

2002, September

Editorial

Increasing Voluntary Compliance

A major thrust in tax policy in current times is towards increasing voluntary compliance by taxpayers. It has two main objectives. The first is to make tax administrations more cost effective by minimising the supervision or market surveillance activities on large percentages of taxpayers. The second is to promote an image of tax administrations as taxpayer friendly and assistance oriented organisations in place of the traditional confrontational taxpayers versus tax authorities image. New trends such as this one have a tendency to catch the imagination of policy makers in a hurry, unfortunately at times without proper regard to or understanding of the dynamics that operate differently in environments of vastly varying nature. Important factors that influence decision making include the level of economic and technological development, ratios of literacy within total population, degree of documentation in economic and commercial activities, major socio-cultural values, level of trust and confidence in the integrity of political and bureaucratic institutions, common man's perception of the state's use of taxpayers money and so on.

In recent years there seems to be a consensus amongst tax experts that the best way forward is to encourage taxpayers to comply voluntarily with their tax obligations. As to how can this be best achieved is where the emphasis and approaches adopted towards achieving the objective vary considerably. All empirical evidence suggests and theoretical models hypothesize that other things being equal, unless the taxpayer has a reasonable apprehension that he has more than a safe chance of being discovered for tax evasion, he is likely to be tempted to take a chance. That means that two considerations have to be kept in focus in shaping any voluntary compliance strategy. Firstly, it is imperative to create a fine balance between providing taxpayers with excellent service in terms of information and convenience in the discharge of obligations on the one hand and an efficient system of random or programmed selective checking. Secondly, it is not only important to have that balance, taxpayers perception of departmental effectiveness in detecting tax evasion and avoidance must match that reality.

Such ambitious goals and objectives cannot be achieved overnight. In addition to immediate measures, there have to be medium and long term strategies based on a sound understanding of management, technological, social and demographic realities that exist in a country. In addition to relatively permanent variables, there are other factors that fluctuate from time to time that also impact on compliance. These include economic indicators like prevailing rates of interest and inflation, governmental policies, national security concerns, etc. Taxpayers' reactions to such factors do vary as between countries and it is useful to study behavioural patterns over longish periods of time in order to evolve effective counter strategies. Some countries have worked on the development of comprehensive compliance models that take into account a wide range of factors that need to be addressed. The results reported thus far have encouraged them to expand the scope of application of such models.

Having a very selective but effective audit strategy is an important tool in promoting, achieving and maintaining a sustainable level of voluntary compliance. It may seem contradictory to say so but the actual experience of most countries confirms that educational and motivational campaigns alone simply do not work. Big countries with large and widespread populations in any case have no option but to be selective in their audit activities. Approaches to audit are becoming increasingly sophisticated as new and innovative business and commercial tools and practices emerge. While it is a fact that the problem of compliance is more concentrated on small businesses and self employed individuals, proper taxation of large corporations and the "big fish" is vital for the public image of tax departments. If the public perceive tax authorities as being unfair or lacking in integrity in their dealings with the powerful economic constituency, they are likely to avoid discharging their tax liabilities as a reaction. Therefore effectiveness has to blend with a visible demonstration of fair play.

One school of thought considers simplification in dealings as the key to winning public confidence. Opponents of this view argue that simplification of tax laws in a world of ever increasing complexities in commercial activities will always remain a myth. That unfortunately is true to a very large extent. However, while legal provisions remain complex mainly to cater for every conceivable situation that could arise in taxation matters, simplification of procedures as against simplification of legislation is a more realistic goal. Countries that have adopted self-assessment systems of taxation have indeed achieved substantial success in simplifying tax return and payment procedures, especially in relation to small taxpayers who constitute the bulk of the taxpaying numbers even though they may not contribute the major share of revenue. It is now being increasingly accepted by tax authorities

worldwide that taxpayers will not comply or not be able to comply if they do not understand their obligations. Therefore providing guidance, information and easy access to requisite forms and supporting documentation has become an important driver in formulating future planning strategies. Many developed countries in particular have developed and delivered over the years automated telephonic responses to most frequently asked questions by taxpayers. Experience has shown that as these systems developed and taxpayers found these to be useful, the demand increased as a consequence of more people using that facility. Therefore, tax authorities invested more resources and expertise to meet the growing demand. This obviously meant better planning through taxpayer surveys and analysis of special patterns of demand and usage of such facilities. For instance, the demand for advice and information is not uniformly spread throughout the year or even throughout the week. In the experience of some countries, closer to the date of filing tax returns, taxpayers displayed a tendency to do their spadework over the weekend and telephone in on Mondays to seek guidance or information. Sound planning required that such trends and patterns be identified to allocate resources proportionate to fluctuating demand at different points in time.

It is also an accepted reality that the best drafted legislation will be meaningless unless it is backed up and supported by a skilled workforce. Generally lack of appropriate skills in tax departments is the result of the inability of governments to pay staff at market related salaries. It is therefore not surprising that underpaid staff usually provides sub-standard services. Moves in several countries towards creation of autonomous or semi-autonomous Revenue Agencies, relatively independent of the general body of state civil service, having the authority to hire staff at market wages and developing their own staff career policies is seen as the way forward for the future. There is no point in setting up a telephone call service or a call centre at the local tax office if these are not staffed by competent persons capable of providing satisfactory and reliable information or guidance to taxpayers.

In more recent times, web sites on the Internet developed and maintained by tax authorities provide taxpayers with information. In addition, these also allow taxpayers to download all sorts of forms and documents that may be required to comply voluntarily with their legal obligations. As taxpayers develop more confidence in the accuracy and integrity of these systems and as technological advances allow tax administrations to provide higher levels of security, other facilities like payment of taxes 'on line' may move from the list of agenda to implementation. All these developments hold great promise for the future. More so for developing countries that can benefit from the experience of developed countries which have successfully implemented their programmes rather than having to reinvent the wheel. In fact, the advances made in the field of information technology and automated processing provide developing countries with the best opportunity to modernise and improve performance over relatively shorter periods of time as compared to the traditional manually operated systems.

While all these taxpayer services are developed and departmental integrity demonstrated through efficient and fair dealings that encourage and enable taxpayers to comply voluntarily, the traditional audit role of tax collectors remains the key to success. For instance, media reminders to taxpayers about the due date for filing of tax returns will never be as effective if the penal consequences of non-compliance do not weigh on the minds of taxpayers.

