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INTRODUCTION

Within the last decade or so, the issue of domestic resource mobilisation has attracted considerable attention in many developing countries. In the face of unabating debt difficulties, coupled with the domestic and external financial imbalances confronting them, it is not surprising that many developing nations have been forced to adopt stabilisation and adjustment policies which demand better and more efficient methods of mobilising domestic financial resources with the view to achieving financial stability and promoting economic growth.

Taxation has rightly been identified as a major tool in the strengthening of domestic resource mobilisation and, consequently, the search for ways and means of expanding the tax base and also strengthening tax administration has been intensified. That taxation is the most important weapon available to governments for marshalling financial resources is indisputable. Taxation involves the transfer of resources from the private sector to government that can be used to finance social overhead projects and provide the necessary infrastructure for economic development.

It is needless to emphasize that the existence of well-defined tax laws alone cannot guarantee the success of the tax collection effort. There must also exist an efficient and effective tax administration to implement such laws. It is an accepted fact, therefore, that an efficient and effective tax administration is a sine qua non to successful domestic resource mobilisation.

Indeed, the following observation made by Surrey ¹ in 1958 is as relevant today as when it was first made:

“It is increasingly apparent, however, that tax administration must receive far greater attention if the goals of tax policy are to be attained. Much of tax policy is being directed to obtaining increased revenues to enable governments to carry out their economic planning. The search is for additional taxes, for new sources of revenue. Yet it is true in many countries that the successful administration of some of the existing taxes would provide a considerable part of the needed

additional revenue. The diligent execution of existing taxes may well make unnecessary, or at least reduce, the multiplication of taxes in search of revenue”.

The term “efficiency” has been defined by the Inter-American Centre for Tax Administrators (CIAT) to mean the level of performance of a tax administration’s activities in terms of costs and productivity, while the term “effectiveness” refers to the level of taxpayer compliance with the revenue administration’s objectives.

The advantages to be derived from an effective and efficient revenue administration include the following:

- (1) It helps to generate or mobilise more revenue, thereby enabling governments to achieve greater financial reliance and facilitating the pursuit of growth-oriented structural adjustment programmes and the provision of requisite infrastructure for economic growth;
- (2) It obviates the need for the introduction of higher tax rates and/or new taxes and also makes it possible for the elimination or reduction of burdensome taxes without reducing revenue yields; and
- (3) It facilitates the adoption of simple and easy-to-administer tax laws, thus rendering non-compliance more difficult.

An equally important advantage to be derived by governments from the existence of an efficient tax administration is that it thereby enhances the ability of such governments to effectively enforce taxes with potentially high revenue yields such as income tax and its complex variations like excess profits tax or expenditure tax which demand precision and sophistication in their application.

An efficient tax administration can also help to devise means to tax successfully the informal and the agricultural sectors of the economies of such countries that remain largely untaxed in spite of their inherent potential to provide a substantial portion of the revenues needed by such governments to carry out the social overhead projects necessary for economic development.

One common and easily noticeable feature of developing countries is their low tax effort. While the overall average tax effort level of these countries is estimated at about 18% of Gross Domestic Product (GDP), the average for industrialised countries is around 34%². The disparity in the tax effort levels of these two groups of countries is therefore significant. The low tax effort levels of developing countries simply mean that the ability of such countries to collect tax revenue through voluntary compliance by taxpayers is severely restricted.

There is therefore the need to increase the tax effort levels of the developing countries.

The low tax effort of these countries, which are a reflection of the weak tax administrations, have produced certain undesirable results in these countries:

- (1) Governments of such countries are usually forced to adopt taxes, which are easy to administer, even if their revenue yields are low, thus avoiding the more productive and sophisticated taxes whose implementation requires high levels of sophistication in tax administration. The choice of such easy to administer taxes not only leads to distortions in the country's tax structure but also affects its ability to provide the necessary incentives for economic growth being inherently inequitable, unfair and regressive; and
- (2) A weak tax administration limits governments in their choice of tax options, making it difficult for them to undertake a comprehensive review of their tax laws in order to make them simple, clear, equitable and neutral.

