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### RECENT & UPCOMING TA MISSIONS

#### May

PFM	Nauru	Fixed Asset Valuation/ Annual Financial Statements
	PNG	FMIS/ICT Assessment
	Regional (Cook Is.)	Deep Sea Mining Workshop
	Tuvalu	Budget Analyst training
	Niue	Medium term budgeting at line agency level
Tax	Fiji	Scoping Options for Replacement of Current IT System Phase 2
	Nauru	Develop Tax Reform Agenda
Statistics	Regional (Guam)	National Accounts Workshop for Palau/RMI/FSM
	Regional (Fiji)	Pacific Steering Committee meeting
Financial Supervision	Regional (Guam)	Risk Based Banking Supervision Training for Palau/RMI/FSM
Macro	Samoa	Medium term fiscal planning

#### June

PFM	Fiji	PFM Roadmap Development – Phase 2
	Tuvalu	Budget Analyst training
	Samoa	Non-Tax Review
	PNG	FMIS/ICT Assessment
Tax	Regional (Fiji)	PITAA Working Group workshop
	Tuvalu	Review the progress improvements in Revenue Administration
	Kiribati	Revenue Administration
	Nauru	Drafting legislation to implement Phase 1 of the tax reform project
	Fiji	Review FRCA Corporate Strategy
Financial Supervision	Timor-Leste	Credit Union Oversight

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#### June (cont'd)

Statistics	Regional (Guam)	National Accounts Workshop for Palau/RMI/FSM
Macro	PNG	Develop macro-fiscal projection framework

#### July

PFM	PNG	Capacity Planning & Performance Testing
	Regional (Fiji)	International Account Standards Workshop
	Vanuatu	Strengthening Internal Audit
Tax	Regional (Fiji)	PITAA Heads Meeting
	Palau	VAT Regulations
Statistics	Kiribati	National Accounts Production
	Fiji	National Accounts Expenditure and Income
		Producer Price Index Review
	PNG	National Accounts Production
Financial Supervision	Samoa	Banking Supervision
Macro	Timor-Leste	To develop macro framework
	Solomon Is.	Develop financial programming framework
	PNG	Develop financial programming framework
	Vanuatu	Develop financial programming framework
PFTAC/IMF	Regional (Fiji)	PFTAC Steering Committee

### MEETINGS, SEMINARS & WORKSHOPS

#### NATIONAL ACCOUNTS WORKSHOP, GUAM, 26 MAY-05 JUNE 2014

Statistics advisors [Russel Freeman](#) and [Greg Legoff](#) conducted follow-up to the sub-regional workshop on national accounts issues held in November 2013 for statisticians in FSM, Palau, and RMI. Participants from the three countries plus Guam attended the 2-week workshop, and a consultant from the Graduate School USA also contributed to the workshop.

The aim of the workshop was to build on the November workshop using a hands-on approach with a combination of lectures, practical exercises, and case studies. Topics included: (i) GDP production accounts estimation; (ii) use of household survey data (HIES) and supply and use information; (iii) data collection; (iv) deflation of nominal data; (v) use of administrative data; and (vi) compilation methodology issues.

During the course of the workshop it was found that use of government financial statistics and annual accounts from private businesses could simplify and improve national accounts compilation. PFTAC plans to work with these countries on this approach.

#### HEPTAGON MEETING OF DEVELOPMENT PARTNERS, SYDNEY, AUSTRALIA, 11-12 JUNE 2014

PFTAC Coordinator [Scott Roger](#) participated in the meeting of major development partners in the region, primarily focused on strengthening the effectiveness of donor budget support and associated reform programs in PICs.

A key objective was to begin developing a set of guidelines for such support. These aim to: promote a medium-term perspective in provision of such assistance; ensure full partnership with country authorities in setting reform priorities; focus reforms on a limited number of key areas; and take into account TA needed for implementation of reforms.

