

I. COUNTRY REFORM PROGRESS

The tax policy module was approved during the January 2025 Global Public Finance Partnership (GPF) Steering Committee meeting. To date, one capacity development (CD) activity has been delivered, focusing specifically on tax expenditures. This CD has helped authorities build foundational knowledge on tax expenditures and supported authorities in initiating an assessment of indirect tax expenditures, consistent with the structural benchmark of completing this work by end-October 2025.

On revenue administration, continued efforts are being made to broaden the tax base and modernize the tax payment system. The use of data from the interconnection of tax and customs IT systems helps identify new taxpayers and several cases of potential fraud and combat the use of fraudulent tax identification numbers (TIN). Customs administration has updated its IT system, strengthened risk analysis and improved audit performance to offset expected losses related to the gradual elimination of certain border taxes following the accession to the World Trade Organization.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: Initial CD focusing on tax expenditures was provided in April 2025 and it is too early to expect progress at this time. Support under this project is expected to assist Comoros in publishing a first tax expenditures report alongside its 2026 Budget Law.

Previous Progress: N/A

Next Steps: Next steps will be dictated by the outcomes of the ongoing mission, as well as dialogue with authorities during the recent Spring Meetings. Two engagements are planned for FY26.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The tax administration continues to make efforts to expand the large and medium taxpayers' office portfolio by cross-referencing data with customs and ad hoc censuses' results. Customs administration aligned its IT system with tariff rules and established a task force to recover customs duties arrears. However, the implementation of recommendations to align procedures related to special and suspensive regimes with international standards remains weak.

Previous Progress: The interconnection of SIGIT and SYDONIA and good collaboration between tax and customs administrations have made it possible to initiate the first actions to secure the TIN use, identify new taxpayers and select tax issue-oriented audits.

Next Steps: The assignment of the long-term expert, which will begin in June 2025, will ensure greater sustainability of initiatives to broaden the tax base and improve the tax compliance of large and medium-sized companies. The work will be supported through a joint mission with the IMF's Regional Technical Assistance Center for Southern Africa (AFS) in the coming months, to help customs strengthen its analytical capacities for strategic and operational needs.

III. LOGICAL FRAMEWORK

Country – Comoros		
RM I: Objective - Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased/decreased revenue quantity	1 Not Achieved	Initial CD provided in April 2025, and is too early to expect progress on this outcome at this time.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	Initial CD provided in April 2025, and it is too early to expect progress on this outcome at this time.
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	Initial CD provided in April 2025, and it is too early to expect progress on this outcome at this time.
RM I: Objective - Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 1
Outcome	Rating	Narrative
Improved transparency and outreach	1 Not Achieved	Initial CD provided in April 2025, and it is too early to expect progress on this outcome at this time.
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) – RAM		Rating - 1
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	In view of the very limited capacity of the tax administration, priority has been given for the time being to strengthening essential functions, including broadening the tax base.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	A compliance improvement plan targeting large and medium-sized taxpayers is in place.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	1 Not Achieved	In view of the very limited capacity of the tax administration, priority has been given for the time being to strengthening essential functions, including broadening the tax base.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) – TAD		Rating - 1
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	As a result of census work in the field and the cross-referencing of information and data with customs, new taxpayers have been taxed and registered in the tax authorities' database. The number of active large or medium taxpayers has increased by 5 percent at the end of June 2024. The new long-term expert will assist in continuing to broaden the tax base, notably by enlarging the data external sources.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Large and medium taxpayer's TCA and PAYE withholding returns submitted at due date increased during 2024.

A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	The number of large and medium taxpayers paying TCA and PAYE withholding increased in 2024.
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 1
Outcome	Rating	Narrative
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	Implementation of the tariff in the IT customs system is in progress.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	A task force has been set up and trained, jointly with AFS, to collect arrears due to special regimes, before the end of 2024, as part of achieving the IMF's Extended Credit Facility (ECF) program structural benchmark.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: World economy, security, weather, etc.	Medium	Factor authorities' priorities into our work program and remain flexible in delivering the workplan.
RM II: The tax administration is located on three islands with little means of communication. It poses problems in terms of information sharing, work supervision and financial reporting.	High	Engage with the staff of the local branch of tax administration located in Ndzuwani and Mwali. Ensure CD plans include sufficient training for the two islands' staff.
Political Support		
RM I: Obtain needed leadership from the Minister and sufficient buy-in from the whole government to enact meaningful legislative reforms.	Very High	Engage constructively with high-level officials to ensure that they appropriate themselves of proposed reform options and that their views are considered and reflected in our analysis and recommendations. Work closely with the country team.
RM II: Lack of political support for reforms inhibits resources being allocated that are needed to enhance the performance and restore the credibility of the tax administration.	High	Engage regularly with the Minister to ensure ownership of reforms. Ensure CD on revenue is focused on the ECF program and engage with the IMF's African Department team to align structural benchmarks with the CD recommendations.
Management and Technical Staff Support and Commitment		
RM I: Buy-in and commitment by our direct counterparts at the Budget Ministry.	High	Engage constructively with counterparts to ensure that they appropriate themselves of reform options and that their views are considered in the analysis and recommendations. Remain agile and build the CD program based on their needs and preferences. Ensure frequent communication, including regular in-person missions.
RM II: Commitment by the DG has been gained but that of his staff is still weak. Several regional appointments, and reform's ownership by managers on the two of three islands is still low.	Medium	Engage proactively with management and technical staff, including in Ndzuwani and Mwali, and explain the importance of the tax administration reform plan and strengthening tax risk management.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM I: Resource adequacy in Budget ministry, including number of staff and skillset.	Medium	Sequence CD and reform proposals to align with country capacity. Offer complementary CD in the form of follow-up engagements or support in legal drafting. Coordinate closely with the revenue administration division.
RM II: Insufficient technical capacity and human resources necessary to implement reforms are limited.	Very High	Ensure CD plans include sufficient training and prioritize CD to risk areas where resources are limited.
Other Risks		
RM II: Multiple donors are providing intense technical assistance on tax area and contradictory recommendations, or overlaps may arise as a result.	Medium	Take an active role, with the support of the IMF local office, in engaging with other donors to ensure support is well coordinated or organize joint missions.
RM II: Supervision of work on the other two islands is inadequate, due to the lack of interconnection of the IT systems and the influence of local authorities.	Very High	Ensure that the IT system (SIGIT) is interconnected, develop a clear job description, and engage regularly with the local authority during CD missions.

V. PROJECT MANAGERS CONTACT INFORMATION

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