

## Trinidad and Tobago

---

# TADAT Performance Assessment Report

Muyangwa Muyangwa, Norris Miller, Tracey-Ann Bonner and Ruud van den Bosch

Technical Assistance Report | December 2017



## Trinidad and Tobago

# TADAT Performance Assessment Report

Muyangwa Muyangwa, Norris Miller, Tracey-Ann Bonner and Ruud van den Bosch



## Fiscal Affairs Department

October 2017

### TADAT Partners:



The contents of this report constitute technical advice provided by the staff of the International Monetary Fund (IMF) to the authorities of Trinidad and Tobago in response to their request for technical assistance. This report (in whole or in part) or summaries thereof may be disclosed by the IMF to IMF Executive Directors and members of their staff, as well as to other agencies or instrumentalities of the TA recipient, and upon their request, to World Bank staff and other technical assistance providers and donors with legitimate interest, unless the TA recipient specifically objects to such disclosure (see Operational Guidelines for the Dissemination of Technical Assistance Information—

<http://www.imf.org/external/np/pp/eng/2013/061013.pdf>).

Publication and disclosure of this report (in whole or in part) or summaries thereof to parties outside the IMF other than agencies or instrumentalities of the TA recipient, World Bank staff, other technical assistance providers and donors with legitimate interest shall require the explicit consent of the TA recipient and the IMF's Fiscal Affairs Department.

<b>Contents</b>	<b>Page</b>
ABBREVIATIONS AND ACRONYMS _____	5
PREFACE _____	6
I. INTRODUCTION _____	14
II. COUNTRY BACKGROUND INFORMATION _____	15
A. Country Profile _____	15
B. Data Tables _____	15
C. Economic Situation _____	16
D. Main Taxes _____	16
E. Institutional Framework _____	16
F. International Information Exchange _____	17
III. ASSESSMENT OF PERFORMANCE OUTCOME AREAS _____	18
A. POA 1: Integrity of the Registered Taxpayer Base _____	18
B. POA 2: Effective Risk Management _____	20
C. POA 3: Supporting Voluntary Compliance _____	23
D. POA 4: Timely Filing of Tax Declarations _____	26
E. POA 5: Timely Payment of Taxes _____	28
F. POA 6: Accurate Reporting in Declarations _____	31
G. POA 7: Effective Tax Dispute Resolution _____	34
H. POA 8: Efficient Revenue Management _____	37
I. POA 9: Accountability and Transparency _____	39
 <b>FIGURES</b>	
1. Trinidad and Tobago: Distribution of Performance _____	13
 <b>TABLES</b>	
1. Trinidad and Tobago: Summary of TADAT Performance Assessment _____	9
2. P1-1 Assessment _____	18
3. P1-2 Assessment _____	20
4. P2-3 Assessment _____	21
5. P2-4 Assessment _____	22
6. P2-5 Assessment _____	22
7. P2-6 Assessment _____	23
8. P3-7 Assessment _____	24
9. P3-8 Assessment _____	25
10. P3-9 Assessment _____	26
11. P4-10 Assessment _____	27

12. P4-11 Assessment	28
13. P5-12 Assessment	29
14. P5-13 Assessment	29
15. P5-14 Assessment	30
16. P5-15 Assessment	31
17. P6-16 Assessment	33
18. P6-17 Assessment	34
19. P6-18 Assessment	34
20. P7-19 Assessment	35
21. P7-20 Assessment	36
22. P7-21 Assessment	36
23. P8-22 Assessment	37
24. P8-23 Assessment	38
25. P8-24 Assessment	39
26. P9-25 Assessment	40
27. P9-26 Assessment	41
28. P9-27 Assessment	42
29. P9-28 Assessment	42

## **ATTACHMENTS**

I. TADAT Framework	43
II. Trinidad and Tobago: Country Snapshot	45
III. Data Tables	46
IV. Organizational Chart	58
V. Sources of Evidence	59

## ABBREVIATIONS AND ACRONYMS

AG	Auditor General
BIR	Board of Inland Revenue
CARTAC	Caribbean Regional Technical Assistant Centre
CIT	Corporate Income Tax
FATCA	Foreign Account Tax Compliance Act
FY	Fiscal Year
FAQ	Frequently Asked Question
GenTax	IRD's Integrated Tax Processing Software Package
GDP	Gross Domestic Product
IAU	Internal Audit Unit
IMF	International Monetary Fund
ICT	Information Communication Technology
IRD	Inland Revenue Division
MoF	Ministry of Finance
PAYE	Pay-As-You-Earn
PIT	Personal Income Tax
POA	Performance Outcome Area
PSC	Public Service Commission
SEMCAR	Supporting Economic Management in the Caribbean
TADAT	Tax Administration Diagnostic Assessment Tool
TIEA	Tax Information Exchange Agreement
VAT	Value-added Tax
USA	United State of America

## **PREFACE**

An assessment of the system of tax administration of the Republic of Trinidad and Tobago was undertaken during the period September 20–October 3, 2017 using the Tax Administration Diagnostic Assessment Tool (TADAT). TADAT provides an assessment baseline of tax administration performance that can be used to determine reform priorities, and, with subsequent repeat assessments, highlight reform achievements.

The assessment team comprised the following: Muyangwa Muyangwa (head – Fiscal Affairs Department [FAD]); Norris Miller (resident tax advisor – CARTAC), Tracey-Ann Bonner (TADAT expert); and Ruud van den Bosch (Netherlands Tax Administration)

The assessment team met with Ms. Allison Raphael, Chairman of the Board of the IRD, Commissioners and senior management, and a cross section of IRD operational staff. Visits were also conducted at the main offices in Port of Spain and San Fernando to observe operational processes and procedures first-hand.

The assessment team expresses its appreciation to the IRD's senior management team and staff for their active engagement and participation during the TADAT assessment. The team thanks the Board of Inland Revenue for all logistical arrangements and support during the assessment.

A draft performance assessment report was presented to the IRD at the close of the in-country assessment.

## EXECUTIVE SUMMARY

The results of the TADAT assessment for Trinidad and Tobago follow, including the identification of the main strengths and weaknesses.

### Strengths

- A relatively good tax administration ICT platform (GenTax)
- Automated cross-matching of information from a wide range of third party sources
- Efficient arrangements for collecting taxes such as withholding at source and advance payment for income taxes.
- A graduated mechanism of administrative and judicial review is in place.
- Significant contribution to the tax revenue forecasting and estimation process and regular monitoring of revenue performance.

### Weaknesses

- The integrity of the taxpayer registration database is low
- On-time filing and payments rates cannot be established with certainty
- Compliance risk management practice is underdeveloped
- Decentralized risk-based audit case selection process that allows rollover of cases from previous years and places other taxpayers under permanent audit control
- Limited use of electronic services for filing and payment
- Limited use of non-audit initiatives to promote voluntary compliance
- Delays in processing taxpayer accounting transactions resulting in inaccurate taxpayer accounts
- Lack of impact assessment of compliance management interventions
- A deficient VAT refund process and related funding
- A weak revenue accounting environment
- Shortage of technical staff
- An internal audit function that does not provide oversight on all key operations (including the tax register and GenTax)
- External assurance capacity undermined by confidentiality provisions



**The IRD’ reform needs are substantial and, thus, the TADAT assessment identified many deficiencies.** In particular, the unreliable state of the taxpayer registration database; delays in processing of accounting transactions; and weak compliance risk management methodologies severely hamper IRD operations, limits its capacity to improve taxpayer compliance and generate additional tax revenues. While the assessment team observed strengths in the use of third party data to support audits, a well-structured tax dispute resolution process, and a relatively sound tax administration IT system, there are substantial weaknesses that impact all outcome areas. These include: (i) an inaccurate taxpayer registration database with uncertainty regarding the number of active taxpayers; (ii) inaccurate taxpayer accounts arising from delays in processing accounting transactions; (iii) under-developed compliance management methodology; (iv) inefficient business processes resulting in low utilization of GenTax capacity; and (v) general shortage of technical staff. All these issues impact on the credibility, reliability and ready availability of tax administration data and, as a result, the assessment team was unable to assess the true performance situation in a number of areas.

Table 1 provides a summary of performance scores, and Figure 1 a graphical snapshot of the distribution of scores. The scoring is structured around the TADAT framework’s 9 performance outcome areas (POAs) and 28 high level indicators critical to tax administration performance. An ‘ABCD’ scale is used to score each indicator, with ‘A’ representing the highest level of performance and ‘D’ the lowest.

**Table 1. Trinidad and Tobago: Summary of TADAT Performance Assessment**

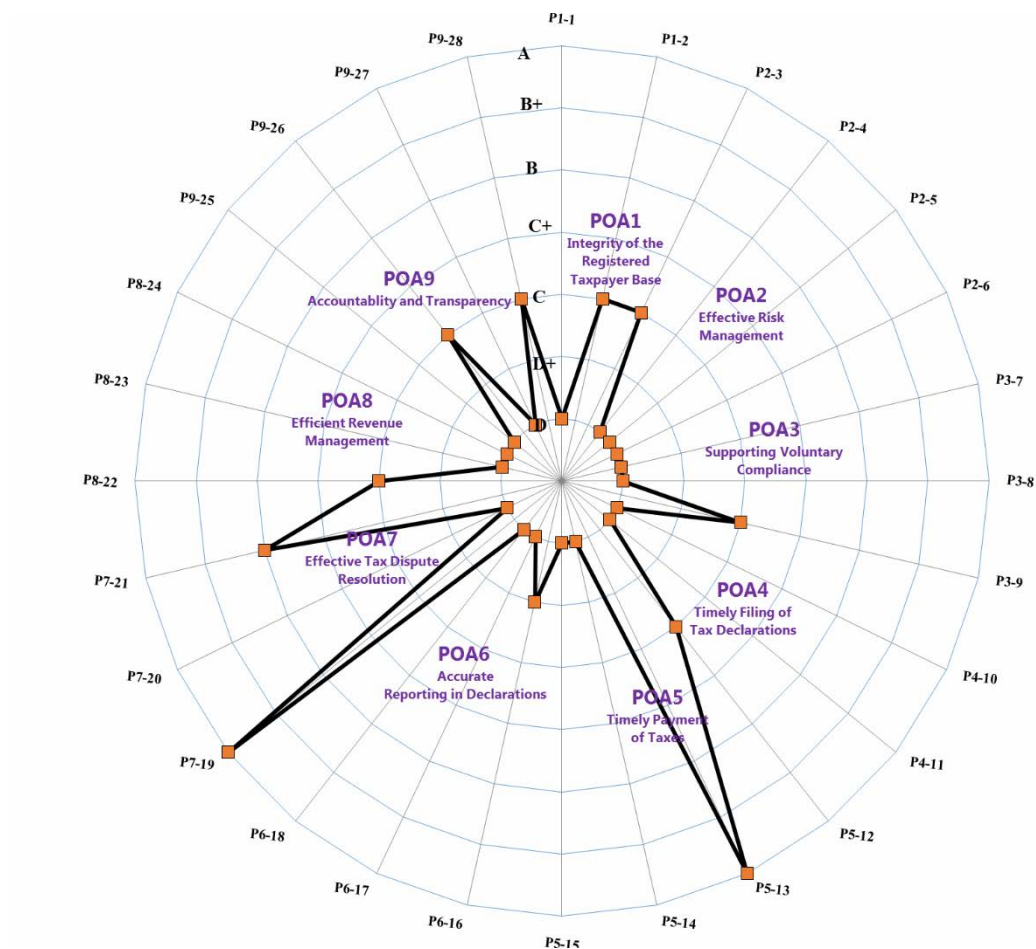
INDICATOR	Score 2017	SUMMARY EXPLANATION OF ASSESSMENT
POA 1: Integrity of the Registered Taxpayer Base		
P1-1. Accurate and reliable taxpayer information.	D	The accuracy and reliability of the taxpayer registration database is low due to unsystematic application of registration update and maintenance procedures and poor configuration of the GenTax system.
P1-2. Knowledge of the potential taxpayer base.	C	Actions and initiatives to identify and recruit unregistered taxpayers are limited and irregular; impact of the actions is not evaluated.
POA 2: Effective Risk Management		
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	C	The IRD does not use intelligence gathering and research initiatives to build knowledge on compliance levels and risks except for limited analysis of internal data sources.
P2-4. Mitigation of risks through a compliance improvement plan.	D	IRD does not have a comprehensive compliance improvement plan.
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	D	No formal mechanism in place to monitor and evaluate compliance risk mitigation activities.
P2-6. Identification, assessment, and mitigation of institutional risks.	D	The process of identification, assessment and mitigation of institutional risk is still being developed.
POA 3: Supporting Voluntary Compliance		
P3-7. Scope, currency, and accessibility of information.	D	A wide range of information on their obligations is available to taxpayers at no cost but it is not always current. There is no information on taxpayer entitlements.
P3-8. Scope of initiatives to reduce taxpayer compliance costs.	D	There are no specific simplified record keeping and reporting arrangements for small taxpayers and no pre-filled tax declarations are available.
P3-9. Obtaining taxpayer feedback on products and services.	C	Taxpayer feedback on products and services is obtained on an ad hoc basis. However,

