



**REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING**

REMARKS BY THE CABINET SECRETARY, THE NATIONAL TREASURY AND ECONOMIC PLANNING, PROF. NJUGUNA NDUNG’U, CBS, DURING THE INTERNATIONAL TAX RESEARCH CONFERENCE AT SERENA HOTEL, NAIROBI ON 5TH JUNE, 2023.

Mwirigi Mugambi, Commissioner, Kenya School of Revenue Administration;

Doris Akol, Chair, International Centre for Tax Development (ICTD) Advisory Group;

Wilson Prichard, ICTD Executive Director;

Head of International Centre for Tax & Development;

Heads of Representatives of Key Conference Organizations;

Ladies and Gentlemen.

Good morning

- I. Am delighted to join you today for the International Tax Research Conference themed “*Global Tax Governance at a Crossroads*”
- II. From the outset I would like to warmly welcome all the delegates to this research conference.
- III. Further, I wish to thank the organisers of this conference - International Centre for Tax and Development, for partnering with KRA through the

Kenya School of Revenue Administration (KESRA), in this debate on the discourse of global tax governance.

- IV. The conference offers an important platform, to discuss emerging issues in international taxation, and especially in the context of developing countries.
- V. **Distinguished participants**, Kenya has made significant progress in international taxation and is a signatory to many international tax treaties and agreements.
- VI. For instance, the Treaty & International Policy office at KRA manages international tax matters that include Double Taxation Agreements (DTAs), Mutual Agreement Procedures (MAP), Legislative Review and Implementation of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Agenda recommendations domestically.
- VII. Further, Kenya participates in international taxation forums organized by the Organization for Economic Cooperation and Development (OECD), the United Nations (UN), African Tax Administration Forum (ATA) and East African Revenue Authority Technical Committee (EARATC) among others and has hitherto contributed to the development of international tax policies.
- VIII. In 2023, the Country acceded to the Two-pillar Solution on Digital Taxation, spearheaded by the OECD and Inclusive Framework (IF).
- IX. Despite the progress made so far, Kenya like many developing Countries is faced with myriad of challenges related to international taxation.
- X. As you are aware, globalization has brought increased capital flows, both in Foreign Direct Investment (FDI) and portfolio investments, which would be expected to increase tax revenue for developing countries. However, this aspect brings with it various administrative challenges.

XI. The structure of international treaties, for instance, makes no provisions for e-commerce. In addition, countries experience abuse of tax treaties due to inadequate beneficial ownership anti-provisions, at times leading to treaty shopping.

XII. **Further**, taxation of digital economy remains relatively new and challenging especially with regard to definition of "*value*" in a digital business, as we address the issues related to intangible assets that underpin this industry.

XIII. There is also insufficient information about worldwide activities and operations of Multinational Enterprises (MNEs) and finding comparable data for cases related to transfer pricing.

XIV. Other challenges relate to insufficient expertise in international taxation matters for many developing countries.

XV. **In view of the forgoing ladies and gentlemen**, this Conference provides an opportune platform for developing convergence of mind among the international taxation researchers, policy makers, tax administrators, development partners and academia to debate and offer solutions on the challenges that I have outlined among others.

XVI. I encourage you to interrogate the thematic areas frankly and boldly, with a view to finding solutions that could inform tax policies for developing countries.

XVII. As I conclude, I wish to reiterate that, the interactions during this Conference should produce interventions that are capable of helping developing countries structure their tax instruments to enhance revenue collection.

Finally, I am pleased to declare this International Tax Conference themed "Global Tax Governance at a Crossroads" officially open.

Thank you for your attention