

FY20 PFTAC Work Plan - May 2019 to April 2020: Timor-Leste - MID-YEAR Update at 31Oct2019

| TA Area  | Objective  | Country  | Outcome Targeted   | Activity   | May 2019 - April 2020<br>(in person-days)                                     |  |  | Number of Missions/<br>Activities | Updated Inputs at Oct 31, 2019<br>(person-days - changes in red) |            |           | Number of Missions/<br>Activities | % of updated plan delivered at end-Oct | Delivery Status  | Milestones   | Comments   | Planned Date            | Experts       |  |   |        |
|--|--|--|--|--|---|--|--|-----------------------------------|--|------------|-----------|-----------------------------------|--|--|--|--|-------------------------|---------------|--|---|--------|
|  |  |  |  |  | PFTAC resident advisors   | ST experts                                   | Total  |                                   | PFTAC resident advisors  | ST experts | Total     |                                   |  |  |  |  |                         |               |  |   |        |
| Financial Sector Supervision   | 1. Develop and strengthen banking regulations in line with international standards | Timor-Leste  | 1.1 Supervisors and regulations require banks to apply sound policies and processes to identify, measure, monitor and control their financial risks on a timely basis and assess their capital adequacy in relation to their risk profile<br><br>1.2 Supervisors and regulations require banks to have robust governance policies and processes covering among others effective board and senior management oversight and sound control environment. | Assistance in finalizing draft Prudential Standards following stakeholder consultation | 0   | 12   | 12   | 1                                 | -  | -          | -         | -                                 | 0%                                     | Shift to FY21  | Applicable credit risk guidelines and regulations drafted and sent for industry consultation<br><br>Applicable credit risk guidelines and regulations are finalized and formally issued<br><br>Applicable regulatory capital treatment for IFRS 9 regulation is drafted and sent for industry consultation<br><br>Applicable regulatory capital treatment for IFRS 9 regulation is finalized and formally issued |  | 01-Jun-19               | TBC           |  |   |        |
|  |  |  |  | Imbalances using various data sources to compile GFS are investigated and resolved.    | 2   | 0  | 2  | Remote                            | 2  | -          | 2         | 0%                                | Nov 25 - 26, 2019                      | <ul style="list-style-type: none"> <li>Complete GG GFS FY2018.</li> <li>Review and complete updates between various source systems to resolve discrepancies, e.g. balance sheet transactions.</li> <li>Updates to the CoK in ProClarity transparency portal to facilitate GFS compilation.</li> <li>Resume the compilation and dissemination of the quarterly GFS report.</li> <li>Compile and disseminate annual public sector debt statistics. [RBM - GO - 9.8]</li> </ul> | Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated. With support of the Information Technology Free balance international team.  | Remote   | Luis                    |               |  |   |        |
|  |  |  |  | 1. Improved laws and effective PFM institutions  | 1.2 MoF capacity can meet enacted PFM responsibilities                        | Establishing PFM reform priorities post PEFA | 5  | 0                                 | 5  | 1          | 5         | -                                 | 5                                      | 1  | 0%   | Jan-Apr 2020   | PFM roadmap established | No STX Days   | Apr-19   | Neves   |        |
|  |  |  |  | Revenue Administration   | 1. Strengthened revenue administration management and governance arrangements | Timor-Leste                                  | 1.1.2. Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized | Develop MTRS                      | -  | -          | -         | 1                                 | -                                      | -  | -  | -  | 0%                      | Shift to FY21 | Design and implementation of an MTRS by 6/30/2020. | The authorities have requested assistance in the design of an MTRS. | May-19 |
| 1.1 - 1.7. Strengthen revenue administration management and governance arrangements  | Diagnostic review  |  |  |  |   |  |  |                                   | 8  | 8          | 1         | 0%                                | Dec 4 - 13, 2019                       |  |  |  | Story                   |               |  |   |        |
| 1.8.1 Effective implementation of a new tax or modernized legislation  | Facilitate implementation of VAT   |  | 36   |  |   |  | 36   | 2                                 | -  | -          | -         | -                                 | 0%                                     | Shift to FY21  | Successful implementation of VAT.  | A decision to implement a VAT has been made with a request from the authorities to support implementation.   | Jul-19/ Nov-19          | Story         |  |   |        |