CATA NEWS

TWENTY THIRD CATA ANNUAL TECHNICAL CONFERENCE

CAPE TOWN, SOUTH AFRICA

Arrangements for the **Twenty Third CATA Annual Technical Conference** scheduled to be held in Cape Town, South Africa from **1 to 6 December 2002** are progressing well on all fronts. A large number of countries have confirmed the names of their participants. In addition to that a number of international organisations are also expected to participate.

Important Change

Members are advised to kindly take note that there will be one major departure in conference preparation arrangements and procedures as compared to previous years. South Africa as the host country have taken an unusually high level of interest in contributing to the selection of sub-topics and presenters for topic 1, namely, **"Major Issues in Tax Policy and Administration facing CATA Countries"**. Therefore after mutual consultation and detailed consideration of how conference arrangements can best be finalised in time, it has been decided that in order to avoid delays through duplication of organisational activities at both ends, only South African Revenue Service will deal directly with delegates on all matters relating to Topic 1. This includes contacting presenters of presentation papers, members of panels, chairpersons and rapporteurs of syndicate groups as well as preparation of necessary documentation. There will also be a slight change in the conference format for the first two days and

this will be reflected in the conference programme to be circulated to all delegates shortly.

It is important to note this change so that members can organise their dealings on conference preparations accordingly. All other arrangements for the conference will continue to remain in place as conveyed through CATA's Circular No: 4 of 2002.

CTIC - 2002

The Commonwealth Tax Inspectors Course started at Lawress Hall, Lincoln in the United Kingdom on **4 August 2002**. The names of participants for this year's course are as follows:

Kamarudin Hashim (Malaysia)

Ee-Nah Lin (Malaysia)

Christian onyegbule (Nigeria)

Christina Ng (Singapore)

Sujeewa Mendis (Sri Lanka)

Brenda Ngulube (Zambia)

Thomson Sakala (Zambia)

Mosima Nkosi (South Africa)

Godfrey Baloyi (South Africa)

AMP - 2002

The Advancing Management Potential training programme for senior tax officials commenced in Lincoln on **4 August 2002**. The Names of the participants attending this programme are:

Kuen-Fai Wong (Hong Kong)

Siti Aisah Abd Khalid (Malaysia)

Seewnarain Ramdawa (Mauritius)

A A Ayodele-Oyefin (Nigeria)

Colin Chew (Singapore)

Dorothy Mogotsi (South Africa)

Lazaro Njarabi (Tanzania)

Maureen Martin (United Kingdom)

Dingiri Jayasekera (Sri Lanka)

COMMONWEALTH MANAGEMENT DEVELOPMENT PROGRAMME 2002

The Commonwealth Management Development Programme is being held in Tanzania starting from **2 September to 11 October 2002**. It is a residential course and will be held at the TRA Institute's training premises.

The programme covers a broad range of subjects. These include; Subjects covered by the course include: management development and organizational development in the year 2002; understanding difference and learning about others; interpersonal skills; team skills and processes; leadership; performance management; systems thinking; continuous improvement; business planning; presentation skills; the Commonwealth perspective; tax administration module; best practice design for tax administration sub-systems; risk management; strategic planning; acting planning; putting it all together; tax compliance administration; audit case selection; risk based auditing; planning investigations/large company investigations; cost benefit analysis; value added taxes; introduction to methods of income determination; management of disputes; evasion/avoidance; underground economy/money laundering; fraudulent transactions; evidential requirements/investigator in court; trading stock/long term construction contracts; issues relating to multinational corporates/expatriate employees.

The programme will be delivered by experts drawn from the Australian Taxation Office and the Inland Revenue Department of New Zealand.

WORKSHOP on TAXATION OF INTERNATIONAL TRANSACTIONS 2002

The Workshop on Taxation of International Transactions sponsored by CATA for senior and middle level tax officials is due to start on **30 September through to 18 October 2002**. The Workshop will be held at:

The National Tax Academy

Inland Revenue Board

Bandar Baru Bangi

Selangor

MALAYSIA

The purpose of the Workshop is to broaden and deepen participants understanding of the rules of international taxation, especially tax treaties, by considering their application in interaction with domestic tax law and to commercial transactions which involve flows of funds across international frontiers.

Participants will include either senior and middle level officials involved in the negotiation of tax treaties, application of tax treaties, or in development of policy or administration in relation to international taxation; or tax Inspectors responsible for, or engaged in, the audit of multinational enterprises and of other taxpayers involved in international transactions.

THIRD CIOTA MEETING

All organizations from the previous meeting attended the third meeting of CIOTA held in Quebec, Canada on 18 May 2002. In addition, the Study Group on Asian Tax Administration and Research (SGATAR) also attended in response to an invitation.

Each of the participating organizations outlined the highlights of their respective work programs and conferences scheduled for the upcoming calendar year. This review was quite beneficial in that it facilitated conference scheduling to eliminate overlaps and duplications in the selection of topics. Indeed a potential conflict of dates for the upcoming CIAT Technical Conference and the CATA Technical Conference was avoided due to this process.

As a result of these discussions some of the important decisions taken at the meeting are outlined below:

- (a) The CCRA would continue to remain the secretariat. When meetings are convened, translation services must be provided in English, French and Spanish.

(b) CIOTA should be used as a facility to distribute information of mutual interest to member organizations.

(c) The CIOTA Secretariat should develop an initial draft of the framework in which CIOTA will operate. This framework would include such items as "mission statement, role, objectives, responsibilities, strategy and a list of activities".

(d) The theme for CIOTA should be one of active coordination and cooperation among the regional tax administrations. The organization should be consultative in nature and any action should be precipitated by extensive consultation among the individual member organizations.

(e) one of the first steps for CIOTA should be the publication of a newsletter from the secretariat. The newsletter would bring everyone up-to-date with the development of CIOTA.

(f) CIOTA could also be a forum that would facilitate Global meetings along the lines of the e-commerce meeting held last year in Montreal.

(g) The diversity among the member organization must be catered to in the programs that are discussed. CIOTA has a complex demographic within its membership and it should strive to ensure that the needs of this demographic are addressed rather than the needs of the most developed.

The next meeting of CIOTA is scheduled to be held in Cape Town, South Africa on 7 December following the Twenty Third Annual CATA Technical Conference.

Nominations of Regional Director & Country Correspondents

The Management Committee of CATA during its annual meeting held in London in May evaluated the performance of the Regional Directors and Country Correspondents for CATA for the year 2001. As a result the following nominations were approved:

Regional Director:

Mr Zaid bin Ismail (Malaysia)

Country Correspondents:

Mr Daniel Perrier (Canada)

Ms Nurul Aim (Malaysia)

Mrs Ann Marsh (United Kingdom)

The Management Committee also appreciated the performance of and contributions made by several other Regional Directors and Country Correspondents. CATA Secretariat places on record its appreciation of the support and assistance provided by colleagues throughout the membership.

