

# The Tax Administration Diagnostic Assessment Tool (TADAT)

Strategic Objectives and Observations To-date May 2017

**TADAT**

TAX ADMINISTRATION DIAGNOSTIC ASSESSMENT TOOL

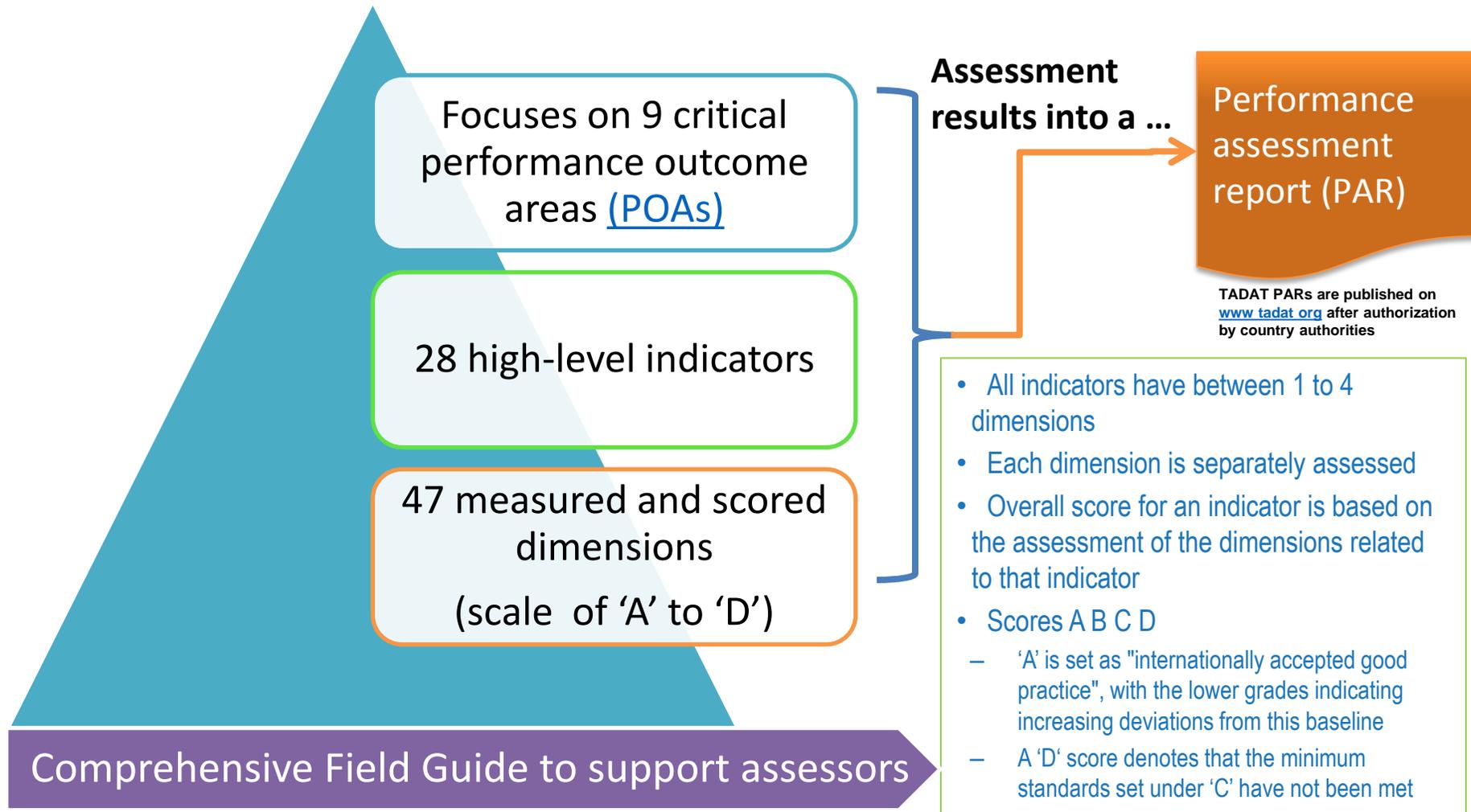


**Contributing to strengthened tax administration systems  
and domestic revenue mobilization efforts globally**

# Purpose and benefits of a TADAT assessment...

- **The TADAT is a means** to provide an objective and standardized assessment of the relative strengths and weaknesses of a country's system of tax administration
- **Expected outcome:** A better understanding by all stakeholders of the system of tax administration including a common view in the following areas:
  - state of health of the system of tax administration—strengths and weaknesses
  - maturity level compared to other tax administrations
  - baseline on which to develop plans for future reform initiatives
  - identification of the extent of reform required to the system of tax administration
  - priorities for attention—immediate and those of a medium- to longer-term nature

# ...assessments based on the TADAT framework's hierarchy



# ...based on performance outcomes (POAs)



# ...with underlying performance indicators

## POA 1: Integrity of the Registered Taxpayer Base

P1-1 Accurate and reliable taxpayer information

P1-2 Knowledge of the potential taxpayer base

## POA 2: Effective Risk Management

P2-3 Identification, assessment, ranking, and quantification of compliance risks

P2-4 Mitigation of risks through a compliance improvement plan

P2-5 Monitoring and evaluation of compliance risk mitigation activities

P2-6 Identification, assessment, and mitigation of institutional risks

## POA 3: Supporting Voluntary Compliance

P3-7 Scope, currency, and accessibility of information

