Tax for SDGs Initiative

Challenges for promoting Taxation for SDGs in Small-island Developing States

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UNDP Tax For SDGs Initiative

Tax for SDGs Initiative

Aligning tax and fiscal policies with the Sustainable Development Goals.

Increasing capacity to tackle tax avoidance, tax evasion and illicit financial flows (IFFs).

Incorporating evidence and perspectives from developing countries into regional and international discussions on taxation.

Tax for SDGs **supports developing countries in**

- **increasing domestic resource mobilization (DRM)** and
- **achieving the Sustainable Development Goals (SDGs)**

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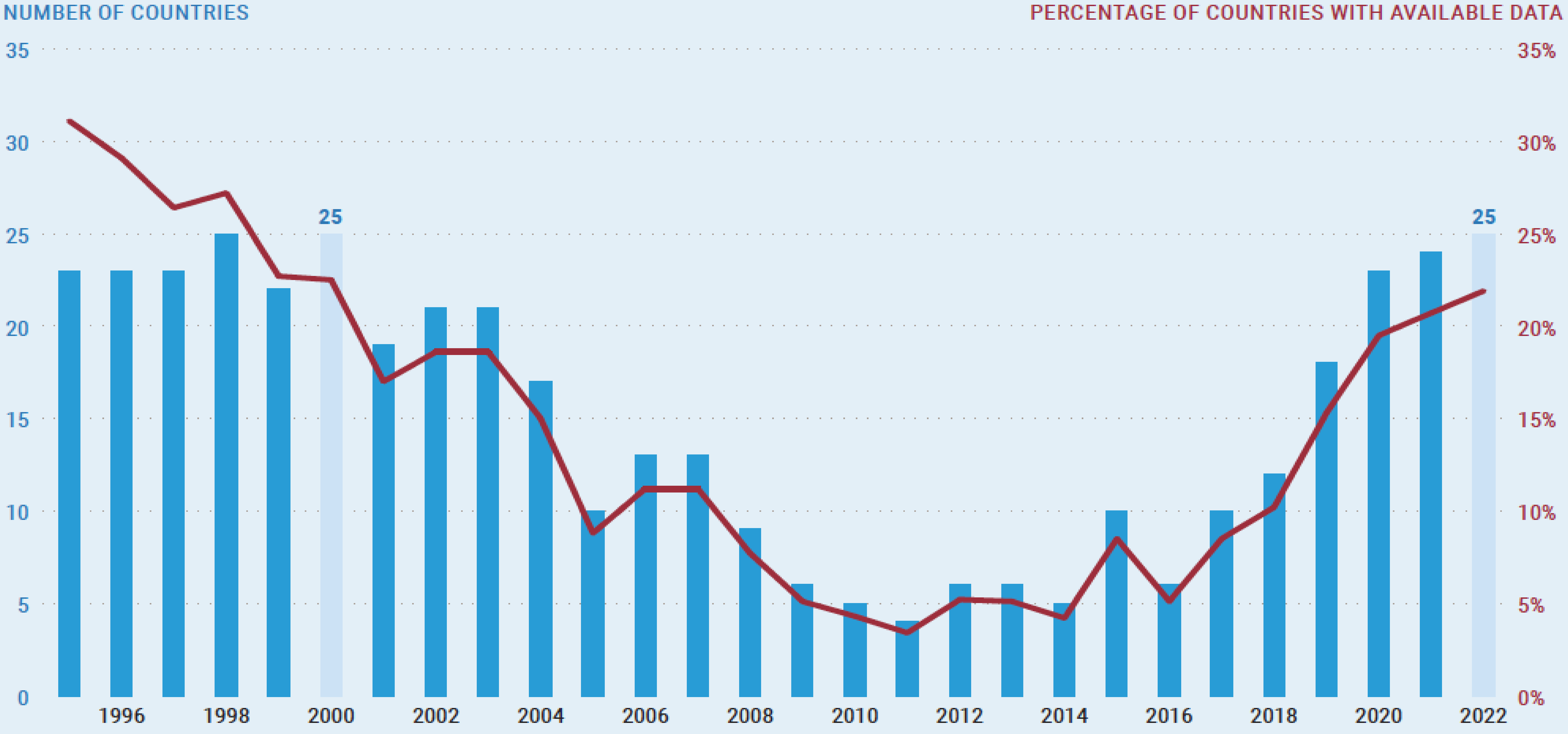
Figure A: Number of countries paying more than 20 percent of government revenue in external PPG debt service



Source: UNDP based on external PPG debt service data from World Bank IDS database and government revenue data from IMF WEO October 2022 database. Note: Debt service includes interest and principal payments on public and publicly guaranteed (PPG) debt.

Tax policies for Health

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- Traditional health taxes
- Fossil Fuels, Sugar, Ultra-processed Foods
- Tax policies on ‘healthy consumption’
- Tax policies for spending on health (earmarking, private/voluntary insurance)
- Modelling of expected revenue, health impacts
- Institutional Context Analysis
- Impact of health taxes on other, linked sectors
- Assessing how can these taxes be made more effective

Lessons learned from working with SIDs in Tax4SDGs

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- Of the Initiative's Priority Countries, 3 are SIDS (Maldives, Seychelles, Comoros)

- 1. Economically different; dependence on imports, foreign currency
- 2. Relative dominance of certain sectors, companies
- 3. Relative high tax-to-GDP ratios (Seychelles 30% Tax revenues to GDP)
- 4. Large share of tax from international corporations
- 5. Smaller physical size means larger formal sector, easier to collect taxes
- 6. Limited capacity of tax authorities

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- 1. Dependence on imports: *temptation to address health taxes with import duties*
- 2. Dominance of sectors, companies: *more challenging to pass health taxes*
- 3. Relative high tax-to-GDP ratios: *tax to change behavior can be a stronger policy tool than more revenues*
- 4. Large share of tax from international corporations: *challenging*
- 5. Smaller physical size: *easier for monitoring of tax collection*
- 6. Limited capacity of tax authorities: *policies that require advanced capacity may be out of reach*

Suggestion: mobilize efforts through regional mechanisms

Promote investment in Health and Well-being

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UNDP Tax Dialogue, 14th to 17th of November

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COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK

Norway

SUSTAINABLE FINANCE HUB

iPD Initiative for Policy Dialogue

Norad

Ministry for Foreign Affairs of Finland

Tax for SDGs Initiative

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SDG Taxation Framework (STF) Module on Tax and Health (SDG 3)

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What is the STF?

It is a **diagnostic framework** that evaluates the coherence of tax systems of a country with specific SDG targets

It offers potential avenues for how SDG targets can be achieved through tax policy and tax administration interventions.

Evaluates a country's efforts and success in leveraging taxation to achieve SDGs

Self-evaluation -- evidence-based exercise

Sub-dimensions are scored according to performance criteria, scores assigned from A to D