

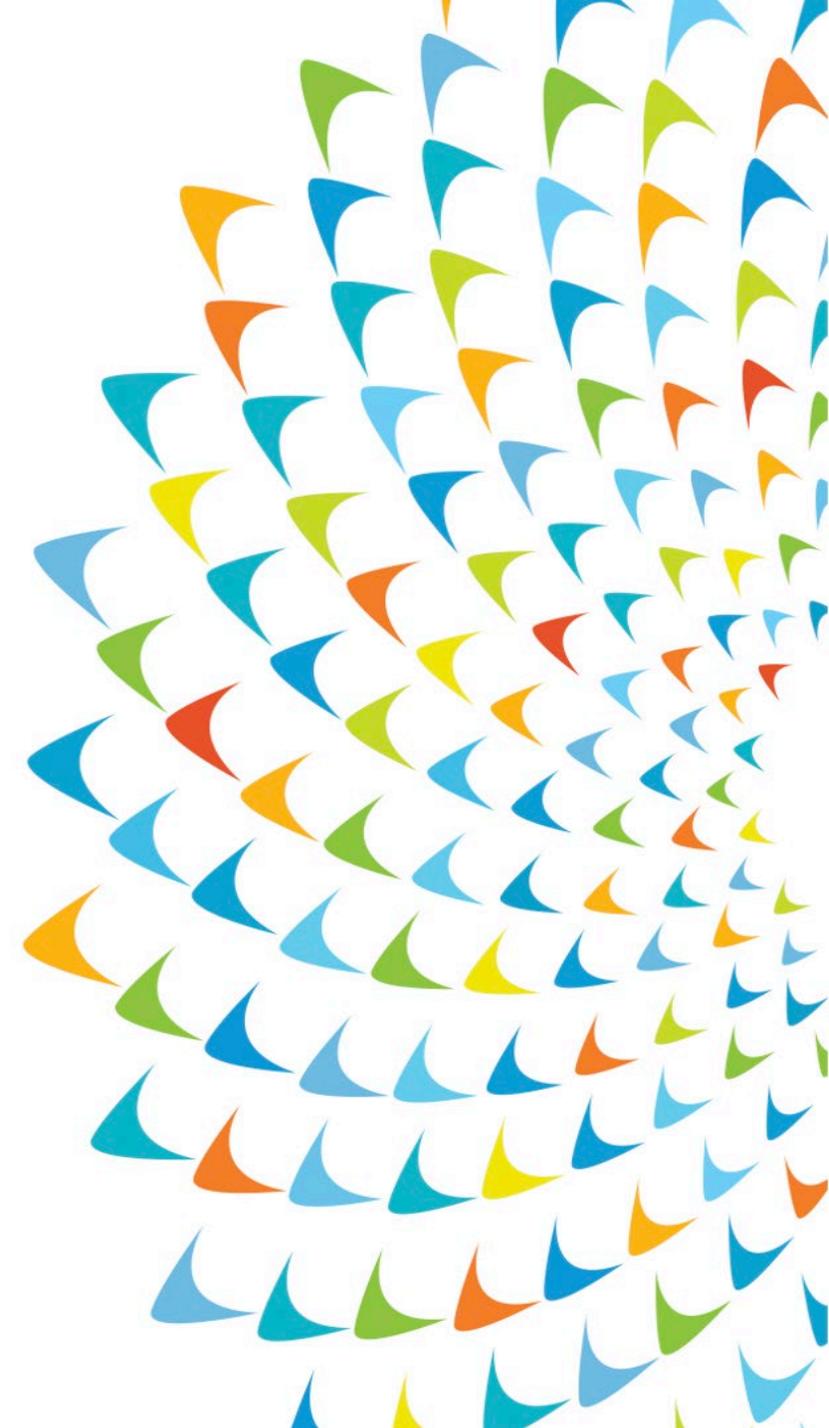


# ADB's experiences in TADAT in Asia and Pacific

## The Twelfth IMF-Japan High-Level Tax Conference For Asian Countries in Tokyo

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# ADB's participation in TADAT: A short timeline

2020

1

Participated in TADAT Technical Working Group (TWG) in 2020.

2021

2

Established a project dedicated to promote TADAT assessments under Domestic Resource Mobilization Trust Fund (DRMTF).

- ✓ Financially supported by the Government of Japan

2021 - 2022

3

Participated in the following TADAT initiatives for ADB's DMCs

- ✓ Led TADAT trainings and assessments for:
  1. Pakistan: May - August 2021, in partnership with UK Foreign, Commonwealth & Development Office, IMF, National Tax Agency of Japan, and the WBG
  2. Bhutan: Ongoing, in partnership with IMF, WBG
- ✓ Led TADAT training for Indonesia and support its self-assessment (February 2022, in partnership with Australia Indonesia partnership for Economic Development).
- ✓ Joined in the TADAT assessment for Maldives (March 2022, led by IMF)

onward

4

Will continue to promote TADAT

- ✓ Including regional events, subnational assessments
- ✓ Providing support for all assessments in ADB's DMCs.