For PFTAC this is likely to facilitate coordination of TA with development partners in support of reform programs.

#### PITAA WORKSHOP ON CAPACITY BUILDING AND SUPPORT, NADI, FIJI, 16-20 JUNE 2014

Two simultaneous workshops were held to advance the regional development program proposed by the Pacific Island Tax Administrators' Association (PITAA). The workshops focused on regional training and regional support models. Findings of the workshops will be presented at the July 2014 PITAA meeting.

Priority areas identified for regional capacity building relate to the cash economy, industry tax issues (fishing, extractives and tourism), transfer pricing, information technology (IT), management of tax arrears and human resources.

Priority areas for regional support models are disaster recovery, customer service and IT strategic planning.

PITAA is progressively establishing itself as a standalone agency with the objective of sharing regional experiences and developing regional capacity.

## TECHNICAL ASSISTANCE ISSUES:

### REVENUE ADMINISTRATION FISCAL TOOLKIT (RA-FIT)

By Stan Shrosbree, Revenue Administration Advisor

The Revenue Administration Fiscal Toolkit (RA-FIT) is a data collection tool designed by the International Monetary Fund (IMF) to monitor performance in revenue administration. Whereas the Tax Administration Diagnostic Tool (TADAT) discussed in last month's Pacific Report focuses on whether modern tax administration frameworks, processes and governance arrangements are in place, the RA-FIT focuses on the issue of how well the tax administration performs in delivering desired outcomes. The tool will not only allow improvements in performance to be measured over time, but also allow comparison with performance in other countries.

The data collected is primarily quantitative, although a number of enquiries also focus on qualitative aspects of revenue administration. The key measurement areas include:

- Institutional Arrangements (Organization, Autonomy, Outsourcing, IT, Staffing, Office Networks etc.)
- Tax to GDP
- Revenue Composition
- Cost of Collection Metrics
- Taxpayer Registers (Size and Growth Rates)
- Taxpayer Regimes and Profiles (LTO Metrics, Small TP Regime, Basic VAT Stratification, Universal PIT Filing Regime)
- Tax Return Filing – On-time Filing Rates (CIT, PIT and VAT) and VAT Return Metrics
- Tax Arrears (% of Collections, Stock and Flow, Age, TPs in Arrears as % of Register all for CIT, PIT and VAT)
- Taxpayer Audit (Mix, Completed, Yield, As % of Total Collections)
- Tax Objections and Appeals (Stock and Flow)
- Customs – Traffic by Channel
- Customs – Percentage of Goods Physically Inspected
- Customs – Release Times – Sea, Air and Land
- Customs – Post Clearance Audit (No., Yield)
- Customs – Percentage of Revenue Foregone Due to Special Relief

Better and more reliable information on performance can help countries to compare themselves with regional peers and revenue administrations from other jurisdictions. The RA-FIT is specifically designed to meet these needs. This

kind of information can help countries and development partner to identify areas for improvement in revenue administration, as well as identify countries from which valuable lessons may be learned.

Currently, no set of revenue administration indicators is available identifying global trends against which a country can compare and contrast its performance. As the IMF seeks to better serve its membership, the gathering and compilation of a set of indicators offers just such an opportunity. In today's globalized economy, where the policies of one country typically affect many other countries, international cooperation is essential. The IMF, with its near universal membership of 187 countries, facilitates this cooperation.

Two important aspects of the IMF's work comprise surveillance and the delivery of technical assistance (TA). A set of indicators identifying global revenue administration trends will strengthen IMF surveillance efforts and also provide good baseline information for the delivery of TA by a provider. Member countries, themselves, will benefit by being better able to evaluate their revenue administrations, determine appropriate remedial action where necessary, and improve overall performance.

In addition, by highlighting key indicators, the RA-FIT can assist revenue administrators in becoming more aware of the types of indicators used to measure performance. Promoting the use of these indicators will aid revenue administrators in their goal to achieve stronger performance orientation as well as improving results.

