



2013
ANNUAL REPORT

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ATAF Council members attending the 1st ICTA Conference at Victoria Falls,



The SARS Commissioner, Ivan Pillay, handing over the South Africa-ATAF Host Country Agreement to the ATAF Executive Secretary, Logan Wort



The signing of the ATAF-GIZ Agreement by the ATAF Chairman, Ivan Pillay and the GIZ - South Africa Country Director, Christiane Kalle

MESSAGE FROM THE ATAF CHAIRMAN

Concerns around the mobilisation of domestic resources and the complexities of raising revenues have become increasingly important in global discussions. Mobilising domestic resources is essential to advancing national development agendas as it enables countries to raise revenue internally to fund state expenditure on infrastructure, economic and social development programmes.

Broad self-sufficiency in revenue generation provides predictability and improves the state's ability to plan and manage the national budget and its public investment programmes. Importantly, it reduces reliance on foreign aid and the need to borrow capital.

More is at stake, however, than just raising revenue to fund valuable investments. An effective fiscal system is a core element of state building and a barometer of state legitimacy. It promotes independence and accountability, and reinforces the link between citizens, taxpayers and their governments.

Building a culture of tax and customs compliance in developing economies presents unique challenges for tax administrations. Why? Because many of us are still in the process of nation formation and institution building.

The establishment of ATAF provides us with a platform to share experiences, learn from our peers, and consider global and continental good practices for national usage. We will be in a better position to understand the differences and similarities between compliance cultures in various countries, and to glean new insights and perspectives.

More home-grown research is required to inform tax policy so that the measures adopted are sustainable and contribute to economic development. Too often there is a discord between the long-term goal of strengthening state capacity and a short-term need to raise revenues to fulfil budgetary requirements. Mobilising public resources often has political consequences. Paying taxes rarely enthuses anyone. So the success or failure of tax reforms will depend on political, economic and cultural considerations, both within and beyond national governments.

ATAF is working to halt base erosion and profit shifting. Over and above the focus on building the technical capacity desperately needed in our administrations, we are now also able to collectively engage on a number of significant issues. Together we can look at the underlying drivers of regional tax harmonisation efforts and their administrative and economic implications.

Our members are rising to the challenge of enhancing their capability. We have come a long way in the relatively short time since we began the ATAF journey. But much more remains to be done.

ATAF is not only about enhancing our structures or increasing revenue collection. It is about serving our people.



Ivan Pillay

ATAF Chairperson





Nominated Country Correspondents from ATAF Member States attending the 2nd ATAF Country Correspondents Conference in Pretoria, South Africa



ATAF Council represented by (Front row: L-R) Nigeria, South Africa, the ATAF Executive Secretary (ex officio), Gabon, Zimbabwe, (back row: L-R) Senegal, Ghana and Botswana



The Executive Secretary, Logan Wort and the Swiss Ambassador to South Africa, His Excellency, Christian Meuwly, exchanging the signed SECO-ATAF Financing Agreement

FOREWORD BY THE EXECUTIVE SECRETARY

2013 has been both a challenging and exciting year. While the global economy recovery predicted in the last quarter of 2012 was revised to a less vigorous upturn than anticipated, sub-Saharan Africa continued to show steady growth, with emerging-markets and developing economies registering growth of 5.5% on average in 2013. We at ATAF thus remained focused on playing our part in enhancing Africa's economic growth even further through tax-related domestic resource mobilisation.

For the financial sustainability of the economies of our member states, we continue to emphasize the important linkages between the need for the effective raising of revenues from domestic resources, the reduction of dependence on single sources of revenue, and the diminishing of dependency on donor assistance. However, we remain acutely aware that the complexities of international business transactions place a particular burden on African tax administrations in that we require to build advanced skills and resources in order to adequately deal with tax evasion and avoidance.

In this regard, our work over 2013 focused much on:

- a) **providing learning opportunities** through which to tackle the skills gaps, that is, through our technical events and seminars, the first on-line training programme on audit and investigation, and the *1st ATAF International Conference on Tax in Africa*, hosted by Zimbabwe in September;
- b) **conducting relevant studies and research** to inform and give direction to our work plans and activities, for example, the publication of the *ATAF Regional Studies on Reform Priorities of the six sub-regions*; and
- c) **providing practical tools** through which our members are able to optimise their work, for example, the publication of *The Practical Guide on Exchange of Information for Developing Countries* and the enactment of the *ATAF Agreement on Mutual Assistance in Tax Matters*.

Bolstered by the 2013 G8 / G20 discussions around trade, tax and transparency, the success of the above ATAF focus areas will give tangibility to, and greatly advance, the exchange of information, peer learning, benchmarking and research conducted on various matters among both ATAF member countries and development partners.

At the Secretariat itself, we embarked on finalising all matters concerning the organisation's full independence, saw through the recruitment processes for Secretariat staff, provided significant input into the global tax debate, reached out to more African countries and administrations, and strengthened our regional and global relations.

Investing in a regional tax organisation such as ATAF requires commitment, finances, and technical support from our members, our host country South Africa, and our partners. We remain extremely grateful to our donors and development partners (i.e. Germany, Ireland, the Netherlands, Norway, Switzerland, and the United Kingdom) for their support, both technical and financial, in delivering on our workplan. Finally, we express our immense appreciation to the members of the ATAF Council for their leadership, dedication and direction to the organisation as a whole, and to the Secretariat in particular.



Logan Wort
Executive Secretary





Attendees at the African Academics Meeting working towards the establishment of an "African Network of Tax Researchers" held in Kenya

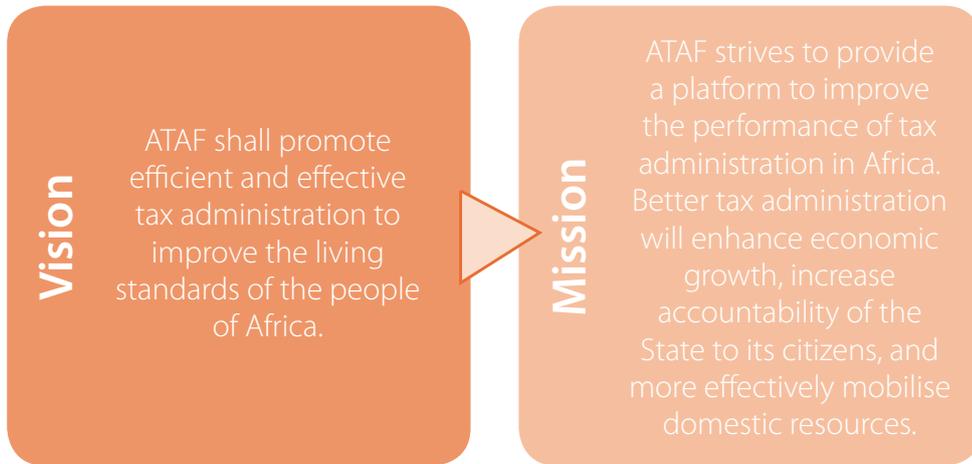


Board Chairman of the Uganda Revenue Authority, Gerald Sendaula sharing a moment with the Ugandan Commissioner General, Allen Kagina



ATAF Executive Secretary, Logan Wort, Deputy Minister of Finance of Zimbabwe, The Honourable Dr Samuel Undenge and Commissioner General, Gershem T Pasi

THE ATAF STRATEGIC FOUNDATION



OUR MANDATE

- Improve the capacity of African tax administrations to achieve their revenue objectives;
- Advance the role of taxation in African governance and state building;
- Provide a voice for African tax administrations; and
- Develop and support partnerships between African countries and development partners.

OUR VALUES

- Dedication** towards consolidating and strengthening stakeholder relations in order to advance African tax reform;
- Integrity** by promoting adequate and effective systems of internal controls, risk management and good financial governance;
- Equity** extended to all members to access high-quality learning resources and opportunities;
- Mutual respect** in contributing towards a better Africa through a better understanding of the various tax policies and reforms;
- Courtesy afforded** to all members to ensure that they jointly represent African interests internationally in promoting that the continent speaks with one voice on tax issues; and
- Loyalty** to all member and development partners to continuously sustain the development.



ATAF Member States attending the Technical Seminar on "Auditing VAT Systems" in Accra, Ghana



Chief executives and board chairpersons from 12 African countries attended the Board Governance Meeting, organized by the International Monetary Fund (IMF) in collaboration with ATAF.



Delegates from the ATAF Member States attending the Technical Seminar on "Auditing Vat Systems" in Ghana

THE ATAF STRATEGIC OBJECTIVES FOR THE PERIOD 2013 - 2015

ATAF Strategic Objectives 2013-2015
Establishing a well-functioning international organisation.
Building capable African tax administrations that develop, share and implement best practices
Becoming the African voice on tax issues to inform and influence the global dialogue
Fostering sustainable partnerships with stakeholders
Improving good governance and accountability between state and citizens



Burundi, Malawi, Rwanda, Senegal, South Africa, Tanzania and Zambia attending the "Expert Meeting of the Advisory Board of the Building Blocks of a modern tax administration"



Delivery of 13 Laptops from GIZ to ATAF



Zimbabwe Commissioner General, Gershem T. Pasi, Lesotho Commissioner General, Thabo Letjama and Rwanda Commissioner General, Ben Kagarama

ORGANISATIONAL HIGHLIGHTS OF THE ATAF 2013 WORKPLAN

INTRODUCTION

ATAF continues the work of strengthening governance and increasing Africa's economic growth agenda. This Annual Report deals with ATAF's growth as an African organisation, ATAF Research Projects and capacity building events, the Governance Committees and the administration of the Secretariat.

The 2013 ATAF Work Plan was well executed with good participation from member countries and support from ATAF Development Partners.

ADMINISTRATIVE HIGHLIGHTS

Staffing and recruitment

The General Assembly Meeting in 2012 unanimously appointed Mr. Logan Wort as the first Executive Secretary of ATAF.

