

Country Experience: Promoting Voluntary Compliance

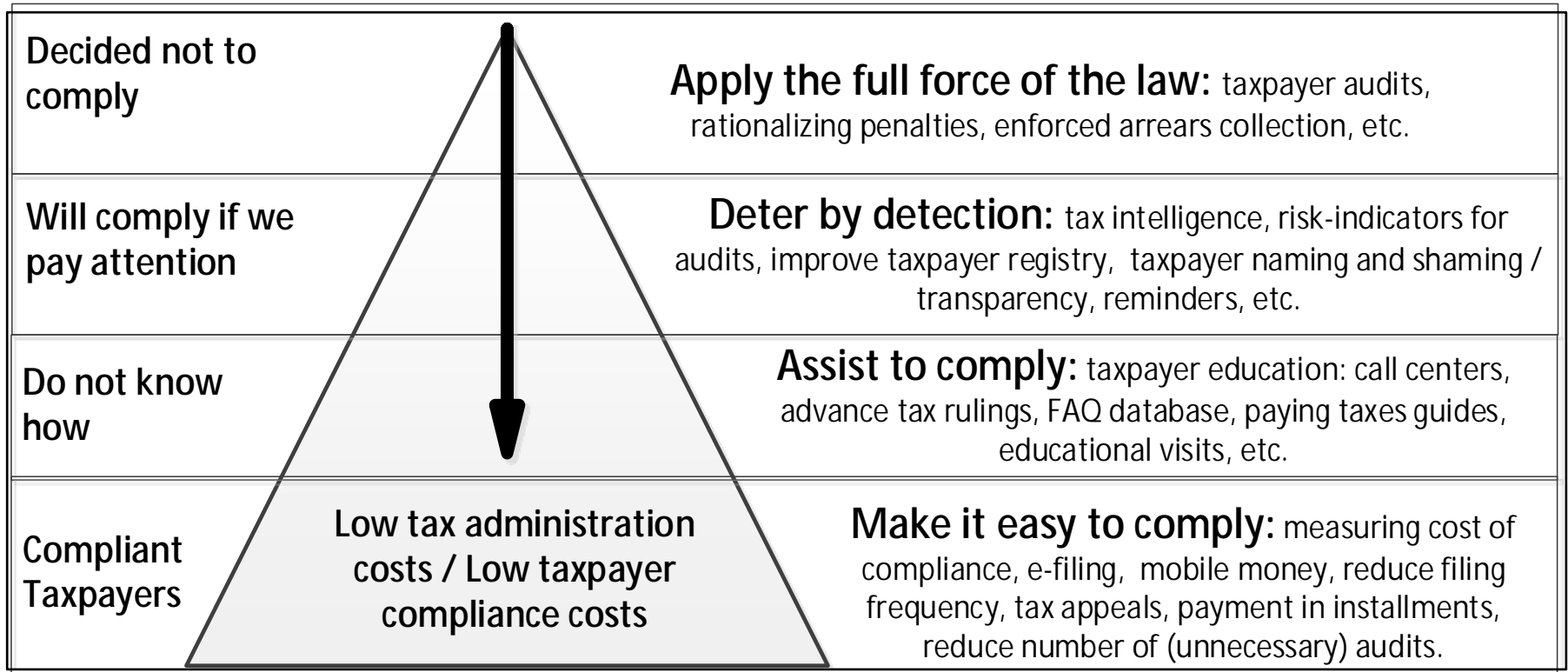
Alexander Kitain



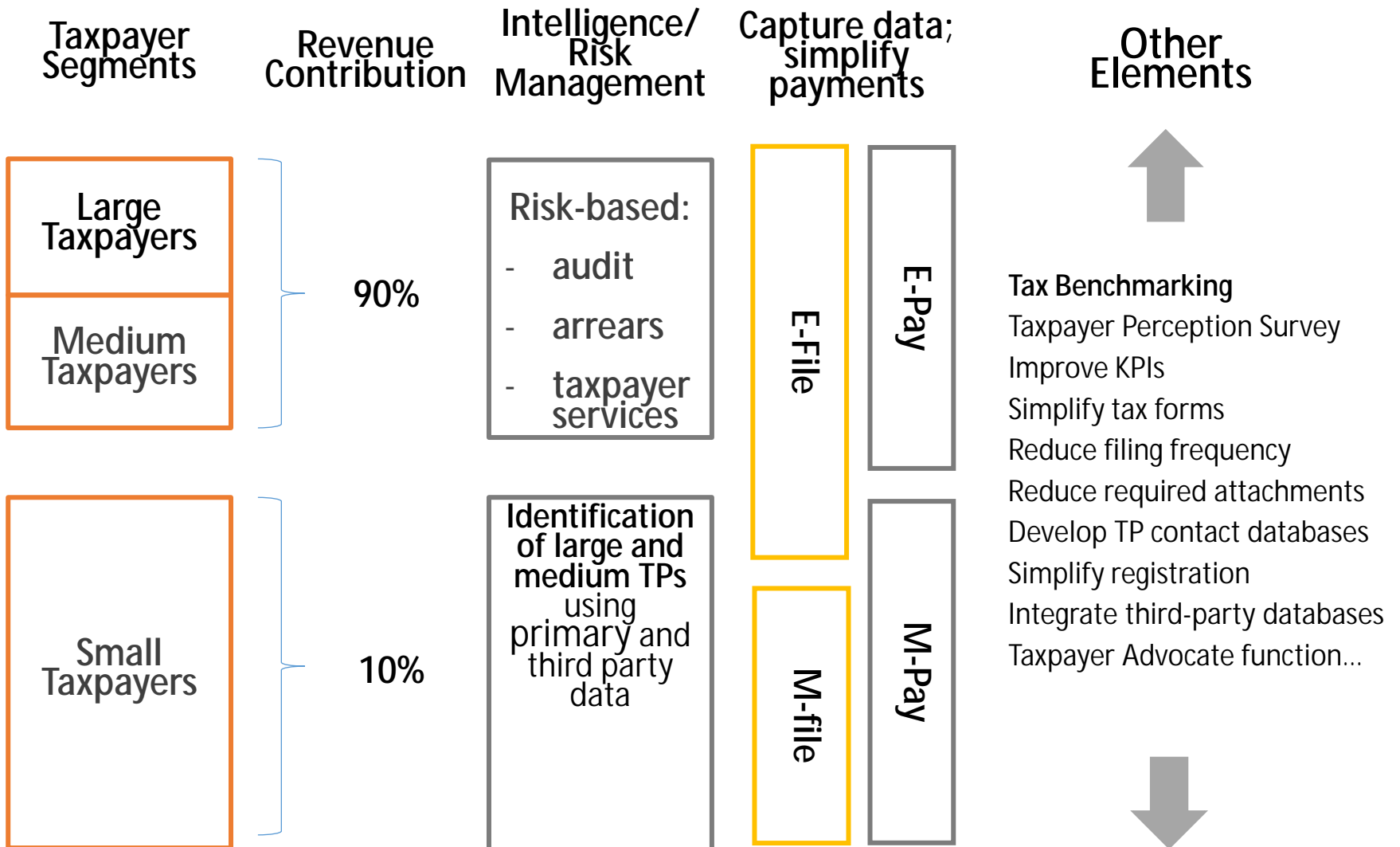
Outline:

- Taxpayer Compliance Strategy
- Sample Tax Reform Modernization Strategy
- Case I: Brining E-Filing to the Philippines
- Case II: Introducing Mobile Tax Payments
- Case III: Tax Awareness, Education, Social Contract

Taxpayer Compliance Triangle: Is it upside down?



