

Revenue Administration

Capacity Development Activities in Fiscal Year 2024

Algeria

April 28-May 6, 2024: METAC provided tailored advice to the Algerian General Directorate of Taxes (DGI) on the design of a compliance risk management strategy for the extractive industries (EI) (oil, gas, and mining). The mission conducted a comprehensive environmental scan of the local circumstances together with a review of global EI business models, tax planning, and regulatory frameworks. It prepared a draft mid-turn program to provide regular and on-demand advice throughout FY25, enabling DGI to implement a strategy to improve EI compliance and expand it to a broader tax base.

Djibouti

June 11-23, 2023: METAC assisted the General Directorate of Customs and Indirect Taxes (GDC) of Djibouti in the development of its first ever strategic plan. The mission supported the GDC to: (i) develop in-house capacities in the areas of strategic planning and results-based management, (ii) conduct a high-level environmental scan, (iii) develop the strategic plan's vision, mission, and values, (iv) validate strategic pillars, draft strategic goals, and associated performance indicators, (v) preliminarily identify the structure of the reform and modernization program. The GDC has requested further TA to finalize and launch the strategic plan as well as support with the conception and execution of the reform and modernization program.

January 7-11, 2024: A dedicated training on compliance risk management (CRM) was conducted with representatives of the Ministry of Budget and Tax Administration. The quality and usefulness of the workshop and the expertise of the IMF team were highly appreciated by the participants (4.7 average rating as measured by standardized questionnaire). In addition, the mission concluded that a simplified CRM framework for low-capacity countries could be jointly developed and piloted in Djibouti. A series of meetings were held with the Secretary General of the Ministry of Budget and the Head of the Tax Administration to identify capacity development (CD) needs for the remainder of FY24 and FY25. A coordination meeting was held with the local World Bank team to ensure that CD initiatives do not overlap.

January 28-February 1, 2024: In a five-day training on Project Management skills with the Direction des Douanes et Droits Indirects (Customs), participants received training on what a project is; formulating a project; a project life cycle; roles of project stakeholders; etc. and were introduced to templates useful in documenting and managing projects. The participants have been requested to complete the WCO and/or the IMF VITARA online Project Management training courses to build on the in-person training and will be supported remotely as they put this into practice, developing several project documents

using correct methodology. In addition to the training, the mission worked with senior customs managers to validate and give preliminary priorities to activities for Djibouti Custom's strategic plan.

February 2024: February saw the conclusion of the remote element of a hybrid mission on Project Management skills for the Direction des Douanes et Droits Indirects (Customs). With seven days of remote support, the mission supported Djibouti Customs in (i) finalizing two Project Initiation Documents started during the in-person element of the mission; (ii) enabling six officers to complete the WCO online training in Project Management and (iii) completing a Project Management Organizational Maturity Level Assessment, which indicated the Djibouti Customs are at the 'initial stage' (first of five levels).

April 21-25, 2024: A follow-up in-country CD mission on Strategic Planning and Project Management took place at Djibouti Customs HQ. The team of officers who will be responsible for implementing the received expert support on developing performance indicators for the Strategic Plan agreed on a governance mechanism for the Strategic Plan, determined priority actions for reforms, and finalized several Project Initiation Documents. Additionally, the Director General received an update on the progress and METAC support. A further virtual follow up mission will take place in May to support the finalization of Project Initiation Documents and Project Governance documents.

April 14-28 and April 21-24: METAC assisted Djibouti's tax administration in setting up an integrated large taxpayers office, working with officials to draft an implementation plan and the necessary legislation to support integration. A second METAC remote mission helped the authorities to design a stakeholder engagement and communication program as a structured approach to encourage voluntary compliance.

Egypt

May 14-25, 2023: METAC assisted the Egyptian Customs Authority (ECA) in the review of its strategic performance over the past three years, and in developing a new strategic plan for 2023-2026, including the formulation of a mission statement and SMART objectives. Specifically, METAC provided training to raise ECA staff awareness for strategic planning and strategic performance management. Several meetings, trainings, and workshops provided detailed practical advice on strategic performance and management issues. The mission proposed improvements to the strategic planning and performance measurement process. If fully embraced and resourced by the ECA leadership, improved strategic and performance management will contribute to improving overall performance of customs administration.