The RA-FIT is aimed ultimately at benefiting the revenue administrations of all IMF members. Participation is vital to establish reliable indicators by region. The majority of Pacific Island Countries have committed to participate in this initiative which from a user perspective has been improved through a new web-based integrated correspondence system which will also allow them access to their own indicators.

We believe that this initiative will generate an excellent source of information to help all countries in their efforts to achieve the most effective and efficient revenue administrations possible, and encourage participation by all to ensure its success.

## COUNTRY TA STRATEGIES



### KIRIBATI

PFTAC's TA strategy is guided by the APD regional strategy note and is planned within the Results-Based Management (RBM) framework for the current PFTAC funding cycle.<sup>1</sup>

PFTAC TA aims to support the authorities sustain progress on improving fiscal sustainability. PFTAC will continue to work closely with the broader development partner group to ensure coherence and will aim to support implementation of actions in the authorities' PFM roadmap and shared policy matrix (once it emerges). Revenue is expected to be the most intensive area of assistance, reflecting the agreed division of labor in supporting the PFM roadmap. Support in cash management is likely to continue, delivered in coordination with the ADB and others. This will be supported by further development of national accounts.

In the **public financial management** area, during 2013 several missions were conducted with multiple focuses including training budget analysts (RBM 1.6) in the National Economic Planning Office (NEPO), supporting the Team Leader of the joint Australia/ADB Treasury Reform TA (RBM 1.7), and assisting the authorities to develop an improved debt/cash management policy (RBMs 1.3 & 1.7) with support from IMF's APD and MCM Divisions. PFTAC PFM Advisors have also participated in recruitment review teams for both Australian and EU-funded TA.

PFTAC is ready to provide additional technical support on budget preparation, cash/debt management, and other aspects of budget execution. Officials from Kiribati have regularly participated in PFTAC's regional PFM events, including most recently the Strategic Development Program Workshop (with Australia DOFD) focused on budget preparation (RBM 1.6).

In the **revenue** area, PFTAC TA will focus on continuing support for the new VAT regime implemented on April 1<sup>st</sup> 2014 and the IT system implemented in December 2013. With support from PFTAC and Australian Department for Foreign Affairs and Trade (DFAT) appropriate steps were taken in the lead up to implementation with a strong focus on community outreach and this has ensured that there is a good relationship between the tax administration and business. The authorities intend to maintain a high level of community outreach in the first quarter of VAT operation to foster greater understanding and promote compliance.

DFAT continues to support Kiribati with funding for a tax adviser and a new adviser commenced a two year assignment in May 2014. The authorities have signaled that the adviser will be required to oversee the new VAT and IT systems and also take a lead role in developing and implementing a presumptive tax for small micro business (2.1), income tax self assessment (2.4) and a compliance improvement plan (2.5). PFTAC will provide ongoing support to the authorities and the adviser.

In **macroeconomic statistics**, PFTAC has provided regular TA on national accounts since 2008, assisting the authorities in making significant improvements in methodology and use of source data (RBM objectives 4.5 & 4.6). Beginning in 2012, PFTAC has increased its TA with the development of an expenditure measure of GDP (RBM objective 4.1) and with the preparation of statistical procedures for the incorporation of upcoming VAT data. However, progress has been slow due to resource and capacity constraints. The NA compiler benefited from regional courses in 2009, 2012 and 2013.

PFTAC provided TA on balance of payments in 2008, 2010 and 2012, improving compilation methods and use of source data, as well as providing training, and helping with the transition to BPM6. Starting from 2012, TA on balance of payments has been provided by the IMF project on external sector statistics funded by the Government of Japan.

No TA is currently planned in the areas of **financial sector supervision** and **macroeconomic analysis**.

<sup>1</sup> Specific objectives in the RBM framework are identified in italics in the section. For example, (RBM objective *1.1*), refers to the PEFA framework objective code 1.1 in the RBM framework.