
An Update on TADAT

Tokyo Tax Conference
April xx, 2015

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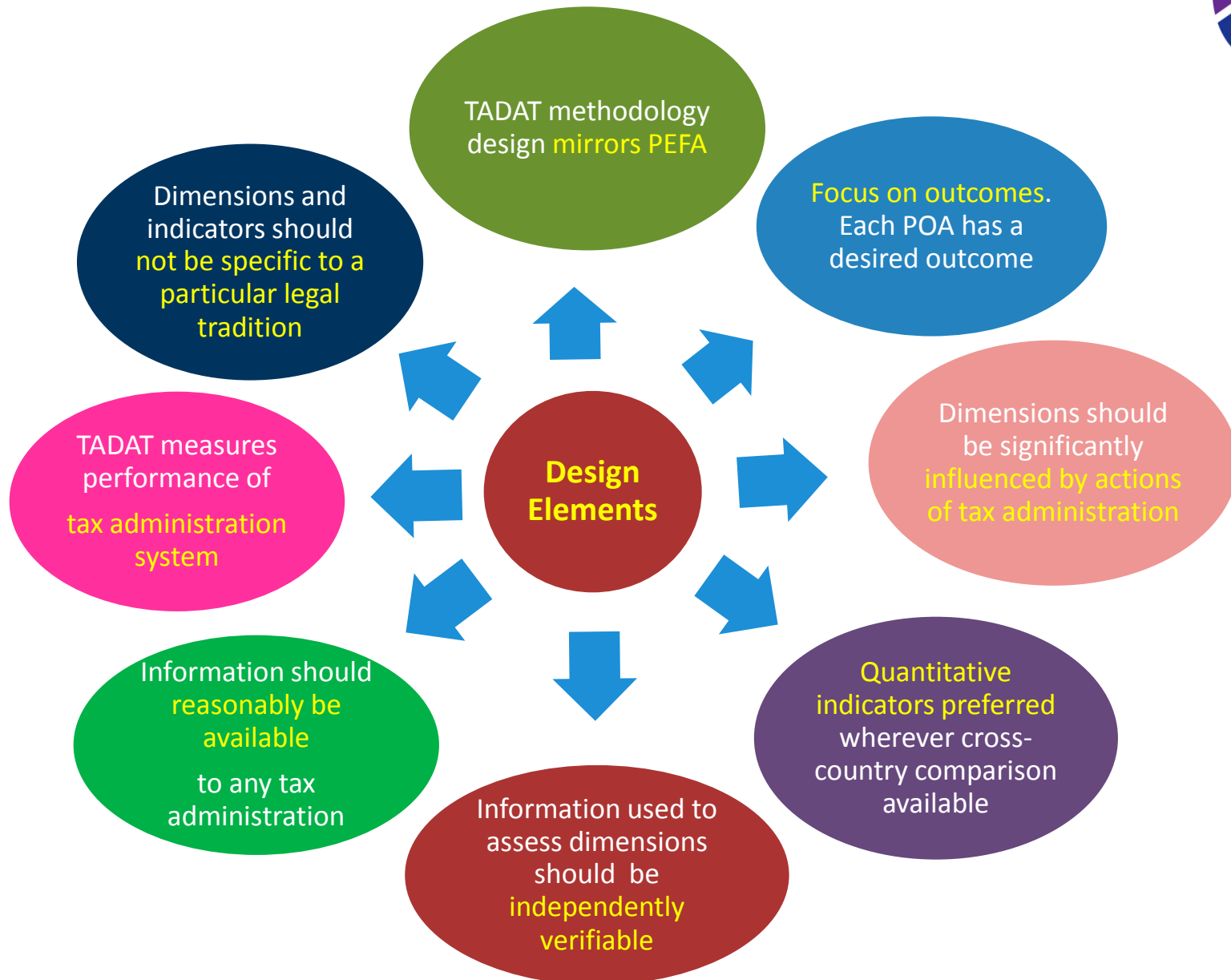