What should be the optimum tax effort level differs from country to country. The important thing, however, is that the difference between the taxable capacity of a country and the tax effort levels can and should be reduced by improved tax administration.

We will consider this subject from the perspective of the Institutional Framework, Tax Law Reforms, Management, and Measures to improve collection generally.

THE INSTITUTIONAL FRAMEWORK

The institutional framework within which the revenue administration operates impacts directly on the effectiveness and efficiency of the tax administration. The choice of appropriate institutional framework is therefore crucial. The institutional frameworks in operation in developing countries are many and varied. The general trend however is to have separate administrations for internal taxes and customs duties as is the case in such countries as Barbados, Ghana, Nigeria, Sierra Leone and Zimbabwe. In some other countries, such as Brazil, Mexico, The Netherlands Antilles and Suriname, there is a joint administration of these taxes. Another common feature is that most of these administrations are part of the Civil Service machinery of the countries. Yet another feature is the location of the assessment and collection functions within the tax administration. The exceptions are Chile, Costa Rica, El Salvador and

Peru where the collection function is performed by a unit separate from the tax administration. When it comes to the provision of support services for the tax administration, the institutional arrangements are by no means uniform. While in Ghana, India, Chile and Colombia legal services are incorporated within the tax administration itself, in some other countries they are just provided by the Ministry of Justice. In some countries, personnel development and training are the responsibility of units within the tax administration; while in others they are performed by units outside the tax administration. Similarly, in many countries responsibility for the provision of other support services such as taxpayer services, internal audit functions, tax processing, data processing, management units for controlling, evaluating and coordinating plans and programmes is located in units and departments outside the tax administrations.

Even though, as indicated, the institutional frameworks of revenue administrations in developing countries differ from country to country, they appear to have some common problems, which need to be addressed. The first of these is again described by Surrey as follows:

“.....many countries really possess no such clear picture of their tax systems. Instead, there often exist a bewildering array of overlapping and contradictory taxes. Many of these taxes overlap so that a single commodity of transaction may be subject to a number of taxes, imposed at different or supplementary rates involving different tax bases with different times of payment, different returns and separate administrative and judicial procedures. Some of these taxes are obsolete yielding only a small revenue or sometimes nothing at all, but remain on the books to complicate the tax structure. Others are so riddled with exemptions as to be scarcely applicable to anyone. Moreover many tax measures are simply charges and fees for government concessions or services. Often the administrative provisions and judicial procedures of an existing tax are applied without change to new taxes as they are enacted, without any examination of the differing requirements that the new taxes may warrant. In addition, the same words will be used in the various tax laws but with different definitions or without definition, so that only confusion in application can result. Further, the controlling laws themselves may be extremely difficult to locate. Very often there is a tangled mass of laws, regulations, decrees and the like reaching far into the past, jumbled together with amendments and modifications. When the statutory picture is so confused it is extremely difficult for the government to know what it must administer and for the taxpayers with what they must comply.”³

One solution to the problem presented by this “tangled mass of laws” is to have the various laws codified, based on an orderly statutory rearrangement of the entire tax system in accordance with a definite outline. Thus, the various taxes

should be classified among income taxes, succession taxes, property taxes, excise and sales taxes, and so on. Each in turn should be sub-divided so that each tax is separately identified. Overlapping among the taxes should be eliminated, with the various taxes applicable to a single article or transaction consolidated into one tax. The substantive provisions describing the articles or persons taxed and fixing the rate and base of the tax should be separated from the administrative provisions. The latter should be divided functionally, as respects the returns to be filed, the time for payment, the other duties of the taxpayer, the powers of the administrator, the penalties imposed etc".⁴

Tax laws by their very nature are subject to frequent changes. Every year the annual budget statement introduces new measures and procedures, amends, or cancels existing ones. These frequent changes can make the law confusing as well as complicate the tax structure. After a few years these changes and amendments become so many that the taxpayer finds it difficult to know which laws are applicable. There is the need therefore for the tax administration to undertake periodic consolidation of the tax laws so that it can have all the amendments and changes compiled into one statute to which both taxpayers and tax administration can have easy and ready access.

