

Revenue Administration—Phase V program and RBM Logical Framework

Revenue Policy and Administration

Objective: Broader-based and more efficient revenue systems

2.1 Strengthened revenue administration management and governance arrangements adopted and institutionalized

| Outcomes (expected results) | Verifiable indicators | Member Countries ¹³ | Main Partners in CD | Synergies with other PFTAC CD Areas | Comments Including Risk Factors Promoting/Delaying Progress |
|--|--|---|---------------------|-------------------------------------|---|
| Reform strategy and implementation governance framework adopted and institutionalized. | (1) Strategic plan and annual business plans prepared and adopted. (2) Multi-year reform implementation plan, with supporting resource plan, adopted and well communicated. (3) Reform management capacity in place for reform implementation, including dedicated resources. (4) key performance indicators established, regularly reported and monitored | Fiji, Marshall Islands, Federated States of Micronesia, Palau, Tuvalu, Vanuatu, Kiribati, Tonga and Nauru | DFAT | Macroeconomics, PFM and Statistics | (1) Risk - Government and management commitment to reforms (2) Some countries have progressed and at an early stage of introducing KPIs with more support needed (3) More emphasis in being placed on reform plans with some countries taking the first steps |

¹³ Note: not all countries are expected to receive direct TA. Those countries who do not receive direct TA will receive indirect TA through regional initiatives, training workshops and direct contact with the resident advisor.

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|---|---|---|----------------------------|--|---|
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| Organizational arrangements enable more effective delivery of strategy and reforms. | (1) Appropriate institutional settings are in place. (2) Clear organizational structure along functional lines and/or taxpayer segments established and operating. (3) Clear separation of roles and responsibilities between HQ (definition of standard operating procedures, planning and monitoring) and local branches (execution) adopted. | Fiji, Marshall Islands, Federated States of Micronesia, Palau, Tuvalu, Vanuatu, Kiribati, Tonga and Nauru | DFAT | Macroeconomics, PFM and Statistics | (1) Risk - Government and management commitment to reforms (2) Progress made in this area with additional TA to follow |
| Corporate priorities and compliance are better managed through effective risk management | (1) External oversight bodies are in place. (2) Structure risk assessment framework and programs to mitigate risk are in place. | No TA planned for this area | | | |
| Support functions enable more effective delivery of strategy and reform | Improved human resources strategies and practices support the tax administration Improved ICT strategies and systems support the tax administration. | Marshall Islands, Federated States of Micronesia and Nauru, Palau | | | |
| Tax administration procedures are legally established | Tax procedures code is in place, widely communicated, and effectively applied | | | | Tax administration procedures are generally in place. Additional requests for assistance in this area, possible at the end of Phase V, will be channeled through the Tax Policy Division. |

| 2.2 Strengthened core tax functions evidenced by an accurate taxpayer base, taxpayer services supporting voluntary compliance, improvements in filing, payment and audit activities. | | | | | |
|---|---|--|----------------------------|--|---|
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| Integrity of the registered taxpayer base strengthened | (1) Accurate and reliable taxpayer information held in centralized database (2) Knowledge of taxpayer base and potential taxpayers improves through robust taxpayer registration policies and procedures | Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Palau, Samoa, Tonga, Tuvalu and Vanuatu | DFAT | Macroeconomics, PFM and Statistics | (1) Risk - Government and management commitment to reforms (2) PFTAC TA currently assisting PICs to sharpen operations in this area. Some progress made with more TA to be delivered. |
| Larger proportion of taxpayers meet their filing obligations as required by law | (1) On-time filing ratio improves over time (2) Management of filing compliance improves over time | Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Palau, Samoa, Tonga, Tuvalu and Vanuatu | DFAT | Macroeconomics, PFM and Statistics | (1) Risk - Government and management commitment to reforms (2) Currently being addressed through PFTAC TA geared towards assisting PICs develop risk based compliance improvement strategies |
| Larger proportion of taxpayers meet their payment obligations as required by law | (1) On-time payment ratio improves over time. (2) Management of refunds improves over time. (3) Management of tax arrears improves over time | Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Palau, Samoa, Tonga, Tuvalu and Vanuatu | DFAT | Macroeconomics, PFM and Statistics | (1) Risk - Government and management commitment to reforms (2) Currently being addressed through PFTAC TA geared towards assisting PICs develop risk based compliance improvement strategies |

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| Taxpayer services initiatives to support voluntary compliance strengthened | (1) Scope, currency and accessibility of information for taxpayers improves over time. (2) Service delivery standards in place and routinely monitored, and performance against standards improves over time. (3) Taxpayer perceptions of services monitored and improve over time | Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Palau, Samoa, Tonga, Tuvalu and Vanuatu | DFAT | | (1) Risk - Government and management commitment to reforms (2) Currently being addressed through PFTAC TA geared towards assisting PICS develop risk based compliance improvement strategies |
| Audit and other verification programs more effectively ensure completeness and accuracy of reporting | (1) Appropriate range of tax audits and other initiatives used to detect and deter inaccurate reporting and fraud. (2) Automated cross checking used to verify return information. (3) Sound methodologies used to monitor the extent of inaccurate reporting and tax gaps | Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Palau, Samoa, Tonga, Tuvalu and Vanuatu | DFAT | PFM | (1) Risk - Government and management commitment to reforms. (2) Currently being addressed through PFTAC TA geared towards assisting PICS develop risk based compliance improvement strategies |