

**International Tax Compact Workshop:
Joining Forces to Mobilize Domestic Revenues for Development
25 and 26 January 2010
- Concluding communiqué -**

On invitation of the German Federal Ministry for Economic Cooperation and Development, the Spanish Ministry of Foreign Affairs and Cooperation and the European Commission, 90 representatives from 24 partner countries and 9 international organizations participated in the International Tax Compact (ITC) workshop "Joining Forces to Mobilize Domestic Revenues for Development" from 25-26 January 2010 in Brussels.

The ITC was launched at a successful meeting in March 2009 in Berlin as a platform for international development partners to promote more effective measures for fighting tax evasion and inappropriate tax practices through enhanced international development cooperation.

The ITC workshop in Brussels focussed on examining relevant regional experiences and South-South exchange of successful tax practices, sharing information about donor activities and current developments at international level, and shaping operational approaches for development cooperation.

Participants discussed core areas of fighting tax evasion and inappropriate tax practices, notably:

- challenges and obstacles for developing countries in implementing international standards and recommendations in tax matters;
- harnessing the illicit flow debate for developing countries: priorities for action;
- the political economy of tax reform: how to balance objectives and interests and how to achieve efficient and fair tax systems;
- transfer pricing: multi-stakeholder approaches for revenue transparency in developing countries;
- development cooperation for tax reform: key issues, time horizon and sustainability of measures.

The workshop made valuable contributions to the increasing discussion on taxation and development which currently takes place within the European Union (EU). Under the Spanish EU Council Presidency in the first half of 2010, the issue features prominently on the EU development agenda in the framework of fostering domestic resource mobilization for development.

Participants recognized the importance of a multi-stakeholder forum, bringing together policy-makers and experts from developing and industrialized countries as well as from international organizations who deal with tax matters in development cooperation.

After the governmental ITC workshop, an event is to be held on 27 January 2010 with representatives of non-governmental organizations to foster dialogue and networking among all relevant actors.

The host institutions - the German Federal Ministry for Economic Cooperation and Development, the Spanish Ministry of Foreign Affairs and Cooperation and the European Commission - will continue and strengthen their cooperation on the ITC.

In the upcoming months, ITC will call for a meeting of core group partners to agree upon further cooperation commitments.

The next ITC workshop is planned to be held in 2011.