

**FEATURE ADDRESS BY THE MINISTER OF FINANCE AND  
THE ECONOMY**

**SENATOR THE HONOURABLE LARRY HOWAI**

**At the**

**22<sup>ND</sup> General Assembly and Technical Conference of Caribbean  
Organization of Tax Administrators**

**Monday 16<sup>th</sup> July 2012**

***“Building Resilience in Tax Administrations through Innovations”***

Thank you Madam Chair

Members of Parliament / Colleagues

Permanent Secretaries, Ministry of Finance

Chairman and Commissioners of Board of Inland Revenue

President and Distinguished Members of the Caribbean Organization of Tax

Administrators

Representatives of Regional and International Organizations

Members of Staff

Members of the Media

Specially invited guests

Ladies and Gentlemen – A special good morning!

I expect you to enjoy the hospitality of our country .....

Your gathering today reflects the importance you have all placed on the issue of improvement in Tax Administration in your respective jurisdictions and to the Caribbean region as a whole.

I have noted that this year marks the 42<sup>nd</sup> year of the existence of the Caribbean Organisation of Tax Administrators. This organization clearly has

considerable history and experience and must be commended for its effort over the past years in improving the tax affairs of Caribbean countries and I wish you continued success in the future.

My Government is ready to provide the necessary support to the Caribbean Organisation of Tax Administrators as we know this will benefit the entire Caribbean Region.

Whilst I note the international events of the past would have presented some challenges for tax administrations, I must state that the future will be even more challenging and would demand all your years of experience and skills to remain dynamic and effective and provide the required budgeted revenue so desperately needed in a very turbulent and fast changing Global environment.

Your theme therefore is most relevant - “Building resilience in Tax Administration through innovation”.

Resilience and innovation are important watchwords in any Tax Administration. Driven by this age of information technology, new

processes have to be developed that should have significant positive impact on the operations of Tax Administration. The implementation of new practices in tax administration must contribute to resilient Revenue Authorities and improvements in the efficiency, effectiveness and transparency of management in these Authorities.

Increased revenue mobilization is now important for countries to meet the challenges of development and achieve higher living standards for its people. Tax administration is therefore critical to this process and in an environment of limited resources, capacity building initiatives like this technical forum is important.

As a regional body of tax administrators your work will go beyond regional issues as we are no longer isolated from events outside our area. We need to look at international co-operation aimed at promoting mutual assistance, discussions and better insight into tax policies and identify tax administration strategies aimed at developing synergies from these interactions.

In a global economy where business decisions and investment funds can rapidly shift to find the best opportunities, it is critical that Caribbean tax administrations continue to perform as modern, future-focused organizations administering a transparent and effective tax system. The modern world is constantly changing at the global, regional and national levels. Business processes are adapting and realigning at a rapid pace to remain competitive. Caricom is not immune to the constant changes taking place in the business environment and so must also re-adapt and re-align.

You face challenges from all quarters both within and outside your jurisdictions.

Firstly taxpayers are now more educated and are constantly observing whether their interests are being served with fairness, efficiency and professionalism. Performance measurement and customer service are important elements of the new paradigm.

Governments are now demanding greater efficiency so that taxes due are collected. International organisations are also involved in the examination of your operations.

In addition to all these you have to analyse financial crime, illicit activities and underground sectors of the economy, all of which are threat to the tax base. I note that the operations of multinationals, together with complex business transactions require an ever changing dynamic tax administration. Your job is not easy.

Where do we go from here?

- The Caricom Treaty and CSME are geared towards promoting economic integration and cooperation among its members, to ensure that the benefits of integration are equitably shared.

We therefore have to be continuously vigilant in examining the Treaty to ensure it serves its purpose. It is noted that in the Tax arena that Tax Harmonisation remains a work-in-progress. It is important to fast track this process. Tax Harmonisation reduces the tendency for competition amongst member states and provides equal investment opportunity amongst states. Where the Domestic Tax burden of one country is relatively higher than another, there will be a shifting of the tax liabilities

by companies seeking to arbitrage the differences that exist. I have been reliably informed that multinationals are already exploiting the failure to harmonise tax rates in Caricom which is working to the detriment of the region as a whole. I recommend that Tax Harmonisation within Caricom be given priority for completion.

- Recently the Global Forum on Transparency and Exchange of Information for Tax Purposes conducted reviews of the Regional Tax Administration's legislative and administration frameworks for exchange of information. I note that there are on-going discussions on improving the information exchange capacity of the Treaty and this is commendable. This effort must continue. The information exchange process has to be strengthened within Caricom.
  
- Competition for investments have encouraged countries to make their tax systems more attractive, however care must be taken to ensure that changes are not anti-competitive and harmful to the region by giving rise to possible economic sanctions. The existing system and changes proposed have to be carefully evaluated.

- Greater and more regular interaction amongst Caricom members on taxation issues impacting on the region will aid in capacity building and will standardize the treatment of tax issues by large multinationals operating in the region.

In closing let me urge you to use this Forum as a means to deepen the integration process, strengthen the goodwill that already exists among you and continue to make valuable contributions that facilitate the development of the Region and I wish you all the success in your technical seminar during this week.

Ladies and Gentlemen, I thank you.