OTHER NEWS

COMMONWEALTH FINANCE MINISTERS MEETING

LONDON, 24-26 SEPTEMBER 2002

The United Kingdom will host the annual meeting of Commonwealth Finance Ministers from 24 to 26 September 2002.

The meeting, to be held at the Commonwealth Institute in London, will bring together Ministers and delegates from 52 member countries. A special theme for one of the main sessions will be 'Delivering the Monterrey Consensus'.

Ministers will consider a Commonwealth Action Plan formulated to help deliver the growth and poverty reduction goals outlined in the Monterrey Consensus.

The discussions will begin with a presentation by Nobel Economics Laureate Professor Amartya Sen. Ministers will also hear the outcomes of a series of civil society consultations on the Consensus.

The consensus reached in Monterrey, Mexico, in March 2002 marked an important watershed in the process of global development. It created a new partnership designed to help meet the Millennium Development Goals including poverty reduction and hunger, and universal primary education. The consensus reached in Monterrey, Mexico, in March 2002 marked an important watershed in the process of global development.

Other topics to be discussed at the meeting include the current world economic situation including volatility of financial markets and the progress made by Heavily Indebted Poor Countries on debt reduction. New mechanisms for attracting private investment to small and developing countries, and a review of the progress of the Gender Responsive Budget Initiative are also on the agenda.

This ministerial meeting is usually held just before the annual meetings of the IMF and the World Bank, and Ministers and senior officials will have the opportunity to exchange views on subjects that are likely to be on the IMF/World Bank agenda.

MANCHESTER UNIVERSITIES HONOUR McKINNON

For the first time in their history, the four universities of Greater Manchester, in the UK, have joined together to award honorary degrees. At a special ceremony on 29 July 2002 to mark the hosting of the Commonwealth Games in the city of Manchester, the universities jointly conferred honorary doctorate degrees on Commonwealth Secretary-General Don McKinnon and four other graduands.

Mr McKinnon was awarded the Degree of Doctor of Letters, 'Honoris Causa' of the University of Salford, Manchester Metropolitan University, the University of Manchester Institute of Science and Technology, and the University of Manchester.

Speaking on behalf of all the graduands, the Secretary-General expressed their gratitude for the honour conferred on them. He said he was particularly pleased that the ceremony had taken place during the Commonwealth Games. "The Games, as you know, are not only an international sports competition, they are a celebration of Commonwealth friendship. They are dedicated to the principles of democracy, solidarity and respect for diversity."

Mr McKinnon added that by bringing together people from different cultural, ethnic and religious backgrounds, the Games contribute to building bridges between people "and this, I believe, is also one of the central functions fulfilled by universities."

NEW SECRETARIAT GOVERNANCE ARRANGEMENTS

The Commonwealth Secretariat now has a Board of Governors and an Executive Committee, part of new arrangements to streamline the Secretariat's governance, approved by Commonwealth Heads of Government at their 2002 summit in Coolumburra, Australia, in March.

All member governments are represented on the Board of Governors, and a 17-member Executive Committee has been constituted by the Board.

The Board of Governors will provide strategic direction and review the Secretariat's implementation of mandates from Heads of Government as well as approve strategic plans, work programmes and budgets. At the first meeting on 27 June 2002, members of the Board of Governors elected Ghana's High Commissioner to the UK, Isaac Osei to serve as their Chair. Australia's High Commissioner, Michael L'Estrange, and Nigeria's High Commissioner, Dr Christopher Kolade, were elected as Vice-Chairs, as representatives of the current and next chairs-in-office of the Commonwealth respectively.

The new arrangements are intended to further improve efficiency and transparency, as well as strengthen governments' direction and oversight of the total resources they contribute to Commonwealth activities. A High Level Review Group was established by Heads of Government at their meeting in South Africa in November 1999,

to review the role of the Commonwealth and advise on how best it could respond to the challenges of the new century. The Report of the 10-member body chaired by President Thabo Mbeki of South Africa, which was endorsed by Heads of Government in Coolom, made a number of recommendations to enhance efficiency and effectiveness.

New Board Chairperson Mr Osei said: "The changes are meant to improve the efficiency of the Secretariat and the CFTC, and having a board and executive committee should assist us to move in that direction. Ghana is committed to Commonwealth values and we're very old Commonwealth members; this is a great credit to Ghana."

The Board is expected to hold its next meeting in December 2002 and thereafter meet each May.

COMMONWEALTH SECRETARY-GENERAL IN GUYANA

Commonwealth Secretary-

General Don McKinnon, during a visit to Guyana, assured Commonwealth small states in the Caribbean that the association would continue to fight for a fair deal for them in global trade.

"The Commonwealth believes free trade must be a two-way street, and that the deal rich countries offer of 'we subsidise, you liberalise' is not a fair one. We will continue to stand up for proper representation of small states at the World Trade Organisation and other powerful forums," he said.

The Secretary-General expressed his support for the Caribbean Community (CARICOM) in a newspaper article published in Guyana ahead of the opening today of the 23rd Conference of Heads of Government of CARICOM. He stated that the Commonwealth would also do its best to help build the region's capacity to capitalise on any opportunities that might arise from having a bigger say in world trade.

Mr McKinnon said: "The leaders of CARICOM are right of course to be giving very close attention to how member countries can survive and prosper in the highly competitive world economy. Attracting adequate investment into CARICOM is an ongoing challenge given the perceived higher costs and risks of investing in small states. But if the people of the Caribbean are to be convinced of the benefits of globalisation, they will need to see a larger share of its fruits." Twelve of the Commonwealth's 54 member countries are Caribbean.

The Secretary-General continued: "I believe the good relationship between the Commonwealth and CARICOM will continue to deepen and we must keep looking out for new opportunities to work together. The Commonwealth is here to help, as Caribbean countries pursue their objective of a single market and greater prosperity for their peoples."

The three-day CARICOM summit took place in the Guyanese capital, Georgetown, under the chairmanship of host President Bharrat Jagdeo.

Turning to the issue of tax competition, he noted: "As you know, most Caribbean jurisdictions have signed up to the Organisation for Economic Co-operation and Development (OECD) Tax Competition initiative. The Commonwealth has vigorously fought for a level playing field between OECD and non-OECD members. We have also helped to ensure that countries have sufficient capacity to meet the commitments they sign up to."

