



MINISTRY OF FINANCE  
REPUBLIC OF SOUTH AFRICA

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## MEDIA STATEMENT

### AFRICAN TAX ADMINISTRATION FORUM DISCUSSES TAXATION IN DIGITALISED ECONOMY

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Today Deputy Minister of Finance, Dr David Masedo, participated at the 4th African Tax Administration Forum (ATAF) High-level Tax Policy Dialogue hosted virtually. Dr Masedo together with his fellow panellists explored the topic: *Is a Global Consensus on Taxing the Digitalised Economy still possible: Any options for Africa?*

The Deputy Minister focused on these key messages:

- The need for government to leverage on the tide of increasing innovation to improve tax collection in the digital economy;
- The increased usage of technology to ensure business continuity during the nationwide lockdown;
- The mobilisation of other African Ministers of Finance as critical stakeholders in obtaining an African solution to taxing the digital economy;
- Underscored the need for an urgent meeting of AU Finance Ministers to provide direction on the ongoing debate on global taxing rights, with technical support from ATAF ahead of a global decision expected in October 2020;
- Advocated for the creation of a Continental Platform on Tax at the African Union level that pursues African taxing rights to boost tax revenues on the continent and fight IFFs; and
- Committed South Africa's influence at the international stage in pursuing more taxing rights for African countries.

The COVID-19 pandemic has negatively affected all countries, most especially African countries, resulting in a loss of government income tax revenues and increased country debt to international organisations such as the International Monetary Fund and World Bank. The pandemic also led to more digitalisation of economic activities, which will likely escalate the loss of revenue in developing countries.

“The Coronavirus pandemic has made the discussion on the taxation of digital economy more urgent, as countries are now embarking on economic recovery plans. National Treasury and SARS appeared in Parliament in June 2020 to discuss the



issues within the digital economy and the implications for tax policy affecting the generation of new income tax revenue. During these discussions, National Treasury advised Parliament that South Africa has opted not to introduce any unilateral measures to deal with direct tax treatment of the challenges of the digital economy for now. South Africa has opted to wait for multilateral consensus or solutions to be published in the final report on tax challenges arising from digitalisation which is due in 2020,” Dr Masondo said.

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