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Summary Report

by

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Introduction

Since 2005, ITIC has organized the *Middle East/North Africa Tax Forum* with a view to create a neutral forum for dialogue and communication on tax and investment issues in the region. The *MENA Tax Forum* complements other ITIC regional programs in sub-Saharan Africa, Eastern Europe/Central Asia and the Asia-Pacific regions. This is central to ITIC's mission of fostering dialogue and bringing together senior government officials in tax policy and administration from the region with their peers and private sector representatives. As a collaborative and neutral setting, with resource persons from academia and international organizations, the *MENA Tax Forum* provides member countries with the opportunity to discuss solutions to common challenges and to share best practices in taxation.

Events since the first *MENA Tax Forum* have brought momentous changes in the region, the results of which continue to unfold. ITIC believes that it can play a strong supporting role in helping countries in the region develop open investment regimes and adopt best practices in taxation to foster the economic growth that is needed to meet the needs in these countries. As many countries in the region move towards a non-oil economy, and other countries see enhanced economic growth, we expect the *MENA Tax Forum* to evolve into a convenient platform where countries in the region share experiences, investigate issues of common concern, and learn about best practices worldwide in tax and investment policies.

The third annual *MENA Tax Forum* was hosted by the Secretariat General for Taxation of the Ministry of Finance, Sultanate of Oman, on 4-6 November 2012 at the Al Bustan Hotel, Muscat. Over 100 participants from the public and private sectors attended the meeting. High level official delegations, led by the Undersecretary or Director General of Taxation participated from Algeria, Bahrain, Kuwait, Iraq, Jordan, Lebanon, Libya, Morocco,

Over 100 participants attended the third annual Middle East/North Africa Tax Forum in Muscat, Oman.

Oman, Qatar, Saudi Arabia, Tunisia, Turkey, UAE and Yemen. These delegations were joined by a large number of delegates from the private sector, representing a range of industries, including oil and gas, service providers, consumer goods, and financial institutions.

Based on discussions among the member countries, the annual meetings follow a pre-defined structure:

- Issues of region-wide concern are raised in a keynote address by a leading expert. This is followed by sessions on current tax reform where ongoing reforms are showcased and tested against the design principles of tax policy.
- Finding solutions to fiscal challenges, where international experts provide responses on how issues raised should be dealt with.
- In-depth discussions of tax technical issues of concern for both the private sector and the public sector.
- A look to the future –specific issues countries are grappling with and discussions on specific solutions.

A comment from a private sector participant, attending the *Forum* for the first time, was typical of the assessments made by many delegates: "Congratulations to you on an excellent conference…the content and the attendees (and organization) simply could not have been bettered."

Day One: 4 November

Workshop: Tax System Design in MENA Region

This session was open to both private and public sector delegates. **Mr. Mohammed Al Nabhani** of the Oman Ministry of Finance gave a preliminary introduction in Arabic and welcomed all participants to the workshop.

The joint chairs of the session were **His Excellency Saud Nassir Rashid Al Shukaili**, Secretary General for Taxation, Oman and ITIC President **Daniel Witt**. Mr. Witt mentioned that this workshop was an innovation in Muscat; that this was the first time this format was being used, which had been very successful in ITIC's *Asia-Pacific Tax Forum*. He said he was very happy to see the continued interest and significance in the *MENA Tax Forum*, and that the technical program was geared toward the issues of concern raised by member countries. He also stated that the program was aimed at dialogue on modernization of the tax regimes of the countries in the region, which clearly recognize that economic diversification and broadening private sector involvement is central to creating opportunities. His Excellency Saud Nassir added his words of welcome to delegates, and his own interest in the subject matter to be covered, as Oman considered what changes in tax policy were necessary as the economy broadened from reliance on natural resources.

The workshop was led by **Professor Isaias Coelho**, Former Chief, Tax Policy and Reform Division, IMF, and former Coordinator of Fiscal Policy, Brazil and **Mr. Steve Bill**, Partner, Tax Policy Practice, Ernst & Young LLP (and former Chef de Cabinet at European Commission Division Responsible for Tax and Customs Union Policy). Its aim was to consider how a country should decide the basis for determining effective tax policy and tax reform, and what lessons could be drawn from global trends and developments. The workshop was designed to allow enough time for in-depth consideration of a matter of broad interest for member countries.

Professor Coelho first set out the historical evolution of tax bases, starting from the industrialized countries, and discussed some of the main tax innovations in the 20th century. The key points to consider, in his opinion, were: the advent of global and progressive income tax systems, complemented by value-added tax. Other innovations in tax administration (such as tax withholding, the use of self-assessment, and most importantly, automation) had had major impact on the political economy of taxation worldwide. He outlined the major trends in taxation, including:

- Lowering of corporate tax rates by most countries of the world
- Stabilization of tax: GDP ratios in OECD countries,
- Rapid spread of VAT.

He also discussed forces furthering tax reform and how globalization/tax competition impacted tax policy. Taxation and development policy needed to be considered together. He noted the following were all factors that influenced current tax policy: incentives to entrepreneurship and investment; simplicity/transparency; revenue needs of the state; and the need to mitigate the effects of the financial crisis.

Mr. Steve Bill then provided a more in-depth consideration of some the trends and current drivers of tax policy. He started with Jean Colbert's famous aphorism of the art of taxation being in plucking the goose so as to get the most feathers with the least amount of protest, and contrasted that maxim to the present day policy environment. The effects of globalization of the world economy, and the post-crisis effects of austerity, the need for debt reduction, and the need to stimulate growth/jobs strongly limited the policy choices for many OECD countries. He showed how pressure on revenue streams from direct taxes arising out of increased competition for taxation of profits was driving widespread introduction of VAT/GST systems. Solutions adopted by OECD countries have included attempts to broaden the tax base (e.g. by restricting tax relief for losses and debts) and through agreements to eliminate "unfair" tax competition (such as the EU Code of Conduct and the OECD work on harmful tax practices). This was being complemented by an integrated approach which used tax administration to further policy aims, such as encouraging good behavior by reducing compliance costs, creating better dialogue and relaxing controls in return for compliant behavior. However, this approach discourages "bad" behavior by targeting stricter enforcement using enhanced risk assessment, stressing tax information exchange with other countries, and introducing anti-abuse measures.

Workshop participants agreed that the principal challenge was the need to balance revenue goals with an attractive and competitive tax system. This dichotomy was magnified in many parts of the MENA region, where many countries did not have a history of taxation in the past and were building systems from scratch. Some of the trends in OECD countries could be seen to have direct relevance, especially in cooperation with other countries.

Professor Coelho and Mr. Bill agreed that, going forward, the worldwide trend would be more reliance on taxation of consumption (GST and excises) and identifiable property (houses and vehicles). Trends for corporate taxation seemed to show that the scope was moving from worldwide to territorial income, and an increasing need for shielding of tax bases through transfer pricing regimes. In order for tax policy to support national development aims, policy should ensure that there are no tax barriers to competitiveness. Given the rapidly aging population worldwide, adequate pension systems should be another key goal. Finally, cooperation on tax matters across borders was a key requirement.