Mr McKinnon paid tribute to the region's "finer track record than many regions of women in politics", adding: "The Commonwealth will continue to collaborate with its members here to make it a habit that the gender factor (male and female) is integrated into all government decisions right up to devising the national budget."

SUPPORT FOR AFRICA'S EFFORTS

Commonwealth Secretary-General Don McKinnon has described the outcomes of the 2002 G8 summit in Kananaskis, Canada (26-28 June), as "disappointing" for Africa, while lauding the initiative of Canada and the United Kingdom to focus attention on issues of development in Africa. In a statement issued in London, the Secretary-General said:

"The outcomes of the G8 summit at Kananaskis are disappointing for all of us who are keen to support Africa's efforts to help itself and were expecting more. To justify Kananaskis's outcomes it must be seen as a first step in

what is expected to be a far more generous process. There is still a long way to go and we must go the distance as the New Partnership for Africa's Development (NEPAD) has the potential to transform Africa. The leadership given by the Commonwealth countries - Canada and the United Kingdom - which are members of the G8 in seeking to bring about this progress was commendable and must be supported."

Mr McKinnon noted that after World War II the Marshall Plan saved Europe, but no equivalent generosity seemed to exist for Africa today. Agricultural subsidies were a case in point: "There must be a firm and time-bound commitment to phase out the massive agricultural subsidies in the industrial countries which bankrupt vulnerable African farmers by artificially depressing world prices. To preach trade liberalisation while maintaining such perverse subsidies is unsustainable."

He stressed that there had to be a radical shift in the mind-set of the major players in the international community. "The G8 countries have to move away from an attitude which consistently delivers 'too little, too late' to a more generous-spirited approach that provides Africa with a level playing field to enable it to help itself."

NEW HOPE FOR AFRICA 'FROM CAPE TO CAIRO'

Commonwealth Secretary-General Don McKinnon was among the special guests who witnessed the inauguration of the African Union (AU) in Durban, South Africa in July. The AU replaces the Organisation of African Unity (OAU), which was established in 1963.

Mr McKinnon said: "The creation of the African Union is a bold venture. Strong commitments to democracy and development have been made; now the work must begin."

The proposed structure of the Union includes an assembly of Heads of State and Government; an executive council of foreign affairs and other ministers; a permanent representatives committee; specialised technical committees; a pan-African parliament; an economic, social and cultural council; a court of justice; and three financial institutions - the African Bank, the African Monetary Fund and the African Investment Bank.

More than 30 African Heads of State and Government attended the inaugural ceremony. Host President Thabo Mbeki the first chair of the African Union, speaking at the ceremony said: "This is a moment of hope for Africa and its peoples. There can be no development without peace and security. We must end the senseless wars on the continent."

The Commonwealth's 54 members include 19 countries from Africa: Botswana, Cameroon, The Gambia, Ghana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Seychelles, Sierra Leone, South Africa, Swaziland, Uganda, the United Republic of Tanzania, Zambia and Zimbabwe.

CIVIL SOCIETY CONSULTATION FOR FMM

Commonwealth Secretary-General Don McKinnon has stressed to Commonwealth non-governmental organisations - known as 'the people's Commonwealth' - that they have a role to play in ensuring the achievement of the objectives of the recent UN Financing for Development Conference in Monterrey, Mexico. "Your input will be a key resource," he told them.

And, he said, the Commonwealth Secretariat will work even more closely with them to ensure a better life for Commonwealth people. Mr McKinnon made these comments when he delivered the keynote address at the 'Civil Society Consultation for the Commonwealth Finance Ministers Meeting (FMM)' in London on 22 July 2002.

Mr McKinnon stated: "I thoroughly welcome the fact that finance ministers will hear your views on how you think Monterrey can be made to work. The challenge we have set for our ministers is to agree on an action plan for implementation of the Monterrey Consensus within Commonwealth countries. You have the opportunity to influence their deliberations and your input will be a key resource."

The two-day consultation brought together some 40 delegates from people's organisations from across the Commonwealth.

NEWS FROM MEMBERS

BANGLADESH

Country Correspondent:

Aminur Rahman

2002 Budget Tax Changes:

Tax measures announced in budget 2002 have become effective from 1 July 2002.

Change in the tax rate:

Personal income tax rates have been changed which include -

- (a) reducing threshold from taka 1,00,000 to taka 75,000;
- (b) introducing five tier tax rate instead of four tier tax rate; and
- (c) increase in minimum tax from taka 1,000 to taka 1,200.

The personal income tax rates for the assessment year 2002-2003 will be as follows :

Total income	Tax rate
For the first taka 75,000	nil
For the next taka 1,50,000	10%
For the next taka 1,50,000	15%
For the next taka 2,50,000	20%
For the balance amount	25%

However, minimum tax for an income above the threshold limit will not be less than taka 1,200.

Corporate tax rates have also been changed which include -

- (a) three rates instead of two;
- (b) 10% tax rebate for companies listed with Stock Exchange which declare a dividend of 20% or more; and
- (c) simplification of definition of publicly traded companies.

The corporate tax rates for the assessment year 2002-2003 will be as follows:

	Type of Company	Tax rate
(i)	Banks, Leasing Companies, Insurance	40%

	Companies and Other Financial Institutions	
(ii)	Non-publicly Traded Companies [other than (i) above]	35%
(iii)	Publicly Traded Companies [other than (i) above]	30% (10% tax rebate in case dividend declared is 20% or more.)

Tax incentives:

- (a) income of agro-processing industry will get tax exemption up to 30 June 2005;
- (b) income from computer software business will get tax exemption up to 30 June 2005;
- (c) investment made between 1 July 2002 and 30 June 2005 in production of goods and services will be exempted from tax; and
- (d) a concessionary 20% corporate tax rate for new industrial companies as an alternative to tax holiday.

Simplification of tax litigation settlement:

The time limit for disposal of appeal has been drastically reduced. The provisions for appeal by the department against decisions of appeal authority has been abolished.

BARBADOS

Country Correspondent:

Ms Jennifer Reid

RECENT TAX LEGISLATION

No significant tax legislation has been enacted recently. However, in delivering his Financial Statement and Financial Policies of Government last year, the Prime Minister and Minister of Finance, The Right Honourable Owen Arthur, has signalled the Government's intention to gradually reduce the corporate tax rate from 40% to 33% over a five (5) year period. This process will commence with a 2.5% reduction in respect of income year 2002. The appropriate legislation to give effect to this measure will come before Parliament shortly.

