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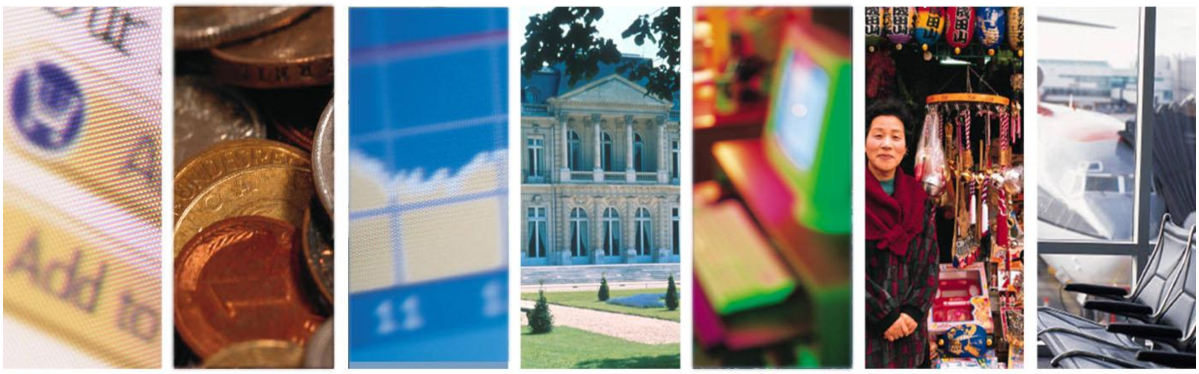

FORUM ON TAX ADMINISTRATION

Tax Administration in OECD and Selected Non-OECD Countries: Comparative Information Series (2010)

3 March 2011

CTPA

CENTRE FOR TAX POLICY AND ADMINISTRATION

Foreword

In today's rapidly changing environment revenue bodies are being asked to do more with less, to take on new tasks, and at the same time ensure that governments have the revenues they need to finance important programmes that benefit their citizens. The recent economic crisis has accentuated these pressures, particularly with respect to the handling of refunds. One way in which the Forum on Tax Administration (FTA) has responded to these developments is to provide authoritative international comparisons of the structures, functions, and performance of revenue bodies around the world. Such comparisons are an invaluable tool for Commissioners to learn from the experiences of other countries, and illustrate how different revenue bodies operate in practice. Additionally, the 49 best practice guidelines produced by the FTA also help Commissioners identify what works and what does not.

This FTA publication, *Tax Administration in OECD and Selected Non-OECD Countries: Comparative Information Series* (2010), is the fourth edition of this series. It contains a wide range of insightful, comparative data on aspects of tax administration around the world. Almost 50 countries have contributed to the research that went into this publication – every OECD member country, as well as EU, G20, and other countries. It provides a unique insight into the tax administration environment. Not only will it promote greater understanding between countries by setting out the context in which revenue bodies operate, but it is also a key tool to assist both administrators and policy makers in identifying the key trends and innovations in tax administration.

I would like to thank all those who contributed to this research. It is my hope that through wide distribution this information will be helpful for all those who work in tax administration and support collaboration across boundaries.

Douglas H. Shulman
FTA Chairman

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About this document

Purpose and methodology

This information series, prepared by the OECD's Centre for Tax Policy and Administration (CTPA) for the Forum on Tax Administration (FTA), provides internationally comparative data on aspects of tax systems and their administration in OECD and selected non-OECD countries. The primary purpose of the series is to provide information that will facilitate dialogue among tax officials on tax administration issues, and which may also identify opportunities for revenue bodies to improve the design and administration of their tax systems.

This information series, the fourth edition, contains an expanded array of information that should be of interest to tax officials in most countries and to other observers. It is the CFA's intention that this information series is updated around every two years and that it evolves to become the definitive source of comparative tax administration-related information for OECD and selected non-OECD countries.

The information provided in this series has been obtained from a survey of revenue bodies in OECD member and selected other countries conducted in 2010, revenue bodies' annual reports, third-party information sources (e.g. the International Bureau of Fiscal Documentation (IBFD)), selected other OECD tax publications and other sources. Every effort has been made with relevant revenue bodies to validate the information displayed in the series and to note the sources of information used.

The series is published under the responsibility of the Secretary-General of the OECD and this edition was approved by the Committee on Fiscal Affairs (CFA) in February 2011. The CFA welcomes feedback that can be taken into account for future editions.

A list of the 49 participating countries is provided at Annex 1. For this edition Chile, Estonia, Israel and Slovenia appear as OECD countries, all having formally become OECD members in 2010. As for prior editions, a selection of non-OECD countries has also been included to enhance the objective of providing international comparisons and benefiting a larger number of countries. The criteria used to identify potential participating countries were:

- Countries that are formal observers to the CFA (i.e. Argentina, China, India, South Africa, and the Russian Federation);
- Non-OECD countries that are members of the European Union (i.e. Bulgaria, Cyprus [1, 2], Latvia, and Malta);
- Countries whose revenue body has worked closely with the FTA over recent years (i.e. Malaysia and Singapore); and
- G20 countries not captured by abovementioned criteria (e.g. Indonesia and Saudi Arabia).

[1] ***Footnote by Turkey:*** The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus" issue."

[2] ***Footnote by all the European Union Member states of the OECD and the European Commission**:* "The Republic of Cyprus is recognized by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus."

About the FTA

The Forum on Tax Administration (FTA) was created by the Committee on Fiscal Affairs (CFA) in July 2002. Since then the FTA has grown to become a unique forum on tax administration for the heads of revenue bodies and their teams from OECD and selected non-OECD countries.

In 2009 participating countries developed the *FTA vision* setting out that………………………………

> "*The FTA vision is to create a forum through which tax administrators can identify, discuss and influence relevant global trends and develop new ideas to enhance tax administration around the world.*

This vision is underpinned by the FTA's key aim which is to……………………………………………

> "*improve taxpayer services and tax compliance – by helping revenue bodies increase the efficiency, effectiveness and fairness of tax administration and reduce the costs of compliance.*

The FTA also prepares comparative analysis on aspects of tax administration to assist member and selected non-member countries. Where appropriate the Forum works in collaboration with non-member economies and businesses, seeking to co-ordinate and develop sound tax administration responses to today's challenges and opportunities.[3]

Caveat

National revenue bodies face a varied environment within which to administer their taxation system. Jurisdictions differ in respect of their policy and legislative environment and their administrative practices and culture. Care should always be taken when considering a country's practices to fully appreciate the complex factors that have shaped a particular approach.

Inquiries and further information

Inquiries concerning any matters raised in this information note should be directed to Richard Highfield (CTPA International Co-operation and Tax Administration Division) at e-mail (richard.highfield@oecd.org).

[3] A summary of all FTA publications with web linkages can be found at the following website: http://www.oecd.org/dataoecd/2/46/42419552.pdf

Executive summary

This series describes key features of the systems in place for administering national taxes in OECD and selected non-OECD countries. Its starting point is the premise that revenue bodies can be better informed and work more effectively together given a broad understanding of the administrative context in which each operates. The series identifies fundamental elements of modern tax administration systems and uses data, analysis and country examples to highlight key trends, recent innovations, and examples of good practice and performance measures/ indicators. Armed with such knowledge, revenue bodies should be better equipped to undertake their own comparative analyses and benchmarking studies, particularly for performance-related aspects and for assessing comparative efficiency. The series is structured as follows:

- Chapter one describes ***the institutional arrangements*** put in place by Governments to conduct national revenue administration operations.
- Chapter two outlines ***the organisational set-ups*** adopted by revenue bodies and identifies important reforms recently implemented, in course of adoption, or planned.
- Chapter three provides brief information on revenue body practices for ***specific aspects of strategic management***.
- Chapter four provides an overview of ***human resource management aspects***.
- Chapter five provides summary data and analyses (covering multi-years) of ***the resources allocated to revenue bodies*** to administer national tax laws.
- Chapter six sets out summary ***operational performance data*** (covering multi-years) for key areas of administration (e.g. service, verification and debt collection).
- Chapter seven identifies developments with ***the provision of modern electronic services*** to assist taxpayers meet their obligations.
- Chapter eight provides an overview of ***the legal/administrative frameworks employed for tax collection*** including: taxpayers' rights; provision of rulings; return filing, tax payment and assessment (major taxes); and enforced debt.

A number of the more important observations and trends observed are set out hereunder.

Institutional arrangements for tax administration

- The majority of the revenue bodies are set up as unified semi-autonomous bodies responsible for both direct and indirect taxes administration. Related to this, there is a trend towards integrating the collection of social security contributions (SSCs), where such regimes exist, with tax collection operations to deliver a range of benefits.
- The vast majority of revenue bodies have been given one/or more non-tax responsibilities (e.g. payment of welfare/ benefits and customs administration). This is a trend that has grown over the last decade and reflects rationalisation activities by Governments as well as the increased use of the tax system to deliver social policies.
- In a small number of countries, including a number of large and/or advanced economies (e.g. Canada, Finland, Sweden, UK, and USA) Governments have created an advisory/ management board comprised of external representatives, to strengthen the governance of tax administration operations.

The organisational set-ups of revenue bodies

- While noting a general shift from structural arrangements based on 'tax type' to 'functional' and/or 'taxpayer segment' criteria, the series data indicate that the majority of revenue bodies have an organisational structure that is based on a mix of these criteria—a hybrid structure. Related to this and driven by demands for improved performance, many revenue bodies have an ongoing programme of organisational reforms, with increased productivity/efficiency the primary objective.

- There is an emerging trend for revenue bodies to create specialist/dedicated operational units, for example, large taxpayer offices (which now exist in various forms in 41 out of 49 countries), national call centres, and data processing centres, while at the same time rationalising the size of office networks delivering more traditional in-person services. However, notwithstanding the FTA's recent work concerning the compliance issues presented by high net worth individual taxpayers (HNWIs) and data pointing generally to significant growth in their numbers and wealth over the last one to two years, very few revenue bodies have moved to create dedicated units to manage their compliance.

Selected aspects of strategic management

- While most revenue bodies reported a high/fair degree of autonomy, around three quarters reported that they were required to meet one or more Government/ MOF-imposed targets over and above budgeted revenue goals. The most commonly cited targets were for cost reductions, administrative burden reduction, increased taxpayer satisfaction levels and reduced tax debts.
- The series data suggest that some revenue bodies are not sufficiently transparent in reporting publicly how the tax system is being administered, either in an overall sense and/or for key areas of their operations—gaps observed include reporting overall performance (6 bodies), publishing annual/ multi-year business plans (12 bodies) and service standards and levels of service performance achieved (22 bodies). On a positive note, the series displays some exemplary examples of transparent reporting of revenue body outcomes—timely service (Australia), taxpayers' compliance (Canada and United Kingdom), and community perceptions of services and administration (Spain and Sweden).
- There appears potential for many revenue bodies of increase awareness of their compliance activities, serving to deter non-compliance, by greater use of the media.
- Reflecting its contentious nature, less than half of revenue bodies undertake or arrange for research to produce estimates of the aggregate tax gap for some/all of the main taxes administered. Related to this, just over half reported the use of random audit programmes for risk profiling and/or compliance research purposes.

Selected aspects of human resource management

- This topic has not been covered in previous series (or by other FTA studies) and there are, as a result, no historical perspectives to draw on in an analytical context. While not studied in detail for this series, the data reported by revenue bodies suggest that HRM issues are receiving considerable attention by senior management in many revenue bodies, with well over half reporting major changes in course in their recruitment, staff development, performance management, and/or reward systems and policies.
- There is a clear trend to downsizing revenue body workforces, with implications for work force planning requirements, short/medium term recruitment flexibility, and potentially staff engagement and motivation levels.
- Over 20% of revenue bodies do not periodically survey their staff on satisfaction and other workplace issues and/ or consult on the findings of such surveys.
- The data provided point to significant variations in revenue body staff age profiles and the proportion of staff with degree or equivalent qualifications but the reasons for these variations have not been identified.

Resources of national revenue bodies

- Governments in many countries are moving to reduce revenue body resources, driven by a variety of imperatives (e.g. greater efficiency, whole of government expenditure reduction programmes). For a few revenue bodies (e.g. Finland, Netherlands and the UK), these reductions are expected to exceed 10% over the medium term.

- Regardless of the benchmark used, relative staffing levels of revenue bodies for tax administration operations vary enormously, reflecting a complex mix of influencing factors, as well as variations in relative efficiency.
- Beyond the provision of IT services, data processing operations, and agency services for collecting tax payments, outsourcing is rarely used for tax administration purposes.

Operational performance information

- Overall, fiscal year 2008 for OECD countries saw a decline in tax revenue of 0.6% of GDP, an outcome resulting from the economic downturn associated with the global financial crisis; countries showing a significant decline of tax revenue (i.e. over 2% of GDP) in 2008 were Australia, Iceland, Ireland, Israel and Spain).
- The incidence of aggregate tax refunds varies markedly between countries, reflecting a range of tax system design and other factors, with significant implications for respective revenue body workloads (and any cross-country benchmarking studies).
- The practice of applying standards for key areas of service delivery and monitoring the performance achieved against them remains a relatively immature practice among revenue bodies with no more than half having a comprehensive set of such standards.
- The reported value and volumes of verification results (using relevant comparators) varies significantly between revenue bodies, the result of a complex mix of factors that need to be accounted for in any detailed benchmarking undertaken.
- The incidence of unpaid taxes, as reflected in the relative size of debt inventories, varies enormously across surveyed revenue bodies, suggesting that there are also substantial variations in the overall level of taxpayers' payment compliance.
- Survey data indicates that the impacts of the global financial crisis on revenue bodies' debt collection programmes were fairly uneven (e.g. almost 40% of revenue bodies reported an increase in the aggregate value of their debt inventory over the years 2007 to end 2009 exceeding 20%; for 13 revenue bodies, this increase exceeded 40%.
- Concerning debt collection performance, survey responses suggest serious weaknesses in the management information systems of many revenue bodies.

Provision and use of electronic services in tax administration

- Systems of e-filing are just about universal in their availability for the major taxes and just over half of revenue bodies can report their use by the majority of their PIT and VAT taxpayers. Related to this, quite a few revenue bodies (e.g. Argentina, Latvia, Lithuania, Portugal and Turkey) can point to substantial increases (+50%) in e-filing usage over the last six years, largely as a result of introducing some level of mandatory e-filing requirements and/or administrative initiatives (e.g. extended filing periods).
- Pre-filling of tax returns has evolved to become a significant (and for some, transformational) element of some revenue bodies e-services strategy (e.g. Chile, Denmark, Finland, Spain and Sweden) and its use is growing substantially elsewhere.
- Around half of revenue bodies were unable to report the extent of usage of electronic payment systems for tax collection, suggesting that this aspect of tax collection automation may not be receiving adequate attention in some countries. Where such data were available, they suggest that many revenue bodies have substantial progress to make in fully automating tax payment processing.
- Just over half of revenue bodies reported that they offer a comprehensive suite of e-services including tax information services, online access to personal taxpayer data,

electronic communications with taxpayers, remote use by staff of revenue body e-services, and online legal and case law databases.

Legal and administrative frameworks for tax administration

- With minor exception, all revenue bodies operate with a formal set of taxpayers' rights set out in law or other statutes, or in administrative documents; examples are cited of recent revenue body initiatives in this area (e.g. Australia, Denmark and the UK).
- The vast majority of surveyed revenue bodies provide public and, at the request of taxpayers, private rulings; data from this and prior series suggest a slight trend towards revenue bodies imposing fees for providing certain private rulings.
- Comprehensive systems of taxpayer registration and numbering are a critical feature of the tax administration arrangements in most countries, underpinning return filing, collection, assessment and verification processes; reflecting quite different systems of personal tax administration, there are significant variations between countries in the relative size of their respective taxpayer registration databases and related workloads.
- Withholding regimes for employment income vary considerably in their design (i.e. cumulative versus non-cumulative approaches) with implications for both employers and revenue bodies (viz. workloads).
- The majority of surveyed bodies also administer withholding regimes for the collection of income tax —as a final or creditable tax—in respect of interest income (30 countries) and dividend income (27 countries); withholding arrangements have been extended in some countries to payments to certain categories of self-employed/contractors/small medium enterprises (18), rents (14), royalties and patents (23), sales of shares (14), sales of real property (9) and certain prizes and gambling income (23).
- With minor exceptions, all countries provide for the gradual collection of PIT (on income not subject to withholding of tax at source) and CIT with a regime of advance payments. The requirements of these arrangements vary substantially (e.g. numbers of payments, bases of their computation and their timing) with implications for taxpayers and revenue body workloads.
- While the majority of revenue bodies use self-assessment principles for the administration of income taxes, the number still applying a form of administrative assessment is significant, and more so in OECD countries.
- Mandatory third party reporting of payments in respect of employment income, dividends and interest income (much of which is also subject to withholding) is largely universal. Mandatory third party reporting is less frequent, but nevertheless significant, for other categories of payments e.g. certain rents (22), specified self-employment income (25), and sales and purchases of shares/ real property (23).
- Registration thresholds in the VAT systems of surveyed bodies vary substantially; however, their impact on administrative workloads and taxpayers' compliance burden is ameliorated in many countries with extended tax payment and return filing requirements (e.g. quarterly, six-monthly or annually) for smaller payers and/or with the use of 'flat rate' schemes for certain businesses for computing VAT liabilities.
- The periods of time given to large and medium traders for the payment of VAT liabilities vary substantially across OECD member countries, ranging from 10 to 60 days.
- Less than one third of revenue bodies reported the existence of specific laws/ regulations governing the tax-related operations of tax professionals; Australia and the USA are cited as examples with recent initiatives that may be of interest.
- Based on survey responses, only around half of surveyed revenue bodies have aligned their sanctions for late filing, late payment and under-reporting of tax liabilities across the major taxes to simplify their administration.

Chapter 1. Institutional arrangements for tax administration

Outline

This chapter provides details of the institutional arrangements put in place by Governments to conduct national/federal revenue administration operations.

Key points

Institutional arrangements

- In 28 countries, tax administration is the responsibility of a unified semi-autonomous body (for China, a separate body) that reports to a government minister; in 10 of these countries, a formal management/advisory board comprised of external representatives has been established.
- In ten countries, tax administration is the responsibility of a less autonomous single directorate within the ministry of finance (MOF); In 10 counties the administration operates as multiple directorates/ agencies within the formal structure of the MOF with fairly limited autonomy.
- All but four surveyed countries (i.e. Cyprus, Luxembourg, Malaysia, and Malta) have merged the administration of direct and indirect taxes within a single revenue body.
- There is a clear dichotomy of approach taken to the collection of social contributions (SSCs) — of the 31 OECD countries with such regimes 19 collect SSCs via separate social security bodies, while the balance have integrated their collection with normal tax administration operations; integration is preferred in the 15 selected non-OECD countries, with eight countries having adopted this approach; a small number of countries are exploring or planning integration (i.e. Czech Rep, Japan, and Slovak Rep.).
- Nine OECD member countries have aligned the operations of tax and customs operations within a single agency; in the 15 non-OECD countries, the alignment of tax and customs administration within a single agency is applied in 4 countries.
- The national revenue body in the majority of European countries is also responsible for the administration of property taxes (and often, motor vehicle taxes); elsewhere, these taxes are generally administered by revenue bodies of sub-national governments.

Non-tax related functions

- In 33 of 49 countries, the revenue body has been given additional tasks of a non-taxation nature (e.g. payment of social welfare benefits, the collection of non-tax debts (e.g. child support, student loans), and administration of elements of the Government's retirement income policy.

Autonomy of revenue bodies

- The degree of autonomy of surveyed revenue bodies varies significantly; the powers least frequently devolved are: 1) to design their internal structure (11 countries); 2) budget allocation discretion (9 countries); 3) to set staff levels/ mix within overall budget limits (13 countries); and 4) to negotiate staff remuneration levels (18 countries).

Management and advisory boards

- In ten countries, including a number of large and/or advanced economies (e.g. Canada, Finland, Sweden, UK, and USA) Governments have created an advisory/ management board comprised of external representatives, to strengthen the governance of tax administration operations.

Special complaints handling and tax administration oversight bodies

- Government in three countries have established independent and dedicated bodies to handle tax administration-related complaints, while in two countries, separate and independent tax administration oversight bodies have been established.

1. Aspects of the institutional arrangements of surveyed countries described in this chapter are set out as follows:

1) The revenue body as an institution;
2) The extent of revenue body autonomy;
3) The scope of responsibilities of revenue bodies (including non-taxation roles);
4) Special governance arrangements (i.e. management/advisory boards and external oversight bodies;
5) Special institutional arrangements for resolving taxpayers' complaints.

Other aspects (e.g. revenue bodies' strategic plans, legal frameworks, and resources) are covered in later chapters of the series.

Introduction

2. In virtually all countries, the tax system is responsible for generating the vast bulk of revenue that is required to fund Government services. Given the range and nature of the laws to be administered, the systems of assessment and self-assessment that must be relied upon, and the large number of clients to be administered, revenue bodies need adequate powers and autonomy to perform in an efficient and effective manner. On the other hand, they must operate and be seen to operate in a fair and impartial manner, and be subject to a range of checks and balances to ensure transparency in their operations and proper accountability for their overall management of the tax system.

3. While this topic has not been the subject of detailed study by the CFA, useful work has been carried out by other bodies to define the desirable features and characteristics of institutional arrangements appropriate for effective administration of a country's tax system. One example of such work is the set of *'Fiscal Blueprints'*[4] developed by the European Commission (EC) to guide EU candidate countries in the strengthening of their revenue bodies. The blueprints contain useful guidance (expressed in terms of strategic objectives and performance indicators) concerning the desirable features of an effective institutional setup for tax administration and are briefly described in Box 1. As will be evident, the blueprints emphasise the following desirable features for an national revenue body:

— It is guaranteed an adequate level of autonomy;
— Its obligations are clearly translated into its mission, vision, and objectives;
— It has its own structure and powers for effectiv*e and efficient ope*ration;
— It is provided with adequate resources;
— It has a stable legal framework; and
— It is accountable for its operations and is subject to control and assessment

[4] The fiscal blueprints, originally developed in 1999 but since updated, are described as a set of practical guidelines laying down clear criteria based on EU best practice, against which a tax or fiscal administration is able to measure its own operational capacity. The blueprints have broad international application, see: http://ec.europa.eu/taxation_customs/resources/documents/common/publications/info_docs/taxation/fiscal_blueprint_en.pdf

Box 1. An overall framework for a tax administration: Strategic objectives and performance indicators	
Strategic objectives	Performance indicators
1. The tax administration is guaranteed an *adequate level of autonomy*	Is the autonomy of the tax administration provided for by law?
	Is there a statutory basis defining to whom the head of the tax administration reports?
	Is the autonomy of the tax administration reflected in its organisational structure and operational responsibilities?
	Is the tax administration provided with the freedom to design and implement its own operational policy?
	Is there a clear description of responsibilities of bodies at the central, regional and local level?
2. The obligations of the tax administration ***are clearly translated into its mission, vision & objectives***.	Are the tasks of the tax administration in line with its mission and vision?
	Does the tax administration draw up strategies providing objectives, benchmarks & plans for its operations?
	Is the mission of the tax administration publicised among taxpayers and other stakeholders, as well as among its personnel?
3. The tax administration has its ***own structure & powers*** allowing for efficient & effective operations.	Does the structure of the tax administration allow the fulfilment of its tasks and obligations?
	Does the organisational structure of the tax administration provide for the decentralisation of responsibilities, so that decisions concerning the taxpayer are made at the most appropriate level?
4. The tax administration is provided with ***adequate resources*** to implement & manage the tax system.	Is the tax administration given sufficient resources and funding to ensure the efficient implementation of its policies and performance of duties?
	Does the tax administration stem from a budget dialogue based on performance agreements?
	Does the tax administration's budget planning cycle cover several years, allowing strategic planning and the carryover of funding surpluses?
5. The revenue body is provided with a ***stable legal framework*** ensuring proper administration & enforcement of tax dues.	Is the tax administration responsible for the formulation of laws concerning the assessment, collection and enforcement of taxes (leaving the responsibility for the formulation of other tax laws with the ministry of finance)?
	Is the tax administration provided by law with sufficient powers to efficiently undertake all its statutory responsibilities?
6. The tax administration is ***accountable*** for its operations ***which are subject to control & assessment***.	Is there a system of internal audit in the tax administration?
	Is there an independent external institution carrying out the tax administration's audit of operations and assessing its performance?

Source: Fiscal Blueprints (European Commission, Taxation and Customs Union) 2007.

The revenue body as an institution

4. There have been considerable changes in the organisation of public sector functions over the last decade. As noted in an IMF Working paper[5]…

> *"Restructuring of government has been a constant theme over the last three decades as Governments have sought to deliver services more effectively and at a lower cost to citizens.*
>
> *In some cases, traditional government structures (e.g., a government ministry organized along hierarchical lines) have been viewed as too rigid to respond to the*

[5] See *Revenue Authorities: Issues and Problems in Evaluating their Success,* IMF Working Paper WP 06/240, Maureen Kidd and William Crandall, October 2006.

rapidly changing needs of the public and the challenges confronted by government in modern society. While changes in government have been described as "evolutionary rather than revolutionary"[6], a developing trend has been for government to devolve power to agencies or appointed bodies acting on their behalf…

Revenue administration has not been completely immune to this trend. Governments of developed countries sought ways to deliver better service and some have turned to a form of semi-autonomous agency to help them meet goals of improved collections, better service to taxpayers, and more flexible human resource management options. Governments of developing countries share many of these goals and have additional complications. Problems related to low capacity and the need for massive administrative reforms, combined with corruption and long periods of non-performance, have made the case for a different form of government structure, compelling both to decision-makers as well as to the donor agencies interested in funding the needed reforms."

5. These restructurings have resulted in the evolution of a variety of institutional arrangements for the administration of tax laws (and some countries, the collection of social contributions and/or customs administration). For the purposes of this series, four broad categories of institutional arrangements were identified[7]. These were:

- **Single directorate in ministry of finance (MOF)**: Tax administration functions are the responsibility of a single organizational unit (e.g. a directorate) located within the structure of the ministry of finance (or its equivalent).

- **Multiple directorates in MOF**: Tax administration functions are the responsibility of multiple organizational units (e.g. directorates) located within the ministry of finance (often sharing necessary support functions such as information technology and human resources);

- **Unified semi-autonomous body**: Tax administration functions, along with necessary support functions (e.g. information technology, human resources) are carried out by a unified semi-autonomous body, the head of which reports to a government minister.

- **Unified semi-autonomous body with board**: Tax administration functions, along with necessary support functions (e.g. information technology, human resources) are carried out by a unified semi-autonomous body, the head of which reports to a government minister and oversight body/board of management comprised of external officials.

6. As indicated in Table 1, 29 countries have established a unified semi-autonomous body (or in the case of China a separate body) responsible for tax administration (and in some

[6] See *Difficulties with Autonomous Agencies*, Manning and Matsuda (World Bank), 2000.

[7] Beyond these four categories, unique arrangements for conducting tax administration operations exist in Italy. There, the Agenzia delle Entrate (AE), with around 33,500 employees and one of the four fiscal agencies (together with the Agenzia delle Dogane, Agenzia del Territorio and Agenzia del Demanio) under the Ministry of Economy and Finance, is primarily responsible for tax administration. The Agenzia delle Dogane (Customs Agency) is responsible for administering excise duties, VAT on imports and customs duties, the Agenzia del Territorio (Territorial Agency) is responsible for cadastre, property registers and property valuations and the Agenzia del Demanio (Public Property Agency) is responsible for the management of the State owned real estate. In addition, some tax administration functions are not dealt with by the AE directly but provided by other agencies: 1) Tax fraud work involving around 22,000 employees is carried out by a separate tax police body (the Guardia di Finanza); 2) Enforced collection of tax debts and social contribution debts is carried out by a government-owned body (i.e. Equitalia s.p.a.) with over 10,000 staff; 3) Information processing activities are carried out by a separate private body (i.e. Sogei s.p.a.), which also supports other arms of Government.

cases customs administration) operations[8], while the balance of countries operate with other (less unified and/or autonomous) models. To a large extent, these varied institutional arrangements reflect underlying differences in the political structures and systems of public sector administration in surveyed countries, as well as longstanding historical practice. Key observations from the data provided are set out below:

- All but five surveyed countries (i.e. India, Luxembourg, Malaysia, Malta [9] and Cyprus) have merged the administration of direct and indirect taxes within a single revenue collection body; where this approach is not followed, tax administration is carried out by a number of separate directorates/agencies, generally forming part of the internal structure of the ministry of finance.

- In the 31 OECD member countries that have a separate regime of social contributions, 19 countries have such contributions collected by a separate social security agency (or multiple agencies), while the balance of countries have integrated the collection of these revenues with normal tax administration operations; in the 15 of 16 non-OECD countries that administer social contributions integration is preferred, with 8 countries adopting this approach.

- Nine OECD member countries have aligned the operations of tax and customs operations within a single agency/ directorate, while a number of others have announced plans to do so; in the 16 non-OECD countries, alignment of tax and customs administration within a single agency or directorate has been adopted in four countries.

- Thirty six countries have separate bodies for tax and customs administration; of these, 19 countries have allocated the excise administration to the customs body, not the revenue body.

- The national revenue body in the majority of European OECD member countries is also responsible for the collection of real property taxes (and in many, motor vehicle taxes), while in virtually all non-European OECD member countries these taxes are administered by the revenue bodies of sub-national governments.

- Based on research conducted for this series, management boards/advisory bodies comprised of external members have been established in 10 countries to oversee and/or provide advice on the operation of tax administration arrangements.

7. The practice of establishing a separate unified body for tax administration covering all taxes (and sometimes customs), removed from the formal internal structure of the MOF (or its equivalent) and with a broad range of autonomous powers mirrors a broader development in public sector administration sometimes described as the 'executive agency' model. The model, in a revenue administration context often referred to as the 'revenue authority model', has been the subject of a fair amount of external scrutiny on behalf of various national and international organisations.[10]

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[8] The term 'unified semi-autonomous body' is also intended to encompass the model elsewhere described as the 'revenue authority' model which is seen in many developing countries (e.g. Kenya, Peru, South Africa, Tanzania and Zambia).

[9] Malta's Minister of Finance foreshadowed the creation of a unified tax and customs body in his 2010 Budget announcement.

[10] For example, see also *Modernisation of Tax Administration: Revenue Boards & Privatisation as Instruments for Change* written for the Bulletin for International Fiscal Documentation by Glenn P. Jenkins (February 1994); *Designing for Performance: The Semi-Autonomous Revenue Authority Model in Africa & South America,* Robert Taliercio (World Bank) 2004; & *Are Semi-Autonomous Revenue Authorities the Answer to Tax Administration Problems in Developing Countries? A Practical Guide* prepared by Arthur Mann for USAID, August 2004; & '*Revenue Authorities: Issues & Problems in Evaluating their Success*' IMF Working Paper WP 06/240, Maureen Kidd & William Crandall, October 2006.

Table 1. Institutional arrangements for tax administration

Country	Nature of body (*)/1	Major tax types administered by the national revenue body/ multiple directorates/2								
		PIT	CIT	VAT	Excises	Real estate	Estate taxes	Wealth taxes	Motor vehicle	SSCs
1) OECD countries										
Australia	USB	✓	✓	✓	✓	×	×	×	×	n.applic.
Austria	SDMOF	✓	✓	✓	✓	×	×	×	✓	×
Belgium	MDMOF/1	✓	✓	✓	✓/2	×	×	×	✓	×
Canada	USBB	✓	✓	✓	✓	×	×	×	×	✓
Chile	USB/1	✓	✓	✓	✓	✓	✓	×	×/2	×
Czech Rep.	SDMOF	✓	✓	✓	×	✓	✓	×	✓	×
Denmark	USB/1	✓	✓	✓	✓	✓	✓	×	✓	×
Estonia	SDMOF	✓	✓	✓	✓	✓	×	×	✓/2	✓
Finland	USBB	✓	✓	✓	×/2	✓	✓	×	×/2	✓
France	SDMOF	✓	✓	✓	×	✓	✓	✓	✓	×
Germany	MDMOF/1	✓	✓	✓	×	✓/2	✓	×	✓/2	×
Greece	MDMOF	×	✓	✓	✓	✓	✓	✓	✓	×
Hungary	USB	✓	✓	✓	×	×	✓	✓	×	✓
Iceland	USB	✓	✓	✓	✓	×	×	✓/2	✓	✓
Ireland	USB	✓	✓	✓	✓	×	✓	×	✓	✓
Israel	SDMOF	✓	✓	✓	✓	✓	×	×	✓	×
Italy	Other /1	✓	✓	✓	×	✓	✓	×	×	✓
Japan	USB	✓	✓	✓	✓	×	✓	×	✓	×
Korea	USB	✓	✓	✓	✓	✓/2	✓	×	×	×
Luxembourg	MDMOF/1	✓	✓	✓	✓	×	✓	✓	×	×
Mexico	USBB	✓	✓	✓	✓	×	×	×	×	×
Netherlands	SDMOF	✓	✓	✓	✓	×/2*	✓	×/2**	✓	✓
N.Zealand	USB	✓	✓	✓/2	×	×	×	×	×	n.applic.
Norway	USB	✓	✓	✓	×	×	✓	✓	×	✓
Poland	MDMOF/1	✓	✓	✓	✓	×	✓	✓	×	×
Portugal	MDMOF	✓	✓	✓	×	✓	✓	×	✓	×
Slovak Rep.	USB	✓	✓	✓	×	×/2	×	×	✓	×
Slovenia	USB	✓	✓	✓	×	✓	✓	×	✓	✓
Spain	USB	✓	✓	✓	✓	×	×	✓/2	✓/2	×
Sweden	USBB/1	✓	✓	✓	✓	✓	×	×	✓	✓
Switzerland	SDMOF/1	✓	✓	✓	×	×	×	×	×	×
Turkey	Other/1	✓	✓	✓	✓	✓	✓	✓	✓	×
UK	USBB	✓	✓	✓	✓	✓	✓	×	×	✓/2
USA	USBB	✓	✓	n.applic.	✓	×	✓	×	×	✓
2) Selected non-OECD countries										
Argentina	USBB	✓	✓	✓	✓	×	×	✓	×	✓
Bulgaria	USBB	✓	✓	✓	×	×	×	×	×	✓
China	Other/1	✓	✓	✓	✓	✓	×	✓	✓	✓/2
Cyprus	MDMOF/1	✓	✓	✓	✓	✓	×	×	×	×
India	USB	✓	✓	×	×	×	×	✓	×	×
Indonesia	SDMOF	✓	✓	✓	×	✓/2	×	×	×	×
Latvia	USB	✓	✓	✓	✓	✓	×	×	✓	✓
Lithuania	SDMOF	✓	✓	✓	✓	✓	✓	×	×	×
Malaysia	Other/1	✓	✓	×	×	✓	✓	×	×	×
Malta	MDMOF/1	✓	✓	✓	✓	×	✓	×	×	✓
Romania	USB	✓	✓	✓	✓	×	×	×	×	✓
Russia	USB	✓	✓	✓	✓	✓	✓	✓	✓	×
S.Arabia	SDMOF	×/2	✓	×	×	×	×	×	×	n.applic.
Singapore	USBB	✓	✓	✓	×	✓	✓	×	×	×
S.Africa	USBB	✓	✓	✓	✓	×	✓	×	×	✓/2

Source: Survey responses & Secretariat research (e.g. revenue body reports). *(Table notes are located at the end of Report.)*

(*) USB— Unified semi-autonomous body; USBB— Unified semi-autonomous body with formal board or advisory group comprised of external officials; SDMOF— Single directorate in MOF; MDMOF— Multiple directorates in MOF

8. The rationale for this model has been described in the following terms[11]:

"The arguments for the executive agency model relate primarily to effectiveness and efficiency: 1) as a single purpose agency, it can focus its efforts on the single task; 2) as an autonomous organisation, it can manage its affairs in a businesslike way, free of

[11] See '*The Reform of Revenue Administration: A Study for the Department for International Development (DFID)*, Delay, Devas, and Hubbard, June 1998.

political interference in day-to-day operations; and 3) freed from the constraints of the civil service system, it can recruit, retain (or dismiss) and motivate staff to a higher level of performance".

9. It is beyond the scope of this series to explore in detail the pros and cons of this development, other than to emphasise a few key points drawn from the cited research:

- Numerous studies have been conducted to evaluate the success or otherwise of the 'revenue authority' model for tax administration, but none have been able to draw any firm conclusions as to its overall impacts on revenue body efficiency and effectiveness.

- As noted in a 2005 study report prepared by the UK Department for International Development (DFID)[12], and in other reports, on experience with revenue authorities, there are a number of practical issues concerning the quantification of any benefits resulting from the introduction of the model. These include: 1) measurement—the difficulty inherent in gauging the impacts, in quantitative terms, of a concept such as autonomy; 2) data—limitations with obtaining relevant data items on pre- and post-implementation basis; and 3) attribution/causality—the existence of exogenous factors that make it very difficult to establish causality and thus to attribute any observed benefits to specific initiatives (including the model itself).

- Effective implementation of the model requires various forms of support (e.g. good relationships with the MOF, strong leadership by the revenue body's senior management, and human resource policies for achieving good performance and dealing with poor performance).

- As noted in the IMF working paper, improved effectiveness and efficiency is likely to flow most directly from an ongoing commitment to the reform of structures, systems and processes, in particular, well designed programmes of service and enforcement, the sound allocation of resources, and effective management. Implementation of a new governance structure is, at best, a first step in this direction.

- Many countries that have applied the model see it as a catalyst for reform. As noted in the IMF's Working Paper……. "*notwithstanding the lack of demonstrated basis for establishing a revenue authority, there is a strong perception held by those countries that have adopted the revenue authority concept that this particular governance model has made a significant contribution to reform and improved performance".*

The extent of revenue body autonomy

10. Generally speaking, the range of powers given to a national revenue body depends on a range of factors including the system of government in place and the state of development of a country's public sector administration practices, as well as the institutional model adopted for tax administration. As noted earlier, increased autonomy brings with it a prospect of increased efficiency and effectiveness, but it has been difficult in practice to produce clear evidence of such outcomes.

11. As outlined above and indicated in Table 1 over half of the OECD member countries have established semi-autonomous bodies while Table 2 provides a greater insight into the range and nature of powers that revenue bodies have been delegated. In practice, this autonomy includes some or all of the following powers/responsibilities:

[12] See *Revenue Authorities and Taxation in Sub-Saharan Africa: A Concise Review of Recent Literature from the Investment, Competition and Enabling Environment Team*, DFID, February 2005.

- *Budget expenditure management*: Discretion to allocate/reallocate budgeted administrative funds across administrative functions to meet emerging/changed priorities. In practice, this power should enable the revenue body to use its resources more wisely, obtaining "better value for money spent".

- *Organisation and planning*: Sole responsibility for: 1) determining the internal organisational structure of the revenue body to conduct tax administration operations, including the size and geographical location of tax offices; and 2) formulating the revenue body's strategic and operational plans. The effective exercise of these powers in practice could be expected to enable a revenue body to respond more rapidly to changed circumstances, thereby contributing to its overall efficiency and effectiveness.

- *Performance standards*: Discretion to set its own administrative performance standards (e.g. for taxpayer service delivery);

- *Personnel recruitment, development, and remuneration*: The ability to set academic/technical qualification standards for categories of recruits, and to recruit and dismiss staff, in accordance with public sector policies and procedures; the ability to establish and operate staff training/development programmes; and the ability to negotiate staff remuneration levels in accordance with broader public sector-wide policies and arrangements. In practice, effective use of these powers should enable the revenue body to make more effective use of its human resources.

- *Information technology*: Authority to administer its own in-house IT systems, or to outsource the provision of such services to private contractors. Given the ubiquity of technology in tax administration, effective use of this responsibility could contribute enormously to overall organisational performance (including responsiveness).

- *Tax law interpretation*: The authority to provide interpretations, both in the form of public and private rulings, of how tax laws will be interpreted, subject only to review by judicial bodies. The proper exercise of this power in practice can be expected to assist taxpayers by clarifying the application of the law and its administration.

- *Enforcement*: The authority to exercise, without referral to another body, certain enforcement powers associated with administration of the laws (e.g. to obtain information from taxpayers and third parties and to impose liens over property in respect of unpaid debts,). The proper exercise of this power enables revenue bodies to respond quickly to taxpayers' non-compliance.

- *Penalties and interest*: The authority to impose administrative sanctions (i.e. penalties and interest) for acts of non-compliance and to remit such sanctions in appropriate circumstances. In practice, effective use of this power would engender greater flexibility to the revenue body in its treatment of taxpayers' non-compliance.

12. Based on the survey responses of the participating revenue bodies (as reflected in Table 2), the areas of least flexibility/ autonomy were in relation to revenue bodies' authority to: 1) designing and implementing their own internal organisation structure (11 countries); 2) allocate budgeted funds to meet new/ changed priorities (9 countries); 3) determine the levels and mix of staff (13 countries); and 4) to influence/ negotiate staff remuneration levels (18 countries). Among OECD countries, autonomy appeared relatively limited in Belgium, Japan, Luxembourg, Portugal and Turkey.

Table 2. Delegated authority of national revenue bodies

Country	Delegated authority that can be exercised by the national revenue body/1								
	Make tax rulings	Remit penalties /interest	Design internal structure	Allocate budget	Fix levels/ mix of staff	Set service standards	Influence staff recruitment criteria	Hire & dismiss staff	Negotiate staff pay levels
1) OECD countries									
Australia	✓	✓/2	✓	✓	✓	✓	✓	✓	✓
Austria	✓	✓	✓	✓	✓	✓	✓	✓	×
Belgium	×/2*	✓/2**	×	×	×	✓	✓	×	×
Canada	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chile	✓	✓	✓	✓	✓	✓	✓	✓	✓
Czech Rep.	✓	✓	✓	✓	✓	✓	✓	✓	✓
Denmark	✓	✓	✓	✓	✓	✓	✓	✓	✓
Estonia	✓	✓	×	✓	✓	✓	✓	✓	✓
Finland	✓	✓	✓	✓	✓	✓	✓	✓	✓
France	✓	✓	✓	✓	✓	✓	✓	✓	✓
Germany/2	✓	✓	✓	×	✓	✓	✓	✓	×
Greece	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hungary	✓	✓	×	✓	✓	✓	✓	✓	✓
Iceland	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ireland	✓	✓	✓	✓	✓	✓	✓	✓	×
Israel	✓	✓	✓	✓	✓	✓	✓	✓	×
Italy	✓	✓	✓	✓	×	✓	✓	✓	x
Japan	✓	✓	×	×	×	✓	✓	✓	×
Korea	✓	✓	✓	✓	×	✓	✓	✓	✓
Luxembourg	✓	✓/2	✓	×	×	✓	✓	×	×
Mexico	✓	✓	✓	✓	×/2*	✓	✓/2**	✓	✓
Netherlands	✓	✓	✓	✓	✓	✓	✓	✓	✓
N.Zealand	✓	✓	✓	✓	✓	✓	✓	✓	✓
Norway	✓	✓	×	✓	✓	✓	✓	✓	✓
Poland	✓	✓	✓	✓	✓	✓	✓	✓	✓
Portugal	✓	✓	×	×	×	✓	✓	×	×
Slovak Rep.	✓	✓	✓	✓	✓	✓	✓	✓	✓
Slovenia	✓	✓	✓	✓	✓	✓	✓	✓	✓
Spain	✓/2	✓	✓	✓	✓	✓	✓/2	✓/2	✓
Sweden	✓	✓	✓	✓	✓	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓	✓	✓	✓	✓	✓
Turkey	✓	✓	✓	×	×	✓	✓	×	×
UK	✓	✓	✓	✓	✓	✓/2	✓	✓	✓
USA	✓	✓	✓	✓	✓	✓	✓	✓	✓
2) Selected non-OECD countries									
Argentina	✓	×	✓	✓	✓	✓	✓	✓	✓
Bulgaria	✓	×	✓	✓	✓	✓	✓	✓	✓
China	✓	✓	✓	✓	✓	✓	✓	✓	×
Cyprus	✓	✓	✓	✓	×	✓	×	×	×
India	✓	✓	✓	×	✓	✓	✓	✓	×
Indonesia	✓	✓	×	×	×	×/2	×	×	×
Latvia	✓	✓	×	✓	✓	✓	✓	✓	n.avail.
Lithuania	✓	✓	×	✓	✓	✓	×	✓	×
Malaysia	✓	✓	✓	✓	×	✓	✓	✓	✓
Malta	✓	✓	✓	×	✓	✓	✓	×	×
Romania	✓	×	×	✓	×	✓	✓	✓	×
Russia	×	✓	✓	✓	✓	✓	✓	✓	✓
S.Arabia/2	✓	×	×	✓	×	✓	✓	✓	×
Singapore	✓	✓	✓	✓	✓	✓	✓	✓	✓
S.Africa	✓	✓	✓	✓	✓	✓	✓	✓	✓

Source: Survey responses *(Table notes are located at the end of Report.)*

13. It should also be noted that even with increased autonomy revenue bodies will still operate within frameworks designed to ensure they remain accountable to wider government and the citizens whom they serve. These frameworks may include the establishment of management boards and wider reporting obligations. Both these areas are covered in more detail later in this chapter and in Chapter 2.

Scope of responsibilities of the revenue body

A unified body for the collection of direct and indirect taxes

14. Table 1 also provides an overview of the taxes administered by revenue bodies. With few exceptions, surveyed countries have unified the collection of direct and (most) indirect taxes. The most recent occurrence of unification was the UK's amalgamation of its Inland Revenue and Customs and Excise departments into a single organisation—Her Majesty's Revenue and Customs (HMRC)—that commenced operations in April 2005. More recently, Malta's Minister of Finance announced (in his 2010 Budget statement) his Government's intention to amalgamate separate direct and indirect tax departments, along with Customs, into a single unified tax and customs administration. As of end-2010, the operation of separate tax bodies among participating countries is confined to a small number of members of the Commonwealth of Nations (e.g. Cyprus, India, and Malaysia) and Luxembourg.

15. There is one exception to this more unified approach to administration. As reported in Table 3, 19 countries administer the collection of excises through a body other than the main revenue body, in most countries the body responsible for customs administration.

The collection of social contributions

16. Social security contribution (SSCs) regimes have been established in the vast majority of countries as a complementary source of government revenue to fund specific government services (e.g. health, unemployment and pensions). [13] As e evident from the data in Table 24 (Chapter 5), SSCs are the largest single source of government revenue in many OECD countries, particularly those in Europe. However, as indicated in Table 1, Governments have taken quite different paths as to how the collection of SSCs should be administered.

17. Of the 31 OECD countries with separate social security regimes, the majority (some 19 countries) currently administer the collection of SSCs through a separate social security agency (or a number of such agencies), rather than by the main tax revenue body. (Both the Czech and Slovak Republics reported they have plans to integrate the collection of tax and SSCs over the next 2-3 years while Japan indicated that an examination of establishing a revenue agency to collect both tax and SSCs has been recommended by its Tax Commission- see later comments.) In the other 12 OECD countries, the collection of SSCs has been integrated with tax collection. Beyond OECD economies, this dichotomy in approach to revenue collection is also apparent—Cyprus, Malaysia, Singapore and South Africa all administer the collection of SSCs via a separate agency while countries such as Argentina, Bulgaria, China (for some, but not all provinces), Estonia, Latvia, and Romania have all integrated the collection of SSCs and tax revenue. The Russian Federation transferred responsibility for SSC collection to its revenue body in the early 2000's but has recently reversed that decision as a result of overall reform of its SSC regime.

18. The pros and cons of these fundamentally different approaches to administering government revenue collection have not been studied by the FTA. However, the operation of separate tax and SSC collection agencies raises some obvious questions concerning their efficiency and effectiveness, not to mention the additional compliance burden for businesses as a result of having to deal with separate collection bodies. Research by the IMF's Fiscal Affairs

[13] The dominant role of such contributions in most of these countries stems directly from the application of the so-called Bismarck model which remains the foundation of the social security system in much of Europe today. The model sees government-provided social security as a special form of insurance, with both benefits and contributions tied to the wages of workers. In a number of countries, the contributions are channelled through separate funds which are kept apart from the budget of central government. By contrast, notably in some of the Scandinavian and the English-speaking OECD countries, a substantial part of public spending on social benefits tends to be financed directly out of general tax revenues of the government although, even in countries following the Bismarck model, social security funds may also show a persistent deficit requiring subsidies from general taxation.

Department [14] to identify the reasons why so many countries have chosen to integrate the collection of SSCs with tax collection operations over the last decade or so provides some useful insights (see Box 2).

Box 2. The integration of tax and social security contributions (SSCs) collection

The key arguments for integration presented in the IMF working paper were as follows:

1) Commonality of core processes: The argument for unifying the collection of tax & SSCs stems from the commonality of the core processes involved in the collection of tax & SSCs, including the need to (1) identify & register contributors & taxpayers using a unique registration number; (2) have systems to collect information in the form of returns from employers & the self employed, usually based on similar definitions of income; (3) for employers, withhold tax and contributions from the income of their employees & pay this to the agencies (usually via the banking system); (4) have effective collection systems to follow up those employers who do not file, or do not account for payments; & (5) verify the accuracy of the information in returns using modern risk-based audit methods.

2) Efficient use of resources: Countries that have moved to integrate SSCs collection activities into their revenue administrations have often found that the marginal costs of expanding systems used for tax administration to include SSCs are relatively minor. This is a particularly important factor to consider for those countries that lack the resources to implement two very similar sets of reforms in different agencies. For example, some countries have integrated the collection of payments as diverse as accident compensation insurance contributions, Medicare contributions, child support contributions, and student loans repayments into the tax administration. While the features of each are very different, the countries in question have seen the value of using the tax administration's core collection capacity to lower collection costs and improve collection rates.

***3) Core competencies of tax and social organisations*:** Over time, tax administrations build core competencies in relation to collection functions. There are countries where tax administrations have been shown to have improved collection levels in relation to social contribution type payments, or been able to do this more efficiently, when they have been transferred from social insurance agencies. Tax administrations, where the sole focus is on revenue collection, develop compliance-based organisational cultures and strongly-aligned processes suited to the assessment and collection of monies. Similarly, social insurance agencies typically build a strong focus on establishing individual entitlements to benefits and efficiently paying them out to recipients. They develop organisational cultures and processes aligned to this role and it is logical to conclude that incorporating the somewhat counter-intuitive responsibility for collections compromises both the collection efficiency and the provision of benefits. Social insurance agencies may have limited success in proceeding beyond a certain level of collection performance.

4) Lowering government administration costs: Placing responsibility for collections with the tax administration eliminates duplication of core functions that would otherwise occur in the areas of processing, enforced collection of returns and payments, and audit of employers. This can contribute to significantly reducing government administration costs, with: (1) fewer staff and economies of scale in human resource management and training, fewer numbers of managers, and common processes for filing and payment and enforcement and data entry data and verification; (2) lower infrastructure costs in office accommodation, telecommunications networks, and related functions; & (3) elimination of duplicated IT development costs and less risk in system development and maintenance.

5) Lowering taxpayer and contributor compliance costs: Placing responsibility for collections with the tax administration can also significantly reduce compliance costs for employers, with less paperwork as a result of common forms and record-keeping systems, and a common audit programme covering income, VAT and payroll taxes, and social contributions based on income and payrolls. The increasing use of Internet-based electronic filing and payment systems within the tax administration also lowers taxpayer and contributor compliance costs. This simplification can also improve the accuracy of the calculations made by employers, and therefore compliance levels.

19. The observations set out in Box 2 raise important considerations for Governments and are supported by the experiences of a number of countries that have integrated tax and SSCs collection. For example, officials of Argentina's revenue body (i.e. AFIP) have highlighted a range of benefits from their integration experience—see Figure 1.

[14] '*IMF Working Paper: Integrating Tax and Social Security Contribution Collections Within a Unified Revenue Administration: The Experience of Central and Eastern European Countries*', Peter Barrand, Graham Harrison, and Stanford Ross (December 2004).

Figure 1. Argentina's views on the benefits of social security integration

THAT WAS THEN (The situation pre-integration)	THIS IS NOW (The situation post-integration)
REGISTRATION: Agencies that merged had their own registries of taxpayers, foreign trade users & employers. Since they did not always have compatible data, the management areas had difficulties when exchanging information.	Having a "unified registry" has allowed the Administration to have a more complete tax profile of the natural & legal persons it relates to.
COLLECTIONS: Capturing tax returns & revenue through the collection of domestic taxes & social security monies was carried out through independent collection systems which, besides having been shaped using different technical criteria, had certain functional & technological restrictions.	A new collection system was developed to process tax returns & tax & social security payments. The new system allows historical bank reconciliation problems to be solved since the design of the new system maintains the tax return & payment circuits logically unified. Progress in the use of the Internet for submitting tax returns & making payments has delivered more benefits.
TAXPAYER ACCOUNTING: There co-existed several sub-systems to control tax & social security obligations under different operational modalities, according to the type of debt & the taxpayer segment to which such control was addressed. It was necessary to standardize management of non-compliances & improve certain functionalities.	A new comprehensive control system for obligations is being developed. Some modules have already been implemented & envisage the control of tax, customs & social security credits as well as the calculation of all forms of settlement & credits in favour of gatekeepers. The new system has a portal on the Internet allowing taxpayers to gain access to information on their fiscal status & carry out formalities (e.g. payment reallocations, statement of accounts), reducing the need for taxpayers to visit AFIP's offices.
MANAGING NON-COMPLIANCE: Responding to non-compliance was fragmented and carried out by separate bodies.	Management of non-compliances regarding taxes and social security monies is integrated. When the control systems identify irregular situations in tax return filing or in the payment of obligations, unified requests including all non-compliances are issued.
ENFORCED COLLECTION: Activities were carried out separately by tax type.	AFIP uses a unified procedure for the coercive collection of taxes, customs duties and social security funds. The execution orders include a single social security & tax debt document, having equal priority in
DETECTION OF ILLICIT ACTS AND VERIFICATION: Activities were carried out separately.	When there is an audit, regardless of the reason for its initiation, there is a joint verification of taxes and social security issues (unregistered jobs, differences in declared salaries, undue use of promotional employment regimes etc.).
DATABASE MANAGEMENT: Fragmented management of data collected separately from information providers.	The integration of functions facilitated the process of adding into the databases the information provided by the administered individuals/businesses to the DGI-IRS, DGA & DGRSS and making it duly compatible, besides integrating such information with the data provided by the information agents & other organizations.

Source: 'Integration of the Administration of Internal Taxes, Customs Duties and Social Security Contributions' by Argentina's revenue body (AFIP) for the 41st Assembly of CIAT, Barbados (May 2007).

20. As part of the survey for this series, two countries reported that planning to integrate the collection of tax and SSCs was well underway.

21. Slovakian revenue officials reported that their Government approved in May 2008 a proposal for institutional reform known as Concept of Reform of Tax and Customs

Administrations with Outlining Unification of the Collection of Taxes, Customs and Insurance Premiums. As part of this proposal, which will be phased in over a number of years and be subject to a detailed feasibility study, there would be a shift in responsibility for the collection of social insurance premiums to the new body from existing social insurance bodies. Their perspectives on the rationale for reform are reflected in the following comments..... [15]

> *"Collection of taxes and insurance contributions is carried out by three institutions with different functional areas, thus reducing the tax and insurance contribution compliance rate, reducing the success rate of recovery of past due receivables in unpaid taxes and insurance contributions and increasing the possibility of using various ways of recovery and transfers of receivables due, as well as information systems of individual institutions that are not interlinked – which at the end of the day increases the operating costs of these institutions. This fact has an impact on further growth of bureaucracy and administration with negative effects on budget expenditures by the general government.*
>
> *Three ministries – three institutions covering different areas – and four separate laws result in different approaches to handling the same issues – an annual final account of income tax at TA, a final account of health insurance contributions by HICs, non-accounting of premiums for social insurance contributions for old-age pension savings by the SIC and PFMCs. And, for further example, there are different assessment bases for social insurance and health insurance premiums, different databases, different information systems and the like.*
>
> *If the entire system of collection of taxes and insurance contributions were to be built from scratch, clearly the option to have joint collection of taxes and insurance contributions via a single institution would be better. The benefit for payers (citizens and entrepreneurs) is a substantially simpler system which would permit the calculation of tax and insurance contributions on single form. All payments and related information in this case are pooled in a single institution which is the only necessary partner for both natural and legal persons. There is a single, central database of citizens – taxable persons and insured persons and pension savers at the same time. The single institution is also the single contact point in the event of problems related to collection which means more accessibility for taxable persons or insurance contribution payers and the public sector administration".*

22. The ***Czech Republic*** reported that their Government was currently planning the merger of tax, customs, social security and health insurance revenue collection functions into a single agency. The background to this initiative is set out in the following comments[16]........

> *"The Government of the Czech Republic has been concerned that both the collection costs of revenue administration and the compliance cost for taxpayers rank among the highest in Europe. A key concern of the Government was the sustainability of the financial base of the social security systems, and the reliability of its revenue collection mechanism. If the collection systems are not robust, effective coverage becomes a serious issue, and a free-rider problem can become endemic. Individuals can then enter the system without making their required share of contributions, making the system financially burdensome. Like in many other countries, the Czech Government has been looking at ways to improve the revenue collection system, while making voluntary compliance attractive for taxpayers and contributors.*
>
> *In light of these trends, the Government adopted Resolution No. 1462, dated 20 December 2006, instructing the Ministry of Finance, Ministry of Labour and Social Affairs and the Ministry of Health, to produce a material for the Draft Consolidation Procedures which aims at simplifying and rationalizing the administration of taxes, customs and social and health contributions to improve internal and external efficiency,*

[15] See '*Reform of Tax and Customs Administration with a View to Unifying the Collection of Taxes, Customs Duties and Insurance Contributions'* (Page 101, The UNITAS Program), March 2010.
[16] Sourced from the World Bank Report '*Czech Republic: Report on Vision and Strategy for an Integrated revenue Administration'* (Page 2, Report no 47984-CZ, April 2009) at http://www.mfcr.cz/cps/rde/xbcr/mfcr/CZ-

and to improve the effectiveness of these agencies in fighting against tax evasion in an integrated manner."

23. Finally, ***Japanese*** revenue officials reported that its Tax Commission had proposed in its 2010 report to the Prime Minister an examination of the establishment of a revenue agency to collect both tax and social insurance premiums.

24. In those countries where separate collection arrangements exist, the overlapping nature of the revenue collection responsibilities of the respective bodies and their client base presents opportunities for co-operation and mutual assistance. In their survey responses, a number of countries indicated that this occurs in practice to varying degrees in a variety of ways (e.g. through use of common audit programmes, information exchange between agencies, assistance with enforced collection of unpaid contributions, and collaboration to streamline information exchange procedures)—see Table 3. Spain reported that a Government-backed initiative [17] launched in March 2010 widens and improves the collaboration between the tax agency and the social security administration and is based on three main instruments: 1) the shared use of information; 2) joint control actions; and 3) more co-ordinated actions in the recovery of taxes and SSCs.

Table 3. Collecting social security contributions—the roles of selected revenue bodies/1

Country	SSCs as share of all taxes in 2008 (%)	Revenue body assists SSC agencies	Nature of assistance provided by revenue body				Integration of tax & SSC collection	
			Verifies taxpayers' liabilities	Provides information on evasion	Collects SSC debts	Other roles/ actions	Government study/ plans underway	Expected timing of integration
1) OECD countries								
Austria	33.5	✓	✓/2	✓	×	×	×	-
Belgium	31.5	✓	×	✓	×	×	×	-
Chile	6.4	✓/2	×	×	×	✓/2	×	-
Czech Rep.	44.6	✓	×	×	×	×	✓	2011-2014
France	37.2	✓	✓	✓	×	×	×	-
Greece	37.6	✓	×	✓	×	n.avail.	×	-
Israel	16.5	✓	✓	✓	×	×	×	-
Japan	38.6	✓	×	×	✓	×	✓	Not known
Korea	21.8	✓	×	×	×	✓/2		-
Luxembourg	28.3	✓	×	✓	×	×	×	-
Mexico	12.7	✓	✓	✓	×	×	×	-
Slovak Rep.	40.8	✓	×	×	×	×	✓	2014
Spain	36.4	✓	×	✓/2	×	×	×	-
2)Selected non-OECD countries								
Argentina	n.avail.	✓	×	×	✓	×	×	-
Lithuania	29.0	✓	✓	✓	×	✓	✓	Not known
Russia	13.0	✓	✓	✓	×	×	×/2	-
Singapore	n.applic.	✓	×	×	×	✓/2	×	-
S.Africa	n.avail.	✓	×	×	×	×	✓	Not known

Source: Survey responses, OECD Revenue Statistics (2010), EC, and IMF Article IV Staff Reports. *(Table notes are located at the end of Report.)*

Non-tax related functions

25. As noted in prior series, Governments in many countries have over the last decade or so allocated additional roles (hereafter referred to as non-tax related roles) to their revenue bodies, not directly related to the collection of tax revenue. In some cases, these roles have entailed use of a country's tax legislation framework to provide economic benefits to taxpayers (e.g. welfare-type benefits) or to use the tax system collect non-tax amounts owing to Government (e.g. student loans). In other situations, the role/ function linkage has been less directly related to "tax system" administration (e.g. oversight of certain gambling activities).

[17] Known as the '*Plan for the Prevention and Correction of Tax, Labour, and Social Security Fraud*', and endorsed by the Spanish Council of Ministers on 5 March 2010.

26. Information concerning the 'non-tax' functions of revenue bodies and reported for this series is set out in Table 4. (Countries not mentioned in the table reported no such roles).

Table 4. Selected non-tax functions of revenue bodies (with such functions)

Country	Nature of non-tax functions administered						
	Customs law	Welfare benefits	Collection of child support	Collection of student loans	Property valuation	Maintenance of population register	Other
1) OECD countries							
Australia	×	✓	×	✓	✓	×	✓/1
Austria	✓	✓	×	×	✓	×	✓/1
Belgium	×/1	×/1*	×	×	×	×	✓/1**
Canada	×/1*	✓	×/1**	×/1**	Partial/1***	×	✓/1****
Chile	×	×	×	×	✓	×	
Czech Rep.	×	×	×	×	✓	×	
Denmark	✓	✓	×	×	✓	×	✓/1
Estonia	✓	×	×	×	✓	×	
Finland	×	×	×	×	✓	×	✓/1
France	×	×	×	×	✓	×	✓/1
Germany	×	×	×	×	×	×	✓/1
Greece	✓	✓	×	×	✓	×	✓/1
Hungary	×/1*	×	×	✓	×	×	✓/1**
Iceland	×	✓	×	×	×	×	✓/1
Ireland	✓	×	×	×	×	×	
Israel	✓	✓	×	×	×	×	
Japan	×	×	×	×	×	×	✓/1
Korea	×	✓	×	✓/1	×	×	
Luxembourg	×	×	×	×	✓	×	✓/1
Mexico	✓	×	×	×	×	×	
Netherlands	✓	✓/1	✓/1	×	×	×	
N.Zealand	×	✓	✓	✓	×	×	✓/1
Norway	×	×	×	×	×	✓	
Portugal	×	×	×	×	✓	×	
Slovenia	×	×	×	×	×	×	✓/1
Spain	✓	×/1	×	×	×	×	
Sweden	×	×	×	×	✓	✓	
UK	×/1	✓	×	✓	✓	×	
USA	×	✓	×	×	×	×	
2) Selected non-OECD countries							
Argentina	✓	×	×	×	×	×	
Bulgaria	×	×	×	×	×	×	✓/1
China	×	×	×	×	✓	×	
Cyprus	×	×	×	×	✓/1	×	
India	×	✓	×	x	✓	×	
Indonesia	×	✓	×	×	×	×	
Latvia	✓	×	×	×	×	×	
Malaysia	×	×	×	✓	×	×	✓/1
Romania	✓	×	×	×	×	×	✓/1
Russia	×	×	×	×	x	×	✓/1
S.Arabia	×	✓/1	×	×	×	×	
Singapore	×	×	×	×	✓	×	✓/1
S.Africa	✓	×	×	×	×	×	

Source: Survey responses (of countries reporting one or more such functions).
(Table notes are located at end of Report.)

27. As will be apparent from the information displayed, the vast majority of surveyed countries reported one or more such roles, and this practice appears to have grown over the last decade. The most common of these roles are: a) the collection of non-tax debts owed to Government (e.g. student loans and overpaid welfare benefits); b) payments of various categories of 'welfare' to citizens, some of which are integrated with elements of the tax system, or whose payment relies on information held by the revenue body; c) administration of aspects of a Government's retirement incomes policy (e.g. New Zealand's KiwiSaver scheme); and d) administration of elements of the Government's child support arrangements; and e) a Government property valuation function (and for some countries linked to the administration of property taxes). The resource implications of such arrangements are discussed in Chapter 4.

28. For this series, the following developments were identified by revenue bodies:

- ***Australia's*** revenue body indicated that it had assumed responsibility from July 2010 for administering excise equivalent goods (EEGs) imported into Australia and stored in a warehouse licensed under the Customs Act.

- ***Austria*** reported that it will soon assume responsibility for control functions as a result of new legislation covering gambling activities.

- ***Spain*** reported new responsibilities concerning payments to be made in respect of newly-born children, adoptions, and to working mothers (with very young children).

- ***Sweden's revenue body*** assumed responsibility for the administration of the system of personal identification cards for people resident in Sweden from 2009.

- ***USA*** reported that it is involved with implementation of various tax provisions contained in the recently passed Affordable Care Act (dealing with health insurance and health care policy matters).

Customs administration

29. Nine OECD countries have aligned the administration of tax and customs operations by bringing them within a single management structure (e.g. Austria, Denmark, Estonia, Greece, Ireland, Israel, Mexico, Netherlands and Spain). The Czech Republic is planning to complete the merger of its tax and customs administrations under a single body by 2014 while the Slovak Republic reported that it has a similar initiative underway for implementation by 2012. Hungary also reported that amalgamation of tax and customs is high on its Government's agenda and that the revenue body's President has been appointed as co-coordinator of the foreseen merger (which is expected to be completed by late 2010/early 2011). This practice is also followed among the non-OECD countries surveyed (e.g. Argentina, Latvia, Romania and South Africa).

30. The rationale for this alignment of these quite different Government roles appears to have its origins in a number of factors, including; 1) perceived synergies with customs operations which are responsible for the collection of VAT on imports, a major revenue source in many developing countries; 2) efforts to obtain economies of scale (e.g. human resource and IT functions; and 3) historical factors associated with the separation of direct and indirect taxes administration). More recently, a further development has occurred in two large OECD countries (i.e. Canada and the United Kingdom[18]) where the Government has decided to remove the border security aspects of customs administration from the revenue body, as part of their efforts to align all aspects of border security within a dedicated border security agency.

31. The allocation of non-tax roles to revenue bodies no doubt produces many benefits for Governments and the citizens they ultimately serve. However, there are some potential downsides that were identified in a recent report of the US IRS Oversight Board [19]........

> *"The Board's enabling legislation dictates that it has no role in establishing tax policy. However, public policy has gradually been evolving to use the IRS as a programme administrator in addition to its tax administration responsibilities. The Board offers two observations on this trend:*
>
> - *It is imperative that IRS resources keep pace with the growth of any new responsibilities for programme management that the IRS is assigned. Failure to do*

[18] Customs operations were removed from the Canada Customs and Revenue Agency (CCRA) in late 2003 and placed in a new Canada Border Services Agency. In November 2007, the UK Government announced the creation of a new UK Border Agency reporting to both the Chancellor of the Exchequer, on fiscal issues, and the Home Secretary. This new agency combined the staff of the then existing HMRC Detection Directorate, along with UK visas and the Border and Immigration Agency. HMRC retains ownership of Customs policy issues. The new agency was created in April 2008 and 4,841 staff and related funding were transferred to the UK Home Office, effective April 2009 (as per HMRC's 2010 Accounts).

[19] IRS Oversight Board, *Annual Report to Congress 2009 (April 2010).*

so increases the risk that the IRS will not be able to perform its essential tax administration responsibilities.

- *The need for the IRS to modernize its IT systems becomes even greater if it is to effectively manage additional administrative responsibilities."*

Special governance arrangements

32. Like all government bodies, revenue bodies are ultimately accountable to the citizens they serve. The framework within which this accountability operates varies between countries and is a result of many factors including the institutional arrangements and government structures in place. The following section identifies special/unusual governance mechanisms in place to ensure this accountability is achieved. It focuses on examples of the oversight mechanisms in place in selected revenue bodies. Some approaches for achieving improved accountability for performance are covered in Chapter 3.

Formal management boards and advisory bodies

33. In ten countries, a management/advisory board or council has been interposed between the revenue body and the relevant minister/arm of government to provide a degree of independent advice on the plans and operations of the revenue body and tax administration arrangements in general[20]. In all of the examples cited hereunder, the board's membership includes non-revenue body officials. Whilst the specific functions of the boards vary between countries all execute an oversight function and/or would appear to have a role in strategy development and planning and the sign-off of formal business plans. Without exception, board members are not involved in issues concerning the tax affairs of individual taxpayers and do not have access to specific taxpayer information. For a number of the countries where this arrangement has been established, its introduction coincided with the establishment of a new more autonomous body for tax administration operations (e.g. in Argentina, Canada, Singapore and South Africa[21]). Given the uniqueness of these arrangements, a brief description of the set-up in selected countries is set out hereunder:

Argentina- Advisory Council for AFIP (Spanish acronym for name of revenue body)[22]

Background	The Advisory Council was established in the late 1990's with the creation of single agency (i.e. AFIP) to administer tax customs and social contributions collection
Role	The Council periodically evaluates and verifies the AFIP's Management Plans that are submitted to the Chief Cabinet Minister.
Composition	The Council is made up of representatives from the different sectors of society, both public and private, among which are the Ministry of Economy and Production, the Central Bank of Argentina, the National House of Representatives and Senate, the National Social Security Administration, provincial government officials and renowned tax experts.

Bulgaria's National Revenue Agency Managing Board[23]

Background	The Managing Board was created in 2006, coinciding with the establishment of a new revenue body (i.e. the NRA) and in conjunction with its new responsibilities for the collection of social insurance contributions.

[20] A review of Australia's tax system completed in early 2010 also recommended (R. 115) the establishment of a board to advise the Commissioner of Taxation on the general organization and management of the Australian Taxation Office. The board would not be a decision-making body and would have no role in interpreting the tax laws or examining individual taxpayer issues. The Government would appoint members to the board. The Government announced in July 2010 that it would proceed with the introduction of an advisory board if elected following a general election in August 2010. No further developments have as yet been announced.

[21] An Advisory Board for the South Africa Revenue Service (SARS), created in 1997 with the establishment of SARS as a semi-autonomous revenue authority, was dissolved in 2002. In its place, a new governance framework was introduced that makes provision for the establishment of specialist committees to advise the Commissioner and Minister on any matter concerning the management of SARS's resources.

[22] From *'Integration of the Administration of Internal Taxes, Customs Duties and Social Security Contributions'* by Argentina's revenue body (AFIP) for the 41st Assembly of CIAT, Barbados, May 2007.

[23] Information obtained from the '*Law of the National Revenue Agency'* (December 2009) at NRA website: www.nra.bg

Role	The Board considers and approves the NRA's strategic plan, its draft budget, regular reports of performance, its annual report, decisions concerning the organisation and scope of activities of its headquarters and territorial structures, strategies for human resource, information systems development, buildings and facilities, decisions for writing off receivables, and issues of co-ordination and interaction with other key Government agencies.
Composition	The Managing Board is comprised of the Minister of Finance, the Governor of the National Social Security Institute, the Director of the National Health Insurance Fund, a deputy minister of finance appointed by the Minister of Finance, and the Executive Director of the NRA. The Minister chairs the Board.
Features of its operation	The Board settles its own working arrangements and decisions are adopted if two thirds of its members (effectively four out of the five members) have voted in favour. Under the law established for its operation, the Board should meet at least once a month and there are formal requirements concerning the provision of meeting papers and the recording of proceedings and decisions made.

Canada Revenue Agency (CRA) Board of Management[24]

Background	The CRA's Board of Management was established in 1998 with the creation of a new, more independent government agency—then known as the Canada Customs and Revenue Agency—to administer Canada's tax and customs laws.
Role	The Board has the responsibility of overseeing the organization and management of the CRA, including the development of the Corporate Business Plan, and the management of policies related to resources, services, property, personnel, and contracts. The Commissioner of the CRA, who is a member of the Board, is responsible for the CRA's day-to-day operations. Unlike the boards of other crown corporations, the Board is not involved in all business activities of the CRA. In particular, the Board has no authority in the administration and enforcement of legislation, for which the CRA remains fully accountable to the Minister of National Revenue. The Board is denied access to confidential client information.
Composition	The Board is comprised of 15 members appointed by the Governor in Council, 11 of who have been nominated by the provinces and territories.
Features of its operation	To help the Board fulfill its governance responsibilities, committees have been established to undertake much of the detailed review of items brought before the full Board for its consideration. The Audit, Governance, Human Resources, and Resources Committees apprise the Board of the items that fall within their scope and provide advice and make recommendations to the Board about these items. Each committee establishes an annual work plan to guide its activities in the upcoming fiscal year. The *Audit Committee* reviews the Agency's accounting framework, financial and performance information, internal controls and financial risks, and compliance with financial and environmental legislation. The *Governance Committee* reviews all aspects of the Board's governance framework to ensure that the Board functions in an effective and efficient manner that successfully supports the operations of the CRA. The *Human Resources Committee* reviews the management of human resources within the Agency and provides recommendations and advice on the Agency's human resources management strategies, initiatives, and policies. The *Resources Committee* reviews the Agency's operating and capital budgets and its capital investment plans, along with the development of administrative management strategies and policies for the management of funds, real property, contracts, equipment, information, information technology, and environmental obligations. A Board of Management 'Oversight Framework (BoMOF) – Assessment of Performance' is an assessment of management performance conducted by the Board each year in areas of its oversight as per the *Canada Revenue Agency Act*. The Board is responsible for the oversight of the organization and administration of the Agency and the management of its resources, services, property, personnel and contracts. The BoMOF, the results of which are made public, complements the Treasury Board Secretariat's (TBS) Management Accountability Framework (MAF) and together the two assessment tools provide a complete evaluation of the Agency's management performance. Both Frameworks are structured around key elements that establish expectations for good management.

[24] CRA website (June 2010) - http://www.cra-arc.gc.ca

Finland National Board of Taxes Advisory Board[25]

Background	An Advisory Board to the National Board of Taxes was established by government Ordinance in 2002 and commenced operating in 2003.
Role	The role of the Board is to provide guidance/advice on strategic planning, tax administration priorities and operational guidelines. The Board convenes around six times per year.
Composition	The Board is comprised of a senior official of the Ministry of Finance, the Director-General of Tax Administration, and 6 members from local government, union, taxpayer and commerce bodies.
Features of its operation	The Advisory Board met seven times in 2009. The meetings addressed issues such as organisational changes in the revenue body, the results of the job satisfaction survey and planning documents and monitoring reports related to operations and finances.

Mexico's Governing Board for the SAT

Background	The creation of the Governing Board coincided with the establishment of a new more autonomous revenue and custom body in 1996.
Role	The Board's roles are as follows: 1) assist in the development of fiscal policy and customs measures necessary for the development and implementation of the National Development Plan and sectoral programmes; 2) provide opinions on draft bills, decrees, resolutions, administrative and general provisions in tax and customs matters; 3) approve programmes and budgets of the SAT (i.e. the Tax Administration Service); 4) approve the basic organisational structure of the SAT; 5) consider and approve measures proposed by the chairman of the SAT to improve operational efficiency and taxpayer orientation; 6) approve the annual programme of continuous improvement for the SAT, including setting and monitoring targets for increased efficiency and improved taxpayer service delivery (NB: Descriptions of measures/ performance indicators that must be used are set out in Chapter 3 of this series.); 7) analyse proposals for continuous improvement.
Composition	The Board consists of: 1) the Secretary of the Ministry of Finance and Public Credit, who will preside; 2) three directors selected by the Secretary of Finance from the employees of Finance; and 3) three independent directors appointed by the President of the Republic (two of whom must have been nominated by the national meeting of tax officials in the terms of the Fiscal Co-ordination Law). To be appointed, independent directors must not have held a federal or municipal government appointment in the prior year. Once appointed, they must not engage in tax or customs related-activities that are incompatible with their role and must attend 70% of convened meetings.
Features of its operation	The Board is required to hold regular meetings, one at least every three months, and a quorum requires at least 50% of members. Board decisions are made by majority vote, with the Secretary of Finance, as chair, having a casting vote in the event of a tie.

Malaysia's Board of Management for Inland Revenue

Background	The IRBM was established in March 1996 in accordance with the Inland Revenue Board of Malaysia Act 1995 to give it more autonomy especially in financial and personnel management as well as to improve the quality and effectiveness of direct taxes tax administration. A Board of external members was also created at this time.
Role	n.avail.
Composition	The Inland Revenue Board of Malaysia (IRBM) is comprised of the following Board Members: 1) Secretary General of Treasury cum IRBM Chairman; 2) Attorney General or a representative; 3) Director General of Public Services or a representative; 4) Two other persons representing the Government, appointed by the Finance Minister; 5) Two other persons from the private sector, appointed by the Finance Minister.
Features of its operation	Board members meet regularly throughout each fiscal year (e.g. nine times in 2008).

Board of the Inland Revenue Authority of Singapore (IRAS)[26]

Background	The IRAS Board was established in 1992, as part of legislation authorizing the creation of a new statutory authority with autonomy in managing its operations to administer

[25] See Finland's *Annual Reports of National Board of Taxes* (various years) - www.vero.fi
[26] IRAS website - https://mytax.iras.gov.sg

	the tax laws.
Role	The Board is responsible for ensuring that the IRAS carries out its functions competently, and meets three times a year to review major corporate policies and approve financial statements, the annual budget and major expenditure projects.
Composition	The Board comprises the chairman who is also the Permanent Secretary of the Ministry of Finance, the Commissioner of Inland Revenue, and seven other members (comprising public and private sector representatives).
Features of its operation	The Board has established three committees—the *Audit Committee*, the *Staff Committee A* and the *Investment Committee*—to assist in carrying out its duties. The *Audit Committee* reviews and ensures that IRAS' accounting and financial policies and internal controls are in place, adequate and adhered to. The Committee works closely with the external auditor, the Auditor-General, to review the financial statements of IRAS, the scope of audit plans and the audit results. The Committee also reviews the annual audit plan of the Internal Audit Branch and the results of its work. The *Staff Committee A* is the approving authority for key remuneration policies in IRAS as well as key appointments, promotion and remuneration of senior executives in IRAS. *The Investment Committee* sets investment policies and guidelines and manages surplus funds available for investments.

South Africa Revenue Service's external governance framework[27]

Background	An Advisory Board for the South Africa Revenue Service (SARS), created in 1997 with the establishment of SARS as a semi-autonomous revenue authority, was dissolved in 2002. In its place, a new governance framework was introduced that is primarily set by two pieces of legislation that determine SAR's governance structure—the Public Finance Management Act 1 of 1999 for the Audit Committee and The South African Revenue Service Act 34 of 1997 for the specialist committees.
Role	1) Audit Committee: This committee must, among other things, review: • the effectiveness of the internal control systems in SARS; • the effectiveness of internal audit; • the risk areas of SARS operations to be covered in the scope of internal and external audits; • the adequacy, reliability and accuracy of financial information provided to management and other users of such information; • any accounting and auditing concerns identified as a result of internal and external audits; • SARS compliance with legal and regulatory provisions, the activities of the internal audit function (including its annual work programme), co-ordination with the Auditor-General, the reports of significant investigations and the responses of management to specific recommendations; and • where relevant, the independence and objectivity of the external auditors (not applicable to SARS). The Audit Committee must report and make recommendations to the Commissioner, report on the effectiveness of internal controls in the annual report of SARS and comment on its evaluation of the financial statements in the annual report. 2) Human resource specialist committee**:** The committee's roles are to advise: • the Minister on human resource issues in the management structure; • the Commissioner of SARS on human resource issues; • on the representiveness, costs and effectiveness of recruitment, training and promotions within SARS; • on staff establishment, retention and vacancies; • on compliance with Chapter 10 of the Constitution and any other legislation applicable to SARS human resource management; • on compliance with the SARS Code of Conduct and the Client Charter; • on compliance with the SARS Code of Conduct and the Client Charter; • on complaints, industrial relations issues, CCMA mediations and arbitrations, and court actions involving SARS employees; and • on SARS human resource policies on, inter alia, discipline, remuneration and staff benefits.

[27] SAR's website (August 2010).

Composition	The chairperson of the Audit Committee: must be independent; must be knowledgeable of the status of the position; must have the requisite business, financial and leadership skills; and may not be the chairperson of the Executive Committee or a person who fulfils an executive function in SARS. The majority of the members of the Audit Committee shall consist of non-executive members appointed by the Executive Committee, although committee members may not all be members of the Executive Committee. The majority of persons serving on an Audit Committee must be financially literate. The executive authority (the Minister of Finance) must concur with any premature termination of services of a member of the Audit Committee.

Swedish Tax Agency Advisory Council

Background	The Council was created as part of broader public sector reforms when, from January 2008, the Swedish Tax Agency became an agency managed by a Director-General, who alone is responsible to the Government for the activities of the Agency.
Role	The task of the Council is to exercise public control and give advice to the Director-General. The Council has no decision-making responsibilities. The Advisory Council of the Swedish Tax Agency meets six times a year.
Composition	By the side of the Director-General there is now an Advisory Council that may have up to 12 members. The members of the Council are appointed by the Government for a period of three years. In the current Advisory Council of the Tax Agency there are 11 members including the Director-General who is the chairman, the Director-General (Ministry of Finance), academics with backgrounds in economics and/or finance, representatives of industry and commerce, information technology consultants, the Director-General of another large Government agency, and some members of parliament.

United Kingdom — The Board of Her Majesty's Revenue and Customs (HMRC)

Background	Legislation for the creation of the new HMRC Department in 2005 included provision for the creation of a Board, to be comprised of members of HMRC's internal Executive Committee and (four) non-executive (external) board members. In 2008, HMRC implemented a new governance structure appointing a non-executive Chairman and a new Chief Executive[28]. The Chairman and the Board are responsible for the effective governance of HMRC. The Chief Executive and the Executive Committee are responsible for running HMRC.
Role	The Board sits for a minimum of ten times a year and is chaired by the HMRC Chairman. The Board is supported by the Audit and Risk, Ethics and Responsibilities and People sub-committees and has the following responsibilities: o Development and final approval of HMRC's overall strategy; o Development and final approval of HMRC's communications strategy and sign off of significant HMRC communications identified within it; o Development & final approval of the culture & values objectives & strategies; o Approval of the final sub-strategies of lines of business and functions; o Approval of final business plans (incl. the annual financial plan); and o Advise the Chief Executive on the appointment of senior executives. Ensuring the strength of the top team by participating in the appointment of and advising on the ongoing competence of Board members, Executive Committee members and other key appointments.
Composition	The Board's membership currently comprises the Chair, the Chief Executive, the Permanent Secretary of Tax, eight executive HMRC officials and six non-executive directors. Non-executive directors are senior business figures from outside the department who bring a diverse mix of expertise and skills from across both public and private sector. HMRC looks to its Non-Executive Directors to bring guidance and advice, support and challenge management about the department's strategic direction, and provide support in monitoring and reviewing progress.
Features of its operation	In approving the strategies and plans, the Board ensures that the views of HMRC's stakeholders are taken into account. It also periodically reviews the work of the three sub-committees to assure the highest standards of corporate governance are in place. Brief minutes of the Board's proceedings are published regularly on HMRC's website. There are very clear accountabilities for the Chairman and the Chief Executive. Setting the strategic direction and ensuring the highest standards of governance lies with the Chairman. The responsibility for delivery and expenditure lies with the Chief Executive.

[28] HMRC's website (June 2010) - See http://www.hmrc.gov.uk/governance/board.htm

	The top team is further strengthened by the appointment of a Permanent Secretary for Tax who is the senior tax professional in HMRC. He/she is also the Deputy Chief Executive.

USA- Internal Revenue Service's Oversight Board[29]

Background	A nine-member IRS Oversight Board was created by Congress under the IRS Restructuring and Reform Act of 1998.
Role	The Board's responsibility is to oversee the IRS in its administration, management, conduct, direction, and supervision of the execution and application of the internal revenue laws. The Board was created to provide long-term focus and specific expertise in guiding the IRS so it may best serve the public and meet the needs of taxpayers.
Composition	Seven board members are appointed by the President and confirmed by the Senate for five-year terms. These members have professional experience or expertise in key business and tax administration areas. Of the seven, one must be a full-time federal employee or a representative of IRS employees. The Secretary of Treasury and the Commissioner of Internal Revenue are also members of the Board.
Features of its operation	The Board operates much like a corporate board of directors, but is tailored to fit a public sector organization. The Board provides the IRS with long-term guidance and direction, and applies its private-sector experience and expertise in evaluating the IRS's progress in improving its service. It reviews and approves IRS strategic plans and its budget requests, and evaluates IRS efforts to monitor its own performance. The Board reviews the hiring and compensation of senior IRS officials. It also recommends candidates to the President to serve as IRS commissioner, and can recommend a commissioner's removal. The Board reaches out to a wide variety of stakeholders to understand their views on tax administration and its impact on taxpayers. The Board interacts regularly with external groups that include tax professionals, taxpayer advocacy groups, representatives of state tax departments, IRS advisory committees, IRS employees, the National Treasury Employees Union, and other groups that have an interest in tax administration. The Board also conducts an annual survey of taxpayers' attitudes about compliance and other issues relating to tax administration. The Board meets in sessions every other month, and holds at least one public meeting each year. The Board's web site provides information on upcoming public meetings. The Board publishes an annual report (see http://www.ustreas.gov/irsob/board-reports.shtml), as well as a report reviewing the progress of IRS' electronic tax filing efforts. The Board may also publish interim reports throughout the year on specific topics, such as the budget. All reports are available on the Board's web site. The Board also is invited to testify before Congress periodically. The Board's testimony is posted on its web site. The Board distributes press releases describing its activities to the media at the end of each of its meetings. Under the law, the Board cannot be involved in specific law enforcement activities, including audits, collection activities, or criminal investigations. It also cannot be involved in specific procurement activities or most personnel matters and it does not develop or formulate tax policy on existing or proposed tax laws.

34. For the United Kingdom, the emergence of the governance arrangements that include a management board of external non-executive members mirrors a broader trend by the UK Government to improve transparency and make the operations of government agencies more accountable. The business plan of the UK Cabinet Office for 2011-2015 [30] reflects an intention to create in the immediate future enhanced boards comprised of non-executive members for all government departments.

External /independent oversight of the tax administration system

35. Governments in Australia and the United States have established special bodies independent of the revenue body to report on the workings of the tax system, in particular, on aspects of tax administration. These bodies operate separately and independently of the national audit bodies in these two countries that oversee the workings of all government agencies. A brief description of these arrangements is set out hereunder:

[29] IRS Oversight Committee website (June 2010) - http://www.ustreas.gov/irsob/faqs.shtml
[30] See www.cabinetoffice.gov.uk/media/429351/cabinet-office-business-plan.pdf

Inspector-General of Taxation (Australia)[31]

Background	The Inspector-General of Taxation (IGT) was introduced as an independent statutory agency in 2003
Role	The IGT's role is to review: 1) systems established by the Australian Taxation Office (ATO) to administer the tax laws; and 2) systems established by tax laws in relation to administrative matters; for the purpose of reporting and making recommendations to Government on how those systems could be improved. The Act precludes the IGT from reviewing the imposition of taxes and tax rates, and the eligibility criteria for, or levels of, any rebates or grants administered by the ATO. The IGT seeks to improve the administration of the tax laws for the benefit of all taxpayers. Individuals and/or groups of taxpayers, professional associations and businesses are welcome to bring systemic administration issues to the attention of the IGT. The IGT endeavours to address taxpayers' concerns on defective administration while ensuring resources of the agency are directed to those areas of most benefit to taxpayers overall. The overall aim is to identify how to reduce the administrative burden for taxpayers in meeting their tax obligations.
Features of operation	While a number of Commonwealth Government agencies examine systemic taxation administration matters, the IGT is the only agency with sole responsibility for such reviews. To ensure that reviews undertaken reflect areas of key concern, and to avoid duplication with other agencies, the Inspector-General develops the work programme following consultation with: 1) taxpayers and their representatives; 2 Ombudsman; 3) Auditor-General; 4) Commissioner of Taxation; and 5) The Secretary of the Commonwealth Treasury. In conducting reviews the IGT may invite submissions and/or request/require the tax officials to provide information and documentation. The Act contains specific provisions on the confidentiality of submissions made to the Inspector-General. On completion of a review the Inspector-General reports directly to Government. All reports are subsequently made available within the timeframe outlined in the Act. The IGT provides an annual report to parliament on its operations.
Examples of recent reports / studies	Review into the Implications of any Delayed or Changed ATO Advice on Significant Issues (March 2010)
	Review into Aspects of the Tax Office's Settlement of Active Compliance Activities (December 2009)
	Review into the Non-Lodgement of Income Tax Returns (October 2009)
	Review into the Underlying Causes and Management of Objections to Tax Office Decisions (August 2009)

Treasury Inspector - General for Tax Administration (United States)[32]

Background	The Treasury Inspector General for Tax Administration (TIGTA) was established in January 1999 in accordance with the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98). As mandated by RRA 98, TIGTA assumed most of the responsibilities of the IRS' former Inspection Service.
Role	Its role is to provide independent oversight of Internal Revenue Service (IRS) activities.
Features of operations	TIGTA consists mainly of auditors and investigators focused on the duties and responsibilities of an Inspector General organization on matters relating to the IRS. TIGTA is organizationally placed within the Department of the Treasury, but is independent of the Department and all other Treasury offices, including the Treasury Office of the Inspector General (OIG). TIGTA's focus is devoted entirely to tax administration, while Treasury OIG is responsible for overseeing other Treasury bureaus. TIGTA's audit and investigative activities are designed to: 1) promote economy, efficiency, and effectiveness in administering the Nation's tax system; 2) detect and deter fraud and abuse in IRS programmes and operations; 3) protect IRS against external attempts to corrupt or threaten its employees; 4) review and make recommendations about existing and proposed legislation and regulations related to IRS and TIGTA programmes and operations; 5) prevent fraud, abuse, and deficiencies in IRS programmes and operations; and 6) inform the Secretary of the Treasury and Congress of problems and progress made to resolve them.
Examples of recent reports/	More Management Information Is Needed to Improve Oversight of Automated Collection System Outbound Calls (April 2010)
	Telephone Authentication Practices Need Improvements to Better Prevent Unauthorized

[31] Description obtained from IGT website (June 2008) - http://www.igt.gov.au
[32] Description obtained from TIGTA website (June 2010) - http://www.ustreas.gov/tigta/

studies	Disclosures (March 2010)
	The Screening and Monitoring of E-File Providers Has Improved, but More Work Is Needed to Ensure the Integrity of the E-File Programme (March 2010)
	A Service-wide Strategy is Needed to Address Growing Non-compliance With Individual Retirement Account Contribution and Distribution Requirements (March 2010)

Dedicated complaints handling and oversight

36. Governments in many countries have established special bodies (e.g. an Ombudsman's Office) to handle complaints concerning the actions (or inactions) of government agencies (including those of the national revenue body) in their dealings with citizens and business. However, in some OECD countries a dedicated agency has been established to deal with complaints from citizens and business concerning the specific operations of the revenue body. Examples of these arrangements are set out below:

Taxpayers' Ombudsman (Canada)[33]

Background	The Office of Taxpayers' Ombudsman (TO) was established from early 2007, coinciding with the establishment of the Taxpayer's Bill of Rights.
Role	The TO is generally responsible for ensuring that the CRA respects the service rights contained in the Taxpayers' Bill of Rights[34] and specifically to: 1) conduct impartial and independent reviews of service-related complaints about the Canada Revenue Agency (CRA); 2) facilitate taxpayer access to assistance within the CRA; 3) identify and review systemic and emerging service-related issues within the CRA that have a negative impact on taxpayers; and 4) provide advice to the Minister of National Revenue about service related matters in the CRA.
Features of operations	The TO may review any service provided by the CRA at its own initiative. In so doing, the TO can identify systemic and emerging service-related issues within the CRA that have a negative impact on taxpayers, and make recommendations to the CRA to improve service delivery. The TO operates independently and at arm's length from the management of the CRA and reports directly to the Minister of National Revenue.

Adjudicator's Office (United Kingdom)[35]

Background	The Adjudicator's Office (AO) was originally established in 1993 to investigate complaints made concerning the former Inland Revenue Department.
Role	The AO investigates and helps to resolve complaints from individuals and businesses that remain unhappy about the way their affairs have been handled by: 1) HMRC, including the Tax Credit Office and the Valuation Office Agency (VOA; 2) the Insolvency Service; and 3) the Public Guardianship Office. It looks to add value to the complaints handling of the organisations by aiming to be widely seen and used by the departments and the communities served, as a trusted provider of assurance and, where appropriate, redress, and as an informed advocate for service improvement.
Features of operations	The AO's remit and service standards are set out in 'service level agreements' with the Commissioners of HMRC. However, it functions independently and an annual report of its operations is produced. In practice, it deals with complaints concerning mistakes, unreasonable delays, poor or misleading advice, inappropriate staff behaviour, and the use of discretion. However, it cannot deal with matters of government or departmental policy, matters which can be considered on appeal by independent tribunals, disputes with the VOA about property valuations, issues that the courts have already considered, or could have considered, complaints that have been, or are being, investigated by the Parliamentary Ombudsman; and complaints about HMRC's or the VOA's, handling of requests under both the Freedom of Information Act 2000 and the Data Protection Act 1998, which should be considered by the Information Commissioner.

[33] Description obtained from TO's website (June 2010)- http://www.taxpayersrights.gc.ca/
[34] See Chapter 8 for further details on this.
[35] Description obtained from Adjudicators' website (June 2010) - http://www.adjudicatorsoffice.gov.uk/

Taxpayer's Advocate (United States)[36]

Background	The Taxpayer Advocate Service (TAS) was established by the Taxpayer Bill of Rights 2 legislation in 1996, replacing the Office of the Taxpayer Ombudsman.
Role	The TAS is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic hardship, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. The National Taxpayer Advocate heads the programme and each state and campus has at least one local Taxpayer Advocate who is independent of the local IRS office and reports directly to the National Taxpayer Advocate. The goals of the TAS are to protect individual and business taxpayers' rights & to reduce taxpayer burden.
Features of operations	The Taxpayer Advocate independently represents taxpayers' interests & concerns within the IRS. This is accomplished in two ways: 1) Ensuring that taxpayer problems which have not been resolved through normal channels, are handled promptly and fairly; and 2) Identifying issues that increase burden or create problems for taxpayers—bringing those issues to the attention of IRS management and making legislative proposals where necessary. In Taxpayer Bill of Rights 2, Congress established the Office of the Taxpayer Advocate and also described its functions: 1) To assist taxpayers in resolving problems with the Internal Revenue Service; 2) To identify areas in which taxpayers have problems in dealings with the Internal Revenue Service; 3) To the extent possible, propose changes in the administrative practices of the IRS to mitigate those identified problems; and 4) To identify potential legislative changes which may be appropriate to mitigate such problems. The TAS provides two reports annually to Congress—one setting out its objectives for a fiscal year, the other on its achievements in the fiscal year.

[36] Description obtained from the TAS portion of the IRS website (June 2008) - http://www.irs.gov/advocate/

Chapter 2. The organisation of revenue bodies

Outline

This chapter describes aspects of the organisational arrangements of national revenue bodies.

Key points

Organisational structures/ features

- Many revenue bodies are undergoing, or have recently introduced, major organisational reform to achieve improved outcomes; common themes in these reforms were the integration tax and customs administration, increasing application of customer segment approaches (incl. large taxpayer units) and rationalisation to increase efficiency.
- The 'function' criterion continues to be significant in the design of organisational structures of revenue bodies but around 26 bodies reported a design based on a mix of criterion (i.e. function, taxpayer segment and/or tax type).
- The vast majority of revenue bodies have concentrated their information processing work in a small number of dedicated sites and maintain large in-house tax fraud investigation and enforced tax debt collection functions.
- While the majority of revenue bodies reported the operation of a full in-house IT function, 10 revenue bodies rely significantly on outsourced arrangements or other parts of government for their IT support.

Large taxpayer units

- The vast majority (around 84%) of surveyed revenue bodies have established dedicated units responsible for administering their largest taxpayers. However, these units vary significantly in the scale of their operations (including the numbers of taxpayers administered), and in the scope and range of their responsibilities.

High net worth individuals

- Relatively few revenue bodies (no more than 8) have established specialist units to oversee the administration of their wealthiest personal taxpayers (i.e. high net worth individuals); this is a surprising outcome given the growth and concentration of wealth among this segment of taxpayers (as evidenced by data reported in the series) and the work of the FTA to promote greater scrutiny of these taxpayers' affairs.

Office networks and resource allocation

- Across surveyed bodies, there is an enormous variation in the relative size of revenue bodies' headquarters function, reflecting a variety of factors (e.g. a more centralised approach to the national management of tax administration operations, large in-house IT functions);
- While all revenue operate with office networks which are geographical and hierarchical, many have created centralised operations (e.g. call centres, data processing centres, and large taxpayer offices) to improve efficiency and effectiveness.
- There is a tendency, particularly in Europe, for revenue bodies to operate relatively large networks of small offices; revenue bodies in a number of countries (e.g. Austria, Denmark, Norway, and Russia) have reportedly undertaken large scale office rationalisation programmes in recent years to achieve greater efficiency.

Getting organised to collect taxes

Organizational structures of revenue bodies and their evolution

1. Over the last decade or so, the organizational structure of many revenue bodies has been the subject of major reform aimed at improving operational efficiency and effectiveness and the delivery of services to taxpayers. By and large, these reform efforts have mirrored a broader trend in the evolution of the structure of revenue bodies, moving initially from a structure based largely on 'tax type' criterion to one based principally on a 'function' criterion. For many revenue bodies, steps have also been taken to structure their compliance (i.e. service and verification) functions on the basis of 'taxpayer segment', at least so far as large taxpayers are concerned, while a few bodies have gone further with the 'taxpayer segment' approach. A description of some of the factors relevant to this evolution is set out below[37]:

- *The 'type of tax' organisational model:* The earliest organisational model employed by tax administrators was based principally on 'type of tax' criterion. Under this model, separate multifunctional departments were responsible for each tax and were largely self-sufficient and independent of each other. While this model served its purpose, it was eventually seen to have a number of shortcomings, including: 1) with its inherent duplication of functions, it was inefficient and overly costly; 2) taxpayers with multiple tax dealings (e.g. businesses) were inconvenienced as they had to deal with different departments on similar issues (e.g. debt issues); 3) there were complications, both to revenue bodies and taxpayers, in managing and co-ordinating compliance actions across different taxes; 4) separation increased the likelihood of uneven/inconsistent treatment of taxpayers; 5) the arrangements impeded the flexible use of staff whose skills were largely confined to a particular tax; and 6) this approach to structuring tax operations unnecessarily fragmented the management of the tax system, thus complicating organisational planning and co-ordination. Faced with these shortcomings, many revenue bodies decided to restructure their organisational arrangements, concluding that a model based largely on 'functional' criteria would help to substantially improve overall operational performance.

- *The 'functional' organisational model:* Under the functional model, staff are organized principally by functional groupings (e.g. registration, accounting, information processing, audit, collection, appeals, etc.,) and generally work across taxes. This approach to organizing tax work permits greater standardization of work processes across taxes, thereby simplifying computerization and arrangements for taxpayers, and contributes to improving operational efficiency. Compared to the 'tax type' model, the functional model has come to be seen as offering many advantages and its adoption has led to many developments aimed at improving tax administration performance (e.g. single points of access for tax inquiries, the development of a unified system of taxpayer registration, common approaches to tax payment and accounting, and more effective management of tax audit and debt collection functions.) However, a number of revenue bodies have taken the view that this model is not entirely appropriate for the delivery of compliance-related activities across different segments of taxpayers given their differing features, behaviours and attitudes to tax compliance.

- *The 'taxpayer segment' organizational model*: A more recent development among a small number of developed countries (e.g. Australia, UK and United states) has been to organize service and enforcement functions principally around 'segments of taxpayers' (e.g. large businesses, small/medium businesses, individuals, etc.). The rationale for organizing these functions around taxpayer segments is that each group of taxpayers has different characteristics and tax compliance behaviours and, as a result, presents different risks to the revenue. In order to manage these risks effectively, the revenue

[37] Comments sourced from findings described in various IMF and World Bank reports.

body needs to develop and implement strategies (e.g. law clarification, taxpayer education, improved service, more targeted audits) that are appropriate to the unique characteristics and compliance issues presented by each group of taxpayers. Revenue bodies also need a structured approach to researching and understanding what these compliance issues are. Proponents of the 'taxpayer segment' type of structure contend that grouping key functional activities within a unified and dedicated management structure increases the prospects of improving overall compliance levels. While application of the 'taxpayer segment' model is still in its early stages of use, many countries have partially applied this approach by creating dedicated large taxpayer divisions/units.

2. Table 5 briefly highlights a number of high level structural features of revenue bodies in surveyed countries. As will be evident from the information in this table, there are significant variations in the organizational structures of revenue bodies from country to country. However, there appears to be a substantial reliance on the 'functional' model of organization—13 out of the 49 surveyed revenue bodies indicated that the functional model has been adopted as the primary criterion for structuring their tax administration operations, while 30 revenue bodies reported that a broad mix of criteria, including 'function', are applied in practice. As will also be apparent from Table 5, 38 revenue bodies have complemented their largely functional structure with a dedicated division (in a few cases limited to audit-related tasks) to administer aspects of the tax affairs of their largest taxpayers. Other important observations are set out below:

- The vast majority of revenue bodies (38 of 49 countries) operate some form of dedicated processing centres (e.g. for processing of tax returns and payments).

- All but 7 revenue bodies operate an-house dedicated debt collection function. Survey responses and related research identified some unusual arrangements for enforced debt collection in 3 countries (i.e. Chile, Italy and Sweden),[38] entailing the conduct of much/ most of this work outside the revenue body.

- The great majority of surveyed revenue bodies in OECD countries maintain a dedicated organisational unit responsible for the investigation of serious cases of tax fraud/evasion; in Italy, this work is performed mainly by a separate law enforcement agency (i.e. the Guardia di Finanza).

- Organisational arrangements for the delivery of information technology functions are quite varied across surveyed revenue bodies, ranging from comprehensive in-house operations performing a range of functions, IT operations that are shared across a number of bodies within the MOF, to partially and fully outsourced arrangements.

[38] ***Chile*** reported that enforced tax debt collection is the responsibility of a separate government body (Treasury) that also collects other government debts. In ***Sweden***, enforced tax debt collection is the responsibility of a separate Enforcement Authority (EA) that, until July 2006, had been part of the Tax Agency. While the EA operates as an independent authority and collects debts other than those resulting from taxation, it has close linkages with the tax agency (e.g. for IT and administrative support). The EA had 2,174 staff in 2006 (*Source: 2007 Taxes in Sweden* (Swedish Tax Agency)). In ***Italy***, the enforced debt recovery function is outsourced to Equitalia Spa'. See Chapter 6 for further details.

Table 5. Selected features of the organisational structure of revenue bodies

Country	Selected features of the internal organisational structure							
	Main criterion (*) for structure	High net worth individual unit	Large taxpayer division/unit	Dedicated processing centres	Debt collection function	Tax fraud function	Dedicated disputes function	Full in-house IT function
1) OECD countries								
Australia	All	✓	✓	✓	✓	✓	✓	✓/1
Austria	All	×	✓	×	✓	✓	✓	✓/1
Belgium	All	×	✓	✓	✓	✓	×	×
Canada	F	×	✓/1	✓	✓	✓	✓	✓
Chile	All	×	✓	✓	×/1*	✓	✓	✓/1**
Czech Rep.	T, F	×	×	✓	✓	✓	✓	✓
Denmark	All	×	✓	✓	✓	✓	✓	×/1
Estonia	All	×	×	✓	✓	✓	✓	✓
Finland	F	×	✓	✓	✓	✓	×	×/1
France	TP	✓/1	✓	✓	✓	✓	✓	✓
Germany/1	F,TP	✓	✓	✓	✓	✓	✓	✓
Greece	All	×	×/1	✓	✓	✓	✓	✓
Hungary	F	×	✓	✓	✓	✓	✓	✓
Iceland	All	×	×	×	×	✓	✓	×/1
Ireland	TP	✓	✓	✓	✓	✓	×/1	✓
Israel	All	×	✓	✓	✓	✓	✓	✓
Italy	All	×	✓/1*	×	×/1**	✓	✓	✓
Japan	All	✓/1	✓	✓	✓	✓	✓	✓
Korea	All	×	×/1	×	×/1**	×	✓	✓
Luxembourg	T, F	×	×	✓	✓	✓	✓	✓
Mexico	F,TP	×	✓	✓	✓	✓	✓	✓/1
Netherlands	F	×/1*	✓/1**	✓	×	✓	×	✓
N.Zealand	All	✓	✓	✓	✓	✓	✓	✓
Norway	All	×	✓	✓	✓	✓	✓	✓
Poland	All	×	✓	×	✓	✓	✓	✓
Portugal	F	×	✓	×	✓	✓	✓	×
Slovak Rep.	F	✓/1	✓/1	×	✓	✓	✓	×/1
Slovenia	F,TP	×	✓	✓	✓	✓	✓	✓
Spain	All	×/1*	✓	✓	✓	✓	×/1**	✓
Sweden	All	×	✓	×	×/1*	×/1**	×	✓
Switzerland	All	×	×	✓	×	✓	✓	✓
Turkey	F	×	✓	✓	✓	✓	✓	✓
UK	All	✓	✓	✓	✓	✓	✓	×/1
USA	TP	✓/1	✓	✓	✓	✓	✓	✓
2) Selected Non-OECD countries								
Argentina	All	✓	✓	✓	✓	✓	✓	✓
Bulgaria	F	×	✓	×	✓	✓	✓	✓
China	All	×	✓	✓	✓	✓	✓	✓
Cyprus	All	×	×/2	✓	✓	✓/1	✓	×
India	F	✓	✓	✓	✓	✓	✓	✓
Indonesia	F	✓	✓	✓	✓	✓	✓	✓
Latvia	F	×	✓	×	✓	✓	✓	✓/1
Lithuania	All	×	✓	✓	✓	✓	✓	✓/1
Malaysia	All	×	×	✓	✓	✓	✓	✓
Malta	All	×	×	✓	✓	✓	✓	×
Romania	F,T/2	×	✓	✓	✓	✓	×	✓
Russia	All	×	✓	✓	✓	×	✓	✓
S.Arabia	F	×	✓	✓	✓	✓/1	✓	✓
Singapore	F,T	×	✓/2	✓	✓	✓	×	✓
S.Africa	All	✓	✓	✓	✓	✓	✓	✓

Source: Survey responses. *(Table notes are located at end of Report.)*
(*) Structural criterion: Function-F; Tax type-T; and Taxpayer type-TP.

Country examples of high level organisational arrangements

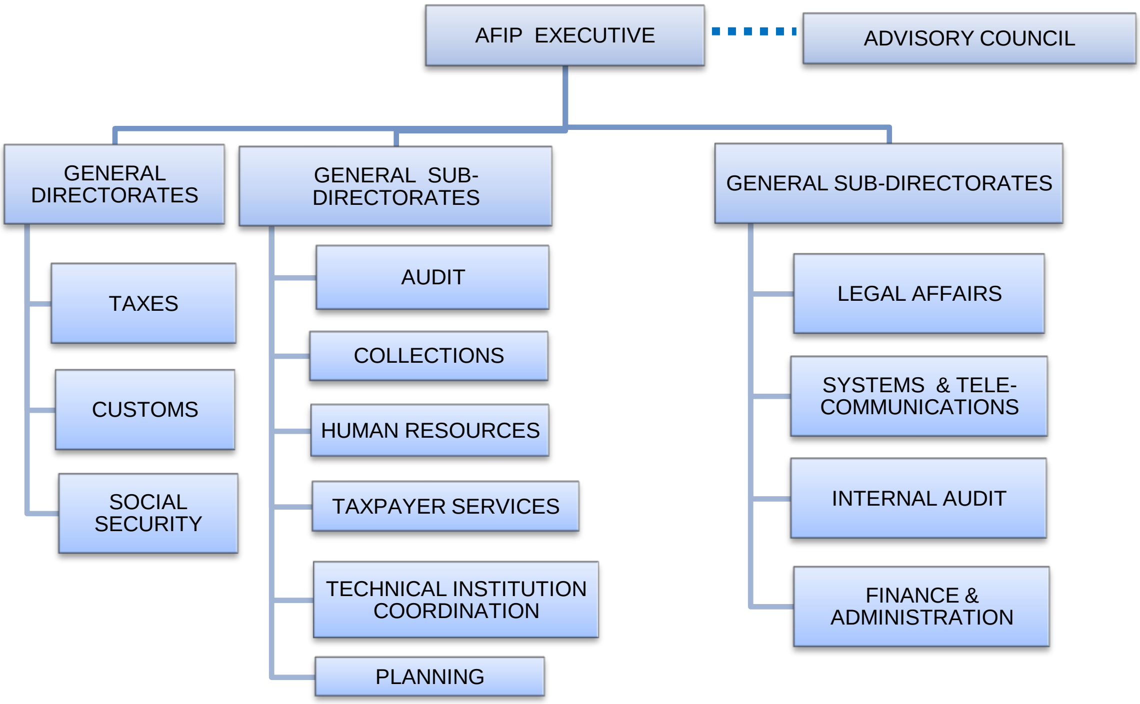
3. The 2008 Comparative Information Series provided examples of the high level organizational structure of nine national revenue bodies and identified a number of themes and similarities across sub-groupings of these countries. These are summarized in Figure 2 below. In this series, examples are provided from a further eight national revenue bodies—see Figures 3 to 10—and they are again categorized within the previously observed groupings, or highlighted for their own unique characteristics.

Figure 2. Features of the organization structure of selected revenue bodies

Themes and similarities observed in revenue body's organization structure	Examples (2008 series)	Examples (this series)
This model is characterised by a number of 'taxpayer segment' divisions that are responsible for the delivery of compliance-related activities (both service & verification) for taxpayers in each segments. There are also a number of functional units (e.g. Client Contact and Debt) that support the work of all segments. In the case of the USA, the model introduced in 2000 replaced a more functionally-oriented setup for the delivery of service and enforcement activities, which was overseen by a formal layer of management and co-ordination at the regional level. This regional management layer was also abandoned with the new structure.	Australia & USA (Figures 1 & 9)	-
The organizational models depicted for these revenue bodies reflect the more traditional model of a functionally-organised body with, for some, a formal layer of regional management and co-ordination. Also noteworthy in the case of NZ is the inclusion of the primary tax policy function, an arrangement not seen in any other country.	Canada, Chile and Korea (Figures 2, 3 and 5)	Hungary, Japan & New Zealand (Figures 6, 7, & 9)
The models depicted for these revenue bodies, essentially based on functional criteria, reflect the integration of customs operations, as well as a layer of regional management overseeing its local operations. As noted in Chapter 1, a small number of surveyed countries have amalgamated the management of tax & customs administration. The Spanish & Mexican models also depict the existence of a customer segment division for large taxpayers.	Estonia and Spain (Figures 4 and 7)	Argentina, Austria, Israel, & Mexico (Figures 3, 4, & 8 & 10)
This model, introduced in January 2008, is the result of a number of years of evolution of HMRC's internal structure following the merger of the former separate direct and indirect tax administrations (including customs)[39] and the creation of a new integrated revenue and customs body in 2005. The model, driven in part by an objective of establishing clearer lines of accountability, reflects a matrix style of management where both 'functional' and 'tax type' considerations are given emphasis. Under this new structure, formal regional/geographical management and co-ordination functions that previously existed were also abandoned.	UK (Figure 8)	-
This model is a less separate/ autonomous arrangement where tax administration functions are grouped together under common management within the formal structure of the ministry of finance (MOF). A feature of this model is that support functions such as finance, human resources and information technology are shared with other operational arms of the MOF.	-	France (Figure 5)

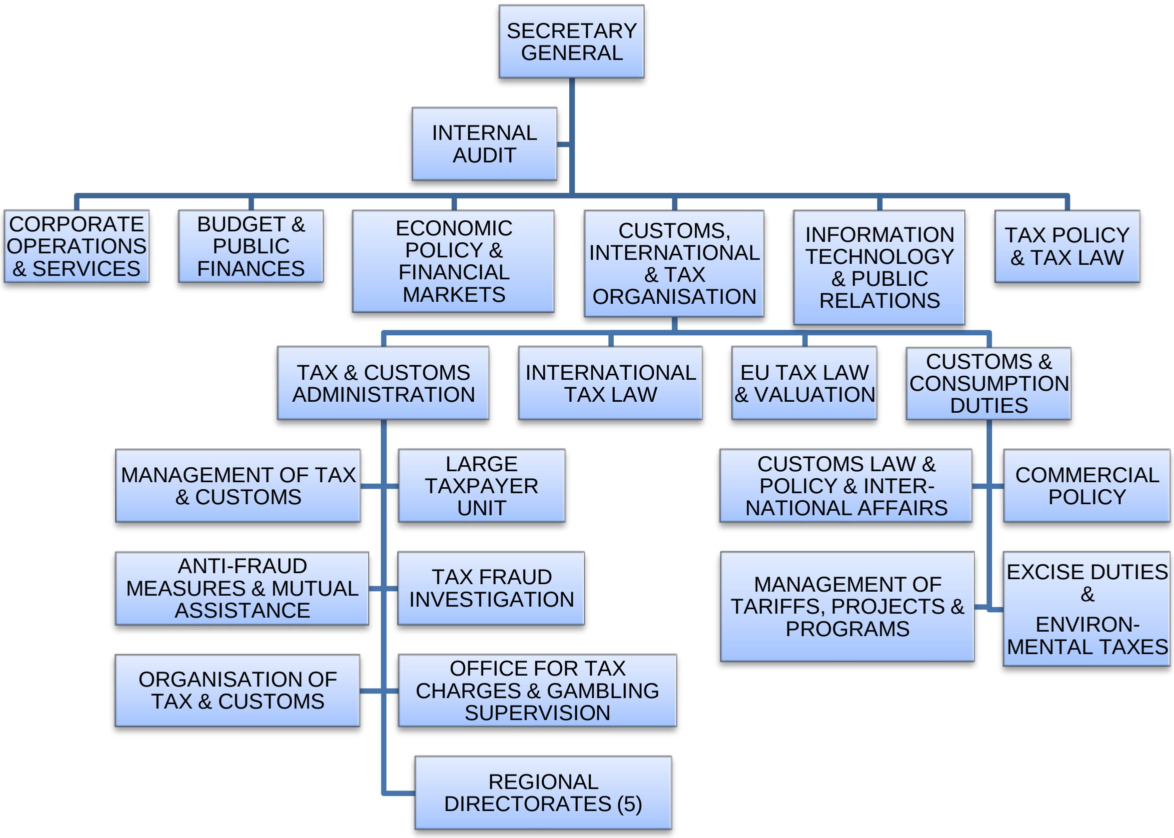
[39] While initially established to administer all aspects of customs legislation, this arrangement was modified in late 2007 with the creation of the UK Border Agency (UKBA). This new agency brings together functions from different areas of Government, including HMRC's detection work, to operate as a unified border force. The new arrangements are being phased in over a period of time. In 2009, following Royal Assent of the Borders, Citizenship and Immigration Act 2009, HMRC's border functions and 4,851 associated staff were transferred to the UKBA (page 6, HMRC's Statement of Internal Control for 2010).

