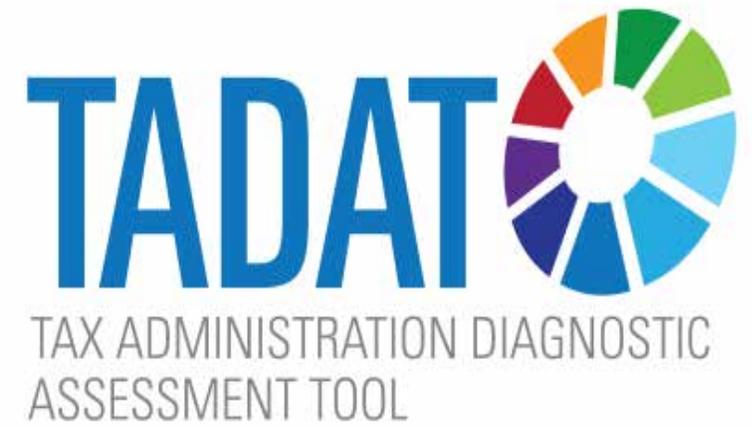


The TADAT Framework—An Overview

TADAT Secretariat
November 2018



Presentation outline



Part 1

- Why TADAT?



Part 2

- The TADAT Methodology



Part 3

- TADAT assessments and key observations

Part 1



Why
TADAT?

Why is TADAT needed?!



- Tax collection is a central—even a defining—function of government
 - Heightened focus: DRM, SDGs, increased public (civil society) interest in tax matters
- Weak tax administration compromises development, growth and trust in government
- Challenges are very similar across tax administrations at all levels of development:
 - finding taxpayers, identifying and addressing compliance risks,...
- Need and scope for a standardized assessment tool providing objective view of the tax administration system's health and areas that need reform or strengthening

Part 2



**The TADAT
methodology**

The TADAT methodology (1)



- Provides an objective and standardized performance assessment of a country's system of tax administration...
- ...and thus identifies its relative strengths/weaknesses
- Also facilitates a shared view of the tax administration's health among stakeholders...
- ...and in the process, strengthens the design of tax administration reform initiatives
 - in setting reform objectives
 - prioritizing, sequencing, implementing and coordinating reform activities
 - monitoring reform outcomes.

The TADAT methodology (2)



- Provides an objective platform for dialogue between tax administration staff at all levels
- Uses core taxes to measure performance:
 - Corporate Income Tax (CIT), Personal Income Tax—PIT, Value Added Tax (VAT), Pay As You Earn (PAYE) or equivalents
 - Social Security Contributions included where a major source of revenue and collected by the tax administration
- Rating uses a four-point 'ABCD' scale with 'A' being the highest score

The TADAT methodology (3)

The TADAT hierarchy



9 critical performance outcome areas (POAs)

28 high-level indicators

47 measured and scored dimensions ('A' to 'D')

Assessment results into a ...

Performance assessment report (PAR)

PARs are published on www.TADAT.org after authorization by country authorities

Each indicator has 1 to 4 dimensions

Each dimension is separately assessed

Overall score for an indicator is based on those for the underlying dimensions

Scores A B C D

- 'A' = meets or exceeds internationally accepted good practice
- 'B' denotes sound practice
- 'C' indicates that the fundamentals are in place
- 'D' means minimum standards set under 'C' not met or data unavailable

Comprehensive Field Guide to support assessors

12. The TADAT hierarchy

Some implications of the proposed refinements



Current TADAT hierarchy and composition

9 critical performance outcome areas ([POAs](#))

28 high-level indicators

47 measured and scored dimensions ('A' to 'D')

