

Jordan

Technical Assistance in Fiscal Year 2021

Public Financial Management (September 28-November 18)

METAC supported the Ministry of Finance to improve monitoring and reporting of financial activities in trust accounts, which are a non-negligible source of fiscal operations and risks. In order to improve oversight, statistical information should be directly captured from trust accounts on a monthly basis, so that all transactions with third parties are accounted for directly and in a timely manner. The use of the GFSM 2014 standard would provide for consistency of accounting and reporting, together with conducting regular reconciliation exercises. Finally, in terms of transparency, METAC recommended that trust accounts should be included in the budget, especially when they are used to fund service delivery, in order to enhance parliamentary oversight.

Revenue Administration (August 8-20; September 15-October 6; December 2-16; March 14-April 8)

METAC supported the Income and Sales Tax Department (ISTD) of Jordan on progressing in the implementation of an effective disputes process. This is an ongoing project, which main objective is to improve fairness for taxpayers by ensuring that disputes are resolved independently and as quickly as possible—especially those that can be easily avoided. The ISTD is making good progress in this project, in particular: (1) creating an independent Objections Division separate from the audit function; (2) established a Dispute Analysis Division, which has already started analyzing the causes of disputes. This CD activity has also supported ISTD in developing capacity in establishing indicators to monitor the performance of the disputes process and identify improvements. An updated action plan was prepared to further advance the implementation of this project.

METAC supported Jordan's customs in the application international standards for the valuation of goods and intangibles. The advice focused on cases of undervaluation of imports during the clearance process and post clearance audit. METAC also provided guidance to customs on how to apply World Trade Organization's Valuation Agreement Method 2 and 3 regarding transaction values of identical/similar goods and adjustments, including to intellectual property, and international practice on software licenses.

METAC supported the Income and Sales Tax Department (ISTD) of Jordan to develop compliance improvement plans for the Large Taxpayers Department and the Free Professionals Department. This activity focused on commencing the process of preparing the plans; a second activity in March/April 2021 will assist ISTD in finalizing them and readying them for implemented. Key recommendations included that compliance improvement should be based on a greater level of large taxpayers' risk analysis, and, for professionals, that the ISTD should formulate a clear picture of high risk sectors as well as a thorough understanding of how actual compliance (and its risks) relate to the profile and actions of non-complaint taxpayers.

METAC assisted the Income and Sales Tax Department of Jordan in finalizing the formulation of compliance improvement plans for large taxpayers (LT) and free professionals (FP). Four separate approaches will be taken under the LT Compliance Improvement Plan (CIP) based on taxpayers' risk rating: (i) provide assistance and undertake risk reviews to determine the likelihood and consequences of non-compliance; (ii) implement administrative and/or system changes to make complying easier; (iii) provide advice on law interpretation as it applies to a taxpayer's situation; and (iv) undertake audits and penalize as appropriate. Three measures will be taken under the FP CIP based on taxpayers' risk rating: (i) measures for facilitating compliance (services focus); (ii)

measures for dealing with non-compliance (enforcement focus); (iii) a compliance campaign for the high-risk medical sector, as developed by METAC.

Statistics (February 28-Mar 11)

METAC assisted the Department of Statistics of Jordan progress toward the compilation of 2017-2018 annual GDP estimates directly from primary annual statistics. It developed a system to analyze, validate, and adjust the primary statistics; it established the framework for supply-use compilation system; and it drafted a strategy and roadmap to disseminate 2017-18 GDP and revise quarterly GDP by the third quarter of 2021.