May 21-25, 2023: METAC conducted a follow-up mission to review the work accomplished by the various working groups on the implementation of the Post-Clearance Audit (PCA) programs. Progress was achieved in two of the six programs initiated during the previous mission (March 2023), namely customs valuation and tariff classification. Also, at the

request of the Egyptian authorities, the mission reviewed current transfer pricing practices at the Egyptian Customs Administration (ECA). The mission made presentations on import transactions between related parties and discussed the OECD transfer pricing Guidelines for Multinational Enterprises and Tax Administrations.

March 4-8, 2024: METAC's Customs Advisor supported the IMF Fiscal Affairs Department (FAD) Medium-Term Revenue Strategy (MTRS) CD Planning Activity. The mission team assessed the Egyptian Customs Administration's (ECA) reform progress, particularly in relation to MTRS obligations. Additionally, core customs functions were assessed, and the team made recommendations for improvements. The mission discussed an FAD CD workplan over a two-year period (FY25 & FY26) with senior ECA management. The team assessed that ECA had started 17 of 19 obligations, but that most (11) were only partly achieved. The authorities requested further CD on the MTRS obligations, particularly in compliance risk management (CRM) and post clearance audit (PCA).

Iraq

May 14-20, 2023: An offsite capacity development mission (to Amman, Jordan) supported the Iraqi General Commission for Taxes (GCT) in assessing its readiness to apply the self-assessment system. Guidance was provided on the key features of self-assessment and on necessary steps towards the transition to a self-assessment system. An action plan for transitioning to a self-assessment system was also presented to the GCT.

July 16-20, 2023: An offsite capacity development (CD) mission assisted the Iraq General Commission of Taxes (GCT) on good practice in organizational design to modernize the organizational structure of GCT headquarter and regional offices. The mission addressed the importance of autonomy in public administration and advised to what extent an autonomous or semi-autonomous organizational structure would be beneficial for GCT. The mission developed with the Iraqi delegation a hybrid functional-based organizational structure, which will be reviewed by and discussed with the Ministry of Finance.

October 16-November 16, 2023: This joint METAC and IMF Legal Department (LEG) desk review assignment supported the General Commission of Taxes (GCT) of Iraq in (i) reviewing the current legal framework for tax procedures related to the self-assessment (SA) system; (ii) identifying, designing,, and drafting necessary legislative amendments to the Income Tax Law to support implementation of the SA; and (iii) reviewing the amendments with designated GCT officials to address questions or comments. This mission is deemed critical as the current income tax law only provides for administrative assessment and thus presents an obstacle for the effective transition to the SA system.

November 6-16, 2023: This mission was conducted offsite in Amman, Jordan, in collaboration with the IMF's Legal Department (LEG). The mission (i) reviewed the current law of 1984 and the draft amendments prepared by the Iraqi authorities to identify gaps against international standards; (ii) suggested amendments to the customs law with respect to the implementation of risk management, authorized economic operators, post-

clearance audits, and customs valuation. The mission also assisted the General Authority of Customs (GAC) to draft a function-based organization for GAC, and (iii) identified further CD needs in this area.

December 4-15, 2023: This joint HQ and METAC offsite mission to Turkey supported the General Commission of Taxes (GCT) of Iraq in developing a medium-term reform plan. The operational environment of the GCT has informed specific design criteria, leading to the identification of six core reform areas: (i) establishing a reliable taxpayer base; (ii) improving core functions through implementation of the self-assessment system; (iii) focusing on large taxpayers' compliance; (iv) organizational design and workforce planning; (v) transitioning to a digital environment; and (vi) reform governance, as foundations of the plan. These were translated into specific and sequenced initiatives categorized for the short and medium term. It was recommended that all reforms should undergo a pilot phase within the Large Taxpayers Office and be accompanied by a corresponding restructuring of the workforce and by a simplified reform governance structure to manage the proposed plan. An integrated FAD/METAC mid-term capacity development plan was also developed and is currently under review by the GCT.

