

FIELD GUIDE

Prepared by the TADAT Secretariat

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Abbreviations and Acronyms

BC	Business Continuity
BEPS	Base Erosion and Profit Shifting
BI	Behavioral Insights
BIA	Business Impact Analysis
CEO	Chief Executive Officer
CIT	Corporate Income Tax
EFT	Electronic Funds Transfer
FY	Financial Year
GDP	Gross Domestic Product
HCM	Human Capital Management
HCR	Human Capital Risks
HR	Human Resource
ICT	Information and Communications Technology System
IMF	International Monetary Fund
IP	Internet Protocol
ISO	International Organisation for Standardization
IT	Information Technology
M1	Method 1 (for scoring TADAT indicators)
M2	Method 2 (for scoring TADAT indicators)
OECD	Organization for Economic Cooperation and Development
PAR	Performance Assessment Report
PAYE	Pay As You Earn
PIT	Personal Income Tax
POA	Performance Outcome Area
RPO	Recovery Point Objective
RTO	Recovery Time Objective
SSC	Social Security Contribution
TADAT	Tax Administration Diagnostic Assessment Tool
TIN	Taxpayer Identification Number
VAT	Value Added Tax



I. Overview of TADAT

Purpose of TADAT

The aim of the Tax Administration Diagnostic Assessment Tool (TADAT) is to provide a standardized means of assessing the health of key components of a country's tax administration system and its level of maturity in the context of international good practice. TADAT assessments are particularly helpful in:

- Identifying the relative strengths and weaknesses in tax administration.
- Facilitating a shared view on the condition of the tax administration among all stakeholders (e.g., country authorities, international organizations, donor countries, and technical assistance providers).
- Setting the reform agenda, including reform objectives, priorities, initiatives, and implementation sequencing.
- Facilitating management and coordination of internal or external support for reforms and achieving faster and more efficient implementation.
- Monitoring and evaluating reform progress by way of repeat assessments at 3 to 5 year intervals.

Scope of TADAT assessments

TADAT is a global tool that can be used by any country to assess the relative strengths and weaknesses of their tax administration system.

TADAT assessments focus on administration of the major direct and indirect taxes critical to central/federal government revenues (i.e. TADAT does not examine administration of all national taxes; to do so would be too time-consuming and resource intensive). Accordingly, TADAT assessments are based on administration of specific taxes which collectively are referred to as 'core taxes' throughout

the field guide and serve as proxies for all national taxes.

Core taxes being those taxes that have been determined to be critical to central/federal government revenues can include: corporate income tax (CIT), personal income tax (PIT), value added tax (VAT),¹ domestic excise taxes, and Pay As You Earn (PAYE) amounts withheld by employers (which, strictly speaking, are remittances of PIT). Social security contributions (SSCs) may also be included in assessments where they are a major source of government revenue and are collected by the tax administration, as is increasingly the case in a number of tax administrations. By assessing outcomes in relation to administration of these core taxes, a picture can be developed of the relative strengths and weaknesses of a country's tax administration system.

A tax administration system in a country may involve more than one agency.

- Where administration of core taxes in a country is performed by multiple revenue agencies consideration will need to be given to the extent that a single TADAT process can be undertaken to cover all core taxes and assess the health of a country's tax administration system. Factors to be taken into account would include: the extent of the administration that occurs for the core tax (namely is it fully or partially administered by a different agency); whether the request for the assessment was initiated by one of the revenue agencies or from the Ministry (most commonly the Ministry of Finance) that oversee all revenue agencies responsible for all core tax revenue administration. This consideration will ultimately result in the selection of core taxes that will form part of the assessment and the extent of multiple agency involvement. See also the section in this chapter

¹ For the small number of countries that do not have a VAT, an indirect tax equivalent such as sales tax should be used.

on the phases of a TADAT Assessment specifically Phase 2 (Pre-Assessment).

- Where certain elements of the administration of a core tax are performed by an outside agency (e.g., registration, arrears enforcement), the involvement of these agencies will be limited to the specific areas of work they perform in relation to that core tax on behalf of the principal revenue agency involved (i.e., they will not be subject to the full assessment process as they only perform part of the overall administration).

TADAT is not designed to assess the administration of special tax regimes, such as those applying in the natural resource sector (i.e. these taxes are not included in the definition of core taxes for TADAT purposes). Nor does TADAT assess the customs administration in relation to its principal activities outside of any core tax responsibilities.²

TADAT provides an assessment within the country's existing revenue policy framework, with assessments highlighting performance issues that may be best dealt with by a mix of administrative and policy responses.

Performance outcome areas

TADAT assesses the performance of a country's tax administration system by reference to nine outcome areas:



² The World Customs Organization has developed and actively promotes a diagnostic process for customs reform and modernization.

1. **Integrity of the registered taxpayer base:** Registration of taxpayers and maintenance of a complete and accurate taxpayer database is fundamental to effective tax administration.
2. **Effective risk management:** Performance improves when risks to revenue and tax administration operations are identified and systematically managed.
3. **Supporting and facilitating compliance:** Usually, most taxpayers will meet their tax obligations if they are given the necessary information and support to enable them to comply voluntarily. [This can be further facilitated through adoption of compliance by design principles.](#)³
4. **On-time filing of declarations:** Timely filing is essential because the filing of a tax declaration is a principal means by which a taxpayer's tax liability is established and becomes due and payable.
5. **On-time payment of taxes:** Non-payment and late payment of taxes can have a detrimental effect on government budgets and cash management. Collection of tax arrears is costly and time consuming.
6. **Accurate reporting in declarations:** Tax systems rely heavily on complete and accurate reporting of information in tax declarations. Audit and other verification activities, and proactive initiatives of taxpayer assistance, promote accurate reporting and mitigate tax fraud.
7. **Effective tax dispute resolution:** Independent, accessible, and efficient review mechanisms safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing in a timely manner.
8. **Effective performance and efficient revenue management:** [Tax administrations must be effectively managed, and their performance monitored to improve performance, cost effectiveness and overall efficiency.](#) Tax revenue collections must be fully accounted for, monitored against budget expectations, and analyzed to inform government revenue forecasting.

³ For example, see: OECD (2014), Tax Compliance by Design: Achieving Improved SME Tax Compliance by Adopting a System Perspective, OECD Publishing.

Legitimate tax refunds to individuals and businesses must be paid promptly.

9. **Accountability and transparency:** As public institutions, tax administrations are answerable for the way they use public resources and exercise authority. Community confidence and trust are enhanced when there is open accountability for administrative actions within a framework of responsibility to the minister, legislature, and general community.

Indicators and associated measurement dimensions

A set of 35 high-level indicators critical to tax administration performance are linked to the POAs—see Table 1. It is these indicators that are scored and reported upon. A total of 61 measurement dimensions are considered in arriving at the indicator scores. Each indicator has one to five measurement dimensions—see Table 1.⁴

⁴ Throughout the field guide each POA, indicator, and measurement dimension set is identified by the code *Px.y.z*: where *z* is the measurement dimension of indicator *y* for POA *x*. For example, P2-3-1 represents measurement dimension 1 of indicator 3 of POA 2.

Table 1. TADAT Performance Indicators and Dimensions

INDICATOR	DIMENSION
POA 1: Integrity of the Registered Taxpayer Base	
P1-1. Accurate and reliable taxpayer information.	P1-1-1: The adequacy of information held in respect of registered taxpayers and the extent to which the registration database supports effective interactions with taxpayers, tax intermediaries and other government agencies .
	P1-1-2: The accuracy of information held in the registration database.
P1-2. Knowledge of the potential taxpayer base.	P1-2: The extent of initiatives to detect businesses and individuals who are required to register but fail to do so.
POA 2: Effective Risk Management	
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	P2-3-1: The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations.
	P2-3-2: The process used to assess, rank, and quantify taxpayer compliance risks.
P2-4. Mitigation of risks through a compliance improvement plan.	P2-4: The degree to which the tax administration mitigates assessed risks to the tax system through a compliance improvement plan.
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	P2-5: The process used to monitor and evaluate the impact of compliance risk mitigation activities.
P2-6. Management of operational risks.	P2-6-1: The process used to identify, assess and mitigate operational risks.
	P2-6-2: The process used to approve, monitor, test and evaluate the effectiveness of the business continuity program.
P2-7. Management of human capital risks.	P2-7-1: The extent to which the tax administration has in place the capacity and structures to manage human capital risks.
	P2-7-2: The degree to which the tax administration evaluates the status of human capital risks and related mitigation interventions.
POA 3: Supporting and Facilitating Compliance	
P3-8. Scope, currency, and accessibility of information.	P3-8-1: The range of information available to taxpayers to explain, in clear simple terms, what their obligations and entitlements are in respect of each core tax.
	P3-8-2: The degree to which information is current in terms of the law and administrative policy.
	P3-8-3: The availability to taxpayers of information and guidance from the tax administration.
P3-9. Responding to information requests.	P3-9-1: The time taken and quality of responses to taxpayer and tax intermediary requests for information.
	P3-9-2: The design of service channel performance standards and the extent of regular management reporting of results.
P3-10. Scope of initiatives to reduce taxpayer compliance costs and facilitate compliance .	P3-10: The extent of initiatives to reduce taxpayer compliance costs and facilitate compliance.
P3-11. Obtaining taxpayer feedback on products and services.	P3-11-1: The use and frequency of methods to obtain feedback from taxpayers on the standard and quality of services provided.
	P3-11-2: The extent to which taxpayer input is taken into account in the design of administrative processes and products.
P3-12. Initiatives undertaken to encourage accurate reporting.	P3-12: The nature and scope of proactive initiatives undertaken to encourage accurate reporting.
POA 4: Timely Filing of Tax Declarations	
P4-13. On-time filing rate.	P4-13-1: The number of CIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered CIT taxpayers.
	P4-13-2: The number of PIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered PIT taxpayers.

INDICATOR	DIMENSION
	P4-13-3: The number of VAT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered VAT taxpayers. P4-13-4: The number of domestic excise tax declarations filed by the statutory due date as a percentage of the number of declarations expected from registered domestic excise taxpayers. P4-13-5: The number of PAYE declarations filed by the statutory due date as a percentage of the number of declarations expected from registered PAYE taxpayers.
P4-14. Management of non-filers.	P4-14: Action taken to follow up non-filers.
P4-15. Use of electronic filing facilities.	P4-15: The extent to which tax declarations are filed electronically.
POA 5: Timely Payment of Taxes	
P5-16. Use of electronic payment methods.	P5-16: The extent to which core taxes are paid electronically.
P5-17. Use of efficient collection systems.	P5-17: The extent to which withholding at source and advance payment systems are used.
P5-18. Timeliness of payments.	P5-18-1: The number of VAT payments made by the statutory due date in percent of the total number of payments due.
	P5-18-2: The value of VAT payments made by the statutory due date in percent of the total value of VAT payments due.
P5-19. Stock and flow of tax arrears.	P5-19-1: The value of total core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.
	P5-19-2: The value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.
	P5-19-3: The value of core tax arrears more than 12 months' old as a percentage of the value of all core tax arrears.
P5-20. Management of tax arrears.	P5-20: The management and scope of arrears enforcement action.
POA 6: Accurate Reporting in Declarations	
P6-21. Scope of verification actions taken to detect and deter inaccurate reporting.	P6-21-1: The nature and scope of the tax audit program in place to detect and deter inaccurate reporting.
	P6-21-2: The extent to which the audit program is systematized around uniform practices.
	P6-21-3: The degree to which the quality of taxpayer audits is monitored.
	P6-21-4: The degree to which the tax administration monitors the performance and effectiveness of the taxpayer audit function.
P6-22. Use of large-scale automated data-matching systems to detect inaccurate reporting.	P6-22: The extent of large-scale automated crosschecking to verify information reported in tax declarations.
P6-23. Scope and effectiveness of actions taken to counter tax fraud.	P6-23-1: Scope and nature of the process to identify and plan responses to counter tax fraud.
	P6-23-2: Effective implementation of the planned responses to counter tax fraud.
P6-24. Monitoring the tax gap to assess inaccuracy of reporting levels.	P6-24: The soundness of tax gap analysis method/s used by the tax administration to assess and monitor inaccurate reporting.
POA 7: Effective Tax Dispute Resolution	
P7-25. Existence of an independent, workable, and graduated dispute resolution process.	P7-25-1: The extent to which an appropriately graduated mechanism of administrative and judicial review is available to, and used by, taxpayers.
	P7-25-2: Whether the administrative review mechanism is independent of the audit process.

INDICATOR	DIMENSION
	P7-25-3: Whether information on the dispute process is published, and whether taxpayers are explicitly made aware of it.
P7-26. Stock and flow of administrative reviews.	P7-26-1: The time taken to complete administrative reviews. P7-26-2: Stock of administrative reviews.
P7-27. Degree to which dispute outcomes are acted upon.	P7-27: The extent to which the tax administration responds to dispute outcomes.
POA 8: Effective Performance and Efficient Revenue Management	
P8-28. Effectiveness of organizational performance management.	P8-28: The extent of the tax administration's management of its performance.
P8-29. Contribution to government tax revenue forecasting process.	P8-29: The extent of tax administration input to government tax revenue forecasting, estimating, and monitoring.
P8-30. Adequacy of the tax revenue accounting system.	P8-30: Adequacy of the tax administration's tax revenue accounting system.
P8-31. Adequacy of tax refund processing.	P8-31-1: Adequacy of the VAT refund system. P8-31-2: The time taken to pay (or offset) VAT refunds.
POA 9: Accountability and Transparency	
P9-32. Internal assurance mechanisms.	P9-32-1: Assurance provided by internal audit. P9-32-2: Staff integrity assurance mechanisms.
P9-33. External oversight of the tax administration.	P9-33-1: The extent of independent external oversight of the tax administration's operations and financial performance. P9-33-2: The investigation process for suspected wrongdoing or maladministration.
P9-34. Public perception of integrity.	P9-34: The mechanism for monitoring public confidence in the tax administration.
P9-35. Publication of activities, results and plans.	P9-35-1: The extent to which the financial and operational performance of the tax administration is made public, and the timeliness of publication. P9-35-2: The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication.

TADAT assesses the relative strengths and weaknesses of a country's tax administration system by reference to each indicator; it does not attempt to assign a single overall performance rating for the administration. TADAT assessments reflect the maturity level of a tax administration in the context of international good practice. Repeat assessments (at 3 to 5 year intervals) will provide information on the extent to which a country's tax administration system is improving and maturing.

Over time, as more assessments are conducted, a picture will emerge of relative performance differences across countries, regions, and country income groups. This will assist researchers to better understand the strengths of different administrative responses and will inform thinking at a global level about which ones are the more effective approaches to tax administration.

A TADAT assessment report will not, however, include recommendations for specific reforms or state assumptions about the potential impact of ongoing reforms on tax administration performance. Rather, the report will—in highlighting weaknesses of administration—provide the basis for discussions about reform goals, implementation strategies, and the prioritization and sequencing of interventions.

Scoring methodology

Each of TADAT's 61 measurement dimensions is assessed separately. The overall score for an indicator is based on the assessment of the individual dimensions of the indicator. These are scored on a four-point 'ABCD' scale according to specific scoring criteria prescribed throughout the field guide. The interpretation of these scores is broadly as follows:

- 'A' denotes performance that meets or exceeds international good practice. In this regard, for TADAT purposes, a good practice is taken to be a tested and proven approach applied by a majority of leading tax administrations. It should be noted, however, that for a process to be considered 'good practice', it does not need to be at the forefront or vanguard of technological and other developments. Given the dynamic nature of tax administration, the good practices described throughout the field guide can be expected to evolve over time as technology advances and innovative approaches are tested and gain wide acceptance.
- 'B' represents sound performance (i.e. a healthy level of performance but a rung below international good practice).
- 'C' means weak performance relative to international good practice.
- 'D' denotes inadequate performance and is applied when the requirements for a 'C' rating or higher are not met. Furthermore, a 'D' score is given in certain situations where there is insufficient information available to assessors to determine and score the level of performance. For example, where a tax administration is unable to produce basic numerical data for purposes of assessing operational performance (e.g., in areas of filing, payment, and refund processing) a 'D' score is given. The underlying rationale is that inability of the tax administration to provide the required data is indicative of deficiencies in its management information systems and performance monitoring practices relative to a given dimension.

Scores allocated to each dimension are combined into an overall score for an indicator using one of two methods: Method 1 (M1) or Method 2 (M2).

Method M1 is used for all single dimensional indicators, and for multi-dimensional indicators where poor performance on one dimension of the indicator is likely to undermine the impact of good performance

on other dimensions of the same indicator (in other words, by the weakest link in the connected dimensions of the indicator). For indicators with 2 or more dimensions, the steps in determining the overall or aggregate indicator score are as follows:

- Assess each dimension separately and give it a score (i.e. A, B, C, or D).
- Combine the scores for the individual dimension by choosing the lowest score given for any dimension.

Method M2 is based on averaging the scores for individual dimensions of an indicator. It is used for selected multi-dimensional indicators where a low score on one dimension of the indicator does not necessarily undermine the impact of higher scores on other dimensions for the same indicator. Though the dimensions all fall within the same area of the tax administration system, progress on individual dimensions can be made independent of the others and without logically having to follow any particular sequence. The steps in determining the overall or aggregate indicator score are as follows:

- For each dimension, assess what standard has been reached on the 4-point 'ABCD' calibration scale (as for M1).
- Go to the conversion table (Table 2) for scoring M2 and find the appropriate section of the table (2 – 5 dimension indicators).
- Identify the line in the table that matches the combination of scores that has been given to the dimensions of the indicator (the order of the dimension scores is immaterial).
- Pick the corresponding overall score for the indicator.

Table 2 is a conversion table that applies to all indicators using the M2 scoring methodology only and cannot be used for indicators using the M1 methodology, as that would result in an incorrect score. The conversion table should not be used to aggregate scores across all, or subsets, of indicators, as the table is not designed for this purpose.

Table 2. Conversion Table for Scoring Method M2

Note: This table CANNOT be applied to indicators using scoring method M1.

2-dimensional indicators				
D	D			D
D	C			D+
D	B			C
D	A			C+
C	C			C
C	B			C+
C	A			B
B	B			B
B	A			B+
A	A			A

3-dimensional indicators				
D	D	D		D
D	D	C		D+
D	D	B		D+
D	D	A		C
D	C	C		D+
D	C	B		C
D	C	A		C+
D	B	B		C+
D	B	A		B
D	A	A		B
C	C	C		C
C	C	B		C+
C	C	A		B
C	B	B		B
C	B	A		B
C	A	A		B+
B	B	B		B
B	B	A		B+
B	A	A		A
A	A	A		A

4-dimensional indicators				
D	D	D	D	D
D	D	D	C	D
D	D	D	B	D+
D	D	D	A	D+
D	D	C	C	D+
D	D	C	B	D+
D	D	C	A	C
D	D	B	B	C
D	D	B	A	C+
D	D	A	A	C+
D	C	C	C	D+
D	C	C	B	C
D	C	C	A	C+
D	C	B	B	C+
D	C	B	A	C+
D	C	A	A	B
D	B	B	B	C+
D	B	B	A	B
D	B	A	A	B
D	A	A	A	B+
C	C	C	C	C
C	C	C	B	C+
C	C	C	A	C+
C	C	B	B	C+
C	C	B	A	B
C	C	A	A	B
C	B	B	B	B
C	B	B	A	B
C	B	A	A	B+
C	A	A	A	B+
B	B	B	B	B
B	B	B	A	B+
B	B	A	A	B+
B	A	A	A	A
A	A	A	A	A

Table 2. Conversion Table for Scoring Method M2 continued...

Note: This table CANNOT be applied to indicators using scoring method M1.

5-dimensional indicators					
D	D	D	D	D	D
D	D	D	D	C	D+
D	D	D	D	B	D+
D	D	D	D	A	C
D	D	D	C	C	D+
D	D	D	C	B	C
D	D	D	C	A	C
D	D	D	B	B	C
D	D	D	B	A	C
D	D	D	A	A	C+
D	D	C	C	C	C
D	D	C	C	B	C
D	D	C	C	A	C
D	D	C	B	B	C
D	D	C	B	A	C+
D	D	C	A	A	C+
D	D	B	B	B	C+
D	D	B	B	A	C+
D	D	B	A	A	B
D	D	A	A	A	B
D	C	C	C	C	C
D	C	C	C	B	C
D	C	C	C	A	C+
D	C	C	B	B	C+
D	C	C	B	A	C+
D	C	C	A	A	B
D	C	B	B	B	C+
D	C	B	B	A	B

5-dimensional indicators					
D	C	B	A	A	B
D	C	A	A	A	B
D	B	B	B	B	B
D	B	B	B	A	B
D	B	B	A	A	B
D	B	A	A	A	B+
D	A	A	A	A	B+
C	C	C	C	C	C
C	C	C	C	B	C+
C	C	C	C	A	C+
C	C	C	B	B	C+
C	C	C	B	A	B
C	C	C	A	A	B
C	C	B	B	B	B
C	C	B	B	A	B
C	C	B	A	A	B
C	C	A	A	A	B+
C	B	B	B	B	B
C	B	B	B	A	B
C	B	B	A	A	B+
C	B	A	A	A	B+
C	A	A	A	A	A
B	B	B	B	B	B
B	B	B	B	A	B+
B	B	B	A	A	B+
B	B	A	A	A	A
B	A	A	A	A	A
A	A	A	A	A	A

Table 3 summarizes the appropriate scoring method (M1 or M2) to be used in respect of each of the 35 indicators in the TADAT framework.

Performance assessment report

The objective of the TADAT performance assessment report (PAR) is to provide full coverage of the country's TADAT assessment in a standardized and concise manner. To achieve this, and to ensure consistency and quality of reports across countries, assessors must use the appropriate PAR template. Points to note about the PAR template are:

- There are two PAR templates. One is for initial TADAT assessments (where an assessment has not been conducted previously) and the second is for repeat assessments (where a previous assessment has been completed and a comparison of scores is possible).
- Much of the text in the template is generic with built-in quality standards (a template of the PAR will be made available to assessors on the TADAT Secretariat's website (www.tadat.org)).
- The PAR comprises an executive summary, three sections, and five attachments.
- The executive summary typically consists of a one-page description of the main strengths and weaknesses of the tax administration, together with a table of assessed performance scores across the 35 indicators and a diagram showing the distribution of scores.
- An introductory section (Section I) sets out the scope of the assessment and reminds the reader of what the TADAT assessment aims to do, and not do. A reader seeking more information about the TADAT methodology can go to Attachment I of the PAR.
- Section II and Attachment II provide contextual information about the country being assessed.
- Section III—the detailed assessment—methodically walks the reader through each POA and indicator, starting with a short description of what is being measured and why. Assessed scores (in a table) then follow, together with an explanation of reasons underlying the scores. Each explanatory paragraph commences with a bolded topic sentence that encapsulates the principal reason

Table 3. Scoring Method Associated with Each Indicator

POA	Indicator	M1	M2
		Single dimension (S) or multi-dimensional (M)?	Indicator
1	P1-1	M	--
	P1-2	S	--
2	P2-3	M	--
	P2-4	S	--
	P2-5	S	--
	P2-6	M	--
	P2-7	M	--
3	P3-8	M	--
		M	P3-9
	P3-10	S	--
	P3-11	M	--
	P3-12	S	
4	--	M	P4-13
	P4-14	S	--
	P4-15	S	
5	P5-16	S	--
	P5-17	S	--
	P5-18	M	
		M	P5-19
	P5-20	S	
6		M	P6-21
	P6-22	S	--
	P6-23	M	--
	P6-24	S	--
7	--	M	P7-25
		M	P7-26
	P7-27	S	--
8	P8-28	S	--
	P8-29	S	--
	P8-30	S	--
	--	M	P8-31
9	--	M	P9-32
	--	M	P9-33
	P9-34	S	--
	--	M	P9-35

for the score. Additional sentences then expand on, and support, the key point made in the topic sentence. Scores based on quantitative measures (e.g., filing rates) are cross-referenced to numerical data tables in an attachment.

- Sources of evidence in respect of each indicator are summarized in an attachment.

Where materially different views of performance are held by assessors and the authorities, these will be recorded in the final PAR.

The TADAT Secretariat (Secretariat) will review and validate PARs to ensure that reports have been prepared in accordance with the template and that required quality standards have been met.

TADAT assessments

TADAT assessments will usually be initiated by either a country's Ministry of Finance or tax administration, or by international/regional agencies (e.g., African Development Bank, African Tax Administration Forum, Asian Development Bank, European Commission, International Monetary Fund (IMF), Inter-American Development Bank, and World Bank), bilateral donors.

TADAT assessments are conducted by an assessment team typically comprising 3 or 4 trained assessors, one of whom is the designated assessment team leader. The team may also include one or more analysts in a supporting role to assist in data collection, evidence gathering, and analysis. However, these analysts cannot be involved in determining 'ABCD' scores (i.e. only the team's trained assessors can determine the assessment ratings).

There are four phases of an assessment:

- **Phase 1. Assessment initiation:** All TADAT assessments will require a formal request from the country authorities to the sponsoring organization (e.g., IMF, World Bank), or directly to the Secretariat. Where the request is not sent to the Secretariat directly, the sponsoring organization must forward a copy to the Secretariat. The

request letter would typically come from the country's minister responsible for tax administration (generally the Minister of Finance) and/or the head of the principal agency responsible for administering the country's national taxes (e.g., tax department or national revenue [agency](#)). The letter should also indicate the desired timing of the assessment. The Secretariat will notify all TADAT partners⁵ and technical assistance providers of these requests. The purpose of this requirement is to:

- Identify and account for interests of the candidate country and those of domestic and international technical assistance providers, the key objective being to minimize duplication of effort and working at cross-purposes;
- Encourage the fielding of mixed teams of trained assessors from a cross-section of technical assistance providers and any interested parties; and
- [Enable a country, upon completion of the TADAT assessment, together with its donor/s and technical assistance provider/s, coordinate, prioritize, and sequence reform priorities and support based on a shared diagnostic.](#)

[The Secretariat will also forward the assessment team leader the appropriate assessment package, that is, either for an initial or repeat assessment.](#)

- **Phase 2. Pre-assessment:** This is the assessment team's planning and preparation phase that begins 6 to 8 weeks prior to the in-country assessment phase (Phase 3). Tasks include:
 - Initiating arrangements through formal communication with the client country. This will entail the team leader responding to the request letter from the minister and/or head of the tax administration explaining briefly the TADAT process and seeking the country's support in getting the assessment underway;

⁵ TADAT is a module of the Global Public Finance Partnership (GFP) and a partnership between the IMF and the World Bank. It is financed by Belgium, Denmark, the European Commission, France, Germany, Japan, Luxembourg, Norway, The Netherlands, Saudi Arabia, Sweden, Switzerland and the United Kingdom.

- Communicating with the client country's [requesting authority](#) about [potential core taxes to be covered](#) and the extent that more than one revenue agency will be involved. This process will result in an agreed decision on the approach to be taken where multiple agencies are involved in the administration of core taxes.⁶
 - Other issues to be addressed at this stage [cover](#) assessment logistics, including confirming the dates when the in-country assessment (Phase 3 activity) will be undertaken and establishing a single point of contact within the tax administration for ongoing communication with the assessment team. Having a direct counterpart [within the tax administration at a senior level](#) is invaluable during assessment phases 2 to 4;
 - Copying all communication to donors or potential donors, as appropriate. This will happen in situations where a donor, in consultation with the client country, has contributed to the country's decision to undergo a TADAT assessment;
 - Advising the Secretariat of the upcoming assessment once the Phase 3 dates are confirmed;
 - Sending a questionnaire to the tax administration—via the country counterpart and at least 4 weeks prior to the start of Phase 3—to gather numerical data and other information critical to the TADAT process. As a minimum, assessors must use the Appendix 2 'Pre-assessment Questionnaire Template' [which contains a number of data tables to be completed along with suggested documents to be provided](#). The return of the completed questionnaire at least 2 weeks ahead of the Phase 3 start date is highly recommended as this provides sufficient time for the assessment team to review what has been provided. In situations where a country's tax administration encounters problems in gathering the required information it may be appropriate to provide [further](#) assistance in assembling the data;
 - Sending a suggested assessment work schedule to the counterpart. This should be done at least 2 to 3 weeks prior to the start of Phase 3 to allow the counterpart sufficient time to set up meetings with appropriate officials—see 'Suggested In-country Assessment Work Schedule' [included in the TADAT Assessment Package](#); and
 - Undertaking country research, including gathering general background information on the country and the economic, business, political, and social environment in which its tax system operates. Country tax administration websites often provide a rich source of information relevant to the POAs and assessment of the indicators. So too do the websites of other stakeholders (e.g., Ministry of Finance, government audit office, tax [ombudsperson](#), judiciary, statistics office, company registry office, accounting bodies, and chamber/s of commerce). Country reports, such as are on the IMF's website, are also helpful, as are World Bank and other development partner and country stakeholder reports (e.g., country economic memoranda, and tax project-related documents). Additionally, any reports relating to recent technical assistance in the area of tax administration should be requested from the country.
- **Phase 3. In-country assessment:** The critical work of a TADAT assessment occurs during this phase, which typically takes 2 to 3 weeks. Key tasks include:
- An opening meeting with the minister (if appropriate), and the head and senior [leadership](#) team of the tax administration. The aim of this meeting is to: (1) acquaint the senior officials with the objectives, processes, and outputs of the TADAT diagnostic approach (this may entail a short presentation of the TADAT framework); (2) discuss the

⁶ Such discussion may see that the requested TADAT only covers a single revenue agency responsible for some core taxes or that an additional TADAT may be necessary for other revenue agencies administering the identified core taxes.

assessment team's work program; and (3) raise the prospect of publishing the finalized Performance Assessment Report to demonstrate transparency with the results of the assessment; and (4) respond to questions and issues raised;

- A series of meetings with tax officials, typically spread over 5 to 6 days. In this regard, a meeting of around 3 to 4 hours' duration will be held for each POA but may vary depending on circumstances on the ground (some POAs may require a longer meeting time, namely POAs 2, 6, and 9). The aim of these meetings is to gather information and evidence in respect of each indicator and measurement dimension. In conducting these meetings assessors will ask a series of questions and gather examples of evidence as set out in the field guide. Follow up meetings, including validation of evidence, may be required. There is no set sequence in which the POA meetings need to be held as the scheduling will be determined by the availability of participating officials. However, it is strongly recommended that POA1 is tackled first since the state of the registered taxpayer database has been found to have an influence on the assessment of other POAs;⁷
- A walk-through of the work processes of operational/field offices, including the large taxpayer office;
- Scoring each dimension and indicator based on analysis of the evidence gathered. For this task, assessors will apply the scoring criteria prescribed in the field guide for each POA. When scoring each dimension, assessors should premise their decision on the following key questions (whilst keeping in mind the desired performance outcome for the POA):
 - What is the TADAT good practice standard or criterion?
 - Who, at the tax administration's head office, is accountable for communicating the good practice standard, its implementation and the related monitoring of performance?
- Are the tax administration's documented and approved standard operating rules, instructions, processes or procedures consistent with the good practice standard?
- Is the good practice standard implemented uniformly across the tax administration as a whole—not selectively or in a fragmented manner?
- Did the tax administration provide or allow access to the good practice standard monitoring and impact analysis reports?
- Were there any observed contradictions or variances on the use of the good practice standard amongst the tax administration officials—during: pre-mission workshops, assessment meetings/sessions or field walk-through or demonstration of the processes and procedures?
- A meeting with selected members of the community (e.g.: taxpayer representatives such as members of the accounting, tax, and legal profession; business associations; industry groups) to obtain feedback on the administration of the tax system in the country;
- Preparing a draft report (the PAR) using the relevant template (i.e., initial or repeat assessment) included in the TADAT Assessment Package. The draft PAR must be delivered to the minister and/or tax administration head at least 24 hours prior to the exit meeting;
- An exit meeting on the final day of Phase 3 with the minister (if appropriate), and head and senior leadership team of the tax administration. The purpose of this meeting is for the assessment team to present the TADAT assessment contained in the draft PAR and to provide country officials with an opportunity to comment and discuss the scores. The opportunity should also be taken to again raise the prospect of publishing the

⁷ A suggested schedule is provided at in the Assessment Package as Attachment 1.

finalized PAR to demonstrate transparency with the results of the assessment;

- Inviting the country to provide written comments on the draft PAR within 21 calendar days of the end of the in-country assessment (the country must be notified of this invitation in writing when delivering the draft PAR and verbally during the exit meeting);
- The assessment team leader providing the country authorities (minister or head of the tax administration) with a questionnaire aimed at evaluating the quality of the assessment team's work—see questionnaire template [included in the TADAT Assessment Package](#). The authorities should be requested to send the completed questionnaire to the Secretariat—at secretariat@tadat.org—within 21 calendar days of the end of the in-country assessment; and
- Briefing stakeholders—as appropriate, and only with the agreement of the country authorities, the assessment team could (without providing a copy of the draft PAR) brief relevant stakeholders such as government agencies and/or technical assistance providers on assessment outcomes.

■ **Phase 4. Assessment Finalization:** The PAR is finalized during this phase and the assessment team leader evaluates team members. Tasks include:

- On the final day of the in-country assessment (Phase 3), sending an electronic version of the draft PAR to the Secretariat for review; the Secretariat, as custodian of the TADAT brand, will review the PAR against required quality standards;
- Uploading to the TADAT secure website the working papers and evidence underlying the draft PAR; this facilitates the Secretariat's quality review process and should be done on the final day of Phase 3;
- Securing country feedback within 21 calendar days of the end of Phase 3;
- Considering country feedback and making changes to the PAR as appropriate. Where there are materially different views of

performance held by assessors and the authorities, these will need to be recorded in the PAR;

- Within 35 calendar days of the end of the Phase 3, sending an electronic copy of the PAR incorporating country feedback to the Secretariat for final review and approval;
- Within 45 calendar days of the end of Phase 3, the TADAT assessment team leader from the sponsoring institution sending the approved PAR to the client country using a transmittal letter, a template of which will be provided on the Secretariat's website (www.tadat.org). The transmittal letter should include a paragraph requesting the country to publish the PAR for wider consumption, and that acceptance to publish should be in writing. Once permission is granted, in writing, publication protocols of the sponsoring institution should be followed. The country's decision to publish, or not, should be respected;
- Publishing and discussing the approved PAR with relevant parties where the country has given the assessment team or sponsoring institution permission, in writing, to do so;
- The Secretariat sharing the PAR with the TADAT Steering Committee members on a confidential basis; and
- The assessment team leader providing feedback to the Secretariat on the quality and contribution of each assessment team member using an automatically generated e-questionnaire provided by the Secretariat—see questionnaire template [included in the TADAT Assessment Package](#).

Further details of the post-assessment quality assurance process [are included in the TADAT Assessment Package](#).

Post-TADAT assessment dialogue

As indicated earlier in this chapter, the TADAT assessment results provide, amongst other [things](#), the following: (i) a shared view on the health of the tax administration among all stakeholders (e.g., country authorities, international organizations, donor countries, and technical assistance providers); and (ii) an opportunity for the country authorities, with support of other stakeholders, to discuss the findings and set

the reform agenda that includes clear objectives, priorities, activities to be implemented, as well as their timing and sequencing.

The development of any reform program using TADAT results as input [would take place following the conclusion of the assessment and after the final PAR has been issued](#). Given the importance of any such [reform program](#) the following are some pre-requisites stakeholders may want to see:

- Commitment and strength of the top tax administration and ministry of finance leadership;
- A governance framework that includes a dedicated team that manages the reform process and a steering committee or board to provide guidance and resolve bottlenecks;
- Evidence of a well-thought-out medium-term reform strategy;
- A coherent, prioritized and appropriately sequenced TA activity plan that is based on the reform strategy; and
- All domestic and external support to the reform effort is managed through the modernization governance framework, with all support actors working off a single plan.



II. Introduction to the Field Guide

Purpose of the field guide

The purpose is to:

- Provide trained assessors with a structured methodology to undertake an objective performance assessment of a country's tax administration system.
- Establish a set of quality standards to be applied in conducting an assessment and preparing a PAR.
- Ensure consistency of approach amongst assessors.

Structure of the field guide

This field guide is structured around the nine POAs comprising the TADAT framework. A separate section is devoted to each POA—see sections III to XI—and includes:

- A short statement of the desired performance outcome and description of what represents international good practice.
- A summary of the indicators, measures, and scoring methods used to assess performance.
- **Guidance on the nature of questions** TADAT assessors **can use** in their field enquiries. The **guidance provided** is not intended to be exhaustive; assessors will, using their professional skill and judgment, need to probe further and ask additional questions to assess a particular performance indicator.
- Examples of evidence to be gathered by assessors during preparation and fieldwork, given that TADAT assessments are **evidence-based** (i.e. assessed scores must be based in fact and supported by documentary or other evidence, including administrative policy documents, procedural manuals, numerical data extracted from the tax administration's management information system, and observations by TADAT assessors of work processes and procedures in operation).

- A detailed performance measurement framework in the form of a matrix showing, for each indicator and measurement dimension, the criteria to be applied in determining a performance score. As with the **questions guidance**, assessors will need to exercise professional judgment in applying the performance measurement framework; inevitably there will be situations that do not align precisely with the stated criteria, thereby requiring judgment in determining an appropriate performance score.

Finally, appendixes to the field guide provide: (1) a glossary of terms; **and** (2) a questionnaire to be sent to the client country in advance of the assessment team's fieldwork (**see Phase 2—Pre-Assessment**).

Desired Performance Outcomes

The introduction to each POA includes a statement outlining the desired outcome. When considering the evidence presented by an administration it is important that assessment teams reflect on whether (and to what level) the desired outcome is being achieved by the system of tax administration. Assessment teams will need to use their judgment and experience to assess whether, and to what degree, the evidence presented contributes to achieving the desired outcome. In some instances, an assessment team will be presented with evidence which matches the form of evidence requested, but where it is not yet clear that the outcomes are being achieved. An example of this may be where an assessment team is provided with document such as an operational plan but, because the plan is only just recently finalized, it is uncertain that the outcome associated with it has had sufficient time to yet be achieved. Assessment team leaders should facilitate discussions within the assessment team when things are unclear and seek further evidence if required and/or seek guidance from the TADAT Secretariat during the assessment.

Standard terms used in the field guide

Key terms that have a specific meaning in this field guide are defined in the glossary in Appendix 1. To

assist the reader, all terms included in the glossary are underlined on first use in the field guide.

Confidentiality of information

This field guide—especially the [assessor question guidance](#) and pre-assessment questionnaire contained therein—sets out the detailed fields of information required for the conduct of a TADAT assessment. Assessors will require full access to all fields of information in order to complete their analysis and assessment work. Importantly, the conduct of analysis and assessment work will not require the disclosure of information about the affairs of any individual taxpayer. All data related to taxpayers' compliance with their tax obligations will be in aggregated form. Nonetheless, if national laws and/or the internal rules of the tax administration might prevent access to particular information required for analysis and assessment purposes,

arrangements will need to be made between the tax administration and the assessors before the assessment takes place. The purpose is to identify and protect the information yet facilitate assessor access to that information.

Accuracy of Third party data

A number of good practices espoused in the field guide involve the use of third-party data (i.e., from other government agencies (intra-government), banks and other financial institutions, and other public registers). This data is then to be used in a range of areas (e.g., cross-checking information in the taxpayer register). The importance of the tax administration using this data as a good practice is without question, but a high level of confidence in the data's accuracy is a critical pre-requisite even though the tax administration may have no responsibility for ensuring its accuracy.



III. Performance Outcome Area 1: Integrity of the Registered Taxpayer Base

Desired outcome

All businesses, individuals, and other entities that are required to register are included in a taxpayer registration database. Information held in the database is complete, accurate, and [up to date](#).

Background and good practice

A fundamental initial step in administering taxes is taxpayer registration and numbering. [Although this is, historically, a core function of tax administrations it is not uncommon to find a whole of government business registration authority also issuing taxpayer identification numbers \(TINs\). Similarly, some countries have a national identity number for individuals that is adopted as their TIN. Tax administrations' however, must retain responsibility to compile and maintain a complete database of businesses and individuals required by law to register for taxation purposes; these will include business and individual taxpayers in their own right, as well as others such as employers with PAYE withholding responsibilities. With the shift away from traditional physical establishments, the taxpayer register must also ensure it includes those taxpayers conducting online businesses \(either domestic or international\) who also have registration obligations \(e.g., online trading platforms, and digital service providers\).](#)

Additionally, there may be some who choose to register even though they are not required to do so (e.g., voluntary registration for VAT by small traders seeking to claim input tax credits). Registration and numbering of each taxpayer underpins key administrative processes associated with filing, payment, assessment, collection, and reporting to government (e.g., Ministry of Finance, government auditor, and legislature and its committees).

Examples of good practice adopted by tax administrations to achieve the desired outcome include:

- Use of a unique [high integrity tax identification number \(TIN\)](#) that facilitates [routine](#) identification of taxpayers for administrative actions (e.g., detection of [non-filers](#)), third party information reporting and data matching (e.g., data matching in respect of interest earned on bank deposits, dividends paid by public companies, contract income, and asset sales), and exchange of information with other government agencies.
- Having an IT system with features of the kind described in Box 1.
- Maintaining [and regularly up-dating](#) a database of sufficient, accurate and reliable identifying information (e.g., name, address, contact details (e.g., telephone, email, website), gender, nature of business activity, size (e.g., micro, small, medium or [large taxpayers](#)) and segment allocation, and tax obligations by tax type) to assist interactions with the taxpayer and [tax intermediaries](#) (i.e. tax advisors and accountants), especially in relation to filing, payment, and assessment matters.
- Recording, for legal entities, the names and TINs of associated or grouped entities and of the [beneficial owners](#) or persons with significant control.
- Identifying and flagging [dormant taxpayer](#) registrations (e.g., seasonal businesses and taxpayers temporarily residing in other countries and taking reasonable steps to keep the database clean of inactive (deceased persons and defunct businesses) invalid, and duplicate records—noting that inactive and erroneous records produce unnecessary costs (e.g., through wasted enforcement actions initiated against defunct businesses or deceased persons), [have potential to be used for fraudulent purposes](#) and distort filing statistics.