INDICATOR	Score 2017	SUMMARY EXPLANATION OF ASSESSMENT
		input is sought from key taxpayers and intermediaries on design of new ICT services.
POA 4: Timely Filing of Tax Declarations		
P4-10. On-time filing rate.	D	Overall, the data provided to rate this indicator (Attachment III, Tables 4–8) are inconsistent and unreliable, and therefore insufficient to rate this indicator.
P4-11. Use of electronic filing facilities.	D	Returns are predominantly filed manually.
POA 5: Timely Payment of Taxes		
P5-12. Use of electronic payment methods.	C	Payments of core taxes are made predominantly in cash and checks at IRD offices. However, electronic payments services, through electronic funds transfers and debit cards, are available and are used for CIT.
P5-13. Use of efficient collection systems.	A	Withholding at source and advance payment arrangements are used to collect income taxes.
P5-14. Timeliness of payments.	D	Almost all VAT payments are reported to be made on time (more than 96 percent by number and value). However, this relatively strong performance may not be a true reflection of the obtaining reality and needs to be qualified owing to unreliable data on payments due and this is also supported by: (i) an unreliable taxpayer registration database (POA 1); (ii) the low and generally unreliable information on on-time filing (POA 4); and (iii) delays in processing returns and other liabilities, that remain outstanding for months (POA 8).
P5-15. Stock and flow of tax arrears.	D	Although the level of tax arrears appears to be generally high (between 30–73 percent for the last two fiscal years—Attachment III, Table 11) the assessment team determines that the

INDICATOR	Score 2017	SUMMARY EXPLANATION OF ASSESSMENT
		data is unreliable owing to inaccuracy of taxpayer account ledgers and the overall unreliability of PAYE account balances.
POA 6: Accurate Reporting in Declarations		
P6-16. Scope of verification actions taken to detect and deter inaccurate reporting.	D+	There is an audit program that covers all core taxes and is weighted towards large taxpayers but not all cases are selected centrally nor is the selection risk-based. The IRD carries out some third party cross checking but from limited sources.
P6-17. Extent of proactive initiatives to encourage accurate reporting.	D	There is no system of public and private binding rulings. There are no formal cooperative compliance arrangements with qualifying taxpayers.
P6-18. Monitoring the extent of inaccurate reporting.	D	The extent of inaccurate reporting is not monitored.
POA 7: Effective Tax Dispute Resolution		
P7-19. Existence of an independent, workable, and graduated dispute resolution process.	A	An independent and graduated dispute resolution mechanism is in place and is used.
P7-20. Time taken to resolve disputes.	D	Disputes are not resolved in a timely manner.
P7-21. Degree to which dispute outcomes are acted upon.	B	The IRD monitors and analyzes outcomes of disputes of a material nature and initiates administrative and legislative changes where required.
POA 8: Efficient Revenue Management		
P8-22. Contribution to government tax revenue forecasting process.	C	IRD provides input to the government revenue forecasting and estimation process, monitors revenue performance but does not forecast VAT refund levels nor monitor tax expenditures and losses carried forward.
P8-23. Adequacy of the tax revenue accounting system.	D	The automated taxpayer and revenue accounting system, GenTax, does not provide a sound revenue accounting environment. It is not interfaced with MoF; is not aligned to

INDICATOR	Score 2017	SUMMARY EXPLANATION OF ASSESSMENT
		the VAT law on refund and taxpayer ledgers are unreliable.
P8-24. Adequacy of tax refund processing	<b>D</b>	Verification of VAT refund claims is not risk based and there are no preferential treatment schemes for low risk claimants. Budgeted funds are insufficient to meet approved claims.
POA 9: Accountability and Transparency		
P9-25. Internal assurance mechanisms.	<b>D</b>	The Internal Audit Unit is not independent and does not have appropriately skilled staff. Procedures for all key operations and internal controls are documented but are neither readily available nor up-to-date. The audit programs do not cover all key operations. The IRD has no internal affairs unit and neither maintains nor reports statistics on integrity amongst staff.
P9-26. External oversight of the tax administration.	<b>C</b>	The Auditor General conducts an independent annual review of the IRD but the efficacy of the audits is inhibited by secrecy clauses. There is an external mechanism for the investigations of suspected wrong-doing and maladministration but is limited in scope.
P9-27. Public perception of integrity.	<b>D</b>	The IRD does not carry out integrity perception surveys.
P9-28. Publication of activities, results, and plans.	<b>C</b>	An IRD annual report, outlining the financial and operational performance is tabled in Parliament within 9 months of the close of the financial year—this is part of a government-wide reporting requirement. However, strategic and operational plans are not made public.

**Figure 1. Trinidad and Tobago: Distribution of Performance Scores**



Indicator	Score
P1-1	D
P1-2	C
P2-3	C
P2-4	D
P2-5	D
P2-6	D
P3-7	D
P3-8	D
P3-9	C
P4-10	D
P4-11	D
P5-12	C
P5-13	A
P5-14	D
P5-15	D
P6-16	D+
P6-17	D
P6-18	D
P7-19	A
P7-20	D
P7-21	B
P8-22	C
P8-23	D
P8-24	D
P9-25	D
P9-26	C
P9-27	D
P9-28	C

## I. INTRODUCTION

This report documents the results of the TADAT assessment conducted in Trinidad and Tobago during the period September 20–October 3, 2017 and subsequently reviewed by the TADAT Secretariat. The report is structured around the TADAT framework of 9 POAs and 28 high level indicators critical to tax administration performance that are linked to the POAs. Forty-seven measurement dimensions are taken into account in arriving at each indicator score. A four-point ‘ABCD’ scale is used to score each dimension and indicator:

- ‘A’ denotes performance that meets or exceeds international good practice. In this regard, for TADAT purposes, a good practice is taken to be a tested and proven approach applied by a majority of leading tax administrations. It should be noted, however, that for a process to be considered ‘good practice,’ it does not need to be at the forefront or vanguard of technological and other developments. Given the dynamic nature of tax administration, the good practices described throughout the field guide can be expected to evolve over time as technology advances and innovative approaches are tested and gain wide acceptance.
- ‘B’ represents sound performance (i.e., a healthy level of performance but a rung below international good practice).
- ‘C’ means weak performance relative to international good practice.
- ‘D’ denotes inadequate performance, and is applied when the requirements for a ‘C’ rating or higher are not met. Furthermore, a ‘D’ score is given in certain situations where there is insufficient information available to assessors to determine and score the level of performance. For example, where a tax administration is unable to produce basic numerical data for purposes of assessing operational performance (e.g., in areas of filing, payment, and refund processing) a ‘D’ score is given. The underlying rationale is that the inability of the tax administration to provide the required data is indicative of deficiencies in its management information systems and performance monitoring practices.

For further details on the TADAT framework, see Attachment I.

Some points to note about the TADAT diagnostic approach are the following:

- TADAT assesses the performance outcomes achieved in the administration of the major direct and indirect taxes critical to central government revenues, specifically corporate income tax (CIT), personal income tax (PIT), value-added tax (VAT), and pay-as-you-earn (PAYE) amounts withheld by employers (which, strictly speaking, are remittances of PIT). By assessing outcomes in relation to administration of these

core taxes, a picture can be developed of the relative strengths and weaknesses of a country's tax administration.

- TADAT assessments are evidence based (see Attachment V for the sources of evidence applicable to the assessment of Trinidad and Tobago.)
- TADAT is not designed to assess special tax regimes, such as those applying in the natural resource sector, nor does it assess customs administration.
- TADAT provides an assessment within the existing revenue policy framework in a country, with assessments highlighting performance issues that may be best dealt with by a mix of administrative and policy responses.

The aim of TADAT is to provide an objective assessment of the health of key components of the system of tax administration, the extent of reform required, and the relative priorities for attention. TADAT assessments are particularly helpful in:

- identifying the relative strengths and weaknesses in tax administration;
- facilitating a shared view among all stakeholders (country authorities, international organizations, donor countries, and technical assistance providers);
- setting the reform agenda (objectives, priorities, reform initiatives, and implementation sequencing);
- facilitating management and coordination of external support for reforms, and achieving faster and more efficient implementation; and
- monitoring and evaluating reform progress by way of subsequent repeat assessments.

## **II. COUNTRY BACKGROUND INFORMATION**

### **A. Country Profile**

General background information on Trinidad and Tobago and the environment in which its tax system operates are provided in the country snapshot in Attachment II.

### **B. Data Tables**

Numerical data gathered from the authorities and used in this TADAT performance assessment is contained in the tables comprising Attachment III.



### C. Economic Situation<sup>1</sup>

**Sharply declining energy prices and shrinking output constitute major fiscal challenges.**

In a baseline scenario, fiscal deficits exceed 10 percent of GDP through the medium-term, with an unsustainable increase in government debt. Although the authorities have adopted serious fiscal measures since September 2015, further declines in energy prices have moved the goalposts. There is scope to raise revenues including via comprehensive VAT reform, and to rationalize spending with a broad expenditure review.

**The current account deficits are expected to exist for the foreseeable future.** Despite modest depreciation, International Monetary Fund (IMF) estimates suggest that the currency remains substantially overvalued, while foreign exchange shortages persist. Balance of payments pressures are also reportedly being exacerbated by capital outflows, due both to precautionary demand and speculation on the currency.

**Structural reforms are challenging on a range of fronts.** These include weaknesses in labor markets, the public service and impediments to doing business. Although the banking system is sound, the non-bank financial regulatory framework is weak. A strong start has been made on remedying severe statistical shortcomings.

### D. Main Taxes

**Trinidad and Tobago's main national domestic taxes comprise Value Added Tax (VAT), Corporate Income Tax (CIT) and Individual Income Tax including Pay as You Earn (PAYE).** The core taxes (*as defined by the TADAT framework—see Table 1, Attachment III*) averaged 75.6 percent of total net revenue and 18.6 percent of GDP for the periods 2014 to 2016. However, the tax ratio declined in 2016 to 15 percent from 20 percent (in 2014 and 2015). Drastic reduction in reported CIT, due from oil and gas producing companies, was caused by fall in oil prices

Further details on tax revenue collections are provided in Table 1 of Attachment III.