January 5-February 29, 2024: METAC provided a remote CD activity spread over eight weeks in continued support to the development of amendments to the Iraq Customs Law. METAC, in cooperation with IMF LEG, worked with the Iraq Customs Legal Working Group to advise on the content of amendments to the Customs Law and on determining timelines for the amendments to be finalized and submitted. This was achieved through multiple online meetings over the course of the period. The stretching of the remote CD delivery period allowed for internal discussion, comment, drafting and translation of the proposed amendments. Following consolidation of the amendments drafted in this remote mission, it is envisaged that an off-site mission will take place before the end of FY24 to assist in the finalization of the drafts.

January 5-February 29, 2024: An extended remote activity supported the General Authority of Customs (GAC) in drafting a new Risk Management Circular and an Order of the Director General for the Establishment of a Risk Management Committee. These drafts follow support in November 2023 to the GAC in drafting legislative amendments on Risk Management and will support implementation of Risk Management amendment once it comes into force.

March 26-April 30, 2024: A remote mission assisted the Iraqi General Commission of Taxes (GCT) on transitioning to a new hybrid functional-based organizational structure. The mission advised the GCT on a more detailed preliminary structure for both HQ and the Large Taxpayers Office (LTO); developed high-level mandates for the basic core tax functions; and initiated discussions regarding the configuration of the new field office structure. Working sessions were scheduled throughout the remote mission to discuss: (1) METAC's previous proposal on a high-level organizational structure that was developed during October 2023; (2) the current GCT's HQ, LTO and Field Offices existing departments

and sections; (3) possible restructuring of these sections; and (4) the advice on the mandates of the main core tax functions. Engaged in a productive dialogue, officials recognized the necessity of restructuring to facilitate a more modern approach to work.

Jordan

October 2-12, 2023: In early October, a mission consisting of Rosen Bachvarov, resident tax advisor at METAC, and Peter Holloway, external FAD expert, visited Jordan to assist the ISTD in establishing a dedicated analytical unit. The experts advised also on the core competencies and tools needed for big data analytics and the implementation of several models aimed at predicting taxpayer behavior. The Jordanian Income and Sales Tax Department (ISTD) has made significant progress in digitalization and compliance management in recent years. Major digitization projects have been successfully implemented, along with the integration of key elements of the Compliance Risk Management (CRM) framework. The ISTD is moving towards better data exchange, improved risk analysis and structural reorganization to support effective tax administration. As more data sources become available, the importance of risk differentiation and case selection for audit and non-audit compliance programs increases.

February 4-10, 2024: The mission analyzed the progress made by ISTD in three areas: (i) transfer pricing (TP) tactical implementation plan, (ii) TP risk assessment and (iii) progress on TP audit cases. The mission team worked with ISTD staff to help them understand how to build an appropriate TP risk assessment process and how to correctly identify the challenging issues. The mission provided training and coaching on how to audit specific categories of identified transfer pricing risks so that the audit work could start and be carried out effectively. In addition, a series of coordination meetings were held with the Ministry of Finance and USAID to align the CD provided by the IMF and other donors operating in Jordan. A joint FY25 METAC-USAID TP event was discussed during the mission.

February 20-29: The mission advised the Income and Sales Tax Department (ISTD) on how to strengthen tax compliance in the digital economy. Discussions were held to better understand Jordan's current practices and challenges in the digital economy. A workshop was held to introduce ISTD staff to the basic concepts of the digital economy and the associated compliance risks. The mission also discussed the international context of the digital economy and platform typologies; compliance risk management principles and their application to the compliance risks posed by platforms and platform providers. Extensive discussions were held on common international practices for the tax treatment of the digital economy and the organizational arrangements needed for effective risk management. The mission presented a draft roadmap for the development of the Digital Economy Compliance Strategy and a Compliance Improvement Plan (CIP).

Lebanon

November 27-December 15, 2023: This remote METAC CD activity supported the Lebanon Customs Administration (LCA) in identifying services currently provided, or to be offered by Customs, and whether legally supported fees are being, or may be, charged. A list of services for which the LCA may charge fees based on good international practice was developed and submitted to the LCA for review and approval. The LCA was advised to review its services list to determine a final list of services to be charged.

