



A COMPARATIVE ANALYSIS OF TAX ADMINISTRATION IN ASIA AND THE PACIFIC

2020 EDITION

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The fourth in the series, this report was first published by ADB in April 2014, with fiscal year performance-related data up to 2011 for national revenue bodies in 22 economies in Asia and the Pacific. Subsequent editions were issued in 2016 and 2018; the 2018 edition contained performance-related data up to fiscal year 2015. This 2019 edition covers 34 economies in the region and makes data comparisons up to fiscal year 2017. All four editions benefited from valuable support from the Centre for Tax Policy and Administration of the Organisation for Economic Co-operation and Development (OECD), which provided survey data from revenue bodies included in both its Tax Administration Comparative Information Series and the ADB report.

The complete International Survey on Revenue Administration (ISORA) survey instrument was used in this fourth edition. This common survey framework was developed in 2015 through collaboration among the OECD, the Inter-American Center of Tax Administrations, the International Monetary Fund (IMF), and the Intra-European Organisation of Tax Administrations (IOTA). ISORA standardized the terminology and requirements for capturing global tax administration information concerning the policies, practices and performance of national revenue bodies. Data gathering was done with the help of the IMF's Revenue Administration Fiscal Information Tool (RA-FIT).

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Executive Summary

This fourth edition of the comparative series on tax administration produced by the Asian Development Bank (ADB) analyzes the administrative frameworks, operations, and performance of revenue bodies in 34 economies in Asia and the Pacific.

The United Nations Sustainable Development Goals set ambitious goals for most of the economies covered in this report. Central to the achievement of many of these goals is the establishment of modern, robust, and effective arrangements for tax collection, especially at the national level, where the bulk of tax revenue is collected. Only by building such arrangements can governments generate the overall level of resources needed to create a sustainable economy.

This report provides an extensive array of information gathered through surveys and research that enables high-level comparative analyses of tax administration in the 34 economies. The more important observations and conclusions emerging from the analyses undertaken are summarized below.

Tax Ratios, Productivity, and Reforms

- According to data gathered for this report, in 2016, the average tax ratio (tax revenues as a percentage of gross domestic product) for the 34 economies covered in this report was 18.5%—just over half of the average tax burden computed for Organisation for Economic Co-operation and Development (OECD) economies (34.0%).
- For 13 of the economies covered in the report, the tax ratio in 2016 was below 15%—widely regarded as the minimum level required by government for sustainable development in the absence of other sources of government revenue.
- Significantly, only seven economies (Afghanistan, Australia, Cambodia, Georgia, Japan, the People’s Republic of China [PRC], and the Philippines) showed consistent year-on-year growth or stable tax ratios in the 5 years up to 2016. For a few economies (e.g., Kazakhstan, Mongolia, and Papua New Guinea), tax ratios declined significantly over this period because of weak commodity prices. On the whole, the average overall tax ratio for all economies in this report remained largely unchanged over the 5 years up to 2016.
- Across the region, taxes on goods and services are predominant, representing on average 46.6% (unweighted) of overall tax collection in 2016 (OECD economies: 32.7%). Revenue from social security contribution (SSC) regimes, on the other hand, averaged (unweighted) only 5.7% in 2016 (OECD economies: 26.2%), with relatively few economies having established SSC regimes.
- The rates of tax productivity for the main taxes, especially the value-added tax (VAT), vary enormously across the region, affected by policy choices (e.g., concessions and thresholds) that reduce the amount of collectible tax revenue, and weaknesses in administration that contribute to a significant tax (or compliance) gap.
- Many revenue bodies across the region reported that effective taxation of e-commerce-related transactions is a major area of compliance risk. However, governments have generally been quite slow to implement laws for the application of VAT to cross-border trade in services and intangibles based on the widely endorsed International

VAT/Goods and Services Tax (GST) Guidelines published by the OECD in 2017. Research done for this report indicates that only around 20% of the governments have taken steps to introduce such legislation, thereby increasing their VAT revenue collection.

Institutions, Organization, and Governance

- In line with international best practice, a vast majority of the economies have established a single or fully unified national revenue body, administering both direct and indirect taxes, and in most cases organized along functional lines and with a dedicated large taxpayer division.
- Many revenue bodies lack the level of autonomy needed to become fully effective organizations, particularly for aspects of budgeting and human resource management (HRM). At the same time, in a number of economies within the region (Armenia, Azerbaijan, Fiji, Maldives, and Singapore), the governments have established revenue bodies as largely autonomous institutions in return for greater accountability, and these appear to be performing to high standards, according to performance-related data set out in the report.
- Many revenue bodies could improve the transparency of their operations by publishing more corporate documents (e.g., strategic and business plans, and annual performance reports), or by accounting in greater detail for their performance by systematically reporting outcomes and output (e.g., service delivery) against planned goals and objectives.
- For many revenue bodies, goals and plans to improve operational efficiency should include consideration of modernizing their office network, given indications of extensive and excessive costly fragmentation and the potential benefits to be gained from more effective use of technology, reorganization, and new management arrangements.

Use of Modern Technology in Tax Administration

- Developments in the promotion and use of a wide range of electronic services (e.g., provision of information and tools via the internet, and online transaction capability) appear uneven across economies. Many revenue bodies have opportunities to make inroads in this area of service delivery.
- Electronic filing of tax returns for major taxes has progressed considerably in a number of developing and emerging economies (e.g., India; Kazakhstan; Malaysia; Mongolia; and Taipei, China.). However, in quite a few other developing economies, little progress has been made or these services have yet to be offered.
- While many revenue bodies rightly continue to focus on developing robust information systems for their core functions (e.g., taxpayer registration and accounting), a modern internet, and automated return filing and tax payment processes, they need to be alert to the potential of a new wave of “innovative technologies” that are gaining traction in a growing number of revenue bodies around the world to reform tax administration. These technologies include biometric identification, blockchain technology, chatbots, artificial intelligence, robotics, and the emergence of online cash register systems and electronic VAT invoice systems that are integrated with tax administration requirements. The use of analytics in conjunction with “big data” systems is also enabling more sophisticated risk management and service delivery operations.

Taxpayer Compliance Management

- It is widely recognized that to effectively maximize taxpayer compliance, revenue bodies must focus on improving voluntary compliance, as this is the only affordable and sustainable approach available. Enterprise and compliance risk management processes are an integral part of a revenue body’s strategy for ensuring that it

deploys limited resources most effectively by focusing on the highest-priority risks to taxpayer compliance and to the ongoing operations of the revenue body.

While most revenue bodies reported having both formal enterprise and compliance risk management processes, relatively few have reported publicly on how this critical area of tax administration is organized and managed, and what progress has been made in addressing critical compliance risks.

- Almost all revenue bodies reported that they use the media and adopt direct marketing and education activities to influence taxpayer behavior. Increasing numbers are using approaches such as behavioral insights research and cooperative compliance programs (targeted at large business taxpayers). Around 50% of revenue bodies reported the use of cooperative compliance, and 40% have a behavioral insights unit. The techniques developed by revenue bodies are commonly used to shape media and education products, to shift behavior toward the use of preferred channels, and to increase the uptake of digital options.
- From a comprehensive menu, the compliance risk areas most often reported were the risk of aggressive domestic tax avoidance, base erosion and profit shifting (BEPS), and e-commerce-related transactions. In 2018, aggressive domestic tax avoidance and VAT fraud were the “high-priority” risk areas most frequently reported.
- For a number of revenue bodies, major compliance risks fall within a category of international avoidance and evasion practices that are currently the subject of Group of Twenty (G20)–supported global collaborative efforts. The Base Erosion and Profit Shifting (BEPS) Project and the implementation of the Common Reporting Standard (CRS) for automatic exchange of financial information are global initiatives with major implications for the region, and the full participation of all economies in these collaborative efforts is critical. According to the most recently available information, while more economies from the region began participating in the last year or so, around one-third of economies covered in this report still have to engage fully with these global efforts.
- Globally, the conduct of tax gap research programs is a growing practice among national revenue bodies (e.g., the Australian Taxation Office). These programs seek to establish a likely order of magnitude of overall revenue leakage for each tax researched and, depending on the methodologies used, the nature of this revenue leakage. Only around one-third of economies covered in this report indicated that they conduct such research, and only three stated that their findings are published. The findings from this type of research, where conducted in some developing and emerging economies, often indicate overall revenue leakage of 30%–50% for a tax (e.g., VAT), demonstrating the significant scope for performance improvement.

Legislative Frameworks Supporting Tax Administration

- Raising revenue to fund public services and infrastructure is the primary function of taxation, and governments invariably seek to develop tax policy in a responsible and principled manner. Taxpayers in most economies have several enforceable rights and obligations embedded throughout tax laws. Almost 80% of revenue bodies reported having formally defined taxpayer rights, and around 65% of these are set out in law. Complaint mechanisms are also widely available: less than 10% of the revenue bodies reported having no mechanism available, and more than half have both internal and external options.
- Most revenue bodies provide both public and private rulings, and in the vast majority of cases where rulings are issued, these are binding on the revenue body. Bangladesh, Fiji, Mongolia, Myanmar, the PRC, and Uzbekistan reported that they do not currently issue public or private rulings, although a framework is being developed for Fiji. Only Tajikistan and Thailand issue nonbinding rulings.
- All economies have some form of dispute resolution process available to taxpayers, mostly including the recommended three-stage process of internal review, external review, and right to elevate the case to an appellate court. In around two-thirds of the economies surveyed, taxpayers must use internal review processes before they can file a case with an external tribunal or court. Only 11 economies offer alternative dispute resolution channels.
- Nearly all revenue bodies administer systems that provide for the graduated collection of income taxes, including withholding and advance payment regimes, although the required payment frequency varies widely among

these systems. Some economies apply a regime that reduces the frequency of payments for smaller corporate taxpayers to lessen their administrative or compliance burden (e.g., bimonthly or quarterly filing). Hong Kong, China; and Singapore have no withholding systems for employees, and Afghanistan and Maldives do not have a personal income tax and therefore have no need for a withholding system for employees.

Tax Administration Operations

- To achieve high levels of voluntary compliance, revenue bodies must provide a comprehensive, well-targeted, and accessible range of services to taxpayers, their representatives, and other intermediaries with a role in tax administration. Almost all revenue bodies reported having a formal strategy for improving service delivery, with objectives most commonly related to reducing taxpayers' compliance burden, improving their satisfaction with the services delivered, and increasing digitization and "whole-of-government" service delivery.
- Ensuring the quality (accuracy and currency) of taxpayer identity and location details is highly desirable for all tax administration processes. Almost 80% of revenue bodies reported that they administer a formal program to improve or maintain the quality of their taxpayer register.
- The regular conduct of independent surveys of major client groups to determine satisfaction with service delivery is good international practice for revenue bodies. Around two-thirds of revenue bodies covered in this report indicated that they conduct surveys of business and personal taxpayers' satisfaction with service delivery, and about half survey tax intermediaries. Less than half of those conducting surveys publish the results.
- Gaps in the reporting of performance-related data for many revenue bodies suggest weaknesses in the management information systems used to monitor operational performance (e.g., debt collection). Remedial action should be assigned a high priority if none has yet been taken.

Human Resource Management

- The complex and rapidly changing environment in which revenue bodies operate heightens the importance of having a strong organizational capacity for innovation and reform implementation, and a highly motivated and engaged workforce. To their credit, many revenue bodies across the region have a relatively young and academically qualified workforce. This situation augurs well for their capacity to meet current and future challenges.
- The report highlights areas where HRM practices in many revenue bodies can be strengthened, for example, through increased autonomy, more flexible and incentive-based remuneration policies and practices, and more effective performance management.

Resources for Tax Administration

- Using a variety of comparative ratios, the report demonstrates that the resources invested in overall tax administration operations in quite a few developing economies, especially for staffing, are at extremely low levels. While this situation is partly understandable given the overall resource limitations of the governments, mobilizing and carefully deploying more resources for tax administration should be viewed as a strategic investment decision that can generate revenue far in excess of the funds expended. This report cites examples of developing economies that have made significant injections of additional staff resources in recent years to expand their capacity to deliver basic tax administration operations (e.g., Cambodia, Indonesia, Maldives, and Papua New Guinea).

Data reported on staff use across key tax administration functions (e.g., taxpayer services, verification, and tax debts) reveal significant variations between revenue bodies that may be due to a variety of factors (e.g., differences in levels of automation and taxpayer compliance, overall resource limitations, poor resource management). Functional resource allocation should be the by-product of a systematic approach to budgeting that aligns resource allocation with organizational objectives and priorities.

Abbreviations

ADB	Asian Development Bank
ATO	Australian Taxation Office
BEPS	base erosion and profit shifting
BIR	Bureau of Internal Revenue (of the Philippines)
CIT	corporate income tax
COTS	commercial off-the-shelf
CRM	compliance risk management
DGT	Directorate General of Taxes (of Indonesia's Ministry of Finance)
ERM	enterprise risk management
FTE	full-time equivalent (with respect to annual use of staff)
GDP	gross domestic product
GDT	General Department of Taxation (of Cambodia)
GST	goods and services tax
HNWI	high-net-worth individual
HRM	human resource management
ICT	information and communication technology
IMF	International Monetary Fund
IRAS	Inland Revenue Authority of Singapore
IRBM	Inland Revenue Board of Malaysia
ISORA	International Survey on Revenue Administration
IT	information technology
Lao PDR	Lao People's Democratic Republic
LTU	large taxpayer unit
MOF	ministry of finance
MSMEs	micro, small, and medium enterprises
NTA	National Tax Agency (of Japan)
NTS	National Tax Service (of the Republic of Korea)
NZIR	New Zealand Inland Revenue Department
OECD	Organisation for Economic Co-operation and Development
PAYE	pay as you earn
PIT	personal income tax
PNG	Papua New Guinea
PRC	People's Republic of China
SARA	semiautonomous revenue authority
SMEs	small and medium enterprises
SSC	social security contribution
STA	State Taxation Administration (of the People's Republic of China)
TADAT	Tax Administration Diagnostic Assessment Tool (of the IMF)

TIN	taxpayer identification number
UN	United Nations
VAT	value-added tax
VRR	VAT revenue ratio

I. Introduction

This report, the fourth edition of a comparative series on tax administration produced by the Asian Development Bank (ADB), analyzes the administrative frameworks, functions, and performance of revenue bodies in selected economies in Asia and the Pacific. The analysis and practical guidance provided here are based on surveys of revenue bodies done in 2017 and 2018, along with a detailed study of the revenue bodies' corporate documents and guidance as well as diagnostic materials published by international organizations seeking to promote improvements in tax administration (e.g., the European Commission, the International Monetary Fund [IMF], and the Organisation for Economic Co-operation and Development [OECD]).

National revenue bodies from 34 economies in Asia and the Pacific (see below) are included in the study. Not all were featured in prior editions.

Afghanistan	Indonesia	Papua New Guinea
Armenia	Japan	Philippines
Australia	Kazakhstan	Samoa
Azerbaijan	Korea, Republic of	Singapore
Bangladesh	Kyrgyz Republic	Solomon Islands
Bhutan	Lao People's Democratic Republic	Sri Lanka
Cambodia	Malaysia	Taipei, China
China, People's Republic of	Maldives	Tajikistan
Fiji	Mongolia	Thailand
Georgia	Myanmar	Uzbekistan
Hong Kong, China	New Zealand	Viet Nam
India		

The objective of the report is to help revenue bodies and governments identify opportunities to enhance the operation of their tax systems by sharing internationally comparable data on aspects of those systems and their administration. However, considerable care needs to be taken when making international comparisons of tax administration setups and performance-related data. The functioning of tax systems is influenced by many factors, including the size and composition of the tax base, tax reforms, the level of economic development, the structure and openness of economies, business cycle fluctuations, and the rate of political, economic, and social development. All of these factors and others are likely to be relevant to varying degrees to the observations and findings presented here, especially since this report covers a mix of advanced, emerging, and developing economies.

An array of demographic, economic, and social indicators is provided to inform readers about the level of development of the economies included in this report (Appendix Tables A.2a and 2b). Among other things, these indicators reveal the enormously varied social, demographic, and economic circumstances of the economies. The following data demonstrate this great variety:

- Citizen populations (2017): from 0.2 million to over 1.39 billion.
- Adult literacy: from 31.7% to 100% (effectively).
- Citizens' access to electricity: from just below 50% to 100%.
- Gross national income per capita (2017): from \$570 to \$54,530.
- Growth rates in real gross domestic product (2017): from – 0.4% to 7.5%.
- Communication access via mobile phones (2016): from below 50% to over 173%.
- Communication access via the internet (2016): from less than 10% to over 90%.

Data Quality

The vast majority of data tabulated in this report came from the 2018 International Survey on Revenue Administration (ISORA) for fiscal years 2016 and 2017. While all of the ISORA-sourced data were reviewed by consultants engaged by ADB for the project and by officials of revenue bodies from the various economies, the data were not formally validated by ADB. The data should therefore be regarded as largely self-reported by revenue body officials in the economies concerned.

II. Tax Revenues and Tax Structures

An important consideration in understanding the administrative frameworks, functions, and performance of national revenue bodies is the size and mix of the taxes they are required to administer. This chapter provides an overview of internationally comparable data and analyses of the aggregate tax collection of economies included in the report for all levels of government and shows how their respective tax systems are structured. Readers seeking a detailed discussion on tax ratios and tax structures are directed to the OECD publications *Revenue Statistics in Asian and Pacific Economies (2018)* and *Revenue Statistics 2018*.

Separate data on the tax revenues collected by national revenue bodies are set out in Appendix Tables 3a and 3b and are used in various chapters of the report to contrast the performance of national revenue bodies.

A. Tax Revenue Collection

1. Tax Ratios

Information about aggregate net tax revenue collection, often expressed in terms of an economy's tax ratio or tax burden, is typically presented for cross-economy comparison as a percentage share of gross domestic product (GDP). In practice, most tax revenue is collected by the national revenue body, although the relative proportion of tax collected by national and subnational tax bodies can vary significantly between economies because of a variety of factors. The aggregate tax revenue data shown in this report are for all levels of government unless otherwise indicated.

For the purpose of presenting internationally comparable data on tax revenues for all levels of government, this report generally follows the OECD definition of taxes:

In this publication, the term “taxes” is confined to compulsory, unrequited payments to general government. As outlined in the Interpretative Guide to the Revenue Statistics, taxes are unrequited in the sense that benefits provided by government to taxpayers are not normally in proportion to their payments.¹

Under this definition, social security contribution (SSC) systems established by governments in many developed economies, including a number covered in this report, are generally regarded as tax regimes forming part of an economy's computed tax ratio or tax burden.

It is also important to recognize that the tax ratios computed for each economy rely as much on the denominator (GDP) as the numerator (net revenue collected), and that the denominator is subject to periodic revision by the relevant statistical body to take into account updated data or new methodologies introduced to improve the accuracy and thoroughness of national accounts aggregates, including steps taken to account more fully for the hidden economic activities that constitute part of the so-called black, hidden, shadow, or underground economies.

¹ OECD. 2018. *Revenue Statistics in Asian and Pacific Economies, 1990–2015*. Paris: OECD Publishing. p.101 et seq.

It should be noted that for some economies, including a number covered in this report, governments have access to significant nontax revenues (e.g., sales of oil, minerals, and real property, and investment income) that lessen the need to rely on tax revenues to fund government programs and services. Economies in this category include the Lao People's Democratic Republic (Lao PDR), Kazakhstan, Mongolia, Papua New Guinea, and Singapore.

Key Observations and Findings

Data collected on tax ratios for economies included in the report are set out in Tables 2.1 and 2.2 and in Figures 2.1 and 2.2. Key observations are as follows:

Tax Ratios in 2016

- The 2016 tax ratios of economies in the report varied enormously, ranging from 7.5% in Myanmar to 31.6% in New Zealand. This wide range of tax ratios was a result of the mix of economies included: a few high-income or OECD economies, large and rapidly growing developing economies (such as India, the People's Republic of China [PRC], and Viet Nam), and a number of newly emerging economies, as well as the access of governments in a few economies to significant streams of nontax revenue that reduced their dependency on taxation and that are not reflected in Table 2.1.
- For fiscal year 2016, the tax ratio exceeded 30% in two economies (Japan and New Zealand) but was below 15%—widely considered by international bodies to be the minimum level required for sustainable development—in 13 of the 34 economies in the report (Table 2.1 and Figure 2.1).
- Overall, the unweighted measure of the ratio of average tax to GDP for fiscal year 2016 was 18.5%, significantly below the OECD average tax burden of 34.0%.

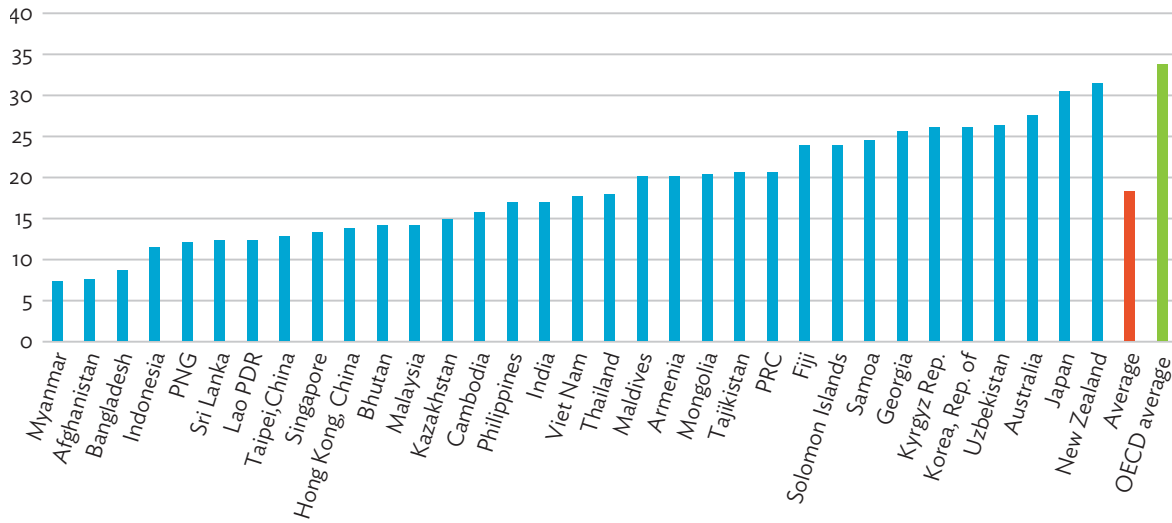
Changes in Tax Ratios over Time

- Over the 5-year period 2012–2016, the average tax ratio remained relatively constant, at around 18.6%–18.8%, although a number of economies experienced significant fluctuations in their tax-raising performance during this period (e.g., Kazakhstan, Mongolia, and Papua New Guinea).
- Over the 5-year period 2012–2016, only four economies (Cambodia, Japan, the PRC, and the Philippines) experienced consistent year-on-year growth in their tax ratios.
- Compared with 2015, the tax ratio in 2016 rose in 12 of the 34 economies, was constant in 4 economies, and declined in 18 others. Of particular concern is the lack of growth in a number of heavily populated economies with very low tax ratios (e.g., Bangladesh and Indonesia).
- Several economies experienced a significant decline in their overall tax ratio in 2012–2016 owing to a substantial drop in the prices of commodities. These include Kazakhstan, Mongolia, and Papua New Guinea, whose tax ratios were reduced by over 5%.
- Viewed over the 4-year period 2013–2016 for which comprehensive tax ratio data are available (Table 2.2), the average tax ratio declined by about 1 percentage point for taxes on income and profits, but remained largely constant for taxes on consumption.
- The tax ratio data displayed for 2017 are incomplete although, where available, they suggest that the majority of economies displayed achieved higher tax ratios in 2017, compared with 2016.

International and Regional Comparisons

- Figure 2.2 compares average tax ratios for the surveyed economies in Asia and the Pacific with those in the regional and international series of reports prepared by the OECD and published in its various *Revenue Statistics* publications—one for 21 economies in Africa, another for 25 economies in Latin America and the Caribbean, and a third publication covering all 36 OECD member economies. As will be evident, the performance of tax ratios for economies in Asia and the Pacific aligns closely with the performance of tax ratios for the African economies, but it is considerably below that for the Latin America and Caribbean region, by around 5 percentage points, on average, for each fiscal year shown.

Figure 2.1: Tax-GDP Ratios for All Levels of Government, 2016 (%)



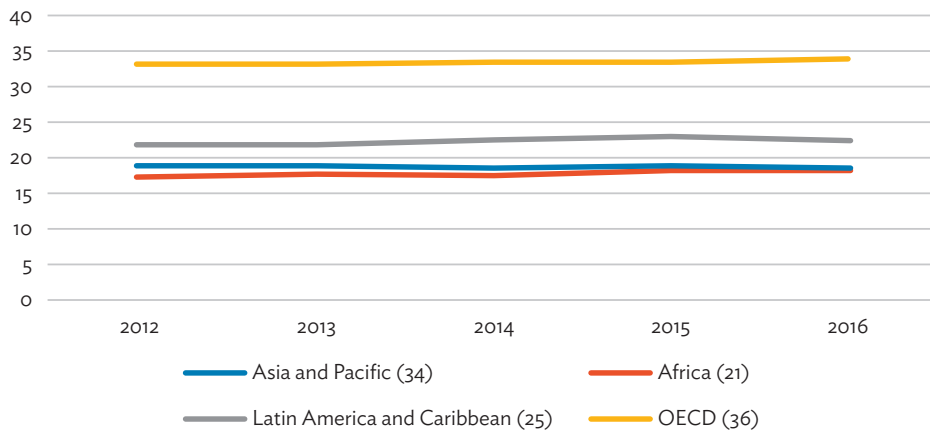
GDP = gross domestic product, Lao PDR = Lao People’s Democratic Republic, OECD = Organisation for Economic Co-operation and Development, PNG = Papua New Guinea, PRC = People’s Republic of China.

Note: Final data for Azerbaijan not available at cutoff date.

Sources: OECD Global Revenue Statistics Database (<http://www.oecd.org/tax/tax-policy/global-revenue-statistics-database.htm>, accessed 3 May 2019); International Monetary Fund Article IV Reports for 2018 and 2019.

Washington, DC; Ministry of Finance, Taipei, China. 2018. Yearbook of Financial Statistics 2017.

Figure 2.2: Tax Ratios across Regions, 2012–2016 (%)



GDP = gross domestic product, OECD = Organisation for Economic Co-operation and Development.

Sources: OECD. 2018. Revenue Statistics 2018. Paris: OECD Publishing; OECD. 2018. Revenue Statistics in Asian and Pacific Countries: OECD Publishing; OECD. 2018. Revenue Statistics in Africa 2018. Paris: OECD Publishing; OECD. 2018. Revenue Statistics in Latin America and the Caribbean 2018. Paris: OECD Publishing; International Monetary Fund Article IV Reports; Ministry of Finance, Taipei, China. 2018. Yearbook of Financial Statistics 2017.

Table 2.1: Total Tax Revenue as a Percentage of GDP, 2012–2017

Region/Economy	2012	2013	2014	2015	2016	2017
Central and West Asia						
Afghanistan	...	6.9	6.7	7.3	7.7	8.0
Armenia	...	21.4	21.2	20.3	20.3	21.0
Azerbaijan	...	13.7	15.0	16.5	...	...
Georgia	...	24.7	25.1	25.1	25.7	26.0
Kazakhstan	23.9	22.6	21.1	15.5	14.9	16.4
Kyrgyz Republic	25.5	26.3	26.1	24.7	26.1	27.5
Tajikistan	19.6	20.8	22.7	21.9	20.6	...
Uzbekistan	...	...	...	28.3	26.4	25.9
East Asia						
China, People's Rep. of	19.4	19.5	20.0	20.6	20.6	...
Hong Kong, China	14.1	13.6	13.3	14.4	14.0	14.3
Japan	28.2	28.9	30.3	30.6	30.6	...
Korea, Rep. of	24.8	24.3	24.6	25.2	26.2	26.9
Mongolia	25.7	26.8	23.4	22.1	20.4	25.7
Taipei, China	12.2	12.0	12.3	12.7	13.0	12.9
Pacific						
Australia	27.0	27.2	27.3	27.9	27.8	...
Fiji	23.8	23.7	24.6	25.3	24.9	26.6
New Zealand	31.6	30.5	31.2	31.6	31.6	32.0
Papua New Guinea	18.9	18.4	18.3	16.0	14.4	13.7
Samoa	21.9	23.1	23.0	24.7	24.5	24.1
Solomon Islands	26.2	26.5	26.2	26.2	24.2	25.3
South Asia						
Bangladesh	9.0	9.0	8.6	8.5	8.8	9.0
Bhutan	15.8	15.2	14.4	14.6	14.2	13.6
India	16.1	17.1	16.4	16.2	17.1	17.7
Maldives	17.6	20.4	18.9	19.7	20.2	20.9
Sri Lanka	11.2	10.6	10.1	12.4	12.3	12.6
Southeast Asia						
Cambodia	11.3	12.9	15.5	15.6	15.8	16.9
Indonesia	12.5	12.5	12.2	12.1	12.0	11.5
Lao PDR	15.5	15.8	13.9	13.1	12.4	12.3
Malaysia	16.1	15.8	15.3	14.8	14.2	13.6
Myanmar	3.9	6.3	7.3	7.8	7.5	7.8
Philippines	15.8	16.2	16.7	17.0	17.0	17.5
Singapore	13.6	13.3	13.4	13.1	13.1	14.1
Thailand	18.5	19.3	18.4	18.9	18.1	17.6
Viet Nam	19.0	19.1	18.2	18.0	17.9	18.7
<i>Unweighted averages</i>	18.6	18.8	18.6	18.8	18.5	

... = data not available at cutoff date, GDP = gross domestic product, Lao PDR = Lao People's Democratic Republic.

Sources: OECD Global Revenue Statistics Database (<http://www.oecd.org/tax/tax-policy/global-revenue-statistics-database.htm>); International Monetary Fund Article IV Reports for 2018 and 2019. Washington DC; Ministry of Finance, Taipei, China. 2018. *Yearbook of Financial Statistics 2017*.

Table 2.2: Tax Revenue from Taxes on Income and Profits and on General Consumption, as a Percentage of GDP, 2013–2016

Region/Economy	Taxes on Income/Profits (% of GDP)				Taxes on General Consumption (% of GDP) ^a			
	2013	2014	2015	2016	2013	2014	2015	2016
Central and West Asia								
Afghanistan	...	...	2.6	2.8	...	...	1.7	2.1
Armenia	9.3	8.7	8.3	9.1	8.2	8.3	7.5	6.7
Azerbaijan	5.6	5.6	5.9	...	4.5	5.3	6.3	...
Georgia	10.2	9.5	10.1	10.4	13.6	14.3	11.1	10.8
Kazakhstan	8.1	7.8	6.0	5.6	3.7	3.0	2.3	3.2
Kyrgyz Republic	4.8	4.9	5.1	4.9	14.7	14.9	13.5	14.9
Tajikistan	...	...	...	...	...	...	...	...
Uzbekistan	...	...	5.9	5.7	...	...	6.3	6.0
East Asia								
China, People's Rep. of	...	...	...	...	...	...	...	...
Hong Kong, China	8.5	8.2	8.2	8.0	4.7	4.8	...	...
Japan	9.4	9.6	9.5	9.4	2.7	3.7	4.2	4.1
Korea, Rep. of	7.1	7.2	7.6	8.2	4.1	4.2	3.8	4.2
Mongolia	...	5.0	5.1	4.4	...	9.8	8.5	8.8
Taipei, China	5.6	5.7	6.3	6.4	4.9	4.9	4.8	4.9
Pacific								
Australia	15.4	15.8	15.8	15.9	3.6	3.7	3.7	3.7
Fiji	5.7	6.1	6.5	7.6	10.4	10.1	10.5	8.1
New Zealand	16.6	17.0	17.3	17.6	9.3	9.5	9.5	9.4
Papua New Guinea	12.3	12.2	10.4	8.9	2.9	2.9	2.9	2.8
Samoa	5.6	5.6	5.7	5.6	9.2	9.3	10.0	9.5
Solomon Islands	7.8	7.2	7.9	7.0	8.9	8.6	7.9	7.0
South Asia								
Bangladesh	2.9	2.8	2.7	2.6	5.7	5.5	5.4	5.7
Bhutan	9.3	9.9	9.2	8.7	5.9	4.5	5.4	5.5
India	...	...	5.6	5.4	...	...	...	...
Maldives	...	4.3	4.3	4.2	...	7.9	9.8	9.6
Sri Lanka	2.4	1.9	2.2	2.1	6.3	6.3	8.0	8.4
Southeast Asia								
Cambodia	2.5	2.9	3.4	3.6	6.8	8.0	8.5	8.7
Indonesia	5.3	5.2	5.2	5.4	4.0	3.9	3.7	3.3
Lao PDR	3.8	2.8	2.7	2.6	9.2	8.2	8.1	7.8
Malaysia	11.2	10.9	9.1	8.4	1.0	1.0	2.8	3.4
Myanmar	...	...	...	...	...	...	...	...
Philippines	6.7	6.7	6.8	6.9	2.2 ^b	2.2 ^b	2.2 ^b	2.0 ^b
Singapore	5.7	5.9	5.9	5.9	2.5	2.5	2.4	2.5
Thailand	7.3	6.7	6.6	6.2	4.0	4.0	3.9	3.9
Viet Nam	8.6	7.1	6.6	5.9	5.8	6.1	6.0	6.0
<i>Unweighted average</i>	7.6	7.2	6.9	6.8	6.1	6.3	6.2	6.2

... = data not available at cutoff date, GDP = gross domestic product, Lao PDR = Lao People's Democratic Republic.

^a Taxes on general consumption include value-added tax (VAT), sales taxes, and other general taxes on goods and services.

^b The data exclude revenue from VAT on imports, as revenue not distinguishable from revenue from import duties.

Sources: OECD Global Revenue Statistics Database (<http://www.oecd.org/tax/tax-policy/global-revenue-statistics-database.htm>; accessed 3 May 2019); International Monetary Fund Article IV Reports for 2018 and 2019. Washington, DC; Ministry of Finance, Taipei, China. 2018. *Yearbook of Financial Statistics 2017*.

B. Tax Structure

The term “tax structure” used in this section refers to the mix of taxes that governments rely on for overall revenue purposes, and the relative amount of revenue each tax contributes to aggregate tax revenue collection, expressed as a percentage of total taxes. Tax structures are affected by a range of factors that can vary significantly between economies. These factors include: (i) policy choices regarding the mix of taxes to be adopted; (ii) policy choices concerning whether to establish a separate SSC regime; (iii) the scope of subnational governments’ taxing power and how they exercise that power; (iv) access to natural resources, especially oil and gas, as a source of tax revenue; and (v) access to nontax sources of revenue (e.g., sales of oil and mineral resources and real property, and investment income).

For presentation and comparison purposes, this report adopts the OECD’s classification criteria, which allocate tax receipts according to the base on which the tax is levied: (i) income, profits, and capital gains; (ii) social contributions; (iii) taxes on payroll and the workforce; (iv) taxes on property; (v) taxes on goods and services (including trade imports and exports); and (vi) other taxes. More details on the OECD’s system of tax classification can be found in the interpretative guidelines contained in its *Revenue Statistics* publication.

Key Observations and Findings

Data collected on tax structures are set out in Tables 2.3 and 2.4. Key observations and findings from the data provided and related research are as follows:

- Across all of the economies included in this report for which disaggregated data are available, the structure of tax revenue varies to a fair degree from that observed across OECD economies:
 - Taxes on goods and services predominate, representing 46.6% of overall tax collection, on average, in 2016 (OECD economies: 32.7%).
 - Taxes on income and profits are also significant, at 36.8% of tax collection in 2016 (OECD economies: 33.6%), although this observation must be read in conjunction with the statements about the SSC level.
 - SSCs are either absent or a very minor contributor to government revenue in many economies across the region, averaging only 5.7% in 2016, in stark contrast to the 26.2% share observed across OECD economies. Furthermore, SSCs are heavily concentrated in just five economies in this report (Japan, the Kyrgyz Republic, Mongolia, the Republic of Korea, and Uzbekistan); this means that in most other economies, their contribution is fairly negligible.
 - Taxes on property averaged just 3.6% of total tax revenue in 2016, about 60% of the OECD average. Also worth noting is the heavy concentration of revenue from property taxes in a few higher-income economies (Australia; Hong Kong, China; Japan; New Zealand; Republic of Korea; Singapore; and Taipei,China), indicating the insignificant contribution of these taxes to total tax revenue in most other economies.
- Reflecting the broad and growing use of the value-added tax (VAT), for the 2016 fiscal year, VAT regimes for consumption tax were in place in all but five economies (Afghanistan; Bhutan; Hong Kong, China; Myanmar; and Solomon Islands). Planning for the implementation of a VAT in the medium term has begun in Afghanistan and Bhutan, according to research done for this report.

International and Regional Comparisons

Figure 2.3 provides a comparison of tax structures for surveyed economies in Asia and the Pacific with those presented in the regional and international series of reports prepared by the OECD. As will be evident, the most significant variation is the relatively low reliance on social security regimes as a source of government revenue in the Asia and Pacific region.

Table 2.3: Tax Revenue from Major Tax Categories as a Percentage of GDP, 2016

Region/Economy	Income/ Profits	Social Security	Payroll	Property	Goods and Services	Other Taxes	Total
Central and West Asia							
Afghanistan	2.8	0	0	0	4.5	0.4	7.7
Armenia	9.1	0.3	0	...	7.8	3.2	20.4
Azerbaijan	...	...	...	...	...	...	...
Georgia	10.4	0	0	1.1	14.0	0.2	25.7
Kazakhstan	5.6	0.6	1.0	0.5	7.2	0	14.9
Kyrgyz Republic	4.9	5.8	0	0.5	14.9	0	26.1
Tajikistan	...	...	...	...	...	...	20.6
Uzbekistan	5.7	7.4	0	1.3	11.2	0.7	26.4
East Asia							
China, People's Rep. of	...	...	...	...	...	...	20.6
Hong Kong, China	8.0	0	0	2.5	0	3.5	14.0
Japan	9.4	12.4	0	2.6	6.3	0.1	30.6
Korea, Rep. of	8.2	6.9	0.1	3.0	7.4	0.7	26.2
Mongolia	4.4	4.3	0	..	8.8	2.9	20.4
Taipei,China	6.3	0	0	1.8	4.9	0	13.0
Pacific							
Australia	15.9	0	1.4	3.0	7.5	0	27.8
Fiji	7.6	0	0	0.8	16.5	0	24.9
New Zealand	17.6	0	0	1.9	12.1	0	31.6
Papua New Guinea	8.9	0	0	0.1	5.4	0	14.4
Samoa	5.6	0	0	0	18.9	0	24.5
Solomon Islands	7.0	0	0	0.2	16.9	0	24.2
South Asia							
Bangladesh	2.6	0	0	0	5.7	0.5	8.8
Bhutan	8.7	0	0	0	5.5	0	14.2
India	5.4	...	...	...	5.1	6.6	17.1
Maldives	4.2	0	0	...	14.4	1.7	20.2
Pakistan	4.1	0	0	...	6.6	1.9	12.6
Sri Lanka	2.2	0	0	...	8.0	2.1	12.3
Southeast Asia							
Cambodia	3.6	0	0	0	11.1	1.1	15.8
Indonesia	5.4	0.4	0	0.2	4.8	1.2	12.0
Lao PDR	2.6	0	0	...	7.8	2.0	12.4
Malaysia	8.4	0.3	0	0	5.1	0.4	14.2
Myanmar	...	...	...	...	...	...	7.8
Philippines	6.9	2.4	0	0.5	6.6	0.6	17.0
Singapore	5.9	0	0	1.7	4.2	1.3	13.1
Thailand	6.2	1.0	0	0.4	10.3	0.1	18.1
Viet Nam	5.9	0	0	0	8.1	3.9	17.9
<i>Unweighted averages</i>	6.8	1.4	0	1.0	8.6	1.1	18.5
<i>OECD unweighted averages</i>	11.3	9.2	0.4	1.9	11.0	0.2	34.0

... = data not available at cutoff date, GDP = gross domestic product, Lao PDR = Lao People's Democratic Republic, OECD = Organisation for Economic Co-operation and Development.

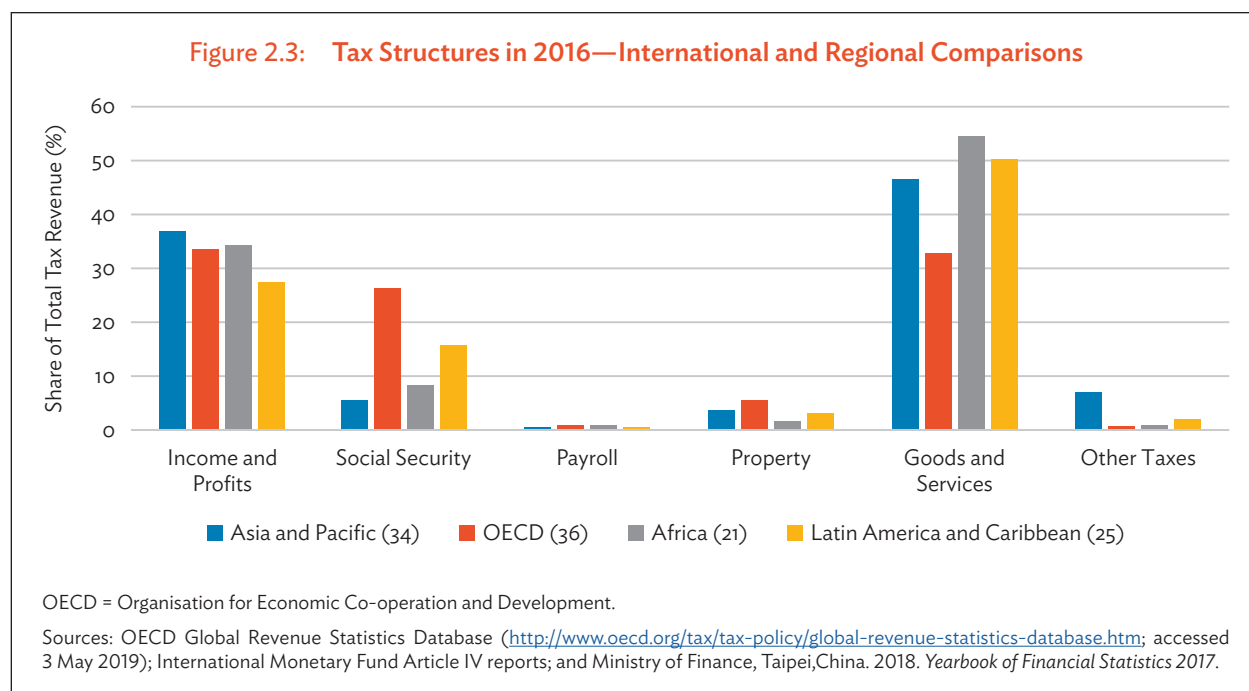
Sources: OECD Global Revenue Statistics Database (<http://www.oecd.org/tax/tax-policy/global-revenue-statistics-database.htm>; accessed 3 May 2019); International Monetary Fund Article IV Reports; and Ministry of Finance, Taipei,China. 2018. *Yearbook of Financial Statistics 2017*.

Table 2.4: Tax Revenue, by Major Tax Category, as a Percentage of Total Taxation, 2016

Region/Economy	Income and Profits	Social Security	Payroll	Property	Goods and Services	Other Taxes
Central and West Asia						
Afghanistan	36.4	0	0	0	58.4	5.2
Armenia	44.6	1.5	0	0	38.2	15.7
Azerbaijan	...	...	...	...	...	...
Georgia	40.5	0	0	4.3	54.5	0.7
Kazakhstan	37.3	3.7	7.6	3.3	48.2	0
Kyrgyz Republic	18.8	22.2	0	1.9	57.1	0
Tajikistan	...	...	...	...	...	...
Uzbekistan	21.6	28.0	0	4.9	42.4	3.0
East Asia						
China, People's Rep. of	...	...	...	...	...	...
Hong Kong, China	57.0	0	0	18.0	0	25.0
Japan	30.6	40.4	0	8.3	20.4	0.3
Korea, Rep. of	31.2	26.2	0.3	11.6	28.1	2.6
Mongolia	21.6	21.1	0	0	43.1	14.2
Taipei, China	49.0	0	0	13.5	37.5	0
Pacific						
Australia	57.2	0	4.9	10.8	27.1	0
Fiji	29.9	0	0	0.3	66.8	0
New Zealand	55.6	0	0	6.1	38.3	0
Papua New Guinea	61.4	0	0.2	0.9	37.5	0
Samoa	21.2	0	0	0	78.8	0
Solomon Islands	29.2	0	0	0.7	70.1	0
South Asia						
Bangladesh	29.5	0	0	...	64.8	5.7
Bhutan	61.3	0	0	0	38.7	0
India	31.6	0	0	0	29.8	38.6
Maldives	20.8	0	0	0	71.3	8.4
Sri Lanka	17.9	0	0	0	65.0	17.1
Southeast Asia						
Cambodia	22.8	0	0	0	70.2	7.0
Indonesia	46.2	...	0	1.3	41.3	11.2
Lao PDR	21.0	0	0	0	62.9	16.1
Malaysia	59.3	1.8	0	0	35.6	3.3
Myanmar	...	...	...	...	...	...
Philippines	40.6	14.1	0	2.9	38.8	3.5
Singapore	44.9	0	0	13.0	31.9	10.2
Thailand	34.4	5.6	0	2.3	56.9	0.7
Viet Nam	33.0	0	0	0	45.2	21.8
<i>Unweighted averages</i>	36.8	5.7	0.4	3.6	46.6	7.0
<i>OECD unweighted averages</i>	33.6	26.2	1.1	5.7	32.7	0.5

... = data not available at cutoff date, GDP = gross domestic product, Lao PDR = Lao People's Democratic Republic, OECD = Organisation for Economic Co-operation and Development.

Sources: OECD Global Revenue Statistics Database (<http://www.oecd.org/tax/tax-policy/global-revenue-statistics-database.htm>; accessed 3 May 2019); International Monetary Fund Article IV Reports; and Ministry of Finance, Taipei, China. 2018. *Yearbook of Financial Statistics 2017*.



C. Value-Added Tax/Goods and Services Tax Systems in Focus

Systems of taxation based on VAT/GST principles have an important role in tax revenue collection across the Asia and Pacific region, representing the major source of tax revenue in a relative sense in many economies (see Figure 2.4 and Table 2.5). In the 25 economies for which complete data are available, VAT revenues averaged 28% of total tax revenue in 2016, substantially above the average for OECD economies of around 20%.

The rest of this chapter briefly describes a number of important features of the VAT systems in place across the region and also draws attention to variations observed in their relative productivity.

Key Features of the Legislative and Administrative Framework

Standard Rate

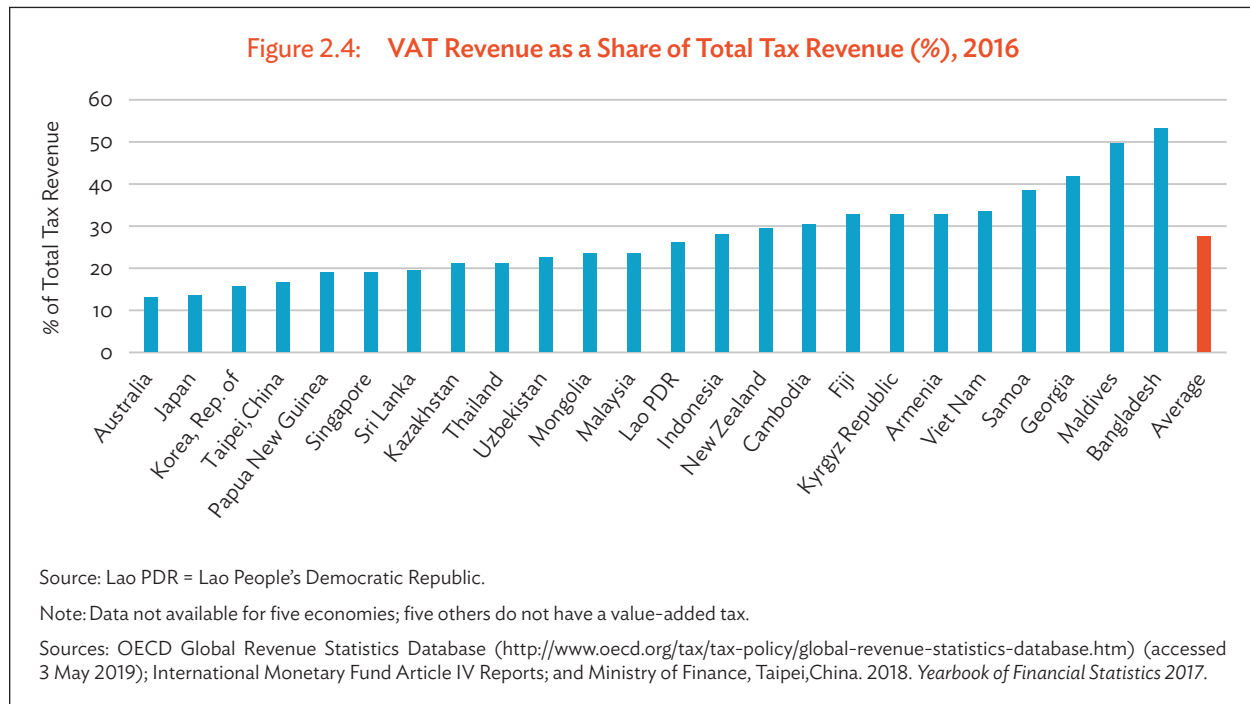
Standard VAT rates for economies in the Asia and Pacific region are set out in Table 2.5. At an average of about 12.5%, the rates tend to be lower than those seen in other parts of the world. The rates are notably lower for most economies in South and East Asia, where they average about 9.5%. Both Japan and Singapore are known to have announced their intent to raise their standard rates over the medium term.

Reduced Rates

Reduced rates of VAT are also set out in Table 2.5. Compared with other regions of the world (e.g., Europe), reduced rates seem to be used far less, with positive implications for overall productivity (see comments later in the chapter).

Registration Threshold

The level of the VAT registration threshold is a critical choice for both policy makers and administrators, given the need to balance revenue raising and “ease of administration” considerations. The business community also has



a vested interest, as a threshold that is set too low may impose a significant compliance burden on smaller-scale operators.

From the data presented in Table 2.5, it can be seen that most economies appear to have taken a balanced approach in setting their VAT registration threshold. There are, however, a number of economies operating at the extreme edges of the range of thresholds displayed.

The thresholds applying in Indonesia, Kazakhstan, and Singapore are extremely high, even by the standards of advanced economies. For economies such as Indonesia and Kazakhstan, where revenue mobilization is known to have a high priority, a substantial lowering of the threshold (in phases) may be worthy of consideration. At the other end of the scale, both Taipei, China and Viet Nam do not currently have a registration threshold, with likely implications for the relatively large numbers of smaller businesses that must bear the compliance burden of any relevant obligations.

Taxation of Cross-Border Services and Intangibles

Rapid globalization of economic activity, spurred by strong growth in the digital economy, has resulted in significant levels of cross-border activity for many economies, with potential taxation implications. Until fairly recently, there was no internationally agreed framework for the application of VAT to cross-border trade, resulting in uncertainty and lost opportunities to raise VAT revenues. To address this shortcoming, the OECD's Committee on Fiscal Affairs in 2006 launched a project to develop internationally agreed guidelines, which were finally endorsed by key stakeholders in 2017. As observed in the foreword to the OECD's report:²

² OECD. 2017. *International VAT/GST Guidelines*. Paris: OECD Publishing. <http://dx.doi.org/10.1787/9789264271401-en>.

Table 2.5: Selected Features of the VAT/GST Policy Framework, 2018

Region/Economy	Year Begun	Tax Rates (%)		General Threshold ^a		Legislation Taxing Cross-Border Services
		Standard	Reduced	National Currency	US Dollars ^b	
Central and West Asia						
Armenia	1993	20		115,000	120,700	No evidence found
Azerbaijan	1992	18	0	200,000	117,700	No evidence found
Georgia	1993	18	0	100,000	38,700	No evidence found
Kazakhstan	1992	12	0	72,150,000	217,100	No evidence found
Kyrgyz Republic	1999	12	0	8,000,000	116,100	No evidence found
Tajikistan	1992	18	0, 5	500,000	57,700	No evidence found
Uzbekistan	1992	20	0	...	...	No evidence found
East Asia						
China, People's Rep. of	1994	16	6, 10	Multiple	...	No evidence found
Japan	1989	8		10,000,000	88,700	Legislation in place
Korea, Rep. of	1977	10		24,000,000	22,500	Legislation in place
Mongolia	1998	10	0	50,000,000	20,669	No evidence found
Taipei, China	1986	5	0	0	0	Legislation in place
Pacific						
Australia	2000	10	0	75,000	58,600	Legislation in place
Fiji	1992	9	0	100,000	48,700	No evidence found
New Zealand	1986	15	0	60,000	42,500	Legislation in place
Papua New Guinea	1999	10	0	250,000	77,100	No evidence found
Samoa	1994	15	0	130,000	51,100	No evidence found
South Asia						
Bangladesh	1991	15	2,4,5,6,10	8,000,000	96,800	No evidence found
India	2017	12,18	0, 5	2,000,000	31,300	Legislation in place
Maldives	2011	6, 12	0	1,000,000	64,300	No evidence found
Sri Lanka	1998	15	0	12,000,000	78,200	No evidence found
Southeast Asia						
Cambodia	1999	10	0	Multiple	...	No evidence found
Indonesia	1985	10	0	4.8 billion	355,200	No evidence found
Lao PDR	2010	10	0	400,000,000	48,200	No evidence found
Philippines	1988	12	0	1,919,500	38,400	No evidence found
Singapore	1994	7	0	1,000,000	747,300	(From January 2020)
Thailand	1992	7	0	1,800,000	55,300	No evidence found
Viet Nam	1999	10	0, 5	0	0	No evidence found

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic.

^a Thresholds are expressed in terms of annual business turnover.

^b Currency conversion to nearest \$100 at the rate applicable on 1 January 2018; from <https://www.x-rates.com/historical/>.

Sources: OECD. 2018. *Consumption Tax Trends 2018: VAT/GST and Excise Rates, Trends and Policy Issues*. Paris: OECD Publishing; KPMG. 2017, 2017 *Asia Pacific indirect tax guide*, Global Indirect Tax Services, KPMG International; OECD. 2018. *Revenue Statistics in Asian and Pacific Economies*. Paris: OECD Publishing; Deloitte Global's Tax and Investment Guides; and the Maldives Inland Revenue Authority.

The International VAT/GST Guidelines¹ (“the Guidelines”) set forth internationally agreed principles and standards for the value added tax (VAT) treatment of the most common types of international transactions, with a particular focus on trade in services and intangibles. Their aim is to minimise inconsistencies in the application of VAT in a cross-border context with a view to reducing uncertainty and risks of double taxation and unintended nontaxation in international trade. They also include the recommended principles and mechanisms to address the challenges for the collection of VAT on cross-border sales of digital products that had been identified in the context of the OECD/G20 Project on Base and Erosion and Profit Shifting (the BEPS Project).

With the guidelines now established, economies have a framework to guide them in making the legislative and administrative changes needed for their VAT systems to apply to cross-border trade in services and intangibles.

As evident from the information in Table 2.5, relatively few economies have amended their laws to enable the collection of VAT on cross-border trade in services and intangibles. Economies where steps have been taken, and whose experience may serve as a suitable reference, include Australia, India, Japan, New Zealand, the Republic of Korea, and Taipei, China.

Refunds of Excess VAT Payments

An important feature of the invoice-credit form of VAT is that some businesses (exporters and businesses with large investment purchases) pay more tax on their purchases than is due on their sales, entitling them to claim a refund of the difference from the revenue body. However, this feature of VAT systems provides an incentive for fraudulent behavior, which can result in significant revenue leakage if exploited and not quickly detected. On the other hand, the failure to provide timely refunds to those taxpayers with legitimate entitlements increases their compliance costs and weakens the integrity of the tax system.

Data (incomplete) on aggregate VAT revenue collections and VAT refunds are set out in Appendix Tables A.3a, A.3.b and A.4. As will be apparent from the data reported and computations made, the incidence of refunds varies enormously, ranging from 1% to 69%, with the higher rates indicative of large exporter economies (e.g., Australia and Republic of Korea). While not constituting part of the ISORA survey, the inability of many revenue bodies in the region to make timely refunds of excess VAT payments has been highlighted in research done by other bodies (e.g., large tax accounting professionals and the World Bank’s Doing Business series).

Other Aspects

Later chapters in this report refer to further aspects of the VAT policy and administrative framework, including return filing and payment obligations and VAT refund arrangements.

VAT/GST Revenue Productivity

In addition to tax ratios, tax system performance can also be viewed across economies by contrasting the relative productivity of individual taxes. This part of the report illustrates the use of two revenue productivity ratios: the productivity ratio sometimes used by the IMF and others in their analyses of the tax system performance of economies, and the VAT revenue ratio developed by the OECD and reported in its tax publications:³

- **Productivity ratio.** The productivity ratio of a tax is calculated by dividing its tax ratio by the statutory (standard) rate of the tax. For example, a VAT with a 10% standard rate of tax that produces tax revenue equivalent to 5.0% of GDP will have a productivity ratio equal to 0.5. The IMF observes that a low productivity ratio is typically taken as evidence of weak design (exemption or reduced rates) or weak enforcement, and that the measure

³ OECD. 2018. *Consumption Tax Trends 2018: VAT/GST and Excise Rates, Trends and Policy Issues*. Paris: OECD Publishing, pp. 101–103.

does not give insight into the relative contribution of these factors.⁴ It also notes that the ratio has a number of limitations in an analytical context, especially where reduced rates are extensively used.

- **Value-added tax revenue ratio.** The VAT revenue ratio (VRR) measures the difference between the amount of VAT revenue actually collected in respect of a fiscal year and what would theoretically be raised if the VAT were applied at the standard rate to the entire potential tax base in a “pure” VAT regime and all revenue were collected (with perfect compliance). In general, the maximum value of the VRR is 1, although in particular and rare circumstances its value can exceed 1. A more detailed account of the VRR’s computation and its interpretation can be found in the OECD publication *Consumption Tax Trends*, published every other year.

In practice, both the productivity ratio and the VRR of an economy’s VAT are affected by tax policy design choices—in aggregate, representing the “policy gap”—and administrative factors, or the so-called “tax gap” or “compliance gap.”

VAT/GST Revenue Productivity in the Asia and Pacific Region

Computations of the VAT/GST productivity ratio are presented in Appendix Table A.5 and Figure 2.5. Some important observations are as follows:

- The rate of revenue productivity of VAT systems in 2015 and 2016 varies enormously across the selected economies, ranging in 2016 from 0.160 in Sri Lanka to over 0.870 in Fiji.
- These variations result from many factors including differences in policy design choices (e.g., exemptions and level of registration threshold) and levels of tax compliance, for example:
 - VAT revenue productivity in 2015 was low for Kazakhstan, at 0.192, and the Philippines, at 0.167. In the case of Kazakhstan, policy choices, including the range of exempt items and the very high registration and collection threshold in place, are likely to have been contributing factors. For the Philippines, the ratio is understated, owing to the omission of VAT revenue from imports. However, it is also known that tax gap research undertaken by the Philippine Bureau of Internal Revenue to estimate the size and trend of the VAT gap suggests that undetected noncompliance is a significant contributing factor, potentially exceeding well over 30% of the estimated tax base.⁵
 - The productivity ratios displayed were relatively stable over the 2 years, with the exception of Fiji in 2016, which experienced a significant increase, coinciding with its implementation of a lower standard rate of VAT—down from 15% to 9%—from 1 January 2016. The reasons for this significant increase in productivity have not been researched.

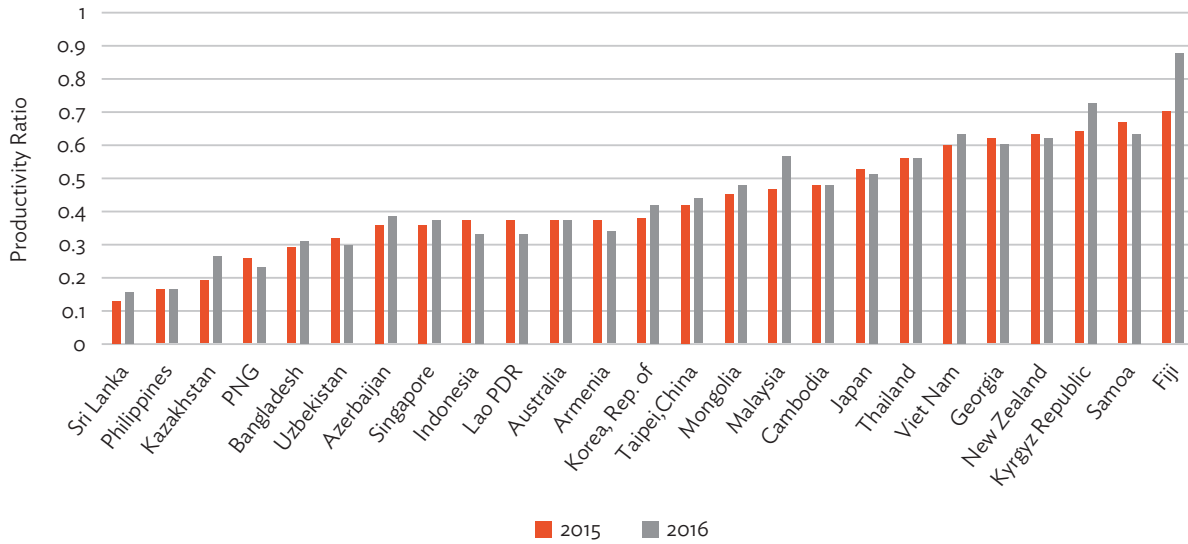
VAT Revenue Ratio

- Although confined to a small number of economies, the computations of the VRR displayed in Appendix Table A.5 and its trend over time also draw attention to substantial differences in both the policy design and the administrative performance of the respective VAT systems, for example:
 - New Zealand’s very high VRR (0.95 in 2016) results from the very broad base of consumption expenditure that is subject to VAT and high levels of compliance.
 - Singapore’s high VRR, although displayed only for 2014 (0.84) and 2015 (0.81), reflects its relatively broad VAT base and the high levels of compliance achieved.
 - Australia’s consistently low VRR (0.48 in 2014 and 2015, and 0.50 in 2016) largely reflects the relative narrowness of its VAT base, with the tax gap research findings of the Australian Taxation Office (ATO) pointing to relatively high levels of compliance.
 - Japan (0.71), New Zealand (0.95), the Republic of Korea (0.70), and Thailand (0.86) all performed well above the OECD average of 0.56 in 2016.

⁴ IMF. 2018. Tax Policy Assessment Framework for VAT. <https://www.imf.org/en/Data/TPAF> (accessed 3 May 2019).

⁵ ADB. 2018. *A Comparative Analysis of Tax Administration in Asia and the Pacific*. Manila.

Figure 2.5: VAT/GST Revenue Productivity, 2015 and 2016



GST = goods and services tax, Lao PDR = Lao People’s Democratic Republic, PNG = Papua New Guinea, VAT = value-added tax.

Sources: OECD. 2018. *Consumption Tax Trends: VAT/GST and Excise Rates, Trends and Policy Issues*. Paris: OECD Publishing; OECD. 2018. *Revenue Statistics in Asian Countries: Trends in Indonesia, Japan, Kazakhstan, Korea, Malaysia, the Philippines and Singapore*. Paris: OECD Publishing; International Monetary Fund Article IV Reports; and Ministry of Finance, Taipei, China. 2018. *Yearbook of Financial Statistics 2017*.

III. Institutions, Governance, and Organization

This chapter discusses a range of approaches adopted by governments and revenue bodies to establish modern and effective organizations for national tax collection. Specifically, it examines: (i) the institutional arrangements for revenue administration, (ii) governance arrangements, and (iii) the organization structure of tax administration.

Effective institutions and high standards of management in tax administration are essential for achieving the revenue-raising goals of government and the smooth implementation of tax reforms, as well as the broader benefits for a well-functioning society. As the IMF noted in a 2015 report:

“Revenue authorities are in many countries large, complex, powerful organizations, with critical macroeconomic and developmental roles.... The tax receipts they manage, which commonly dwarf the sales of the largest national companies, are critical to stability and growth; they have large workforces and often extensive office networks; they have extraordinary legal powers; and their good governance is pivotal to wider state-building.”⁶

The importance of these matters is reflected in the goals and targets of the United Nations’ 2030 Development Agenda for Sustainable Development. Goal 16, Target 16.6, is as follows:

“Develop effective, accountable and transparent institutions at all levels by 2030.”⁷

A. Institutional Arrangements for Revenue Administration

The institutional setups appropriate for national tax administration have not been studied in detail by ADB. However, there is a valuable body of advice and practical guidance, drawn from extensive international experience, in various studies and reports of international bodies (e.g., the IMF and the European Commission).⁸ Brief reference is made to this guidance in this chapter to assist readers in assessing the progress being made in the region in building effective and efficient revenue bodies.

Generally speaking, the advice and guidance provided by both the IMF and the European Commission concerning appropriate institutional and organizational setups for national tax administration are broadly consistent, and emphasize the elements and features set out in Box 3.1.

⁶ IMF. 2015. *Current Challenges in Revenue Mobilization: Improving Tax Compliance*. Washington, DC.

⁷ Goal 16, Target 16.6, of the United Nations 2030 Agenda for Sustainable Development.

⁸ For example: IMF. 2010. *Revenue Administration: Functionally Organized Administration*; European Commission. 2015. *The Evolving Functions and Organization of Finance Ministries*. Working Paper WP/15/232; and European Commission. 2007. *Fiscal Blueprints: A Path to a Robust, Modern and Efficient Tax Administration*. http://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/common/publications/info_docs/taxation/fiscal_blueprint_en.pdf.

Box 3.1: Good Practice—Institutional Setups for Revenue Administration

- There is a unified revenue body responsible for both direct and indirect taxes (including excise taxes).
- The revenue body has adequate autonomy, particularly in designing its organization, devising plans and objectives, managing budgets, and dealing with important human resource management matters.
- Where there is a social security contribution regime to be administered, the revenue body is responsible for collection and enforcement or, at the very least, for active support to other agencies responsible for these aspects of social contribution administration.
- The revenue body comprises all the functions necessary for the effective administration of tax laws, including dedicated divisions for tax fraud investigations, internal audit, and internal affairs.
- The revenue body is structured primarily on a functional basis, but also includes divisions and units to manage the compliance of different taxpayer segments, in particular large taxpayers.
- The revenue body provides advice on the implementation and operation of tax policy but is not primarily responsible for tax policy matters, which are seen as falling within the province of a dedicated tax policy function within the ministry of finance.^a
- The revenue body’s headquarters operations are sufficiently resourced and empowered to oversee all aspects of administration at the regional and local levels.
- Office networks for tax administration operations (e.g., service delivery, debt collection, and verification) are designed to take viable critical mass and economic considerations into account, with specialist national or regional centers for some functions.

^a Detailed consideration of developments and trends in the organization of Ministries of Finance can be found in IMF. 2015. *The Evolving Functions and Organization of Finance Ministries*. Working Paper WP/15/232.

Source: Authors’ compilation.

To implement the types of design elements presented in Box 3.1, national governments in many economies have established what are often referred to as “semiautonomous revenue agencies” (SARAs). This form of institutional setup exists widely in both Africa and South America, but is relatively rare in Asia (e.g., Malaysia’s Inland Revenue Board and Singapore’s Inland Revenue Authority). SARAs are generally established to provide more autonomy in human resource and budget management matters, and to afford a level of insulation from political interference. The Commissioner-General of Papua New Guinea’s Internal Revenue Commission observed recently:

“Our last Corporate Plan allowed us to become a semiautonomous revenue body in 2014, in turn allowing us to make tremendous improvements to our governance and reporting frameworks, to have the ability to structurally organise ourselves as well as developing the culture and professional maturity of the organisation from where we were previously. This was an important foundation towards preparing IRC for implementing the transformational agenda to the tax administration system expected from Government over this Corporate Plan, 2018–2022.”⁹

As described later in this chapter, SARAs are generally overseen by a board of management that includes a nonexecutive chair and other nonexecutive officials. Further information about SARAs can be found in various reference sources.¹⁰

⁹ Internal Revenue Commission, Papua New Guinea. 2018. *Corporate Plan 2018–2022*. p. 5.

¹⁰ For example, M. Kidd and W. Crandall. 2006. *Revenue Authorities: Issues and Problems in Evaluating their Success*. Washington, DC; and M. Kidd and W. Crandall. 2010. *Revenue Administration: A Toolkit for Implementing a Revenue Authority*. Washington, DC: International Monetary Fund.

These comments provide a useful introduction and framework for examining the tax administration setups in economies covered in this report.

Institutional Arrangements for Tax Administration in Asia and the Pacific

In this report, the institutional setup for tax administration is classified as follows:

- A single organizational unit (e.g., department) within the ministry of finance (MOF);
- Several organizational units (e.g., directorates) within the MOF, often with shared support functions (e.g., information technology or human resources);
- A separate unified semiautonomous body with support functions (e.g., information technology or human resources), whose head reports to a government minister;
- A separate unified semiautonomous body with support functions (e.g., information technology or human resources), whose head reports to a government minister and an oversight body or board of management comprising external officials; or
- An institutional setup not falling within the previous four categories.

Revenue bodies surveyed were requested to “self-assess” the type of institutional arrangement that, in their view, best matched their current setup, and to specify other features indicating the scope of their responsibilities: (i) major taxes administered; (ii) customs administration responsibilities, if any; (iii) SSC administration responsibilities, if any; (iv) role in tax policy development and implementation; (v) role in the conduct of criminal tax investigation cases; and (vi) any non-tax-related roles they are required to undertake. Finally, information about the extent of their autonomy in a range of specific matters was sought. Survey responses were supplemented by research into novel or unusual features of the institutional setups in place or planned for implementation, based on publicly available reports and other materials. The findings and observations related to the responses of the revenue bodies are summarized below:

Institutional Setups

- The types of institutional setup more commonly reported by the surveyed bodies were the unified semiautonomous body supervised by a government minister and the single department within the formal structure of the MOF (Table 3.2):
 - Fourteen revenue bodies operate as unified semiautonomous bodies; and
 - Thirteen revenue bodies are organized as single departments within the MOF structure.
- Five revenue bodies (in Azerbaijan, Bangladesh, India, the PRC, and Tajikistan) have an institutional setup within the undefined category (see further comments in this section).
- In a small number of economies (Fiji, Malaysia, Maldives, and Singapore), the semiautonomous revenue body is overseen by a management board composed of the head of the revenue body and, with the exception of Maldives, government and nonexecutive officials (Table 3.1). In the case of the Maldives Inland Revenue Authority (MIRA), the board is chaired by the commissioner general of taxation and is directly accountable to the Parliament.
- Several governments in the region have established combined tax and customs administration bodies, similar to those commonly observed in some other regions (e.g., Africa and South America). These are the governments of Armenia (State Revenue Committee), Bangladesh (National Board of Revenue), Bhutan (Department of Revenue and Customs), Fiji (FRCS), Georgia (Revenue Service), India (Department of Revenue), Kazakhstan (State Revenue Committee), and Samoa (Ministry for Revenue).

The alignment of tax and customs administration operations within a single organization has its origins in a number of factors, including (i) the potential for economies of scale in very small economies, and (ii) the high degree of reliance on taxes on imports in some economies. The research carried out shows no trend toward further integration of this kind in the region.

Table 3.1: Management Boards of Unified Semiautonomous Revenue Bodies

Economy	Nature of Role	No. of Members		Chairperson in 2018
		Overall	From Private Sector	
Fiji	Decision making	4	2	Private sector member
Malaysia	Decision making	8	3	Secretary-General of the Treasury
Maldives	Decision making	7	0	Commissioner General of Taxation
Singapore	Decision making	9	6	Permanent Secretary (MOF)

MOF = Ministry of Finance.

Source: 2018 International Survey on Revenue Administration.

Box 3.2 outlines the role, membership, and operations of the Fiji Revenue and Customs Service (FRCS).

Box 3.2: The Fiji Revenue and Customs Service

Role and functions. The Fiji Revenue and Customs Service Act (1998) established the Fiji Revenue and Customs Service (FRCS) as a body corporate with perpetual succession and a common seal. It acts as an agent of the state, administering and enforcing laws specified in a schedule to the act (e.g., customs, excise, income tax, gambling turnover, value-added tax, and general tax administration laws), and advises the state on tax, excise, and customs matters. The act specifies that the FRCS shall have all such powers as may be reasonably necessary or convenient for carrying out its functions under the act and regulating its own procedures. These powers do not include those of the chief executive officer, a position established under the act to administer and manage the functions and affairs of the FRCS. Each year, the FRCS is required to publish a corporate plan setting out plans for its future operations, as well as a statement of corporate intent that contains a summary of the corporate plan with the defined financial and nonfinancial performance targets. Finally, the FRCS must furnish semiannual and annual reports of its activities to the minister of finance.

Membership. Under the act, FRCS membership (in essence, a board of management) shall consist of (i) the permanent secretary for finance; and (ii) three to five other members appointed by the minister of finance. Members are persons who, in the opinion of the minister, have adequate experience in public administration, or in financial, commercial, customs and excise tax, or legal matters. Members are appointed for a term of not more than 3 years and may be reappointed. The permanent secretary for finance shall be the chairman of the FRCS, but the minister may, if he or she thinks fit, appoint any other member as chairman.

Operational features. The board meets as often as necessary for the performance of its functions. At any meeting, the quorum shall be a majority of the total members appointed at that time. Decisions at meetings of the board shall be by a simple majority of the members present and voting, except that, in the case of an equality of votes, the chairman or the presiding member shall have a casting vote in addition to his or her original vote.

Source: Fiji Revenue and Customs Service. 2010. *Fiji Islands Revenue and Customs Authority Act 1998* (revised 29 January 2010). https://www.fracs.org.fj/wp-content/uploads/2018/04/FRCA_Act_Revised_29-Jan_2010.pdf.

Table 3.2: Institutional Setup for Tax Administration and Authority Granted to Revenue Bodies, 2018

Region/Member	Nature of Institutional Framework	Main Taxes Administered by Revenue Body					Responsibility for Customs Operations
		PIT	CIT	SSC	VAT	Excise	
Central and West Asia							
Afghanistan	SADMIN	✓	✓	x	x	x	x
Armenia	USB	✓	✓	✓	✓	✓	✓
Azerbaijan	Other	✓	✓	x	✓	✓	x
Georgia	USB	✓	✓	x	✓	✓	✓
Kazakhstan	USB	✓	✓	✓	✓	✓	✓
Kyrgyz Republic	USB	✓	✓	x	✓	✓	x
Tajikistan	Other	✓	✓	✓	✓	✓	x
Uzbekistan	MADMIN	✓	✓	✓	✓	✓	x
East Asia							
China, People's Rep. of	Other	✓	✓	✓	✓	✓	x
Hong Kong, China	SADMIN	✓	✓	x	x	x	x
Japan	USB	✓	✓	x	✓	✓	x
Korea, Rep. of	USB	✓	✓	x	✓	✓	x
Mongolia	USB	✓	✓	x	✓	✓	x
Taipei, China	SADMIN	✓	✓	x	✓	✓	x
Pacific							
Australia	USB	✓	✓	x	✓	✓	x
Fiji	USBB	✓	✓	x	✓	✓	✓
New Zealand	USB	✓	✓	x	✓	x	x
Papua New Guinea	USB	✓	✓	x	✓	✓	x
Samoa	MADMIN	✓	✓	x	✓	✓	✓
Solomon Islands	SADMIN	✓	✓	x	x	x	x
South Asia							
Bangladesh	Other	✓	✓	x	✓	✓	✓
Bhutan	SADMIN	✓	✓	✓	x	✓	✓
India	Other	✓	✓	x	x	✓	x
Maldives	USBB	x	✓	x	✓	x	x
Sri Lanka	SADMIN	✓	✓	x	✓	x	x
Southeast Asia							
Cambodia	SADMIN	x	✓	x	✓	✓	x
Indonesia	SADMIN	✓	✓	x	✓	x	x
Lao PDR	SADMIN	✓	✓	x	✓	✓	x
Malaysia	USBB	✓	✓	x	x	x	x
Myanmar	SADMIN	✓	✓	x	x	✓	x
Philippines	SADMIN	✓	✓	x	✓	x	x
Singapore	USBB	✓	✓	x	✓	x	x
Thailand	SADMIN	✓	✓	x	✓	x	x
Viet Nam	SADMIN	✓	✓	x	✓	✓	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, CIT = corporate income tax, Lao PDR = Lao People's Democratic Republic, MADMIN = multiple directorates within the Ministry of Finance, PIT = personal income tax, SADMIN = single directorate within the Ministry of Finance, SSC = social security contribution, USB = unified semiautonomous body, USBB = unified semiautonomous body with board composed of external officials, VAT = value-added tax.

Source: 2018 International Survey on Revenue Administration.

- Survey responses and research revealed a number of institutional setups with unusual features or characteristics:
 - **Azerbaijan.** The institutional arrangements in place for tax administration in Azerbaijan have evolved considerably over the last 30 years.¹¹ With the transition to a market economy starting in 1990, Azerbaijan's State Tax Service was created as a division within the Ministry of Finance to implement tax policy and secure the full and timely collection of taxes. In late 1991, the service was detached from the ministry and established as a separate entity with a strengthened role and mandate to improve the compliance control system for tax legislation and state price discipline, strengthen the role of the State Tax Service in that sphere, and enhance the fairness of its independent activities and control measures. Following the issuance of a presidential decree in 2000, the Ministry of Taxes was established as the central executive body responsible for the implementation of state tax policy, the complete and timely collection of taxes and other budgetary revenue, and other responsibilities as may be required. The ministry is headed by a minister of taxes, who has responsibility for, among other things, defining the ministry's structure, determining the size of its employee workforce, and appointing an official to oversee the day-to-day management of tax administration operations.
 - **Bangladesh.** Responsibility for tax and customs policy and administration falls on the Internal Resources Division (IRD) of the Ministry of Finance, whose functions include (i) imposing and collecting direct and indirect taxes, and formulating laws and rules in this regard; (ii) monitoring and controlling the field offices engaged in the collection of VAT, customs duty, supplementary duty, and income tax; and (iii) formulating tax policies and preparing the revenue budget, and entering into agreements with international organizations and other economies on issues relating to taxation.¹² A National Board of Revenue chaired by the IRD secretary assists in the planning and direction of the IRD's work. The chair is supported by executive board members assigned various responsibilities, including members responsible for a customs and VAT wing, an income tax wing, and support units for information technology and research and statistics. At the subnational level, work is organized by tax type and geographically, with operating units reporting to the IRD.
 - **India.** The Department of Revenue, which functions under the overall direction and control of the secretary, exercises control in matters relating to all direct and indirect taxes through two statutory boards, the Central Board of Direct Taxes (CBDT) and the Central Board of Excise and Customs (CBEC).¹³ Each board is headed by a chairperson, who is also ex officio special secretary to the Government of India. Matters relating to the levy and collection of all direct taxes are the responsibility of the CBDT, whereas those relating to the levy and collection of customs and central excise duties and other indirect taxes fall within the purview of the CBEC. In short, separate direct and indirect tax administrations operate under a coordinating department.¹⁴
 - **Malaysia.** Separate bodies are responsible for direct and indirect tax administration—the Inland Revenue Board of Malaysia (IRBM), responsible for the collection of direct taxes; and the Royal Malaysian Customs Department (RMCD), responsible for the administration of both customs duties and indirect taxes, including a sales tax. The IRBM is largely autonomous and reports to a board of directors comprising external officials, while the RMCD operates as a normal government department and reports directly to a government minister.¹⁵
 - **People's Republic of China.** Established previously as a directorate within the Ministry of Finance, the State Tax Administration (STA) is now an independent agency of the State Council, reporting to a minister of taxation.¹⁶

¹¹ This general description is based on information obtained from the website of Azerbaijan's Ministry of Taxes: <http://www.taxes.gov.az/module.php?name=haqqinda> (accessed 25 March 2019).

¹² This description is based on information obtained from the websites of the Internal Resources Division (<https://ird.gov.bd/site/page/872ce688-815a-49dc-a755-5ea2ffdb0dfb/Office-Overview>; accessed 28 March 2019) and the National Board of Revenue (<http://www.nbr.gov.bd/about-us/about-us/eng>; accessed 28 March 2019).

¹³ Department of Revenue, India. *About the Department*. <http://dor.gov.in/about-us> (accessed 30 November 2017).

¹⁴ The data found in this report relate only to the administration of direct taxes by the CBDT.

¹⁵ The data found in this report relate only to the administration of direct taxes by the IRBM.

¹⁶ State Taxation Administration, People's Republic of China. 2019. *The Organizational Structure*. <http://www.chinatax.gov.cn/eng/n2367721/c2390734/content.html> (accessed 27 June 2019).

Following the financial reform that segregated the collection and administration of taxes into state and local tax administration bodies in 1994, the tax administration setup in the PRC, until 2018, comprised a head office and coexisting state and local tax administration bodies at each provincial level and below. However, as a result of recent decisions, the organization of state tax administration and local tax administration was merged below the provincial level (municipal and county) in 2018.

Key responsibilities of the STA are (i) drafting tax laws, regulations, and implementing rules; (ii) advising on draft legislation; (iii) forecasting revenue collections over the medium and long term; (iv) participating in the design of macroeconomic policies and the development of state and local tax regimes; (v) collecting and administering state taxes, shared taxes, and legally required funds; and (vi) managing the state office network.

- **Tajikistan.** The revenue body is the Tax Committee, which reports directly to the government and has an executive structure headed by four deputy chairpersons.

Major Types of Taxes Administered

- With the sole exception of Maldives, revenue bodies in all economies surveyed are responsible for the administration of a tax on personal income, although these regimes vary significantly in their design, comprehensiveness, and overall contribution to national revenue. Revenue bodies in all economies administer a corporate income tax.
- As observed in Chapter II, the vast majority of economies have introduced a VAT/GST system of taxation as a broad-based tax on household consumption. Only five economies included in this report do not have a VAT form of indirect taxation—Afghanistan; Bhutan; Hong Kong, China; Myanmar; and the Solomon Islands. At the time this report was prepared, authorities in Afghanistan were planning for the implementation of a VAT by the end of 2020,¹⁷ while authorities in Bhutan were to implement their VAT by mid-2020.¹⁸ Malaysia's government implemented a VAT in 2015 but later decided to repeal the tax in 2018.
- Excise taxes in 11 economies (among them, Indonesia, Malaysia, New Zealand, and the Philippines) are administered by the body responsible for customs administration, not by the main revenue body.

Collection of Social Security Contributions

- Revenue bodies in only six economies (Armenia, Bhutan, Kazakhstan, the PRC, Tajikistan, and Uzbekistan) reported having direct responsibility for SSC collection. The Kyrgyz Republic's revenue body reported SSC collection as a development planned for implementation in 2019 while a similar development within the next 2 years was signified by Azerbaijan (Table 3.3). While not researched in any depth, this low level of engagement in SSC collection is likely to be attributable to the fact that a fair number of economies have no such regime in place.
- Revenue bodies from relatively few economies (e.g., the Lao PDR, the Philippines, and Samoa) reported that they assist in SSC collection (e.g., by reporting detected cases of noncompliance). Somewhat surprisingly, revenue bodies in a few other economies that rely to a fair degree on SSC regimes as a source of government revenue (Japan, where such contributions made up 12.4% of GDP in 2016; Mongolia, 4.3%; and the Republic of Korea, 6.9%) do not seem to provide similar assistance.

Roles in Relation to Tax Policy Matters

- Responsibilities in relation to the tax policy function vary across economies (Table 3.4). Around three-quarters of the revenue bodies surveyed reported that they are jointly responsible with other areas of government (e.g., MOF's tax policy function) for advising on broad tax policy issues and issues directly and indirectly affecting the

¹⁷ IMF. 2018. *Afghanistan: Fourth Review under the Extended Credit Facility Arrangement, Request for Modification of Performance Criteria, and Request for Extension and Rephasing of the Arrangement—Press Release*; and Staff Report. Country Report No. 18/359. Washington, DC.

¹⁸ IMF. 2018. *Bhutan: 2018 Article IV Consultation Staff Report*. Country Report No 18/300. Washington, DC.

Table 3.3: Role of Revenue Bodies in the Collection of Social Security Contributions, 2018

Region/ Economy	Responsibility for SSC Collection	Functions Performed by Revenue Body in SSC Collection				Plan to Integrate Tax and SSC Collection
		Verifies Liabilities	Provides Information on Noncompliance	Enforces Collection of Debts	Other	
Central and West Asia						
Afghanistan	x					x
Armenia	✓	✓	✓	✓		(Integrated)
Azerbaijan	x				✓	✓ (2 years)
Georgia	x					x
Kazakhstan	✓	x	x	✓		(Integrated)
Kyrgyz Republic	x	x	x	x	✓	✓ (2019)
Tajikistan	✓	✓	✓	✓		(Integrated)
Uzbekistan	✓	✓	✓	✓		(Integrated)
East Asia						
China, People's Rep. of	✓	✓	✓	✓		(Integrated)
Hong Kong, China	x					x
Japan	x			x		x
Korea, Rep. of	x					x
Mongolia	x					x
Taipei, China	x					x
Pacific						
Australia	x					
Fiji	x					x
New Zealand	x					
Papua New Guinea	x					
Samoa	x	✓	✓	x	✓	x
Solomon Islands	x	x	x	x	x	x
South Asia						
Bangladesh	x	x	x	x	x	x
Bhutan	✓	✓	✓	✓	x	...
India	x					x
Maldives	✓	x	x	x	✓	x
Sri Lanka	x					x
Southeast Asia						
Cambodia	x					x
Indonesia	x					✓
Lao PDR	x	✓		✓		x
Malaysia	x					x
Myanmar	x					x
Philippines	x		✓			x
Singapore	x	✓				x
Thailand	x					x
Viet Nam	x					x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic, SSC = social security contribution.

Source: 2018 International Survey on Revenue Administration.

Table 3.4: Roles of Revenue Bodies in Providing Tax Policy Advice and Conducting Criminal Tax Investigations, 2018

Region/Member	Revenue Body's Tax Policy Advisory Role					Revenue Body's Role in Criminal Tax Investigations	
	Broad Tax Policy Issues			Administrative Issues		Revenue Body Has a Role	Sole Manager of Cases
	Main Source	Joint Provider	No Role/ Rarely Involved	Before Legislation	After Legislation		
Central and West Asia							
Afghanistan	x	✓		✓	✓	✓	x
Armenia	x	✓		✓	✓	✓	✓
Azerbaijan	✓			✓	✓	✓	✓
Georgia	x	✓		✓	✓	x	x
Kazakhstan	x	✓		✓	✓		
Kyrgyz Republic	x	✓		✓	✓	✓	x
Tajikistan	x	✓		✓	✓	✓	x
Uzbekistan	x	✓		✓	✓	✓	x
East Asia							
China, People's Rep. of	x	✓		✓	✓	✓	x
Hong Kong, China	x	✓		✓	✓	✓	✓
Japan	x	x		x	x	✓	✓
Korea, Rep. of	x	✓		✓	✓	x	x
Mongolia	x	✓		✓	x	x	x
Taipei, China	x	✓		✓	✓	✓	x
Pacific							
Australia	x	x		✓	✓	✓	x
Fiji	x	✓		✓	✓	x	x
New Zealand	x	✓		✓	✓	✓	✓
Papua New Guinea	x	✓		✓	✓	✓	✓
Samoa	x	x	✓	✓	✓	✓	✓
Solomon Islands	x	✓		✓	✓	✓	x
South Asia							
Bangladesh	x	✓		✓	✓	✓	✓
Bhutan	x	✓		✓	✓	x	x
India	x	✓		✓	✓	✓	✓
Maldives	x	✓		✓	✓	✓	x
Sri Lanka	x	x	x	x	x	x	
Southeast Asia							
Cambodia	✓	x		✓	✓	✓	✓
Indonesia	x	✓		✓	✓	✓	x
Lao PDR	x	✓		...	...	x	x
Malaysia	x	✓		✓	✓	✓	x
Myanmar	x	x		✓	✓	x	x
Philippines		✓		✓	✓	✓	x
Singapore	x	✓		✓	✓	✓	✓
Thailand	x	✓		✓	✓	✓	✓
Viet Nam	x	✓		✓	✓	x	

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

administration of tax laws. Only two revenue bodies (in Azerbaijan and Cambodia) reported being the main provider of tax policy advice to government.

Responsibility for the Conduct of Criminal Tax Investigation Cases

- Responsibility for the conduct of criminal tax investigation cases varies significantly across the 34 economies in this report. Around two-thirds of the revenue bodies said they have a role in such cases; however, only around half of these stated that they are solely responsible for managing such cases, implying the involvement of other government agencies. The outcomes reported here align with what the OECD observed in its most recent study of the arrangements in place in over 50 advanced and developing economies for dealing with tax crimes.¹⁹ The OECD report notes that

“the strategies for combating financial crimes comprise a number of key stages, including the prevention, detection, investigation and prosecution of offences, and the recovery of the proceeds of crime. Depending upon the circumstances, these strategies can involve a number of government agencies, including the tax administration; the customs administration; anti-money laundering authorities including the Financial Intelligence Unit (“FIU”); the police and specialised law enforcement agencies, including authorities responsible for investigating corruption offences; the public prosecutor’s office; and financial regulators.”

In this context, the OECD observes that there is a range of organizational models for structuring the agencies involved and allocating competencies among them. These organizational models are described in detail in Chapter V (Managing Taxpayer Compliance).

Responsibility for Non-Tax-Related Roles

- The practice of assigning non-tax-related roles to revenue bodies is fairly common (Table 3.5). However, research suggests that this practice applies to a significant degree in terms of resource use only in Australia, Malaysia, and New Zealand.
- The more frequently reported non-tax-related roles were responsibility for lottery and gaming regulation, welfare-related arrangements, aspects of the government’s retirement income policy, and the collection of student loans.

Autonomy of the Revenue Body

The conventional advice of international organizations is to give a revenue body sufficient autonomy to properly carry out its mandate. Such advice raises obvious questions: (i) why is autonomy important? (ii) which powers or responsibilities are most important for a revenue body to carry out its mandate efficiently and effectively? (iii) what constitutes sufficient autonomy?

A technical manual prepared for the IMF in 2010 provides some practical guidance on these matters. Acknowledging the many and ongoing challenges faced by governments in reforming and modernizing government institutions, the author of the manual observes:

“The reform and modernization of government institutions has been a constant theme over the last three decades in both developed and developing economies. Governments have faced a series of pressures that include: a) the need to deliver services more effectively and at a lower cost to citizens, as expenditure budgets decline; b) the need to address deficiencies in traditional procedures and structures that have come to be seen as too rigid to respond to the rapidly changing needs of the public and the challenges confronted by government in modern society, and c) the pressure to adapt current business or private sector management practice to public sector institutions.

¹⁹ OECD. 2018. *Effective Inter-Agency Co-Operation in Fighting Tax Crimes and Other Financial Crimes*. 3rd ed. Paris: OECD Publishing. p. 11.

