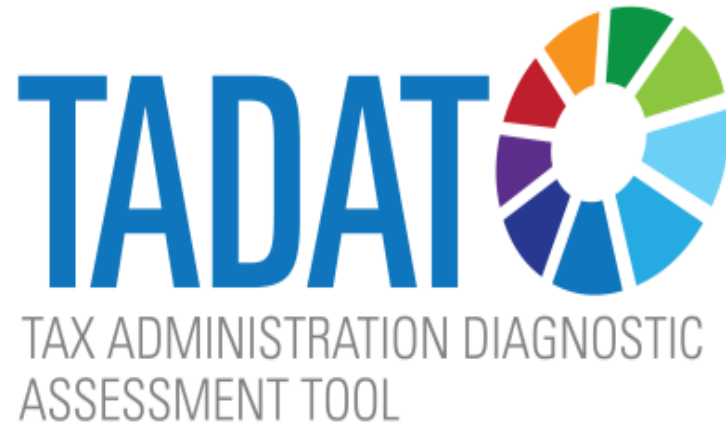




**FISCAL AFFAIRS**



## **Twelfth IMF- Japan High-Level Tax Conference for Asian Countries**

### **Understanding Tax Administration to add fiscal value - using the TADAT**

October 25, 26 2022

Margaret Cotton

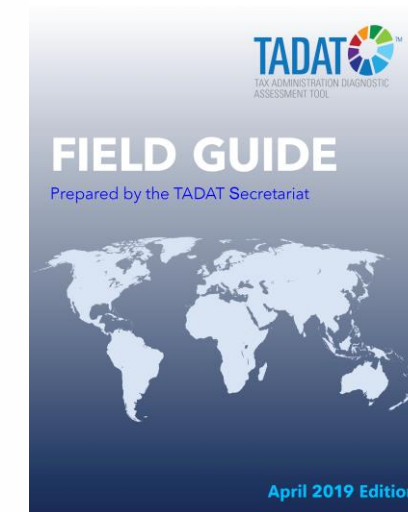
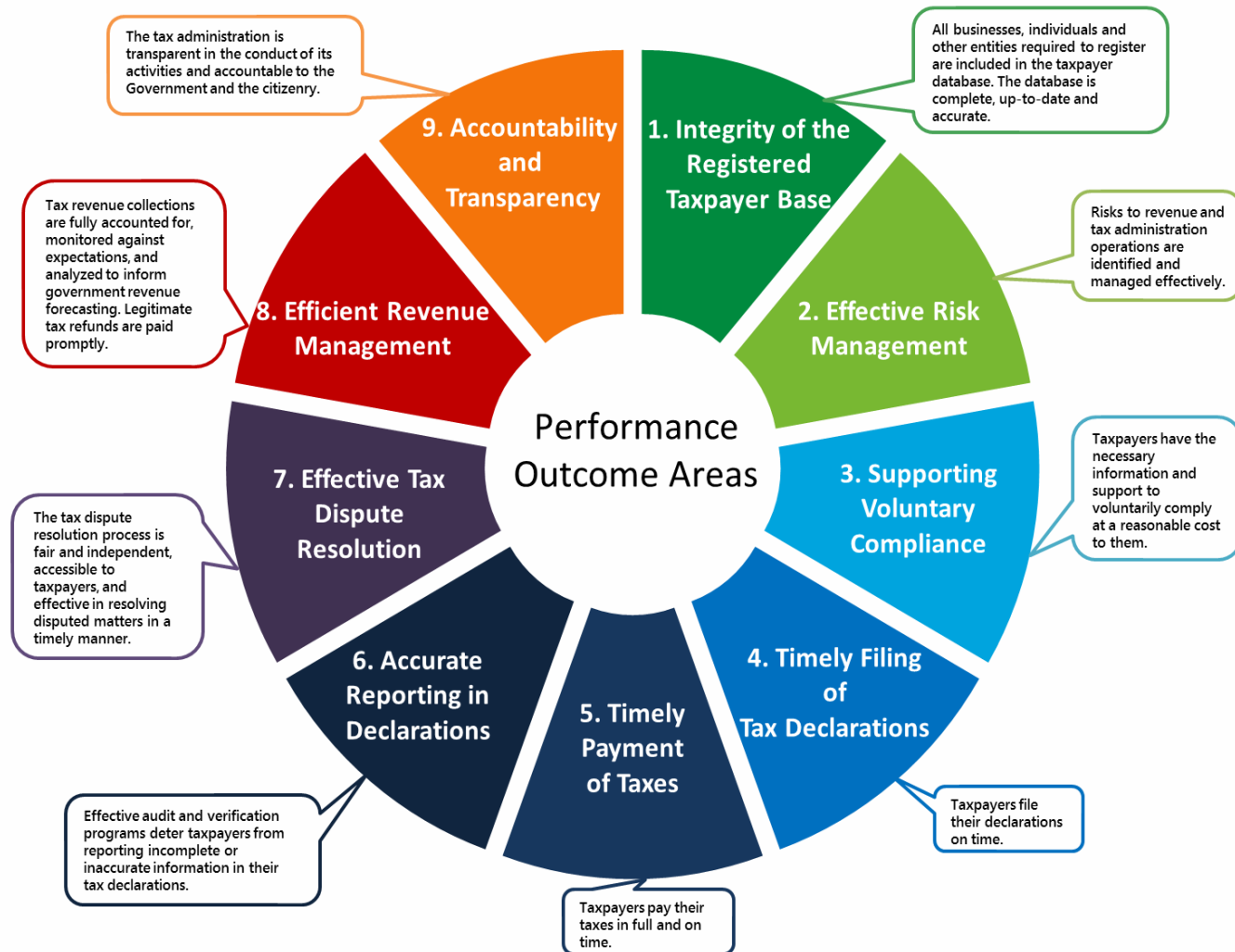
Deputy Division Chief, Revenue Administration

