

# **2015 ANNUAL REPORT**

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## 1. MESSAGE FROM THE ATAF CHAIRMAN



The past year has seen important developments in the global tax arena that will have a significant impact on the way tax policy is crafted and taxes are administered in the years to come, for both developed and developing countries.

In only its sixth year of existence, the African Tax Administration Forum has already made its mark and ensured that the African voice on tax matters is well-presented and articulated on the global stage. Moreover, the organisation has represented African interests and those of its members with distinction, particularly during the OECD-led Base Erosion and Profit Shifting (BEPS) Action Plan process. With agreement having been reached toward the end of 2015 on the Action Plan, it is now important to again collectively tackle the issue of how this can be translated into concrete and workable implementation plans and how the respective toolkits to effectively assist developing countries in particular can be developed.

ATAF has developed into an international pan-African organisation that is providing its members with the most up-to-date capacity building activities, technical guidance and creative platforms for discussions at a continental level. The activities portrayed in this Annual Report reflect a busy 2015, both in the international arena as well as those geared towards building tax administrations according to their own specific needs and circumstances.

Beyond the BEPS process, international developments significant for the African work on Domestic Resource Mobilisation were the outcomes of the 3<sup>rd</sup> Financing for Development Conference held in Addis Ababa, the establishment of the Addis Tax Initiative, the follow-up to the report of the High-level Panel on Illicit Financial Flows, and our deeper engagements and collaboration with a host of international organisations such as the United Nations Economic Commission for Africa.

I am also particularly pleased at the strides we have made in 2015 in the research and academic spheres with the hosting of the inaugural meeting of the African Tax Research Network and the extension of the Executive Masters in Tax programme to Francophone countries. Both these initiatives, and others in this arena, emphasises the fact that not only is ATAF increasing the breadth of its activities it is also ensuring that we create a depth of tax expertise on our continent that will stand us in good stead for many years to come.

The need to bolster tax administrations across Africa is underlined by the fact that economic growth on the continent is receding from the highs experienced for the past number of years. This makes it imperative that we improve the effectiveness and efficiency of our tax policy and administration.

ATAF is committed to continuing with vigour and determination to build an even stronger organisation that is able to meet the needs of its members in building capacity and

capability, strengthening tax administration and improving governance across the African continent.

Finally, I would like to thank the members of the ATAF Council and its various committees, as well as the Executive Secretary and staff of the ATAF Secretariat for their support and valuable work over the course of the year. Our gratitude and appreciation also go to our host country and development partners for both their technical and financial support.

**Commissioner-General Gershem T. Pasi**  
**ATAF Chairman**

## 2. FOREWORD BY THE EXECUTIVE SECRETARY



Over the past five years, the African Tax Administration Forum has worked hard at guaranteeing that it sets a significant benchmark for its members to help them achieve their own developmental goals in tax administration. It is therefore my pleasure to present this Annual Report as another step in our steady evolution as a continental organisation. At this stage of our existence, we have again taken a bold approach at ensuring that our members benefit fully from the strategic objectives of the organisation. With a stable yet agile Secretariat, our aim over the past year was again to deliver world-class technical training, coupled with tailor-made technical assistance and innovation in tax research that reflect African priorities and realities.

With the organisation's *raison d'être* foremost in mind, ATAF's various programmes for 2015 have thus been geared toward improving the capacity of African tax administrations to achieve their revenue objectives, informing policy and legislation formulation, fostering transparency and accountability in tax matters, providing a mechanism to contribute to the international developments on tax matters, and developing sustainable partnerships in order to achieve these goals.

Noting that the recent global dialogue on development in Africa focused significantly on mobilising domestic resources and tax administration, it is important that building efficient and effective tax administrations also encompasses the education and services provided to taxpayers, as well as the manner in which taxes are collected, that foster a culture of compliance and participation in the enhancement of the state-citizen relationship. I am encouraged by the great strides that have been already been made over the past five years of ATAF's existence, and complemented by the 2015 Workplan, as we begin to see an increase in focus, coordination and responses from African countries on a variety of tax matters.

Moreover, it is vital that the African narrative on tax matters is articulated by Africans. So we have also focused efforts on growing both international and regional technical expertise within the Secretariat – efforts that now show positive signs of coming to fruition. We will thereby ensure that there is greater articulation, input and ownership of the continent's positions on global tax matters. In addition, the organisation has also worked steadily on establishing a knowledge hub, the foundations for which can be seen in the participation of ATAF in the tax-related UN Subcommittees, the OECD technical Working Parties, regional workshops of the African Union and the United Nations Economic Commission for Africa, and the continuation of the African Tax Research Network.

There is no doubt that the next years will pose greater challenges for the organisation's members as the development of tools aimed at plugging the tax gaps and stemming the illicit flow of finances from the continent gathers pace. Nevertheless, we look forward to rising to these challenges in order to become the leading organisation on African tax matters, and by playing our part in enhancing economic development and improving the living standards of the people of Africa.

Our ambition is to build even further on the solid platform that we have established, to strengthen our membership and endeavour to enhance even more the value we can offer the tax administrations on the continent. The work we have done in 2015 demonstrates that we have made an impressive start on this road. With this in mind, I therefore humbly invite you to share this progress report of the past year's work with us.

A handwritten signature in black ink, reading "Logan Wort", with a horizontal line underneath.

**Logan Wort**  
**Executive Secretary**

### 3. HIGHLIGHTS AND ACHIEVEMENTS OF THE YEAR

The 2015 year, the sixth of ATAF's existence, is marked by a number of exciting and innovative developments that will have a long-lasting impact and which will serve to increase the effectiveness of tax administration on the African continent. Foremost of these are the big leaps forward made in the research, training and capacity building spheres with the implementation of initiatives that will bear fruit for ATAF members for many years to come.

In addition to these exciting new initiatives, ATAF has continued its efforts to strengthen the organisation, host technical events aimed at improving the skills of African tax officials, and to promote an African perspective in the dialogue on tax and compliance in various forums on the regional and global stage.

ATAF again underlined its commitment to promoting governance and effective tax administration in support of the efficient mobilisation of domestic resources to spur economic growth and development in its member countries and on the African continent as a whole.

This annual report provides an overview of ATAF's progress in 2015 on all major fronts. A relatively young organisation, it has made impressive strides in the quality and range of services it offers to member countries and their officials and in building the institution and the administrative capacity of the ATAF Secretariat.

Of ATAF's many accomplishments in the year under review the main highlights are:

- The successful launch of the annual congress of the African Tax Research Network in Cape Town, South Africa, in September 2015. A total of 159 participants from 21 countries attended the congress at which 48 papers were presented. The objective of the network is to stimulate African officials and academics and foster research, expertise and collaboration in tax and revenue issues that are of relevance to African countries.
- The hosting of the second ATAF International Conference on Tax Matters in Africa (ICTA) in Lomé, Togo in October 2015 which focused on issues around tax compliance and limiting illicit financial flows.
- The inaugural ATAF Innovation Awards were presented during the ICTA. A total of 21 entries were received out of which 16 met the threshold for assessment. After an adjudication process presided over by a panel of eminent judges the inaugural winners were:
  - Kenya in the customer initiatives category for their mobile payment platform geared for enquiries and payment of taxes ideal for the small and micro enterprises.
  - Uganda in the staff initiatives category for an internally driven leadership development programme.
  - Mauritius in the revenue initiatives category for a VAT retail lottery aimed at ensuring compliance through taxpayer 'policing'.

- The successful conclusion of the Executive Masters in Taxation programme by the first group of 27 Anglophone students and the expansion of the programme to Francophone students.
- Compilation of the inaugural editions of two ground-breaking publications, the *African Tax Outlook* and the *Revenue Statistics in Africa*, both of which will provide valuable data on tax and revenue of participating countries and provide a solid platform for analysis and regional comparisons. Both publications are due to be officially launched in the first quarter of 2016.
- The hosting of the ATAF High Level Conference on ICT which was attended by over 120 delegates from 19 countries and provided a networking platform on technology, a critical enabler for tax administrations. The conference, which took place in May 2015 at Victoria Falls in Zimbabwe, generated surplus revenue of \$95,000 for ATAF.

### ATAF INNOVATION AWARDS

The inaugural ATAF Innovation Awards were presented during the ICTA Conference in Lomé, Togo in October 2015. There were three categories of awardees:

- 1) Staff Initiatives
- 2) Customer Initiatives a
- 3) Revenue Initiatives.

A total of 21 entries were received, out of which 16 met the threshold for assessment. Three winners were identified through an adjudication process presided over by a panel of eminent judges. The adjudication panellists were drawn from a cross section of distinguished professionals with knowledge and experience on taxation in Africa. Their diversity ensured perspectives from the academia, industry, tax administration and development partners. The panellists were Prof. RCD Franzsen, African Tax Institute - University of Pretoria (Chairman); Lazelle Terblanche, SAB Miller; Maurice Ochieng, GIZ; Sobantu Ndlangalavu, SARS; Karl Muller, Unilever and Nikki Obelholzer, Vodacom and ATAIC.

The winners were:

NO.	COUNTRY	CATEGORY	INNOVATION	DESCRIPTION
01.	KENYA	CUSTOMER	Mobile Payment Platform	A mobile platform for enquiries and payment of taxes ideal for the small and micro enterprises.
02.	UGANDA	STAFF	Leadership Programme	An internally driven leadership development programme.
03.	MAURITIUS	REVENUE	VAT lottery	A retail lottery aimed at ensuring compliance through taxpayer 'policing'.

A more comprehensive overview of the work undertaken by ATAF in 2015 is provided below.

## TECHNICAL ASSISTANCE, INSTITUTIONAL DEVELOPMENT AND CAPACITY BUILDING

In line with its mandate to improve the capacity of African tax administrations to achieve their revenue objectives, ATAF's Institutional Development and Capacity Building Directorate engaged in a wide variety of activities that sought to provide technical assistance and build the capacity of its member tax administrations. To this end a range of conferences, workshops and seminars were held, and learning opportunities, including online courses, were provided to hundreds of tax officials in the course of the year.

### **Collaborative networks established**

Significant initiatives on the legal and human resources fronts were the establishment networks aimed at bolstering collaboration and the pooling of knowledge and skills.

The heads of training and human resources from 19 tax administrations met in in April 2015 in Dar es Salaam, Tanzania and established a network and a technical committee on human resources. Priorities for the network currently are the development of an annual training prospectus and mainstreaming good leadership and management practices in tax administrations.

Legal counsel from member tax administrations met in Kampala, Uganda in August 2015 to establish a network and among the priorities set are the establishment of a rulings data base that will be shared by members and the facilitation of accession to the ATAF Agreement on Mutual Assistance on Tax Matters. The network established a technical committee to further its agenda.

### **Training on Tax Treaties**

Bilateral and multilateral tax treaties between countries are important and complex instruments of effective tax administration and it is imperative that African tax administrations acquire the requisite skills so that they are in a position to safeguard their interests. In the year under review, ATAF undertook the following activities aimed developing such a capacity:

- Live demonstrations on tax treaty negotiations formed part of a seminar that ATAF held a seminar in conjunction with South African Development Community (SADC) in Gaborone, Botswana, in July.
- Two intermediate seminars on tax treaties were conducted in Pretoria, South Africa, in August 2015. Out of the 67 students who participated and sat for the exams, 48 passed.
- A seminar attended by a total of 24 countries on the UN Model Double Taxation Agreement Convention was held in Dakar, Senegal in November 2015. The presentations covered recent updates as well as similarities and differences with the OECD Model Convention. In addition to analysing rules of allocating taxing rights, it dealt with provisions for elimination of double taxation. Further, it delved on administrative provisions aimed at ensuring effective application of DTAs.

- A five-day meeting attended by 22 countries on the ATAF Model Double Taxation Agreement was held in Pretoria South Africa in December 2015 to scrutinise the various articles of the model agreement and ensure that agreed amendments and reservations were captured. As the ATAF Model DTA is not a legal document or binding agreement but a text which indicates the positions of the majority of members, it also captured reservations by individual members in those areas where they wish to follow a different approach. A follow up meeting is scheduled to take place in mid-2016 to finalise the document.
- As part of its online programme, ATAF again provided training on tax treaties building on the lessons learnt and successes from the initial course which was offered in 2014. The course aims to provide a solid foundation for participants who have had with minimal exposure to interpretation and application of agreements. A total of 135 participants from 23 countries participated in the course in 2015, bringing the total participants over the two years to 246 officials.

### **Promoting Compliance, Tackling Base Erosion and Profit Shifting**

Combating the elaborate, complex schemes employed by many large corporations to avoid paying their fair share of tax is of utmost importance to tax administrations around the world, including those in Africa. Indeed, arguably it is of even greater importance to countries on the continent because of the deleterious impact the practices of these multinational companies have on the fiscus and funding for development.

In addition to giving voice to the African perspective on base erosion and profit shifting through its participation in a number of bilateral and multilateral forums, ATAF plays a role in boosting the skills and technical knowledge of African tax officials to equip them in the fight against tax avoidance and tax evasion.

To this end, ATAF held a technical event on UN Transfer Pricing Guidelines in Lusaka, Zambia in June 2015. It was attended by about 20 delegates from 13 countries. The UN sponsored attendance of the delegates. Also in June, ATAF participated in a symposium on African Perspective of Trends in International Taxation. The programme presented a complete picture of international taxation in the BEPS area with specific focus on Africa. The symposium held in Livingstone, Zambia, was hosted by the International Bureau of Fiscal Documentation (IBFD).

A further training initiative to build capacity on transfer pricing skills took place in Kigali, Rwanda in November 2015. A total of 10 participants from six countries attended the “train the trainers” programme and are required to cascade the programme in their home countries. Training was also conducted on presentation skills and technical aspects of transfer pricing.

A technical assistance scoping mission to Namibia on transfer pricing took place in September and December 2015 to finalise the work plan for the technical assistance to be provided by the Finnish Tax Administration in line with an agreement between the FTA, the Ministry of Foreign Affairs of Finland and ATAF. Preparations for the commencement of the actual TA work could then get underway. The mission also enabled ATAF officials build

personal relationships with their Namibian counterparts in order to facilitate the cooperation work.

ATAF also hosted a seminar on the Foreign Accounts Tax Compliance Act in June in Pretoria, South Africa. It was aimed at appraising participants of the implications of non-compliance with the data requirements of the US's Inland Revenue Service and the need to prepare for automatic exchange of information.

The focus was on VAT during an AFRITAC West 2 regional workshop on *Improving VAT Compliance Management* which was held in Accra in November 2015. The discussions centred on the VAT legislation frameworks of the various countries in West Africa, VAT audits of telecommunication companies, the importance of segmenting of the business and digital economy. The tax revenue performance to GDP and the VAT contribution to the total tax collection in the region were also discussed.

ATAF was represented at the regional workshop by Mr Kgotso Lebotsa of the South African Revenue Service, who presented on VAT in e-commerce and the VAT framework of SACU countries together with their VAT contribution to tax collection. There was an overwhelming consensus from the delegates that there is a need for cooperation between revenue authorities to address the challenges of non-compliance.

ATAF has undertaken to issue a survey to member countries relating to VAT priorities. The survey will focus on the five key aspects of VAT in Africa, namely compliance risk, VAT fraud, exemptions, thresholds and financial services.

On the compliance front, 38 trainees from seven African countries took part in a two-day intermediate seminar on tax auditing in Pretoria, South Africa, in November 2015. ATAF continued to offer the online course on tax audit which was first piloted in 2013 in both French and English. Ninety officials from 12 countries participated in the online course on tax audit in the year under review. Since inception, 370 trainees have gone through the programme, thereby gaining a solid understanding of the fundamentals of tax auditing.

An evaluation of its courses and their impact was undertaken by ATAF in December 2015. Feedback was sought from course participants and their managers and the heads of human resources and communication at tax administrations. The results were very positive and showed that the ATAF courses were highly valued. Participants benefited from the courses they had attended and applied the knowledge they had gained on return to their posts and shared their knowledge with their peers in most cases.

