



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

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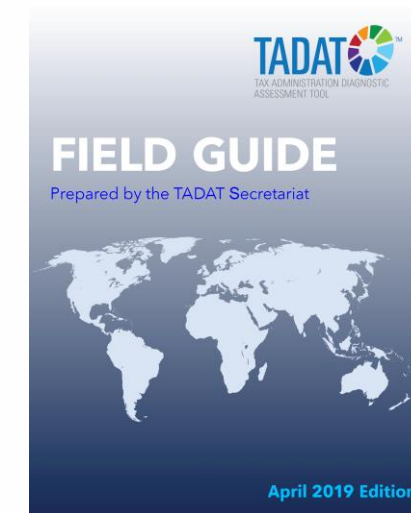
Deputy Division Chief, Revenue Administration

Fiscal Affairs Department

Outline

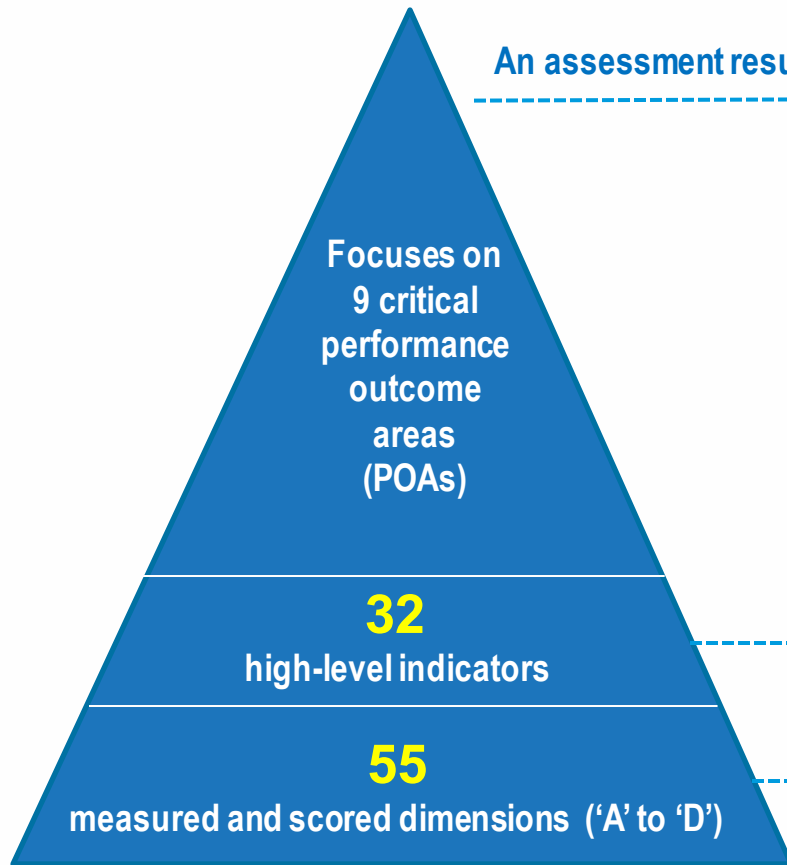
- The TADAT tool
- Analysis of overall TADAT results
- Using TADAT results to identify reform priorities
- Other tools to measure value and progress of tax administration

TADAT - performance outcome areas



www.tadat.org

The TADAT methodology



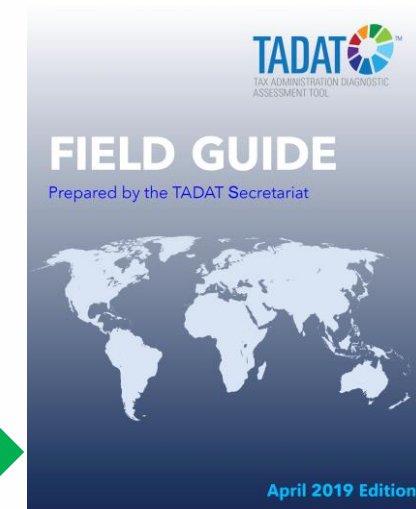
An assessment results into a ...