Figure 3. Argentina's (AFIP) high level organisational model



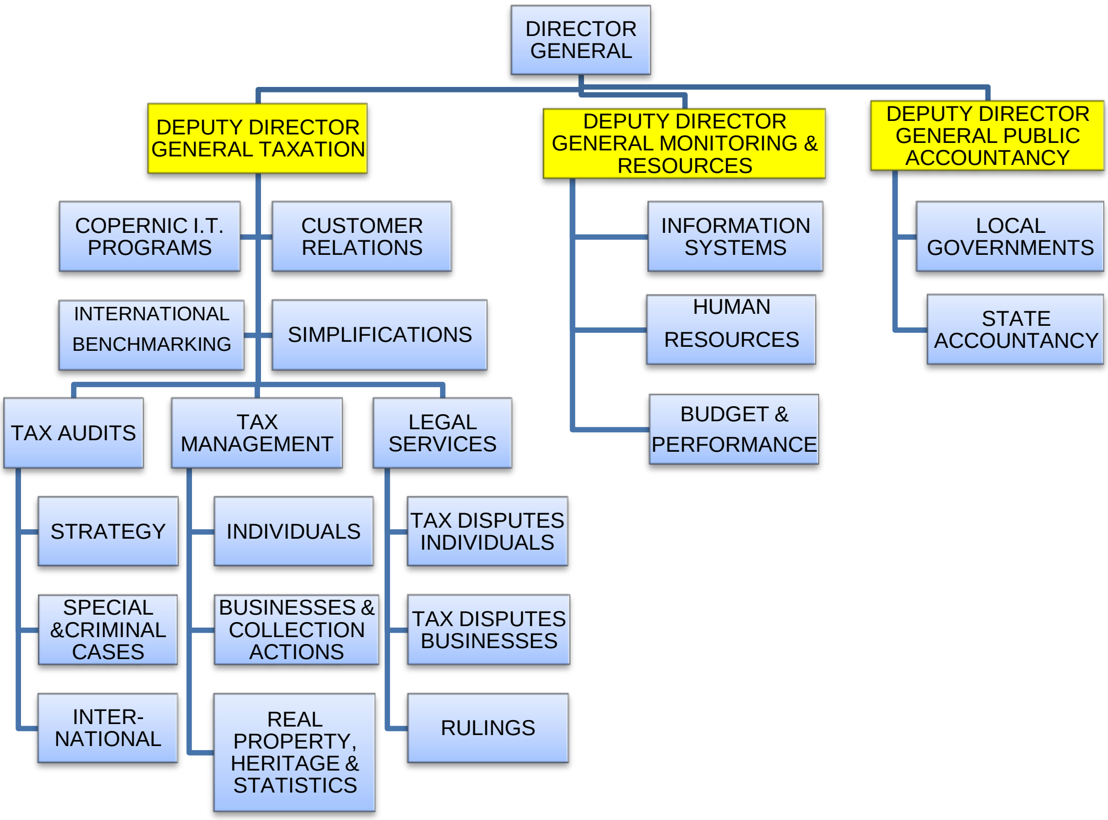
Source: AFIP

Figure 4. Austria's high level structure for tax and customs administration



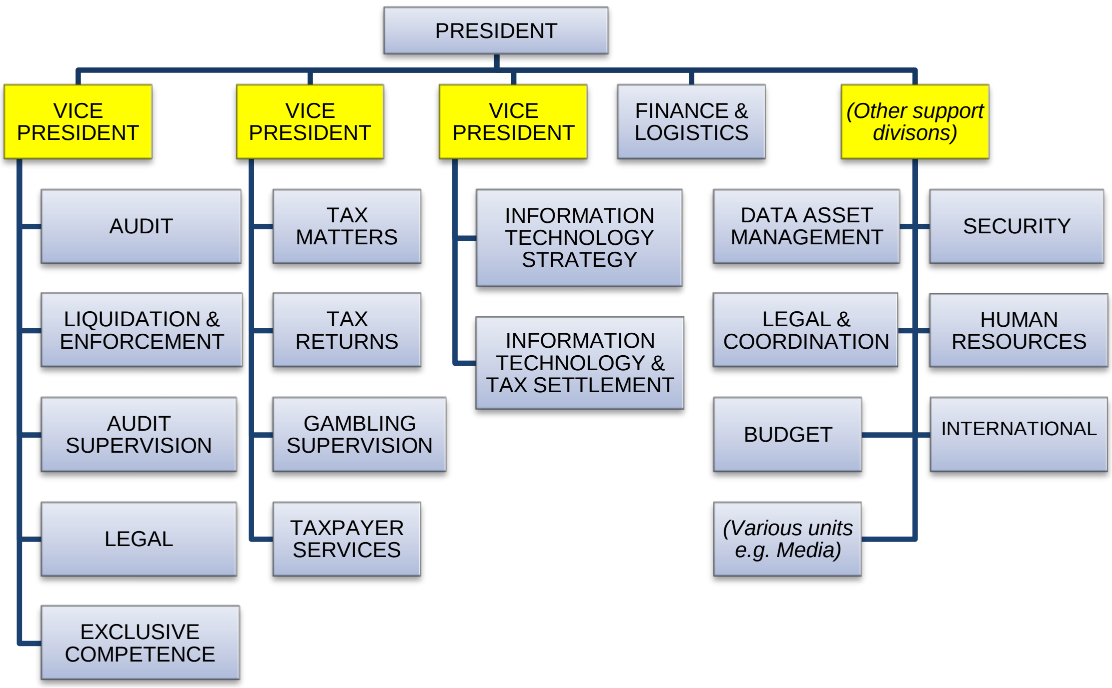
Source: Austrian administration (January 2011)

Figure 5. France's high level headquarters organisation structure



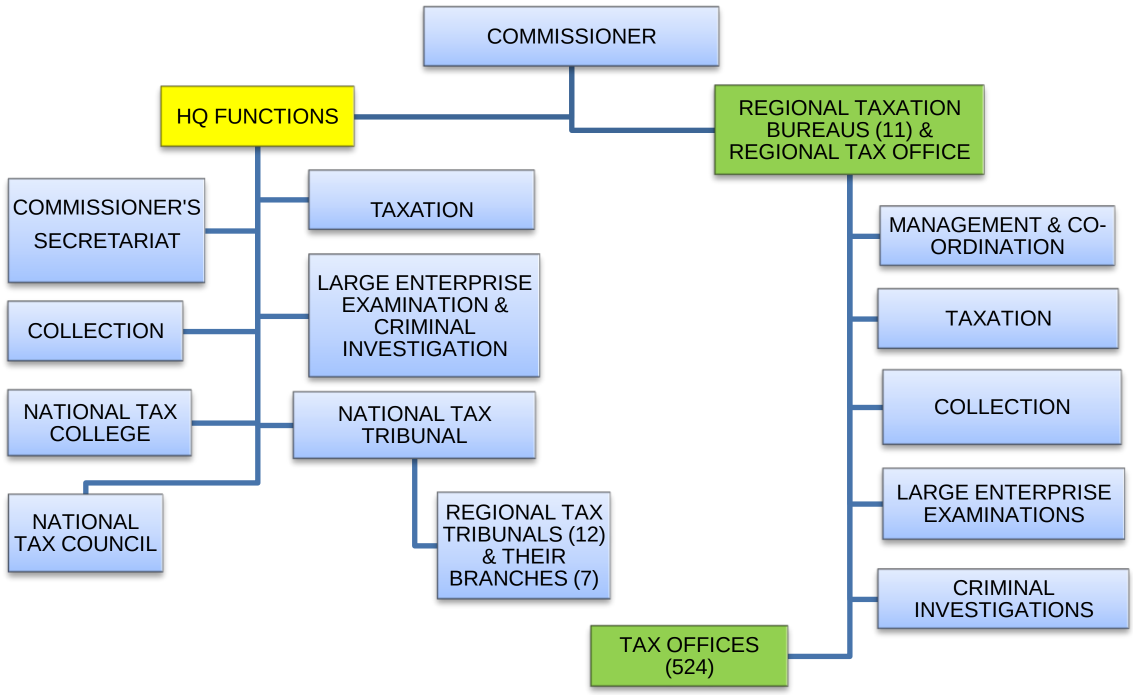
Source: DGFIP, December 2010

Figure 6. Hungary's (APEH) high level headquarters organisation structure



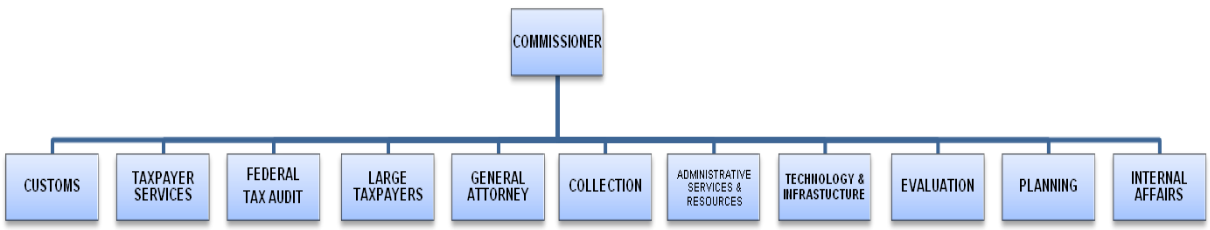
Source: APEH website (June 2010)

Figure 7. Japan's National Tax Agency organisation structure



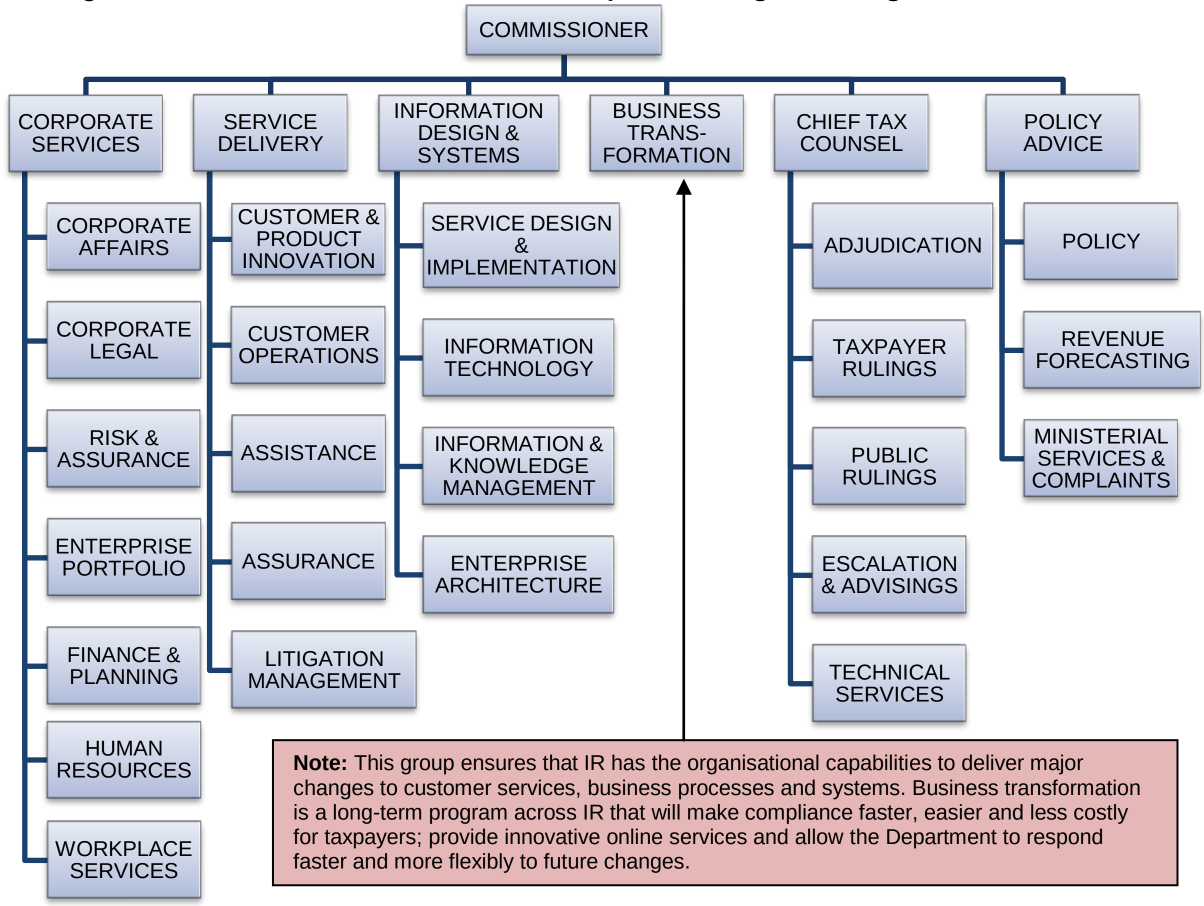
Source: NTA's 2010 Annual Report

Figure 8. Mexico's Revenue Body (SAT) headquarters organisation structure



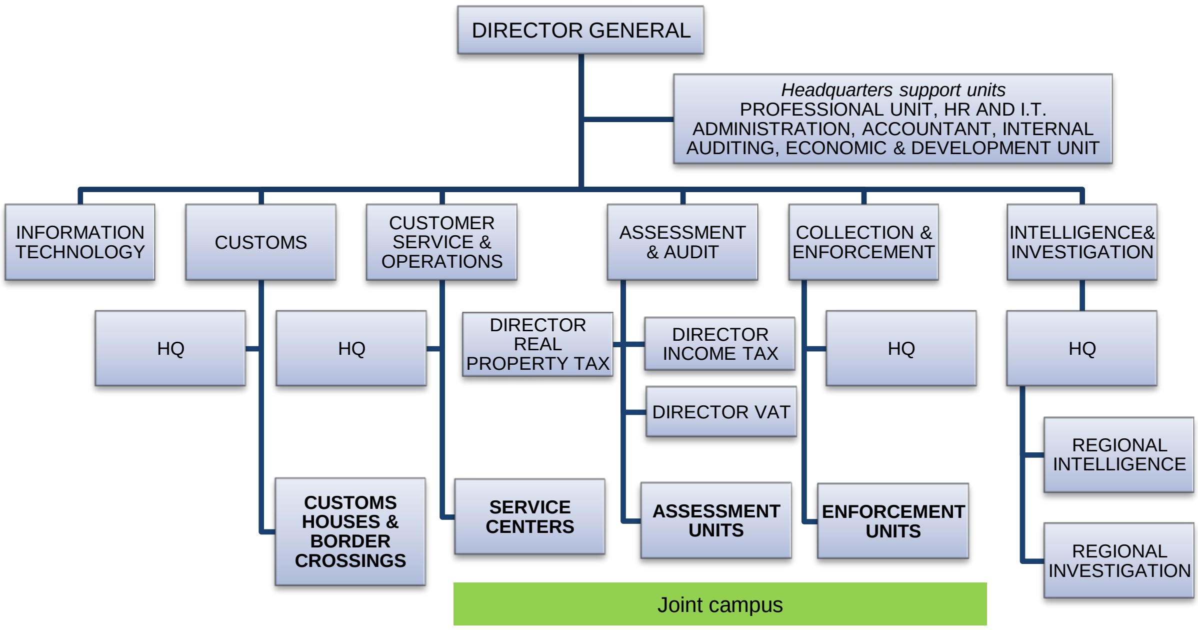
Internalaffairs office works within the structure of SAT; however, it belongs to a different government ministry (Secretaría de la Función Pública) in accordance with the Internal Regulations of the Tax Administration Service at April 29th, 2010.

Figure 9. New Zealand's Inland Revenue Department high level organisation structure



Source: IRD website , June 2010

Figure 10. Israel Tax Authority organisational structure



Source: Israel Tax Authority website, September 2010

Reform, reform reform................the never-ending story!

4. Based on survey responses, reforming tax administration operations is receiving considerable attention in many countries and appears to have intensified over the last year as Governments seek to improve efficiency and cut costs. Generally speaking, these enhancements fall into one of the following categories: 1) organisation of staff and work processes around customer segments; 2) consolidating office networks and sites to achieve economies of scale; 3) eliminating administrative duplication (e.g. integration of tax and SSC collection), 4) fundamental business process redesign underpinned by more effective use of modern technology; and 6) 'whole of government' service delivery approaches. Details of individual country reforms are summarised hereunder:

- ***Austria*** has recently formed a unique nationwide unit to manage the audits of large taxpayers, amalgamating eight separate units that previously existed. In addition, from January 2011, new legislation covering gambling activities come into force and the revenue body will be responsible for administering related control activities.

- A major restructuring of ***Belgian tax administration*** activities is currently being implemented. As part of this reform (known as the *Coperfin Project*), the existing 'tax type' structure is being replaced by a structure based largely on three pillars reflecting specific 'segments of taxpayers' (i.e. large taxpayers, SMEs and individuals) with audit centres working across the major taxes (i.e. personal tax, corporate tax and VAT). Alongside these three pillars, there will be separate dedicated functions, all under the authority of the Administrator-General of Taxes and Customs, for tax debt collection and tax inspection (i.e. for serious tax fraud), and a specific administration for Customs and Excise.

- ***Bulgarian*** officials from the National Revenue Agency (NRA) reported that in 2010 the State Receivables Agency would be integrated with the NRA's operations. Currently, NRA is responsible for the process of public enforcement (i.e. the assessment and collection of public receivables). With the merger, there will be full integration of the enforcement process and all its phases, within the NRA. Officials also reported the ongoing work for optimizing the operation of NRA's control and auditing operations within its territorial structures. They noted that these operations are, at the present time, overly decentralized. However, its earlier Revenue Administration Reform Project had envisaged greater concentration of NRA operational activities in the largest 5 to 7 economic regions of the country while preserving local tax offices to service citizens and business in the smaller (28) regional centres. This reform was successfully introduced as of January 1,2010 and expected to bring about a number of benefits (e.g. better audit/control coverage of riskier taxpayers, greater flexibility in resource utilization, a more consistent and effective approach to information collection and risk management, and more productive audits).

- ***Canada*** reported major developments with its Provincial Sales Tax Administration Reform (PSTAR) initiative. PSTAR involved the harmonization of provincial sales taxes in Ontario and British Columbia with the federal Goods and Services Tax (GST). This is a major development in Canadian tax administration that builds on prior successful harmonization initiatives (i.e. New Brunswick, Nova Scotia, and Newfoundland and Labrador in 1997, and the more recent transfer of Ontario's corporate tax administration to the CRA). The Harmonized Sales Tax (HST) framework has been modernized through new agreements which provide certain flexibilities previously unavailable to participating provinces. Through tax harmonization and the elimination of provincial sales taxes in the participating provinces, the CRA leverages its tax administration infrastructure to eliminate administrative duplication and enable enhanced delivery of single-window services. This significantly reduces both the tax and compliance burden on the business community while at the same time increasing efficiencies in Canadian tax administration. The harmonization initiative has implications on a number of the CRA's core business programmes and services. In order to address the increased volume, complexity and potential compliance risks arising from harmonization, the CRA will be enhancing many of its existing GST/HST programmes and introducing new compliance activities. Human Resources Agreements have been signed with Ontario and British Columbia that has resulted in the CRA making job offers up to a maximum of 1,564 provincial employees impacted by these changes. The provincial employees will help the CRA respond to the increased programme and service requirements.

- ***Chile*** reported the introduction of a new law where its Large Taxpayer Division is now recognized by law, having the same authority as a Regional Commissioner, but with national jurisdiction for all the taxpayers under its authority, classified as large taxpayers by special resolution. This new legally-recognised organisational unit includes: 1) Large taxpayer Division Commissioner; 2) International Tax Auditing Department; 3) National Tax Auditing Department; 4) Risk Analysis and International Commerce Auditing Department (including a special team focused on informatics auditing support for all the other departments); 5) Legal Department; 6) Taxpayers Assistance Office; and 7) the Special Regime Office (including casinos, insurance companies and large non profit organizations).

- ***Czech Republic*** officials reported that their government was planning the creation of a new revenue collection agency (i.e. the General Financial Directorate (GFD)) that would commence operating from January 2011. The GFD will; 1) be responsible for the collection of all revenue collection functions, including social security and health insurance in 2013, and excises in 2014; 2) include a new large taxpayers office setup in Prague from January 2012; and 3) have only two levels of office management and consolidate its office network (currently 8 regional and 199 local offices) by abolishing its smallest offices. These measures are all aimed at reducing administrative costs and improving efficiency.

- ***Finland*** reported the reshaping of its basic organisational model by establishing national functions arranged by customer groups, a re-organisation of its information technology operations and a rationalisation of its regional office structure downsizing from seven to five offices.

- ***France*** reported that following the creation of the General Directorate of Public Finances (DGFIP) in 2008, further rationalisation of structures had been made to unify operations at the local directorate level (by merging the public accountancy and tax administration). In addition, unified tax assessment and collection structures had been implemented. New specialized collection arrangements had been established for individuals and professionals with non-payment risk or complex proceedings. Finally, a new "judicial tax service" was being implemented in late 2010, involving a small unit of tax officials being empowered with judicial prerogatives (re hearing, search, and detention) to seek out complex evasion. The unit is being placed in a special squad in the Ministry of Interior, where it will work with police and operate under the supervision of a judge.

- ***Germany:*** As noted in chapter 1, Germany has a highly decentralised system of tax administration where federal taxes are administered by sixteen separate regional *Lander* Governments. At the present time, the process of agreeing objectives differs from one Lander to another. Work is underway to set up a federal system for agreeing objectives between the federal Government and the *Lander* Governments.

- ***Hungary:*** Planning is proceeding to merge the tax and customs administrations, including the revenue bodies control functions and Customs Finance Guard.

- ***Iceland*** reported that, to reduce costs, tax operations are being restructured, combining nine districts into one to increase tax harmonisation and efficiency.

- ***Indonesia*** reported a number of reforms that are underway, including initiatives to improve the organisation and business processes of its Data Processing Centre, to establish a dedicated Contact Centre (separate from its Head Office) for taxpayers etc., to improve service and information delivery, and to expand the capacity of its dedicated high net worth individuals unit.

- ***Japan*** reported that as foreshadowed in the 2008 series the NTA implemented its '*Unification of In-office Work*' project from July 2009. Under this project, there has been significant unification of office work—integrating internal operations in a cross-sectional manner by eliminating the NTA's previous vertically divided (i.e. by tax type) office tasks, and by standardising in-office work processes. Under this system, the contact point of Tax Offices has been unified into a single division.

- ***Latvia*** reported a restructuring of its administration to establish a more customer oriented and flexible organisation, to centralise the management of business processes and to generally expand the competence and responsibilities of staff. Instead of 23 structural units, the new structure will comprise 15 structural units, and is largely of a functional nature—service, control and support. The new arrangements will be fully implemented by end-2010 and coincide with major staffing reductions as a result of Government-imposed expenditure reductions.

- ***Lithuania*** reported that tax duty departments were founded in regional offices after reorganizing Taxpayers Service departments in 2010. Dedicated Tax Accounting and Debt Enforcement departments – centres will start to function in 2011 while implementing the project "The improvement of functional structure and management models of STI" funded from EU. Thereafter, the centres of financial and other resources management, excises administration, taxpayers' education and consultation will be established. The key objectives of these reforms are the improvement of activity processes, more consistent application of the same practices, increased functional efficiency and reductions in activity costs and staff.

- ***Mexico*** reported that it had integrated all its accounts receivable work into one organisational unit, segregated customs service from customs enforcement activities, and integrated tax audits and tax refund functions, also into one unit.

- ***The Netherlands*** reported that General Directors have been appointed in 2010. The General Director for Taxes will be responsible for the operations of the 14 tax regions. From 2011, the structure of these regions will be aligned. In 2010, nine Customs regions have also been established along with a head office. The General Director for Customs is responsible for the operations of the nine customs regions. At Management Board level, a Chief Information Officer has also been established.

- ***New Zealand's*** IRD reported on its wide ranging Business Transformation Programme to improve efficiency and make it easier for customers to comply, while maintaining the integrity of the tax and social policy systems. As the programme is implemented, customers will increasingly be able to access IRD's information and services through electronic channels. The changes to IRD's programmes and processes will help to:

    1) promote a customer-focused and adaptive culture;

    2) efficiently capture the data needed;

    3) provide customers with the information that they need, thereby reducing, as much as possible, the need for them to call or write seeking information; and

4) increase proactive compliance through early intervention, faster rulings and fewer disputes.

Priorities for the near future are redesigning the Student Loan system, strengthening and renewing IT infrastructure, simplifying tax and payroll interactions for employers and employees, and improving e-services.

With increased use of e-services, overall customer service needs will be reviewed. A new approach to delivering frontline services will be developed, which is expected to limit the work done from smaller sites to largely face-to-face contact with the community and reduce staff needs.

- ***Poland*** reported that a wide ranging reform programme is in place, including: 1) an e-registration project—to create a centralized taxpayer register, a uniform database for all administrative activities, and a standardized registration process; 2) an e-declaration project—developing online services, setting up an information exchange online system, and creating a tax information portal; 3) an e-taxes project—a centralized database of tax information, a risk analysis system; 4) introduction of the Quality Management Strategies (embracing creation of model organization and determination of all activities within each of the units of tax administration). A specialized unit is also being created to identify unknown taxpayers dealing in e-commerce, while new organizational structure models have been created for all tax administration units.

- ***Romanian*** officials reported that organizational changes are to be made to reduce administrative costs (in response to significant cuts required in 2010 in personnel costs). These will include streamlining of the delivery of field services by reducing the number of operational offices and redesigning some business processes.

- ***Russia*** reported a major restructuring of its headquarters over the last two years—reduced from 28 to 11 directorates—to enhance control procedures performed by its offices, in particular to focus on 'comprehensive taxpayer control' rather than particular taxes; it also indicated that an interregional inspectorate for centralized data processing had been established in 2008 to systematize and enhance the efficiency of data processing for all its offices. Other changes reported were the consolidation of alcohol production-related government activities within the Federal Service for Alcohol Production Control and a shift in responsibility for SSC collection to the Pension Fund.

- Officials from the ***Slovak Republic*** reported that from January 2012 there will be a fundamental change in the structure of revenue authorities in the Slovak Republic—the currently existing 8 branch offices of the Tax Directorate and 101 local tax offices will be abolished and new 8 regional tax offices with their branches at some of current local tax offices will be introduced. Optimization of specific processes is planned, mostly at the central level (e.g. methodology, internal administration, IT etc.) and through a concentration of activities at the regional level. From January 2013, there will be a merger of the tax and customs administrations into one institution. Finally, it noted that its organizational reforms would be accompanied by major changes in the way work is carried out.

- ***South Africa*** reported the introduction of a new operating model, with the main reforms in course being customs modernization and client segmentation. As part of the Customs modernization effort, emphasis is being given to improving the speed of movement of goods across borders, implementing an accreditation programme for qualified traders, and enhancing the detection of illicit goods though better risk tools, expanding the non-intrusive inspection capability and heightened visibility at points of entry. SARS is also in the process of developing holistic segmentation designs for all ten of its taxpayer and trader segments, based on a thorough understanding of their behaviors and needs. It plans to implement operating models for five of these segments—large businesses, medium-sized businesses, the informal sector, tax practitioners and traders—in the medium term.

- The ***United Kingdom*** reported a large number of change/ transformational initiatives that are described briefly in Box 3.

Box 3. HRMC change and transformation programmes

During 2010/11, HMRC will continue to invest in major change & transformation programmes designed to improve performance, drive efficiencies & deliver legislative & ministerial commitments. In 2010-11, HMRC estimates these programmes will deliver increased revenue of around £2.5 billion; save running costs in the region of £50 million; and enable efficiencies equivalent to approximately 2,600 staff. The key programmes are:

- ***Aurora*** – This programme will manage the implementation of the contractual changes recently agreed with HMRC's IT supplier to enable cost savings & support long term transformation of its technology.
- ***Businesslink.gov*** – The businesslink.gov programme is on track to become the government's primary online channel for business, providing a single website where UK businesses can access all government services.
- ***Carter*** – This programme was developed to respond to recommendations in Lord Carter's Review of HMRC's online services. The review called for the increased take-up of online services for customers filing Self Assessment, PAYE, VAT & Corporation Tax returns. The aim is for all businesses & capable individuals to file online by 2012.
- ***Compliance & Enforcement*** – This programme is delivering new tools & processes with PaceSetter to help HMRC improve the way it works. The programme focuses on improving the way staff analyse risk and manage cases, & introduces new ways of working to help reduce the tax gap & improve the customer/ HMRC experience.
- ***Customs Service Transformation*** – To ensure the UK complies with EU legislative commitments through the development of a fully electronic customs service. This will make freight transactions much easier and faster to process and will enable more effective risk assessment.
- ***Data Security*** – To improve data security by implementing recommendations from the Poynter Review, following the loss of customer data in 2007.
- ***Debt Management and Banking*** – To improve how HMRC manages debt through new analysis tools to help assess risk & target collection strategies more effectively. This will also help measure the proportion of debt settled within 30 & 90 days.
- ***Estate Consolidation*** – An initiative to rationalise the number of office locations & develop a more strategic property estate to meet customer service & operational needs.
- ***Government Banking*** – This programme will deliver retail banking services for all government departments and agencies. A related reform —***Method of Payment Reform*** – entails working across government to deliver secure direct payments to customers, greater access to banking facilities for low income groups and better value for money to taxpayers.
- ***PaceSetter*** – PaceSetter is our way of driving continuous improvement in everything we do. It will help increase productivity, staff engagement and improve customer service.HM Revenue & Customs Business Plan 2010-11
- ***PAYE (Modernising PAYE Processes for Customers)*** – HMRC launched the new National Insurance and PAYE Service in June 2009, bringing together an individual's PAYE details into a single record. The final phase will be rolled out in 2010.
- ***Policy Delivery Portfolio*** – To deliver a wide range of government and ministerial initiatives. For example, the Saving Gateway is a new cash savings scheme for working age people on lower incomes and in receipt of certain benefits or tax credits.
- ***Benefits & Credits Transformation Programme*** – By tailoring the service to customer needs this programme will simplify processes & reduce overall costs by allowing customers to use new self service channels for certain transactions in the future. HMRC will also reduce customer error by helping customers to 'get it right first time' by providing additional support for those customers who need it.

In October 2010, the UK Government announced a major revamping of public sector administration that is projected to see, among other things, major reductions in staffing in most Government departments. For HMRC, this reduction is projected at 25% over four years, but with some capacity to redirect some of the savings into compliance activities. Over this period, the net reduction in staff is expected to be in the range of 15%, a nevertheless substantial reduction that will necessitate further reform action.

- The ***USA*** reported that as part of a continuing effort to improve global tax administration efforts, the Large and Mid-Size Business (LMSB) division of the IRS has been realigned to create a more centralized organization dedicated to improving international tax compliance. As part of the organizational shift, the name of the IRS large corporate unit —LMSB— was changed on October 1, 2010 to the Large Business and International division (LB&I). LB&I will continue its international enforcement initiative by:
    - developing its strategic international examination programme;
    - establishing networks of specialists associated with key international compliance areas to foster communication and collaboration on strategic issues;
    - providing comprehensive face-to-face technical training to all international specialists on the international strategic plan and critical areas of focus;
    - starting up a new transfer pricing practice, led by a new director of transfer pricing, to focus on LB&I's most challenging transfer pricing examinations;
    - growing the U.S. competent authority function to enhance representation of U.S. tax compliance interests in the global tax environment.

Large taxpayer operations

5. As outlined earlier in this chapter, there has been a clear trend in the evolution of the organizational arrangements for revenue bodies worldwide to establish special dedicated units—hereafter referred to as Large Taxpayer Units (LTUs)—to manage some/all aspects of the tax affairs of their largest taxpayers[40]. Further background on this development and its rationale are set out below.

The common characteristics of large taxpayers

6. Large taxpayers are very different from other categories of taxpayers and present certain significant risks to effective tax administration. Many revenue bodies have recognized that managing these risks requires strategies and approaches appropriate to the unique characteristics and compliance behavior of these taxpayers. Key characteristics of the large business taxpayer segment identified from OECD work include:

- *Concentration of revenue* – a small number of large taxpayers have a critical role in revenue collection, paying and withholding taxes. The concentration of tax revenue results from the size of these taxpayers and the range of taxes they are responsible for, including their role as withholding agents for large numbers of employees.

- *Complexity of their business and tax dealings* – several countries describe large taxpayers as complex for a variety of reasons, including: 1) multiple operating entities and/or diverse business interests; 2) high volume of transactions in day-to-day

[40] The comments provided draw largely on survey responses and separate work carried out by an FTA's Task Group (involving Australia, Canada, France, Ireland, Netherlands, Norway, UK, and USA) set up in 2007 to explore and share experiences and latest thinking on the approaches and practices for dealing with the tax compliance issues of large businesses. For more detailed information see *Compliance Management of Large Business: Experience and Practice in Eight OECD Countries* (OECD, 2008).

business activities; 3) large number of employees; 4) many have international dealings, often involving cross-border transactions with related parties; 5) operate in an industry that presents unique tax issues (e.g. banking and insurance); 6) many are widely spread in geographical terms; 6) deal with complicated issues involving complex tax law and accounting principles; and 7) the use of complex financing and tax planning arrangements.

- *From the revenue bodies' perspective, major tax compliance risks* – for revenue bodies, many of these large taxpayers present major tax compliance risks due to various factors including: 1) significant offshore activities; 2) policies and strategies to minimize tax liabilities; 3) large portion of tax assessments result from audit activity of large taxpayers; and 4) growing/significant differences between financial accounting profits and the profits computed for tax purposes.

- *Use of professional/ dedicated tax advice* – many large businesses retain professional advisors to handle their tax planning and compliance affairs while others maintain their own in-house tax organization.

- *Status* - generally, most large businesses are publicly-listed corporate companies, and also include multinational companies and some private groups.

7. Given these sorts of considerations, the vast majority of revenue bodies (as set out in Table 5 have established dedicated LTUs, supported by highly skilled and expert staff to manage all/most aspects of the tax affairs of its largest taxpayers. Across surveyed revenue bodies, these organizational units are likely to have different names and the scope and nature of their activities may vary but most have been established to improve the revenue body's capability to manage and improve the compliance of this important segment of taxpayers.

Criteria used by revenue bodies to identify large businesses

8. The criteria applied for identifying 'large businesses' vary from country to country, having regard to local factors and conditions, and internal revenue body management decisions as to where the boundary between 'large' and 'non-large' taxpayers should be drawn. While the definition of 'large' differs from one revenue body to another, most have established clear and specific criteria for identifying large taxpayers—see Table 6.

9. As will be evident from Table 6, the criteria commonly used to define taxpayers as 'large business' or to place them under the responsibility of the large business unit (regardless of the size of the taxpayer) include: 1) size of turnover or gross sales; 2) size of assets; 3) the aggregate amount of tax paid per annum across all taxes; 4) businesses operating in certain business sectors (e.g. banking, insurance and oil); 5) businesses with significant international business activities and/or which are foreign-controlled; and 6) number of employees. As will also be evident from Table 6, many revenue bodies place emphasis on management of corporate groups and related affiliates to ensure that a 'whole of taxpayer' focus is brought to the tasks of identifying and treating compliance risks. In addition, some revenue bodies (e.g. Ireland and South Africa) have placed responsibility for the administration of 'high net-worth' individuals (HNWIs) under the control of their LTU, recognising that many of the taxpayers concerned have direct links with the large corporate taxpayers also under its control.

Common and/or important features of large taxpayer units

10. More detailed exploratory work undertaken by the FTA's Task Group on large taxpayers has identified a number of other fairly common and/or important features of large taxpayer units (e.g. internal structure, range of taxes administered, and number of staff):

- The LTU's responsibilities tend to cover both direct and indirect taxes, enabling a 'whole of taxpayer' focus to be given to administering these taxpayers' tax affairs.

- Business units typically provide both service and enforcement functions.

- The use of an 'account manager' approach – providing designated large businesses with a nominated contact point for interactions with the revenue body.

- To optimize performance, considerable emphasis is given to the development of industry knowledge through the use of industry-based teams and experts for key sectors of each country's economy. The information in Figure 11, drawn from a selection of countries, indicates two broad approaches in this respect: 1) teams for the key/major industries of a country's economy (e.g. Australia and Netherlands); and 2) teams for each industry grouping (as established by individual revenue bodies (e.g. United Kingdom and United States).

- In addition to tax and accounting skills, the inclusion of specialist teams/ expertise for support in areas such as industry knowledge, economics, international tax issues and computer-based examination techniques.

- As will be evident from the data in Tables 31 and 32, verification checks constitute a major element of the work of LTUs in many countries, generally resulting in a high degree of coverage for the taxpayers concerned and significant adjustments to assessments, both in relative and aggregate terms, for example in 2009:
    - 9 Countries (i.e. Canada, Bulgaria, Hungary, Ireland, Latvia, Portugal, Slovakia, and Slovenia) reported that the number of individual verification actions completed (across all taxes administered by the individual LTUs) exceeded 50% of the number of large taxpayers being administered; and

    - 8 Countries (i.e. Argentina, Austria, Canada, France, Germany, Mexico, New Zealand, and Russia) reported that the value of assessments raised in respect of this segment of taxpayers exceeded one-third of assessments resulting from all verification activities).

Table 6. Selected features of Large Taxpayer Units (LTUs)

Country	Criteria for identification of large taxpayers/1	No. of taxpayers/1 (*)	Total staff in 2009 (FTE's)/2
1) OECD countries			
Australia	Annual turnover of more than $A250m.	33,300 entities (1,300 large economic groups)	1,350/2
Austria	Sales/turnover exceeds €9.68 million.	6,649	498
Belgium	More than one of the following criteria is exceeded: a) Annual Average personnel : 50 ; b) Annual turnover : i. companies : € 7.3 million (ex. VAT), ii. other legal entities : € 6.25 million (ex VAT); c) Balance sheet total : i. companies : € 3.65 million, ii. other legal entities : €3.125 million/1.	Approx. 14,000	5
Canada	Gross annual revenues greater than $250M CAD	998 groups (11,142 entities)	640/2
Chile	Criteria: a) Annual turnover of more than UTM 360.000, during each year of the last three commercial years, b) Taxable Capital of more than UTM 360.000, during the last three fiscal years, c) Other criteria/1.	1,944	194/2
Denmark	Criteria: a) Annual turnover of more than DKK 3 billion; or b) companies having more than 250 employees or, c) companies having more than DKK 10 million in transactions with associated companies;/1	15,915	215
Finland	Annual turnover over €50 million/1.	4,100	143
France	Criteria: a) Companies with turnover exclusive of VAT or gross assets > €400 million; b) Companies which are related directly or indirectly by a link, ascending or descending at more than 50%, with a company that meets the above criteria.	35,184	304
Germany	Turnover over €6,500,000 or profit over €250,000/1.	170,060	n.avail.
Greece	Interperipheral Audit Centres (I.A.Cs) for large companies with turnover > €9 million.	3,499	n.avail.
Hungary	Tax capacity/1.	650	219
Ireland	Criteria: a) Corporations with turnover over €160m or, b) tax paid over €16m, c) public sector organisations with semi-commercial state, d) financial service sector and e) relatively large-scale enterprises in certain sectors.	Approx. 13,370	234
Israel	Companies whose turnover is above NIS 50 million and all companies listed in stock exchange market.	11,341	68
Italy	Annual turnover, revenues and professional fees not less than €100 million.	4,000	200
Japan	Criteria: a)Corporations with capital amounting to 100 million JPY or more in principle, b) All foreign corporations & special consumption tax accounts of national & prefectural (i.e. provincial) government bodies	33,729	2,306
Mexico	Criteria: a) Legal persons reporting above 500 million of annual income, b) Any institution or entity within the financial system, c) Companies authorized to determine consolidated tax results. d) Other/1	14,896	1,386
Netherlands	Criteria: a) Listed companies at the (Amsterdam) stock exchange and/or, b) Standard weighted fiscal value exceeding € 25 million; and/or, c) Foreign parent and own standard weighted fiscal value exceeding 12.5 million euro and/or, d) At least 5 foreign subsidiaries and own standard weighted fiscal value exceeding € 12.5 million and/or, e) Other/1	2,000	770
N.Zealand	Criteria: a) Annual gross turnover exceeding $300 million per annum or, b) Companies operating in specialist industries or subject to specialised tax laws.	4,500	205
Norway	Multiple criteria (sales turnover, complexity, international activity etc)	3,250	50
Poland	Subjective and objective criteria/1	63,813	2,146
Portugal	a) Turnover; b) All Financial Institutions and premier League Football Clubs; c) Holding companies forming consolidated tax groups, d) Companies subject to especially complex control procedures due to the type of activity they carry out.	1,326	150
Slovak Rep.	Annual turnover of more than €33.194 million	401	71
Slovenia	Annual turnover of more than €50 million.	415	66
Spain	Criteria: a) Legal entities with turnover over €100 million or, b) provide the Tax Agency with more than 10.000 records of information, c) All Large Corporate Groups, major banks and insurance companies, d) Other companies by decision of the Audit Department./1	3,061	913
Sweden	Criteria: a) Group of companies with over 800 employees and, b) Private owned companies with annual returns over €5 million.	15,500	180
Turkey	Various criteria including annual turnover, taxes paid, volume of assets and the number of employees.	844	Appr. 180
UK	1) >250 employees; 2) turnover > £30 million.	10,400	3,433

Country	Criteria for identification of large taxpayers/1	No. of taxpayers/1 (*)	Total staff in 2009 (FTE's)/2
USA	The Large Business and International (LB&I) Division's focus is on corporations, subchapter S corporations and Partnerships with assets greater than $10 million. LB&I is also responsible for all foreign corporations and partnerships; U.S. persons residing abroad, in a U.S. territory or involved in cross-border activities and investment; and non-U.S. citizens that have a U. S. filing requirement.	242,037 returns (2008)	5,607 FTEs (including 5,039 for large taxpayer examinations)
2) Selected non-OECD countries			
Argentina	Tax paying ability and capacity to pay.	1,500	98 FTE, 435 PT
Bulgaria	Taxpayers fulfilling at least two of the following criteria: a) turnover in 2008 – over BGN 20,000,000 b) average listed number of the employees for 2008 – over 120 employees, c) Paid taxes and social security contributions in 2008 – over BGN 2,000,000, d) Tax recovery in 2008 – over BGN 2 000 000.	1,430	166
China	No specific criteria have been set up to now.	45	18
Cyprus	VAT payable/paid, turnover and number of employees.	n.avail.	3
India	Criteria: a) Taxpayers who have paid Advance Corporate Income Tax > 100 million rupiah or, b) having paid excise duty or service tax of more than 50 million rupiah in the cities of Delhi, Mumbai, Chennai, Kolkata and Bangalore.	n.avail.	n.avail.
Indonesia	Criteria based on level of income tax, revenue, and assets	864	337/2
Latvia	Taxpayer meet three criteria for three consecutive years: a) Annual net turnover > Ls 5 000 000 (7 114 359 EUR), b) Annual total balance sheet >Ls 2 000 000 (2 845 743 EUR), c) Total budget paid taxes per year exceeds Ls 700 000 (996 010 EUR). Moreover, taxpayers from specific sectors such as credit institutions, insurance companies and companies which engaged with lottery organizing and gambling.	1,162 (including corporate groups)	140
Lithuania	Criteria: a) Annual turnover exceeds 100 million LTL (~29 million EUR), b) financial and insurance activities; c) holding companies (that influence the performance of large taxpayers) or, d) other criteria such as the amount of tax paid, the number of employees.	277	32
Romania	Criteria: a) Legal entities whose turnover is more than or equal to 70 million RON, b) Taxpayers engaged in the following specific activities such as banks, insurers; financial investment companies; casinos and gambling companies, c) Impairment of the legal provisions, when established, d) a start-up taxpayer shall be registered as large taxpayer by self-declaration.	1,434	300
Russia	A comprehensive list of criteria.	Appr. 7,000	Appr. 9,000
S.Arabia	Criteria: a) Oil companies, banks, Stock companies, Insurance, Air-transportation companies, Subsidiaries of International companies and b) holding companies and their subsidiaries, c) Equity of one hundred million SRs and above, d) Gross Income: annual gross income of one hundred million SRs and above.	2,991	70
Singapore	Criteria: a) for Corporate Income Tax: Net tax assessed, turnover and complexity, b) for Goods and Services Tax (GST): Annual GST supplies of SGD 1 billion or more.	1,650	51
S.Africa	Criteria: a) All listed entities; b) all state-owned business entities; c) unlisted entities with turnover over R250m; d) all financial institutions; e) all entities in mining activity, f) all entities part of a multinational enterprise./1	24,257 entities, 1,457 LBC groups/1	374

Source: Survey responses. *(Table notes are located at end of Report.)*
(*) Numbers include groups and related entities.
FT: full time equivalent, PT: part time, LBC: large business corporation.

Figure 11. Large taxpayer operations—Selected features of selected revenue bodies' large taxpayer divisions

Country	Taxes	Selection criteria & numbers of taxpayers/ groups	Staff in 2009	Industry specialisation and organisation
Australia	Company tax & petroleum resource rent tax	Annual turnover over $A250 million. 1,300 large economic groups (with 33,300 entities)	1,350 FTEs, 6.2% of all staff	Under new management arrangements (effective 1 December 2010) there are discrete business units responsible for Internationals; Case Leadership; Risk & Intelligence; Government Relations; & Industry based strategy. Broad industry based compliance strategies are developed around Manufacturing; Financial Services [for major banks (including regional banks), foreign and investment banks, insurance & superannuation]; Energy and Resources; Sales & Services. Local delivery units reporting to Assistant Commissioners are responsible for the delivery of the national strategies for the large market. Led by a Deputy Commissioner with responsibility for compliance with the Income Tax law for the large market. An additional Deputy Commissioner is assigned to provide focused senior leadership on complex case work.
Ireland	Company tax, employment & social taxes, VAT, Customs duties & excises and various other taxes	Corporations with a turnover > €160 million or tax paid > €16 million, certain commercial state-sponsored agencies, the financial services sector and relatively large scale enterprises in certain sectors. 370 groups, 13,000 entities.	225 FTEs, 3.7% of all staff	The Division's case base is handled in business units based on economic sectors: 1) Construction, Property, & Mining; 2) Drink, Tobacco, Multiples & media; 3) Financial Services (Banking); 4) Financial Services (Insurance); 5) Financial Services (Pension); 6) Food Industry; 7) Healthcare & General Manufacturing; 8) Information & Communications Technology; 9) High Wealth Individuals; 10) Transport & Energy. The Division also has specialist Anti-Avoidance Units, a Property Unit, a Computer Audit & Research Unit, a Customer Service/Processing Unit, and a Central Office. LCD is responsible, with some exceptions, for all operational activities in respect of its case base.
Nether-lands	Company tax, employment, social taxes & VAT	Broad-range of criteria based on size, industry and complexity— see Table 6. 2,000 taxpayers	770 FTEs, 3.3% of all staff	Specialist industry teams for 1) finance; 2) communications, technology, & energy; and 3) natural resources/oil & gas. Because of the risks with these taxpayers, the efforts of the nine offices are co-ordinated by two members of the management teams of the tax offices in Amsterdam & Rotterdam together with the Co-ordination Group on the treatment of very large organisations.
United Kingdom	Company tax, employment & social taxes &VAT	Corporations: 1) with more than 250 employees; 2) with turnover over £3 million. 10,400 taxpayers	3,433 FTEs, 4.9% of all staff	Compliance operations are organised into 17 industry-based sectors: Agriculture & Food, Alcohol & Tobacco, Automotive, Banking, Business Services, Chemicals, Healthcare & Pharmaceuticals, Construction, General Retailing, Insurance, Leisure & Media, Manufacturing, Oil & Gas, Public Bodies, Real Estate, Telecommunications & Information Technology, Transport, & Utilities.
United States of America	Company tax, employment & social taxes & excise	All corporations and partnerships with assets over $US10 million. The large business taxpayer population: 242,037 returns were filed in 2008.	5,607 FTEs, 6.1% of all staff .	The LMSB Division is led by a Commissioner and two Deputy Commissioners (DC)—DC Operations (DCO) and DC International (DCI). The DCO oversees the following departments: 1) Planning, Quality & Assurance; 2) Research & Workload Identification; 3) Management & Finance; 4) Business Systems Planning, 5) five industry-based operations groups; and 6) a field specialist group. The industry-based groups are: 1) Financial services; 2) Heavy manufacturing and transportation; 3) Communications, media, and technology; 4) Natural resources and construction; and 5) Retailers, food, pharmaceuticals & healthcare. Field Specialists include Computer Audit Specialists, U.S. LMSB Employment Tax Specialists, Economists, Engineers, Financial Products and Transactions Specialists and International Examiners integrated in industry workforce.

Source: Sourced from FTA task group examining aspects of large taxpayer operations, and updated with relevant survey response data.

Special organisational arrangements for high net worth individuals

11. The FTA's report *'Engaging with High Net Worth Individuals'* [41] published in May 2009 drew attention to the significant challenges posed to revenue bodies from the segment of taxpayers described as 'High Net Worth Individuals (HNWI)'[42]. Its key findings were [43]:

- The HNWI segment consists of high wealth and high income individuals and is of particular interest for revenue bodies because of the:
  - Complexity of their affairs and the large numbers of entities they may control;
  - Amounts of tax revenue at stake;
  - Opportunity to undertake aggressive tax planning; and
  - Impact on overall integrity of the tax system.

- To improve compliance, revenue bodies could consider changing the structure of their operations to more effectively focus resources, for example, through the creation of a dedicated HNWI unit and to include a focus on the activities of HNWI-related activities.

- Greater international co-operation, at both a strategic and an operational level, would improve the sharing of information and expertise between revenue bodies, particularly on cross-border changes.

12. In the light of these conclusions, the study made a number of recommendations, including that revenue bodies can improve the compliance of HNWIs by:

- Gaining a greater understanding of the risks posed by the HNWI segment by: 1) looking at the types of aggressive tax planning (ATP) schemes in the marketplace, the suppliers of ATP, and the HNWIs motivation; and 2) developing a strong commercial awareness of the broader concerns of HNWIs, including privacy, wealth preservation and their ability to pass wealth to future generations.

- Building an effective capability to manage tax risk by establishing an appropriate structure in revenue bodies to deal with HNWIs and focusing resources by: 1) creating dedicated units which are adequately staffed by experienced officials; and 2) establishing a framework for dialogue between senior revenue officials, HNWIs and their advisers.

- Improving international co-operation, including the use of regular meetings between heads of HNWI units and other specialists within revenue bodies.

- Creating an appropriate legislative framework targeted at specific aggressive tax planning risks by taking a holistic approach to focus their strategies.

13. The example provided in Box 4 provides some insight as to the findings of one revenue body's work to better understand the nature and scale of risks presented by its HNWI segment and what actions should be taken to deal with potential compliance issues.

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[41] For more information, see http://www.oecd.org/document/5/0,3343,en_2649_33749_42902277_1_1_1_1,00.html

[42] Both the FTA report and this series use the term 'High Net Worth Individuals' (HNWIs) to refer to individuals at the top of the wealth or income scale. The term is used broadly and thus includes both high wealth individuals and high income individuals. However, it is recognised that there are segments within this broad definition that display different characteristics and that may, in turn, require different responses from revenue bodies in their administration.

[43] The key findings and recommendations highlighted in this part were subsequently reflected in the Paris FTA Communique, issued following the Fifth FTA Meeting (28-29 May 2010). http://www.oecd.org/document/27/0,3343,en_2649_33749_42880923_1_1_1_1,00.html

Box 4. New Zealand: IRD's compliance focus in 2010-11
—High-wealth and high-income individuals

High-wealth individuals have, or are in control of, wealth over $50 million. We actively work with more than 160 high-wealth individuals, each averaging 36 associated entities such as companies, trusts and partnerships. We're building our knowledge of high-income earners to ensure they're compliant. High-wealth and high-income individuals do register, file and pay on time, but their business structure and entities are complex and accurate reporting can be an issue.

Internal restructuring and business shelters
Most high-wealth and high-income individuals meet their tax obligations. But we know some use internal restructuring and business shelters, with no underlying commercial benefit, to get a tax advantage unavailable to individuals outside this group.

We will address internal restructuring and the use of business shelters by:

- monitoring and investigating schemes using internal restructuring to protect and use tax losses or diverting income to overseas shelters;
- improving our ability to detect schemes, including information from international tax treaty partners; and
- taking a very close look at arrangements that reduce tax, where there is no evidence of an economic substance or business purpose.

Property developers
An involvement in property development is one of the risk assessment criteria we use when selecting high-wealth individuals for review.

We will monitor involvement with property development by:

- working with high-wealth individuals who have debt related to property transactions, to collect the debt or make payment arrangements; and
- finding and recovering lost revenue and following through by prosecuting, where necessary.

Assessing compliance attitude
Our risk-assessment model looks at many factors, including an individual's attitude towards compliance. We graduate and tailor our responses to individuals who're willing to do the right thing (we make it easy for them) through to those who have decided not to comply (we use the full force of the law). The model means we can identify an individual's compliance attitude and tailor our interactions with them. We can rank high-wealth and high-income individuals from low to extreme risk. As part of the risk-assessment process, we ask them for up-to-date financial reporting statements and the documents used to prepare their tax returns.

We will assess compliance attitude by:

- continuing to use data, including overseas information, and risk assessments to identify and select high-wealth and high-income individuals for review;
- issuing specialist questionnaires to get details of all assets and businesses which high-wealth and high-income individuals and their close family members are associated with;
- improving compliance behaviour through education, advisories, investigation and reviewing international best practice for new approaches, eg, enhanced relationships and pre-filing reviews;
- improving our understanding of new commercial and tax planning, eg, working with other government agencies and international tax treaty partners; and
- closely monitoring return filing and payments and following up on late ones.

Source: Helping you get it right: INLAND REVENUE'S COMPLIANCE FOCUS 2010-11 , NZ IRD, July 2010

14. For the purpose of this series, some limited research was undertaken to better understand emerging trends in the growth (i.e. numbers and wealth) of HNWI taxpayers. In addition, participating countries were surveyed on whether any special steps had been taken to create dedicated HNWI units, what resources were being devoted to the administration of HNWI taxpayers, the criteria used to identify HNWIs and related entities and the numbers of HNWIs being administered (see Table 7).

Emerging trends in the growth and wealth of HNWIs

15. The FTA's May 2009 report on HNWIs, coming shortly after the onset of the global financial crisis, observed that this taxpayer segment should be of interest to revenue bodies given the complexity of their affairs and the tax revenue potentially at stake from any non-compliance.

However, it did not attempt to quantify the possible scale of this risk, for example, by providing data on the likely population or wealth of HNWI taxpayers across member countries.

16. A recent report prepared and published by Capgemini and Merrill Lynch Wealth Management sets out the findings of their research into trends in the growth and associated wealth of HNWIs between 2009 and 2010.[44], [45] Given the period reviewed, the findings of a dramatic increase in the overall numbers and wealth of defined HNWIs, as well as in some particular regions and countries, are likely to come as a surprise to most observers, including revenue bodies—see Box 5. While the asset criteria applied by the authors for defining HNWIs appears much lower than what some revenue bodies have adopted their findings in relation to those they define as ultra-HNWIs, if broadly accurate, suggest similar levels of growth at higher asset levels. Other research findings published in late 2010 provide additional perspectives on the population of HNWIs, although using different classifying criteria and sources of information.[46]

Box 5. The state of the world's wealth—research by Capgemini & Merrill Lynch

Overall findings

- The world's population of HNWIs grew 17.1% to 10 million in 2009, returning to levels last seen in 2007, despite the contraction of word gross domestic product. Global wealth similarly recovered, rising 18.9% to $US 39 trillion.
- The global HNWI population nevertheless remains highly concentrated. The U.S, Japan and Germany still accounted for 53.5% of the world's HNWI population at the end of 2009, down only slightly from 54.0% in 2008.
- After losing 24.0% in 2008, ultra-HNWIs2 saw wealth rebound 21.5% in 2009. At the end of 2009, some 93,100 ultra-HNWIs accounted for 35.5% of global HNWI wealth, up from 34.7%, while representing only 0.9% of the global HNWI population, the same as in 2008.

Key findings by region

- For the first time ever, the size of the HNWI population in Asia-Pacific was as large as that of Europe (at 3.0 million). This shift in the rankings occurred because HNWI gains in Europe, while sizeable, were far less than those in Asia-Pacific, where the region's economies saw continued robust growth in both economic and market drivers of wealth.
- The wealth of Asia-Pacific HNWIs stood at US$9.7 trillion by the end of 2009, up 30.9% on the prior year, and above the US$9.5 trillion in wealth held by Europe's HNWIs. Among Asia-Pacific markets, Hong Kong and India led the pack, rebounding from mammoth declines in their HNWI bases and wealth in 2008 amid an outsized resurgence in their stock markets. Other regions with significant year-on-year growth in HNWI wealth were Africa (up 20.2%), North America (up 17.8%) and Latin America (up 15.0%).

Key findings by country *(numbers and increase over prior year)*

- USA— 2.866 million HNWIs (up 16.5%)
- Japan—1.65 million HNWIs (up 20.8%)
- China—0.477 million HNWI's (up 31.0%)
- UK—0.448 million (up 23.8%)
- India—0.126 million (up 50.9%)
- Canada—0.251 million (up 17.9%)
- Switzerland—0.222 million (up 19.7%)
- Australia—0.174 million (up 34.4%)
- Russia—0.117 million (up 21.3%)

Source: World Wealth Report 2010, by Capgemini and Merrill Lynch Wealth Management.

17. Taken as a whole, the findings of the abovementioned research, assuming their general accuracy, lend support to the findings of the FTA's study and the need for revenue bodies to be especially vigilant in respect of this segment of taxpayers.

[44] *'World Wealth Report 2010'* published by Capgemini & Merrill Lynch Wealth Management, June 2010.
[45] For their purposes, the authors use a proprietary methodology which defines HNWIs as those having investable assets of $US 1 million or more, excluding primary residence, collectibles, consumables and consumer durables. For 'ultra-HNWIs', the investable assets criterion is set at $US 30 million. Details of the methodology are elaborated in the report.
[46] '*Global Wealth Report'* prepared by Credit Suisse's Research Institute and published in October 2010.

Dedicated HNWI organisational units and their staff resources

18. In recommending that revenue bodies set up dedicated organisational units where this was not already the case, the FTA's study gave a number of insights as to the rationale for, and potential benefits of, such arrangements, that are reflected in the following comments (from page 42 of the study report)…

> *"It is important that tax administrations have regular and continued interaction with the HNWI segment and their advisers on issues such as planning, compliance and service. This can increase the tax administration's understanding of not only specific taxpayers but also its broader understanding of the HNWI population. It will also help the HNWI segment and their advisers gain an understanding of the tax administration. A tax administration will most effectively gather information on the HNWI segment where it tasks certain parts of its organisation with doing so.*
>
> *The way in which resources are focussed on the HNWI segment can take a number of forms. The most prevalent is that of a dedicated unit. Advisers clearly stated in the consultation process that this was also their preferred method of dealing with the tax administration in relation to their HNWI clients. Such a unit will typically take responsibility for those taxes that have a direct impact on the HNWI's personal tax liabilities. In some countries the coverage extends further to dealing with associated investment and business entities such as trusts, controlled investment companies and other operating entities, and the unit may also take responsibility for family members to enable the administration to take a wider view of the HNWI.*
>
> *A dedicated unit is not a goal in itself but is a delivery vehicle that serves several functions: it sends a clear message to the non-compliant HNWI that he or she faces a real risk of being pursued by the tax administration which may in turn reduce aggressive behaviour and improve voluntary compliance; it enables a tax administration to match the level of expertise and knowledge of the HNWI's advisers in addition to developing the commercial awareness of tax administration staff; and it also allows for the concentration of skills, targeted training, the retention of knowledge and thus an improvement over time of the understanding of the HNWI population. A dedicated unit can be monitored, and further improved, more easily than when resources are spread."*

19. Information concerning the operation of dedicated units to administer the affairs of HNWIs is set out in Table 7. The key observations are as follows:

- Relatively few revenue bodies have, as yet, established dedicated units to oversee the affairs of defined HNWIs—revenue bodies reporting the existence of such units were Argentina, Australia, Ireland, India, Indonesia, Japan, New Zealand, South Africa, and the UK;

- A number of revenue bodies reported other organizational arrangements or developments for HNWIs—France reported that while it does not have a specific service to manage HNWI's situations, there is a dedicated directorate responsible for the control (i.e. audit) of the wealthiest taxpayers (as defined in Table 7); the US IRS reported that its Large Business and International (LB&I) operating division created a Global Wealth Unit in November 2009 which it will use to focus compliance expertise on high-wealth individuals and the enterprises they control (once identifying criteria are settled and operationalized); and Spain reported that it administers special arrangements for designated HNWI's taxpayers through its large taxpayer unit;

- The scale of these units varies significantly in terms of the numbers of HNWIs administered and the resources used, suggesting differences in the roles/ functions — carried out by the respective units; and

- Given the indications of growth in 2009 in the numbers and wealthy individuals referenced in Box 5 and the relatively small number of revenue bodies reporting they have dedicated units to deal with such taxpayers (however defined at the individual country level), there would seem a case for many revenue bodies to consider whether they have the appropriate organizational and management arrangements in place to ensure that this segment of taxpayers receives the appropriate level of scrutiny to detect and deter non-compliance.

Table 7. Revenue bodies with dedicated units for high net worth individuals

Country	Criteria applied for identifying high net worth individuals (HNWIs)	No. administered	Staff usage (FTEs) in 2009 in units
1) OECD countries			
Australia	Wealthy resident Australians who, together with associates, effectively control more than $30 million in wealth	2,600	327
France	*Objective criteria*: Taxpayers with total income over €762,000, gross assets over €6.9 million, & members of non-commercial professions with a pre-tax income over €1.22 million. *Subjective criteria:* Taxpayers whose national or international reputation is proven, either by professional or elective position or for any other reason. Taxpayers who claim residency of another country whose domicile is established, when the gross value of assets in France is over €1 million.	20,000/1	250
Ireland	Individuals with net assets greater than €50 million and non-residents with substantial economic interests in the state.	430 (& their related investment vehicles)	19
Japan	*(The NTA reported that these criteria are kept confidential.)*	220	53
N.Zealand	Individuals with assets greater than $NZ50 million.	160	8
Spain	Individuals with personal income greater than €1 million or personal assets over €10 million, or who are highly related to large legal entities, can be allocated by the director general (audit) to the large taxpayers central office for monitoring.	360	n.avail.
UK	At least £20 million of net assets.	5,000	440
USA	Criteria in course of development.	under development.	
2) Selected non-OECD countries			
Argentina	Described as tax paying ability, capacity to pay and public knowledge.	1,200	27 (plus 435 shared with large corporate area)
Indonesia	Mix of tax, income, and asset criteria.	1,214	85
S.Africa	Income in excess of R7 million and/ or unencumbered assets over R75 million. Persons connected to those satisfying these criteria are also included.	370 (& 830 connected entities)	12

Sources: Country survey responses. *(Table notes are located at end of Report.)*

Criteria being used to identify HNWIs and numbers of taxpayers classified as HNWI

20. The FTA's study noted that revenue bodies have limited resources to dedicate to this taxpayer segment. As a result, allocating and managing resources requires an understanding of the segment to establish the thresholds and other limits that can be used for identifying those individuals to be included in any focus on the HNWI population. For the countries studied, it was reported that a range of criteria is used to define the HNWI population for administrative purposes. These include income and/or wealth thresholds and criteria indicating complex tax affairs, such as a variety of income sources and international tax issues. Some countries pay particular attention to public company executives and directors or to wealthy individuals with high public profiles. Others are particularly concerned about "emerging" wealthy taxpayers, sometimes observed in the media. Generally there will be a combination of these factors together with others that a particular revenue body feels are relevant to its own situation.

21. Concerning the use of "wealth" as a key criterion, the FTA's study report noted that its use may be feasible as a criterion even by countries that do not have a wealth tax. To acquire wealth an individual generally requires substantial income, whether taxed or not. In addition, wealth as an indicator tends to be relatively stable whereas income can vary substantially from year to year and, as a measure, can also be affected by tax planning. Consequently, a definition of the HNWI population based on income alone may be problematic. Relevant data on accumulated wealth can be derived from sources such as the tax return (which in some countries includes a statement of assets and liabilities), data held by other government departments (e.g. concerning real property and share holdings, information returns made by financial institutions, and media reports, etc.

22. As indicated in Table 7, the criteria used by revenue bodies with dedicated HNWI units (albeit, from a small number of revenue bodies) tend to focus primarily on estimated wealth/ asset levels of the taxpayers concerned.

Office networks for tax administration

23. Historically, the office networks of revenue bodies in many countries were comprised of large numbers of regional and/or local offices to carry out the full range of functions required for effective administration of tax laws. Factors driving the need for these large networks included the sheer number of taxpayers to be administered, their geographical spread and the general objective of providing services that were reasonably accessible. Over recent decades, there have been a number of developments resulting in significant changes to both the size and nature of revenue bodies' office networks in many countries. Significantly:

- *Government mandates for increased efficiency:* In response to demands by Governments for increased efficiency and responsiveness, office networks in many countries have been reconfigured into a smaller number of larger offices to achieve economies of scale. In some countries, management structures and lines of reporting have been streamlined, involving for some the elimination of a regional layer of management.

- *Technology-driven changes in organising work:* The advent of new technology has seen steps taken by many revenue bodies to concentrate some routine/seasonal functions (e.g. the processing of tax returns and payments) into large dedicated processing centres, centralising much of this work.

- *Technology-driven changes in delivering services to taxpayers:* Driven by the objectives of improving both the efficiency and quality of taxpayer services, many revenue bodies have taken steps to make more effective use of the various service delivery channels available to them (e.g. phone, walk-in offices, and Internet) for delivering services to taxpayers. This has included; 1) the use of dedicated call centres to replace a more distributed and costly approach to the use of telephony to deal with taxpayers' inquiries, to contact taxpayers concerning their tax affairs, and to reduce the incidence of in-person inquiries; 2) the introduction more efficient methods for paying taxes (e.g. direct debits via the banking system and on-line payment via the Internet), significantly reducing the need for large scale cash/cheque processing operations that until fairly recently were a feature of some revenue bodies' operations[47]; and 3) increasing the range of services offered via the Internet, thereby reducing the need for in-person service delivery operations in local tax offices.

- *'Whole of government' developments:* The delivery of some government services on a 'whole of government' basis has in some countries seen the emergence of government shopfronts delivering some tax- related services that were previously delivered via local offices.

[47] See Chapter 7 for further details on this issue.

24. Table 8 displays data on the make-up of the office networks used for tax administration in OECD and selected non-OECD countries and the staffing numbers at each level of the network. Some of the more common features are as follows:

- Across surveyed bodies, there is enormous variation in the relative size of the headquarters function, reflecting a variety of factors, for example a more centralised approach to the national management of tax administration operations and large in-house IT functions. The practice of maintaining large HQ operations appears particularly prominent in countries such Australia, Canada, New Zealand, and USA.

- Office networks of many European revenue bodies are relatively larger, in comparison with the set up in many other countries, in part as a result of their responsibilities for the collection of local real property and/or motor vehicles taxes; however, a number of these bodies have signalled their intention to significantly reduce the size of these networks (e.g. Bulgaria achieved a significant reduction in the scale of its office network by transferring responsibility for local taxes to sub-national municipal bodies (see Box 6).

- Over half of surveyed revenue bodies have introduced dedicated information processing and call centre operations for, respectively, bulk information processing and for handling taxpayers' inquiries and providing information.

Examples of large scale office network rationalisation programmes

23. Over recent years, a number of revenue bodies have responded to the need for greater efficiency and effectiveness by rationalising their office networks. A number of examples are briefly described in Box 6 below.

Box 6. Examples of large scale office network rationalization programmes

Austria: Since 2004, the office network of the Directorate General for Taxes and Customs has been reshaped to achieve increased efficiency. From a network previously comprised of 7 regional directorates and 81 tax offices, the new network implemented from mid-2004 now sees five regional management areas, 41 tax offices, and one Large Trader Audit Division).

Bulgaria: In 2004 and 2005, centralisation of the maintenance of national taxes was accomplished and since then the collection of local taxes and fees is done by municipalities. This required the transfer of some 1,300 employees (about 14% of 9,000 employees) from NRA to the municipalities, and enabled a substantial reduction in the number of structures situated in the district centres (under the NRA) from 340 in 2003 to 29 in 2006.

Denmark: In 2005, the central and municipal tax administration bodies merged thereby creating a country-wide unified tax administration dealing with all aspects of tax, contributions to the unemployment and sickness leave fund, real estate valuations, VAT, customs and tax collection. As a result of the merger, a major restructuring of the office network was undertaken. There are now 30 regional tax offices altogether (comprising just under 80% of total revenue body staffing), a considerable reduction from the 275 separate offices when each municipality had its own local tax office.

Sources: Revenue body annual reports and survey responses

Table 8. Office Networks of Revenue Bodies (2009)

Country	Total staffing/1	Headquarters operations	Regional offices (regional management role)/3		Local/branch offices		National/regional data processing centres		Call centres		Other offices	
		Staffing	Number	Staffing	Number	Staffing	Number	Staffing	Number	Staffing	Number	Staffing
1) OECD countries												
Australia	21,910	3,153	15	17,207	13	129	0	0	9/2*	1,389	5/2**	32
Austria	7,761	262	5	154	41	7.345	0	0	0	0	0	0
Belgium	14,931	966	96	2,262	1,325	11,393	5	112	1	70	14	128
Canada/2	39,757	8,989	5	144	46	20,659	8	8,321	9	1,644	0	0
Chile/2	3,995	792	19	2,383	48	773	1	24	1	5	1	18
Czech Rep./2	15,533	157	8	1,276	199	13,998	0	0	0	0	2	102
Denmark	7,680	571	9	1,753	30	4,130	2	301	2	328	4	597
Estonia/2	878	105	4	773	0	0	0	0	11	70	0	0
Finland	5,595	615	5	325	48	4,604	1	51	3	150	0	0
France/2	72,814	2,069	110	6,933	3,161	48,458	16	2,142	3	161	n.avail.	13,051
Germany/2	112,291	1,304	13	4,768	554	103,220	11	2,275	3	n.avail.	16	724
Greece	n.avail.	n.avail.	8	n.avail.	288	n.avail.	1	n.avail.	1	n.avail.	0	n.avail.
Hungary/2	15,182	1,099	8	13,275	0	0	1	808	7	245	0	0
Iceland	97	90	0	0	0	0	0	0	1	7	0	0
Ireland/2	6,105	502	4	817.4	82	4,709.3	0	0	0	0	10	75.4
Israel	5,618	754	77	4,464	0	0	1	343	1	57	0	0
Italy/2	33,584	1,366	21	3,378	301	27,926	0	0	7	604	0	0
Japan/2	56,216	687	12	10,854 /2	524	43,863	1	n.avail.	12	n.avail.	26	812
Korea	19,779	736	6	2,821	107	15,900	1	115	1	115	2	92
Luxembourg/2	915	148	0	0	83	707	4	60	0	0	0	0
Mexico/2	26,129	6,410	0	0	66	19,703	3	8	2	8	0	0
Netherlands/2	30,707	5,499/2*	17**	21,580	0	0	1	1,356	1	614	6	1,658/2***
N.Zealand	6,038	1,284	0	0	17	3,249	3	565	6	940	0	0
Norway/2	6,434	278	435	4,917	0	0	1	854	1	339	1	46
Poland/2	60,401	105	16	3,841	401	39,004	0	0	4	208	n.avail.	17,243
Portugal/2	11,055	1,469	21	3,403	345	5,888	0	0	90	295	0	0
Slovak Rep./2	5,686	562	8	239	103	4,885	0	0	0	0	0	0
Slovenia/2	2,470	207	76/2	2,263	0	0	1	39	0	0	0	0
Spain/2,3	27,755	3,586	307	24,169	0	0	2	0	2	0	0	0

Country	Total staffing/1	Headquarters operations	Regional offices (regional management role)/3		Local/branch offices		National/ regional data processing centres		Call centres		Other offices	
		Staffing	Number	Staffing	Number	Staffing	Number	Staffing	Number	Staffing	Number	Staffing
Sweden/2	10,419	2,066	109	8,353	0	0	0	0	0	0	0	0
Switzerland	985	985	0	0	0	0	0	0	0	0	0	0
Turkey/2	41,341	998	0	0	1,600	39,998	3	292	31	63	0	0
UK/2, 3	70,700	12,753/2	0	0	35	57,947	0	0	1	0	0	0
USA/2	92,577	19,562	80	24,597	54	18,192	21	12,392	27	17,602	1	232
2) Selected non-OECD countries												
Argentina	23,206	3,102	1,864	8,480	200	7,619	13	97	5	96	306	3,812
Bulgaria	7,976	911	29	7,034	0	0	0	0	1	31	0	0
China	750,000	500	0	0	62	747,300	62	1,200	62	1,000	0	0
Cyprus/2	855	148	15	695	0	0	4	0	0	0	1	12
India	42,108	n.avail.	18	n.avail.	830	n.avail.	1	n.avail.	2	n.avail.	8	n.avail.
Indonesia	31,825	1,546	31	2,821	540	26,674	1	42	1	79	1	663
Latvia/2	4,300	2,190	0	0	63	2,090	0	0	1	20	0	0
Lithuania	3,816	365	10	3,269	0	0	1	75	1	75	1	32
Malaysia	9,942	1,850	12	258	53	7,318	1	444	2	72	0	0
Malta/2	396	361	3	23	0	0	0	0	1	12	0	0
Romania/2	25,387	1,007	42	24,380	398	0	0	0	1	n.avail.	1	n.avail.
Russia	180,331	1,016	99	20,471	1,119	158,544	1	300	0	0	0	0
S.Arabia	1,184	280	0	0	11	904	0	0	0	0	0	0
Singapore/2	1,712	1,712	0	0	0	0	0	0	0	0	0	0
S.Africa/3	14,751	396	70	5,834	10	1,510	33	3,658	3	535	71	2,818

Sources: Revenue authority annual reports, country surveys. *(Table notes are located at end of Report.)*

Chapter 3. Selected aspects of strategic management

Outline

This chapter describes aspects of revenue body practices concerning the preparation and publication of strategic plans, and the measurement and reporting of revenue body performance. It concludes with a section on revenue body approaches for managing taxpayers' compliance, including the adoption of effective risk management processes.

Key points

Planning and management approaches of revenue bodies

- While not the subject of detailed research, it appears that a growing number of revenue bodies have taken steps to increase the focus of their planning and performance evaluation towards the 'outcomes' to be achieved from their administration. For those revenue bodies, this has included the use of: 1) direct and indirect measures of taxpayers' compliance across the major risk types; 2) measures that reflect the quality of services delivered to taxpayers and tax professionals; 3) reductions in taxpayers' compliance burden; and/or 4) measures reflecting the level of taxpayer satisfaction with, and confidence in, the revenue body.
- While most revenue bodies reported a high/fair degree of autonomy, around three quarters reported that they were required to meet one or more Government/ MOF-imposed targets over and above budgeted revenue goals. The most commonly cited targets were for cost reductions, administrative burden reduction, increased taxpayer satisfaction levels and reduced tax debts.
- The series data suggest that some revenue bodies are not sufficiently transparent in reporting publicly how the tax system is being administered, either in an overall sense and/or for key areas of their operations—gaps observed include reporting overall performance (6 bodies), publishing annual/ multi-year business plans (12 bodies) and service standards and levels of service performance achieved (22 bodies). On a positive note, the series displays some exemplary examples of transparent reporting of revenue body outcomes—timely service (Australia), taxpayers' compliance (Canada and United Kingdom), and community perceptions of services and administration (Spain and Sweden).
- The practice of setting some form of service delivery standards is seen in 28 of the 34 OECD countries. Of these, 25 countries publicise their service delivery standards. In the non-OECD countries, 12/15 countries produce and publish service delivery standards; public reporting of results achieved against service delivery standards occurs in 21 OECD and 6 non-OECD countries.
- Around two thirds of surveyed bodies regularly survey taxpayers and other stakeholders to gauge their views and perceptions of service delivery and overall administration.

Managing and improving tax compliance

- There appears potential for many revenue bodies of increase awareness of their compliance activities, serving to deter non-compliance, by greater use of the media.
- Reflecting its contentious nature, less than half of revenue bodies undertake or arrange for research to produce estimates of the aggregate tax gap for some/all of the main taxes administered. Related to this, just over half reported the use of random audit programmes for risk profiling and/or compliance research purposes.

Strategic planning in tax administration

1. This chapter provides brief information on revenue body practices concerning the preparation and publication of business/strategic plans and the measurement of revenue body performance. To provide a broader perspective and further context brief reference is made to some emerging directions in public sector administration identified in OECD studies.

Managing for improved performance

2. The work leading up to the preparation of this information series did not entail any in-depth study of the approaches of individual revenue bodies to high level/strategic planning and performance management. Nor has the FTA in the relatively short time it has been in existence conducted any detailed studies into how revenue bodies go about this important aspect of their administration or provided guidance on practical approaches. Rather, the opportunity is being taken to introduce readers to the approaches of a few selected revenue bodies, drawing on related research of publicly-available documents. This is accompanied by brief reference (see Box 7) to some emerging 'whole of government' directions for enhancing the performance of public sector bodies, drawing on the published work of the OECD's Public Governance Directorate.

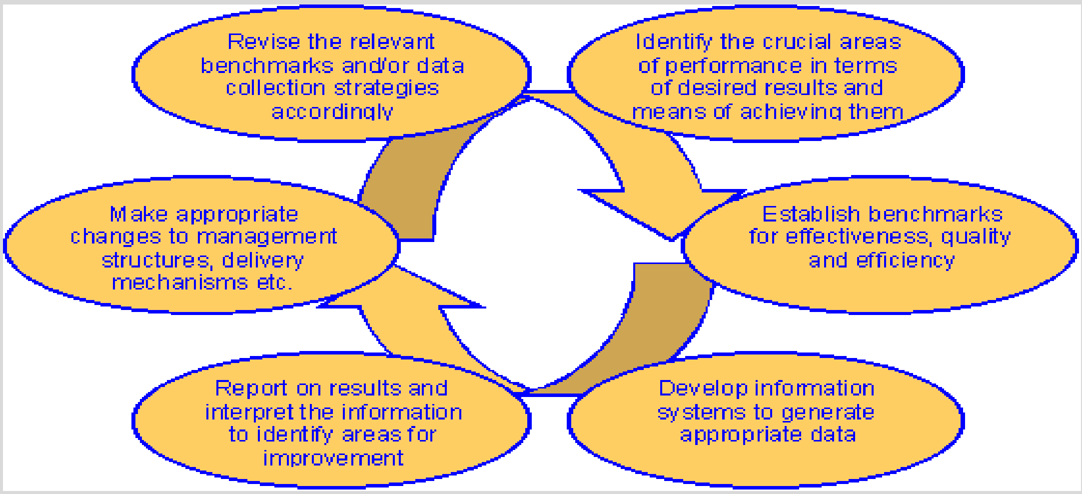
Box 7. Enhancing public sector administration—emerging directions

Public sector performance-oriented reform has had a revival over the past two decades. Learning from the failure of central planning, the approaches adopted within government ministries in a number of OECD member countries have been: a) ***strategic planning***—focusing on goals but not trying to be precise on how to get there; b) ***strategic management***—how to adapt to new circumstances while still remaining focused on the main goals; c) ***mission and vision articulation***—a process aimed at aligning the 'hearts and minds' of staff with organizational goals; and more recently d) ***leadership***—enhancement of the capacity of certain individuals to touch the internal motivation of staff in support of organizational purposes. Within public service agencies, these approaches to strengthening performance are now of well proven validity, and they remain the most important and fundamental steps in moving organizations to become more performance-oriented.

Performance budgeting and performance management

The strongest current performance-oriented trend across OECD member countries is performance-oriented budgeting and performance management. While performance budgeting and performance management can be seen as separate concepts, in practice many governments have sought to adopt a results-based approach to both management and budgeting in which input controls are relaxed and managers/organisations are given flexibility to improve performance and are held accountable for results measured in the form of outputs and/or outcomes. Broadly, performance management covers corporate management, performance information, evaluation, performance monitoring, assessment and performance reporting. In the context of the new performance trend, however, a stricter definition is a management cycle under which programme performance targets and objectives are determined (and often published in official planning documents), managers have flexibility to achieve them, actual performance is measured and reported (often in agency annual performance reports), and this information feeds into decisions about future programme funding, design, operations and rewards and penalties (OECD, *Governance in Transition*, 1995). Such a cycle is illustrated in Figure 12.

Figure 12. Example—The performance management cycle



Source: Australian Department of Finance and Administration

Planning and management approaches of revenue bodies

3. For the purpose of this aspect of the information series, revenue bodies were asked to answer a number of relatively basic questions:

1) Is the revenue body required to meet any specified goals or targets, ***in addition to annual budget revenue targets***, that have been set for it and are reflected in formal agreements with their Government and/or Ministry of Finance?

2) Does the revenue body prepare a business plan (annual or multi-year) and, if so, is it made public?

3) Does the revenue body agency prepare and publish an annual report of its performance?

4) Does the revenue body have a formal set of service delivery standards, and are they made public?

5) Does the revenue body publish the results it achieves vis-à-vis its formal service standard?

6) Does the revenue body regularly survey both individual/citizens and business taxpayers on their views/ perceptions on aspects of service delivery and administration of tax laws?

Revenue bodies were also surveyed on aspects of their strategic approach to the management of tax compliance risks. These aspects are dealt with in the final section of this chapter.

4. Survey responses were supplemented by research of publicly-available strategic /business plans and annual performance report documents of as many revenue bodies as practicable. This research aimed to: a) gather insights as to the key elements of revenue bodies' business plans from a small sample of countries; b) shed some light on emerging practices in the setting of high level goals and objectives, targets and related performance measures for revenue bodies; c) given their primary mandate to achieve compliance with tax laws, to better understand aspects of revenue bodies' approaches to compliance risk

management; and d) gain some insights as to the degree of transparency of revenue bodies in their planning processes and in relation to their reporting of performance outcomes.

Preparing and publishing business plans and annual performance reports

5. A summary of the responses to questions 1-6 in paragraph 3 is provided in Tables 9 and 10. Key observations from analysis of responses and related research are set out below:

- Just over three-quarters (76%) of revenue bodies reported that they were expected to meet mandated goals/ targets, in addition to annual budget revenue targets; the most commonly cited targets were:
    - Reductions in costs of administration/ staffing (22 revenue bodies);
    - Reductions in administrative burdens (22 revenue bodies);
    - Improved taxpayer satisfaction, as measured by survey (22 revenue bodies);
    - Reductions in end-year tax debts outstanding (21 revenue bodies)

- The practice of Government/ MOF-imposed targets appears quite common in Argentina, Bulgaria, Denmark, Finland, France, Greece, Hungary, Lithuania, Malaysia, Mexico, New Zealand, Portugal, South Africa, and Spain;

- The practice of preparing a multi-year business plan was reported by around 75% of revenue bodies;

- The practice of preparing an annual performance report appears just about universal; only a small number of revenue bodies (6/49) do not currently make such reports publicly available; drawing on Secretariat research, there is considerable variation in the scope and nature of information disclosed in annual reports and some exclude reference to important aspects of tax administration, for example, the incidence of tax debts and other forms of non-compliance.

- The practice of setting formal standards for service delivery standards was reported by 28 of the 34 OECD revenue bodies surveyed, and 12 of the 15 non-OECD countries. For some revenue bodies, these standards are recognised in their formal taxpayer/ service charter. Of these 40 revenue bodies, 37 publicise their service delivery standards. (Further information on the more commonly used service standards is provided in Chapter 6 dealing with operational performance.)

- Public reporting of results achieved against service delivery standards is made by 21 and six revenue OECD revenue bodies and six non-OECD countries.

- Around two thirds of revenue bodies reported that they conduct regular surveys of taxpayers and other stakeholders to gauge their views and perceptions of service delivery quality and the overall standard of administration (Box 15 refers).

Table 9. Revenue bodies' mandated business performance targets

Country	Business performance targets mandated for 2010 (and beyond)						
	Budgeted revenue	Tax debt reduction	Tax gap reduction	Improved taxpayer satisfaction	Administrative burden reduction	Operating costs/ staff reductions	Other
1) OECD countries							
Australia	✓	×	×	×	×	×	
Austria	✓	✓	×	✓	✓/1	✓	
Belgium	✓	×	×	×	×	✓	
Canada	✓	✓/1*	×	×	✓/1**	×	
Chile	✓	×	✓/1*	✓/1**	×	✓/1***	
Czech Rep.	✓	×	×	×	✓	✓	
Denmark	✓	✓/1	✓/1	✓/1	✓/1	✓/1	
Estonia	✓	✓	✓	✓/1	✓	×	✓/1
Finland	✓	✓	×	✓	×	✓	
France	✓	✓/1	×	✓/1	×	✓/1	
Germany	✓	×	×	×	✓/1*	✓	✓/1**
Greece	✓	✓	✓	×	✓	✓	
Hungary	✓	✓	×	✓	✓	×	
Iceland	✓	×	×	×	×	×	
Ireland	✓	✓/1*	×	×	✓/1**	✓/1***	
Israel	✓	✓	×	✓	×	×	
Italy	✓	×	×	×	×	×	✓/1
Japan	✓	×	×	✓/1	✓	×	
Korea	✓	×	×	×	×	×	
Luxembourg	✓	✓/1	✓/1	✓/1	✓/1	✓/1	
Mexico	✓	✓/1	✓/1	✓/1	✓/1	✓/1	✓/1
Netherlands	✓	✓	×	×	✓/1	✓/1	
N.Zealand	✓	✓/1	✓/1	✓/1	×	✓/1	
Norway	✓	✓/1	×	×	×	×	
Poland	✓	✓/1	✓/1	✓/1	✓/1	✓/1	
Portugal	✓	✓	✓	✓	✓	×	✓/1
Slovak Rep.	✓	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	
Slovenia	✓	×	×	×	×	✓/1	
Spain	✓	✓	✓	✓	✓	×/1	
Sweden	×	×	✓	✓	×	×	
Switzerland	✓	×	✓	×	✓	✓/1	
Turkey	✓	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	
UK	✓	×	×	×	×	✓	
USA	✓	×	✓ /1	✓ /1	×	×	✓/1
2) Selected non-OECD countries							
Argentina	✓	✓/1	×	✓	✓	×	
Bulgaria	✓	✓	✓	✓	✓	✓	
China	✓	×	×	×	×	×	
Cyprus	✓	✓	×/1*	×/1*	✓/1**	✓/1**	
India	✓	✓	✓/1	✓	✓	×	
Indonesia	✓	✓	✓	✓	✓	✓	✓
Latvia	✓	×	×	×	×	✓/1	
Lithuania	✓	✓/1	✓	✓/1	✓	✓/1	
Malaysia	✓	✓/1	×	✓	✓	×	
Malta	✓	×	×	×	×	×	
Romania	✓	×	×	×	×	✓	
Russia	✓	×	×	✓	×	×	
S.Arabia	✓	×	×	×	×	×	
Singapore	✓	✓	×	✓	×	×	✓/1
S.Africa	✓	✓	✓	✓	✓	✓	

Source: Survey responses *(Table notes are located at end of Report.)*

Table 10. Selected management practices (business plans, annual reports, etc.)

Country	Selected management practices of revenue body								
	Business plan		Annual report		Service delivery standards			Surveys of taxpayers	
	Prepared	Made public	Prepared	Made Public	Set	Made Public	Results made public	Citizen	Business
1) OECD countries									
Australia	✓	✓	✓	✓	✓	✓	✓	✓	✓
Austria	✓	×	✓	✓	✓	✓	✓	✓	✓
Belgium	✓	×	✓	✓	×	×	×	×	×
Canada	✓	✓/1	✓	✓	✓	✓	✓	✓	×
Chile	✓	×	✓/*	✓	✓	✓	✓	✓/1**	✓/1**
Czech Rep.	✓	✓	✓	✓	×	×	×	×	×
Denmark	✓	✓	✓	✓	✓	✓	✓	✓	✓
Estonia/1	✓	✓	✓/1	✓/1	✓	✓	✓	✓	✓
Finland	✓	✓	✓	✓	✓	✓	✓	✓	✓
France	✓	✓	✓	✓	✓	✓	✓	✓	✓
Germany/1	×	×	×	×	×/1	×	×	✓/1	✓/1
Greece	✓	✓	✓	✓	×	×	×	×	×
Hungary	✓	✓	✓	✓	✓	×	×	✓	✓
Iceland	✓	×	✓	✓	×	×	×	×	×
Ireland	✓	✓	✓	✓	✓	✓	✓	✓/1	✓/1
Israel	✓	✓	✓	✓	✓	✓	✓	×/1	×/1
Italy	✓	✓	✓	✓	✓	✓	✓	✓	✓
Japan	✓	✓	✓	✓	✓	✓	✓	✓	✓
Korea	✓	✓	✓	✓	✓	✓	×	✓	✓
Luxembourg/1	×	×	✓	✓	×/1	×	×	×	×
Mexico	✓	✓	✓	✓	✓	✓	✓	✓	✓
Netherlands/1	✓	×	✓	✓	✓	✓	✓	✓	✓
N.Zealand	✓	✓	✓	✓	✓	✓	✓	✓	✓
Norway	✓	✓	✓	✓	✓	✓	×	✓	✓
Poland	✓	✓	✓	✓	✓	✓	×	✓	✓
Portugal	✓	✓	✓	✓	✓	✓	✓	✓	✓
Slovak Rep.	✓	✓	✓	✓	✓	✓	✓	×	×
Slovenia	✓	✓	✓	✓	✓	✓	✓	✓	✓
Spain	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sweden	✓	✓	✓	✓	✓	×	×	✓	✓
Switzerland	✓	✓	✓	×	×	×	×	×	×
Turkey	✓	✓	✓	✓	✓	✓	×	✓/1	✓/1
UK	✓	✓	✓	✓	✓	✓	✓	✓	✓
USA	✓	✓	✓	✓	✓	✓	✓	✓	✓
2) Selected Non-OECD countries									
Argentina	✓	✓	✓	✓	✓	✓	×	✓	✓
Bulgaria	✓	✓	✓	×	✓	✓	×	✓	✓
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus	✓	×	✓	✓/1	✓	✓	×	×	×
India	✓	✓	✓	✓	✓	✓	✓	✓	✓
Indonesia	✓	✓	✓	✓	✓	✓	×	✓	✓
Latvia	✓	×	✓	✓	×	×	×	✓	✓
Lithuania	✓	✓	✓	✓	✓	✓	✓	✓	✓
Malaysia	✓	✓	✓	✓	✓	✓	✓	✓	✓
Malta	✓	✓	✓	✓	✓	✓	×	×	×
Romania	✓	✓	✓	✓	✓/1	✓/1	✓/1	✓	✓
Russia	✓	×	✓	×	✓	✓	×	×	×
S. Arabia	×	×	✓	✓	✓	×	×	×	✓/1
Singapore	✓	×	✓	✓	✓	✓	✓	✓	✓
South Africa	✓	✓	✓	✓	✓	✓	✓	✓	✓

Source: Survey responses *(Table notes are located at end of Report.)*

Preparing the strategic plan – what the research reveals

6. Figures 13 to 16 set out some key elements of the formally published strategic/business plans of selected revenue bodies. These have been drawn from a wide cross-section of countries to highlight common themes (e.g. mission, vision, and goals) and the nature of the high level strategies that have been adopted by the countries identified. Drawing on these examples, there are a number of points that can be made:

- Officially-published strategic plans tend to provide a clear (relatively brief) articulation of revenue body mission, vision, values, and strategic goals and related objectives and key measures of performance, and the linkages between each element.

- Statements of mission, in addition to a revenue body's role/ mandate, frequently emphasise the broader societal role and benefits of a well functioning tax system;

- Expressions of a revenue body's values (i.e. norms of behaviour that the revenue body aspires to demonstrate) typically include integrity, professionalism/competence, mutual respect/trust, and fairness/procedural justice;

- While not always the case, some revenue bodies include in their plans a brief description of the major external environmental factors or context that have shaped or influenced their plans; some of the more common factors cited in the examples given are globalisation, accelerating changes in business models, demographic changes, trends in societal exclusion, increasing incidence of financial crime, and technology trends/developments (including security threats.

- Formal strategic goals tend to be relatively few in number and, in relation to tax administration, tend towards improving taxpayers' compliance, improved service delivery, and strengthening internal capabilities; contrasted to observations in prior series on this aspect, it appears that much greater attention is being given to reducing administrative costs, one of the repercussions of the global financial crisis that has seen Governments in many countries impose significant curbs on their expenditure, including reduced funding for many revenue bodies. This matter is discussed in later in this and other chapters.

- Key measures of success/performance for each goal and related objectives are, in the main, both 'outcome' and 'output' related; concerning the measurement of 'outcomes', measures/ indicators used by these revenue bodies include:

    - The timeliness of service delivery;

    - The trend of measures of taxpayer satisfaction with the services provided and overall perceptions of revenue body administration of the tax system, measured by surveys and charted over time;

    - Rates of taxpayers' compliance achieved (e.g. for filing, reporting and payment for the major taxes), and their trend over time;

    - Reductions in compliance/administrative burden, for some revenue bodies as measured by a costing tool (e.g. the Standard Cost Model); and

    - Perceptions of employee engagement/satisfaction, measured by staff surveys, and their trend over time.

  Example of how some revenue bodies report on their performance in relation to the sorts of outcomes described are set out at the end of this chapter—see Boxes 12 to 15.

Figure 13. Key elements of revenue bodies' strategic plans

Elements	**Canada Revenue Agency** (*Summary of Corporate Business Plan 2010-13)*	**Estonia (***Tax and Customs Board Strategic Plan for 2009-2012).*
Context and directions	The CRA's Corporate Business Plan (2010-2011to 2012-2013) builds on its commitment to service excellence anchored by expanded electronic capability. Maintaining its reputation for high level performance, however, will be a challenge. The advancement of the CRA's change agenda will necessitate careful stewardship and ongoing investment to maintain its core capacity in service & compliance.	In 2007, the Estonian Tax and Customs Board (ETCB) started to make preparations for the transition of the organisation to process-based management and activity-based cost accounting. As a result of this, the new strategy will focus, above all, on cost effectiveness and quality of the basic activities of the tax authority, and in terms of the development vision
Mission	To administer tax, benefits, and related programmes, and to ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic & social well-being of Canadians.	The statutory role of the ETCB in the society is the effective and precise administration of taxes, facilitation of business environment, and protection of the society and the economy.
Vision	The CRA is the model for trusted tax and benefit administration, providing unparalleled service and value to its clients, and offering its employees outstanding career opportunities.	The ETCB will be the best organisation of the Estonian public sector in 2012. The objective will be achieved if the organisation is recognised as reliable, duties are performed in an efficient and cost-effective manner, the administrative burden of our customers has been optimized, and customer relations are steadily good.
Values	**Integrity** is the foundation of the CRA's administration. It means treating people fairly and applying the law fairly. **Professionalism** is the key to success in achieving the CRA's mission. It means being committed to the highest standards of achievement. **Respect** is the basis for its dealings with employees, colleagues, & clients. It means being sensitive & responsive to the rights of individuals. **Co-operation** is the foundation for meeting the challenges of the future. It means building partnerships and working together toward common goals.	**Integrity —** we are impartial, fair, unselfish, reliable, & our activities are transparent & ethical. **Co-operation —** in co-operation with our customers and partners, we find reasonable solutions. **Competence —** we have profound knowledge of our business, understand the interactions in the organisation & strive for continuous development. **Mutual respect—** we respect ourselves, colleagues, customers/ partners.
Goals/ objectives or focus areas	**Strategic outcome:** Taxpayers meet their obligations & Canada's revenue base is protected by: • Building trust to promote compliance • Strengthening service to make compliance easier • Making non-compliance more difficult **Strategic outcome:** Eligible families & individuals receive timely & correct payments by: • Making it easier to receive the right social benefits Maintaining business sustainability	To reduce the administrative burden of law-abiding customers through diversification of the services provided & improvement of process quality. To enhance compliance with the law through the development of control and influencing measures.
Measures	*(The measures specified are described later in the chapter.)*	*(The measures specified are described later in the chapter.)*

Figure 14. Key elements of revenue bodies' strategic plans (contd.)

Elements	United Kingdom (HMRC's *2010-2011 Business Plan*	Finland (*Strategy of the Finnish Tax Administration, 2009).*
Context and directions	The way we approach all our work will be ultimately be guided by our customer led business strategy, which is how we will deliver our Purpose, Vision and Way. Our strategy is based on understanding our many different groups of customers, their behaviours & the journeys they undertake when they deal with us.	In its new strategy, the purpose of FTA operations is defined as carrying out taxation so that taxes are collected as fully as possible. The FTA will gradually shift its focus from administering taxation to managing tax risks. Customers will be grouped by different criteria so that the taxation risks associated with similar customers can be better identified and managed. The aim is to encourage customers to act correctly and on their own initiative.
Mission	We make sure that the money is available to fund the UK's public services. We also help families & individuals with targeted financial support.	Our core task is to carry out the duties assigned to us by society consistently & successfully. We operate in such a way that customers can and are willing to contribute to their tax issues correctly and on their own initiative. We provide targeted & convenient services that make it easy for our customers to deal with us & that minimise their costs.
Vision	We will close the tax gap, our customers will feel that the tax system is simple for them and even-handed, and we will be seen as a highly professional and efficient organisation.	The right tax at the right time
Values	n.avail.	• Fairness • Reliability; and • A high standard of professionalism
Goals/ objectives or key focus areas	Improve the extent to which individuals & businesses pay the tax due & receive the credits & payments to which they are entitled. Improve customers' experience of HMRC and contribute to improving the UK business environment. Improve our professionalism in dealing with: the security of our customers' information; our stakeholders; & our external impact. Deliver an affordable and sustainable cost base providing value for money for the taxpayer. Create a working environment which motivates and develops our people to give of their best and take pride in working for HMRC in order to contribute to the transformation of our business. Transform the performance of the Department through the exploitation of information and technology services.	We will ensure the tax revenue by providing proactive guidance and good service as well as conducting credible tax control Our customers can contribute to their tax issues with as little cost and inconvenience as possible Our operations are both productive and economic. Our organisation has innovative potential
Measures	*(The measures specified are described later in the chapter.)*	*(The measures specified are described later in the chapter.)*

Figure 15. Key elements of revenue bodies' strategic plans (contd.)

Elements	New Zealand *(IRD's Statement of Intent 2010-2013)*	South Africa (*SAR's 2010-2013 Strategic Plan)*
Context and directions	The past year has seen much public debate over New Zealand's tax system & how it might best be shaped for the future. The Government has identified some areas where some rebalancing is necessary to support its goal of a tax system that is fair, coherent & efficient, & that promotes productivity, growth & international competitiveness.	As noted by the Minister of Finance in his 2010 Budget Speech, we cannot do the same things and expect different results. The year 2010 must be a year of action. It must be a year of doing things differently in response to a changed and changing world. Our challenge as SARS is to respond swiftly and flexibly to meet our objectives in this rapidly changing environment.
Mission	To improve the economic and social well-being of New Zealanders.	To optimise revenue yield, facilitate trade & enlist new tax contributors by promoting awareness of the obligation to voluntarily comply with tax & customs laws, & to provide a quality & responsive service to the public.
Vision	n.avail.	To become an innovative revenue and customs agency that enhances economic growth and social development, and supports our integration into the global economy in a way that benefits all South Africans
Values	n.avail.	Mutual trust & respect; equity & fairness; integrity & honesty; transparency & openness; & courtesy & commitment.
External and major trends	*Government priorities*—a growth-enhancing tax system & better services. *Policy & legislation*—desire for an internationally competitive tax system. *Effects of economic recession*—proving support where needed. *Globalisation and greater international integration*—has opened markets to wider customer base & presented increased risks to the tax system *Demographic challenges*—increased diversity of customer base resulting from IRD's changing responsibilities & changing demographic profile.	*Impacts of external environment*—including slower economic growth, increasing pressure on compliance levels, & changes in economic models. *Government policies and priorities*—drive to improve public service delivery, management, skills development and combating crime. *Ongoing SARs transformation effort*—international trend towards segmented education, service and enforcement. *Assessment of internal capabilities*—new service delivery model & requirement to improve employee value proposition.
Goals/ objectives or focus areas	Customers are aware of their obligations and entitlements Customers find it easy to comply Customers register when required & provide complete & accurate information Customers file returns or other information required & pay their due amounts on time Customers receive their timely & correct entitlements The filing and paying behaviour of non-compliant customers improves Customers who provide inaccurate information are deterred	Drive revenue realisation to deliver now and ensure sustainability. Drive productivity, service quality and cost efficiency Deliver on our customs mandate in a way that is aligned with Government's stated intentions. Clarify our operating model, streamline governance, & strengthen leadership Implement segmentation to strengthen our business model Enable our people to perform at their peak Deepen key external relationships to enhance reputation and results
Measures	*(The measures specified are described later in the chapter.)*	*(The measures specified are described later in the chapter.)*

Figure 16. Key elements of revenue bodies' strategic plans (contd.)

Elements	Sweden (*Skatteverket's 2010 Strategic Plan)*	United States (*IRS Strategic Plan 2009-2013)*
Context and directions	The direction remains unchanged for 2010. This means that we will continue to make it easier for citizens and businesses to comply with the law. We will further increase coherence, such as questions about processing times, law and audit levels. The development of new e-services will continue and interaction with both Swedish and foreign authorities will increase. The government also stresses the importance of resources in enforcement activities being concentrated in areas with high risks of non-compliance.	In a complex & ever-changing global environment, our mission remains simple, but vital. We will do everything in our power to make it as seamless & easy as possible for taxpayers who are trying to pay the right amount of taxes to navigate our organization, get their questions answered, & pay their taxes. For those who understand their tax obligation but fail to comply, we will have an aggressive enforcement programme that provides swift & appropriate consequences.
Mission	Ensure the funding of the public sector and contribute to well functioning society for citizens and businesses, while tackling crime	Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all
Vision	A society where everyone is willing to do their fair share.	*(Not indicated)*
Values	Active, Reliable, Helpful	
External factors & major trends	The key external factors identified were: 1) The recession and global financial crisis; 2) Growth in cross-border economic activities; 3) Societal trend of both choice and forced exclusion; 4) Growth in virtual currencies; 5) Financial crime & its infiltration into everyday life.	1) Increasing complexity of tax administration; 2) Growing human capital challenges; 3) Explosion in electronic data, online interactions & related security risks; 4) Accelerating globalisation; 5) Expanding role of tax practitioners & other third parties in the tax system; & 6) Accelerating change in business models.
Goals/ objectives or focus areas	By 2014: The tax gap) has been halved. Citizens and businesses have confidence in the Tax Agency. Citizens and businesses believe that our attitude is good. We are the best revenue body in the OECD. We are an open and inter-operable e-government participant. We have expertise & staffing that match our needs & changes in our activities.	Improve service to make voluntary compliance easier Enforce the law to ensure everyone meets their obligations to pay taxes *Strategic foundations*— Invest for high performance
Measures	*(The measures specified are described later in the chapter.)*	*(The measures are described later in the chapter.)*

Measuring the performance of revenue bodies

7. As indicated earlier in this chapter, many governments have sought to adopt a results-based approach to both management and budgeting in which input controls are relaxed and managers/ organizations are given flexibility to improve performance and are held accountable for results measured in the form of outputs and/or outcomes (e.g. improvements in standards of service to clients and their satisfaction with the treatment received). In short, mangers have been given greater autonomy, discretion and flexibility, but with a requirement and expectation that there is greater accountability for their performance.

8. Historically, revenue bodies (like other public sector agencies) have tended to focus their reporting for accountability purposes on 'outputs' (e.g. numbers of returns filed, inquiries handled, audits completed, etc) more so than on 'outcomes'. This is not surprising given the difficulties inherent in measuring, for example, the extent to which taxpayers have complied with specific aspects of the tax law or in an overall sense across the taxes administered. Furthermore, as indicated by the comments set out in Box 8 pertaining to broader public sector experience, the difficulty often associated with setting objectives, targets and performance measures that are 'outcomes-focused' is not confined to revenue bodies.

Box 8. Setting targets and measuring performance- emerging directions and issues across the broader public sector

It is possible to discern four broad objectives for which countries have adopted the formalisation of targets and measures in the government management process:

- Managing the efficiency and effectiveness of agencies and ministries and/or the internal control and accountability within individual ministries.
- Improving decision making in the budget process, and/or in the allocation of resources and accountability of ministries to the Ministry of Finance.
- Improving external transparency and accountability to parliament and the public and clarifying the roles and responsibilities of politicians and civil servants.
- Achieving savings.

Measurement

Even countries that have been using this approach for over fifteen years continue to struggle with issues of measurement; this is especially the case for 'outcomes'. A key challenge for all countries is obtaining good quality information which is valid, reliable, and timely. Numerous challenges can be encountered including setting clear objectives, finding accurate measures of performance and having good systems of data collection, for example:

- *Setting objectives:* For some agencies or programmes, even setting clear objectives can be a problem when there is no agreement on what the mission is, or there are diverse missions, overlapping and fragmented programmes, and stakeholders with different interests.
- *Finding accurate measures of performance*: The design of measures is made difficult by finding measures for specific activities, and relating what an agency or programme actually contributes towards achieving specific outcomes. Output and outcome measures each present a different set of challenges. Outcomes are technically more difficult to measure; they are complex and involve the interaction of many factors, planned and unplanned. Also there are problems with time lag issues and in some cases the results are not within the control of the government. Outcomes, however, have a strong appeal for the public and politicians. Most countries appear to have adopted a combination of outputs and outcomes; this is potentially more beneficial than concentrating on just one type of measure.
- *Establishing and maintaining systems of data collection:* To ensure quality there needs to be a process by which data collected is verified and validated. However, setting up and maintaining these systems can be both complex and costly. The auditing of performance information can help to improve standards and provide some legitimacy for the reported results. It is especially challenging to assure the quality of the data when agencies are dependent on third parties to provide the information. This is particularly a problem in federalist systems.

Setting and using performance targets

Performance targets help to clarify performance expectations for an organisation for given a time period. Countries, however, continue to struggle with the issues of target level and numbers. There are problems with setting targets too low and/or too high. Setting targets too low means that agencies are not challenged to improve performance. Setting them too high, while it can serve as a motivation, also creates unrealistic expectations and situations in which agencies will fail. It takes time to get the right level and to get the comparative data to realize that targets are set at too high or too low a level. There is also an issue about how many targets to have. Too many targets create information overload and make it difficult to select priorities; having too little creates distortion effects. Again it takes time to get a realistic balance. Several countries have started out with a large number of targets & subsequently reduced them.

Source: Modernising Government (pages 42-45/ 58-60 (OECD reference GOV/PGC/RD (2005)2).

9. Many revenue bodies have now taken steps to increase the focus of their planning and performance evaluation towards the 'outcomes' to be achieved from their administration. For some revenue bodies, this has included the use of: 1) direct and indirect measures of taxpayers' compliance across the major risk types; 2) measures that reflect the quality of services delivered to taxpayers and tax professionals; 3) reductions in taxpayers' compliance burden; and 4) measures reflecting the level of taxpayer satisfaction with, and confidence in, the revenue body. Where applicable, some revenue bodies have devised 'outcome-focused' measures for their non-tax functions (e.g. the payment of benefits and customs). In many cases, formal targets have also been set for improved 'outcomes' (and outputs) as a means of setting the direction for improved performance and for use by the revenue body to gauge overall progress towards its stated goals and objectives.

10. To date, the FTA's principal work in this area has been undertaken in the context of its focus on compliance risk management processes at the strategic level. Its recent guidance note—*Monitoring Taxpayers' Compliance: A Practical Guide Based on Revenue Body Experience*—published in July 2008, described the features of a compliance monitoring framework and encouraged revenue bodies to develop their approaches in this area. In the model envisaged there, such a framework should embody a set of "*compliance effectiveness*" indicators that included, to the extent practicable, measures and indicators for each of the major compliance risk types (i.e. failure to register, file, and pay on time, and failure to correctly report liabilities) across each of the major taxes and taxpayer segments administered by the revenue body. Ideally, these would be complemented by a range of measures and indicators reflecting the impacts of specific risk treatments in targeted risk areas. The note gave many practical examples of measures and indicators used by member revenue bodies.

11. In this section, observations are made of the approaches being taken by a small number of revenue bodies in surveyed countries to derive a comprehensive performance measurement framework, both for compliance and for other aspects relevant to the overall performance of revenue bodies. Significantly, this includes the practice of setting 'targets' that focus on the 'outcomes' to be achieved and which are made public, and against which progress is reported in annual performance reports of the individual revenue bodies referenced. Snapshots of these frameworks are set out below, along with some concluding observations. (NB: For some countries, not all their published strategic outcomes and performance indicators are displayed):

- *Canada*: An extract of the strategic themes, initiatives and performance measures adopted by Canada are set out hereunder. The indicators mentioned generally deal with improvement in the delivery of services and with effectiveness of compliance and, along with established targets, provide a useful framework for assessing performance outcomes:

Strategic Theme	Initiatives and related progress indicators
Building Trust to Promote Compliance	*Strengthen outreach* • Number of groups targeted for outreach events • Number of taxpayer groups targeted for outreach events that are offered technological solutions *Optimize service delivery channels*

	• Upward trend in access to online information • Year-over-year adherence to service standards *Resolve taxpayer disputes and service complaints* • Number of issues of national importance identified and addressed *Enhance Administration of Voluntary Disclosure Programme* • Reduced hours per file *Enhance Charities Programme* • Trend in client satisfaction
Strengthening service to make compliance easier	*Enhance electronic services* • Year-over-year increases to online services (My Account, etc) • Year-over-year increases in the use of Business Registration Online • Number of new and enhanced electronic services *Promote Take-up of electronic filing and electronic payments* • Year-over-year increases in electronic filing rates • Year-over-year increases in individuals and businesses making electronic payments • Year-over-year increases in the rate of electronic filing of information returns
Making non-compliance more difficult	*Enhance strategies to manage payment non-compliance* • Upward trend in payments by individuals on/before due date • Downward trend in repeat payment non-compliance by individuals *Identify aggressive tax planning arrangements more effectively* • Increased identification of aggressive tax planning arrangements • Increased identification of non-filers and non-compliant taxpayers who may be actively moving assets offshore *Use of enhanced risk assessment to identify non-compliance by employers and GST/HST registrants* • Increase in the value of identified non-compliance *Implement an enhanced tobacco stamping regime* • Meeting the implementation deadlines for the enhanced tobacco stamping regime initiative • All legally manufactured & imported tobacco products in Canada are stamped *Enhance administration of SR&ED Programme* • Results from quality assurance reviews *Use better risk assessment to detect and correct reporting non-compliance* • Increasing the number of returns reviewed • Improvement in the identification of returns for review • Total fines imposed • Number of investigations referred for prosecution *Improve the detection and deterrence of non-compliance in charities programme* • Decrease in the number of charities participating in abusive tax shelter arrangements • Downward trend in false reporting
Making it easier to receive the right social benefits	*Strengthen service to benefit recipients* • Year-on-year increases in the number of visits to My Account for benefits • Take up of Canada Child Tax Benefit (based on next census results) • Take-up rate of applicants using the automated benefits application in participating jurisdictions *Support business growth and partnerships* • The number of programmes and services that demonstrate reduced duplication in administration *Strengthen benefits delivery infrastructure* • Meeting implementation deadlines for deliverables of initiative to strengthen infrastructure
Maintaining business sustainability	*Improving our Human Resources Capacity, Information Technology Responsiveness and Sustainability, Accountability and Oversight* The CRA gauges the progress of these initiatives through various indicators of management accountability

Source: Summary of CRA's Corporate Business Plan (2010-2013)

- *Denmark:* Danish tax authorities have reported their public commitment to goals and targets concerning personal tax compliance, improvements in the attitudes and satisfaction of individuals and business to the revenue body (measured by regular surveys), and reductions in overall and individual tax arrears. The targets set acknowledge that significant reductions in staffing have been made since 2006.

