addis tax initiative

ATI Monitoring Brief 2016

ATI Commitment 2

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german cooperation
DEUTSCHE ZUSAMMENARBEIT

Imprint

The International Tax Compact (ITC) is an initiative that aims at enhancing domestic revenue mobilisation in partner countries, and to promote fair, efficient and transparent tax systems. The German Federal Ministry for Economic Cooperation and Development (BMZ) has launched the platform in 2009 and commissioned the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to facilitate the ITC Secretariat. Since April 2017, the European Union is supporting the ITC through a co-financing agreement. The Ministry of Foreign Affairs of the Netherlands (BZ) provides in-kind support. The Secretariat of the Addis Tax Initiative (ATI) is facilitated by the International Tax Compact (ITC).

Published by

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Design and Layout

Diamond Media GmbH, Neunkirchen-Seelscheid, Germany

Bonn, November 2018

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Monitoring Brief: ATI Commitment 2

This 2016 Monitoring Brief on Commitment 2 of the Addis Tax Initiative is the second of three 2016 ATI Monitoring Briefs, each of which is concerned with the monitoring of the fulfilment of one of the ATI commitments. The results presented are based on official data sources from the IMF, the World Bank Group, the World Economic Forum, PEFA as well as TADAT assessments, and on the replies from ATI partner countries to the 2016 ATI Monitoring Survey. For the publicly available DRM indicators, data from 2016 is taken into account so as to track the changes compared to the results from the 2015 Monitoring Report. The reference period for the reform progress in the respective partner countries is from 2016 onwards, the priorities and outlook on activities are for 2018/2019. The 2016 ATI Monitoring Brief on Commitment 1 can be found online.

For more information, please contact: secretariat@taxcompact.net.

Key Findings

The Addis Tax Initiative partner countries have embarked on efforts to ensure adequate domestic revenue to significantly spur development and growth. Despite having made convincing progress, many countries still face considerable gaps in having enough revenues to finance sustainable development. Key findings from the 2016 Monitoring Brief on Commitment 2 of the Addis Tax Initiatives include:

- **The average tax-to-GDP ratio** in 2016 was 15.3%. Fewer than half of the ATI partner countries have achieved a tax-to-GDP ratio above the 15% mark considered necessary to provide basic public services.
- **The revenue structure** among ATI partner countries is dominated by indirect taxes, such as taxes on goods and services, which contribute an average of 44.1% of total tax revenue. Direct taxes, including income taxes, account for 35.6% of total tax revenue.
- **Tax administration performance** is valued by the ATI partner countries as a means of enhancing revenue mobilisation. Most of the ATI partner countries use the Tax Administration Diagnostic Assessment Tool (TADAT) to systematically assess the strengths and weaknesses of the tax administrations systems. Out of the 23 ATI partner countries, 17 have concluded the TADAT assessment.
- **Priority areas** of the ATI partner countries aimed at enhancing revenue mobilisation include improving and simplifying revenue collection, improving tax compliance, building capacity to implement important international standards, frameworks and agreements such as the BEPS Inclusive Framework, and Automatic Exchange of Information.

Introduction

The Addis Tax Initiative (ATI) is a multi-stakeholder partnership of development partners and partner countries that aims to mobilise significant increases in domestic revenue and to improve the transparency, fairness, effectiveness and efficiency of tax systems in partner countries. Launched at the Third Financing for Development Conference in 2015, the Addis Tax Initiative provides a dynamic framework for action to enable partner countries to increasingly rely on domestic revenue to fund their development agendas and meet the Sustainable Development Goals (SDGs) by 2030. The signatories of the Addis Tax Initiative have agreed to three overarching commitments. First, the ATI development partners commit to collectively double technical cooperation in the area of domestic revenue mobilisation by 2020. Second, the ATI partner countries commit to step up the mobilisation of domestic revenue in order to spur development, in line with the Initiative's *key principles*. Third, all ATI signatories commit to promote and ensure policy coherence for development. The purpose of the ATI monitoring is to assess the progress of ATI members in reaching the three commitments against the baseline of 2015.

Figure 1: The Three ATI Commitments

Commitment 2 of the Addis Tax Initiative – "Enhancing Domestic Revenue Mobilisation so as to Spur Development" – focuses on the reform progress of the ATI partner countries. The monitoring of ATI Commitment 2 thus aims to track the developments in the area of domestic revenue mobilisation (DRM). Since there are various aspects of revenue mobilisation, a set of indicators is used to assess progress and to provide a comprehensive picture of DRM reform. Dimensions of domestic revenue mobilisation include overall revenue performance, transparency, effectiveness, efficiency in tax collection, taxpayer-friendliness and the impact of taxation on the business environment. Moreover, factors such as equity and fairness of the tax system play an important role in attaining the Sustainable Development Goals as stated in ATI Commitment 2[1].

This 2016 ATI Monitoring Brief on Commitment 2 first introduces ATI Commitment 2, lays out the methodology used and describes the data sources. Subsequently, each indicator is assessed for the ATI partner countries, an overview of the results is presented, and the developments since 2015 are described and evaluated, whenever possible. The Monitoring Brief is complemented with examples of good practices and lessons learnt from the ATI partner countries reported during the 2016 ATI Monitoring Survey. In the Annex of this Monitoring Brief, the individual country sections provide more detailed information on the ATI partner countries.

[1] Commitment 2 reads: "As participating partner countries, we hereby restate our commitment to step up domestic resource mobilisation in order to increase the means of implementation for attaining the Sustainable Development Goals and inclusive development".

ATI Commitment 2

The adoption of the Addis Tax Initiative in 2015 has put a spotlight on domestic revenue mobilisation, initiating international and regional reform. While many partner countries had already made considerable progress in strengthening their domestic revenue basis since the adoption of the Monterrey Consensus in 2002, the additional focus helped to strengthen political commitment and reform engagement of partner countries and development partners.

Nevertheless, additional domestic revenue is needed to finance the Sustainable Development Goals (SDGs). A variety of financing possibilities exist, but sustainable domestic revenue mobilisation will be a central piece of the financing equation for all partner countries. Since 2015, reform steps have been undertaken with the aim to increase capacity in tax administrations and to address a number of tax policy and administration issues. These issues include, but are not exclusive to: compliance problems in dealing with the hard-to-tax sector (e.g. agriculture, professionals or high net-worth individuals); reduced tariff revenues due to trade liberalisation, including regional integration; low taxpayer morale; and poor governance and shallow use of financial institutions, potentially a valuable source of tax-relevant information. The efforts to address these problems and to strengthen revenue agencies have already shown results. However, additional reforms are needed and the continuation and intensification of the commitment to increase revenue collection remains crucial.

Monitoring the efforts and results under ATI Commitment 2 is important in order to track the progress made and to contribute to peer learning through the dissemination of good practices. Furthermore, the monitoring aims to identify regional and topical trends in the area of domestic revenue mobilisation as well as providing an outlook on planned activities to foster effective coordination (see *Concept Note ATI Monitoring 2016*).

2016 Monitoring of ATI Commitment 2: Methodology

The ATI Monitoring Framework

Following its launch in 2015, the Addis Tax Initiative developed a *monitoring framework* to enable the tracking of progress made by partner countries and development partners in fulfilling their ATI commitments. The framework enables all ATI signatories with the chance to elaborate on their progress, contribute best practices and lessons learnt and provide an outlook on their future activities.

Reporting for the 2016 ATI Monitoring Brief

The reporting for the 2016 ATI Monitoring Brief follows closely last year's procedure of monitoring of ATI Commitment 2. Data from several indicators, which include different dimensions of domestic revenue collection and that are publicly available, has been collected. Where available, updated information is considered and major findings from the 2015 ATI Monitoring Report are taken up. Furthermore, qualitative information is collected in a monitoring survey inviting partner countries to share case studies on their successful reform efforts and good practices, thus enabling others to benefit from their experiences. These contributions serve to illustrate the findings in the monitoring brief and will be presented in the country sections of this Brief as well as online in the *DRM Database*.

Twelve out of the 23 ATI partner countries replied to the 2016 ATI monitoring survey. Nevertheless, all 23 partner countries will be included in the analysis of DRM-relevant indicators used for the monitoring of ATI Commitment 2 and will have a country section that is based on publicly available DRM indicators.

Data sources

The 2016 ATI Monitoring Brief on Commitment 2 relies on the following publicly available data sources:

- *IMF Government Finance Statistics (GFS)*
- *IMF Article IV Consultation Reports*
- World Bank Doing Business Reports *(2016; 2017)*
- Global Competitiveness Reports *(2015-2016; 2016-2017)*
- *Public Expenditure and Financial Accountability (PEFA) database*
- *Tax Administration Diagnostic Assessment Tool (TADAT) (where applicable and accessible)*

The indicators used from these sources are the following:

- Tax-to-GDP ratio
- Revenue structure and composition
- Tax administration performance
  (based on PEFA and TADAT assessments)
- Taxation and the business environment
  (based on Doing Business and Global Competitiveness Report)

The indicators were chosen in order to provide a snapshot of the tax system and the tax administration performance in each partner country. Future monitoring briefs will cover a broader range of indicators and metrics in order to provide a more comprehensive picture of DRM performance and progress.

Key Findings

In the following sections, summary findings regarding ATI Commitment 2 are presented. The results described here are mostly on an aggregate level and provide a general picture of domestic revenue mobilisation in ATI partner countries. For more detailed information please refer to the individual country sections at the end of this Brief.

Country Characteristics

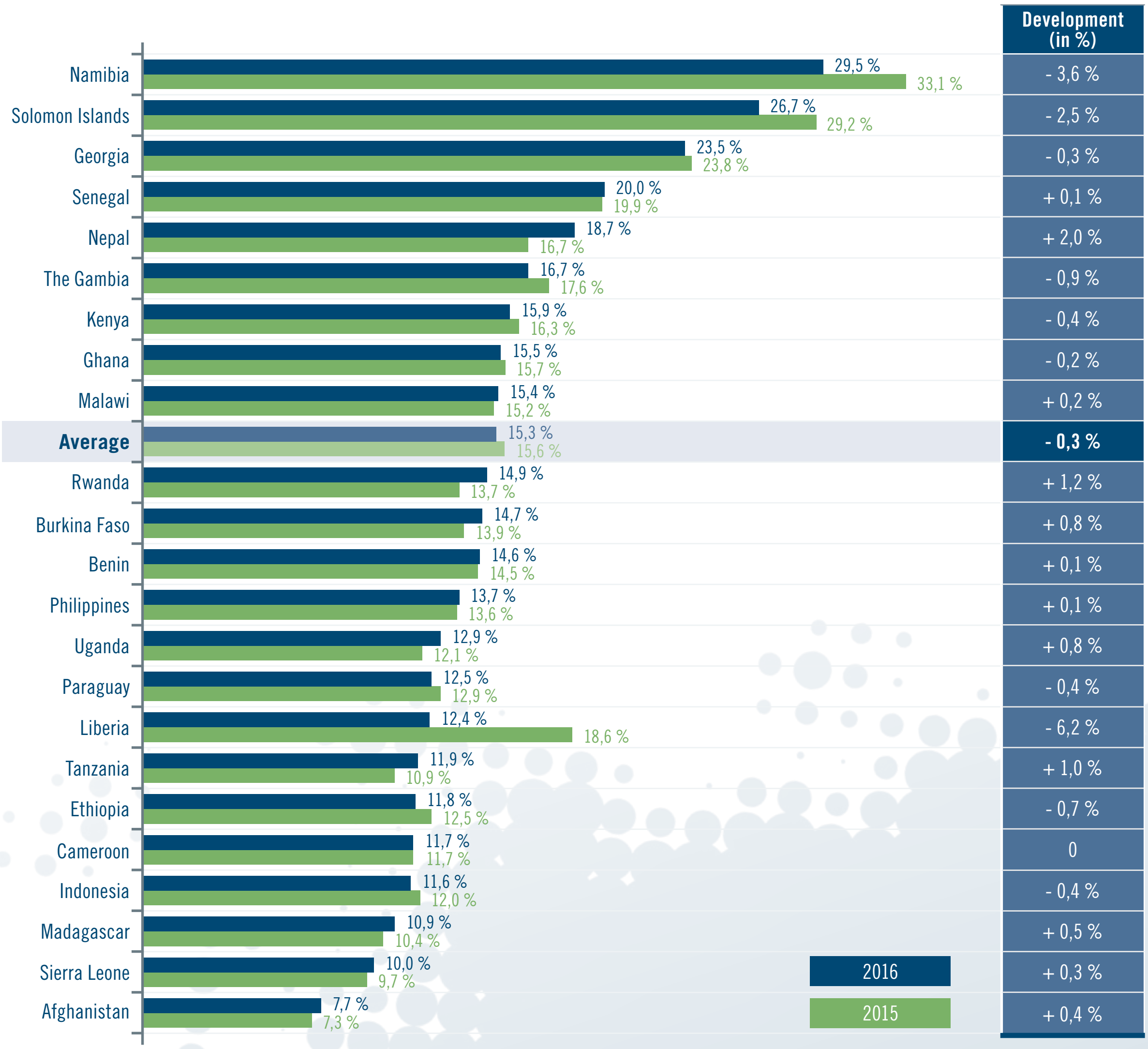
a. Tax-to-GDP Ratios

The average tax-to-GDP ratio in ATI partner countries is 15.3%, which is slightly above the 15% that are deemed necessary to ensure sustainable growth (see Long & Miller 2017 for a short overview, Gaspar et al. 2016 for an estimation of the "tipping point"). Among the ATI partner countries, 14 countries fall below the 15% threshold and only 4 out of 23 countries have a tax-to-GDP ratio of 20% or above.

15.3 %
Average tax-to-GDP ratio in ATI partner countries

For 12 of the ATI partner countries, the tax-to-GDP ratio in 2016 shows an increase compared to 2015. The largest increase is observed in Nepal – where the tax-to-GDP ratio rose from 16.7 to 18.7% – while several other countries experienced more modest increases. The tax-to-GDP ratio declined for ten of the ATI partner countries – the largest decline being observed in Namibia.

In the case of Liberia, the large decline (-6.2 percentage points) is due to a revision of the GDP estimates (see footnote Table 1). The Liberian example shows that without further background information, the developments of tax-to-GDP ratios cannot be analysed appropriately: There might have been a strong decline in tax revenue due to various reasons while GDP has remained unchanged, or a rise in GDP has not been accompanied by a comparable increase in tax revenue. The underlying issues of the tax system might vary considerably and hence, possible approaches to address the issues would differ as well. In the country section of this ATI Monitoring Brief, the development of the tax-to-GDP ratio of partner countries is shown over a longer time period.



NOTE

The data stems from the IMF Government Finance Statistics and the IMF Article IV Consultation Reports. The 2016 ATI Monitoring Brief covers revenue from four core tax sources of ATI members (i.e. taxes on incomes, profits and capital gains; taxes on goods and services; taxes on international trade and transactions; other taxes). Revenue from social security contributions, which are sometimes part of the tax-to-GDP ratio, is not included.

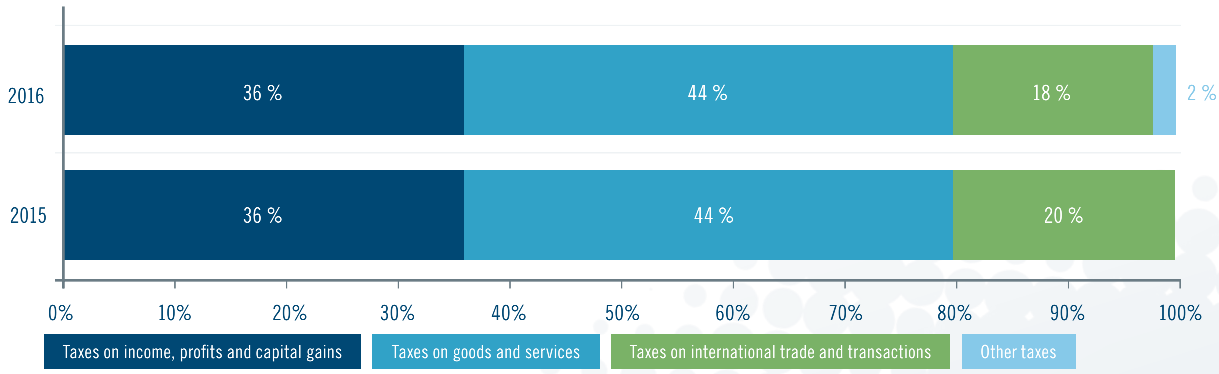
* For Liberia, the 2015 data is from the 2016 Article IV Consultation while the 2016 data stems from the 2018 Article IV Consultation. Due to a revision of the GDP estimates, the value for 2016 is considerably lower.

Figure 2: Development of Tax-to-GDP Ratios in the ATI Partner Countries (2015-2016, % of GDP)

b. Revenue Structures

Figure 3 displays the average revenue structure of the ATI partner countries in 2016 and the values for 2015 for comparison. The tax sources considered (see Box 2) are: taxes on goods and services which are mainly Value Added Taxes (VAT) or other sales or excise taxes; taxes on income, profits, and capital; and taxes on international trade and transactions, including tariffs. Other taxes is an unspecified category in the data that only accounts for a minor share of total tax revenue. Revenue from social security contributions are left out. Property taxes were not considered, for two reasons: first, data on this category is not available for many ATI partner countries (the category does not exist in the IMF Article IV Consultation data), and secondly, their share appears to be negligible for those ATI partner countries for which data is available.

Slightly more than a third of total tax revenue (35.6%) in ATI partner countries are direct taxes such as taxes on income, profits and capital gains. 44.1 % of the revenue comes from taxes on goods and services – direct taxes that in general are relatively easy to administer. However, high consumption taxes might affect inequality in a way that is not desired by the government. While the share of direct and indirect taxes has remained the same in ATI partner countries, the share of taxes on international trade and transactions has slightly declined since 2015. The individual revenue composition in ATI partner countries can be found in the country section.



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The data stems from the IMF Government Finance Statistics and the IMF Article IV Consultation Reports. The 2016 ATI Monitoring Brief covers revenue from four core tax sources of ATI members (i.e. taxes on incomes, profits and capital gains; taxes on goods and services; taxes on international trade and transactions; other taxes). Revenue from social security contributions, which are sometimes part of the tax-to-GDP ratio, is not included.

These are average values from 20 ATI partner countries; three countries (Benin, Liberia, Kenya) were excluded from the analysis due to data limitations.

Figure 3: Revenue Composition in ATI Partner Countries (2015 & 2016, % of Tax Revenue)

In order to put these numbers in a broader context, we also look at the same shares for the ATI development partner countries in 2016[2]. The picture differs especially regarding taxes on international trade and transactions, which for development partners are negligible, at 0.4% of total revenue. In further contrast with ATI partner countries, direct and indirect taxes account for roughly equal shares (46.0% for direct taxes and 47.8% for indirect taxes). This constitutes the second remarkable difference compared to ATI

[2] Data stems from the IMF Government Finance Statistics and the IMF Article IV Consultation Reports. The ATI Monitoring covers revenue from four core tax sources of ATI members (i.e. taxes on incomes, profits and capital gains; taxes on goods and services; taxes on international trade and transactions; other taxes). Revenue from social security contributions, which are sometimes part of the tax-to-GDP ratio, is not included. These are average values from 17 ATI development partner countries; two countries (Canada and Korea) were excluded from the analysis due to data limitations.

partner countries: the share of direct taxes is 10 percentage points higher for the ATI development partners. No considerable changes in the revenue structure were observed between 2015 and 2016.

Tax Administration Performance

a. TADAT Assessments

The Tax Administration Diagnostic Assessment Tool (TADAT) is a tool used to assess the strengths and weaknesses of partner countries' tax administration. TADAT assesses the performance of a country's tax administration system by reference to nine outcome areas (see Figure 4). TADAT assessments can help identify areas where reform and capacity building efforts will be most effective. Moreover, if repeated intermittently – for instance, every three or four years – TADAT assessments can provide an objective picture of a country's progress in strengthening the tax administration system.

This is what makes TADAT assessments relevant for the monitoring of ATI Commitment 2. So far, 17 out of the 23 ATI partner countries have completed a TADAT assessment (see Table 1). Afghanistan has not yet undergone a formal TADAT assessment but has nevertheless embedded the TADAT methodology in its national DRM strategy (see Box 3). Since the 2015 ATI Monitoring report, two ATI partner countries, Burkina Faso and The Gambia, have completed their TADAT assessments. There have not yet been repeat assessments in any of the ATI partner countries, although at least one country (Uganda) has indicated plans to conduct a second assessment in 2019.

Figure 4: TADAT Performance Outcome Areas

Tax Administration Diagnostic Assessment Tool (TADAT)

TADAT is an objective and evidence-based tool to assess the relative strengths and weaknesses of partner countries' tax administration systems. TADAT can be regarded as the "revenue complement" to the Public Expenditure and Financial Accountability (PEFA) framework, which assesses the overall status of financial management (see below). TADAT assessments are centered on nine so-called Performance Outcome Areas, which cover all core tax administration functions.