## RESEARCH, ACADEMIC INITIATIVES AND PUBLICATIONS

The Research Directorate at ATAF had a busy and fulfilling 2015, achieving significant impetus across a range of exciting initiatives including the hosting of and participation in a number of conferences aimed at tackling issues of key importance to ATAF members.

### Conferences

The highlight of the year undoubtedly was the hosting of the inaugural annual congress of the African Tax Research Network (ATRN), in Cape Town in September 2015. The theme was “*Contemporary Tax Challenges for African Countries*”. The conference, the first of its kind in Africa, brought together academics, researchers, decision-makers, tax administrators, students, tax practitioners, consultants and representatives of the business community on fiscal and tax policy in Africa, to discuss different aspects relating to national, regional and international tax matters relevant to the continent.

More than 40 academic and policy papers were presented and case studies from, among others, Burundi, Uganda, Nigeria, Kenya, Ghana, Morocco, Côte d’Ivoire, Sierra Leone, Malawi, Zimbabwe, South Africa, Zambia, Togo, Liberia, Zanzibar, Angola, Ethiopia and Tanzania, were discussed.

Of great relevance was a policy panel discussion on how investing in improved tax systems can make a critical difference and enhance the nexus between policy and administration and boost domestic revenue mobilisation, promote foreign direct investment and increase transparency and accountability of the executive thus helping improve the standard of living of Africa’s citizens.

Another policy panel discussed the outcomes of the third International Conference on Financing for Development, which took place in Addis Ababa in July 2015, the implications for Africa and the role of African organisations.

### MORE ABOUT THE AFRICAN TAX RESEARCH NETWORK

The African Tax Research Network is a network of researchers working on tax issues around the continent. For the next three to five years, the ATRN secretariat will be housed within the African Tax Administration Forum (ATAF) until it becomes a fully functional and independent body.

The ATRN’s vision is to be the platform of choice for African tax research. Its mission is to facilitate the development of African capacity for credible research in tax policy, administration, law and leadership.

The objectives of the network are:

- Build an independent network of academics, policy makers, tax administrators and independent tax researchers
- Promote links between tax researchers, policy makers and other stakeholders
- Generate research results for use by policymakers and tax administrators

➤ Influence the African and global tax research agenda

Through the above ideas, the ATRN seeks to conduct high level multidisciplinary research in the areas of tax policy, tax legislation, tax administration as well as tax and development on the African continent, thereby enhancing the research capacity of the continent on tax matters.

Dr Nara Monkam, ATAF's Director of Research, chairs the ATRN's 10-member Interim Board.

The burning issue of combating illicit financial flows from African countries was also the topic of the 2<sup>ND</sup> ATAF International Conference on Tax Matters in Africa which took place in October 2015 in Lomé, Togo. The conference is held every second year, alternating with the ATAF Annual General Assembly.

ATAF's Research Directorate produced a number of policy briefs which were distributed at the conference. The briefs were on key issues confronting African tax administrations. This included the challenges facing Africa with regard to illicit financial flows and trade mis-invoicing, and the role taxation can play as an enabler for inclusive economic growth. The policy briefs were published in English, French, Portuguese and Arabic and were very well received by conference participants.

ATAF hosted a Conference on VAT in Africa in Accra, Ghana in May 2015. The focus was primarily on the practical implementation of the International VAT/GST Guidelines, which the OECD is developing with partner countries as a set of international standards to reduce risks of non-taxation and of double taxation. This phenomenon becomes a reality when there is uncoordinated application of domestic VAT systems. With an increasing number of African countries redesigning VAT systems or introducing the tax for the first time, this interaction was both crucial and necessary.

Participants in Accra expressed their strong appreciation for the genuinely inclusive spirit of the debate with the involvement of all stakeholders, and for the unique opportunity to obtain a better understanding of technical issues and approaches adopted by a wide variety of VAT systems, sharing of experience and 'know-how' with colleagues and fellow experts, and networking.

## **Research**

In line with its objectives of promoting research and as a part of its project to encourage young researchers in tax on the African continent, the research directorate collaborated with and provided support to a Master's degree student at the University of Nairobi for a good practice study on medium sized enterprises. The study aimed to assess the impact of taxation and support services on medium-sized enterprises by looking into the treatment of such enterprises in the following five African countries: South Africa, Kenya, Nigeria, Ghana and Cameroon, the latter four of whom have set up dedicated Medium Taxpayers Offices to focus specifically on this segment.

The study also reflected on the regulations and policies in the Republic of Korea in relation to the tax administration segmentation, support services and tax incentives in order to learn from a country that has transitioned fairly swiftly from a developing to a developed country and simultaneously supported the growth of its small informal businesses into formalised medium sized entities.

This topic is of immense importance to many countries in Africa as they wrestle with the challenge of fostering and growing small and medium businesses because of the positive role they can play in promoting economic growth and job creation.

A joint ATAF World Bank research project on the Taxation in the Extractive Industries unfortunately had to be cancelled due to a poor response and insufficient data. The purpose of this research project was to focus on the role and use of tax incentives in the extractives industry and the effects of VAT in extractives investments. Only seven countries responded to a call for expression and only four countries actually provided some data. ATAF therefore decided to cancel the research project.

### **Tax Compliance Study in Rwanda**

Further impetus was achieved in a joint research project on tax compliance in Rwanda that ATAF and ICTD, in collaboration with the Rwanda Revenue Authority (RRA), embarked on in 2014. A scoping visit to Kigali, the first phase of the project, in December 2014, confirmed the feasibility of the research project and the use of administrative data from the Rwanda Revenue Authority.

This first activity was to interrogate the data in depth, a precondition for any successful analysis. The issues that were examined in this research activity were, among others, progressivity and equity of the tax system, the compliance gap, the source of fiscal space and bunching i.e. the tendency of taxpayers to modify their earnings to stay below tax thresholds and thus benefit from lower rates or flat rates.

A first paper based on this analysis and titled "*Keeping up with taxes: Tax compliance and progressivity in Rwanda*" is to be presented at the Fifth Annual Meeting of the ICTD organised in association with the Ethiopian Revenue and Customs Authority in Addis Ababa in February 2016.

The second phase started with two field trips in Rwanda, in May and November 2015. In May, the research design was refined and Experiment 1 was implemented. The main goal of this experiment is to determine if taxpayers who are reminded or informed about sanctions for non-compliance are incentivised to come forward and self-disclose unreported taxable income or unpaid taxes. In Rwanda, taxpayers have to pay a high sanction for late reporting and under-reporting when they are caught through an audit but they can benefit from lower sanctions if they come forward before they receive an audit notification.

The field trip in November 2015 implemented the research design of Experiment 2 which aims to evaluate the effectiveness of different messages on tax compliance combined with various delivery methods. Specifically, this experiment seeks to determine the impact on taxpayer behaviour by testing the effectiveness of three messages, on deterrence, public

services and a control message which are sent to taxpayers via email, physical letter and SMS. The study will evaluate if taxpayers will modify their tax compliance behaviour after receiving and internalizing messages about the tax authority's efficiency and the probability and the compliant behaviour of other taxpayers.

Both these experiments and their outcomes will be shared in research papers, with a paper presenting an analysis of the results of experiment 1 expected to be finalised in March 2016 and presented to the RRA for comments.

The main value of this project is, on the one hand, to explore the possibility of using administrative data (i.e. tax returns data and audit data) from Rwanda, and subsequently other ATAF members' countries, to understand tax compliance better and make informed, evidence-based policy recommendations to raise tax compliance in the continent. On the other hand, another value added of this project is the ensuing hands-on capacity building and skills transfer as well as the increased partnership.

## **Publications**

### ***African Tax Outlook***

Plans to compile the inaugural editions of two ground-breaking publications came to fruition in 2015. ATAF's flagship publication, African Tax Outlook, is scheduled to be launched at the ATAF Council meeting in April 2016. There is also a plan to produce a shorter report encapsulating the main highlights of the ATO and to ensure that the ATO publication is made available in an interactive website.

A first for Africa, the publication will provide tax statistics and analyses on 15 African tax administrations who took part in this first edition. The countries who participated are Burundi, Cameroon, Kenya, Lesotho, Mauritius, Rwanda, Senegal, Seychelles, Swaziland, South Africa, Tanzania, The Gambia, Togo, Uganda, and Zimbabwe.

The publication will provide valuable, practical and relevant descriptive and analytical work on tax issues which can be used to make comparisons and gain useful insights which can lead to improving tax administration, and inform tax policy formulation and implementation in Africa and boost revenue collection.

Meanwhile, a call for expression for the second edition of the African Tax Outlook has been developed and will be shared with ATAF member countries in the first quarter 2016. More ATAF members are encouraged to take part in the second edition.

### ***Revenue Statistics in Africa***

The first edition of *Revenue Statistics in Africa* will be released in April 2016 thanks to a joint venture between ATAF and a number of organisations. The initiative is due to a joint commitment between ATAF and the OECD, the World Customs Organization (WCO), the African Development Bank, the *Centre de rencontres et d'études des dirigeants des administrations fiscales francophones* (CREDAF) and the African Union Commission to

improve the comparability, consistency, quality and accessibility of revenue indicators and data in Africa, so as to create a solid statistical platform for analysis and policy making.

Eight member countries who have contributed to the inaugural edition are Cameroon, Côte d'Ivoire, Mauritius, Morocco, Rwanda, Senegal, South Africa, and Tunisia. Other member countries are invited to join future editions of the publication.

This brings Africa in line with similar partnerships between the OECD and regional organisations in Latin America and the Caribbean, as well as in Asia and Pacific Islands. But in addition, Revenue Statistics in Africa will also take into account statistics specific to the African context that would allow comparison on a regional basis.

The partners finalised the processes to adopt for the data collection and publication at meetings in Addis-Ababa, Ethiopia, in November 2014 and Rabat, Morocco, in February 2015. They then jointly collected and analysed the data and distributed the results. Along with the revenue statistics developed by the OECD over the years, the Revenue Statistics in Africa will also take *into account statistics specific to the African context that would allow comparison on a regional basis.*

This initiative also involved support for capacity building benefiting the participating countries with interns from participating countries spending time at the OECD headquarters in Paris for technical development and for transfer of skills. This was essential to build the expertise and improve the local administrative skills in data collection, and overall in developing the statistical foundation in participating countries.

The publication will be launched in partnership with ATAF and the African Union Commission (AUC) under a co-publication agreement to be finalised and signed in March 2016. It is planned that this inaugural publication will be launched at an ATAF/AU/OECD side event during the ninth Joint AUC-ECA Annual Meetings of the African Union Conference of Ministers of the Economy and Finance, which is scheduled to take place from 31 March to 5 April 2016 in Addis Ababa, Ethiopia.

## **Academic initiatives**

### ***The Executive Masters in Taxation programme***

Following the successful launch of the Anglophone Executive Masters in Taxation programme in 2014/15, ATAF has implemented a similar programme for French-speaking African countries. The Francophone programme is being implemented in collaboration with the University Alioune Diop of Bambey in Senegal, the *Ecole Nationale d'Administration* (ENA) in Senegal and the Mauritius Revenue Authority. A Memorandum of Understanding was signed by the four partners in July 2015 in Dakar, Senegal.

A first group of 20 students from nine different African countries began the 15-month programme in October 2015. The first six months of the programme took place at the ENA in Senegal, with an academic programme developed by the University of Alioune Diop of Bambey. This is followed by three months at the Mauritius Revenue Authority, who is closely cooperating with the Open University of Mauritius. In addition, several extra-

curricular activities, such as study visits in other countries are planned. The final six months, during which the students will finalise their transfer project/thesis, will be spent in their respective home countries. During this period, the students will have the option to spend a one-month internship in a member tax administration.

Unlike the Anglophone programme, the Francophone EMT programme has opened its doors not only to experienced tax officials, but also to experts from the Ministry of Finances, civil society as well as from the research and private sectors.

The new Francophone EMT website <http://www.emtfrancophone.org/index.php> has been created by the MRA who have agreed to the website for a year.

Meanwhile, a second group of 25 participants from 15 different ATAF-member countries began the Anglophone EMT programme in October 2015, following in the footsteps of the first group of 27 participants who have now successfully completed the course and will graduate in March 2016. *(See box below)*

Out of the 27 students in the first cohort, 20 candidates were sponsored by their sending institutions as part of the ATAF cost sharing arrangement. This cost sharing entails the sending institution bearing the tuition fee and flight costs for the selected candidate, GIZ in return sponsored the living costs for the student during their stay in Berlin, Germany. The remaining seven students were supported through a full scholarship offered by the GIZ Good Financial Governance Program.

#### **FIRST GRADUATES OF THE EXECUTIVE MASTERS IN TAXATION PROGRAMME**

The Executive Masters in Taxation (EMT) programme, launched in 2013 by ATAF in partnership with GIZ and the the Berlin School of Economics and Law in Germany and the University of Witwatersrand in South Africa, will celebrate its first successes in March 2016. A graduation ceremony for the first group of 27 Anglophone students who have successfully completed their master's theses and transfer projects will be held in Pretoria in March 2016.

Four of the transfer projects, each addressing a problem faced by the graduates' tax administration, will be presented at a workshop to be held before the graduation ceremony. It is expected that the proposed solutions will be implemented, thus providing concrete and tangible benefits to the home administrations.

As a follow-up on the EMT programme there are plans to implement post-graduation placement programme to ensure that the students' newly acquired skills are used appropriately, they are given an opportunity for career advancement, they are appropriately placed within their respective tax administrations and their transfer projects are implemented.

A second group of 25 students from 15 different ATAF-member countries began the programme in October 2015.

You can find out more about the African tax officials selected to take part in this inaugural programme by visiting the EMT website at <http://www.emtaxation.org/Home.aspx> to watch the **video of our first student cohort**.

### ***Tax and Development Course***

ATAF, in partnership with the International Centre for Tax and Development (ICTD) in the United Kingdom has also launched a “*Tax and Development Short Course*”. This course is mainly targeted at participants from the following sectors: Ministries of Finance, parliamentarians, prosecutors, judges, media, bilateral and multilateral donors, private foundations, civil society, law and judiciary, and academia.

The inaugural course was launched in January 2015 at the Institute of Development Studies in Brighton, United Kingdom. An African edition of the course will be held in Addis-Ababa, Ethiopia, in February 2016 with 20 participants, half of whom are tax administrations.

Key topics covered in the four-day course are tax and development, international taxation, sub-national taxation and tax collection and compliance. The trainers for this course are Prof Mick Moore, Dr Tom Balco, Dr Nara Monkam, Dr Giulia Mascagni and Dr Samuel Jibao. All are internationally recognised experts in the field of taxation, with a mix of excellent research and teaching records as well as extended practical experience in developing countries.

Other activities carried out under the banner of the short course include the training of members of finance committees from the East African Community member Parliaments. This initiative, in conjunction with the Centre for Parliamentary Studies and Training, took place in Arusha, Tanzania, in August 2015. More than 50 participants from the different countries and institutions of East Africa attended the course.

The ATAF trainers included the ex-Commissioner General of Zambia, a civil society representative, a tax administration official from the Tanzania Revenue Authority and the ATAF Director of Research.

In response to the success of this training course and the expressed demand for it, ATAF in partnership with the Centre for Parliamentary Studies and Training, is considering offering it on a regular basis and to extend it to other regions in Africa.

## STRATEGY AND PLANNING

In line with its mandate to provide a voice for African tax administrations on tax issues and to inform and influence the global dialogue ATAF has built relationships with a wide range of organisations and institutions across the world and is an active participant in a number of forums that are tackling issues of relevance to African tax administrations.

In the year under review, the work of ATAF's Cross Border Taxation Technical Committee has been fundamental to defining Africa's stance on the many and complex issues arising from steps to tackle base erosion and profit shifting and forms the basis of ATAF's interaction with various regional and global entities.

### **Cross Border Taxation Technical Committee**

The Cross Border Taxation Technical Committee held four meetings in 2015, one more than planned. This signifies the urgency with which the committee worked to participate in the BEPS Project. The Technical Committee comprises the following nine member countries: Botswana, Burkina Faso, Ghana, Nigeria, Kenya (Chair), Senegal, South Africa, Tanzania and Uganda.