Table 3.5: Nontax-Related Roles of Revenue Bodies, 2018

Nature of Role	Economies Where Revenue Body Performs Role
Administration of certain welfare-related benefits	Cambodia, Lao People's Democratic Republic, Malaysia, New Zealand
Child support administration	New Zealand
Property valuation administration	Cambodia, Georgia, Philippines, Singapore
Administration of student loan collection	Australia, Fiji, Malaysia, New Zealand, Republic of Korea
Administration of population register	Afghanistan
Administration of aspects of the government's retirement savings plan	Afghanistan, Australia, Kazakhstan, Lao People's Democratic Republic, New Zealand
Lottery, gambling, and gaming administration	Armenia, Bangladesh, Fiji, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Myanmar, New Zealand, Papua New Guinea, Philippines, Republic of Korea, Solomon Islands
Maintenance of official national property register	Lao People's Democratic Republic
Motor vehicle registration	Afghanistan, Solomon Islands
Other	Azerbaijan (state registration of business entities), Japan (liquor industry supervision), Singapore (regulation of property appraisers; administration of certain aspects of government's employment policies, such as the Wage Credit Scheme)

Source: 2018 International Survey on Revenue Administration.

As a result, there has been a tendency for governments to increase the autonomy of its departments and agencies. The basic principle is that such autonomy can lead to better performance by removing impediments to effective and efficient management while maintaining appropriate accountability and transparency. Autonomy can mean many things, including independence or even self-government, but in the context of public sector administration it usually refers to the degree to which a government department or agency is able to operate independently from government, in terms of legal form and status, funding and budget, and financial, human resources and administrative practices."²⁰

For the reasons stated, autonomy is considered important for effective tax administration. In economies where steps have been taken to increase the autonomy of the revenue body, the latter has generally been empowered and has thus been enabled to be more responsive, adaptable, innovative, professional, and outward looking, or to become a more attractive employer.

For this report, revenue bodies were requested to indicate the scope of their powers and responsibilities against a menu of powers of the kind that is typically delegated to semiautonomous bodies. Table 3.6 shows how the distribution of nonhuman resource management powers or autonomy aligns with the institutional setup reported by the revenue bodies, while Figure 3.1 presents the degree of autonomy according to the type of institutional setup in place. Powers and authority in human resource management (HRM) matters are detailed in Chapter VIII. The key observations and findings from the data reported are summarized below.

Autonomy in Non-HRM Aspects

- Revenue bodies indicating that they were established as semiautonomous bodies consistently reported having greater authority than revenue bodies set up as single or multiple directorates, particularly when it comes to budget flexibility, decisions about their internal structure, and the setting of performance standards (Table 3.5).

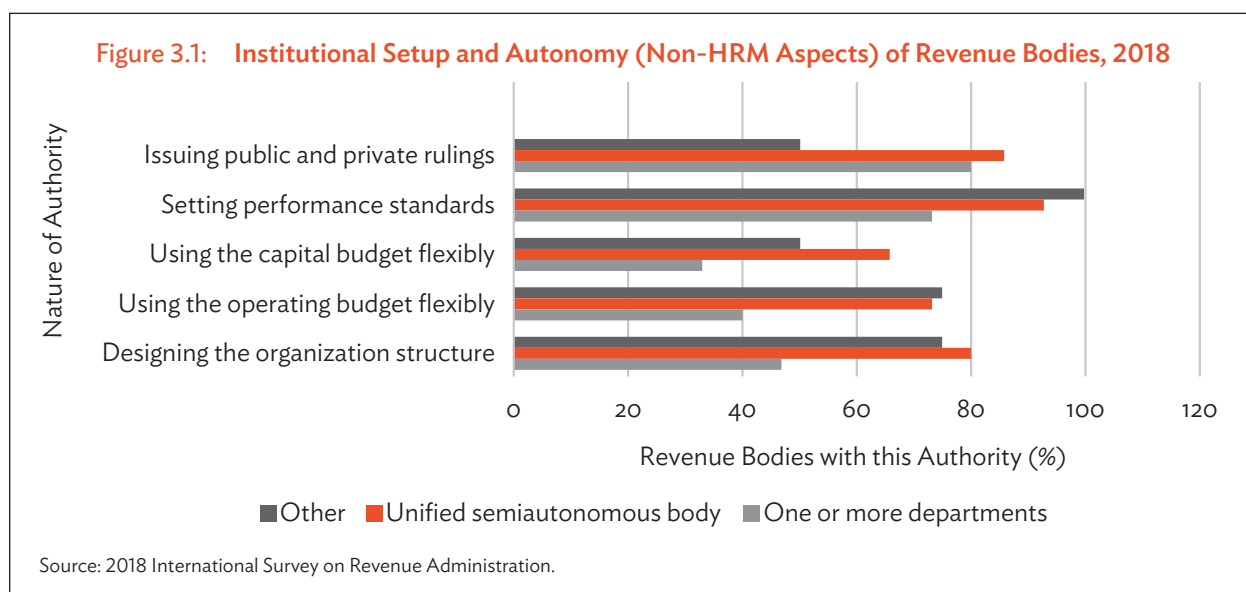
²⁰ W. Crandall. 2010. *Revenue Administration: Autonomy in Tax Administration and the Revenue Authority Model*. Washington, DC: International Monetary Fund.

Table 3.6: Authority and Autonomy of Revenue Bodies, by Institutional Category, 2018

Region/Member	Type of Institution	Authority Delegated to Revenue Body				Issue Both Public, Private Tax Rulings
		Determine Internal Structure	Use Operating Budget Flexibly	Use Capital Budget Flexibly	Establish Performance Standards	
West and Central Asia						
Afghanistan	SDMIN	✓	x	x	✓	✓
Armenia	USB	x	x	x	✓	✓
Azerbaijan	Other	✓	✓	✓	✓	✓
Georgia	USB	✓	✓	✓	✓	✓
Kazakhstan	USB	✓	✓	✓	✓	✓
Kyrgyz Republic	USB	✓	✓	✓	x	x
Tajikistan	Other	✓	✓	...	✓	✓
Uzbekistan	MDMIN	✓	✓	✓	✓	x
East Asia						
China, People's Rep. of	Other	✓	✓	✓	✓	x
Hong Kong, China	SDMIN	✓	✓	✓	✓	✓
Japan	USB	x	x	x	✓	✓
Korea, Rep. of	USB	x	✓	x	✓	✓
Mongolia	SDMIN	x	x	x	✓	x
Taipei, China	SDMIN	✓	✓	✓	✓	✓
Pacific						
Australia	USB	✓	✓	✓	✓	✓
Fiji	USB	✓	✓	✓	✓	x
New Zealand	USB	✓	✓	✓	✓	✓
Papua New Guinea	USB	✓	✓	x	✓	✓
Samoa	MDMIN	✓	✓	✓	✓	x
Solomon Islands	SDMIN	x	✓	x	✓	✓
South Asia						
Bangladesh	Other	x	x	x	✓	x
Bhutan	SDMIN	✓	✓	✓	✓	✓
India	Other	✓	✓	✓	✓	✓
Maldives	USB	✓	x	x	✓	x
Sri Lanka	SDMIN	x	x	x	x	✓
Southeast Asia						
Cambodia	SDMIN	✓ (MOF)	x	...	✓	✓
Indonesia	SDMIN	x	x	x	✓	✓
Lao PDR	SDMIN	...	...	...	...	✓
Malaysia	USB	✓	✓	✓	✓	x
Myanmar	SDMIN	x	x	x	✓	✓
Philippines	USB	✓	✓	✓	✓	✓
Singapore	USB	✓	✓	✓	✓	x
Thailand	SDMIN	x	x	x	✓	✓
Viet Nam	SDMIN	x	x	x	x	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic, MDMIN = multiple directorates within the Ministry of Finance, MOF = Ministry of Finance, SDMIN = single directorate within the Ministry of Finance, USB = unified semiautonomous body, USBB = unified semiautonomous body with board composed of external officials.

Source: 2018 International Survey on Revenue Administration.



- Across all revenue bodies, the areas of least autonomy are decisions about internal structure and flexibility in the use of both operating and capital budgets.
- Revenue bodies reporting relatively limited authority or power in non-HRM-related matters were from Armenia, Bangladesh, Indonesia, Japan, Mongolia, Myanmar, Sri Lanka, Thailand, and Viet Nam.

Autonomy in Important Aspects of Human Resource Management

- Revenue bodies indicating that they were established as unified semiautonomous bodies or bodies in the undefined category consistently reported having greater authority than those set up as single or multiple directorates, particularly in determining work requirements, appointing new staff, promoting staff, dismissing staff, and applying disciplinary sanctions (Figure 3.2 and Table 3.7).
- Across all revenue bodies, the areas of greatest autonomy are decisions about work requirements, the skills and qualifications required for jobs, and the mix of permanent and contract staff. The areas of least flexibility or autonomy are staff promotions, the placement of staff in specific salary ranges, and staff dismissals.
- Revenue bodies reporting relatively limited authority/power concerning all specified aspects of HRM were those in Bhutan, India, Myanmar, Republic of Korea, Samoa, and Sri Lanka.

B. Governance Arrangements for Tax Administration

The governance arrangements and practices appropriate for a national revenue body will obviously vary from economy to economy, shaped by relevant legislative and policy instruments that regulate their management, resource use, and accountability. For some aspects such as risk management, the comprehensiveness and richness of these instruments and policies will also depend on the degree of maturity of the public sector administration. However, there are some general principles and approaches that are widely acknowledged as desirable, and are reflected in the advice and guidance provided by international bodies such as the IMF and the European Commission to revenue bodies (Box 3.3).

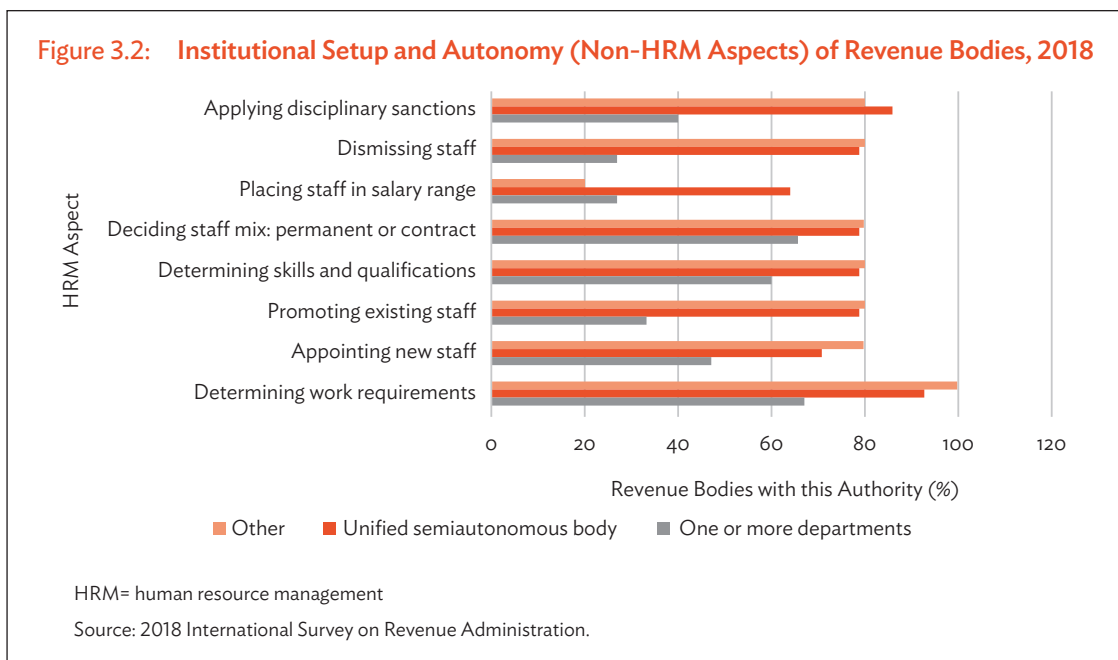


Table 3.7: Measures of Success in Improving the Overall Level of Taxpayer Compliance

Economy	Strategic Goal	Performance Measure
Australia	Build community confidence by sustainably reducing the tax gap and providing assurance across the tax and superannuation systems	<ul style="list-style-type: none"> • Confidence – community confidence in the ATO • Registration – proportion of companies and individuals registered in the system • Lodgement (return filing) – proportion of activity statements and income tax returns lodged on time • Payment – proportion of liabilities paid on time, by value • Correct reporting – tax gap as a proportion of revenue • Debt – ratio of collectible debt to net tax collections • Total revenue effects – tax revenue from all compliance activities • Tax assured – proportion of the tax base where the ATO has justified trust that tax paid is correct, given the proportion of income, deductions, and tax offsets that are assured.
	Design a better tax and superannuation system to make it easy to comply and hard not to	Influence – Government and Treasury perceptions of the ATO and the quality of its advice
New Zealand	Improve voluntary compliance by making it easier for people to get it right	Outcome sought: Revenue is available to fund government programs, with people meeting payment obligations of their own accord Distribution of total system revenue: <ul style="list-style-type: none"> • % system-assured revenue • % intervention revenue • % assessed revenue paid out on time • \$ value of revenue assessed, paid out on time Outcome sought: People receive payments they are entitled to, enabling them to participate in society % of tax refunds to customers that are both accurate and paid out on time (for both income tax and GST).

ATO = Australian Taxation Office, GST = goods and services tax.

Sources: Australian Taxation Office. 2018. *2018–19 Corporate Plan*. Canberra. p. 22; and Inland Revenue Department, New Zealand. 2017. *Budget 2017: Four Year Plan*. Wellington. <https://www.ird.govt.nz/aboutir/reports/four-year-plan/>.

Box 3.3: Governance Framework for National Revenue Bodies

- The revenue body has adequate autonomy, particularly concerning organizational design, the development of plans and objectives, budget management, and aspects of human resource management.
- The revenue body has a robust strategic management framework in place for the preparation of medium-term and short-term business plans, supported by clear statements of mission, vision, goals, and objectives, and ideally accompanied by a set of robust performance indicators.
- The revenue body employs modern risk management approaches, particularly in managing taxpayer compliance.
- There is a common and stable legal framework for the administration of all taxes, as opposed to a separate framework for each tax.
- The revenue body has a flexible strategic approach to managing its staff resources, enabling it to adjust their allocation and use as priorities change.
- The revenue body's operations are assessed on the basis of a performance management system.
- The revenue body is transparent in the conduct of its activities, and is accountable for its operations, which are also subject to control and assessment.

Sources: IMF. 2010. *Revenue Administration: Functionally Organized Administration*, Washington, DC; and European Commission. 2007. *Fiscal Blueprints: A Path to a Robust, Modern and Efficient Tax Administration*. Luxembourg.

Governance Arrangements in Asia and the Pacific Strategic and Operational Planning

A key element of a revenue body's overall system of governance is a framework for strategic planning and management. The guidance provided in Box 3.4, extracted from a recent IMF technical assistance report prepared for Cambodian officials, draws attention to the critical features and requirements of such a framework, given the anticipated changes in Cambodia's economic and business environment from 2019: (i) continuing pressure to sustain revenue growth, (ii) the need to improve the tax culture and support the government's pro-growth and investment policies, (iii) the planned implementation of tax policy reforms, and (iii) an increasing focus on strengthening fiscal governance and accountability. Many other economies in the Asia and Pacific region are likely to be in similar circumstances.

For this report, revenue bodies were asked a number of general questions about their strategic management approaches—for example, do they prepare and publish an annual or a multiyear business plan and annual performance reports, have an enterprise-wide risk policy, and evaluate performance through stakeholder feedback? In addition, research based on published materials (e.g., revenue body plans, corporate planning-related statements, and annual performance reports) was carried out to gather insights into the approaches and practices adopted, and revenue bodies' key priorities and major developments.

Data reported by the revenue bodies are summarized in Tables 3.8a–3.8d, while the main observations and findings from the responses and related research are set out below.

Preparation of Strategic and Business Plans

- The vast majority of the revenue bodies surveyed reported having a strategic plan and annual business plans. However, around one-third indicated that they do not publish their strategic or annual business plans, raising questions about their commitment to transparency. Revenue bodies of a few economies (e.g., Australia and

Box 3.4: Good Practice—Strategic and Operational Planning

Strategic planning is used to guide the deployment of resources and to provide focus on key activities and measures of achievement in attaining the vision or future state of the tax administration. It articulates where the tax administration wants to be within 3–5 years by developing a future vision, identifying the key problems and challenges, and defining key goals, as well as the options for achieving those goals. The end product of the strategic planning process is a collaborative set of decisions on the objectives or goals about what to do, a justification for why it should be done, and, through a series of actions and projects, an approach to doing it. The strategic plan sets out objectives for the duration of the plan in the key areas against which successful performance will be measured.

To be an effective management tool, the strategic plan requires performance indicators which show performance against each objective. Performance management is used to direct and better manage the tax administration at all levels. It includes not only performance measurement but also the determination of the appropriate level of performance, the development and reporting of performance information, and the use of that information to assess the actual level of performance against the desired level. The strategic plan sets performance targets against which actual performance is measured.

Most modern tax administrations have clearly defined strategies that are linked to the major functional areas of the organization—registration, filing, audit, payment, taxpayer services, etc.—and most tax organizations aim to increase the quality of their audits, improve their revenue collection, deliver high-quality services to taxpayers, and process information more rapidly and with greater accuracy. Improving the effectiveness of these key functions should be the basis for defining performance standards in most tax administrations.

The strategic plan is supplemented with detailed operational and action plans describing how each major organizational unit is to accomplish the objectives of the strategic plan. These action plans usually assign responsibility for various actions; define the milestones, the timing, and the required resources; and include budget estimates.

Source: IMF. 2018. *Cambodia: Technical Assistance Report: Tax Administration Modernization Priorities 2019–23*. Country Report No. 18/305. November. Washington, DC.

New Zealand) also explained how the various elements of their respective plans interrelate, to emphasize the coherence of their overall planning approach.²¹

- As noted in Box 3.3, it is advisable for revenue bodies to adopt modern risk management approaches, particularly for managing taxpayer compliance. However, almost a third of the revenue bodies surveyed do not have an enterprise-wide risk policy. Of some concern are reports, from around the same number, of the absence of a formal compliance risk identification process. (These matters are discussed in greater detail in Chapter IV.)
- Research into published strategic plans indicates that most revenue bodies have clearly articulated statements of mission, vision, values, and key goals and objectives. In a number of economies (e.g., Indonesia and Papua New Guinea), the strategic plan is based on higher-level goals, objectives, and reform priorities that are reflected in the government’s Medium Term Revenue Strategy (MTRS). For example, in the case of Papua New Guinea:²²

To address the decline in revenue, the Government has for the first time established a Medium Term Revenue Strategy (MTRS) for 2018–2022 during the 2018 budget. The MTRS is aimed towards improving tax and customs administrations and mobilising tax revenue to fund the development budget.... The MTRS 2018–2022 is an important strategy for reforming PNG’s tax administration into a more efficient and robust organization that will

²¹ Australian Taxation Office. 2018. *2018–19 Corporate Plan*. Canberra; and Inland Revenue Department, New Zealand. 2018. *Statement of Intent 2018–2022*. p. 21. <https://www.ird.govt.nz/aboutir/reports/soi/>.

²² Minister’s introductory comments to Internal Revenue Commission, Papua New Guinea. 2018. *Corporate Plan 2018–2022*. Port Moresby. p. 3.

enable taxpayers to comply and pay taxes using modern electronic tax services and platforms to file tax returns and pay taxes on time so government's revenue is more sustainable and better assured. Additionally, the MTRS provides corporate certainty to the IRC and its stakeholders by establishing and fully funding the reform priorities for which the government expects to be operationalised by the end of this Corporate Plan.

- Statements of mission generally describe the primary role of the revenue body and, for some revenue bodies, the broader societal role or the benefits of a well-functioning tax system. Examples are as follows:
 - **Fiji.** Helping Fiji grow as a leading contributor and funder of sustainable economic, security, and social initiatives.²³
 - **Kazakhstan.** Building a favorable economic environment by creating better conditions for business and the public, ensuring a transparent tax and customs administration system, protecting the interests of the state, and providing the state with stable incomes.²⁴
 - **New Zealand.** Contributing to the economic and social well-being of New Zealand by collecting and distributing money.²⁵
 - **Papua New Guinea.** Contributing to the economic prosperity of Papua New Guinea (PNG) by optimizing revenue collection through well-governed and transparent processes in partnership with stakeholders.²⁶
- Statements of revenue bodies' values (expected norms of behavior) typically refer to integrity, fairness, respect, trust, and professionalism. For a few, there are expressed aspirations of innovation and continual improvement to raise performance.
- Formally expressed strategic goals and objectives tend to be relatively few in number and tend to give emphasis to four strategic aspects of tax administration:
 - Improving the overall level of taxpayers' voluntary compliance,
 - Improving service delivery performance,
 - Increasing organizational efficiency, and
 - Strengthening internal capabilities (especially human resources).
- For a few economies with high revenue-raising ambitions, the primary goal is expressed in terms of lifting the overall tax ratio, for example:
 - **Indonesia.** Strategic documents of the Directorate General of Taxes (DGT) directly acknowledge the government's goal of achieving a tax ratio of 16% by 2019. To realize this outcome, the DGT aspires to collect Rp2,329 trillion, to have a taxpayer database with 44 million registered taxpayers, and to receive some 24 million electronically filed tax returns for fiscal year 2019.
 - **Kazakhstan.** The *Development Strategy for Government Revenue Authorities of Kazakhstan for 2019–2021* acknowledges the government's aspiration to join the top 30 developed economies by 2050 and to increase tax collection to the level of OECD economies as part of the reform agenda Modernization of Government Finance 3.0.²⁷
- Where identified in plans, measures of success (and related performance indicators) for each goal tend to be focused on both output and outcome as well as impact (see examples in Table 3.7):

Use of Service Delivery Standards

- Most revenue bodies (about 80%) reported that they prepare and publish service delivery standards (time-based objectives for meeting taxpayers' service needs). However, only half reported that they make their service performance results public, raising the issue of accountability.

²³ Fiji Revenue and Customs Service. 2017. *Strategic Plan 2017–2020*. Suva. p. 4.

²⁴ State Revenue Committee, Ministry of Finance, Kazakhstan. 2019. *Development Strategy for Government Revenue Authorities of the Republic of Kazakhstan for 2019–2021*. <http://kgd.gov.kz/ru/content/strategiya> (accessed 14 March 2019).

²⁵ Footnote 21 (New Zealand).

²⁶ Internal Revenue Commission, Papua New Guinea. 2018. *Corporate Plan 2018–2022*. Port Moresby. p. 10.

²⁷ State Revenue Committee, Ministry of Finance, Kazakhstan. 2019. *Development Strategy for Government Revenue Authorities of the Republic of Kazakhstan for 2019–2021*. <http://kgd.gov.kz/ru/content/strategiya> (accessed 14 March 2019).

Table 3.8a: Selected Management Practices of Revenue Bodies—Strategic and Annual Business Planning, and Service Delivery Standards Setting, 2018

Region/Economy	Selected Management Practices of the Revenue Body						
	Strategic Plan		Annual Business Plan		Service Standards		
	Prepared	Published	Prepared	Published	Prepared	Standards Published	Results Published
Central and West Asia							
Afghanistan	✓	✓	✓	x	✓	✓	✓
Armenia	✓	✓	✓	✓	✓	✓	x
Azerbaijan	✓	✓	✓	x	✓	✓	✓
Georgia	✓	✓	✓	✓	✓	x	x
Kazakhstan	✓	✓	✓	✓	✓	✓	✓
Kyrgyz Republic	...	...	...	...	...	...	...
Tajikistan	✓	✓	✓	x	✓	✓	✓
Uzbekistan	✓	✓	✓	x	✓	✓	✓
East Asia							
China, People's Rep. of	✓	x	✓	✓	✓	✓	✓
Hong Kong, China	✓	✓	✓	✓	✓	✓	✓
Japan	✓	✓	✓	✓	✓	✓	✓
Korea, Rep. of	✓	x	✓	x	✓	✓	x
Mongolia	✓	x	✓	x	✓	✓	x
Taipei, China	✓	✓	✓	✓	✓	✓	✓
Pacific							
Australia	✓	✓	✓	✓	✓	✓	✓
Fiji	✓	✓	✓	✓	✓	✓	✓
New Zealand	✓	✓	✓	✓	✓	✓	✓
Papua New Guinea	✓	✓	✓	x	✓	x	x
Samoa	✓	✓	✓	✓	✓	✓	✓
Solomon Islands	✓	x	✓	x	x	x	x
South Asia							
Bangladesh	✓	✓	✓	✓	✓	✓	✓
Bhutan	x	x	✓	✓	x	x	x
India	✓	✓	✓	✓	✓	✓	x
Maldives	✓	✓	✓	x	✓	x	x
Sri Lanka	✓	x	✓	x	x	x	x
Southeast Asia							
Cambodia	✓	x	✓	x	✓	✓	✓
Indonesia	✓	✓	✓	x	✓	✓	x
Lao PDR	✓	✓	x	x	x	x	x
Malaysia	✓	✓	✓	✓	✓	✓	✓
Myanmar	✓	x	✓	x	x	x	x
Philippines	✓	✓	✓	✓	✓	✓	x
Singapore	✓	x	✓	x	✓	✓	✓
Thailand	✓	✓	✓	✓	✓	✓	x
Viet Nam	✓	✓	✓	✓	x	x	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table 3.8b: Selected Management Practices of Revenue Bodies—Annual Reporting of Performance, Internal Assurance, and Compliance Burden Reporting, 2018

Region/Economy	Selected Management Practices of the Revenue Body					
	Annual Report		External Audit	Formal Internal Assurance Mechanisms	Enterprise-Wide Risk Policy	Compliance Burden Reporting to Stakeholders
	Prepared	Published				
Central and West Asia						
Afghanistan	✓	✓	✓	✓	✓	✓
Armenia	✓	✓	✓	✓	✓	✓
Azerbaijan	✓	✓	✓	✓	✓	✓
Georgia	✓	✓	✓	x	x	x
Kazakhstan	✓	✓	✓	✓	✓	...
Kyrgyz Republic	✓	x	...
Tajikistan	✓	✓	✓	✓	x	...
Uzbekistan	✓	x	✓	✓	✓	✓
East Asia						
China, People's Rep. of	✓	x	x	✓	✓	✓
Hong Kong, China	✓	✓	✓	✓	✓	✓
Japan	✓	✓	✓	✓	x	✓
Korea, Rep. of	✓	✓	✓	✓	✓	x
Mongolia	✓	x	✓	✓	x	x
Taipei, China	✓	✓	x	✓	✓	✓
Pacific						
Australia	✓	✓	✓	✓	✓	✓
Fiji	✓	✓	✓	✓	✓	x
New Zealand	✓	✓	✓	✓	✓	✓
Papua New Guinea	✓	✓	✓	✓	✓	✓
Samoa	✓	✓	✓	✓	✓	✓
Solomon Islands	✓	✓	✓	✓	✓	x
South Asia						
Bangladesh	✓	✓	✓	✓	✓	x
Bhutan	✓	✓	✓	✓	...	x
India	✓	✓	✓	✓	✓	x
Maldives	✓	✓	✓	✓	x	✓
Sri Lanka	✓	✓	✓	✓	x	x
Southeast Asia						
Cambodia	✓	x	✓	✓	✓	✓
Indonesia	✓	✓	✓	✓	✓	x
Lao PDR	✓	✓	✓	x	x	✓
Malaysia	✓	✓	✓	✓	✓	✓
Myanmar	✓	x	✓	✓	x	x
Philippines	✓	✓	✓	✓	x	x
Singapore	✓	✓	✓	✓	✓	✓
Thailand	✓	✓	✓	✓	✓	✓
Viet Nam	✓	✓	✓	✓	✓	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table 3.8c: Selected Management Practices of Revenue Bodies—Staff Integrity Mechanisms, 2018

Region/Economy	Selected Management Practices of the Revenue Body					
	Applies Specific Legislation to Address Staff Integrity	Applies Service-Wide Code of Conduct	Applies Own Code of Conduct	Surveys Stakeholders to Get Perceptions of Commitment to Integrity	Integrity Strategy	
					Formal Strategy in Place	Specific Integrity Plan in Place
Central and West Asia						
Afghanistan	✓	x	✓	✓	✓	✓
Armenia	✓	✓	✓	✓	x	x
Azerbaijan		✓	✓	x	x	...
Georgia	✓	✓	✓	✓	x	x
Kazakhstan	...	✓	x	...	...	...
Kyrgyz Republic	...	✓	✓	...	✓	...
Tajikistan	...	✓	✓	✓	x	x
Uzbekistan	✓	✓	✓	✓	✓	✓
East Asia						
China, People's Rep. of	✓	✓	✓	✓	✓	✓
Hong Kong, China	✓	✓	✓	x	x	x
Japan	...	✓	✓	x	✓	x
Korea, Rep. of	✓	✓	✓	✓	✓	✓
Mongolia	✓	✓	✓	x	x	x
Taipei, China	x	x	✓	✓	✓	✓
Pacific						
Australia	✓	✓	x	✓	x	x
Fiji	x	x	✓	x	✓	✓
New Zealand	✓	✓	✓	✓	✓	✓
Papua New Guinea	✓	✓	✓	x	✓	x
Samoa	...	✓	✓	✓	✓	✓
Solomon Islands	✓	✓	x	x	x	x
South Asia						
Bangladesh	✓	✓	✓	✓	✓	✓
Bhutan	✓	✓	✓	x	x	x
India	✓	x	✓	x	✓	✓
Maldives	✓	✓	✓	x	x	x
Sri Lanka	✓	✓	x	x	✓	x
Southeast Asia						
Cambodia	✓	✓	✓	✓	x	x
Indonesia	✓	✓	✓	✓	✓	✓
Lao PDR	✓	x	x	x	x	x
Malaysia	✓	✓	✓	✓	✓	✓
Myanmar	✓	✓	x	x	x	x
Philippines	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	x	✓	x
Thailand	✓	✓	✓	✓	✓	✓
Viet Nam	✓	✓	✓	...	...	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table 3.8d: Selected Management Practices of Revenue Bodies—Use of Taxpayer Satisfaction Surveys, 2018

Region/ Economy	Personal Taxpayers		Business Taxpayers		Tax Intermediaries	
	Surveys by Revenue Body/ External Agent	Findings Made Public	Surveys by Revenue Body/ External Agent	Findings Made Public	Surveys by Revenue Body/ External Agent	Findings Made Public
Central and West Asia						
Afghanistan	R	✓	R	✓	x	x
Armenia	A	✓	A	✓	A	✓
Azerbaijan	x	x	A	✓	x	x
Georgia	x	x	R	x	x	x
Kazakhstan	R	✓	R	✓	R	✓
Kyrgyz Republic	x	X	x	x	x	x
Tajikistan	R, A	✓	R, A	✓	R, A	✓
Uzbekistan	R	✓	R	✓	R	✓
East Asia						
China, People's Rep. of	R, A	✓	R, A	✓	x	x
Hong Kong, China	R	x	R	x	R	x
Japan	R	✓	R	✓	R	✓
Korea, Rep. of	R	x	R	x	R	x
Mongolia	R	x	R	x	x	x
Taipei, China	R, A	✓	R, A	✓	R, A	✓
Pacific						
Australia	A	✓	A	✓	A	✓
Fiji	R	x	R	x	R	x
New Zealand	A	✓	A	✓	A	✓
Papua New Guinea	x	x	x	x	x	x
Samoa	R	✓	R	✓	R	✓
Solomon Islands	x	x	x	x	R	✓
South Asia						
Bangladesh	x	x	x	x	x	x
Bhutan	x	x	x	x	x	x
India	x	x	x	x	x	x
Maldives	R	x	R	x	x	x
Pakistan	...	...	...	...	...	...
Sri Lanka	x	x	x	x	x	x
Southeast Asia						
Cambodia	R	x	R	x	R, A	x
Indonesia	R, A	✓	R, A	✓	x	x
Lao PDR	x	x	x	x	x	x
Malaysia	R	x	R	x	R	x
Myanmar	x	x	x	x	x	x
Philippines	R	x	R	x	R, A	x
Singapore	R, A	✓	R, A	✓	R, A	✓
Thailand	R	x	x	x	x	x
Viet Nam	R, A	✓	R, A	✓	R, A	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, A = external agent, Lao PDR = Lao People's Democratic Republic, R = revenue body.

Source: 2018 International Survey on Revenue Administration.

- Six revenue bodies (Bhutan, Lao PDR, Myanmar, Solomon Islands, Sri Lanka, and Viet Nam) indicated that they do not prepare and publish service delivery standards.

Performance Evaluation through External Stakeholders

- Around two-thirds of revenue bodies reported that they undertake periodic surveys of individuals or businesses, either by themselves or with the help of contracted external bodies, to assess clients' satisfaction with service delivery or overall performance. Similar surveys of tax intermediaries are carried out, although by fewer revenue bodies (see Table 3.8d and Figure 3.3). The fact that in many economies such surveys are carried out by the revenue body alone, and not by an expectedly more independent and objective external agent, is a matter of concern.
- Where surveys are conducted, the findings are published by around two-thirds of revenue bodies.

Internal Assurance and Risk Management

- All revenue bodies reported having a formal internal assurance mechanism, while the hiring of external auditors is also widely practiced.
- Around two-thirds of revenue bodies reported that they have an enterprise-wide risk policy, a topic discussed in more detail in Chapter V.

Annual Performance Reports

- The preparation of annual performance reports by revenue bodies is nearly universal practice. However, from the research done, both the format of the reports and the level of detail made public appear to vary considerably.

For revenue bodies that fall within the MOF structure, the performance report, though sometimes fairly limited in detail, appears to be commonly incorporated within the broader MOF performance report rather than being presented as a separate document devoted to tax administration. More autonomous revenue bodies, on the other hand, tend to publish separate and more detailed reports, in some cases (e.g., Australia, Indonesia, Maldives, and New Zealand) accounting for their performance against the goals and objectives reflected in their strategic and annual plans.

- Five revenue bodies reported that it is not their practice to publish an annual performance report (Cambodia, Mongolia, Myanmar, People's Republic of China, and Uzbekistan).

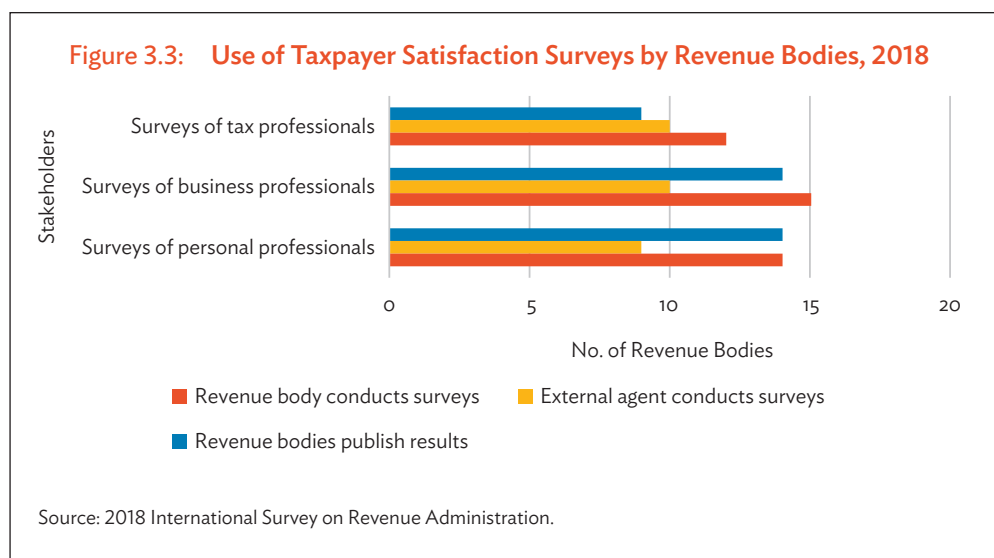
Staff Integrity

All revenue bodies must achieve high standards of integrity among their staff, since the proper functioning of the tax system relies fundamentally on maximizing voluntary compliance with the laws. High levels of voluntary compliance simply cannot be achieved in circumstances where large numbers of staff lack the level of integrity required to perform their roles properly and, as result, where the level of trust between the revenue body and its stakeholders is low.

From information published by ADB, the challenge is particularly acute in certain parts of the Asia and Pacific region where community perceptions of corruption are prevalent (e.g., Central and West Asia and Southeast Asia).²⁸

From the data gathered and presented in Table 3.8c, it is clear that many revenue bodies need to increase their efforts in this area—only 60% reported having a formal integrity strategy in place, and an even smaller number reported having a specific integrity action plan. More is said on this matter in Chapter V.

²⁸ ADB. 2018. *Key Indicators for Asia and the Pacific 2018*. Table 2.8.7: Governance (Corruption Perceptions Index data sourced from Transparency International). Manila.



C. Organization of Tax Administration Operations

1. Organizational Design

There is a variety of guidance from international bodies on the desirable features of a revenue body’s organizational design, generally emphasizing some common themes.²⁹ The preference, in brief, is for a body structured primarily on a functional basis, and with divisions dedicated to dealing with key taxpayer segments (e.g., large entities, and small and medium enterprises)—in reality, a “hybrid” form of organizational model based largely on functional and taxpayer segment design criteria.

In addition, a number of other important “structural” aspects are seen to underpin the efficient and effective administration of the tax laws. As noted in Box 3.1:

- The revenue body should have a sufficiently resourced and empowered headquarters operation to oversee all aspects of administration at the regional and local levels.
- Office networks for tax administration operations (e.g., service delivery, debt collection, and verification) should be designed to take into account viable critical mass and economic considerations, with specialist national or regional centers for some functions.

Organization of Revenue Administration in Asia and the Pacific

For this report, revenue bodies were asked to describe the type of organizational structure in place and to specify particular features and characteristics of their structure, including their office networks (Table 3.9, and Appendix Tables A.6, A.7, and A.15). Key observations and observations on all of these matters are set out here.

²⁹ For example: World Bank. 2010. *Integration of Revenue Administration: A Comparative Study of International Experience*. Washington, DC; M. Kidd. 2010. *Revenue Administration: Functionally Organized Administration*. Washington, DC: International Monetary Fund; and European Commission. 2007. *Fiscal Blueprints: A Path to a Robust, Modern and Efficient Tax Administration*. Luxembourg.

Table 3.9: Features of Revenue Bodies' Internal Organization Structure, 2018

Region/Member	Key Design Criteria for Structure	Location of Majority of Staff for Main Functions of Revenue Body						
		Registration, Return Filing, and Payment	Debt Collection	Tax Fraud/Serious Evasion	Appeal and Dispute Resolution	Audit/Other Checks	Phone Services	Tax Agents
Central and West Asia								
Afghanistan	T, TPS	R	R	R	C	R	C	R
Armenia	F	L	C	C	C	C	C	n.a.
Azerbaijan	F	R	R	C	C	R	C	C
Georgia	F	L	L	n.a.	C	C	C	n.a.
Kazakhstan	All	L	L	L	R	L	L	n.a.
Kyrgyz Republic	F, TPS	...	R	...	C	C, R	...	...
Tajikistan	F, TPS	L	L	L	L	L	L	L
Uzbekistan	F	L	L	R	R	R	L	L
East Asia								
China, People's Rep. of	T	L	L	L	L	L	L	L
Hong Kong, China	T, F	C	C	C	C	C	C	C
Japan	All	L	L	R	R	L	R	L
Korea, Rep. of	F	L	L	R	R	R	L	L
Mongolia	F	L	L	L	R	L	C	n.a.
Taipei, China	F	L	L	L	C	L	L	R
Pacific								
Australia	All	R	R	R	R	R	R	R
Fiji	T	L	L	C	C	L	L	C
New Zealand	TPS	C	C	R	C	R	C	C
Papua New Guinea	F	R	R	C	C	C	C	R
Samoa	F	C	C	C	C	C	C	C
Solomon Islands	T	C	C	C	C	C	C	C
South Asia								
Bangladesh	All	R	R	R	R	R	R	R
Bhutan	T, F	R	C, R	C, R	C, R	R	R	R
India	F	L	L	L	R	L	C	C
Maldives	F	C	C	C	C	C	C	C
Sri Lanka	F	R	R	C	C	R	R	C
Southeast Asia								
Cambodia	F, TPS	L	L	C	C	L	C	...
Indonesia	All	L	L	R	R	L	C	C
Lao PDR	All	C	C	R	R	C	R	n.a.
Malaysia	F	L, C	L	C	C	L	L	L
Myanmar	T	L	L	L	C	L	L	L
Philippines	F, TPS	L	L	L	L	L	L	L
Singapore	All	C	C	C	C	C	C	C
Thailand	F, T	L	L	C	R	L	C	L
Viet Nam	All	L	L	L	L	L	L	n.a.

... = data not available at cutoff date, n.a. = not applicable, C = centralized, F = function, H = hybrid, L = localized, Lao PDR = Lao People's Democratic Republic, R = regionalized, T = tax, TPS = taxpayer.

Source: 2018 International Survey on Revenue Administration.

Overall Organizational Design

- The vast majority of revenue bodies reported having an organization structure based on a mix of criteria (type of function, taxpayer, and tax), with the functional criterion dominating.
- Tax administration in a very few economies (e.g., Bangladesh, India, and Malaysia) is organized fundamentally on a type-of-tax basis, with separate direct and indirect tax divisions or even separate organizations.
- In the few economies with combined tax and customs administrations (e.g., Bangladesh, Fiji, and Kazakhstan), the organizational models adopted generally fall into two categories:
 - Separate organizational units, each dealing with tax and customs functions, with shared services for functions such as HRM, information technology (IT), and finance; and
 - More integrated tax and customs units, also with shared services. The Fiji Revenue and Customs Service (FRCS) is structured along these lines.
- All revenue bodies surveyed reported having dedicated functions for enforced tax debt collection, investigation of tax fraud cases, and the handling of disputes and appeals.
- Survey data on the configuration of tax administration functions across revenue bodies' office networks were difficult to interpret for some economies and it is possible that there is some inconsistency in the data reported. However, over one-third of the revenue bodies reported that the audit function is carried out from local offices, a practice many revenue bodies avoid, given the potential for audit officials to become too friendly with their client taxpayers.

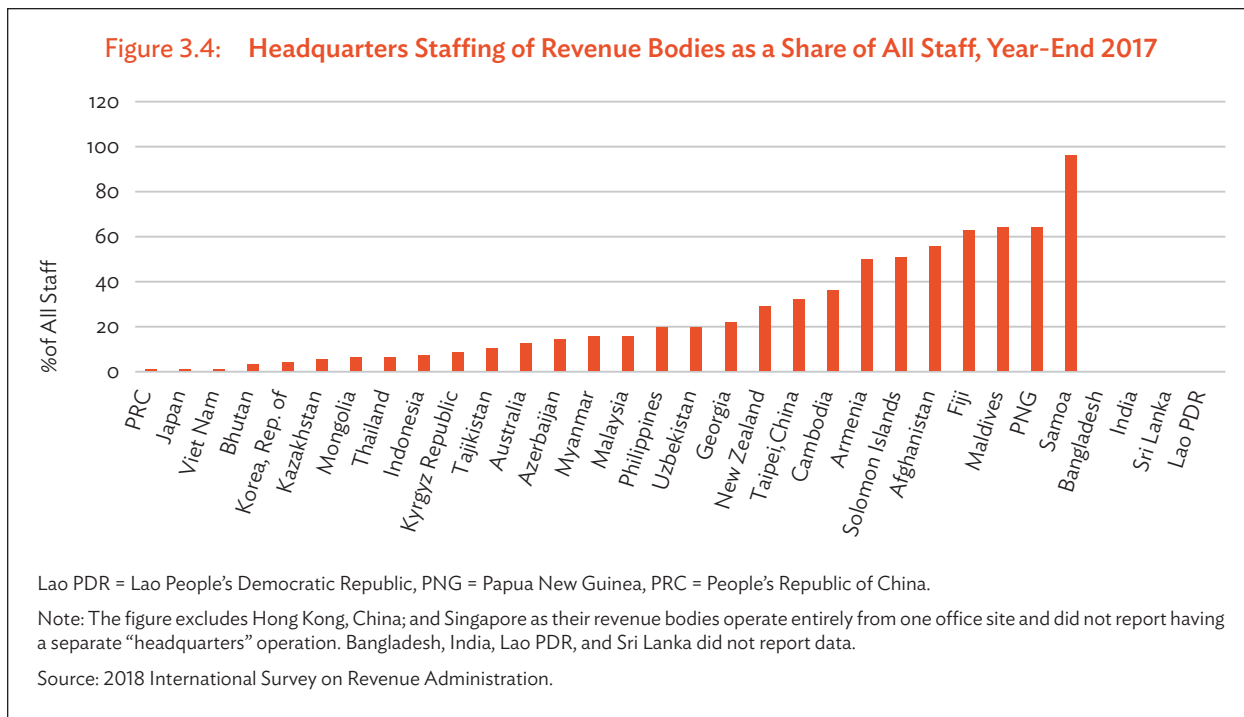
The Headquarters Operation

Data on the staffing of revenue bodies' headquarters operations are shown in Appendix Table A.7 and Figure 3.4. There are enormous variations in the relative size of the headquarters operation across the region, most likely attributable to one or more of the following factors:

- Fundamental differences in the perceived role of a national headquarters operation, ranging from the adoption of a relatively centralized approach to national direction setting and program design, development, and management, to an approach that is more decentralized, where, for example, operational management responsibilities are delegated largely to a "regional" layer of management;
- In economies where the revenue body forms part of the structure of the ministry of finance, the delivery of some support functions (e.g., finance, HRM, internal assurance, and media operations) on a "shared services" basis, without being reflected within the formal structure of the revenue body;
- Some outsourcing of traditional headquarters functions (e.g., HRM and IT aspects); and
- Colocation and integration of both headquarters functions and all operational functions within a single office site, in relatively small economies with concentrated populations (e.g., Hong Kong, China; Samoa; and Singapore), where such an arrangement makes economic and practical sense.

Office Networks

- Office networks vary considerably in size and composition across revenue bodies in the region, ranging from fully or largely centralized operations (in geographically small economies such as Hong Kong, China; Samoa; and Singapore) to very large office networks (in economies such as Bangladesh, with 980 offices; Thailand, with 983; and Viet Nam, with 776). See Appendix Table A.6.
- Deeper analysis of the data reported across all revenue bodies, taking into account the overall size of the workforce, reveals fundamental differences in the approaches taken to network design at the individual economy level (Figure 3.5).
- Many of the revenue bodies with very large office networks reported having few functions established on a regional or national basis (e.g., call centers and service or processing centers), indicating opportunities for major consolidation and efficiency gains.

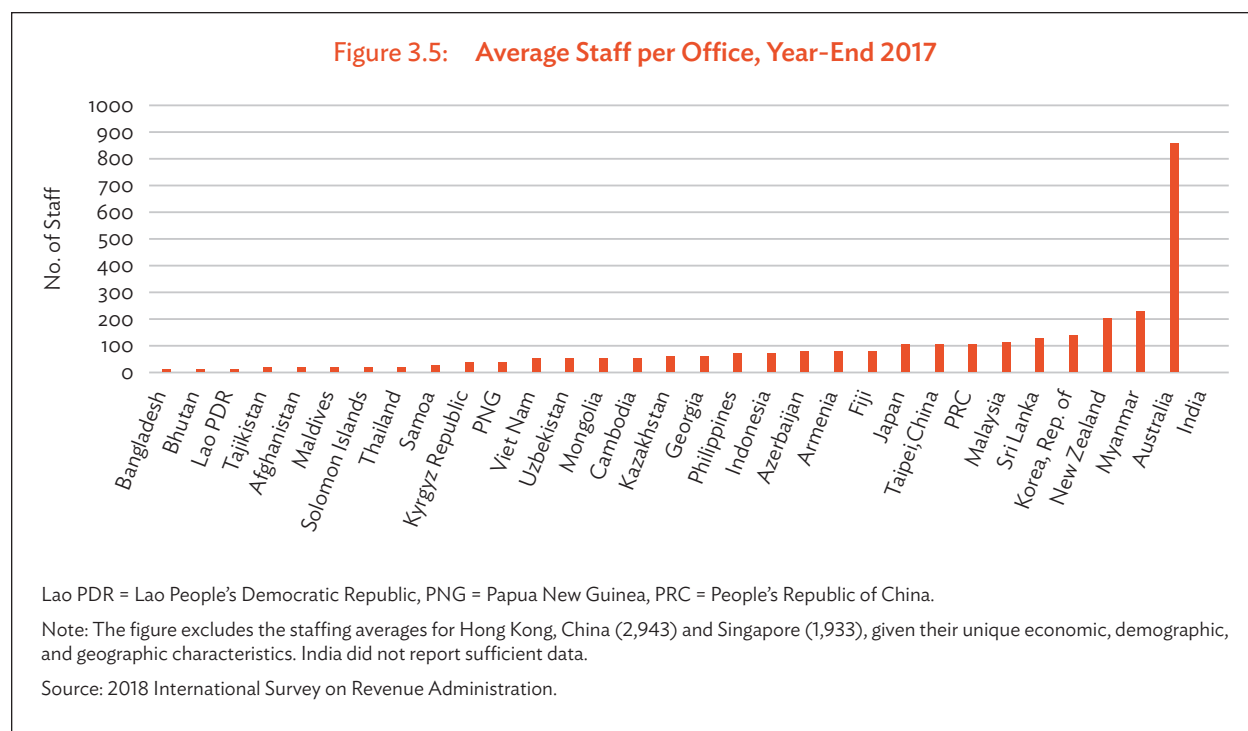


- Around one-third of revenue bodies surveyed reported the use of dedicated processing centers in which bulk taxpayer information processing work is concentrated, as well as the use of national and regional service centers (including call center operations).

There is no model or formula for determining the optimal size of a revenue body’s office network. Each revenue body must assess what is appropriate in light of prevailing demographic, geographic, social, and political circumstances. However, tax system management considerations (e.g., efficiency, service delivery, and ease of management) are also relevant, and there has been a clear trend globally over recent decades for revenue bodies to modernize their office networks through extensive programs of organizational streamlining, restructuring, and flattening of management structures, as well as the effective use of modern technology and the outsourcing of some functions, to operate more efficiently and effectively (Box 3.5).

Management of Large Taxpayers

- Over 80% of revenue bodies surveyed reported having a dedicated large taxpayer unit (LTU) in 2018. The exceptions were Bhutan; Hong Kong, China; the Republic of Korea; Solomon Islands; Taipei, China; and Uzbekistan (Appendix Table A.15). Officials from Uzbekistan reported that a new Interregional Inspectorate for Large Taxpayers commenced operations in January 2019.
- There is significant variation in the organizational design of LTUs, ranging from LTUs with largely a full range of functions that provide end-to-end processing of taxpayers’ affairs (e.g., as seen in Bangladesh, Mongolia, and New Zealand) to setups where the LTU provides only service and audit functions (e.g., in Australia, the People’s Republic of China, Singapore, and Viet Nam).
- Around half of the revenue bodies surveyed reported that their LTUs include a dispute resolution function, an arrangement that in some economies has been criticized on the grounds that it lacks sufficient independence.



Outsourcing of Work and Required Services

Outsourcing, or third-party service delivery, refers to the use of parties outside an organization to provide required services. While revenue bodies can provide most of the services they require “in-house,” for some tasks and responsibilities it may be more efficient for them, or less burdensome for taxpayers, to use external third parties (e.g., banks for collecting tax payments from taxpayers). In some economies, these services are provided by other government bodies and revenue bodies and other government agencies are mandated to make use of them (e.g., for IT services and legal services).

Revenue bodies surveyed were presented with a broad menu of services and requested to indicate whether outsourcing was used and, if so, whether the services were provided by another government body, private sector bodies, or both. Data from revenue bodies pointing to the types of services most often outsourced in 2017 are presented in Table 3.10.

As will be evident, the services most commonly acquired through a third party were the collection of tax payments, and the provision of data processing, ICT, security, personnel training, and legal services via government or private sector bodies, or both.

Box 3.5: Strategies Adopted to Streamline the Office Networks of Revenue Bodies

- Applying advances in modern technology by rapidly expanding the use of electronic filing and electronic payments, thereby eliminating much of the traditional work of local offices and consolidating bulk data processing into a relatively few locations.
- Eliminating the collection of tax payments at local and regional offices and requiring taxpayers to use electronic payment methods or to make tax payments through collection agents (e.g., banks).
- Making more effective use of the internet and dedicated phone inquiry centers to deliver services to taxpayers, reducing the volume of personal or face-to-face contacts in local offices.
- Moving most, if not all, audit work from small local offices and consolidating valuable audit expertise at larger regional sites, while at the same time reducing the risks associated with audit staff being too familiar with the taxpayers of small local offices.
- Strengthening the strategic and operational management capability of the headquarters function by expanding its role and increasing its resources.
- Reconfiguring office networks into a small number of larger offices as part of organizational streamlining and flattening of management structures, to facilitate control by headquarters.

Source: Authors' compilation.

Table 3.10: Use of Third Parties for Operations of Revenue Bodies, 2018

Nature of Service	Services Provided by Third Parties and Category of Service Supplier		
	Another Government Entity	Private Sector	Another Government Entity and Private Sector
Cash/Banking	Hong Kong, China; Lao PDR; Uzbekistan	Azerbaijan; Australia; Cambodia; Georgia; Japan; Malaysia; Mongolia; New Zealand; Republic of Korea; Solomon Islands; Taipei, China	India; Singapore; Tajikistan
Client Services	Cambodia; Lao PDR		Kazakhstan; PRC; Republic of Korea; Sri Lanka; Uzbekistan
Data Processing	Lao PDR; Mongolia	Taipei, China	Republic of Korea
Debt Collection	Bhutan; Lao PDR; PRC; Uzbekistan		Kazakhstan
ICT Services	Lao PDR; Solomon Islands	Armenia; Azerbaijan; Malaysia; Singapore; Taipei, China	Afghanistan; Australia; Cambodia; Indonesia; Republic of Korea; PRC; Sri Lanka; Tajikistan; Uzbekistan
Security	Afghanistan; Azerbaijan; Georgia; Solomon Islands	Australia; India; Indonesia; New Zealand; Singapore	Cambodia; India; Malaysia; PRC; Republic of Korea; Taipei, China; Tajikistan
Payroll	Azerbaijan; Hong Kong, China; Solomon Islands	Indonesia; Cambodia	
Personnel Training	Hong Kong, China; Lao PDR	Solomon Islands	Afghanistan; Australia; Georgia; Indonesia; Kazakhstan; Malaysia; Maldives; New Zealand; PRC; Republic of Korea; Singapore; Tajikistan
Legal Services	Australia; Hong Kong, China; Kazakhstan	Sri Lanka	Taipei, China

Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: 2018 International Survey on Revenue Administration.

IV. Use of Modern Technology in Tax Administration

This chapter deals briefly with the role of technology in tax administration across the region. It has three parts. The first part addresses the topic of the core information systems that all revenue bodies require to carry out their fundamental operations, the second looks at the range of e-services and mobile applications available to taxpayers, and the third focuses on the emergence of new technologies and approaches and the opportunities they present for the fundamental redesign of tax administration business models and services.

A. Provision of Primary or Core Information Technology Systems

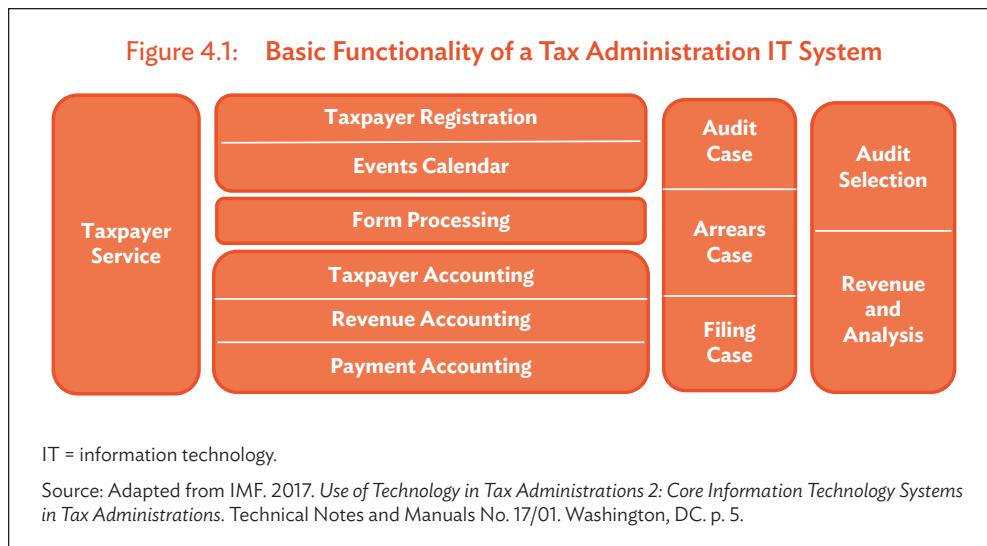
At the core of tax administration are the essential processes of capturing, processing, analyzing, and responding to information provided by taxpayers and others concerning taxpayers' tax affairs. These processes include the registration of taxpayers, the processing of tax returns, the recording of taxpayer's tax liabilities and payments, risk assessment, and systematic follow-up actions required when some form of intervention is called for (e.g., the collection of a tax debt, enforcement of the filing of overdue returns, or an audit) (see Figure 4.1).

Given the enormous volume of data involved and the vast number of taxpayers to be administered, it is now widely accepted that revenue bodies require a comprehensive and well-integrated set of IT application systems—referred to in this report as primary or core IT systems—for efficient and effective administration. Achieving this outcome is a significant challenge for all revenue bodies, and particularly for those in developing economies, where funding is mostly limited and the requisite knowledge and professional expertise are likely to be difficult to procure.

Primary or Core Information Technology Systems in Asia and the Pacific

For this report, revenue bodies were requested to indicate whether their primary or core IT systems were developed primarily in-house, acquired from an external developer, or acquired through a combination of these approaches. They were also asked to state whether the systems were largely custom-built or acquired using commercial off-the-shelf (COTS) packages. The distinction between these two approaches to systems enhancement, described in Box 4.1, is drawn from practical guidance on this topic published by the IMF Fiscal Affairs Department in early 2017.

Revenue bodies submitted a mix of responses, but in the main there is a clear tendency to rely fully or in part on external providers for some or all of the required systems development (Table 4.1). Regarding the type of product acquisition approach adopted, most revenue bodies reported that they use a mix of solutions (custom-built and COTS). But only a small number gave specific details about the COTS solutions used, and only a few examples can be identified: (i) the Automated System for Customs Data (ASYCUDA) for customs administration (Fiji and Samoa); (ii) the GenTax integrated tax processing software package (New Zealand); and (iii) the Standard Integrated Government Tax Administration System (SIGTAS) for tax revenue accounting and control (PNG).



Box 4.1: Build or Buy Primary or Core Information Technology Systems?

Build (Custom-Developed Solutions from External or Internal Experts). In custom-developed solutions, individual sets of programs are conceived, designed, and developed into a system by internal or external experts. A skilled and comprehensive analysis, design, and development team must be hired, or created and maintained. This process uses a traditional and lengthy “waterfall approach” requiring the detailed design to be confirmed before systems building can progress.^a In the case of core tax systems, this process is long and detailed, and often requires a level of knowledge—about how the systems and procedures should ideally operate in the future—that a tax administration simply does not have. Nevertheless, once the design is developed, it is “locked in,” so technical design and building can proceed. The teams then develop a new system that is extensively tailored to the specified business needs. Worldwide trends indicate a decline in the use of the custom development approach as more viable commercial products have become available.

Buy (Commercial Off-the-Shelf Solutions). Core systems solutions that embody good-practice features of tax administrations have emerged and matured in the marketplace. These solutions, although configurable to cater to differences between administrations, are designed to be put in place without major customization, but inevitably lead to some form of redesign within the organization to accommodate their features. The existence of these packaged systems presents a significant opportunity to administrations. Not only do they represent a modern systems suite that has been designed with reference to other revenue bodies, they also embody (and in some cases prescribe) the same level of knowledge and experience in their inherent business processes.

^a The consecutive steps in a waterfall approach are: conceptual design, detailed requirement specification, analysis, detailed design, building, testing, deployment, and review.

Source: IMF. 2017. *Use of Technology in Tax Administrations 2: Core Information Technology Systems in Tax Administrations*. Technical Notes and Manuals No. 17/02. Washington, DC. p. 3.

Table 4.1: Development and Acquisition of Core Information Technology Systems by Revenue Bodies, 2018

Region/Economy	Development Approach Adopted for Core IT Solutions			Types of ICT Solutions Acquired from External Providers		
	Solutions Developed In-House	Solutions from External Supplier	Both Approaches Used	COTS Solutions	Custom-Built Solutions	Mix of Both Solutions
Central and West Asia						
Afghanistan			✓			✓
Armenia			✓		✓	
Azerbaijan		✓			✓	
Georgia	✓		
Kazakhstan		✓				✓
Kyrgyz Republic			✓			✓
Tajikistan			✓			✓
Uzbekistan	✓		
East Asia						
China, People's Rep. of			✓			✓
Hong Kong, China	✓		
Japan			✓		✓	
Korea, Rep. of			✓		✓	
Mongolia			✓			✓
Taipei, China			✓			✓
Pacific						
Australia		✓				✓
Fiji			✓			✓
New Zealand			✓			✓
Papua New Guinea		✓		✓		
Samoa			✓			✓
Solomon Islands		✓		✓		
South Asia						
Bangladesh		✓				✓
Bhutan			✓			✓
India	✓					✓
Maldives	✓		
Sri Lanka		✓			✓	
Southeast Asia						
Cambodia	✓		
Indonesia	✓		
Lao PDR	✓					✓
Malaysia	✓		
Myanmar		✓			✓	
Philippines			✓			✓
Singapore			✓			✓
Thailand			✓		✓	
Viet Nam		✓				✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, COTS = commercial off-the-shelf, ICT = information and communication technology, IT = information technology, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Major Systems Redevelopment

Most revenue bodies at some stage require fundamental redesign and replacement of some or most of their core systems. The question then arises as to whether a major in-house redevelopment program should be embarked on, or whether a comprehensive COTS-based solution can feasibly be acquired. As noted in the IMF guide mentioned earlier, COTS-based core tax system solutions that embody good practices have emerged and matured in the marketplace over the last decade or so, presenting a potentially attractive option for revenue bodies wishing to undertake major redevelopment.

Within the region, several revenue bodies are known to have recently acquired COTS solutions to meet their reform objectives, while the New Zealand Inland Revenue Department (NZIR) is well advanced with its major transformation program, which relies on the adaptation of a COTS packaged solution (GenTax).

Elsewhere, revenue bodies in Finland and Poland have also undertaken major COTS-based redevelopment in recent years, and have adapted the GenTax solution. The Finnish program is the subject of a recent report prepared for the OECD Forum on Tax Administration and presented in the form of a handbook to guide other revenue bodies contemplating such an approach.³⁰ The handbook contains practical advice and recommendations for consideration when purchasing, implementing, and maintaining a COTS-based solution. Topics addressed include (i) the procurement process (e.g., selection criteria, drafting of the request for proposals, contractual issues); (ii) the type and extent of planning needed; (iii) implementation aspects, including system requirements and conversion between systems; and (iv) maintenance and production support. The handbook also provides a wealth of practical insights from the experience of Finnish revenue body officials, and should be of considerable interest to others considering a similar development strategy.

Other useful references on this topic prepared by the IMF Fiscal Affairs Division are as follows:

- *Use of Technology in Tax Administrations 1: Developing an Information Technology Strategic Plan (ITSP)*. Technical Notes and Manuals No. 17/01. Washington, DC. <https://www.imf.org/en/Publications/TNM/Issues/2017/03/15/Use-of-Technology-in-Tax-Administrations-1-Developing-an-Information-Technology-Strategic-44714>.
- *Use of Technology in Tax Administrations 2: Core Information Technology Systems in Tax Administrations*. Technical Notes and Manuals No. 17/02. Washington, DC. <https://www.imf.org/en/Publications/TNM/Issues/2017/03/15/Use-of-Technology-in-Tax-Administrations-2-Core-Information-Technology-Systems-in-Tax-44689>.
- *Use of Technology in Tax Administrations 3: Implementing a Commercial-Off-the-Shelf (COTS) Tax System*. Technical Notes and Manuals No. 17/3. Washington, DC. <https://www.imf.org/en/Publications/TNM/Issues/2017/03/15/Use-of-Technology-in-Tax-Administrations-3-Implementing-a-Commercial-Off-The-Shelf-COTS-Tax-44719>.

B. Use of E-services and Mobile Applications for Taxpayers

Over the last 2 decades, revenue bodies around the world have been quick to exploit the use of new technologies, particularly for their mainstream tax collection and assessment processes and the provision of services to taxpayers and their representatives. The reasons for this are obvious. The use of technology by citizens and businesses has also grown exponentially and in profound ways over this period, presenting revenue bodies with opportunities to take advantage of this development by offering new services and, for some processes, fundamentally changing the way tax administration is conducted.

³⁰ OECD. 2019. *Introducing a Commercial Off-The-Shelf Software Solution*. Paris: OECD Publishing. <https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/introducing-a-commercial-off-the-shelf-software-solution.htm>.

E-services and Mobile Applications for Taxpayers in Asia and the Pacific

The ISORA survey specified a menu of electronic services and mobile apps seen in revenue bodies globally and sought an indication as to whether similar products were offered by revenue bodies in the region. Responses are set out in Tables 4.2 and 4.3, and the key observations are as follows:

Electronic Services

- With minor exceptions, all revenue bodies offer a website with general tax-related information; however, basic research into revenue bodies' websites indicated significant variation in the comprehensiveness of the information provided and the ease of navigation.
- Most revenue bodies reported offering tools and calculators for taxpayers' use.
- Around 60% of revenue bodies reported that they have a system of integrated taxpayer accounts providing a "whole of taxpayer" view, largely benefiting businesses that typically have multiple tax-related responsibilities.
- Just over two-thirds of revenue bodies reported that the services they offer include the ability for taxpayers to make online transactions (e.g., electronic filing of returns).
- Around one-half reported offering some form of electronic invoicing system to support businesses.
- Just under one-half reported that (some) taxpayers can view taxpayer information captured from third parties (e.g., employers).
- Just over two-thirds reported that they offer a digital mailbox capability for electronic communication with taxpayers.
- As a whole, the responses indicate that a number of revenue bodies across the region still have a considerable way to go to provide their taxpayers with a modern and comprehensive set of electronic services.

Mobile applications

- Relatively few revenue bodies offer a comprehensive range of mobile applications; only six (those in Australia; India; PRC; Republic of Korea; Taipei,China; and Thailand) offer four or more of the services from the menu used in the ISORA survey.
- Across the small number of revenue bodies offering these services, the more common services available are (i) access to information and guidance materials, (ii) access to a taxpayer's account, (iii) access to an inquiry service, and (iv) the ability to make tax payments.

Electronic Filing of Tax Returns

- Survey data on returns filed using electronic filing arrangements are set out in Appendix Tables A.8a and A.8b, while use of electronic filing is shown in Figures 4.2, 4.3, and 4.4. The key observations are as follows:

Corporate Income Tax

- Around two-thirds of revenue bodies reported having introduced electronic filing for corporate income tax returns. However, rates of use of electronic filing vary enormously (see Figure 7.2), most likely because of a variety of factors (e.g., tax system complexity, the age of the system, resource availability, and the use of mandatory filing obligations).
- Revenue bodies reporting very high levels of electronic filing (over 90%) for 2016 and/or 2017 are those in Armenia, Australia; Azerbaijan; Bhutan; Georgia, India; Malaysia; Mongolia; the Republic of Korea; and Taipei,China. For some (e.g., Mongolia's revenue body), mandatory e-filing obligations were in place in 2016 and 2017.

Value-Added Tax

- The extent to which electronic filing is used for VAT is not entirely clear from survey data, as quite a number of revenue bodies known to have introduced this service in prior years did not report data for 2016 and 2017.

Table 4.2: Electronic Services Provided by Revenue Bodies to Taxpayers, 2018

Region/Economy	Types of E-services Offered to Taxpayers						
	Information on Website	Tools and Calculators on Website	Access to Integrated Taxpayer Accounts	Online Services (e.g., E-filing)	Electronic Invoicing System for Businesses	Access to Taxpayer Data from Third Parties	Digital Mailbox
Central and West Asia							
Afghanistan	✓	✓	✓	x	x	x	x
Armenia	✓	✓	✓	✓	✓	x	✓
Azerbaijan	✓	✓	x	✓	✓	x	✓
Georgia	✓	✓	✓	✓	✓	✓	✓
Kazakhstan	✓	✓	✓	✓	✓	✓	✓
Kyrgyz Republic	✓	✓	✓	✓	x	x	x
Tajikistan	✓	✓	✓	✓	✓	x	x
Uzbekistan	✓	✓	x	✓	✓	✓	✓
East Asia							
China, People's Rep. of	✓	✓	x	✓	✓	✓	✓
Hong Kong, China	✓	✓	✓	✓	x	x	✓
Japan	✓	✓	x	✓	x	✓	x
Korea, Rep. of	✓	✓	✓	✓	✓	✓	✓
Mongolia	✓	x	x	x	x	x	x
Taipei, China	✓	✓	✓	✓	✓	✓	✓
Pacific							
Australia	✓	✓	✓	✓	x	✓	✓
Fiji	✓	✓	x	x	x	x	x
New Zealand	✓	✓	✓	✓	✓	✓	✓
Papua New Guinea	✓	✓	x	x	✓	✓	✓
Samoa	✓	✓	✓	x	x	x	✓
Solomon Islands	✓	✓	x	x	x	x	✓
South Asia							
Bangladesh	✓	✓	...	x	✓	✓	✓
Bhutan	✓	✓	✓	✓	x	x	✓
India	✓	✓	✓	✓	x	x	✓
Maldives	✓	✓	✓	✓	x	x	✓
Sri Lanka	✓	✓	x	✓	x	x	✓
Southeast Asia							
Cambodia	✓	✓	x	x	✓	x	✓
Indonesia	✓	✓	✓	✓	✓	✓	✓
Lao PDR	✓	✓	✓	✓	x	x	x
Malaysia	✓	✓	✓	✓	x	x	✓
Myanmar	x	x	x	x	x	x	x
Philippines	✓	x	x	x	x	x	x
Singapore	✓	✓	✓	✓	x	✓	✓
Thailand	✓	✓	x	✓	✓	✓	✓
Viet Nam	✓	✓	✓	✓	✓	✓	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

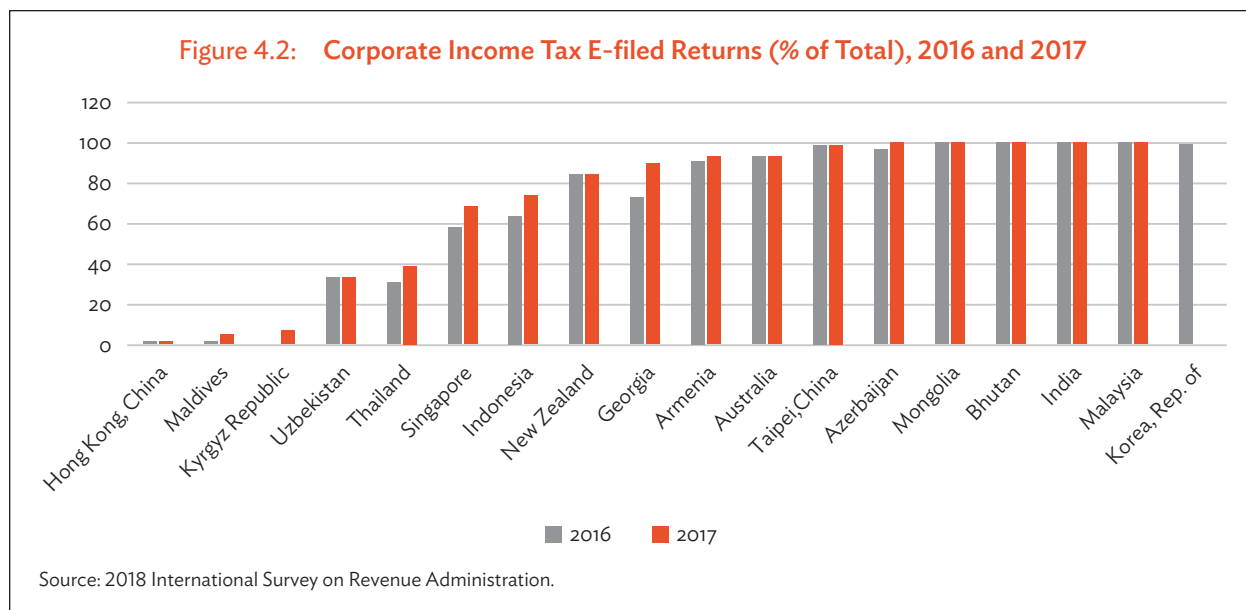
Source: 2018 International Survey on Revenue Administration.

Table 4.3: Mobile Applications Provided by Revenue Bodies to Taxpayers, 2018

Region/ Economy	Availability of Mobile Applications	Services Offered to Taxpayers via Mobile Devices and Applications					
		Information/ Guidance Materials	Access to Taxpayer Account	Access to Inquiry Service	Payment of Taxes	Reporting of Tax Offenses	Other Services
Central and West Asia							
Afghanistan	✓	✓	x	✓	x	✓	x
Armenia	x						
Azerbaijan	✓	✓	x	✓	x	✓	x
Georgia	✓	x	✓	x	x	x	✓
Kazakhstan	✓	x	x	x	x	✓	x
Kyrgyz Republic	...	...	...	...	...	...	...
Tajikistan	x						
Uzbekistan	x						
East Asia							
China, People's Rep. of	✓	✓	✓	✓	✓	x	x
Hong Kong, China	x						
Japan	✓	x	✓	x	x	x	x
Korea, Rep. of	✓	✓	✓	✓	✓	✓	x
Mongolia	x						
Taipei, China	✓	✓	✓	✓	✓	✓	x
Pacific							
Australia	✓	✓	✓	✓	✓	✓	x
Fiji	x						
New Zealand	x						
Papua New Guinea	x						
Samoa	x						
Solomon Islands	x						
South Asia							
Bangladesh	x						
Bhutan	✓	x	x	x	✓	x	x
India	✓	✓	✓	✓	✓	x	x
Maldives	x						
Sri Lanka	x						
Southeast Asia							
Cambodia	x						
Indonesia	x						
Lao PDR	x						
Malaysia	✓	✓	✓	✓	✓	x	x
Myanmar	x						
Philippines	✓	x	x	x	✓	x	x
Singapore	x						
Thailand	✓	✓	x	✓	x	✓	x
Viet Nam	x						

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.



- Revenue bodies reporting very high levels of electronic filing (over 90%) for 2016 or 2017, or both years, are those in Armenia, Azerbaijan, Georgia, Indonesia, Mongolia, Singapore, and Taipei, China. For a number of these economies, mandatory e-filing obligations were in place in 2016 and 2017 (Figure 4.3).

Personal Income Tax

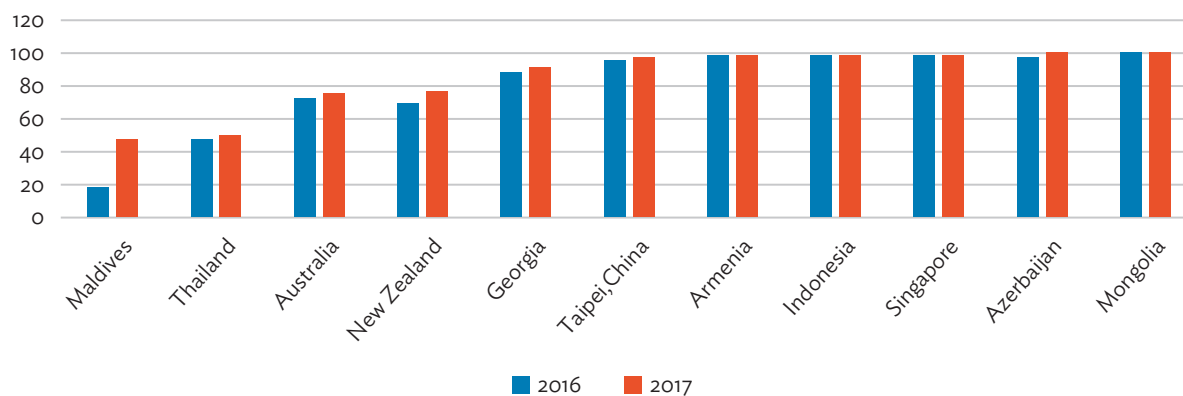
- Around 60% of revenue bodies reported that an electronic filing system had been introduced for personal income tax returns. For a number of these revenue bodies, the automated arrangements include a system of prefilling tax returns (see Box 4.2).
- Revenue bodies reporting very high levels of electronic filing or prefilling (over 90%) for 2016 or 2017, or both years, are those in Armenia, Australia, Azerbaijan, Georgia, India, Malaysia, Mongolia, New Zealand, the Republic of Korea, Singapore, and Taipei, China (Figure 4.4). For a number of these economies (e.g., Mongolia's revenue body), mandatory e-filing obligations were in place for 2016 and 2017.
- Revenue bodies in Malaysia, Singapore, and Taipei, China also reported the use of prefilled tax return systems for some of their taxpayer population—up to 60% in 2017 in the case of Singapore. A combination of electronic filing and prefilling has enabled these revenue bodies to achieve a very high level of automation for the processing of personal income tax returns.

Electronic Payment of Taxes

The payment of taxes is another important and significant work stream for taxpayers (particularly businesses) and revenue bodies, and one where the use of modern payment systems can deliver significant benefits to taxpayers, revenue bodies, government, and the financial sector.

Like other types of services, the methods available for making tax payments vary in terms of their maturity in a technological sense, with implications for their overall costs, including the burden they impose on taxpayers. Work done by the OECD has sought to provide practical guidance on this matter through the use of an “e-payment maturity model,” which sets out the full range of methods potentially available to revenue bodies, the types of costs

Figure 4.3: E-filed VAT Returns, as a Percentage of Total VAT Returns, 2016 and 2017 (%)



VAT = value-added tax.

Source: 2018 International Survey on Revenue Administration.

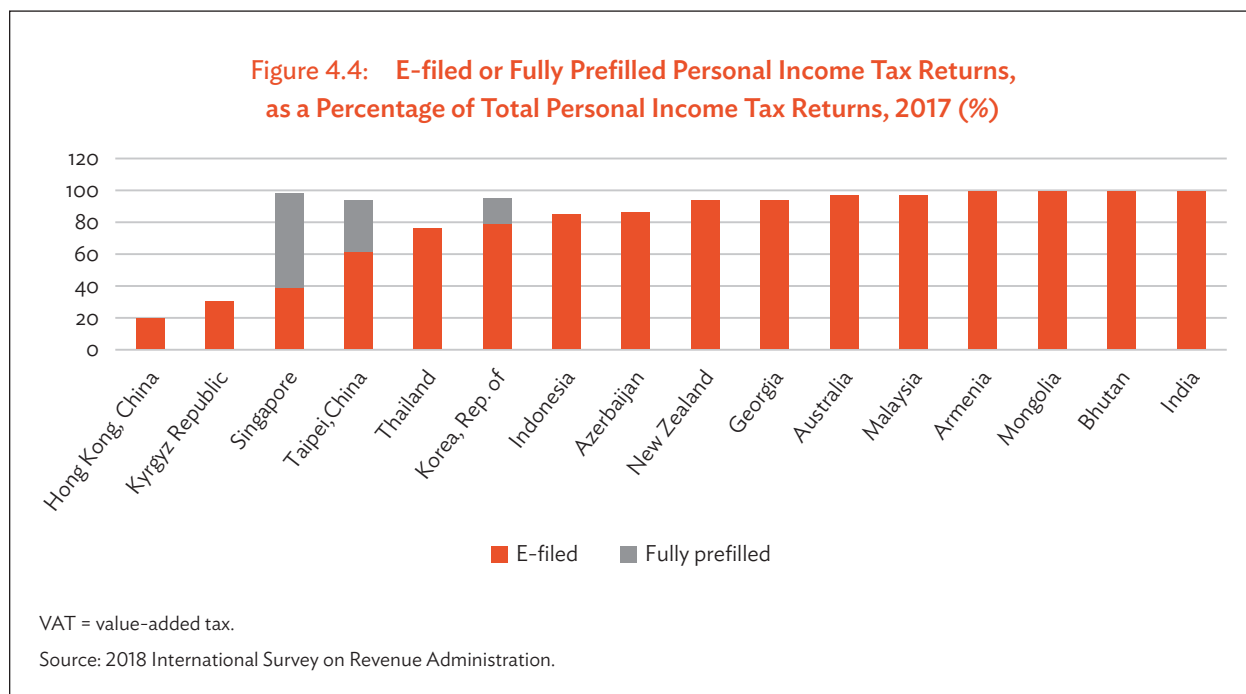
Box 4.2: Prefilled Tax Returns

One of the more significant developments in tax return administration by revenue bodies over the last decade or so is the emergence of systems of prefilled tax returns for the personal income tax.

Prefilling entails the use by revenue bodies of information they hold (e.g., taxpayer identity information, taxpayer history, third-party reports of income and deductions) to populate fields in tax returns that are made available (generally online) to taxpayers for their examination. Depending on the degree of sophistication of the service and the legislative frameworks in place, fully or partially completed tax returns can be made available to taxpayers in electronic or paper form, or both. In their most advanced form—for example, as seen in most economies in the Nordic region—tax return preparation has been fully automated for the vast majority of citizens.

Historically, much of the third-party reporting provided to revenue bodies has enabled tax returns to be checked “downstream” (after their initial processing). While checking of this nature can be highly productive in revenue terms, it does entail the deferred collection of taxes on unreported income and is annoying to taxpayers who receive amended assessments, sometimes with penalties and interest included. Systems of prefiling enable taxpayers to view third-party data “upstream” in the return preparation process, reducing the incidence or errors in tax returns that are filed with the revenue body and the reverse workflows associated with post-assessment validation processes.

Source: Authors’ compilation.





typically incurred with each method, and a judgment as to the degree of automation and overall costs involved (Figure 4.5).³¹ As the model indicates, costs can be reduced significantly when moving from fully manual methods to the use of electronic/online payment methods initiated by the taxpayers themselves.

For this report, revenue bodies were requested to indicate the types of payment “channels” available to taxpayers and to provide data on their relative use (Appendix Table A.9). Over 30% of revenue bodies were unable to report usage data; as a result, the observations that can be made are limited to around two-thirds (24) of those surveyed.

- As a whole, there is considerable potential for most revenue bodies (and their client taxpayers) to benefit from more streamlined and efficient payment methods.
- In just one-half of those revenue bodies reporting data, over two-thirds of payments are received via collection agents—a relatively costly mode of payment that requires taxpayers to pay in person at offices of collection agents (typically, a bank).
- Six revenue bodies reported the use of an “in-house” payment service, generally regarded as the most costly mode of payment overall. For three revenue bodies (including those in PNG and Thailand), this was a significant mode of payment in 2017.
- A promising development is the availability of online payment services, reported by 15 revenue bodies. Eight of those revenue bodies received over 50% of tax payments via this channel in 2017.

³¹ OECD Forum on Tax Administration. 2009. *Survey of Trends and Developments in the Use of Electronic Services for Taxpayer Service Delivery*. <https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/service/survey-of-trends-and-developments-in-the-use-of-electronic-services-for-taxpayer-service-delivery.htm>.

Figure 4.5: Maturity Model of Tax Payment

Degree of Automation	Capability		Level of Costs
	Description	Costs Incurred	
Low (limited)  High (fully electronic payments, categories 5-7)	1. In-person payment at revenue body; data captured electronically on receipt	Taxpayers' time spent making payments; revenue bodies' processing costs	Highest  Lowest
	2. In-person payment at agency (e.g., bank); data captured electronically	Taxpayers' time spent making payments; agency transaction fee	
	3. Check mailed to revenue body; automated payment data capture	Postage, banks' and revenue bodies' processing costs	
	4. Taxpayers' use of phone banking	Taxpayers' time and phone calls	
	5. Taxpayers' use of internet payment method (via bank/revenue)	Taxpayers' time	
	6. Taxpayers' use of direct debit authority for payment (on liability-by-liability basis)	Taxpayers' time spent renewing each authorization	
	7. Taxpayers' use of "direct debit" authority for payment of all taxes	Taxpayers' time spent providing direct debit authorization	

Source: OECD. 2015. *Tax Administration 2015: Comparative Information on OECD and Other Advanced and Emerging Economies*. Paris: OECD Publishing.

C. Going Digital: Use of Innovative Technologies and Development Methods

Increasing numbers of revenue bodies seeking to improve their management of compliance risks, and their capacity to meet rising community service expectations, are turning to what are termed “innovative technologies.” This banner includes a broad array of innovations, and a number of them that show potential for application in a tax administration context are explained in Table 4.4.

Use of Innovative Technologies in Asia and the Pacific

To gauge the level of interest and progress with the use of the more innovative technologies that have emerged in recent years, the survey asked a number of questions concerning which approaches revenue bodies use to foster and manage the use of innovative technologies, whether stakeholders (e.g., taxpayers and tax professionals) were engaged in the design of new digital services, and whether end-users were involved in the testing of new digital products and services. The survey also sought information as to whether any of these technologies (e.g., biometrics, blockchain, and chatbots) were being deployed or were under consideration. Information reported by revenue bodies is summarized in Table 4.5, and the key points are as follows:

Organizational Approach to the Use of innovative Technologies

- Less than one-third of revenue bodies surveyed reported using the agile project management methodology.
- Just over half of the revenue bodies reported having a formal organizational unit to foster innovation.
- Around two-thirds of revenue bodies reported that they engage with stakeholders in the design of services, and a slightly higher number reported having an established end-user testing process for new digital services and e-services.

Table 4.4: Innovative Technologies and Processes

Terminology	Description
Agile project management	An iterative and incremental method of managing the design-and-build activities for engineering, information technology, and new product or service development in a highly flexible and interactive manner
Biometric identification	The automatic identification of living individuals using their physiological and behavioral characteristics (e.g., fingerprint, voice, iris recognition, face recognition). This method is used widely to verify personal identity.
Big data	Extremely large sets of structured and unstructured data that may be analyzed computationally to reveal patterns, trends, and associations, especially relating to human behavior and interactions
Blockchain	A technology used to create and manage a distributed database and to maintain records of digital transactions of all types. Records of transactions—“blocks”—are linked and secured, forming a chain that is maintained across a network of computers.
Chatbots	Computer programs that simulate human conversation through voice commands or text chats, or both
Natural systems	An environment within which individuals and businesses carry out their daily activities; also called their “ecosystem”
Robotic process automation	The application of technology that allows the configuration of computer software or a robot to capture and interpret existing applications for processing a transaction, manipulating data, triggering responses, and communicating with other digital systems

Sources: International Survey on Revenue Administration, 2016 and 2017 editions; and OECD. 2016. *Technologies for Better Tax Administration: A Practical Guide for Revenue Bodies*. Paris: OECD Publishing.

User-centered design and testing is generally regarded as a prerequisite approach to the design of products and services that are attractive and easy for taxpayers to use, making it easy for them to comply while meeting the requirements of revenue bodies. An OECD report published in 2016 offers the following explanation for the use of this approach by revenue bodies:³²

A design process in which the needs, preferences, and requirements and limitations of end-users of a service or product (in the tax context: taxpayers) are given priority at each stage of the design process. In user-centered design, the designers not only analyse and foresee how end users are likely to use a service or product but also test the validity of their assumptions with regard to user behaviour in real world tests with actual users.

Use of Specific Innovative Technologies

- Seven revenue bodies (those in Cambodia, Fiji, Japan, and New Zealand, among them) reported having a biometric-based application in place; three other revenue bodies plan to introduce such an application. Box 4.3 sets out brief details of the approach and experience of the New Zealand Inland Revenue Department (NZIR) in using biometric identification.
- No revenue bodies reported having a blockchain-related application in place as part of an operational system. However, the PRC reported that it was about to implement such an application, while nine other revenue bodies reported that use of the technology is being explored.
- Four revenue bodies (in Australia, India, the PRC, and Singapore) reported having a chatbot application, while nine others (including those in Taipei, China and Uzbekistan) indicated that such an application was about to be implemented or was being planned.
- Only two revenue bodies (in Malaysia and Singapore) reported having an artificial intelligence application in place; 13 others reported that such applications are being planned.
- Only one revenue body (in India) reported having an application that uses robotic process automation, while eight other revenue bodies (including those in Australia, Malaysia, and Singapore) reported that such an application is being implemented or planned.

³² OECD. 2016. *Technologies for Better Tax Administration: A Practical Guide for Revenue Bodies*. Paris: OECD Publishing. p. 106. <http://dx.doi.org/10.1787/9789264256439-en>.

Table 4.5: Use of New Technologies by Revenue Bodies to Drive Innovation, 2018

Region/Economy	Agile Project Management Methodology	Formal Structure to Nurture Innovation	Client Engagement in Design	End-User Testing of Digital Products	In Place	Being Introduced	Being Planned
Central and West Asia							
Afghanistan	x	x	x	✓			
Armenia	...	...	...	✓			AI
Azerbaijan	x	✓	✓	x			B
Georgia	...	...	✓	✓			AI, B, C, R,
Kazakhstan	...	...	...	...	...	...	B
Kyrgyz Republic	...	...	...	...			B
Tajikistan	✓	...	...	...			R
Uzbekistan	✓	✓	✓	✓		C, O	B, R, AI, BI
East Asia							
China, People's Rep. of	...	✓	✓	✓	C, BI	B	AI
Hong Kong, China	...	✓	✓	✓			AI, C, R,
Japan	...	✓	✓	...	BI		AI
Korea, Rep. of	✓	✓	✓	✓			AI, C
Mongolia	...	...	...	✓
Taipei, China	✓	✓	✓	✓		C	AI, B
Pacific							
Australia	✓	✓	✓	✓	C	AI, R,	
Fiji	✓	✓	✓	✓	BI	O	
New Zealand	...	✓	✓	✓	BI		AI, C
Papua New Guinea	x	x	x	x			AI, B, BI
Samoa	x	✓	✓	✓			
Solomon Islands	x	x	✓	✓			BI, O
South Asia							
Bangladesh	✓	x	✓	x	BI		
Bhutan	x	x	x	✓			
India	x	x	x	x	C, R		
Maldives	...	✓	✓	✓			AI, C
Sri Lanka	x	x	x	x			
Southeast Asia							
Cambodia	x	✓	✓	✓	BI		
Indonesia	...	✓	✓	✓			AI, B, C
Lao PDR	x	x		✓	✓		
Malaysia	...	✓	✓	✓	AI, BI	R	B
Myanmar	x	x	x	x			
Philippines	x	✓	✓	✓	BI		B, R, C
Singapore	✓	✓	✓	✓	AI, C	R	B
Thailand	...	✓	✓	✓			
Viet Nam	✓	✓	✓	✓			AI, B, C

... = data not available at cutoff date, ✓ = relevant, x = not relevant, AI = artificial intelligence, B = blockchain, BI = biometric identification, C = chatbot, Lao PDR = Lao People's Democratic Republic, O = other technologies, R = robotic process automation.

Source: 2018 International Survey on Revenue Administration.

Box 4.3: Use of Voice Biometrics in Tax Administration by the New Zealand Inland Revenue Department

Voice biometrics—a service now known as Voice ID—was implemented by the New Zealand Inland Revenue Department (NZIR) in 2011/12. In its first phase of implementation, a natural language speech recognition software was deployed within an interactive voice response (IVR) front end, enabling customers to state the reason for their call and, once the reason for calling was recognized, to be routed to the most appropriately skilled agent.

The second major phase of the deployment involved the introduction of voice biometrics as an identity authentication tool. Voice biometrics matches the caller’s voice with a stored voiceprint from a library. Registration for this service requires manual authentication and then the recording of a number of known number combinations or statements. Customers are asked to state their verification number and the voiceprint is matched with the stored file.