The Secretariat also filled three director posts. Each interview panel for the three director posts was comprised of various members of Council. Following Council's approval of the appointment of the three directors, the successful incumbents were taken through induction training at the Secretariat offices from 9 - 15 December 2013. The three new directors are:

- (a) Director: Finance and Corporate Affairs, Ms Ediretse Mokara (Botswana);
- (b) Director: Institutional Development and Capacity Building, Mr Kennedy Onyonyi (Kenya); and
- (c) Director: Research, Dr Nara Monkam (Cameroon).

The directors officially commenced their duties on 6 January 2014. The Secretariat has commenced with the roll-out of the next level of Secretariat officials as per the approved organogram.

Reintegration of seconded staff to SARS

A reintegration process facilitated the return of three seconded officials back to South African Revenue Service (SARS).

Office Accommodation

ATAF moved into its new headquarters in 2013. The offices are located at 2nd Floor, in Block G, Hatfield Gardens. The ATAF offices are centrally located in the capital city of Pretoria and opposite the speedtrain station from the airport.

Most of the furniture for the new office was donated by SARS. The German government, through GIZ, contributed towards ATAF's newly refurbished offices in the form of office meeting-room tables and a Council boardroom table. GIZ also fitted out the Council Boardroom with a video/audio/ interpretation system. In addition they provided cabinets at all workstations; an advanced printer / photocopier; 13 Dell laptops including docking stations; and 5 executive chairs for the directors. The move was also supported from the ATAF budget provided by the ATAF pooled funds.

Host Country Agreement

Culminating in an official handing-over-ceremony between the ATAF Executive Secretary and the SARS Commissioner at the Secretariat Offices on 2 December 2013 in Pretoria, the Host Country Agreement between ATAF and South Africa was officially signed by the South African Minister of Finance. ATAF's hosting arrangements with SARS will form part of a separate agreement to be signed with SARS.

Development of an ATAF Secretariat Monitoring and Evaluation System

The ATAF Secretariat developed a monitoring and evaluation system in August 2012. The monitoring system enables ATAF to monitor progress towards achieving the implementation of the Work Plan and it allows the ATAF General Assembly and Council to monitor the performance of the organisation against measurable indicators. Furthermore, the monitoring and evaluation system provides the ATAF Secretariat with a tool to track progress in terms of the delivery on its Work Plan and related spending on a continual basis. The system is also used for the management of staff performance.

Strategic Planning

The ATAF annual planning session took place from 19-20 August 2013, in Pretoria. Delegates from Senegal, Chad, Uganda and Zimbabwe provided invaluable perspectives in reflecting on progress made towards achieving ATAF's strategic objectives. The meeting successfully developed the 2014 ATAF Work Plan, including activities for each of ATAF's five strategic objectives, as well as indicators for ATAF's success, timelines and a corresponding budget. The two-day planning session was supported and facilitated by GIZ.

INSTITUTIONAL HIGHLIGHTS

The ATAF International Conference on Tax in Africa (ICTA)

The first ICTA Conference, hosted by the Zimbabwe Revenue Authority, took place from 25 - 27 September 2013 in Victoria Falls, Zimbabwe. The Conference, which replaces the ATAF General Assembly every alternate year, focused on *"African Perspectives and Challenges in the Taxation of Natural Resources and the Extractive Industries"*, and was attended by Heads and Senior Officials of African Tax Administrations and Ministries of Finance, representatives of international and continental organisations, and development partners, as well as representations from the private sector and academic institutions working in the tax arena.

In focusing on the theme, participants considered the opportunities and challenges presented by natural resources and the extractive industries sector in domestic resource mobilisation, as well as the design of an applicable tax regime and administration. The event also considered best practices in addressing the taxation challenges of natural resources within both developed and developing countries, and drew on the expertise of policymakers, administrators, business and academia.

ATAF Council Meetings

The 5th Council Meeting took place from 19 – 20 March 2013 in Pretoria, South Africa, to discuss members accession to ATAF, the Terms of Reference for the appointment of the external auditors, the key global tax and development issues and how ATAF should be positioned in this regard, the key areas of Institutional and Capacity Development in revenue administration that ATAF should focus on, and the possible themes for the first ATAF International Conference on Tax in Africa.

The 6th Council Meeting took place on 24 September 2013 in Victoria Falls, Zimbabwe, to discuss the hosting arrangements between South Africa and ATAF, the appointment of the three directors, and the 2014 Work Plan reflecting the planned activities and priorities, and the ATAF budget proposed for 2014.

ATAF Governance Committee Meetings:

The following Governance Committee Meetings took place:

Governance Committee Meeting	Date	Country
Governance & Organisational Committee (GOC)	6 March 2014	Pretoria, South Africa
	9 September 2013	Harare, Zimbabwe
Finance and Audit Committee (FAC)	18 March 2013	Pretoria, South Africa
	4 September 2013	Abuja, Nigeria
Research, Capacity Building and Technical Assistance Committee (RCD)	18 March 2013	Pretoria, South Africa

ATAF Financial Outputs

The General Assembly directed the Secretariat to develop a Financial Sustainability Strategy. This work commenced in 2013 and was to be presented to Council and the General Assembly in 2014. The ATAF Finance Committee would provide its direction on several options to be recommended to Council and to the General Assembly when it meets in 2014.

FINANCING SUSTAINABILITY AND DEVELOPMENT PARTNER SUPPORT

Donor Consultations

ATAF benefits from the support of key international development partners. These Development Partners contribute to a Pooled Fund from where the ATAF Work Plan is funded. The Pooled Funders are SECO (State Secretariat of Economic Affairs of Switzerland), DFID (Department for International Development, UK), Irish Aid (Minister for Foreign Affairs of Ireland), the Netherlands (Minister for European Affairs and International Co-operation of the Netherlands) and NORAD (Norwegian Agency for Co-operation and Development).

The ATAF Pooled Fund is the second largest contributor to ATAF for the 2013 financial year. These funds, in addition to the significant bi-lateral support from BMZ / GIZ, contributes to ATAF programmes and projects, while ATAF is funded by South Africa through SARS, and ATAF membership fees. The ATAF Financial Strategy seeks to increase the share of membership contributions to ATAF business.

The Secretariat commenced with negotiations with Development Partners for future funding based on the same collective funding mechanism. All the initial Pooled Fund Development Partners recommitted to contributing to ATAF financially for the next three-year programme commencing in 2013. Given that ATAF gained its legal independence on 8 October 2012, the Financing Agreements were signed directly with ATAF.

A development partner teleconference took place on 24 October 2013, with ATAF, SECO, NORAD, the Netherlands, Irish Aid, DFID and BMZ participating. The purpose of the meeting was to provide comments on the 2012 ATAF Annual Report, the proposed 2014 Work Plan and Budget, the finalisation of the Finance Agreements, and the 2013 Audit.

Dependant on the proposed SARS contribution, the initial pledges from the Development Partner were as follows:



BMZ

(German Federal Ministry of Economic Cooperation and Development - through GIZ)

BMZ has extended their commitment to support ATAF's establishment and, through the GIZ, have signed on the 13 December 2013 an implementation agreement for the technical cooperation project until the end of 2015. Their commitment includes both financial as well as technical support.



SECO

(State Secretariat of Economic Affairs of Switzerland)

In December 2013, ATAF and SECO signed a new funding agreement for the period 2013 – 2015 to the amount of US\$ 600,000. In addition to this, a Special Contribution, to the amount of US\$ 250,000 was made available for specific projects.



DFID

(Department for International Development, UK)

An amount of £ 180,000 was made available to fund ATAF's IT infrastructure at its new premises.



Irish Aid

(Minister for Foreign Affairs of Ireland)

Irish Aid concluded an agreement with ATAF on 26 November 2013 for an amount of €300,000 for the 2013 – 2015 programme.



The Netherlands

(Minister for European Affairs and International Co-operation of the Netherlands)

In keenly exploring providing both financial as well as technical assistance, the Netherlands tentative pledge amounts to €250,000.



NORAD

(Norwegian Agency for Co-operation and Development)

NORAD committed to providing funds to the value of NOK 5 400 000 for the 2013 – 2015 programme in an agreement signed with ATAF on 13 December 2013.

MEMBER ENGAGEMENT MEETINGS

ATAF-IMF High-Level Seminar on Board Governance for African Revenue Authorities 10 – 12 April 2013 in Johannesburg, South Africa

African revenue authority Commissioners General and Directors General, chief executives and board chairpersons from 12 African countries participated in a high-level seminar to discuss ways to improve governance of revenue administration. The high-level meeting was aimed at exchanging experiences and views on this model by the key strategic leaders in countries that have introduced, or are contemplating, a revenue authority.

Lessons learned:

A similar seminar will be planned for those tax administrations who are not governed by independent boards.

2nd Meeting of the ATAF Country Correspondents

Attended by 23 ATAF member countries from 6 – 7 August 2013 in Johannesburg, South Africa, the meeting comprised an update on the activities of the work of ATAF as well as the developments within the ATAF Secretariat. Discussions also focused on ATAF's contribution in the global tax agenda, ATAF's capacity building programme for 2012 and the various research projects that are underway. Delegates were presented with an overview of ATAF's future work and programmes in terms of the Strategic Plan for 2013 – 2015, the 2014 Work Plan and 2014 Calendar of Events.

Engagement with ATAF members

As engagement with its members and their correspondents is crucial to the development and functioning of ATAF, building excellent working relationships with member states remains a key objective of the Secretariat. In line with the furthering ATAF's objectives towards building effective, efficient and capable tax administrations in Africa, the Executive Secretary regularly approaches non-Member Countries to become members.

Deposit of Instruments of Accession to the ATAF Agreement

Subsequent to ATAF becoming an International organization on 8 October 2012, Swaziland and Seychelles deposited Instruments of Accession with the Executive Secretary during April 2013.

The Secretariat forwarded letters to the Heads of Member Revenue Administrations to strongly urge members to accede to the ATAF Agreement. Coupled with such a letter, the Executive Secretary has also signed a letter to each member's Minister of Finance in order to speed up the accession process.