- Ensuring that applications for registration are authentic—this includes, for example, carrying out proof of identity checks [before registration is finalized](#) to prevent bogus [individuals and/or entities](#) from registering, given that both VAT and income tax are targets for refund fraud. [Proof of identity checks also apply to the directors as well as beneficial owners or persons with significant control.](#) Where other agencies carry out the registration process or issue TINs, the tax administration should assure itself that appropriate proof of identity checks are made, and that automatic data exchange is facilitated.
- Verifying the accuracy of information held in the registration database through the use of large-scale automated processes to crosscheck information against databases of other government agencies such as: registrar of companies; [property cadastre](#); utilities providers; and licensing authorities. As this information will often be sourced from other organizations, it is necessary [to ensure that the information is accurate before undertaking any crosschecking.](#)
- Routinely having the taxpayer register subjected to internal and/or external audits where the accuracy of information held in the registration database is evaluated.
- Undertaking initiatives to detect unregistered businesses and individuals, especially those representing high revenue risks (e.g., high income self-employed). Initiatives would include, for example, use of third-party information to identify new business start-ups and economic activity of existing businesses that have failed to register; [arrangements to allow cross agency registration where businesses or individuals register with one agency but have obligations with other agencies \(referred to as synchronization of registration information\); cross-checking with information held in a country's beneficial ownership register \(where one exists\); use of labor force data in specific industries to gauge levels of personal taxpayer registration; optimizing technologies such as geolocalization \(and/or remote sensing imagery\) and data from social media and e-commerce platforms; and intelligence led risk-based unannounced visits to businesses in commercial districts to uncover unregistered traders and/or unregistered workers.](#)

Box 1. Key Features of a Taxpayer Registration IT Subsystem

An effective registration IT subsystem:

- Allocates a [high integrity](#) TIN to each registered taxpayer.
- Validates TINs through use of check digits [and protects against unauthorized access via misuse of the taxpayer's TIN.](#)
- Links associated entities and related parties of the taxpayer (e.g., where a company is part of a corporate group, or a taxpayer is a partner in a partnership).
- Mitigates the risk of duplicate or conflicting records (e.g., where a company or individual that is already registered for tax attempts to register again).
- [Integrates](#) with other IT subsystems to support filing and payment enforcement (e.g., management of non-filers and debtors, as covered in POAs 4 and 5).
- Provides frontline staff with a whole-of-taxpayer view of a taxpayer's identifying and other details across all core taxes.
- Allows for deactivation or deregistration of taxpayers and archives information in a way that can be restored if needed.
- Generates registration-related management information (e.g., statistics of registered taxpayers by entity type, location, [segment, size, gender](#), and economic sector).
- Provides an audit trail of user access and changes made to taxpayer registration data.
- Provides secure online access ([such as multi-factor authentication](#)) to businesses and individuals to register and, once registered, to update details held in the database (e.g., a taxpayer's postal or business address).

Indicators, dimensions, and scoring

Two performance indicators with the following 3 measurement dimensions are used to assess:

- The adequacy of information held in respect of registered taxpayers and the extent to which the registration database supports effective interactions with taxpayers, tax intermediaries and other government agencies.

- The accuracy of information held in the registration database.
- The extent of initiatives to detect businesses and individuals who are required to register but fail to do so.

Table 4 summarizes the indicators, dimensions, and associated scoring methods for POA 1.

Table 4. POA 1 Performance Indicators, Dimensions, and Scoring

Indicators	Dimensions to be measured	Scoring method
P1-1. Accurate and reliable taxpayer information	■ The adequacy of information held in respect of registered taxpayers and the extent to which the registration database supports effective interactions with taxpayers, tax intermediaries and other government agencies. ■ The accuracy of information held in the registration database.	M1 (See note)
P1-2. Knowledge of the potential taxpayer base	■ The extent of initiatives to detect businesses and individuals who are required to register but fail to do so.	M1
Note: M1 is used in this instance because a poor score on the first dimension will undermine a good score on the second, and vice versa. For example, a comprehensive database of taxpayer information (which would score well under the first dimension) would be undermined if much of the information were inaccurate (which would score poorly under the second dimension). Similarly, a high score with regard to accuracy (second dimension) would be undermined if the database contained insufficient information to support the tax administration in its interactions with taxpayers and tax intermediaries (first dimension). Under M1, the overall score for an indicator with multiple dimensions is based on the dimension with the lowest score.		

Assessor question guidance

Table 5 provides questions and examples of sources of evidence to guide the assessor during field interviews and information gathering related to POA 1.

Performance Measurement Framework

Table 6 sets out the criteria for scoring the indicators and dimensions of POA 1.

Table 5. POA 1 Assessor Question Guidance

QUESTIONS	Assessor Question Guidance for POA 1: Integrity of the Registered Taxpayer Base	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	Background questions: - Under the country's tax laws: - Who must register in respect of the core taxes? - Who can register voluntarily? - Who is not permitted to register? - What, if any, other government agencies are involved in the process of registering businesses and individuals for tax purposes? What is their role? What interaction is there between these agencies and the tax administration? Is taxpayer registration information automatically shared between agencies? - What organizational unit/s of the tax administration is/are responsible for registering businesses and individuals and maintaining the taxpayer registration database?	- Sources of background material include: - Core tax laws. - Website and other information published by the tax administration regarding tax registration requirements of businesses and individuals. - Websites of other regulatory agencies involved in citizen, business, and corporate registration and numbering. - Organizational chart of the tax administration, and role descriptions of the main organizational units.
P1-1 Accurate and reliable taxpayer information Scoring method M1	Dimension 1. The adequacy of information held in respect of registered taxpayers and the extent to which the registration database supports effective interactions with taxpayers and tax intermediaries. - For individuals, does the registration database include, for example, the following taxpayer information: - Full name? - Address? - Contact details (e.g., telephone numbers, email addresses, of the taxpayer and/or intermediary)? - Date of birth? Gender - Filing and payment obligations applicable to the core taxes for which the taxpayer is registered? - For businesses, does the registration database include, for example, the following taxpayer information: - Full name? - Business and postal address? - Contact details (e.g., telephone number/s, email addresses, website of the taxpayer and/or intermediary)? Names and TINs of associated and related parties, grouped entities (including subsidiary companies), and of beneficial owners and/or persons with significant control? - Filing and payment obligations applicable to the core taxes for which the taxpayer is registered? - Date of incorporation for companies or date of business registration for other entities? - Nature of business activity and/or economic or industry sector classified according to government or other	- Field observation by the TADAT assessor of the identification and other information held in the registration database in respect of individuals. - Application form for tax registration and taxpayer identification number. - Field observation by the TADAT assessor of identifying and other information held in the registration database in respect of business taxpayers. - Application form for tax registration and taxpayer identification number.

Performance Outcome Area 1: Integrity of the Registered Taxpayer Base

QUESTIONS	Assessor Question Guidance for POA 1: Integrity of the Registered Taxpayer Base	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	recognized coding systems (e.g., International Standard Industrial Classification)? ○ Taxpayer segment (e.g., whether the taxpayer is a small, medium or large taxpayer, as defined by the segmentation criteria applied by the tax administration)?	
	▪ Is the taxpayer registration database: ○ Computerized or manual? ○ Centralized (i.e. there is a single national taxpayer registration database for the country's entire taxpayer population) or decentralized (e.g., separate decentralized databases exist for taxpayers located in different geographic regions within the country)?	▪ Field observation by the TADAT assessor. ▪ Documented high-level map describing the configuration of the tax administration's IT system and registration database/s.
	▪ What type of numbering system is used to identify taxpayers? For example: ○ Does each registered taxpayer have a single unique identification number—either a TIN or other high integrity number (e.g., a national citizen/business identification number)—that is used for key compliance obligations (such as filing, payment, and assessment) in respect of all core taxes? - OR ○ Do registered taxpayers have more than one identification number (e.g., there are separate identification numbers for income tax or VAT)? If so, are the separate identification numbers linked within the registration database? ▪ For countries where a TIN is used, does the TIN comprise a straightforward number with a self-validating mechanism (e.g., a check digit)?	▪ Field observation by the TADAT assessor of the numbering system used. ▪ Policy and procedural documentation and/or IT system specifications, relating to the numbering system.
	▪ Does the tax administration's registration IT subsystem: ○ Integrate with other IT subsystems (e.g., filing and payment processing)? ○ Provide frontline staff with a whole-of-taxpayer view of a taxpayer's identifying and other details (e.g., filing and payment of obligations) across all core taxes? ○ Allow for the deactivation of dormant registrations to suspend generation of tax declarations, reminders, estimated assessments, and other actions in respect of taxpayers who are temporarily inactive? ○ Allow for deregistration of taxpayers and archiving of information in a way that can be restored if needed? ○ Generate registration-related management information (e.g., statistics of registered taxpayers by entity type, location, and economic sector)? ○ Provide an audit trail of user access and changes made to taxpayer registration data? ○ Provide secure online access to businesses and individuals to register for core taxes and, once registered,	▪ Field observation by the TADAT assessor of the IT system, including a demonstration of its use by frontline staff. ▪ Examples of management information reports generated by the IT subsystem. ▪ Taxpayer portal on the tax administration's website that allows businesses and individuals to register for core taxes and, subsequently, update details held in the database. ▪ Documented IT system specifications describing the functional capabilities of the system.

QUESTIONS	Assessor Question Guidance for POA 1: Integrity of the Registered Taxpayer Base	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	to update details held in the database (e.g., a taxpayer's postal or business address)? - What methodologies are used to prevent unauthorized access to the taxpayer's records – for example, multi-factor authentication? Dimension 2. The accuracy of information held in the registration database. - Do documented national procedures exist to: - Maintain the accuracy of the <u>active taxpayer</u> registration database by identifying and removing inactive taxpayers (e.g., deceased persons and defunct businesses), duplicated records, and false/invalid registrants? If so, are the procedures applied routinely (i.e. performed regularly in a planned or scheduled manner), or on an ad hoc basis (i.e. unplanned or performed infrequently). - Ensure that applications for registration are authentic and all applicants meet the legal requirements for registration? Is proof of the applicant's identity verified to ensure that bogus entities are prevented from registering, given that both VAT and income tax are targets for refund fraud? <u>How are such verification checks carried out – via electronic verification with other external databases; manually (either paper-based checks or face to face meetings); or a combination of these approaches? Are all verification checks carried out before registration is finalized?</u> - Verify the accuracy of information held in the registration database? In particular, is information crosschecked against third party information sources (e.g., other government agencies such as: the registrar of companies; <u>property cadastre; utilities providers; and licensing authorities</u>) to ensure information held is <u>up to date</u>? If so, is this done on a routine or ad hoc basis? Is information crosschecking done on a large scale using automated processes? <u>How is the level of accuracy of information contained in these third-party sources determined – is the data used considered to be accurate (is there any evidence of the level of accuracy available)?</u>⁸ - Where no documented procedures exist, what actions are taken by the tax administration to improve the accuracy of information held in the registration database? - What procedures are applied to review taxpayers who have failed to file returns in successive tax periods and to update the taxpayer register where they are found to have become economically inactive or otherwise are not required to file a return? - To what extent does the registration database provide certainty to the tax administration as to the number of active taxpayers (i.e. businesses and individuals with current tax obligations) for each core tax <u>and to the accuracy of the</u>	- Data gathered in <i>Questionnaire Table 2 ("Movements in the taxpayer Register")</i>. - Documented national procedures covering: - Identification and removal of inactive, duplicate, and invalid records from the registration database. - Proof of identity and other checks to prevent bogus registrations. - Use of third-party sources (e.g., other government agencies) to verify the accuracy of information held in the registration database. - Reports and other documents describing the actions taken by the tax administration to improve the accuracy of information held in the registration database. Evidence of regular planned cleansing of the database would include, for example, management statistics of the number of taxpayers removed from the registration database over the past 1-2 years. <u>Internal or external audit reports (or other evidence) regarding the accuracy and reliability of information held in the registration database</u>

⁸ See Chapter II - Accuracy of third-party data.

Performance Outcome Area 1: Integrity of the Registered Taxpayer Base

QUESTIONS	Assessor Question Guidance for POA 1: Integrity of the Registered Taxpayer Base	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	data contained within it? To what extent has this issue been examined by tax administration management? For example, have <u>internal audit</u> reports been prepared during the past 1-2 years in relation to the accuracy of information held in the registration database? If so, what are the findings, conclusions, and recommendations of these reports? Have any recommendations been implemented? Likewise, has the external auditor examined this issue in recent times?	
P1-2 Knowledge of the potential taxpayer base Scoring method M1	Dimension. The extent of initiatives to detect businesses and individuals who are required to register but fail to do so. ▪ Does the tax administration undertake initiatives to detect unregistered businesses and individuals? For example, does the administration: ○ Use third party information to identify new business start-ups; <u>digital service providers; online trading platforms;</u> and economic activity of existing businesses that have failed to register? ○ Use technology such as geolocalization and/or remote sensing imagery to identify potentially unregistered taxpayers? ○ Review changes to the taxpayer register for all taxes (new or existing) where the taxpayer base has been broadened (e.g., reduction in the VAT threshold) to identify new taxpayers and ensure they have registered for all obligations? ○ Make <u>risk-based</u> unannounced visits to commercial districts to detect unregistered businesses and/or unregistered workers? <u>What sources of intelligence are used to determine these risk-based visits?</u> ○ Undertake analysis of on-line trading platforms to identify potential non-registered persons or businesses ▪ In relation to initiatives undertaken during the past 1-2 years, were outcomes monitored and reported upon?	▪ Documented initiatives undertaken and planned by the tax administration to detect unregistered businesses and individuals. ▪ <u>Use of third-party sources (e.g., Customs, other government agencies, business registration/licensing, e-commerce platforms, social media, labor force data, work visa data, information from foreign jurisdictions) to identify potential taxpayers.</u> ▪ Management statistics of the number of taxpayers added to the registration database over the past 1-2 years as a result of initiatives to detect unregistered businesses and individuals.

Table 6. POA 1 Performance Measurement Framework

Performance Measurement Framework for POA 1: Integrity of the Registered Taxpayer Base			
MEASUREMENT			
Indicator	Dimension	Score	Scoring Criteria
P1-1 Accurate and reliable taxpayer information Scoring method M1	Dimension 1. The adequacy of information held in respect of registered taxpayers and the extent to which the registration database supports effective interactions with taxpayers, tax intermediaries, and other government agencies.	A	All of the following are present: (i) Information held in the registration database includes, as a minimum: For individuals - the taxpayer's full name, address, contact details (e.g., telephone, email), gender, date of birth, tax intermediary (if any), and the filing and payment obligations applicable to the core taxes for which the taxpayer is registered. For businesses - the taxpayer's full name, business/registered office and postal address, contact details (e.g., telephone, email), website, date of incorporation or date of business registration for other entities, nature of business activity, identity of associated entities and related parties of the taxpayer (e.g., subsidiary companies, grouping arrangements, beneficial owners or persons with significant control), taxpayer segment (e.g., micro, small, medium, large), economic/industry sector, tax intermediary (if any), and the filing and payment obligations applicable to the core taxes for which the taxpayer is registered. (ii) There is a central national computerized registration database. (iii) Each registered taxpayer has a unique high integrity tax identification number. (iv) The registration IT subsystem: (a) Interfaces with other IT subsystems (e.g., filing and payment processing). (b) Provides frontline staff with a whole-of-taxpayer view of a taxpayer's identifying and other details across all core taxes. (c) Allows for the deactivation or deregistration of taxpayers and archives information in a way that can be restored if needed. (d) Generates registration-related management information (e.g., statistics of registered taxpayers by entity type, location, and economic sector). (e) Provides an audit trail of user access and changes made to taxpayer registration data. (f) Provides secure online access (incorporating multi-factor authentication) to businesses and individuals to register for core taxes and, once registered, to update details held in the database (e.g., a taxpayer's postal or business address).
		B	(i) Same as A(i). (ii) Same as A(ii). (iii) Registered taxpayers have more than one high integrity tax identification number (e.g., there are separate identification numbers for income tax and

Performance Outcome Area 1: Integrity of the Registered Taxpayer Base

MEASUREMENT Performance Measurement Framework for POA 1: Integrity of the Registered Taxpayer Base			
Indicator	Dimension	Score	Scoring Criteria
			VAT). These numbers are linked within the registration database. (iv) Same as A(iv)(a) to (f) with the exception that secure online access does not require multi-factor authentication.
		C	(i) Same as A(i) except details of a taxpayer's: website; gender; and beneficial owner or persons with significant control; may not be recorded. (ii) The registration database is computerized but may be decentralized across a number of sites. (iii) Same as B(iii) except that the separate high integrity tax identification numbers are linked within each decentralized registration database. (iv) Same as B(iv) but in a decentralized environment.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. The accuracy of information held in the registration database.	A	All of the following are present: (i) Documented procedures exist and are routinely applied (i.e. as planned or scheduled activities performed on a regular basis) to: (a) Identify and remove inactive taxpayers (e.g., deceased persons and defunct businesses), duplicate records, and false and invalid registrants from the active registration database AND deactivate and flag dormant registrations (i.e. taxpayers that are temporarily inactive); (b) Ensure that applications for registration are authentic and all applicants meet the legal requirements for registration—this would include, for example, carrying out proof of identity checks before registration is finalized to prevent bogus individuals and/or entities from registering as taxpayers, given that both VAT and income tax are targets for refund fraud; and (c) Verify accuracy of information held in the registration database, including through use of large-scale automated processes to crosscheck information against databases of other external agencies including (as applicable): registrar of companies; property cadastre; utilities providers; licensing authorities; and social security agencies. (ii) Internal or external audit reports (or other evidence) indicate a high level of confidence in the accuracy of the registration database for all core taxes.
		B	(i) Same as A(i)(a).

Performance Outcome Area 1: Integrity of the Registered Taxpayer

MEASUREMENT				Performance Measurement Framework for POA 1: Integrity of the Registered Taxpayer Base			
Indicator		Dimension		Score	Scoring Criteria		
					(ii) Same as A (i)(b) except that proof of identify checks for low-risk cases are carried out following registration.		
					(iii) Similar to A(i)(c) except that crosschecking of information against databases of other agencies is done on a smaller scale (e.g., may be restricted to verification of information on a case-by-case basis only).		
					(iv) Same as A(ii).		
				C	(i) Same as B(i), (ii) and (iii) except that the documented procedures are applied on an ad hoc basis.		
					(ii) Internal or external audit reports (or other evidence) indicate a lower level of confidence in the accuracy of the registration database for all core taxes (i.e., the report contains some reservations on the level of accuracy which are being addressed).		
				D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.		
P1-2 Knowledge of the potential taxpayer base Scoring method M1		Dimension. The extent of initiatives to detect businesses and individuals who are required to register but fail to do so.		A	(i) The tax administration's annual operational plans specify initiatives to detect unregistered businesses and individuals, including at least: (a) Systematic use of internal and third-party information sources (e.g., Customs, other government agencies, business registration/licensing, e-commerce platforms, social media, labor force data, work visa data, information from foreign jurisdictions); and (b) A program of targeted risk-based activities using intelligence and/or technologies such as geolocalization or remote sensing imagery. (ii) Evidence exists (e.g., documented reports) of actions and results during the past year in detecting unregistered businesses and individuals.		
				B	(i) Same as A(i)(a). (ii) Same as A(ii).		
				C	Evidence exists (e.g., documented reports) of ad hoc actions and results during the past year in relation to detecting unregistered taxpayers.		
				D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.		

IV. Performance Outcome Area 2: Effective Risk Management

Desired outcome

Risks to revenue and tax administration operations are identified and managed effectively.

Background and good practice

Tax administrations face numerous risks that have the potential to adversely affect revenue and/or tax administration operations. For convenience, these risks can be classified as:

- Compliance risks—where revenue may be lost if businesses and individuals fail to meet the four main taxpayer obligations dealt with in POAs 1, 4, 5, and 6 (i.e. registration in the tax system; filing of tax declarations; payment of taxes on time; and complete and accurate reporting of information in declarations); and
- Institutional risks—where tax administration functions may be interrupted if certain external or internal events occur, such as natural disasters, sabotage, loss or destruction of physical assets, failure of IT system hardware or software, industrial action by employees, and administrative breaches (e.g., leakage of confidential taxpayer information which results in loss of community confidence and trust in the tax administration). For TADAT purposes, institutional risk is divided into two components. These are:
 - *Operational risk*—refers to actions or events that affect or destroy part or all of the administration's systems, processes, assets or resources, such as buildings, IT, equipment, processes, data, and records; and
 - *Human capital risk (HCR)*—refers to inability to maximize tax administration effectiveness on account of absence of capability, capacity,

compliance, cost and connection (engagement) gaps of and by its employees.

Risk management is essential to effective tax administration and involves a structured approach to identifying, assessing, prioritizing, and mitigating risks. It is an integral part of multi-year strategic and annual operational planning. While there is no single right way to identify and assess risks, methodologies and standards exist in management literature and guidelines promoted by various bodies such as the International Organization for Standardization (ISO). Moreover, the IMF and the Organisation for Economic Cooperation and Development (OECD) publications provide examples of risk management processes suitable for use by tax administrations.⁹

Good practice in compliance risk management includes:

- Gathering risk-related information from internal and external sources, including:
 - Analysis of results of [environmental scanning](#) undertaken by the tax administration—as part of its strategic planning—to identify emerging compliance risks;
 - Analysis of tax audits and tax declarations—these provide insights into areas where taxpayers do not understand the requirements of the law, are prone to making errors, or are inclined not to comply (e.g., in failing to report income);
 - Bulk third party information (e.g., from banks and other financial institutions, credit card providers, online vendors, stock exchanges, Customs and other government agencies such as anti-money laundering bodies and registrars of land and property ownership);

⁹ See, for example, [ISO 31000:2018 “Risk management – Principles and guidelines”](#); and [“Compliance Risk Management: Developing Compliance Improvement Plans”](#), IMF Technical Note 21/20 2022.

- Studies of taxpayer behavior and attitudes towards paying taxes;¹⁰
- Research on topical compliance issues internationally, such as: potential revenue losses from transfer pricing and other forms of profit shifting by taxpayers with cross border operations; aggressive tax planning, especially by high-wealth and high-income individuals; and use of crypto assets to evade tax.
- Studies into hidden economic activity of businesses;
- Tax compliance gap analysis;
- Having a compliance risk register that identifies, assesses, and ranks risks on each core tax and key obligations (registration, filing, payment, and correct reporting). Ideally, the register presents risks within a framework of taxpayer segments, industry sectors, and demographic groupings.
- Applying data analytics, predictive modeling, bunching analysis, and machine learning in compliance risk management.
- Managing major risks via development and implementation of a compliance improvement plan with features of the kind described in Box 2.
- Having proper capacity development and governance arrangements in place for managing the design, implementation, and monitoring of the compliance improvement plan which typically involve a risk management committee of senior officials responsible for approving and overseeing the plan.

¹⁰ These types of studies identify the socio-economic factors (such as age, gender, employment status, and educational attainment) and institutional factors (such as trust in government and community satisfaction with the quality of public services) that have an impact on a business's or individual's motivation to comply with tax obligations.

Box 2. Features of a Compliance Improvement Plan

A typical compliance improvement plan:

- Brings together—generally in a single document—a description of the most significant compliance risks identified in the tax system and explains how the tax administration intends to respond to the risks.
- Focuses on core taxes and key tax obligations.
- Is structured around:
 - Taxpayer segments, such as: (1) individuals; (2) micro and small businesses; (3) medium-size businesses; (4) large businesses; (5) non-profit organizations; (6) government organizations; (7) high-wealth and high-income individuals; and
 - Other parameters, including: (1) type of tax; (2) industry sector; (3) [demographic groups](#); and (4) geographic region.
- Summarizes, for each taxpayer segment, the economic, revenue, and business environment (e.g., number of taxpayers, nature of entities, role of intermediaries, and tax revenue contribution).
- Outlines headline compliance issues and segment-specific risks (headline issues are those that have an impact across two or more segments and include, for example, international profit shifting and use of tax havens, [or risks associated with the digital economy](#)).
- Describes the risk mitigation strategies and actions to be taken. These focus on the underlying drivers or causes (not symptoms) of noncompliance and comprise a [tailored and proportional](#) mix of responses, including taxpayer education and assistance, [collaboration with relevant external bodies \(e.g., industry/professional associations, community organizations\)](#), improvements to laws and procedures, audits, and other forms of enforcement.
- Explains the process to be used to monitor and evaluate the impact of the risk mitigation activities [in terms of improved levels of voluntary compliance](#).

Good practice in [operational](#) risk management includes:

- Having a risk register (i.e. a central repository of identified risks that potentially pose a threat to the continuity of tax administration operations). Risk may vary from organization to organization but typically include, as a minimum, the following information: short description of the risk; date identified; likelihood of occurrence; severity of effect; mitigation measures; name of risk owner (i.e. person responsible for ensuring that risk is addressed); and risk status.¹¹
- Having a plan for continuity of tax administration operations [\(including those performed by third](#)

[party providers](#)) in the event of disruptive actions that destroy or affect part or all the administration's assets and resources, including human resources, buildings, IT and other equipment, data and other records. Plans of this kind (commonly referred to as [business continuity plans](#) or [disaster recovery plans](#)) typically:

- Assess the likelihood and consequences of natural disasters (e.g., flood, fire, and earthquake) and disruptive [human-made](#) events (e.g., cyber-security attack, [failure in the banking system, communication outages, sabotage, theft, civil unrest, arson and internal fraud](#)); [and](#)

¹¹ Project management resources provide good examples of risk register contents. For example, The Project Management Institute Body of Knowledge (at <http://www.pmi.org/>) and PRINCE2 (<https://www.axelos.com/best-practice-solutions/prince2>) make recommendations on risk register contents.

- Outline steps to be taken in the event of disruptive actions to maintain revenue collections, provide taxpayer services, ensure safety of staff, and preserve confidentiality of taxpayer records.
- Addressing operational risks using steps of the kind described in Box 3.
- Taking preventive measures (e.g., offsite backup of data [that provides for real-time redundancy for the most critical applications](#)) and implementing internal controls to protect tax administration systems from fraud and error (covered in detail in POA 9). [This would include having an organizational data governance policy to ensure good data management and practices.](#)
- Having effective internal and external oversight to detect and deter unwanted events (covered in detail in POA 9).
- [Having proper governance arrangements in place for managing the design, implementation, and monitoring of the business continuity plan which typically involve an operational risk management committee of senior officials responsible for approving and overseeing the plan.](#)

Box 3. Steps in Addressing Operational Risks

1. Program Initiation and Management

Senior executives undertake the following: (i) develop an understanding of why an operational risk management program is needed; (ii) agree on crisis recovery priorities; and (iii) provide adequate funding for operational risk management.

2. Risk Evaluation and Control

Risks to the tax administration's operations are identified, their likelihood and consequence of occurrence is [assessed](#).

3. Business Impact Analysis (BIA)

BIA study is conducted to determine the impact of the identified risks, the [recovery time objective](#) (RTO) and [recovery point objective](#) (RPO).

4. Business continuity (BC) strategies

Identify mitigation strategies for the operational risks in line with the determined RTO and RPO. In addition, cost benefit analysis is conducted.

5. Plan implementation and documentation

Design, develop, and implement the strategies that have been approved. The plan should reflect the previously approved strategies that address the analysis from the risk assessment and the BIA.

6. Training and awareness programs

The business continuity plan is established and published. The tax administration creates awareness for the plan and staff are trained in the approved business continuity procedures (e.g., through simulation exercises).

7. Emergency response and operations

Situations that potentially threaten the safety of the tax administration's employees, visitors or assets are assessed to determine how each occurrence will be handled in the time between when an incident begins and the time when the responders arrive.

8. Monitoring, audit and management review

Monitor, audit and review the implementation of the operational risk implementation program.

Performance Outcome Area 2: Effective Risk Management

Good practice in human capital risk management includes:

- Having a [Human Resources \(HR\) strategy](#) and a formal process for [identifying and](#) addressing short- and long-term HCR in the following core HR operational areas: capability; capacity; compliance; cost; and connection described in Box 4. [Identified risks](#) would be included in a formal risk register.
- Tax administration managers and supervisors are trained to understand HCR and the potential impact on operations.
- All staff should have annual performance agreements in place with reviews undertaken.
- The tax administration evaluates its efforts to address HCR through formal evaluation and remedial action.

Box 4. Key Human Capital Risk Elements

A typical human capital risk framework will have the following category of risks:

Risk Category 1: Capability

Description of key risks – the extent to which the tax administration:

1. Assesses the gap between existing workforce skills/competencies and business needs.
2. Scans the labor market and competes for skills critical to its operations.
3. Leverages outsourcing methods and use of non-permanent workers.
4. Recruits top talent – people with the most in-demand skills.
5. Identifies and retains key people.
6. Facilitates the development of skills (training tax administration officials in the core business of tax) or capabilities required by the business in the near future.

Risk Category 2: Capacity

Description of key risks – the extent to which the tax administration:

7. Implements a succession planning framework to develop future managers and leaders [based on merit and without discrimination regarding gender, ethnicity, disability, religion, or other beliefs](#).
8. Mentors and prepares internal candidates to assume critical leadership, managerial and operational roles [with special attention being assigned to the mentoring of women to undertake such leadership positions](#).
9. Promotes workforce diversity and inclusion [to maximize administrative effectiveness, guided by relevant national and/or international commitments](#).

Risk Category 3: Compliance

Description of key risks – the extent to which the tax administration:

10. Ensures, through regular evaluation, that performance management/talent reviews are conducted objectively and taken as a critical input into business activities.
11. Ensures compliance with national laws and regulations governing employer/employee relationships—including those applying to employee unionization.
12. Ensures that the organization's policies are applied uniformly to all employees.
13. Ensures that the organization adheres to national laws and regulations governing workplace health and safety/security conditions.

Risk Category 4: Cost

Description of key risks – the extent to which the tax administration:

14. Ensures affordability of the workforce by minimizing risk-taking in compensation arrangements.
15. Analyses the impact (including cost to productivity and service delivery) of attrition and the loss of critical knowledge.
16. Aligns remuneration with performance.
17. Uses analytical tools to take a long-term and informed view of workforce costs and linkages between a defined set of [HCRs](#).
18. Plans for and provides sufficient resources to manage and developing talent.

Risk Category 5: Connection

Description of key risks – the extent to which the tax administration:

19. Promotes employee engagement and motivation including the free flow of ideas for purposes of innovation and improved productivity and creating an environment of openness and trust.
20. Identifies, leverages and, through select assignments, shares talent and skills across the organization.

Indicators, dimensions, and scoring

Five performance indicators with the following 8 measurement dimensions are used to assess the extent to which the tax administration:

- Undertakes intelligence gathering and research to identify compliance risks in respect of the main tax obligations.
- Uses structured processes to assess, rank, and quantify taxpayer compliance risks.
- Mitigates assessed risks to the tax system through a compliance improvement plan.

- Monitors and evaluates the [effectiveness](#) of compliance risk mitigation activities.
- Identifies, assesses and mitigates operational risks.
- Monitors and evaluates the effectiveness of the business continuity program.
- Implements structures to manage human capital risks.
- Evaluates the status of human capital risks.

Table 7 summarizes the indicators, dimensions, and associated scoring methods for POA 2.

Table 7. POA 2 Performance Indicators, Dimensions, and Scoring

Indicators	Dimensions to be measured	Scoring method
P2-3. Identification, assessment, ranking, and quantification of compliance risks	■ The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations. ■ The process used to assess, rank, and quantify taxpayer compliance risks.	M1 (See note)
P2-4. Mitigation of risks through a compliance improvement plan	■ The degree to which the tax administration mitigates assessed risks to the tax system through a compliance improvement plan.	M1
P2-5. Monitoring and evaluation of compliance risk mitigation activities	■ The process used to monitor and evaluate the impact of compliance risk mitigation activities.	M1
P2-6. Management of operational risks	■ The process used to identify, assess and mitigate operational risks. ■ The process used to approve, monitor, test and evaluate the effectiveness of the business continuity program.	M1
P2-7. Management of human capital risks	■ The extent to which the tax administration has in place the capacity and structures to manage human capital risks. ■ The degree to which the tax administration evaluates the status of human capital risks and related mitigation interventions.	M1
Note: M1 is used in this instance because a poor score on one dimension will undermine a good score on the other. For example, having a sound methodology to assess and prioritize identified risks (which would score well under the second dimension) would be undermined if little is done by the tax administration to gather intelligence and conduct research into taxpayer compliance levels in respect of key obligations (which would score poorly under the first dimension). Similarly, a high score with regard to intelligence gathering and compliance research (first dimension) would be undermined if a process were lacking to assess the relative importance of identified risks in terms of consequence and likelihood (second dimension). Under M1 the overall score for an indicator with multiple dimensions is based on the dimension with the lowest score.		

Assessor question guidance

Table 8 provides questions and examples of sources of evidence to guide the assessor during field interviews and information gathering related to POA 2.

Performance measurement framework

Table 9 sets out the criteria for scoring the indicators and dimensions of POA 2.

Table 8. POA 2 Assessor Question Guidance

QUESTIONS	Assessor Question Guidance for POA 2: Effective Risk Management	
Indicator	Question guidance to be asked in assessing each dimension	Examples of evidence
	Background questions: - What organizational unit/s of the tax administration is/are responsible for setting risk management policy and overseeing its implementation? - Are any active committees of senior managers in place to manage compliance and/or operational risks?	- Sources of background material include: - Organizational chart of the tax administration, and role descriptions of the main organizational units. - Charters or terms of reference for compliance, operational, or other relevant risk management committees.
P2-3 Identification, assessment, ranking and quantification of compliance risks Scoring method M1	Dimension 1. The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations. - Does the tax administration undertake intelligence gathering and research initiatives to build knowledge of compliance levels and risks in respect of core taxes, taxpayer segments, and key tax obligations (registration, filing, payment, and accurate reporting in declarations)? Specifically, are the following type of initiatives undertaken: - Analysis of the results of environmental scans undertaken by the tax administration as part of its multi-year strategic planning? - Analysis of tax declarations and financial statements? - Analysis of audit results including results from random audits conducted as a component of the tax administration's wider audit program to test compliance levels across a representative sample of the target taxpayer population (e.g., vendors registered for VAT or business income taxpayers within a particular industry segment)? - Research into hidden economic activity (e.g., registered and unregistered businesses selling and buying goods and services in cash and falsifying accounting records to evade tax)? - Studies into topical compliance issues internationally, such as: transfer pricing and other forms of profit shifting by large taxpayers with cross border operations; aggressive tax planning by high-wealth and high-income taxpayers; and use of crypto assets to evade tax? - Analysis of environmental factors that influence taxpayer compliance behavior (e.g., business, industry, sociological, economic, and psychological factors)? - Analysis (using data analytics, predictive modeling, bunching analysis, and/or machine learning) of bulk third-party information gathered from, for example, banks and other financial institutions, stock exchange, and government agencies such as the anti-money	- Documentation in respect of the following type of initiatives: - Analysis of environmental scans conducted as part of the tax administration's strategic planning. - Random audit program/s to test compliance levels across the taxpayer population. - Analysis of tax declarations and financial statements. - Transfer pricing and profit shifting studies. - Studies into the tax planning practices of high-wealth and high-income taxpayers. - Research into hidden economic activity of registered and unregistered businesses. - Studies into environmental factors that influence taxpayer attitudes to paying taxes. - Analysis of third-party information. - Exchange of information and mutual assistance agreements with other countries.

QUESTIONS	Assessor Question Guidance for POA 2: Effective Risk Management	
Indicator	Question guidance to be asked in assessing each dimension	Examples of evidence
	laundering agency and registrar of land and property ownership (property cadastre)? ○ Tax gap studies? [Note: This is a general question given that tax gap analysis is covered in depth in POA 6]. ○ Analysis of the bulk data received as a consequence of meeting the Global Forum Automatic Exchange of Information standard.?	
	Dimension 2. The process used to assess, rank, and quantify taxpayer compliance risks. ▪ Does the tax administration have a structured process—of the kind described in contemporary management literature and/or depicted in, for example, IMF and OECD publications as suitable for use by tax administrations—in place to assess and prioritize compliance risks? ▪ If yes, does the process: ▪ Cover all core taxes? ▪ Cover the key taxpayer segments? ▪ Covers specific industries/sectors and ranks them as to their economic importance and specific tax compliance risks? See also POA6 on ‘Accurate Reporting in Declarations.’ ▪ Use information gathered from the range of sources discussed in Dimension 1? ▪ Form part of the tax administration’s planning process so that compliance risks and associated responses are determined in a context of the administration’s broader objectives and capabilities? If so, is the risk process tied to a multi-year strategic planning process? Alternatively, is it linked to the tax administration’s annual business planning? ▪ Does the tax administration maintain a compliance risk register? Typically, a risk register describes each risk and the nature of the threat it poses to the tax system, including the impact on tax revenue, government policy goals, community confidence in the system, and reputation of the tax administration. An example of a compliance risk of the large taxpayer segment would be risk associated with transfer pricing and other profit shifting arrangements of multi-national enterprises operating in the country and having extensive cross-border transactions. Examples of risk associated with the small business taxpayer segment would be concealment of income through falsified accounting records and cash transactions.	▪ Documented risk management methodology used by the tax administration to identify, assess, and prioritize taxpayer compliance risks. ▪ Register of identified compliance risks for each taxpayer segment and/or sub-segment. ▪ Documentation showing how identified risks have been assessed and prioritized. A tax administration may, for example, use a ‘risk rating matrix’ approach—which examines the likelihood and consequences of each risk—in establishing the relative priorities of identified risks. ▪ Evidence of a risk assessment for a recent prior year and how that was applied in a subsequent compliance plan.
	▪ Does the tax administration make estimates of the amount of tax unpaid as a result of taxpayer noncompliance? (By nature, such estimates are likely to be approximate and solely intended to inform the process of assessing and responding to the risks.) ▪ How often are estimates made?	▪ Documented methodology used by the tax administration to estimate the amount of tax unpaid as a result of taxpayer noncompliance. ▪ Documented estimates of tax revenue leakage in specific areas of noncompliance,

QUESTIONS	Assessor Question Guidance for POA 2: Effective Risk Management	
Indicator	Question guidance to be asked in assessing each dimension	Examples of evidence
	▪ Is the estimation methodology documented, including the assumptions upon which estimates are based? Is the methodology consistently applied? ▪ Are tax revenue leakage estimates made in respect of specific areas of noncompliance including, for example: ○ Unregistered businesses? ○ Tax avoidance through aggressive tax planning (e.g., avoidance involving transfer pricing and other forms of profit shifting by large taxpayers with cross border operations, and avoidance schemes of high-wealth and high-income taxpayers)? ○ Tax evasion (e.g., unreported business income and over-claimed deductions and rebates)? ○ Tax fraud (e.g., fraudulent VAT and income tax refund claims)? ▪ Are all core taxes covered? ▪ Are tax revenue leakage estimates publicly reported?	including unregistered businesses, tax evasion from unreported income and over-claimed deductions, tax avoidance through aggressive tax planning (e.g., tax avoided by multi-national enterprises through transfer pricing and other profit shifting arrangements), and refund and other tax fraud. ▪ Published reports prepared by the tax administration in relation to tax revenue leakage.
P2-4 Mitigation of risks through a compliance improvement plan Scoring method M1	Dimension. The degree to which the tax administration mitigates assessed risks to the tax system through a compliance improvement plan. ▪ Does the tax administration have a compliance improvement plan to mitigate identified risks to the tax system? ▪ If so, does the compliance improvement plan include planned mitigation actions in respect of: ○ All core taxes? ○ The key taxpayer segments? ○ Risks associated with the four main compliance obligations of taxpayers (registration, filing, payment, and accurate reporting in declarations)? ○ All risks assessed as 'high'? ▪ Does the compliance improvement plan also cover less serious risks where ongoing monitoring, rather than active intervention, is appropriate to ensure that any further erosion of compliance is quickly identified? ▪ Does the compliance improvement plan cover multiple years or a single year only? ▪ To what extent was the compliance improvement plan for the most recent completed fiscal year resourced and implemented?	▪ Documented multi-year and/or annual compliance improvement plan.

QUESTIONS	Assessor Question Guidance for POA 2: Effective Risk Management	
Indicator	Question guidance to be asked in assessing each dimension	Examples of evidence
P2-5 Monitoring and evaluation of compliance risk mitigation activities Scoring method M1	Dimension. The process used to monitor and evaluate the impact of compliance risk mitigation activities. - What governance arrangements exist relating to compliance risk management? Is there a risk management committee overseeing this work and how often does it meet? What are the organizational arrangements for assessing compliance risks and preparing compliance improvement plans? - Does the tax administration monitor progress and evaluate the impact of risk mitigation initiatives against set objectives? - Are regular reports on progress of risk mitigation actions monitored at senior management level in the tax administration? - Has the tax administration quantified the compliance impact—including the impact on tax revenue collections and compliance behavior of taxpayers—of the main risk mitigation activities undertaken during the past 1-2 years? - Is there evidence during the past 1-2 years of the tax administration alerting policy makers of weaknesses in the law that expose the tax system to high levels of risk (e.g., aggressive tax planning practices involving contrived schemes to avoid tax). - Is it usual practice to document findings from compliance risk mitigation activities and feed the findings back into the process of developing future compliance improvement plans?	- Terms of reference and membership of any compliance risk management committee. - Copies of minutes of meetings of the risk management committee showing outcomes such as: review of prior year compliance improvement plans; approval of current year compliance improvement plans; effectiveness of mitigation strategies; and discussions/decision made on compliance related topics. - Two consecutive status reports on the outcomes of planned risk mitigation activities. - Evidence of an evaluation report of a prior year compliance improvement plan or similar that shows how much of the plan was achieved and how that evaluation was used to revise the plan for the subsequent year. - Evaluation reports of the compliance impact—including the impact on tax revenue collections and compliance behavior of taxpayers—of the main risk mitigation activities undertaken during the past 1-2 years. - Documented process and procedure for feeding mitigation activity findings into the development of future compliance improvement plans. - Reports prepared by the tax administration to alert policy makers of identified policy weaknesses that expose the tax system to high levels of risk. - Changes to the law to rectify policy weaknesses identified by the tax administration.
P2-6 Management of operational risks Scoring method M1	Dimension 1. The process used to identify, assess, and mitigate operational risks. Does the tax administration have a structured process in place to identify, assess, prioritize, prevent and mitigate operational risks, such as the risk of IT system failure, cyber security breach and loss of taxpayer data?	Documented risk management methodology used by the tax administration to identify, assess, prioritize, prevent and mitigate operational risks including a vulnerability risk

QUESTIONS	Assessor Question Guidance for POA 2: Effective Risk Management	
Indicator	Question guidance to be asked in assessing each dimension	Examples of evidence
	▪ If yes, does the process form part of the tax administration's planning process so that operational risks and associated responses are determined in a context of the administration's broader objectives and capabilities? ▪ Does the tax administration maintain an operational risks register? ▪ Does the tax administration conduct Business Impact Analysis, including where third-party providers deliver services, to understand the impact of the identified risks, the recovery time objective and the recover point objective? ▪ Has the tax administration prepared a BC strategy based on the BIA and risk assessment? ▪ Does the tax administration have documented plans/procedures for restoring business operations after an incident? Do these plans reflect the needs of those who will use them including clearly defined roles and responsibilities? ▪ Is there a mandatory organization-wide risk management training of staff regarding operational (i.e. systems and processes) risks —this may include face-to-face or online training and testing. ▪ Have BC capabilities of suppliers (i.e. third parties) been evaluated? ▪ Do formal BC governance arrangements exist? ▪ Is there senior management support and ownership of the BC program?	assessment process that ensures networks remain safe from any IT internal/external cyber security threats. ▪ Documented list of identified operational risks (e.g., recorded in a risk register). ▪ Business Impact Analysis reports. ▪ Documentation showing how identified risks have been assessed and prioritized. ▪ Documented plans for mitigation actions and reports to senior management regarding implementation. ▪ Business continuity plans (including any from third parties). ▪ Staff training plans covering operational risks.
	Dimension 2. The process used to approve, monitor, test and evaluate the effectiveness of the business continuity program. ▪ Is the BC management program tested? Are the results and recommendations documented, reviewed and acted on by senior management? ▪ How often is the BC Disaster Recovery Plan reviewed and updated? ▪ Does the tax administration monitor progress and evaluate the impact of operational risk mitigation initiatives? ▪ Are regular reports on progress of risk mitigation actions monitored at senior management level in the tax administration? ▪ How does the tax administration test its capability to respond to unplanned internal or external disruptions to its business operations? For example, does it conduct disaster simulation exercises? ▪ If an incident has occurred, did the tax administration undertake an evaluation of the business continuity (disaster recovery) plan? ○ If so, was the post-incident review conducted in a timely manner and were all relevant aspects of the plan examined?	▪ Terms of Reference of any Operational Risk Management Committee. ▪ Two consecutive reports on evaluation of Business Continuity Plans. ▪ Documented responses by senior management in relation to the implementation of the Business Continuity Program. ▪ Post-incident review reports (showing recommendations and endorsement by senior management).

