

Tax Policy & Administration Technical Assistance (TA)



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Revenue Mobilization & Development Conference

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Overview

- The FAD Technical Assistance (TA) Model
- Broad objectives of IMF Taxation TA
- Areas of focus and responsibility
- Financing IMF Taxation TA
- TA delivery modalities
- Topical Trust Funds (TTF)

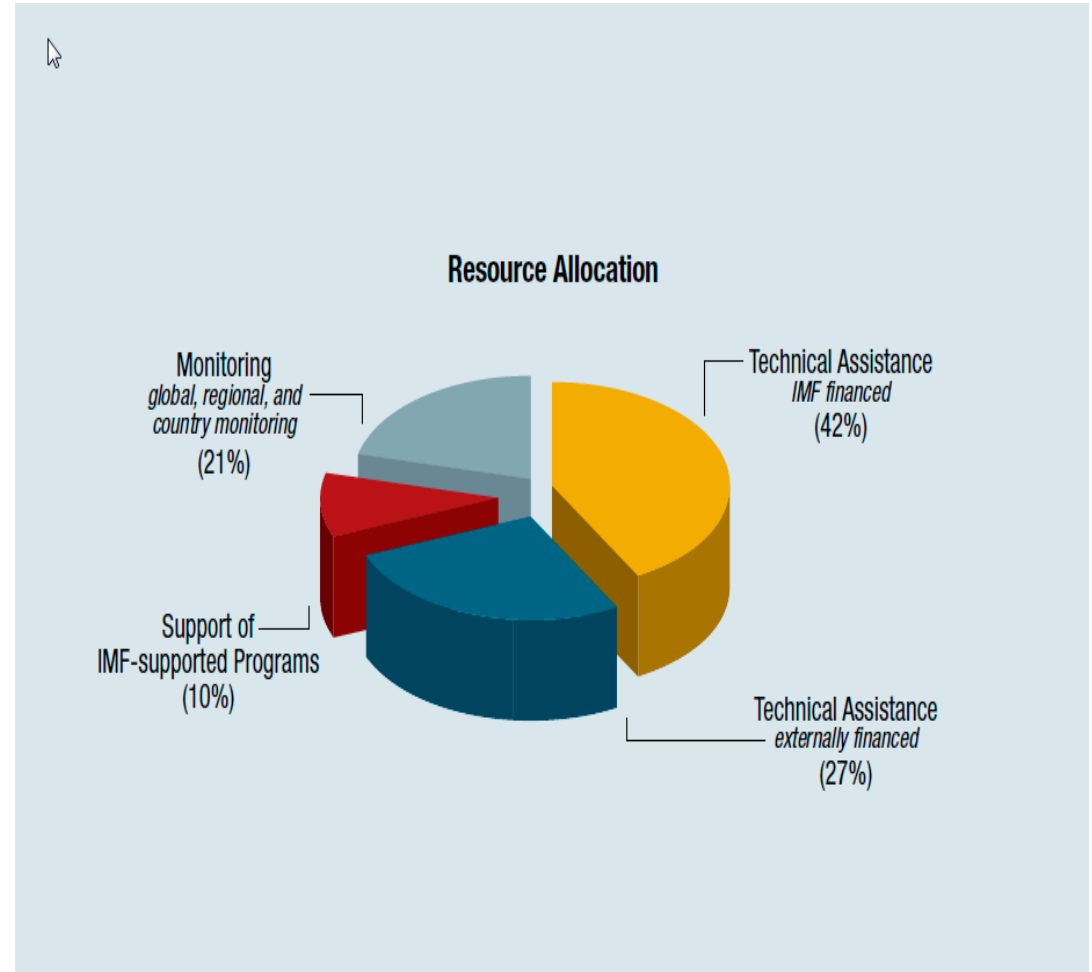


The IMF TA Model

- Our comparative advantage: we focus on the **design** of tax policy and revenue administration reforms, **responding rapidly** to country TA needs
- We design, deliver, and manage our TA programs
- Other institutions and RTACs support the **implementation** of reforms
- FAD coordinates closely with other TA providers

FAD Resources devoted to TA

- TA is a core IMF and FAD function
- Two thirds of FAD resources devoted to TA:
 - 42 % was IMF financed
 - 27 % was donor financed and growing



Objectives of Tax TA



- Revenue mobilization, particularly low income
- More simple, efficient, and equitable tax regimes
- More efficient tax systems and administration
- Rapid response to crises when needed:
 - To address worsening tax compliance, to help taxpayers cope, and to strengthen fiscal institutions
 - often in context of Fund surveillance and lending programs



Tax TA Focus

- Tax Policy (Division of FAD)
- Revenue Administration (Division of FAD)
 - Tax administration
 - Customs administration
 - Social contribution collection
 - Implementation of tax policies (e.g. VAT launch)
- Tax Legislation (Legal Department)
 - Tax statutes: Income Tax, VAT, Resource Taxation...
 - Supporting legislation: Tax Administration Acts, Customs Law, Revenue Authority Acts.....

