UNU-WIDER work on Data and IFFs

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IFF Measurement Workshop and Policy Expert Group Meeting
Apply: A Policy Framework Approach
6 Feb 2025 | 15:00 CET | Geneva

UNU-WIDER and DRM programme

- UNU-WIDER's unique blend of five key dimensions:
    - Think tank (policy engagement)
    - Research institute (academic output)
    - UN Agency
    - In-country presence
    - Global network of researchers and policy experts

- DRM Programme main components:
    - Research & policy analysis (Tax Research for Development, Cross-border tax, etc)
    - Capacity development & training
    - Knowledge sharing, discussion, & debate

Overview of UNU-WIDER IFF work (2020-2023)

Method 1	Method 3
• A look offshore: Unpacking the routes of misinvoicing in international trade • Measuring illicit financial flows with a gravity model of international trade misinvoicing	• Global profit shifting, 1975-2019 • Indirect costs of corporate tax avoidance exacerbate cross-country inequality
Method 4	**Method 6**
• Profit shifting by multinational corporations using transaction-level data from Nigeria • Profit shifting by multinational corporations in Kenya: the role of internal debt • Taxing multinational corporations in Uganda • Profit-shifting behaviour of emerging multinationals from India • Tax-motivated transfer mispricing in South Africa • Estimating profit shifting in South Africa using firm-level tax returns	• Sanctions busting through tax havens • So close yet so far: the ability of mandatory disclosure rules to crack down offshore tax evasion

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Policy Recommendations from UNU-WIDER IFF work (2020-2023)

1. Tax intangible assets, export intensity, and external commercial borrowing.
2. Use publicly available **data** and new methodologies to target trade flow regulations.
3. Limit tax-deductible costs to counter internal debt profit shifting.
4. Focus audits on high-risk companies using transaction-level data.

Blog

Overcoming the challenge of illicit financial flows

Four pieces of advice for policymakers

From profit shifting to sanction evasion, illicit financial flows divert funds away from essential poverty-fighting and infrastructure programs. A growing body of research provides essential insights for policymakers on how to tackle this key development challenge.

Recent work from Uganda

What is the impact of corporate tax incentives?

While *multinational corporations (MNCs)* make up only **1.9%** of firms operating in Uganda, they are overrepresented among tax holiday beneficiaries. New estimates reveal that Uganda's revenue losses due to these tax expenditures peaked at **USD 42 million in 2020.**

[Data]
Corporate Tax Return data
Tax Incentive Dataset

WORKING PAPER

PDF

Did Uganda's corporate tax incentives benefit the Ugandan economy or only the firms?

Nicholas Musoke, Tereza Palanská, Caroline Schimanski - UNU-WIDER , 2023 - Helsinki, Finland

What are the effects of aggressive tax avoidance?

WORKING PAPER

PDF

Intended and unintended consequences of anti-avoidance rules

– Evidence from Uganda

Muhammad Bashir, Usama Jamal, Kyle McNabb, Mazhar Waseem - UNU-WIDER , 2024 - Helsinki, Finland

Action 4 does not significantly increase profits reported by MNEs or prevent base erosion. Unintentionally, implementing the rule leads to a **contraction** in real economic activity, reducing the turnover, employment, and trade of treated MNEs. We highlight the limited targeting efficiency of the rule, questioning its overall effects on welfare.

[Data]
Corporate Tax Return data

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Ongoing work – South Africa

- Competitiveness of SA firms and CIT tax changes

- Automatic Exchange of Information and personal income tax

- Behavioural response to Country-by-Country start

more...

On the effects of anti-profit shifting regulations: A developing country perspective

SABINE LAUDAGE TELES, NADINE RIEDEL, AND KRISTINA STROHMAIER

Multinational profit shifting is a major concern for low- and middle-income countries (LMICs). Many have enacted anti-profit shifting rules in order to constrain this type of tax avoidance behaviour. Yet not much is known on...

Data as a repeated theme

- Data mentioned in every session!

- Good policies need good data

- Assess – Data/Numbers needed to define the extent of the challenges

- Analyse – Data needed to calculate or evaluate policy actions

- Apply – Data/Evidence-based policy to move in the right direction

- Data is the building block, not the afterthought

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How do we accomplish this work?