The main outcomes of the meetings are:

- ATAF should continue to participate in the work of WP1, WP6 and WP11 in the post BEPS environment
- Workshops would be held for ATAF members in 2016 to raise awareness of the BEPS outcomes and facilitate discussions on what this might mean for members. Ministry of Finance officials would be invited to the workshops in addition to tax administration officials.
- To assist ATAF members a transfer pricing risk assessment model and draft transfer pricing legislation will to be developed in 2016.
- Technical assistance programmes will be provided to eight ATAF member countries in 2016 to assist them to build capacity to address BEPS issues.
- The TC would draft a summary report of the BEPS reports
- The ATAF Secretariat will develop generic presentations on three key BEPS issues to use in Cross Border Taxation awareness workshops with relevant Ministry of Finance, tax administration officials and business.

Noting the changes and the pace of the OECD/G20 BEPS Project, the ATAF Secretariat implemented some initiatives to ensure that member countries are involved in placing items that are a priority for their countries on agendas of the OECD working parties. Following in the steps of the ATAF Consultative Conference on New Rules of the Global Tax Agenda and the Technical Meeting on BEPS held in March and July 2014 respectively, 2015 saw the gathering of ATAF members to finalise their input to the BEPS project at a conference on cross border taxation in Africa.

The ATAF Council convened the second consultation on Cross Border Taxation in Africa for Heads of African Tax Administrations in Johannesburg, South Africa, in April 2015. The

conference brought together participants from 26 African countries as well as ATAF international partners, representatives of civil society, the business community, to discuss a wide range of issues regarding cross border taxation in Africa, including Africa's participation at the OECD Base Erosion and Profit Shifting (BEPS) process.

The conference noted that the BEPS Project's focus on ensuring profits should be taxed where the economic activity is taking place was extremely important for Africa. In addition the ATAF Cross Border Taxation (CBT) Technical Committee's work recognised the importance of other key tax issues for Africa. The conference received a report from the work the ATAF CBT Technical Committee has done over the past six months to input into the BEPS Project. Written comments have been made to the relevant OECD Working Parties on the issues of highest priority to African countries.

### **Multilateral engagements**

ATAF's multilateral engagement strategy is focused on building relationships with the African Development Bank, African Union, the OECD, IMF, World Bank and the United Nations and its Economic Commission for Africa. The focus on these organisations pertains to their dealings on tax matters as well as the inputs and activities our member countries undertake with these organisations. Further to this, the strategy is to create synergies between members' engagements and the role of the Secretariat in facilitating feedback and input to multilateral organisations.

### ***OECD Committee on Fiscal Affairs***

The year kicked off in January 2015 with ATAF becoming an observer to the OECD through an invitation extended to ATAF by the Centre for Tax Policy and Administration (CTPA). In the course of the year, ATAF attended the 88<sup>th</sup>, 89<sup>th</sup> and 90<sup>th</sup> sessions of the OECD Committee on Fiscal Affairs (CFA) which is at the heart of the work on the Base Erosion and Profit Shifting project. The key decisions emerging from these engagements are:

ATAF confirmed at the 88<sup>th</sup> meeting that it will participate in the following three working parties of the OECD, namely Working Party 1 on Tax Conventions and Related Questions, Working Party 6 on Taxation of Multinational Enterprises and Working Party 11 on Aggressive Tax Planning. *(See more details in box below)*

In line a specific request made by the G20 at its October 2014 summit to incorporate regional tax organisation in the development of the BEPS toolkits, ATAF has been identified as a key partner together with regional organisations such as the Inter-American Association of Tax Administrators (CIAT). ATAF will participate in the development of the transfer pricing related toolkits on documentation and comparability data. The BEPS toolkit will form part of the work undertaken by the ATAF Technical Committee on Cross Border Taxation which is dealt with in more detail below.

The ATAF delegation also met in Paris on the margins of the CFA meeting with other African delegations as well as the leadership of CREDAF on how best to avoid duplication and to have synergies in the development of the toolkits.

At the 90<sup>th</sup> session in September 2015, the OECD Secretariat reported on the outcomes of the Addis Ababa Financing for Development meeting, including the launch of the Tax Inspectors without Borders initiative, the Revenue Statistics Project and improving the organisation of ATAF's work with developing countries. Further to this, ATAF will be participating in the development of the Multilateral Instrument (Action15) where a team of Tax Treaty and Information Exchange Experts has already been assembled.

The ATAF delegation also met with their counterparts from Nigeria, Kenya and Senegal on the margins of the CFA meeting to ensure that the ATAF Cross Border Taxation outcomes are shared with member countries as well as non-member African countries and with developing countries such as Brazil and India.

Following the formal involvement of ATAF in the OECD, the Global Forum on Transfer Pricing meeting in March 2015 presented ATAF with the opportunity to showcase its work on BEPS. Mr James Karanja of the Kenya Revenue Authority represented ATAF at the meeting and outlined some of the key issues that African countries had debated in the ATAF Consultative Conference on the New Rules of the Global Tax Agenda which took place in 2014.

ATAF also requested a pragmatic approach to the transfer pricing country-by-country report threshold of €750 million. Its view is that this threshold is too high – a number of African multinationals would fall under this threshold and as a result would not have to submit a country-by-country report.

### **DIRECT ENGAGEMENT WITH THE OECD ON BEPS**

ATAF's invitation to the OECD's BEPS project came a year after the project had commenced with six of the Action Points already delivered. Due to limited resources and time, ATAF members focused on the transfer pricing and interest deductibility issues. ATAF's participation in the project comprised of firstly submitting written commentary on the issues involved, and secondly through attendance and participation in three of the OECD's Working Parties.

The ATAF Secretariat provided the OECD with 18 sets of written comments related to a variety of BEPS issues developed from the meetings held by the Cross Border Taxation (CBT) Technical Committee. Further consultations with the members of the technical committee, as well as additional input from officials from ATAF member countries, informed the commentary.

ATAF's participation in, and contribution to, working parties of the BEPS Project is detailed below:

***Working Party 1 on Tax Conventions and Related Questions*** – The Working Party is the body responsible for drafting the OECD Model Tax Convention (OECD MTC) and its commentary. The ATAF participation in these meetings is informed by member countries having reported that they are losing tax due to the abuse of their tax treaties. The main

concern is focused on the use of techniques ( “treaty shopping”) to obtain benefits such as the reduction of withholding taxes in situations in which such benefits were not intended.

At the WP1 meeting held in June 2015, ATAF delegate Mr James Karanja, from the Kenya Revenue Authority, made an opening statement on the role of the ATAF CBT Technical Committee and its mandate to represent all the ATAF member countries in the WP1 deliberations. The critical point made was to underscore activities undertaken since January 2015 when ATAF and some of its member countries were invited to participate in the CFA and Working Party meetings and to encourage delegates to hear the concerns identified, particularly on Action 7 (Permanent Establishments).

**Working Party 6 on Taxation of Multinational Enterprises** – Mr Matthew Gbonjubola of the Federal Inland Revenue Service of Nigeria represented ATAF in its first attendance of the working party meeting in March 2015. He raised issues at the meeting on commodity pricing concerns for African countries as well as special measures for low value adding services.

Mr Thulani Shongwe and Mr Ted Silkiluwasha represented ATAF at the May 2015 round of working party meeting. The CBT Technical Committee had submitted written comments to the OECD ahead of this meeting proposing a deemed pricing rule be included in the OECD TPG Transfer Pricing Guidelines. This proposed that the higher of the quoted price or the end user price (the price the MNE group sells the commodity to a third party) will be the deemed transfer price unless the taxpayer provides adequate reliable information to justify the use of a lower transfer price.

The ATAF delegation held numerous side meetings with the OECD Secretariat and other interested countries (Argentina, Brazil, Colombia, Mexico, Russia, Senegal and South Africa) over the week. This resulted in a revised proposal for the new OECD Transfer Pricing Guidelines being drafted by this group of countries and presented to WP6 delegates. Most of the revised text, with some minor edits, was accepted by WP6.

Messrs Shongwe and Silkiluwasha again represented ATAF in the meetings of 29 June to 10 July 2015 which debated the allocation of risk for transfer pricing purposes as well as revisions to Chapter 1 of the OECD Transfer Pricing Guidelines. Following the interventions by the ATAF delegation, the draft report was revised to include a clearer definition of what is meant by financial capacity to bear the risk.

This will allow ATAF members to address the BEPS risks where some MNEs create structures that block African MNE taxpayers from obtaining finance. The revised text enables ATAF members to deal with such structures as African MNE taxpayers will be considered to have the financial capacity to bear the risk.

The distinction between risk re-allocation and non-recognition will also be made clearer in the Transfer Pricing Guidelines by the addition of examples that will demonstrate the difference between circumstances where risk re-allocation is appropriate and circumstances where non-recognition is appropriate.

**Working Party 11 on Aggressive Tax Planning** – The work being undertaken in Working Party 11 focuses on four action points of the BEPS Action plan, namely, hybrid mismatch

instruments (action 2), Controlled Foreign Companies (action 3), interest and other financial payments (action 4) and mandatory disclosure rules (action 11). Of the four items, action 4 was identified by the Cross Border Technical Committee as being of high priority to African countries.

Mr Anthony Kibirige of the Uganda Revenue Authority represented ATAF in the March 2015 and July session of meetings. Mr Kibirige's contribution to the meeting included clarity on the importance of withholding taxes. Given that withholding taxes will remain an important tool to curb interest related base erosion in developing countries, it was important to have this outcome clearly reflected in the report.

Other reports discussed in WP11 included the report on hybrid mismatch instruments under Action 2, Controlled Foreign Company (CFC) rules under Action 3 and Mandatory disclosure rules under Action 12.

### ***United Nations Economic Commission for Africa***

In 2015, ATAF increase its participation in the United Nations Economic Commission for Africa (UNECA) as part of its multilateral strategy and underlined its support for the work conducted by the High-Level Panel on Illicit Financial Flows from Africa. The engagement with UNECA took place in March 2015 with a regional consultation ahead of the 3<sup>rd</sup> International Conference on Financing for Development which took place in Addis Ababa, Ethiopia from 23 – 24 March 2015.

An ATAF delegation led by the Executive Secretary Logan Wort met with the Executive Secretary of UNECA, Dr Carlos Lopes and his officials and outlined the organisation's mandate and work on tax on the continent. Also presented at the meeting was the text for adoption at the 3<sup>rd</sup> Financing for Development Conference which pertained to taxation and domestic resource mobilisation. Mr Wort presented Africa's taxation agenda and how the text should be supported by African countries to ensure that crucial areas of tax are given highest priority as a means of collecting revenues for the development agenda and for the financing of the African Union's Agenda 2063. Also discussed was the recent interaction of ATAF with the OECD on the technical aspects of BEPS and how this would benefit African countries.

ATAF indicated its support for the new structure of the UNECA Economic Outlook for Africa as its willingness to participate in the UNECA's work on illicit Financial Flows from the African continent.

To this end, ATAF participated in two stakeholders workshop hosted by UNECA on the implementation of the recommendations of the high level panel headed by Thabo Mbeki on illicit financial flows from Africa in Addis Ababa in June 2015. Represented by Mr Thulani Shongwe and Mr Eugénio Brás, ATAF provided inputs on the following topics:

- ATAF's work on base eroding payments through the Technical Committee on Cross Border Taxation;

- Maximising tax revenues by ensuring that states have tax policies that are designed and implemented in a transparent and accountable manner;
- Continue upskilling revenue officials to audit effectively and perform efficient case selections; and
- Following the recommendations of the report of the high level panel on transfer pricing.

ATAF subsequently participated in two UNECA Sub-Regional Workshops, for East and Southern Africa and West, Central and Northern African, on the matter in September and November 2015 respectively.

The workshops discussed the implementation of the findings and recommendations of the high level panel. ATAF focused particularly on the panel's recommendations on improving legislative frameworks to stem illicit financial flows and on the various global processes dealing with the matter.

ATAF also presented on the ATAF Model Double Taxation Agreement and shared with the workshop ATAF's treaty programme and a presentation entitled "ATAF's response to BEPS and the Work of the ATAF Technical Committee".

ATAF registered to host a successful side event at the 3<sup>rd</sup> Financing for Development Conference on the topic *"The African Agenda 2063: Finding the Money! Developing African Tax Systems in Order to Mobilise Domestic Resources to Fund Africa's Development"*. The event focused on:

- The cost of the African Union's Agenda 2063;
- The role of domestic resource mobilisation and taxation to fund sustainable development in Africa;
- Finding the untapped sources of revenue in Africa;
- Stemming Illicit Financial Flows from the continent;
- Employing home-grown solutions to developing African tax systems; and
- The role of development assistance in building more efficient and effective tax systems in Africa.

ATAF Council chairperson Mr Gershem Pasi, the Commissioner-General of the Zimbabwe Revenue Authority, and council member Mr Rished Bade, the Commissioner-General of the Tanzanian Revenue Authority, both addressed the meeting. ATAF expressed its support for the work of the African Union in relation to Agenda 2063 and also supported the formation of the Addis Tax Initiative.

In the course of the year, ATAF participated in a number of ad hoc conferences and meetings. The key engagements were:

***Annual Spring Meetings of the IMF*** - The International Monetary Fund and World Bank hosted a half-day conference on International Taxation: A Dialogue with Developing Countries on the morning of Monday April 20, right after the IMF/WB Spring Meetings, at IMF headquarters in Washington, DC.

ATAF participated in this event by chairing and moderating a session on tax incentives. In particular, ATAF's input focused on the call by its CBT Technical Committee for a Good Practise Guideline for tax incentives. During this meeting, Mr Lincoln Marais, ATAF's Director for Strategy and Planning, also met with the head of the Tax Administration Diagnostic and Assessment Tool (TADAT) Secretariat to commence talks on having a TADAT delegation come to the ATAF Secretariat to train staff on the advantages of TADAT.

**UN Economic and Social Council (ECOSOC)** - Mr Marais went on to participate in the ECOSOC meeting in New York from 21 – 25 April 2015. This was followed by a capacity development workshop on “Tax Incentives and Tax Base Protection”, organized by the UN-DESA Financing for Development Office, which was held from 23 – 24 April 2015.

**G20 International Tax Symposium** - ATAF also participated in the G20 International Tax Symposium in Istanbul, Turkey in May 2015. The symposium focused on Base Erosion and Profit Shifting (BEPS) and the developments in exchange of information between tax administrations.

The ATAF Executive Secretary Mr Logan Wort made presentations on *“Implementing the International Consensus on BEPS with Practical and Effective Rules: Domestic Laws, Multilateral Instrument and Toolkits”* as well as *“Developing Countries and Automatic Exchange of Information: How to Benefit and Comply with the New Transparency Requirements on Bank Information”*.

**Commonwealth Parliamentary Association Workshop on Tax Transparency, Tax Evasion and Tax Avoidance - London, United Kingdom from 8 – 9 June 2015** - ATAF received an invitation to moderate on a panel that discussed illicit financial flows and domestic resource mobilisation. The aim of the panel was to highlight the negative impact illicit financial flows have on domestic resource mobilisation. Mr Logan Wort represented ATAF at the meeting which was held in London, UK, in June 2015. He also made a presentation on the activities of the ATAF Cross Border Taxation Technical Committee and their inputs into the OECD Working parties as well as the outcomes of the consultative conference held in Johannesburg, South Arica in April 2015.

**6<sup>th</sup> International Tax Dialogue Global Conference on Tax and the Environment** - The conference in Paris, France, in July 2015 explored the steps to be taken to harness the power of tax policy and tax administration for delivering cost-effective environmental protection and sustainability, including fiscal sustainability. It further addressed the potential and the limitations of taxation to tackle major environmental challenges, including but not limited to climate change, covering sectors where environmental policy needs are most pressing.