COMMUNICATION

ATAF Website

The ATAF website is an online communication and marketing medium that focuses on effective communication between the ATAF Council and its members, amongst the members themselves and between ATAF stakeholders and interested parties. At the beginning of 2013, the new ATAF website, www.ataftax.org went live. Noticeable changes on the new ATAF website included the following:

- The website is bi-lingual (English and French);

- The number of visitors who are currently online displays automatically;

- Polls can easily be created;

- Social media box and blog box on the homepage;

- A secure area where News / Events / e-Resources display different elements depending on one's membership status.

Social Media

An ATAF presence was created on the four most popular social media applications namely Facebook, Twitter, LinkedIn and Flickr. An ATAF page has also been created on Wikipedia. Social media interaction is encouraged by the new website and the latest tweets are displayed on the homepage of www.ataftax.org. The number of 'likes' and the profiles of ATAF followers are also displayed on the homepage.

Newsletters

ATAF publishes two types of newsletters namely: *ATAF News*, which focuses on the ATAF Secretariat and ATAF Member activities, and *Kodi Katika Afrika*, an electronic newsletter that covers media articles on 'tax in Africa'.

ATAF News

The *ATAF News* aims to inform ATAF stakeholders of the significant activities of the ATAF Secretariat and to share and formulate perceptions on tax related and economic issues concerning Africa. Articles on the Secretariat's activities are mainly supplied by representatives of the Secretariat, who report on specific activities or project milestones, whilst the opinion pieces are provided by the Secretariat, colleagues from member tax administrations and ATAF Working Groups.

The newsletter is published in both English and in French, on an *ad hoc* basis. Although it is always published onto the ATAF website, it is also forwarded via e-mail to approximately 700 subscribers. Continuous requests to include colleagues on the mailing lists have indicated that the newsletter is well received. However, when published for an ATAF institutional meeting, such as the ATAF ICTA Conference, the ATAF newsletter is also printed in hard copy in A3 format and handed out at the event.

The ATAF e-newsletter aims to inform subscribers on important happenings regarding tax and economic related issues on the African continent. Most of the articles included in this newsletter are collected from secondary online resources, however, contributions from ATAF members or even other *Kodi* subscribers are welcomed. It was decided not to subscribe to and include information of specific databases due to copyright issues. Currently, the newsletter is distributed in both English and French. Thus far, the feedback received has been very positive.

As ATAF capacity progresses, it is foreseen that the language balance will improve and that articles in Portuguese and Arabic could be included in the *Kodi*. Currently there is an imbalance between French and English articles covered in the *Kodi*. Francophone member countries have been encouraged to send articles that appeared in the French media to the ATAF communications team.

CAPACITY BUILDING AND RESEARCH

Online Learning Course ATAF's pilot online course on "Tax Audit" ran from 15 April until 15 July 2013 in a French and English version, with 72 successful participants from 16 member countries. The target group consisted of candidates who were preferably new in the audit and investigation domain or have the potential to grow in the audit and investigation field. The course's specifically customized 8 modules covered for example "Tax Audit Fundamentals", "Case Selection & Assignment" or "Audit Techniques for SME's". The final feedback was very positive and nearly all participants showed a significant increase in their assessment results before and after taking ATAF's pilot online course.

An impact evaluation was conducted after completion of the course to ensure its relevance and value-add. For the purpose of this impact evaluation, the level of competency of the selected participants was assessed prior to the start of the programme to determine the treatment group. Up-skilling tax administrators will ensure that a consistent standard can be established leading to a significant participation at ATAF Technical Events, dealing with advanced tax audit issues.

Following several requests after the pilot, ATAF is exploring the possibility of expanding to Portuguese and Arabic.



ATAF Country Correspondents from Nigeria and Mozambique attending the 2nd ATAF Country Correspondents Conference



Twenty-two ATAF Member States attended the Seminar on "Managing Tax Compliance: Risk Management and Taxpayer Education" in Mauritius



ATAF Member States attending the Seminar on "Managing Tax Compliance: Risk Management and Taxpayer Education" in Mauritius

Blended learning course Following ATAF's successful pilot online course "Tax Audit", the ATAF Secretariat and the Secretariat of the East African Community (EAC) agreed to develop a blended learning course on "*Tax Treaty Interpretation and Negotiation*". Blended learning courses bring together the social aspects of face-to-face classroom trainings and the flexibility and efficiency of computer-mediated tools (e-learning). The online course module will target participants from tax administrations with little or no previous exposure to the issue of international taxation and tax treaties in general. It will level the varying knowledge and skill levels prior to the more advanced level classroom training on tax treaties.

Various experts met for two working sessions from 2-4 September and again from 30 September – 4 October at the ATAF Secretariat offices to develop the course content. The launch of the online module is planned for early 2014.

Capacity Development Programmes in line with the 2013 Work Plan

The 2013 capacity building events were identified in line with the findings of the ATAF research on Tax Administration Reforms in Africa which was conducted in six regions: SADC I, SADC II, West Africa, North Africa and East Africa respectively.

"Audit & Investigation of Small and Medium Enterprises"

13 – 17 May 2013 in Bujumbura, Burundi

This event, supported by the OECD and the IMF, was attended by 17 ATAF member countries comprising 48 participants. The topics discussed included the importance and specific approaches to SMEs and the informal economy, how risk management can be used as a cornerstone for efficient administration purposes.

"ATAF Technical Seminar on Transfer Pricing"

26 – 27 March 2013 in Accra, Ghana

The key focus topics of the seminar, attended by 13 member states, were inter alia Transfer Pricing issues in Africa, the role of the ATAF Working Group, Transfer Pricing risk assessment and case selection and effective Transfer Pricing dispute resolution.

Lessons learned:

Transfer Pricing issues also bring about the need to exchange tax information and engage in Double Taxation Agreements (DTAs) and Tax Information Exchange Agreements (TIEAs).

"Seminar on Exchange of Information"

11 – 12 June 2013 in Johannesburg, South Africa

The seminar focused on providing an overview of the different legal instruments available for exchange of information. In addition, the seminar provided a brief overview of the requirements for creating a sustainable exchange of information process which will include discussions relating to business processes, manuals and standardised templates.

Lessons learned:

This opportunity welcomed contributions towards identifying capacity development initiatives and tools that are most needed in developing countries.

"Managing Tax Compliance: Risk Management, Taxpayer Education"

15 – 19 July 2013 in Port Louis, Mauritius

The objective of this training event, attended by 16 member countries and facilitated by the OECD, was to discuss a broad overview of principles and practices of managing compliance in tax administrations, risk management and taxpayer education amongst ATAF member countries, identify work areas to provide the needs assessment on the subject matter and share best practices. The course considered ways for tax administrations to find a balance between service and enforcement activities.

“Seminar on Taxpayer Services: Taxpayer Orientation & Communications”**12 – 16 August 2013 in Ezulwini, Swaziland**

This event aimed to explore the principles, concepts and channels of taxpayer service delivery within the compliance strategy of a tax administration. Delegates from 14 countries benefitted as they were able to share their country experiences as well as the manner in which their contact centres were set up.

Challenges

The use of African experts to facilitate technical events still remains a challenge. Some of the commentary coming from the IMF is informative but at times misunderstands the African context.

“Technical Seminar on Auditing VAT Systems”**22 – 26 July 2013 in Accra, Ghana**

The seminar was used to gain new perspectives on how VAT audits are carried out in member countries as well as to train delegates on identifying risk, case selection as well as sharing of experiences on VAT receipts from small vendors.

Challenges

The topic was difficult to define correctly for the experts and more research needed to be done to determine the exact wording of the topic. Throughout the development of the course material, all four experts focused their attention towards breaking down various aspects of VAT audit.

Lessons learned:

This seminar provided ground for ATAF to develop the topic more and present future seminars on VAT.

“Seminar on the Interpretation of Tax Treaties”**4 – 8 November 2013 in Lusaka, Zambia**

In collaboration with the OECD and SADC, this introductory seminar was orientated towards providing a general understanding of international tax concepts and the application of treaties through short lectures and discussion of case studies and illustrations. The event was attended by 15 member countries. This was the first occasion that Angola, Ethiopia and the Democratic Republic of the Congo had been invited and also attended an ATAF training event.

Lessons learned:

The online course on “Tax Treaties” will benefit those who are not able to attend the course, and will also serve to encourage those delegates who attended the training event, but are seeking additional information.

Establishment of an ATAF Technical Assistance Facility

Following requests of several members, ATAF explored the option of providing technical assistance to directly support reform processes in ATAF member countries. This project is led directly by the Executive Secretary, with support provided by the GIZ Technical Advisor, in order to take maximum advantage of the experiences of delivering technical assistance of other organisations.

This project was initially supported by the Dutch Tax and Customs Administration who made two experts available. The experts visited the ATAF Secretariat in August 2012 to discuss the optimal approach for technical assistance provided by ATAF.

ATAF Technical Assistance Facility: expert meeting and study on “Building blocks of a modern African tax administration”

Since April 2013 the ATAF Secretariat has begun work on the study “building blocks of a modern African tax administration”, which shall serve as a guideline for ATAF technical assistance to support reform processes in ATAF member countries. Agreeing on “building blocks” will not only guide member states’ reform necessities, but will also impact ATAF’s capacity development strategy and allow the researchers more comparative analyses.

After the completion of the preliminary work, research directors and experts from the revenue administrations of 8 ATAF member countries met in Pretoria from 24-25 June 2013 for a consultative meeting. The primary goal of the meeting was to develop a structured framework and timeline of short- to long-term reform steps that address the reform needs of African tax administrations and provide guidance in terms of modernization. The experts discussed the characteristics of a “world class” revenue administration, evaluated methodologies for the proposed study and reviewed possible key performance indicators. All findings and recommendations will feed into the guideline document. The work follows on from the recommendations of two experts from the Netherlands Tax Administration.

ATAF has, in the meantime, provided some basic technical assistance to some members, where this was possible.