Collaborative research responding to policy questions on the ground

Research lab = Data Access

South Africa since 2014
- ❖ Partnership with National Treasury & SARS

Uganda since 2018
- ❖ Partnership with Uganda Revenue Authority
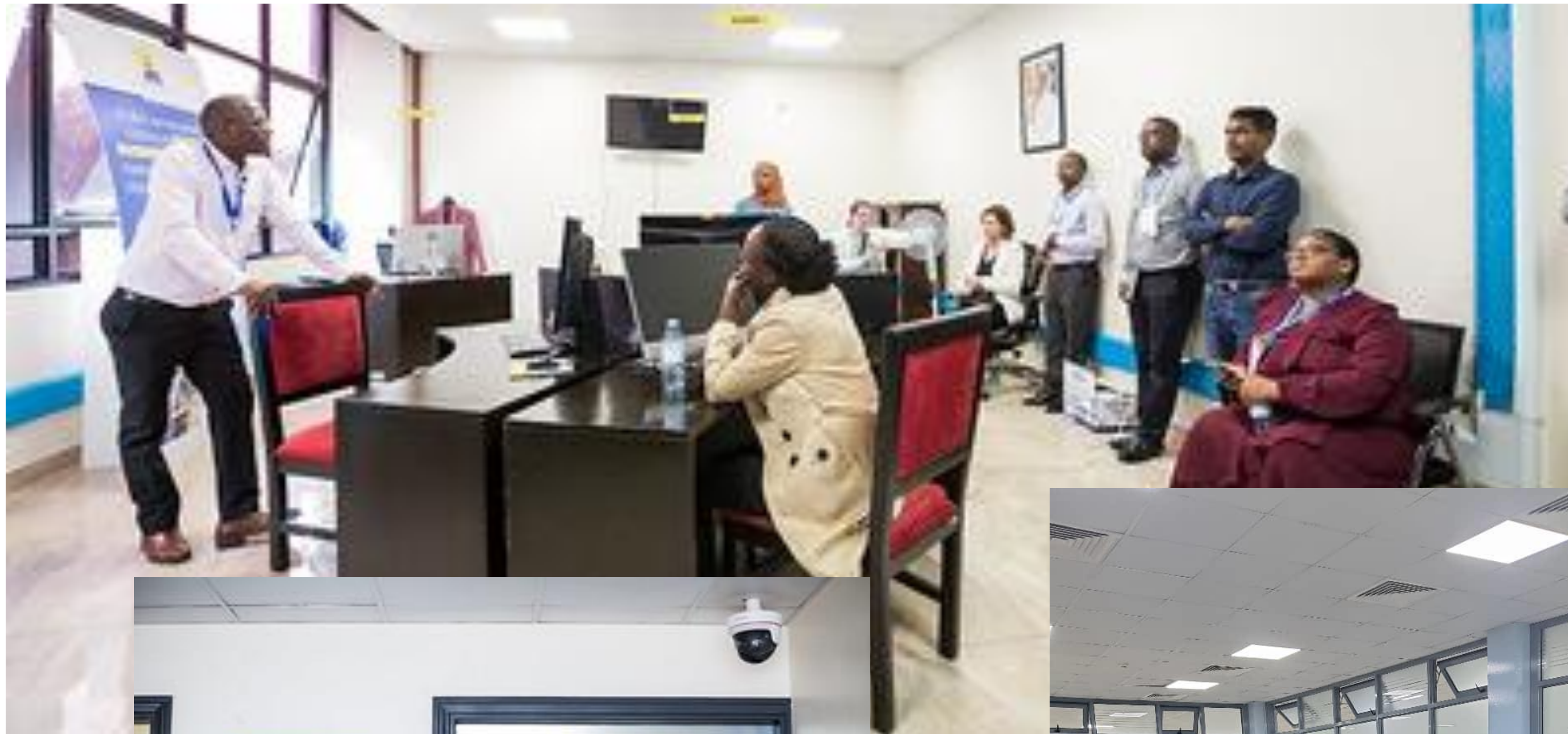- ❖ Open call for research (including IFFs)
- ❖ Online potential in 2026

