

# TAX CAPACITY DEVELOPMENT SURVEY

## Survey results and recommendations for investment

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Manila, December 2017

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# ADB survey on tax capacity development

- In mid-2017 ADB issued a survey to 40 of its developing member countries on tax capacity development needs
- 30 replies have been received so far
- The purpose is to identify tax policy and administration needs across DMCs, for more efficient and effective targeting of capacity development needs, especially for the new DRM Trust Fund
- The survey consists of 3 parts:
  - Tax policy – rank your needs from “N/A” to “High” for 11 common issues
  - Tax administration – rank your needs for 12 common issues
  - Raise any other issue not covered above

Issue	Level of importance to you				
	Not applicable	Not important	Some importance	Medium importance	High importance
a. Legislation to implement the Automatic Exchange of Information (AEOI) initiative of the Global Forum					
b. Legislation to join the Global Forum; or, if already a member, legal requirements to pass a peer review					
c. Legislation to implement the OECD's Base Erosion and Profit Shifting (BEPS) program					
d. Tax reform generally					
e. Introduction of new taxes (at national or sub-national government level)					
f. Legislation for institutional arrangements reform for the tax authority or authorities					
g. Legislation covering international taxation/transactions					
h. Transfer pricing/Advance Pricing Agreements					
i. Tax treaties – negotiation/expanding current network					
j. Tax treaties – implementation of operational/taxing provisions					
k. Tax treaties – implementation of Mutual Agreement Procedure, mutual collection, routine exchange of information etc.					

## TAX ADMINISTRATION

Issue	Level of Importance to you				
	Not applicable	Not important	Some importance	Medium importance	High importance
a. Streamlining of business processes					
b. Effective tax administration of e-commerce transactions					
c. Enhanced risk profiling for audit case selection					
d. Audit procedures					
e. Improving taxpayer service					
f. Dispute resolution					
g. ICT for tax administration					
h. Strengthening the training function					
i. Human resource management					
j. Improving internal controls					
k. Administrative improvements to implement AEOI					
l. Administrative improvements to implement BEPS					

# Survey result constraints

- 30 out of 40 country replies received (75%)
- Anomalies in ADB regions:
  - Afghanistan and Pakistan are in ADB's Central/West Region, but part of the South Asian economic bloc (SAARC) with its own multi-lateral tax treaty
  - East Asia Region includes only two countries (Mongolia and PRC) which are vastly different and therefore difficult to average
  - East Timor is included in Pacific Region instead of SE Asian Region
- Language problems in survey results esp. Russian
- Problems in identifying tax structures in government which should receive the survey (e.g. one country replied only to the admin section)

# Survey results – GF, BEPS and AEOI issues

<b>Policy issue – “high” importance</b>	<b>Pacific</b>	<b>East Asia</b>	<b>South Asia</b>	<b>Central West</b>	<b>SE Asia</b>
<b>Legislation to implement AEOI</b>	67%	100%	67%	14%	60%
<b>Legislation to join the Global Forum</b>	58%	0%	67%	28%	60%
<b>Legislation to implement BEPS</b>	50%	50%	67%	28%	60%
<b>Administrative issue – “high” importance</b>					
<b>Improvements to implement AEOI</b>	67%	50%	67%	38%	80%
<b>Improvements to implement BEPS</b>	58%	0%	67%	38%	40%