Focus area	Target set
Reductions in aggregate tax debt outstanding.	To keep tax debt below DKK9.7 billion.
Reductions in the tax gap.	Maintain tax gap on personal income at 3.1% or less, measured by the National accounts approach. From 2011, this target will probably be reduced to 2% of GDP as a result of revisions of the Danish National Accounts).
Reductions in operating expenditure/ staffing.	A reduction of approximately 8% for 2010.
Improved taxpayer service levels.	Maintain customer satisfaction at 2004 levels for private individuals and at the 2005 level for businesses (acknowledging the large reductions in revenue body staffing since 2006).
Reductions in administrative expenditure.	Contribute to the 25% burden reduction target.

Source: CIS survey response

- *Estonia:* The ETCB's plan notes that it will assess the implementation of the organisational strategy once a year based on the progress of individual activities supporting the strategy specified in the implementation time schedule of the plan and on the following performance indicators established for assessment:

Goals	Performance measures (and targets)
To reduce the administrative burden of law-abiding customers through diversification of the services provided & improvement of process quality.	Administrative burden of taxpayers.
	Customer satisfaction measures (customer satisfaction level is higher than 90% & the credibility is at least 75%).
	Ratio of costs to revenue in the ETCB's processes.
	Reliability of the ETCB.
To enhance compliance with the law through the development of control and influencing measures.	Customer compliance with the law.
	Dynamics of change in the share of unpaid taxes by tax types.

Source: 2009-12 Strategic Plan and CIS survey response

- *Finland:* For each strategic objective, the Finnish tax administration has identified specific measures and indicators that it will track and report in its annual performance reports.

Goals	Measures of success (and indicators)
We will ensure the tax revenue by providing proactive guidance and good service as well as conducting credible tax control.	The number of compliant taxpayers increases, measured by the % of compliant customers to all customers.
	A higher % of customers are willing to comply, based on customer survey findings (by customer group).
Our customers can contribute to their tax issues with as little cost and inconvenience as possible.	A higher % of customers considers that managing tax issues is convenient, based on customer survey findings (by customer group).
	Inconvenience to customers decreases, measured by the amount of tax mail sent by the Tax Administration.
	Costs caused to the customer decrease.
Our operations are both productive and economic.	Productivity improves, measured by service produced/ person year (applying Government productivity measurement formula).
	Cost effectiveness improves, measured by EUR cost /service produced.
Our organisation has innovative potential.	The targets set out in our strategy are reached, based on self-assessment.
	Our capacity for renewal improves, demonstrated by audit carried out by a third party.
	The willingness of management and staff to change increases,

Goals	Measures of success (and indicators)
	as measured by personnel job satisfaction survey (and contrasted with whole of central government).

Source: 2009-12 Strategic Plan and CIS survey response.

- *Mexico:* The Mexican Tax Administration's (SAT) strategic plan for 2007 to 2012 describes the actions and strategies to be undertaken to improve its performance, and specifies the following high level goals and measures of performance that will be used to assess progress:

Goals	Measures of success (and indicators) for 2009
Facilitate and encourage voluntary compliance.	Get growth by efficient collection of tax revenues SAT Administered at 1% relative to GDP over the next five years.
Combat tax evasion, smuggling and informality.	Accelerating the trend in reducing evasion, in order to reach the 2012 level of 15% of deadweight. The latest study available shows an aggregate avoidance level of 27% in 2004.
Increasing the efficiency of tax administration.	Achieving cost recovery of not more than 0.0090 pesos per peso collected in 2012, the end of 2006, the cost was 0.0106 pesos.
Having an integrated organization that is recognized for its ability, ethics and commitment.	Keep the downward trend in the perception of the taxpayer on the level of corruption in the SAT, and make the General Index of Perception of Corruption exceed 30% obtained in 2006, to 20% at end-2012.
	To continue to achieve positive results in the perception of the general picture of the Tax Administration and placed in 85% at the end of 2006 was close to 80%.

- *New Zealand:* The Inland Revenue Department's (IRD) Statement of Intent (2010-2013) sets out IRDs plans for helping Government to meet its economic and social goals. Among other things, the plan describes the strategic direction of the organisation over the period and the key measures and targets that will be used to gauge progress:

Strategic directions	Measures	Targets
Proactive compliance management.	The volume, value and age of debt reduces over time relative to revenue assessed.	By 2012
	Investigative interventions are based on nationally prioritised risk assessment.	80% by 2014
	Non-investigative interventions (eg. calls, advisories) are proactive and based on risk assessment.	50% by 2014
Customers are enabled to self-manage.	Customer satisfaction with our e-products will be measured and benchmarks established.	By 2011
	Customers find our e-products and services easy to use.	85% by 2012
	Service contacts (e.g. in-bound phone and correspondence) are reduced.	By 20% (volume & cost) compared to June 2009 levels.
	Service contacts are shifted to e-channels.	By 40% compared to June 2009 levels.
Delivering effective and efficient systems.	The proportion of returns and payments that are made electronically.	55% (2011), 75% (2012), 85% (2013) & 95% (2014)
	PAYE returns processed without manual intervention.	95% by 2013
An intelligence-led organisation.	Returns received by straight-through processing software are automatically risk –profiled within 48 hours to mitigate the risk of revenue loss from fraudulent refund claims.	80% by 2011

- *South Africa:* The South African Revenue Service (SARs)'s strategic plan describes in considerable detail its medium term strategic priorities, expected deliverables, key activities and the measures/indicators (with year-by-year targets) it will use to gauge progress towards achieving its aspirations:

Strategic objective	Performance indicator/ deliverable)
Drive revenue realisation to deliver now and ensure sustainability.	Revenue collections against National Treasury target.
	Voluntary compliance achieved (file and pay on time).
	Enforced compliance achieved, measured by reductions in outstanding returns & increase cash collected from debt book.
Drive productivity, service quality and cost efficiency.	Increase in productivity.
	Revenue collected against staff cost incurred.
	Adherence to Service Charter Standards as a measure of service quality.
	Tracking taxpayer/trader satisfaction through a taxpayer /trader satisfaction index.
Deliver on our customs mandate in a way that is aligned with Government's stated intentions.	The increase in ease and speed of declaration processing.
	Adherence to the Customs Service Charter standards.
	The increase in ease and speed of inspections.
Clarify our operating model, streamline governance, & strengthen leadership.	Effectiveness of the new SARs Operating Model.
	An unqualified report by the Auditor-General.
	Progress against SARs Leadership Effectiveness Index.
Implement segmentation to strengthen our business model.	Progress against the design of 10 segments.
	Progress against the implementation of 5 priority segments.
	Compliance of these 5 priority segments.
Enable our people to perform at their peak.	Continuous improvement in levels of employee engagement.
	Increase in the Barrett survey scores as an indicator of values institutionalisation.
	Increased staff adherence to SARs performance management practices.
Deepen key external relationships to enhance reputation and results.	Increase in external Stakeholder Reputation Index.
	Increase in external Corporate Social Investment Index.

Source: SARs Strategic Plan 2010-2013

- *Sweden:* The Swedish Tax Agency (STA)'s 2010 strategic plan paints a picture of its external and internal context, sets out its longer term goals (2014), and against these provides a detailed description of priorities, activities and related performance targets for 2010 in its key areas of responsibilities (which include the maintenance of the population register and system of personal identification. The tax-related goals measures and targets are briefly set out hereunder:

Strategic goals	Measures	Targets
The tax gap is halved.	Level of resources at regional level used in operational activities.	At least 78% in 2010.
	Factors influencing the tax gap analysed and assessed.	By 2014, reduce to 50% of prior estimate.
Citizens and businesses have confidence in the Tax Agency. Citizens and businesses believe that our attitude is good.	Region by region assessment of internal quality controls.	
	Surveys of taxpayers perceptions of satisfactory treatment.	At least 75% are satisfied in 2010
	Surveys of taxpayers who make contact with contact areas of the Tax authority are satisfied with service, hospitality and quality of responses.	At least 90% are satisfied in 2010.
	Speed on answering calls to tax information centres.	At least 80% of calls answered in 3 minutes.
We are the best revenue body in the OECD.	Various measures including costs, the level of e-filing & e-services, perceived risks of detection, taxpayers' satisfaction,	Improve on findings of past assessments.

	attitudes to evasion, and compliance costs.	
We are an open and inter-operable e-government participant.	Contribute to achieving 'whole of government' objectives: 1) The authorities' processes are coordinated with their citizens & business needs; 2) There is a single Swedish identification solution with e-ID & e-signature; 3) Agencies work together to streamline support processes; 4) There is higher capacity for automated interaction; 5) There is an enabling regulatory framework.	
We have expertise & staffing that match our needs & changes in our activities	All staff have an employee development plan (as part of a broad longer term staff competence development programme *(Skills 2012)*.	All by end 2010.

- *United Kingdom:* HMRC's Business Plan for 2010—*Delivering our Vision*— provides explicit descriptions of its strategic objectives and key measures for gauging progress/ degree of success. These are summarised hereunder:

Strategic objectives	How success will be measured (and related targets)
Improve the extent to which individuals and businesses pay the tax due and receive the credits and payments to which they are entitled.	Contribution to an overall reduction in tax losses amounting to at least £4 billion in 2010-11 & reduction in the level of tax credit error & fraud by £1 billion by 31 March 2011 to enable achievement of a 5% target in 2010-11 & by £1.4 billion by 30 June 2011.
	Debt collection performance will be measured by tracking the speed at which HMRC clears cases at 30-day intervals. This 'roll rate' system is widely used in the debt industry in which any debt not cleared within a 30-day period is then 'rolled' into the next. The 2010-11 target is to reduce the debt remaining at 30 days by 8% & at 90 days by 13%.
Improve customers' experience of HMRC and contribute to improving the UK business environment.	Trend in customer complaints data.
	Use of customer surveys to find out what customers think about HMRC's service. For large business, the target will be a 1% year-on-year improvement in customer satisfaction, with improvements measured by the annual survey.
	For administrative burdens, progress will be measured against targets which calculate the financial impact of HMRC's burden reduction efforts on UK business.
Improve our professionalism in dealing with: the security of our customers' information; our stakeholders; & our external impact.	An annual survey will measure whether staff believe they have the right skills. For policy professionals, an increase in their skill levels will be measured by the annual policy skills survey, as well as continued evaluation of the policy skills learning programme and assessments on delivery of products.
	For data security, the aim is to have no incidents serious enough to be reported to the Information Commissioner and any loss of data reported to Security & Business Continuity Directorate within two working days of the loss being discovered. The volume of customer data lost or inappropriately made available will be reduced by 40% in 2010-11, monitoring progress by line of business. The number of cases of deliberate misuse of customer data will be reduced by 30%.
	Success in social and community responsibility will be measured by retaining platinum level in the Business in the Community's Corporate Responsibility Index. 5,000 days of employee time will be given in voluntary activity that benefits customers & their communities.
	In line with the Government's 10:10 Commitment to reduce carbon emissions by 10% in 2010, the plan is to reduce carbon emissions from business travel by a further 10% for rail and 20% for air travel. Carbon emissions from offices will also be reduced by 12%, energy efficiency per square metre increased by 10% and recycling to 60%.
Deliver an affordable and sustainable cost base providing value for money	HMRC will closely monitor reduction of costs whilst ensuring it can respond to challenges and strive to deliver excellent customer service. In addition, it will look specifically at the cost reductions it

Strategic objectives	How success will be measured (and related targets)
for the taxpayer.	achieves in non-customer facing activities. For example, the ratio of HR people to employees will reduce from 1:43 to 1:77 by 2012-13. HMRC also wants to be in the top quartile of developed revenue bodies when assessed for cost and value by 2012.
Create a working environment which motivates and develops our people to give of their best and take pride in working for HMRC in order to contribute to the transformation of our business.	HMRC will continue to take part in the cross-government People Survey, which is an important way of measuring whether the workforce is engaged and provides a comparison against all other organisations across the Civil Service (CS). HMRC wants the voluntary participation rate in the survey to rise to 70% by 2012. By March 2011, it wants the engagement score for the SCS to be at least 70% and by March 2012 the score for the whole of HMRC to be 60%. HMRC also wants to increase the engagement score by 2014 so it is above average compared to the rest of the CS.
	HMRC will reduce the number of average working days lost through sickness absence from the 2009-10 level of 10.5 days to 9.0 days.
	HMRC is working towards the Cabinet Office's 2013 diversity targets for the SCS of 39% women, 5% Black and Minority Ethnic (BAME) staff and 5% staff with disabilities. This year, it aims to achieve 35% women represented & to exceed the BAME and people with disability targets with representation levels of 5.1% and 8.6%.
Transform the performance of the Department through the exploitation of information and technology services.	HMRC will use a range of measures, including industry-standard comparisons with other organisations to determine how well it is delivering IT services to meet the needs of its customers & staff, including the % of calls answered.
	HMRC will increase the % of total transactions handled electronically to 77% for Self Assessment, 50% of VAT returns, 85% of in-year PAYE such as P45s and P46s, 35% of Corporation Tax returns and 85% of Stamp Duty transactions.

- *United States:* The high level indicators used by the IRS to measure its performance are set out in the strategic plan. These and specific targets set in for a number of these are set out hereunder:

Goals	Measures	Target
Improve service to make voluntary compliance easier	The amount of tax that is paid voluntarily and in a timely manner as a % of the corresponding estimate of true tax liability.	86% (by 2012).
	We will monitor the American Customer Satisfaction Index score related to the electronic and paper filing processes for the individual income tax.	A score of 70 by 2012.
	The % of all major tax returns filed electronically by individuals, businesses and tax-exempt entities. "Major" tax returns are those in which filers account for income, expenses and/or tax liabilities.	82% of all major returns by 2012.
	We will administer surveys across all types of service to assess whether the taxpayer's issue was resolved in a reasonable amount of time.	
Enforce the law to ensure everyone meets their obligation to pay taxes.	We will track all enforcement contacts including audits, notices, and "Automated Under-Reporter" to arrive at a more complete measure of coverage rate.	
	We will track our enforcement activities that promote compliance yet do not primarily focus on increasing tax revenue (e.g., tax-exempt compliance programs or Bank Secrecy Act activities).	
	We will analyze/estimate the number of individuals who do not file income tax returns but have such an obligation.	
	Taxpayer Perception of Fairness: We will administer surveys to taxpayers who were subject to an enforcement	

	action to assess whether they were treated fairly.	
Strategic foundations— Invest for high performance	We will use the annual employee surveys to measure employee satisfaction and engagement.	
	Effectiveness of Recruitment – Average Time to Fill a Job: We will measure the average time it takes to fill a job from an applicant's point of view.	
	New Hire Retention Rate: We will measure our success at retaining the employees that we hire.	
	Modernization–Timely Data: We will measure the timeliness of data delivery to IRS service/enforcement staff.	

Sources: IRS Strategic Plan (2009-2013) and CIS survey response.

Managing and improving taxpayers' compliance

12. As will be evident from the extracts of selected revenue bodies' strategic/ business plans, improving taxpayers' compliance is very much the underpinning rationale for a revenue body's existence. Since its creation in 2002, the FTA has provided a substantial amount of practical guidance on the features of a strategic approach for improving taxpayers' compliance, based on leading revenue body approaches.

13. The guidance note published in 2004 '*Compliance Risk Management: Managing and Improving Tax Compliance*' (hereafter referred to as 'the 2004 guidance note') provided a framework for the application of modern compliance risk management principles to the management of tax compliance risks. It also described a step-by-step strategic process for the identification and treatment of compliance risks, supported by a number of practical examples drawn from revenue bodies to illustrate particular approaches and their impacts.

Domains of taxpayer obligation

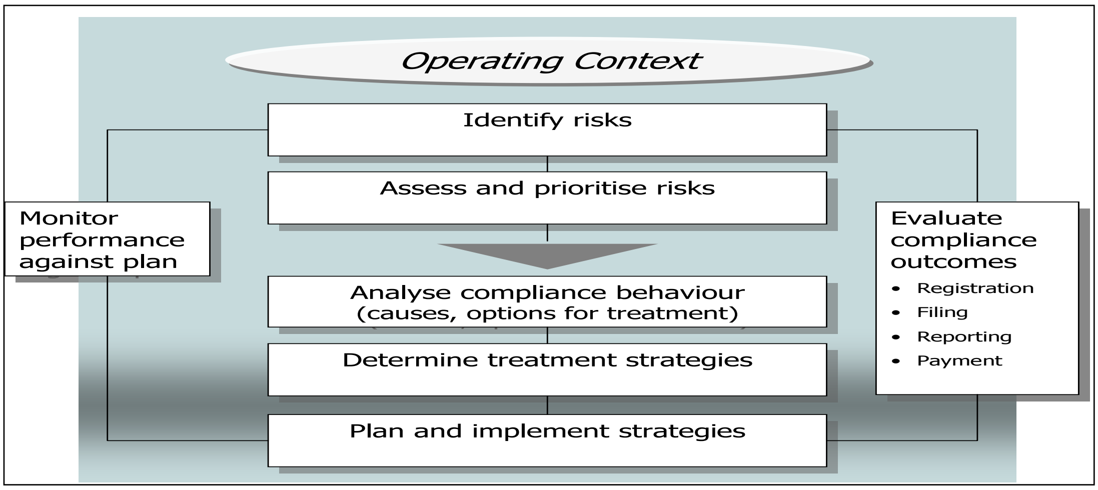
14. The 2004 guidance note considered that while specific obligations of taxpayers will vary from one taxation role to another and from one jurisdiction to the next, four universal categories of obligation are likely to exist for almost all taxpayers. These broad categories of taxpayer obligation are: 1) registration in the tax system; 2) the timely filing of tax returns; 3) reporting of complete and accurate information in tax returns; and 4) payment of tax obligations on time. It found that, irrespective of jurisdiction, "compliance" will relate to the extent to which taxpayers meet these obligations. Taxpayers who fail to meet any of them may be considered to be "non-compliant", although the reason for their non-compliance may fall along a continuum extending from unintentional error to intentional/deliberate actions.

Adopting a risk management approach

15. The 2004 guidance note acknowledged that revenue bodies operate with finite resources, and that effective tax administration needed to focus on optimizing collections under the tax laws in ways that instill confidence in a revenue body and ensured the tax system is operating, and is being seen to operate, correctly. It promoted the notion that revenue bodies needed a structured and systematic process for deciding what is important in a tax compliance context, how major compliance risks will be addressed and how to determine the most effective allocation of their resources — the compliance risk management process.

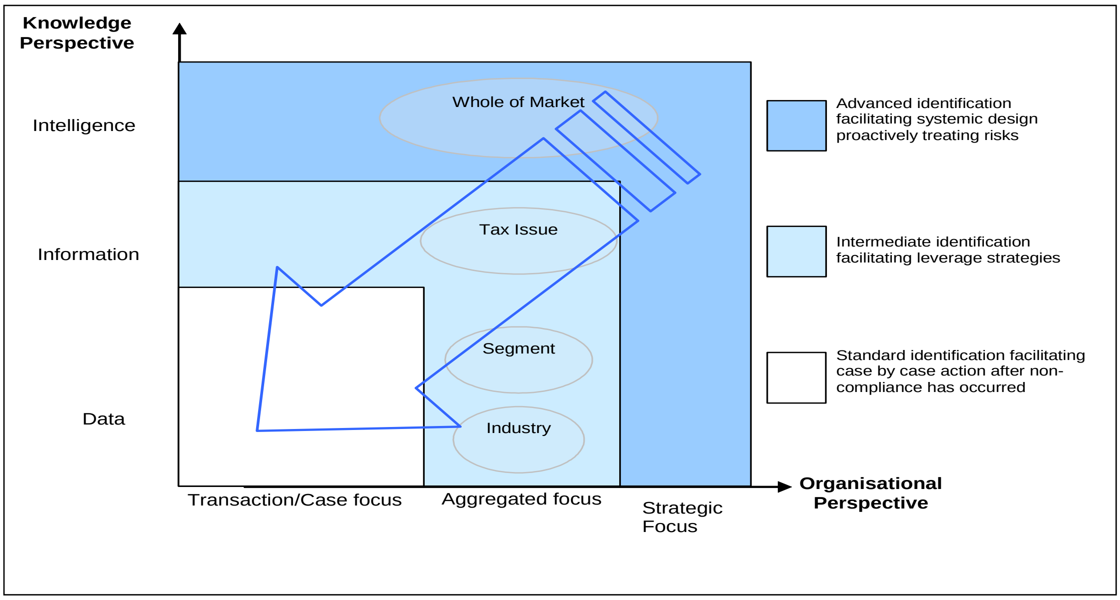
16. The 2004 guidance note also outlined compliance risk management as a series of defined (yet iterative) steps for the systematic identification, assessment, ranking, and treatment of tax compliance risks, as well as related monitoring and evaluation activities, to support improved decision-making. A model of the compliance risk management proposed for use by revenue bodies was presented (see Figure 17). Through greater understanding of the environmental context, it was suggested that use of this model would enable revenue bodies to assess and determine which risks/ taxpayer behaviors it can or cannot influence, and to consider and prioritize which risk treatments were required.

Figure 17. The compliance risk management process



17. In practice, compliance risks fall on a continuum and therefore an additional diagnostic model (see Figure 18) was used to illustrate that as the level at which risks are managed increases, there is a need for a commensurate increase in the level of evidence and knowledge that both informs and substantiates the strategic risks identified for treatment.

Figure 18. The compliance risk management diagnostic model

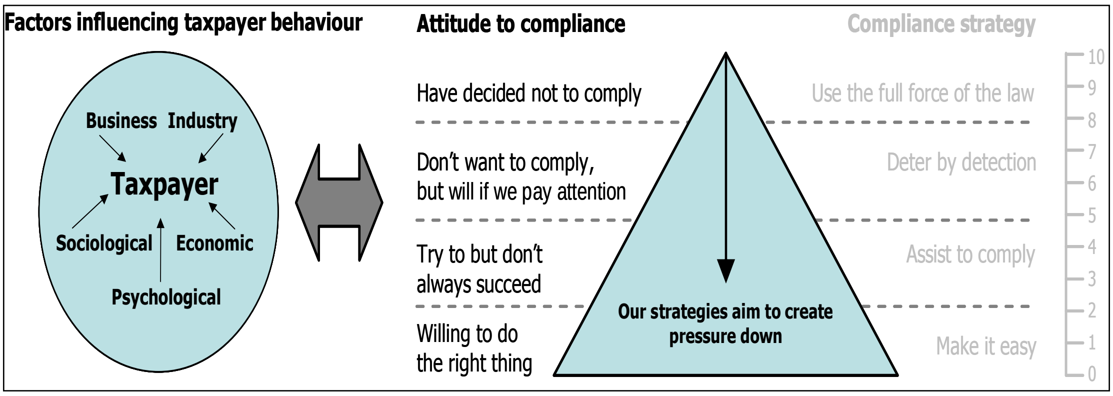


Recognising the influences on taxpayers' compliance behaviour

18. Research supporting the 2004 guidance note described two broad approaches to the problem of non-compliance behavior, the first based on economic rationality and the second based on wider behavioral issues. It considered that these approaches were not necessarily competing and that each approach can be valuable in terms of understanding tax compliance. In combination with the research of Australian academic Dr Valerie Braithwaite around the sets of values, beliefs and attitudes of individual taxpayers (persons or businesses), the 2004 guidance note offered the

BISEP model [48]for thinking about the combination of these factors and the attitudes of individuals in the way they may relate to a revenue body and the tax system it administers. This model (see Figure 19) allows users to categorize the factors in a consistent manner and form to aid understanding and is also sufficiently robust to stand up to applied and practical application in a tax administration environment.

Figure 19. The BISEP model & spectrum of taxpayer attitudes to compliance



19. It was highlighted that an individual taxpayer is capable of adopting any of the attitudes described at different times and may also adopt all of the attitudes simultaneously in relation to different issues. It noted that these attitudes are not fixed characteristics of a person or group, but reflect the interaction between the person or group and those that impose demands upon them. The 2004 guidance note considered that the value of this model is in the contribution it makes in developing a deeper understanding of taxpayer behavior and being able to lay the groundwork for the development of targeted strategies which encourage the motivation to do the right thing and constrain the motivation to resist or evade compliance. Today, many revenue bodies (e.g. Denmark, the Netherlands, New Zealand and the United Kingdom) have adopted this model, or a variant of it, to guide their planning for delivering improved compliance outcomes.

Monitoring and evaluation of compliance risk management strategies

20. A key element of the recommended compliance risk management process was a compliance measurement framework that would provide revenue bodies with a range of compliance indicators that could be used to monitor and evaluate the impacts of their compliance activities, both at the aggregate level and in respect of specific risk treatments strategies. Such a framework would enable a continual cycle of review and refinement. This issue was addressed in some detail in the 2008 guidance note '*Monitoring Taxpayers' Compliance: A Practical Guide Based on Revenue Body Experience*' which explored and promoted the idea of a compliance monitoring framework at the aggregate/macro level. Among other things, the note acknowledged that a number of countries' revenue bodies took steps to produce periodic estimates of the tax gap for their major taxes to improve their understanding of the likely scale and composition of non-compliance, and to provide some insights into the trend of aggregate non-compliance.

21. This context provides a useful backdrop to assessing in high level terms the compliance management approaches of revenue bodies in 2010, as gleaned from the survey of revenue bodies. In this respect, revenue bodies were asked whether they: 1) have a formal process for identifying, assessing, and prioritizing their key compliance risks; 2) make public their key compliance risks and mitigation strategies; 3) periodically report on the progress being made to address their key compliance risks; 4) have a mandated requirement (either from its Government or MOF) to

[48] The BISEP model is intended to promote thinking about the factors that go together to influence the attitudes and behaviours of small businesses. It is comprised of five elements **(B)**usiness, **(I)**ndustry, **(S)**ociological, **(E)**conomic and **(P)**sychological that represent different views of the taxpayer entity. Taken in combination, the five elements offer the means to determine the behavioural drivers as a step towards the successful selection of compliance treatment strategies. The guidance note provides further elaboration.

produce periodic estimates of the tax gap for some/ all of the major taxes; 5) undertake research and produce periodic estimates of the aggregate tax gap for the major taxes; 6) make public the results of their tax gap estimation studies; and 7) use random audit programme activities to test compliance and/or for risk profiling purposes in targeted sectors or for the major taxes.

22. Survey responses were supplemented by research of publicly-available documents of as many revenue bodies as practicable. This research aimed to: 1) gain greater insights as to the approaches being adopted; 2) shed light on some emerging interesting and novel developments concerning tax compliance risk management; and 3) identify examples/ references to assist revenue bodies' research in this field. A summary of responses is set out in Table 11. From this and related research, the key findings are as follows:

Compliance risk identification, assessment, prioritization, and treatment

- The vast majority (45 of 49 revenue bodies) reported that they have a formal process for identifying, assessing and prioritizing their key compliance risks areas (e.g. profit shifting, VAT fraud, return non-filing, non-payment of liabilities) as part of their organizational planning; however, the number reporting that they made public the key risks identified and how they will be treated was considerably less (27 of 49 revenue bodies);

- Research identified two revenue bodies (i.e. Australia and New Zealand) that regularly publish a comprehensive summary of their assessment of the major tax compliance risks that have been identified and how they intend to deal with these risks—See Box 9. When published, these documents attract considerable media attention and serve to communicate to the community at large the scale and nature of activities being conducted to achieve compliance with the laws. In this way, they act as a deterrent to future non-compliance.

- Around 80 percent of surveyed revenue bodies reported that they periodically make public (e.g. in their annual reports) details of the progress being made in dealing with their key compliance risks.

Table 11. Strategic approach for managing taxpayers' compliance

Country	Aspects of revenue body's approach for managing taxpayers' compliance						
	Formal risk management process is in place	Key risks & strategies are published	Reports of outcomes are made public	Periodic estimates required of tax gap	Periodic estimates made of tax gap	Estimates of tax gap are made public	Random audits used for research
1) OECD countries							
Australia	✓	✓	✓	×	×	×	×
Austria	✓	×	✓	×	×	×	✓
Belgium	✓	×	✓	✓	✓	✓	✓
Canada	✓	✓	✓	×	×	×	✓
Chile	✓	✓	✓	✓	✓	✓	×
Czech Rep.	✓	×	✓	✓	✓	×	×
Denmark	✓	✓	✓	✓	✓	✓	✓
Estonia	✓	✓	✓	✓	✓	✓	✓/1
Finland	×	×	×	×	×	×	×
France	×	×	×	×	✓	×	✓/1
Germany	✓	×	×	×	×	×	✓
Greece	×	×	×	✓	✓	✓	✓
Hungary	✓	✓	✓	×	×	×	✓
Iceland	✓	×	✓	×	×	×	✓
Ireland	✓	×	✓	×	×	×	✓
Israel	✓	✓	✓	✓	✓	✓	✓
Italy	✓	✓/1	✓	✓	✓	×	✓
Japan	✓	✓	✓	×	×	×	×
Korea	✓	✓	✓	×	×	×	✓
Luxembourg	✓/1	×	×	✓/1	✓/1	×	×
Mexico	✓	✓	✓	✓/1	✓/1	✓	✓
Netherlands	✓	✓	✓	×	×	×	✓
N.Zealand	✓	✓	✓	×	×	×	×
Norway	✓	×	×	×	×	×	×/1
Poland	✓	✓	✓	×	×	×	×
Portugal	✓	×	✓	✓/1	×/1	×/1	✓
Slovak Rep.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Slovenia	✓	✓	✓	×	×	×	×
Spain	✓	✓	✓	×	✓	×	×
Sweden	✓	✓	✓	×	×	×	✓
Switzerland	✓	×	×	×	×	×	×
Turkey	✓	✓	✓	×	×	×	×
UK	✓	✓	✓	✓	✓	✓	✓
USA	✓	✓	✓	×	✓	✓	✓
2) Selected non-OECD countries							
Argentina	✓	✓	✓	×	✓	×	✓
Bulgaria	✓	✓	✓	×	✓	×/1	✓
China	✓	×	✓	×	×	×	×
Cyprus	✓	×	×	×	×	×	✓
India	✓	✓/1	✓	✓	✓	✓/1	n.avail.
Indonesia	✓	×	✓	✓	✓	×	n.avail.
Latvia	✓	×	✓	×	×	×	×
Lithuania	✓	✓	✓	✓	✓	×	×
Malaysia	✓	×	✓	×	×	×	✓
Malta	✓	×	✓	×	×	×	✓/1
Romania	✓	×	✓	×	×	×	✓
Russia	✓	✓	✓	×	✓	✓	n.avail.
S.Arabia	✓	×	✓	×	×	×	×
Singapore	✓	✓	✓	×	×	×	×
S.Africa	✓	✓	✓	×	×	×	✓

Sources: Survey responses. *(Table notes are located at end of Report.)*

Box 9. Published assessments of key compliance risks and treatments

Australia

The ATO commenced its practice of developing and publishing an annual comprehensive compliance programme statement in 2002. The practice has been continued to the present time and each statement's release attracts a fair deal of media interest & publicity.

Each programme statement commences with a description of the ATO's broad strategic directions and approach to managing taxpayers' compliance and, against this background, it then details the compliance risks of most concern and the actions to be taken to address them. The description of risks is structured around key market segments (e.g. large businesses & micro-enterprises), each of which are briefly profiled in the statement. For each market segment, there is an account of the key compliance risks identified and the main strategies/ treatments will be used. For example, its 2010-11 statement identifies the following risk areas for large taxpayers:

- Profit shifting
- Consolidations
- Revenue & capital losses
- GST (VAT) on financial supplies
- Research & development claims
- GST property transactions
- GST & international cross-border transactions
- Corporate restructures, mergers &acquisitions
- Capital gains & foreign residents
- Taxation of financial arrangements
- GST integrity of business systems
- Superannuation (retirement income) funds

The statement concludes with a summary of compliance programme activities for the immediate financial year. For more information, see www.ato.gov.au

New Zealand

Commencing in 2009, the IRD publishes an annual assessment of the key compliance risks it has identified from its internal risk identification and assessment processes and how it intends to deal with these risks. Risks are identified for each of ten key customer segments (i.e. individuals, high-wealth and high income individuals, families, non-profit groups, small and medium enterprises, the hidden economy, large enterprises, central and local government, employers and tax agents and intermediaries) which are profiled, which is followed by a description of the specific risk treatment approaches that will be used (e.g. by education, campaigns, service, audit, publicity, and prosecution-type initiatives. Box 4 in Chapter 2 provides an example of the type of information that is presented for each designated segment of client (i.e. taxpayers, tax intermediaries, and benefit recipients (e.g. families).

The IRD reports positive results from its initiative and, in addition to generating considerable publicity, seeks feedback from its external audience. For more information on its latest programme statement, see www.ird.govt.nz/compliance.

Tax gap estimation

- Around 30 percent of revenue bodies (e.g. Chile, Italy, and Mexico) reported they are mandated by their Government/ Ministry of Finance to provide periodic estimates of the tax gap for some/ all of the major taxes administered.

- Just under half of surveyed revenue bodies, including those with a formal mandate to do so, reported that they undertake research efforts to produce estimates of the aggregate tax gap for some/all of the major taxes administered—a brief description of the approach of selected revenue bodies is set out in Box 10.

- Relatively few revenue bodies (12 of 49 surveyed) reported that estimates made of the tax gap in their country (for some or all taxes) are made public

Box 10. Tax gap estimation activities of selected revenue bodies

Chile: The Internal Revenue Service of Chile has carried out measurements of the tax gap dating back to 1980. The evasion rates have been mainly estimated for VAT, the major source of tax revenue (i.e. more than 50% of the total). The methodology for the estimation of the tax gap uses data from National Accounts, published by Chile's Central Bank (see methodology, at http://www.sii.cl/aprenda_sobre_impuestos/estudios/EstimacionEvasionIVA_03_0 9.pdf), even though other methodologies have been explored, like the "fixed point", which is more oriented to calculate the VAT gap in the sales to final consumers. The VAT gap is included and presented in the Public Account by the SII Commissioner during the first semester of each year. Presentations (only in Spanish) can be found at the link: http://www.sii.cl/cuenta_publica ."

Denmark: The Danish Tax and Customs Administration carried out a comprehensive compliance measurement exercise for its major taxes (i.e. personal income tax, corporation tax, and the VAT) in 2007/2008. The measurement programme was based on the results of a programme of random audits entailing some 11-13,000 audits conducted in the latter half of 2007. The programme was used to gather a broad array of data on taxpayer compliance, including the nature and magnitude of taxpayer errors and regional/local compliance patterns, to be used to refocus and redesign its compliance strategies. Reports of its findings were published in 2009 (see www.itdweb.org).

Sweden: The Swedish Tax Agency (STA) has measured the tax gap and its composition—described as a 'tax gap map'—using a variety of data sources/ methodologies. Swedish officials have indicated that the main reason for preparing the 'tax gap map' was to construct a simple and pedagogic overview of what is known of the tax gap to facilitate internal and external communication and to identify areas where deeper knowledge is required. The STA has published the results of its tax gap assessments in its annual report. Reports of its findings are published - see www.skatteverket.se (English portion).

UK: HMRC (and its predecessor agencies) have over the last decade published regular assessments of the tax gap, primarily in the area of indirect taxes (VAT and Excise). Over the last five years or so the programme of research has been extended to direct taxes, with the results published in its annual performance report. In 2009, it published a comprehensive assessment if its tax gap, based on both top down and bottom up measurement approaches, which was published in conjunction with the UK Chancellor's Pre-budget report. HMRC has signalled its intention to continue publishing annual updates of its tax gap estimates in its annual report, in line with its strategic goal "to close the tax gap". For more information on this development, see http://www.hmrc.gov.uk/about/reports.htm

USA: Historically, IRS estimates of reporting compliance were based on its Taxpayer Compliance Measurement Programme (TCMP). This programme entailed line by line audits of random samples of returns, enabling the production of information on compliance trends and allowing it to update audit selection formulae. However, the programme came to be regarded as extremely burdensome on taxpayers and the last TCMP audits were done in 1988.

The National Research Programme (NRP), which the IRS has used to estimate comprehensive tax gap updates for 2001, arose out of a desire to find a less intrusive means of measuring tax compliance. The IRS used a focused statistical selection process that resulted in the selection of approximately 46,000 individual income tax returns for Tax Year (TY) 2001 — somewhat fewer than previous compliance studies, even though the population of individual tax returns had grown over time. The IRS continues to conduct studies of compliance among individuals and corporations, but by using modified sampling methods that enable it to use smaller sample sizes and to provide fresh compliance data each year and, by combining samples over several years. The objective is to provide the data needed to keep the IRS' targeting systems and compliance estimates up to date. The results of the NRP are published on the IRS's website- www.irs.gov.

Sources: Revenue body reports and FTA report 'Monitoring Taxpayers' Compliance, June 2008.

The use of random audit programmes

- Just over half of surveyed revenue bodies (26 of 49) reported the use of, or intention to use, random audit programmes for some of the taxes administered to develop and refine their audit risk profiling systems and/or to assist with the development of estimates of aggregate non-compliance (including estimates of the tax gap); while the scale and nature of these programmes was not surveyed, the information in Box 11 outlines the approaches of selected revenue bodies.

Box 11. The use of random audit programmes by selected revenue bodies

Canada: The CRA's core audit programme (CAP) selects a random sample of SMEs to estimate a reliable rate of reporting compliance, with different segments of the SME population selected each year. The findings are published in its annual report. The CRA reports that this sample programme provides it with an accurate reporting compliance estimate that allows for monitoring compliance trends over time and for validating and refining risk criteria used in its risk assessment systems.

France: The DGFIP implemented a random audit programme of some 400 VAT taxpayers in late 2010. The primary purpose of the programme is to provide estimates of the overall incidence of non-compliance that can be contrasted with other estimates that have been made using National Accounts data as part of a 'top down' estimating methodology.

Ireland: As noted in its 2009 Annual report, Revenue conducted a random audit programme in 2009. The programme ensures that every self-assessed taxpayer (which excludes the majority of employee taxpayers) can potentially be selected for an audit. Similar programmes were conducted in 2005, 2006, 2007 and 2008. In 2009, it selected 400 cases for this programme.

UK: HMRC conducts random audit programmes across a number of areas—individuals self-assessment, SME employers (re withholdings) and SMEs (re corporation tax) to derive estimated compliance rates and to revise its risk profiling criteria. It has a practice of regularly publishing a time series of the compliance rates derived from each of these random programmes—see Box 14

USA: Random audit programmes have been used by the US IRS over many years and are a key element of its current National Research Programme (NRP) mentioned in Box 10 to produce estimates of compliance, to provide information to support legislative proposals (e.g. new information reporting regimes, and to refine its audit selection systems.

Sources: Various annual reports & other documents on websites of revenue bodies indicated.

Reporting revenue body performance

23. Research conducted for the preparation of this series entailed examination of many revenue bodies' annual performance reports, with particular attention given to identifying innovations, emerging practices concerning the reporting of 'outcomes' as opposed to 'outputs', and related issues of accountability and transparency. Some examples observed of exemplary and/or innovative reporting by revenue bodies taking account of such considerations are set out in Boxes 12 to 16.

Concluding observations

24. As will be evident from the preceding commentary, many revenue bodies have taken steps to increase the focus of their planning and performance evaluation towards the 'outcomes' to be achieved from their administration, in particular concerning taxpayers' compliance.

25. For some revenue bodies, this has included the use of: 1) direct and indirect measures of taxpayers' compliance across the major risk types; 2) measures that reflect the quality of services delivered to taxpayers and tax professionals; 3) reductions in taxpayers' compliance burden; and 4) measures reflecting the level of taxpayer satisfaction with, and confidence in, the revenue body. Where applicable, some revenue bodies have devised 'outcomes-focused' measures for their non-tax functions (e.g. the payment of benefits and customs administration). In many cases, formal targets have also been set for improved 'outcomes' (and outputs) as a means of setting the direction for improved performance and for use by the revenue body to gauge overall progress towards its stated goals and objectives.

26. Finally, the information provided at Boxes 12 to 15 provides good examples of how a number of revenue bodies endeavour to make transparent the outcomes being achieved from their administration.

Box 12. Reporting performance outcomes—*Timely service delivery*

The Australian Taxation Office (ATO) has comprehensive set of service standards that state its commitment to the community in terms of the time they can expect when dealing with it under normal circumstances. The ATO and the taxpayer may negotiate an extended timeframe. Performance standards are published on the website and performance is reported annually in its annual report, as follows;

Service standard	Standard	2008-09 Benchmark %	2008-09 Achieved %	2009-10 Benchmark %	2009-10 Achieved %
Registrations					
Registrations—Commissioner of Taxation	28 days	85.0	97.0	93.0	92.3
Registrations—Australian Business Register	28 days	85.0	95.3	93.0	91.3
Return filings					
Electronic tax returns—individuals	14 days	90.0	96.1	94.0	85.8
Paper tax returns—individuals	42 days	80.0	91.9	80.0	93.4
Electronic tax returns—non- individuals	14days	90.0	93.8	92.0	78.3
Paper tax returns—non-individuals	56 days	80.0	73.4	80.0	81.8
Electronic credit activity statements	14 days	90.0	98.2	92.0	98.2
Paper credit activity statements	14 days	85.0	96.3	85.0	97.5
Electronic debit activity statements	14 days	90.0	99.6	95.0	99.6
Paper debit activity statements	42 days	90.0	97.9	90.0	98.9
Refunds and payments					
Refund of overpaid tax	28 days	90.0	91.0	90.0	82.5
Superannuation holding accounts payment requests	21 days	80.0	81.5	80.0	72.1
Excise fuel scheme claims	14 days	92.0	94.5	92.0	93.7
Enquiries					
Automated email response	3 days	90.0	95.9	90.0	95.9
Inbound correspondence	28 days	80.0	89.3	85.0	83.9
Private written advice	28 days	80.0	92.0	80.0	69.3
Telephone general inquiries	5 min	80.0	82.6	80.0	81.3
Tax practitioners premium service telephone enquiries	2 min	90.0	91.8	90.0	90.9
Visit general enquiry service	10 min/15 min	90.0	91.4	90.0	92.5
Amendments and objections					
Electronic amendments	28 days	85.0	92.2	90.0	95.1
Paper amendments	56 days	75.0	71.6	75.0	85.2
Reviews of private written advice	28 days	85.0	90.3	85.0	71.4
Reviews other than private written advice	56 days	70.0	89.3	70.0	59.0
Audits					
Audits and reviews finalised advice	7 days	99.0	96.8	99.0	99.2
Errors					
Clerical and administrative errors	21 days	70.0	87.5	70.0	Met
Complaints					
Complaints - initial contact	3 days	88.0	81.7	85.0	66.6
Complaints - resolution	21 days	85.0	84.5	85.0	74.7

Source: ATO Commissioner's Annual Report 2010.

Other revenue bodies observed with comprehensive reporting of service standards and the performance achieved vis-à-vis these standards were Canada and Ireland (e.g. in their respective 2009 annual performance reports).

Box 13. Reporting performance outcomes—*Taxpayers' compliance*

The Canada Revenue Agency (CRA) provides a comprehensive performance report card on its key measures of taxpayers' compliance that sets a high standard for other national revenue bodies to achieve. Key tax-related elements of this reporting are reproduced hereunder. (NB: There is also similar reporting in relation to administration of benefits programmes):

Registration compliance

Registration compliance – GST registration rates	Target %	Year 2005-06	2006-07	2007-08	2008-09	2009-10	Rating
Canadian businesses that were registered for the GST/HST	90	97.2	97.8	98.4	95.8	93.5	✓

Filing compliance

Filing compliance- rates of filing on time	Target %	Year 2005-06	2006-07	2007-08	2008-09	2009-10	Rating
Income tax filing for individuals 18 years & older	90	92.8	93.0	92.5	92.8	92.8	✓
Corporations—taxable businesses that filed on time	90	86.4	86.4	85.8	84.4	85.5	x
Businesses that filed their GST/HST returns on time	90	91.8	91.4	n/a	90.5	n/a	n/a
Employers who filed reports of employee income on time	90	94.5	96.0	95.5	96.4	96.3	✓

Remittance compliance

Rate of timely payments	Target %	Year 2005-06	2006-07	2007-08	2008-09	2009-10	Rating
Individuals who paid reported taxes on time	90	92.4	92.9	91.5	93.2	93.7	✓
Taxable corporations who paid reported taxes on time	90	92.9	90.9	92.4	92.2	93.5	✓
Employers' remittance of wage withholdings on time	90	88.7	87.7	89.2	87.3	89.9	Mostly met
Trend in ratio of outstanding tax to gross receipts	Down-ward	5.64	5.78	6.30	6.65	6.98	x

Reporting compliance

Results of review of individual tax returns	Year 2006-07	2007-08	2008-09	2009-10
Non-compliance rate (%)	14.7	14.8	16.5	15.4
Estimated dollars at risk ($ million)	669	890	895	987

Effectiveness of targeted reviews	Year 2006-07	2007-08	2008-09	2009-10
Ratio of average additional dollars assessed in targeted over random reviews	3.2	3.6	3.9	3.6

Macro indicators(to evaluate reporting compliance trends)

Trend in personal income reported to the CRA is tracked to income estimated by Statistics Canada	Time series trend over extended period for each indicator described
Trend in corporate income taxes is tracked with growth in corporate profits before tax estimated by Statistics Canada	
Trend in net income of unincorporated businesses is tracked with National Accounts estimates of the growth of their net income	
Trend in net GST/ HST tax receipts is tracked with retail sales and personal expenditures	

Source: 2009-10 CRA annual report

Box 14. Reporting performance outcomes- taxpayers' compliance

Over recent years, the UK HMRC has introduced a practice of providing comprehensive reporting of its compliance-related performance outcomes. This initiative takes two forms: 1) a comprehensive set of tables (by tax type and/or taxpayer segment) presented in its annual performance report setting out a time series of estimated tax gaps for the respective categories of tax/ taxpayer; and 2) a separate report detailing its overall approach to measuring tax compliance along with a composite picture of the estimated aggregate tax gap. A time series of its most recent estimates for the major taxes is set out hereunder:

Net VAT theoretical tax liability (VTTL), VAT receipts and revenue gap

Measure	2003	2004	2005	2006	2007	2008	2009	2010
Net VTTL (£bn)	75.5	78.6	82.5	86.1	89.7	93.7	95.0	82.8
Net VAT receipts (£bn)1	63.7	69.1	72.8	73.0	77.6	82.0	79.8	71.3
Revenue gap (£bn)	11.8	9.5	9.7	13.1	12.1	11.7	15.2	11.5
***VAT gap (%) 2	15.6	12.0	11.7	15.2	13.5	12.5	16.3	13.9

1 Net VAT receipts are expressed net of payments and repayments.
2 A proportion of the VTTL estimate for the final year is based on a forecast.

Identified tax gap for individuals in Self Assessment (£bn)

Measure	2000	2001	2002	2003	2004	2005	2006	2007
Under-declared liabilities due to:								
Incorrect returns	2.4	2.7	3.1	3.5	3.7	3.8	3.0	3.3
Compliance yield 2	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5
Non-payment 3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2
***Net identified tax gap	2.1	2.4	2.7	3.2	3.3	3.5	2.7	3.1
Total tax liabilities	19.4	19.8	19.3	20.6	22.1	23.2	24.1	26.6
***Net gap (% of total)	11	12	14	15	15	15	11	12

1 Figures rounded to the nearest £0.1bn. As a result, components may not appear to sum.
2 By period of settlement of enquiry.
3 Estimates of write-offs and remissions of tax for periods of approximately a year ending in October each year, converted to financial year figures.

Identified tax gap for small and medium-sized employers (£bn)1

Measure	2004	2005	2006	2007	2008
Under-declared liabilities due to:					
Incorrect returns	0.6	0.7	0.7	0.8	0.9
Compliance yield 2	0.2	0.3	0.3	0.4	0.3
Non-payment 3	0.4	0.6	0.7	0.7	0.6
***Net identified tax gap	0.8	1.0	1.0	1.1	1.1
Total tax liabilities	68.2	78.8	76.7	82.3	90.9
***Net gap (% of total)	1.1	1.3	1.4	1.3	1.2

1 Figures rounded to the nearest £0.1bn. As a result, components may not appear to sum.
2 By period of settlement of enquiry.
3 Estimates of write-offs and remissions of tax for periods of approximately a year ending in October each year, converted to financial year figures.

Identified tax gap for small and medium-sized companies (£bn)1

Measure	2001	2002	2003	2004	2005	2006
Under-declared liabilities due to:						
Incorrect returns	2.5'	1.7	3.2	2.2	2.1	1.8
Compliance yield 2	0.4	0.4	0.4	0.4	0.5	0.5
Non-payment 3	0.1	0.1	0.1	0.2	0.2	0.2
***Net identified tax gap	2.2	1.4	3.0	2.0	1.3	1.4
Total tax liabilities	12.9	12.4	14.8	15.5	17.0	16.6
***Net gap (% of total)	7	11	20	13	10	8

1 Figures rounded to the nearest £0.1bn. As a result, components may not appear to sum.
2 By period of settlement of enquiry.
3 Estimates of write-offs and remissions of tax for periods of approximately a year ending in October each year, converted to financial year figures.

Sources: Measuring Tax Gaps 2010 and HMRC Autumn Report 2009.

Box 15. Reporting performance outcomes—*Perceptions of services and competence*

1) The Spanish Tax Agency's annual report notes that public opinion and perceptions of services are gauged through studies of public institutions not connected to the Tax Agency (e.g. the Sociological Research Centre and the Institute for Fiscal Studies. Results are published in each annual report.

Issue	Opinion and perceptions	Year of survey (and response % or average rating)						
		2003	2004	2005	2006	2007	2008	2009
Level of satisfaction with treatment & service in tax agency offices	Very satisfied / Satisfied	85.5	82.8	82.5	84.8	83.5	81.2	81.8
	OK	6.9	9.2	8.4	6.7	8.5	9.2	8.8
	Not satisfied / dissatisfied	7.3	8.0	8.6	8.1	8.0	9.4	9.0
	Don't know/No comment	0.3	0.0	0.5	0.3	0.0	0.2	0.4
Public opinion on treatment and service provided	Has improved	56.4	51.1	54.8	51.3	49.3	50.2	47.5
	Is the same	33.3	33.7	31.6	37.2	40.1	36.0	38.9
	Is worse	1.5	3.3	1.9	2.0	2.4	4.8	3.7
	Don't know	8.4	10.9	10.5	9.2	7.8.	8.8	9.2
	No comment	0.4	1.0	1.2	0.3	0.3	0.2	0.7
Ratings awarded to the Taxpayer Information and Assistance Service	Good	73.0	69.3	69.3	70.1	67.2	66.3	68.3
	Ok	19.6	24.1	22.8	24.2	25.2	25.1	23.9
	Bad	6.1	5.0	6.0	5.0	6.8	8.0	6.3
	Don't know/ no comment	1.3	1.6	1.9	0.6	0.9	0.6	1.5
Knowledge & use of the Tax Agency's services	Have knowledge	61	65	65	67	61	74	n.a.
	Use services	31	35	35	37	33	47	n.a.
Opinions relating to the Tax Agency's services	Positive	82	82	82	85	87	78	n.a.
	Negative	18	16	18	15	12	21	n.a.
	Average rating 1-4	2.9	2.9	3.0	2.9	3.0	2.9	n.a.
Opinions relating to the Tax Agency's staff (rating from 1-7)	Impartiality	4.7	4.6	4.6	4.7	4.9	4.7	n.a.
	Technical training	4.9	5.0	5.0	4.9	5.0	4.9	n.a.
	Appropriate treatment	4.8	4.7	4.7	4.7	5.0	4.8	n.a.
	Concern for taxpayers' problems	3.7	3.7	3.9	3.7	4.2	4.0	n.a.

Source: Spanish Tax Agency's annual reports (memoria).

2) The **Swedish Tax Administration** also undertakes periodic surveys of taxpayers (companies and citizens) and reports the findings in its annual performance/statistical reports. Examples of reporting from such surveys obtained from its 2009 and 2007 statistical reports are set out below:

Survey statement	Survey responses	Year of survey (response %)				
		2002	2003	2005	2007	2009
Overall, I have confidence in the Tax Authority	Agree	57	52	49	60	n.a.
	Neither/nor	27	31	30	27	n.a.
	Disagree	9	11	13	7	n.a.
	Don't know/ no answer	6	6	9	7	n.a.
Are you satisfied or dissatisfied with your contacts with the Tax Authority	Agree	57	n.a	58	63	n.a.
	Neither/nor	29	n.a	30	26	n.a.
	Disagree	7	n.a	7	6	n.a.
	Don't know/ no answer	7	n.a	5	5	n.a.
On the whole, the extent of tax evasion is a serious problem to society	Agree	67	64	62	60	n.a.
	Neither/ nor	13	11	12	14	n.a.
	Disagree	7	9	10	8	n.a.
	Don't know/ no answer	13	16	16	19	n.a.
It is likely tax authorities would discover tax evasion in a company like ours, considering its size, business type, etc.	Agree	46	41	38	40	n.a.
	Neither/ nor	9	9	11	10	n.a.
	Disagree	20	21	25	21	n.a.
	Don't know/ no answer	26	29	26	28	n.a.

Source: Diagrams 44, 46,47 and 48 of 2009 report and Diagram 47 of 2007 report.

Chapter 4. Human resources management strategy, organisational capability and staff performance

Outline

This chapter outlines revenue body approaches to aspects of human resources management (HRM), organisational capability and staff performance, including recruitment and remuneration. The final section sets out selected metrics (e.g. attrition rates and age profiles).

Key points

Aspects of Human Resources Management Strategy

- The vast majority (90%) of revenue bodies have a formal HRM strategy or plan; almost as many have also conducted assessments of current and future skills and capability needs, and have plans in place to help them meet these needs, together with targets for increasing staff capability.
- Most revenue bodies (81%) periodically survey staff on their levels of satisfaction, engagement and motivation; almost all of these share these survey results with staff, and most consult with staff when considering responses to survey findings (72%).

Staff Recruitment, Appointment and Development

- A large majority of countries have major changes planned or underway in their policies in one or more areas of recruitment, training, performance or reward;
- Almost half of revenue bodies have plans for a significant change in staffing levels, or significant increase in staff capability.
- Most countries have fairly significant autonomy for the recruitment and appointment of staff, although for many this is limited to within the limits of an overall budget set by government or the ministry of finance; in addition, a number of governments have recently implemented recruitment freezes as part of a Government policy to cut expenditure (following the global recession).
- Relatively few revenue bodies are unable to appoint new officials who are the most suitable candidates based on clearly defined qualification and experience criteria.
- Most revenue bodies reported they are undertaking staff development in the areas of risk management (80%), financial management (75%) and commercial awareness (72%). Almost half utilise networks with external organisations at least in part to help develop commercial awareness skills of their staff.

Performance Management and Remuneration

- Performance management systems are in place in all except 4 revenue bodies (91%), although over one third (36%) do not set objectives for each member of staff at the start of the performance period.
- The vast majority (84%) of revenue bodies review the performance of each staff member at least annually, and it is very rare for objectives to be set for a staff member who is not subject to formal performance assessment.

Remuneration

- The great majority of countries (77%) have their staff remuneration levels tied to wider public sector pay scales, and the same proportion have some flexibility to reward good performance (although there are some variations in the countries concerned);

Attrition

- Attrition rates vary considerably across surveyed revenue bodies, from 0.8% (Malaysia) to 14% (Latvia); some of these highs and lows appear to be the result of the tight economic conditions in many countries where, for some employees are less likely to leave in uncertain economic times, whilst in others budgetary reductions are driving significant staff reductions.
- Just on 60% of revenue bodies have reduced staffing over the last year; a small number, most notably Argentina and China, made significant increases.

Qualifications

- The proportion of staff with university or degree-level qualifications levels also varies significantly, with less than 25% of staff qualified at equivalent to degree level in 9 revenue bodies, 25-49% in 14, 50-75% in 12 and over 75% in 6 revenue bodies.

1. To date, the FTA has not made any studies of revenue bodies' human resource management policies and practices. Nor have prior editions of this series surveyed revenue bodies in this area. As a result, this chapter contains relatively little trend analysis. However based on the level of detailed commentary provided by very many revenue bodies, it is a topic of wide interest and importance.

Human resources management strategy, organisational capability and staff performance

2. For all revenue bodies, the costs associated with staff – human resources – are the single largest component of their total costs (as identified in this report, often exceeding 80% of a revenue body's total operating costs). Given this huge investment and the heavy reliance placed on staff to carry out their basic mandate, the overall competence, integrity, and performance of its workforce is a critical issue for all revenue bodies.

3. As described in Chapter 5, a clear trend has been taking place over the past few years for revenue bodies to reduce the size of their workforces, and the rate of these reductions has accelerated partly as a consequence of the impact of the global financial crisis on public expenditures. The downward pressure on budgets is not likely to change. At the same time in many countries revenue bodies are taking on additional responsibilities as Governments recognise their ability to act as the logical delivery point for many of their policy initiatives. Whilst in part headcount reductions are to be expected as technology and electronic services automate an increasing number of manual processes, they also increase the need for revenue bodies to be more effective in respect of their staff – their human resources – than ever before. This effectiveness needs to cover the whole range of human resource management activities from recruitment to retirement. It is therefore opportune for this edition of this series to examine aspects of revenue body approaches to human resource management. We are not alone in recognising the importance of this in the overall achievement of the strategic objectives of revenue bodies. Examination of the annual report of almost any revenue body will highlight awareness of the need to ensure that human resources strategies remain appropriate to help support that revenue body in facing their current and future challenges. This chapter will highlight some approaches taken by revenue bodies drawing on these reports, survey responses and other data.

5. This chapter broadly follows (in an abridged form) the structure outlined in the European Commission's Fiscal Blueprints – "A path to a robust, modern and efficient tax administration" referenced in Chapter 1. This part of the fiscal blueprint sets out a model to promote…. "*the development of human resources management strategy, policies, systems and procedures that support the achievement of the tax administration's objectives and the development of members of staff through structured training and professional development*." It lays out the key components of a modern and efficient human resources management strategy and function under the following broad headings:

- Development of human resource management strategy, policies and systems which fully support the tax administration's business strategy;
- The tax administration is autonomous in making decisions about recruitment, retention, performance management and assessment, promotion, career progression, training and development, transfer, severance, dismissal and retirement;
- Human resource policies and practices that motivate, support and protect employees;
- A long-term training and development strategy for employees endorsed at top management level;
- An organisational structure and systems to support the delivery of employee training and development needs within the tax administration.

Aspects of HRM Strategy

6. For this aspect of the information series, revenue bodies were asked a number of questions relating to key elements of their approach to human resources management:

1. Does the revenue body have a formal human resources management strategy / plan?
2. Does it assess current and future staff skills and capability needs, and does it have a plan for filling identified gaps?
3. Does it have formal targets for increasing staff capabilities?
4. Does it periodically survey staff on their attitudes, perceptions and workplace satisfaction, and does it assess staff engagement and motivation?
5. Are the results of any such surveys and assessments shared with staff?
6. Are staff consulted in developing and implementing actions plans in response to such survey and assessment findings?

7. Revenue bodies were also surveyed on whether they were planning major changes in key areas of policy in relation to human resources management—recruitment; training and development; performance management; reward and remuneration; and plans for dealing with anticipated staff or capability increases or reductions. Other issues raised concerned their degree of autonomy and practices of revenue bodies regarding recruitment and appointments, and aspects of staff development, performance management, reward and remuneration, and staff metrics covering overall staff numbers, recruitment, attrition, age profile and qualifications.

8. Survey responses were supplemented by research of publicly-available strategic /business plans and annual performance reports of as many revenue bodies as practicable, and other relevant public documents, as well as a small number of unpublished documents provided by revenue bodies to aid this research. The research aimed to: a) gather insights on key elements of revenue bodies' human resources management practices and priorities; b) highlight selected but by no means all examples of good practice described in revenue body publications, and c) identify a small number of opportunities for revenue bodies to consider when reviewing aspects of their human resources management performance.

9. A summary of responses to the questions described in paragraph 5 above is provided in Table 12. Observations from analysis of responses and related research are aet out below:

- Over 90% of revenue bodies reported they have a formal HRM strategy or plan covering some if not all of their activities, and many now report against aspects of this in their annual reports, with a broad range of topics covered including:
    - Recruitment;
    - Staff development skills;
    - Leadership and talent management
    - Staff satisfaction and engagement;
    - Staff achievements
    - Diversity;
    - Age profiles & demographics;
    - Remuneration and Benefits;
    - Staff numbers/turnover rates;
    - Issues to be faced.

Table 12. Revenue bodies' human resources management (HRM) strategies

Country	Aspects of HRM Strategy/1						Major changes planned on/2	
	Formal HRM strategy/ plan exists	Capabilities assessed & plan made to fill gaps	Targets exist for increasing staff capability	Periodic surveys of staff on satisfaction etc,	Survey results shared with staff	Staff consulted on survey findings	Recruitment- R Training-T Performance- P Rewards (Re)	Plans for staff or capability increase/ reduction
1) OECD countries								
Australia	✓	✓	✓	✓	✓	✓	R, T, P, Re/2	✓
Austria	✓	✓	✓	✓	✓	✓	R, P/2	×
Belgium	✓	×	✓	×	×	×	R, T, P, Re/2	✓
Canada	✓	✓	✓	✓	✓	✓	R/2	×
Chile	✓	×	✓	✓	✓	✓	T/2, P, Re/2	×
Czech Rep.	✓	✓	✓	✓	✓	✓	R, T,P, Re	✓
Denmark	✓	✓	✓	✓	✓	✓		✓
Estonia	×	×	✓	✓	✓	✓		✓/2
Finland	✓	✓	×	✓	✓	✓		×
France	✓	✓	✓	✓	✓	✓	R, T, P, Re/2	✓
Germany	✓/1	✓	×	✓	✓	✓		×
Greece	✓	✓	✓	×	×	×	T, P,	✓
Hungary	✓	✓	✓	✓	✓	✓		×
Iceland	✓	✓	×	✓	✓	✓		×
Ireland	✓	✓	✓	✓	✓/1	✓/1	T, P/2	✓
Israel	✓	✓	✓	✓	✓	✓	T, P	×
Italy	✓	✓	✓	✓	✓	✓/1	R, T, P, Re/2	✓
Japan	✓	✓	✓	✓	✓	✓	P/2	×
Korea	✓	✓	✓	✓	×	×	T, P	✓/2
Luxembourg	×/1	✓	✓	✓	×	×	T, P	×
Mexico	✓	✓	✓	✓	✓/1	✓	R, T, P/2	✓
Netherlands	✓	✓	✓/1	✓	✓	✓	P/2	✓
N.Zealand	✓	✓	✓	✓/1	✓	✓	P, Re /2	×
Norway	✓	✓/1	✓	✓	✓	✓	T, P, Re/2	×
Poland	✓/1	✓	✓	✓	✓	✓		×
Portugal	✓	✓	✓	✓	✓	×	R/2	×
Slovak Rep.	✓	✓	✓	×/1	×	×		✓/2
Slovenia	✓	✓	✓	✓	✓	✓		×
Spain	✓	✓	✓	×	×	×		×/2
Sweden	✓	✓/1	✓	✓	✓	✓	R, T	✓
Switzerland	✓	✓	✓	✓	✓	✓	R, T	✓
Turkey	✓	✓	✓	×	×	×	R	×
UK	✓	✓	✓	✓	✓	✓	R, Re/2	✓
USA	✓	✓	✓	✓	✓	✓	R/2	×
2) Selected non-OECD countries								
Argentina	✓	✓	✓	✓	✓	✓	R, T, P, Re/2	×
Bulgaria	✓	×	✓	✓	✓	✓	T/2	✓
China	✓	×	×	×	×	×		×
Cyprus	✓	✓	✓	×	×	×		×
India	✓	✓	✓	✓	✓	✓	R, T, P, Re	✓
Indonesia	×	✓	✓	×	×	×	T, P, Re	✓
Latvia	✓	✓	✓	×	×	×		×
Lithuania	×	✓	✓	✓	×	×	T	×
Malaysia	✓	✓	✓	✓	✓	×	R, T, P/2	×
Malta	×	✓/1	✓	×	×	×		×
Romania	×	×	×	×	×	×	R/2	✓
Russia	✓	✓	✓	✓	✓	✓		✓
S.Arabia	✓	✓	✓	×	×	×	R, T, P, Re	✓
Singapore	✓	✓	✓	✓	✓	✓		×
S.Africa	✓	✓	×	✓	✓	✓	R/2	×

Source: Country survey responses. *(Table notes are located at end of Report.)*

- Just on 90% conduct assessments of their current and future skills and capability needs, and develop a plan to fill any gaps in such needs—Boxes 16 and 17 briefly set out some perspectives of two revenue bodies on their approaches in this area and the types of issues receiving attention.

Box 16. Australia – People strategy

The ATO's people strategy identifies the following enterprise-wide priorities for the people system:

- equip our leaders and managers to enhance productivity through performance management, continuous improvement and innovation implement integrated learning and development approaches to enhance organisational capability and agility, including better integration of business and people systems;
- implement workforce management strategies, including the new agency agreements to enable flexibility in undertaking work and workforce shifts and achieve the optimum workforce mix;
- shape the culture of our organisation by embedding our corporate values, including targeted initiatives for increasing engagement and discretionary effort;
- refine prevention and early-intervention strategies and implement the redesigned people case-management system to maintain a safe and healthy work environment and a productive workforce; and
- build and maintain sustainable human resources and financial corporate information technology systems that support us in delivering to the community.

While the people strategy focuses on priorities, a range of ongoing activities support the ATO's employment system and are fundamental to managing its workforce. These services include recruitment and appointments, payroll, employment policy and advice, and employee communication. There are also services committed to meeting its legal obligations in relation to occupational health and safety, well-being, and human rights and equality. Systems are also in place to assure that outcomes meet recognised best practice standards.

Workforce Planning

In 2009–10, the ATO directed its workforce planning efforts at completing the job profiling of the workforce. This is a breakthrough initiative recognised by the Australian Public Service Commission. The job profiles integrate elements of our human resource systems to provide the consistent base where we can make confident decisions on recruitment, performance, career development, succession planning and learning pathways.

The ATO continued to develop processes for talent identification and succession management. While opportunities still exist to refine and embed these into business as usual, its approach continues to be recognised as at the forefront of the Australian Public Service.

The ATO has further enhanced workforce availability using 'Destination ATO', its integrated approach to entry-level recruitment. The approach presents a single organisational face in the market and promotes the diversity of entry-level programmes that are offered. The approach allows a candidate's selection results to be used to consider multiple employment opportunities, thus streamlining the process. An engaging marketing campaign, proactive liaison with universities and presence at career fairs pays off. In the Australian Association of Graduate Employers Candidate Survey 2010 the ATO's graduate programme received the 'Top graduate employer' award in the Australian Government sector.

Source: ATO Annual Report 2009-10.

- A large majority has targets for increasing staff capability, and it is probable (although the question was not asked) that this is closely linked with a higher objective of increasing organisational capability. There is a strong inverse correlation between those countries who are not targeting increasing staff capability and those who are not planning or undertaking major changes in policy in areas of recruitment, training, performance or reward and remuneration i.e. those countries who are not planning or undertaking significant changes in these policy areas are most likely not targeting staff capability increases.

Box 17. IRS Workforce of Tomorrow

Like many federal agencies, the Internal Revenue Service IRS) faces significant challenges – and opportunities – related to its current workforce. A substantial portion of current employees will achieve retirement eligibility in the next 10 years, making both hiring to replace skilled personnel and developing people to take responsibility high priorities. At the same time, the work that is required of the Service is growing and becoming increasingly complex, making skill development and efficient resource deployment critical. In order to accomplish its mission today, and lay the foundation for a successful organization for years to come, the Service must focus on effectively managing its workforce. In the summer of 2008, the IRS Commissioner announced that the workforce would be a top priority for his leadership of the Service. In July 2008, the Workforce of Tomorrow Task Force was launched with a goal of making the Service the best place to work in government and ensuring that five years from now the Service has the leadership and workforce ready for the next 15 years.

The Workforce of Tomorrow Task Force represented a creative and groundbreaking way to address the organizational issues faced by a federal agency. The Task Force was assembled to engage a broad spectrum of employees and critical stakeholders in identifying and understanding essential workforce issues and designing innovative, workable solutions. Task Force members represented every operating division in the Service, including front-line employees as well as participants from leadership development and executive readiness programmes.

The Task Force worked closely with the Human Capital Office, which provided subject matter expertise and is taking responsibility for implementation of a majority of the recommendations. There was also close collaboration with the National Treasury Employees Union (NTEU) leadership, which offered important insights in working sessions and in some cases helped to enable more rapid rollout of important initiatives by offering expedited bargaining. Cross-functional teams within the Task Force spent eight months conducting research, developing solutions and pilot testing recommendations to produce a roadmap of initiatives to address the Service's greatest workforce challenges. The Task Force developed 58 recommendations in six focus areas to address the Workforce of Tomorrow goals.

Focus areas included:

1. Planning a dynamic people strategy. Create a sustainable and flexible workforce planning strategy that is responsive to external taxpayer and labor market trends and to the evolving plans and initiatives of the Service in a way that informs senior leaders' key decision-making. The Service now has detailed attrition models and hiring needs for over 500 cities across the country and has the structure to plan for future workforce evolution.

2. Attracting the best. Create an organization-wide recruiting strategy that supports and balances all division needs, includes consistent corporate messages and enables local ownership and execution

3. Streamlining hiring. Redesign the hiring process to reduce the time necessary to hire by 50 percent, making it more efficient and responsive to both candidates and managers, and improving the quality and fit of new hires for all positions

4. Enhancing the role of managers. Reset the expectations of and for managers to make the role more attractive and to reinforce a culture of leadership at the Service

5. Growing future leaders. Enhance leadership development at all levels to ensure that the best leaders are identified, developed and placed in the right positions throughout their careers

6. Valuing and retaining our people. Create a culture in which every employee is valued and empowered to contribute to his/her own success and the success of the organization. The Service is revamping its Career Management Resource Centre website to provide employees an avenue to identify career path goals, educational opportunities and necessary competencies for particular occupations.

Source: IRS Workforce of Tomorrow Report, 2009.

- High performing organisations tend to score highly in staff engagement, satisfaction and motivation, sharing the results of surveys of these areas with staff, and involving them in the selection, design and implementation of changes determined to be needed—refer examples in Boxes 18 and 19. It is important to note that everyone has a role to play in this – it is not just the responsibility of the senior leadership. Around 80% of countries surveyed conduct periodic surveys of staff attitudes, although the frequency of surveys varies from twice per year to once every two or three years in different countries. Of those who survey staff, only one country does not share the findings of such surveys with staff. Two others also do not consult with staff on the survey to develop and implement actions plans in response to survey or assessment findings. For those countries, this is probably an opportunity which should be considered.

Box 18. Finland—Gauging staff engagement, satisfaction & motivation

As highlighted in its 2009 annual report, the revenue body's staff continue to exhibit job satisfaction survey result s continue to improve. The results of the VMBaro job satisfaction survey improved again in 2009. Improvement could be seen in nearly every area. The Tax Administration scores for all main areas were better than the scores in the rest of the public service. The staff provided the best score for job content and challenge.

Up to 75% of the staff was satisfied or very satisfied with job content and challenge. The work atmosphere and co-operation also received good scores in the Tax Administration: 62% of respondents were satisfied with fair and equal treatment from their colleagues. Tax Administration employees are also very satisfied with their opportunities to combine work and private life. The employer tries to take different life situations into consideration in a flexible manner. The Tax Administration uses a variety of working time models that range for flexible working time to the use of a working time accounts.

Results of job satisfaction surveys at the Tax Administration, 2005–2009

Scale1–5, 1 = very dissatisfied and 5 = very satisfied

	2005	2006	2007	2008	**2009**
Supervisors	3.28	3.34	3.39	3.41	**3.45**
Job content and challenge	3.64	3.66	3.69	3.68	**3.69**
Pay	2.66	2.72	2.80	2.89	**2.98**
Self-improvement	3.28	3.31	3.32	3.36	**3.38**
Workplace atmosphere and co-operation	3.56	3.59	3.65	3.65	**3.68**
Physical environment	3.61	3.62	3.67	3.64	**3.62**
Openness of communication	3.13	3.16	3.21	3,21	**3.22**
Employer image	3.27	3.26	3.33	3.40	**3.39**
Total	3.32	3.35	3.40	3.42	**3.45**

Source: Finland Tax Administration's (Vero) Annual Report 2009.

Box 19. Singapore—Gauging staff engagement, satisfaction & motivation

Staff satisfaction, motivation and, most importantly, engagement are widely understood to have a direct link to an organisation's performance and achievement of strategic objectives. The results of the Singapore's Inland Revenue's Organisational Climate Survey demonstrate this point.

Organisational climate survey: Staff commitment to the organisation is enhanced when they have a part to play in making IRAS a better workplace. The biennial Organisational Climate Survey (OCS) is one of the key channels for staff to provide feedback on IRAS' development and initiatives, and helps in identifying the areas of improvement which would make working in IRAS more rewarding and meaningful for staff. We engaged Towers Perrin-ISR to conduct the OCS 2009 in February 2009. Close to 93% of our staff participated in this survey.

IRAS – a great place to work: Our continuing efforts to make IRAS a more meaningful and rewarding workplace has yielded positive results. In 2009, 70% of our staff are satisfied or very satisfied working in IRAS. This is much higher than the 57% in 2007 and also 6% higher than that of the Towers Perrin-ISR Singapore National Norm.

Source: Staff satisfaction and engagement: Inland Revenue Authority of Singapore Organisational Climate Survey, Annual Report 2008-9.

- There is a statistically significant variation between OECD and non-OECD revenue bodies in these aspects of HRM strategy, with only 14% of OECD bodies' responses being negative across this basket of indicators, compared to 47% for non-OECD revenue bodies. The fact that a higher proportion of non-OECD revenue bodies do not survey their staff on satisfaction, etc, communicate results and engage them in designing action plans resulting from these surveys is a significant component of this.

Changes in policy in aspects of HRM within revenue bodies

10. Many revenue bodies (63%) reported that they have major policy changes planned or underway in at least of one of the following key HRM areas: recruitment; training; performance management; and reward and remuneration, with a significant proportion (46%) planning changes in more than one of these major areas (see Table 12)—see Box 20 for a number of examples. The same proportion (43%) are planning changes in recruitment policy as training policy, just slightly less (41%) in performance management, and 26% in reward and remuneration. It is perhaps not surprising with the much reported squeeze on public sector expenditures that revenue bodies have less freedom in the area of reward and remuneration, although more innovation in terms or reward other than remuneration might help revenue bodies overcome some of their other HRM challenges. Such an innovation is reported by Argentina where a new benefit has been introduced for those officials who have no absence other than annual leave.

Box 20. Revenue body examples of major HRM policy change

Australia: In 2009-10, the ATO began redesigning and implementing centralised service delivery models for key People System functions, including workforce supply and learning and development, to provide more efficient services and to bring a stronger enterprise approach to shaping the ATO's current and future employment environment. A major review of the ATO performance system, including the reward and recognition scheme, commenced in 2008-09 with subsequent recommendations to be implemented from 2009-10 onwards. This review was undertaken to refresh the performance system and realign it with the ATO Values and other People System strategies and programmes.

Belgium Federal Public Service Finance: An HRM management "cockpit" was created, base upon the "balanced scorecard"-principle (BSC). Starting from a strategic map covering the key HRM activities of the organisation, Key Performance Indicators (KPIs) were identified. The advantage of linking the KPIs in the BSC allows measuring the strategic action as a whole of linkages between the objectives of the 4 approaches (results – innovation – client/quality – process). Each year, the totality of the "performance management" process will be updated to adapt to the occurred changes (e.g. changes in organisational structure). It allows starting up a HRM cycle.

UK HM Revenue and Customs: In the UK, the new Coalition Government introduced a recruitment freeze from May '10 except for agreed business cases for 'frontline' or 'business critical' recruitment. Total Reward is being introduced. A Workforce Management Programme is underway to enable HMRC to meet its headcount efficiency targets and to ensure that HMRC achieves the greatest efficiency and cost effectiveness by having the right number of people, with the right skills, working at the right grade and in the right locations. Additionally, Next Generation HR (NGHR) is a programme which will introduce one Civil Service HR for all government departments over the next Spending Review period, with consequential changes over time to individual departmental policies.

Source: CIS survey responses.

11. Less than half (43%) of revenue bodies reported that they have plans to dealing with anticipated staff or capability increases or reduction (see Table 20). Often, a requirement for an organisation to reduce staffing levels goes hand in hand with a requirement to increase capability. Over the past year, 63% of revenue bodies reported reductions in headcount, some of them significant. Others reported significant reductions over recent years (and planned in the coming years) in their operational budgets. In most revenue bodies the majority of the operational budget is spent on staff, so reductions in budgets have a significant impact on numbers of staff revenue bodies are able to maintain. To be able to continue to achieve objectives in times of an often increasing scope of responsibility combined with reductions in budgets and staffing levels, an increase in both organisational an individual capability is likely to be required.

Staff recruitment and appointment

12. Governments in most countries give some autonomy to their revenue body for determining: 1) the numbers and types of staff to be hired; 2) the skills and qualifications required for specific jobs; 3) the duration and types of employment contracts; and 4) the location of staff (see Table 13). Only Japan and Indonesia reported a lack of autonomy in any of these areas. However, there is fairly wide variation in the extent of the autonomy, and most countries have autonomy governed by laws or budgetary constraint determined at Governmental level, most usually by the Ministry of Finance. Over 80% of revenue bodies reported they have some autonomy within certain limitations in deciding the skills and qualifications required for specific

jobs, 76% in location of staff, 74% in duration and types of contract, and 65% in the number and types of staff to be hired. Recruitment freezes were reported by a number of revenue bodies.

13. Whilst external recruitment is clearly down in most revenue bodies, a number referred to improved and occasionally innovative recruitment processes—see examples in Box 21. The most frequent cited improvement is in time taken to recruit.

Box 21. Revenue body examples of innovative recruitment practices

Canada: Strategic recruitment and reduced time to staff: Attracting, developing and retaining talent has remained a key priority. As such, important and fundamental steps towards advancing the Competency Based Human Resources Management (CBHRM) regime were taken in 2008-2009, including the continued use of mandatory pre-qualification processes (PQPs) and the launch of the Migration to End-State PQPs project. This initiative supports the recommendations outlines by the Office of the Auditor General of Canada as a result of the audit conducted in 2007-2008 on the CRA's use of new human resources authorities and contributes to the evolution of more effective staffing and timely acquisition of talent.

Italy: In 2009, the Revenue Agency (Agenzia Entrate) experimented with a blended learning project in a public competition for 1,180 new officials. Their training included classroom training, training on the job with a tutor, self-training, e-tutoring, and a final interview. Only those applicants with good results at each step of the selection process were hired. For the Revenue Agency, this resulted in a significant reduction in training costs, a faster entry procedure for staff with a great potential whose behavior is in line with the Agency's principles and values, a development of innovative methods of training.

Source: CIS survey responses.

14. Only 7 revenue bodies (15%) reported that they do not publish clearly defined qualification and experience requirements and make appointments based on the most suitable candidates selected against these criteria into any position. A number of countries reported that whilst their requirements are not published, they are assessed prior to any recruitment exercise, and used to inform the recruitment process. India has separate recruitment agencies (public sector commissions) for staff and officers working across the civil service, and others, e.g. Ireland and Luxembourg have an equivalent public sector appointment service, whilst in the Slovak

Staff development

15. Most revenue bodies are undertaking staff development in the areas of risk management (80%), financial management (75%) and commercial awareness (72%) – see Table 13. Almost half utilise networks with external organisations including legal and accounting firms, at least in part to help develop commercial awareness skills of their staff. A number, including Australia, Ireland (see Box 22), Mexico, The Netherlands and Singapore, have partnered with universities or other educational establishments to deliver either broad tax professional training leading to a recognised qualification, or targeted training in specific areas including but not limited to the topics surveyed in this report.

16. In the area of risk management, for example, in Argentina activities have been developed in co-operation with other state entities that address risk issues (drug trafficking, money laundering, etc) with the Central Bank of Argentina, the National Securities Commission, the Federal Police and the Escuela Nacional de Inteligencia (National Intelligence School), among others.

Table 13. Aspects of staff recruitment and development

Country	Staff recruitment and appointment/1		Staff development in areas of/2			
	Autonomy / flexibility exists in these areas: Number and type of staff-N Skills & qualifications-S Duration of contracts-D Location of staff-L	Appointments based on merit (e.g. skills, & experience)	Commercial awareness using networks of externals (e.g. large corporates)	Commercial awareness using other initiatives	Risk management skills	Financial management skills
1) OECD countries						
Australia	N, S, D, L	✓	✓	✓	✓	✓
Austria	N/1, S, D, L	✓	×	✓	✓	✓
Belgium	N/1, S, D, L	✓	✓	✓/2	✓	✓
Canada	N, S, D, L	✓	✓	✓	✓	✓
Chile	N, S, D, L/1	✓	✓	×	✓	✓
Czech Rep.	S, D, L	✓	×	✓	✓	✓
Denmark	S, D	×/1	✓	✓	✓	✓
Estonia	N, S, D	✓	×	✓	✓	✓
Finland	S, D, L, /1	✓	✓	✓	×	×
France	L/1	×	✓	×	✓	✓
Germany	N/1, D, L	✓	×	✓	✓	✓
Greece	/1	×/1	×	×	×	×
Hungary	D, L/1,	✓	×	×	✓	✓
Iceland	N, S, D/1, L	✓	×	×	×	×
Ireland	N/1, S /1, D, L	✓/1	✓/2	✓	✓	✓
Israel	S, D, L	✓	×	×	×	✓
Italy	N, S, D, L	✓/1	×	×	✓	✓
Japan	/1	✓	✓	×	✓	✓
Korea	D/1	✓	✓	✓	✓	✓
Luxembourg	S, L/1	✓	✓/1	✓/2*	✓/2**	×
Mexico	S, D, L, /1	✓	✓	✓	✓	✓/2
Netherlands	N/1, S, D, L	✓	✓	✓/2	✓	✓
N.Zealand	N, S, D, L	✓	✓	✓	✓	✓
Norway	N, S, D, L	✓	✓	✓	✓	✓
Poland	N, S	✓	×	×	×	✓
Portugal	L	✓	✓	✓	✓	✓
Slovak Rep.	N/1, S, D, L	✓	×	✓	✓	✓
Slovenia	S, D, L	✓	×	×	✓	✓
Spain	N, S, L, /1	✓	×	×	✓	×
Sweden	N, S, D	✓	×	×	×	×
Switzerland	S	✓	✓	✓	✓	✓
Turkey	N, D, L	×	✓	✓	×	×
UK	N, S, D, L	✓	✓	✓	✓	✓
USA	N, S, D, L	✓	✓	✓	✓	✓
2) Selected non-OECD countries						
Argentina	N, S, D, L	✓	✓/2	✓	✓	✓
Bulgaria	N, D, L	✓	×	✓	✓	✓
China	N/1, S, D, L	n.avail.	×	×	✓	✓
Cyprus	S, D, L, /1	✓	×	✓	✓	✓
India	N/1, S, D, L	×	×	✓	✓	✓
Indonesia	n.avail.	×	✓	✓	✓	✓
Latvia	N, S, D, L	✓	×	×	✓	✓
Lithuania	N, S, L	✓	×	×	✓	×
Malaysia	N, S, D, L /1	✓	✓	✓	✓	✓
Malta	N/1, S	✓	×	×	✓	✓/2
Romania	S, D, /1	✓	×	×/2	✓	×
Russia	N, S/1	✓	✓	✓	✓	✓
S.Arabia	N, S, L /1	✓	×	✓	×	✓
Singapore	N, S, D, n.avail.	✓	×	✓	✓	×
S.Africa	N, S, D, L	✓	×	×	×	✓/2

Sources: Country survey responses. *(Table notes are located at end of Report.)*

Box 22. Ireland—Revenue and external recruitment

Revenue has implemented a policy of external recruitment to support the development of commercial awareness among its senior technical staff. One of the Revenue's objectives is to gain as full an understanding as possible of the tax related issues facing large cases; their approach to dealing with those issues; their performance in managing their tax affairs; their tax related strategies; and their capability in relation to the proper management of their tax affairs. In order to develop this understanding, we maintain regular dialogue with our case-base. Revenue also takes an active approach to making its views clear to its cases and seeking improvements where it considers there are shortcomings in their management of their tax affairs. Revenue also undertakes audit programmes and its focused engagement with large business is prioritised according to identified or perceived risks. Each large case has been assigned a Case Manager whose role is to –

- Monitor the case's compliance with its tax and duty obligations;
- Act as a single point of contact in Revenue for the large business and ensure the provision of a high quality customer service;
- Promote the cooperative compliance approach;
- Orchestrate any intervention and enforcement follow-through that is required where there is a breakdown in return or payment compliance across any of the taxes or duties;
- Establish and maintain risk profiles of large cases' and,
- Inform and participate in any audit interventions for their cases.

Source: Survey responses.

Performance management

17. Performance management systems are in place in all except 4 revenue bodies (91%), although a much smaller proportion (64%) do not set objectives for each member of staff at the start of the performance period – see Table 14. Most bodies (84%) review the performance of each staff member at least annually, and it is very rare for objectives to be set for a staff member who is not subject to formal performance assessment. The use of 360 degree assessment systems has been reported by a small number of revenue bodies (e.g. Mexico) where an individual's performance is assessed by his/her supervisor, co-workers, clients and subordinates. Many bodies reported that they are in the process of developing new performance management processes and systems.

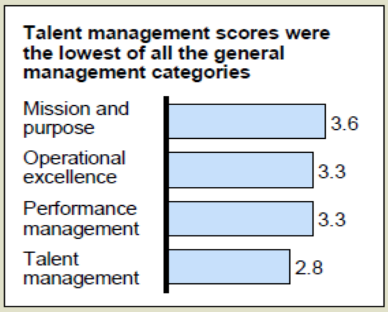
Talent management

18. Although a small number of revenue bodies' annual reports make reference to talent management, a recent McKinsey international benchmarking study found this generally to be an untapped opportunity for some 13 selected revenue bodies (virtually all covered by this series) that were part of an international benchmarking study undertaken by it (see Box 23).

Box 23. Talent Management –

Talent management

The four areas identified and described in the prior pages were those that, among the nearly 100 areas we investigated, repeatedly correlated with tax administration success. Talent management also stood out. Scores on elements of talent management showed some of the lowest averages of any element measured. Given that these low scores were near universal, there was little correlation shown between talent management elements and high performance.



We believe, however, that these low scores represent a substantial, unrealized opportunity to drive performance through improvements to talent management practices. In the public sector, structured coaching and mentoring, stretch opportunities and career flexibility, and non-monetary rewards for performance have proven to be major drivers of performance improvement. Applying these principles has the potential to result in substantial improvements in tax administration performance.

Source; McKinsey and Company; The Road to Improved Compliance; A McKinsey benchmarking study of tax administrations (2008-09)

Table 14. Performance management and remuneration

Country	Performance Management/1			Remuneration/2	
	A performance management system is in place	Objectives set for each staff at start of performance period	Performance of each staff member formally evaluated at least annually	Pay levels tied to public sector pay scales	Flexibility to reward good performance
1) OECD countries					
Australia	✓	✓	✓	×	✓/2
Austria	✓	✓/1	✓	✓	✓
Belgium	✓/1	×	×	✓	×
Canada	✓	✓	✓	✓/2	✓
Chile	✓	×	✓	×	✓/2
Czech Rep.	✓	✓	✓	✓	✓
Denmark	✓/1	×	✓	✓	✓
Estonia	×	×	✓/1	✓	×
Finland	✓/1	×	✓	✓	✓/2
France	✓/1*	×/**	✓/1***	✓	✓/2
Germany	✓/1	×	×	✓	✓/2
Greece	×	×	✓	✓	×
Hungary	✓/1	✓	✓	×	✓/2
Iceland	×	×	×	✓	✓/2
Ireland	✓	✓	✓	✓	×
Israel	✓	✓	✓	✓	✓/2
Italy	✓/1	×	×	✓	✓/2
Japan	✓	✓	✓	✓	✓/2
Korea	✓	✓	✓	×	✓/2
Luxembourg	✓/1	✓/1	✓/1	✓	×
Mexico	✓	✓	✓/1	✓	×
Netherlands	✓	✓	✓	✓	✓/2
N.Zealand	✓	✓	✓/1	✓	✓/2
Norway	✓	✓	✓	✓	✓/2
Poland	✓	✓	×	✓	✓
Portugal	✓	✓	✓	✓	✓
Slovak Rep.	✓/1	×	×	✓	✓/2
Slovenia	✓	×	✓	✓	✓
Spain	✓	✓	✓	✓	✓/2
Sweden	×	×	✓/1	×	✓/2
Switzerland	✓	✓	✓	✓	✓/2
Turkey	✓	✓	✓	×	×
UK	✓	✓	✓	×	✓/2
USA	✓	✓	✓	✓	✓/2
2) Selected non-OECD countries					
Argentina	✓	✓	✓/1	×	✓/2
Bulgaria	✓	✓	✓	✓	✓/2
China	✓	×	✓	✓	×
Cyprus	✓	✓/1	✓	✓	×
India	✓	✓	✓	✓	×
Indonesia	✓/1	×	✓	×	✓/2
Latvia	✓	✓	✓	✓	×
Lithuania	✓	×	✓	✓	×
Malaysia	✓	✓	✓	×	×
Malta	✓	✓	✓	✓	✓/2
Romania	✓	✓	✓/1	✓	n.avail.
Russia	✓/1	×	×	✓	✓/2
S.Arabia	×	×	✓	✓/2	✓/2
Singapore	✓	✓	✓	×/2*	✓/2**
S. Africa	✓/1	✓	✓	×	✓/2

Sources: Country survey responses. *(Table notes are located at end of Report.)*

Reward and remuneration

19. The great majority of countries(77%) have staff remuneration levels tied to wider public sector pay scales, and the same proportion have flexibility to reward good performance (although there are some variations in the countries concerned)—see Table 14.

20. The nature of reward mechanisms vary greatly and include; monthly, quarterly or annual bonuses. These can be a significant proportion of an employee's total remuneration, e.g. in

Finland performance pay is up to 48% of total remuneration and in the Slovak Republic personal bonuses can be up to 100% of the employee pay scale. In many countries there are limited to senior staff only. France also has a system of collective or profit sharing bonuses based on the performance of the whole Department of Budget Control (DGFiP). A number of countries have a defined percentage of the total salary budget available for awarding performance bonuses. In addition to performance awards, the USA also has the ability to award special act awards, quality step increases, time off awards, and non-monetary Commissioner and Division Commissioner framed certificates.

Box 24. South Africa – Leadership development programme architecture

Especially in times of financial austerity, when budgets are under pressure, when there freezes on recruitment and often promotion, when pay progression is constrained, when there is a focus on performance management etc, an organisations ability to engage and motivate its workforce will be dependent on its leadership ability. Many revenue bodies recognise the need to support and promote leadership development, and a number describe how they are going about this in their annual reports.
The extract below illustrates the South African Revenue Service – Leadership Development programme architecture.

The leadership development programme architecture

In order to leverage the feedback from the "goodness of fit" process and career model assessments, SARS commissioned the design of the leadership development programme, based on identified developmental opportunities (focusing on team leaders, middle and senior managers). In 2008 a sample of about 110 managers formed part of the pilot group to customise the intervention to engage on this programme.

Along with other initiatives, the SARS leadership development programme seeks to contribute to improving several competencies as identified in the SARS Leadership Competency Framework. Below is the leadership model:

Higher Purpose and Integrity
- Championing the Mandate
- Responsibility for Social Impact

Empowering Delivery
- Driving Excellence
- Mobilising Teams

Transformation
- Developing others
- Building Sustainability
- Leveraging Diversity
- Influencing Others

Insight
- Conceptual Thinking
- Accurate Understanding
- Humility

Source: SARS Annual Report 2009

Staff metrics—Staff numbers and attrition, age profiles and qualifications

Staff numbers - attrition

21. Attrition rates vary considerably across surveyed countries with a minimum of 0.8% in Malaysia to a maximum of 14% in Latvia – see Table 15. Although both these highest and lowest figures are reported in non-OECD countries, they are by no means exceptional, with other countries (Bulgaria, China, Cyprus, Lithuania, Romania and Saudi Arabia) all reporting attrition rates below 2%, and Mexico and the UK both also reporting attrition rates above 10%. The overall average is 4.7%, with an average for OECD countries of 5.5%, and for non-OECD countries of 4.3%. Some of these highs and lows are influenced by the current global economic climate, where in some countries employees are less likely to leave in uncertain economic times, whilst in others budgetary reductions are driving headcount reductions.

Table 15. Staff metrics

Country	Staff numbers/1				Age profile (% within age ranges)/1				Degree or equivalent qualification (%)/2
	At start of FY09	Recruited in FY09	Departures in FY09	Attrition rate* % (2009)	< 30 years	30-50 years	50-60 years	> 60 years	
1) OECD countries									
Australia	22,524	656	1,112	4.9	11	58	26	5	35
Austria	7,806	155	229	2.9	6	63	29	2	8.2
Belgium	16,776	314	603	3.6	6	52	39	3	26.9
Canada/1	34,742	1,285	1,844	5.3	6	56	32	6	n/a
Chile	3,918	188	111	2.8	10	63	19	8	68
Czech Rep.	15,552	1,237	1,245	8.0	8	56	36	0	35
Denmark	8,270	64	670	8.1	2	48	37	13	16
Estonia	1,951	53	57	2.9	15	51	25	9	74
Finland	5,930	117	384	6.5	5	40	40	15	38
France/1	123,130	3,155	4,416	3.6	5	49	43	3	most
Germany	113,010	2,373	3,164	2.8	12	51	31	6	3
Greece	10,184	14	411	4.0	<1	41	49	9	61
Hungary	15,120	987	779	5.2	17	53	28	2	64
Iceland	94	8	4	4.3	14	45	20	21	56
Ireland	6,577	46	570	8.7	9	55	33	3	n.avail.
Israel	n.avail.	n.avail.	n.avail.	n.avail.	n.avail	n.avail.	n.avail	n.avail.	n.avail.
Italy	n.avail.	n.avail.	n.avail.	n.avail.	n.avail	n.avail.	n.avail	n.avail.	n.avail.
Japan	56,216	1,552	1,789	3.2	14	59	27	0.02	n.avail.
Korea	19,652	1,412	500	2.5	15	68	17	<1	79
Luxembourg/2	910	27	22	2.4	17/2	63/2	16/2	4/2	4/2
Mexico	33,742	5,389	4,677	13.8	22	62	13	3	72
Netherlands	30,894	646	808	2.6	6	48	40	6	30
N.Zealand	6,050	650	493	8.1	22	52	18	8	30
Norway	6,115	710	502	6.0	5	52	32	11	42
Poland	64,940	3,378	3,823	5.9	15	63	22	<1	76
Portugal	11,153	15	432	3.9	<1	52	43	4	37
Slovak Rep.	5,712	365	360	6.3	10	56	32	2	71
Slovenia	2,554	103	141	5.5	5	67	26	2	30
Spain/1,2	27,951	319	515	n.avail.	n.avail	n.avail.	n.avail	n.avail.	n.avail.
Sweden/1	10,802	264	717	6.6	5	44	30	21	57
Switzerland	985	45	30	3.0	20	65	10	5	60
Turkey	42,276	1,372	1,475	3.5	6	76	17	1	69
UK	88,875	292	11,110	12.5	13	57	26	4	30
USA/1	101,759*	17,577**	13,515***	5.4***	10	45	36	9	40
2) Selected non-OECD countries									
Argentina	21,213	2,448	495	2.3	8	56	28	8	50
Bulgaria	7,528	81	95	1.3	9	67	24	0	77
China	737,000	21,000	8,000	1.1	9	77	14	0	?
Cyprus/1,2	859	5	10	1.2	7	53	37	3	52/2
India	42,108	n.avail.	n.avail.	n.avail.	n.avail	n.avail.	n.avail	n.avail.	n.avail.
Indonesia	30,960	1820	955	3.1	33	56	11	0	43
Latvia	5074	780	n.avail.	14	26	49	25	n.avail.	n.avail.
Lithuania	3,985	133	432	1.1	14	49	32	5	77
Malaysia	9,576	447	81	0.8	26	59	15	0	50
Malta/2	374	10	22	5.9	10	58	31	1	6 / 2
Romania/1	31,361	22	597	1.9	7	67	24	2	77
Russia	166,582	17,783	20,975	13.6	33	48	18	1	88
S.Arabia	1,104	80	21	1.9	13	79	8	1	29
Singapore	1,654	174	120	7.3	30	55	14	1	58 (Est.)
South Africa	14,548	1,176	978	6.7	22	68	9	1	55 (Est.)

Sources: Country survey responses. *(Table notes are located at end of Report.)*
*Attrition Rate=(Number of Departures in 2009)/(Number of staff at start of 2009), Est.=Estimation, FY: fiscal year

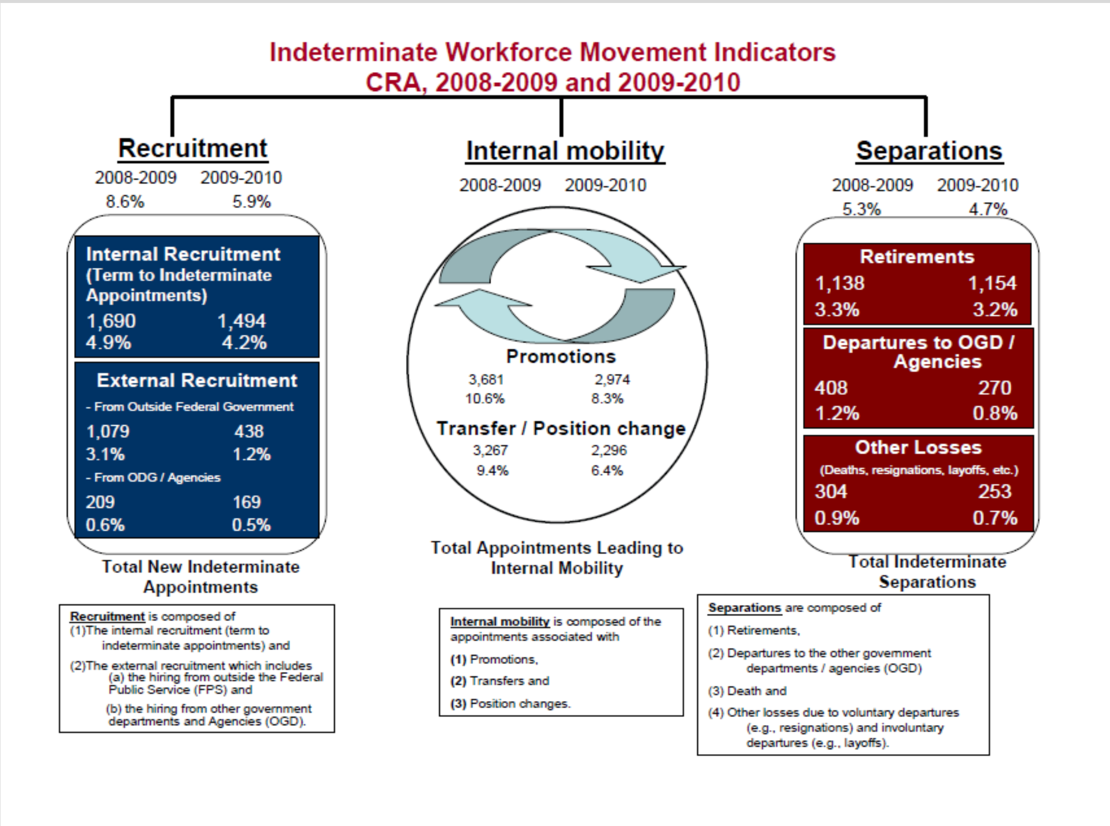
External churn

22. Even more dramatic than attrition rates are the rates of total external staff churn within revenue bodies, i.e. the total impact of both external recruitment and attrition – those joining and leaving the organisation. Across the total surveyed population (including only those countries that were able to provide this data) the average churn was 10%, with 10 countries reporting a churn of 15% or more and maximum levels reported by Mexico at 30% and the USA at 31%. Accepting that this can include quite significant number of short term hires, as in the case of the USA this, nevertheless this imposes a huge workload on the organisation. The management and human resources effort needed to provide effective support to bring in and manage out such large proportions of staff cannot be underestimated.

Total churn

23. As well as the external churn, revenue bodies have to manage the internal churn – those people who move jobs, get promoted, take career breaks or secondments etc, which adds another significant but here unquantified burden on their HR capacity and processes. The series does not attempted to address this issue for this series, but it cannot be forgotten. A useful example of a revenue body's tracking and planning for this churn is shown in an extract from the Canada Revenue Agency's Strategic Workforce Plan—see Box 25.

Box 25. Canada—Workforce Movement Indicators



Source: Canada Revenue Agency: Agency Strategic Workforce Plan (internal document)

Age profiles of revenue body

24. Drawing on the data in Table 15, there are significant variations between the age profiles of revenue bodies' staff when viewed by regional and OECD/ non-OECD categories, more than likely resulting from a broad range of cultural, economic, and sociological factors (e.g. economic maturity, extent of revenue body automation, morbidity, and recruitment, remuneration, and

retirement policies) and suggesting substantial differences in relative levels of experience of revenue body officials across the different groupings.

Countries /1	Percentage of staff by age bands			
	<30 years	30-50 years	50-60 years	>60 years
Regional groupings				
North America	8	51	34	8
Central and South America	13	60	20	6
Northern Europe	11	47	30	12
Southern Europe	9	57	31	3
All Europe	10	54	31	6
Russia	33	48	18	1
Middle East	10	77	13	1
South Africa	22	68	9	1
Asia	21	62	16	<1
Pacific	17	55	22	7
OECD Countries	10	55	31	4
Non-OECD countries	14	70	15	<1

/1. Data reflects information in Table 15 for all countries except India, Israel, Italy and Spain

Qualifications

26. University or degree-level qualifications levels also vary significantly, with less than 25% of staff qualified at equivalent to degree level in nine revenue bodies, 25-49% in 14 bodies, 50-75% in 12 bodies and over 75% in 6 bodies. The average rate of qualified staff in those bodies able to report this information was 46%. Nine revenue bodies were not able to provide this information.

27. A number of revenue bodies make explicit reference in their annual reports and /or business plans to their strategies and plans to increase overall qualification levels within their revenue bodies, either as a general aim or targeting specific skills.

Chapter 5. Resources of national revenue bodies

Outline

This chapter provides summary data and analyses concerning the resources allocated to revenue bodies to administer tax laws and, where applicable, other responsibilities. Various ratios are also presented as some of these are often used by revenue bodies and other parties in international comparisons of administrative practices and revenue body performance.

Key points

Aggregate salary and IT costs

- Aggregate salary costs vary widely within a band of 60-90% of aggregate administrative costs for the vast majority of revenue bodies; a factor explaining the relatively low salary costs in some revenue bodies appears to be the significant use of outsourcing for the provision of IT services).
- IT-related costs (both salary and other administrative costs)[49] are a significant component of the overall expenditure budget of many revenue bodies; across all revenue bodies, total IT-related costs were reported by 18 revenue bodies as exceeding 10.0% (with 11 reporting amounts in excess of 15%) of aggregate expenditure in the 2009 year, and for most or all prior years from 2005.
- The raw data available suggest a good correlation between the level of IT expenditure and relatively lower staff usage—of the 11 revenue bodies reporting IT expenditure > 15% of total expenditure, 9 display favourable staffing ratios (see Table 21).

Cost of collection and costs/GDP ratios

- Cost of collection ratios vary widely across revenue bodies, significantly influenced by structural and other factors unrelated to relative efficiency, of the kind described throughout this series (e.g. a country's legislated tax burden and the taxes collected).
- For the vast majority of revenue bodies, there is a decreasing trend in their respective ratios up to 2007/08, more than likely as a result of favorable economic circumstances contributing to buoyant tax receipts and reduced costs; however, for both 2008 and 2009 there is a clear upwards shift in the ratio for many revenue bodies, more than likely resulting from reduced economic activity and tax receipts in the aftermath of the global financial crisis.
- Taken as a whole, the data presented emphasise the need for considerable care when undertaking cross-country comparisons of the cost of collection ratio in the context of assessments of relative efficiency in order to avoid erroneous conclusions.
- The computed ratios for tax-related expenditure as a proportion of GDP vary significantly but there is a concentration of revenue bodies with a ratio in the region of 0.150 to 0.300% of GDP for most/all of the five years covered.
- Survey data reveal significant variation across revenue bodies in the relative distribution of staff resources by key functional groups, more than likely resulting from a complex mix of factors, and pointing to the need for substantial care when undertaking detailed cross-country benchmarking exercises.

[49] For survey purposes, IT expenditure was defined as the total costs of providing IT support for all administrative operations (both tax and non-tax related). Survey responses suggest that a fair number of revenue bodies were not able to readily isolate total IT-related expenditure.

The resources of national revenue bodies

1. The overall level of resources allocated for the administration of national tax laws is an important and topical issue for many Governments, their revenue bodies, and external observers. Governments in all countries have limits on the funds at their disposal for public sector administration (including for revenue bodies) and many are actively seeking to reduce public sector costs. For their part, revenue bodies must decide what is the optimal use of the funds allocated to them to administer the laws in the most efficient and effective manner.

2. As noted earlier in this series, most revenue bodies have some flexibility in deciding how their available funding is used for carrying out their responsibilities. Where this flexibility exists, resource allocation can be a highly critical part of the strategic planning process, enabling resource shifts to be made to meet changed/new emerging priorities.

3. This chapter provides a comprehensive description of the aggregate resource allocations made to revenue bodies to carry out their mandate, an array of comparative analyses and trend data, and some insights on likely developments in staffing, in particular for those revenue bodies where Government decisions have been taken to improve efficiency and/or downsize operations. Various ratios/indicators, etc. are presented as some of these are used regularly in international comparisons of tax administration systems. Given the "comparative" nature of this series, every effort has been made to exclude from relevant tabulations those revenue body resources attributable to non-tax functions, the nature of which is dealt with in Table 4 of Chapter 1. For the reasons outlined in this chapter and elsewhere in the series, considerable care should be taken when interpreting this information and in drawing any conclusions as to the relative efficiency and effectiveness of the individual revenue bodies identified.

Tax administration expenditure

4. This part focuses on the aggregate level of expenditure of revenue bodies to carry out their taxation and other mandated responsibilities. For comparison purposes, efforts have been made to separately identify the resources used (and costs of) tax and non-tax related functions. A number of ratios are used to make relative comparisons across surveyed bodies countries—where relevant, any known abnormal factors influencing the ratios for individual countries are also identified.

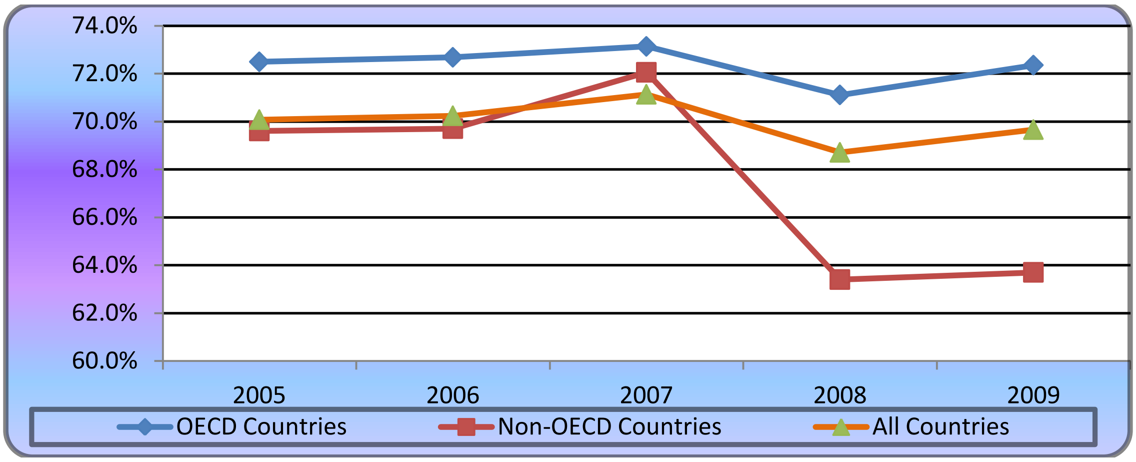
Aggregate expenditure

5. Tables 16 and 17 set out aggregate expenditure data for 2005 to 2009 (drawn from this and prior surveys), broken down to show the salary component[50] and revenue body estimates of total expenditure attributable to the use of information technology (IT). The key observations are as follows:

- Aggregate salary costs vary widely within a band of 60-90% of aggregate administrative costs for the vast majority of revenue bodies;
- Viewed over the five year period (2005-2009), aggregate salary costs as a share of total costs are reasonably consistent for OECD countries at around 72%; for none-OECD countries, the ratio is slightly lower overall and reduced in later years by the inclusion of new countries in this series.(see Chart 1)
- A factor explaining the relatively low salary costs in some revenue bodies appears to be the significant use of outsourcing for the provision of IT services, as in Australia, Denmark, Finland, Italy, New Zealand the United Kingdom (see Table 5 above).

[50] For survey purposes, salary expenditure was defined as the value of all remuneration paid to employees (including pension plan contributions etc) but excluding amounts paid to contractors and consultants.

Chart 1 Trend of average salary costs/aggregate administrative costs for tax functions (%)



Average salary costs/aggregate administrative costs for tax functions (%) 2005-2009					
Countries	**2005**	**2006**	**2007**	**2008**	**2009**
OECD Countries	72.5	72.7	73.1	71.1	72.4
Non-OECD Countries	69.6	69.7	72.1	63.4	63.7
All Countries	70.1	70.2	71.1	68.7	69.7

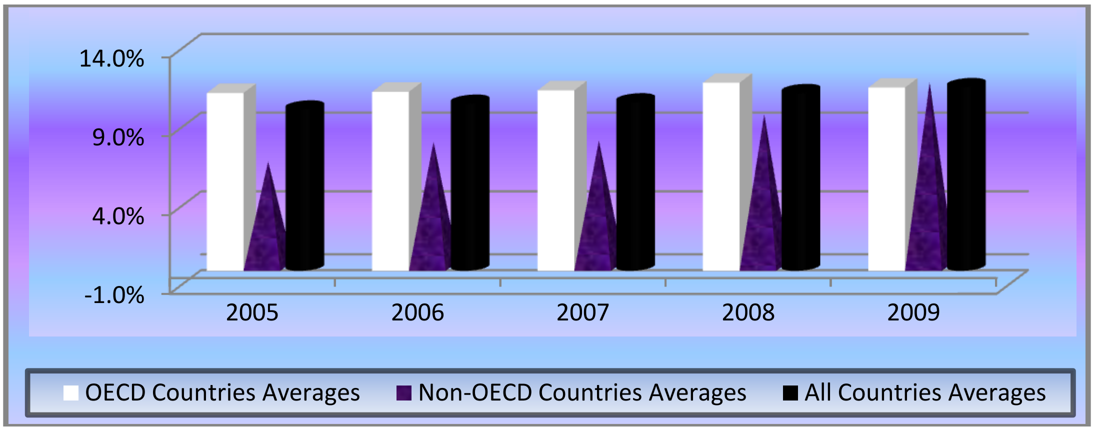
- Reported IT-related costs also vary widely in their relative magnitude which may result from a variety of factors (e.g. low real investment in IT, errors and inconsistency across revenue bodies in properly classifying IT-related expenditure, sharing of IT costs with other parts of MOF;

- Notwithstanding this wide variation, IT-related costs (both salary and other administrative costs)[51] are a significant component of the overall expenditure budget of many revenue bodies; across all revenue bodies, total IT-related costs were reported by 18 revenue bodies as exceeding 10.0% (with 11 reporting amounts in excess of 15%) of aggregate expenditure in the 2009 year, and for most or all prior years from 2005, see Chart 2;

- Viewed over the five year period 2005-2009, average IT cost for OECD countries are reported fairly consistently at around 11%-12% of total revenue body expenditures; for non- OECD countries the average investment in IT was much lower at the commencement of this period but has been rising consistently and now matches that seen, on average, in OECD countries.

[51] For survey purposes, IT expenditure was defined as the total costs of providing IT support for all administrative operations (both tax and non-tax related). Survey responses suggest that a fair number of revenue bodies were not able to readily isolate total IT-related expenditure.

Chart 2 Trend of average IT costs/aggregate administrative costs for all functions (%)



Average IT costs/aggregate administrative costs for all functions (%) 2005-2009					
Countries	**2005**	**2006**	**2007**	**2008**	**2009**
OECD Countries	11.3	11.4	11.5	12.0	11.6
Non-OECD Countries	6.6	7.9	8.0	9.7	11.7
All Countries	10.2	10.6	10.7	11.3	11.7

- Of the 11 revenue bodies reporting IT expenditure > 15% of total expenditure, 9 bodies display generally favourable staffing ratios (see Table 21), while the ratios for two of the remaining revenue bodies (i.e. Denmark and the Netherlands) are impacted by the inclusion of staffing for customs administration.