January 8-26, 2024: During an offsite CD event, extensive work was done on data analytics and 3 workshops were held in the following areas (i) compliance risk management; (ii) organization, reform and change management (based on VITARA content); (iii) large taxpayers office and tax directorates merger reform projects. Data reports on compliance were produced, together with numerous statistics to identify potential risks in registration, correct filing, payment, and collection in the VAT segment. A database diagnosis of the core IT system SIGTAS was carried out, identifying challenges at the level of data governance, database architecture and data transfer and analysis processes. The mid-term agenda of the FAD-METAC CD was discussed with the participants and 2 tax directorates heads, and the activities for FY24 and FY25 were framed.

March 3-7, 2024: A follow-up mission to the Lebanese Customs Administration (LCA) Services Fees Review was carried out, off-site in Amman, Jordan. The mission developed a methodology to facilitate the pricing of services provided by Lebanese Customs. The methodology is designed to price services fairly and based on the recovery of actual costs to customs, as per World Customs Organization - Revised Kyoto Convention (WCO RKC) and World Trade Organization - Trade Facilitation Agreement guidelines (WTO TFA). The mission stressed the need for LTA to engage with the private sector prior to the application of new fees, to ensure users of customs services understand the fee structure and purpose.

April 15-19, 2024: A dedicated online mission assessed the training needs of auditors in the two tax directorates in Lebanon. Key knowledge gaps were identified, and an audit training plan was prepared and submitted to the authorities for review and approval. The implementation of the plan would benefit from a blended modality. In-person mission can now resume with the return of METAC and FAD resident advisors to Lebanon.

Libya

May 29-June 2, 2023: The METAC mission to the Libyan Customs Administration (LCA) complemented IMF Fiscal Affairs Department (FAD) support to pilot testing of ASYCUDA World (AW) at the Port of Tripoli. The FAD expert worked closely with a core team of LCA responsible for AW implementation, offsite in Tunis, Tunisia. The LCA team was given an in-depth view of AW functionalities relating to the management of suspensive regimes and the related system of guaranties. Therefore, LCA team was enabled to better understand the functional aspects of AW regarding the management of suspensive

regimes, and the measures, both technical and organizational, needed to enhance the AW prototype in testing. The LCA team committed to start with the submission of new types of declarations before end of June 2023.

August 28-September 1, 2023: As part of capacity development to the Libya Customs Authority, METAC delivered an off-site training on Post Clearance Audit (PCA) and Risk Management (RM) in Amman, Jordan. Four specialist officers from the RM Unit, Training Unit, Misrata Airport Audit Unit, and the Benghazi Audit Unit participated. Training covered PCA technical issues and RM matters, including the importance of relations and interaction between RM, PCA, intelligence and Enforcement functions. The participants left with a clearer view of PCA and RM, the requirements for its implementation, and were provided knowledge of risk indicators related to classification of goods and customs valuation in the framework of PCA.

January 8-13, 2024: An offsite CD event was held with Libya Customs Authority (LCA) in Cairo, Egypt. This CD activity, 'Support to Preparatory Work for the Roll-Out of ASYCUDA World', is the latest in a series of activities supporting the implementation of an automated customs clearance system, ASYCUDA World (AW), by the LCA. With support from METAC, the core team of the LCA AW implementation team identified the measures to be taken for the roll-out of the system to another customs site. A comprehensive review of the current clearance process was conducted, with essential changes made to certain roles/functions in the existing clearance process, establishing a new process that enables the LCA to introduce a risk-based approach to customs controls/ selectivity. The LCA team has embedded this new process into the AW structure, allowing the system to impose a standard processing path for the declaration. The LCA team is committed to implementing the new process in the next office where the system will be rolled out. As an expression of thanks to the METAC team, the Libyan Customs presented Mr. Allan with a certificate of appreciation for the office.

February 24-28, 2024: An offsite mission to Amman, Jordan, assisted the Libyan Taxation Authority (LTA) to modernize its organizational headquarters (HQ) and regional offices' structure. The mission recommended a hybrid model organizational structure and emphasized the need to strengthen critical HQ functions. Discussions were held to gain a deeper understanding of the regional offices' structure and review the work of the various departments and offices within this structure. The mission delivered workshops to introduce the participants to the principles of governance and autonomy; good practices in organizational design; the main organizational models used by tax administration; and the role of the HQ. Deliberations took place to develop a high-level organizational structure that best aligns with Libya's specific context.