Taxation TA Mission Intensity





IMF Tax TA Modalities

- Headquarters-led work: missions, review work
 - In FY11: 35 Tax Policy & 61 Rev Admin HQ missions
- Regional TA Centers (RTACs)
 - 3+1 in Africa; 1 each in Pacific, Mid East, Caribbean & CA
- Expert Assignments
 - Resident: RTAC, regional, country
 - Peripatetic: HQ and RTAC - a few weeks to a few months
- Workshops, conferences, capacity building
- Applied research



Financing of IMF Tax TA

- IMF Financed
 - Historically the largest component, most flexible
- Externally Financed:
 - Growing rapidly in importance
 - Bilateral: such as Japan, Swiss, Belgium, etc.....
 - Multilateral: potentially the way of the future with two new Topical Trust Funds:
 1. Tax Policy and Administration (TPA)
 2. Managing Natural Resource Wealth (MNRW)



Tax Policy & Admin TTF

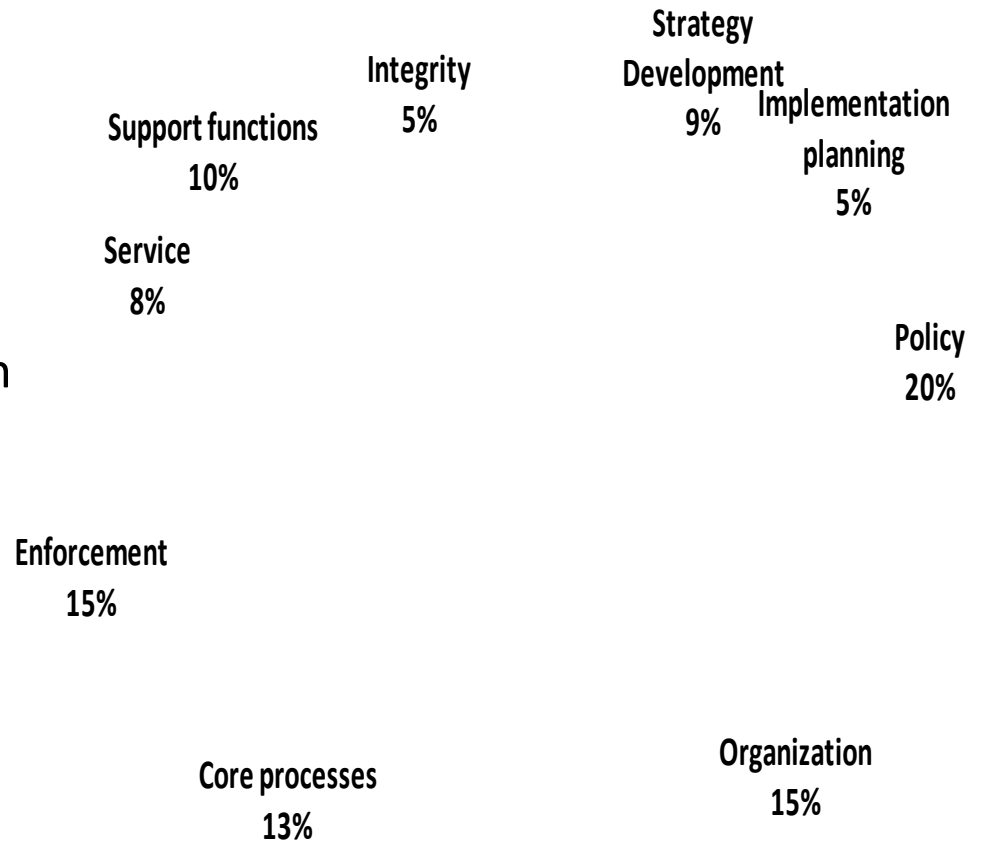
- Targets Low Income and Low-Middle Income Countries (LICs and LMICs)
- Covers all regions except EUROPE
- Over 5+ years, deliver TA to 15 countries with:
 - Revenue mobilization identified as a key priority needs (usually with low tax-to-GDP)
 - High aid dependency
 - Commitment from authorities
 - Prospects for success