Dan Witt thanked the workshop leaders for their insights. The issues they raised were reflected in the technical agenda for the meeting and discussion on some points of the evolving tax administration model would take place in the government-only session.

Government-Only Session

In keeping with the principles discussed at the inaugural *MENA Tax Forum* in 2010, a government-only session was held. This *Forum* event is designed to enable government officials to discuss, in private, their questions and concerns regarding the meeting and to cover organizational matters. A detailed note of this session was circulated to member countries.

Mr. Terry Lutes, former Assistant Commissioner of the U.S. Internal Revenue Service, gave a detailed presentation on the use and benefits of risk based audits. **Mr. Hafiz Choudhury**, ITIC Senior Advisor and a Principal of the M Group Inc., presented a concept paper for a regional training program for tax administrations.

Mr. Choudhury also reported on the delivery of the "Istanbul Agenda" that was developed at the conclusion of the 2011 *MENA Tax Forum* in Istanbul. Member countries discussed and endorsed the technical agenda for the Muscat meeting, and gave their comments on the report on the "Istanbul Agenda" and feedback on the 2012 program. There was also some discussion with regard to a potential host for 2013.

This session also endorsed the principles of formalization of the Steering Committee discussed in Istanbul. Members of the Steering Committee will include representatives from Qatar (2010 host), Turkey (2011 host), Oman (2012 host) and the 2013/2014 hosts (when identified), permanent invitees, and ITIC (acting as the Secretariat). It was agreed that the Steering Committee would hold its first teleconference at a suitable date after a host for the 2013 annual meeting had been announced.

Welcome Reception

To formally open the *MENA Tax Forum*, a welcome reception was held on evening of 4 November, to allow delegates to socialize and introduce themselves to colleagues. The welcome address was given by **His Excellency Saud Nassir Rashid Al Shukaili**, Secretary General for Taxation, Sultanate of Oman, who asked delegates to see something of the city in addition to attending the meeting. Welcome remarks on behalf of ITIC were made by **Sir Mark Moody-Stuart**, Honorary Co-Chairman of ITIC. **Mr. Niyazi Ozpehriz**, Head of Department, Turkish Ministry of Finance, also added his words of welcome. It is now a tradition for the hosts from both the current and prior year to welcome all delegates as a symbol of the collaborative nature of the *Forum*.

From left to right: His Excellency Saud Nassir Rashid Al Shukaili; Mr. Niyazi Ozpehriz; and Sir Mark Moody-Stuart.

Day Two: 5 November

Opening Ceremony and Keynote Address

The host country, Oman, designed an opening ceremony based on traditional principles of Omani courtesy. **Mrs. Awattif Al Hakman,** Director General of the Secretariat General for Taxation, Oman, welcomed His Excellency the Minister Responsible for Financial Affairs, Sultanate of Oman, the other dignitaries and participants and set out the background as well as the broad aims of the conference.

Welcome remarks were made by **Mr. Daniel Witt**, ITIC President, who thanked the Guest of Honor, **His Excellency Sultan Salim Said Al-Habsi**, Secretary General of the Supreme Council for Planning, Sultanate of Oman, and the Distinguished Guest, Minister Responsible for Financial Affairs, Sultanate of Oman, **His Excellency Darwish Bin Ismail Al Balushi** for their presence. He then spoke of the mission of ITIC as a neutral table where tax professionals from the public sector can meet with their private sector counterparts and academic experts. ITIC's *Regional Tax Forums* are a central part of the delivery of this core objective. The main goals of these *Forums* include:

- Talking about the challenges in tax policy and technical tax issues
- Building networks of trust and mutual respect
- Developing an understanding of the concerns of the other side.

The technical agenda for the *MENA Tax Forum* was developed based on the needs expressed by the member countries: their issues and concerns were sought to be reflected and addressed.

The opening address was then given by **His Excellency Saud Nassir Rashid Al Shukaili**, Secretary General for Taxation, Sultanate of Oman, who again welcomed all delegates to Oman and thanked them for their participation. He felt that the *Forum*, and similar meetings, were an important development as the countries of the region modernized their economies. He noted that it was important to hear from international experts how they had responded to the challenges to tax systems that participants had heard in the workshop the previous day.

The keynote address of the *Forum*, titled, "Why Good Tax Policy Matters – Reflections from a Long Business Career in the Region" was given by **Sir Mark Moody-Stuart**, former CEO of Shell, and Honorary Co-Chairman of ITIC. Sir Mark, who first came to Oman as a field geologist 45 years ago, spoke of the momentous changes sweeping through the region and urged delegates to look at the delegates to look at the changes in Oman over the last four decades to see what remarkable progress and development can be made given wise leadership and careful planning. After commenting on the varied economies of the region, and the enormous changes underway across it, he stated that a common need for all countries is to grow economies and business so that there are sustainable and worthwhile livelihoods for young people of the region.

Sir Mark spoke of his negotiations with governments in almost every country in the region, and in most cases, the tax matters or implications of tax decisions on investment were a key part of that discussion. He felt that tax policy should support the development and growth of a competitive domestic industry, encourage investment (both domestic and foreign), and build both sustainable business and employment. He used an analogy of the Colbert quote used by Steve Bill the previous day – that the challenge in the MENA region is not just plucking feathers from the goose; it is how to grow the number of geese, to attract both passing foreign geese and urgently breed more geese domestically as well. "Much hissing and complaint from the geese present is neither conducive to breeding new geese nor attracting others."

The key challenges for the economies of the region are:

- Diversifying and growing the economy
- Providing sustainable and satisfying livelihoods for young people.

The critical terms are investment, competitive, stable and growing. While differing tax rates for foreign and domestic firms may seem reasonable, this can be counter-productive (e.g. in joint ventures). There is also the risk that domestic companies become less competitive as a result of the advantage. Sir Mark gave an example of Turkey as a key country in the region which removed tariff barriers and made significant economic gains. However, the decision to float the Shell marketing company in Oman in the Muscat stock exchange was partly driven by tax policy relating to local ownership rules, which has brought benefits to all. He also referenced tax holidays given to encourage foreign investment. These can be distortionary, and an investor would typically prefer to have a consistent and perhaps generous depreciation policy from the outset, so that the regime was stable. In this way, consistent and investment decisions, both domestic and foreign, are taken against a stable and fair investment climate.

Participants listen to Sir Mark Moody-Stuart's keynote address, titled, "Why Good Tax Policy Matters."

Sir Mark also referenced his experiences of the introduction of VAT in Turkey, and the very ingenious steps taken there to widen the individual income tax base. By allowing recovery of tax by those who had tax deducted at source against expenditures on normal household requirements, thousands of employees started demanding receipts from shops, resulting in many previously unrecorded transactions being captured and widening of the tax base. He felt that while there is a role for ingenuity in implementing tax policy, every step must be tested as to whether it will encourage the growth of competitive business and investment in the economy. A consistent strategy can widen the tax base and allow the lowering of taxes, maintaining a sustainable and growing tax base as investment and business grows. This would help build confidence in the business community in the essential constancy and stability which will then drive investment decisions.