# Survey results – Other policy issues of “high” concern

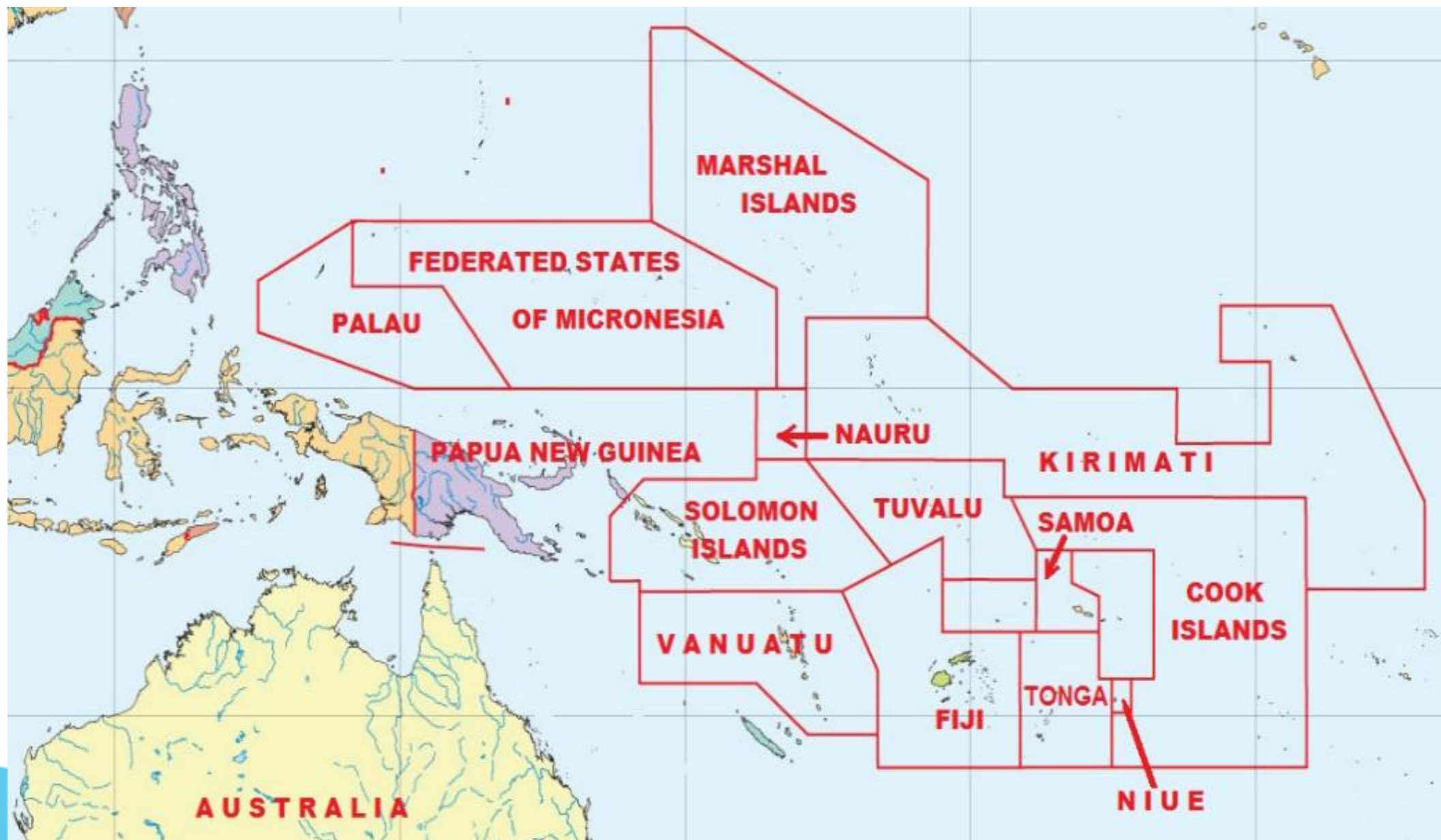
<b>Policy issue</b>	<b>Pacific</b>	<b>East Asia</b>	<b>South Asia</b>	<b>Central West</b>	<b>SE Asia</b>
<b>Tax reform generally</b>	-	100%	-	-	-
<b>Legislation for international taxes/ transactions</b>	-	100%	-	-	-
<b>Transfer pricing/Advance Pricing Agreements</b>	-	-	100%	-	-
<b>Tax treaties/Mutual Agreement Procedure</b>	-	-	100%	-	-
<b>Tax treaties implementation</b>	-	-	-	100%	-

# Survey results – Other admin issues of “high” concern

<b>Admin issue</b>	<b>Pacific</b>	<b>East Asia</b>	<b>South Asia</b>	<b>Central West</b>	<b>SE Asia</b>
<b>Streamline business processes</b>	-	-	100%	-	-
<b>E-commerce</b>	-	-	-	-	-
<b>Risk profiling</b>	-	100%	100%	-	-
<b>Audit procedures</b>	-	100%	-	-	-
<b>Taxpayer service</b>	-	100%	-	-	-
<b>Dispute resolution</b>	-	-	100%	-	-
<b>ICT for tax administration</b>	-	100%	100%	-	-
<b>Training</b>	-	100%	-	-	-
<b>Human resources</b>	-	100%	-	-	-
<b>Internal controls</b>	-	100%	-	-	-



# Specific Issues – Pacific Region





## Specific Issues – Pacific Region

Country	Policy Issues	Admin Issues
Cook Islands	-	Lack of written procedures
Fiji	-	-
FS Micronesia	-	-
Kiribati	Special Economic Zone (Line & Phoenix Islands)	Tax audit training
Nauru	Introduce VAT?	Staff skilling
PNG	Self-assessment	Staff skilling