The Addis Tax Initiative is encouraging partner countries to conduct TADAT assessments and to publish the results. Partner countries can approach the International Tax Compact (ITC) for assistance with finding assessors and/or required funding for the assessment.

ATI Partner country	TADAT assessment
Burkina Faso	November 2017
Cameroon	April 2017
Ethiopia	April 2016
The Gambia	April 2018
Georgia	May 2016
Ghana	May 2017
Kenya	November 2016
Liberia	June 2016

ATI Partner country	TADAT assessment
Madagascar	June 2015
Malawi	May 2015
Namibia	May 2016
Paraguay	November 2014
Philippines	December 2015
Rwanda	August 2015
Sierra Leone	August 2016
Tanzania	February 2016
Uganda	August 2015 & 2018-2019 (tbd)

Table 1: Overview of Partner Countries' Conducted and Planned TADAT Assessments

Box 1: Embedding of TADAT methodology in Afghanistan

Even though Afghanistan has not yet gone through a TADAT assessment, the Afghanistan Revenue Department (ARD) decided to embed the TADAT methodology in its five-year strategic plan. The aim was to align the tax administration's reforms with international good practices.

Consequently, the ARD performed a TADAT self-assessment, and the results were presented to the Senior Management Team. Trainings were conducted for senior and mid-Level ARD employees. In addition, the TADAT "Wagon Wheel" was translated into the local language (Dari), printed in poster size, framed and strategically placed throughout the Revenue Department's offices to emphasize the most critical elements expected from staff members to ensure an effective and efficient tax administration operation.

The objective was to introduce TADAT to all managers and front-line staff to ensure everyone understood the requirements for an effective and efficient tax administration. This would serve to secure the buy-in and ownership for the efforts required to improve operations. To help facilitate the process, TADAT training materials were also translated into the local language.

b. PEFA Assessments

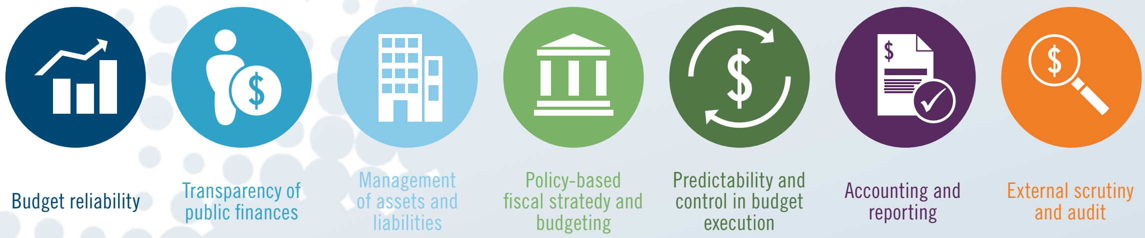
The Public Expenditure and Financial Accountability (PEFA) Assessment is a comprehensive tool used to assess the overall status of a country's public financial management system (including budgeting, public procurement, expenditure, and financial transparency and accountability). The PEFA framework uses a broad range of indicators that incorporates DRM-related indicators such as the accountability of revenue collection and the efficiency and effectiveness of revenue collection in general.

The PEFA framework aims to provide an evidence-based assessment of Public Financial Management (PFM) performance and relies on an objective and transparent scoring methodology. Information provided by the PEFA reports should contribute to a dialogue on systems reform. Finally, since PEFA assessments are conducted regularly, it is, in principle, possible to monitor progress over time. Furthermore, the majority of PEFA assessments are publicly available.

However, the PEFA framework was revised in 2016, resulting in changes in some of the performance indicators[3], including those covering aspects of domestic revenue mobilisation. Consequently, the DRM-related aspects of PEFA are no longer readily comparable over time.

The below analysis focuses on DRM-related indicators found in the PEFA 2016 framework: specifically, Performance Indicator 19 (PI-19), "Revenue Administration" and PI-20, "Accounting for Revenue." Each performance indicator consists of several sub-indicators (see Box 2 below) that are aggregated to obtain a main score. This ATI Monitoring Brief only looks at the aggregate score and, therefore, the following results should be viewed as an overview of the ATI partner countries' performance according to the PEFA Assessments.

The Seven Pillars of PFM Performance



The results below are based on the PEFA Assessments for nine ATI partner countries with the 2016 framework, using the indicators P-19, Revenue Administration, and P-20, Accounting for Revenue. Both indicators belong to Pillar 5 of the PEFA Framework *Predictability and control in budget execution*.

[3] While some indicators are directly comparable for the two frameworks, others are not. See the document *PEFA 2016 vs. PEFA 2011* for the single indicators.

Box 2: PEFA Indicators

PI-19: Revenue Administration.

Generally speaking, this indicator relates to overall revenue administration and may thus include tax administration, customs administration, and social security contribution administration. It assesses all core areas of revenue administration that are also covered by the 2011 PEFA Framework (transparency of legal rights and obligations, risk management, audit and investigation, monitoring of arrears). It also covers agencies administering revenues from other significant sources such as natural resources extraction.

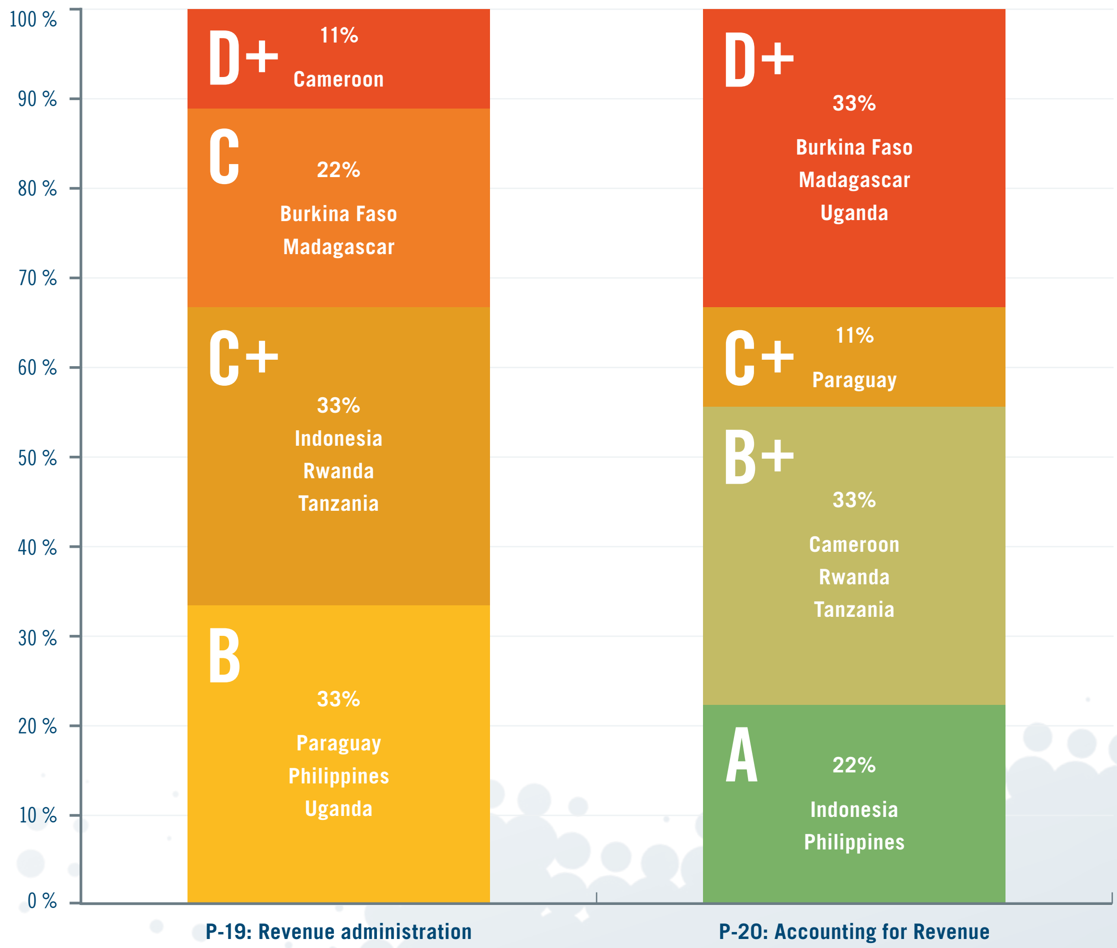
PI-20: Accounting for Revenue.

Indicator PI-20 measures the extent to which revenue collections are recorded and reported by a central ministry (or a comparable institution), the extent to which collected revenue is consolidated, and the reconciliation of accounts. It covers both tax and nontax revenues collected by the central government.

PEFA Assessments conducted prior to 2016, and hence with the old framework, were already analysed in the 2015 Monitoring Report and are hence not included again in this brief. As mentioned above, the two indicators that cover aspects of the tax system (P-19 and P-20) are not directly comparable to the indicators in the old framework and an analysis of the developments over time is therefore left out.

NOTE
All indicators and dimensions in the PEFA Assessments are scored using an ordinal scale ranging from A (internationally-recognized level of good performance) to D (performance is below basic level).

In Figure 5 the distribution of the PEFA scores is displayed for the nine ATI partner countries that have completed a PEFA assessment with the 2016 framework. For indicator P-19, Revenue Administration, roughly 90% of the countries have scores between B and C in the middle of the range of the score. P-20 on the other hand, Accounting for Revenue, shows very good results for half of the countries but also several D+ scores. Hence, the differences between the assessed partner countries are more pronounced with regard to P-20, which looks at the reporting and recording of revenue collection.



NOTE
Based on the results of 9 ATI partner countries: Burkina Faso, Cameroon, Indonesia, Madagascar, Rwanda, Paraguay, Philippines, Tanzania, Uganda

Figure 5: Distribution of PEFA Scores (2016 Framework, P-19, P-20)

Partner countries	Year	P-19: Revenue administration	P-20: Accounting for Revenue
Burkina Faso	2017	C	D+
Cameroon	2017	D+	B+
Indonesia	2017	C+	A
Madagascar	2018	C	D+
Paraguay	2016	B	C+
Philippines	2016	B	A
Rwanda	2017	C+	B+
Tanzania	2017	C+	B+
Uganda	2017	B	D+

Taxation and the Business Environment

The tax system and the revenue administration directly affect the business environment in a country. When complex and non-transparent tax systems make it time-consuming and difficult to fully comply with tax obligations, the costs of tax compliance, and the incentives to evade taxes rise especially for small and medium-sized firms. Furthermore, informal companies have even fewer incentives to formalise, given the burden and uncertainty tax compliance brings for them. From an international perspective, legal uncertainty in taxation creates a risk of discouraging investment. According to a recent update of an IMF & OECD report, tax uncertainty for businesses primarily originates from “uncertain tax administration practices, inconsistent approaches of different tax authorities in applying international tax standards, and issues associated with dispute resolution mechanisms” (IMF & OECD 2018, p. 5). The report moreover highlights the important role tax certainty plays for tax administrations in developing countries.

The 2016 ATI Monitoring Brief looks at two data sources assessing the effect of taxation on the business environment: specifically, the World Bank’s Doing Business Report, and the Global Competitiveness Report compiled by the World Economic Forum. As outlined in Box 3 below, the indicators in those two reports cover several dimensions of business taxation in partner countries. Each relies on a transparent scoring methodology and both are published annually, which allows for observation of changes over time. Additionally, these sources have almost full data coverage for the ATI partner countries; the only exception is the absence of Global Competitiveness Report data for Afghanistan, Burkina Faso and the Solomon Islands.

However, it has to be noted that especially the Doing Business Report has again come under scrutiny recently and has been criticised strongly by civil society organisations for its scoring system (i.e. Oxfam America 2018, Inequality.org 2018). Among the ATI members as well, there is an ongoing discussion about whether this indicator is suitable to assess improvements with regard to domestic revenue mobilisation. Within the review process for the monitoring of ATI Commitment 2, the ATI Consultative Group 2 will therefore take into account this discussion while looking at possible indicators to evaluate and monitor ATI Commitment 2. Until then, the methodology adopted in 2015 will be used, keeping in mind the advantages and drawbacks of the different data sources used.

Box 4: Business Environment Indicators

World Bank Doing Business, Ease of Paying Taxes

The World Bank Doing Business Project provides an assessment of a country's business environment based on several measurements. These measurements are related to business regulation, including the ease of paying taxes.

The assessment of business taxation is based on four indicators (World Bank 2018):

- **Tax payments** for a manufacturing company in 2016 (number per year adjusted for electronic and joint filing and payment)
- **Time required to comply** with three major taxes (hours per year)
- **Total tax and contribution rate** (% of profits before all taxes and contributions)
- **Postfiling Index**, which is composed of: Compliance time of VAT refund process, time to receive VAT refund, compliance time of correcting an error in the tax return, time to complete a corporate income tax audit

This ATI Monitoring Brief relies on the World Bank Doing Business Reports 2016 (for the year 2015) and 2017 (for 2016).

Global Competitiveness Report (GCR)

The Global Competitiveness Report (GCR) is published every year by the World Economic Forum and aims to measure national competitiveness, defined as the set of institutions, policies and factors that determine the level of productivity (GCR 2016-2017, p. 4). Twelve different pillars, categorized under three sub-indices, are used to assess different aspects of the economy.

In the ATI Monitoring Brief, two indicators that are related to DRM are taken into account:

- **6.04: Effect of Taxation on incentives to invest** (Pillar 6: Goods market efficiency, flexibility)
- **7.05: Effect of taxation on incentives to work** (Pillar 7: Labour market efficiency, flexibility

This ATI Monitoring Brief relies on the Reports 2015-2016 (as the baseline of ATI Monitoring 2015) and 2016-2017 for the year 2016, respectively.

As the results vary substantially between the ATI partner countries, it is hard to draw any overall conclusions for the purpose of the ATI monitoring. Looking at Table 2 below, Doing Business 2016 indicates that a hypothetical, medium-sized domestic firm in an ATI partner country has to pay taxes three times as often as a comparable firm in an OECD country does. The average number of *tax payments per year* among ATI partner countries is 34.6, while the OECD average is 10.9. Only Georgia is well below the OECD average with just five payments per year. Of the 23 ATI partner countries, three – namely Indonesia, the Philippines and The Gambia – saw reductions in the number of payments indicator compared to 2015 (marked green in Table 2). For three countries – Kenya, Rwanda and Tanzania – the number of payments was actually higher in 2016 than the year prior (marked red in Table 2). The remaining 17 ATI partner countries show unchanged values.

34.6
Average tax payments per year in ATI partner countries

It also takes considerably longer to handle all these tax payments, and generally comply with tax laws, in the ATI partner countries than it does in the OECD. On average, businesses in the ATI partner countries spend 263.8 hours per year to comply with the law and hence bear considerable compliance costs. In the OECD, businesses spend on average 100 hours less on this process. High costs of compliance might keep small, informal enterprises from entering into the formal economy. For formalised firms, high compliance costs might create incentives to evade taxes.

Compared to 2015, six ATI partner countries saw an improvement in the *time to comply* indicator while five countries saw a deterioration. Noteworthy are the achievements of Georgia where time to comply decreased by 92 hours – roughly 2.5 weeks of work – and Senegal, where time to comply decreased by 179 hours – equivalent to about 4.5 weeks.

263.8 hours
(~ 6.5 weeks)
Average time to comply in ATI partner countries

The average *total tax rate* in the ATI partner countries is 38.12%, which is slightly below the OECD average of 40.9%. In comparison to 2015, the average rate is almost equal, reflecting the fact that the majority of the ATI partner countries did not see a change in total tax rate. Moreover, five countries noted an increase while for six countries a decrease was observed (see Table 2). It is important to note that the setting of tax rates, and the level of the tax burden, involve policy choices unique to each country. Nevertheless, very high rates might provide incentives for businesses to evade or, for informal businesses, not to enter the formal economy, and a reduction from a very high starting point might thus be seen as desirable. If countries with already low tax rates lower them further, competing with other countries to attract foreign investment, there is a risk that overall revenue mobilisation is negatively affected by this so-called race to the bottom. A more thorough country-level analysis would therefore be required. As a result, the changes of the indicator *total tax rate* in Table 2 are not marked red or green.

The *Postfiling index* evaluates two processes that generally take place after a company has filed a tax return: claiming a VAT refund and correcting a corporate income tax (CIT) return. The index is made up of the following elements which are converted to the index score using the World Bank's Distance to Frontier methodology: (1) the time to prepare and submit any information supporting a VAT refund claim, (2) the time that elapses before receiving a VAT refund, (3) the time to voluntarily correct an inadvertent error in a CIT return, and (4) the time that elapses until the end of any interactions with the tax authorities triggered by the CIT correction (World Bank 2018). The Postfiling index therefore tries to capture key aspects of the work associated with tax compliance that comes after taxes have been filed and paid.

The index ranges from 0 to 100, with 100 being the maximum score. The ATI partner countries have, on average, a score of 61.06, compared to the OECD average of 85.1 (World Bank 2017b). There is considerable variation among the ATI partner countries. Afghanistan, for instance, has the lowest Postfiling index score of all the countries surveyed (0.45) while the Solomon Islands has obtained the highest value overall (99.1). Consequently, the standard deviation among ATI partner countries, at 27.10, is relatively high.

	Doing Business, Ease of paying taxes 2016, values from 2015 in parentheses				Global Competitiveness Report 2016, values for 2015 in parentheses	
Partner country	**Tax payments** (number/ year)	**Time to comply with major taxes** (hours/year)	**Total tax rate** (% of profits before all taxes)	**Postfiling Index** (Scale 0-100)	**Effect of taxation on incentive to work**	**Effect of taxation on incentive to invest**
Ø ATI partner countries	34.6 (35.1)	263.8 (275.7)	38.12 (38)	61.06	4.11 (4.0)	3.69 (3.63)
Afghanistan	20 (20)	275 (275)	48.3 (36.3)	0.45	n.a.	n.a.
Benin	57 (57)	270 (270)	57.4 (63.3)	48.9	3.8 (4)	2.7 (2.5)
Burkina Faso	45 (45)	270 (270)	41.3 (41.3)	48.9	n.a.	n.a.
Cameroon	44 (44)	630 (630)	57.7 (48.8)	48.4	4.4 (4.1)	3.2 (3.2)
Ethiopia	30 (30)	306 (306)	38.6 (32.1)	90.6	4.2 (3.7)	3.9 (3.6)
Georgia	5 (5)	270 (362)	16.4 (16.4)	87.2	5.2 (4.8)	5.1 (4.8)
Ghana	33 (33)	224 (224)	32.7 (32.7)	37.9	4.2 (4.3)	3.4 (3.8)
Indonesia	43 (54)	221 (234)	30.6 (29.7)	76.5	4.2 (4.0)	4.1 (4.1)
Kenya	31 (30)	195.5 (201.5)	37.4 (37.1)	32.1	3.9 (3.7)	3.6 (3.6)
Liberia	33 (33)	139.5 (139.5)	45.9 (47.8)	96.8	3.7 (4.0)	4.2 (3.9)
Madagascar	23 (23)	181 (181)	38.1 (38.1)	30.21	4 (3.5)	3.3 (3.1)
Malawi	35 (35)	177.5 (174.5)	34.5 (34.5)	63.4	3.6 (3.4)	2.9 (2.8)
Namibia	27 (27)	302 (302)	20.7 (21.3)	79	4.4 (4.3)	4.2 (4.1)
Nepal	34 (34)	339 (334)	29.5 (29.5)	33.5	3.9 (3.8)	3.9 (3.6)
Paraguay	20 (20)	378 (378)	35 (35)	10.2	4.5 (4.4)	5.2 (5.0)
Philippines	28 (36)	185.6 (193)	42.9 (42.9)	49.8	4.2 (4.0)	3.3 (3.6)
Rwanda	29 (25)	124 (109)	33 (33)	83.3	5.2 (4.9)	4.2 (4.1)
Senegal	58 (58)	441 (620)	45.1 (47.3)	54.3	4.4 (4.0)	3.4 (3.5)
Sierra Leone	34 (34)	343 (344)	31 (31)	94.5	3.7 (3.7)	3.4 (3.4)
Solomon Islands	34 (34)	80 (80)	32 (32)	99.1	n.a.	n.a.
Tanzania	53 (49)	195 (179)	43.9 (43.9)	47.9	3.1 (3.1)	3.2 (3.2)
The Gambia	49 (50)	326 (326)	51.3 (63.3)	48.43	3.9 (4.8)	3.6 (3.4)
Uganda	31 (31)	195 (209)	33.5 (36.5)	78.4	3.7 (3.6)	3 .0 (3.2)

NOTE
A green marking indicates an improvement in the indicator, while red means a deterioration compared to the previous year. The Doing Business data for year 2016 is from the Doing Business Report 2017 (World Bank 2017), data for 2015 from the Doing Business Report 2016 (World Bank 2016). The Global Competitiveness indicators for 2016 are from the Global Competitiveness Report 2016-2017 (GCR 2016-2017), values for 2015 are from the Global Competitiveness Report 2015-2016 (GCR 2015-2016). The Postfiling index is presented on a scale from 0 to 100, with 100 being the maximum value. The two indicators from the Global Competitiveness Report range from 1 to 7, with 7 as the maximum score. In the World Bank Doing Business Report 2016, the data on the Postfiling Index is not available.