What is TADAT? A Recap

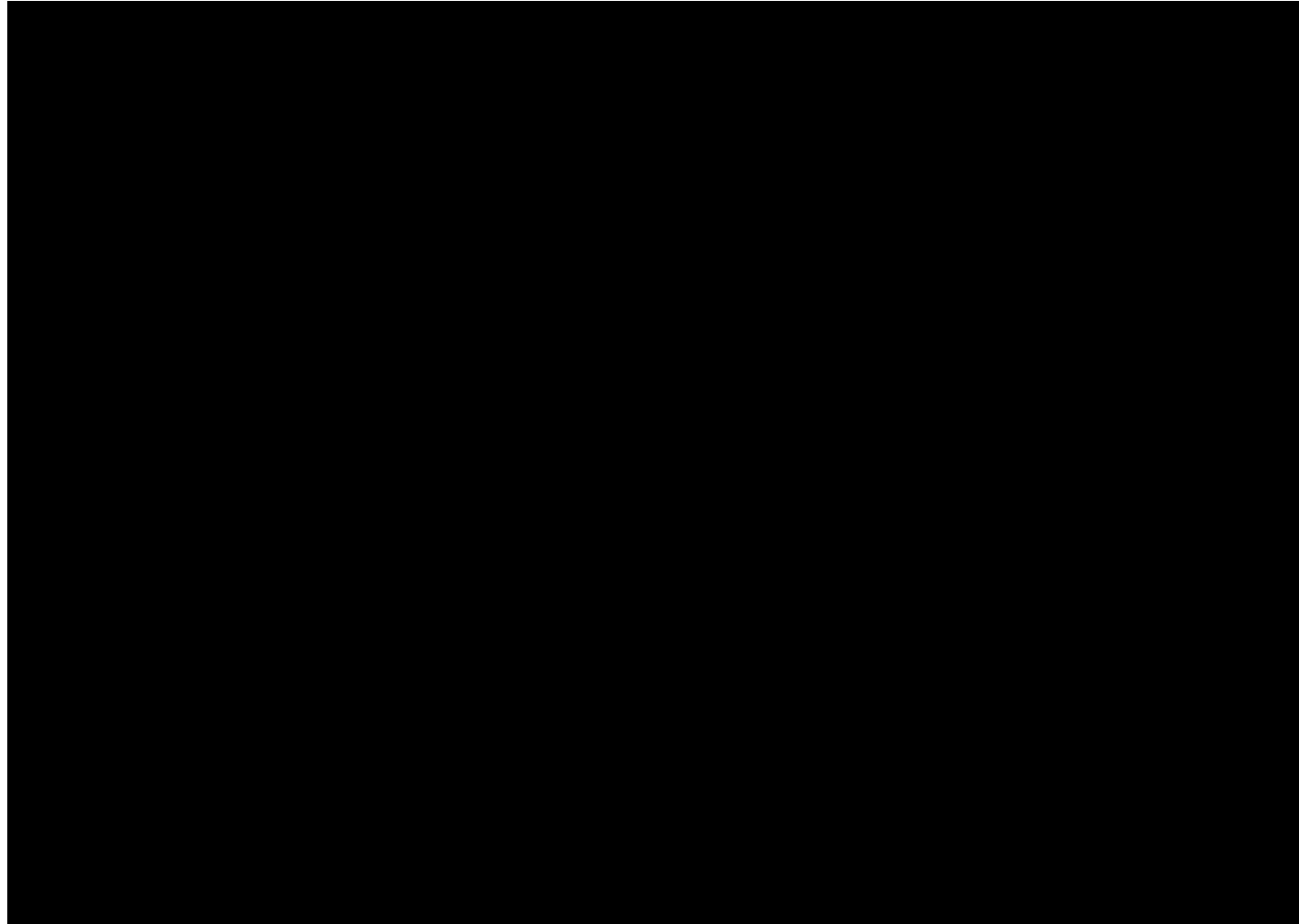


- A diagnostic tool to provide an **objective** and **standardized** performance assessment of a the strengths and weaknesses of a country's **system of tax administration**
- Key words: (i) **objective**; (ii) **standardized**; (iii) **system of tax administration**.
- **Objective** - It measures the strengths and weaknesses of a tax administration against a set of benchmarks of commonly accepted good international practices; laid out in the TADAT Field Guide.
- **Standardized** – The TADAT methodology provides a scoring system that scores similarly a given performance indicator, for two different tax administrations, that are similarly placed.
- **System of tax administration** – Looks not just the tax administration in isolation, but at all the core revenue functions, even if, some of these may be delegated to other agencies. E.g., while TADAT does not evaluate customs administration, it does look at how the entire VAT revenue collection is done, even where VAT on import is collected by customs.
- Revenue equivalent of the **Public Expenditure and Financial Accountability (PEFA)** tool.
- Secretariat is hosted by the International Monetary Fund

