

PRESS RELEASE

Plugging commercial laws loopholes to fight illicit financial flows from Africa

If addressed, the loopholes in most African legislative frameworks could reduce the overall illicit financial outflows from Africa and raise resources to finance its development.

Tunis, 05 September 2019 – In Africa, commercial illicit financial outflows (IFFs) are the largest, followed by criminal flows and outright bribery, according to the High-Level Panel (HLP) Report on IFFs. The HLP Report, estimates about \$50 billion is taken away from Africa yearly due to trade mispricing. Were it not for these IFFs, according to the HLP Report, Africa's GDP would be at least 16% higher. These constitute funds that would otherwise be used for development.

Weak legislative frameworks and regulations allow illicit activities to take place in African countries. Indeed, most African tax legislations have been drafted in the early 1960's and late 1970's and may have lost their relevance for today's economic ecosystems. As a result, most carry limitations such as an in their tax exemptions regimes or treaties which may neutralise the tax payer's burden in two different jurisdictions. In a bid to attract local and foreign private sector investments, African governments enable tax evasion. Therefore, an overhaul of the legislative tax frameworks is needed especially concerning tax incentives.

Thus, effective ways to engage in policy and legislative discourse on IFFs and domestic resource mobilization are at the heart of the Skills Development Workshop for African parliamentarians that opens today in Tunis. The workshop is organized by Tax Justice Network Africa (TJNA) in collaboration with the African Tax Administration Forum (ATAF) and the Tunisian Observatory for Economy (TOE). The workshop will discuss the following thematic areas: curtailment of profit shifting loopholes in DTAs; Domestication of the Africa Mining Vision principles; Financing investment in agriculture, health and education through taxation; and, finally the Implementation of HLP recommendations at national and regional levels. The training welcomes close to 50 members of national, regional and pan African assemblies and will hold until 6th September 2019.

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