Table 2: Taxation and the Business Environment: Indicators

Two indicators from the Global Competitiveness Report are taken into consideration for this ATI Monitoring Brief. *Effect of taxation on incentive to work* and *Effect of taxation on incentive to invest* (see 5). Both indicators range from 1 to 7, with 7 as the maximum score.

4.11
Effect of taxation on incentive to work

Looking at the results of the Global Competitiveness Report it is noted that the ATI partner countries are on average slightly above the theoretical mid-point of the 7-point scale. The average value of the indicator *Effect of taxation on incentive to work* is 4.11, while the average value for the indicator *Effect of taxation on incentive to invest* is 3.69. Compared to 2015, this represents a small increase for both scores. Almost all ATI partner countries for which there is data in the Global Competitiveness Report (17 of 20) could improve their scoring on at least one indicator. Two countries – Sierra Leone and Tanzania – saw no change in these indicators and only Ghana has slightly lower values for both indicators compared to the year before. The absolute changes range from 0.1 to 0.9 points on the 7-point scale.

3.69
Effect of taxation on incentive to invest

The Global Competitiveness Report ranks all countries according to their scoring. In order to maintain the readability of the report, the individual ranking of the ATI partner countries is not included in this section. Detailed information can be found in the individual country sections. This also holds for the overall ranking of the ATI partner countries based on the Doing Business Database.

Challenges and Priorities of the ATI Partner Countries

As part of the 2016 ATI Monitoring Survey, the ATI partner countries were invited to provide information on their challenges and priorities with regard to domestic revenue mobilisation. While the individual country sections show the details on reform priorities and challenges for each ATI partner country, this section aims to summarise the common themes emanating from the survey. Twelve out of twenty-three ATI partner countries have responded to the survey – it has thus to be kept in mind, that this overview is not exhaustive and does not represent all ATI partner countries. For the discussion, the results from the survey have been grouped into topics concerning domestic taxation and topics concerning international taxation.

a. Domestic Taxation

The ATI partner countries are a heterogeneous group of countries, thus facing different challenges and working on a diverse range of issues related to domestic revenue mobilisation. There are still some topics with respect to domestic taxation which pose a general challenge for those ATI partner countries that responded to the survey. All of the respondents mentioned to have worked intensively on improvement and simplification regarding revenue collection, as well as introducing and improving digital tools for filing and payment for various groups of taxpayers. These efforts are often accompanied by enhancements in service provision, such as taxpayer call centres or SMS reminders for filing and payment deadlines. And improving tax administration continues to be a priority that is shared by the respondents. Strengthening the value added tax (VAT) has in addition been mentioned by five partner countries as a priority; this includes measures to improve the administration of VAT refunds, broaden the tax base as well as efforts to increase the formalisation in certain sectors. A priority mentioned by half of the respondents is to improve the auditing processes, including the introduction of risk-based auditing tools. The ATI partner countries that provided information on their priorities then also named challenges regarding legislation, for instance with respect to excise taxes, informal sector taxation or taxation of extractive industries. Figure 6 below shows the topics regarding domestic taxation mentioned most often in the survey.

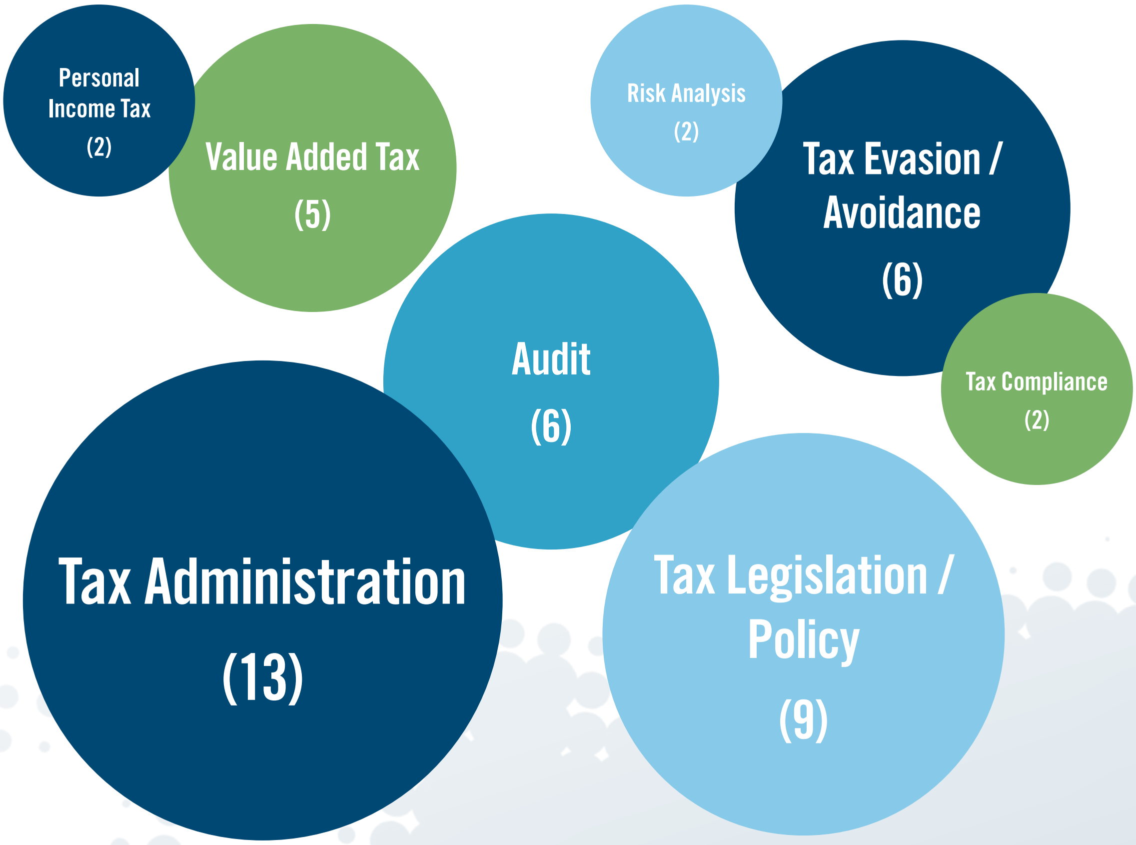


Figure 6: Priorities of ATI Partner Countries Regarding Domestic Taxation (# of times mentioned as priority in the survey)

b. International Taxation

Liberia signed the Convention on Mutual Administrative Assistance in 2018

The ATI partner countries are – due to their differences in general – also in different phases with regard to international taxation and thus named a variety of challenges and priorities in this area.

Efforts have been undertaken regarding the various standards in international taxation: Liberia for instance has been peer-reviewed with regard to country-by-country reporting, the Multilateral Instrument on the negotiation of tax treaties, and Action Point 5 of BEPS (Harmful Tax Practices) and deemed qualified for the next round of review. Moreover, Liberia signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

Out of the 23 ATI partner countries, ten are members of the BEPS Inclusive Framework (OECD 2018). This number has not changed since the 2015 ATI Monitoring Report. Priorities mentioned with regard to BEPS include implementation of the BEPS minimum standards. Malawi, which is not yet a member of the Inclusive Framework, reports that it is planning to conduct a study assessing its readiness for BEPS.

Automatic Exchange of Information (AEoI) was also mentioned several times as a priority for the ATI partner countries. Activities planned here include conducting pilot phases, enhancing capacity building within tax administration, and enacting the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, and within it the Multilateral Competent Authority Agreement (MCAA) to facilitate the automatic exchange of information.

Building capacities with regard to transfer pricing is an additional important issue for the countries responding to the survey. Moreover, negotiation and renegotiation of tax treaties was mentioned three times. Countering tax evasion and avoidance is important to the ATI partner countries in both the domestic as well as in the international context.

In Figure 7 below, the topics mentioned frequently as priorities in the area of international taxation are illustrated. Information about the activities planned in the respective ATI partner countries can be found in the country section of this Monitoring Brief.

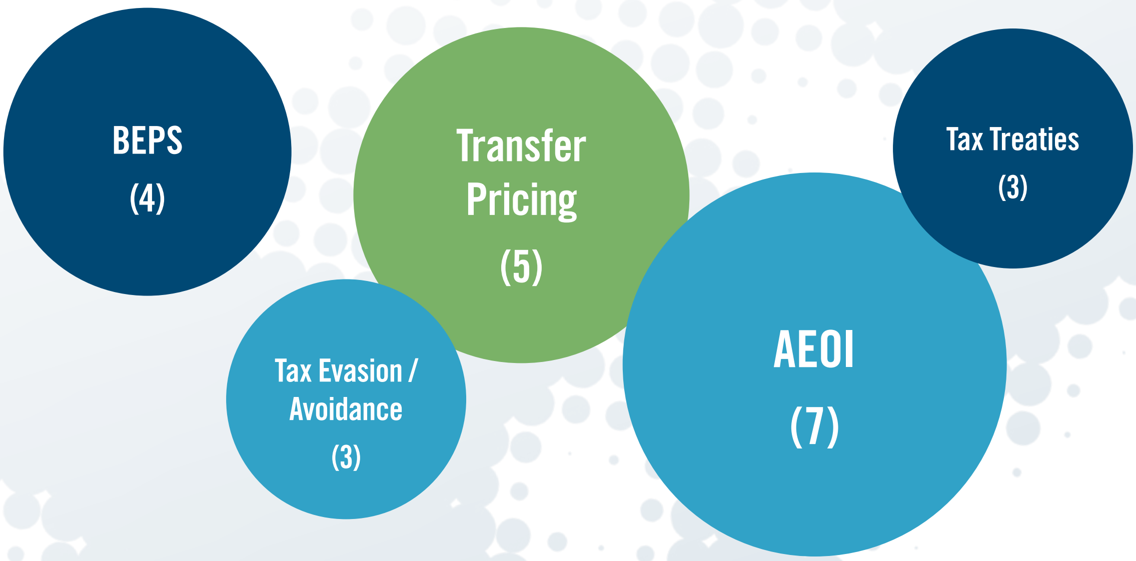


Figure 7: Priorities of ATI Partner Countries Regarding International Taxation (# of times mentioned as a priority in the survey)

Conclusion

With their priorities geared towards strengthening domestic revenue mobilisation, the ATI partner countries continue to work on their ATI Commitment 2. Countries have seen notable progress in some areas, while in others, reforms are still in the planning or implementation phase. This is reflected in the indicators used in this report to assess progress with respect to ATI Commitment 2, which show positive developments for many ATI partner countries but also stagnation or backsliding for others. The results are therefore mixed and will require further monitoring and scrutiny.

The ATI partner countries' replies to the 2016 ATI Monitoring Survey have highlighted recent steps undertaken to improve tax administration, adapt tax legislation and tackle issues that impede progress in the area of domestic revenue mobilisation. The priorities of the ATI partner countries, therefore, also focus on the challenges that remain. Improvements in tax administration remain a priority for all respondents: reforms in tax legislation and policy and increasing audit capacities will be crucial for DRM reform. With regard to cross-border issues, such as illicit financial flows or tax evasion and avoidance, capacity building will also be crucial in order to make use of AEoI or to deal with transfer pricing issues.

In summary, the efforts undertaken by the ATI partner countries show a strong commitment to step up DRM and, while it may take considerable time to see sustainable results, momentum is building and the future looks bright.

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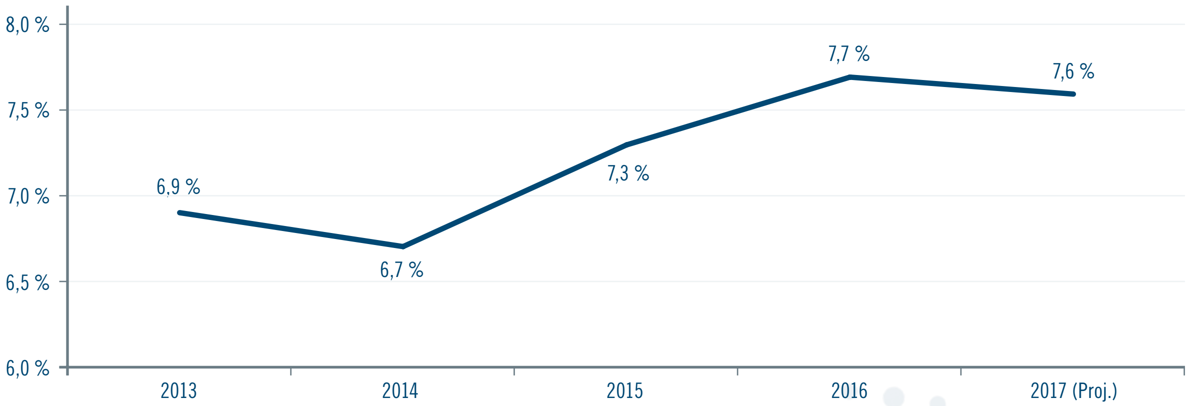
Country Sections

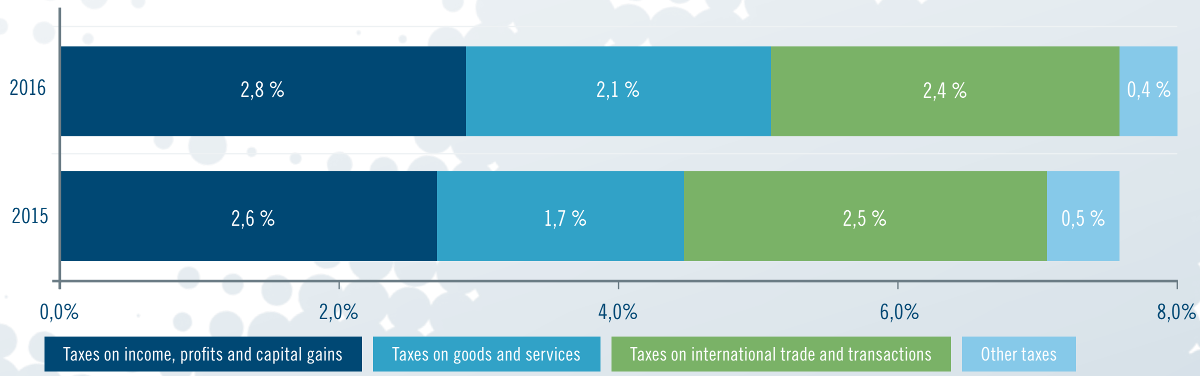
Afghanistan

Tax revenues (% of GDP) (2013-2016)



Source: IMF 2015 Article IV Consultation Report (2013-2014), IMF 2017 Article IV Consultation Report (2015-2017)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Source: IMF 2017 Article IV Consultation Report

Public Expenditure and Financial Accounting

2013

C+	Transparency of taxpayer obligations and liabilities
C+	Effectiveness of measures for taxpayer registration and tax assessment
NR	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
20 (20)	275 (275)	48.3 (36.3)	0.45 (na)

Overall ranking: 163 / 190 (89 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

RECENT REFORM STEPS

Administrative Reforms

To ensure that functions and initiatives are in line with international good practises, the Afghanistan Revenue Department embarked on a reform initiative to embed the TADAT methodology into their five-year strategic plan. This was done through:

- **TADAT Self-Assessment**: Carried-out and the results were presented to the Senior Management Team. A Senior Management Compliance Committee, chaired by the Director General, was established. Bi-monthly meetings are held to ensure efforts remain on track.
- **Trainings**: Conducted training for senior level and mid-levels managers, TADAT training materials were also translated into the local language to help facilitate ease in understanding the reform. The objective was to introduce TADAT to all managers and front-line staff to ensure everyone understood requirements for an effective and efficient tax administration. This would serve to secure buy-in and ownership for the efforts required in improving their tax administration.
- **TADAT "Wagon Wheel"**: This was translated into the local language (Dari), printed in poster size, framed and strategically placed throughout ARD's offices to emphasise the most critical elements expected from staff members to ensure an effective and efficient tax administration operation.

Tax Policy Reforms

- **VAT Law:** Guides, Manual and other preparations are in the finalisation process.
- **Tax Administration Law (TAL):** TAL amendments, which give relaxation to tax payers in terms of decreasing penalties, have been approved by the Cabinet's Law Committee.
- **Income Tax Law amendment:** More understandable law for industrial sector, simplified process of filling returns from 5 steps to 3 steps, and Tax Clearance Certificate (TCC) are exempted from Audit process.

- **Appeals Department:** Functional and legal documents have been established.
- A **Tax Dispute Resolution Board** is being established as well as a Special Court for Tax Disputes. The Appeals Department is functional and legal documents have been established.

PROGRESS ACHIEVED

The progress achieved from the Afghanistan Revenue Department can be seen through the introduction of a pilot of Fast Track Filing for Large Taxpayer Office clients in a simplified process as well as a modernised system with a Client Service Center and a call center. Furthermore, Public Awareness Programs and a best Taxpayer Award have been introduced. The amount payable for credible disputes has been reduced from 50% to 30% during the objections process for implementation. By establishing the Tax Disputes Resolution Board and a Court to review the tax payers appeal, private sector concerns have been addressed.

Revenue collection goal for 2017 exceeded by 16.6 billion Afghanis

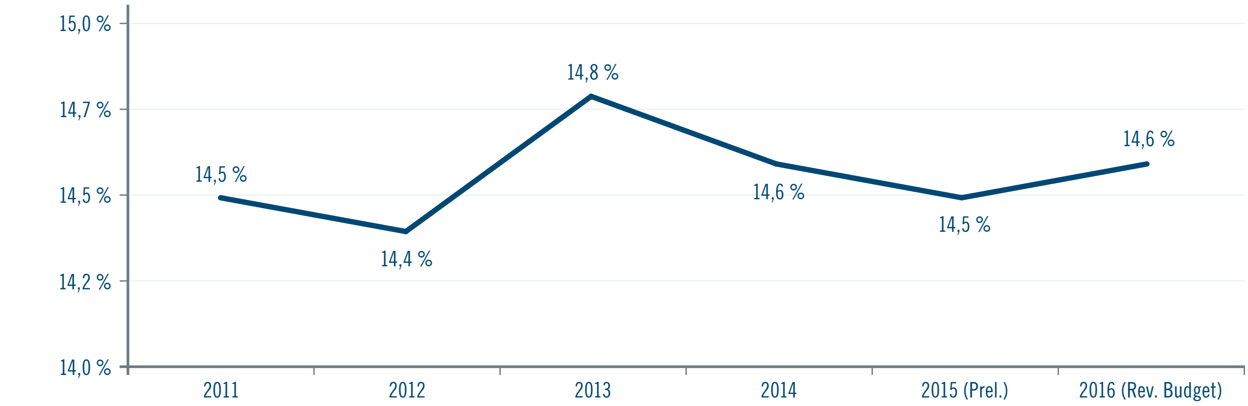
20% increase in revenue collection in 2016
(from 122.4 billion Afghanis in 2015 to 147 billion in 2016)

OUTLOOK: DRM PRIORITIES IN 2018

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
Training of Large and Medium Department Auditors	▶ Increase the compliance rate through professional audit system
Tax GAP Analysis	▶ Contribution is to review methods for measuring the tax gap and compare empirical estimates
Training in TADAT: 9 Performance Outcome Areas	▶ Employees will understand the core performance outcome areas
VAT Taxation Policies / HS Classification, and Special Schemes: Strengthening revenue base and the fairness and sustainability of DRM	▶ Increasing support for tax-related assistance. ▶ Facilitating access to relevant expertise by Member Countries
Strengthening VAT Audit and the fairness and sustainability of DRM	▶ Increasing support for Audit-related assistance, ▶ Facilitating access to relevant expertise by Member Countries
Risk Analysis / Selection Criteria: Categorising the right company with the right collection agency	▶ Increasing support for Risk Analysis and assistance ▶ facilitating access to relevant expertise by Member Countries

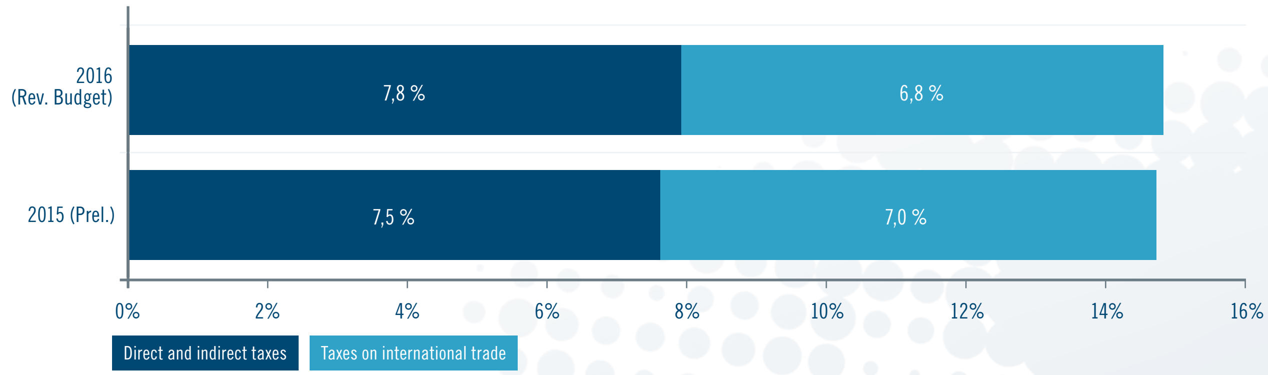
Benin

Tax revenues (% of GDP) (2011-2016)