Another institutional arrangement that seems to impede the efficiency and effectiveness of tax administrations in some of these countries is the linkage of the revenue administration with the Civil Service. The revenue administration, therefore, reflects the weaknesses and structural defects existing within the Civil Service organisation, especially excessive bureaucracy, low morale and the inadequacy of resources.

THE NEW TREND

In the light of these problems, many developing countries have now embarked on a restructuring of their revenue administrations. This exercise has resulted in the adoption of an institutional framework within which the revenue administrations have been made semi-autonomous and excised from the Civil Service, thus freeing them from the problems that plague the Civil Service. One of the pioneers in this restructuring exercise in Africa, whose results have been adopted in other countries in Africa, albeit with slight modifications, is Ghana.

In view of this trail-blazing effort by Ghana and the effect that it has had and continues to have on other African countries such as Uganda, Tanzania, Zambia, Kenya, etc, we produce below, and in some detail, the Ghanaian institutional framework.

THE GHANAIAN MODEL

In 1986, the existing two revenue-collecting agencies, the Customs and Excise Department and the Central Revenue Department, which were part of the Civil Service structure, were re-organised. The Central Revenue Department became the Internal Revenue Service whilst Customs, Excise and Preventive Service replaced the Customs and Excise Department with the incorporation into it of the Border Guards Unit, which used to be a Unit within the Ghana Armed Forces.

These two new Services were excised from the Civil Service of Ghana, made part of the Public Services of Ghana and granted the status of corporate bodies with power to acquire, hold, manage or dispose of property and enter into such contracts and transactions as may be expedient.

Each of these Services had its own Board of Directors with specified terms of reference. In order to make the divorce from the Civil Service absolute, it was felt necessary to create a political and administrative machinery charged with primary responsibility of overseeing the affairs of the new Services. The appointment of a full-time Cabinet Minister responsible for revenue was the chosen option. He directed the reform from its beginning in 1986 for 6 years until 1992, when revenue was put back under the Ministry of Finance, after which it appeared performance began to stagnate.

While some have suggested that the change in political leadership was responsible for this stagnation of revenue performance, others were of the view that the agencies had gone through their learning curves and reached maturity state and therefore the stagnation had nothing to do with the change in political leadership. But the lesson was well learnt – that effective political supervision is critical – especially at the initial stages of any revenue agency reforms.

The day-to-day administration of the Services was made the responsibility of the Commissioners who were ex-officio members of the Board and Chief Executives of the Services. Each was assisted by three Deputy Commissioners who headed the following Departments:

- (a) Finance and Administration;
- (b) Operations; and
- (c) Research, Planning and Monitoring.

The Deputy Commissioners were assisted by Assistant Commissioners, Chief Inspectors and other officers. Apart from the three main departments, there were other units headed by Assistant Commissioners, which provided support services. They were:

- (d) Internal Audit;
- (e) Legal;
- (f) Training;
- (g) Public Relations and Tax Education;
- (h) Data Processing; and
- (i) Investigations.

As part of the reforms, the powers of the administration were strengthened. The Services were given powers of attachment and garnishment. The powers to hire and fire, and new recruitment and disciplinary policies ensured that more healthy work ethics were developed. In short, the revenue agencies were given a completely new image and the improvement was both within the administration itself and the tax paying public.

A critical corollary of the Services' excision from the Civil Service is financial autonomy. Since the revenue agencies are the ones which collect revenue for the other departments and agencies to spend, they must not be made to compete with those other departments and agencies for resources for administration and operational purposes. Their budget and cash flow releases must therefore be insulated from the vicissitudes of annual government budgetary performance. Not only must they be given high priority in the allocation and release of resources, those resources must literally be untouchable.

One way of doing this is to make their approved budgets a retained percentage of their collections, with the power to have the first call on their collections for their retained percentage at the beginning of the financial year.