Fiscal Affairs Department

# Outline

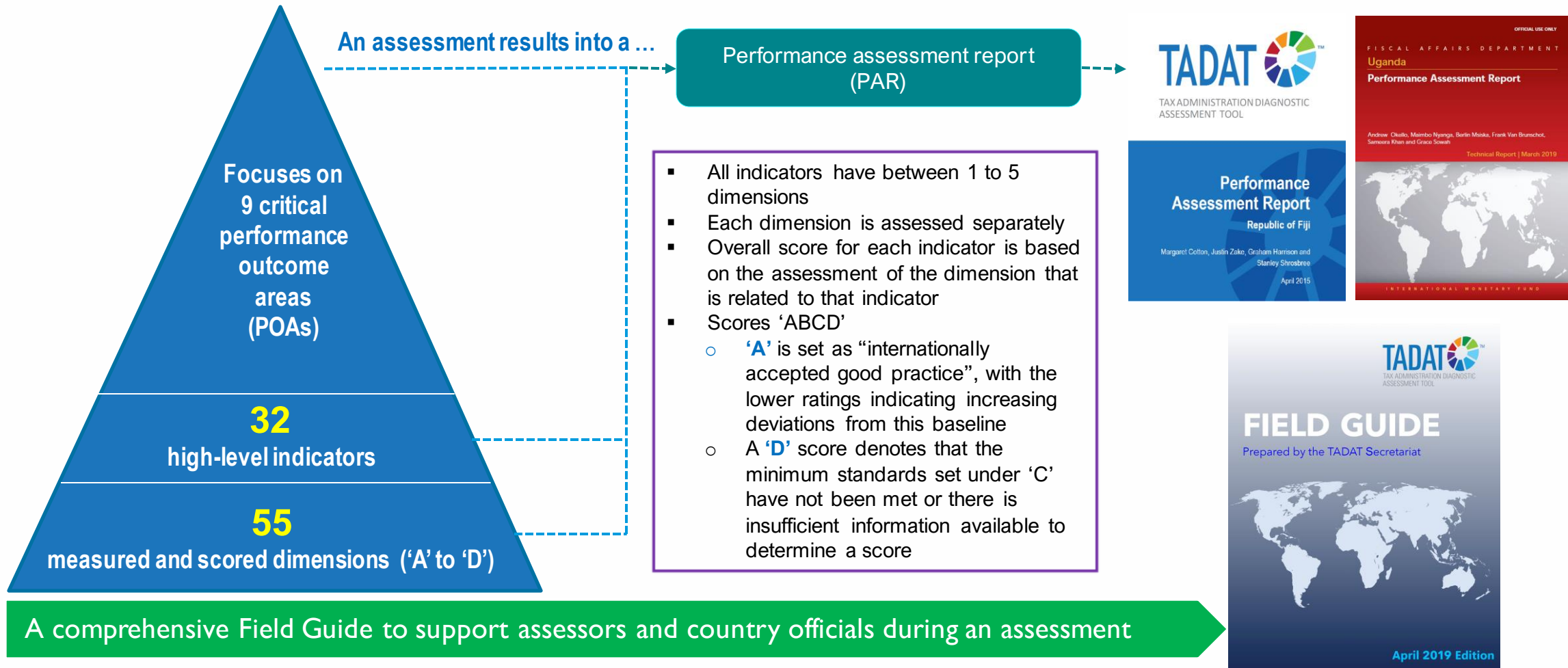
- The TADAT tool
- Analysis of overall TADAT results
- Using TADAT results to identify reform priorities
- Other tools to measure value and progress of tax administration