### E. Institutional Framework

**The IRD is a division of the Ministry of Finance and is responsible for administering direct and indirect taxes.** A Board of Inland Revenue (BIR) comprising five Commissioners, manages the day-to-day affairs of the tax administration. The President appoints the Chairman of the Board from among the five commissioners. However, the

---

<sup>1</sup> Source: Trinidad and Tobago, 2016 Article IV Consultation—Staff Report, International Monetary Fund Country Report No. 16/204

Chairman still holds functional responsibility as a Commissioner. The IRD is organized around five functional areas: (i) Research, Planning, and Objection; (ii) Collection, Taxpayer Service and Processing; (iii) Audit and Compliance; (iv) Legal, Policy and Technical Training; and (v) Corporate Services each headed by a commissioner. Tax operations are carried out in four regional and ten district offices.

**IRD's approved staff position for the year ended 2016/17 is 1,316, of which 540 (41 percent) positions are vacant.** Total operating budget approved for FY2016/17 is TT\$209 million. Amount expended for FY2015/16 was TT\$200 million.

An organizational chart of the tax administration is provided in Attachment IV.

## **F. International Information Exchange**

**Trinidad and Tobago is a member of the Organization for Economic Co-operation and Development's Global Forum** on Transparency and Exchange of Information for Tax Purposes, since 2011. A Phase 1 (Legal and Regulatory Framework) review was conducted in 2010. The review identified several deficiencies, including that: IRD has limited powers to access banking information; information gathering powers are limited to Trinidad and Tobago's tax laws; and there are only a limited number of Tax Information Exchange Agreements (TIEA). Arising from this review, the authorities committed to: amending the income tax act to remove banking secrecy provisions; pursuing negotiations with treaty partners for expansion of the number of TIEA; renegotiating existing double tax treaties with objective of meeting the required standard for effective exchange of information; and examining the TIEA Act to determine whether the double tax treaties could be considered as "declared agreement" and therefore facilitate the effective exchange of information.

The Multilateral Convention on Mutual Administrative Assistance in Tax Matters which makes provision for the implementation of agreements between Trinidad and Tobago for the exchange of information for tax purposes was laid in Parliament in April 2017. Further, the Tax Information Exchange Agreement (USA) Act which makes provision for the sharing of personal information held by the BIR and financial Institutions was proclaimed on July 6, 2017 and the requirements relating to FATCA have been fulfilled.

The country has TIEA with one country (USA) and Double Taxation Agreements (DTA) with sixteen jurisdictions.<sup>2</sup> As a Caribbean Community (CARICOM) member state, Trinidad and Tobago benefits from double taxation agreements with other member countries in compliance with the Treaty of Basseterre. It has committed to implementing requirements

---

<sup>2</sup> Brazil, Canada, China, Denmark, France, Germany, India, Italy, Luxembourg, Norway, Spain, Sweden, Switzerland, United Kingdom, United States of America and Venezuela.

relating to the Foreign Account Tax Compliance Act (FATCA).<sup>3</sup> Legislation to fulfill obligations under the FATCA has been presented to Parliament but has not yet been passed.

### III. ASSESSMENT OF PERFORMANCE OUTCOME AREAS

#### A. POA 1: Integrity of the Registered Taxpayer Base

A fundamental initial step in administering taxes is taxpayer registration and numbering. Tax administrations must compile and maintain a complete database of businesses and individuals that are required by law to register; these will include taxpayers in their own right, as well as others such as employers with PAYE withholding responsibilities. Registration and numbering of each taxpayer underpins key administrative processes associated with filing, payment, assessment, and collection.

Two performance indicators are used to assess POA 1:

- P1-1—Accurate and reliable taxpayer information.
- P1-2—Knowledge of the potential taxpayer base.

#### P1-1: Accurate and reliable taxpayer information

For this indicator two measurement dimensions assess: (1) the adequacy of information held in the tax administration's registration database and the extent to which it supports effective interactions with taxpayers and tax intermediaries (i.e., tax advisors and accountants); and (2) the accuracy of information held in the database. Assessed scores are shown in Table 2 followed by an explanation of reasons underlying the assessment.

**Table 2. P1-1 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P1-1-1. The adequacy of information held in respect of registered taxpayers and the extent to which the registration database supports effective interactions with taxpayers and tax intermediaries.	M1	D	D
P1-1-2. The accuracy of information held in the registration database.		D	

<sup>3</sup> FATCA is a domestic United States (US) law, which provides for the signature of intergovernmental agreements with other States, thereby obliging other States to comply with its provisions.

**The information held about taxpayers is not adequate to support effective compliance management.** Although the registration subsystem within GenTax interfaces with other IT subsystems such as Filing and Payment (e.g. can provide management reports, has the functionality to generate enforcement lists and a strong audit trail system) it is compromised by the following key configuration weaknesses: (i) a low integrity BIR number that is sequentially generated and does not use a check digit system; (ii) lack of provision to include details of, and link associated entities and related parties to the registrants; (iii) the default opening of Individual Income Tax accounts for all non-business registrations including those not required to file (POA 4); and (iv) missing information relating to taxpayer's economic or business sectors classification although this is a “mandatory” field on GenTax.<sup>4</sup>

**Taxpayer registration is computerized and centralized; and provides a nation-wide view of taxpayer records.** The Registration Unit within the Collections, Taxpayer Services and Processing function is responsible for the registration of taxpayers through the GenTax system. Taxpayers have the option of registering for taxes either through submission of hard copy forms to IRD offices or through e-Tax service functionality available on the IRD e-Tax website; the e-Tax also allows taxpayers to view their tax accounts and update their registration details.

**The integrity of information held in taxpayer registration databases is low.** Although documented procedures exist to update taxpayer details, identify inactive and dormant taxpayers, and de-register taxpayers, they are not routinely applied. For example, data provided by IRD (Attachment III, Table 2) reflects higher numbers of inactive compared to the active taxpayers for corporate income tax and PAYE—and the former are not yet deregistered so are technically ‘active.’<sup>5</sup> In addition, there are inconsistencies reflecting a large variance in the number of taxpayers liable for Individual Income Tax (PIT) and those reported in annual performance reports. While authentication procedures for the registration of business are strong, similar procedures for individuals are weak and rely solely on identification documentation provided by taxpayers without any means of counter-verification.

**Overall, the weaknesses listed above and the failure to routinely apply taxpayer register maintenance procedures have compromised the reliability of the taxpayer registration database.** Critically the system has never been audited by either the internal or the external auditors.

---

<sup>4</sup> GenTax uses the Trinidad and Tobago Central Statistics Office classification. The mission observed close to a thousand taxpayers without industry or business classification codes.

<sup>5</sup> Further, the number of follow up actions taken yearly and the resultant de-registrations are insignificant compared to the magnitude of the inactive but not yet deregistered taxpayers—Refer to p. 8 of the Inland Revenue Performance Report 2015–2016.

## P1-2: Knowledge of the potential taxpayer base

This indicator measures the extent of tax administration efforts to detect unregistered businesses and individuals. The assessed score is shown in Table 3 followed by an explanation of reasons underlying the assessment.

**Table 3. P1-2 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P1-2. The extent of initiatives to detect businesses and individuals who are required to register but fail to do so.	<b>M1</b>	<b>C</b>

**The initiatives undertaken to detect unregistered businesses and individuals are weak.** Though the Compliance Improvement Plan (for the Compliance Unit only) calls for the use of third party data and unannounced visits (Field Impact Visits) to business premises to follow up stop-filers and to detect unregistered businesses and individuals, the actions are limited in number and are irregular.<sup>6</sup> In addition, there is no evaluation of the impact of the actions on the targeted outcomes.

### B. POA 2: Effective Risk Management

Tax administrations face numerous risks that have the potential to adversely affect revenue and/or tax administration operations. For convenience, these risks can be classified as:

- compliance risks—where revenue may be lost if businesses and individuals fail to meet the four main taxpayer obligations (i.e., registration in the tax system, filing of tax declarations, payment of taxes on time, and complete and accurate reporting of information in declarations); and
- institutional risks—where tax administration functions may be interrupted if certain external or internal events occur, such as natural disasters, sabotage, loss or destruction of physical assets, failure of information technology system hardware or software, strike action by employees, and administrative breaches (e.g., leakage of confidential taxpayer information which results in loss of community confidence and trust in the tax administration).

<sup>6</sup> Inland Revenue Performance Report 2015–2016, Voluntary Compliance, Page 37.

Risk management is essential to effective tax administration and involves a structured approach to identifying, assessing, prioritizing, and mitigating risks. It is an integral part of multi-year strategic and annual operational planning.

Four performance indicators are used to assess POA 2:

- P2-3—Identification, assessment, ranking, and quantification of compliance risks.
- P2-4—Mitigation of risks through a compliance improvement plan.
- P2-5—Monitoring and evaluation of compliance risk mitigation activities.
- P2-6—Identification, assessment, and mitigation of institutional risks.

### P2-3: Identification, assessment, ranking, and quantification of compliance risks

For this indicator two measurement dimensions assess: (1) the scope of intelligence gathering and research to identify risks to the tax system; and (2) the process used to assess, rank, and quantify compliance risks. Assessed scores are shown in Table 4 followed by an explanation of reasons underlying the assessment.

**Table 4. P2-3 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P2-3-1. The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations	M1	C	C
P2-3-2. The process used to assess, rank, and quantify taxpayer compliance risks.		C	

**The IRD does not use intelligence gathering and research initiatives to build knowledge on compliance levels and risks except for limited analysis of internal data sources.** There is no evidence of tax gap studies and other research initiatives on the cause and effects of tax compliance risks, nor random audits to test levels of compliance. The IRD performs environmental scans as part of the strategic planning process. In addition, some actions are undertaken by the Compliance Unit but are limited to the analysis of tax declarations against third party sources and results of VAT audits to support current audits and to follow up stop-filers and unregistered businesses and individuals. However, all these actions are not coordinated to deliver a comprehensive approach to identify compliance risks. Further, they are restricted to the small to medium taxpayer segment.

**The process used to assess and prioritize taxpayer compliance risk is unstructured.** The IRD utilizes elements of the SEMCAR Standard Reference Model for Risk Management Framework to assess risk for the core taxes and four obligations, however the methods used

to assess and prioritize is unstructured and inconsistent. There is no evidence of quantification of risks. There is a documented risk register of compliance risks on the small and medium size taxpayer segment.

#### P2-4: Mitigation of risks through a compliance improvement plan

This indicator examines the extent to which the tax administration has formulated a compliance improvement plan to address identified risks. The assessed score is shown in Table 5 followed by an explanation of reasons underlying the assessment.

**Table 5. P2-4 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P2-4. The degree to which the tax administration mitigates assessed risks to the tax system through a compliance improvement plan.	<b>M1</b>	<b>D</b>

**The IRD does not have a comprehensive compliance improvement plan.** The document submitted to the TADAT assessment team does not satisfy the basic requirements of a compliance improvement plan. It is business plan for the Compliance Unit for the current financial year<sup>7</sup> and inevitably indicates compliance activities to be undertaken.

#### P2-5: Monitoring and evaluation of compliance risk mitigation activities

This indicator looks at the process used to monitor and evaluate mitigation activities. The assessed score is shown in Table 6 followed by an explanation of reasons underlying the assessment.

**Table 6. P2-5 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P2-5. The process used to monitor and evaluate the impact of compliance risk mitigation activities.	<b>M1</b>	<b>D</b>

**Proper governance and management oversight for compliance risk management is not yet in place.** A Risk Management Steering Committee consisting of senior managers was

<sup>7</sup> Termed a Compliance Plan because it is a business plan for the Compliance Unit.

established in early 2017 and became active in September 2017. A draft risk management policy was developed in June 2017, but it does not include policies on the management of compliance risks. At the time of the assessment, the Tax Administration Improvement Unit was responsible for implementing risk management in the IRD.

**Impact of compliance risk mitigation activities is not monitored and evaluated.**

Monitoring is limited to activities and outputs without any evaluation of their impact on compliance; and the results are not used to inform future compliance actions.

**P2-6: Identification, assessment, and mitigation of institutional risks**

This indicator examines how the tax administration manages institutional risks. The assessed score is shown in Table 7 followed by an explanation of reasons underlying the assessment.