Reform / Modernization Strategy



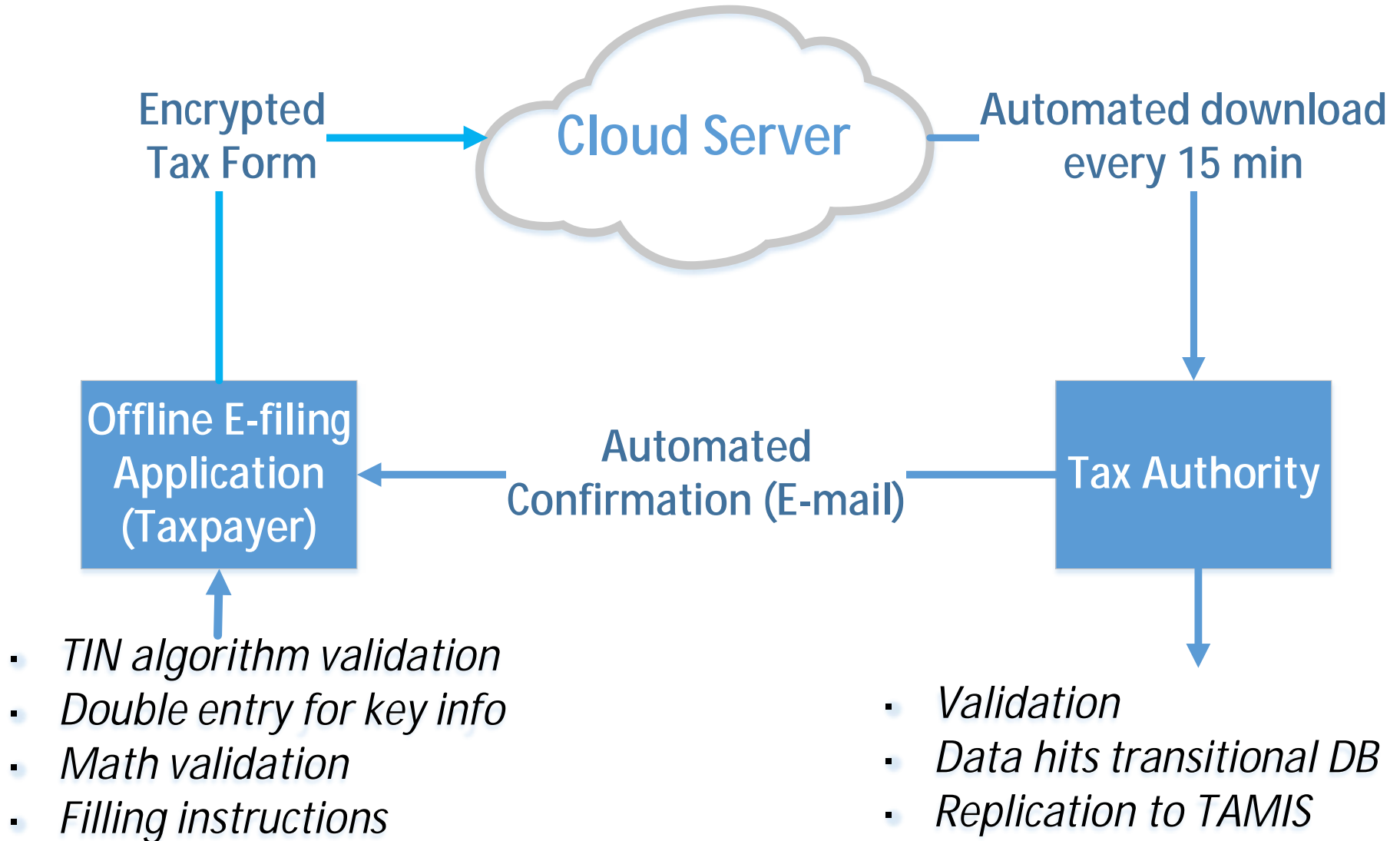
Case I: Brining E-Filing to the Philippines

Background:

- 15 years of limited success in introducing e-filing
- 18 million returns filed (mostly paper)
- Same-time e-filing solution crashes regularly*
- Scores of people fail to file around deadline
- FRN requirement prevents payments without filing
- Years of backlog at 7 data processing centers
- Procured scanners fail to read data from returns

