



c/o GK Partners
Downstream Building, 1 London Bridge, London SE1 9BG

**CONSULTATION
FRAMEWORK**

Tel: + 44 (0)20 7785 6343 +44 (0)20 7587 3900
Email: info@remitaid.org faal@remitaid.org
www.gkpartners.co.uk www.remitaid.org

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Joint programme of GK Partners (Reg. No. 5179591) & African Foundation for Development [AFFORD] (Charity No. 1104682)

RemitAid™: Remittance Tax Relief for International Development

RemitAid™ Consultation Framework

*Presentation by Gibril Faal
Chairman of AFFORD / Founder of RemitAid™*



MINISTERIAL DECLARATION

“We, Ministers and Heads of delegations of the Least Developed Countries (LDCs), having met on 9 and 10 February 2006 in Cotonou, at the Ministerial Conference of the Least Developed Countries on Migrants’ Remittances;

Urge Governments of host countries to consider introducing tax relief for remittances similar to tax incentives provided for investment funds and charitable donations”

[Resolution proposed by Gibril Faal – RemitAid / AFFORD]

RemitAid™ in Brief

- Proposal for tax relief on remittances spent on international development
- Proposal for UK government to introduce RemitAid™ on terms similar to tax relief schemes such as Gift Aid, Venture Capital Trust (VCT) and Enterprise Investment Scheme (EIS) as a tax incentive for remittances to be spent on development and productive ventures and schemes in LDCs
- The main difference from other tax incentive schemes is that the tax rebate is pooled together instead of being returned directly to the individual remitter
- Idea emerged out of: experience of working on social enterprise, regeneration and enterprise development; looking at how the tax regime supports economic development strategies; assessing the shortcomings of remittances to LDCs
- Idea already raised with HM Treasury and this presentation/session is part of the initial consultation process/exercise

Some Reasons why Remittance Tax Relief (RTR) is Needed

- Create parity with tax benefits available for charitable donations
- Opportunity to pool migrant and diaspora resources and create new development funds
- Directing remittances to 'productive' ventures away from non-regenerative 'consumption'
- Virtuous circle of 'productive investment' leading to more 'development funds' being available for further economic and community development in LDCs
- Extend tax incentives to ordinary low income remitters who do not have investment portfolios that are eligible for tax relief
- Opportunity to channel more remittances through transparent and efficient formal money transfer structures as the financial regulatory regime tightens up in OECD countries post 9/11

Some Consultation Questions

- Who shall be responsible for the governance of the RemitAid™ bodies?
- How shall the funds be used / what projects are to be funded?
- How shall people be encouraged to use accredited money transfer agencies?
- Why should individuals not claim back the tax rebate for themselves?
- In which countries would the scheme operate?
- What are the chances of getting this idea to work / to happen?
- WHAT OTHER QUESTIONS DO YOU HAVE?

Proposed Operating Framework for the Remittance Tax Relief System