Ratio of administrative costs to revenue collections

6. It has become a fairly common practice for revenue bodies to compute and publish (e.g. in their annual reports) a 'cost of collection' ratio as a surrogate measure of the efficiency/effectiveness of their administration.[52] The ratio is computed by comparing the annual costs of administration incurred by a revenue body, with the total revenue collected over the course of a fiscal year, and is often expressed as a percentage or as the cost of collecting 100 units of revenue. Most revenue bodies tend to publish the ratio for a number of years and, all other things being equal, changes in the ratio over time should reflect movements in relative efficiency and/or effectiveness. This arises from the fact that the ratio is derived from a comparison of inputs (i.e. administrative costs) to outputs (i.e. tax revenue collections); initiatives that reduce relative costs (i.e. improve efficiency) or improve compliance and revenue (i.e. improve effectiveness) will impact on the ratio. In practice, however, there are a number of factors that may influence the cost/revenue relationship, but which have nothing to do with relative efficiency or effectiveness. Examples of such factors are elaborated in Box 26. Clearly, any analysis of movements in the trend of the ratio over time should pay regard to such factors.

[52] For example, this practice is followed by revenue bodies in Australia, Japan, Korea, New Zealand, Singapore, Slovenia, South Africa, United Kingdom, and United States.

Table 16 (Aggregate administrative costs for tax administration functions)
(All amounts in millions of local currency, unless otherwise stated)

Country	Aggregate administrative costs for tax functions (incl. Salaries & overhead)					Total salary costs for tax functions					Salary costs/aggregate administrative costs for tax functions (%)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
1) OECD countries															
Australia/1	2,217	2,303	2,318	2,608	2,702	1,541	1,626	1,652	1.570	1,702	69.5	70.6	71.3	60.2	63.0
Austria	364	381	399	546	541	293	306	328	345	365	80.3	80.2	82.0	63.0	67.4
Belgium	1,163	1,315	1,145	1,191	1,202	923	934	935	976	982	79.4	82.5	81.6	82.0	81.7
Canada/1	3,133	3,393	3,293	3,385	3,715	2,552	2,781	2,732	2,802	3,117	81.5	82.0	83.0	82.8	83.9
Chile	74,921	81,693	94,553	108,427	120,510	60,500	65,699	73,818	84,966	96,780	80.8	80.4	78.1	78.4	80.3
Czech Rep.	6,628	7,095	7,206	7,175	7,653	5,063	5,363	5,669	4,330	4,573	76.4	75.6	78.7	60.3	59.8
Denmark/1	5,686/1	4,977	4,971	5,184	5,133	3,818	3,345	3,404	n.avail.	n.avail.	67.2	67.2	68.5	n.avail.	n.avail.
Estonia/1	481	494	590	306	260	340	357	448	234	201	70.7	72.3	75.9	76.5	77.3
Finland	330	343	359	387	390	226	229	234	251	251	68.5	66.7	65.2	64.8	64.3
France	4,542	4,516	4,513	4,468	4,463	3,572	3,583	3,571	3,633	3,619	78.6	79.3	79.1	81.3	81.1
Germany/1	6,709	6,850	6,817	6,914	6,973	5,656	5,775	5,676	5,787	5,740	84.3	84.3	83.3	83.7	82.3
Greece	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Hungary/1	65,789	79,204	99,231	104,151	102,015	53,163	65,967	79,368	74,371	84,125	80.8	83.3	80.0	71.4	82.5
Iceland	n.avail.	n.avail.	n.avail.	1,092	1,149	n.avail.	n.avail.	n.avail.	585	606	n.avail.	n.avail.	n.avail.	53.6	52.7
Ireland/1	386	420	448	485	460	283	298	321	332	330	73.3	70.9	71.5	68.5	71.7
Israel	n.avail.	n.avail.	n.avail.	160.0	165.0	n.avail.	n.avail.	n.avail.	140.0	145.0	n.avail.	n.avail.	n.avail.	87.5	87.9
Italy/1	4,571	4,582	4,573	3,028	3,114	3,025	3,154	3,178	1,712	1,756	66.2	68.8	69.5	56.5	56.4
Japan	699,866	697,430	702,595	706,688	700,809	561,400	561,326	569,504	570,580	566,034	80.2	80.5	81.1	80.7	80.8
Korea	979,476	1,024K	1,082K	1,240K	1,301K	665,583	690,945	719,319	793,095	827,185	68.0	67.5	66.5	64.0	63.6
Luxembourg/1	72.0	75.6	81.2	84.8	91.1	60.5	64.0	66.4	68.4	74.1	84.0	84.7	81.8	80.7	81.3
Mexico	7,790	8,119	8,308	8,897	9,219	6,545	6,839	6,850	7,331	7,665	84.0	84.2	82.4	82.4	83.1
Netherlands	2,133	2,208	2,237	2,074	2,091	1,277	1,352	1,431	1,359	1,403	59.9	61.2	64.0	65.5	67.1
N.Zealand/1	320	336	365	389	431	198	209	230	243	277	61.9	62.2	63.0	62.5	64.3
Norway	3,660	3,850	3,901	4,011	4,214	2,192	2,322	2,460	2,567	2,748	59.9	60.3	63.1	64.0	65.2
Poland	3,013	3,066	3,257	3,012	3,062	2,218	2,283	2,340	2,159	2,230	73.6	74.5	71.9	71.7	72.8
Portugal	441	443	464	370	389	356	357	367	271	295	80.7	80.8	79.4	73.1	75.9
Slovak Rep.	3,158	3,192	3,185	n.avail.	n.avail.	1,374	1,514	1,581	n.avail.	n.avail.	43.5	47.4	49.6	n.avail.	n.avail.
Slovenia	90	102	92	98	101	60	61	63	67	69	67.4	59.8	68.2	68.4	68.5
Spain/1	1,195	1,247	1,323	1,418	1,405	796	836	888	971	1,027	66.6	67.0	67.1	68.4	73.1
Sweden/1	5,059	5,412	5,864	5,836	5,730	3,564	3,889	4,084	3,810	3,951	70.5	71.9	69.6	65.3	**69.0**
Switzerland	143	145	149	160	161	129	130	135	145	144	90.2	89.7	90.6	90.6	89.4

Country	Aggregate administrative costs for tax functions (incl. Salaries & overhead)					Total salary costs for tax functions					Salary costs/aggregate administrative costs for tax functions (%)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Turkey	1,043	1,153	1,275	1,421	1,607	677	760	872	960	1,062	64.9	65.9	68.4	67.6	66.1
UK	4,202	4,509	4,773	4,073	3,906	2,648	2,751	2,923	2,396	2,307	63.0	60.1	61.2	58.8	59.1
USA	10,398	10,606	10,765	11,307	11,709	7,439	7,561	7,702	7,960	8,371	71.5	71.3	71.6	70.4	71.5
2) Selected non-OECD countries															
Argentina	1,047	1,458	2,092	2,628	3,500	950	1,313	1,970	2,488	3,337	90.7	90.1	94.2	94.7	95.4
Bulgaria	152	127	129	154	161	90	87	98	118	137	59.2	68.5	76.0	76.6	85.1
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus/1	110	126	170	177	227	15	17	18	22	25	14.0	13.2	10.7	12.6	10.8
India	n.avail.	n.avail.	n.avail.	23,319	28,404	n.avail.	n.avail.	n.avail.	13,400	18,594	n.avail.	n.avail.	n.avail.	60.0	65.5
Indonesia	n.avail.	n.avail.	n.avail.	3,179K	2,991K	n.avail.	n.avail.	n.avail.	1,009K	1,115K	n.avail.	n.avail.	n.avail.	31.7	37.3
Latvia	33	41	52	58	45	22	25	32	42	31	66.7	61.0	61.5	72.4	68.9
Lithuania	196	206	226	245	194	128	147	155	179	151	65.5	71.2	68.6	73.1	77.8
Malaysia	640	701	895	852	1,094	426	443	602	436	429	66.4	63.1	67.3	51.2	39.2
Malta/1	9.7	9.6	8.8	8.9	10.0	6.0	6.0	5.7	5.9	6.0	62.2	63.0	64.4	66.5	59.4
Romania/1	500	690	1,044	1,152	965	363	517	799	990	937	72.7	75.0	76.6	85.9	97.1
Russia/1	n.avail.	n.avail.	n.avail.	92,299	87,667	n.avail.	n.avail.	n.avail.	61,336.9	59,805.5	n.avail.	n.avail.	n.avail.	66.5	68.2
S.Arabia/1	109	136	157	162	178	89	108	130	131	141	81.4	79.4	82.4	80.8	78.9
Singapore	183	184	189	223.8	240	109	102	110	132	132	59.2	55.3	57.9	58.9	55.3
S.Africa/1	4,312	5,135	5,134	6,130	7,074	2,505	2,935	3,125	3,472	3,755	58.1	57.2	60.9	56.6	57.2

Sources: Country survey responses. *(Table notes are located at the end of report.)*
K= in thousands

Table 17 (IT costs for all functions)

(All amounts in millions of local currency, unless otherwise stated)

Country	Total IT costs					IT costs/aggregate administrative costs for all functions (%)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
1) OECD countries										
Australia	420.5	487.2	506.5	452.4	500.2	17.2/2	19.4/2	19.6/2	15.1	16.5
Austria	58.5	61.1	65.5	85.6	73.9	6.3/2	6.7/2	6.9/2	12.0	10.4
Belgium	145.9	120.8	122.8	141.0	134.0	9.0/2	7.7/2	7.7/2	8.4	7.8
Canada	318	343	326	458	557	9.0/2	8.9/2	8.4/2	11.4	12.6
Chile	5,588	3,368	4,843	5,990	6,314	7.5	4.1	5.1	5.5	5.2
Czech Rep.	916.2	990.9	1,029.6	1,044.4	1,101.7	13.2/2	13.6/2	13.4/2	13.8	13.7
Denmark	851	864	863	838	923	13.0/2	15.1/2	15.1/2	14.5	16.1
Estonia	n.avail.	n.avail.	n.avail.	96	68	n.avail.	n.avail.	n.avail.	13.9	11.6
Finland	64.8	67.1	76.8	71.2	77.5	19.9	19.6	21.4	18.4	19.9
France	473	394	412	314	311	6.1/2	5.1/2	5.3/2	4.2	4.2
Germany/1	367	359	361	391	446	5.5	5.1	5.3	5.7	6.4
Greece	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Hungary/1	6,790.4	8,266.1	11,603.6	16,028.0	14.175.0	10.3	10.4	11.7	13.3	12.0
Iceland	n.avail.	n.avail.	n.avail.	325.0	349.3	n.avail.	n.avail.	n.avail.	29.8	30.4
Ireland/1	43.3	52.6	52.9	n.avail.	n.avail.	11.2	12.5	11.8	n.avail.	n.avail.
Israel	n.avail.	n.avail.	n.avail.	125	135	n.avail.	n.avail.	n.avail.	8.4	8.8
Italy	228.4	223.4	180.2	189.0	185.0	5.0	4.9	3.9	5.0	4.9
Japan/1	67,898	64,275	59,389	57,338	57,901	9.7	9.2	8.5	8.1	8.3
Korea	53,348	63,887	68,889	99,196	81,784	5.5	6.2	6.4	8.0	6.3
Luxembourg/1	n.avail.	n.avail.	n.avail.	4.19	4.97	n.avail.	n.avail.	n.avail.	4.9	5.5
Mexico	427.4	426.5	434.0	470.7	450.4	4.7/2	4.5/2	4.5/2	4.5	3.8
Netherlands	628	628	691	549	527	23.6/2	22.8/2	24.7/2	19.1	18.2
N.Zealand	79	87	106	130	127	18.4/2	18.1/2	19.9/2	21.2	19.3
Norway	639	658	670	727	733	16.8/2	16.4/2	16.5/2	17.7	17.0
Poland	n.avail.	n.avail.	n.avail.	154.2	87.0	n.avail.	n.avail.	n.avail.	5.1	2.8
Portugal	54.3	62	62.3	55.3	59.1	12.3	14.0	13.4	13.4	13.7
Slovak Rep.	725	475	448	n.avail.	n.avail.	22.2/2	14.4/2	13.6/2	n.avail.	n.avail.
Slovenia	4.85	6.56	6.82	n.avail.	n.avail.	5.5	6.4	7.4	n.avail.	n.avail.
Spain/1	79	85	69	87	76	6.6	6.8	5.2	6.1	5.4
Sweden/1	1,011	1,082	1,172	1,090	1,226	16.6/2	16.5/2	16.9/2	15.0	17.1
Switzerland	14	15	14	14	15	9.8	10.3	9.4	8.2	8.8

Country	Total IT costs					IT costs/aggregate administrative costs for all functions (%)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Turkey	45	15	47	n.avail.	n.avail.	4.3	1.3	3.7	n.avail.	n.avail.
UK/1	n.avail.	1,066	929	950	693	n.avail.	22.7	20.2	20.3	16.3
USA /1	1,669	1,685	1,629	1,785	1,743	16.1	15.9	15.1	15.8	14.9
2) Selected non-OECD countries										
Argentina/1	31.81	66.97	59.45	57.67	50.00	1.5 /2	2.5/2	1.5/2	1.1	0.7
Bulgaria/1	2	0.5	0.5	3.0	0	1.3	0.4	0.4	1.9	0
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus/1	0.1	0.1	0.1	0.3	0.4	0.1	0.1	0.1	0.2	0.2
India	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Indonesia	n.avail.	n.avail.	n.avail.	1,013,097	748,772	n.avail.	n.avail.	n.avail.	31.9	25.0
Latvia	5	10	16	7	8	7.4/2	13.0/2	16.0/2	9.5	14.8
Lithuania	30	29	27	26	13	15.2	14.0	12.0	10.5	6.8
Malaysia	8.60	17.10	35.96	128.8	334.2	1.3/2	2.4/2	4.0/2	12.1	27.6
Malta/1	0.01	0.01	0.01	0.91	0.95	0.1	0.1	0.1	8.3	7.8
Romania	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Russia	n.avail.	n.avail.	n.avail.	7,221	5,822	n.avail.	n.avail.	n.avail.	6.7	5.7
S.Arabia/1	4.9	14.0	5.3	1.8	11.7	4.5	10.3	3.4	1.1	6.1
Singapore	48.2	56.6	56.4	62.7	71.0	26.3	30.8	29.8	28.0	29.6
S.Africa	n.avail.	n.avail.	n.avail.	333.6	341.9	n.avail.	n.avail.	n.avail.	4.7	4.5

Sources: Country survey responses. *(Table notes are located at the end of report.)*

Box 26. Using the cost of collection ratio as an efficiency and/ or effectiveness

Observed over time, a downward trend in the 'cost of collection' ratio can constitute evidence of a reduction in relative costs (i.e. improved efficiency) and/or improved tax compliance (i.e. improved effectiveness). However, experience has also shown that there are many factors that can influence the ratio which are not related to changes in a revenue authority's efficiency and/or effectiveness:

- **Changes in tax rates*:*** The legislated rates of tax are an important factor in determining the cost/revenue relationship. In theory, a policy decision to increase the overall tax burden should, all other things being equal, improve the ratio by a corresponding amount, but this has nothing to do with improved operational efficiency or effectiveness.
- **Macroeconomic changes*:*** Abnormal changes in rates of economic growth etc. or inflation over time are likely to impact on the overall revenue collected by the tax administration and the cost/revenue relationship. This is especially likely to occur in countries that are prone to considerable volatility in the movement of such indicators.
- **Abnormal expenditure of the revenue authority*:*** From time to time, a tax authority may be required to undertake an abnormal level of investment (e.g. the building of a new information technology infrastructure, acquisition of more expensive new accommodation). Such investments are likely to increase overall operating costs over the medium term, and short of off-setting efficiencies, will impact on the cost/revenue relationship. The introduction of new taxes may also present additional up front administrative costs that initially impact on the cost/revenue ratio, but which are dissipated over time. (The use of accrual accounting may reduce the impact of these expenditures on the cost/revenue relationship.)
- **Changes in the scope of taxes collected by a revenue body*:*** From time to time, governments decide to shift responsibility for the collection of particular taxes from one agency to another. For example, in Australia, responsibility for administration of excises was moved from the Customs Authority to the Australian Taxation Office (ATO) in 1999; in the UK, responsibility for the collection of national insurance contributions fell for many years to the IRD but was excluded from 'cost of collection' computations until 1999/2000, when the IRD assumed a broader set of responsibilities in relation to its administration. For both agencies, the incorporation of a new revenue stream had a substantial positive impact on the ratio reported by the respective agencies.

As the 'cost of collection' ratio takes account of total revenue collections, there has been a tendency by some observers to use it as an indicator of effectiveness. However, its usefulness in this regard is limited for one fundamental reason. The difference between the amount of tax actually collected and the maximum potential revenue is commonly referred to in tax literature as the 'tax gap'. Put another way, the amount of revenue collected compared with the maximum potential revenue, expressed as a percentage, is the overall level of compliance or effectiveness achieved by the tax administration. All other things being equal, initiatives that improve compliance with the laws (i.e. improve effectiveness) will impact on the cost/revenue relationship. ***However, because the cost/revenue ratio ignores the revenue potential of the tax system, its value as an indicator of effectiveness is extremely limited.*** This is particularly relevant in the context of international comparisons - countries with similar cost/revenue ratios can be poles apart in terms of their relative effectiveness.

7. A summary of computed cost of collection ratios covering an extended (10 year) timeframe to highlight trends for surveyed revenue bodies is provided in Table 18.[53] The table displays known abnormal factors (e.g. the inclusion/ exclusion of SSCs, the inclusion of customs operations, unusual institutional setups) that may affect the ratios computed for individual revenue bodies and, therefore, their comparability with ratios for others.

8. The key observations are as follows:

- Cost of collection ratios vary widely across revenue bodies, significantly influenced by structural and other factors unrelated to relative efficiency, of the kind described throughout this series (e.g. a country's legislated tax burden and the taxes collected).
- For the vast majority of revenue bodies, there is a decreasing trend in their respective ratios up to 2007/08, more than likely as a result of favorable economic circumstances (contributing to buoyant tax receipts) and/or reduced costs; however, for both 2008 and 2009 there is a clear upwards shift in the ratio for many revenue bodies, resulting more

[53] These ratios have been computed using data provided by surveyed revenue bodies or extracted from official country reports (e.g. annual performance reports).

than likely from reduced economic activity and tax receipts in the aftermath of the global financial crisis.

- For a few revenue bodies, there have been significant changes in the ratio calculated as a result of ‘structural’ factors (e.g. new responsibilities involving the collection of new revenue streams (e.g. SSCs)).
- Taken as a whole, the data presented emphasize the need for considerable care when undertaking cross-country comparisons of the cost of collection ratio in the context of assessments of relative efficiency in order to avoid erroneous conclusions. (This matter is discussed in further detail at paragraph 11)

Table 18: Comparison of aggregate administrative costs for tax functions to net revenue collections/1

	Administrative costs for tax functions/net revenue collections (costs per 100 units of revenue)										Abnormal or unusual factors likely or known to influence reported ratio
Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	Trend	
1) OECD countries											
Australia/2	1.06	1.07	1.05	1.05	1.03	0.99	0.93	0.96	1.02	Unclear	
Austria	0.71	0.72	0.91	0.78	0.66	0.65	0.64	0.79	0.85	Increasing	High tax burden; revenue base <u>excludes</u> social security contributions (SSCs).
Belgium	n.avail.	n.avail.	n.avail.	1.89	1.42	1.35	1.40	1.27	1.40	Unclear	Revenue <u>excludes</u> SSCs.
Canada	1.08	1.20	1.33	1.17	1.31	1.35	1.22	1.14	1.33	Unclear	Revenue includes SSCs
Chile	n.avail.	n.avail.	0.89	0.88	0.69	0.63	0.60	0.66	0.90	Unclear	Revenue excludes SSCs. Costs exclude tax debt collection function carried out by separate agency
Czech Rep.	n.avail.	2.08	n.avail.	n.avail.	1.29	1.38	1.25	1.18	1.46	Unclear	Revenue <u>excludes</u> SSCs &, from 2004, excises .
Denmark	n.avail.	0.73*	0.87	0.83	0.74	0.63	0.62	0.64	0.67	Unclear	High tax burden; revenue includes VAT on imports; *2002 excludes municipalities.
Estonia/2	Data not collected for any of these years.				1.03	0.88	0.86	0.38	0.40	Unclear	Revenue includes SSCs & costs for customs to 2007
Finland	0.77	0.82	0.82	0.80	0.79	0.78	0.77	0.80	0.87	İncreasing	High tax burden; revenue includes SSCs
France	1.41	1.44	1.41	1.35	1.07	1.23	1.20	1.17	1.31	Increasing	Revenue <u>excludes</u> SSCs
Germany	n.avail.	n.avail.	n.avail.	n.avail.	0.86	0.83	0.78	0.75	0.79	Unclear	Revenue <u>excludes</u> SSCs
Greece	n.avail.	n.avail.	1.65	1.69	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	Unclear	Revenue <u>excludes</u> SSCs; cost base includes some non-tax administration costs
Hungary	1.23	1.35	n.avail.	1.14	0.99	1.11	1.15	1.17	1.20	Increasing	Revenue includes SSCs
Iceland	n.avail.	1.12	1.06	1.02	n.avail.	n.avail.	n.avail.	0.28	0.32	Decreasing	Revenue includes SSCs
Ireland	0.90	0.95	0.91	0.86	0.82	0.78	0.79	0.95	1.08	Increasing	Costs include customs; revenue includes SSCs and VAT on imports.
Israel	Data not collected for any of these years.							0.75	0.79	Unclear	
Italy	n.avail.	n.avail.	n.avail.	n.avail.	1.36	1.24	1.16	1.08	1.20	Unclear	Revenue excludes SSCs. Costs exclude tax fraud work carried out by GDF and debt collection.
Japan	1.42	1.54	1.66	1.67	1.58	1.45	1.43	1.49	1.71	Increasing	Relatively low tax burden; revenue <u>excludes</u> SSCs.
Korea	0.85	0.85	0.82	0.86	0.81	0.79	0.71	0.79	0.84	Increasing	Revenue <u>excludes</u> SSCs.
Luxembourg/2	n.avail.	n.avail.	n.avail.	1.59	1.42	1.25	1.18	1.01	1.13	Unclear	Revenue <u>excludes</u> SSCs.
Mexico/2	n.avail.	1.44	1.41	1.29	1.18	1.06	0.95	0.43	0.58	Decreasing	Revenue & costs include customs. Big increase in tax revenues from 2005, costs exclude IT capital costs
Netherlands	1.74	1.76	1.39	1.30	1.35	1.15	1.11	0.99	1.11	Decreasing	Revenue includes SSCs (including new categories from 2006) and VAT on imports
N. Zealand	0.90	0.87	0.83	0.81	0.76	0.71	0.75	0.76	0.88	Increasing	
Norway	0.56	0.59	0.59	0.56	0.72	0.71	0.67	0.54	0.50	Decreasing	High tax burden; revenue includes SSCs
Poland	1.50	1.78	1.95	2.62	1.93	1.75	1.42	1.59	1.72	Increasing	Costs and revenue <u>include</u> customs operations; revenue <u>excludes</u> SSCs
Portugal	1.61	1.68	1.51	1.49	1.59	1.43	1.41	1.17	1.44	Decreasing	Revenue <u>excludes</u> SSCs, excises and local taxes.

	Administrative costs for tax functions/net revenue collections (costs per 100 units of revenue)										Abnormal or unusual factors likely or known to influence reported ratio
Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	Trend	
Slovak Rep.	1.43	1.46	1.45	1.26	2.43	2.49	2.41	n.avail.	n.avail.	Unclear	Revenue excludes SSCs &, after 2004, excise
Slovenia	1.14	1.13	1.17	1.05	0.93	0.98	0.83	0.81	0.90	Decreasing	Revenue includes SSCs
Spain	0.81	0.78	0.83	0.82	0.74	0.68	0.65	0.82	0.97	Increasing	Revenue & costs include customs operations
Sweden/2	0.55	0.56	0.57	0.59	0.38	0.39	0.41	0.39	0.40	Constant	High tax burden, revenue includes SSCs; from 2005, costs exclude debt collection)
Switzerland	n.avail.	n.avail.	0.66	0.62	0.30	0.29	0.28	0.31	0.31	Constant	Revenue & costs relate almost exclusively to VAT
Turkey/2	0.81	0.72	0.74	0.83	0.87	0.84	0.83	0.85	0.93	Increasing	Revenue excludes SSCs
UK	1.06	1.11	1.04	0.97	1.10	1.12	1.10	1.12	1.14	Constant	Data to 2004 refer to direct taxes administration only.
USA/2	0.46	0.52	0.57	0.56	0.52	0.47	0.45	0.49	0.61	Unclear	Revenue includes SSCs; no national VAT
2) Selected non-OECD countries											
Argentina	0.88	0.86	0.85	0.83	1.60	1.62	1.84	0.93	1.14	Unclear	Revenue/costs include customs from 2005
Bulgaria	Data not collected for any of these years fromthese revenue bodies.				6.49	3.19	1.29	1.28	1.37	Decreasing	New tax collection responsibilities from 2006 (i.e. SSC's), and new vat collection procedures)
China					n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	Unclear	
Cyprus					5.7	5.1	5.8	5.00	7.37	Increasing	Revenue <u>excludes</u> SSCs.
India					n.avail.	n.avail.	n.avail.	0.69	0.75		Direct taxes only
Indonesia					n.avail.	n.avail.	n.avail.	0.64	0.58	Decreasing	
Latvia					1.24	1.19	1.31	1.13	1.14	Decreasing	Revenue base includes SSCs
Lithuania					1.42	1.24	1.15	1.07	1.18	Decreasing	
Malaysia					1.20	1.14	1.29	1.04	1.41	Unclear	Revenue & costs only for direct taxes administration.
Malta	n.avail.	n.avail.	0.85	0.83	1.14	1.09	0.97	0.43	0.48	Unclear	Revenue includes SSCs. Direct taxes only for 2003/2004.
Romania	Data not collected for any of these years from these revenue bodies.				0.63	0.72	0.91	0.81	0.72	Unclear	Revenue includes SSCs and customs. Costs include customs and all other functions.
Russia/2					n.avail.	n.avail.	n.avail.	0.92	1.05	Unclear	
S.Arabia/2					n.avail.	n.avail.	n.avail.	1.06	1.26	Increasing	Costs include all non-tax functions.
Singapore	0.87	0.90	0.99	1.01	1.02	0.93	0.83	0.77	0.80	Unclear	Very low tax burden that excludes the equivalent of SSCs
S.Africa	n.avail.	n.avail.	1.21	1.25	1.19	1.21	1.02	1.05	1.11	Decreasing	Costs include customs operations; revenue includes VAT on imports and customs duties.

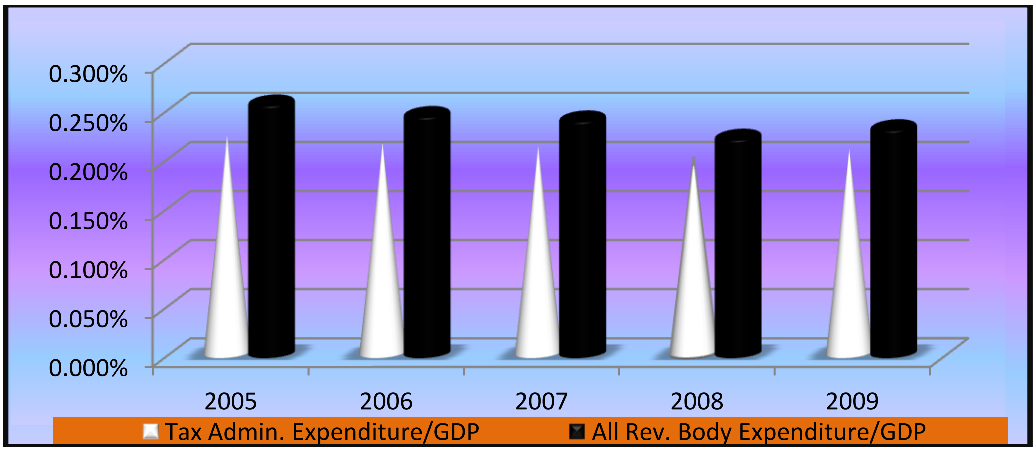
Sources: Country survey responses, annual reports of revenue bodies. (Table notes are located at the end of report.)

Ratio of administrative expenditure to GDP

9. The relative size and trend of a revenue body's tax-related administrative expenditure over time can also be viewed by way of comparison with a country's aggregate GDP (as is the practice for observing the trend of country aggregate tax burdens over a number of years). Such a comparison removes the impact of changes in the legislated tax burden and economic factors that are inherent in the 'cost of collection' ratio. However, this ratio and its trend can be influenced by some abnormal factors (e.g. major new investments in technology, costs associated with implementing a new tax) that also need to be recognized. Computations of this ratio are set out in Table 19 and some key observations are as follows:

- The computed ratios for tax-related expenditure as a proportion of GDP vary significantly but there is a concentration of revenue bodies with a ratio in the region of 0.150 to 0.300% of GDP for most/all of the five years covered.
- Abnormally low ratios (i.e. less than 0.120%) are displayed for revenue bodies in 6 countries (i.e. Estonia, India, Indonesia, Mexico, Singapore and the USA).
- Abnormally high ratios (i.e. greater than 0.350%) are displayed for four revenue bodies (i.e. Belgium, Cyprus, Hungary and the Netherlands).
- Significant downwards trends (i.e. more than 15% over 5 years) in relative resource costs can be observed for a small number of countries (e.g. Australia, Belgium, Denmark, Luxembourg, and Slovakia).
- Within-country comparisons of this ratio over time may be suitable for drawing assessments of relative efficiency over time, although the indicator is susceptible to regular revisions of GDP by the respective government statistical bodies
- As for the cost of collection ratio already discussed, cross-country comparisons of this ratio in the context of assessments of relative efficiency need to be undertaken with considerable care to avoid ill-founded conclusions.

Chart 3 Average revenue body expenditure/GDP, 2005-2009, OECD countries



Average revenue body expenditure/GDP, 2005-2009, OECD countries					
Averages (%)	2005	2006	2007	2008	2009
Tax Admin. Expenditure/GDP	0.222	0.214	0.211	0.199	0.208
All Rev. Body Expenditure/GDP	0.259	0.248	0.243	0.224	0.234

Table 19. Tax administration & revenue body expenditure as % of GDP

Country	Tax administration expenditure/GDP (%)					All revenue body expenditure/GDP (%)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
1) OECD countries										
Australia	0.229	0.220	0.204	0.208	0.208	0.254	0.241	0.229	0.239	0.233
Austria/2	n.avail.	n.avail.	n.avail.	0.193	0.197	0.377	0.355	0.347	0.251	0.258
Belgium	0.384	0.357	0.346	0.345	0.354	0.536	0.493	0.481	0.488	0.509
Canada	0.224	0.232	0.212	0.214	0.240	0.253	0.264	0.248	0.254	0.286
Chile	0.113	0.105	0.110	0.121	0.132	0.113	0.105	0.110	0.121	0.132
Czech Rep.	0.221	0.219	0.202	0.195	0.211	0.233	0.225	0.215	0.205	0.222
Denmark	0.367	0.303	0.293	0.298	0.309	0.421	0.350	0.336	0.333	0.345
Estonia	n.avail.	n.avail.	n.avail.	0.121	0.120	n.avail.	n.avail.	n.avail.	0.274	0.271
Finland	0.209	0.205	0.214	0.209	0.227	0.209	0.205	0.214	0.209	0.227
France	0.263	0.250	0.238	0.229	0.234	0.451	0.428	0.414	0.388	0.392
Germany	0.298	0.294	0.281	0.279	0.291	0.298	0.294	0.281	0.279	0.291
Greece	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Hungary	0.298	0.333	0.390	0.392	0.391	0.298	0.333	0.390	0.455	0.452
Iceland	n.avail.	n.avail.	n.avail.	0.074	0.077	n.avail.	n.avail.	n.avail.	0.074	0.077
Ireland/2	0.238	0.237	0.235	0.267	0.281	0.238	0.237	0.235	0.267	0.281
Israel	n.avail.	n.avail.	n.avail.	0.184	0.180	n.avail.	n.avail.	n.avail.	0.206	0.201
Italy/2	0.272	0.264	0.258	0.193	0.205	n.avail.	n.avail.	n.avail.	0.241	0.248
Japan	0.139	0.136	0.136	0.143	0.147	0.139	0.136	0.136	0.143	0.147
Korea	0.120	0.121	0.120	0.121	0.122	0.120	0.121	0.120	0.121	0.122
Luxembourg/2	0.246	0.223	0.224	0.216	0.242	0.246	0.223	0.224	0.216	0.242
Mexico	0.093	0.088	0.085	0.074	0.078	0.108	0.104	0.099	0.087	0.099
Netherlands	0.419	0.413	0.399	0.348	0.366	0.523	0.516	0.500	0.483	0.506
N. Zealand	0.202	0.199	0.203	0.211	0.228	0.272	0.289	0.296	0.331	0.348
Norway	0.188	0.179	0.171	0.158	0.176	0.196	0.186	0.178	0.161	0.180
Poland	0.306	0.289	0.280	0.237	0.228	0.402	0.377	0.361	n.avail.	n.avail.
Portugal	0.295	0.284	0.285	0.215	0.232	0.295	0.284	0.285	0.239	0.258
Slovak Rep.	0.215	0.195	0.174	n.avail.	n.avail.	0.221	0.224	0.180	n.avail.	n.avail.
Slovenia	n.avail.	n.avail.	n.avail.	0.264	0.289	n.avail.	n.avail.	n.avail.	0.264	0.289
Spain/2	n.avail.	n.avail.	n.avail.	0.130	0.134	n.avail.	0.132	0.128	0.130	0.134
Sweden/2	0.185	0.187	0.191	0.182	0.184	0.223	0.226	0.226	0.226	0.231
Switzerland	n.avail.	n.avail.	n.avail.	0.029	0.030	n.avail./2	n.avail./2	n.avail./2	0.031	0.032
Turkey	0.152	0.152	0.149	0.149	0.168	0.152	0.152	0.149	0.149	0.168

Country	Tax administration expenditure/GDP (%)					All revenue body expenditure/GDP (%)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
UK/2	n.avail.	n.avail.	n.avail.	0.281	0.280	0.340	0.351	0.346	0.281	0.280
USA	0.084	0.081	0.078	0.079	0.083	0.084	0.081	0.078	0.079	0.083
2) Selected non-OECD countries										
Argentina	n.avail.	n.avail.	n.avail.	0.255	0.306	n.avail.	n.avail.	n.avail.	0.517	0.629
Bulgaria	n.avail.	n.avail.	n.avail.	0.222	0.235	n.avail.	n.avail.	n.avail.	0.222	0.235
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus	n.avail.	n.avail.	n.avail.	1.026	1.337	n.avail.	n.avail.	n.avail.	1.154	1.490
India	n.avail.	n.avail.	n.avail.	0.042	0.048	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Indonesia	n.avail.	n.avail.	n.avail.	0.064	0.053	n.avail.	n.avail.	n.avail.	0.064	0.053
Latvia	n.avail.	n.avail.	n.avail.	0.358	0.344	n.avail.	n.avail.	n.avail.	0.457	0.413
Lithuania	n.avail.	n.avail.	n.avail.	0.220	0.210	n.avail.	n.avail.	n.avail.	0.220	0.210
Malaysia	n.avail.	n.avail.	n.avail.	0.115	0.161	n.avail.	n.avail.	n.avail.	0.143	0.178
Malta	n.avail.	n.avail.	n.avail.	0.154	0.175	n.avail.	n.avail.	n.avail.	0.190	0.211
Romania	n.avail.	n.avail.	n.avail.	0.224	0.196	n.avail.	n.avail.	n.avail.	0.224	0.196
Russia	n.avail.	n.avail.	n.avail.	0.223	0.224	n.avail.	n.avail.	n.avail.	0.261	0.263
S.Arabia	n.avail.	n.avail.	n.avail.	0.009	0.014	n.avail.	n.avail.	n.avail.	0.009	0.014
Singapore	0.088	0.080	0.071	0.082	0.090	0.088	0.080	0.071	0.082	0.090
S.Africa	n.avail.	n.avail.	n.avail.	0.268	0.292	n.avail.	n.avail.	n.avail.	0.314	0.312

Sources: Survey responses and GDP data supplied by member countries' MOFs or estimated by OECD CTPA Tax Policy Section for the OECD publication "Revenue Statistics 1965-2007", CIA World Factbook and IMF Statistics Database. *(Table notes are located at the end of report.)*

Table 20. Non-tax expenditure as % of aggregate revenue body expenditure

Country	Non-tax expenditure (as % of total revenue body expenditure)					GDP (GDP at market prices in millions of national currency)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
1) OECD countries										
Australia	14	9	11	13	11	967,453	1,046,621	1,133,313	1,254,651	1,299,963
Austria	n.avail.	n.avail.	n.avail.	23	24	245,330	257,897	272,669	283,085	274,320
Belgium	28	28	28	29	30	301,966	316,622	330,800	345,006	339,162
Canada	11	12	15	16	16	1,397,781	1,468,366	1,554,176	1,584,575	1,547,913
Chile	0	0	0	0	0	66,192,596	77,830,577	85,849,774	89,262,568	91,591,252
Czech Rep.	5	2	6	5	5	2,987,722	3,231,576	3,557,584	3,688,994	3,628,080
Denmark	13	13	13	10	10	1,548,153	1,641,520	1,696,238	1,737,448	1,659,705
Estonia	n.avail.	n.avail.	n.avail.	56	56	n.avail.	n.avail.	n.avail.	252,015	216,875
Finland	0	0	0	0	0	157,335	167,062	167,063	184,649	171,315
France	42	42	42	41	40	1,726,068	1,807,462	1,892,241	1,948,511	1,907,145
Germany	0	0	0	0	0	2,244,600	2,322,200	2,423,800	2,481,200	2,397,100
Greece	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	198,609	213,985	228,949	239,141	237,494
Hungary	0	0	0	14	13	22,042,476	23,795,306	25,405,796	26,543,252	26,094,824
Iceland	n.avail.	n.avail.	n.avail.	0	0	1,026,251	1,167,684	1,279,379	1,477,647	1,500,162
Ireland/1	0	0	0	0	0	161,498	174,705	184,139	181,816	163,543
Israel	n.avail.	n.avail.	n.avail.	11	11	n.avail.	n.avail.	n.avail.	725,142	765,973
Italy/1	n.avail.	n.avail.	n.avail.	20	17	1,428,375	1,479,981	1,535,540	1,567,851	1,520,870
Japan	0	0	0	0	0	503,788,500	512,198,600	515,292,800	494,182,300	476,366,600
Korea	0	0	0	0	0	810,515,869	848,044,635	901,188,604	1,026,451,811	1,063,059,095
Luxembourg/1	0	0	0	0	0	30,032	33,854	36,137	39,348	37,645
Mexico	14	15	14	15	21	8,361,107	9,149,911	9,753,400	12,091,797	11,821,719
Netherlands	20	20	20	28	28	508,964	534,324	559,537	596,226	571,979
N.Zealand	25	30	31	36	35	158,321	168,672	179,964	184,622	189,295
Norway	4	4	4	2	2	1,945,716	2,161,728	2,276,757	2,543,188	2,400,672
Poland	24	23	22	n.avail.	n.avail.	983,302	1,060,194	1,162,903	1,272,838	1,341,881
Portugal	n.avail.	n.avail.	n.avail.	10.0	10.0	149,124	155,323	162,756	171,920	167,633
Slovak Rep.	3	13	3	n.avail.	n.avail.	1,471,131	1,636,263	1,825,777	67,221	63,332
Slovenia	n.avail.	n.avail.	n.avail.	0	0	n.avail.	n.avail.	n.avail.	37,135	34,894
Spain/1	n.avail.	n.avail.	n.avail.	14	15	908,450	980,954	1,049,848	1,088,502	1,051,151
Sweden	17	17	15	9	9	2,735,218	2,899,653	3,070,591	3,213,659	3,108,002
Switzerland	n.avail.	n.avail.	n.avail.	6	5	463,673	486,178	508,276	544,196	535,282
Turkey	0	0	0	0	0	648,932	758,391	856,387	950,534	953,974

Country	Non-tax expenditure (as % of total revenue body expenditure)					GDP (GDP at market prices in millions of national currency)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
UK/1	n.avail.	n.avail.	n.avail.	0	0	1,233,976	1,303,915	1,381,565	1,448,392	1,395,872
USA	0	0	0	0	0	12,376,100	13,132,900	13,776,521	14,296,900	14,043,900
2) Selected non-OECD countries										
Argentina	n.avail.	n.avail.	n.avail.	51	51	n.avail.	n.avail.	n.avail.	1,031,124	1,144,613
Bulgaria	n.avail.	n.avail.	n.avail.	0	0	45,484	51,783	60,185	69,295	68,537
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	31,404,540	34,050,700
Cyprus/1	n.avail.	n.avail.	n.avail.	0.5	0.8	n.avail.	n.avail.	n.avail.	17,248	16,947
India	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	54,873,003	59,520,026
Indonesia	n.avail.	n.avail.	n.avail.	0	0	n.avail.	n.avail.	n.avail.	4,951,356,710	5,613,441,700
Latvia	n.avail.	n.avail.	n.avail.	22	17	n.avail.	n.avail.	n.avail.	16,188	13,083
Lithuania	n.avail.	n.avail.	n.avail.	0	0	n.avail.	n.avail.	n.avail.	111,190	92,016
Malaysia	n.avail.	n.avail.	n.avail.	20	10	n.avail.	n.avail.	n.avail.	740,907	679,687
Malta	n.avail.	n.avail.	n.avail.	19	17	n.avail.	n.avail.	n.avail.	5,744	5,750
Romania	n.avail.	n.avail.	n.avail.	0	0	n.avail.	n.avail.	n.avail.	514,654	491,274
Russia	n.avail.	n.avail.	n.avail.	15	15	n.avail.	n.avail.	n.avail.	41,428,600	39,100,700
S.Arabia	n.avail.	n.avail.	n.avail.	0	0	n.avail.	n.avail.	n.avail.	1,786,144	1,409,124
Singapore	0	0	0	0	0	208,764	230,509	266,405	273,537	265,058
S.Africa	n.avail.	n.avail.	n.avail.	14	7	n.avail.	n.avail.	n.avail.	2,283,823	2,423,323

Sources: OECD countries-administrative expenditure data from revenue bodies' survey responses and GDP data is acquired by CTPA Tax Policy Section for the OECD publication Revenue Statistics 1965-2007. OECD countries-administrative expenditure data from revenue bodies' survey responses and GDP data is acquired from CIA World Factbook and IMF Statistics Database. *(Table notes are located at the end of report.)*

International comparisons of administrative expenditure & staffing

Cost of collection ratios

10. Given the many similarities in the taxes administered by federal revenue collection authorities from country to country, there has been a natural tendency by observers to make cross-country comparisons of 'cost of collection' ratios and draw conclusions on revenue body efficiency and effectiveness. However, experience shows that such comparisons are difficult to carry out in a consistent fashion given a range of variables to be taken into account—see Box 27. The most obvious factors to be taken account of that are not related to efficiency and effectiveness are: 1) the size of the legislated tax burden; and 2) the range and nature of taxes administered, in particular whether the revenue body is responsible for the collection of social security contributions.

Box 27. International comparisons of cost of collection ratios

Analytical work undertaken in conducting comparisons of cost of collection ratios has revealed that there are many factors to explain the marked variations in the ratio observed from country to country. The more significant factors are described below:

- **Differences in tax rates and structure*:*** Rates of tax and the actual structure of taxes all will have a bearing on aggregate revenue and, to a lesser extent, cost considerations. For example, comparisons of the ratio involving high-taxing countries (e.g. those where tax burdens regularly exceed 40% of GDP) and low-taxing countries (e.g. those where tax burdens are less than 20%) are hardly realistic given their widely varying tax burdens.
- **Differences in the range and nature of taxes administered by federal revenue authorities*:*** There are a number of differences that can arise here. In some countries, more than one major tax authority may operate at the national level (e.g. as in India, Cyprus and Malta), or taxes at the federal level are predominantly of a direct tax nature, while indirect taxes are administered largely by separate regional/state authorities (e.g. the United States). In other countries, one national authority will collect taxes for all levels of government, i.e. federal, regional and local governments (a number of EU countries).
- **Collection of social insurance contributions, etc.:** As described earlier in this series, there are significant variations from country to country in the collection of social security contributions. A few countries (e.g. Australia, New Zealand) do not have separate regimes of mandatory social contributions, while others make separate provision for them and have them collected by the main tax revenue collection agency. Some countries have them collected by a separate government agency. Given that social contributions are a major source of tax revenue for many countries, the inclusion/exclusion of social contributions in the revenue base for 'cost of collection' calculation purposes can have a significant bearing on the computed ratio.
- **Differences in the range of functions undertaken*:*** The range of functions undertaken by revenue bodies can vary from country to country. For example, in some countries the revenue body is also responsible for carrying out activities not directly related to tax administration (e.g. administration of customs laws, the administration of certain welfare benefits), while in others some tax–related functions are not carried out by the revenue body (e.g. enforced debt collection) . Ideally, these sorts of differences should be allowed for in any cross-country comparisions undertaken of relative aggregate costs and related ratios.
- **Lack of a common measurement methodology*:*** There is no universally accepted methodology for the measurement of administrative costs. Revenue bodies that publish a cost of collection ratio generally do not reveal precise details of the measurement approach adopted for their calculations. In relation to administrative costs, the treatment of employee pension costs, accommodation costs, interest paid on overpaid taxes, the use of cash and non-cash methods (e.g. by means of a float) to recompense financial institutions for collecting tax payments, and capital equipment purchases are some of the potentially significant areas where the measurement approaches adopted may vary**.** The ratio is also influenced by the selection of the revenue base i.e. 'gross' or 'net' (i.e. after refunds) revenue collections figure for its computation. For example, the US Internal Revenue Service (IRS), which has one of the lowest reported cost of collection ratios for any national revenue body, and the Irish Revenue Authority, both use 'gross' revenue as the basis of their reported computation, while most other authorities use a 'net' figure. As a result, for both countries the reported ratio is around 10-12 % lower than if it were computed on a 'net' revenue basis. (NB: For this series, calculations are made on the basis of 'net revenue' collections.

11. Many of the factors referred to are evident from the data in Table 18. For example:

- For many of the surveyed countries (particularly many in Europe) social security contributions, which in many countries constitute a significant revenue stream, are collected by a separate agency and therefore their costs and the revenue collected are excluded from the calculation used to compute the ratio (see below which illustrate this particular aspect):

Cost of collection ratio (2008)	Tax/ GDP ratio in 2008		
	20-30%	**30-40%**	**Over 40%**
Less than 0.60	Mexico, USA	Estonia	Norway, Sweden /2
0.61-0.80	**Chile /2**	**Germany,** Israel, New Zealand,	**Austria**, Denmark, Finland
0.81- 1.00	Australia, Ireland, **Korea, Turkey**	Netherlands, Slovenia, **Spain,**	
1.01- 1.20		Canada, **Portugal,** UK, **Czech R,**	Hungary, France
1.21- 1.40			**Belgium**
Over 1.40	**Japan**	**Poland, Luxembourg**	

/1. For the countries highlighted, the revenue body is not responsible for collecting mandated social contributions, and therefore has a smaller revenue base for the purpose of this calculation.
/2. For these countries, enforced tax debt collection functions are carried out by a separate Government body.

- The inability of some revenue bodies (i.e. Ireland, Mexico (prior to 2005), South Africa and Spain) to exclude the costs of non-tax functions (e.g. customs, welfare–related roles) from the cost base used to calculate the ratio;
- There are substantial differences in the statutory tax burden (and hence the potential tax revenue base) across surveyed countries (ranging from below 20% to over 50% of GDP) that influences what is collected in practice, and hence the computed ratio; and
- Unusual institutional arrangements exist in some countries (e.g. Italy—for tax fraud functions, Chile and Sweden—for tax debt collection functions) that see some mainstream tax administration-related functions performed by a body separate from the main revenue body; as a result, the cost data used to compute the ratio for these bodies understates the real costs of tax administration, and hence the computed ratio.

12. For these sorts of reasons, international comparisons of both these ratios need to be made with considerable care and take account of any abnormal factors highlighted, as well as other differences in approaches to tax administration highlighted elsewhere in this series.

Relative staffing levels of revenue bodies

13. A summary of the staff usage (expressed as FTEs) by national revenue bodies is set out in Table 21. To the extent possible and to allow cross-country comparisons, efforts have been made to exclude staffing related non-tax related roles. In order to reflect a degree of relativity, aggregate staff levels have been compared with overall official country population and labor force data to compute two ratios: 1) the number of citizens per one full-time staff member: and 2) the number of labor force participants per full-time staff member.

14. Comparisons of this nature are naturally subject to some of the qualifications referred to concerning 'cost of collection' ratios—in addition to efficiency considerations, exogenous factors such as the range of taxes administered (e.g. social contributions, motor vehicle and property taxes) and the performance of non-tax related roles (where these cannot be isolated) all impact on the magnitude of the reported ratio. For some countries, demographic features (e.g. country age profile and rate of unemployment) are also likely to be relevant. Revenue bodies in a number of countries (e.g. UK) also have major restructuring programmes underway, some of which project significant planned staffing reductions over the coming years. To assist readers, known abnormal factors influencing the reported ratios have been identified.

Table 21: Staff usage on tax administration functions: Staff-related measures/1

Country	Revenue Body Staff Usage Measures And Related Ratios (2009)					Significant factors likely/ known to influence ratios
	FTEs (all functions/2	FTEs (tax & overheads) /2	% FTEs for tax / overheads	Citizens/ FTEs on tax/ overheads	Labour force / FTEs on tax & overheads	
1) OECD countries						
Australia	21,910	19,932	91.0	1,101	577	
Austria	7,761	7,732	99.6	1,082	554	
Belgium	14,931	11,292	75.6	956	425	Real property & vehicle taxes./4
Canada	39,757	38,207	96.1	883	482	
Chile	3,995	3,995	100.0	4,196	1,864	Excludes debt collection role
Czech Rep.	15,533	14,756	95.0	712	358	Real property & vehicle taxes
Denmark	8,068	7,680	95.2	719	381	Real property & vehicle taxes./4
Estonia	1,980	878	44.3	677	787	
Finland	5,595	5,595	100.0	954	482	
France	123,130	72,814	59.1	860	392	Real property & vehicle taxes.
Germany	112,291	112,291	100.0	729	371	
Greece	n.avail.	n.avail.	n.avail.	n.avail.	0	
Hungary	15,182	15,182	100.0	660	277	
Iceland	97	72	74.2	4,433	2,513	Staffing data are incomplete /4
Ireland	6,105	6,105	100.0	731	361	Includes customs administration
Israel	5,616	5,616	100.0	1,288	537	Includes customs administration.
Italy/2	33,584	33,584	100.0	1,779	744	Covers limited functions/2
Japan	56,216	56,216	100.0	2,268	1,177	Reduced workloads- refer text.
Korea	19,779	19,094	96.5	2,553	1,278	Reduced workloads- refer text.
Luxembourg/2	915	895	97.8	551	410	
Mexico	34,454	26,129	75.8	4,116	1,738	Reduced workloads- refer text.
Netherlands	30,707	23,606	76.9	697	372	Includes vehicle taxes/fees./4
N. Zealand	6,038	4,227	70.0	1,021	548	
Norway	6,434	6,261	97.3	771	414	
Poland	64,010	60,401	94.4	632	286	Includes fiscal fraud staff and excludes customs administration
Portugal	10,760	10,760	100.0	989	519	Real property & vehicle taxes./4
Slovak Rep.	5,686	5,686	100.0	954	473	Motor vehicle taxes./4
Slovenia	2,470	2,470	100.0	827	383	
Spain/2	27,755	23,817	85.8	1,928	967	
Sweden	10,419	9,257	88.8	1,005	530	No enforced debt collection role
Switzerland	985	985	100.0	7,860	4,794	FTEs for federal tax administ-ration only
Turkey	41,341	41,341	100.0	1,739	576	
UK	70,700	70,700	100.0	862	441	
USA	92,577	92,577	100.0	3,316	1,680	No VAT- refer text.
2) Selected non-OECD countries						
Argentina	23,206	14,699	63.3	1,729	1,116	
Bulgaria	7.976	7,976	100.0	949	401	
China	750,000	660,000	88.0	1,780	1,233	
Cyprus/2	854	842	98.6	933	479	
India	42,108	42,108	100.0	28,476	11,091	Direct taxes administration only
Indonesia	31,825	31,825	100.0	7,276	3,560	
Latvia	4,300	2,885	67.1	526	411	
Lithuania	3,816	3,816	100.0	875	430	
Malaysia	n.avail.	9,942	n.avail.	n.avail.	1,145	Direct taxes administration only
Malta/2	396	367	92.7	1,051	477	
Romania	30,839	24,200	78.5	696	386	Excludes tax fraud function
Russia	179,315	173,021	96.5	791	438	
S.Arabia	1,184	586	49.5	21,553	11,812	Very limited range of taxes
Singapore	1,712	1,712	100.0	2,926	1,770	
S.Africa	14,751	14,751	100.0	3,344	1,178	Includes customs administration

Sources: Country survey responses, annual reports of revenue bodies; OECD in Figures 2010, CIA World Factbook and IMF Statistics Database. *(Table notes are located at the end of report.)*

15. Concerning OECD countries, it will be evident that the greatest level of consistency occurs in relation to the ratio based on country labor forces (i.e. the number of labor force participants/one revenue body staff member (FTE)):

- Nine revenue bodies have a ratio less than 400 (for some, including customs work);
- Seven revenue bodies have a ratio between 401-500, while seven are between 501-600 and;
- Ten revenue bodies have a ratio over 600 (with seven "outliers" (i.e. Chile, Iceland Japan, Korea, Mexico, Switzerland and the United States) where the ratio exceeds 1,000).

16. For both ***Chile*** (1,864:1) and ***Iceland*** (2,513:1), the staffing data provided do not cover the full range of tax administration functions and as a result the respective ratios are not directly comparable with others.

17. In the case of ***Japan,*** where the ratio is 1,177:1, staffing levels of the NTA have remained in the region of 50,000 to 56,000 for the last 50 years, reflecting decisions both to keep staff resources roughly constant and, importantly, to minimize workloads. Compared to other countries, administrative workloads have been kept relatively low by tax system design features that reduce operational workloads (e.g. high reporting thresholds, infrequent tax payment obligations and extensive use of tax withholding). For example, until 2004[54], there was a comparatively high threshold for VAT registration (i.e. equivalent to around €300,000) and quarterly, bi-annual, and annual payment and filing requirements for VAT. In addition, there are biannual return filing and payment obligations in respect of corporate tax, withholding of tax at source on dividend and interest income and certain payments for independent services, while a final wage withholding system applies for most employee taxpayers (with minimal recording of taxpayer registrations and annual tax dealings). Also relevant is the collection of social security contributions by a separate agency.

18. ***Korea*** (with a ratio of 1,278:1) also imposes withholding at source for dividend and interest income and certain payments for independent services, makes substantial use of final withholding systems for the bulk of employee taxpayers (employers withhold monthly, calculate employees' tax liability and clear the balance off at the end of year), and applies biannual reporting and payment arrangements for VAT liabilities.

19. With annual tax collections equivalent to around 20% of GDP, the tax system of ***Mexico*** (ratio of 1,738:1) is of a considerably smaller scale than most other OECD countries. Its tax system arrangements are characterized by substantial use of final withholding system arrangements for employee taxpayers (with quite limited registration of personal taxpayers (equivalent to around to 20 % of the official labor force)), and a relatively small population of registered business taxpayers.

20. The very high ratio for ***Switzerland*** (i.e. 4,794:1) results from the fact that the Federal Tax Administration, while solely responsible for all aspects of VAT administration, has very limited responsibilities in relation to the personal and corporate income taxes which are administered at the sub-national level by separate agencies in each canton. For this reason, the ratio largely reflects almost wholly the costs of VAT administration, thus making it incomparable with all other national revenue bodies.

21. In the case of the ***United States*** (where the ratio is 1,680:1), a meaningful comparison of relative staffing levels with other surveyed countries is complicated by the absence of a national VAT (or a similar tax), as is the case in all other OECD countries. A further consideration is that, unlike most other surveyed countries, there are income taxes and retail sales taxes levied at the state level in the United States that are administered separately by state revenue agencies, not by the IRS. For these reasons, the computed ratio for the IRS—and this observation also applies to its computed 'cost of collection' ratio—is not really comparable with that of revenue bodies in any other OECD country.

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[54] Going back as far as 1989, Japan's consumption tax has operated with very high filing and payment frequency thresholds, requiring only six monthly (i.e. for defined very large taxpayers) or annual returns and payments (from others). Progressively over time, it has modified these requirements to the point where it now employs monthly, quarterly, six-monthly and annual filing and payment cycles, ranging from the largest to the smallest taxpayers, now generally in line with the sorts of arrangements seen in most OECD countries.

22. For revenue bodies in non-OECD surveyed countries, the computed ratio reflects an even greater divergent pattern, ranging from just under 400:1 to over 11,000:1. The full range of factors that might explain this disparity has not been identified.

Trends in aggregate staffing levels of OECD revenue bodies

23. Drawing on data reported for OECD countries in the four editions of this series since 2004—refer Table 22—reveals a clear trend to downsizing the staffing of revenue bodies and this trend appears likely to continue into the foreseeable future.

Table 22. Trends in OECD member rev. bodies' aggregate staffing levels and expected future movements/1

Country	Aggregate staffing usage (FTEs) for tax administration				Net change (%) since 2002	Future reductions required /expected by revenue bodies
	2002	2004	2007	2009		
Australia	19,177	20,645	20,738	19,932	+3.9	Annual efficiency dividend—reduction of 1.25% p.a.
Austria	8,750	n.avail	7,993	7,732	-11.6	Reduction of 278 FTEs till 2013
Belgium	21,489	18,696	17,322	n.avail.	n.avail.	Government-wide reduction of 0.7% in 2009&2010
Canada	38,381	37,323	36,717	38,207	-0.5	Operating budget frozen for 2010/11 and 2011/12.
Chile	3,442	3,569	3,801	3,995	+16.1	Budget austerity plan in 2010 after natural disasters
Czech Rep.	14,720	15,077	14,679	14,756	+0.3	Reduced state budget expected to require staff cuts
Denmark	8,226	9,826	8,026	7,680	+4.3	Staff costs to be reduced by 35% by 2014, compared to 2004
Finland	6,323	6,305	5,913	5,595	-11.5	Programme of cuts in staff (595 FTEs, -10.5%) from 2009 to 2014
France	75,046	76,208	75,280	72,814	-3.0	10% reduction required in 2011-2013 (2,650 FTEs in 2011)
Germany	122,278	118,000	111,988	112,291	+0.3	Budgets set at sub-national level of government
Greece	14,000	12,779	12,566	n.avail.	n.avail.	(none reported)
Hungary	13,258	9,399	13,567	15,182	+12.2	(none reported)
Iceland/2	486	541	n.avail.	72	n.avail.	Data does not appear comparable.
Ireland	6,364	6,400	6,656	6,105	-4.1	Downsizing programme in place since 2008&expected to continue
Italy	47,575	34,677	54,619	n.avail.	n.avail.	(none reported)
Japan	56,718	56,315	56,159	56,216	-0.9	(none reported)
Korea	16,845	17,023	17,179	19,779	+18.0	(none reported)
Luxembourg	628	885	907	915	+45.7	(none reported)
Mexico	28,292	26,737	21,119	26,129	-8.0	Reduced adm. staff by end 2010 (8%)&2011 (4%).
Netherlands	25,400	26,000	25,500	23,606	-7.1	Budget reduction of about 16% over 4 years.
N.Zealand	3,257	3,179	4,172	4,227	+29.8	IRD forecasting reductions of 243 & 200 FTEs in 2010 & 2011/1
Norway	6,305	6,058	5,849	6,261	-0.6	(none reported)
Poland	51,435	50,132	50,655	n.avail.	n.avail.	(none reported)
Portugal	13,238	11,560	11,463	10,760	-18.7	(none reported)
Slovak Rep.	5,791	6,097	5,144	5,686	-1.8	(none reported)
Slovenia	n.avail	2,690	2,551	2,470	-3.4	Government decision to reduce staff by %1 p.a.
Spain	23,961	27,415	27,513	27,775	+15.9	(none reported, but government plans to rationalise structures)
Sweden	9,030	10,851	8,650	7,920	-12,2	(none reported)
Switzerland	n.avail	1,000	935	985	-1.5/2	Reduction in expenditure for personnel—1% in 2010/11, 2% in 2012-13
Turkey	41,880	39,943	41,525	41,341	-1.2	(none reported)
UK/2	81,859	73,863	88,934	70,700	-13.6	Gross spending cuts of 25% over 4 years.
USA	100,229	98,735	92,017	92,577	-7.6	(none reported)

Sources: 1st, 2nd, and 3rd editions of Comparative Information Series and survey responses. *(Table notes are located at the end of report.)*
p.a.= per annum, adm.=administrative

24. Box 28 sets out the circumstances of the Finnish revenue body which, based on the resource-related data presented in this series, operates with relatively low staff numbers and demonstrates good cost efficiency but nevertheless anticipates further reductions in staff numbers in the period up to 2015.

Box 28. Doing more with less……….the Finnish experience and future plans

Taxation implemented with less human input and costs: Since 2003, the Tax Administration has sought significant improvements in the productivity of its operations. The aim is for tax assessment to be carried out as cost efficiently and effectively as possible, and with the least amount of work necessary. In spite of saving demands, taxation must be uniform and correctly done, so that the tax revenue accrues and is remitted to the tax recipients in the correct amounts and at the correct time. Fiscal effectiveness and customer services must be kept at a high level.

Number of personnel reduced by hundreds: In practice, improving productivity and economic efficiency means that taxation assessment must be accomplished using a smaller number of personnel. The Tax Administration has increased electronic transactions and information transfer in addition to automating and re-organizing functions. As a result, it has been possible to reduce the number of personnel without a noticeable effect on services or tax control. More and more employees are retiring, which has provided the opportunity to decrease the number of personnel according to the principles of the Government's personnel policy. Between 2003 and 2009 the decrease in the Tax Administration's personnel could be quantified as 700 full-time equivalent employees. The goal for 2015 is to achieve a further reduction of several hundred fulltime equivalent employees. The Tax Administration also has to concentrate its functions into larger units. New facility solutions are aimed at increasing the efficiency of facility use. The goal of this work is a reduction in overall rental costs even though rents have increased.

Source: 2009 Annual report of Finnish Tax Administration (Vero)

Allocation of staff resources by functional groupings

25. Given the similarity in the taxes administered across most surveyed countries, an issue of some significance is the way in which these resources are allocated across broad functional groupings. Table 22 provides an indication of country practices concerning the allocation of resources in 2009 to compliance functions (i.e. audit and related verification functions, and enforced debt collection) and other key functional groupings. Given definitional issues (e.g. what constitutes 'tax audit' work), and the possibility of some inconsistencies in the compilation of data, this information needs to be interpreted with care.[55] Nevertheless, it does indicate that there are potentially substantial differences in staff allocation policies and practices, which may warrant further inquiry. For example;

- *Client account management functions:* Significantly for this grouping, around 40 percent of revenue bodies reported staff usage exceeding 30% of aggregate staff; of these revenue bodies, two thirds (13) reported IT expenditure less than 10% (or were unable to quantify the amount of IT expenditure incurred).
- *Audit, investigation and other verification:* Survey responses for this category varied significantly ranging from around 7.0 to 70%. Around half of surveyed revenue bodies reported usage in excess of 30%, including twelve with over 40% allocated to this functional grouping (i.e. Argentina, Austria, Belgium, Bulgaria, Denmark, Finland, Germany, Israel, Italy, Japan, Netherlands, and Singapore).
- *Enforced debt collection and related functions:* Usage for this functional grouping ranged from 2.4 to almost 34% (in the United States). Significantly, 22 revenue bodies reported usage exceeding 10% of aggregate staff, indicating the relative importance of this function in many offices; generally speaking, revenue bodies in OECD countries devoted a substantially greater proportion of their resources to this area of tax administration.
- *Corporate overhead functions (including IT support):* Usage for this grouping ranged from 2 to 38%. Two thirds (33) of revenue bodies reported usage exceeding 10% of aggregate staff, with 9 of these exceeding 20% (i.e. Australia, Chile, Iceland, Malaysia, Norway, Romania, Slovenia, South Africa and Spain).

[55] For survey purposes, the following definitions were used: 1) *Taxpayer account management*—All functions associated with maintaining taxpayers' records (e.g. registration, data processing, taxpayer accounting, filing, withholding tax administration, storage etc.); *2) Audit, investigation and other verification functions*—all staff on functions associated with verifying (either through field visits, office interviews or in writing) the information contained in taxpayers' returns for all taxes administered by the revenue body; and *3) Corporate overhead management functions*: all staff for human resource management, information technology, accommodation, supply, security, internal assurance, and finance functions.

Chart 4 Average staff usage on major tax functions (OECD countries)

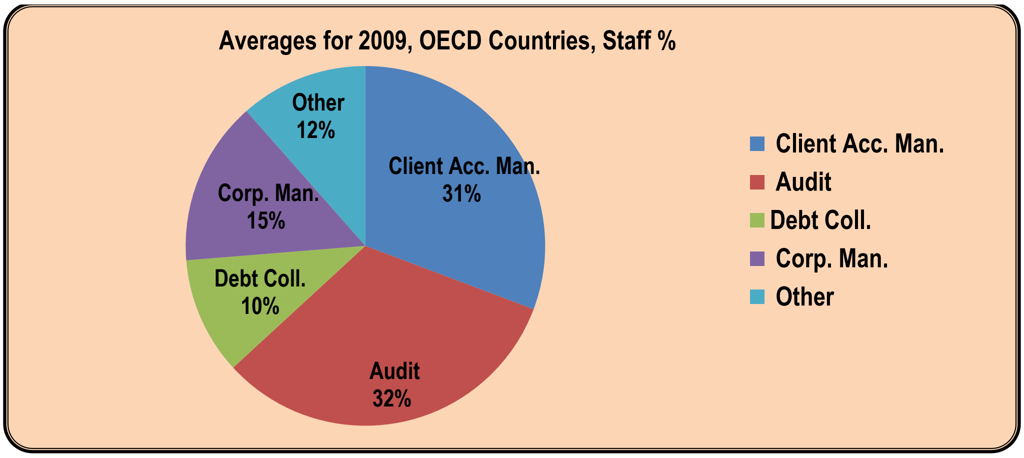


Chart 5 Average staff usage on major tax functions (non-OECD countries)

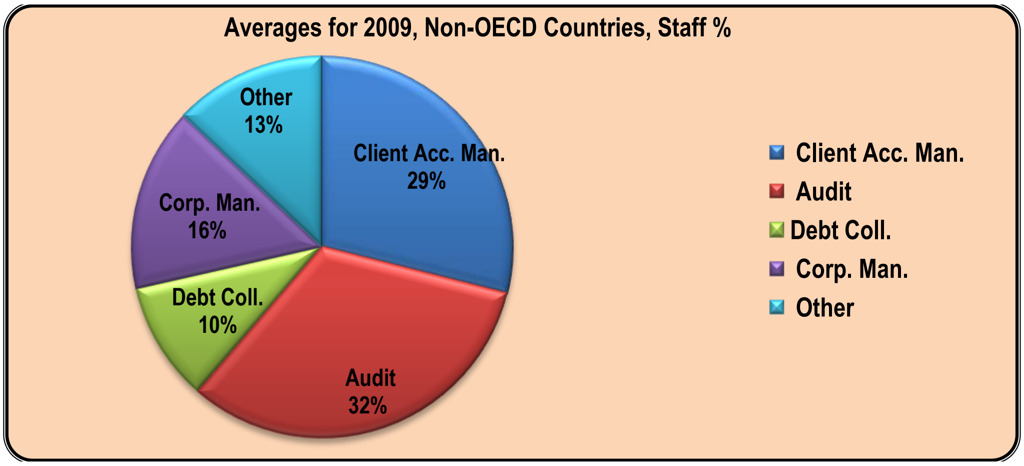
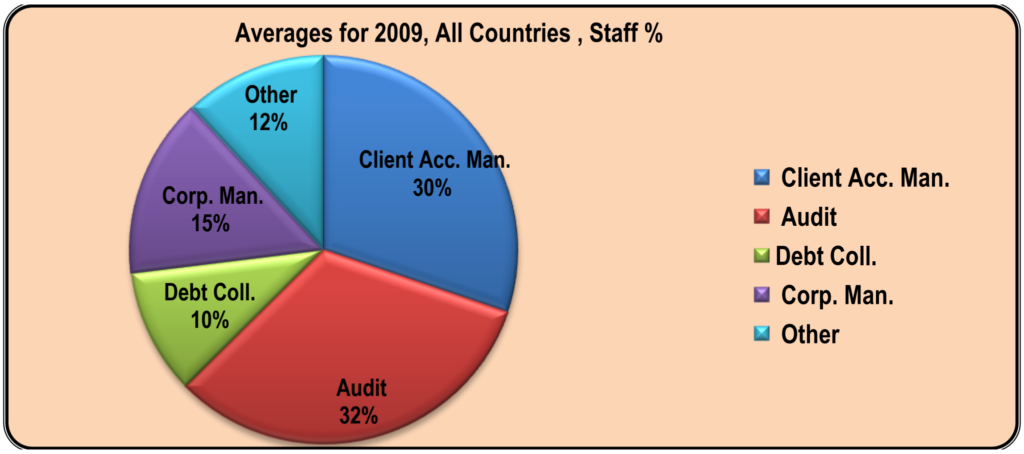


Chart 6 Average staff usage on major tax functions (all countries)



Average staff usage (% of total) on major tax administration functions (2009)					
Countries	Client Account Management	Audit& Other Verification	Enforced Debt Collection	Corporate Management	Other
OECD Countries	30.76	32.43	10.41	14.79	11.68
Non-OECD Countries	28.91	32.43	10.14	15.60	12.92
All Countries	30.22	32.43	10.33	15.02	12.04

26. Factors that may explain some of these variations in functional staff resource allocations between revenue bodies include (1) the use of administrative assessment versus self-assessment for income tax; (2) the degree of automation of routine tax administration tasks; 3) the degree to which some functions are centralized and therefore may require less staff (e.g. data processing and contact centres); 4) the extent of reliance on outsourcing (e.g. for IT support), which is discussed briefly in the following section; (5) the extent of staff devoted to overheads; (6) the nature and size of a revenue bodies' network of offices; and 7) misclassification of underlying resource usage data. The widely fluctuating data points to the need for care in the conduct of detailed cross-country benchmarking exercises.

Outsourcing of revenue body functions/ operations

27. Outsourcing is a growing phenomenon in the private sector and is being increasingly used by government agencies, including some revenue bodies, as a means of carrying out tasks and functions in a more cost effectiveness manner. Outsourcing the provision of IT infrastructure is fairly common among OECD revenue bodies (e.g. Australia, New Zealand, and UK) and indeed, in some countries, the Government has decreed the use of outsourcing for IT infrastructure provision as their preferred approach. For this series, revenue bodies were asked to identify whether specific tax administration functions were outsourced (beyond IT operations).

28. Beyond the collection of tax payments where outsourcing is used widely, survey responses reveal that outsourcing is not used widely—for answering taxpayer inquiries (9 revenue bodies), for data processing operations (15 revenue bodies), and for enforced debt collection work (9 revenue bodies, although three of these entail enforced tax collection by other government/ quasi-government bodies as is the case of Chile, Italy and Sweden.

Nature of tax work outsourced	Revenue bodies using outsourcing for this work
Collect & process tax payments (e.g. via bank/ post office) /1	Over 30 revenue bodies reported the use of outsourced arrangements for tax payments collection and processing
Answering taxpayer inquiries (e.g. call centre operations) /1	Australia, Chile, Mexico, Spain, USA, China, India, Lithuania, Malaysia
Data processing operations	Denmark, Finland, Germany (some regions), Hungary, Iceland, Ireland, Mexico, Slovenia, Sweden, Turkey, UK, China, India, Lithuania, Malaysia
Enforced collection of tax debts	Australia; Chile, Italy, and Sweden (*separate government body),* Hungary, Ireland, UK *(small pilot project only),* India, Lithuania

/1. As examples, for payments, the US IRS uses a Lockbox facility. This is a collection and processing service provided by a network of financial institutions that accelerates the flow of funds to the U.S. Treasury. This commercial third-party processing takes place through a contract with the Internal Revenue Service (IRS) and the Financial Management Service (FMS) and involves the use of the Form 1040-V, Payment Voucher. Some balance due taxpayers must send their voucher and payment to a designated location (a lockbox bank. For answering inquiries, the IRS engages the National Telecommuting Institute (NTI) receives orders for tax material from the public who call 1-800-829-3676. The Tax Forms Distribution Programmes Section (TFDPS) provides support in relaying tax product information, programme updates, and procedural and reference material guidelines to the service provider.

29. With many revenue bodies required to reduce their costs in the coming years it is likely that use of outsourcing and/ or the provision of services on a jointly-shared basis across a number of Government agencies will increase over the medium term. Concerning this latter approach, two revenue bodies (i.e. New Zealand and the UK) reported for this series that their Governments were either studying or piloting the provision of some administrative support services (e.g. human resource management, facilities management) on a 'whole of Government'/ multi-agency basis.

The non-tax roles of national revenue bodies

30. Reference was made in Chapter 1 to the growing trend of Governments to allocate additional 'non-tax' functions to revenue bodies and the rationale for doing this (see Table 4). To provide some insight as to the significance of this development and responsibility, Table 20 provides data on the estimated proportion of each revenue body's budget expenditure attributable to non-tax functions for 2005 to 2009 (where available). The key observations are as follows:

- Rates of expenditure on non-tax functions appear relatively constant over the period 2005 to 2009, suggesting little further recent movement in this practice.

- In the case of Argentina, Austria, Denmark, Estonia, Mexico, Netherlands, and South Africa these non-tax costs are attributable, in part, to responsibilities for customs administration.

- In the case of countries such as Canada and New Zealand, responsibility for Government welfare-related responsibilities appear to be the primary influencing factor, and in the case of New Zealand are a significant element of overall expenditure (at 35%).

Table 23. Aggregate staff usage on major tax administration functions in 2009

Country	Staff usage all tax functions in 2009 (FTEs)	Total staff usage on major tax functions /1									
		Client account management functions		Audit, investigation & other verification functions		Enforced debt collection and related functions		Corporate management functions		Other functions	
		No.	% of total	No.	% of total	No.	% of total	No.	% of total	No.	% of total
1) OECD countries											
Australia/2	19,932	4,462	22.4	6,005	30.1	1,748	8.8	4,756	23.9	2,961/2	14.9
Austria	7,732	912	11.8	5,495	71.1	835	10.8	91	1.2	399	5.2
Belgium/2	18,345	5,631	30.7	8,322	45.4	2,392	13.0	2.000	10.9	0	0
Canada/2	38,207	10,647	27.9	10,250	26.8	7,378	19.3	7,584	19.8	2,348	6.1
Chile/2*	3,995	848	21.2	1,546	38.7	0	0.0	1,520/2**	38.0	81	2.0
Czech Rep.	14,756	8,670	58.8	3,143	21.3	927	6.3	283	1.9	1.733	11.7
Denmark	7,680	2,127	27.7	3,124	40.7	950	12.4	1,300	16.9	179	2.3
Estonia	878	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Finland/2	5,595	2,225	39.8	2,484	44.4	392	7.0	364	6.5	130	2.3
France/2	72,814	26,938	37.0	9,114	12.5	15,185	20.9	13,669	18.8	7,908	10.9
Germany/2	112.291	0	0	72.291	65.0	12.700	11.3	3.000	2.7	23.600	21.0
Greece	n.avail.	n.avail.	n.avail.	2,714	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Hungary	15,182.8	4,329.0	28.5	5,656.5	37.3	2,760.1	18.2	2,737.2	18.0	0	0
Iceland/2	72	37	51.4	7	9.7	0	0	15	20.8	13	18.1
Ireland/2	6,105	2,268	37.1	2,021	33.1	438	7.2	1,124	18.4	254	4.2
Israel	5,616	555	9.9	3,212	57.2	755	13.4	828	14.7	266	4.7
Italy/2	33,584	11,395	33.9	16,214	48.3	0	0	5,975	17.8	0	0
Japan/2	56,216	n.avail./2	n.avail.	39,190	69.7	7,999	14.2	1,309	2.3	7,718	13.7
Korea/2	19,094	11,783	61.7	3,821	20.0	0	0	262	1.4	3,225	16.9
Luxembourg	895.5	451.5	50.4	102.0	11.4	172.0	19.2	62.8	7.0	107.3	12.0
Mexico/2	26,129	3,845	14.7	9,549	36.5	5,931	22.7	4,722	18.1	2,082	8.0
Netherlands/2	23,606	2,000	8.5	13,831	58.6	1,800	7.6	3,723	15.8	2,252	9.5
N. Zealand	4,227	2,093	49.5	810	19.2	398	9.4	480	11.4	446	10.6
Norway	6,261	2,258	36.1	1,387	22.2	318	5.1	1,271	20.3	1,027	16.4
Poland	60,401	8,733	14.5	10,417	17.2	6,813	11.3	5,593	9.3	28,845	47.8
Portugal/2	10,760	7,208	67,0	1,884	17,5	n.avail.	n.avail.	1,668	15,5	0	0
Slovak Rep.	5,686	2,261	39.8	1,699	29.9	315	5.5	988	17.4	424	7.5
Slovenia	2,470	983	39.8	364	14.7	248	10.0	668	27.0	207	8.4
Spain	23,817	7,162	30.1	5,214	21.9	4,543	19.1	6,898	29.0	0	0.0
Sweden/2	7,695	1,400	18,2	2,300	29.9	220	2.9	1,275	16.6	2,500	32.5
Switzerland	985	85	8.6	300	30.5	60	6.1	130	13.2	410	41.6

Country	Staff usage all tax functions in 2009 (FTEs)	Total staff usage on major tax functions /1									
		Client account management functions		Audit, investigation & other verification functions		Enforced debt collection and related functions		Corporate management functions		Other functions	
		No.	% of total	No.	% of total	No.	% of total	No.	% of total	No.	% of total
Turkey	41,341	22,403	54.2	3,160	7.6	3,237	7.8	1,495	3.6	11,046	26.7
UK/2	70,700	14,237	20.1	25,176	35.6	7,147	10.1	12,753	18.0	11,388	16.1
USA	92,577	30,603	33.1	12,863	13.9	31,000	33.5	15,660	16.9	2,451	2.6
2) Selected non-OECD countries											
Argentina	14,699	3,213	21.9	6,058	41.2	724	4.9	2,013	13.7	2,691	18.3
Bulgaria	7,976	2,051	25.7	3,593	45.0	379	4,8	953	11,9	1,000	12,5
China	750,000	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus/2	842	133	15.8	304	36.1	79	9.4	163	19.4	163	19.4
India	42,108	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Indonesia	31,825	26,122	82.1	3,810	12.0	761	2.4	1,132	3.6	0	0
Latvia	2,885	699	24.2	1,146	39.7	218	7.6	403	14.0	419	14.5
Lithuania	3,816	1,492	39.1	1,066	27.9	249	6.5	456	11.9	553	14.5
Malaysia	9,942	2,001	20.1	2,152	21.6	1,771	17.8	4,018	40.4	0	0
Malta/2	367	96	26.2	57	15.5	47	12.8	37	10.1	130	85.4
Romania/2	24,200	6,307	26.1	8,287	34.2	2,530	10.5	5,866	24.2	1,210	5.0
Russia/2	173,021	27,959	16.2	67,713	39.1	11,360	6.6	27,535	15.9	38,454	22.2
S. Arabia/2	586	223	38.1	211	36.0	152	25.9	0	0	0	0
Singapore	1,712	165	9.6	920	53.7	201	11.7	281	16.4	145	8.5
S. Africa/2	14,751	4,556	30.9	2,845	19.3	1,615	10.9	3,137	21.3	2,598	17.6

Sources: Country survey responses and annual reports. *(Table notes are located at the end of report.) FTE: Full time equivalent.*

Chapter 6. Operational performance information

Outline

This chapter provides performance-related data for important areas of tax administration that were reported by revenue bodies or obtained from other sources. In addition, various ratios are presented as some of these are used when benchmarking revenue body performance.

Key points and observations

Tax revenue collections

- Tax burden ratios vary enormously between surveyed countries; for fiscal year 2008, 9 countries in the European region—Austria, Belgium, Denmark, Finland, France, Hungary, Italy, Norway and Sweden—had tax/GDP ratios of more than 40%. In contrast, total tax revenue in six other surveyed countries (i.e. China, India, Indonesia, Saudi Arabia and Singapore) was less than 20% of GDP, while just over half of surveyed countries had an aggregate tax burden of between 30-40% of GDP.
- Overall, fiscal year 2008 for OECD countries saw a decline in tax revenue of 0.6% of GDP, an outcome resulting from the economic downturn associated with the global financial crisis; countries showing a significant decline of tax revenue (i.e. over 2% of GDP) in 2008 were Australia, Iceland, Ireland, Israel and Spain).

Refunds of overpaid taxes

- The incidence of aggregate tax refunds varies markedly between countries, reflecting a range of tax system design and other factors, with significant implications for respective revenue body workloads.
- Viewed over a five year period, there is an overall trend of increased refunds of tax, in part influenced by reduced tax revenues in many countries after the financial crisis.

Delivery of services to taxpayers

- The practice of applying standards for key areas of service delivery and monitoring the performance achieved against them remains a relatively immature practice among revenue bodies with no more than half of surveyed bodies having a comprehensive set of standards.
- For the areas of service delivery surveyed, standards most frequently existed for the processing of VAT refunds and written inquiries, answering telephone inquiries, and handling taxpayers' disputes. Standards were less frequently reported for the processing of income tax returns and registering a new business.
- For some areas of service delivery, the standards applied (and levels of service achieved) vary quite significantly (e.g. processing of VAT refunds) across bodies.

Tax verification activities

- The aggregate value of verification results (as a share of annual net revenue collections) varies significantly but for just on 50% of revenue bodies represents less than 4% of annual net revenue collections; 13 revenue bodies reported results of < 2%, 13 reported an amount in the range 2-4%, while 14 revenue bodies reported results in excess of 4% (including 5 exceeding 8%).
- Viewed over a five year period where relevant data were available, around half of surveyed bodies reported significant increases (+20%) in the aggregate value of their verification outputs.

Collection of tax debts

- The incidence of unpaid taxes, as reflected in the relative size of debt inventories, varies enormously across surveyed revenue bodies, suggesting that there are also substantial variations in the overall level of taxpayers' payment compliance.
- Applying the benchmark ratio '*aggregate year-end tax arrears (excluding disputed debt)/ aggregate net revenue collections*' for 2009 as a broad indicator of the relative magnitude of the debt inventory: 13 had a ratio <5%; 8 had a ratio between 5-10%; 12% had a ratio between 10-20 %; and for 7 the ratio > 20%.
- Applying the same benchmark ratio, there are twelve revenue bodies—Australia, Austria, Germany, Ireland, Japan, Korea, Netherlands, Norway, Sweden, Singapore, Slovenia and the USA—that generally display a ratio of less than 5% for each year over the five year period (indicating consistently high levels of payment compliance and effective debt collection operations).
- Survey data indicates that the impacts of the global financial crisis on revenue bodies' debt collection programmes were fairly uneven (e.g. almost 40% of revenue bodies reported an increase in the aggregate value of their debt inventory over the years 2007 to end 2009 exceeding 20%; for 13 revenue bodies, this increase exceeded 40%;
- Survey responses suggest weaknesses in the management information systems of many revenue bodies; for example, almost one third of revenue bodies were unable to report one or more elements of fairly basic programme information cncering their debt collection activities (e.g. just over one quarter could not report the number of debt cases and associated tax amounts).

1. This chapter provides an overview of operational data obtained in respect of the performance of revenue bodies. The subject areas included are: 1) revenue collections; 2) refunds of overpaid taxes; 3) selected areas of taxpayer service delivery; 4) verification activities; 5) dispute resolution; and 6) enforced collection of unpaid taxes.

2. Given the 'comparative' nature of this series, every effort has been made to ensure that a common understanding has been applied by surveyed countries in interpreting terms such as 'verification', 'tax disputes', and 'tax arrears'. For the reasons outlined in this chapter and elsewhere in this document, considerable care should be taken when interpreting this information and in drawing any conclusions as to the relative efficiency and effectiveness of the individual revenue bodies identified. In particular, reference should be made to other parts of this report (e.g. data related to the scope of taxes collected and resource allocations) to identify factors that may explain what appear to be "unusual" situations in this chapter.

Tax revenue collections

3. The end-product of the work of national revenue bodies is the net amount of revenue collected (after refunds are paid) which can be credited to Government revenue accounts. This section provides information on the aggregate net tax revenues of surveyed countries for all levels of Government, often expressed in terms of a country's 'tax burden'. A major proportion of these revenues, with the exception of social contributions in some countries (see Chapter 1, Table 3) is collected by surveyed revenue bodies.

4. The OECD generally seeks to publish internationally comparable data on the tax revenues of OECD countries for all levels of government. The term "taxes" is confined to compulsory, unrequited payments to government. Taxes are unrequited in the sense that benefits provided by government to taxpayers are not normally in proportion to their payments. It is important to recognize that the tax ratios published by the OECD depend just as much on the denominator (GDP) as the numerator (tax revenue), and that the numerator is subject to revision for a variety of reasons. Readers are directed to the OECD publication *Revenue Statistics 1965-*

2009, 2010 edition for more information concerning the impact of GDP revisions on reported tax ratios in member countries.

5. Table 24 provides aggregate country tax revenues (for each major tax type and in total covering all levels of government) as a percentage of gross domestic products (GDP) for fiscal year 2008. A provisional or actual aggregate amount for all taxes is also provided, where available, for fiscal year 2009, and for two prior years. These ratios are calculated by expressing total tax revenues as a percentage of GDP at market prices. The source of data presented is described at the foot of the table. Care needs to be taken when comparing the tax burdens of the countries included given the possibility of differences in the way the underlying aggregate data may have been compiled.

6. Table 25 provides a summary of aggregate gross revenue collected by the revenue body in 2008 and 2009, along with a number of other revenue-related aggregates (e.g. the proportion of personal income tax and SSCs collected using withholding mechanisms, and refunds of tax. Table 26 displays a number of ratios using the data reported.

7. The key points from the information contained in Tables 24 to 26 are as follows:

- Tax burden ratios vary enormously between surveyed countries. For fiscal year 2008, 9 countries in the European region—Austria, Belgium, Denmark, Finland, France, Hungary, Italy, Norway and Sweden—had tax/GDP ratios exceeding 40%. In contrast, total tax revenue in six other surveyed countries (i.e. China, India, Indonesia, Saudi Arabia and Singapore) was less than 20% of GDP; just over half of surveyed countries had an aggregate tax burden equivalent to between 30-40% of GDP.
- Overall, fiscal year 2008 in OECD countries saw a decline in tax revenue of 0.6% of GDP, an outcome resulting from the economic downturn associated with the global financial crisis; countries showing a significant decline of tax revenue (i.e. over 2% of GDP) were Australia, Iceland, Ireland, Israel and Spain).
- The variations in aggregate tax burdens evident from Table 24 have a number of implications from a tax administration viewpoint, particularly in the context of international comparisons. The significant variations in tax burden ratios coupled with variations in the mix of direct and indirect taxes mean that there can be quite different administrative workloads and compliance issues from country to country.
- Table 26 provides data indicating the proportion of personal taxes and SSCs that were collected via withholding mechanisms; unfortunately, and surprisingly given the generally accepted superiority of withholding mechanisms as a revenue collection tool, only around half of revenue bodies were able to quantify the data needed for this computation; for the 24 revenue bodies reporting relevant data, 17 display a ratio exceeding 80% (including 12 over 85%) and 7 a ratio less than 80%.
- Table 26 also provides data reflecting the proportion of aggregate taxes collected that were paid following some form of enforcement activity (e.g. verification and enforced debt collection) conducted by the revenue body; however, the vast majority of surveyed revenue bodies were unable to report this amount; where data were available, the amounts reported ranged fairly widely between 1 to 6% of net revenue collections. This data needs to be treated with care given the difficulties inherent in accurately attributing revenue collections resulting from voluntary payments and those resulting from compliance/enforcement-related activities.

Table 24. Aggregate tax collections (by major tax type) for 2008 (and other years' aggregates)

Country	Major taxes collected (Tax/GDP%) for fiscal year 2008					All taxes (Tax/GDP%)	All taxes (Tax/GDP%)/1		
	PIT	SSC	CIT	VAT	Excises		2006	2007	2009 (prov.)
1) OECD countries									
Australia	10.2	n.applic.	5.9	3.4	3.3	27.1	29.3	29.5	n.avail.
Austria	9.9	14.3	2.5	7.8	3.1	42.7	41.9	42.1	n.avail.
Belgium	13.5	13.9	3.3	7.0	3.1	44.2	44.3	43.8	n.avail.
Canada	12.0	4.8	3.3	2.7	2.8	32.3	33.3	33.0	n.avail.
Chile	n.avail.	1.4	n.avail.	8.9	1.9	22.5	23.2	24.0	n.avail.
Czech Rep.	3.7	16.1	4.2	7.1	3.7	36.0	37.0	37.3	n.avail.
Denmark	25.2	1.0	3.4	10.1	4.7	48.2	49.6	49.0	n.avail.
Estonia	6.3	11.8	1.7	8.0	3.3	32.2	31.1	32.3	n.avail.
Finland	13.3	12.1	3.5	8.4	4.2	43.1	43.8	43.0	n.avail.
France	7.5	16.1	2.9	7.0	3.0	43.2	44.0	43.5	n.avail.
Germany	9.6	13.9	1.9	7.1	3.1	37.0	35.4	36.0	n.avail.
Greece	4.8	12.2	2.5	7.2	2.8	32.6	31.7	32.3	n.avail.
Hungary	7.8	13.0	2.6	7.7	4.3	40.2	37.2	39.7	n.avail.
Iceland	13.2	2.8	1.9	9.1	3.4	36.8	41.5	40.6	n.avail.
Ireland	8.0	5.1	2.8	7.1	4.1	28.8	31.8	30.9	n.avail.
Israel	7.3	5.6	3.5	7.8	2.1	33.8	35.9	36.3	n.avail.
Italy	11.6	13.5	3.7	6.0	3.5	43.3	42.3	43.4	n.avail.
Japan	5.6	10.9	3.9	2.5	2.0	28.1	28.0	28.3	n.avail.
Korea	4.0	5.8	4.2	4.3	3.9	26.5	25.0	26.5	n.avail.
Luxembourg	7.7	10.1	5.1	5.8	3.8	35.5	35.6	35.7	n.avail.
Mexico		2.7		3.8	8.5	21.0	18.2	17.9	n.avail.
Netherlands	7.5	14.5	3.2	7.2	3.4	39.1	39.1	38.7	n.avail.
N.Zealand	13.7	n.applic.	4.4	8.6	2.0	33.7	36.1	35.1	n.avail.
Norway	9.1	8.9	12.5	7.3	3.0	42.6	44.0	43.8	n.avail.
Poland	5.4	11.4	2.7	7.9	4.7	34.3	34.0	34.8	n.avail.
Portugal	5.6	11.5	3.6	8.4	4.3	35.2	34.4	35.2	n.avail.
Slovak Rep.	2.8	12.0	3.1	6.9	2.9	29.3	29.4	29.4	n.avail.
Slovenia	5.9	14.1	2.5	8.5	4.2	37.2	38.3	37.8	n.avail.
Spain	7.1	12.1	2.8	5.3	2.6	33.3	36.6	37.3	n.avail.
Sweden	13.8	11.5	3.0	9.3	2.9	46.3	48.3	47.4	n.avail.
Switzerland	9.1	6.7	3.3	3.7	1.8	29.1	29.3	28.9	n.avail.
Turkey	4.0	6.1	1.8	4.9	5.6	24.2	24.5	24.1	n.avail.
UK	10.7	6.8	3.6	6.4	3.5	35.7	36.5	36.2	n.avail.
USA	9.9	6.5	1.8	n.applic.	1.6	26.1	27.9	27.9	n.avail.
OECD (aver.)	9.0	9.0	3.5	6.8	3.4	34.8	35.4	35.4	n.avail.
2) Selected non-OECD countries									
Argentina	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Bulgaria	3.0	8.1	3.3	11.5	6.1	33.3	35.1	34.2	n.avail.
China/2	----------------------------4.7/2-------------------------			-----------------9.0/2-------------		17.3	16.1	17.2	17.5

Country	Major taxes collected (Tax/GDP%) for fiscal year 2008					All taxes (Tax/GDP%)	All taxes (Tax/GDP%)/1		
	PIT	SSC	CIT	VAT	Excises		2006	2007	2009 (prov.)
Cyprus	5.0	7.7	7.1	11.3	3.3	39.2	36.5	40.9	n.avail.
India	2.2	n.avail.	4.1	n.avail.	2.6	18.6	16.1	17.6	17.3
Indonesia/2	--n.avail.--					19.8/2	18.8/2	17.9/2	16.9/2
Latvia	6.3	8.2	3.1	6.6	3.2	28.9	30.4	30.5	n.avail.
Lithuania	6.6	9.0	2.8	8.1	3.1	30.3	29.4	29.7	n.avail
Malaysia/2	----------------------------7.8/2-------------------------			--------------3.4/2---------------		15.2	15.1	14.8	15.7
Malta	5.8	6.2	6.8	8.0	3.1	34.5	33.7	34.6	n.avail
Romania	3.4	9.3	3.0	7.9	2.7	28.0	28.5	29.0	n.avail.
Russia/2	4.0	5.1	6.0	5.9	13.9	36.8/2	n.avail.	n.avail.	n.avail.
S.Arabia/2	n.avail	n.avail.	n.avail.	n.avail.	n.avail.	/2	/2	/2	/2
Singapore	n.avail	n.avail.	n.avail.	n.avail.	n.avail.	13.5	12.0	12.1	14.1
S.Africa	8.2	-	7.8	7.3	2.0	26.5	25.5	26.0	25.7

Sources: OECD countries—Revenue Statistics (OECD, 2010 and prior editions), Consumption Tax Trends 2010 (OECD, expected March 2011) and OECD Tax Database (August 2010); Non-OECD EU Countries—Taxation Trends in The European Union (2010 and prior editions); and Other Countries—IMF Article IV Consultations: Staff Reports. *(Table notes are located at the end of report.)*
Prov.= provisional. , aver.=average.

Table 25. Revenue collections and refunds

(Aggregates, all amounts in millions of local currency, unless otherwise stated)

Country	Gross revenue collections/1		Gross PIT and SSC collections via withholding of tax at source/2		Total refunds of all taxes/3		Net collections paid voluntarily/4	
	2008	2009	2008	2009	2008	2009	2008	2009
1) OECD countries								
Australia	341,793	348,808	114,000	116,000	70,931	84,274	n.avail.	n.avail.
Austria	70,933	65,988	22,304	21,074	2,171	2,303	66,515	62,124
Belgium	117,689	110,892	39,564	39,278	23,884	24,916	35,371	31,891
Canada	371,482	366,258	205,214	206,647	73,988	86,110	29,700	30,338
Chile	22,186,799	22,158,781	n.avail.	n.avail.	5,713,503	8,812,225	n.avail.	n.avail.
Czech Rep.	868,291	739,264	6,334	5,999	261,626	216,779	n.avail.	n.avail.
Denmark	808,466	770,688	420,243	420,176	2,914	3,269	n.avail.	n.avail.
Estonia	97,930	91,586	n.avail.	n.avail.	17,876	26,007	n.avail.	n.avail.
Finland	63,630	57,491	26,635	25,730	15,241	13,047	40,200	38,200
France	442,958	418,792	n.avail.	n.avail.	61,442	78,179	n.avail.	n.avail.
Germany	917,403	886,714	505,317	490,365	n.avail.	n.avail.	n.avail.	n.avail.
Greece	51,085	49,725	n.avail.	n.avail.	3,633	4,927	n.avail.	n.avail.
Hungary	10,711,185	10,161,926	n.avail.	n.avail.	1,774,018	1,687,266	n.avail.	n.avail.
Iceland	389,850	361,237	88,601	81,931	n.avail.	n.avail.	n.avail.	n.avail.
Ireland	60,061	50,744	n.avail.	n.avail.	9,178	8,146	n.avail.	n.avail.
Israel	213,775	206,662	47,609	43,477	34,704	33,674	n.avail.	n.avail.
Italy	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Japan	55,120,938	48,877,807	15,132,437	14,242,290	7,542,349	7,898,700	n.avail.	n.avail.
Korea	206,269,066	200,280,805	23,610,686	22,148,063	48,740,475	45,950,266	145,837,200	141,533,700
Luxembourg	9,421	9,086	2,124.2	1,995.7	987	1,018	3,320	2,966
Mexico	2,496,874	2,040,952	347,848	356, 274	408,984	451,284	2,024,911	1,515,255
Netherlands	209,283	188,518	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
N.Zealand	62,483	60,110	28,114	27,114	11,228	11,066	49,047	46,616
Norway	640,600	685,300	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Poland	261,278	249,904	n.avail.	n.avail.	71,273	71,682	n.avail.	n.avail.
Portugal	38,511	34,560	9,962	9,925	6,957	7,618	36,963	33,234
Slovak Rep.	12,756	11,624	n.avail.	n.avail.	8,031	7,074	n.avail.	n.avail.
Slovenia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Spain	227,589	205,320	78,236	74,583	53,983	61,048	n.avail.	n.avail.
Sweden	1,707,392	1,629,404	892,983	855,324	216,368	189,270	1,477,141	1,435,867

Country	Gross revenue collections/1		Gross PIT and SSC collections via withholding of tax at source/2		Total refunds of all taxes/3		Net collections paid voluntarily/4	
	2008	2009	2008	2009	2008	2009	2008	2009
Switzerland	69,198	63,196	n.avail.	n.avail.	33,529	27,871	n.avail.	n.avail.
Turkey	189,981	196,290	n.avail.	n.avail.	21,872	23,873	n.avail.	n.avail.
UK	532,000	526,500	226,700	225,200	77,100	81,200	n.avail.	n.avail.
USA	2,742,520	2,345,337	1,788,280	1,673,527	425,773	437,686	2,260,310	1,858,765
2) Selected Non-OECD Countries								
Argentina	290,395	313,057	n.avail.	n.avail.	8,780	6,182	n.avail.	n.avail.
Bulgaria	17,887	16,228	n.avail.	n.avail.	5,877	4,465	10,608	9,424
China	57,862,000	63,104,000	n.avail.	n.avail.	5,866,000	6,487,000	n.avail.	n.avail.
Cyprus	4,124	3,609	462	509	168	219	n.avail.	n.avail.
India	3,479,500	4,341,630	n.avail.	n.avail.	411,220	573,970	n.avail.	n.avail.
Indonesia	526,451,316	546,724,428	n.avail.	n.avail.	32,366,772	30,778,476	n.avail.	n.avail.
Latvia	5,820	4,667	1,449	1,084	681	733	n.avail.	n.avail.
Lithuania	26,916	19,086	7,431	3,987	4,038	2,659	22,616	16,016
Malaysia	90,651	88,402	n.avail.	n.avail.	8,560	10,758	n.avail.	n.avail.
Malta	2,230	2,245	474	467	160	140	346	305
Romania	154,555.0	144,335.0	36,240.0	36,081.0	11,728.0	10,552.0	128,150.0	119,354.0
Russia	10,006,600	8,353,100	2,057,700	2,064,200	n.avail.	n.avail.	n.avail.	n.avail.
S.Arabia	15,332,869,725	14,103,196,354	n.avail.	n.avail.	0	0	n.avail.	n.avail.
Singapore	29,112.6	29,800.7	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Africa	694,283	779,368	167,060	193,792	112,514	144,171	n.avail.	n.avail.

Sources: Country survey responses. *(Table notes are located at the end of report.)*

Table 26. Revenue collections and refunds (relative shares)

Country	Gross PIT& SSC withholdings / total gross PIT & SSCs (%)		Total refunds of tax/gross revenue collections (%)					Net revenue collections from enforcement action	
	2008	2009	2005	2006	2007	2008	2009	2008	2009
1) OECD countries									
Australia	79.4	79.5	19.0	19.5	20.1	20.8	24.2	n.avail.	n.avail.
Austria/1	87.5	87.1	4.8	4.0	3.4	3.1	3.6	2,247	1,562
Belgium/1	n.avail.	n.avail.	1.8	3.7	4.1	20.3	22.5	20,645	16,497
Canada	83.9	83.8	22.0	22.7	21.6	19.9	23.5	9,617	9,721
Chile	n.avail.	n.avail.	21.7	21.3	27.5	25.8	39.8	n.avail.	n.avail.
Czech Rep.	n.avail.	n.avail.	25.0	29.1	29.4	30.1	29.3	n.avail.	n.avail.
Denmark	89.8	94.0	2.0	2.4	3.0	0.4	0.4	n.avail.	n.avail.
Estonia	n.avail.	n.avail.	28.9	28.5	28.9	18.3	28.4	n.avail.	n.avail.
Finland	88.2	89.5	20.0	21.4	21.7	24.0	22.7	8,200	6,200
France	n.avail.	n.avail.	7.8	7.9	8.3	13.9	18.7	n.avail.	n.avail.
Germany	86.6	86.4	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Greece	n.avail.	n.avail.	5.9	5.3	5.4	7.1	9.9	n.avail.	n.avail.
Hungary	n.avail.	n.avail.	18.3	17.4	17.0	16.6	16.6	n.avail.	n.avail.
Iceland	68.7	65.7	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Ireland	n.avail.	n.avail.	13.1	13.3	13.9	15.3	16.1	n.avail.	n.avail.
Israel	83.1	82.2	n.avail.	n.avail.	n.avail.	16.2	16.3	n.avail.	n.avail.
Italy	71.5	74.2	4.2	4.3	4.6	13.1	14.2	6,900	9,100
Japan	82.0	82.7	10.7	11.1	12.6	13.7	16.2	n.avail.	n.avail.
Korea	58.5	59.2	19.9	20.0	18.9	23.6	22.9	11,691,391	12,796,839
Luxembourg/1	70.0	68.0	n.avail.	n.avail.	n.avail.	10.5	11.2	75/1	125/1
Mexico	94.7	95.0	17.7	15.9	17.6	16.4	22.1	62,980	74,413
Netherlands	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
N.Zealand/1	83.4	84.8	16.5	15.9	16.7	18.0	18.4	2,208	2,428
Norway	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Poland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	27.3	28.7	n.avail.	n.avail.
Portugal	88.8	92.4	18.0	17.3	17.1	18.1	22.0	36,963	33,234
Slovak Rep./1	n.avail.	n.avail.	52.5	58.3	61.5	63.0	60.9	n.avail.	n.avail.
Slovenia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Spain/1	91.9	94.6	18.3	17.1	18.1	23.7	29.7	8,010	8,120
Sweden/1	93.8	94.3	n.avail.	17.7	14.5	12.7	11.6	13,883	4,268
Switzerland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	48.5	44.1	n.avail.	n.avail.

Country	Gross PIT& SSC withholdings / total gross PIT & SSCs (%)		Total refunds of tax/gross revenue collections (%)					Net revenue collections from enforcement action	
	2008	2009	2005	2006	2007	2008	2009	2008	2009
Turkey	n.avail.	n.avail.	9.3	9.1	10.7	11.5	12.2	n.avail.	n.avail.
UK	89.9	89.9	13.1	13.5	13.3	14.5	15.4	n.avail.	n.avail.
USA/1	77.5	81.7	11.9	11.1	11.0	18.2	18.7	56,437	48,886
2) Selected non-OECD countries									
Argentina	n.avail.	n.avail.	5.4	4.8	4.3	3.0	2.0	n.avail.	n.avail.
Bulgaria	n.avail.	n.avail.	56.1	49.1	30.8	32.9	27.5	1,401	2,339
China	n.avail.	n.avail.	8.8	9.2	8.7	10.1	10.3	n.avail.	n.avail.
Cyprus	87.8	89.1	5.7	5.1	5.8	4.1	6.0	n.avail.	n.avail.
India	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	11.8	13.2	n.avail.	n.avail.
Indonesia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	6.1	5.6	n.avail.	n.avail.
Latvia	53.2	51.1	11.6	9.8	10.0	11.7	15.7	n.avail.	n.avail.
Lithuania	94.6	85.9	n.avail.	n.avail.	n.avail.	15.0	13.9	n.avail.	n.avail.
Malaysia	n.avail.	n.avail.	5.8	6.6	7.2	9.4	12.2	n.avail.	n.avail.
Malta	36.3	35.5	n.avail.	n.avail.	n.avail.	7.2	6.2	17	21
Romania	53.1	53.2	7.3	8.5	6.8	7.6	7.3	n.avail.	n.avail.
Russia	55.3	55.3	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Arabia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	0	0	n.avail.	n.avail.
Singapore	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Africa	90.3	89.2	15.6	15.2	15.5	16.2	18.5	n.avail.	n.avail.

Sources: Country survey responses, ATO Annual Report 2010 and CIS 2008. *(Table notes are located at the end of report.)*

Refunds of overpaid taxes

8. A factor given relatively little attention in describing national tax systems and the work of national revenue bodies is the overpayment of taxes, and the resultant workload and costs for the revenue body and taxpayers to settle liabilities. Given the underlying design of the main taxes administered (i.e. PIT, CIT and VAT) some element of over-payment by a proportion of taxpayers is unavoidable. However, as discussed hereunder the incidence of overpaid taxes for many countries in aggregate terms is higher than perhaps generally recognized and varies significantly across countries. For some countries, the relatively high incidence of tax refunds raises questions concerning the costs borne by taxpayers where taxes are overpaid, particularly where it is not the practice of the revenue body to make refunds in a relatively expeditious manner, and especially if interest is not credited to taxpayers in respect of delayed refunds.

9. This section provides data on the incidence of overpaid taxes (in aggregate and for the major taxes in selected countries) and identifies some of the more common reasons for their occurrence. Table 26 sets out data on the aggregate incidence of refunds of overpaid taxes in surveyed countries. The key observations are as follows:

- The incidence of tax refunds varies significantly, reflecting a range of tax system design factors that are discussed below. For 2009 where data were reported;
    - 6 revenue bodies reported aggregate refunds < 10%;
    - 16 revenue bodies reported an amount between 10-20%,
    - 12 revenue bodies reported between 20-25%; and
    - 8 revenue bodies reported in excess of 25% (i.e. Bulgaria, Czech Rep., Chile, Estonia, Poland, Slovakia, Spain, and Switzerland); in the case of Slovakia where the rate exceeds 60%, there would seem a strong case for reform, given the compliance costs attaching to the high incidence of overpayment, the opportunities for fraud, and the administrative costs associated with revenue body workloads.

- In overall terms, there is an increasing trend in the proportion of tax being refunded to taxpayers, although this trend appears to have been influenced, in part at least, by reduced tax revenues in some countries arising in the aftermath of the global economic crisis;

- From the data presented below for selected countries, VAT systems would appear ot have the highest incidence of refunds, an outcome resulting resulting from a range of factors described later in this part; refunds of PIT are relatively significant in a few countries, in particular those with non-cumulative systems of wage withholding where employees are generally required to file an end of year tax return.

Country	Proportion of gross tax collections refunded to taxpayers (2009) %			
	PIT	CIT	VAT	All taxes
Australia	16.1	17.0	n.avail.	24.2
Finland	27.0	n.avail	44.6	22.7
Hungary	6.2	26.6	38.0	16.6
Ireland	19.9	26.4	24.3	16.1
Japan	n.avail	n.avail	25.5	16.2
N. Zealand	6.0	4.9	47.2	18.4
South Africa	5.4	4.7	44.7	18.5
USA	28.3	n.avail.	n.appl.	18.7

Source: Revenue body annual reports and published statistical reports.

10. From limited research carried out by the Secretariat, there appear to be a range of factors that can influence the incidence of refunds for each of the major taxes administered. Some or all of these may apply to varying degrees across each of the surveyed countries:

- *VAT:* Factors relevant to the incidence of refunds include 1) the nature of a country's economy (e.g. the extent of value added of export industries, the proportion of taxable and zero-rated sales in the economy); 2) design features of the VAT system, particularly the extent of zero-rating and use of multiple rates; and 3) inflated VAT refund claims that go undetected, including those resulting from fraudulent schemes designed to exploit weaknesses in VAT refund controls.[56]

- *PIT:* There is a variety of potentially relevant factors, including 1) employee withholding schedules (where the non-cumulative approach is used) that are calibrated to marginally 'over-withhold' taxes from employees wages', pending the settlement of liabilities in end-of year tax returns; 2) tax system design features that result in various tax benefits being delivered to taxpayers via the end-of-year tax return assessment process; 3) the use of flat rate (creditable) withholding mechanisms for investment income, particularly interest income, that result in overpayment of taxes for lower income taxpayers (and that are generally refunded with the filing of a tax return; 4) design features of the system for making advance payments of tax (e.g. the base applied for estimating instalments, the threat of penalties for under-estimates) that may discourage some taxpayers from making revised estimates prior to filing their end-year tax return; and 5) inflated refunds, resulting from taxpayers under-reporting income and/or over-claiming deductions and other entitlements in the end-of-tax return process.

- *CIT:* Factors potentially relevant here include: 1) reversals of relatively large assessments following the favourable resolution of taxpayers' disputes, resulting in refunds of overpaid taxes; and 2) features of the system for making advance payments of tax (e.g. the base applied for estimating instalments, the threat of penalties for under-estimates) that may discourage some taxpayers from making revised estimates prior to filing their end-year tax return.

11. While some of the factors described may be regarded as legitimate and unavoidable, the heavy volume of refunds (especially for VAT) that must be administered by many revenue bodies, often in relatively short timeframes, can serve to complicate detection of the relatively few but larger value cases involving criminal acts to defraud the Government.

12. In a number of countries, there are legislated 'incentives' that require the payment of interest to taxpayers for delayed refunds, which for the revenue bodies affected, is an additional consideration and workload. The requirement for prompt payment also presents a further challenge—for some taxes, especially the VAT, there are criminally-organised attempts to obtain fraudulent refunds using a variety of fraudulent practices. For many revenue bodies, this has necessitated the development and use of sophisticated risk profiling techniques to detect such claims before they are made to claimants.

Taxpayer service delivery

13. Given the breadth of their client base, the general complexity and range of taxes administered and the self-assessment approach adopted for many taxes, the provision of a comprehensive array of services for taxpayers and their representatives is an important element of the work of all revenue bodies.

14. In a 'taxpayer service delivery' context, quality has many dimensions (e.g. timeliness, accuracy of advice, ease of advice and information) and an exhaustive study of the approaches and performance of revenue bodies in this regard is beyond the scope of this series. For comparative purposes, this series focuses on a few of the more mainstream (and voluminous) areas of service

[56] For an in-depth review of the incidence of VAT refunds and their implications for revenue bodies see *VAT Refunds: A Review of Country Experience,* IMF Working Paper WP/05/218 - http://www.imf.org/external/pubs/cat/longres.cfm?sk=18646.0

provided by revenue bodies, the standards that have been set for 'timeliness', and the level of performance achieved. Chapter 8 covers the broader topic of taxpayers' rights and obligations, including access to rulings to clarify the laws' application.

Are you being served? The use of service delivery standards in tax administration and related revenue body performance

15. Reflecting their commitment to transparency, accountability and good levels of performance, some revenue bodies have developed formal service delivery standards for their main service-related activities (e.g. processing income tax returns and VAT refunds, and answering phones). In some countries, these standards are published in official documents while there is an accounting for the performance achieved in practice in annual performance reports etc. (An example of such reporting is provided in Box 12 in Chapter 3.) Generally speaking, responsiveness as a key criterion for taxpayers in the context of what constitutes 'good service' and this is reflected in the system of formal standards devised by some revenue bodies. Some examples of what be regarded as responsive service standards and high standards of performance in relation to them are set out hereunder:

Service activity	Country	Standard of performance set	Achieved 2009
Processing personal tax refunds—e-filed returns	Australia	90% processed in 14 days	96.1%
	Ireland/1	100% processed in 5 working days	87%
—paper returns	Ireland	80% in 10 working days, 100% in 20 working days	87/95%
Processing VAT returns with refunds	Australia	E-filed: 90% in 14 days Paper: 85% in 14 days	98.2% 96.3%
	Denmark	E-filed/paper: 98% in 21 days	95%
	France	E-filed/paper: 80% in 30 days	93.4 %/1
	NZ	95% in 3 weeks	98.5%
Responding to taxpayer's letter on a routine matter	France	Respond to 90% a month	96.1%
	Ireland	50% in 10 working days, 85% in 20 working days/ 100% in 30 working days	93/98/99%
	NZ	85% within 3 weeks	88.9%
	S.Africa	80% within 21 days	84%
	Mexico	Average waiting time <15 minutes	9 mins (aver.)
Answering taxpayers' telephone inquiries	Canada	General calls—80% within 2 minutes of entering call queue	82%
	Ireland /2	PAYE 1890/2: 50% in 30 seconds/ 85% in 3 minutes/ 100% in 5 minutes	56/85/94%
	Mexico	Average waiting time <22 seconds	90%
	Singapore	85% within 1 minute	85%
Resolving taxpayers' complaints	Malaysia	100% within 3 days	??
	Singapore	Hardcopy correspondence- 6 working days; other modes- 4 working days	2 days on average
Registering a new business	Malaysia	100% within 3 days	100%
	Netherlands	98% in 5 working days	95%
	Singapore	VAT: 80% in 4 working days/ 100% in 6 working days	99.1% (4 days) & 99.9% (6 days)
	USA	100% in 4 working days	97%

/1. **France**—this standard also applies to overpaid corporations tax; **Ireland**—Customer service standards were reviewed in 2009; the standards and results shown are those applying from September-December 2009, with separate results for the period ending August 2009.
/2. **Ireland**—PAYE 1890 is Revenue's low cost 'Locall' telephone service for PAYE customers.