# Building a Foundation for Reform Agenda



ADB leverages the outcome of TADAT assessments for its support to its developing members:

## Pakistan

**Policy Based Lending** (Improved Domestic Resource Mobilization Reform Program) is facilitating implementation of TADAT recommendations, including:

- i. Tax gap analysis for core taxes;
- ii. Sectoral benchmarks study based on information from tax returns, taxpayer risk profiles, and tax gap and risk analysis;
- iii. Establishment of a review committee to identify measures to harmonize and simplify core tax;
- iv. Publication of the results of an independent survey to monitor taxpayers' perceptions; and
- v. Introduction, implementation of synchronized withholding administration and payment system (SWAPS)

## Bhutan

**Policy Based Lending** will facilitate implementation of TADAT recommendations.

## Maldives

The outcome of TADAT assessments will provide inputs for the **Medium-Term Revenue Strategy**.

## Cambodia and Fiji

ADB supported implementation of TADAT recommendations using DRMTF.

The impact of this initiative can be assessed through repeat TADAT assessment after 4-5 years.

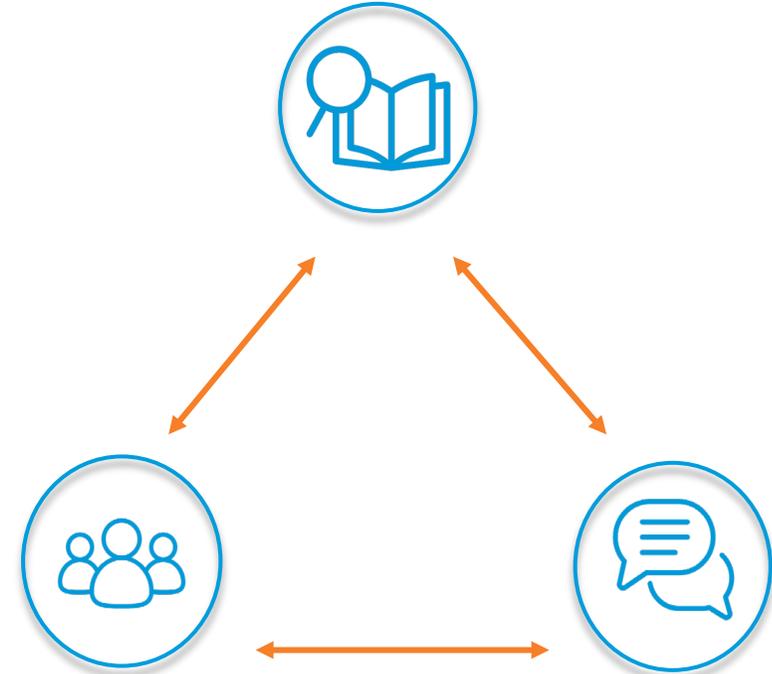


# Enhancing Collaboration among Stakeholders

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TADAT trainings and assessments serve as **an effective platform among development partners and the governments** for information and knowledge sharing, capacity building, and development coordination

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- ✓ Ongoing tax reform initiatives and support from development partners are crystalized in preparing the TADAT Performance Assessment Report.
- ✓ **“One Team”** approach helped develop strong ties
- ✓ Led to more empowered staff in tax administration.



# Lessons Learned: Comparison between Onsite and Virtual Assessments

- On a virtual assessment, **at least one assessor/supporting member should be based in the host country** for evidence collection and validation.
- Virtual trainings and Onsite assessments can be a good combination, but **the hybrid assessments are contingent** upon high quality internet connectivity, no language problems, the existence of local members, etc.

## PROS

### Onsite

- ✓ Easy communication between the team and the government officials.
- ✓ Benefit of “informal” communication cannot be negligible in building strong ties.
- ✓ Strong ties with the stakeholders facilitate follow up actions.

### Virtual

- ✓ Trainings and assessments can be organized in a cost-effective and timely manner.
- ✓ Facilitates expansion of the coverage.

## CONS

### Onsite

- ✓ Time consuming and resource intensive exercise.

### Virtual

- ✓ Difficulty in evidence gathering and validation unless local member(s) is included in the team.
- ✓ Opportunities for relation building with the team and with the government officials are limited.

# Some Suggestions



1

## Coordination with the governments to initiate TADAT

Coordination among Partners and TWG members may be improved by establishing **“Dashboard” that provides comprehensive views of the status of TADAT initiatives for countries** including coordination with potential candidates for the assessment.

2

## Conducting assessments, and providing scorings

- Some of the scoring indicators and dimensions may not be effective for small countries.
- **Simplified modules can be considered for smaller economies** such as those in the Pacific.

3

## Post-assessment strategy

TADAT report should provide an additional guidance on **post-TADAT assessments strategy** in coordination with the government and the development partners.

4

## Sub-national assessments

Sub-national TADAT assessments should be promoted in large countries, in a selective manner, to improve the overall revenue effort.



# Thank you!

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October 2022

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