Part I: Tax System Design in MENA Region

This session was divided into two plenary sessions, with the first focusing on policy choices and the second focusing on administration development to implement these choices. **Mr. Daniel Witt**, ITIC President, chaired the first session.

Aims of Tax Policy

The keynote paper, titled, "Aims of Tax Policy" was given by **Professor Isaias Coelho**, Former Chief, Tax Policy and Reform Division, IMF, and former Coordinator of Fiscal Policy, Brazil. The panelists included **Mr. Moftah Jassim M Al-Moftah**, Director, Public Revenues and Taxes Department, Qatar; **Mr. Steve Bill**, Ernst and Young; and **Ms. Fetiha Talib**, General Director, VAT, Tunisia.

Professor Coelho focused on the tax policy options for small, open economies, which he felt were conditions that applied to many countries in the region. The goals for tax policy should be – as discussed in the workshop the prior day – to promote economic activity in the country for job creation; to reward entrepreneurship and innovation; and to finance the government's provision of quality public services.

From left to right: Professor Isaias Coelho; Mr. Moftah Jassim M Al-Moftah; Mr. Steve Bill; and Ms. Fetiha Talib.

As mentioned by Sir Mark, a key goal would be to promote an environment that is friendly to entrepreneurship and investment, both domestic and foreign, and to develop and sustain a positive tax climate that is conducive to competitiveness. Another key goal for policy should be that it actually produces revenue with moderate cost of taxation. Cost of taxation in this sense did not include the tax itself; it was rather the sum of cost of tax administration, cost of taxpayer compliance and that of contingent tax liabilities.

To that end, Professor Coelho recommended a set of principles for countries to follow:

- A limited number of taxes and fees
- Simplicity in tax law and regulations
- Moderate tax rates (especially on income)
- No taxation of capital goods
- No taxation of exports
- A credit system for any taxes on intermediate goods
- A tax administration that is effective, transparent, responsive

In a globalized world, there is also the need to work with others. Therefore, another key theme of tax policy design and application is "tax competition, tax cooperation" – cooperation with neighboring countries was essential, while at the same time there was very likely to be a degree of competition for the same scarce investments. Cooperation would include policy coordination and administrative cooperation, and also special customs regimes for industry (e.g. duty drawback). In a rules-based international trading system, customs duties (import tariffs) still have a role to play in providing legitimate protection to domestic industry.

Discussants for the keynote paper were drawn from across the region, with **Ms. Fetiha Talib** giving the perspective of a country with limited natural resource endowments and a stable tax system; and by **Mr. Moftah Jassim M Al-Moftah** of a country (Qatar) with vast natural resources and a tax system that was being rapidly developed from almost a blank page.

Mr. Steve Bill, Ernst and Young, then spoke to the points of regional cooperation from his extensive experience of the EU work on taxation. He cautioned that, in many cases, the lessons to be drawn were not what should be done but what should not be done. A spirited discussion followed with contributions from the floor and panel members. Given the cultural acceptance of Zakah in the region, it was recommended that countries consider diversification of tax types, and include more traditional revenue sources (such as Zakah) in the policy mix. Several delegates commented that communication with taxpayers on policy measures should be improved, and that events like the *MENA Tax Forum* did help with such communications.

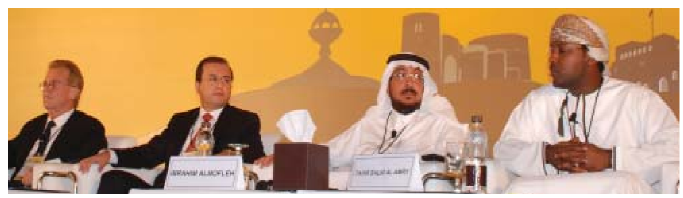
Tax Administration – Developments and Methods for Performance Improvement

The next session, chaired by **Mr. Tahir Salim Al-Amry**, Director General of Treasury and Accounts, Ministry of Finance, Oman, focused on the actual implementation of tax policy through better tax administration. **Mr. Terry Lutes**, Former Assistant Commissioner, IRS, and Director, IBM presented the paper; the discussants were **Mr. Ibrahim M. Almofleh**, Director General, Department of Zakat and Income Tax Saudi Arabia; **Mr. Kadhim Ali Abdulla**, Director General Tax Department, Iraq; and **Mr. Niyazi Ozpehriz**, Head of Department, Ministry of Finance, Turkey.

Mr. Al-Amry opened the session with comments on the need for revenue administration modernization and capacity development in the region. As discussed in the previous session, the improvement of tax administration was a necessary part of modernization of taxation regimes; IT systems played a central role in such modernization. While there were lessons to be learned from the experience in other parts of the world, some countries in the MENA region had also undergone significant improvements, and the experiences in Saudi Arabia, Egypt, etc. were useful for delegates.

Mr. Lutes focused on three themes in his paper. He first offered some observations and experiences from other countries undergoing modernization, which would give delegates a framework within which they could place their own challenges. He then offered a suggested path to effective systems modernization and a list of key items to remember. While the life of a tax administration system is 15-20 years, few tax administrations ever find themselves in a steady state. A key problem is that there are no commonly accepted international standards in general tax administration (e.g. unlike customs and postal services). Such standards would include data models, standardized business processes, and most importantly, key performance indicators. In the absence of standards, there is a lack of consistency of advice. Experience shows that countries should focus on solid core capabilities, not the latest "gadgets." Establishing the right business processes to deal with tax policies and compliance objectives should come before systems procurement and design.

Mr. Lutes provided delegates with a tax component business map covering the systems implementation of a modernization plan, structured into a three part "Plan, Control, Execute" methodology and provided a graphic interface of what an end state should look like in a modernized tax administration. He then provided some alternative solution approaches and presented pros and cons of such solutions, as well as providing a list of key items to remember in tax IT system modernization, ranging from the development cycle status to partner selection. He emphasized that it was critical to establish measures for success up front, have sufficient attention to management of the transition to a new ICT infrastructure and to ensure that the vendor would be a partner for the tax administration going forward. All solutions acquired should be extensible, and should be easily adaptable to accommodate policy changes. Finally, there should be a focus on total cost of ownership (TCO).



From left to right: Mr. Terry Lutes, Mr. Niyazi Ozpehriz, Mr. Ibrahim Almofleh, Mr. Tahir Salim Al-Amry.

