

Revenue Administration

Technical Assistance in Fiscal Year 2019

Afghanistan (September 2-6, January 20-24)

METAC continued its assistance to Afghanistan Revenue Department (ARD) on developing and implementing a national, single large taxpayer office (SLTO). In this context, it developed an action plan for the implementation of a fully functioning SLTO, which includes analyses and adoption of criteria for the selection of large taxpayers, changes to the organizational structure, and enhancements to the implementation project and governance methodologies. In addition, a comprehensive risk management and compliance improvement strategy was presented to authorities, who agreed on its implementation.

METAC assisted the Single Large Taxpayer Office of the ARD in establishing a VAT refund system. The objective is to refund legitimate claims and implement safeguards to prevent payment of fraudulent claims. This activity is part of an ongoing project to strengthen core tax administration functions, in particular VAT refund claim payments, and audit and verification. Specifically, METAC advised the ARD on: (i) identifying risks associated with implementing a VAT refund system and project governance, (ii) broader issues associated with better refund management practices, such as internal controls to prevent fraud and the importance of connected IT systems to use third-party data. A detailed project plan to implement effectively the VAT refund system was developed and discussed with ARD officials.

Algeria (September 9-20)

METAC assisted the Algerian General Directorate of Taxes on how to analyze the debt stock (tax arrears) and develop a strategy and an implementation timetable to reduce tax debt and prevent debt accumulation. Current practices in debt management were reviewed against internationally recognized good practices. Assistance focused on: (1) amending the arrears collection strategy to provide greater focus on collection of new debts, and higher value debts; (2) organizational arrangements for debt write-offs; (3) inventory of old cases; and (4) setting performance standards to monitor the implementation of the collection strategy. Various legislative amendments were proposed to provide greater flexibility for recovery processes, greater scope for writing off uncollectible amounts, and on the statutory limitation of the recoveries.

Egypt (May 6-17, September 3-October 2, December 9-20, March 26-30, April 14-25)

METAC continued to support the Egyptian Tax Authority (ETA) in developing and implementing improved filing and payment compliance management procedures, based on international good practice. The expert also discussed with the authorities the design of a Program Management Office and governance framework to support further tax administration reforms. He also assisted the ETA in defining the necessary preparations for the national rollout of the new procedures, including finalization of the detailed and time-bound implementation action plan.

A joint FAD-METAC mission to Egypt discussed with the Ministry of Finance and Revenue Agencies the adoption of a Medium-Term Revenue Strategy (MTRS). The mission provided guidance on the core elements and steps needed for an effective formulation and implementation of an MTRS, presented other country examples and advised on the development of a time-bound work plan for the formulation and adoption of the MTRS.

METAC provided further technical assistance to support the ETA in developing and implementing improved filing and payment compliance management procedures based on international good practice. After completion of the pilot phase designed with METAC support, the ETA is currently half way through a national roll-out; the new procedures have been introduced into 188 offices with encouraging early results. The mission assisted the ETA to monitor and analyze the results of the use of improved filing and payment compliance management procedures on a regular basis and advised on how to use the information gathered through monitoring and analyses, to adjust the procedures. Additionally, it supported the authorities in building a sustainable project management and analytical capability, mitigation of project risks and developing outcome-based performance measures.

METAC's revenue administration advisor joined an IMF FAD mission to Egypt to advise on the revenue administration component of Egypt's MTRS. The mission held discussions with senior officials of the Ministry of Finance and key operational staff of the ETA, to identify strategic issues in designing and implementing the MTRS. Discussions were also held with private sector stakeholders on the challenges in revenue administration reforms.

In another activity, METAC provided the ETA with support in improving compliance risk management—part of an ongoing project in strengthening revenue administration and governance arrangements. The activity included: providing practical workshops on the compliance risk management process—identifying risk, assessing and prioritizing risk, and developing a risk register and treatment strategies—; reviewing ETA's current risk management structure and governance; and providing guidance on how to set up a unit and steering committee dedicated to compliance risk management.

Iraq (August 12-16)

METAC conducted an off-site mission to assist the General Commission of Taxes of Iraq in developing an implementation plan for the new sales tax, which was introduced in the 2018 budget. The mission reviewed and assessed the current status of implementation and the administrative impact of the new sales tax and advised on the full range of necessary activities and procedures for a smooth implementation of the new sales tax. It developed a time-bound implementation plan, which was extensively discussed and agreed with the officials participating in the off-site mission. The mission also addressed the issue of a proper legal basis for the imposition of sales tax rather its reliance on a temporary budget law. It recommended drafting a comprehensive sales tax legislation and advised on its scope and coverage.