The Government has also proposed to review all allowances, corporate as well as personal in a rationalisation exercise due to begin in the year 2003. This review will be undertaken in accordance with Caricom position on Harmonisation of Tax Systems.

TRAINING SEMINARS

In May, the Department's Enforcement Division conducted two one-day training seminars, which focused on the Pay As You Earn system and related payroll matters.

The aim of the seminar was to ensure that public officers who have direct control and responsibility for payroll

matters are fully acquainted with the provisions of the Tax Laws and Regulations that govern the payment of Salaries and Wages, Benefits and Allowances and that relevant submissions to the Department meet the requirements.

INFORMATION TECHNOLOGY TRAINING FOR SENIOR MANAGERS

Four senior managers attended a three-month Information Technology Course sponsored by the Government Training Division. They were Deputy Commission, Mr Frank Forde, Professional Accountants, Messrs Anderson Padmore and Tyrone Lavine and Assistant Commissioner (AG) Mr Lloyd Cummins.

APPOINTMENTS

Three senior inspectors have been appointed on promotion to the post of Principal Inspectors. They are Messrs Lloyd Cummins and Cecil Drakes and Miss Valrita Murphy.

Their appointments take effect from 1 August 2002.

We extend our congratulations.

CANADA

Country Correspondent:

Mrs Christina Lee

The Canada Customs and Revenue Agency (CCRA) hosted the 36th Inter-American Center of Tax Administrators (CIAT) General Assembly, which took place in Quebec City, Canada from May 20 – 23, 2002. The theme for the General Assembly was "Opportunities for Improving Tax Compliance Through Interaction and Cooperation".

More than 325 delegates from 65 countries and various international organizations participated in the conference, which was opened by Mrs. Elinor Caplan, Minister of National Revenue.

The following is a summary of the resolutions adopted at the General Assembly to recommend that CIAT member countries:

1. Interact with the private sector to improve tax compliance by:

(a) Establishing a strategy for optimising the relationship with the mass communications media, in order to transmit positive messages to society regarding the use of tax revenues and the image of the tax administration.

(b) Ensuring, within reason, that the tax burden be adapted to the financial needs required for the provision of goods and services provided by the State, while at the same time, ensuring that the costs of compliance are reasonable.

(c) Establishing relationships with private businesses, chambers of commerce, financial institutions and professional and union organizations to obtain access to taxpayer information to assist in the determination of tax obligations and areas of economic activity. These relationships would also enable the tax administrations to become aware of, and take into consideration the private sector's viewpoints and suggestions regarding tax issues.

2. Interact with public institutions and authorities to improve tax compliance by:

(a) Establishing cooperative mechanisms between central government agencies and the public sector through the adoption of common guidelines with respect to processes that would increase the information available for the tax administration, as well as developing procedures to facilitate the processes undertaken by taxpayers.

(b) Endeavouring to bring the tax administration closer to the legislative power, thereby encouraging proposals for reform based on the feedback obtained from administering the existing legislation.

(c) Establishing cooperative mechanisms between tax administrations of different government levels to facilitate taxpayer compliance and strengthen the effectiveness of tax administration.

3. To promote international cooperation for improving tax compliance by:

(a) Entering into international cooperation agreements with tax administrations from other countries to permit actions beyond the national borders regarding access to, overseas examinations and enforced collection of tax arrears.

(b) Adopting criteria and mechanisms, coordinated at the international level, to effectively combat harmful tax practices, such as the establishment of "tax havens" and preferential tax regimes.

(c) Developing and using information systems that may support the exchange of tax information, through modern communications and information technologies that would assist tax administration.

Source: CCRA News Release

Increase in July Canada Child Tax Benefit Payments

The Canada Customs and Revenue Agency (CCRA) announced that, starting this July, the Canada Child Tax Benefit (CCTB) amounts and thresholds were increased by 3% to keep up with inflation. This was in line with the Government of Canada's commitment to building a brighter future for children.

The CCRA issued more than \$684 million in CCTB payments to more than 2.9 million recipients across Canada. Clients who were expecting a CCTB payment and had not received it by July 26 were advised to contact the CCRA's CCTB enquiry service.

People were reminded that in order to receive or continue receiving CCTB payments, they and their spouses or common-law partners had to file their 2001 income tax returns. Also, people who moved should inform the CCRA immediately to ensure that their CCTB payments were not disrupted, even if they used direct deposit and their bank account did not change.

CCTB recipients could now take advantage of the following online services:

- **Address Changes online** at www.ccra.gc.ca/newaddress allowed clients to view or change their home address, mailing address and phone number(s).
- The **Benefits Calculator** at www.ccra.gc.ca/benefits-calculator let clients obtain an estimate of their CCTB payments (and any related provincial and territorial child benefit programs) by simply entering their marital status, family net income, province or territory of residence, and number of children under 18 years of age.
- **T.I.P.S. online** at www.ccra.gc.ca/tips offered clients specific information about whether they were eligible for the CCTB and when to expect their payments.

Many more innovative online services were planned during the coming year as part of the CCRA's commitment to continuously improve service to Canadians.

A fact sheet with more information was available at www.ccra.gc.ca under "What's new".

INDIA

Country Correspondent:

S K Chowdhari

The Finance Bill, 2002 has been passed by both Houses of the Indian Parliament and has also received the President's assent. Some of the major changes brought about in the tax policy of the country are highlighted below:-

Rates of Tax

- In order to meet the expenditure of the Union Government, a surcharge at the rate of five percent on the personal income tax and corporation tax including foreign companies has been levied. However, there will be no surcharge in case of personal income not exceeding Rs. 60,000/.
- Income tax on ten percent of the export profits of undertakings located in Free Trade Zones, etc. and other 100% Export Oriented Units will be levied for assessment year 2003-04 only.
- The tax rate in the case of foreign company has been reduced from 48% to 40%.

Taxpayer-friendly Measures

- With a view to removing procedural delays in registration of transfers, the provisions relating to pre-emptive purchase of immovable properties have been made inapplicable in respect of transfers effected on or after 1 July 2002.
- Credit for tax deducted at source will now be given even on delayed production of the tax deduction certificate subject to certain conditions.
- Credit for tax deducted at source will now be given even on delayed production of the tax deduction certificate subject to certain conditions.
- A scheme for bulk filing of returns by salaried employees through their employers has been introduced.
- Employees earning taxable salary up to rupees one lakh have been exempted from tax on perquisites for assessment year 2002-03. In subsequent years, the employer has been given an option to pay tax on the perquisites on behalf of the employees.
- Provisions allowing pre-assessment release of seized assets, which are found to be explained, have been introduced.
- The rate at which tax is required to be deducted from income by way of commission has been reduced from 10% to 5%.