Performance assessment report (PAR)

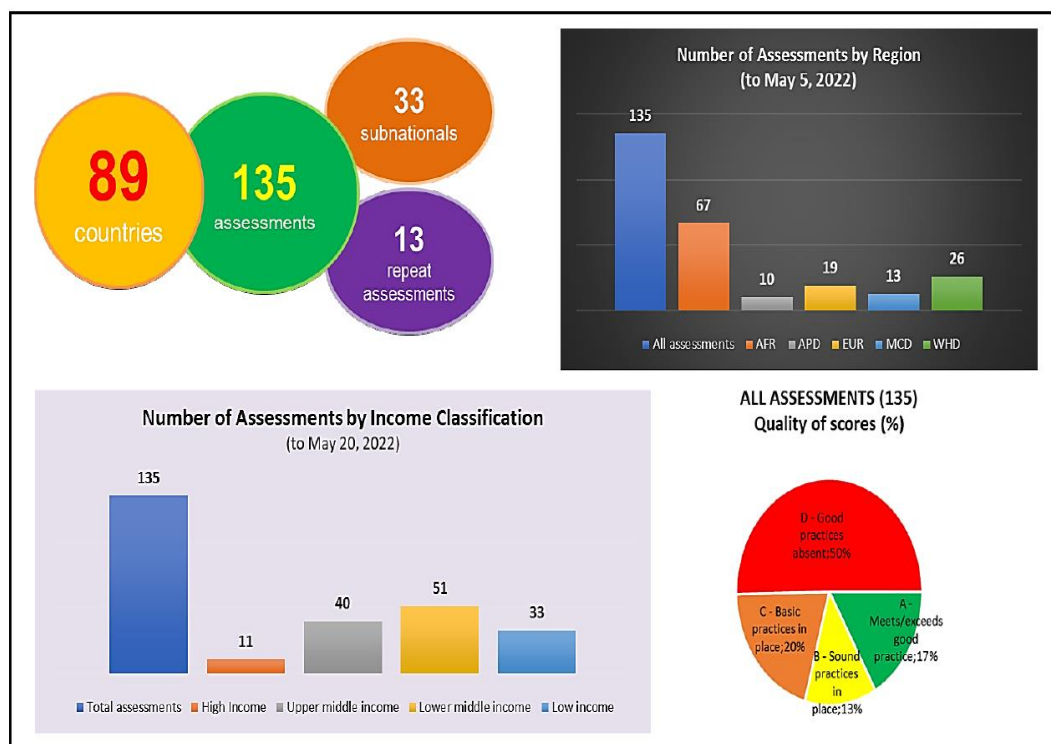
- All indicators have between 1 to 5 dimensions
- Each dimension is assessed separately
- Overall score for each indicator is based on the assessment of the dimension that is related to that indicator
- Scores 'ABCD'
 - 'A' is set as "internationally accepted good practice", with the lower ratings indicating increasing deviations from this baseline
 - A 'D' score denotes that the minimum standards set under 'C' have not been met or there is insufficient information available to determine a score



A comprehensive Field Guide to support assessors and country officials during an assessment