QUESTIONS	Assessor Question Guidance for POA 2: Effective Risk Management	
Indicator	Question guidance to be asked in assessing each dimension	Examples of evidence
P2-7 Management of human capital risks Scoring method M1	Dimension 1. The extent to which the tax administration has in place the capacity and structures to manage human capital risks. - Which organizational unit/s in the tax administration (or other government agency over-seeing tax administration HR matters) is responsible for HR management—policy formulation, implementation and evaluating HR performance? - Does the organization have a comprehensive HR strategy? - Is there an open and transparent performance management process in operation across the entire organization? - Does the tax administration maintain a HCR risk register? - Does the tax administration have a strategy and a formal process for addressing short-term and long-term HCR's in the core HR areas of: (i) Capability; (ii) Capacity; (iii) Compliance; (iv) Cost; and (v) Connection. - Do these strategies specifically address gender equality and balance. - Does the HR management team have experience and training in identifying and addressing HCRs in the five priority areas (capability, capacity, compliance, cost and connection)? - Are the tax administration's managers aware of HCR and related mitigation strategies? Do they receive any training/support in identifying, implementing and monitoring HCR-related actions amongst their staff where relevant?	- Tax administration organizational structure and detailed structure of the HR function. - Organization's HR Strategy - Documented risk management methodology used by the tax administration to identify, assess, prioritize, and mitigate HCRs. - Documented list of identified HCRs (e.g., recorded in a risk register). - Documentation showing how identified risks have been assessed and prioritized. - Documented plans for mitigation actions and reports to HR management regarding implementation. - The performance management policy and its availability for all staff; and written performance reviews signed off by staff and their managers. - Reports of the training in HCR. - Employee engagement surveys.
	Dimension 2. The degree to which the tax administration evaluates the status of human capital risks and related mitigation interventions. - Does the tax administration evaluate results of the HCR assessments and the impact of HCR mitigation measures? Who conducts that evaluation? How often are the evaluations conducted? - Does the annual operations report contain details on HCRs evaluation? Is it published?	- Copies of two recent HCR reports that were presented to an Institutional Risk Management Committee and/or Senior Leadership Team. - Tax Administration Annual report.

Table 9. POA 2 Performance Measurement Framework

Performance Measurement Framework for POA 2: Effective Risk Management			
MEASUREMENT			
Indicator	Dimension	Score	Scoring Criteria
P2-3 Identification, assessment, ranking and quantification of compliance risks Scoring method M1	Dimension 1. The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations.	A	The tax administration builds knowledge of compliance levels and current and emerging risks by: (i) Analyzing the results of environmental scans undertaken by the tax administration itself or explicitly on its behalf as part of its multi-year strategic planning; (ii) Gathering and interpreting bulk data (using advanced data analytics, predictive modeling, bunching analysis, and machine learning) from a range of external sources (e.g., banks and other financial institutions, Customs and other government agencies, other tax jurisdictions, and topical compliance issues); and (iii) Gathering and interpreting data from a range of internal sources (i.e., tax audits, tax declarations, fiscal registers and e-invoicing systems (where they are present), tax compliance gap studies, and studies into taxpayer behavior).
		B	(i) Same as A(i); (ii) Gathering and interpreting bulk data (using basic data analysis methods) from a range of external sources (e.g., banks and other financial institutions, Customs and other government agencies, other tax jurisdictions, studies into taxpayer behavior and topical compliance issues); and (iii) Same as A(iii) excluding tax compliance gap studies.
		C	The tax administration's intelligence-gathering and research initiatives are less comprehensive and mostly limited to internal, Customs, and other government agencies' data sources.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. The process used to assess, rank, and quantify taxpayer compliance risks.	A	A structured risk assessment process—of the kind described in contemporary management literature and/or depicted, for example, in IMF and OECD publications as suitable for use by tax administrations—is applied as part of a multi-year strategic planning process to assess and prioritize compliance risks for all core taxes, the four main compliance obligations, key taxpayer segments and at least three major sectors/industries of economic importance to the country.
		B	Similar to 'A' except that the risk assessment process is not part of a multi-year strategic planning process and covers at least one major economic sector. The process is, however, linked to the tax administration's broader annual business planning.

Performance Outcome Area 2—Effective Risk Management

MEASUREMENT			
Performance Measurement Framework for POA 2: Effective Risk Management			
Indicator	Dimension	Score	Scoring Criteria
		C	A less structured risk assessment process is in place to assess and prioritize compliance risks for all core taxes and the four main compliance obligations.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P2-4 Mitigation of risks through a compliance improvement plan Scoring method M1	Dimension. The degree to which the tax administration mitigates assessed risks to the tax system through a compliance improvement plan.	A	(i) A documented compliance improvement plan exists comprising mitigation activities in respect of all high risks identified in the risk rating process , and covers all of the following: (a) All core taxes; (b) The four main compliance obligations; and (c) Key taxpayer segments. (ii) The compliance improvement plan is fully implemented and resourced .
		B	(i) Same as A(i)(a) and (b). In respect of A(i)(c), at least the risks in the large taxpayer segment are specifically covered in the compliance improvement plan. (ii) Compliance Improvement Plan activities as per B(i) are fully implemented and resourced .
		C	(i) A documented annual compliance plan exists comprising mitigation activities in respect of identified risks in the tax system. The plan may not cover all core taxes, all four main tax obligations, or all key taxpayer segments. (ii) Similar to B(ii) but some aspects may not be fully implemented and/or resourced.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P2-5 Monitoring and evaluation of compliance risk mitigation activities Scoring method M1	Dimension. The process used to monitor and evaluate the impact of compliance risk mitigation activities.	A	(i) Formal governance arrangements are in place at senior management level (e.g. , there is an active risk management committee) to approve implementation of compliance risk mitigation strategies and regularly monitor progress at least on a monthly basis . (ii) Evaluations of the effectiveness of all approved compliance risk mitigation strategies in achieving targeted outcomes are documented and reviewed by senior management on at least a six-month basis .
		B	(i) Same as A(i) but monitoring is done on a quarterly basis . (ii) Evaluations of the effectiveness of at least 50 percent of approved compliance risk mitigation strategies in achieving targeted outcomes are documented and reviewed by senior management on at least a six-monthly basis .

MEASUREMENT	Performance Measurement Framework for POA 2: Effective Risk Management		
Indicator	Dimension	Score	Scoring Criteria
		C	(i) Compliance risk management strategies are approved at a senior management level and results are monitored on a less frequent basis. (ii) Evaluations of the effectiveness of approved compliance risk mitigation strategies in achieving targeted outcomes are sometimes documented and reviewed by senior management.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P2-6 Management of operational risks Scoring method M1	Dimension 1. The process used to identify, assess, and mitigate operational risks.	A	(i) A structured process is applied annually across the whole organization to identify, assess, prioritize operational risks and document them in a risk register. (ii) A business impact analysis incorporating a detailed RTO and RPO is prepared annually. (iii) Comprehensive business continuity plans are developed for at least three identified risk areas (e.g., I.T., natural disasters, human made events). (iv) All tax administration staff are formally trained and tested (at least annually), on the operational risk management roles and responsibilities they have.
		B	(i) Same as A(i). (ii) A business impact analysis incorporating a detailed RTO and RPO is prepared every two years. (iii) Same as A(iii) but only for two identified risk areas. (iv) All tax administration staff are formally trained and tested (every two years), on the operational risk management roles and responsibilities they have.
		C	(i) A less structured process is applied annually across the whole organization to identify, assess, prioritize operational risk and document them in a risk register. (ii) A less detailed business impact analysis (e.g., not fully incorporating a detailed RTO and RPO) is prepared every two years. (iii) Same as A(iii) but only for one identified risk area. (iv) All tax administration staff are trained (every two years) on the operational risk management roles and responsibilities they have but no testing is conducted.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.

Performance Outcome Area 2—Effective Risk Management

Performance Measurement Framework for POA 2: Effective Risk Management			
MEASUREMENT			
Indicator	Dimension	Score	Scoring Criteria
	Dimension 2. The process used to approve, monitor, test and evaluate the effectiveness of the business continuity program.	A	(i) The tax administration's Operational Risk Management Committee (or senior leadership team) endorse the business continuity strategy, and monitors implementation on a six-monthly basis taking corrective action as required. (ii) Business continuity exercises are conducted at least once every six months for all staff, the results documented, and any systemic weaknesses addressed.
		B	(i) Same as A(i) but on an annual basis. (ii) Same as A(ii) but conducted annually.
		C	(i) The tax administration's Operational Risk Management Committee (or senior leadership team) formally endorses the business continuity strategy, but monitoring is only done on an ad hoc basis. (ii) Business continuity exercises are conducted at least annually but not all staff are involved with the results still documented.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P2-7 Management of human capital risks Scoring method M1	Dimension 1. The extent to which the tax administration has in place the capacity and structures to manage human capital risks.	A	(i) The organization has a comprehensive and up-to-date HR Strategy. (ii) There are formal processes in place to identify, assess, prioritize and mitigate HCRs and these are documented in a risk register. (iii) The tax administration has a formal process through which all managers/supervisors are trained to understand HCRs and their potential impact on operations. (iv) An active governance structure at a senior management level meets at least annually to review HCRs and provide direction as necessary on mitigating measures. (v) All staff are required to have annual performance agreements in place with their line manager which include performance expectations. Performance review meetings should be held at least twice a year to assess performance and agree areas for development.
		B	(i) Same as A(i), (ii), and (iii). (ii) Same as A(iv) but only once every two years. (iii) Same A(v) but reviews are conducted annually.
		C	(i) Same as A(i). (ii) There are processes in place to identify, assess, prioritize and mitigate HCRs but these are less structured and not undertaken on a regular basis.

MEASUREMENT	Performance Measurement Framework for POA 2: Effective Risk Management		
Indicator	Dimension	Score	Scoring Criteria
			(iii) Managers/supervisors are made aware of HCRs in general terms and their potential impact on operations on an ad hoc basis. (iv) Governance arrangements to review human resource risk issues are not formalized and meetings are held on an ad hoc basis. (v) Same as A(v) but reviews are conducted on an ad hoc basis.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. The degree to which the tax administration evaluates the status of human capital risks and related mitigation interventions.	A	(i) The tax administration uses a person(s) independent of the HR function to conduct a formal evaluation (including staff survey) of the HCRs status at least once a year. (ii) As part of the formal HCRs evaluation outlined in A(i) above, an annual impact analysis is conducted to evaluate the effectiveness of risk mitigating interventions and findings have been acted on. (iii) The tax administration's annual report contains a section that deals with HCRs and the content includes results of the formal evaluation.
		B	(i) The tax administration's HR area-conducts a formal evaluation of the HCRs status at least once a year- (ii) As part of the formal HCRs evaluation outlined in B(i) above, an annual impact analysis is conducted, to evaluate the efficacy of risk mitigating interventions and findings have been acted on. (iii) Same as A(iii).
		C	(i) The tax administration's HR area conducts a formal evaluation of the HCRs status at least every two years. (ii) As part of the formal HCRs evaluation outlined in C(i) above, an impact analysis is conducted, to evaluate the efficacy of risk mitigating interventions and findings have been acted on. (iii) Same as A(iii) but every two years.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.



V. Performance Outcome Area 3: Supporting and Facilitating Compliance

Desired outcome

Voluntary compliance is optimized through the tax administration providing the necessary information and support at a reasonable cost and facilitating compliance by having products, processes and procedures that make it easy to comply and hard not to comply.

Background and good practice

To promote voluntary compliance and public confidence in the tax system, tax administrations must adopt a service-oriented attitude toward taxpayers, ensuring that taxpayers have quality information and the support they need to meet their obligations and claim their entitlements under the law. In addition, tax administrations must incorporate compliance by design elements in how taxpayers participate in the system, so it is easy for them to comply and hard for them not to.

Because few taxpayers use the law itself as a primary source of information, assistance from the tax administration plays a crucial role in bridging the knowledge gap. Taxpayers expect that the tax administration will provide summarized, understandable information on which they can rely.

Efforts to reduce taxpayer costs of compliance are also important. Small businesses, for example, gain from simplified record keeping¹² (e.g., single-entry book-keeping) and reporting requirements (e.g., reduced filing frequency, elimination of filing requirement and pre-filled tax declarations). Likewise, individuals with relatively simple tax obligations (e.g., employees, retirees, and passive investors) benefit from simplified filing arrangements (e.g., tailored tax

declarations) and systems that eliminate the need to file (e.g., where income tax withheld at source is treated as a final tax). Furthermore, taxpayers of all kinds can gain greater flexibility in managing their tax affairs when provided with an online taxpayer portal that allows them and their authorized agents 24-hour access to registration and tax account details. Additionally, adoption of electronic filing and payment and other e-services such as introducing e-invoicing, can reduce taxpayer costs of doing business with the tax administration.

Initiatives to provide taxpayers with certainty further facilitate compliance especially through the publication of rulings that provide guidance on the interpretation of tax laws and entering into compliance arrangements with certain taxpayers.

Examples of good practice adopted by tax administrations to achieve the desired outcome include:

- Providing taxpayers with clear and simple information through a variety of user-friendly products (e.g., in the form of guides, brochures, fact sheets, forms, web pages, social media, frequently asked questions, practice notes, rulings and other written information, media articles, and oral information) and public education programs (e.g., outreach programs for people starting or running a business, and first-time employers, and course material for teaching school students about taxes).
- Customizing information and access to meet the specific needs of particular taxpayer groups and segments, such as women, ethnic groups, small

¹² Simple record/bookkeeping (a cash book) would involve recording receipts (incomings) and, where required, expenditures (outgoings). The taxpayer is required to keep the invoices from purchases as they can be useful to crosscheck against information provided by the suppliers. Cash accounting may be permitted under which small business record sales when considerations are received and purchases when they are paid. Payment of tax can be made monthly, and a single tax return filed, at the end of the year.

traders (who cannot afford the services of tax intermediaries), [digitally excluded persons](#), and disadvantaged groups in society (e.g., citizens with literacy or language difficulties).

- Applying [behavioral insights](#) and predictive modeling to support and facilitate voluntary compliance.
- Delivering cost effective services through means convenient to taxpayers. Traditional service delivery methods—such as walk-in enquiry centers, telephone, and letters—are giving way to e-products and e-services. Tax administrations are increasingly adopting service delivery channel strategies aimed at eliminating or at least shifting taxpayer service demand from costly to more [integrated](#) cost-efficient service channels. Self-service via the internet is considerably cheaper and easier to support than in-person and telephone enquiries. [This includes greater use of social media platforms and other digital technologies \(such as chatbots, and mobile and messaging applications\).](#) Where taxpayers may not have access to a reliable internet service, provision is made for them to access information and support services via alternative means.
- Committing to service delivery standards (e.g.: [maximum wait times/response times; call abandonment rate; quality of information; and taxpayer satisfaction](#)) associated with taxpayer requests for information. These standards are often documented in a taxpayer charter [and must be regularly monitored by the senior leadership team.](#)
- Regularly updating information products to reflect changes in the law and administrative procedures and undertaking initiatives to raise taxpayer awareness of the changes.
- Introducing measures to [monitor and](#) reduce compliance costs for taxpayers (e.g., simplified record keeping and reporting requirements for small businesses; [adopting and encouraging electronic filing and payment](#); automated telephone and online facilities (including through mobile platforms) that allow taxpayers to notify the tax administration of 'nil' declarations; and taxpayer portals that provide 24-hour online access to information and services).
- Adoption of compliance by design principles, by incorporating at the design stage, proactive and preventative strategies into products and processes. Examples include:
 - Collaboration with e-commerce platforms to facilitate trader registration as covered in POA 1.
 - Providing pre-filled tax declarations based on information gathered by the tax administration from such things as e-invoicing, bank data, or PAYE reports.
 - Providing free record-keeping software to taxpayers either directly or through a taxpayer portal to facilitate correct reporting.
 - Incorporating on-line prompts (nudging) as part of e-filing systems including proactive on-time payment reminders.
 - Encouraging the use of [Standard Audit File – Taxation](#) for exchange of accounting data with the tax administration.
 - Publishing industry benchmarks thus allowing business taxpayers to draw comparisons with their peers.
 - Automated pre-due date filing and payment reminders (e.g., using messaging applications).
 - Optimizing withholding arrangements where possible as covered in POA 5.
- Monitoring frequently asked questions and common misunderstandings of the law detected through audit and other verification or outreach activities to help target and refine information products and services.
- Monitoring taxpayer perceptions of service (e.g., [ease of access; affordability; and timely delivery](#)) and quality of information and seeking taxpayer feedback on information products and services (such as web page content and layout, and forms design).
- Enhancing relationships with tax practitioners and industry groups.

Performance Outcome Area 3: Supporting and Facilitating Compliance

- Issuing timely binding tax rulings to provide taxpayers with certainty as to how the tax administration will apply the tax law to particular transactions. Two kinds of ruling are common: (1) a [public ruling](#), which has wide general application; and (2) a [private ruling](#), which is given on request to a single taxpayer or group of taxpayers. If a taxpayer follows a binding ruling, the tax administration is bound by it (so long as the taxpayer has entered into the transaction exactly as described in the ruling and satisfies any stated assumptions or conditions).
- Adopting [cooperative compliance](#) approaches to manage risks of inaccurate reporting. This involves building collaborative and trust-based relationships with taxpayers (especially large taxpayers) and intermediaries to resolve tax issues and bring certainty to companies' tax positions in advance of a tax declaration being filed, or before a transaction is actually entered into. Typically, cooperative compliance arrangements are based on:
 - The taxpayer demonstrating: (a) good governance of their tax affairs, including an appropriate level of validation and review of its accounting systems; and (b) a willingness to operate in an open and transparent manner and make full disclosure of their tax risks as they occur (i.e. in real time).
 - The tax administration providing enhanced service to the taxpayer through, for example: (a) dedicated points of contact—including the use of client relationship management approaches; (b) speedier resolution of technical and administrative issues; (c) assignment of a reduced risk rating to the taxpayer for audit purposes; and (d) reduced penalties according with the legal framework.
- Information available to taxpayers accurately reflects the current law and administrative policy.
- Taxpayers can easily obtain information and guidance from the tax administration. For countries with widespread public use of the internet, ease of acquiring information is assessed largely by reference to how easy it is for taxpayers to navigate the tax administration's website to get the information they need. On the other hand, where a very low percentage of a country's population use computers and the internet, ease of getting information is assessed by reference to accessibility of other service delivery channels such as walk-in and telephone enquiry centers.
- The tax administration responds in a timely way to requests by taxpayers and tax intermediaries for information. [Under this indicator two dimensions are examined:](#)
 - (i) waiting time and quality for telephone enquiry calls, particularly through dedicated call centers, is used as a proxy for measuring a tax administration's performance in responding to information requests generally; and
 - (ii) the presence and regular reporting of performance against service standards applicable to the various service channels available is used. This may include performance statistics kept for dedicated call centers (in addition to call waiting times), written requests for information, enquiry counter visits, chatbot responses, etc.).
- Initiatives are in place to reduce taxpayer compliance costs [and facilitate compliance](#).
- The tax administration seeks taxpayer and other stakeholder views in relation to its delivery of services.
- Taxpayer feedback is taken into account in the design of administrative processes and products.
- [Cooperative compliance arrangements and other proactive initiatives are in place to encourage accurate reporting](#).

Indicators, dimensions, and scoring

Five performance indicators with the following nine measurement dimensions are used to assess the extent to which:

- The tax administration provides a comprehensive range of up-to-date information to assist taxpayers to meet their obligations and claim entitlements.

Table 10 summarizes the indicators, dimensions, and associated scoring methods for POA 3.

Table 10. POA 3 Performance Indicators, Dimensions, and Scoring

Indicators	Dimensions to be measured	Scoring method
P3-8. Scope, currency, and accessibility of information	▪ The range of information available to taxpayers to explain, in clear simple terms, what their obligations and entitlements are in respect of each core tax. ▪ The degree to which information is current in terms of the law and administrative policy. ▪ The availability to taxpayers of information and guidance from the tax administration.	M1 (See note 1)
P3-9. Responding to information requests	▪ The time taken and quality of responses to taxpayers and tax intermediaries' requests for information. ▪ The design of service channel performance standards and the extent of regular management reporting of results.	M2
P3-10. Scope of initiatives to reduce taxpayer compliance costs and facilitate compliance	▪ The extent of initiatives to reduce taxpayer compliance costs and facilitate compliance.	M1
P3-11. Obtaining taxpayer feedback on products and services	▪ The use and frequency of methods to obtain feedback from taxpayers on the standard and quality of services provided. ▪ The extent to which taxpayer input is taken into account in the design of administrative processes and products.	M1 (See note 2)
P3-12. Initiatives undertaken to encourage accurate reporting	▪ The nature and scope of proactive initiatives undertaken to encourage accurate reporting.	M1
Note 1: M1 is used in this instance because a good score for one dimension will be undermined by poor scores for others. For example, notwithstanding that a tax administration may produce wide-ranging information for taxpayer use (which would score highly under the first dimension) this would be undermined if much of the information was out of date (thereby scoring poorly under the second dimension) or was inaccessible to a large number of taxpayers because of the absence of convenient means to obtain it (third dimension) or lengthy delays in responding to information requests (fourth dimension). Under M1 the overall score for an indicator with multiple dimensions is based on the dimension with the lowest score. Note 2: M1 is used here because the dimensions are connected. For example, obtaining frequent feedback from taxpayers (which would score well under the first dimension) would be undermined if the feedback were rarely taken into account by the tax administration in designing service products and programs (thereby attracting a poor score under the second dimension). Likewise, if all or most taxpayer feedback was considered in the design of products (which would score highly under the second dimension) this would count for little overall if feedback were seldom sought from taxpayers (a weak score under the first dimension).		

Assessor question guidance

Table 11 provides questions and examples of sources of evidence to guide the assessor during field interviews and information gathering related to POA 3.

Performance measurement framework

Table 12 sets out the criteria for scoring the indicators and dimensions of POA 3.

Table 11. POA 3 Assessor Question Guidance

Assessor Question Guidance for POA 3: Supporting and Facilitating Compliance		
QUESTIONS		
Indicator	Questions guidance in assessing each dimension	Examples of evidence
	Background questions: - What organizational unit/s of the tax administration is/are responsible for taxpayer assistance and education? - Does the tax administration have a dedicated call center/s for taxpayer assistance?	- Sources of background material include: - Organizational chart of the tax administration, and role descriptions of the main organizational units. - Existence of a dedicated call center/s.
P3-8 Scope, currency, and accessibility of information Scoring method M1	Dimension 1. The range of information available and assistance given to taxpayers to explain, in clear simple terms, what their obligations and entitlements are in respect of each core tax. - Does the tax administration provide clear and simple information to the public in respect of the main areas of taxpayer obligations (i.e. registration, filing, payment, and reporting of information in tax declarations) and entitlements (e.g., refund claims)? - Does the publicly available information cover all core taxes? - Is the publicly available information tailored to the needs of key taxpayer segments or groups? For example, is the information that is provided to small business taxpayers in a form that can be readily understood and applied by small traders who cannot afford the services of tax intermediaries? - How do digitally excluded persons gain access to information, services, and advice? - Do you use behavioral insights to tailor information to specific taxpayers?	- Website and/or hard copy information products available to the public in respect of the main areas of taxpayer obligations and entitlements for all core taxes. - Customized information products tailored to the specific needs of key taxpayer groups (e.g., women, ethnic populations), segments, tax intermediaries, and disadvantaged groups, etc. - Customized public education programs.
	Dimension 2. The degree to which information is current in terms of the law and administrative policy. - Is all publicly available information current in terms of the law and administrative policy, noting that ‘current’ would also include legislative changes that have a future commencement date? - Do documented procedures exist to ensure regular and systematic updating of information (e.g., when there are changes to tax laws)? Are the procedures consistently applied in practice? - How are taxpayers made aware of changes to laws that affect them? For example, are taxpayers alerted in advance of the date of effect of the new laws (including through the use of proactive client relationship management approaches)? Or are they made aware only through general media (e.g., website and/or press release)?	- Documented procedures for the regular and systematic updating of publicly available information. - Examples of communications with taxpayers regarding changes to the law, including: - Communication by mail/post; - Website alerts; - Newspaper, radio, and television announcements; and - Articles in business and professional journals. - Organizational chart—and field observation by the TADAT assessor—if there are dedicated staff resources assigned to the task of keeping publicly available information up to date.

QUESTIONS	Assessor Question Guidance for POA 3: Supporting and Facilitating Compliance	
Indicator	Questions guidance in assessing each dimension	Examples of evidence
	- Are suitably skilled staff (e.g., subject matter experts) assigned to the task of keeping publicly available information up to date? Dimension 3. The availability to taxpayers of information and guidance from the tax administration. - By what means do taxpayers obtain information and advice from the tax administration? Specifically, is information obtained by way of: - A website? - Guides, brochures, fact sheets, bulletins, and frequently asked questions? - Public education seminars? - Practice notes? - Social media? - Rulings? - Telephone? - E-mail, text messages, and mobile applications? - Letters? - Face-to-face requests at a tax administration enquiry counter? - Does the tax administration conduct or promote public education programs (e.g., tax seminars for people starting and running a business, and programs for primary, secondary and tertiary training institutions about taxes)? - Does the tax administration charge a fee for information and/or advice? If so, in what specific circumstances are fees charged, and how much is charged? - Does the tax administration have a documented service delivery channel strategy? (Typically, a delivery channel strategy describes the means by which the tax administration provides, or plans to provide, information to taxpayers in the most efficient, cost effective, and convenient manner. It may be contained in a stand-alone policy document or in the tax administration's strategic plan or other planning documents. It may also be part of a broader agenda of government to promote e-services.) - Where the tax administration's emphasis is on service delivery via electronic channels, what provision is made for taxpayers who cannot access them?	- Documentation and field observations of channels used by taxpayers to obtain information and guidance from the tax administration, including the tax administration website, brochures, fact sheets, rulings, telephone, e-mail, letters, and walk-ins. - Documented 'service delivery channel strategy'.
P3-9 Responding to information requests Scoring method M2	Dimension 1. The time taken and quality of responses to taxpayers and tax intermediaries' requests for information. In what percentage of cases are telephone enquiry calls (particularly through dedicated call centers) from taxpayers and intermediaries answered within 6 minutes' waiting time?	Data gathered in <i>Questionnaire Table 3</i> ("Telephone Enquiry Call Waiting Time").

Performance Outcome Area 3: Supporting and Facilitating Compliance

QUESTIONS	Assessor Question Guidance for POA 3: Supporting and Facilitating Compliance	
Indicator	Questions guidance in assessing each dimension	Examples of evidence
	Note: Answered means where the caller commences talking to an officer specifically about the matter they wish to discuss. - Is there a quality assurance process undertaken for calls taken where a sample of calls and answers are examined? If so, is this done on a routine basis and is there a percentage of calls selected for review? Dimension 2. The design of service channel performance standards and the extent of regular management reporting of results - Does the tax administration have service delivery standards in relation to time taken to respond to taxpayer and intermediary requests received by way of telephone, letter, email, face-to-face (i.e. public enquiry counter), on-line chat, and social media. - Do service standards cover timeliness, quality, call abandonment rate (for telephone enquiries), and taxpayer satisfaction. - Is performance against the service delivery standards monitored and reported upon? If so, how often is this done? - What action is taken when performance against service delivery standards is consistently not being met? - Are performance results publicly reported?	- Documented service delivery standards (these may be contained in a published taxpayer charter). - Management reports of performance achieved against the service delivery standards. - Published reports (e.g., on the tax administration's website, or annual report) of performance achieved against standards. Management reports of areas where service standards are consistently not being achieved and how this was addressed.
P3-10 Scope of initiatives to reduce taxpayer compliance costs and facilitate compliance Scoring method M1	Dimension. The extent of initiatives to reduce taxpayer compliance costs and facilitate compliance. - Are simplified record keeping and reporting arrangements available to small taxpayers? - Is there any provision of free record-keeping software to facilitate correct reporting? - Are simplified filing arrangements and declaration completion systems in place - these may use information gathered from e-invoices or access to real time data to pre-fill tax declarations. - Are notification of 'nil' tax declarations made via automated telephone systems or online) and/or systems that eliminate the need to file (e.g., where income tax withheld at source is treated as a final tax) in place for individuals with relatively simple tax obligations (e.g., employees, retirees, and passive investors)? - Are behavioral insight studies undertaken to better understand taxpayer compliance behavior – are these then used in designing initiatives to strengthen voluntary compliance (and how often)? - Are there any built-in prompts to nudge taxpayers to check information entered into on-line declarations. - Are industry benchmark produced and published? - Does the administration utilize predictive modeling to identify potential late/non- filers and/or payers.	- Documentation of the simplified record keeping and reporting arrangements in place for small taxpayers. - Field observation by the TADAT assessor of simplified filing arrangements (e.g., pre-filled tax declarations) and/or systems that eliminate the need to file in respect of individuals with relatively simple tax obligations. - Field observation by the TADAT assessor of the means by which taxpayers and their agents can access registration and tax account details online. - Documentation of the control mechanisms in place to protect the integrity and confidentiality of taxpayer data that is accessible online. - Documented procedures for reviewing frequently asked questions and common misunderstandings detected through wrongdoing, and

QUESTIONS	Assessor Question Guidance for POA 3: Supporting and Facilitating Compliance	
Indicator	Questions guidance in assessing each dimension	Examples of evidence
	- Are taxpayers and their authorized agents able to access registration and tax account details online (e.g., via a taxpayer portal)? If so, what mechanisms are in place to protect the integrity and confidentiality of taxpayer data that is accessible online? - Are frequently asked questions and common misunderstandings of the law detected through verification and other outreach activities monitored to help target and refine taxpayer information products and services? - Are the design and content of tax declarations and other taxpayer forms reviewed regularly to ensure that obsolete and superfluous data items are removed? - What other measures are taken to reduce or minimize taxpayer compliance costs (e.g., use of electronic payment facilities; publication of tax rulings; and/or inter-agency data sharing to reduce taxpayer reporting burdens)?	management reports resulting from these reviews. - Documented procedures for reviewing tax declarations and other taxpayer forms, and management reports and recommendations resulting from these reviews. - Existence and take up of any free recording-keeping software. - On-line declaration system specifications. - Copies of any behavioral insight studies and resulting initiatives. - Copies of published industry benchmarks. - Results of predictive modeling results.
P3-11 Obtaining taxpayer feedback on products and services Scoring method M1	Dimension 1. The use and frequency of methods to obtain feedback from taxpayers on the standard of services provided. - What methods, if any, are used to obtain feedback from taxpayers about the standard of tax administration services? Specifically, is feedback obtained by way of: - Perception surveys on service standards based on statistically valid samples? - Meetings with stakeholders (e.g., chambers of commerce, peak industry bodies, and tax intermediaries)? - Public forums? - Other means (e.g., surveys via e-mail, telephone, website (and other on-line channels), and day-to-day interactions with taxpayers in public contact centers). - How often are service standard perception surveys conducted? - How often are other feedback mechanisms (e.g., stakeholder meetings) employed? - Are service standard perception surveys conducted by independent third parties? Or are they conducted by the tax administration itself? Is performance feedback obtained from key taxpayer segments (e.g., large, medium-size, and small business segments, and non-business individuals)? Dimension 2. The extent to which taxpayer input is taken into account in the design of administrative processes and products. - Does the tax administration take account of taxpayer input in the design of taxpayer service programs and products?	- Reports on findings of perception surveys. - Documented record/s of meetings with stakeholder groups (e.g., chambers of commerce, peak industry bodies, and tax intermediaries). - Documented feedback from taxpayer focus groups involved in testing information products (e.g., web page content and layout, and forms design).

Performance Outcome Area 3: Supporting and Facilitating Compliance

Assessor Question Guidance for POA 3: Supporting and Facilitating Compliance		
QUESTIONS		
Indicator	Questions guidance in assessing each dimension	Examples of evidence
	If so, is this done in a routine and systematic way (e.g., the tax administration regularly uses taxpayer focus groups and intermediaries to test the design of forms and other products and services)? How frequently is this done or is it done on an ad hoc (i.e. unplanned infrequent) basis?	
P3-12 Initiatives undertaken to encourage accurate reporting Scoring method M1	Dimension. The nature and scope of proactive initiatives undertaken to encourage accurate reporting. ▪ Does the tax administration undertake proactive (non-audit) initiatives to encourage and facilitate accurate reporting? In particular: ○ Are rulings used to provide answers about the tax treatment of specific transactions? If so, what types of ruling are provided (i.e. public and/or private rulings)? Are they binding on the tax administration? To which core taxes and taxpayer segments do rulings apply? ○ Are private rulings published in a anonymized form? ○ Is there a response time frame allocated to private ruling requests? If so, is this monitored and reported on? ○ Has the tax administration adopted cooperative compliance approaches to manage risks of inaccurate reporting? If so, what is the nature of the cooperative compliance arrangements? To which core taxes and taxpayer segments do the arrangements apply? ▪ Is the impact of the initiatives on taxpayer compliance evaluated?	▪ Existence of a rulings system, including publication of public rulings and practice notes. ▪ Published procedures prescribed for requesting a private ruling. ▪ Documentation of the scope of cooperative compliance arrangements available to taxpayers. ▪ Copies of ruling examples. ▪ Documented examples of cooperative compliance agreements entered into with qualifying taxpayers.

Table 12. POA 3 Performance Measurement Framework

MEASUREMENT		Performance Measurement Framework for POA 3: Supporting and Facilitating Compliance		
Indicator	Dimension	Score	Scoring Criteria	
P3-8 Scope, currency, and accessibility of information Scoring method M1	Dimension 1. The range of information available to taxpayers to explain, in clear simple terms, what their obligations and entitlements are in respect of each core tax.	A	(i) Information on the main areas of taxpayer obligations (registration, filing, payment, and reporting of information in tax declarations) and entitlements is readily available in respect of all core taxes. (ii) Information is tailored to the needs of key taxpayer segments, key industry groups, tax intermediaries, and disadvantaged groups. (iii) The tax administration uses behavioral insights to tailor information provided to specific taxpayers.	
		B	(i) Same as A(i). (ii) Information is tailored to the needs of at least one taxpayer segment or industry group, and tax intermediaries.	
		C	(i) Same as A(i).	
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.	
	Dimension 2. The degree to which information is current in terms of the law and administrative policy.	A	(i) Procedures are in place, and suitably skilled staff (e.g., subject matter experts) are assigned as required, to ensure information is current. (ii) Taxpayers are made aware of changes in the law or administrative policy through targeted and general communication before the law or policy takes effect.	
		B	(i) Same as A(i). (ii) Taxpayers are made aware of changes in the law or administrative policy through general communication before the law or policy takes effect.	
		C	(i) Ad hoc actions are taken to update information. (ii) Taxpayers are not always alerted to changes in the law or administrative policy before the law or policy takes effect.	
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.	
	Dimension 3. The availability to taxpayers of information and guidance from the tax administration.	A	(i) The tax administration provides a broad range of proactive taxpayer education programs (e.g., regular tax seminars for people starting and running a business, and programs for teaching school students about taxes). (ii) Information is available through a variety of user-friendly service delivery channels that also cater for digitally excluded persons (e.g., telephone, email,	

Performance Outcome Area 3: Supporting and Facilitating Compliance

MEASUREMENT	Performance Measurement Framework for POA 3: Supporting and Facilitating Compliance		
Indicator	Dimension	Score	Scoring Criteria
			letter, face-to-face (e.g., public enquiry area), website, social media, brochures, fact sheets, and rulings). (iii) Information is available at no cost to taxpayers and intermediaries. (iv) Information and self-service facilities are available to taxpayers and intermediaries at a time convenient to them—including, for example, outside normal business hours.
		B	(i) The tax administration provides public education programs for at least micro- and small businesses, new businesses, and first-time employers. (ii) Same as A(ii). (iii) Same as A(iii) except there may be a minimal cost to taxpayers and intermediaries.
		C	(i) Public education programs are undertaken on an ad hoc basis. (ii) Same as A(ii). (iii) Same as B(iii).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P3-9 Responding to information requests Scoring method M2	Dimension 1. The time taken and quality of responses to taxpayers and tax intermediaries' requests for information. (Note: waiting time for telephone enquiry calls (particularly through dedicated call centers) is used as a proxy for measuring a tax administration's performance in responding to information requests generally).	A	(i) At least 70 percent of telephone enquiry calls are answered within 6 minutes' waiting time. (ii) Routine sampling is undertaken on calls for quality assurance purposes.
		B	(i) At least 60 percent of telephone enquiry calls are answered within 6 minutes' waiting time. (ii) Routine sampling is undertaken on calls for quality assurance purposes.
		C	(i) At least 50 percent of telephone enquiry calls are answered within 6 minutes' waiting time. (ii) Sampling is undertaken on calls for quality assurance purposes on an ad hoc basis.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. The design of service channel performance standards and the extent of regular management reporting of results.	A	(i) Service standards exist covering taxpayer interaction channels, including: (a) Telephone; (b) Letter (c) E-mail (i.e., a central dedicated email address); (d) Face-to-face (e.g., public enquiry counter); (e) On-Line chat; and

Performance Outcome Area 3: Supporting and Facilitating Compliance

MEASUREMENT	Performance Measurement Framework for POA 3: Supporting and Facilitating Compliance		
Indicator	Dimension	Score	Scoring Criteria
			(f) Social media. (ii) Service standards cover timeliness, quality, call abandonment rate (for telephone enquiries), and taxpayer satisfaction. (iii) Monthly performance reports against service standards are prepared. (iv) Performance is reviewed as part of overall organization performance management and remedial action initiated where necessary. (v) Performance against service standards is publicly reported.
		B	(i) Same as A(i)(a) to (d). (ii) Same as A(ii) but standards only cover timeliness, quality, and taxpayer satisfaction. (iii) Same as A(iii), (iv), and (v).
		C	(i) Same as A(i)(a) and (b). (ii) Same as A(ii) but standards only cover timeliness. (iii) Same as A(iii) but reports are prepared quarterly. (iv) Same as A(iv).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P3-10 Scope of initiatives to reduce taxpayer compliance costs and facilitate compliance Scoring method M1	Dimension. The extent of initiatives to reduce taxpayer compliance costs and facilitate compliance.	A	(i) Simplified recordkeeping and reporting arrangements exist for small taxpayers (i.e., simple accounting records and less frequent filing and payment). (ii) Frequently asked questions and common misunderstandings of the law detected through service and verification activities are routinely analyzed and acted on within 12 months to improve information products and services. (iii) Secure online facilities (e.g., a taxpayer portal) provide taxpayers and their authorized agents with 24-hour access to registration and tax account details. (iv) Tax declarations and other forms are reviewed annually to ensure that only information that is needed and used is sought from taxpayers. (v) Compliance by design principles are embedded in tax declarations, other forms and business processes as proactive and preventative strategies to facilitate compliance. Includes as a minimum: (a) pre-filing of tax declarations based on information gathered by the tax administration from such things as e-invoicing, bank data, or PAYE reports; (b) incorporating on-line prompts as part of e-filing; and (c) automated pre-due date filing and payment reminders.