**Table 7. P2-6 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P2-6. The process used to identify, assess, and mitigate institutional risks.	<b>M1</b>	<b>D</b>

**The mechanism to manage institutional risks is under development.** There is no structured process to identify, assess and prioritize institutional risks across the IRD. The existing disaster recovery plan is limited to IT systems. No evidence is available on simulation exercises conducted and training provided to staff in disaster recovery procedures.

**C. POA 3: Supporting Voluntary Compliance**

To promote voluntary compliance and public confidence in the tax system, tax administrations must adopt a service-oriented attitude toward taxpayers, ensuring that taxpayers have the information and support they need to meet their obligations and claim their entitlements under the law. Because few taxpayers use the law itself as a primary source of information, assistance from the tax administration plays a crucial role in bridging the knowledge gap. Taxpayers expect that the tax administration will provide summarized, understandable information on which they can rely.

Efforts to reduce taxpayer costs of compliance are also important. Small businesses, for example, gain from simplified record keeping and reporting requirements. Likewise, individuals with relatively simple tax obligations (e.g., employees, retirees, and passive investors) benefit from simplified filing arrangements and systems that eliminate the need to file.



Three performance indicators are used to assess POA 3:

- P3-7—Scope, currency, and accessibility of information.
- P3-8—Scope of initiatives to reduce taxpayer compliance costs.
- P3-9—Obtaining taxpayer feedback on products and services.

### P3-7: Scope, currency, and accessibility of information

For this indicator four measurement dimensions assess: (1) whether taxpayers have the information they need to meet their obligations; (2) whether the information available to taxpayers reflects the current law and administrative policy; (3) how easy it is for taxpayers to obtain information; and (4) how quickly the tax administration responds to requests by taxpayers and tax intermediaries for information (for this dimension, waiting time for telephone enquiry calls is used as a proxy for measuring a tax administration's performance in responding to information requests generally). Assessed scores are shown in Table 8 followed by an explanation of reasons underlying the assessment.

**Table 8. P3-7 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P3-7-1. The range of information available to taxpayers to explain, in clear terms, what their obligations and entitlements are in respect of each core tax.	M1	D	D
P3-7-2. The degree to which information is current in terms of the law and administrative policy.		C	
P3-7-3. The ease by which taxpayers obtain information from the tax administration.		A	
P3-7-4. The time taken to respond to taxpayer and intermediary requests for information.		D	

**A range of information on the main areas of taxpayer obligations, but not on entitlements, is publicly available.** Information covering obligations under the core tax types are available in leaflets, brochures and on the website. However, the website is difficult to navigate. The information is tailored to taxpayer segments and some industry groups but not to intermediaries and disadvantaged groups.

**Procedures to keep information updated; and dedicated technical staff are in place.** However, the information is not up-to-date and it is not IRD practice to publish changes to the law prior to the enactment of the enabling law.

**The IRD has a range of proactive taxpayer education programs delivered through different channels.** There are various service delivery channels, for example: (i) a taxpayer can request information at the tax office, a call center and e-Tax website; (ii) brochures are available at all IRD offices; and (iii) IRD has an educational program for students and there are frequent seminars and meetings with several associations. Information is available at no cost to taxpayers and intermediaries and self-service facilities are available to taxpayers and intermediaries at their convenience including outside normal business hours.

**The IRD has a call center but does not measure the time to respond to calls.** Data provided by the IRD (Attachment III, Table 3) shows calls attended to but does not include dropped or unanswered calls. There was no information available on the waiting time for received calls. In addition, the taxpayer charter does not include service delivery standards. The evidence at hand is therefore insufficient to allow a credible assessment, hence a ‘D’ rating for this dimension.

### P3-8: Scope of initiatives to reduce taxpayer compliance costs

This indicator examines the tax administration’s efforts to reduce taxpayer compliance costs. Assessed scores are shown in Table 9 followed by an explanation of reasons underlying the assessment.

**Table 9. P3-8 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P3-8. The extent of initiatives to reduce taxpayer compliance costs.	<b>M1</b>	<b>D</b>

**The IRD has no simplified record keeping and reporting arrangements for small taxpayers and does not provide pre-filled tax declarations.** Frequently Asked Questions (FAQs) are not documented and even though the IRD website has a tab for FAQs, there is no content.

### P3-9: Obtaining taxpayer feedback on products and services

For this indicator, two measurement dimensions assess: (1) the extent to which the tax administration seeks taxpayer and other stakeholder views of service delivery; and (2) the degree to which taxpayer feedback is considered in the design of administrative processes and products. Assessed scores are shown in Table 10 followed by an explanation of reasons underlying the assessment.

**Table 10. P3-9 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P3-9-1. The use and frequency of methods to obtain performance feedback from taxpayers on the standard of services provided.	M1	C	C
P3-9-2. The extent to which taxpayer input is taken into account in the design of administrative processes and products.		A	

**The IRD obtains feedback from taxpayers on an ad hoc basis.** Customer service surveys are not frequently conducted to obtain performance feedback on standard services provided. When conducted, the surveys are not based on statistically valid samples. The website has no feature for taxpayers and other stakeholders to provide active feedback to the IRD. The IRD however, holds focused meetings with stakeholders to collect feedback on ICT-related services.

**The IRD consults regularly with key taxpayer groups and intermediaries and take their input into account.** Feedback and suggestions from taxpayers are considered in the design and testing of new processes and products. For example, during the e-Tax platform implementation, panels were formed to receive input, enhance the website and to identify navigational and usability issues. Financial institutions were also consulted for the FATCA program implementation.

#### **D. POA 4: Timely Filing of Tax Declarations**

Filing of tax declarations (also known as tax returns) remains a principal means by which a taxpayer's tax liability is established and becomes due and payable. As noted in POA 3, however, there is a trend toward streamlining preparation and filing of declarations of taxpayers with relatively uncomplicated tax affairs (e.g., through prefilling tax declarations). Moreover, several countries treat income tax withheld at source as a final tax, thereby eliminating the need for large numbers of PIT taxpayers to file annual income tax declarations. There is also a strong trend towards electronic filing of declarations for all core taxes. Declarations may be filed by taxpayers themselves or via tax intermediaries.

It is important that all taxpayers who are required to file do so, including those who are unable to pay the tax owing at the time a declaration is due (for these taxpayers, the first priority of the tax administration is to obtain a declaration from the taxpayer to confirm the amount owed, and then secure payment through the enforcement and other measures covered in POA 5).

The following performance indicators are used to assess POA 4:

- P4-10—On-time filing rate.
- P4-11—Use of electronic filing facilities.

#### P4-10: On-time filing rate

A single performance indicator, with four measurement dimensions, is used to assess the on-time filing rate for CIT, PIT, VAT, and PAYE withholding declarations. A high on-time filing rate is indicative of effective compliance management including, for example, provision of convenient means to file declarations (especially electronic filing facilities), simplified declarations forms, and enforcement action against those who fail to file on time. Assessed scores are shown in Table 11 followed by an explanation of reasons underlying the assessment.

**Table 11. P4-10 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P4-10-1. The number of CIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered CIT taxpayers.	M2	D
P4-10-2. The number of PIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered PIT taxpayers.		D
P4-10-3. The number of VAT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered VAT taxpayers.		D
P4-10-4. The number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the number of PAYE declarations expected from registered employers.		D

**Overall, the data provided (Attachment III, Tables 4–8) are inconsistent and unreliable, and therefore insufficient to rate this indicator.** The weaknesses of the taxpayer registration database identified under POA 1 discredited the data provided in Attachment III, Table 2 (Movements in the Taxpayer Register). Additionally, in testing the accuracy of the filing data, the assessment team observed delays in processing returns that in turn affects the accuracy of the data reported in Tables 4–8. Consequently, dimensions P4-10-1 to P4-10-4 have been rated at ‘D’.

For more detailed information, refer to Tables 4 to 8 in Attachment III.

### P4-11: Use of electronic filing facilities

This indicator measures the extent to which declarations, for all core taxes, are filed electronically. Assessed scores are shown in Table 12 followed by an explanation of reasons underlying the assessment.

**Table 12. P4-11 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P4-11. The extent to which tax declarations are filed electronically.	<b>M1</b>	<b>D</b>

**Returns are largely filed manually.** Though GenTax is configured to provide electronic filing capability to taxpayers, the use and uptake is low and has been inhibited by restrictive legal provisions and national policy.<sup>8</sup>

### E. POA 5: Timely Payment of Taxes

Taxpayers are expected to pay taxes on time. Tax laws and administrative procedures specify payment requirements, including deadlines (due dates) for payment, who is required to pay, and payment methods. Depending on the system in place, payments due will be either self-assessed or administratively assessed. Failure by a taxpayer to pay on time results in imposition of interest and penalties and, for some taxpayers, legal debt recovery action. The aim of the tax administration should be to achieve high rates of voluntary on-time payment and low incidence of tax arrears.

Four performance indicators are used to assess POA 5:

- P5-12—Use of electronic payment methods.
- P5-13—Use of efficient collection systems.
- P5-14—Timeliness of payments.
- P5-15—Stock and flow of tax arrears.

<sup>8</sup> The government requires anyone wishing to access e-services to register with TT Connect (the GOTT e-service registration provider). TT Connect can register only individuals and not natural persons. The consequence of this has been a slow take-up rate with close to 12,000 users who are mainly employees. This requirement creates an immediate barrier to companies and firms wanting to file electronically and creates inefficiencies within IRD.

### P5-12: Use of electronic payment methods

This indicator examines the degree to which core taxes are paid by electronic means, including through electronic funds transfer (where money is electronically transferred via the Internet from a taxpayer's bank account to the government's account), credit cards, and debit cards. For TADAT measurement purposes, payments made in person by a taxpayer to a third-party agent (e.g., a bank or post office) that are then electronically transferred by the agent to the government's account are accepted as electronic payments. Assessed scores are shown in Table 13 followed by an explanation of reasons underlying the assessment.

**Table 13. P5-12 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P5-12. The extent to which core taxes are paid electronically.	<b>M1</b>	<b>C</b>

**Payments of core taxes are made predominantly in cash and checks at IRD offices.**

However, electronic payments services through electronic funds transfers at banks and through debit cards at IRD offices are available and their use, in value terms, is particularly high in CIT—79 percent in 2014 and 65 percent in 2015, but only 10 percent in 2016. (Table 9, Attachment III)

### P5-13: Use of efficient collection systems

This indicator assesses the extent to which acknowledged efficient collection systems—especially withholding at source and advance payment systems—are used. Assessed scores are shown in Table 14 followed by an explanation of reasons underlying the assessment.

**Table 14. P5-13 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P5-13. The extent to which withholding at source and advance payment systems are used.	<b>M1</b>	<b>A</b>

**Withholding at source and advance payment arrangements are used to collect income taxes.** PAYE, taxes on interest and dividends for non-residents,<sup>9</sup> are paid on a withholding basis, while corporate and personal income taxes not subject to withholding taxes are paid quarterly in advance subject to final returns at the end of the financial year.

#### P5-14: Timeliness of payments

This indicator assesses the extent to which payments are made on time (by number and by value). For TADAT measurement purposes, VAT payment performance is used as a proxy for on-time payment performance of core taxes generally. A high on-time payment percentage is indicative of sound compliance management including, for example, provision of convenient payment methods and effective follow-up of overdue amounts. Assessed scores are shown in Table 15 followed by an explanation of reasons underlying the assessment.

**Table 15. P5-14 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P5-14-1. The number of VAT payments made by the statutory due date in percent of the total number of payments due.	M1	D	D
P5-14-2. The value of VAT payments made by the statutory due date in percent of the total value of VAT payments due.		D	

**Almost all VAT payments are reported to be made on time.** More than 96 percent of the total VAT is paid on time, by number and value (see Table 10 in Attachment III). However, this relatively strong performance may not be a true reflection of the obtaining reality and needs to be qualified owing to unreliable data on payments due and this is also supported by: (i) unreliable taxpayer registration database (POA 1); (ii) the low and generally unreliable information on on-time filing (POA 4); and (iii) delays in processing returns and payments and other liabilities, that remain outstanding for months (POA 8).<sup>10</sup> For these reasons, a ‘D’ rating is given.