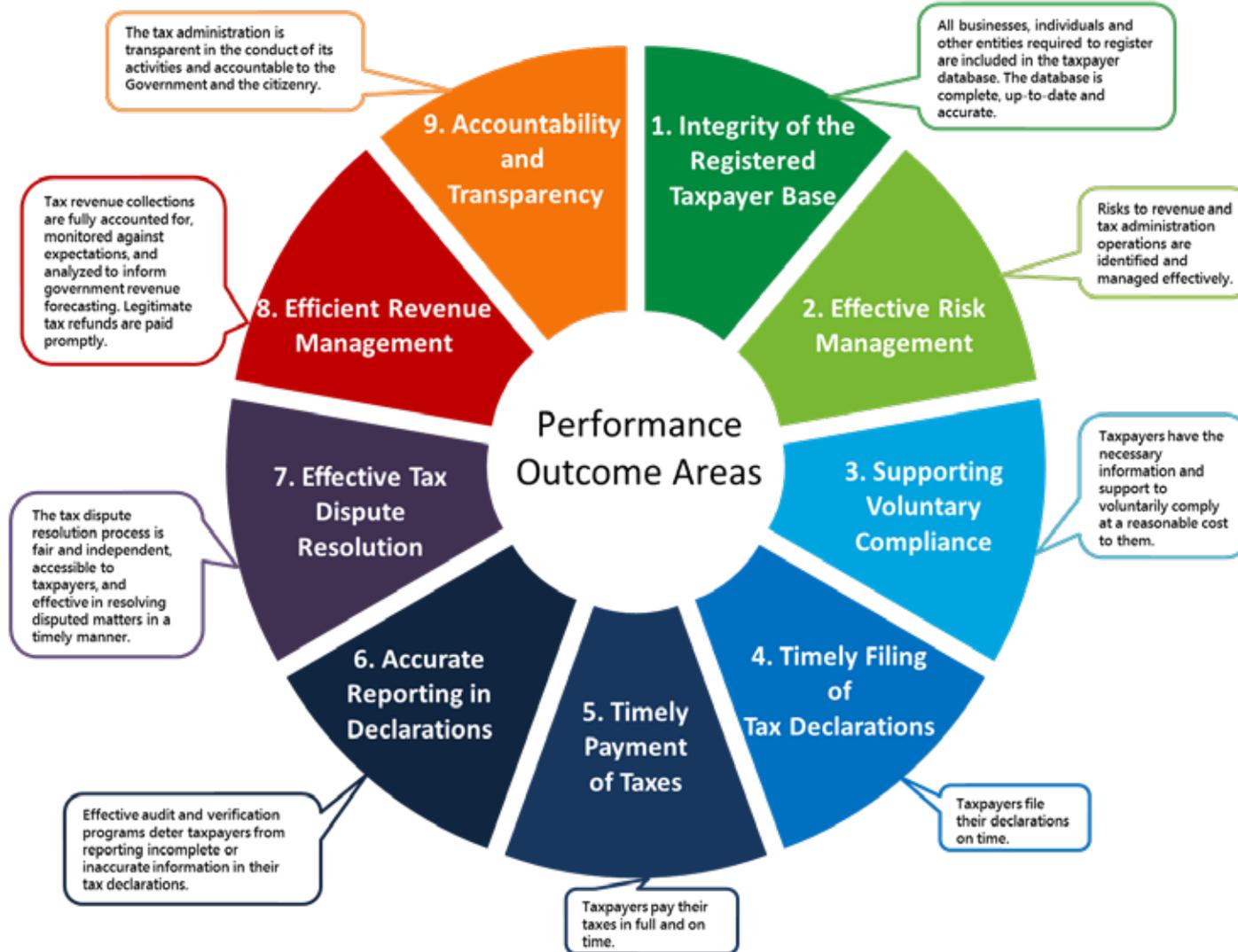
Potential TADAT hierarchy and composition

9 critical performance outcome areas ([POAs](#))

32 high-level indicators

54 measured and scored dimensions ('A' to 'D')

The (9) Performance outcome areas (POAs)





**TADAT
assessments
and key
observations**

Assessments and key observations (2)