ATAF Expert database

To be able to deliver its capacity development program, ATAF is establishing a database of experts willing to offer their services to ATAF. The developed framework includes criteria such as contact details, language proficiency, years of experience in the required field and other relevant fields of interest. Members will be able to source specialist assistance from three sub-divisions of the database: a directory of independent African experts, technical experts from African tax administrations, as well as international experts.

GUIDELINES AND SHARING OF BEST PRACTICES

The ATAF Working Groups:

Preceding the Seminar on Exchange of Information in Johannesburg during June 2013, the Group met for the third time on 10 June 2013 to discuss the inclusion of an ATAF model Double Tax Agreement (DTA) as an important deliverable in the tax treaties arena. As the Group have completed the majority of its deliverables, it will be converted into a Community of Practice on the ATAF website.

Preceding the Seminar on Transfer Pricing in Ghana, the Group met for the third time on 25 March 2013 to reassess the deliverables and also debate the United Nations Model on Transfer Pricing Guidelines for Developing Countries as well as the OECD Model on Transfer Pricing.

Though there has been significant progress in achieving some of the deliverables, the Group did not meet in 2013. The Group did, however, submit a concept paper and questionnaire on VAT regimes in African countries.

ATAF Best Practices Studies and lessons learned on SME Taxation in Africa

Tax administrations in Africa are looking for more effective, less expensive, innovative ways of revenue mobilisation in different fields such as auditing of the financial and mineral sectors, SMEs and MNEs taxation. Against this background, ATAF decided to develop a concept paper defining the purpose, selection criteria as well as the process of ATAF best practice studies and lessons learnt on the continent. The concept paper will also guide ATAFs first best practice study on the taxation of Small and Medium Enterprises (SMEs).

Roadmap for an African Tax Centre(s) (ATC)

A feasibility study was conducted by ATAF to determine the viability of establishing an African Tax Centre (ATC) in any country or region in the continent. The feasibility of the proposed tax centre was assessed taking four core areas into account namely, structural feasibility, benchmarking feasibility, site and operational feasibility and financial feasibility. The study provided an overview of what the structure of the proposed tax centre could look like, how the patterns and relationship between the centre and ATAF could evolve; and the study also identified the need for a monitoring and evaluation function within the centre to review and assess the activities of the various mandate areas.

INFLUENCING GLOBAL DIALOGUE THROUGH AN AFRICAN VOICE

Feed-in of results of African Tax Reform Priorities Study, other research and products into the international debate

ATAF completed this study on "Reform Priorities of African Tax Administrations" for its member states in order to identify regional challenges with the ultimate aim of improving the capacity of tax administrations. The research resulted in six regional studies analyzing challenges, difficulties and problems faced by tax officials while highlighting areas of reforms priorities. The main points of the six regional reports have been consolidated into an Africa-wide report which provides an overview of the common characteristics, challenges and reform priorities of member countries.

In January 2013, the reports became available. ATAF intends that the sub-regional studies be available at sub-regional meetings through country correspondents of members. This process is intended to encourage the member states to take ownership of the studies.

"The ATAF Agreement on Mutual Assistance in Tax Matters"

The ATAF Mutual Assistance Agreement provides for parties to assist each other in relation to the exchange of tax information, the carrying out of joint examinations and the collection of taxes. With some limitations, information may be exchanged either on request, spontaneously or automatically. The agreement is the first of its kind in Africa and aims to foster ties of cooperation, self reliance and inter-dependance amongst parties. Five ATAF members need to ratify the Agreement through their domestic constitutional procedures before it can enter into force.

The ATAF Working Group on Exchange of Information and Tax Treaties identified the need for a Practical Guide for developing countries to

Assist developing countries and in particular ATAF members to improve the effective use of exchange of information in order to counteract tax evasion and avoidance;

Ensure efficient implementation of Eol while ensuring taxpayer confidentiality;

Raise the awareness on the legal instruments available for Eol; and

Help developing countries benefit from the international cooperative environment.

The Global Forum on Transparency & Eol and OECD Task Force on Tax and Development assisted in developing such a Guide. Examples are provided throughout the draft guide by means of detailed case studies and optional model templates, contained in the Annex. Check-lists are provided on how to draft a request for information, how to draft a response, and on how to provide information spontaneously. Extensive guidance is provided for competent authorities and tax auditors on searching publicly available information.

GROWING SUSTAINABLE PARTNERSHIPS

ATAF's Participation in International Engagements

ENGAGEMENT	DATE	VENUE	ATAF INPUT
Conference on "Developing a Tax Environment for Growth and Competitiveness"	8 – 19 January 2013	Vienna, Austria	The conference presented an engagement platform for discussions on creating an environment where there is more transparency and development of common principles in taxation and creation of tax policies that stimulate economic growth and promote competitiveness among other issues. The meeting produced a by-product in the form of future engagements between ATAF and Professor Jeffery Owens, Director of the WU Global Tax Policy: Institute for Austrian and International Law on areas of cooperation.
<i>Seminar on "International Tax Cooperation for Financing of Sustainable Development and the Role of the UN Model Double Taxation Convention between Developed and Developing Countries"</i>	30 January 2013	Rome, Italy	The Seminar addressed the relationship between international tax cooperation, including the role of bilateral double tax treaties, double tax treaty models, and financing for sustainable development.
Group Meeting on "Capacity Building on Tax Treaty Administration", organized jointly by the Financing for Development Office (FfDO) of UN-DESA and the International Tax Compact (ITC)	28-30 January 2013	Rome, Italy	The UN-DESA and the ITC are working on a project aimed at strengthening the capacity of National Tax Authorities in developing countries to effectively interpret and administer tax treaties. Seven ATAF member countries were invited to report on the current situation in their respective jurisdictions. ATAF delivered a presentation on the current projects and capacity building programmes undertaken by the EoI Working Group, in particular the ATAF Mutual Assistance Agreement.
Regional Workshop on the effectiveness of, and alternatives to, Tax Incentives as instruments to generate employment and attract investment	12 – 13 February 2013	Lusaka, Zambia	Presentations were made by the OECD and the World Bank's International Finance Corporation who have carried out studies in Africa, illustrating the business case against making incentives the number one priority in tax policy planning. ATAF presented on strengthening transparency and good governance in the revenue authority as well on capacity development.

ENGAGEMENT	DATE	VENUE	ATAF INPUT
NORAD Workshop "Access to Information - Domestically and Abroad"	6-7 May 2013	Arusha, Tanzania	The purpose of the workshop was to facilitate exchange of knowledge and discussions between revenue authorities on common challenges and measures that can be undertaken regarding access to information. ATAF gave an overview of the Exchange of Information challenges for African countries and ATAF has done to address these challenges.
CREDAF General Assembly	27 – 30 May 2013	Brazzaville, Republic of the Congo	The annual CREDAF conference, themed " <i>international taxation</i> " was attended by 24 CREDAF member countries and 10 international organisations.
Expert Group Meeting on Extractive Industries Taxation	28 May 2013	New York, USA	The expert group meeting focussed on taxation of the extractive industry sector. The information was to inform the preparations for the ATAF Conference on Natural resource Taxation in Zimbabwe in September 2013.
Special meeting of ECOSOC on International Cooperation in Tax Matters	29 May 2013	New York, USA	This one-day meeting considered international cooperation in tax matters, including institutional arrangements to promote such cooperation, with the participation of representatives of national tax authorities and regional tax organisations.
Technical Meeting on "Tax Treaty Administration and Negotiation"	30 – 31 May 2013	New York, USA	The meeting was part of a project undertaken by the UN-DESA and the ITC, aimed at strengthening the capacity of Ministries of Finance and National Tax Authorities in developing countries to effectively identify and assess their needs in the area of tax treaty negotiation and administration.
ActionAid General Assembly Meeting	26 June 2013	Johannesburg, South Africa	As the annual gathering of all the ActionAid country programmes around the world, the event brings together tax justice campaigners from over 40 countries including countries from Europe, Africa and Asia. This year's event marked the launching of the ActionAid Global Campaign against transfer pricing. ATAF presented on its contribution to developing members' knowledge of transfer pricing.

ENGAGEMENT	DATE	VENUE	ATAF INPUT
ITC Regional Seminar on Asean Countries	3 – 5 July 2013	Bangkok, Thailand	ATAF was invited to the seminar to give inputs on regional cooperation in Africa. ATAF used the opportunity to share perspectives on regional cooperation and highlighted the research conducted by the Secretariat in obtaining the Needs and Priorities of revenue authorities in Africa.
High-Level Policy Seminar on “Tax Policy in the 21 st Century: New concepts for old problems”	11 July	European University Institute, Florence, Italy	High-Level Policy Seminar on “Tax Policy in the 21. Century: New concepts for old problems” was held to discuss issues of taxation as they relate to global governance
TADAT Meeting	10 – 11 July 2013	Washington, USA	To support the technical development and on-going operation of the IMF diagnostic tool, the Interim Steering Group agreed to the proposal to establish a Technical Advisory Group (TAG). The proposed membership would comprise the three main international tax administration organizations (ATAF, CIAT and IOTA), and the tax administrations of countries comprising the ISG. ATAF was requested to join the Technical Advisory Group.
Meeting between officials of the ATAF Secretariat and Directorates of the European Commission	15 July 2013	Brussels, Belgium	The meeting explored possible areas for future collaboration and financing of ATAF over the period 2014 – 2020.
Meeting between Multinational Enterprises and African tax administrations	31 July 2013	Johannesburg, South Africa	ATAF and the Commissioner General of the Uganda Revenue Authority met with representatives from 9 multinational companies to dialogue possible synergies between big business and revenue authorities. While the meeting did not take concrete decisions, it set a path forward for future interaction as well as possibly strengthening the relationship between bug business and the revenue authority.
CIAT Technical Conference	10 – 13 September 2013	Nairobi, Kenya	This event gathered CIAT members and international organisations such as Adam Smith International, ATAF, World Bank-IFC, ITD, GIZ and AfDB. The discussions were centred on various aspects, ranging from tax audits in the digital age, computer based records to the control of electronic commerce.