In its 2018 annual report, the NZIR said that almost 2.1 million customers were registered for Voice ID. Since its introduction, around eight million calls had been verified and around 400,000 myIR online services accounts had been activated or reset through the Voice ID system. On average, customers save 40 seconds per call by using Voice ID to access the NZIR’s services.

Sources: OECD. 2016. *Technologies for Better Tax Administration: A Practical Guide for Revenue Bodies*. Paris: OECD Publishing; and Inland Revenue Department, New Zealand. *2018 Annual Report*. Wellington. p. 39.

New Developments in Digitalization

As observed in the guide to the ISORA survey materials, technology has made it easier for small businesses to track most aspects of their business activities and improve efficiencies, e.g., through the use of electronic invoices, electronic cash register systems, and cloud-based accounting services. Recent global developments in tax administration present new opportunities for revenue bodies to fundamentally redesign tax administration processes in ways that can substantially improve tax compliance—an approach to administering taxes termed “tax compliance by design.”³³

This term describes an approach to tax administration that recognizes the intent of most taxpayers to be compliant and implies that tax compliance can become an integral part of the systems they use in their routine business operations. In other words, tax compliance can be simplified and made more accurate if it is simply a by-product of the steps a business automatically follows when transacting its affairs. Revenue bodies tapping into what already exists technologically to make paying taxes easier and improve tax compliance—the by-products—can be said to follow an approach of tax compliance by design.

To help revenue bodies understand this concept better and to promote further thinking about the opportunities presented by new technologies, this report provides a brief account of three relatively recent developments in the use of technology that are contributing to the transformation of tax administration globally. These developments are: (i) the use of online cash register systems, (ii) the use of electronic invoice systems in VAT/GST administration, and (iii) the capture of employee wage income and withholding data in real time for improved administration of the personal income tax.

³³ The notion of “tax compliance by design” originated with officials working with the OECD’s Forum on Tax Administration and was first elaborated in OECD. 2014. *Tax Compliance by Design: Achieving Improved SME Tax Compliance by Adopting a System Perspective*. Paris: OECD Publishing. <https://dx.doi.org/10.1787/9789264223219-en>.

Use of Online Cash Register Systems for Improving Tax Compliance

The retail sector of all economies has long presented challenges for effective taxation given its scale, the relatively large numbers of smaller businesses and the sheer volume of transactions involved, and the ease with which receipts, especially cash, can be understated for tax purposes. In the absence of third-party reporting regimes, the tax administrator's primary verification tool for this sector has been time-consuming and costly audits. Over the last decade, advances in technology have presented new opportunities for more effective tax administration in this part of the business sector.

These matters are the subject of a recent report prepared for the OECD by members of its Forum on Tax Administration.³⁴ The report briefly describes (i) the use of electronic cash registers, including online cash register systems; (ii) the factors that revenue bodies may wish to take into account when considering the use of such systems; and (iii) the core elements of a strategy for their successful introduction. The report is presented in very practical terms and provides four short case studies to demonstrate how online cash register systems have been implemented in Hungary, the Republic of Korea, the Russian Federation, and Slovakia, along with brief details of the contribution they are making to improved revenue collection performance. A brief snapshot of the system operating in the Republic of Korea is presented in Box 4.4.

Enhancing VAT/GST Administration: Emergence of Electronic Invoice Systems

To reduce the incidence of VAT fraud and other forms of noncompliance, a growing number of revenue bodies have taken steps to automate the invoicing systems that are an integral feature of most businesses. As with the emergence of online cash receipt systems, the digitalization of invoice data by businesses, financial intermediaries, and other third parties (including government) creates an electronic record that can potentially be accessed for tax administration, in particular to detect noncompliance.

Electronic invoicing systems usually involve mandatory online reporting of defined transactions and may also be accompanied by incentive programs to encourage citizens to patronize participating businesses. These incentive programs may include partial refunds of VAT, income tax deductions for expenditure, and participation in government-operated lotteries.

One of the more sophisticated invoice-based systems for monitoring VAT compliance, established by the Federal Tax Service of the Russian Federation, is described briefly in Box 4.5 with verbatim comments from the referenced report.

Systems for using electronic invoice data are used widely in Latin America and detailed information can be found in a recent report.³⁵ In its 2018 publication *Consumption Tax Trends*, the OECD notes that to help combat tax avoidance and evasion, most of its member economies have strengthened taxpayers' reporting obligations concerning VAT invoices in the last 2 decades. About half of the OECD economies have mandated electronic transaction reporting, in support of this requirement. In five economies, this reporting has to be done in real time or near real time.³⁶

Use of Electronic Invoice Systems in the Asia and Pacific Region

From ISORA survey data (Table 4.6), a number of observations can be made about the use of electronic invoice arrangements in the region:

³⁴ OECD. 2019. *Implementing Online Cash Registers: Benefits, Considerations and Guidance*, OECD, Paris. <https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/technologies/implementing-online-cash-registers-benefits-considerations-and-guidance.htm>.

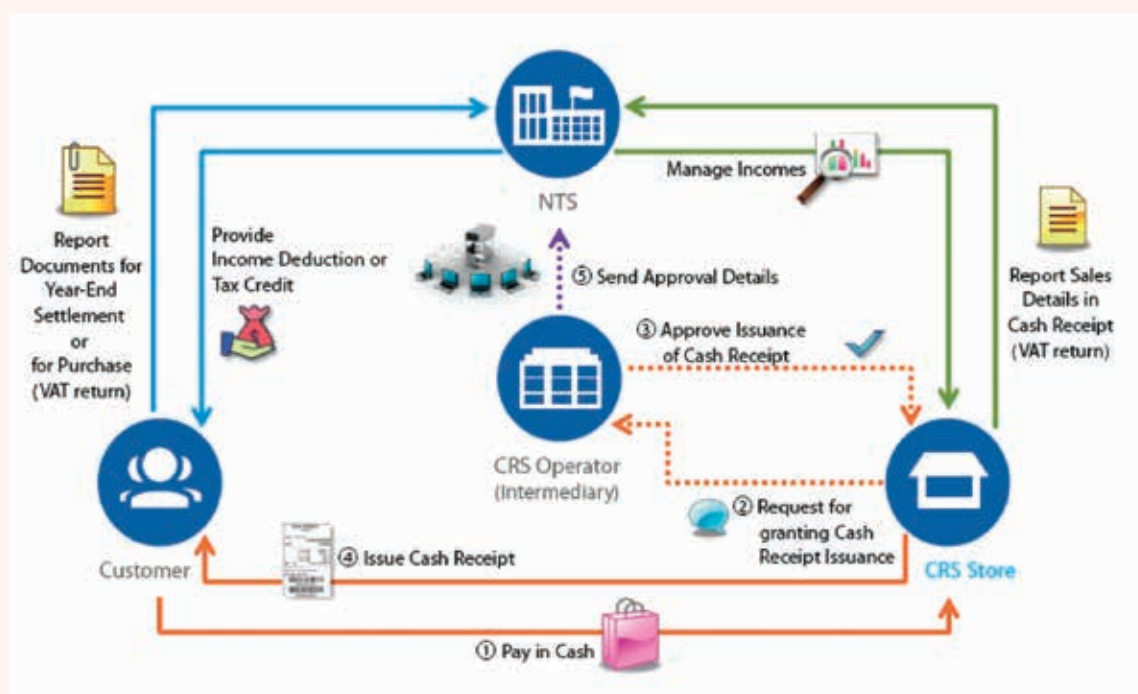
³⁵ Inter-American Development Bank (IDB) and Inter-American Center of Tax Administration (CIAT). 2018. *Electronic Invoicing in Latin America: English Summary of the Spanish Document*. Ed. by A. Barreix and R. Zambrano.

³⁶ OECD. 2018. *Consumption Tax Trends: VAT/GST and Excise Rates, Trends and Policy Issues*. Paris: OECD Publishing. p. 61.

Box 4.4: Online Cash Register Systems in Tax Administration in the Republic of Korea

Concerned by the ease with which retail businesses can conceal cash transactions, the National Tax Service (NTS) of the Republic of Korea began research in 2004 to identify options for enhancing the visibility of cash transactions and detecting unreported income. It concluded that use of modern technology offered the best prospects of success and decided to build on the existing information technology and network structure already used for the credit card system by extending it to cash receipting via an online cash register (OCR) system.

The central element in the NTS's OCR approach is the use of OCR intermediary operators (see figure). The OCR intermediary operator installs a cash receipt issuance terminal at a registered store, which connects its sales system to the operator. When a purchase is made, the store's sales system sends details of the transaction to the OCR intermediary operator, which can give approval for the issuance of cash receipts to the customer. The OCR intermediary operator then transmits the cash transaction data to the NTS. A system with OCR intermediary operators was chosen mainly because of its perceived ability to service and control the large number of stores in the Republic of Korea efficiently and cost-effectively. Small businesses may, however, issue cash receipts via the Tax Administration Portal, which also provides information about the OCR system.



During the preparatory phase of the project, a number of concerns had to be addressed. Businesses were apprehensive about the additional costs they would incur, and households, it was acknowledged, needed incentives to ask for receipts. A tax deduction for implementation costs was given to allay business concerns. Households, on the other hand, were entitled to a partial tax credit for taxes paid on purchases evidenced by receipts and recorded on the NTS website. A lottery based on cash receipts entered into the system was also used from 2005 to 2010.

Implementation was phased in, sector by sector. Businesses with annual turnover of over W24 million (about \$20,000) were required to register their sales systems with the OCR intermediary operator. As of 2016, more than three million stores were registered, and the NTS estimates that the visibility of cash and credit card payments as a percentage of private consumer spending has increased gradually by more than 5% each year, rising from 37.7% in 2004 to 96.5% in 2016.

Sources: OECD. 2019. *Implementing Online Cash Registers: Benefits, Considerations and Guidance*. Paris: OECD Publishing (<http://www.oecd.org/ctp/implementing-online-cash-registers-benefits-considerations-and-guidance.htm>); and ADB Workshop on Enhancing Value-Added Tax Administration, Manila, 23–25 October 2018.

Box 4.5: Emergence of E-invoicing Systems for VAT Administration

In the Russian Federation, the Federal Tax Service (FTS) has implemented a system that allows it to monitor value-added tax (VAT) compliance nationwide, thereby drastically reducing opportunities for fraud. The approach is based on automatic cross-matching of all VAT paid with all VAT claimed across all transacting parties. All incoming data are processed and analyzed mostly in real time, with only an 8-hour delay nationwide. The system allows the FTS to zoom in on transactions or VAT taxpayers and automatically identify related tax risks. It can then initiate a VAT tax audit, which is assigned to inspectors. The system also allows the FTS to monitor and measure the performance of regional and local offices and of tax inspectors. The implementation of the system became viable following amendments to the tax code that introduced mandatory digital filing of all VAT tax returns, VAT invoices, and digital grand ledgers, and the construction of new information technology infrastructure concentrated around data processing centers. FTS data processing centers are capable of collecting, storing, and analyzing large amounts of data to provide a single platform for all tax administration business.

The 2016 results showed an 8.5% increase in VAT collection over the 2015 figure, after an increase of 12.2% the year before. In 2014, VAT collection had increased by 16.8%.

Source: OECD (2017). *Shining Light on the Shadow Economy: Opportunities and Threats*. Paris: OECD Publishing. <https://www.oecd.org/tax/crime/shining-light-on-the-shadow-economy-opportunities-and-threats.pdf>.

- E-invoicing systems for tax administration are in place or planned in over half of the revenue bodies in the region, although their design and features appear to vary considerably. These systems appear to be widely used in Central and West Asian economies.
- Where in place, many of the e-invoice systems are universal, that is, invoices are required from all businesses and must be sent digitally to the revenue body.
- For some systems (e.g., in Indonesia, Kazakhstan, and Taipei, China), these systems appear to operate online with the revenue body as the electronic invoices are submitted for “approval” by the revenue body in normal transaction processing.
- The development of e-invoicing systems for tax administration purposes does not appear to be a priority in developed economies such as Australia, Japan, New Zealand, and Singapore, presumably because these economies consider they experience relatively little revenue leakage from VAT noncompliance.

Improving the Administration of the Personal Income Tax: Capturing Employee Wage Income and Withholding Data in Real Time

Historically, most withholding and reporting regimes for employment income have been designed with two critical features: (i) regular remittance (e.g., monthly) by employers of amounts of tax withheld at source; and (ii) annual reporting by employers of each employee’s income and tax withheld. Depending on the administrative features of the tax regime, the annual reporting obligation can serve a number of purposes:

- Where annual tax returns are generally required from most employees, the reporting provided by employers enables the revenue body to conduct post-assessment income verification checks and in some economies to prefill tax returns that are made available to taxpayers for their validation. The data can also assist revenue bodies in reconciling employer remittances with taxes withheld during the year, to detect discrepancies.
- Where annual tax returns are generally *not* required from most employees, the reporting provided by employers provides the revenue body with a record of the income and tax paid by individual employees and a means of reconciling employer remittances with taxes withheld during the year, to detect discrepancies.

Table 4.6: Use of Electronic Invoicing for VAT by Revenue Bodies, 2018

Region/Economy	Features of Electronic Invoice Mechanism						
	Electronic Invoice System for VAT	Invoices Required from All Taxpayers	All Invoices Sent Digitally	Some Invoices Sent Digitally	Invoices Sent Periodically	Transaction Invoice Approval	
						By Tax Body	By Another Body
Central and West Asia							
Afghanistan	n.a.	x	x	x	x	x	x
Armenia	✓	✓	✓			...	...
Azerbaijan	✓	✓	✓	✓	✓	...	...
Georgia	✓	✓	✓	✓	x	x	✓
Kazakhstan	(From 2019)	✓	✓	✓	✓	✓	x
Kyrgyz Republic	Planned	x	x	x	x	x	x
Tajikistan	✓	✓	✓	✓	✓	...	✓
Uzbekistan	✓	...	...	...	...	...	...
East Asia							
China, People's Rep. of	✓	✓	✓	✓	✓	...	...
Hong Kong, China	n.a.	x	x	x	x	x	x
Japan	x	x	x	x	x	x	x
Korea, Rep. of	✓	✓	✓	x	x	x	x
Mongolia	x	x	x	x	x	x	x
Taipei, China	✓	✓	✓	✓	✓	✓	✓
Pacific							
Australia	x	x	x	x	x	x	x
Fiji	Planned	x	x	x	x	x	x
New Zealand	x	x	x	x	x	x	x
Papua New Guinea	Planned	x	x	x	x	x	x
Samoa	x	x	x	x	x	x	x
Solomon Islands	n.a.	x	x	x	x	x	x
South Asia							
Bangladesh	...	...	...	...	...	...	...
Bhutan	n.a.	x	x	x	x	x	x
India	x	x	x	x	x	x	x
Maldives	Planned	x	x	x	x	x	x
Sri Lanka	✓	✓	✓	✓	✓	x	x
Southeast Asia							
Cambodia	x	x	x	x	x	x	x
Indonesia	✓	✓	✓	✓	✓	✓	x
Lao PDR	✓	x	✓	✓	x	x	x
Malaysia	n.a.	x	x	x	x	x	x
Myanmar	n.a.	x	x	x	x	x	x
Philippines	Planned	x	x	x	x	x	x
Singapore	x	x	x	x	x	x	x
Thailand	✓	✓	✓	✓	✓	...	...
Viet Nam	✓	✓	✓	✓	x	✓	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, n.a. = not applicable, Lao PDR = Lao People's Democratic Republic, P = being planned, VAT = value-added tax.

Source: 2018 International Survey on Revenue Administration.

A case study from Mongolia's General Department of Taxation is described briefly in Box 4.6.

Box 4.6: Key Features of Mongolia's E-invoicing System

In 2016, Mongolia implemented a new e-invoicing system, known as “e-barimt,” for business-to-business (B2B) and business-to-consumer (B2C) sales. The system applies to VAT registered businesses and is used by the revenue body to monitor both VAT and income tax reporting and payment compliance. Key features of the system are as follows:

Business to Business

- E-barimt is compulsory for B2B sales.
- Invoices must be issued electronically.
- Invoices must be uploaded by both the buyer and the seller to www.ebarimt.mn within 7 days of the sale/purchase.
- VAT credits are not allowed until the invoice is uploaded.
- Software must be certified by the revenue body.

Business to Consumer

- E-barimt is optional for B2C sales. Consumers are encouraged to deal with e-barimt suppliers through a 2% refund of VAT paid and entry into regular lotteries with many small- and some high-value prizes.
- Free apps for Android and IOS support the uploading of receipts, the calculation and processing of refunds, and entry into lotteries.
- Quick-response (QR) codes printed on receipts enable quick and simple uploading via mobile phone apps (a QR code, a type of matrix or two-dimensional bar code, allows more information to be embedded in the code than is possible with a one-dimensional code).

At the time this report was prepared, the General Department of Taxation had not published any evaluation of the program.

VAT = value-added tax.

Source: Authors' compilation from fieldwork.

Despite their advantages, such regimes have several drawbacks. First, employees cannot be certain that taxes withheld from their income have been properly remitted to the revenue body and may not become aware of any nonpayment until some considerable period of time has passed. Second, revenue bodies do not have a systematic and timely means of ensuring that tax amounts withheld at source by employers have been properly remitted to them.

To address such shortcomings, revenue bodies in a number of advanced economies have taken steps to make good use of the modern technology that supports employers' payroll tax systems, applying the “tax compliance by design” approach described earlier in this chapter.

In brief, these newly emerging arrangements—e.g., Single Touch Payroll (Australia), Payday Reporting (New Zealand), and real-time Pay As You Earn (PAYE, United Kingdom)—ensure that wage income and associated tax details are reported to revenue bodies at the time that wages are paid to employees. Among other things, this enables the revenue body to reconcile amounts of withholding and actual remittances received from employers, while employees are able to access details of their reported wage income and withholdings online with the revenue body. Brief details of these arrangements as they apply in Australia and New Zealand are set out in Box 4.7.

Box 4.7: Reforming Pay-As-You-Earn Employee Withholding Regimes**Australian Taxation Office**

Single Touch Payroll (STP) is a system for reporting employees' wage income details and related information to the ATO *simultaneously* (each payday) with the payment by employers of wages to their employees. STP replaces a system of annual reporting of wage-related income with one where the ATO's records can be updated at the same time. Employees are able to see their year-to-date tax and superannuation (retirement savings) information in ATO online services, which can be accessed through the online government portal, myGov. Their data are updated every time employers report (each payday for most employers). STP does not change the due date for the payment of tax withholdings made at source by businesses—currently within 7 days of wage payment for large employers, monthly for medium-sized businesses, and quarterly for small businesses.

STP reporting is incorporated into the payroll accounting and business management software used by businesses, nonprofit entities, and government bodies. The ATO is approaching software developers to build no-cost and low-cost STP solutions for micro employers, including simple payroll software, mobile phone apps, and portals. STP came into operation for larger employers (more than 20 employees) on 1 July 2018 and was scheduled to be implemented progressively for smaller employers from 1 July 2019.

New Zealand Inland Revenue Department

The New Zealand Inland Revenue Department (NZIR) reported the availability of a “Payday Reporting” system since 1 April 2018. Employers and payroll intermediaries can send the NZIR information about employees' incomes every payday instead of monthly—a more effective and time-saving arrangement for them, especially if they file directly from their payroll software. The changes allow the NZIR to receive more timely and accurate information for calculating customers' tax and entitlements, giving families more certainty about the support they are entitled to and their payment obligations.

To prepare for the changes, the NZIR met with representatives from 20 different companies in the software industry in New Zealand and Australia in August 2017. It continued to work with payroll providers to build, test, and implement payday reporting up to the time when it became compulsory for all employers (1 April 2019). Payday reporting does not change the due date for the payment of tax withholdings made at source by businesses—currently the 20th of the month, or the 5th and the 20th of the month for twice-monthly filers (larger employers).

Source: Australian Taxation Office website (<https://www.ato.gov.au/Business/Single-Touch-Payroll/About-Single-Touch-Payroll/>) (accessed 30 April 2019); and Inland Revenue Department, New Zealand. 2018. *2018 Annual Report*. Wellington. p. 34.

Next Steps in the Use of Innovative and Emerging Technologies

Access to the broad data sets that underpin these technologies is not the only requirement for implementing these approaches. The right tools and technology, as well as skilled staff to use them, must also be readily accessible. The transformation of a revenue body to a point where the new approaches are optimized is likely to be a lengthy and incremental process of systematic capability building. The range of issues to be addressed can be overwhelming. But the implementation of new approaches should always be driven by capability levels, business needs, and priorities, rather than simply by the availability of data and technology.

The OECD has published a digital maturity model for the use of revenue bodies in assessing their technology, business process, people, data and other capabilities, and in preparing their strategic and operational plans for a systematic approach to reaching the capability levels required to support their business goals. This model could also help in making choices about which emerging technologies have the highest potential to improve administration. Further information about the use and application of this model is provided in the OECD publication *Technologies for Better Tax Administration*.³⁷

³⁷ OECD. 2016. *Technologies for Better Tax Administration: A Practical Guide for Revenue Bodies*. Paris: OECD Publishing. <https://doi.org/10.1787/9789264256439-en>.

V. Managing Taxpayer Compliance

This chapter discusses a range of approaches adopted by revenue bodies in managing taxpayer compliance: (i) enterprise risk management (ERM); (ii) compliance risk management (CRM); (iii) steps in the CRM process; (iv) innovative and emerging technologies; and (v) taxpayer segmentation. The ADB governance brief on Improving Tax Compliance (<https://www.adb.org/publications/improving-tax-compliance>) provides further detailed information.

A. Enterprise Risk Management

Revenue bodies, like other organizations, are unlikely to have all the resources they need to fully address all the risks they face. Choices will have to be made about which risks must be mitigated, and to what extent, and which risks can be tolerated. A well-conceived risk management approach allows organizations, including revenue bodies, to make informed and defensible choices about how they will manage risks to their operations and how they will deploy their limited resources.

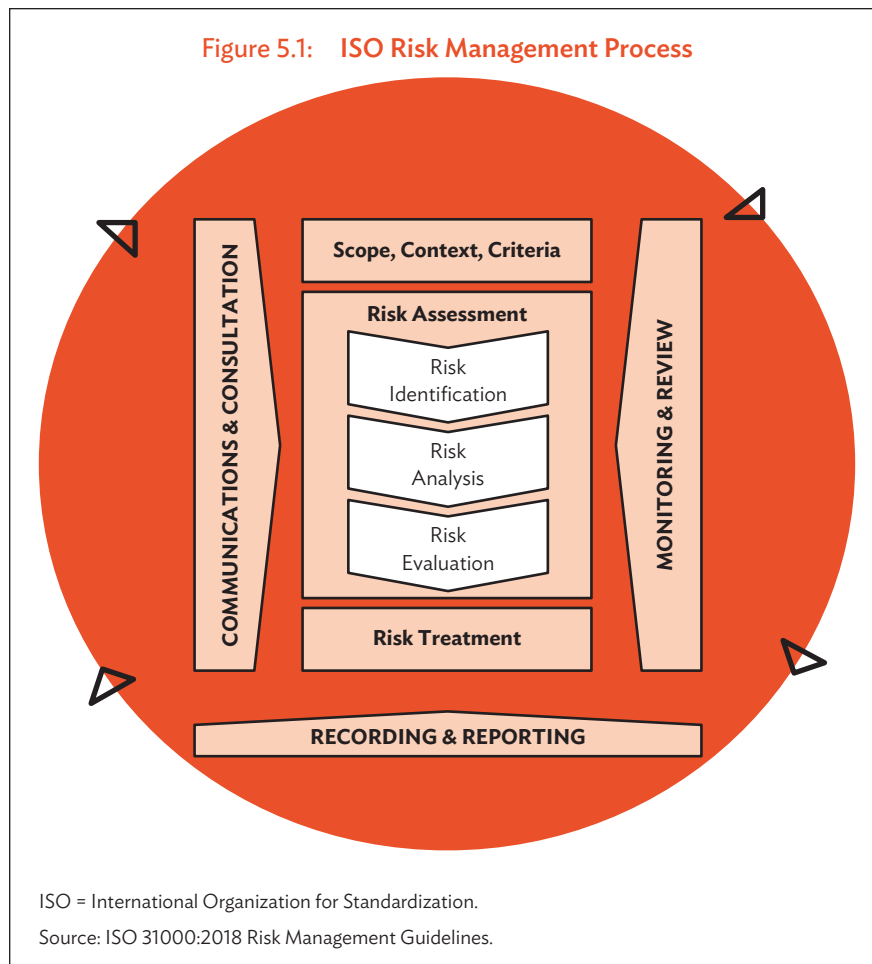
An enterprise-wide risk management framework provides a systematic approach, which, if followed, will enable organizations to (i) make a comprehensive evaluation of all risks that could keep them from achieving their goals and objectives and thus hinder their success, including risks to key assets; (ii) gauge the severity of those risks, the likelihood of their occurrence, and the anticipated consequences; and (iii) develop and implement well-designed mitigation strategies commensurate with the levels of risk presented, and consistent with the nature of the operations and the risk appetite of the organization. A standardized approach, such as that outlined in the International Organization for Standardization (ISO) Risk Management Guidelines (2018),³⁸ provides: a reliable and tested framework, a common agreed terminology, and a comprehensive implementation process. Figure 5.1 outlines this standard process of developing and implementing a risk management approach across an organization.

This enterprise risk management (ERM) approach, outlined in ISO 31000:2018, is designed to lead the organization through a systematic, repeatable process to comprehensively identify and quantify all the risks that could keep the organization from achieving its goals and objectives. The organization must then decide, at a senior level, and having regard to the nature of its operations, what level of risk can be tolerated (risk appetite) in various areas of its activities. The extent to which risks need to be mitigated is guided both by the assessed severity of the risk, and by this risk appetite analysis.

Examples of enterprise risks are

- interruptions or failure of IT systems;
- financial mismanagement, including fraud and corruption;

³⁸ International Organization for Standardization (ISO). 2018. *Risk Management Guidelines*. ISO31000:2018. Geneva. These are generic risk management standards developed by the ISO Technical Committee 262 (Risk Management).



- human resource gaps, including insufficient or inadequately qualified staff, and risks to staff well-being, health and safety;
- failure to achieve core organizational business goals (for revenue bodies, this is known as compliance risk); and
- infrastructure vulnerabilities, such as power failures, fires, and data losses.

The case study laid out in this section and the next may help explain both ERM and how it relates to compliance risk management (CRM). It describes the approach taken by the Australian Taxation Office (ATO), in two parts: Part 1 outlines how the ATO aligns enterprise risk analysis with the organization’s high-level goals, while Part 2 deals with the application of CRM.

Case Study (Part 1): The Australian Taxation Office—Aligning Enterprise Risks with Strategic Goals and Objectives

In its corporate plan for 2018–2019, the ATO lays out five perspectives or views on its business, and then identifies nine strategic objectives to support the delivery of its organizational goals, across each of these five perspectives. The ATO ERM framework summarized in Box 5.1 is presented within the context of these same five perspectives and nine strategic objectives. The ATO ERM framework details the strategic risk focus areas, which are then used to frame further, more detailed risk analysis, including a breakdown of the nine strategic objectives into operational-level risks. For each of these risks, the ATO has developed specific risk mitigation strategies, designed to manage each of the risks down to levels acceptable to the organization, as determined by the approved risk appetite for each key area.

Box 5.1: Enterprise Risk Management Approach of the Australian Taxation Office

Actively identifying and managing risk is inherent to the achievement of our objectives as an organization.

We have well-established systems of risk oversight and management that align with the Commonwealth Risk Management Policy and supports our compliance with section 16 of the *Public Governance, Performance and Accountability Act 2013*.

Australian Taxation Office risk appetite

As an organization, we recognize that positive engagement with risk is necessary to make the most of opportunities, deal with threats, foster innovation, and to build a strong risk culture throughout the ATO. This means:

- Where there is a clear opportunity to realize benefits, and risks can be controlled to acceptable levels, we are willing to accept a higher level of risk.
- Where we are less certain the benefits will be realized, or risks are unable to be controlled to acceptable levels, we have a lower appetite for risk.

Our strategic risk focus is aligned to our objectives and guides risk management activity across the organization:

Government

- G1: Ensuring that people pay the right amount, and that our administration of the system is fair and effective.
- G2: Ensuring our approach is streamlined, integrated, future focused and considers a whole-of-system view.

Client

- C1: Ensuring our products, services and systems support a consistent client experience end-to-end.
- C2: Ensuring we maintain productive and future focused stakeholder relationships to deliver on common objectives.

Workforce

- W1: Ensuring we build our future-ready workforce, while still meeting our current needs.
- W2: Ensuring the experience we give our staff complements the client experience and can be delivered within the context of our budget and employment framework.

Operational

- O1: Ensuring we develop a targeted and effective data analytics and insights capability.
- O2: Ensuring our systems and services are reliable, and clearly aligned with business needs, while innovating with the changing environment.

Financial

- F1: Ensuring we develop a more agile, integrated and consistent approach to what we prioritize and where we invest.

Source: Australian Taxation Office website (www.ato.gov.au, accessed 20 February 2019).

B. Compliance Risk Management

The core business of regulatory agencies is maximizing compliance with the laws they administer. Many revenue bodies turn to their ERM framework to guide this work and provide methodological structure to the approach. Although the risk management techniques used in ERM are relevant, revenue bodies have long recognized that taxpayer CRM is a specialized activity, best supported by processes that are designed specifically for that purpose. Responding to this need, in 2004 the OECD published a guidance note on approaches to managing and improving taxpayer compliance.³⁹ The CRM process discussed in this publication seeks to support revenue bodies in their goal to maximize taxpayers' voluntary compliance by promoting approaches designed to address the underlying causes of noncompliance. By addressing the underlying causes of noncompliance, rather than simply treating the observed symptoms, revenue bodies seek to achieve longer-lasting impact.

The CRM process sets out a series of steps for identifying, assessing, and prioritizing systemic compliance risks, so that treatments informed by an understanding of the risk itself and the drivers of the observed behaviors can be developed. Ongoing monitoring of the impact of treatments enables improvements to be made throughout implementation. Evaluation of the impact on voluntary compliance, against the core compliance obligations (correct registration, on-time filing, correct reporting, and on-time payment), provides an assessment of the effectiveness of those treatments. Figure 5.2 summarizes the recommended process, which may be applied similarly across the tax system or to revenue types, business segments, industry sectors, or specific risk categories.

This approach to CRM is designed to operate at the system, segment, sector, and risk category level, and is generally *not* focused at the case level. Although case selection and risk treatment at the individual taxpayer level are important parts of compliance risk mitigation, they represent only one element of the broad range of activities required in a comprehensive CRM approach. CRM is not about case selection or the application of case-level interventions.

It is widely recognized that revenue bodies must focus on improving taxpayers' voluntary compliance, as this is the only affordable and sustainable approach available. It is also generally agreed that voluntary compliance is best supported through an approach designed to deal with the underlying causes of noncompliance, as well as with the incidents of noncompliance identified. Therefore, the ultimate goal of any compliance intervention is to strengthen voluntary compliance. In a self-assessment system, this means understanding and treating system vulnerabilities and developing a range of approaches to influence taxpayer compliance behavior more effectively. System vulnerabilities, sometimes referred to as risk categories, may include (i) aggressive tax planning; (ii) operations outside the tax system (underground or shadow economy); (iii) base erosion/profit shifting; (iv) e-commerce; and (v) preferential tax regimes.

Part 2 of the ATO case study outlines the principal features of the process adopted by the ATO when developing strategies and plans for addressing the various compliance risk categories it has identified.

Case Study (Part 2): Australian Taxation Office—Compliance Risk Management

The ATO ERM framework (see Case Study, Part 1) includes the broad risk to taxpayer compliance captured under the Government perspective or focus area. It is expressed in the following terms:

G1: Ensuring that people pay the right amount and that our administration of the system is fair and effective.

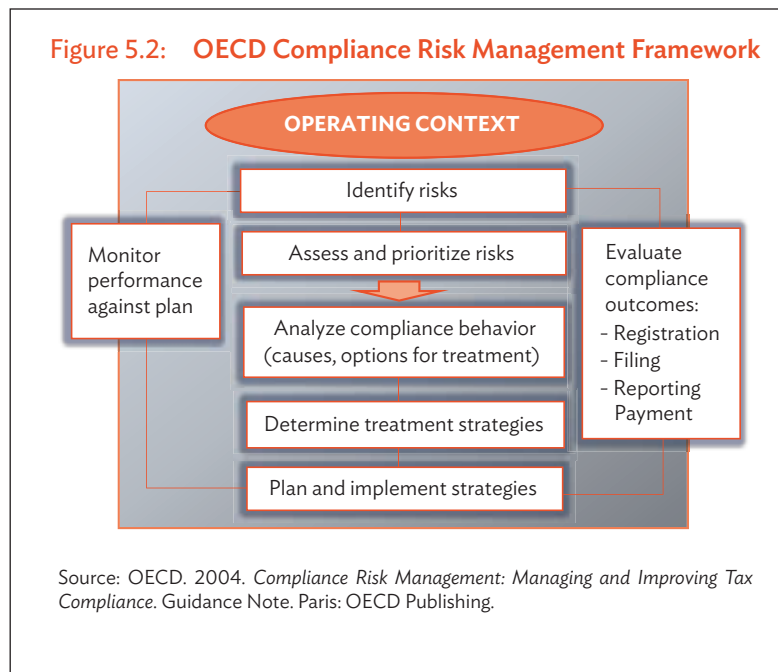
³⁹ OECD. 2004. *Compliance Risk Management: Managing and Improving Tax Compliance*. Guidance Note. Paris: OECD Publishing.

The ATO approach then follows a series of steps designed to determine the priority risks to be treated and the extent of treatment required to reduce the risk to an acceptable level. The result of these steps is the development of a compliance improvement program, to be implemented in order to manage all the priority compliance risk categories. These steps are summarized in Box 5.2.

Enterprise and Compliance Risk Management in Asia and the Pacific

Revenue bodies were asked if they have an enterprise-wide risk policy and a formal approach to CRM, and if they publish their key risks and the results of actions taken to mitigate those risks. Key observations, based on their responses, are as follows:

- Around 70% of respondents reported having an enterprise-wide risk policy, and over 80% said they have a formal approach to CRM. However, little is known about the nature of these approaches, or how they have been applied by the individual revenue bodies (Table 5.1).
- Where revenue bodies reported that they have a formal CRM approach, it generally applies to all the key obligations surveyed (filing of returns, payment processes, collection enforcement, and verification or audit).
- Over one-third of respondents publish key risk areas, and most of them also publish the results of the work they do to address the key risks.



Box 5.2: The Australian Taxation Office's Approach to Compliance Risk Management

Steps in developing a CRM compliance improvement plan:

- **Identify and assess the risk.** One of the main analysis documents required under the CRM framework of the Australian Taxation Office (ATO) is the risk category assessment. This assessment is done by an assigned category level risk manager, and includes:
 - a description of the risk;
 - the affected taxpayer market segments, ATO areas, and revenue products;
 - the initial level of risk;
 - the confidence level in the risk rating;
 - the residual risk after treatment; and
 - the status of treatment—whether it has begun, is ongoing, or is being planned.
- **Prioritize the risk.** The level of risk is based on the likelihood of occurrence and the severity of the consequences if the risk occurs. Following this assessment, the ATO ranks the risks and allocates resources to those considered higher-priority. The allocation is determined by the need for mitigation, to lower the risk to an acceptable level (based on the organization's risk appetite).
- **Analyze compliance behavior and determine treatment strategies.** Treatment plans are developed for approved risks, within the resource allocation. Treatment plans are tailored to reflect the risk characteristics and the taxpayers involved, and are often developed in consultation with stakeholders, such as industry bodies and tax professionals. The approach invariably combines the following:
 - **Preventive measures**, such as an education campaign, new tailored service and facilitation products, simplified administration arrangements to reduce the likelihood of error, publicity for corrective action, increased reporting or withholding requirements for certain sectors, and possibly legislative amendments.
 - **Detection**, facilitated through improved data collection and matching, strengthened capability for analytics and profiling, advanced analytics approaches such as predictive analysis, and risk-specific case selection parameters.
 - **Corrective measures**, such as opportunities offered for voluntary disclosure, invitations to self-correct, auto-correction, single-issue audits, a small number of comprehensive audits, and the possibility of prosecution in the most serious cases.
- **Plan and implement strategies.** This process leads to the development of compliance improvement strategies for each of the priority compliance risks. Approved compliance improvement strategies are then incorporated in the operational plans for the various work areas responsible for implementation.
- **Monitor performance and evaluate compliance outcomes.** Monitoring performance against plan is a responsibility of the work areas implementing the elements of the strategy. Evaluating the compliance outcomes achieved by implementing the compliance improvement strategies is a responsibility of the risk manager.

Source: Compiled by authors from information on the Australian Taxation Office website (www.ato.gov.au, accessed 20 February 2019).

Table 5.1: Formal Compliance Risk Management Approach and Framework of Revenue Bodies, 2018

Region/Economy	Formal CRM Approach	Area of CRM Application				Information Published	
		Filing of Returns	Payment Processes	Collection Enforcement	Verification/Audit	Key Risk Areas	Results of Addressing Key Risks
Central and West Asia							
Afghanistan	✓	✓	✓	✓	✓	✓	✓
Armenia	✓		...	...	✓	✓	✓
Azerbaijan	✓	✓	✓	✓	✓	x	x
Georgia	✓	✓	✓	✓	✓	x	x
Kazakhstan	✓	...	...	...	...	...	...
Kyrgyz Republic	x	x	x	x	x	x	x
Tajikistan	✓	x	x	x	x	✓	...
Uzbekistan	✓	✓	✓	✓	✓	✓	✓
East Asia							
China, People's Rep. of	✓	✓	✓	✓	✓	x	x
Hong Kong, China	✓	✓	x	✓	✓	✓	✓
Japan	x	x	x	x	x	x	x
Korea, Rep. of	✓	✓	x	✓	✓	x	x
Mongolia	✓	✓	✓	✓	✓	x	x
Taipei, China	✓	✓	✓	✓	✓	x	x
Pacific							
Australia	✓	✓	✓	✓	✓	✓	✓
Fiji	✓	✓	✓	✓	✓	✓	✓
New Zealand	✓	✓	✓	✓	✓	✓	✓
Papua New Guinea	✓	✓	✓	✓	✓	x	x
Samoa	✓	✓	✓	✓	✓	x	x
Solomon Islands	✓	✓	✓	✓	✓	✓	x
South Asia							
Bangladesh	✓	✓	✓	✓	✓	✓	✓
Bhutan	✓	x	x	✓	✓	✓	...
India	✓	✓	✓	✓	✓	x	✓
Maldives	✓	✓	✓	✓	✓	x	x
Sri Lanka	x	x	x	x	x	x	x
Southeast Asia							
Cambodia	✓	✓	✓	✓	✓	x	x
Indonesia	✓	✓	✓	✓	✓	x	x
Lao PDR	x	x	x	x	x	x	x
Malaysia	✓	✓	✓	✓	✓	✓	✓
Myanmar	x	x	x	x	x	x	x
Philippines	x						
Singapore	✓	✓	✓	✓	✓	✓	✓
Thailand	✓	✓	✓	✓	✓	x	x
Viet Nam	✓	✓	✓	✓	✓	(Under development)	

... = data not available at cutoff date, ✓ = relevant, x = not relevant, CRM = compliance risk management, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

C. Steps in the CRM Process

1. Understanding the Operating Context

CRM operates within the broader organizational ERM framework and the approach is influenced by internal and external factors such as available technologies, resources and skills, the legislative framework, and community attitudes toward tax compliance. Understanding the context within which CRM operates supports the design of suitable and realistic approaches to compliance improvement for adoption by the revenue body.

CRM is a continuous and iterative process demanding awareness of ongoing changes in the operating context, and proactive and timely action in response to those changes. Monitoring and detecting changes in the operating context is a continuing challenge, which many revenue bodies address through an ongoing program of environmental scanning and research to identify patterns and detect emerging trends in the compliance landscape. For some revenue bodies, tax gap research is an important feature of this research program.

Tax Gap Research

While relatively few national revenue bodies do comprehensive tax gap research, interest in tax gap estimation has grown considerably in recent years. Governments, tax administrators, and others have sought to quantify the extent of revenue leakage from their tax systems or to understand the impact and target the compliance improvement activities of revenue bodies.

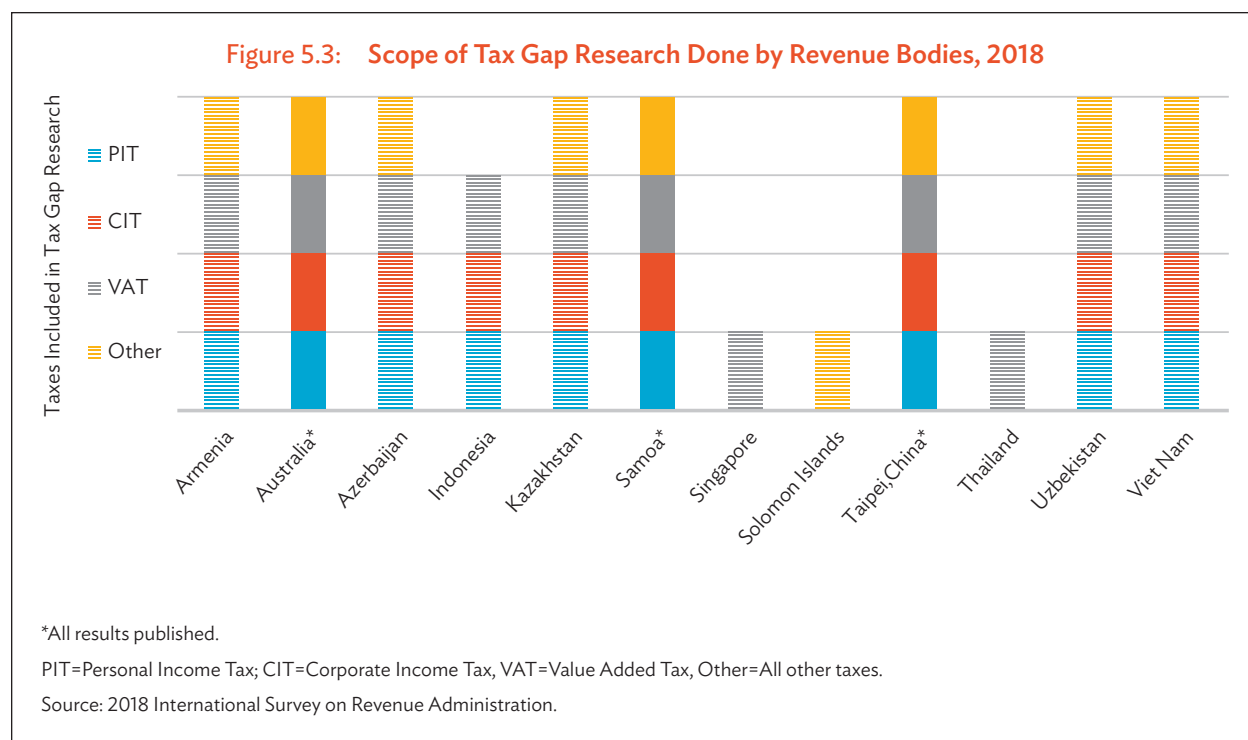
Tax gap estimates assist revenue bodies in gaining a better understanding of broader levels of compliance and in identifying specific areas of higher tax compliance risk. The insights thus obtained may be used to guide the development of treatment strategies—including identified areas for legislative and administrative redesign, knowledge enhancement and other support measures for specific taxpayer requirements, and more adequate corrective actions—and through a deeper understanding of risk factors, to refine case selection and design targeted audit strategies.

Tax gap research is not without its limitations, and findings must be considered with caution. By their very nature, tax gap estimates are uncertain, given the underlying assumptions and the limitations inherent in the methodologies used and the data available. These estimates should be used primarily to indicate areas for further inquiry, including the disaggregation of global tax gap estimates to get a solid grasp of the nature of the noncompliance and its various manifestations.

With these cautions in mind, tax gap estimates, and their magnitude, can provide an aggregate or overall picture of changes in the overall health of the tax system and shifts in compliance levels in specific areas. Tax gap research may improve understanding of the extent of potential revenue leakage and the nature of that leakage (noncompliance or policy weaknesses), and, where data are available, help in identifying areas where noncompliance is more prevalent, such as certain industry sectors.

The IMF's Fiscal Affairs Department actively promotes the use of tax gap research techniques and provides specialist technical assistance on request to revenue bodies in both advanced and developing economies, besides publishing guidance on gap methodologies for specific taxes.⁴⁰

⁴⁰ IMF. 2014. *Fiscal Assessment Tools*. Washington, DC; IMF. 2017. *The Revenue Administration–Gap Analysis Program: Model and Methodology for Value-Added Tax Gap Estimation*. Technical Notes and Manuals No. 17/04. Washington, DC; and IMF. 2017. *The Revenue Administration–Gap Analysis Program: An Analytical Framework for Excise Duty Gap Estimation*. Technical Notes and Manuals No. 17/05. Washington, DC.



Tax Gap Research in Asia and the Pacific

The study and use of tax gap analysis in Asia and the Pacific is recognized as adding value in supporting a better understanding of the performance of the tax system as a whole and in identifying areas of potential revenue underperformance. Policy agencies are increasingly using tax gap research findings to reset or fine-tune their policy setting to address areas of leakage. Revenue bodies also recognize that a greater understanding of the administrative tax gap (or “compliance gap”) contributes to better-informed and more closely targeted compliance improvement strategies and priorities. Information reported by revenue bodies conducting tax gap research can be found in Figure 5.3, Table 5.2, and Appendix Table A.10 (on the use of random audits). Important observations are as follows:

- Over 30% of revenue bodies in Asia and the Pacific reported that they conduct tax gap research. A smaller number reported the use of random audits to support tax gap estimates.
- In most cases where tax gap research is done, it includes all major taxes.
- Only three revenue bodies (in Australia, Samoa, and Taipei, China) publish their tax gap research findings.

2. Identifying, Assessing, and Prioritizing Compliance Risks

For effective CRM, revenue bodies must have data, technology, and skilled staff to conduct high-level risk identification and analysis using both top-down and bottom-up processes. Top-down processes involve macro analysis such as environmental scanning at a system level, as well as analysis of key segments, sectors, and behaviors. Bottom-up analysis generally involves using field intelligence and the results of fieldwork and community consultations to build a more detailed picture of the various risks. These views are then brought together to form an overall picture.

The aim of compliance risk identification is to identify the full range of compliance risks faced by a revenue body. These risks should then be evaluated to determine which ones will be acted on, the extent to which they will be

Table 5.2: Tax Gap Research Done by Revenue Bodies for the Major Taxes, 2018

Region/ Economy	PIT		CIT		VAT		Other Taxes	
	Research Under-taken	Findings Made Public	Research Under-taken	Findings Made Public	Research Under-taken	Findings Made Public	Research Under-taken	Findings Made Public
Central and West Asia								
Afghanistan	x	x	x	x	n.a.	n.a.	x	x
Armenia	✓	x	✓	x	✓	x	✓	x
Azerbaijan	✓	x	✓	x	✓	x	x	x
Georgia	x	x	x	x	x	x	x	x
Kazakhstan	✓	x	✓	x	✓	x	✓	x
Kyrgyz Republic	...	...	...	...	...	...	...	...
Tajikistan	x	x	x	x	x	x	x	x
Uzbekistan	✓	...	✓	...	✓	...	✓	...
East Asia								
China, People's Rep. of	...	...	...	...	...	...	...	...
Hong Kong, China	x	x	x	x	n.a.	n.a.	x	x
Japan	x	x	x	x	x	x	x	x
Korea, Republic of	x	x	x	x	x	x	x	x
Mongolia	x	x	x	x	x	x	x	X
Taipei, China	✓	✓	✓	✓	✓	✓	✓	✓
Pacific								
Australia	✓	✓	✓	✓	✓	✓	✓	✓
Fiji	x	x	x	x	x	x	x	x
New Zealand	x	x	x	x	x	x	x	x
Papua New Guinea	x	x	x	x	x	x	x	x
Samoa	✓	✓	✓	✓	✓	✓	✓	✓
Solomon Islands	x	x	x	x	n.a.	n.a.	✓	x
South Asia								
Bangladesh	x	x	x	x	x	x	x	x
Bhutan	x	x	x	x	n.a.	n.a.	x	x
India	x	x	x	x	x	x	x	x
Maldives	x	x	x	x	x	x	x	x
Sri Lanka	...	...	...	...	...	...	...	...
Southeast Asia								
Cambodia	x	x	x	x	x	x	x	x
Indonesia	✓	x	✓	x	✓	x	x	x
Lao PDR	x	x	x	x	x	x	x	x
Malaysia	x	x	x	x	x	x	x	x
Myanmar	x	x	x	x	n.a.	n.a.	x	x
Philippines	x	x	x	x	x	x	x	x
Singapore	x	x	x	x	✓	x	x	x
Thailand	x	x	x	x	✓	x	x	x
Viet Nam	✓	...	✓	...	✓	...	✓	...

... = data not available at cut-off date, ✓ = relevant, x = not relevant, n.a. = not applicable, CIT = corporate income tax, PIT = personal income tax, VAT = value added tax, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

acted on, and the risks that will be tolerated. Each of these risks will be analyzed in depth to assess the magnitude of the risk if left untreated. This assessment is based on a calculation of the likelihood that the risk will occur, the potential consequences should the risk eventuate, and the adequacy of existing treatments. The findings will then inform choices about which risks should be treated and how much resources should be allocated for the treatment.

Identifying, Assessing, and Prioritizing Compliance Risks in Asia and the Pacific

Information reported by revenue bodies in the survey is set out in Tables 5.3, 5.4a, and 5.4b, and Figure 5.4.⁴¹ The key points are as follows:

- Most revenue bodies reported having processes in place for assessing risks and could specify their main compliance risk categories, although little is known about the specific processes used to arrive at these assessments.
- The most frequently reported risk categories were aggressive domestic tax avoidance, base erosion and profit shifting (BEPS), and e-commerce-related transactions. Aggressive domestic tax avoidance, VAT fraud, and BEPS were the highest-rated risk categories in terms of severity (number of “high-priority” ratings) (Figure 5.4).
- Over one-third of respondents publish key risk areas; most of those also publish the results of their work to address the key risks (Tables 5.4a and 5.4b).
- Almost all risk categories were reported by survey respondents to have increased in prevalence and severity since the previous survey.
- Even though the BEPS risk is widely reported and highly ranked in terms of severity, less than two-thirds of revenue bodies reported being members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (GFTEOI), and less than half have committed themselves to using the new global standard (Table 5.3).
- Only around half of the revenue bodies use or plan to use the Automatic Exchange of Information (AEOI) global tax standard, although the number appears to be growing rapidly, with 11 new signatories in 2018. In addition, Taipei, China, while not a member of the GFTEOI, has taken steps to improve its arrangements for the international exchange of information. In 2019, it made the adoption of due diligence and reporting standards consistent with the OECD’s Common Reporting Standard (CRS) mandatory for all financial institutions.
- The main purposes reported for the use of these standards were to identify noncompliance and to support audit. Georgia and Tajikistan also intend to use reporting to prefill returns (Table 5.3).

3. Analyzing and Influencing Compliance Behavior

Studies on influencing taxpayer behavior and the practical experience of revenue bodies⁴² have helped shape a number of principles that are believed to underpin good administrative practice and to correlate positively with promoting shifts in voluntary compliance. These principles are summarized in Box 5.3.

At the simplest level, these influencing factors can be grouped into two broad categories: those designed to promote perceptions of trust and fairness in the tax administration and the tax system, and those designed to increase awareness of the likelihood and consequences of detection, including the severity of sanctions. Although some studies report correlations between improvements in voluntary compliance and the likelihood of detection or the severity of penalties, these correlations are not as clear as the links established between voluntary compliance and perceptions of trust and fairness.

⁴¹ Table 5.3 includes information from the 2018 International Survey on Revenue Administration and separate research.

⁴² OECD. 2004. *Compliance Risk Management: Managing and Improving Tax Compliance*. Guidance Note. Paris: OECD Publishing; I. A. Horodnic. 2018. Tax Morale and Institutional Theory: A Systematic Review. *International Journal of Sociology and Social Policy*. 38 (9/10): pp. 868–886. <https://www.emeraldinsight.com/doi/full/10.1108/IJSSP-03-2018-0039> (accessed 8 April 2019).

Table 5.3: Engagement and Participation of ADB Members in International Tax Reform Efforts

Region/ Economy	Automatic Information Exchange to Counter Tax Evasion				To Counter Tax Avoidance: Member of BEPS Inclusive Framework (as of March 2019)
	GFTEOI Member	Commitment to Use New Global Standard (Year of First Exchange)	Use of, or Intent to Use, New AEOI Standard	Proposed Uses of Information Received under Standard	
Central and West Asia					
Afghanistan	x	x	x	x	x
Armenia	✓	x	x	x	✓
Azerbaijan	✓	✓ (2018)	✓	I, S, O	x
Georgia	✓	x	✓	I, P, S,	✓
Kazakhstan	✓	✓ (2020)			✓
Kyrgyz Republic	x	x	...	...	x
Tajikistan	x	x	x	x	x
Uzbekistan	x	x	x	x	x
East Asia					
China, People's Rep. of	✓	✓ (2018)	✓	I, S	✓
Hong Kong, China	✓	✓ (2018)	✓	I, S	✓
Japan	✓	✓ (2018)	✓	I, S	✓
Korea, Rep. of	✓	✓ (2017)	✓	I, S, O	✓
Mongolia	✓	x	x	x	✓
Taipei, China	x	✓ (2020)	✓	I, S	x
Pacific					
Australia	✓	✓ (2018)	✓	I, S	✓
Fiji	x	x	✓	I, S	x
New Zealand	✓	✓ (2018)	✓	I, S, O	✓
Papua New Guinea	✓	x	✓	I, S	✓
Samoa	✓	✓ (2018)		I, S, O	x
Solomon Islands	x	x	x	x	x
South Asia					
Bangladesh	x	x	x	x	✓
Bhutan	x	x	x	x	x
India	✓	✓ (2017)	✓	I, S	✓
Maldives	✓	✓ (2020)	✓	I, S, O	✓
Sri Lanka	x	x	x	x	✓
Southeast Asia					
Cambodia	✓	x	x	x	x
Indonesia	✓	✓ (2018)	✓	I, S, O	✓
Lao PDR	x	x	x	x	x
Malaysia	✓	✓ (2018)	✓	I, S, O	✓
Myanmar	x	x	x	x	x
Philippines	✓	x	✓	I, S, O	x
Singapore	✓	✓ (2018)	✓	I, S, O	✓
Thailand	✓	x	✓	I, S	✓
Viet Nam	x	x	x	-	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, ADB = Asian Development Bank, AEOI = automatic exchange of information, BEPS = base erosion and profit shifting, GFTEOI = Global Forum for Transparency and Exchange of Information, I = identify noncompliance, Lao PDR = Lao People's Democratic Republic, P = prefill tax returns, O = other, S = support audit activities.

Sources: Global Forum on Transparency and Exchange of Information (<http://www.oecd.org/tax/transparency/about-the-global-forum/members/>); OECD (<http://www.oecd.org/tax/beps/inclusive-framework-on-beps-composition.pdf>); and OECD (http://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf—all accessed 30 March 2019).

Table 5.4a: Risk Focus Areas of Compliance Strategy and Relative Priorities of Revenue Bodies, 2018

Region/ Economy	Formal CRM Approach	Risk Focus Areas in 2018					
		BEPS	Domestic Tax Avoidance	VAT Fraud	Identity Theft	Hidden/ Black Economy	Goodwill Amortization
Central and West Asia							
Afghanistan	✓	L	L	L	L	L	L
Armenia	✓	M	H	H	H	H	L
Azerbaijan	✓	H	H	H	H	H	L
Georgia	✓	H	H	H	H	H	L
Kazakhstan	✓	H	H	H	H	H	L
Kyrgyz Republic	x	...	...	...	...	...	...
Tajikistan	✓	H	H	H	H	H	H
Uzbekistan	✓	M	H	H	M	H	M
East Asia							
China, People's Rep. of	✓	H	H	H	H	L	L
Hong Kong, China	✓	M	H	x	M	H	L
Japan	x	M	M	M	M	M	M
Korea, Rep. of	✓	H	H	H	L	M	M
Mongolia	✓	H	H	H	L	M	M
Taipei, China	✓	H	H	H	H	M	H
Pacific							
Australia	✓	H	H	H	H	H	L
Fiji	✓	H	H	H	M	M	M
New Zealand	✓	H	H	H	H	H	L
Papua New Guinea	✓	H	M	H	H	L	M
Samoa	✓	H	H	H	H	H	L
Solomon Islands	✓	M	H	M	H	H	M
South Asia							
Bangladesh	✓	M	M	M	M	M	M
Bhutan	✓	L	H	...	...	...	...
India	✓	H	H	L	M	H	L
Maldives	✓	H	H	H	M	H	H
Sri Lanka	x	M	M	H	M	H	L
Southeast Asia							
Cambodia	✓	H	H	H	M	M	M
Indonesia	✓	H	H	H	H	M	L
Lao PDR	x	H	H	H	M	H	H
Malaysia	✓	H	H	x	L	M	L
Myanmar	x	M	M	L	H	H	L
Philippines	x	L	H	H	M	H	M
Singapore	✓	M	H	H	L	M	L
Thailand	✓	H	M	H	M	M	L
Viet Nam	✓	H	L	H	H	L	L

... = data not available at cutoff date, x = not relevant, H = high, BEPS = base erosion and profit shifting, CRM = compliance risk management, L = low, Lao PDR = Lao People's Democratic Republic, M = medium.

Sources: 2018 International Survey on Revenue Administration.

Table 5.4b: Key Risk Focus Areas of Compliance Strategy and Relative Priorities of Revenue Bodies, 2018

Region/Economy	Key Risk Focus Areas in 2018					
	Preferential Tax Regimes/ Incentives	Transactions with Tax Havens	High-Net-Worth Individuals	Research/ Development Tax Credits	E-commerce-Related Transactions	Other High-Priority Risks
Central and West Asia						
Afghanistan	M	L	L	L	M	x
Armenia	M	M	L	M	M	x
Azerbaijan	H	H	L	H	H	x
Georgia	M	H	H	M	L	x
Kazakhstan	H	M	M	M	M	x
Kyrgyz Republic	...	...	...	...	...
Tajikistan	H	H	H	L	H	
Uzbekistan	H	H	M	H	L	x
East Asia						
China, People's Rep. of	M	M	L	H	L	x
Hong Kong, China	M	H	L	L	M	x
Japan	M	M	M	M	M	x
Korea, Rep. of	L	H	H	M	H	x
Mongolia	M	H	L	L	L	x
Taipei, China	H	H	H	H	H	x
Pacific						
Australia	H	M	H	H	M	^a
Fiji	H	M	H	M	M	x
New Zealand	H	H	H	L	H	x
Papua New Guinea	L	M	M	M	H	x
Samoa	M	H	L	H	H	x
Solomon Islands	M	M	M	M	H	x
South Asia						
Bangladesh	M	M	H	H	M	x
Bhutan	...	...	M	H	H	x
India	M	H	H	M	H	x
Maldives	M	M	L	L	L	x
Sri Lanka	L	M	M	L	M	x
Southeast Asia						
Cambodia	H	H	M	M	M	x
Indonesia	H	H	H	L	H	^b
Lao PDR	M	H	H	H	H	x
Malaysia	M	M	H	H	H	x
Myanmar	M	L	L	L	L	x
Philippines	M	M	H	n.a.	M	x
Singapore	L	M	M	H	H	x
Thailand	M	L	M	L	L	x
Viet Nam	H	L	...	...	H	x

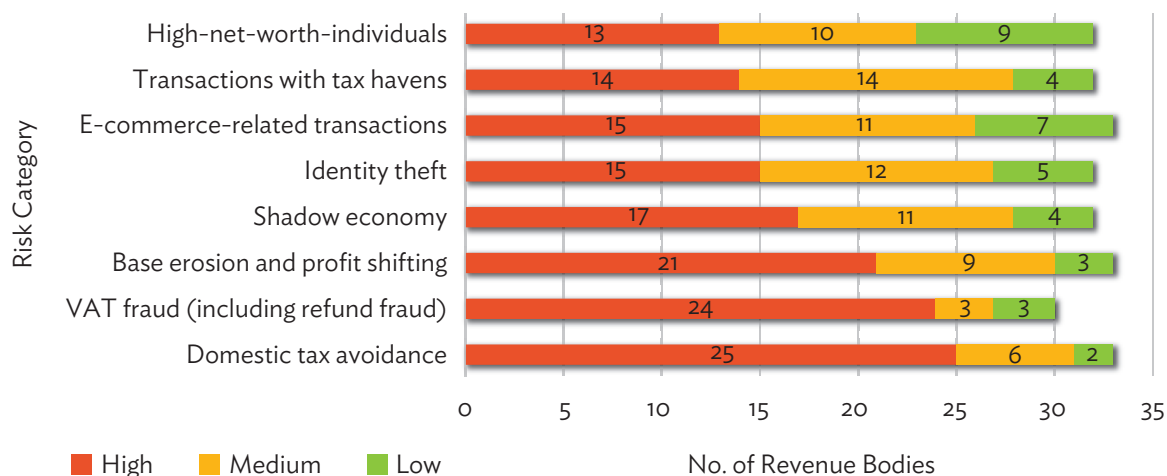
... = data not available at cutoff date, H = high, L = low, Lao PDR = Lao People's Democratic Republic, M = medium, n.a. = not applicable.

^a Other high-priority risk focus areas reported were those covered by the Phoenix, Serious Financial Crime, Illicit Tobacco, Trust, and Tax Avoidance task forces.

^b Other high-priority risk focus areas reported were tax base analysis (after the tax amnesty program in 2016), the matching of reported assets with external and internal data, and intensive monitoring of taxpayers who contribute 90% of tax revenue at both the national and regional levels.

Source: 2018 International Survey on Revenue Administration.

Figure 5.4: Relative Priorities of Revenue Bodies Across Compliance Risk Categories, 2018



VAT=value-added tax.

Source: 2018 International Survey on Revenue Administration.

Box 5.3: Inducing Taxpayers' Voluntary Compliance

Trust and Fairness

- Make taxpayers' obligations clear:
 - Have laws that unambiguously state what those obligations are, or provide interpretative advice; and
 - Set well-defined administrative requirements.
- Make it as easy as possible to comply:
 - Make the requirements as simple and least burdensome as possible; and
 - Test services and products with users.
- Provide incentives for voluntary compliance, such as reduced penalties for voluntary disclosure.

Chances of Detection and Severity of Penalties

- Exercise sanctions when appropriate:
 - Apply graduated treatment reflecting the nature of the behavior, and
 - Assess the level of sophistication of the taxpayers involved.
- Make powers and activities visible by publicizing prosecution results.

Source: Authors' compilation.

Much of the historical research in this field has focused on bringing about broad behavioral shifts across the community. Increasingly, revenue bodies, on their own or in partnership with academic institutions, are now also conducting detailed research to help identify specific approaches more likely to generate positive shifts in compliance at the small group and individual taxpayer levels.

At the simplest level, these influencing factors can be grouped into two broad categories: those designed to promote perceptions of trust and fairness in the tax administration and the tax system, and those designed to increase awareness of the likelihood and consequences of detection, including the severity of sanctions. Although some studies report correlations between improvements in voluntary compliance and the likelihood of detection or the severity of penalties, these correlations are not as clear as the links established between voluntary compliance and perceptions of trust and fairness.

Much of the historical research in this field has focused on bringing about broad behavioral shifts across the community. Increasingly, revenue bodies, on their own or in partnership with academic institutions, are now also conducting detailed research to help identify specific approaches more likely to generate positive shifts in compliance at the small group and individual taxpayer levels.

Analyzing and Influencing Compliance Behavior in Asia and the Pacific

Revenue bodies reported on the range of initiatives taken to influence taxpayer behavior, and these are presented in Table 5.5. Figure 5.5 summarizes the approaches to influencing taxpayer behavior reported by survey respondents. Cooperative compliance models for large business taxpayers are discussed later in this chapter, and data reported are set out in Appendix Tables A.11a and A.11b. Some observations are as follows:

- Almost all revenue bodies use the media and adopt direct marketing and education activities to influence taxpayer behavior.
- Increasing numbers are using approaches such as behavioral insights research and cooperative compliance programs (targeted at large business taxpayers).

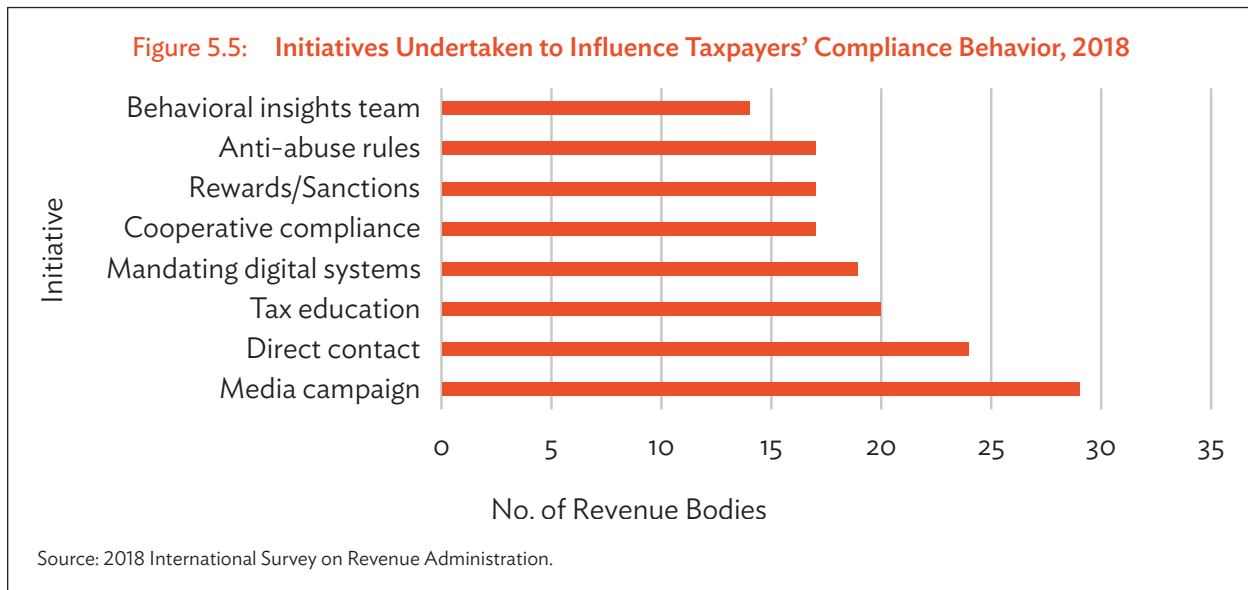
The following section provides more detailed analysis of behavioral insights research.

Behavioral Insights

Behavioral insights is an emerging field of research exploring ways to improve the effectiveness and efficiency of customer interactions. It aims to combine insights from disciplines such as behavioral economics, psychology, cognitive science, and social science with empirically tested results to discover how people make choices, and what factors influence those choices. This approach has been used in areas including to encourage better lifestyle choices, to promote safer driving practices, and to improve regulatory compliance behavior.⁴³

By understanding better how people's behavior can be influenced by different approaches, revenue bodies can design more effective interventions to promote compliance. Many interventions in the field of taxation arising from the study of behavioral insights are relatively simple and cheap to implement, often with surprising results. Some are new, and others can be introduced alongside more traditional methods, to broaden the suite of treatments available, and to improve the effectiveness of existing interventions. For example, redrafting letters and notices to bring out key information (such as placing this information in a prominently displayed box or presenting it in a

⁴³ R. Thaler and C. Sunstein. 2009. *Nudge: Improving Decisions about Health, Wealth and Happiness*. London: Penguin Books. Since the publication of this influential work, specialist research teams have been formed to do further research in tax administration. See, for example, the US Internal Revenue Service publication on this topic at: <https://www.irs.gov/pub/irs-soi/17rpirsbehavioralinsights.pdf> (accessed 11 April 2019).



different text color) and varying the tone or language are just two examples of simple interventions that have been found to improve the success of interactions in influencing taxpayer compliance behavior.

It is generally understood that the effectiveness of different interventions and insights depends greatly on the context and the setting. What works in one economy may not work in another. Local customs, institutional preferences, and sometimes even the timing of the intervention may have a negative or a positive effect on findings. As a result, any intervention being considered by a revenue body should be carefully tested for efficacy, against control groups, before being deployed on a wider scale. This initial trial, using the “test, learn, adapt” approach, is strongly recommended.

The “test, learn, adapt” approach involves testing the concept in a controlled and limited trial, finding out through a statistical evaluation of results which aspects work and which other aspects do not, and then adapting the successful elements and applying these more widely to yield better results across the broader population. Box 5.4 outlines a range of areas where behavioral insights may help tax administrators secure taxpayer compliance through more finessed approaches that have been tested and found to be suitable to the context and environment in a particular economy.

Behavioral Insights Research in Asia and the Pacific

Revenue bodies in Asia and the Pacific are increasingly aware that a better understanding of taxpayer behavior will enable them to complement traditional interventions and sanctions with new approaches, based on sound science, to increase their influence and improve taxpayer cooperation. Around 40% of revenue bodies surveyed reported that they have a behavioral insights research unit and that they commonly use the techniques developed with the help of research done by the unit, to shape media and education products, to shift behaviors toward the use of preferred channels, and to increase the uptake of digital options (Table 5.5).

Case Study: Using Behavioral Insights—Internal Revenue Authority of Singapore

The Singapore government began supporting research into applications of behavioral insights in 2016, when the Behavioural Insights Team (BIT) of the United Kingdom’s Cabinet Office set up an office in Singapore. The mission of the BIT is to deliver rigorous social impact across all aspects of government administration worldwide. In

Table 5.5: Initiatives Taken by Revenue Bodies to Influence Taxpayers' Compliance Behavior, 2018

Region/Economy	Behavioral Insights Team/ Unit in Revenue Body	Specific Initiatives Taken to Influence Taxpayers' Behavior					
		Media Campaigns	Direct Contact Channels	Tax Education Programs at Schools, etc.	Rewards and Sanctions	Use of Anti-abuse Rules	Mandated Use of Digital Systems
Central and West Asia							
Afghanistan	✓	✓	✓	✓	x	x	✓
Armenia	x	✓	✓	...	...	...	✓
Azerbaijan	x	✓	✓	✓	✓	✓	✓
Georgia	x	✓	✓	✓	✓	✓	✓
Kazakhstan	x	✓	✓	x	✓	✓	✓
Kyrgyz Republic	...	...	...	...	...	...	...
Tajikistan	✓	✓	✓	✓	✓	x	✓
Uzbekistan	✓	✓	✓	✓	x	✓	✓
East Asia							
China, People's Rep. of	✓	✓	✓	x	✓	x	x
Hong Kong, China	x	✓	✓	x	x	✓	x
Japan	✓	✓	✓	✓	x	x	✓
Korea, Rep. of	x	x	x	x	x	x	x
Mongolia	✓	✓	✓	✓	✓	x	✓
Taipei, China	x	✓	✓	✓	✓	✓	✓
Pacific							
Australia	✓	✓	✓	x	✓	✓	x
Fiji	✓	✓	✓	✓	x	x	✓
New Zealand	✓	✓	✓	✓	x	✓	x
Papua New Guinea	x	✓	✓	x	x	✓	✓
Samoa	x	x	x	x	x	x	x
Solomon Islands	x	✓	✓	x	x	x	x
South Asia							
Bangladesh	✓	✓	✓	✓	✓	✓	✓
Bhutan	...	✓	...	✓	...	...	...
India	x	✓	✓	✓	✓	✓	✓
Maldives	✓	✓	x	✓	x	x	x
Sri Lanka	x	x	x	x	x	x	x
Southeast Asia							
Cambodia	...	✓	✓	✓	✓	x	x
Indonesia	✓	✓	✓	✓	✓	✓	✓
Lao PDR	x	✓	x	x	✓	x	✓
Malaysia	✓	✓	✓	✓	x	✓	✓
Myanmar	x	x	x	x	x	x	x
Philippines	x	✓	x	x	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓	x
Thailand	x	✓	x	✓	✓	✓	x
Viet Nam	x	✓	✓	✓	✓	✓	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Box 5.4: Using Behavioral Insights in Tax Administration

Examples of where behavioral insights (BI) can be applied in tax administration:

- **Taxpayer services.** To show how services can be tailored to best meet the needs of different taxpayer segments or sectors.
- **Outreach and preemptive communication.** To suggest the appropriate manner and timing of delivery of communications, as these factors can have a significant impact on how taxpayers respond.
- **Voluntary compliance and self-correction.** To emphasize the importance of targeted and taxpayer-specific feedback and reminders, to encourage honest reporting.
- **Mathematical errors, soft notices, and automated underreporting.** To identify where, when, and why taxpayers make errors in filing and reporting, so that detailed edit checks, tips, and reminders can be inserted or provided for areas of high error.
- **Examinations and penalties.** To demonstrate how appeals to image, identity, and social norms can encourage socially responsible actions by citizens.

Source: Authors' compilation.

Box 5.5: Behavioral Insights Trial Carried Out by the Internal Revenue Authority of Singapore

Objective

To test ways of improving the success of demands for payment of tax arrears.

Methodology

- Various new messages, which could be varied depending on previous behaviors, were developed.
- The Internal Revenue Authority of Singapore (IRAS) segmented the population, on the basis of such factors as the offender's record (first-time or serial offender).
- Through a series of tests, one for each customer segment, the "business as usual" letters (which varied in severity) were evaluated against a range of behaviorally informed letters to gauge their efficacy.

Results

- The redesigned letters increased payments within 44 days across each taxpayer segment. Increases of 1.7–6.4 percentage points were observed.
- The largest gains were made on the middle ground: those who had missed a few deadlines (not paid on time) in the past, possibly through oversight.
- IRAS plans to use the new letters in the future.

Source: The United Kingdom Behavioural Insights Team in Singapore. <https://www.bi.team/blogs/applying-behavioural-insights-in-asias-city-state/> (accessed 2 April 2019).

collaboration with the Public Service Division under the Singapore Prime Minister's Office and the Inland Revenue Authority of Singapore (IRAS), the BIT tested the possibility of using behavioral insights to accelerate tax payments from taxpayers who fail to pay on time. The main aspects of the trial are summarized in Box 5.5.

Although the improvements in payment outcomes reported from this trial may appear to be relatively modest, the results were achieved with limited effort and with little or no additional cost to IRAS. Better targeting of interventions, designed to reflect a knowledge of the taxpayer's compliance history, often require only small changes and are relatively easy to test and implement.

This field of research has considerable potential for use across Asia and the Pacific, but it is important to bear in mind that techniques that work in one economy may not have the desired result in another. Therefore, simply copying what worked elsewhere may not be the ideal approach. Revenue bodies that are considering adopting behavioral insights techniques are encouraged to carefully evaluate various options against control groups, through "the test, learn, adapt" approach, before applying the techniques more broadly.

4. Determine Treatment Strategies

Increasingly, revenue bodies are seeking to understand better the systemic drivers underlying noncompliance and to address those drivers, rather than simply treating the symptoms. Adopting preventive activities focused on improving both the legislative and the administrative systems to make compliance easier and noncompliance less likely is often the preferred approach. In addition, identifying at-risk populations and intervening before the potential noncompliance occurs is almost always more effective and less costly than correcting noncompliance after the event. Preventive approaches may include third-party data-matching programs, which can be used to alert taxpayers to make sure they return the relevant incomes, and even to prefill tax returns with these details.

Detection activities, if designed well, support prevention, and act both as a deterrent to noncompliance (where taxpayers perceive a high risk of detection) and as a means of effectively identifying higher-risk cases requiring intervention.

One-to-one correction interventions (such as audits of taxpayers) are the most expensive option for revenue bodies, and should be used judiciously and reserved for more egregious or serious matters. Audit is not the only option, and many revenue bodies are adopting other approaches, such as bulk and personalized mail-outs to at-risk taxpayers, promoting self-correction or voluntary disclosure programs, as an alternative to audit.

In the following sections, three commonly applied treatment strategies used by revenue bodies are explored in more detail. These are the use of voluntary disclosure policies and programs, the conduct of verification programs, and the investigation of tax crimes.

Voluntary Disclosure Programs

Voluntary disclosure and self-correction options are increasingly used by revenue bodies as part of a broader treatment strategy for dealing with specific risk categories, such as hiding of assets offshore, and, at a broader level, for encouraging taxpayers who find errors in their tax affairs to correct them voluntarily. Voluntary disclosure options are offered by revenue bodies to allow noncompliant taxpayers to correct their tax affairs under defined and publicized conditions, often including reduced penalties, sometimes offering reduced interest, but usually requiring full payment of primary tax.

Such programs, when used carefully, offer benefits to all concerned. Revenue bodies can deal more cost-effectively with large numbers of taxpayers, using lower-cost self-correction options. Taxpayers making the disclosures can settle their affairs quickly and are usually offered lower penalties than they would face if they were to hold out and

take their chances of being detected by authorities. Compliant taxpayers are treated fairly, in that the noncompliant taxpayer is still required to pay primary tax and penalties and interest (albeit reduced), and governments receive the revenue to which they are entitled, in a cost-effective way. Voluntary disclosures are generally used as part of a broader compliance strategy involving a suite of compliance actions, designed to ensure that interventions and sanctions applied are graduated in proportion to the egregiousness of the behavior.

The OECD's Forum on Tax Administration has developed a decision tree to assist revenue bodies in designing and implementing voluntary disclosure programs.⁴⁴ The decision tree, shown in Figure 5.6, outlines factors that revenue bodies should consider when designing and implementing such programs. These factors include program durability—whether the program is permanent or whether it exists solely to deal with a specific risk category. Decision makers should: (i) establish a reason for the program; (ii) determine its scope; (iii) define its terms; (iv) establish its reporting requirements; (v) consider opportunities for intelligence gathering; and (vi) develop a communication strategy.

Voluntary Disclosure Programs in Asia and the Pacific

Figure 5.7 and Appendix Table A.12 detail survey responses in relation to the use of voluntary disclosure policies and programs. Key findings are as follows:

- Voluntary disclosure programs are common among revenue bodies in Asia and the Pacific. Almost 60% of revenue bodies surveyed reported that they offer a voluntary disclosure program.
- Around 95% of those offering a program reported that they are empowered to reduce penalties, while around 60% also have the power to reduce interest charges.

Audit Programs

Revenue bodies recognize that promoting tax compliance requires a range of responses reflecting the taxpayer's behavior and circumstances. Some failure to comply with tax laws—whether due to weaknesses in the system or to taxpayers' inexperience, negligence, or even deliberate evasion—is unavoidable. Historically, many revenue bodies have used audits as a primary remedy, but in more recent times, revenue bodies have recognized that the factors underlying taxpayers' compliance behavior should be more closely considered in determining appropriate responses. Revenue bodies also recognize that audits are expensive and should be applied judiciously.

Nevertheless, audits and, in the most serious cases of evasion, investigations should be part of a balanced suite of approaches to treating noncompliance. If used appropriately and deployed competently, these interventions can serve not only as a way of recouping lost revenue, but also as a means of improving the future compliance of the taxpayers involved and of the broader community.

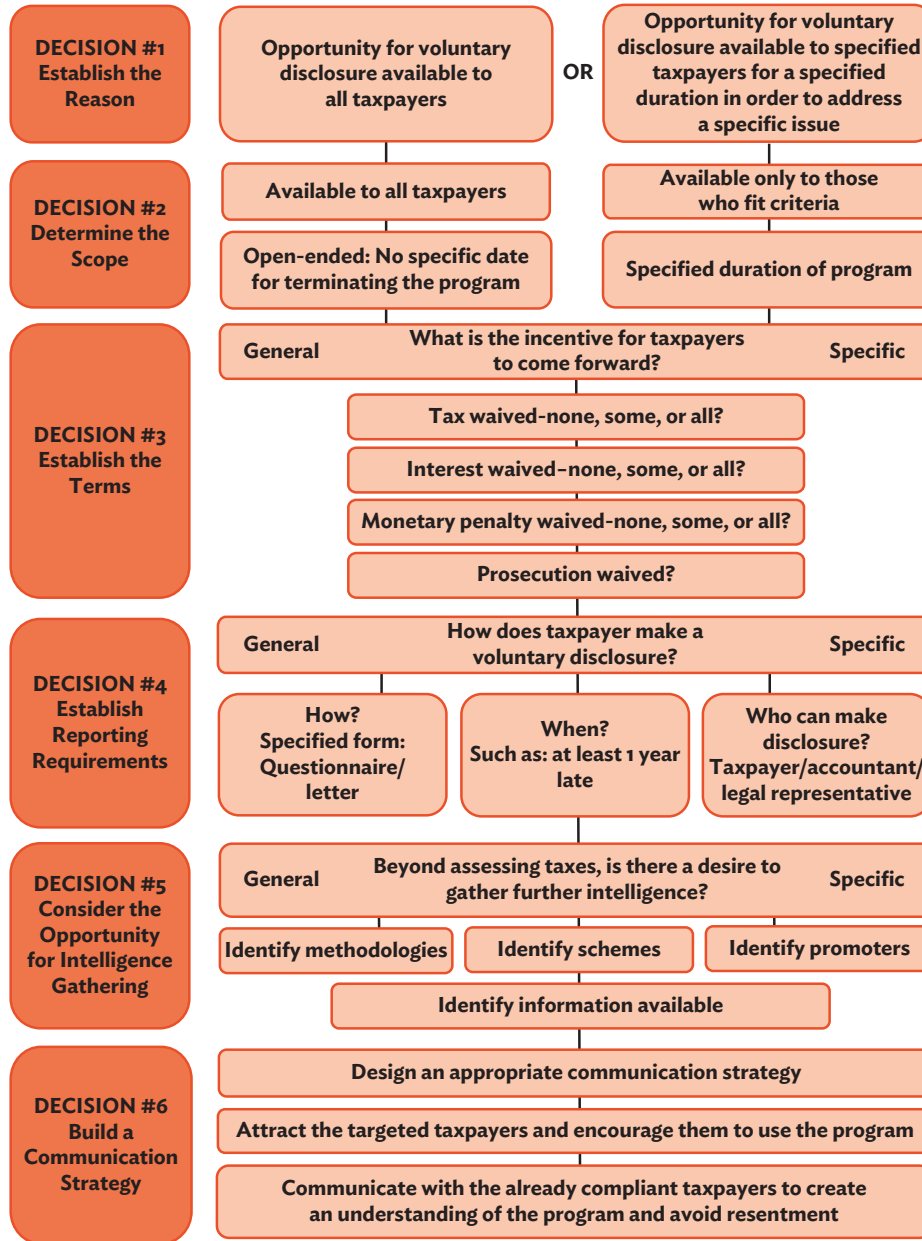
Audit Programs in Asia and the Pacific

All revenue bodies reported extensive audit programs comprising a range of audit actions (Appendix Tables A.13a and A.13b):

- Reflecting the trend toward a more graduated approach to audit, the largest category reported by number was desk audits, with comprehensive and issue-oriented audits featuring in lower numbers.
- Hong Kong, China reported that low-cost automated audits were the highest category by number.
- In terms of value, almost half of the survey respondents reported that comprehensive audits generated the most revenue.

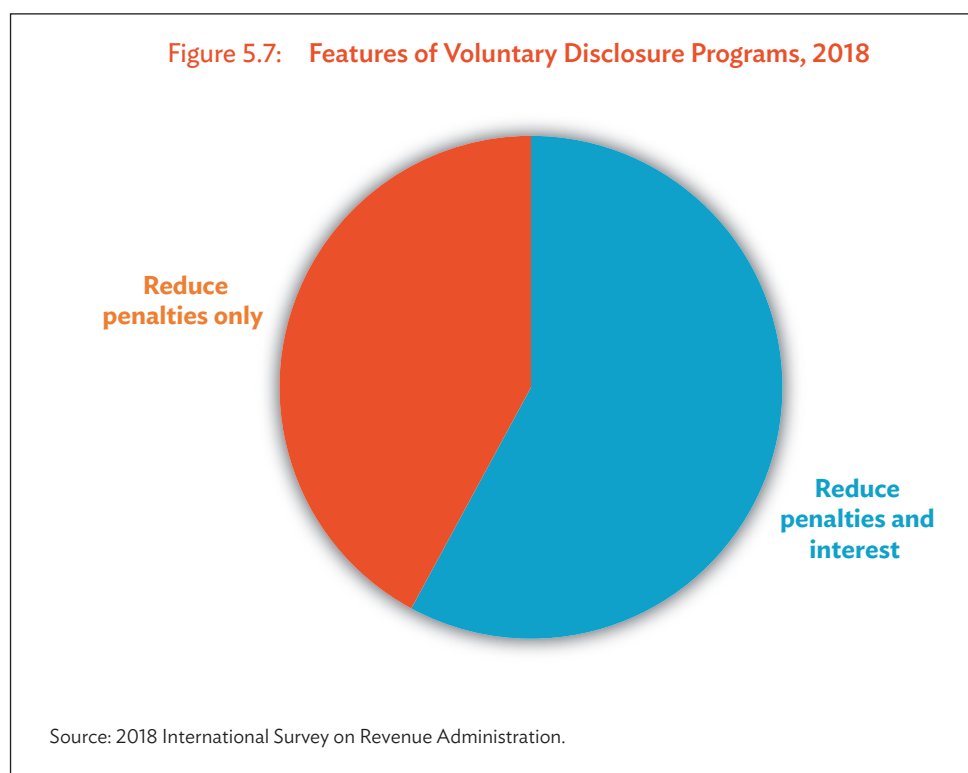
⁴⁴ OECD. 2015. *Update on Voluntary Disclosure Programmes: A Pathway to Tax Compliance*. Paris: OECD Publishing.

Figure 5.6: OECD Model for Implementing a Voluntary Disclosure Program



OECD = Organisation for Economic Co-operation and Development.

Source: OECD. 2015. *Update on Voluntary Disclosure Programmes: A Pathway to Tax Compliance*. Paris: OECD Publishing.



Investigating Tax Crimes

In implementing strategies to investigate tax crimes the principles of developing graduated treatment strategies, discussed earlier, continue to be relevant. According to the OECD, strategies for combating tax crime should include:

- Preventive activities, including education;
- Well-designed detection models, supported by good data sources and data management;
- Correction activities, including investigation and prosecution of offenses; and
- Recovery of the proceeds of tax and other financial crime.

Typically, these approaches involve cooperation across several government agencies including revenue bodies (tax and customs), anti-money laundering agencies, financial intelligence units (FIUs), the police, and prosecutors.

Organizational models for agencies fighting tax crimes and other types of financial crime

The OECD has published a series of guidance papers, known as the Rome Reports, providing guidance on effective interagency cooperation in fighting tax crimes. The first of the papers was released in 2009, and the most recent in 2017.⁴⁵ The first paper identified a range of organizational models on the basis of surveys of member economies. Each organizational model has distinct features, often reflecting the underlying legal framework of the jurisdiction concerned, and division of responsibilities and powers across the agencies involved. The agency with primary

⁴⁵ OECD. 2017. *Effective Inter-Agency Co-operation in Fighting Tax Crimes and Other Financial Crimes—Third Edition*. Paris: OECD Publishing. <http://www.oecd.org/tax/crime/effective-inter-agency-co-operation-in-fighting-tax-crimes-and-other-financial-crimes.htm>.

legal responsibility for a particular activity will shape the processes, and the arrangements required to optimize cooperation.

According to the OECD, organizational models for countering tax crime tend to fall into four groups:

- **Model 1.** The tax administration has responsibility for directing and conducting investigations. This model is applied in Australia, India, Japan, Malaysia, New Zealand, the Republic of Korea, and Singapore.
- **Model 2.** The tax administration has responsibility for conducting investigations, under the direction of the public prosecutor. This model is applied in Azerbaijan.
- **Model 3.** A specialist tax agency outside the revenue body, typically but not always under the Ministry of Finance, has responsibility for conducting investigations. This model is applied in Georgia.
- **Model 4.** The police or public prosecutor has responsibility for conducting investigations. The OECD does not report any applications of this model in surveyed jurisdictions in Asia and the Pacific.

Enhanced cooperation

Information sharing is a necessary condition for interagency cooperation. Some jurisdictions have developed cooperative cross-agency operational models to make the most effective use of gateways to streamline such exchanges. The OECD report identifies the main approaches, namely:

- **Joint investigation teams.** Agencies with a common interest work together. Besides sharing information, the investigation team can draw on a wider range of skills and experience from investigators with different expertise. Joint investigations avoid duplication arising from parallel investigations and increase efficiency. Officials from each agency focus on different aspects of the investigation, depending on their experience and legal powers. Wider information sharing may take place when agencies are engaged in a joint investigation. Jurisdictions that make use of these strategies include Australia, Azerbaijan, India, Japan, Malaysia, and Singapore.
- **Interagency centers of intelligence.** These are established to centralize processes for information gathering and analysis. They may focus on a specific geographic area or type of criminal activity, or have a wider role in information sharing. These centers conduct analyses based on primary research as well as on information obtained from contributing agencies. Sometimes they access data through gateways available to participating agencies, while in other cases they have specific information-gathering powers. Jurisdictions that make use of these strategies include Australia and India.
- **Secondments and colocation of personnel.** Skills may be transferred while allowing personnel to build contacts with their counterparts in another agency. Seconded officials share skills, experience, and specialist knowledge, while participating directly in the work of the host agency. Jurisdictions report that arrangements to colocate and second staff have wider benefits for interagency cooperation by encouraging officials to be more proactive in engaging with other agencies and improving the effectiveness of cooperation. Jurisdictions that make use of these strategies include Australia, Japan, and the Republic of Korea.
- **Training.** Training programs, involving officials from more than one authority or led by experts from different authorities, provide an important opportunity for officials from different authorities to build personal relationships and benefit from each other's experience. They can also be used to ensure that personnel working in one authority are able to recognize indicators of crimes of a type that they are not responsible for dealing with. Jurisdictions that use training programs to enhance interagency cooperation include Australia, Azerbaijan, Georgia, Japan, Malaysia, New Zealand, and Singapore.
- **Other models.** Other strategies include the use of shared databases, the dissemination of strategic intelligence products such as newsletters and intelligence briefs, and the creation of joint committees to coordinate policy in areas of shared responsibility. Jurisdictions that make use of these strategies include Australia, India, Japan, New Zealand, and Singapore.

Investigating Tax Crimes in Asia and the Pacific

Most revenue bodies reported having either a general role or an investigative role in the conduct of tax crime investigations. Tables 3.4 and 5.6 detail the various roles and Appendix Table A.14 captures the main focus areas and approaches to training that were reported.

- Around one-third reported that the revenue body is the sole manager of tax crime investigation cases, and over 70% reported having some role in such cases. Almost 70% reported that they participate actively in criminal investigations.
- In the important area of training of staff engaged in the specialized area of tax crime investigations, good practice would suggest that specialized training, including participation in both internal and external joint training involving a range of law enforcement and other agencies, should be provided:
 - As summarized in Figure 5.8, over one-third of revenue bodies involved in criminal investigations reported that no specific training is provided to tax crime investigators.
 - Only seven revenue bodies reported that external training is provided, and only three (those in Cambodia, the Philippines, and Samoa) provide both internal and external training for tax crime investigators.