Mr Logan Wort and Mr Eugénio Brás represented ATAF at the conference, with Mr Wort making a presentation on a concept paper written by Mr Brás. The ATAF presentation and paper focussed on:

- What are the main principles for taxing extractive industries from both a fiscal and environmental perspective?
- What is the appropriate mix of fiscal, regulatory and liability instruments to address the environmental impacts of resource extraction?

- How might efficient fiscal regimes for shale gas and oil differ from those for other sources of pollution?
- Do differences in conventions for defining property rights, or in existing regulatory infrastructure, imply differences in appropriate environmental tax regimes for extractive industries across countries?

The Secretariat has developed a working paper of environmental taxes and this will be expanded to focus on specific issues in Africa. A draft paper will be conceptualised in 2016.

**Angola General Tax Administration's International Conference** - ATAF's presentation on Illicit Financial Flows and Transfer Pricing at the conference in Luanda, Angola, in November 2015 was given by Mr Thulani Shongwe. He was supported by Mr Eugenio Brás and Mr Frankie Mbuyamba. The ATAF input focused on the economic realities of what illicit financial flows do to distort the development goals of African countries. Further to this, the High-Level Panel on Illicit Financial Flows focused on transfer pricing aspects. ATAF highlighted its positive input into the BEPS project and the OECD's Transfer Pricing Guidelines. Lastly, the ATAF delegation focused on the EOI project and how it is working side-by-side with the Global Forum on transparency and Exchange of information.

## FINANCE AND CORPORATE AFFAIRS

The role of the Finance and Corporate Affairs (FCA) Directorate is to enable the efficient and effective functioning of ATAF in discharging its core mandate through the provision of a range of professional, technical and administrative support services, including financial management, human resources management supply chain management, information communication technology management (ICT), facilities management and maintenance, security, cleaning services and corporate communication. The services are either provided internally or externally through outsourcing on the basis of service level agreements.

The Directorate aims to add value to ATAF's operations with the emphasis on quality, integrity, compliance, efficiency and effectiveness. To this end, this directorate has proved to be of good assistance to ATAF projects as a whole.

### Human Resources

The ATAF Secretariat's current organisational structure, which was approved in 2012, provides for a total staff complement of 13. Currently the positions in the structure are filled as follows -

Eight long-term/permanent staff members have been appointed, occupying the following positions:

- Executive Secretary
- Director for Research
- Director for Finance and Corporate Affairs
- Director for Institutional Development and Capacity Building
- Research Manager
- Training and Capacity Building Officer
- Administrative Officer in the FCA directorate (This position was converted to Manager for Operational Support)
- Executive Assistant in the Executive Secretary's Office.

A number of positions on the structure are filled by officials who have been seconded from member administrations or by temporary employees. These are:

- Accountant occupied by a temporary employee;
- Institutional Development Officer occupied by an employee seconded by SARS; and
- Media and Communications Officer occupied by an employee seconded from the Zimbabwe Revenue Authority.

Positions that are not on the structure but are filled by officials who have been seconded from member administrations or by temporary employees are as follows:

- Director for Strategy and Planning is seconded from SARS as an advisor to the Executive Secretary.
- One employee seconded by SARS assisting with Donor Management.
- Four other temporary employees working on short-term contracts ranging from six months to a year occupying the positions of Project/Technical Assistance Officer in the Strategy and Planning Directorate, Website Specialist in FCA Directorate, Course Coordinator in Capacity Building Directorate and Research Administrator.

- One employee seconded by Uganda Revenue Authority working on the African Tax Outlook publication under the Research directorate.

The three officials seconded from SARS have been with ATAF since its inception. Their secondment contracts have long expired and ATAF has been engaging with SARS on the matter.

In the latter half of 2015, both the Zimbabwe Revenue Authority and Uganda Revenue Authority seconded one official each to ATAF for a four-month period which ended in December 2015.

Arrangements to second officials to the ATAF Secretariat are open to all member countries and underlines the Secretariat's belief that this provides an opportunity for officials from ATAF member tax administrations to gain valuable experience and exposure.

In light of the fact that ATAF's three-year strategic plan came an end in December 2015 and that the organisation has embarked on a five-year strategic plan for 2016-2020 all efforts at filling vacant positions in the organisational structure was put in abeyance. A consultant was engaged to review the organisational structure in order to align it to the five-year strategic plan. This process started in July 2015 and was finalised at the end of October 2015. The proposed new structure has been shared with the ATAF Council and the Secretariat will be guided by its recommendations.

### **Performance Management**

A performance-management system, the Balanced Scorecard, was implemented in 2014. The Balanced Scorecard is a system which is used extensively in businesses, government and non-profit organisations worldwide to align business activities to the vision and strategy of the organisation, improve internal and external communications, and monitor organisational performance.

The directorate has conducted a comprehensive review of the Secretariat's operational and HR policies and procedures, including its performance management policies, and has begun the process to get the redrafted policies approved.

## **FINANCE AND DEVELOPMENT PARTNER SUPPORT**

The financial status of ATAF for the period ended 31<sup>st</sup> December 2015 remains healthy but again highlights the importance role that members need to play, by meeting their financial obligations, in the endeavour to make the organisation financially sustainable. The directorate will continue to actively engage with members on the issue. It is pleased to note, however, that there has been positive movement in this area with a number of countries who are in arrears requesting invoices and indicating an interest in settling their arrears. Chad and Niger are cases in point.

### **Management Accounts**

The Management Accounts present details of the income received and expenditure incurred during the review period against the approved budget. Note that the exchange rate applied for US\$ and ZAR is not uniform on the income side. This is because funds received in foreign currency are captured in the accounts at the rates applied on transaction dates. This applies mainly to membership fees, seed finance and donor income. The ruling rate as at 31st December 2015 was US\$ 1: ZAR 15.5293 and this was applied for other transactions as prescribed by the international Financial Reporting Standards.

### **Membership Fees and Seed Finance**

During 2015, a total of US\$ 2,655,934 was payable to ATAF. This represented membership fees and seed finance invoices for the 2015 year amounting to US\$ 1,614,600 and outstanding membership fees from previous years amounting to US\$ 1,041,334. Of the total amount payable, only \$ 784,115 was paid in the course of the year leaving arrears to date of US\$ 1,871,819. Of the arrears amount, US\$ 1,185,700 relates to nine member countries which have never made any payments, representing 63.34% of the outstanding amount. Except for Chad and Namibia, the member countries in arrears are inactive. Of the 38 member countries, 19 paid their membership fees for the year, representing 50% of the total membership. However, only 16 member countries paid the Seed Finance. A total amount of *US\$ 784,115* was received during the year on account of both Membership Fees and Seed Finance.

### **Pooled Funders**

A total of US\$ 2,161,924 was received from Pooled Funders during the period under review. Of this amount, US\$ 880,550 was to fund activities undertaken in the 2014 financial year. This comprised the following contributions: from DFID US\$ 371,920, Irish Aid US\$ 112,896 and Finland US\$ 252,011. Thus, a balance of US\$1,281,374 from the pooled funders was available to fund activities in 2015.

Three of the donors financing agreements came to an end in December 2015. On the other hand, Denmark came on board as a donor and disbursed the first tranche of funding amounting to US\$ 215,197. This is included in the total amount provided above. Another potential donor who expressed interest in supporting ATAF from 2016 is African Development Bank and negotiations have since commenced.

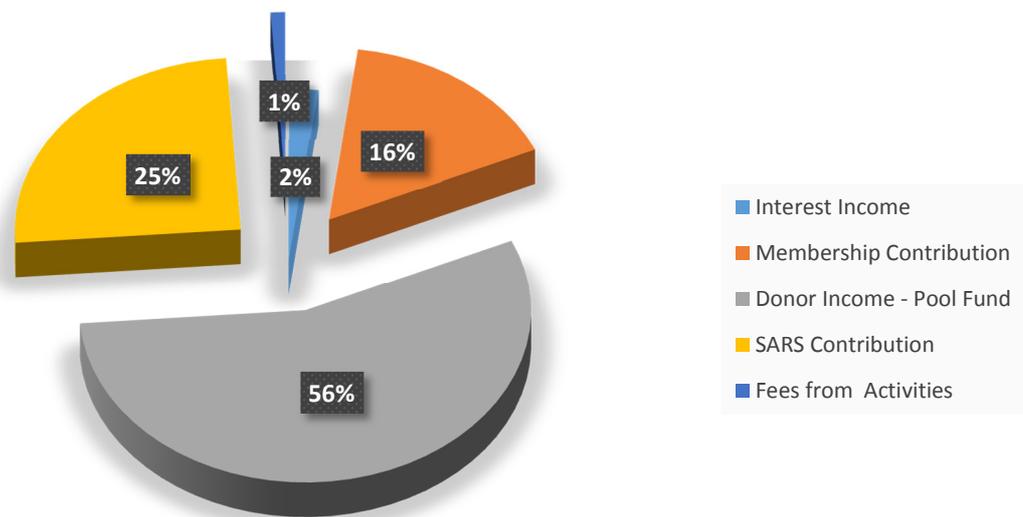
## SARS Contribution

SARS made a contribution of ZAR 12,981,542 during the period under review. This represents expenditure incurred with respect to remuneration for staff seconded to ATAF, cash contribution and reimbursement of expenses incurred on accommodation and associated costs for year 2015 as per the signed Memorandum of Cooperation. An amount of ZAR 2,391,177 is nevertheless still outstanding being the last quarter payment for cash contribution and reimbursement on expenses.

## Total Income

Actual income received during the year amounted to ZAR 51,531,172 against the expected sum of ZAR 55,276,880 representing 92.22% of the budget.

## Actual Income Received Apportioned

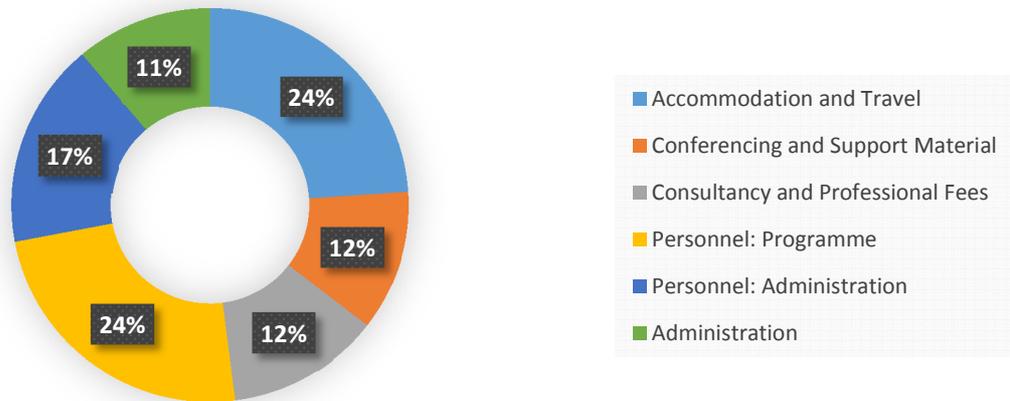


It is evident from the pie chart above that a significant amount of ATAF funding is from donors (56%), followed by the host tax administration (25%) and then the rest of the membership (16%). The balance of the income was attributed to interest and fees for activities accounting for 2% and 1% respectively.

## Expenditure:

Key cost drivers for the period were accommodation and air travel, consultancy and professional fees, conference and support material, personnel costs and administration.

## Incurred Expenditure Proportion



The two most significant expenses are personnel administration costs and cost of travel and accommodation, which are at par at 24%.

Total expenditure for the year amounted to ZAR 41,955,757 against the budget of ZAR 55,276,884 representing 75.9% of the budget.

### Cash flow Position

#### CASHFLOW POSITION AT YEAR END

	<b>ZAR</b>
<b>Bank Accounts</b>	<b>4,746,131</b>
- Call	4,696,131
- Cheque	50,000
<b>Investments Accounts</b>	<b>23,609,897</b>
- 32 Days deposit (Investec)	10,609,897
- 14 Days deposit	5,000,000
- 8 Days deposit	8,000,000
<b>Liquidity position as at 31st December 2015</b>	<b>28,356,028</b>

### Financial sustainability status

In promoting the drive towards financial self-sustainability, the Financial Sustainability Strategy was adopted by ATAF members at the 3<sup>rd</sup> Annual General Meeting in Dar es Salaam in 2014.

The strategy stipulated that:

- a) Members pay all outstanding membership fees.
- b) Membership fees are adjusted incrementally by **15%** over the next three years.
- c) A once-off contributions be made by members in respect of the take-off grant (seed finance), equivalent to the 2015 annual membership fee. The whole amount will be set aside by the Secretariat for investment.
- d) Fees be levied on ATAF events. A different fee will be applied for active and non-active members.
- e) Application of a cost-sharing principle for hosting ATAF events.

A total of US\$ 82,334 from six member countries was received during the year on account of outstanding dues for prior years. The countries which paid are: Angola, Cameroon, Gambia, Liberia, Senegal and Togo.

The membership fees increase of 15% was invoiced to members and a total of 19 members paid the invoiced amount during the year. A once-off seed finance equivalent to the 2015 membership fees was charged to members and a total of 16 members responded by paying in 2015. They included Botswana, Burundi, Kenya, Lesotho, Liberia, Malawi, Mauritius, Nigeria, Senegal, South Africa, Swaziland, Tanzania, Togo, Uganda, Zambia and Zimbabwe.

In relation to charging of fees for activities, a positive response from members on training activities produced an amount of U\$ 34,358. Among the activities for which fees were charged are the online programmes on tax treaties & tax audit, short courses and the Executive Masters Programme. However for the latter, payments were made directly to the facilitating institution of learning.

ATAF needs to explore more areas of funding to ensure sustainability. A promising source is conferencing. The ICT Conference held in Zimbabwe generated additional funding to the tune of \$95,000 for ATAF. Conferences are therefore a potential source of income for ATAF as opposed to the current position where they are a major consumer of funds. The aim should be that they are, at the very least, self-financing but ideally they are able generate surplus funds.

As donor budgets continue to shrink, ATAF may also have to adopt the stance that member countries which benefit from donor supported ATAF events such as technical assistance programmes must pay their fair share of fees before such benefits are extended to them.

As envisaged in the financial sustainability strategy, funds from members are to be invested for future use in the event that donor support may not be forthcoming. As a policy, stringent processes should be put in place to cushion such funds from premature use.

## **Risks**

The non-paying countries explained under “Membership” above pose a significant risk to both the stability and sustainability of the institution. This risk is compounded by the fact that most of the member countries are yet to accede to the ATAF Agreement making it difficult to enforce compliance with payment requirements. This also poses a challenge in terms of complying with International Financial Reporting Standards and has serious

implications as the external auditors flag it as contained amongst the findings of the 2014 audit.

### ***Development Partner Support***

The interactions between ATAF and the Pooled Fund Development Partners are institutionalised and regulated in terms of the individual Financing Agreements with the respective Development Partners. This requires that formal consultative meetings take place at least twice a year.

The second formal face-to-face consultation with the ATAF Pooled Fund Development Partners took place in October 2015 during the 2<sup>nd</sup> International Conference on Tax in Africa (ICTA) hosted by Togo.

Given various challenges, including budget constraints and prior scheduled missions, Norad, Seco, DFID and Irish Aid could not attend. To overcome this problem and prior to the consultation with ATAF, the Pooled Fund Partners scheduled their own side meeting and mandated Finland and the Netherlands to provide inputs and feedback on their behalf.

The Pooled Funders expressed their support for the significant progress ATAF has made to date and expressed their satisfaction with the final close out report spanning 2010 – 2013. A commitment was made to improved cooperation and communication between donors and ATAF.

Upon the recommendation of the development partners, an external evaluation of ATAF's activities and performance with respect to pooled funding and strategy implementation after five years of operation was commissioned. The Swiss-based company BSS Economic Consultants was tasked with conducting the evaluation after ATAF and its development partners agreed on the terms of reference in at an extraordinary meeting in Paris in November 2015.