ENGAGEMENT	DATE	VENUE	ATAF INPUT
34 th Annual CATA Technical Conference	21 - 25 October 2013	Kigali, Rwanda	The conference took an in-depth look at small and medium sized enterprises and the challenges faced when taxing such entities. This study was presented at the ATAF-Korea Conference on SME Development in Africa.
OECD Task Force Meeting on Tax and Development	29 - 31 October 2013	Seoul, Korea	The ATAF Executive Secretary co-chaired the advisory group meeting of the OECD's Committees on Fiscal Affairs and Development Assistance.
6 th Global Forum on Transparency and Exchange of Information for Tax Purposes	21-22 November 2014	Jakarta, Indonesia	The Global Forum discussed the G20's call for countries to progress towards automatic exchange of information. ATAF informed delegates as to its activities in the area of exchange of information through the development of the ATAF Mutual Assistance Agreement.

PARTNERSHIPS WITH TRAINING AND RESEARCH INSTITUTIONS

African Academics Forum

The idea of the African Academic Forum or the African Tax Research Network emerged from the 2nd General Assembly in Dakar, where the need to create a network of enthusiast tax researchers and officials on the continent was expressed. A meeting in this regard was held by ATAF and hosted by the Kenya Revenue Authority in Nairobi on the 26-27 August 2013.

As ATAF aims to ensure that member countries take lead roles in its activities, the research and planning or strategic and planning department of Cameroon, Kenya, Rwanda, Senegal and Zambia were represented and participated in the event. Academia from around the continent expressed their interest, from Egypt to South Africa and from Sierra-Leone to Tanzania.

This initiative aims to create a network of African expertise in order to provide a platform for researchers, tax officials and policy makers to explore research needs. The report will be made available after receiving the comments from the steering group and will be uploaded on the ATAF website for all interested readers.

HIGHLIGHTS OF 2013

Although the organisation is still in a developmental stage, it consistently surpasses expectations and has received global recognition for its work in providing a platform to improve the performance of tax administration in Africa. In meeting the needs of its members, which is the main priority for ATAF, it will continue to focus on building its capacity development programme as well as on providing technical assistance to directly support reform measures in ATAF member countries.

Moreover, there is a great demand by the international tax community for engagement with our representatives. This development provides much-needed exposure for ATAF, and provide an international platform to voice African perspectives on tax matters.

The Secretariat has had success in re-negotiating long-term partnerships with its international development partners. In this regard, we are pleased to have received commitment for funding for the next three years from the contributors to the Pooled Fund, namely, SECO, DFID, NORAD, the Netherlands and Irish Aid. We are also appreciative of the support from GIZ.

The Secretariat is appreciative of the individual and collective support from Council, whose cooperation and commitment have contributed, in no small measure, to the modest successes and achievements of ATAF.

Some of the successes delivered during 2013, especially to member countries include:

- the launch of the first ATAF online training programme for tax administrators,
- the publications of ATAF Regional Studies on Reform Priorities of six ATAF sub-regions, and
- the publication of The Practical Guide on Exchange of Information for Developing Countries.



Ghana Commissioner of Support Services, Comfort Boohene-Osafo being introduced to the Deputy Minister of Finance of Zimbabwe, The Honourable Dr Samuel Undenge



Zimbabwe Commissioner General, Gershem T. Pasi, Zambia Commissioner General, Berlin Msiska and Tanzania Commissioner General, Harry Kitillya



Direction Contrôle Interne, Direction Générale des Impôts et des Domaines, Mamadou Abbés DIOP alongside the Swaziland Commissioner General, Dumisani Masilela

OVERVIEW OF THE ATAF 2014 WORKPLAN OUTCOMES(PERFORMANCE INFORMATION)

OBJECTIVE I: ESTABLISHING A WELL-FUNCTIONING INTERNATIONAL ORGANISATION

OUTPUTS	INDICATORS	KEY ACTIVITIES	OUTCOMES
Output I.a Organisational development framework	Indicator 1: 50% of ATAF Secretariat staff recruited	Advertise and recruit staff	Three directors appointed: <ul style="list-style-type: none"> • Director: Finance and Corporate Affairs • Director: Institutional Development and Capacity Building • Director: Research To take up positions in January 2014. Next phase of recruitments to commence during 2014.
	Indicator 2: Host country support implemented to 75%	Implement host country support	Host Country Agreement signed in December 2013. Details of host country support to be finalised in 2014.
	Indicator 3: Change management plan for 2013 implemented	Implement change management plan, including regular communication, staff induction, reintegration into SARS, wellness programme	Development of the ATAF Monitoring & Evaluation System at the Strategic Planning Meeting (August 2013). 3 seconded staff returned to SARS. Onboarding / induction of new directors conducted.
		Develop and implement protocol handbook	Practical sessions conducted regularly with Secretariat officials. Feedback to be developed into an internal handbook.
		Develop Work Plan 2014	Developed during the Strategic Planning Session (August 2013); approved at the 6 th Council Meeting (September 2013)

OBJECTIVE I: ESTABLISHING A WELL-FUNCTIONING INTERNATIONAL ORGANISATION			
OUTPUTS	INDICATORS	KEY ACTIVITIES	OUTCOMES
Output I.b Rolled-out cycle of institutional meetings	Indicator 1: The General Assembly held with quorum attained	Develop a calendar of meetings	ATAF calendar developed, approved (and regularly updated) in line with the 2013 Work Plan
	Indicator 2: 2 Council meetings held	Host General Assembly / Technical Conference	1 st ATAF International Conference on Tax in Africa took place from 25 – 27 September 2013 at Victoria Falls, Zimbabwe. The bi-annual conference, which alternates with the ATAF General Assembly, focused on <i>"African Perspectives and Challenges in the Taxation of Natural Resources and the Extractive Industries"</i> .
	Indicator 3: 2 structured engagements of each Council Committee held	Host Council Meetings	Two Council Meetings held: <ul style="list-style-type: none"> The 5th Council Meeting took place from 18 - 20 March 2013 in Pretoria The 6th Council Meeting taking place from 24 – 27 September 2013 in Victoria Falls, Zimbabwe
	Indicator 4: Programme for the three Committees of Council is approved	Host Meetings of three Committees of Council	Preceding the 5 th and 6 th Council Meetings (March & September), the following ATAF Governance Committee Meetings took place: <ul style="list-style-type: none"> Finance and Audit Committee comprising Nigeria (Chair), Senegal and Ghana; and Governance and Organisational Development Committee comprising Zimbabwe (Chair), Botswana and South Africa. Research, Capacity Development and Technical Assistance (RCD) Committee held one meeting (March), and further dealt with issues during the September Council Meeting.

OBJECTIVE I: ESTABLISHING A WELL-FUNCTIONING INTERNATIONAL ORGANISATION				
OUTPUTS	INDICATORS	KEY ACTIVITIES	OUTCOMES	
Output I.c Financing Strategy and Plan:	Indicator 1: The number of members paying full membership fees has increased by 10	Implement Finance Strategy and Plan	Review of the ATAF Finance Strategy for presentation to Council in 2014.	
	Indicator 2: 90% of the targeted funding from other sources are received	Donor Consultations	Development Partner Teleconference held on 24 October 2013; New Financing Agreements concluded with the following Development Partners, to form part of the Pooled Fund mechanism: • Irish Aid • NORAD • SECO	
Output I.d Member Engagement strategy:	Indicator 1: The deposit of instruments of accession has increased to 14	Draft and approve Member Engagement strategy	This action was referred to 2014 for further consultation with selected regional representatives and secondees.	
	Indicator 2: Minimum of 4 structured engagements with ATAF members took place	Attend member engagement meetings	Individual member engagement meetings were conducted with several members and non-members, including new potential members Angola, Ethiopia and the Democratic Republic of Congo.	
		Follow-up plan regarding the reception of accession instruments	Implementation included letters to the Heads of revenue administrations and Ministers of Finance, explaining the ratification procedure to be followed as well as providing support. During April 2013, Instruments of Accession were deposited from the Kingdom of Swaziland and the Republic of Seychelles.	
Output I.e Communication Strategy to ensure informed stakeholders	Indicator 1: Average number of monthly hits on website has increased	Maintain functional, user-friendly, accessible website	ATAF website improved and enhanced, including the social media platform.	
	Indicator 2: Annual country contribution plan to ATAF newsletters is agreed upon with members	Develop and disseminate ATAF newsletters	Two newsletter types produced: • Hardcopy newspaper distributed at ICTA; • Online Newsletter (Kodi Katika Africa) distributed monthly.	
		Develop and distribute ATAF marketing material in support of the Work Plan	Implemented. ATAF publications and promotional material transported and distributed to ATAF members and events across the continent.	