Total Assessments at end-March 2019

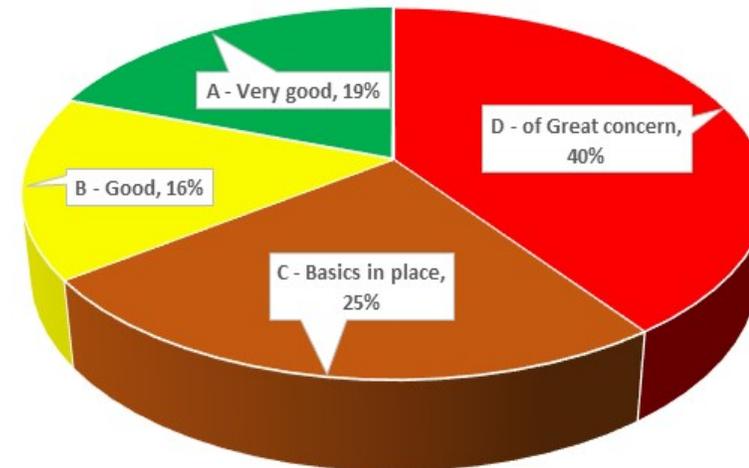
By World Region	National	Subnational	Total
Africa	30	4	34
Europe	14	0	14
Asia-Pacific	5	0	5
Middle East and Central Asia	8	0	8
Western Hemisphere	11	5	16
Total	68	9	77

Key observations:

Key observations:

- q Most assessments in Africa (34 percent) followed by Western Hemisphere (16 percent) and Europe (14 percent).
- q Penetration rate in Asia-Pacific (5 percent), and Middle East and Central Asia (8 percent) regions is low—an area of focus by TADAT Secretariat during FY2019/20.

TADAT ASSESSMENT SCORES – HEALTH STATUS ACROSS ALL DIMENSIONS FOR 64 TAX ADMINISTRATIONS



On a rating scale of 'A' – 'D' with 'A' being the highest—*there is still a lot of reform/capacity development work to do*

TADAT: key strengths and weaknesses



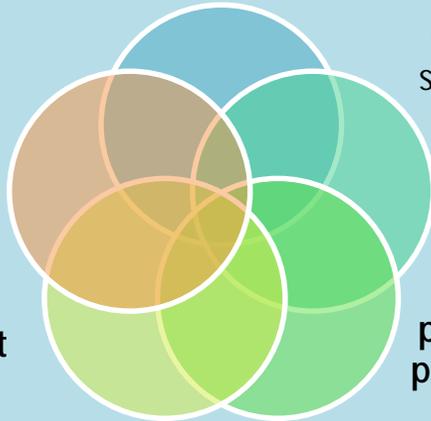
Tax administration strengths that stand out...



Tax administrations strive to bring into the net those who are outside it

Financial and operational results are generally published

Internal audit and external oversight generally strong



Taxpayer information is generally wide in scope, current and easily accessible by taxpayers

Dispute resolution processes and procedures are generally available and well-designed

Prominent tax administration weaknesses ...



Unreliable data—a major crosscutting weakness which impacts all outcome areas

Inaccurate taxpayer registration database

Weak compliance and institutional risk management practices

Poor on-time filing and payment rates

Weak tax debt management practices

Unnecessarily long wait times for resolving taxpayer disputes

Inefficient revenue accounting systems; existence of suspense accounts of, often, unknown size

Thank you



A dark gray world map is centered in the background of the slide.

TADAT assessments as a means to promote tax performance measurement

May 13, 2019

Adrian Morrison
Nathan Associates

NATHAN

Trusted for Excellence

TADATs supported by Nathan Associates

- Under the USAID LPFM II project, Nathan Associates collaborated with the TADAT Secretariat (TS) to deliver TADATs in USAID priority countries.
 1. Rwanda (August 2015)
 2. Ethiopia (April 2016)
 3. Liberia (June 2016)
 4. Armenia (November 2016)
 5. Kenya (November 2016)
 6. Guatemala (September – October 2017)
 7. Nigeria (February 2018)
 8. The Gambia (April 2018)
- TADAT assessments are regularly implemented by multi-partner teams.
- For each of the listed countries, LPFM II funded one to two assessors to represent USAID and be part of the larger assessment team.