#### P5-15: Stock and flow of tax arrears

This indicator examines the extent of accumulated tax arrears. Two measurement dimensions

<sup>9</sup> There are no taxes applicable on interest and dividends earned by residents.

<sup>10</sup> On average returns and payments take 24 days and 9 days to be posted to respective taxpayer accounts. The assessment team observed cases where returns submitted in July 2015 are yet to be posted to taxpayer accounts.

are used to gauge the size of the administration's tax arrears inventory: (1) the ratio of end-year tax arrears to the denominator of annual tax collections; and (2) the more refined ratio of end-year 'collectible tax arrears' to annual collections.<sup>11</sup> A third measurement dimension looks at the extent of unpaid tax liabilities that are more than a year overdue (a high percentage may indicate poor debt collection practices and performance given that the rate of recovery of tax arrears tends to decline as arrears get older.). Assessed scores are shown in Table 16 followed by an explanation of reasons underlying the assessment.

**Table 16. P5-15 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P5-15-1. The value of total core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.	M2	D	D
P5-15-2. The value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.		D	
P5-15-3. The value of core tax arrears more than 12 months' old as a percentage of the value of all core tax arrears.		D	

**The information on arrears is unreliable to enable an assessment of the effectiveness of the tax debt management practices.** Arrears data in Attachment III, Table 11 indicate ratios of above 40 percent for P5-15-1 and above 20 percent for P5-15-2 in the most recent fiscal years. This information cannot be relied upon given: (i) the delays in processing returns and the resulting the inaccurate of taxpayer account balances; (ii) delays in processing "*protest payments*" notifications for arrears under objection; and (iii) uncertain PAYE filing rates to provide returns to cancel out credits arising from payments that sit on accounts. Field visits<sup>12</sup> by the assessment team found examples of returns received in July 2015 that were still not posted to taxpayer ledgers and of delays of processing of payments made through bank transfers. For these reasons, a "D" rating is given.

#### **F. POA 6: Accurate Reporting in Declarations**

Tax systems rely heavily on complete and accurate reporting of information by taxpayers in tax declarations. Tax administrations therefore need to regularly monitor tax revenue losses

<sup>11</sup> For purposes of this ratio, 'collectible' tax arrears is defined as total domestic tax arrears excluding: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).

<sup>12</sup> The mission conducted visits to the San Fernando office and the Data Imaging and Processing Center in Port of Spain on 28 and 29 September, 2017 respectively.



from inaccurate reporting, especially by business taxpayers, and take a range of actions to ensure compliance. These actions fall into two broad groups: verification activities (e.g., tax audits, investigations, and income matching against third party information sources) and proactive initiatives (e.g., taxpayer assistance and education as covered in POA 3, and cooperative compliance approaches).

If well designed and managed, tax audit programs can have far wider impact than simply raising additional revenue from discrepancies detected by tax audits. Detecting and penalizing serious offenders serve to remind all taxpayers of the consequences of inaccurate reporting.

Also, prominent in modern tax administration is high-volume automated crosschecking of amounts reported in tax declarations with third party information. Because of the high cost and relative low coverage rates associated with traditional audit methods, tax administrations are increasingly using technology to screen large numbers of taxpayer records to detect discrepancies and encourage correct reporting.

Proactive initiatives also play an important role in addressing risks of inaccurate reporting. These include adoption of cooperative compliance approaches to build collaborative and trust-based relationships with taxpayers (especially large taxpayers) and intermediaries to resolve tax issues and bring certainty to companies' tax positions in advance of a tax declaration being filed, or before a transaction is actually entered into. A system of binding tax rulings can play an important role here.

Finally, on the issue of monitoring the extent of inaccurate reporting across the taxpayer population generally, a variety of approaches are being used, including: use of tax compliance gap estimating models, both for direct and indirect taxes; advanced analytics using large data sets (e.g., predictive models, clustering techniques, and scoring models) to determine the likelihood of taxpayers making full and accurate disclosures of income; and surveys to monitor taxpayer attitudes towards accurate reporting of income.

Against this background, three performance indicators are used to assess POA 6:

P6-16—Scope of verification actions taken to detect and deter inaccurate reporting.

P6-17—Extent of proactive initiatives to encourage accurate reporting.

P6-18—Monitoring the extent of inaccurate reporting.

#### **P6-16: Scope of verification actions taken to detect and deter inaccurate reporting**

For this indicator, two measurement dimensions provide an indication of the nature and scope of the tax administration's verification program. Assessed scores are shown in Table 17 followed by an explanation of reasons underlying the assessment.

**Table 17. P6-16 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P6-16-1. The nature and scope of the tax audit program in place to detect and deter inaccurate reporting.	M2	D	D+
P6-16-2. The extent of large-scale automated crosschecking to verify information in tax declarations.		C	

**The audit program covers all core taxes but not all cases are selected centrally nor is the selection risk-based.** The audit program is geared heavily towards the large taxpayer segment, uses a range of audit types and both direct and indirect audit methods. The IRD has developed a rules-based risk assessment and audit case selection capability for VAT on the GenTax system. However, the system is still in its embryonic stages and is not used to assess VAT refund cases. The selection of audit cases for the large taxpayers is done manually by sector experts within the unit with some large taxpayers placed under permanent audit control. Further, cases selected but not audited in a particular year are automatically rolled over for audit to the next year. The IRD does not monitor and evaluate the impact of the audit program on levels of taxpayer compliance.

**The IRD has systems in place to enable large-scale automated cross-checking of third party information.** IRD utilizes the discovery module within its IT system (GenTax) to perform cross-matching of data against CIT and PIT declarations. Cross-matching is conducted with information from: VAT, employer returns, banks and other financial institutions, Customs Department and several government sources, insurance companies, and professional and business associations. The information is used to identify stop-filers, unregistered businesses and individuals, and to a limited extent, selection of audit cases by the Compliance Unit. IRD does not access information from the Trinidad and Tobago Stock Exchange Limited on shares or the National Insurance Board on social security contributions.

#### **P6-17: Extent of proactive initiatives to encourage accurate reporting**

This indicator assesses the nature and scope of cooperative compliance and other proactive initiatives undertaken to encourage accurate reporting. Assessed scores are shown in Table 18 followed by an explanation of reasons underlying the assessment.

**Table 18. P6-17 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P6-17. The nature and scope of proactive initiatives undertaken to encourage accurate reporting.	<b>M1</b>	<b>D</b>

**There is no system of public and private binding rulings in place.** It is not usual practice for the IRD to publish rulings. Tax legislation in Trinidad and Tobago does not provide for the issuance of rulings. However, the IRD issues opinions to taxpayers on a case-by-case basis when requested by taxpayers.

**No cooperative compliance approaches have been adopted.** However, the IRD has informal arrangements with a few large taxpayers in the petroleum sector. This is restricted to the provision of basic information and monitoring of returns.

#### **P6-18: Monitoring the extent of inaccurate reporting**

This indicator examines the soundness of methods used by the tax administration to monitor the extent of inaccurate reporting in declarations. The assessed score is shown in Table 19 followed by an explanation of reasons underlying the assessment.

**Table 19. P6-18 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P6-18. The soundness of the method/s used by the tax administration to monitor the extent of inaccurate reporting.	<b>M1</b>	<b>D</b>

**The IRD does not monitor the extent of revenue losses from inaccurate reporting.** However, the IRD is currently developing a program to estimate the tax gap relating to CIT. There is no consideration thus far to measure the VAT compliance gap.

### **G. POA 7: Effective Tax Dispute Resolution**

This POA deals with the process by which a taxpayer seeks an independent review, on grounds of facts or interpretation of the law, of a tax assessment resulting from an audit. Above all, a tax dispute process must safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing. The process should be based on a legal framework, be

known and understood by taxpayers, be easily accessible, guarantee transparent independent decision-making, and resolve disputed matters in a timely manner.

Three performance indicators are used to assess POA 7:

- P7-19—Existence of an independent, workable, and graduated dispute resolution process.
- P7-20—Time taken to resolve disputes.
- P7-21—Degree to which dispute outcomes are acted upon.

#### P7-19: Existence of an independent, workable, and graduated resolution process

For this indicator three measurement dimensions assess: (1) the extent to which a dispute may be escalated to an independent external tribunal or court where a taxpayer is dissatisfied with the result of the tax administration's review process; (2) the extent to which the tax administration's review process is truly independent; and (3) the extent to which taxpayers are informed of their rights and avenues of review. Assessed scores are shown in Table 20 followed by an explanation of reasons underlying the assessment.

**Table 20. P7-19 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P7-19-1. The extent to which an appropriately graduated mechanism of administrative and judicial review is available to, and used by, taxpayers.	M2	A
P7-19-2. Whether the administrative review mechanism is independent of the audit process.		A
P7-19-3. Whether information on the dispute process is published, and whether taxpayers are explicitly made aware of it.		A

#### **The IRD has a tiered review mechanism to resolve disputes and it is used by taxpayers.**

A dedicated and structurally independent unit—the Objections Unit—that is separate from the audit function handles all cases of objection. Once a determination is made by the Objections Unit, taxpayers can appeal the decision directly to the Tax Appeal Tribunal and subsequently to the Supreme Court. The objection review procedure is well documented, applied and used.

**Information on the dispute resolution process is publicly available.** The IRD auditors are required by written instruction to explicitly inform taxpayers of their dispute rights and the associated procedures. The information on dispute rights and associated dispute procedures is

specifically included in audit finalization letters, notices of assessment, and notifications of administrative review outcomes.

#### P7-20: Time taken to resolve disputes

This indicator assesses how responsive the tax administration is in completing administrative reviews. Assessed scores are shown in Table 21 followed by an explanation of reasons underlying the assessment.

**Table 21. P7-20 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P7-20. The time taken to complete administrative reviews.	<b>M1</b>	<b>D</b>

**Tax disputes are not resolved in a timely manner.** Less than 1 percent of cases at the administrative review stage are completed within the TADAT minimum 90-day performance standard. The IRD regularly monitors the progress of objection cases in accordance with their respective tax legislation—VAT, 6 months; PAYE, 12 months; and CIT and PIT, 24 months.

#### P7-21: Degree to which dispute outcomes are acted upon

This indicator looks at the extent to which dispute outcomes are taken into account in determining policy, legislation, and administrative procedure. The assessed score is shown in Table 22 followed by an explanation of reasons underlying the assessment.

**Table 22. P7-21 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P7-21. The extent to which the tax administration responds to dispute outcomes.	<b>M1</b>	<b>B</b>

**The IRD monitors and analyzes dispute outcomes of a material nature.** Cases with significant revenue implications are analyzed and considered in the formulation of administrative changes and to make legislative recommendations to the Ministry of Finance.

## H. POA 8: Efficient Revenue Management

This POA focuses on three key activities performed by tax administrations in relation to revenue management:

- Providing input to government budgeting processes of tax revenue forecasting and tax revenue estimating. (As a general rule, primary responsibility for advising government on tax revenue forecasts and estimates rests with the Ministry of Finance. The tax administration provides data and analytical input to the forecasting and estimating processes. Ministries of Finance often set operational revenue collection targets for the tax administration based on forecasts of revenue for different taxes.)<sup>13</sup>
- Maintaining a system of revenue accounts.
- Paying tax refunds.

Three performance indicators are used to assess POA 8:

- P8-22—Contribution to government tax revenue forecasting process.
- P8-23—Adequacy of the tax revenue accounting system.
- P8-24—Adequacy of tax refund processing.