April 21-29, 2024: A remote mission supported the Libyan Taxation Authority (LTA) in the identification of data and reporting requirements for the administration of income taxes. The mission clarified current approaches for income tax administration, including processes for registration, declaration, payment, and verification of liabilities; and

identified a preliminary set of data requirements for a re-design of tax forms covering tax registration, and annual Personal Income Tax (PIT) and Corporate Income Tax (CIT) declarations. The authorities acknowledged that the analytical capacity for monitoring and managing an income tax system is lacking and expressed their will to take more immediate steps to improve the income tax administration. The proposed tax forms should be reviewed by the LTA to examine their legislative impacts and confirm their technical feasibility for short-term implementation in the interim LTA computer platform.

Morocco

February 5-14, 2024: Morocco Customs hosted a METAC training on 'Improving the use of new emerging data analysis technologies in customs', at their Rabat HQ. Comprehensive training on this niche but important work area was delivered to a select group of eleven officers with the requisite skillsets. This activity is closely aligned with Morocco's customs strategy for development in this area. The 10-day training was split between familiarization on the relevant computer languages, followed by a deep dive into the intricacies of crafting a sophisticated machine learning model, with the explicit goal of detecting fraudulent activities within the Moroccan customs data set.

February 12-23: The mission advised the Direction Générale des Impôts (DGI) on the design of a reform governance framework. During the visit, international good practices in this field were presented to support the recently established Project Management Office. Several workshops were held to ensure that the core reform management team at DGI was aware of the methods, tools, processes, and systems required for effective reform program/project management and the relevant governance arrangements. The mission provided advice on the change of the organizational structure according to reform/project management priorities. It delivered three dedicated workshops based on the VITARA content to representatives from most of the key tax administration functions.

Tunisia

April 15-19, 2024: The Tunisian General Directorate of Taxes (DGI) worked closely with METAC on compliance risk management (CRM), the risk differentiation framework (RDF; see also the picture of the cake dedicated to the RDF) and communication as a tool to influence compliance. A draft communication strategy was developed with the local team and advice was provided on online marketing and social media activities as part of the overall compliance management framework. A fruitful brainstorming session contributed to the use of behavioral insights to better manage filing and payment risks.

Yemen

May 22-26, 2023: An offsite training in Amman, Jordan, was conducted for the Yemeni General Taxation Department (GTD) on the tax audit manual previously developed by METAC. This training took the tax auditors through the necessary steps from assigned audit cases to the completion of the audit. The training included many practical exercises

related to each audit phase. Current GTD practices were discussed, and the mission provided advice on good practices in this field.

August 13-17, 2023: METAC delivered off-site training (Amman, Jordan) on Post Clearance Audit (PCA) to six Yemeni Customs Department (YCD) officers, from three different customs houses (Aden, Shahan and the Vehicles Customs House). The training followed World Customs Organization principles for the introduction of this compliance mechanism and included a practical day of examining actual Yemeni customs declarations, for a hands-on experience. The mission report also made several recommendations for the YCD to consider in relation to setting up PCA units.

January 15-19, 2024: An offsite CD event in Amman, Jordan, support the Yemeni General Taxation Department (GTD) in piloting a Compliance Improvement Plan (CIP) for the Yemen banking sector. The five-day workshop covered: (i) broad knowledge of Compliance Risk Management (CRM) using the VITARA course; (ii) general knowledge on the banking sector internationally; (iii) the Yemen banking sector, its compliance risks, and suitable treatments of the risks with practical focus on how to identify risks based on published Yemen Bank's Annual Report; and (iv) advise on the capability workforce plan to achieve the CIP expected results. The mission made progress in developing the banking sector CIP with a clear plan for next steps. Discussions during the workshops were particularly active and enthusiastic.

February 24-28, 2024: An offsite mission to Amman, Jordan assisted the Yemeni General Taxation Department (GTD) in reviewing its organizational structure and developing initial accountability statements for each main department. A workshop approach was used to discuss the current GTD structure, possible alternatives, and the question of resource allocation. The workshop developed a common understanding of design principles and key features of modern tax administration organizations. Officials were enabled to apply these principles to the GTD structure re-design.