Mr. Ibrahim M. Almofleh gave a detailed review on the procurement processes and implementation issues for system modernization carried out by Saudi Arabia. He felt that finding the right ICT company was most important, and it was also important to see how other countries had dealt with similar challenges. Cooperation between member countries through the *MENA Tax Forum*, and other bodies such as ATAIC and the Islamic Development Bank, could help member countries understand and deal with the challenges. In this context, he asked the *Forum* look at establishing links with the Islamic Development Bank in particular. Mr. Kadhim Ali Abdulla, Director General, General Commission for Taxes, Iraq, then shared his experience of building a tax administration from the ground up. The circumstances in Iraq were different and the role played by IT was limited by what was possible with the current infrastructure. Iraq however considered the IT system to be a critical part of the capacity building for the Iraqi tax administration. He noted that he would look to the *MENA Tax Forum* as a platform through which to continue to share experience and insight.

Delegates Enjoy Opportunities for Fellowship and Informal Discussions

A number of social events were organized around the annual meeting. ITIC has found that such events are highly valued by delegates as a way to establish working relationships with other professionals engaged in the same field. Now in its third year, the *MENA Tax Forum* seems to have been firmly established in the calendars of many delegates who have attended each year, and the social events are useful occasions to renew contacts and network with colleagues from both private and public sectors.

Mr. Niyazi Ozpehriz, Head of Department, Ministry of Finance, Turkey, said IT systems were central to tax administration in Turkey. The VEDOP program for automation of tax offices was the biggest public sector ICT project. VEDOP-1 started in November 1998 and the latest stage, VEDOP-3.1, was still ongoing. Turkey's experience certainly showed that continuous improvement and development had to take place. He gave an outline of the electronic tax administration process, and the huge improvements that had taken place, including the creation of a tax data warehouse for effective tax investigation and collection; infrastructure for business processes re-engineering and increasing efficiency; and enhancing data flow and providing services throughout the country with fully automated tax offices so taxpayers didn't need to visit tax offices.

Part II: Tax System Design in MENA Region – Facing the Challenges

Part II of the *Forum* was also divided into two plenary sessions. The first was set up to allow taxpayers, and their professional advisors, to set out the challenges they faced and present any ideas they may have to solve these challenges. Speakers representing taxpayers operating in the MENA region were asked to articulate practical problems they encounter and make suggestions of how to solve them. The goal of this session was to further dialogue between taxpayers and tax administrators.

The second plenary session looked beyond current issues to try and anticipate the kinds of issues that will face tax professionals in both the public and private sector. As economies in the region become more sophisticated, an increase in intra-regional investment and trade is expected, and many countries in the region have set out a strategy to achieve increased growth in the services sector, especially in financial services. These more advanced transactions within the economy are likely to bring more complexity to tax systems in the region. The session was aimed at alerting policymakers to that future challenge.

Current Challenges Faced and Possible Solutions

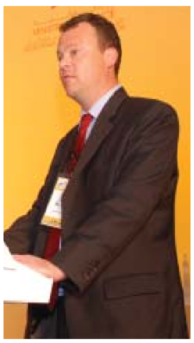
Mr. Clarence Ellis of Schlumberger made the main presentation for the session, which was chaired by Mr. Hafiz Choudhury. The presentation looked at current problems faced by taxpayers and tax administrators in making the tax systems of the region work efficiently and the need of easier compliance for taxpayers and more effective tax administration. **Mr. Ahmed Amor Al Esry**, Partner, E&Y Oman and **Mr. Nauman Ahmed**, Partner and Head, Middle East Tax, Deloitte and Touche, were the discussants for the paper.

Mr. James Bullock, Partner, Pinsent Masons, made a separate presentation on the management of tax disputes and the use of arbitration in the region. This was included in the session as efficient management of tax disputes was part of the current issues faced by taxpayers in the region.

Mr. Ellis classified current challenges arising from tax laws, compliance requirements and the tax audit environment. The solutions lay both with the tax administration and with taxpayers. Broadly speaking, taxpayers want clarity, certainty and consistency; what they face in the MENA region is lack of clarity arising from evolving fiscal and tax policies, with frequent changes. While tax rates were low, high withholding tax on non PE entities and tax base widening measures could give rise to uncertainty. In some countries, frequent tax audits and arbitrary assessments made it difficult to operate in a consistent manner. Tax retentions, mixed application of tax treaties, occasional misinterpretation of treaties, and inconsistent PE application across the region were major issues for taxpayers operating across the region. The growth of transfer pricing regimes in the region, again with mixed standards of application, were another issue of concern, as was the lack of published precedents.

Mr. Ellis suggested that tax administrations consider better use of information technology, share and utilize best practices with other countries, and align with global standards to move towards a better system. Another very desirable objective would be to improve the partnership with taxpayers (using dialogue through local forums, use of regional tax training to further spread best practices, and the introduction of APA's in mature jurisdictions). Policy measures to improve the tax base (e.g. introduction of VAT) and measures (such as better independent and judicial appellate processes) would also be a great help. Taxpayers could also do better work on their internal compliance systems to show their commitment to tax rules, take internal measures such as charging direct for intercompany services, and be more cautious on the level of reliance to be placed on treaties.

Messrs. Ahmed and Al Esry commented that the past decade had been one of significant change in the region. They recognized that some countries in the region were making significant steps in providing clarity. They noted that their experience was that most multinationals were interested in compliance but found it difficult to navigate the degree of uncertainty that they faced in different parts of the region.



Mr. Bullock framed tax dispute resolution within some of the basic tenets of an efficient tax system. He felt that a tax system must have credibility to attract and underpin investment and to enable business to develop and thrive. In order to achieve this, it must be underpinned by law and be perceived as transparent and fair. The tax dispute resolution system is a key part of ensuring this, and to do so, it must be seen as independent and capable of dispute resolutions on a timely basis. Mr. Bullock outlined the dispute resolution system in the UK, and contrasted various forms of alternative dispute resolution. He concluded with some of the key features of a tax dispute resolution system in the MENA region.

Tax Policy Challenges Foreseen and Meeting Those Challenges

This session looked beyond current issues to anticipate issues that tax professionals in both government roles and the private sector would face. As economies in the region become more sophisticated, there will be an increase in intra-regional investment and trade, and many countries in the region have set out a strategy to achieve increased growth in the services sector, especially in financial services.

The session was chaired by **His Excellency Saud Nassir Rashid Al Shukaili**, Secretary General for Taxation, Sultanate of Oman. The main presenter was **Professor Lee Burns**, Professor of Taxation Law, Faculty of Law, University of Sydney and the discussants included **Mr. Salah Guyedi**, Senior Advisor, Public Revenues and Taxes Department, Qatar; **Mr. William Morris**, GE; and **Mr. Alfred Strolla**, Partner, Deloitte and Touche.

Professor Burns outlined the broader background to tax reforms, noting that expenditure was going up in the region and there was a strong need for diversification of revenue sources. He also mentioned the need to reduce over-reliance on revenues from extractive industries. These trends were emphasized by the impact of corporate tax competition and trade liberalization resulting in decline in trade taxes. However, the impact of increased trade in services in the MENA region is a potential revenue source. Tax policies need to balance attracting foreign investment and ensuring that foreign investors make a fair contribution to the tax revenues of the country of investment. The greater size and scale of companies in the region also pointed to the need for appropriate group taxation regimes.