### P8-22: Contribution to government tax revenue forecasting process

This indicator assesses the extent of tax administration input to government tax revenue forecasting and estimating. The assessed score is shown in Table 23 followed by an explanation of reasons underlying the assessment.

**Table 23. P8-22 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P8-22. The extent of tax administration input to government tax revenue forecasting and estimating.	<b>M1</b>	<b>C</b>

**The IRD provides regular input to the government budgeting process.** The IRD has dedicated expert staff that provide revenue projections and estimates to the Ministry of

<sup>13</sup> It is common for Ministries of Finance to review budget revenue forecasts and related tax collection targets during the fiscal year (particularly mid-year) to take account of changes in forecasting assumptions, especially changes in the macroeconomic environment.

Finance. The projections include stock of refunds due for payment but do not provide forecasts of refund levels to ensure sufficient funding.

**The IRD regularly monitors the performance of tax revenues**, provides monthly reports to the Board and to the Ministry of Finance, indicating revenue collected against targets and reasons for variances. However, the IRD does not monitor and report on tax expenditure and losses carried forward.

#### P8-23: Adequacy of the tax revenue accounting system

This indicator examines the adequacy of the tax revenue accounting system. Assessed scores are shown in Table 24 followed by an explanation of reasons underlying the assessment.

**Table 24. P8-23 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P8-23. Adequacy of the tax administration's revenue accounting system.	<b>M1</b>	<b>D</b>

**The IRD's automated taxpayer and revenue accounting system—GenTax—does not provide a sound revenue accounting environment.** It is not interfaced with the Ministry of Finance revenue accounting system and it is not updated in real time with primary taxpayer transactions, such as returns and payments. As such, taxpayer account balances are unreliable (POAs 4 and 5). Taxpayer ledgers are not routinely reviewed to correct accounting errors and omissions. Further, the system is not aligned with tax laws. For example, although the VAT Act provides for payment of interest on delayed refunds, the system does not calculate and post interest credits to taxpayer ledgers when refund payments are delayed.

**GenTax has not been audited by either the Internal Audit Unit (IAU) or external auditors to ensure it aligns with tax laws or government accounting standards.** Evidence shows the IT system is not necessarily aligned with current tax laws—see VAT refund example above.

#### P8-24: Adequacy of tax refund processing

For this indicator, two measurement dimensions assess the tax administration's system of processing VAT refund claims. Assessed scores are shown in Table 25 followed by an explanation of reasons underlying the assessment.

**Table 25. P8-24 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P8-24-1. Adequacy of the VAT refund system.	M2	D	D
P8-24-2. The time taken to pay (or offset) VAT refunds.		D	

**The VAT refund system is deficient.** Verification of VAT refunds is not risk-based; refunds above a stipulated amount are audited before approval and there is no preferential (fast-track) treatment for low risk taxpayers. Budgeted funds are insufficient to meet all approved refund claims; however, taxpayers can offset approved refunds against other tax liabilities. Interest is not paid on delayed refunds although it is provided for under the VAT Act.

**VAT refunds are generally not paid within the TADAT standard of 30 days.** The IRD monitors the time taken to approve and pay VAT refunds through a monthly aging-analysis report. However, a combination of process and financing deficiencies results in delayed payments of refunds. Given the delays in processing of returns, inaccuracy of taxpayer ledgers (POA8) and the fact that claims are triggered by submission of returns with a negative liability and existence of a credit balance, the assessment team has deemed the information provided in Attachment III, Table 13 unreliable. This dimension has therefore been given a ‘D’ score.

### **I. POA 9: Accountability and Transparency**

Accountability and transparency are central pillars of good governance. Their institutionalization reflects the principle that tax administrations should be answerable for the way they use public resources and exercise authority. To enhance community confidence and trust, tax administrations should be openly accountable for their actions within a framework of responsibility to the minister, government, legislature, and the general public.

Four performance indicators are used to assess POA 9:

- P9-25—Internal assurance mechanisms.
- P9-26—External oversight of the tax administration.
- P9-27—Public perception of integrity.
- P9-28—Publication of activities, results, and plans.

#### **P9-25: Internal assurance mechanisms**

For this indicator, two measurement dimensions assess the internal assurance mechanisms in



place to protect the tax administration from loss, error, and fraud. Assessed scores are shown in Table 26 followed by an explanation of reasons underlying the assessment.

**Table 26. P9-25 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P9-25-1. Assurance provided by internal audit.	M2	D	D
P9-25-2. Staff integrity assurance mechanisms.		D	

**The internal audit function is not independently organized and staff lack appropriate auditing skills.** The IAU reports to the Commissioner Support Service, who also doubles as the Chairman of the BIR. There is a total of seven staff who receive various training each year but none have professional audit qualifications. The BIR approves the annual audit plans. Internal audit reports show that not all key procedures are documented or readily available to staff.<sup>14</sup> Further, the procedures, where documented, are neither comprehensive nor up-to-date<sup>15</sup> and there is no central repository of internal control policies, processes and procedures.

**The IAU scrutiny and assurance of key operations<sup>16</sup> is weak.** However, the unit is subjected to independent annual external reviews. The annual audit plans are skewed toward internal financial management. Key operations, such as registration and information technology—GenTax—have never been audited. The Auditor General reviews the operations of the IAU yearly—see P9-26 below.

**The IRD does not have an internal affairs unit.** It relies on the Public Service Commission (PSC) for assurance of integrity. The Employee Relations Unit under the Human Recourse Department is responsible for reporting cases of staff misconduct to the Chairman of BIR for onward referral to the PSC. The PSC holds the powers to investigate cases of corruption among public servants, including IRD staff. The IRD neither maintains nor publicly reports statistics about integrity among its staff.

<sup>14</sup> Internal Audit Report Number 21/16 on the Data Processing Section

<sup>15</sup> The latest available procedures were approved in 2010 while the current version of GenTax, that changed some of the procedures, was introduced in 2015

<sup>16</sup> Key operations include registration, filing, declaration/return and payment processing, debt collection, taxpayer audit, taxpayer accounting and tax administration computerized systems.

### P9-26: External oversight of the tax administration

Two measurement dimensions of this indicator assess: (1) the extent of independent external oversight of the tax administration's operations and financial performance; and (2) the investigation process for suspected wrongdoing and maladministration. Assessed scores are shown in Table 27 followed by an explanation of reasons underlying the assessment.

**Table 27. P9-26 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P9-26-1. The extent of independent external oversight of the tax administration's operations and financial performance.	M2	C	C
P9-26-2. The investigation process for suspected wrongdoing and maladministration.		C	

**The scope and efficacy of the external audit program is limited.** The Auditor General (AG) conducts independent annual reviews of the IRD. However, the efficacy of the audits is inhibited by the invocation of the official secrecy provisions of section 4 of the Income Tax Act, Chapter 75:01 by the IRD, thereby barring the AG access to any information with taxpayer details. It is the opinion of the AG that there needs to be a more intensive investigation of the IRD's operations, due to the weaknesses in the internal controls system and the lack of access to requested information. The IRD systematically responds to the review findings of the AG.

**The external mechanism to investigate suspected wrong-doing and maladministration is limited to the country's ombudsman.** The ombudsman routinely investigates complaints from taxpayers but does not identify systemic problems and recommend remedial actions to the IRD. An anti-corruption agency exists and investigates cases of alleged corruption; however, it does not oversee the anti-corruption policies of the IRD.

### P9-27: Public perception of integrity

This indicator examines measures taken to gauge public confidence in the tax administration. The assessed score is shown in Table 28 followed by an explanation of reasons underlying the assessment.

**Table 28. P9-27 Assessment**

Measurement Dimensions	Scoring Method	Score 2017
P9-27. The mechanism for monitoring public confidence in the tax administration.	<b>M1</b>	<b>D</b>

**The IRD does not carry out integrity perception surveys.** There is no established mechanism to solicit, gather and analyze data on the taxpayers' perception of the integrity of the IRD. The surveys conducted by the IRD are limited to feedback of the levels of customer service.

#### **P9-28: Publication of activities, results, and plans**

Two measurement dimensions of this indicator assess the extent of: (1) public reporting of financial and operational performance; and (2) publication of future directions and plans. Assessed scores are shown in Table 29 followed by an explanation of reasons underlying the assessment.

**Table 29. P9-28 Assessment**

Measurement Dimensions	Scoring Method	Score 2017	
P9-28-1. The extent to which the financial and operational performance of the tax administration is made public, and the timeliness of publication.	<b>M2</b>	<b>B</b>	<b>C</b>
P9-28-2. The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication.		<b>D</b>	

**The IRD prepares a financial and operational report annually which is submitted to the Ministry of Finance.** This forms part of a consolidated government-wide report tabled before Parliament by the Minister responsible for Finance to report performance in line with the provisions of the Constitution and the Exchequer Act. The reports are published within nine months of the end of financial year.

**It is not IRD practice to publish strategic and operational plans.** Further, there is no strategic plan in place for fiscal year 2017. The IRD is in the process of developing a new strategic plan for the period October 2017–September 2022.

## Attachment I. TADAT Framework

### Performance outcome areas

TADAT assesses the performance of a country's tax administration system by reference to nine outcome areas:

1. **Integrity of the registered taxpayer base:** Registration of taxpayers and maintenance of a complete and accurate taxpayer database is fundamental to effective tax administration.
2. **Effective risk management:** Performance improves when risks to revenue and tax administration operations are identified and systematically managed.
3. **Support given to taxpayers to help them comply:** Usually, most taxpayers will meet their tax obligations if they are given the necessary information and support to enable them to comply voluntarily.
4. **On-time filing of declarations:** Timely filing is essential because the filing of a tax declaration is a principal means by which a taxpayer's tax liability is established and becomes due and payable.
5. **On-time payment of taxes:** Nonpayment and late payment of taxes can have a detrimental effect on government budgets and cash management. Collection of tax arrears is costly and time consuming.
6. **Accuracy of information reported in tax declarations:** Tax systems rely heavily on complete and accurate reporting of information in tax declarations. Audit and other verification activities and proactive initiatives of taxpayer assistance, promote accurate reporting and mitigate tax fraud.
7. **Adequacy of dispute resolution processes:** Independent accessible, and efficient review mechanisms safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing in a timely manner.
8. **Efficient revenue management:** Tax revenue collections must be fully accounted for, monitored against budget expectations, and analyzed to inform government revenue forecasting. Legitimate tax refunds to individuals and businesses must be paid promptly.
9. **Accountability and transparency:** As public institutions, tax administrations are answerable for the way they use public resources and exercise authority. Community confidence and trust are



enhanced when there is open accountability for administrative actions within a framework of responsibility to the minister, legislature, and general community.

### **Indicators and associated measurement dimensions**

A set of 28 high-level indicators critical to tax administration performance are linked to the performance outcome areas. It is these indicators that are scored and reported on. A total of 47 measurement dimensions are taken into account in arriving at the indicator scores. Each indicator has between one and four measurement dimensions.

Repeated assessments will provide information on the extent to which a country's tax administration is improving.

### **Scoring methodology**

The assessment of indicators follows the same approach followed in the Public Expenditure and Financial Accountability (PEFA) diagnostic tool so as to aid comparability where both tools are used.

Each of TADAT's 47 measurement dimensions is assessed separately. The overall score for an indicator is based on the assessment of the individual dimensions of the indicator. Combining the scores for dimensions into an overall score for an indicator is done using one of two methods: Method 1 (M1) or Method 2 (M2). For both M1 and M2, the four-point 'ABCD' scale is used to score each dimension and indicator.

**Method M1** is used for all single dimensional indicators and for multi-dimensional indicators where poor performance on one dimension of the indicator is likely to undermine the impact of good performance on other dimensions of the same indicator (in other words, by the weakest link in the connected dimensions of the indicator).