The main objectives of the evaluation would be to:

- Assess the relevance of the ATAF approach to domestic resource mobilisation
- Assess the effectiveness of ATAF interventions with regard to defined development objectives
- Assess the efficiency of its approach, in particular in terms of the development tools and their link to the identification and implementation of tax policy reforms;
- Assess the sustainability of ATAF interventions;
- Assess the impact of ATAF interventions;
- Produce lessons learned and good practices from the portfolio assessed for the design, implementation and management of activities in the broader field of tax and development;
- Provide recommendations regarding the further development of the ATAF approach on the strategic as well as operational level.

The results of the evaluation will enable ATAF to improve on the current implementation mechanism, if need be, which will also positively impact on the organization's performance

for the next phase (2016 – 2020). It will also provide ATAF with recommendations on how to continue its engagement in supporting member countries meaningfully in this next phase of its work.

The evaluators are scheduled to conduct their onsite evaluation at the ATAF Secretariat during in February 2016 and expected to present their final by 31 March 2016. This report will then be made available to the ATAF Council during its meeting in April 2016.

## **CURRENT AND FUTURE POOLED FUNDING**

The financial obligations in terms of the 2013 – 2015 Financing Agreements with DFID, Ireland, the Netherlands and Norad were concluded with the disbursements of their final tranches at the end of 2015.

The only remaining Financing Agreements that allow for potential financial support to ATAF in 2016 are with Switzerland (Seco), Finland and Denmark (Danida). The Financing Agreements with both Switzerland (Seco) and Finland will conclude with their final disbursements toward the end of 2016. The Financing Agreement with Denmark (Danida) is expected to conclude at the end of 2017.

It should be noted that, contrary to prior years, no further financing commitments had been pledged from Ireland and the Netherlands.

Going forward, DFID will also not provide direct financial support to ATAF but rather opted to provide support through a separate internal arrangement via DFID-Southern Africa and HRMC. To this end, negotiations are in progress for the secondment of a technical advisor to be stationed with ATAF for a potential two-year period.

With respect to the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ), an Implementation Agreement for Technical Cooperation Programmes was signed, which *inter alia* allows for:

- a) Provision of experts
- b) Supply of materials and equipment
- c) Other non-financial contributions.

The GIZ support through the new agreement amounts to a total of EUR 1,906,671 utilised towards ATAF activities in 2015 only. This funding includes a component from the EC Directorate for Development and Cooperation which preferred this approach, considering the exhaustive requirements for direct funding.

With respect to support from the host country, a Memorandum of Understanding was signed in 2014 between SARS and ATAF, where SARS committed to making payments in support of ATAF in respect of cash contribution, accommodation and related costs and secondment of staff, among others. In 2015, SARS' contribution to ATAF amounted to ZAR 12,981,542.

ATAF acknowledges and appreciates the financial, technical and other support provided by our development partners and values the inputs they have made into building and strengthening the organisation since its inception in 2009.

### Core funding received from Pooled Fund Development Partners and Donors in terms of the Financing Agreements for the period 2013 – 2015

AID AGENCY	2013 – 2015 CONTRACT DATE	TOTAL PLEDGED 2013–15	2013 Old Agreement	2013		2014		2015		2016 PLEDGED	2017 PLEDGED	TOTAL TO DATE UNDER NEW AGREEMENTS
				PLEDGED	ACTUAL	PLEDGED	ACTUAL	PLEDGED	ACTUAL			
IRISH AID – Ireland (Annual disbursements)	26/11/2013	€ 300,000	€ 20,000 R 223,480 \$ 26,205	€ 100,000 R 1,390,700 \$ 136,645 Received 2014/01/14	€ 100,000 R 1,423,500 \$ 118,547 Received 2015/01/08	€ 100,000	€ 100,000	€ 100,000	€ 100,000 R 1,655,000 \$ 108,498			€ 300,000 R 4,469,200 \$ 363,690
SECO – Switzerland (Semi-annual disbursements)	02/12/2013	\$ 850,000	CHF 40,000 R 467,836 \$ 45,110	\$ 200,000 R 2,067,000 Also received 1 <sup>st</sup> tranche for 2014	\$ 100,000 R 1,135,400	\$ 200,000	\$ 200,000 R 3,790,988 \$ 250,000 – ad hoc financing for specific extraordinary activities	\$ 200,000 plus \$ 60,00 (for Evaluation)	\$ 200,000 R 6,993,388	\$ 100,000		\$ 560,000 R 6,993,388
NORAD – Norway (Semi-annual disbursements)	13/12/2013	NOK 5,400,000	NOK 1,400,000 R 2,329,337 \$ 227,904	NOK 1,400,000	NOK 2,000,000 R 3,205,920 \$ 287,399	NOK 2,000,000	NOK 2,000,000	NOK 2,000,000	NOK 2,000,000 R 3,409,624 \$ 234,741			NOK 5,400,000 R 8,944,881 \$ 750,044
DFID – United Kingdom (Annual disbursements)	11/12/2014	£250,000	£ 180,000 R 3,015,360 \$ 294,514					2014/15 £250,000	£250,000 R 4,340,326 \$ 371,920 Received 2015/04/08			£250,000 R 4,340,326 \$ 371,920
MINBUZA – Netherlands (Semi-annual disbursements)	18/12/2014	\$ 328,000	\$ 69,930 R 713,287			\$ 139,900	\$ 139,900 R 4,340,326 Received 2015/02/04	\$ 188,100	\$ 188,100 R 2,732,153			\$ 328,000 R 7,072,479
FINLAND (Semi-annual disbursements)	11/12/2014	€ 970,000				€ 210,000	€ 210,000 R 2,901,150 \$ 252,011 Received 2015/01/05	€ 510,000	€ 255,000 R 3,945,488 \$ 277,346	€ 250,000		€ 465,000 R 6,846,638 \$ 529,357
DANIDA – Denmark (Annual disbursements)	25/09/2015	DKK 4,500,000						DKK 1,500,000	DKK 1,500,000 R 2,912,621.36 \$ 214,133	DKK 1,500,000	DKK 1,500,000	DKK 4,500,000 R 2,912,621.36 \$ 214,133

## CONCLUSION

ATAF continues to surpass 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 our members, which is the main priority for ATAF, we continue to focus on building capacity development as well as providing technical assistance to directly support reform measures in ATAF member countries.

We laud those revenue administrations that have demonstrated, through their support, that they understand and are committed at the highest level to giving capacity building / training the value it deserves in creating the right environment in which to build effective revenue administrations that are sustainable.

In order to strengthen and build the organisation, the ATAF Secretariat will continue to encourage and assist members to accede to the ATAF Agreement. The Secretariat will also encourage and persevere in ensuring that its members' ratify the ATAF Mutual Assistance Agreement as a key tool in promoting compliance.

ATAF is buoyed by the fact that there is a great demand by the international tax community for engagement with our representatives. This provides much-needed opportunities for ATAF to voice African perspectives on tax matters on international platforms.



#### 4. OVERVIEW OF THE ATAF 2015 WORKPLAN OUTCOMES (PERFORMANCE INFORMATION)

OBJECTIVE I: ESTABLISHING A WELL-FUNCTIONING INTERNATIONAL ORGANISATION				
OUTPUTS	INDICATORS	KEY ACTIVITIES		OUTCOMES
<b>Output I.a</b> Organisational development framework	<b>Indicator 1:</b> 100% of ATAF Secretariat staff is recruited	1.	Finalization of the recruitment for: (i) all ATAF staff below Director level; and (ii) temporary & project staff.	It was decided that efforts at filling the vacant positions in the organisational structure would be put in abeyance until a new organisational structure was developed in line with the new strategic plan for the years 2016 – 2020.
		2.	Review of organisational structure and job evaluation	A consultant was engaged to review the organisational structure in order to align it to the five-year strategic plan. This process began in July 2015 and was finalised at the end of October 2015. The proposed new structure was then shared with the ATAF Council and approval is expected in 2016.
		3.	Consolidation of the Operational Systems: (i) Performance appraisals (ii) Harmonising all internal systems (IT, Procurement, Facilities, Finance, HR)	Performance appraisals were done for all qualifying staff in respect of their 2015 performance. Harmonisation of ATAF's internal systems is anticipated to be concluded in 2016 with the acquisition of the Enterprise Resource Planning (ERP) software.
		4.	Development of internal capability of Secretariat staff (Staff development programmes)	There were no staff development interventions during the year.
		5.	Implementation of the SARS – ATAF Host Country Agreement & MOU: - Seconded staff contracts - Lease and associated costs - Pledged vehicle	Three long-term staff members from the South African Revenue Service continued working in the Secretariat throughout 2015. SARS continued to compensate ATAF for accommodation and associated costs as contained in the MoU. The pledged vehicle will be formally requested in 2016.
		6.	Seconded experts from member countries - Long & Short term - Local	Short-term secondments were received from Uganda (to work on the African Tax Outlook Project) and Zimbabwe (to assist with ATAF's Media and Communications work).
		7.	Operationalising the International status of the organisation (in consultation with the SA Dept. of International Relations & Cooperation – DIRCO)	ATAF regularly engages with DIRCO as the South African government department responsible for international organisations as and when necessary.

<b>Output I.b</b> Rolled-out cycle of institutional meetings	<b>Indicator 1:</b> The 2nd ICTA took place	8.	Hosting of the 2 <sup>nd</sup> International Conference on Tax in Africa (ICTA)	The second ATAF International Conference on Tax Matters in Africa (ICTA) took place in Lomé, Togo in October 2015 and focused on issues around tax compliance and limiting illicit financial flows.
	<b>Indicator 2:</b> 2 Council meetings took place	9.	Hosting of the: (i) 9 <sup>th</sup> ATAF Council Meeting (ii) 10 <sup>th</sup> ATAF Council Meeting	As set institutional meetings, the 9 <sup>th</sup> Meeting of the ATAF Council took place in Johannesburg, South Africa on 20 April 2015, while the 10 <sup>th</sup> ATAF Council Meeting was held in Lomé, Togo just prior to the 2 <sup>nd</sup> International Conference on Tax in Africa (ICTA) in October 2015.
	<b>Indicator 3:</b> 2 structured engagements of each Committee of Council took place	10.	Hosting of 2 Meetings each of the: (i) Governance & Organisational Development Committee (GOC) (ii) Finance & Audit Committee (FAC) (iii) Research, Capacity Building & Technical Assistance Committee (RCD)	While the FAC Committee Meeting was held in March 2015, the GOC and RCD meetings took place in April 2015. A joint meeting of all three Governance Committees was also held in August 2015.
<b>Output I.c</b> Financing Strategy and Plan	<b>Indicator 1:</b> New Financing Strategy and Plan is fully implemented	11.	Implementation of the new ATAF Finance Strategy and Plan - Market surveys for event charges - Follow-up re membership fees & seed money	During the course of 2015, ATAF began implementing charges on its on-line technical course with the aim of making these events fund themselves. It was noted that, in spite of the cost, the courses were just as in demand among member countries. ATAF also regularly engaged members (particularly at several institutional events) on the issues of membership contributions and seed finance. These engagements have invariably yielded positive approaches by members.
	<b>Indicator 2:</b> Two structured engagements of the donors took place	12.	Conducting of Donor Consultative Engagements - Teleconferencing - Video Conferencing	The formal face-to-face consultation with the ATAF Pooled Fund Development Partners took place in October 2015 on the margins of the 2nd International Conference on Tax in Africa (ICTA) in Togo. A commitment was made to improved cooperation and communication between donors and ATAF. It was also recommended there to commission an external evaluation of ATAF's activities and performance with respect to pooled funding and strategy implementation after five years of operation.
<b>Output I.d</b> Member Engagement strategy	<b>Indicator 1:</b> Ten (10) regional member engagements took place	13.	Conducting of Regional Member Engagements (Missions) - In conjunction with all divisions	Focused engagements through bilateral missions were conducted with Burundi and Kenya in East Africa, as well as Mauritius and Namibia in the Southern African region.
	<b>Indicator 2:</b> The Country Correspondents Conference took place	14.	Hosting of the 4 <sup>th</sup> ATAF Country Correspondents Conference	The 4th ATAF Country Correspondents Meeting took place from 10 – 12 June 2015 in Durban, South Africa. In preparation for the development of ATAF's new five-year Strategic Plan, the gathering provided delegates with an important opportunity of providing the Secretariat with feedback on

				their administrations' experience in evaluating the impact of ATAF's work.
<b>Output I.e</b> Communication Strategy to ensure informed stakeholders	<b>Indicator 1:</b> Regular publication of ATAF newsletters on weekly / monthly basis <b>Indicator 2:</b> Media & Communications Plan implemented	15.	ATAF Media & Communication - Production of the ATAF News (Kodi, Annual Newsletters)	The seconded staff member from the Zimbabwe Revenue Authority (ZIMRA) was specifically brought on board to assist with the implementation of the Media & Communications plan, and successfully produced the African Tax Hotpot and ATRN publications, arranged media briefings on various African tax matters, as well as provided insightful contributions for the updating of the ATAF website.
<b>Output I.f</b> Governance & Financial Framework per international standards	<b>Indicator 1:</b> Annual Workplan and Strategic Plan are developed.	16.	ATAF Planning Meeting & Teambuilding	As usual, this meeting was held in January 2015 and provided an opportunity for the Secretariat staff to discuss and consolidate the approach to implementing the 2015 workplan and its related activities.
		17.	ATAF Teambuilding Event	Teambuilding activities were included in the January and July Planning events, while a special Teambuilding Event was conducted in September by the consultancy Execuprime.
		18.	Development of the ATAF 2014 Annual Report	The 2014 Annual Report was developed during the first half of 2015 and published in English, French and Portuguese. The annual report remains ATAF's most important showcase of its activities.
		19.	Development of the 1 <sup>st</sup> Draft ATAF 2016 Workplan & Calendar	The drafting process for the 2016 Workplan and calendar began with the mid-year meeting in July of Secretariat staff, and several country representatives and development partners. Refined over the following months, they were then submitted to Council for approval in October 2015.
		20.	Development of the Draft ATAF 2016 – 2020 Strategic Plan	As ATAF's three-year strategic plan was to end in December 2015, consultants were engaged through the GIZ to assist with the development of a five-year strategic plan for 2016-2020.
	<b>Indicator 2:</b> Financial statement is audited per approved international standards.	21.	Conducting of the Annual External Audit	Preparation for the external audit began in January, with the auditors being on site in February. The audited financial statements were thereafter presented to the FAC Committee before being shared with Council and development partners.
		22.	Review & printing of the Standard Operating Procedures (SOPs)	Draft policies and procedures are yet to be presented to Council in 2016.