Source: IMF 2015 Article IV Consultation Report (2011-2013), IMF 2017 Article IV Consultation Report (2014-2016)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Source: IMF 2017 Article IV Consultation Report

Public Expenditure and Financial Accounting

2014 (2011 framework)

- **C+** Transparency of taxpayer obligations and liabilities
- **C+** Effectiveness of measures for taxpayer registration and tax assessment
- **D+** Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
57 (57)	270 (270)	57.4 (63.3)	48.85 (na)

Overall ranking: 173 / 190 (179 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

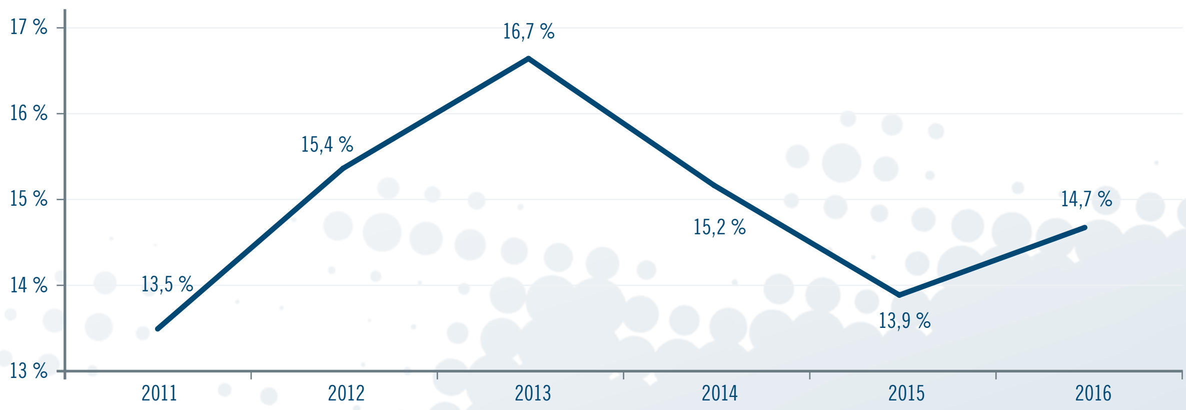
Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
3.8/7: Rank 75/138 (4/7: Rank 52/140)	**2.7/7: Rank 128/138 (2.5/7: Rank 135/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

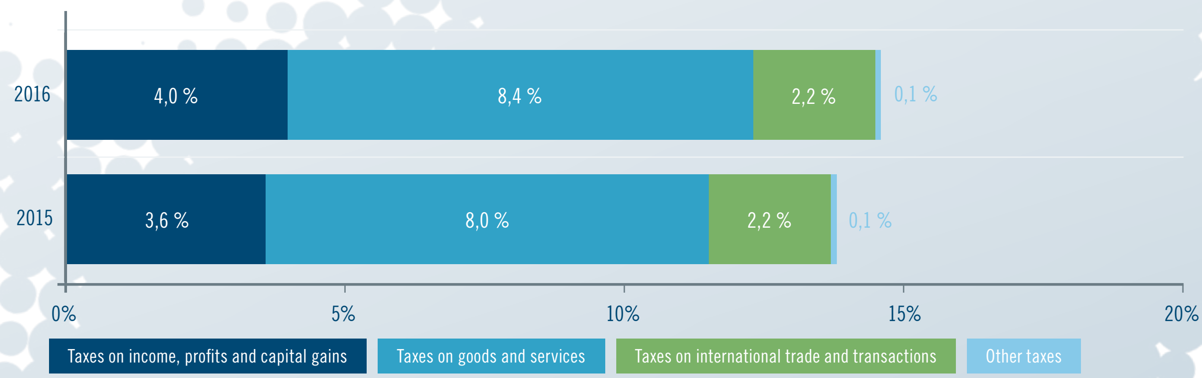
Burkina Faso

Tax revenues (% of GDP) (2011-2016)



Government Finance Statistics (2018)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Public Expenditure and Financial Accounting

2017 (2016 framework):

C	Revenue Administration
D+	Accounting for Revenue

2014 (2011 framework):

B	Transparency of taxpayer obligations and liabilities
B	Effectiveness of measures for taxpayer registration and tax assessment
D+	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

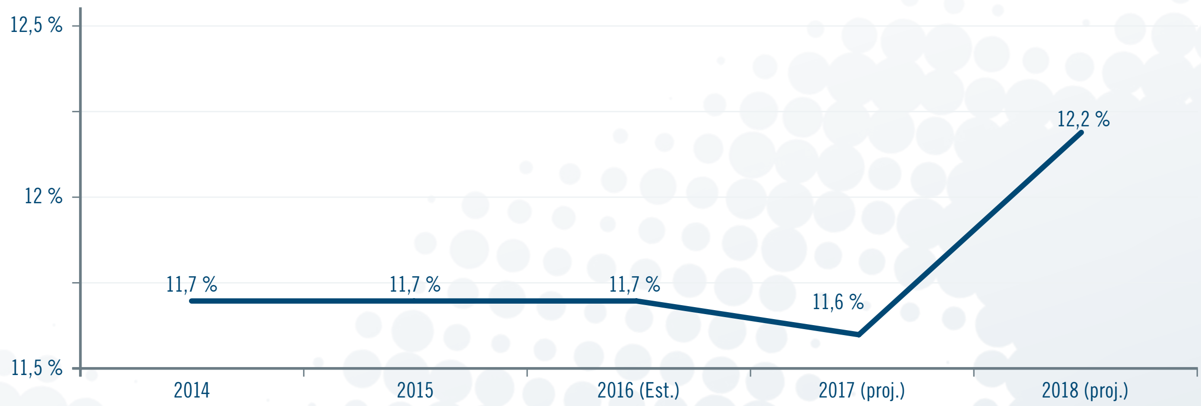
Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
45 (45)	270 (270)	41.3 (41.3)	48.85 (na)

Overall ranking: 150 / 190 (153 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

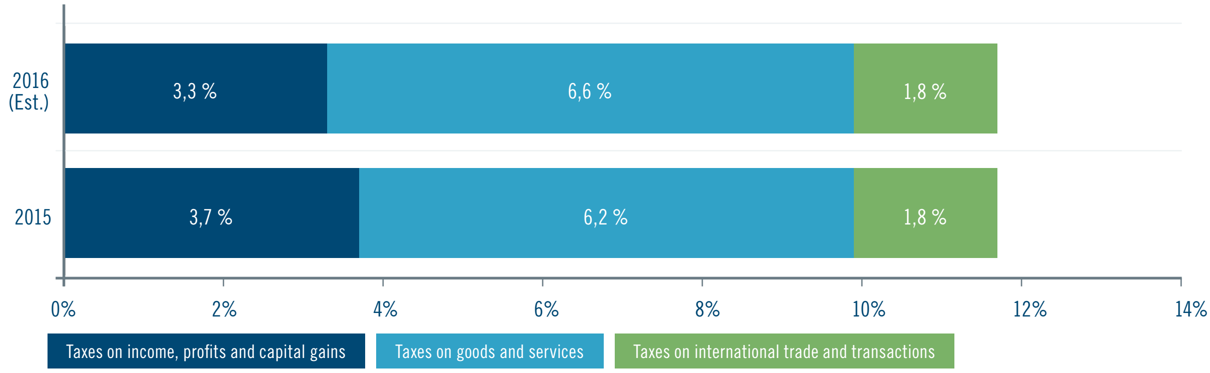
Cameroon

Tax revenues (% of GDP) (2014-2018) (est. 2016-2018)



Source: 2017 IMF Article IV Consultation Report (2014-2018)

Tax revenues, by sources (% of GDP) (est. 2016)



Source: 2015 IMF Article IV Consultation Report (2013-2014), 2017 IMF Article IV Consultation Report (2015-2018)

Public Expenditure and Financial Accounting

2017 (2016 framework):

D+	Revenue Administration
B+	Accounting for Revenue

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
44 (44)	630 (630)	57.7 (48.8)	48.4 (na)

Overall ranking: 180 / 190 (180 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
4.4/7: Rank 34/138 (4.1/7: Rank 42/140)	**3.2/7: Rank 105/138 (3.2/7: Rank 100/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

RECENT REFORM STEPS

Cameroon's tax authority

- consolidated the **tax policy and tax administration reforms** undertaken in financial year 2016, continued to **broaden the tax base** by improving the monitoring of taxpayers' finances and optimised the tax yield of the new measures enshrined in the Finance Act for financial year 2017, in particular that of excise duties and the Special Tax on Petroleum Products.

- increased the rate of voluntary payments through improved monitoring of non-taxpayers, more effective management of tax reporting problems and the implementation of the management dialogue process.

- began to improve the contribution made by taxes and duties mobilised to implement the State budget by improving the **monitoring of public spending**, continued to secure tax revenue by consolidating the **digitalisation of tax declaration** and payment procedures.

- enhanced the effectiveness of **tax scrutiny** through better risk targeting, the implementation of joint inspections by the tax and customs authorities and the use of the **Tax Inspectors Without Borders** initiative and continued to consolidate and recover tax arrears.

PROGRESS ACHIEVED

The provisional revenue achieved by the recent reform steps yielded in

- **XAF 1,790.4 billion** of non-oil tax revenues against a target of XAF 1,719.0 billion, which equates to a success rate of **104.2%**, complemented by

- **XAF 66.5 billion** raised through the tax on oil companies and

- **XAF 179.1 billion** collected on behalf of the decentralised local and regional authorities

at the end of financial year 2017.

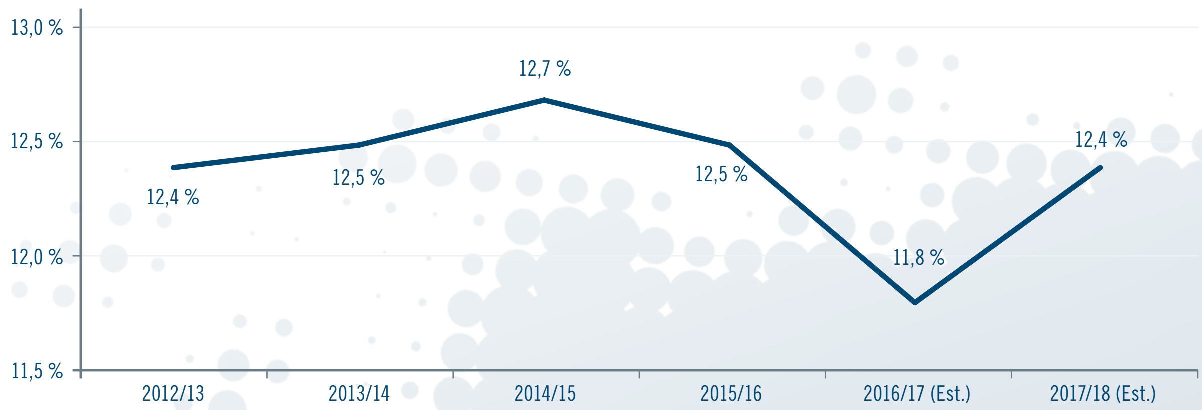
OUTLOOK: DRM PRIORITIES IN 2018

The tax administration will implement new measures to improve service quality, by establishing a mechanism for paying taxes and duties in cash over the counter at banks as part of the expanded service offer for tax and duty payment. Issuing automatic VAT credit refunds to businesses, without prior checks, should help to improve cash flow in these enterprises and including the Direction Générale des Impots in the one-stop platform should help to simplify the payment of registration fees on transfers of second-hand vehicles.

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
Tax policy measures and administrative measures	▶ Increasing revenue through measures to broaden the tax base
Harnessing of relevant expertise, including that of the Tax Inspectors Without Borders initiative	▶ Increasing revenue through measures to strengthen tax scrutiny
Improving the quality of the service	▶ Increasing revenue by strengthening measures to recover tax arrears

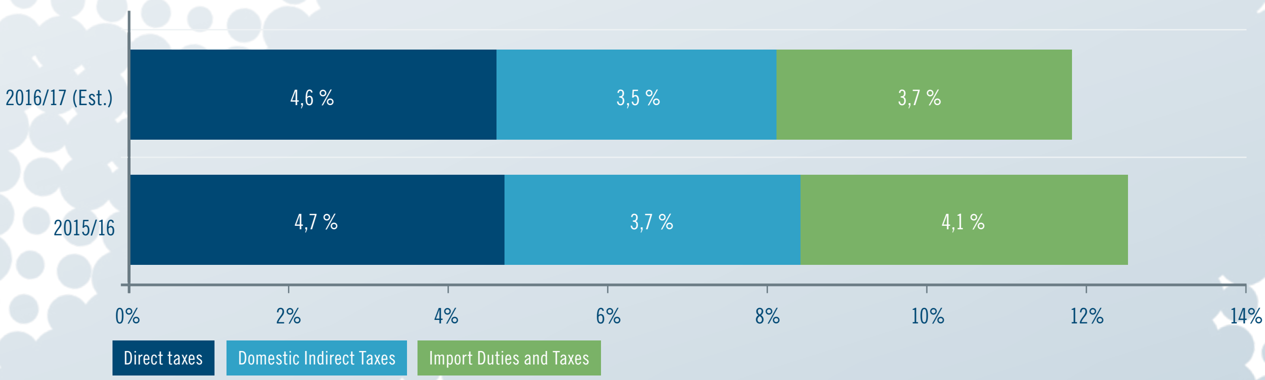
Ethiopia

Tax revenues (% of GDP) (2012/13-2017/18)



Source: IMF 2015 Article IV Consultation Report (2012/13), IMF 2017 Article IV Consultation Report (2013/14-2017/18)

Tax revenues, by sources (% of GDP) (2015/16 & 2016/17)



Source: IMF 2017 Article IV Consultation Report

Public Expenditure and Financial Accounting

2015 (2011 framework):

- **A** Transparency of taxpayer obligations and liabilities
- **B** Effectiveness of measures for taxpayer registration and tax assessment
- **D+** Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
30 (30)	306 (306)	38.6 (32.1)	90.6 (na)

Overall ranking: 90 / 190 (113 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work

4.2/7: Rank 50/138 (3.7/7: Rank 82/140)

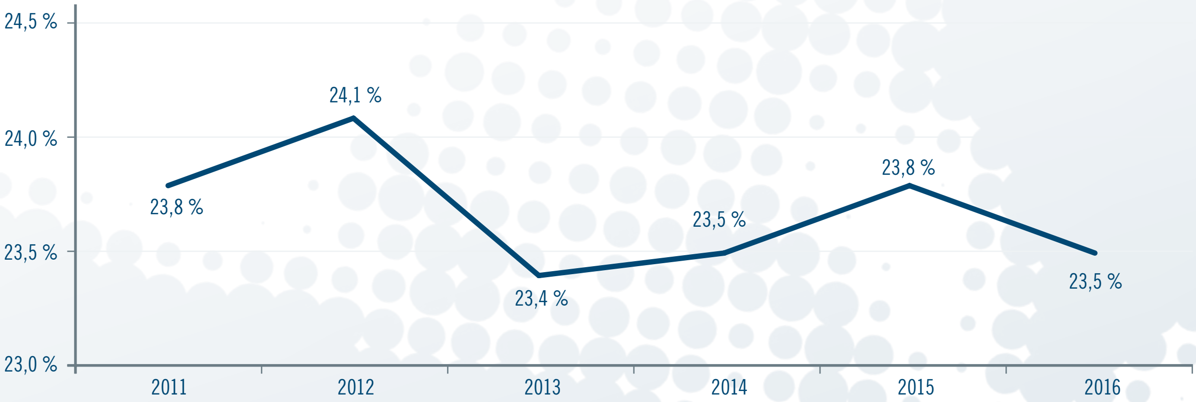
Effect of taxation on incentive to invest:

3.9/7: Rank 50/138 (3.6/7: Rank 68/140)

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

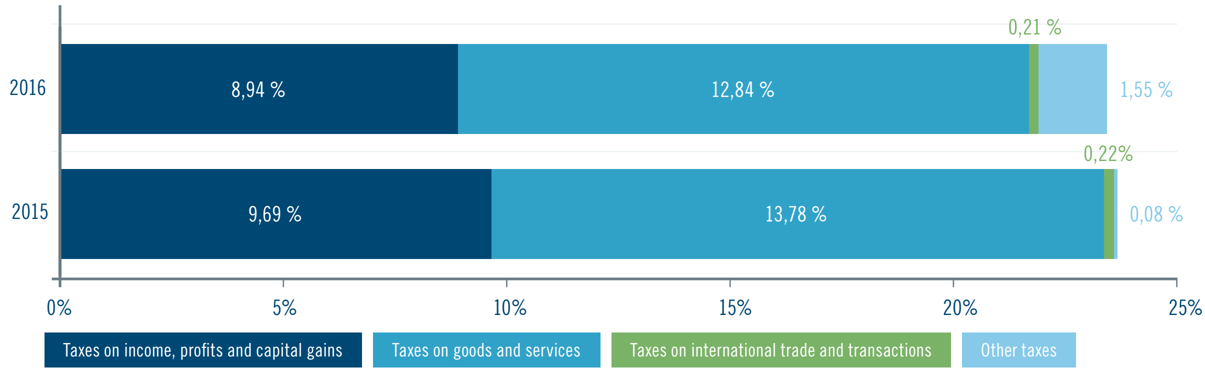
Georgia

Tax revenues (% of GDP) (2011-2016)



Source: Government Finance Statistics 2018

Tax revenues, by sources (% of GDP) (2015 & 2016)



Public Expenditure and Financial Accounting (2013) (the new assessment for the years 2014-2016 is to be published in 2018)

2013 (2011 framework):

A	Transparency of taxpayer obligations and liabilities
A	Effectiveness of measures for taxpayer registration and tax assessment
D+	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
5 (5)	270 (362)	16.4 (16.4)	87.22 (na)

Overall ranking: 22 / 190 (40 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work

5.2/7: Rank 10/138 (4.8/7: Rank 15/140)

Effect of taxation on incentive to invest:

5.1/7: Rank 11/138 (4.8/7: Rank 13/140)

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

RECENT REFORM STEPS

TADAT Assessment: It should be noted that on the basis of TADAT findings, in May 2017, the IMF has launched a technical assistance project with Georgia's Revenue Service aiming at, among others, addressing the identified gaps. The project is adjusted to the goals envisaged by the strategic plan of the Revenue Service for the years 2017 to 2020.

For the purpose of eliminating weaknesses identified by the TADAT assessment, a series of changes are being implemented in the Georgia Revenue Service (GRS). It is noteworthy that several projects have already been implemented:

- **Strategic Plan**: GRS Strategic Plan 2017-2020 has been adopted and officially published.
- **Public Debt policy**: An arrears management strategy has been developed and approved, which includes the analysis and prioritisation of debt, early interventions to prevent arrears accumulation and a write-off of uncollectible debt.
- **Tax Compliance**: The Georgia Revenue Service has very recently established a dedicated unit to follow-up on return filling non-compliance.
- **Tax Administration**: The Georgia Revenue Service has switched to a functional model of tax administration by making a clear distinction between headquarter and operational functions. A Reforms and strategic planning department has been established. A new VAT refund program has been launched and is expected to expand during the year by switching to an automated model.