# TADAT - performance outcome areas

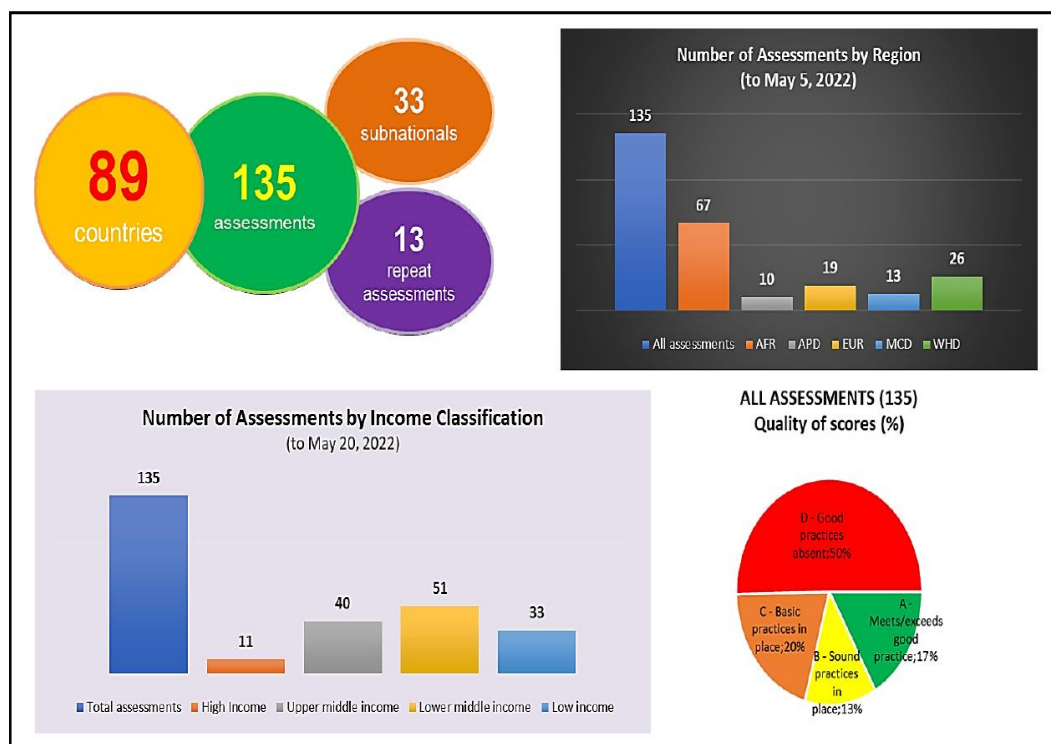


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# The TADAT methodology



# Cumulative TADAT Results – May 2022



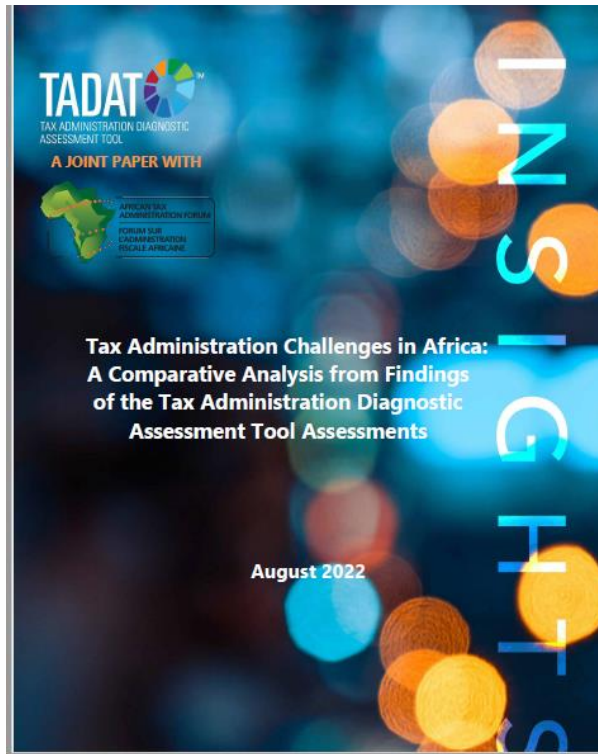
Source: TADAT secretariat

Using the TADAT results:

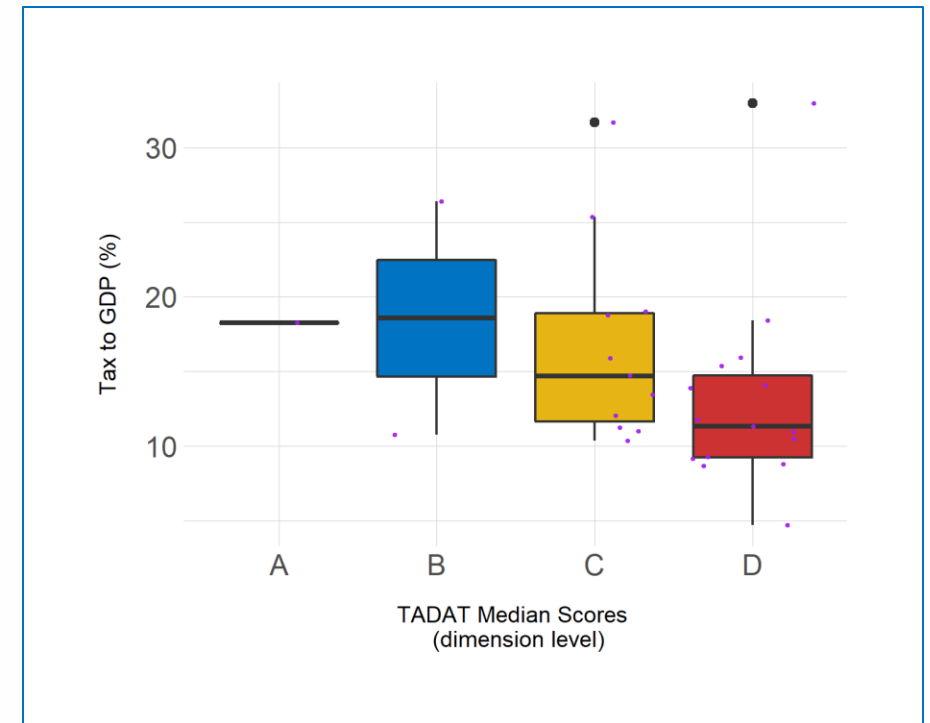
- **Countries:**
  - use results to prioritize and sequence reforms
  - seek support (political, public and financial) for reforms
- **IMF:**
  - Prioritize areas for CD tools, products and training areas
  - [IMF Revenue-Portal](#)
  - [VITARA- online tax administration training](#)