Zambia since 2019
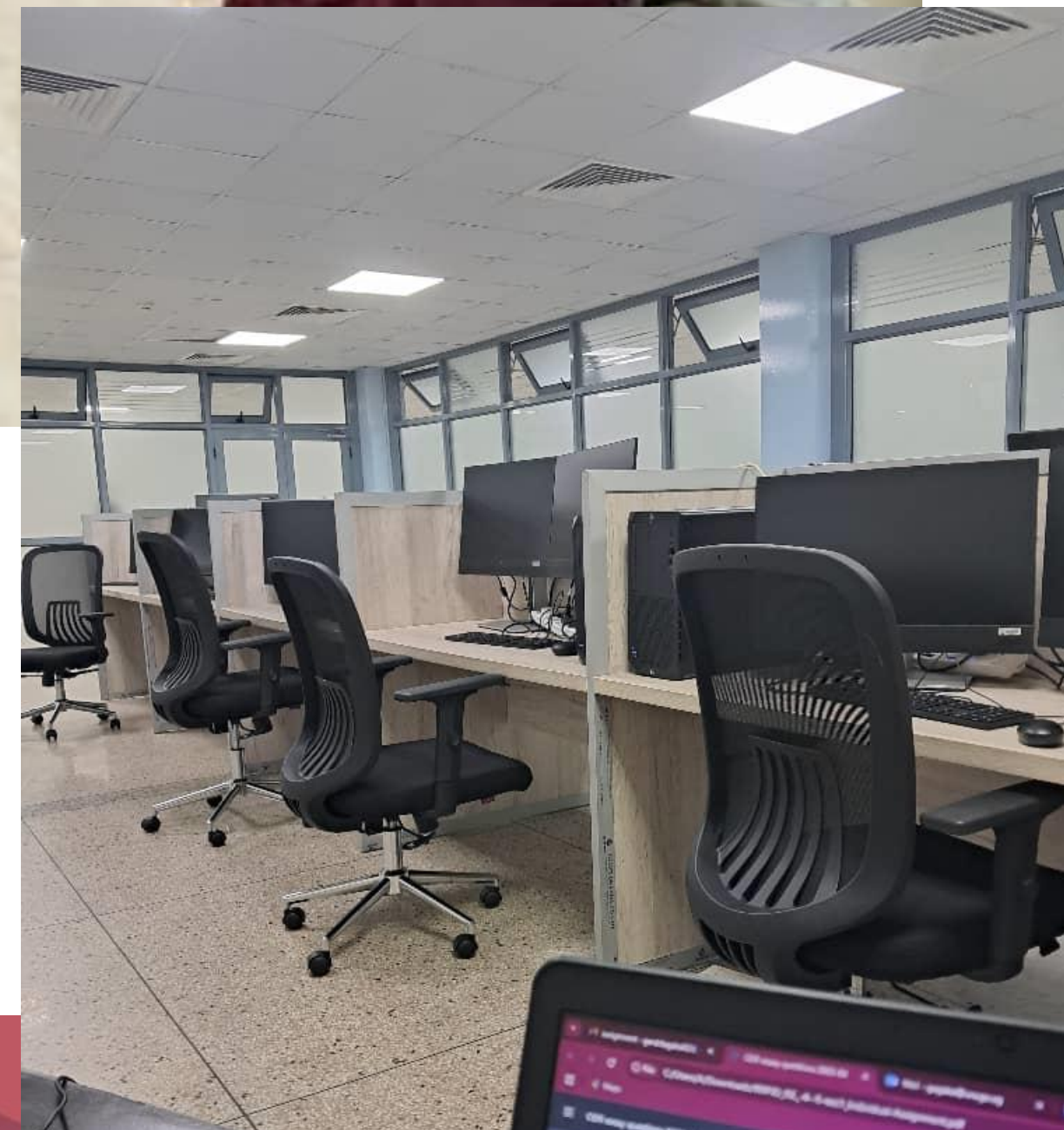- ❖ Partnership with Zambia Revenue Authority
- ❖ Lab expected Q2 2025

URA Research Lab

Anonymized datasets
- CIT
- Registration data
- Customs
- PAYE
- Presumptive
and more…

Secure in-person access

Intro to Government Revenue Dataset: Background

- Cross-Country dataset of gov't revenues & tax subcomponents

- Initially launched by ICTD, hosted by UNU-WIDER since 2016

- GRD project began 2010; launched 2014

- Why? Concerns over existing data
  - Very poor developing country coverage
  - Inconsistencies across sources and countries
  - Differences arising from underlying GDP figures
  - Questions over accuracy