Georgia maintained the tax-to-GDP ratio at close to 26 percent

PROGRESS ACHIEVED

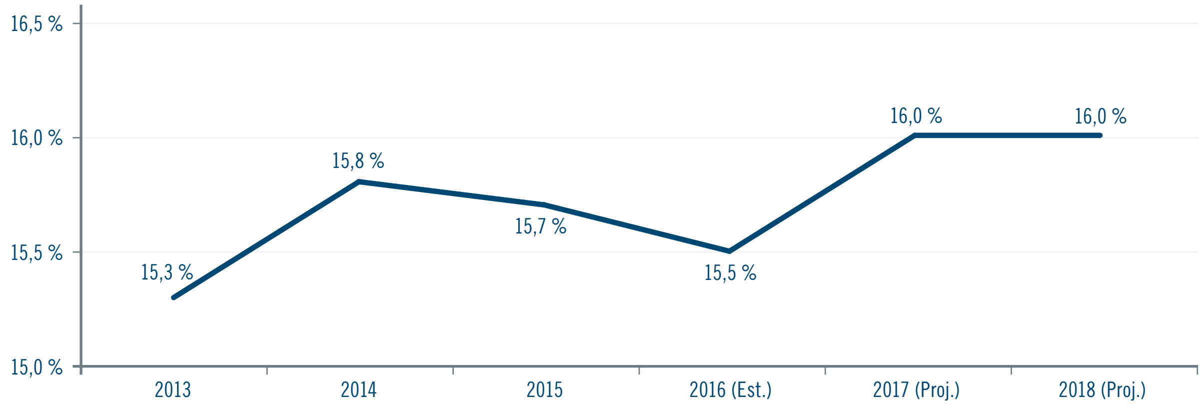
From the last year, Georgia has changed its corporate tax structure and moved to a so called "distribution based taxation" system, which means that corporate income is taxed only upon profit distribution to promote reinvestment of profits. It has been a very challenging year for Georgia Revenue Service, as for tax and customs administration, to ensure effective administration to minimise and compensate deficits caused by the new corporate income tax Model, to adapt the system to new realities and thus support the country 's revenue goals. As a result of Georgia's efforts, tax revenues overperformed in 2017, and losses from CIT reform have been more than compensated by excise increases and buoyancy in other taxes.

OUTLOOK: DRM PRIORITIES IN 2018

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
To implement minimum standards of BEPS	▶ Draft of legal and administrative provisions; Trained personal; Successful implementation
To implement the first phase of AEOI pilot project	▶ Draft of legal and administrative provisions; Trained personal
To use big data analysis techniques for better compliance risk management	▶ Big data analysis technique is used to design compliance policy/ risk selection and defining suitable actions
Strengthening TP capacity of Revenue Service in transfer pricing concerning financial services	▶ Trained staff; TP audits conducted with focus on financial services
To switch to automated risk-based model of vat refund	▶ To sustainably increase refunded vat model based on automated risk-screening

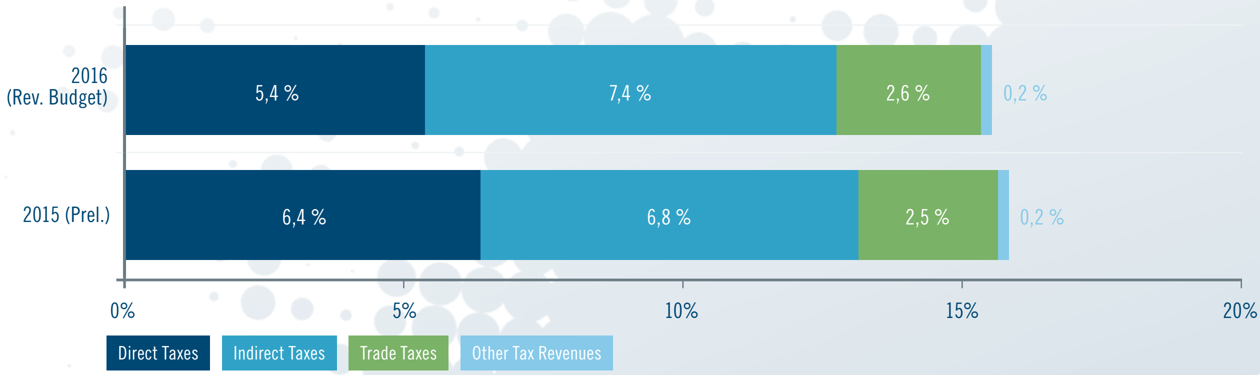
Ghana

Tax revenues (% of GDP) (2013-2018)



Source: IMF 2014 Article IV Consultation Report (2013), IMF 2017 Article IV Consultation Report (2014-2018)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Source: IMF 2017 Article IV Consultation Report

Public Expenditure and Financial Accounting

2013 (2011 framework):

- **C+** Transparency of taxpayer obligations and liabilities
- **C** Effectiveness of measures for taxpayer registration and tax assessment
- **D+** Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
33 (33)	224 (224)	37.7 (32.7)	37.9 (na)

Overall ranking: 122 / 190 (106 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
4.2/7: Rank 46/138 (4.3/7: Rank 31/140)	**3.4/7: Rank 80/138 (3.8/7: Rank 53/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

RECENT REFORM STEPS

Couple of reform steps are about to be carried out in the near future including

- the passage of the **Automatic exchange of Information Act** in 2019.
- the passage of **Fiscal Electronic Device Act** to ensure real-time monitoring of VAT transactions.
- the introduction of an Institution of a **Tax Dialogue** with key stakeholders on a quarterly basis to solicit views and exchange ideas on tax administration.
- an ongoing review and restructuring of tax expenditure regime to manage **tax expenditures** and ensure **transparency** in reporting.
- the passage of the **Revenue Administration Act**.
- the establishing of a National Single Window for the Customs.

Ghana implemented a TADAT assessment in June 2017

PROGRESS ACHIEVED

A full roll-out of the Total Revenue Integrated Processing System tax administration software to all Ghana Revenue Authority Domestic Tax Revenue Division Offices was carried out to improve efficiency in revenue administration. Enforcing the Tax Identification Number registration enables the transaction of business with state institutions. Moreover, a change of legislation enables the Ghana Revenue Authority demand electronic filing of returns and electronic payments, complemented by the completion of modernization and a complete roll out of major tax laws and Revenue Administration Act.

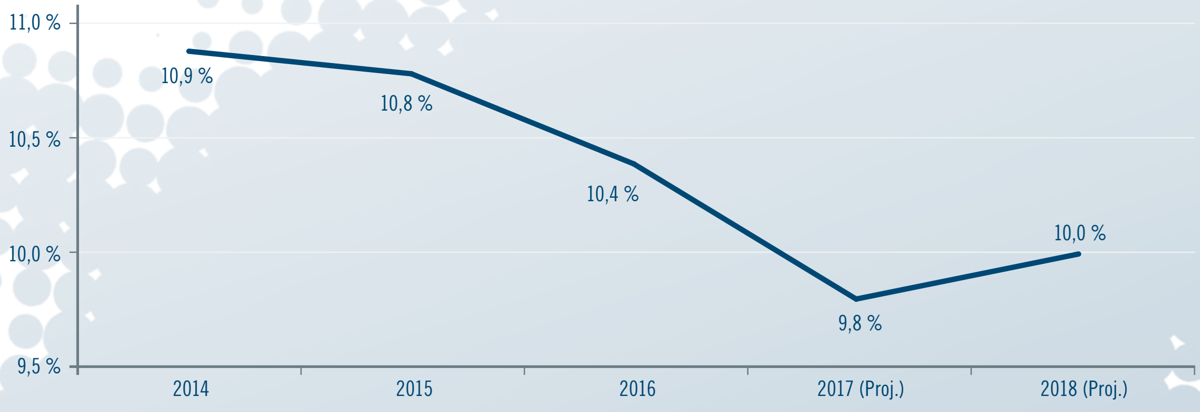
OUTLOOK: DRM PRIORITIES IN 2018

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
Passage of AEOI Legislation and establishment of AEOI structures	▶ Improved data on income of residents for assessment purposes

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
Implementation of Fiscal Electronic Device	▶ Increase in revenue from VAT
Introduction of VAT Withholding	▶ Increase in revenue from VAT
Implementation of Excise Tax Stamp policy	▶ Reduction of smuggling and counterfeiting and Increase in revenue from excise taxes
Enforce Taxpayer Identification Number (TIN) Registration	▶ Expansion of the taxpayer database and expansion of the tax net
Tax amnesty	▶ Increase in number of registered taxpayers
Tax amnesty/Taxpayer education	▶ Improved filing ratios and recovery of outstanding debts and unreported income
Introduction of additional revenue measures	▶ Introduction of luxury vehicle tax; Introduction of additional individual income tax band of 35%
Restructuring of VAT- Delinking National Health Insurance Levy and GETFund Levy from input-output mechanism and reducing the rate of VAT	▶ Additional revenue from VAT, NHIL and GETFund
Institution of an intermediary dispute resolution system	▶ Establishment of an Independent Appeals Board
Institution of an intermediary dispute resolution system	▶ Procedures developed for voluntary disclosures

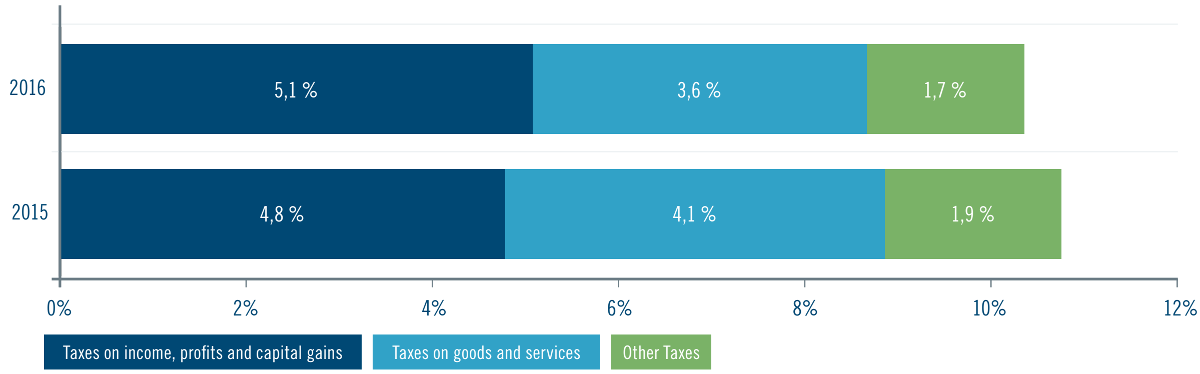
Indonesia

Tax revenues (% of GDP) (2014-2018)



Source: 2017 IMF Article IV Consultation Report (2014-2018)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Source: 2017 IMF Article IV Consultation Report (2014-2018)

Public Expenditure and Financial Accounting

2017 (2016 framework):

- **C+** Revenue Administration
- **A** Accounting for Revenue

2012 (2011 framework):

- **B** Transparency of taxpayer obligations and liabilities
- **C+** Effectiveness of measures for taxpayer registration and tax assessment
- **C+** Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
43 (54)	221 (234)	30.6 (29.7)	76.5 (na)

Overall ranking: 104 / 190 (148 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

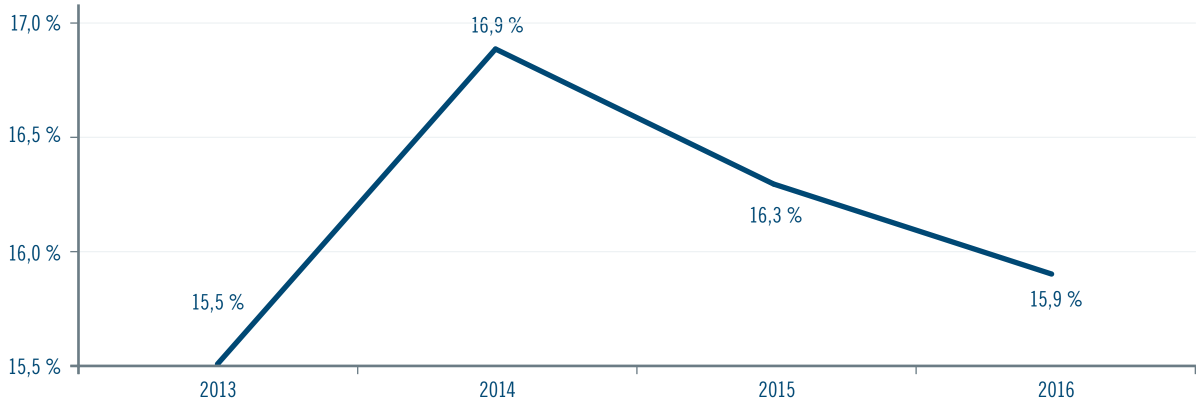
Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
4.2/7: Rank 43/138 (4/7: Rank 40/140)	**4.1/7: Rank 37/138 (4.1/7: Rank 31/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

Kenya

Tax revenues (% of GDP) (2013-2016)



Source: Government Finance Statistics (2018), only aggregate value for 2016

Tax revenues, by sources (% of GDP) (est. 2016)

Public Expenditure and Financial Accounting

2012 (2011 framework):

B+	Transparency of taxpayer obligations and liabilities
B	Effectiveness of measures for taxpayer registration and tax assessment
D+	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
31 (30)	195.5 (201.5)	37.4 (37.1)	32.1 (na)

Overall ranking: 125 / 190 (101 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
3.9/7: Rank 70/138 (3.7/7: Rank 75/140)	**3.6/7: Rank 71/138 (3.6/7: Rank 71/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

RECENT REFORM STEPS

Firstly, the overhaul of the **Income Tax** Act is ongoing. Secondly, a **TADAT Assessment** was conducted in 2016. Thirdly, **Data driven compliance** is the current focus by the Kenya Revenue Authority (KRA). Fourthly, **administrative measures** touching on technological advancement include:

iTax: The objective of iTax is to enhance tax compliance through efficient and effective automated service to taxpayers. This was rolled out in 2015 but more enhancements are ongoing with respect to various user needs.

iCMS: It is geared towards automating all customs processes while adopting best technology, practices and facilitating trade. Through this platform, KRA integrates all the different systems used for customs processes to one point of access, thereby managing customs operations with less paperwork and providing faster clearance. The full iCMS suite is expected to go live in September 2018.

iCare: This platform's objective is to achieve full electronic customer delivery. The system has the bulk SMS technology capability to enhance communication with taxpayers.

KRA embraces technology and digitalisation to bridge the data gaps and enhance compliance while expanding the tax base

PROGRESS ACHIEVED

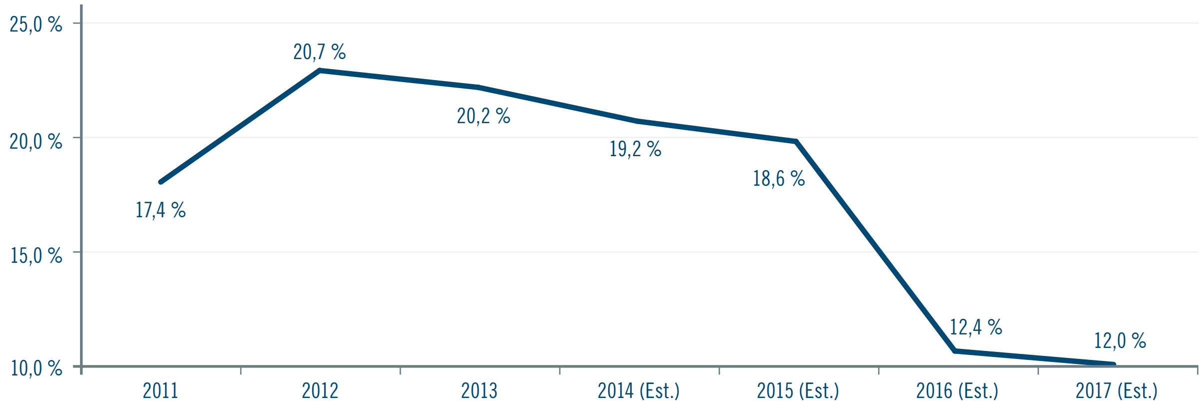
Apart from the administrative achievements mentioned above, KRA pursues data driven compliance through embracing technology and digitalisation to bridge the data gaps and enhance compliance while expanding the tax base. An example is third party data acquisition through integration of various systems. For instance, the Integrated Financial Management Information Systems-KRA Integration is one of the ways Kenya expects to mobilise domestic resources from government suppliers.

OUTLOOK: DRM PRIORITIES IN 2018

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
Recruit more human resource and enhance their capacity	▶ Increased compliance
Reviewing so as to overhauling the income tax Act	▶ More clarity in the law and conformity to recent developments in business and taxation

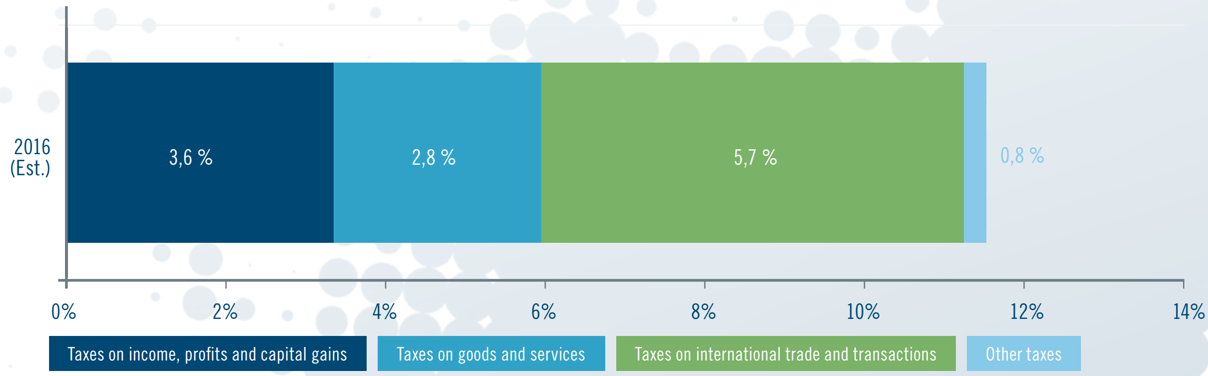
Liberia

Tax revenues (% of GDP) (2011-2017)



Source: Government Finance Statistics (2011-2013), IMF 2016 Article IV Consultation (aggregate values for 2014 and 2015), IMF 2018 Article IV Consultation (2016 and 2017). Due to a revision of the GDP estimates, the value for 2016 is considerably lower.

Tax revenues, by sources (% of GDP)



Source: IMF 2018 Article IV Consultation (disaggregated data for 2015 not available)

Public Expenditure and Financial Accounting

2016 (2011 framework):

B	Transparency of taxpayer obligations and liabilities
B	Effectiveness of measures for taxpayer registration and tax assessment
D+	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
33 (33)	139.5 (139.5)	45.9 (47.8)	96.79 (na)

Overall ranking: 72 / 190 (118 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
3.7/7: Rank 86/138 (4/7: Rank 48/140)	**3.9/7: Rank 31/138 (3.9/7: Rank 42/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

RECENT REFORM STEPS

From 2016 to today, Liberia has achieved several major goals in Legislation and Administrative measures:

Legislation: Liberia gazetted the Income Tax Transfer Pricing Regulation and ratified the implementation of the ECOWAS Common External Tariff.

Administrative Measures: Liberia developed the Transfer Pricing Practice Notes, established the Business Policy Unit in the Domestic Tax Department to handle operational policy issues and has begun implementing Mobile Money for Tax payment. Furthermore, Liberia launched the Direct Bank Transfer for tax payment platform, developed a draft of its Domestic Resource Mobilisation Strategy, along with the OECD, launched its **Tax Inspectors Without Borders (TIWB)** Program and published its first Transfer Pricing Audit with assessment of 34.7 million USD.

Liberia signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters on AEOI in 2018

PROGRESS ACHIEVED

Base Erosion and Profit Shifting

Liberia joined the Inclusive Framework on 2 July 2016 and attended the inaugural meeting in Tokyo, Japan. It was peer reviewed in September 2016 on Action Point 5 under the Forum for Harmful Tax Practices Working Group in relation to ring-fencing and preferential tax treatment in the Shipping Industry, country-by-country reporting, Multilateral Instrument (MLI) on the negotiation of treaties and Action Point 5 – Forum for Harmful Tax Practice Transparency Initiative.

Liberia joined the BEPS Inclusive Framework in 2016

Automatic Exchange of Information

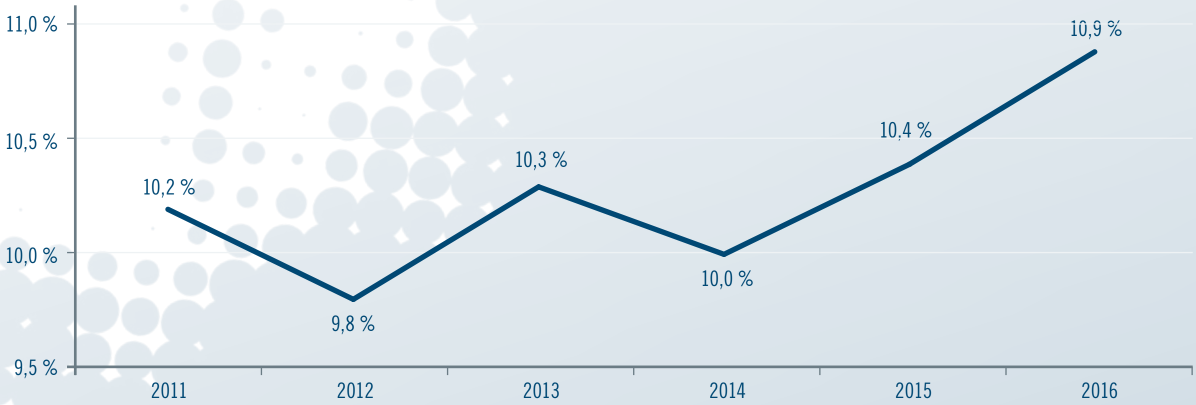
Liberia has signed the Multilateral Competent Authority Agreement and is in the process of submitting the same to the OECD via diplomatic channel. The Common Reporting Standard Act has been drafted and will be submitted to the National Legislature shortly for enactment.