Jordan (July 15-26, November 25-December 6, January 6-17)

METAC helped the Jordanian Income and Sales Tax Department develop a mechanism where tax disputes are recorded and monitored, outcomes are evaluated, and actions are taken, resulting in the avoidance or reduction of future disputes. The mission helped to agree on a mechanism, and a detailed and time-limited action plan for implementation. METAC also advised the authorities on other actions, which would help to reduce the number of tax appeals, including through external consultation, independent internal review, improved advice and increased certainty for taxpayers.

METAC organized a two-weeks expert visit to Amman to assist the Income and Sales Tax Department (ISTD) of Jordan in developing a formal binding ruling mechanism. The visit is part of on-going project in tax administration reform supported by METAC, which aims to establish a system for issuing formal binding public and private rulings that provide taxpayers with certainty

on how the tax administration will apply the tax law. The mission provided ISTD with (i) updated timeline for the implementation of a binding rulings system, including the implementation of the program for establishment of public rulings and development of a legal framework for private rulings, and (ii) roles and functions of newly established Rulings Steering Committee to oversee implementation of the Public and Private Binding Rulings system. The mission also supported the authorities in defining the key elements in the design of Private Binding Rulings.

METAC assisted the ISTD in developing a Compliance Improvement Plan. This activity is part of an ongoing project in revenue administration supported by METAC to establish an effective risk management function, where identified tax compliance risks are addressed through appropriate mitigation strategies. Specifically, METAC advised the ISTD on: (i) adopting improved governance arrangements where progress in compliance strategies is reported, and (ii) operational improvements, including training, and assessing and communicating priorities within the ISTD. A detailed plan to continuously improve development and refinement of compliance was provided. During the visit the METAC expert held a workshop on the key elements and approaches to measuring compliance, which was attended by twenty-nine officers from various ISTD directorates.

Lebanon (March 18-29)

METAC organized a two-week expert visit to assist the Lebanese Tax Administration on the development of a compliance improvement plan (CIP)—one of the areas identified in the April 2018 Tax Administration Diagnostic Assessment Tool report. In a collaborative approach with senior management, the expert: (i) assessed current work being performed in the area of risk management; (ii) delivered workshops and animated discussion groups on risk related topics; and (iii) outlined the steps for the development of a CIP. This visit achieved an initial awareness of the work needed and the corresponding resource requirements.

Morocco (October 29-November 13, April 14-26)

METAC resident revenue advisor participated in a joint IMF FAD-METAC assessment of the tax administration, using the Tax Administration Diagnostic Assessment Tool (TADAT). The assessment identified strengths and weaknesses in all relevant issues pertaining to the collection of major taxes, created a baseline for measuring reform progress over time, and provided the authorities with input for determining future technical assistance (TA) needs. METAC will provide a follow-up to this activity in the current fiscal year to support the realization of some outcomes of the assessment.

METAC assisted the General Directorate of Taxes (DGT) in strengthening the integrity of the taxpayers register. This was a follow up to the Tax Administration Diagnostic Assessment Tool conducted by FAD in November 2018. The expert reviewed the organization and processes related to the register, and provided recommendations for their improvement, including: high-level mapping of the process for the temporary deactivation of inactive taxpayers, and key elements for cleaning the register and treatment of non-filers. The expert also assisted DGT in developing measures for detecting unregistered taxpayers and an implementation plan for strengthening the integrity of the registry.

Sudan (July 29-August 9, November 4-15)

METAC provided technical assistance for the development of a Risk Management Structure in the Sudanese Taxation Chamber (STC) based on international good practices. During the mission, a special Task Force has been established to develop and implement the Risk Management function in the STC. The mission also conducted a workshop on development of a risk management structure, governance arrangements and key functions for a sound risk

management, including identification, assessment and treatment of risks. It developed a detailed time-bound action plan for the implementation of the recommended risk management structure and function, which was discussed and agreed with the authorities.

METAC continued supporting Sudan Customs Administration (SCA) in rolling out risk management function. A METAC expert visit during November 4-15 found that the first stage of this rollout, involving mainly the sea ports, was completed; the second stage, dealing with dry ports, is planned to commence in December 2018. This will proceed in parallel with two pilot projects to extend risk management to other SCA functions, such as excise and tariff administration. The visit provided further advice on assessing and ranking compliance risks, developing a compliance improvement program to mitigate identified risks, and rolling out risk management across other taxes. In line with earlier METAC recommendations, a High-Level Committee on Risk Management has been formed and the intelligence function has been expanded and improved over the last few months.

West Bank and Gaza (March 10-21)

METAC continued its support to the Ministry of Finance and Planning (MoFP) in establishing a functioning Large Tax Office (LTO). Advice was provided on the following key issues: how to improve the LTO's status within MoFP; how to restructure the LTO so it can operate efficiently within a function-based tax administration, including regarding risk management; and developing performance monitoring indicators. The advice was built into a time-bound action plan.