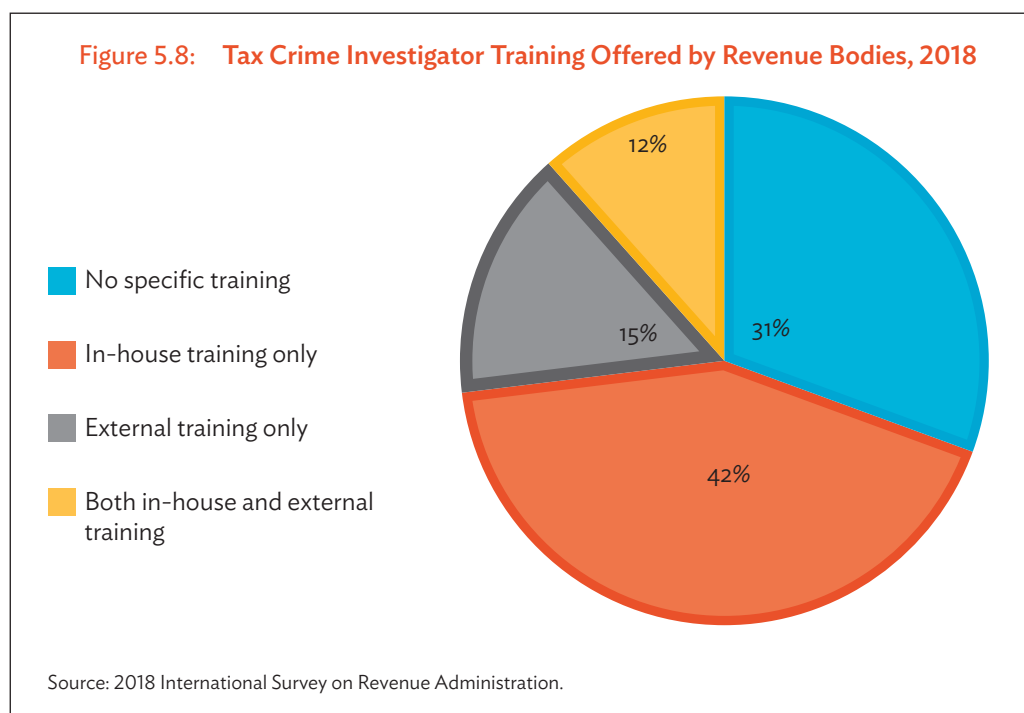


Table 5.6: Role of Revenue Bodies in Tax Crime Investigation, 2018

Region/Economy	Revenue Body Has Role in Cases	Case Management Arrangements				Revenue Body Participates Actively in Tax Crime Investigation
		Cases Managed Solely by Revenue Body	Cases Managed by Another Body	Joint Management		
				Revenue Body Leads	Other Body Leads	
Central and West Asia						
Afghanistan	✓	x	✓	x	✓	✓
Armenia	✓	✓	x	x	x	✓
Azerbaijan	✓	✓	x	x	x	✓
Georgia	x	x	✓	x	x	...
Kazakhstan	✓	x	x	x	✓	✓
Kyrgyz Republic	✓	x	x	x	✓	...
Tajikistan	✓	x	✓	x	✓	...
Uzbekistan	✓	x	✓	x	x	✓
East Asia						
China, People's Rep. of	✓	x	x	x	✓	✓
Hong Kong, China	✓	✓	x	x	x	✓
Japan	✓	✓	x	x	x	✓
Korea, Rep. of	x	x	x	x	x	x
Mongolia	x	x	x	x	x	x
Taipei, China	✓	x	x	x	✓	X
Pacific						
Australia	✓	x	x	✓	x	✓
Fiji	x	x	x	x	x	x
New Zealand	✓	✓	x	x	x	✓
Papua New Guinea	✓	✓	x	x	x	✓
Samoa	✓	✓	x	x	x	✓
Solomon Islands	✓	x	x	x	✓	✓
South Asia						
Bangladesh	✓	✓	x	x	x	✓
Bhutan	x	x	x	x	x	x
India	✓	✓	x	x	x	✓
Maldives	✓	x	x	✓	x	✓
Sri Lanka	x	x	x	x	x	x
Southeast Asia						
Cambodia	✓	✓	x	x	x	✓
Indonesia	✓	x	x	x	✓	✓
Lao PDR	x	x	x	x	x	x
Malaysia	✓	x	x	✓	x	✓
Myanmar	x	x	x	x	x	x
Philippines	✓	x	✓	x	✓	✓
Singapore	✓	✓	x	x	x	✓
Thailand	✓	✓	x	x	x	x
Viet Nam	x	x	x	x	x	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

D. Innovative and Emerging Technologies

1. Compliance Risk Management, 2019 and Beyond

Much work has been done in recent years by organizations such as the OECD, the IMF, and the European Commission to provide guidance material to revenue bodies on the topic of CRM.⁴⁶ Although there is general consensus that the approaches outlined in this guidance remain valid in broad terms, it is also recognized that unrelenting change in the underlying environment in which revenue bodies operate necessitates ongoing attention to ensure that the specific approaches and methodologies used remain progressive and contemporary. By far the biggest developments affecting CRM approaches in recent years have been in the areas of data and technology. Chapter IV focuses on the use of technology in tax administration; this section highlights how some of these techniques are deployed in CRM.

More and more revenue bodies routinely gather or have access to structured and unstructured data from an increasing variety of sources. Taxpayers are often required to submit client or vendor invoices, and to use connected devices, such as online cash registers and other point-of-sale equipment. Government agencies are working more cooperatively and sharing data in more usable forms. Third parties are asked to provide bulk data, both from traditional areas such as bank records, share trading, and dividend and interest income, and from new areas such as online trading sites and sharing economy platforms. In addition, recent developments at the international level, such as the OECD's BEPS and Automatic Exchange of Information (AEOI) initiatives, have introduced even more data into the mix.

Although the broad approaches to CRM developed over the last 15 years are still sound, changes in the tools and techniques available to revenue bodies are reshaping the way in which CRM is used on a practical level. These changes will not just affect analysis and research supporting risk identification, but also have the potential to fundamentally change the ways in which taxpayer compliance is influenced and managed.

Innovative and Emerging Technologies

Faced with an ever-expanding and complex array of data, revenue bodies seeking to manage compliance risks more proficiently, and to enhance their capacity to meet rising community service expectations, are turning to innovative technologies to strengthen data management. Improved data management is expected to support faster compliance processes, and more personalized and timely taxpayer services and facilitation, while also helping to prevent and detect mistakes and tax fraud.

All these outcomes are possible, but only if revenue bodies can convert the plethora of data into actionable data insights. Therein lies the challenge, and many revenue bodies have struggled with the task of managing and making sense of all the various forms and sources of data available. Understanding the potential of big data⁴⁷ and mastering the use of advanced analytics can enable revenue bodies to make better sense of the data gathered and support their quest for improved management of the tax system. Box 5.6 expands on the term “advanced analytics” and gives guidance on ways in which the new approaches may be leveraged to strengthen compliance management.

Social network analysis (SNA) helps to bring together the big picture of the interactions and relationships between players within and outside risky groups, using visualization techniques designed to illustrate connections that might

⁴⁶ Such as: OECD. 2004. *Compliance Risk Management: Managing and Improving Tax Compliance*. Guidance Note. Paris: OECD Publishing; IMF. 2015. *TADAT: Tax Administration Diagnostic Assessment Tool Field Guide*. Washington, DC; European Commission. 2006. *Risk Management Guide for Tax Administrations*. Luxembourg; and Fiscalis Risk Analysis Project Group. 2010. *Compliance Risk Management Guide for Tax Administrations*. Brussels.

⁴⁷ The term “big data” is generally accepted to mean “the information asset characterized by such a high volume, velocity, and variety, to require specific technology and analytical methods for its transformation into value.” A. De Mauro, M. Greco, and M. Grimaldi. 2016. A Formal Definition of Big Data Based on its Essential Features. *Library Review*. 65 (3). pp.122–135. <https://doi.org/10.1108/LR-06-2015-0061>.

Box 5.6: What is Advanced Analytics?

Advanced analytics is the process of applying statistical and machine learning techniques to uncover insights from data, and ultimately to make better decisions about how to deploy resources to the best possible effect. Most advanced analytics projects fall into one of two categories:

- **Predictive analytics**, which aims to anticipate likely behavior patterns such as late filing or payment, or incorrect reporting of certain categories of income or expenses. Tax administrations can then consider what preventive action they should take. Predictive analytics relies on pattern recognition, and the identification of links between data elements. Establishing causality is important in evaluating the impact of actions taken, but not important in detecting patterns.
- **Prescriptive analytics**, which aims to provide information to help tax administrations understand the impact of the actions they take, so that they can better select actions more likely to produce the outcomes sought. Causal analysis is important in prescriptive analysis. Knowing that the action taken *caused* the taxpayer response observed, and is not simply coincidentally associated, is critical.

In certain cases, **predictive and prescriptive techniques are combined** in order to anticipate how a particular taxpayer is likely to respond to an intervention. For example, a predictive model may be fitted to experimental data to identify exactly which types of debtors will respond to a particular debt management intervention. This approach may also be used in conjunction with cluster analysis to identify taxpayer segments that are likely to require different approaches.

Source: OECD. 2016. *Advanced Analytics for Better Tax Administration: Putting Data to Work*. Paris: OECD Publishing. <https://dx.doi.org/10.1787/9789264256453-en> (accessed 20 February 2019).

otherwise go unnoticed. Data such as company directorships, common addresses, telephone numbers, joint bank accounts, and other asset ownership information are all used to draw these potential connections.

SNA used together with predictive analysis can be a powerful tool for preventing fraud or errors, by detecting them early, such as at the time of filing, and initiating preventive or corrective action before losses occur. These types of predictive models are refined as lessons from earlier work are fed into the system (supervised learning models) and are best used to detect the incidence of known risk behavior. In contrast, unsupervised models detect unusual patterns of behaviors and relationships, and highlight these incidences as potential compliance risks for further investigation.

Predictive modeling can also be used in managing filing and payment compliance, by helping to identify cases that should be the subject of an intervention. Controlled experiments can assist in building models for predicting which taxpayers are more likely to require intervention and the approaches most likely to succeed, given the characteristics of the case.

Innovative and Emerging Technologies in Asia and the Pacific

While preparing its 2016 report on advanced analytics, the OECD conducted a survey of its members. Not surprisingly, the OECD found that advanced analytics was most commonly used to select cases for audit, to detect VAT fraud, and to improve payment and filing compliance. The survey also showed that SNA was increasingly becoming a valuable tool for detecting VAT carousel fraud⁴⁸ and other complex fraud cases involving collusion

⁴⁸ A VAT carousel is a form of missing-trader fraud taking advantage of VAT-free exports.

Box 5.7: Text-Mining of Inbound E-mail by the Inland Revenue Authority of Singapore

In 2014, the Inland Revenue Authority of Singapore (IRAS) started a program using text-mining techniques to analyze unstructured taxpayer e-mail. Text mining involves close collaboration between data analysts and business areas and is iterative, allowing for the use of feedback from business areas to improve subsequent rounds of analysis.

At that stage, the IRAS was already analyzing structured data sources (such as forms and reports). Together, these two sources of data provided the authority with more comprehensive and reliable analysis to support the development of preemptive or preventive communications. The IRAS was also better able to detect changes in patterns, which could require different responses.

- Text data were extracted, cleansed, sorted, and analyzed to identify common patterns pointing to common inquiry topics.
- The analysis enabled the IRAS to identify areas of confusion and gaps in the existing communications suite following the introduction of a new policy. These gaps were quickly filled and communications developed and targeted to the groups requiring additional information.
- These communications were designed to help taxpayers find their own answers to common inquiries from readily available sources such as the IRAS website.

Ongoing tracking has now replaced all manual analysis, saving time, improving accuracy, and reducing bias.

Source: OECD. 2016. *Advanced Analytics for Tax Administration: Putting Data to Work*. Paris: OECD Publishing. <https://dx.doi.org/10.1787/9789264256453-en>.

between parties. Malaysia, New Zealand, and Singapore reported using this approach with success in identifying VAT fraud.

Australia has used predictive modeling, together with artificial intelligence, to build a real-time debt management system, which automates responses to requests from taxpayers for more time to pay their tax arrears. The system decides the terms of payment to be put in place with taxpayers, in light of their predicted propensity and capacity to pay.

Advanced analytics techniques are also increasingly used to develop, target, and deliver better taxpayer services. For example, Singapore has reported success in using text-mining techniques to track trends and patterns in taxpayer inquiries, and to implement preventive education campaigns to reduce the need for taxpayers to contact the IRAS (Box 5.7 provides further details on this initiative, and the use of innovative technologies is discussed further in Chapter IV).

E. Taxpayer Segmentation

Taxpayer segmentation, a tool borrowed from marketing, is used by revenue bodies to assist in the breakdown of taxpayers into more homogeneous groups, for more effective CRM. This approach is used to gain a better understanding of taxpayer behavior and the resulting compliance risks, and to develop more targeted and tailored approaches to compliance improvement. The tendency to organize revenue bodies' CRM and compliance improvement programs around taxpayer segments has become increasingly common in recent years.

This section introduces a number of approaches to segmentation adopted by revenue bodies to improve CRM. The approaches involve identifying important groups of taxpayers and designing and implementing tailored approaches that recognize the individual characteristics of each group. Chapter VI discusses special legislative regimes for certain taxpayers.

1. Large Businesses and High-Net-Worth Individuals

Establishing an organizational unit focusing on the compliance of the largest taxpayers is strongly encouraged by international bodies such as the IMF and the OECD and has been widely taken up by revenue bodies. Revenue bodies that adopt this focus are better positioned to provide a higher level of service and supervision for those taxpayers responsible for the largest slice of tax revenue. Typically, in developing the criteria for inclusion in the large-taxpayer segment, revenue bodies aim to include those taxpayers representing around 60%–80% of tax revenue.

The rationale behind the establishment of a specific focus on high-net-worth individuals (HNWIs) is similar to that argued for setting up a large-taxpayer unit: significant amounts of tax are involved, and the taxpayers involved often have complex financial affairs, with very complex tax structures in most cases. In addition, HNWIs frequently operate within a combination of public and private structures and their affairs are often less transparent.

In summary, the decision to focus on large taxpayers and HNWIs is based on a range of factors: (i) their high tax revenue contribution in their own right and as employers and tax withholders; (ii) the complexity of their business and tax affairs, and in the case of HNWIs, their mix of private and public structures and dealings; (iii) their often unique and significant tax compliance risks; (iv) their use of “top-end” professional tax experts or in-house advisers; and (v) the high media and community profile they maintain, and the community confidence benefits of demonstrating appropriate oversight of these taxpayers.⁴⁹

Many revenue bodies have set up separate organizational units to manage large taxpayers. In some cases, these units also deal with HNWI-related concerns. In other cases, they may have two independent units: one to manage HNWIs and another to manage large business taxpayers. Sometimes the approach may simply involve a special focus through a cross-functional HNWI strategy.

The models vary, with some taking a whole-of-client view, and others dealing only with certain functions such as service and verification. Regardless of the model adopted, an effective focus on these important taxpayer segments would, at a minimum, be expected to include the following responsibilities:

- Developing an effective CRM program (including the required risk management capability);
- Initiating and negotiating international cooperation at both strategic and operational levels (or working closely with that part of the organization responsible for this activity);
- Sharing information and expertise between tax administrations; and
- Responding to specific tax risks that emerge from activities undertaken within these segments (through activities such as strategic litigation and the development of policy responses where needed).⁵⁰

Use of a Cooperative Compliance Model

Cooperative compliance programs are a relatively new development for many revenue bodies, and in recent years there has been increasing interest in developing these approaches for large businesses and HNWIs. The ATO

⁴⁹ OECD Forum on Tax Administration. 2009. *Compliance Management of Large Taxpayers Task Group: Experiences and Practices of Eight OECD Countries*. Paris: OECD Publishing.

⁵⁰ OECD. 2017. *Tax Administration 2017: Comparative Information on OECD and Other Advanced and Emerging Economies*. Paris: OECD Publishing. https://doi.org/10.1787/tax_admin-2017-en.

was one of the first revenue bodies to explore this approach, having launched its first cooperative compliance model in November 2000. The stated purpose for adopting this approach at the time was to open the way to better understanding between business, tax administrators, and the community. The model was intended to improve the legitimacy, fairness, viability, and functionality of the tax system. Since then, the concept has expanded and has gained wider favor (and is dealt with in some detail in several OECD publications).⁵¹

In brief, cooperative compliance programs seek to build a transparent relationship with taxpayers based on mutual respect and responsibility. Cooperative compliance arrangements are built on the notion of trust with verification. These approaches are designed to enable material tax risks to be identified and resolved cooperatively, often before tax returns are filed and assessments issued. In return, participating taxpayers receive early sign-off, and greater certainty and responsiveness from the revenue body. In many instances, these programs are based on formal agreements between taxpayers and revenue bodies that spell out their respective responsibilities and commitments and typically include a framework for resolving issues that may arise during the life of the agreement.

Managing Large Taxpayers and HNWI in Asia and the Pacific

This report provides comparative information on arrangements used by revenue bodies for managing large taxpayers and HNWI. Figure 5.9 and Appendix Table A.15 spell out the criteria used to define large taxpayers and aspects of LTUs. Appendix Table A.16 shows the number of taxpayers and economic groups under administration and the resources allocated to LTUs. Tables 5.7a and 5.7b provide information about HNWI and HNWI risk ratings from revenue bodies. Tables 5.7a and 5.7b present selected features and metrics of HNWI programs. The key points, based on the data reported, are as follows:

- The vast majority of revenue bodies have a dedicated organizational division or unit that manages the tax affairs of designated large (corporate) taxpayers. Exceptions to this practice include revenue bodies in Hong Kong, China; the Republic of Korea; and Taipei, China.
- Organizational divisions or units formed to manage HNWI are far less common, with only Australia, Indonesia, Japan, Malaysia, New Zealand, and PNG reporting having established such units. In Indonesia and Malaysia, these units are part of the LTU.
- Criteria used for classifying corporate taxpayers as “large businesses” to be managed by the LTU vary considerably across the region (Figure 5.9), with the most common criteria being turnover, economic sector, and tax paid.
- Tax paid by large taxpayers as a percentage of collections has remained fairly steady and ranges from 24% in New Zealand to 85% in PNG. Good practice suggests that revenue bodies should aim for around 60%–80%.
- Revenue bodies were asked to assess the level of risk presented by HNWI. Almost 40% said that the risk was high; around 30% said that it was medium. Among those revenue bodies that gave a high-risk rating, two-thirds did not report having a dedicated HNWI unit established. Included in this group are revenue bodies in Fiji; Georgia; India; Indonesia; the Lao PDR; the Philippines; the Republic of Korea; Taipei, China; and Tajikistan.

Use of Cooperative Compliance Approaches in Asia and the Pacific

Appendix Tables A.11a and A.11b provide a full analysis of the various approaches to cooperative compliance programs among survey respondents. Cooperative compliance approaches are gaining favor in Asia and the Pacific. Some features of the approaches adopted are summarized below.

- Seven revenue bodies (in Australia, Fiji, Japan, New Zealand, the Philippines, the Republic of Korea, and Singapore) reported having programs in place. Six other revenue bodies are currently in the process of implementing programs, and three more plan to do so.

⁵¹ OECD. 2013. *Co-operative Compliance: A Framework—From Enhanced Relationship to Co-operative Compliance*. Paris: OECD Publishing. <https://doi.org/10.1787/9789264200852-en>.

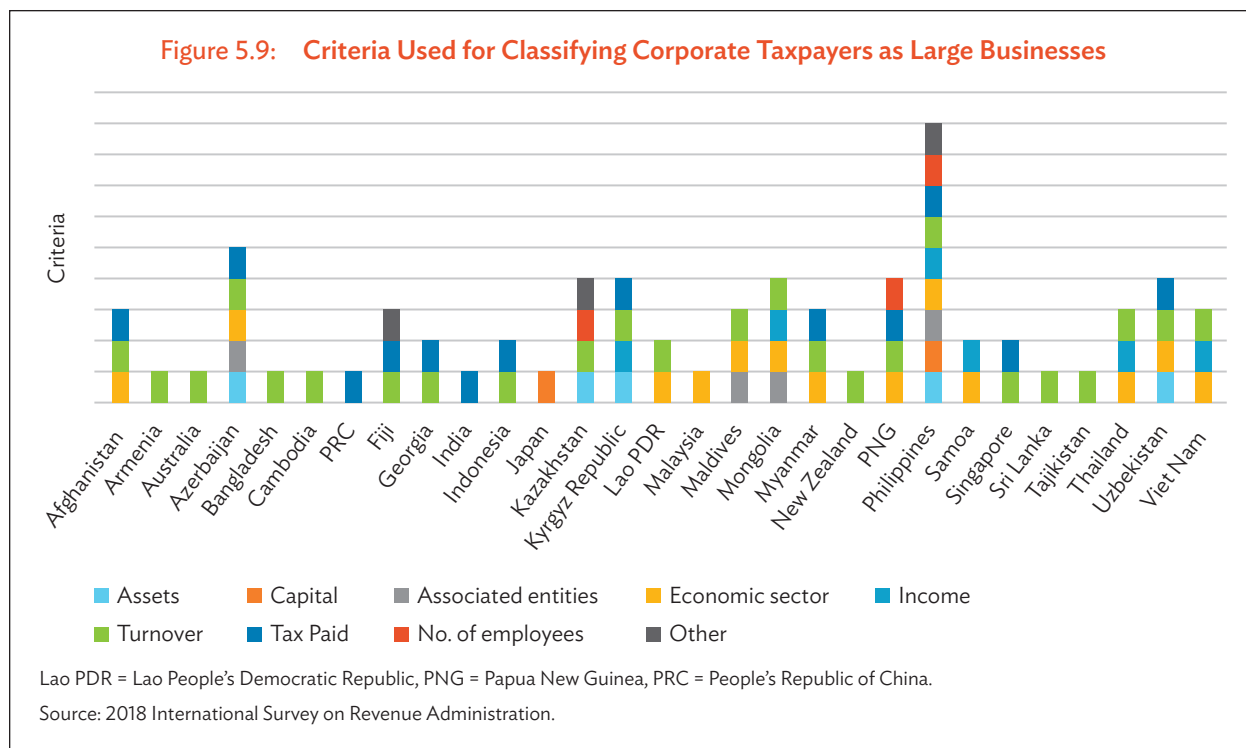


Table 5.7a: Selected Features of Program Used by Revenue Bodies for Managing High-Net-Worth Individuals, 2018

Region/Economy	Separate HNWI Program in Place	Main Selection Criteria for HNWIs	Functions Performed by Office/Program					
			Registration	Returns/Payments	Services	Audit	Tax Debts	Disputes
East Asia								
Japan	✓	...	...	...	...	...	...	...
Pacific								
Australia	✓	A ^a	x	x	✓	✓	x	✓
New Zealand	✓	A, I, D	✓	✓	✓	✓	✓	✓
Papua New Guinea	✓	A, I, P	✓	✓	✓	✓	x	x
Southeast Asia								
Indonesia	✓(LTU)	A, I, P, D	x	✓	✓	✓	✓	✓
Malaysia	✓(LTU)	A, I, P, D	✓	x	✓	✓	✓	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, A = assets/wealth, D = director of large corporate taxpayer, I = income, P = prominent person, O = other, Lao PDR = Lao People's Democratic Republic, LTU = large taxpayer unit.

^a HNWI taxpayers will fall under the new Interregional Inspectorate for Large Taxpayers which began operating in January 2019.

Source: 2018 International Survey on Revenue Administration.

Table 5.7b: Selected Metrics for High-Net-Worth Individuals Program of Revenue Bodies, 2016 and 2017

Region/ Economy	Staff Employed and Taxpayers Managed at Year-end				Net Tax	
	Staffing (FTE)		Taxpayers Managed (no.)		(% of total net tax collected)	
	2016	2017	2016	2017	2016	2017
East Asia						
Japan	...	...	...	...	...	...
Pacific						
Australia	...	430	...	10,000	...	...
New Zealand	12	12	252	286	1	1
Papua New Guinea	4	5	4	5	1	1
Southeast Asia						
Indonesia	...	...	3,374	3,391	...	...
Malaysia	15	13	3,433	3,229	6	5

... = data not available at cutoff date, ✓ = relevant, x = not relevant, FTE = full-time equivalent, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

- Common features of cooperative compliance programs include: (i) a requirement to have a tax control framework in place; (ii) real-time disclosure and resolution of tax issues; and (iii) formal agreements, often supported by specific regulations.
- Box 5.8 outlines the cooperative compliance approach adopted by the PRC and gives an overview of how the approach has evolved over time.

Small and Medium-Sized Enterprises

Small and medium-sized enterprises (SMEs) are an important part of any economy and are widely recognized as large generators of economic activity and employment. Many studies have found that SMEs typically devote a greater proportion of their resources to understanding and managing regulatory compliance, and these costs are typically regressive.⁵² For SMEs operating globally, cross-border regulatory variations can impose further difficulty. When asked about barriers to cross-border commerce, 38% of SMEs with a digital presence cited different regulations in other economies as the main challenge of exporting.⁵³

The high costs and complexity of tax compliance also disproportionately burden smaller businesses. For new businesses, which tend to be smaller, high compliance costs and complexity of tax regimes may act as a deterrent to formalization and expansion. Reducing the regulatory burden on SMEs and new businesses may facilitate their growth as well as their participation in the formal economy. Greater emphasis is being placed on getting businesses off on the right foot, and many revenue bodies have a special education effort targeted at new businesses. Nevertheless, many SMEs report that tax compliance remains a challenge (Future of Business Survey, 2017).

The 2012 Recommendation of the OECD Council on Regulatory Policy and Governance highlighted a key area where policy could be used to facilitate tax compliance for SMEs. That key area was process simplification, particularly through targeted use of technology, which can be a powerful tool for enhancing compliance and reducing costs to SMEs. The increased availability of electronic filing and improved payment systems has reportedly reduced the reporting and payment burden for businesses, but time to comply has remained stable in most economies.⁵⁴

⁵² OECD. 2017. *Small, Medium, Strong: Trends in SME Performance and Business Conditions*. Paris: OECD Publishing.

⁵³ OECD in partnership with the World Bank and Facebook. 2017. *Future of Business Survey 2017*. Paris: OECD Publishing. www.oecd.org/sdd/business-stats/the-future-of-business-survey.htm (accessed 12 April 2019).

⁵⁴ OECD. 2015. *Taxation of SMEs in OECD and G20 Countries*. Paris: OECD Publishing.

Box 5.8: Large-Business Tax Control Framework and Cooperative Compliance Agreements in the PRC

In 2008, the State Taxation Administration (STA) announced that it would set up the Large Business Taxation Department.

Tax Control Framework

In 2009, the STA issued a circular announcing the guidelines for the new tax control framework (TCF). The TCF was developed with the aim of introducing a new approach to the cooperative supervision and control of corporate tax risk. Under this program, taxpayers are encouraged to establish effective internal tax risk controls, to conduct self-assessments to identify higher-risk areas, and to work with authorities to identify and address any deficiencies in their systems.

The STA stipulates that the tax risk management system should include: sound internal controls, regular monitoring and testing of controls, sufficient and competent staff, and effective communication channels with the STA. The STA encourages corporate entities to set up a TCF, but does not mandate it.

A well-established TCF system helps taxpayers ensure the efficient control and management of taxation risk, and prevent damage to financial goals and corporate image. The tax bureau regularly evaluates the implementation and effectiveness of the TCF, and raises any issues or questions with the taxpayer for consideration and rectification.

If a TCF is implemented by a company, then the STA will regularly evaluate its adequacy, provide feedback to taxpayers, and refer to this assessment in determining the level of tax risk that the company presents. Although the implementation of a TCF does not offer any formal protection, the STA will refer to it in determining the need for further inquiries or audit.

In addition, companies that set up a TCF are more likely to be granted advance rulings for specific tax issues.

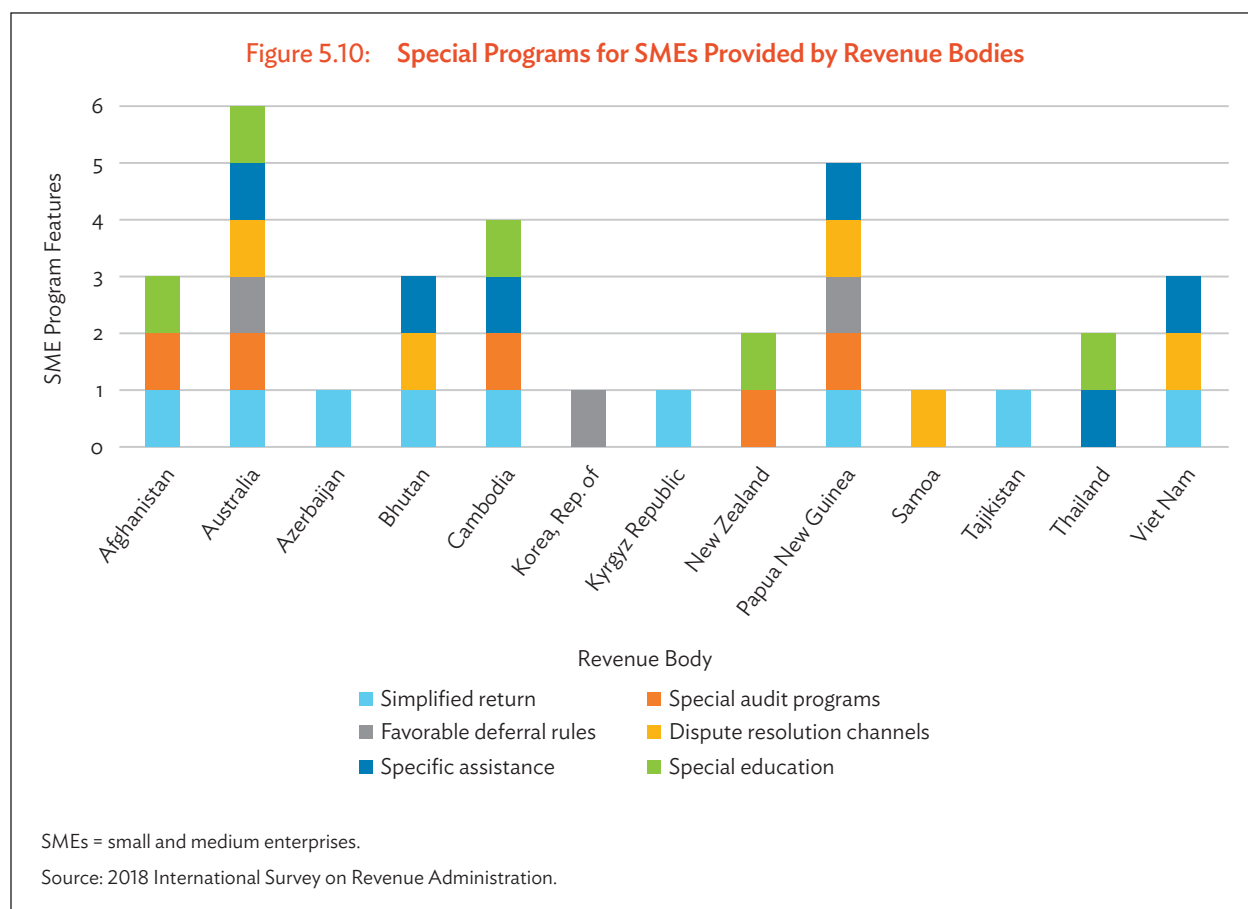
Multinational enterprises are encouraged to include cross-border tax risk management in the TCF.

Cooperative Compliance Agreements

Cooperative tax compliance agreements were first introduced in 2012 for large businesses managed at the national level by the STA. More recently, agreements were rolled out for large businesses managed at the provincial level. The STA encourages large corporate entities to enter into cooperative tax compliance agreements and provides incentives such as access to advance rulings.

PRC = People's Republic of China.

Source: Authors' compilation from information reported at: <http://www.mondaq.com/china/x/659786/tax+authorities/Tax+Control+Framework+in+China> (accessed 16 February 2019).



Supporting the Compliance of SMEs in Asia and the Pacific

Data reported on the tax regimes and administrative arrangements in place to facilitate compliance by SMEs are set out in Appendix Tables A.17a and A.17b. The key points are as follows:

- Around 40% of revenue bodies surveyed reported having a special program in place for SMEs. Eligibility for these programs is based either on turnover alone or on a combination of turnover and number of employees.
- Australia and Thailand reported relatively large numbers of taxpayers managed under the SME program.
- The most common feature of these programs is a simplified reporting requirement, followed by special audit, dispute resolution, and education programs. Only Australia reported an across-the-board program with all the surveyed features present. Cambodia and PNG reported having comprehensive programs with most of the surveyed features present (Figure 5.10).

Case Study: Supporting SMEs and New Businesses in Cambodia

In May 2018, the Cambodian Ministry of Industry and Handicrafts announced a program of incentives to encourage micro, small, and medium enterprises (MSMEs) to formalize their status.⁵⁵ The package was offered to MSMEs registering before December 2018. At the time, it was estimated that Cambodia had over 510,000 MSMEs, but only around 20,000 were registered. Over 95% were therefore operating informally.

⁵⁵ Compiled from a range of public sources including Hin Pisei. 2018. PM Signs Sub-decree on SME Tax Incentives. *Phnom Penh Post*, 5 October. <https://www.phnompenhpost.com/business/pm-signs-sub-decree-sme-tax-incentives>.

With the support of the General Department of Taxation (GDT), the incentive package included a 2-year tax holiday, even for businesses that had been operating for some time. The December 2018 deadline for MSME registration was later removed, and the tax holiday was extended to 3 years for most enterprises operating in priority sectors, and to 5 years for those using a high proportion of local raw materials, or employing more workers, or operating in certain prescribed zones.

The package included training for business owners and staff and access to a center for entrepreneurs to support their efforts to build their business competitiveness. The GDT also offers a range of special education programs and concessional filing arrangements for all MSMEs.

The aim of the program is to increase formalization, while also helping new businesses become well established. No program results have been published so far.

VI. Legislated Administrative Frameworks

This chapter discusses a range of legislative provisions supporting tax administration, including: (i) taxpayer rights and obligations (taxpayer charters, access to rulings, and dispute rights); (ii) registration; (iii) filing of tax returns; (iv) reporting and payment; (v) verification and audit; (vi) penalties and interest; (vii) simplified tax systems; and (viii) regulation of the tax profession.

A. Introduction and Overview

Raising revenue to fund public services and infrastructure is the primary function of taxation. To maintain community support, governments invariably seek to develop tax policy in a responsible and principled manner. Against this backdrop, a number of broad principles of tax design have been developed by international organizations. The 1998 Ottawa Ministerial Conference developed a set of such principles: neutrality, efficiency, certainty, simplicity, effectiveness, fairness, and flexibility.⁵⁶ The equity principle was added to the list at a later date. Equity is generally viewed from two perspectives—horizontal and vertical—and is commonly delivered through the design of the personal tax and transfer systems. Within these broad principles, tax laws seek to define (i) the range of taxes, (ii) tax charges, (iii) the basis for assessment, and (iv) various procedural matters. These procedural matters, which set the framework within which the tax system is administered, is the main focus of this chapter. Box 6.1 summarizes the key observations in relation to each of these areas of tax administration.

Box 6.1: OECD Legislative Framework for Tax Administration

- **Taxpayer rights and obligations.** Two-thirds of the revenue bodies surveyed have mandated taxpayer charters, around 20% have administrative charters, and around 20% have no taxpayer charter.
- **Tax rulings.** Around 70% of the bodies surveyed can issue binding rulings (public and private).
- **Dispute resolution.** All economies have dispute resolution processes, most of which include both internal and external review.
- **Registration.** Most revenue bodies issue a tax-specific identifier and, in most cases, this includes embedded codes and a check digit. Use of the taxpayer identification number is often mandatory for third-party reporting.
- **Returns and payments.** Generally, filing and payment frequency aligned with underlying economic activity is mandatory. Around one-third of the revenue bodies surveyed mandate e-filing or e-payment for some taxes.
- **Correct reporting and collection.** Third-party reporting and withholding continue to be widely used. Governments are increasingly making e-invoicing and online submission mandatory for businesses.
- **Collection of arrears.** Most bodies have a wide selection of powers to collect arrears, but some powers appear to be underused.

⁵⁶ OECD. 2014. *Addressing the Tax Challenges of the Digital Economy*. Report prepared by the Committee on Fiscal Affairs. Paris: OECD Publishing.

- **Verification and audit.** Record-keeping standards and access to taxpayer information are universally mandated. But only around half of the revenue bodies surveyed have mandated access to third-party data. Around two-thirds of the economies surveyed impose a time limit on the power to amend returns, and may waive this power where there is evidence of fraud and evasion.
- **Penalties and interest.** Most revenue bodies apply sanctions for failing to meet core tax obligations, and these generally reflect the level of culpability. Some have only limited powers to remit penalties or to promote voluntary disclosure.
- **Simplified tax systems.** Around half of the economies have simplified regimes for micro and small businesses.
- **Regulation of the tax profession.** The three approaches used (from most to least prevalent) are: full regulation, nonregulation, and partial regulation.

OECD = Organisation for Economic Co-operation and Development.

Source: Authors' compilation from the 2018 International Survey on Revenue Administration.

B. Taxpayer Rights and Obligations

Taxpayers in most economies surveyed have several enforceable rights embedded throughout tax laws, including the right to: request an amendment; ask about the reasons for decisions; privacy of personal information; claim legal and professional privilege; expect fair and impartial treatment; and seek a review and lodge an appeal. In addition, many of these economies make available to all citizens constitutional and common law rights and avenues for relief, which may apply to taxation matters. These rights often include: a presumption of innocence; privilege against self-incrimination; the right to claim legal professional privilege; and the right to claim damages for economic losses resulting from negligence. Common-law rights, where they exist, may be modified by legislation or court decisions.

At the same time, taxpayers often have enforceable obligations, which they must meet to support the proper operation of the tax systems. These obligations include engaging honestly with the revenue body; providing accurate and complete information; meeting registration filing and payment requirements (accuracy and timeliness); and keeping records as prescribed under the law. These obligations are generally legally enforceable under taxation laws. The OECD has published a model statement of taxpayer rights and obligations.⁵⁷ Its core elements are listed in Box 6.2.

Many economies have developed taxpayer charters to capture all these rights and obligations in a single document through which the government and the revenue body define their expected relationship with taxpayers. These documents take various forms and may be legislated or simply documented as an administrative statement. Often these statements include detailed service standards specifying the level of performance required by the revenue body.

Taxpayer Rights and Obligations in Asia and the Pacific

Appendix Table A18 and Figures 6.1a, 6.1b, and 6.2 provide details of taxpayer charters and other matters relating to taxpayer rights and obligations adopted by revenue bodies in Asia and the Pacific.⁵⁸

⁵⁷ OECD. 1990. *Taxpayers' Rights and Obligations*. Practice Note. Paris: OECD Publishing.

⁵⁸ Figure 6.2 is based on Asia Oceania Tax Consultants' Association (AOTCA), Confédération Fiscale Européenne (CFE), and Society of Trust and Estate Practitioners (STEP). 2015. *Taxpayer Charter Survey*. www.taxpayercharter.com (accessed 30 April 2019).

Box 6.2: Common Elements Found in Taxpayer Charters

Statement of Intent

The importance of complying with tax obligations in supporting the revenue requirements of society.

Statement of Mutual Obligations

- Taxpayers should be treated with respect and fairness, and be provided with all information, advice, assistance, and other services they need to comply with their obligations.
- Taxpayers should behave honestly and adopt a cooperative relationship with the revenue body based on mutual trust and respect.

Taxpayers' Rights

- Be treated with courtesy and respect;
- Be informed, assisted, and heard, and be provided with timely and accurate services and advice (e.g., access to rulings);
- Be informed about the reasons behind decisions and be able to request a review of decisions and assessments (in case of disputes);
- Have representation; and
- Be assured of privacy and confidentiality.

Taxpayers' Obligations

- Behave with courtesy and respect;
- Provide honest, complete, accurate, and timely information as and when required;
- Explain the full facts and circumstances when seeking advice or a private ruling;
- Keep accurate, complete records, and retain records as required by law; and
- Meet payment and filing obligations.

Details of Rights and Obligations

Rights and obligations, including minimum standards and timeliness across the full range of interactions between the revenue body and taxpayers, may be laid out in a document formalizing the revenue body's service commitment to taxpayers.

Each economy should tailor its taxpayer charter to reflect the relevant policy and legislative environment, and the administrative practices and culture of the tax administration seeking to make use of the charter.

Source: Authors' compilation.

- Almost 80% of revenue bodies surveyed have formally defined taxpayer rights, and around 65% of these are set out in law.
- Complaint mechanisms are also widely available. More than half of the revenue bodies surveyed have both internal and external complaint options, and less than 10% have no mechanism available.

A collaborative project carried out in 2015 by the Asia Oceania Tax Consultants' Association (AOTCA), the Confédération Fiscale Européenne (CFE), and the Society of Trust and Estate Practitioners (STEP) established 86 specific provisions related to taxpayer rights. The information came from a survey of AOTCA, CFE, and STEP members, which covered 41 economies, including 11 from Asia and the Pacific. This project identified a suite of features similar to those reported in the OECD study.

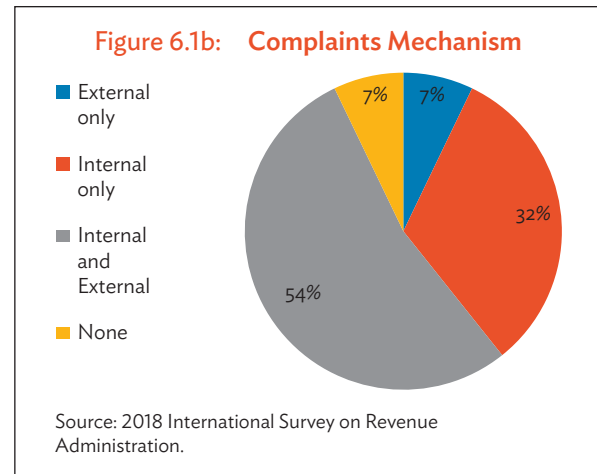
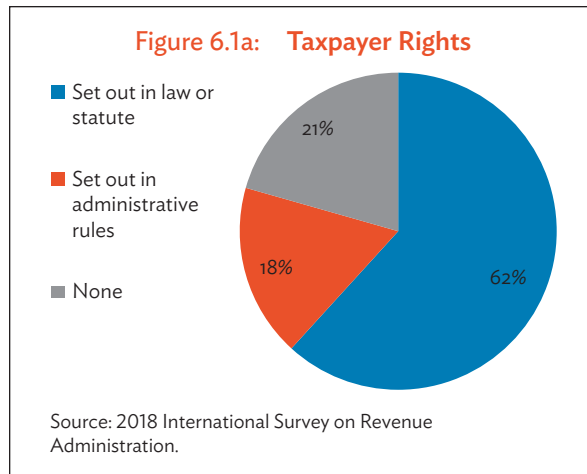


Figure 6.2 summarizes selected taxpayer rights in the 11 economies in Asia and the Pacific.⁵⁹ Notable inclusions are the right to dispute assessments, and to receive reliable advice from the revenue body. Taxpayer obligations include keeping accurate records, behaving honestly, and not abusing the rights afforded by the charter.

Access to Rulings

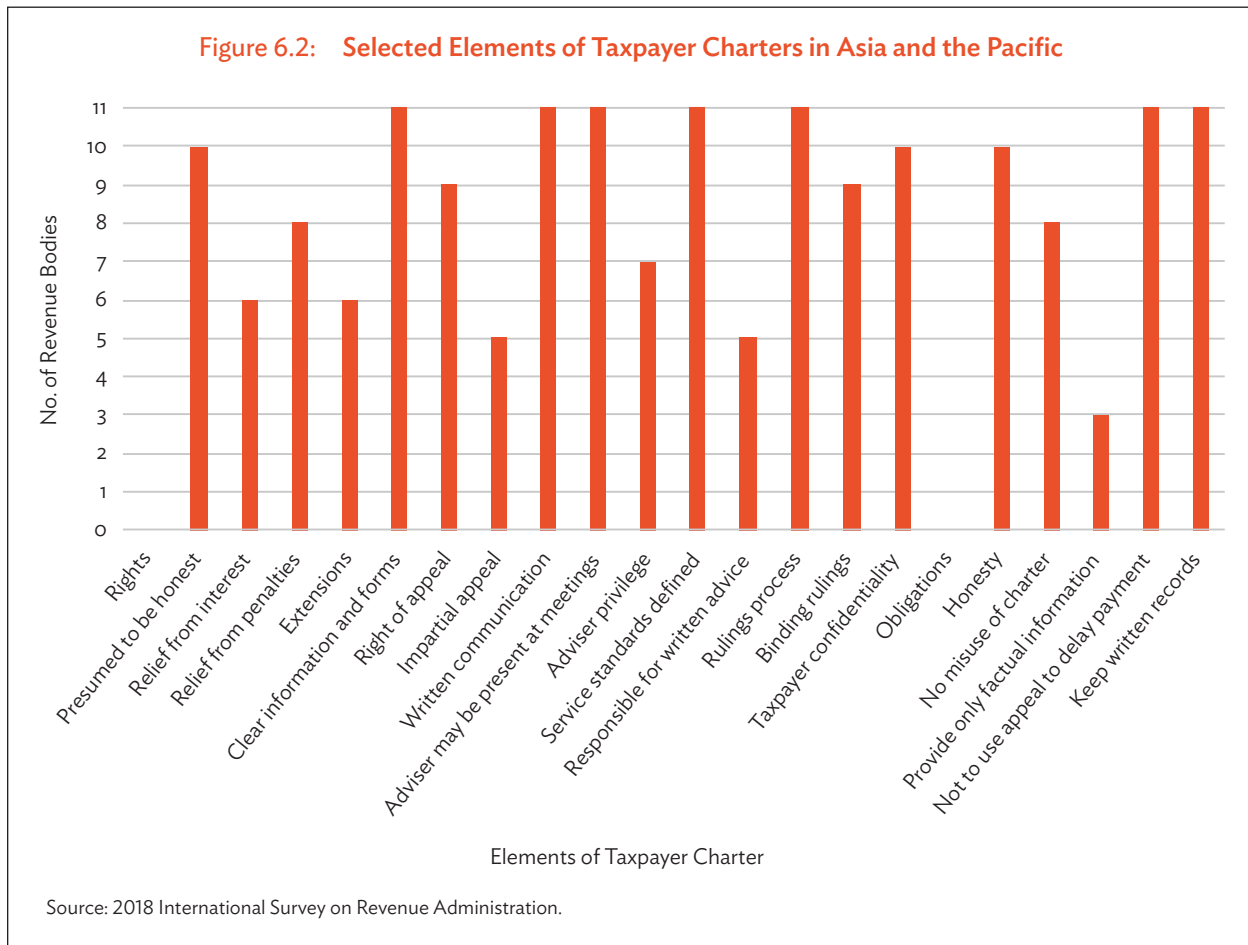
Taxpayers, particularly in a self-assessment system, generally have a right to a broad suite of advice and guidance on the way in which the revenue body will apply the law. Most revenue bodies recognize, through their statement of taxpayer rights, that access to both general advice and specific rulings on certain matters is important. Broadly speaking, revenue bodies typically offer two types of rulings—public and private—and these rulings may be either binding or nonbinding. Public rulings are by their very nature public, and for this reason are usually stated in broad and general terms. Private rulings, on the other hand, usually apply to a single taxpayer and a defined transaction, and so can provide more specific and detailed advice. These rulings may be defined as follows:

- **Public ruling.** A formal statement of how specific provisions of the law will be interpreted and applied by the tax administration.⁶⁰
- **Private ruling.** A decision made by the tax authorities and addressed to a single taxpayer, usually regarding a single transaction or series of transactions. The ruling can normally be relied on only by the taxpayer to whom the ruling is issued, not by other taxpayers, and is binding on the tax authority, provided all relevant facts have been disclosed.⁶¹

⁵⁹ Australia; Hong Kong, China; India; Indonesia; Japan; Mongolia; New Zealand; People's Republic of China; Republic of Korea; Singapore; and Viet Nam.

⁶⁰ Inter-American Center of Tax Administration (CIAT), Intra-European Organisation of Tax Administrations (IOTA), International Monetary Fund (IMF), and Organisation for Economic Co-operation and Development (OECD). 2018. *International Survey on Revenue Administration (ISORA): Glossary of Technical Terms*.

⁶¹ OECD. 2019. Glossary of Tax Terms. <https://www.oecd.org/ctp/glossaryoftaxterms.htm> (accessed 30 April 2019).



The case study in Box 6.3 describes the rulings regime in place in New Zealand.

Access to Rulings in Asia and the Pacific

Figure 6.3 and Table 6.1 provide details of survey responses on the topic of public and private rulings. The key observations are as follows:

- Most revenue bodies provide both public and private rulings, and in most cases, where rulings are issued, they are binding on the revenue body. Bangladesh, Fiji, Mongolia, Myanmar, the PRC, and Uzbekistan reported that they do not currently issue public or private rulings, but Fiji sent word that a framework is being developed. Only Tajikistan and Thailand issue nonbinding rulings.
- Most revenue bodies do not charge a fee for private rulings. Exceptions include Georgia; Hong Kong, China; India; New Zealand; PNG; and Singapore.
- About half of the revenue bodies have a time limit for the issuance of private rulings.
- Some revenue bodies, such as those in Australia and New Zealand, offer a suite of ruling types, within the broad categories of public and private rulings. Examples include class rulings, issued in Australia to a group of taxpayers within a defined class, and product rulings, issued in New Zealand and Australia, in relation to a specific transaction or financial product.

Box 6.3: Binding Rulings Issued by the New Zealand Inland Revenue Department

Types of Rulings

In New Zealand, four types of binding rulings are available under tax law:

- **Public rulings.** Detail the views of the Inland Revenue Department (NZIR) on how certain aspects of tax law apply in various circumstances. These rulings have broad application and may be used by any taxpayer. It is up to the taxpayers to determine how a ruling applies to the particular circumstances. Rulings applied correctly by taxpayers to their situation will be binding on the NZIR.
- **Private rulings.** Provide an interpretation of how the tax law applies to a specific taxpayer and a particular arrangement (one-off or recurring). A private ruling is binding on the NZIR only in respect of the ruling applicant; no other taxpayer may rely on the ruling.
- **Product rulings.** Set out the NZIR's interpretation of the tax law as it relates to a specific product or arrangement likely to be entered into by a number of taxpayers. All taxpayers entering into the arrangement may rely on the product ruling. This type of ruling is issued only where it is not practical to identify all the taxpayers that may enter into the arrangement and where the nature of the taxpayer will not affect the tax treatment of the arrangement.
- **Status rulings.** Issued when certain provisions are amended or repealed. The ruling details the NZIR's views on the ramifications of legislative changes on existing rulings.

The Rulings Process

The NZIR can make rulings on current or completed arrangements and on proposed arrangements that are seriously contemplated. It must consult with the applicant before issuing private, product, and status rulings if the proposed ruling differs from that requested.

Standing of Rulings

All rulings are binding on the NZIR. Taxpayers are not required to follow the ruling, but if they do so, the NZIR must apply the tax laws set out in the ruling.

Exceptions

The legislation sets out the circumstances when the NZIR cannot rule, including when the department would be required to determine questions of fact. The NZIR may decline to rule, for example, when the matter is subject to an objection or appeal. It will not issue rulings to taxpayers with outstanding tax debts.

Fees

Where a taxpayer applies for a ruling, the NZIR is required to charge an hourly rate of NZ\$155 for considering the ruling and an application fee of NZ\$310. The commissioner may waive the fees in certain circumstances.

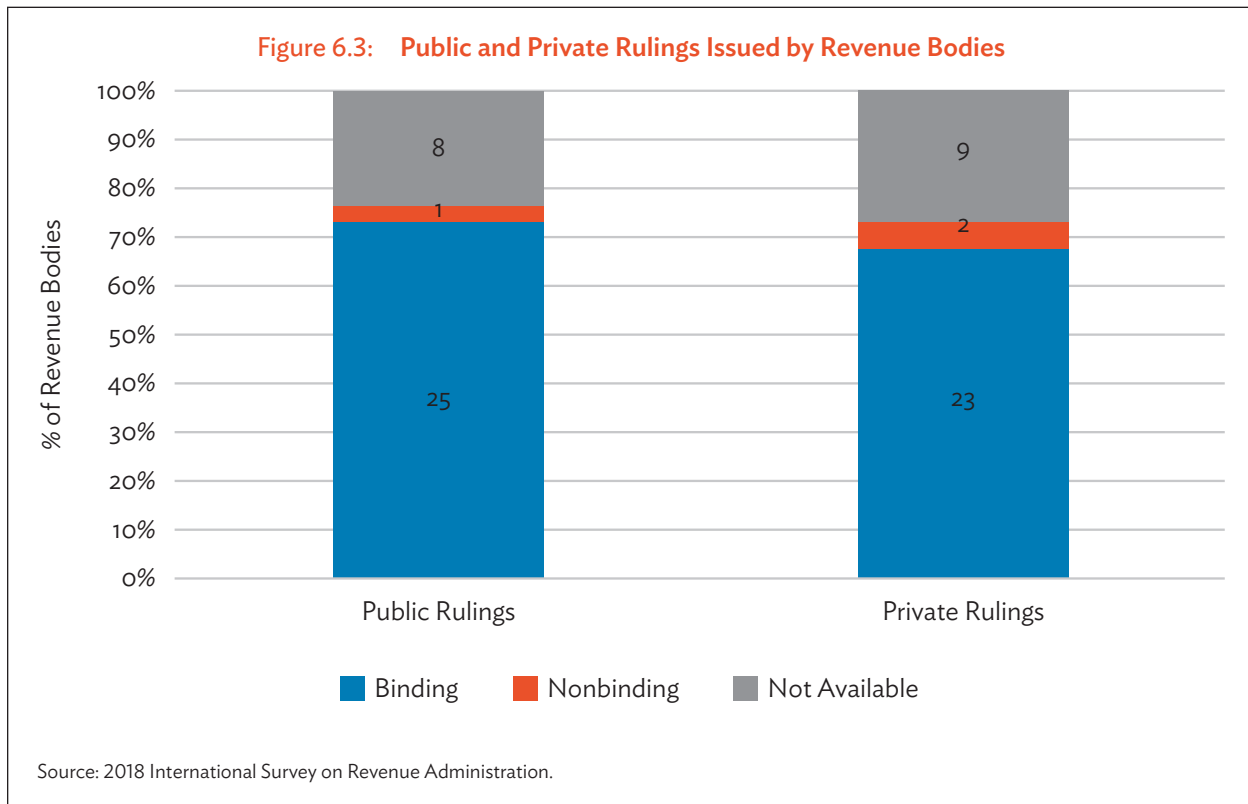
Topics for Public Rulings

Taxpayers cannot apply for public rulings, but they can nominate areas of the law that they think should be clarified. The NZIR determines which topics will be included in the work program.

Publication

Public, product, and status rulings are published in the *Gazette* and on the NZIR website. Private rulings are not published.

Source: Classic IRD website, Technical Tax Area—Binding Rulings: www.classic.ird.govt.nz/technical-tax/binding-rulings/ (accessed 20 June 2019).



Dispute Rights

Ensuring that taxpayers have access to independent review processes is important to support an equitable and well-regarded tax system. Agreed features of a sound dispute process include both internal and external review options which operate with independence and impartiality. Box 6.4 outlines a three-stage dispute mechanism, regarded as good practice, and then summarizes the key features of each stage.

Dispute Rights in Asia and the Pacific

Appendix Tables A.19 and A.20 provide details of survey responses in relation to dispute rights and approaches to resolution. Key findings are as follows:

- All economies have some form of dispute process available to taxpayers, for the most part including the recommended three-stage process of internal review, external review, and right to an appellate court review. Samoa offers only external review.
- In around two-thirds of the economies, taxpayers must use internal review processes before they can bring up the matter for review by an external tribunal or court.
- Only 11 economies offer alternative dispute resolution channels. The three-stage dispute resolution process in place in Cambodia is examined in the case study in Box 6.5 below.

Table 6.1: Tax Rulings Issued by Revenue Bodies to Taxpayers, 2018

Region/ Economy	Public Rulings		Private Rulings				Rulings Made within Limit (%)	
	Issued	Binding	Issued	Binding	Fee Charged for Rulings	Deadline for Rulings under Law	2016	2017
Central and West Asia								
Afghanistan	✓	✓	✓	✓	x	✓	100	100
Armenia	✓	✓	✓	✓	...	...	...	...
Azerbaijan	x	x	✓	✓	x	✓	...	...
Georgia	✓	✓	✓	✓	✓	✓	90	90
Kazakhstan	✓	✓	✓	✓		✓		
Kyrgyz Republic	✓	✓	x	x	x	...	...	...
Tajikistan	✓	✓	✓	x	x	✓	100	100
Uzbekistan	x	x	x	x	x	x	0	0
East Asia								
China, People's Rep. of	x	x	x	x	x	x	0	0
Hong Kong, China	✓	x	✓	✓	✓	✓	100	100
Japan	✓	✓	✓	✓	...	x	...	...
Korea, Rep. of	✓	✓	✓	✓	...	...	...	...
Mongolia	x	x	x	x	x	x	0	0
Taipei, China	✓	✓	✓	✓	x	x	...	...
Pacific								
Australia	✓	✓	✓	✓	x	✓	89	89
Fiji	x ^a	x	x ^a	x	x	x	0	0
New Zealand	✓	✓	✓	✓	✓	✓	...	...
Papua New Guinea	✓	✓	✓	✓	✓	✓	15	5
Samoa	x	x	x	x	x	x	0	0
Solomon Islands	✓	✓	✓	...	x	x	0	0
South Asia								
Bangladesh	x	x	x	x	x	x	0	0
Bhutan	✓	✓	✓	✓	x	x	-	-
India	✓	✓	✓	✓	✓	...	...	...
Maldives	✓	✓	...	...	...	...	...	...
Sri Lanka	✓	✓	✓	✓	x	✓	...	...
Southeast Asia								
Cambodia	✓	✓	✓	✓	x	x	x	x
Indonesia	✓	✓	✓	✓	x	✓	...	...
Lao PDR	✓	✓	✓	...	x	x	x	x
Malaysia	✓	✓	✓	✓	...	...	...	...
Myanmar	x	x	x	x	x	x	x	x
Philippines	✓	✓	✓	✓	x	✓	...	...
Singapore	x	x	✓	✓	✓	✓	...	...
Thailand	✓	✓	✓	x	x	...	...	...
Viet Nam	✓	✓	✓	✓	x	✓	96	98

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

^a Fiji reported that a framework for the provision of binding rulings is being developed.

Source: 2018 International Survey on Revenue Administration.

Box 6.4: Good-Practice Features of a Tax Dispute Mechanism

Internal Review within the Revenue Body

- The first step should be a review within the revenue body. This is the fastest and least expensive option, and at the same time gives the revenue body the opportunity to review its decision and correct possible mistakes.
- This quasi-independent appeals office would usually have the authority to settle cases on the basis of the hazards of litigation.
- The appeals officials should avoid a revenue bias and pursue the public interest in the correct application of tax law, not the collection interest of the tax administration.
- Appeals officials should be tax officials with previous audit experience and good legal education.
- Best practice advises establishing the internal review as a first and mandatory step.

Review by a Specialized Tax Appeal Tribunal

- The tribunal may function as the first appeal procedure if the internal review/appeal office within the tax administration is not in place.
- In some economies, these administrative “courts” are specialized tribunals fully integrated into the judiciary; in other cases, they are purely administrative.
- The tribunal must have real and apparent independence from the tax administration.
- These quasi-judicial bodies can play a relevant role if they:
 - are well organized (well-staffed with appropriate expertise);
 - function independently from the tax administration;
 - are free of charge; and
 - well respected, so that most cases do not go on to judicial review.

Appeals before the Court

- The taxpayer or the revenue body can still disagree with the result, in which case either party may appeal before the courts.
- Normally, the number of courts that one can appeal to (one, two, or even three levels) depends on the general organization of the judicial system.
- What type of court? There are three possibilities:
 - The general courts;
 - General courts with specialized chambers; or
 - Courts specialized in taxation.
- Tax cases are often complex. When the general courts deal with them, problems may appear:
 - Decisions may not be technically sound; or
 - Courts may avoid tax cases, leading to backlogs.
- A special procedure for small tax cases makes the judicial system accessible to all, but also allows small cases to be dealt with expeditiously.

Source: Summarized from IMF. 2013. *How Can an Excessive Volume of Tax Disputes Be Dealt With?* Washington, DC. <https://www.imf.org/external/np/leg/tlaw/2013/eng/tldisputes.pdf> (accessed 30 April 2019).

Box 6.5: Three-Stage Dispute Process Adopted by Cambodia's General Department of Taxation

A new three-stage dispute resolution process was first announced in 2015, and detailed instructions were issued in 2017. The process comprises three levels of formal appeal: (i) an internal administrative review by the General Department of Taxation (GDT); (ii) an external review by the Committee of Tax Dispute Resolution (the GDT is not a member of the committee); and (iii) review by a higher appellate court. The Committee of Tax Dispute Resolution is chaired by the minister of economy and finance, and has heard several cases. Very few cases now proceed to court.

Since the new dispute procedures were introduced, a number of approaches have been used to educate taxpayers about their right to dispute, the range of options available, and the way in which they can gain access to those dispute options. Tax reassessment forms alert taxpayers to their rights and show them how to file a dispute, and new procedures and instructions are widely publicized in the media and are available publicly on the website. An increasing number of appeals are being filed and processed.

The GDT plans to continue to strengthen its approach by monitoring emerging issues and using this information to improve administrative practices and procedures.

Source: IMF. 2018. Cambodia Technical Assistance Report: Tax Administration Modernization Priorities 2019–23 . Country Report No. 18/305. <https://www.imf.org/en/Publications/CR/Issues/2018/11/07/Cambodia-Technical-Assistance-Report-Tax-Administration-Modernization-Priorities-201923-46336> (accessed 25 April 2019).

C. Registration Processes

Correct taxpayer registration is a core compliance obligation, a critical factor in the correct participation of taxpayers in the tax system.⁶² Registration typically involves a process of verifying identity before a unique high-integrity identifier is assigned to a taxpayer or taxpaying entity. The identifier used by the revenue body may be a citizen identification or entity registration number, or a specific tax identification number. In the former case, the responsibility for issuing the number and maintaining the register often rests with agencies other than the revenue body. In the latter case, the revenue body is typically responsible.

The register often includes basic taxpayer information such as the following:

- For individuals: full name, address, and date of birth; and
- For legal entities (including corporate bodies): details of the responsible office holders, the type of entity, the entity's legal and trading name, and its street address.

The tax registration number may be issued automatically or only on application, the latter being more common in economies where many citizens are not required to file tax returns, and where the number is used only for tax purposes. Often, the registration numbers issued include a range of embedded codes signifying, for example, the office managing the file and demographic information about the taxpayer or citizen, and also a check digit, for verifying that the registration number is genuine.

The use of the registration number may be mandated for a range of tax and other government interactions or it may be specific to taxation administration. The range of common uses for the tax registration number include:

⁶² On-time filing, correct reporting, and on-time payment are the three other core compliance obligations identified in the OECD's guidance on tax risk management, and widely used in tax compliance literature.

- For the return filing, collection, assessment, and verification activities of revenue bodies;
- For the reporting of payees' income, by third parties such as employers, financial institutions, companies, and prescribed contractors; and
- For the reporting of details of income and assets to revenue bodies, by government agencies responsible for paying pensions and social security benefits and registering assets (e.g., land and vehicle ownership).

Registration Practices in Asia and the Pacific

Appendix Tables A.21a and A.21b provide details of the taxpayer registration and identification systems in Asia and the Pacific, and Table 6.2 gives an overview of key features of the registration system found in selected economies.

- In the majority (over 75%) of revenue bodies surveyed, the registration process is controlled by the revenue body.
- In around 85% of the revenue bodies surveyed, the registration number is used both for tax purposes and by other agencies, and this is generally true of all tax types.
- Almost all revenue bodies reported widespread mandated use of the registration number for third-party reporting (Table 6.3).
- Most frequent uses for reporting purposes were by employers, to enable matching or monitoring of salary and wage payments, and by governments in relation to pensions and other government payments. Over 90% of revenue bodies reported these two uses.
- The use of the registration system in reporting by financial institutions (of interest) and by companies (of dividends) is also common, with over 75% of revenue bodies checking these options.
- In some economies (e.g., Indonesia, Kazakhstan, and Singapore), the VAT regime operates with a relatively high registration threshold, significantly limiting the numbers of businesses subject to VAT, and therefore their compliance burden and the workload of the revenue body.

D. Filing of Tax Returns

Filing correct tax returns and remitting payments on time are both core compliance obligations, which provide critical support for effective tax administration. Achieving effective and efficient tax return and payment processes is fundamental to ensuring government revenue performance. Several desirable legislative features of these processes are listed in Box 6.6.

Tax Returns and Payments in Asia and the Pacific

Revenue bodies were asked a limited range of questions about their legal frameworks for tax return filing and payment obligations. The data reported are in Tables 6.4 and 6.5. Important observations and findings are set out below:

- Most economies aim to align the collection of VAT and other payments with the underlying economic or financial activity. Typically, this is achieved with a regime of monthly or quarterly filing of returns and payment of taxes.
- Some economies differentiate between larger and smaller taxpayers, requiring less frequent filing of returns and payments from smaller taxpayers. For example, Australia, Fiji, Japan, New Zealand, and Singapore allow very small remitters of VAT or taxpayers with irregular transactions to file returns or make payments less frequently (e.g., annually).
- Around one-third of revenue bodies reported that they have implemented mandatory e-filing or e-payment for all or some taxpayers in respect of the corporate income tax, VAT, or employer withholding taxes. The frequency of mandated e-filing or e-payment has remained steady since the last survey.

Table 6.2: Key Features of the Taxpayer Registration System in Selected Economies, 2018

Economy	All Citizens and Entities [^]	Separate Business Number	Tax Purposes Only	Automatically Issued	Numeric Only	Embedded Codes	Check Digit
Australia	x	✓	✓	x	✓	x	✓
Azerbaijan**	x	✓	✓	✓*	✓	✓	✓
Hong Kong, China	✓	✓	x	✓^^	x	✓	✓
India	x	x	✓	x	x	✓	x
Indonesia	x	✓	✓	x	✓	✓	x
Japan	✓	✓	x	✓^^	✓	✓	✓
Korea, Rep. of	✓	✓	x	✓^	✓	✓	✓
Malaysia	x	✓	✓	x	x	✓	x
New Zealand	x	✓	✓	x	✓	x	✓
Singapore	✓	✓	x	✓	x	✓	✓

[^] = Entities include corporate bodies, * = For business number only, ** = Only companies are taxable, ^^ = For individuals.

Source: Compiled by authors from information available on the OECD's Automatic Exchange of Information Portal <http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/>.

Box 6.6: Selected Legislative Features of Tax Return Filing and Tax Payment

The goal is to implement a legislative framework for filing and payment arrangements that balances the government's requirement for regular revenue receipts, the workload of the revenue body, and taxpayers' compliance costs. Such a system typically includes the following features:

- Withholding and advance payments for graduated collection of income taxes;
- Value-added tax (VAT) and other tax payments aligned with the underlying economic activity;
- More frequent payment for larger businesses;
- Reporting systems that facilitate cross-matching and pre-filing;
- Reporting requirements that align with and flow from taxpayer accounting systems;
- Flexibility in mandating filing and payment channels and timing, including the ability to provide extensions of time to file and pay in appropriate circumstances; and
- Mandatory e-filing, at least for larger businesses.

Source: Authors' compilation.

Table 6.3: Mandated Use of Taxpayer Identification Numbers in Information Reports, 2018

Region/Economy	Third Parties that Must Capture and Report TIN with Information Reports					
	Employers (Salary and Wages)	Government Bodies (Pensions)	Financial Institutions (Interest)	Companies (Dividends)	State-Owned Bodies (Asset Holdings)	Prescribed Contractors (Subcontract Payments)
Central and West Asia						
Afghanistan	✓	✓	✓	✓	✓	✓
Armenia	✓	✓	x	✓	✓	x
Azerbaijan	✓	✓	✓	✓	✓	x
Georgia	✓	✓	✓	✓	✓	✓
Kazakhstan	✓	✓	✓	✓	✓	✓
Kyrgyz Republic	✓	✓	✓	✓	✓	✓
Tajikistan	✓	✓	✓	✓	✓	✓
Uzbekistan	✓	✓	✓	✓	✓	✓
East Asia						
China, People's Rep. of	✓	✓	✓	✓	✓	✓
Hong Kong, China	✓	✓	✓	✓	x	✓
Japan	✓	✓	✓	✓	✓	x
Korea, Rep. of	x	x	x	x	x	x
Mongolia	✓	✓	...	...	...	✓
Taipei, China	✓	✓	✓	✓	✓	✓
Pacific						
Australia	✓	✓	✓	✓	x	✓
Fiji	✓	✓	✓	x	x	x
New Zealand	✓	✓	✓	✓	✓	✓
Papua New Guinea	✓	✓	✓	✓	✓	✓
Samoa	✓	✓	✓	✓	✓	✓
Solomon Islands	✓	✓	x	x	x	x
South Asia						
Bangladesh	✓	✓	✓	✓	✓	✓
Bhutan	✓	✓	✓	✓	x	✓
India	✓	✓	✓	✓	✓	✓
Maldives	x	x	x	x	x	x
Sri Lanka	✓	✓	✓	✓	x	x
Southeast Asia						
Cambodia	✓	✓	✓	✓	✓	✓
Indonesia	✓	✓	✓	✓	✓	✓
Lao PDR	✓	✓	x	x	x	x
Malaysia	✓	✓	✓	✓	✓	✓
Myanmar	x	x	x	x	x	x
Philippines	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	x	x	x	✓
Thailand	✓	✓	✓	✓	...	✓
Viet Nam	✓	✓	✓	✓	✓	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic, TIN = taxpayer identification number.

Source: 2018 International Survey on Revenue Administration.

Table 6.4: Employee Withholding, Advance Payment Obligations, and Mandatory E-payment Requirements of Revenue Bodies, 2018

Region/Economy	Type of Employee Withholding Regime in Place	Frequency of Advance Payments		Mandatory E-payment Requirements			
		CIT	PIT	CIT	PIT	PAYE	VAT
Central and West Asia							
Afghanistan	None (no PIT)	A	A	x	x	X	x
Armenia	Cumulative	Q	...	x	x	x	x
Azerbaijan	Cumulative	Q	Q	x	x	x	x
Georgia	Noncumulative	Q	A	x	x	x	x
Kazakhstan	Cumulative	A	M	x	x	x	x
Kyrgyz Republic	Cumulative	Q, A	Q, A	...	...	...	...
Tajikistan	Noncumulative	A	A	x	x	x	x
Uzbekistan	Cumulative	M	n.a.	x	x	x	x
East Asia							
China, People's Rep. of	Noncumulative	Q, A	M	◇	◇	◇	◇
Hong Kong, China	(No withholding)	S	S	x	x	n.a.	n.a.
Japan	Cumulative	S	S	x	x	x	x
Korea, Rep. of	Noncumulative	A	A	x	x	x	x
Mongolia	Cumulative	M	A	x	x	x	x
Taipei, China	Noncumulative	S	A	x	x	x	x
Pacific							
Australia	Noncumulative	M, Q, A	Q, A	x	x	x	x
Fiji	Noncumulative	T	x	x	x	x	x
New Zealand	Noncumulative	A, O	A	x	x	x	x
Papua New Guinea	Cumulative	T	A	◇	◇	◇	◇
Samoa	Cumulative	A	A	x	x	x	x
Solomon Islands	Cumulative	Q	Q	x	x	◇	n.a.
South Asia							
Bangladesh	Cumulative	Q	Q	x	x	x	x
Bhutan	Cumulative	A	A	x	x	x	n.a.
India	Noncumulative	Q	T	x	x	x	x
Maldives	None (no PIT)	O	n.a.	◇	n.a.	n.a.	◇
Sri Lanka	Cumulative	Q	M	x	x	x	x
Southeast Asia							
Cambodia	Noncumulative	M	x	x	x	x	x
Indonesia	Noncumulative	M	M	✓	✓	✓	✓
Lao PDR	Noncumulative	Q	M	x	x	x	x
Malaysia	Cumulative	M	M, B	x	x	x	n.a.
Myanmar	Cumulative	Q	Q	x	x	x	x
Philippines	Cumulative	Q	Q	◇	◇	◇	◇
Singapore	No withholding	O	O	x	x	n.a.	◇
Thailand	Noncumulative	S	A, S	x	x	x	x
Viet Nam	Noncumulative	A, Q	A, Q, M	◇	◇	◇	◇

... = data not available at cutoff date, ✓ = all, ◇ = partial (required for some taxpayers), x = none, A = annually, B = bimonthly, CIT = corporate income tax, F = fortnightly, M = monthly, O = other, PAYE = pay as you earn (withholdings), PIT = personal income tax, Q = quarterly, S = semiannually, T = three times a year, VAT = value-added tax.

Source: 2018 International Survey on Revenue Administration.

Table 6.5: Tax Return Filing Frequency and Mandatory E-filing Requirements of Revenue Bodies, 2018

Region/Economy	Tax Return Filing Frequency				Mandatory E-filing Requirements			
	CIT	PIT	Employer PAYE	VAT	CIT	PIT	Employer PAYE	VAT
Central and West Asia								
Afghanistan	A	A	M	n.a.	✓	◇	✓	n.a.
Armenia	A	A	M	M	✓	✓	✓	✓
Azerbaijan	A	A	Q	M	x	x	x	x
Georgia	A	A	M	M	x	x	x	x
Kazakhstan	A	Q	M, Q	Q	x	x	x	✓
Kyrgyz Republic	A	A	M, A	M	...	...	...	...
Tajikistan	A	A	M	M	x	x	x	x
Uzbekistan	Q?	Q?	Q?	Q, M				◇
East Asia								
China, People's Rep. of	A	A	M	M, Q	x	x	x	x
Hong Kong, China	A	A	n.a.	n.a.	x	x	n.a.	n.a.
Japan	A	A	M	M, Q, A	x	x	x	x
Korea, Republic of	A	A	M	Q	x	x	x	x
Mongolia	Q	A	Q	M	◇	◇	◇	◇
Taipei, China	A	A	A	M	x	x	x	x
Pacific								
Australia	A	A	M, Q	M, Q, A	◇	x	◇	◇
Fiji	A	A	M	M, T, A	x	x	x	x
New Zealand	A	A	F, M, Q	A, M, B, S	x	x	◇	x
Papua New Guinea	A	A	M	M	n.a.	n.a.	n.a.	n.a.
Samoa	A	A	M	B	x	x	x	x
Solomon Islands	A	A	M	n.a.	◇	◇	x	n.a.
South Asia								
Bangladesh	A	A	B	M	x	x	x	x
Bhutan	A	A	M	n.a.	✓	✓	✓	n.a.
India	A	A	Q	n.a.	✓	◇	◇	n.a.
Maldives	A	n.a.	n.a.	M, Q	◇	n.a.	◇	n.a.
Sri Lanka	A	A	A	M	x	x	x	x
Southeast Asia								
Cambodia	A	n.a.	M	M	x	x	x	x
Indonesia	A	A	M	M	◇	◇	◇	✓
Lao PDR	A	A	M	M	x	x	x	x
Malaysia	A	A	M	n.a.	✓	x	◇	n.a.
Myanmar	A	A	M	n.a.	x	x	x	x
Philippines	Q, A	A	M	M	◇	x	◇	◇
Singapore	A	A	n.a.	B, Q, A	x	x	x	✓
Thailand	S	A, S	M	M	x	x	x	x
Viet Nam	A	A	M	A	✓	◇	◇	✓

... = data not available at cutoff date, ✓ = required for all taxpayers, ◇ = partial (required for some taxpayers), n.a. = not applicable, x = none, A = annually, B = bimonthly, CIT = corporate income tax, F = fortnightly, Lao PDR = Lao People's Democratic Republic, M = monthly, PAYE = pay as you earn, PIT = personal income tax, Q = quarterly, S = semiannually, T = three times a year, VAT = value-added tax.

Source: 2018 International Survey on Revenue Administration.

E. Correct Reporting and Payment

Governments around the world have a common goal: to establish tax regimes that provide reliable and consistent revenue flow, while keeping compliance costs, both for the revenue body and taxpayers, to a minimum. As the OECD has observed:

“The more tax administrations succeed in making taxpayers pay as they earn, the smaller the debt book will be. Tax administrators need to make tax payment part of the normal system of doing business and as close to the event creating the liability as possible, in order to eliminate or reduce the risk of non or late payment.”⁶³

This section discusses the various withholding and reporting arrangements implemented by governments to support the correct reporting of income and collection of taxes, and the various powers provided for the use of revenue bodies when enforcing payment.

Withholding and Reporting

Withholding of tax at source from payments to individuals is widely practiced by governments around the world to secure a regular and reliable revenue flow and to ensure that the individuals concerned meet their tax obligations in a timely and cost-effective manner. These arrangements generally require intermediaries, such as employers and financial institutions, to withhold tax from payments, such as dividends, interest, salaries and wages, payments to nonresidents, and other regular or intermittent income. Withholding taxes may be final or creditable. Where withholding tax is creditable, the withholding party is likely to be asked to provide detailed reporting on payees.

Withholding regimes, which are primarily used for payments made to nonbusiness individuals, are often supplemented by third-party reporting to the revenue body on categories of self-employment and professional services income. Such reporting generally provides the revenue body with relevant payee identity and income information that it can use to match income with returns to encourage correct self-reporting and to detect noncompliance (such as nonfiling and underreporting). Increasingly, withholding and reporting information is being used in automatically checking returns filed and in preparing prefilled tax returns to prevent noncompliance and help taxpayers report their income correctly.

In practice, withholding and reporting regimes vary considerably in their design to take into account a variety of tax policy choices (e.g., tax rate structure in place, final or creditable withholdings, residency, or annual assessment requirements). These factors, coupled with the fact that some intermediaries will be tempted to avoid their tax withholding obligations, mean that revenue bodies must be prepared to provide adequate education and support services, as well as be vigilant to noncompliance behavior that requires an administrative response.

Use of Withholding at Source and Third-Party Reporting in Asia and the Pacific

Information reported by revenue bodies on the nature and use of withholding and reporting regimes is presented in Appendix Tables A.22a and A.22b, while Appendix Table A.23 details the use of computer processing of third-party data. Key points arising from the information reported are as follows:

- Just about all revenue bodies surveyed administer systems that provide for the graduated collection of income taxes with regimes of withholdings and advance payments, but the systems vary substantially in the frequency of payments they require.
- Some economies apply a regime that reduces the frequency of payments for smaller corporate taxpayers to reduce their administrative or compliance burden (e.g., bimonthly or quarterly filing).

⁶³ OECD. 2014. *Working Smarter in Tax Debt Management*. Paris: OECD Publishing. <http://dx.doi.org/10.1787/9789264223257-en>.

- Hong Kong, China; and Singapore have no withholding systems for employees, and Afghanistan and Maldives do not have PIT and so do not require a withholding system for employees.

Employment income

- Cumulative withholding regimes are widely used, limiting the numbers of employees who are required to file annual tax returns or undergo some other form of reconciliation and wash-up payments (e.g., the withholding regime in Japan).
- In a few economies (Hong Kong, China; and Singapore), tax withholding at source is not applied and employees must make advance payments and file returns on their own.

Other categories of income

- Around two-thirds of revenue bodies reported that withholding tax provisions apply to prescribed categories of interest and dividend incomes, for both resident and nonresident taxpayers.
- Revenue bodies in Bangladesh, Kazakhstan, Mongolia, the Philippines, the PRC, and Thailand reported the extensive use of withholding tax across the main categories of income surveyed, for both resident and nonresident taxpayers.
- Relatively limited use of withholding tax across the main categories of personal income was reported by revenue bodies in Australia; Hong Kong, China; Malaysia; Maldives; New Zealand; and Singapore. These bodies rely on reporting regimes to gather data on taxpayers' incomes.

Computer Processing of Third-Party Income Reports

- Many revenue bodies (e.g., those in Australia, Malaysia, New Zealand, the Republic of Korea, Singapore, and Thailand) reported having computerized processes for the bulk capture and matching of the large volume of taxpayer income data reported by third parties.
- Figure 6.4 outlines the categories of third-party data collected by revenue bodies for matching with taxpayers' records.

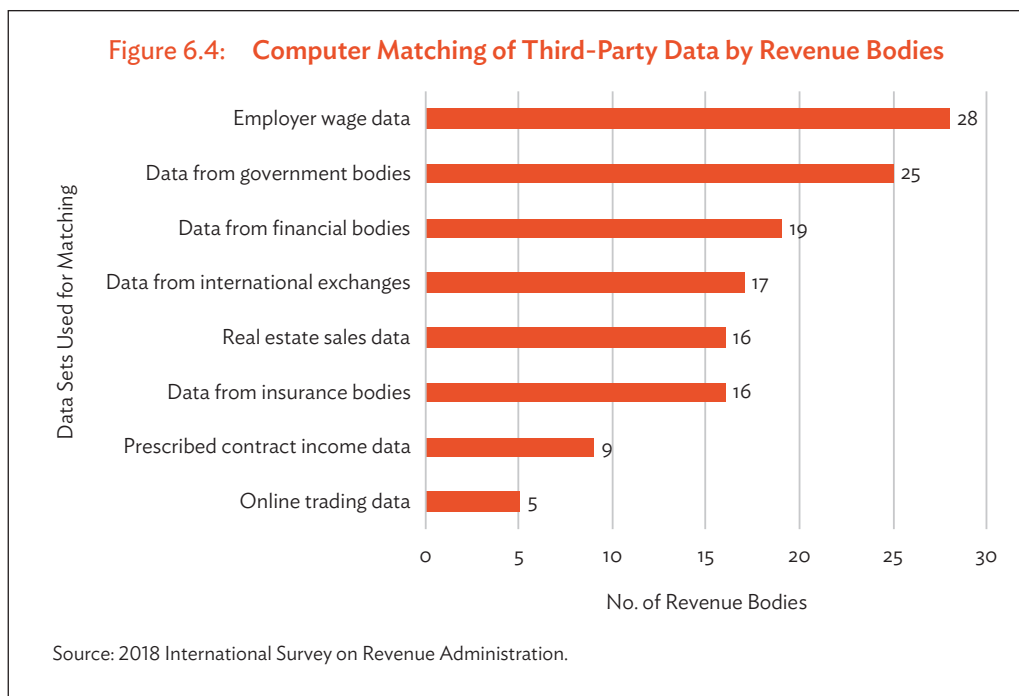
Collection of Arrears

An important category of enforcement action undertaken by revenue bodies is debt collection. Typically, a debt arises when a tax, duty, or charge is assessed or posted to a taxpayer's account. The debt goes into arrears if it is not paid by the due date (or within a specified period after the due date). Tax laws typically require and authorize the responsible revenue body to collect the debt unless the arrears are uncollectible. An uncollectible debt may either be one whose recovery is considered uneconomic or one that is not legally collectible (e.g., because the debtor is insolvent or the debt is statute-barred). Disputed debts may be collectible, or collection may be suspended pending the resolution of the dispute. In some economies, a dispute may not be accepted unless payment is made (in part or in full).

Powers of collection may be sourced from the various tax acts or a separate tax administration act. For simplicity and consistency, a separate tax administration act is the preferred approach, as it facilitates amendments and helps to maintain the consistency of approaches across the taxes administered. In addition to powers specified in tax acts, most revenue bodies can also make use of the general debt collection provisions available to all creditors under the economy's broad legal framework. A typical legal framework for tax debt collection will include some or all the following powers:

Broad powers

- Granting time extensions for payment or formulating installment arrangements;
- Using tax credits to reduce tax debts;
- Collecting through third parties (such as garnishees of bank accounts or salary and wages);
- Freezing or seizing and selling assets (through the use of tax power or general legal recovery power);



- Initiating bankruptcy or liquidation proceedings (through the use of tax power or general legal recovery power);
- Restricting overseas travel; and
- Imposing and, where appropriate, remitting penalties and interest for late payment.

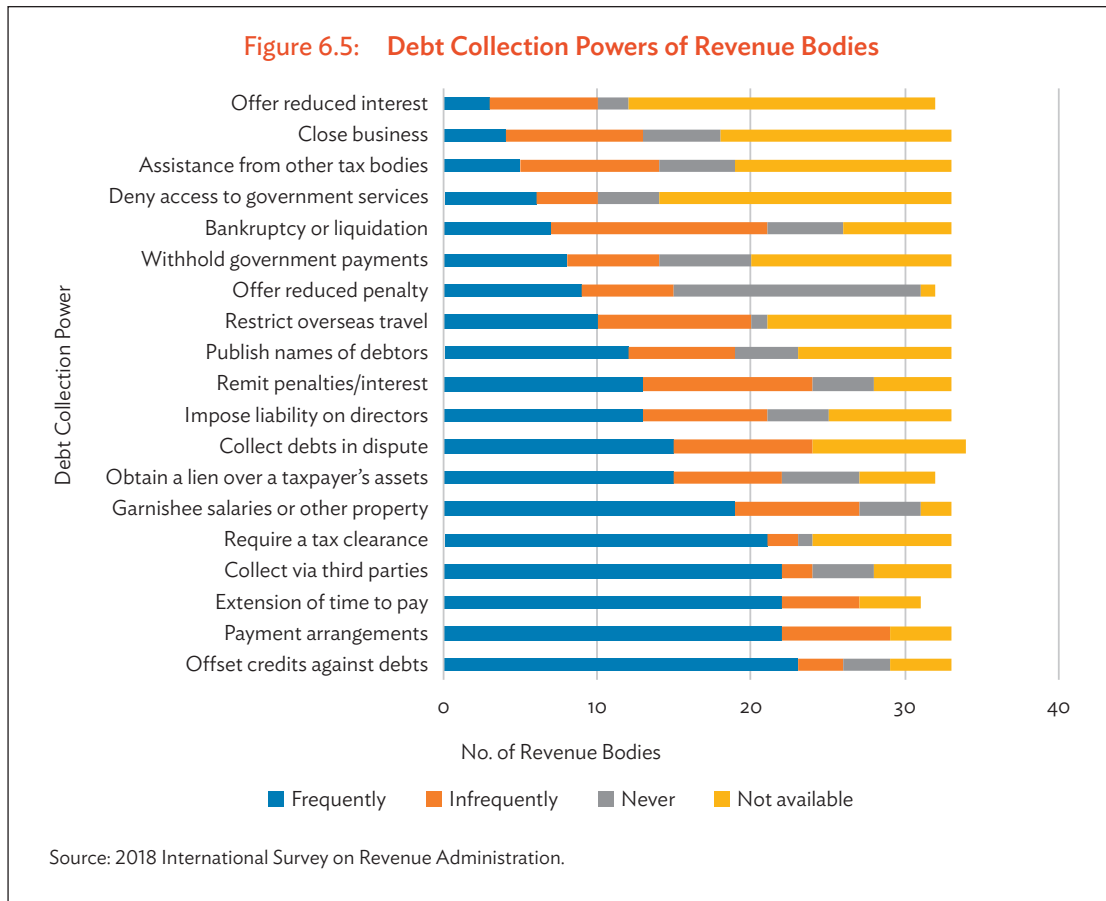
Other powers

- Closing down a business or withdrawing a license to operate;
- Banning participation in government-issued contracts; and
- Withholding government services.

Debt Collection Powers and Their Use in Asia and the Pacific

Data reported by revenue bodies on the use of debt collection powers are set out in Figure 6.5 and Appendix Tables A.24a, A.24b, and A.24c. The key points are as follows:

- The most commonly used debt collection powers in Asia and the Pacific are granting payment arrangements, offsetting credits against debts, granting extensions of time for payment, collecting via third parties, requiring tax clearances for government contract bidding, and issuing garnishee orders (Figure 6.5).
- The least frequently used or least available powers include offering reduced interest, shutting down businesses, and denying access to government services. The infrequent use of these powers is not surprising, given their relatively limited application. Interest is rarely reduced (although it may be in exceptional cases), as it represents the time value of money. The closure of a business and the denial of services are harsh sanctions, which might usually be reserved for use in very serious cases.
- Surprisingly, the power to remit penalties and interest, although widely available, is rarely used. Over half of the revenue bodies having this power use it infrequently or not at all. They should consider how they can use this power more, to encourage voluntary compliance with payment arrangements or to recognize a good compliance record.



F. Verification and Audit

Verification and audit can be sensitive areas of tax administration. An adequate legal framework is therefore needed to ensure that these activities are effective, are carried out with integrity by revenue bodies, and do not infringe on taxpayers' rights, which must be properly protected. The key elements of such a legal framework as it relates to the verification and audit function have been described by the OECD in a guidance note and are summarized in Box 6.7 below:

Administrative Assessment and Self-Assessment

Verification and audit activities vary in type and scope for a range of reasons. In addition to the administrative factors that may determine the audit approach (such as the nature of the tax, the resources available, and the level of automation and information sharing), the system of tax assessment in place influences the choice of audit approach to a great degree. There are two main systems of assessment: administrative assessment and self-assessment. Administrative assessment is employed to varying degrees for income taxes, while self-assessment is widely used for VAT/GST.

Administrative assessment systems generally require a degree of technical scrutiny (assessment) of all tax returns by the revenue body before an assessment is issued. This process has traditionally been a manual activity conducted by revenue body staff, but in economies still employing this approach, it is now becoming increasingly automated

Box 6.7: Good-Practice Features of a Legal Framework for Verification and Audit

- Specifying taxpayers' record-keeping obligations:
 - Legal requirements for keeping and producing records;
 - Record-keeping standards, format, and language;
 - Retention periods;
 - Electronic record keeping;
 - Additional requirements for value-added tax (VAT) regarding rates and classifications; and
 - Simplified accounting rules for smaller businesses.
- Giving tax officials access to taxpayers' books and records, including:
 - Availability of taxpayer information on request, in the required form, and within the specified time frame;
 - Full and free access to premises for the purpose of inspecting records;
 - Ability to access information held abroad; and
 - Ability to seize or make copies of records.
- Giving tax officials access to third-party information sources.
- Ensuring that international treaties or other agreements (e.g., tax information exchange agreements) with partner economies contain provisions for obtaining information about taxpayers' tax affairs.
- Empowering revenue bodies to amend returns, usually subject to time limits, except where fraud or evasion is involved.
- Providing for sanctions for noncompliance.

Source: OECD Forum on Tax Administration. 2006. *Strengthening Tax Audit Capabilities: General Principles and Approaches*. Information Note. Prepared by the Compliance Sub-group. Paris: OECD Publishing.

to screen and risk-rate files for closer examination. Examinations vary in intensity depending on the risk rating, ranging from no or cursory examination to more in-depth examination and possible further inquiries with taxpayers before the assessment is issued.

In many economies operating under an administrative assessment system, post-assessment audits may not be allowed unless fraud or evasion is involved. In some economies operating an administrative assessment system, a post-assessment audit is still permitted, but often the period within which such action can be initiated is limited, compared with the period allowed for a full self-assessment regime (again with a common exception where fraud or evasion is involved).

In a self-assessment system, returns are generally accepted as filed, but may be rejected where the tax return is incomplete or contains arithmetic errors. Further pre-assessment screening may be conducted to detect returns with hallmarks of potential fraud, especially where a refund could ensue. A formal assessment notice may or may not be issued by the revenue body; such notice is more common for income taxes than for VAT. Verification and audit are almost exclusively conducted post-assessment, with the exception of potentially fraudulent or erroneous refunds. Most revenue bodies use risk-based case selection techniques, often supplemented by manual screening. The screening may be automated, with large-scale matching programs, particularly in relation to employment income, interest, and dividends. Increasingly, revenue bodies are prefilling tax returns with these items to prevent or reduce the need for post-assessment correction of omissions.