OBJECTIVE I: ESTABLISHING A WELL-FUNCTIONING INTERNATIONAL ORGANISATION			
OUTPUTS	INDICATORS	KEY ACTIVITIES	OUTCOMES
Output I.f Knowledge and document management system	Indicator 1: Knowledge management system is developed and staff inducted	Develop and implement a document management system (based on identified needs and requirements)	Implementation in progress with the ATAF SharePoint Implementation Project.
	Indicator 2: Operating systems are in place and staff trained to use them	Implement intranet, internet, and knowledge management system and data portal.	Implementation in progress with the ATAF SharePoint Implementation Project.
Output I.g Financial framework per international standards	Indicator 1: Financial management system is in use	Develop and implement a fully-defined standard operating procedures (SOP) system, including management information systems	Standard Operating Procedures manual development in progress. Draft Report from Ernst & Young currently being considered.
	Indicator 2: Financial statement is audited per approved international standards	Implement enabling systems (HR, finance, events, etc)	

OBJECTIVE II: BUILDING CAPABLE AFRICAN TAX ADMINISTRATIONS THAT DEVELOP, SHARE AND IMPLEMENT BEST PRACTICES				
OUTPUTS	INDICATORS	KEY ACTIVITIES	OUTCOMES	
Output II.a Online training programme	Indicator 1: Online training module revised on the basis of a pilot project	Conduct "Audit and Investigation" pilot online training	From 15 April to 15 July 2013, ATAF piloted the online course on the basics of "Tax Audit" in both French and English. Out of 100 registered students, 85 students completed the course with 74 successful candidates hailing from 17 ATAF member states.	
		Evaluate, conduct impact analysis and adjust pilot online training module	Evaluation concluded. Feedback very positive and suggestions for improvement presented.	
Output II.b Improved Capacity Development programme	Indicator 1: Training material for 1 course developed	Develop course material for "taxation of financial services" technical event	Concept Paper on "VAT in the Financial Services sector" focussing on Africa developed by ATAF Indirect Taxes Working Group.	
		Conduct train-the-trainer event to support ATAF technical events.	Rolled over to 2014	

OBJECTIVE II: BUILDING CAPABLE AFRICAN TAX ADMINISTRATIONS THAT DEVELOP, SHARE AND IMPLEMENT BEST PRACTICES				
OUTPUTS	INDICATORS	KEY ACTIVITIES	OUTCOMES	
Output II.c Facilitation of training (Technical Events and Seminars)	Indicator 1: 3 technical events and 1 seminar conducted	<ul style="list-style-type: none"> Conduct seminar on management and taxpayer education and corruption Conduct technical event on service orientation Conduct technical event in audit and investigation 	<p>Secretariat able to provide three more capacity building technical events than planned for 2013. Attended by approximately 315 delegates from almost all ATAF member countries:</p> <ul style="list-style-type: none"> Technical Seminar on Transfer Pricing (Accra, Ghana: 26-27 March) Technical Event on Auditing and Investigation Techniques for Small Medium Enterprises (Bujumbura, Burundi: 13-17 May 2013) Seminar on Exchange of Information (Pretoria, SA: 11-12 June) Technical Event on Managing Tax Compliance: Risk Management & Taxpayer Education (Port Louis, Mauritius: 15-19 July) Technical Seminar on Auditing VAT Systems (Accra, Ghana: 22-26 July) Seminar on Taxpayer Services: Taxpayer Orientation & Communications (Ezulwini, Swaziland: 12-16 August) Seminar on Interpretation of Tax Treaties (Lusaka, Zambia: 4-8 November) 	
		Conduct technical event on taxation of financial service sector	Deferred to 2014	
Output II.d Technical Assistance (TA) Approach	Indicator 1: ATAF Technical Assistance processes communicated to member countries	<p>Finalize TA concept</p> <p>Implement at least 1 pilot assistance activity</p>	<p>In progress. First phase study on Building Blocks of a Modern African Tax Administration completed.</p> <p>Implemented. Technical support to Uganda Revenue Authority (URA) on review of EAC DTA & Model Tax Treaty provided. Review completed.</p>	
Output II.e Expert database	Indicator 1: 10 qualified experts identified according to ATAF criteria	Develop accreditation process for expert database	Experts in all tax-related fields invited to submit applications. 30 African & other international experts responded. Criteria for accreditation currently being refined.	

OBJECTIVE II: BUILDING CAPABLE AFRICAN TAX ADMINISTRATIONS THAT DEVELOP, SHARE AND IMPLEMENT BEST PRACTICES				
OUTPUTS	INDICATORS	KEY ACTIVITIES	OUTCOMES	
Output II.f Guidelines and sharing of best practices	Indicator 1: Agreed products from working group work plans are delivered	Conduct meeting of Working Group on Exchange of Information and Tax Treaties	Exchange of Information Working Group had its final meeting (June 2013) and completed its deliverables.	
		Conduct meeting of Working Group Transfer Pricing	Transfer Pricing Working Group met (March) to report on its deliverables and discuss UN Model on Transfer Pricing Guidelines for Developing Countries and OECD Model on Transfer Pricing.	
		Conduct meeting of Working Group on Indirect Taxes	ATAF Working Group did not meet in 2013. Instead, they submitted a concept paper & questionnaire on VAT regimes in African countries.	
Output II.g Best Practice Studies	Indicator 1: One best practice study concluded	Develop concept paper for best practices (criteria to identify etc.) and conduct best practice study on SMEs	The study of SMEs taxation in Africa - good practices and lessons learnt (a joint project of ATAF with GIZ) started in July. Six detailed reports for the six countries visited by the researchers are currently in progress. These should be completed and made available for publication in April 2014.	
		Conduct best practice study on Medium Enterprises	Research commenced in 2013. Project to be finalised in June 2014.	
Output II.h African Tax Centre (ATC)	Indicator 1: Implementation plan for ATC is finalised	Conduct Study on the building blocks of a modern African tax administration	Study completed and informs ATAF approach to capacity building and technical assistance.	
		Develop road map for implementation of ATC	Further conceptualisation work on the ATC done, including regionalisation of activities. This project is ongoing and will be incorporated into the broader concept of an African Tax Academy.	

OBJECTIVE III: BECOMING THE AFRICAN VOICE ON TAX ISSUES TO INFORM AND INFLUENCE THE GLOBAL DIALOGUE				
OUTPUTS	INDICATORS	KEY ACTIVITIES	OUTCOMES	
Output III.a Mechanism for members' input and interactive discussions	Indicator 1: Consultative mechanism for members' input developed.	Distribute at least 5 short papers to stimulate debate among members	Short paper on <i>Automation</i> completed, for distribution in 2014.	
Output III.b "African Tax Outlook" study	Indicator 1: Study on African Tax Outlook is published	Develop Framework for African Tax Outlook Publication	Deferred to 2014.	
Output III.c Feed-in of results of Needs Assessment and other studies and products into international debate	Indicator 1: At least 2 presentations are made at international events (meetings / conferences)	Present ATAF publications and products at international meetings	ATAF <i>Agreement on Mutual Assistance in Tax Matters</i> presented at the following meetings: <ul style="list-style-type: none"> • ITC Tax Incentives Workshop – Zambia (February), • Friends of Europe Debate – Belgium (May), • ASEAN Regional Workshop – Thailand (August) ATAF's study on the <i>Reform Needs and Priorities Assessment</i> presented at the following meetings: <ul style="list-style-type: none"> • ASEAN Regional Workshop – Thailand (August), • IMF Tax Day –USA (September) ATAF <i>Practical Guide on Exchange of Information for Developing Countries</i> officially presented to Council during March 2013.	

OBJECTIVE IV: FOSTERING SUSTAINABLE PARTNERSHIPS WITH STAKEHOLDERS				
OUTPUTS	INDICATORS	KEY ACTIVITIES	OUTCOMES	
Output IV.a Multilateral Engagement Strategy	Indicator 1: At least 3 structured engagements with multilateral partners took place	Draft and approve Multilateral Engagement Strategy Attend and provide inputs to multilateral meetings	The draft Multilateral Engagement Strategy has been postponed for review in July 2014 to be discussed at the ATAF Strategic Workshop. ATAF represented at 18 international meetings, with inputs derived from ATAF Council, Working Groups and Country Correspondents.	
	Output IV.b Partnerships with training and research institutions	Indicator 1: Hosting of two further meetings towards the establishment of the Tax Academics Research Network	Program of the African Research Network Partner with training institute on online training programme	African Tax Research Network (ATRN) created in Nairobi at meeting conducted by ATAF Secretariat and hosted by the Kenya Revenue Authority (KRA) on 26-27 August 2013. Outcomes report of meeting made available to selected steering group and accessible to the public, as well as on ATAF website. ATRN governance structure to be proposed to 7 th Council Meeting in March 2014.
Output IV.c Community of Practice (CoP)	Indicator 1: CoP is accessible online (ATAF website)	Develop guidelines / concept for CoP	In progress. As part of the ATAF SharePoint Implementation Project.	
	Indicator 2: At least 10 members have actively engaged in CoP by providing proposals/ comments on papers etc.	Create online CoP	Implementation in progress with the ATAF SharePoint Implementation Project.	

OBJECTIVE V: IMPROVING GOOD GOVERNANCE AND ACCOUNTABILITY BETWEEN STATE AND CITIZENS				
OUTPUTS	INDICATORS	KEY ACTIVITIES	OUTCOMES	
Output V.a Platforms that encourage dialogue and debate	Indicator 1: 6 platforms (events and communication channels) were created	Develop 3 concept notes for themes of institutional meetings (GA, Council meetings)	Council deliberated on inputs as to the possible themes for the Technical Conference. Zimbabwe selected the theme on <i>"African Perspectives and Challenges in the Taxation of Natural Resources and the Extractive Industries"</i>	
			Inputs also made at following stakeholder engagements: <ul style="list-style-type: none"> • ATAF - IMF Workshop on Board Governance in Tax Administrations (Johannesburg, SA: April) • ActionAid General Assembly (Pretoria, SA: June) • Meeting between ATAF & Representatives of Multinational Enterprises (Johannesburg, SA: July) • Conference on "Tax Justice: A Human Rights Issue?" (Johannesburg, SA: November) 	
Output V.b Study on tax compliance	In view of the planned research projects for 2013, the Study on tax compliance will only commence 2014/2015.	Draft discussion documents for website publication	Case materials from ATAF Working Group on Transfer Pricing Chairman Published questionnaire on VAT regimes in Africa.	
		Activities for outer years	This project is planned to commence in 2014, and to be finalised in 2015.	

ATAF FINANCIAL MANAGEMENT**AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)****ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

The reports and statements set out below comprise the annual financial statements presented to the members:

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ATAF FINANCIAL MANAGEMENT

AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Host country	South Africa
Nature of business	Forum aimed at the promotion and articulation of African tax priorities
Executive Secretary	Logan Wort
Physical Address	333 Grosvenor Street, 2 nd Floor Hatfield Gardens, Block G Pretoria 0181 South Africa
Postal address	Postnet Suite 430 Private Bag 15 Menlo Park South Africa
Main bankers	ABSA Bank
Auditors	Sizwe Ntsaluba Gobodo Incorporated

AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
STATEMENT OF RESPONSIBILITY

The Executive Secretary is required to prepare annual financial statements that comply with International Financial Reporting Standards.