As part of Ghana's revenue reforms, such a formula was introduced for the financing of the restructured Revenue Services in 1986. This arrangement has now been given statutory effect under the "Revenue Agencies (Retention of Part of Revenue) Act, 2002, Act 628, section 1 of which states as follows:

"Each of the following institutions:

- (a) Internal Revenue Service
- (b) Customs, Excise and Preventive Service;
- (c) Value Added Tax Service

shall for the carrying out of its functions and for the payment of salaries, allowances, operational and administrative expenses and other expenditure, retain an amount as may be determined by the Minister not exceeding 3 per cent of the total annual revenue it collects”.

That the reforms in Ghana were successful is not in doubt. Indeed prior to the reforms in 1986, revenue as a percentage of GDP was 5%. Six years after the reforms, in 1993, it had increased to 12% of GDP. This remarkable achievement was what led to the “Revenue Mobilisation Revolution” in sub-Saharan Africa.

THE EAST AFRICAN VARIANT

The Ghanaian model has also been adopted with slight modifications in certain other African countries such as Uganda, Zambia, Kenya and Tanzania. There are, indeed, indications that many more African countries will soon follow suit.

The Ugandan reforms also achieved results similar to the Ghanaian results, even though the performance figures are not immediately available.

Like Ghana, these countries have also excised their revenue administrations from the Civil Service and established semi-autonomous bodies, referred to in some countries as the Revenue Authority, to be responsible for the collection of taxes.

At the apex of the institutional framework is the Commissioner-General who is the Chief Executive of the Board, and under him are the Commissioners of the different revenue collecting agencies, namely Income Tax, Customs and Value Added Tax.

The departments and units existing within the revenue board are the same as those existing in Ghana. However, unlike the position in Ghana where each of these revenue collecting agencies is a separate institution with its own Departments and support services, in these countries, all the revenue collecting agencies come under the same Revenue Authority and have common support services.

Ghana itself has also recently moved in the direction of the East African variant by abolishing the separate Boards of Directors for each Service and establishing a unified Board of Directors for all of the 3 Revenue agencies namely, the Internal Revenue Service, the Customs, Excise and Preventive Service, and the Value Added Tax Service ⁵. This has paved the way for the Government to commence the implementation of a single taxpayer identification system known as the Taxpayer Identification Number System or “TINS”.

TAX LAW REFORMS

Though we have been quick to point out that tax laws and reform of tax legislation themselves do not result in efficient and effective tax collection, it is needless to say that there are certain tax areas in almost all developing countries that ought to be given special attention in any scheme of tax administration reform and tax restructuring if the resources of the national economy in general and of the tax administration in particular are to be improved.

These are in the areas of:

- (a) The Informal Sector;
- (b) “Non-Tax” Revenue;
- (c) The Agricultural Sector;
- (d) The “Para-Tax” Professions.

THE INFORMAL SECTOR

A difficult area so far identified is the informal sector where illiteracy coupled with the largely cash economy and the resultant inability to keep books and records makes it impossible to determine the true income levels of operators.

Countries have tried various methods in addressing this problem. Ghana tried standard assessments, taxation through the leadership of the groups and associations in the sector, and daily income tax rates for specified informal sector groups such as commercial taxi drivers.

The sheer numbers of operators in the sector make the cost of effectively targeting the informal sector not seem very economic, yet the paradox is that it is those very numbers that make the sector impossible to ignore as a tax target.

Ghana has therefore resorted to using the leadership of those associations to continue to educate their members on their civic, including tax, responsibilities. The culture is however not easy to instill in the membership, but that is no reason for the tax administrations to give up.

“NON-TAX” REVENUE

Another ignored area of revenue generation that is not necessarily an area of tax but that must be of concern to the tax administrators is what is called the “Non-Tax” revenues, sometimes referred to as “Fees and Licences” in the annual

budgets. These tend to be fixed and collected by the different Ministries and Departments and have not been considered as a serious source of revenue generation. As a result, the fees remain fixed and unchanged for long periods, rendering some of them uneconomic to collect.