Welfare Measures

- The exemption available on amount received under a voluntary retirement scheme has been extended to an employee of an institution, of national or State level importance.
- With a view to providing relief to recipients of family pension in arrears, it has been decided to extend the benefit of spreading over of arrears to such recipients.

Widening of tax base

- Persons such as alcoholic liquor contractors, forest produce contractors, etc., collecting tax at source will henceforth be required to obtain a tax collection account number.
- The dividend income and income from Units in the hands of the recipient has been made taxable at the

normal rates applicable. However, income from open-ended equity oriented funds of the Unit Trust of India and other Mutual Funds will be taxed at 10% for assessment year 2003-04.

Measures of Rationalisation

- To rationalise the Direct Tax laws, certain exemptions and deductions provided under the Income Tax Act, which were no longer necessary, have been withdrawn or discontinued.
- Certain other exemptions granted to institutions such as educational and medical institutions will be continued, but they will be required to file returns of income to enable a verification as to whether the prescribed conditions relating to application of income, etc. are being fulfilled.
- The provisions pertaining to Minimum Alternate Tax have been streamlined.
- The provisions relating to adjustment of cost of assets due to change in foreign exchange rates have been rationalised so as to allow the adjustment only at the time of actual payment.
- Provisions of taxation of income of a non-resident arising out of the Global Depository Receipts issued against the existing shares of an Indian company have been rationalised.
- Losses arising from transfer of long term capital assets will henceforth be allowed to be set off only against long-term capital gains, in view of the concessional tax rate applicable to such assets.
- Specific provisions have been made to tax receipts in the nature of non-compete fee and consideration for exclusivity rights.
- Provision for levy of penalty for concealment of income has been rationalised so as to levy penalty even in a case where the assessed total income is a loss.
- The rate of interest payable by a firm to a partner has been reduced from 18% to 12% per annum.
- The rate of interest payable by the Department on refunds has been reduced from 9% to 8%.

KENYA

Country Correspondent:

Ms Alice A Owuor

(A) BUDGET NEWS

During the presentation of the Budget for the fiscal year 2002/2003 on 16 June 2002, the Minister for Finance made several changes affecting Acts of Parliament administered by Kenya Revenue Authority whose highlights include:-

- Lowering the VAT registration threshold from Kshs. 3.6 million to Kshs. 3 million and increasing taxable goods by reducing the numbers of exempt goods
- Introducing measures to harmonise the Income Tax Act and Retirement Benefits Act
- Re-introducing the insurance relief for Individual taxpayers
- Abolishing transport-licensing fees, among others.

(B) REVENUE PERFORMANCE

Kenya Revenue Authority (KRA) collected Kshs. 183.6 Billion for the year ended June 2002 against a target of Kshs. 195.9 Billion achieving a performance rate of 94%.

Despite the shortfall of Kshs. 12.3 billion, revenue collection never the less grew by 0.3% over the previous period, consistent with the growth in GDP.

Performance of the four revenue departments is detailed below:-

<u>Department</u>	<u>Collection</u>	<u>Target</u>	<u>Performance Rating</u>
Income Tax	Ksh. 60.9 Bill	Ksh. 61.8 Bill	98.5%
Road Transport	1.3 Bill	1.4 Bill	92.8%
VAT	26.7 Bill	29.1 Bill	91.7%
Customs & Excise	94.6 Bill	103.5 Bill	91.4%

Several external factors impacted negatively on revenue collection efforts, including:-

- (a) The ever-increasing duty-free imports from Common Market for East and Southern Africa (COMESA).
- (b) Low levels of economic growth recorded at 1.2% against a target of 2.6%.
- (c) Consumption of goods and services remained low.
- (d) Decline in interest rates which affected withholding tax received from interest as well as decline in lending to private sector.
- (e) Increase in capital investment from energy and communication's sub-sector imports resulted in substantial VAT refunds.
- (f) Poor performance in the manufacturing, agriculture and tourism sub-sectors.

Despite all these impediments, the following administrative measures put in place ensured realisation of improved performance over the previous financial year:-

- (a) Improved debt-management strategies.
- (b) Intensive follow-up of non-filers.
- (c) Enhanced and co-ordinated audits.
- (d) Co-operation with regional tax bodies on the monitoring of transit goods to prevent dumping.

(e) Verification of imports among others.

(C) EVENTS& TRAINING/

SEMINARS

1) In early June, six officials from the US Customs Service (USCS) conducted a Training Symposium in Nairobi-Kenya for customs Officers from selected Africa Growth and Opportunity Act (AGOA) beneficiary Sub-Saharan Countries.

Kenya was given the opportunity to host the symposium due to the wide experience the KRA Customs has had in working on AGOA issues particularly in textiles.

The participants included Customs Officers from Benin, Botswana, Cameroon, Central African Republic, Chad, Congo Brazzaville, Djibouti, Ethiopia, Eritea, Gabon, Ghana, Guinea, Guinea Bissau, Lesotho, Madagascar, Mali, Niger, Nigeria, Rwanda, Senegal and Tanzania.

2) The Eastern & Southern Africa Management Institute (ESAMI) conducted a course for Executive Secretaries, Personal Assistants and Senior Personal Secretaries in Mombasa - Kenya running from 27 May - 21 June 2002. The course was to equip them with organisational skills and improve their knowledge in Communication, Delegation, Public Relations and Customer Care among other things. Participants were drawn from Kenya, Lesotho, Malawi, Tanzania, Uganda, Zambia and Zimbabwe.

3) Two officers attended the (Korean Institute of Public Finance/Korean International Co-operation Agency) KIPF/KOICA International Tax Administration Course in Korea.

The course content included Transfer Pricing, Current Issues in International Taxation, Economic Development and Tax Policy in Korea.

4) In mid-May 2002, two International Agencies in collaboration with the Postal Corporation of Kenya organised a workshop, bringing together Postal, Police and KRA staff for purposes of countering drug trafficking and money laundering via Postal Systems. Drug awareness, trafficking trends, risk assessment, intelligence, handling dangerous goods and money laundering were some of the issues addressed.

5) The Kenya Revenue Commissioner General together with the Income Tax Commissioner attended the 36th CIAT (Inter-American Center of Tax Administrations) General Assembly in Quebec, Canada from 20-23 May 2002.

