



## THE COMMONWEALTH ASSOCIATION OF TAX ADMINISTRATORS

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(Annex – II)

### Thirtieth Annual Technical Conference Lilongwe, Malawi 27 Sep to 2 Oct 2009

#### Brief on Background Papers

Members are requested to kindly furnish background papers – not exceeding four pages each – on each of the two topics for the conference. Background papers provide useful introductory material for conference delegates on the state of affairs and point of view of contributing countries as well as help CATA Secretariat in identifying countries, which can be invited to make technical presentations at the conference. Countries so selected to make presentations will thereafter be invited to furnish more focused and comprehensive presentation papers on specialized sub-topics allocated in each case. As such, these background papers requested for present purposes should cover only in very broad outline the issues listed below.

Please also bear in mind that:

- Member countries of CATA stand at different levels of economic development and therefore some leading questions below may not apply in every case.
- Some peculiar circumstances relevant to a few members only may not have been covered in this document. These can certainly be included in background papers.
- The questionnaire is simply meant to stimulate the thinking process and to provide rough guidelines for drafting background papers. **Additional material on the two topics will be very welcome.**

## **Discussion issues for Topic 1**

### **Strategies for taxation of cash based transactions**

1. What would you consider to be the proportion of cash based transactions to the total economy in your country?
2. List what you consider to be the 3 biggest obstacles in dealing effectively with this problem in your country.
3. Is the presence of large scale cash based transactions a strong indicator of the size and strength of the underground economy or the informal sector? How are the two linked?
4. What are your views on the role of corruption in society and government departments in promoting and sustaining the informal sector? What measures would you suggest for dealing with it?
5. Is there a direct relationship between tax evasion and the lack of effectiveness of compliance mechanisms including tax audit, penalties and prosecutions?
6. Are you aware of any privatization of tax enforcement or trade regulation for overcoming limitations of governmental agencies? If not, what are your views on such suggestions? Give brief reasons in support of your contention
7. In your opinion what are the best and most effective audit and investigation approaches in economies dominated by cash and unrecorded transactions?
8. Is special training of tax officials required to deal with this problem? If so, list briefly the principle requirements of such training.
9. What role can international cooperation between tax administrations play in reducing the role and size of informal sectors in CATA member countries?
10. Discuss any additional aspect of this problem not covered by preceding questions.

## **Discussion issues for Topic 2**

### **Current developments in organizing for effective tax administration**

1. Identify the 3 most popular and effective current approaches for increasing the efficiency, effectiveness and productivity of tax administrations.
2. State what you consider the 3 biggest challenges faced by tax administrations in current times.
3. Does the establishment of an autonomous authority with comparatively attractive remuneration packages and substantial budgets improve the efficiency and professionalism? Does it make the tax administration less vulnerable to political interference or is it just a myth?
4. Can fiscal corruption be eliminated in isolation if the broader context of the total political economy is plagued by corruption, inefficiency and financial indiscipline?
5. Has your administration developed long term IT Strategic Plans or are decisions taken on an Ad Hoc basis as and when new problems are confronted?
6. What are the advantages of investing in human resource and capacity building? What are the drawbacks when these aspects are neglected?
7. Does your administration carry out needs analysis and customer feedback exercises? If so, what important lessons have been learnt in recent years?
8. How important is the role of taxpayer education and customer services in present times? Do you share the perception that in some cases, too much emphasis on taxpayer education and customer services has harmed the compliance and enforcement potency of tax administrations?
9. What kind of new problems, demands and challenges do tax administrations face during this current period of global economic slow down? Are new and revised strategies required by tax administrations if the present slow down persists longer than initially anticipated?
10. Discuss additional current practices for modernisation of tax administrations not covered by preceding questions.