But for revenue mobilization to be total, these fees should be reviewed periodically and their administration restructured. One way that has been tried is to move away from fixed amounts to currency units and penalty points. Under this system, the units or points remain unchanged but their values in currency terms change over time.

Ghana also made a start in restructuring this revenue sector by creating a central unit for Non-Tax revenue within the Ministry of Finance in its 2002 Budget.

But other probably more viable options must exist, and the possibility of developing economies locating this revenue measure within the tax administration ought to be considered.

THE AGRICULTURE SECTOR

The point had earlier been made that an efficient tax administration can also help to devise means to tax successfully the agricultural sector of developing economies that remain largely untaxed.

Such a measure exists in Ghana where cocoa, the largest foreign exchange earner, is classified not as an agricultural crop but as an export commodity for which an appropriate export tax is levied and paid to the Customs, Excise and Preventive Service.

The present export tax rate of about 30% therefore makes cocoa one of the highest taxed production activities in the country. Income from cocoa is therefore not subject to income tax, creating the illusion that cocoa farmers do not pay income tax in Ghana. Ingenuous, but effective.

But tax administrators ought to look at ways and means of bringing the purely domestic agricultural economies, such as the plantain, cassava, cocoyam, soya beans and yam economies – indeed all the agricultural products used exclusively within the domestic economy – within the tax net.

THE “PARA-TAX” PROFESSIONS

The sector of “para-tax” professions is not within the framework of tax reform but is being treated here as part of the necessary institutional reforms required to enable the tax administrations and reformed tax laws work effectively. An

efficient and effective tax regime thrives in the presence of well-developed “para-tax” professions. In the absence of trained professional accountants, auditors and other “para-tax” professionals whose work impact directly or indirectly on the work of tax administrations, tax administrators falter.

Thus even though their development and nurturing is not their direct responsibility, tax administrations must take an interest in the development of active, virile and professionally qualified accountants, auditors and other ‘para-tax’ professionals within the national economy as an integral component of improving organizational structures of the tax administration.

MANAGEMENT

Proper management is certainly another major factor that can enhance the efficiency and effectiveness of tax administration. Management, in the broadest sense of the term, involves optimum utilization of the available human, financial and material resources of an organization so as to achieve the best possible results. Management, therefore, includes such areas as Recruitment, Training, and Motivation.

Recruitment of staff should be so designed as to ensure that the organization is adequately and effectively staffed at all times. Training on the other hand has been identified as one of the most important pre-requisites for efficient and effective tax administration.

MOTIVATION

Motivation, though an aspect of Management, is so important that it is being singled out for special detailed treatment.

Employees, who are, undoubtedly, any organisation’s greatest assets, will only produce optimum results where they are well qualified, highly trained and well motivated. In many developing countries, there is even a keen competition between revenue collecting agencies and the private sector for the services of the limited number of professional personnel such as accountants. In order to attract such personnel and also to retain them, there is a need on the part of the revenue administration to provide adequate motivation for their staff.

Adequate motivation of staff also eliminates or greatly reduces the incidence of dishonesty or corruption on the part of the officials. For, a well motivated employee is better able to resist the temptation or avoid the risk of indulging in dishonest activities which would result not only in revenue loss to the state but

could also contribute to the erosion of taxpayers' confidence in the tax administration.

Motivating factors for staff include adequate remuneration, welfare schemes, retirement benefits, career development opportunities, general job satisfaction and security and public recognition of revenue officials' contribution to the improvement in the national economy.

REMUNERATION AND CONDITIONS OF SERVICE

In many developing countries, it would appear that due to financial and other constraints, the salaries and other forms of remuneration payable to staff in the public sector generally and the revenue administrations in particular, are grossly inadequate. Despite the constraints, it is suggested that a definite attempt must be made by such countries to offer their revenue officials such salaries and other forms of remuneration which would be attractive enough to retain them in the revenue administrations. This means offering such officials higher salaries than those enjoyed by their colleagues in other organizations within the Civil and Public Services.