More than half of OECD and non-OECD economies reported that a self-assessment system is used for individual and company income tax returns, and that the majority of returns filed are processed as received, with limited or no checking.⁶⁴

Record Keeping and Access to Information

Effective risk-based case selection, verification, and audit requires a revenue body to have an appropriate set of legal powers of access to information held by the taxpayer and other parties. Information provided in tax returns cannot be properly verified and liabilities confirmed without such powers. For these powers to be effective, access to bulk data as well as an appropriate suite of sanctions is needed, to punish and deter noncompliance.

Record Keeping and Access to Information in Asia and the Pacific

Figure 6.6 and Appendix Tables A.25a and A.25b show the full range of access and search powers reported by revenue bodies. The key points are as follows:

- All revenue bodies surveyed are empowered to require taxpayers to produce records. Most revenue bodies are able to request information from third parties. Exceptions include Mongolia, the PRC, the Republic of Korea, and Sri Lanka.
- Only around half of the revenue bodies can extend the use of formal powers to third parties.
- Only around a third of the revenue bodies can enter premises and seize documents, and only seven revenue bodies (including those in Australia, Indonesia, and Malaysia) have the power to enter dwellings.

Power to Amend Returns

Revenue bodies require the power to correct understatements of liability by issuing adjustments. These adjustments are commonly referred to as amendments, although in some economies working under a full self-assessment system, the audit adjustment is called an assessment or reassessment, as it is regarded as the first assessment done by the revenue body.

Taxpayers have an (increasing) expectation of certainty in relation to their tax affairs and expect limits to the power of the revenue body to adjust tax returns. Typically, this expectation is reflected in laws limiting the period of review of a taxpayer's tax affairs. Such limitations are commonly lifted in cases of fraud or evasion, through the use of anti-abuse or anti-avoidance laws.

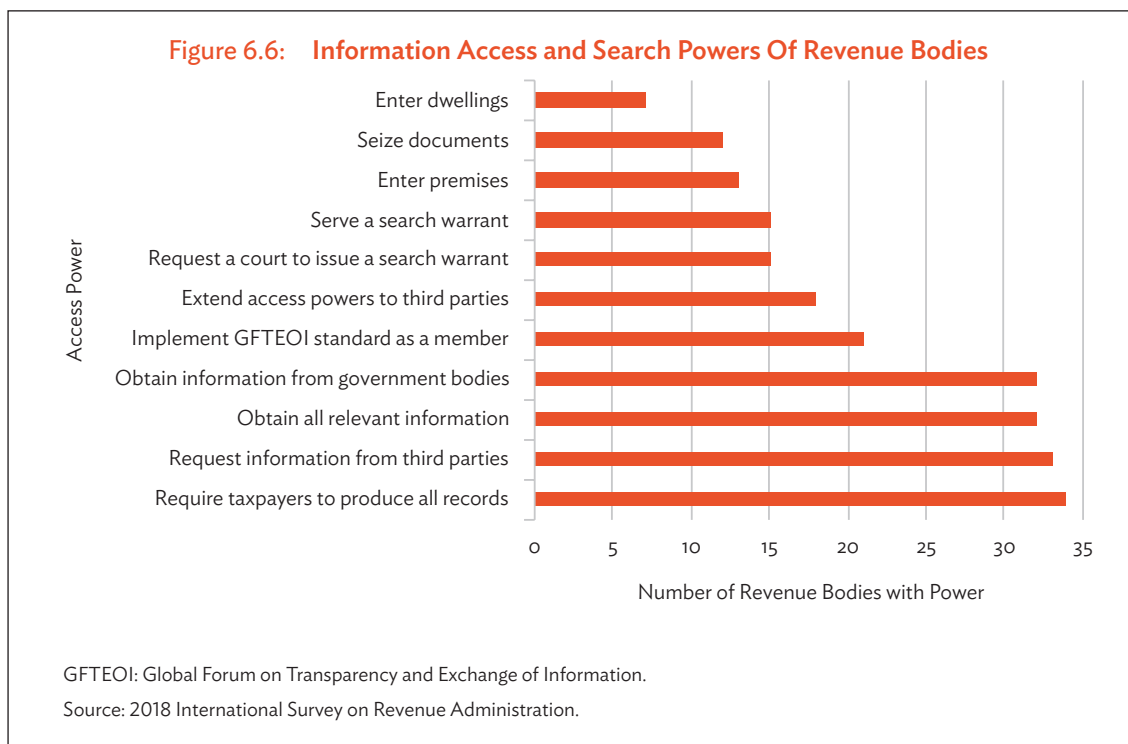
Anti-abuse laws vary considerably: some are general in nature, while others describe specific incidents or arrangements that are deemed abusive. Generally anti-abuse rules can be characterized as laws intended to prevent a taxpayer from achieving a tax outcome inconsistent with the intent of the law. Many anti-abuse rules refer to transactions or arrangements intended mainly to reduce tax, rather than having a genuine business purpose. These rules often consider both outcome and intent.

Powers and Time Limits for Amending Returns in Asia and the Pacific

Table 6.6 details survey responses relating to time limits that apply to the power of revenue bodies to conduct audits and adjust tax returns. The key points are as follows:

- All revenue bodies appear to have some power to amend tax returns, and around two-thirds have a time limit on that power. The time limit varies widely, ranging from as little as 12 months (Solomon Islands) to a very lengthy 216 months (India).

⁶⁴ OECD. 2017. *Tax Administration 2017: Comparative Information on OECD and Other Advanced and Emerging Economies*. Paris: OECD Publishing. http://dx.doi.org/10.1787/tax_admin-2017-en.



- Shorter time periods are often associated with regimes using administrative assessment rather than self-assessment. This is because administrative assessment conducted by the revenue body is essentially a pre-assessment audit, so further review is often limited.
- These limitations are lifted in cases where fraud or evasion is present. Over half of the revenue bodies indicated that anti-abuse rules are available and used (see Table 5.4 in Chapter V).
- Around half of the revenue bodies surveyed also have statutory limitations on the time allowed to complete an audit. Time limits range from 3 months to 36 months.

G. Penalties and Interest

Revenue bodies require powers and sanctions within the legal framework, to support the day-to-day activities of tax administration. To enforce taxpayer obligations effectively, they must have an appropriate regime of sanctions for dealing with the various elements of noncompliance and offenses. If revenue bodies cannot impose appropriate sanctions and are unable to remit or reduce sanctions where warranted by the taxpayer's circumstances, then it would be very difficult for them to support and enforce taxpayer obligations to participate correctly in the tax system. In practice, this legal framework may be set out separately in the laws governing each tax administered or, preferably for ease of legislative maintenance and reference, in a single comprehensive law on tax administration with a common set of provisions for all taxes.

Penalties and Interest Frameworks in Asia and the Pacific

Figure 6.7 and Appendix Table A.26 provide an overview of some common features of administrative sanctions in place in Asia and the Pacific. The key observations are as follows:

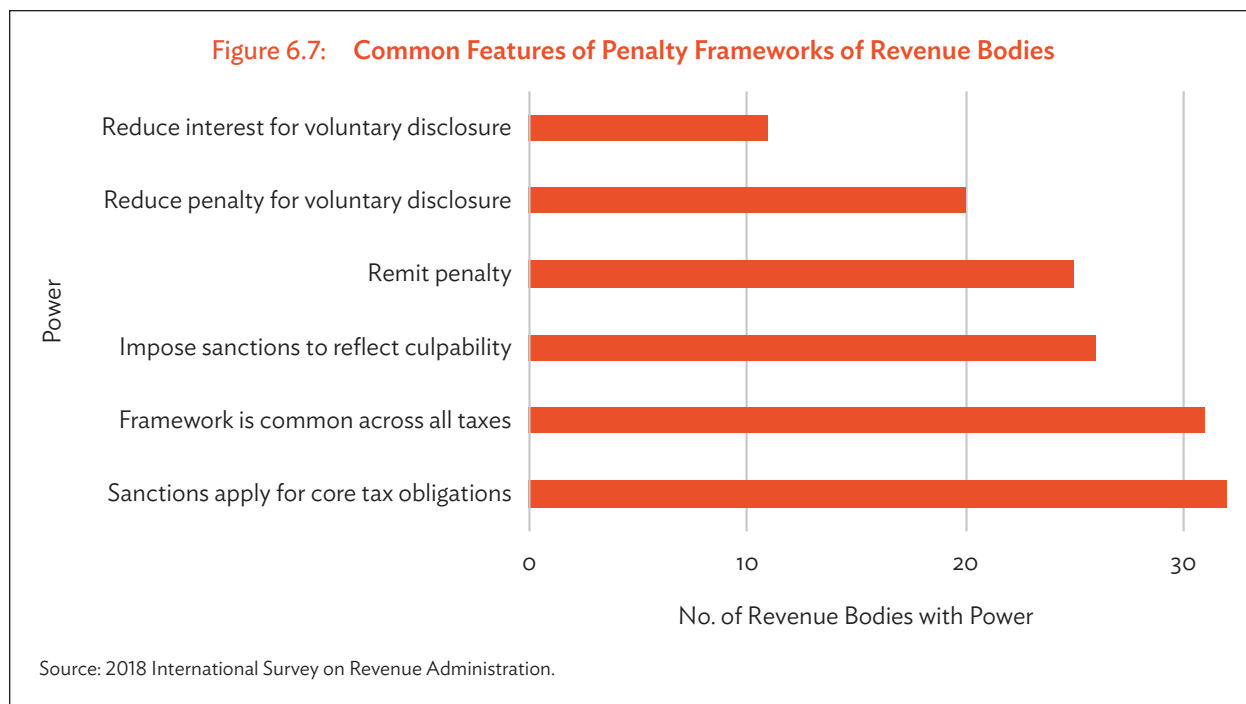
Table 6.6: Time Limits for Audit and Other Interventions of Revenue Bodies, 2018

Region/Economy	Time Limits in Law for Audit Interventions ^a		Time Limits in Law for Duration of Audits		Time Limits in Law for Taxpayers Seeking Refunds	
	Limit Applies	Period Audit Can Go Back (months)	Limit Applies	Audit Duration (months)	Limit Applies	Time Allowed to Claim Refund (months)
Central and West Asia						
Afghanistan	...	...	...	...	...	...
Armenia	✓	60	✓	36	...	...
Azerbaijan	✓	36	✓	3	✓	60
Georgia	✓	36	✓	5	✓	36
Kazakhstan	✓	...	✓	...	...	...
Kyrgyz Republic	x	x	...	...	...	...
Tajikistan	✓	36	✓	0.3–2	✓	60
Uzbekistan	✓	36	✓	1	...	...
East Asia						
China, People's Rep. of	x	x	x	x	...	...
Hong Kong, China	✓	72	x	x	✓	72
Japan	...	...	x	x	✓	60
Korea, Rep. of	x	x	✓	...	...	...
Mongolia	✓	60	x	x	✓	60
Taipei, China	x	x	...	...	...	...
Pacific						
Australia	✓	60	✓	24	✓	48
Fiji	x	x	x	x	...	...
New Zealand	✓	48	x	x	✓	48
Papua New Guinea	✓	36	x	x	✓	24
Samoa	x	x	x	x	...	...
Solomon Islands	✓	12	✓	12	✓	12
South Asia						
Bangladesh	✓	60	✓	24	x	x
Bhutan	✓	60	x	x	...	...
India	✓	216	✓	24	✓	24
Maldives	✓	60	x	x	✓	15
Sri Lanka	✓	30	x	x	✓	30
Southeast Asia						
Cambodia	✓	120	x	x	...	...
Indonesia	✓	60	✓	12	✓	36
Lao PDR	...	...	x	x	...	...
Malaysia	✓	60	✓	3	✓	60
Myanmar	x	x	✓	6	...	...
Philippines	✓	24	...	...	...	...
Singapore	✓	60	x	x	✓	60
Thailand	✓	120	✓	12	✓	36
Viet Nam	x	x	...	...	...	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

^a Audit interventions (excluding cases involving material nondisclosure).

Source: 2018 International Survey on Revenue Administration.



- Most revenue bodies have the power to impose penalties for failure to comply (at least in relation to some core compliance obligations). Myanmar and PNG both reported limited powers to enforce correct reporting of liability by imposing sanctions. Without this power, conducting any effective audit activity would be very difficult.
- The sanctions for underreporting that are available to most revenue bodies commonly allow for the degree of culpability. As discussed in Chapter V, serious omissions may also be subjected to criminal investigation and prosecution under criminal laws. Having the ability to apply sanctions that reflect levels of culpability and the seriousness of the behavior helps to promote a sense of fairness in the tax system. Surprisingly, even though a majority of the revenue bodies have the power to offer reduced penalty (in respect of debt collection), less than half actually use it (Figure 6.5).
- As discussed in Chapter V, supporting voluntary disclosure programs is important, to enable revenue bodies to encourage taxpayers to self-correct. Encouraging taxpayers to come forward to correct their tax affairs, rather than to remain noncompliant and simply wait to be caught, allows revenue bodies to raise more revenue than would be possible with enforced compliance approaches. Revenue bodies are thus able to reduce the costs and improve their effectiveness in dealing with lower-value, lower-culpability matters. Around two-thirds of revenue bodies have the power to offer voluntary disclosure programs with reduced penalties, but only around one-third are also empowered to reduce interest.

Case Study: New Indonesian Sanctions to Encourage Voluntary Disclosure and Curb Tax Evasion

On 18 July 2016, the Government of Indonesia launched a new tax amnesty program. The aim was to improve tax compliance, increase tax revenue, and encourage the repatriation of offshore assets held in tax havens. The program was to end in March 2017. As part of the amnesty program, the Directorate General of Taxes (DGT) announced that taxpayers failing to take advantage of the offer would face tougher penalties if caught after the offer closed.

In 2017, a new penalty regime was implemented, tightening sanctions and introducing the ability to publicize the names of tax evaders. Importantly, the new rules also strengthened the power of the DGT to develop policies that

would encourage voluntary disclosure, including reducing penalties, and were eventually followed by legislative changes that gave DGT officials much-increased access to taxpayers' banking records.

H. Simplified Tax Systems

Simplified tax regimes for micro and small businesses are often implemented in developing economies to encourage voluntary participation in the tax system and make formalization easier and more attractive. These simple systems are often designed to minimize the need for records and particularly common in economies with low literacy levels. Developing economies also offer simplified regimes for smaller businesses, often in an attempt to lower the costs of compliance and to improve full participation in the system, through simpler rules. Incentives to foster entrepreneurship may also feature.

Regardless of the motivations for implementing such systems, they are popular in many economies, and vary considerably in form and design, depending on the policy intent of the regimes and the underlying context. Table 6.7 outlines the features of the more common simplified tax regimes found across the world. These legislative regimes are often accompanied by special administrative programs, discussed in Chapter V.

Simplified Tax Systems in Asia and the Pacific

Features of the various simplified regimes offered in Asia and the Pacific are captured in Table 6.8 and Figure 6.8, while Appendix Tables A.17a and A.17b outline the range of features found in special programs for managing SMEs, as discussed in Chapter V. The key points are as follows:

- Around half of the revenue bodies surveyed offer some form of simplified regime for small taxpayers, while a similar number (although comprising a different group of revenue bodies) offer special management programs for SMEs.
- Malaysia and Viet Nam reported relatively wide reach and high participation rates in the simplified regimes offered. Both these economies offer tailored regimes.
- For economies offering simplified regimes, the most commonly used system is a flat-rate turnover tax. Patent regimes are also used to a fair degree. Five revenue bodies reported that they offer a type of system not captured in the set defined in the ISORA survey. Some of these “nonstandard” regimes appear to be targeted more toward encouraging investment by the small-business sector. An example of such a system, offered in Singapore, is described in Box 6.8.

I. Regulation of the Tax Profession

Some taxpayers struggle with the complexity of the tax system, while others simply choose to outsource tax compliance obligations, a noncore function of their business, to specialists. Regardless of the reasons behind the decision, the hiring of tax professionals to help with tax and regulatory compliance is prevalent in many economies.

The role of tax professionals in the tax system may have a positive effect on overall compliance levels. Competent and ethical tax advisers provide valuable support to taxpayers in understanding, planning for, and meeting their tax obligations. In many economies, the tax profession also has an important role in helping to shape administrative practices and in providing advice on developing policy and law design. Revenue bodies and governments have an interest in fostering this role, while at the same time protecting taxpayers from incompetent or unethical advisers.

Table 6.7: Features of Simplified Tax Regimes for Small Businesses

Regime	Description
Flat-Rate Turnover	A business tax on total transactions or gross sales, usually applicable to all sales of commodities by manufacturers, wholesalers, and retailers. The tax rate may vary by sector, and is often levied on all sales, including capital items.
Forfait (Agreed) Regime	A business tax (often at a flat rate) levied on an agreed estimated taxable base (forfait). Estimates may be based on the cost of supplies (input) or other agreed indicators. Rates are often sector-based.
Indicator-Based	A tax system using defined indicators or features to determine the size and output tax of a small business. Indicators may include floor space, number of employees, and location. Indicators may be general or sector-specific.
Simple Patent	Patent systems require eligible businesses to purchase periodically, for a fixed fee, a patent to be allowed to trade. The fee takes the place of tax. Eligibility may be indicator-based or may apply to certain professions irrespective of the size, location, and turnover of the business.
Simplified Role in Normal Tax System	Eligible businesses may be offered certain concessions such as the use of simple formulas to calculate expenses rather than keeping records of actual costs, an option to use cash accounting or simplified record keeping, simplified depreciation rules, capital gains tax concessions for business assets, or less frequent filing.
Other	Other special regimes may include lower tax rates, grants or concessions for licenses or government fees, incentives to employ staff, and reduced reporting obligations.

Source: 2018 International Survey on Revenue Administration.

A successful regulatory regime would strengthen the competence and ethics of the tax profession and strike an appropriate balance between loyalty to the system and loyalty to the client. Many tax advisory service models are in use around the world, and the role and regulation of tax advisers must be evaluated against the backdrop of each economy's level of development and its legal and economic systems. Approaches that may work in one economy may not be appropriate for another.

Regulation of the Tax Profession in Asia and the Pacific

Appendix Tables A.27 and A.28 capture details of the range of features reported concerning the regulation of the tax profession and the services offered by revenue bodies, while Box 6.9 describes the regulation of the tax profession in Malaysia, which has a fully regulated professional tax agent regime. The key points are as follows:

- Approaches to the regulation of the tax profession adopted within the region (and more widely) generally fall into three categories:⁶⁵
 - **A fully regulated professional tax agent regime.** This approach involves mandated activities prescribed in law, and professional qualifications and registration. The approach is like that used for other regulated professions, such as lawyers and accountants. This model can be seen, for example, in Australia; Cambodia; Fiji; Indonesia; Malaysia; PNG; the PRC, the Republic of Korea; Taipei, China; Thailand; and Viet Nam. A variant of this model involves mandated activities prescribed in law, but with no compulsory registration requirement. This approach is adopted in India, Japan, Malaysia, Mongolia, Myanmar, and New Zealand.
 - **A partially regulated tax agent regime.** This approach may not restrict the preparation of tax returns or the provision of tax advice, but often requires disclosure of the tax preparer's role, or some form of professional registration, such as membership in a professional association. It may also provide for penalties where professional competence standards are not met. In addition, this model may restrict certain representational activity to licensed practitioners and members of other regulated professions, such as lawyers and accountants. Variants of this model are seen in Azerbaijan, the Kyrgyz Republic, and the Philippines.

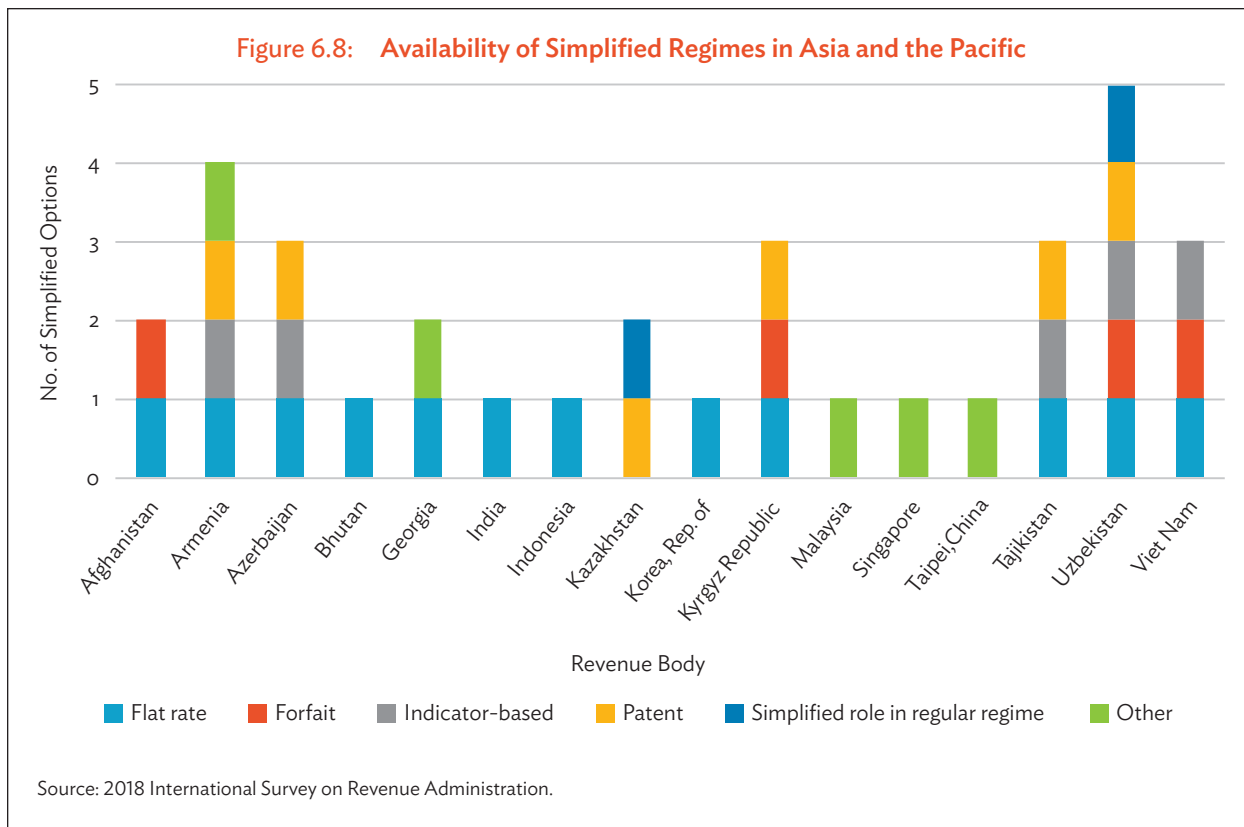
⁶⁵ Based on V. Thuronyi, ed. 1996. *Tax Law Design and Drafting*. Volume 1, Chapter 5: Regulation of Tax Professionals. Washington, DC: International Monetary Fund; and responses to the 2018 ISORA.

Table 6.8: Simplified Tax Regimes for Small Taxpayers, 2018

Region/Economy	Simplified Tax Regime for Small Taxpayers	Flat-Rate Turnover	Forfeit (Agreed) Regime	Indicator-Based Regime	Simple Patent	Simplified Role in Regular Regime	No. of Taxpayers under Regime ('000)	
							2016	2017
Central and West Asia								
Afghanistan	✓	✓	✓	x	x	x	20	27
Armenia	✓	✓	x	✓	✓	x	66	70
Azerbaijan	✓	✓	x	✓	✓	x	206	263
Georgia	✓	✓	x	x	x	x	101	113
Kazakhstan	✓	x	x	x	✓	✓	...	...
Kyrgyz Republic	✓	✓	✓	x	✓	x	...	...
Tajikistan	✓	✓	x	✓	✓	x	257	270
Uzbekistan	✓	✓	✓	✓	✓	✓	361	324
East Asia								
China, People's Rep. of	x	x	x	x	x	x	0	0
Hong Kong, China	x	x	x	x	x	x	0	0
Japan	x	x	x	x	x	x	0	0
Korea, Rep. of	✓	✓	x	x	x	x	2	2
Mongolia	x	x	x	x	x	x	0	0
Taipei, China	✓	x	x	x	x	x	474	478
Pacific								
Australia	x	x	x	x	x	x	0	0
Fiji	x	x	x	x	x	x	0	0
New Zealand	x	x	x	x	x	x	0	0
Papua New Guinea	x	x	x	x	x	x	0	0
Samoa	x	x	x	x	x	x	0	0
Solomon Islands	x	x	x	x	x	x	0	0
South Asia								
Bangladesh	...	x	x	x	x	x	x	x
Bhutan	✓	✓	...	...	...	...	26	27
India	✓	✓	...	...	...	...	...	...
Maldives	x	x	x	x	x	x	0	0
Sri Lanka	x	x	x	x	x	x	0	0
Southeast Asia								
Cambodia	x	x	x	x	x	x	0	0
Indonesia	✓	✓	x	x	x	x	...	...
Lao PDR	...	...	...	...	...	...	...	...
Malaysia	✓	x	x	x	x	x	5,212	5,401
Myanmar	x	x	x	x	x	x	0	0
Philippines	x	x	x	x	x	x	0	0
Singapore	✓	x	x	x	x	x	253	282
Thailand	x	x	x	x	x	x	0	0
Viet Nam	✓	✓	✓	✓	x	x	1,629	1,629

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.



Box 6.8: Singapore’s Tax Incentives for Small Businesses

Singapore promotes itself as a business-friendly location and encourages both domestic and international entrepreneurs to set up small businesses within the city-state. To support this objective, the government offers a range of incentives via the taxation system, including:

- **Productivity and innovation credit scheme.** This scheme is aimed at encouraging small businesses to innovate, both in the creation of business opportunities and in productivity improvement through creative means. Qualified businesses are eligible for corporate tax concessions, including up to 400% in tax deductions for qualified expenditure, or up to S\$60,000 as a cash grant.
- **Corporate income tax rebate.** All eligible companies in Singapore can receive a 30% company tax rebate (subject to a S\$30,000 cap). This rebate helps small companies cope with the rising costs of doing business.
- **Small and medium enterprise cash grant.** Financial assistance is offered to SMEs not eligible for the corporate income tax rebate (because they are not taxed under the corporate tax regime). An SME cash grant of 5% of the total revenue of the firm (capped at S\$5,000) is paid.

SMEs = small and medium-sized enterprises.

Sources: The Economic Development Board of Singapore (www.edb.gov.sg); Start-up Decisions Singapore (www.startupdecisions.com.sg).

- **An essentially unregulated tax profession.** This approach often coexists with regulated professions such as lawyers and accountants. Its disadvantage is that the regulations applicable to these professions do not deal specifically with the provision of tax services and may be inadequate. Economies adopting variants of this model include Afghanistan, Armenia, Georgia, Kazakhstan, the Lao PDR, Singapore, Tajikistan, and Uzbekistan.
- Around two-thirds of the revenue bodies surveyed offer special services for members of the tax profession. From the survey menu, the more commonly offered services are: (i) specific contact points (e.g., client or relationship managers); (ii) regular updates on legislative and administrative changes; (iii) a dedicated section on the revenue body’s website; and (iv) a dedicated (phone) inquiry service. Australia, India, and New Zealand offer all the services identified.

Box 6.9: Regulation of the Tax Profession in Malaysia

Malaysians are enjoined not to present themselves as tax agents, tax consultants, or tax advisers and act on behalf of any person, unless they qualify as a tax agents as defined by law.^a In companies or partnerships, at least one employee must be a tax agent as defined by law.

A “tax agent” is

- any professional accountant approved by the minister; or
- any other person approved by the minister on the recommendation of the director general. Applications for approval or renewal are made to the relevant minister.

Responsibilities

A tax agent has a range of responsibilities, covering all the obligations of the taxpayer, including:

- Advising on records to be maintained;
- Assisting in the completion of tax returns;
- Ensuring that clients are aware of the obligation to file and pay;
- Attending meetings with the Inland Revenue Board, such as field audits at clients’ premises, investigations, interviews, negotiations, and proceedings; and
- Filing appeals and attending hearings or further appeals.

Required Qualifications

Tax agents must have at least 5 years of experience in taxation, and be conversant with everyday tax compliance requirements, such as payment due dates, filing requirements, appeal procedures, and audit and investigation protocols. Tax agents are also required to meet a fit-and-proper-person test, satisfy continued professional development requirements, and keep their own tax affairs up to date. Applicants must usually pass a screening interview, testing their level of knowledge of laws, procedures, and rulings.

^a Laws relating to tax agents and the tax profession are included in the Income Tax Act 1967 (ITA), Section 153. Further requirements for the accounting profession are generally included in the Accountants Act 1967.

Sources: Official Portal of the Inland Revenue Board of Malaysia (www.hasil.gov.my); authors’ compilations.

VII. Tax Administration Operations

This chapter provides a summary of recommended and observed features of key aspects of revenue body operations. Some limited performance-related data are also provided. All quantitative data referring to program output are tabulated in the appendix tables, and also referred to in the text. The recommended guidance provided in this chapter, like that provided in earlier editions of this report, was adapted from the IMF's TADAT Field Guide, which supports tax administration officials in the use of the Tax Administration Diagnostic Assessment Tool and is presented here in abbreviated form.⁶⁶

A. Tax Administration Processes

Regardless of the taxes or the economy in which they are levied, revenue bodies must perform a fairly common set of functions to fully carry out the range of activities required for the delivery of their mandate (Figure 7.1). The conduct of these functions is increasingly being supported by modern technology systems, which are discussed in detail in Chapter IV.

B. Registration Processes

Processes supporting the identification and registration of taxpayers, both individuals and entities, are fundamental to a revenue body's system of managing all aspects of taxpayers' tax affairs. The systematic detection of unregistered taxpayers, the recording and updating of taxpayer details on a register, and the allocation of a unique high-integrity identifier enable the efficient conduct of all downstream tax administration processes. Practical guidance for an effective system of taxpayer registration and identification is summarized in Box 7.1.

Registration Processes in Asia and the Pacific

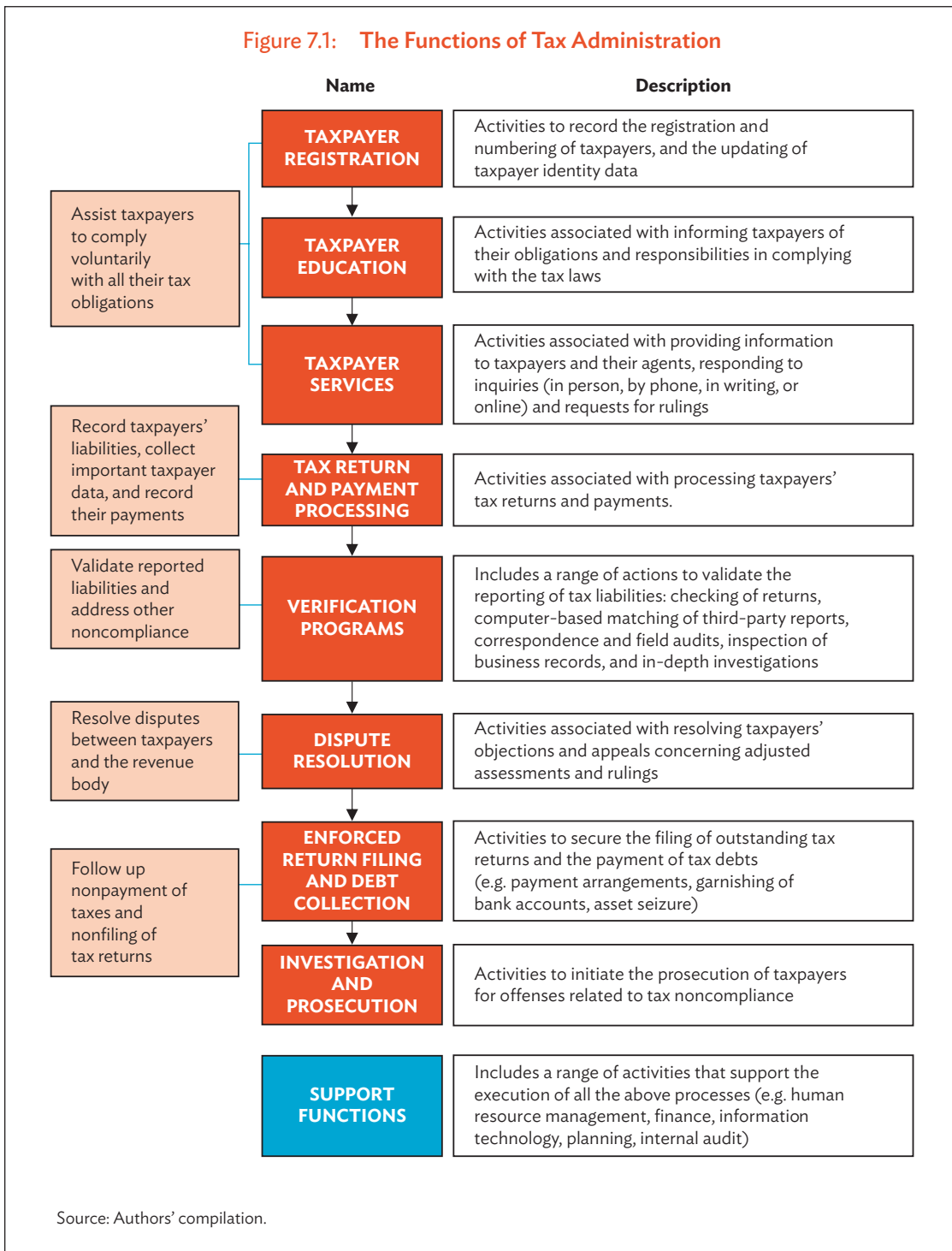
Revenue bodies reported a variety of information about their taxpayer registration and numbering systems (Table 6.2) and the use of identification numbers in third-party reporting arrangements (Table 6.3). Registration channels offered by revenue bodies are shown in Table 7.1 and Figure 7.2. Further information about the registration processes and numbering systems of the revenue bodies surveyed can be found in Appendix Tables A.21a and A.21b, and in Chapter VI. Registration performance metrics are provided in Appendix Tables A.29a and A.29b.

Important observations and findings in this regard are as follows:

- Most revenue bodies reported the use of the taxpayer identification number (TIN) both by the revenue body and by other agencies.

⁶⁶ IMF. 2015. *TADAT: Tax Administration Diagnostic Assessment Tool Field Guide*. Washington, DC.

Figure 7.1: The Functions of Tax Administration



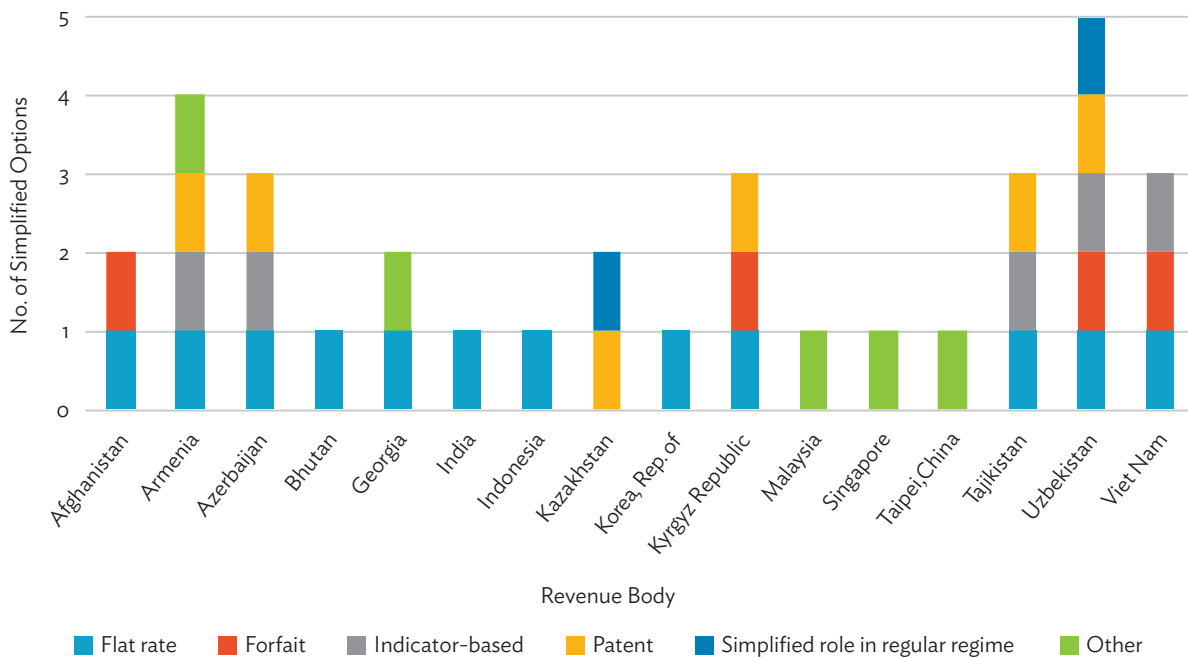
Source: Authors' compilation.

Box 7.1: Good Practices in Taxpayer Registration and Identification

- Use of a taxpayer identification number (TIN), ideally all-numeric and with a check digit, which enables routine and systematic identification of taxpayers for all administrative actions.
- Availability and operation of an information technology system to support all aspects of registration and identification, and related administrative processes.
- Establishment of risk assessment processes to ensure that non-authentic applications for registration as a taxpayer are detected and acted on as needed.
- Maintenance of a database of sufficient, accurate, and reliable identifying information (e.g., name, address, contact details, nature of business activity, and tax obligations by tax type).
- Establishment and operation of processes for identifying and flagging dormant registrations (e.g., taxpayers temporarily residing in other economies) and removing inactive (deceased persons and defunct businesses), invalid, and duplicate records from the database.

Source: Adapted from IMF. 2015. *TADAT: Tax Administration Diagnostic Assessment Tool Field Guide*. Washington, DC.

Figure 7.2: Taxpayer Registration Channels Offered by Revenue Bodies



Source: 2018 International Survey on Revenue Administration.

Table 7.1: Taxpayer Registration Channels, 2017

Region/ Economy	Available Registration Channels in 2017 (and % of Use, Where Known)						Simultaneous Registration for Several Taxes
	Web or Smartphone Application	Telephone	E-mail	Paper/ Mail	Face-to-Face Contact	Other	
Central and West Asia							
Afghanistan	x	x	x	✓	✓	x	✓
Armenia	✓(0)	x	x	x	✓(100)	x	✓
Azerbaijan	✓(64)	x	x	✓(36)	x	x	✓
Georgia	x	x	x	x	✓(8)	✓(92)	✓
Kazakhstan							✓
Kyrgyz Republic	x	x	x	x	✓(100)	X	✓
Tajikistan	x	x	x	✓(100)	x	X	x
Uzbekistan	x	x	✓(100)	x	x	x	✓
East Asia							
China, People's Rep. of	✓	x	x	x	✓	x	✓
Hong Kong, China	x	x	x	x	x	✓(100)	x
Japan	✓	x	x	✓	✓	x	✓
Korea, Rep. of	✓	✓	✓	✓	✓	x	✓
Mongolia	x	x	x	x	✓(100)	x	✓
Taipei, China	✓(86)	x	x	✓(14)	x	x	✓
Pacific							
Australia	✓(69)			✓(24)		✓(4)	✓
Fiji	x	x	✓(1)	x	✓(74)	✓(25)	✓
New Zealand	✓(61)	x	✓	✓(39)	x	x	✓
Papua New Guinea	x	x	✓(20)	✓(80)	x	x	✓
Samoa	x	x	x	✓	✓	x	✓
Solomon Islands	✓(0)	✓(20)	✓(20)	✓(25)	✓(24)	✓(1)	✓
South Asia							
Bangladesh	✓(100)	x	x	x	x	x	✓
Bhutan	✓(100)	x	x	x	x	x	✓
India	✓	x	x	✓	x	x	x
Maldives	x	x	✓(52)	✓(48)	x	x	✓
Sri Lanka	...	...	...	...	...	...	✓
Southeast Asia							
Cambodia	✓	x	x	✓	✓	x	✓
Indonesia	✓(19)	x	x	x	✓(81)	x	✓
Lao PDR	x	x	x	✓(100)	x	x	x
Malaysia	✓(21)	✓(5)	✓(1)	✓(2)	✓(70)	✓(1)	✓
Myanmar	✓(10)	✓(50)	✓(5)	✓(5)	✓(30)	x	✓
Philippines	✓	x	x	✓	✓	x	✓
Singapore	✓	✓	✓	✓	✓	✓	✓
Thailand	✓(23)	x	x	x	✓(77)	x	✓
Viet Nam	✓(1)	x	x	✓(99)	x	x	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

- Most revenue bodies reported that businesses can register at the same time for several taxes and have the option of using a variety of channels for registration. These features serve to minimize their compliance burden (Table 7.1).
- Only one registration channel is offered by eight revenue bodies, including those in Bangladesh and Bhutan, which require registration via a web or smartphone application.
- Information about the numbers of registered taxpayers for the major tax types (all registrations and active registrations) is highly variable. The reasons for this variability include the level of the VAT registration threshold, and the different registration and tax-filing requirements for PIT taxpayers.

PIT systems vary enormously across the economies. In many developing economies, the withholding arrangements are designed to make it unnecessary for most employees to file tax returns. In addition, there may be a relatively high threshold for annual income before income tax is payable. As a result, in many of these economies, most employees are not registered with the revenue body. Figure 7.3 shows the number of personal income tax registrations, where reported, as a percentage of the labor force population, highlighting the very large differences across the economies surveyed.

The very high proportion of registrations for Australia and New Zealand is partly due to the use of TINs for a variety of nontax purposes (e.g., welfare administration and student loans).

- Almost all revenue bodies reported the use of TINs for some third-party reporting (Table 6.3). The only exceptions were the revenue bodies of Maldives, Myanmar, and the Republic of Korea. What this implies—the little use made of such data in tax administration by these revenue bodies—is most likely related to the taxation of some categories of income at source on a final (noncreditable) basis (e.g., interest and dividend income).
- Almost 80% of revenue bodies surveyed reported that they administer a formal program for improving or maintaining the quality of their taxpayer register.

C. Taxpayer Services

To achieve high levels of voluntary compliance, revenue bodies must provide a comprehensive, well-targeted, and accessible range of services for taxpayers, their representatives, and other intermediaries with a role in tax administration. Tax laws are inevitably complex, and citizens and business owners are often unfamiliar with the technical jargon of taxation as well as with changes in tax policy and administrative requirements that impose new and, at times, onerous obligations. Box 7.2 presents a summary of practical guidance for achieving high standards in taxpayer service delivery.

Taxpayer Services in Asia and the Pacific

Revenue bodies reported a limited amount of data on aspects of taxpayer service delivery and these are presented in Appendix Tables A.30, A.31, A.32a, and A.32b. Important observations and findings are as follows:

- Just about all revenue bodies reported having a formal strategy for improving service delivery. The reported objectives and priorities of the service delivery strategies are highlighted in Figure 7.4. Many revenue bodies indicated that these strategies are driven largely by the objectives of reducing taxpayers' compliance burden, improving their satisfaction with the services delivered, and increasing digitization and coherence of government services.
- Most revenue bodies reported distributing some information via digital channels and implementing special education programs. Special programs include training in new laws and procedures (Armenia and Japan), school programs (Indonesia and Japan), and foreign language services (PRC) (Figure 7.5).

Figure 7.3: Personal Income Tax Registrations, 2017



Box 7.2: Good Practices in Taxpayer Service Delivery

- Provide taxpayers with information through a mix of user-friendly products and education programs.
- Customize information to meet the specific needs of particular taxpayer segments and tax intermediaries such as tax professionals; regularly update products to reflect changes in the law and administrative procedures.
- Deliver cost-effective services through means that are convenient to taxpayers.
- Issue binding tax rulings (e.g., public rulings and private rulings) to provide taxpayers with certainty as to how the tax administration will apply the tax law to particular transactions.
- Commit to service delivery standards and publicly account for the results achieved.
- Monitor frequently asked questions and common misinterpretations of the law detected through service and verification activities and ensure that remedial actions are taken.
- Monitor perceptions of service quality and administrative performance and seek feedback on products and services from taxpayers and important intermediaries (e.g., tax professionals).

Source: Adapted from IMF. 2015. *TADAT: Tax Administration Diagnostic Assessment Tool Field Guide*. Washington, DC.

- Just about all revenue bodies offer a website with general tax-related information and tax calculators; however, far fewer reported providing mobile apps for purposes such as payment and account inquiries.
- Around 80% of revenue bodies surveyed reported having service delivery standards that are published, and around half of these reported publishing data on their performance against these standards. The standards generally cover areas such as the time taken to process refunds, to respond to inquiries, and to resolve complaints and disputes. Almost all revenue bodies surveyed were able to report on their performance against the standards. An extract from the comprehensive Performance Pledge 2019–20 of Hong Kong, China’s Inland Revenue Department is presented in Box 7.3.
- Most revenue bodies reported that they administer a system of public rulings that are binding on the revenue body. Most also provide access to private rulings (Chapter VI).
- Almost all revenue bodies surveyed provide complaint channels, with the majority offering both internal and external complaint resolution options.
- Around two-thirds of the revenue bodies provide specialized services to tax professionals. The most common services provided are regular updates on tax issues and a dedicated section on the revenue body website (Figure 7.6).
- Good international practice is for revenue bodies to conduct regular independent surveys of major client groups to determine satisfaction with service delivery. Around two-thirds of the revenue bodies reported that they conduct surveys of business and personal taxpayers’ satisfaction with service delivery, and about half survey tax intermediaries. Most conduct the surveys in-house. Less than half of those conducting surveys publish the results.

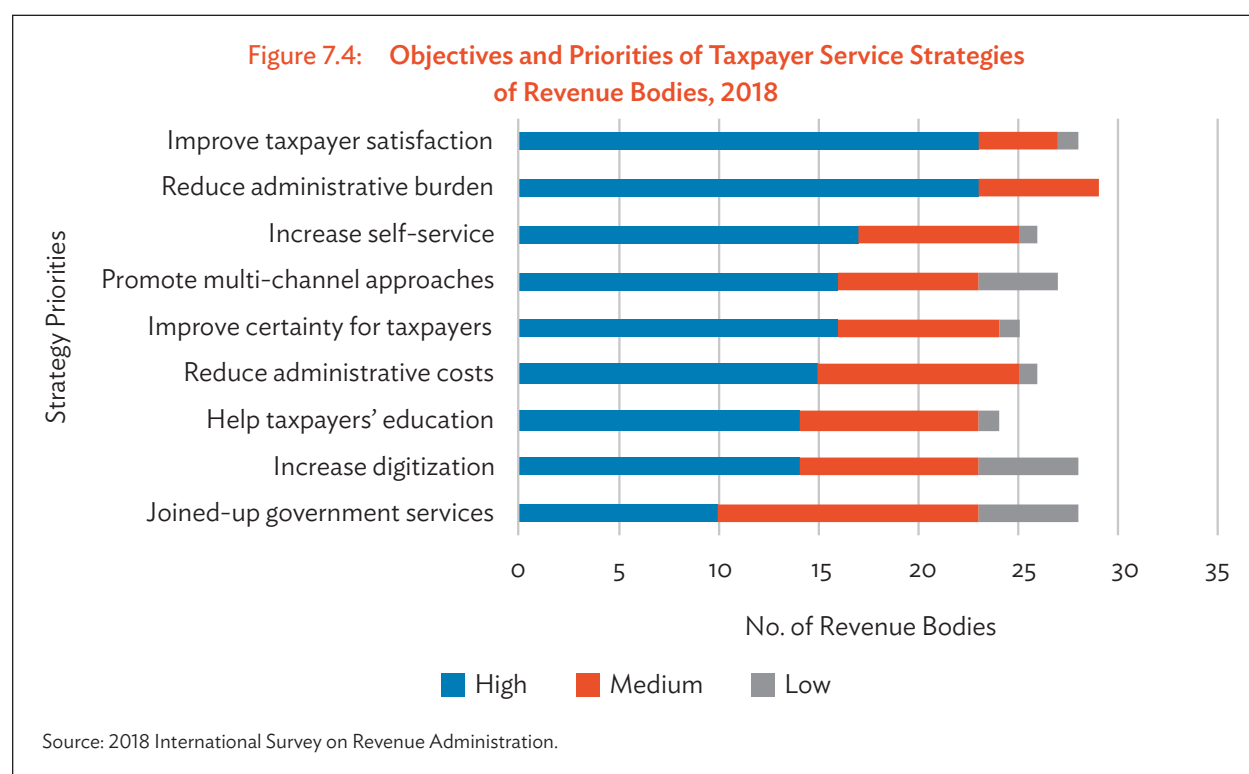
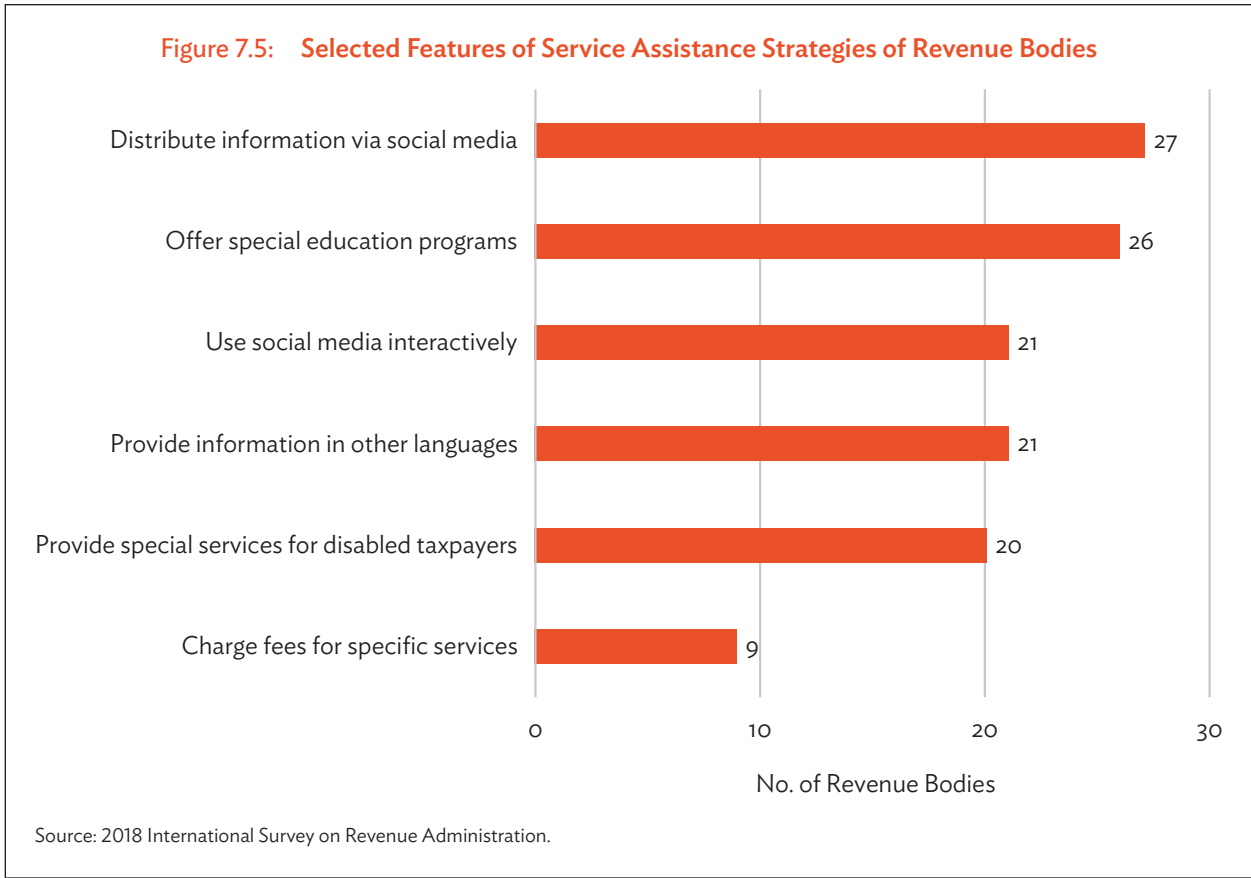
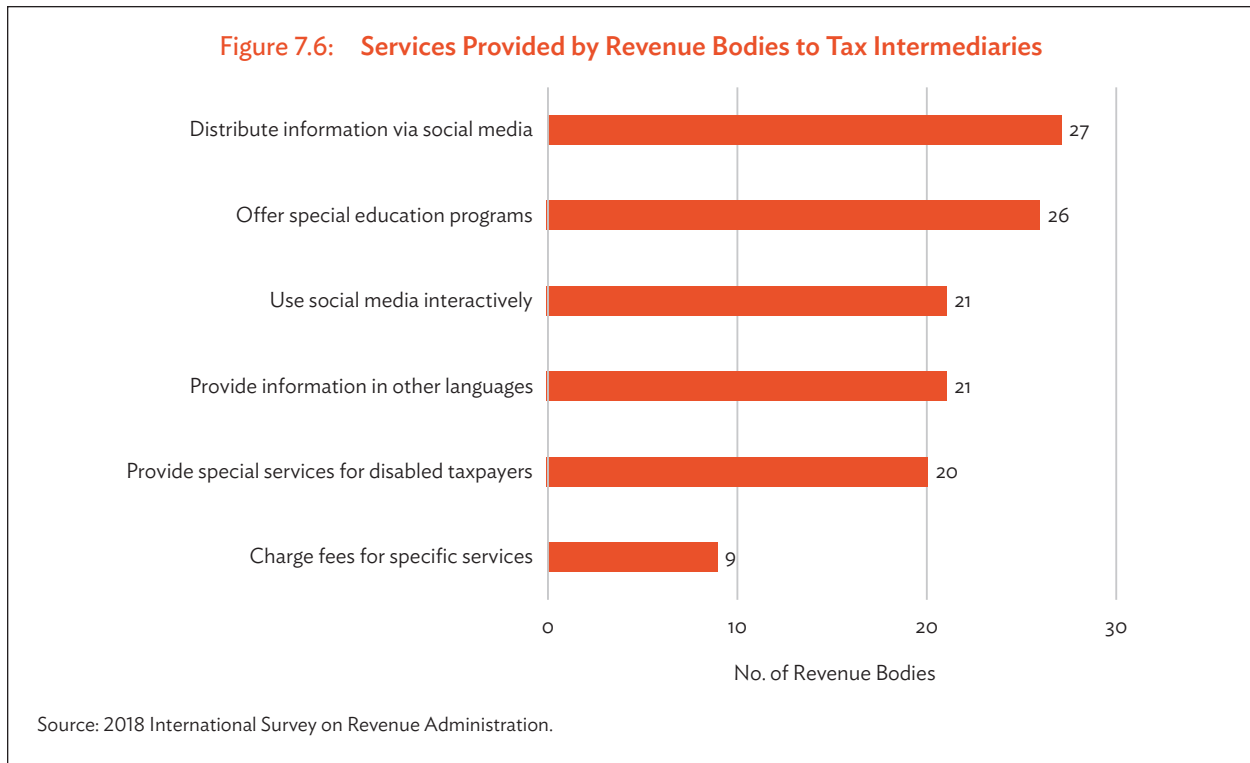


Figure 7.5: Selected Features of Service Assistance Strategies of Revenue Bodies



Box 7.3: Performance Pledge 2019–2020 of the Inland Revenue Department —Hong Kong, China

Services	Standard Response Time	Performance Targets
INQUIRY SERVICE <ul style="list-style-type: none"> Personal calls Connected telephone calls 	Immediate reply or referral to case officers Immediate reply or referral to case officers	Peak times (between 10:30 a.m. and 5 p.m.), first 10 minutes: 95% Other times, first 10 minutes: 99% Between July and April, first 3 minutes: 90%; next minute: 5% Between May and June, first 3 minutes: 80%; next minute: 10%
WRITTEN INQUIRIES <ul style="list-style-type: none"> Simple matters Technical matters 	Replies made within 7 working days after receipt of inquiries Replies made within 21 working days after receipt of inquiries	First 7 days: 96% Next 2 days: 3% First 21 days: 98% Next 21 days: 1%



D. Tax Return and Tax Payment Processes

Tax returns and payments constitute the most basic and important elements of data that taxpayers are required to provide to revenue bodies. Guidance for achieving efficient tax return and payment processes typically draws attention to a range of desirable strategies and approaches (Box 7.4).

Tax Return and Payment Processes in Asia and the Pacific

The revenue bodies surveyed reported a limited amount of data on their systems and performance related to their tax return filing and payment obligations. The data can be found in Appendix Tables A.8a, A.8b, A.9, A.33 and A.34. Chapter IV analyzes the use of electronic filing and payment in further detail. The following are important observations and findings:

- Around two-thirds of revenue bodies offer e-filing for at least some taxes and reported take-up rates ranging from 30% to 100%. Many reported rates of over 70%.
- Only three revenue bodies (in the Republic of Korea; Singapore; and Taipei,China) fully prefill some tax returns. Many other revenue bodies partially prefill some returns.
- Only two revenue bodies (in Hong Kong, China; and Singapore) reported having no withholding regimes for the periodic collection of resident individuals' income tax. Of those bodies reporting withholding systems, about half require quarterly payment.
- Payment channels vary, with the most common being payment in person via an agent (e.g., a bank) and online payment.
- Less than a quarter of revenue bodies surveyed allow requests for immediate VAT refund, and over half carry credits forward indefinitely (Figure 7.7).

Box 7.4: Good Practices in Tax Return and Payment Processing

- Provide a legislative framework for taxpayers' filing and payment obligations that balances the competing demands of key stakeholders (government revenue goals, revenue body workload considerations, and taxpayers' compliance burden).
- Design tax returns that require the minimum level of data required from taxpayers to accurately calculate their tax liabilities, to properly assess the risk of incorrect reporting, and to satisfy other essential government requirements.
- Provide easy-to-follow and accessible information products to assist taxpayers in meeting their return filing and payment obligations.
- Remind taxpayers about their immediate return filing and payment obligations.
- Provide taxpayers with secure access to user-friendly systems for electronic filing of tax returns and electronic payment of taxes, and actively promote the use of such systems.
- Provide taxpayers with secure online access to their tax accounting records and other important items of personal taxpayer information.

Source: Adapted from IMF. 2015. *TADAT: Tax Administration Diagnostic Assessment Tool Field Guide*. Washington, DC.

E. Verification Activities

Revenue bodies typically carry out a large variety of activities to verify taxpayers' compliance with the laws. In this series of reports and the survey undertaken, the term "verification" is used as a generic descriptor for all such activities and defined in the accompanying survey instrument as "all interventions typically undertaken by revenue administrations to check whether taxpayers have properly reported their tax liabilities." The primary verification activity undertaken by revenue bodies is usually called a "tax audit" or "tax control." Less frequently used terms are "examinations" and "inquiries."

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 audit or verification. Revenue bodies also carry out various other activities (e.g., in-depth fraud investigations, income-and-document matching checks, phone inquiries, computer-based audit and mathematical checks, and inspections of books and records) that can result in changes in taxpayers' reported liabilities. For this report, data are presented using three categories of audit—(i) comprehensive audit, (ii) issue-oriented audit, and (iii) desk audit—intended to reflect all forms of verification by revenue bodies.

Guidance for achieving effective verification programs typically draws attention to a range of desirable strategies and approaches, described briefly in Box 7.5.

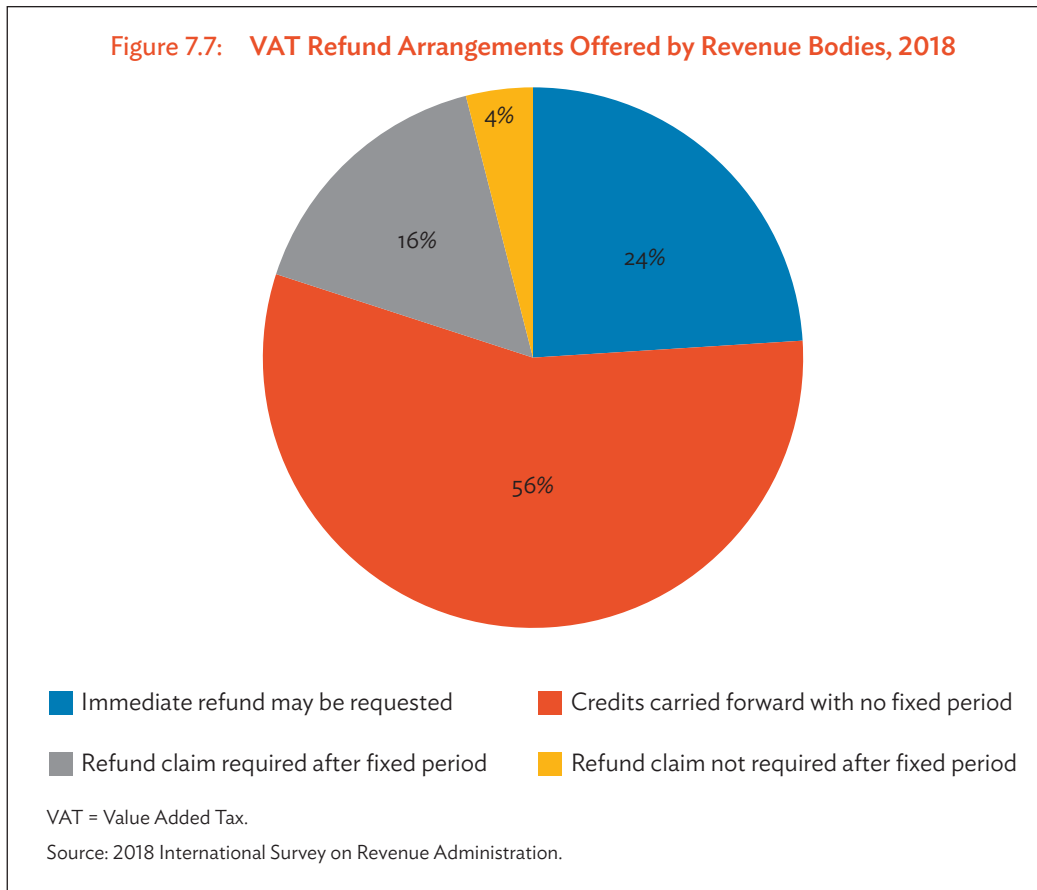
Verification Activities in Asia and the Pacific

Revenue bodies were requested to report a limited amount of information about their verification activities: (i) the volume of verification and criminal investigation actions completed and the values of associated assessments (details are captured in Appendix Tables A.13a, A.13b and A.35); and (ii) the number of staff allocated by function, including verification activities (presented in Figure 9.7 and Table 9.3). Observations and findings on the data they provided are set out below.

Organization and Resources for Verification

Data on the allocation of staff resources across the main tax administration functions, reported in Chapter IX, reveal considerable variation across revenue bodies. For verification work, the proportion of staff resources allocated

Figure 7.7: VAT Refund Arrangements Offered by Revenue Bodies, 2018



Box 7.5: Good Practices in the Design and Operation of Verification Programs

- Design and implement a program of verification activities with the objective of maximizing its impact across the broader taxpayer population. Programs of this kind, which are aimed at improving the accuracy of reporting across the board, focus on the highest compliance risks.
- Support audit operations with (i) a robust and comprehensive automated case management system; (ii) centralized audit case selection using analytics to select the highest-risk cases within a target population of taxpayers; (iii) computer-assisted audit tools that enable the extraction, analysis, and cross-checking of the large volume of data from taxpayers' accounting systems; and (iv) a uniform set of administrative penalties across all taxes for inaccurate reporting and judicial penalties for tax offenses, such as falsification of tax records.
- Build capacity for the systematic cross-checking of third-party information (e.g., from banks, stock exchanges, and government agencies) against amounts reported in tax declarations.
- Adopt cooperative compliance approaches to managing the risks of inaccurate reporting.
- Develop benchmark economic performance parameters for key industries, business activities, professions, and occupations to identify taxpayers who file out-of-pattern tax declarations.
- Monitor the overall level of correct reporting through various methods, such as (i) tax gap analysis, (ii) advanced analytics using large data sets to determine the likelihood of full and accurate disclosure of income by taxpayers, and (iii) surveys monitoring taxpayer attitudes toward the accurate reporting of income.

Source: Adapted from IMF. 2015. *TADAT: Tax Administration Diagnostic Assessment Tool Field Guide*. Washington, DC.

ranges from 6% to over 60%. While the data reported are subject to a level of interpretation by the revenue bodies surveyed, and no benchmark is applicable to all revenue bodies, allocations below 20% for verification activities might generally be deemed relatively low. Ten revenue bodies fall into this category, with the following providing the lowest allocations: Georgia; Hong Kong, China; Solomon Islands; and Tajikistan.

Verification Program Output

For this report, information about the number of completed verification actions, by type of audit, and the resultant taxes, interest, and penalties in 2016 and 2017 for all taxpayers, was sought (Appendix Tables A.13a and A.13b). The key observations are as follows:

- The number of revenue bodies reporting their results in the categories requested has increased since the last survey, with the number failing to report dropping from over a third to around a quarter. However, there is considerable variation in the relative volume of the different categories of audits specified, raising doubts over the degree of consistency in their classification by the revenue bodies surveyed.
- According to the data provided, there was a substantial increase (over 25%) across the 2 years in the aggregate value of amended assessments raised from audit/verification activities (Appendix Table A.13b). Large increases were reported by Indonesia, Mongolia, Thailand, and Viet Nam. Material declines were reported by Bangladesh, Kazakhstan, and the Philippines.
- Around two-thirds of revenue bodies providing data reported either stable or increasing overall numbers of completed verification actions from 2016 to 2017. Verification actions vary in type and intensity. This variation is shown in Box 7.6, which provides an overview of some of the verification activities undertaken by the Bureau of Internal Revenue (Philippines).
- With two exceptions (Australia and Malaysia), the number of completed verification actions reported for both years represented a small fraction of the respective registered taxpayer populations. The revenue bodies from both economies reported extensive use of large-scale computer matching, which typically generates a large volume of cases that can be processed relatively efficiently and, for some categories of cases, can be fully automated.

F. Taxpayer Disputes

When revenue bodies review taxpayers' returns and make adjustments or provide rulings on specific issues in response to taxpayers' requests, taxpayers should be entitled to a review if they disagree with the decisions made. For this reason, establishing a review process for a revenue body's decisions before judicial recourse is generally expected to lead to more efficient dispute resolution, benefiting taxpayers, revenue bodies, and governments.

The IMF's TADAT Field Guide provides useful guidance on good practices in the administration of tax disputes. The key points are set out in Box 7.7.

Tax Disputes in Asia and the Pacific

Revenue bodies reported a limited amount of data on the institutional framework for the handling of disputes. These are presented in Table 7.2, and some quantitative data on workloads are set out in Appendix Tables A.36, A.37, and A.38. Important observations and findings are as follows:

- In around two-thirds of the economies surveyed, an administrative review is compulsory before a taxpayer can seek legal recourse. Exceptions include Armenia, the Philippines, Samoa, and Sri Lanka. In Samoa, such reviews are not done by the revenue body.
- Over 90% of the revenue bodies reported that disputes can be resolved on a "risk basis."

Box 7.6: Verification Programs Implemented by the Philippine Bureau of Internal Revenue

- **Monitoring correct reporting** using a range of automated processes such as:
 - Industry benchmarking developed to risk-rate taxpayers and identify outliers for further examination; and
 - Taxpayer reconciliation system for cross-checking data such as value-added tax (VAT) invoices to detect mismatches.
- **Conducting a range of graduated verification activities**, such as:
 - Tax mapping/Compliance verification, to review compliance with basic obligations including registration, filing, record keeping, payment, and use of e-invoices/receipts (including seizure of unauthorized forms);
 - E-sales verification;
 - Single-issue audit focused on a particular risk activity (including transfer pricing);
 - Full audit for high-risk cases; and
 - Investigation and prosecution (under the Run After Tax Evaders, or RATE, program).

Source: Authors' compilation from information reported on the website of the Bureau of Internal Revenue at <https://www.bir.gov.ph/> (accessed 10 May 2019).

Box 7.7: Good Practices in Tax Dispute Administration

- Establish a dispute resolution mechanism that is simple, transparent, and graduated, and codify the dispute resolution process in a general tax administration law that is uniformly applied across all the main taxes.
- Publish clear explanations of taxpayers' rights and legal avenues for review of decisions made by the revenue body.
- Ensure that taxpayers receive clear explanations of tax liability adjustments made following an audit, the reasons for any penalties, and their rights and avenues of review.
- Have processes in place to ensure that the main reasons for successful taxpayer disputes are identified and remedial actions taken.
- Allow taxpayers to take a dispute directly to the second stage if the revenue body fails to complete an administrative review within a reasonable time frame.
- Allow suspension of collection of all or some of the disputed amount for the duration of the appeal process, if recovery of the debt is not considered to be at risk.
- Make prompt refunds of overpaid tax if a dispute is resolved in the taxpayer's favor.
- Make public the conditions under which the revenue body may reach an out-of-court settlement in respect of a tax dispute.
- Have an effective and efficient case management system within the revenue body.

Source: Adapted from IMF. 2015. *TADAT: Tax Administration Diagnostic Assessment Tool Field Guide*. Washington, DC.

- Around two-thirds of the revenue bodies reported that disputed tax can be collected if a case is under administrative or court review, but around half of the revenue bodies with this power either do not use it at all or use it only rarely.
- The main judicial forums for resolving disputes are civil commercial courts (16 economies), specialized tax courts (15), and administrative courts (14).
- Concerning workload, around two-thirds of the revenue bodies reported some data on the volume of disputes in 2016 and 2017. In the main, the volume reported is relatively small, with the exception of Hong Kong, China,

Table 7.2: Bodies Available for Dispute Resolution, 2018

Region/Economy	ADR Forum	Tax Court	Administrative Court	Civil/ Commercial Court	Criminal Court	Ombudsman	Other
Central and West Asia							
Afghanistan	✓	✓	x	...	...	...	...
Armenia	x	x	✓	x	x	✓	x
Azerbaijan	x	x	✓	✓	✓	✓	x
Georgia	x	x	✓	x	x	✓	✓
Kazakhstan	x	x	✓	✓	✓	x	x
Kyrgyz Republic	x	x	✓	✓	✓	x	x
Tajikistan	...	...	...	✓	✓	...	✓
Uzbekistan	...	...	...	...	...	...	...
East Asia							
China, People's Rep. of	x	x	✓	x	x	x	✓
Hong Kong, China	x	✓	✓	x	x	x	✓
Japan	x	x	x	✓	x	x	x
Korea, Rep. of	✓	x	✓	x	✓	✓	x
Mongolia	x	x	✓	x	x	x	x
Taipei, China	✓	✓	✓	x	x	x	x
Pacific							
Australia	x	x	✓	✓	x	✓	✓
Fiji	✓	✓	x	x	x	x	x
New Zealand	✓	✓	x	x	✓	✓	x
Papua New Guinea	x	✓	x	x	x	x	✓
Samoa	✓	✓	x	✓	✓	x	x
Solomon Islands	x	x	✓	x	x	x	x
South Asia							
Bangladesh	✓	✓	✓	✓	x	x	x
Bhutan	x	x	x	✓	x	x	x
India	✓	✓	x	✓	x	✓	x
Maldives	x	✓	x	✓	x	x	x
Sri Lanka	x	x	x	✓	x	x	x
Southeast Asia							
Cambodia	x	x	x	x	x	✓	✓
Indonesia	x	✓	x	x	x	x	x
Lao PDR	✓	x	x	x	x	✓	x
Malaysia	✓	x	x	✓	x	x	x
Myanmar	x	✓	x	x	x	x	x
Philippines	x	✓	x	x	x	x	x
Singapore	x	✓	x	✓	✓	x	✓
Thailand	✓	✓	✓	✓	✓	x	x
Viet Nam	...	...	...	✓	...	...	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, ADR = alternative dispute resolution, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

where a system of assessment (as opposed to self-assessment) operates and a relatively large number of disputes arises—a situation frequently observed in other economies around the world using systems of assessment.

- Revenue bodies have widely varying sustention rates⁶⁷ on matters heard by appellate courts. Some, such as the Maldives Inland Revenue Authority, report very high rates, while others, such as the revenue bodies of India and Indonesia, have disturbingly low success rates in court. Such low rates may point to potential concerns about decisions made by revenue bodies to pursue such matters in court (Figure 7.8).

G. Collection of Tax Payments, including Enforced Debt Collection

Tax laws typically prescribe the due date(s) and basis of computation for taxes to be paid, and revenue bodies are generally responsible for stating the payment requirements in precise terms: (i) when the taxes should be paid, (ii) who should pay them, and (iii) how payments can be made. To encourage on-time payment of taxes, tax laws generally provide for an interest sanction for late payment and, in some cases, a penalty. Given the importance of meeting government revenue targets, revenue bodies must also have effective processes for the timely follow-up and collection of tax debts.

The features of tax system design and administration that contribute to achieving high levels of effectiveness in punctual tax payment and collection, and in enforced debt collection when liabilities become overdue, are specifically addressed in the IMF’s diagnostic tool (TADAT) and in other publications of international bodies. Box 7.8 presents key themes and practices consistently identified and promoted. The first three principles are analyzed in detail in Chapters IV (use of electronic payment) and VI (use of withholding tax and the legal framework of debt recovery powers). This section focuses on the remaining good practices relating to debt collection.

The OECD has recently released a new report on tax debt management, which outlines four “strategic principles” for more successful collection of arrears. These principles are designed to strengthen operational procedures. The principles are: (i) engage with taxpayers before the due date; (ii) maximize collection of arrears before applying enforcement measures; (iii) make effective use of enforcement tools; and (iv) adopt a realistic debt recovery posture, with an appropriate write-off policy for debt that is uneconomic to pursue. These principles are detailed further in Box 7.9.⁶⁸

Collecting Taxes in Asia and the Pacific

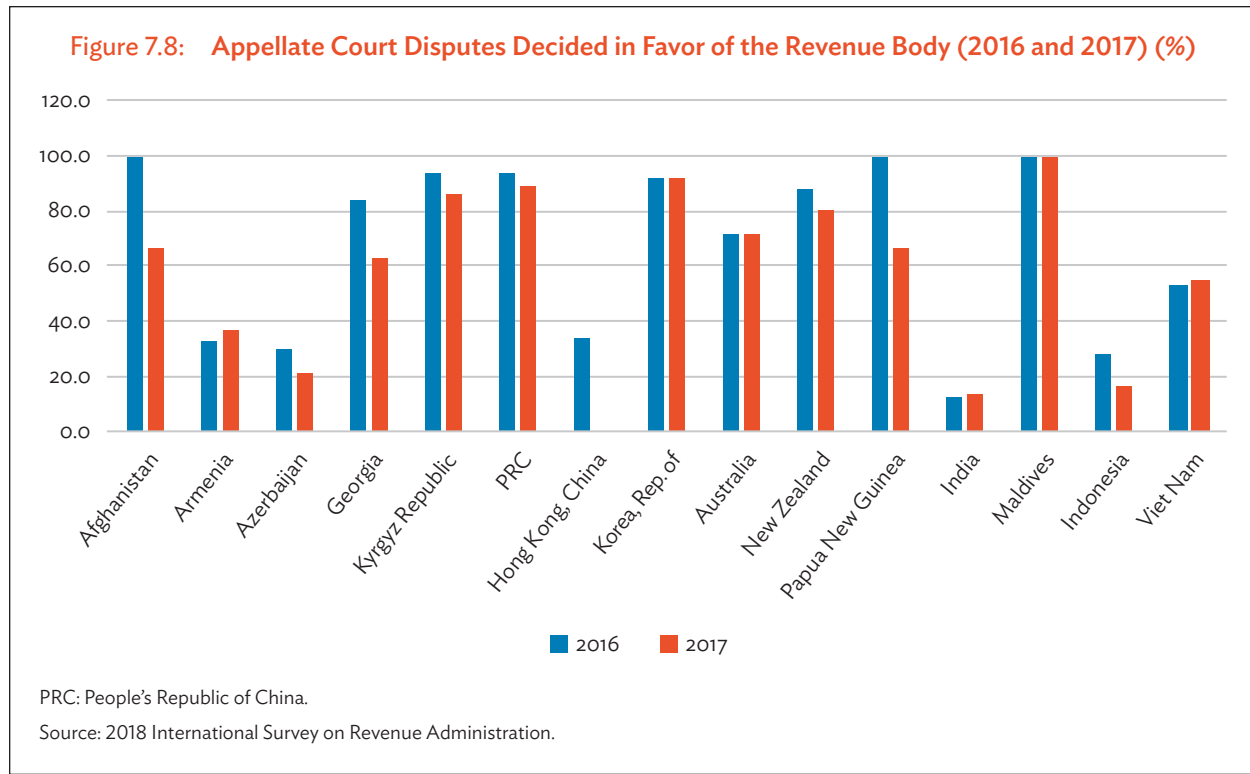
Revenue bodies reported a variety of information about aspects of their strategies for collecting taxes, including tax debts requiring enforcement action (Appendix Tables A.39a, A.39b, A.39c, and A.39d). The key observations are summarized below:

Use of Powers by Revenue Bodies

- Many revenue bodies are adopting, in part, the approaches drawn up by the OECD (Box 7.9). For example, the National Tax Agency of Japan has published its policies for collecting arrears (referred to as delinquencies). Box 7.10 gives an overview of this approach.
- As might be expected, extensions of time to pay, payment arrangements, and the offsetting of credits against tax debts are widely used by almost all revenue bodies with these powers. The few revenue bodies with the power to offset credits against debits but do not use it include the PRC, the Philippines, and Tajikistan.
- The ability to offer reduced interest and remit penalties and interest allows revenue bodies to encourage compliance with payment arrangements and to differentiate more effectively between taxpayers with a good

⁶⁷ The term “sustention rates” refers to the percentage of disputes decided in the revenue body’s favor.

⁶⁸ OECD. 2019. *Successful Tax Debt Management: Measuring Maturity and Supporting Change*. Paris: OECD Publishing. www.oecd.org/tax/forum-on-tax-administration/publications-and-products/successful-tax-debt-management-measuringmaturity-and-supporting-change.htm.



Box 7.8: Good Practices in the Collection of Tax Debts

- Aim for optimal use of tax withholding at source and advance payment regimes. For advance payments, ensure that taxpayers can readily determine the amounts they are expected to pay and provide advance notice of payment due dates.
- Promote the use of electronic payment methods.
- Provide an appropriate legal framework, including comprehensive debt recovery powers and suitable late-payment penalties and interest that are common across the main taxes.
- Establish dedicated debt collection enforcement units with full-time specialist staff. Make use of outbound call centers and other communication facilities to contact debtors during and outside regular business hours.
- Manage the arrears inventory with reference to value, age, and collectibility of cases. Give priority attention to newer debts, as recovery rates on older tax arrears tend to diminish over time.
- Ensure prompt write-off of established uncollectible arrears.
- Have an efficient and effective system of case management (the detailed features of a comprehensive case management system are set out in the TADAT Field Guide).

Source: Adapted from IMF. 2015. TADAT: *Tax Administration Diagnostic Assessment Tool Field Guide*. Washington, DC.

compliance history and repeat offenders. The fact that a few revenue bodies with at least some of these powers never use them (such as those in Bangladesh, Cambodia, Maldives, and the PRC) is surprising.

- The garnishment of salaries and other property and the acquisition of liens on assets are often found to be among the more efficient collection enforcement powers of revenue bodies. However, a few revenue bodies with these powers do not use them (e.g., those in Bangladesh, Bhutan, and Myanmar), for reasons that are not entirely clear.

Staff Resources for Debt Collection

Data provided on the allocation of staff resources across the main tax administration functions are reported in Chapter IX and display considerable variation across revenue bodies. For debt collection, the proportion of staff resources allocated by revenue bodies in 2017 ranged from 1% to 35%. While no single benchmark applies to all revenue bodies, allocations below 5% might generally be deemed unusually low. Seven revenue bodies—those of Afghanistan; Armenia; Georgia; Indonesia; the Philippines; Solomon Islands; and Taipei, China—fall into this category. However, for a number of these revenue bodies, the allocation would appear to be consistent with their relatively low levels of aggregate tax debt. Mongolia reported the highest level of resources applied (35%) and a rapidly growing stock of arrears.

Tax Debt Inventories

- While most revenue bodies were able to report aggregate tax debt data, there were many gaps in data concerning the composition of the debt inventory (e.g., number of cases and collection status), suggesting major limitations in systems for debt collection and recovery case management.
- Across the 23 revenue bodies that reported tax debt data, there are enormous variations in the incidence of year-end aggregate debt (Figure 7.9). The ratio of total year-end debt to annual net revenue collections—used internationally as a measure of payment compliance and collection effectiveness—ranged from under 2% to over 60% in 2017.

Four revenue bodies (in Kazakhstan, the Kyrgyz Republic, Maldives, and Sri Lanka) reported very low levels of debt (less than 5% of annual net revenue collections for both 2016 and 2017). Revenue bodies that reported a very high overall incidence of aggregate debt or revenue (in Armenia, Georgia, Mongolia, and PNG. Afghanistan, the Philippines, and Thailand) also display a high incidence of debt. On a positive note, there was a significant improvement in performance in 2017 for some economies (e.g., Azerbaijan and Indonesia).

- Only seven revenue bodies reported the percentage of debt considered uncollectible at the start of the year and the percentage written off during the year (see Figure 7.10). As will be evident, some economies (e.g., Hong Kong, China; and the Philippines) write off very little debt, suggesting that some overly restrictive provisions (administrative or legislative, or both) may be limiting such action. The high levels of debt write-off in the Kyrgyz Republic may be the result of a change in write-off policy or of skewing by unusually large cases.

Box 7.9: Strategic Principles of Debt Collection

Strategic Principle 1: Engage with taxpayers before the due date

- Engage with them before the payment due date, particularly in cases with a history of late payment.
- Ensure that taxpayers have the necessary information to meet their payment obligations—how much is due and when, and how to make payments.
- Remind taxpayers of payment deadlines, through messages ranging from the generic to the tailor-made (letters, e-portals, text messages, and other media).
- Use personalized as well as automated communication, considering behavioral insights (see discussion in Chapter V).
- Provide incentives to encourage early payment, while discouraging late payment with interest and penalties.

Strategic Principle 2: Maximize collection before applying enforcement measures

- Encourage and induce early payment, as the older the debt, the less likely it is to be recovered.
- Identify those who are unable to pay but willing to do so, and use payment plans that balance:
 - Collecting the amounts due; and
 - Assisting taxpayers, to avoid hardship.
- Identify and use the most effective channels for sending payment reminders before turning to enforcement measures.
- As the tax administration matures, enhance communication through greater use of data analytics and behavior insights. Data analytics can predict which channel is likely to yield the best result (for example, cases with a history of nonpayment may progress more quickly to enforcement).
- Evaluate the effectiveness of the various actions and approaches, and modify them accordingly.

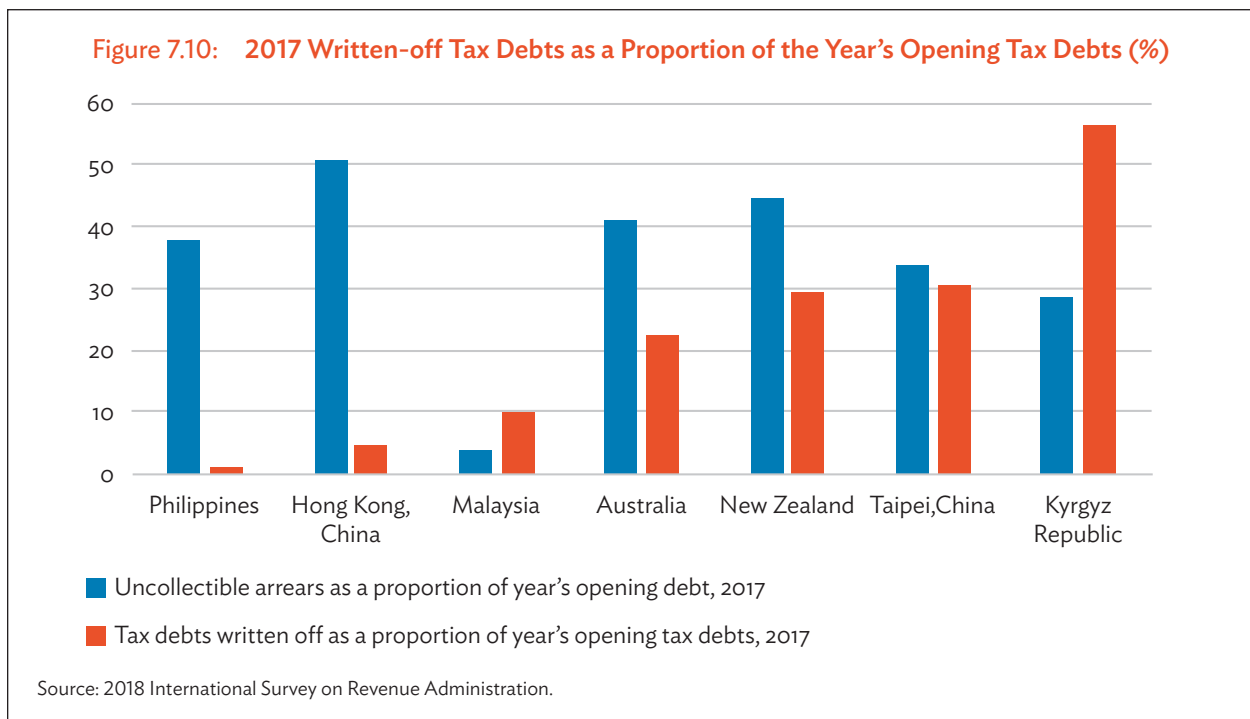
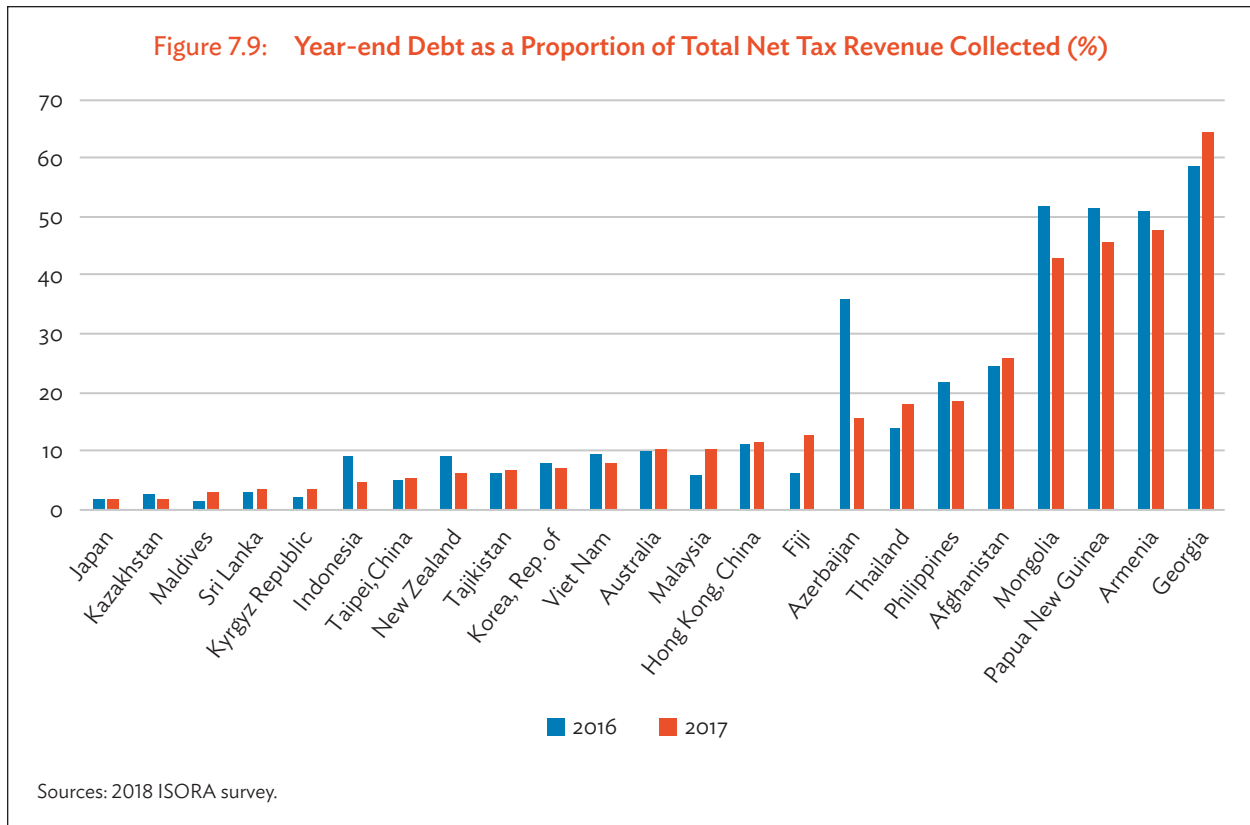
Strategic Principle 3: Make effective use of enforcement tools

- Use advanced analytics to target the use of debt collection powers, such as better sequencing of actions to match the taxpayer's circumstances:
 - Solvency and liquidity; and
 - Payment behavior pattern.
- Prioritize the collection of fraud-related debt for deterrence and broader community confidence.
- Use a case management system to allocate complex cases to specialists.
- Ensure that the full suite of available powers is used in appropriate circumstances.

Strategic Principle 4: Adopt realistic debt recovery guidelines, recognizing debt recovery that is uneconomic to pursue

- Develop administrative guidelines to help identify uncollectible debts:
 - Declared irrecoverable by a court (e.g., following bankruptcy);
 - Uneconomic to pursue;
 - Having no available recovery possibilities left; or
 - With a statutory limitation period that has expired.
- Specify the circumstances under which debts can be written down or written off, or no longer subject to active measures (unless or until new information becomes available), and state how and by whom the write-downs and write-offs can be performed.

Source: OECD .2019. *Successful Tax Debt Management: Measuring Maturity and Supporting Change*. Paris: OECD Publishing. www.oecd.org/tax/forum-on-tax-administration/publications-and-products/successful-tax-debt-management-measuringmaturity-and-supporting-change.htm.



Box 7.10: Tax Payment Strategy of Japan's National Tax Agency

Voluntary Tax Payment

- Most taxpayers voluntarily pay their taxes on time, with the help of convenient payment options.
- Where taxes are at risk of not being paid on time, measures are adopted to prevent delinquency.
- Where taxes are not paid on time, measures are taken to reduce the delinquency amount.

Diversified Payment Options

- Direct payment through the provision of bank account details when filing returns electronically.
- Online payment using internet banking.
- Payment of taxes at banks and convenience stores, using tax payment slips.
- Payment with credit cards.

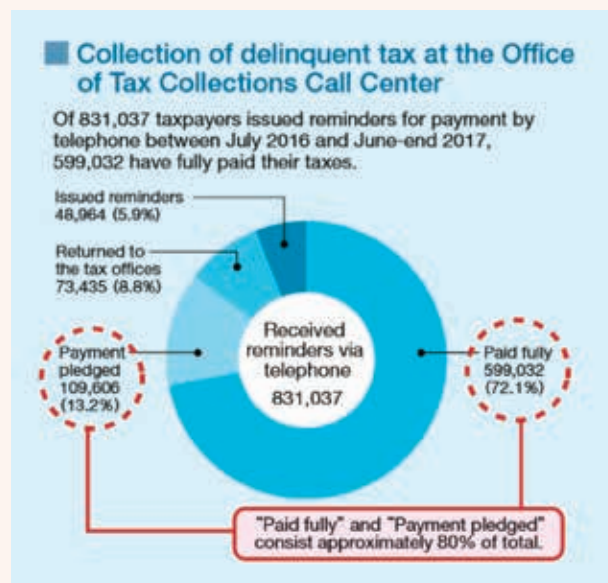
Measures to Prevent Delinquency

- A written notice is sent in advance to taxpayers who paid after the due date previously.
- After the due date has passed, a phone call is made before a payment demand letter is sent.