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## Specific Issues – Pacific Region

Country	Policy Issues	Admin Issues
Marshalls Is	Tax exemption rationalization	Processes & procedures
Samoa	Revenue forecasting	Tax auditing
Solomon Is	Revenue analysis	Tax admin advisor
Tonga	Tax exemption rationalization	Debt management
Tuvalu	Revenue forecasting	Tax auditing
Vanuatu	Introduce income tax?	Dispute resolution

# Survey results – Other policy issues of concern

(note: % for “not at all” and “N/A” add to reach 100%)

<b>Policy issue – level of importance</b>	<b>High</b>	<b>Medium</b>	<b>Some</b>
<b>Tax reform generally</b>	58%	17%	0%
<b>Introduction of new taxes</b>	25%	42%	17%
<b>Legislation for institutional arrangement reform</b>	33%	33%	17%
<b>Legislation for international taxes/ transactions</b>	42%	17%	42%
<b>Transfer pricing/Advance Pricing Agreements</b>	33%	42%	8%
<b>Tax treaties negotiation and expansion</b>	25%	33%	33%
<b>Tax treaties implementation</b>	25%	17%	50%
<b>Tax treaties /Mutual Agreement Procedure</b>	33%	8%	50%

## Survey results – Other admin issues of concern

<b>Admin issue – level of importance</b>	<b>High</b>	<b>Medium</b>	<b>Some</b>
<b>Streamline business processes</b>	67%	25%	8%
<b>E-commerce</b>	75%	8%	17%
<b>Risk profiling</b>	75%	17%	8%
<b>Audit procedures</b>	75%	17%	8%
<b>Taxpayer service</b>	75%	17%	8%
<b>Dispute resolution</b>	42%	33%	25%
<b>ICT for tax administration</b>	75%	17%	8%
<b>Training</b>	42%	50%	0%
<b>Human resources</b>	58%	17%	8%
<b>Internal controls</b>	42%	33%	8%

# Specific Issues – East Asia Region



# Specific Issues – East Asia Region

Country	Policy Issues	Admin Issues
Mongolia	-	-
PR China	-	-

No Specific Issues reported



## Survey results – Other policy issues of concern

<b>Policy issue – level of importance</b>	<b>Mongolia</b>	<b>PRC</b>
<b>Tax reform generally</b>	High	High
<b>Introduction of new taxes</b>	None	High
<b>Legislation for institutional arrangement reform</b>	None	Medium
<b>Legislation for international taxes/ transactions</b>	High	High
<b>Transfer pricing/Advance Pricing Agreements</b>	High	Medium
<b>Tax treaties negotiation and expansion</b>	High	None
<b>Tax treaties implementation</b>	High	Some
<b>Tax treaties /Mutual Agreement Procedure</b>	High	None

## Survey results – Other admin issues of concern

<b>Admin issue - level of importance</b>	<b>Mongolia</b>	<b>PRC</b>
<b>Streamline business processes</b>	Medium	High
<b>E-commerce</b>	High	High
<b>Risk profiling</b>	High	High
<b>Audit procedures</b>	High	High
<b>Taxpayer service</b>	High	High
<b>Dispute resolution</b>	High	None
<b>ICT for tax administration</b>	High	High
<b>Training</b>	High	Medium
<b>Human resources</b>	High	High
<b>Internal controls</b>	Some	High

# Specific Issues – South Asia Region



# Specific Issues – South Asia Region

Country	Policy Issues	Admin Issues
Bangladesh	Anti-money laundering	-
Bhutan	-	-
Maldives	Revenue analysis	Taxpayer service





## Survey results – Other policy issues of concern

<b>Policy issue – level of importance</b>	<b>Bangla'</b>	<b>Bhutan</b>	<b>Maldives</b>
<b>Tax reform generally</b>	High	High	Medium
<b>Introduction of new taxes</b>	High	Medium	Medium
<b>Legislation for institutional arrangement reform</b>	High	Medium	Medium
<b>Legislation for international taxes/ transactions</b>	High	None	High
<b>Transfer pricing/Advance Pricing Agreements</b>	High	High	High
<b>Tax treaties negotiation and expansion</b>	High	Medium	High
<b>Tax treaties implementation</b>	High	Medium	High
<b>Tax treaties /Mutual Agreement Procedure</b>	High	High	High