Welfare schemes such as interest-free or low interest housing and car loans and adequate insurance cover for officers are other important motivating factors. Retirement benefits, such as pension and social security schemes also contribute to the retention of staff.

A caveat must be entered here though. In Ghana, the successes that were achieved in this effort to motivate the revenue staff were not without cost. The increased salaries and better conditions of service of the revenue staff generated tension within the rest of the Civil Service and this led to demands for higher wages by those other sectors. Even though there had been general wage increases across board, the revenue agencies' conditions of service became the yardstick for negotiation by the Unions and Civil Service organizations.

An interesting paradox, however, was that there were other public services that enjoyed better schemes and working conditions than the revenue agencies and yet these were never cited as reference points for negotiations. It is possible that this was because those other Services were not carved out of the Civil Service but were set up ab initio as autonomous bodies outside the Civil Service. Thus the spectacle of seeing today's colleagues getting better paid and better resourced tomorrow did not exist for comparisons to be drawn and therefore for tensions to be created.

Again the lesson learnt was this: in reforming the revenue agencies, do you simply excise them from the Civil Service and give them better conditions or do you create completely different organizations and make entry into them open and competitive? Ghana chose the former and paid a price for it, but it was a price worth paying.

JOB SECURITY

Job security is another important motivating factor. There must be adequate safeguard and assurances to the official that his tenure is guaranteed, that he would not lose his job except for breach of clearly spelt out regulations, and that he would be granted impartial hearing in any dispute between him and his employer. Job security is also enhanced where the official is made to feel that he is an important part of the organization. Staff should, therefore, be encouraged to offer suggestions to and exchange ideas with their superiors. Frequent durbars and informal gatherings are necessary in order to engender a feeling of confidence among staff.

CAREER DEVELOPMENT OPPORTUNITIES

Career development opportunities should exist in every revenue administration if staff are to strive to attain the best possible heights. There should, therefore be not only adequate promotional prospects for staff but also facilities for staff improvement such as in-house training, sponsorship or scholarship to staff to undertake courses in appropriate institutions.

MERIT AWARDS

Another important motivating factor is public recognition of the contributions made by revenue officials to the economy of the country through such means as commendations and awards bestowed on officers in public ceremonies.

Payment of bonus to revenue officials upon attainment of collection targets is another means of motivating staff to achieve optimum results. An examination of a number of developing countries shows that they have in place various schemes aimed at providing motivation for staff.

In Ghana, promotion of staff is fairly rapid except in the case of top management where promotion is dependent on the availability of vacancies. All the other motivating factors earlier discussed exist for the staff of the restructured Ghanaian revenue agencies.

In Malaysia, revenue administration staff are motivated in a variety of ways. For good performance, staff are awarded certificates of appreciation and given merit awards with a cash reward equivalent to a month's pay.

In Papua New Guinea, staff are sponsored to attend a wide variety of training activities outside the tax office ranging from university study both locally and overseas. Recently, a housing scheme for officers has been launched which aims at providing affordable houses for officers.

In Tanzania, the incentive package for staff includes a cash bonus and a welfare fund to provide low interest housing loans to staff and the provision of residence housing at subsidized low rents.

THE CATA PROPOSALS

At the 13th meeting of the Commonwealth Association of Tax Administrators (CATA), the following were identified as some of the initiatives that could be taken by tax administrations to motivate staff and build up their morale:

1. creating a congenial working atmosphere;
2. showing appreciation for good performance as well as operating a system whereby employees are rewarded for good work. These rewards could be monetary or in the form of accelerated promotion;
3. making provision for paid holiday for staff;
4. having well planned and transparent training programmes;
5. ensuring equal rights and equal opportunities for all employees;
6. involving the employees in the decision making processes;
7. making sure that the tax administrations have been allocated sufficient resources for efficient execution of their duties; and
8. providing staff with housing, home to office transport, work place amenities and material and health screening.