# Analysis of TADAT Results - Africa

Analysis (2022) from 55 Africa TADATs shows a positive correlation between good administrative practices and tax capacity (as reflected in the Tax to GDP ratio)



TADAT Median Score	Number of Countries	Median Tax to GDP ratio
A	1	18.3
B	2	18.6
C	11	13.7
D	15	11.4



Source: African Tax Administration Forum/TADAT Secretariat, August 2022

# Africa ratings compared with rest of the world (ROW)

Figure 3. Overall performance by POA: ATAs compared to the ROW

Performance outcome area (POA)	High income		Upper middle income		Lower middle income		Low income	
	ATAs	ROW	ATAs	ROW	ATAs	ROW	ATAs	ROW
POA1: Integrity of the registered taxpayer base	B: Sound practices in place	C: Basic practices in place	B: Sound practices in place	C: Basic practices in place	D: Good practices absent	C: Basic practices in place	C: Basic practices in place	A: Meets / exceeds good practices
POA2: Effective risk management	D: Good practices absent	C: Basic practices in place	C: Basic practices in place	C: Basic practices in place	D: Good practices absent	C: Basic practices in place	D: Good practices absent	D: Good practices absent
POA3: Supporting voluntary compliance	C: Basic practices in place	C: Basic practices in place	A: Meets / exceeds good practices	B: Sound practices in place	D: Good practices absent	B: Sound practices in place	C: Basic practices in place	A: Meets / exceeds good practices
POA4: Timely filing of tax declarations	D: Good practices absent	D: Good practices absent	C: Basic practices in place	C: Basic practices in place	D: Good practices absent	C: Basic practices in place	D: Good practices absent	A: Meets / exceeds good practices
POA5: Timely payment of taxes	B: Sound practices in place	C: Basic practices in place	B: Sound practices in place	C: Basic practices in place	D: Good practices absent	C: Basic practices in place	D: Good practices absent	A: Meets / exceeds good practices
POA6: Accurate reporting in declarations	D: Good practices absent	C: Basic practices in place	C: Basic practices in place	C: Basic practices in place	D: Good practices absent	C: Basic practices in place	D: Good practices absent	D: Good practices absent
POA7: Effective tax dispute resolution	A: Meets / exceeds good practices	B: Sound practices in place	B: Sound practices in place	B: Sound practices in place	D: Good practices absent	B: Sound practices in place	C: Basic practices in place	A: Meets / exceeds good practices
POA8: Efficient revenue management	B: Sound practices in place	C: Basic practices in place	C: Basic practices in place	C: Basic practices in place	D: Good practices absent	D: Good practices absent	D: Good practices absent	A: Meets / exceeds good practices
POA9: Accountability and transparency	D: Good practices absent	D: Good practices absent	C: Basic practices in place	C: Basic practices in place	D: Good practices absent	C: Basic practices in place	D: Good practices absent	B: Sound practices in place

Source: TADAT Secretariat

Further analysis is needed to help identify more granular linkages between disaggregated TADAT scores and tax capacity/revenue performance