Nine core modules

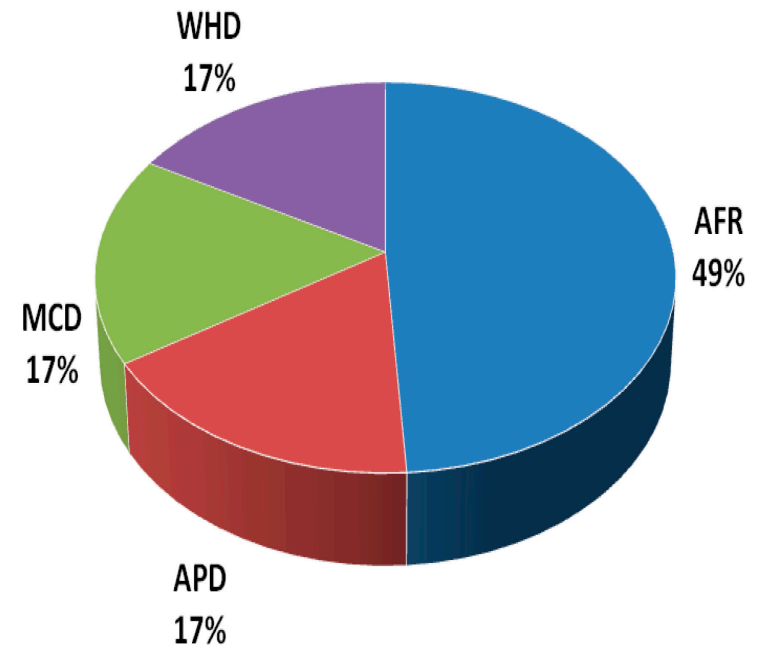
Modules to address critical tax system weaknesses :

1. Revenue strategy
2. Reform management
3. Revenue policy
4. Tax administration organization
5. Tax administration core functions
6. Tax enforcement
7. Taxpayer services
8. Tax administration support services
9. Tax administration integrity



Targeting the trust fund

- Two countries, likely in Africa, to be intensive beneficiaries
- Modules can be delivered flexibly: individually or in small packages, or integrated into a sequenced program over several years.
- Trust fund projects will work in collaboration with existing donor projects, and integrate with the work programs of the RTACs
- A research component





Country Selection for FY12

AFRICA:

- Burkina Faso, Guinea Bissau, Liberia, Senegal,* Swaziland*

MIDDLE EAST & CENTRAL ASIA:

- Kyrgyz Republic, Mauritania, West Bank and Gaza (WBG)*

ASIA PACIFIC

- Bangladesh, Nepal

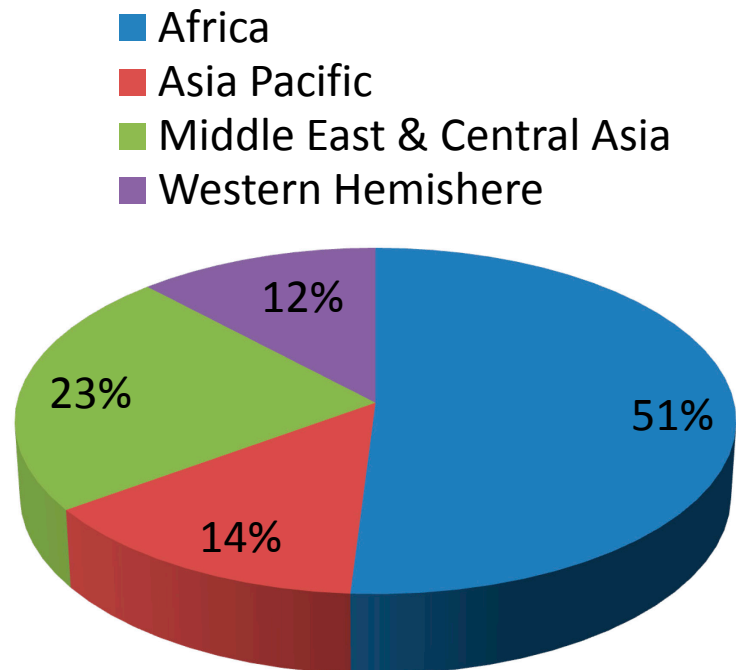
WESTERN HEMISPHERE:

- Bolivia*, Haiti

RESERVES:

- Malawi, Maldives, Paraguay

FY12 TA Budget by Region



(* LMIC, otherwise LIC)