MEASURES TO IMPROVE COLLECTION GENERALLY

At the 113th Technical Conference of the Commonwealth Association of Tax Administrators, the following were identified as some of the steps that need to be taken in order to improve collection generally, especially in developing nations:

- (a) Improved tax education programmes;
- (b) Setting and monitoring collection targets;
- (c) Greater supervision of collection staff;
- (d) Enhanced computer support;
- (e) Extension of the withholding tax system;
- (f) Making taxpayers aware of their rights, obligations and sanctions for failure to comply with tax laws;
- (g) Need for taxpayers to understand the provisions of the laws;
- (h) Recovery and enforcement action must be fair, firm and efficient;
- (i) The adoption of reasonable tax rates;
- (j) Sending regular reminder notices to taxpayers;
- (k) Making it obligatory for taxpayers to produce tax clearance certificate;
- (l) The existence of an effective and efficient management information systems to control and monitor the collection operations;
- (m) Proper motivation of staff;
- (n) Need to cultivate or nurture the taxpaying culture among taxpayers.

RECOMMENDED MEASURES TO BE ADOPTED BY DEVELOPING COUNTRIES

This presentation has focused on the role of revenue administration in domestic resource mobilization in developing countries and reviewed in general terms some of the factors involved in enhancing the efficiency and effectiveness of tax administration in such countries. We will now focus on specific measures, based on the review of the various factors, which are recommended for adoption by developing countries in order to enhance the effectiveness and efficiency of their tax administration.

In addition to the measures that have been recommended for adoption by developing countries in their choice of institutional framework, there are other factors, which should govern this choice:

- A. There must be strong political will and commitment of government to enhance the effectiveness and efficiency of revenue administration. This can be demonstrated by among other things, the provision of adequate financial resources and facilities appropriately insulated from competition for the operation of the tax administration.
- B. In many developing countries where the linkage exists the Revenue administration must be excised from the Civil Service and turned into a semi-autonomous agency with its own Board of Directors and other support services.
- C. The revenue administration must have in place well defined systems and working procedures and adequately trained and sufficient staff.
- D. Revenue administration must be involved in the process of tax policy formulation, and to facilitate this, there should be policy, planning and research units in every such organization.
- E. Tax laws must be codified, reformed and consolidated from time to time. In relation to tax reform, the informal sector, the agricultural sector, “non-tax” revenue and the “para-tax” professions must be given special attention.

In addition to attractive salaries, tax officers must be provided with adequate welfare schemes such as no or low interest housing and car loans, adequate insurance cover, retirement benefits such as pension schemes and social security schemes and guaranteed job security. Career development opportunities and facilities for staff improvement should exist for staff. The payment of bonuses to staff upon attainment of revenue targets and the institution of appropriate merit awards are also important motivating factors.

CONCLUDING REMARKS

In examining the different factors involved in enhancing the efficiency and effectiveness of tax administration in developing countries and formulating specific guidelines on those factors for use by such countries, two points need to be stressed.

First, owing to the differences in the social, political and economic conditions prevailing in each of these countries, there would be the need to adapt these guidelines to suit local conditions.

Second, the mere provision of facilities and strict adherence to these guidelines would not necessarily lead to the enhancement of the efficiency and effectiveness of tax administration in these countries. There are, such other factors as the adoption of appropriate fiscal and other economic policies by government, determination by the general populace to forge ahead economically, and the willingness and ability on the part of the working public, including tax officials, to strive for excellence in their various fields of endeavour.

It is only when there exists a judicious mix of all these factors that any improvement in tax administration would be translated into visible, tangible and worthwhile results.

NOTES

- (1) Stanley S. Surrey: “Tax Administration in Underdeveloped Countries” in Richard Bird and Oliver Oldman (eds) Readings on Taxation in Developing Countries (The John Hopkins Press, Baltimore, 1964) p. 504
- (2) See Report of the United Nations Interregional Seminar on Improving Revenue Administration in Developing Countries. (TCD/SEM.92/6 – 90 R77 pp 30 – 34
- (3) Stanley S. Surrey, op cit, pp 506 – 507
- (4) Stanley S. Surrey, Op cit, pp 507
- (5) See “Revenue Agencies (Governing) Board Act”, 1998, Act 558 of Ghana.