OUTLOOK: DRM PRIORITIES IN 2018

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
Enactment of VAT legislation	▶ Expansion of the tax base and increase the revenue envelope as well as tax to GDP ratio
Continue the training of members of the Supreme Court and other judges	▶ Increase in efficiency in the adjudication of transfer pricing cases
Building the skills and capacities of auditors in the large and natural resource tax offices	▶ Increase in auditors' skills and expertise in transfer pricing audit investigation
Meet the OECD minimum standards as it relates to CbC Reporting, MLI, Transparency	▶ Stop revenue leakages and increased protection of the tax base against tax fraud, tax evasion, among others
Passage of Automatic Exchange of Information Act	▶ Increased fight against tax crime, illicit flow of capital, tax
Enactment of new Excise Tax Law	▶ Change from Ad Valorum to Specific Tax Rate and the introduction of Excise Tax Stamp

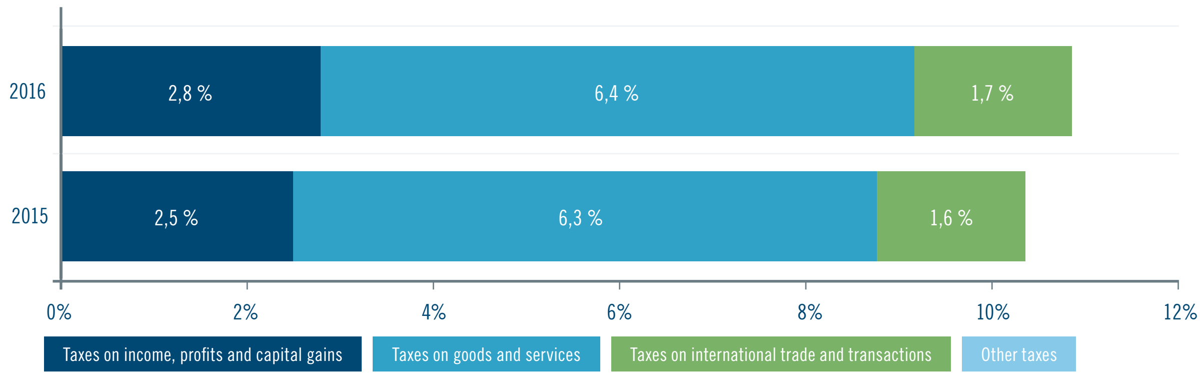
Madagascar

Tax revenues (% of GDP) (2011-2016)



Source: Government Finance Statistics (2018)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Public Expenditure and Financial Accounting

2018 (2016 framework):

- **C+** Revenue Administration
- **D+** Accounting for Revenue

2014 (2011 framework):

- **B** Transparency of taxpayer obligations and liabilities
- **B** Effectiveness of measures for taxpayer registration and tax assessment
- **D+** Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
23 (23)	183 (183)	38.1 (38.1)	30.21 (na)

Overall ranking: 117 / 190 (76 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
4/7: Rank 58/138 (3.5/7: Rank 100/140)	**3.3/7: Rank 99/138 (3.1/7: Rank 110/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

RECENT REFORM STEPS

Madagascar's reform steps include:

- **Organisational restructuring** within its Tax Directorate (DGI).
- Strengthening the management of local resources through the establishment of two services: The Local Taxation Coordination Service (SCOFIL) within the Technical Department and a Local Resources Service within each Regional Tax Directorate.
- Introducing a **reminder system** for payment defaults and providing taxpayers with support throughout the online tax filing process and payment Madagascar took actions in line with risk analyses and action mapping within its Large Corporations Division.
- Improving the **automatic process** with customs the for collection of excise duty plus the VAT charged on this duty at national borders.

Tax scrutiny: Regarding tax scrutiny, a collaboration agreement between the Tax Directorate (DGI) and other government departments, such as the Customs Directorate (DGD), the Financial Intelligence Unit (SAMIFIN) and the National Authority for Trade Remedies (ANMCC) was established to increase automatic exchange of information on taxpayers and their activities.

Legislative changes: Madagascar changed the system of Levying income tax on the capital gains derived from the sale of company shares and/or the rights attached to them, installed cash registers compulsory for certain taxpayers and the introduced the requirement that financial and credit institutions disclose the register of accounts which individuals and companies have opened with them were done.

Tax visibility: Furthermore Madagascar established measures that promote the visibility of taxes to be paid to the decentralised territorial authorities. On topchanges in income tax and VAT thresholds supplement these amendments.

PROGRESS ACHIEVED

As Madagascar is a new member of the Global Forum on Transparency and Exchange of Information for Tax Purposes, it has yet to adopt any specific legislative measures consequent to its membership. However, a preliminary evaluation of the current legal framework is planned, which will result in recommendations for ensuring that the country's tax legislation complies with international standards on transparency and the exchange of information. The country is committed to taking whatever steps are needed, including changing tax legislation, to ensure the effective implementation of these standards.

Madagascar joined the Global Forum in 2017

OUTLOOK: DRM PRIORITIES IN 2018

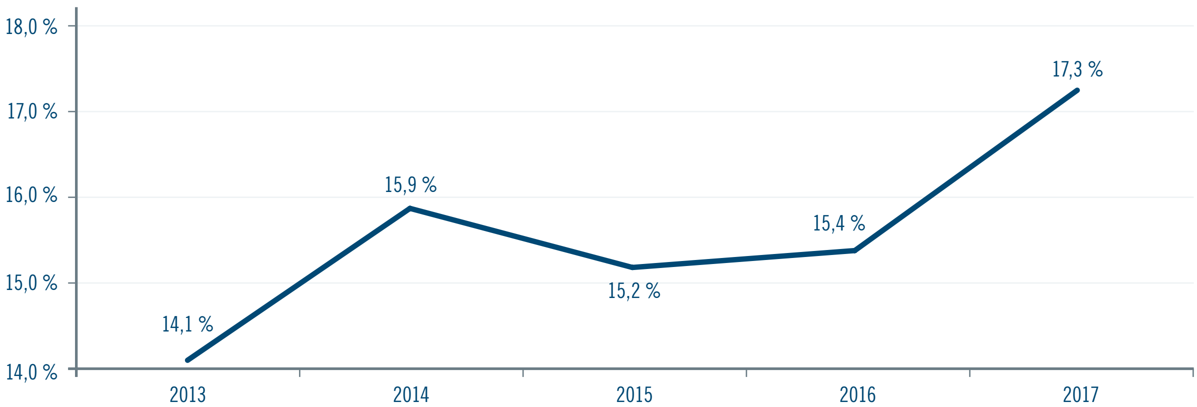
In January 2016, the Ministry of Finance and Budget drew up a strategic ten-year plan to modernise public finances, which is contained in the National Strategy for the Modernisation of Public Finance Management (SNMGPF) document.

The SNMGPF's overall goal is to 'establish a system for the effective, efficient and transparent management of public finances that provides the opportunity to consolidate its core functions and to contribute to the credibility of the National Development Plan and to general government policy. It is structured around ten specific objectives, two of which directly involve DRM.

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
Install the integrated tax administration system (SAFI), Operationalise tax return filing via smart phone, Make online tax filing common practice for businesses and individuals	▶ Revenue mobilisation and taxpayer service delivery are improved through the diversification of options for filing tax returns (online, smart phone, paper).
Improve tax registration: participate in the development of a national unique identifier system that enables the exchange of information between all public authorities	▶ Increase the number of registered taxpayers
Strengthen officers' capacities to formulate and enforce tax regulations for the mining and oil sectors	▶ The mining and oil codes are adopted. Tax revenues from the EIs have increased
Establish a unique taxpayer identifier system	▶ Taxpayer management and control is improved. Information is reliable and up to date
Organise VAT inspections, particularly for companies receiving VAT credit refunds. Improve risk analysis for the planning of tax audits	▶ VAT revenues (resulting from returns filed and inspections) increase. Tax audits are effective in terms of the results achieved (final tax demands for tax recovery)
Improve the risk analysis matrix used when dealing with VAT credit refund claims	▶ The risk of issuing refunds that are not due is reduced
Field visits: identify and visit warehouses	▶ The tax base is now larger. Inspection outcomes are improved
Carry out user satisfaction surveys	▶ Tax compliance and adherence to fiscal discipline are improved
Provide training on recovery techniques and benchmark practices against those of other countries	▶ The tax gap is reduced. The revenue collection rate is improved
Integrate the information used and automatically publish accounts	▶ The risk of errors occurring is reduced and practices are modernised

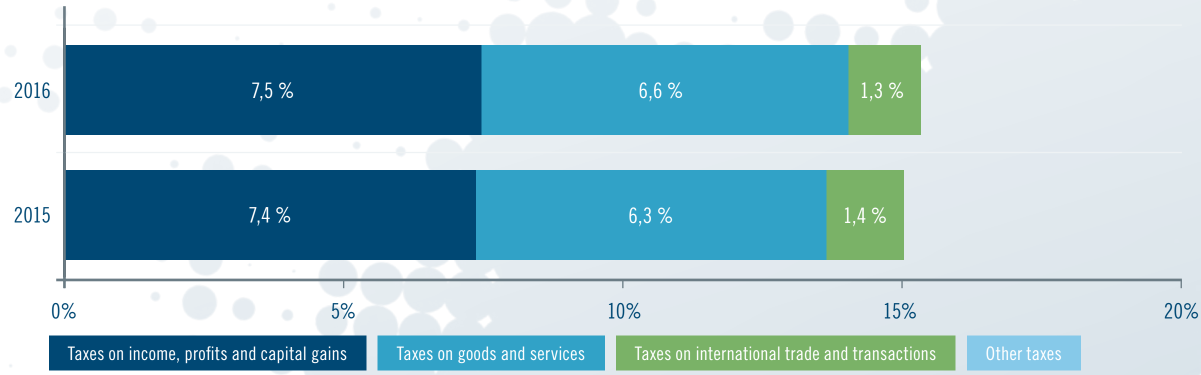
Malawi

Tax revenues (% of GDP) (2013-2017)



Source: Government Finance Statistics (2018)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Public Expenditure and Financial Accounting

2011 (2011 framework):

- **B** Transparency of taxpayer obligations and liabilities
- **D+** Effectiveness of measures for taxpayer registration and tax assessment
- **NR** Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
35 (35)	177.5 (174.5)	34.5 (34.5)	63.4 (na)

Overall ranking: 102 / 190 (102 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
3.6/7: Rank 98/138 (3.4/7: Rank 106/140)	**2.9/7: Rank 117/138 (2.8/7: Rank 128/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

RECENT REFORM STEPS

The Malawi Government is committed to increasing domestic resource mobilisation. The main policy objective since 2016 has been on **broadening the tax base, improving tax administration, removing economic distortions and encouraging tax compliance**.

- **Tax Increase**: For instance, the Government introduced VAT on a number of products which were either zero rated or exempt in order to expand the tax base. Further, the Government increased the tax rate for life insurance business which had enjoyed a lower tax rate of 21% since 1960s to now 30%. The Government removed the exemption of interest income from taxable income and introduced excise tax on TV subscriptions.

- **Tax Compliance**: The Government also introduced penalties and stringent measures to encourage tax compliance on late payment of tax, failure to submit tax returns or delay in submitting tax returns. The Government also rolled out the use of electronic fiscal devices for VAT to encourage tax compliance. Failure to use the Electronic Fiscal Devices (EFDs) attract significant penalties and even 2 years imprisonment if convicted.

PROGRESS ACHIEVED

The Government of Malawi is committed to reforms in support of enhancing domestic resource mobilisation by among others improving **tax administration** and changes to the **tax policy**. For instance, the Government through the Malawi Revenue Authority (MRA) has embarked on a project to improve taxpayer service and enhance tax compliance. The project is called Integrated Tax Administration System (Locally called Msonkho Online).

The Government increased tax rates, compliance and broadened the tax base

The project started in 2016 and is expected to end in 2019.

- **TADAT Assessment**: In line with the results of its TADAT Assessment to improve or expedite the tax dispute resolution mechanism, the Government has developed the Legal framework to support the establishment of a Revenue Appeals Tribunal and has drafted a Tax Administration Bill which aims at improving the efficiency and effectiveness of the tax administration. The Bills are ready and will be submitted to the National Assembly for debate and ratification.

- **Tax Payer Service**: Further, in an effort to improve taxpayer service and experience, the Revenue Authority has introduced E-payment for taxes with Authorised Dealer Banks and also payment of taxes through mobile money transfers. Further, the Government is implementing the Asycuda World, which is an advanced customs System by UNCTAD. Plans are at an advanced stage to implement the Integrated Tax Administration System.

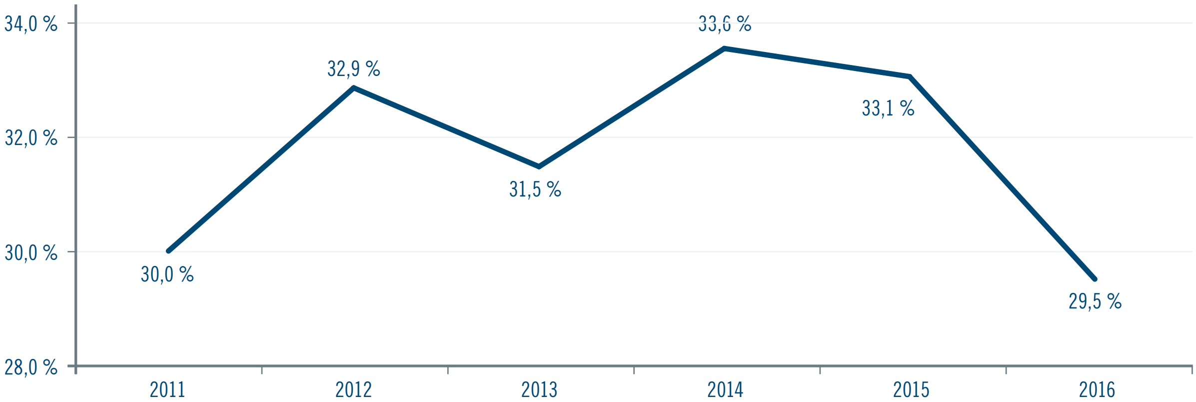
- **Tax Compliance**: Also, the Government introduced Electronic Fiscal Devices (EFDs) around 2014, but its uptake and emphasis and review of penalties increased post 2016. The reform has encouraged tax compliance and increased revenue but also has enabled the Malawi Revenue Authority to undertake computerised audits.

OUTLOOK: DRM PRIORITIES IN 2018

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
Study on tax regime and how best to tax informal sector/ SMEs	▶ Increased income tax from the SME/informal sector taxation
Undertake Study and evaluate the effectiveness of the Industrial Rebate Scheme(IRS)	▶ Reduced abuse of the system, only qualifying entities to benefit and therefore minimise revenue leakage
Review the Customs Procedure Codes	▶ Reduce redundant CPCs and improve fairness of the tax system
Negotiate and Ratify some DTAAs, Undertake readiness study for BEPS and AEOI	▶ Minimise/ reduced tax evasion
Plan to undertake review of the tax legislation- Taxation Act, Customs and Excise Act and Value Added Tax Act	▶ Efficient tax policy design and tax administration

Namibia

Tax revenues (% of GDP) (2011-2016)



Source: Government Finance Statistics (2018)

Tax revenues, by sources (% of GDP) (2015 & 2016)

Public Expenditure and Financial Accounting

Not publicly available

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
27 (27)	302 (302)	20.7 (21.3)	78.99 (na)

Overall ranking: 74 / 190 (93 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work

4.4/7: Rank 31/138 (4.3/7: Rank 27/140)

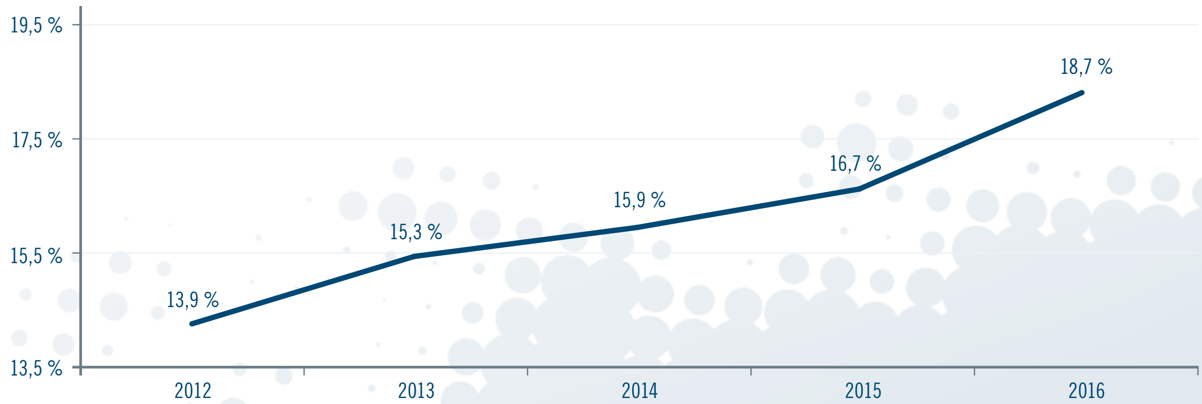
Effect of taxation on incentive to invest:

4.2/7: Rank 30/138 (4.1/7: Rank 33/140)

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

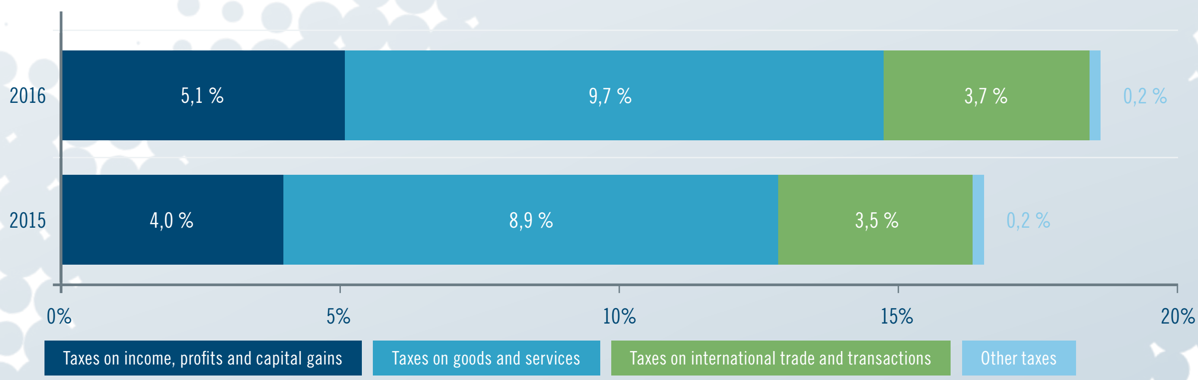
Nepal

Tax revenues (% of GDP) (2012-2016)



Source: Government Finance Statistics (2018)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Public Expenditure and Financial Accounting

2015 (2011 framework):

A	Transparency of taxpayer obligations and liabilities
A	Effectiveness of measures for taxpayer registration and tax assessment
D+	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
34 (34)	339 (334)	29.5 (29.5)	33.5 (na)

Overall ranking: 142 / 190 (124 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work

3.9/7: Rank 65/138 (3.8/7: Rank 70/140)

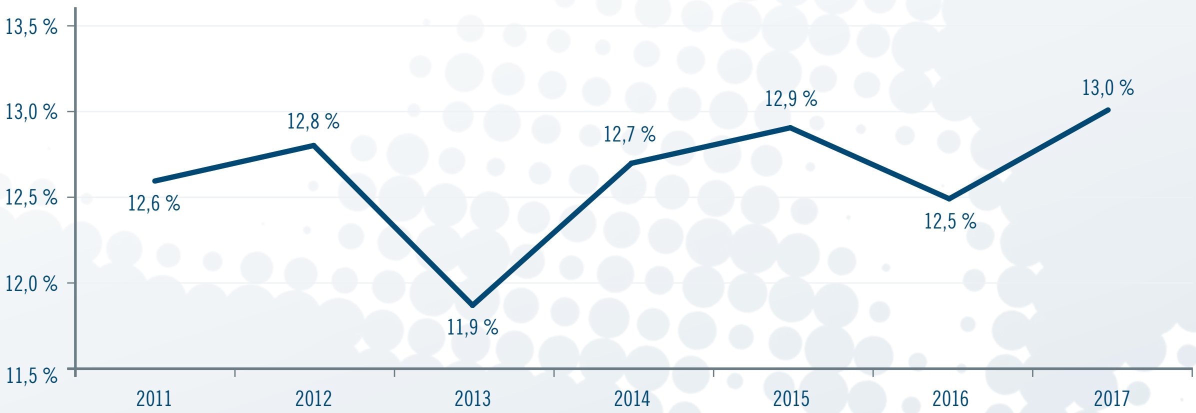
Effect of taxation on incentive to invest:

3.9/7: Rank 56/138 (3.6/7: Rank 73/140)

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

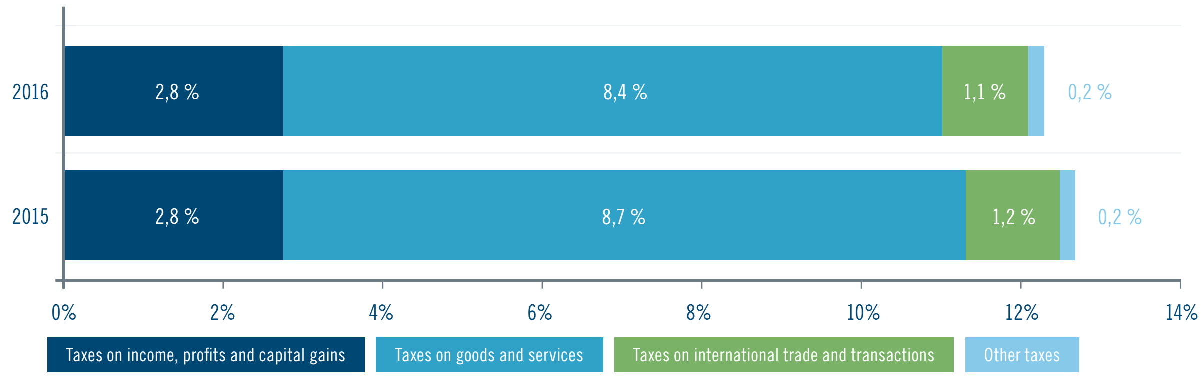
Paraguay

Tax revenues (% of GDP) (2011-2017)



Source: Government Finance Statistics (2018)

Tax revenues, by sources (% of GDP) (est. 2016)



Public Expenditure and Financial Accounting

2016 (2016 framework):

B Revenue Administration

C+ Accounting for Revenue

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
20	378	35	10.22

Overall ranking: 153 / 190

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work

4.5/7: Rank 26/138 (4.4/7: Rank 22/140)

Effect of taxation on incentive to invest:

5.2/7: Rank 10/138 (5/7: Rank 11/140)

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

RECENT REFORM STEPS

Legislative changes: By establishing further tax measures, Paraguay introduced changes to the rules on income tax and value added tax (VAT) in the agricultural sector, with a view to encouraging formalisation and increasing tax collection in this sector.