**OBJECTIVE II: BUILDING CAPABLE AFRICAN TAX ADMINISTRATIONS THAT DEVELOP SHARE AND IMPLEMENT BEST PRACTISES**

OUTPUTS	INDICATORS	KEY ACTIVITIES		OUTCOMES
<p><b>Output II.a</b> Online training programme</p>	<p><b>Indicator 1:</b> Two online courses were conducted <b>Indicator 2:</b> 60% of registered participants completed the respective online courses, with 60% of them successfully (of all those completing the course)</p>	1.	Conducting of the Online Course on Tax Audit	<p>For the 2015 intake, there were 90 nominations from 12 countries. The number of countries in the programme dropped from 25 or by 52%. The number of nominees also dropped significantly by 80%, both drops being attributed to a change in the nomination process, where the tax administrations are now charged with identifying participants in the programme. The new approach is nevertheless positive in that the “right” officials are being trained. Since inception, 370 trainees have gone through the programme.</p>
		2.	Conducting of the Online Course on Tax Treaties	<p>The end of 2015 marked the second year running for the online training on tax treaties. The programme was developed with the objective of providing a foundation for participants with minimal exposure to interpretation and application of agreements. In 2015, a total of 135 participants registered for the programme compared to 111 the previous year, showing a growth of 12%, while the number of countries that participated in the programme increased from 17 in 2014 to 23 in 2015, a growth of 14%.</p>
<p><b>Output II.b</b> Facilitation of training (Conferences, Technical Events and Seminars)</p>	<p><b>Indicator 1:</b> Six (6) capacity development events were conducted <b>Indicator 2:</b> A comprehensive Capacity Development Design / Approach is submitted to Council <b>Indicator 3:</b> Impact Evaluation of ATAF Capacity Building Activities conducted</p>	3.	Conducting of the Short Course on Tax Audit (Intermediate)	<p>The Intermediate Seminar on Tax Audit was held in Pretoria, SA (23 – 27 November) with 38 participants from 7 African countries. With a 100% pass rate, the average grade was 72% while the highest grade was 92%.</p>
		4.	Conducting of the Seminar on Taxation of Extractive Industries (Mining)	<p>A decision was taken to first convene a broader consultative meeting in 2016, with consideration given to the outcomes of the BEPS process, to develop an ATAF programme of work in this area. The programme would then determine specific activities to develop the capacity required.</p>
		5.	Conducting of the Seminars on Tax Treaties: (i) Intermediate I; (ii) Intermediate II; (iii) Advanced	<p>2 Intermediate Seminars on Tax Treaties were conducted in Pretoria, South Africa (17 – 21; and 24 – 28 August). 35 and 32 attended the respective second seminars, with a total of 12 countries participating in each of the training programmes. The course offered another opportunity to develop the legal basis of tax administration on the continent.</p> <p>In place of the Advanced Course on Tax Treaties, a meeting to develop an ATAF Model DTA took place in Pretoria, SA (30 November – 4 December), and attended by 22 countries. Upon completion, the draft ATAF Model will have considered latest global tax developments, as well as the UN and OECD</p>

			Conventions. The Model is not a legal document or binding agreement but intended as a solid foundation for African countries from which to develop national positions when negotiating with bilateral partners. A follow-up meeting will take place in mid-2016 to finalise the document.	
		6.	Co-hosting of the ATAF / UN Course on Double Taxation Agreements	The ATAF - UN DTA Seminar took place in Dakar, Senegal (9 – 13 November) and aimed at presenting the UN Model DTA Convention, covering recent updates as well as similarities and differences with the OECD Model Convention. The event was attended by representatives of 24 countries (11 Francophone; 1 Lusophone and 13 Anglophone).
		7.	Co-hosting of SADC / ATAF Seminar on Tax Treaty Negotiations	A Tax Treaties Seminar (in collaboration with SADC) was held in Gaborone, Botswana (6 – 10 July). SADC sponsored participation of delegates from their member countries. The seminar focused on tax treaties negotiations using live demonstrations.
		8.	Hosting a Consultative Meeting of Heads of Training	A Technical Meeting for Heads of Training was held in Dar-es-salaam, Tanzania (27 – 29 April), bringing together heads of training and human resources from 19 tax administrations. The meeting ended with the establishment of a Technical Committee on Human Resources. Priorities for the network currently are the development of an annual training prospectus, mainstreaming good leadership and management practices in tax administrations, establishment of Multilateral Training Centres, development of integrity assurance programmes and operationalisation of the ATAF Capacity Development Strategy.
		9.	Hosting of the Conference on the Global VAT Guidelines	The Conference on the Global VAT Guidelines took place in Accra, Ghana (13 - 15 May) and was attended by delegates from 13 African countries. It brought together VAT leaders in tax administration to specifically provide an African input into the OECD-led Global VAT Guidelines.
		10.	Co-hosting of ATAF High-Level Conference on ICT in Tax Administrations	The ATAF High Level Conference on ICT took place at Victoria Falls, Zimbabwe (20 – 22 May) and provided a special networking platform in ICT for tax administrations. It was attended by over 120 delegates from 19 countries.
	<b>Indicator 1:</b> 3 successfully-conducted Technical Assistance activities took place	11.	Conducting of 3 Technical Assistance activities	<ul style="list-style-type: none"> <li>Assistance was provided to the Seychelles Revenue Commission (SRA) in April 2015 in order for them to complete the 2<sup>nd</sup> phase of the implementation of FATCA.</li> <li>Together with technical experts from the Finnish Tax Authority, ATAF</li> </ul>

<b>Output II.c</b> Technical Assistance (TA) Approach	<b>Indicator 2:</b> The Technical Assistance Facility (TAF), Base Erosion & Profit Shifting (BEPS), Transfer Pricing (TP) and Exchange of Information (EOI) Projects are implemented		conducted a first mission in September 2015 to discuss Namibia's policy priorities, assess the potential transfer pricing risk in Namibia and jointly formulate the programme of support for Namibia. <ul style="list-style-type: none"> <li>On Exchange of Information, technical assistance was recently provided by to Zimbabwe in July / August 2015; Tanzania in August / September; and Swaziland in October 2015.</li> </ul>	
		12.	Implementation of the Cross-Border Taxation (CBT) Project	The Cross Border Taxation (CBT) Technical Committee conducted 4 meetings in 2015, signifying the urgency at which the committee worked to participate in the OECD-led BEPS Project. The Technical Committee participated in various OECD Working Party meetings, and was responsible for reviewing and drafting comments to the OECD. Throughout 2015, the TC contributed 18 written comments on a range of issues including transfer pricing, interest rules, permanent establishments and treaties issues. ATAF's views were taken on board in Working Parties 1, 6 and 11 and significant changes to various OECD Guidelines (Transfer Pricing, Interest Rules) were taken on board based on ATAF's interventions.
		13.	Implementation of the Transfer Pricing (TP) Project, including: <ul style="list-style-type: none"> <li>(i) ATAF / UN Short Course on Transfer Pricing;</li> <li>(ii) ATAF Train-the-Trainers Course on Transfer Pricing</li> </ul>	<ul style="list-style-type: none"> <li>(i) The Technical event on the UN Transfer Pricing Guidelines was held in Lusaka, Zambia (17 – 18). It was attended by 20 delegates from 13 countries. The UN sponsored attendance of the delegates.</li> <li>(ii) ATAF and the OECD conducted a Train-the-Trainer Course in Kigali, Rwanda (23 – 27 November), aimed at building capacity on transfer pricing by training trainers who will cascade the programme in their home countries. 10 participants from 6 countries attended the programmes. Training was conducted on both presentation skills and technical aspects of transfer pricing.</li> </ul>
		14.	Implementation of the Exchange of Information (EOI) Project, including: <ul style="list-style-type: none"> <li>(i) ATAF Short Course on EOI</li> <li>(ii) ATAF Short Course on FATCA</li> </ul>	The Seminar on the Foreign Accounts Tax Compliance Act (FATCA) and Automatic Exchange of Information (AEOI) was held in Pretoria, SA (20 – 24 June). It was aimed at appraising participants on the implications of non-compliance and the need to prepare for automatic exchange of information. With much of the focus of the FATCA course involving Exchange of Information (EOI), it was decided not to also convene the additional course on EOI.
		15.	Implementation of the Technical Assistance Facility (TAF) Project	A consultant was engaged for the period 1 June to 30 November 2015 to develop the background documentation and begin the process of establishing the TAF. The work conducted included desktop research on the

				comparative structures and provision of technical assistance by other institutions; conceptualising an ATAF structure & processes for the provision of technical assistance; developing guidelines for member countries and request templates; and conducting a technical assistance benchmarking visit to the IMF East Afritac Centre in Dar Es Salaam, Tanzania in July 2015.
<b>Output II.d</b> Expert database	<b>Indicator 1:</b> 20 qualified experts are identified according to ATAF criteria	16.	Consolidation of an accreditation process for an ATAF Expert Database	Criteria for the assessment of technical expertise potentially to be used by ATAF were developed. The criteria took into account the different requirements needed for experts to conduct research, facilitate training and provide technical assistance.
<b>Output II.e</b> Guidelines and sharing of best practices	<b>Indicator 1:</b> Three (3) Technical Group meetings were conducted <b>Indicator 2:</b> The Natural Resource Taxation Technical Group is established <b>Indicator 3:</b> The Human Capital Technical Group is established	17.	Conducting of meetings of the ATAF Technical Groups, viz: (i) Indirect Taxes Working Group (1 meeting) (ii) Cross-Border Taxation Technical Committee (3 meetings)	(i) As several of the Indirect Taxes Working Group members had moved within their administrations, an informal meeting was held on the margins of the Meeting on the Global VAT Guidelines in Accra, Ghana in May 2015. The need was identified for ATAF to reconstitute the group and refocus its efforts in Indirect Taxes over 2016.  (ii) The Cross Border Taxation Technical Committee conducted 4 meetings in 2015, signifying the urgency at which the committee worked to participate in the OECD-led BEPS Project. The Technical Committee is composed of 9 member countries, Botswana, Burkina Faso, Ghana, Nigeria, Kenya (Chair), Senegal, South Africa, Tanzania and Uganda. The reports of the meetings have been published for members' review and the contents of the reports forms a large part of the written comments to the OECD and the various inputs to the OECD Working Party Meetings.
		18.	On work in focus / specialised areas: (i) Play a supporting role in the UN subcommittee on extractive industries (ii) Hosting of the Inaugural Meeting of the Legal Counsel Network.	(i) A questionnaire was developed and a survey conducted in February 2015 aimed at establishing the extent of tax incentives in the Extractive Industries in African countries.  (ii) Legal Counsel from ATAF member tax administrations met in Kampala, Uganda (24 – 25 August) to establish a network that will enable members to learn from their peers in this specific area. Among the priorities set for the network include: establishment of a shared rulings data base; facilitation of accession to the Agreement on Mutual Assistance in Tax Matters; Review of ATAF Legal Instruments; and making input in fora that have legal dimension. The network established a Technical Committee to further its agenda.

<b>Output II.f</b> Best Practice Studies / Research / Policy Briefs	<b>Indicator 1:</b> Two best practice studies / working papers and two policy briefs / technical papers concluded  <b>Indicator 2:</b> Two consultative meetings were convened	19.	Conducting of: (i) 1 Good Practice Study / working paper; and (ii) 3 Policy Briefs / Technical Papers.	(i) The ATAF publication on <i>The Taxation of Small and Medium Enterprises</i> was completed; (ii) 2 policy briefs / technical papers, namely on <i>Illicit Financial Flows (IFFs)</i> and <i>Taxation as an Enabler for Inclusive Economic Growth</i> were completed, while a draft was developed on <i>Environmental Taxes in Africa</i> , which is to be published in 2016.
		20.	Two consultative meetings on related themes	While ATAF did not convene its own consultative meetings on the technical papers, the organisation presented these at the following meetings: <ul style="list-style-type: none"> <li>• On IFFs – at the UNECA Stakeholders Workshop on the Implementation of the High-Level Panel on IFF Recommendations in June 2015 in Addis Ababa;</li> <li>• On Taxation as an Enabler – at the CITN Conference on Inclusive Economic Growth &amp; Sustainable Development in Nigeria in May 2015.</li> </ul>
		21.	Translation, design, layout and printing of research outputs	All publications / policy briefs completed in 2015 were printed and distributed among the ATAF membership in English, French and Portuguese.
<b>Output II.g</b> African Tax Academy (ATA)	<b>Indicator 1:</b> Identified EMT aspects of African Tax Academy are finalised	22.	Development of elements towards the establishment of the ATAF African Tax Academy re: Evaluation of the Executive Masters In Taxation (EMT) Programme; Development of guidelines for regionalization of the EMT brand.	<p>The first EMT-A programme mid-term evaluation took place from 11 May to 31 July 2015 and was conducted via two external evaluators, hired by GIZ. This mid-term evaluation builds on the results of the first phase of the evaluation and evaluates the content and learning impact of the programme, notably the two study phases in Berlin and South Africa, covering the period of October 2014 until July 2015. It builds on feedback received from the students, ATAF and its members, GIZ, BSEL and WITS and on input received from the lecturers and the academic programme director.</p> <p>For the first EMT-F programme, evaluation forms were handed out to students (evaluation of course and professor) as well as professors after each module. An independent mid-term evaluation will take place in the course of the year 2016.</p> <p>A meeting of Heads of HR was held in April 2015, upon which elements toward establishment of the African Tax Academy were discussed and agreed. Among these included the establishment of regional training centres, evaluation of capacity building programmes, undertaking regular training needs assessments and the involvement of the HR and Training network, and facilitation of participation of members in ATAF's capacity building programmes.</p>

		23.	Implementation and Launch of the Francophone EMT programme	With the signing of a Memorandum of Understanding by four partners in July 2015 in Dakar, Senegal, ATAF implemented an EMT programme for French-speaking African countries. A first group of 20 students from 9 African countries began the 15-month programme in October 2015. The first 6 months would take place at the ENA in Senegal, immediately followed by a 3 months stay with the Mauritius Revenue Authority.
		24.	Scoping mission to identify donors and hosting of 1 Francophone EMT Partners meeting	A scoping mission was undertaken to Mauritius in March 2015 in order to conduct a planning workshop on the EMT-F with various partners. The outcomes of this event was that a budget was agreed, the course outlines structured and the partnership and respective contributions formalised among ATAF, Mauritius Revenue Authority, Ecole Nationale d'Administration of Senegal, and the University of Bambey (Senegal).

**OBJECTIVE III: BECOMING THE AFRICAN VOICE ON TAX ISSUES TO INFORM AND INFLUENCE THE GLOBAL DIALOGUE**

OUTPUTS	INDICATORS	KEY ACTIVITIES		OUTCOMES
<p><b>Output III.a</b> Mechanism for members' input and interactive discussions</p>	<p><b>Indicator 1:</b> Two CBT / BEPS-related Consultative Conferences took place</p>	1.	<p>Hosting of: (i) 1<sup>st</sup> ATAF CBT/BEPS-related Consultative Conference (ii) 2<sup>nd</sup> ATAF CBT/BEPS-related Consultative Conference</p>	<p>(i) ATAF Conference on Cross Border Taxation in Africa (Johannesburg, SA: 21 – 22 April): The ATAF Council convened the second consultation on Cross Border Taxation in Africa for Heads of African Tax Administrations, bringing together participants from 26 African countries as well as ATAF international partners, representatives of Civil Society, the business community, to discuss a wide range of issues on Cross Border Taxation in Africa, including Africa's participation at the OECD Base Erosion and Profit Shifting (BEPS) process. (ii) The 2nd CBT Conference was postponed and rescheduled as 3 technical awareness workshops on the outcomes of the BEPS process. These workshops are scheduled to take place throughout 2016 with their themes to cover those areas that the CBT Technical Committee has worked through and where changes to the OECD Guidelines will require African countries to review their legislations.</p>
<p><b>Output III.b</b> "African Tax Outlook" study</p>	<p><b>Indicator 1:</b> Pilot countries identified and Data collected and analysed <b>Indicator 2:</b> Preliminary draft of the "African Tax Outlook" publication submitted to Council for approval</p>	2.	<p>Pilot countries identified and Data collected and analysed; and finalization of the preliminary "African Tax Outlook" publication</p>	<p>A first for Africa, work on the ATO publication gathered pace, providing tax statistics and analyses on 15 African tax administrations who took part in this first edition. The participating countries were Burundi, Cameroon, Kenya, Lesotho, Mauritius, Rwanda, Senegal, Seychelles, Swaziland, South Africa, Tanzania, Gambia, Togo, Uganda, and Zimbabwe. The African Tax Outlook is to be launched in June 2016.</p>
<p><b>Output III.c</b> Feed-in of results of reform priorities study and other studies and products into international</p>	<p><b>Indicator 1:</b> At least 3 ATAF presentations are made at international events</p>	3.	<p>Presentation of ATAF position papers and products at international / regional meetings (relevant opportunities with no external funding)</p>	<p>ATAF's engagements on the African continent have yielded strong results in developing close relations with political bodies to advance the work of the organisation. The Executive Secretary conducted a meeting with the Executive Secretary of the United Nations Economic Commission for Africa, Dr Carlos Lopes. The meeting discussed collaboration between the two organisations.  The immediate result was the invitation for ATAF to participate in the</p>

debate				<p>Consortium of the High-Level Panel on Illicit Financial Flows. ATAF has also been instrumental in shaping the work of the HLP in implementing the recommendations through presentations at two of their regional consultations.</p> <p>Most importantly, ATAF was recognised as an important organisation in shaping the text on taxation for the 3rd Financing for Development Conference. The Executive Secretary made these inputs at the Africa Consultations leading to the 3rd FfD Conference.</p>
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**OBJECTIVE IV: FOSTERING SUSTAINABLE PARTNERSHIPS WITH STAKEHOLDERS**