Cumulative TADAT Results – May 2022



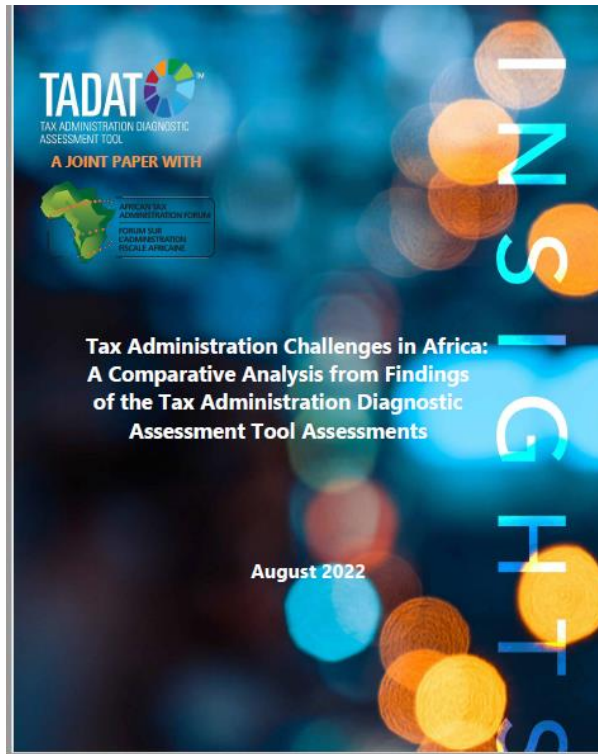
Source: TADAT secretariat

Using the TADAT results:

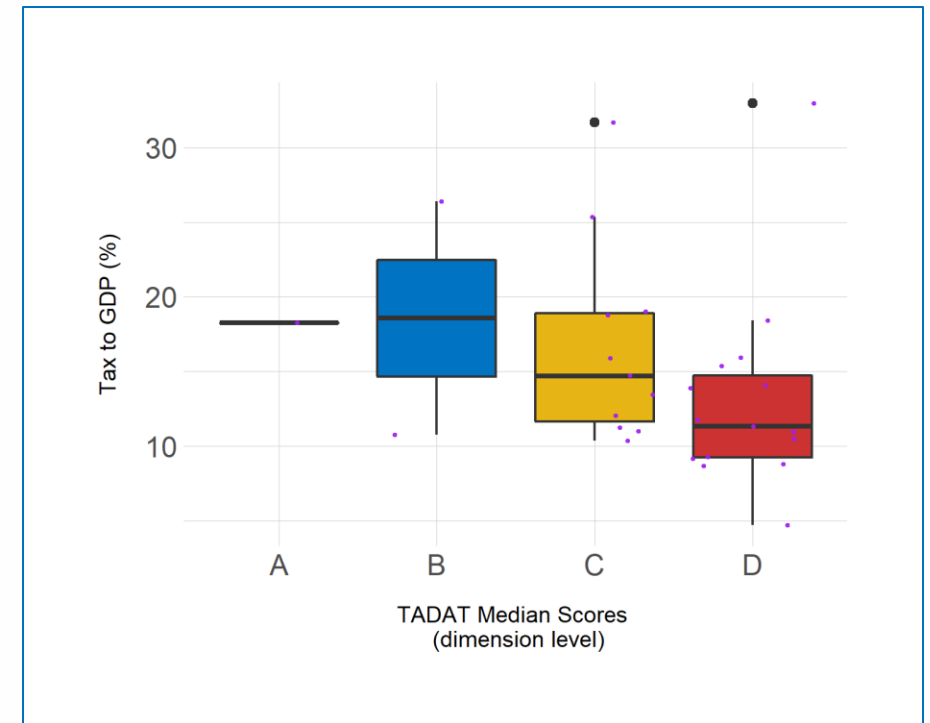
- **Countries:**
 - use results to prioritize and sequence reforms
 - seek support (political, public and financial) for reforms
- **IMF:**
 - Prioritize areas for CD tools, products and training areas
 - [IMF Revenue-Portal](#)
 - [VITARA- online tax administration training](#)