- **Tax Compliance**: This legislation also introduced a price adjustment mechanism for export transactions involving goods with international prices publicly known through transparent markets, stock exchanges or similar markets, with a view to promoting free and fair competition and improving tax compliance.

- **Tax deductions**: Furthermore, Paraguay specified the rules governing the tax treatment of expenses and investments in personal income tax, with a view to reducing abuse in claiming tax deductions and ensuring a fairer application of the law.

- **Tax Evasion**: With a view to combating tax evasion and increasing cooperation to counter money laundering, it has been made compulsory to report transactions of PYG 50,000,000 or more, under penalty of a fine imposed by the Finance Ministry's Undersecretariat of Taxation (SET). The SET will report any transactions it deems to be suspicious to the Anti-Money Laundering Secretariat. The inter-institutional agreement in force between the two institutions provides for them to receive such reports in order to discharge their duties in this respect.

To fulfil the international commitments acquired by the Republic of Paraguay in relation to international taxation, SET established a working group responsible for **international taxation matters**.

- Paraguay joined the **Inclusive Framework on Base Erosion and Profit Shifting (BEPS)** as an associate in 2016. In June 2018, the OECD carried out a mission to the country that included an induction programme on the minimum standards.

- In 2016, the Vice-Minister for Taxation was designated as the competent authority for the implementation of the **FATCA**. Paraguay reports information from financial institutions required under this Act to the United States Internal Revenue Service (IRS), in fulfilment of the substantive agreement for the exchange of information. A SET official will now need to be appointed to manage the International Data Exchange Service (IDES) computerised system used by financial institutions to report information.

- The activities carried out to date, in accordance with the plan of action submitted to the **Global Forum**, include the drafting of a tax transparency bill, which grants the tax authority express powers to take the necessary steps to comply with all information exchange requirements, and the preparation of draft information exchange procedures. It now remains for the above-mentioned legislation to come into force for full compliance with the obligations undertaken and the enactment of the Convention into domestic law prior to the evaluation.

On 29 May 2018, the multilateral Convention on Mutual Administrative Assistance in Tax Matters was signed, extending the jurisdictions with which the country will be able to **exchange information**. At the end of June 2018, proposed reservations, declarations and annexes to the Convention were presented for subsequent submission to the OECD Secretariat. The peer review on the exchange of information on request (legal and practical aspects) will be conducted in the first half of 2020, based on a questionnaire which, once completed, must be updated annually.

Lastly, technical cooperation was arranged with the United Nations Department of Economic and Social Affairs in the form of three scheduled missions. The first was carried out from 13 to 17 March 2017 and included a course on conventions for avoiding double taxation using the UN manual on this subject. In July and November of the same year, the two remaining missions were conducted, concluding with the development of a model double taxation convention (DTC) for Paraguay. A draft manual for the negotiation of international tax agreements was also prepared.

PROGRESS ACHIEVED

With the aim of promoting voluntary **tax compliance**, the tax authority has implemented substantial improvements in customer service and assistance mechanisms for taxpayers, including the following:

Capacity Building: Improvements in infrastructure and equipment like new data centres, increased server capacity or enhanced communications. Also, Paraguay addressed taxpayer customer service with account officers, who provide taxpayers (medium and large taxpayers) with personalised assistance, monitor their tax situation (analysis of current accounts) and send them regular reminders about their tax obligations. On top, electronic payments were introduced for medium and large taxpayers.

Policy Coherence: With regard to policy coherence for development, the Fiscal Responsibility Act was passed in 2013, with a view to ensuring prudent management of public finances. With this Act, the Finance Ministry ratified its strong commitment to ensuring compliance with certain fiscal rules in order to guarantee fiscal sustainability and macroeconomic stability in the medium term.

Paraguay joined the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) as an associate in 2016

Since the Fiscal Responsibility Act came into force in 2015, the Executive has fulfilled the stipulated requirements, with the preparation and its submission to Congress each year of the annual government budget in compliance with the limits established by law.

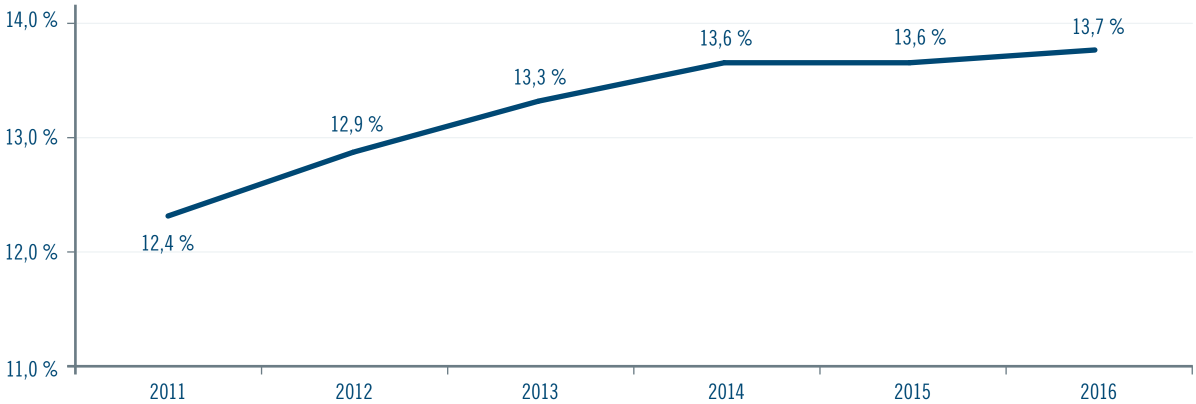
The fiscal deficit remained within the stipulated limit of 1.5% of GDP between 2015 and 2018. 2017 closed with a fiscal deficit of PYG 2.4 billion, which is 1.4% of GDP and therefore below the ceiling established in the Fiscal Responsibility Act. This is clear proof of the government's commitment to complying with the fiscal rules established in the Act not only in terms of budget approval but also budget implementation.

OUTLOOK: DRM PRIORITIES IN 2018

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
The Finance Ministry has created a Technical Tax Commission, which is currently working on recommendations to modernise and simplify the national tax system, with a focus on personal income tax reform	▶ The national tax system is modernised and simplified, and personal income tax is reformed
Training in the detection of aggressive tax planning strategies	▶ Aggressive tax planning strategies are detected
Distribution of questionnaires for the evaluation and review of domestic legislation	▶ The minimum standards of the Inclusive Framework on BEPS are complied with and integrated into the tax law system
Enactment of the Convention on Mutual Administrative Assistance in Tax Matters into domestic law. Legislative and administrative changes required to implement the automatic exchange of information and the exchange of information on request. Training for staff	▶ There is an increase in the exchange of information with a view to detecting tax evasion and avoidance strategies. An information exchange unit is created. Full compliance with information exchange requirements is achieved within the established time limits
Analysis of proposals to change legislation and training for auditors	▶ Measures to counter tax evasion and avoidance are in force and applied

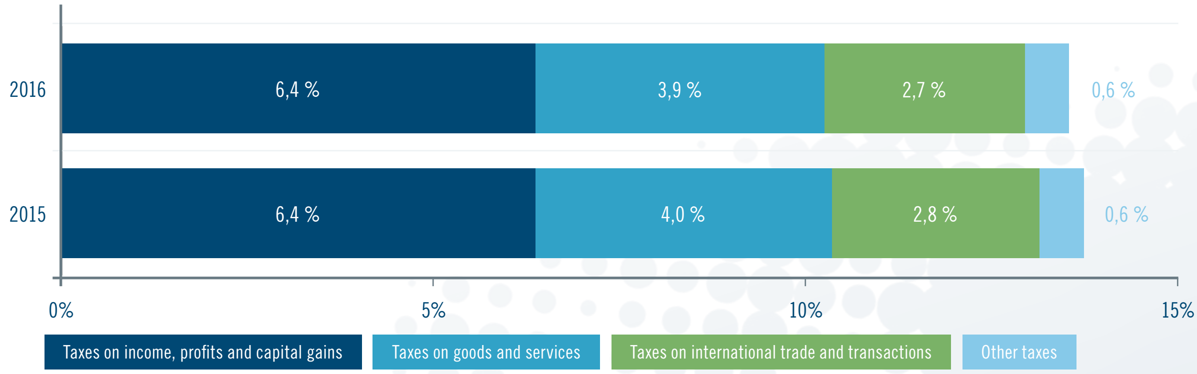
Philippines

Tax revenues (% of GDP) (2011-2016)



Source: Government Finance Statistics (2018)

Tax revenues, by sources (% of GDP) (est. 2016)



Public Expenditure and Financial Accounting

2016 (2016 framework):

B	Revenue Administration
A	Accounting for Revenue

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
28 (36)	185.6 (193)	42.9 (42.9)	49.77 (na)

Overall ranking: 115 / 190 (126/189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

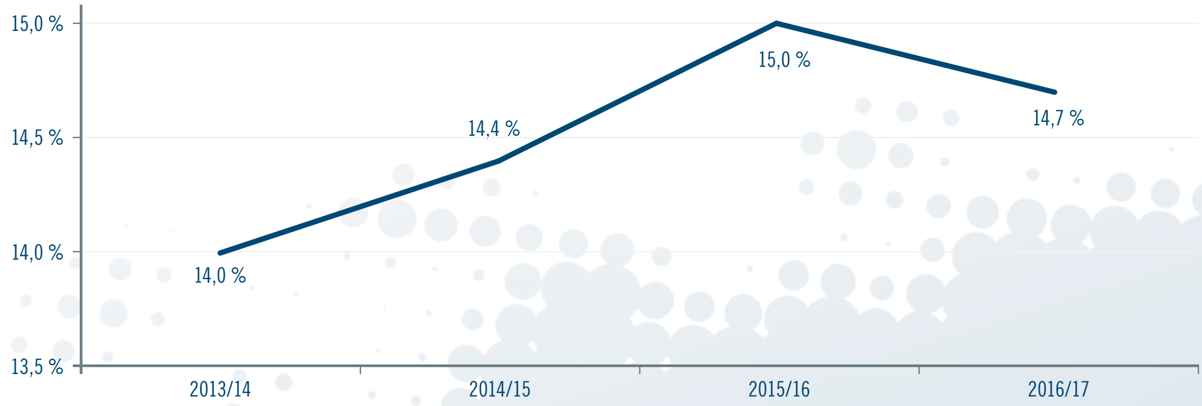
Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
4.2/7: Rank 48/138 (4/7: Rank 46/140)	**3.3/7: Rank 93/138 (3.6/7: Rank 72/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

Rwanda

Tax revenues (% of GDP) (2014-2017)



Source: National Institute for Statistics Rwanda

Tax revenues, by sources (% of GDP) (2015 & 2016)

Source: National Institute for Statistics Rwanda

Public Expenditure and Financial Accounting

2017 (2016 framework):

C+	Revenue Administration
B+	Accounting for Revenue

2010 (2011 framework):

A	Transparency of taxpayer obligations and liabilities
A	Effectiveness of measures for taxpayer registration and tax assessment
D+	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
29 (25)	124 (109)	33 (33)	83.3 (na)

Overall ranking: 59 / 190 (48 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
5.2/7: Rank 9/138 (4.9/7: Rank 14/140)	**4.2/7: Rank 29/138 (4.1/7: Rank 27/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

RECENT REFORM STEPS

Revenue mobilisation:

- Rwanda has increased fuel levy for a Road Maintenance Fund. Further, it has introduced a Levy on Fuel for Strategic Oil Reserves and has changed the Excise Tax for Tobacco from pure ad valorem to a hybrid tax.
- Rwanda also established an Infrastructure Development Levy on Imports as an East African Community policy measure.

Tax Compliance:

- The Revision of tax laws to address existing administrative weaknesses, closing existing loopholes and improving taxpayers 'compliance was also a major achievement of the last period.
- Furthermore, Rwanda improved risk management functions covering tax compliance management (facilitated by the Data Warehouse and Business Intelligence System) and institution.

- It has introduced the use of Electronic Billing Machines for improving VAT administration and built VAT input tax validation controls on the e-tax system to prevent wrongful claims of VAT on Domestic purchases and also from VAT retained on imports.

TADAT-Assessment:

- By assessing Rwanda's tax administration system (TADAT assessment) it has developed and implemented an action plan with solutions to address the identified gaps.

- Additionally, Rwanda updated the debt management manual to provide guidelines for the collection of Domestic tax arrears, forms to facilitate collection work, and controls and reports necessary for effective operations.

Rwanda established an international taxation unit to deal with multinationals and transfer pricing tax issues

PROGRESS ACHIEVED

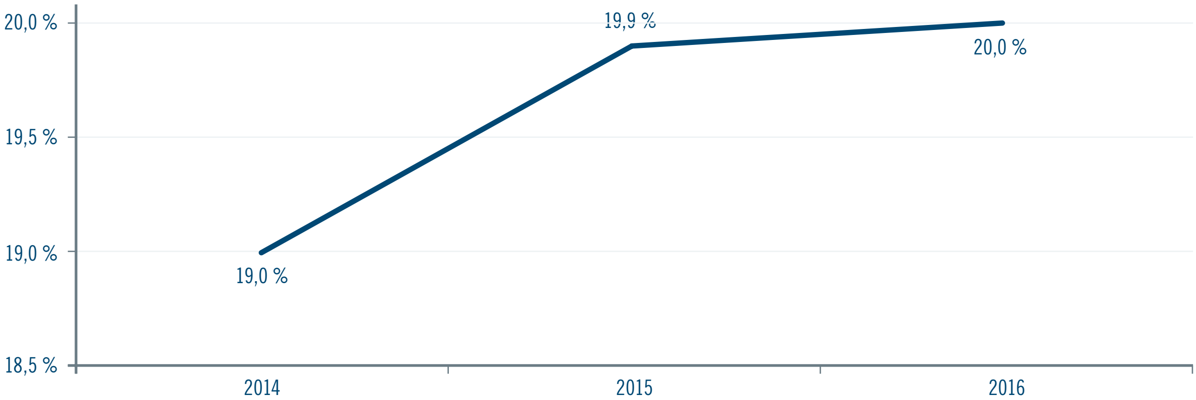
The Automation of Rwanda Revenue Authority processes was introduced to ensure efficiency and improving service delivery/facilitating trade (e.g. online facilities that simplified process of filing & paying taxes, namely e-tax, Mobile phone declaration, Electronic Single Window). Furthermore, there is instant filing and payment SMS reminder for the tax filing and payment due dates. Rwanda introduced and implemented the Electronic Cargo Tracking System which is a web based integrated system used to monitor transit cargo under customs control in Kenya, Rwanda and Uganda.

OUTLOOK: DRM PRIORITIES IN 2018

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
Recruit more human resource and enhance their capacity	▶ Boost revenue collections and compliance improvement
Risk profiling and conducting audits combined with on job capacity building by TIWB	▶ Have access to information for tax purposes, Transparency improvement, minimise fraud and tax avoidance
Finalise filling out of questionnaires, engage stakeholders, and prepare to undergo the peer reviews	▶ Have a treaty network with anti-abuse rules and respecting the minimum standards
Review the MLI and establish the treaties it should apply to so as to include minimum standards	▶ Exchange of information tool that covers many jurisdictions for which Rwanda has no treaty with
Review the necessary steps to access to the MAC	▶ TP guidelines with documentation requirements which will improve the risk profiling and auditing process
Tabling it to tax policy for approval before its gazetted	▶ Access to information for risk profiling and audit purpose to enable efficiency
Tax procedure to introduce some guidance on international tax aspects as well as strengthening the penalty scheme for availing information and documentation by multinational entities	▶ Boost revenue collections and compliance improvement

Senegal

Tax revenues (% of GDP) (2014-2016)



Source: Government Finance Statistics (2018)

Tax revenues, by sources (% of GDP) (2015 & 2016)

Public Expenditure and Financial Accounting

2011 (2011 framework):

B	Transparency of taxpayer obligations and liabilities
B	Effectiveness of measures for taxpayer registration and tax assessment
D+	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
58 (58)	441 (620)	45.1 (47.3)	54.32 (na)

Overall ranking: 174 / 190 (183 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
4.4/7: Rank 42/138 (4/7: Rank 50/140)	**3.4/7: Rank 91/138 (3.5/7: Rank 86/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

RECENT REFORM STEPS

Senegal established several positions for the **Segmentation of the tax base and revenue protection**:

- A Directorate-General for Large Businesses (turnover in excess of CFA 2 billion) was introduced, that is responsible for revenue protection.
- Additionally, a Department for Medium-Sized Enterprises (turnover between CFA 0.1 billion and CFA 2 billion) is responsible for revenue protection.
- Furthermore, a Tax Services Department (turnover of less than CFA 0.1 billion) is responsible for broadening the tax base.

Creating new taxes and duties:

- A new special tax on cement, and excise duties on plastic bags, fruit/vegetable juices was settled.

For **strengthening the transfer pricing legislation** Senegal signed the Multilateral Instrument (MLI). Regarding **Modernising management tools** automating services were started by

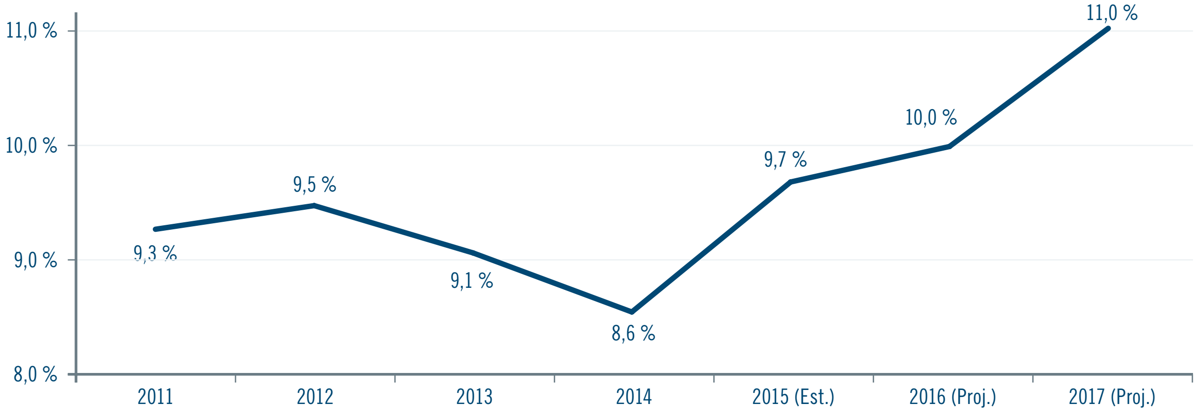
- introducing the Standard Integrated Government Tax Administration System (SIGTAS) and
- introducing online procedures (obligatory for large businesses and soon to be rolled out for medium-sized enterprises) and migrating to the new version of SIGTAS (3.0) in 2016.