| 2. Strengthened core functions evidenced by an accurate taxpayer base, taxpayer services supporting voluntary compliance, improvements in filing, payment and audit activities | Timor-Leste  | 2.3.1 - 2.3.2 A larger proportion of taxpayers meet their filing obligations as required by law  | Improve on-time filing and management of outstanding tax returns   |  | 0   | 5  | 5  | 1                                 | -  | -          | -         | -                                 | 0%                                     | Shift to FY21  | On-time filing operating at improved efficiency levels by 31/12/2020 and measured against TADAT dimensions.  | PFTAC will assist in setting up new processes to improve efficiency levels needed to take performance to the next level.                               | Jun-19                  | McGregor      |  |   |        |
|  |  | 2.4.1 - 2.4.3 A larger proportion of taxpayers meet their payment obligations as required by law | Improve on time payment and management of tax arrears  |  | 0   | 7  | 7  |                                   | -  | -          | -         | -                                 | 0%                                     | Shift to FY21  | On-time payment operating at improved efficiency levels by 31/12/2020 and measured against TADAT dimensions.   | Included under 2.3.1 - 2.3.2. PFTAC will assist in setting up new processes to improve efficiency levels needed to take performance to the next level. | Jun-19                  | McGregor      |  |   |        |
|  |  | 2.2.1. Taxpayer services initiatives to support voluntary compliance are strengthened            | Strengthen taxpayer services   |  | 0   | 6  | 6  |                                   | -  | -          | -         | -                                 | 0%                                     | Shift to FY21  | Improved delivery of taxpayer services by 31/12/2020 and measured against TADAT dimensions.  | Included under 2.3.1 - 2.3.2. PFTAC will assist as TA is needed to institutionalize the concept  | Jun-19                  | McGregor      |  |   |        |
| <b>TOTAL</b>   |  |  |  |  | <b>7</b>  | <b>66</b>                                    | <b>73</b>  | <b>6</b>                          |  |            |           |                                   |  |  |  |  |                         |               |  |   |        |
| Updated Plan Total Days  |  |  |  |  |   |  |  |                                   | <b>7</b>   | <b>8</b>   | <b>15</b> | <b>2</b>                          |  |  |  |  |                         |               |  |   |        |
| Delivered by Oct 31:   |  |  |  |  |   |  |  |                                   | 0  | 0          | 0         | 0                                 |  |  |  |  |                         |               |  |   |        |
| Percentage of Revised Plan:  |  |  |  |  |   |  |  |                                   | 0%   | 0%         | 0%        | 0%                                |  |  |  |  |                         |               |  |   |        |
| Financial Sector Supervision   | Legal  | Timor-Leste  | 1.1 Supervisors and regulations require banks to apply sound policies and processes to identify, measure, monitor and control their financial risks on a timely basis and assess their capital adequacy in relation to their risk profile<br><br>1.2 Supervisors and regulations require banks to have robust governance policies and processes covering among others effective board and senior management oversight and sound control environment. | Review of Banking legislation  | 0   | 12   | 12   | 1                                 | -  | -          | -         | -                                 | 0%                                     | Shift to FY21  | TBC<br><br>TBC   |  | 01-May-19               | TBC LEG       |  |   |        |
|  |  |  |  | <b>TOTAL</b>   |   |  |  |                                   | <b>0</b>   | <b>12</b>  | <b>12</b> | <b>1</b>                          |  |  |  |  |                         |               |  |   |        |
|  |  |  |  | Updated Plan Total Days  |   |  |  |                                   |  |            |           |                                   | <b>0</b>                               | <b>0</b>   | <b>0</b>   | <b>0</b>   |                         |               |  |   |        |
|  |  |  |  | Delivered by Oct 31:   |   |  |  |                                   |  |            |           |                                   | 0                                      | 0  | 0  | 0  |                         |               |  |   |        |
| Percentage of Revised Plan:  |  |  |  |  |   |  |  |                                   | 0%   | 0%         | 0%        | 0%                                |  |  |  |  |                         |               |  |   |        |
| <b>TOTAL</b>   |  |  |  |  | <b>7</b>  | <b>78</b>                                    | <b>85</b>  | <b>7</b>                          |  |            |           |                                   |  |  |  |  |                         |               |  |   |        |
| Updated Plan Total Days  |  |  |  |  |   |  |  |                                   | <b>7</b>   | <b>8</b>   | <b>15</b> | <b>2</b>                          |  |  |  |  |                         |               |  |   |        |
| Delivered by Oct 31:   |  |  |  |  |   |  |  |                                   | 0  | 0          | 0         | 0                                 |  |  |  |  |                         |               |  |   |        |
| Percentage of Revised Plan:  |  |  |  |  |   |  |  |                                   | 0%   | 0%         | 0%        | 0%                                |  |  |  |  |                         |               |  |   |        |