<b>OUTPUTS</b>	<b>INDICATORS</b>	<b>KEY ACTIVITIES</b>		<b>OUTCOMES</b>
<b>Output IV.a</b> Multilateral / Stakeholder Engagement Strategy	<b>Indicator 1:</b> At least 3 structured engagements with multilateral partners took place	1.	ATAF Multilateral and Stakeholder Engagement (i.e. not member engagement)	ATAF's Multilateral Engagement Strategy is focused on building relationships with the international organisations dealing with tax matters, namely the OECD, IMF, World Bank and the UN, as well as with the multilateral continental organisations, that is the African Development Bank, African Union, and the UN Economic Commission for Africa. Apart from attending many of the technical OECD meetings dealing with of the BEPS process, ATAF also participated in 9 additional multilateral meetings.
<b>Output IV.b</b> Partnerships with training and research institutions	<b>Indicator 1:</b> Two (2) ATRN workshops, the ATRN General Assembly / Research Conference and 1 ATRN Interim Board Meeting took place	2.	Hosting of: (i) the ATRN Annual Congress / General Assembly; and (ii) 1 ATRN Interim Board Meeting.	ATAF successfully hosted the inaugural Annual ATRN Congress in Cape Town in September 2015 under the theme "Contemporary Tax Challenges for African Countries". The conference, the first of its kind in Africa, brought together academics, researchers, decision-makers, tax administrators, students, tax practitioners, consultants and representatives of the business community on fiscal and tax policy in Africa, to discuss different aspects relating to national, regional and international tax matters relevant to the continent. More than 40 academic and policy papers were presented as well as case studies.  The 1 <sup>st</sup> ATRN Interim Board Meeting took place in Pretoria, SA in March 2015 in preparation for the launching Congress, while a 2 <sup>nd</sup> Meeting was held just prior to the Congress itself in Cape Town. A decision was taken there to maintain the Board structure for a period of 2 years.
	<b>Indicator 2:</b> The Tax & Development Short Course (in collaboration with the ICTD) took place	3.	Implementation of ATRN-related Capacity Building workshops in collaboration with ICTD on: (i) 2 x Tax & Development Short Courses; (ii) Research methodology; & (iii) publishing and proposal writing	(I) The 1 <sup>st</sup> T&D course was held in the UK in January 2015; however, owing to a lack of participants towards the end of the year, the 2 <sup>nd</sup> course planned for November 2015 was moved to February 2016 in Africa; (II) The Research Methodology workshop was held in October 2015 in Addis Ababa and the content combined with the workshop on Publishing & Proposal Writing [as envisaged in (III)].
<b>Output IV.c</b> Community of Practice (CoP)	<b>Indicator 1:</b> Two (2) web-based CoPs are established	4.	Establishment of 2 ATAF web-based Communities of Practice (Human Capital & Cross Border Taxation)	Communities of Practice (COP) were developed for the Legal Counsel Technical Committee and the Human Capital Technical Committee. The work of the CBT Technical Committee would require further attention before a COP is established.

<b>OBJECTIVE V: IMPROVING GOOD GOVERNANCE AND ACCOUNTABILITY BETWEEN STATE AND CITIZENS</b>				
<b>OUTPUTS</b>	<b>INDICATORS</b>	<b>KEY ACTIVITIES</b>		<b>OUTCOMES</b>
<b>Output V.a</b> Study on Tax Compliance	<b>Indicator 1:</b> Tax Compliance Study conducted and presented to Council	1.	Conducting of the tax compliance study (desktop research, info gathering, field-study in pilot countries, translation & publication) in collaboration with the ICTD.	A scoping visit to Kigali (the first phase of the project) in December 2014 had already confirmed the feasibility of the research project. The second phase started with two field trips in Rwanda, in May and November 2015. In May, the research design was refined and Experiment 1 (to determine if taxpayers who are reminded or informed about sanctions for non-compliance are incentivised to come forward and self-disclose unreported taxable income or unpaid taxes) was implemented. The field trip in November 2015 implemented the research design of Experiment 2 (to evaluate the effectiveness of different messages on tax compliance combined with various delivery methods). The outcomes are to be shared in research papers, with a paper presenting an analysis of the results in March 2016.
<b>Output V.b</b> Platforms that encourage dialogue and debate	<b>Indicator 1:</b> African Tax Dialogue (with representatives of Finance Ministries, Tax Administrations and CSOs) convened	2.	Hosting of an African Tax Dialogue Meeting	ATAF hosted a successful side event at the 3rd Financing for Development Conference in Addis Ababa on the topic “The African Agenda 2063: Finding the Money! Developing African Tax Systems in Order to Mobilise Domestic Resources to Fund Africa’s Development”. The event focused primarily on the role of domestic resource mobilisation and taxation to fund sustainable development in Africa; and the role of development assistance in building more efficient and effective tax systems in Africa.



## 5. THE ATAF STRATEGIC FOUNDATION

### Our Vision

ATAF shall promote efficient and effective tax administration to improve the living standards of the people of Africa.

### Our Mission

ATAF strives to provide a platform to improve the performance of tax administration in Africa. Better tax administration will enhance economic growth, increase accountability of the state to its citizens, and more effectively mobilise domestic resources.

### Our Mandate

In implementing its Mission, ATAF shall:

- 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

ATAF adheres to the following 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.

**6. THE ATAF STRATEGIC OBJECTIVES FOR THE PERIOD 2013 - 2015**

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

**7. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2013**



## General Information

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<b>Host country</b>	South Africa
<b>Nature of business</b>	Forum aimed at the promotion and articulation of African tax priorities.
<b>Executive Secretary</b>	Mr Logan Wort
<b>Registered office</b>	333 Grosvenor Street, 2nd Floor Hatfield Gardens, Block G Pretoria South Africa 0181
<b>Postal address</b>	Postnet Suite 430 Private Bag 15 Menlo Park
<b>Main bankers</b>	ABSA Bank
<b>Auditors</b>	SizweNtsalubaGobodo Inc.

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

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## Statement of Responsibility

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The Executive Secretary is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the Forum as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Executive Secretary acknowledges that he is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the Executive Secretary to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Executive Secretary is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Executive Secretary has reviewed the Forum's cash flow forecast for the year ending 31 December 2016 and, in the light of the review and the current financial position, he is satisfied that the Forum has access to adequate resources to continue in operational existence for the foreseeable future and have for this reason adopted the going concern basis in preparing the financial statements.

The external auditors, SizweNtsalubaGobodo Inc, who are given unrestricted access to all financial records and related data, including minutes of the Council meetings, are responsible for independently auditing and reporting on the Forum's annual financial statements.

The annual financial statements set out on pages 8 to 25, which have been prepared on the going concern basis, were approved by the Council on 21 April 2016 and were signed on its behalf by:

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**Executive Secretary - ATAF**

**Mr Logan Wort**  
**Pretoria**

**21 April 2016**

## **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 2015, 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 out on pages 8 to 25.

### **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 Forum's 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 Forum's 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 2015, 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.



## **Other reports**

As part of our audit of the financial statements for the year then ended 31 December 2015, 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.

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**SizweNtsalubaGobodo Inc.**

**Director:** Altaf Fajandar  
**Registered Auditor**  
**April 2016**

## Report by the Executive Secretary

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### 1. Nature of business

Forum 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 1<sup>st</sup> of January 2013, ATAF commenced operating as an independent organisation and thus no longer functioned as a cost centre of South African Revenue Services.

### 2. Litigations

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

### 3. Events after the reporting period

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. Revenue and foreign exchange

At end of the current financial year the ZAR weakened significantly against the USD. This has led to large amounts being recognised in our records as forex gains on outstanding membership fees receivables, and consequently also increased profits.

Additionally, in order to secure cash resources for the Forum, a once off finance agreement with member countries was concluded early in the year. The result of the agreement was that each member would contribute an amount equal to its normal membership fees. The effect of that arrangement is included in membership fees revenue and has the result of significantly increasing membership revenue and profits.

I draw attention to note 9 of the financial statements where membership revenue is disclosed. The membership fees are invoiced and settled in USD between ATAF and its member countries. In order to comply with the requirements of the accounting standards during our recording, the USD amounts are then translated to ZAR at the spot rate ruling at the date of the fees becoming due.

For year-end financial reporting purposes however, all the components of the ZAR financial statements are translated to USD at the ruling spot rate at the end of the year, with the exception of the statement of comprehensive income, which is translated at the average rate for the financial year. Accordingly a difference between the USD reported membership revenue from each member and the invoiced amount can be expected.

### 5. 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-annual 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.

## Report by the Executive Secretary (continued)

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### *ATAF Council*

The 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 ATAF Council, comprising of 9 members, was elected at the 3rd ATAF's Annual General Meeting in Dar es Salaam in September 2014. The Heads of the tax administrations of Burundi, Cameroon, Mauritius, Nigeria, Senegal, South Africa, Uganda and Zimbabwe (chairperson) comprise the second ATAF Council. The Executive Secretary serves as an ex officio member of Council.

### *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 South Africa (Chair), Uganda and Zimbabwe, 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), Cameroon 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 Tanzania (Chair), Burundi and Mauritius 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.

## **6. Auditors**

SizweNtsalubaGobodo Incorporated were appointed as auditors of ATAF on the 1st January, 2014, to perform the audit for the year ended 31 December 2015.

## Statement of Financial Position

Notes	2015 USD	2015 ZAR	2014 USD	2014 ZAR
<b>Non- Current Assets</b>	<b>109 996</b>	<b>1 695 904</b>	<b>206 821</b>	<b>2 402 103</b>
Property, plant and equipment	2 109 996	1 695 904	206 821	2 402 103
<b>Current Assets</b>	<b>3 706 778</b>	<b>57 150 448</b>	<b>1 480 446</b>	<b>17 194 500</b>
Trade and other receivables	3 1 867 606	28 794 420	173 220	2 011 845
Cash and cash equivalents	4 1 839 172	28 356 028	1 307 227	15 182 655
<b>Total Assets</b>	<b>3 816 774</b>	<b>58 846 352</b>	<b>1 687 267</b>	<b>19 596 603</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>	<b>3 224 218</b>	<b>49 710 421</b>	<b>1 305 300</b>	<b>15 160 285</b>
Retained earnings	4 398 391	49 710 421	1 675 149	15 160 285
Foreign Currency translation reserve	(1 174 173)	-	(369 849)	-
<b>Liabilities</b>				
<b>Non- Current Liabilities</b>	<b>206 000</b>	<b>3 176 075</b>	<b>134 130</b>	<b>1 557 837</b>
Provisions	6 206 000	3 176 075	134 130	1 557 837
<b>Current Liabilities</b>	<b>386 556</b>	<b>5 959 856</b>	<b>247 837</b>	<b>2 878 481</b>
Deferred lease liability	58 200	897 320	41 015	476 364
Trade and other payables	5 328 356	5 062 536	206 822	2 402 117
<b>Total Liabilities</b>	<b>592 556</b>	<b>9 135 931</b>	<b>381 967</b>	<b>4 436 318</b>
<b>Total Equity and Liabilities</b>	<b>3 816 774</b>	<b>58 846 352</b>	<b>1 687 267</b>	<b>19 596 603</b>

## Statement of Comprehensive Income

	Notes	2015 USD	2015 ZAR	2014 USD	2014 ZAR
<b>Revenue</b>		<b>6 878 329</b>	<b>87 266 285</b>	<b>4 700 374</b>	<b>50 980 194</b>
SARS contributions	7	1 027 292	13 033 392	1 167 024	12 657 527
Donations received	8	4 380 032	55 570 055	2 881 666	31 254 511
Membership fees	9	1 471 005	18 662 838	651 684	7 068 156
<b>Other Income</b>	<b>10</b>	<b>42 055</b>	<b>533 554</b>	<b>-</b>	<b>-</b>
<b>Operating expenses</b>		<b>5 753 346</b>	<b>72 993 477</b>	<b>4 804 173</b>	<b>52 106 001</b>
Personnel costs		1 359 338	17 246 107	1 200 340	13 018 867
Administrative expenses		419 478	5 321 965	323 865	3 512 639
Travel and accommodation		791 088	10 036 635	767 904	8 328 681
Postage printing and stationery		72 533	926 381	40 908	443 687
Professional fees		398 520	5 056 077	233 714	2 534 855
Building usage		180 866	2 294 670	199 669	2 165 610
Other expenses	11	2 531 523	32 111 642	2 037 773	22 101 662
<b>Operating profit/(loss) for the year</b>	<b>12</b>	<b>1 167 038</b>	<b>14 806 342</b>	<b>(103 799)</b>	<b>(1 125 807)</b>
Finance income	13	1 556 204	19 743 774	279 728	3 033 929
<b>Profit for the year</b>		<b>2 723 242</b>	<b>34 550 136</b>	<b>175 929</b>	<b>1 908 122</b>
<b>Other comprehensive income</b>					
Translation difference		(804 324)	-	(131 692)	-
<b>Total comprehensive income</b>		<b>1 918 918</b>	<b>34 550 136</b>	<b>44 237</b>	<b>1 908 122</b>

## Statement of Changes in Equity

	Retained earnings	Foreign currency translation reserve	Total equity
<b>USD</b>			
<b>Balance at 01 January 2014</b>	<b>1 499 220</b>	<b>(238 157)</b>	<b>1 261 063</b>
Profit for the year	175 929	-	175 929
Translation difference	-	(131 692)	(131 692)
<b>Balance as at 31 December 2014</b>	<b>1 675 149</b>	<b>(369 849)</b>	<b>1 305 300</b>
Profit for the year	2 723 242	-	2 723 242
Translation difference	-	(804 324)	(804 324)
<b>Balance as at 31 December 2015</b>	<b>4 398 391</b>	<b>(1 174 173)</b>	<b>3 224 218</b>

### ZAR

<b>Balance at 01 January 2014</b>	<b>13 252 163</b>	-	<b>13 252 163</b>
Profit for the year	1 908 122	-	1 908 122
<b>Balance as at 31 December 2014</b>	<b>15 160 285</b>	-	<b>15 160 285</b>
Profit for the year	34 550 136	-	34 550 136
<b>Balance as at 31 December 2015</b>	<b>49 710 421</b>	-	<b>49 710 421</b>

## Statement of Cash Flows

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	Notes	2015 USD	2015 ZAR	2014 USD	2014 ZAR
<b>Cash flow from operating activities</b>					
Cash (utilised in)/generated from operations	14	(1 009 622)	(6 344 736)	213 055	3 666 418
Finance income	13	1 556 204	19 743 774	279 728	3 033 929
<b>Net cash from operating activities</b>		<b>546 582</b>	<b>13 399 038</b>	<b>492 783</b>	<b>6 700 347</b>
<b>Cash flow from investing activities</b>					
Purchase of assets	2	(14 637)	(225 665)	(52 732)	(612 449)
<b>Net cash flow from investing activities</b>		<b>(14 637)</b>	<b>(225 665)</b>	<b>(52 732)</b>	<b>(612 449)</b>
Net increase in cash and cash equivalents		531 945	13 173 373	440 052	6 087 898
<b>Cash and cash equivalents at beginning of year</b>		<b>1 307 227</b>	<b>15 182 655</b>	<b>867 175</b>	<b>9 094 757</b>
<b>Total cash and cash equivalents as at year end</b>	4	<b>1 839 172</b>	<b>28 356 028</b>	<b>1 307 227</b>	<b>15 182 655</b>

## Accounting policies

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### 1.1 General information

African Tax Administration Forum is a Forum hosted in the Republic of South Africa. The Forum was ratified on the 8<sup>th</sup> of October 2012.