# Asia Pacific hotspots - 10 assessments

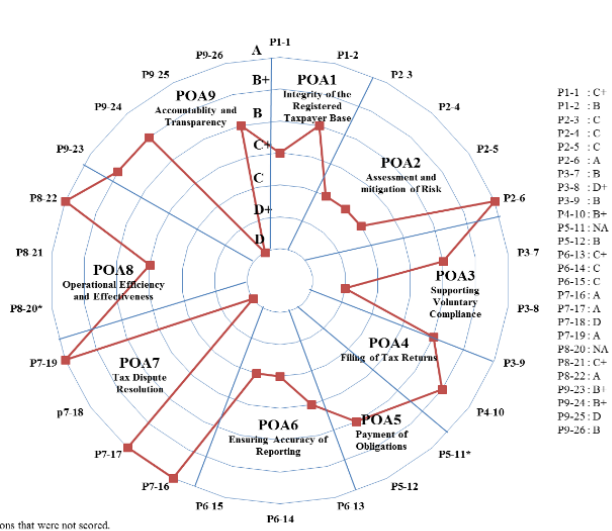
Performance Outcome Area (POA)	Globally – all 135 assessments	Asia - Pacific Region (APD) [10 assessments]
<b>POA1 Integrity of the Registered Taxpayer Base</b>		Adequacy information held in the taxpayers register of
<b>POA2 Effective Risk Management</b>	Monitoring and analyzing the impact of compliance mitigating interventions Management of operational risks	Monitoring and analyzing the impact of compliance mitigating interventions Management of operational risks
	Testing, monitoring and evaluating the business continuity program	Testing, monitoring and evaluating the business continuity program
	Existence of capacity and structures to manage human capital risks Effective evaluation of human capital risks and related mitigation interventions	Existence of capacity and structures to manage human capital risks Effective evaluation of human capital risks and related mitigation interventions
<b>POA3 Supporting Voluntary Compliance</b>		Responsiveness to taxpayers' information requests
<b>POA4 Timely Filing of Declarations</b>	On-time filing of corporate income tax or equivalent for sub-nationals	On-time filing of personal income tax or equivalent for sub-nationals
	On-time filing of personal income tax or equivalent for sub-nationals	On-time filing of value added tax or equivalent for sub-nationals
	On-time filing of value added tax or equivalent for sub-nationals	
	Action taken to follow up non-filers	

Performance Outcome Area (POA)	Globally – all 135 assessments	Asia - Pacific Region (APD) [10 assessments]
<b>POA5 Timely Payment of Taxes</b>	Ratio of total core tax debt value to core tax revenue collections	Number of on-time value added tax payments or equivalent for sub-nationals
	Ratio of collectible core tax debt (value) to core tax revenue collections	Ratio of total core tax debt value to core tax revenue collections
	Ratio of core tax debt of more than 12 months (value) to total core tax debt	Ratio of core tax debt of more than 12 months (value) to total core tax debt
<b>POA6 Accurate Reporting in Declarations</b>	Taxpayers' audits are monitored for quality	Taxpayers' audits are monitored for quality
	Effectiveness of the audit function is monitored	Effectiveness of the audit function is monitored
	Tax declarations are crosschecked through large-scale automated systems	Tax declarations are crosschecked through large-scale automated systems
<b>POA7 Effective Tax Dispute Resolution</b>	Use of tax gap frameworks to detect inaccurate reporting	Use of tax gap frameworks to detect inaccurate reporting
	Time taken to respond to taxpayer disputes	Time taken to respond to taxpayer disputes
<b>POA8 Efficient Revenue Management</b>	Adequacy of the VAT refund system Timeliness of VAT refunds	Adequacy of the VAT refund system Timeliness of VAT refunds
	<b>POA9 Accountability and Transparency</b>	Public confidence in the tax administration-