Intro to GRD: Sources

- GRD takes data from
  - IMF *Government Finance Statistics*
  - OECD *Revenue Statistics*
    - *Latin America, Asia, Africa*
  - IMF Article IV Consultations

- Incorporates all figures in LCU, then expresses as % of a 'Common' GDP figure to avoid inconsistencies when making comparisons
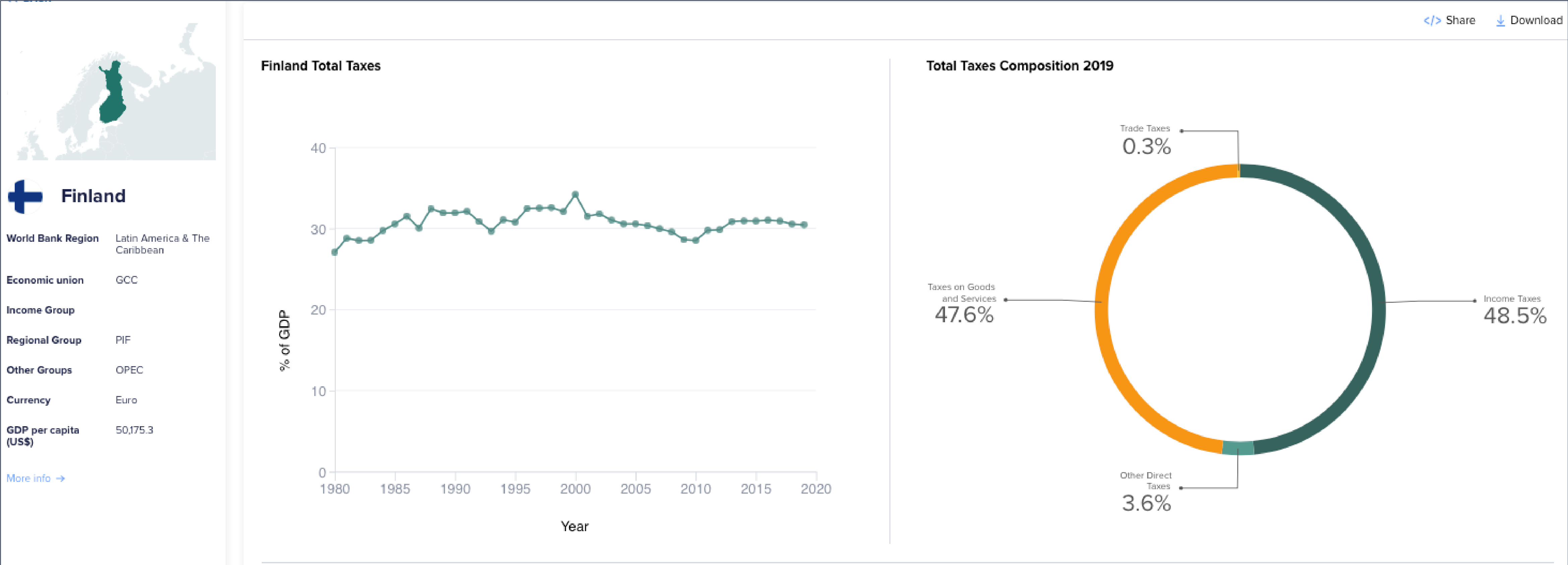
Intro to GRD: How to Access