Professor Burns pointed out that cross-border trade in services now exceeds trade in goods. Rules for taxation of income from cross-border services in the MENA region are less developed and there is a possibility of asymmetric tax treatment and resulting base erosion. He demonstrated how this might take place, and raised the key issue of "should the same rules apply for trade in goods as applies for trade in services?" He went through the various aspects of taxation of services within the context of double tax treaties, contrasting in particular the issues under Arts 5/7 and 14 of the OECD and UN Model treaties, and issues relating to treaty definitions under Art 12 and secondment of employees. He then continued with technical issues around corporate group taxation. He covered issues such as separate accounting of intra-group transactions, transfer pricing, limited grouping (e.g. loss transfers or tax-free assets transfers) and full tax consolidation. He also addressed the treatment of losses and showed the impact of policy choices through examples.

Mr. Salah Gueydi, speaking as a discussant, responded to the presentation from the perspective of tax policy issues arising from the continued efforts for regional integration in the GCC and beyond. Mr. William Morris then spoke on group issues faced by a large corporate group operating throughout the region. Finally, Mr. Alfred Strolla spoke on specific practice issues facing taxation of services in the region.

Day Three: 6 November

Part III: Important Tax Technical Issues for the MENA Region

The morning sessions of the third day of the *Forum* focused on technical issues of importance in the region. The purpose of session was to consider the issues in-depth, and give delegates the opportunity to explore their issues of concern. As delegates to previous annual meetings of the *MENA Tax Forum* had expressed their disappointment in being unable to attend multiple breakout sessions, it was decided to avoid breakouts in the third annual meeting. For future *MENA Tax Forum*s, this time will be allocated to showcase the ongoing research program of the *Forum*.

Taxation of Islamic Finance Transactions

The first technical session was chaired by **His Excellency Mohammed Jawad bin Hasan bin Suleiman**, Advisor, Ministry of Finance, Sultanate of Oman. The session covered the research project launched at the Istanbul meeting (2011) on the taxation of Islamic Finance transactions, sponsored by the Qatar Financial Centre. **Mr. Mohammed Amin**, the principal author of the report, was the lead presenter, and the discussants were **Mr. Ian Anderson**, CFO and Director of Taxation, Qatar Financial Centre Authority (QFCA); **Ms. Maria Scott**, Executive Director, JP Morgan Chase; and **Mr. Asim Sheikh**, Partner, Ernst and Young.

Mr. Mohammed Amin, a former international tax partner of PWC UK and the main researcher for this project, discussed international tax issues arising from Islamic Finance transactions. Mr. Amin set the study process, starting from the questionnaire issued to participating countries, with the help of E&Y MENA, covering 68 questions on tax treatment, including tax treaty implications. Completed study information was received from Egypt, Jordan, Kuwait, Libya, Oman, Qatar, Saudi Arabia and Turkey. The Qatar Financial Centre also provided detailed information about its position on such transactions. The taxes covered by the study were corporate and individual income tax, including trusts (where applicable), taxes on capital gains, and taxes on the transfer of assets. Four transactions were selected for the analysis - commodity murabaha / tawarruq, ijarah sukuk (onshore and offshore SPV), Salaam, and Istisna. He provided detailed descriptions through a graphic view of the transactions, and set out their equivalents in conventional finance terms.

From left to right: Mr. Mohammed Amin, Ms. Maria Scott, His Excellency Mohammed Jawad bin Hasan bin Suleiman, Mr. Asim Sheikh, and Mr. Ian Anderson.

Mr. Amin explained the key tax issues being explored and discussed the challenges to overcome to ensure that Islamic Finance transactions are given equal tax treatment to similar transactions under conventional finance rules for each of the transactions being considered. The key findings were that while Turkey had rules for onshore sukuk, no other MENA country seemed to have special tax rules for Islamic finance. For murabaha, salaam and istisna transactions, generally there were deductions available to the party receiving finance, some commercial restrictions on involvement by foreign banks, and lack of clarity treatment and on timing of deductions. He contrasted this to the Malaysian approach, which explicitly provided neutral tax treatment where regulatory approval under Shariah principles had been granted first, and with that of the UK, which laid out the terms of the transaction in secular language in the law, and then granted neutral tax treatment. He recommended that most MENA countries could adopt the Malaysian approach which was simpler and quicker. He also analyzed the position of Islamic Finance transactions under tax treaties. The key issue was that Article 11(2) of the OECD model defined “interest” to mean income from debt claims of every kind, whereas Islamic finance does not involve debt claims carrying interest (only a few treaties, such as at Article 11(2) of the UK-US treaty, explicitly covered such transactions to ensure tax neutrality). This was an area where more work was necessary.

Speaking as a discussant, **Mr. Ian Anderson** outlined the approach taken by QFCA to attract Islamic Finance transactions, and also the measures the QFCA is using to strike a balance between effective regulation and financial innovation. Ms. Maria Scott, speaking from the perspective of a financial services institution, spoke of the need of consistent taxation regimes and outlined some of the issues faced by service providers in handling cross border transactions in the region. Lastly, Mrs. Asim Sheikh discussed the issues faced by a tax advisor from lack of a consistent regime in handling transactions by different clients across the region.

Cultural Program and Dinner

Following a full day of sessions on 5 November, the Ministry of Finance of Oman hosted a Gala Dinner and Cultural Program for all delegates and some distinguished guests from Oman. This was held in the unique location of a re-created "heritage" Omani village at the Al Bustan Palace. The hotel was originally built to host the founding meeting of the Gulf Cooperation Council (GCC) and is designed to reflect traditional Omani architecture in a modern world. The meals were served in traditional Arab style, in small individual huts. Displays of pottery, henna application for female participants and live Omani music all added to the local flavor of the night.

International Tax Treaty Issues

This more in-depth technical session was chaired by **Mr. Ian Anderson**, CFO and Director of Taxation, QFCA. The lead presenter was **Professor Lee Burns**, University of Sydney, and the discussants were **Mr. Thomas Hanzely,** BBD Enterprises; **Mr. Abdelhamid Atalla**, GE; and **Ms. Tatyana Stepanova**, Shell.

The main focus of this session was the appropriate application of the PE concept to taxation of services provided by non-residents. This is a very relevant topic in the region, not only from the perspective of service providers in construction and natural resources exploration and exploitation, but also in financial services, tourism, aviation and industrial production related services.

Mr. Anderson framed questions for other panel members on facilitating better application of double tax treaties. These included:

1. Responsibility for compliance
2. Pay and claim refund regulations
3. Application of tax credits
    a. Where a DTA exists
    b. Where there is no DTA.

Participants were also able to comment at specific points of the discussion rather than wait until the end of the session for a dedicated Q/A period.

