

### I. COUNTRY REFORM PROGRESS

The Medium-Term State Revenue Plan (MTSRP), 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) built on earlier work to identify and quantify tax expenditures in the value-added tax (VAT) and corporate income tax (CIT) systems by conducting a capacity-building initiative to assess tax expenditures arising from excise duties and customs tariffs. This completes the estimation of tax expenditures across all major tax instruments in Tajikistan. In addition, training sessions were delivered and a methodological manual was prepared to support the implementation of the tax expenditure evaluation framework. The resulting methodologies and estimates have been extensively used by the authorities in formulating their action plan for implementing the MTSRP.

On the revenue administration side, a repeat Tax Administration Diagnostic Assessment Tool (TADAT) evaluation of the Tax Committee (TC) was conducted by an IMF-led team, including a representative from the World Bank. The assessment identified the strengths and weaknesses of the tax administration system. Its timely outcome was acknowledged, and TC management affirmed its commitment to using TADAT as a baseline for setting reform priorities and capacity development (CD) support. This commitment will be immediately applied in the development of a new TC Strategic Development Program for 2026–2030, as the current Tax Administration Development Program (2020–2025) concludes this year.

The TC is focusing also on improving tax arrears management, which will contribute directly to revenue mobilization efforts under the MTSRP. In support of this reform, a CD mission to the TC was provided in advancing the development of its 2026–2030 Strategic Plan for tax debt management. Initially developed with FAD in April 2025, the draft Strategic Plan seeks to modernize tax debt management in line with international good practices helping TC to transition from a conventional model of tax debt recovery toward a modern, proactive, data-driven, and risk-based debt management system. This work will be complemented by a peer-to-peer visit organized by the IMF's Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC) on debt management to advance tax administration for the TC management.

### II. PROJECT DELIVERY HIGHLIGHTS

#### RM I: Revenue Module I – Tax Policy

**Key progress in FY 2026:** Building on the achievements of FY25, a CD mission was conducted in June 2025 focusing on tax expenditures in the excise and customs systems—forming the final phase of completing tax expenditure estimates across all major tax systems (CIT, VAT, excise, and customs). The mission also supported the authorities in strengthening the evaluation of tax expenditures. The findings and recommendations from this work were subsequently used by the authorities to develop an action plan outlining specific tax policy reform targets for the period 2027–2029.

**Previous progress:** A 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 CIT and VAT, which represent the largest components of tax expenditures under the country's tax system.

**Next steps:** In the upcoming missions, 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 FY26:** A repeat TADAT assessment of the TC was conducted by an IMF-led team, with World Bank involvement. The assessment identified the strengths and weaknesses of the tax administration system and will be immediately applied in the development of a new TC Strategic Development Program for 2026–2030, as the current Tax Administration Development Program (2020–2025) concludes this year. The newly assigned IMF long-term resident advisor for revenue administration to the TC began his assignment in September 2025. CD support was provided to the TC to advance the development of its 2026–2030 Strategic Plan for tax debt management, which was initially drafted with the FAD support. The draft Strategic Plan aims to modernize tax debt management by aligning it with international best practices, helping TC transition from a conventional tax debt recovery model to a modern, proactive, data-driven, and risk-based debt management system.

**Previous Progress:** In preparation for the TADAT assessment in the TC, a training course provided an in-depth exploration of the TADAT framework, followed by a TADAT certification exam successfully completed by the trained TC officials. A draft Strategic Plan outline for tax debt management has been developed for the 2026–2030 period, and work on it will continue to advance. A diagnostic and CD needs assessment mission (December 2024) evaluated the reform plans and modernization progress of the Customs Service (CS).

**Next Steps:** The CD will focus on the development of the new TC Strategic Development Program for 2026–2030, which will also address cash transactions and the shadow economy, including from the CS perspective. On tax debt, the CD will support finalizing the Strategic Plan for debt management, ensuring alignment with the overall strategic priorities. This work will be complemented by a CCAMTAC organized peer-to-peer visit on debt management to advance tax administration for the TC management.