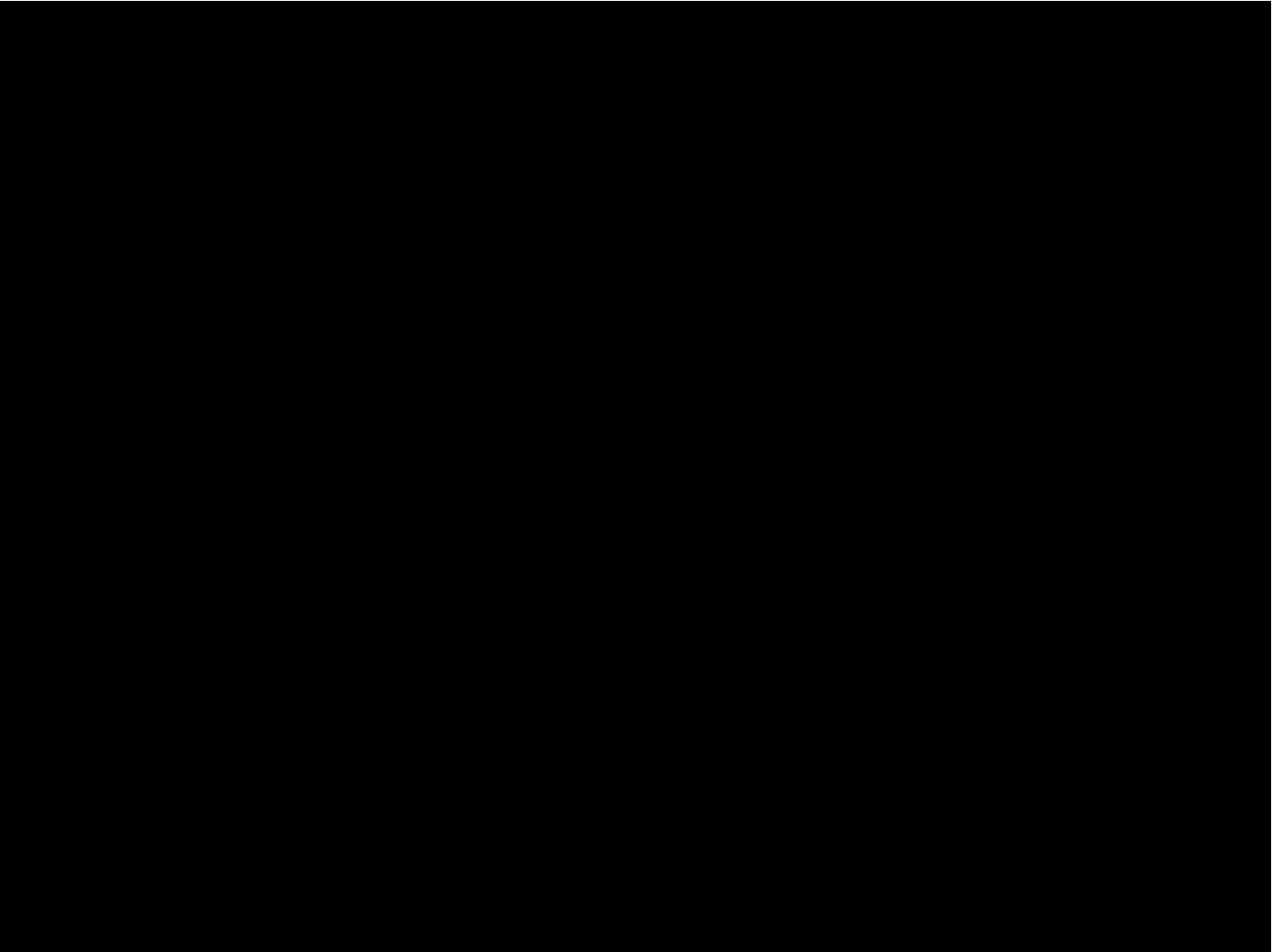
TADAT Design Elements



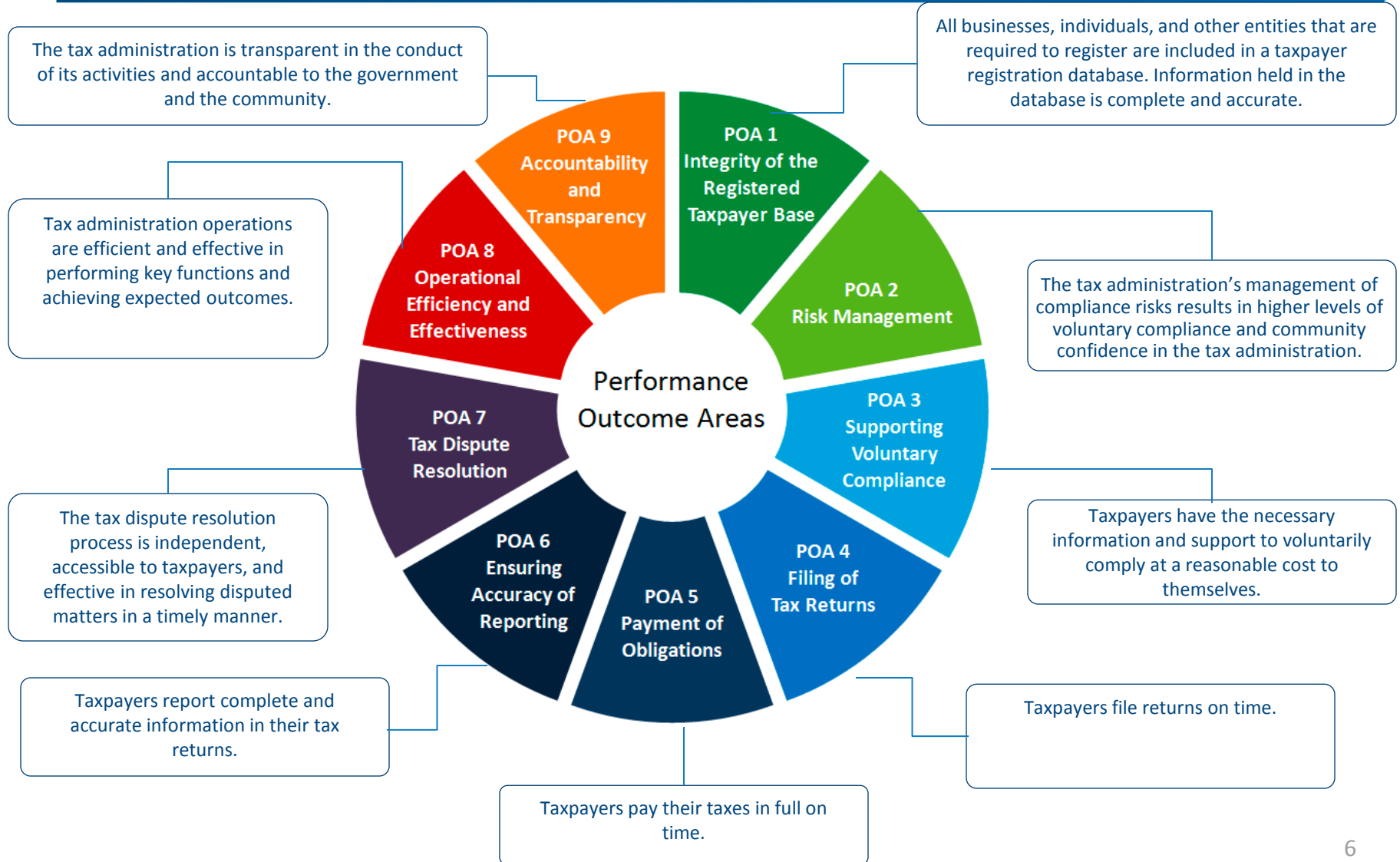
Why does TADAT matter to countries



Why does TADAT matter to the International Community



Core structure and desired outcomes



How does TADAT work?



Focuses on 9 critical performance outcome areas (POAs)

26 high-level indicators

51 measured and scored dimensions
(scale of 'A' to 'D')

Assessment results fed into a ...