P3-8 Scope of initiatives to reduce taxpayer compliance costs

P3-9 Obtaining taxpayer feedback on products and services

## POA 4: Timely Filing of Tax Declarations

P4-10 On-time filing rate

P4-11 Use of electronic filing facilities

## POA 5: Timely Payment of Taxes

P5-12 Use of electronic payment methods

P5-13 Use of efficient collection systems

P5-14 Timeliness of payments

P5-15 Stock and flow of tax arrears

# *...with underlying performance indicators*

## **POA 6: Accurate Reporting in Declarations**

P6-16 Scope of verification actions taken to detect and deter inaccurate reporting

P6-17 Extent of proactive initiatives to encourage accurate reporting

P6-18 Monitoring the extent of inaccurate reporting

## **POA 7: Effective Tax Dispute Resolution**

P7-19 Existence of an independent, workable, and graduated dispute resolution process

P7-20 Time taken to resolve disputes

P7-21 Degree to which dispute outcomes are acted upon

## **POA 8: Efficient Revenue Management**

P8-22 Contribution to government tax revenue forecasting process

P8-23 Adequacy of the tax revenue accounting system

P8-24 Adequacy of tax refund processing

## **POA 9: Accountability and Transparency**

P9-25 Internal assurance mechanisms

P9-26 External oversight of the tax administration

P9-27 Public perception of integrity

P9-28 Publication of activities, results, and plans

# ...used during assessments

Proof of concept phase (2013 – 2014)

- **4 assessments:** Zambia, Norway, South Africa and Paraguay

Technical pilot phase (2015)

- **13 assessments:** Fiji, Mozambique, Kosovo, Malawi, Cote d'Ivoire, Madagascar, Malaysia, Rwanda, Uganda, Egypt, Montenegro, Jamaica and Philippines

Steady state phase (2016 ...)