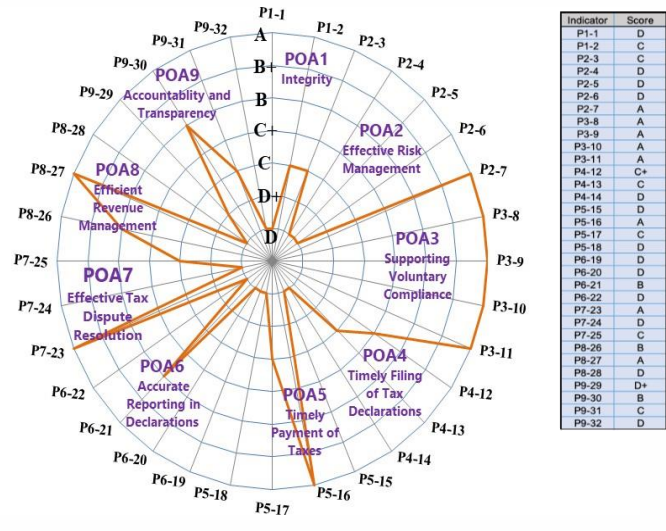


# Which Areas of Weakness to Address First?

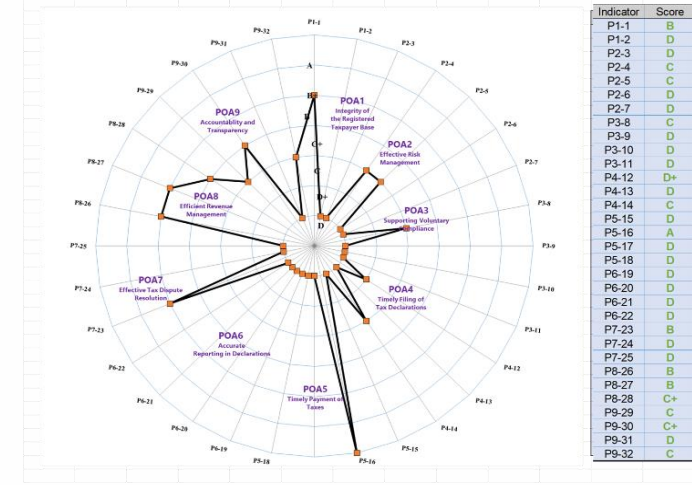
## Sample TADAT Profiles



**Example 1**  
Areas for development are easily identifiable



**Example 2**  
More areas for development – prioritization required



**Example 3**  
Many areas for development – strategic prioritization essential

# Prioritizing Development Initiatives

- TADAT assessments show us areas of strength and weakness compared with international good practice benchmarks
- To support strategic prioritization in addressing weaknesses, we need further analysis that shows the relationship between the individual elements of TADAT and revenue outcomes
- This will support us in deciding which areas of weakness to address first
- Also use ISORA data and gap (RA-GAP) assessments

<https://data.rafit.org>

International Survey on Revenue Administration (ISORA)  
Powered by RA-FIT

What can ISORA tell us about tax administration?  
Reports and analyses by ISORA partners

Home About ISORA Publications/Links Data Registered Users

The International Survey on Revenue Administration (ISORA) is the product of a collaboration between the Inter-American Center of Tax Administrations (CIAT), the Fiscal Affairs Department (FAD) of the IMF, the Intra-European Organisation of Tax Administrations (IOTA), and the Organisation for Economic Co-operation and Development (OECD).

This ISORA portal provides information about the survey, the questionnaires used in the survey, publications and presentations using ISORA data, and of course, to ISORA data.

In addition, the portal also includes data available to administrations that completed ISORA, that has not yet been publicly released. Staff of participating administrations may request to become registered users to access this data, by emailing [fadraft@imf.org](mailto:fadraft@imf.org).

RA-FIT/ISORA Participation

2014 2015 2016 2017 2018 2019 2020 2021

# Measures of Tax Capacity and Administrative Performance

- Tax to GDP ratio is widely used, but is largely determined by economic structure and the policy framework
- Actual vs. budgeted collection may be a useful measure of administrative performance, but will be affected by how accurately budgets are set
- Cost of Collection may be an indicator of administrative efficiency, but will be influenced by technology, the scope of an administration's responsibilities, and labor market conditions
- The Compliance Gap should be a meaningful indicator, but will be affected by the availability and quality of data

# Future Application of Analytical Findings

- Provide further guidance to administrations in the interpretation of TADAT results and the strategic prioritization of development plans
- Assist development partners in evaluating the effectiveness of tax administration support programs by mapping administrative improvements onto fiscal outcomes
- Provide an effective platform for prioritizing and coordinating development partner support

*To help us help you to set baseline measures and reform targets, and to help prioritize and sequence reform programs, we encourage more use of TADAT*

# Thank You

<https://www.tadat.org/home>

[Revenue Portal - https://www.imf.org/en/Topics/fiscal-policies](https://www.imf.org/en/Topics/fiscal-policies)

[VITARA - https://www.imf.org/en/Capacity-Development/Training/ICDTC/Search?sortby=Relevancy&sortdir=Descending&keywords=VITARA](https://www.imf.org/en/Capacity-Development/Training/ICDTC/Search?sortby=Relevancy&sortdir=Descending&keywords=VITARA)