(D) MEETINGS

The 20th East African Revenue Authorities' Technical Committee (EARATC) meeting was held from 24-26 July 2002 at the International Hotel, Kampala - Uganda.

The participating countries were Kenya, Rwanda, Tanzania and Uganda. The issues deliberated upon included:-

- Work plan resolutions regarding the informal sector
- Anti-smuggling Action Plan
- Quality Assurance
- Challenges of Liberalisation and Regional Blocks to Tax Administration
- Improvement of the Corporate Image of East African Revenue Authorities
- Implementation of Training of Trainers (TOT)

- Contentious issues on VAT, and
- The role of a chemist in a Customs department among others.

During this meeting, the chairmanship was handed over to Kenya by Uganda.

(E) RELOCATION OF KRA

The KRA Headquarters and all support departments have now relocated to the Ultra Modern Times Tower.

Housing centralised operations enhances service delivery to our taxpayers and improves synergies.

MALTA

Country Correspondent:

Mr Randolph Aquilina

New Web-site

The Malta Inland Revenue Department has recently launched its new web-site:

www.ird.gov.mt

This new web-site offers a range of services, which include:

1. Information about the set-up and structure of the Department;
2. An income tax calculator which will help users to determine their Final Settlement System and Fringe Benefits dues, together with the Social Security Contributions;
3. Information on company taxation including a detailed explanation on how to comply with the requirements of the Tax Index of Financial Data (T.I.F.D.);
4. A guide to International Taxation and Double Taxation Agreements;
5. Some decisions of the Malta Court of Appeal Tax cases; and
6. A list of Frequently Asked Questions (FAQs).

Electronic Communication

The Malta Inland Revenue Department is in the process of introducing a system of electronic communication with taxpayers whereby certain services and facilities can be availed of over the Internet. Initially the system will be available only to companies but will eventually be extended to other taxpayers.

The services being offered in the initial stage concern the electronic filing of income tax returns as well as certain prescribed forms. Facilities available will include access to view one's account regarding payments and tax statements. It is envisaged that these services and facilities will be gradually extended.

In this context, the income tax return for companies has been redesigned in modular form, with such modules attached to the return as necessary. The Tax Index of Financial Data has also been made mandatory, whereby all items of the financial statements attached to a company return are coded according to this index.

Double Tax Agreements

During the current year, Double Tax Agreements have been signed and ratified with Finland and Portugal.

MAURITIUS

Country Correspondent:

Mrs S Lim Kong

Following are the main tax changes announced in the 2002/2003 Budget:

- increase in the basic personal deduction from Rs 70,000 to Rs 75,000 and in the deduction for dependent spouse from Rs 55,000 to Rs 60,000;
- increase in deduction for dependent child from Rs 23,000 to Rs 25,000;
- limit in emoluments relief increased from Rs 100,000 to Rs 125,000;
- limit in retirement pension relief increased from Rs 65,000 to Rs 75,000;
- limit in interest relief increased from Rs 100,000 to Rs 125,000 for each spouse and from Rs 200,000 to Rs 250,000 for a couple;
- each spouse allowed to claim an apportionment of the child allowance;
- increase in deduction in respect of medical expenses incurred in a health institution from 50% to 75% of the expenses;
- new relief introduced in respect of contribution made to provide for ambulance services;
- the term "tutor" defined;
- introduction of new provisions for the taxation of companies operating in the Freeport zone;
- the additional investment allowance of 25% on capital expenditure incurred by manufacturing companies extended to 2 more years to 30 June 2004 and also made available to ICT companies;
- penalty for late submission of CPS statement limited to Rs 50,000;
- penalty for late payment of tax limited to 100% of the amount of tax excluding any penalty;
- issue of automatic tax claims to non-filers;
- time limit to require a person to furnish information and to produce books and records for examination of a return to be 4 years of assessment following the year of assessment in which the return is submitted;
- time limit of 4 years for making an assessment applicable as from the year of assessment in which a return is submitted;
- obligation for a taxpayer to pay 30% of income tax claimed as per notice of assessment when lodging an objection;
- introduction of provisions to enable temporary closing down of a business for non-payment of income tax as assessed.

NEW ZEALAND

Country Correspondent:

Ms Raelene Cook

Inland Revenue Meets the Challenge of its Peak Telephone Period

Inland Revenue's business plan, introduced in 2001, outlines the direction for the department's future. A priority for the department has been to achieve our business goals in a way that the community understands and supports. In the past we have come under criticism for our telephone service delivery particularly during May to July when many taxpayers are required to contact the department.

Telephones have played an increasingly important role in the interaction we have with New Zealand taxpayers. Over 80% of our taxpayer service contacts are by telephone - that's more than 4 million calls. The department has worked hard to improve its telephone performance and our call centre capability is much improved.

This year, the department has been able to not only meet but has exceeded expectations. This is due to a combination of factors ranging from the introduction of new technology to better manage call flows rerouting them in 'real time', phased mailouts to taxpayers, to more customers using the department's automated telephone system and the website. The department has also continued to improve the capacity and capability of the call centres for the peak season which has seen a large number of people from other parts of the department assisting to improve our reputation.

- The average speed for answering calls was 1 minute and 30 seconds in 2002 compared with 3 minutes and 30 seconds in 2000.
- Customer satisfaction with the telephone service continues to improve, up to 87%.

SINGAPORE

Country Correspondent:

Miss Ang Sor Tjing

Extension of Tax Incentives for Satellite Operations

Singapore has extended the tax exemption for payments for the leasing of satellite capacity operated by non-resident persons for another 5 years commencing 11 July 2002 up to 10 July 2007. This tax incentive was first announced by the Minister for Finance in the 1997 Budget Statement to complement the investment allowance incentive for satellite owners and/or

operators.

New Tax Treatment of Employee Stock Gains

The basis for taxation of gains from employee stock option (ESOP) scheme has been changed to one where the stock option gains would only be taxed if there is a nexus between the ESOP gains and the Singapore employment. Under the new basis for taxation of stock options:

(a) for Stock Options exercised on or after 1 January 2002, gains from ESOP granted in respect of Singapore employment will be taxed in Singapore, even if the ESOP is exercised in Singapore; and

(b) for Stock Options granted on or after 1 August 2002, gains from ESOP granted in respect of Singapore employment will be taxed in Singapore no matter where the ESOP is exercised. The companies granting the stock options are appointed to track employees who left Singapore with unexercised stock options granted in respect of Singapore employment and collect the taxes due on stock option gains from them.