Performance assessment report (PAR)

- All indicators have between 1 to 4 dimensions
- Each dimension is separately assessed
- Overall score for an indicator is based on the assessment of the dimensions related to that indicator

TADAT Scoring Rules

A

Tax administration demonstrates strong performance and follows internationally accepted good practices in that dimension.

B

Tax administration shows sound performance fairly close to internationally accepted good practices in that dimension.

C

Tax administration just meets the minimum performance standards in that dimension.

D

Inadequate performance, where the minimum standards set in 'C' are not met.
OR
Insufficient information to determine level of performance

Proof of Concept Testing



- Pilot assessments being conducted across a wide-range of situations:
 - » Level of Economic Development
 - » Region, Language, and Heritage
 - » Economic and Governance Characteristics
- Lessons learned from pilots have helped test and improve the Field Guide
 - November 2013 - Zambia - low income
 - December 2013 - Norway - high income
 - June 2014 - South Africa – middle income
 - November 2014 - Paraguay – Latin American
 - February 2015 - Fiji – small island nation
 - March 2015 - Mozambique – resource rich - Portuguese
 - May 2015 - Kosovo – post conflict –small European
 - June 2015 - Cote D'Ivoire - francophone Africa
 - More pilots assessments possibly in the Middle East, Europe, Asia and Caribbean.
- Field Guide released for public comments: February-March 2015 on www.tadat.org
- TADAT will be launched for full rolled out in November 2015.

Some Results from Pilots



- The **South Africa** pilot showed a very well organized tax administration
- The **Zambia** pilot highlighted some major weaknesses, but also some areas where the tax administration was actually doing better than people thought.
- The **Norway** pilot brought into focus some best practices in horizontal monitoring and pre-filled returns. It also showed that the administration lacked key management statistics in several areas such as stock and flow of disputed cases.
- The **Paraguay** pilot brought out several issues that are specific to some Latin countries.
- The **Mozambique** pilot highlighted the point that some scoring criteria will not be an exact fit for situations on the ground—for example, elements of score “A” to “C” may be present and a “D” score would not be appropriate. Exercise of professional judgment would be imperative.
- Experience from several pilots showed that use of the scoring category “**Not Rated**” allowed countries to get away with “NR” even where absence of key management statistics indicated poor performance. As a result, “NR” has been dropped from Field Guide version 5.

TADAT Quality Assurance Mechanism



- Quality Assurance by the TADAT Secretariat both at **ENTRY level** and at **EXIT level**
- **ENTRY** level Quality Assurance >> TADAT assessments conducted only by:
 - Persons with adequate experience in tax issues
 - Trained Assessors who have undergone and passed online TADAT training
 - Secretariat conducts online registration, training and exam and maintains a list of trained assessors
- **EXIT** level Quality Assurance
 - Secretariat reviews TADAT assessments before they are finalized to check for quality of scoring
- First training workshop on TADAT methodology (for TADAT partners). Washington DC on January 28-29, 2015
- Second training workshop on TADAT methodology. London on March 3-4, 2015. Japan participated in both workshops

Assessor Training

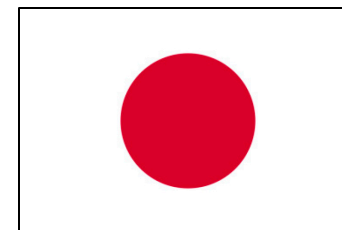


- Being a global tool, TADAT expects to have a pool of assessors from around the world.
- A structured program for registration, training and certification is being developed.
- Tax professionals with 5 years experience and some experience in providing assistance to developing countries can register for the online training course on the TADAT website.
- Registration is already live on www.tadat.org in the training menu.
- Online training has 12 modules, each of about 45 minutes. This explains the TADAT framework and the methodology for scoring different indicators.
- Online training is on **edX** platform - developed by MIT and Harvard - in collaboration with IMF Institute for Capacity Development. It goes live on May 1, 2015 on the TADAT website.
- Upon completion of the course, candidates take an online exam which is proctored virtually.
- Passing the exam certifies the candidate as a “trained assessor”
- Secretariat maintains a list of “trained assessors” – sponsors of TADAT assessments will be able to select assessors from this list.

TADAT is supported by international development partners



BMZ  Federal Ministry
for Economic Cooperation
and Development



Ministry of Foreign Affairs of the
Netherlands



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