16. Tables 27 to 29 provide data for nine specific aspects of service delivery carried out by revenue bodies. These are: 1) and 2) the processing of personal tax returns— paper and e-filed returns where a refund of tax is expected; 3) and 4) VAT returns with refunds—paper and e-filed returns; 5) substantive responses to written inquiries; 6) providing in-person inquiry services at

walk-in centres/offices; 7) answering taxpayers' telephone inquiries; 8) resolving taxpayers complaints; and 9) registering a new business. Where applicable, a description of any performance standard set by the revenue body for the specific service is given along with the actual level of performance achieved in 2009, as reported by the revenue body.

17. The key observations from the data reported in these are as follows:

- The practice of establishing service standards and measuring the performance achieved against them remains a relatively immature practice across surveyed bodies, with no more than half of surveyed countries having a comprehensive set of standards for the areas of service delivery identified.
- For the areas of service delivery surveyed, standards most frequently existed for the processing of VAT refunds and written inquiries, answering telephone inquiries, and handling taxpayers' disputes. Standards were less frequently reported for the processing of income tax returns and registering a new business.
- For some areas of service delivery, the standards applied (and levels of service achieved) vary quite significantly (e.g. processing of VAT refunds).
- Survey data from a number of revenue bodies provide examples of responsive standards and high standards of performance.

Table 27. Taxpayer service delivery—standards set and performance achieved in fiscal year 2009/1

Country	Area of service delivery					
	Processing PIT returns–paper returns		Processing PIT returns–e-filed returns		Processing VAT returns with refunds–paper	
	Standard set	Result	Standard set	Result	Standard set	Result
1) OECD countries						
Australia	80% in 42 days	91.9%	90% in 14 days	96.1%	85% in 14 days	96.3%
Austria	Average process time of 24 days	20.6 days	Average process time of 24 days	20.6 days	Average process time of 28 days	24.6 days
Canada	100% within an average of 4 to 6 weeks.	4.3 weeks	100% within an average of 2 weeks.	1.6 weeks	95% in 30 days	97%
Chile/2	/2	100%	/2	100%	95% processed in established period. /2	97.7%
Denmark/2	99% in 30 days/2	99% in 30 days/2	n.applic.	n.applic.	98% in 21 days	95%
Estonia	All returns processed by 1 july	100%	Processed in 5 working days	100%	Processed in 5 working days	100%
Finland	n.applic.	n.ap plic.	n.applic.	n.applic.	80% in 2 weeks	87%
France/2	/2	n.avail.	/2	n.avail.	80% receive favourable/ partially favourable treatment in 30 days	93.4% /2
Ireland	80% in 10 working days; 100% in 20 working days.	87.0% 95.0%	100 % in 5 working days	87.0%	80% in 10 working days; 100% in 20 working days.	n.avail.
Japan	90% in 6 weeks	96.7%/1	90% in 6 weeks	n.avail./1	n.applic.	n.applic.
Korea	100% in 30 days	n.avail.	100% in 30 days	n.avail.	100% in 30 days	n.avail.
Mexico/2	Average time of 30 working days	30 days	Average time of 15 working days	12 days	Multiple (all in average working days): 1) 5 days; 2) 12 days; 3) 30 days; 4) 30 days /2	1) 9, 2) 10 3) 19, 4) 21
Netherlands	95-98% processed before 1 july where filed before 1 april	99.9%	95-98% processed before 1 July where filed before 1 April	99.9%	n.applic.	n.applic.
N.Zealand	80% in 4 weeks; 98% in 10 weeks	85.5%, 95%	80% in 4 weeks; 98% in 10 weeks	90.6%, 98.1%	95% in 3 weeks; 100% in 6 weeks	98.5%, 99.6%
Norway	Processing within 55days	55 days	Processing within 55 days	55 days	90% in 2 months (but very few)	n.avail.
Poland	Processed in 3 months	met	Processed in 3 months	Met	Multiple standards: 25/60/180	n.avail.
Portugal	n.applic.	n.applic.	Average time of 20 days	15 days	n.applic. (all returns e-filed)	n.applic.
Spain	Average time of 30 days	met	Average time of 30 days	met	n.applic.	n.applic.
UK	Described as 97.7% for self-assessment & 96.0% for PAYE	1) 97.0% 2) 96.2%	Described as 1) 97.7% for self-assessment & 2) 96.0% for PAYE	1) 97.0%. 2) 96.2%	n.applic.	n.applic.
USA	100% in 40 days	99.2%	/2	n.avail.	--------------No federal VAT system---------------	
2) Selected non-OECD countries						
India	All in 9 months	n.avail.	All in 6 months	n.avail.	n.applic.	n.avail.
Malaysia	100% in 3 months	90%	100% in 1 month	90%	--------------No federal VAT system---------------	
Russia	100% in 3 months	n.avail.	100% in 3 months	n.avail.	100% in 3 months /2	n.avail.
Singapore/2	Process 100% of refunds in 30 days	99.9%/2	Process 100% of refunds in 30 days	99.9%/2	95% in 1 month	96.7%/2

Source: Survey responses *(Table notes are located at the end of report.)*

Table 28. Taxpayer service delivery-standards set and performance achieved in fiscal year 2009/1

Country	Area of service delivery					
	Processing VAT returns with refunds- e-filed		Sending substantive reply to written inquiries		Handling face-to-face inquiries	
	Standard set	Result	Standard set	Result	Standard set	Result
1) OECD countries						
Australia	90% in 14 days	98.2%	80% in 28 days	89.3%	90% in 10/15 mins.	91.4%
Austria	Average process time of 28 days	24.6 days	8 weeks (2 weeks for wage tax)	n.avail.	n.avail.	n.avail.
Canada/2	95% in 30 days	97%	n.applic.	n.avail.	n.applic. /2	n.avail.
Chile	95% processed in established period. /2	97.7%	n.applic.	n.avail.	n.applic.	n.avail.
Denmark	98% in 21 days	95.0%	90% within 90 days	90.5% within 90 days	n.applic.	n.avail.
Estonia/2	Processed in 5 working days	100%	Processed in 5 working days	/2	100% dealt with in 10 minutes	/2
Finland	80% in 2 weeks	87.0%	2 days	95.0%	n.applic.	n.avail.
France	80% receive favourable/ partially favourable treatment in 30 days	93.4% /1	90% in a month	96.1%	n.applic.	n.avail.
Hungary	n.applic.	n.avail.	n.applic.	n.avail.	n.applic.	n.avail.
Ireland/2	100% in 5 working days	n.avail.	50% in 10 working days; 85% in 20 working days & 100% in 30 working days/2	93%, 98% & 99%	n.applic.	n.avail.
Italy	n.avail.	n.avail.	80% in 2 days after receipt	91%	90% with appointment in 10 mins	100%
Japan	n.applic.	n.avail.	n.applic.	n.avail.	90% express satisfaction with service (based on survey results)	89.7%
Luxembourg	n.applic.	n.avail.	100% in 3 months	met	n.applic.	n.avail.
Korea	100% in 30 days	n.avail.	100% in 14 days	n.avail.	n.avail.	n.avail.
Mexico	(same as paper)	n.avail.	100% in 9 working days	98%	Waiting time <15 mins.	9 min (av)
Netherlands/2	n.applic.	n.avail.	n.applic. /2	n.avail.	n.applic./2	n.avail.
N.Zealand	95% in 3 weeks; 100% in 6 weeks	98%, 99.6%	85% in 3 weeks	88.9%	n.applic.	n.avail.
Norway	90% in 2 months	79.2%	70% in 6 weeks; 90% in 3 months	met	n.applic.	n.avail.
Poland	Multiple standards of 25/60/180 days	met	1 month	met	n.applic.	n.avail.
Portugal	Average time of 3 months	3.1 months	n.applic.	n.avail.	Average time of 23 mins.	16.4 mins
Spain/2	Average time of 30 days (exporters)	met	35 days/2	31 days/2	n.applic.	n.avail.
UK	n.applic.	n.avail.	1) 80% in 15 days; and 2) 95% in 40 days	1) 54.3%, 2) 86.4%	1) 95% receive appointment in 3 days; and 2) 95% with appointment seen in 10 mins.	1) 99.9%, 2) 99.3%
USA/2	------------------ No federal VAT system-------------		1) interim response: 100% in 30 days ; 2) final response: 100% in 45 days	1) 100% 2) 55 days	/2	n.avail.
2) Selected non-OECD countries						
Argentina	n.avail.	n.avail.	The goal is to answer 80% of e-mails received within the same month.	94% answered	n.avail.	n.avail.
Cyprus	n.applic.	n.avail.	100% in 30 days	%100	n.applic.	n.avail.
Malaysia	-----------------No federal VAT system-----------------		100% in 3 days	met	100% dealt with <15 mins	met

Country	Area of service delivery					
	Processing VAT returns with refunds- e-filed		Sending substantive reply to written inquiries		Handling face-to-face inquiries	
	Standard set	Result	Standard set	Result	Standard set	Result
Russia/2	100% in 3 months/2	n.avail.	100% in 30 days	n.avail.	n.applic.	n.avail.
Singapore/2	95% in 1 month	96.7%/2	80% in 3 weeks	86%	80% in 20 mins	86%
S.Africa/2	n.applic.	n.avail.	80% resolved in 3 weeks	84%	Multiple standards: 1) to 4) /2	1) 75%, 2) 93%, 3) 81%, 4) 2%.

Source: Survey responses *(Table notes are located at the end of report.)*

Table 29. Taxpayer service delivery—standards set and performance achieved in fiscal year 2009/1

Country	Area of service delivery					
	Answering telephone inquiries		Resolving taxpayers' complaints		Registering a new business	
	Standard set	Result	Standard set	Result	Standard set	Result
1) OECD countries						
Australia	General: 80% in 5 mins; Tax agents (practitioners): 90% in 2 mins	82.6% 91.8%	85% resolved in 21 days	84.5%	85% in 28 days	95.3
Austria	Wait time of 1 min (maximum)	Achieved	Within 14 days	n.avail.	n.avail.	n.avail.
Canada	General & businesses: 80% in 2 mins; child tax benefit: 75% in 2 mins.	82%, 87% 78%	n.applic.	n.applic.	95% in 10 working days	n.avail.
Chile	98% answered within 20 secs.	98.9%	n.applic.	n.applic.	100% within 30 minutes	92.5%
Denmark	n.applic.	n.applic.	n.applic.	n.applic.	Measurement of customer satisfaction by surveys, targeted customer satisfaction is 3.8 on scale of 1-5.	Customer satisfaction reported by surveys: 4.0
Estonia/2	Average waiting time of 25 secs	21.2 secs	100% in 30 working days	/2	n.applic.	n.avail.
Finland	70% in 1 min.	50.0%	n.applic.	n.applic.	n.applic.	n.applic.
France	90% in 10 rings	86.5%	95.8% in a month (income & residence tax	96.7%	n.applic.	n.applic.
Hungary	n.applic.	n.applic.	n.applic.	n.applic.	n.applic.	n.applic.
Ireland/2*	PAYE: 50% in 30 secs., 85% in 3 mins, & 100% in 5 mins /2** Other: 50% in 30 secs., 85% in 3 mins, & 100% in 5 mins /2**	PAYE: 56%, 85%, & 94% Other: 52%, 78% & 88%	Processed impartially within 20 working days.	100%	**a**) PAYE clients registering for PAYE anytime/2**, passwords to be issued within 5 working days. **b**) Business clients registering for ROS/3***, passwords to be issued within 8 working days. **c**) Business clients registering for secure email, passwords to be issued within 3 working days.	a) 91%, b)100%, c) 100%
Italy	90%	100%	100% in 4 weeks	100	Real time processing	100%
Japan	1) 70% express satisfaction with service (based on survey results); 2) 95% are counselled within 15 mins.	1) 93.2% 2) 98.8%	1) troubleshooting: 90% in 3 days; 2) request for correction of the tax return: 95% in 3 months; 3) request for re-investigation: 90% in 3 months; 4) request for re-consideration: 85% in a year.	1) 89.4%, 2) 98.3%, 3) 96.9%, 4) 92.6%.	n.applic.	n.applic.
Luxembourg	n.applic.	n.applic.	100% in 3 months	met	100% in 15 days	met
Korea	n.avail.	n.avail.	100% in 14 days	n.avail.	100% in 3 days	n.avail.
Mexico	100%—waiting time < 22 secs.	90%	n.applic.	n.avail.	Waiting time <15 mins.	10 mins. average
Netherlands	80-85% in-bound calls answered	74%	98% resolved in 6 weeks	94%	98% of applications in 1 week	95%
N.Zealand	Priority queues: 70% in 1 min. Non-priority queues: 70% in 4 min.	67%, 70.8%	n.applic.	n.avail.	n.applic.	n.avail.
Norway	80% in 3 minutes	68.2%	95% finalised in 3 months	79%	VAT applications resolved in 3	met

Country	Area of service delivery					
	Answering telephone inquiries		Resolving taxpayers' complaints		Registering a new business	
	Standard set	Result	Standard set	Result	Standard set	Result
					weeks; automated for others	
Poland	n.applic.	n.avail.	1 month/ 7 days	96.1%	n.applic.	n.avail.
Portugal	Average time of 6.5 mins	6 mins	Average time of 2.1 months	3 months	n.applic	n.avail.
Spain	n.applic.	n.avail.	Average time of 35 days	31 days	n.applic.	n.avail.
UK	n.avail.	57.3% answered	n.applic.	n.avail.	70% VAT registrations processed in 13 days	74.9%
USA/2	1) 70% customer service level. /2 2) average wait time- 624 secs	1) met, 2) 526 secs	1) initial contact: 3or 5 work days/2; 2) subsequent actions:100% in 5 work days from agreed date	1) 95.2%/ 96.3%; 2) 70.3%	1) manual: 100% in 4 work days; 2) electronic: 70% handled via this channel /2	1) 97%, 2) 74.1%
2) Selected non-OECD countries						
Argentina	The goal is to answer 60% of incoming telephone calls.	49% of calls are answered.	The goal is to resolve, within the same month, 80% of the complaints received.	83% of complaints are resolved.	n.avail.	n.avail.
Cyprus	n.applic.	n.avail.	100% in 30 days	n.avail.	100% in 15 days	n.avail.
India	n.applic.	n.avail.	100% in 2 months	n.avail.	n.applic.	n.avail.
Indonesia	70% answered	67%	100% in 2 months /2	1 month	average of 3 days	1.38 days
Malaysia	Within 3 rings	<3 rings	100% in 3 days	met	100% in 3 days	met
Russia	n.applic.	n.avail.	100% in 30-45 days	n.avail.	100% in 5 days	n.avail.
Singapore/2	85% in 1 min.	85% /2	Paper- 6 work days; other- 4 work days	2 days (average)	VAT: 1) 80% in 4 work days, 2) 100% in 6 work days	1) 99.1%. 2) 99.9%
S.Africa	70% answered in 30 secs.	63%	60% resolved in turnaround time	80%	90% finalised in 2 weeks	97%

Source: Survey responses *(Table notes are located at the end of report.)*

Tax verification activities

18. As discussed in Chapter 5, tax audit and verification activities represent a major investment of revenue body resources in surveyed countries. Based on the data in Table 22, just on half of surveyed revenue bodies reported that over 30% of staff resources (FTEs) are devoted to tax audit, investigation, and other verification-related activities. For this reason alone, how audit resources are applied and the contribution they make to revenue collections and rates of compliance are of considerable interest to all revenue bodies.

For the purposes of this series, 'verification' was defined as comprising all of the activities typically undertaken by revenue bodies to check whether taxpayers have properly reported their tax liabilities. The primary verification activity undertaken by revenue bodies is usually described by the term 'tax audit' or 'tax control'. Less frequently used terms are 'examinations' and 'enquiry'. It is also known that across revenue bodies 'audit' activities vary in their scope and intensity, and indeed in the precise nature of actions taken by officials that are deemed to constitute an 'audit'. Revenue bodies also carry out various other activities (e.g. in-depth investigations, income/document matching checks, phone inquiries, computer-based edit and mathematical checks, and inspections of books and records) that can result in changes to taxpayers' reported liabilities. For this series the information provided aims to reflect all forms of the verification activity undertaken by revenue bodies.

19. Tables 30 and 31 aim to provide an idea of the scale of tax audit and related verification activities, in terms of the numbers of actions taken/ taxpayers reviewed and the value of assessments resulting from such actions. Table 32 provides a number of ratios to demonstrate "raw" indicators of productivity. These tables need to be interpreted with care given possible differences in understanding and/or practice concerning the definition of 'tax verification' activities across revenue bodies, differences in approach to measurement of the taxpayer population, and other qualifying information provided with the table. Significantly;

- The value of aggregate verification results (i.e. assessed tax and penalties) as a proportion of net annual revenue collections for 2009 varied widely:
    - 12 revenue bodies reported results of < 2% of net revenues;
    - 13 reported in the range 2 to 4%;
    - 9 reported in the range 4 to 8%; and
    - 5 reported over 8% (i.e. Italy, Hungary, Portugal, Slovak Rep, and Turkey)
- Viewed over a five year period where relevant data were available, around half of surveyed bodies reported significant (+20%) increases in the aggregate value of their verification outputs (i.e. assessed tax and penalties), while three reported corresponding decreases in outputs (i.e. Singapore, Sweden, and Switzerland).
- Ten revenue bodies did not report their aggregate verification results, including a number that have a deliberate policy of not reporting publicly on their verification outputs (e.g. Denmark).
- Reported verification outputs (i.e. numbers of completed actions) vary enormously having regard to population data; there were insufficient data to fully understand the reasons for these variations but possible influencing factors include the use/ non-use of assessment versus self-assessment procedures, the scale of automated checking for unreported income and late filers, local auditing policies (e.g. extent of desk audits, single issue audits, multiple tax audits etc).
- Verification results for large taxpayers figured prominently in the results reported by many revenue bodies; of the 28 revenue bodies that were able to report results for large taxpayers, 10 bodies reported that the value of tax assessments for these taxpayers exceeded 30% of overall verification activities in 2009.
- Most of the revenue bodies reporting a large deployment of staff (i.e. over 25% of total staff) to verification work and which reported relatively small revenue proportions in their

verification results or did not report these results at all operate with systems of return assessment, as opposed to more modern self-assessment approaches:

Country	Staff resources (FTEs) reported for all verification functions/all FTEs %	Value of verification outputs as share of total net revenue %	Returns are subject to self-assessment principles	
			PIT	CIT
Austria	71.1	2.3	No	No
Belgium	45.4	1.2	No	No
Denmark	40.7	n.avail	No	No
Germany	65.0	2.4	No	No
Ireland	33.1	1.6	Yes /1	Yes
Japan	69.7	1.6	Yes /1	Yes
Cyprus	36.1	1.3	Yes	Yes
Netherlands	58.6	n.avail.	No	No
Singapore	53.7	0.7	No	No
Sweden	29.9	0.4	No /1	No

/1. **Japan & Ireland**—most employees are not required to file annual returns owing to special withholding procedures in place; **Denmark & Sweden**—most employees receive fully pre-filled tax returns.

Table 30. Verification activities-all taxpayers

(All monetary values in millions of national currency unless otherwise indicated)

Country	Number of completed actions/1					Value of completed actions (in millions)/2				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
1) OECD countries										
Australia	1,034,920	807,511	804,625	847,262	1,040,825	6,779	6,899	6,959	8,204	8,308
Austria	66,383	74,407	74,776	78,203	80,540	1,517	2,077	2,038	2,177	1,453
Belgium	6,000, 000/1	7,000,0000/1	4,000,000/1	4,026,508	4,714,773	n.avail.	n.avail.	n.avail.	1,020	1,034
Canada	n.avail.	4,600,000	4,100,000	3,625,820	3,864,562	9,899	9,778	12,153	11,721	11,280
Chile	253,348	238,052	250,141	326,161	388,338	250,324	216,039	179,189	289,835	284,398
Czech Rep.	29,992	27,138	22,304	128,873	139,389	2,177	5,336	2,858	10,114	9.520
Denmark	n.avail.	n.avail.	n.avail.	1,200,000	800,000	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Estonia	n.avail.	n.avail.	n.avail.	1,822	1,867	n.avail.	n.avail.	n.avail.	729	1,325
Finland	6,135	5,642	5,167	1,470	1,430	295	244	266	2,129	2,298
France	52,226	52,429	52,292	52,010	51,615	9,803	9,944	10,518	9,563	9,935
Germany	482,131	459,412	453,135	448,315	433,525	15,845	18,178	18,544	19,374	20,938
Greece	11,312	14,073	14,183	12,719	10,226	1,808	3,685	2,553	2,657	2,822
Hungary	299,287	279,314	246,137	59,786	60,322	328,730	480,812	569,063	768,639	751,751
Iceland	n.avail.	n.avail.	n.avail.	637	693	n.avail.	n.avail.	n.avail.	3,086	3,075
Ireland	113,195	189,690	266,242	360,859	373,718	575.4	691.8	733.8	632.3	670.3
Israel	n.avail.	n.avail.	n.avail.	804,454	804,454	n.avail.	n.avail.	n.avail.	6,114	7,218
Italy	1,587,148	1,230,066	1,486,358	1,510,514	1,309,100	29,282	25,807	31,540	37,500	44,300
Japan	1,229,000	1,365,000	1,393,000	1,417,000	1,323,000	686,700	731,200	819,700	768,100	671,200
Korea	25,944	22,441	19,328	14,838	14,796	4,316,901	3,905,041	5,538,000	40,416	33,327
Luxembourg	27,276	27,837	28,099	19,670/1	26,174/1	137.3	161.0	118.1	50.0/2	69.8/2
Mexico	104,764	115,417	119,085	103,393	138,929	42,181	64,794	52,289	62,980	74,413
Netherlands	1,315,210	1,345,390	1,446,030	1,158,000	1,048,800	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
N.Zealand	14,651	11,264	9,954	7,811	7,901	763	980	996	1,449	1,269
Norway	504,786	599,056	530,168	334,435	345,249	10,635	15,999	5,351	n.avail.	n.avail.
Poland	2,442,584	2,516,211	2,832,935	2,964,326	3,058,160	422.0	426.1	402.0	1,257.2	1,344.4
Portugal	118,067	132,486	127,841	137,887	143,234	1,141	1,352	1,769	1,660	2,606
Slovak Rep.	35,333	31,243	24,717	53,237	54,332	7,955	8,751	8,424	382	437
Slovenia	4,373	5,069	6,278	73,417	84,557	84.5	69.1	87.1	150.2	173.6
Spain	n.avail.	n.avail.	605,645	610,658	625,139	4,583	5,310	5,954	6,500	7,010
Sweden	n.avail.	563,165	578,195	511,218	375,500	n.avail.	11,856	12,504	8,556	5,493
Switzerland	8,886	9,426	9,096	10,192	10,284	343.6	249.0	135.3	95.0	163.0

Country	Number of completed actions/1					Value of completed actions (in millions)/2				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Turkey	104,578	110,442	135,847	58,434	67,512	5,142	5,167	11,865	11,252	14,043
UK	193,000	238,000	220,000	n.avail.	n.avail.	5,200	5,600	9,200	n.avail.	n.avail.
USA	4,786,493	5,868,282	6,309,922	6,370,771	6,584,444	38,379	38,531	53,049	57,940	58,249
2) Selected non-OECD countries										
Argentina	25,837	37,257	43,100	162,452	146,141	4,202	5,802	4,789	6,829.60	8,210.85
Bulgaria	270,284	281,944	242,582	283,145	167,899	240.0	163.4	235.8	263,8	295,6
China	1,080,000	860,000	540,000	440,000	313,000	36,700	38,600	43,000	44,000	119,200
Cyprus	19,464	20,646	20,852	18.224	21.168	194.0	145.9	201.1	38.5	44
India	n.avail.	n.avail.	n.avail.	379,829	553,060	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Indonesia	n.avail.	n.avail.	n.avail.	21,178	69,195	n.avail.	n.avail.	n.avail.	10,345,046	12,179,268
Latvia	25,905	22,868	21,282	28,067	20,512	146.8	191.0	93.6	146.7	159.9
Lithuania	n.avail.	n.avail.	n.avail.	10,677	9,373	n.avail.	n.avail.	n.avail.	261.8	410.4
Malaysia	34,444	44,558	289,075	1,086,174	1,390,478	1,630.9	3,715.4	3,230.2	1,753.7	3,055.0
Malta	1,316	1,498	1,281	2,582	2,249	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Romania	112,056	123,589	77,649	97,077	112,170	0.299	2.293	2.587	4,587.0	6,081.0
Russia	41,121,029	47,581,430	54,621,392	61,489,835	59,884,382	n.avail.	n.avail.	n.avail.	407,280.10	468,531.60
S.Arabia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Singapore	7,206	6,075	5,521	6,623	7,919	254.8	170.0	135.2	151.0	198.8
S.Africa	61,936	69,430	73,657	n.avail.	n.avail.	12,200	21,800	15,700	n.avail.	n.avail.

Sources: Country survey responses. *(Table notes are located at the end of report.)*

Table 31. Verification activities- large taxpayers

(All monetary values in millions of national currency unless otherwise indicated)

Country	Number of completed actions/1					Value of completed actions/2				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
1) OECD countries										
Australia	16,002	24,239	19,227	15,837	20,752	3,201	2,495	2,557	3,325	2,137
Austria	7,642	6,972	7,209	7,177	5,373	880	1,189	1,193	1,358	546
Belgium	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Canada	1,665	1,609	1,773	1,719	1,865	2,214	2,125	3,169	4,627	3,482
Chile	954	1,656	2,377	561	515	46,408	29,289	37,507	38,008	18,204
Czech Rep.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Denmark	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Estonia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Finland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
France	892	1,318	1,466	1,589	1,551	2,137	2,444	2,743	3,117	3,317
Germany	40,628	38,235	38,662	39,885	38,988	10,922	12,952	13,196	13,974	15,292
Greece	3,661	5,240	4,827	1,066	1,250	1,355	2,836	1,857	1,693	1,280
Hungary	1.377	1,592	3,889	1,457	1,477	11,210	13,367	55,996	83,453	87,522
Iceland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Ireland	6,358	7,138	7,972	9,002	12,942	97	108	208	140	191
Israel	n.avail.	n.avail.	n.avail.	11,341	11,341	n.avail.	n.avail.	n.avail.	695	1,069
Italy	2,718	2,755	2,362	729	866	3,762	3,324	4,523	2,800	5,400
Japan	4,000/1	5,000/1	5,000/1	4,000/1	4,000/1	184,100	201,100	236,500	203,600	142,100
Korea	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Luxembourg	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Mexico	2,402	3,009	1,871	1,296	1,427	18,326.2	32,434.9	29,221.0	37,636.1	44,834.8
Netherlands	n.avail.	n.avail.	n.avail.	9,900	10,700	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
N.Zealand	716	797	928	583	547	268	357	359	723	583
Norway	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Poland	119,759	118,176	89,810	106,132	113,471	83.8	115.0	54.2	425.8	381.5
Portugal	556	743	743	1,761	2,256	237	344	561	396	739
Slovak rep.	106	146	89	562	718	158	487	166	58	6
Slovenia	477	459	559	637	422	n.avail.	n.avail.	n.avail.	7.6	4.5
Spain	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	1,080
Sweden	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Switzerland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.

Country	Number of completed actions/1					Value of completed actions/2				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Turkey	7,068	8,610	6,808	1,545	2,277	3,802.4	3,080.1	6,872.3	6,020.8	7,973.3
UK	7,509	8,705	6,968	n.avail.	n.avail.	4,160	3,400	4,300	n.avail.	n.avail.
USA	13,768	13,198	13,551	13,449	13,803	11,079	8,079	8,876	16,403	11,060
2) Selected non-OECD countries										
Argentina	n.avail.	n.avail.	n.avail.	36,924	31,504	n.avail.	n.avail.	n.avail.	5,271.82	5,760.10
Bulgaria	2,900	2,863	2,338	2,040	1,875	60.1	26.5	90.3	57,8	86,8
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
India	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Indonesia	n.avail.	n.avail.	n.avail.	n.avail.	657	n.avail.	n.avail.	n.avail.	n.avail.	1,028,666
Latvia	275	269	252	302	636	1.9	3.1	1.5	0.9	10.2
Lithuania	n.avail.	n.avail.	n.avail.	107	104	n.avail.	n.avail.	n.avail.	15	45
Malaysia	n.avail.	226	200	n.avail.	n.avail.	n.avail.	211.5	261.1	n.avail.	n.avail.
Malta	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Romania	626	1,233	775	1,049	1,067	0.074	568	245	735	1,017
Russia	n.avail.	n.avail.	n.avail.	n.avail.	594,413	n.avail.	n.avail.	n.avail.	n.avail.	179,631
S.Arabia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Singapore	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Africa	1,558	5,530	4,387	n.avail.	n.avail.	2.8 bn.	7.8 bn.	9.06 bn.	n.avail.	n.avail.

Sources: Country survey responses. *(Table notes are located at the end of report.)*

Table 32. Verification activities—selected ratios

Country	All taxpayers					Large taxpayers				
	Value of completed actions/ net revenue collections (%)		Average value of completed actions/1		Average value of completed action/ FTE/2	Value of completed actions/ net revenue collections (%)		Average value of completed actions/3		Average value of completed action/ FTE/4
	2008	2009	2008	2009	2009	2008	2009	2008	2009	2009
1) OECD countries										
Australia	3.0	3.1	9,683	7,982	1,383,514	1.2	0.8	209,951	102,978	1,582,963
Austria	3.2	2.3	27,838	18,041	264,422	2.0	0.9	189,216	101,619	1,096,386
Belgium	1.1	1.2	253	219	124,250	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Canada	3.9	4.0	3,233	2,919	1,100,488	1.6	1.2	2,691,681	1,867,024	5,440,625
Chile	1.8	2.1	888,626	732,347	183,957,309	0.2	0.1	67,750,446	35,347,573	93,835,052
Czech Rep.	1.7	1.8	78,480	68,298	3,028,953	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Denmark	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Estonia	0.9	2.0	400,110	709,695	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Finland	4.4	5.2	1,448,299	1,606,993	925,121	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
France	2.5	2.9	183,868	192,483	812,015	0.8	1.0	1,961,611	2,138,620	4,476,383
Germany	2.1	2.4	43,215	48,297	286,857	1.5	1.7	350,357	392,223	n.avail.
Greece	5.6	6.3	208,900	275,963	1,039,794	3.6	2.9	1,588,180	1,024,000	n.avail.
Hungary	8.6	8.9	12,856,505	12,462,302	132,900,380	0.9	1.0	57,277,282	59,256,601	399,643,836
Iceland	0.8	0.9	4,844,584	4,453,102	440,857,143	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Ireland	1.2	1.6	1,752	1,794	331,667	0.3	0.4	15,552	14,758	816,239
Israel	3.4	4.2	7,600	8,973	2,247,198	0.4	0.6	61,282	94,260	15,720,588
Italy	13.4	17.0	24,826	33,840	2,732,207	1.0	2.1	3,840,878	6,235,566	27,000,000
Japan	1.6	1.6	542,061	507,332	17,126,818	0.4	0.3	50,900,000	35,525,000	61,621,856
Korea	0.03	0.02	2,723,817	2,252,433	8,722,062	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Luxembourg	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Mexico	3.0	4.7	609,132	535,620	7,792,764	1.8	2.8	29,040,201	31,418,921	32,348,341
Netherlands	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
N.Zealand	2.8	2.6	185,508	160,613	1,566,667	1.4	1.2	1,240,137	1,065,814	2,843,902
Norway	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Poland	0.7	0.8	424	440	129,058	0.2	0.2	4,012	3,362	177,773
Portugal	5.3	9.7	12,039	18,194	1,383,227	1.3	2.7	224,872	327,571	4,926,667
Slovak Rep.	8.1	9.6	7,175	8,043	257,210	1.2	0.1	103,203	8,357	84,507
Slovenia	1.2	1.6	2,046	2,053	476,923	0.1	0.04	11,931	10,664	68,182

Country	All taxpayers					Large taxpayers				
	Value of completed actions/ net revenue collections (%)		Average value of completed actions/1		Average value of completed action/ FTE/2	Value of completed actions/ net revenue collections (%)		Average value of completed actions/3		Average value of completed action/ FTE/4
	2008	2009	2008	2009	2009	2008	2009	2008	2009	2009
Spain	3.7	4.9	10,644	11,206	1,344,457	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Sweden	0.6	0.4	16,736	14,628	2,388,261	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Switzerland	0.3	0.5	9,321	15,850	543,333	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Turkey	6.7	8.1	192,551	208,006	4,443,956	3.6	4.6	n.avail.	3,501,669	n.avail.
UK	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
USA	2.5	3.1	9,095	8,846	4,528,415	0.7	0.6	1,219,645	801,275	2,194,880
2) Selected non-OECD countries										
Argentina	2.4	2.7	42,041	56,184	1,355,373	1.9	1.9	142,775	182,837	18,228,165
Bulgaria	2.2	2.5	932	1,761	82,271	0.5	0.7	28,333	46,293	522,892
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus	1.0	1.3	2,113	2,068	144,737	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
India	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Indonesia	2.1	2.4	488,480,782	176,013,700	3,196,658,268	n.avail.	0.2	n.avail.	1,565,701,674	3,052,421,365
Latvia	2.9	4.1	5,227	7,795	139,529	0.02	0.3	2,980	16,038	72,857
Lithuania	1.1	2.5	24,520	43,785	384,991	0.07	0.3	140,187	432,692	1,406,250
Malaysia	2.1	3.9	1,615	2,197	1,419,610	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Malta	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Romania	3.2	4.5	47,251	54,212	733,800	0.5	0.8	700,667	953,140	3,390,000
Russia	4.1	5.6	6,624	7,824	6,919,374	n.avail.	2.2	n.avail.	302,199	19,959,000
S.Arabia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Singapore	0.5	0.7	22,799	25,104	216,087	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Africa	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.

Sources: Country survey responses. *(Table notes are located at the end of report.)*

Tax disputes

20. Table 33 sets out the data provided by countries on the number of tax disputes in administrative review for years 2008 and 2009. The table sets out those cases that were finalized in-year and those that remained outstanding.

21. The significant variations in the data received suggest that the criteria for administrative review cases vary significantly between countries. Furthermore, the large number of gaps in Table 33 suggests weaknesses in the operational performance data collected by many revenue bodies on administrative review. This may be related to the fact that despite being an integral part of the revenue bodies' role in 41 out of 43 countries, only 16 countries have performance standards for administrative reviews.

22. Chapter 8 provides further details on the framework within which administrative reviews are conducted by the revenue bodies surveyed.

Tax debts and their collection

23. The collection of tax debts is another important responsibility of most revenue bodies. As noted in Chapter 2, Table 5, with relatively few exceptions revenue bodies typically are required to maintain a dedicated tax debt collection function to pursue often via enforcement action the non-payment of tax debts. In many countries, significant staff resources are devoted to this aspect of revenue administration—Table 22 refers. Furthermore, most revenue bodies have been given extensive powers for enforced debt collection action. An overview of the administrative powers used by revenue bodies for the collection of tax debt is set out in Chapter 8, Table 54.

24. Tables 34 and 35 provide volume and value data (covering a five year timeframe) for the enforced tax debt collection activities of surveyed countries while Tables 36 and 37 display a number of selected ratios to place the data in a relative and comparative context. Cross-country comparisons of case volume data needs to be interpreted with care because for some revenue bodies the volumes relate to 'number of taxpayers' (i.e. for those revenue bodies with integrated accounting systems) while for others the volume reported is on an individual tax type basis (for those revenue bodes without integrated accounting systems). Table 38 sets out information from surveyed revenue bodies to identify the likely impacts of the global financial crisis on debt inventories and collection activities and the measures taken to alleviate its impacts on taxpayers.

25. Included in Table 36 is the ratio of aggregate end-year tax arrears (i.e. all unpaid taxes, excluding those where a dispute is involved, for all years recorded on taxpayers' accounts) to the denominator of annual net revenue collections of all taxes for the years indicated, reported by surveyed countries. The data covers a period of five years to highlight trends. A number of countries apply this measure, or a variant thereof, in their management information systems to gauge the broad trend over time of tax payment compliance and the overall performance of their debt collection activities. Generally speaking, a declining trend in the ratio is likely to indicate improved payment compliance and/or debt collection effectiveness, while an increasing trend may indicate some growth in non-payment compliance and/or debt workloads. The ratio can also be affected from time to time by some abnormal factors (e.g. unusually large tax assessments resulting from audit action). Chart 7 below illustrates the trend in year-end tax debt/annual net revenue (%) for 2005 to 2009 for countries where the data was available.

Table 33. Data on tax disputes in administrative review
(All monetary values in millions of national currency unless otherwise indicated)

Country	2008				2009			
	Cases finalised in year		Cases not finalised at year-end		Cases finalised in year		Cases not finalised at year-end	
	Number of cases	Associated tax amount	Number of cases	Associated tax amount	Number of cases	Associated tax amount	Number of cases	Associated tax amount
1) OECD countries								
Australia	16,788	n.avail.	2,714	n.avail.	18,638	n.avail.	3,458	n.avail.
Austria	133,924	n.avail.	n.avail.	n.avail.	136,361	n.avail.	n.avail.	n.avail.
Belgium/1	9/1	n.avail.	53/1	n.avail.	172/1	n.avail.	211/1	n.avail.
Canada	65,663	3,550	80,551	10,600	66,637	3,270	109,264	14,780
Chile	2,144	n.avail.	178	n.avail.	2,154	n.avail.	169	n.avail.
Czech Rep.	24,371	2,660	5,724	4,675	23,152	3,015	4,160	2,538
Denmark	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Estonia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Finland	4,288	n.avail.	3,200	n.avail.	5,270	n.avail.	3,500	n.avail.
France	3,770,523	n.avail.	n.avail.	n.avail.	3,822,912	n.avail.	n.avail.	n.avail.
Germany	5,536,353	n.avail.	6,681,448	n.avail.	6,105,841	n.avail.	5,795,332	n.avail.
Greece	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Hungary	14,518	n.avail.	15,990	n.avail.	1,923	n.avail.	2,292	n.avail.
Iceland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Ireland	59	n.avail.	6	n.avail.	45	n.avail.	7	n.avail.
Israel	36,102	n.avail.	721	n.avail.	38,896	n.avail.	673	n.avail.
Italy	217	n.avail.	10,769	n.avail.	277	n.avail.	9,388	n.avail.
Japan	7,360	n.avail.	3,330	n.avail.	8,127	n.avail.	3,397	n.avail.
Korea/1	9,872	2,693,205	1,911	2,977,247	9,667	2,765,277	2,018	2,900,129
Luxembourg/1	993	n.avail.	501	n.avail.	1,000	n.avail.	493	n.avail.
Mexico	33,266	62,281	2,006	38,009	33,677	70,316	3,403	25,677
Netherlands/1	352.000/1	n.avail.	n.avail.	n.avail.	342,000/1	n.avail.	n.avail.	n.avail.
N.Zealand	66	79	24	100	61	214	18	163
Norway	64,527	n.avail.	n.avail.	n.avail.	64,902	n.avail.	n.avail.	n.avail.
Poland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Portugal	61,541	n.avail.	16,724	n.avail.	66,522	n.avail.	6,165	n.avail.
Slovak Rep.	4,478	n.avail.	981	n.avail.	5,455	n.avail.	725	n.avail.
Slovenia	15,025	n.avail.	3,660	n.avail.	27,230	n.avail.	3,221	n.avail.

Country	2008				2009			
	Cases finalised in year		Cases not finalised at year-end		Cases finalised in year		Cases not finalised at year-end	
	Number of cases	Associated tax amount	Number of cases	Associated tax amount	Number of cases	Associated tax amount	Number of cases	Associated tax amount
Spain	153,478	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Sweden	11,500	n.avail.	1,800	n.avail.	10,100	n.avail.	1,700	n.avail.
Switzerland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Turkey	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
UK	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
USA	106,722	26,475	59,899	61,693	112,886	25,286	72,002	64,623
2) Selected non-OECD countries								
Argentina	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Bulgaria	3,254	253,8	4,511	588,9	3,491	463	5,833	849,7
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus	88	5.62	142	132.9	95	2.52	87	55.23
India	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Indonesia	15,904	8,246,169	6,284	16,370,897	18,613	15,108,704	7,326	16,134,468
Latvia	309	36.3	355	49.1	265	n.avail.	312	n.avail.
Lithuania	492	139.3	614	n.avail.	77	276.6	51	n.avail.
Malaysia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Malta/1	2,561	n.avail.	n.avail.	n.avail.	1,866	n.avail.	n.avail.	n.avail.
Romania	473	2,012.6	104	282.2	467	1,640.5	217	976.8
Russia	45,765	161,418	4,586	n.avail.	59,037	281,030	5,058	n.avail.
S.Arabia	118	n.avail.	n.avail.	n.avail.	136	n.avail.	44	n.avail.
Singapore	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Africa/1	410	n.avail.	n.avail.	n.avail.	427	n.avail.	n.avail.	n.avail.

Sources: Country survey responses. *(Table notes are located at the end of report.)*

Table 34. Selected data on unpaid taxes (not subject to dispute)

(All monetary values in millions of national currency unless otherwise indicated)

Country	Value of year-end tax debt					Value of total debt collected				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
1) OECD countries										
Australia/1	9.611	10.225	10.776	10.887	12.148	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Austria/1	1,882	1,796	1,691	1,808	1,816	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Belgium/1	4,565	4,450	4,206	12,311	12,195	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Canada/1	18,026	18,488	20,027	23,200	24,400	19,130	21,514	22,185	30,500	35,200
Chile	1,686,283	1,829,248	1,857,015	2,003,733	2,145,964	257,119	191,082	238,715	358,468	418,569
Czech Rep.	105,354	101,100	n.avail.	100,500	98,400	68,205	68,505	68,477	6,334	5,999
Denmark/1	3,301	9,896 /1	8,995	15,742	15,324	n.avail.	2,946 /1	3,474 /1	4,714	5,076
Estonia	4,743	4,276	5,427	7,064	8,584	1,090	771	844	0	1.302
Finland	2,991	3,093	3,076	3,166	3,575	1,261	1,298	1,401	1,569	1,476
France	32,391	30,263	28,101	26,290	26,479	24,089	22,934	24,535	26,686	19,794
Germany	7,123	6,509	7,580	7,039	6,502	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Greece	n.avail.	n.avail.	25,932	28,977	32,564	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Hungary	964,450	1,024,822	1,328,451	1,684,992	2,029,973	204,253	213,765	251,279	292,195	282,171
Iceland	n.avail.	n.avail.	97,673	109,177	102,282	n.avail.	n.avail.	n.avail.	445,277	414,734
Ireland	832	792	895	1,233	1,443	226	347	352	323	261
Israel	n.avail.	n.avail.	15,781.7	19,446.7	21,698.5	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Italy/1	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	1,295	2,022	3,461	n.avail.	n.avail.
Japan/1	1,867,305	1,784,398	1,684,374	1,615,109	1,553,821	1,055,007	1,012,757	999,824	951,747	960,079
Korea/1	4,389,778	4,056,973	3,574,750	3,908,020	4,165,891	6,268,723	6,535,800	6,930,104	7,106,042	8,022,710
Luxembourg	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Mexico	296,076	302,870	282,767	258,826	219,454	4,305	4,595	34,464	8,944	11,238
Netherlands	6,604	5,803	7,616	7,873	7,582	n.avail.	n.avail.	n.avail.	2,055	2,027
N.Zealand	2,312	2,776	2,906	3,657	4,097	1,492	1,774	1,850	2,208	2,428
Norway	15,840	16,081	16,643	19,273	21,267	2,440	2,929	1,668	2,439	4,861
Poland	13,053	13,519	17,284	19,667	20,276	2,054	2,213	2,248	2,078	2,299
Portugal	11,262	10,766	12,406	8,214	7,337	1,280	1,401	1,480	1,548	1,326
Slovak Rep.	62,690	58,663	65,114	2,291	2,387	15,167	13,564	14,664	513	604
Slovenia	349.9	356.3	396.6	464.8	482.0	291.5	402.9	408.9	501.3	607.6
Spain/1	7,416	7,743	8,825	10,242/1	13,580	4,287	4,512	4,887	6,949/1	9,074/1
Sweden/1	34,700/1	44,500 /1	32,200	34,000	n.avail.	4,700/1	4,300/1	n.avail.	4,690	5,581

Country	Value of year-end tax debt					Value of total debt collected				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Switzerland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Turkey	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
UK	13,700	13,600	24,600	25,000	27,700	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
USA/1	87,622	91,088	97,875	111,977	127,810	47,347	48,717	59,210	56,437	48,886
2) Selected non-OECD countries										
Argentina	1,887	2,305	2,321	5,523	5,477	470	572	550	16,729	25,347
Bulgaria/1	5,469	6,142	6,822	9,195	10,478	579	491	821	1,394	1,470
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus/1	950.4	938.4	1,104.2	1,098.3	1,218.6	1,192.6	1,546.4	2,184.7	20.6	24.5
India	n.avail.	n.avail.	179,770.0	137,010.0	n.avail.	n.avail.	n.avail.	n.avail.	100,160.0	n.avail.
Indonesia	n.avail.	n.avail.	19,524,282	29,081,881	32,359,527	n.avail.	n.avail.	n.avail.	12,612,341	18,365,09
Latvia	364.84	414.76	405.63	729.58	721.41	145.9	182.9	248.6	323.6	222.3
Lithuania	n.avail.	n.avail.	n.avail.	876	1,447	n.avail.	n.avail.	n.avail.	1,066	854
Malaysia	11,119	13,815	12,627	9,799	9,250	1,722	2,070	3,899	2,778	3,256
Malta	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Romania	n.avail.	n.avail.	11,862.0	13,004.6	17,231.0	n.avail.	n.avail.	n.avail.	12,825.9	11,240.0
Russia	2,074,348	1,951,676	1,455,349	1,285,935	1,371,986	692,535	354,881	915,606	493,374	566,979
S.Arabia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Singapore/1	1,098.4	925.0	1,064.0	892.6	766.9	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Africa	56,200	48,000	42,900	37,719	55,674	21,900	20,500	17,700	12,279	13,584

Sources: Country survey responses. *(Table notes are located at the end of report.)*

Table 35. Selected data on unpaid taxes (not subject to dispute)
(All monetary values in millions of national currency unless otherwise indicated)

Country	Value of debt written off					Number of year-end debt cases (in thousands)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
1) OECD countries										
Australia/1	3,995	1,513	2,128	2,142	2,646	1,458.5	1,502.5	1,549.4	1,314.1	1,343.5
Austria	547	472	516	616	585	105.8	107.5	109.3	108,1	109,2
Belgium/1	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	495.7	472.4	431.7	n.avail.	n.avail.
Canada	2,543	1,850	1,721	1,982	2,122	3,255.3	3,172.5	2,995.1	3,291.4	3,353.6
Chile	0	136,634	26,521	168,275	187,485	391.3	412.4	400.4	439.8	448.7
Czech Rep.	9,449	11,276	13,734	16,211	13,786	1,608.9	1,751.2	1,811.2	1,715.8	2.244.3
Denmark/1	22 /1	328 /1	1,528 /1	2,215	3,330	144.3	647.9 /1	719.6	290,0	384,4
Estonia/1	757	266	333	595	498	176.1	176.9	183.4	192.1	124.5
Finland	290	265	280	257	216	306.3	314.8	305.0	308.5	310.3
France	5,704	5,631	6,002	5,203	3,960	4,025.4	4,127.2	4,050.3	3,983.7	4,034.9
Germany/1	5,201	5,390	4,157	4,333	5,626	3,015.7/1	2,838.7	2,959.0	2,797.8	2,569.0
Greece	n.avail.	n.avail.	n.avail.	276	280	n.avail.	n.avail.	772	804	941
Hungary	319,181	314,588	355,966	404,303	542,876	193.9	191.7	214.1	241.4	278.2
Iceland	n.avail.	n.avail.	n.avail.	10,776	13,844	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Ireland	143	120	118	129	222	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Israel	n.avail.	n.avail.	n.avail.	960.1	1,130.3	n.avail.	n.avail.	476.8	488.9	473.6
Italy/1	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Japan/1	175,363	174,573	166,014	176,238	188,437	4,369.8	4,295.9	4,243.2	4,181.2	4,134.8
Korea/1	n.avail.	n.avail.	n.avail.	6,957,695	7,110,943	682.3	676.8	675.3	793.4	783.6
Luxembourg	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Mexico	53,801	94,723	161,670	159,871	201,195	796.0	721.5	476.0	536,2	640,6
Netherlands/1	2,118	1,616	2,421	2,827	1,762	1,400	1,200	1,200	1,200	1,200
N.Zealand	n.avail.	n.avail.	n.avail.	721.1	736.0	277.0	278.1	505.3	363.8	353.3
Norway	2,231	1,053	396	806	1,530	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Poland	282	148	118	90	85	769.5	853.8	734.8	775.0	750.0
Portugal	1,842	1,274	955	536	560	2,841.1	2,827.1	3,337.2	3,615.3	3,688.6
Slovak Rep.	23,019	13,920	5,410	361	413	188.3	211.1	156.3	149.3	159.5
Slovenia	17.7	12.4	6.7	4.2	2.2	515.5	642.2	452.1	223.2	220.2
Spain	n.avail.	n.avail.	n.avail.	3,100	3,544	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.

Country	Value of debt written off					Number of year-end debt cases (in thousands)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Sweden/1	4,600/1	4,500/1	n.avail.	n.avail.	n.avail.	188	182	171	169	n.avail.
Switzerland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Turkey	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
UK /1	2,454	4,486	5,025	5,462	4,171	10,553.3	10,543.8	10,075.8	n.avail.	n.avail.
USA/1	9,927	8,736	10,679	9,299	10,740	16,412/1	16,632/1	16,873/1	15,946/1	17,709/1
2) Selected non-OECD countries										
Argentina/1	n.avail.	n.avail.	n.avail.	124,280.3	194,318.6	4,113.2	5,899.6	5,629.0	2,984.2	2,845.4
Bulgaria	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	579,9	574.7	545.8	934,4	1,291.6
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus/1	n.avail.	n.avail.	n.avail.	0	0	n.avail.	n.avail.	n.avail.	206,816	210,413
India	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Indonesia	n.avail.	n.avail.	n.avail.	75,987,722	168,228,94	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Latvia	198.5	142.7	199.8	158.1	293.6	80.5	82.0	85.7	97.0	107.6
Lithuania	n.avail.	n.avail.	n.avail.	187	189	n.avail.	n.avail.	n.avail.	250	273
Malaysia	19.44	302.77	781.00	398.48	149.34	n.avail.	2,118.6	2,201.4	2,834.9	2,201.4
Malta	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Romania	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	396.2	n.avail.	n.avail.
Russia	106,930	162,480	146,891	186,746	127,336	182.2	532.6	626.5	756.2	947.1
S.Arabia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Singapore	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Africa	2,200	9,400	5,400	4,744	4,305	n.avail.	1,400	1,500	2,219	2,000

Sources: Country survey responses. *(Table notes are located at the end of report.)*

Table 36. Selected ratios concerning enforced debt collection

Country	Value of year-end tax debt/annual net revenue (%)					Tax debt collected/total amount for collection/1 (%)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
1) OECD countries										
Australia	4.5	4.4	4.3	4.0	4.6	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Austria	3.4	3.1	2.7	2.6	2.9	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Belgium	5.6	5.3	5.1	31.8	34.9	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Canada	7.5	7.4	7.4	7.8	8.7	48.2	51.4	50.5	54.8	57.0
Chile	15.5	14.2	11.7	12.2	16.1	13.2	8.9	11.2	14.2	15.2
Czech Rep.	20.5	19.7	n.avail.	16.6	18.8	37.3	37.9	n.avail.	5.1	5.1
Denmark/1	0.4	1.3	1.1	2.0	2.0	n.avail.	22.4	24.8	20.8	21.4
Estonia	10.1	7.6	7.9	8.8	13.1	16.5	14.5	12.8	0	12.5
Finland	7.1	7.1	6.6	6.5	8.0	27.8	27.9	29.5	31.4	28.0
France	7.7	8.6	6.0	6.9	7.8	38.7	39.0	41.8	45.9	39.4
Germany	0.9	0.8	0.9	0.8	0.7	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Greece	n.avail.	n.avail.	n.avail.	61.1	72.7	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Hungary	14.5	14.3	15.4	18.9	24.0	13.7	13.8	13.0	12.3	9.9
Iceland	n.avail.	n.avail.	n.avail.	28.0	28.3	n.avail.	n.avail.	n.avail.	78.8	78.1
Ireland	1.8	1.5	1.6	2.4	3.4	18.8	27.6	25.8	19.1	13.4
Israel	n.avail.	n.avail.	n.avail.	10.9	12.5	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Italy	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Japan	4.2	3.7	3.4	3.4	3.8	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Korea	3.6	3.1	2.3	2.5	2.7	34.7	37.2	39.9	39.5	41.6
Luxembourg	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Mexico	21.0	19.4	16.5	12.4	13.8	1.2	1.1	7.2	2.1	2.6
Netherlands	4.2	3.0	3.3	3.8	4.0	n.avail.	n.avail.	n.avail.	16.1	17.8
N.Zealand	5.5	5.9	4.3	7.1	8.4	n.avail.	n.avail.	n.avail.	29.7	31.4
Norway	3.1	3.0	2.8	2.6	2.5	11.9	14.6	8.9	10.8	17.6
Poland	8.4	7.7	5.9	10.4	11.4	13.3	13.9	14.2	9.5	10.1
Portugal	40.7	34.9	37.6	26.0	27.2	8.9	10.4	10.0	15.0	14.4
Slovak Rep.	43.6	45.7	49.3	48.5	59.5	15.0	15.7	17.2	16.2	17.7
Slovenia	3.7	3.4	3.6	3.8	4.3	44.2	52.2	50.4	51.7	55.7
Spain	4.6	4.2	4.3	5.9	9.4	n.avail.	n.avail.	n.avail.	34.2	34.6
Sweden/1	2.6/2	3.2/2	n.avail.	2.3	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Switzerland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.

Country	Value of year-end tax debt/annual net revenue (%)					Tax debt collected/total amount for collection/1 (%)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Turkey	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
UK	3.6	3.3	2.7	5.5	6.2	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
USA	4.4	4.1	4.1	`4.8	6.7	30.8	31.0	33.2	31.8	26.1
2) Selected non-OECD countries										
Argentina	1.6	1.6	1.2	1.2	1.8	19.9	19.9	19.2	11.4	7.7
Bulgaria	198.6	143.6	68.7	18.2	11.1	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	97.6	n.avail.
Cyprus	47.5	40.0	38.6	27.8	36.0	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
India	n.avail.	n.avail.	n.avail.	4.0	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Indonesia	n.avail.	n.avail.	n.avail.	5.9	6.3	n.avail.	n.avail.	n.avail.	10.7	8.4
Latvia	13.7	12.1	8.8	14.2	18.3	20.6	24.7	29.1	26.7	18.0
Lithuania	n.avail.	n.avail.	n.avail.	3.8	8.8	n.avail.	n.avail.	n.avail.	50.1	34.3
Malaysia	20.8	22.5	18.2	11.9	11.9	13.4	12.8	22.5	21.4	25.7
Malta	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Romania	n.avail.	n.avail.	n.avail.	9.1	12.9	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Russia	n.avail.	n.avail.	n.avail.	12.9	16.4	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Arabia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Singapore	6.1	4.7	4.7	3.1	2.6	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Africa	15.6	11.3	8.3	6.5	8.8	27.3	26.3	27.2	22.4	18.5

Sources: Country survey responses. *(Table notes are located at the end of report.)*

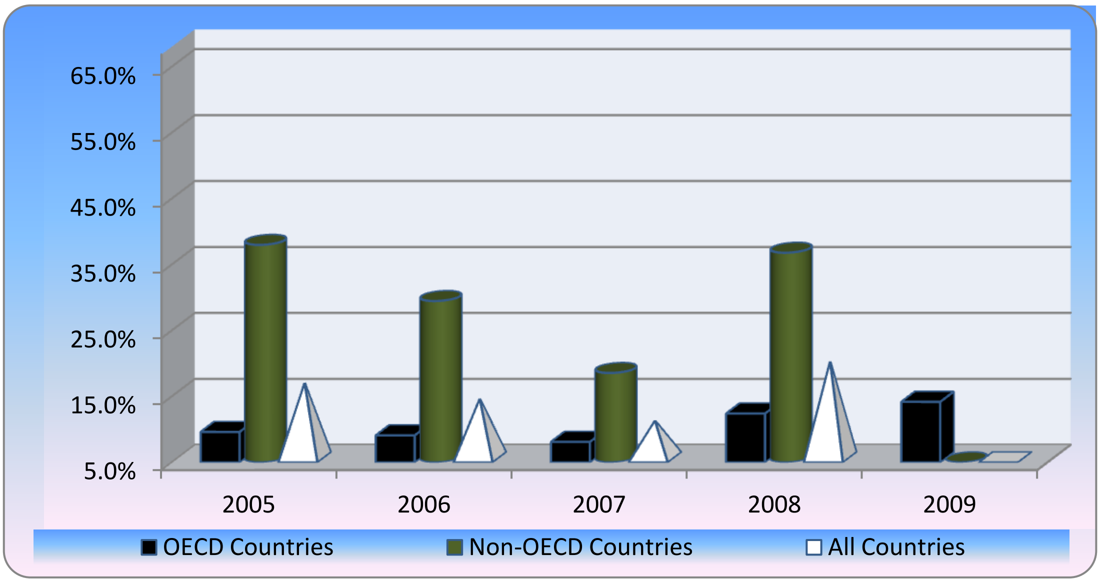
Table 37. Selected ratio concerning enforced tax collection activities

Country	Debt written off/ value of beginning tax debt inventory (%)					Number of year-end debt cases/ number of beginning tax debt cases (%)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
1) OECD countries										
Australia/2	53.1	15.7	20.8	19.9	24.3	104.5	103.0	103.1	84.8	102.2
Austria	26.8	25.1	28.7	36.4	32.4	103.3	101.6	101.6	98.9	101.0
Belgium	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	132.4	95.2	91.4	n.avail.	n.avail.
Canada	14.6	10.3	9.3	9.9	9.1	108.1	97.5	94.4	109.9	101.9
Chile	0	8.1	1.4	9.1	9.4	80.1	105.4	97.1	109.8	102.0
Czech Rep.	9.3	10.7	13.6	16.0	13.7	n.avail.	108.8	103.4	94.7	130.8
Denmark/2	0.8 /2	9.9/2	15.4/2	24.6	21.2	n.avail.	n.avail.	111.1	40.3	132.6
Estonia	14.9	5.6	7.8	11.0	7.0	97.7	100.5	103.7	104.7	64.8
Finland	9.6	8.9	9.1	8.4	6.0	114.1	102.8	96.9	101.1	100.6
France	16.2	17.4	19.8	18.5	15.1	93.3	102.5	98.1	98.4	101.3
Germany	69.1	75.7	63.9	57.2	79.9	97.5	94.1	104.2	94.6	91.8
Greece	n.avail.	n.avail.	n.avail.	1.1	1.0	n.avail.	n.avail.	n.avail.	104.1	117.0
Hungary	33.2	32.6	34.7	30.4	32.2	101.0	98.9	111.7	112.8	115.2
Iceland	n.avail.	n.avail.	n.avail.	11.0	12.7	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Ireland	15.2	14.4	14.9	15.2	19.8	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Israel	n.avail.	n.avail.	n.avail.	6.1	5.8	n.avail.	n.avail.	n.avail.	102.5	96.9
Italy	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Japan/2	8.7	9.3	9.3	10.5	11.7	96.9	98.3	98.8	98.5	98.9
Korea	n.avail.	n.avail.	n.avail.	194.6	182.0	96.8	99.2	99.8	117.5	98.8
Luxembourg	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Mexico	20.3	32.0	53.4	56.5	77.7	94.0	90.6	66.0	112.6	119.5
Netherlands	32.7	24.5	41.7	37.1	22.4	n.avail.	85.7	100.0	100.0	100.0
N.Zealand	n.avail.	n.avail.	n.avail.	24.8	20.1	108.3	100.4	181.7	72.0	97.1
Norway	13.6	6.6	2.5	4.8	7.9	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Poland	2.2	1.1	0.9	0.5	0.5	99.6	111.0	86.1	105.5	96.8
Portugal	17.7	11.3	8.9	4.3	6.8	115.8	99.5	118.0	108.3	102.0
Slovak Rep.	34.1	22.2	9.2	16.7	18.0	112.9	112.1	74.0	95.5	106.8
Slovenia	4.2	3.5	1.9	1.1	0.5	n.avail.	124.6	70.4	108.8	98.7
Spain	n.avail.	n.avail.	n.avail.	35.1	34.6	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Sweden/2	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	96.8	94.0	98.8	n.avail.
Switzerland	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Turkey	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.

Country	Debt written off/ value of beginning tax debt inventory (%)					Number of year-end debt cases/ number of beginning tax debt cases (%)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
UK	24.1	32.7	36.9	22.2	16.7	n.avail.	99.9	95.6	n.avail.	n.avail.
USA	11.1	10.0	11.7	9.5	9.6	99.9	101.3	101.5	94.5	111.1
2) Selected non-OECD countries										
Argentina/2	n.avail.	n.avail.	n.avail.	53.500	35.200	127.6	143.4	95.4	53.0	95.3
Bulgaria	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	97.0	99.1	95.0	171.2	138.2
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus/2	n.avail.	n.avail.	n.avail.	0	0	n.avail.	n.avail.	n.avail.	97.6	101.7
India	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Indonesia	n.avail.	n.avail.	n.avail.	n.applic.	n.applic.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Latvia	50.3	39.1	48.2	39.0	40.2	100.6	101.9	104.5	113.2	110.9
Lithuania	n.avail.	n.avail.	n.avail.	27.1	21.5	n.avail.	n.avail.	n.avail.	105.0	109.2
Malaysia	0.2	2.7	5.7	3.2	1.5	n.avail.	n.avail.	103.9	128.8	101.7
Malta	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Romania	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Russia	n.avail.	7.8	7.5	12.8	9.9	n.avail.	292.3	117.6	120.7	125.2
S.Arabia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Singapore	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Africa	3.9	16.7	11.2	11.1	11.4	n.avail.	n.avail.	107.1	147.9	90.1

Sources: Country survey responses. (*Table notes are located at the end of report.)*

Chart 7 Trend of averages of value of year-end tax debt/annual net revenue (%)



Trend of averages of value of year-end tax debt/annual net revenue (%)					
Countries	**2005**	**2006**	**2007**	**2008**	**2009**
OECD Countries	9.6	9.1	8.1	12.4	14.2
Non-OECD Countries	38.0	29.5	18.6	36.8	n.avail.*
All Countries	16.3	13.9	10.6	19.6	n.avail.*

**Data are incomplete and inaccurate for a number of non-OECD countries for 2009.*

- From the information in Tables 34 to 37 a number of observations can be made:The incidence of unpaid taxes, as reflected in the relative size of debt inventories, varies enormously across surveyed revenue bodies, suggesting that there are substantial variations in overall payment compliance; applying the benchmark ratio '*aggregate year-end tax arrears (excluding disputed debt)/aggregate net revenue collections*' (for the latest available year) as a broad indicator of the relative magnitude of the debt inventory:
  - 13 revenue bodies had a ratio < 5% (i.e. Argentina, Australia, Austria, Denmark, Germany, Ireland, Japan, Korea, Netherlands, Norway, Singapore, Slovenia, and
  - Sweden) ;
  - 8 revenue bodies had a ratio between 5 and 10%;
  - 12 revenue bodies had a ratio between 10-20%;
  - 7 revenue bodies had a ratio > 20%; and
  - 9 revenue bodies did not report data enabling this calculation.

- Applying the benchmark ratio '*aggregate year-end tax arrears (excluding disputed debt)/net annual revenue collections*' and looking at movements over a five year period as a broad indicator of payment compliance/collection effectiveness:
  - 17 revenue body display an ***increasing*** ratio over fiscal years 2005-2009;
  - 7 revenue bodies display a relatively stable ratio or one with no clear pattern for this period;
  - 11 revenue bodies display a ***declining*** ratio over this period; and for 14 revenue bodies, there were insufficient data to display this ratio.

- Applying the same benchmark ratio and looking at those revenue bodies generally displaying a ratio of less than 5% for each year over the five year period (indicating consistently high levels of payment compliance), there are twelve revenue bodies falling into this category—Australia, Austria, Germany, Ireland, Japan, Korea, Netherlands, Norway, Sweden, Singapore, Slovenia and the USA.

- Looking at movements in year-end case volumes over the five years of survey data reveals that:
    - 7 revenue bodies (i.e. Argentina, Australia, Denmark, Estonia, Germany, Slovak Rep, Slovenia) show a trend of ***decreasing*** case volumes exceeding 10% in aggregate over the five year period;
    - 16 revenue bodies show a relatively stable volume (i.e. no significant increase/ decrease in aggregate case volumes) over this period; and
    - 8 revenue bodies show a trend of ***increasing*** case volumes exceeding 20% in aggregate over this period; and
    - there was insufficient data available for 18 revenue bodies for all/most years.

- Looking at the benchmark ratio '*tax debts written off/value of year-end tax outstanding*' over five years to gauge the relative magnitude of debt write off as uncollectible, on average, revealed that:

    - 13 revenue bodies had an average ratio <10% over the 5 year period;
    - 7 revenue bodies have an average ratio 10-20%;
    - 10 revenue bodies have an average ratio 20-50%;
    - 3 revenue bodies have an average ratio >50%; and
    - for 14 revenue bodies, there were insufficient data to display this ratio.

    These wide-ranging results suggest that substantially different policies are being applied by revenue bodies to the writing off of uncollectible tax debts, an area of administration that was not examined in the course of research for this series.

- Survey responses suggest weaknesses in the management information systems for debt collection for many revenue bodies; for example, almost one third of revenue bodies were unable to report the amount of tax collected resulting from enforced debt collection activities, while just over one quarter could not report the number of debtors/ cases on hand.

- Although not displayed in the tables, separate calculations made in conjunction with the preparation of this series of overall tax outstanding in OECD countries as at end-2009 point to aggregate amount of tax debt (exclusive of debts that are being disputed) likely to have exceeded the equivalent of $US500 billion.

26. The data and related ratios reported in the tables give a sense of the magnitude of the tax debt collection problem across surveyed countries alongwith indications of individual revenue body performance. However, as noted earlier in this report, such information should be used as a pointer for further inquiry before drawing well-founded conclusions. A particular concern in this area of tax administration is that a fair number of revenue bodies did not report basic programme performance information suggesting serious weaknesses in their systems of performance measurement.

Implications of the global financial crisis

27. Comments were made earlier in this chapter on the apparent negative impact of the global financial crisis on aggregate revenue collections of individual countries. It is also likely that the financial crisis will have contributed to some growth in the incidence of payment non-compliance and related unpaid taxes for many revenue bodies. Drawing on Table 38 which looks at movements in revenue bodies debt inventories over the two year period 2007 to end-2009 (the period covering the crisis) and any special measures taken by revenue bodies to alleviate its impacts, the following observations can be made:

- Almost 40% of revenue bodies reported an increase in the aggregate value of their debt inventory over the two years exceeding 20%; for 13 revenue bodies, this increase exceeded 40%;
- Just over 20% of revenue bodies (10) reported an increase in the number of debt cases/ debtor taxpayers over the two years in excess of 20%; for two revenue bodies, this increase exceeded 40%.

- Special administrative actions to alleviate the impact of the crisis were reported by around 75% of revenue bodies; these included easier criteria for granting extensions of time to pay tax (29 revenue bodies), reduced rates of interest for late payment of taxes (17), increased periods for filing tax returns (7), and more lenient criteria for writing off tax debts (7).

Table 38. Tax debts and the impacts of the global financial crisis

Country	Debt inventory (end-2007 to end 2009)			Special measures to reduce impact of global financial crisis				
	Change in total debt due (+/- millions)	Change in total debt due (%, +/-)	Change in case inventory (%, +/-)	Easier criteria for extensions of time to pay	Reduced (interest) for late payments	Increased periods for filing returns	Easier criteria for debt write off	Other actions taken
1) OECD countries								
Australia /1	+1,372	+12.73	-13.29	✓	✓	✓	✓	×
Austria	+125	+7.39	-0.09	×	×	×	×	×
Belgium/1	-482	-1.58	n.avail.	✓	✓	×	×	✓
Canada	+1,800	+7.76	+11.97	✓	×	×	×	×
Chile	+288.949	+15.56	+12.06	×	×	×	×	×
Czech Rep.	-2,700	-2.67	+23.91	✓	×	×	×	×
Denmark	+6.329	+70.36	-46.58	✓	✓	✓	×	×
Estonia/1	+3,157	+58.17	-32.12	×	×	×	×	✓
Finland	+499	+16.22	1,74	✓	✓	×	×	×
France/1	-1.622	-5.77	-0.38	✓	✓	×	×	✓
Germany	-1.078	-14.22	-13.18	×	×	×	×	×
Greece	+6,632	+25.57	+21.89	✓	✓	×	×	×
Hungary	+701,522	+52.81	+29.94	✓	✓	×	×	×
Iceland/1	+4,609	+4.72	n.avail.	✓	✓	×	×	×
Ireland/1	+548	+61.23	n.avail.	✓/1*	✓/1**	×	×	✓/1***
Israel	+5,917	+37.49	-0.67	×	×	×	×	×
Italy	n. avail	n. avail	n. avail	✓	✓	✓	×	×
Japan	-130,553	-7.75	-2.55	×	×	×	×	✓
Korea	+591,141	+16.54	+16.04	✓	✓	×	×	×
Luxembourg	n.avail.	n.avail.	n.avail.	×	×	×	×	×
Mexico/1	-63,313	-22.39	+34.58	✓	×	×	×	✓
Netherlands/1	-34	-0.45	0	✓	×	✓	×	✓
N.Zealand	+1,191	+40.98	-30.08	×	×	×	×	×
Norway/1	+4,624	+27.78	n.avail.	✓	×	×	×	✓
Poland	+1,733	+10.03	+2.07	×	×	×	✓	×
Portugal	-5,069	-40.86	+10.53	×	×	×	×	×
Slovak Rep.	+226	+10.46	+2.05	✓	×	✓	×	×
Slovenia/1	+85	+21.53	+7.36	×	×	×	×	×
Spain	+4,755	+53.88	n.avail.	✓	×	×	✓	×
Sweden/1	n.avail.	n.avail.	n.avail.	×	✓	×	×	✓
Switzerland	n.avail.	n.avail.	n.avail.	×	×	×	×	×
Turkey	n.avail.	n.avail.	n.avail.	×	✓	×	×	×
UK	+3,100	+12.60	n.avail.	✓	×	×	×	×
USA	+29,935	+30.58	+4.95	✓	×	×	✓	✓
2) Selected non-OECD countries								
Argentina	+3,156	+136.0	-49.4	✓	✓	×	×	×
Bulgaria	+3,656	+53.6	+136.6	×	×	×	×	×
China	n.avail.	n.avail.	n.avail.	×	×	×	×	×
Cyprus/1	+114	+10.36	-0.38	✓	×	×	×	×
India	n.avail.	n.avail.	n.avail.	×	×	×	×	×
Indonesia	+12,835,24	+65.74	n.avail.	×	×	×	×	×
Latvia	+315	+77.69	+25.55	✓	×	×	✓	×
Lithuania	+758	+110.01	+14.71	✓	✓	×	×	×
Malaysia	-3,377	-26,74	+31.03	✓	×	×	×	×
Malta	n.avail.	n.avail.	n.avail.	✓	✓	✓	✓	×
Romania	+5,369	+45.26	n.avail.	✓	×	×	×	×
Russia	+53,600	+4.07	+51.17	×	×	×	×	×
S.Arabia	n.avail.	n.avail.	n.avail.	×	×	×	×	×
Singapore	-297	-27.92	n.avail.	✓	✓	✓	×	✓
S.Africa	+12,774	+29.78	+33.33	✓	×	×	✓	×

Sources: Survey responses. (Table notes are located at the end of the Report.)

Keeping aggregate tax debt to a minimum

28. While there are no doubt many factors that influence the overall level of tax payment compliance of a revenue body's clients and which in turn influence the scale of enforced debt collection activities that it must carry out, it is possible to discern from the information collected for this series some common characteristics of the tax administration arrangements in place that may have an influence on payment compliance.

29. Based on survey responses, there were 12 revenue bodies with exceptionally low debt inventories over the five year period covered by the series (i.e. those with net end-year debt inventories of consistently less than 5% of annual net revenue collections)—Australia, Austria, Denmark, Germany, Ireland, Japan, Korea, Netherlands, Norway, Singapore, Slovenia, Sweden and the USA. While it is beyond the scope of this series to reach definitive conclusions as to the factors that may have contributed to the relatively low level of tax debt in these countries , other information from the series provides some insights as to some possible influential factors:

- *Extensive use of tax withholding at source arrangements and/ or information reprting and matching systems:* In addition to employment income (with the exception of Singapore), 8/12 countries generally require tax withholding at source in respect of dividend income paid to resident taxpayers while 7 of the 12 countries require tax withholding on interest income (see Table 48, Chapter 8); in those countries where withholding is not normally applied to dividend and interest income (e.g. Australia and the USA), the relevant revenue bodies undertake large scale information matching programmes to detect unreported income (see para. 44, of Chpater 8);

- *Extensive powers of enforcement (incl. appropriate levels of interest and penalties)*: Insufficient data to be definitive in this area but it was noted that 10 of the 12 revenue bodies concerned have a common penalty framework for the major taxes and are, with few exceptions, empowered to collect taxes from third parties, obtain liens over assets, offset tax debts against other tax credits, require tax clearance for the granting of government contracts, withhold government payments to debtors, and can impose tax debts on company directors (see Tables 54, Chapter 8).

- *Adequate resources for enforced debt collection*: Seven of the 12 revenue bodies report that in excess of 10% of their resources are devoted to enforced debt collection activities (see Table 23, Chapter 5).

- *Regimes of advanced payments:* The vast majority of these revenue bodies administer income tax regimes (for both personal and corporate taxpayers) that are designed to collect the bulk of tax due (in the form of advanced payments) during the fiscal year in which the income is derived (see Tables 50 and 51, Chapter 8).

- *Wide use of electronic payment methods*: These methods, in particular the use of direct debiting which may induce some taxpayers to be more compliant than would otherwise be the case, are used widely in the 8 European countries (see Table 41).

30. Comparisons between countries need to be made with care, for the sorts of reasons described elsewhere in this series. In addition, the size of a revenue body's reported volume of tax arrears will be affected by the write-off policies in place and the extent of their use, which vary substantially across surveyed countries, and potentially by the scale of enforcement/ verification activities.

Chapter 7. Provision and use of electronic services in tax administration

Outline

This chapter provides an overview of the modern electronic services generally offered by revenue bodies to their clients and summary data on their usage.

Key findings and observations

Electronic filing of tax returns

- The availability of a modern suite of electronic services covering all the major taxes administered by surveyed revenue bodies is just about universal, with over 90% offering such a service.
- For both the PIT and VAT, just over half over half of revenue bodies achieved e-filing usage by the majority of their client taxpayers in 2009; for the CIT, around 90% achieved usage by the majority of their client taxpayers in 2009.
- A number of revenue bodies can point to substantial increases in e-filing usage over the last six years, as a result of administrative initiatives and/or the introduction of mandatory e-filing requirements.
- Despite the progress made, there is potential for substantially greater usage (i.e. +75%) by many revenue bodies—20 for the PIT, 23 for the CIT, and 15 for VAT.

The provision of prefilled tax returns to taxpayers

- Pre-filling has evolved to become a significant (and for some, transformational) element of some revenue bodies' e-services strategy, particularly for the pit.
- In its most advanced form, pre-filling and related facilities (e.g. on-line personal folders) have just about fully automated return preparation and assessment.

Electronic payments of tax

- Only around half of surveyed revenue bodies were able to report the approximate incidence of volumes for the different payment methods available; this implied lack of knowledge by many revenue bodies suggests that savings to taxpayers, revenue bodies and financial institutions could be going unrealised because of a lack of attention to this aspect of tax system automation.
- For those revenue bodies providing data, only nine reported that the majority of tax payments are made by fully automated methods, as defined for this report.
- There is potential for substantially greater use of e-payment capabilities in many surveyed countries.

Other electronic services provided to taxpayers

- Just over half of surveyed revenue bodies reported offering the full suite of other services identified for the survey—access via the internet to a comprehensive set of tax information, online access to some level of personal taxpayer information; facilities enabling third parties (e.g. Tax professionals) to access personal taxpayer information, electronic communications with taxpayers, remote access by staff to business systems, and an online legal and case law database.

Provision and use of modern electronic services

1. Over the last two decades, revenue bodies in most countries have been exploiting the use of emerging technologies to transform tax collection and assessment processes to realize the significant benefits that can accrue, in particular for faster and more accurate exchanges of important taxpayer data and the provision of services that better enable taxpayers to self-manage their tax affairs. The main types of electronic services now offered by most revenue bodies to both taxpayers and tax professionals include:

- Provision to a comprehensive range of tax and other information via the Internet;
- Electronic filing of tax returns;
- Fully and/or partially completed pre-filled tax returns;
- A mix of electronic payment facilities for all taxes (e.g. direct online payment);
- Access to personal taxpayer information via online taxpayer 'accounts'; and
- Call centres using modern telephony facilities to provide more accessible services.

For this series, revenue bodies were asked to provide a limited range of information on the nature of the electronic services offered by them and, for the more common services, data pointing to the scale of their usage/ take-up.[57]

Electronic filing of tax returns

2. Previous series' reports have given a fair deal of attention to the automation of tax return filing arrangements for the major taxes given their potential to deliver significant benefits to both revenue bodies and taxpayers. The 2008 report noted that that there had been substantial progress in recent years in the number of revenue bodies offering e–filing capabilities for the major taxes. However, it also noted there were significant variations across both revenue bodies and taxes in terms of the level of take-up being achieved, resulting in considerable unevenness in the benefits being derived across countries. In the main, most progress had been made with e-filing for the PIT but previous reports, noting an emerging practice among many revenue bodies to resort to the use of mandatory e-filing requirements on some/ all businesses, anticipated major progress in the medium term for these taxpayers.

3. For this report, the survey of revenue bodies sought to determine what progress had been made with electronic filing for the major taxes. Drawing on the information provided in Tables 39 and 40, the key findings are as follows:

Personal income tax

- The provision of e-filing services for personal taxpayers is now just about universal across the countries surveyed (with 46 of 49 surveyed revenue bodies reporting the availability of this service for fiscal year 2009).
- Just over half of revenue bodies reported that the majority of their personal taxpayers used e-filing (either by themselves or via tax professionals) for the 2009 year:
    - 16 of 46 revenue bodies achieved usage in excess of 75% of all returns filed;
    - 8 of 46 revenue bodies achieved usage rates between 50-75%;
    - 6 of 46 revenue bodies achieved usage rates between 25-50%; &

[57] For a recent and more comprehensive assessment of the use of modern electronic services by OECD revenue bodies, readers are directed to the findings of an in-depth study conducted in 2009—see '*Survey of Trends and Developments in the Use of Electronic Services for Taxpayer Service Delivery'*, March *2010,* at http://www.oecd.org/dataoecd/20/49/45035933.pdf

- 16 of 46 revenue bodies achieved usage rates less than 25%.

- A number of countries have made substantial progress (i.e. +50% in absolute terms) over the last six years in increasing e-filing usage— Argentina (+82%), Lithuania (+52%), Portugal (+56%), Turkey (+69%), and United Kingdom (+56%); in addition to administrative initiatives (including incentives such as extended return filing periods), increased usage in some countries has been achieved with the introduction of mandatory e-filing requirements.

- There is potential for substantially greater use of e-filing (i.e. +75% in absolute terms) of e-filing in 20 surveyed countries.

Corporate income tax

- The provision of e-filing services is now just about universal across the countries surveyed (with 45 of 49 surveyed revenue bodies reporting the availability of this service for fiscal year 2009);

- Almost half of surveyed revenue bodies reported that returns for the <u>majority</u> of their corporate taxpayers were e-filed for the latest fiscal year:
  - 21 of 45 revenue bodies achieved usage in excess of 75%;
  - 2 of 45 revenue bodies achieved usage rates between 50-75%;
  - 4 of 45 revenue bodies achieved usage rates between 25-50%; and
  - 18 of 45 revenue bodies achieved usage rates less than 25%.

- A number of revenue bodies have made substantial progress (i.e. +50% in absolute terms) over the last six years in increasing e-filing usage—Argentina (+66%), Austria (+66%), Estonia (+95%), France (+51%), Hungary (+96%), Ireland (+67%), Latvia (+92%), Netherlands (+100%), Norway (+50%), Portugal (+95%), Slovenia (100%), Spain (+76%) and Turkey (+99%); in addition to administrative initiatives, increased usage in many countries has resulted from the introduction of mandatory e-filing requirements.

- There is potential for substantially greater use of e-filing (i.e. +75% in absolute terms) in 23 surveyed countries.

Value added tax (VAT)

- The provision of e-filing services in those countries administering a VAT is now just about universal with 42 of 45 surveyed revenue bodies reporting the availability of this service for fiscal year.

- Just over half of surveyed revenue bodies providing an e-filing capability reported that the <u>majority</u> of VAT returns were now filed electronically:
  - 16 of 42 revenue bodies achieved usage in excess of 75%;
  - 7 of 42 revenue bodies achieved usage rates between 50-75%;
  - 8 of 42 revenue bodies achieved usage rates between 25-50%; &
  - 11 of 42 revenue bodies achieved usage rates less than 25%.

- Based on available data, eleven revenue bodies appear to have made substantial progress (i.e. +50% in absolute terms) over the last six years in increasing the level of usage of e-filing services—Argentina, Belgium, Hungary, Japan, Latvia, Lithuania, Netherlands, Norway, Singapore, Slovenia, Spain; other FTA work indicates that increased usage in many countries has resulted from the adoption of mandatory e-filing requirements.

- There is potential for substantially greater use of e-filing (i.e. +75% in absolute terms) in 15 surveyed countries.

Table 39. Personal income tax return filing

Country	Returns filed for 2009		Use of electronic filing ('*e-filing*')				Use of pre-filling for 2009	
	Total (millions)	Filed by tax professionals (%)	Year begun	E-filed returns: 2004 (%)	E-filed returns: 2009 (%)	Change: 2004 to 2009 (+/-, %)	Returns partly pre-filled (%)	Returns fully pre-filled (%)
1) OECD countries								
Australia	13.6	73	1990	80	92	12	69	0
Austria/1	4.4	65	2003	10	43-79 /1		0	0
Belgium	6.0	13	2002	3	40	37	n.avail.	n.avail.
Canada	26.7	39	1993	49	58	9	n.applic.	n.applic.
Chile	1.1	n.avail.	1999	83	98	15	65	53
Czech Rep./1	1.8	n.avail.	2004	0.5	1.0/1	0.5	0	0
Denmark/1	4.6	n.avail.	1994	68	96	28	100	84
Estonia	0.65	n.avail.	2000	59	92	33	100	0
Finland	1.7	n.avail.	2006	0	23	23	100	95
France/1	36.2	n.avail.	2001	4	27	23	98/87 /1	15
Germany	27.2	n.avail.	1999	7	30	23	n.avail.	n.avail.
Greece	5.1	n.avail.	2001	4	13	9	0	0
Hungary	4.6	n.avail.	2003	3	30	27	4	15.8
Iceland	0.3	25	1999	86	92	6	100	0
Ireland	0.5	66	2001	62	67	5	0	0
Israel/1	0.6 (2008)	n.avail.	2009	0	/1	0	0	0
Italy	26.3 (2008)	97 (2008)	1998	100	100	0	6	0
Japan	23.6	n.avail.	2004	0	31	31	0	0
Korea	4.9	n.avail.	2004	43	80	37	0	0
Luxembourg	0.17	24.1	2009	0	<1	<1	0	0
Mexico	3.1	n.avail.	1998	48	96	48	10	0
Netherlands	10.8	3.4	1996	69	95	26	25	0
N.Zealand/1	2.0 /1	50	1991	56	63	7	43	43
Norway/1	3.7	(negligible)	1999	37	82	45	99	50
Poland	22.5	n.avail.	2008	0	1.4	1.4	n.avail.	n.avail.
Portugal	6.7	2	2000	24	80	56	46	0
Slovak Rep.	1.0	15	2005	0	n.avail.	n.avail.	0	0
Slovenia/1	1.0	18	2004	0	77	77	1	71/1
Spain/1	19.5/1*	n.avail.	1999	23	36	13	35/1**	39/1***
Sweden	7.4	n.avail.	2002	15	55	40	100	60
Switzerland/1	(Administered at sub-national level by cantons, some with their own e-filing systems)							
Turkey	1.7	90	2005	30	99	69	0	0
UK	8.6	67	2000	17	73	56	0	0
USA	147.2	45	1986	47	65	18	0	0
2) Selected non-OECD countries								
Argentina	0.8	n.avail.	1999	18	100	82	0	0

Country	Returns filed for 2009		Use of electronic filing ('*e-filing*')				Use of pre-filling for 2009	
	Total (millions)	Filed by tax professionals (%)	Year begun	E-filed returns: 2004 (%)	E-filed returns: 2009 (%)	Change: 2004 to 2009 (+/-, %)	Returns partly pre-filled (%)	Returns fully pre-filled (%)
Bulgaria	0.63	n.avail.	2005	<1	3	2	0	0
China	n.avail.	n.avail.	2005	0	n.avail.	n.avail.	0	0
Cyprus	0.12	1	2003	0.4	5.7	5.3	0	0
India	29.0	n.avail.	n.avail.	n.avail.	17	n.avail.	0	0
Indonesia	6.0	n.avail.	---n.avail.---					
Latvia	0.29	n.avail.	2008	0	10	10	0	0
Lithuania	0.8	11	2004	14	71	57	91	8
Malaysia/1	1.7	7	2004	33	56	23	0 /1	0 /1
Malta	0.22	2	2006	1	2	1	72?	n.avail.
Romania	0.69	n.avail.	2007	0	<1	<1	0	0
Russia	7.6	n.avail.	2006	0	9	9	0	0
S.Arabia/1	---n.applic.---							
Singapore/1	1.6/1	n.avail.	1998	67	91	24	n.avail.	32
S.Africa	3.6	39	2001	4	46	42	0	0

Sources: Country survey responses, prior series reports, and 2009 survey of trends and developments in the use of e-services. (*Table notes are located at the end of report*.)

Table 40. Return filing—corporate profits/income tax and value added tax (VAT)

Country	Corporate profits/income tax					Value added tax			
	Income returns filed: 2009 (millions)	Use of electronic filing (‘*e-filing*’)				Use of electronic filing (‘*e-filing*’)			
		Year begun	E-filed returns: 2004 (%)	E-filed returns: 2009 (%)	Change: 2004 to 2009 (+/-)	Year begun	E-filed returns: 2004 (%)	E-filed returns: 2009 (%)	Change: 2004 to 2009 (+/-)
1) OECD countries									
Australia	0.9	1990’s	95	92	-3	2001	36	49	13
Austria	0.1	2004	30	96	66	2003	80	86	6
Belgium	0.4	2006	1	32	31	2001	9	90	81
Canada	1.9	2002	2	21	19	2002	11	22	11
Chile	1.2	1999	83	98	15	1999	36	64	28
Czech Rep.	0.3	2004	1	n.avail.	n.avail.	2004	1	n.avail.	n.avail.
Denmark	0.2	2005	0	18	18	1999	60	95	35
Estonia	n.avail.	n.avail.	0	95	95	2000	n.avail.	96	n.avail.
Finland	n.avail.	2000	1	19	18	1997	35	65	30
France	1.3	1991	26	77	51	2001	2	28	26
Germany	1.1	n.avail.	0	0	0	2000	19	25	6
Greece	0.3	n.avail.	0	0	0	2000	51	70	19
Hungary	0.4	2003	3	99	96	2000	6	99	93
Iceland	0.03	1997	99	99	0	2004	16	65	49
Ireland	0.1	2001	18	85	67	2000	13	45	32
Israel	0.1	2009	0	/1	0	n.avail.	n.avail.	n.avail.	0
Italy	2.2 (2008)	1998	100	100	0	1998	100	100	0
Japan/1	2.8	2004	0	38	38	2004	0	57/29 /1	57/29
Korea	0.4	2004	92	96	4	2000	50	74	24
Luxembourg	0.08	n.avail.	0	0	0	2003	0	26	26
Mexico	0.7	1998	100	100	0	2002	55	100	45
Netherlands	0.6	2005	0	100	100	2005	0	100	100
N.Zealand	0.4	1991	67	75	8	1992	9	21	12
Norway	0.2	2000	47	75	28	2001	38	88	50
Poland	0.4	2006	0	1	1	2006	0	2	2
Portugal	0.4	2000	100	100	0	2000	83	100	17
Slovak Rep.	0.2	2005	0	n.avail.	n.avail.	2005	0	n.avail.	n.avail.
Slovenia	n.avail.	2004	0	100	100	2004	0	100	100
Spain	1.4	1999	23	99	76	1999	23	75	52
Sweden	0.3	2009	0	68	68	2001	3	35	32
Switzerland	-------------------------------------n.applic. at federal level---					2010	0	0	0
Turkey	0.6	2005	72	99	27	2004	70	99	29
UK	1.6	2004	1	16	15	2003	0	20	20
USA	7.0	2004	1	25	24	-------------------------------n.applic.---------------------------			
2) Selected non-OECD countries									
Argentina	0.1	1999	34	100	66	1999	30	100	70

Country	Corporate profits/income tax					Value added tax			
	Income returns filed: 2009 (millions)	Use of electronic filing (‘*e-filing*’)				Use of electronic filing (‘*e-filing*’)			
		Year begun	E-filed returns: 2004 (%)	E-filed returns: 2009 (%)	Change: 2004 to 2009 (+/-)	Year begun	E-filed returns: 2004 (%)	E-filed returns: 2009 (%)	Change: 2004 to 2009 (+/-)
Bulgaria	0.3	2006	0	21	21	2004	5	68	63
China	n.avail.	2001	n.avail	n.avail.	n.avail.	1998	n.avail	n.avail.	n.avail.
Cyprus	n.avail.	2003	0	n.avail.	n.avail.	2004	1	1	0
India	0.5	n.avail.	0	n.avail.	n.avail.	---------------------------------n.applic.-----------------------------------			
Indonesia	0.4	--n.avail--							
Latvia	0.1	2008	0	92	92	2008	0	64	64
Lithuania	n.avail.	2004	34				35	87	52
Malaysia	0.2	2001	n.avail.	18	n.avail.	---------------------------------n.applic.-----------------------------------			
Malta	0.01	2001	82	99	17	n.avail.	0	<1	<1
Romania	0.5	2004	0	2	2	2004	0	5	5
Russia	7.2	n.avail.	0	12	12	n.avail.	?	26	n.avail.
S.Arabia	0.4	n.avail.	0	0	0	---------------------------------n.applic.---------------------------------			
Singapore/1	0.1/1*	2000	84	67/1**	-17	2005	0	99/1***	99
S.Africa	0.7	2006	0	36	36	2001	7	47	40

Sources: Country survey responses, the 2009 Report on Trends and Developments in the Use of E-Services, and prior CIS reports. (*Table notes are located at the end of report.)*

The provision of pre-filled tax returns to taxpayers

4. One of the more significant developments in process redesign and the use of technology by revenue bodies over the last decade or so concern the emergence of systems of pre-filled tax returns.

5. Pre-filling entails the use by revenue bodies of information held by them (e.g. taxpayer identity information, elements of taxpayer history, and third party reports of income and deductions etc.) to populate fields within tax returns etc that are made available to taxpayers for examination by taxpayers. Depending on the degree of sophistication of the service (and the legislative framework in place), fully or partially-completed tax returns can be made available to taxpayers in electronic and/or paper form. In their most advanced form, tax return preparation has been fully automated for the vast majority of the taxpayer population. This is particularly the case for Nordic region countries where revenue bodies offer this form of assistance for virtually all their taxpayers, with the a large proportion of such returns being fully completed for the taxpayers concerned (e.g. Denmark (84%) and Finland (94%). Pre-filling is also used extensively in Chile, New Zealand, Slovenia and Spain to prepare fully completed tax returns (or analogous tax income statements for employee taxpayers) and other countries (e.g. Australia, Belgium, Estonia, France, Netherlands, and Portugal) are using it for the majority of their taxpayers to partially complete tax returns.

6. The 2008 series did not survey the use of pre-filling approaches across participating countries. However, it did acknowledge that a few countries had made considerable progress in automating the preparation of personal income tax returns using pre-filling approaches and, in this context, it described the evolution of the system in Denmark which appears the most advanced of any country—see Box 29.

Box 29. Denmark—The evolution of pre-filled tax returns

Set out hereunder is a description of the phases in the evolution of prefilled returns in Denmark over the last 20 years, commencing with the initial very limited use of pre-filling in the late-1980"s and, by 2008, arriving at a position of total automation where the vast majority of taxpayers could access online their tax return information and related notice of assessment.

2008 to present time	**Total automation:** Pre-filled returns are no longer sent to taxpayers. Taxpayers receive an assessment notice (with provision to access on-line the detailed tax return data that has been used to establish their tax liabilities. Taxpayers remain obliged to advise the revenue body of nay necessary adjustments.
2006	**Pre-filled returns & notice together:** Taxpayers with fully completed pre-filled returns also receive an assessment notice alongside their tax returns.
2004	**Online assessment notices:** Taxpayers with fully completed pre-filled returns receive assessment notice online, when confirming the completeness of the pre-filled return.
1999	**Pre-filled returns available on-line:** Pre-filled returns are available online for review by taxpayers & their notification of changes or confirmation of acceptance. Notices of assessment are sent after processing.
1995	**First electronic filing application:** Tax-returns (not pre-filled) are available online. Taxpayers are obliged to fill in all relevant data.
1992	**System of silent acceptance introduced:** Taxpayers receiving pre-filled returns are freed of the obligation to confirm their completeness, if correct. Taxpayers must advise any adjustments to the revenue body. Notices of assessment are sent after processing.
1992	**First fully completed tax returns:** Refinement of pre-filling system with fully-completed tax returns (on paper) sent to many taxpayers for their review—to be confirmed or adjusted. Notice of assessment sent after processing.
1988	**Limited pre-filling of tax returns:** System of limited pre-filling of personal tax returns (on paper) commences. Taxpayers are required to complete their return & send it to the revenue body. Notices of assessment are sent after processing.

Source: Danish revenue officials.

carried out by the FTA in 2009[58] explored this topic in further detail and, among other things, highlighted a growing trend of OECD revenue bodies using (or planning to use) pre-filling to automate elements of tax return preparation, and the benefits flowing from such a service.

7. Most of the countries offering some form of pre-filling service administer relatively small taxpayer populations and, for this reason, the task of successfully providing such a service might be regarded as more feasible than in countries with significantly larger populations. However, there are two exceptions to this situation—both France and Spain are successfully deploying pre-filling, as evidenced from the information in Boxes 30 and 31.

Box 30. France's use of pre-filled tax returns

Background: In France, the income tax system is based on the provision of an annual tax return. There are over 36 million households (within an overall population of almost 63 million), all of which have to submit an income tax return each year. Pre-filled returns are now sent out to taxpayers at end of April and users have until the end of May to submit a paper return. If they file their returns online, they have an extra 10 to 25 days, depending on their geographical area.

Introduction of pre-filled returns: Following a pilot scheme in one local Directorate in 2005, the prefilled return was introduced throughout France in 2006. At first, the income data that was "prefilled" covered wages and salaries, statutory sick pay, pensions, unemployment benefits and early retirement allowances. When introducing the prefilled tax return, a number of activities had to be carried out in parallel:

- Guiding change for third party declarants and data providers, including new timetables for reporting data consistent with producing prefilled returns, completeness of information.
- Ensuring the reliability of taxpayer identification data at the level of the tax administration; (for this purpose, some 3.6 million letters were sent to people in 2004 whose civil status, although known to the administration, was not certified; this action enabled the certified civil status to be raised from 82.7% in 2003 to 95.2% in 2006.)
- Modernization of the data collection process, including mandatory electronic reporting for larger third party reporting bodies.
- Simulation of prefilled returns (comparison of information sent in by third party declarants with information declared by taxpayers: accuracy rose from 40% in 1999 to over 85% in 2005.

Current scope of pre-filling: In addition to the income categories already mentioned, new items of information have been added since 2008- stocks, shares, loans and bonds, increasing the overall volumes of reports matched from 103 million to 154 million. In 2009, over 90% of households (31 million overall) benefited from pre-filling one or more of their incomes. Of this 31 million, around 20 million had their investment income prefilled.

Data gathering: All third party reporting bodies can submit information electronically, with the largest required to do so. The information collected from third parties is gathered from 1 January to mid-March. The matching processes then takes place up to the end of April, at which time the information is pre-filled on 36 million paper tax returns, and is also available online for e-filers. If the user has no changes to make, the return can be finalized "with three clicks".

Source: DGFIP

Box 31. Spain's pre-filling service

Spain, another large country with a population of around 46 million, also offers a comprehensive system of "pre-filling". The Tax Agency provides systems that provide many taxpayers with most/ all the data needed to complete their returns, and direct help is also available to prepare returns in the Tax Agency's offices or in collaborating institutions. The agency also provides data for tax returns in one of two ways—sets of information and, where appropriate, pre-populated tax returns are made available and can be sent to taxpayers' homes if requested. The pre-populated return can be modified and confirmed using a number of different channels such as telephone, SMS, Internet etc).

In 2009, a total of over 20.6 million taxpayers were sent pre-populated returns (13.8 million) and sets of information (6.8 million).

Source: Annual performance report of Spanish Tax Agency (2009)

[58] See FTA's '*Survey of Trends and Developments in the Use of Electronic Services for Taxpayer Service Delivery. March 2010,* at http://www.oecd.org/dataoecd/20/49/45035933.pdf

8. As already mentioned, pre-filling can be carried out with varying degrees of sophistication/ maturity. To explain this further, the capability/maturity model depicted in Diagram 1 describes the varying degrees of sophistication that have been observed from revenue body experience and documented in prior FTA reports. However, it needs to be acknowledged that the legislative framework of a country's personal income tax is a key determinant of the extent to which pre-filling can be applied, rather than any limitations resulting from administrative factors. This aside, the model provides a means of classifying the nature of the service being provided by revenue bodies to assist taxpayers (in terms of the likely level of benefits being delivered).

Diagram 1. Maturity model of pre-filling capabilities

LEVEL OF PREFILLING	CAPABILITY DESCRIPTION	LEVEL OF BENEFITS
Basic (limited)	1. A paper form pre-filled with limited taxpayer identity &/or history information	Minor
	2. An electronic form pre-filled with limited taxpayer identity &/or history information	
	3. A paper form pre-filled with taxpayer identity &/or history information & limited income/deduction & credits information	
	4. An electronic form pre-filled with taxpayer identity &/or history information & limited income/ deduction/ credits information	
	5. A paper form pre-filled with taxpayer identity &/or history information & most/ all income/deduction & credits information	
	6. An electronic form pre-filled with taxpayer identity &/or history information & most/ all income/deduction/ credits information.	
Advanced (fully completed)	7. Full automation (enabling elimination of original process)	Major

9. For this series, revenue bodies were surveyed on the extent to which pre-filling approaches were being used for the major taxes and, where this was the case for the personal income tax, the proportion of tax returns that were fully pre-filled for 2009. Drawing on the information provided in Table 39, the key findings are as follows:

- Pre-filling has evolved to become a significant (and for some, transformational) component of revenue bodies' e-services strategy in many countries, particularly for the PIT. Concerning the PIT;
  - Seven revenue bodies (i.e. Chile, Denmark, Finland, Norway, Slovenia and Sweden) provide a capability that is able to generate at year-end a fully completed tax return (or its equivalent) in electronic and/or paper form ***for the majority of taxpayers required to file tax returns***, while three bodies (i.e. New Zealand, Singapore and Spain) achieved this outcome in 2009 for between 30-50% of their personal taxpayers.
  - In addition to the countries mentioned, substantial use of pre-filling to partially complete tax returns was reported by six other revenue bodies—Australia, Estonia, France, Iceland, Lithuania, and Portugal.
  - Overall, 19 of the 49 surveyed revenue bodies reported some use of pre-filling, suggesting that many revenue bodies have come to realise the significant benefits that can be realised.

Electronic payments of tax

10. Tax payments constitute one of the most common forms of interaction between taxpayers and revenue bodies. This is especially the case for the many businesses that are required to regularly remit variety of payments throughout each fiscal year (covering both their own tax liabilities and those of employees). More generally, citizens and businesses are required to make significant numbers of payments for bills they receive each year (e.g. for utilities, and credit card debts). The sheer number of payment transactions that must be effected in a normally-functioning

economy has led to significant developments over the last decade in the range of electronic payment methods made available to citizens and businesses at large, all aimed at making the "payment experience" easier and less costly.

11. The 2008 series noted that revenue bodies had made considerable progress in increasing the range of fully electronic payment methods available to taxpayers. The main examples cited were direct debit, direct credit (i.e. on-line payments by taxpayers), and phone banking. However, it also noted that manual (more costly) payment methods—for example, mailed cheques, cash, or 'in-person' payments by taxpayers at revenue bodies, and/or at third party agencies (using cash or cheques)— were still the predominant method of payment in around 50 percent of surveyed revenue bodies. As a result, many revenue bodies were still incurring the significant extra administrative costs associated with such manual methods (e.g. third party transaction fees (or their equivalent), internal cheque processing/handling costs) that fully electronic methods largely eliminate.

12. As for other e-services, the types of e-payment methods generally available vary in their level of "maturity" (or degree of related automation), and the resulting benefits they can deliver for taxpayers, revenue bodies and third parties. To promote further thinking about this matter the FTA survey report in 2009 dealing with e-services set out a model depicting the typical methods of payment available to revenue bodies to collect taxes, a description of the types of costs normally involved and a judgment as to the associated degree of automation and costs involved—see Diagram 2. In support of this line of thinking, it also provided cost data from one country (i.e. Australia)—covering both the revenue body and the banking system—to reflect the cost differentials of the different payment methods available. These cost data suggested that payment methods which were fully manual (e.g. involving the use of cheques) could be around five to six times more costly to administer for the revenue body and banking system than fully electronic methods such as direct credits. Given the large volumes of payments made to revenue bodies, the data suggested that revenue bodies operating with largely manually payment methods could derive significant savings from promoting the use of electronic payment methods.

Diagram 2. Maturity model of payment methods

DEGREE OF AUTOMATION	CAPABILITY		LEVEL OF COSTS
	DESCRIPTION	COSTS INCURRED	
LOW (LIMITED)	1. In-person payment at revenue body; data captured electronically on receipt	Taxpayers' time to pay; revenue bodies' processing costs	HIGH
	2. In-person payment at agency (e.g. bank); data captured electronically	Taxpayers' time to pay; agency transaction fee	
	3. Mailed cheque to revenue body; automated payment data capture	Postage & banks' & revenue bodies' processing costs	
	4. Taxpayers' use of phone banking	Taxpayers' time & phone call	
	5. Taxpayers' use of Internet payment method (via bank/revenue body)	Taxpayers' time	
	6. Taxpayers use of 'direct debit' authority for payment (on liability-by-liability basis)	Taxpayers' time re renewal of each authorisation	
HIGH (FULLY AUTOMATED)	7. Taxpayers use of blanket 'direct debit' authority for payment of all tax liabilities	Taxpayers' time in providing a ongoing direct debit authorisation	LOW

13. As will be evident from the data in the abovementioned table, there can be significant variations in the costs of fully manual methods that require the use of cheques vis-à-vis the costs of fully automated payment methods such as 'direct debit' and 'direct credit', pointing to likely significant benefits in countries where use of these latter methods can be substantially increased.

14. For this series, revenue bodies were surveyed on the nature of the payment methods available for collecting taxes and their relative usage (in % terms) for the 2009 fiscal year (see Table 41). Drawing on the information provided by surveyed countries, the key findings are as follows:

- Only around half of surveyed revenue bodies were able to report the approximate incidence of volumes for the different payment methods available; this implied lack of knowledge on the part of the many revenue bodies suggests that significant savings to taxpayers, revenue bodies and financial institutions could be going unrealised because of a lack of attention to this aspect of tax system automation;

- Twenty two revenue bodies provided comprehensive information on the nature and usage of the various payment methods available to taxpayers. Significantly:

  - nine reported that the majority of payments are made by fully automated methods (e.g. use of 'direct debit' authorisations and taxpayers' use of available Internet payment facilities);

  - Just over half of revenue bodies continue to provide relatively costly 'in-person' payment facilities via their office networks;

  - Five revenue bodies reported reasonably significant volumes (30% or more) of mailed cheques that must be processed internally by them;

  - Payments made in person, either at the revenue body or via an agency (e.g. banks or post offices), were the predominant payment method in six countries.

- Generally speaking, the rate of e-payments was substantially below e-filing rates for the major taxes; while not researched as part of this survey, there could be a number of factors contributing to this outcome, for example: 1) taxpayers' perceptions of security weaknesses in their banking system; 2) taxpayers' reticence to communicate bank account details either in writing or electronically to revenue bodies; 3) taxpayers' reluctance in using direct debit facilities, wishing to remain in control of when tax liabilities are pad by them; and/or 4) the failure of revenue bodies to promote e-payment methods, particularly in those countries where the banking system is the sole provider of e-payment capabilities.

- The lack of comprehensive data on payment volumes for the different payment methods makes it extremely difficult to gauge the rate of progress of revenue bodies over the last six years; that said, there appears potential for substantially greater use of e-payment capabilities in the many surveyed countries.

Other electronic services available to taxpayers

15. In addition to basic transaction services, prior series reports have highlighted a growing trend of revenue bodies to provide a range of other electronic services to taxpayers, taking advantage of growth in the provision of broadband and Internet access, and developments concerning the provision of security safeguards concerning access to personal taxpayer information. Revenue bodies were accordingly surveyed on whether they provide certain designated services (e.g. online access to personal taxpayer account information). Drawing on the information provided in Table 42, the key findings are as follows:

Table 41. Tax payment methods available

Country	Payment methods available (✓ denotes availability, figures in brackets denote usage where known as a % of total payments)							
	Mailed cheque	In person payments		Phone banking	Internet banking	Direct debit payment	Payment kiosk	Other
		At agency	At revenue body					
1) OECD countries								
Australia	✓ (13)	✓ (30)	×	✓ (4)	✓ (50)	✓ (3)	×	
Austria/1	✓ (<1)	✓ (2)	✓	×	✓ (50)	×	×	✓/1 (47)
Belgium	×	✓	×	✓	✓	×	✓	
Canada/1	✓ (19)	✓ (39)	✓ (<1)	✓ (n.avail.)	✓ (42)	✓ (<1)	×	✓/1 (2)
Chile/1	×	✓	×	×	✓	✓	×	✓/1
Czech Rep.	×	✓	✓	✓	✓	✓	×	
Denmark	×	✓	✓	×	✓	✓	×	
Estonia	×	✓	✓	×	✓ (98)	×	×	
Finland	×	✓	×	✓	✓	✓	✓	
France	✓	×	✓	✓	✓	✓	✓	
Germany	✓	✓	×	✓	✓	✓	×	
Greece	✓	✓	✓	×	✓	×	×	
Hungary/1	×	✓	✓/1*	✓	✓	×	×	✓/1**
Iceland	✓	✓	✓	✓	✓	✓	×	
Ireland	✓	✓	✓	×	✓	✓	×	
Israel	✓ (88)	✓ (2)	✓ (5)	×	✓ (5)	✓ (<1)	×	
Italy	×	✓ (29)	×	×	✓ (42)	✓ (29)	×	
Japan/1	×	✓ (75)	✓ (5)	×	✓ (1)	✓ (17)	✓/1 (1)	✓/1 (2)
Korea	×	✓ (70)	✓ (2)	✓ (1)	✓ (24)	×	✓ (3)	
Luxembourg/1	✓	✓	×/1*	×	✓	×/1**	×	
Mexico	×	✓ (52)	×	×	×	✓ (48)	×	×
Netherlands/1	×	✓ (<1)	×	×	✓ (30)	✓ (19)		✓/1 (50)
N.Zealand/1	✓ (43)	✓ (6)	×	✓	✓/1 (51)	✓	×	×
Norway	✓	✓	✓	✓	✓	✓	×	
Poland	×	✓	✓	✓	✓	×	✓	
Portugal/1	×	✓ (38)	✓ (42)	×	✓ (<1)	×	×	✓/1 (20)
Slovak Rep./1	×	×	×	×	✓	✓/1 (85)	×	✓ (15)
Slovenia	✓	✓ (60)	×	✓	✓ (40)	✓	×	
Spain/1	×	✓	×	✓	✓	✓	×	✓/1
Sweden	×	✓	×	✓	✓	✓	×	
Switzerland	×	✓	✓	✓	✓	✓	×	
Turkey	✓	✓	✓	✓	✓	✓	×	
UK/1	✓ (30)	✓ (28)	✓	✓	✓	✓ (41)	×	✓/1 (1)
USA/1	✓ (40)	✓ (13)	✓ (<1)	✓ (3)	✓ (16)	✓ (8)	×	✓/1 (20)
2) Selected non-OECD countries								
Argentina	×	✓ (85)	X	✓	✓ (5)	✓ (10)	×	✓ (<1)
Bulgaria/1	×	✓	×	×	✓	✓	×	✓/1
China	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Cyprus/1	✓	✓/1	✓	×	×	×	×	
India	×	✓ (30)	×	×	✓ (70)	×	×	
Indonesia	×	✓	×	×	✓	×	×	
Latvia	×	✓	×	×	✓	×	×	
Lithuania	×	✓	✓	×	✓	×	×	
Malaysia	✓ (52)	✓ (45)	✓ (<1)	✓ (<1)	✓ (3)	✓ (<1)	-	✓/1 (<1)
Malta/1	✓/1 (68)	✓ (26)	✓ (5)	×	✓ 1	×	×	
Romania	×	✓	✓	×	✓	✓	×	
Russia	×	✓	×	×	×	✓	×	
S.Arabia	×	✓ (97)	✓ (3)	×	×	×	×	
Singapore	✓ (19)	✓ (12)	×	✓ (4)		✓ (46)	✓ (14)	
S.Africa	✓	✓	✓	×	✓	✓	×	

Sources: Country survey responses. (*Table notes are located at the end of report.*)

Table 42. Other electronic services provided to taxpayers (and/or their representatives)

Country	Taxpayers have online access to their personal tax details	Authorised tax professionals have access to personal client tax information	Revenue body electronically communicates with taxpayers	Remote field staff have online access to taxpayer data	Taxpayers have online access to comprehensive tax-related information	Taxpayers have access to a legal database
1) OECD countries						
Australia/1	✓/1	✓	✓/1	✓	✓	✓
Austria	✓	✓	✓	✓	✓	✓
Belgium	✓	✓	✓	✓	✓	✓
Canada/1	✓	✓	✓	✓	✓	✓/1
Chile	✓	✓	✓	✓	✓	✓
Czech Rep.	×	×	✓	✓	✓	✓
Denmark	✓	✓	✓	✓	✓	✓
Estonia	✓	✓	✓	×	✓	✓
Finland	✓	×	×	×	✓	✓
France	✓	✓	✓	×	✓	✓
Germany	✓	✓	✓	✓	✓	✓
Greece/1	✓	×	✓	✓	✓	✓/1
Hungary	✓	✓	✓	✓	✓	✓
Iceland/1	✓	✓	✓	✓	✓	✓/1
Ireland/1	✓	✓	✓	✓	✓	✓/1
Israel	×	✓	×	✓	✓	✓
Italy/1	✓	✓	✓	✓	✓	✓/1
Japan	✓	×	✓	×	✓	✓
Korea	✓	✓	✓	✓	✓	✓
Luxembourg/1	×	×	×	✓/1	✓	✓
Mexico/1	✓	×	✓/1	✓	✓	✓
Netherlands/1	✓	×	✓/1	×	✓	✓
N.Zealand	✓	✓	✓	✓	✓	✓
Norway	✓	✓	✓	✓	✓	✓
Poland	×	×	×	×	✓	✓
Portugal	✓	✓	✓	✓	✓	✓
Slovak Rep./1	×	×	✓*	×	✓	✓**
Slovenia	✓	✓	✓	×	✓	✓
Spain	✓	✓	✓	✓	✓	✓
Sweden/1	✓	✓/1	×	×/1	✓	✓
Switzerland/1	×	×	✓/1	✓	✓	✓
Turkey	✓	✓	✓	✓	✓	×
UK/1	✓/1	✓/1	✓/1	×	✓	×
USA/1	×/1	✓/1	×/1	✓	✓	✓
2) Selected non-OECD countries						
Argentina	✓		✓	✓	✓	✓
Bulgaria	×	✓	✓	×	✓	✓
China	×	×	✓	✓	✓	✓
Cyprus/1	✓/1	✓	×	×	✓	✓
India	✓	×	×	✓	✓	✓
Indonesia	×	×	×	×	×	×
Latvia	✓	×	✓	×	✓	✓
Lithuania	×	✓	✓	×	✓	✓
Malaysia	✓	✓	✓	×	✓	×
Malta	✓	✓	✓	×	✓	✓
Romania/1	✓/1	×	✓/1	×	×	✓/1
Russia	✓	×	×	×	✓	✓
S.Arabia	×	×	×	×	×	✓
Singapore/1	✓	✓	✓	×	✓	✓/1
S.Africa	×	×	✓	✓	✓	✓

Sources: Country survey responses. (*Table notes are located at the end of report.*)

- Around three quarters of surveyed revenue bodies reported that their taxpayers have on-line access, subject appropriate security safeguards, to some level of personal taxpayer information;
- Just on two thirds reported the existence of capabilities enabling authorised tax professionals to have access to personal taxpayer information.
- Just on two thirds reported the existence of capabilities enabling the revenue body to communicate electronically with eligible taxpayers.