New Tax Treatment of Stock Options with Selling Restriction

Currently, all stock option gains are taxed at the point of exercise, regardless of whether or not selling restrictions have been imposed on the shares that are acquired under the stock options. The gain is computed by taking the difference between the market value of the share at the time of exercise and the exercise price.

In line with Government's policy of taxing the employees on the benefit only when he is in the position to dispose the shares acquired under stock option schemes, it has been decided:

(a) where there is no selling restriction imposed on the shares acquired under the ESOP, the ESOP gains would continue to be taxed at the point of exercise and the amount of stock option gains to be subject to tax, is computed based on the difference between the market value of the shares at the time of exercise and the exercise price; and

(b) where there is selling restriction imposed on the shares acquired under the ESOP, the ESOP gains would be taxed only at the end of the restriction period if the restricted stock options are granted on or after 1 August 2002. The amount of ESOP gains to be subject to tax in this instance, would be computed based on the difference between the market value of the shares at the end of the restriction period and the exercise price.

Full details of the tax changes made through the Budget for 2002 are available on the website of the Ministry of Finance, Singapore at <http://www.mof.gov.sg>.

UNITED KINGDOM

Country Correspondent:

Mrs Chris Green

UK/ South Africa Double Taxation Convention

A new comprehensive Double Taxation Convention between the United Kingdom and South Africa was signed in London on 4 July 2002 by the Chancellor of the Exchequer Gordon Brown and the South African Minister of Finance Trevor Manuel.

The text of the new Convention can be accessed on the Internet at:

www.inlandrevenue.gov.uk/pdfs/uksafrica_dc.pdf.

The text will in due course be laid, as a Schedule to a Draft Order in Council, for consideration by the House of Commons and will then also be available from the Stationery Office.

The Convention will not enter into force until both countries have completed their legal procedures.

Double Taxation Convention: United States of America

A new comprehensive Double Taxation Convention between the United Kingdom and the United States of America, and a Protocol to the Convention, were laid before the House of Commons on the 22 July 2002 as a Schedule to a draft Order in Council. The new Convention was signed on 24 July 2001 in London by Chancellor of the Exchequer Gordon Brown and US Treasury Secretary Paul O'Neill. The Protocol to the Convention was signed in Washington on 19 July 2002.

Double Taxation Agreement In Relation to the Territory of Taiwan

The text of the comprehensive Double Taxation Agreement between the British Trade and Cultural Office, Taipei and the Taipei Representative Office in the United Kingdom, signed on 8 April 2002, is now available on the

Internet.

Double Taxation Agreements

The Inland Revenue recently completed a consultation exercise inviting representations from individuals, businesses, representative organisations and other interested parties on the UK's network of double taxation agreements. The Paymaster General, Dawn Primarolo, MP, has now announced details of the UK's treaty negotiating priorities for 2002/2003.

Each year, the Government reviews the UK's treaty priorities to ensure that they continue to meet the needs of the business community and individuals receiving income from abroad. As part of this exercise the Inland Revenue monitors the treaty networks of other countries and invites representations from other Government departments, representative bodies and others with an interest in this area. This process of consultation is widely welcomed. The results, balanced with an estimate of the available resources, are used to produce a schedule of work for the year ahead.

Individual Savings Accounts Regulations: ISA Transfers and Withdrawals

The Treasury has laid amending ISA regulations which will require the terms and conditions of ISA products to contain certain provisions relating to transfers of ISAs and the withdrawal of ISA funds by investors.

These regulations will, subject to Parliamentary approval, take effect from 1 October 2002, and will apply to all ISAs, including existing ISAs opened before 1 October 2002. However, only a small proportion of existing ISAs will need to substantially change their terms and conditions to comply with the new regulations.

Exceptionally, existing ISA products which offer a fixed or guaranteed rate of interest in return for the investor locking away their investment for up to five years will be able, if the manager wishes and with Revenue agreement, to continue until maturity under their current terms and conditions.

Inheritance Tax: Simpler Reporting Extended to More Estates and Small Settlements

The Paymaster General announced that 7,000 smaller estates and settlements will no longer have to file accounts with the Inland Revenue under new regulations laid on the 8 July 2002.

The new regulations will:

- extend for the first time to estates including a trust interest, to lifetime gifts of a house and contents and to small estates of people not domiciled in the UK;
- raise the monetary limits, for example from £210,000 to £220,000 for the maximum overall size of an "excepted estate";
- consolidate the separate regulations for England and Wales, Scotland and Northern Ireland into one set for all estates;
- excuse discretionary trusts from delivering accounts if they meet tests of size and complexity; and
- update the regulations for lifetime transfers.

The changes made by these regulations have effect from 1 August in relation to deaths or other chargeable events

on or after 6 April 2002.

Inland Revenue making Tax Law Easier to use

The Tax Law Rewrite project, which will modernise UK direct tax law so that it is clearer and easier to use, will soon publish its second draft Bill.

The Tax Law Rewrite project aims to rewrite the UK's primary direct tax legislation so that it is clearer and easier to use, but without changing its general effect. The project commands the support of all parts of the tax community.

The key points of the project are:

- clearer, more logical structure for tax legislation;
- use of plain language and other reader aids;
- no alteration of main tax policies;
- (possibly) some minor policy changes, where these further improve the current legislation;
- full consultation with interested parties throughout the life of the project; and
- new streamlined Parliamentary procedures for enacting "rewrite Bills".

Tax Doesn't Have To Be Taxing

Tomorrow's World presenter and author Adam Hart-Davis will front the Inland Revenue's new Self Assessment advertising campaign.

The campaign is designed to show the benefits of early filing and to challenge the temptation to put off what many people see as an unwelcome chore.

During the course of the campaign Adam appears in a variety of situations showing the wide range of help and support available from the Revenue all

geared to enable taxpayers to get their tax return completed and out of the way.

Launching the new campaign, Paymaster General Dawn Primarolo said:

"We know that filling in a tax return isn't something most people look forward to and that's one of the reasons we've put so much help and support in place to overcome the practical barriers and deal with the concerns that people may have.

"We want taxpayers to know that sending in their return by the 30 September takes away the need to calculate any tax due – the Revenue will do the work for you."

Inland Revenue Marketing Director Ian Schoolar commented:

"The Revenue's Core Purpose is about ensuring that everyone understands and pays what they owe, or receives what is due to them.

"Getting the return in on time is an important part of this process and our new campaign encourages people to file in good time rather than hold out until the last moment."