**Method M2** is based on averaging the scores for individual dimensions of an indicator. It is used for selected multi-dimensional indicators where a low score on one dimension of the indicator does not necessarily undermine the impact of higher scores on other dimensions for the same indicator.

## Attachment II. Trinidad and Tobago: Country Snapshot

Geography	<ul style="list-style-type: none"> <li>Trinidad and Tobago are the southernmost islands of the Caribbean archipelago, and are geologically an extension of the South American continent.</li> <li>Trinidad is separated from Venezuela by the 11 kilometer straits of the Gulf of Paria.</li> </ul>
Population	<ul style="list-style-type: none"> <li>1.35 million [year (2016)] census. (Source: World Bank)</li> </ul>
Adult literacy rate	<ul style="list-style-type: none"> <li>99.6 percent of persons aged 15 and over can read and write. (Source: UNICEF)</li> </ul>
Gross domestic product	<ul style="list-style-type: none"> <li>2016 nominal GDP: -5.1 percent (Source: World Bank)</li> </ul>
Per capita GDP	<ul style="list-style-type: none"> <li>US\$16228 (Source: Central Bank of Trinidad &amp; Tobago website)</li> </ul>
Main industries	<ul style="list-style-type: none"> <li>Petroleum and petroleum products,</li> <li>Liquefied natural gas (LNG), methanol, ammonia, urea,</li> <li>Steel products,</li> <li>Beverages, food processing,</li> <li>Cement,</li> <li>Cotton textiles</li> </ul>
Communications	<ul style="list-style-type: none"> <li>Internet users—73.3 percent of population.</li> <li>Mobile phone subscribers per 100 people: 160. (Source: World Bank)</li> </ul>
Main taxes	<ul style="list-style-type: none"> <li>CIT, IIT, PAYE, VAT, Business Levy, Green Fund Levy, Health Surcharge, Petroleum Profits Tax, Refinery Throughput Tax, Supplemental Petroleum Tax, Unemployment Levy, Land and Building Taxes and Withholding Taxes.</li> </ul>
Tax-to-GDP	<ul style="list-style-type: none"> <li>25 percent in 2015, excluding customs tax collections (33.9 percent including customs). (Source: Fiscal Affairs Department- Trinidad and Tobago strengthening institutional arrangements and core operations Andrew Okello, Stephen Mendes, Norris Miller, and Maureen Kidd)</li> </ul>
Number of taxpayers	<ul style="list-style-type: none"> <li>CIT (23,874); PAYE (23,791), PIT (27,308); VAT 16,995), and domestic excise taxes (Nil)</li> </ul>
Main collection agency	<ul style="list-style-type: none"> <li>Inland Revenue Division</li> </ul>
Number of staff in the main collection agency	<ul style="list-style-type: none"> <li>1315 posts on establishment</li> <li>540 vacant post</li> <li>327 vacant post occupied</li> <li>213 unoccupied vacant posts</li> </ul>
Financial Year	<ul style="list-style-type: none"> <li>October–September</li> </ul>

## Attachment III. Data Tables

## A. Tax Revenue Collections

Table 1. Tax Revenue Collections <sup>1</sup>			
	[2014]	[2015]	[2016]
In local currency (in TT\$ Millions)			
National budgeted tax revenue forecast <sup>2</sup>	44,464.1	44,698.1	37,753
<b>Total tax revenue collections</b>	<b>47,286.6</b>	<b>42,298.2</b>	<b>29,195.0</b>
Corporate Income Tax (CIT) <sup>3</sup>	22,476.0	15,192.6	7,774.4
Personal Income Tax (PIT) <sup>4</sup>	7,425.7	8,397.3	8,242.8
Value-Added Tax (VAT)—gross domestic collections	6,772.7	7,411.9	6,301.9
Value-Added Tax (VAT)—collected on imports	4,887.1	4,573.1	4,488.9
Value-Added Tax (VAT)—refunds approved and paid	(5,899.0)	(4,995.0)	(3,750.0)
Excises on domestic transactions	N/A	N/A	N/A
Excises—collected on imports	N/A	N/A	N/A
Social contribution collections	N/A	N/A	N/A
Other domestic taxes <sup>5</sup>	11,624.0	11,718.4	6,136.9
In percent of total tax revenue collections			
<b>Total tax revenue collections</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
CIT	47.5	35.9	226.6
PIT	15.7	19.9	28.2
Value-Added Tax (VAT)—gross domestic collections	14.3	17.5	21.6
Value-Added Tax (VAT)—collected on imports	10.3	10.8	15.4
Value-Added Tax (VAT)—refunds approved and paid	(12.5)	(11.8)	(12.8)
Excises—collected on domestic transactions	N/A	N/A	N/A
Excises—collected on imports	N/A	N/A	N/A
Social contribution collections	N/A	N/A	N/A
Other domestic taxes	24.6	27.7	21.0
In percent of GDP			
<b>Total tax revenue collections</b>	<b>28.2</b>	<b>28.2</b>	<b>20.0</b>
CIT	13.4	10.1	5.3
PIT	4.4	5.6	5.6
Value-Added Tax (VAT)—gross domestic collections	4.0	4.9	4.3
Value-Added Tax (VAT)—collected on imports	2.9	3.0	3.1
Value-Added Tax (VAT)—refunds approved and paid	(3.5)	(3.3)	(2.6)
Excises—collected on domestic transactions	N/A	N/A	N/A
Excises—collected on imports	N/A	N/A	N/A
Social contribution collections	N/A	N/A	N/A
Other domestic taxes	6.9	7.8	4.2
<b>Nominal GDP in local currency</b>	<b>167,764.3</b>	<b>150,246.6</b>	<b>145,910.7</b>
<b>Explanatory notes:</b>			
<sup>1</sup> This table gathers data for three fiscal years (e.g. 2014–16) in respect of all domestic tax revenues collected by the tax administration at the national level, plus VAT and Excise tax collected on imports by the customs and/or other agency.			
<sup>2</sup> This forecast is normally set by the Ministry of Finance (or equivalent) with input from the tax administration and, for purposes of this table, should only cover the taxes listed in the table. The final budgeted forecast, as adjusted through any mid-year review process, should be used.			
<sup>3</sup> Includes Corporation Tax, Petroleum Profit Tax, Business Levy and Withholding Tax on Branch Profits.			
<sup>4</sup> Includes Personal Income tax, PAYE and Withholding Tax (except Withholding Tax on Branch Profits).			
<sup>5</sup> Other domestic taxes collected at the national level by the tax administration include, for example, property taxes, financial transaction taxes, and environment taxes.			

## B. Movements in the Taxpayer Register

Table 2. Movements in the Taxpayer Register (Ref: POA 1)					
	2014				
	Active <sup>1</sup> [1]	Inactive (not yet deregistered) [2]	Total end- year position [1 + 2]	Percentage of inactive (not yet deregistered)	Deregistered during the year
Corporate income tax	20,189	26,608	46,797	56.8	360
Personal income tax	24,357	13,413	37,770	35.5	6
PAYE withholding (# of employers)	23,470	20,253	43,723	46.3	354
Value Added Tax	16,464	1,728	18,192	9.5	157
Domestic excise tax					
Other taxpayers					
	2015				
Corporate income tax	21,489	27,802	49,291	56.4	49
Personal income tax	25,468	12,560	38,028	33.0	5
PAYE withholding (# of employers)	22,489	24,462	46,951	52.1	88
Value Added Tax	16,717	2,130	18,847	11.3	230
Domestic excise tax					
Other taxpayers					
	2016				
Corporate income tax	23,874	27,779	51,653	53.8	83
Personal income tax	27,308	10,891	38,199	28.5	2
PAYE withholding (# of employers)	23,791	26,087	49,878	52.3	140
Value Added Tax	16,995	2,284	19,279	11.8	254
Domestic excise tax					
Other taxpayers					
<b>Explanatory Note:</b>					
<sup>1</sup> 'Active' taxpayers means registrants from whom returns are expected, i.e. excluding those taxpayers who have not filed a return within at least the last year because the case is defunct, the taxpayer cannot be located or the taxpayer is insolvent.					



### C. Telephone Enquiries

Table 3. Telephone Enquiry Call Waiting Time (for most recent 12-month period) (Ref: POA 3)			
Month	Total number of telephone enquiry calls received	Telephone enquiry calls answered within 6 minutes' waiting time	
		Number	In percent of total calls
August 2016	708	708	100
September 2016	1,013	1,013	100
October 2016	721	721	100
November 2016	630	630	100
December 2016	399	399	100
January 2017	656	656	100
February 2017	346	346	100
March 2017	521	521	100
April 2017	712	712	100
May 2017	1,156	1,156	100
June 2017	795	795	100
July 2017	688	688	100
<b>12-month total</b>	<b>8,345</b>	<b>8,345</b>	<b>100</b>

### D. Filing of Tax Declarations

Table 4. On-time Filing of CIT Declarations for the 2014 Income Year (Ref: POA 4)			
	Number of declarations filed on- time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
All CIT taxpayers	13,508	20,189	66.9
Large taxpayers only	331	534	61.9
<p><b>Explanatory notes:</b></p> <p><sup>1</sup> 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).</p> <p><sup>2</sup> 'Expected declarations' means the number of CIT declarations that the tax administration expected to receive from registered CIT taxpayers that were required by law to file declarations.</p> <p><sup>3</sup> The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio:</p> $\frac{\text{Number of CIT declarations filed by the due date}}{\text{Number of declarations expected from registered CIT taxpayers}} \times 100$			

**Table 5. On-time Filing of PIT Declarations for the 2015 Income Year**  
(Ref: POA 4)

<b>Number of declarations filed on-time<sup>1</sup></b>	<b>Number of declarations expected to be filed<sup>2</sup></b>	<b>On-time filing rate<sup>3</sup></b> (In percent)
9,124	25,468	35.8

**Explanatory notes:**

<sup>1</sup> 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Expected declarations' means the number of PIT declarations that the tax administration expected to receive from registered PIT taxpayers that were required by law to file declarations.

<sup>3</sup> The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of PIT declarations filed by the due date}}{\text{Number of PIT declarations expected from registered PIT taxpayers}} \times 100$$

**Table 6. On-time Filing of VAT Declarations—All taxpayers for most recent 12-month period.  
(Ref: POA 4)**

Month	Number of declarations filed on- time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
Aug 2016	4,997	8,586	58.2
Sep 2016	4,755	8,504	55.9
Oct 2016	4,886	8,566	57.0
Nov 2016	4,691	8,490	55.3
Dec 2016	4,828	8,573	56.3
Jan 2017	4,677	8,495	55.1
Feb 2017	4,665	8,572	54.4
Mar 2017	4,514	8,514	53.0
Apr 2017	4,675	8,585	54.5
May 2017	4,129	8,518	48.5
Jun 2017	3,920	8,608	45.5
Jul 2017	3,638	8,514	42.7
<b>12-month total</b>	<b>52,764</b>	<b>102,524</b>	<b>51.5</b>

**Explanatory notes:**

<sup>1</sup> 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Expected declarations' means the number of VAT declarations that the tax administration expected to receive from registered VAT taxpayers that were required by law to file declarations.

<sup>3</sup> The 'on-time filing rate' is the number of VAT declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered VAT taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of VAT declarations filed by the due date}}{\text{Number of declarations expected from registered VAT taxpayers}} \times 100$$

**Table 7. On-time Filing of VAT Declarations—Large taxpayers only for most recent 12-month period.**  
(Ref: POA 4)

Month	Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
Aug 2016	192	252	76.2
Sep 2016	175	224	78.1
Oct 2016	193	251	76.9
Nov 2016	173	224	77.2
Dec 2016	192	251	76.5
Jan 2016	175	223	78.5
Feb 2017	185	251	73.7
Mar 2017	174	223	78.0
Apr 2017	187	251	74.5
May 2017	164	223	73.5
Jun 2017	169	251	67.3
Jul 2017	133	223	59.6
<b>12-month total</b>	2,087	2,847	73.3

**Explanatory notes:**

<sup>1</sup> 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Expected declarations' means the number of VAT declarations that the tax administration expected to receive from large taxpayers that were required by law to file VAT declarations.