The Executive Secretary is responsible for ensuring that complete, accurate and reliable accounting records form the basis for preparing annual financial statements. The financial statements include judgments and estimates that are reasonable and prudent, made by management, reviewed and accepted by the Executive Secretary. The Executive Secretary also ensures that accounting policies selected and applied are appropriate to the International Organisations circumstances. In order to achieve this objective the Executive Secretary rely on the systems of internal control set up and maintained by management.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute, assurance that the assets are safeguarded and transactions executed and recorded in accordance with generally accepted business practices, as well as with the International Organisations rules and procedures. The Executive Secretary has, however, the ultimate responsibility for this system of internal controls.

The Executive Secretary has every reason to believe that the International Organisation has adequate resources in place to continue in operation in the foreseeable future and have for this reason adopted the going concern basis in preparing the financial statements.

The external auditors, SizweNtsalubaGobodo Inc, who were given unrestricted access to all financial records and related data, including minutes of the of the Council meetings, have audited the financial statements. The Executive Secretary believes that all representations made to the independent auditors during their audit are valid and appropriate. Their audit report on the annual financial statements is presented on page 42 to 43.

The Executive Secretary is of the opinion that the financial statements fairly present the financial position of the International Organisation as at 31 December 2013, and the results of its operations and cash flows for the year ended. Material facts or circumstances between the balance sheet date and the date that the report has been signed have been disclosed in the financial statements.

The Executive Secretary has reviewed the International Organisations cash flow forecast for the year ended 31 December 2013 and, in light of this review and the current financial position is satisfied that the International Organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements which appear on pages 44 to 57 have been approved by the Executive Secretary on 28 March 2014 and signed:



Executive Secretary – ATAF
Mr Logan Wort
Pretoria
28 March 2014

**AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE AFRICAN TAX ADMINISTRATION FORUM**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying annual financial statements of the African Tax Administration Forum which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, the statement of changes in equity and statement of cash flow for the year then ended, a summary of significant accounting policies and other explanatory notes, as set on page 9 to 23.

EXECUTIVE SECRETARY'S RESPONSIBILITY

The Executive Secretary is responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and in a manner required by the Council. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the entity's annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the International Organisations preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the International Organisations internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the African Tax Administration Forum as at 31 December 2013, and their financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in a manner required by the Council.

**AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE AFRICAN TAX ADMINISTRATION FORUM**

OTHER REPORTS

As part of our audit of the financial statements for the year then ended 31 December 2013, we have read the report by the Executive Secretary for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparer, being the Executive Secretary. The report is approved by the Council. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on the report.

Sizwe Ntsaluba Gobodo Inc.

Director: Altaf Fajandar

Registered Auditor

Woodmead

28 March 2014

**AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
REPORT BY THE EXECUTIVE SECRETARY**

1. REVIEW OF ACTIVITIES

Nature of ATAF's business

International Organisation aimed at building effective and efficient tax administration on the African continent.

Membership to ATAF is open to tax administrations of all African states who commit to ATAF's objectives and who contribute towards the annual membership fee.

As of the 1st of January 2013, ATAF commenced operating as an independent organisation and thus no longer functioned as a cost centre of SARS.

The net surplus for the year was ZAR 7 014 478/USD 469 147.

2. LITIGATIONS

There were no litigations against ATAF's activities during the year.

3. EVENTS AFTER THE FINANCIAL POSITION DATE

No material facts or circumstances have arisen between the statement of financial position date and the date of this report which affect the financial position or financial performance of the entity as reflected in these financial statements.

4. CORPORATE STRUCTURE

The institutions and governance structure of ATAF are set out in the ATAF Agreement which details the roles, responsibilities, functions and powers of such institutions:

ATAF General Assembly

At its bi-ennial meeting, the General Assembly acts as the platform for strategic dialogue between members and stakeholders. The General Assembly appoints office bearers, including the Executive Secretary, approves the Work Programmes and corresponding budgets, and determines any increment in membership fees. In terms of its functions and powers, the General Assembly reviews, *inter alia*, developments in the establishment of the Secretariat, ATAF Technical Events/Capacity Development Programmes, current ATAF Programmes and Research Projects, cooperation with international development partners, and all financial matters.

ATAF Council

Council and the Executive Secretary are responsible for the overall governance and management of the business of ATAF.

Furthermore, as a means of organisational strengthening, the ATAF Council has established three Governance Committees among its members to assist it in its duties in guiding and facilitating specific areas of responsibility.

The first ATAF Council, comprising of 10 members, was elected at the ATAF Inaugural Conference in Kampala in November 2009. The Heads of the tax administrations of Botswana, Gabon, Ghana, Kenya, Morocco, Nigeria, Rwanda, Senegal, South Africa (chairperson) and Zimbabwe comprise the first ATAF Council. The Executive Secretary serves as an *ex officio* member of Council.

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REPORT BY THE EXECUTIVE SECRETARY**

Governance committees

The ATAF Council has furthermore established the following Governance Committees to assist it in its duties:

Governance and Organisational Development Committee

The Governance and Organisational Development Committee, under the leadership of Zimbabwe (Chair), Botswana and South Africa, focuses on reviewing ATAF's strategic direction and adopting plans proposed by the Secretariat.

Finance and Audit Committee

The responsibilities of the Finance Committee, administered by Nigeria (Chair), Ghana, Morocco and Senegal are to make recommendations for Council's approval and/or deliver reports regarding significant financial planning, management and financial reporting issues.

The specific audit and accounting related responsibilities and functions of the Audit Committee include supervising that the Council creates and maintains an effective internal control environment within ATAF, and that the Council demonstrates and stimulates the necessary respect for these disciplines and structures.

Capacity Building, Research and Development Technical Assistance Committee

The Committee on Capacity Building, Research & Development and Technical Assistance, under the direction of Rwanda (Chair), Gabon and Kenya acts under the overall supervision of the Council. The function of the Committee is to provide strategic direction for ATAF's work in the fields of capacity building, research, technical assistance and training, as well as for the development needs of the various regions.

5. AUDITORS

SizweNtsalubaGobodo Incorporated were appointed as the auditors of ATAF on the 1st of January 2014, to perform the audit for the year ended 31 December 2013.

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
STATEMENT OF FINANCIAL POSITION

	Notes	2013 ZAR'	2013 USD'
ASSETS			
Non-current assets			
Property, plant and equipment	2	2 611 314	246 470
Current assets			
Trade and other receivables	3	4 519 023	430 884
Cash and cash equivalents	4	9 094 757	867 175
Total assets		16 225 094	1 544 529
EQUITY AND LIABILITIES			
Equity			
Retained earnings		15 707 530	1 754 061
Foreign currency translation		-	(258 881)
Liabilities			
Current liabilities			
Trade and other payables	5	383 113	36 529
Deferred lease liability		134 451	12 820
Total equity and liabilities		16 225 094	1 544 529

AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
STATEMENT OF COMPREHENSIVE INCOME

	Notes	2013 ZAR'	2013 USD'
Revenue		25 623 683	2 659 465
SARS contributions	6	7 607 377	789 565
Other donations	7	11 366 306	1 179 701
Membership fees	8	6 650 000	690 199
Other income	9	20 500	2 128
Expenditure		18 890 078	1 960 589
Personnel costs		8 776 951	910 954
Administrative expenses		2 143 235	222 445
Travel and accommodation		2 051 633	212 938
Postage, printing and stationery		998 315	103 614
Professional services		1 646 985	170 939
Building usage		2 488 316	258 261
Other expenses		784 643	81 438
Total operating surplus	10	6 754 105	701 004
Investment income	11	260 373	27 024
Surplus for the year		7 014 478	728 028
Other comprehensive income			
Exchange rate differences on translation		-	(258 881)
Total comprehensive income		7 014 478	469 147

AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)
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 STATEMENT OF CHANGES IN EQUITY

ZAR'	Retained Earnings	Foreign currency translation	Total equity
Balance at 1 January 2013	8 693 052	-	8 693 052
Surplus for the year	7 014 478	-	7 014 478
Balance at 31 December 2013	15 707 530	-	15 707 530

USD'	Retained Earnings	Foreign currency translation	Total equity
Balance at 1 January 2013	1 026 033	-	1 026 033
Surplus for the year	728 028	-	728 028
Exchange difference	-	(258 881)	(258 881)
Balance at 31 December 2013	1 754 061	(258 881)	1 495 180

AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)
 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
 STATEMENT OF CASH FLOWS

	Notes	2013 ZAR'	2013 USD'
Cash flow from operating activities			
Cash generated from operations	12	6 096 500	486 585
Investment income		260 373	27 024
Net cash from operating activities		6 356 873	513 609
Cash flow from investing activities			
Purchase of property, plant and equipment		(1 341 147)	(127 877)
Net cash from investing activities		(1 341 147)	(127 877)
Net increase in cash and cash equivalents			
Cash and cash equivalents as at 1 January 2013		4 079 031	644 603
Total cash and cash equivalents as at 31 December 2013		9 094 757	867 175

**AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
ACCOUNTING POLICIES**

1.1 GENERAL INFORMATION

African Tax Administration Forum is an International Organisation hosted in the Republic of South Africa. The Organisation was ratified on the 8th of October 2012.

No comparatives have been presented as this is the entity's first year of trading.

1.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

IFRS 9 Financial instruments (new): New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. Effective from 1 January 2015.

1.3 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements are presented in the South African Rand (ZAR) and United States Dollar (USD) and have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

1.4 PROPERTY, PLANT AND EQUIPMENT

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the International Organisation; and
- The cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. The initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment. Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Item	Average useful life
Furniture and fittings	6 years
Computer Equipment	3 years
Leasehold improvements	5 years

The residual value and the useful life of each asset are reviewed at each financial period-end. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in gain or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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ACCOUNTING POLICIES

1.4.1 Impairment of assets

At each balance sheet date, the International Organisation reviews internal and external sources of information to determine whether the carrying amounts of its property, plant and equipment, investment in subsidiaries, have suffered an impairment loss or an impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, any impairment loss is determined and recognised as follows:

The recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the International Organisation estimates the recoverable amount of the asset. Reversals of impairment losses are recognised in gain or loss except for equity investments classified as available for sale. Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

1.5 LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease - lessee

Lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

1.6 FINANCIAL INSTRUMENTS

1.6.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the International Organisation becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the organisations contractual rights to future cash flows from the financial asset expire or when the International Organisation transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished. Regular way purchases of financial assets are accounted for at trade date.