Professor Burns set out the rules for taxation of independent services under tax treaties, with a focus on Articles 5 and 7 of the OECD Model Convention, as well the general principles for taxation of cross-border services. He covered the issues of definition of permanent establishment, technical assistance fees, challenges arising from extractive industries in particular, and problems with current treaty approach. He also made specific reference to software, design and engineering, and finally general payments for works and services. He touched upon the issues at Articles 8, 12, 16 and 17 of the OECD Model Convention as well. He then examined in detail the OECD Alternative Services PE concept and the potential issues this brought up by determination by reference to a single project or connected projects and concerns regarding "mobile" services that may not have a fixed base. He then contrasted this treatment to the UN Model Convention.

From left to right: Mr. Ian Anderson, Ms. Tatyana Stepanova, Mr. Thomas Hanzely, an Mr. Abdelhamid Atalla.

The panel discussion that followed saw Mr. Abdelhamid Atalla consider these issues from a service provider perspective, while Ms. Tatyana Stepanova was asked to consider them from the perspective of a consumer of services. Mr. Thomas Hanzely added a practitioner's perspective and was also asked to review tax laws in the region relating to WHT on incomes earned by foreign companies with no PE in country. Private sector representatives present participated in the lively discussion that ensued and commented on the desirability of tax treaties, despite the level of complexity that might arise.

Transfer Pricing Rules and Creating Workable Standards Appropriate to the Region

This session was chaired by **Mr. Hafiz Choudhury**, ITIC. **Mr. Reggie Mezu**, Director and Tax Leader, The Cragus Group and International Tax Advisor, ITIC, was the main presenter. The discussants were **Mr. M.K. Sreedhar**, Ministry of Finance, Oman and **Mr. Niyazi Ozpehriz**, Head of Department, Ministry of Finance, Turkey. The aim of this session was to look at the global standards on the subject versus regional experience, the challenges faced by multinationals in complying with transfer pricing rules, and to consider the new UN Transfer Pricing Manual.

Mr. Mezu started with an attempt to set out a basic understanding of the topic within the context of the OECD and UN models, and the positive effects of having transfer pricing rules, especially with details and uniformity in the principles of application of such rules. He discussed the imperatives driving such rules (e.g. international trade and globalization, the dominance of multinationals in the world economy, and competitive fiscal regimes across the world). While many MENA countries already have general laws on transfer pricing, few have detailed transfer pricing regulations. He also outlined some key common concerns, such as protection of tax base/ ensuring that firms pay their fair tax burden, availability/ access to direct comparisons, potential double taxation, the estimated administrative burden and costs, etc. He then outlined challenges specific to emerging countries:

- Limited availability of databases on comparable transactions due to relatively small domestic markets
- Need to minimize compliance costs for SMEs (e.g. safe harbor rules)
- Interaction with double tax treaties.

He then outlined the types of transactions that were often open to challenge (e.g. intra-group services, intra-group financing and use of intangibles).

From left to right: Mr. Reggie Mezu, Mr. Niyazi Ozpehriz, Mr. Hafiz Choudhury, and Mr. K. Sreedhar.

Mr. Mezu then addressed the components of a transfer pricing regime, such as documentation, dispute settlement, the use of different methods, etc. and the need to not over burden taxpayers with costs. He expressed his concerns about the lack of appropriate comparable data and the need for many countries in the region to adapt the principles for local conditions. He addressed the need to achieve domestic internal alignment in areas like customs value, VAT, withholding tax and potential limitations under Oil/Mineral concession agreements. He also spoke of the need for good legislative processes, including the involvement of experts and stakeholders in preparing initial draft of the rules, the need to follow international standards, the importance of taxpayer feedback, and the need to give adequate time to taxpayers to prepare for introduction.

Mr. Niyazi Ozpehriz first gave an outline of the transfer pricing regime of his country (Turkey), which is the only OECD member state in the region. He gave a chronology of the introduction of transfer pricing rules in Turkey, and the contents of Turkish Regulations. He pointed out the divergences in Turkish regulations from the OECD Model, and the much-broader definition of related parties in the Turkish rules. He then discussed the content covered in the UN Manual on Transfer Pricing, released in October 2012. Lastly, Mr. M.K. Sreedhar described the approach on transfer pricing taken in Oman for implementing its more basic transfer pricing provisions in the Law.

PART IV: Tax System Design in MENA Region

From left to right: Mr. Steve Bill, Mr. Daniel Witt, Ms. Nadine Bassil, and Mr. Fady Rahme.

This session, chaired by **Mr. Daniel Witt**, reflected on indirect tax solutions (consumption taxes and excises) in tax system design. This was a priority since indirect taxation can clearly be seen as a key part of tax reforms going forward. The topics covered included implementing and strengthening an efficient consumption tax, efficient use of excises, and tax issues in Free Trade and GATT/WTO Agreements. The lead presenter was **Professor Isaias Coelho**, and he was joined on his panel by **Mr. Steve Bill**, Ernst & Young, **Mr. Fady Rahme**, JTI and **Ms. Nadine Bassil**, Deloitte.

Professor Coelho focused his discussion on the application of indirect taxes and the balance to be struck between a general sales taxes and selective sales taxes (e.g. excises). He laid out the issues in ensuring that each form of taxation performed the function that it was designed for. The general sales tax should be seen as the primary revenue raising measure, while the excise should be designed to address negative externalities. Traditional targets for an excise were drinking, driving, and smoking. More recently, targets have also included environmentally-damaging behaviors such as carbon emissions, landfills etc.

There was an efficiency-distribution trade-off to be managed, as a general sales tax was very efficient but could be regressive in nature, and the regressive effects had to be balanced. Shielding the bases of sales taxes was another critical issue. This required good tax administration development, particularly in countries which were just implementing a general sales tax. Professor Coelho also commented on key areas that countries contemplating a GST should consider. He outlined the principles of a VAT, especially the inadvisability of differentiated rates (e.g. reduced rates on basic necessities). There was little evidence to suggest that VAT is an efficient means of support or redistribution compared to targeted benefits.

Mr. Steve Bill covered the detailed issues to be considered in dealing with indirect taxes in regional integration arrangements, such as the GCC and in free trade agreements, and under the GATT/WTO agreements. Mr. Fady Rahme discussed the issues around efficient uses of excises and their interaction with other non-tax rules on items like tobacco products. Finally, Ms. Bassil covered the issues that were considered in the implementation of a GST in the GCC.

Closing Session

The closing session of the meeting was co-chaired by **His Excellency Saud Nassir Rashid Al Shukaili** and ITIC President **Daniel A. Witt**. His Excellency Saud Nassir thanked all participants for attending, as well as the organizing team from the Ministry of Finance and his colleagues who had worked to successfully hold the meeting. Mr. Witt added his words of thanks to the organizers and interpreters, who had worked tirelessly for the last three days. He noted that this was the time when the *Forum* traditionally looked forward, and proposed that this *MENA Tax Forum* continue the tradition from Istanbul and announce a "Muscat Agenda."