- All resources available on the UNU-WIDER website
  - Excel
  - Stata
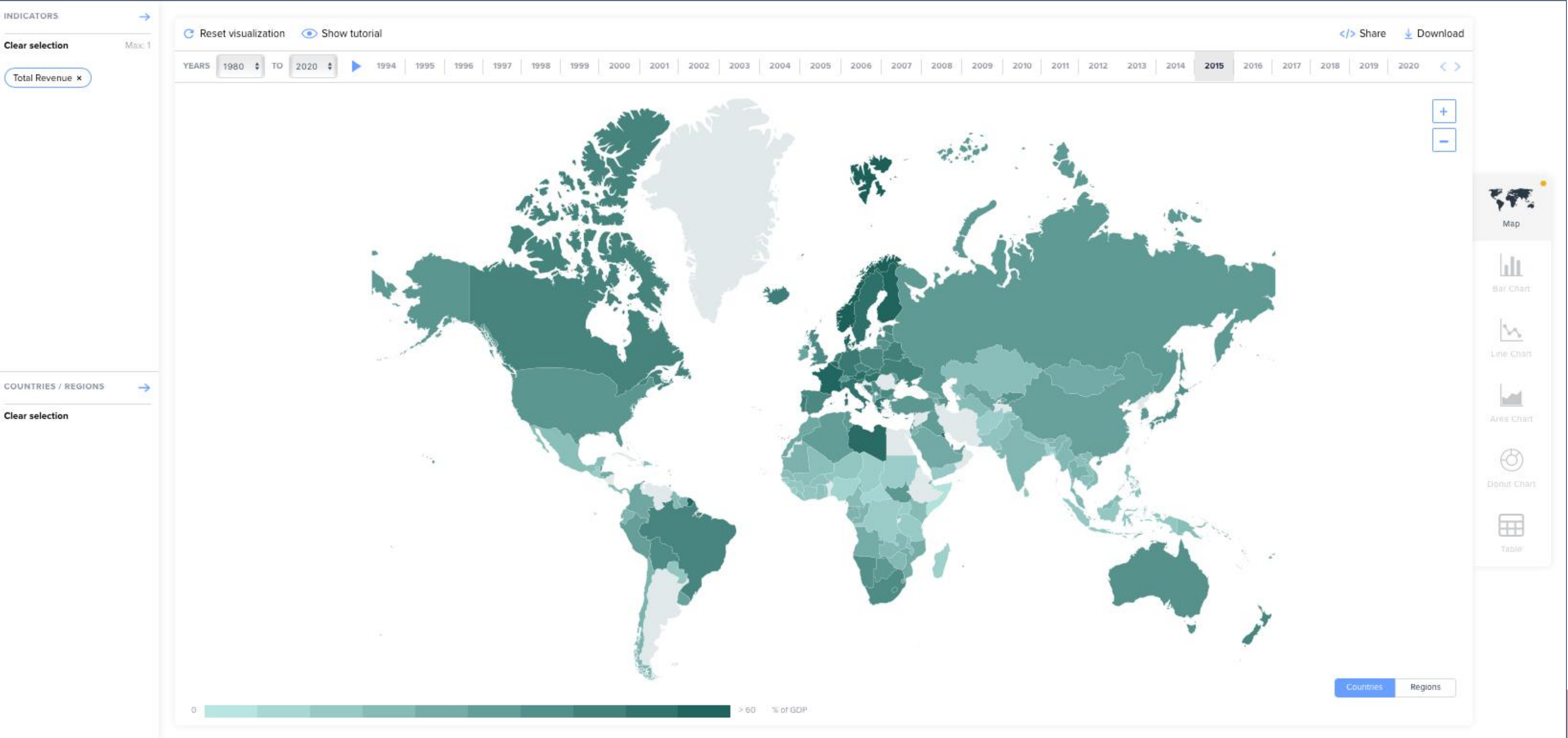 - GRD Explorer Visualisation Tool

- Contact GRD@wider.unu.edu

Intro to GRD: How to Access

Intro to GRD: How to Access

Documentation

Technical Notes

- [TN1: Source Selection](#)
- [TN2: Variable Description](#)
- [TN3: Country Notes](#)

WIDER TECHNICAL NOTE | 10/2021

Government Revenue Dataset (GRD)

Government Revenue Dataset (2021): source selection

Kyle McNabb,[1] Annalena Op

August 2021

WIDER TECHNICAL NOTE | 21/2021

Government Revenue Dataset (GRD)

Government Revenue Dataset (2021): country notes

na Oppel[2]

WIDER TECHNICAL NOTE | 11/2021

Government Revenue Dataset (GRD)

Government Revenue Dataset (2021): variable description

Annalena Oppel,[1] Kyle McNabb,[2] and Daniel Chachu[3]

August 2021

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Summary

1. Growing literature on IFFs in Africa and developing countries

2. Leverage the administrative data – not always perfect, better than nothing and quality improves over time.

3. GRD (harmonized cross-country data) provides the necessary revenue data that can help identify discrepancies and potential IFFs.

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