Measures to reduce tax delinquency

Delinquency occurs when the national tax is not paid by the due date and a demand letter is sent. The great majority of taxpayers who pay by the due date expect the National Tax Agency to follow up delinquency early, to secure prompt payment. The following basic policy reflects this expectation:

- Prompt action on new cases. Cases are followed up quickly by the Office of Tax Collections Call Center, using a centralized phone notice system (as illustrated).



- **Firm handling of egregious matters.** Large and malicious delinquent cases, or cases involving an attempt to hide assets or otherwise evade collection, are referred for appropriate legal action, including prosecution.
- **Coordinated response to difficult-to-collect cases.** Such cases are handled by special teams working at the national level to identify and secure assets (and recovering assets sold to defeat collection efforts). Where needed, these teams take firm action, including internet auction of goods and other legal collection action.

Source: National Tax Agency, Japan. 2018. *National Tax Agency Report 2018*. Tokyo. https://www.nta.go.jp/english/Report_pdf/2018e.pdf (accessed 1 May 2019).

VIII. Human Resource Management

This chapter deals with selected aspects of the HRM policies and approaches of revenue bodies across the Asia and Pacific region: (i) HRM strategy and planning, (ii) staff hiring and performance management, (iii) staff development, and (iv) staff remuneration and rewards. The chapter begins by summarizing some of the broader contextual and environmental changes that are occurring globally and that are having a profound impact on public sector administration at large, and their implications for human resource management. It ends with a series of comparative data and analyses concerning the size and composition of the revenue bodies' workforce.

A. Changes in the Environment Affecting HRM Practices

A 2016 report by the OECD has drawn attention to the broader environmental context in which public sector bodies must operate today, and the implications for their human resource policies. While the observations made are derived from research into developments and practices in OECD member economies, they are likely to have wider applicability.

“Today’s public administrations face policy challenges that are increasingly intertwined, cross-jurisdictional, and less predictable. Globalization, technology, ageing populations and the shifting values of an increasingly diverse population are some of the trends that impact the capacity of public administrations to keep pace with the needs of the citizens they serve. This fast-changing world requires organizations and their workforces to be flexible and open to change. They are also expected to innovate and use a diverse range of competencies to meet citizens’ expectations, and to promote increasingly tailor-made solutions for citizens and other stakeholders. Furthermore, public administrations have a democratic and ethical function to serve the society and the law, protect the population, and function in a sustainable manner.

In this sense, government employment frameworks in OECD countries are very ambitious. They want employment systems that guarantee the observation of fundamental values and administrative law principles, and that ensure a focus on performance, effectiveness, efficiency, integrity and accountability. They are also expected to ensure equal treatment and fairness, and make their employment structures more diversified and representative of the population, while ensuring the merit principle, the equality of chances and the principle of nondiscrimination. To attract the best candidates, governments are seeking to be more attractive and competitive compared to private sector policies; however, they must prudently manage taxpayers’ money and reward individual performance.”⁶⁹

The message is clear and is particularly relevant to national revenue bodies with their increasingly global focus and responsibilities, and sizable workforces: Ideally, all revenue bodies should build and sustain a strong organizational capacity for innovation and reform, and a highly motivated and engaged workforce with a diverse array of skill sets.

⁶⁹ OECD. 2016. *Engaging Public Employees for a High-Performing Civil Service*. OECD Public Governance Reviews. Paris: OECD Publishing. <http://www.oecd.org/gov/engaging-public-employees-for-a-high-performing-civil-service-9789264267190-en.htm>.

And there are other challenges for governments and revenue bodies across Asia and the Pacific. As suggested in this chapter, some revenue bodies in the region appear to be significantly under-resourced, particularly when it comes to staffing, and appear to require large resource investments over the medium term to improve revenue mobilization. Several governments (e.g., those of Cambodia, Indonesia, Maldives, and PNG) have already taken action in that regard in recent years.

A review of the staffing profiles of revenue bodies in the region gives rise to additional concerns. For some revenue bodies (e.g., those in Afghanistan; Hong Kong, China; and the Philippines), a relatively large proportion of the workforce is made up of older officials who are likely to retire over the next 5 years or so and will require replacement. Their departure will mean significant loss of corporate knowledge and technical skills, and that will require these revenue bodies to gear their respective staff recruitment activities to the consequential hiring requirements, with major impacts on staff induction and other developmental programs for new staff. For other revenue bodies (e.g., those in Cambodia and Georgia), younger staff with limited experience and presumably few skills in the more technical and complex areas of taxation account for a fairly large share of the workforce. These significant staff development requirements will demand attention from the revenue bodies for years to come.

For all revenue bodies, these matters call for a robust and comprehensive HRM strategy, with competent leaders to oversee the implementation of the reforms and programs needed.

B. Human Resource Management Practices of Revenue Bodies

Relatively little has been published about the staff development and management approaches and practices of national revenue bodies, even those in advanced economies. As might be expected, how revenue bodies go about this aspect of their responsibilities will vary enormously across continents and economies, given the many different factors that come into play. To provide some context and a potentially useful comparative analysis, this report draws on a generic framework for exploring HRM matters developed by officials of European revenue bodies, which is contained in the European Commission's set of blueprints for dealing with tax administration at large. The HRM blueprint, expressed in fairly generic terms, seeks to promote "the development of a human resource management strategy, policies, systems and procedures that support the achievement of the tax administration's objectives and the development of staff through structured training and professional development."⁷⁰ While a little dated, the blueprint still appears relevant in these challenging times for revenue bodies.

The HRM blueprint presents the key components of a modern and efficient HRM function. These key components are expressed in terms of a set of strategic objectives and accompanying indicators that, taken together, provide a summary of what a revenue body's HRM setup should look like in practice (Table 8.1).

Human Resource Management in Asia and the Pacific

Information reported by revenue bodies on their responsibilities and approaches to human resource management aspects is set out in Tables 8.2a–8.2c, and 8.3.

Human Resource Management Strategy and Plan

- Across the region, six revenue bodies reported not having a clearly defined human resource strategy, while one other revenue body indicated that it has such a strategy but it is not "competency-based." As defined in the notes accompanying the ISORA survey instrument, besides evaluating skills and technical qualifications, a competency-based approach involves analyzing behavioral characteristics. Competency-based hiring is

⁷⁰ European Commission. 2007. *Fiscal Blueprints: A Path to a Robust, Modern and Efficient Tax Administration*. Luxembourg.

Table 8.1: Important Elements of a Human Resource Management Strategy

Strategic Objectives	Indicators
Strategy: There is an HRM strategy with policies and systems that fully support the revenue body's business strategy.	<ul style="list-style-type: none"> The revenue body has developed and published an HRM strategy, and policies and systems for each of its business areas. The strategy is linked to the revenue body's business strategy, and the HRM strategy, policies, and systems fully support the achievement of the business strategy's objectives. There is an HRM planning system for predicting and meeting future employment needs.
Autonomy: The revenue body has autonomy for making decisions in matters of recruitment, retention, performance management and assessment, promotion, career progression, training and development, transfer, severance, dismissal, and retirement	<ul style="list-style-type: none"> The roles and responsibilities for each function and all employees (including managers) are clearly defined. There are job descriptions (including the minimum level of knowledge, skills, and aptitudes required for competent performance) for all categories of jobs. A personnel planning system is in place for identifying the number of new employees to be recruited and the qualifications required for jobs. Performance management reports evaluating staff performance are prepared periodically. All managers are trained to carry out appraisal interviews and manage staff performance. There is a transparent assessment system, with published assessment criteria, which is accessible to applicants for higher, specialist, or managerial posts.
Staff Engagement and Motivation: There are HRM policies and practices that motivate, support, and protect employees	<ul style="list-style-type: none"> Top management is committed to securing the best working conditions for all staff. Employees are given sufficiently challenging tasks within the limits of their job grade and position. Financial incentives may be offered for higher levels of performance. The work environment is designed to provide all employees with good accommodation, facilities, and equipment, with a defined, established, and regularly enforced safety policy. There are systems to establish the causes of absenteeism and staff turnover, and to support employees with health and abuse problems.
Staff Development Plan: There is a long-term training and development strategy for employees, with top-management endorsement	<ul style="list-style-type: none"> There is a training and development strategy for employees within the business strategy. Training policies and programs reflect present and future training needs and priorities. Managerial training programs provide managers with the knowledge, skills, and attitudes required to perform their jobs to a high standard.
Delivery of Staff Development: There is an organizational structure as well as systems that support the delivery of employee training and development needs of the revenue body	<ul style="list-style-type: none"> There is a training coordinator responsible for the training function within the revenue body. The training unit has clearly defined responsibilities and assesses the quality and effectiveness of the training segments attended. The revenue body provides off-the-job training courses in-house or externally, using trainers with the required qualifications and experience and a range of methodologies reflecting the particular training requirement. There are also on-the-job training courses taught by trainers with the required training and experience.

Source: Compiled from European Commission. 2007. *Fiscal Blueprints: A Path to a Robust, Modern and Efficient Tax Administration*. Luxembourg.

grounded in the identification of core competencies required for success, and the subsequent evaluation of the degree to which each staff member demonstrated those competencies in the past.

For a number of the revenue bodies with no human resource strategy (e.g., those in Bangladesh, Myanmar, PNG, and Sri Lanka), increased resource mobilization outcomes have a very high priority. It would therefore seem essential that senior management give priority to this aspect of organizational planning and, if necessary, seek help from international and regional bodies that can provide technical assistance in this area.

- Just about all revenue bodies surveyed reported having a training strategy, a formalized training cycle, a specific training program, and induction programs for new staff.
- Concerning the staff development focus of the human resource strategy, around 20% of revenue bodies surveyed reported not having a job rotation policy, while just under 50% reported that there is no clearly defined career path for managers and specialists.
- Around one-third of revenue bodies reported that their human resource strategy is not supported by a job competency dictionary, and a slightly lower proportion reported the absence of job catalogs. A "competency dictionary" is a tool or data structure or listing that includes all or most of the general competencies needed to

Table 8.2a: Human Resource Management Approach of Revenue Bodies, 2018

Region/Economy	Features of Human Resource Management Approach						
	Human Resource Strategy	Competency-Based Strategy	Job Competency Dictionary	Job Catalog	Job Descriptions	Training Strategy	Formal Training Process
Central and West Asia							
Afghanistan	✓	✓	x	✓	✓	✓	✓
Armenia	✓	✓	✓	✓	✓	✓	✓
Azerbaijan	✓	✓	✓	✓	✓	✓	✓
Georgia	✓	✓	✓	✓	✓	✓	✓
Kazakhstan	x	...	...	...	✓
Kyrgyz Republic	✓	...	...	...	...	✓	✓
Tajikistan	✓	✓	x	x	✓	✓	✓
Uzbekistan	✓	✓	x	x	✓	✓	✓
East Asia							
China, People's Rep. of	✓	✓	✓	✓	✓	✓	✓
Hong Kong, China	✓	✓	✓	✓	✓	✓	✓
Japan	✓	✓	✓	✓	✓	✓	✓
Korea, Rep. of	✓	✓	x	x	x	✓	✓
Mongolia	✓	x	x	✓	✓	✓	✓
Taipei, China	✓	✓	✓	✓	✓	✓	✓
Pacific							
Australia	✓	✓	✓	✓	✓	✓	x
Fiji	✓	✓	✓	✓	✓	✓	✓
New Zealand	✓	✓	✓	✓	✓	✓	✓
Papua New Guinea	x	x	x	x	x	✓	✓
Samoa	✓	✓	✓	✓	✓	✓	✓
Solomon Islands	x	x	x	x	x	✓	✓
South Asia							
Bangladesh	x	x	x	x	x	x	x
Bhutan	...	...	...	...	✓	...	...
India	✓	✓	✓	✓	✓	✓	✓
Maldives	✓	✓	✓	✓	✓	✓	✓
Sri Lanka	x	x	x	x	x	✓	✓
Southeast Asia							
Cambodia	✓	✓	◇	✓	✓	✓	✓
Indonesia	✓	✓	✓	✓	✓	✓	✓
Lao PDR	✓	✓	x	...	✓	✓	✓
Malaysia	✓	✓	✓	✓	✓	✓	✓
Myanmar	x	x	x	x	x	✓	x
Philippines	✓	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓	✓
Thailand	✓	✓	✓	✓	✓	✓	✓
Viet Nam	✓	✓	...	✓	✓	✓	✓

... = data not available at cutoff date, ✓ = relevant, ◇ = for some jobs only, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table 8.2b: Human Resource Management Strategy of Revenue Bodies, 2018—Part 1

Region/Economy	Features of Human Resource Management Strategy						
	Specific Training Program	Induction Program for New Staff	Staffing Plan	Specific Recruitment Plan	Job Rotation Policy	Career Path for Managers/Specialists	Diversity Policy for Equal Opportunity
Central and West Asia							
Afghanistan	✓	✓	✓	✓	✓	✓	✓
Armenia	✓	✓	✓	✓	✓	✓	✓
Azerbaijan	✓	✓	✓	✓	x	✓	✓
Georgia	✓	x	✓	✓	✓	✓	✓
Kazakhstan	✓	✓	x	...	✓	...	x
Kyrgyz Republic	✓	✓	✓	✓	✓	✓	✓
Tajikistan	✓	✓	✓	x	x	x	✓
Uzbekistan	✓	✓	✓	✓	✓	x	✓
East Asia							
China, People's Rep. of	✓	✓	✓	✓	✓	✓	✓
Hong Kong, China	✓	✓	✓	✓	✓	✓	✓
Japan	✓	✓	✓	✓	✓	x	✓
Korea, Rep. of	✓	✓	✓	✓	✓	✓	✓
Mongolia	✓	✓	✓	✓	✓	✓	✓
Taipei, China	✓	✓	✓	✓	✓	✓	✓
Pacific							
Australia	✓	✓	✓	x	x	x	✓
Fiji	✓	✓	✓	✓	✓	✓	✓
New Zealand	✓	✓	✓	✓	✓	x	✓
Papua New Guinea	✓	✓	✓	✓	✓	✓	✓
Samoa	✓	✓	✓	✓	✓	✓	✓
Solomon Islands	✓	✓	x	x	x	x	x
South Asia							
Bangladesh	x	x	x	x	x	x	✓
Bhutan	...	...	...	✓	✓	✓	...
India	✓	✓	✓	✓	✓	x	x
Maldives	✓	✓	✓	✓	✓	✓	✓
Sri Lanka	✓	✓	x	x	x	x	x
Southeast Asia							
Cambodia	✓	✓	✓	✓	x	x	✓
Indonesia	✓	✓	✓	✓	✓	x	
Lao PDR	✓	✓	✓	✓	✓	✓	✓
Malaysia	✓	✓	✓	✓	✓	✓	x
Myanmar	✓	✓	✓	✓	✓	x	x
Philippines	✓	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓	✓
Thailand	✓	✓	✓	✓	✓	x	✓
Viet Nam	✓	✓	✓	✓	...	...	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table 8.2c: Human Resource Management Strategy of Revenue Bodies, 2018—Part 2

Region/Economy	Other Features of Human Resource Management Strategy					
	Flexible Work Policies			Leadership/Talent Management Programs		Time Reporting System
	Flexible Work Hours	Occasional Out-of-Office Work	Regular Out-of-Office Work	In Place	Developed Internally	
Central and West Asia						
Afghanistan	✓	✓	x	✓	✓	✓
Armenia	x	x	x	x	x	✓
Azerbaijan	x	x	x	x	x	x
Georgia	x	x	x	x	x	✓
Kazakhstan	x	x	x	x	x	✓
Kyrgyz Republic	x	x	x	x	x	✓
Tajikistan	x	x	x	x	...	✓
Uzbekistan	x	x	x	x	x	✓
East Asia						
China, People's Rep. of	x	x	x	✓	✓	✓
Hong Kong, China	✓	x	x	✓	✓	✓
Japan	✓	✓	✓	✓	✓	✓
Korea, Rep. of	✓	✓	x	✓	x	x
Mongolia	x	x	x	x	x	✓
Taipei, China	✓	x	x	✓	✓	✓
Pacific						
Australia	✓	✓	✓	✓	✓	✓
Fiji	✓	x	x	✓	✓	✓
New Zealand	✓	✓	✓	✓	✓	✓
Papua New Guinea	✓	✓	x	✓	✓	✓
Samoa	✓	✓	✓	✓	✓	✓
Solomon Islands	✓	✓	x	✓	✓	✓
South Asia						
Bangladesh	x	x	x	x	x	...
Bhutan	...	...	...	...	...	...
India	x	x	x	✓	✓	✓
Maldives	x	x	x	✓	✓	✓
Sri Lanka	x	x	x	✓	✓	x
Southeast Asia						
Cambodia	✓	x	x	✓	✓	✓
Indonesia	✓	✓	x	✓	✓	✓
Lao PDR	✓	x	x	✓	✓	✓
Malaysia	✓	x	x	✓	✓	✓
Myanmar	x	x	x	x	x	✓
Philippines	✓	◊	◊	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓
Thailand	x	x	x	✓	x	✓
Viet Nam	x	x	x	✓	✓	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, ◊ = for some jobs only, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table 8.3: Current and Future Staff Capability Needs of Revenue Bodies, 2018

Region/Economy	Assessment of Capability Needs		Required Specialist Positions in Revenue Body				
	Needs Assessed	Plan to Address Gaps	Data Scientists	Psychologists	Chief Analytics Officer	Behavioral Researchers	Computer System Analysts
Central and West Asia							
Afghanistan	✓	✓	x	x	✓	x	✓
Armenia	✓	x	✓	x	x	x	✓
Azerbaijan	x	x	x	x	x	x	x
Georgia	x	x	✓	x	✓	x	✓
Kazakhstan	✓	✓	✓	x	✓	✓	✓
Kyrgyz Republic	...	...	✓	x	x	x	✓
Tajikistan	x	-	x	x	x	x	x
Uzbekistan	✓	✓	✓	x	✓	x	✓
East Asia							
China, People's Rep. of	✓	✓	x	x	x	x	x
Hong Kong, China	✓	✓	x	x	x	x	✓
Japan	✓	✓	x	x	x	x	x
Korea, Rep. of	✓	✓	x	x	x	x	✓
Mongolia	✓	✓					✓
Taipei, China	✓	✓	x	x	x	x	x
Pacific							
Australia	✓	✓	✓	x	✓	✓	✓
Fiji	✓	✓	x	x	x	x	x
New Zealand	✓	✓	✓	x	✓	✓	✓
Papua New Guinea	✓	x	x	x	x	x	x
Samoa	✓	✓	x	x	x	x	x
Solomon Islands	✓	x	x	x	x	x	x
South Asia							
Bangladesh	✓	✓	✓	x	x	x	✓
Bhutan	✓	✓	x	x	x	x	x
India	✓	✓	x	x	x	x	✓
Maldives	✓	✓	x	x	x	x	x
Sri Lanka	x	x	x	x	x	x	x
Southeast Asia							
Cambodia	✓	✓	x	x	x	x	x
Indonesia	✓	✓	✓	x	x	x	✓
Lao PDR	...	...	x	x	x	x	x
Malaysia	x	x	✓	✓	x	x	✓
Myanmar	x	x	x	x	x	x	x
Philippines	✓	✓	✓	✓	✓	x	✓
Singapore	✓	✓	✓	x	✓	✓	✓
Thailand	✓	✓	x	x	x	x	x
Viet Nam	✓	✓	x	x	x	x	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

cover all core or common job families within an organization. The dictionary may also include competencies that are more closely related to the knowledge and skills needed for specific jobs or functions. The competencies needed for each position must be identified, as they provide the benchmark against which staff development and training needs can be analyzed. A “job catalog” is a comprehensive record of the job hierarchy of an organization, with accompanying job definitions.⁷¹

- A few other gaps in human resource strategy, most likely reflecting how things stand across the broader public sector in the economies concerned, are apparent:
 - Flexible work policies (e.g., staggered work hours for staff, occasional work for some staff outside the office) are noticeably absent across many revenue bodies in the region.
 - Around one-third of revenue bodies reported that they are yet to develop specific leadership and talent management programs.
 - Six revenue bodies reported the absence of any diversity policy providing equal opportunities, regardless of age, ethnicity, religion, disability, or sexual orientation.
- Around 80% of revenue bodies reported that steps are taken to assess current and future staff capability needs and that a formal plan exists to address identified gaps. Two examples highlighted in survey responses are from Australia and Singapore:
 - The ATO reported that it has a robust capability administration infrastructure enabling it to manage capability development effectively. In brief, employees are mapped to their specific jobs through their position numbers. All job positions have defined capability and knowledge requirements and the occupants of each position are assessed against these capabilities and knowledge requirements. Such information is continuously aggregated at the corporate level to ensure that: (i) the employees have attained the capabilities and knowledge to perform their jobs; and (ii) capability gaps are identified early and a plan for bridging such gaps can be developed between the manager and the employee. A performance process—known internally as Compass—is used as the vehicle for discussion, planning, and ongoing progress monitoring.
 - IRAS reported that it has competency frameworks to help staff define their possible career pathways. Through a learning needs analysis exercise, staff are better able to identify their competency gaps and close those gaps by attending relevant programs under IRAS’s training road maps.
 - Staff capability improvement initiatives reported included: (i) long-term scholarships for specialized training and assignment to special projects (Afghanistan); (ii) attendance at international/regional seminars (Bangladesh, Fiji, and Mongolia); (iii) overseas training programs and postings (Fiji and Hong Kong, China); (iv) structured training at institutions and network universities, and professional skill competitions (PRC); and (v) mandatory training for promotion, for officials of the tax administration department (India).
- Reflecting the growing inroads made by digitalization, the use of analytics, and the application of the behavioral sciences in many facets of tax administration programs, about 50% of revenue bodies surveyed reported the employment of specialist staff, in particular data scientists, senior or chief analytics professionals, and computer system analysts.

Autonomy in HRM Matters

The blueprint described in Table 8.1 at the start of this chapter draws attention to the importance of autonomy in HRM, indicating that revenue bodies should have a high degree of autonomy in making decisions about staff recruitment, retention, performance management and assessment, promotion, career progression, training and development, transfer, severance, dismissal, and retirement.

⁷¹ Some organizations use terms other than “job catalog.” For example, the private consulting firm Deloitte uses the term “job architecture” to refer to the infrastructure or hierarchy of jobs within an organization. It goes on to explain that job architecture encompasses job levels, job titling conventions, grades, career paths, spans of control, the criteria for career movement, and equitable compensation programs based on job value. Job architecture not only serves as the foundation for effective pay program design but also provides the infrastructure for the human capital and financial practices that drive the business, including total rewards, workforce planning, career paths, learning and development, and succession planning.

For this report, revenue bodies were asked to indicate the scope of their authority (covering all staff, some staff, or none of the staff) for specific aspects of HRM: (i) to determine work requirements, (ii) to appoint new staff, (iii) to decide which staff should be promoted, (iv) to determine the skills and qualifications required for appointment or promotion, (v) to decide whether specific duties should be performed by permanent or contract staff, (vi) to place staff within a salary range, (vii) to terminate employment, and (viii) to apply disciplinary sanctions. The responses from revenue bodies are set out in Tables 8.4a and 8.4b, and the key points are set out below:

- About one-half of the revenue bodies reported having considerable autonomy—classified as “full” or “extensive” autonomy in Table 8.4b.
- Around 20% of revenue bodies reported having limits on the degree of their autonomy in HRM matters—classified as “narrow” or “very narrow” autonomy in Table 8.4b. As a result, the strategies, actions, and outcomes of these revenue bodies depend to a fair degree on the cooperation and support of other agencies.
- Revenue bodies established as unified semiautonomous or “other” bodies consistently reported having greater authority in HRM matters than those set up as single or multiple directorates, particularly in relation to determining work requirements, appointing new staff, promoting staff, dismissing staff, and applying disciplinary sanctions.
- Across all revenue bodies, greatest autonomy is exercised in determining work requirements, deciding the skills and qualifications required for jobs, and deciding the mix of permanent vis-à-vis contract staff. The areas of least flexibility or autonomy concern staff promotions, the placement of staff in specific salary ranges, and staff dismissals.
- Revenue bodies reporting relatively limited authority or power in all specified aspects of HRM were from Bhutan, India, the Lao PDR, Myanmar, the Republic of Korea, Samoa, and Sri Lanka.

Major Reform Programs Under Way

Faced with a variety of challenges and limitations, a number of revenue bodies are known to be carrying out major programs to improve their HRM approaches, capabilities, and outcomes. A few examples are highlighted below:

- The Medium-Term Revenue Mobilization Strategy 2014–2018 of Cambodia’s Ministry of Economy and Finance laid out a number of objectives and tasks for the General Department of Taxation (GDT) directly related to its future HRM capabilities,⁷² including finalizing a new HRM strategy, rationalizing performance-based incentives, continuing to build staff capacity at all levels, accelerating recruitment, advancing work on a staff performance evaluation system, and finalizing a draft code of ethics for tax officials. As described in Box 8.1, considerable progress was made in the years up to 2018.

As highlighted in Chapter II of this report, Cambodia is one of the few economies that have experienced consistent year-on-year growth in tax revenue receipts over the last 4 to 5 years. While much of this growth can probably be attributed to economic factors, it does appear that good progress in building a modern tax administration has been a contributing factor. Enhanced HRM practices may also have assisted the GDT in realizing its resource mobilization goals.

Staff Development

The illustrative blueprint set out in Table 8.1 draws attention to the importance of a robust and long-term staff development strategy for revenue bodies and emphasizes a number of essential elements: (i) alignment with the revenue body’s business strategy and focus on both current and future needs, (ii) managerial training, (iii) central coordination for the delivery and evaluation of development programs, and (iv) a mix of off-the-job and on-the-job courses using both internal and external training expertise.

⁷² Ministry of Economy and Finance, Cambodia. 2014. *Medium-Term Revenue Mobilization Strategy 2014–2018*.

Table 8.4a: Autonomy of Revenue Bodies in Human Resource Management Matters, 2018

Region/Economy	Degree of Autonomy in Aspects of Human Resource Management				
	Institutional Framework	Determining Work Requirements	Appointing New Staff	Deciding Staff Promotions	Deciding Skills and Qualifications Required for Jobs
Central and West Asia					
Afghanistan	SDMIN	✓	◊	◊	✓
Armenia	USB	✓	✓	✓	✓
Azerbaijan	Other	✓	✓	✓	✓
Georgia	USB	✓	✓	◊	◊
Kazakhstan	USB	✓	✓	✓	✓
Kyrgyz Republic	USB	✓	✓	✓	✓
Tajikistan	Other	✓	✓	✓	✓
Uzbekistan	MDMIN	✓	✓	✓	✓
East Asia					
China, People's Rep. of	Other	✓	✓	✓	✓
Hong Kong, China	SDMIN	✓	✓	✓	✓
Japan	USB	✓	✓	◊	◊
Korea, Rep. of	USB	✓	◊	◊	◊
Mongolia	USB	✓	✓	✓	◊
Taipei, China	SDMIN	✓	✓	✓	✓
Pacific					
Australia	USB	✓	✓	✓	✓
Fiji	USB	◊	✓	✓	✓
New Zealand	USB	✓	✓	✓	✓
Papua New Guinea	USB	✓	✓	✓	✓
Samoa	MDMIN	◊	◊	◊	◊
Solomon Islands	SDMIN	✓	◊	◊	✓
South Asia					
Bangladesh	Other	✓	✓	✓	✓
Bhutan	SDMIN	✓	x	x	x
India	Other	✓	x	◊	◊
Maldives	USB	✓	✓	✓	◊
Sri Lanka	SDMIN	◊	x	x	◊
Southeast Asia					
Cambodia	SDMIN	✓	◊	◊	◊
Indonesia	SDMIN	◊	x	◊	✓
Lao PDR	SDMIN	◊	✓	x	x
Malaysia	USB	✓	◊	✓	✓
Myanmar	SDMIN	✓	◊	◊	◊
Philippines	USB	✓	✓	✓	✓
Singapore	USB	✓	✓	✓	✓
Thailand	SDMIN	◊	✓	◊	◊
Viet Nam	SDMIN	✓	✓	✓	✓

... = data not available at cutoff date, ✓ = can exercise for all staff, ◊ = can exercise for some staff, x = cannot exercise for any staff, Lao PDR = Lao People's Democratic Republic, MDMIN = multiple directorates within the Ministry of Finance, SDMIN = single directorate within the Ministry of Finance, USB = unified semiautonomous body, USBB = unified semiautonomous body with board composed of external officials.

Source: 2018 International Survey on Revenue Administration.

Table 8.4b: Other Aspects of Revenue Body Autonomy in Human Resource Management Matters, 2018

Region/Economy	Degree of Autonomy for Aspects of Human Resource Management				Assessment of Overall Degree of Autonomy in HRM Matters ^a
	Deciding If Work Is To Be Done by Permanent or Contract Staff	Placing Staff within Salary Range	Dismissing Staff	Applying Disciplinary Sanctions	
Central and West Asia					
Afghanistan	◊	x	◊	✓	Fairly broad
Armenia	✓	x	✓	✓	Extensive
Azerbaijan	✓	x	✓	✓	Extensive
Georgia	✓	✓	✓	✓	Fairly broad
Kazakhstan	✓	x	✓		Fairly broad
Kyrgyz Republic	✓	...	✓	✓	Extensive
Tajikistan	✓	x	✓	✓	Extensive
Uzbekistan	✓	x	✓	✓	Extensive
East Asia					
China, People's Rep. of	✓	x	✓	✓	Extensive
Hong Kong, China	✓	◊	◊	◊	Fairly broad
Japan	✓	✓	◊	◊	Fairly broad
Korea, Rep. of	◊	◊	◊	✓	Fairly broad
Mongolia	✓	◊	◊	✓	Fairly broad
Taipei, China	✓	x	✓	✓	Extensive
Pacific					
Australia	✓	✓	✓	✓	Full autonomy
Fiji	✓	✓	✓	✓	Extensive
New Zealand	✓	✓	✓	✓	Full autonomy
Papua New Guinea	◊	✓	✓	✓	Extensive
Samoa	◊	◊	◊	◊	Narrow
Solomon Islands	✓	✓	◊	◊	Fairly broad
South Asia					
Bangladesh	✓	✓	✓	✓	Extensive
Bhutan	x	x	◊	◊	Very narrow
India	◊	x	◊	◊	Narrow
Maldives	✓	✓	✓	✓	Full autonomy
Sri Lanka	x	x	x	x	Very narrow
Southeast Asia					
Cambodia	✓	◊	x	◊	Fairly broad
Indonesia	✓	✓	✓	✓	Fairly broad
Lao PDR	x	x	x	x	Very narrow
Malaysia	✓	✓	✓	✓	Extensive
Myanmar	x	◊	◊	x	Narrow
Philippines	✓	✓	✓		Extensive
Singapore	✓	✓	✓	✓	Full autonomy
Thailand	✓	◊	◊	◊	Fairly broad
Viet Nam	✓	✓	...	...	Fairly broad

... = data not available at cutoff date, ✓ = can exercise for all staff, ◊ = can exercise for some staff, x = cannot exercise for any staff, Lao PDR = Lao People's Democratic Republic.

^a Based on authors' assessment drawing on survey responses and international experience in tax administration.

Source: 2018 International Survey on Revenue Administration.

Box 8.1: Experiencing the Benefits of a Good Human Resource Management Plan and Careful Management in Cambodia

A review carried out in early 2018 by technical experts of the International Monetary Fund observed that the General Department of Taxation (GDT) had established greater control over staffing and set up a sound HRM function, exemplified in the following areas of strength:

- A formal human resource strategy for 2014–2018 was being implemented.
- Greater control had been achieved over staff recruitment, training, and performance management, as evidenced by the quality of new recruits and the high application rate for GDT vacancies, at around 50 applicants for every position.
- Employment was at full establishment level, having increased substantially from 1,391 positions in January 2015 to 1,902 in February 2018.
- A staff code of conduct had been launched.
- Staff turnover was very low (2%–3%), and was mainly attributable to retirement.
- A retirement schedule for the period up to 2023 had been prepared, and planning for succession was in place.

The IMF's report also noted that the GDT had strengthened its human resource management and development by:

- Implementing an information technology-based system for human resource management, including an employee database, fingerprint scanning for attendance, and daily performance reporting;
- Establishing a GDT performance management and evaluation system, independent of the civil service performance management system;
- Developing position descriptions and standard operating procedures for each tax unit;
- Developing a personnel management manual, to be adopted from 2018 onward;
- Conducting training needs assessments, with results linked to the training program of the National Training School, and other available opportunities for local and foreign training; and
- Introducing a staff incentive scheme, increasing the attractiveness of the GDT as an employer.

Source: IMF. 2018. *Cambodia Technical Assistance Report: Tax Administration Modernization Priorities, 2019–23*. Country Report No. 18/305. Washington, DC, pp. 50–51.

Analyses of survey responses (Tables 8.2a–8.2c) and associated research provide a range of insights into prevailing staff development practices, gaps, and areas for further consideration by some revenue bodies. Just about all respondents reported having formal training and development programs; more than half arrange accredited training in technical and nontechnical subject areas, with external education providers. A number also have their own dedicated tax training centers where such programs are delivered (e.g., Japan's National Tax College, the Republic of Korea's National Tax Officials Training Institute, and Malaysia's Tax Academy [Box 8.2]). On the other hand, about one-third of the revenue bodies reported having no formalized leadership and talent management programs, giving cause for concern.

For some revenue bodies, staff development assumed significant priority in 2017, with considerable investments being made. Some examples drawn from information contained in annual performance reports are presented below:

- Sri Lanka's Inland Revenue Department—with a staff of about 2,600 as of the end of 2017—conducts a broad mix of development programs designed to improve staff competencies. In 2017, according to the performance report published most recently by the department, these programs included:⁷³
 - Formal in-house training courses and examinations for over 800 officials;
 - Seminars/Workshops on technical subjects for over 600 staff;
 - Training in computerized accounting packages for 30 officers, provided in collaboration with an external professional body;
 - Overseas training, workshops, and seminars for 54 participants; and
 - A workshop in tax administration in the Netherlands for 105 higher officials, and training in e-governance and information technology system management in Singapore for 21 officials.
- The year 2017 marked the fourth and final phase of Indonesia DGT's Human Resource Management Blueprint for the period 2011–2018. The theme for this phase was “Building a culture of appreciation as the basis for developing talent management.” In this phase of the plan, the DGT was expected to develop its staff to the highest competency and performance levels, and to surround them with an adequate culture of appreciation to support high standards of talent management and employee prioritization for strategic positions within the DGT. In its 2017 annual report, the DGT describes progress and achievements made in 2017 with regard to specific initiatives.⁷⁴ It noted that overall staffing level at the end of that year exceeded 43,000:
 - **Annual Employee Performance Award Program.** The best-performing employees receive motivational recognition. In 2017, the awards covered 10 position categories and were granted to 909 staff.
 - **Scholarship program, self-funded studies, development and training, and short courses.** The DGT carries out capacity development through scholarship programs as well as through authorized self-funded studies. In addition, to improve technical and general competency, the DGT arranges for the attendance of employees at development and training programs, within the country and abroad. In 2017, the DGT (i) granted scholarships to 440 staff, (ii) authorized self-funded studies for 1,570 staff, (iii) sent 20,652 staff to domestic short courses, and (iv) arranged overseas training for 168 staff.
 - **On-the-job training.** This office internship program for new employees and civil service candidates makes use of experienced employees as trainers. In 2017, on-the-job training was provided to over 4,100 staff.
 - **E-learning.** This distance education program, intended to increase the competence of DGT employees in the field of taxation, was used widely in 2017. Specific modules pertain to the competency requirements of newly inducted staff; the handling of objections and appeals, and the conduct of e-audits; online competency testing for the performance award program; and tax investigator selection.
 - **In-house training.** This program aims to improve the technical, managerial, and sociocultural skills of staff to reduce competency gaps within the DGT. In 2017, over 4,600 officials received in-house training on topics aligned with the DGT's strategic plan.
 - **Leadership development program.** This capacity development program, aimed at developing the managerial competence of DGT officials to achieve organizational goals, is conducted yearly for echelon structural officials (senior executive staff). The 28 participants in 2017 attended sessions dealing with topics such as managing others, providing meeting leadership, providing training and guidance through coaching, and managing relationships.

Staff Engagement/Motivation and Performance Management

Seeking feedback from staff in a systematic nonconfrontational manner can be a useful means of gauging the impact of a revenue body's HRM strategy and its general management, as well as the prevailing staff culture and levels of motivation.

⁷³ Inland Revenue Department, Sri Lanka. 2017. *Annual Report 2017*. Colombo. pp. 7–11.

⁷⁴ Directorate General of Taxes, Indonesia. 2018. *Annual Report 2017*. Jakarta. pp. 99–104.

Box 8.2: Tax Academy of the Inland Revenue Board of Malaysia

The Tax Academy, which started operating in September 1994, is the training arm of the Inland Revenue Board of Malaysia (IRBM).

Responsibility

The tax academy is responsible for achieving the IRBM's training objectives. Its aims are (i) to develop a highly disciplined and professional workforce; and (ii) to realize the vision of IRBM to be a center of excellence in managing and administering tax at the national and international levels.

Objectives

- To provide taxation and management training for IRBM officers and staff, to enable them to carry out their duties in a professional manner;
- To reinforce the knowledge and expertise of IRBM officers and staff, to help them meet the demands of a dynamic tax system; and
- To widen the perspective and knowledge of IRBM officers and staff through training programs provided in collaboration with individuals and organizations from within and outside Malaysia.

Internal Training Programs

The tax academy conducts three types of training programs:

- **Training programs for job confirmation.** Entry-level training for new IRBM recruits, to provide them with basic and introductory knowledge about patriotism, organizational background, basic taxation, and function-related matters.
- **Training programs for career advancement.** Programs to upgrade analytical skills in specific functional areas, for career advancement.
- **Training programs for exposure and knowledge.** Various training programs to enhance the skills of IRBM staff.

Specialized training is provided to enhance officers' skills in audit and taxation. Officers are also exposed to computer audit tools, forensic accounting, specialized industry knowledge, stamp duty, and tax incentives, among others. The training takes the form of lectures and makes significant use of case studies, role playing, and simulation. Other training offered to officers and staff of IRBM ranges from specialized technical topics (taxation) to interpersonal skills (public relations, negotiation, counseling, language skills, and other skills). Training in management, integrity, communication, strategic management, leadership, and strategic evaluation is also provided.

Source: Inland Revenue Board of Malaysia website. http://www.hasil.gov.my/bt_goindex.php?bt_kump=2&bt_skum=2&bt_posi=1&bt_unit=6&bt_sequ=1 (accessed 18 April 2019).

Prior studies in the region have revealed that some revenue bodies seek to obtain such feedback from staff through regular surveys, often using contracted external researchers. In other economies (e.g., Australia), staff engagement is measured government-wide, and agency ranking according to overall performance levels enables those agencies (and central public sector administrators) to gauge the “health” of public sector workforces, both within specific agencies and across the broader public sector. The results of such surveys are shared and discussed with staff, and those are used as a key input in the further development and enhancement of the revenue body's HRM strategy. For this report, revenue bodies were asked whether they conduct periodic surveys of their staff to assess attitudes, perceptions, and workplace satisfaction, as well as staff engagement (Table 8.5). Revenue bodies that conduct such surveys were also requested to indicate whether they share the results with their staff and use the information in developing action plans.

- About three-quarters of the revenue bodies reported that they conduct regular surveys of staff to assess levels of engagement, motivation, or satisfaction (Figure 8.1). In most economies where this practice is followed, the results are shared with staff members, who are also engaged in developing remedial plans.
- Around three-quarters of revenue bodies reported having performance management systems in place, and most of these provide for the setting of plans and individual objectives for each staff member at the start of the performance period (Figure 8.2). A large majority of the revenue bodies reported that they review the performance of each staff member at least yearly.

Staff Remuneration and Rewards

The system of staff remuneration and rewards can be an important element in a revenue body's HRM strategy, especially where it exercises a level of discretion in deciding whether to reward good performance or to penalize poor or otherwise unsatisfactory performance.

Revenue bodies were asked to specify the type of remuneration scheme in place (a scheme tied directly or broadly to public sector pay scales, or a scheme unique to the revenue body) and to indicate the extent of their discretion or authority to reward good performance or penalize poor performers. The data reported are presented in Figure 8.3 and Table 8.6. The key points are as follows:

- Just over half of the revenue bodies surveyed (19) reported that their remuneration levels are tied directly to civil service levels. On the other hand, six revenue bodies, all established as semiautonomous bodies (those in Armenia, Fiji, Malaysia, Maldives, New Zealand, and Singapore), administer their own unique systems of remuneration.
- Over 70% of the revenue bodies reported having some flexibility in rewarding good performance, although there is little readily available information about the nature of the reward systems in place. As most revenue bodies reported having no autonomy in negotiating wage levels, it is more than likely that the flexibility is limited to setting the amounts of year-end bonuses.
- Generally speaking, far fewer revenue bodies are empowered to reduce pay for poor performance; only about 50% reported having such flexibility. Around a third of revenue bodies also reported that they do not have the latitude to refuse to grant the annual salary increments stipulated in their remuneration schemes. Less than 20% of revenue bodies reported having total flexibility, that is, the ability to reward high performance as well as to reduce the remuneration of officials deemed to be performing poorly (refer to example in Box 8.3).
- The data reported seem to indicate that the revenue bodies with the least flexible staff remuneration schemes are those in Bangladesh, Bhutan, India, Lao PDR, and Myanmar.

B. *Staffing Metrics and Demographics*

The vast majority of revenue bodies were able to report a relatively rich array of quantitative data on their respective workforces, including details of overall staffing levels, number of recruits and departures, educational qualifications, age and length-of-service staffing profiles, number of executives, and workforce gender mix. Detailed quantitative data are in Appendix Tables A.40a–A.40c. The information reported makes it possible to provide a broad range of observations, a number of which have important implications for the current and future HRM strategies and policies of some revenue bodies.

1. *Staffing Levels*

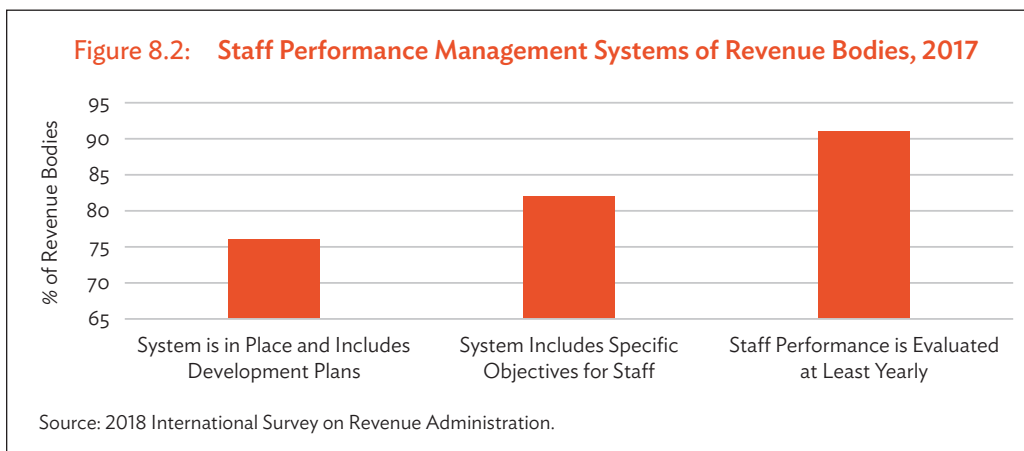
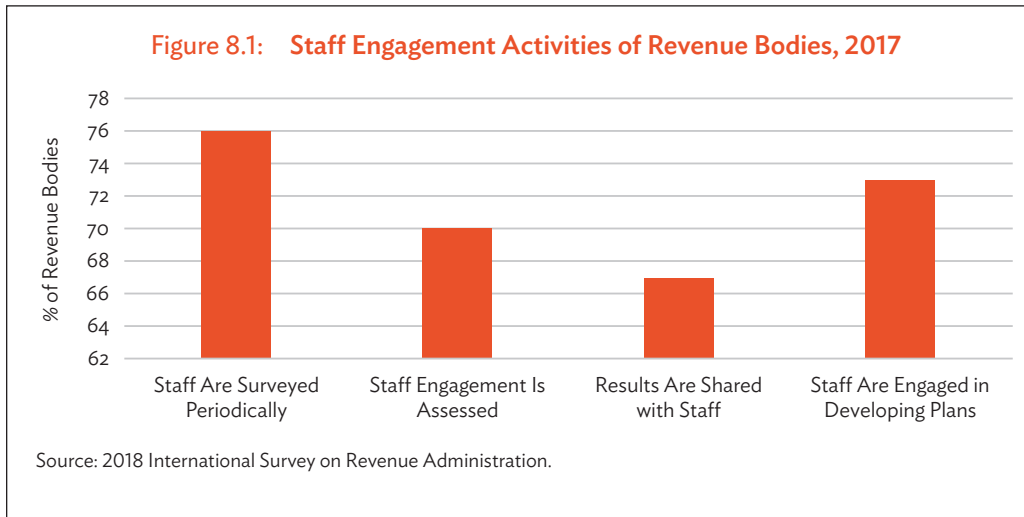
Staffing levels at the end of 2017 for all revenue bodies excluding India and Lao PDR are set out in Figure 8.4. The enormous differences evident in staffing levels across the Asia and Pacific region are primarily driven by differences in population size.

Table 8.5: Staff Engagement and Performance Management, 2018

Region/Economy	Staff Engagement and Motivation				Performance Management System		
	Periodic Surveys Are Made	Staff Engagement Is Assessed	Results Are Shared with Staff	Staff Are Engaged in Developing Plans	System with Development Plans Is in Place	Plans Include Specific Objectives	Staff Are Evaluated at Least Yearly
Central and West Asia							
Afghanistan	✓	✓	✓	✓	x	✓	✓
Armenia	✓	✓	✓	✓	✓	✓	✓
Azerbaijan	✓	✓	✓	✓	x	x	x
Georgia	✓	✓	x	✓	x	x	x
Kazakhstan	✓	x	✓	✓	✓	✓	✓
Kyrgyz Republic	✓	✓	✓	✓	✓	✓	✓
Tajikistan	x	x	x	✓	x	✓	✓
Uzbekistan	✓	✓	✓	✓	✓	✓	✓
East Asia							
China, People's Rep. of	✓	✓	✓	✓	✓	✓	✓
Hong Kong, China	x	x	x	x	✓	✓	✓
Japan	✓	✓	x	✓	✓	✓	✓
Korea, Rep. of	x	x	x	x	✓	✓	✓
Mongolia	x	x	x	x	✓	✓	✓
Taipei, China	✓	✓	✓	✓	✓	✓	✓
Pacific							
Australia	✓	✓	✓	✓	✓	✓	✓
Fiji	✓	✓	✓	✓	✓	✓	✓
New Zealand	✓	✓	✓	✓	✓	x	x
Papua New Guinea	✓	✓	x	✓	✓	✓	✓
Samoa	✓	✓	✓	✓	✓	✓	✓
Solomon Islands	✓	✓	✓	x	✓	✓	✓
South Asia							
Bangladesh	✓	✓	✓	✓	x	x	✓
Bhutan	✓	✓	✓	✓	x	✓	✓
India	x	x	x	x	✓	✓	✓
Maldives	✓	✓	✓	✓	✓	✓	✓
Sri Lanka	x	x	x	x	✓	✓	✓
Southeast Asia							
Cambodia	✓	✓	✓	✓	◊	x	✓
Indonesia	✓	x	✓	✓	✓	✓	✓
Lao PDR	✓	✓	✓	✓	✓	✓	✓
Malaysia	✓	✓	✓	✓	✓	✓	✓
Myanmar	x	x	x	x	x	x	x
Philippines	✓	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓	✓
Thailand	✓	✓	✓	✓	✓	✓	✓
Viet Nam	x	x	x	x	x	✓	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, ◊ = for some staff only, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

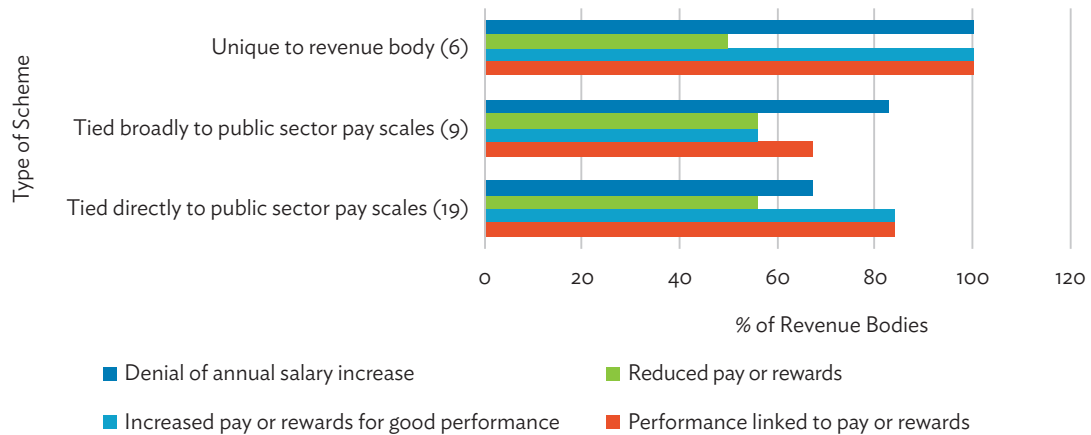


From data reported across 4 years (2014–2017) in the most recent surveys of revenue bodies, a number have experienced substantial changes in their workforce levels. Among these are the revenue bodies in Australia (–18%), Cambodia (+35%), Indonesia (+33%), Maldives (+58%), PNG (+163%), and Viet Nam (–8%). For the most part, the significant increases reported for a few revenue bodies reflect government decisions to make significant new investments in tax administration. While welcomed, these developments do present additional challenges for the revenue bodies concerned: (i) recruiting staff with the right skills and motivations, (ii) conducting appropriate induction programs, and (iii) planning for the smooth absorption of staff into the revenue body’s operations. More is said on this matter in Chapter IX, which deals with the financial resources for tax administration.

2. Academic Qualifications of Revenue Body Workforces

Revenue bodies typically perform a large amount of technical tax law–related work, and for this reason require academically or professionally qualified lawyers, tax accountants, auditors, and investigators. Other traditional areas of tax administration requiring professionally qualified staff include information technology, HRM, and senior management. In more recent times, there has been a trend across revenue bodies in some advanced and developing economies to also employ staff with skills in economic and behavioral analysis, and in the data sciences including

Figure 8.3: Remuneration and Pay Schemes of Revenue Bodies, 2018



Source: 2018 International Survey on Revenue Administration.

Box 8.3: Remuneration Arrangements at the Singapore Inland Revenue Authority

The Inland Revenue Authority of Singapore (IRAS) has considerable power and flexibility in setting staff remuneration levels. Established as a semiautonomous revenue body, the IRAS has its own scheme of service and a set of salary pay grades that are benchmarked against the job market. A performance-based remuneration system that ties rewards to performance is in place. Performance bonuses and salary increments are given in addition to monthly salaries to recognize good performance and motivate staff to continue performing well. Under this performance-based remuneration system, better-performing staff are rewarded with higher performance bonuses and increments. The bonus payments corresponding to each performance grade are transparent, so staff can see the differentiated payments and be motivated to strive to do better, thus reinforcing superior performance.

The IRAS has observed that its organization bonus framework helps to strengthen the link between organization bonuses and business needs, and makes it more transparent to all staff. Key performance indicators are selected as the payment criteria for the framework. The key performance indicators cover the critical areas of the business and affect all branches. All staff are familiar with the key performance indicators, and are able to relate to and influence the outcomes. The number of key performance indicators met determines the amount of organization bonus that the IRAS can pay to staff, providing a direct link between staff performance and organizational performance.

Source: OECD. 2015. *Tax Administration 2015: Comparative Information on OECD and Other Advanced and Emerging Economies*. Paris: OECD Publishing.

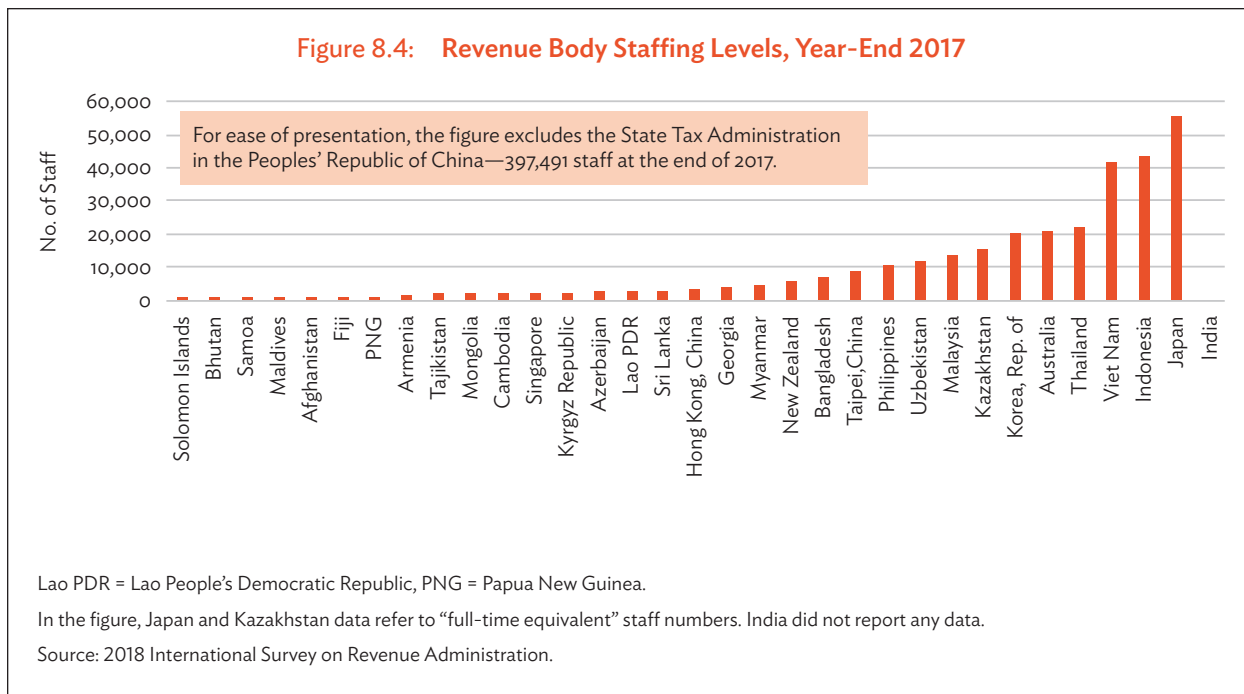
Table 8.6: Remuneration and Performance Management Practices of Revenue Bodies, 2018

Region/Economy	Type of Remuneration System	Staff Performance and Remuneration			
		Performance Linked to Pay/Rewards	Increased Pay/Rewards for Good Performance	Reduced Pay/Rewards for Poor Performance	Denial of Annual Salary Increase for Poor Performance
Central and West Asia					
Afghanistan	2	✓	✓	✓	✓
Armenia	3	✓	✓	✓ (re bonuses)	✓
Azerbaijan	1	✓	✓	✓	✓
Georgia	2	x			
Kazakhstan	1	✓	✓	x	✓
Kyrgyz Republic	2	✓	✓	✓	✓
Tajikistan	1	✓	✓	x	✓
Uzbekistan	1	✓	✓	✓	✓
East Asia					
China, People's Rep. of	2	✓	✓	x	✓
Hong Kong, China	1	✓	✓	✓	✓
Japan	1	✓	✓	✓	✓
Korea, Rep. of	1	✓	✓	x	✓
Mongolia	1	✓	✓	x	x
Taipei, China	1	✓	✓	✓	✓
Pacific					
Australia	2	✓	x	✓	✓
Fiji	3	✓	✓	x	✓
New Zealand	3	x	✓	x	✓
Papua New Guinea	1	✓	✓	✓	✓
Samoa	1	✓	x	✓	x
Solomon Islands	1	✓	✓	✓	✓
South Asia					
Bangladesh	1	x	x	x	x
Bhutan	1	x	x	x	✓
India	1	x	x	x	x
Maldives	3	✓	✓	✓	✓
Sri Lanka	1	✓	✓	x	x
Southeast Asia					
Cambodia	2	◊	◊	◊	◊
Indonesia	2	✓	✓	✓	✓
Lao PDR	1	✓	x	x	x
Malaysia	3	✓	✓	x	✓
Myanmar	2	x	x	x	x
Philippines	1	✓	✓	x	x
Singapore	3	✓	✓	✓	✓
Thailand	1	✓	✓	✓	✓
Viet Nam	1	✓	✓	✓	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, ◊ = for some staff only, 1 = tied directly to civil service pay scales, 2 = tied broadly to civil service pay scales (with some flexibility), 3 = unique to revenue body, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Figure 8.4: Revenue Body Staffing Levels, Year-End 2017



analytics. Data on the reported academic qualifications of revenue bodies’ workforces at the end of 2017 are shown in Appendix Table A.40c and Figure 8.5. Only 80% of surveyed revenue bodies reported this information and there is an element of doubt as to the accuracy of some responses stating that all revenue body staff have academic qualifications equivalent to a bachelor’s or a master’s degree.

As evident from Figure 8.5, the reported rates vary significantly across both advanced and developing economies. However, the strong emphasis given by governments in many economies to academic achievement and the recruitment focus of many revenue bodies are clearly apparent from the data for a number of revenue bodies, with academically qualified staff reported to have a more than 50% share of the workforce in around 75% of the revenue bodies for which data are available.

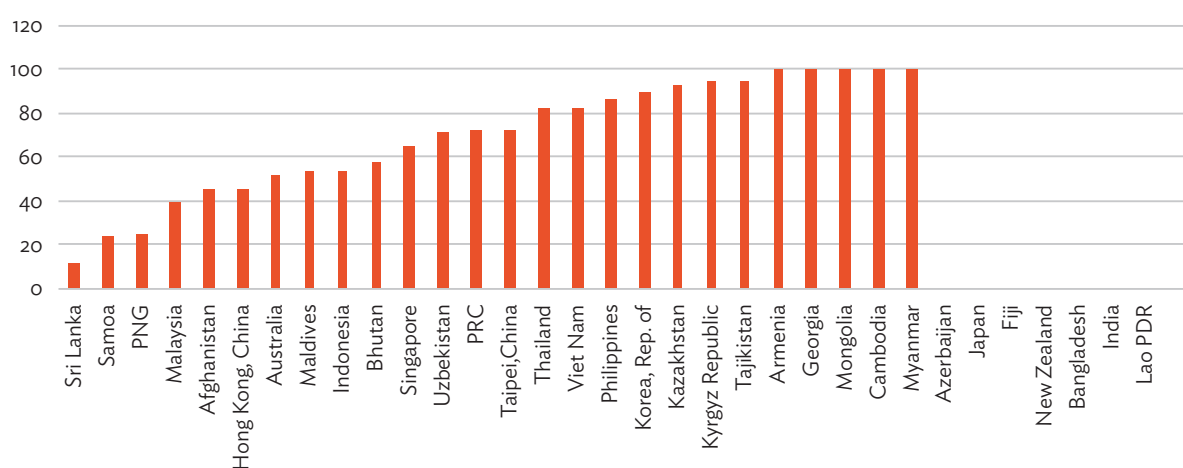
3. Age, Length of Service, and Gender Profiles of Revenue Body Staffing

Generally speaking, the age and length-of-service profiles of staff in revenue bodies in Asia and the Pacific reflect a relatively young and, as a result, less experienced workforce than seen, on average, across OECD economies. That said, within the region there are a number of extremes observed in the age and length-of-service patterns of revenue bodies’ workforces. The key observations from the data reported are as follows:

- A number of revenue bodies reported having a relatively high proportion of junior staff (aged under 35 years) and staff with less than 10 years of service making up over 60% of their total workforce. This suggests that considerable investments in staff development will be required over the medium term (Figures 8.6 and 8.7). These revenue bodies are Afghanistan (83% with less than 10 years of service); Bhutan (66% aged under 35 years and 81% with less than 10 years of service); Georgia (63% under 35 years and 82% with less than 10 years of service); Maldives (94% under 35 years or 99% with less than 10 years of service, or both); PNG (56% under 35 years and 75% with less than 10 years of service); Samoa (62% under 35 years or 78% with less than 10 years of service, or both); Solomon Islands (86% under 35 years); and Sri Lanka (73% with less than 10 years of service).

- Some revenue bodies reported having a fair proportion of staff approaching retirement (over 54 years), with implications for the level of staff recruitment and investments in development programs ideally required over the short to medium term (Figure 8.8). These include Afghanistan (23%); Australia (18%); Azerbaijan (19%); Hong Kong, China (20%); New Zealand (23%); and the Philippines (26%).
- The gender mix (male–female ratio) of revenue bodies across the region shows enormous variation, ranging from 22:78 in Thailand to 93:7 in Afghanistan (Figure 8.9). This large variance is likely to be attributable to a complex mix of social, cultural, and political factors.
- Data reported on the number of male and female staff members in executive positions are not comparable, as there appear to be significant differences in the understanding and interpretation applied by the revenue bodies surveyed to the term “executive.” For example, Singapore reported that 80% of male and female staff are in “executive” positions, while the corresponding proportion is around 1% for Hong Kong, China and 5% for the Philippines (Appendix Table A.40b).
- Given the interpretation of the term “executive” applied by individual revenue bodies, the data reported for male staff (overall number of male staff, and males in executive positions) do reveal a significant level of gender imbalance in a number of revenue bodies (Figure 8.10). For example:
 - Georgia, 51% male staff and 79% male executive staff;
 - Indonesia, 68% male staff and 91% male executive staff;
 - Kyrgyz Republic, 66% male staff and 87% male executive staff;
 - Maldives, 48% male staff and 75% male executive staff;
 - Mongolia, 34% male staff and 67% male executive staff;
 - New Zealand, 36% male staff and 65% male executive staff;
 - PRC, 61% male staff and 89% male executive staff;
 - Republic of Korea, 60% male staff and 97% male executive staff; and
 - Thailand, 22% male staff and 39% male executive staff.

Figure 8.5: Proportion of Revenue Body Staff with Academic Qualifications, Year-End 2017 (%)

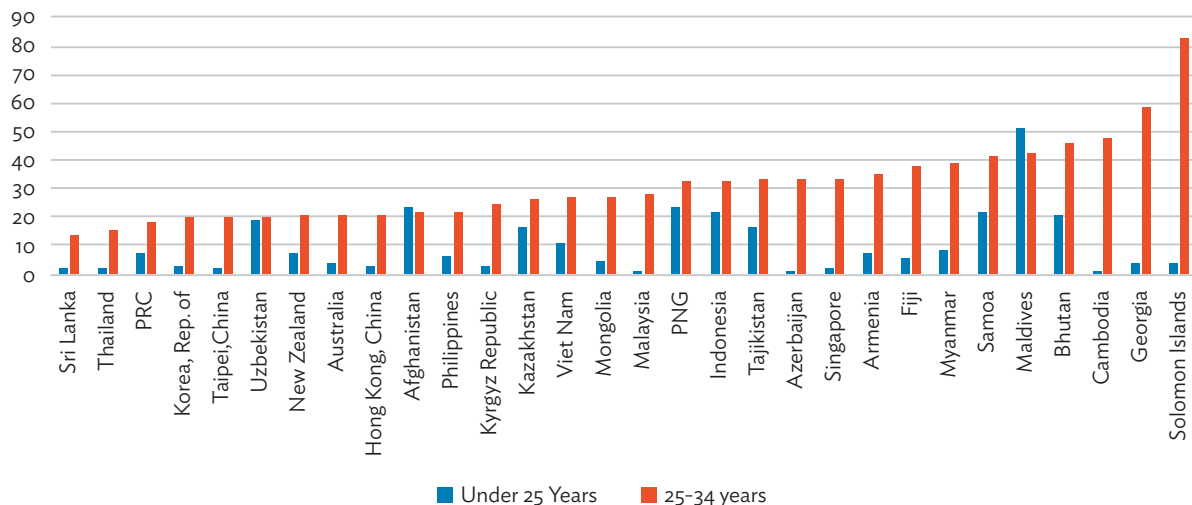


Lao PDR= Lao People's Democratic Republic, PNG = Papua New Guinea, PRC= People's Republic of China.

^a Note: In the figure, no data were reported for seven economies.

Source: 2018 International Survey on Revenue Administration.

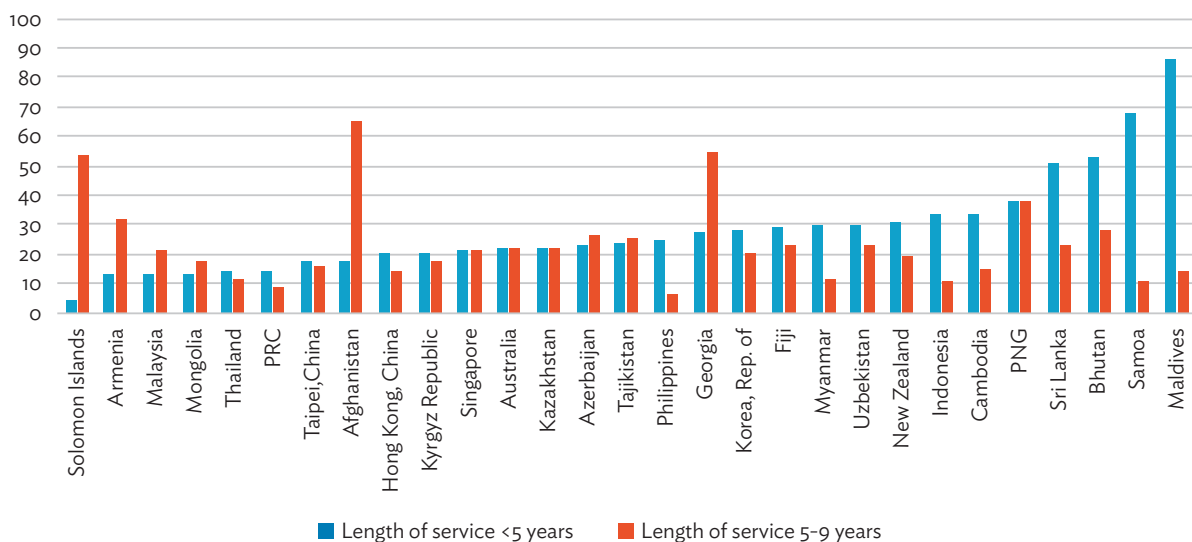
Figure 8.6: Proportion of Revenue Body Staffing Under 35 Years of Age, Year-end 2017 (%)



Lao PDR= Lao People’s Democratic Republic, PNG = Papua New Guinea, PRC= People’s Republic of China

Source: 2018 International Survey on Revenue Administration

Figure 8.7: Proportion of Revenue Body Staff with less than 10 Years Service, Year-end 2017 (%)



Lao PDR= Lao People’s Democratic Republic, PNG = Papua New Guinea, PRC= People’s Republic of China.

Source: 2018 International Survey on Revenue Administration.

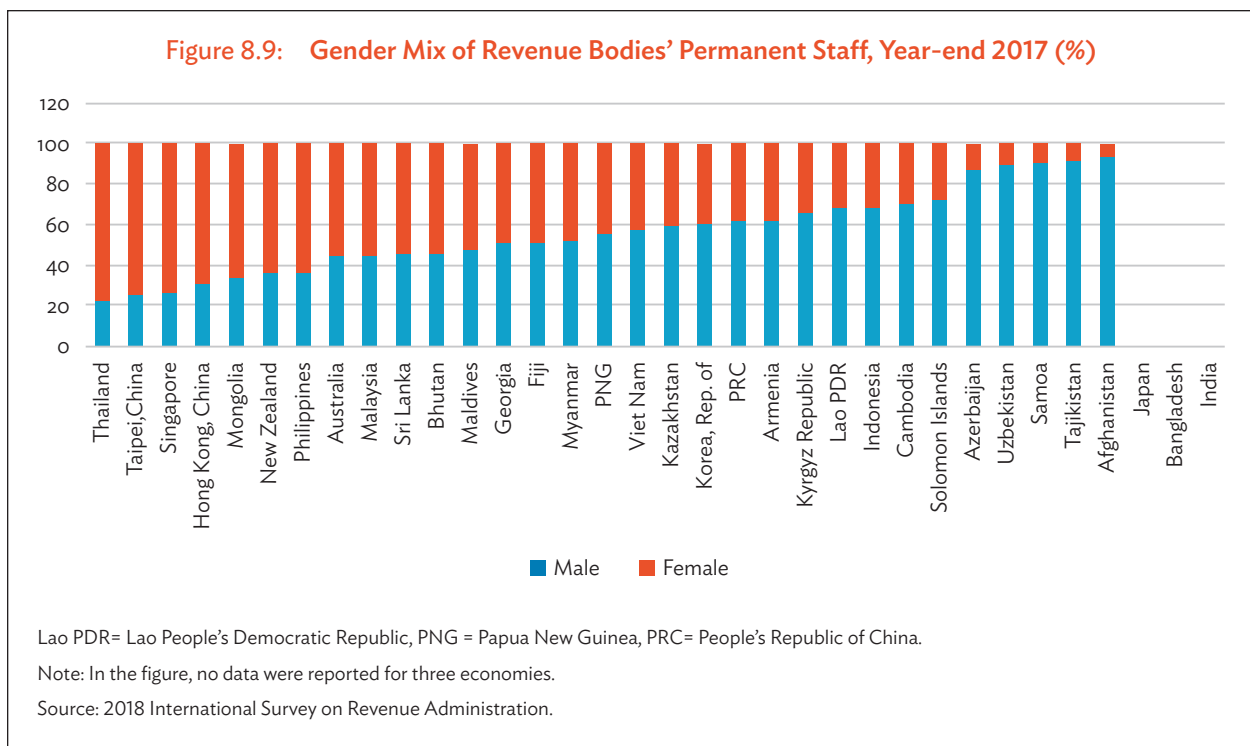
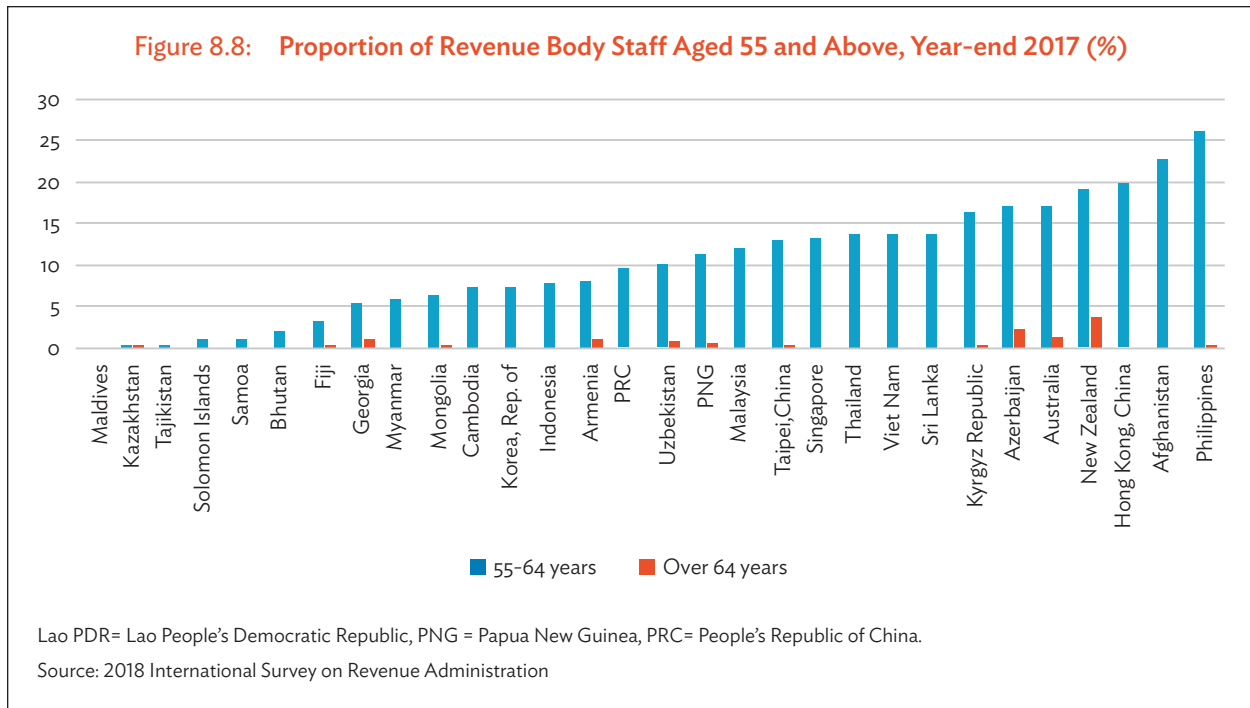
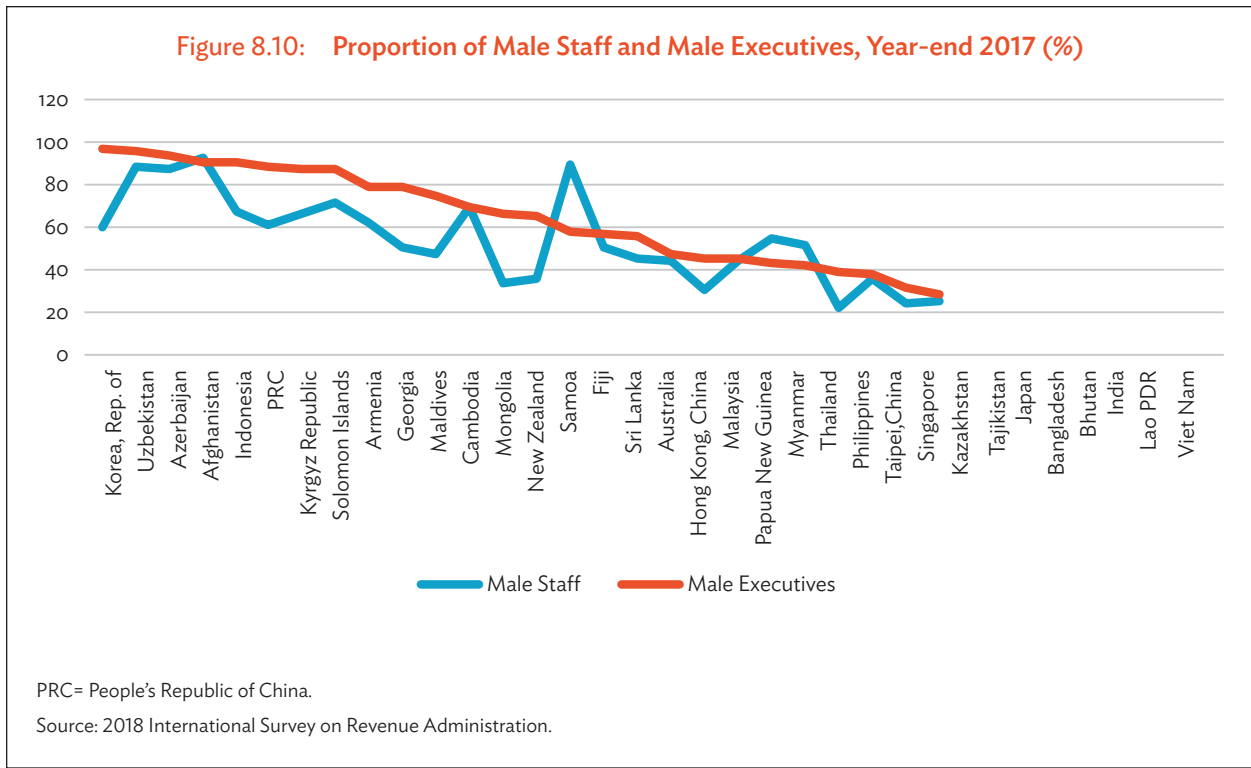


Figure 8.10: Proportion of Male Staff and Male Executives, Year-end 2017 (%)



PRC= People's Republic of China.

Source: 2018 International Survey on Revenue Administration.

IX. Financial Resources For National Tax Administration

The overall level of resources devoted to the administration of national tax systems is an important and topical issue for governments, revenue bodies, and external observers. This is particularly true of some developing economies where domestic resource mobilization has a very high priority but where the funds available for public sector administration are likely to be insufficient to provide key government agencies, including revenue bodies, with the resources they need.

This final chapter provides an account of the aggregate resource allocations made to revenue bodies to carry out their mandate and how those resources are applied, in broad terms, and uses a number of comparative ratios and trend data pointing to the relative situation and performance of revenue bodies covered in this report. For this topic, the report uses the definitions in Table 9.1:

As the revenue bodies included in this report generally administer a similar range of taxes, comparisons of resource use across economies may provide helpful benchmarks. However, considerable care must be taken when making such comparisons and drawing conclusions about the relative efficiency or adequacy of resource investments, particularly when comparing the performance of revenue bodies in advanced and developing economies.

A. Revenue Body Staffing

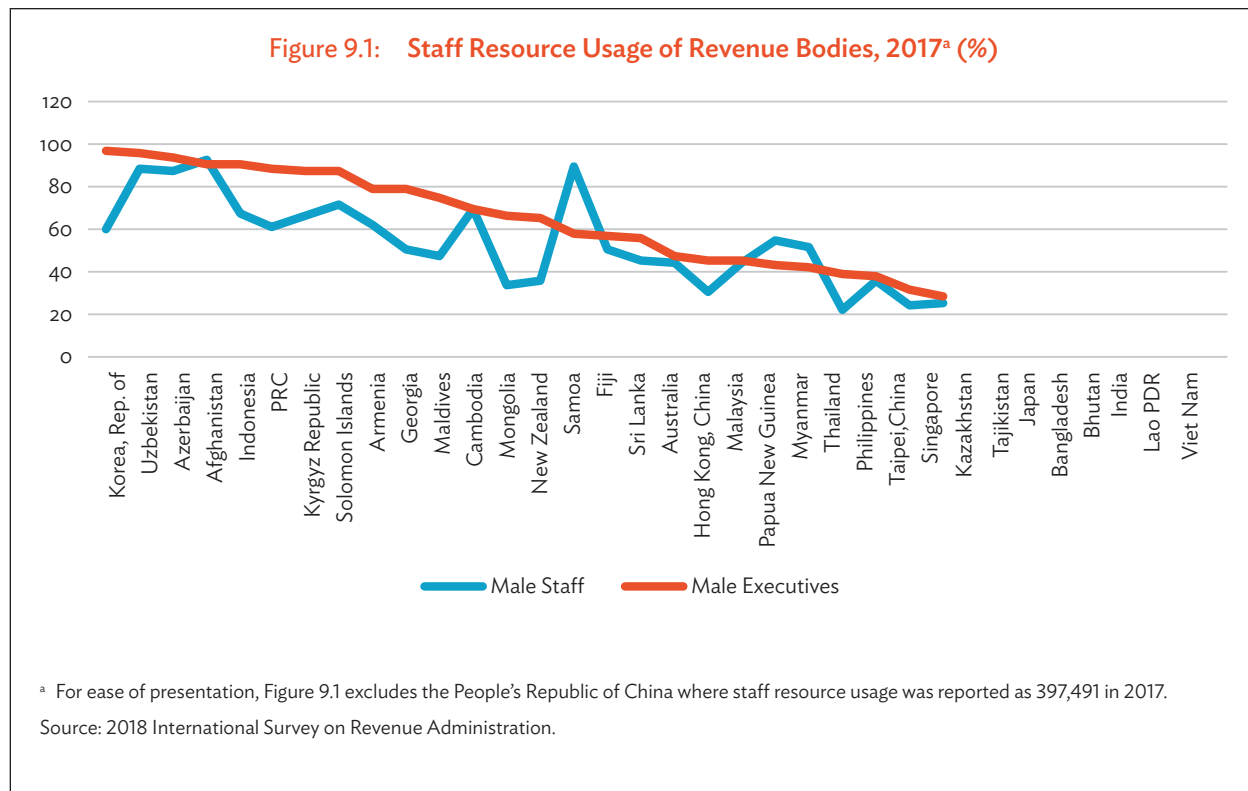
1. Aggregate Use of Staff Resources

Data reported by revenue bodies on aggregate staff resource use are in Appendix Table A.43 and Figure 9.1. For ease of presentation, Figure 9.1 excludes the People's Republic of China, where resource use in 2017 was 397,491. No data are available for India and Lao PDR.

Table 9.1: Budget-Related Definitions

Term	Description
Capital expenditure	All costs associated with the acquisition of capital assets, including information technology (IT) infrastructure, buildings, and motor vehicles.
Full-time equivalent (FTE)	An FTE of 1.0 refers to resources equal to one full-time staff member available to work for 1 full year.
Information technology expenditure	The actual or estimated cost of providing all IT support from the revenue body's budget for all its roles. It does not include capital expenditure (e.g., acquisition of new equipment).
Operating expenditure	All operating costs including salaries and other overhead, but excluding capital costs.
Salary expenditure	The total expenditure attributable to direct employee costs (including contributions to pension plans) for all roles performed by the revenue administration. The reported amount should not include payments to contractors or consultants for their services.

Source: 2018 International Survey Revenue Administration survey form.



Staff use for tax administration varies from economy to economy, given a variety of factors (e.g., size and maturity of the economy, range of taxes administered, inclusion of customs administration within the revenue body, budgets allocated by government, levels of computerization, and allocation of nontax roles to the revenue body).

2. Strategic Shift in Aggregate Staffing Use

Over the fiscal years 2014–2017 substantial changes in staffing levels, in a relative sense, resulting from policy decisions by governments, were reported by a few revenue bodies. Significant increases in relative terms over the period can be identified for Afghanistan (22%), Cambodia (31%), Indonesia (25%), Maldives (22%), PNG (161%), and the Philippines (14%). As demonstrated later in this chapter, these increases represent a valuable injection of additional resources for these revenue bodies, which were substantially under-resourced, according to past comparisons between economies.

Only two revenue bodies—those in Australia (22%) and Bangladesh (around 40%)—reported a substantial reduction in resource use over those fiscal years. In the case of Australia, the reduction was largely the result of government decisions to downsize much of the federal public sector to comply with budget-related efficiency objectives. In the case of Bangladesh, the precise reasons for the significant reduction in resource use have not been established.

B. Aggregate Resource Budgets and Expenditure

1. Aggregate Operating Cost Expenditure

Data on the reported aggregate operating expenditure of revenue bodies are presented in Table A.41. Viewed over time, this aggregate tends to move largely in line with inflationary trends, but it can be affected by policy decisions

to alter revenue body staffing (e.g., additional staffing investments) or to make major investments in new facilities and ICT infrastructure.

It has become fairly common practice for revenue bodies to compute a “cost of collection” ratio as a measure of organizational efficiency and effectiveness. For example:

“IRAS aims to keep the cost of tax collection low. The average cost per dollar of tax collected in the last 5 financial years has been kept at below 1 cent. For FY2016/17, the cost per dollar of tax collected is 0.84 cents. This is 1% higher than last fiscal year. The increase is mainly due to an 8% increase in manpower costs.”⁷⁵

This ratio, which is computed by comparing total operating expenditure on tax administration (including support functions) with annual net revenue collections, is expressed as the cost of collecting 100 units of revenue. All other things being equal, a downward trend in the value of the ratio observed over a number of years is indicative of improvements in efficiency or effectiveness. However, movements in the ratio can also be significantly affected by other factors unrelated to changes in administrative efficiency and effectiveness over time, which may not always be readily isolated or acknowledged. For example, the value of the ratio may change significantly over time because of one or more of the following factors: (i) changes in tax rates and tax policies, (ii) changes in the range of taxes collected by the revenue body, (iii) abnormal levels of revenue body expenditure (e.g., major ICT staffing investments), and (iv) economic factors (e.g., the depression phase of an economic cycle). When interpreting the ratio and its trend, it is important to note that such factors may be relevant.

Computations of “cost-of-collection” ratios for the economies included in this report are presented in Table 9.2. Included in the table are known “structural” factors that complicate data comparisons between many of the economies reported. At the individual economy level, there are a number of economies where one or more factors have resulted in a significant change (either positive or negative) in the computed ratio when viewed over the years 2013–2017. Examples are provided in Figure 9.2.

2. Aggregate Salary Expenditure

Past studies in this series of reports reveal that staff salaries generally account for the largest proportion of a revenue body’s total expenditure budget—on average, around 60% of the total operating costs of the revenue bodies studied. However, the studies and related research also show that there can be significant variations across economies which are attributable to a range of factors: (i) the failure of some revenue bodies to account fully for all their staff-related remuneration costs, (ii) relatively lower levels of remuneration for staff in developing economies, and (iii) differences in expenditure budgeting practices (e.g., the treatment of specific expenditure items such as accommodation costs) that affect the overall amount of reported operating expenditure.

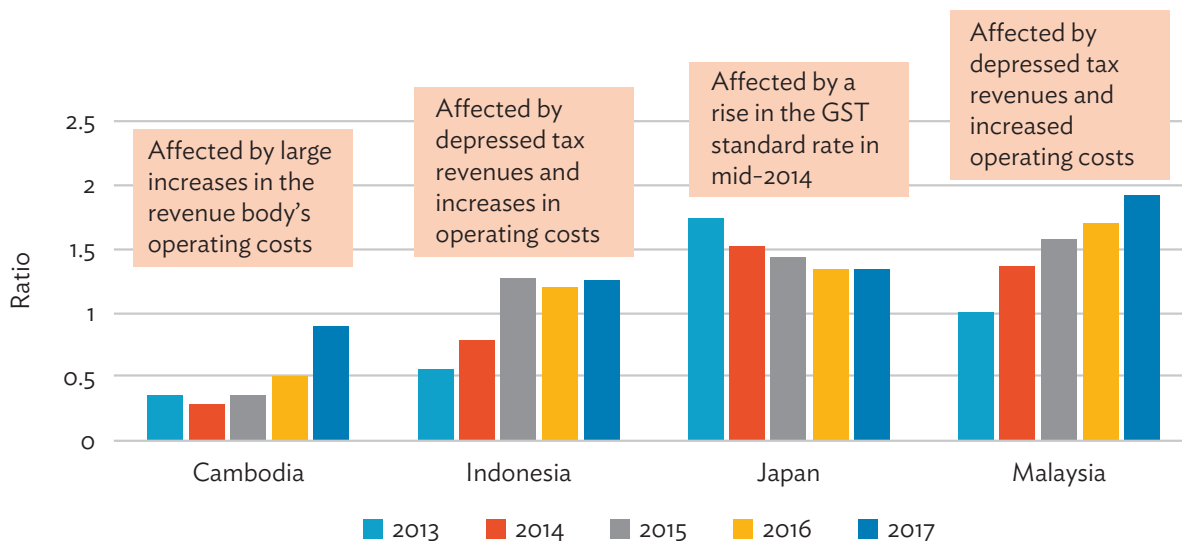
Figure 9.3 below presents reported salary expenditure as a proportion of total operating costs for 2016 and 2017. As will be apparent, the ratio tends to be reasonably consistent at the individual economy level, but varies enormously across the range of economies reported, ranging from 25% to well over 90%. Although the precise reasons for this variation in the computed ratios have not been identified, it is possible that the aforementioned factors are relevant for some of the revenue bodies that appear at the lower or higher ends of the range reported. Across all economies, the average ratio computed is around 60% for both 2016 and 2017, which is in line with historical averages.

3. Aggregate Information and Communication Technology Expenditure

Reported ICT costs in relation to total expenditure on tax administration can also vary enormously in size, particularly for economies that have made major investments in ICT for their business system modernization programs.

⁷⁵ Inland Revenue Authority of Singapore. 2017. *Annual Report 2016/17*. Singapore. p. 54.

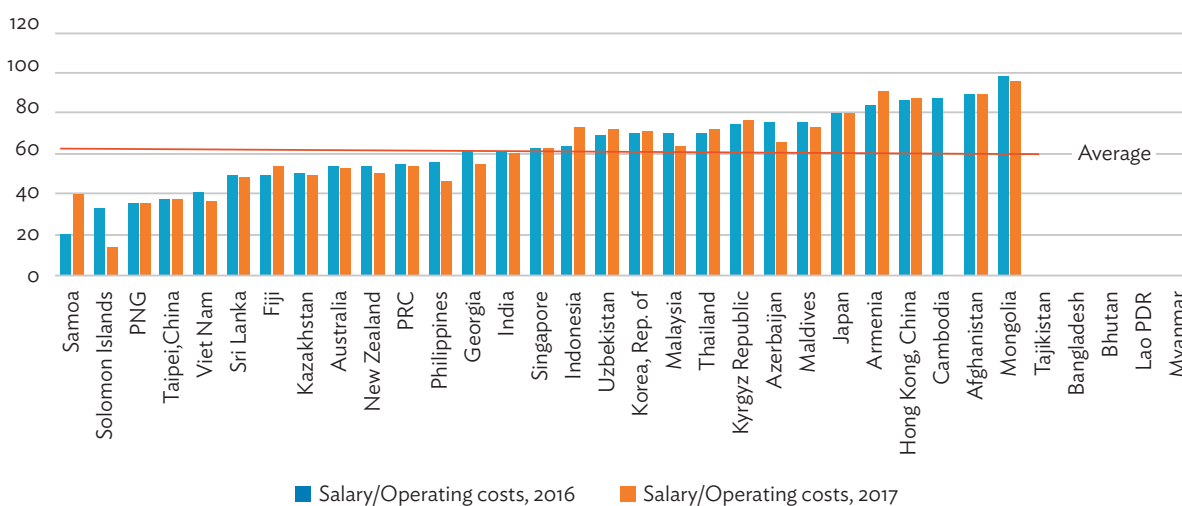
Figure 9.2: Cost-of-Collection Ratios for Selected Economies, 2013–2017



GST = goods and services treplareplaa.

Source: 2018 International Survey on Revenue Administration.

Figure 9.3: Total Salary Costs/Total Operating Costs, 2016 and 2017 (%)



Lao PDR= Lao People’s Democratic Republic, PNG = Papua New Guinea, PRC= People’s Republic of China.

Source: 2018 International Survey on Revenue Administration.