Performance Outcome Area 3: Supporting and Facilitating Compliance

MEASUREMENT		Performance Measurement Framework for POA 3: Supporting and Facilitating Compliance			
Indicator	Dimension	Score	Scoring Criteria		
		B	(i) Same as A(i) except arrangements include either simple accounting records or less frequent filing and payment). (ii) Same as A(ii) except analysis is acted on within 24 months to improve products or services. (iii) Same as A(iii), and (iv) except tax declarations and other forms are reviewed every two years. (iv) Same as A(v) except only one initiative is required.		
		C	(i) Same as B(i). (ii) Same as B(ii). (iii) Same as B(iii) except tax declarations and other forms are reviewed on an ad hoc basis.		
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.		
P3-11 Obtaining taxpayer feedback on products and services Scoring method M1	Dimension 1. The use and frequency of methods to obtain feedback from taxpayers on the standard of services provided.	A	(i) The tax administration routinely obtains feedback from taxpayers through, for example: surveys via e-mail, telephone, website (and other on-line channels); public contact centers; and meetings with stakeholders. (ii) A survey—covering all taxpayer segments—is conducted by an independent third party at least once every 3 years to monitor trends in taxpayer perceptions of tax administration services and products.		
		B	(i) Same as A(i). (ii) Same as A(ii) except that surveys are conducted on a less regular basis (i.e., at least once every 5 years) and may be undertaken solely by the tax administration.		
		C	(i) Feedback is obtained, but on an ad hoc basis. (ii) Same as B(ii) except that surveys are conducted on an ad hoc basis or may not cover all taxpayer segments.		
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.		
	Dimension 2. The extent to which taxpayer input is taken into account in the design of administrative processes and products.	A	(i) The tax administration regularly consults with key taxpayer groups and intermediaries at least twice a year to identify deficiencies in administrative processes and products. (ii) There is active involvement of taxpayers and intermediaries in the design and/or testing of new processes and products (e.g., forms design, web page content, and clarity of public rulings).		

Performance Outcome Area 3: Supporting and Facilitating Compliance

MEASUREMENT		Performance Measurement Framework for POA 3: Supporting and Facilitating Compliance	
Indicator	Dimension	Score	Scoring Criteria
P3-12 Initiatives undertaken to encourage accurate reporting Scoring method M1	Dimension. The nature and scope of proactive initiatives undertaken to encourage accurate reporting.	B	Same as A(i) except meetings with key taxpayer groups and intermediaries occur at least once a year.
		C	The tax administration consults on an ad hoc basis with key taxpayer groups and intermediaries to identify deficiencies in processes and products.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
		A	(i) A system of public and private binding rulings is in place. (ii) Cooperative compliance arrangements are entered into with qualifying taxpayers.
		B	Same as A(i).
		C	A system of public binding rulings is in place.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.



VI. Performance Outcome Area 4: Timely Filing of Tax Declarations

Desired outcome

Taxpayers file tax declarations on time.

Background and good practice

Filing of tax declarations (also known as tax returns) remains a principal means by which a taxpayer's tax liability is established and becomes due and payable. As discussed in POA 3, however, there is a trend towards streamlining preparation and filing of declarations of taxpayers with relatively uncomplicated tax affairs (e.g., through [partially or, in some cases fully](#), pre-filing tax declarations). Moreover, [it is now common to find](#) countries treat income tax withheld at source as a final tax - thereby eliminating the need for large numbers of PIT taxpayers to file annual income tax declarations.

Where filing is required, tax laws and administrative procedures specify who is required to file; the declaration format to be used; dates by which declarations must be filed; supporting documentation to be included with declarations; and filing methods. It is important that all taxpayers who are required to file do so, including those who are unable to pay the tax owing at the time a declaration is due (for these taxpayers, the first priority of the tax administration is to obtain a declaration from the taxpayer to confirm the amount owed, and then secure payment through the enforcement and other measures covered in POA 5). Failure by a taxpayer to meet the filing requirements may result in penalties and, in more serious cases, prosecution.

Tax declarations may be paper-based or [preferably](#) in electronic form, and may be filed by taxpayers themselves or via tax intermediaries (e.g., public accountants engaged by taxpayers to assist in preparing and filing declarations).

Examples of good practice adopted by tax administrations to achieve the desired outcome include:

- Simplifying filing arrangements, including pre-filing of tax declarations (covered in POA 3).
- Being proactive in reminding taxpayers of approaching filing deadlines (e.g., through media campaigns, providing taxpayers with calendars of filing dates, and sending automated reminder messages [by text message and/or email particularly targeting taxpayers who have a track record of late filing – as discussed in POA3](#)).
- Allowing a short period of grace if the taxpayer makes a request on or before the filing date due to exceptional circumstances.
- Using automated processes to quickly identify [and notify](#) taxpayers who have failed to file declarations when due [and immediately impose a statutory non-filing penalty](#). To achieve this, a tax administration must have an accurate [and updated](#) taxpayer database. As noted in POA 1, filing enforcement is compromised if the taxpayer database is laden with inactive and duplicated records.
- Timely follow-up and enforcement action tailored to the circumstances and filing history of the non-filers concerned. For example:
 - Contacting the taxpayer directly (e.g., by telephone, email or visit) to determine the reasons for non-filing and to secure filing of the tax declaration without further delay. This approach [should be undertaken for all taxpayers but](#) especially for large taxpayers because of the potential impact on collections if any large taxpayer fails to meet filing and payment obligations. [Should a declaration be forthcoming a late filing penalty should be imposed as deemed appropriate based on the circumstances involved, and calculated on the liability amount.](#)
 - Sending a letter or notice of demand to the taxpayer stipulating a final date by which filing must occur in order to avoid stronger penalties, fines [or other sanctions such as withdrawal of tax clearance certificates or customs import/export restrictions.](#)

- Issuing an assessment of estimated tax liability based on the taxpayer's previous trading history where there is a reasonable belief that the taxpayer continued to trade during the filing period. This type of assessment—often referred to as a [default assessment](#)—can be effective in inducing uncooperative taxpayers to file declarations so that a more accurate assessment of the tax liabilities can be made.
- Prosecuting habitual non-filers through the courts.
- Using taxpayer profiling techniques ([predictive modeling](#)) based on known circumstances and behaviors to predict [taxpayers with a history of late filing](#) and to identify the most effective action to achieve on-time filing.
- Ensuring that tax intermediaries engaged in preparing and filing tax declarations are aware of current filing processes and procedures and changes to the tax laws.
- Outreach programs to assist specific taxpayer groups in understanding and/or meeting their filing obligations (e.g., [new businesses that do not have a tax intermediary](#), elderly taxpayers and citizens with literacy and language difficulties).
- Providing and promoting use of electronic filing facilities for all core taxes. In many countries, taxpayers are required by law to file declarations electronically.¹³
- Having an IT system with features of the kind described in Box 5.

Box 5. Key Features of a Filing and Declaration Processing IT Subsystem

An effective filing and declaration processing IT subsystem:

- Processes tax declarations (including amended declarations) for all core taxes.
- At time of filing, automatically checks the taxpayer's identity against the registration database, records the date of filing, performs arithmetic checks, records the tax liability [or credit being claimed](#), stores declaration data [for use in identifying trends, and flags abnormalities for follow up](#).
- Receives electronically filed declarations and generates an electronic receipt for each e-filed declaration.
- Provides a consolidated picture of a taxpayer's filing history across all core taxes ([especially to identify habitual non-filers](#)).
- Identifies and reports on all instances where a tax declaration is expected from the taxpayer, and automatically generates the relevant declaration in paper or electronic form (inclusive of TIN and other identification details) for the taxpayer to complete and file.
- Records an extended due date for filing [or a return not required indicator](#), where this has been approved.
- Automatically generates reminders and demand notices to taxpayers.
- [Creates](#) non-filer cases via a case management system.
- [Flags potential taxpayer registration issues such as duplicate records or inactive taxpayers](#).
- Generates [penalties for non-filers](#) and assessment notices, including estimated assessments.
- Produces management information (e.g., statistical reports by core tax/region/taxpayer segment, etc. including: the number of declarations expected from registered taxpayers; the number of declarations filed on-time; the number filed late; the number that remain to be filed; and the age of outstanding declarations).

¹³ Software interfaces, such as [Application Programming Interface](#), are developing to facilitate the integration of tax declaration and payment into taxpayers' or intermediaries' IT systems.

Indicators, dimensions, and scoring

Three performance indicators are used to assess POA 4:

- On-time filing rate.
- Management of non-filers.
- Use of electronic filing facilities.

The first indicator, with 5 measurement dimensions, uses recent filing data to compute an on-time filing rate (i.e. the number of declarations filed on time relative to the number of expected tax declarations) for each core tax. A high on-time filing rate is indicative of effective compliance management including, for example, provision of convenient means to file declarations (especially electronic filing

facilities), simplified declaration forms, and enforcement action against those who fail to file on time. The accuracy of the on-time filing rate is dependent upon an accurate taxpayer database (as indicated, the denominator will be incorrectly inflated if inactive traders and duplicated taxpayer records remain on the register of active taxpayers).

The second indicator examines the actions taken by the tax administration to identify late filers and non-filers and to enforce timely submission of declarations.

The third indicator measures the extent to which declarations, for all core taxes, are filed electronically.

Table 13 summarizes the indicator, dimensions, and associated scoring method for POA 4.

Table 13. POA 4 Performance Indicators, Dimensions, and Scoring

Indicators	Dimensions to be measured	Scoring method
P4-13. On-time filing rate [The number of dimensions to be measured is based on the selected core taxes for the assessment]	▪ The number of CIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered CIT taxpayers. ▪ The number of PIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered PIT taxpayers. ▪ The number of VAT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered VAT taxpayers. ▪ The number of domestic excise tax declarations filed by the statutory due date as a percentage of the number of declarations expected from registered domestic excise taxpayers. ▪ The number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the number of PAYE declarations expected from registered employers.	M2 (using the relevant dimensions conversion guide in Table 2)
P4-14. Management of non-filers	▪ Action taken to follow up non-filers.	M1
P4-15. Use of electronic filing facilities	▪ The extent to which tax declarations are filed electronically.	M1

Assessor question guidance

Table 14 provides questions and examples of sources of evidence to guide the assessor during field interviews and information gathering related to POA 4.

Performance measurement framework

Table 15 sets out the criteria for scoring the indicators and dimensions of POA 4.

Table 14. POA 4 Assessor Question Guidance

QUESTIONS	Assessor Question Guidance for POA 4: Timely Filing of Tax Declarations	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	Background questions: - What are the statutory filing requirements (frequency, due dates, filing methods) for each of the selected core taxes? - In the data provided in tables 4-10 (on-time filing) is there any 'period of grace' applied to the statutory due date by the tax administration as a matter of administrative policy (e.g., extra filing days granted after the statutory due date to take into account delays in mail delivery, intervening weekends and public holidays, or more serious events such as natural disasters). - Is there a period of grace in relation to the statutory due date? - Can taxpayers request an extension of time to file where exceptional circumstances have occurred? - What organizational unit/s of the tax administration is/are responsible for filing enforcement?	- Sources of background material include: - Core tax laws and general tax administration laws. - Website and other information published by the tax administration regarding filing requirements of businesses and individuals. - Organizational chart of the tax administration, and role descriptions of the main organizational units.
P4-13 On-time filing rate [The number of dimensions to be measured is based on the selected core taxes for the assessment] Scoring method M2	Dimension 1. The number of CIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered CIT taxpayers, i.e. expressed as a ratio: $\frac{\text{Number of CIT declarations filed by the due date}}{\text{Number of declarations expected from registered CIT taxpayers}} \times 100$ - What is the on-time filing rate for CIT declarations (filed for the fiscal year covered in Questionnaire Table 4) for: - All CIT taxpayers? - Large taxpayers only?	The ratios computed from data gathered in Questionnaire Table 4 ("On-time Filing of CIT Declarations").
	Dimension 2. The number of PIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered PIT taxpayers, i.e. expressed as a ratio: $\frac{\text{Number of PIT declarations filed by the due date}}{\text{No. of PIT declarations expected from registered PIT taxpayers}} \times 100$ What is the on-time filing rate for PIT declarations filed for the fiscal year covered in Questionnaire Table 5?	The ratio computed from data gathered in Questionnaire Table 5 ("On-time Filing of PIT Declarations").
	Dimension 3. The number of VAT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered VAT taxpayers, i.e. expressed as a ratio: $\frac{\text{Number of VAT declarations filed by the due date}}{\text{Number of declarations expected from registered VAT taxpayers}} \times 100$	The ratios computed from data gathered in Questionnaire Table 6 ("On-time Filing of VAT Declarations – All taxpayers") and Table 7 ("On-time Filing of VAT Declarations – Large taxpayers").

Performance Outcome Area 4: Timely Filing of Tax Declarations

QUESTIONS	Assessor Question Guidance for POA 4: Timely Filing of Tax Declarations	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	$\frac{\text{Number of VAT declarations filed by the due date by large taxpayers}}{\text{Number of VAT declarations expected from registered large taxpayers}} \times 100$ - What is the on-time filing rate for VAT (filed during the 12-month period covered in Questionnaire Tables 6 and 7,) for: - All VAT taxpayers? - Large taxpayers only?	<i>Declarations – Large taxpayers only</i>)
	Dimension 4. The number of domestic excise tax declarations filed by the statutory due date as a percentage of the number of declarations expected from registered excise taxpayers (see note below), i.e. expressed as a ratio: $\frac{\text{Number of domestic excise tax declarations filed by the due date}}{\text{Number of declarations expected from registered domestic excise tax taxpayers}} \times 100$ $\frac{\text{Number of domestic excise tax declarations from large taxpayers filed by the due date}}{\text{No. of domestic excise tax declarations expected from large taxpayers for domestic excise tax}} \times 100$ - What is the on-time filing rate for domestic excise tax declarations (filed during the 12-month period covered in Questionnaire Tables 8 and 9) for: - All domestic excise taxpayers— - Large taxpayers only?	The ratios computed from data gathered in Questionnaire Table 8 (“On-time Filing of Domestic Excise Tax Declarations”) and Table 9 (“On-time Filing of Domestic Excise Tax Declarations—Large taxpayers only”)
	Dimension 5. The number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the number of PAYE declarations expected from registered employers, i.e. expressed as a ratio: $\frac{\text{Number of PAYE withholding returns filed by the due date}}{\text{No. of PAYE withholding returns expected from registered employers}} \times 100$ What is the on-time filing rate for PAYE withholding declarations filed during the 12-month period covered in Questionnaire Table 10?	The ratio computed from data gathered in Questionnaire Table 10 (“On-time Filing of PAYE withholding Declarations”).
P4-14 Management of non-filers Scoring method M1	Dimension. Action taken to follow up non-filers Does the tax administration have automated processes to quickly identify taxpayers who have failed to file declarations when due?	- Filing / declarations processing procedure documents. - Documented procedures on the management of non-filers.

QUESTIONS	Assessor Question Guidance for POA 4: Timely Filing of Tax Declarations	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	- Does the tax administration use enforcement strategies tailored to the circumstances and filing history of the non-filers concerned? - Does the tax administration use taxpayer profiling techniques (e.g., predictive modeling), based on known circumstances and behaviors to predict potential late filers and the most effective action to achieve on-time filing? - Does the tax administration routinely update the taxpayer register based on the results of non-filing enforcement? - What penalties are imposed on taxpayers who either fail to file their declaration on time and/or file their declaration late (e.g., after follow-up by the tax administration for not filing by the due date)? - Are these penalties automatically imposed by the system or do they require manual imposition? - Are there guidelines for remission of any such penalties where the taxpayer has legitimate grounds for either non or late filing?	- Reports on non-filers for actioning and resulting outcomes. - Field observation by the TADAT assessor of the process undertaken to deal with identified non-filers. - Penalty imposition and remission guidelines for filing non-compliance.
P4-15 Use of electronic filing facilities Scoring method M1	Dimension. The extent to which tax declarations are filed electronically. - To what extent are electronic filing arrangements available and used for the selected core taxes for the assessment? - Are electronic filing arrangements available and used by: - Large taxpayers? - Medium-size taxpayers? - Small businesses? - Non-business individuals? - Tax intermediaries? - Does the tax administration actively promote use of electronic filing? - Is electronic filing mandatory for any classes of taxpayer (e.g., large taxpayers)? - What plans does the tax administration have to expand use of electronic filing in the medium term (2 - 5 years)?	- Data gathered in <i>Questionnaire Table 11 ("Use of Electronic Services")</i>. - Documented e-filing promotion activities. - Documented reform plans or multi-year strategic plan.

Table 15. POA 4 Performance Measurement Framework

MEASUREMENT		Performance Measurement Framework for POA 4: Timely Filing of Tax Declarations	
Indicator	Dimension	Score	Scoring Criteria
P4-13 On-time filing rate Scoring method M2	Dimension 1. The number of CIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered CIT taxpayers, i.e. expressed as a ratio: $\frac{\text{Number of CIT declarations filed by the due date}}{\text{Number of declarations expected from registered CIT taxpayers}} \times 100$ (Using data gathered in <i>Questionnaire Table 4 ("On-time Filing of CIT Declarations")</i>).	A	(i) The ratio is 90 percent and above in respect of all taxpayers for which a CIT declaration is expected. (ii) The ratio is 100 percent for large taxpayers in respect of which a CIT declaration is expected.
		B	(i) The ratio is 75 percent and above up to 90 percent in respect of all taxpayers for which a CIT declaration is expected. (ii) The ratio is at least 95 percent for all large taxpayers in respect of which a CIT declaration is expected.
		C	(i) The ratio is 50 percent and above up to 75 percent in respect of all taxpayers for which a CIT declaration is expected. (ii) The ratio is at least 90 percent for all large taxpayers in respect of which a CIT declaration is expected.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. The number of PIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered PIT taxpayers, i.e. expressed as a ratio: $\frac{\text{Number of PIT declarations filed by the due date}}{\text{No. of PIT declarations expected from registered PIT taxpayers}} \times 100$ (Using data gathered in <i>Questionnaire Table 5 ("On-time Filing of PIT declarations")</i>).	A	The ratio is 90 percent and above.
		B	The ratio is 75 percent and above up to 90 percent.
		C	The ratio is 50 percent and above up to 75 percent.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 3. The number of VAT filed by the statutory due date as a percentage of the number of declarations expected from registered VAT taxpayers, i.e. expressed as a ratio:	A	(i) The ratio is 90 percent and above in respect of all taxpayers for which a VAT declaration is expected. (ii) The ratio is 100 percent for large taxpayers in respect of which a VAT declaration are expected.

MEASUREMENT			
Performance Measurement Framework for POA 4: Timely Filing of Tax Declarations			
Indicator	Dimension	Score	Scoring Criteria
	$\frac{\text{Number of VAT declarations filed by the due date}}{\text{Number of declarations expected from registered VAT taxpayers}} \times 100$ (Using data gathered in <i>Questionnaire Table 6 ("On-time Filing of VAT Declarations – All taxpayers")</i> and <i>Table 7 ("On-time Filing of VAT Declarations – Large taxpayers only")</i>).	B	(i) The ratio is 75 percent and above up to 90 percent in respect of all taxpayers for which a VAT declaration is expected. (ii) The ratio is at least 95 percent for all large taxpayers in respect of which a VAT declaration is expected.
		C	(i) The ratio is 50 percent and above up to 75 percent in respect of all taxpayers for which a VAT declaration is expected. (ii) The ratio is at least 90 percent for all large taxpayers in respect of which a VAT declaration is expected.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 4. The number of domestic excise tax declarations filed by the statutory due date as a percentage of the number of declarations expected from registered domestic excise taxpayers, i.e. expressed as a ratio: $\frac{\text{Number of domestic excise tax declarations filed by the due date}}{\text{Number of declarations expected from registered excise taxpayers}} \times 100$ (Using data gathered in <i>Questionnaire Table 8 ("On-time Filing of Domestic Excise Tax Declarations")</i> and <i>Table 9 ("On-time Filing of Domestic Excise Tax Declarations – Large taxpayers only")</i>).	A	(i) The ratio is 90 percent and above in respect of all taxpayers for which a domestic excise tax declaration is expected. (ii) The ratio is 100 percent for large taxpayers in respect of which a domestic excise tax declaration is expected.
		B	(i) The ratio is 75 percent and above up to 90 percent in respect of all taxpayers for which a domestic excise tax declaration is expected. (ii) The ratio is at least 95 percent for all large taxpayers in respect of which a domestic excise tax declaration is expected.
		C	(i) The ratio is 50 percent and above up to 75 percent in respect of all taxpayers for which a domestic excise tax declaration is expected. (ii) The ratio is at least 90 percent for all large taxpayers in respect of which a domestic excise tax declaration is expected.
		D	The requirements for a 'C' or higher have not been met OR

Performance Outcome Area 4: Timely Filing of Tax Declarations

Performance Measurement Framework for POA 4: Timely Filing of Tax Declarations			
MEASUREMENT			
Indicator	Dimension	Score	Scoring Criteria
	Dimension 5. The number of PAYE withholding declarations filed by registered employers by the statutory due date as a percentage of the number of PAYE declarations expected from registered employers, i.e. expressed as a ratio: $\frac{\text{Number of PAYE withholding returns filed by the due date}}{\text{No. of PAYE withholding returns expected from registered employers}} \times 100$ (Using data gathered in <i>Questionnaire Table 10</i> ("On-time Filing of PAYE withholding Declarations")).		Evidence to objectively assess the dimension is either insufficient or unavailable.
		A	The ratio is 90 percent and above.
		B	The ratio is 75 percent and above up to 90 percent.
		C	The ratio is 50 percent and above up to 75 percent.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P4-14 Management of non-filers Scoring method M1	Dimension. Action taken to follow up non-filers.	A	(i) Taxpayer profiling techniques (predictive modeling) are used to predict potential non-filing and proactive action is taken before the due date. (ii) Automated processes are used to identify and notify (e.g., by text message) taxpayers who have failed to file declarations when due. (iii) Non-filing penalties are automatically generated and imposed by the system. (iv) Documented procedures (comprising a series of time-bound escalating steps) are in place and applied and include filing-enforcement follow-up within seven days of due date (e.g. contacting the taxpayers directly, taking into account the circumstances and the taxpayers filing history, issuing demand notices, and issuing assessments of estimated tax liability and late filing penalty). (v) The taxpayer register is routinely updated based on the results of the non-filer enforcement.
		B	(i) Same as A(ii), and (iii). (ii) Same as A(iv) except filing-enforcement follow-up is commenced within 14 days. (iii) Same as A(v).
		C	(i) Same as A(ii), and (iii).

Performance Outcome Area 4: Timely Filing of Tax Declarations

MEASUREMENT	Performance Measurement Framework for POA 4: Timely Filing of Tax Declarations		
Indicator	Dimension	Score	Scoring Criteria
			(ii) Same as A(iv) except filing-enforcement follow-up is commenced within 21 days.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P4-15 Use of electronic filing facilities Scoring method M1	Dimension. The extent to which tax declarations are filed electronically. (Using data gathered in <i>Questionnaire Table 11</i> ("Use of Electronic Services").	A	(i) For the most recent reported year at least 85 percent of declarations for each core tax are filed electronically. (ii) For the most recent reported year all large taxpayers file their core tax declarations electronically.
		B	(i) For the most recent reported year at least 70 percent of declarations for each core tax are filed electronically. (ii) For the most recent reported year at least 80 percent of large taxpayers file their core tax declarations electronically.
		C	For the most recent reported year at least 50 percent of declarations for at least two core taxes are filed electronically.
		D	The requirements for a 'C' rating or higher are not met OR Evidence to objectively assess the dimension is either insufficient or unavailable.



VII. Performance Outcome Area 5: Timely Payment of Taxes

Desired outcome

Taxpayers pay their taxes in full on time.

Background and good practice

Taxpayers are expected to pay taxes on time. Tax laws, regulations, and administrative procedures specify payment requirements, including deadlines (or due dates) for payment, who is required to pay, and payment methods. Depending on the system in place, [payments due](#) will be either self-assessed or administratively assessed. Failure by a taxpayer to pay on time results in imposition of interest and penalties and follow-up action by the tax administration, including legal debt recovery action.

The aim of tax administration is to [have a low incidence of tax arrears](#) by attaining high rates of voluntary on-time payment. [This can be achieved through use of initiatives to encourage taxpayers to pay on time](#). Achieving this [also](#) requires a high level of on-time filing to establish amounts owed (covered in POA 4) and quick follow-up [and collection enforcement](#) when payment is overdue.

The desired outcome is more likely to be achieved when the following are present:

- Collection systems that reduce the incidence of unpaid taxes, especially:
 - Withholding of tax at source (e.g., in respect of employment, dividends, [payments to non-residents or other cross-border payments](#), and interest income); and
 - Advance payment regimes that ensure that the bulk of income tax payable by businesses is collected at regular intervals (e.g., quarterly) during the year in which the income is earned.
- Use of [electronic payment methods](#).
- An appropriate legal framework encompassing:
 - Effective debt recovery powers (e.g., authority to [seek closure of the business of a tax debtor](#), obtain a lien over assets, [garnish bank accounts](#), seize and dispose of assets, [denial of access to government contracts, liquidations and bankruptcy](#), collect amounts owing from [employers and/or other third parties](#)), and [participation in international mutual assistance](#);¹⁴
 - Suitable late payment penalties and interest that are uniform across core taxes;
 - Authority to grant time-payment arrangements to viable businesses [and individuals](#) with a good payment record but experiencing temporary cash flow problems; [and](#)
 - [Ability to cooperate at an inter-agency level where taxpayers have been identified as having debts involving other government agencies](#).
- Appropriate organizational arrangements that include an arrears management committee overseeing the tax administrations arrears management approach and monitoring performance.
- Dedicated collection enforcement units with full-time specialist staff trained in collection techniques ([including complex recovery casework](#)), customer (debtor) relationships, and negotiation; [and given comprehensive powers under the legal framework to perform their role](#).
- Use of outbound call centers and e-communication facilities to contact debtors during and outside regular business hours.
- Active management of the arrears inventory by reference to value, age, and [collectability](#) of arrears cases.

¹⁴ See “Multilateral Convention on Mutual Administrative Assistance in Tax matters”, OECD Instrument June 2011.

- Prompt write-off of uncollectible arrears (e.g., where the taxpayer has no funds or other assets or cannot be located, or the debt is not legally recoverable because of bankruptcy). This may require the formation of a special purpose “write-off” committee that make recommendations for individual case write-offs.
- A risk-based approach to arrears management, including special attention being given to new debts, given that the rate of recovery of tax arrears tends to decline as arrears get older.
- An IT system with features of the kind described in Box 6.

Box 6. Key Features of an Arrears Management IT Subsystem

An effective arrears management IT subsystem:

- Identifies and reports all instances where amounts have not been paid on time.
- Automatically generates reminders and demand-for-payment notices to taxpayers.
- Provides a consolidated picture of a taxpayer’s total tax arrears across all core taxes.
- Prioritizes arrears cases based on risk criteria (e.g., size of arrears, age of arrears, number of core taxes involved, taxpayer’s payment history).
- Allocates cases to arrears collection staff via a case management system.
- Applies taxpayer’ profiling analytics which predict the most effective action to achieve payment of the debt based on known circumstances and behavior.
- Generates management information (e.g., statistical reports on the value and age of arrears for each core tax, the number of debtors, value and number of cases subject to legal recovery action, time payment arrangements, and pending write-off).

Indicators, dimensions, and scoring

Five performance indicators with the following eight measurement dimensions are used to assess POA 5:

- The extent to which core taxes are paid electronically.
- The extent to which withholding at source and advance payment systems are used.
- The number of VAT payments made by the statutory due date in percent of the total number of payments due.
- The value of VAT payments made by the statutory due date in percent of the total value of VAT payments due.
- The value of total core taxes arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.
- The value of collectable core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.

- The value of core tax arrears more than 12 months old as a percentage of the value of all core tax arrears.
- The management and scope of arrears enforcement action.

The first dimension examines the degree to which core taxes are paid by electronic means, including through electronic funds transfer (where money is electronically transferred via telecommunications/computer networks from a taxpayer’s bank account directly to the Government’s account), credit cards, and debit cards.

The second dimension assesses the extent to which withholding at source and advance payment regimes are used.

With regard to the third indicator, VAT payment (or equivalent tax) performance is used as a proxy for on-time payment performance of core taxes

Performance Outcome Area 5—Timely Payment of Taxes

generally.¹⁵ Two dimensions measure the extent of on-time payment over a specified recent 12-month period: (1) the **number** of VAT payments made by the statutory due date relative to total number of payments due; and (2) the **value** of VAT payments made by the due date relative to total value of VAT payments due. A high on-time payment percentage is indicative of sound compliance management including, for example, provision of convenient payment methods and effective follow-up of overdue amounts.

With regard to the fourth indicator, [three dimensions](#) measure:

- The size of the tax administration's total core tax arrears inventory relative to annual core tax collections.
- The size of the administration's collectible tax arrears inventory (core taxes only) relative to

annual core tax collections (this is similar to the first dimension but provides a more refined picture of accumulated arrears).

- The extent of old core tax arrears (a high percentage may indicate poor debt collection practices and performance).

To smooth the impact of exogenous factors, such as a serious downturn in the economy, ratios for each of the three measurement dimensions are averaged over a 3-year period.

[The final dimension examines the organizational arrangements for the administration's arrears management approach and the related operational aspects for the collection of debt.](#)

Table 16 summarizes the indicators, dimensions, and associated scoring methods for POA 5.

Table 16. POA 5 Performance Indicators, Dimensions, and Scoring

Indicators	Dimensions to be measured	Scoring method
P5-16. Use of electronic payment methods	▪ The extent to which core taxes are paid electronically.	M1
P5-17. Use of efficient collection systems	▪ The extent to which withholding at source and advance payment systems are used.	M1
P5-18. Timeliness of payments	▪ The number of VAT payments made by the statutory due date in percent of the total number of payments due. ▪ The value of VAT payments made by the statutory due date in percent of the total value of VAT payments due.	M1 (See note)
P5-19. Stock and flow of tax arrears	▪ The value of total core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year. ▪ The value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year. ▪ The value of core tax arrears more than 12 months old as a percentage of the value of all core tax arrears.	M2
P5-20. Management of tax arrears	▪ The management and scope of arrears enforcement action.	M1
Note: M1 is used in this instance because a poor score on the second dimension will undermine a good score on the first, and vice versa. For example, a high number of payments made by the due date relative to the total number of payments due (which would score well under the first dimension) would be undermined if the value of payments made on time represented a small percentage of the total value of payments due (which would score poorly under the second dimension). Similarly, a high score with regard to value (second dimension) would be undermined if the vast majority of taxpayers—albeit those owing relatively small amounts—paid their taxes late (first dimension). Under M1 the overall score for an indicator with multiple dimensions is based on the dimension with the lowest score.		

¹⁵ Using VAT payments as a proxy for all core tax payments avoids data gathering complications associated with tracking income tax payments involving advance payment installments.

Assessor question guidance

Table 17 provides questions and examples of sources of evidence to guide the assessor during field interviews and information gathering related to POA 5.

Performance measurement framework

Table 18 sets out the criteria for scoring the indicators and dimensions of POA 5.

Table 17. POA 5 Assessor Question Guidance

Assessor Question Guidance for POA 5: Timely Payment of Taxes		
QUESTIONS		
Indicator	Question guidance in assessing each dimension	Examples of evidence
	Background questions: - What are the statutory payment requirements (frequency, due dates, payment methods) for each of the core taxes and taxpayer segments? - What are the general tax administration laws relating to the recovery of unpaid taxes? - What organizational unit/s of the tax administration is/are responsible for collection enforcement?	- Sources of background material include: - Core tax laws and general tax administration laws. - Web site and other information published by the tax administration regarding payment requirements of individuals and businesses. - Organizational chart of the tax administration, and role descriptions of the main organizational units.
P5-16 Use of electronic payment methods Scoring method M1	Dimension. The extent to which core taxes are paid electronically. - To what extent are the following types of electronic payment arrangements available and used: - Digital payments? - Blanket 'direct debit' authority for payment of all or some core tax liabilities? - Direct debit authority for payment on a liability-by-liability basis? - Internet or other online payment methods (e.g., via electronic funds transfer or online payment by debit/credit card)? - Telephone banking (including mobile telephony and apps)? - Automatic teller machines? - Other? - To what extent are electronic payment arrangements available and used for the selected core taxes for the assessment? - To what extent are electronic payment arrangements available and used by: - Large taxpayers? - Medium-size taxpayers? - Small businesses? - Non-business individuals? - Tax intermediaries? - Does the tax administration actively promote use of electronic payment?	- Data gathered in <i>Questionnaire Table 11</i> ("Use of Electronic Services"). - Field enquiry and observation by the TADAT assessor of the range of payment methods used by taxpayers. - Documented e-payment promotion activities. - Documented reform plans or multi-year strategic plan.

Performance Outcome Area 5—Timely Payment of Taxes

QUESTIONS	Assessor Question Guidance for POA 5: Timely Payment of Taxes	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	What plans does the tax administration have to expand use of electronic payment in the medium term (2-5 years)?	
P5-17 Use of efficient collection systems Scoring method M1	Dimension. The extent to which withholding at source and advance payment systems are used. - Do withholding at source arrangements exist for: - Employment income (salaries and wages)? - Interest income? - Dividend income paid by public companies to resident taxpayers? - Other types of income? - Are advance payment regimes used to collect income tax from businesses within the year the relevant income is earned? If so, what is the scope and nature of the advance payment systems?	Relevant provisions in the tax laws relating to withholding at source and advance payment.
P5-18 Timeliness of payments Scoring method M1	Dimension 1. The number of VAT payments made by the statutory due date in percent of the total number of payments due, i.e. expressed as a ratio: $\frac{\text{Number of VAT payments made by the due date}}{\text{Total number of VAT payments due}} \times 100$ - All VAT payers? - Large VAT payers? - What is the on-time payment (by number) rate for VAT for the period covered? Dimension 2. The value of VAT payments made by the statutory due date in percent of the total value of payments due, i.e. expressed as a ratio: $\frac{\text{Value of VAT payments made by the due date}}{\text{Total value of VAT payments due}} \times 100$ - All VAT payers? - Large VAT payers? - What is the on-time payment (by value) rate for VAT for the period covered.	- The ratio computed from data gathered in <i>Questionnaire Table 12</i> ("VAT Payments"). Note. Refer also explanatory note 3 in Table 12. - The ratio computed from data gathered in <i>Questionnaire Table 12</i> ("VAT Payments"). Note. Refer also explanatory note 3 in Table 12.
P5-19 Stock and flow of tax arrears Scoring method M2	Dimension 1. The value of total core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year, i.e. expressed as a ratio: $\frac{\text{Value of total core tax arrears at end of fiscal year}}{\text{Total core tax collected for fiscal year}} \times 100$ What is the ratio of core tax arrears to annual core tax collections, averaged over the past 3 years?	The ratio computed from data gathered in <i>Questionnaire Table 13</i> ("Value of Tax Arrears"). Note. Refer also explanatory notes 2-5 in Table 13.

QUESTIONS	Assessor Question Guidance for POA 5: Timely Payment of Taxes	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	Dimension 2. The value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year, i.e. expressed as a ratio: $\frac{\text{Value of collectible core tax arrears at end of fiscal year}}{\text{Total core tax collected for fiscal year}} \times 100$ What is the ratio of collectible core tax arrears to annual core tax collections, averaged over the past 3 years? Dimension 3. The value of core tax arrears more than 12 months' old as a percentage of the value of all core tax arrears, i.e. expressed as a ratio: $\frac{\text{Value of core tax arrears > 12 months' old at end of fiscal year}}{\text{Value of all core tax arrears at end of fiscal year}} \times 100$ What is the ratio of core tax arrears greater than 12 months' old to all core tax arrears?	▪ The ratio computed from data gathered in <i>Questionnaire Table 13</i> ("Value of Tax Arrears"). Note. Refer also explanatory notes 2-5 in Table 13. ▪ The ratio computed from data gathered in <i>Questionnaire Table 13</i> ("Value of Tax Arrears"). Note. Refer also explanatory notes 2-5 in Table 13.
P5-20 Management of tax arrears Scoring method M1	Dimension. The management and scope of arrears enforcement action. ▪ How is the arrears management function organized? ▪ Are there dedicated areas within that structure that address complex collection cases? ▪ What training is provided for officials working in these areas? ▪ What specific legal powers are given to officials working in these areas and to what extent are they used? ▪ Are there any dedicated arrears management committees who oversee arrears management activities? ▪ What reports are produced to provide management with the overall arrears situation and results of particular initiatives undertaken to address arrears? ▪ Has there been any inter-government agency arrangements put in place where individuals or entities have outstanding debts with other government organization? ▪ Are there specific arrears management procedures that cover all core taxes and all actions to be undertaken in collecting outstanding debt. ▪ What enforcement actions are taken to collect arrears? ▪ How soon after a taxpayer fails to pay is enforcement started? ▪ Are taxpayers allowed access to pay taxation debts over time? If so, are there specific circumstances where such time to pay arrangements can be requested and if granted, special conditions that must be met during the period of the arrangement?	▪ Sources of background material include: ○ Organizational structure. ○ Training plans. ○ Committee structures. ○ Legislative powers and their use. ○ Documented arrears management policy and associated procedures. ○ Report/s of results of any particular initiatives undertaken to address the management of arrears generally or dealing with particular problem areas. ○ Copies of mutual assistance agreements and case references.

Performance Outcome Area 5—Timely Payment of Taxes

Assessor Question Guidance for POA 5: Timely Payment of Taxes		
QUESTIONS		
Indicator	Question guidance in assessing each dimension	Examples of evidence
	▪ Is there differentiation in the nature or speed of enforcement as between regular late payers /existing debtors, and new debtors? If so, how? ▪ How are cases prioritized for enforcement – is a risk-based approach adopted? ▪ Are cases of uncollectable debt allowed to be written off? If so, what is the process for this and is there a special write off committee/authority in place? ▪ What pro-active initiatives have been carried out in the last 2-3 years to encourage timely payment? ▪ Is there participation in international mutual assistance, and if so with which countries has this occurred?	

Table 18. POA 5 Performance Measurement Framework

MEASUREMENT		Performance Measurement Framework for POA 5: Timely Payment of Taxes		
Indicator	Dimension	Score	Scoring Criteria	
P5-16 Use of electronic payment methods Scoring method M1	Dimension. The extent to which core taxes are paid electronically. (Using data gathered in Questionnaire Table 11 (“Use of Electronic Services”)).	A	(i)	For the most recent reported year electronic payments account for more than 75 percent of the value of total core tax collections for each core tax.
			(ii)	For the most recent reported year electronic payments from large taxpayers account for 100 percent of the value of total core tax collections for each core tax.
		B	(i)	For the most recent reported year electronic payments account for more than 50 percent of the value of total core tax collections for each core tax.
			(ii)	For the most recent reported year electronic payments from large taxpayers account for 90 percent of the value of total core tax collections for each core tax.
		C	(i)	For the most recent reported year electronic payments account for more than 25 percent of the value of total core tax collections for each core tax.
			(ii)	For the most recent reported year electronic payments from large taxpayers account for 80 percent of the value of total core tax collections for each core tax.
		D	The requirements for a ‘C’ or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.	
P5-17 Use of efficient collection systems Scoring method M1	Dimension. The extent to which withholding at source and advance payment systems are used.	A	(i)	Withholding at source is in place for all employment income (i.e. PAYE).
			(ii)	Advance payment arrangements are in place for all business income (i.e. CIT and PIT).
			(iii)	Withholding or mandatory reporting/disclosure arrangements are in place for interest and dividend income.
		B	(i)	Same as A(i).
			(ii)	Same as A(ii).
		C	(i)	Same as A(i).
			(ii)	Advance payment arrangements are in place for CIT.
		D	The requirements for a ‘C’ or higher have not been met OR	

MEASUREMENT		Performance Measurement Framework for POA 5: Timely Payment of Taxes	
Indicator	Dimension	Score	Scoring Criteria
			Evidence to objectively assess the dimension is either insufficient or unavailable.
P5-18 Timeliness of payments Scoring method M1	Dimension 1. The number of VAT payments made by the statutory due date in percent of the total number of VAT payments due , i.e. expressed as a ratio: $\frac{\text{Number of VAT payments made by the due date}}{\text{Total number of VAT payments due}} \times 100$ ▪ All VAT payers? ▪ Large VAT payers? (Using data gathered in <i>Questionnaire Table 12</i> ("VAT Payments")). Note: An on-time payment (by number) ratio is computed for VAT over a specified recent 12-month period. This is used as a proxy measure of on-time payment for all core taxes. For countries that do not have a VAT, an indirect tax equivalent (e.g., sales tax) should be used as the proxy measure.	A	(i) The ratio is 90 percent and above. (ii) The ratio is 100 percent for large VAT payers.
		B	(i) The ratio is between 75 percent but less than 90 percent. (ii) The ratio is at between 90 percent but less than 100 percent for large VAT payers.
		C	(i) The ratio is between 50 percent but less than 75 percent. (ii) The ratio is between 85 percent but less than 90 percent for large VAT payers.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. The value of VAT payments made by the statutory due date in percent of the total value of payments due , i.e. expressed as a ratio: $\frac{\text{Value of VAT payments made by the due date}}{\text{Total value of VAT payments due}} \times 100$ ▪ All VAT payers? ▪ Large VAT payers? (Using data gathered in <i>Questionnaire Table 12</i> ("VAT Payments")). Note: An on-time payment (by value) ratio is computed for VAT	A	(i) The ratio is 90 percent and above. (ii) The ratio is 100 percent for large VAT payers.
		B	(i) The ratio is between 75 percent but less than 90 percent. (ii) The ratio is between 95 percent but less than 100 percent for large VAT payers.
		C	(i) The ratio is between 50 percent but less than 75 percent. (ii) The ratio is between 90 percent but less than 95 percent for all large VAT payers.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.

MEASUREMENT	Performance Measurement Framework for POA 5: Timely Payment of Taxes		
Indicator	Dimension	Score	Scoring Criteria
	over a specified recent 12-month period. This is used as a proxy measure of on-time payment for all core taxes. For countries that do not have a VAT, an indirect tax equivalent (e.g., sales tax) should be used as the proxy measure.		
P5-19 Stock and flow of tax arrears Scoring method M2	Dimension 1. The value of total core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year, i.e. expressed as a ratio: $\frac{\text{Value of total core tax arrears at end of fiscal year}}{\text{Total core tax collected for fiscal year}} \times 100$ (Using data gathered in <i>Questionnaire Table 13</i> ("Value of Tax Arrears")). Note: The numerator includes all core tax arrears including penalties and interest, both collectible and uncollectible. The denominator includes the total amount of core tax collected (net of refunds) by the tax administration during the year. A ratio is computed for each of the past three fiscal years and a 3-year average taken to score this dimension.	A	The ratio is below 10 percent.
		B	The ratio is at least 10 percent and up to 20 percent.
		C	The ratio is at least 20 percent and up to 40 percent.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. The value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year, i.e. expressed as a ratio: $\frac{\text{Value of collectible core tax arrears at end of fiscal year}}{\text{Total core tax collected for fiscal year}} \times 100$	A	The ratio is below 5 percent.
		B	The ratio is at least 5 percent and up to 10 percent.
		C	The ratio is at least 10 percent and up to 20 percent.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.