- Just over half of revenue bodies reported the existence of facilities giving staff remote access to their corporate systems (although the nature of facilities was not explored in detail);
- With only a few exceptions, revenue bodies reported the provision of a comprehensive suite of tax-related information that is accessible to taxpayers via the Internet, as well as the existence of facilities that give taxpayers and tax professionals access to a reasonable comprehensive legal/ tax law database.

Chapter 8. Legal and administrative frameworks for tax administration

Outline

This chapter provides an overview of the legal and administrative frameworks for the conduct of tax administration in surveyed countries.

Key findings and observations

Taxpayers' rights and charters

- With minor exception, all revenue bodies operate with a formal set of taxpayers' rights set out in law or other statutes, or in administrative documents; examples are cited of recent revenue body initiatives in this area (e.g. Australia, Denmark and the UK).

Access to rulings

- The vast majority of surveyed revenue bodies provide public and, at the request of taxpayers, private rulings; data from this and prior series suggest a slight trend towards revenue bodies imposing fees for providing certain private rulings.

Taxpayer registration

- Comprehensive systems of taxpayer registration and numbering are a critical feature of the tax administration arrangements in most countries, underpinning return filing, collection, assessment and verification processes.
- Reflecting quite different systems of personal tax administration, there are very significant variations between countries in the relative size of their respective taxpayer registration databases and related workloads; using country labour force populations as a comparative benchmark, for just over one third of revenue bodies (17), the proportion is <80%, while for 14 bodies the proportion exceeds 140%.

Collection and assessment of income taxes

- With the exception of France, Singapore and Switzerland all countries apply 'withholding at source arrangements for the collection of PIT (and in most countries where applicable, social security contributions) on the employment income.
- Withholding regimes for employment income vary considerably in their design (i.e. cumulative versus non-cumulative approaches) with varying implications for both employers and revenue bodies (viz. workloads).
- The majority of surveyed bodies also administer withholding regimes for the collection of income tax —as a final or creditable tax—in respect of interest income (30 countries) and dividend income (27 countries) made to resident taxpayers.
- The use of withholding arrangements has been extended in some countries to payments made by businesses and others to certain categories of self-employed/contractors/small medium enterprises (18), rents (14), royalties and patents (23), sales of shares (14), sales of real property (9) and certain prizes and gambling income (23).
- All countries provide for the gradual collection of PIT (on income not subject to withholding of tax at source) and CIT with a regime of advance/instalment payments. The requirements of these arrangements vary substantially (e.g. numbers of payments, bases of their computation and their timing) with implications for taxpayers and revenue body workloads.
- While the majority of revenue bodies use self-assessment principles for the

administration of income taxes, the number still applying a form of administrative assessment is significant, and more so in OECD countries.

- Mandatory third party reporting of payments in respect of employment income, dividends and interest income (much of which is also subject to withholding) is largely universal. Mandatory third party reporting is less frequent, but nevertheless significant, for other categories of payments e.g. certain rents (22), specified self-employment income (25), and sales and purchases of shares/ real property (23).

Collection of Value Added Taxes

- Registration thresholds applied across surveyed countries vary substantially; however, the impact of these thresholds on administrative workloads and taxpayers' compliance burden is ameliorated in many countries with extended tax payment and return filing requirements (e.g. quarterly, six-monthly or annually) for smaller payers and/or with the use of 'flat rate' schemes for computing VAT liabilities.
- The periods of time given to large and medium traders for the payment of VAT liabilities vary substantially across OECD member countries, ranging from 10 to 60 days after the end of the relevant liability period.

Regulation of tax professionals

- Less than one third of revenue bodies reported the existence of specific laws/ regulations governing the tax-related operations of tax professionals; Australia and the USA are cited as examples with recent initiatives that may be of interest.

Enforced debt collection

- The vast majority of surveyed bodies have the more traditional forms of powers to enforce the payment of tax debts (i.e. payment arrangements, extensions of time to pay, seizing assets etc); the less common powers cited included closure of businesses/ loss of license to operate, denial of access to government services, and limits on overseas travel.

Information and access powers

- All surveyed revenue bodies have powers to obtain relevant information and in virtually all these powers can extend to third parties. The circumstances in which entry and search powers can be used vary between countries, as does the use of warrants and the extent of the involvement of other government agencies.

Tax offences, interest, penalties and enforcement

- Based on survey responses, only around half of surveyed revenue bodies have aligned their sanctions for late filing, late payment and under-reporting of tax liabilities across the major taxes to simplify their administration.

1. This chapter summarises some of the key elements that make up the legal and administrative frameworks of the systems of national taxation in the countries surveyed, identifying common features as well as some of the more unique practices. The specifics aspects covered, albeit in fairly brief terms, are:

- Taxpayers rights and obligations
- Access to rulings;
- Taxpayer registration and identification systems;
- Withholding and third party information reporting regimes;
- Regulation of tax professionals;
- Return filing and payment regimes;

- Administrative review;
- Enforced collection of unpaid taxes;
- Information and access powers; and
- Tax offences, penalties and interest.

Taxpayers' rights and charters[59]

2. In any democratic society taxpayers/ citizens will have a number of basic rights as well as obligations in relation to their Government and its agencies. Revenue bodies are no exception and most countries have legislation governing taxpayer's rights and obligations in relation to taxation.

3. As would be expected, given the diversity of environments faced by revenue bodies around the world, the specific details of the rights and obligations vary somewhat by country. There are however a number of common threads that can be identified. In 1990, the OECD's Committee of Fiscal Affairs Working Party Number 8 published a document entitled "*Taxpayers' rights and obligations – A survey of the legal situation in OECD countries* 1". The survey found that, while most countries at that time did not have an explicit 'taxpayers' charter', the following basic taxpayer rights were present in all systems:

- The right to be informed, assisted and heard.
- The right of appeal.
- The right to pay no more than the correct amount of tax.
- The right to certainty.
- The right to privacy.
- The right to confidentiality and secrecy.

4. These basic taxpayers' rights also imply obligations on the part of taxpayers. There is a set of behavioral norms expected of taxpayers by Governments to underpin smooth functioning of the tax system. These expected behaviours are so fundamental to the successful operation of taxation systems that they are legal requirements in many, if not most, countries. Without this balance of taxpayers' rights *and* obligations taxation systems could not function effectively and efficiently. These taxpayer obligations are:

- The obligation to be honest
- The obligation to be co-operative
- The obligation to provide accurate information and documents on time
- The obligation to keep records
- The obligation to pay taxes on time

5. Many countries have elaborated these basic rights and obligations into a taxpayers' charter. These documents often include statements about behaviors expected from officials and taxpayers. Some countries have chosen to consolidate the measures taken to protect taxpayers into a "taxpayers' charter" or "declaration", and to publish these widely. In some countries, they have taken form of a general statement of the broad principles which should govern the relationship between the revenue body and taxpayers. In other countries, these documents provide a more detailed guide to the rights of taxpayers at each stage in the assessment process. Yet other countries have taken the approach of including statements about behaviors expected from officials and taxpayers in documents such as the revenue body's mission statements. Accordingly, it should be stressed that even countries without a taxpayer charter may, nevertheless, attach equal importance to taxpayers' rights and that in practice taxpayers in such countries have rights similar to those found in formal taxpayers' charter statements.

6. Over recent decades, revenue bodies have taken steps to increase transparency and accessibility in this area. As set out in Table 43, as of 2010 all but one (i.e. Argentina) of the 49

[59] The introductory text to this part is taken directly from the CFA's 2003 practice note '*Taxpayers' Rights and Obligations*'.

surveyed bodies conduct tax operations that are underpinned with a formalised set of taxpayers' rights in either legislative and/or administrative form. Of these, 43 countries have codified them (partly or in full) in tax law or other statutes, while 36 revenue bodies operate with a set of rights and obligations elaborated them in administrative documents, sometimes referred to as 'taxpayer' or 'service' charters. These figures represent an increasing trend towards the codification of taxpayers' rights and obligations since 2003 when an OECD report found that only two thirds of member countries had some form of formal statements of rights.

7. The decision whether to take the codified or administrative approach is a result of many different factors including cultural and legal issues. By way of illustration, one country provided an overview of what, following extensive research, they saw as the main rationale and benefits of developing a primarily administrative document:

- Quicker to develop and implement than a legislative document.
- Can be drafted in a 'reader-friendly' and easily understood manner that is not easily duplicated in legislation.
- Allows for the inclusion of 'service' and other broader rights that may be less suitable for a legislative approach.
- Greater flexibility – document can be easily adapted to address evolving needs of taxpayers.
- Administrative redress mechanisms tend to be cheaper and quicker than statutory processes.

8. Balancing this, the benefits of the codified approach include the following: 1) it may strengthen perceptions of the document and the revenue body's commitment to the initiative, resulting in greater reassurance for taxpayers; 2) it may speed up adoption of the document by staff; 3) longevity - the document is less likely to be subject to change for example as a result of political interests; and 4) the document will be subject to established mechanisms of redress and challenge.

9. The form and content of these sets of rights varies between countries. There are however some common themes and elements. The CFA's 2003 practice note '*Taxpayers' Rights and Obligations* draws on the experiences of revenue bodies in a number of OECD countries and described the elements (expressed in terms of both 'taxpayers' rights' and 'taxpayers' obligations') of an illustrative taxpayers' charter—Box 32 sets out the segment dealing with 'rights'.

Table 43. Taxpayers' rights and regulation of tax professionals

Country	Taxpayers' rights			Regulation of tax professionals	
	Rights are defined in tax law/other statutes	Rights are defined in administrative documents	Special body to deal with taxpayers' complaints	Laws exist to regulate tax professionals	Name(s) of any applicable laws
1) OECD countries					
Australia	✓	✓	✓	✓	Tax Agent Services Act 2009
Austria	✓	✓	✓	✓	Law on Profession of Tax Advisors & Public Accountants
Belgium/1	✓	✓	✓/1	×	
Canada/1	✓	✓	✓/1	×	
Chile/1	✓/1	✓	×	×	
Czech Rep./1	✓	✓	✓/1	✓	Tax Adviser ACT
Denmark	✓	✓	✓	×	
Estonia	✓	✓	✓	×	
Finland	✓	✓	✓	×	
France	✓	✓	✓	×	
Germany/2	✓	×	×	✓	Tax advisory law /2
Greece	✓	✓	✓	✓	Administrative and Penal Sanctions in The Tax Legislation
Hungary	✓	✓	×	×	
Iceland/1	✓	×	✓/1	×	
Ireland/1	×	✓	×	×	
Israel	✓	✓	×	×	
Italy	✓	✓	✓	✓	
Japan	✓	×	✓	✓	Certified Public Tax Accountant Act
Korea	✓	✓	✓	✓	Certified Tax Accountant Act
Luxembourg	✓	×	✓	×	
Mexico/1	✓	✓	✓/1	✓	Federal Tax Code & Customs Law
Netherlands/1	✓	✓	✓	×	
N. Zealand/2	×	✓	✓	✓	/2
Norway	✓	✓	✓	×	
Poland/1	✓	✓/1	✓	✓	Tax Advisor Law
Portugal/1, 2	✓	✓	× /1	✓	/2
Slovak Rep./1,2	✓/1	×	✓/1	✓	/2
Slovenia/1	✓	✓	✓/1	×	
Spain	✓	✓	✓	×	
Sweden/2	✓	✓	×	✓	/2
Switzerland	✓	×	×	×	
Turkey	×	✓	×	✓	The Public Accountant, Certified Public Accountant and Chartered Accountant Law
UK	✓	✓	✓	-	
USA/2	✓	✓	✓	✓	Agency Practice Act
2) Selected non-OECD countries					
Argentina	×	×	✓	×	
Bulgaria	✓	✓	×	×	
China	✓	✓	✓	✓	Interim Administration Measures of Certified Tax Agents
Cyprus/2	✓	✓	✓	✓	/2
India	✓	✓	✓	✓	Income tax act
Indonesia/1, 2	✓	✓	✓/1	×/2	
Latvia	✓	✓	✓	×	
Lithuania	✓	✓	✓	×	
Malaysia	✓	✓	✓	✓	Malaysian Income Tax Act 1967
Malta/2	✓	✓	×	✓	/2
Romania/1	✓	✓	×/1	×	
Russia/1	✓	×/1	✓/1	×	
S.Arabia	✓	✓	✓	×	
Singapore/2	✓	✓	×	✓	Accountants Act/2
S.Africa	×	✓	✓	✓	

Sources: Survey responses and official country documents (e.g. Business plans, annual reports). (*Table notes are located at the end of report.*)

Box 32. OECD Taxpayers' Charter-illustrative description of taxpayers' rights

Your rights

1. Your right to be informed, assisted and heard: We will treat you with courtesy and consideration at all times and will, in normal circumstances, strive to:

- help you to understand and meet your tax obligations;
- explain to you the reasons for decisions made by us concerning your affairs;
- finalise refund requests within … days/[as quickly as possible] and, where the law allows, pay you interest on the amount;
- answer written enquiries within … days/ [as quickly as possible];
- deal with urgent requests as quickly as possible;
- answer your telephone call promptly and without unnecessary transfer;
- return your telephone call as quickly as possible;
- keep your costs in complying with the law to a minimum;
- give you the opportunity to have your certified legal or taxation adviser present during any investigation; and
- send you, within … days/[as quickly as possible] of the completion of an investigation, written advice of the result of that investigation including the reasons for any decision and, where an assessment has been issued, details of how the assessment was calculated.

2. Your right of appeal: We will, in normal circumstances, strive to:

- fully explain your rights of review, objection and appeal if you are unsure of them or need clarification;
- review your case if you believe that we have misinterpreted the facts, applied the law incorrectly or not handled your affairs properly;
- ensure that the review is completed in a comprehensive, professional and impartial manner by a representative who has not been involved in the original decision;
- determine your objection within … days/[as quickly as possible], unless we require more information to do so, or the issues are unusually complex;
- give you reasons if your objection has been completely or partially disallowed; and
- request further information from you only where it is necessary to resolve the issues in dispute.

3. Your right to pay no more than the correct amount of tax: We will:

- act with integrity and impartiality in all our dealings with you, so that you pay only the tax legally due and that all credits, benefits, refunds and other entitlements are properly applied.

4. Your right to certainty: We will, in normal circumstances, strive to:

- provide you with advice about the tax implications of your actions;
- let you know at least … days/[as quickly as possible] before the conduct of an interview;
- advise you of the scope of an interview and our requirements; and
- arrange a suitable time and place for the interview and allow you time to prepare your records.

5. Your right to privacy: We will:

- only make enquiries about you when required to check that you have complied with your tax obligations;
- only seek access to information relevant to our enquiries; and
- treat any information obtained, received or held by us as private.

6. Your right to confidentiality and secrecy: We will:

- not use or divulge any personal or financial information about you unless you have authorized us in writing to do so or in situations where permitted by law; and
- only permit those employees within the administration who are authorized by law and require your personal or financial information to administer our programmes and legislation, to access your information.

Source: Practice note: Taxpayers' Rights' and Obligations (OECD CFA, July 2003)

10. The 2008 series highlighted examples of a codified set of taxpayers' rights and obligations, drawing on developments in Canada and Slovenia. For this series, the opportunity is being taken to highlight developments in three countries that have revised or introduced administrative taxpayers' charters over the last two years—Australia, Denmark, and the United Kingdom. At the time of preparing this series, South Africa's revenue body was close to finalizing a revised charter that has been subject to external consultation and is expected to be published shortly.

11. The Australian Taxation Office released an updated version of its Taxpayers' Charter in 2010. The introduction to the charter document emphasizes that members of the community play their part in the operation of the tax and benefits systems by fulfilling their responsibilities under the law, including being able to access benefits that may be available to them. As administrators, the ATO's role is to build community confidence in these systems so that people are encouraged to do the right thing. To foster that confidence, it needs to have a relationship with the community based on mutual trust and respect. The Taxpayers' Charter (the charter) explains what the community can expect from the ATO in achieving this outcome. The key elements of the charter are set out in Box 33 while a more elaborated version can be found at http://www.ato.gov.au/content/downloads/cor63133_n2548.pdf. The ATO also publishes a comprehensive set of service standards that should be read in conjunction with its charter.

Box 33. Key elements of the Australian Taxation Office's Taxpayer's Charter

You can expect us to:

- Treat you fairly and reasonably
- Treat you as being honest unless you act otherwise
- Offer you professional service and assistance
- Accept you can be represented by a person of your choice and get advice
- Respect your privacy
- Keep the information we hold about you confidential
- Give you access to information we hold about you
- Help you to get things right
- Explain the decisions we make about you
- Respect your right to a review
- Respect your right to make a complaint
- Make it easier for you to comply
- Be accountable

Your obligations

We expect you to:

- Be truthful
- Keep the required records
- Take reasonable care
- Lodge by the due date
- Pay by the due date
- Be cooperative

Source: ATO website (November 2010)

12. The Danish revenue body (SKAT) introduced a new Taxpayers' Charter in 2009. The introduction to the charter document notes that Danish authorities wanted the work of the Ministry of Taxation to reflect its coherent approach through co-operation between the law-making body (the Department), the tax administration (SKAT) and the appeals boards. The Taxpayers' Charter is based on the many enquiries it had received in connection with its campaign on procedural justice. Often these enquiries related to disagreements between SKAT and the taxpayer. As a consequence, SKAT wished to send the signal that it finds it important to create a successful relationship with the community. The key elements of the charter are depicted in Box 34 while a more elaborated version can be found at http://www.skat.dk/SKAT.aspx?oId=1826693&vId=0.

Box 34. Key elements of SKAT's (Denmark) Taxpayers' Charter

Co-operation and expectations

It takes two to establish good co-operation, and co-operation improves when we know the expectations of each other. This Taxpayers' Charter aims at clarifying how we think the co-operation between the tax authorities and taxpayers should take place.

What you can expect from us:

- We will go by the rules and collect the right tax
- We will be highly professional
- We will treat you equally and fairly
- We will believe you are being honest
- We will reply and settle any case quickly
- We will provide you with an explanation for our decision
- We will inform you about your right to file a complaint about a decision
- We will be service-minded and guide you when needed
- We will speak and write in a comprehensible way
- We will treat your information with confidentiality, and you have access to our information about you
- We will discuss tax matters with both you and your adviser
- We will try to administer the tax rules by making it as easy as possible for you.

Source: SKAT website, November 2010

13. The United Kingdom's Her Majesty's Revenue & Customs (HMRC) published a new charter in 2009. The key elements of the charter are depicted in Box 35 while a more elaborated version can be found at http://www.hmrc.gov.uk/charter/charter.pdf

Box 35. Key elements of the UK HMRC's Taxpayer's Charter

Your charter

Our role

We make sure that the money is available to fund the UK's public services by collecting taxes and duties as laid down by Parliament. We help families and individuals with targeted financial support. We want to give you a service that is even-handed, accurate and based on mutual trust and respect. We also want to make it as easy as we can for you to get things right. To find out more about our Vision go to www.hmrc.gov.uk/governance/vision.htm This Charter explains what you can expect from us and what we expect from you.

Your rights

What you can expect from us:

1. Respect you
2. Help and support you to get things right
3. Treat you as honest
4. Treat you even-handedly
5. Be professional and act with integrity
6. Tackle people who deliberately break the rules and challenge those who bend the rules
7. Protect your information and respect your privacy
8. Accept that someone else can represent you
9. Do all we can to keep the cost of dealing with us as low as possible.

Your obligations

What we expect from you:

1. Be honest
2. Respect our staff
3. Take care to get things right.

Source: HMRC website (September 2010)

Access to tax rulings

14. In line with taxpayers' rights to be informed, assisted and provided with certainty, it has become a matter of practice for revenue bodies to provide services in the form of legal advice on how they will interpret the laws they administer. This section provides an overview of the regimes

operated by revenue bodies that provide ***rulings on important aspects of tax law (that are made public)*** and allow taxpayers to seek ***advanced rulings*** in respect of certain transactions being considered by them or already undertaken.

15. A public ruling is a published statement of how a revenue body will interpret provisions of the tax law in particular situations. They are generally published to clarify the application of the law, especially in situations where large numbers of taxpayers may be impacted by particular provisions of the law and/or where a particular provision has been found to be causing confusion and/or uncertainty—in other words, a taxation issue or question of public importance. Typically, a public ruling is binding on the revenue body if the ruling applies to the taxpayer and the taxpayer relies on the ruling.

16. A private ruling relates to a specific request from a taxpayer (or their advisor) seeking clarification of how the law would be applied by the revenue body in relation to a particular proposed or completed transaction/s. The objective of private ruling systems is to provide additional support and early certainty to taxpayers on the tax consequences of certain, often complex or high-risk transactions.

17. Table 44 identifies key features of the systems in place for obtaining public and private tax rulings. The key observations are as follows:

- All but one of the surveyed revenue bodies (i.e. Estonia) reported the operation of a public rulings system; 42 of the 48 revenue bodies reported that such rulings are generally binding on the revenue body;

- 45 of the 49 surveyed revenue bodies reported the operation of a private rulings service, with 41 of these bodies indicating that rulings are generally binding on the revenue body; in Sweden, there is a council independent of the revenue body that provides advance private rulings that, in some cases, are subject to a charge (but there are no time limits);

- 31 of the revenue bodies operating with a private rulings service reported the existence of time limits (either imposed under the law or applied administratively) for making such rulings; data provided by some revenue bodies indicate that these time limits vary widely (from 28 days to 90 days); 20 of these bodies also reported the practice of imposing a fee for the provision of a ruling.

- While not addressed in this survey previous OECD studies have noted that rulings regimes are potentially costly to administer and vulnerable where taxpayers use them to secure 'comfort' or 'insurance' rulings. This may explain why many countries have chosen to impose a fee for private rulings, a [practice that based on past observations appears to be growing.

Table 44. Features of the revenue rulings system

Country	Public rulings		Private rulings			
	Rulings are issued	Rulings are binding on revenue body	Rulings are issued	Rulings are binding on revenue body	Time limits exist for giving rulings	Fees imposed for giving rulings
1) OECD countries						
Australia/1	✓	✓	✓	✓	✓/1	×
Austria/1	✓	✓	✓	✓	✓/1	×
Belgium/1	✓	✓	✓	✓	✓/1	×
Canada/1	✓	×	✓	✓	✓/1*	✓/1**
Chile/1	✓	✓	✓/1	✓	×	×
Czech Rep.	✓	✓	✓	✓	×	✓
Denmark/1	✓	✓	✓	✓	✓/1	✓
Estonia/1	×	n.avail.	✓	✓	✓/1	✓
Finland	✓	✓	✓	✓	✓	✓
France/1	✓	✓	✓	✓	✓/1	×
Germany	✓	✓	✓	✓	✓	✓
Greece	✓	✓	×	n.avail.	×	×
Hungary/1	✓	✓	✓	✓	✓/1	×
Iceland/1	✓	✓	✓	✓	✓/1	✓
Ireland/1	✓	✓	✓	✓	✓/1	×
Israel/1	✓	✓	✓	✓	✓/1	✓
Italy/1	✓	✓	✓	✓	✓/1	×
Japan	✓	✓	✓	×	×	×
Korea	✓	×	✓	✓	✓	×
Luxembourg/1	✓	✓	✓/1	✓/1	×/1	×/1
Mexico/1	✓	✓	✓	✓/1	✓/1	×
Netherlands	✓	✓	✓	✓	×	×
N.Zealand	✓	×	✓	✓	✓	✓
Norway/1	✓	×	✓	✓	✓/1	✓
Poland/1	✓	✓	✓	✓	✓	✓
Portugal/1	✓	✓	✓	✓	✓/1*	✓/1**
Slovak Rep./1	✓	✓	✓	×	✓/1	×
Slovenia/1	✓	✓	✓	✓	✓/1	×/1
Spain/1	✓/1	✓	✓	✓	✓	×
Sweden/1	✓	✓	×/1*	✓	×/1**	✓/1***
Switzerland	✓	✓	✓	✓	×	×
Turkey	✓	✓	✓	✓	×	×
UK	✓	✓	✓	✓	✓	×
USA	✓	✓	✓	✓	×	✓
2) Selected non-OECD countries						
Argentina	✓	✓	✓	✓	✓	×
Bulgaria/1	✓	✓	✓	×	✓/1	×
China	✓	✓	✓	✓	×	×
Cyprus/1	✓	✓	✓	✓	✓/1	✓
India	✓	✓	×	n.avail.	n.avail.	n.avail.
Indonesia	✓	✓	✓	✓	×	×
Latvia	✓	×	✓	✓	✓	×
Lithuania	✓	✓	✓	×	×	×
Malaysia/1	✓	✓	✓	✓	✓/1	✓
Malta/1	✓	×	×	n.avail.	n.avail.	n.avail.
Romania/1	✓	✓	✓	✓	✓/1	✓
Russia	✓	✓	✓	×	×	✓/1
S.Arabia	✓	✓	✓	✓	×	×
Singapore/1	✓/1	✓	✓/1	✓	✓/1	✓
S.Africa	✓	✓	✓	✓	×	✓

Sources: IBFD and country survey responses. (*Table notes are located at the end of report.*)

Taxpayer registration

18. Comprehensive systems of taxpayer registration and numbering are a critical feature of the tax administration arrangements in most countries, supporting most tax administration processes and underpinning all return filing, collection and assessment activities.

19. For some revenue bodies, registration involves the maintenance of basic taxpayer identifying information (e.g. for individuals—full name and address, date of birth and for businesses—full name, business and postal addresses) using a citizen or business identification

number that is used generally across government and which, for tax administration purposes, permits the routine identification of taxpayers for a range of administrative functions (e.g. issue of notices, detection of non-filers and follow-up enforcement actions). For others, the registration system involves the operation of a system of unique taxpayer identification numbers (TINs) which similarly facilitates general administration of the tax laws. Regardless of whether the identification and numbering of taxpayers is based on a citizen number or a unique TIN, many revenue bodies also use the number to match information reports received from third parties with tax records to detect instances of potential non-compliance, to exchange information between government agencies (where permitted under the law), and for numerous other applications.

20. Information pertaining to registered taxpayer populations in surveyed countries and the use of taxpayer identification numbers is set out in Tables 45 to 47. Significantly:

- Around two thirds (32) of surveyed revenue bodies utilize a unique taxpayer identifier (or some other high integrity number (e.g. a citizen identification number) for personal taxation purposes; in general these numbering systems are all numeric, do not incorporate taxpayer specific information, and incorporate a check digit for point-of-entry validation purposes. Similar arrangements apply for CIT and VAT, with unique identification and numbering systems used by 40 revenue bodies (for CIT) and 37 revenue bodies (for VAT) respectively.
- In several countries the number used is not unique to the revenue body. For example in Chile, Denmark, Korea, Malta, Norway and Romania the citizen identification number is also used for PIT purposes. In Canada and the USA, an individual's social security number is used for personal tax purposes. In Finland an individual's social security number is used for personal tax and individual VAT, a business registration number is used for corporate tax and VAT.
- Unique taxpayer identifiers are widely used for information reporting and data matching with information reports covering wages, pensions, government benefits, interest, dividends, contract income, and/or asset sales and purchases reported to revenue bodies for verification purposes (see Table 47).
- Using country labour force data as a benchmark, the proportion of personal taxpayers who are registered with the revenue body varies substantially across surveyed revenue bodies. For over one third of revenue bodies (17), the proportion was <80%, while for 14 bodies the proportion exceeds 140%.
- Revenue bodies with relatively low rates of registration (i.e. less than 50%) were Argentina, Israel, India, Indonesia, Japan, Korea, Mexico, Romania, South Africa, and Turkey) typically administer cumulative withholding regimes for employee taxpayers which negate the need for annual tax returns for most employee taxpayers and in the way some such systems are administered, the need for most personal employee taxpayers to be registered with the revenue body.
- Revenue bodies with relatively high rates of personal taxpayer registration (i.e. equivalent to more than 150% of their respective labour forces or over 80% of their respective citizen populations) such as Australia, Canada, Denmark, Finland, New Zealand, Norway, Sweden and the USA typically have some other unique features attaching to their systems of administration, for example:
    - Extensive use of systems of third party reporting and end-year matching and reconciliation to pre-fill tax returns and/or to check income reported in annual tax returns; and
    - Responsibilities for the payment of certain government welfare/ benefits or other government programmes that concern the citizen population.

Table 45. Comparison of registered taxpayer populations (2009)

Country	Populations (millions)		Number of registered taxpayers (mlns)			Relative indicators	
	Citizens	Labour force	Personal income tax (PIT)	Corporate income tax (CIT)	Value added tax (VAT	Registered PIT payers/ labour force (%) /1	Registered PIT payers/ citizen population (%)
1) OECD countries							
Australia/3	21.96	11.50	20.63	1.87	2.40	1.79	0.94
Austria	8.36	4.28	6.30	0.14	0.82	1.47	0.75
Belgium/3	10.79	4.80	6.80	0.40	0.70	1.42	0.63
Canada/3	33.74	18.43	30.00/3	2.70	2.90	1.63	0.89
Chile/3	16.76	7.45	7.72	0.74/3	0.74	1.04	0.46
Czech Rep.	10.51	5.29	3.90	0.44	0.53	0.74	0.37
Denmark	5.52	2.92	4.60	0.24	0.43	1.57	0.83
Estonia	1.34	0.69	0.75	0.16	0.06	1.09	0.56
Finland	5.34	2.70	5.20	0.36	0.58	1.93	0.97
France	62.63	28.51	36.40	1.60	4.20	1.28	0.58
Germany/3	81.90	41.70	26.80	2.50	5.70	0.64	0.33
Greece/3	11.26	4.97	8.20	0.26	1.10	1.65	0.73
Hungary	10.02	4.20	4.69	0.50	0.52	1.12	0.47
Iceland	0.32	0.18	0.26	0.03	n.avail.	1.44	0.81
Ireland	4.46	2.20	3.10	0.16	0.28	1.41	0.69
Israel	7.23	3.02	0.62	0.17	n.avail.	0.21	0.09
Italy	59.75	24.97	41.80	1.02	5.26	1.67	0.70
Japan/3	127.51	66.17	23.69	3.00	3.63	0.36	0.19
Korea/3	48.75	24.39	5.23	0.44	5.34	0.21	0.11
Luxembourg	0.49	0.37	n.avail.	n.avail.	0.06	n.avail.	n.avail.
Mexico/3	107.55	45.40	23.60	0.90	4.90	0.52	0.22
Netherlands/3	16.45	8.78	8.64	0.81	1.45	0.98	0.53
N.Zealand/3	4.32	2.32	5.72	0.54	0.65	2.47	1.33
Norway	4.83	2.59	4.40	0.30	0.30	1.70	0.91
Poland	38.15	17.28	17.42	0.42	2.14	1.01	0.46
Portugal	10.64	5.58	7.00	0.50	1.50	1.25	0.66
Slovak Rep.	5.42	2.69	2.56	0.20	0.19	0.95	0.47
Slovenia	2.04	0.95	1.02	0.08	0.10	1.07	0.50
Spain/3	45.93	23.04	19.46/3	2.2	3.3	0.84	0.42
Sweden	9.30	4.91	7.40	0.4	1.0	1.51	0.80
Switzerland	7.74	4.72	n.avail.	n.avail.	0.3	n.avail.	n.avail.
Turkey	71.90	23.81	14.00	0.6	2.3	0.59	0.19
UK	60.93	31.24	31.30	2.8	1.9	1.00	0.51
USA/3	307.01	155.54	258.20	19.7	0	1.66	0.84
2) Selected non-OECD countries							
Argentina/3	40.13	16.40	0.93	0.29	0.92	0.06	0.02
Bulgaria	7.57	3.20	0.64	0.33	0.18	0.20	0.08
China/3	1,334.74	813.50	n.avail.	3.40	12.30	n.avail.	n.avail.
Cyprus	0.80	0.40	0.29	0.15	0.08	0.72	0.36
India	1,199.06	467.00	32.65	0.32	n.avail.	0.07	0.03
Indonesia	231.55	113.30	12.70	1.53	0.67	0.11	0.05
Latvia/3	2.26	1.19	0.88	0.07	0.08	0.74	0.39
Lithuania	3.34	1.64	n.avail.	0.15	0.07	n.avail.	n.avail.
Malaysia	27.76	11.38	8.86	0.71	n.avail.	0.78	0.32
Malta	0.42	0.18	0.26	0.02	0.05	1.49	0.63
Romania/3	21.47	9.33	6.10	0.89	0.68	0.65	0.28
Russia/3	141.90	75.81	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Arabia/3	25.52	6.92	n.avail.	0.005	n.avail.	n.avail.	n.avail.
Singapore/3	5.01	3.03	1.62	0.12	0.08	0.53	0.32
S.Africa/3	49.32	17.38	5.54	1.83	0.74	0.32	0.11

Sources: OECD figures in 2010, EU statistics, UN statistics, Country survey responses, CIA World Factbook and IMF Statistics Database. (*Table notes are located at the end of report.*)

Table 46. System of taxpayer identifiers for revenue administration

Country	Personal income tax (PIT)					Corporate income tax (CIT)					Value added tax (VAT)				
	Unique TIN	Num. or Alpha-n. (AN)	No. of digits	Check digit	Taxpayer specifics	Unique TIN	Num. or Alpha-n.	No. of digits	Check digit	Taxpayer specifics	Unique TIN	Num. or alpha-n.	No. of digits	Check digit	Taxpayer specifics
1) OECD countries															
Australia/1	✓	N	9	✓	×	✓	N	8	✓	×	✓	N	11	✓	×
Austria	✓	N	9	✓	×	✓	N	9	✓	×	✓	AN	11	✓	×
Belgium	✓	N	11	✓	×	✓	N	10	✓	×	✓	AN	12	✓	×
Canada/1	×/1	N	9	✓	×	✓	AN	15	✓	×	✓	AN	15	✓	×
Chile/1	×/1	N	8	✓	×	✓	N	8	✓	×	✓	N	8	✓	×
Czech Rep./1	✓	AN	12 /1	✓	×	✓	AN	12/1	✓	×	✓	AN	12 /1	✓	×
Denmark/1	×/1	N	10	✓	✓	✓	N	8	✓	×	✓	N	8	✓	×
Estonia	×/1	N	11	✓	✓	× /1	N	8	✓	×	✓	AN	11	×	×
Finland/1	×	N & AN	10	✓	✓	×	N	8	✓	✓	×	AN	8	✓	✓
France/1	×/1	N	13	×	×	✓	N	9	×	×	✓	AN	13	×	×
Germany	✓	N	11	✓	×	✓	N	11	✓	×	✓	N	11	✓	×
Greece/1	✓	N	9	×	×	✓	N	9	×	×	✓	N	9	×	×
Hungary/1	✓	N	10	✓	✓	✓	N	11	✓	✓	✓	N	11	✓	✓
Iceland/!	×/1	N	10	✓	✓	×/1	N	10	✓	✓	✓	N	5	×	×
Ireland/1	✓	AN	8	✓	×	✓	AN	8	✓	×	✓	AN	8	✓	×
Israel	×	N	9	✓	✓	×	N	9	✓	✓	×	N	9	✓	✓
Italy/!	×/1	AN	16	✓	✓	✓	N	11	✓	×	✓	N	11	✓	×
Japan	×	-	-	-	-	×	-	-	-	-	×	-	-	-	-
Korea/!	×	N	13	✓	✓	✓	N	10	✓	✓	✓	N	10	✓	✓
Luxembourg/1	×	N	11	✓	✓	×	N	11	✓	✓	×	AN	10	✓	×
Mexico/1	✓	AN	13	✓	✓	✓	AN	12	✓	✓	✓	AN	12(13)	✓	✓
Netherlands/1	×	N	9	✓	×	✓	N	9	✓	×	✓ /1	N	9	✓	×
N.Zealand/1	✓	N	9	✓	×	✓	N	9	✓	×	✓	N	9	✓	×
Norway/1	✓	N	11	✓	✓	✓	N	9	✓	×	✓	N	9	✓	×
Poland/1	✓	N	10	✓	×	✓	N	10	✓	×	✓	N	10	✓	×
Portugal	✓	N	9	✓	×	✓	N	9	✓	×	✓	N	9	✓	×
Slovak Rep./1	✓	N	10	✓	×	✓	N	10	✓	×	✓	N	10	✓	×
Slovenia	✓	N	8	✓	×	✓	N	8	✓	×	✓	AN	10	✓	×
Spain/1	✓	AN	9	✓	×	✓	AN	9	✓	×	✓	AN	9	✓	×
Sweden/1	✓	N	10	✓	✓	✓	N	10	✓	✓	×	N	10	✓	✓

Country	Personal income tax (PIT)					Corporate income tax (CIT)					Value added tax (VAT)				
	Unique TIN	Num. or Alpha-n. (AN)	No. of digits	Check digit	Taxpayer specifics	Unique TIN	Num. or Alpha-n.	No. of digits	Check digit	Taxpayer specifics	Unique TIN	Num. or alpha-n.	No. of digits	Check digit	Taxpayer specifics
Switzerland/1	×	N	Vary	✓	✓	×	N	Vary	✓	✓	✓	N	6	×	×
Turkey/1	✓	N	11	✓	×	✓	N	10	✓	×	✓	N	10/11	✓	×
UK /1	✓	N	10	✓	×	✓	N	10	✓	×	✓	N	9	✓	×
USA /1	×/1	N	9	×	×	✓	N	9	×	×	-	-	-	-	-
2) Selected non-OECD countries															
Argentina/1	✓	N	11	✓	✓	✓	N	11	✓	✓	✓	N	11	✓	✓
Bulgaria/1	✓	N	10	✓	✓	✓	N	9	✓	×	✓	AN	11(12)	✓	✓
China	✓	AN	18	×	✓	×	AN	9	✓	×	×	AN	9	✓	×
Cyprus	✓	AN	9	✓	✓	✓	AN	9	✓	✓	✓	AN	9	✓	✓
India	✓	AN	10	×	✓	✓	AN	10	×	✓	-	-	-	-	-
Indonesia	✓	N	15	✓	×	✓	N	15	✓	×	✓	N	15	✓	×
Latvia/1	×	N	11	✓	✓	×	N	11	✓	×	×	AN	11	✓	×
Lithuania	✓	N	11	×	✓	✓	N	9,7,10	×	✓	✓	AN	9 or 12	✓	✓
Malaysia	✓	AN	12	×	✓	✓	AN	8	✓	×	-	-	-	-	-
Malta/1	×	AN	Vary	×	✓	✓	N	9	✓	✓	✓	AN	10	✓	×
Romania/1	✓	N	13	✓	✓	✓	N	2-10	✓	×	×/1	AN	2-10 /1	✓	×
Russia/1	✓	N	12	✓	×	✓	N	12	✓	×	✓	N	12	✓	×
S.Arabia	✓	N	10	✓	×	✓	N	10	✓	×	-	-	-	-	-
Singapore/1	✓	AN	9	✓	×	✓	AN	9 (10)	✓	×	✓	AN	9 (10)	✓	×
S.Africa	✓	N	10	✓	×	✓	N	10	✓	×	✓	N	10	✓	×

Source: Information Series compiled by CFA, Working Party 8 and country survey responses. (*Table notes are located at the end of report*.)
TIN: Taxpayer Identification Number, AN: Alpha-Number, N: Number

Table 47. Use of taxpayer identifiers for information reporting and matching

Country	Use of taxpayer identifiers (or some other number) for information reporting and matching/1					
	Employers—wages	Government agencies—pensions & benefits	Financial institutions—interest	Companies—dividends	Government agencies—asset sales & purchases	Prescribed contractors: payments to sub-contractors
1) OECD countries						
Australia	✓	✓	✓	✓	×	×
Austria	✓	✓	×	×	×	×
Belgium	✓	✓	×	×	✓	✓
Canada	✓	✓	✓	✓	some	✓
Chile	✓	✓	✓	✓	×	×
Czech Rep.	✓	✓	✓	✓	✓	✓
Denmark	✓	✓	✓	✓	✓	×
Estonia	✓	✓	✓	✓	✓	×
Finland	✓	✓	✓	✓	✓	✓
France	×	×	×	×	×	✓
Germany/2	✓	✓/2	×	×	×	×
Greece	✓	✓	✓	✓	✓	✓
Hungary	✓	✓	✓	✓	✓	✓
Iceland	✓	✓	✓	✓	✓	✓
Ireland/2	✓	✓	✓/2	×	×	✓
Israel	✓	✓	✓	✓	×	×
Italy	✓	✓	✓	✓	✓	✓
Japan	×	×	×	×	×	×
Korea	✓	✓	✓	✓	✓	✓
Luxembourg	✓	✓	×	✓	✓	✓
Mexico	✓	✓	✓	✓	×	✓
Netherlands	✓	✓	✓	✓	✓	×
N.Zealand	✓	✓	✓	✓	×	✓
Norway	✓	✓	✓	✓	✓	✓
Poland	✓	✓	✓	✓	✓	✓
Portugal/2	✓	✓	×/2	✓	✓	✓
Slovak Rep.	×	×	×	×	×	✓
Slovenia	✓	✓	✓	✓	×	×
Spain	✓	✓	✓	✓	✓	✓
Sweden/2	✓	✓	✓	✓	✓	×
Switzerland	×	×	×	×	×	×
Turkey	✓	×	✓	✓	✓	×
UK	✓	✓	×	×	✓	✓
USA	✓	✓	✓	✓	×	✓
2) Selected non-OECD countries						
Argentina	✓	✓	✓	✓	✓	✓
Bulgaria	✓	✓	✓	✓	✓	✓
China	✓	✓	✓	✓	×	✓
Cyprus/2	✓	×/2	×/2	✓/1	×/2✓	×/2
India	✓	✓	✓	✓	✓	✓
Indonesia	✓	×	×	×	✓	✓
Latvia	✓	×	×	×	×	×
Lithuania	✓	✓	✓	✓	✓	✓
Malaysia	✓	✓	✓	✓	✓	✓
Malta	✓	✓	✓	✓	✓	✓
Romania	✓	✓	✓	✓	✓	×
Russia/2	✓	✓	✓	✓	×	✓
S. Arabia	×	×	×	×	×	×
Singapore/2	✓	✓	×	×/2	×/2	✓
S. Africa	✓	×	✓	✓	×	×

Source: Country survey responses. (*Table notes are located at the end of report.*)

Collection and assessment of taxes

Income taxes

21. The policy decisions that shape the frameworks for collecting and assessing income taxes are often influenced by decisions made outside a revenue body's control. However these decisions can have significant implications for the compliance burden imposed on taxpayers, how the tax system is administered, the resulting workload for the revenue body, as well as on its general

efficiency and effectiveness. This part of the series focuses on the collection and assessment arrangements for income taxes.

Overview - withholding regimes

22. Withholding at source arrangements are generally regarded as the cornerstone of an effective income tax system. Imposing the obligation on independent third parties such as employers and financial institutions to withhold an amount of tax from payments of income to taxpayers significantly reduces, if not eliminates, their ability to understate such income for tax assessment purposes, is a more cost efficient way for both taxpayers and the revenue body to transact the payment of taxes, and it reduces the incidence of unpaid taxes that might otherwise arise where taxpayers properly report their income but are unable to pay some/all of the tax assessed. Published research findings of selected revenue bodies [60] clearly indicate that there are significant compliance-related benefits from use of withholding. Furthermore, the timely remittance of amounts withheld by payers to the revenue body ensures a good flow of revenue to Government accounts and thereby facilitates budgetary management.

23. In practice, withholding is most commonly applied to employment income—of the 49 countries covered by this series only three (i.e. France, Singapore and Switzerland) do not use withholding regimes for the collection of personal income tax from employment income, although in the case of France, withholding is applied for the collection of SSCs from employment income. In all three countries, reporting regimes ensure that the revenue body has a record of each employee's employment income, facilitating the checking of tax returns.

Withholding regimes for employment income

24. As already noted, withholding regimes are almost universally applied for the collection of personal income tax on employment income. However, there are some significant differences in the design of these regimes, with implications for how they operate in practice and the responsibilities and costs they impose on employers, taxpayers and revenue bodies.

25. An important feature of the personal tax system in many countries is the operation of tax withholding arrangements that are designed to free the majority of employee taxpayers from the requirement to file an annual tax return. In practice, these arrangements are described as '*cumulative*' withholding regimes as they require employers to calculate withholdings for each of their employees on a cumulative/pay-by-pay basis over the course of a fiscal year, having regard to their personal circumstances. In practice, the operation of these sorts of withholding arrangements is supported by a system of employee coding and withholding schedules to guide employers in deciding how much tax should be withheld at source. Generally as part of these arrangements where an employee changes jobs or takes on a second job all of their income/withholding history for the year underway must be taken account of by the new/additional employer.

26. In practice, the operation of withholding regimes for other categories of income (e.g. for interest income) complement the employment cumulative withholding arrangements and together ensure that most employees are not required to file an end-year tax return.

27. The alternate approach to withholding on employment income is described as *'non-cumulative'*. By way of contrast, the non-cumulative withholding approach operates on a 'pay period' basis for each employee. Under this approach, employers withhold taxes for each pay period having regard to their gross income, known entitlements (that may reduce the amount to be withheld) and the rate of withholding to be applied. Where an employee changes jobs, the new employer simply commences the withholding process on the employee's future income without regard to his previous employment withholdings. However, as this approach involves a less precise form of withholding, the amount deducted for each employee over the course of a fiscal year

[60] For example, see Sweden, USA and UK with references— Sweden—Tax Gap Map for Sweden, Swedish Tax Agency (January 2008); UK—Developing Methodologies for Measuring Direct Tax Losses, HMRC (October 2007); USA—A Comprehensive Strategy for Reducing the Tax Gap (US Treasury) 09/2006

represents only an approximation of their full-year tax liability. In these circumstances, each employee is normally required to file an annual tax return to ensure that the correct overall amount of tax is paid, taking account of all categories of assessable income and entitlements (e.g. tax deductions and credits), as well as any other responsibilities administered by the revenue body that may be linked to the personal tax system (e.g. collection of student loans). More information on both approaches is set out in Box 36.

Box 36. Withholding arrangements for employee taxpayers

***1*) Cumulative withholding.** The objective of the cumulative approach is to ensure that for the majority of employees the total amount of taxes withheld over the course of a fiscal year matches their full-year tax liability. To the extent this is achieved, employees are freed of the obligation to prepare and file an annual tax return, the primary benefit frequently attributed to the cumulative approach.

Under this approach, employees are required to provide employers with details of relevant entitlements to assist them determine the amount of tax to be deducted from their earnings. In some countries (e.g. Ireland and UK), employees provide this information to the revenue body which in turn advises the employer of a code that determines the amount of tax to be deducted from earnings. Employers withhold tax from income paid, as required, determining withholdings on a progressive/cumulative basis over the course of the fiscal year. Employees changing jobs during the course of a fiscal year must inform their new employer of their tax position and, in some countries, the revenue body as well.

Under the cumulative approach, employees tend to have few entitlements (that reduce tax payable) as this helps to enables greater accuracy in calculating the amount of taxes withheld over the course of a fiscal year vis-a-vis their end-of year tax liabilities. However, in two countries (i.e. Japan and Korea), employee taxpayers can present details of certain deductions/entitlements to their employers towards the end of the fiscal year for an adjustment to their overall withholdings for the year.

Employers report annually or more regularly in some countries, to revenue bodies on incomes paid and taxes withheld in respect of individual employees. Increasingly, this reporting is being done using electronic reporting methods. For some countries, this reporting facilitates checks that are carried out to ensure that the correct amount of tax has been paid and/or to determine whether taxpayers are required to file a tax return.

2) Non-cumulative withholding. The objective of the non- cumulative approach is to ensure that the amount of tax deducted over the course of the fiscal year by employers for their employees roughly approximates to their tax liability on such income. This ‘less than accurate’ approach to withholding acknowledges that employees are generally expected to prepare and file an end-of-year tax return disclosing all of their income and entitlements in order to properly assess their full year tax liability.

Under this approach, employees provide employers with details of basic entitlements that can be taken account of for withholding calculation purposes. Employers withhold tax from income paid, applying schedules provided by the revenue body that are calibrated to provide an approximation of the tax payable. Withholdings are calculated on a periodic (i.e. non-cumulative) basis. Employers provide advice to employees at year-end of total income paid and taxes withheld, which must be disclosed in an annual tax return that is filed with the revenue body. The revenue body confirms the overall liability for each taxpayer and refunds any excess tax paid, or seeks payment of any balance of owing by taxpayers. Following the processing of the bulk of annual tax returns, revenue bodies generally match income reports provided by employers and other payers (e.g. banks) with tax returns/taxpayer master file records to detect undeclared income, the non-filing of tax returns, and to validate credits for tax withholdings claimed in tax returns.

28. Information on the regimes of employers’ withholding, payment and reporting obligations of surveyed revenue bodies is set out in Table 49. Among other things, this table reveals that of the 46 revenue bodies administering employer withholding regimes, around two thirds (29) administer ‘cumulative’ type regimes. These include OECD countries such as Ireland, Japan, Korea, New Zealand, Spain, and the United Kingdom, and selected other countries such as Argentina, Bulgaria and South Africa. Use of the non-cumulative withholding approach is limited to 17 countries, including Australia, Canada, Finland, Malaysia, Malta, Norway, Portugal, Sweden, and the USA.

29. Providing an exhaustive account of the advantages and disadvantages of both the cumulative and non-cumulative approaches is beyond the scope of this series, particularly given the many differences in the personal tax legislative framework applying from country to country.

However, it is possible to make some general observations, drawing on various published reports and other FTA work.

30. Concerning the cumulative approach, the view is sometimes expressed that it is highly attractive (and beneficial) because it eliminates the requirement for annual tax returns from most employees, which would otherwise have to be processed by the revenue body. In other words, applying this approach frees large numbers of employees of a significant compliance burden while the revenue body avoids the cost of processing tax returns. These arguments are particularly relevant and persuasive in countries with relatively new tax systems where the level of awareness and understanding of the tax system is likely to be very low, and/or where the costs of having most employees prepare tax returns which must be processed by the revenue body are likely to be significant. However, the administration of cumulative regimes does present some additional costs, which may be significant depending on a range of factors (e.g. the degree of automation in place and law complexity). Such regimes, with their objective of achieving an exact amount of withholding pay-by-pay, can be costly for employers to administer and their operation requires considerable in-year administrative action by the revenue body (e.g. dealing with adjustments to entitlements and changes of employment that affect an employee's withholding) to achieve withholding precision. The extent of these costs will depend on a variety of factors, including the extent of employment mobility and tax law complexity. Recent consultative documents and reports prepared in New Zealand and the United Kingdom point to some of the difficulties that are arising in the administration of their respective regimes, along with a number of ideas on how they might possibly be addressed over the medium/ long term—see Boxes 37 and 38.

Box 37. New Zealand—Issues in PAYE administration and possible solutions

A government discussion paper released in June 2010 describes, among other things, a range of issues concerning the administration of New Zealand's (cumulative) PAYE regime, which also interacts with its student loan, family benefits and KiwiSaver (retirement income) schemes:

- The KiwiSaver scheme has added complexity to PAYE administration & put increased pressure (especially at peak times) on the existing paper-based employer monthly schedule process.
- Inadequate systems and processes designed around paper-based processes.
- Insufficient accuracy with in-year withholdings, resulting in a far greater than anticipated amount of year-end work to produce end-year personal tax summaries and deal with related taxpayer interactions, for employees, many seeking of very small refunds of overpaid tax.

Remedies proposed in the discussion document to address these issues included:

- There would be fewer errors in the PAYE system through better technology and systems being used by employers and that technology being supported by Inland Revenue.
- There would be a possible new approach to the taxation of individuals under which, for some, PAYE would be treated as a final tax. This approach would not apply to groups of taxpayers when the PAYE rules may give inaccurate outcomes. Taxpayers who receive additional income – for example, from rents, will still square-up their non-wage and salary income at year-end.
- Businesses, employers and the non-profit sector would have software which takes care of routine PAYE compliance tasks such as the need to separately file an employer monthly schedule, by automatically communicating with Inland Revenue. The software could have an option of providing information to Inland Revenue on a payday basis.
- Information about an employee's PAYE obligations would be provided by Inland Revenue directly to the employer's payroll software, after appropriate validations, to help employers get things right.
- Businesses, employers and the not-for-profit sector would move towards providing information electronically rather than by paper. The Government is raising for discussion whether mandating the use of electronic communication is acceptable and, if so, when.

Source: Making tax easier, A Government discussion paper (June 2010)

Box 38. United Kingdom—Issues in PAYE administration and possible solutions

In commenting on UK's PAYE regime, UK audit authorities recently noted that.....

> *"The Department's former PAYE computer systems were designed at a time when it was usual for people to have one source of employment and not change employer very frequently. The systems therefore structured records around employments rather than individual taxpayers, and these were held in 12 regional databases which were assigned to specific tax offices. Working patterns have changed, with many taxpayers having more than one job or frequently moving jobs (such as students), and the number of people with multiple sources of income (such as working pensioners) has increased. As the Department's records of some individuals' employments have become spread across more than one of its regional databases, it became increasingly difficult for it to bring together a complete picture of an individual's employments identifying all relevant sources of income, increasing the risk of people paying the incorrect amount of tax.*
>
> *The challenges in processing PAYE have contributed to an increase in the volume of cases identified through the Department's end of year reconciliation process that require manual checking. 'Open cases' arise where the PAYE system identifies discrepancies in taxpayer records or where end of year returns are not matched to an existing record. Delays in clearing these records can mean delays in notifying taxpayers if additional tax is payable or refunds are due. At the end of March 2010, there were 18.2 million open cases relating to the 2007-08 and preceding tax years, affecting an estimated 15.4 million customers. The extent of over and underpayments of tax in this population can only be determined when the open cases are worked. However, early analysis by the Department suggests that around half of all these cases are likely to involve an over or underpayment of tax and in aggregate these may lead to repayments and recoveries of the order of £3.0 billion and £1.4 billion respectively........"*

Over the last 12 months, HMRC has introduced a major upgrade of its PAYE service that, among other things, brings together all employment records, thereby enabling it to produce a complete picture of each individual's employment and pension income. This enhancement is expected to produce considerable benefits although, as noted above, there remains a considerable backlog of open cases.

In a consultation paper published in July 2010, HMRC set out a number of reform options for consultation with a view to their possible adoption over the medium/long term. These included a proposal to move to a system of real-time information where the majority of employers would report electronically and contemporaneously as wages are paid and taxes withheld. Currently, employers only report individual employees' aggregate income and deduction details at the end of each fiscal year.

An additional option offered for consideration entails a system of 'centralised deductions'. This idea envisages most/all employers having an electronic interface with HMRC—the employer would send the gross payment through the electronic payment system to a central calculator where the deductions calculated by HMRC would be made automatically. The resulting net payment would be sent to the individual's bank account and the deductions would be paid directly to Government.

Sources: Report by the Comptroller and Auditor General on HMRC Accounts 2009-10 and Consultation paper, Improving the operation of Pay As You Earn (July 2010)

31. In countries where employees are generally required to prepare and file end-year tax returns to reconcile their fiscal year tax situation, including those using non-cumulative PAYE regimes, significant costs potentially arise for taxpayers and the revenue body from the requirements to prepare and process such returns. However, over the last two decades technology has increasingly been used to significantly streamline and automate these processes and reduce their attendant costs. These developments include, as described in Chapter 7 of the series, electronic filing and, most importantly, the use of fully or partially completed pre-filled tax returns that can be accessed electronically by taxpayers and their representatives.

32. At the end of the day, these quite different approaches to personal tax administration for employee taxpayers turn largely on whether absolute precision in pay-by-pay withholdings is an objective worth pursuing for the majority of employees, or whether a simpler approach entailing approximate in-year withholdings and accompanied by an automated end-year reconciliation is to be preferred. Factors such as the complexity of the tax law and demographic factors (e.g. ageing populations with a more diverse range of incomes) are likely to be quite relevant to these considerations and may have quite different applicability across the 49 countries covered by this series.

33. Table 48 sets out information on the extent of withholding and related information reporting obligations across revenue bodies while Table 49 provides more detailed information on the timing and frequency of related payment and reporting obligations in respect of employment income withholding. The key observations are set out below:

- All but three countries (i.e. France[61], Singapore, and Switzerland) apply 'withholding at source' requirements for the collection of personal income taxes (and in most countries where applicable, social security contributions) on employment income.
- Employers are typically required to deduct tax from salaries and wages and remit withheld taxes on a monthly basis. However, four countries (Australia, Canada, New Zealand, and the United States) expedite the collection of employer withholdings from very large employers through more frequent payment obligations.
- To reduce the administrative burden on smaller businesses, around one third of countries provide a bi-monthly, quarterly, and/or annual payment cycle.
- Employers are typically required to report details for each employee's salary and wages paid and taxes withheld to the revenue body. However, the frequency of this reporting obligation varies significantly across surveyed countries—in around one half, employers must report monthly or quarterly, while for the balance employers are required to report on an annual basis only; this variation in reporting requirements suggests there are substantial differences in the compliance burden imposed on employers and the associated workload of revenue bodies, although it is known that some revenue bodies have taken steps in co-operation with employers to automate much of this regular reporting obligation.

Withholding regimes for other categories of income

34. In addition to employment income, many countries apply withholding at source arrangements to other categories of income—see Table 48. The key observations from the information provided are set out below:

- The majority of administer withholding regimes for the collection of income tax —as a final or creditable tax—in respect of interest income (33 revenue bodies) and dividend income (31 revenue bodies) made to resident taxpayers.
- Just over one third of revenue bodies reported the use of withholding arrangements in respect of payments made to certain businesses and others prescribed in their respective tax laws. (Examples of such regimes are set out in Box 39).[62]
- Other categories of income subject to withholding were certain rents (14 bodies), royalties and patents (23 bodies), sales of shares (14 bodies), sales of real property (9 bodies) and certain prizes and gambling income (23 bodies).

[61] However, withholding is used to collect social security contributions from employment income.

[62] For a more detailed description of the use of withholding and information reporting requirements for specified categories of self-employed/ business income see '*Withholding and Information Reporting Regimes for Small/ Medium-sized Businesses'* prepared by the FTA and published in September 2009.

Table 48. Withholding and reporting regimes for income of resident taxpayers

Country	Type of income normally subject to withholding (W) and/ or reporting (R) where paid to resident taxpayer									
	Wages & salaries	Dividends	Interest	Rents	Certain self-employed/ business income	Royalties & patents	Sale/ purchase of shares	Sale/ purchase of real properties	Prizes/ gambling income	Other income payments
1) OECD countries										
Australia/1	W, R	R	R	-	-	-	-	-	-	-
Austria/1	W, R	W	W	-	R/1	-	-	-	-	-
Belgium/1	W, R	W	W	W, R	R/1	W, R	-	R	-	-
Canada/1	W, R	R	R	-	R	R	R	R /1	-	W, R
Chile/1	W, R	R	R	R/1*	W, R	-	R	R	W	W, R/1**
Czech Rep.	W, R	W	W	-	R	W,R	-	-	W	-
Denmark/1	W, R	W, R	R	-	-	W, R	R/1	R	W	W, R/1
Estonia/1	W, R	- /1	-	W, R	-	W, R	R	-	-	W, R
Finland /!	W, R	W, R	W, R/1	-	-	-	W, R/1	W, R/1	-	-
France	R	R/1	R/1	R	R	R	R	R	R	-
Germany/1	W	W	W	-	-	-	W	R	-	-
Greece	W, R	-	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R
Hungary/1	W, R	W, R	W	W, R	-	W, R	W, R	R	W, R/1	W, R
Iceland	W, R	W/R	W	R	W/R	R	R	-	W, R	W, R
Ireland/1	W, R	W, R	W, R	-	W/1, R	W, R	-	R	-	-
Israel	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R	W, R
Italy/1	W, R	W, R/1	W	R	W, R	R	W, R /1	R	W/1	-
Japan/1	W, R	W, R	W, R	R	W, R	W, R	W, R	R	W, R	/1
Korea/1	W, R	W, R	W, R	R	W, R	W, R	-	-	W, R	W, R/1
Luxembourg/1	W, R	W	W/1*	W, R	-	-	-	-	R/1**	-
Mexico/1	W, R	R	W, R	W, R	W, R/1	W, R	W, R	W, R	W, R	W, R
Netherlands/1	W, R	W	R /1	-	-	-	W	W, R	W, R/1	-
N.Zealand/1	W, R	W/1	W, R	-	W, R	-	-	-	-	-
Norway	W, R	R	R	-	R	-	R	-	-	-
Poland	W, R	W	W, R	-	-	W, R	R	-	W, R	W, R
Portugal/1	W, R	W, R	W, R	W/1, R	W/1, R	W, R	R	R	W	-
Slovak Rep./1	W	-	W, R	-	-	-	-	-	W, R	-
Slovenia/1	W, R	W, R	W, R/1	W, R	W, R/1	W, R	-	-	W, R	-
Spain/1	W, R	W, R	W, R	W, R	W/1, R	W, R	R	R	W, R	W/1, R
Sweden	W, R	W, R	W, R	-	-	R	R	R	-	-
Switzerland	R	W	W	-	-	-	-	-	W	-
Turkey	W, R	W, R	W, R	W, R	W, R	W, R	W, R	-	-	-
UK /1	W, R	-	W, R/1*	-	W/1**	W, R	R	R	-	-

Country	Type of income normally subject to withholding (W) and/ or reporting (R) where paid to resident taxpayer									
	Wages & salaries	Dividends	Interest	Rents	Certain self-employed/ business income	Royalties & patents	Sale/ purchase of shares	Sale/ purchase of real properties	Prizes/ gambling income	Other income payments
USA/1	W, R	R	R	-	-	-	R/1	-	R/1	-
2) Selected non-OECD countries										
Argentina/1	W	W	W	W	W	W	W/1	W	W	W
Bulgaria	W, R	W, R	-	R	R	W, R	R	R	R	-
China	W, R	W, R	W, R	R	W, R	W, R	W, R	R	W, R	W, R
Cyprus	W, R	W, R	W, R	-	-	-	R/1	R/2	-	-
India	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Indonesia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
Latvia/1	W, R	W, R	W, R	W, R/1	R	W, R	R	R/1	W, R/1	-
Lithuania	W	W	W	W, R	W	W, R	R	R	W, R	W, R
Malaysia/1	R	-	W	-	R /1	-	-	W/1	-	-
Malta	W, R	W, R	W, R	-	-	-	W, R	W, R	-	-
Romania/1	W, R	W, R	W, R	-	W. R /1	W, R	W, R	W, R	W, R	W, R
Russia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Arabia	-	R	-	R	R	R	R	-	-	-
Singapore	-	-	-	-	-	-	-	-	-	-
S.Africa	W, R	R	R	-	-	-	R	-	-	-

Source: Country survey responses. (*Table notes are located at the end of report.*)

Box 39. Withholding regimes and self-employment/business income

Research by the OECD Secretariat has revealed that a few countries use tax withholding arrangements as the primary method for collecting income tax for categories of self-employment income. Some examples identified are summarised briefly hereunder:

Ireland

Professional Services Withholding Tax: This is a withholding and reporting regime covering prescribed professional services: 1) medical, dental, pharmaceutical, optical, veterinary; 2) architectural, engineering, surveying and related services; 3) accounting, auditing, finance, advertising, marketing; 4) legal services; and 5) geological services. Gross collections in 2009 were €597 million.

Relevant contracts tax: The regime applies to payments by principal contactors for construction, forestry and meat processing operations. For 2010, it is essentially an annual reporting regime with a withholding sanction (35%) for sub-contractors who do not hold a relevant payment card. (NB: Budget 2011 announced the replacement of the 35% rate with a two-rate withholding system on a revenue neutral basis—a 20% rate for sub-contractors registered for tax with an established compliance record and 35% for those not registered.) Gross collections in 2009 were €427 million.

New Zealand

Withholding tax: Businesses must deduct withholding tax (set at varying rates) from payments made to prescribed self-employed contractors, and to companies operating in the horticultural and viticultural industries unless the contractor holds a current certificate of withholding tax exemption.

United Kingdom

Construction industry scheme (CIS): The CIS is a withholding and reporting regime for contractors in the construction industry. A contractor may be a construction company and building firm, as well as a Government department or local authority and other businesses known in the industry as 'clients'. Non-construction businesses or other concerns are treated as contractors if their average annual expenditure on construction operations over a period of 3 years is £1 million or more. Contractors must withhold tax at varying rates from payments to subcontractors unless the subcontractor is entitled to exemption from withholding. Sub-contractors who can pass a business test, a turnover test, and a good compliance test administered by the revenue body can be paid 'gross' (i.e. no withholding). Gross collections in 2007 were around £4 billion.

Source: *Withholding and Information Reporting Regimes for Small/ Medium-sized Businesses and Self-employed Taxpayers (OECD FTA, September 2009).*

Use of third party information reporting requirements

35. In practice, most withholding regimes are complemented by the reporting of information to the revenue body on individual payees (e.g. name of payee, their identification number, amount paid, and amount of taxes withheld). In the absence of a withholding requirement, systems of information reporting in their own right are an important compliance tool for the administration of income tax systems in many countries. As evidenced from the cited US research (see Box 20), considerably higher rates of compliance are achievable where income is subject to systematic reporting and matching with tax records, compared to where this is not the case. For the purpose of this series, the term '*third party information reporting*' refers to a mandatory requirement on prescribed third parties (e.g. businesses, financial institutions, and government agencies) to report payments of income (and other tax-related transactions) and payee details (generally with a taxpayer identifying number) to the revenue body. Traditionally, these reports have been used to verify the information reported by taxpayers in their returns. However, a more recent development has seen use of these reports to pre-fill tax returns, which is discussed more fully later in this chapter.

36. In contrast to the high cost of and low audit coverage that can be achieved with traditional audit processes, comprehensive programmes of information reporting and matching can provide an extremely effective tool to screen a revenue body's taxpayer records, both to detect non-compliance and to encourage the correct reporting of tax liabilities. However, there are generally two pre-conditions for such arrangements to be sufficiently efficient to make them attractive to revenue bodies: 1) electronic reporting by third parties of information reports; and 2) the use of a

high integrity taxpayer identifier to facilitate the matching of information reports with revenue body records.

37. As indicated in Table 38, many countries require the mandatory reporting of payments in respect of salaries and wages, dividend and interest income (much of which is also subject to withholding). However, beyond these categories of payments, use of mandatory third party reporting varies substantially across countries. Examples of revenue bodies with very/ reasonably comprehensive information reporting regimes (that go beyond the traditional categories of employment and investment income) are set out in Box 40 below.

Box 40. Third party reporting regimes for self-employment/business income

Canada's Contract Payments Reporting System: This is an annual reporting regime introduced in 1999 covering payments in the building and construction sector and payments by Government for all services provided by business.

Ireland's system of third party returns: Traders (including farmers), professionals and other persons carrying on a business (incl. non-profit bodies and Government bodies) are required to automatically make third party returns. Broadly, the following payment categories are included: 1) Payments for services rendered in connection with the trade, profession, business etc., whether paid on your own behalf or on behalf of someone else; 2) Payments for services rendered in connection with the formation, acquisition, development or disposal of the trade or business; and 3) Periodical or lump sum payments made in respect of any copyright. There is a prescribed list of exclusions to these requirements.

United States' Information reporting: Under the requirements of the US tax code, an extremely wide variety of transactions must be reported to the IRS, generally in electronic format, for matching with tax records. In addition to wages and investment incomes, these transactions include agricultural payments, allocated tips, barter exchange income, brokers' transactions, capital gains distributions, non-employee compensation and fees, fishing boat crew member proceeds, fish purchases for cash, prescribed gambling winnings, real estate transactions, rents, and sales of securities.

Source: '*Withholding and Information Reporting Regimes for Small/ Medium-sized Businesses'* prepared by the Forum on Tax Administration and published in September 2009.

38. The potential for the application of information reporting arrangements is best illustrated by data published by the US Internal Revenue Service on the results achieved from its reporting and matching activities, that are replicated hereunder for fiscal year 2009:

Item	Number or amount
Number of information returns received	
Total reports (millions)	3,023
Paper (millions)	52
Electronic (millions)	2,971
Automated Under-reporter programme	
Number of contacts (closed cases, millions)	3.621
Amount of additional assessments ($ billions)	6.279
Number of full-time equivalent positions used	1,900
Automated Substitute for Return programme [63]	
Number of contacts (closed cases, millions)	1,385
Amount of additional assessments (S billions)	16.649
Number of full-time equivalent positions used	331

Source: IRS Data Book (2009)

[63] Under the Automated Substitute for Return Program, the IRS uses information returns from third parties to identify tax return delinquencies, constructs tax returns for certain non-filers based on that third party information, and assesses tax, interest and penalties based on the substitute returns.

Table 49. Personal income tax: employers' withholding, payment, and reporting obligations

Country	Employers' withholding payment obligations			Employers' withholding/wage income reporting obligations	
	Frequency & time when payable		Type of withholding regime	Frequency & time when payable	
	In general	Special rules for prescribed small (s) or large (l) employers, if any		In general	Special rules for prescribed small (s) or large (l) employers, if any
1) OECD countries					
Australia/1	Monthly—by the 21st day of following month	(l)—6 to 9 days of payment /1; (s): quarterly—by 21st day of following month	Non-cumulative	Annually—by 14 August after end of financial year	n.applic.
Austria	Monthly- by 15th day of following month	n.applic.	Cumulative	Annually- by end of February in following year	n.applic.
Belgium	Monthly—within 15 days after month in which income was paid	Monthly (normally); SMEs: under certain conditions, quarterly or yearly—within 15 days of end of period when income is paid	Non-cumulative	Monthly—within 15 days after the month during which the income is paid	Monthly (normally)/ SME under certain conditions : quarterly or yearly—within 15 days of end of month income is paid
Canada	Monthly- by 15th day of following month	Quarterly or accelerated.	Non-cumulative	Annually – by end-February	n.applic.
Chile/1	Monthly- by 12th day of following month/1	n.applic.	Cumulative	Annually- by 23rd of March after end of tax year	n.applic.
Czech Rep./1	Monthly—by 20th day of following month	n.applic.	Cumulative	Annually—by 20th February after end of income year/1	n.applic.
Denmark	Monthly—by 10th day of following month	Monthly—last weekday in the month of withholding (l)	Cumulative	Annually—by 20th January after end of income year	n.applic.
Estonia	Monthly – by 10th day of following month	n.applic.	Cumulative	Monthly – by 10th day of following month	n.applic.
Finland/1	Monthly—by 12th day of following month	n.applic.	Non-cumulative	Monthly—by 7th or 12 th of following month and annually- by end-January of following year /1	n.applic.
France	No employer withholding required	n.applic.	No withholding	Annual report of income paid etc. By 31 january of following year	n.applic.
Germany/1	Monthly—no later than the tenth day after the end of every wages tax reporting period	Quarterly/annually for smaller employers (see note /1)— no later than 10th day after end of wages reporting period	Cumulative	See note 1/—no later than 10th day after the end of every wages tax reporting period	See note /1.
Greece	n.avail.	n.avail.	Non-cumulative	n.avail.	n.avail.
Hungary	Monthly—by 12th day of following month	n.applic.	Non-cumulative	Monthly—by 12th day of following month	n.applic.
Iceland	Monthly—by 15th day of following month	n.applic.	Non-cumulative	Annually- by 14th February of following year	n.applic.
Ireland	Monthly—by 14th day of following month	Quarterly & annually (in very small cases)	Cumulative	Annually- by 15th February of following year	n.applic.
Israel	Monthly- by 15th day of following month	n.applic.	Cumulative	annually- by 31 March of following year	n.applic.
Italy	Monthly—by 16th day of following month	n.applic.	Cumulative	Annually – by end of February of following year	n.applic.

Country	Employers' withholding payment obligations			Employers' withholding/wage income reporting obligations	
	Frequency & time when payable		Type of withholding regime	Frequency & time when payable	
	In general	Special rules for prescribed small (s) or large (l) employers, if any		In general	Special rules for prescribed small (s) or large (l) employers, if any
Japan	Monthly—by 10th day of following month	Semi-annually (s)—by 10th day after liability period	Cumulative	Monthly- by 10th day of following month	Semi-annually (s)—by 10th day after liability period
Korea	Monthly—by 10th day of following month,	Biannually –by 10th day of following month (pre-approved small companies)	Cumulative	Monthly—by 10th day of following month	Biannually –by 10th day of following month (approved small companies)
Luxembourg	Monthly- by 10th day of following month		Cumulative	Annually	
Mexico/1	Monthly- by 17th day of following month	Small employers: six monthly/1	Cumulative	Annually—by 15th of February after the end of income year	n.applic.
Netherlands	Monthly—by last day of following month	n.avail.	Cumulative	Monthly- by last day of the following month	n.applic.
N.Zealand	Monthly—by 20th day of following month	(l)-twice monthly: by 20th of month for payments made up to 15th day; by the 5th of following month for payments later in the month.	Cumulative	Monthly—by 5th of next month	n.applic.
Norway	Bi-monthly- by 15th day following end of bimonthly period	n.applic.	Non-cumulative	Annually- by 20th January after end of income year	n.applic.
Poland	Monthly—by the 20th day of the following month	n.applic.	Cumulative	Annually—by end-January	n.avail.
Portugal	Monthly—by 20th of following month	n.applic.	Non-cumulative	Monthly- by 20th of next month & annually by end-February	n.applic.
Slovak Rep.	Monthly- by 5th of following month	n.applic.	Cumulative	Quarterly-by 30th of next month after every quarter	n.applic.
Slovenia	Monthly- by 10th of following month	n.applic.	Non-cumulative	Monthly- by 10th of following month	n.applic.
Spain	Quarterly—by 20th of following month	Monthly (large companies)—by 20th of following month	Cumulative	Annually—by 31st January after end of income year	Annually—by 20th January if the pre-printed form is used
Sweden	Monthly—by 12th day of following month	n.applic.	Non-cumulative	Annually- by 31st January after end of income year	n.applic.
Switzerland	Administered by sub-national cantons				
Turkey/1	Monthly—by 26th day of following month	n.applic.	Cumulative	Monthly—by 23th day of following month	Quarterly (for small)—on 23rd day of January, April, July, October /1
UK	Monthly/1—by 19th of following month	Quarterly (optional for s): annually- by 19th may of the following tax year	Cumulative	Annually—by 19th may of following year	n.applic.
USA/1	Monthly—by 15th day of following month	(l) semi-weekly—(l) 3 business days after date of payment /1	Non-cumulative	Quarterly—by last day of month following the end of the quarter	(s) annually—(s) by last day of the month following the end of the year
2) Selected non-OECD countries					
Argentina	Monthly- by 10h day of following month	Bi-annually if payment is less than ARS 2,000	Cumulative	Monthly- by 10h day of following month	n.applic.
Bulgaria	Monthly—by 10th day of the following month	n.applic.	Cumulative	Monthly—not later than the day following the day of paying the income for the respective month	n.applic.

Country	Employers' withholding payment obligations			Employers' withholding/wage income reporting obligations	
	Frequency & time when payable		Type of withholding regime	Frequency & time when payable	
	In general	Special rules for prescribed small (s) or large (l) employers, if any		In general	Special rules for prescribed small (s) or large (l) employers, if any
China	Monthly- by 7th day of following month	n.applic.	Cumulative	Monthly- by 7th day of following month	n.applic.
Cyprus	Monthly- by 30th day of following month	n.applic.	Cumulative	Annually- by end of April after income year	n.applic.
India	n.avail.	n.avail.	Cumulative	n.avail.	n.avail.
Indonesia	n.avail.	n.avail.	Cumulative	n.avail.	n.avail.
Latvia/1	Day when employment income is paid	Quarterly—by 15th day following end of quarter /1	Cumulative	Monthly—by the date set by the Revenue Body	Quarterly—by 15th day following end of the quarter/1
Lithuania	By 15th day of month for wages paid in prior 15 days, and by end of month for wages paid from 16th to end of month.	n.applic.	n.avail.	Monthly returns by 15th day of following month and quarterly by 15th day of the second month of the following tax period.	n.applic.
Malaysia	Monthly – by 10th day of following month	n.applic.	Non-cumulative	Annually – by 31st March after end of income year	n.applic.
Malta	Monthly – by end of following month	n.applic.	Non-cumulative	Annually – by 15 February after end of income year	n.applic.
Romania	Monthly- by 25th day of following month	Small: quarterly and half-yearly—by 25th day after end of liability period	Cumulative	Monthly—by 25th day of following month; Annually—28th day after end of income year	Quarterly & half-yearly—by 25th day after end of reporting period
Russia	n.avail.	n.avail.	n.avail.	n.avail.	n.avail.
S.Arabia	n.applic.				
Singapore/1	No withholding system on employee income except for temporary non-citizen employees /1			Annually – by 1st March/1	
S.Africa/1	Monthly- by 7th day of following month	n.applic.	Cumulative	Annual reconciliation return is due at the end of May./1	

Sources: IBFD, survey responses, and country revenue officials. (*Table notes are located at the end of report*.)

Collection of income taxes by advance/instalment payments of tax

39. In the absence of withholding, there is a need for an alternate approach to ensure a timely and appropriate flow of revenue into Government accounts. For this purpose, Governments have implemented systems of advance payments of tax for both PIT and CIT.

40. The design on advance payment regimes for both the PIT and CIT is not a straightforward issue given a number of competing considerations, for example:

- *Compliance burden:* Taxpayers should be able to readily compute their instalment obligations and have a reasonable period of time to make payment;
- *Revenue body workload and efficiency*: The volume of payments and information to be processed by the revenue body should be minimised to avoid excessive costs;
- *Effectiveness:* The objective of achieving good levels of payment compliance— the excessive lagging of tax payments may well jeopardize their ultimate collectability.
- *Budget revenue management*: Governments generally require a regular flow of tax revenue to meet their expenditure commitments;
- *Equity:* Taxpayers in similar circumstances should be treated equally.

41. Taking these sorts of factors into account, all surveyed countries have evolved systems for the advanced collection of personal income and corporate profits taxes, the basic features of which are set out in Tables 50 and 51. The key observations are set out hereunder:

— *Personal income tax*

- All countries provide for the gradual collection of PIT on income not subject to withholding of tax at source (e.g. income of self-employed persons) with a regime of advance/instalment payments, although the requirements of these arrangements vary substantially in terms of the number of payments to be made, the basis of their computation, and their precise timing.
- Most countries aim to maximise the amount of tax collected by advance payment regimes <u>within the year the relevant income is derived</u>; typically, this is achieved with a regime of monthly and/or quarterly instalments to be made largely within the year of income; a number of revenue bodies apply thresholds in respect of relatively small liabilities to minimise the numbers of low value payment transactions.
- There are a variety of bases used for the calculation of advance payments (e.g. proportion of prior year tax, proportion of estimated current year liability) reflecting, on the one hand, the objective of facilitating administration and, on the other, aligning the amount of tax paid to the income actually derived.
- Compared to the arrangements prevailing in the vast majority of countries, a few countries (e.g. France, Singapore and United Kingdom) offer unusually generous periods within their legislative frameworks for making tax payments, resulting in considerable "deferral" of tax collection.
- Many countries have aligned the requirements (e.g. timing and bases of computation) of their PIT (largely self-employed taxpayers) and CIT advance payment regimes.

— *Corporate income tax*

- With one exception (i.e. Singapore), all countries provide for the gradual collection of CIT with a regime of advance payments, although the requirements of these systems vary substantially in terms of the number of payments to be made, the basis of their computation, and the precise timing of individual payments (refer later comments).

- Most countries aim to maximise the amount of tax collected by advance payment regimes within the year the relevant income is derived; typically, this is achieved with a regime of monthly (for large taxpayers) and quarterly (for small/medium sized taxpayers) advance payments to be made largely within the year of income.
- Compared to the arrangements prevailing in the vast majority of surveyed countries, a very small number of countries (e.g. Norway, Singapore, and United Kingdom) offer "unusually generous" periods within their legislative frameworks for making of tax payments, resulting in considerable "deferral" of tax collection.

Administrative assessment and self-assessment regimes

42. Many OECD countries have evolved their systems for the administration of income taxes to one based on self-assessment principles, as opposed to administrative assessment, which typically requires some level of examination of all/most returns by technical officials prior to issuing assessments to taxpayers. From the information in Tables 50 and 51, it can be seen that for the PIT, around half of OECD revenue bodies (18) apply self-assessment principles while for the CIT, the proportion is around two thirds (22). The corresponding figures for the non-OECD surveyed are slightly higher—for the PIT, 9 of 15 revenue bodies and for the CIT, 13 of 15 revenue bodies. The slightly higher proportions evident in non-OECD countries may be due to a number of factors (e.g. the more recent introduction of new tax regimes, and related efforts to enhance revenue mobilization.

43. Generally speaking, the adoption of self assessment principles in the countries concerned reflects a desire to move away from in-house administrative assessment procedures in favor of more comprehensive and targeted approaches to providing help and assistance to taxpayers, and to the systemic verification of reported tax liabilities through risk-based desk and field audits and computerized matching of income reports. In countries where self-assessment has been adopted, it has generally been initiated with the objective of improving overall compliance with the laws and increasing operational efficiency by (1) the earlier collection of tax revenue; (2) streamlining the system of returns processing; and (3) reducing the incidence of disputed assessments. The data in Tables 50 and 51, along with data on dispute volumes in Table 33, partially bear out these observations:

- Revenue bodies operating systems of assessment (as opposed to self-assessment) tend to report substantially and proportionally larger volumes of dispute cases.

Country	Administrative assessment applies		Dispute volumes (finalised cases)	
	PIT	CIT	2008	2009
Austria	✓	✓	133,924	136,361
France	✓	✓	3,770,523	3,822,912
Germany	✓	✓	5,536,353	6,105,841
Netherlands	✓	✓	352,000	342,000
Norway	✓	✓	64,527	64,902
Portugal	✓	✓	61,541	66,522
Australia	x	x	16,788	18,638
Japan	x	x	7,360	8,127
Korea	x	x	9,872	9,667

- In those countries applying self assessment principles, the practice is generally to require the annual tax return earlier in the year after the year of income, and to seek payment of any residual tax due with the return when it is filed; by way of contrast, countries applying administrative assessment approaches tend to allow longer periods for return filing and any residual tax is due after assessment.

44. On the other hand, it should also be recognized that some revenue bodies using systems of administrative assessment have largely automated their return processing operations and risk assessment procedures so that only a small proportion of tax returns are identified for technical scrutiny before a formal notice of assessment is sent to the taxpayer.

Table 50. Personal income tax: payment and return filing obligations

Country	Advance payments of personal income tax (other than taxes withheld at source)			Requirements for annual tax return			
	Who is liable/1	Frequency of payments & time when normally payable/2	Basis of payment computation	Time when return due after end of fiscal year/3	Time when is final tax is due/3	Returns are self-assessed /4	Returns are required from employees /5
1) OECD countries							
Australia	All with income not taxed at source (small threshold applies)	Quarterly (only in 3rd and 4th quarters for certain payers)—28 days after the end of each quarter of income year	Gross quarterly income x prior year average tax rate or 25% of prior year tax (+ GDP adjustment)	4 months (tax agents can file progressively up to 9 months)	n.avail.	✓	✓
Austria	Self-employed	Quarterly —by 15 February, May, August, and November of income year	25% of the prior year's tax plus adjustment factor	3 months (longer period may be given if registered tax agent used)	One month after assessment issued	×	×
Belgium/6	Self-employed and other specified individuals	Four (optional)—by 10 April, July, & October, & 22 December of income year /5	Determined by taxpayer.	6 months	2 months after assessment notice issued	×	✓
Canada/6	All with income not taxed or not sufficiently taxed at source (small threshold applies)	Quarterly — by15th of March, June, September, December of income year; annually for farmers & fishermen—by 31 December	25% of prior year's tax, or current year estimate, or amount shown on reminder. Farmers & fishermen- 2/3 of prior year tax.	4 months/5	By April 30th (with return)	✓	✓
Chile/6	Self-employed	Monthly—by 12h day of the following month. /5	10% of monthly receipts	4th month	4th month (with return)	✓	×
Czech Rep./6	All with income other than employment income	Small: 4 quarterly—by 15th day of 3rd, 6th, 9th, & 12th months of income year /5	1/12 (large) or ¼ (small) of prior year's tax	3 months (can be extended by 3 months if tax advisor used)	Due with filing of return)	×	×
Denmark	All with income not taxed at source	Monthly (for 10 months) —by 20th of each month: January-May, July-November of income year	10% of estimated tax ability	4 months (for pre-filled returns); 6 months for others	3 instalments — in Sept, Oct & Nov. After assessment	×	✓ (extensive use of pre-filled tax returns)
Estonia/6	Self-employed	Three instalments—by 15th day of June, September , & December of income year	25% of prior year's tax	3 months	Varies /5	✓	✓ (extensive use of pre-filled tax returns)
Finland	All with income not taxed at source	Monthly—by the 23rd day of each month in income year	1/12 of the prior year's tax	Varies for different types of taxpayer—up to 4 months /1	2 instalments, in December & February after assessment)	×	✓ (extensive use of pre-filled tax returns)

Country	Advance payments of personal income tax (other than taxes withheld at source)			Requirements for annual tax return			
	Who is liable/1	Frequency of payments & time when normally payable/2	Basis of payment computation	Time when return due after end of fiscal year/3	Time when is final tax is due/3	Returns are self-assessed /4	Returns are required from employees /5
France	All personal taxpayers (no withholding system, except employees' social contributions)	Three payments—by 15th day of February, May & September of assessment year Monthly over 10 months (optional)—from January To October of assessment year	33.3% of prior year tax 10% of prior year tax	2 months/ 3 months (business income earners)	1 month after assessment notice issued By November & December of assessment year)	×	✓
Germany	Taxpayers with income not taxed at source	Quarterly— By 10 March, 10 June, 10 September, 10 December	The income tax assessment for the previous year /1	5 months	1 month after assessment notice issued	×	×
Greece	Taxpayers other than employees &pensioners	n.avail.	55% of estimated tax on current year income	4/5 months for employees etc; 2/2.5 months for others	Three equal bi-monthly instalments after notification	×	✓
Hungary	All with income not taxed at source	Monthly—by12th day following end of each month	Pro-rated share of estimated current tax	4 months & 20 days	Until 20. May (with return)	✓	✓
Iceland	All with income not taxed at source	Monthly 1 February To June	Monthly—10.5% of previous year's tax	3 months	Over 5 months (August to December)	×	✓ (extensive use of pre-filled tax returns)
Ireland	Taxpayers with income not taxed at source	Annually—by 31 October of income year	90% of final tax due for accounting period or 100% of final tax due for preceding fiscal period	10 months	Due with filing of return	✓	×
Israel	Self-employed	Monthly	n.avail.	4 months	30 April (with return)	✓	×
Italy	All taxpayers, not subject to withholding (small threshold)	Bi-Annually—By 16 June And 30 November of income year	39.6% and 59.4% of prior year's tax (small threshold applies	7 months (9 months for electronic filers)	5 months and 16 days	✓	×
Japan	All (threshold applies)	Bi-annually—by 31 July and 30 November of income year	1/3 of prior year tax payable (with some adjustments)	2 months and 15 days	2 months and 15 days (with return)	✓	×
Korea	All with business and rental income	One advance payment—by 30 November of income year	½ of tax paid or payable for the previous year plus any penalty tax	5 months	5 months (due with return)	✓	×
Luxembourg	All with income not taxed at source	Quarterly—by 10 March, June, September, December of income year	¼ of prior year tax year	3 months (in practice it may be extended)	1 month after tax assessment	×	×
Mexico/6	All individuals not subject to withholding	Monthly—by 17th day after end of relevant month	Generally net income of the period times tax rate	4 months	30 April (with return)	✓	X /5

Country	Advance payments of personal income tax (other than taxes withheld at source)			Requirements for annual tax return			
	Who is liable/1	Frequency of payments & time when normally payable/2	Basis of payment computation	Time when return due after end of fiscal year/3	Time when is final tax is due/3	Returns are self-assessed /4	Returns are required from employees /5
Netherlands	All with income not taxed at source	Monthly—progressively each month following receipt of assessment notice for prior year's income	Based on prior year's tax (plus inflation factor) / number of months remaining in income year	3 months (may be extended)	2 months after assessment notice issued	×	✓
N.Zealand	All with income not taxed at source (threshold applies)	Trimester (3)—by 7 April, August, and December of income year	1/3 of 105 of prior year tax payable	158 or 188 days depending on income source	37 days after month of balance day	✓	×
Norway	All with income not taxed at source	Quarterly —by 15 March, May, September, and November of income year	Prior year assessment and the tax rates for the coming year	1 month	Two payments — 3 & 8 weeks after assessment notice issued	×	✓
Poland	All taxpayers in business	Monthly, or quarterly (for small and new start businesses)—by 20th day of the month following the liability period	19% or based on progressive rates of income tax (i.e. 18% or 30%)	4 months	30th April	✓	✓
Portugal/6	Self-employed, professionals businessmen and farmers	Trimester (3)—by 20th of July, September, & December of income year	75% of the tax payable for the year two years prior to the income year	Varies by type of taxpayer, & longer for e-filers /5	Varies by type of taxpayer— August to September	×	✓
Slovak Rep.	All individuals with income not subject to withholding (threshold applies)	Monthly for large taxpayers & quarterly for small —by the end of each month or quarter	1/12 of prior year tax, or 25% of prior year tax for small taxpayers	3 months / can be extended by tree or six months in certain cases	3 calendar months after end of fiscal year	✓	×
Slovenia	Sole entrepreneurs	Monthly and quarterly (for small taxpayers)—by 10 days after end of liability period	1/12 (1/4) of prior year tax assessed	5 months	Within 1 month of the notice advising liability	×	✓ (extensive use of pre-filled income tax returns)
Spain/6	Self-employed professionals and businessmen	Quarterly, by 20th April, July, October of the income year and by 31st January of the following year.	Varies for different classes of taxpayers (professionals, businessmen under a flat rate scheme)	May and June of the following year. /5	May & June of the following year (due with filing of the return) /5.	✓	✓ (extensive use of pre-filled income tax returns)
Sweden	Income from business	Monthly—from February of income year, generally between 12th and 17th of month.	Between 105%-110% of prior year final tax	4 months	90 days after assessment notice issued.	×	✓ (extensive use of pre-filled income tax returns)

Country	Advance payments of personal income tax (other than taxes withheld at source)			Requirements for annual tax return			
	Who is liable/1	Frequency of payments & time when normally payable/2	Basis of payment computation	Time when return due after end of fiscal year/3	Time when is final tax is due/3	Returns are self-assessed /4	Returns are required from employees /5
Switzerland	Tax payment arrangements vary across individual cantons. Generally speaking, all taxpayers make advance payments and there is no system of tax withholding at source on employee income (other than for guest workers).			Tax return requirements (& associated tax payment requirements) vary across individual cantons. Generally speaking, all returns are subject to administrative assessment. There is provision for electronic filing in some cantons.			
Turkey	Persons with business and professional income	Quarterly—by 17th day of the second month following the quarter	15% of actual income during income period	Simple regime—1 month & 25 days; others—2 months and 25 days	With return (& with provision for instalments)	✓	×
UK	Taxpayers with income not taxed at source	Bi-annual— by 31 January of income year, and 31 July of following year (tax year runs 6 April to 5 April)	50% of prior year's tax	6 months where liability not self-calculated: 10 months where taxpayer self-calculates	10 months approx. (by 31 January after the tax year)	✓	×
USA/6	All with income not taxed at source	Quarterly—by 15 days of month following end of the quarter	25% of the lesser of (i) 90% of estimated current year tax; or (ii) 100% of prior year tax	3 months and 15 days	Final payment due with return	✓	✓
2) Selected non-OECD countries							
Argentina/6	All with income not taxed source (who reported tax assessed over minimum amount	5 instalments- by June, August, October & December of income year, and following february	20% of prior year tax	In April and May (depending on tax id)	As from the day following the deadline for the filing of the tax return.	✓	× /5.
Bulgaria	All taxpayers with income not subject to withholding tax /1	Three quarterly payments—by the 15th day of the month following the quarter income was received (but not for final quarter)	The taxable quarterly income – the mandatory social security contributions for the period x 10%	4 months	4 months	✓	×
China	All with income not taxed at source	Monthly—by 7th day of following month	Varies according to the nature of income	3 months (business income and income earned abroad);)	3 months (business income and income earned abroad)	✓	×
Cyprus/6	All with income other than emoluments	Three instalments—by 1 august, 30 September, &31 December of income year.	Equal instalments of estimated tax on taxable income.	4 months. /5	End of month following the month of issue of assessment	✓ (except for employee)	✓
India	All with income not taxed at source	Three—by 15th day of September, December & March	30% of advance due x 2, remainder in final payment	5 months, 6 months if accounts audited		×	×

Country	Advance payments of personal income tax (other than taxes withheld at source)			Requirements for annual tax return			
	Who is liable/1	Frequency of payments & time when normally payable/2	Basis of payment computation	Time when return due after end of fiscal year/3	Time when is final tax is due/3	Returns are self-assessed /4	Returns are required from employees /5
Indonesia	Entrepreneurs	Monthly—by 15 th day of following month	75% of gross monthly turnover	3 months	Before return is filed	✓	×
Latvia/6	Self-employed	Quarterly—by 15 March, 15th May, 15th August &15th November of income year	¼ of either prior year's tax or estimated current year tax	3 months	15 days after filing return /5	✓	×
Lithuania	System of advance payments is not applied.			4 months	With return	✓	✓
Malaysia	All with business and non-business income	Bi-monthly—by 10th day after end of liability period	Based on prior year tax assessed	4 months (business taxpayers) & 6 months (others)	With filing of return	✓	✓
Malta	Self-employed taxpayers	Three advance payments—by end-April, August, & December of income year	20%, 30%, and 50% of prior year tax assessed	6 months	6 months (with return)	✓	×
Romania	Taxpayers with income from independent activities or rents	Quarterly—by the 15th day of the month after each quarter	25% of tax payable on estimated current year income or prior year income	4 months & 25 days	With return	×	×
Russia	Individual entre-preneurs & professionals	Three—by 15th day of July, October & January	50% and 25% of tax payable on estimated liability	4 months	15 July	×	×
S.Arabia	Individual entre-preneurs & professionals	Three—by end of June, September and December of income year	25% of prior year tax	4 months	With return	×	×
Singapore	No general system of advance payments applies			15th April (paper); 18th April (e-file).	Within 1 month of date of assessment notice.	×	✓
S.Africa/6	All with income other than salaries and wages	Two payments—by end-August & February of income year (tax year is 1 March to end February)	1st- ½ of prior year assessed tax or estimated current year liability; 2nd- Large taxpayers: Balance to reach at least 80% of estimated CY liability. SMEs: Balance to reach at least 100% of prior assessed tax or 90% of CY liability.	Returns for 2009 were due on 18.09.2009 (6.5 months after income year for paper files) and 20.11.2009 (8.5 months after income year for e-files)./3	7 months after end of income year	×	×/5

Sources: IBFD, survey responses, and country revenue officials. *(Table notes are located at the end of report.)*
PY = previous year, CY = current year, FY=following year, SME=small and medium enterprises.

Table 51. Corporate income tax: payment and return filing obligations

Country	Advance payments of corporate income tax			Annual corporate income tax return		
	Who is liable/1	Frequency of payments & when payable/2	Basis of payment computation	Time return due after end of year	When final tax is normally due/3	Returns are self-assessed
1) OECD countries						
Australia	All taxpayers (small threshold)	Quarterly—by 28 days after end of each quarter of income year	Quarterly income x PY average tax rate	6 months & 15 days	With return	✓
Austria	All	Quarterly—by 15th day of February, May, August, & November of income year	25% of prior assessment plus adjustment factor	3 months (extension if tax professional used)	One month after assessment	×
Belgium/4	All	Quarterly—by the 10th of the fourth, seventh and tenth month and the 20th of the last month of the accounting period.	25% of estimated liability	Date indicated on tax return	Two months after assessment	×
Canada	All	Monthly—by end of each month in income year	1/12 of PY tax, or estimated current year's liability	6 months	2/3 months after year end	✓
Chile/4	All enterprises	Monthly—by the 12th day of the following month (by 20th day of the following month if using electronic invoices and internet to declare & pay the tax)	Fixed of monthly receipts, recalculated yearly on the basis of the prior year /4	4 months	With filing of return	✓
Czech Rep.	All (small threshold)	Bi-annually : 30,000 CZK<tax liability< 150,000 CZK); quarterly (tax liability >150,000czk)—by 15th of last month of the period	Proportion of PY tax of the period	3 months (6 if chartered accountant used)	With return	✓
Denmark	All	Two payments—by 20 March and November of income year	50% of average tax paid in three prior years	6 months	10 months after income year end	X/4
Estonia/4	/4			n.avail.	n.avail.	✓
Finland	All	Monthly—in each month of income year Two for very small liabilities—in March &September of income year	1/12% of estimated liability Pro-rated share of estimated liability	4 months	11 months after end of tax year	×
France	All (very low threshold applies)	Quarterly—by 15 March, June, September, And December of year of income	8.3% of PY ordinary income (plus other for other income)	3 months and 15 days	With return	✓
Germany/4	All with taxable income	Quarterly—by 10 March, June, September, And December of income year	25% of PY tax; /4	5 months	1 month after assessment	×
Greece	All	8 equal monthly instalments commencing with the filing of the PY return	10% of PY tax	4 months and 10 days	With return	×
Hungary	All	Monthly for large taxpayers; quarterly for others—by the 20th day of following month after liability period	Prorated proportion of PY tax	5 months	With return	✓
Iceland	All	Ten monthly payments—from 1st day of each month commencing in June of income year	Monthly—10.5% of PY tax	5 months	2 instalments (last 2 months of assessment year	×
Ireland/4	All companies except those in first	Differing treatments depending on the size of the company/4	1st—50% of PY tax or 45% of CY estimate; 2nd—to reach	9 months	9 months	✓

Country	Advance payments of corporate income tax			Annual corporate income tax return		
	Who is liable/1	Frequency of payments & when payable/2	Basis of payment computation	Time return due after end of year	When final tax is normally due/3	Returns are self-assessed
	year of trading		90% of CY estimated tax			
Israel	All	Monthly	Monthly	5 months	5 months (with return)	✓
Italy	All	Two payments—by the 6th & 11th month of income year	First—39.1% of PY liability; second—59.1 of PY liability;	10 months	By 6th month of following year	✓
Japan	All taxpayers (small threshold applies)	One payment—by the end of the 8th month in the income year	50% of PY liability (or cy liability if interim return filed	2 months (extension can be requested)	2 months (with return)	✓
Korea	All	One payment—8 months into the income year (for annual filers)	50% of PY liability or cy estimate	3 months	3 months (with return	✓
Luxembourg	All	Quarterly—by 10 March, June, September, And December of income year	25% of PY liability	5 months (extension possible)	One month after assessment	×
Mexico	All	Monthly—by 17th day after end of relevant month	Estimated CY liability	3 months	3 months (with return	✓
Netherlands	All	Up to twelve monthly payments —progressively each month following receipt of assessment notice for prior year's income.	Average of two prior year's tax (plus inflation factor) / no. of months left in income year	5 months (extension can be requested)	Two months after receipt of official assessment.	×
N.Zealand	All taxpayers (small threshold applies)	Three payments—by 7 July, November, and March of income year (1 April to 31 March).	1/3 of PY tax plus 5% or 1/3 of estimated tax.	3 months and 7 days	14 months where extension of time is given; interest applies to residual tax.	✓
Norway	Petroleum producers & transporters Others	Two payments—by 1 October of income year, 1 April of following year. Two payments—by 15th day of February and April in assessment year	100% of estimated liability	5 months (e-filers & 3 months (others) (extra 1 month on application)	3 weeks after assessment notice issued	×
Poland	All	Monthly (large) & quarterly (small & start up businesses)—by the 20th day of the month following end of liability period	1/12 or ¼ of tax on CY income or 1/12 or ¼ of PY tax	3 months after end of income year	3 months (with return)	✓
Portugal	All	Three payments—by July, September and December of income year	Large- 85% of PY liability; others- 75% of PY liability	5 months	30 days after notice.	✓
Slovak Rep.	All legal entities (over prescribed threshold)	12 monthly (large); 4 quarterly (others)—at the end of each liability period	Large: 1/12 of PY liability; small: ¼ of PY liability	3 months (period can be extended in certain cases)	3 months	✓
Slovenia	All	12 monthly (large) and 4 quarterly (others)—within 10 days of end of liability period	1/12 (monthly payers) & ¼ (others) of PY tax	3 months	4 months	✓
Spain	All legal entities	Three payments—by 20th April, October and December of the income year	Large—progressive of CY estimated liability; others— of the PY liability	6 months and 25 days after end of fiscal period.	6 months & 25 days (with return)	✓
Sweden	All	12 monthly—within each month of income year	Based on preliminary return filed in December before income year	4 months	Within 90 days of notice	×

Country	Advance payments of corporate income tax			Annual corporate income tax return		
	Who is liable/1	Frequency of payments & when payable/2	Basis of payment computation	Time return due after end of year	When final tax is normally due/3	Returns are self-assessed
Switzerland	Tax collection arrangements vary across individual cantons.					
Turkey	All	Four quarterly—by 17th day of second month after end of quarter	¼ of current year estimated liability	3 months and 25 days	3 months and 30 days	✓
Uk	Large (with profit > £1.5m)	Four payments—due in the 7th, 10th,13th, and 16th months after the income year	¼ of estimated tax liability	12 months	Nine months after end of income year.	✓
Usa/4	All	Four quarterly payments—by the15th day of 4th, 6th, 9th, and 12th months of the corporation's tax year	Generally, ¼ of either estimated CY tax or PY tax	2 months &15 days	2 months &15 days (with return)	✓
2) Selected non-OECD countries						
Argentina	All legal entities (threshold applies)	10 monthly payments—from 6th month after accounting year, and thereafter monthly.	1st payment—25% of PY liability; others—8.33% of PY tax	5 months	Within two days of return filing deadline	✓
Bulgaria	All taxpayers	12 monthly (large); or 3 quarterly payments, except 4th quarter (others) —by 15th day of month after end of liability period	1/12 of PY tax liability or based on CY income in period 2/	3 months	3 months (with return)	✓
China	All enterprises	4 quarterly payments—within 15 days of end of each quarter	¼ of prior year tax, or tax on actual quarterly profits	1 month and 15 days	4 months	✓
Cyprus/4	All companies /4	Three payments— by 1st August, 30th September, and 31st December of income year	Equal instalments of estimated tax on CY taxable income	31st December following year of assessment	1st August following year of assessment	✓
India	All (small threshold applies)	Four payments—by the 15th day of June, September, December & March of income year (i.e.1 april to 31 march)	Payments to reach 15%, 45%, 75% & 100% of estimated CY tax	6 months	n.avail.	✓
Indonesia	All	12 monthly payments—by the 15th of the day of each month in the income year	1/12 of PY tax	4 months (2 month extension on application)	4 months (with return)	✓
Latvia	All	12 monthly payments—by 15th day of each month	Based on PY tax; adjustment for CPI movements	Large: 7 months; others 4 months	15 days after receipt of notice	✓
Lithuania	All (with threshold) & special for new start-ups	Four quarterly payments—by last day of first three quarters and by 25th of fourth quarter	¼ of PY tax or estimated CY tax	9 months	9 months (with return)	✓
Malaysia	All	12 monthly payments—by 10th day of the following month	Estimated by taxpayer; should not be < 85% of PY tax	7 months	7 months (with return)	✓
Malta	All	Three payments—by end-April, August, & December of income year	20%, 30%, & 50% respectively of PY assessed tax	9 months	9 months (with return)	✓
Romania/4	All corporations & prescribed others /4	Four quarterly payments—by 25th day of month following liability period	¼ of PY tax (updated for inflation) or quarterly CY income x tax rate	3 months and 15 days	3 months and 15 days (with return	✓

Country	Advance payments of corporate income tax			Annual corporate income tax return		
	Who is liable/1	Frequency of payments & when payable/2	Basis of payment computation	Time return due after end of year	When final tax is normally due/3	Returns are self-assessed
Russia	All	12 monthly payments (large) and four quarterly payments (others)	Large—1/3 of estimated tax payable for prior quarter	3 months	N.avail.	✓
S.Arabia	Taxpayers with tax liability of 2 million and above for the year preceeding the taxable year.	Three advance payments of tax on or prior to the last day of the 6th, 9th, and 12th months of the taxable year.	25% x (taxpayer's tax for the preceeding year minus the amount of tax paid in the preceding year by withholding).	Within 120 days after the end of the taxable year.	With return, within 120 days after the end of the taxable year.	✓
Singapore/4	Companies are required to file returns of their estimated chargeable income within 3 months of the end of their accounting year. Payment commences with the filing of these estimated assessments.			30th November of the following year/4	Within 1 month from the date of assessment notice.	×
S.Africa	All	Two 6 monthly payments—by 6th and 12th months of income year	1st- ½ of prior year assessed tax or estimated current year liability; 2nd- Large taxpayers: Balance to reach at least 80% of estimated CY liability. SMEs: Balance to reach at least 100% of prior assessed tax or 90% of CY liability.	12 months after end of income year.	6 months after income year (7 months for February year ends).	×

Sources: IBFD, Survey responses, and Country revenue officials. (*Table notes are located at the end of report*.)
PY = previous year, CY = current year, FY=following year, SME=small and medium enterprises.

Collection of VAT

45. As evident from the data in Table 24 of Chapter 6, VAT constitutes a significant source of tax revenue in just about all surveyed countries. Of the countries surveyed, only India, Malaysia, Saudi Arabia and the United States do not have a VAT as part of their system of indirect taxation.

46. Given the significant and growing reliance being placed on VAT systems it is not surprising that the compliance burden resulting from their application has come under a fair deal of scrutiny, by Governments, revenue bodies and the business community at large. Over recent years, a number of studies have been conducted pointing to the nature and scale of the compliance burden that can result from the policy and administrative design features of a country's VAT system.

47. The FTA report '*Programmes to reduce the administrative burden of tax regulations in selected countries*' published in January 2008 observed that based on a number of country studies of the compliance burden resulting from their major taxes (e.g. Canada, Germany, Ireland, Sweden and UK) that the VAT was clearly the most burdensome on business of all taxes. Among other things, it pointed to data from the UK's study which found that invoice requirements and return filing obligations returns were clearly the most burdensome responsibilities and particularly impacted the population of smaller businesses (i.e. those with less than 50 employees). It noted that to address such concerns, a number of countries had taken steps to modify the design of their VAT (e.g. by raising the threshold applicable to businesses for registration and collection of VAT, by reducing return filing and payment frequency and by adopting simplified liability calculation rules). In addition, it pointed to increased use by some revenue bodies of modern technology to ease the burden, including electronic filing of returns and the payment of taxes. It also described a highly innovative initiative taken by the Chilean revenue body to provide a capability for SME taxpayers that, among other things, automated the production of VAT invoices.

48. A more recent study carried out by PriceWaterhouseCoopers (PWC) revelas similar findings—see Box 41. The introduction to the study notes that it was undertaken to look at the differences in the time required for VAT compliance in different countries, and to demonstrate how the way in which taxes are implemented using different administrative practices can have a significant impact on the compliance cost for business.

Box 41. The impact of VAT compliance on business—study conducted by PWC

The study used data collected by the World Bank Group from contributors around the world for the Paying Taxes 2010 project. The Paying Taxes project uses a case study company with a standard fact pattern (elaborated in the PWC report). The report acknowledges that while this methodology "brings limitations" it does enable the collection and comparison of data from a large number of countries on a like-for-like basis, and the potential identification of best practices. The study findings are based on data gathered from a representative sample group of 30 countries, 14 of which are included in this comparative series report.

The key findings from the PWC study are set out hereunder:

- On average it takes the case study company longer to comply with VAT around the world, than to comply with corporate income tax.
- The time needed to comply with VAT varies considerably around the world and even between neighbouring countries.
- It generally takes less time to comply with VAT in the developed world than in developing countries.
- VAT compliance tends to be more time-consuming in countries where indirect taxes are not administered by the same tax authority that deals with corporate income tax.
- Administrative procedures vary from country to country and these have a significant impact on how long it takes to comply with VAT.
- It takes less time to comply, on average, in countries where business uses online filing and payment for VAT.
- The frequency with which VAT returns are required (monthly/quarterly), and the amount of

information requested has a significant impact on the time it takes to comply.

- Compliance takes longer where extra documentation has to be submitted with the return.
- There is a correlation between the VAT compliance burden and the time delay in receiving a VAT refund. Typically, where it takes longer to receive a refund, it takes longer to comply.

Source: *The impact of VAT compliance on business* (PWC, November 2009), see http://www.pwc.com/gx/en/tax/publications/index.jhtml

49. For this series, data were captured on the key features of the registration, return filing and payment regimes of VAT systems in surveyed countries that are set out in Table 52. The key observations are as follows:

- Registration thresholds applied across surveyed countries vary substantially; however, the impact of these thresholds on administrative workloads and taxpayers' compliance burden is ameliorated in many countries with extended tax payment and return filing requirements (e.g. quarterly, six-monthly or annually) and/or with the use of 'flat rate' schemes for computing VAT liabilities.

- Most countries aim to align the collection of VAT with the underlying economic activity; typically, this is achieved with a regime of monthly (for large taxpayers) and quarterly (for small/medium sized taxpayers) returns and tax payments.

- A small number of countries (e.g. Denmark, Finland, Germany, and Luxembourg) permit very small remitters of VAT and/or those taxpayers with typically irregular transactions to file returns and make payments on a less frequent basis (e.g. annually).

- The periods of time given to large and medium traders for the payment of VAT liabilities vary substantially across surveyed countries, ranging from 10 to 60 days after the end of the relevant liability period.

- Generally speaking, countries' legislation requires VAT liabilities to be computed on an 'accruals' basis; however, legislation in quite a few countries (e.g. Ireland, New Zealand, South Africa, Switzerland, UK) countries permit use of a 'cash' basis or a flat rate scheme for liability determination for a prescribed class of smaller traders (using turnover and/or industry criteria) to simplify taxpayers' compliance burden.