## III. LOGICAL FRAMEWORK

| Country – Tajikistan                                                                                                         |                    |                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM                                           |                    | Rating - 3                                                                                                                                                                                                                                                                                |
| Outcome                                                                                                                      | Rating             | Narrative                                                                                                                                                                                                                                                                                 |
| Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis. | 3 Largely Achieved | The preparation of all microsimulation models and supply-use table-based models has been finalized and submitted to the authorities. However, the technical assistance missions on revenue forecasting have not yet taken place, as they are scheduled for the end of FY26 and into FY27. |

| Improved transparency and outreach                                                                                            | 4 Fully Achieved     | All technical assistance reports intended to inform the official publication of a tax expenditure report have been completed. Based on these reports, the authorities have prepared a draft consolidated tax expenditure report. Additionally, they have developed their medium-term revenue strategy (MTRS), incorporating specific tax policy reform measures that are grounded in the revenue estimates derived from the tax expenditure reports. |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) – RAM</b>         |                      | <b>Rating - 2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 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.                                                                                                                                                                                                                                                                  |
| <b>RM II: Objective – Improved customs administration functions (SDG 17.1) – CAD</b>                                          |                      | <b>Rating - 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Outcome                                                                                                                       | Rating               | Narrative                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Audit and anti-smuggling programs more effectively ensure enforcement of customs laws                                         | 1 Not Achieved       | A diagnostic mission took place in December 2024, and no follow up CD has been delivered. Some post clearance audits were conducted, but the selection was not risk-based. The shift from control during the clearance process to post-clearance has not matured.                                                                                                                                                                                    |

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| Customs control during the clearance process more effectively ensures accuracy of declarations | 1 Not Achieved       | A diagnostic mission took place in December 2024, and no follow up CD has been delivered. Some selectivity mechanisms are applied but are not sufficient. Low risk shipments should be subject to no control. Valuation controls are not effective during the clearance process. |
| <b>RM II: Objective – Strengthened core tax administration functions (SDG 17.1) – TAD</b>      |                      | <b>Rating - 2</b>                                                                                                                                                                                                                                                                |
| <b>Outcome</b>                                                                                 | <b>Rating</b>        | <b>Narrative</b>                                                                                                                                                                                                                                                                 |
| A larger proportion of taxpayers meet their payment obligations as required by law             | 2 Partially Achieved | A draft Strategic Plan outline for tax debt management has been developed for the 2026–2030 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 obligations.                                                                                                                                                                           |

#### IV. RISK ASSESSMENT

| Description                                                                                                                        | Rating | Mitigation Measures                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>External Climate/Conditions</b>                                                                                                 |        |                                                                                                                                                                                                                                                                                                                                          |
| 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.                                                                                                                                                                                            |
| <b>Political Support</b>                                                                                                           |        |                                                                                                                                                                                                                                                                                                                                          |
| RM I, RM II: Lack of political support for reforms.                                                                                | Low    | The IMF's Policy Coordination Instrument and the MTRS indicate improving political support for reform. Keep close engagement with IMF area department team on country priorities and developments.                                                                                                                                       |
| <b>Management and Technical Staff Support and Commitment</b>                                                                       |        |                                                                                                                                                                                                                                                                                                                                          |
| 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 proactively 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 supports the recommendations provided. |

| Description                                                                                                                                                        | Rating | Mitigation Measures                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Resource Adequacy</b>                                                                                                                                           |        |                                                                                                                                                                                                                     |
| 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 in-country long-term resident advisor. |
| <b>Other Risks</b>                                                                                                                                                 |        |                                                                                                                                                                                                                     |
| RM I, RM II: Multiple donors are providing technical assistance on domestic revenue mobilization 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

| Project Manager      | Module Project Manager                 | E-mail                                                     |
|----------------------|----------------------------------------|------------------------------------------------------------|
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