1.6.2 Impairment of financial assets

At each balance sheet date the International Organisation assesses all financial assets, other than those at fair value through gain or loss, to determine whether there is objective evidence that a financial asset or International Organisation of financial assets has been impaired. For amounts due to the International Organisation, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. Impairment losses are recognised in gain or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to

AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
ACCOUNTING POLICIES

an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in gain or loss except for equity investments classified as available for sale. Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

1.6.3 Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in gain or loss when there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

1.6.4 Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.6.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.7 TAX

The organisation is exempt from tax in terms of s10(1)(cA)(ii) of the Income Tax Act no 58 of 1962

1.8 REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. Fair value is the amount for what an asset could be exchanged, and or liability settled, between knowledgeable, willing parties in an arms-length transaction.

AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
ACCOUNTING POLICIES

i. Membership fees

Revenue from membership fees is recognized when no significant uncertainty as to its collectability exists.

ii. Donations

Donations are recognized when there is reasonable assurance that the entity will comply with the conditions attaching to them and that the donations will be received.

iii. Interest income

Interest income is recognized on a time-apportionment basis using the simple interest method.

1.9 TRANSLATION OF FOREIGN CURRENCIES

1.9.1 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in South African Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in gain or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in South African Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

The exchange rates are stated as follows:

- Closing rate: USD 1 – ZAR 10,4878
- Average rate for the year: USD 1 – ZAR 9,6349

1.10 EVENTS AFTER BALANCE SHEET DATE

Post year-end events that provide additional information about the entity's position at the balance sheet date are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

ZAR

	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	485 443	(30 440)	455 003
Computer equipment	1 473 810	(157 717)	1 316 093
Leasehold improvements	950 105	(109 887)	840 218
	2 909 358	(298 044)	2 611 314

Reconciliation of property, plant and equipment – 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	-	485 443*	-	(30 440)	455 003
Computer equipment	-	1 473 810*	-	(157 717)	1 316 093
Leasehold improvements	-	950 105	-	(109 887)	840 218
	-	2 909 358	-	(298 044)	2 611 314

USD

	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	46 286	(3 159)	43 127
Computer equipment	140 526	(16 369)	124 157
Leasehold improvements	90 592	(11 406)	79 186
	277 404	(30 934)	246 470

Reconciliation of property, plant and equipment – 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	-	46 286*	-	(3 159)	43 127
Computer equipment	-	140 526*	-	(16 369)	124 157
Leasehold improvements	-	90 592	-	(11 406)	79 186
	-	277 404	-	(30 934)	246 470

* Assets amounting to ZAR 1 568 211 / USD 149 527 were received as donations.

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	<u>2013</u> <u>ZAR'</u>	<u>2013</u> <u>USD'</u>
3. TRADE AND OTHER RECEIVABLES		
Membership fees	4 060 000	387 117
Rental deposits	459 023	43 767
	4 519 023	430 884
4. CASH AND CASH EQUIVALENTS		
Bank balances	9 087 798	866 511
Petty cash	6 959	664
	9 094 757	867 175
5. TRADE AND OTHER PAYABLES		
Trade payables	32 015	3 053
SARS statutory taxes	38 446	3 666
Accrual for year-end expenses	308 000	29 367
Workmen's compensation	4 652	443
	383 113	36 529
6. SARS CONTRIBUTIONS		
Contributions	7 607 377	789 565
	7 607 377	789 565

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	2013	2013
	ZAR'	USD'
7. OTHER DONATIONS		
i. Specific donors		
GIZ	1 554 194	161 309
AFDB Canada	322 182	33 439
UK Department of International Development	3 015 360	312 962
	4 891 736	507 710
ii. Pool funds		
Donor income - Pool funding	2 411 947	250 334
Netherland Government	713 287	74 032
Norad	2 329 336	241 760
SECO	1 020 000	105 865
	6 474 570	671 991
Total other donations	11 366 306	1 179 701
	2013	2013
	ZAR'	USD'

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	2013	2013
	ZAR'	USD'
8. MEMBERSHIP FEES		
Benin	180 000	18 682
Botswana	320 000	33 213
Burkina Faso	180 000	18 682
Burundi	100 000	10 379
Cameroon	320 000	33 213
Chad *	180 000	18 682
Code d'Ivoire	320 000	33 213
Egypt	320 000	33 213
Eritea	100 000	10 379
Gabon	180 000	18 682
Gambia	50 000	5 189
Ghana	320 000	33 213
Kenya	320 000	33 213
Lesotho	100 000	10 379
Liberia	50 000	5 189
Madagascar	180 000	18 682
Malawi *	100 000	10 379
Mauritania	100 000	10 379
Mauritius *	180 000	18 682
Morocco	320 000	33 213
Mozambique *	180 000	18 682
Namibia	180 000	18 682
Niger	100 000	10 379
Nigeria	320 000	33 213
Rwanda	100 000	10 379
Senegal	180 000	18 682
Seychelles *	50 000	5 189
Sierrea Leone	100 000	10 379
South Africa *	320 000	33 213
Sudan	320 000	33 213
Swaziland *	100 000	10 379
Tanzania	320 000	33 211
Uganda	180 000	18 682
Zambia	180 000	18 682
Zimbabwe *	50 000	5 189
Comores	50 000	5 189
	6 650 000	690 199

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	<u>2013</u> <u>ZAR'</u>	<u>2013</u> <u>USD'</u>
*Member states with signed accession agreements		
9. OTHER INCOME		
Miscellaneous income (tender receipts)	<u>20 500</u>	<u>2 128</u>
10. OPERATING SURPLUS		
Included in operating surplus are the following items:		
Salaries	6 472 321	671 758
Depreciation	298 044	30 934
Conference support material	<u>283 636</u>	<u>29 438</u>
IT expenses	<u>271 451</u>	<u>28 173</u>
11. INVESTMENT INCOME		
Interest on favorable bank balance	236 467	24 543
Interest on membership fees	<u>23 906</u>	<u>2 481</u>
	<u>260 373</u>	<u>27 024</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2013	2013
	ZAR'	USD'
12. CASH GENERATED FROM OPERATIONS		
Surplus for the year	7 014 478	469 147
Adjusted for:	(1 396 089)	(28 951)
<i>Donations received in kind:</i>		
SARS	(7 368 542)	(764 776)
GIZ	(1 554 193)	(161 308)
AFDB Canada	(322 182)	(33 439)
<i>Expenditures in kind:</i>		
SARS	7 368 542	764 776
GIZ	1 554 193	161 308
AFDB Canada	322 182	33 439
<i>Other non-cash flow items:</i>		
Depreciation	298 044	30 934
Operating lease adjustment	134 451	13 955
Assets in kind	(1 568 211)	(149 527)
Other non-cash flow items		(156 170)
Exchange rate difference	-	258 881
<i>Items disclosed separately:</i>		
Interest income	(260 373)	(27 024)
Operating surplus before working capital changes	5 618 389	440 196
Changes in working capital	478 111	46 389
Decrease in trade and other receivables	94 998	9 860
Increase in trade and other payables	383 113	36 529
Cash generated from operations	6 096 500	486 585

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

13. RISK MANAGEMENT

The current assets and current liabilities balances as reflected in the organisations statement of financial position expose it to credit risk and liquidity risk.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. In terms of the credit risk pertaining to cash and cash equivalents the African Tax Administration Forum only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party

Concentration of cash deposits

	2013	2013
	ZAR'	USD'
ABSA bank	9 087 798	866 511

Credit risk in relation to trade and other receivables represents the accounting loss that would be recognized at the end of the year in the event of non-repayment of debtors. The organisation does not have a significant concentration of credit risk. The credit exposure in respect of the trade and other receivables is represented by its carrying value, as disclosed on the balance sheet.

Fair value

The financial instruments have been stated at a value that approximates their fair value.

Credit exposure	Total carrying value	Total carrying value
	ZAR'	USD'
31 December 2013		
Trade receivables	4 519 023	430 884
	4 519 023	430 884

Interest rate risk

The organisation is leasing the office building that it currently occupies under an operating lease, as such the organisations income and operating cash flows are substantially independent of changes in market interest rates.

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Liquidity Risk

Liquidity risk arises when there are insufficient liquid assets (cash and readily convertible securities) available to meet financial obligations. There were changes in the exposure to liquidity risk and its objectives, policies and processes for managing and measuring the risk during the current year since inception, as the organisation is no longer a cost centre of SARS.

The table below analyses the organisation's financial liabilities which will be settled on a gross basis into relevant maturity groupings based on the remaining periods at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Total carrying value (at fair value)	0 – 12 months	Total carrying value (at fair value)	0 – 12 months
	ZAR'	ZAR'	USD'	USD'
31 December 2013				
Trade and other payables	383 113	383 113	36 529	36 529
	383 113	383 113	36 529	36 529
Trade and other receivables	4 519 023	4 519 023	430 884	430 884
Cash and cash equivalents	9 094 757	9 094 757	867 175	867 175
	13 613 780	13 613 780	1 298 059	1 298 059
Net inflow	13 230 667	13 230 667	1 261 530	1 261 530

Foreign exchange risk

The organisation reviews its foreign currency exposure, including commitments, on an ongoing basis.

AFRICAN TAX ADMINISTRATION FORUM (A COST CENTRE OF SARS)
 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14. OPERATING LEASE COMMITMENTS

	<u>2013</u>	<u>2013</u>
	ZAR'	USD'
Payable within one year	1 426 833	136 047
Payable between one and five years	6 061 937	577 999
	<u>7 488 770</u>	<u>714 046</u>

The rental lease has varying terms and escalation clauses.

CONTACT DETAILS OF THE ATAF SECRETARIAT



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