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

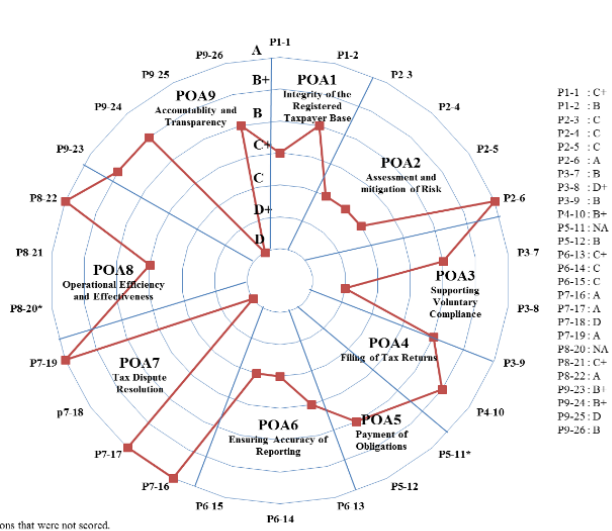
Asia Pacific hotspots - 10 assessments

Performance Outcome Area (POA)	Globally – all 135 assessments	Asia - Pacific Region (APD) [10 assessments]
POA1 Integrity of the Registered Taxpayer Base		Adequacy information held in the taxpayers register of
POA2 Effective Risk Management	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
POA3 Supporting Voluntary Compliance		Responsiveness to taxpayers' information requests
POA4 Timely Filing of Declarations	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	

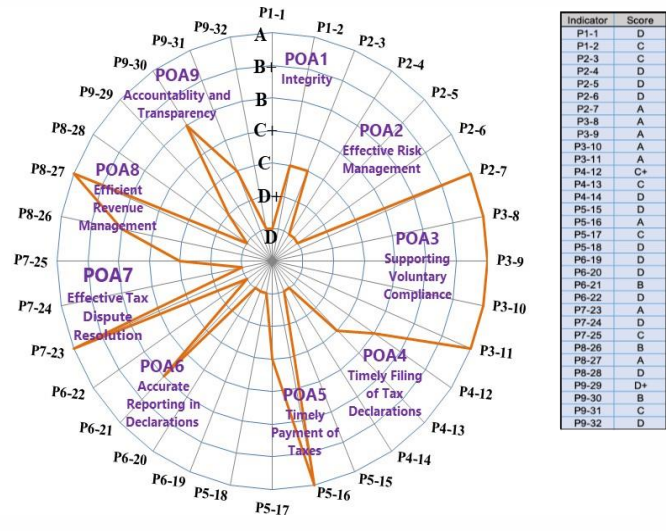
Performance Outcome Area (POA)	Globally – all 135 assessments	Asia - Pacific Region (APD) [10 assessments]
POA5 Timely Payment of Taxes	Ratio of total core tax debt value to core tax revenue collections	Number of on-time value added tax payments or equivalent for sub-nationals
	Ratio of collectible core 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
POA6 Accurate Reporting in Declarations	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
POA7 Effective Tax Dispute Resolution	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
POA8 Efficient Revenue Management	Adequacy of the VAT refund system Timeliness of VAT refunds	Adequacy of the VAT refund system Timeliness of VAT refunds
	POA9 Accountability and Transparency	Public confidence in the tax administration-

Which Areas of Weakness to Address First?

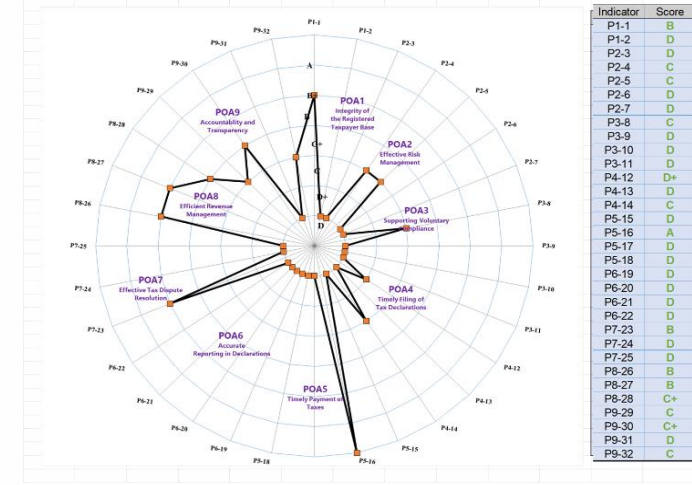
Sample TADAT Profiles



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.

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)