Performance Outcome Area 5—Timely Payment of Taxes

MEASUREMENT			
Performance Measurement Framework for POA 5: Timely Payment of Taxes			
Indicator	Dimension	Score	Scoring Criteria
	(Using data gathered in <i>Questionnaire Table 13</i> (“<i>Value of Tax Arrears</i>”). Note: The numerator, collectible tax arrears, is defined in the glossary of terms (Appendix 1). A ratio is computed for each of the past three fiscal years and a 3-year average taken to score this dimension.		
	Dimension 3. The value of core tax arrears more than 12 months old as a percentage of the value of all core tax arrears, i.e. expressed as a ratio: $\frac{\text{Value of core tax arrears} > 12 \text{ months old at end of fiscal year}}{\text{Value of all core tax arrears at end of fiscal year}} \times 100$ (Using data gathered in <i>Questionnaire Table 13</i> (“<i>Value of Tax Arrears</i>”). Note: This ratio gives an indication of the extent of old debt (i.e. core taxes which are significantly overdue), both collectible and uncollectible. A ratio is computed for each of the past three fiscal years and a 3-year average taken to score this dimension.	A	The ratio is below 25 percent.
		B	The ratio is at least 25 percent and up to 50 percent.
		C	The ratio is 50 percent and above up to 75 percent.
		D	The requirements for a ‘C’ or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.

MEASUREMENT		Performance Measurement Framework for POA 5: Timely Payment of Taxes		
Indicator	Dimension	Score	Scoring Criteria	
P5-20 Management of tax arrears Scoring method M1	Dimension The management and scope of arrears enforcement action.	A	(i) The tax administrations arrears management program: (a) Covers all core taxes; (b) Looks at whole of taxpayer debt; (c) Risk assess and prioritizes cases considering the likelihood and value of recovery; (d) Allows for payment arrangements; and (e) Allows for accounting or legal write-off of uncollectable debt. (ii) Dedicated staff undertake arrears management work. They: (a) Have comprehensive legal powers (including participation in international mutual assistance). (b) Receive initial and annual on-going training; and (c) Apply comprehensive procedures (comprising a series of time-bound escalating steps including the use of enforced collections methods) that are documented in a routinely updated arrears management manual or case management subsystem. (d) Prepare routine reports on the status of write-off cases. (iii) The tax administrations arrears management team: (a) Oversee the arrears management approach and monitor performance on a monthly basis using reports specifically designed to inform on the state of arrears. (b) Acts on performance reports to improve future arrears management results.	
		B	(i) Same as A(i). (ii) Dedicated staff undertake arrears management work. They: (a) Same as A(ii)(a) except for participation in international mutual assistance; (b) Same as A(ii)(b) except they receive initial and less regular training (i.e., not annually); and (c) Same as A(ii)(c) and (d). (iii) Same as A(iii) except monitoring is quarterly.	
		C	(i) Same as A(i)(a), (b), and (d). (ii) Dedicated staff undertake arrears management work. They: (a) Have limited legal powers; (b) Receive initial training only; and (c) Same as A(ii)(c).	

Performance Outcome Area 5—Timely Payment of Taxes

MEASUREMENT				Performance Measurement Framework for POA 5: Timely Payment of Taxes			
Indicator		Dimension		Score		Scoring Criteria	
						(iii) Same as A(iii) except monitoring is done on an ad hoc basis.	
				D		The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.	



VIII. Performance Outcome Area 6: Accurate Reporting in Declarations

Desired outcome

Taxpayers report complete and accurate information in their tax declarations.

Background and good practice

Tax systems rely heavily on complete and accurate reporting of information by taxpayers in tax declarations. This is especially the case in relation to business taxpayers. Unlike the situation with non-business individuals—where withholding at source and systematic use of third-party information reporting obligations ensure high levels of accuracy in reporting of employment and investment income—

income from business activities is less likely to be subject to these instruments. Tax administrations therefore need to regularly monitor tax revenue losses from inaccurate reporting, especially by business taxpayers, and take a range of actions to ensure compliance.

These actions fall into two broad groups: (i) proactive initiatives (e.g., taxpayer assistance and education), and actions to facilitate compliance as covered in POA 3; and (ii) verification activities (e.g., tax audits - see Box 7 on the description of types of audits, and income-matching against third party information sources).

Box 7. Description of Types of Tax Audit

Registration audit. A quick check on businesses to establish that they are correctly registered.

Advisory audits. A visit to newly established businesses advising obligations in terms of tax types, filing of returns, payment of amounts due, records to be maintained. Especially appropriate when introducing new laws.

Record keeping audits. The visit points out the obligations of the taxpayer in regard to the keeping of records and followed up with penalties if the taxpayer continues to disregard record keeping requirements.

Desk audits. Basic checks conducted at the tax office when the auditor is confident that all necessary information can be ascertained through in-office examination.

Single (or specific) issue audits. Focusing on a single tax type, a single period, or a single issue.

VAT Refund audits. Verifying the taxpayer's entitlement to a refund prior to processing the refund. Usually undertaken for first refund claims as well as where the refund claim varies significantly from established patterns and trends.

Comprehensive (or full) audits. All tax obligations over a number of tax periods. As they are usually time consuming, they should only be applied to those taxpayers if there is an indication of under reporting that will impact across taxes.

Note:

Audit projects. Audits can be organized as a separate project for specific groups of taxpayers: an industry (e.g., construction); or a line of business (e.g., retail) and/or certain items from the declaration or profit and loss account (e.g., depreciation); to address a particular risk or to establish the degree of non-compliance in a particular sector.

Performance Outcome Area 6: Accurate Reporting in Declarations

Fraud investigation cases often escalate from tax audits and external referrals. These involve the most serious cases of non-compliance and have criminal implications. Such cases require highly developed investigative skills, particularly in evidentiary requirements, and are often undertaken by specialist units either within the tax administration or from a separate government agency (e.g., Attorney General's Department).

In addition, tax administrations should monitor the level of inaccurate reporting through methods including tax gap analysis, advanced analytics, and surveys of taxpayer attitudes towards correct reporting.

Examples of good practice for tax audits adopted by tax administrations to achieve the desired outcome include:

- Implementing a program of verification activities that has far wider impact than simply raising additional revenue from detected discrepancies. Programs of this kind—which aim to improve accurate reporting across-the-board—focus on the highest compliance risks (see POA 2). The main objectives are:
 - Corrective—where additional tax and penalties are assessed to taxpayers to rectify discrepancies detected in tax declarations, particularly non-disclosure of income.
 - Deterrent—where the perceived likelihood of detection and awareness of its consequences (i.e. payment of tax and imposition of penalties) deters taxpayers in general from filing inaccurate declarations.
 - Intelligence gathering—where verification activity assists in identifying emerging compliance risks and confirming perceived risks, quantifying revenue losses attributable to particular risks, and identifying common

taxpayer errors and misunderstandings of the law.

- Building capacity in systematic crosschecking of third-party information (e.g., from banks and other financial institutions,¹⁶ stock exchanges, government agencies, data received from other jurisdictions, and where available, fiscal registers and e-invoicing systems) with amounts reported in tax declarations. Because of the high cost and relative low coverage rates associated with traditional audit methods, tax administrations are increasingly using large-scale automated (automatic) data matching systems to verify declared amounts.¹⁷
- Ensuring the audit management team monitors the key performance measures in the audit plan and evaluates the effectiveness of the audit function such as: the impact of the plan on identified risks (e.g., improved taxpayer behavior in targeted areas); indirect (trailing) effect of tax audits; and surveying audited taxpayers to review both professionalism and competence of the auditor.
- Supporting audit operations with:
 - An IT system that provides a consolidated view of the taxpayer's compliance history across all core taxes.
 - Centralized audit case selection using analytics to select the highest risk cases within a target population of taxpayers.¹⁸
 - Documented audit procedures (that are regularly updated), either in an audit guidance manual or as provided for in the audit case management IT subsystem.
 - Special audit manuals reflecting procedures for each type of audit - as listed in Box 7 (including use of standard audit files as part of

¹⁶ Information provided by banks and other financial institutions in bulk is used to enable detection of underreporting. Information may include: account balances; interest credited; and large/unusual deposits or withdrawals and transaction details. Information provided should not be limited at an entity level but needs to extend to the personal accounts of individuals.

¹⁷ Two pre-conditions are generally necessary, however, for these arrangements to be efficient: (1) provision of electronic information reports by third parties; and (2) use of a high integrity TIN (as covered in POA 1) to facilitate the matching of information reports with tax administration records.

¹⁸ Exception to this would include: (i) where a tax administration has a random audit program in place to gauge the effectiveness of its analytical case selection process; and (ii) where a tax administration's large taxpayer office adopts a risk differentiated approach to audit case selection for this segment.

Performance Outcome Area 6: Accurate Reporting in Declarations

- e-audits) and compliance risks for specific sectors/industries.
- Automated audit case management subsystem—with features of the kind described in Box 8—that allocates audit cases, monitors progress, records decisions, stores working papers and data, manages documents, and generates management reports (e.g., audit outputs-assessments versus collection; and on revenue yield directly attributable to audit actions (audit yield), and productivity of auditors).
- Computer-assisted audit tools that automate the extraction, analysis, and crosschecking of large volumes of data from the taxpayer's accounting system.
- Uniform and proportional set of administrative penalties (i.e. that apply irrespective of the core tax involved) for inaccurate reporting (e.g., omitting income). Lesser penalties generally apply in cases where the taxpayer has taken reasonable care in completing a tax declaration.
- Measuring the quality of audit casework by assessors organizationally independent of the audit case against a standardized checklist and covering the features contained within Box 9.
- Developing benchmark economic performance parameters for key industries, business activities, professions, and occupations to identify taxpayers who file 'out-of-pattern' tax declarations.

Box 8. Key Features of an Automated Audit Case Management Subsystem

An effective automated audit case management subsystem:

- Interfaces with a risk management subsystem that creates and prioritizes cases based on predetermined risk assessment criteria.
- Automatically assigns a case tracking number that is linked to the taxpayer identification number and enables the recording of case details at the point of case creation.
- Can be configured to create case types (groups of business/ functions/activities) and facilitates the modification of a case type by including or removing functions based on predefined parameters. Can also be configured so that one case can trigger the creation of another case (following approval) whether of the same or different type.
- Allows the assignment (or reassignment) of cases to an individual auditor or team of auditors based on relative priority.
- Facilitates the assignment of user rights for access to case information.
- Can be configured with standards of performance (including pre-determined audit completion times based on the type, size or complexity of cases).
- Allows for automatic notification to the taxpayer and relevant tax administration staff (including audit supervisors) on the case status of including: cases created, cases assigned/opened/referred, alerts on upcoming deadlines, and case outcomes. Also generates standard letters and notices initiated by the case officer, supervisor or other authorized staff.
- Allows the recording of case notes and facilitates the monitoring and reporting of audit quality.
- Allows for the management of multiple cases of different tax/issue types for the same taxpayer at the same time and enables the consolidation of multiple cases of the same tax/issue type for the same taxpayer.
- Facilitates the linking, tracking and reporting of project/economic sector or specific revenue risk-based audits.
- Provides the ability to modify workflow (the series of activities necessary to complete a task) by introducing, redirecting or refining processes.
- Interfaces with taxpayer accounts, payment and revenue accounting IT subsystems to record audit assessment results, tax type(s), payments made, debt created or refunds/credits due to the taxpayer.
- Enables the viewing of all cases and case history that involve the same taxpayer and those of associated entities/taxpayers (can treat a taxpayer as a single entity across all tax types and functions).
- Enables the recording (or computation, as appropriate) of the time taken to approve cases for audit; date assigned; date started; status of work in progress; date completed; time spent on case; issues identified; and issues resolved, unresolved or escalated and the basis.
- Updates risk assessment parameters according to audit outcomes.
- Generates performance management information, including related ratio/percent computations for all or any of the cases by: taxpayer number; case type(s); location; tax type(s); year-to-date completion status—including elapsed time; audit closures with additional, nil or reduced assessments; audit yield—collections/refunds made against audit case liabilities/credits; and average or median audit yield from settled audit cases.

Examples of good practice adopted by tax administrations for monitoring the level of revenue losses through inaccurate reporting to achieve the desired outcome include:

- Monitoring the level of inaccurate reporting through various methods, for example:
 - Estimation of the [tax compliance gap](#) (being the percentage difference, for a given year, between the amount of tax that is paid and the total amount of tax theoretically due)¹⁹ using a [recognized method](#) can give a sound indicator.²⁰ Monitoring the trend established over time can enhance understanding of this indicator. Factors to consider include:
 - Estimation of tax compliance gaps²¹ can be made for direct and indirect taxes using either top-down or bottom-up techniques.
 - Lack of data or low-quality data can mean that tax gap calculations have high margins of error. There is a variety of methodologies in this area and some produce unexpected “negative” gaps and are not always well regarded.
 - [Econometric and stochastic measuring techniques](#) can also be used. When using these types of techniques, or where the circumstances produce a high margin of error, the quantum estimate may not be reliable but monitoring the trend upwards or downwards over at least three observations maybe a sound indicator of changes in the accuracy of taxpayer reporting.
 - Results of any tax compliance gap measurement need to be subjected to credibility tests that can be carried out by for example: an international organization (such as the IMF, European Commission, etc.); government auditor; parliamentary committee; or academia.
 - Advanced analytics using large data sets (e.g., data from e-invoices, and/or fiscal registers) to determine the likelihood of taxpayers making full and accurate disclosures of income.
 - Surveys monitoring taxpayer attitudes towards accurate reporting of income.

¹⁹ Non-payment of assessed taxes (covered in POA 5) also contributes to the compliance gap.

²⁰ The Revenue Administration–Gap Analysis Program: Model and Methodology for Value-Added Tax Gap Estimation: IMF Technical Note TNM 17/04.

The Revenue Administration Gap Analysis Program: An Analytical Framework for Personal Income Tax Gap Estimation: IMF Technical Note TNM 2021/009
Corporate Income Tax Gap Estimation by Using Bottom-Up Techniques in Selected Countries: IMF Technical Note TNM 2023/006

²¹ A [VAT compliance gap](#) is the most common type of tax gap assessment.

Box 9. Scope of an Audit Quality Monitoring Process

Selects a sample of completed audit cases to examine the following areas:

- Allocation of the case to a suitably qualified case officer.
- Planning of the audit.
- Application of audit techniques and procedures appropriate to the circumstances of the case.
- Determination of the accuracy and completeness of reported amounts.
- Calculation of any adjustments.
- Imposition of penalties.
- Ensuring interactions were commensurate with the scale and complexity of the issues being addressed.
- Timely conduct of the audit.
- Professionalism of approach.
- Nature and quality of reports and supporting documentation.

Different national jurisdictions handle tax fraud investigation cases differently. Three main models exist:

- (i) where cases are referred internally within the tax administration to a special unit, such as a tax fraud unit, which undertakes a criminal investigation;
- (ii) where cases are referred to an external agency (e.g., police, prosecution service, or justice department) which can accept or decline the referral, and where, if the referral is accepted, the tax administration continues to be involved in the criminal investigation as a partner to the external agency; or
- (iii) where cases are referred to an external agency, which can accept or decline the referral, and where, if the referral is accepted, the tax administration ceases to be involved in the case.

In any circumstance where the referral is not accepted for fraud investigation, the tax administration will need to consider whether it continues the case as a tax audit.

Where the tax administration is involved in the conduct of a tax fraud investigation (e.g., models (i) and (ii) above), the relevant staff require highly developed investigative skills, particularly in

evidentiary requirements and the rights of those accused.

Examples of good practice adopted by tax administrations for fraud investigation cases to achieve the desired outcome include:

- Ensuring the tax administration understands the nature, extent, and impact of fraud and the methodologies applied in defrauding the public revenue and has implemented a strategy to address them. This may be in the form of a compliance improvement plan or counter fraud plan.²²
- Ensuring legal powers are available to facilitate the effective referral or investigation of suspected tax fraud either by the tax administration itself or by another arm of the country's law enforcement agencies.
- Collaborating closely with other relevant law enforcement agencies (e.g., police, prosecution service, or justice department). Where tax fraud investigations are conducted by another agency, there exists a close relationship governed by formal protocols for the referral of suspected tax fraud cases to that agency and regular dialogue to ensure the quality of any referrals.

²² OECD paper that has just been released. Designing a tax crime investigation manual - Key elements and considerations. OECD Publishing, Paris. (2025).

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- Ensuring specialized, suitably trained staff are deployed either within the tax administration within law enforcement agencies to address the risks of tax fraud, including legal, forensic accounting and computing support.
- Denying convicted tax offenders the benefits of their crime through the application of either a proceeds of crime law or the effective assessment and collection of evaded taxes and financial sanctions.
- Publicizing, according with the legal framework, the results of all successful prosecutions to send strong deterrent messages. The main benefit of a successful prosecution of tax fraud is the publicity. This assures honest taxpayers that those involved in the most serious non-compliance behavior face the most severe consequences.
- Building capacity in audit staff in identifying possible tax fraud behavior, so that appropriate referrals may be made. Similarly, intelligence received from external sources that indicate suspected tax fraud should be considered for referral.
- Where a tax administration is involved in investigating tax fraud, building capacity in the relevant staff in criminal investigations, including, at least, rules of evidence, taxpayer rights, interview techniques, onus of proof, and chain of evidence.
- Ensuring the tax administrations counter fraud management team regularly monitor the key performance measures related to tax fraud investigations, including:
 - Number of cases referred for tax fraud investigation (internally or to another agency).
 - Number of referral cases accepted for further investigation and, of those, cases which proceed to prosecution.
 - Number of the cases not accepted (including analysis of why the case was not accepted).
 - Setting benchmarks for successful prosecutions. Such benchmarks need to be carefully considered.²³
 - Statistics on referred investigation case outcomes.
 - Analysis of the prosecution case outcomes with a view to any process improvements.
 - Extent of publicity generated on successful prosecutions.
- Supporting tax fraud investigations with an IT system that supports criminal investigation evidence management and processes.
- Documented procedures (that are regularly updated) for:
 - (i) tax fraud referral including referral criterion.
 - (ii) Where a tax administration conducts tax fraud investigations itself:
 - taxpayer rights;
 - burden of proof;
 - powers to investigate and gather evidence; and
 - rules of evidence.
- A uniform and proportional set of criminal sanctions that apply to tax fraud, or the obstruction of the duties of the tax administration. These sanctions may be in criminal statutes outside of the tax code.
- Where a tax administration conducts tax fraud investigations itself, measuring the quality of casework in tax fraud investigations against a standardized checklist, by assessors organizationally independent of the investigative case.

²³ The benchmark success rate is likely to be greater than 50 percent of cases for cost effectiveness reasons, but less than 100 percent of cases. Too high a benchmark (e.g., set at or around 100 percent) would indicate that the tax administration is not referring the most complex and challenging cases for prosecution but focusing on simple and easy cases.

Indicators, dimensions, and scoring

Against this background, four performance indicators with **eight** measurement dimensions examine:

- The nature and scope of the tax audit program in place to detect and deter inaccurate reporting.
- The extent to which the audit program is systematized around uniform practices.
- The extent to which taxpayer audits are monitored for quality.
- The extent to which the **performance and** effectiveness of taxpayer audits is monitored.

- The extent of automated crosschecking to verify information reported in tax declarations.
- **The scope and nature of fraud investigation activities.**
- **The effective implementation of fraud investigation activities.**
- The extent to which tax gap analyses are used to assess and monitor levels of inaccurate reporting.

Table 19 summarizes the indicators, dimensions, and associated scoring methods for POA 6.

Table 19. POA 6 Performance Indicators, Dimensions, and Scoring

Indicators	Dimensions to be measured	Scoring method
P6-21. Scope of verification actions taken to detect and deter inaccurate reporting	■ The nature and scope of the tax audit program in place to detect and deter inaccurate reporting. ■ The extent to which the audit program is systematized around uniform practices. ■ The degree to which the quality of taxpayer audits is monitored. ■ The degree to which the tax administration monitors the performance and effectiveness of the taxpayer audit function.	M2
P6-22. Use of large-automated scale data-matching systems to detect inaccurate reporting	■ The extent of large-scale automated crosschecking to verify information reported in tax declarations.	M1
P6-23. Scope and effectiveness of actions taken to counter tax fraud	■ Scope and nature of the process to identify and plan responses to counter tax fraud. ■ Effective implementation of the planned responses to counter tax fraud.	M1
P6-24. Monitoring the tax gap to assess inaccuracy of reporting levels	■ The soundness of tax gap analysis method/s used by the tax administration to assess and monitor inaccurate reporting.	M1

Assessor question guidance

Table 20 provides questions and examples of sources of evidence to guide the assessor during field interviews and information gathering related to POA 6.

Performance measurement framework

Table 21 sets out the criteria for scoring the indicators and dimensions of POA 6.

Table 20. POA 6 Assessor Question Guidance

QUESTIONS	Assessor Question Guidance for POA 6: Accurate Reporting in Declarations	
Indicator	Question guidance in assessing each dimension	Examples of evidence
P6-21 Scope of verification actions taken to detect and deter inaccurate reporting Scoring method M2	Dimension 1. The nature and scope of the tax audit program in place to detect and deter inaccurate reporting. - Does the tax administration have an annual national tax audit plan? - If so, does it: - Cover all core taxes? - Cover key taxpayer segments? - Orient audit coverage towards areas of highest risk (e.g., large taxpayers and high wealth individuals and economic sectors)? - Select audit cases centrally and on the basis of assessed risks? <i>Does this involve the use of analytical technologies?</i> - Use a range of audit types, noting that audit types vary in nature, scope, and intensity and include, for example, comprehensive (multiple tax and multiple year) audits, single-issue audits, inspections of books and records, <i>and</i> examination of VAT refund claims.? - Use a range of audit methodologies (e.g., direct and indirect audit methodologies)?	- Documented annual national tax audit plan. - Field enquiry and observation of the TADAT assessor regarding the tax audit activities and the types of tax audits undertaken, and audit methodologies used. - Documented reports of the impact of audits on taxpayer compliance. <i>Documentation about case selection methods used.</i>
	Dimension 2. The extent to which the audit program is systematized around uniform practices. - Does an audit manual (or manuals) exist <i>or where can we find the detailed procedures that auditors need to follow in undertaking a case?</i> - What training do auditors receive (both initial, on-going, and specialized)? - Is the manual/<i>case procedures</i> regularly reviewed and updated as necessary? <i>Are audit case procedures</i> routinely applied by tax audit staff? - Does the tax audit manual, <i>or audit case management subsystem</i>, provide guidance on audit procedures and techniques (such as: audit steps (preparing an audit case plan); creating a taxpayer profile; advising the taxpayer as to the nature and scope of the audit; examining records of taxpayers; advising taxpayers concerning audit findings; informing taxpayers about <i>dispute resolution</i> rights and procedures; management of audit files; and templates to be used for working papers, notices to taxpayers, and other required documentation. - Are there manuals for specific industries/sectors (e.g. tourism, construction, natural resources, telecommunications, etc.)?	- General audit manual <i>Audit case management subsystem.</i> - Auditor training program - Audit manuals for specific industries or sectors. - Industry/sectoral classification and ranking reports, say, from the Ministry responsible for finance, the central bank (or equivalent) or national statistical bureau or equivalent. - Tax compliance risks reports that show the categorization and ranking, by importance, of sectors/industries and related compliance risks.

Performance Outcome Area 6: Accurate Reporting in Declarations

QUESTIONS	Assessor Question Guidance for POA 6: Accurate Reporting in Declarations	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	Are tax compliance risks categorized and ranked by economic sector/industry? See also POA2 on 'Effective Risk Management.'	
	Dimension 3. The degree to which the quality of taxpayer audits is monitored. - Is there a documented process by which audits are monitored for quality? - What unit or designated committee has that responsibility? - Are there reports issued that highlight quality issues, whether high quality, lack of quality or obstacles in achieving quality audits? - If so, by whom and to whom are such reports issued? - How frequently are such reports issued? - Is there an analysis of the impact of such reports and have any recommended improvements been implemented?	- Organogram or position description showing responsibility for audit quality control. - Checklist or similar document showing the standards to be applied for audit quality control. - Reports showing findings of the audit quality control function. - Reports showing impact of audit quality control.
	Dimension 4. The degree to which the tax administration monitors the effectiveness of the taxpayer audit function. - Does the tax administration's audit management team review specifically the effectiveness of the audit function and its impact on taxpayer compliance? - Does this review occur on a regularly scheduled basis? If so, how often? - What are the criteria used to assess the audit function's effectiveness? Do the criteria used include the impact of the audit program on identified risks? - What reports does the tax administration's audit management team use to perform this assessment? - Does the tax administration use an automated case management subsystem to manage audits and produce reports based on set criteria? - What actions are taken as a result of the tax administration's audit management team's assessments? - How does the tax administration measure the perceived professionalism and competence in the audit function by taxpayers and other stakeholders? - If this occurs by virtue of a survey, how often do these surveys occur, who undertakes the survey, and on what basis are audited taxpayers selected for the survey?	- An automated audit case management subsystem that supports the monitoring of the audit function and produces reports based on set criteria. - Audit function review reports submitted to the tax administration's audit management team for their review. - The tax administration's audit management team minutes showing review of audit function's effectiveness and recommended actions. Documentation about the methods and the actual estimates of indirect or trailing tax effects of past audits. - Survey instrument and survey results.

Performance Outcome Area 6: Accurate Reporting in Declarations

QUESTIONS	Assessor Question Guidance for POA 6: Accurate Reporting in Declarations	
Indicator	Question guidance in assessing each dimension	Examples of evidence
P6-22 Use of large-scale automated data-matching systems to detect inaccurate reporting Scoring method M1	Dimension. The extent of large-scale automated crosschecking to verify information reported in tax declarations. ▪ Does the tax administration use technology to crosscheck, on a large scale, amounts reported in tax declarations with information obtained from third parties? ▪ If so, is there large-scale automated crosschecking of amounts reported in applicable core taxes declarations with information from sources such as: ○ Banks and other financial institutions? ○ Fiscal registers and e-invoicing? ○ Employers (for purposes of crosschecking reported employment income)? ○ Government agencies (e.g., customs; agencies responsible for government procurement of goods and services; registrar of companies; anti-money laundering regulator responsible for tracking cash transactions; property cadastre, and registrars of other tangible assets such as motor vehicles)? ○ Any other revenue agencies that collect a tax that has implications for any of the core taxes? ○ Stock exchanges and/or shareholder registries of listed companies? ○ Social security agency or agencies (for purposes of crosschecking reported employment income)? ○ Online (internet-based) vendors. ○ Other jurisdictions exchanging information, e.g. in the framework of the automatic exchange of information, foreign account tax compliance act or double taxation agreements (exchange of information component). ▪ Is there large-scale automated cross-checking between VAT and CIT declarations for the same taxpayer?	▪ Documented large-scale third-party information crosschecking program. ▪ Field enquiry and observation of the TADAT assessor regarding large-scale crosschecking activities undertaken.
P6-23 Scope and effectiveness of actions taken to counter tax fraud. Scoring method M1	Dimension 1. Scope and nature of the processes to identify and plan responses to counter tax fraud. ▪ Which part of the tax administration is responsible for investigating suspected tax fraud? ▪ If this is done by an external agency (for example, police counter-fraud unit), what agency is this? ▪ Are the principal tax fraud risks included in the risk register, and or the compliance improvement plan? ▪ Do these documents describe what the tax administration is doing to address and mitigate these risks? ▪ What legal powers do you have to gather evidence and investigate criminal matters to address suspected tax fraud so that the evidence is obtained to meet the standards of proof for a criminal prosecution? ▪ Which statute contains these powers?	▪ Organizational chart. ▪ Tax administration website. ▪ Compliance risk register ▪ Compliance improvement plan or counter-fraud plan. ▪ Relevant law(s) related to gathering evidence for criminal prosecution purposes and investigative powers. ▪ Procedures for the approval and conduct of tax fraud cases within the tax administration. (where relevant). ▪ Procedures for the referral or tax fraud cases whether at the investigative stage or prosecution stage.

Performance Outcome Area 6: Accurate Reporting in Declarations

QUESTIONS	Assessor Question Guidance for POA 6: Accurate Reporting in Declarations	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	- Where suspected tax fraud cases are referred to a unit internal to the tax administration, who is authorized to (i) accept the tax fraud investigation case and, once accepted, (ii) approve the commencement of the case for a potential criminal prosecution? - If the tax administration does not have legal powers to collect evidence for potential criminal prosecution, how is evidence gathered to support a tax fraud investigation, and by whom? - In a successful prosecution, what powers exist to recover the lost tax and any related interest and penalties or fines and who applies them? - Is there a specific “proceeds of crime” law whose purpose is to deny convicted criminals of the financial benefit of their crime, and if so, who is authorized to apply it in tax related cases? - How is defrauded tax and related interest and financial penalties collected and by whom? - What documents evidence your relationship with external investigation agencies and public prosecuting authorities? - How frequently is the effectiveness of the relationship between the tax administration and these agencies reviewed? - How are these reviews carried out and by whom? - Where the tax administration is involved in tax fraud investigation, does the tax administration have benchmark expectations about the percentage of tax fraud investigations which are presented to the Courts for prosecution? - Does the tax administration have performance benchmarks in relation to tax fraud investigation cases and any resulting prosecution outcomes? Dimension 2. Effective implementation of the planned responses to counter tax fraud. - How many staff resources are deployed in the tax administration on identification of tax fraud cases? - How many staff resources are deployed in the tax administration on referral of tax fraud cases (to either an internal unit or an external agency)? - If your tax administration is involved in the investigation of tax fraud cases, how many staff resources are deployed on the investigation of tax fraud cases? - What roles do the staff of the tax administration have in referring or investigating suspected tax fraud? - If another agency carries out investigation of suspected tax fraud cases, how do you satisfy yourselves that sufficient resources are being deployed by the other agency to be effective in addressing the identified risks?	- Register of cases referred to either the internal unit that undertakes tax fraud investigations or to an external agency, over the last 12 months. - Relevant law(s) related to confiscation of criminal assets, proceeds of crime or similar relevant for criminal tax fraud cases. - Copies of the protocols, memoranda of understanding or similar between the tax administration and other relevant agencies involved in the investigation and prosecution of tax fraud cases. - Copies of agreements or procedures with prosecutorial body. - Copies of meeting minutes or reports or similar where the protocols are reviewed over a period of at least 12 months. - Copies of performance benchmarks for investigations referred for prosecution and their outcomes. - Staffing chart for the fraud investigation team(s) (if investigations are undertaken in the tax administration). - Documents showing resource deployment related to tax fraud activities in the tax administration. - Copies of agreements about staffing and resources applied by other agencies to tax fraud investigations and prosecutions. - Sample job descriptions. - List of working investigations (anonymized). - Copies of approved referrals for prosecution of tax fraud. - Summary reports.

Performance Outcome Area 6: Accurate Reporting in Declarations

QUESTIONS	Assessor Question Guidance for POA 6: Accurate Reporting in Declarations	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	- How many cases for criminal prosecution of tax fraud have been put before the Courts in the last 12 to 24 months? - Of the cases out before the Courts in the last 12 to 24 months, (above) how many of the cases have resulted in an outcome in favor of the tax administration? - Can you provide concrete examples of cases where lost tax has been recovered and/or the proceeds of crime laws applied? - Are the results of successful criminal prosecutions for tax fraud publicized in the mass media? - By whom? - Does this happen in every case or only selected cases? Who decides? - If a criminal investigation and/or prosecution for tax fraud is unsuccessful, do you review the causes of this situation? - If an agency declines a case that you refer to them for tax fraud investigation or prosecution, do you review the causes of this situation? - Is this a standard procedure or is it carried out less frequently (how frequently?) - What actions are taken to address the causes of cases not being accepted for referral or not being successful in prosecution? - How often are reports made to the fraud investigation management team, senior leadership team, or external bodies (e.g., parliament) of the outcome of tax fraud investigations or prosecutions, generally and against performance benchmarks? - What feedback do you receive from the senior leadership team or external bodies about these reports? - What actions are taken on this feedback?	- Copies of publicity related to successful criminal prosecutions for tax fraud in recent years. - Comparison of publicity materials with the list of completed prosecutions. - Copies of joint meetings reviewing cases referred for investigation by the tax administration and the deployment of staff by the external agency to investigate them. - Copies of reports about the review and analysis of tax fraud cases up to the point of prosecution and the process improvement identified from these reviews over the prior 12 months. - Reports of achievement against the established benchmark level for successful tax fraud prosecutions. - Copies of reports about the review and analysis of tax fraud cases that proceed to criminal prosecution over the last 12 months. - Documents demonstrating process or investigator training improvements.
P6-24 Monitoring the tax gap to assess inaccuracy of reporting levels Scoring method M1	Dimension. The soundness of the method/s used by the tax administration to assess and monitor inaccurate reporting. - Does the tax administration monitor tax revenue losses resulting from inaccurate reporting in declarations? - If so, what analytical models and methodologies are used to do this? For example, does the tax administration: - Estimate the VAT compliance gap at a macro level? - Estimate the compliance gap of income taxes at a macro level? - Estimate losses based on random audit program results? - Estimate losses based on results from third party data matching? - Engage in advanced analytics of large data sets (e.g., predictive modeling)?	- Documented report/s of results of compliance gap and other studies (e.g., predictive modeling) undertaken by or on behalf of the tax administration. - Documentation of the models and methodologies used. - Documented reports of independent reviewers. - Evidence of the publication of results. - Documentation demonstrating how the results of gap and other studies have been used in designing interventions to improve the accuracy of reporting.

Performance Outcome Area 6: Accurate Reporting in Declarations

Assessor Question Guidance for POA 6: Accurate Reporting in Declarations		
QUESTIONS		
Indicator	Question guidance in assessing each dimension	Examples of evidence
	▪ With regard to the model/s used: ○ Which core taxes are covered? ○ What taxpayer segments are covered (e.g., large taxpayers; medium-sized businesses; high-wealth and high-income individuals; self-employed professionals)? ○ How often are the models applied (e.g., annually; every 2 years etc.)? ○ What does the tax administration do to ensure the credibility of the results? Specifically, are the results subjected to independent review (e.g., by the government auditor or a parliamentary committee) and made public? ○ How are the results used? Specifically, are the results systematically used in designing tax administration interventions to improve accuracy of reporting?	▪ Documented reports showing periodic monitoring of trends in inaccurate reporting from declarations.

Table 21. POA 6 Performance Measurement Framework

Performance Measurement Framework for POA 6: Accurate Reporting in Declarations			
MEASUREMENT			
Indicator	Dimension	Score	Scoring Criteria
P6-21 Scope of verification actions taken to detect and deter inaccurate reporting Scoring method M2	Dimension 1. The nature and scope of the tax audit program in place to detect and deter inaccurate reporting.	A	The tax administration's audit program: (i) Covers all core taxes. (ii) Covers key taxpayer segments, weighted towards large taxpayers and other high-risk segments and economic sectors (e.g., high wealth individuals, construction sector). (iii) Audit cases are predominately selected centrally (more than 90 percent) on the basis of assessed risks using analytical technologies. (iv) Uses a range of audit types, and audit methodologies (i.e. direct and indirect).
		B	The tax administration's audit program: (i) Same as A(i). (ii) Covers key taxpayer segments, weighted towards at least large taxpayers. (iii) Audit cases are predominately selected centrally (more than 80 percent) on the basis of assessed risks using analytical technologies. (iv) Same as A(iv).
		C	The tax administration's audit program: (i) Same as A(i). (ii) Selects audit cases on the basis of assessed risks in a decentralized manner. (iii) Uses a range of audit types but may not use indirect audit methods.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. The extent to which the audit program is systematized around uniform practices.	A	(i) Auditors are required to apply procedures documented in an audit manual (or audit case management subsystem) that is routinely updated and outlines the stages involved in an audit and includes, as a minimum: (a) preparing an audit case plan; (b) creating a taxpayer profile; (c) advising the taxpayer as to the nature and scope of the audit; (d) examining records of taxpayers and determining any changes to the scope or periods covered by the audit; (e) advising taxpayers of the audit findings and any resulting additional tax and penalties; (f) informing taxpayers about dispute resolution rights and procedures; (g) managing audit files; (h) using templates for working papers, notices to taxpayers, and other required documentation; and

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MEASUREMENT			
Performance Measurement Framework for POA 6: Accurate Reporting in Declarations			
Indicator	Dimension	Score	Scoring Criteria
			(i) adhering to procedures and criteria that need to be applied in the settlement of audit cases. (ii) Special audit manuals exist reflecting procedures and compliance risks for at least three specific sectors/industries.
		B	(i) Same as A(i). (ii) A special audit manual exists reflecting procedures and special compliance risks for at least one specific sector/industry.
		C	Same as A(i).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 3. The degree to which the quality of taxpayer audits is monitored.	A	(i) A unit or officially designated staff (organizationally independent of the audit case) monitors audit quality on at least a quarterly basis . (ii) Documented procedures including a checklist to review audit quality are used. (iii) Reports are prepared on at least a six-month basis and are taken into account to improve the quality of the audit program.
		B	(i) Same as A(i) except on a six-monthly basis . (ii) Same as A(ii) . (iii) Same as A(iii) except the reports are not prepared on a regular basis but are still taken into account to improve the quality of the audit program .
		C	(i) Same as B(i) but monitoring is carried out by individual tax audit managers or supervisors separately from, and subsequent to, the finalization of the audit case . (ii) Same as A(ii) but the procedures may be limited .
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 4. The degree to which the tax administration monitors the performance and effectiveness of the taxpayer audit function.	A	(i) The tax administration's audit management team: (a) monitors on a monthly basis the key performance measures in the audit plan including: ▪ rate of collection of audit assessments; ▪ inputs and time usage for each type of audit; ▪ percent of audit closures where additional tax is payable; ▪ percent of audit closures without adjustments;

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Performance Measurement Framework for POA 6: Accurate Reporting in Declarations			
MEASUREMENT			
Indicator	Dimension	Score	Scoring Criteria
			- percent of audit closures with reduced assessment; - average and/or median audit yield from settled audit cases (includes positive, nil and reduced assessment cases); and - rate of audit adjustments accepted without objection or appeal (b) actively assesses on a quarterly basis the effectiveness of the taxpayer audit function through issued performance reports taking into account the monitoring described in (a) and which include narrative and/or quantitative analysis on such things as the impact on identified risks (e.g., including indirect (trailing) revenue effects of past audits). (c) acts on performance reports to improve future audit results. (ii) Audited taxpayers are surveyed on a six-monthly basis to review the professionalism and competence of the tax administration auditors. (iii) The tax administration audit management team evaluates the audit programs impact on levels of taxpayer compliance at least annually.
		B	(i) Same as A(i)(a) but on a quarterly basis. (ii) Same as A(i)(b) but on a six-monthly basis and without the requirement to measure indirect (trailing) revenue effects of past audits. (iii) Same as A(i)(c). (iv) Same as A(ii) but on an annual basis. (v) Same as A(iii).
		C	(i) Same as A(i)(a) but on a six-monthly basis. (ii) Same as B(ii) but on an annual basis and without the requirement to measure indirect (trailing) revenue effects of past audits. (iii) Same as A(i)(c).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P6-22 Use of large-scale automated data-matching systems to detect inaccurate reporting Scoring method M1	Dimension. The extent of large-scale automated crosschecking to verify information reported in tax declarations.	A	(i) There is large-scale automated crosschecking of amounts reported in applicable core taxes declarations with information from all of the following sources: (a) Banks and other financial institutions. (b) Employers. (c) Three or more Government agencies (e.g., Customs; agencies responsible for government procurement of goods and services; registrar of companies; anti-money laundering regulator; property cadastre;

Performance Outcome Area 6: Accurate Reporting in Declarations

Performance Measurement Framework for POA 6: Accurate Reporting in Declarations			
MEASUREMENT			
Indicator	Dimension	Score	Scoring Criteria
			registrars of other tangible assets; and any other revenue agencies within the same jurisdiction). (d) Stock exchanges and/or shareholder registries of listed companies. (e) Social security agency or agencies (for purposes of crosschecking reported employment income). (f) Online (internet-based) vendors. (g) Data received from other international revenue agency jurisdictions. (ii) There is large scale automated cross-checking between VAT and CIT declarations for the same taxpayer.
		B	There is large-scale automated crosschecking of amounts reported in applicable core taxes declarations with information from at least A(i)(a), (b), and (c), and A(ii).
		C	There is large-scale automated crosschecking of amounts reported in applicable core taxes declarations with information from at least A(i)(b), and at least two Government agencies as in A(i)(c), and A(ii).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P6-23 Scope and effectiveness of actions taken to counter tax fraud. Scoring method M1	Dimension 1. Scope and nature of the processes to identify and plan responses to counter tax fraud.	A	(i) The compliance improvement plan, or a separate counter fraud plan, documents the principal fraud risks and the strategies to be deployed to mitigate them. (ii) Procedures, including relevant criteria, are in place to identify and refer cases for tax fraud investigation. (iii) Effective legal powers exist to investigate and gather evidence, either by the tax administration and/or the relevant law enforcement agency. (iv) Formal protocols set out clearly the relationship between the tax administration and any other agencies involved in fraud investigations and their application have been reviewed within the last five years. (v) Benchmarks are established for successful criminal prosecutions. (vi) Appropriate powers are available and used to prevent convicted tax offenders from benefiting from the proceeds of their crime
		B	Same as A(i), (ii), (iii), (iv) and (v).
		C	Same as A(i), (ii), and (iii).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.