Table 52. Value Added Tax (VAT): Registration, payment, and filing obligations

Country	Registration threshold /1	Liability basis (e.g, accruals, cash, or special)	Normal return filing & tax payment obligations (i.e. Frequency & days after end of liability period) /2	Special filing requirements/4
1) OECD countries				
Australia	$A75,000 ($A150,000 for non-profit entities)	Accruals (cash basis allowed for businesses with turnover < $A 2 million)	Large—monthly within 28 days; SMEs—quarterly within 28 days; very small—annually within 28 days	All business tax obligations are reported in a single business activity statement filed monthly, quarterly or annually.
Austria	€ 30,000	Accruals (cash basis allowed for certain types of small businesses)	Large—monthly within 45 days; SMEs—quarterly within 45 days	Annual return required by end-march
Belgium/5	€ 5,580	Accruals (with cash basis under specific conditions, flat rate scheme) /5	Large and certain prescribed businesses—monthly within 20 days; others—quarterly return (with monthly instalments) within 20 days.	Annual sales listing to all registered purchasers required
Canada	CDN $30,000	Accruals (with quick method scheme for prescribed traders with turnover < CDN $200,000)	Large businesses (annual taxable supplies >$ 6million): monthly within 30 days; Small Businesses (supplies over $ 1.5 million): quarterly within 30 days; very small businesses: annually within 3 or 4 months.	Some business sectors have specific reporting requirements. Mandatory e-filing for payers with sales > $1.5 m
Chile	Zero	Accrual basis	Monthly within 12 days of end of month, and within 20 days if using electronic invoices & internet.	Large registrants are required to file an annual return of purchases and sales
Czech Rep.	CZK 1 million (in last 12 months)	Accruals	Large (i.e. turnover in PY year > CZK 10 million—monthly within 25 days; small—quarterly within 25 days	n.avail.
Denmark	DKK 50,000	Accruals	Large—monthly within 25 days; SMEs—quarterly within 40 days; very small—half yearly within 2 months	All regular tax obligations reported in single statement
Estonia	EEK 250,000	Accruals (special schemes for travel agents, lumber sales, & 2nd hand goods	Monthly within 20 days	n.avail.
Finland	€ 8,500	Accruals	Large & SMEs—monthly within 45 days; primary producers and artists—annually	All regular tax obligations reported in a single monthly statement
France/5	€ 76,300 (€ 27,000 for suppliers of services)	Accruals (simplified scheme for prescribed businesses, turnover thresholds apply) /5	Large—monthly within 19/24 days; SMEs—quarterly within 19/24 days;	Under simplified scheme, 4 instalments (based on PY tax in fiscal year) & an annual tax return to be filed by end-April
Germany	€ 17,500 (PY turnover) & €50,000 expected CY turnover	Accruals (cash basis allowed in certain cases, e.g. PY turnover <€250,000 until 31t December 2011, then €500,000)	Large—monthly within 10 days; SMEs— quarterly within 10 days; very small—annually if previous year's tax does not exceed €1,000);	Annual return required from all payers by 31 may (monthly or quarterly filings are provisional advance returns)
Greece	n.avail.	n.avail.	Monthly (for taxpayers with double entry accounting records) within 20 days; quarterly for others within 20 days	Annual return required from all taxable persons
Hungary	Zero	Accruals	Large—monthly; SMEs—quarterly; very small—annually, all within 20 days following month	n.avail.
Iceland	ISK 500,000	Accruals	Generally—bi-monthly within 35 days; farmers—twice yearly; very small payers—annually	n.avail.
Ireland	€ 70,000 (suppliers of goods), €35,000 (suppliers of	Cash basis for retailers & traders with turnover <€1 million. Retailers can use apportionment scheme where sales are at	Bi-monthly within 19 days	Annual return of trading details required from all payers

Country	Registration threshold /1	Liability basis (e.g, accruals, cash, or special)	Normal return filing & tax payment obligations (i.e. Frequency & days after end of liability period) /2	Special filing requirements/4
	services)	multiple rates. Flat rate scheme for prescribed businesses (e.g. farming)		
Israel	Zero	Accruals	Large—monthly within 15 days; others—bi-monthly within 15 days	n.avail.
Italy	Zero	Various schemes for a range of prescribed business categories	Monthly—within 35 days	Annual consolidated return (multiple taxes) required from all payers
Japan/5	JPY 10 million	Accruals	Large—monthly; medium-sized—quarterly; Small—half-yearly; and Very Small—annually, all within 2 months from end of taxable period /1	When taxpayers file the notification for election of special exception for taxable period, they can file and pay more frequently than normal.
Korea	Zero	Accruals	In general- quarterly within 25 days; All Individuals- half-yearly within 25 days.	n.avail.
Luxembourg	€ 10,000	Accruals	Large—monthly within 15 days; SMEs—quarterly within 15 days; very small—annually	Annual return required from all taxpayers
Mexico	Zero	Cash flow basis	Monthly within 17 days; primary producers may opt for half-yearly frequency for withholding payment obligation	n.avail.
Netherlands	Zero	On application, traders including certain retailers may use simplified method.	Large—monthly within 30 days; SMEs—quarterly within 30 days; very small traders—annually	Quarterly payment and filing for all entrepreneurs (a measure to ease burden on business from the economic crisis.)
N. Zealand	$NZ 40,000	Use of cash or cash/ accruals by small businesses	Large—monthly-within 30 days; SMEs—bi-monthly within 30 days, and very small payers—6 monthly	n.avail.
Norway	NOK 50,000	Accruals	Bi-monthly—within 40 days (except 3rd term, within 51 days); yearly for traders with turnover < NOK 1 million within 70 days and farmers – within 100 days	Monthly for traders who normally file returns for refunding vat (exporters).
Poland	PLN 100,000 (150,000 from 2011)	Accruals (cash accounting scheme is possible for small taxable persons where annual turnover is <PLN 1.2 million	Large—monthly within 25 days; SMEs— quarterly returns within 25 days (with monthly advance payments)	n.avail.
Portugal	Zero	Accruals. Special flat rate scheme for small retailers	Large—monthly within 40 days; Others—quarterly- within 45 days	Annual consolidated return required from taxpayers obliged to keep accounting books
Slovak Rep.	SKK 1.5 million	Accruals	Large—monthly within 25 days; Others—quarterly within 25 days	n.avail.
Slovenia	€25,000	Accruals or cash	Large—monthly within 30 days; Others—quarterly within 30 days	New taxpayers have to fill the statements monthly (for the first year)
Spain	Zero	Accruals. (simple scheme for some professionals/ business-men with flat rates calculated using specific indices).	Large companies & taxpayers registered in the monthly refund register—monthly within 20 days; Others—quarterly within 20 days	Annual return required from all taxpayers by 31st January of the following year.
Sweden	Zero	Accruals	Large—monthly within 26 days; SMEs— quarterly within 42 days; Very Small—annually (but tax paid as preliminary tax during fiscal year)	Some very small traders can declare vat in annual income tax return
Switzerland	CHF 75,000	Accruals (cash basis where requested). Flat rate scheme for prescribed traders	Large—monthly; SMEs—quarterly; and Very Small—half-yearly; all within 60 days	n.avail.
Turkey	Zero	Accruals	Large—monthly within 26 days; Others— quarterly within	n.avail.

Country	Registration threshold /1	Liability basis (e.g, accruals, cash, or special)	Normal return filing & tax payment obligations (i.e. Frequency & days after end of liability period) /2	Special filing requirements/4
			26 days	
UK	£67,000	Accruals (traders with turnover to £660,000 can use cash basis; special flat rate schemes for retailers & farmers)	All—quarterly within 1 month; (NB: businesses with turnover < £660,000 can file a return annually)	n.avail.
USA	---No national VAT---			
2) Selected non-OECD countries				
Argentina	ARS 300,000 (supply of goods); ARS 200,000 (supply of services)	Accruals (special lump sum scheme (i. E. Monotributo*) exists for small businesses covering vat & income tax	Monthly returns/payments by 18th to 24th day of month after liability period, depending on check digit of taxpayer's TIN (CUIT); Monotributo taxpayers—monthly payment within 7 days	Monotributo taxpayers must file every four months
Bulgaria	Bgn 50,000 (€ 25,600).	Accumulations (monetary basis for calculation)	Monthly within 14 days.	n.avail.
China/5	Various /6	Accruals (small traders pay flat of turnover)	Within 1,3, 5,10, 15 days or monthly, depending on size of business	Various
Cyprus	€ 15,600	Accruals (with special scheme for farmers and retailers)	Quarterly- within 10 days of second month after liability month	Quarterly (annually permitted for farmers)
India	---No national VAT---			
Indonesia	IDR 600,000 (small entrepreneurs & professionals only)	n.avail.	n.avail.	n.avail.
Latvia	LVL 10,000	Accruals	Large—monthly within 15 days (or 20 days where e-filed; Others- quarterly within 20 days	VAT annual return required only if certain conditions are met
Lithuania	LTL 100,000	Accruals	Entities: Large—monthly returns & payments within 25 days; Others—half-yearly returns with monthly advance payments for larger payers	Natural persons file returns half yearly with monthly advance payments for larger payers
Malaysia	---no national VAT---			
Malta	Zero	Accruals and cash	Quarterly within 45 days	
Romania	€35,000	Accruals	Large: monthly within 25 days; SMEs—quarterly within 25 days; Others (as per law)—half-yearly or annually	n.avail.
Russia	RUR 2 million (in 3 preceding months)	Accruals	Quarterly within 20 days	n.avail.
S. Arabia	---No national VAT---			
Singapore	SGD 1 million	Accruals	Quarterly, with provision of 6 monthly payment and filing for smaller businesses within 1 month.	All GST-registered businesses are required to e-file their returns.
S. Africa/5	R1 million (from 1 March 2009)	Accruals (cash basis for individuals with turnover < R2.5 million)	Large—monthly within 25 days; SMEs—bi-monthly within 25 days; others—four-monthly /5	Electronic filing – due date for payment and filing last business day of month

Sources: IBFD, European Commission summaries of EU Member VAT Arrangements and country revenue officials. (*Table notes are located at the end of report.)*
SME=small and medium enterprises.

Regulation of tax agents/ tax professionals

50. Tax agents/ professionals play a significant role in the operation of the tax system of many countries, carrying out a range of task integral to the smooth functioning of the tax system (e.g. preparing tax returns, providing advice to taxpayers on the application of the tax laws, and representing them in dealings with the revenue body). In recognition of this, revenue bodies were asked to indicate whether there are any laws prescribing the registration and/or operation of external tax agents, professionals and consultants in relation to their dealings with revenue bodies and the proportion of personal tax returns that are prepared and filed by them. In addition, limited research was undertaken to identify any significant recent developments in this field.

51. A summary of the information provided by revenue bodies is set out in Tables 39 (Chapter 7) and 43. The key observations are as follows:

- Less than one third of revenue bodies reported the existence of specific laws/ regulations governing the tax-related operations of tax professionals; and
- Most revenue bodies could not report the proportion of tax returns prepared by tax professionals; where data were available (for 20 revenue bodies), 10 reported volumes in excess of 30% of all personal tax returns filed.

52. As indicated in Table 39, tax agents play a significant role on the operation of the personal tax systems in both Australia and the United States, in the former being responsible for over 9 million (72%) returns each year and in the latter over 66 million returns each year (45%). In both countries, authorities have recently taken steps to introduce new requirements for the registration and operation of tax agents.

53. In the case of Australia, modernised laws governing the registration and operation of tax agents came into effect in Australia in March 2009. These laws are known as the:

- Tax Agent Services Act 2009 (TASA 2009). The TASA 2009 is the main Act. It establishes the Tax Practitioners Board (TPB) and provides for the registration of tax agents and BAS agents.
- Tax Agent Services Regulations 2009 (TAS Regulations 2009). The Regulations contain, among other things, the qualifications and relevant experience requirements for registration.
- Tax Transitional Act). This Act deals with the consequential and transitional matters arising from the enactment of the TASA 2009.

54. The new laws were introduced in 2009, after extensive consultation with the tax and accounting profession to modernize an outdated legislative and administrative framework that had been in place for many decades—see Box 42.

Box 42. Australia: Tax Agent Services Legislation

The key elements of the new legislative regime are set out hereunder.

1. The establishment of a national Tax Practitioners Board: The Tax Practitioners Board (Board) has responsibility for registering tax agents and BAS agents (i.e. agents who prepare business activity statements (BAS), a return covering multiple taxes that is completed monthly or quarterly by businesses to report all periodic tax obligations), ensuring that agents maintain appropriate skills and knowledge, investigating complaints against agents and ensuring that unregistered entities do not hold themselves out to be agents.

2. A wider scope of application: Under the new arrangements, BAS agents will be governed in the same way as tax agents, but will only be able to provide a limited range of services relating to the taxation laws relevant to a BAS provision in the law.
3. Registration requirements: Meeting the fit and proper person test, as well as minimum

educational qualifications and relevant experience requirements, will be required in order to obtain registration to provide tax agent services for a fee or other reward. The minimum educational qualifications and relevant experience requirements are set at a less demanding level for registration as a BAS agent than for registration as a tax agent, in recognition of the narrower scope of services provided by BAS agents.

The Board may impose conditions on registration limiting the scope of the services that an agent may provide to one or more areas of the taxation laws or one or more type of tax agent service. These limitations correspond to the prescribed qualifications and relevant experience of an individual agent or, in the case of an agent that is a partnership or company, to correspond to the prescribed qualifications and relevant experience of the individuals who work for the agent.

While registration is restricted to individuals, partnerships and companies, there is flexibility for a registered entity to conduct its business through a trust structure. The registered entity needs to be a trustee of the trust. The TASA 2009 will apply to the registered entity in its role as trustee in the same way it would apply to that entity if it was not a trustee.

4. The introduction of a Code of Professional Conduct: A Code of Professional Conduct (Code) governs the ethical and professional standards of tax agents and BAS agents. The Code is set out as a statement of principles and the Board may issue binding written guidelines for the interpretation and application of the Code.

5. A range of sanctions for breaches of the Code of Professional Conduct: Under the new arrangements, if a tax agent or BAS agent has breached the Code, the Board has a range of options. The Board may caution the agent, require the agent to complete a course of training, subject the agent to practising restrictions, require the agent to practise under supervision, or suspend or terminate the agent's registration. The Board may also apply to the Federal Court of Australia (Federal Court) for an order to pay a pecuniary penalty for certain serious misconduct, or seek an injunction to prevent an entity from engaging in, or compel an entity to undertake, certain conduct. Such a wide range of sanctions allows the Board to tailor its response according to the severity of the misconduct.

6. Safe harbour from penalties: Taxpayers who use a tax agent/BAS agent will benefit from a safe harbour from certain administrative penalties in certain circumstances. Penalties will no longer apply:

- where a false or misleading statement is made carelessly, provided the taxpayer has taken reasonable care to comply with their tax obligations by giving their tax agent or BAS agent the information necessary to make the statement; and
- where a document (such as a return, notice or statement) is not lodged on time in the approved form due to the tax agent's or BAS agent's carelessness, provided the taxpayer gave the agent the necessary information, in sufficient time, to lodge the document on time and in the approved form.

Source: Tax Practitioners Board (September 2010)

55. In the case of the United States, the IRS launched a return preparer review in 2009 to strengthen partnerships with tax return preparers and tax practitioners and ensure that all preparers and practitioners adhere to professional standards. After an extensive review that included significant public input, the IRS announced in January 2010 a fundamental change in how the agency will regulate the tax return preparation industry. Under this change, the IRS will implement new regulations and procedures that will better serve taxpayers, tax administration and the tax professional industry—see summary in Box 43.

Box 43. United States: Tax Return Preparer Review

The new requirements take effect on January 1, 2011, and include: 1) mandatory preparer tax identification numbers (PTINs); 2) continuing education; 3) competency testing; 4) ethical standards; and 5) electronic filing.

Mandatory preparer tax identification numbers (PTIN): Beginning in September 2010, federal tax return preparers began signing up for a PTIN. All tax return preparers, including those tax return preparers who are attorneys, certified public accountants, and enrolled agents, must have PTINs if they prepare tax returns after December 2010. Access to an online sign-up system will be available through www.IRS.gov/taxpros. An annual fee of $64.25 will be required. Everyone must pay the fee and sign up for a PTIN using the new process, ***including those preparers who already have PTINs***. Return preparers who already have PTINs will be assigned the same PTIN under the new system.

Competency testing: Beginning in mid-2011, tax return preparers must pass a competency test to officially become a registered tax return preparer. Tax return preparers who have PTINs before testing becomes available will have until December 2013, to pass the competency test. After testing becomes available, new tax return preparers will be required to pass the competency test before they can obtain a PTIN. Attorney, certified public accountants, and enrolled agents will be exempt from the competency test requirement. Enrolled actuaries & enrolled retirement plan agents will be exempt from the competency test requirement if they only prepare returns within the limited practice areas of these groups.

Continuing education: New continuing education requirement of 15 hours per year will also be implemented in the future. The beginning date has not been determined. Courses will need to include 3 hours of federal tax law updates, 2 hours of ethics, and 10 hours of other federal tax law. This will not apply to attorneys, certified public accountants, enrolled agents, enrolled actuaries, or enrolled retirement plan agents due to their existing education requirements. Continuing education credit opportunities will be available from a variety of approved sources.

Electronic filing: Congress recently approved a federal e-file mandate for tax return preparers, based on recommendations from the IRS, the Treasury Inspector General for Tax Administration and the Electronic Tax Administration Advisory Council. The requirement will be phased in over two years. As a result of the new rules, preparers will be required to start using IRS e-file beginning:

- January 1, 2011— for those of you who anticipate preparing **100 or more** federal individual or trust tax returns during the year; or
- January 1, 2012— for those of you who anticipate preparing **11 or more** federal individual or trust tax returns during the year.

Source: IRS website (September 2010).

Administrative review

56. Administrative review is an integral part of tax administration in all but 2 of the revenue bodies surveyed. It is the process by which a taxpayer can challenge the revenue body's decision without or prior to entering the legal system. Administrative reviews are one mechanism for safeguarding taxpayers' rights and ensuring the integrity of the revenue body. Also relevant is the role of oversight bodies and Ombudsman in some countries, as described briefly in Chapter 1.

57. Based on survey responses, an administrative review is generally compulsory in over 75% of surveyed countries before a taxpayer can seek legal recourse. In 40 countries the process is undertaken by the revenue body itself, although in 3 countries they are assisted by another government body such as the MOF. The exception is Austria where the process is the responsibility of an independent tribunal. Despite being integral to a revenue body's mission the use of performance standards for reviews was only reported by around half of bodies.

58. Table 53 sets out selected features of the tax dispute systems in the surveyed countries. The following observations can be made:

- The time period in which taxpayers can appeal to administrative review varies considerably between countries. The minimum time reported was 8 days, the maximum 5 years.

- Where a case is under administrative review 31 revenue bodies reported (some with qualifications) that they can collect disputed tax. This compares with cases under court review where 36 bodies reported that disputed tax can be collected, albeit in some cases only in certain circumstances.

- Specialised tax courts exist in 23 countries.

59. Performance data on tax disputes in administrative review are set out in Table 33, with brief analysis in Chapter 6. As commented earlier, there were many gaps in survey responses limiting any comprehensive analysis and observations

Enforced collection of unpaid taxes

60. The efficiency and effectiveness of a revenue body's enforced debt collection activities relies to a large degree on the nature and scope of the remedies that can be applied under the laws to enforce the payment of tax debts, including the provision of an appropriate regime of sanctions (e.g., interest and/or penalties) to deter and penalize non-compliance. In practice, the legal framework for the enforced collection of taxes is set out separately in the laws governing each tax administered or, preferably for ease of legislative maintenance, in a single comprehensive law on tax administration that provides a common set of provisions, including for enforced debt collection, covering all taxes.

61. The survey undertaken sought an indication from revenue bodies on the nature of their enforced collection powers and an outline of the interest and penalty regimes in place for late payment. This latter aspect is dealt with later in this chapter in the section dealing with penalties and offences. This section provides an overview of the administrative powers and procedures within countries for managing the collection of tax debt. Performance data and selected ratios on tax debt are described in Chapter 6.

Powers to Enforce Tax Debt Collections

62. As set out in Table 54, most surveyed revenue bodies have traditional powers to enforce tax debt collection: 1) to grant taxpayer further times to pay (45 of 49 bodies; 2) to make payment arrangements (46 of 49 bodies); 3) to collect from third parties that have liabilities to taxpayer (46 bodies, some with qualifications); 4) to seize taxpayer's asset (45 bodies, although in a few a court order is required); 5) to offset taxpayer's liabilities to his/her tax credits (48 bodies); and 6) to initiate bankruptcy (44 bodies, although some of these require a court order). Other powers less widely available include: 1) obtaining a lien over taxpayers' assets (44 bodies, with a small number requiring a court order); 2) withholding government payment to debtor taxpayers (36 bodies); 3) requiring tax clearance for government contracts (38 bodies); and 4) imposing tax liabilities on company directors when certain conditions are satisfied (37 bodies, with a court order required by some).

63. Additional powers are given to some surveyed revenue bodies to facilitate tax collection that entail the imposition of restrictions on taxpayer's business or private activities, including: 1) limits on overseas travel (14 bodies, with a few requiring court orders); 2) closure of businesses or cancellation of business licenses (21 bodies; and 3) denial of access to government services (9 bodies) - of the OECD countries surveyed only Greece, Italy, Korea and Portugal have this ability; in the non-OECD group 5 of 15 revenue bodies reported being empowered to apply this sanction. Additionally, 19 of 49 revenue bodies are permitted to publically disclose details of individual taxpayer's tax debts.

Table 53. Selected features of tax disputes of assessment or rulings

Country	Administrative review						Revenue body can make a risk-based settlement	Have a court specialised in tax	Collection of the disputed tax	
	Availability	Compulsory before court review	Organisation(s) in charge	Initial appeal period	Legal decision period	Performance standard			Possible during administrative review	Possible during court review
1) OECD countries										
Australia/1	✓	×/1	Revenue	Various /1	Limited /1	✓/1	✓	× /1	✓	✓
Austria/1	✓	✓	Independent Tribunal	1 month	6 months	×	×	✓/1	✓/1	✓/1
Belgium/1	✓	✓	Revenue 1/	6 months	6 months	✓/1	✓	✓	×/1	×
Canada/1	✓	✓	Revenue 1/	90 days	90-180 days /1	✓/1	✓ /1	✓	In certain cases	In certain cases
Chile/1	✓	×	Revenue	×	50 days	✓/1*	×	✓/1**	×	✓
Czech Rep.	✓	✓	Revenue + MOF	Various	Various	×	×	×	✓	✓
Denmark/1	✓	✓	Revenue	3 months	1–11 months /1	✓	✓	×	✓	✓
Estonia	✓	×	Revenue	30 days	30 days	×	×	×	✓	✓
Finland /1	✓	✓	Revenue	5 years	5 years	✓/1	×	×	✓	✓
France/1	✓	✓	Revenue	/1	6 months		✓/1	×	/1	✓
Germany/1	✓	✓	Revenue	1 month	None	×	×	✓	✓/1	✓/1
Greece/1	✓	✓	Revenue /1	60 days	60 days	×	✓	✓/1	×	× /1
Hungary/1	✓	✓	Revenue+ MOF	15 or 30 days/1*	30+30 days/1*	×	×	×	×	✓/1**
Iceland/1	✓	✓/1*	Revenue board	3 months	×	✓/1**	×	×	✓	✓
Ireland/1	✓	×	Revenue+/1	None	None	✓/1	✓	×/1	×	✓
Israel	✓	✓	Revenue	15 days	3 years	×	✓	×	×	×
Italy	✓	×	Relevant tax body	×	×	×	✓	✓	✓	✓
Japan/1	✓	✓	Revenue	2 months/1	×	✓/1	×	×	✓	✓
Korea/1	✓	✓	Revenue+ /1	90 days	90 days	×	×	×	✓	✓
Luxembourg	✓	✓	Revenue	3 months	6 months	×	×	×	✓	✓
Mexico/1	✓	×	Revenue /1	45 days	3 months	✓	×	✓	×	✓/1
Netherlands/1	✓	✓	Revenue	6 weeks	6 weeks	✓	✓	✓	✓/1	✓/1
N.Zealand/1	✓	✓	Revenue	2 months	None	✓/1	✓ /1	✓/1	×	×/1
Norway	✓	×	Revenue	3 weeks	None	✓/1	×	×	✓	✓
Poland/1	✓	✓	Revenue +/1	14 days	2 months	✓	✓	✓ /1	×	×
Portugal	✓	×	Revenue	120 days	6 months	1.1 months	×	✓	✓	✓
Slovak Rep./1	✓	✓	Revenue+ MOF	Various /1	Various /1	×	×	×	×	×
Slovenia/1	✓	✓	Revenue+ /1	8, 15, 30 days /1	2 months	n.avail	×	✓/1	✓	✓

Country	Administrative review						Revenue body can make a risk-based settlement	Have a court specialised in tax	Collection of the disputed tax	
	Availability	Compulsory before court review	Organisation(s) in charge	Initial appeal period	Legal decision period	Performance standard			Possible during administrative review	Possible during court review
Spain/1	✓	✓	Revenue+ /1	n.avail.	n.avail.	n.avail.	×	✓	×	×
Sweden/1	✓	×	Revenue	2 months – 5 years	None	✓/1	×	×	✓	✓
Switzerland	✓	✓	Revenue	30 days	None	×	✓	✓	×	×
Turkey	✓	×	Revenue	30 days	30 days	×	×	✓	✓	✓
UK /1	✓	×	Revenue	30 days	None	×	✓	×	×	✓/1
USA/1	✓	✓	Revenue	30 days	/1	/1	✓	✓	✓/1	✓/1
2) Selected non-OECD countries										
Argentina	✓	×	Revenue	15 days	15 days	✓	×	✓	✓	✓
Bulgaria	✓	✓	Revenue	14 days	45 days	n.avail	×	×	✓	✓
China/1	✓	✓	Revenue+/1	60 days	60 days	✓	✓	×	✓/1	✓ /1
Cyprus/1	✓	✓/1	Revenue+/1	/1	3 years	×	✓	×	✓ (IR)/ × (VAT)	×
India	✓	×	Revenue	1 year	1 year	✓	×	✓	✓	✓
Indonesia/1	✓	×/1	Revenue	3 months*	12 months **	✓	×	✓	×	×
Latvia/1	✓	✓	Revenue+/1	20 days	30 /60 days	×	✓	✓	×	×
Lithuania/1	✓	✓	Revenue+	20 days	45 days	✓	×	×	×	×
Malaysia/1	✓	✓	Revenue	30 days	30 days+ 30 days/1	✓/1	✓	×	✓	✓
Malta/1	✓	✓	Revenue	30 days /1	30 days /1	n.avail	✓	×	×	×
Romania/1	✓	✓	Revenue	30 days	45 days	✓	×	×	✓ /1	✓ /1
Russia/1	✓	✓/*	Revenue	10 days**	1 month	✓***	×	×	✓****	✓*****
S.Arabia	✓	✓	Revenue+	×	60 days	×	✓	✓	✓	✓
Singapore/1	✓	✓	Revenue+/1	30 (21) days /1	None	2 years	✓	×	✓	✓
S.Africa/1	✓	✓	Revenue	30 days /1	60 days/1	×	✓	✓	✓	✓

Sources: Country survey responses. *(Table notes are located at the end of report.)*
Revenue: Revenue body, MOF: Ministry of Finance

Table 54. Enforced tax debt collection powers

Country	Powers provided for enforced payment of taxes and filing of tax returns (* denotes court order required)													
	Grant further time to pay	Make payment arrange-ments	Collect from third parties	Restrict overseas travel by debtor	Arrange seizure of debtors' assets	Close business/ cancel licence	Offset debits on tax credits	Obtain lien over assets	Withhold government payments to debtors	Require tax clearance for government contracts	Deny access to certain government services	Impose tax debts on company directors	Publish names of debtors	Initiate bank-ruptcy
1) OECD countries														
Australia/1	✓	✓	✓	✓	✓	×	✓	✓	✓	×	×	✓/1	×	✓*
Austria	✓	✓	✓	×	✓	×	✓	✓	✓	✓	×	✓	×	✓
Belgium/1	✓	✓	✓/1	×	✓	✓/1	✓	×	✓/1	✓	×	✓	×	✓*
Canada/1	✓	✓	✓	×	✓*	×	✓	✓*	✓	×/1	×	✓*	×	✓*
Chile/1	×/1	×/1	✓	×/1	×/1	✓	✓	✓	×	×/1	×	×	×	✓
Czech Rep.	✓	✓	✓	×	✓	✓	✓	✓	×	✓	×	×	×	✓
Denmark	✓	✓	✓	✓*	✓*	✓	✓	✓	✓	✓	×	✓	✓	✓*
Estonia	✓	✓	×	×	✓	×	✓	✓	×	✓	×	×	×	✓
Finland/1	✓	✓	✓	×	×	×/1	✓	✓	×	✓	×	✓*	✓	✓
France/1	✓	✓	✓	×	✓	×	✓	✓	✓	✓	×	✓	×	✓
Germany/1	✓	✓	✓	✓/1	✓	✓/1	✓	✓	✓	✓	×	✓	×	✓
Greece	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hungary/1	✓	✓	✓	×/1*	✓	✓	✓	✓	✓	✓	×	✓/1**	✓	✓*
Iceland /1	×	✓	✓	×	✓	✓	✓	✓	×	×	×	✓	×	✓
Ireland/1	✓	✓	✓/*	✓/**	✓	✓	✓	✓	✓/***	✓/****	×	✓/*****	✓/******	✓
Israel	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	×	✓	×	✓
Italy/1	✓	✓	✓	×	✓*	✓	✓/1	✓/1	✓	✓	✓/1	✓/1	✓/1	✓/1
Japan/1	✓	✓	✓	×	✓	×	✓	✓/1	×	✓	×	×	×	×
Korea	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×
Luxembourg	✓	✓	✓	×	✓	×	×	✓	✓	✓	×	✓	×	✓
Mexico	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	×	✓	×	✓
Netherlands	✓	✓	✓	✓	✓	×	✓	×	×	✓	×	✓	×	✓
N.Zealand	✓	✓	✓	×	✓	×	✓	✓	×	×	×	✓	×	✓
Norway/1	✓	✓	✓	×	✓	×	✓	✓	✓/1	✓	×	✓	×	✓
Poland	✓	✓	✓	×	✓	×	✓	✓	×	✓	×	✓	✓	✓
Portugal/1	✓/1	✓/1	✓/1	×	✓	✓	✓	✓	✓	✓	✓	✓	✓/1	×
Slovak Rep./1	✓	✓/1	✓	×	✓	×/1	✓	✓	×	✓	×	×	✓	×/1
Slovenia/1	✓	✓	✓	×	✓	×	✓	✓	✓	✓	×	×	×	✓

Country	Powers provided for enforced payment of taxes and filing of tax returns (* denotes court order required)													
	Grant further time to pay	Make payment arrange-ments	Collect from third parties	Restrict overseas travel by debtor	Arrange seizure of debtors' assets	Close business/ cancel licence	Offset debits on tax credits	Obtain lien over assets	Withhold government payments to debtors	Require tax clearance for government contracts	Deny access to certain government services	Impose tax debts on company directors	Publish names of debtors	Initiate bank-ruptcy
Spain	✓	✓	✓	×	✓	×	✓	✓	✓	✓	×	✓	×	✓*
Sweden /1	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	×	✓	×	✓
Switzerland	✓	✓	✓*	×	✓	×	✓	×	✓*	✓	×	✓	×	✓*
Turkey	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	×	✓	✓	✓
UK/1	✓	✓	✓/1	×	✓	×	✓	✓/1	×	×	×	✓	×	✓/1
USA /1	✓	✓	✓	×	✓*	×	✓	✓	✓	×	×	✓	×	✓*
2) selected non-OECD countries														
Argentina	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bulgaria/1	×	×	✓	✓	×	✓/1	✓	✓	✓	×	×	✓	✓	✓
China	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×	✓	✓
Cyprus/1*	✓	✓	✓/1**	×	✓	×	✓	✓	×	✓	✓	×/✓	×	✓
India	✓	✓	✓	×	✓	✓	✓	✓	✓	×	×	✓	✓	✓
Indonesia/1	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	×	✓	✓/1	×
Latvia	✓	✓	×	×	✓	✓	✓	✓	×	✓	✓	✓	✓	✓
Lithuania	✓	✓	×	×	✓	×	✓	✓	×	✓	×	×	✓	✓
Malaysia	✓	✓	✓	✓	✓	×	✓	×	×	×	×	✓	×	✓
Malta/1	✓	✓	✓/1	×	✓/1	×	✓	✓/1	✓/1	✓	×	✓	×	✓/1
Romania	×	✓	✓	×	✓	×	✓	✓	×	✓	×	✓	✓	✓
Russia/1	✓	×	✓	×	×	✓/1	✓	✓	×	✓	×	✓	×	✓
S.Arabia	✓	✓	✓	×	✓	×	✓	✓	✓	✓	✓	×	×	✓
Singapore	✓	✓	✓	✓	✓	×	✓	×	✓	×	×	×	×	✓
S.Africa/1	✓	✓	✓	×	✓/1	✓/1	✓	✓	×	✓	×	✓	×/1	✓

Sources: Country survey responses. *(Table notes are located at the end of report.)*

Information and access powers

64. Table 55 provides an overview of the information and access powers that are used by revenue bodies in OECD and selected non-OECD countries to administer the tax system. The information provided by revenue bodies countries shows that:

- Generally speaking, all surveyed revenue bodies have powers to obtain relevant information and in virtually all revenue bodies these powers can be extended to requests to third parties.

- Taxpayers in all countries are required to produce all records on request from the revenue bodies.

- Revenue bodies in most surveyed countries have broad powers of access to taxpayers' business premises and dwellings for the purpose of obtaining information required to verify or establish tax liabilities. However, in exercising this power, a search warrant is required to enter business premises in 12 countries for any purpose and in 2 countries only in criminal cases. In the UK a search warrant is currently required for income tax and corporation tax but not for the inspection of VAT and tax deducted from wages by employers (PAYE). From 1 April 2009 the ability to inspect without a warrant was extended to income tax and corporation tax. In Cyprus a search warrant is required for income tax but not for VAT issues. The searches without a warrant in Germany and the entry without a warrant in the Netherlands are only permitted during normal working hours. In France, a Judge's order is required for all cases of search and seizure.

- Revenue bodies' access power is narrowed with regard to dwellings in surveyed countries. A search warrant is required in over half of surveyed bodies to enter taxpayers' dwellings for any purposes and in 2 countries only for fraud or criminal cases. There are exceptions in a few countries (e.g. Ireland and Hungary) that apply where parts of the dwelling are used for business purposes.

- Just over half of surveyed revenue bodies require a warrant to seize taxpayers' documents.

- In most OECD countries tax officials can request a search warrant without the help of other government agencies. This is less prevalent in non-OECD countries surveyed (less than half reported having this power).

Table 55. Verification of taxpayers' liabilities: information access and search powers of tax officials

Country	Nature of powers available to authorized/ delegated tax officials								
	Obtain all relevant information	Powers extend to third parties	Taxpayers required to produce all records on request	Obtain information from other government departments	Enter business premises without taxpayer's consent & search warrant	Enter taxpayers' dwellings without consent & search warrant	Seize taxpayers' documents without consent & search warrant	Request a search warrant without help of other government agencies	Serve a search warrant without help of other government agencies
1) OECD countries									
Australia/1	✓	✓	✓	✓/*	✓	✓	×	✓/**	✓/**
Austria/1	✓	✓	✓	✓	✓/*	✓/*	✓/**	✓/***	×
Belgium/1	✓	✓	✓	✓	✓	×	✓/1	×	×
Canada/1	✓	✓	✓	limited	✓ (civil matters)/1	✓ (civil matters)/1	×	✓	✓
Chile/1	✓	✓/*	✓	✓	✓/**	✓/**	✓/**	✓	✓
Czech Rep./1	✓	✓	✓	✓	✓	✓/1	✓	✓	✓
Denmark	✓	✓	✓	✓	✓	×	✓	×	×
Estonia	✓	✓	✓	✓	×	×	×	✓	✓
Finland	✓	✓	✓	✓	✓	✓	×	×	×
France/1	✓	✓	✓	✓	×/1	×	×/1	×	×
Germany/1	✓	✓	✓	✓ (some limitations)	✓ (in normal work hours)	×	×/1	✓	✓
Greece/1	✓	×	✓	✓	×/1	×	×/1	×/1	×/1
Hungary	✓	✓	✓	✓	✓	×	✓	×	×
Iceland	✓	✓	✓	✓	✓	✓	✓	✓	×
Ireland/1	✓	✓/1	✓	✓	✓	×/1	✓	✓	✓
Israel	✓	✓	✓	✓	×	×	×	✓	✓
Italy/1	✓	✓	✓	✓	✓	×	×/1	✓	✓/1
Japan	✓	✓	✓	✓	×	×	×	✓	✓
Korea	✓	✓	✓	✓	×	×	×	×	✓
Luxembourg	✓	✓	✓	✓	×	×	×	×	×
Mexico/1	✓/1	✓	✓	✓	×	×	×	×	✓
Netherlands/1	✓	✓	✓	✓	✓ (in normal work hours)	×	×/1	✓	✓
N.Zealand/1	✓	✓	✓	✓/1	✓	×	✓	✓	✓
Norway/1	✓/1	✓	✓	✓/1	✓	×	✓	×	×
Poland	×	×	×	✓	×	×	×	×	×
Portugal/1	✓	✓	✓	✓	×/1	×	×/1	✓	×

Country	Nature of powers available to authorized/ delegated tax officials								
	Obtain all relevant information	Powers extend to third parties	Taxpayers required to produce all records on request	Obtain information from other government departments	Enter business premises without taxpayer's consent & search warrant	Enter taxpayers' dwellings without consent & search warrant	Seize taxpayers' documents without consent & search warrant	Request a search warrant without help of other government agencies	Serve a search warrant without help of other government agencies
Slovak Rep./1	✓	×	✓	✓	✓	×	✓	×	×
Slovenia	✓	✓	✓	✓	✓	×	✓	✓	×
Spain	✓	✓	✓	✓	×	×	×	✓	?
Sweden/1	✓	✓	✓	✓	×/1	×/1	×/1	×	×
Switzerland	✓	✓	✓	✓	×	×	×	✓	✓
Turkey	✓	✓	✓	✓	✓	✓	×	✓	×
UK	✓	✓	✓	✓	✓	×	×	✓	✓
USA/1	✓	✓	✓	✓	×	×	×	×	✓/1
2) Selected non-OECD countries									
Argentina	✓	✓	✓	✓	×	×	×	✓	✓
Bulgaria	✓	✓	✓	✓	×	×	×	×	×
China	✓	✓	✓	✓	✓	×	✓	×	×
Cyprus/1	✓	✓/1	✓	✓	×/(VAT, ✓)	×	×	✓	× (VAT, ✓)
India/1	✓	✓	✓	✓	×	×	×	×	✓/1
Indonesia/1	✓	✓/1	✓	✓	×	×	×	✓ /1	×
Latvia/1	✓	✓	✓	✓	✓/1	✓/1	×	×	×
Lithuania	✓	✓	✓	✓	✓	×	✓	×	×
Malaysia	✓	✓	✓	✓	✓	✓	✓	n.applic.	n.applic.
Malta/1	✓	✓/1	✓	✓/1	✓	×	× (VAT, ✓)	×	×
Romania	✓	✓	✓	✓	×	×	×	×	×
Russia/1	✓	✓	✓	✓	✓	×	✓ /1	×	×
S.Arabia	✓	✓	✓	✓	✓	×	✓	✓	✓
Singapore	✓	✓	✓	✓ (subject to legislation)	✓	✓	✓	×	×
S.Africa	✓	✓	✓	✓	✓	×	×	✓	✓

Sources: IBFD, Country survey responses, Description of Selected Country Audit Practices compiled by the Netherlands Tax and Customs Organisation. *(Table notes are located at the end of report.)*

Tax offences, interest, penalties and enforcement

65. Revenue bodies typically have resort to a range of sanctions under the laws they administer for various offences that arise in the day to day operation of the tax system. Such sanctions are intended to serve three fundamental purposes: 1) to act as a deterrent to non-compliant behaviour; 2) to punish those who offend; and 3) to enforce compliance with the specific provision of the law (e.g. the actual filing of a tax return or payment of taxes). The most commonly-observed acts of non-compliance in practice tend to be the failure to file tax returns on time, the failure to pay taxes on time, and the failure to correctly declare all tax liabilities.

66. For the purpose of this series, revenue bodies identified the sanctions that are typically applied for these three offences across the three major taxes administered. (As will be evident from the information provided some revenue bodies, but not all, have aligned their regimes across each of the major taxes to simplify their administration and their comprehension by taxpayers.) In addition, a number provided details of major reforms to their sanctions regime in relation to reporting non-compliance.

67. Tables 56-58 describe features of the penalty and interest requirements for certain non-compliance offences. It reflects the nature and quantum of penalties imposed for the most common tax offences (i.e. taxpayers' failure to file returns on time, to report their correct tax liabilities, a taxpayers' failure to pay tax on time) by surveyed revenue bodies. The following observations apply across the surveyed taxes (PIT, CIT and VAT):

Failure to file returns on time

- There are three main variations of failure-to-file penalties, in general there is a ceiling on the penalty charged:
  - Countries that charge a fixed percentage of income or additional tax liability, for example Norway;
  - Countries that charge a lump-sum amount (e.g. Argentina);
  - Countries that charge certain rates of tax liability according to the delayed period (e.g. Denmark and the United States).
- Just under half of revenue bodies have a consistent penalty regime for failure to file returns on time across all three taxes (PIT, CIT and VAT), while a small number have aligned the regime across PIT and CIT.

Failure to pay tax on time

- All countries impose a type of interest on taxes not paid by the prescribed date. The rate of interest applied varies greatly across countries, but is generally influenced by market/bank interest rates and inflation factors. A number of countries set the rate of interest according to an official bench rate plus a few percentage points (e.g. in Canada the interest is calculated at 4% above the average interest rate on 90-day Government of Canada Treasury Bills). Such rates are reviewed and adjusted periodically. The application of interest also varies between countries – ranging from daily (e.g. Ireland) to annually (e.g. Italy).
- Just over half of revenue bodies have a consistent penalty response for failure to pay tax on time across all three taxes (PIT, CIT and VAT).

Failure to correctly report tax liability

- The common feature in administrative penalties on underreporting tax liabilities is the penalty varies according to the seriousness of offense: failure to exercise reasonable care, deliberate underreporting, or fraud/criminal case. While practices vary, a common approach sees penalties for minor offences in the region of 10-30% of the tax evaded while more serious offences involving deliberate evasion are in the region of 40-100% of the tax evaded.

- Around half of revenue bodies a consistent penalty response for failure to correctly report tax liability across all three taxes (PIT, CIT, and VAT).

Recent legislative developments

68. Reforms and other recent developments concerning the sanctions regime were reported by a number of surveyed revenue bodies. These reforms reported are briefly described hereunder:

- ***Australia*** reported the passing of a law, which amongst other things, allows the revenue body to impose administrative penalties for false or misleading statements which do not result in a shortfall amount (i.e. understatement of tax liability). The impact of this law change is being considered. However, for example, where a taxpayer has under-reported income but was in a loss situation, it will now be able to impose penalties on the taxpayer.

- ***Austrian*** officials indicated that a fundamental reform of the Penal Tax Code was under discussion and is expected to lead to a dramatic change in the system of sanctions in place.

- ***Finland*** noted that a 'tax account system' (i.e. a single tax accounting record for each taxpayer covering all taxes) was introduced in Finland from January 2010. In the first phase, the tax account system comprises self-initiated taxes such as the VAT. Late reporting of tax is sanctioned with a penalty charge of 20 percent per annum of the tax due. The penalty charge is calculated from the due date for payment under the law to the date the tax is actually reported. Previously, a non-interest like percentage tax penalty was charged for late reporting, with the percentage set depending on a taxpayer's circumstances.

- The need to challenge aggressive tax avoidance reflects a growing concern in ***Ireland***, mirroring similar concerns internationally, about its scale and costs to the Exchequer. Aggressive tax planning and unintended use of legislation threatens tax yields and the perceived fairness of the tax system. If allowed to go unchecked, particularly in the current difficult economic climate, such perceptions of unfairness can damage compliance generally. Against this background, the Government has introduced the *'Mandatory Disclosure of Certain Transactions'* legislation in Section 149 of Finance Act 2010 which, in conjunction with supporting Regulations (which followed an extensive public consultation process) are aimed at providing early warning of aggressive avoidance schemes and at identifying the promoters and users of such schemes.

- ***Japan*** reported increases in a number of sanctions for tax non-compliance offences, effective June 2010. Tax evasion is now punishable by imprisonment with work for not more than 10 years (previously 5 years) or a fine of not more than 10 million yen (previously 5 million)- in light of circumstances, a fine may be not more than amount of tax evasion) or with both at the same time. Also, for offences of not filing a return or refusing an inspection, the criminal sanction is imprisonment with work for not more than 1 year or a fine of not more than 500,000 yen, previously 200,000 yen.

- In ***the Netherlands***, the maximum fine on undisclosed income arising from non-disclosed foreign assets has been increased from 100 to 300 percent of taxes owed, while other new legislation is aimed at increasing the transparency of trusts.

- ***Singapore*** reported a new law—Section 76(8), Income Tax (Amendment) Act 2008 — effective from December 2008. If any incorrect information appears in a notice of assessment served on a person who is exempted from the liability to furnish a return, he shall within 30 days or such extended time as the Comptroller may allow, inform the Comptroller in writing if the incorrect information relates to any understatement or omission of income. Other amendments (to sections 95 and 96) were made making it an offence to include making any false statement or entry in any return in any notice made under section 76(8) or failure to comply with section 76(8).

- In ***South Africa***, new penalties for the personal income tax came into effect on 1 January 2009 but SARS only implemented the penalties from 20 November 2009 to give individual taxpayers more time to submit any outstanding returns by this date. Pursuant to these new laws, SARS can apply penalties for offences such as: 1) failure to register as a taxpayer; 2) failure to inform SARS of a change of address and other personal particulars; and 3) failure to submit tax returns and other documents. SARS has decided to phase in the new penalty system and to focus the first round of administrative penalties on those individual taxpayers who have not submitted tax returns for a number of years. Eventually, all non-compliant taxpayers will face action from SARS. The penalty amounts will depend on the taxable income of the taxpayer. It can range R250 per month for each outstanding return to R16,000 a month for more wealthy taxpayers for each outstanding return.

- Officials from the ***US IRS*** reported two developments designed to reduce reporting non-compliance. First, the IRS is planning implementation of new section of Internal Revenue Code (IRC Section 6050W) which requires payment settlement entities (e.g., credit card issuers) to file information returns on payees receiving payments made in settlement of payment card and third party network transactions. As part of this process, Form 1099-K has been created for reporting the information on returns for calendar years beginning after 2010. Penalties for underreporting remain unchanged. Second, the penalty for failure to timely file partnership and S Corporation returns was increased from $89 to $195 for returns for taxable years beginning after 31 December 2009.

Table 56. Penalties and interest for failure to file return on time

Country	Description of sanction by major tax type		
	Personal income tax	Corporate income tax	VAT
1) OECD countries			
Australia/1	One penalty unit for up to 28 days late for up to five 28 day periods; each unit valued at $A110. Interest charges accrue from payment due date.	One penalty unit for up to 28 days late for up to five 28 day periods; each unit valued at $A110. Penalty increased to two and five units for medium and large taxpayers respectively. Interest charges accrue from payment due date.	
Austria	Penalty of up to 10% of tax due.		
Belgium	I) Tax increase, in case non-declared profits exceed €620. No tax increase, if unintentional. Tax increase ranges between 10 and 200 of the unpaid tax, but the sum of unpaid tax and tax increase cannot exceed the non-declared profit. ii) Administrative penalties are between €50 and €1,250. However, penalty is not levied when sufficient tax increases has been imposed. iii) Reversal of burden of proof		i) Non-declaration: € 500 ii) Late declaration with no tax due: € 25 per month/per declaration with a maximum of € 125 iii) Late declaration with tax due: € 50 per month/per declaration with a maximum of € 250
Canada	5% for a return with a balance owing, plus 1% of balance owing for each full month that return is late, to a maximum of 12 months. The penalty doubles for a repeated failure to file a return.	Penalty of 5% of the tax payable as of the due date, plus 1% of the balance owing for each full month of failure up to 12 months (maximum 17%). If a repeated failure to file (second offence in three years) and a demand to file has been served, the penalty is the total of 10% of the tax payable on the due date, plus 2% of tax payable for each full month of failure, up to 20 months, that the return is late (maximum 50%).	Penalty 1% of amount overdue , plus ¼ of overdue amount x the number of complete months the return was overdue (max. 12). If a demand for a return is served, a penalty of $250 may be charged for each return that is requested. Refund and/or rebate amounts may be withheld until all outstanding amounts are received/returns **filed.**
Chile	1.5 % of penalty interest for each month of delay (total or part of the month). 10% fine of the unpaid tax, plus an extra 2% for each month of delay after the sixth month. The total percentage cannot exceed 30%.		
Czech Rep.	A penalty of up to10% of the tax liability for submitting a tax return or supplementary information late.		
Denmark	Penalty of DKK 200 for each month of delay, up to maximum of DKK 5.000		
Estonia	A penalty of up to EEK 18,000 can be imposed on a taxpayer, EEK 200,000 on a company.		
Finland	Penalty for late filing up to €150, penalty for no filing up to €800		Penalty charge 20% p.a. of the tax due, minimum €5
France	Penalty of 10% of tax payable, in addition to late payment interest of 0.4% per month. Penalty can be increased for extended failure.		
Germany	Penalty of 10% of tax payable, maximum of €25,000, no penalty if failure is excusable.	Penalty of 10% of tax payable, maximum of €25,000, no penalty if failure is excusable.	Penalty of 10% of tax payable, maximum of €25,000, no penalty if failure is excusable.
Greece	Interest of 1% per month on tax due (up to 100 of tax payable). If there is no tax due, penalty from 117 up to 1170 Euro.		
Hungary	Fine up to 200.000 HUF (private person) and up to 500.000 HUF (others)		
Iceland	15% penalty charge		1% for each day that runs over the deadline up to 10%
Ireland	Surcharge of 5% of tax (max. €12,695) where <2 months late and 10% (max. €63,485) where >2 months late. Civil court penalties may be also be imposed.		Administrative penalty of €4,000 per bi-monthly return and to the annual vies return. A possible, 7 penalties per year.
Israel	For each month of delay a fine of NS 200 shall be imposed		N.avail.
Italy	120% to 240% of tax due (minimum €258), if delay does not exceed 90 days maximum €1,032.		120% to 240% of tax due (minimum €258)
Japan	1) Voluntary filing : penalty of 5%; 2) Filing after tax audit, examination and investigation : penalty of 15% for amounts ≦500,000JPY, and 20% for amounts >500,000JPY		
Korea	20% of tax due or 0.07% of gross income, whichever is greater. In case of wilful failure: 40% of tax due or 0.14% of gross income, whichever is greater		20% of unpaid tax

Country	Description of sanction by major tax type		
	Personal income tax	Corporate income tax	VAT
Luxembourg/1	Up to 10% of tax assessed	Up to 10% of tax assessed	€50 – €5,000
Mexico	Sanctions and penalties ranging between 980 MXP – 20,070 MXP -inflation adjustment		
Netherlands/1	Omission: max. Penalty €4920 offense: max. Penalty 100 of tax/1	Omission: max. Penalty €4920* offense: max. Penalty 100 of tax/1	Omission: max penalty € 123 Offense: penalty is for non/late payment/1
N. Zealand	The late filing penalty is charged only once per late return. Income less than $100,000 is $50. $100,000 - $1,000,000 is $250, over $1,000,000 is $500. Before a late filing penalty is charged customer given 30 days' notice - either by writing to them directly, or by public advertising. If filed within this 30 day period (or an agreed extension of time) the late filing penalty won't be charged.		1st late filing - warning letter. Subsequent late filing within 12 months - $250 late filing penalty charged if their accounting basis at the time the return is due is hybrid or invoice, otherwise $50.
Norway	1. Charge because of late delivery; within a month after final delivery date: 1% of net wealth and 2% of net income (minimum 200 nok, maximum 10 000 nok).after a month: 1% of net wealth and 1% of net income.after 3 month: 1% of net wealth and 2% of net income. 2. Additional tax because of non-delivery: 15%-30% calculated of collected assessment tax		250 NOK, alternative 3 of output tax, maximum 5,000 NOK
Poland	Fine – maximum 20 times minimal payment in Poland (level of minimal payment is annually determined by government, in 2010 min. Payment is approx. 325 eur)		
Portugal/1	Maximum amount of penalty: € 2.500/1	Maximum amount of penalty: € 5.000/1	Maximum amount of penalty: € 5.000 /1
Slovak Rep.	Fine amounting to 16 596,95 €; the fine is amounting to minimum 33,19 € (individuals) and 66,38 € (legal entities). If the taxpayer fails to submit the tax return after a formal notice the fine amounts up to 49 790,87 €; amounting to minimum 331,93 € (individuals) and 1659,69 € (legal entities).		
Slovenia/1	Failure to file tax declarations within legally prescribed time limit is sanctioned with a fine in the range of 200 to 400 EUR0 /1	Failure to file tax returns within prescribed time limit is sanctioned with a fine of: 800 to 10,000 EUR (sole proprietor). 1,200-15,000 eUR (micro or small company). 3,200-30,000 EUR (medium or large company) /1	Non-compliance defined as tax offence, serious tax offence or particularly serious tax offence; the fines are; €1,200-41,000 (tax offences). €2,000-125,000 (serious tax offences). €375,000 (particularly serious tax offences) /1
Spain	Without economical damage for the administration: 100€ to 200 €		
Sweden	Administrative penalty 1,000-3,000 SEK	Administrative penalty 5,000-15,000 SEK	Administrative penalty 500-1,000 SEK
Switzerland	Varies across cantons		None
Turkey	Failure to file returns on time is punishable by a fine that is assessed per year.		
UK/1	Fine of £100 is due if filed late; additional fine of £100 if not filed within 6 months of due date; further fine up to 100 of tax due if not filed within one year; and further penalties possible	Fine of £100 & another 3 months later. For a 3rd consecutive failure, the fine escalates to £500 & another 3 months later. 10% tax geared penalty if return is 18 months late and a 20% penalty if more than 2 years late.	Automated system of progressive surcharges based on number of times the payment is late during rolling 12month period which is extended for each subsequent late return or payment. After a warning is issued surcharge starts at 2% of vat unpaid and rises to 5%, 10% and 15% tax geared to the amount paid late.
USA	Penalty of 5% for each month (or part month) during which there is a failure to file any returns, up to 25%. Interest on the failure to file penalty is charged from the return due date or extended due date, whichever is later, until the penalty is paid. Interest on underpayments of tax and penalty accrue interest, compounded daily, at rates published quarterly by the internal revenue service. The underpayment interest rate for the most recent calendar quarter is 4% (6% for corporate tax underpayments exceeding $100,000).		No national VAT.
2) Selected non-OECD countries			
Argentina	Fine of ARS 200	Fine of ARS 400	Fine of ars 200 for individuals and ars 400 for corporate
Bulgaria	Maximum penalty 500 BGN (art. 80, par. 1 from the law on taxes on the income of natural persons (LTINP))	Maximum penalty 3,000 BGN (art. 261 from the corporate income act tax (CIAT))	Maximum penalty 10,000 BGN (art. 179 from the law on VAT (LVAT))

Country	Description of sanction by major tax type		
	Personal income tax	Corporate income tax	VAT
China	When non-compliance occurs, tax authority recovers the delinquent tax and late fee (0.05 of the delinquent tax) as well as a fine of 50% up to 500% of the delinquent tax.		
Cyprus	Lump-sum surcharge of 51 €		
India	Late interest penalty of 1% (simple interest rate) per month from the date return filed for tax due. Moreover, a monetary penalty of INR 5,000 for non-filing of returns and INR 10,000 per default for non-filing of supporting forms, documents.		
Indonesia	Late interest penalty of 2% (simple interest rate) per month from due date. Moreover, a monetary penalty of IDR 1,000,000 or 200% of the tax due is applied for omission or late filing of returns and forms. There is a combination of late interest and monetary penalties. Monetary penalty is IDR 100,000 for personal income taxpayers.		
Latvia	For filing a tax return up to 15 calendar days after the deadline – the penalty imposed to natural and legal persons amounts up to 50 LATS. For filing a tax return from 16 up to 30 calendar days after the deadline – the penalty imposed to natural and legal persons amounts from 51 to 200 LATS. For filing a tax return over 30 calendar days after the deadline – the penalty imposed to natural and legal persons amounts from 201 to 500 LATS.		
Lithuania	The monetary penalty for omission or late filing of returns is imposed on the official representative of company executes as following: 1) LTL 200-500 (alternative penalty may also be a warning); 2) LTL 500-1,000 (in case of repeat violation within 12 months); 3) LTL 2,000-4,000 (in case of tax avoidance and evasion if it doesn't constitute a crime subjective to penal law). Both legal entities and natural persons are liable for omission to report if a competent authority has already given an incitement to submit the return. This act constitutes a misdemeanour and imposes public works, fine, arrest or imprisonment up to 3 years.		
Malaysia	Penalty > than 200 RINGGIT and < than 2,000 RINGGIT or to imprisonment for a term not exceeding 6 months or both		n.applic.
Malta	Fixed value of €11 up to 6 months late; then at progressively increasing percentages of the tax charge subject to a minimum and a maximum	Fixed value of €46 up to 6 months late; then at progressively increasing percentages of the tax charge subject to a minimum and a maximum	1 of the excess, if any, of the output tax over the deductions, disregarding any excess credit brought forward from a previous tax period, as declared in the return; and €23.
Romania	Penalty between RON10-100	Penalty of RON1,000-5,.000	Penalty of RON 500-1.000 (individuals); RON 1,000-5,000 (legal persons).
Russia	The interest rate of the late interest penalty is calculated as 1/300*refinancing rate of Russian Central Bank. Moreover, 5% of the tax due is imposed per month (minimum RUR 1,000) as a monetary penalty and the maximum amount of the monetary penalty is 30% of the tax due.		
S. Arabia	n.avail.	The higher of the following two penalties shall apply: (a) 1% of the taxpayer's gross revenues, the resultant not to exceed (20) thousand riyals; or b) according to the following rates: 1) 5% of unpaid tax if delay is up to 30 days; 2) 10% of unpaid tax if delay is 31 to 90 days; 3) 20% of unpaid tax if delay is 91 to 365 days; and 4) 25% of unpaid tax if delay > 365 days.	n.avail.
Singapore/1	A composition fee up to $1,000 is imposed, dependent on taxpayers compliance record. The court may impose a penalty equal to double of the tax assessed and a fine not exceeding $1,000. In default of payment, imprisonment not exceeding 6 months. /1	A composition fee up to $1,000 is imposed, dependent on taxpayers' compliance record. The court may impose a penalty equal to double of the tax assessed and a fine not exceeding $1,000. Company director may be prosecuted for not supplying company information. /1	Penalty of $200 for each completed month return not submitted; total penalty not exceeding $10,000.
S. Africa	Penalty amounts depend on the taxable income of the taxpayer, and can range from R250/ month for each return to R16,000/ month for wealthier taxpayers for each return.	Penalties and interest may be levied.	No administrative penalty for mere failure to file return. Only criminal sanction. To be revisited as part of the planned extension of the administrative penalty system in future.

Sources: IBFD and country revenue officials. *(Table notes are located at the end of report.)*

Table 57. Penalties and interest for non-compliance of failure to pay tax on time

Country	Description of sanction (by major tax type)		
	Personal income tax	Corporate income tax	VAT
1) OECD countries			
Australia/1	Interest charge imposed	Interest charge imposed	Interest charge imposed
Austria	Surcharge of 2% is imposed; additional 1 after 3 months; and additional 1 after 6 months.		
Belgium	Interest of 7% p.a. No interest is charged when the interest is less than 5 € per month		Interest of 0.8% per month – no interest is charged when the interest is less than 2.50 € per month
Canada	Compound daily interest calculated at 4% above the average rate of 90 day government of Canada treasury bills. In addition, for VAT, criminal offences for wilful failure to pay, collect, or remit tax can result in a fine of not more than the total of $1,000 and 20% of the tax due, plus a prison term of up to 6 months, in addition to any other penalties imposed under the legislation.		
Chile	1.5% of penalty interest for each month of delay (total or part of the month). 10% fine of the unpaid tax, plus an extra 2% for each month of delay after the sixth month. The total percentage cannot exceed 30%. When the tax administration detects a failure in the payment of withholding taxes in an audit, the previous limits increase to 20% and 60%, respectively.		
Czech Rep.	The interest rate for late payments is equal to the Czech National Bank repo rate valid at the first day of the relevant half calendar year (3.5% in October 2008), increased by 14% percentage point. This interest shall be applied up to five years.		
Denmark	Interest 1% per month		
Estonia	Interest of 0.06% per day until payment.	Interest of 0,06% per day until payment.	Interest of 0,06% per day until payment
Finland	Penalty surcharge or interest imposed at rate of 7% (2010)		Penalty charge 30%
France	Penalty of 10% of tax payable, in addition to late payment interest of 0.4% per month.	Penalty of %5 of tax payable, in addition to late payment interest of 0.4% per month.	
Germany	Penalty of 1% per month	Penalty of 1% per month	Penalty of 1% per month
Greece	Interest of 1 per month on tax due (up to 200% of tax payable).		
Hungary	Interest, set at twice the prime rate of the Hungarian National Bank		
Iceland	15 % penalty charge		
Ireland	Interest at the rate of 0.0219% per day on amount unpaid.		Simple interest at the rate of 0.0274% for each day or part thereof that the amount remains unpaid.
Israel	An addition to the amount in question, equal to the said amount multiplied by the rate of increase of the consumer price index during the period in question, plus 4% annual interest on the amount in question after the said linkage differentials were added to it.		n.avail.
Italy	30% of tax not paid		
Japan	Until the date when two months have elapsed from the date following the specific due date for tax payment, either 7.3% per annum or official discount rate on November 30 of the preceding year plus 4%, whichever is lower. After the date when two months have elapsed from the date following the specific due date of tax payment 14.6% per annum. These penalties are imposed at simple interest rate.		
Korea	Interest of 0.03% per day		
Luxembourg	Monthly interest of 0.6%	Monthly interest of 0.6%	7.2% interest per year.
Mexico	Interest: 1.13% monthly. Sanctions and penalties: ranging between 55%-75% of unpaid taxes. Inflation adjustment		
Netherlands/1	No penalty – but interest and measures/proceedings for collection	No penalty – but interest and measures/proceedings for collection	Omission max. penalty € 4.920 offense max penalty 100% of tax
N.Zealand	Penalties of 1% of the amount outstanding the day after the due date, 4% on any amount remaining outstanding on the 7th day after the due date, and 1% per month on any amounts remaining. Penalties are suspended: where agreement has been reached to pay debt by way of an instalment arrangement. Where taxes have been remitted due to inability to pay e.g.		

Country	Description of sanction (by major tax type)		
	Personal income tax	Corporate income tax	VAT
	Hardship, uneconomic to pursue. Written application by taxpayer for remission in relation to one off circumstances from 1 April 2008, customers may be eligible for a grace period on late payment penalties if they have not missed any payments for two years, in which case they will be sent a letter giving them a further date to make payment before any penalties are imposed.		
Norway	2% of net income . Because of pre-filled tax returns and "silent accept" not relevant for taxpayers only receiving salary and/or pension 30-60% of evaded income	2% of net income 30-60% of evaded income	
Poland	Fine – maximum 20 times minimal payment in Poland and statutory interest (level of minimal payment is annually determined by government, in 2010 min. Payment is approx. 325 EUR). Annual statutory interest in 2010 is 10%		
Portugal/1	Maximum penalty: 50% of the unpaid tax; compensatory interest – 4% by year until the delivery of the taxes returns. After taxpayer knows the right amount in debt, he will pay interest arrears – %1/ month. /1		
Slovak Rep.	For not paying tax in due time or due amount the default interest is payable, calculated from the amount due multiplied four times by the main interest rate of the ECB valid on the day when the tax arrear occurred or valid on the day following the day in which the tax advance should have been paid or deducted or tax instalment paid or on the day of refund of excessive deduction, which has been refunded by the tax administrator to the taxpayer. If the four times multiple of the main interest rate of the ECB does not reach15% then a 15% annual interest rate shall be applied.		
Slovenia/1	The law doesn't define an offence due to failure to pay or failure to pay personal income tax on time.	The law doesn't define an offence due to failure to pay or failure to pay corporate income tax on time.	Failure to pay vat within the prescribed time limit is defined as a serious or particularly serious tax offence with fines of: 2,000-125,000 EUR (serious tax offences). 375,000 EUR (particularly serious tax offences)/1
Spain	50% to 150% of the amount		
Sweden	Interest 1%-16%		
Switzerland	Varies across cantons		Annual interest of 5 %
Turkey	Late payment charge of 2.5% per month		
UK	Interest is due on all tax paid late at a variable rate. A surcharge of 5% is payable on any unpaid tax after 28 days from due date; a further 5% surcharge is payable if still unpaid after six months.	Only interest regime	Automated system of progressive surcharges based on number of times the payment is late during rolling 12 month period which is extended for each subsequent late return or payment. After a warning is issued surcharge starts at 2% of vat unpaid and rises to 5%, 10% and 15% tax geared to the amount paid late.
USA	Penalty of ½ of the tax not paid per month (or part month) up to 25%. Increases to 1% per month where the account is in field status, and reduces to ¼ where taxpayer enters into a payment agreement and makes payments timely. Failure to file penalty is reduced by the amount of failure to pay penalty. Failure to pay penalty resulting from an audit or subsequent assessment begins 21 calendar days from notice and demand for payment (or 10 business days for amounts equal to or exceeding $100,000) from the date of notice and demand to the date of payment. When a late payment penalty is assessed, underpayment interest is charged on the penalty from the date of notice and demand (the assessment date of the penalty) until the penalty is paid. Interest on underpayments of tax and penalty accrue interest, compounded daily, at rates published quarterly by the internal revenue service. The underpayment interest rate for the most recent calendar quarter is 4% (6% for corporate tax underpayments exceeding $100,000).		No national VAT
2) Selected non-OECD countries			
Argentina	Fine: between 50% and 100% of the tax evaded. Interest: compensatory interest of 2% per month calculated from due date; additional penal interest of 3% per month from the date of filing the claim.		
Bulgaria	The interest rate is (10%+base interest rate, defined by the national bank) / no sanction		

Country	Description of sanction (by major tax type)		
	Personal income tax	Corporate income tax	VAT
China	When non-compliance occurs, the tax authority recovers the delinquent tax and late fee (0.05 of the delinquent tax) as well as a fine the amount of 50% up to 500% of the delinquent tax.		
Cyprus	5.35% interest per annum from due date. Interest rate determined at commencement of every year by minister of finance. 5% penalty on tax due if tax not paid within 30 days of due date and tax due relates to yearly tax return (self – assessment, assessment) . Special provisions paye due: - 5.35% interest per annum from due date plus a penalty of 1 for every month for which payment is in arrears. Income tax withheld due, from payments to non-residents, (articles 21-23 ITL): - an amount of interest equal to the amount of tax due if tax not paid by due date. Temporary tax, (advance payment), due by long term insurance business estimated at 1.5% on gross amount of insurance premiums :- 5.35% interest per annum from due date and a penalty of 1 for each month of delay in excess of 2 months. If estimate made by dir the penalty is paid for each month of delay. Total additional charge cannot exceed 11.		10% of the tax due plus interest at current interest rate
India	Interest of 1% per month (simple interest rate). Moreover, a monetary penalty is determined by assessing officer. The maximum amount of this monetary policy is tax due. Due date starts from end of the relevant tax year (i.e. 31 march). There is no combination of late interest and monetary penalties.		
Indonesia	Late interest penalty of 2% (simple interest rate) per month from due date. No additional monetary penalty for late payment of taxes.		
Latvia	Delay money in the amount of 0.05% from the delayed payment for each day delayed.		
Lithuania	Late interest penalty of 0.05% per day is imposed from 1 April 2009 and the maximum amount for late interest penalty is the unpaid or delinquent tax amount. The rate of late interest penalty is being reviewed on a quarterly bases (from 1 October 2010 rate is 0.03%). Moreover, a monetary penalty is imposed between the range 10%-50% of the tax due. In case of tax audit, there is a combination of late interest penalty and monetary penalty.		
Malaysia	Penalty of 10% on payment due date, plus 5 if the balance not paid within another 60 days from the due date. 10% penalty only on late payment of instalments		n.applic.
Malta	Interest of 1 per month on late payment		1% of any excess of the output tax over the deductions, disregarding any excess credit brought forward from a previous tax period, plus 23 Euros. Interest due on tax not paid by due date of 1 per month or at such other rate as may be prescribed.
Romania	Interest 0.05% per day		
Russia	The interest rate of the late interest penalty is calculated as 1/300*refinancing rate of Russian Central Bank. Moreover, a monetary penalty is imposed between the range 20%-40% (fraud) of the tax due. There is no combination of late interest penalty and monetary penalty.		
S.Arabia	n.avail.	In case of failure to pay tax on time, the taxpayer shall be subject to a delay fine of (1%) of unpaid tax for every (30) days of delay.	n.avail.
Singapore	5% of tax payable; further 1% of tax unpaid for each completed month, up to 12%.		5% of tax payable; further 2% of tax unpaid for each completed month, up to 50%
S.Africa	Interest charged on outstanding capital at 9.5% per annum	Interest charged on outstanding capital at 9.5% per annum	10% penalty on tax not paid on time or not paid. Interest is charged at a rate set from time to time by the minister of finance for debt owed to government. Criminal offence.

Sources: IBFD, Country revenue officials, and Summary of Country Audit Practices prepared by the Netherlands Tax and Customs Administration. *(Table notes are located at the end of report.)*

Table 58. Penalties and interest for failure to correctly report tax liability

Country	Description of sanction by major tax types		
	Personal income tax	Corporate income tax	VAT
1) OECD countries			
Australia/1	No penalty if reasonable care taken when making the statement. Penalty tax ranging from 25% to 75% of tax payable. The rate of penalty is determined according to taxpayer behaviour the penalty can be increased or reduced by the peanlty imposed can be from 0% to 90% of the tax payable. Plus shortfall interest charge.		
Austria	Penalties of up to double the amount evaded.		
Belgium	I) tax increase, in case non-declared profits exceed €620. No tax increase if unintentional. Tax increase ranges between 10% and 200% of the unpaid tax, but the sum of unpaid tax and tax increase cannot exceed the non-declared profit. Ii) administrative penalties between €50 and €1,250. However, penalty is not levied when sufficient tax increases has been imposed.		Administrative penalties between 5% and 20% of the unpaid tax
Canada	Repeated omissions within 3 years, the penalty is 10% of the unreported income. The taxpayer will be assessed both federal and provincial penalties. For intentional false statements or omissions, a penalty of 50% of the tax attributable to the false statement/omission may be applied.	Repeated omissions within 3 years, the penalty is 10% of the unreported income. If a false statement or omission is made knowingly or through gross negligence on a filed return, the penalty is $100 or 50 % of the amount of understated tax, whichever is **more**. In addition, CRA can file criminal charges leading to a fine of 50% to 200% of the understated tax and imprisonment for up to five years.	Intentional false statement or omission subject to a penalty of the greater of $250 or 25% of the net tax advantage gained. False statements, omissions or destruction or alteration of documents can carry a fine of between 50% and 200% of the amount evaded or gained, or between $1,000 and $25,000 if the amount can not be verified. In addition, a prison sentence of up to two years can be imposed, plus any others penalties imposed under the legislation.
Chile	1.5% of penalty interest for each month of delay (total or part of the month). Fines ranging from 5% to 20% of the evaded tax.in case of fraudulent report of tax liability, the previous limits increase to 50% and 300% respectively, plus criminal prosecution.		
Czech Rep.	There is a 20% penalty from the increase of tax during the tax audit. This penalty and interest are applied simultaneously. This penalty is also applied to the decrease of tax credit. If the tax loss is decreased during the tax audit, penalty of 5% is applied.		
Denmark	For serious evasion, penalty from 100-200 of the tax evaded and/or imprisonment of up to 4 years.		
Estonia	Penalty of up to eek 18,000 can be imposed on a taxpayer, eek 200,000 on a company. If the taxpayer asks for staggering of debts, revenue body can stop interest.		
Finland	For unintentional errors, penalty of €150-300; penalty up to 30% of increased income for intentional wrong information or gross negligence; under penal code, penalty for tax fraud is imprisonment of up to 2 years.		Penalty up to 30% of unpaid vat, for serious violations penalty up to 100% of unpaid vat or €15,000
France	Penalty ranging from 10%-80% of tax evaded in addition to late payment interest of 0.4% per month. For criminal tax fraud, penalty of fine up to €37,500, and or prison sentence of up to 5 years; higher penalties for repeat offences. Court may also suspend driving license and or prohibit operation of business for up to three years.		
Germany	Generally no penalty unless facts are reported incorrectly or incompletely with intention or through gross negligence. Criminal penalties for intentionally incorrect reporting (tax fraud, up to 5 years prison; administrative fines for gross negligence up to €50,000)		
Greece	Penalty of 2% per month on tax due (2.5% per month for failure to file at all) up to 200% of tax payable. If there is no tax due, penalty from 117 up to €1,170.		Penalty of 3% per month (3.5% per month for failure to file at all) up to 200% of tax payable. If there is no tax due, penalty from 117 up to €1,170.
Hungary	Late payment interest + penalty up to 50% of tax evaded		
Iceland	15% penalty charge		1% for each day that runs over the deadline up to 10%
Ireland	Various civil and criminal penalties apply upon conviction. Penalties, in lieu of court case, can be applied. Rates from 3% to 100% depending on culpability and co-operation of taxpayer.		For deliberate under-reporting, the penalty is the amount of tax understated. This penalty may be reduced to 75% for co-operation or to 50% (or less) where a qualifying disclosure is made.
Israel	For each month of delay a fine of NS 200 shall be imposed		N.avail.
Italy	100% to 200% of the difference between tax due and tax paid		

Country	Description of sanction by major tax types		
	Personal income tax	Corporate income tax	VAT
Japan	1) penalty for short return : penalty of 10% or 15%, 2) penalty for fraud : penalty of 35% or 40%		
Korea	Penalty rates of 10%-40%, depending on types of under-reporting. In the case of wilful under-reporting of tax, the greater of 40 of calculated income tax amount or 14% of revenue	10% of tax underreported.in case of wilful failure: 40% of tax underreported or 14% of gross income, whichever is greater	10% of unpaid tax due
Luxembourg	Up to 400% of tax evaded. If fraud, imprisonment for 1 month to 5 years and fines up to €1,250 or 10 times of the tax evaded.		
Mexico	Interest: 1.13% monthly. Sanctions and penalties: ranging between 55%-75% of unpaid taxes result of tax audit. Inflation adjustment		
Netherlands/1	Offense: max penalty 100% of tax, 300% in case of non-disclosure of offshore assets	Offense: maximum penalty 100% of tax	Omission: max. Penalty € 4.920 Offense: max. Penalty 100% of tax
N.Zealand	Shortfall penalties can be imposed as a percentage of the understated tax. There are five categories of shortfall penalties: Lack of reasonable care 20%, unacceptable tax position 20%, gross carelessness 40%, adopting an abusive tax position 100%, and evasion 150%		
Norway	1%-60% additional tax calculated of the difference and 7% interest of the increment per year		0%-100%
Poland	Fine – maximum 720 times certain amount of living day-rate, imprisonment and statutory interest (10%). Living day-rate is individually described – min 2,5 eur, max 400 eur per day.		
Portugal/1	Maximum amount of penalty: € 15.000,00 (pit) or € 30.000,00 (cit and vat); Compensatory interest – 4% by year until the delivery of the taxes returns. After taxpayer knows the right amount in debt, he will pay interest arrears – %1/ month.		
Slovak Rep.	The default (sanction) interest is calculated from the amount due multiplied four times by the main interest rate of the ECB valid on the day when the tax arrear occurred or valid on the day following the day in which the tax advance should have been paid or deducted or tax instalment paid or on the day of refund of excessive deduction, which has been refunded by the tax administrator to the taxpayer. If the four times multiple of the main interest rate of the ECB does not reach 15% then a 15% annual interest rate shall be applied when calculating the default (sanction) interest.		
Slovenia/1	Failure to authentically, correctly or completely report data in the tax return is defined as a serious tax offence and it is sanctioned with a fines in the ranges as follows: pit : 400 to 1,200 EUR. Cit and vat: 800 do 10,000 EUR (sole proprietor). 1,200-15,000 EUR (micro or small company). 3,200-30,000 EUR (medium or large company) /1		
Spain	50% to 150% of the amount assessed by the tax administration. If the taxpayer agrees with the final assessment, the penalty can be reduced a 30% (then the minimum penalty is a 35% of the amount assessed)		
Sweden	Additional tax 2.5% to 20%		
Switzerland	Vary across cantons		Interest on correction 5 % per year
Turkey	Administrative penalty to 100% of deficiency + half of late payment charge imposed. For criminal tax fraud, imprisonment from 6 months to 3 years.		
UK	Penalty of up to 100% of additional tax payable, according to the seriousness of the offence.		
USA	The penalties available range from 20% to 75% of the understatement depending on the seriousness of the offence. Interest on the understatement penalty (i.e., accuracy related penalty) is charged from the return due date or extended due date, whichever is later, until the penalty is paid. Interest on underpayments of tax and penalty accrue interest, compounded daily, at rates published quarterly by the internal revenue service. The underpayment interest rate for the most recent calendar quarter is 4% (6% for corporate tax underpayments exceeding $100,000).		No national VAT.
2) Selected non-OECD countries			
Argentina	Fine of 50% to 100% of the tax evaded. Compensatory interest of 2% per month calculated from due date; additional penal interest of 3% per month from the date of filing the claim.		
Bulgaria	Maximum penalty 1,000 BGN (art. 80, par. 1 from the law on taxes on the income of natural persons (LTINP))	Maximum penalty 3,000 BGN (art. 261 from the corporate income act tax (CIAT))	Maximum penalty 10,000 BGN (art. 181 from the LVAT)
China	When non-compliance occurs, the tax authority recovers the delinquent tax and late fee (0.05% of the delinquent tax) as well as a fine the amount of 50% up to 500% of the delinquent tax.		
Cyprus	5.35% interest per annum from date specified in legislation. 5% penalty on tax due if tax not paid within 30 days of due		10% of the tax not paid on time plus interest at 8% per annum

Country	Description of sanction by major tax types		
	Personal income tax	Corporate income tax	VAT
	date. 10% additional tax on difference between final tax and temporary tax if income declared on temporary assessment (current year self assessment) becomes less than 75% of final income. No obligation for submission of temporary assessment if income is from salaried services. In cases of fraud or willful default (burden of proof on revenue) a penalty over and above the tax agreed as a result of adjustment, can be imposed provided case agreed with tax authorities (for compromise of offence). Size of penalty is at the discretion of tax assessor.		
India	There is no late interest penalty for these types of offences. The monetary penalty is calculated as between the range of 100% and 300% of the tax evaded. This monetary penalty is specific to filing inaccurate information and concealment of income. The monetary penalty is due from the date of assessing officer's order to levy monetary penalty,		
Indonesia	Late interest penalty of 2% (simple interest rate) of the tax due per month for these types of offences. The monetary penalty is calculated as between the range of 200% and 400% of the tax evaded. There is a combination of late interest penalty and monetary penalties.		
Latvia	Delayed payment attracts interest at 0.05% for each day delayed) responsibility for tax amount reduction to be paid in the budget is anticipated according to the volume – penalty fee 30%-100% plus interest as above for delayed payment. Vat is the same, plus if taxable person has not submitted declaration within one month from stipulated date or has indicated false information in the declaration, or after receiving tax administration's written request has not submitted documents for verifying tax calculations, the SRS has authority to exclude this person from vat applicable persons register.		
Lithuania	The monetary penalty for failure to correctly report tax liability is imposed on the official representative of company as follows: 1) LTL 200-500 (alternative penalty may also be a warning) 2) LTL 500-1,000 (in case of repeat violation within 12 months); 3) LTL 2,000-4,000 (in case of tax avoidance and evasion if it doesn't constitute a crime subjective to penal law) Both legal entities and natural persons are liable for incorrectly reported tax liability with the purpose to evade tax. This act may impose: withdrawal of rights to perform a concrete work, fine, restriction of freedom or imprisonment up to 3 years. Late interest penalty of the unreported tax due is imposed as well (the rate of late interest penalty is being stated for a quarter) and, in case of tax audit, also monetary penalty between the range 10%-50% of the tax due is imposed.		
Malaysia	A penalty equal to the amount of tax which has been undercharged. Discretionary: 45% of tax which is payable to be imposed for the first offence.		n.applic.
Malta	0.75% per month of "unreported tax" except when this is a result of an enquiry in which case there is a progressive increase in the percentage depending if it is a first or subsequent offence		10% of the total of -(*a*) the excess, if any, of the correct amount of output tax over the output tax as declared in the return; and (*b*) the excess, if any, of the deductions as declared in the return over the correct amount of the deductions.
Romania	There is no legal provision to apply penalties for incorrect report of tax liability		
Russia	The interest rate of the late interest penalty is calculated as 1/300*refinancing rate of Russian Central Bank. Moreover, RUR 200 is imposed as a monetary penalty for the violation of filing mode for tax returns. There is a combination of late interest penalty and monetary penalty.		
S. Arabia	n.avail.	For fraud, a fine of 25% of unpaid tax.	n.avail.
Singapore	Penalty depends on nature of failure. Maximum penalty for wilful intent to evade; penalty – 300% of tax undercharged, fine up to $10,000; imprisonment – up to 3 years.	Same as PIT. Company directors may also be prosecuted for abetting in the commission of offence.	Penalty depends on nature of failure. Maximum penalty for fraud – 300% of tax undercharged, fine –up to $10,000; imprisonment up to 7 years.
S. Africa	Additional tax = 0%-200% of tax underpaid or amount of refund pursuant to default, omission or incorrect statement (of additional tax dependent on degree of culpability and extenuating circumstances); and/or prosecution for statutory offence of tax evasion – criminal court may impose a fine and/or imprisonment not exceeding 5 years.		

Sources: IBFD and country revenue officials. *(Table notes are located at the end of report.)*

Notes to Tables

Table 1. Institutional arrangements & major taxes administered by national revenue bodies

/1. **Belgium**- The Federal Public Service Finances is now comprised of six general administrations : 1) taxation; 2) collection and recovery of taxes; 3) serious tax fraud; 4) customs and excise; 5) patrimonial documentation; and 6) treasury; **Chile**- Revenue body (Servicio de Impuestos Internos, SII) is responsible for tax compliance procedures, audit and enforcement of internal taxes; Custom duties are administered by "Servicio Nacional de Aduanas, SDA" and the collection of taxes is the responsibility of Tesorería General de la República (Treasury; **China**– Separate body with minister; **Cyprus, Luxembourg, Malta**- There are separate directorates for Direct Taxes, Indirect Taxes, and/or Customs and Excise; **Denmark-** As of March 2010, the Danish Tax Administration has merged with the Danish Ministry of Taxation to form a single unified and autonomous tax administration with a corporate structure, headed by a single (internal) board chaired by the Permanent Secretary of the Ministry of Taxation; this integrated Danish revenue body is now officially referred to as the "Danish Ministry of Taxation"(Skatteministeriet); **Germany-** Major taxes are administered separately by 16 State (*Länder*) MOFs, and subject to co-ordination and supervision by the Federal MOF; additionally, a Federal Central Tax Office, subordinated to the Federal MOF, performs certain central functions; **Italy**- Tax administration functions are carried out by a number of separate government and partly government-owned bodies: 1) Revenue Agency (Agenzia Entrate) , main stream operations), 2) Guardia di Finanza (tax fraud), 3) Customs Agency (excise & VAT on imports), 4) Equitalia Spa (tax debt collection), and 5) SOGEI (information processing); **Malaysia**- There are two semi-autonomous bodies, each with a board comprised of external officials —the Inland Revenue Board (for direct taxes) and Customs and Excise Department (which also administers a sales tax); **Poland**- With common head, Secretary of State; **Sweden**- Swedish Tax Agency with advisory council; **Switzerland**- Direct taxes are generally administered at the sub-national level (by cantons); **Turkey**- Tax administration operations are conducted by a semi-autonomous authority known as the Presidency of Revenue Administration which provides all mainstream tax administration functions. It is supported in carrying out its mandate by two other bodies—the Tax Inspectors Board (of over 300 staff) which carries out audits of the largest taxpayers and the Inspection Board of Finance (over 100 staff) which conducts some limited audits of large taxpayers, internal audit of public expenditure operations and internal audit of the Presidency.

/2. **Belgium**- Specific general administration of customs and excises; **China**- Varies from province to province; **Chile**- However the revenue body (SII) establishes the tax base for the application of fees for motor vehicles; **Estonia**- Heavy goods vehicle tax; **Finland**- Excise and motor vehicle taxes administered by separate state bodies; **Germany**- Revenue bodies determine property values for real property tax collected by municipalities; the motor vehicle tax will be administered by the Länder tax administrations by means of the official delegation of powers to them until 30 June 2014; **Iceland**- Wealth tax was re-introduced in 2010 for net wealth 2009, 2010 and 2011; **Korea**- Comprehensive Real Estate Holding Tax introduced in 2005, assess upper bracket of real property tax as national tax; **Netherlands**- * Municipalities tax real property; Tax and Customs Administration taxes acquisition. **Wealth tax since 2001 incorporated in PIT; **N.Zealand**- The N.Zealand Customs Service collects GST on imports; **S.Arabia**- PIT is limited to professional personal taxpayers like individual accounting firm, individual physician and individual legal firms; **S.Africa**- Collects unemployment insurance fund contributions on behalf of Department of Labour; **Spain**- Revenue body collaborates only in some aspects; wealth tax was abolished in 2008; excise duty on certain means of transport; **UK**- HRMC collects national insurance contributions.

Table 2. Delegated authority of national revenue bodies

/1. Separate references for countries with multiple revenue bodies.

/2. **Australia**- Not for penalties imposed by a court; **Belgium**- *Tax rulings are made by the Service for advance decisions in tax matters which is an autonomous body within the Federal Public Service Finances. ** Remittance of interest and penalties for tax offences are under the jurisdiction of Minister, however, for excises this remittance is executed by the regional directors of excises; **France**- Recruitment by competitive examination; **Germany**- Generally 16 States MOF can decide on the internal structure. Most important decisions on levels & mix staff are made by State and Federal Parliaments as part of the budget. Each of 17 MOF can hire within the limitations provided by its budget and can influence recruitment criteria, but dismissing staff is virtually impossible under German civil service law. Most of 16 States and Federal MOF maintain own IT operations; **Indonesia**- Does set some service levels, but generally not; **Luxembourg**- Only penalties. Data relate to direct tax and VAT directorates; **Mexico**- * It is necessary to obtain authorization from a different government agency (Secretaría de la Función Pública) to modify the number and type of staff for the institution. ** Appointments for 6 of the 11 high level positions must be designated by the President and ratified by the Senate; **S.Arabia**- Some of these powers are under the direct authority of Ministry of Finance to which DZIT reports; **Spain-** * Tax rulings are mainly made by the DG for Taxation, within the MOF. ** The recruitment is made by competitive examination. Recruitment and dismissal of staff should be done under the General Spanish Civil Service Law. Dismissal is virtually non-existent; **UK**- Public Service Agreement targets have to be agreed with Ministers.

Table 3. Collecting social security contributions—the roles of selected revenue bodies

/1. Table identifies those revenue bodies, while not primarily responsible for the collection of SSCs, provide some level of assistance to the relevant collection agencies.

/2. **Austria**- Common audits are carried out on social contributions and wage tax by both the tax administration and the social security agency; **Chile**- Moved from an unfunded pension system to a funded pension scheme in 1981 that is administered entirely by private institutions; revenue body supports administration of the National Health Fund by providing information on earned income etc; **Korea-** Notifies income data to the National Health Insurance Corporation; **Luxembourg**- Only direct tax administration is dealing with the task assistance of collection of SSCs; **Russia**- Responsibility for SSC collection transferred to social funds from 2010; **Singapore**- IRAS assists by passing on income information of self-employed taxpayers to Central Provident Fund Board; **Spain**- Plan recently endorsed by Government for increased collaboration between revenue body & Social Security Administration, based on three elements: 1) shared use of information; 2) design of joint performances, and more co-ordinated actions to recover unpaid SSCs.

Table 4. Major non-tax functions performed by revenue bodies

/1. **Australia-** From 1 July 2010, responsible for administering excise equivalent goods (EEGs) imported into Australia and stored in a warehouse licensed under section 79 of the Customs Act 1901 (Customs Act); **Austria-** Illegal employment unit controls also for social security administration, immigration office and control of trade or commercial allowances; **Belgium**- * Specific general administration of customs and excises. ** Cooperates with or gives relevant information to the public service managing welfare benefits, child support, student loans, etc., other non-tax functions include counter-terrorism activities at ports and at airports; **Bulgaria**- Statistical functions; collects some non-tax revenues for the central government budget (e.g. traffic control fines); **Canada**- * Customs: collects all duty, taxes, and charges that are overdue; ** Child support and student loans (only collects past due amounts). *** Property valuation (conducted only for support to income tax programmes). **** Others: administer national charities programme, collect debts on behalf of other departments, distributes federal and provincial payments for social programmes; **Cyprus-** For purpose of ascertaining taxable income or capital**; Czech Rep.**- Supervises lotteries & gambling games; **Denmark**- Agricultural export refund; **Finland**- Statistical functions; management and accounting of state and local property; **France**- The French General Directorate of Public Finances (DGFIP) created in April 2008 is responsible for tax administration and for the management of public finances; **Germany**- Premiums for owner-occupied homes, investment allowances, measures designed to promote saving, church tax**Greece–** Treasury and budget, chemical state laboratory, public property and national legacies; **Hungary- ***The merger of the tax and customs administration from 2011 is on the government's agenda.**APEH is responsible for the collection of member fee for pension funds; **Iceland**- Maintains companies register, & supervises accounting rules; **Japan**- Administers liquor industry; **Korea-** NTS only administers loaners repayment of loans; **Latvia**- Accounting, evaluation, realization and destruction of property under the state jurisdiction. Providing for granting the status of Public Benefit Organisation. Acceptance of Public Officials' Declarations; **Luxembourg**- AED is in charge of the administration of the state property (drawing up contracts, collection of rents etc); **Malaysia**- Assists collect higher education loans on behalf of National Higher Education Fund; **Mexico**- The Revenue Body also controls businesses providing money exchange and money transfer services; **Netherlands**- The Tax and Customs Administration manages rent benefit, health care benefit, childcare benefit and supplementary child benefit; **N.Zealand**- Administers 'KiwiSaver', a voluntary savings scheme started in July 2007, which promotes savings by low to medium income earners and has various incentives such as employer and member tax credits. The funds are invested by commercial fund managers; **Romania**- Applies in Romania some sets of international sanctions, like freezing assets, sanctions established by the UN Security Council or the EU Council of Ministers; **Russia**- Licensing of certain activities (like games of chance in the bookmaker's offices and totalizators), control of the lottery activity and issuance of the licence for national privately financed lotteries and maintenance of the unified state register of the lotteries, control and supervision of tobacco products production and turnover; **S.Arabia**- DZIT collects both Zakat and Tax; however, Zakat amounts are directed to welfare and distributed to recipients through Social Security Department **Singapore**- Regulatory authority for property appraisers; **Slovenia**- Collection of certain non-tax obligations; **Spain**- Tax administration does not assist to the collection itself but continuous collaboration and co-operation exists; **UK**- The Borders, Citizenship and Immigration Act 2009 formally transferred customs powers to UK Border Agency staff, allowing the formal transfer of 4,890 HRMC staff to take place. Collection and provision of data to the Office for National Statistics for the production of overseas trade statistics and generation of UK Balance of Payments, administration of law in relation to the Proceeds of Crime Act 2002.

Table 5. Selected features of the organisational structure of revenue bodies

/1. **Australia**- Mainframe, network & communications hardware & support are outsourced; **Austria, Italy**- IT functions provided by the MOF or similar department; **Canada**- Dedicated large taxpayer compliance programme; **Chile**- *SII perform only the initial effort to collect tax debts. ** Only relates to tax return and sworn statement processing; **Cyprus**- * VAT Department has a large taxpayer division; ** It has been many years that criminal prosecutions have not been carried out by Direct Tax Department; **Denmark, Finland, Iceland, Slovak Rep., UK**- IT operations are largely outsourced; **France**- The French tax administration doesn't have a specific service to manage HNWIs. It is done by local services. Nevertheless, a dedicated directorate (DNVSF) is responsible for the control of the wealthiest individuals, as defined (see Table describing criteria for HNWI's); **Germany**- Most states have tax office for large taxpayer audits and tax fraud function, specialized debt collection units, appeals units, and full in-house IT functions; **Greece**- Large taxpayer audit functions; **Iceland**-Debt collection is handled by Customs; **Ireland**- While Revenue do not have a dedicated unit in charge of appeals disputes, it does have an appeals function. Customers may lodge complaints at their local office, submit their case for an internal or external review and/or make an appeal under statutory provisions (via the Appeals Commissioners, Ombudsman's Office or the Equality Tribunal); **Italy-** Debt collection outsourced to separate company (Equitalia spa). Most tax fraud work is carried out by the Guardia di Finanza; **Japan**- Special units are located at regional level to examine international taxation issues of HNWIs & small/medium enterprises; **Korea**- * Large taxpayer unit at regional level only. ** Debt collection unit at regional level for large taxpayers only; **Latvia**- IT operations are partly outsourced; **Lithuania–** Revenue body has a separate IT department which provides all internal services & system support but systems development is done by external companies; **Mexico-** A dedicated organisational unit responsible for IT functions but with substantial outsourcing of its operations; **Netherlands**- * Large Business Taxpayers Units in Regional Tax Offices. ** No separate HNWI-units but coordinated approach in horizontal monitoring programme; **Romania**- Mainly organised based on the functional criterion, but also use also the "taxpayer segment" criterion with specialised structures within the tax administration to administer large taxpayers (one large taxpayers department) and middle-sized taxpayers (42 county units for middle-sized taxpayers); **Singapore**- There are separate large taxpayer departments for Corporate Tax and Goods and

Table 5. Selected features of the organisational structure of revenue bodies

Services Tax; **Slovak Rep.**- Some tax offices have departments for auditing large taxpayers (HMWIs); There is a department for audit techniques for large taxpayers established at the Tax Directorate of the SR Tax Office for Large Taxpayers Bratislava – manages banks, branches of non-resident banks, insurance agencies, branches of non-resident insurance agencies, reinsurance agencies and branches of non-resident reinsurance agencies, taxpayers with a turnover>€33.2milion; **Spain**- Tax Appeals Courts are part of MOF, independent of the Tax Agency. Furthermore, although there is no dedicated HNWI unit, the Large Taxpayers' Unit deals also with some HNWIs; **Sweden**- Enforcement of the collection of public and private debt is carried out by a separate Enforcement Agency, previously part of the Swedish Tax Agency but fully independent from January 2008. Separate units for tax fraud, but not for tax evasion cases; **USA**- Establishment of HNWI unit in course of development.

Table 6. Selected features of large taxpayer units

/1. **Belgium-** For VAT purposes, when one taxpayer within the VAT unity meets the conditions to be considered a large taxpayer, the whole VAT unity is considered a large taxpayer. The following entities are considered a large taxpayer, irrespective of their criteria: credit institutions; (re) insurance companies; companies quoted on the stock exchange; investment firms. The entities listed above are subject to the prudential control of the Banking, Finance and Insurance Commission (CBFA). If the annual average personnel exceeds 100, the entity is in any way considered a large taxpayer; **Bulgaria**- As well as companies that: 1. were given a bank license from the Bulgarian National Bank, 2. are insurance and reinsurance companies pursuant to the provisions of the Insurance Code, 3. are pension-security companies and/or companies for supplementary voluntary insurance for unemployment and/or vocational training under the provisions of the Social Security Code, as well as the funds, founded and managed by them, 4 are health-insurance companies licensed in compliance with the Health Insurance Act; **Canada**- The target population is large, complex corporations and their related entities, including trusts, partnerships and controlled subsidiaries. As of April 1, 2008, the definition of "Large Business" was changed to include any entity for which the large business team audit approach would be effective. As risk and complexity have become more important factors in determining whether or not to treat the entity as being part of the large business population, files under the $250 million threshold that meet these new criteria could be considered for inclusion in this population; **Chile-** Multiple criteria, including high turnover & share capital, & designated industries (e.g. financial, mining, & casinos) & foreign investors, & large government & non-profit bodies; **China-** SAT established a new Large Business Taxation Department in 2008 to manage the tax affairs of large corporate taxpayers. Currently there is no clear threshold to define a large business, but SAT has selected 45 large corporations from different industries as so called 'focus enterprises' to experiment with administration and service practices; **Denmark-** Corporate companies which are a financial company or an insurance company or an utility company or which is subject to tonnage tax or Hydrocarbon-taxation and a company subject to joint taxation with a company fulfilling any of above criteria's are also assumed as large taxpayer; **Finland-** The LTO attends to the taxation of the banks and insurance companies, public limited companies and Finland's largest corporate groups and companies that are engaged in international operations as well as related guidance, service and surveillance. The mandate of the LTO extends to the whole of Finland; **Germany-** As a rule the specified organisational units only conduct field audits. In some the federal states (Länder), there are higher thresholds for the category "large taxpayers"; **Hungary**- The calculation method of tax capacity: The method is ruled by the decree of Minister of Finance no. 37/2006 (XII.25.) i.e., "tax capacity" shall mean the yearly average of a taxpayer's gross tax liabilities on the aggregate (including budgetary subsidies, tax allowances and tax relief) within the term of limitation; it shall also include the amount of value added tax payable or the amount charged and deductible, whichever is greater in terms of absolute value. The calculation is based on the tax data available on 1st September in the previous fiscal year. In 2010 the limit for tax capacity is HUF 2750 millions; **Mexico-** Foreign states, international organisations, members of the Mexican diplomatic and consular service. Federal legislative and judicial branches as well as the central public administration. Constitutional autonomous public entities (such as the central bank and the national human rights commission). Decentralized government agencies and enterprises: government oil company (PEMEX) and its subsidiary entities, federal electricity commission (CFE), the social security agency (IMSS) and the social security agency for the public sector employees (ISSSTE). Non-residents. Joint and several liability; **Netherlands**- All companies in the financial industry (banks, insurance), the oil and gas industry (upstream and downstream) and in the energy-supply industry are deemed to be very large taxpayers. All non-profit organisations standard weighted fiscal value exceeding 37.5 million euro and/or All companies in the financial industry (banks, insurance), the oil and gas industry (upstream and downstream) and in the energy-supply industry. Taxpayers not meeting the above criteria may be covered under the supervision-concept for very large taxpayers if complex issues exist, or a taxpayer is viewed as potentially a high-profile case or with certain degree of financial risk; **Poland-** Subjective criteria: a capital tax group; a bank; an insurance establishment; a unit acting pursuant to the provision on public trade of securities, and provisions on investment funds; a unit acting pursuant to the provisions on pension funds; a branch or agency of a foreign company. Objective criteria: raised an annual net revenue >5 million in the previous year, as a resident participates directly or indirectly in the management of companies located abroad or control thereof or has a share in their capital, is managed directly or indirectly by a non-resident, or a non-resident has a minimum of 5% of the votes at a meeting of shareholders or at a general meeting, as a resident jointly participates directly or indirectly in the management of a domestic entity and foreign entity, or controls or has at the same time a share in the capital of such entities; **Russia**- Including the annual receipts amount, the amount of the assets, the staff level, the total sum of the federal tax due, the entity included to the list of the strategically important entities, the amount of the strategically important goods for export and so forth. The exact figures may vary depending on the industry; **S.Africa**-* In addition, any entity which is a connected person in relation to any entity meeting any of the above criteria is also included within the LBC. ** LBC Total Entities (24,257)= Entities in groups(13,215)+ Entities not in groups (11,042).Number of total LBC groups: 1,457; **Spain**- Individuals with personal income >€1 million or personal assets >€ 10 million. Partners or individuals highly related to other Legal entities assigned to the Large Taxpayers Central Office or that manage complex economic transactions.

/2. **Australia**- Includes FTE for and management of some key focus areas such as international tax issues, banking,

Table 6. Selected features of large taxpayer units

insurance and Energy & Resources including Petroleum Rent Resources Tax (PRRT) and National Tax Equivalents Regime (NTER); **Canada-**This number consists of 520 large file auditors and 120 international auditors who are involved in various aspects of cases. Of this total, approximately 20% make up managers and the remaining are auditors; **Chile**- Including 138 tax auditors and 17 lawyers; **Indonesia**- 337 represent the total number of employees in regional office that oversees the large taxpayers' offices and high wealth individuals' tax office.
/3. **Korea**- There is no dedicated unit for managing tax affairs of large taxpayers in the headquarters, but there is one in regional tax office level.

Table 7. Revenue bodies with dedicated units for high net worth individuals

/1. **France**- 140 000 is the number of high stake files called DFE (dossier à fort enjeu): income > 200 000€ or patrimony > 2,5 million€. France has also created a new category called TDFE whose criteria are income > 2 million€ or patrimony > 7 million€. DFE and TDFE are regularly audited. 20 000 is the number of taxpayers constituting DNVSF's portfolio; **Romania-** Reported that it would be considering the creation of a small dedicated unit for HNWI later in 2010.

Table 8. Office networks of revenue bodies 2009

/1. Number of total staff may not equal the number of staff in tax-related work shown in Table 25 owing to the inclusion of non-tax staff.
/2. **Australia**- * There are also 2 outsourced call centres whose staff is not displayed above. ** Shop fronts & computer centre constitute other offices; **Canada**- 6 of the call centres are co-located within tax services offices: **Chile**—Call centre is outsourced; **Czech Rep.**- Other offices include training centres; **Estonia**—includes customs & IT; **France**- The number of employee indicated here is calculated on a budgetary posts basis, a methodology which is close to the FTEs' of the OECD Secretariat. Those data only concern the staff that belonged to the previous General Tax Directorate of France and concern the staff of the fiscal function together with associated overhead functions; **Germany**- Headquarters are tax directorates of Federal MOF and 16 State MOF; other office is used as a training institution; **Hungary**—Number of call centre staff is included in regional office category; **Ireland**- Staffing figures correct as at end July 2010; **Italy**- Data are for Revenue Agency only; **Japan**- Data includes the number of staff at one processing centre & call centres located at regional tax offices; **Latvia**- The data includes customs functions & the figures reflect situation after 2010 reorganisation that reduced and reorganised regional offices; **Cyprus, Luxembourg, Malta**- Data cover direct tax&VAT directorates; **Mexico**- Data processing centres & call centres are outsourced but supervised by SAT staff. There are also 49 local custom office with 8,325 staff; **Netherlands**- * HQ Operations: For consistency with other revenue bodies, staff attributed to HQ operations also deemed to include 168 staff in HQ, 677 staff in Centre for Process & Product Development and 4,654 staff in 3 ICT, Knowledge and Facilities Centres. **17 regional offices, 13 for tax & 4 for customs. *** Other offices: 565 staff in Benefits Unit and 1,093 staff in Fraud Investigation Unit; **Norway**- Figure of regional offices include 430 local tax offices; **Poland**- The variation of total staff number data in comparison with that of 2007 stems from the change of calculation method. Different from that of 2007, the 2009 figure embraces not only employees hired in tax administration (as it was presented in the 2007 data) but also employees hired in the Fiscal Audit Administration, the Custom Administration in tax related units and the Ministry of Finance which means all the revenue bodies are amassed in this aggregate; **Portugal**- Number of year-end employees. 90 call centre staff are also included in other components; **Romania-** 440 regional offices comprise of 42 county general directorates for public finance, 356 financial administrations and 42 medium taxpayers administrations and staff number for regional offices includes the staff from county general directorates for public finance plus the staff from financial administrations and the staff from medium taxpayers administrations; **Singapore**- All offices in one headquarter building. There is also 1 call centre and 1 massive printing centre however the staff figures for these establishments are not available; **Slovak Rep.**- The shortened part-time jobs are not taken into account, the number of staff is referred to December 31,2009; **Slovenia**- Including 60 local offices; **Spain-** 203 local tax offices, 36 local custom& excises offices, 17 regional offices and 51 provincial offices are included in aggregate number of regional offices and 2 national data processing centres and 2 call centres staff is included in headquarter staff. Furthermore, permanent call centre staff is employed by AEAT (National Agency for Tax Administration) under the General Spanish Civil Service Law. However, the telephone service offered during campaign periods is partly outsourced to external companies. The number of total call centre staff varies during the year between 520-920 FTE's. Additionally, 1,025 temporary staff operators (outsourced) are hired from April to June (PIT period); **Sweden**- Data exclude around 1,850 staff of the Enforcement Agency which carries out enforced tax debt collection functions. 100 local office and 1 call centre are included in regional offices. HQ staff includes 1,573 staff reported as operational support work; **Turkey**- Number of local offices includes 30 tax office directorates & 52 provincial finance directorates; **UK**- It is reported by HRMC for all centrally provided support function; **USA**- Office network structure is decentralized & organized around taxpayers; head office has 12 distinct semi-autonomous business & functional units, each with its own head office operations, each business unit has different level of detail by office.
/3. Spain, S.Africa and UK—data includes customs.

Table 9. Revenue bodies' mandated business performance targets

/1**. Austria-** Government goal to reduce burden by 25%**; Argentina-** To recover 75% of debts within fiscal year**; Canada**- * Level of dollars collected of tax debt. ** Government Paper Burden Reduction goals; **Chile**- * Reduce incidence of estimated non-compliance to levels existing prior to 2008-09 financial crisis. ** Implement law introducing a "net satisfaction index" to measure taxpayers' perceptions of service quality. *** Implement Government's expenditure austerity programme imposed after 2010 natural disasters; **Cyprus**- * Direct and indirect tax administrations do not have mandated targets specified in quantities. **With regards to all public sector functions, it has been targeted to reduce administrative burden 20% by 2012, operating costs and staffing 3,000 across all public sector by 2012; **Denmark&Estonia**- See chapter 3 of report; **France**- Achieve 1) collection of 98% of roll taxes; 2) improved taxpayer satisfaction of 90%; & 3) staff reductions (1,969 FTEs in 2009 & more in later years); **Germany**- * The German federal Government has set itself the objective of reducing the costs to business caused by federal reporting obligations by 25% net by the end of 2011 compared to the situation as of 30 September 2006. ** At Länder level, the process of agreeing on objectives differs from one federal state to another. Individual objectives are agreed between the regional authorities and the tax offices or, in some cases, between the intermediate authorities and the ministries. At present work is underway on setting up a federal system for agreeing objectives between the federal government and the Länder; **India**- Widen tax base by 15% on 2009, deepening on incomes > Rs1 million; **Ireland**- * Reduce collectible debt by 25% in 2010. ** Contribute to Government–wide burden reduction target of 25% by 2012. *** Comply with staffing limits of 6,200; **Italy**- Number of targeted controls (excise), average collections from VAT inspections, positive excise inspections, & positive actions under-invoicing in risky sectors; **Japan**- Improve taxpayers' satisfaction with online filing & payment systems to 60%; taxpayers' satisfaction with filing assistance on NTA website to 80% by 2011; **Latvia- *** Achieve cuts in budget of 40% imposed in 2009, resulting in 20% less staff in 2010**; Lithuania**- 1) Keep VAT & PIT debt <10% of declared taxes in 2010 & 2011; 2) achieve a rating of 96% in quality of consulting provided from call centres in 2010 & 2011; & 3) reduce operating expenditure by 15% in 2010 (compared to 2009) & staffing by a further 0.5% in 2011; **Luxembourg**- For direct taxes only; **Malaysia**- Action at least 45% of accounts receivable; **Mexico**- Achieve: 1) annual reduction in aggregate tax debt; 2) periodic reduction in tax evasion for major taxes; 3) improvements in taxpayers' satisfaction; 4) decreasing compliance cost trend for business; there are also targets for audit results, taxpayer registrations, tax disputes& filing of tax returns and perceptions of corruption; **Netherlands**- Government-wide burden reduction target of 25%; targets for reduced staffing expected late 2010; **N.Zealand**- 1) increase revenue collections (reducing debt) by $100 million in 2010 & 2011, & by $200 million from 2012, in return for increased funding over 10 years; 2) increase in audit outcomes as a result of increased funding; 3) achieve targeted levels of taxpayer satisfaction with service quality; 4) achieve staffing reductions (equivalent to approximately 1/6 of total budget); **Norway**- Debt reduction target of 11.5%; **Poland**- Poland tax adm. does not have mandated targets specified in quantities; **Portugal**- Increase co-operation with other revenue bodies, improve the call centre and expand the notification of taxpayers by mail; **Singapore**- Completion rate of assessments, return filing compliance rate, & turnaround times for processing tax incentives & tax refunds; **Slovenia**- Reduce staffing by 1%/year; **Spain**- Government rationalisation programme underway expected to lead to cuts in spending; **Switzerland**- 1% reduction in expenditure limit for personnel in 2010-11 & 2% in 2012-13; **USA**- 1) an e-filing rate for major income tax returns of 82% by 2012; 2) a rate of voluntary compliance of 86% by 2012; 3) a score of 70 in the American Customer Satisfaction Index (ACSI). A target for employee engagement is being explored.

Table 10. Selected management practices

/1. **Canada**- The Corporate Business Plan is a confidential document. Only the Summary of the Corporate Business Plan is published and made available to the public; **Chile**- * Even though the annual plan is not published as a report itself, part of it is included in the Annual Public Account, showing aspects of the SII performance in the past year, such as legal tax changes, taxpayers behaviour, evasion statistics, collection, number of taxpayers, e-services rendered, human resources, etc. ** Surveys required by law introduced in 2010 that establishes an economic incentive to improve service quality based on an annual survey that measures a quality indicator (or net satisfaction rate) for both individual and business taxpayers; there are annual targets to be met to achieve the economic incentive; **Cyprus-** Only collections are published by Direct Tax Department. Results of Direct Tax Department are published in the General Auditors Report**; Estonia-** Annual performance report: the performance results of ETCB are incorporated into the annual report of Ministry of Finance and it is published on the website of ETCB; ETCB does not prepare separate annual report since 2008; **Germany**- Some federal states have their own service standards but there is no country-wide system; federal states generally conduct their own surveys of taxpayers but at fairly long intervals; in 2009, a country-wide online survey of tax advisors was conducted; **Ireland-** Surveys are regularly conducted on different sectors of taxpayers. Two surveys of SME taxpayers and one of PAYE taxpayers has been completed. A second survey of PAYE taxpayers is currently being finalised. All reports are published on the Revenue website; **Israel**- Revenue body plans to carry out such surveys in the near future; **Luxembourg**- For direct taxes only; **Romania**- Specific standards and the performance against them were not identified elsewhere in the series; **Netherlands**- Business strategy and goals incorporated in Annual Budget (the Ministry of Finance); **S.Arabia**- Done informally through website and weekly newspapers where views and comments are received and responded to through workshops and seminars; **Turkey**- Surveys conducted biennially.

Table 11. Strategic approach for managing taxpayers' compliance

/1. **Bulgaria**- Gap analysis exercise was initiated n 2009 but has not yet been finalised; **Estonia**- Programme of random audits in the VAT refund sector; **France**- Programme commencing in late 2010 for VAT; **India–** Partial attention given to both aspects; **Italy**- Reported as being done on a selective basis; **Luxembourg**- For direct taxes only; **Mexico**- Revenue body is required by law to produce two studies each year related to aspects of the tax gap; **Malta**- Random audit programme is very limited in scale; **Norway**- Programme planned to commence in 2011 for corporate tax and taxes for the self-employed; **Portugal**- Annually tax administration make a public report on tax evasion and fraud with data about detected tax crimes and amounts of the tax debts. Furthermore, the Portuguese tax administration is not required to make periodic estimates of the tax gap. Estimates of the tax gap are occasionally made but not published.

Table 12. Revenue bodies' human resources management (HRM) strategies

/1. **Germany-** The federal states decide about their HRM strategies, some aspects of which differ quite a bit; **Ireland-** Imparting the results of any surveys/assessments and the ensuing consultation in developing and implementing action plans is effected through a formal partnership process involving representatives of management, staff and unions. Formal outcomes are published on Revenue's intranet: **Italy-** In 2003 and 2007, Revenue Agency surveyed employees on the quality of their work organization; **Luxembourg**- Direct taxes only; **Malta**- VAT only; **Mexico-** For

Table 12. Revenue bodies' human resources management (HRM) strategies

example Great Place to Work survey is applied. Results published on Intranet, and findings complemented with focus groups to design action plans; **Netherlands-** * No formal targets; the tax and customs administration is currently developing a new HR-strategy ** personnel monitor' is a digital questionnaire we distribute every two years amongst employees in the organisation. The results are shared with staff, not only on paper but also in dedicated meetings within regional tax offices with the aim of implementing improvements; **N.Zealand**- Conducts an annual Gallup Employee Engagement survey which it has run organisation-wide since 2005; **Norway-** Assessment and formal targeting for increasing staff capabilities is part of our HR-strategy for 2010-2011; **Poland-** Human Resources Management Programme for the period 2010-2011 in areas: staff recruitment, employment of disabled persons, implementation of new staff, development of management skills, motivation system, periodic staff assessment; **Slovak Rep.-** Plans to survey its staff on their satisfaction in 2010; **Sweden-** Decrease of recruitment and increase of on the job training.