Table 9.2: Total Operating Expenditure as a Proportion of Net Revenue Collected (%)

Region/Economy	Total Costs of Tax Administration as a Proportion of Net Revenue Collected (%)					Factors Affecting the Comparability of Computed Ratios
	2013	2014	2015	2016	2017	
Central and West Asia						
Afghanistan	...	0.35	0.36	0.39	0.34	
Armenia	...	...	...	0.93	1.04	
Azerbaijan	...	...	...	0.35	0.38	
Georgia	...	...	...	1.44	1.56	
Kazakhstan	...	0.82	0.86	0.60	0.50	
Kyrgyz Republic	1.78	1.90	1.56	1.23	1.24	
Tajikistan	1.98	...	...	...	...
Uzbekistan	...	...	...	1.04	0.95	
East Asia						
China, People's Rep. of				0.37	0.32	
Hong Kong, China	0.66	0.58	0.48	0.50	0.52	Ratio excludes excises collected by Customs
Japan	1.74	1.52	1.43	1.34	1.34	Ratio excludes SSC collected separately
Korea, Rep. of	0.74	0.77	0.76	0.80	0.74	Ratio excludes SSC collected separately
Mongolia	...	...	...	...	...
Taipei,China	...	1.19	1.15	1.13	1.08	Ratio excludes SSC collected separately
Pacific						
Australia	0.93	0.94 ^a	0.86 ^a	0.86	0.83	
New Zealand	0.85	0.84 ^a	0.79 ^a	0.79 ^a	0.76 ^a	Ratio excludes excises collected by Customs
Papua New Guinea	0.69	0.65	0.78	0.75	0.73	
Samoa	...	...	...	2.67	2.82	
Solomon Islands	...	...	...	0.34	1.05	
South Asia						
Bangladesh	...	0.08	0.09	...	...
India	...	0.57	0.59	0.75	0.72	Ratio is computed for direct taxes only
Maldives	0.52	0.55	0.61	0.73	0.72	There is no personal income tax
Southeast Asia						
Cambodia	0.35	0.29	0.36	0.50	0.89	Ratio excludes excises collected by Customs
Indonesia	0.56	0.78	1.27	1.21	1.25	Ratio excludes excises collected by Customs
Malaysia	1.00	1.36	1.58	1.71	1.93	Ratio is computed for direct taxes only
Philippines	0.61	0.50	0.48	0.48	0.57	Ratio excludes excises collected by Customs
Singapore	0.79	0.85	0.86	0.84	0.84	Ratio excludes excises collected by Customs
Thailand	0.71	0.82	0.90			Ratio excludes excises and SSCs collected separately

... = data not available at cutoff date, SSC = social security contribution.

^a Both these revenue bodies perform extensive nontax roles, the costs of which have not been separately identified by the Organisation for Economic Co-operation and Development (OECD). For comparability, computations have therefore been made using prior-year cost apportionment ratios from OECD publications—about 16% for the Australian Taxation Office and 33% for the New Zealand Inland Revenue Department.

Sources: CIAT, IOTA, IMF, and OECD. 2018. *2018 International Survey on Revenue Administration (ISORA)*; ADB.2016. *A Comparative Analysis of Tax Administration in Asia and the Pacific*. Manila; OECD. 2017. *Tax Administration 2017: Comparative Information on OECD and Other Advanced and Emerging Economies*. Paris: OECD Publishing; and OECD. 2015. *Tax Administration 2015*. Paris: OECD Publishing.

Figure 9.4 below shows reported recurrent ICT expenditure as a proportion of total operating costs for 2016 and 2017. As for salary expenditure, the ratio tends to be reasonably consistent at the individual economy level, but varies greatly across the range of economies reported. This could be due in part to differences in the compilation of the aggregate of ICT expenditure (e.g., the inclusion of all ICT-related operating expenditures) at the individual economy level.

A number of revenue bodies were unable to report their ICT-related expenditure. For many others, the amounts reported appear extremely low in a relative sense, raising doubts as to whether all costs were identified and included in the reported aggregate. A number of economies reported ICT expenditure of over 20% of total operating costs (e.g., Australia, Azerbaijan, and Singapore), pointing to significant ICT investments overall and a good understanding of cost drivers at the organizational level. By way of example:

“ICT, comprising IT resources, depreciation of computer hardware and amortization of computer software, is the second highest cost component of IRAS’ operating costs. Compared to the previous year, there is an increase of 4% in the expenditure on ICT to S\$97.4 million. The increase is mainly due to increase in yearly contracted recurrent data center charges.”⁷⁶

4. Aggregate training expenditure

Data reported with respect to aggregate training expenditure are shown in Appendix Table A.42. Many revenue bodies were unable to report their training-related expenditure, while many others reported insignificant amounts, at around 1% or less of total salary expenditure, suggesting that some revenue bodies may not have fully accounted for all of their training costs. For the reasons indicated, the data reported are of limited value for comparative analysis purposes.

C. Cross-Economy Comparisons of Tax Administration Resources

1. Relative Staffing Levels

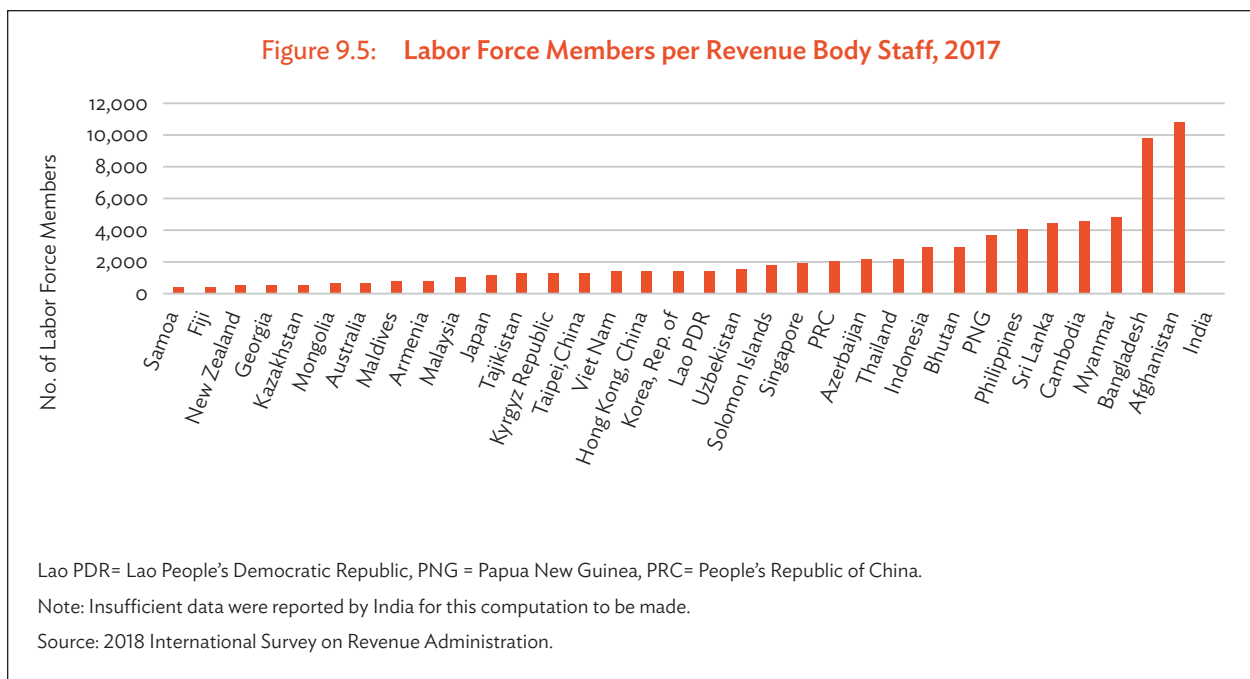
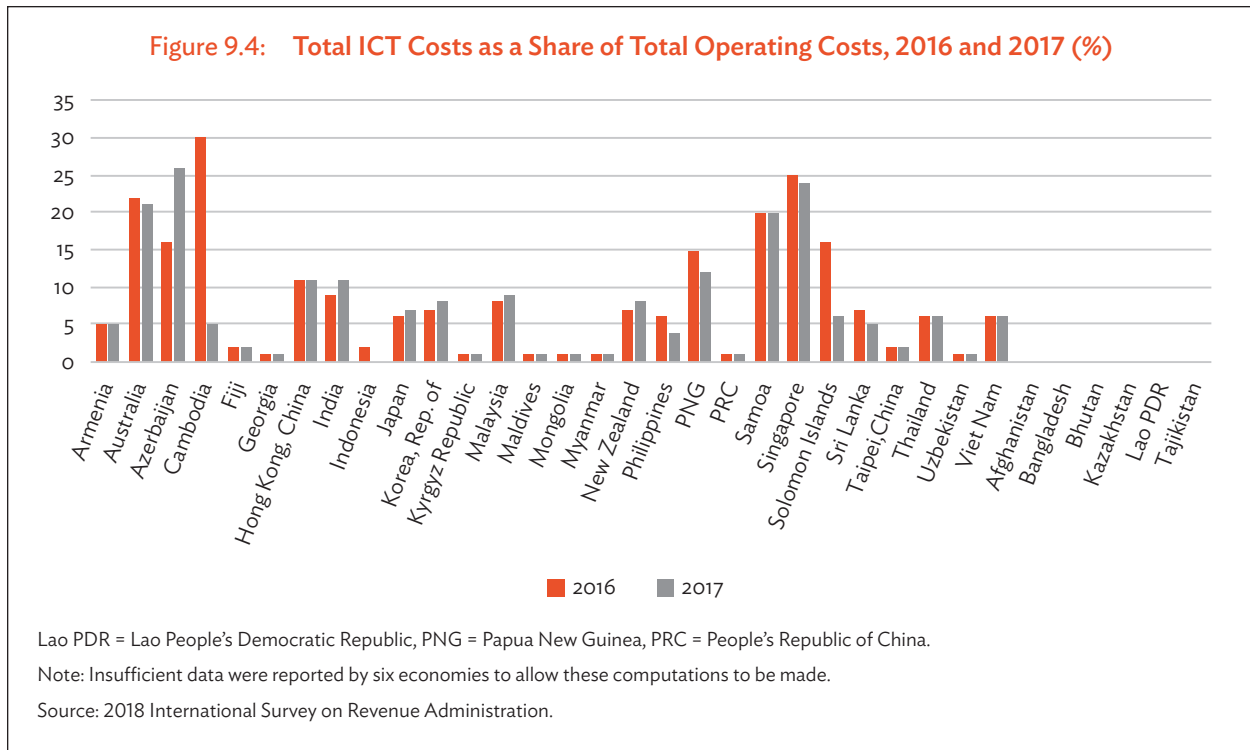
Staff use by national revenue bodies is summarized in Appendix Table A.43. To reflect a degree of relativity, aggregate staff levels have been compared with published labor force and population data to compute two ratios for 2017: (i) the number of labor force participants for every full-time revenue body staff member, and (ii) the number of citizens for every full-time revenue body staff member. These ratios are shown in Figures 9.5 and 9.6, respectively.

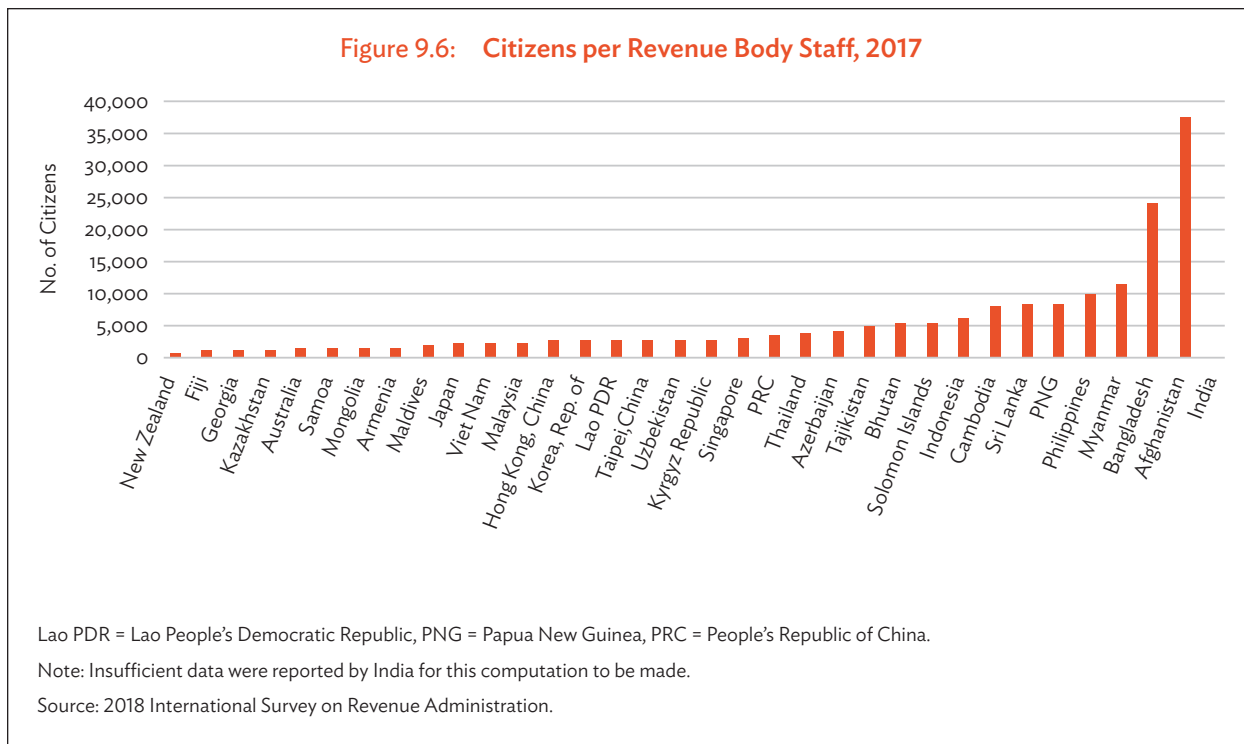
Comparisons of this nature are naturally subject to some of the qualifications referred to concerning “cost-of-collection” ratios. For example, differences in the range and nature of taxes administered all affect the magnitude of the computed ratios. The ratios vary enormously across the economies reported, indicating relatively low tax administration staff strength in many developing economies, particularly in Afghanistan, Bangladesh, Cambodia, Myanmar, PNG, the Philippines, and Sri Lanka. Significantly, as noted early in this chapter, revenue bodies in Cambodia, Indonesia, and PNG have received significant injections of additional staff resources over the last 3–4 years that would have improved their administrative capacity, although further injections of resources are likely to be required in the medium term.

2. Allocation of Staff Resources Among Tax Administration Functions

Revenue bodies have important choices to make concerning how they should allocate their limited resources among the tasks required for effective and efficient administration. On the one hand, staff resources are needed for essential work streams such as registering taxpayers and processing tax returns and tax payments. On the other

⁷⁶ Inland Revenue Authority of Singapore. 2017. *Annual Report 2016/17*. Singapore. p. 54.





hand, resources must also be devoted to other categories of work such as handling taxpayers' inquiries, verifying taxpayers' returns, and collecting tax debts, albeit with a degree of discretion as to how much effort should be expended on each work category. Resources must also be allocated to critical support capabilities such as information technology operations, personnel, and staff development. Ideally, revenue bodies should be able to optimize their use of technology, and employ clever organizational design and business practices that minimize the resources required for mandatory categories of work and organizational support capabilities, thereby maximizing the amount of resources available for discretionary work that can help secure additional tax revenue, improve service delivery, and ideally improve overall voluntary compliance.

Revenue bodies were requested to provide data on their staff allocations to specific functional groupings of work and the data reported are set out in Table 9.3 and presented at an overall summary level in Figure 9.7. The data reported in Table 9.3 should be interpreted with considerable care as the work groupings presented may not readily align with the organizational structures of some revenue bodies, meaning that some level of estimation has been relied upon for reporting purposes. Furthermore, it is possible that the work groupings applied have been interpreted differently by some revenue bodies when computing the data to be reported. For both these reasons, readers should view the data as broad estimates of the values they represent rather than as precise absolute values. With these qualifications in mind, there are a number of observations that can be drawn from the data presented:

- As will be evident, there are wide variations in the data reported by revenue bodies. In addition, about 20% of revenue bodies did not report any information about their staff allocations, suggesting possible gaps in their resource management systems.
- Allocations for registration, taxpayer services, and returns and payments processing vary to a fair degree. Viewed in aggregate, the allocations appear exceptionally high (over 50%) in six economies, and may result from the fact

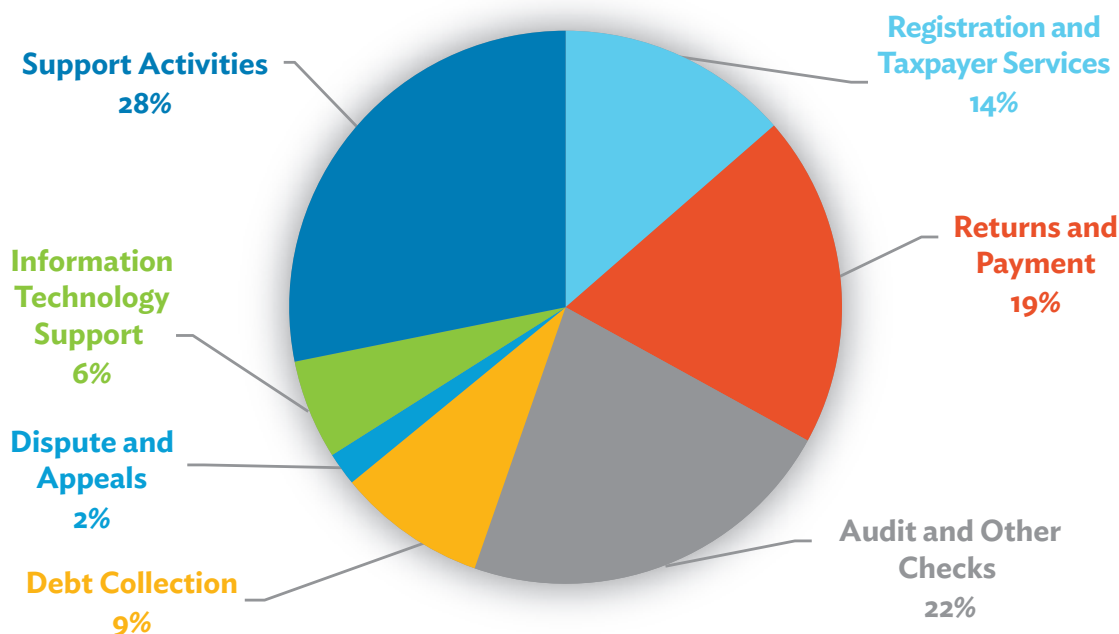
Table 9.3: Use of Revenue Body Staff for Tax Administration, by Function, 2017

Region/Economy	Deployment of Revenue Body Staff, by Tax Function, in 2017 (as % of Total FTEs Used)						
	Registration and Taxpayer Services	Returns and Payment	Audit and Other Checks	Debt Collection	Dispute and Appeals	Information Technology Support	Support Activities
Central and West Asia							
Afghanistan	23		17	3	0	7	50
Armenia	10	21	50	2	3	3	12
Azerbaijan	20	11	13	19	2	<1	35
Georgia	10	1	10	3	1	2	73
Kazakhstan	22	12	12	5	5	25	19
Kyrgyz Republic	...	...	...	...	...	...	...
Tajikistan	39	13	11	7	1	27	1
Uzbekistan	11	8	5	7	0	1	68
East Asia							
China, People's Rep. of	...	...	...	...	...	...	...
Hong Kong, China	5	60	8	8	1	6	13
Japan	...	...	...	...	...	...	...
Korea, Rep. of	8	51	22	6	1	3	9
Mongolia	15	8	20	35	<1	3	18
Taipei, China	17	5	46	4	5	4	18
Pacific							
Australia	3	17	26	7	3	8	36
Fiji	3	54	15	5	2	3	18
New Zealand	17	13	25	16	1	6	23
Papua New Guinea	22	14	25	34	1	3	14
Samoa	21	12	15	12	9	8	22
Solomon Islands	35	53	6	1	<1	5	<1
South Asia							
Bangladesh	...	...	...	...	...	...	...
Bhutan	5	5	53	5	6	2	24
India	...	...	...	...	...	...	...
Maldives	6	31	35	10	3	4	11
Sri Lanka	...	...	...	...	...	...	...
Southeast Asia							
Cambodia	11	10	25	9	1	1	43
Indonesia	22	19	12	4	2	1	40
Lao PDR	...	...	...	...	...	...	...
Malaysia	11	14	27	7	<1	3	38
Myanmar	...	...	...	...	...	...	...
Philippines	4	61		3		32	
Singapore	6	35	21	10	0	12	16
Thailand	10	13	27	6	2	3	40
Viet Nam	4	11	24	5	2	1	26
<i>Average %</i>	14	20	23	9	2	6	29

... = data not available at cutoff date, FTE = full-time equivalent (staff), Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Figure 9.7: Staff Resource Allocations of Revenue Bodies, 2017



Source: 2018 International Survey on Revenue Administration.

that all of these economies, with the exception of one (Republic of Korea), do not appear to have established widely used systems of electronic filing and payment (Appendix Tables A.8a, A.8b, and A.9).

- Allocations for verification work (audits and other checks) appear to be relatively high (over 40%) for revenue bodies in Armenia; Bhutan; and Taipei, China; they may include resources devoted to the clerical or technical vetting of returns rather than actual verification of the data reported in those returns.
- Allocations for verification functions appear to be relatively low (below 15%) for revenue bodies in Azerbaijan; Georgia; Hong Kong, China; Indonesia; Kazakhstan; PNG; Solomon Islands; Tajikistan; and Uzbekistan. In the case of Hong Kong, China, the low allocation of resources for verification is explained by the fact that the income tax laws in this jurisdiction operate on the basis of technical assessment rather than self-assessment, meaning that many or most tax returns received are subject to some level of technical scrutiny before a formal assessment is issued. The high proportion of resources allocated for returns and payment processing (60%) is evidence of this situation.
- Allocations for the debt collection function of 5% or less—relatively low by the benchmarks of advanced economies—are made in a number of economies. The significance of this situation needs to be appraised in the context of the respective debt inventories and debt levels of those economies (Chapter VII).
- Quite a number of revenue bodies reported relatively large allocations of staff for support functions (over one-third of total staffing). This needs to be borne in mind when interpreting the allocations of the economies concerned (Afghanistan, Australia, Azerbaijan, Cambodia, Georgia, Indonesia, Malaysia, Thailand, and Uzbekistan).

- The overall average allocation of staff resources to each functional work grouping is shown in Figure 9.7 and at the foot of Table 9.3.

3. *Ratio of Net Administrative Expenditure to Net Revenue Collected*

The cost-of-collection ratio described earlier in this chapter is sometimes used to compare the performance of revenue bodies in different economies. In this context, there are various factors to be taken into account before drawing any conclusions about relative efficiency and effectiveness. Important considerations are:

- differences in tax rates and structures,
- differences in the scope of taxes administered by revenue bodies,
- the inclusion or exclusion of social security contributions where such regimes exist,
- differences in the scope of functions undertaken by the revenue bodies, and
- differences in the measurement methodology used for deriving the ratio.

These factors should be considered, or their existence at least acknowledged, when the cost-of-collection ratio is used in making international comparisons.

Appendixes

Table A.1: Participating Revenue Bodies and Related Information

Region/Member	Name	Website Address	End of Fiscal Year
Central and West Asia			
Afghanistan	Afghanistan Revenue Department	www.ard.mof.gov.af	20 December
Armenia	State Revenue Committee	www.taxservice.am	31 December
Azerbaijan	Ministry of Taxes	www.taxes.gov.az	31 December
Georgia	Revenue Service	www.rs.ge	31 December
Kazakhstan	State Revenue Committee	www.kgd.gov.kz	31 December
Kyrgyz Republic	State Tax Service	www.sti.gov.kg	31 December
Tajikistan	Tax Committee	www.andoz.tj	31 December
Uzbekistan	State Tax Committee	www.soliq.uz	31 December
East Asia			
China, People's Rep. of	State Taxation Administration	www.chinatax.gov.cn	31 December
Hong Kong, China	Inland Revenue Department	www.ird.gov.hk	31 March
Japan	National Tax Agency	www.nta.go.jp	31 March
Korea, Rep. of	National Tax Service	www.nts.go.kr	31 December
Mongolia	General Department of Taxation	www.mta.mn	31 December
Taipei, China	Taxation Administration		31 December
Pacific			
Australia	Australian Taxation Office	www.ato.gov.au	30 June
Fiji	Fiji Revenue and Customs Service	www.frccs.org.fj	31 December
New Zealand	Inland Revenue Department	www.ird.govt.nz	30 June
Papua New Guinea	Internal Revenue Commission	www.irc.gov.pg	31 December
Samoa	Ministry of Revenue	Revenue.gov.ws	30 June
Solomon Islands	Inland Revenue Division	http://www.ird.gov.sb	31 December
South Asia			
Bangladesh	National Board of Revenue	www.nbr.gov.bd	30 June
Bhutan	Department of Revenue and Customs	www.drc.gov.bt	30 June
India	Central Board of Direct Taxes	www.incometaxindia.gov.in	31 March
Maldives	Maldives Inland Revenue Authority	www.mira.gov.mv	31 December
Sri Lanka	Inland Revenue Department	www.ird.gov.lk	31 December
Southeast Asia			
Cambodia	General Department of Taxation	www.tax.gov.kh	31 December
Indonesia	Directorate General of Taxes	www.pajak.go.id	30 December
Lao PDR	Tax Department	www.tax.gov.la	31 December
Malaysia	Inland Revenue Board of Malaysia	www.hasil.gov.my	31 December
Myanmar	Internal Revenue Department	www.irdmyanmar.gov.mm	30 September
Philippines	Bureau of Internal Revenue	www.bir.gov.ph	31 December
Singapore	Inland Revenue Authority of Singapore	www.iras.gov.sg	31 March
Thailand	Revenue Department	www.rd.go.th	30 September
Viet Nam	General Department of Taxation	www.gdt.gov.vn	31 December

Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.2a: Selected Demographic, Economic, and Social Indicators—Part 1

Region/Economy	Population (2017 actual/ latest estimate, million)		Population		Adult Literacy Rate (2011)	Proportion of Population Living on \$3.20 a Day in 2016 (2011 PPP) (%)
	Citizens	Labor Force	% Aged 15–64 Years	% Aged over 64 Years		
Central and West Asia						
Afghanistan	29.7	8.5	54.2	2.6	31.7	...
Armenia	3.0	1.5	68.8	11.2	99.7	14.1
Azerbaijan	9.9	5.1	70.7	6.0	99.8 (2016)	...
Georgia	3.7	2.0	66.0	14.9	99.6 (2014)	17.1
Kazakhstan	18.0	9.0	65.1	7.0	99.8 (2010)	0.3 (2011)
Kyrgyz Rep.	6.1	2.8	63.7	4.5	99.2 (2009)	19.1
Tajikistan	8.8	2.3	61.3	3.5	...	20.3 (2015)
Uzbekistan	32.4	18.1	67.5	4.5	100 (2015)	...
East Asia						
China, People's Rep. of	1,390.0	806.7	71.7	10.6	95.1 (2010)	9.5 (2014)
Hong Kong, China	7.4	3.9	72.2	16.3	...	...
Japan	126.8	67.2	60.1	27.0	...	...
Korea, Rep. of	51.4	27.7	72.6	13.9	...	0.7 (2012)
Mongolia	3.1	1.2	66.3	4.0	98.3 (2010)	6.5
Taipei, China	23.6	11.8	73.2	13.4	...	...
Pacific						
Australia	24.6	13.0	65.5	15.5	...	...
Fiji	0.9	0.35	65.3	6.2	...	14.3 (2013)
New Zealand	4.8	2.7	64.9	15.3	...	...
Papua New Guinea	8.7	3.7	60.3	3.8	...	65.6 (2009)
Samoa	0.2	0.05	57.8	5.6	99.0	...
Solomon Islands	0.6	0.2	57.7	3.5	...	58.8 (2013)
South Asia						
Bangladesh	162.7	66.6	66.5	5.1	72.8 (2016)	52.9
Bhutan	0.7	0.4	68.6	4.9	57.0 (2012)	14.5 (2012)
India	1,316.0	521.9	66.2	6.0	69.3	60.4 (2011)
Maldives	0.5	0.22	72.5	4.1	98.6 (2014)	24.4 (2009)
Sri Lanka	21.4	11.6	65.9	10.1	91.2 (2010)	9.5
Southeast Asia						
Cambodia	15.4	8.9	64.3	4.4	73.9 (2009)	...
Indonesia	261.9	125.0	67.3	5.3	95.4 (2016)	30.9
Lao PDR	6.7	3.6	63.1	4.0	58.3	58.7 (2012)
Malaysia	32.0	14.9	69.4	6.3	93.1 (2010)	3.1 (2009)
Myanmar	53.4	22.3	67.4	5.7	75.6 (2016)	29.8 (2015)
Philippines	104.9	42.8	63.5	4.8	96.4 (2013)	33.7 (2015)
Singapore	5.6	3.7	72.1	12.9	97.0 (2016)	...
Thailand	67.7	38.4	71.3	11.4	92.9 (2015)	1.1 (2013)
Viet Nam	93.7	54.8	69.8	7.1	93.5 (2009)	11.2 (2014)

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic, PPP = purchasing power parity.

Sources: ADB. 2018. *Key Indicators for Asia and the Pacific 2018*, Manila; OECD. Labor Force Statistics, 2008–2017 (online database); and Central Intelligence Agency. The World Factbook (online database, accessed 19 January 2019).

Table A.2b: Selected Demographic, Economic, and Social Indicators—Part 2

Region/Economy	Gross National Income per Capita in 2017, Atlas Method (current \$)	Growth Rates of Real GDP (%)		Proportion of Population with Access to Electricity in 2016 (%)	Communications Access in 2016 (per 100 people)	
		2016	2017		Mobile Phones	Internet Users ^a
Central and West Asia						
Afghanistan	570	3.6	7.2	84.1	62.3	10.6
Armenia	4,000	0.2	7.5	100.0	117.4	67.0
Azerbaijan	4,080	(3.1)	0.1	100.0	104.8	78.2
Georgia	3,790	2.8	5.0	100.0	140.9	58.0
Kazakhstan	7,890	1.1	4.0	100.0	142.0	74.6
Kyrgyz Republic	1,130	4.3	4.6	100.0	127.8	34.5
Tajikistan	990	6.9	...	100.0	107.6	20.5
Uzbekistan	1,980	6.2	5.2	100.0	74.0	46.8
East Asia						
China, People's Rep. of	8,690	6.7	6.9	100.0	97.3	53.2
Hong Kong, China	46,310	2.2	3.8	100.0	240.8	87.5
Japan	38,550	1.0	1.7	100.0	130.6	93.2
Korea, Rep. of	28,380	1.2	5.1	100.0	120.7	92.8
Mongolia	3,290	1.2	5.1	81.8	111.2	22.3
Taipei, China	23,836	1.4	2.9	...	124.1	79.7
Pacific						
Australia	51,360	2.8	2.1	100.0	110.1	88.2
Fiji		0.4	...	98.6	116.2	46.5
New Zealand	38,970	3.7	...	100.0	124.4	88.5
Papua New Guinea	2,410	...	...	22.9	46.8	9.6
Samoa	4,100	6.5	-0.4	100.0	77.4	29.4
Solomon Islands	1,920	3.4	...	47.9	69.5	11.0
South Asia						
Bangladesh	1,470	7.1	7.3	75.9	83.4	18.2
Bhutan	2,720	8.0	...	100.0	87.5	41.8
India	1,820	7.1	6.7	84.5	85.2	29.5
Maldives	9,570	6.2	...	100.0	189.9	59.1
Sri Lanka	21.4	4.5	3.1	95.6	124.0	32.1
Southeast Asia						
Cambodia	1,230	7.0	6.9	49.8	126.3	32.4
Indonesia	3,540	5.0	5.1	97.6	147.7	25.4
Lao PDR	2,270	7.0	6.9	87.1	58.6	21.9
Malaysia	9,650	4.2	5.9	100.0	140.8	78.8
Myanmar	1,190	5.9	6.8	57.0	95.7	25.1
Philippines	3,660	6.9	6.7	91.0	109.4	55.5
Singapore	54,530	2.4	3.6	100.0	150.5	81.0
Thailand	5,960	3.3	3.9	100.0	173.8	47.5
Viet Nam	2,170	6.2	6.8	100.0	...	46.5

... = data not available at cutoff date, () = negative rate, GDP = gross domestic product, Lao PDR = Lao People's Democratic Republic.

^a The reference population differs across economies. Details are provided in the documentation of the International Telecommunication Union.

Source: ADB.2018. *Key Indicators for Asia and the Pacific*. Manila.

Table A.3a: Tax Revenue Collections, 2014–2017

Region/Economy	Total Tax Revenue Collected by Revenue Body: All Taxes (million, in local currency)			
	2014	2015	2016	2017
Central and West Asia				
Afghanistan	29,407	30,841	31,211	37,201
Armenia	...	...	768,553	775,976
Azerbaijan	...	...	6,536	6,610
Georgia	...	...	8,254	7,643
Kazakhstan	5,115,743	4,883,912	6,912,132	8,499,328
Kyrgyz Republic	40,030	52,623	64,472	69,188
Tajikistan	6,989	7,691	11,224	12,801
Uzbekistan	...	...	41,579,700	49,797,200
East Asia				
China, People's Rep. of	...	...	15,730,129	17,711,405
Hong Kong, China	243,549	301,933	291,327	290,172
Japan	43,969,006	49,498,220	52,618,569	52,485,955
Korea, Rep. of	195,727,143	208,161,524	193,280,304	215,046,988
Mongolia	2,535,000	2,449,000	2,382,208	3,812,871
Taipei, China	1,976,107	2,134,857	2,224,075	2,251,246
Pacific				
Australia	318,452	333,429	339,096	355,759
Fiji	...	...	1,748	1,499
New Zealand	56,297	59,748	63,401	69,223
Papua New Guinea	8,877	7,776	6,386	6,966
Samoa	...	...	187	177
Solomon Islands ^a	1,770	1,846	1,780	1,610
South Asia				
Bangladesh	1,357,007	1,555,187	1,536,269	1,716,564
Bhutan	16,182	18,387	21,707	27,108
India	6,375,660	6,946,970	7,417,580	8,498,010
Maldives	9,460	10,439	10,763	11,834
Sri Lanka	...	...	641,546	836,517
Southeast Asia				
Cambodia	4,267,992	5,210,222	6,006,145	7,895,791
Indonesia	667,898,565	714,709,858	1,105,974,444	1,151,028,119
Lao PDR	9,645,848	8,569,497	12,983,989	13,688,758
Malaysia	126,697	114,234	113,939	123,301
Myanmar	...	...	...	...
Philippines	1,333,252	1,433,301	1,575,783	1,780,802
Singapore	41,568	43,388	44,771	47,028
Thailand	1,324,654	1,364,310	1,478,665	1,500,947
Viet Nam	472,905,496	570,559,753	807,107,000	928,818,000

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic.

^a Revenue data represent taxes on income and profits, and goods and services collected by the Inland Revenue Division.

Source: 2016 and 2018 International Surveys on Revenue Administration.

Table A.3b: Nontax and Total Revenue Collections, 2016 and 2017

Region/ Economy	Nontax Revenue Collections (million, in local currency)		Total Revenue Collections (million, in local currency)	
	2016	2017	2016	2017
Central and West Asia				
Afghanistan	38,253	37,599	69,464	74,802
Armenia	52,101	62,649	820,654	838,625
Azerbaijan	542	429	7,078	7,039
Georgia	118	174	8,372	7,817
Kazakhstan	0	0	6,912,132	8,499,328
Kyrgyz Republic	3,341	4,273	67,813	73,461
Tajikistan	210	230	11,434	13,031
Uzbekistan	0	0	41,579,700	49,897,200
East Asia				
China, People's Rep. of	440,981	468,663	16,171,110	18,180,068
Hong Kong, China	0	0	291,327	290,172
Japan	0	0	52,618,569	52,485,955
Korea, Rep. of	1,041,696	991,012	194,322,000	216,038,000
Mongolia	15,288	16,214	2,397,496	3,829,085
Taipei, China	0	0	2,224,075	2,251,246
Pacific				
Australia	759	724	339,855	356,483
Fiji	0	0	1,748	1,499
New Zealand	882	864	64,283	70,087
Papua New Guinea	516	123	6,902	7,089
Samoa	3	3	190	180
Solomon Islands	0	0	1,780	1,610
South Asia				
Bangladesh	0	0	1,536,269	1,716,564
Bhutan	8,006	9,764	29,713	36,871
India	0	0	7,417,580	8,498,010
Maldives	3,767	3,354	14,530	15,188
Sri Lanka	...	...	641,546	836,517
Southeast Asia				
Cambodia	4,337	8,272	6,010,481	7,904,063
Indonesia	0	0	1,105,970,000	1,151,030,000
Lao PDR	0	0	12,983,989	13,688,758
Malaysia	6	11	113,945	123,312
Myanmar	0	0	2,071,780	1,871,000
Philippines	0	0	1,575,783	1,780,802
Singapore	0	0	44,771	47,028
Thailand	0	0	1,478,665	1,500,947
Viet Nam	300,000	360,000	1,107,000	1,289,000

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.4: Revenue Collections and VAT Refunds, 2016 and 2017

Region/Economy	VAT Revenues (million, in local currency)					
	Gross Revenue Collected		Total Refunds Made		Refunds/Gross Revenue (%)	
	2016	2017	2016	2017	2016	2017
Central and West Asia						
Afghanistan ^b	0	0	0	0	0	0
Armenia	271,500	266,472	48,657	60,616	17.7	22.8
Azerbaijan	2,142	1,928	83	37	3.9	1.9
Georgia	3,287	4,123	168	227	5.1	5.5
Kazakhstan	1,495,682	1,664,699	498,378	612,084	33.3	36.8
Kyrgyz Republic	24,003	27,703	976	1,068	4.1	3.9
Tajikistan	4,751	5,362	...	...	...	...
Uzbekistan	6,958	8,634	288	499	4.1	5.8
East Asia						
China, People's Rep. of	(5,304,638) ^a	(7,140,578) ^a	...	...	...	...
Hong Kong, China ^b	0	0	0	0	0	0
Japan	21,296,942	21,927,364	5,432,241	5,670,636	25.5	25.9
Korea, Rep. of	61,828,203	67,086,975	40,048,573	46,462,063	64.8	69.2
Mongolia	...	...	...	...	...	...
Taipei, China	(354,609) ^a	(361,854) ^a	...	...	...	...
Pacific						
Australia	108,205	113,222	54,169	56,700	50.0	49.6
Fiji	1,387	975	287	242	20.7	24.8
New Zealand	27,599	29,651	11,158	11,751	41.1	40.3
Papua New Guinea	1,981	2,408	533	267	26.9	11.1
Samoa	202	199	21	29	18.1	17.0
Solomon Islands ^b	0	0	0	0	0	0
South Asia						
Bangladesh	(612,351) ^a	(723,672) ^a	...	...	...	...
Bhutan ^b	0	0	0	0	0	0
India	0	...	0	...	0	...
Maldives	(6,277) ^a	(6,851) ^a	...	...	...	...
Sri Lanka	284,138	444,458	719	686	<1.0	<1.0
Southeast Asia						
Cambodia	1,758,552	2,396,672	129,612	236,817	7.4	9.9
Indonesia	459,032,755	533,058,026	63,260,755	69,680,026	13.8	13.1
Lao PDR	(4,915,630) ^a	(5,149,574) ^a	...	...	...	...
Malaysia	...	...	...	...	...	...
Myanmar ^b	0	0	0	0	0	0
Philippines	326,215	360,554	5,198	4,680	1.6	1.3
Singapore	19,368	19,582	9,021	8,500	46.6	43.4
Thailand	716,383	742,249	209,440	211,236	29.2	28.4
Viet Nam	370,606	412,560	98,982	100,125	26.7	24.3

... = data not available at cutoff date, n.a. = not applicable, Lao PDR = Lao People's Democratic Republic, VAT = value-added tax.

^a These amounts are net VAT revenue (after any refunds).

^b These economies did not administer a VAT system for the years indicated.

Source: 2018 International Survey on Revenue Administration.

Table A.5: VAT/GST Revenue Productivity, 2014–2016

Region/Economy	VAT/GST Ratio (%)		VAT/GST Productivity Ratio		VAT Revenue Ratio		
	2015	2016	2015	2016	2014	2015	2016
Central and West Asia							
Armenia	7.5	6.7	0.375	0.335	...	...	...
Azerbaijan	6.4	6.9	0.355	0.383	...	...	...
Georgia	11.1	10.8	0.617	0.600	...	...	...
Kazakhstan	2.3	3.2	0.192	0.267	...	...	0.44
Kyrgyz Republic	7.7	8.6	0.642	0.727	...	...	...
Tajikistan	...	...	...	...	...	...	...
Uzbekistan	6.3	6.0	0.315	0.300	...	...	...
East Asia							
China, People's Rep. of	...	...	...	...	...	...	...
Japan	4.2	4.1	0.525	0.512	0.69	0.73	0.71
Korea, Rep. of	3.8	4.2	0.380	0.420	0.69	0.64	0.70
Mongolia	4.5	4.8	0.450	0.480	...	...	...
Taipei,China	2.1	2.2	0.420	0.440	...	...	...
Pacific							
Australia	3.7	3.7	0.370	0.370	0.48	0.48	0.50
Fiji	10.5	7.9 ^a	0.700	0.878	...	...	...
New Zealand	9.5	9.4	0.633	0.620	0.95	0.96	0.95
Papua New Guinea	2.6	2.3	0.260	0.230	...	...	...
Samoa	10.0	9.5	0.667	0.633	...	...	...
South Asia							
Bangladesh	4.4	4.7	0.293	0.313	...	...	...
India	^b	^b	...	...	...	...	...
Maldives	9.8	10.1	...	...	...	...	...
Sri Lanka	2.0	2.4	0.133	0.160	...	...	...
Southeast Asia							
Cambodia	4.8	4.8	0.480	0.480	...	...	...
Indonesia	3.7	3.3	0.370	0.330	...	...	0.53
Lao PDR	3.7	3.3	0.370	0.330	...	...	...
Malaysia	2.8 ^c	3.4 ^c	0.467	0.567	...	...	0.80
Philippines	2.3 ^d	2.3 ^d	0.167	0.167	...	...	...
Singapore	2.5	2.6	0.357	0.371	0.84	0.81	...
Thailand	3.9	3.9	0.557	0.557	...	...	0.86
Viet Nam	6.0	6.3	0.600	0.630	...	...	...

... = data not available at cutoff date, GST = goods and services tax, Lao PDR = Lao People's Democratic Republic, VAT = value-added tax.

^a Fiji's standard rate was reduced from 15% to 9%, effective 1 January 2016.

^b India's GST did not commence until 2017.

^c Malaysia's GST commenced in mid-2015 and was repealed in 2018.

^d Philippine ratios are understated owing to the noninclusion of VAT on imports.

Sources: OECD. 2018. *Consumption Tax Trends: VAT/GST and Excise Rates, Trends, and Policy Issues*. Paris: OECD Publishing; OECD. 2018. *Revenue Statistics in Asian Countries: Trends in Indonesia, Japan, Kazakhstan, Korea, Malaysia, the Philippines and Singapore, 1990–2015*. Paris: OECD Publishing; and International Monetary Fund Article IV Reports for 2018 and 2019.

Table A.6: Office Networks for Tax Administration—Number of Offices, 2017

Region/Economy	Office Network (no. of offices in 2017, by office type)							Average Number of Staff/Office (year-end 2017)
	HQ	Regional	Local	Data Processing	Service Centers	Other	Total	
Central and West Asia								
Afghanistan	1	21	18	0	1	0	41	19
Armenia	1	7	10	0	1	0	19	82
Azerbaijan	1	17	10	0	1	1	30	76
Georgia	1	0	45	0	0	4	56	64
Kazakhstan	1	20	219	0	0	0	240	63
Kyrgyz Republic	1	8	56	0	0	0	65	34
Tajikistan	1	5	68	0	24	0	98	18
Uzbekistan	1	14	200	1	0	0	216	55
East Asia								
China, People's Rep. of	1	36	3,660	37	38	0	3,772	105
Hong Kong, China	1	0	0	0	0	0	1	2,943
Japan	1	12	524	...	...	...	537	102
Korea, Rep. of	1	6	140	0	1	2	150	135
Mongolia	1	2	30	1	1	0	35	55
Taipei, China	1	0	80	0	0	2	83	105
Pacific								
Australia	1	21	0	0	0	2	24	862
Fiji	1	0	9	...	...	...	10	82
New Zealand	1	0	9	2	15	0	27	204
Papua New Guinea	1	4	22	0	0	0	27	36
Samoa	1	0	5	0	0	0	6	33
Solomon Islands	1	4	0	0	0	0	5	23
South Asia								
Bangladesh	1	71	907	1	0	0	980	8
Bhutan	1	8	0	0	0	0	9	16
India	1	18	500	37	5	0	561	...
Maldives	1	12	2	0	0	0	15	19
Sri Lanka	1	20	0	0	0	0	21	128
Southeast Asia								
Cambodia	1	9	24	1	0	0	33	55
Indonesia	1	33	560	4	1	0	599	72
Lao PDR	1	16	142	0	0	0	159	16
Malaysia	1	12	100	1	2	0	116	117
Myanmar	1	19	271	0	5	0	0	16
Philippines	1	20	124	5	1	0	151	70
Singapore	1	0	0	0	0	0	1	1,933
Thailand	1	12	969	1	1	0	983	22
Viet Nam	1	63	711	1	0	0	776	53

... = data not available at cutoff date, HQ = headquarters, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.7: Office Networks for Tax Administration—Number of Staff, 2017

Region/Economy	Office Network (no. of FTEs in 2017, by office type)						Total
	HQ	Regional	Local	Data Processing	Service Centers	Other	
Central and West Asia							
Afghanistan	446	348	0	0	6	0	800
Armenia	898	381	515	0	13	0	1,808
Azerbaijan	334	1,874	86	0	25	30	2,349
Georgia	783	0	1,895	0	0	913	3,591
Kazakhstan	873 ^a	8,190 ^a	6,097 ^a	0	0	0	15,160 ^a
Kyrgyz Republic	201 ^a	249 ^a	1,806 ^a	0	0	0	2,256 ^a
Tajikistan	193	237	1,385	18	0	0	1,833
Uzbekistan	232	1,772	9,685	53	0	0	11,742
East Asia							
China, People's Rep. of	1,113	13,997	310,058	23,173	49,150	0	397,491
Hong Kong, China	2,841	0	0	0	0	0	2,841
Japan	939	11,706	42,224	0	0	797	55,666
Korea, Rep. of	862	3,865	15,152	0	140	97	20,116
Mongolia	123	195	1,515	49	27	0	1,909
Taipei, China	2,828	0	6,078	0	0	18	8,924
Pacific							
Australia	2,167	15,735	0	0	0	3	17,905
Fiji	531	0	318	0	0	0	849
New Zealand	1,592	0	130	701	2,978	0	5,401
Papua New Guinea	656	250	115	0	0	0	1,021
Samoa	124	0	5	0	0	0	129
Solomon Islands	56	54	0	0	0	0	110
South Asia							
Bangladesh	...	...	...	...	...	...	...
Bhutan	5	131	0	0	0	0	136
India	...	...	...	...	...	...	...
Maldives	182	38	64	0	0	0	284
Sri Lanka	...	...	...	...	...	...	2,616
Southeast Asia							
Cambodia	721	369	821	10	15	0	1,936
Indonesia	3,138	3,786	31,830	289	231	0	43,052
Lao PDR	...	...	...	...	...	...	...
Malaysia	2,140	582	10,339	323	136	0	13,520
Myanmar	713	931	2,971	0	29	0	4,644
Philippines	2,084	2,403	6,175	13	19	-	10,694
Singapore	1,878	0	0	0	0	0	1,878
Thailand	1,119	1,465	14,579	193	21	0	17,377
Viet Nam	711	9,060	31,523	13	0	0	41,307

... = data not available at cutoff date, FTE = full-time equivalent, HQ = headquarters, Lao PDR = Lao People's Democratic Republic.

^a Data are for fiscal year 2015.

Source: 2018 International Survey on Revenue Administration.

Table A.8a: Performance Metrics—Tax Returns Processed via Electronic Channels, 2014–2017 (Part 1)

Region/ Economy	Corporate Income Tax: E-filed Returns (% of total returns)				VAT: E-filed Returns (% of total returns)			
	2014	2015	2016	2017	2014	2015	2016	2017
Central and West Asia								
Afghanistan	0	0	0	0	n.a.	n.a.	n.a.	n.a.
Armenia	...	...	91	94	...	...	99	99
Azerbaijan	...	...	97	100	...	...	98	100
Georgia	...	...	73	90	...	...	88	92
Kazakhstan	96	96	...	...	97	97	...	...
Kyrgyz Rep.	9	10	...	7	18	13	...	...
Tajikistan	...	...	^a	^a	...	...	...	...
Uzbekistan	...	...	34	33	...	...	...	...
East Asia								
China, People's Rep. of	...	...	...	...	...	...	...	...
Hong Kong, China	0	0	1	1	n.a.	n.a.	n.a.	n.a.
Japan	57	59	...	...	...	...	...	...
Korea, Rep. of	97	97	99	...	94	98	...	...
Mongolia	100	100	100	100	100	100	100	100
Taipei, China	99	99	99	99	96	96	96	97
Pacific								
Australia	94	93	94	94	71	75	72	76
Fiji	0	0	0	0	0	0	0	0
New Zealand	89	90	84	85	55	64	70	77
Papua New Guinea	0	0	0	0	0	0	0	0
Samoa	0	0	0	0	0	0	0	0
Solomon Islands	0	0	0	0	0	0	0	0
South Asia								
Bangladesh	0	0	0	0	0	0	0	0
Bhutan	33	9	100	100	n.a.	n.a.	n.a.	n.a.
India	87	92	100	100	n.a.	n.a.	n.a.	n.a.
Maldives	0	<1	<1	5	<1	<1	19	47
Sri Lanka	0	0	0	0	0	0	0	0
Southeast Asia								
Cambodia	0	0	0	0	0	0	0	0
Indonesia	...	...	64	74	...	...	99	99
Lao PDR	...	...	...	...	...	...	...	...
Malaysia	100	100	100	100	n.a.	n.a.	n.a.	n.a.
Myanmar	0	0	0	0	0	0	0	0
Philippines	...	...	...	...	...	...	...	...
Singapore	27	43	58	69	99	99	99	99
Thailand	28	34	31	39	37	42	47	50
Viet Nam	...	...	...	...	...	...	...	...

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic, n.a. = not applicable, VAT = value-added tax.

^a Authorities reported that a total of 40,300 corporate and personal income tax returns were e-filed in 2016, and 58,300 in 2017.

Sources: 2016 and 2018 International Surveys on Revenue Administration; IMF. 2016. Kyrgyz Republic TADAT Performance Assessment Report. Washington, DC.

Table A.8b: Performance Metrics—Tax Returns Processed via Electronic Channels, 2014–2017 (Part 2)

Region/Economy	Personal Income Tax							
	E-filed Returns (% of total returns)				Fully Prefilled Returns (% of total returns)			
	2014	2015	2016	2017	2014	2015	2016	2017
Central and West Asia								
Afghanistan	0	0	0	0	0	0	0	0
Armenia	...	...	100	100	0	0	0	0
Azerbaijan	...	...	76	87	0	0	0	0
Georgia	...	...	58	95	0	0	0	0
Kazakhstan	97	95	...	...	0	0	...	...
Kyrgyz Republic	9	10	...	30	0	0	0	0
Tajikistan	...	...	^a	^a	...	...	...	...
Uzbekistan	...	...	...	...	...	...	...	...
East Asia								
China, People's Rep. of	...	...	...	...	0	0	0	0
Hong Kong, China	15	17	18	19	0	0	0	0
Japan	57	59			0	0		
Korea, Rep. of	92	92	81	80	0	0	14	16
Mongolia	100	100	100	100	0	0	0	0
Taipei, China	60	58	61	62	33	37	34	33
Pacific								
Australia	95	95	96	97	0	0	0	0
Fiji	0	0	0	0	0	0	0	0
New Zealand	86	88	88	91	...	...	...	...
Papua New Guinea	0	0	0	0	0	0	0	0
Samoa	0	0	0	0	0	0	0	0
Solomon Islands	0	0	0	0	0	0	0	0
South Asia								
Bangladesh	0	0	0	0	0	0	0	0
Bhutan	23	70	100	100	0	0	0	0
India	84	94	100	100	0	0	0	0
Maldives	x	x	x	x	x	x	x	x
Sri Lanka	0	0	0	0	0	0	0	0
Southeast Asia								
Cambodia	0	0	0	0	0	0	0	0
Indonesia	...	...	76	85	0	0	0	0
Lao PDR	...	...			...	...
Malaysia	81	95	96	97	...	...	...	...
Myanmar	0	0	0	0	0	0	0	0
Philippines	...	...	...	...	...	...	...	...
Singapore	51	45	43	39	48	54	55	60
Thailand	57	58	74	77	...	0	0	0
Viet Nam	...	...	...	...	...	...	...	...

... = data not available at cutoff date, x = not relevant, Lao PDR = Lao People's Democratic Republic, VAT = value-added tax.

^a Authorities reported that a total of 40,300 corporate and personal income tax returns were e-filed in 2016, and 58,300 in 2017.

Sources: 2016 and 2018 International Surveys on Revenue Administration; IMF. 2016. *Kyrgyz Republic: TADAT Performance Assessment Report*. Washington, DC.

Table A.9: Modes of Tax Payment, 2017

Region/Economy	Modes of Tax Payments Available in 2017 (and % of payments received)					
	Mobile Application	Online	In Person, at Collection Agent/Bank	In Person, at Tax Office	By Post	Other
Central and West Asia						
Afghanistan	x	x	✓ (100)	x	x	x
Armenia	x	x	✓ (100)	x	x	x
Azerbaijan	x	✓ (33)	✓ (67)	x	x	x
Georgia	x	✓ (1)	x	x	x	✓ (99)
Kazakhstan	...	...	...	...	...	...
Kyrgyz Republic	...	...	...	...	...	...
Tajikistan	...	...	...	...	...	...
Uzbekistan	✓ (1)	✓ (99)	x	x	x	x
East Asia						
China, People's Rep. of	x	x	✓ (100)	x	x	x
Hong Kong, China	x	✓ (56)	✓ (40)	x	✓ (4)	x
Japan	x	✓ (7)	✓ (71)	✓ (3)	x	✓ (18)
Korea, Rep. of	x	✓ (62)	✓ (35)	x	x	✓ (3)
Mongolia	x	x	✓ (100)	x	x	x
Taipei, China	x	✓ (10)	✓ (90)	x	x	x
Pacific						
Australia	...	...	...	...	...	...
Fiji	x	✓ (8)	✓ (92)	x	x	x
New Zealand	x	✓ (89)	✓ (<1)	x	✓ (10)	✓ (<1)
Papua New Guinea	x	x	✓ (20)	✓ (80)	x	x
Samoa	x	x	x	✓ (100)	x	x
Solomon Islands	...	...	...	...	...	...
South Asia						
Bangladesh	...	...	...	...	...	...
Bhutan	...	...	...	...	...	...
India	x	✓ (80)	✓ (20)	x	x	x
Maldives	✓ (<1)	✓ (62)	x	✓ (37)	x	x
Sri Lanka	...	...	...	...	...	...
Southeast Asia						
Cambodia	✓	✓	✓	x	x	x
Indonesia	x	✓ (100) 2017	x	x	x	x
Lao PDR	...	...	✓ (90)	...	...	...
Malaysia	x	✓ (31)	✓ (30)	✓ (39)	x	x
Myanmar	x	✓ (<1)	✓ (99)	x	x	x
Philippines	...	...	...	...	...	...
Singapore	✓ (1)	x	✓ (97)	x	✓ (2)	x
Thailand	x	✓ (50)	x	✓ (50)	x	x
Viet Nam	...	...	...	...	...	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.10: Use of Random Audit Programs, 2018

Region/Economy	Random Audits Are Used	Purpose of Random Audits					
		Test Compliance in Specific Sectors	Enhance Risk Profiling	Produce Tax Gap Estimates	Measure Impact of Audits	Act as General Deterrent	Other
Central and West Asia							
Afghanistan	✓	✓	✓	✓	✓	✓	✓
Armenia	...	...	...	...	...	...	...
Azerbaijan	...	...	...	...	...	...	...
Georgia	✓	✓	✓	✓	✓	✓	...
Kazakhstan	✓	...	...	...	...	...	...
Kyrgyz Republic	✓	-	✓	✓	x	x	x
Tajikistan	✓	✓	x	x	x	✓	x
Uzbekistan	x	x	x	x	x	x	x
East Asia							
China, People's Rep. of	✓	✓	✓	✓	✓	✓	x
Hong Kong, China	✓	✓	✓	✓	✓	✓	x
Japan	...	...	...	...	...	...	...
Korea, Rep. of	✓	x	x	x	x	✓	x
Mongolia	...	...	...	...	...	...	...
Taipei, China	x						
Pacific							
Australia	✓	x	x	✓	x	x	x
Fiji	✓	✓	✓	✓	✓	x	x
New Zealand	✓	✓	✓	✓	✓	✓	x
Papua New Guinea	✓	✓	✓	x	✓	✓	x
Samoa	✓	✓	x	x	x	x	x
Solomon Islands	x	x	x	x	x	x	x
South Asia							
Bangladesh	✓	x	x	x	x	✓	x
Bhutan	✓	x	✓	x	x	✓	x
India	...	...	...	...	...	...	...
Maldives	...	...	...	...	...	...	...
Sri Lanka	x	x	x	x	x	x	x
Southeast Asia							
Cambodia	✓	✓	✓	✓	✓	✓	x
Indonesia	...	...	...	...	...	...	...
Lao PDR	✓	x	✓	x	✓	x	x
Malaysia	...	...	...	...	...	...	...
Myanmar	x	x	x	x	x	x	x
Philippines	✓	✓	x	x	✓	✓	x
Singapore	✓	✓	✓	x	x	✓	x
Thailand	✓	✓	✓	✓	✓	✓	x
Viet Nam	✓	x	✓	x	x	✓	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration

Table A.11a: Cooperative Compliance Model Used for Large Taxpayers, 2018

Region/Economy	Status	Nature of Cooperative Model Used/Planned				Large Taxpayers Involved (no.)	
		Treatment Based on Enhanced Relationship	Basis for Participation			Actual	Potential
			Formal Agreement	Specific Regulation/Provisions	Other		
Central and West Asia							
Afghanistan	Planned	x	x	x	x	0	0
Armenia	Planned	x	✓	✓	x	...	...
Azerbaijan	Implementing	x	✓	✓	x	...	...
Georgia	Not planned	x	x	x	x	0	0
Kazakhstan	...	...	...	...	...	...	...
Kyrgyz Republic	Not planned	x	x	x	x	0	0
Tajikistan	Not planned	x	x	x	x	0	0
Uzbekistan	Implementing	✓	x	x	x	...	...
East Asia							
China, People's Rep. of	Implementing	x	x	✓	x	1,062	988
Hong Kong, China	Not planned	x	x	x	x	0	0
Japan	In place	x	x	x	✓	...	500
Korea, Rep. of	In place	x	✓	x	x	...	...
Mongolia	Not planned	x	x	x	x	0	0
Taipei, China	Not planned	x	x	x	x	0	0
Pacific							
Australia	In place	x	✓	x	x	126	106
Fiji	In place	x	x	✓	✓	79	...
New Zealand	In place	✓	✓	x	x	59	100
Papua New Guinea	Implementing	✓	✓	✓	✓	100	2,000
Samoa	Not planned	x	x	x	x	0	0
Solomon Islands	Not planned	x	x	x	x	0	0
South Asia							
Bangladesh	Not planned	x	x	x	x	0	0
Bhutan	Planned	...	...	...	...	...	...
India	Not planned	x	x	x	x	0	0
Maldives	Not planned	x	x	x	x	0	0
Sri Lanka	Not planned	x	x	x	x	0	0
Southeast Asia							
Cambodia	Not planned	x	x	x	x	0	0
Indonesia	Implementing	✓	x	x	x	...	...
Lao PDR	Not planned	x	x	x	x	0	0
Malaysia	Not planned	x	x	x	x	0	0
Myanmar	Not planned	x	x	x	x	0	0
Philippines	In place	✓	x	✓	x	...	...
Singapore	In place	✓	✓	x	x	...	...
Thailand	Not planned	x	x	x	x	0	0
Viet Nam	Implementing	x	✓	✓	x	429	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant.

Source: 2018 International Survey on Revenue Administration.

Table A.11b: Features of Cooperative Compliance Model Used for Large Taxpayers, 2018

Region/Economy	Key Program Elements				Key Requirements for Participants			
	Real-Time Disclosure of Relevant Tax Issues	Real-Time Solution of Tax Issues	Transparent Audit Plans for Revenue Bodies	More Certainty in Tax Positions	Commit on a Broad Level	Resolve Pending Issues	Have Tax Control Framework	Have No Tax Arrears
Central and West Asia								
Afghanistan	x	x	x	x	x	x	x	x
Armenia	✓	✓	✓	✓	✓	✓	x	x
Azerbaijan	✓	✓	x	x	✓	✓	✓	✓
Georgia	x	x	x	x	x	x	x	X
Kazakhstan	...	...	...	...	...	...	...	...
Kyrgyz Republic	x	x	x	x	x	x	x	x
Tajikistan	x	x	x	x	x	x	x	x
Uzbekistan	✓	✓	✓	✓	x	x	x	✓
East Asia								
China, People's Rep. of	✓	✓	x	✓	x	✓	✓	✓
Hong Kong, China	x	x	x	x	x	x	x	x
Japan	x	x	x	x	✓	x	x	x
Korea, Rep. of	x	x	x	✓	x	✓	x	x
Mongolia	x	x	x	x	x	x	x	x
Taipei,China	x	x	x	x	x	x	x	x
Pacific								
Australia	✓	✓	✓	✓	x	x	✓	x
Fiji	✓	✓	x	✓	✓	x	✓	✓
New Zealand	✓	✓	✓	✓	✓	✓	✓	x
Papua New Guinea	✓	✓	✓	✓	✓	✓	✓	✓
Samoa	x	x	x	x	x	x	x	x
Solomon Islands	x	x	x	x	x	x	x	x
South Asia								
Bangladesh	x	x	x	x	x	x	x	x
Bhutan	x	x	x	x	x	x	x	x
India	x	x	x	x	x	x	x	x
Maldives	x	x	x	x	x	x	x	x
Sri Lanka	x	x	x	x	x	x	x	x
Southeast Asia								
Cambodia	x	x	x	x	x	x	x	x
Indonesia	✓	x	x	x	✓	x	x	x
Lao PDR	x	x	x	x	x	x	x	x
Malaysia	x	x	x	x	x	x	x	x
Myanmar	x	x	x	x	x	x	x	x
Philippines	x	x	x	✓	x	x	x	x
Singapore	✓	✓	✓	✓	✓	x	✓	✓
Thailand	x	x	x	x	x	x	x	x
Viet Nam	x	x	✓	✓	✓	x	x	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant.

Source: 2018 International Survey on Revenue Administration.

Table A.12: Voluntary Disclosure Policies and Programs, 2016 and 2017

Region/Economy	Voluntary Disclosure Policy	Power to Reduce Penalties	Power to Reduce Interest	No. of Cases		Value of Assessments ('000, in local currency)	
				2016	2017	2016	2017
Central and West Asia							
Afghanistan	✓	x	x	...	...	...	...
Armenia	✓	✓	...	...	...	...	...
Azerbaijan	✓	✓	...	48	48	...	...
Georgia	✓	✓	✓	84,656	89,757	...	...
Kazakhstan	...	...	...	...	...	...	...
Kyrgyz Republic	...	...	...	...	...	...	...
Tajikistan	x	...	...	...	...	...	...
Uzbekistan	✓	✓	...	...	...	...	...
East Asia							
China, People's Rep. of	x	...	...	...	...	...	...
Hong Kong, China	✓	✓	✓	17	8	22,109	70,606
Japan	✓	✓	✓	...	...	...	...
Korea, Republic of	x	x	x	0	0	0	0
Mongolia	x	x	x	0	0	0	0
Taipei, China	x	x	x	0	0	0	0
Pacific							
Australia	✓	✓	✓	8,896	5,541	975,000	776,000
Fiji	✓ (2016)	✓	...	...	0	...	0
New Zealand	✓	✓	✓	1,582	1,851	137,744	143,768
Papua New Guinea	x	x	x	0	0	0	0
Samoa	✓	✓	...	...	...	...	...
Solomon Islands	✓	✓	...	0	0	0	0
South Asia							
Bangladesh	✓	x	x	...	...	...	...
Bhutan	✓	✓	✓	0	0	0	0
India	x	x	x	x	x	x	x
Maldives	✓	✓	✓	0	0	0	0
Sri Lanka	x	x	x	0	0	0	0
Southeast Asia							
Cambodia	...	...	...	...	...	...	...
Indonesia	✓	✓	✓	615,881	387,268	103,040,000 ^a	12,192,889 ^a
Lao PDR	x	x	x	x	x	x	x
Malaysia	✓	✓	...	116	1,597	...	...
Myanmar	x	x	x	0	0	0	0
Philippines	✓	✓	✓	...	...	...	...
Singapore	✓	✓	✓	857	589	...	...
Thailand	✓	✓	✓	...	...	...	...
Viet Nam	✓	✓	x	...	...	...	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, P = In course of planning, Lao PDR = Lao People's Democratic Republic.

^a Indonesia's values are expressed in million rupiahs.

Source: 2018 International Survey on Revenue Administration.

Table A.13a: Performance Metrics—Verification Actions Taken, 2014–2017

Region/ Economy	All Verification Actions (no. of cases)				Main Verification Action (no. of cases and type)		
	2014	2015	2016	2017	2016	2017	Type
Central and West Asia							
Afghanistan	1,906	2,243	1,303	1,382	a	a	...
Armenia	...	...	30,326	32,352	21,472	25,628	D
Azerbaijan	...	...	98,497	98,701	91,400	92,823	D
Georgia	...	...	3,545	3,773	1,935	1,819	C
Kazakhstan	6,825 ^c	6,434 ^c	10,087 ^c	7,987 ^c	6,981	4,830	I
Kyrgyz Republic	10,172	10,750					
Tajikistan	...	...	8,847	9,288	6,964	7,277	D
Uzbekistan	...	...	18,529	15,434	a	a	a
East Asia							
China, People's Rep. of	488,576	410,235	...	...	...	...	...
Hong Kong, China	85,313	75,364	70,107	81,498	68,303	79,697	A
Japan	...	...	...	...	...	...	...
Korea, Rep. of	17,033	17,003	16,984	16,713	16,984	16,713	C
Mongolia	9,984	4,636	5,282	4,968	2,699	2,753	C
Taipei, China	...	...	...	...	...	...	...
Pacific							
Australia	...	...	668,000	484,000	a	a	a
Fiji	...	...	1,415	1,709	1,415	1,709	I
New Zealand	5,713	5,638	7,370	7,450	3,287	2,894	D
Papua New Guinea	3,318	2,875	589	600	550	555	C
Samoa	...	...	...	...	...	...	...
Solomon Islands	...	...	134	87	118	74	I
South Asia							
Bangladesh	18,271 ^b	22,597 ^b	421,306	593,525	399,770	569,721	D
Bhutan	61,558	72,104	79,286	57,129	78,570	56,596	D
India	177,367	259,249					
Maldives	1,094	1,506	1,772	2,452	1,298	1,587	C
Sri Lanka			7,790	1,221	...	...	...
Southeast Asia							
Cambodia	4,242	2,022	2,750	2,409	...	...	...
Indonesia	59,881	33,615	66,084	89,876	36,859	31,581	C
Lao PDR	...	...			
Malaysia	1,940,264	1,783,488	1,964,309	2,014,984	1,868,591	1,911,394	D
Myanmar	...	...	...	...	...	...	...
Philippines	...	...	19,495	23,148	...	...	...
Singapore	...	...	...	...	...	...	...
Thailand	...	...	52,526	96,054	29,101	68,897	D
Viet Nam	...	...	91,419	103,211	...	...	...

... = data not available at cutoff date, A = automated audit, C = comprehensive audit, D = desk audit, I = issue-oriented audit, Lao PDR = Lao People's Democratic Republic.

^a Categories of completed verification actions not known.

^b These aggregates exclude results of desk audits that were included among 2016 and 2017 data.

^c Aggregates exclude results of desk audits and other interventions, as no tax revenue impact has been quantified.

Sources: 2016 and 2018 International Survey on Revenue Administration.

Table A.13b: Performance Metrics—Financial Value and Types of Verification Actions, 2014–2017

Region/Economy	Verification Actions (million, in local currency)						
	Value of Assessments (incl. penalties and interest)				Main Action (by value and type)		
	2014	2015	2016	2017	2016	2017	2017
Central and West Asia							
Afghanistan	2,018	2,147	457	4,087	...	...	...
Armenia	...	...	18,151	18,604	16,567	17,383	C
Azerbaijan	...	...	1,431	1,301	912	832	C
Georgia	...	...	474	441	428	370	C
Kazakhstan	354,000	597,000	554,500	234,800	346,600	137,700	I
Kyrgyz Republic	3,730						
Tajikistan	...	...	1,075	712	1,062	697	C
Uzbekistan	...	...	1,421,304	1,355,402	a	a	a
East Asia							
China, People's Rep. of	185,577	193,296	...	...	...	...	...
Hong Kong, China	2,976	2,871	3,399	3,387	2,538	2,528	C
Japan	...	...	...	...	...	...	...
Korea, Rep. of	8,297,000	7,265,000	7,051,986	6,239,668	7,051,986	6,239,668	C
Mongolia	456,800a	106,200a	110,292a	167,008a	55,611	94,440	I
Taipei, China	...	...	...	...	...	...	...
Pacific							
Australia	15,200	13,500	13,800	15,600	...	...	...
Fiji	...	...	62	156	62	156	I
New Zealand	1,115	1,223	1,228	1,325	461	477	D
Papua New Guinea	325	290	398	399	258	260	C
Samoa	...	...	...	...	...	...	...
Solomon Islands	...	...	123	134	108	112	C
South Asia							
Bangladesh	41,705b	50,159b	45,643	31,090	45,259	30,765	C/I
Bhutan	19	45	142	4,157	128	3,954	C
India	...	...	...	...	...	...	...
Maldives	174	453	326	630	289	602	C
Sri Lanka			33,562	5,000			
Southeast Asia							
Cambodia	617,604	1,987,625	...	...	...	...	...
Indonesia	76,643a	38,740a	66,005,200	87,907,000	26,020,300	37,299,700	C
Lao PDR		...					
Malaysia	4,590	10,001	6,516	11,627	4,076	7,133	D
Myanmar	...	...	...	...	...	...	...
Philippines	...	...	95,049	43,907	...	...	...
Singapore	...	...	394	310	...	...	...
Thailand	...	...	42,927	61,296	19,156	39,750	C
Viet Nam	...	...	12,527,063	15,437,503	...	...	...

... = data not available at cutoff date, C = comprehensive audit, D = desk audit, I = issue-oriented audit, Lao PDR = Lao People's Democratic Republic.

^a Categories of completed verification actions not known.

^b These aggregates exclude results of desk audits that were included among 2016 and 2017 data.

Sources: 2016 and 2018 International Survey on Revenue Administration.

Table A.14: Tax Crime Investigation, 2018

Region/Economy	Main Focus Areas of Work in 2018/19	Access to Suspicious Transaction Reports	Necessary Training for Investigators		Case Threshold (in local currency)
			In-House	External	
Central and West Asia					
Afghanistan	Corruption, tax evasion, nonregistrants	✓	x	x	x
Armenia	Construction, alcohol production	✓	✓	x	4,000,000
Azerbaijan	False excise stamps	✓	✓	x	20,000
Georgia					
Kazakhstan					
Kyrgyz Republic		...	...	...	500,000
Tajikistan		...	...	...	...
Uzbekistan		✓	✓	x	x
East Asia					
China, People's Rep. of		x	✓	x	x
Hong Kong, China	General evasion matters	✓	x	✓	x
Japan	Consumption tax refunds, tax evasion, and international risks	✓	✓	x	x
Korea, Rep. of		x	x	x	x
Mongolia		x	x	x	x
Taipei, China	...	...	...	...	...
Pacific					
Australia	Serious financial crime ^a , tax crime, and illicit tobacco trade	✓	✓	x	x
Fiji		x	x	x	x
New Zealand		✓	✓	x	x
Papua New Guinea		✓	x	✓	x
Samoa		✓	✓	✓	x
Solomon Islands	Staff corruption	✓	x	✓	x
South Asia					
Bangladesh		x	x	x	...
Bhutan					
India	...	✓	✓	x	x
Maldives	General evasion	✓	✓	x	x
Sri Lanka		x	x	x	x
Southeast Asia					
Cambodia		✓	✓	✓	x
Indonesia	Fictitious invoices, general evasion	✓	x	✓	x
Lao PDR		x	x	x	x
Malaysia	Willful evasion	✓	✓	x	x
Myanmar		x	x	x	x
Philippines	High-profile tax evasion	n.a.	✓	✓	x
Singapore	Fraudulent tourist refunds, bogus GST-refund claims, income tax evasion	✓	✓	x	x
Thailand		✓	✓	x	x
Viet Nam					

... = data not available at cutoff date, ✓ = relevant, x = not relevant, n.a. = not applicable, GST = goods and services tax, Lao PDR = Lao People's Democratic Republic.

^a Within serious financial crime, Phoenix and offshore tax evasion are the priorities.

Source: 2018 International Survey on Revenue Administration.

Table A.15: Selection Criteria and Organizational Arrangements for Large Taxpayers, 2018

Region/Economy	Main Criteria for Client Selection	Main Criteria for LTU Structure	Functions Performed within Large Taxpayer Unit					
			Taxpayer Register	Returns/Payments	Services	Audit	Tax Debt Collection	Disputes
Central and West Asia								
Afghanistan	ES, T, TP	E, G	✓	✓	✓	✓	✓	✓
Armenia	T	E	x	x	x	✓	✓	x
Azerbaijan	T, TP, ES	E	✓	✓	✓	✓	✓	-
Georgia	T, TP	O	...	...	✓	...	...	...
Kazakhstan	T, A, NE, O	E	x	x	✓	✓	x	✓
Kyrgyz Republic	I, T, TP, A,	...	✓	✓	✓	✓	✓	x
Tajikistan	T	E, O	x	x	✓	✓	✓	✓
Uzbekistan ^a	T, A, E, TP	G, O	x	✓	✓	✓	✓	✓
East Asia								
China, People's Rep. of	TP	G	x	x	✓	✓	x	x
Hong Kong, China	No LTU	x	x	x	x	x	x	x
Japan	C	G	x	x	✓	✓	x	✓
Korea, Rep. of	No LTU	x	x	x	x	x	x	x
Mongolia	AE, E, I, T	CE	✓	✓	✓	✓	✓	✓
Taipei, China	No LTU							
Pacific								
Australia	T	E	x	x	✓	✓	x	✓
Fiji	T, TP, O	O	✓	✓	x	x	✓	x
New Zealand	T	E	✓	✓	✓	✓	✓	✓
Papua New Guinea	E, T, TP	E	✓	✓	✓	✓	x	x
Samoa	I, ES	F	✓	✓	✓	✓	✓	✓
Solomon Islands	No LTU	x	x	x	x	x	x	x
South Asia								
Bangladesh	T	O	✓	✓	✓	✓	✓	✓
Bhutan	No LTU	x	x	x	x	x	x	x
India	TP	G	x	x	✓	✓	✓	x
Maldives	T, ES, AE	O	x	x	✓	✓	x	x
Sri Lanka	T	E	x	✓	✓	✓	✓	✓
Southeast Asia								
Cambodia	T	O	x	✓	x	✓	✓	x
Indonesia	T, TP	ES	x	✓	✓	✓	✓	✓
Lao PDR	T, ES	...	...	...	...	...	...	...
Malaysia		ES, G	✓	x	✓	✓	✓	✓
Myanmar	ES, T, TP	G	✓	✓	✓	✓	✓	x
Philippines	All	All	✓	✓	✓	✓	✓	✓
Singapore	T, TP	ES, O	x	x	✓	✓	x	✓
Thailand	T, ES, I	ES	✓	x	✓	✓	✓	x
Viet Nam	T, ES, I	ES	x	x	✓	✓	x	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, A = assets, C = capital, CE = centralized, AE = associated entities, E = economic sector, ES = specific economic sectors, G = geographic, I = income, Lao PDR = Lao People's Democratic Republic, LTU = large taxpayer unit, NE = number of employees, O = other, T = turnover, TP = taxes paid.

^a The new Interregional Inspectorate for Large Taxpayers started operating in January 2019.

Source : 2018 International Survey on Revenue Administration.

Table A.16: Large Taxpayer Units, 2016 and 2017

Region/Economy	Staff Employed and Taxpayers Managed at Year-End						Tax Paid in 2016 and 2017 (% of all tax collected)	
	Staff (FTEs)		Corporate Taxpayers (no.)		Individual Taxpayers (no.)		2016	2017
	2016	2017	2016	2017	2016	2017		
Central and West Asia								
Afghanistan	96	96	410	500	0	0	36	38
Armenia	77	79	524	1,124	1	5	59	62
Azerbaijan	...	...	...	...	0	0	73	71
Georgia	...	...	996	1,003	6	6	56	58
Kazakhstan	35	35	300	302	0	0	...	...
Kyrgyz Republic	63	66	320	317	0	0	44	46
Tajikistan	69	69	351	351	0	0	42	48
Uzbekistan	0	0	0	0	0	0	0	0
East Asia								
China, People's Rep. of	5,000	8,000	1,062	1,062	...	...	40	40
Hong Kong, China	0	0	0	0	0	0	0	0
Japan	2,340	2,320	31,000	32,000	...	...	58	58
Korea, Rep. of	0	0	0	0	0	0	0	0
Mongolia	84	83	393	392	0	0	48	58
Taipei, China	0	0	0	0	0	0	0	0
Pacific								
Australia	1,135	1,299	26,635	27,086	0	0	...	...
Fiji	16	16	79	79	...	...	60	60
New Zealand	175	175	592	626	2,600	2,600	24	24
Papua New Guinea	31	31	60	70	...	...	80	85
Samoa	...	...	...	...	...	...	...	...
Solomon Islands	0	0	0	0	0	0	0	0
South Asia								
Bangladesh	...	...	...	...	...	...	...	...
Bhutan	0	0	0	0	0	0	0	0
India	...	...	...	...	...	...	...	...
Maldives	23	26	265	394	12	23	54	66
Sri Lanka	...	...	...	...	...	...	...	...
Southeast Asia								
Cambodia	186	193	3,464	3,847	0	0	75	75
Indonesia	635	668	4,527	4,560	3,374	3,391	32	31
Lao PDR	585	460	...	...	...	...	...	...
Malaysia	456	417	59,768	37,060	3,433	3,229	74	61
Myanmar	69	103	537	805	0	0	44	45
Philippines	563	564	2,320	2,822	0	0	54 ^a	52 ^a
Singapore	74	75	1,900	1,900	0	0	...	...
Thailand	293	261	3,473	3,580	0	0	56	54
Viet Nam	58	58	429	429	0	0	...	...

... = data not available at cutoff date, x = not relevant, FTE = full-time equivalent, Lao PDR = Lao People's Democratic Republic.

^a Share of income tax receipts.

Source: 2018 International Survey on Revenue Administration.

Table A.17a: Features of Small and Medium Enterprise Program, 2018

Region/Economy	Specific Program in Place for SMEs	Main Program Features					
		Simplified Return Filing/Payment	Special Audit Programs	Favorable Deferral Rules for Payment	Specific Dispute Resolution Channels	Specific Assistance Channels	Special Education Programs
Central and West Asia							
Afghanistan	✓	✓	✓	x	x	x	✓
Armenia	x	x	x	x	x	x	x
Azerbaijan	✓	✓	x	x	x	x	x
Georgia	x	x	x	x	x	x	x
Kazakhstan							
Kyrgyz Republic	✓	✓	x	x	x	x	x
Tajikistan	✓	✓	x	x	x	x	x
Uzbekistan	x	x	x	x	x	x	x
East Asia							
China, People's Rep. of	x	x	x	x	x	x	x
Hong Kong, China	x	x	x	x	x	x	x
Japan	x	x	x	x	x	x	x
Korea, Rep. of	✓			✓			
Mongolia	x	x	x	x	x	x	x
Taipei, China	x	x	x	x	x	x	x
Pacific							
Australia	✓	✓	✓	✓	✓	✓	✓
Fiji	x	x	x	x	x	x	x
New Zealand	✓	x	✓	x	x	x	✓
Papua New Guinea	✓	✓	✓	✓	✓	✓	x
Samoa	✓	x	x	x	✓	x	x
Solomon Islands	x	x	x	x	x	x	x
South Asia							
Bangladesh	x	x	x	x	x	x	x
Bhutan	✓	✓	x	x	✓	✓	x
India	x	x	x	x	x	x	x
Maldives	x	x	x	x	x	x	x
Sri Lanka	x	x	x	x	x	x	x
Southeast Asia							
Cambodia	✓	✓	✓	x	x	✓	✓
Indonesia	x	x	x	x	x	x	x
Lao PDR	x	x	x	x	x	x	x
Malaysia	✓	x	x	x	x	x	x
Myanmar	x	x	x	x	x	x	x
Philippines	x	x	x	x	x	x	x
Singapore	x	x	x	x	x	x	x
Thailand	✓	x	x	x	x	✓	✓
Viet Nam	✓	✓	x	x	✓	✓	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic, SMEs = small and medium enterprises.

Source: 2018 International Survey on Revenue Administration.

Table A.17b: Features of Small and Medium Enterprise Program, 2016 and 2017

Region/Economy	Main Selection Criteria for Program	No. of Taxpayers Managed ('000)		Net Tax Revenue (% of all SME revenue)	
		2016	2017	2016	2017
Central and West Asia					
Afghanistan	T, O	46	54	70	80
Armenia	x	0	0	0	0
Azerbaijan	T, N	...	...	...	...
Georgia	x	0	0	0	0
Kazakhstan	...	...	...	...	...
Kyrgyz Republic	T	...	...	...	...
Tajikistan	T	288	301	17.3	16.8
Uzbekistan	x	0	0	0	0
East Asia					
China, People's Rep. of	x	0	0	0	0
Hong Kong, China	x	0	0	0	0
Japan	x	0	0	0	0
Korea, Rep. of	A, T, O	...	...	...	...
Mongolia	x	0	0	0	0
Taipei, China	x	0	0	0	0
Pacific					
Australia	T	...	3,800	...	...
Fiji	x	0	0	0	0
New Zealand	T	370	361	...	...
Papua New Guinea	N, T	...	11	...	...
Samoa	T, A, N	...	...	...	...
Solomon Islands	x	0	0	0	0
South Asia					
Bangladesh	x	0	0	0	0
Bhutan	T	25	27	2	2
India	x	0	0	0	0
Maldives	x	0	0	0	0
Sri Lanka	x	0	0	0	0
Southeast Asia					
Cambodia	T, O	56	67	22	17
Indonesia	x	0	0	0	0
Lao PDR	x	0	0	0	0
Malaysia	T, O	687	731	37	49
Myanmar	x	0	0	0	0
Philippines	x	0	0	0	0
Singapore	x	0	0	0	0
Thailand	T	2,184	2,184	9	9
Viet Nam	N, T	613	718	...	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, A = assets, Lao PDR = Lao People's Democratic Republic, N = number of employees, O = other, SMEs = small and medium enterprises, T = turnover.

Source: 2018 International Survey on Revenue Administration.

Table A.18: Taxpayers' Rights and Complaints, 2018

Region/Economy	Set of Taxpayers' Rights			Complaints Mechanism		Complaints Received by Revenue Body (no.)	
	Formally Defined	Set Out in Law or Statute	Developed by Revenue Body	Internal to Revenue Body	External Body Exists	2016	2017
Central and West Asia							
Afghanistan	✓	✓	✓	✓	✓	...	...
Armenia	✓	✓	x	✓	...	413	442
Azerbaijan	✓	✓	x	✓	✓	3,626	7,736
Georgia	✓	✓	x	x	✓	0	0
Kazakhstan	✓	✓	x	x	✓	...	...
Kyrgyz Republic	✓	✓	x	✓	✓	668	445
Tajikistan	✓	✓	x	✓	✓	...	...
Uzbekistan	✓	x	✓	✓	✓	...	...
East Asia							
China, People's Rep. of	✓	✓	x	✓	...	...	...
Hong Kong, China	x	x	x	✓	✓	233	254
Japan	x	x	x	✓	...	...	...
Korea, Rep. of	✓	✓	x	✓	✓	...	...
Mongolia	✓	✓	x	✓	...	3,754	3,200
Taipei, China	✓	✓	✓	✓	x	1,809	1,922
Pacific							
Australia	✓	x	✓	✓	✓	32,769	25,439
Fiji	✓	✓	x	✓	...	...	...
New Zealand	✓	✓	x	✓	✓	8,023	6,437
Papua New Guinea	✓	✓	x	✓	...	...	...
Samoa	x	x	x	x	x	...	...
Solomon Islands	x	x	x	x	x	...	...
South Asia							
Bangladesh	✓	✓	✓	✓	x	...	...
Bhutan	✓	✓	x	x	x	...	...
India	✓	x	✓	✓	✓	23,422	...
Maldives	✓	x	✓	✓	x	371	236
Sri Lanka	x	x	x	✓	x	...	...
Southeast Asia							
Cambodia	✓	✓	✓	✓	✓	77	100
Indonesia	✓	✓	x	✓	✓	...	...
Lao PDR	✓	✓	x	...	...	...	...
Malaysia	✓	x	✓	✓	✓	0	0
Myanmar	x	x	x	...	...	...	...
Philippines	✓	✓	✓	✓	✓	1,156	3,406
Singapore	x	x	x	✓	✓	19	25
Thailand	✓	x	✓	✓	...	685	604
Viet Nam	✓	✓	x	...	...	...	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.19: Dispute Resolution—Administrative Review Procedure, 2018

Region/Economy	Taxpayers Have Right to Challenge Assessments	Administrative Review			Independent Review	
		By Revenue Body	Must Precede Other Processes	Risk-Based Approach to Dispute Settlement	By External Body	By Higher Appellate Court
Central and West Asia						
Afghanistan	✓	✓	✓	✓	✓	✓
Armenia	✓	✓	x	✓	✓	✓
Azerbaijan	✓	✓	x	✓	✓	✓
Georgia	✓	✓	✓	✓	✓	✓
Kazakhstan	✓	✓	✓	✓	✓	✓
Kyrgyz Republic	✓	✓	✓	✓	x	✓
Tajikistan	✓	✓	x	✓	✓	✓
Uzbekistan	✓	✓	✓	✓	...	...
East Asia						
China, People's Rep. of	✓	✓	✓	✓	x	✓
Hong Kong, China	✓	✓	✓	✓	✓	✓
Japan	✓	✓	✓	✓	✓	✓
Korea, Rep. of	✓	✓	x	✓	✓	✓
Mongolia	✓	✓	✓	✓	✓	✓
Taipei, China	✓	✓	✓	✓	✓	✓
Pacific						
Australia	✓	✓	✓	✓	✓	✓
Fiji	✓	✓	✓	✓	✓	✓
New Zealand	✓	✓	✓	✓	✓	✓
Papua New Guinea	✓	✓	✓	x	✓	✓
Samoa	x	x	x	✓	✓	✓
Solomon Islands	✓	✓	x	✓	✓	✓
South Asia						
Bangladesh	✓	✓	✓	x	✓	✓
Bhutan	✓	✓	✓	✓	✓	...
India	✓	✓	✓	✓	✓	✓
Maldives	✓	✓	✓	✓	✓	✓
Sri Lanka	✓	✓	x	...	x	✓
Southeast Asia						
Cambodia	✓	✓	✓	✓	✓	✓
Indonesia	✓	✓	✓	✓	✓	✓
Lao PDR	✓	✓	✓	✓	✓	✓
Malaysia	✓	✓	✓	✓	✓	✓
Myanmar	✓	✓	✓	x	✓	✓
Philippines	✓	✓	x	✓	...	✓
Singapore	✓	✓	✓	✓	✓	✓
Thailand	✓	✓	✓	✓	✓	✓
Viet Nam	✓	✓	x	✓	x	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.20: Dispute Resolution—Dispute Resolution Bodies, 2018

Region/ Economy	Available Dispute Resolution Bodies						
	ADR Forum	Tax Court	Administrative Court	Civil/ Commercial Court	Criminal Court	Ombudsman	Other
Central and West Asia							
Afghanistan	✓	✓	x	...	...	...	...
Armenia	x	x	✓	x	x	✓	x
Azerbaijan	x	x	✓	✓	✓	✓	x
Georgia	x	x	✓	x	x	✓	✓
Kazakhstan	x	x	✓	✓	✓	x	x
Kyrgyz Republic	x	x	✓	✓	✓	x	x
Tajikistan	...	...	...	✓	✓	...	✓
Uzbekistan	...	...	...	...	...	...	...
East Asia							
China, People's Rep. of	x	x	✓	x	x	x	✓
Hong Kong, China	x	✓	✓	x	x	x	✓
Japan	x	x	x	✓	x	x	x
Korea, Rep. of	✓	x	✓	x	✓	✓	x
Mongolia	x	x	✓	x	x	x	x
Taipei, China	✓	✓	✓	x	x	x	x
Pacific							
Australia	x	x	✓	✓	x	✓	✓
Fiji	✓	✓	x	x	x	x	x
New Zealand	✓	✓	x	x	✓	✓	x
Papua New Guinea	x	✓	x	x	x	x	✓
Samoa	✓	✓	x	✓	✓	x	x
Solomon Islands	x	x	✓	x	x	x	x
South Asia							
Bangladesh	✓	✓	✓	✓	x	x	x
Bhutan	x	x	x	✓	x	x	x
India	✓	✓	x	✓	x	✓	x
Maldives	x	✓	x	✓	x	x	x
Sri Lanka	x	x	x	✓	x	x	x
Southeast Asia							
Cambodia	x	x	x	x	x	✓	✓
Indonesia	x	✓	x	x	x	x	x
Lao PDR	✓	x	x	x	x	✓	x
Malaysia	✓	x	x	✓	x	x	x
Myanmar	x	✓	x	x	x	x	x
Philippines	x	✓	x	x	x	x	x
Singapore	x	✓	x	✓	✓	x	✓
Thailand	✓	✓	✓	✓	✓	x	x
Viet Nam	...	...	...	✓	...	...	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, ADR = alternative dispute resolution, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.21a: Taxpayer Registration and Identification Numbering System, 2018

Region/Economy	Agencies Where Person or Entity Can Register for Tax Purposes				Tax Types Where Revenue Body Uses TIN			
	PIT	CIT	VAT	EW	PIT	CIT	VAT	EW
Central and West Asia								
Afghanistan	R	R	n.a.	R	✓	✓	n.a.	✓
Armenia	R	R	R	R	✓	✓	✓	✓
Azerbaijan	R	R, NG	R	R	✓	✓	✓	-
Georgia	R	R	R	...	✓	✓	✓	...
Kazakhstan					✓	✓	✓	
Kyrgyz Republic	R	R	R	R	✓	✓	✓	✓
Tajikistan	R	R	R	R	✓	✓	✓	✓
Uzbekistan	OG	OG	R, OG	OG	✓	✓	✓	✓
East Asia								
China, People's Rep. of	R, OG	R, OG	R, OG	...	✓	✓	✓	✓
Hong Kong, China	R	R	n.a.	n.a.	✓	✓	n.a.	n.a.
Japan	R	R	R	R	✓	✓	✓	x
Korea, Rep. of	OG	R	R	...	✓	✓	✓	...
Mongolia	R, OG	R, OG	R, OG	...	✓	✓	✓	...
Taipei, China		R, OG	R	R	✓	✓	✓	✓
Pacific								
Australia	R	R, OG	R	...	✓	✓	✓	...
Fiji	R	R	R	R	✓	✓	✓	...
New Zealand	R	R	R	R	✓	✓	✓	...
Papua New Guinea	R	R	R	...	✓	✓	✓	...
Samoa	R	R	R	...	✓	✓	✓	...
Solomon Islands	R	R	n.a.	...	✓	✓	✓	...
South Asia								
Bangladesh	R	R	R	R	✓	✓	✓	✓
Bhutan	R, NG	R, NG	n.a.	R, NG	✓	✓	n.a.	✓
India	R, OG	R, OG	n.a.	R, OG	✓	✓	n.a.	...
Maldives	n.a.	R	R	n.a.	n.a.	✓	✓	n.a.
Sri Lanka	R	R	R	R	✓	✓	✓	✓
Southeast Asia								
Cambodia	x	R	R	R	x	✓	✓	✓
Indonesia	R	R	R	...	✓	✓	✓	...
Lao PDR	R	R	R	R	✓	✓	✓	✓
Malaysia	✓	✓	x	...	✓	✓	x	...
Myanmar	R	R, OG	x	...	✓	✓	n.a.	...
Philippines	R, OG	R, OG	X	x	✓	✓	✓	✓
Singapore	R	R, OG	R	x	✓	✓	✓	x
Thailand	R, OG	OG	R	...	✓	✓	✓	...
Viet Nam	R, OG	R, OG	R, OG	...	✓	✓	✓	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, n.a. = not applicable, CIT = corporate income tax, EW = employer withholding, Lao PDR = Lao People's Democratic Republic, NG = nongovernment body, OG = other government body, PIT = personal income tax, R = revenue body, TIN = taxpayer identification number, VAT = value-added tax.

