

I. COUNTRY REFORM PROGRESS

The Medium-term State Revenue Plan, comprising tax policy, tax and customs administration reforms was finalized in December 2023 and guides the revenue reform program.

On the tax policy front, the IMF's Fiscal Affairs Department (FAD) reviewed the existing tax expenditure report and provided feedback on areas for improvement, noting that the current estimates may not accurately reflect the potential revenue that could be mobilized through the rationalization of tax expenditures to meet the objectives outlined in the MTSRP. In addition, training was delivered to the staff of the Ministry of Finance (MoF) and the Tax Committee (TC) on the identification and quantification of tax expenditures, equipping them with essential analytical tools and methodologies.

The recommended methodology was subsequently applied to identify and quantify tax expenditures in the corporate income tax and value-added tax (VAT). The resulting report enhances transparency in the use of tax incentives and provides a more credible basis for estimating revenue potential through tax expenditure rationalization.

The T) is focusing on improving tax arrears management which will contribute directly to revenue mobilization efforts under the MTSRP. In support of this reform a draft Strategic Plan (SP) outline for tax debt management has been developed for the 2026–30 period which helps TC to transition from a conventional model of tax debt recovery toward a modern, proactive, data-driven, and risk-based debt management system.

The CD to Tajikistan Customs Service (TCS) focused on diagnosing the core customs functions against international standards and provided high-level recommendations for the development of customs functions, especially the ones impacting revenue maximization.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: A capacity development (CD) mission focusing on the general methodology for identifying and quantifying tax expenditures was conducted in December 2024. The mission made progress in addressing and updating the flawed methodologies previously used by the authorities. The revised methodology was subsequently applied to identify and quantify tax expenditures related to corporate income tax (CIT) and value-added tax (VAT), which represent the largest components of tax expenditures under the country's tax system.

Previous Progress: No CD activities to Tajikistan on tax policy issues took place under GPFP prior to FY25.

Next Steps: A mission is planned for early FY26 to assess tax expenditures related to customs duties and excises, and to establish a tax expenditure evaluation framework for the country. Following the completion of the tax expenditure technical assistance missions in June 2025, the focus will shift toward strengthening capacity in assessing the revenue impacts of tax policy measures and enhancing revenue forecasting capabilities.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: In preparation for a Tax Administration Diagnostics assessment Tool (TADAT) evaluation in TC, a training course provided an in-depth exploration of the TADAT framework, followed by TADAT certifying exam successfully completed by the TC trained officials. A draft SP outline for tax debt management has been developed for the 2026–2030 period, based on the risk management approach. A diagnostic and CD needs assessment mission evaluated the reform plans and the modernization progress of the TCS. It focused on diagnosing the core customs functions against international standards and provided high-level recommendations for the development of customs functions, especially the ones impacting revenue maximization.

Previous Progress: The CD activities commenced on October 31, 2024, after the first two activities for FY25 were confirmed by the authorities to take place in November (TADAT training) and December 2024 (customs diagnostic mission). A TADAT diagnostic is scheduled for the second half of FY26.

Next Steps: In tax debt, the CD focus will be on finalizing the SP. Undertaking a TADAT assessment planned for December 2025. A provisional CD workplan has been agreed in principle with TCS management starting with CD support on post-clearance audit and e-commerce. A Resident Revenue Administration advisor will be appointed with tentative start date in August- September 2025.

III. LOGICAL FRAMEWORK

Country – Tajikistan		
RM I: Objective - Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 2
Outcome	Rating	Narrative
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	2 Partially Achieved	The tax expenditure models and reports are largely complete, with the remaining components expected to be finalized in the first month of FY26. The revenue forecasting TAs have not yet taken place because they are scheduled for FY26 and FY27.
Improved transparency and outreach	2 Partially Achieved	The draft consolidated tax expenditure report will be prepared by the authorities following the completion of all technical assistance activities related to tax expenditure assessments, which are expected to conclude by June 2025. A substantial portion of the technical assistance reports that will serve as inputs for the official publication has already been completed.

RM II: Objective: Strengthened revenue administration management and governance arrangements (RAM)		Rating - 2
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	MTSRP adopted on December 2023 for the period 2024-2029., with MTSRP phase 1 action plan endorsed. The Coordination Council for Public Financial Management is already in place and has a broad mandate to increase the efficiency of the financial public administration system. The Council will provide a high-level oversight on the MTSRP implementation.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	TC developed an expanded framework for audit case selection. This is based upon 72 risk criteria, applicable to large and medium sized taxpayers. All on-site tax audits of large taxpayers are carried out through a "Risk Analysis Management" module.
Organizational arrangements enable more effective delivery of strategy and reforms	2 Partially Achieved	The large taxpayer management is fragmented. Consolidating large taxpayer operations would increase efficiency and effectiveness
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Workforce planning must go beyond filling vacancies as they emerge. This can be a priority element to address within the development of a Human Resource Management (HRM) Strategy
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 1
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	Diagnostic took place in December 2025, and no follow up CD has been delivered. Some post-clearance audit was conducted, but the selection was not risk-based. Shift from control during the clearance process to post-clearance is not matured.
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	Diagnostic took place in December 2025, and no follow up CD has been delivered. Some selectivity mechanism is applied but not sufficient. Low risk shipments should be

		subject to no control. Valuation controls not effective during the clearance process.
RM II: Objective -Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	A draft SP outline for tax debt management has been developed for the 2026–30 period
Taxpayer services initiatives to support voluntary compliance are strengthened	1 Not Achieved	Further support will be needed in establishing a charter explaining taxpayers rights and obligation

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: Risk that external events (such as geopolitical tensions) create a more challenging environment to implement reforms.	Medium	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM I, RM II: Lack of political support for reforms.	Low	The PCI and the MTRS indicate improving political support for reform. Keep close engagement with IMF area department team on country priorities and developments.
Management and Technical Staff Support and Commitment		
RM I: Low commitment of management to follow-up the CDs and invest in the capacity of the staff.	Medium	Engage with senior management and technical staff pro-actively and explain the importance of reforms for the realization of the objectives that are embedded in the MTRS.
RM II: Management or technical staff might not be fully committed to implementing recommended measures.	Medium	Discuss recommendations with authorities giving full background, technical details, and benefits (for taxpayers, budget revenue and administration) from implementing recommended measures. At an early stage, secure senior management support, commitment, and ownership to reforms. Management is supporting provided recommendations.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM I: Insufficient technical capacity and human resources necessary to implement reforms, and to use new tools developed as part of the CD.	Medium	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited.
RM II: Technical staff might be busy with the implementation of daily operational tasks leaving limited capacities for modernization reform discussions.	Medium	Strengthen the reform management capacity for reform implementation, including establishing dedicated reform management structure, arrangements, and resources, supported by LTX in-country.
Other Risks		
RM I, RM II: Multiple donors are providing technical assistance on DRM and inconsistent advice, gaps, or overlaps may arise as a result.	Medium	Take an active role in engaging with other donors to ensure support is well coordinated.

V. PROJECT MANAGERS CONTACT INFORMATION

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