- **25 assessments completed:** Comoros, Tanzania, Jordan, Ethiopia, Serbia, Macedonia, Namibia, Vietnam, Zambia (repeat), Georgia, Albania, Liberia, Kyrgyzstan, Sierra Leone, DR Congo, Romania, Barbados, Armenia, Kenya, Dominican Republic, Bangladesh, Guyana, Peru, Cameroon, and Ghana
- **Upcoming:**, Guatemala, Burkina Faso and Niger

**A mix of assessment lead agencies, including:**

- European Commission
- IMF-FAD
- USAID
- World Bank
- Germany (GIZ)
- Switzerland (SECO)

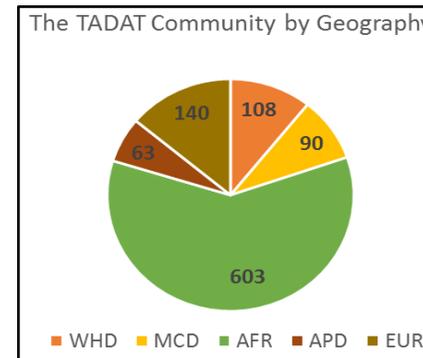
# ...by TADAT-trained persons

**Statistics  
as at end-  
April 2017**

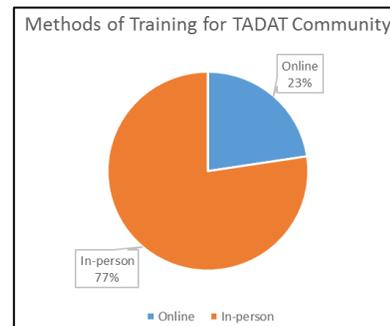
*The total number of trained TADAT assessors is 290 of whom 96 are from Western Hemisphere, 98 from Europe and 98 from Asia Pacific regions.*

*Geographical share of the TADAT Community worldwide*

Region	Total	o/w Assessors
WHD	108	96
MCD	90	14
AFR	603	44
APD	63	38
EUR	140	98
<b>TOTAL</b>	<b>1,004</b>	<b>290</b>



*Workshops have generated the biggest number of 'TADATers'—mainly arising out of country demand for pre-assessment TADAT knowledge*



# ...leading to positive impact

- **Montenegro** took immediate action to address some of the areas of weakness identified by the TADAT assessment and are committed to carrying on.
  - **Rwanda** is a good example, particularly with regard to compliance risk management. TADAT results have been used by the Commissioner General and respective staff to remedy deficiencies a matter of national priority. Uptake of technical assistance advice on improving compliance capabilities has since increased dramatically.
  - In **Albania**, the recent TADAT mission and its findings are feeding into the design of a new strategic plan across the board. There is a focus on the areas where the tax administration found the TADAT assessments disappointing.
  - Much of the technical assistance being undertaken in **Egypt** is a direct result of the TADAT assessment, which in turn is all about more effective tax administration.
- The **Norwegian Tax Administration** is integrating the TADAT tool/concept in developing its performance management system.
  - **Cyprus**—FAD organized a successful TADAT awareness workshop for the senior management of the tax administration. The training was very well received and the expected implementation of good practices in the organization, processes and work procedures of the Cypriot Tax Administration is expected increase tax revenue.
  - A TADAT assessment results are being used by the **Philippines Bureau of Internal Revenue**—the new Commissioner and senior management—to inform the next stage of the reform and modernization program.
  - Some TADAT assessments in the **Balkans** have led to further technical assistance in the form of twinning with the EU, for example.
  - **A leading tax administration** is using the TADAT theory and model to structure the development of capability development programs.

## ...and findings for action as well as lessons for consideration

Findings from the 37 TADAT assessments conducted to December 2016 (a total of 20 in CY 2016 alone)

Data inaccuracy remains a major problem

In some tax administrations, taxpayer registration databases observed to be inaccurate and unreliable

On-time filing and payment outcomes still poor

Time taken to resolve tax disputes tends to be longer than expected

Revenue accounting reconciliation of taxpayer ledgers and in-transit items still a concern—'*suspense accounts*'

Interest in subnational TADATs—are the tax systems at this governance level sound?

Institutional risk arrangements and their impact on compliance risk management

Impact of human resource skill and capacity issues on good practice outcomes

Accuracy of reporting and third party data matching practices

Taxpayer ledger accounting and reconciliation of remittances to government accounts

Good voluntary compliance programs versus low taxpayers' compliance response