Source: 2018 International Survey on Revenue Administration.

Table A.21b: Taxpayer Registration and Numbering System for Major Tax Types, 2018

Region/ Economy	TIN Issuance Is Controlled by Revenue Body				TIN Is Used by Other Agencies			
	PIT	CIT	VAT	EW	PIT	CIT	VAT	EW
Central and West Asia								
Afghanistan	✓	✓	n.a.	✓	✓	✓	n.a.	✓
Armenia	✓	✓	✓	✓	✓	✓	✓	✓
Azerbaijan	✓	✓	✓		x	x	x	...
Georgia	...	...	...	...	✓	✓	✓	...
Kazakhstan	✓	✓	✓		✓	✓	✓	
Kyrgyz Republic	x	✓	✓	✓	✓	✓	✓	✓
Tajikistan	✓	✓	✓	✓	✓	✓	✓	✓
Uzbekistan	✓	✓	✓	✓	✓	✓	✓	✓
East Asia								
China, People's Rep. of	...	...	...	...	x	x	x	...
Hong Kong, China	✓	✓	n.a.	n.a.	✓	✓	n.a.	n.a.
Japan	x	✓	✓	x	✓	✓	✓	x
Korea, Rep. of	x	✓	✓	...	x	x	x	...
Mongolia	✓	✓	✓	...	✓	✓	✓	...
Taipei, China	x	✓	✓	✓	✓	✓	✓	✓
Pacific								
Australia	✓	✓	✓	...	✓	✓	✓	...
Fiji	✓	✓	✓	✓	✓	✓	✓	...
New Zealand	✓	✓	✓	...	✓	✓	✓	...
Papua New Guinea	✓	✓	✓	...	x	x	✓	...
Samoa	✓	✓	✓	...	✓	✓	✓	...
Solomon Islands	✓	✓	n.a.	...	✓	x	n.a.	...
South Asia								
Bangladesh	✓	✓	✓	✓	✓	✓	✓	✓
Bhutan	✓	✓	n.a.	✓	✓	✓	n.a.	✓
India	✓	✓	n.a.	✓	✓	✓	n.a.	...
Maldives	n.a.	✓	✓	n.a.	n.a.	x	x	n.a.
Sri Lanka	✓	✓	✓	✓	✓	✓	✓	✓
Southeast Asia								
Cambodia	x	✓	✓	✓	x	x	x	x
Indonesia	✓	✓	✓	...	✓	✓	✓	...
Lao PDR	✓	✓	✓	✓	x	x	x	x
Malaysia	✓	✓	x	...	✓	✓	x	...
Myanmar	✓	✓	n.a.	...	x	x	n.a.	...
Philippines	✓	✓	✓	✓	✓	✓	✓	✓
Singapore	x	x	✓	x	✓	✓	✓	x
Thailand	x	x	x	...	✓	✓	✓	
Viet Nam	✓	✓	✓	...	✓	✓	✓	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, n.a. = not applicable, CIT = corporate income tax, EW = employer withholding, Lao PDR = Lao People's Democratic Republic, PIT = personal income tax, TIN = tax identification number, VAT = value-added tax.

Source: 2018 International Survey on Revenue Administration.

Table A.22a: Income Tax Withholding and Income Reporting Regimes, 2018—Part 1

Region/Economy	Withholding and Reporting Regimes (for Resident and Nonresident Taxpayers)							
	Wages and Salary		Dividends		Interest		Rent	
	Tax Withheld	Income Reported	Tax Withheld	Income Reported	Tax Withheld	Income Reported	Tax Withheld	Income Reported
Central and West Asia								
Afghanistan	✓	✓	✓	✓	✓	✓	✓	✓(NR)
Armenia	✓	✓	x	✓	✓	✓	✓(NR)	✓
Azerbaijan	✓	✓	✓	✓	✓	✓	✓	✓
Georgia	✓	✓	✓	✓	✓	✓	✓(NR)	✓
Kazakhstan								
Kyrgyz Republic	✓	✓	x	✓	x	✓	x	✓
Tajikistan	✓	✓	✓	✓	✓	✓	✓(NR)	✓
Uzbekistan	✓	✓	✓	✓	✓	✓	✓	✓
East Asia								
China, People's Rep. of	✓	✓	✓	✓	✓	✓	✓	✓
Hong Kong, China	x	✓	x	x	x	x	x	x
Japan	✓	✓	✓	✓	✓	✓	✓	✓
Korea, Rep. of	✓	✓	✓	✓	✓	✓	✓(NR)	✓(NR)
Mongolia	✓	✓(R)	✓	x	✓	x	✓(NR)	✓
Taipei,China	✓	✓	✓(NR)	✓	✓	✓	✓	✓
Pacific								
Australia	✓	✓	x	✓	x	✓	x	x
Fiji	✓	✓	x	x	x	x	x	x
New Zealand	✓(R)	✓	✓(R)	✓	✓(R)	✓	x	x
Papua New Guinea	✓	✓	✓	✓	✓	✓	x	✓
Samoa	✓	x	x	✓	✓	✓	x	✓
Solomon Islands	✓	✓	✓	✓	✓	✓	✓	✓
South Asia								
Bangladesh	✓	...	✓	...	✓	...	✓	...
Bhutan	✓	✓	✓	✓	✓	✓	✓	✓
India	✓	✓	x	x	✓	✓	✓	✓
Maldives	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sri Lanka	✓	✓	✓	x	✓	x	✓	x
Southeast Asia								
Cambodia	✓	✓	✓	✓	✓	✓	✓	✓
Indonesia	✓	✓	✓	✓	✓	✓	✓	✓
Lao PDR								
Malaysia	✓	✓	✓	✓	✓	✓	x	✓
Myanmar	✓	✓	✓	x	✓	✓(R)	✓	✓(R)
Philippines	✓	✓	✓	✓	✓	✓	✓	✓
Singapore	x	✓	x	✓	✓(NR)	✓(NR)	x	x
Thailand	✓	✓	✓	✓	✓	✓	✓(NR)	✓(R)
Viet Nam	✓	✓	✓	✓	✓	✓	x	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic, NR = nonresident taxpayer only, R = resident taxpayer only.

Source: 2018 International Survey on Revenue Administration.

Table A.22b: Income Tax Withholding and Income Reporting Regimes, 2018—Part 2

Region/Economy	Withholding and Income Reporting Regimes (for Resident and Nonresident Taxpayers)							
	Specified Business Income		Royalties, Patents		Share Sales/Purchases		Real Estate Sales/Purchases	
	Tax Withheld	Income Reported	Tax Withheld	Income Reported	Tax Withheld	Income Reports	Tax Withheld	Income Reported
Central and West Asia								
Afghanistan	x	x	x	✓	x	x	✓	✓
Armenia	x	✓	✓	✓	x	x	✓	✓
Azerbaijan	x	x	✓	✓	✓	x	✓	✓
Georgia	✓(NR)	x	✓	✓	x	x	x	x
Kazakhstan								
Kyrgyz Republic	x	✓	✓	✓	x	✓	x	✓
Tajikistan	✓(NR)	✓	✓(NR)	✓	✓(NR)	✓	✓(NR)	✓
Uzbekistan	x	✓	✓	✓	✓	✓	✓	✓
East Asia								
China, People's Rep. of	x	x	✓	✓	✓	✓	✓	✓
Hong Kong, China	✓(NR)	✓	✓(NR)	✓(NR)	x	x	x	x
Japan	✓	✓	✓	✓	✓	✓	x	✓
Korea, Rep. of	✓(NR)	✓	✓	✓	✓(NR)	✓	✓(NR)	✓(NR)
Mongolia	✓(NR)	x	✓(NR)	x	✓(NR)	x	✓	x
Taipei, China	✓(NR)	✓(NR)	✓	✓	x	x	x	x
Pacific								
Australia	x	✓	X	✓	x	✓	x	✓
Fiji	x	x	x	x	x	x	x	x
New Zealand	✓	✓	✓(R)	✓	x	✓	x	✓
Papua New Guinea	✓	✓	✓	✓	✓	x	x	x
Samoa	✓	✓	✓	✓	x	✓	x	x
Solomon Islands	✓	✓	✓	✓	x	x	x	✓
South Asia								
Bangladesh	✓	...	✓	...	✓	...	✓	...
Bhutan	✓	✓	✓	✓	x	x	x	x
India	x	x	✓	✓	✓(NR)	✓(NR)	✓	✓
Maldives	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sri Lanka	✓	x	...	x	...	x	...	x
Southeast Asia								
Cambodia	✓(R)	✓	✓	✓	✓	✓	✓(R)	✓
Indonesia	✓	✓	✓	✓	✓	✓	✓	✓
Lao PDR								
Malaysia	x	✓	✓	✓	x	x	✓	✓
Myanmar	x	✓(R)	✓(R)	✓(R)	x	x	x	✓(R)
Philippines	✓	✓	✓	✓	✓	✓	✓	✓
Singapore	✓(NR)	✓(NR)	✓(NR)	✓(NR)	x	x	x	x
Thailand	✓(NR)	✓	✓(NR)	...	✓	...	✓	...
Viet Nam	x	x	✓	✓	✓	✓	x	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, n.a. = not applicable, NR = nonresident taxpayer only, R = resident taxpayer only.

Source: 2018 International Survey on Revenue Administration.

Table A.23: Computer Processing of Third-Party Data to Detect Tax Noncompliance, 2018

Region/Economy	Categories/Sources of Third-Party Data Captured by Revenue Body's Computer Systems							
	Employer Wage Data	Financial Bodies	Government Bodies	Inter-national Exchanges	Insurance Bodies	Real Estate Sales	Online Trading	Prescribed Contract Income
Central and West Asia								
Afghanistan	✓	x	✓	x	x	x	x	x
Armenia	✓	✓	✓	x	✓	✓	x	x
Azerbaijan	✓	✓	✓	✓	✓	✓	✓	✓
Georgia	✓	x	✓	x	x	✓	x	x
Kazakhstan	✓	✓	✓	x	x	x	x	x
Kyrgyz Republic	...	...	...	...	...	...	...	...
Tajikistan	✓	x	✓	x	x	x	x	x
Uzbekistan	x	x	x	x	x	x	x	x
East Asia								
China, People's Rep. of	x	x	✓	✓	✓	✓	x	x
Hong Kong, China	✓	x	✓	x	x	✓	x	x
Japan	✓	✓	✓	✓	✓	✓	x	x
Korea, Rep. of	✓	✓	✓	✓	✓	✓	✓	✓
Mongolia	✓	x	✓	x	x	x	x	x
Taipei, China	✓	✓	✓	✓	✓	✓	✓	x
Pacific								
Australia	✓	✓	✓	✓	✓	✓	x	✓
Fiji	✓	✓	✓	✓	✓	x	x	✓
New Zealand	✓	✓	✓	✓	✓	✓	✓	✓
Papua New Guinea	✓	✓	✓	✓	x	x	x	x
Samoa	✓	✓	✓	✓	✓	x	x	✓
Solomon Islands	✓	✓	✓	✓	✓	x	x	x
South Asia								
Bangladesh	x	x	x	x	x	x	x	x
Bhutan	✓	x	x	x	x	x	x	x
India	✓	✓	✓	✓	✓	✓	x	✓
Maldives	x	✓	✓	✓	x	x	x	x
Sri Lanka	✓	x	x	x	x	x	x	x
Southeast Asia								
Cambodia	x	x	x	x	x	x	x	x
Indonesia	✓	✓	✓	✓	x	✓	x	✓
Lao PDR	✓	x	x	x	x	x	x	x
Malaysia	✓	✓	✓	✓	✓	✓	✓	✓
Myanmar	x	x	x	x	x	x	x	x
Philippines	✓	...	✓	✓	...	...	...	...
Singapore	✓	✓	✓	✓	✓	✓	x	x
Thailand	✓	✓	✓	x	✓	✓	x	x
Viet Nam	✓	✓	x	x	✓	✓	x	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.24a: Tax Debt Collection Powers, 2018—Part 1

Region/Economy	Nature of Powers Available to Revenue Body to Enforce Debt Collection, and Their Use						
	Grant Extensions of Time to Pay	Draw Up Payment Arrangements	Collect via Third Parties	Restrict Overseas Travel	Garnish Salaries or Other Property	Close Businesses/Withdraw Licenses	Offset Arrears against Credits
Central and West Asia							
Afghanistan	n.a.	✓	x	✓	◊	✓	✓
Armenia	✓	✓	n.a.	◊	✓	◊	✓
Azerbaijan	◊	n.a.	n.a.	✓	✓	n.a.	✓
Georgia	✓	✓	✓	n.a.	✓	n.a.	n.a.
Kazakhstan	◊	◊	✓	n.a.	✓	n.a.	n.a.
Kyrgyz Republic	✓	n.a.	✓	n.a.	n.a.	n.a.	n.a.
Tajikistan	n.a.	✓	✓	n.a.	◊	x	x
Uzbekistan	✓	✓	✓	n.a.	◊	n.a.	n.a.
East Asia							
China, People's Rep. of	✓	x	x	✓	✓	x	x
Hong Kong, China	✓	✓	✓	✓	✓	n.a.	✓
Japan	✓	✓	n.a.	n.a.	◊	n.a.	✓
Korea, Rep. of	✓	✓	✓	✓	✓	◊	✓
Mongolia	✓	✓	✓	n.a.	◊	n.a.	◊
Taipei, China	◊	✓	✓	◊	◊	◊	✓
Pacific							
Australia	✓	✓	✓	◊	✓	n.a.	✓
Fiji	✓	✓	✓	◊	◊	◊	✓
New Zealand	n.a.	✓	✓	◊	✓	n.a.	✓
Papua New Guinea	✓	✓	✓	✓	✓	◊	✓
Samoa	✓	✓	✓	◊	✓	✓	v
Solomon Islands	✓	✓	✓	✓	✓	✓	✓
South Asia							
Bangladesh	✓	◊	x	x	x	x	✓
Bhutan	✓	◊	n.a.	n.a.	x	◊	✓
India	✓	✓	✓	n.a.	◊	n.a.	✓
Maldives	◊	✓	✓	n.a.	n.a.	◊	✓
Sri Lanka	✓	n.a.	◊	n.a.	◊	n.a.	✓
Southeast Asia							
Cambodia	◊	✓	◊	◊	◊	◊	◊
Indonesia	◊	◊	n.a.	✓	✓	◊	✓
Lao PDR	...	...	...	...	...	...	...
Malaysia	✓	✓	✓	✓	x	n.a.	◊
Myanmar	◊	◊	x	◊	x	x	◊
Philippines	n.a.	✓	✓	◊	✓	x	x
Singapore	✓	✓	✓	✓	✓	n.a.	✓
Thailand	✓	✓	✓	n.a.	✓	n.a.	✓
Viet Nam	✓	✓	✓	◊	✓	✓	✓

... = data not available at cutoff date, n.a. = power does not exist or is not applicable, x = power exists but is never used, ◊ = power rarely used, ✓ = power often used, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.24b: Tax Debt Collection Powers, 2018—Part 2

Region/Economy	Nature of Powers Available to Revenue Body to Enforce Debt Collection, and Their Use						
	Obtain a Lien on Assets of Debtors	Withhold Government Payments to Debtors	Require TCC for Government Contracts	Deny Debtors Access to Services	Impose Liability on Directors	Publicize Names of Debtors	Initiate Bankruptcy or Asset Liquidation
Central and West Asia							
Afghanistan	✓	✓	✓	✓	✓	◊	◊
Armenia	✓	◊	✓	✓	◊	◊	✓
Azerbaijan	✓	n.a.	✓	n.a.	✓	◊	n.a.
Georgia	✓	n.a.	✓	n.a.	n.a.	x	x
Kazakhstan	n.a.	n.a.	n.a.	n.a.	n.a.	✓	✓
Kyrgyz Republic	n.a.	n.a.	n.a.	n.a.	✓	✓	✓
Tajikistan	✓	x	✓	✓	✓	✓	◊
Uzbekistan	✓	n.a.	n.a.	n.a.	✓	◊	◊
East Asia							
China, People's Rep. of	✓	x	x	◊	x	✓	x
Hong Kong, China	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	◊
Japan	n.a.	n.a.	◊	n.a.	◊	n.a.	n.a.
Korea, Rep. of	✓	✓	✓	◊	✓	✓	n.a.
Mongolia	◊	n.a.	✓	◊	n.a.	x	n.a.
Taipei, China	◊	◊	✓	n.a.	◊	◊	◊
Pacific							
Australia	◊	n.a.	n.a.	n.a.	✓	n.a.	n.a.
Fiji	✓	◊	✓	x	✓	✓	◊
New Zealand	◊	n.a.	n.a.	n.a.	n.a.	n.a.	◊
Papua New Guinea	x	x	✓	x	✓	◊	◊
Samoa	✓	✓	◊	✓	◊	◊	◊
Solomon Islands	✓	✓	✓	✓	x	x	✓
South Asia							
Bangladesh	x	x	✓	n.a.	◊	n.a.	x
Bhutan	x	✓	✓	n.a.	x	x	x
India	◊	✓	n.a.	n.a.	✓	✓	◊
Maldives	x	n.a.	✓	✓	n.a.	✓	n.a.
Sri Lanka	✓	n.a.	✓	n.a.	n.a.	n.a.	◊
Southeast Asia							
Cambodia	x	◊	✓	◊	◊	✓	◊
Indonesia	✓	n.a.	✓	x	✓	✓	✓
Lao PDR	...	...	...	...	...	...	...
Malaysia	◊	x	n.a.	n.a.	✓	n.a.	✓
Myanmar	x	x	✓	n.a.	x	n.a.	x
Philippines	✓	◊	✓	n.a.	✓	✓	n.a.
Singapore	n.a.	◊	n.a.	n.a.	n.a.	n.a.	✓
Thailand	✓	✓	✓	n.a.	◊	n.a.	✓
Viet Nam	◊	✓	✓	x	◊	✓	◊

... = data not available at cutoff date, n.a. = power does not exist or not applicable, x = power exists but is never used, ◊ = power is rarely used, ✓ = power is often used, Lao PDR = Lao People's Democratic Republic, TCC = tax clearance certificate.

Source: 2018 International Survey on Revenue Administration.

Table A.24c: Tax Debt Collection Powers, 2018—Part 3

Region/Economy	Nature of Powers Available to Revenue Body to Enforce Debt Collection, and Their Use					
	Remit Interest and Penalties in Special Circumstances	Enforce Payment of Disputed Debt		Incentives for Taxpayers		Collect Debts via Agreements with Other Tax Bodies
		When Administrative Review Is Under Way	When Judicial Review Is Under Way	Reduced Penalties	Reduced Interest Payments	
Central and West Asia						
Afghanistan	✓	✓	✓	◇	◇	x
Armenia	✓	n.a.	n.a.	✓	n.a.	◇
Azerbaijan	◇	✓	x	n.a.	n.a.	n.a.
Georgia	✓	n.a.	n.a.	n.a.	n.a.	n.a.
Kazakhstan	n.a.	n.a.	n.a.	n.a.	n.a.	x
Kyrgyz Republic	◇	n.a.	n.a.	n.a.	n.a.	n.a.
Tajikistan	n.a.	n.a.	n.a.	n.a.	n.a.	x
Uzbekistan	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
East Asia						
China, People's Rep. of	x	◇	◇	x	x	✓
Hong Kong, China	✓	✓	✓	n.a.	n.a.	n.a.
Japan	◇	◇	◇	✓	◇	◇
Korea, Rep. of	◇	✓	✓	n.a.	n.a.	◇
Mongolia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Taipei, China	◇	◇	◇	◇	n.a.	◇
Pacific						
Australia	✓	◇	◇	✓	✓	◇
Fiji	◇	✓	✓	✓	x	n.a.
New Zealand	✓	x	x	n.a.	n.a.	◇
Papua New Guinea	✓	◇	✓	✓	n.a.	x
Samoa	✓	✓	✓	◇	◇	◇
Solomon Islands	✓	◇	◇	✓	n.a.	n.a.
South Asia						
Bangladesh	x	✓	✓	n.a.	n.a.	n.a.
Bhutan	◇	n.a.	n.a.	...	...	✓
India	◇	n.a.	n.a.	n.a.	n.a.	✓
Maldives	x	✓	✓	n.a.	n.a.	x
Sri Lanka	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Southeast Asia						
Cambodia	x	◇	x	n.a.	n.a.	◇
Indonesia	✓	◇	✓	✓	✓	✓
Lao PDR	...	...	...	...	...	...
Malaysia	◇	✓	✓	◇	◇	n.a.
Myanmar	◇	✓	✓	n.a.	n.a.	n.a.
Philippines	◇	✓	◇	✓	✓	✓
Singapore	✓	✓	✓	✓	n.a.	n.a.
Thailand	✓	✓	✓	◇	◇	n.a.
Viet Nam	✓	✓	✓	◇	◇	✓

... = data not available at cutoff date, n.a. = power does not exist or is not applicable, x = power exists but is never used, ◇ = power is rarely used, ✓ = power is often used, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.25a: Tax Administration—Information-Gathering Powers, 2018 (Part 1)

Region/Economy	Specific Information Access and Search Powers of Revenue Body				
	Obtain All Relevant Information	Request Information from Third Parties	Extend Access Powers to Third Parties	Require Taxpayers to Produce All Records on Request	Obtain Information from Government Bodies
Central and West Asia					
Afghanistan	✓	✓	✓	✓	✓
Armenia	✓	✓	✓	✓	✓
Azerbaijan	x	✓	x	✓	✓
Georgia	✓	✓	✓	✓	✓
Kazakhstan	✓	✓	✓	✓	✓
Kyrgyz Republic	✓	✓	✓	✓	✓
Tajikistan	✓	✓	✓	✓	✓
Uzbekistan	✓	✓	✓	✓	✓
East Asia					
China, People's Rep. of	x	x	x	✓	x
Hong Kong, China	✓	✓	✓	✓	✓
Japan	✓	✓	✓	✓	✓
Korea, Rep. of	✓	✓	✓	✓	✓
Mongolia	✓	✓	x	✓	✓
Taipei, China	✓	✓	✓	✓	✓
Pacific					
Australia	✓	✓	✓	✓	✓
Fiji	✓	✓	x	✓	✓
New Zealand	✓	✓	x	✓	✓
Papua New Guinea	✓	✓	x	✓	✓
Samoa	✓	✓	✓	✓	✓
Solomon Islands	✓	✓	✓	✓	✓
South Asia					
Bangladesh	✓	✓	x	✓	✓
Bhutan	✓	✓	x	✓	✓
India	✓	✓	x	✓	✓
Maldives	✓	✓	x	✓	✓
Sri Lanka	✓	✓	x	✓	✓
Southeast Asia					
Cambodia	✓	✓	✓	✓	✓
Indonesia	✓	✓	x	✓	✓
Lao PDR	✓	✓	✓	✓	✓
Malaysia	✓	✓	✓	✓	✓
Myanmar	✓	✓	x	✓	✓
Philippines	✓	✓	x	✓	✓
Singapore	✓	✓	✓	✓	✓
Thailand	✓	✓	x	✓	x
Viet Nam	✓	✓	x	✓	✓

✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.25b: Tax Administration—Information-Gathering Powers, 2018 (Part 2)

Region/Economy	Information Access and Search Powers of Revenue Body				
	Without Consent or a Search Warrant			Without Assistance from Other Bodies	
	Enter Business Premises	Enter Taxpayer's Dwellings	Seize Taxpayer's Documents	Request a Court to Issue a Search Warrant	Serve a Search Warrant
Central and West Asia					
Afghanistan	x	x	x	✓	✓
Armenia	✓	x	✓	x	x
Azerbaijan	✓	x	x	✓	✓
Georgia	✓	x	x	x	X
Kazakhstan	x	x	x	x	X
Kyrgyz Republic	...	...	...	...	...
Tajikistan	✓	x	✓	x	x
Uzbekistan	x	x	x	✓	✓
East Asia					
China, People's Rep. of	x	x	x	x	x
Hong Kong, China	x	x	x	✓	✓
Japan	x	x	x	✓	✓
Korea, Rep. of	x	x	x	x	x
Mongolia	✓	x	x	x	x
Taipei, China	x	x	x	✓	x
Pacific					
Australia	✓	✓	✓	x	x
Fiji	x	x	✓	✓	✓
New Zealand	✓	x	✓	✓	✓
Papua New Guinea	✓	✓	x	✓	✓
Samoa	x	x	✓	x	✓
Solomon Islands	✓	✓	✓	✓	✓
South Asia					
Bangladesh	x	x	x	x	✓
Bhutan	x	x	x	✓	...
India	x	x	x	x	✓
Maldives	x	x	x	✓	x
Sri Lanka	x	x	x	x	x
Southeast Asia					
Cambodia	x	x	x	x	x
Indonesia	✓	✓	✓	x	✓
Lao PDR	x	x	x	x	x
Malaysia	✓	✓	✓	x	x
Myanmar	✓	✓	✓	✓	✓
Philippines	x	x	x	✓	x
Singapore	✓	✓	✓	x	x
Thailand	x	x	x	✓	✓
Viet Nam	x	x	✓	x	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.26: Administrative Sanctions for Nondisclosure of Liabilities, 2017

Region/Economy	Sanction Regime for Nondisclosure of Liabilities					
	Sanctions Applied for Nondisclosure	Common Sanctions Framework for Main Taxes	Taxpayer Culpability Taken into Account	Penalties Remitted/ Reduced in Appropriate Cases	Offenders' Details Can Be Published	New Sanctions Introduced in 2016–2017
Central and West Asia						
Afghanistan	✓	✓	x	✓	✓	...
Armenia	✓	✓	✓	✓	✓	x
Azerbaijan	✓	✓	✓	...	...	x
Georgia	✓	✓	✓	✓	x	x
Kazakhstan	✓	✓	✓	x	x	x
Kyrgyz Republic	✓	✓	✓	✓	✓	x
Tajikistan	✓	✓	x	x	x	...
Uzbekistan	✓	✓	✓	✓	✓	x
East Asia						
China, People's Rep. of	✓	✓	✓	...	✓	x
Hong Kong, China	✓	✓	✓	✓	x	x
Japan	✓	✓	✓	✓	x	x
Korea, Rep. of	✓	✓	x	✓	x	x
Mongolia	✓	✓	...	...	...	x
Taipei, China	✓	✓	✓	✓	x	x
Pacific						
Australia	✓	✓	✓	✓	x	x
Fiji	✓	✓	✓	✓	✓	✓
New Zealand	✓	✓	✓	✓	x	x
Papua New Guinea	x	x	x	x	x	x
Samoa	✓	✓	✓	✓	✓	x
Solomon Islands	✓	✓	✓	✓	x	x
South Asia						
Bangladesh	✓	✓	✓	✓	x	x
Bhutan	✓	✓	✓	✓	x	x
India	✓	✓	✓	✓	x	✓
Maldives	✓	✓	...	✓	✓	x
Sri Lanka ^a	✓	x	x	x	x	x
Southeast Asia						
Cambodia	✓	✓	✓	x	x	x
Indonesia	✓	✓	✓	✓	✓	✓
Lao PDR	✓	✓	✓	✓	x	x
Malaysia	✓	✓	✓	✓	x	x
Myanmar	x	x	x	x	x	x
Philippines	✓	✓	✓	✓	x	x
Singapore	✓	✓	✓	✓	x	x
Thailand	✓	✓	✓	✓	x	x
Viet Nam	✓	✓	✓	✓	✓	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic

^a Powers vary across taxes, and penalties may be remitted and calculated on the basis of culpability only for Income taxes.

Source: 2018 International Survey on Revenue Administration.

Table A.27: Laws and Regulations for Tax Intermediaries, 2018

Region/Economy	Specific Laws/ Regulations for Tax Intermediaries		Mandatory Registration of Tax Intermediaries	Tax Intermediaries Registered (no.)		Taxpayers Represented ('000)	
	Laws in Place	Prescribe Activities		2016	2017	2016	2017
Central and West Asia							
Afghanistan	x	x	x	...	...	...	...
Armenia	x	x	x	x	x	...	...
Azerbaijan	x	x	✓	...	...	...	...
Georgia	x	x	x	x	x	...	...
Kazakhstan		x					
Kyrgyz Republic	...	✓	...	2	3	4	4
Tajikistan	x	x	x	x	x	...	...
Uzbekistan	x	x	...	0	0	0	0
East Asia							
China, People's Rep. of	✓	✓	✓ (late 2017)	...	...	...	...
Hong Kong, China	x	x	x	...	...	...	...
Japan	✓	✓	x	x	x	...	...
Korea, Rep. of	✓	✓	✓	28	30	...	...
Mongolia	✓	✓	x	x	x	...	...
Taipei, China	✓	✓	✓	14,714	14,842	...	...
Pacific							
Australia	✓	✓	✓	56,000	33,800	...	...
Fiji	✓	✓	✓	105	107	...	35,772
New Zealand	✓	✓	x	5,408	5,572	2,680	2,724
Papua New Guinea	✓	✓	✓	115	120	...	...
Samoa	✓	✓	✓	...	...	...	...
Solomon Islands	x	x	✓	...	16	...	...
South Asia							
Bangladesh	✓	✓	✓	14,500	21,324	...	...
Bhutan	x	x	x	x	x	x	x
India	✓	✓	x	2,725	2,842	...	...
Maldives	✓	✓	✓	22	23	11	11
Sri Lanka	x	x	✓	...	...	...	...
Southeast Asia							
Cambodia	✓	✓	✓	55	103		
Indonesia	✓	✓	✓	3,215	...	...	...
Lao PDR	x	x	x	x	x	x	x
Malaysia	✓	✓	✓	2,029	2,050	866	657
Myanmar	✓	✓	x	x	x	...	...
Philippines	...	...	✓	...	...	...	...
Singapore	x	x	x	...	...	...	...
Thailand	✓	✓	✓	3,136	3,350	59	53
Viet Nam	✓	✓	✓	324	409	2	3

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.28: Services Provided to Tax Intermediaries, 2018

Region/Economy	Services Targeted at Tax Intermediaries	Types of Services Offered to Tax Intermediaries (Tax Professionals)					
		Dedicated Inquiry Service	Specific Relationship Management	Dedicated Section on Website	Online Access to Clients' Data	Regular Updates on Tax Issues	Special Return Filing Program
Central and West Asia							
Afghanistan	x	x	x	x	x	x	x
Armenia	x	x	x	x	x	x	x
Azerbaijan	x	x	x	x	x	x	x
Georgia	x	x	x	x	x	x	x
Kazakhstan		x	x	x	x	x	x
Kyrgyz Republic	x	...	...	...	...	...	...
Tajikistan	x	x	x	x	x	x	x
Uzbekistan	✓	✓	✓	✓	✓	x	✓
East Asia							
China, People's Rep. of	x	x	x	x	x	x	x
Hong Kong, China	✓	x	✓	✓	x	✓	✓
Japan	✓	x	✓	✓	...	x	...
Korea, Rep. of	✓	✓	x	✓	✓	x	✓
Mongolia	x	x	x	x	x	x	x
Taipei, China	✓	✓	✓	✓	✓	✓	✓
Pacific							
Australia	✓	✓	✓	✓	✓	✓	✓
Fiji	✓	x	✓	x	x	✓	✓
New Zealand	✓	✓	✓	✓	✓	✓	✓
Papua New Guinea	✓	✓	✓	x	✓	✓	✓
Samoa	✓	x	✓	x	✓	x	✓
Solomon Islands	✓	x	✓	x	x	✓	✓
South Asia							
Bangladesh	✓	✓	✓	✓	x	✓	x
Bhutan	x	x	x	x	x	x	x
India	✓	✓	✓	✓	✓	✓	✓
Maldives	✓	✓	✓	✓	✓	✓	...
Sri Lanka	✓	x	✓	✓	x	x	x
Southeast Asia							
Cambodia	✓	✓	✓	✓	x	✓	x
Indonesia	✓	x	x	✓	x	✓	x
Lao PDR	x	x	x	x	x	x	x
Malaysia	✓	✓	✓	✓	...	✓	✓
Myanmar	x	x	x	x	x	x	x
Philippines	x	x	x	x	x	x	x
Singapore	✓	✓	✓	✓	✓	✓	x
Thailand	✓	✓	✓	...	...	✓	...
Viet Nam	✓	x	✓	✓	x	✓	x

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.29a: Performance Metrics—Registered Taxpayers, by Tax Type and Active Status, Year-End 2017 (Part 1)

Region/Economy	Personal Income Tax		Corporate Income Tax		Employers' Withholdings	
	Total	Active	Total	Active	Total	Active
Central and West Asia						
Afghanistan	0	0	59,079	16,545	...	...
Armenia	...	516,933	64,494	7,520	...	85,443
Azerbaijan	...	...	...	...	...	...
Georgia	1,791,653	155,426	240,855	103,169	597,377	597,377
Kazakhstan	...	...	...	...	...	...
Kyrgyz Republic	...	...	...	...	...	...
Tajikistan	982,000 ^a	...	4,539	...	...	...
Uzbekistan	4,408,860	4,408,860	637,023	205,273	...	...
East Asia						
China, People's Rep. of	...	...	19,154,000	...	27,277,000	...
Hong Kong, China	3,792,000	3,111,985	1,235,000	510,372	n.a.	n.a.
Japan	...	...	3,079,000	...	3,543,000	...
Korea, Rep. of	6,531,000	5,875,000	...	726,701	...	...
Mongolia	173,133	113,936	132,513	52,019	148,849	39,013
Taipei, China	6,633,442	6,633,442	1,395,071	917,009	...	...
Pacific						
Australia	29,965,206	21,665,294	10,158,660	4,397,762	1,306,961	1,255,807
Fiji	94,026	53,763	20,474	11,190	...	...
New Zealand	7,070,094	2,200,957	1,193,012	128,043	...	...
Papua New Guinea	14,345	2,185	31,685	13,345	43,847	16,989
Samoa	4,325 (2016)	4,325 (2016)	1,253 (2016)	1,253 (2016)	...	...
Solomon Islands	274	220	830	800	340	340
South Asia						
Bangladesh	2,823,728	1,526,251	58,034	29,919	...	...
Bhutan	170,515	55,793	603	377	...	...
India	285,776,840	60,745,580	8,646,665	2,856,484	...	...
Maldives	n.a.	n.a.	12,521	11,027	n.a.	n.a.
Pakistan	...	...	...	...	...	...
Sri Lanka	1,185,235	...	49,000	...	19,469	...
Southeast Asia						
Cambodia	n.a.	n.a.	12,398	...	...	...
Indonesia	35,543,075	27,169,053	3,107,856	2,153,055	479,737 ^b	436,421 ^b
Lao PDR	...	...	...	...	...	...
Malaysia	12,671,644	5,401,460	1,149,598	484,690	1,014,832	569,832
Myanmar	634,321	...	33,181	...	0	0
Philippines	18,988,543	...	688,772	...	...	...
Singapore	2,656,488	...	308,316	...	n.a.	n.a.
Thailand	...	11,593,809	683,086	575,301	...	...
Viet Nam	50,946,965	50,928,255	1,164,948	732,145	819,122	624,945

... = data not available at cutoff date, n.a. = not applicable, Lao PDR = Lao People's Democratic Republic.

^a Employees subject to withholding, and exclusive of individual entrepreneurs.

^b Data for fiscal year 2016.

Source: 2018 International Survey on Revenue Administration.

Table A.29b: Performance Metrics—Registered Taxpayers, by Tax Type and Active Status, Year-End 2017 (Part 2)

Region/Economy	VAT			Excise Tax		Formal Program for Improving Quality of Taxpayer Register
	Total	Active	Voluntary	Total	Active	
Central and West Asia						
Afghanistan	n.a.	n.a.	n.a.	0	0	✓
Armenia	...	8,638	6,230	...	473	✓
Azerbaijan	30,502	14,198	26,480	...	...	x
Georgia	107,338	67,610	92,342	217	217	✓
Kazakhstan	...	...	...	163	...	✓
Kyrgyz Republic	9,218	9,041	8,235	...	...	✓
Tajikistan	5,051	...	...	142	...	✓
Uzbekistan	11,902	7,188	833	405	405	x
East Asia						
China, People's Rep. of	50,039,000	...	...	198,000	...	✓
Hong Kong, China	n.a.	n.a.	n.a.	n.a.	n.a.	x
Japan	...	3,321,000	...	...	...	✓
Korea, Rep. of ^a	6,165,158	1,094,939	6,085,025	2,160	2,160	✓
Mongolia	32,936	20,179	...	55	42	✓
Taipei,China	1,507,772	1,366,826	...	1,324	1,111	✓
Pacific						
Australia	2,600,527	2,509,631	722,367	2,662	2,187	✓
Fiji	44,549	14,429	...	11	11	✓
New Zealand	605,933	551,200	...	n.a.	n.a.	x
Papua New Guinea	36,105	16,017	...	n.a.	n.a.	✓
Samoa	1,233	1,233	...	...	...	✓
Solomon Islands	n.a.	n.a.	n.a.	...	...	x
South Asia						
Bangladesh	...	...	...	...	...	✓
Bhutan	n.a.	n.a.	n.a.	...	...	✓
India	...	...	...	...	...	✓
Maldives	12,389	12,389	...	...	...	✓
Pakistan	...	...	...	...	...	...
Sri Lanka	23,928	...	...	n.a.	n.a.	...
Southeast Asia						
Cambodia	12,398	...	...	n.a.	n.a.	✓
Indonesia	613,596	613,596	...	n.a.	n.a.	✓
Lao PDR	...	...	...	...	...	✓
Malaysia	...	...	...	...	...	✓
Myanmar	n.a.	n.a.	n.a.	n.a.	n.a.	x
Philippines	...	...	...	...	...	✓
Singapore	99,515	...	...	n.a.	n.a.	x
Thailand	585,518	577,581	1,334	n.a.	n.a.	✓
Viet Nam	4,565,048	2,649,643	...	22,806	15,631	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, n.a. = not applicable, Lao PDR = Lao People's Democratic Republic, VAT = value-added tax.

^a All data are for fiscal year 2016.

Source: 2018 International Survey on Revenue Administration.

Table A.30: Service and Assistance Strategy, 2018

Region/Economy	Formal Strategy Exists	Key Objectives of Revenue Body's Formal Strategy and Their Priority								
		1	2	3	4	5	6	7	8	9
Central and West Asia										
Afghanistan	✓	M	M	M	L	M	H	M	L	L
Armenia	✓	H	H	L	M	H	M	H	M	M
Azerbaijan	✓	H	M	M	H	H	M	H	H	H
Georgia	x	...	...	...	...	...	...	...	...	..
Kazakhstan	✓	H	H	H	H	H	H	H	H	H
Kyrgyz Republic	✓	H	H	...	H	...	...	...	...	...
Tajikistan	✓	H	H	H	M	H	H	H	H	H
Uzbekistan	✓	H	H	H	H	H	H	H	H	H
East Asia										
China, People's Rep. of	✓	H	M	M	L	H	H	H	H	H
Hong Kong, China	✓	M	H	M	L	H	H	M	M	M
Japan	✓	H	H	H	H	H	H	H	H	H
Korea, Rep. of	✓	M	M	L	M	M	M	M	H	M
Mongolia	✓	M	M	L	L	L	L	L	L	M
Taipei, China	✓	H	H	H	H	H	H	H	H	H
Pacific										
Australia	x	...	...	...	...	...	...	...	...	...
Fiji	✓	H	H	M	H	H	H	H	M	H
New Zealand	✓	H	H	H	H	H	H	H	H	H
Papua New Guinea	✓	M	H	M	L	H	M	M	L	M
Samoa	✓(2016)	H	H	M	M	H	M	M	H	H
Solomon Islands	x	...	...	...	...	...	...	...	...	...
South Asia										
Bangladesh	...	H	M	M	M	M	M	M	M	M
Bhutan	x	...	...	...	...	...	...	...	...	...
India	✓	H	M	L	M	H	H	H	M	H
Maldives	✓	H	H	H	H	H	H	H	H	H
Sri Lanka	✓	H	L	M	H	H	M	M	M	...
Southeast Asia										
Cambodia	✓	H	H	M	H	H	M	...	H	H
Indonesia	✓	H	H	M	M	H	M	H	M	M
Lao PDR	...	M	M	L	M	M	L	...	L	L
Malaysia	✓	H	H	M	M	H	H	H	H	H
Myanmar	x	...	...	...	...	...	...	...	...	...
Philippines	...	H	...	H	...	H	...	...	...	...
Singapore	✓	H	H	H	H	H	H	H	H	M
Thailand	✓	H	H	H	H	H	M	M	H	H
Viet Nam	...	H	H	M	H	H	H	H	H	M

... = data not available at cutoff date, ✓ = relevant, x = not relevant, H = high, L = low, M = medium, 1 = reduce administrative burden, 2 = increase self-service, 3 = increase coherence of government services, 4 = increase digitization, 5 = improve taxpayer satisfaction, 6 = reduce administrative costs, 7 = improve certainty for taxpayers, 8 = promote multichannel approaches, 9 = help educate taxpayers, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.31: Selected Features of Service and Assistance Strategy, 2018

Region/Economy	Conduct Special Education/ Support Programs	Charge Fees for Specific Services	Deliver Special Services to Disabled Taxpayers	Use Social Media to Distribute General Information	Use Social Media Inter-actively	Provide Information in Other Languages	
						Special Telephone Services	Website or Mobile Apps
Central and West Asia							
Afghanistan	✓	x	✓	✓	✓	✓	✓
Armenia	✓	✓	x	✓	x	✓	✓
Azerbaijan	✓	x	✓	✓	x	✓	x
Georgia	✓	✓	✓	✓	✓	✓	x
Kazakhstan	✓	x	...	✓	✓	...	✓
Kyrgyz Republic	...	...	...	...	...	...	...
Tajikistan	✓	x	✓	✓	✓	✓	✓
Uzbekistan	✓	✓	✓	✓	✓	✓	✓
East Asia							
China, People's Rep. of	✓	x	✓	✓	✓	✓	✓(some)
Hong Kong, China	✓	x	✓	x	x	x	x
Japan	✓	✓	✓	✓	x	✓	✓(some)
Korea, Rep. of	✓	x	✓	✓	✓	✓(some)	✓(some)
Mongolia	x	x	x	✓	x	x	✓(some)
Taipei, China	✓	✓	✓	✓	✓	x	✓
Pacific							
Australia	x	✓	✓	✓	✓	✓	✓(some)
Fiji	✓	x	✓	✓	✓	x	x
New Zealand	✓	✓	✓	✓	✓	x	✓some
Papua New Guinea	✓	x	x	x	x	x	x
Samoa	x	x	x	x	x	✓(some)	✓(some)
Solomon Islands	x	x	x	x	x	x	x
South Asia							
Bangladesh	✓	...	✓	✓	✓	x	x
Bhutan	✓	x	...	✓	...	...	✓
India	✓	x	✓	✓	✓	✓(all)	✓(all)
Maldives	✓	x	x	✓	✓	✓(all)	✓(all)
Sri Lanka	✓	x	x	x	x	✓	✓
Southeast Asia							
Cambodia	✓	x	✓	✓	✓	✓	✓
Indonesia	✓	x	x	✓	✓	x	x
Lao PDR	...	...	x	✓	✓	x	x
Malaysia	✓	x	✓	✓	✓	✓	✓(some)
Myanmar	x	x	x	x	x	x	✓(some)
Philippines	✓	✓	✓	✓	x	x	x
Singapore	✓	✓	✓	✓	✓	x	x
Thailand	✓	x	✓	✓	✓	✓	✓
Viet Nam	x	x	x	✓	✓	x	✓

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.32a: Channels Used to Provide Services to Taxpayers, 2016 and 2017 (Part 1)

Region/Economy	Channel Shift Managed by Revenue Body	Service Channels and Their Use (no. of contacts, '000)					
		Online (via website)		Phone		E-mail	
		2016	2017	2016	2017	2016	2017
Central and West Asia							
Afghanistan	x	...	...	...	...	...	...
Armenia	x	<1	<1	263	156	16	16
Azerbaijan	x	4,494	5,211	215	231	2,432	3,565
Georgia	x	37,628	42,657	220	349	18	16
Kazakhstan	...	...	...	...	...	...	...
Kyrgyz Republic	...	...	...	...	...	...	...
Tajikistan	✓	...	...	15	127	<1	<1
Uzbekistan	✓	16,476	64,389	...	...	...	...
East Asia							
China, People's Rep. of	✓	...	...	53,471	49,005	...	...
Hong Kong, China	x	3,110	3,258	1,423	1,540	190	208
Japan	✓	...	...	5,360	5,601	...	...
Korea, Rep. of	x	235	243	4,165	4,294	...	...
Mongolia	x	...	150	264	290	<1	<1
Taipei, China	x	...	...	...	...	...	...
Pacific							
Australia	✓	...	...	11,080	8,669	...	...
Fiji	x	...	...	...	...	...	...
New Zealand	✓	24,697	27,675	4,223	4,173	2,148	2,015
Papua New Guinea	x	...	...	12	170	15	17
Samoa	x	...	...	...	...	...	...
Solomon Islands	x	0	0	1	4	1	1
South Asia							
Bangladesh	x	...	...	...	...	...	...
Bhutan	x	...	...	...	...	...	...
India	✓	706	686	1,857	1,973	36	81
Maldives	x	<1	<1	77	42	2	4
Sri Lanka	x	...	...	...	...	...	...
Southeast Asia							
Cambodia	x	0	0	...	...	0	0
Indonesia	x	10	30	1,304	1,362	4	5
Lao PDR	x	...	...	...	...	...	...
Malaysia	✓	8,455	9,814	584	496	26	23
Myanmar	x	...	...	<1	<1	...	...
Philippines	...	...	...	...	<1	...	<1
Singapore	✓	15,781	14,966	1,304	1,255	436	478
Thailand	x	0	0	814	889	<1	<1
Viet Nam	✓	495	594	17	18	...	...

... = data not available at cutoff date, ✓ = relevant, x = not relevant, Lao PDR = Lao People's Democratic Republic.

Source: International Survey on Revenue Administration.

Table A.32b: Channels Used to Provide Services to Taxpayers, 2016 and 2017 (Part 2)

Region/Economy	Service Channels and Their Use (no. of contacts, '000)							
	Letters (Nondigital)		In Person, at Office		Digital Assistance		Total No. of Contacts	
	2016	2017	2016	2017	2016	2017	2016	2017
Central and West Asia								
Afghanistan	...	...	(All)		...	...	...	...
Armenia	57	54	31	24	0	0	367	251
Azerbaijan	48	92	817	744	22	0	8,027	9,844
Georgia	204	260	690	680	0	0	...	...
Kazakhstan	...	...	...	...	...	...	...	...
Kyrgyz Republic	...	...	...	...	...	...	...	...
Tajikistan	17	20	...	...	...	...	...	...
Uzbekistan	...	...	...	...	...	...	21,951	69,972
East Asia								
China, People's Rep. of	...	...	...	...	621	528	...	...
Hong Kong, China	678	665	232	243	0	0	5,633	5,915
Japan	...	...	...	...	...	...	...	...
Korea, Rep. of	...	...	...	...	...	...	...	...
Mongolia	...	...	<1	<1	...	47	...	...
Taipei, China	...	...	...	...	...	...	...	...
Pacific								
Australia	...	...	305	205	6	87	...	...
Fiji	...	...	...	...	...	...	...	...
New Zealand	545	506	324	204	0	0	31,937	34,573
Papua New Guinea	25	30	...	...	...	...	...	...
Samoa	...	...	...	...	...	...	...	...
Solomon Islands	<1	<1	1	7	0	0	3	13
South Asia								
Bangladesh	...	...	...	...	...	...	...	...
Bhutan	...	...	...	...	...	...	...	...
India	136	165	...	...	3,023	3,852	...	...
Maldives	<1	<1	<1	<1	0	0	79	47
Sri Lanka	...	...	...	...	...	...	...	...
Southeast Asia								
Cambodia	...	...	...	...	...	...	...	...
Indonesia	0	0	0	0	<1	33	...	...
Lao PDR	...	...	...	...	...	...	...	...
Malaysia	837	1,116	3,562	2,877	0	0	13,464	14,326
Myanmar	<1	<1	<1	<2	...	...	...	...
Philippines	...	<1	...	n.a.	...	n.a.	...	n.a.
Singapore	220	192	117	104	...	...	...	...
Thailand	<1	<1	0	0	0	0	815	891
Viet Nam	...	...	198	257	0	0	45,300	45,600

... = data not available at cutoff date, ✓ = relevant, x = not relevant, n.a. = not applicable, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.33: VAT Refund Metrics, 2016 and 2017

Region/Economy	VAT Refunds in 2016 (million, in local currency)			VAT Refunds in 2017 (million, in local currency)		
	Refunds Claimed	Refunds Made	Awaiting Approval at Year-End	Refunds Claimed	Refunds Made	Awaiting Approval at Year-End
Central and West Asia						
Afghanistan	x	x	x	x	x	x
Armenia	48,657	48,657	0	60,616	60,616	0
Azerbaijan	82,905	82,905	0	37,460	37,460	0
Georgia	387,382	165,467	...	299,145	217,956	...
Kazakhstan	...	...	...	...	...	...
Kyrgyz Republic	...	...	...	...	...	...
Tajikistan	...	...	...	...	...	...
Uzbekistan	...	288	...	...	499	...
East Asia						
China, People's Rep. of	...	...	...	...	...	...
Hong Kong, China	x	x	x	x	x	x
Japan	...	5,432,233	...	...	5,670,630	...
Korea, Rep. of	...	40,048,573	...	...	46,462,063	...
Mongolia	192,917	84,139	2,255	188,132	20,907	6,266
Taipei, China	236,103	235,531	849	256,298	255,459	1,421
Pacific						
Australia	...	...	...	...	...	...
Fiji	320	287	67	330	106	41
New Zealand	...	305,534	...	...	648,636	...
Papua New Guinea	...	...	...	...	...	...
Samoa	...	21	...	...	29	...
Solomon Islands	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
South Asia						
Bangladesh	7,541	3,976	2,452	259,111	...	22,095
Bhutan	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India	n.a.	n.a.	n.a.	...	...	...
Maldives	...	...	...	...	...	...
Sri Lanka	...	686	...	720	...	...
Southeast Asia						
Cambodia	238,304,320	129,612,023	...	141,385,284	236,817,275	...
Indonesia	...	63,260,755	...	...	69,680,026	...
Lao PDR	...	...	...	...	...	...
Malaysia	...	...	...	...	...	...
Myanmar	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Philippines	...	...	...	...	...	...
Singapore	...	...	...	...	...	...
Thailand	258,312	204,172	...	278,611	205,863	...
Viet Nam	130,496	98,982	27,938	127,541	100,126	8,849

... = data not available at cutoff date, ✓ = relevant, x = not relevant, n.a. = not applicable, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.34: VAT Refund Arrangements, 2018

Region/ Economy	Features of Arrangements for Dealing with VAT Returns Claiming Refunds						
	Refunds Must Be Credited to Bank Account	Refund Returns Deemed Refund Requests	Separate Refund Claim Required for Credits	Credits Automatically Offset against Tax Debts	VAT Credits Carried Forward	Fixed Period for Carrying Forward Credits	Refund Claim Only after Fixed Period
Central and West Asia							
Afghanistan	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Armenia	✓	x	✓	x	✓	✓	✓
Azerbaijan	✓	x	✓	✓	✓	x	x
Georgia	✓	x	✓	✓	✓	x	x
Kazakhstan							
Kyrgyz Republic	...	...	...	...	...	...	...
Tajikistan	✓	x	✓	x	✓	x	x
Uzbekistan	x	✓	◊	x	x	x	x
East Asia							
China, People's Rep. of	x	x	x	✓	✓	x	x
Hong Kong, China	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Japan	x	x	x	✓	x	x	x
Korea, Rep. of	x	✓	x	✓	x	x	x
Mongolia	✓	x	✓	x	x	x	x
Taipei, China	x	x	x	x	✓	x	x
Pacific							
Australia	✓	x	x	x	✓	x	x
Fiji	✓	x	x	x	✓	x	x
New Zealand	x	✓	x	✓	x	x	x
Papua New Guinea	x	✓	✓ (some)	x	x	✓	x
Samoa	x	x	x	✓	✓	x	x
Solomon Islands	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
South Asia							
Bangladesh	x	x	x	x	✓	x	x
Bhutan	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India	...	...	...	...	...	...	...
Maldives	x	x	x	✓	✓	✓	✓
Pakistan							
Sri Lanka	x	x	x	✓	✓	x	x
Southeast Asia							
Cambodia	x	✓	x	✓	✓	x	x
Indonesia	✓	x	✓	x	✓	x	x
Lao PDR	...	...	...	✓	✓	x	x
Malaysia	...	...	...	...	...	...	...
Myanmar	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Philippines	x	x	✓	x	✓	✓	✓
Singapore	x	✓	x	✓	x	x	x
Thailand	x	x	x	x	✓	x	x
Viet Nam	✓	x	✓	x	✓	x	x

... = data not available at cutoff date, ✓ = relevant, ◊ = required for some taxpayers, x = not relevant, n.a. = not applicable (no VAT system in place), Lao PDR = Lao People's Democratic Republic, VAT = value-added tax.

Source: 2018 International Survey on Revenue Administration.

Table A.35: Performance Metrics—Criminal Tax Investigation Program, 2016 and 2017

Region/Economy	Program Staffing (FTEs)		Cases in Progress at Year-End		Cases Referred for Prosecution		Cases Finalized via Prosecution Action	
	2016	2017	2016	2017	2016	2017	2016	2017
Central and West Asia								
Afghanistan	...	...	...	...	...	...	...	...
Armenia	446	301	892	749	8	37	102	289
Azerbaijan	215	270	148	271	141	79	103	74
Georgia ^a	0	0	0	0	0	0	0	0
Kazakhstan ^a	0	0	0	0	0	0	0	0
Kyrgyz Republic	...	...	...	...	...	...	...	...
Tajikistan	...	...	...	...	...	...	...	...
Uzbekistan	899	144	...	...	...	...	...	...
East Asia								
China, People's Rep. of	...	...	...	...	...	...	...	...
Hong Kong, China	6	6	15	25	5	5	3	5
Japan	1,400	1,400	...	...	115	132	133	100
Korea, Rep. of ^a	0	0	0	0	0	0	0	0
Mongolia ^a	0	0	0	0	0	0	0	0
Taipei, China	...	...	...	...	...	...	...	...
Pacific								
Australia	84	85	95	119	43	48	26	30
Fiji	0	0	0	0	0	0	0	0
New Zealand	790	830	1,525	1,525	112	72	102	101
Papua New Guinea	4	4	5	6	7	8	5	4
Samoa	...	...	...	...	...	...	...	...
Solomon Islands	0	0	4	4	1	1	2	2
South Asia								
Bangladesh	...	...	...	...	...	...	...	...
Bhutan ^a	0	0	0	0	0	0	0	0
India	...	...	...	...	...	...	...	...
Maldives	5	6	6	19	2	2	0	0
Sri Lanka ^a	0	0	0	0	0	0	0	0
Southeast Asia								
Cambodia ^b	0	0	0	0	0	0	0	0
Indonesia	410	453	120	992	65	134	14	12
Lao PDR	0	0	0	0	0	0	0	0
Malaysia	11	11	3	15	5	30	2	11
Myanmar	0	0	0	0	0	0	0	0
Philippines	...	...	238	56	17	0	1	1
Singapore	68	68	376	355	18	110	17	5
Thailand	102	104	539	613	94	72	30	33
Viet Nam	...	...	...	...	...	...	...	...

... = data not available at cutoff date, FTE = full-time equivalent, Lao PDR = Lao People's Democratic Republic.

^a Criminal investigation work is conducted entirely by a separate agency

^b Department of Tax Crime Investigation established only in January 2018.

Source: 2018 International Survey on Revenue Administration.

Table A.36: Performance Metrics—Administrative Review of Disputes, 2016 and 2017

Region/Economy	Cases on Hand at the Start of the Year		New Cases Received during the Year		Cases Resolved during the Year		Cases on Hand at Year-End	
	2016	2017	2016	2017	2016	2017	2016	2017
Central and West Asia								
Afghanistan	4	0	27	42	31	31	0	11
Armenia	...	...	...	...	...	...	...	...
Azerbaijan	631	690	2,993	7,736	902	1,724	2,724	6,702
Georgia	897	449	7,534	9300	7,982	9,094	449	655
Kazakhstan								
Kyrgyz Republic	...	...	...	...	...	...	...	...
Tajikistan								
Uzbekistan	...	...	...	...	...	...	...	...
East Asia								
China, People's Rep. of	100	175	872	1,249	790	1,157	182	267
Hong Kong, China	35,422	37,660	82,237	91,106	79,999	88,755	37,660	40,011
Japan	2,270	2,048	5,289	4,162	5,511	3,764	2,048	2,446
Korea, Rep. of	412	441	4,084	3,749	4,055	3,612	441	578
Mongolia	80	129	131	201	82	178	129	152
Taipei, China	2,725	1,758	5,331	4,761	6,298	4,926	1,758	1,593
Pacific								
Australia	4,545	3,683	25,828	24,169	26,690	24,490	3,683	3,362
Fiji	...	6,259	...	0	...	6,195	...	64
New Zealand	289	317	232	276	204	355	317	238
Papua New Guinea	269	17	191	6	215	4	245	19
Samoa	...	...	...	...	...	...	...	...
Solomon Islands	5	10	5	10	4	7	6	13
South Asia								
Bangladesh	...	...	...	...	...	...	...	...
Bhutan	0	0	886	3,280	886	3,280	0	0
India	232,726	259,718	120,265	148,454	94,093	117,945	258,898	290,277
Maldives	2	8	86	99	80	59	8	48
Sri Lanka	...	265	...	159	...	157	...	267
Southeast Asia								
Cambodia	116	68	77	100	125	112	68	56
Indonesia	118,923	37,974	283,087	101,936	363,406	100,081	37,974	39,829
Lao PDR								
Malaysia	159	201	541	624	499	543	201	282
Myanmar	...	...	...	...	...	...	...	...
Philippines	...	...	...	2,881	...	197	...	2,684
Singapore	...	...	...	...	...	...	...	...
Thailand	651	764	11,496	12,332	11,383	12,227	764	869
Viet Nam	...	...	...	...	...	...	...	...

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.37: Performance Metrics—Independent Reviews by External Bodies, 2016 and 2017

Region/Economy	Cases on Hand at the Start of the Year		New Cases Received during the Year		Cases Resolved during the Year		Cases on Hand at Year-End	
	2016	2017	2016	2017	2016	2017	2016	2017
Central and West Asia								
Afghanistan	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Armenia	187	789	1,431	1,305	829	1,138	331	375
Azerbaijan	0	0	3	6	3	6	0	0
Georgia	...	...	1,755	1,778	1,389	1,693	...	422
Kazakhstan	...	...	...	...	...	...	...	...
Kyrgyz Republic	...	...	...	...	...	...	...	...
Tajikistan	...	...	...	...	...	...	...	...
Uzbekistan	...	...	...	...	...	...	...	...
East Asia								
China, People's Rep. of	...	...	...	...	...	...	...	...
Hong Kong, China	48	45	53	42	56	55	45	32
Japan	256	225	231	230	262	245	225	210
Korea, Rep. of	...	...	...	...	...	...	...	...
Mongolia	...	...	...	...	...	...	...	...
Taipei,China	579	483	2,042	1,587	2,138	1,636	483	434
Pacific								
Australia	568	499	419	367	488	396	499	470
Fiji	...	...	...	...	...	...	...	...
New Zealand	...	...	...	...	...	...	...	...
Papua New Guinea	15	13	5	8	7	10	13	11
Samoa	5	...	...	2	...	...	...	...
Solomon Islands	0	1	0	1	0	0	0	2
South Asia								
Bangladesh	...	...	...	...	...	...	...	...
Bhutan	...	...	6	...	3	...	...	...
India	102,894	92,443	40,087	48,328	51,010	48,385	91,971	92,386
Maldives	3	13	9	6	0	3	12	16
Sri Lanka	...	169	...	587	...	135	...	621
Southeast Asia								
Cambodia	...	...	...	...	...	...	...	...
Indonesia	10,146	11,284	8,958	6,418	7,820	7,248	11,284	10,454
Lao PDR	...	...	...	...	...	...	...	...
Malaysia	448	671	350	488	127	379	671	780
Myanmar	...	...	...	...	...	...	...	...
Philippines	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Singapore	...	...	...	...	...	...	...	...
Thailand	623	731	784	811	676	728	731	814
Viet Nam	...	...	...	...	...	...	...	...

... = data not available at cutoff date, n.a. = not applicable, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.38: Performance Metrics—Independent Reviews by Higher Appellate Court, 2016 and 2017

Region/Economy	Tax Cases on Hand at Year-End		Tax Cases Resolved during the Year		Tax Cases Resolved in Favor of Revenue Body	
	2016	2017	2016	2017	2016	2017
Central and West Asia						
Afghanistan	13	12	1	6	1	4
Armenia	331	375	92	117	49	70
Azerbaijan	758	481	254	289	76	62
Georgia	354	855	202	176	170	111
Kazakhstan						
Kyrgyz Republic	309	298	119	137	111	118
Tajikistan	...	...	...	...	...	...
Uzbekistan	...	...	...	...	...	...
East Asia						
China, People's Rep. of	236	232	680	791	638	702
Hong Kong, China	2	5	6	0	2	0
Japan	70	57	137	118	129	125
Korea, Rep. of	2,545	2,169	1,946	1,842	1,783	1,685
Mongolia	...	...	...	...	...	...
Taipei, China	...	...	...	...	...	...
Pacific						
Australia	44	44	45	31	32	22
Fiji	...	...	...	...	...	...
New Zealand	80	65	32	36	28	29
Papua New Guinea	4	5	3	3	3	2
Samoa	...	...	...	...	...	...
Solomon Islands	0	0	0	0	0	0
South Asia						
Bangladesh	...	...	...	...	...	...
Bhutan	...	...	...	...	...	...
India	37,537	44,838	7,877	9,973	956	1,349
Maldives	6	2	3	1	3	1
Sri Lanka						
Southeast Asia						
Cambodia	...	...	...	...	...	...
Indonesia	10,733	12,794	2,723	1,222	769	201
Lao PDR						
Malaysia	12	8	6	9	13	18
Myanmar	...	...	...	...	...	...
Philippines	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Singapore	...	...	...	...	...	...
Thailand	0	0	0	0	0	0
Viet Nam	70	62	74	42	39	23

... = data not available at cutoff date, n.a. = not applicable, Lao PDR = Lao People's Democratic Republic.

Source: 2018 International Survey on Revenue Administration.

Table A.39a: Performance Metrics—Tax Debt Collection, 2014–2017 (Part 1)

Region/Economy	Tax Arrears (million, in local currency)					
	Total Closing Arrears Stock at Year-End				Closing Arrears Stock Considered Uncollectible	
	2014	2015	2016	2017	2016	2017
Central and West Asia						
Afghanistan	...	21,176	7,672	9,650	...	...
Armenia	...	383,688	392,347	370,737	...	...
Azerbaijan	...	2,386	1,409	1,037	182	120
Georgia	...	6,262	4,851	4,926	4,295	4,247
Kazakhstan	214,449	152,805	183,522	152,900	...	...
Kyrgyz Republic	1,320	1,414	1,354	2,436	385	652
Tajikistan	884	619	703	860	...	...
Uzbekistan	...	5,507,724	6,590,177	4,239,492	...	...
East Asia						
China, People's Rep. of	...	...	...	...	...	...
Hong Kong, China	36,210	34,455	32,937	33,726	16,743	16,210
Japan	1,141,367	1,064,631	977,413	897,072	...	...
Korea, Rep. of	7,848,208	7,243,599	15,276,811	15,584,189	8,276,633	7,478,194
Mongolia	723,000	738,427	1,236,170	1,628,024	190,192	173,610
Taipei, China	208,371	193,149	115,394	121,357	39,118	38,105
Pacific						
Australia	34,200	35,100	33,800	36,100	14,600	15,200
Fiji	0	53	106	194	20	22
New Zealand	6,240	6,086	5,778	4,199	2,584	997
Papua New Guinea	2,650	3,684	3,289	3,187	1,081	1,091
Samoa	...	...	...	...	...	...
Solomon Islands	...	...	...	...	...	...
South Asia						
Bangladesh	...	1,538,915	1,516,828	...	...	...
Bhutan	89,734	...	...	...	...	...
India	6,703,050	7,001,480	...	...	...	...
Maldives	220	332	152	338	0	0
Sri Lanka	...	22,527	18,809	19,343	...	...
Southeast Asia						
Cambodia	3,052,657	4,024,834	...	...	...	...
Indonesia	67,750,000	90,903,000	101,774,000	54,160,090	14,036,423	32,754,196
Lao PDR	...	...	...	...	...	...
Malaysia	8,162	8,682	6,784	12,565	278	581
Myanmar	...	47,386	63,720	71,576	...	...
Philippines	333,500	380,224	340,788	332,564	129,312	116,256
Singapore	...	...	...	...	...	...
Thailand	...	164,771	205,929	272,870	66,703	86,592
Viet Nam	71,660,000	76,374,377	75,272,924	73,144,526	19,335,325	25,812,028

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic.

Source: 2016 and 2018 International Surveys on Revenue Administration.

Table A.39b: Performance Metrics—Tax Debt Collection, 2014–2017 (Part 2)

Region/Economy	Tax Arrears (million, in local currency)					
	New Arrears Established during the Year		Arrears Collected during the Year		Amounts Written Off and Technical Adjustments Made	
	2016	2017	2016	2017	2016	2017
Central and West Asia						
Afghanistan	...	1,978	...	...	...	...
Armenia	...	...	...	21,610	...	...
Azerbaijan	1,997	1,913	721	479	2,253	1,806
Georgia	1,075	1,472	1,082	1,113	1,404	283
Kazakhstan	129,455	80,952	8,033	12,182	23,241	99,392
Kyrgyz Republic	3,665	4,491	3,695	3,377	30	31
Tajikistan	...	...	650	825	...	...
Uzbekistan	...	...	...	...	...	...
East Asia						
China, People's Rep. of	...	...	...	...	...	...
Hong Kong, China	5,768	4,535	7,060	3,541	225	205
Japan	687,132	622,098	774,350	702,439	0	0
Korea, Rep. of	19,883,298	20,811,237	10,039,722	10,546,191	1,500,365	1,681,035
Mongolia	3,012,112	4,324,212	2,492,228	3,921,691	22,142	10,667
Taipei, China	11,885	12,704	5,826	5,015	137	1,725
Pacific						
Australia	...	...	...	...	4,700	3,900
Fiji	83	180	30	116	0	<1
New Zealand	5,637	7,927	4,838	7,279	1,107	2,228
Papua New Guinea	140	155	507	570	29	33
Samoa	...	...	...	...	...	...
Solomon Islands	...	...	...	...	...	...
South Asia						
Bangladesh	299,626	...	321,713	...	...	...
Bhutan	...	...	...	...	...	...
India	...	...	...	...	...	...
Maldives	839	1,342	913	1,095	0	0
Sri Lanka	...	...	...	...	...	...
Southeast Asia						
Cambodia	...	...	...	...	...	...
Indonesia	93,098,242	79,384,697	64,748,478	68,421,653	17,479,413	58,577,156
Lao PDR	...	...	...	...	...	...
Malaysia	2,920	8,773	4,212	2,727	606	265
Myanmar	126,098	85,751	109,377	58,941	448	24,351
Philippines	44,605	37,071	4,556	5,235	9,963	17,547
Singapore	...	...	...	...	...	...
Thailand	65,010	98,610	16,991	24,096	7,261	3,779
Viet Nam	38,978,975	42,309,523	40,049,516	44,371,399	30,912	46,523

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic.

Source: 2016 and 2018 International Surveys on Revenue Administration.

Table A39c: Performance Metrics—Tax Debt Collection, 2014–2017 (Part 3)

Region/Economy	Closing Stock of Tax Debt Cases at Year-End (no. of cases, '000)				Tax Debts Written Off as % of Year's Opening Tax Debts	
	2014	2015	2016	2017	2016	2017
Central and West Asia						
Afghanistan	...	68a	35 ^a	50 ^a	...	...
Armenia	...	...	...	...	...	...
Azerbaijan	...	59	40	48	...	...
Georgia	...	243	224	245	...	...
Kazakhstan	...	...	...	...	...	56.5
Kyrgyz Republic	...	114	121	133	...	...
Tajikistan	...	...	...	...	63.3	0.2
Uzbekistan	...	99	114	124	...	...
East Asia						
China, People's Rep. of	...	...	...	...	...	...
Hong Kong, China	...	...	...	...	6.7	4.8
Japan	3,594	3,313	3,058	2,830	...	...
Korea, Rep. of	1,706	1,609	1,571	1,786	...	...
Mongolia	...	2	2	2	...	...
Taipei, China	2,588	2,414	...	...	29.6	30.6
Pacific						
Australia	2,015	1,845	1,715	1,762	19.5	22.6
Fiji	0	8	11	28	...	...
New Zealand	435	368	339	331	24.5	29.5
Papua New Guinea	9	12	...	...	...	...
Samoa	...	...	121 ^a	289 ^a	...	...
Solomon Islands	...	...	...	...	...	...
South Asia						
Bangladesh	1,063	1,093	...	...	...	...
Bhutan	234 ^a	238 ^a	...	...	...	...
India	...	...	...	...	...	...
Maldives	2	2	2	2	...	...
Sri Lanka	...	...	...	...	...	...
Southeast Asia						
Cambodia	530	688	...	...	9.0	7.0
Indonesia	...	143	60	63	...	...
Lao PDR	...	...	...	...	...	...
Malaysia	1,927	1,613	1,489	1,406	2.0	9.8
Myanmar	...	...	...	...	...	...
Philippines	84	92	99	95	1.8	1.0
Singapore	...	...	...	...	...	...
Thailand	...	85	84	82	...	...
Viet Nam	...	...	...	...	...	...

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic.

^a Actual number of debt cases.

Source: 2016 and 2018 International Surveys on Revenue Administration.

Table A.39d: Performance Metrics—Tax Debt Collection, 2014–2017 (Part 4)

Region/Economy	Year-End Debt as a Proportion of Total Net Tax Revenue Collected (%)				Arrears Considered Uncollectible as a Proportion of Closing Year-End Debt (%)	
	2014	2015	2016	2017	2016	2017
Central and West Asia						
Afghanistan	2.2	2.1	24.6	25.9	...	...
Armenia	...	...	51.0	47.8	...	...
Azerbaijan	...	...	35.7	15.7	12.9	11.6
Georgia	...	...	58.8	64.4	88.5	86.2
Kazakhstan	4.2	4.4	2.7	1.8	...	...
Kyrgyz Republic	3.3	2.7	2.1	3.5	28.4	26.8
Tajikistan	12.6	8.0	6.3	6.7	...	...
East Asia						
China, People's Rep. of	...	...	...	...	...	...
Hong Kong, China	14.9	11.4	11.3	11.6	50.8	48.1
Japan	2.6	2.2	1.9	1.7	...	...
Korea, Rep. of	4.0	3.5	7.9	7.2	54.2	48.0
Mongolia	28.5	23.2	51.9	42.7	15.0	10.6
Taipei, China	10.5	9.0	5.2	5.4	33.9	31.4
Pacific						
Australia	10.7	10.5	10.0	10.1	41.1	41.7
Fiji	...	...	6.1	12.9	18.9	11.3
New Zealand	10.9	10.0	9.1	6.1	44.7	23.7
Papua New Guinea	29.5	32.5	51.5	45.8	32.9	34.2
Samoa	...	...	...	...	...	...
Solomon Islands	...	...	...	...	...	...
South Asia						
Bangladesh	7.9	8.8	...	...	...	...
Bhutan	...	...	...	...	...	...
India	105.1	100.8	...	...	...	...
Maldives	2.3	2.1	1.4	2.9	...	...
Sri Lanka	...	...	2.9	3.3	...	...
Southeast Asia						
Cambodia	71.5	77.2	...	...	...	...
Indonesia	10.4	12.7	9.2	4.7	14.1	60.5
Lao PDR	...	...	...	...	...	...
Malaysia	6.4	7.6	6.0	10.2	4.1	4.6
Myanmar	...	...	...	...	...	...
Philippines	25.0	27.3	21.6	18.6	37.8	34.8
Singapore	...	...	...	...	...	...
Thailand	...	12.1	13.9	18.2	32.5	31.9
Viet Nam	15.2	13.5	9.3	7.9	25.7	35.3

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic.

Sources: 2016 and 2018 International Surveys on Revenue Administration.

Table A.40a: Staffing Metrics—Year-End Staff Levels and Recruitment, 2014–2017

Region/Economy	Overall Staffing (no. of staff)					Change, 2014–2017	Recruitment (no.)	
	Start of 2014	Start of 2015	Start of 2016	Start of 2017	Year-End 2017		2016	2017
Central and West Asia								
Afghanistan	652	651	794	794	794	+142	0	6
Armenia	...	...	1,790	1,807	1,565	...	103	93
Azerbaijan	...	...	2,331	2,276	2,290	...	164	155
Georgia	...	...	3,694	3,740	3,591	...	240	261
Kazakhstan	15,160	15,107	15,160	15,160	15,160	0	...	...
Kyrgyz Republic	2,256	2,256	2,190	2,209	2,209	(47)	181	170
Tajikistan	1,815	1,789	1,833	1,745	1,748	(67)	...	...
Uzbekistan	...	...	11,732	11,890	11,858	...	1,809	2,088
East Asia								
China, People's Rep. of	...	...	386,140	392,806	397,491	...	20,807	21,692
Hong Kong, China	2,964	2,936	2,928	2,948	2,943	(21)	208	149
Japan	55,123	...	...	...	...	...	...	...
Korea, Rep. of	18,832	18,855	19,342	19,793	20,175	+1,243	...	...
Mongolia	...	1,823	1,964	1,914	1,909	...	71	73
Taipei, China	8,874	8,864	8,786	8,774	8,689	(185)	476	372
Pacific								
Australia	25,093	23,631	21,360	20,786	20,682	(4,411)	1,378	1,755
Fiji	...	...	763	807	842	...	115	57
New Zealand	5,475	5,641	5,820	5,789	5,519	+44	558	400
Papua New Guinea	371	391	883	922	977	+606	60	80
Samoa	...	...	177	196	195	...	39	21
Solomon Islands	...	...	110	111	113	...	6	8
South Asia								
Bangladesh	11,188	8,195	...	...	...	...	...	...
Bhutan	170	174	125	136	142	(28)	11	9
India	...	...	...	...	...	...	...	...
Maldives	180	235	244	274	284	+104	100	76
Sri Lanka	...	...	2,526	2,549	2,681	...	215	524
Southeast Asia								
Cambodia	1,415	1,391	1,684	1,673	1,911	+496	14	284
Indonesia	32,273	34,510	38,058	40,040	43,052	+10,779	2,624	3,775
Lao PDR	...	...	...	...	2,544	...	...	...
Malaysia	13,835	13,728	13,800	13,876	13,520	(315)	485	366
Myanmar	...	...	4,241	4,693	4,644	...	602	125
Philippines	10,189	9,344	9,549	9,920	10,573	+384	618	1,234
Singapore	1,933	1,957	1,959	1,955	1,933	0	93	115
Thailand	...	19,260	22,436	22,053	21,718	...	803	987
Viet Nam	45,140	44,310	43,086	43,094	41,307	(3,833)	886	160

... = data not available at cutoff date, () = negative, Lao PDR = Lao People's Democratic Republic.

Source: 2016 and 2018 International Survey on Revenue Administration.

Table A.40b: Staffing Metrics—Length of Service and Gender Mix, 2017

Region/Economy	Characteristics of Permanent Staffing (no. of staff at year-end 2017)							
	Length of Service				Staff Gender Mix		Executive Gender Mix	
	<5 years	5–9 Years	10–19 Years	20 Years or More	Male	Female	Male	Female
Central and West Asia								
Afghanistan	150	550	144	0	748	55	10	1
Armenia	205	500	704	156	970	595	127	33
Azerbaijan	512	602	643	533	1,997	293	651	41
Georgia	898	1,812	486	115	1,672	1,639	214	58
Kazakhstan	3,188	3,139	5,417	2,862	8,890	6,270	...	875
Kyrgyz Republic	445	394	724	646	1,467	742	131	20
Tajikistan	417	443	716	169	1,577	166	...	...
Uzbekistan	3,508	2,743	3,019	2,588	10,512	1,346	2,022	86
East Asia								
China, People's Rep. of	54,892	33,771	34,711	274,117	242,769	154,722	17,551	2,198
Hong Kong, China	555	387	231	1,599	856	1,916	11	13
Japan	...	...	...	...	...	...	...	...
Korea, Rep. of	5,665	4,090	4,687	5,733	12,172	8,003	263	9
Mongolia	254	336	532	787	653	1,256	36	18
Taipei, China	1,230	1,138	2,077	2,740	1,813	5,335	176	371
Pacific								
Australia	4,061	4,045	7,493	3,096	8,183	10,511	2,241	2,396
Fiji	244	188	215	195	428	414	4	3
New Zealand	1,617	988	1,489	1,150	1,892	3,352	34	18
Papua New Guinea	398	405	122	142	560	450	6	8
Samoa	133	20	29	14	87	97	7	5
Solomon Islands	4	55	40	4	70	27	7	1
South Asia								
Bangladesh	...	...	...	...	...	...	...	...
Bhutan	75	40	24	3	66	76	...	...
India	...	...	...	...	...	...	...	...
Maldives	245	39	0	0	137	147	9	3
Sri Lanka	1,330	596	432	268	1,178	1,446	688	548
Southeast Asia								
Cambodia	641	284	253	733	1,331	580	1,246	535
Indonesia	14,438	4,634	12,217	11,763	29,266	13,786	49	5
Lao PDR	...	...	...	...	1,719	825	...	...
Malaysia ^a	1,426	2,255	3,872	3,329	4,732	6,146	1,777	2,150
Myanmar	1,365	542	1,419	1,318	2,437	2,207	418	576
Philippines	2,648	607	2,389	4,979	3,596	6,394	224	359
Singapore	385	389	472	600	484	1,362	457	1,127
Thailand	2,948	2,426	7,473	8,871	4,868	16,850	313	484
Viet Nam ^a	...	...	...	...	21,376	15,848	...	...

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic.

^a Malaysia's length-of-service data exclude 2,638 contractual staff; Viet Nam's data exclude 4,083 contractual staff.

Source: 2018 International Survey on Revenue Administration.

Table A.40c: Staff Metrics—Academic Qualifications and Age Distribution, 2017

Region/Economy	Characteristics of Permanent Staff (no. of staff at year-end 2017)							
	Academic Qualifications		Age Distribution					
	Master's (or Equiv.)	Bachelor's (or Equiv.)	Under 25 Years	25–34 Years	35–44 Years	45–54 Years	55–64 Years	Over 64 Years
Central and West Asia								
Afghanistan	28	332	185	170	112	147	180	0
Armenia	477	1,088	110	548	500	267	125	15
Azerbaijan	...	...	10	769	724	349	389	49
Georgia	789	2,522	123	1,930	684	361	176	37
Kazakhstan	350 ^a	13,769 ^a	2,500	4,000	3,999	4,650	10	1
Kyrgyz Republic	...	2,094	68	532	644	602	361	2
Tajikistan	14	1,731	278	579	561	320	7	0
Uzbekistan	2,699	5,734	2,215	2,317	3,988	2,060	1,189	89
East Asia								
China, People's Rep. of	22,816	262,924	29,177	72,032	87,950	169,920	38,412	0
Hong Kong, China	103	1,150	64	576	609	975	548	0
Japan	...	...	...	...	...	...	...	...
Korea, Rep. of	650	17,241	481	3,921	7,952	6,311	1,510	0
Mongolia	517	1,392	89	518	670	507	124	1
Taipei, China	1,525	3,854	105	1,399	2,273	2,458	940	10
Pacific								
Australia	3,228	6,380	666	3,818	4,870	5,903	3,179	259
Fiji	...	...	43	317	288	164	28	2
New Zealand	...	...	396	1,063	1,155	1,430	1,004	196
Papua New Guinea	12	250	250	350	200	140	120	7
Samoa ^b	3	45	42	81	44	27	2	0
Solomon Islands	2	4	4	85	9	4	1	0
South Asia								
Bangladesh	...	...	...	...	...	...	...	...
Bhutan	10	72	29	65	34	11	3	0
India	...	...	...	...	...	...	...	...
Maldives	32	120	145	121	15	3	0	0
Sri Lanka	125	150	52	344	932	842	344	0
Southeast Asia								
Cambodia	483	1,482	9	907	286	569	140	0
Indonesia	5,679	17,516	9,187	14,132	9,816	6,564	3,353	0
Lao PDR	157	...	...	...	...	...	...	...
Malaysia	457	3,793	101	3,071	4,337	2,077	1,296	0
Myanmar	190	4,454	376	1,799	1,267	927	275	0
Philippines	2,259	6,887	621	2,299	2,108	2,764	2,753	28
Singapore	66	1,132	34	621	598	347	246	0
Thailand	4,920	12,926	377	3,309	7,511	7,572	2,949	0
Viet Nam	3,494	27,080	4,005	10,100	12,574	5,455	5,090	0

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic.

^a Data for year-end 2015.

^b Data provided appear to include staff of Customs Administration, which, with Inland Revenue, forms part of the Ministry of Taxes.

Source: 2018 International Survey on Revenue Administration.

Table A.41: Total Operating and Salary Expenditure, 2014 to 2017

Region/Economy	Total Budget (million, in local currency)					
	Total Operating Expenditure (including Salaries)				Total Salary	
	2014	2015	2016	2017	2016	2017
Central and West Asia						
Afghanistan	104	110	122	128	110	115
Armenia	...	...	7,152	8,080	6,009	7,336
Azerbaijan	...	...	25	27	19	18
Georgia	...	...	119	119	73	66
Kazakhstan	42,035	42,035	41,585	42,385	21,110	21,370
Kyrgyz Republic	762	820	795	858	591	657
Tajikistan	...	...	...	...	...	...
Uzbekistan	...	...	433,867	474,876	299,869	339,749
East Asia						
China, People's Rep. of	...	...	56,111	56,677	30,644	30,826
Hong Kong, China	1,414	1,450	1,453	1,504	1,253	1,302
Japan	670,162	708,619	707,351	703,469	563,000	560,000
Korea, Rep. of	1,501,424	1,587,273	1,540,251	1,600,727	1,078,912	1,131,858
Mongolia	...	...	...	...	...	...
Taipei, China	23,560	24,667	25,212	24,346	9,410	9,366
Pacific						
Australia	3,600	3,452	3,460	3,528	1,865	1,858
Fiji	...	...	44	48	22	26
New Zealand	700	706	747	783	400	399
Papua New Guinea	58	61	48	51	17	18
Samoa	...	...	5	5	1	2
Solomon Islands	...	...	6	17	2	1
South Asia						
Bangladesh	112,700	134,000	...	...	...	...
Bhutan	...	...	...	...	42	...
India	36,353	40,933	55,439	60,876	33,933	36,392
Maldives	52	64	79	85	60	62
Sri Lanka	3,087	4,437	4,061	4,337	1,984	2,103
Southeast Asia						
Cambodia	12,543	18,910	30,220	70,557	...	26,258
Indonesia	5,260,889	9,112,565	13,375,548	14,335,961	8,619,723	10,529,034
Lao PDR	...	...	...	...	...	...
Malaysia	1,728	1,812	1,946	2,383	1,354	1,521
Myanmar	...	...	197,435	319,731	9,998	10,256
Philippines	6,615	6,917	7,503	10,157	4,229	4,647
Singapore	355	372	374	397	231	250
Thailand	10,855	12,265	8,740	8,771	6,132	6,324
Viet Nam	...	...	11,617,694	13,762,764	4,754,340	4,921,090

... = data not available at cutoff date, Lao PDR = Lao People's Democratic Republic.

Sources: 2018 International Survey on Revenue Administration; Inland Revenue Department, Sri Lanka. 2017. *Annual Report 2017*. Colombo; Inland Revenue Department, Sri Lanka. 2015. *Annual Report 2015*. Colombo; National Tax Agency, Japan. 2017. *National Tax Agency Report 2017*. Tokyo; and National Tax Agency, Japan. 2016. *National Tax Agency Report 2016*. Tokyo.

Table A.42: Administrative Budget of Revenue Body, 2014–2017

Region/Economy	ICT Recurrent Budget (million, in local currency)		Total Capital Budget (million, in local currency)		Training Budget (million, in local currency)	
	2016	2017	2016	2017	2016	2017
Central and West Asia						
Afghanistan	...	...	26	27	5	0
Armenia	329	365	544	158	347	267
Azerbaijan	4	7	1	5	2	2
Georgia	<1	<1	3	7	<1	<1
Kazakhstan	...	...	7,720	10,658	<1	<1
Kyrgyz Republic	9	4	3	6	<1	<1
Tajikistan	...	...	...	...	...	...
Uzbekistan	884	902	633	6,538	180	264
East Asia						
China, People's Rep. of	685	687	874	784	748	741
Hong Kong, China	163	170	57	96	3	3
Japan	45,162	47,517	...	...	...	...
Korea, Rep. of	113,914	120,816	8,678	9,480	10,377	11,307
Mongolia	197	517	...	1,509	221	279
Taipei, China	544	584	362	448	10	9
Pacific						
Australia	746	750	222	174	12	12
Fiji	1	1	8	6	<1	<1
New Zealand	54	64	61	101	6	7
Papua New Guinea	7	6	49	51	<1	1
Samoa	<1	<1	5	<1	...	...
Solomon Islands	1	1	19	...	2	1
South Asia						
Bangladesh	...	...	...	...	...	...
Bhutan	...	...	...	...	...	...
India	5,246	6,661	1,338	1,817	268	307
Maldives	60	62	13	2	1	2
Sri Lanka	278	233	1,219	1,322	55	128
Southeast Asia						
Cambodia	8,983	3,763	...	...	600	624
Indonesia	258,570	0	537,149	332,594	78,700	92,000
Lao PDR	...	...	...	...	...	...
Malaysia	164	217	11	73	55	66
Myanmar	383	23	...	...	14	5
Philippines	428	439	980	3,024	47	96
Singapore	94	97	8	13	5	5
Thailand	495	495	874	806	12	12
Viet Nam	700,841	879,713	...	...	49,873	50,503

... = data not available at cutoff date, ICT = information and communication technology, Lao PDR = Lao People's Democratic Republic.

Sources: 2018 and 2016 International Survey on Revenue Administration; Inland Revenue Department, Sri Lanka. 2017. *Annual Report 2017*. Colombo; and Inland Revenue Department, Sri Lanka. 2015. *Annual Report 2015*. Colombo.

Table A.43: Performance Metrics—Staff Resource Use, 2014–2017

Region/Economy	Resource Use for Tax Administration (FTEs)					Resource Comparability Ratios ^a	
	2014	2015	2016	2017	Change, 2014–2017	Citizens/ Staff FTE in 2017	Labor Force/Staff FTE in 2017
Central and West Asia							
Afghanistan	651	658	794	794	143	37,405	10,705
Armenia	...	...	1,790	1,807	...	1,660	830
Azerbaijan	...	...	2,349	2,349	...	4,214	2,171
Georgia	...	...	3,740	3,591	...	1,030	557
Kazakhstan	15,160	15,160	15,160	15,160	0	1,187	594
Kyrgyz Republic	...	...	2,200	2,200	...	2,772	1,273
Tajikistan	1,636	1,636	1,833	1,833	197	4,800	1,254
Uzbekistan	...	...	11,741	11,742	...	2,759	1,541
East Asia							
China, People's Rep. of	...	...	392,806	397,491	...	3,496	2,029
Hong Kong, China	2,830	2,833	2,833	2,841	11	2,604	1,373
Japan	55,856	55,790	55,703	55,666	(190)	2,277	1,207
Korea, Rep. of	18,885	19,060	19,907	20,116	1,231	2,555	1,377
Mongolia	...	1,823	1,966	1,909	...	1,623	629
Taipei, China	9,041	9,007	8,937	8,924	(117)	2,644	1,322
Pacific							
Australia	23,527	22,491	17,672	17,905	(5,622)	1,373	726
Fiji	...	...	807	849	...	1,060	412
New Zealand	5,640	5,679	5,662	5,401	(239)	888	500
Papua New Guinea	391	498	884	1,021	630	8,521	3,624
Samoa	...	...	92	129	...	1,550	388
Solomon Islands	...	...	110	112	...	5,357	1,786
South Asia							
Bangladesh	11,188	8,198	...	6,785 (est.)	(4,403)	23,979	9,815
Bhutan	170	174	144	136	(34)	5,147	2,941
India	...	...	...	...	...	...	...
Maldives	233	226	274	284	51	1,760	775
Sri Lanka	...	...	2,537	2,610	...	8,199	4,444
Southeast Asia							
Cambodia	1,503	1,538	1,673	1,911	408	7,845	4,534
Indonesia	34,510	38,059	40,043	43,052	8,542	6,083	2,903
Lao PDR	...	...	...	2,544 ^b	...	2,633	1,415
Malaysia	13,150	13,209	13,876	13,520	370	2,366	1,102
Myanmar	...	...	4,693	4,644	...	11,498	4,801
Philippines	9,344	9,549	9,855	10,694	1,350	9,809	4,002
Singapore	1,941	1,935	1,911	1,878	(63)	2,981	1,970
Thailand	19,260	19,557	17,504	17,377	(1,883)	3,895	2,210
Viet Nam	...	...	41,588	40,054	...	2,339	1,368

... = data not available at cutoff date, () = negative, FTE = full-time equivalent, Lao PDR = Lao People's Democratic Republic.

^a Ratios relate to tax administration resource use (excluding customs) and draw on economy population data in Table A1.

^b Lao PDR staff-use data are based on reported number of year-end staff in 2017.

Source: 2016 and 2018 International Surveys on Revenue Administration.

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A Comparative Analysis of Tax Administration in Asia and the Pacific

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Improved tax systems can help countries in Asia and the Pacific generate the resources needed to implement the Sustainable Development Goals. This report provides information on current tax administration practices in the region to help governments identify opportunities to strengthen their tax systems. It analyzes the administrative frameworks, practices, and performance of revenue bodies in 34 economies. The analysis was largely based on survey data gathered by the Asian Development Bank in collaboration with the Organisation for Economic Co-operation and Development and the International Monetary Fund.

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