/2. **Australia**- SES and EL2 employees received performance pay for the 2008-09 year; however the 2009 EL2 Agreement includes the 'rolling in' of performance pay into base pay for EL2 employees with a new EL2 performance system to be implemented by 1 July 2010. ATO corporate values were integrated into the performance system in 2008-09 and included in team plan and performance and development agreement (PDA) supporting materials and templates. These values will be included in multi-source feedback questionnaires during 2009-10; **Argentina**- Recruitment scheme in development. Its basic principles are equal opportunity and access to the Public Administration (including for those with disabilities), speed and transparency of processes, emphasising the suitability of the applicants. Training and development: Negotiations have been initiated with trade unions on a "Career Plan" for the permanent staff which will facilitate the development of the staff in different technical and institutional trajectories._Performance management/ Rewards: In 2009, AFIP changed its Scheme for the Assessment of Performance which consists of a general evaluation of the staff performance and takes place once a year. Its impact on wages depends on the qualification given in the assessment, which includes both level of effort and capacity shown by the official for the assigned tasks, it is not the assessment of individual objectives. A new feature is that it creates an incentive for those officials who do not record absences of any kind (except those caused by ordinary leave)**; Austria**- Recruitment: implementation of an E-Recruiting tool. Performance Management: Focus on "outcome-orientation" as a new budgetary principle; **Belgium-** Recruitment -besides the specific university degrees (law and economist), the recruitment selections are currently open for holders of any degree upon the condition that the applicant has a professional experience in the required field. Up till last year, large generic recruitment selections for the whole department (Federal Public Service of Finances) were held. From this year on, the job profiles as well as the location are more focused on the needs of each tax administration. Training and development: an important activity is to develop the capacities of the civil servants (soft-skills, mentorship, coaching) and to introduce innovative learning solutions. Another important aspect is to align training needs with the organization strategy. Therefore a Global Development Plan is created yearly. An integrated tool "Neeva" manages the entire training administration at the FPS Finance. Plans for dealing with anticipated staff or capability increase or reduction: Annual plan reproduces all the functional needs of all the entities of the Federal Public Service Finances and is carried out within the limits of the personnel budget. On the medium term besides the yearly personnel plan a strategic personnel plan is worked out on the basis of the strategic projection of each entity; **Bulgaria**- Electronic training of administration's staff is being piloted based on assessing the competences and the real needs of the administration. In addition, an Evaluation Centre and a Development Centre shall be implemented; **Canada-** Canada is simplifying its staffing policies and instruments to improve consistency and ease of application; **Chile**- Training: staff training needs identified and training plans developed aimed to achieve higher efficiency levels in work teams. Training activities evaluated for effectiveness. Performance Management: Changes in Performance Evaluation System aim to advance in modernization, focusing on quality, designing and implementing new tools and practices, and encouraging commitments. Rewards: The Law 20.431 of April 2010 establishes an economic incentive linked to taxpayer satisfaction with quality service, measured by surveyed taxpayers; **Estonia**- ETCB is planning to transfer and prepare more staff from customs side to the tax side due the less workload in customs area and in order to become more efficient; **France-** Competitive examinations give more importance to professional experience. Juries receive a specific training to know how to fulfil their task. Follow up and enhancement of policy objectives and results, especially for executives; **Ireland-** Plan to move from only classroom delivery to a blended approach by utilising an online learning environment and by developing a suite of e-learning modules. A central body (comprising of representatives from all staff associations/unions and the Department of Finance) will review the Irish Civil Service Performance Management & Development System (PMDS). All Government departments, including Revenue, will implement any changes stemming from this review. Over the course of 2009, the total number of staff in Revenue fell by 7.2. Some of this reduction was as a result of staff turnover caused by normal retirements and resignations. However, this was compounded by those who left as a result of the Incentivised Scheme for Early Retirement (ISER) and the Incentivised Career Break Scheme, together with the Government moratorium on recruitment/promotion. To cope with the impact of this reduction, Revenue examined the increases and decreases in activity across each of our business sectors. This exercise was designed to ensure that the redeployment of staff was directed at critical functions and to strategic/high risk areas; **Italy-** Recruitment policies have been highly influenced by changes in legislation which limited the possibility of the public administration to take autonomous action. Nevertheless, financial laws allowed the Revenue Agency to hire qualified graduates also in support of increasing and better tax controls, and about 6.000 officials have been employed since 2003 opposed to about 1000 retired employees per year. In the coming three years the Revenue Agency intends to recruit about 3,000 officials for the north – central Regions to be assigned to the core activities of tax administration. Selections are characterized by a traineeship (theoretical and practical) during which all applicants are followed by a tutor. In addition, the Customs Agency decided not to keep employees older than 65 years at work any longer in order to promote the turn-over of the personnel. Both Agencies are also investing in training employees to reach elevated standards in complex and technical activities; **Japan-** New personnel evaluation system including management by objectives was introduced besides efficiency rating in 2009; **Korea**-The NTS has "Future Talent T/F" which produces ideas to advance the existing institution to foster people of talent; **Malaysia-** Implementation of online recruitment, training and development will be based on new competencies

Table 12. Revenue bodies' human resources management (HRM) strategies

and individual development plan and performance management will be based on new competency profile; **Mexico**- New HRM policies have been implemented to comply with National Security measures; **Netherlands-** Current practice is individual arrangements with employees and budget for capacity building; these are developed to a broader strategy and HR will become a set item in performance management; **N.Zealand-** Performance management: currently implementing a revised policy and framework for planning and reviewing performance, for staff and Team Leader (i.e. non-management) positions, *which* places greater emphasis on competencies/behaviours and development planning. Rewards (including remuneration): currently negotiating with the Public Service Association (PSA) in respect of a new collective employment agreement covering its members. Part of this includes implementing a new remuneration system with a simpler banded pay structure that is similar to the approach we take for managers' remuneration; **Norway-** implementing new training and development policy and systems, and individual development plans (more specific and higher quality); **Portugal-** DGCI has a proposal of a new career and recruitment regime, more suitable to its actual mission and objectives. Example of the changes: academic level required to enter these careers (college degree), career functions redefinition, new and less categories, etc. This project was negotiated by the government with the trade unions, but was not yet approved and published; **Romania-** For 2009, taking into consideration the effects of the economic crisis, salary expenditures have been reduced with 25 and the staff hiring has been frozen as a result of a general Government decision. There is no formal decision yet, but starting with 2011 measures to redistribute staff among the functions of NAFA will be taken; **Slovak Rep.-** In the areas of recruitment, training, rewards (including remuneration) the Tax Directorate follows the law which was adopted in 2009 and, therefore, important changes in this area, passed in 2009. The tax administration is preparing to reform. A new Act on State Administration Bodies in the Area of Taxes and Fees has been adopted currently, which will be effective from January 1, 2012. Personal office has not implemented any changes yet, however it has responded to the forthcoming reform in its Resource management strategy, which incorporates some of the approaches to preparing for this change; **S.Africa-** Change the recruitment process by decentralising this function to enhance the recruitment turnaround times and emphasis to ensure the correct suitable candidate is recruited and appointed; **Spain**- There is no specific plan for the Tax Agency but there is a General Rationalisation Programme for the whole Public Sector; **UK**- The new Government has introduced a recruitment freeze from May 2010 except for agreed business cases for 'frontline' or 'business critical' recruitment. Total Reward is being introduced. A Next Generation HR (NGHR) programme will introduce one Civil Service HR for all government departments over the next Spending Review period 2011-2015; **USA-** As a part of a major U.S. Government-wide policy change to streamline and simplify government hiring, IRS is reengineering our hiring processes, including workforce planning process improvements that should better identify and deal with anticipated staff increases and reductions.

Table 13. Aspects of staff recruitment and development

/1. **Austria-** The numbers and types of staff as well as the classification of jobs are coordinated with the Federal Chancellery. The Federal Chancellery and the Ministry of Finance negotiate a framework for 4 years. Within this framework the revenue body has autonomy of decision; **Belgium-** Numbers and types of staff to be hired: The administration is autonomous but within the limits of the yearly personnel plan. Duration of contracts: the priority with the Belgian Civil Servant's management lies with permanent (fixed) employment. However, contractual arrangements (for a fixed or unlimited period of time) are possible in accordance with the functional needs of the administrations. Recruitment: all administrations must work with SELOR, the selection and hiring agency of the federal administration, with a recruitment process that is identical to each ministerial department; **Chile-** The institution has not the autonomy to decide the number of staff to be hired, because the annual budget and maximum number of staff is authorized by the government and determined by law. Furthermore, certain staff has legal status which cannot be changed; **China-** As in other Ministries, SAT's staff level is set by the State Commission Office for Public Sector Reform. So as long as the staff size is not exceeding the maximum level set by the above Office, SAT can enjoy some sort of autonomy / flexibility; **Cyprus**- Flexibility in location of staff if transfers within same town; **Denmark**- We do not publish our requirements, but before every recruitment action an assessment of the needed qualifications is conducted. In the screening of applicants a match is sought but there is flexibility in order to accommodate the best use of the offered qualifications; **Finland-** The number of staff is adapted according to the Finnish national productivity programme. **France:** Staff numbers are determined by the budget law. Requirements to be allowed to pass competitive examinations are determined by law. Geographical locations of staff are determined by special commissions. Appointments of most suitable staff are only made for some local offices and for specific positions; **Germany-** The requirements for some functions are regulated by law. Apart from that, a general trend towards greater flexibility is discernible; **Greece**- The revenue body makes suggestions and reports about the vacancies and its staff needs but the final decision is made by the competed Ministry of Interior; **Hungary**- The number, types of skills and academic qualifications of staff are stipulated by a government decree; **Iceland-** Duration - law restricts short time employment contracts to a max of 2 years. Location - up to a point; **India-** The recruitment agencies are separate, namely, Union Public Service Commission (for recruitment of officers) and Staff Selection Commission (for recruitment of staff); **Ireland**- Certain posts/grades require specific qualifications and experience requirements; however, the majority of general service appointments to Revenue are dealt with by the Public Appointments Service, a central body that recruit staff for the majority of all Civil and Public Sector posts; **Italy-** Staff recruitment is regulated by laws on public competition. A public notice of competition is published on the Official Journal and the staff are selected by culture and vocational tests. In 2003 the Revenue Agency introduced a new recruitment system based on the performance assessment and organizational behaviours of trainees on the job. The entry tests are followed by a six months traineeship (direct valuation) and by a professional interview. In 2007 an assessment of professional experiences was carried out to allocate employees to the right activities. The Agency has identified eight professional families (main mission and support process: tax audit, tax management; services to taxpayers, legal service, human resources management; information technology, accounting): a set of transversal and organizational roles uniform in some features (e.g. activity, skills, background); **Japan-** The NTA has recruited

Table 13. Aspects of staff recruitment and development

experts specialized in legal and financial affairs with limited assignment terms. The requirements are published; **Korea**- The NTS does not decide the number of staffs to be hired, but it can with regard to types of staffs. For contract employees, the NTS decides the contract period; **Luxembourg-** Recruitment is made by a specific government body and not by the direct and indirect tax administrations. Those administrations can only propose the number and the type of staff to be hired but the final decision is made by the minister of finance/cabinet; **Malaysia-** The creation, grading and revocation of post in IRBM require the approval from Ministry of Finance and Public Service Department**; Malta**- number and types of staff, and appointment of most suitable candidates – direct taxes only**; Mexico-** It is necessary to request authorization to modify the number and type of staff for the institution to an external government agency; **Netherlands-** Has authority to determine recruitment numbers and types of staff at central not regional level. Re contracts, the General Labour Act for Civil Servants applies to all employment contracts concluded by the tax and customs administration; **Romania-** For 2009 staff hiring has been frozen. In general we use permanent employment. We have limited autonomy in making decisions about the geographical location of staff because, for changing the number of personnel alocated between county offices we need the approval of the MoPF; **Russia**- Autonomy regarding skills, not qualifications. Automomy re numbers of staff only withinthe limits set by legislation. Duration of contracts regulated by legislation; **S.Arabia**- Flexibility to reward good performance is available to DZIT's management as it has the authority to approve extra payments of up to three months of employees' basic salaries for awarding good performance; **Slovak Rep.-** Ministry of Finance determines the number of employees and the amount of wages. The Civil Service Act establishes the conditions for admission into the civil service, including qualification requirements for each function; **Spain**- Number and skills of the staff are coordinated with the MOF. Contracts are virtually permanent as recruitments are made under the General Civil Service Law. Only few staff (not specialized) is hired temporarily.

/2. **Argentina-** Specialist training has been developed training activities in collaboration with the Directorate of Analysis of Specialized Tax Examination. Also, scholarships have been awarded for external courses on specific topics related to regional and/ or sectoral activities that are considered significant e,g development of courses and/ or scholarships on Grain Trade, Production and marketing of tobacco, Cooperatives and benefit associations, and Capital market, among other activities; **Belgium-** Formal arrangements / networks for the purpose of benchmarking within Belgium: we have regular meetings with representatives of other Federal Public Services and with private organizations working in the area of personnel development, and at European level around the development of e-Learning products. Benchmarking of global HR aspects supported by the Federal Public Service P&O, which provides concepts, instructions and tools. By means of the content portal "e-Communities", it is possible for all Federal public Services to exchange experiences and best practices. Developing commercial awareness is considered more a professional awareness (conflict management) rather than a commercial approach; **Ireland**- Works in partnership with tax practitioners, under the auspices of the Tax Advisory Liaison Committee (TALC); **Luxembourg**- *Indirect taxes only. ** Direct taxes only; **Malta**- financial management–direct taxes only; **Mexico-** SAT has established training programmes with legal and accounting organisations as well as universities, in order to support and enhance staff development based on skills required for both strategic positions and critical processes; **Netherlands-** An example: tax assurance programme in co-operation with Nyenrode Business University ** In-house training on skills and provision of commercial service levels which are vital to horizontal monitoring programmes; **Romania-** There is a planning for professional development which includes training in different fields, mainly in specific areas such as: tax audit, collection, taxpayers assistance, audit, etc., but also in IT or foreign languages; **S.Africa-** Employee Wellness rolled out Financial Management skills development in the Organisation. Finance for non-financial management programmes were presented to some line and senior managers. Technical Training for Team Leaders has been developed and is being implemented.

Table 14. Performance management and remuneration

/1. **Austria-** Each staff member has clear measurable/determined objectives or at least clear performance expectations; **Argentina-** The Scheme for the Assessment of Performance considers the level of effort and the capacity shown by the official for the assigned tasks in the area. I. e., it is not the assessment of individual objectives, but the measure of the degree of commitment and action taken to complete the objectives of the area; **Belgium-** This aspect of human resources management is currently under development within the Federal Public Service Finances. Currently work is undertaken on the implementation of a "management cycle" that will transform the objectives to a lower level; **Cyprus-** (direct taxes) Only tax assessors in audit of accounts/tax returns (both Direct taxes and VAT), capital statements (Direct Taxes), PAYE (Direct Taxes), employees responsible for execution of training programme (both Direct taxes and VAT) have measurable objectives set at start of period; **Denmark-** Annual, individual talks with nearest boss for all staff; **Estonia**- Activity Based Costing and work time management system (in some area branch). Goals and objectives are set but not all of them are clearly measurable. Performance Appraisal System takes place once a year; **Finland**- The performance targets are set on the Office level. No personal objectives. The managers evaluate each staff member's performance yearly; **France-** * For executives. ** Objectives are set for all employees but are measurable only for some of them. *** At least by the evaluation-scoring meeting and at the most by a bonus for executives; **Germany-** The systems differ from one federal state to another; **Hungary-** The performance management systems for staff members and for the organisation are not linked; **Italy**- Performance evaluation only regards managers and team leaders. The Revenue Agency has a system of capability/competency model in place that describes skills, knowledge and abilities of managers The system was introduced in 2001 and takes into account both achievement of the assigned targets) and of the organizational competencies (individual qualities). In 2008 the Revenue Agency applied an evaluation system to officers in charge of organizational and responsibility functions (ex. team leader) based on the competency framework (2000 officers). Only four key core competencies perceived as critical for the effective performance of these officers have been evaluated: problem solving; achievement orientation; initiative; teamwork capability. These competencies have been set out in a National Integrative Contract for personnel with high professional skills; **Indonesia-** DGT is still developing new performance management system and aligning it with cascaded strategic objectives; **Luxembourg-** The objectives are fixed for each different tax AED has to deal with

Table 14. Performance management and remuneration
or for each tax office / department, but nor for each staff member; **Mexico-** Performance assessments include self evaluation, assessments by immediate supervisor, clients, co-workers and subordinates as well as workplace satisfaction survey and the contribution to fulfil business objectives; **Netherlands**- A number of criteria have been determined and these are individualized per staff member; a report on performance is made annually, this is discussed between employee and manager and this report is put in the employee's personnel file; **Russia-** Employees of the local tax offices are given the remuneration tied to their performance (tax compliance and tax payments management); **Slovak Rep.**- Re staff objectives and performance evaluation **-**Tax Directorate has had such a system until the end of 2009. The new Act on Civil Service repealed it since January 1, 2010, however, in accordance with the Resource management strategy the Tax Directorate plans to reintroduce it from 2011. The performance of each staff member has been cancelled and therefore it is evaluated only when processing employee's salary (personal bonus) & rewards; **S.Africa-** SARS's performance management system operates at both organisation and individual levels. Following SARS's annual planning process, objectives are cascaded to responsible senior managers and metric sets defined and agreed upon for operational roles. Individual performance is reviewed quarterly (senior managers on a six monthly basis) and evaluated at least twice a year; **Sweden**- Not on objectives but on results according to manager-employees annual dialogue. /2. **Australia-** Annual advancement within the pay scale is possible provided performance and other related factors are at least satisfactory. The criteria are more comprehensive for Executive Level 2 and SES employees. Also, in 2008-09 staff at the SES and non SES Executive Level 2 levels were eligible to receive performance–based pay. In the ATO performance-based pay is paid as a one-off bonus, The assessment and rating of performance is based on the actual achievements attained over the year, and the leadership skills the employee exhibited in order to facilitate these achievements. The amount of performance pay received is paid as a percentage of salary, with incremental increases between 0 and 15 per cent; **Argentina-** There are two Collective Labor Agreements, one agreement for customs officials and other for tax and social security officials, in place for approaching 20 years. In January 2008 both agreements were amended in areas of rights, obligations, duties and prohibitions; employment relationship; income; working hours; incompatibilities; compensation and benefits; leave; union recognition, etc. There is a variable remuneration called *Account of Hierarchy*. This account consists of a 0.70 of the total amount of AFIP's tax collection. To the corresponding monthly total amount, firstly 24 is withdrawn as employer's social security contributions, to the amount obtained 5 is withdrawn for the payment of an incentive for the effective provision of the service and the remainder is divided into two subsections: a) general part and b) selective part which effect employee assessment and determines amount received; **Bulgaria-** basic wage review is based on the performance evaluation which is part of the annual personnel appraisal. Additional bonuses are dependent on the quarterly evaluation of the individual contribution and the evaluation of the contribution of the respective structural unit; **Canada-** Although the CRA is considered part to the public sector, it has the authority to bargain its own pay levels and scales. The pay levels for the period of this survey for the CRA were slightly higher than of those of the rest of the public sector, except for the executive group, which are the same as the rest of the federal public sector. Performance pay is only available to executives, managers and senior HR practitioners in a managerial position; **Chile-** There is an annual economic incentive for teams or areas which achieve annual objectives established for them. Additionally, each employee must have had a minimum level in his annual performance evaluation, to get this incentive, even though his/her team has reached it; **Finland-** Part of the salary is based on the performance of the staff member (max. 48 percent); **France-** Remuneration of civil servants is defined by law. This remuneration includes the salary scale and allowances. Behaviours are taken into account for certain staff (senior managers and executives serving in headquarters) by a variable remuneration. Achievement of objectives. In addition, collective performance and "profit-sharing" bonuses based on the results obtained by the whole DGFiP will reward employees. The individual process of evaluation and scoring, led by the line manager will recognize the way to serve and the results obtained by each employee. This award is reflected by an accelerated step advancement, and ultimately by gains in remuneration and indemnity indexes. **Germany:** The incentive systems differ from one federal state to another; **Hungary-** For rewarding good performance the refined bonus exists. Modification of pay levels is limited. **Iceland:** The organisation has some flexibility to pay bonuses for good performance; **Israel-** The tax authority has ability to reward good performance by sort of rewards such as bonuses; **Indonesia-** There are special allowances for certain positions. Based on the law, there is allowance for the Directorate General of Taxes as revenue collected surpasses early revenue target. There is allowance for tax debt collector of his/her performance; **Italy-** Flexibility to reward good performance only extends to managers and team leaders; **Japan-** The staff's base pay arises in accordance with the performance in the preceding year. If the evaluation of the achievement level of performance objectives for 6 months is good enough, the staff will be paid more bonus; **Korea**- Provision of incentives; **Malta**- A number of incentive schemes are applicable taking into consideration the volume of work performed and the difficulty involved in performing these duties. Within VAT, incentives for higher grades only; **Netherlands-** A system of bonuses, periodical, extras, etc applies; this has recently been restricted in line with government wide initiatives to limit spending; **N.Zealand-** Inland Revenue's remuneration system is performance-based, i.e. the only way staff members can progress through their pay range is by improving their performance level. This means there is a direct relationship between improved performance and pay increases. A limited number of bonuses are awarded for exceptional short-term performance; **Norway-** We have a defined (certain percent) part of the remuneration pot for regional use. This allows management to give performance benefits; **Portugal-** Performance bonuses are paid to staff members whose performance evaluation with regard to the previous year was rated excellent; **Russia-** Employees of the local tax offices are given the remuneration tied to their performance (tax compliance and tax payments management); **Singapore-** *IRAS has its own scheme of service and a set of salary pay grades which are benchmarked to the jobs market. ** IRAS' remuneration system is tied to the performance of individual staff as well as the organisation. The quantum of payment is also tied to the organisation's ability to pay. Appropriate payments are made year-on-year to staff and the payments will fluctuate, reflecting the performance of both organisation and staff; **Slovak Rep.-** The system is set by law. It allows to provide the employee (for high quality task performance) with: 1- Personal bonus, which can be up to 100 of employee pay scale and, 2- Rewards; amount and frequency are not limited; **S.Africa-** Pay scales not tied directly to normal civil/ public sector pay scales. Benchmarking is done to

Table 14. Performance management and remuneration

ensure market-related pay scales are applied for all jobs. A Differentiated Performance-based Bonuses and Incentives system and Ad Hoc pay scale salary adjustments governed by relevant policies and procedures are in place; **Spain-** A performance-related bonus is paid in a monthly basis and re-evaluated at the end of the year taking into account the objectives set in the Annual Objectives Plan; **Sweden-** Within the frames of a collective agreement each agency has the delegated authority and the responsibility to negotiate and decide on employment conditions. Salary growth must be effective and carried out inside the budget. The aim is to be able to recruit, develop and retain staff with adequate skills. Individual pay setting and pay increase for each employee is based on his/hers work task (difficulties, responsibilities, depth, complexity), individual performance (skills and results related to agency objectives and evaluated by criteria), and the market situation; **Switzerland-** Salary is adjusted according to results of performance and achievement of objectives; **UK**- Performance bonuses are paid depending on end of year annual report markings; **USA-** Awards consist of performance awards, special act awards, quality step increases, time off awards, and non-monetary Commissioner and Division Commissioner framed certificates.

Table 15. Staff metrics

/1. **Canada-** indicators are based on the indeterminate employees only. During the 2008-2009 tax filing period, the number of non-indeterminate employees reached 10,000. **Cyprus:** Includes both direct taxes and VAT staff; **France**- Number of aggregate staff covers both fiscal and public accountancy functions of DGFIP; **Luxembourg**- Indirect taxes only; **Romania**- All the figures include the National Customs Authority and the Financial Guard; **S.Africa-** Employee totals include permanent and exclude temporary employees; **Sweden-** Figures refer to employees on permanent contracts; **Spain-** The Average age of the Tax Agency staff is 47 years; **USA-** * A large number, 22 (22,033) of the IRS population (101,759) are seasonal staff, those seasonal employees that for the most part support specific tax season requirements. **A majority of our yearly hiring, 72 (12,631) of the 17,577 employees recruited represent the normal, yearly hiring requirements for the seasonal staff. *** Because of this fluctuation with seasonal staff, 68 of the 13,515 staff who left the IRS is part of the normal seasonal rotation. Looking only at our full time permanent staff in 2009, IRS had approximately 80K employees, we recruited and hired nearly 5K, and 4300 resigned or retired.

/2. **Cyprus, Luxembourg and Malta**– Staff qualified at degree equivalent = average of direct and indirect taxes; **Luxembourg**- Age profile data is provided only for indirect taxes; **Spain**- Only 36% of the staff needs compulsory a degree to occupy their post but most of the staff is indeed graduated.

Table 16. Aggregate administrative costs for tax administration functions

/1. **Australia**- Expenditure data does not include any capital expenditure; **Canada**- All expenditures reported on an accrual basis of accounting and include services received without charge by other government departments. Total Administrative Expenditures (tax administration) excludes Benefit Programme Administration expenditures. Total salary expenditure (tax administration) is total salary expenditures (all functions) excluding an estimate of Benefit Programme Administration Salary expenditures; **Cyprus**- *integrated data for direct tax department and VAT department. ** Salary figures do not include salaries of 240 clerical staff as these employees are paid from the budget of the Public Administration and Personnel Department; **Denmark**- Due to the amalgamation of municipal and state tax administration services in 2005 the 2005 statement includes an element of informed assessment. For the data of 2008 and 2009, as a distribution key between tax administration and other areas, the fractions from the 2006 Nordic Benchmarking survey is utilised; **Estonia**- Data for years of 2005, 2006 and 2007 incorporates all functions including customs. However, data for years of 2008 and 2009 do not include customs; **Germany-** Since Germany does not have a central tax authority, the figures have been added up from the individual federal states; **Hungary**- The figures presented in this table is originating from the basis of proportion of staff resources rather than actual data; **Ireland**- Both of the figures include functions other than tax administration due to integrated tax and customs administration; **Italy**- Total expenditure data of Revenue Agency and Equitalia; **Luxembourg**- Data relate to direct tax and VAT directorates; **Malta-** Data relate to direct tax and VAT directorates; **N.Zealand**- Expenditure prepared on accruals basis under GAAP, and incorporates depreciation and capital charge. Expenditure on tax administration functions (total and salary) is estimated; **Romania**- Data include customs and other functions; **Russia**- Pension payments are not included in total salary costs figures however non-tax functions are included in those; **S.Arabia**- Non-tax functions are included; **Spain**- Expenditure data include customs; **S.Africa**- Expenditure data including customs for 2005-2007; **Sweden**- Expenditure data (and related ratios) exclude costs of independent Enforcement Agency staff that conducts enforced debt collection activities. Operational staff assumed as a tax-related function and figures adjusted according to that.

Table 17. IT costs for all functions

/1. **Argentina**- Ratio to total cost including customs; IT expenditure includes hardware and software equipment as well as all kind of services and technical assistance on this matter; **Bulgaria**- No software was acquired in 2009, all the expenses related to this component were at the expense of the Ministry of Finance; **Cyprus**- Data for only VAT department. The IT expenditures of Direct Taxes Department is borne by a separate IT department of the Cyprus government; **Germany-** Since Germany does not have a central tax authority, here we have added up the figures from the individual federal states; **Hungary**- Unlike aggregate administrative costs for all revenue body functions figures, the total IT costs figures presented in this table is originating from the basis of proportion of staff resources rather than actual data; **Ireland-** Expenditure for IT related operations does not include employee costs; **Japan**- IT costs are calculated based on the budget rather than the settlement of account; **Luxembourg**- Data relate to direct tax and VAT directorates; **Malta-** Data relate to only Direct Taxes Directorate for 2005-2007 and VAT Directorate for 2008 and 2009; **S.Arabia**- IT costs do not include salary cost and related overhead of IT staff. The salaries and related overhead of IT staff is incorporated into salary costs figures displayed in Table 16; **Spain**- IT costs include only capital expenditures and external applications. Wages of the IT department (2,490 staff) are excluded; **Sweden**- Expenditure data (and related ratios) exclude costs of independent Enforcement Agency staff that conducts enforced

Table 17. IT costs for all functions

debt collection activities; **UK**- Expenditure data includes customs-related activities which cannot be isolated, IT operations are outsourced; **USA**- IT costs include smaller costs for IT improvement programmes, but does not include the IRS Business Systems Modernization (BSM) Programme, which are development, and not operational expenses. The BSM costs are $316 million in 2005, $215 million in 2006, $234 million in 2007, $246 million in 2008 and $222 million in 2009.
/2. These rates have been recomputed from those that appeared in the 2008 series to correct errors in their prior computation.

Table 18. Comparison of aggregate administrative costs for tax functions to net revenue collections

/1. Observations and conclusions based on the information in this table should pay close regard to the comments in the related text in this chapter.
/2. **Australia&Turkey**- data as per revenue body's annual report for 2007 (Australia) and 2005 (Turkey); **Estonia**- Ratio of 2007 includes customs operations but not for subsequent years; **Luxembourg**- Data relate to direct tax and VAT directorates; **Mexico**- Data from Tax Report by Tax Administration Service; **Russia-** Denominator is gross revenue collection because of data insufficiency; **S.Arabia-** Denominator is gross revenue collection because of data insufficiency; **Sweden**- Net revenue of 2005 in Taxes in Sweden (7th edition). Operational staff assumed as a tax-related function and figures adjusted according to that.; **USA**- Ratios indicated vary from IRS-published ratios owing to use of "net" and not "gross" revenue collections as the denominator.
/3. Results shown for this ratio in prior years appear to have included some 'non-tax related' expenses, thereby producing a ratio higher than if computed accurately (i.e. all tax administration-related expenditure as a proportion of net revenue collections).

Table 19. Tax Administration&Revenue body expenditure as % of GDP

/1. GDP at market prices in millions of national currency.
/2. **Austria**- All revenue body expenditure figures include some Treasury expenditures as grants and the procurements of the Treasury; **Ireland&Spain**- Ratios include costs of customs administration; **Italy**- Calculations based on cost data provided for tax related functions of revenue body (AE), tax-related work of the separate tax police body (Guardia di Finanza), and separate tax debt collection function (Equitalia); **Luxembourg**- Data relate to direct tax and VAT directorates; **Sweden-** Operational staff assumed as a tax-related function and figures adjusted according to that; **Switzerland**- Meaningful comparison not possible as cost data for taxes administered at the sub-national level are not available; **UK**- 2005/06 figures unavailable due to differences in data sources and scope following merger.
/3. For some countries (e.g. Singapore), the data for labour force, population, GDP, revenue, administrative expenditure, non-tax expenditure figures represent slightly different periods.

Table 20. Non-Tax Expenditure as % of Aggregate Revenue Body Expenditure

/1. **Cyprus-** All expenses of VAT Department relate to tax functions. Therefore, the figures above display the relevant data as regards to direct taxes department**; Ireland and Spain**- Ratios include costs of customs administration; **Italy**- calculations based on cost data provided for tax related functions of revenue body (AE), tax-related work of the separate tax police body (Guardia di Finanza), and separate tax debt collection function (Equitalia); **Luxembourg**- Data relate to direct tax and VAT directorates; **Sweden-** Operational staff assumed as a tax-related function and figures adjusted according to that; **Switzerland**- Meaningful comparison not possible as cost data for taxes administered at the sub-national level are not available; **UK**- 2005/06 figures unavailable due to differences in data sources and scope following merger.
/2. For some countries (e.g. Singapore), the data for labor force, population, GDP, revenue, administrative expenditure, non-tax expenditure figures represent slightly different periods.

Table 21. Staff usage on tax administration functions: comparison of staff-related measures

/1. Use of the information in this table should pay close regard to the comments in the preceding text of this chapter.
/2. **All countries**- The data shown has been drawn from individual country survey responses unless otherwise indicated; the definition of the number of person-days that constitute one person year (one full time equivalent (FTE)) varies from country to country. For the purpose of this analysis no attempt has been made to apply a standard definition in order to arrive at a more consistently based summary of aggregate FTEs/ revenue body; **Cyprus, Luxembourg&Malta**- Data include both direct tax and VAT department; **Italy-** Data refers to Revenue Agency only and excludes Equitalia (debt collection), Guardia di Finanza (tax fraud work) and Sogie (data processing) GDF; **Sweden**- Operational support staff included in calculations.
/3. Population&labour force data obtained from *OECD in Figures 2010*.
/4. Real property taxes and motor vehicle taxes/ fees are collected at the sub-national level in other OECD countries.
/5. For some countries (e.g. Singapore), the data for labor force, population, GDP, revenue, administrative expenditure, non-tax expenditure figures represent slightly different periods.

Table 22. Trends in OECD member revenue bodies' aggregate staffing levels and expected future movements

/1. In this table, because of the data unavailability, the figures for Israel and Estonia could not be displayed.
/2. **Iceland**- Data does not appear comparable with the remaining part of this table. Since, earlier data (2002, 2004) include the staff working at the directorate of internal revenue, customs, state revenue board and local tax authorities,

Table 22. Trends in OECD member revenue bodies' aggregate staffing levels and expected future movements

however, 2009 figure only covers the directorate staff; **UK**- Government Spending Review (October 2010) sets gross spending reductions of 25% over 4 years, with some recycling for compliance activities.

Table 23. Aggregate staff usage on major tax administration functions in 2009

/1. The data on distribution of resources should be treated with caution owing to differences in interpretation between countries on the functional split used & organizational arrangements in place.
/2. **Australia**- FTE for Other Tax Related functions includes: Provision of Advice and Legal Services- 1,636, Marketing and Education – 478 and Other - 847; **Belgium**- Among the staff of the tax administrations, several have multiple functions, which explains the higher number of 18,345 when compared to 14,931; **Canada**- Data on staff usage by the legal function, which was included under Other functions in the CIS 2008, is included under Corporate Management Functions in this report; **Chile**- *The difference with respect the previous version (2008) is due to the sharing of more detailed information for elaborating the breakdown. The other offices include Legal Division and Interpretation of Law Division. ** A large part of audit and other verification functions is done by staff in information technology services and included under the heading "corporate management functions"; **Cyprus**- Integrated data for direct tax department and VAT department; **France**- Other tax functions staff includes CDIF (structure specialized in land registry and rental property assessment) and CH (property registration). Those data concern the whole revenue body, including the staff that belonged to the previous General Directorate of Public Accountancy and the transversal (support) functions; **Germany**- Taxpayer account management functions are included in audits and verification functions and figures presented in this table have been calculated by the addition of the figures from individual federal states; **Iceland**- Number of staff only in headquarter is displayed; **Ireland, S.Africa and UK**- Data includes Customs; **Italy**- Data for Revenue Agency and 1/3 staffs of GDF, not including outsourced debt collection function; **Japan**- Inseparable from the audit, investigation and other verification function and debt collection function; **Korea**-Staff in taxpayer account management and verification functions are also engaged in the work of debt collection and there is no dedicated unit for debt collection; **Latvia-** The corporate support functions staff is for all support functions for tax and customs administrations and other figures presented excluding audit staff are approximate staff numbers planned after reorganisation; **Luxembourg**- Data relate to direct tax and VAT directorates; **Malta**- Data relate to direct tax and VAT directorates; **Mexico-** Tax related functions does not include customs staff; **Netherlands**- Data exclude customs and benefit division; **Portugal**- Number of year-end employees; **Romania**- Total of National Agency for Fiscal Administration including Customs & Financial Guard; **Russia**- Audit staff includes employees involved in alcohol and tobacco products segment control; **S.Arabia**- "Corporate management functions" figures involves the staff of Large Taxpayers Administration; **Spain**- Excludes 3,938 staff in Customs. Client Account Management staff has also been dealing with some verification functions; **Sweden**- Data exclude EA staffs (around 1,850) which carries out enforced tax debt collection functions. Operational staff assumed as a tax-related function and figures adjusted according to that.

Table 24. Aggregate tax collections (by major tax type) for 2008 (and other years' aggregates)

/1. Tax/GDP data shown varies from that in previous editions of this series and in other OECD publications owing to ongoing revisions of National Accounts/ GDP data by relevant country authorities.
/2. **China&Malaysia**- Taxes on net incomes and profits, and sales taxes and excises respectively; **Indonesia**- Tax revenue data includes oil and gas-related revenue of 6.0% (2006), 4.3% (2007), 5.8% (2008), and 3.3% (2009); **Russia-** Revenue data includes oil and gas-related revenue reported at 12.9% (2006), 10.7% (2007), 12.6% (2008), and 8.4% (2009); **S.Arabia**- Government revenue, which is almost exclusively derived from oil, amounted to 61.6% of GDP in 2008, 55.1%/GDP being oil-related.

Table 25. Revenue collections and refunds

/1. **Bulgaria**- The figures about year 2008 do not include data about the paid outstanding social security contributions; **Cyprus**- SSCs not included; **Germany**- Only net collections are available. So, the figures presented in this table reflect net revenue collection; **Netherlands**- All figures are displayed as net figures due to unavailability of tax refunds information; **Singapore**- Only net revenue collection figures are presented.
/2. **Cyprus**- SSCs not included; **Lithuania**- Until year 2008, 30 % of net PIT collections were transferred to Mandatory Health Insurance Fund (MHIF). Since year 2009 personal income tax rate was significantly lowered, but separate MHIF deductions were imposed, administration of which was consigned to State Insurance Fund Board (which administrates the rest of social security contributions). Personal income tax rate in year 2008 was 24% and in year 2009. Social security contributions excluded in this row are contributions to MHIF paid by natural persons who pursue individual activity (incl. farmers, sole proprietors, business certificate (patent) holders, ect.) or are not insured in any other category and have to pay these contributions individually. The rest (majority) of social security contributions are administered by State Insurance Fund Board.
/3. **Canada**- Refunds exclude transfers to provinces and transfers to CPP and EI; **Cyprus**- SSCs not included; **Sweden-** VAT refunds.
/4. **Luxembourg**- Only indirect taxes.

Table 26. Revenue collections and refunds (relative shares)

/1. **Austria**- SSC is not administered by BMFand there are some deferrals in net revenue collections resulting from enforcement action for 2009 into the year 2010 due to the reorganisation of the Large Taxpayers Audit Unit in BMF; **Belgium**- Figures represent tax, tax increase and penalties recovered upon audit in relation to PIT, CIT, VAT and excise, no figures available on other taxes after audit. Moreover, as the assessment period for 2008 and 2009 has not yet ended, this figures are not final yet; **Luxembourg**- Only indirect taxes, 2008 figure is an estimation;

Table 26. Revenue collections and refunds (relative shares)

N.Zealand- Ratio of cash collected through the debt management system for the twelve months ended 30 June. Debt payments include unpaid tax from previous periods, interest and penalties. Net revenue collections resulting from enforcement action; **Slovak Rep**.- Figures represent only taxes administered by Tax Administration; **Spain**- Direct collection from control actions and reductions of tax refunds (without taking into account enforced collection actions); **Sweden**- Taxes debited after interventions of the tax authority. Arrears collected are not included; **USA**- PIT gross collections include income from estates and trusts. Gross SSC collections include self employment taxes, unemployment insurance, and railroad retirement contributions. Withholding includes PIT taxes withheld and FICA.

Table 27. Taxpayer service delivery— Standards set and performance achieved in fiscal year 2009

/1. Table excludes all countries where the revenue body reported no time- based standards and levels of performance for any of the service categories described for 2009— Argentina, Belgium, Bulgaria, China, Czech Rep, Germany, Greece, Israel, Malta, Romania, S.Arabia, Slovakia, Slovenia.

/2. **Chile**- There a varying standards depending on when PIT returns are filed: 1) Returns filed between 1 and 19 April- refunds by deposit are due before 11 May and refunds by sending a cheque are due before 28 May; 2) returns filed between 20 and 27 April: refunds by deposit are due before 18 May and refunds by sending a cheque are due before 29 May. For VAT refunds, the standards apply to taxpayers in the Reverse Charge scheme—time standards applied vary by industry, ranging from 5 working days (the cattle industry) up to 60 days (for small agricultural producers); **Denmark**- All PIT's are processed within few weeks of reception, but since this is only about 50,000 returns which are handled automatically, this has no practical service implications for the taxpayer; **France**- given the absence of PIT withholding scheme in France, refunds are only paid in very exceptional circumstances; this outcome also includes refunds of overpaid corporations tax; **Mexico**- VAT refunds: 1) exporters; 2) Maquiladora industry; 3) conventional businesses; and 4) VAT refund claims endorsed by CPA; USA-no separate standard but broad goal is to finalise e-filed returns within 5 to 21 days; **Singapore**- İntegrated (paper+e-filed) result.

Table 28. Taxpayer service delivery—Standards set and performance achieved in fiscal year 2009

/1. Table excludes countries where the revenue body reported no time- based standards and levels of performance for any of the service categories described for 2009—Argentina, Belgium, Bulgaria, China, Czech Rep, Germany, Greece, Iceland, Israel, Malta, Romania, S.Arabia, Slovakia, Slovenia, Switzerland.

/2. **Canada**- No standard set for face to face inquiries as from January 2007 all offices offering an appointment service. Appointments eliminate delays and allow for best available agent to be assigned to address taxpayers' needs; **Estonia**- Revenue body reports that performance is guaranteed but not regularly measured; **Ireland**- Customer Service Standards were reviewed in 2009. The standards and results given are the new standards from September- December 2009. Separate standards and results cover the period January-August 2009; **Netherlands**- There is no standard for written letters but 85-95% of complex questions ot tax helpline should be answered in 2 days; in 2009, actual performance was 94%; **Russia**- From 2010, VAT taxpayers who have presented a bank bond can obtain quicker refunds; **Singapore**- İntegrated (paper+e-filed) result; **S.Africa-** 1) 90% queries resolved in 10 minutes; 2) 95% contact resolution; 3) 95% of clients attended to in 30 minutes; 4) 95% tax clearance certificates processed in 3 days; **Spain**- Average time in handling claims and inquiries; **USA**- IRS Field Assistance continues to pursue a methodology to accurately reflect wait time at the different large, medium, and small Taxpayer Assistance Centres by a single standard that can be aggregated. The current structure and equipment will not provide an accurate national measure.

Table 29: Taxpayer service delivery—Standards set and performance achieved in fiscal year 2009

/1. Table excludes countries where the revenue body reported no standards for any of the service categories described for 2009: Argentina, Belgium, Bulgaria, China, Czech Rep, Germany, Greece, Iceland, Israel, Malta, Romania, S.Arabia, Slovakia, Slovenia, Switzerland.

/2. **Estonia**- Revenue body reports that performance is guaranteed but not regularly measured; Indonesia—standard relates only to complaints of sub-standard service at tax offices**; Ireland**- *Customer Service Standards were reviewed in 2009. The standards and results given are the new standards from September- December 2009. Separate standards and results cover the period January-August 2009. ** PAYE anytime is Revenue's online service for PAYE customers. *** ROS is Revenue's online service for business customers; **Singapore**- Average service performance for non-peak period; **USA**- 1) CSR Level of Service is defined as the number of taxpayer calls answered divided by the number of callers seeking assistance from a CSR (expressed as a percent).These standards are practical (annual) targets that reflect operational peak/average resource and equipment constraints; 2) for complaints, the initial contact/action standard is 3 days for economic burden cases and 5 days for all other; and 3) for registering new businesses, the standard relates to the number of Employer Identification Number (EIN) applications (Form SS-4) completed. A new systemic process, Modernized Internet Employer Identification Number (ModIEIN), which provides real-time responses to taxpayers for electronic self-service was established September 2007. Future electronic processes will be measured using this system for taxpayer access.

Table 30. Verification activities-All Taxpayers

/1. **Canada-** Both the figures for audit related verification activities and pre-assessment and post-assessment verification activities have been included in this table. The data provided for 2008 and 2009 do not include the GST/HST Delinquent Filer Programme; **Indonesia**- The data is based on the audit activity records, not based on taxpayers; **Ireland**- Total number of interventions- Audits and Assurance Checks; **Israel**- As per 30/11/2010; Netherlands- Figures do not include company visits, e.g. starting businesses; **Luxembourg-** Only for indirect taxes;

Table 30. Verification activities-All Taxpayers

N.Zealand- Gross discrepancies determined—include adjustments for loss reduction and imputation credits; **Spain**- The number of completed actions includes every type of verification activity (automatized filters, massive control, desk controls, field audits).

/2. **Austria-** There are deferrals in the results for 2009 into the year 2010 due to the reorganisation of the Large Taxpayers Audit Unit; **Belgium-** These figures only relate to the struggle against serious tax fraud; **Canada-** Both the figures for audit related verification activities and pre-assessment and post-assessment verification activities have been included in this table. The data provided for 2008 and 2009 do not include the GST/HST Delinquent Filer Programme; **Cyprus**- Integrated data for direct tax department and VAT department; **Finland-** Verification consist of basic tax control and tax auditing. Amount of taxes consist of income taxes, VAT and employers contributions + penalties and interests; **France**- 2,285 of 2008 and 2,184 of 2009, penalties included; **Germany**- The figures presented in this table contain the results of the audits, external wages tax audits and the special VAT audits; **Iceland-** Data is based on tax audits performed by the tax control division and involves only major cases but not regular adjustments. Also, loss reduction is not included in these figures. Loss reduction is amounted to 9,006 in 2008 and 1,335 in 2009; **Israel**- As per 30/11/2010; **Korea-** Result of Audits on Individual Taxpayers, Audits on Capital Gains Tax, Audits on Corporations and Audits on Value Added Tax; **Luxembourg-** Only for indirect taxes. 2008 figure is an estimation; **Malta**- Data relate to both direct tax and VAT directorates**; Switzerland-** Only for VAT; **Spain**- Direct collection from control actions and reductions of tax refunds; **Turkey**- Value of completed actions include penalties; **USA**- All dolar amounts include assessed tax, penalties, and interest. These totals include the primary enforcement verification programmes: Examination (audits), Automated Underreporter Programme (information returns), and Automated Substitute for Returns (nonfilers). It also includes assessments made during the appeals process. The Math Error notices (simple computer checks of returns) is sometimes included, although net revenue is not considered enforcement revenue and is not tracked in IRS management information systems. The 2009 total is much higher than normal due to the one-time Rebate Recovery Credit (RRC). In addition to errors associated with claims for some, or all, of the unpaid portion of the RRC, the IRS computed the credit for eligible taxpayers where the RRC was not claimed on the return. Also, the totals in the table do not include regulatory examinations of tax exempt organizations, employee plans, government entities, and tax exempt bonds. The number of examinations of these entities: 2008– 9,383, 2009–22,729.

Table 31. Verification activities- Large Taxpayers

/1. **Indonesia**- The data is based on the audit activity records, not based on taxpayers; **Ireland**- Total number of interventions- Audits and Assurance checks; **Japan**- All the data provided were approximate; **Portugal**- The "number of completed actions" describes mainly "number of tax years verified and completed" for Portugal.

2. **Austria-** There are deferrals in the results for 2009 into the year 2010 due to the reorganisation of the Large Taxpayers Audit Unit; **Cyprus&Iceland**- No separate large taxpayer unit therefore no separate available data for verification activities of large taxpayers; **France**- 955 of 2008 and 804 of 2009, penalties included; **Germany**- The 'Large Taxpayer' figures presented in this table only contain the results of the audit; **Greece-** Only results of the Interperipheral Audit Centres IACs; **Hungary**- The above mentioned data does not include the amount of default penalties. The sum of default penalties were 3,339.3 million HUF in 2008 and 2,634.2 million HUF in 2009; **India**- The data is based on the audit activity records, not based on taxpayers; **Spain**- Direct collection from control actions and reductions of tax refunds.

Table 32. Verification activities—selected ratios

/1. **Average Value of Completed Actions=** (Value of completed actions for all tax payers)/(Number of completed actions for all tax payers).

/2. **Average Value of Completed Action/FTE**=(Total value of completed actions for all tax payers)/(Full time employees (FTE) which have been employed exclusively in audit activities).

/3. **Average Value of Completed Actions=**(Value of completed actions for large tax payers)/(Number of completed actions for large tax payers).

/4. **Average Value of Completed Action/FTE**=(Total value of completed actions for large tax payers)/(Full time employees (FTE) which have been employed exclusively in large taxpayer unit).

Table 33. Data on tax disputes in administrative review

/1. **Belgium**- Figures relate to cases with regard to tax fraud. Associated tax, amount figures are not available; **Luxembourg-** Both direct and indirect taxes are displayed; **Korea**- Number (Value) of the administrative cases can be counted twice in above figures. There are two steps in Korea administrative appeal system. One is appealing to a regional or district tax office, the other is appealing to the National Tax Service or the Tax Tribunal. Because it is optional to appeal to a regional or district tax office, a taxpayer can appeal to the National Tax Service or the Tax Tribunal after appealing to a regional or district tax office and also appeal directly to the National Tax Service or the Tax Tribunal; **Malta**- Data relate to both direct tax and VAT directorates; **Netherlands**- Taxes only; **S.Africa**; Figures reflect head office only.

Table 34. Selected data on unpaid taxes (not subject to dispute)

/1. **Australia**- Values of debt outstanding are 'collectable debts' excluding disputed and insolvent debts; **Austria**- Outstanding collectable debts; **Belgium**- Data for PIT, CIT and VAT, the number of tax debt cases is the number of notices (a taxpayer may have several notices); **Bulgaria**- Tax debts only; **Canada**- Data relates to tax debts based on fiscal year end of March 31. Example 2009 data= Fiscal year from 1 April 2008 to 31 March 2009; **Cyprus**- *Value of year-end tax debt figures display the integrated data for direct tax department and VAT department. ** Value of total debt collected relates to VAT Department. Data for Direct Taxes Department are not available; **Denmark**- Company tax debts are excluded from the value of total debt collected; **Italy**- Number of cases including disputed

Table 34. Selected data on unpaid taxes (not subject to dispute)

debts; **Japan**- The value of total debt collected includes the value of debt written-off and paid voluntarily, etc; **Korea**- Data includes disputed debts; **Singapore**- Tax debt figures presented above include disputed tax debt. Notwithstanding objections or appeals, taxpayers are required to arrange payment for the tax due within the prescribed dateline; **Spain**- The Tax Collection Department also manages debts from other Public Bodies; **Sweden**- All data items obtained from STA's Statistical Yearbook; value of year-end debt (for all years) disputed debt which could not be readily isolated; **USA**- The case workload unit is the module (or return), not the entity (taxpayer).

Table 35. Selected data on unpaid taxes (not subject to dispute)

1. **Argentina**- No write-off allowed; **Australia**- Numbers of debt cases represent the number of cases on the RMS and COMPACT case management systems. A taxpayer can have more than one case. Excluded from the counts on all but 'beginning of year 2004-2005' are cases which had a zero or credit balance; **Belgium**- Data for PIT, CIT and VAT, the number of tax debt cases is the number of notices (a taxpayer may have several notices); **Cyprus**- Integrated data for direct tax department and VAT department; **Denmark**- Amount written-off in 2005 is only car tax. Amount of written-off in 2006 and 2007 is only car tax and tax debt from dissolved companies. Municipal debts were taken over in November 2005; **Estonia-** From 01.01.2009, a law offsets the tax arrears and prepayments, which explains the decrease in the number of debtors to 2008/2009 comparisons. **Germany**- The numbers of debt cases are not the numbers of taxpayers, but the number of cases by each tax type and periods; **Italy**- Number of cases including disputed debts; **Japan**- The value of total debt collected includes the value of debt written-off. The number of cases is counted independently by the period of tax payment. With respect to the case of additional tax, when its period of tax payment is the same as that for the original tax, the couple of the additional tax and the original tax is counted as one case; **Korea**- Data includes disputed debts; **Netherlands-** Figures are affected by error in registration of assessments as overdue debts; **Sweden**- All data items obtained from STA's Statistical Yearbook; value of year-end debt (for all years) disputed debt which cannot be readily isolated; **UK**- Written-off totals include debt written-off due to Missing Trader Intra-Community VAT Fraud; **USA**- The case workload unit is the module (or return), not the entity (taxpayer). All of the amounts in the table itself exclude disputed dollars. The totals include tax, interest, and penalties, including accrued amounts. The total amounts written off during the respective fiscal years represent agreed tax, penalties and interest (including accruals) for modules reclassified to write-off status during that year. Write-offs are defined as unpaid assessments where there is little possibility of potential collection. The total end-of-year write-off inventory ($ millions), including disputed assessments, is: 2008 - $99,155, 2009 - $104,933. While amounts are written-off, they still must remain "on the books" for a statutory period of ten years.

Table 36. Selected ratio concerning enforced tax collection activities

/1. Total amount for collection = value of year-end tax debt + actual collection during year + value of debt written off.
/2. **Denmark**- Company tax debts are excluded from the value of total debt collected. Amount written-off in 2005 is only car tax. Amount of written-off in 2006 and 2007 is only car tax and tax debt from dissolved companies; **Sweden**- Ratios are overstated owing to the inclusion of disputed debt that cannot be isolated.

Table 37. Selected ratio concerning enforced tax collection activities

/1. Total amount for collection = value of year-end tax debt + actual collection during year + value of debt written off.
/2. **Australia**- Numbers of debt cases represent the number of cases on the RMS and COMPACT case management systems. A taxpayer can have more than one case. Excluded from the counts on all but 'beginning of year 2004-2005' are cases which had a zero or credit balance; **Argentina**- No write-off allowed; **Cyprus**- Integrated data for direct tax department and VAT department; **Denmark**- Company tax debts are excluded from the value of total debt collected. Amount written-off in 2005 is only car tax. Amount of written-off in 2006 and 2007 is only car tax and tax debt from dissolved companies; **Japan**- The value of total debt collected includes the value of debt written-off; **Sweden**- Ratios are overstated owing to the inclusion of disputed debt that cannot be isolated.

Table 38. Tax debts and the impacts of the global financial crisis

/1**. Australia-** Values of debt inventory are "collectable debt" holdings excluding disputed and insolvent debts; **Belgium**- Package of measures implemented to assist economic recovery involving payment extensions (e.g. for payers of the professional withholding tax by 3 months), reductions in interest on late payment, increased leniency re application of fines for non-compliance, and faster repayment of excess VAT credits in transport sector; **Estonia**- A payment plan with a simplified procedure; **France**- Package of measures introduced to improve cash flow and support business investment, including monthly refunds of VAT credits, accelerated repayments of overpaid corporate tax, accelerated refund of research tax credits, accelerated repayment of carry back losses debt; there was also extended credit by public accountants on a case by case basis and more flexible advertising rules of tax privilege; **Iceland**- Various steps taken: * Deferral of payments in accordance with Act no 24/2010. Payment of certain overdue tax is deferred until July 2011 with no interest accruing from January 2010 to July 2011. After July 2011, the debtor may issue a bond to the government as a payment for due taxes. The bond can be a 5 year bond payable in monthly installments, it does not carry any interest but is fixed to the inflation index. The types of taxes that fall within the scope of the law are: VAT, withholding tax, social security tax & income tax due before January 2010. The deferral is available to legal persons and self-employed individuals. The conditions for deferral are that all other taxes are fully settled and there may be no defaulting of any new taxes in the period leading up to July 1. This law came into effect on April 2010. **Disbursement of payments against claims: Before the financial crisis payments were. first disposed to pay the oldest claim and there within first against the cost of collecting that claim, then interest on the claim and thirdly the claim itself. This was changed last year so now payments are used to pay the oldest claim and there within first against the claim itself, then interest on the claim and last the collecting cost. ***Temporary reduction of late-payment interests: Late payment interests on tax debts were temporarily reduced (15 not to exceed general late-payment interest) in the period from April 1st 2009 until December 2009. ****Temporary

Table 38. Tax debts and the impacts of the global financial crisis

suspension of interest margin regarding VAT payments. Interest margin for VAT due on 5 February, April, June & August 2009 (late payments) was temporarily brought down to 2-3 while the normal rate was 10. ***** Deferral of payment of import charges (credit): In 2009 the due dates for payment of import charges (credit) for each two month period increased from one up to three; **Ireland- *** Only in cases where certain criteria are met, this does not apply in all cases. ** Interest rates were reduced by Section 29, Finance Act 2009 "in view of the general downward trend in interest rates", this downward trend was most likely influenced by the global financial crises of 2008/2009. *** Introduction of Case Decision Escalation Framework (CDEF) to assist certain taxpayers in short-term difficulties and to assist caseworkers in dealing with such cases; **Mexico-** Eliminating warranties in partial payments, introducing a programme to write off uncollectable debt, reducing the period for paying tax refunds to taxpayers dramatically, Relieving the obligation of granting a security interest to guarantee a tax liability as long as they did not have any past due tax liabilities for taxpayers and introducing some other simplification measures for taxpayers; **Netherlands**- Measures included temporary reductions in some tax rates, extra tax subsidies, and extending carry back facilities; **Norway**- Temporary provision allows companies that are independent tax subjects to carry back losses for 2008 and 2009, to the years 2006 and 2007, limited to a loss of NOK 20 million for each year; **Slovenia**- Assistance to banks; **S.Africa**- The legal criteria for debt write off did not change however the irapplication have been eased; **Sweden**- There was a temporary deferral of the tax payment for companies without debts. The law stated that the deferral was for one year; no specified reasons needed to be declared by the company & it could be used for two declaration periods. Declaration had to be filled as normal and there was interest/fees related to the amount.

Table 39. Personal income tax return filing

/1. **Austria**- E-filing data: 43% of employee assessments and 79% of business assessments; **Czech Rep**.- The Czech Tax Administration only monitors e-tax returns filing with qualified (authorized) e-signature. Submitted figures in this table displays only tax returns with qualified (authorized) e-signature; **Denmark, Norway, Slovenia**- Data excludes the majority of returns that are largely fully pre-filled for taxpayers; **France**- 98% prefiled with identification data and 87% prefilled with full income data; **Israel-** Use of e-filing was mandatory for certain taxpayers from 2009; **Malaysia**- Pilot test of pre-filling undertaken in 2010; **N.Zealand**- Return volume includes those 0.86 million employee taxpayers who receive from IR a personal tax summary where all income has been correctly taxed at source; **S. Arabia**- S.Arabia does not impose tax on employment income (wages and salaries) but it imposes tax on personal income realized by individuals from other activities with except for interest income (not related to an activity) and income from trading with shares in the Saudi Stock Market; **Singapore**- PIT returns received for year of assessment 2009 as 31.03.2010; **Slovenia**- These data include 71 of the population that receive electronically statements/ summaries of income prepared for employee taxpayers, recorded; **Spain**- *Only 1% of PIT Returns are filed manually. 99% of the returns are filed using a Tax Helping Programme developed by the Tax Agency that creates a PDF code easily readable by a laser scanner. ** 6,780,561 taxpayers received their fiscal data to fill their returns (34.8% of the returns). *** 13,874,096 pre-filled PIT returns were sent to taxpayers (71.3% of the returns approx). 7,744,661 of them were confirmed and filed (39.5% approx.); **Switzerland**- PIT is administered at sub-national cantonal level.

Table 40. Return filing—corporate profits/income tax and VAT

/1. **Japan**- VAT filing rates are 29.4 from individuals and 56.7 from corporations; **Singapore**- CIT returns received for year of assessment 2009 as 31.03.2010; CIT returns on estimated chargeable income and VAT returns e-filed for the period 01.04.2009 to 31.03.2010.

Table 41. Tax payment methods available

1**. Austria**- Other category describes as bank transfers from account to account; **Bulgaria**- Use of debit and credit cards; **Canada**- Other category described as the 'Pre- authorised debit system'; **Chile**- Other methods of payments: credit cards; **Cyprus**- Only for VAT Department; **Hungary**- *,** Payment with credit card; **Japan**- The ratio of Internet Banking includes it of Payment kiosk (ATM). Other payment method means payment at convenience stores; **Luxembourg**- * Direct taxes only. ** Indirect taxes only; **Malaysia**- Other category includes use of banks' automated teller machines (ATMs**)**; **Malta**- Volume data is in respect of VAT (but is likely for the pattern for direct taxes); **Netherlands**- Described as giro, either on paper or through Internet banking; **N.Zealand**- Volume indicated also includes payments via phone banking and direct debit methods, and include use of credit cards, direct credits, telegraphic transfers, foreign bank drafts and postal orders; **Portugal**- Other category includes use of banks' automated teller machines; **Slovak Rep.**- Includes Internet banking; **Spain**- All payments must be made via financial entities (i.e. online, phone banking, or in person) and the Agency has agreements with over 180 financial entities for this service; **UK**- These other methods described as the Paymaster at other Public Bodies and debit and credit cards; **USA**- All volumes indicated are estimates; the other 'method' is described as including payments from payroll providers and tax professionals, integrated e-payments with e-filed returns, software packages and credit cards.

Table 42. Other electronic services provided to taxpayers (and/or their representatives)

/1. **Australia**- Access is to filing records only while communications are limited to short text messages only; **Canada**- Taxpayers can access the rulings database if they choose to subscribe to the database of one of 4 commercial publishers through whom the CRA publishes severed versions of rulings & technical interpretations; **Cyprus-** Access only to tax returns if they are submitted electronically; **Greece-** Limited range of references available; **Iceland-** Multiple databases covering legal references, regulations and rulings; **Ireland**- Reported that the Revenue website provides access to all tax legislation and has a dedicated section for tax practitioners; the Irish Courts Service provides access to High Court and Supreme Court judgements which can be accessed free of charge; **Italy**- Service is provided by the Ministry of Economy and Finance; **Luxembourg**- Direct taxes only; **Mexico**- The SAT started to

Table 42. Other electronic services provided to taxpayers (and/or their representatives)

use social networks to distribute relevant tax-related information in October 2008 as a member of youtube. Up to June 2010, it has released nearly100 videos containing demos and procedures to use tax services on line, relevant news about the annual tax return campaign, relevant tax issues, foreign trade, actions taken by the revenue body against tax evasion and smuggling. In July 2009, the SAT became a member of twitter, using this tool to inform, by posting short messages, the most relevant news of its activity. Also, in July 2009 the SAT offered to taxpayers a RSS free service, a format that sends automatically the headlines and summaries of the latest information published on its website. Finally, on September 2009 the SAT joined flicker publishing photographs of relevant news and events regarding enforcement actions undertaken by SAT; **Netherlands**- Limited communication with business taxpayers; **Romania**- Partially; **Singapore**- General tax laws and regulations on revenue body's website; tax acts on Attorney Generals Chambers website; **Slovak Rep.**- * Partially. ** Legal database is provided by electronic services of MOF; **Sweden**- Reported that authorised tax professionals have online access via Internet to PAYE and VAT returns and are appointed to sign and file it; staff have some limited access to revenue body systems but remote access is not allowed; **Switzerland**- Limited communication (in general matters only); **UK**- The services indicated are not for all tax regimes—services available include online access to personal records for self-assessment taxpayers, online access for VAT agents to clients' records and electronic messaging for VAT taxpayers; **USA**- Reported 1) taxpayers can access their payment records where made through the Electronic Federal Tax Payment System and that taxpayers can determine the status of a tax refund after the tax return is filed; 2) Authorized representatives can request an account/ return transcript to be viewed online or downloaded through a secure mailbox; Representatives can submit a Power of Attorney with taxpayer consent to receive tax account information electronically; they may submit inquires regarding taxpayer accounts for which they are authorized and retrieve a response from an electronic mailbox established during registration. Payers of income such as interest, dividends, gambling winnings, etc, can validate taxpayer IDs and names to ensure earnings & withholdings are properly reported; and 3) A Secure Enterprise Messaging System has been piloted by Appeals area enabling secure encrypted e-mail requiring the exchange of digital certificates between the IRS and the external taxpayer/representative.

Table 43. Taxpayers' rights and regulation of tax professionals

/1. **Belgium**- Tax mediatior is operational since 1 June 2010; **Canada**- Taxpayer Bill of Rights **(**http://www.cra-arc.gc.ca/E/pub/tg/rc4417/rc4417-e.pdf), Taxpayer's Ombudsman (http://www.taxpayersrights.gc.ca/); Internal CRA - Service Complaints programme provides an avenue for taxpayers and benefit recipients to make formal service-related complaints about mistakes, undue delays, poor or misleading information, or staff behaviour. External body: If a taxpayer remains dissatisfied with the CRA – Service Complaints programme's review of the complaint, the taxpayer can file a formal complaint with the Taxpayers' Ombudsman, who will provide an impartial and independent review; **Chile**- In February 2010, a new article was introduced in the Tax Code, which specifies and details what are the minimum taxpayers' rights recognized and guaranteed by the law; **Czech Rep, Iceland and Netherlands-** All reported operation of external Ombudsman; **Indonesia-** Tax oversight committee; **Ireland-** While there is an internal mechanism for processing complaints customers can also make an appeal under statutory provisions, via the Appeals Commissioners, Ombudsman's Office or the Equality Tribunal; **Mexico**- In 2006 the Congress approved the creation of an external agency to this end, but it is not in operation yet; **Poland**- Taxpayer rights are indicated not only in administrative but also in some other public documents; **Portugal**- The Portuguese Ombudsman receives complaints by citizens against an illegal behaviour of a public authority, including the revenue body; **Romania, Russia and Slovenia-** All reported the existence of a special internal body and administrative arrangements;**Slovak Rep.**- The rights and duties of tax subjects are regulated by the Act No. No. 511/1992 (as amended)

/2. **Cyprus-** Assessment & Collection of Taxes Law, Income Tax Law; **Germany**- Steuerberatungsgesetz (tax advisory law); **Indonesia**- When a consultant acts on behalf of a taxpayer, he/she must meet some requirements stipulated by Regulation of Minister of Finance and must be granted power of attorney by the taxpayer; **Malta**-Electronic Communications –(Income tax) Regulations. Authorised Financial Intermediaries (Investment Income) Regulations; **N.Zealand**- Since 19 December 2007 the law (Tax Administration Act 1994, s34B)requires us to maintain a list of tax agents and prescribes criteria for adding tax agents and maintaining the list; **Portugal** - 1) Código do IRC; 2) Lei Geral Tributária; **Singapore**- Accountants who deal with the Comptroller of Income Tax come under the purview of the Accountants Act whereby they will be subjected to disciplinary proceedings if a complaint is made against them; **Slovak Rep**.- Act about tax consultant and Slovak Chamber of Tax Consultant No. 78/1992 Coll. as later amended; **Sweden**- Lagen om deklarationsombud (Act on Tax Agents for Tax Returns) and Skattebetalningslagen (Tax Payment Act); **USA-** The Agency Practice Act, 5 U.S.C. 500, and the Treasury Practice Act, 31 U.S.C. 330, enacted by Congress, are provisions in the United States Code that control admission and regulate conduct of tax practitioners in their dealings before the Internal Revenue Service and Department of Treasury. Consistent with the federal system of government in the United States, attorneys and certified public accountants (CPAs) who are licensed by one of the 50+ states, commonwealths and territories within the U.S. gain an automatic right to practice before the Internal Revenue Service. Notwithstanding the automatic entry, attorneys and CPAs can be disciplined for misconduct by the IRS separate and apart from any action of a state licensing authority. Also of note, the IRS may impose civil and criminal penalties against tax return preparers and other tax professionals for certain misconduct. Historically, the Internal Revenue Service has not regulated the preparation of tax returns generally, except to impose penalties for certain misconduct. Beginning in 2011, the IRS will require tax return preparers to register with the agency and generally will require them to demonstrate their qualification to prepare returns. These individuals will be regulated and subject to tax compliance checks, suitability checks, and continuing education requirements.

Table 44. Features of the revenue rulings systems

/1. **Australia**- Target 28 days, for complex matters extensions may be negotiated; **Austria**- 8 weeks. From 2011 on, only specific private rulings concerning group taxation, business restructuring or transfer pricing are binding on the

Table 44. Features of the revenue rulings systems

revenue body. From 2011 on, only specific private rulings concerning group taxation, business restructuring or transfer pricing are not for free if a specific procedure is followed; **Belgium**- 3 months (indicative); **Bulgaria**- 30 days; **Canada**- * Average 60 days for Income Tax Rulings; 45 working days for GST/HST Rulings ** Fees imposed apply only to Advanced Income Tax Rulings and not to GST/HST Rulings; **Chile**- Private rulings are only issued with respect to a specific set of facts and are published (without naming the taxpayer); **Cyprus**- 30 days; **Denmark**- 30-90 days; **Estonia-** 60 days; **France**- 3 months; **Hungary**- 30 days, additional 30 days if needed; **Iceland**- 3 months; **Ireland**- Would not offer an opinion to facilitate tax planning by practitioners and businesses, reply in 20 working days, interim reply if delayed; **Israel-** 80-180 days; **Italy**-120 days, extension possible; **Luxembourg**- Direct taxes only; **Malaysia**- 60 days; **Malta**- VAT private rulings not binding; **Mexico**- Binding only when favourable to the taxpayer; **Mexico, Norway, Poland**- 3 months; **Portugal**- *60 days. ** Since 01/09/2009, taxpayers have to pay fees to obtain rulings requested with urgency. Otherwise, private rulings are free of fees; **Romania**- 45 days for anticipatory private fiscal solution and 12 months for advanced price agreement; **Russia**- 30 days; **Singapore**- Public rulings in the form of electronic tax guides published on IRAS' website, private rulings for Income Tax and GST. Time limits for the issue of private rulings are 8 weeks for Income Tax, 1 month for GST and expedited rulings are available with additional fees; **Slovak Rep.**- Issue rulings on the application of tax laws. In respect of the application of tax provisions, the tax administration does not issue rulings. Time limits of 30 days; **Slovenia**- 30 days, charged if connected with future transactions; **Spain**- Mainly through the Tax General Directorate within MOF; **Sweden**- *A Council for Advance Tax Rulings, an authority independent of the Swedish Tax Agency, provides private rulings.** No time limits for the issuance of the ruling but for the asking for a ruling. *** In some cases, tax payers have to pay fees to obtain a ruling.

Table 45. Comparison of registered taxpayer populations (2009)

1. Indicator may exceed 100 for a variety of reasons e.g. requirement for a tax registration before having to file a tax return, taxpayers who are not members of the labour force (e.g. investors), registrations required for non-tax purposes, old/ inactive registrations.

/2. Most employees in these countries receive pre-filled returns/ statements for vetting.

/3. **Argentina-** The number of taxpayers registered in the IGPJ (Corporate Income Tax) does not include employees withholded that, without being registered, file tax returns or not. **Australia**- Figures are based on information collected at the end of financial year 2006-07. Figures may vary dependant on time frames used to search and movement in and out of these areas. Active Individuals; active population for individuals (or personal income tax clients) exceeds the actual number of clients required to lodge an income tax return. Those clients who are active but not required to lodge a return (for reasons such as being in receipt of a pension or similar benefit) are still actively administered by the ATO. That administration takes the form of data matching activities aimed at determining any change in client circumstances. Active corporate taxpayers: This is our active company entity population adjusted to remove non-corporate entities that form part of the company entity type that forms part of our TFN reconciliation; **Belgium**- Number of tax returns sent to taxpayers including permanent establishments of foreign enterprises; **Canada**- The number of registered taxpayers for PIT are those who are recorded on the taxpayer master files that are under regular administration by the revenue body ; **Chile**- Comprises taxpayers that filled one of the annual tax return codes related to CIT; **China**- Personal income taxpayer can register as many as the number of income types; **Germany**- Married taxpayers filing joint returns count as one. Generally no legal obligations for employees to file returns, but majority of employees do file returns to claim deductions and other allowances. Of 2.5 million CIT taxpayer, 1.1 million are statutory corporations and 1.4 million are partnerships that are not subject to income tax; **Greece-** According to the number of tax returns submitted in the fiscal year 2009 (for incomes earned in 2008), received as January 2010; **Japan**- PIT indicates the number of individual income tax returns received in 2009, CIT indicates the number of corporations as of 30 June 2009, VAT indicates the number of notifications of taxable business enterprises for consumption tax as of 31 March 2009; **Korea**- The number of PIT taxpayers includes employees most of whom are not required to file tax returns; **Latvia**- Number of registered taxpayers for PIT is the total number of employees and performers of business activity as 1 January 2010-same with VAT taxpayers-, the number of registered taxpayers for CIT indicates the number of corporate income tax returns; **Mexico**- Registered taxpayers are those who are recorded on the taxpayer master files that are under regular administration by the revenue body. The number of registered taxpayers for PIT should include those employees who are generally not required to file an income tax return because their income tax liabilities are finalised by employers' withholding, etc.; **Netherlands**- Generally no legal obligation for employees to file PIT returns, but majority of employees file returns to claim deductions; **N.Zealand**- PIT: Figures include all PIT taxpayers who are registered for personal income, but some do not have current liabilities for income tax, CIT: All companies, but excludes other entities such as trusts, societies and sole traders; **Romania-** PIT figure includes taxpayers (individuals with incomes from wages) which have no obligation for submitting a tax return and CIT figure includes the micro enterprises as taxpayers; **Russia**- Total number of the taxpayers , registered by 1 January of 2010, is 127,132,875; **S.Arabia**- The number of registered individual taxpayer and corporate for Zakat- a sui-generis tax for Saudi Arabian tax system- are 394,597 and 31,758 respectively; **Singapore-** PIT and CIT figures represent the number of taxpayers assessed for year of assessment 2008 as at 31.03.2009; **S. Africa**- PAYE and trusts are included in CIT taxpayers; **Spain**- Number of registered personal taxpayers is the number of annual PIT returns (some of them include several taxpayers as it is possible a joint PIT return with spouses or children under 18); **USA**- These include all entities (taxpayers) on the IRS Master File, including spouses. It includes all taxpayers for which activity has taken place within the last four years, and within ten years for those with outstanding tax liabilities. The corporation figure includes all active and inactive corporations that file Form 1120. Inactive corporations all remain on the Master File for four years and up to 10 years if there are outstanding tax judgements.

/4. For some countries (e.g. Singapore), the data for labor force, population, GDP, revenue, administrative expenditure, non-tax expenditure figures represent slightly different periods.

Table 46. System of taxpayer identifiers for revenue administration

/1. **Austria, Luxembourg, Mexico, Netherlands, Poland**- Same TIN for both direct tax and indirect tax purposes; **Argentina**- The TIN is unique for all federal ta×es; **Bulgaria**- 12-digit VAT TIN for natural person, 11 digits for company, taxpayer specific digits only for natural person; **Canada and USA-** Use social security/insurance number for individuals; **Chile, Denmark, Korea, Malta, Norway and Romania**- Use citizen identification number for PIT; **Czech Rep.**- CZ+10 digits; **Denmark**- PIT identifier is citizen identification number. VAT identifier is the exact same as identifier for corporate income tax; **Estonia**- Personal ID code for PIT and company registration code for CIT; **Finland, Sweden**- Social security number for PIT and individual VAT, business registration number for CIT and corporation VAT; **France**- PIT TIN is created and used only by revenue body, but it varies depending on taxpayer's situation; **Greece**- VAT TIN is same with those of PIT and CIT; **Hungary**- CIT identifier equals the VAT identifier; **Iceland**- Citizen identification number for PIT, company registry number for CIT; **Ireland**- TIN with 7 digits and 1 check character, Personal Public Service Number (PPSN) has succeeded the old RSI (Revenue and Social Insurance) number which was developed primarily for the tax administration. The PPSN is a unique reference to allow for access to benefits and information from public service agencies more quickly. This includes services such as Social Welfare, Revenue, Public Healthcare and Education. PPSNs are allocated by the Department of Social Protection; **Latvia**- Use citizen identification number for PIT, business registration number for CIT and for VAT – LV+ business identification number; **Italy-** Identifier used is named "codic e fiscale'**; Luxembourg**—resident registration number or social security number for PIT; **Mexico-** VAT identifier either 12 or 13 digits long, depending on the type of taxpayers (legal persons or individuals); **Netherlands**- In the Netherlands the citizen service number for individuals is their identifier for all government services; **N. Zealand**- Moved to 9-digit taxpayer identifier from June 2008; **Norway**- CIT is the same number as the registration number in the Company House. VAT number is the same number as CIT (and registration number in the Company House) plus MVA (abbreviation for VAT); **Romania-** Registration code for VAT purpose Number is RO + 2-10 digits; **Russia** – identifier unique for tax administration: The identifier was developed and is used primarily for tax administration purposes; **Slovak Rep**.- SK+10 digit number; **Spain-** Each taxpayer has a unique ID number (NIU) and it is same for every tax and administrative procedure; **Singapore**- National Identification Card number for PIT, company/business registration number for CIT & GST, year of birth or registration included; **Switzerland**- Direct taxes are imposed by 26 Cantons while VAT is imposed by Swiss Federation. Social security number is TIN for PIT and CIT; **Turkey**- The identifier was developed and is used primarily for tax administration purposes. Unique taxpayer ID and Unique citizen ID can be used interchangeably for individuals; **UK**- National Insurance Number applies to PAYE taxpayers who do not self assess and file returns.

Table 47. Use of taxpayer identifiers for information reporting and matching

/1. Types of identifiers used are described in Table 35.

/2**. Cyprus**- By seller: For Capital Gains Tax (CGT) purposes, if there is a sale of shares of companies not registered on a recognised stock exchange immovable property in Cyprus. Any CGT due must be settled before the transfer; **Germany**- Legislation enacted, but technical implementation underway; **Ireland-** The identifier is reported in respect of all new accounts opened since 1 January 2009; **Portugal**- Interests are generally subject to final withholding tax. Taxpayer identification is reported only in case of global income taxation. **Russia**– Information on individual taxpayers only; **Singapore**– Dividend not applicable from 2008 due to the move to one-tier tax system. Asset sales and purchases not applicable as there is no capital gains tax in Singapore; **Sweden**- PIN number for PIT and individual VAT, company registration number for CIT and corporation VAT.

Table 48. Withholding-reporting regimes in place for inc. of resident taxpayers

/1. **Argentina**- Reporting requirement data not available. Withholding for sales of share is required depending on the economic importance or some tax features of the payer; **Australia**- Withholding is required from certain investment income (e.g, dividends, interest and unit trust distributions) where the payee does not quote their TIN (Tax File Number or Australian Business Number); **Austria**- Very limited range; **Belgium**- Withholding is exempt under certain conditions, self-employed income tax is collected by way of advance payment, rent payment is reported unless exempt from tax or withholding. Self employed income is collected by way of advance payment; **Canada**- Only if property is other than primary residence; **Chile**- * Reported if paid through agent. ** For example, directors fees and sale of purebred horses; **Cyprus-** By seller: For CGT purposes, if there is a sale of shares of companies not registered on a recognized stock exchange with immovable property in Cyprus; **Denmark-** Listed shares only; **Estonia**- Full tax on dividends (21/79 of net amount) is to be paid and reported by payer **Finland-** Interest. Exception: No reporting for interests on bank deposits and bonds. Sale / purchase of shares. No withholding when shares are sold or purchased. Sale / purchase of real property. No withholding when real properties are sold or purchased; **Hungary**- Reported by the payer to the revenue body; **Ireland**- Professional and construction services: for payments by government/public bodies and gross payments made under contracts in certain industries (unless the payee is authorised by the Revenue Authority to receive payments in full).; **Italy**- Withholding only for non-qualified shares and reporting only for qualified shares. Prizes / gambling income - Depending on circumstances, WHT may not be final. A special tax regime consisting of a "unified" tax payment applies to gambling income arising in connection with the use of automated gambling machines; **Japan**- Distribution of profits received under a silent partnership contract (Tokumei Kumiai); **Korea**- Retirement income; **Latvia**- Rent is not withheld for persons who are registered as self-employed, patents are treated as income of self-employed, property Tax on alienation of real estate shall be paid upon submission of the annual income declaration, prize or gambling income is withheld if income exceeds certain amount; **Luxembourg**- * Interest: Yes, Only for natural persons. **Prizes and gambling income: prizes only and only if the prize's price does not include VAT; **Malaysia**- Insurance and sales commission will be reported by payer. 2 from amount of property sales will be withheld by acquire upon of payment. Other -Service rendered in Malaysia by public entertainer and special classes of income in certain cases derived from Malaysia; **Mexico**- Only individuals, not for legal people; **Netherlands**- Interest payment by banks are reported. Gambling income withheld when paid by Dutch organizer.; **N.Zealand**- If imputation credits are available dividends are exempt

Table 48. Withholding-reporting regimes in place for inc. of resident taxpayers

from withholding tax; **Portugal**- Mainly when the payer is corporation or individual entrepreneur required to keep accounting book; **Romania-** For certain incomes as per art.52 from Fiscal Code); **Slovak Rep**.- Tax is withheld at source by the payer of income in the case the monthly salary is lower than 165,97 € and some other conditions are fulfilled. Tax is withheld at interest from deposits. Income tax is withheld in respect of monetary prize exceeds € 165.97 except prizes exempted from tax; **Slovenia**- Interest withholding is not valid for all types of interest. Business income withholding tax is only for those taxpayers who establish the tax base on the basis of actual incomes and norm expenditures; **Spain**- Specified self employed (professional activity), Others (certain capital gains); **UK**- * No interest withholding if taxpayer make claims, as below income tax charge. ** Specified self-employed/business income withholding (certain workers in construction industry); **USA**- Information reporting of gross receipts from security sales. Information reporting of prizes and winnings above a certain threshold.

/2. **Cyprus** - By Seller: before any transfer of immovable property situated in Cyprus. Any CGT due needs to be settled before the transfer.

Table 49. Personal inc. tax: employers' withholding, paym., and reporting oblig.

/1**.** **Australia-** For large employers, precise timing of payment depends on payment cycle; **Chile**- Taxpayers who issue electronic invoices and use Internet to declare and pay can remit by the 20th day; **Czech Rep**.- E-report to 20th of March after end of the income year; **Finland-** 7th reporting on paper, 12th reporting on web; **Germany**- The wages tax reporting period is normally the calendar month. The wages tax reporting period is the calendar quarter if the wages tax to be paid over for the previous calendar year amounted to more than Euro 1000, but less than Euro 4000; the wages tax reporting period is the calendar year if the if the wages tax to be paid over for the previous calendar year amounted to no more than Euro 1000. If the permanent establishment was not in existence during the whole of the previous calendar year, then the wages tax to be paid over for the previous calendar year shall be converted to an annual amount for the purposes of determining the wages tax reporting period. If the permanent establishment was not yet in existence in the previous calendar year, the determination shall be based on the wages tax to be paid over for the first full calendar month after the opening of the permanent establishment, converted to an annual amount; **Latvia-** Applies to employers subject to the micro-business tax; **Mexico-** Employers with 3 or less employees (none of who earn more than 3 times the minimum wage for a year do not apply. El régimen simplificado (simplified regime) may opt for half-yearly frequency for withholding payment obligations; **Singapore**- For non-citizen employees, employers should immediately withhold payment of all monies due to the employee and keep it until tax authority gives tax clearance; for reporting of income, there is an Auto-Inclusion Scheme for Employment Income (AIS)– employers to provide information to IRAS regarding the remuneration of employees. Compulsory participation for employers with 100 or more employees started in Year of Assessment (YA) 2009. From YA 2010, employers with 50 or more employees have to participate in the AIS; **S.Africa**- With effect from the 2010/2011 year, a mid-year reconciliation return is due at the end of October; **Turkey-** It does not apply to the employers who withhold tax on the cost of agricultural products; **USA-** Deposit payment rules are based on the amount of taxes due for an earlier look-back period (generally one year). Employers whose tax liability for the look-back period was more than $50,000 are subject to the semi-weekly deposit schedule.

Table 50. Personal income tax: payment and return filing obligations

/1. Many countries apply a threshold, or exclude specific categories of low income businesses.

/2. Income year equals a calendar year unless otherwise stated.

/3. Expressed as duration from end of income year to normal filing or payment deadline. **S.Africa**- The equivalent due dates for 2010 were 30.09.2010 (6 months after income year for paper files) and 26.11.2010. (9 months after income year for e-files.)

/4. Self-assessment.

/5. Many countries operate special withholding arrangements that free the bulk of employees (generally those with one source of employment and small amounts of other income) from having to file annual tax returns. This question seeks to identify those countries where an end of year return is normally required from taxable employees. In some countries (e.g. Denmark, Finland, Iceland, Norway, and Sweden), satisfying this end of year requirement is made easy for most taxpayers by the revenue body which prepares a return (or its equivalent), known as pre-filling, with data from third party sources and refer it to taxpayers for vetting.

/6. **Argentina**- Employees are required to file the tax return when they receive income from other sources or, if they do not receive such income, when they exceed a minimum amount of employment income established; **Belgium-** Requirement to make advance payments is optional; taxpayers who make such payments receive a tax credit-for assessment year 2011 these amounts are 1.5%, 1.25%, 1% and 0.75% respectively, provided payment is made by prescribed date; **Canada**- June 15 for self-employed and spouse or common-law partner of self-employed; **Chile**- For electronic income receipts, by the 20th day of the following month; **Cyprus**- If any individual earns income from trade or profession or rents or royalties or remuneration /profits for use of property or trade goodwill and total turnover up to €70,000, date extended to 30 June and with turnover over €70,000 to 31st December following the year of assessment; **Czech Rep**.- Large individual taxpayers required to make monthly instalments by the end of each month; **Estonia**- 1 October (if business income, capital gains), 1 July for other income; **Latvia**- Automatic extension of 3 months for larger debtors; **Mexico**- There is obligation to file an annual income return if income is greater than $400,000 pesos for wage and salaries, if the taxpayer has two or more employers and if earned interests are higher than $100,000 pesos. **Portugal**- 1 February-15 march for employees and pensioners; 16 march to 30 April for others; and longer periods for e-filers; **S.Africa-** Employees with salary and wage income less than R120,000 not required to file; **Spain-** For return filing, April to June of the following year for those that validate the pre-filled return sent by the Tax Administration; for payment on assessment, two instalments are also possible (60 by May or June and the balance by 5 November; **USA-** IRS Publication 17-Your federal income tax.

Table 51. Corporate income tax: payment and return filing obligations

/1. Many countries apply threshold, or exclude specific categories of low income businesses.
/2. Income year equals a calendar year unless otherwise stated.
/3. Expressed as duration from end of income year to normal filing or payment deadline.
/4. **Belgium**- When taxpayer opts for one single advance payment, the deadline is 20 December. Specific rules for advance payment deadline exist for companies with accounting year more or less than one year; **Chile**- This percentage is 1 in the first commercial year, or when the company has tax losses in the previous year; **Cyprus-** Separate requirements apply to insurance companies carrying on long term business; **Estonia-** Income derived by companies is not taxed if retained. Upon distribution, a distribution tax is levied at a rate prescribed in the law. The taxable period of legal entities is a calendar month. Where a distribution is made, a return and payment must be made by the 10th day of the month following the payment of the distribution; **Germany-** Current year estimate to be made where tax office has information on expected relevant difference to prior year's income; **Ireland**- For companies with a corporation tax liability of more than €200,000***** in the preceding accounting period, preliminary tax is now payable in two instalments: the first instalment, which must be at least – 50% of corporation tax liability for the preceding accounting period****** OR 45% of corporation tax liability for the current accounting period – is due no later than the 21st day of the 6th month of the accounting period, or the 23rd day of that month in the case of companies making their returns and payments under ROS (our online system). The second instalment, which must bring the total preliminary tax paid to at least 90% of corporation tax liability for the current accounting period, is due 31 days before the end of the accounting period and not later than the 21st day of the relevant month, or the 23rd in the case of companies making their returns and payments under ROS (our online system). These revised arrangements took effect for accounting period (or more than 7 months duration), which commenced, on or after the 14th October 2008. There was no change in the arrangements for companies with a corporation tax liability of €200,000 or less in the preceding accounting period. These companies continue to pay on the same basis as that described for the second instalment for larger companies. ***** The €200,000 limit is proportionately reduced where the preceding accounting period is less than 12 months. ****** The amount based on corporation tax paid in the preceding period is adjusted proportionately where the length of that period differs from the current accounting period; **Romania**- Profit tax payers (Romanian legal persons, Foreign legal persons, Foreign legal persons and non-resident individuals who work in Romania in an association without legal status), non-resident individuals associated with Romanian legal persons for realised income both in Romania and abroad in an association without legal status; **Singapore-** If the company's accounting year ends on 31.03.2009, it is required to file the return by 30.10.2010.

Table 52. Value added tax: registration, payment, and filing obligations

/1. Threshold based on annual business turnover level unless otherwise indicated.
/2. Most countries provide special payment and filing regimes for designated business categories (e.g. agriculture, fishing).
/3. The data in these columns are the rules applied on the small taxpayers unless it is indicated differently (e.g. 'large').
/4. Most countries provide special filing procedures for taxpayers who regularly receive refunds of VAT overpayment (e.g. exporters).
/5. **Belgium**- Flat rate scheme for unincorporated traders with turnover below €500,000 and exempted from issuing invoices; **China**- RMB 2,000-5,000 per month (taxable sales), RMB 1,500-3,000 per month (taxable services), RMB 150-200 (sales one time/ day); **France**- Companies with turnover more than €760,000 and businesses administered by DGE; **Japan**- Taxable period: monthly if preceding annual VAT amount exceeds 48 million Yen, quarterly if ranges from 4 million to 48 million Yen, semi-annually if ranges from 480,000 to 4 million Yen, and annually if less than 480,000 Yen; **S.Africa**- Farmers with turnover < ZAR 1.5 million may account bi-annually. Others < R 1.5 million four monthly.

Table 53. Selected features of tax disputes of assessment or rulings

/1. **Australia**- Limited circumstances where no ATO review is required. Initial appeal period for income tax matters for individuals and small business entities: 2 years, for income tax matters for all other entities: 4 years, for most other reviewable decisions and private rulings: Extensions to these appeal periods may be granted in some situations, decision period (taxpayers have the ability to expedite proceedings to external review upon request. A deemed unfavourable decision is generally made if, after 60 days from that request, the administrator has not made a decision), target period: objections to private rulings (28 days from receipt of all information to make decision), other objections (56 days from receipt of all information to make a decision), the Administrative Appeals Tribunal and Federal Court both handle tax appeals in addition to appeals in many other areas of the law. However both bodies have members/judges with tax expertise; **Austria**- Appellate jurisdiction specialized in tax disputes (Unabhängiger Finanzsenat), under certain circumstances payment deferral is granted; **Belgium**- Try to avoid court review as much as possible, only undisputed tax amount can be collected during dispute; advise from mediator possible when contacted by taxpayer; **Canada**- Taxpayers have the right to proceed to court should the CRA not have completed their review within the legislated timeframes. For all CRA dispute programmes, there is a published service standard requiring the taxpayer be provided with an initial contact letter within 30 days of receipt of the objection or appeal to the Minister. The CRA's ability to settle a dispute based on risk is limited to settling solely on the facts of the case. There is no ability to negotiate a settlement based on amounts owed or a taxpayer's ability to pay. The Ministère du Revenu du Québec resolves GST objections on behalf of Canada for registrants within the territory of the province of Québec; **Chile-** * The Circular No 26 of 2008 regulates the Administrative Review Procedure called "*Procedimiento Administrativo de Revisión de las Actuaciones de Fiscalización*" (RAF or Audit Administrative Review Procedure). It is a special administrative review procedure, initiated by request of a taxpayer. There is no time limit to make such request. It can be used when an administrative act has an obvious error. The head of the local legal department is in charge of the procedure. He asks a lawyer of his own department for a report. This lawyer can ask for support of an

Table 53. Selected features of tax disputes of assessment or rulings

auditor, if it is necessary. After presenting the report, the head of the legal department has 20 days to give a ruling. ** Law 20,322 establishes the gradual implementation of the Tax and Customs Courts, in year 2010 there are 4 of these courts in operation, and by year 2013 there will be 18 specialized Courts across Chile, one in each Region (14) and 4 in the Metropolitan Region; **China-** Taxpayers must first pay their tax due or provide relevant guarantee to seek an administrative review. Local government can also conduct administrative review; **Cyprus**- Administrative review is prerequisite before court review only in case of direct taxes, initial appeal period by the end of following month. Org in charge also Tax Tribunal in which case initial appeal period within 45 days of notification of decision, legal decision period within one year of submission of case; **Denmark**- The standard varies depending on type of dispute and is calculated as average time spent considering the disputes; **Finland**- 40%/3 months, 80%/6 months, 100%/24 months; **France**- Time limit is 31 December of the year following assessment for local taxes and 31 December of the 3rd following assessment for state taxes. Risk-based settlement for certain cases. Suspension of payment can be requested during administrative review; **Germany**- With limitations; **Greece**- For large enterprises audited by I.A.Cs and R.A.Cs, the review is conducted by a Committee constituted by an Assessor of the State Legal Service as president, an inspector of the revenue body, a representative of the professional institute of the taxpayer and the supervisor of audit of the disputed tax case. Collection of 25% of tax and the rest after the Court's Decision. Collection of 25% of tax and the rest after the Court's Decision. There are courts for administrative cases, including tax cases; **Hungary**- * 30-day initial appeal period in case of discovery assessment, 60-day+15-day decision period in case of discovery assessment. ** Except the suspension of execution by court; **Iceland**- * Administrative review is compulsory in VAT. ** 3-6 months depending on the complexity of the cases; **Indonesia**- *For filing objection 1 month, for requesting deduction/cancellation for the first time no time limit. Time limit for second request is 3 months since the issuance of decision on first request. ** For decision on objection 12 months. For decision on request for deduction/cancellation 6 months; **Ireland**- Generally no time limit, but after appeal to Appeal Commissioners no administrative review available; Ombudsman can also conduct administrative review of disputed tax cases. Performance standard 4-6 weeks from receipt of complete information. The Appeal Commissioners are the persons appointed under statute for hearing Appeals by taxpayers against decision of the Revenue Commissioners concerning taxes and duties. Appeals to the courts may be made against their determinations; **Japan**- Two forms of administrative review: reinvestigation and reconsideration. The second must be requested within one month after the decision of the first administrative review. Performance standard: requests for reinvestigation handled within three months and requests for reconsideration handled within one year; **Korea**- Tax Tribunal; **Latvia**- MOF has right to extend the period up to 60 days; **Lithuania**- This time limit may be extended by a decision of the central tax administrator for a period of up to 60 days where an additional investigation is required to examine the appeal; **Malaysia**- 5 months; **Mexico**- Applies to federal taxes only. This applies when the dispute goes to the tax court, unless collateral is granted; **Malta**- Appeal period only for direct tax, decision period for VAT; **Netherlands**- Legally tax can be collected, the policy is not to take irrevocable collection measures for disputed tax; **N. Zealand**- The Adjudication unit has a timeliness performance standard as follows. We will complete at least: 80% of high complexity adjudication cases within 20 weeks of allocation. 80% of medium complexity adjudication cases within 14 weeks. 80% of low complexity adjudication cases within 8 weeks. From 1 April 2010 taxpayers are able in certain circumstances to elect to proceed straight to a review by an external judicial body without first going through an administrative review. The review is conducted by a separate impartial unit (the Adjudication Unit) within Inland Revenue. Any assessment required in respect of the adjustment that the taxpayer disputes is made at the completion of the administrative review. The overall disputes process, which includes the administrative review, contains a number of steps and is commenced by a taxpayer filing a notice in response to the notice of proposed adjustment ("NOPA") within a time limit of 2 months after the NOPA. The NOPA outlines the adjustment proposed to the taxpayer's return. There are time limits set in the law for some other steps in the disputes process but no overall time limit for completion of the administrative review. However, although not specifically related to these reviews, there is a general 4 year limit (statute bar) in the law on reassessments to increase a taxpayer's liability. The ability to settle applies at a later stage than the administrative review, i.e. after the taxpayer has filed challenge proceedings with an external appellate body. Only if there is a significant risk the tax will not be paid should the taxpayer not succeed in the dispute, can the taxpayer be required to pay the tax in dispute. A tribunal – yes; an appellate court – no; **Poland**- Provincial administrative court and supreme administrative court specialised for all administrative matters; **Romania**- Unless the taxpayer asks the court for a suspension of the debenture and pays a guarantee of 20 of the disputed amount; **Russia**- The following standards of tax disputes resolution: ehe percentage of upheld appeals and the percentage of granted claimed amounts as well as the number of tax appeals reviewed in the administrative procedure by the higher tax authorities as compared to the total number of tax disputes on applications reviewed by the court. For the year 2009 the percentage is as follows: the number of appeals compared to the number of applications is 82%. * - In the majority of cases – yes. Administrative review becomes obligatory while challenging the rulings with regard to taxpayer being held liable for the tax offence (or to non-prosecution). ** - Within 10 working days since the obtention of the ruling and within one year since its delivery. All other acts as well as actions (omissions) the taxpayer may challenge within 3 months since he has become aware of it. *** - The Russian tax law does not provide for the tax dispute case based on risk. The appeals are to be accepted and reviewed in accordance with the case law (though it is not binding) and in absence of the taxpayer. **** - If the court judgement took its effect and the motion for suspense of the collection has not been filed or granted. ***** - If the motion for suspense of the collection is not filed or then granted by the court; **Singapore**- Board of Review, 21 days for property tax; **Slovenia**- The first-instance authority (revenue body) checks every appeal. If it believes that the appeal is justified it may make a decision favourable for the taxpayer. Otherwise the appeal is submitted to the Ministry of Finance, which decides about it. 30 days for decisions, issued in the tax audit supervision procedure, 15 days for all other decisions, 8 days for decisions in the tax enforcement procedure. The appeal is filed at the first-instance body, which approves the appeal if it believes that the appeal is justified. The Ministry of Finance is a second-instance body, which decides about appeals in those cases, when the first-instance body estimates that it cannot approve the appeal, which is then submitted to the ministry for resolution. The Administrative Court, which is a specialised court for all administrative matters, is competent for assessing of tax disputes. The Public Finance Unit, which is competent for decision-making

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in tax disputes, is established within the Administrative Court; **Slovak Rep.**- Taxpayer can file an appeal within 15 days after the delivery of decision. Taxpayer can also file a proposal for investigation of a decision out of the scope of the appeal proceedings – within 3 years after the entry into force of this decision. Taxpayer can also request renewal of proceeding which ended with a valid decision, but only if such request if filed within 6 months after the day when the person requesting it has learned about the reasons of the renewal of the proceedings, maximum within 3 years after the day of the entry into force of the decision. The competent body should pass a decision within 30 days after the beginning of proceedings, in particularly complicated cases, within 60 days. This 60 day period can be extended (e.g. extra-ordinary complex cases); **S.Africa**- Extension possible when specified criteria are met; **Spain**- Economic and Administrative Courts,; **Sweden**- In normal cases 1 – 3 months; **UK**- When a court has found for HMRC even if further appeal is made; **USA-** Appeals officers are urged to consider tax disputes in a timely manner. IRC 6501 requires a tax assessment within the statute of limitations. Appeals consideration is finalized before the expiration of the statute of limitations, which is generally 3 years from the due date of the tax return. IRC 7429 provides for a 16 day time frame to consider the jeopardy or levy assessment. IRC 6404 provides for interest abatement due to unreasonable errors or delay by the IRS. Whether the IRS unreasonably delayed a tax dispute may be brought before the Tax Court. Appeals Quality Measurement System (AQMS) is Appeals' quality review organization. Appeals looks to AQMS to measure how well it communicates with its customers, resolves cases, and treats customers. The AQMS review data is used to assess the performance of Appeals as an organization. The review data is compiled, analyzed, and explained in an AQMS Annual Report. It's also used to identify trends, procedural concerns, and training needs. In this way, closed case reviews provide information and benefits to Customers, Appeals Management, and Appeals employees. Collection during appeal process is generally not possible, except for jeopardy and termination assessments under Internal Revenue Code sections 6851, 6852, 6861, and 6862.

Table 54. Enforced tax debt collection powers

/1. **Australia**- Parallel debts can be raised on directors in certain cases; **Belgium**- By garnishment order; ability to close business upon repeated non-payment of VAT; **Bulgaria**- NRA can only request licenser for a license withdrawal; **Canada**- Province of Quebec now requires any business wishing to bid on a call for tenders or to obtain a negotiated contract of $25K or more, to provide a Certificate of Compliance from the Ministère du Revenu; **Chile**- Able to remit part of interest and fines within two months following the notification of the tax assessment. After that period, the TGR is empowered to remit the total or part of interest and fines as well as to grant up to twelve monthly instalments to pay tax debts. The TGR is also allowed to seize assets in the context of tax debts collection procedures. Only when the SII is compiling information in order to decide on the presentation of a lawsuit to prosecute a tax crime, the Commissioner of the SII can order the seizure of the accounting books and other documents related to the business of the suspicious-lawbreaker. Other government agencies may request a tax clearance certificate in the context of an application process for a public contract; **Cyprus**- * Data in order of 'IR/VAT', if direct taxes and VAT have different regimes. ** If agent of taxpayer and from court bailiffs resulting from execution of writ; **Finland**- Can cancel certain registrations (e.g. pre-assessment registry); **France**- Amount of a delinquent tax may be seized; **Germany**- Actions of other authorities needed (can be initiated/requested by tax administration), vehicle registration may be denied if vehicle tax is not paid; **Hungary- *** Earlier revenue body could impose restrictions in case of tax arrears in excess of 10 million forints.** Only in case of personally liable partners of limited partnerships or general partnerships (unlimited liability companies) or in case of crime; **Iceland**- Data reflects the authorities of Customs that handles tax debt collections; **Indonesia-** In case a coerce warrant could not be submitted to a Taxpayer or a tax bearer since the residence could not be found; **Ireland**- *Collection of tax debts from third parties by means of Attachment Orders. ** Revenue can restrict overseas travel by debtors in bankruptcy cases. *** Revenue cannot, as such, withhold payments owing to delinquent taxpayer by the government but they can attach government departments for payment owing – this, in effect, will result in monies not going to the taxpayer. **** Revenue can require businesses they are dealing with to produce tax clearance. It is a requirement for all Public Bodies (as per Dept. of Finance Circular on Public Service Contracts). ***** In cases where reckless trading can be proved. ****** Revenue publishes a quarterly list of defaulters. This contains details of published audit/investigation settlements completed by Revenue in the preceding quarter; **Italy**- Customs agency do not have these powers; **Japan**- With some exceptions; **Malta**- Direct taxes only; **Norway**- Can only be done according to set-off rules not against payments according to social security legislation; **Portugal**- Further time to pay and payment arrangements are limited by law and no bargaining is allowed. New legislation was introduced in the beginning of 2010 allowing the compensation of tax debits through credits from other public administration services. Has been publishing names of debtors since 2006; **Russia**- By judicial procedure; **Slovak Rep.**- Payment arrangement is only in terms of allowing a deferment of payment or payment in instalments, but not in connection with enforced collection. If an outstanding tax debt is being enforced, the tax debtor must pay the whole amount owed. Tax authority may not temporarily close a business due to not paying the taxes, but may affect a temporary close of a business for up to 30 days if the taxpayers do not comply with non-financial statutory duty. Tax authority may submit a proposal for initiating bankruptcy or asset liquidation to the court. Collection from 3rd parties - New legislation will be in force in 2010 and it will allow compensation of taxes debits through credits from other public administration services; **Slovenia**- Payment conditions are defined by law; **S.Africa**- Can publish names in respect of criminal convictions; **Sweden**- Those powers are exercised by a separate 'Enforcement Service' responsible for all enforcement activity including the collection of public and private debt; **UK-** Court order required**; USA**- Collection from 3rd partiers, court order needed only in rare circumstances. Arrange seizure of debtors' assets, court order needed only for certain types of seizures.

Table 55. Verif. of taxp. liabilities: inf. access and search powers of tax officials

/1. **Australia**- * Unless specifically excluded. ** Limited instances where a tax official can obtain or exercise particular types of search warrants without the assistance of other government agencies; **Austria**- * Inspections according to Art. 144 par. 2 Federal Tax Code (no right to search). ** If delay is dangerous to secure evidence related to criminal investigations. *** Limited to criminal investigations; **Belgium-** Only for VAT audit purposes, taxpayer's consent

Table 55. Verif. of taxp. liabilities: inf. access and search powers of tax officials

required for direct tax purpose; **Canada**- Search warrant for criminal matters: **Chile**- * In accordance with Article 60 of the Tax Code, the SII has access to information from third parties, however, there are some exceptions like those included in the same Article and in Article 61 and 62 bis of the aforementioned Code. ** According to Article 161 No. 10 of the Tax Code, only when the SII is compiling information in order to decide on the presentation of a lawsuit to prosecute a tax crime, can the Commissioner order the seizure of the accounting books and other documents related to a business. If the taxpayer opposes, the revenue body's tax officials can ask the police for help to serve the warrant; **Cyprus**- Only for direct taxes: a) If assessment under objection. b) extends to banking institutions for the confirmation of specific data, if an individual is examined by capital statement or if a company's accounts are under examination; **Czech Rep.**- Only when dwelling is business place; **France**- A judge's order is required for all cases of search and seizure; **Germany**- Limited to criminal cases; **Greece**- Only certain officials from Financial and Economic Crime Unit (S.D.O.E) and under very specific conditions have this authority; **India**- Tax officials can enter taxpayer's business premises and dwellings with search warrant. Search warrant is issued by senior Income Tax official; **Indonesia**- Except for bank for which the duty to maintain confidentiality shall be waived by a written order from the Minister of Finance. In cases of investigation; **Ireland**- Excluding confidential information between professional and client, except parts of a dwelling where a business is being carried on; **Italy**- Customs agency have powers to seize documents, but do now have powers to serve a search warrant; **Latvia**- Answers relate to tax auditor authority; **Malta**- Direct tax administration only; **Mexico**- There are still some restrictions to gather banking /financial information; **Netherlands**- Limited to criminal cases; **N. Zealand**- Unless specifically excluded; **Norway**- Only relevant tax information; **Portugal**- To enter taxpayer's premises without their consent and search warrant is only possible with the co-operation of police bodies. To enter taxpayer's dwellings without their consent and search warrant and to seize documents is only possible with the Public Prosecutor authorization; **Russia**- The Tax Code of the Russian Federation sets forth that these actions can be performed on the ground of the reasoned ruling of the tax official of the tax authority conducting the field audit; **Slovak Rep.**-Tax Administration does not have investigative powers (only police have). Tax Administration proceeds according to tax procedural law (Act 511/92 Coll. On Administration of Taxes and Fees, All actions are taken in co-operation with the taxpayer and in their presence. If the taxpayer does not cooperate, tax officials carry out a desk audit.);**Sweden**- If the taxpayer does not comply coercive measures can be taken according to the Act on special means on coercion in tax matters. The court must approve. In this case the tax officials do not need any help from other government agencies. These measures have less power compared to a search warrant; **USA**- Search warrants must be authorized by a court (part of Judicial branch of Govt.).

Table 56. Penalties and interest for failure to file return on time

/1. **Australia**- General interest charge is calculated at the monthly average yield of 90-day Accepted Bank Bills plus 7 (daily compounding); **Luxembourg**- IBFD data; **Netherlands** - The maximum penalty is only imposed in severe or repetitive cases; generally steeper penalties are imposed for CIT than for PIT. Only administrative penalties are listed, not criminal sanctions for tax offences. PIT and CIT are assessment taxes, VAT is a self assessment tax; **Portugal**- Administrative penalties can be reduced, in 25%, 50% or 75% if the taxpayer fulfils its obligations before tax administration opens an administrative process; **Singapore**- Effective from Year of Assessment 2007; **Slovenia**- Penalties applied separately for each type of failure. PIT**-** The fine may be imposed in the range. CIT- The level of the fine is prescribed in the range, which depends on the size of the legal entity because the fine may be imposed in the range. VAT - In cases of violations of provisions from the ZDDV-1 the level of the fine is prescribed in relation to the type of offences (offence, serious offence, particularly serious offence); the fine may be imposed in the range, time limit for law enforcement is extended; **UK-** Legislation was introduced in Finance Act 2007 to provide a single new penalty regime for incorrect returns for income tax, corporation tax, PAYE**,** NIC and VAT where the penalty will be determined by the amount of tax understated, the nature of the behaviour giving rise to the understatement and the extent of disclosure by the taxpayer. It introduced a new concept of suspended penalties. The new provisions apply for tax return periods commencing on or after 1 April 2008 where the return is filed on or after 1 April 2009.

Table 57. Penalties and interest for failure to pay tax on time

/1. **Australia-** General interest charge is calculated at the monthly average yield of 90-day Accepted Bank Bills plus 7% (daily compounding) and may change quarterly; **Netherlands**- Only administrative penalties are listed, not criminal sanctions for tax offences. PIT and CIT are assessment taxes, VAT is a self assessment tax; **Portugal**- Administrative penalties can be reduced, in 25%, 50% or 75% if the taxpayer fulfils its obligations before tax administration opens an administrative process; **Slovenia**- In cases of violations of provisions from the ZDDV-1 the level of the fine is defined in relation to the type of the offence (offence, serious offence, particularly serious offence); the fine may be imposed in the range, time limit for enforcement is extended.

Table 58. Penalties and interest for failure to correctly report tax liability

/1. **Australia**- Shortfall interest charge is calculated at the monthly average yield of 90-day Accepted Bank Bills plus 3% (daily compounding) and may change quarterly; **Netherlands** - Only administrative penalties are listed, not criminal sanctions for tax offences. PIT and CIT are assessment taxes, VAT is a self assessment tax; **Portugal**- Penalties can be reduced, in 25%, 50% or 75% if the taxpayer fulfils its obligations before tax administration opens an administrative process; **Slovenia**- The level of the fine is defined in the range, which depends on the size of the legal entity; the fine may be imposed in the range.

Annex 1. List of participating revenue bodies: name of revenue body and fiscal year

Country	Name of revenue body	Website address	Monetary unit	Fiscal year
1) OECD countries				
Australia	Australian Taxation Office (Ato)	www.ato.gov.au	Australian Dollar	1 July – 30 June
Austria	Federal Ministry of Finance	www.bmf.gv.at	Euro	Calendar Year
Belgium	Federal Public Service Finance	http://minfin.fgov.be/portail1/fr/cadrefr.htm, http://www.fiscus.fgov.be/	Euro	Calendar Year
Canada	Canada Revenue Agency	www.cra-arc.gc.ca	Canadian Dollar	1 April – 31 March
Chile	Servicio De Impuestos Internos (Sii)	http://www.sii.cl	Chilean Pesos	Calendar Year
Czech Rep.	The Czech Tax Administration	http://cds.mfcr.cz	CZK	Calendar Year
Denmark	Danish Ministry of Taxation (Skat)	www.skat.dk, www.skm.dk	Danish Kroner (DKK)	Calendar Year
Estonia	Tax and Customs Board	http://www.emta.ee	EEK	Calendar Year
Finland	Finnish Tax Administration	www.tax.fi	Euro	Calendar Year
France	Direction Générale Des Finances Publiques (General Directorate of Public Finances)	www.impots.gouv.fr	Euro	Calendar Year
Germany	Tax Administration of The “Länder” (Federal States)	http://www.bundesfinanzministerium.de	Euro	Calendar Year
Greece	Ministry of Finance	www.minfin.gr/portal	Euro	Calendar Year
Hungary	Tax and Financial Control Administration	www.apeh.hu	HUF	Calendar Year
Iceland	Directorate of Internal Revenue (Ríkisskattstjóri)	www.rsk.is	Icelandic Krona – Isk	Calendar Year
Ireland	Office of The Revenue Commissioners	www.revenue.ie	Euro	Calendar Year
Israel	Israel Tax Authority	http://ozar.mof.gov.il/taxes/	NIS	Calendar Year
Italy	Ministry of Economy and Finance, Revenue Agency, Customs Agency, Territorial Agency, Public Property Agency, Department of Finance	www.mef.gov.it, www.agenziaentrate.it, www.agenziadogane.it, www.agenziaterritorio.gov.it, www.agenziademanio.it, www.finanze.it	Euro	Calendar Year
Japan	National Tax Agency	http://www.nta.go.jp/	YEN(JPY)	1 April – 31 March
Korea	National Tax Service	www.nts.go.kr	Korean Won (KRW)	Calendar Year
Luxembourg	Administration Des Contributions Directes (Acd)- Direct Tax Administration Administration De L'enregistrement Et Des Domaines (Aed)-Indirect Tax Administration	www.impotsdirects.public.lu www.aed.public.lu	Euro	Calendar Year
Mexico	Tax Administration Service (Servicio De Administración Tributaria, Sat)	www.sat.gob.mx	Mexican Peso	Calendar Year
Netherlands	Netherlands Tax and Customs Administration	http://www.belastingdienst.nl	Euro	Calendar Year
N.Zealand	Inland Revenue Department, Te Taari Taake	http://www.ird.govt.nz	New Zealand Dollar (NZD)	1 April – 31 March
Norway	Skatteetaten (Tax Norway)	www.skatteetaten.no	Norwegian Kroner	Calendar Year
Poland	Ministry Of Finance	www.mf.gov.pl	PLN (Polish Zloty)	Calendar Year

Country	Name of revenue body	Website address	Monetary unit	Fiscal year
Portugal	Dgci – Direcção-Geral Dos Impostos	http://www.portaldasfinancas.gov.pt/pt/home.action	Euro	Calendar Year
Slovak Rep.	Tax Directorate of The Slovak Rep.	http://www.drsr.sk	Euro	Calendar Year
Slovenia	Tax Administration of The Republic of Slovenia	www.durs.gov.si	Euro	Calendar Year
Spain	Agencia Estatal De Administración Tributaria - State Tax Administration Agency	www.agenciatributaria.es	Euro	Calendar Year
Sweden	Swedish Tax Agency (Skatteverket)	www.skatteverket.se	SEK	Calendar Year
Switzerland	Federal Tax Administration	www.estv.admin.ch	CHF	Calendar Year
Turkey	Turkish Revenue Administration	www.gib.gov.tr	Turkish Lira (TL)	Calendar Year
Uk	Her Majesty's Revenue & Customs	http://www.hmrc.gov.uk/	Pounds, Sterling	1 April – 31 March
Usa	Internal Revenue Service	www.irs.gov	U.S. Dollars($)	1 October– 30 September
2) Selected non-OECD countries				
Argentina	Federal Administration of Public Revenues	www.afip.gov.ar	Argentine Peso (ARS)	Calendar Year
Bulgaria	National Revenue Agency (NRA)	www.nap.bg	BGN	Calendar Year
China	State Administration of Taxation	http://www.chinatax.gov.cn	RMB (Chinese Yuan)	Calendar Year
Cyprus*	Department of Inland Revenue, Vat Service	www.mof.gov.cy/ird www.mof.gov.cy/vat	Euro	Calendar Year
India	Central Board of Direct Taxes	http://incometaxindia.gov.in	Rupee	Calendar Year
Indonesia	Directorate General of Taxes	http://www.pajak.go.id	Indonesian Rupiah	Calendar Year
Latvia	State Revenue Service	http://www.vid.gov.lv	Latvian Lat (LVL)	Calendar Year
Lithuania	State Tax Inspectorate under The Ministry of Finance	www.vmi.lt	LITAS	Calendar Year
Malaysia	Inland Revenue Board	http://www.hasil.gov.my	Ringgit Malaysia (RM)	Calendar Year
Malta	Inland Revenue Department (Direct Taxes), VAT Department	http://www.ird.gov.mt http://www.vat.gov.mt	Euro	Calendar Year
Romania	National Agency for Fiscal Administration	http://www.anaf.ro	RON	Calendar Year
Russia	Federal Tax Service (FTS of Russia)	www.nalog.ru	Russian Roubles	Calendar Year
S.Arabia	Department of Zakat & Income Tax (DZIT)	www.dzit.gov.sa	Saudi Riyal	Calendar Year
Singapore	Inland Revenue Authority of Singapore	www.iras.gov.sg	Singapore Dollar	1 April – 31 March
S.Africa	South African Revenue Service (SARS)	http://www.sars.gov.za	South African Rand (ZAR)	1 April – 31 March

Sources: Survey responses.
*See footnotes 1 and 2, page 8