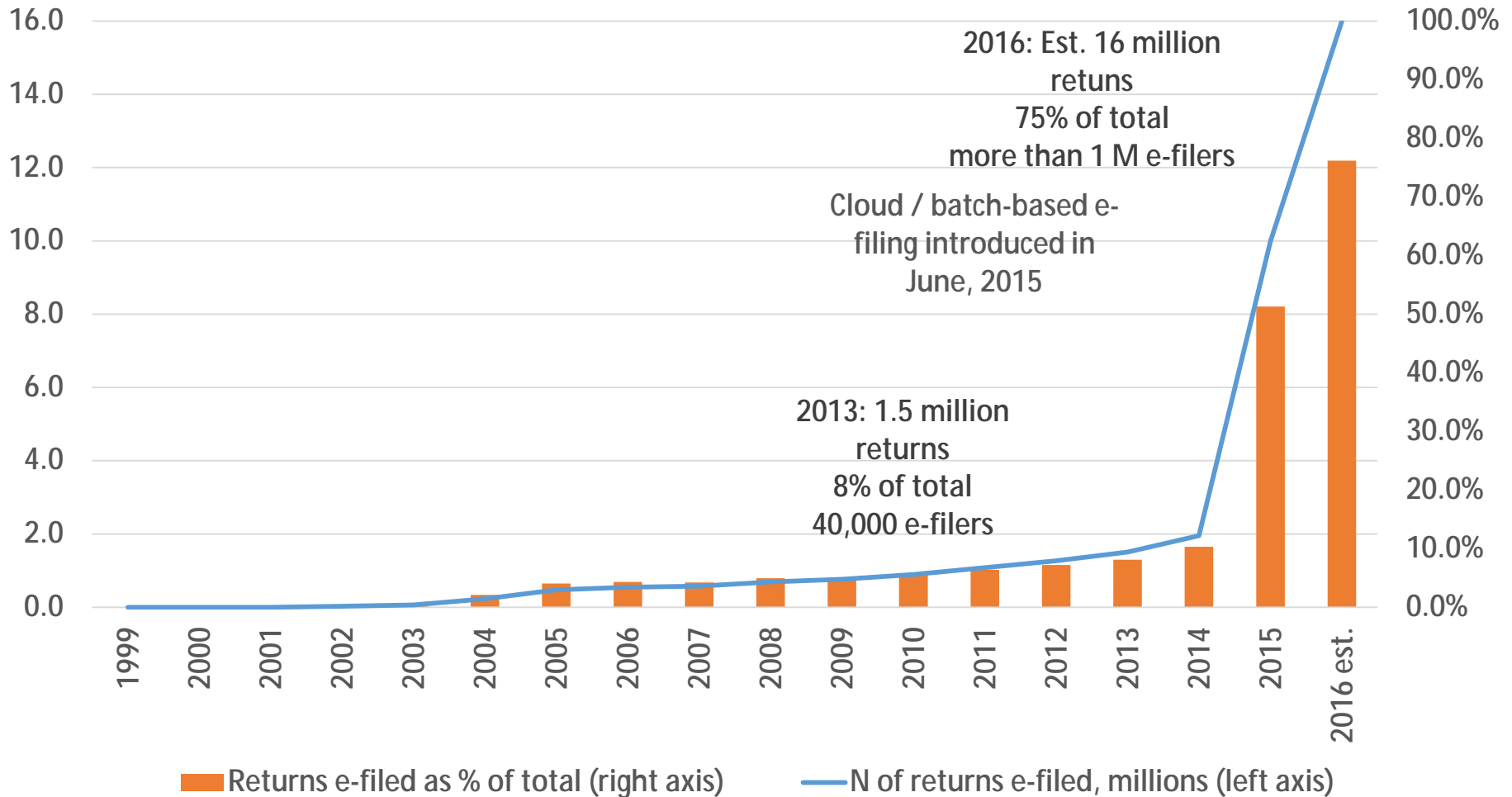
*Usually software rather than hardware / network / internet issues