## Survey results – Other admin issues of concern

<b>Admin issue – level of importance</b>	<b>Bangla'</b>	<b>Bhutan</b>	<b>Maldives</b>
<b>Streamline business processes</b>	High	High	High
<b>E-commerce</b>	High	Medium	High
<b>Risk profiling</b>	High	High	High
<b>Audit procedures</b>	High	Medium	High
<b>Taxpayer service</b>	High	High	Medium
<b>Dispute resolution</b>	High	High	High
<b>ICT for tax administration</b>	High	High	High
<b>Training</b>	High	High	Medium
<b>Human resources</b>	High	Medium	Medium
<b>Internal controls</b>	High	Some	High





## Specific Issues – Central/West Region

Country	Policy Issues	Admin Issues
Afghanistan	Tax policy	Audit procedure
Armenia	-	Risk management
Azerbaijan	E-excise	Tax audit
Georgia	-	-

Continued over ....

## Specific Issues – Central/West Region

Country	Policy Issues	Admin Issues
Kazakhstan	-	Automate business processes
Kyrgyz Rep	-	-
Pakistan	Funding of international workshops	Funding of international workshops
Tajikistan	Tax policy analysis	Taxpayer service

## Survey results – Other policy issues of concern

<b>Policy issue – level of importance</b>	<b>High</b>	<b>Medium</b>	<b>Some</b>
<b>Tax reform generally</b>	86%	0%	14%
<b>Introduction of new taxes</b>	14%	0%	28%
<b>Legislation for institutional arrangement reform</b>	28%	28%	42%
<b>Legislation for international taxes/ transactions</b>	71%	0%	28%
<b>Transfer pricing/Advance Pricing Agreements</b>	86%	14%	0%
<b>Tax treaties negotiation and expansion</b>	86%	14%	0%
<b>Tax treaties implementation</b>	100%	0%	0%
<b>Tax treaties /Mutual Agreement Procedure</b>	86%	14%	0%

## Survey results – Other admin issues of concern

<b>Admin issue – level of importance</b>	<b>High</b>	<b>Medium</b>	<b>Some</b>
<b>Streamline business processes</b>	50%	17%	17%
<b>E-commerce</b>	42%	8%	17%
<b>Risk profiling</b>	88%	8%	0%
<b>Audit procedures</b>	75%	17%	0%
<b>Taxpayer service</b>	75%	17%	0%
<b>Dispute resolution</b>	42%	17%	8%
<b>ICT for tax administration</b>	42%	25%	0%
<b>Training</b>	42%	17%	8%
<b>Human resources</b>	33%	25%	8%
<b>Internal controls</b>	42%	25%	0%



# Specific Issues – South East Asia Region





## Specific Issues – South East Asia Region

Country	Policy Issues	Admin Issues
Cambodia	-	-
Indonesia	Tax policy analysis	Process improvement
Myanmar	-	-
Thailand	-	-
Vietnam	-	-

## Survey results – Other policy issues of concern

<b>Policy issue – level of importance</b>	<b>High</b>	<b>Medium</b>	<b>Some</b>
<b>Tax reform generally</b>	80%	0%	20%
<b>Introduction of new taxes</b>	20%	0%	40%
<b>Legislation for institutional arrangement reform</b>	40%	0%	20%
<b>Legislation for international taxes/ transactions</b>	60%	40%	0%
<b>Transfer pricing/Advance Pricing Agreements</b>	60%	20%	20%
<b>Tax treaties negotiation and expansion</b>	20%	60%	20%
<b>Tax treaties implementation</b>	80%	20%	0%
<b>Tax treaties /Mutual Agreement Procedure</b>	80%	20%	0%

## Survey results – Other admin issues of concern

<b>Admin issue – level of importance</b>	<b>High</b>	<b>Medium</b>	<b>Some</b>
<b>Streamline business processes</b>	80%	0%	0%
<b>E-commerce</b>	80%	0%	20%
<b>Risk profiling</b>	60%	0%	20%
<b>Audit procedures</b>	40%	40%	0%
<b>Taxpayer service</b>	80%	20%	0%
<b>Dispute resolution</b>	40%	20%	0%
<b>ICT for tax administration</b>	80%	0%	0%
<b>Training</b>	80%	0%	0%
<b>Human resources</b>	80%	0%	0%
<b>Internal controls</b>	80%	0%	0%

# Questions?

Please contact:

***for Domestic Resource Mobilization Trust Fund***

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***for Proposed Technical Assistance for Tax Transparency  
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