### 1.2 Standards and interpretations issued and revised, but not yet effective

IAS 16 Property, Plant and Equipment  
IAS 1 Presentation of Financial Statements  
IAS 19 Employee Benefits  
IAS 27 Consolidated and Separate Financial Statements  
IAS 28 Investments in Associates and Joint Ventures  
IAS 34 Interim Financial Reporting  
IAS 38 Intangible Assets  
IAS 41 Agriculture  
IFRS 5 Non-current assets Held for sale  
IFRS 7 Financial Instruments: Disclosures  
IFRS 9 Financial Instruments  
IFRS 10 Consolidated financial statements  
IFRS 11 Joint Arrangements  
IFRS 12: Disclosures of Interests in Other Entities  
IFRS 14 Regulatory Deferral Accounts  
IFRS 15 Revenue from Contracts from Customers  
IFRS 16 Leases

### 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 Forum;  
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
Motor vehicles	5 years

## **Accounting policies (continued)**

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### **1.4 Property, plant and equipment (continued)**

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.

#### **1.4.1 Impairment of assets**

At each balance sheet date, the Forum reviews internal and external sources of information to determine whether the carrying amounts of its property, plant and equipment, 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 Forum 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 Financial Instruments**

#### **1.5.1 Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Forum becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the Forum's contractual rights to future cash flows from the financial asset expire or when the Forum 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.

#### **1.5.2 Impairment of financial assets**

At each balance sheet date the Forum 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 Forum of financial assets has been impaired. For amounts due to the Forum, 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 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.

## Accounting policies (continued)

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### 1.5.3 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 2 years 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.

### 1.5.4 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.

### 1.5.5 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

## 1.6 Tax

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

## 1.7 Provisions

Provisions are recognised when the Forum has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Where the Forum expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

## Accounting policies (continued)

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### 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. 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.

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 financial position 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 15.3979	(2014- ZAR 11.6144)
Average rate for the year:	USD 1 – ZAR 12.6871	(2014- ZAR 10.8460)

## **Accounting policies (continued)**

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### **1.10 Events after reporting 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.

## Notes to the annual financial statements

### 2. Property, plant and equipment

#### 31 DECEMBER 2015

	USD			ZAR		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	34 197	(14 927)	19 270	527 245	(230 137)	297 108
Motor vehicles	17 635	(4 335)	13 300	271 896	(66 841)	205 055
Computer equipment	129 605	(82 026)	47 579	1 998 227	(1 264 662)	733 565
Leasehold improvements	61 624	(31 777)	29 847	950 104	(489 928)	460 176
	<b>243 061</b>	<b>(133 065)</b>	<b>109 996</b>	<b>3 747 472</b>	<b>(2 051 568)</b>	<b>1 695 904</b>

#### 31 DECEMBER 2014

	USD			ZAR		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	45 396	(9 881)	35 515	527 245	(114 759)	412 486
Motor vehicles	23 410	(488)	22 922	271 895	(5 665)	266 232
Computer equipment	152 618	(60 216)	92 402	1 772 561	(699 373)	1 073 188
Leasehold improvements	81 804	(25 822)	55 981	950 105	(299 908)	650 197
	<b>303 228</b>	<b>(96 407)</b>	<b>206 821</b>	<b>3 521 806</b>	<b>(1 119 704)</b>	<b>2 402 103</b>

### Reconciliation of Property, plant and equipment - 2015

	Opening balance	Effect of forex	Additions	Depreciation	Closing balance
<b>USD</b>					
Furniture and fittings	35 515	(7 151)	-	(9 094)	19 270
Motor vehicles	22 923	(4 802)	-	(4 821)	13 300
Computer equipment	92 401	(14 906)	14 637	(44 556)	47 579
Leasehold improvements	55 982	(11 158)	-	(14 977)	29 847
	<b>206 821</b>	<b>(38 014)</b>	<b>14 637</b>	<b>(73 448)</b>	<b>109 996</b>

## Notes to annual financial statements

### Reconciliation of Property, plant and equipment - 2014

	Opening balance	Effect of forex	Additions	Depreciation	Closing balance
<b>USD</b>					
Furniture and fittings	43 127	(3 951)	3 599	(7 260)	35 515
Motor vehicles	-	-	23 410	(488)	22 923
Computer equipment	124 157	(10 841)	25 722	(46 637)	92 401
Leasehold improvements	79 186	(6 844)	-	(16 360)	55 982
	<b>246 470</b>	<b>(21 636)</b>	<b>52 732</b>	<b>(70 745)</b>	<b>206 821</b>

### Reconciliation of Property, plant and equipment - 2015

#### ZAR

Furniture and fittings	412 486	-	-	(115 378)	297 108
Motor vehicles	266 232	-	-	(61 176)	205 055
Computer equipment	1 073 188	-	225 665	(565 288)	733 565
Leasehold improvements	650 197	-	-	(190 021)	460 176
	<b>2 402 103</b>		<b>225 665</b>	<b>(931 863)</b>	<b>1 695 904</b>

### Reconciliation of Property, plant and equipment - 2014

#### ZAR

Furniture and fittings	455 003	-	41 802	(84 319)	412 486
Motor vehicles	-	-	271 896	(5 664)	266 232
Computer equipment	1 316 094	-	298 751	(541 657)	1 073 188
Leasehold improvements	840 218	-	-	(190 021)	650 197
	<b>2 611 315</b>	<b>-</b>	<b>612 449</b>	<b>821 661</b>	<b>2 402 103</b>



## Notes to the annual financial statements

	<b>2015 USD</b>	<b>2015 ZAR</b>	<b>2014 USD</b>	<b>2014 ZAR</b>
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### 3. Trade and other receivables

Membership fees	2 627 215	40 505 942	1 038 530	12 061 905
Rental deposits	33 668	519 088	44 693	519 088
Other receivables	164 497	2 536 177	-	-
Provision for doubtful debts	(957 774)	(14 766 787)	(910 003)	(10 569 149)
	<b>1 867 606</b>	<b>28 794 420</b>	<b>173 220</b>	<b>2 011 844</b>

### 4. Cash and cash equivalents

Bank balances	992 749	15 356 028	962 826	11 182 650
Short term deposits	846 423	13 000 000	344 401	4 000 005
	<b>1 839 172</b>	<b>28 356 028</b>	<b>1 307 227</b>	<b>15 182 665</b>

### 5. Trade and other payables

Trade payables	328 356	5 062 536	172 997	2 009 260
Accrual for year end	-	-	33 825	392 857
	<b>328 356</b>	<b>5 062 536</b>	<b>206 822</b>	<b>2 402 117</b>

### 6. Provisions

Carrying amount at the beginning	134 130	1 557 837	-	-
Additional provisions in the period	71 870	1 618 238	134 130	1 557 837
Closing carrying amount	<b>206 000</b>	<b>3 176 075</b>	<b>134 130</b>	<b>1 557 837</b>

The provision relates to gratuity payments that are to be made to mostly ATAF senior management personnel when their employment with the entity comes to an end. The expected time of the payment is not reliably determinable given the nature of the expected outflows.

### 7. SARS contributions

	1 027 292	13 033 392	1 167 024	12 657 527
	<b>1 027 292</b>	<b>13 033 392</b>	<b>1 167 024</b>	<b>12 657 527</b>

## Notes to the annual financial statements

	2015 USD	2015 ZAR	2014 USD	2014 ZAR
<b>8. Other donations</b>				
<i>Specific donor</i>				
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	2 126 735	26 982 140	1 808 040	19 609 981
Other donor- Korea	-	-	375 266	4 070 123
	<b>2 126 735</b>	<b>26 982 140</b>	<b>2 183 306</b>	<b>23 680 104</b>
<i>Pool of funds</i>				
Department for International Development (DFID)	342 126	4 340 625		
Netherlands government	339 533	4 307 706		
Norwegian Agency for Development (Norad)	268 746	3 409 622	295 585	3 205 920
Swiss Economic Cooperation and Development (SECO)	298 902	3 792 201	244 352	2 650 236
Ireland	234 765	2 978 500	158 423	1 718 251
Finland	539 652	6 846 638		
Denmark	229 573	2 912 623		
	<b>2 253 297</b>	<b>28 587 914</b>	<b>698 360</b>	<b>7 574 407</b>
<b>Total donations</b>	<b>4 380 032</b>	<b>55 570 055</b>	<b>2 881 666</b>	<b>31 254 511</b>

## Notes to the annual financial statements

### 9. Membership fees

	2015 USD	2015 ZAR	2014 USD	2014 ZAR
Angola	67 054	850 728	9 896	107 335
Benin	37 719	478 559	17 372	188 413
Botswana	67 054	850 728	30 883	334 957
Burkina Faso	37 719	478 559	17 372	188 413
Burundi	20 954	265 582	9 651	104 674
Cameron	67 054	850 728	30 883	334 957
Chad	37 719	478 559	17 372	188 413
Comores	10 477	132 926	4 825	52 337
Cote' de Ivoire	67 054	850 728	30 883	334 957
Egypt	67 054	850 728	30 883	334 957
Eritrea	20 954	265 852	9 651	104 674
Gabon	37 719	478 559	17 372	188 413
Gambia	10 477	132 926	4 825	52 337
Ghana	67 054	850 728	30 883	334 957
Kenya	67 054	850 728	30 883	334 957
Lesotho	20 954	265 852	9 651	104 674
Liberia	10 477	132 926	4 825	52 337
Madagascar	37 719	478 559	17 372	188 413
Malawi	20 954	265 852	9 651	104 674
Mauritania	20 954	265 852	9 651	104 674
Mauritius	37 719	478 559	17 372	188 413
Morocco	67 054	850 728	30 883	334 957
Mozambique	37 719	478 559	17 372	188 413
Namibia	37 719	478 559	17 372	188 413
Niger	20 954	265 852	9 651	104 674
Nigeria	67 054	850 728	30 883	334 957
Rwanda	20 954	265 852	9 651	104 674
Senegal	37 719	478 559	17 372	188 413
Seychelles	10 477	132 926	4 825	52 337
Sierra Leone	20 954	265 852	9 651	104 674
South Africa	67 054	850 728	30 883	334 957
Sudan	67 054	850 728	30 883	334 957
Swaziland	20 954	265 852	9 651	104 674
Tanzania	67 054	850 728	30 883	334 957
Togo	10 477	132 926	4 825	52 337
Uganda	37 719	478 559	17 372	188 413
Zambia	37 719	478 559	17 372	188 413
Zimbabwe	10 477	132 926	4 825	52 337
	<b>1 471 005</b>	<b>18 662 838</b>	<b>651 684</b>	<b>7 068 156</b>

	2015 USD	2015 ZAR	2014 USD	2014 ZAR
<b>10. Other income</b>				
Fees from activities	42 055	533 554	-	-
	<b>42 055</b>	<b>533 554</b>	<b>-</b>	<b>-</b>

### 11. Other expenses

GIZ expenses				
Program management and administration	234 339	2 973 090	-	-
Direct advisory	470 668	5 971 426	-	-
Integrated experts	58	708	-	-
Technical cooperation, goods and services	770 911	9 780 654	1 789 315	19 406 855
Financial support to executive tax masters	170 708	2 165 793	20 157	218 628
Overheads	480 051	6 090 468	-	-
	<b>2 126 735</b>	<b>26 982 140</b>	<b>1 809 473</b>	<b>19 625 483</b>
Other expenses				
Depreciation	73 448	931 864	70 745	821 661
Provision for bad debts effect excl. forex	331 340	4 197 638	161 540	1 654 518
	<b>404 788</b>	<b>5 132 502</b>	<b>142 285</b>	<b>2 476 179</b>
Total other expenses	<b>2 531 523</b>	<b>32 111 642</b>	<b>1 951 758</b>	<b>22 101 662</b>

### 12. Operating profit

*Operating profit for the year is stated after accounting for the following:*

Depreciation	73 448	931 863	70 745	821 661
Personnel costs	1 345 086	17 065 283	1 200 340	13 018 867
Audit fees	162 625	12 818	179 767	16 574
Operating lease expenses	2 264 548	178 492	1 988 678	183 356

### 13. Finance income

Interest on favourable bank balance	9 275	117 672	11 703	126 935
Interest on short term deposits	73 754	935 730	38 222	414 551
Forex gain	1 473 175	18 690 372	229 803	2 492 443
	<b>1 556 204</b>	<b>19 743 774</b>	<b>279 728</b>	<b>3 033 929</b>

## Notes to the annual financial statements

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### 14. Cash (utilised in)/generated from operations

Profit for the year	2 723 242	34 550 136	175 929	1 908 122
Adjustment for:				
<i>Non- cash items</i>	(603 808)	2 971 059	123 013	2 721 412
Depreciation	73 448	931 863	70 745	821 663
Movement in operating lease	17 091	420 958	28 195	341 913
Movement in provision	71 870	1 618 238	134 130	1 557 836
Exchange rate differences	(766 217)	-	(110 057)	-
Donation received in kind	2 126 735	26 982 140	1 808 040	19 609 981
Donations in kind expensed	(2 126 735)	(26 982 140)	(1 808 040)	(19 609 981)
SARS contribution in kind	274 640	3 484 392	367 010	19 976 990
SARS contribution in kind	(274 640)	(3 484 392)	(367 010)	(4 262 599)
<i>Items presented separately</i>	(1 556 204)	(19 743 774)	(279 728)	(3 033 929)
Finance income	(1 556 204)	(19 743 774)	(279 728)	(3 033 929)
<i>Changes in working capital</i>	(1 572 852)	(24 122 157)	193 841	2 070 813
Increase in receivables	(1 694 386)	(26 782 576)	23 548	51 809
Increase trade and other payables	121 534	2 660 419	170 293	2 019 004
	<b>(1 009 622)</b>	<b>(6 344 736)</b>	<b>213 055</b>	<b>3 666 418</b>

## Notes to the annual financial statements

### 15. Risk management

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

#### 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.

The table below analyses the Forum's financial liabilities which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows

	0 to 12 months	Total value carrying amount ( at fair value)	0 to 12 months	Total value carrying amount ( at fair value)
<b>31 December 2015</b>	<b>USD</b>	<b>USD</b>	<b>ZAR</b>	<b>ZAR</b>
Trade and other payables	(328 356)	(328 356)	(5 062 536)	(5 062 536)
Trade and other receivables	1 867 606	1 867 606	28 794 420	28 794 420
Cash and cash equivalents	1 839 172	1 839 172	28 356 028	28 356 028
<b>Net inflow</b>	<b>3 378 422</b>	<b>3 378 422</b>	<b>52 087 912</b>	<b>52 087 912</b>

#### 31 December 2014

Trade and other payables	(206 822)	(206 822)	(2 402 117)	(2 402 117)
Trade and other receivables	173 220	173 220	2 011 844	2 011 844
Cash and cash equivalents	1 307 227	1 307 227	15 182 655	15 182 655
<b>Net inflow</b>	<b>1 273 625</b>	<b>1 273 625</b>	<b>14 792 382</b>	<b>14 792 382</b>

#### Interest rate risk

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

## Notes to the annual financial statements

### 15. Risk management (continued)

#### 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:

	2015	2014
<b>USD</b>		
ABSA Bank	686 740	1 307 227
Investec Bank	647 204	-
Other deposits	505 228	
<b>Total</b>	<b>1 839 172</b>	<b>1 307 227</b>
<b>ZAR</b>		
ABSA Bank	10 581 541	15 182 665
Investec Bank	10 609 897	-
Other deposits	7 164 590	
<b>Total</b>	<b>28 356 028</b>	<b>15 182 665</b>

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 Forum 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.

#### Foreign exchange risk

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

2015 USD	2015 ZAR	2014 USD	2014 ZAR
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### 16. Operating lease commitments

Payable within one year	109 952	1 695 220	49 766	1 555 248
Payable between two and five years	182 352	2 811 470	133 891	4 506 690
	<b>292 304</b>	<b>4 506 690</b>	<b>183 657</b>	<b>6 061 938</b>

### 17. Related party transactions

#### Transactions with key management:

Short term compensation	417 568	5 297 736	456 976	4 956 355
Termination benefits	140 706	1 785 151	143 633	1 557 837
	<b>558 274</b>	<b>7 082 887</b>	<b>600 609</b>	<b>6 514 192</b>