World Bank supports tax reform including the role of the Global Tax Team	Alma Kanani Marijn Verhoeven Sudarshan Gooptu
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