ADB’s response

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Challenges
Production and supply chains
Decline in domestic demand
Capital outflow
Currency depreciation
Rising interest rate spreads on government bonds

as well as global health crisis

Sovereign support: Support public expenditure for health sector and for social safety nets
Non-sovereign support: short-term working capital

ADB is supporting its developing members in responding to the COVID-19 outbreak through finance, knowledge, and partnerships.
Proposed action plans

1) The business process of tax administration

2) Implement government tax-related policies

3) Manage service demands and tax compliance risks during the pandemic/crisis

4) Tax policy and administration reforms needed in the Post pandemic
Maintaining business continuity

- **Essential business processes** including taxpayer registration, taxpayer services, tax return and payment processing under enterprise risk management framework.

- **Data and cyber security** as one of the essential areas in the operations of Tax administration.

- **Office policy on health and hygiene**
Tax-related policies during the pandemic/crisis

- **Tax relief measures : Eligibility Criteria**: the specific legal and regulatory operational framework

- **Follow the ‘Three Ts’ Principle**: For policy measures to be most effective, policymakers should ensure that the measures are (i) timely, well (ii) targeted, and (iii) temporary.

- **Combining Tax Relief with Other Measures**:
  a) Ensuring taxpayers, in particular SMEs’, access to credit through refinancing windows,
  b) Public guarantee schemes for continuing bank lending, and
  c) Short-term deferment payment and/or instalment scheme could be effective.
Taxpayer Services

- Taxpayer services is vital, in particular, for **vulnerable taxpayers**.
- **Flexibility** in the use of staff to manage peaks in service demand
- Some measures: tax debt payment plans in instalment scheme, VAT refunds to be prioritized to ensure quick payout.

Tax compliance risk management

- **Newly emerging compliance risks** in shadow economy and VAT fraud...
- Negative impact to taxpayers’ behavior of the tax compliance.

Revenue authorities have to manage service demands well and take the right balance between taxpayer services and compliance risk management.
Asian Development Outlook (ADO) 2020 shows the economic growth will rebound to **6.2% in 2021**.

⇒ Tax reforms needed post the pandemic.

**Globalization** may be slow down temporarily but will not lose its momentum supported by progress of **digitalization**.

⇒ **Digital transformation** in new normal.

⇒ International tax standards including the taxation on digitalized transactions.

ADB is pursuing the assistance on revenue mobilization for our member countries under the Strategy 2030 and new president’s enthusiasm.
ADB’s vision and action plan

[Vision] ADB to support ADB Developing Member Countries (DMCs) in establishing an effective regional hub on Domestic Resource Mobilization (DRM) and international tax cooperation (ITC) in Asia and the Pacific.

[Action plan] Aligned with the SDGs and G20 initiatives, ADB is committed to supporting and promoting DRM and ITC among its DMCs in close collaboration with other development partners. This will support DMCs to meet a minimum of 15% tax yields and fully benefit from adhering to international tax standards that can help in further boosting revenues by reducing tax evasion and tax avoidance.

[Public Communication] In the panel session on DRM and ITC in the second stage of ADB annual meeting on 18-21 September 2020.
COVID-19 (Coronavirus): ADB's Response:
https://www.adb.org/what-we-do/covid19-coronavirus

ADB COVID-19 Policy Database

Policy paper on ADB’s Comprehensive Response to the COVID-19 Pandemic

Latest on COVID-19

12 MAY 2020 | NEWS RELEASE
ADB Provides $100 Million to Support Mongolia’s COVID-19 Response

11 MAY 2020 | NEWS RELEASE
ADB President, Afghanistan President Discuss COVID-19 Support; $40 Million Grant

08 MAY 2020 | NEWS RELEASE
ADB-Funded Laboratory to Scale Up COVID-19 Testing in the Philippines

08 MAY 2020 | NEWS RELEASE
ADB Provides $30 Million Extra to Mongolia Health Project to Fight COVID-19