New Solution: No Real Time Contact with TA

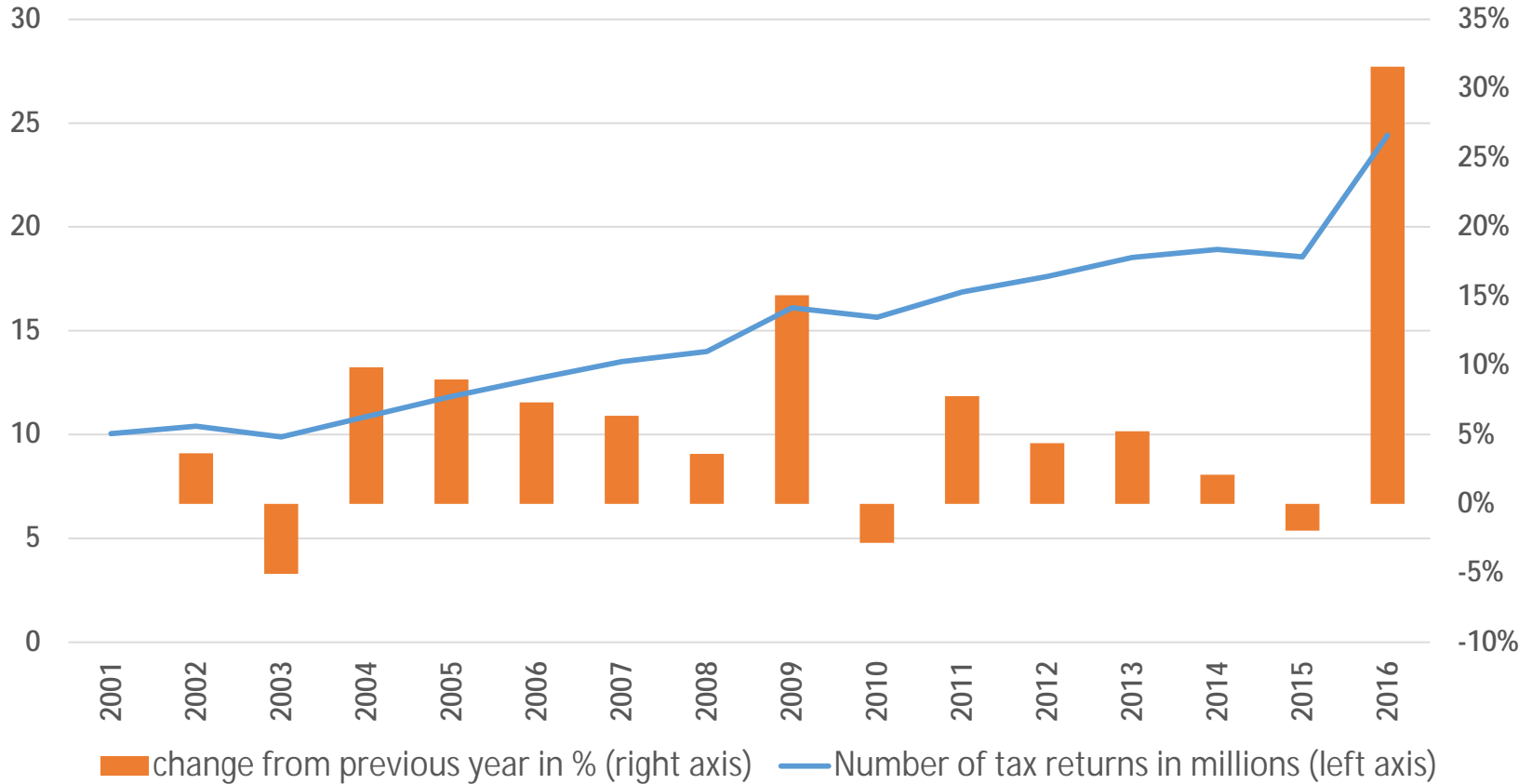


Dramatic Increase in E-filing

Graph 1. Number of returns e-filed, 1999-2016



Filing increased by 5 mil. returns



Note: revenues increased by \$1 billion in Q1 of 2017 (3-5 pp above previous increases)