TADAT trainings

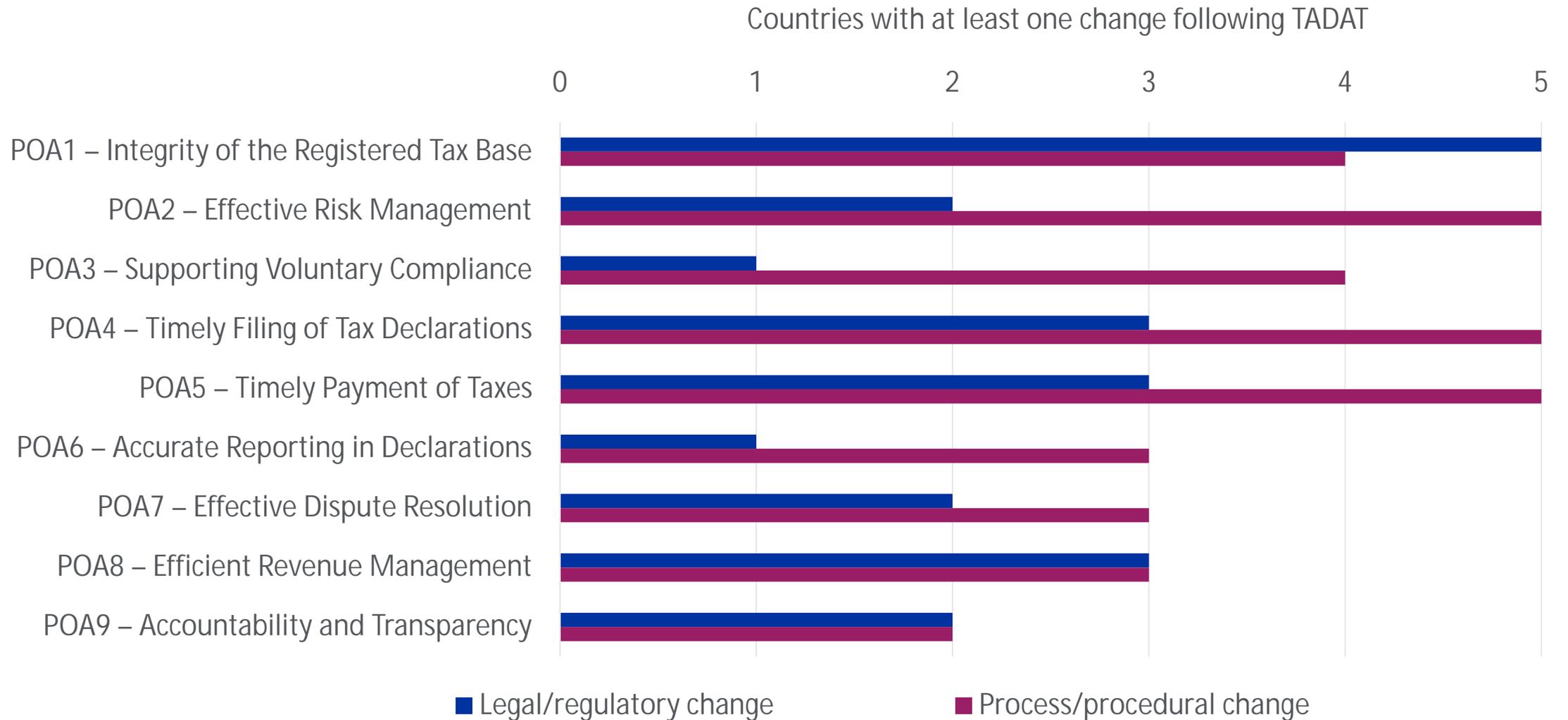
- For each TADAT, Nathan collaborated with the TS and other partners to provide trainings on the TADAT methodology for revenue authority staff
- 506 officials were trained in the TADAT methodology
- Some trained officials participated in the TADAT assessments

Country	Number of trainees
Rwanda	38
Ethiopia	23
Liberia	30
Armenia	20
Kenya	34
Guatemala	26
Nigeria	293
The Gambia	42
Total	506

TADAT Impact Survey

- Nathan worked with the TS to design a survey to analyze the impact of the TADAT assessments
- Nathan sent the survey to the revenue authorities in the eight countries that benefited from TADAT assessments supported by LPFM II
- Six of the eight countries completed the survey:
 1. Rwanda - Rwanda Revenue Authority (RRA)
 2. Liberia - Liberia Revenue Authority (LRA)
 3. Kenya - Kenya Revenue Authority (KRA)
 4. Guatemala - Superintendency of Tax Administration (SAT)
 5. Nigeria - Federal Inland Revenue Service (FIRS)
 6. The Gambia - Gambia Revenue Authority (GRA)

