

I. COUNTRY REFORM PROGRESS

The IMF’s Fiscal Affairs Department (FAD) conducted a repeat Tax Administration Diagnostic Assessment Tool (TADAT) evaluation in July 2025 in collaboration with the Inter-American Development Bank (IDB) and the Inter-American Center of Tax Administration (CIAT). The assessment reveals significant progress in the taxpayer registry, which now incorporates information from related entities and ultimate beneficiaries. Enhanced analytics and a formal governance framework have advanced compliance risk management (CRM). Voluntary compliance functions have been consolidated, and tax arrears are now classified by collectability, in line with FAD guidance. The assessment also noted that further progress is needed to improve timely filing and payment, strengthen audit effectiveness, and reduce VAT refund delays, alongside addressing persistent weaknesses in internal and external controls and public trust.

Following recent elections, authorities reaffirmed their commitment to advancing the modernization agenda, using the TADAT findings and recommendations from previous FAD support as a baseline to address ongoing challenges in a tight economic and social context. They also agreed to resume support from the Global Public Finance Partnership (GPFP) in FY27, building on these findings ensuring close coordination with other capacity development (CD) providers, particularly IDB, CIAT, and the World Bank.

Recent changes in the tax administration’s leadership and senior management, coupled with high staff turnover, suggest a likely need to extend the project by at least one additional fiscal year to increase the probability of achieving the anticipated milestones and outcomes. In parallel, a scoping mission on customs administration—requested by the authorities—has been scheduled for June 2026 to identify and prioritize areas for reform and modernization. These areas are expected to be incorporated into the project as a customs component, in line with the structural reforms envisaged by the new authorities.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration

Key Progress in FY26: The second TADAT assessment demonstrated significant progress in the taxpayer register, tax arrears management, and compliance risk management (CRM). However, substantial challenges remain in the audit function, as well as in transparency and accountability, particularly with respect to internal audit controls. *Servicio de Impuestos Nacionales* (SIN) has strengthened its CRM framework by assessing risks related to mining export income, although further efforts are required to improve access to mining data and to refine the risk catalog methodology. In addition, the audit manual was revised to incorporate international good practices, including the integration of TADAT Key Performance Indicators for the audit function. The core modules of the new IT system—developed in line with international good practices—have been fully operational since June 2025. CD activities temporarily slowed amid the presidential elections and government changes until December 2025 but restarted in January 2026 in support of the design of a new Strategic Plan for 2026–30 and delivered a workshop to disseminate international good practices, strengthen engagement with FAD, and support the continuation of CD activities. The workshop covered topics such as CRM, core tax administration processes, and digitalization

challenges. It also emphasized the importance of strengthening managerial capacity and soft skills, including ethical leadership among tax officials, to support ongoing modernization efforts.

Previous Progress: SIN has made notable progress in strengthening its CRM, including the development of both strategic and tactical Key Performance Indicators, as well as in tax arrears management through advanced debt segmentation. In the area of VAT refunds, SIN has designed a risk-based scoring system to better detect noncompliance. In close coordination with the project, the IDB supported the development of a data lake to enhance analytical capabilities, while CIAT assisted in strengthening transfer pricing audits through the development of a dedicated risk matrix.

Next Steps: Future CD will focus on strengthening voluntary compliance through a CRM-based approach, improving taxpayer services and core functions—particularly audit and tax arrears management—advancing digitalization (including data governance and security), and enhancing the structure and performance of the Large Taxpayers Office, while supporting the design of a Strategic Plan for 2026–30 and a framework to better manage human capital risks. In response to a request from the Minister of Finance, the IMF will also support the assessment of potential updates to tax and customs legislation and the modernization of the National Customs Service, including through a dedicated customs mission to identify and prioritize reform areas, with selected measures integrated into the project; close coordination will be maintained with other development partners, notably the World Bank, IDB, and CIAT.

III. LOGICAL FRAMEWORK

Country – Bolivia		
Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 1
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	3 Largely Achieved	The 2025 TADAT results show further progress, with scores improving from C to B for POA 2 3 and POA 2 4, and from D to C for POA 2 5. After slower activity related to elections, the authorities have confirmed their commitment to continuing the implementation of CRM as a key strategic priority, including its incorporation into the Strategic Plan for 2026–31.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	The main modules of the new IT system—registration, tax return filing, taxpayer accounts, and payments—have been fully operational since June 2025. However, SIN continues to face significant challenges related to data migration issues and limited progress in the automation of audit and tax arrears management processes. The new authorities have requested support to strategically review the next steps in modernizing IT

		systems and advancing the digitalization agenda, including data governance and security.
RM II: Objective –Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their payment obligations as required by law	3 Largely Achieved	With FAD support, the VAT refund process has been reviewed. A set of criteria and rules was defined to develop a risk-based model for the refunds process, particularly for exporters, which the new authorities consider a key priority. The authorities are committed to taking the next steps, including adopting a clear regulatory framework and enhancing the automation process through IT system modernization, in line with FAD recommendations
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	According to the recent TADAT assessment conducted in July 2025, the tax administration has made modest progress in improving the audit function. Significant challenges remain in standardization, quality monitoring, and measuring the effectiveness of the audit function. The new authorities have agreed to strengthen this function in line with international good practices.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Risks that external events create a more challenging environment to implement reforms.	Medium	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events.
Political Support		
Political instability may negatively impact the implementation of reforms, considering the expected changes in government following the second round of the presidential elections in October 2025 and the likely appointment of new authorities in late November 2025.	Very High	A strong focus on strategic advice and hands-on capacity building will be essential to achieve a more lasting impact. Additionally, strengthening engagement with the forthcoming authorities will be crucial.
Management and Technical Staff Support and Commitment		
Lack of trained managers and staff's rotation undermine the absorptive capacity.	Very High	The missions will work with stable staff and officials encouraging authorities to implement administrative reforms that contribute to a more stable staff.

Description	Rating	Mitigation Measures
Resource Adequacy		
Deterioration of fiscal situation may impact availability of resources to finance reforms.	High	Careful alignment of reforms with the main priorities of the government. Reforms at SIN and MoF are underpinned by comprehensive strategic plans, and the project results from the respective governments' strategic decision to reduce noncompliance and modernize its risk management capabilities.
Other Risks		
Lack of coordination among capacity building partners duplicate efforts and deliver contradictory advice.	Low	Take an active role in engaging with other donors to ensure support is well coordinated, especially with the IDB and CIAT.

V. PROJECT MANAGERS: CONTACT INFORMATION

Project Manager	Module Project Manager	E-mail
Juan Redondo	Juan Redondo Azael Perez (both Revenue Administration)	JRedondo@imf.org APerez2@imf.org