Taxpayers filing returns: April 15, 2015



Taxpayers filing returns: April 15, 2016



Quezon City



Caloocan



Case II: Introducing Mobile Payments

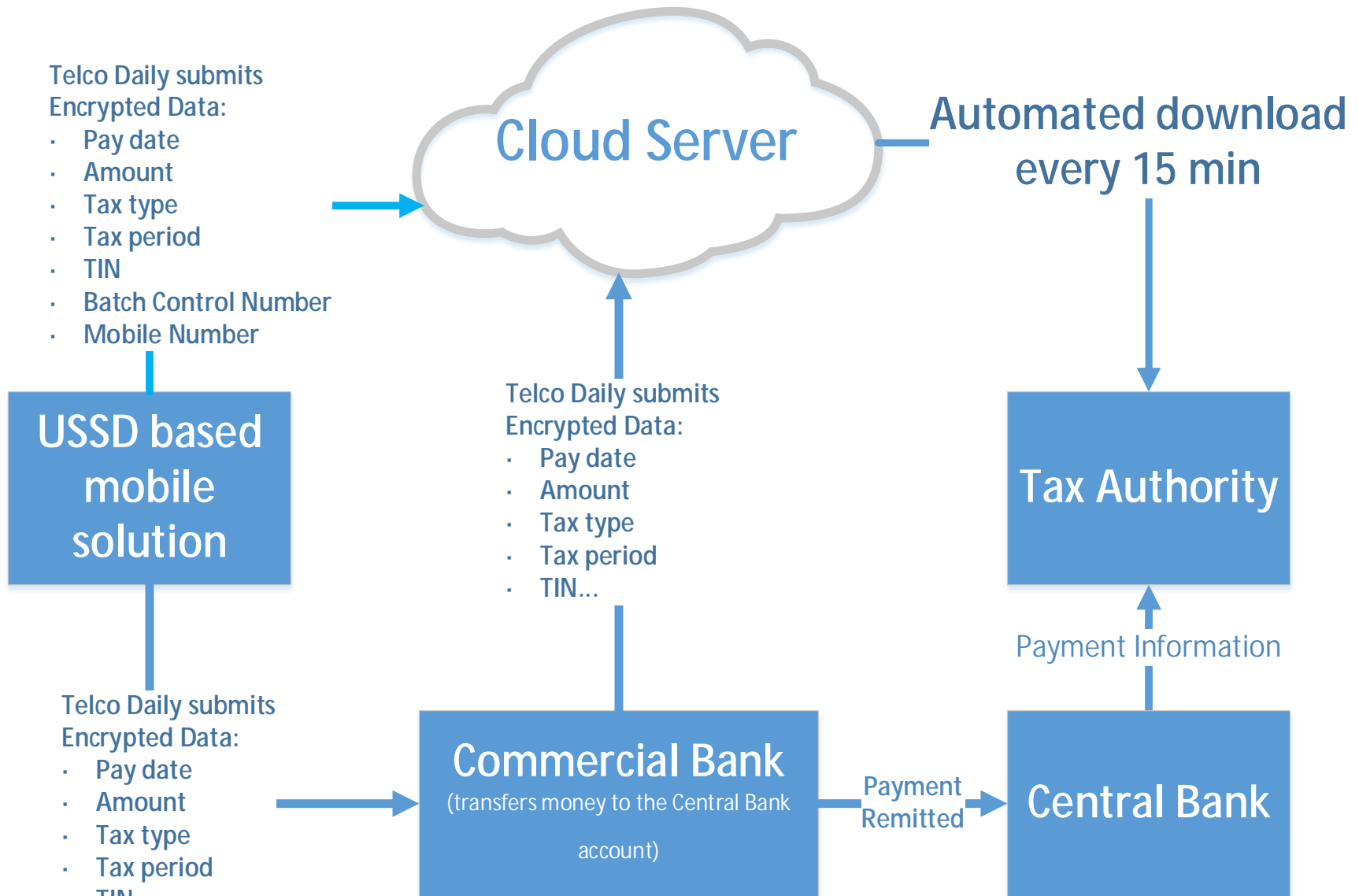
Background:

- Failures to introduce M-Payments for 15 years
- Long list of info. required to make a payment
- Filing Reference Number prevents paying b4 filing
- TAMIS: serious concurrency issues
- PH: Payments required real time reconciliation
- PH: 1-20 mobile tax payments a year
- Liberia: 0 mobile payments; no payment solution

Reforms:

- Rolled out simple cloud & batch-based solution
- PH: Mobile application developed (internet-based)
- USSD-based in Liberia (no internet requirement)
- Front end TIN validation (algorithm based)
- PH: Double entry for key information
- Payment data is limited to 5 key pieces of info.
- Eliminated Filing Reference Number requirement

Simplified solution



Early Results:

- PH: 42,000 mobile tax payments a year
- PH: \$100,000 dollars a year
- Liberia: Pilot launched after 15 years of trying

Case III: Taxpayer Outreach and Education

Tax Payments in Liberia

- SMS Outreach: deadlines & call center numbers
- Allowed payments through commercial banks
- Separated filing and payments (no FRN)
- Launched radio outreach
- Addressed one of tax IT systems bottlenecks
- Mapped around 50,000 properties in the capital

Payments increased by 48%

(No. of payment transactions)	2016 (Jan-Aug)	2017 (Jan-Aug)	% Change
Large Taxpayers	9,831	19,185	95
Medium Taxpayers	22,327	26,812	20
Small Taxpayers	25,545	33,750	32
Real Estate Tax Division	10,484	21,389	104
Total	68,187	101,136	↑ 48%

Memo Item:

On-time filers (as % of active Large Taxpayers)	18%	45%	↑ 27 p.p.
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Conclusion

Simple solutions:

- Increase Compliance
- Reduce scope for corruption
- Increase Transparency
- Pave the way for risk-based management
- Automated reconciliation
and...

Taxpayer Compliance Triangle is not upside down!



Shaping a more livable world.

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