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MEASUREMENT	Performance Measurement Framework for POA 6: Accurate Reporting in Declarations		
Indicator	Dimension	Score	Scoring Criteria
	Dimension 2. Effective implementation of the planned responses to counter tax fraud.	A	(i) Sufficient staff resources from within the tax administration and any other agencies involved are trained and deployed to effectively execute planned tax fraud mitigation strategies. (ii) The tax administration's counter fraud management team formally review the outcomes of tax fraud plan and the results of prosecutions at least quarterly. (iii) The results of selected successful criminal prosecutions are publicized to send strong deterrent messages about the consequences of committing tax fraud. (iv) Tax fraud cases (both referred and those subsequently progressed) are routinely reviewed to identify any possible improvements in procedures and/or training with identified improvements implemented.
		B	- Same as A(i). - Same as A(ii) except the review is six monthly. - Same as A(iii). - Same as A(iv) but the review is less systematic.
		C	- Same as A(i). - Same as A(ii) except the review is annually.
		D	- The requirements for a 'C' or higher have not been met OR - Evidence to objectively assess the dimension is either insufficient or unavailable.
P6-24 Monitoring the tax gap to assess inaccuracy of reporting levels Scoring method M1	Dimension. The soundness of method/s used by the tax administration to assess and monitor inaccurate reporting.	A	- The tax administration monitors the extent of inaccurate reporting using a methodology or methodologies that satisfy the following tests: (i) Covers VAT and at least one other core tax. (ii) The methods are applied at least once every two years. (iii) The results are subjected to credibility tests, such as being independently reviewed (e.g.: by an international organization (such as the IMF, European Commission, etc.); government auditor; parliamentary committee; or academia); and are made public. (iv) The results are used in designing tax administration interventions to improve accuracy of reporting.
		B	- The tax administration monitors the extent of inaccurate reporting using a methodology or methodologies that satisfy the following tests: (i) Covers at least VAT. (ii) The methods are applied at least once every four years. (iii) Same as A(iii). (iv) Same as A(iv).
		C	The tax administration monitors the extent of inaccurate reporting using a methodology or methodologies that satisfy the following tests:

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MEASUREMENT			
Performance Measurement Framework for POA 6: Accurate Reporting in Declarations			
Indicator	Dimension	Score	Scoring Criteria
			(i) Same as B(i). (ii) The methods are applied at least once every five years. (iii) The results are subjected to a less formal credibility test and are not made public.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.



IX. Performance Outcome Area 7: Effective Tax Dispute Resolution

Desired outcome

The tax dispute resolution process is fair and independent, accessible to taxpayers, and effective in resolving disputed matters in a timely manner.

Background and good practice

This POA deals with the process by which a taxpayer seeks an independent review, on grounds of facts or interpretation of the law, of a tax assessment resulting from an audit.²⁴

Above all, a dispute process must safeguard a taxpayer's right to challenge an assessment resulting from an audit and to get a fair hearing. The process should be based on a legal framework, be known and understood by taxpayers, be easily accessible, guarantee transparent independent decision-making, and resolve disputed matters in a timely manner. A taxpayer should be entitled to dispute three elements of a tax assessment: (1) the accuracy of the facts relied upon by the auditor; (2) the correctness of interpretation of the tax law; and (3) the amount of penalties imposed by the tax administration.

Examples of good practice adopted by tax administrations to achieve the desired outcome include:

- Codifying the dispute resolution process in a general tax administration law that has uniform application across all core taxes.
- Publishing clear **and simple** explanations of taxpayers' rights and legal avenues for review of decisions made by the tax administration.
- Requiring auditors, **at the conclusion of an audit**, to provide taxpayers **in the audit finalization documentation (e.g., assessment notice; or audit finalization letter)** with a clear explanation of:

- Adjustments made to tax liabilities as a result of an audit;
- Reasons for penalties imposed; and
- Rights and avenues of review.
- Minimizing the incidence of disputes by:
 - Regularly up-skilling auditors in audit techniques and interpretation of the tax laws;
 - Having effective automated audit case management frameworks, including supervisory review and approval processes throughout the conduct of an audit;
 - Monitoring the underlying causes of disputes (e.g., weaknesses in the audit process or gaps in the tax laws or regulations) and taking remedial action (e.g., retraining staff, changing administrative procedures or amending laws and regulations).
- Having a simple, transparent, and graduated dispute resolution mechanism comprising the following stages:
 - **First stage**—independent review by the tax administration. **Reviews need to be** undertaken by designated review officers independent of the **tax administration** audit department). Internal review of this kind is variously referred to as objection, complaint, appeal or **administrative review**. **Taxpayers should be given sufficient time to file such reviews and there should be no cost (through the requirement to pay a lodgment fee) in doing so.**

²⁴ Disputed tax assessments normally arise: (a) from administrative error; or (b) as an outcome of a tax audit or investigation that has identified a discrepancy that is disputed by the taxpayer on grounds of facts or legal interpretation. TADAT assessments focus on (b).

Performance Outcome Area 7: Effective Tax Dispute Resolution

- **Second stage**—review by an independent external [tax](#) specialist, [in the form of a tribunal](#), review board, committee, or court where the taxpayer is dissatisfied with the outcome of an administrative review ([a fast-track alternative dispute resolution process](#) may also be in place for taxpayers to use); and
- **Final stage**—review by a higher appellate court to resolve remaining disputes concerning legal interpretation and facts.²⁵
- Allowing taxpayers to escalate a dispute directly to the second stage where the tax administration fails to complete an administrative review within a reasonable timeframe.
- Allowing collection of all or some of a disputed amount to be suspended for the duration of the appeal process if recovery of the debt is not considered to be at risk (e.g., is secured by a lien on an asset owned by the taxpayer or a third-party guarantee).
- Dealing with first stage administrative reviews in a timely manner so that the level of stock of unresolved administrative reviews does not grow excessively, and that numbers of such cases over 12 months old remains at modest levels.²⁶
- Promptly refunding overpaid tax where a dispute is resolved in the taxpayer's favor.
- Making public the conditions under which the tax administration may reach an [out-of-court settlement](#) in respect of a tax dispute.
- Having an IT subsystem for tax disputes with features of the kind described in Box 10.

Box 10. Key Features of a Tax Dispute IT Subsystem

An effective tax dispute subsystem:

- Records receipt of all disputes.
- Records escalation of cases through the tiered process.
- Uses an automated case management subsystem.
- Generates management information:
 - number of cases received
 - number of cases resolved
 - value of disputed tax
 - age of cases
 - nature of issues in dispute
 - dispute outcomes and potential impact of the case/s on the tax system—policy, legal or operational.

²⁵ TADAT assessments do not assess the performance of the judicial review processes.

²⁶ Stocks of unresolved first stage administrative reviews and of over 12-month-old cases may be inflated where the tax administration is awaiting the result of a test case in the courts that would affect many taxpayers (e.g., where participants in a mass-marketed scheme are being challenged and have been subject to assessments). In such a situation, the measurement requirement for P7-26-2 is absolute but a qualifying comment may be necessary to reflect the factor(s) that influence the high number of cases in stock or over 12 months old.

Indicators, dimensions, and scoring

Three performance indicators with the following [six](#) measurement dimensions are used to assess:

- The extent to which a dispute may be escalated to an independent external tax tribunal, review board or committee, or court where a taxpayer is dissatisfied with the result of an administrative review.
- The extent to which the administrative review process is independent of the audit process that gave rise to the assessment.
- The degree to which taxpayers are informed of their rights and avenues of review.
- The time taken to complete administrative reviews.
- [Stock of \(first stage\) administrative reviews.](#)
- The degree to which dispute outcomes are taken into account in determining policy, legislation, and administrative procedure.

Table 22 summarizes the indicators, dimensions, and associated scoring methods for POA 7.

Table 22. POA 7 Performance Indicators, Dimensions, and Scoring

Indicators	Dimensions to be measured	Scoring method
P7-25. Existence of an independent, workable, and graduated dispute resolution process	■ The extent to which an appropriately graduated mechanism of administrative and judicial review is available to, and used by, taxpayers. ■ Whether the administrative review mechanism is independent of the audit process. ■ Whether information on the dispute process is published, and whether taxpayers are explicitly made aware of it.	M2
P7-26. Stock and flow of administrative reviews	■ The time taken to complete administrative reviews. ■ Stock of administrative reviews.	M2
P7-27. Degree to which dispute outcomes are acted upon	■ The extent to which the tax administration responds to dispute outcomes.	M1

Assessor question guidance

Table 23 provides questions and examples of sources of evidence to guide the assessor during field interviews and information gathering related to POA 7.

Performance measurement framework

Table 24 sets out the criteria for scoring the indicators and dimensions of POA 7.

Table 23. POA 7 Assessor Question Guidance

QUESTIONS	Assessor Question Guidance for POA 7: Effective Tax Dispute Resolution	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	Background questions: - What legal rights and review processes are available to taxpayers who wish to dispute a tax assessment resulting from an audit? - Do taxpayers exercise their legal rights in practice?	- Sources of background material include: - Core tax laws and general tax administration laws. - Website and other information published by the tax administration regarding taxpayer dispute rights and related procedures.
P7-25 Existence of an independent, workable and graduated dispute resolution process Scoring method M2	Dimension 1. The extent to which an appropriately graduated mechanism of administrative and judicial review is available to, and used by, taxpayers. - Does a tiered review mechanism of the following kind (or variant thereof) exist? First stage—administrative review (i.e. independent review within the tax administration)? Preferably, it should be a single (i.e. not multi-layered) review process. Second stage—review by an independent specialist tax tribunal, review board or committee, or court where the taxpayer is dissatisfied with the outcome of an administrative review? Is an alternative fast-tracked dispute resolution process involving arbitration in place? Final stage—review by a higher appellate court to resolve remaining disputes concerning legal interpretation and facts? - How long is the taxpayer given to file a first stage review and is any cost (such as the payment of a mandatory lodgment fee) involved? - Is the graduated mechanism of administrative and judicial review available to all taxpayers, and is it used? - Is there an alternative dispute resolution process available to the taxpayer? What does it comprise? Are taxpayers bound by the outcome or can they continue to pursue their dispute via the tribunal or courts? - To what extent do taxpayers take up the alternative dispute resolution procedure? - Is the administrative review process perceived by taxpayers to be sound? - Is there any evidence to suggest that taxpayers hesitate to use the dispute process (refer also to evidence provided in Questionnaire Table 14 B “Stock of Administrative Reviews” – do the numbers of disputes appear consistent with the extent and type of audit activities undertaken)? - If the dispute mechanism or alternative dispute resolution procedure are rarely used, what is the underlying reason for this? Reasons may include, for example, prohibitive costs of challenging an assessment through the courts; excessive delays in getting a hearing and decision on the matters in	- Field observation by the TADAT assessor that there is an appropriately graduated mechanism of administrative and judicial review available to taxpayers and is routinely used. - Provisions contained in core and general tax administration laws setting out the framework of an appropriately graduated mechanism of review. - Website and other information published by the tax administration describing the graduated process of administrative and judicial review. - Reports on findings of perception surveys. - Documented record/s of meetings with stakeholder groups (e.g., chambers of commerce, peak industry bodies, and tax intermediaries). - Data gathered in Questionnaire Tables 14A and B.

QUESTIONS	Assessor Question Guidance for POA 7: Effective Tax Dispute Resolution	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	dispute; or lack of taxpayer confidence that a fair hearing will be given. On the other hand, the reason may be that the high standards exercised by auditors minimize the causes of dispute (e.g., high level of competency in collecting evidence, correctly applying the law, and providing a clear explanation of the audit findings to the taxpayer including the facts and tax law upon which the assessment is based).	
	Dimension 2. Whether the administrative review mechanism is independent of the audit process. ▪ To what extent is the administrative review process independent of the audit process? Specifically: ○ Is there an administrative review unit that is physically and organizationally separate from the audit department (i.e. a unit located outside the tax audit department with a separate reporting line to senior management)? OR ○ Are administrative reviews undertaken by designated review officers (i.e. as opposed to auditors) located in the audit department or other government agency (e.g., Ministry of Finance)? OR ○ Do auditors—separate from those who conducted the audit of the taxpayer—conduct administrative reviews? OR ○ Does the auditor who conducted the audit of the taxpayer undertake the administrative review? ▪ If alternative dispute resolution procedures are available to the taxpayer, who is responsible for trying to resolve the dispute via this route? Is that person / department independent of the audit department (use similar tests as above). ▪ Are administrative review procedures documented and applied?	▪ Field observation by the TADAT assessor that independent mechanisms are in place for administrative reviews. ▪ Organizational chart of the tax administration, and role descriptions, showing that a physically and organizationally separate unit conducts administrative reviews. ▪ Documented administrative review procedures/manuals. ▪ Documentation/reports (including internal audit reports) showing that administrative review procedures are applied.
	Dimension 3. Whether information on the dispute resolution process is published, and whether taxpayers are explicitly made aware of it. ▪ Is information on the dispute resolution process and, if available, alternative dispute resolution procedures published? ▪ Are taxpayers explicitly made aware of the dispute resolution process and, if available, alternative dispute resolution procedure? Specifically: ○ Do auditors explicitly inform taxpayers of their right of dispute, and dispute resolution procedures, following completion of a tax audit? AND/OR ○ Is information on dispute rights and dispute resolution procedures included in notices of assessment and/or audit finalization letters sent to taxpayers? AND/OR	▪ Field observation by the TADAT assessor that information regarding dispute rights and the dispute resolution process is provided to taxpayers: ○ On the tax administration's website; ○ In re-assessment notices; ○ In documented instructions to auditors and administrative review staff (e.g., audit procedure manual, administrative review procedures); and ○ In audit finalization letters.

Performance Outcome Area 7: Effective Tax Dispute Resolution

Assessor Question Guidance for POA 7: Effective Tax Dispute Resolution		
QUESTIONS		
Indicator	Question guidance in assessing each dimension	Examples of evidence
	Is information publicly available (e.g., on the tax administration's website)?	
P7-26 Stock and flow of administrative reviews Scoring method M2	Dimension 1. The time taken to complete administrative reviews. - Does the tax administration regularly monitor (e.g., monthly) the time taken to complete administrative reviews? - What percent of administrative reviews is completed within 30, 60, 90 and over 90 calendar days?	Data gathered in <i>Questionnaire Tables 14 A ("Finalization of Administrative Reviews")</i>.
	Dimension 2. Stock of administrative reviews. Are statistics maintained on the aging of administrative reviews on hand and the annual change in the stock of administrative reviews?	Data gathered in <i>Questionnaire Tables 14 B ("Finalization of Administrative Reviews")</i>.
P7-27 Degree to which dispute outcomes are acted upon Scoring method M1	Dimension. The extent to which the tax administration responds to dispute outcomes. - Does the tax administration monitor dispute outcomes of a material nature and take account of these in the determination of policy, legislation, and administrative procedures? - If so, how is this done? Is there regular monitoring (involving, for example, preparation of decision impact statements), or is monitoring undertaken on an ad hoc basis (i.e. as an unplanned infrequent activity)? - Are outcomes of disputes made public, so far as confidentiality allows?	- Field observation by the TADAT assessor that finalized disputes (e.g., tax tribunal, review board/committee, and court decisions) are: - Monitored by, for example, the tax administration's legal department; and - Dispute outcomes of a material nature are taken into account in determining policy, legislation, and administrative procedures. - Documented decision impact statements/reports. - Publication of dispute outcomes (in a sanitized form where necessary) on the tax administration's website.

Table 24. POA 7 Performance Measurement Framework

Performance Measurement Framework for POA 7: Effective Tax Dispute Resolution			
MEASUREMENT			
Indicator	Dimension	Score	Scoring Criteria
P7-25 Existence of an independent, workable and graduated dispute resolution process Scoring method M2	Dimension 1. The extent to which an appropriately graduated mechanism of administrative and judicial review is available to and used by taxpayers.	A	(i) A tiered review mechanism of the following kind exists and is used: (a) First stage—single (i.e. not multi-layered) administrative review process within the tax administration. (b) Second stage—review by an independent external specialist tax tribunal, review board or committee, or tax court where the taxpayer is dissatisfied with the outcome of an administrative review. An alternative fast-tracked independent dispute resolution process conducted by qualified persons may also be in place. (c) Final stage—review by a higher court to resolve remaining disputes. (ii) There are no obstacles to taxpayers using the first stage administrative review including a requirement to: (a) lodge a dispute within a time period of less than 30 days; (b) pay a lodgment fee for the dispute; and (c) immediately pay the full amount of the assessment involved. (iii) Administrative reviews are allowed and used for all types of audits and all categories of taxpayers. (iv) Management information on dispute cases (e.g., numbers and types of disputes, cases resolved, cases escalating through the tiered process, age of cases, value of disputed taxes, nature of issue under dispute, possible outcomes and impact of the case on the tax system) is produced routinely, is reviewed by the disputes management team, and action taken where necessary to improve performance.
		B	(i) A tiered review mechanism of the following kind exists: (a) First stage—multi-layered administrative review process within the tax administration. (b) Same as A(i)(b) and (c). (c) Same as A(ii). (d) Same as A(iii) (e) Same as A(iv) - OR (ii) A tiered review mechanism of the following kind exists: (a) First stage—single (i.e. not multi-layered) administrative review process within the tax administration. (b) Second stage—review by courts of general jurisdiction provide the first avenue of appeal for a taxpayer dissatisfied with the outcome of the administrative review process. (c) Same as A(i)(c). (d) Same as A(ii). (e) Same as A(iii). (f) Same as A(iv).

Performance Outcome Area 7: Effective Tax Dispute Resolution

MEASUREMENT			
Performance Measurement Framework for POA 7: Effective Tax Dispute Resolution			
Indicator	Dimension	Score	Scoring Criteria
		C	(i) Same as A(i)(a) but can be multi-layered or the first stage is undertaken by another government agency (for example, a special unit within the Ministry of Finance). (ii) Same as A(i)(b) and (c). (iii) Same as A(ii) – except A(ii)(b) requires payment of a nominal amount to lodge the dispute. (iv) Same as A(iii). (v) Same as A(iv) – except the range of management information may be limited and/or only produced on an ad hoc basis.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. Whether the administrative review mechanism is independent of the audit process	A	(i) An administrative review unit that is organizationally independent of the audit department conducts all administrative reviews; and (ii) Administrative review procedures are documented and applied.
		B	(i) Designated review officers located in the audit department conduct all administrative reviews; and (ii) Same as A(ii).
		C	(i) Administrative reviews are conducted by auditors separate from those involved in the audit of the taxpayer; and (ii) Same as A(ii).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 3. Whether information on the dispute resolution process is published, and whether taxpayers are explicitly made aware of it	A	(i) General information in clear and simple language on taxpayer dispute rights and the dispute resolution process is publicly available (e.g., on the tax administration's website). (ii) Auditors and administrative review staff are required by written instruction to explicitly inform taxpayers of their dispute rights and the associated dispute procedures. (iii) Information on dispute rights and associated dispute procedures are specifically included in audit finalization letters, notices of assessment, and notifications of administrative review outcomes.
		B	(i) Same as A(i). (ii) Same as A(iii).
		C	(i) Same as A(i).

MEASUREMENT	Performance Measurement Framework for POA 7: Effective Tax Dispute Resolution		
Indicator	Dimension	Score	Scoring Criteria
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P7-26 Stock and flow of administrative reviews Scoring method M2	Dimension 1. The time taken to complete administrative reviews. (Using data gathered in <i>Questionnaire Table 14A</i> ("Finalization of Administrative Reviews")).	A	The administrative review stage is completed for at least 90 percent of cases within 30 calendar days or the statutory deadline, whichever is lower (using the three-year weighted average in table 14A).
		B	The administrative review stage is completed for at least 90 percent of cases within 60 days or the statutory deadline, whichever is lower (using the three-year weighted average in table 14A).
		C	The administrative review stage is completed for at least 90 percent of cases within 90 days or the statutory deadline, whichever is lower (using the three-year weighted average in table 14A).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. Stock of administrative reviews. (Using data gathered in <i>Questionnaire Table 14B</i> ("Finalization of Administrative Reviews")).	A	(i) The three-year average increase in the stock of administrative reviews is less than 5 percent. (using the three-year average in table 14B). AND (ii) The percentage of administrative reviews over 12 months old for the most recent year is less than 5 percent (using the calculation in table 14B).
		B	(i) The three-year average increase in the stock of administrative reviews is between 5 percent but less than 10 percent. (using the three-year average in table 14B). AND (ii) The percentage of administrative reviews over 12 months old for the most recent year is between 5 percent but less than 10 percent (using the calculation in table 14B).
		C	(i) The three-year average increase in the stock of administrative reviews is between 10 percent but less than 20 percent. (using the three-year average in table 14B). AND (ii) The percentage of administrative reviews over 12 months old for the most recent year is between 10 percent but less than 20 percent (using the calculation in table 14B).
		D	The requirements for a 'C' or higher have not been met OR

Performance Outcome Area 7: Effective Tax Dispute Resolution

MEASUREMENT			
Performance Measurement Framework for POA 7: Effective Tax Dispute Resolution			
Indicator	Dimension	Score	Scoring Criteria
			Evidence to objectively assess the dimension is either insufficient or unavailable.
P7-27 Degree to which dispute outcomes are acted upon Scoring method M1	Dimension. The extent to which the tax administration responds to dispute outcomes.	A	There is regular monitoring and analysis of all dispute outcomes and decision impact statements are routinely prepared. This analysis is taken into account in the formulation or adjustment of policy, legislation, and administrative procedures.
		B	Dispute outcomes of a material nature (e.g., outcomes with significant revenue implications and/or outcomes affecting a large number of taxpayers) are analyzed. This analysis is taken into account in the formulation or adjustment of policy, legislation, and administrative procedures.
		C	Some ad hoc analysis of dispute outcomes is undertaken. Some examples exist in the past 3 years where this analysis has been taken into account in the formulation or adjustment of policy, legislation, and administrative procedures.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.



X. Performance Outcome Area 8: Effective Performance and Efficient Revenue Management

Desired outcome

Organizational performance, revenue forecasting and oversight of tax collections and refunds are managed effectively and opportunities for performance improvement are identified and acted upon.

Background and good practice

This POA focuses on two critical areas for tax administrations, one is how senior leadership manages and measures the organization's performance and the other is ensuring revenue management (including revenue forecasting and the payment of legitimate refunds) is undertaken appropriately.

Performance Management and Measurement

Monitoring a tax administration's organizational performance is crucial because it allows leaders to understand how well their organization is performing against set objectives, identify areas for improvement, make informed strategic decisions, and ensure efficient resource allocation. It is also an essential part of overall accountability.

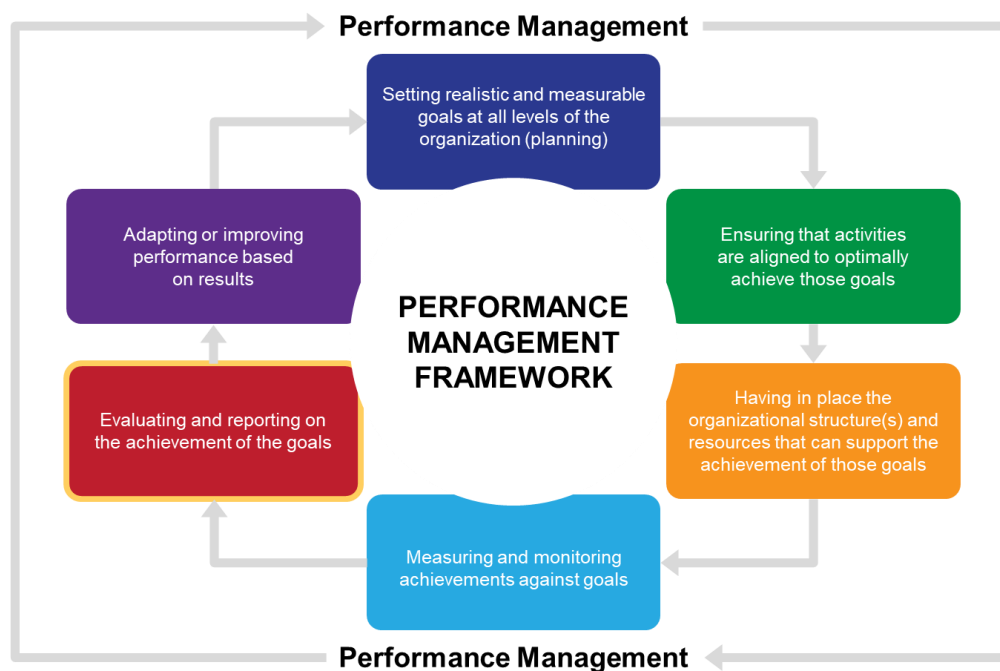
Performance management applies at three levels – strategic, operational and individual staff - and there needs to be clear linkages between them.

Performance measurement covers all aspects of administering the tax system and incorporates meaningful key performance indicators. It is imperative that the senior leadership team regularly focus on the organization's performance and balance short term revenue targets and long-term strategic objectives.

Examples of good practice adopted by tax administrations to achieve the desired outcome include:

- Setting specific, measurable, achievable, relevant, and time-bound goals at all levels of the organization.
- Ensuring that activities are aligned to optimally achieve them.
- Having in place the organizational structure(s) and resources that can support the achievement of the goals.
- Regularly measuring and monitoring achievements.
- Evaluating and reporting on this.
- Adapting or improving performance based on results.
- Selecting performance measures that are the most helpful in determining overall organizational performance – these measures should inform management regarding the efficiency and effectiveness of the resources that are allocated to the tax administration functions that are being conducted.
- Ensuring that the range of measures cover inputs, activities, outputs, outcomes, and impact.
- Having a performance measurement system that captures accurate data and produces reports that provide meaningful information on key performance indicators for management action—see Figure 1.

Figure 1. Performance Management Cycle



Revenue Management

In the area of efficient revenue management three key activities performed by tax administrations in relation to revenue management:

- Providing input to government budgeting processes of tax revenue forecasting and tax revenue estimating. As a general rule, primary responsibility for advising government on tax revenue forecasts and estimates rests with the Ministry of Finance. The tax administration provides data and analytical input to the forecasting and estimating processes. Ministries of Finance often set operational revenue collection targets for the tax administration based on various factors including changes in the macroeconomic environment and forecasts of revenue for different taxes.²⁷ While tax administrations are expected to contribute to enhancing the quality of revenue

forecasts, there are a number of factors that are beyond their control. In recognition of this issue, the TADAT framework tests a tax administration's ability to contribute to enhancing the quality of forecasts by providing inputs to the government budget process.

- Maintaining a system of revenue accounts.
- Paying tax refunds.

Examples of good practice adopted by tax administrations to achieve the desired outcome include:

- Having a tax revenue analysis capability—generally in the form of a specialist analytical unit—focused on, for example, tax collection trends, revenue yields from audits and other compliance activities, payment behavior across tax types and taxpayer segments, revenue effects

²⁷ The Ministry should have a credible revenue forecasting model which takes into account factors such as GDP growth, inflation, consumption patterns, expected prices of major exports, and fluctuations in the value of a country's currency. And, if major factors used to determine the revenue projections change during the course of the fiscal year, for example, GDP growth falls sharply, or if a price shock occurs with respect to the major exports, then the revenue forecasts for that year should be revised by the Ministry in a timely manner.

of [tax expenditures](#), and the amount of past years' tax losses yet to be recouped.

- Regular monitoring and reporting to government of core tax collections to ensure early detection of significant deviations from budgeted revenue forecasts, and identification of reasons for deviations. [The same monitoring and reporting to government should also result from regularly reviewing tax expenditures.](#)
- Utilizing automated tax revenue accounting systems—with features of the kind described in [Box 11](#)—that minimize the scope for accounting

errors and internal fraud and ensure timely posting of payments and other transactions to the correct taxpayer accounts.

- [Posting all tax liabilities and related payments to taxpayers' ledgers/accounts within one business day of their occurrence.](#)

Routinely reconciling the tax administration's taxpayer ledger to the Government's revenue accounts (noting that the tax administration's accounting system is subsidiary to the broader system and to the value of tax payments deposited in the Government's bank account.

Box 11. Key Features of a Tax Revenue Accounting Subsystem

An effective tax revenue accounting IT subsystem:

- Maintains an account for each and every taxpayer and provides a whole-of-taxpayer view of account details across all core taxes.
- Posts payments to the correct taxpayer accounts in a timely manner.
- Provides authorized frontline staff with online access to taxpayer accounts (both full access and read-only access).
- Allows taxpayers and their authorized agents to view their accounts via web access, subject to appropriate identity verification checks [and cybersecurity protocols](#).
- Calculates and imposes late payment penalties and interest charges.
- Structures the account so that amounts in respect of tax, penalties, fines, and interest can be separately identified.
- Archives dormant taxpayer accounts in a way that can be readily restored if needed.
- Generates a taxpayer statement of account, both for each core tax and in consolidated form (i.e. all core taxes).
- Provides for a variety of accounting transactions (e.g., debits, credits, transfers, offsets, advance payments, refunds, penalties, adjustments, write-offs).
- Generates accounting-related management information, both for tax administration internal use and for wider government accounting purposes [where integration is necessary](#).
- Maintains detailed records and audit trails for internal control purposes (e.g., identity of frontline staff that have accessed a taxpayer's account; details of all account transactions).

- Conducting regular internal audits of the tax revenue accounting system to provide assurance that suitable controls are in place to guard against accounting errors and fraud (further coverage of internal assurance mechanisms is contained in POA 9).
- Paying legitimate tax refunds promptly, while having safeguards in place to prevent payment where fraudulent claims for refund are involved. In the case of VAT refunds [\(which play a critical role in the successful operation of a VAT system and commonly exceed a third of gross VAT collections\)](#), good practices include, for example:

Performance Outcome Area 8: Effective Performance and Efficient Revenue Management

- Subjecting VAT registration applications to proof of identity checks to prevent fictitious traders from entering the VAT system (this safeguard is covered in POA 1).
 - Using purpose-built automated risk assessment software (integrated with the compliance risk management system in POA 2) to review all VAT refund claims against risk criteria to distinguish refund claimants with good compliance history from those with poor or unknown compliance histories. High-risk claims are subjected to pre-refund audits or other verification, while lower-risk cases may be subject to post-refund verification (including use third party information as outlined in POA 2). Paying legitimate VAT refunds, or offsetting the credits against other tax liabilities, within a reasonable timeframe (e.g., 30 calendar days from the date on which a refund claim is made).
 - Paying interest to taxpayers where legitimate refunds are delayed.
 - Having forecasting and monitoring systems in place to anticipate VAT refund levels and ensure sufficient funds are available to meet all legitimate refund claims when they occur.
- Making timely decisions on VAT refunds. This is essential for maintaining the competitiveness of businesses in the global market. For exporters, in

particular, the ability to reclaim VAT on inputs is a critical factor that can significantly impact their pricing strategies and international competitiveness. Without efficient VAT refund mechanisms, businesses could face cash flow issues, reduced profitability, and a diminished capacity to invest and grow.

Indicators, dimensions, and scoring

Performance Management

A single performance indicator with the following single measurement dimension is used to assess:

- The extent of the tax administration's management of its performance.

Revenue Management

Three performance indicators with the following four measurement dimensions are used to assess:

- The extent of tax administration input to government tax revenue forecasting, estimating, and monitoring.
- The adequacy of the tax revenue accounting system.
- The adequacy of the VAT refund system.
- The time taken to pay (or offset) VAT refunds.

Table 25 summarizes the indicators, dimensions, and associated scoring methods for POA 8.

Table 25. POA 8 Performance Indicators, Dimensions, and Scoring

Indicators	Dimensions to be measured	Scoring method
P8-28. Effectiveness of organizational performance management	■ The extent of the tax administration's management of its performance.	M1
P8-29. Contribution to government tax revenue forecasting process	■ The extent of tax administration input to government tax revenue forecasting, estimating, and monitoring.	M1
P8-30. Adequacy of the tax revenue accounting system	■ Adequacy of the tax administration's tax revenue accounting system.	M1
P8-31. Adequacy of tax refund processing	■ Adequacy of the VAT refund system. ■ The time taken to pay (or offset) VAT refunds.	M2

Assessor questions guidance

Table 26 provides questions and examples of sources of evidence to guide the assessor during field

interviews and information gathering related to POA 8.

Performance measurement framework

Table 27 sets out the criteria for scoring the indicators and dimensions of POA 8.

Table 26. POA 8 Assessor Question Guidance

Assessor Question Guidance for POA 8: Effective Performance and Efficient Revenue Management		
QUESTIONS		
Indicator	Question guidance in assessing each dimension	Examples of evidence
P8-28 Effectiveness of organizational performance management Scoring method M1	Dimension. The extent of the tax administration's management of its performance. - Who (what committee) in the tax administration is responsible for overall organizational performance management. - How often is organizational performance reviewed and assessed? - What are the key strategic areas that are measured to assess overall organization performance (e.g., revenue, compliance, organization (that is people, IT and data, facilities), cost of administration, public perception, and staff engagement)? - What types of performance reports are prepared for the senior leadership team? - Are all these key strategic areas examined by the senior leadership team and how often? - What organizational unit/s within the tax administration is/are responsible for setting the performance measures? - Amongst all of the measures you have, do you have ones that are seen as more critical to the organization's performance? - How do these measures align to the organization's strategic objectives? - How does the organization gauge the level of government confidence in its administration? - How does the tax administration identify opportunities to improve performance, cost effectiveness, and overall efficiency?	- Organizational chart of the tax administration, and role descriptions of the main organizational units. - Reports used by the senior leadership team that detail the performance measures results. - Minutes of the senior leadership team meetings covering a period of three non-sequential months. - Strategic Plan objectives. - Remedial action plans.
P8-29 Contribution to government tax revenue forecasting process Scoring method M1	Dimension 1. The extent of tax administration input to government tax revenue forecasting, estimating, and monitoring. - What organizational unit/s within the tax administration is/are responsible for providing inputs to government budgeting processes of tax revenue forecasting and tax revenue estimating? - How does the tax administration interact with the Ministry of Finance in developing tax revenue forecasts? Is there interaction on all core taxes? - What kind of data and analysis does the tax administration provide to government budgeting processes of tax revenue forecasting and tax revenue estimating?	- Organizational chart of the tax administration, and role descriptions of the main organizational units. - Field observation by the TADAT assessor of the skills and qualifications of the staff involved in revenue analysis and forecasting. - Field observation by the TADAT assessor of the interaction of the tax administration with the Ministry of Finance.

Performance Outcome Area 8: Effective Performance and Efficient Revenue Management

QUESTIONS	Assessor Question Guidance for POA 8: Effective Performance and Efficient Revenue Management	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	- How does the tax administration monitor actual tax revenue collections for core taxes? - Does the tax administration report to the Ministry of Finance on material variances in actual collections from tax revenue forecasts? How is this done? - Does the tax administration monitor tax revenue foregone as a result of tax expenditures (exemptions, preferential rates, etc.)? How is this done? How often are these reviewed? - Does the tax administration report and monitor and VAT refund levels? Is there a need to forecast VAT refund levels to ensure that sufficient funds are available to meet all legitimate refund claims when they occur? How is this done? - Does the tax administration monitor the stock of tax losses carried forward by taxpayers that may be offset against future taxable income? How is this done?	- Documented reports to senior management and/or Ministry of Finance regarding: - Core tax revenue forecasts. - Actual collections compared with forecasts for the current fiscal year. - Reasons for material differences between collections and forecasts. - Tax revenue foregone as a result of tax expenditures. VAT refund reports and forecasts. - Stock of tax losses carried forward by taxpayers to future fiscal years.
P8-30 Adequacy of tax revenue accounting Scoring method M1	Dimension. Adequacy of the tax administration's tax revenue accounting system. - Does the tax administration have an automated accounting system that meets government accounting standards? - Does the tax administration's accounting system interface with the Ministry of Finance revenue accounting system? - How long, on average, does it take the tax administration to post a payment to a taxpayer's account? - Do documented procedures exist to routinely and systematically review the taxpayer ledger (especially in respect of accounts of taxpayers that contribute the bulk of core tax revenue) to correct accounting errors and omissions? Specifically: What account reconciliations are performed? How often is the suspense account reviewed? - Is a report of credit balances produced periodically and reviewed? - For the core taxes, do taxpayers receive or have e-access to a monthly statement of tax liabilities and credit balances? - Is the tax administration's accounting system audited to ensure that it aligns with the tax laws (e.g., to ensure that the system correctly calculates tax liabilities, penalties, and interest) and government accounting standards? If so, how often is the system audited and what circumstances would prompt an audit to be undertaken? Who audits the system (e.g., internal audit; government auditor; both)?	- Field enquiry and observation by the TADAT assessor of the nature and scope of the accounting system. - Documented revenue accounting procedures of the tax administration. - External and internal audit reports on the operation of the accounting system.

QUESTIONS	Assessor Question Guidance for POA 8: Effective Performance and Efficient Revenue Management	
Indicator	Question guidance in assessing each dimension	Examples of evidence
P8-31 Adequacy of tax refund processing Scoring method M2	Dimension 1. Adequacy of the VAT refund system. - Do net credit VAT declarations automatically trigger an entitlement to refund or are taxpayers required to file a separate refund claim? - How does the tax administration assess the risk attached to individual VAT refund claims? For example, are claims automatically assessed and ranked against predetermined risk criteria? - Are special arrangements in place for managing VAT refund claims of regular exporters? For example, are exporters categorized according to their compliance history and perceived level of risk (such that low risk claimants receive automatic refunds, while selected higher risk taxpayers are required to substantiate their claims)? - What percentage of VAT refund claims is subjected to pre-issue verification? How is this verification done? - Is interest paid to taxpayers on delayed refunds? - Are excess VAT credits offset against other tax liabilities (e.g., income tax)? - Are VAT refunds paid from consolidated revenue or is there a special budget appropriation? If the latter, what happens if insufficient funds have been appropriated to meet all legitimate refund claims?	- Field observation by the TADAT assessor of the VAT refund risk management process and related documentation. - Documented procedures for processing VAT refunds. - Stock and age of unpaid VAT refunds.
	Dimension 2. The time taken to pay (or offset) VAT refunds. - Does the tax administration routinely monitor (e.g., each month) the time taken to pay (or offset) VAT refunds? - Are there instances when VAT refunds have been approved for payment or offset but remain unpaid (or not offset) due to insufficient funds or for other reasons such as the need to achieve revenue targets? - What percentage of VAT refund claims, by number of cases and value, is paid (or offset) within 30 calendar days?	- Published or internal service standards for payment (or offset) of VAT refunds. - Field enquiry on the extent of approved but unpaid VAT refunds, (typically, outstanding stock of approved but unpaid VAT refunds at the end of the fiscal year). - Data gathered in <i>Questionnaire Table 15 ("Payment of VAT Refunds")</i>.

Table 27. POA 8 Performance Measurement Framework

MEASUREMENT		Performance Measurement Framework for POA 8: Effective Performance and Efficient Revenue Management	
Indicator	Dimension	Score	Scoring Criteria
P8-28 Effectiveness of organizational performance management Scoring method M1	Dimension. The extent of the tax administration's management of its performance.	A	(i) The tax administrations senior leadership team assess the organizations achievements in at least the following key strategic areas: (a) On a monthly basis: - revenue; - taxpayer compliance; - organization (data, I.T, people); and - cost of administration. (b) On an annual basis: - public perception; and - staff engagement. (ii) Achievements in these key areas align to the organization's strategic objectives and satisfy government expectations. (iii) The tax administration identifies opportunities to improve performance, cost effectiveness and overall efficiency through: - Having reports under each of the key strategic areas that allow the senior leadership team to identify areas requiring their attention; - Formulating time bound remedial action plans; and - Monitoring progress and outcomes.
		B	(i) The tax administrations senior leadership team assess the organizations achievements in at least the following key strategic areas: (a) On a monthly basis: - revenue; and - taxpayer compliance. (ii) Same as A(i)(b). (iii) Same as A(ii). (iv) Same as A(iii).
		C	(i) Same as B(i) but on a quarterly basis. (ii) Same as A(ii). (iii) Same as A(iii).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.

MEASUREMENT	Performance Measurement Framework for POA 8: Effective Performance and Efficient Revenue Management		
Indicator	Dimension	Score	Scoring Criteria
P8-29 Contribution to government tax revenue forecasting process Scoring method M1	Dimension. The extent of tax administration input to government tax revenue forecasting, estimating, and monitoring.	A	Dedicated expert staff within the tax administration routinely: (i) Gather data on tax revenue collection and economic conditions to provide input to government budgeting processes of tax revenue forecasting including tax refund estimates – at least annually. (ii) Monitor tax revenue collections against budgeted revenue forecasts and report findings (i.e., reasons for any variation) to government - at least monthly. (iii) Monitor and report on VAT refund levels – at least quarterly. (iv) Monitor and report on the cost to revenue of tax expenditures - at least annually. (v) Monitor and report on the stock of tax losses and credits/refunds carried forward by taxpayers that may be offset against future tax liabilities – at least annually.
		B	Same as A(i), (ii), and (iii).
		C	Same as A(i) and (ii).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P8-30 Adequacy of tax revenue accounting Scoring method M1	Dimension. Adequacy of the tax administration's tax revenue accounting system.	A	(i) The tax administration has an automated accounting system that meets government information technology and accounting standards. (ii) The tax administration's accounting system interfaces with the Ministry of Finance revenue accounting system. (iii) All tax liabilities and related payments are posted to taxpayers' ledgers/accounts within one business day of their occurrence. (iv) External and internal audits are conducted routinely and also when accounting system changes occur, or amendments to tax laws are made, to ensure alignment with government accounting standards and tax laws (e.g., the system correctly calculates liabilities, penalties and interest).
		B	(i) Same as A(i). (ii) Same as A(ii). (iii) All tax liabilities and related payments are posted to taxpayers' ledgers/accounts within two business days of their occurrence. (iv) Internal audits are conducted routinely when accounting system changes occur, or amendments to tax laws are made, to ensure alignment with government accounting standards and tax laws (e.g., the system correctly calculates liabilities, penalties and interest).
		C	(i) Same as A(i). (ii) Same as A(ii).

Performance Outcome Area 8: Effective Performance and Efficient Revenue Management

MEASUREMENT	Performance Measurement Framework for POA 8: Effective Performance and Efficient Revenue Management		
Indicator	Dimension	Score	Scoring Criteria
			(iii) All tax liabilities and related payments are posted to taxpayers' ledgers/accounts within three business days of their occurrence.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P8-31 Adequacy of tax refund processing Scoring method M2	Dimension 1. Adequacy of the VAT refund system.	A	All of the following are present: (iv) Risk-based verification (i.e., screening of refund claims using automated risk assessment software) resulting in pre-refund audits of high-risk cases; and post-refund verification of lower-risk cases. (v) Funds are available to meet all legitimate refund claims when they occur either through budget allocation or from general VAT collections (i.e., consolidated revenue). (vi) Offsetting of excess VAT credits against tax arrears (for any tax), except where an outstanding amount is subject to a genuine dispute. (vii) Preferential (fast-track) treatment is given to low-risk taxpayers (e.g., regular exporters with a sound compliance history). (viii) Payment of interest on delayed refunds.
		B	Same as A(i), (ii), (iii) and (iv).
		C	(i) Same as A(i) – except the risk-based screening does not use automated risk assessment software (ii) Same as A(ii) (iii) Same as A(iii) – except excess VAT credits can only be offset against VAT arrears.
		D	The requirements for a 'C' rating or higher are not met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. The time taken to pay (or offset) VAT refunds. (Using data gathered in <i>Questionnaire Table 15 ("Payment of VAT Refunds")</i>).	A	At least 90 percent of VAT refund claims (by number of cases and value) are paid, offset, or declined within 30 calendar days.
		B	At least 80 percent of VAT refund claims (by number of cases and value) are paid, offset, or declined within 30 calendar days.
		C	At least 70 percent of VAT refund claims (by number of cases and value) are paid, offset, or declined within 30 calendar days.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.