PROGRESS ACHIEVED

Regarding the General Directorate of Taxes and Government Property (DGID), the budget revenue collected by this Directorate has risen again, growing on average by 12.7% from 2014 to 2016 (forecast figures). Aside from a favourable macro-economic climate experienced in the last three years, the reform has had an unquestionable impact on the Directorate General of Taxes and Domains budgetary performance.

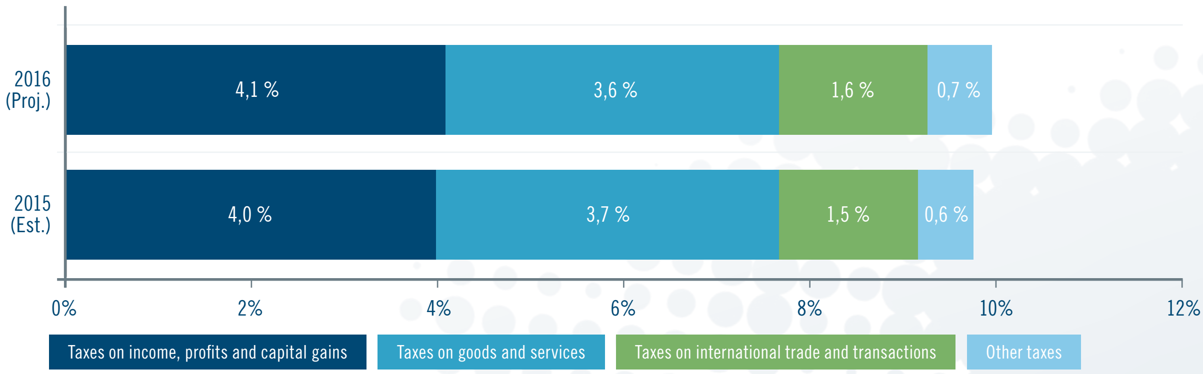
Sierra Leone

Tax revenues (% of GDP) (2011-2017)



Source: Government Finance Statistics (2011-2014), IMF 2016 Article IV Consultation (2015-2017)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Source: IMF 2016 Article IV Consultation

Public Expenditure and Financial Accounting

2014 (2011 framework):

B	Transparency of taxpayer obligations and liabilities
B+	Effectiveness of measures for taxpayer registration and tax assessment
B+	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
34 (34)	343 (344)	31 (31)	94.5 (na)

Overall ranking: 87 / 190 (129 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

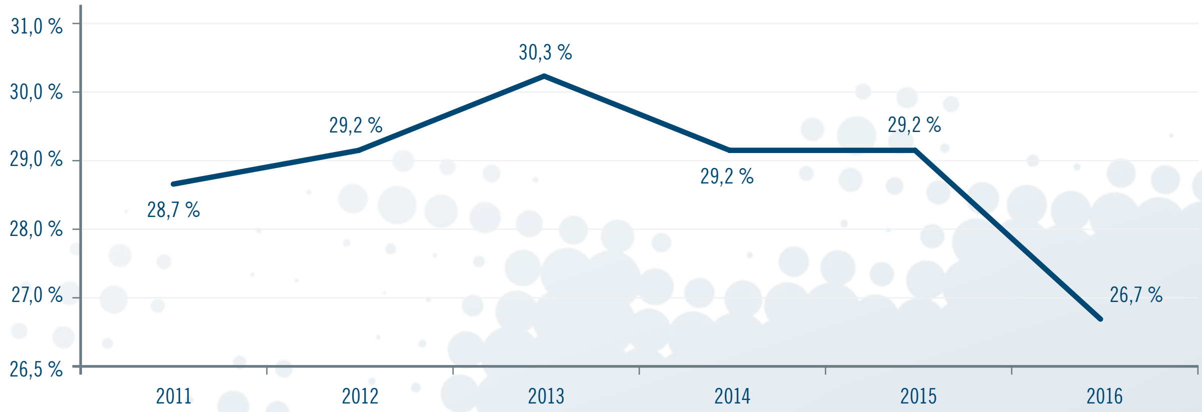
Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
3.7/7: Rank 90/138 (3.7/7: Rank 87/140)	**3.4/7: Rank 90/138 (3.4/7: Rank 94/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

Solomon Islands

Tax revenues (% of GDP) (2011-2016)



Source: Government Finance Statistics (2018)

Tax revenues, by sources (% of GDP) (2015 & 2016)

Public Expenditure and Financial Accounting

2012 (2011 framework):

D+	Transparency of taxpayer obligations and liabilities
C	Effectiveness of measures for taxpayer registration and tax assessment
D+	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
34 (34)	80 (80)	32 (32)	99.08 (na)

Overall ranking: 39 / 190 (68 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

RECENT REFORM STEPS

Since end of 2016 revenue has increased by 9% in 2017 and is likely to increase by a further 9% in 2018. This is due in part to localization of the Commissioner's position who concentrated more on results and through:

- **increased audits** and **decreasing debt**.
- the introduction of online filing and payment for all taxes by end of 2018, online objections and **automated individual income tax assessments**.
- improved customer understanding and **compliance** through increased filling of returns, issuing of public rulings, improved staff capacity, including technical capacity of staff in providing customer service.
- building a strong organization, which reviewed the structure and by recommendations of Pacific Financial Technical Assistance Centre/IMF, which will be implemented shortly such as functional based teams, large business unit and a High Net Wealth team on how to best organise the Inland Revenue division for maximum efficiency.

Solomon Islands has improved people's capabilities especially with strong leadership through a leadership course over past 2 years and **tax technical training** modules prepared and staff trained a train the trainers and will deliver courses over next 3 months with assistance from Legal Advisor.

PROGRESS ACHIEVED

Some amendments to the Tax Acts have been implemented in 2018 such as two Ministerial Orders to increase types of income subject to withholding tax (estimated revenue $12 million SBD). Another amendment to the Goods Tax Act to increase the value to 30% minimum such that registered wholesaler's sale price is the same margin as those unregistered wholesalers who pay at the wharf (estimated revenue $40 million SBD).

Solomon Islands increased revenue by over $50 million SBD through amendments to tax acts

A complete tax reform to be undertaken over next 3 years has commenced in early 2018. Three advisors have been funded by Asian Development Bank and a new Tax Administration Bill has been drafted. Analysis of costing for a VAT has commenced as well as a policy paper for decisions to be made for introduction of a VAT; After these Acts have been implemented work will begin on a new Income Tax Act with full self-assessment.

Solomon Islands developed a checklist for the exemptions committee to focus on granting exemptions to those in accordance with the legislative guidelines in 2017. The result is that exemptions granted reduced by 20% since February 2018. Also, Ministerial exemptions are restricted to those in the legislation and not non-statutory ones.

OUTLOOK: DRM PRIORITIES IN 2018

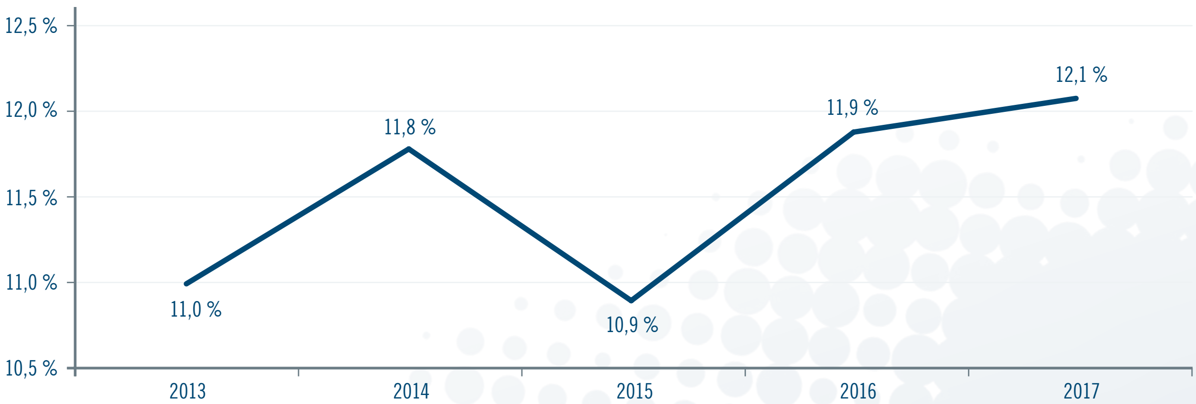
Each of the expected outcomes (key success factors) as detailed below are reported on monthly at executive meeting as to their progress and whether they are on track or at risk or completed. A draft strategy/ business plan for 2019-2023 has been drafted with support from PFTAC/IMF.

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
Establish a legal enforcement unit and develop an ongoing legislative change programme to implement improvements	▶ Tax lawyer is appointed
Execute the Debt and Return Strategy - actively improve debt and return collection activities and review case selection strategies (with TA Support)	▶ All debt and return work is coordinated and planned according the Debt Strategy. Audit assessed debt is prioritized. New processes designed as required
Undertake a minimum of two Pacific Networking activities to maximise learnings on how better to target our compliance activities	▶ Key areas identified and prioritised and 2 trips undertaken (1 to Fiji in October'18 done)
Introduce online filing and payment for Income Tax and Withholding Tax, online objections and automate individual income tax assessments	▶ Online filing and payment is introduced for PAYE, Sales and Goods Taxes
Increase filing rates by 5% and achieve online filing rates by 5%	▶ Return filing rates increase by 5% compared to 2017; 5% of returns are filed online
Develop a more formalised approach to communication including internal and external communication plans incorporating our Tax Education Strategy	▶ Develop Internal Communication Strategy; Develop External Communication Strategy including a Tax Education Strategy; Review the current seminar venues; Consider establishing a financial literacy component in the school curriculum
Develop & launch a customer charter	▶ Our people and customers are consulted on the development of a Charter Customer charter developed and launched
Undertake an internal baseline measurement to enable us to compare ourselves internationally	▶ Have a clear idea of our baseline performance and Measures consistent with ISORA and TADAT

PRIORITY ACTIVITIES	EXPECTED OUTCOMES
Introduce a range of improvements for Provincial Offices, including logistical support, increased debt and compliance activities and better HR management	▶ A robust Provincial Office Support plan is developed and maintained; Provincial staff are well informed and feel connected to IRD; Robust Provincial compliance programme is established and includes debt collection; Improved HR processes are practiced
Complete the implementation of a performance-based incentive scheme for our people supported by challenging targets	▶ Bonus scheme is approved and implemented and process is communicated to all our people and first bonus payment is made to staff
Implement strategies and techniques to ensure training is implemented/sustained in the workplace	▶ Technical training is supported with on the job tools and expectations are set prior to training

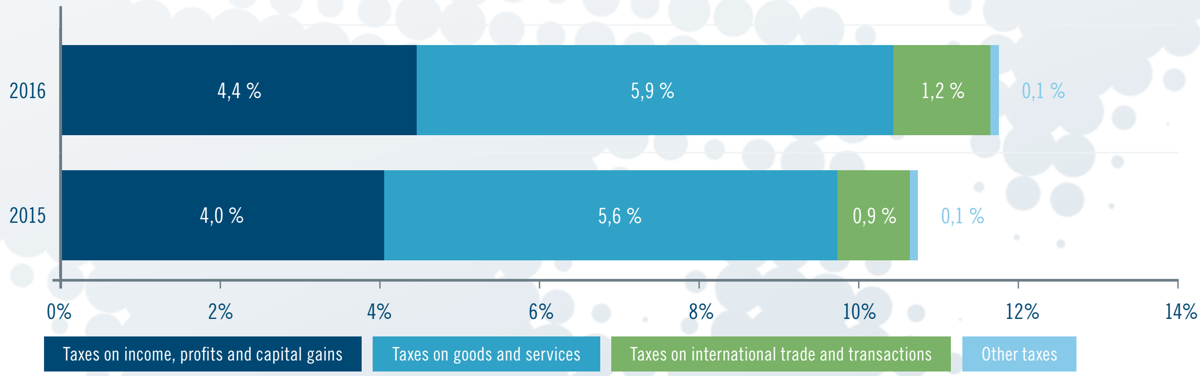
Tanzania

Tax revenues (% of GDP) (2013-2017)



Source: Government Finance Statistics (2018)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Public Expenditure and Financial Accounting

2017 (2016 framework):

C+	Revenue Administration
B+	Accounting for Revenue

2010 (2011 framework):

B	Transparency of taxpayer obligations and liabilities
C	Effectiveness of measures for taxpayer registration and tax assessment
B+	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
53 (49)	195 (179)	43.9 (43.9)	47.9 (na)

Overall ranking: 154 / 190 (150 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

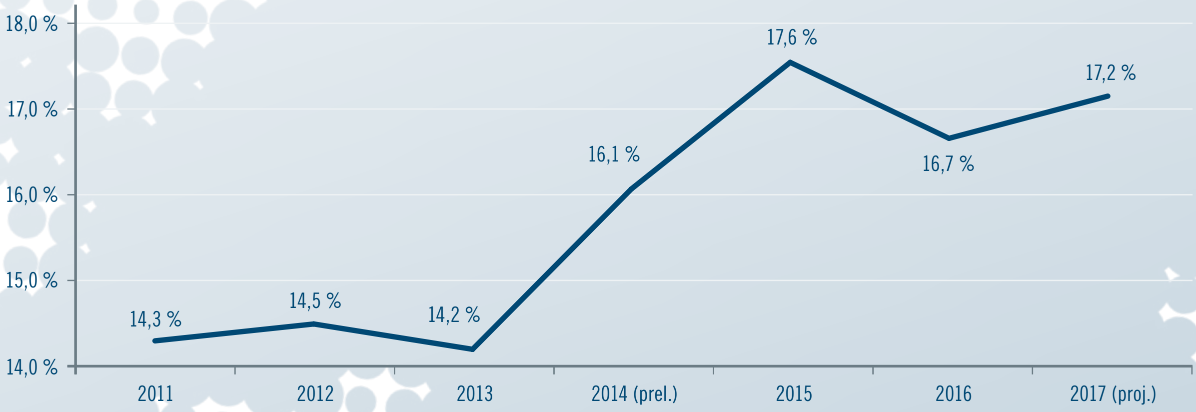
Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
3.1/7: Rank 117/138 (3.1/7: Rank 119/140)	**3.2/7: Rank 102/138 (3.2/7: Rank 101/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

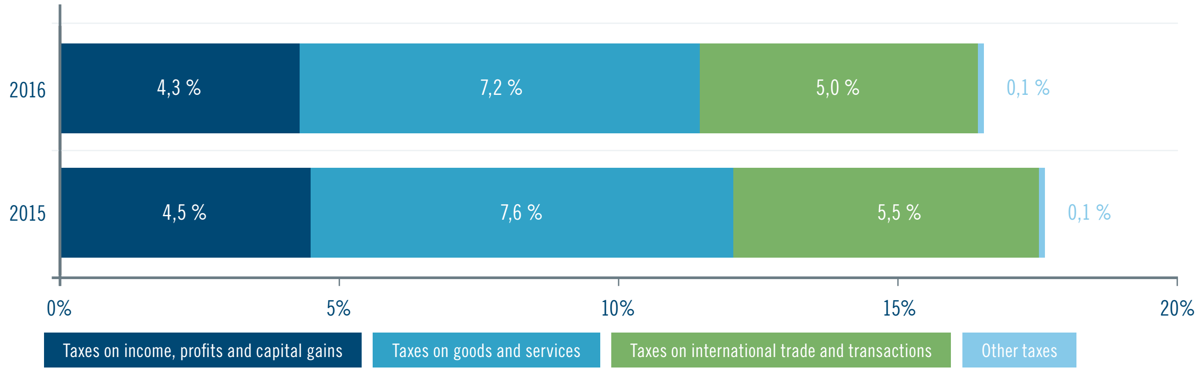
The Gambia

Tax revenues (% of GDP) (2011-2017)



Source: IMF 2015 Article IV Consultation report (2011-2014) and IMF 2017 Article IV Consultation report (2015-2017)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Source: IMF 2017 Article IV Consultation report

Public Expenditure and Financial Accounting

2015 (2011 framework):

- **B** Transparency of taxpayer obligations and liabilities
- **C+** Effectiveness of measures for taxpayer registration and tax assessment
- **D+** Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
49 (50)	326 (326)	51.3 (63.3)	48.83 (na)

Overall ranking: 171 / 190 (177 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work

3.9/7: Rank 54/138 (4.8/7: Rank 15/140)

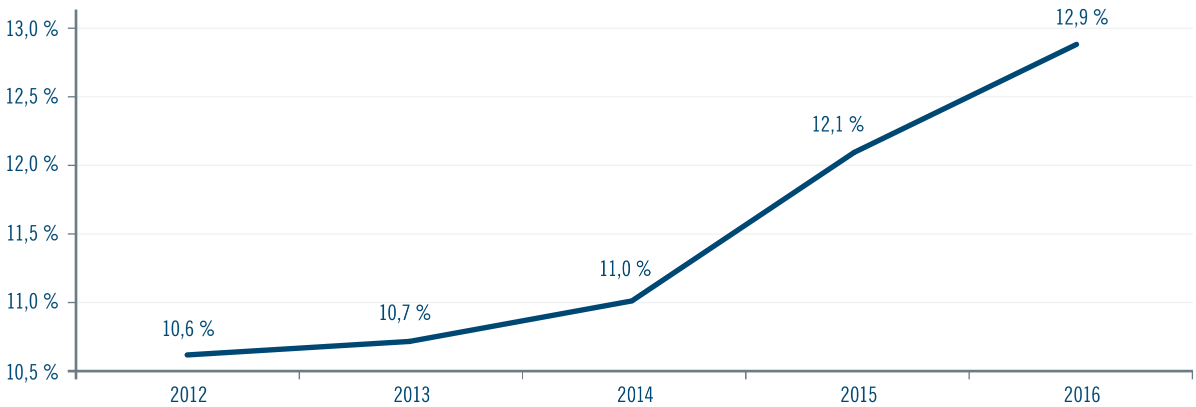
Effect of taxation on incentive to invest:

3.6/7: Rank 72/138 (3.4/7: Rank 89/140)

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

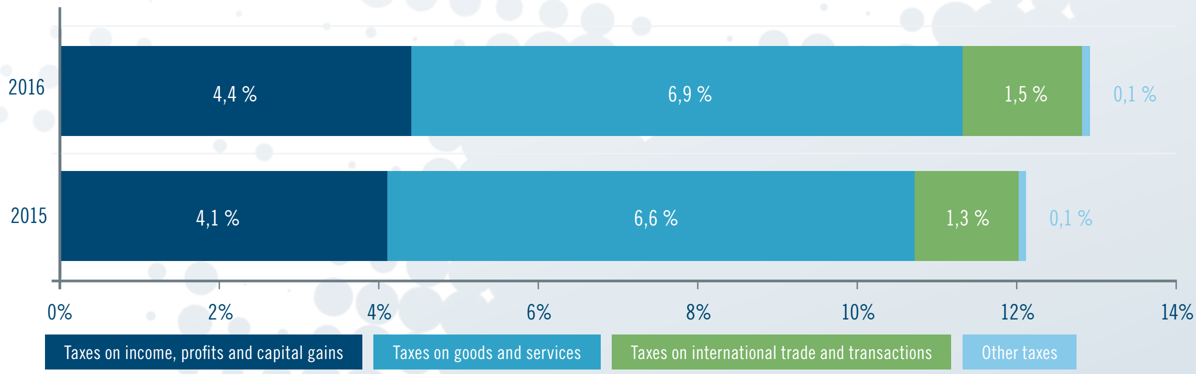
Uganda

Tax revenues (% of GDP) (2012-2016)



Source: Government Finance Statistics (2018)

Tax revenues, by sources (% of GDP) (2015 & 2016)



Public Expenditure and Financial Accounting

2017 (2016 framework):

B	Revenue Administration
D+	Accounting for Revenue

2012 (2011 framework):

A	Transparency of taxpayer obligations and liabilities
B	Effectiveness of measures for taxpayer registration and tax assessment
C+	Effectiveness in collection of tax payments

A=internationally-recognised level of good performance
D= performance is below the basic level

Source: Public Expenditure and Financial Accountability (PEFA) database

Doing Business, Ease of Paying Taxes (DB 2017), values from 2015 (DB 2016) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
31 (31)	195 (209)	33.5 (36.5)	78.4 (na)

Overall ranking: 75 / 190 (78 / 189)

Source: World Bank Doing Business Reports (*2016*; *2017*)

Global Competitiveness Report (2016-2017), values from 2015-2016 in parentheses

Effect of taxation on incentive to work	Effect of taxation on incentive to invest:
3.7/7: Rank 94/138 (3.6/7: Rank 88/140)	**3.0/7: Rank 114/138 (3.2/7: Rank 106/140)**

Source: Global Competitiveness Reports (*2015-2016*; *2016-2017*)

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