MENA organizers addressed participants during the closing session.

Messrs. Hafiz Choudhury and Salah Guyedi were asked to speak about the ongoing research agenda. They reported that the first project, on the Taxation of Islamic Finance, is complete and the report would be published in early 2013. A number of other areas of special interest were then discussed. These are covered in the "Muscat Agenda" section below.

It was then formally announced that the next annual meeting of the *Forum* would be held in Tunis, Tunisia.

At the conclusion of Day Three, the Ministry of Finance of the Sultanate of Oman hosted a "Muscat by Night" tour, which included a local museum and the Royal Palace, among others, before ending at the Muttrah Souk, a very large covered market in the old part of Muscat. Delegates were given an introduction to the architectural heritage of Muscat, and the way it was being preserved for future generations. A closing dinner was hosted by ITIC at the Al Bustan Palace at the end of the tour.

Conclusion

ITIC believes that the continuing effort of the *MENA Tax Forum* has been an important breakthrough. As mentioned in the report for the previous year, this is the one event where senior leadership of tax organizations of the entire Middle East/North Africa region is present. While the strong technical program is an obvious draw, the opportunities for networking, and building relationships with peers across the region, is seen as a strong attraction.

ITIC would request all sponsors with business activities in the region to take an interest in the *MENA Tax Forum*, and to join the fourth annual meeting in 19-21 November 2013.

Fourth Annual MENA Tax Forum to be held in Tunis

The fourth annual *Middle East/ North Africa* Tax Forum will be held on 19-21 November 2013 in Tunis, Tunisia.

More information will be sent to all MENA participants in the near future. Please reserve the dates of 19-21 November 2013 and plan to attend.

# # #

Muscat Agenda

The *Muscat Agenda* discussed at the conclusion of the meeting identified the following areas of interest for *MENA Tax Forum* member countries:

- Continuation of the Islamic Finance study
- Further investigation of ways to share resources and experiences to develop a training program for tax administrations in the region.
- Further sharing of experiences and methods to improve the resolution of tax disputes.
- Modernization of indirect taxation regimes and improvement of the efficiency of such taxes.
- Examination of transfer pricing rules in the region with a view to creating workable standards for transfer pricing rules that reflected the realities of countries in the region.

Delegates agreed that these issues would be formally circulated in due course, and the *MENA Tax Forum* member countries would then decide what next steps to follow. In some cases, it is possible for more work to be done through dedicated workshops. More information on such events would be sent to all *MENA Tax Forum* member countries in due course.

# # #

Countries Represented

Algeria
Australia
Bahrain
Brazil
Egypt
Iraq
Jordan
Kuwait
Lebanon
Libya
Oman
Qatar
Saudi Arabia
Spain
Switzerland
Tunisia
Turkey
United Arab Emirates
United Kingdom
United States
Yemen

# # #

About the Host

The functions of the Ministry of Finance of the Sultanate of Oman include:

1. To formulate the financial policies, plans and the necessary procedures for implementing the and to refer them to the concerned Councils for approval.
2. To implement and to follow up implementation of the ratified financial policies and plans.
3. To study and analyze the international and regional financial trends and the extent of their impact on the financial policies and plans of the Ministry.
4. To study and assess the financial performance of the activities in the economic sectors as well as the developments and trends in those sectors in coordination with the concerned stakeholders.
5. To work on enhancing and developing the relations between the Sultanate of Oman and other countries in the field of finance.
6. To identify areas of cooperation with international and regional financial institutions and organizations and to work on developing and improving such fields in coordination with the concerned authorities.
7. To hold negotiations in respect of international agreements which fall within the specialization of the Ministry and follow up implementation of the decisions of the joint committees set up for such negotiations.
8. To represent the Sultanate of Oman in financial conferences.
9. To prepare the draft of the State's General Budget after consultations with various Ministries and Government Units.
10. To take necessary measures to control and ensure the collection of the State revenues.
11. To carry out control procedures before incurring public expenditure and to take necessary measures to rationalize such expenditure.
12. To establish Letters of Credit for the various Ministries and Government Units and to issue the related payment orders according to the relevant rules.
13. To take necessary measures to assess and collect income tax and other taxes from companies and establishments, in addition to granting tax exemption according to the applicable laws and regulations.
14. To take loans on account of the State and to repay them in accordance with the applicable rules and procedures.
15. To keep the State accounts, classify and register the financial transactions according to the government accounting system and to prepare the State Final Accounts.
16. To follow up the implementation of the State's General Budget.
17. To control and audit the funds owned by the State according to the established rules and to take the necessary procedures upon discovery of any financial violation or measures to prevent the occurrence of such violation.
18. To administer the funds which are exclusively owned by the State according to the established rules and to deal with them according to set rules and procedures.
19. To express opinion on the resolutions, Royal Decrees and decisions relating to financial and taxation policies prepared by the Ministries and Government Units prior to taking procedures for their issuance.
20. To carry out any other functions stipulated by laws and Royal Decrees.
21. To help the Oman nationals working in the Ministry to obtain further qualification and training.

# # #

Meeting Agenda

Day One - 4 November

Workshop: Tax System Design in MENA Region

Analyzing Processes for Determining Effective Taxation Policies and Tax Reforms

Leaders:

- Mr. Isaias Coelho, Former Chief, Tax Policy and Reform Division, International Monetary Fund and former Coordinator of Fiscal Policy, Brazil
- Mr. Steve Bill, Partner, Director of Tax Policy, Ernst & Young LLP

Government Officials' Forum

Co-Chairs:

- His Excellency Saud Nassir Rashid Al Shukaili, Secretary General for Taxation, Oman
- Mr. Daniel Witt, President, ITIC

Presenters:

- Mr. Terry Lutes, former Assistant Commissioner, IRS
- Mr. Hafiz Choudhury, Senior Advisor, ITIC; Principal, M Group

Facilitators:

- Mr. Salah Gueydi, Senior Tax Advisor, Ministry of Economy and Finance, State of Qatar
- Mr. Hafiz Choudhury, ITIC; M Group

Welcome Reception

Host Welcome: His Excellency Saud Nassir Rashid Al Shukaili, Secretary General for Taxation, Sultanate of Oman

Welcome Remarks:

- Sir Mark Moody-Stuart, Honorary Co-Chairman, International Tax and Investment Center (ITIC); Chairman, Hermes Equity Ownership Services
- Mr. Niyazi Özpehriz, Head of Department, Ministry of Finance, Turkey

Day Two - 5 November

Opening Ceremony

Welcome Remarks: Mr. Daniel Witt, ITIC

Guest of Honor: His Excellency Sultan Salim Said Al-Habsi, Secretary General of Supreme Council for Planning, Sultanate of Oman

Opening Address: His Excellency Saud Nassir Rashid Al Shukaili, Secretary General for Taxation, Sultanate of Oman