Summary of TADAT impact by Performance Outcome Area



Impact on POAs 1-3

POA: 1 Integrity of registered taxpayer base

- **Liberia** – using data cleansing to improve accuracy of taxpayer registry
- **Nigeria** – introduced quality assurance processes to identify gaps in information capture during registration

POA 2: Effective risk management

- **Rwanda** - drafted risk management policies that apply across the administration and developed a risk register
- **Guatemala** - created a risk committee and started carrying out risk analysis across the tax administration

POA 3: Supporting voluntary compliance

- **The Gambia** – began developing tax brochures and has expanded its taxpayer education activities
- **Guatemala** - proposed introducing new customer service features in its web portal for taxpayers

Impact on POAs 4-6

POA 4: Timely filing of tax declarations

- **Kenya** - implemented an online filing platform for all tax types and has a taxpayer outreach program to support online filing
- **Rwanda** - instituted a process to monitor non-filing taxpayers

POA 5: Timely payment of taxes

- **Nigeria** - introduced processes to prioritize debt cases for action based on criteria including age, size and taxpayer compliance history
- **Liberia** - developed a debt management strategy and write-off policy to reduce the stock of unpaid taxes

POA 6: Accurate reporting in declarations

- **Liberia** - accuracy of returns is improving due to its efforts to provide better education to taxpayers and simplify tax return forms
- **Kenya** - shifting towards a data-driven, risk-based compliance management approach to improve the accuracy of taxpayer returns

Impact on POAs 7-9

POA 7: Effective dispute resolution

- **The Gambia** - plans to empower its tax tribunal and set up standard operating procedures for managing objections
- **Kenya** - making it easier for taxpayers to dispute an assessment and not allow auditors to take part in the resolution process

POA 8: Efficient revenue management

- **The Gambia** - intends to require all tax payments collected by banks to be transferred to the consolidated revenue fund within 24 hours
- **Rwanda** - increased the efficiency of its VAT refund process

POA 9: Accountability and transparency

- **Guatemala** - planned to redesign its web site to provide greater public transparency
- **Kenya** - put in place an external oversight body and is implementing an internal audit department

Other areas of impact (1)

Internal management

- **The Gambia** - using TADAT to guide its working relationship with key domestic stakeholders including the finance ministry
- **Rwanda** - formulated an internal task force to propose reforms to address the gaps identified in the TADAT assessment

Stakeholder engagement and taxpayer education

- **Liberia** - expanded its taxpayer education strategy to include call centers, an information desk for taxpayers, and tax clinics

Capacity building

- **Liberia** - TADAT increased officials' understanding of how to use indicators to measure performance
- **Rwanda** – officials can now use their understanding of the TADAT methodology to design process and policy reforms

Other areas of impact (2)

Institutional relationships and knowledge sharing

- **The Gambia** - officials now communicate regularly with Liberian and Nigerian officials to discuss mutual interests and share best practices

Donor assistance

- **Guatemala** – TADAT provides a common understanding of the highest priority areas for assistance from development partners

Future use of TADAT to measure performance

- All six countries have continued to use the TADAT as a mechanism to benchmark internal performance
- The two most common mechanisms to achieve this objective are:
 1. creating an internal TADAT Committee or Secretariat to track and promote improvements on KPIs
 2. integrating TADAT POAs and indicators into strategic plans

Conclusion

- TADAT is increasingly becoming one of the central tools to assess and understand domestic tax administration systems
- Assessments identify areas for improvement and motivate management to implement reforms
- TADATs also help facilitate effective knowledge sharing both within and between tax authorities
- While promising, these survey results have some limitations
 - Results provided are based on self-reported information
 - This survey is based on a small sample of countries, predominantly in Sub-Saharan Africa
 - They do not include countries that have completed repeat assessments or sub-national TADAT assessments