XI. Performance Outcome Area 9: Accountability and Transparency

Desired outcome

The tax administration is transparent in the conduct of its activities and accountable to the government and community.

Background and good practice

Accountability and transparency are two of the central pillars of good governance. Their institutionalization reflects the principle that tax administrations should be answerable for the way they use public resources and exercise authority. To enhance community confidence and trust, tax administrations should be openly accountable for their actions within a framework of responsibility to the minister, legislature, and general public.

Examples of good practice that facilitate transparency and accountability include:

- External oversight of the tax administration through, for example: (1) mandatory reporting to parliament by way of an annual report of tax administration operational and financial performance; (2) financial and performance audits conducted by the government auditor; and (3) parliamentary committees or similar bodies probing the senior executive in relation to external audit findings.
- Independent and impartial investigation of taxpayer complaints concerning wrongdoing and maladministration by the tax administration. In this regard, many countries have an ombudsperson or equivalent state official with powers to investigate taxpayer complaints of, for example, unfair treatment, poor service, and uncorrected administrative mistakes. Systemic problems, and recommended actions to fix them, are reported to the minister and tax administration head. It is also common for countries to have an anti-corruption agency that, amongst its broader responsibilities, oversees tax administration anti-corruption policies and investigates alleged corrupt conduct of tax officials.
- Regular (e.g., monthly) monitoring and reporting to senior [leadership team](#) of actions in response to recommendations of the tax ombudsperson and anti-corruption agency—actions would include, for example, reconsideration and changing of decisions, correction of administrative mistakes, payment of compensation, changing of procedures, and disciplining of staff including dismissal and prosecution in serious cases.
- Embracing of ethical standards and procedures—including codes of conduct, declaration of interests and assets of tax officials, and protection of whistle-blowers—aimed at preventing tax officials from abusing the powers of their position.
- Having internal assurance mechanisms in place, especially:
 - Internal controls in the form of internal policies, procedures, and systems to protect the administration's accounting systems from error and fraud, safeguard its assets and records, and ensure compliance with laws. Examples of specific types of controls include: (a) authorization of transactions; (b) functional separation of duties; (c) audit trails of transactions and activities; (d) physical security over assets; (e) control over access to electronic and manual records; and (f) backup and recovery procedures.
 - An internal audit unit responsible for assuring the senior [leadership team regarding](#) the soundness of—and adherence to—the administration's internal control, risk management, and governance frameworks. Internal audit activities are typically set out in an annual plan (comprising internal control checks, operational performance audits, and financial audits) that provides wide coverage

and scrutiny of all key operations, revenue accounting, and internal financial management. Internal auditors would receive regular training in internal audit techniques in the different aspects of their work. Internal audit units would normally report to the tax administration head or an organizational audit committee (who would provide an independent viewpoint to the senior leadership team. In some countries a government wide internal audit unit has been established to carry out the role for a number of government agencies including the tax administration. Where this is in place, the role and functions should be the same as if the unit was part of the tax administration's organizational structure.

- An internal affairs unit responsible for formulating integrity and ethics policy and ensuring that everyone within the organization adheres to it. Units of this kind investigate professional misconduct of tax officials and bring wrongdoers to account, often in cooperation with relevant enforcement agencies (e.g., police, anti-corruption body, and public prosecutor). Due to the sensitive nature of their responsibility, internal affairs units usually report directly to the tax administration head, or deputy head.
- Engagement of citizens through stakeholder consultation and client surveys. A wide range of consultative activities are undertaken to engage with the community including business and industry partnerships, segment-based liaison forums, interactive seminars, and various feedback channels. The hallmark of good practice is to also involve users directly in the design and/or testing of new or enhanced tax products prior to rolling them out (see POA 3).

Typically, regular surveys should be conducted to monitor trends in public confidence in the tax administration. They should be conducted by an independent third party. The sampling approach and the structure of the survey questions should provide an overall and representative measure of public confidence and allow for the identification of any particular clusters of disaffection by issue, region, industry or size of entity, etc. Tax administrations committed to transparency make the survey results public in a timely fashion and are open about how they intend to respond to the community feedback.

- Timely publication of the tax administration's strategic or medium-term plan, annual business plan, annual audited accounts and report on operational performance results.

Indicators, dimensions, and scoring

Four performance indicators with seven measurement dimensions are used to assess the level of governance in tax administration in areas of:

- Assurance provided by internal audit including internal controls to protect systems of administration from loss, error, and fraud.
- Staff integrity assurance.
- External oversight of operations and financial performance.
- Investigation of wrongdoing or maladministration of tax officials.
- Mechanisms to gauge public confidence in the tax administration.
- Public reporting of financial and operational performance.
- Publication of future directions and plans.

Table 28 summarizes the indicators, dimensions, and associated scoring methods for POA 9.

Table 28. POA 9 Performance Indicators, Dimensions, and Scoring

Indicators	Dimensions to be measured	Scoring method
P9-32. Internal assurance mechanisms	- Assurance provided by internal audit. - Staff integrity assurance mechanisms.	M2
P9-33. External oversight of the tax administration	- The extent of independent external oversight of the tax administration's operations and financial performance. - The investigation process for suspected wrongdoing or maladministration.	M2
P9-34. Public perception of integrity	The mechanism for monitoring public confidence in the tax administration.	M1
P9-35. Publication of activities, results and plans	- The extent to which the financial and operational performance of the tax administration is made public, and the timeliness of publication. - The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication.	M2

Assessor question guidance

Table 29 provides questions and examples of sources of evidence to guide the assessor during field interviews and information gathering related to POA 9.

Performance measurement framework

Table 30 sets out the criteria for scoring the indicators and dimensions of POA 9.

Table 29. POA 9 Assessor Question Guidance

QUESTIONS	Assessor Question Guidance for POA 9: Accountability and Transparency	
Indicator	Question guidance in assessing each dimension	Examples of evidence
P9-32 Internal assurance mechanisms Scoring method M2	Dimension 1. The level of assurance provided by internal audit. ▪ Does the tax administration have: ○ An internal audit unit? If so, to whom does it report? For example, does it report to the head of the tax administration, board, or audit committee? <i>If not, who performs the internal audit function and to whom do they report?</i> ○ An organizational audit committee? If so, what is its function and responsibilities? ○ A documented annual internal audit plan? If so, to what extent does it provide scrutiny of key operations and internal financial management? ▪ How many auditors are employed in the internal audit unit? What audit skills do they have? What training do they receive? ▪ To what extent are internal audit findings and recommendations acted upon? ▪ Are internal audit operations independently reviewed (e.g., by the government auditor)? If so, how often is this done (e.g., once every 5 years)? ▪ To what extent is the tax administration's system of internal controls adequate to protect the systems of administration and confidential taxpayer information from loss, error, or fraud? In this regard: ○ Are the internal controls documented—i.e. what internal control policies, processes, and procedures exist? Who maintains the documentation—for example, is this role performed by the internal audit unit? ○ Do the internal controls cover all key operations (registration, filing, declaration/return and payment processing, debt collection, taxpayer audit, and taxpayer accounting), as well as internal financial management (e.g., procurement and payroll)? ○ Do the internal controls cover the following areas: ○ IT system controls, including controls to detect incidents that threaten the confidentiality and integrity of tax administration data? (This would include audit trails of user access, logging of all interactions with the IT system, and effective surveillance by internal audit to identify inappropriate access, including through use of system-generated reports and other audit tools). ○ Functional separation of duties? ○ Authorization of transactions? ○ Accounting reconciliations?	▪ Documented mandate of the tax administration's internal audit unit <i>(or if a government wide internal audit unit their documented mandate)</i>. ▪ Documented charter or terms of reference for an audit committee, and minutes of audit committee meetings held in the past 12 months. ▪ Organizational chart of the tax administration showing the reporting line of the internal audit unit. ▪ Documented annual internal audit plan describing the nature, scope, and timing of audits to be undertaken. ▪ Documented training plan for internal auditors and statistics of training delivered in the past 1-2 years. ▪ Documented reports to senior management (e.g., quarterly reports to the audit committee) regarding the implementation status of audit recommendations. ▪ Report by the government auditor and/or other independent review body on the effectiveness of internal audit operations. ▪ Documented internal controls associated with key operations (e.g., registration, filing, declaration/return and payment processing, debt collection, taxpayer audit, and taxpayer accounting), as well as internal financial management (e.g., procurement and payroll). Documentation may be in the form of a central repository of internal control policies, processes and procedures (this is often maintained by the internal audit unit). ▪ Internal audit reports evaluating internal controls in key operational areas.

QUESTIONS	Assessor Question Guidance for POA 9: Accountability and Transparency	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	- Physical safeguards to protect tax administration assets, including mechanisms to detect inappropriate use? - Supervision and monitoring of operations? Dimension 2. Staff integrity assurance mechanisms. - Does the tax administration have a code of ethics and professional conduct? If so: - Are its values, principles and requirements guided by or closely aligned to national or international ethics and integrity legislation/regulations or equivalent? - Is it updated regularly? - Is it (and related updates) explicitly communicated to all the tax administration's staff and do they sign for it on receipt (manually or digitally)? - Is it published on the tax administration's website or made public in any other way? - Are declarations of secrecy required by staff? - Does the tax administration have an internal affairs unit? If so: - To whom does it report? Specifically, does it report directly to the head or deputy head of the tax administration given the sensitive nature of its responsibility? - What investigative powers does the unit have? - How many investigators are employed in the unit? What skills do they have? What training do they receive? - To what extent does the unit provide leadership in the formulation of integrity and ethics policy, including codes of conduct? - To what extent does the unit cooperate with relevant agencies (e.g., anti-corruption agency, police and public prosecutor)? - Does the unit maintain integrity related statistics for the organization, while preserving confidentiality? Are the statistics made public?	- Documented mandate of the tax administration's internal affairs unit. - Documented code of ethics and professional conduct. - Records showing that the tax administration's staff received signed for the code of conduct and professional conduct—digital distribution and acknowledgement records are an acceptable form of evidence. - Sample of secrecy declarations and who is required to provide them. - Organizational chart of the tax administration showing the reporting line of the internal affairs unit. - Documented training plan for investigators and statistics of training delivered in the past 1-2 years. - Documented liaison arrangements with external agencies. - Documented integrity-related statistics for the organization.
P9-33 External oversight of the tax administration. Scoring method M2	Dimension 1. The extent of independent external oversight of the tax administration's operations and financial performance. - Are there periodical audits of the tax administration's financial statements and operational performance by an independent external review body (e.g., government auditor or independent entity appointed in line with the country's laws and regulations)? - Does the tax administration respond to findings and recommendations of the external review body? - Are the findings and recommendations of the external review body publicly reported?	- The tax administration's annual reports. - Documented reports prepared by the government auditor and other independent review bodies in relation to the tax administration's financial statements and operational performance. - Documented annual external audit program describing the nature, scope, and timing of financial and operational performance audits to be undertaken.

Performance Outcome Area 9: Accountability and Transparency

QUESTIONS	Assessor Question Guidance for POA 9: Accountability and Transparency	
Indicator	Question guidance in assessing each dimension	Examples of evidence
	- Are the tax administration's responses publicly reported? Dimension 2. The investigation process for suspected wrongdoing or maladministration. - Do independent and impartial investigative bodies exist to safeguard the community in their dealings with the tax administration? Specifically: - Does a tax ombudsperson or equivalent authority (e.g., taxpayer advocate) investigate unresolved complaints from taxpayers about the service and treatment they have received from the tax administration? - Does an anti-corruption agency oversee tax administration anti-corruption policies and investigate alleged corrupt conduct of tax officials? - Does the tax administration act on findings and recommendations of the tax ombudsperson and anti-corruption agency including, for example, reconsidering and changing decisions, correcting administrative mistakes, paying compensation, changing procedures, and disciplining staff (including dismissal and prosecution in serious cases)? - Are systemic service and fairness problems, and recommended actions to fix them, reported to the minister and head of the tax administration?	- Documented responses by the tax administration in relation to external audit findings and recommendations. - Documented mandate of the ombudsperson and other investigative bodies (e.g., anti-corruption agency, and taxpayer advocate). - Documented reports of the ombudsperson and other investigative bodies in relation to investigations of taxpayer complaints. - Documented responses by the tax administration in relation to findings and recommendations of the ombudsperson, anti-corruption agency, and other investigative bodies. - Documented reports to the senior leadership team on the implementation status of external audit recommendations. - Documented reports of systemic problems in tax administration identified by external investigative agencies.
P9-34 Public perception of integrity Scoring method M1	Dimension. The mechanism for monitoring public confidence in the tax administration. - Are levels of public confidence in the tax administration monitored? If so, by what monitoring mechanisms (e.g., by way of independent surveys, feedback directly from taxpayers and intermediaries, and formal studies)? - To the extent that perception surveys are conducted, are the surveys based on valid statistical sampling techniques? Is the validity of the sampling externally verified (e.g., by the government statistician)? - How often are monitoring activities (surveys, studies, etc.) undertaken? - Are the results of monitoring activities made public? If so, within what timeframe does this occur? - Does the tax administration take account of the results of monitoring activities when reviewing its integrity framework (e.g., taxpayer charter; internal assurance program, including internal controls, code of conduct, and so on), and public relations campaigns?	- Documented design parameters for surveys undertaken. - Documented results of perception surveys of businesses and citizens. - Documented public announcements of survey results. - Documented examples of changes made by the tax administration to its integrity framework and/or public relations campaigns in the past 1-2 years.

QUESTIONS	Assessor Question Guidance for POA 9: Accountability and Transparency	
Indicator	Question guidance in assessing each dimension	Examples of evidence
P9-35 Publication of activities, results and plans Scoring method M2	Dimension 1. The extent to which the financial and operational performance of the tax administration is made public, and the timeliness of publication. - Does the tax administration prepare an annual report outlining the full financial and operational performance of the tax administration for the immediate past fiscal year? - Is the report presented to the parliament/legislature and made available to the public? If so, within what timeframe is this done?	Annual report to parliament/legislature outlining the full financial and operational performance of the tax administration for the immediate past fiscal year.
	Dimension 2. The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication. - Does the tax administration prepare and make public future plans including, for example, a multi-year strategic (or reform) plan and annual operational plans? - If so, when are the plans made public? Specifically, are the plans made public: - In advance of the period covered by the plans? - OR - After the commencement of the period covered by the plans?	Future plans of the tax administration (e.g., a multi-year strategic plan and annual operational plans) released to the public.

Table 30. POA 9 Performance Measurement Framework

Performance Measurement Framework for POA 9: Accountability and Transparency			
MEASUREMENT			
Indicator	Dimension	Score	Scoring Criteria
P9-32 Internal assurance mechanisms. Scoring method M2	Dimension 1. Assurance provided by internal audit.	A	(i) The tax administration has either an organizationally independent internal audit unit reporting directly to an organizational audit committee or there is a government wide internal audit unit reporting as above. (ii) There is an annual internal audit plan comprising internal control checks, operational performance audits, information technology systems audits and financial audits. The program provides wide coverage and scrutiny of key operations, revenue accounting, and internal financial management. (iii) There is annual training of internal auditors in audit methodologies. (iv) There is independent review (e.g., by the government auditor) of internal audit operations and systems at least every five years. (v) There is a central repository of internal control policies, processes and procedures. (vi) IT system controls are in place to detect incidents that threaten the confidentiality and integrity of tax administration data. Specifically, audit trails of user access and changes made to taxpayer data exist, together with effective surveillance by internal audit, including through use of automated system-generated reports and other audit tools.
		B	(i) The tax administration has either an organizationally independent internal audit unit reporting directly to the tax administration head or there is a government wide internal audit unit reporting directly the tax administration head. (ii) Same as A(ii). (iii) Same as A(iii) except training is conducted every two years. (iv) There is an independent review (e.g., by the government auditor) of internal audit operations and systems at least every seven years. (v) Internal control policies, processes, and procedures are adequately documented throughout the tax administration, but no central repository exists. (vi) Same as A(vi) – except system-generated reports need not be automated.
		C	(i) As for A(i) but it does not report directly to the tax administration head or organizational audit committee. (ii) There is an annual internal audit plan covering, as a minimum, internal control checks and financial audits (the plan may not include operational performance audits or information systems audits).

Performance Outcome Area 9: Accountability and Transparency

MEASUREMENT			
Performance Measurement Framework for POA 9: Accountability and Transparency			
Indicator	Dimension	Score	Scoring Criteria
			(iii) Internal auditors are given ad hoc training in audit methodologies. (iv) Internal control policies, processes, and procedures only exist in some areas of the tax administration. (v) Audit trails of user access and changes made to taxpayer data exist.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. Staff integrity assurance mechanisms.	A	(i) The tax administration has implemented a code of ethics and professional conduct that embodies the guiding values, principles and requirements set out in national or international ethics and integrity legislation/regulations or equivalent. (ii) (a) The tax administration explicitly communicates the code of ethics and professional conduct, and any updates thereof, to all staff in the tax administration and has record/s of receipt of the communication. (b) Training in the code of ethics and professional conduct is completed as part of a new staff member's induction and annually thereafter (i.e., all staff receive annual training). (iii) The tax administration has a unit solely devoted to internal affairs that reports directly to the tax administration head in recognition of the sensitive nature of its responsibilities. (iv) The internal affairs or equivalent unit: (a) Has appropriate investigative powers, and exercises these powers with due process; (b) Cooperates with relevant enforcement agencies (e.g., anti-corruption agency, police, and public prosecutor); (c) Maintains integrity-related statistics for the organization, while preserving confidentiality; and (d) Raises awareness of the code of ethics and professional conduct by making it a public document (e.g., can be found on the tax administration website) and publishing integrity statistics annually (e.g., in the organization's Annual Report).
		B	(i) Same as A(i). (ii) Same as A(ii) – except all staff receive training every two years. (iii) Same as A(iii) – except the unit reports to the deputy head or head of the human resources department.

Performance Outcome Area 9: Accountability and Transparency

MEASUREMENT			
Performance Measurement Framework for POA 9: Accountability and Transparency			
Indicator	Dimension	Score	Scoring Criteria
			(iv) Same as A(iv)(a), (b) and (c). (v) Same as A(iv)(d) except integrity statistics are not published.
		C	(i) Same as A(i). (ii) Same as A(ii) - except all staff receive training on an ad hoc basis. (iii) The tax administration has a unit solely devoted to internal affairs but it does not report directly to the tax administration head, deputy head or head of the human resources department. (iv) Same as A(iv)(a).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P9-33 External oversight of the tax administration Scoring method M2	Dimension 1. The extent of independent external oversight of the tax administration's operations and financial performance.	A	(i) There is an annual audit of the tax administration's financial statements by an external review body (e.g., government auditor or other independent entity). (ii) There is an annual program of operational performance audits by an external review body (e.g., government auditor or other independent entity). (iii) External review findings are responded to by the tax administration. (iv) External review findings and the response of the tax administration or Ministry of Finance to the findings are publicly reported.
		B	(i) Same as A(i). (ii) Same as A(ii) except these audits may be conducted every two years. (iii) Same as A(iii).
		C	(i) Same as A(i). (ii) Same as A(iii).
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. The investigation process for suspected wrongdoing or maladministration.	A	(i) An ombudsperson or equivalent authority routinely investigates complaints from taxpayers about treatment they have received from the tax administration. (ii) Systemic problems identified by the ombudsperson, and recommended actions to fix them, are routinely reported to the tax administration and government.

MEASUREMENT		Performance Measurement Framework for POA 9: Accountability and Transparency		
Indicator	Dimension	Score	Scoring Criteria	
			(iii) An anti-corruption agency oversees tax administration anti-corruption policies and investigates the most serious cases of alleged corrupt conduct of tax officials. (iv) There is systematic monitoring and reporting to the senior leadership team of actions taken in response to recommendations of the ombudsperson and anti-corruption agency.	
		B	(i) Same as A(i). (ii) Same as A(ii) but reports only to the tax administration. (iii) Same as A(iii). (iv) Same as A(iv).	
		C	(i) An ombudsperson or equivalent authority exists but investigates, on an ad hoc basis only, complaints from taxpayers about treatment they have received from the tax administration. (ii) An anti-corruption agency exists and investigates cases of alleged corrupt conduct of tax officials but does not oversee the tax administration's anti-corruption policies. (iii) There is limited evidence that findings and recommendations on corruption and maladministration are acted upon systematically by the tax administration.	
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.	
P9-34 Public perception of integrity Scoring method M1	Dimension. The mechanism for monitoring public confidence in the tax administration.	A	(i) An independent third party conducts a survey—at least every 2 years—to monitor and report on trends in public confidence in the tax administration. (ii) The results of the survey are made public within 6 months of completion. (iii) The tax administration takes the survey results into account in reviewing its processes and procedures , integrity framework, and public relations campaigns.	
		B	(i) Same as A(i) but every 3 years. (ii) Same as A(ii) but within 9 months. (iii) The tax administration takes the survey results into account in reviewing its processes and procedures , and integrity framework.	
		C	Same as A(i) but the survey was conducted within the last 4 years and may have been conducted by the tax administration itself.	

Performance Outcome Area 9: Accountability and Transparency

Performance Measurement Framework for POA 9: Accountability and Transparency			
MEASUREMENT			
Indicator	Dimension	Score	Scoring Criteria
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
P9-35 Publication of activities, results and plans Scoring method M2	Dimension 1. The extent to which the financial and operational performance of the tax administration is made public, and the timeliness of publication.	A	(i) There is an annual report to government outlining the full financial and operational performance of the tax administration. (ii) The annual report is made public within 6 months of the end of the fiscal year reported on .
		B	(i) Same as A(i). (ii) The annual report is made public within 9 months of the end of the fiscal year reported on .
		C	(i) Same as A(i). (ii) The annual report is made public within 12 months of the end of the fiscal year reported on .
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.
	Dimension 2. The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication.	A	Strategic and operational plans are made public in advance of the period covered by the plans.
		B	Strategic and operational plans are made public within 3 months of the commencement of the period covered by the plans.
		C	Elements of the plans are made public within 3 months of the commencement of the period covered by the plans.
		D	The requirements for a 'C' or higher have not been met OR Evidence to objectively assess the dimension is either insufficient or unavailable.



Appendix 1. Glossary of Terms

Active taxpayer – A registered taxpayer who retains a legitimate basis for registration and is either required to file a tax declaration (return) or has a temporary or permanent exemption from filing.

Administrative review – The first stage in the formal dispute resolution process. Administrative reviews (also known in some countries as complaints, appeals and objections) are reviewed by the tax administration, as opposed to an independent external review body (i.e. tribunal or court).

See also 'tax dispute' and 'tax tribunal'.

Aggressive tax planning – Refers to two areas of concern for tax administrations:

- Planning involving a tax position that is tenable but has unintended and unexpected tax revenue consequences. Tax administration concerns relate to the risk that tax laws can be misused to achieve results that were not foreseen by legislators. This is exacerbated by the often-lengthy period between the time schemes are created and promoted, and the time tax administrations discover them, and remedial legislation is enacted.
- Taking a tax position that is favorable to the taxpayer without openly disclosing that there is uncertainty whether significant matters in the tax declaration accord with the law. Tax administration concerns relate to the risk that taxpayers will not disclose their view on the uncertainty or risk taken in relation to grey areas of law (sometimes, tax administrations would not even agree that the law is in doubt).

Alternative dispute resolution – A way of resolving disputes between the taxpayer and the tax administration or appeals against assessments or other administrative acts that do not involve going to court or an independent tribunal. These arrangements, which involve qualified independent persons, may include mediation, settlement conferences, and neutral evaluation.

Analytics – A discipline that identifies patterns, relationships, and trends from data, using a variety of mathematically based technologies principally drawn from statistics and data mining. Most broadly, analytics covers what might be called “**basic analytics**”, including data exploration and aggregation, and “**advanced analytics**”, which uses data mining technology for discovery and model building purposes. Using statistical and data mining technologies, significantly more complex relationships within and between entities (e.g. taxpayers) can be discovered and **modelled**, based on analyses over very large populations of collected data. Analytics is assisted using good data matching and data linking techniques that improve the quality and value of data inputs available to a data miner. Conversely, analytics can also provide technology to assist data matching and data linking activities.

Application Programming Interface – Is a set of rules or protocols that enables software applications to communicate with each other to exchange data, features and functionality.

Audit committee – A committee providing independent advice and assurance to the tax administration board and/or CEO on the appropriateness of the administration's accountability and control framework. This includes independently verifying and safeguarding the integrity of both financial and performance reporting. An audit committee's responsibilities typically include:

- Assuring that the financial statements are prepared correctly and that all government reporting obligations are fulfilled;
- Assuring that the tax administration has an adequate internal control framework, including appropriate controls over its internal budgeting and reporting;
- Approving and monitoring implementation of an annual internal audit program;
- Advising on action that could be taken on significant matters of concern or significant opportunities for

improvement that are mentioned in reports of internal and external audits;

- Monitoring the adequacy of the tax administration's response to reports of internal and external audits; and
- Approving and monitoring implementation of the tax administration's risk management framework, including risk management plan and business continuity plan.

The distinguishing feature of an audit committee is its independence. The committee's independence from the day-to-day activities of management helps to ensure that it acts in an objective, impartial manner, free from conflict of interest, inherent bias or undue external influence. Appointing external members with relevant financial experience to the committee is a visible and practical way of ensuring that the committee is as independent as possible from the management of the tax administration.

Audit yield – Audit yield is a measure of the collection of tax liabilities (including interest and penalties) identified through audit and related enforcement activities.

Beneficial owner – A person who directly or indirectly owns or controls a percentage of a legal entities shares or voting rights and has the authority to control the entities management.

Behavioral insights – Behavioral insights (BI) is an inductive approach to policy making that combines insights from psychology, cognitive science, and social science with empirically-tested results to discover how humans actually make choices. Driven by experimentation and piloting, BI challenges established assumptions of what is thought to be rational behavior of citizens and businesses, informing decision makers of the “actual” behaviors driving economic or societal outcomes. It relies on inductive methods, such as randomized controlled trials, laboratory testing, pilots tests, and on-line experimentation, to diagnose and evaluate solution and to test and re-test possible solutions.

Tax administrations use BI principles to make it as easy as possible for people to meet their tax obligations by helping the administration better understand why, when and how taxpayers make

decisions. Examples of where BI may be applied include: design of processes, systems and engagement approaches that minimize taxpayers' effort to meet their obligations; targeting specific taxpayer groups and personalizing messages; emphasizing the costs of taxpayers not taking action; using social norms and rankings or benchmarks to encourage the right behavior, and using better layouts, designs and colors to highlight key messages.²⁸

Bunching analysis – A process for identifying tax evasion in proximity to critical turnover thresholds such as those used in determining a VAT registration threshold or distinguishing eligibility between simplified or standard income tax regimes.

Business continuity – Capability of an organization to continue delivering products or services at acceptable predefined levels following a disruption—source: ISO 223000:2018

See also ‘disaster recovery’.

Collectible tax arrears – The total amount of domestic tax, including interest and penalties, that is overdue for payment and which is not subject to collection impediments. Collectible tax arrears therefore generally exclude: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).

Compliance – The fulfillment of tax obligations by businesses and individuals. The four main categories of taxpayer obligations prescribed in tax laws are: (a) registration in the tax system; (b) timely filing of declarations; (c) payment of tax liabilities on time; and (d) complete and accurate reporting of information in tax declarations.

Compliance by design – Entails moving from a reactive approach to one that demonstrates a proactive and preventative strategy through embedding assurance testing procedures into products at the design stage. This could include things such as: optimizing the use of tax withholding; using data from e-invoicing systems to pre-populate

²⁸ See OECD Observatory of Public Sector Innovation - <https://oecd-opsi.org/guide/behavioural-insights/>

tax declarations; using pop-up boxes in on-line declaration platforms to prompt taxpayers to check and confirm the accuracy of the information they are entering, free tax record-keeping software.

For example see: OECD (2014), Tax Compliance by Design: Achieving Improved SME Tax Compliance by Adopting a System Perspective, OECD Publishing.

Compliance improvement plan – A high-level plan that describes—generally in a single document—the most significant compliance risks identified in the tax system and the actions the tax administration intends to take to mitigate those risks. Compliance Improvement Plans (also known as ‘compliance’ and ‘compliance management’ plans or programs) are commonly structured around major national taxes and taxpayer segments.

See also ‘compliance’, ‘risk mitigation strategies’, and ‘taxpayer segments’.

Cooperative compliance – A voluntary arrangement between the tax administration and a taxpayer to manage risks of inaccurate reporting. This involves building collaborative and trust-based relationships with taxpayers (especially large taxpayers) and intermediaries to resolve tax issues and bring certainty to companies’ tax positions in advance of a tax declaration being filed, or before a transaction is actually entered into.

Cooperative compliance arrangements – also known as horizontal monitoring and enhanced taxpayer relationship management—are characteristically conditional upon the taxpayer demonstrating: (a) good governance of its tax affairs, including an appropriate level of validation and review of its accounting systems; and (b) a willingness to operate in an open and transparent manner and make full disclosure of its tax risks as they occur (i.e. in real time).

In return, the tax administration commits to providing enhanced service to the taxpayer through, for example: (a) dedicated points of contact; (b) speedier resolution of technical and administrative issues; (c) assignment of a reduced risk rating to the taxpayer for audit purposes; and (d) reduced penalties.

Core taxes – For purposes of TADAT assessments, core taxes include the major direct and indirect taxes critical to central government revenues. **Commonly this may include for example:** corporate income tax (CIT); personal income tax (PIT); value added tax

(VAT); domestic excise tax and Pay As You Earn (PAYE) amounts withheld by employers (which, strictly speaking, are remittances of PIT). Social security contributions (SSCs) may also be included in assessments where they are a major source of government revenue and are collected by the tax administration, as is the case in many European countries.

Where a country does not have a VAT, an indirect tax equivalent such as sales tax should be used for TADAT assessments.

See also ‘corporate income tax’, ‘personal income tax’, ‘Pay As You Earn’, ‘social security contributions’, and ‘value added tax’.

Corporate income tax – Income tax imposed on a corporation (company), as opposed to income tax imposed on a person (individual) or other entity (e.g., a trust).

See also ‘core taxes’, ‘income tax’, and ‘personal income tax’.

Data governance policy – A formal document that outlines how a tax administration manages and protects its data to ensure it is properly and consistently managed. It clarifies who is responsible for managing and using data; defines rules and procedures for data quality, privacy, and compliance with regulations; helps to optimize the value of data by ensuring it is accurate, secure, and accessible; and should be reviewed and updated regularly to account for changing business needs and privacy regulations.

Default assessment – An assessment of estimated tax liability based on the taxpayer’s previous history where a tax declaration has not been filed and there is a reasonable belief that the taxpayer continued to have a tax liability during the filing period. This type of assessment (also known in some countries as an arbitrary assessment or presumptive assessment) can be effective in inducing uncooperative taxpayers to file their correct declaration.

Digitally excluded persons – When someone is unable to access or use digital technology such as the internet or computers, making it difficult to access the tax administrations information, products, and services.

Digital payment – A computer-based transaction of money authorized electronically on an electronic device.

Disaster recovery – Ability of the information and communication technology elements of an organization to support its critical business functions to an acceptable level and within a predetermined period following a disaster or disruption—often achieved using a clearly defined and documented plan. Sources: ISO 26511:2018 and ISO 27031:2011

See also 'business continuity'.

Dispute resolution – The processes by which disagreements regarding the amount of tax assessed by the administration are resolved with the taxpayer.

See also 'alternative dispute resolution'.

Dormant taxpayer – taxpayers that are temporarily inactive, such as: those momentarily residing in other countries, or others that have temporarily suspended operations and have no taxable activities to report in the tax year / period.

Econometric and stochastic measuring techniques – A tax administration with access to sufficient reliable business information (e.g., e-invoice data) may be able to create a classical production frontier econometric model to help estimate revenue from a fully compliant taxpayer population. There are also models based on calculating C-efficiency and adjusting for tax policy components.

See also 'Tax compliance gap' and 'VAT compliance gap'.

Electronic payment methods – An electronic payment is that which is made from one bank account to another via electronic means without manual intervention by bank or tax administration staff.

Electronic payment is most commonly referred to as electronic funds transfer (EFT) and can include funds being transferred via the internet using credit/debit cards or directly from one account to another (usually from a taxpayers account to a Treasury account or, in the case of tax refunds, from the Treasury account to a taxpayer's bank account).

Environment scanning – A major source of uncertainty in the risk management process is change to the environment in which the Tax Administration operates. Gaining a well-rounded understanding of the Administration's external and internal environment is the first step in the risk

management process. Environmental scanning will help identify changes in terms of events, issues, trends, and deviations from the norm. This will help identify and understand possible drivers and sources of risk that could affect the achievement of the Administration's compliance strategies. Factors for consideration might include: (externally) political, economic, socio-cultural, technological, legal, environmental; and (internally) financial / budgetary, human resources, governance, IT, business processes, organizational culture.

Excises – Taxes levied as a product specific unit tax on a predefined limited range of goods. Excises are usually levied at differentiated rates on nonessential or luxury goods, alcoholic beverages, tobacco, and energy. Excises may be imposed at any stage of production or distribution and are usually assessed as a specific charge per unit based on characteristics by reference to the value, weight, strength, or quantity of the product. Included are special taxes on individual products such as sugar, sugar beets, matches, and chocolates; taxes levied at varying rates on a certain range of goods; and taxes levied on tobacco goods, alcoholic drinks, motor fuels, and hydrocarbon oils. If a tax collected principally on imported goods also applies, or would apply, under the same law to comparable domestically produced goods, then the revenue from this tax is classified as arising from excises rather than from import duties. This principle applies even if there is no comparable domestic production or no possibility of such production. Taxes on the use of utilities such as water, electricity, gas, and energy are regarded as excises rather than taxes on specific services. Excises exclude those taxes that are levied as general taxes on goods and services; profits of fiscal monopolies; customs and other import duties; or taxes on exports.

Expected tax declarations – The number of tax declarations that are required to be filed in a reporting period by active taxpayers (noting that certain active taxpayers may have a temporary or permanent exemption from filing).

Evidence-based – Assessed scores must be based in fact and supported by documentary or other evidence, including administrative policy documents, procedural manuals, numerical data extracted from the tax administration's management information system, and observations by TADAT assessors of work processes and procedures in operation.

See also *'insufficient information to objectively assess the dimension'*.

Forensic accounting – Forensic accountants perform in-depth financial analyses using their accounting and auditing skills and investigative techniques to research and follow the systems through which money may be funneled or laundered by those involved in tax fraud. Their in-depth financial analyze may serve as key evidence in criminal legal proceedings.

Geolocalization – Involves the use of electronic data such as that associated with mobile phones or internet (IP) addresses to estimate physical location. In relation to tracing for taxpayer registration it may be part of a process used to identify where a taxpayer is located while conducting business, even if they only operate an online business.

See also *'remote sensing imagery'*.

Good practice – A tested and proven approach applied by a majority of leading tax administrations. For a process to be considered 'good practice', it does not need to be at the forefront or vanguard of technological and other developments. Given the dynamic nature of tax administration, the good practices described throughout the field guide can be expected to evolve over time as technology advances and innovative approaches are tested and gain wide acceptance.

High integrity TIN – is a unique identifier assigned to the taxpayer by the tax administration or the registering authority comprising a unique combination of letters and/or numbers with a self-validating mechanism (e.g. a check digit) used to identify an individual or entity for the purposes of administering the tax laws. A high-integrity TIN along with dual or multi factor authentication is intended to protect against unauthorized access to the taxpayer's personal data.

High-wealth and high-income individuals – Individuals at the top of the wealth or income scale, usually defined by specific criteria determined by each country's tax administration. Some pose significant challenges to tax administrations, including through their use of aggressive tax planning schemes and involvement in offshore tax evasion.

See also *'large taxpayers'* and *'taxpayer segments'*.

Human capital management – A set of practices related to people resource management. These practices are focused on the organizational need to provide specific competencies and are implemented in three categories: workforce acquisition, workforce management and workforce optimization. The applications that help enable human capital management (HCM) include: Core administrative support: (personal administration, benefits administration, payroll, portal/employee self-service and service center); Strategic HCM support (workforce planning, competency management, performance management, compensation planning and strategy, time and expense management, learning (education and training), recruitment (hiring and recruitment), onboarding, contingent workforce management and organization and visualization) and other HCM (reporting and analytics – workforce analytics and work flow).

See also *'human capital risk'*.

Human capital risk – refers to inability to maximize tax administration effectiveness on account of absence of capability, capacity, compliance, cost and connection (engagement) gaps of and by its employees.

See also *'human capital management'*.

Human resource strategy – is an organization's plan for managing employees in a way that promotes its overall mission. Strategies may encompass activities ranging from hiring and development to performance evaluations and compensation.

Income tax – A tax imposed on the annual gains of a person (individual), corporation, or other entity (e.g., a trust) derived through work, business pursuits, investments, property dealings, and other sources defined in a country's income tax law.

See also *'corporate income tax'* and *'personal income tax'*.

Indirect audit methodologies – The use of a formal indirect method to calculate the tax liability should, subject to legislative authority, be considered when the auditor concludes that a taxpayer's tax return and supporting books and records do not accurately reflect the total taxable income received or the auditor has established a reasonable likelihood of unreported income. They include: the source and application of funds method, mark-up method, unit and volume

method, bank deposits and cash expenditure method, and net worth method.²⁹

Indirect (trailing) effect of tax audits – The future benefit of tax audits through improved compliance by taxpayers who have been audited (corrective effect) and indirectly by other taxpayers who may be in the pool for future audit (deterrent effect).

Information reporting obligations – A legal requirement on payers of income to periodically report payment information to the tax administration (e.g., name and TIN of the payee, amount paid, and payment date), either as an integral part of a withholding system or a separate stand-alone requirement in respect of a prescribed category of payments.

See also ‘*verification activities*’ and ‘*withholding at source*’.

Insufficient information to objectively assess the dimension – The information available to the TADAT assessors is not available or is incomplete to allow an assessment to be made (e.g., performance is unknown because the tax administration is unable to produce the necessary data to determine the performance of some function). This indicates deficiencies in the tax administration’s management information systems and performance monitoring practices. This results in a ‘D’ score.

See also ‘*evidence-based*’.

Internal affairs – The internal affairs unit of a tax administration is responsible for formulating staff integrity and ethics policy and ensuring that everyone within the organization adheres to it. The unit investigates incidents and plausible suspicions of law breaking and professional misconduct of tax officials. In doing so, it cooperates with relevant enforcement agencies (e.g., police, anti-corruption body, and public prosecutor). Due to the sensitive nature of its responsibility, the internal affairs unit usually reports directly to the tax administration head or deputy head.

See also ‘*internal audit*’.

Internal audit – The internal audit function of a tax administration is concerned with evaluating and improving the effectiveness of risk management, control, and governance processes in the organization. To do this, internal auditors review systems and operations to identify how well operational risks are managed, whether the right processes are in place, and whether formal procedures are adhered to.

The scope of internal auditing within a tax administration can be broad and extend across all areas of the organization, including financial control, IT, core and ancillary operations, human resource management, and ethics. Internal auditors may also participate in fraud investigations—under the direction of the internal affairs unit—to identify control breakdowns and establish financial loss.

Internal audit reports are usually presented to the tax administration head (and board, if there is one) generally via an audit committee as the reports provide an independent viewpoint to senior management.

In some countries the internal audit function for a number of different government agencies may be carried out by a whole of government Internal Audit Department.

See also ‘*audit committee*’ and ‘*internal affairs*’.

Internal controls – Internal policies, procedures, and systems used by the tax administration to: (a) protect its financial and accounting systems from error and fraud; (b) safeguard its physical assets and records; (c) ensure compliance with laws and regulations; and (d) ensure efficiency and effectiveness of operations.

Examples of specific types of controls include: (a) proper authorization of transactions and activities; (b) functional separation of duties requiring that different individuals be assigned responsibility for different elements of related activities, particularly those involving authorization; (c) adequate documentation and records to provide evidence and an audit trail of transactions and activities; (d) physical security over assets; and (e) control over records including access

²⁹ See *Revenue Administration: Taxpayer Audit—Use of Indirect Methods*, IMF, April 2010, and *Strengthening Tax Audit Capabilities: Innovative Approaches to Improve the Efficiency and Effectiveness of Indirect Income Measurement Methods* – OECD Forum on Tax Administration, October 2006.

privileges to electronic and manual records, and backup and recovery procedures.

Large taxpayers – Taxpayers that make significant tax payments and account, in aggregate, for a large proportion of total tax revenue (often more than 50 percent of total annual collections). Countries tend to define large taxpayers by reference to: (1) amount of annual sales/turnover; (2) amount of annual income; (3) value of assets; (4) level of imports and/or exports; and (5) type of economic activity (e.g., financial services sector). Of these criteria, the amount of annual sales/turnover is normally the primary criterion.

See also 'taxpayer segments' and 'high wealth and high-income individuals'.

Lodgement Fee – A fee or charge (excluding stamp duty) that a taxpayer is required to pay in order to submit an administrative review (the first stage of a graduated dispute process).

Machine learning – The use of data and algorithms to enable computers to learn without explicit programming.

Maladministration – Maladministration of the tax administration includes, for example, unfair treatment of taxpayers, poor service (e.g., undue delays in paying refunds and giving misleading advice), and uncorrected administrative mistakes.

See also 'wrongdoing'.

Multi-factor authentication – A security measure that goes beyond a password to double- or triple-verify a user's identity before they can use systems or access data.

Non-filers – Persons (physical or legal) who are required to file declarations but have not done so.

Ombudsperson – A state official, with a high degree of independence, appointed to investigate taxpayer complaints of maladministration or violation of taxpayer rights by the tax administration.

On-time filing rate – The on-time filing rate is the ratio of declarations filed by the statutory due date (plus any days of grace applied by the tax administration as a matter of administrative policy) relative to all declarations expected from registered taxpayers.

See also 'expected tax declarations'.