Keynote Address: *Why Good Tax Policy Matters – Reflections from a Long Business Career in the Region* by Sir Mark Moody-Stuart

Part I: Tax System Design in MENA Region

Keynote Paper: Aims of Tax Policy

Chair: Mr. Daniel Witt, ITIC

Presenter: Mr. Isaias Coelho

Discussants:

- Mr. Moftah Jassim M Al-Moftah, Director, Public Revenues and Taxes Department, Qatar
- Mr. Steve Bill, Ernst and Young
- Ms. Fethia Taleb, General Director, Fiscal Studies Unit, Fiscal Administration (General Direction of Fiscal Studies and Legislation), Ministry of Finance, Tunisia

Tax Administration - Developments and Methods for Performance Improvement

Chair: Mr. Tahir Salim Al-Amry, Director General of Treasury and Accounts, Ministry of Finance, Sultanate of Oman

Presenter: Mr. Terry Lutes, IBM

Discussants:

- Mr. Ibrahim M. Almofleh, Director General, Department of Zakat and Income Tax, Saudi Arabia
- Mr. Niyazi Özpehriz, Head of Department, Ministry of Finance, Turkey
- Mr. Kadhim Ali Abdulla, Director General, General Commission for Taxes, Iraq

Part II: Tax System Design in MENA Region: Facing the Challenges

Current Challenges Faced and Possible Solutions

Chair: Mr. Hafiz Choudhury, ITIC; M Group

Presenter: Mr. Clarence Ellis, Deputy Director of Taxes, Schlumberger Limited

Discussants:

- Mr. Nauman Ahmed, Partner and Head, Middle East Tax, Deloitte and Touche
- Mr. Ahmed Amor Al Esry, Tax Partner, Ernst & Young Oman

Tax Policy Challenges Foreseen and Meeting Those Challenges

Chair: His Excellency Saud Nassir Rashid Al Shukaili, Secretary General for Taxation, Sultanate of Oman

Presenter: Professor Lee Burns, Professor of Taxation Law, Faculty of Law, University of Sydney

Discussants:

- Mr. Salah Guyedi, Qatar
- Mr. William Morris, Senior International Tax Counsel, and Director, Global Tax Policy, General Electric
- Mr. Alfred Strolla, Regional Managing and Tax Partner, Oman, Deloitte and Touche

Day Three - 6 November

Part III: Important Tax Technical Issues for the MENA Region

Presentation of the Research Report on Taxation of Islamic Finance Transactions

Chair: His Excellency Mohammed Jawad bin Hasan bin Suleiman, Advisor, Ministry of Finance, Sultanate of Oman

Presenter: Mr. Mohammed Amin, MA FCA AMCT CTA (Fellow)

Discussants:

- Ms. Asim Sheikh, Tax Partner, Ernst and Young
- Mr. Ian Anderson, Director of Taxes and CFO, Qatar Financial Centre Authority
- Ms. Maria Scott, Executive Director, JP Morgan Chase

International Tax Treaty Issues

Chair: Mr. Ian Anderson, QFCA

Presenter: Professor Lee Burns, University of Sydney

Discussants:

- Mr. Thomas Hanzely, Managing Director, BBD Enterprises
- Mr. Abdelhamid Atalla, Middle East/Africa Corporate Tax Director, General Electric
- Ms. Tatyana Stepanova, Upstream Business Tax Manager

Transfer Pricing Rules and Creating Workable Standards Appropriate to the Region

Chair: Mr. Hafiz Choudhury, ITIC; M Group

Presenter: Mr. Reggie Mezu, Director and Tax Leader, The Cragus Group; International Tax Advisor, International Tax and Investment Center (ITIC)

Discussants:

- Mr. Niyazi Özpehriz, Head of Department , Ministry of Finance, Turkey
- Mr. James Bullock, Pinsent Masons

PART IV: Tax System Design in MENA Region

Panel Discussion: Reflections on Indirect Tax Solutions (Consumption Taxes and Excises)

Chair: Mr. Daniel Witt, ITIC

Presenter: Mr. Isaias Coelho

Discussants:

- Ms. Nadine Bassil, Director (A), Deloitte and Touche
- Mr. Fady Rahme, Regional Vice President, Corporate Affairs and Communication, JT International for Middle East, Near East, Africa, Turkey, and the world-wide Duty Free
- Mr. Steve Bill, Ernst & Young

Closing Session

Speakers:

- His Excellency Saud Nassir Rashid Al Shukaili, Sultanate of Oman
- Mr. Daniel A. Witt, ITIC
- Mr. Salah Gueydi, State of Qatar
- Mr. Hafiz Choudhury, ITIC; M Group

Documents Available on ITICnet.org

The following documents can be downloading from the "Middle East/North Africa Tax Forum" library of ITIC's website

- Meeting Agenda
- Participant List
- Informational Flyer
- "Muscat Agenda"
- Effective Taxation Policies and Tax Reform by Professor Isaias Coelho
- Tax System Design in the MENA Region by Mr. Steve Bill
- Risk Management for Tax Compliance Improving Efficiency and Effectiveness by Mr. Terry Lutes
- Training for Tax Administrations by Mr. Hafiz Choudhury
- Development-Oriented Tax Policy by Professor Isaias Coelho
- Improving Revenue Administration Developments and Methods for Performance Improvement by Mr. Terry Lutes
- Role of IT Systems in Tax Administration in Turkey by Niyazi ÖZPEHRİZ
- MENA Tax Challenges And Solutions by Mr. Clarence Ellis
- Efficient Tax Dispute Resolution by Mr. James Bullock
- Tax Policy Challenges Foreseen And Meeting Those Challenges by Professor Lee Burns
- Discussion Points – Tax Policy Challenges Foreseen and meeting those Challenges session by Mr. Alfred Strolla
- Tax Treatment of Islamic Finance Transactions in the MENA Region by Mr. Mohammed Amin
- Cross-border Services and the Permanent Establishment Concept under Tax Treaties by Professor Lee Burns
- Transfer Pricing: Establishing Effective Regulations – Workable Standards Appropriate to the Region by Mr. Reggie Mezu
- Turkish Experience in Transfer Pricing and the UN Manual for Developing Countries by Mr. Niyazi ÖZPEHRİZ
- Reflections on Consumption Tax Solutions by Isaias Coelho
- Presentation by Fady Rahme (in Arabic)

# # #

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ITIC Website

All documents and presentations from the *MENA Tax Forum* and related events can be downloaded from the "Middle East/North Africa Tax Forum" of ITIC's website (www.ITICnet.org).

# # #

ITIC Mission Statement

ITIC serves as a clearinghouse for information on best practices in taxation and investment policy, and as a training center to transfer know-how on improving the investment climate of transition and developing countries, thereby spurring formation and development of business and economic prosperity.

Organized in 1993, ITIC is an independent nonprofit research and education foundation with offices in Russia, Azerbaijan, Kazakhstan, the Philippines, Ukraine, Jordan, the United Kingdom, and the United States.

# # #

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