Out-of-court settlement – An agreement between parties to resolve matters in dispute where one or both parties make concessions on what they consider is the legally correct position. In reaching a decision to settle a dispute out-of-court, tax administrations normally consider matters such as: the relative strength of the respective legal arguments; the cost versus the benefit of continuing the dispute; and (c) the impact of the decision to settle on the future compliance of the taxpayer concerned and the broader taxpayer community.

Pay As You Earn – A tax payment method by which an employer is required by law to deduct income tax (and social security contributions, if applicable) from an employee's taxable salary or wages and remit the amount promptly to government. Hence, amounts of PIT are paid as they are earned. In some countries withheld amounts are treated as a final tax, thereby eliminating the need for large numbers of workers (salary and wage earners) to file annual income tax declarations.

See also 'personal income tax' and 'withholding at source'.

Payment due – For POA5 purposes, self-assessed VAT payments are used as a proxy for payments due. Administratively assessed payments are not included for this purpose.

Personal income tax – Income tax imposed on a person (individual), as opposed to income tax imposed on a corporation or other entity (e.g., a trust). Income tax payable by employees is generally withheld from their salaries and wages and remitted to government by their employers. Income of self-employed persons is not usually subject to withholding arrangements. Some sources of income (e.g., interest earned on bank deposits) may be subject to information reporting obligations imposed on payers.

See also 'core taxes', 'corporate income tax', 'income tax', 'information reporting obligations', 'Pay As You Earn', and 'withholding at source'.

Predictive modeling – the use of statistics and data to predict outcomes, such as identifying in advance taxpayers or taxpayer groupings who are unlikely to file returns or pay taxes on time or may make inaccurate declarations.

Pre-filled tax declaration – Preparation or pre-filling of a tax declaration by the tax administration using information gathered from third parties such as employers, e-invoices and fiscal registers, and financial institutions. In their most advanced form, pre-filled declarations (also referred to as ‘pre-populated declarations’) eliminate nearly all of the effort required of taxpayers, to prepare their tax declaration.

See also ‘tax declaration’.

Private ruling – A written explanation prepared by the tax administration of how the tax laws apply in respect of a specific set of facts or transactions as described by the taxpayer in a formal request for a private ruling.³⁰ Private rulings should be binding on the tax administration provided that the taxpayer has made a full and true disclosure of the facts and has acted in strict accordance with the terms of the ruling.

Proceeds of crime law – Law that allows authorities, usually with judicial authority, to seize assets obtained through crime. Its aim is to deter criminal behavior by denying convicted criminals the benefits of their crime. It can be an effective methodology for recovering defrauded tax.

Property cadastre – A comprehensive record of the real property of a country and its precise location and dimensions, as described in legal documentation. A cadastre also commonly includes details of ownership and tenure.

Public ruling – A public statement of how specific provisions of the tax law will be interpreted and applied by the tax administration. Public rulings should also be binding on the tax administration provided taxpayers operate strictly within the terms of the ruling.

Random audit – A process for selecting tax declarations for audits such that all declarations have the same probability of being chosen. Random audit programs are used by tax administrations for a variety of purposes: (a) to develop and refine audit risk profiling systems; (b) to develop tax gap estimates; (c) to monitor specific areas of the tax system; and (d) as a general deterrent to noncompliance. Random audits are conducted in conjunction with other types

of audits (i.e. they are a component of a broader audit program).

Recovery Point Objective (RPO) – RPO is the information or data recovery objective that must be achieved in order to allow an activity to resume after a disruptive incident has occurred.

See also ‘Recovery Time Objective’.

Recovery Time Objective (RTO) – RTO refers to the maximum amount of time allowed to resume an activity, recover resources, or provide products and services after a disruptive incident and must be short enough to minimize the impact of the occurrence.

See also ‘Recovery Point Objective’.

Registered taxpayer – A taxpayer who is officially registered with a TIN within the tax administration system.

See also ‘Active taxpayer’.

Remote sensing imagery – The use of aerial and satellite views to identify changes in the physical landscape. In relation to tracing for taxpayer registration it could be the use of such technologies to identify new or extended buildings or marketplaces, or increased activity, which could be indicative of new commercial activity for which new taxpayers may need to register new businesses.

See also ‘Geolocalization’.

Risk appetite – The level risk that any organization is prepared to accept in pursuit of its objectives, and before action is deemed necessary to reduce the risk.

See also ‘risk tolerance’.

Risk management committee (Compliance) – Tax administrations commonly establish a high-level committee to approve and oversee the implementation of compliance improvement plans and other key compliance risk management tasks. The Committee is typically chaired by a top-level official (for example, an official who reports directly to the tax administration head) and includes as its members senior officials from relevant tax administration departments. Its main functions include reviewing, approving, and overseeing all compliance

³⁰ Requests for private ruling may also be made by groups of taxpayers (e.g., industry sector associations).

improvement plans, reviewing progress and resolving any major issues.

See also 'compliance improvement plans'.

Risk management committee (Institutional) – Tax administrations commonly establish high-level committees to approve and oversee the implementation of mitigation strategies designed to address other key risk areas such as operational risks and human capital risks. Committees are typically chaired by a top-level official (for example, an official who reports directly to the tax administration head) and includes as its members senior officials from relevant tax administration departments. Its main functions include reviewing, approving, and overseeing all related improvement strategies, reviewing progress and resolving any major issues.

Risk mitigation strategies – Strategies and plans designed to address causes of noncompliance. Risk mitigation strategies (also known as treatment strategies) vary depending on the underlying reasons for noncompliance. For example, audits and penalties are a fitting response to deliberate tax evasion, while education and assistance are appropriate to situations where taxpayers do not understand the law. Mitigation strategies seek to achieve wide impact and enduring compliance across the broader taxpayer population and, typically, are described in detail in a tax administration's compliance improvement plan.

See also 'compliance improvement plan'.

Risk tolerance – The degree to which an entity is willing to take a risk based on set criteria (for example its envisaged positive impact on the operations).

See also 'risk appetite'.

Routine – Throughout the field guide the term 'routine' is used according to its ordinary meaning, i.e. actions regularly followed, or an activity performed as part of a regular or frequent procedure rather than infrequently or for a special reason. In other words, 'routine' simply means a planned or scheduled activity performed regularly.

In contrast, 'ad hoc' refers to an unplanned infrequent activity.

Senior Leadership Team – The tax administrations main executive forum and the primary place in which key policy and strategic decisions are made that relate to the direction and positioning of the

organization. It is responsible for setting and delivering strategy. It oversees and assures all of the administration's performance both in terms of immediate and future objectives. Individual committee members have portfolio responsibilities that span each line of the administrations business and corporate service function.

Service delivery channel – The means by which the tax administration delivers information to taxpayers. Tax administrations are increasingly seeking to shift taxpayer service demand away from costly in-person channels (such as walk-in enquiry centers) to more cost-efficient service channels. Self-service via the internet is considerably cheaper and easier to support than in-person, written, and telephone enquiries.

Simple record/bookkeeping – Simple record/bookkeeping (a cash book) would involve recording receipts (incomings) and, where required, expenditures (outgoings). The taxpayer is required to keep the invoices from purchases as they can be useful to crosscheck against information provided by the suppliers. Cash accounting may be permitted under which small business record sales when they are received and purchases when they are paid. Payment of tax can be made monthly and a single tax return filed, at the end of the year.

Social security contributions – All compulsory payments that confer an entitlement to receive a (contingent) future social benefit, including: (a) employers' social security contributions (SSCs); (b) employees' SSCs; and (c) SSCs paid by independent entrepreneurs and non-employed persons.

See also 'core taxes'.

Standard audit file – Taxation – An international standard for electronic exchange of reliable accounting data from organizations to a national tax administration or external auditors.

Stock of tax losses – The amount of tax losses taxpayers are carrying forward from one or more years to offset against income in future years.

Systematic – Throughout the field guide the term 'systematic' is used according to its ordinary meaning. References to a 'systematic approach' therefore mean use of a structured, repeatable, method or system.

Tax arrears – The total amount of domestic tax, including interest and penalties, which is overdue (i.e. has not been paid by the statutory due date for payment).

See also *'tax debtor'*.

Tax audit³¹ – An examination of taxpayer financial records and dealings to verify amounts reported in tax declarations. Audit types vary in nature, scope, and intensity and include, for example, comprehensive (multiple tax and multiple year) audits, single-issue audits, inspections of books and records, examination of VAT refund claims, and in-depth [examinations](#) of facts and evidence to support tax fraud investigations.

Tax avoidance – Practices by taxpayers to reduce tax liabilities by exploiting weaknesses in the law or through contrived schemes that push the boundaries of legal interpretation (e.g., use of complex and opaque structures by corporations to artificially shift income into low-tax jurisdictions). Also referred to as aggressive tax planning.

Tax compliance gap – The tax compliance gap (also known as the 'tax gap') is the difference between actual collections and potential collections, given the current tax structure. Typically, a top-down method is used in estimating the tax gap for indirect taxes, particularly VAT (i.e. using national accounts data, input-output or source-use statistical tables, customs records, as well as tax declaration data). A bottom-up method is generally used for direct taxes (i.e. using data from tax declarations, audit records, the taxpayer registration database, and public accounting records).

See also *'VAT compliance gap'* and *Econometric and Stochastic measuring techniques*.

Tax debtor – A taxpayer who is associated with failure to pay taxes (including interest and penalties) due.

See also *'tax arrears'*.

Tax declaration – A standard form provided by the tax administration on which a taxpayer reports information relating to a core tax liability. Also called a tax return.

See also *'pre-filled income tax declaration'*.

Tax dispute – Disputed tax assessments normally arise: (a) from administrative error; or (b) as an outcome of a tax audit or investigation that has identified a discrepancy that is disputed by the taxpayer on grounds of facts or legal interpretation. TADAT assessments focus on (b). Tax laws typically provide for a formal dispute mechanism.

See also *'administrative review'*, and *'tax tribunal'*.

Tax evasion – Actions involving reporting of taxable amounts that do not comply with the law irrespective of intent.

Tax expenditures – The value of tax revenue foregone by government because of tax law provisions, including deductions, exemptions, preferential rates, and deferral of tax liabilities.

Tax fraud – Comprises intentional misrepresentation and/or concealment of the truth or of material facts or falsification of documents to reduce a tax liability or claim a relief (including a credit and/or refund) where there is no entitlement. Fraud (regardless of if it is committed by an individual or entity) may involve highly sophisticated and structured arrangements (often with links to organized crime) or can be very simplistic in its nature (perpetrated by a single individual) but still represent fraudulent intent.

Tax fraud investigations – Involve the most serious cases of identified tax fraud where there are criminal sanctions for this behavior. Investigations require special skills in investigation and evidentiary requirements and often involve other agencies (e.g., police, prosecution service or justice department). Due to the resource requirements and cost/benefit analysis of proceeding with particular cases, not all cases of identified tax fraud result in an investigation being initiated.

Tax intermediaries – Includes tax agents, public accountants, and other tax professionals (such as tax lawyers) involved in preparing tax declarations, providing advice to taxpayers on the application of the tax laws, and representing taxpayers in dealings with the tax administration.

Tax revenue estimating – The process of assessing the impact on revenues of tax law changes proposed at the time of the government's budget, or subsequently. It is a process closely related to, but

³¹ In some countries, tax audits are known as tax controls; examinations; inspections; reviews; checks; or enquiries.

sufficiently different from, revenue forecasting. Revenue forecasts are required even when no change to the law is proposed; on the other hand, revenue estimates are often made for proposals that are not subsequently adopted and therefore do not need to be taken into account in any revenue forecasts.

See also *'tax revenue forecasting'*.

Tax revenue forecasting – National governments forecast revenues from different taxes in the course of budget preparation. Tax revenue forecasts may be revised at one or more points during the budget period. Generally, the first step in tax revenue forecasting is to prepare a macroeconomic forecast. In many countries this will cover aggregates such as wages and salaries, corporate profits, consumer spending, imports, etc. that are closely related to the bases on which taxes are levied; in other countries it may cover GDP only. In both cases, however, the results of the macroeconomic forecast will be crucial inputs to the forecast of tax revenues. Tax revenue forecasting may thus be seen as a two-stage process, consisting of: (1) a macroeconomic forecast; and (2) a tax revenue forecast that is conditional on the results of that macro forecast.

See also *'tax revenue estimating'*.

Tax tribunal – A specialist body providing quasi-judicial review of tax dispute decisions of the tax administration. A tax tribunal is not a court or part of a country's court hierarchy; however, its decisions are generally subject to review by the court/s. For TADAT purposes, appeals lodged by taxpayers with tax tribunals are treated in the same manner as appeals to courts, given that the role, powers, and procedures of tax tribunals resemble those of courts of law—although tribunal procedures are generally simpler and involve less cost for taxpayers.

See also *'administrative review'* and *'tax dispute'*.

Taxpayer charter – A taxpayer charter (also known as a taxpayer bill of rights) is a formal declaration by the tax administration of the rights and obligations of taxpayers. Its overriding purpose is to foster a relationship of mutual trust, respect, and responsibility between taxpayers and the tax administration. Taxpayer rights expressed in charters may include, for example:

- The right to be informed, assisted, and heard;

- The right to quality services;
- The right to appeal in an independent forum;
- The right to pay no more than the correct amount of tax;
- The right to certainty; and
- The right to confidentiality, secrecy, and data security.

To achieve a balance in the relationship, charters also usually spell out basic obligations and behaviors expected of taxpayers in dealing with the tax administration. For example, taxpayers may be expected to:

- Be truthful;
- Keep the required records;
- Take reasonable care;
- File tax declarations on time; and
- Pay taxes on time; and be cooperative.

Taxpayer portal – An electronic gateway, using secure authentication, through which taxpayers and their authorized agents gain online access to information, services, and functions. Typically, taxpayer portals allow taxpayers and their agents to: (a) update bank account and contact (e.g., address and telephone) details; (b) view, prepare, and file tax declarations; (c) view statements of account and payment options, request refunds, and transfer money between tax accounts; and (d) communicate with the tax administration via a secure mailbox.

Taxpayer segments – Taxpayer segmentation involves categorization of the taxpayer population into manageable groups that share common characteristics and potential compliance risks. A typical approach is to first segment the taxpayer population into businesses, individuals, government organizations, and non-profit bodies, and then break each category down into meaningful sub-segments based on, for example, size, sector, and entity type.

Common taxpayer segments are: (1) non-business individuals (e.g., employees, retirees, passive investors); (2) micro and small businesses; (3) medium-size businesses; (4) large businesses; (5) non-profit organizations; (6) government organizations; and (7) high-wealth and high-income individuals.

See also 'large taxpayers' and 'high-wealth and high-income individuals'.

Value added tax – VAT is a tax on consumption (indeed, several countries call the tax a 'goods and services tax' or 'GST'). Its essence is that it is charged at all stages of production, but with the provision of some mechanism enabling firms to offset the tax they have paid on their own purchases of goods and services against the tax they charge on their sales of goods and services.

In practice VATs show considerable diversity with regard to, among other things, the range of inputs for which tax offsetting is available and the economic activities to which the tax applies (i.e. the tax base). Most countries exclude exports from the tax, in the sense that tax is not charged on sales for export, but tax paid on inputs is recoverable.

For TADAT assessment purposes, where a country does not have a VAT, an indirect tax equivalent such as sales tax should be used.

See also 'core taxes'.

VAT compliance gap – The VAT compliance gap (also known as the 'VAT gap') is the difference, in a given year, between actual VAT paid and the estimated amount of VAT that should have been paid (i.e. total VAT theoretically due). Total VAT theoretically due is estimated using data sources on consumption that are independent of the tax administration, principally a country's national accounts (typically, these will include input-output or supply-use tables that provide sector-wide data on final consumption and investment by households, government, non-profit, and exempt firms). A country's tax rates are applied to aggregate consumption data to arrive at the total amount of VAT theoretically due.

See also 'tax compliance gap' and 'econometric and stochastic measuring techniques'.

Verification activities – Comprise all activities undertaken by a tax administration to check whether taxpayers have properly reported information in tax declarations. Verification activities include tax audits, examinations, investigations, enquiries, and income and document matching using information gathered from third party sources. On the latter, systematic data cross matching enables the tax administration to: (a) verify amounts of income reported in tax declarations; (b) identify and follow up discrepancies; and (c) identify non-filers that are deriving assessable income.

See also 'information reporting obligations' and 'tax audit'.

Withholding at source – A collection system where a legal obligation is placed on independent third parties such as employers and financial institutions to withhold and pay to government an amount of tax from payments made to payees (e.g., employees and account holders). Pay As You Earn (PAYE) systems are, for example, a particular case of withholding at source.

Advantages of withholding systems include: (a) reduction or elimination of the ability of taxpayers to understate income for tax assessment purposes; (b) reduction in the incidence of unpaid taxes; (c) payment of tax is transacted in a cost-efficient way; and (d) the steady flow of tax revenue to government assists budgetary management.

See also 'information reporting obligations' and 'Pay As You Earn'.

Wrongdoing – Wrongdoing of the tax administration includes inappropriate behavior of its employees, especially the misuse of public office for personal gain (i.e. corruption).

See also 'maladministration'.



Appendix 2. Pre-assessment Questionnaire Template

TADAT Questionnaire³²

In preparation for the TADAT assessment to be undertaken from [insert date] to [insert date] it is imperative that the following general information and numerical data is provided to the assessment team by [date].

Part I of this questionnaire requests a number of documents that are commonly prepared by tax administrations. These documents will assist the assessment team in familiarizing itself with the system of tax administration operating in [country]. If any of these documents have been officially released and are available as open-source material via the world-wide web, please provide the relevant link.

Part II requests numerical data needed to compute a range of performance-related measures in areas such as filing, payment, collection, and so on.

Part I: Documents

Please provide the following key documents:

- The tax administration's two most recent annual reports.
- The tax administration's current strategic plan and/or multi-year reform plan.
- The tax administration's last two compliance improvement plans (if they were prepared).
- The tax administration's organizational chart, together with role descriptions of the main organizational units depicted in the chart.
- Taxpayer charter (if one has been prepared).
- Report/s of compliance gap analysis undertaken in the last 5 years, either by the tax administration, Ministry of Finance, other institution/s, or by international, regional, or bilateral agencies.

- An overview of the tax administration's main Information Technology system.

Part II: Numerical data

Please complete the attached tables using data from the most recently completed fiscal year(s) where information is available. The tables are grouped as follows:

- Section A: Tax revenue collections
- Section B: Movements in the taxpayer register
- Section C: Telephone enquiries
- Section D: Filing of tax declarations
- Section E: Electronic services
- Section F: Payments
- Section G: Domestic tax arrears
- Section H: Tax dispute resolution
- Section I: Payment of VAT refunds

Explanatory notes are provided at the foot of each table to assist completion. If further assistance or explanation is required in completing the tables, please contact [name and contact details of TADAT assessor].

³² To be forwarded to the country's tax administration at least 4 weeks prior to the commencement of the in-country phase of the assessment.

A. Tax Revenue Collections

Table 1A. Tax Revenue Collections, [insert 3 most recent complete fiscal years] ¹			
	[YEAR]	[YEAR]	[YEAR]
In local currency			
National budgeted tax revenue forecast ²			
Total tax revenue collections			
Corporate Income Tax (CIT)			
Personal Income Tax (PIT)			
Pay As You Earn (PAYE) withholding by employers			
Value Added Tax (VAT)			
▪ Value-Added Tax (VAT)—gross domestic collections			
▪ Value-Added Tax (VAT)—collected on imports			
▪ Value-Added Tax (VAT)—refunds paid	()	()	()
Total Value Added Tax (VAT) Net ³			
Excises on domestic transactions			
Excises—collected on imports			
Social contribution collections			
Other domestic taxes ⁴			
In percent of total tax revenue collections			
Total tax revenue collections	100.0	100.0	100.0
Corporate Income Tax (CIT)			
Personal Income Tax (PIT)			
Pay As You Earn (PAYE) withholding by employers			
Value Added Tax (VAT)			
▪ Value-Added Tax (VAT)—gross domestic collections			
▪ Value-Added Tax (VAT)—collected on imports			
▪ Value-Added Tax (VAT)—refunds paid	()	()	()
Total Value Added Tax (VAT) Net			
Excises—collected on domestic transactions			
Excises—collected on imports			
Social contribution collections			
Other domestic taxes			
In percent of GDP			
Total tax revenue collections			
Corporate Income Tax (CIT)			
Personal Income Tax (PIT)			
Pay As You Earn (PAYE) withholding by employers			
Value Added Tax (VAT)			
▪ Value-Added Tax (VAT)—gross domestic collections			
▪ Value-Added Tax (VAT)—collected on imports			
▪ Value-Added Tax (VAT)—refunds paid	()	()	()
Total Value Added Tax (VAT) Net			
Excises—collected on domestic transactions			
Excises—collected on imports			
Social contribution collections			
Other domestic taxes			
Nominal GDP in local currency			
Explanatory notes:			
1 This table gathers data for three fiscal years in respect of all domestic tax revenues collected by the tax administration at the national level, plus VAT and excise tax collected on imports by the Customs and/or other agency. As there are many variations in the actual name of different taxes this table should adopt the naming convention of the country being assessed.			
2 This forecast is normally set by the Ministry of Finance (or equivalent) with input from the tax administration and, for purposes of this table, should only cover the taxes listed in the table. The final budgeted forecast, as adjusted through any mid-year review process, should be used.			
3 Total Value Added Tax (VAT) Net = (gross domestic VAT collected + VAT collected on imports) – VAT refunds paid.			
4 Other domestic taxes collected at the national level by the tax administration include, for example, property taxes, financial transaction taxes, and environment taxes.			

Table 1B. Core Tax Revenue Collections ¹ [insert 3 most recent complete fiscal years]			
	[YEAR]	[YEAR]	[YEAR]
In local currency			
Total tax revenue collections			
Core taxes ²			
Corporate Income Tax (CIT)			
Personal Income Tax (PIT)			
Pay As You Earn (PAYE) withholding by employers			
Value Added Tax (VAT)			
▪ Value-Added Tax (VAT)—gross domestic collections			
▪ Value-Added Tax (VAT)—refunds paid	()	()	()
Total Value Added Tax (VAT) net ³			
Excises on domestic transactions			
Social contribution collections			
Total core tax revenue collections			
In percent of total tax revenue collections			
Total tax revenue collections	100.0	100.0	100.0
Core Taxes ⁴			
Corporate Income Tax (CIT)			
Personal Income Tax (PIT)			
Pay As You Earn (PAYE) withholding by employers			
Value Added Tax (VAT)			
▪ Value-Added Tax (VAT)—gross domestic collections			
▪ Value-Added Tax (VAT)—refunds paid	()	()	()
Total Value Added Tax (VAT) net			
Excises—collected on domestic transactions			
Social contribution collections			
Total core tax revenue collections			
Explanatory notes: ¹ This table gathers data for three fiscal years in respect of core tax revenues collected by the tax administration at the national level. ² Core taxes – as per the definition contained in Appendix 1-Glossary of Terms, core taxes include the major direct and indirect taxes critical to central government revenues. For the purposes of a TADAT Assessment it is highly desirable to confirm the selection of core taxes with the country authorities as part of the Pre-Assessment phase. This table needs then be tailored to the core taxes selected for the assessment. ³ Total Value Added Tax Net = Gross domestic VAT collected – VAT refunds paid. *Excludes VAT collected at time of import. ⁴ The percentage of Total Core Tax Revenue Collections in the second part of this table is not expected to equate to 100 percent of Total Revenue Collections but should represent a significant proportion of that figure noting that it excludes VAT and excises collected at time of import.			

B. Movements in the Taxpayer Register

Table 2. Movements in the Taxpayer Register for Core Taxes, [insert 3 most recent complete fiscal years]
(Ref: POA1)

	Registered taxpayers (Start of Year) ^{1,2,3} [A]	Memorandum items		Registered taxpayers (End of Year) [D] = ([A] + [B]) – [C]	Taxpayers otherwise not required to file ⁴ [E]	Taxpayers Expected to File [F] = ([D] – [E]) ⁵
		New taxpayer registrations during year [B] ⁶	Taxpayers deregistered during year ⁷ [C]			
[YEAR]						
Core Taxes						
Corporate income tax						
Personal income tax						
PAYE withholding (# of employers)						
Value Added Tax						
Domestic excise tax						
Social contributions ⁸ (# of contributors)						
[YEAR]						
Corporate income tax						
Personal income tax						
PAYE withholding (# of employers)						
Value Added Tax						
Domestic excise tax						
Social contributions (# of contributors)						
[YEAR]						
Corporate income tax						
Personal income tax						
PAYE withholding (# of employers)						

Value Added Tax						
Domestic excise tax						
Social contributions (# of contributors)						

Explanatory Notes:

¹ Figures provided in column [A] are those reported as at the start of the year.

² A [registered taxpayer](#) who is in the tax administration's taxpayer database.

³ Taxpayer register activity information. Note: A check should be made that Registered Taxpayer numbers at the start of the year for the second year in this table [A] equates to the Registered Taxpayer numbers at the end of the first year [D]. Undertake the same check for the Registered Taxpayer numbers at the start of the third year [A] with Registered Taxpayers at the end of the second year [D].

⁴ Taxpayers not required to file declarations' means taxpayers who are registered but are currently not required to file by law or regulation and are explicitly flagged in the automated [filing and declaration processing system](#).

⁵ Taxpayers expected to file calculations [F] should be checked with the relevant "Expected Number of Declarations to be Filed" figures in Tables 4 through 10, to make sure that there are no unreasonable or unexplained variances (it is expected that there may be marginal differences due to the timing of the extraction of figures for the different tables).

⁶ New taxpayer registrations: Refer to taxpayers being entered into the register for the first time and allocated a tax identification number.

⁷ Taxpayers deregistered: Refer to a taxpayer's registration being cancelled – this most commonly means that the registration is cancelled (it does not necessarily mean that the record is removed from the register but would show a cancelled status). Should a taxpayer who has been deregistered wish to re-register they would then need to re-apply for registration.

⁸ Social contributions can often be included as part of PAYE administration by employers – If this is not the case, figures for registered persons making social contributors should be included in this table.

C. Telephone Enquiries

(Ref: POA 3)

Table 3. Telephone Enquiry Call Waiting Time (for the most recent 12-month period)			
Month	Total number of telephone enquiry calls received	Telephone enquiry calls answered within 6 minutes' waiting time	
		Number	In percent of total calls
Month 1			
Month 2			
Month 3			
Month 4			
Month 5			
Month 6			
Month 7			
Month 8			
Month 9			
Month 10			
Month 11			
Month 12			
12-month total			
Explanatory notes: ¹ For the purposes of this table, "answered" means that the caller commences talking to an officer specifically about the matter they wish to discuss.			

D. Filing of Tax Declarations³³

(Ref: POA 4)

Table 4. On-time Filing of CIT Declarations for [insert most recently completed year]			
	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
All CIT taxpayers			
Large taxpayers only			
Explanatory notes: ¹ 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy). ² 'Expected declarations' means the number of CIT declarations that the tax administration expected to receive from registered CIT taxpayers that were required by law to file declarations. <i>These figures should be compared with the relevant figures in Table 2 (Column [F]) to make sure there are no unreasonable or unexplained variances. If variances exceed what would be considered "marginal" (due to timing), this may indicate that the evidence cannot be relied on.</i> ³ The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio: $\frac{\text{Number of CIT declarations filed by the due date}}{\text{Number of declarations expected from registered CIT taxpayers}} \times 100$			

³³ Tables in Section D should only represent selected core taxes and their respective filing requirements – the actual tables may require tailoring to cater for this.

Table 5. On-time Filing of PIT Declarations for [insert most recently completed year]

Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
Explanatory notes: ¹ 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy). ² 'Expected declarations' means the number of PIT declarations that the tax administration expected to receive from registered PIT taxpayers that were required by law to file declarations. <i>These figures should be compared with the relevant figures in Table 2 (Column [F]) to make sure there are no unreasonable or unexplained variances. If variances exceed what would be considered "marginal" (due to timing), this may indicate that the evidence cannot be relied on.</i> ³ The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio: $\frac{\text{Number of PIT declarations filed by the due date}}{\text{Number of PIT declarations expected from registered PIT taxpayers}} \times 100$		

Table 6. On-time Filing of VAT Declarations—All VAT taxpayers
(for the most recent 12-month period)

Month	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
Month 1			
Month 2			
Month 3			
Month 4			
Month 5			
Month 6			
Month 7			
Month 8			
Month 9			
Month 10			
Month 11			
Month 12			
12-month total			

Explanatory notes:

¹ 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

² 'Expected declarations' means the number of VAT declarations that the tax administration expected to receive from registered VAT taxpayers that were required by law to file declarations. *These figures should be compared with the relevant figures in Table 2 (Column [F]) to make sure there are no unreasonable or unexplained variances. If variances exceed what would be considered "marginal" (due to timing), this may indicate that the evidence cannot be relied on.*

³ The 'on-time filing rate' is the number of VAT declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered VAT taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of VAT declarations filed by the due date}}{\text{Number of declarations expected from registered VAT taxpayers}} \times 100$$

⁴ Where quarterly filing is available for some taxpayers (e.g., small taxpayers), it is expected that filing figures provided for the four quarterly lodgement months during a 12-month period will reflect much larger numbers than for months where only taxpayers filing on a monthly basis are represented.

Table 7. On-time Filing of VAT Declarations—Large taxpayers only
(for the most recent 12-month period)

Month	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
Month 1			
Month 2			
Month 3			
Month 4			
Month 5			
Month 6			
Month 7			
Month 8			
Month 9			
Month 10			
Month 11			
Month 12			
12-month total			

Explanatory notes:

¹ 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

² 'Expected declarations' means the number of VAT declarations that the tax administration expected to receive from large taxpayers that were required by law to file VAT declarations.

³ The 'on-time filing rate' is the number of VAT declarations filed by large taxpayers by the statutory due date as a percentage of the total number of VAT declarations expected from large taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of VAT declarations filed by the due date by large taxpayers}}{\text{Number of VAT declarations expected from large taxpayers}} \times 100$$

Table 8. On-time Filing of Domestic Excise Tax Declarations
(for the most recent 12-month period)

Month	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
Month 1			
Month 2			
Month 3			
Month 4			
Month 5			
Month 6			
Month 7			
Month 8			
Month 9			
Month 10			
Month 11			
Month 12			
12-month total			

Explanatory notes:

¹ 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy) by registered domestic excise tax taxpayers.

² 'Expected declarations' means the number of excise tax declarations that the tax administration expected to receive from registered domestic excise tax taxpayers that are required by law to file excise tax declarations. These figures should be compared with the relevant figures in Table 2 (Column **(F)**) to make sure there are no unreasonable or unexplained variances. If variances exceed what would be considered "marginal" (due to timing), this may indicate that the evidence cannot be relied on.

³ The 'on-time filing rate' is the number of excise tax declarations filed by taxpayers by the statutory due date as a percentage of the total number of excise duties declarations expected from registered domestic excise tax taxpayers i.e. expressed as a ratio:

$$\frac{\text{Number of domestic excise tax declarations filed by the due date}}{\text{No. of domestic excise tax declarations expected from registered domestic excise tax taxpayers}} \times 100$$

Table 9. On-time Filing of Domestic Excise Tax Declarations—Large taxpayers only
(for the most recent 12-month period)

Month	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
Month 1			
Month 2			
Month 3			
Month 4			
Month 5			
Month 6			
Month 7			
Month 8			
Month 9			
Month 10			
Month 11			
Month 12			
12-month total			

Explanatory notes:

¹ 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy) by large taxpayers registered for domestic excise tax.

² 'Expected declarations' means the number of excise tax declarations that the tax administration expected to receive from ALL large taxpayers registered for domestic excise tax and are required by law to file excise tax declarations.

³ The 'on-time filing rate' is the number of excise tax declarations filed by large taxpayers by the statutory due date as a percentage of the total number of excise duties declarations expected from large taxpayers registered for domestic excise tax taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of domestic excise tax declarations from large taxpayers filed by the due date}}{\text{No. of domestic excise tax declarations expected from active large taxpayers registered for domestic excise tax}} \times 100$$

Table 10. On-time Filing of PAYE Withholding Declarations (filed by employers)
(for the most recent 12-month period)

Month	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
Month 1			
Month 2			
Month 3			
Month 4			
Month 5			
Month 6			
Month 7			
Month 8			
Month 9			
Month 10			
Month 11			
Month 12			
12-month total			

Explanatory notes:

¹ 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

² 'Expected declarations' means the number of PAYE withholding declarations that the tax administration expected to receive from registered employers with PAYE withholding obligations that were required by law to file declarations. *These figures should be compared with the relevant figures in Table 2 (Column [F]) to make sure there are no unreasonable or unexplained variances. If variances exceed what would be considered "marginal" (due to timing), this may indicate that the evidence cannot be relied on.*

³ The 'on-time filing rate' is the number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the total number of PAYE withholding declarations expected from registered employers, i.e. expressed as a ratio:

$$\frac{\text{Number of PAYE withholding declarations filed by the due date}}{\text{Number of PAYE withholding declarations expected from registered employers}} \times 100$$

⁴ 'As social contributions can often be undertaken as part of PAYE administration by employers, the requirement for a separate table for social security contribution filing will only be necessary if the number of declarations expected to be filed is different and/or the filing cycle differs

E. Electronic Services

(Ref: POAs 4 and 5)

Table 11. Use of Electronic Services, [insert 3 most recent complete fiscal years] ¹			
	[YEAR]	[YEAR]	[YEAR]
	Electronic filing² (In percent of all declarations filed for each tax type)		
Core taxes			
▪ Corporate Income Tax			
▪ Personal Income Tax			
▪ PAYE (Withholding)			
▪ Value Added Tax			
▪ Domestic excise tax (for all registered taxpayers)			
▪ Social contributions			
▪ Large taxpayers (all core taxes)			
	Electronic payments³ (In percent of total value of all payments received for each tax type)		
▪ Corporate Income Tax			
▪ Personal Income Tax			
▪ PAYE (Withholding)			
▪ Value Added Tax			
▪ Domestic excise tax (for all registered taxpayers)			
▪ Social contributions			
▪ Large taxpayers (all core taxes)			
Explanatory notes: ¹ Data in this table will provide an indicator of the extent to which the tax administration is using modern technology to transform operations, namely in areas of filing and payment for core taxes and large taxpayers . ² For purposes of this table, electronic filing involves facilities that enable taxpayers to complete tax declarations online and file those declarations via data exchange . ³ An electronic payment is that which is made from one bank account to another via electronic means without manual intervention by bank or tax administration staff. ⁴ As social contributions can often be undertaken as part of PAYE administration by employers, the requirement for a separate listing for social contributions filing and payment will only be necessary if the number of declarations filed is different and/or the filing cycle differs.			

F. Payments

(Ref: POA 5)

Table 12. VAT Payments ¹ Made During [insert most recent completed fiscal year]						
	VAT payments made on-time ²		VAT payments due ³		On-time payment rate ⁴ (In percent)	
	All VAT payers	Large VAT payers	All VAT payers	Large VAT payers	All VAT payers	Large VAT payers
Number of payments						
Value of payments						
Explanatory notes: ¹ 'Self-assessed VAT Payments' are used as a proxy for on-time payment performance for the purposes of this table. ² 'VAT Payments made on-time' means paid on or before the statutory due date for payment (plus any 'days of grace' applied by the tax administration as a matter of administrative policy). ³ 'VAT Payments due' include all self-assessed payments due. In calculating 'VAT Payments due' tax administrations would need to take into account that some taxpayers will have either paid late (i.e., after the due date) or have not paid at all even though they had a liability to pay (i.e., they either filed but did not pay or they failed to file their VAT declaration by the due date). Where VAT on-time filing performance (Tables 6 and 7) shows poor results, consideration should be given to providing a qualifying comment to the scoring in the write up for indicator P5-18 in the Performance Assessment Report. ⁴ The 'on-time payment rate' is the number (or value) of VAT payments made by the statutory due date in percent of the total number (or value) of VAT payments due, i.e. expressed as ratios: ▪ The on-time payment rate by number is: $\frac{\text{Number of VAT payments made by the due date}}{\text{Total number of VAT payments due}} \times 100$ ▪ The on-time payment rate by value is: $\frac{\text{Value of VAT payments made by the due date}}{\text{Total value of VAT payments due}} \times 100$						

G. Domestic Tax Arrears

(Ref: POA 5)

Table 13. Value of Tax Arrears, [insert 3 most recent complete fiscal years (FY)] ¹			
	[YEAR]	[YEAR]	[YEAR]
	In local currency		
Total core tax revenue collections (from Table 1B) ² [A]			
Total core tax arrears at end of fiscal year ³ [B]			
Of which <i>is</i> : Collectible ⁴ [C]			
Of which <i>is</i> : More than 12 months' old [D] ⁵			
	In percent		
Ratio of [B] to [A] ^{6a}			
Ratio of [C] to [A] ^{6b}			
Ratio of [D] to [B] ^{6c}			
Explanatory notes: ¹ Data in this table will be used in assessing the value of core tax arrears relative to annual collections and examining the extent to which unpaid tax liabilities are significantly overdue (i.e. older than 12 months). ² Total core tax revenue collections [A] is as per that reported in Table 1B. ³ 'Total core tax arrears' [B] include tax, penalties, and accumulated interest <i>by only for the core taxes selected for the assessment</i> . ⁴ 'Collectible' arrears [C] is defined as the total amount of <i>core</i> tax, including interest and penalties, that is overdue for payment and which is not subject to collection impediments. Collectible arrears therefore generally exclude: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets). <i>The collectable figure at [C] relates specifically to [B].</i> ⁵ Arrears more than 12 months old at [D] is defined as total amount of core tax, including interest and penalties, that is over 12 months past its due date for payment. The figure at [D] relates specifically to [B]. ^{6a} i.e. $\frac{\text{Value of total core tax arrears at end of fiscal year [B]}}{\text{Total core tax collected for fiscal year [A]}} \times 100$ ^{6b} i.e. $\frac{\text{Value of collectible core tax arrears at end of fiscal year [C]}}{\text{Total core tax collected for fiscal year [A]}} \times 100$ ^{6c} i.e. $\frac{\text{Value of core tax arrears >12 months' old at end of year [D]}}{\text{Value of total core tax arrears at end of fiscal year [B]}} \times 100$			

H. Tax Dispute Resolution

(Ref: POA 7)

Table 14A. Finalization of Administrative Reviews (insert 3 most recent complete fiscal years (FY))					
Year	Number of administrative review cases	Finalized within 30 days	Finalized within 31-60 days	Finalized within 61-90 days	Finalized after 90 days
	Finalized during the year	Number	Number	Number	Number
YEAR					
YEAR					
YEAR					
Total	[A]	[B]	[C]	[D]	[E]
3 Year Average	[B]/[A]		[C]/[A]	[D]/[A]	[E]/[A]
Explanatory notes: To be determined if necessary					
¹ Data in this table firstly measures the number and weighted average percentage of disputes finalized within 30, 60 ,90 and over 90 days. Note: The number in [E] should equal [A]-[B]-[C]-[D].					
² When scoring for dimension 7-26-1, the three-year weighted average totals for finalized cases (within 31-60 (C); within 61-90 days(D)) may need to be accumulated along with the three-year weighted average within 30 days (B).					

Table 14B. Stock of Administrative Reviews
(insert 3 most recent complete fiscal years (FY))

Year	Number of administrative review cases			Age administrative review cases	
	Stock at beginning of year [A]	Stock at end of year [B]	Percentage increase/decrease [C] = ([B]-[A])/[A]	Number of cases from [B] > 12 months old [D]	Percentage of cases > 12 months old [E] = [D]/[B]
YEAR					
YEAR					
YEAR					
3 Year Average					

Explanatory notes:

Number of Administrative review cases:

¹ Data in this table (columns [A]-[C]) measure the average of the annual movement in stock of disputes over a three-year period – not the percentage change in the stock of disputes between the start and end dates of the three-year period.

² A negative percentage result for the three-year average of the annual movement in stock of disputes (column [C]) will score a “A” as per the Performance Measurement Framework for P7-26-2.

Age of administrative review cases:

³ Calculations for columns [D] and [E] relate only to the most recent year. The resulting percentage in column [E] will be used (in conjunction with the three-year average in column [C]) to score as per the Performance Measurement Framework for P7-26-2.

⁴ Stocks of unresolved first stage administrative reviews and of over 12-month-old cases may be inflated where the tax administration is awaiting the result of a test case in the courts that would affect many taxpayers (e.g., where participants in a mass-marketed scheme are being challenged and have been subject to assessments). In such a situation, the measurement requirement for P7-26-2 is absolute but a qualifying comment may be necessary to reflect the factor(s) that influence the high number of cases in stock or over 12 months old.

I. Payment of VAT Refunds

(Ref: POA 8)

Table 15. VAT Refunds (for the most recent 12-month period)		
	Number of cases	Value in local currency
Total VAT refund claims on hand at start of year [A]		
Total VAT refund claims received [B]		
Total VAT refund claims [C] = [A] + [B]		
Total Value VAT refunds paid ¹		
Of which: paid within 30 days [D] ²		
Of which: paid outside 30 days		
Total VAT refund claims declined ³		
Of which: declined within 30 days [E]		
Of which: declined outside 30 days		
Total VAT refund claims not processed ⁴		
Of which: no decision taken to decline refund		
Of which: approved but not yet paid or offset		
In percent		
Ratio of ([D]+[E]) to [C] ⁵		

Explanatory note:

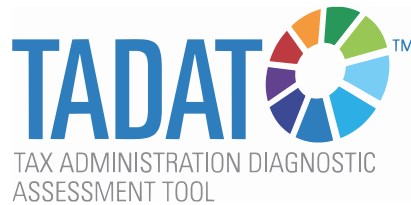
¹ Include all refunds paid (in full or in part), as well as refunds offset against other tax liabilities.

² TADAT measures performance against a 30-day standard.

³ Include cases where a formal decision has been taken to decline (refuse) the taxpayer's claim for refund (e.g., where the legal requirements for refund have not been met).

⁴ Include all cases where refund processing is incomplete—i.e. where (a) the formal decision has not been taken to decline the refund claim; or (b) the refund has been approved but not paid or offset.

⁵ i.e. $\frac{\text{VAT refunds paid within 30 days [D]} + \text{VAT refunds declined within 30 days [E]}}{\text{Total VAT refund claims [C]}} \times 100$ Note: Calculate ratio for both number and value.



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