<sup>3</sup> The 'on-time filing rate' is the number of VAT declarations filed by large taxpayers by the statutory due date as a percentage of the total number of VAT declarations expected from large taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of VAT declarations filed by the due date by large taxpayers}}{\text{Number of VAT declarations expected from large taxpayers}} \times 100$$

**Table 8. On-time Filing of PAYE Withholding Declarations (filed by employers for most recent 12-month period.  
(Ref: POA 4)**

Month	Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
Aug 2016	3,467	25,271	13.7
Sep 2016	6,072	25,291	24.0
Oct 2016	2,144	25,308	8.5
Nov 2016	2,751	25,318	10.9
Dec 2016	2,927	25,335	11.6
Jan 2016	2,912	25,355	11.5
Feb 2017	3,192	25,360	12.6
Mar 2017	1,140	25,369	4.5
Apr 2017	385	25,371	1.5
May 2017	398	25,376	1.6
Jun 2017	856	25,376	3.4
Jul 2017	330	25,378	1.3
<b>12-month total</b>	<b>26,574</b>	<b>304,108</b>	<b>8.7</b>

**Explanatory notes:**

<sup>1</sup> 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Expected declarations' means the number of PAYE withholding declarations that the tax administration expected to receive from registered employers with PAYE withholding obligations that were required by law to file declarations.

<sup>3</sup> The 'on-time filing rate' is the number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the total number of PAYE withholding declarations expected from registered employers, i.e. expressed as a ratio:

$$\frac{\text{Number of PAYE withholding declarations filed by the due date}}{\text{Number of PAYE withholding declarations expected from registered employers}} \times 100$$

## E. Electronic Services

Table 9. Use of Electronic Services, [2014-16] <sup>1</sup> (Ref: POAs 4 and 5)			
	[2014]	[2015]	[2016]
	<b>Electronic filing<sup>2</sup></b> (In percent of all declarations filed for each tax type)		
CIT	0.0	0.0	0.0
PIT	0.0	0.0	9.0
VAT	0.0	0.0	0.0
PAYE withholding (declarations filed by employers)	0.0	0.0	0.0
Large taxpayers (all core taxes)	0.0	0.0	1.0
	<b>Electronic payments<sup>3</sup></b> (In percent of total <b>number</b> of payments received for each tax type)		
CIT	0.5	0.7	0.7
PIT	1.8	1.9	0.9
VAT	0.9	0.7	0.3
PAYE withholding (remitted by employers)	0.9	1.4	2.7
	<b>Electronic payments</b> (In percent of total <b>value</b> of payments received for each tax type)		
CIT	78.5	65.3	10.3
PIT	0.0	0.2	0.2
VAT	0.0	0.0	0.1
PAYE withholding (remitted by employers)	0.0	0.1	0.1
<b>Explanatory notes:</b>			
<sup>1</sup> Data in this table will provide an indicator of the extent to which the tax administration is using modern technology to transform operations, namely in areas of filing and payment.			
<sup>2</sup> For purposes of this table, electronic filing involves facilities that enable taxpayers to complete tax declarations online and file those declarations via the Internet.			
<sup>3</sup> Methods of electronic payment include credit cards, debit cards, and electronic funds transfer (where money is electronically transferred via the Internet from a taxpayer's bank account to the Treasury account). Electronic payments may be made, for example, by mobile telephone where technology is used to turn mobile phones into an Internet terminal from which payments can be made. For TADAT measurement purposes, payments made in-person by a taxpayer to a third-party agent (e.g., a bank or post office) that are then electronically transferred by the agent to the Treasury account are accepted as electronic payments.			

## F. Payments

Table 10. VAT Payments Made During [2016] (Ref: POA 5)			
	VAT payments made on-time <sup>1</sup>	VAT payments due <sup>2</sup>	On-time payment rate <sup>3</sup> (In percent)
<b>Number</b> of payments	55,265	57,768	95.7
<b>Value</b> of payments	5,996,424,459.80	6,133,281,563.40	97.8
<p><b>Explanatory notes:</b></p> <p><sup>1</sup> 'On-time' payment means paid on or before the statutory due date for payment.</p> <p><sup>2</sup> 'Payments due' include all payments due, whether self-assessed or administratively assessed (including as a result of an audit).</p> <p><sup>3</sup> The 'on-time payment rate' is the number (or value) of VAT payments made by the statutory due date in percent of the total number (or value) of VAT payments due, i.e. expressed as ratios:</p> <ul style="list-style-type: none"> <li>The on-time payment rate by number is: <math display="block">\frac{\text{Number of VAT payments made by the due date}}{\text{Total number of VAT payments due}} \times 100</math> </li> <li>The on-time payment rate by value is: <math display="block">\frac{\text{Value of VAT payments made by the due date}}{\text{Total value of VAT payments due}} \times 100</math> </li> </ul>			

## G. Domestic Tax Arrears

Table 11. Value of Tax Arrears, 2013–2015 <sup>1</sup> (Ref: POA 5)			
	2014	2015	2016
	In local currency		
<b>Total Core tax revenue collections</b> (from Table 1) <b>(A)</b>	47,286,600,000	42,298,200,000	29,195,000,000
Total Core tax arrears at end of fiscal year <sup>2</sup> <b>(B)</b>	13,367,353,571	18,009,194,498	21,243,234,210
Of which: Collectible <sup>3</sup> <b>(C)</b>	9,697,044,640	12,577,133,857	14,900,029,630
Of which: More than 12 months' old <b>(D)</b>	11,104,952,381	13,367,353,571	18,009,194,498
	In percent		
Ratio of (B) to (A) <sup>4</sup>	28.3	42.6	72.8
Ratio of (C) to (A) <sup>5</sup>	20.5	29.7	51.0
Ratio of (D) to (B) <sup>6</sup>	83.1	74.2	84.8
<b>Explanatory notes:</b>			
<sup>1</sup> Data in this table will be used in assessing the value of tax arrears relative to annual collections, and examining the extent to which unpaid tax liabilities are significantly overdue (i.e. older than 12 months).			
<sup>2</sup> 'Total Core tax arrears' include tax, penalties, and accumulated interest.			
<sup>3</sup> 'Collectible' core tax arrears are defined as the total amount of domestic tax, including interest and penalties, that is overdue for payment and which is not subject to collection impediments. Collectible tax arrears therefore generally exclude: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).			
<sup>4</sup> i.e. $\frac{\text{Value of total Core tax arrears at end of fiscal year (B)}}{\text{Total core tax collected for fiscal year (A)}} \times 100$			
<sup>5</sup> i.e. $\frac{\text{Value of collectible core tax arrears at end of fiscal year (C)}}{\text{Total core tax collected for fiscal year (A)}} \times 100$			
<sup>6</sup> i.e. $\frac{\text{Value of core tax arrears >12 months old at end of year (D)}}{\text{Value of totalcore tax arrears at end of fiscal year (B)}} \times 100$			



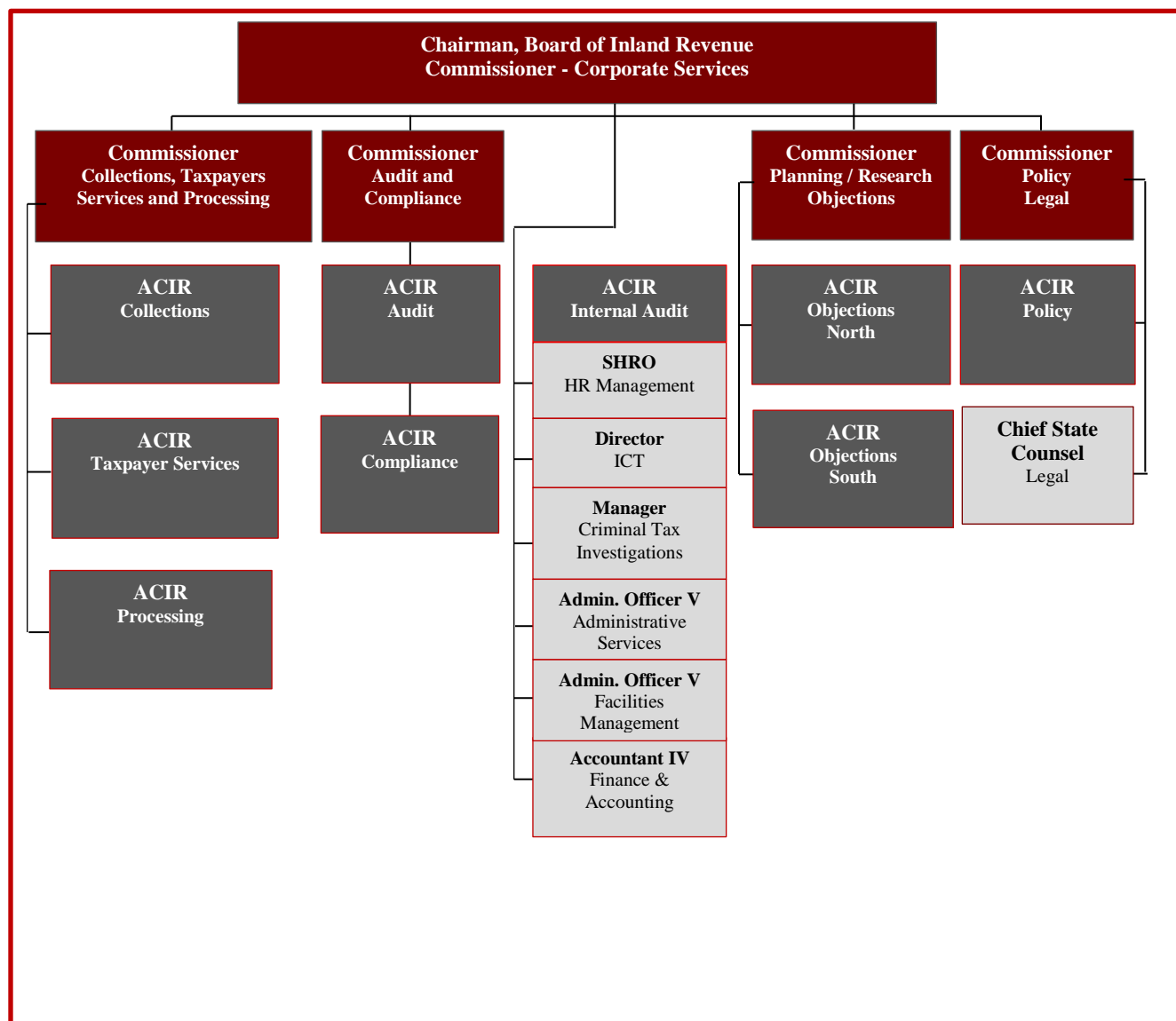
## H. Tax Dispute Resolution

Table 12. Finalization of Administrative Reviews for most recent 12-month period. (Ref: POA 7)							
Month	Total number finalized <sup>1</sup>	Finalized within 30 days <sup>2</sup>		Finalized within 60 days <sup>2</sup>		Finalized within 90 days <sup>2</sup>	
		Number	In percent of total	Number	In percent of total	Number	In percent of total
Aug. 2016	47	0	0.0	0	0.0	0	0.0
Sep. 2016	70	0	0.0	0	0.0	0	0.0
Oct. 2016	99	0	0.0	0	0.0	0	0.0
Nov. 2016	71	0	0.0	0	0.0	0	0.0
Dec. 2016	79	0	0.0	0	0.0	0	0.0
Jan. 2017	68	0	0.0	0	0.0	0	0.0
Feb. 2017	106	0	0.0	0	0.0	2	1.9
Mar. 2017	117	0	0.0	0	0.0	0	0.0
Apr. 2017	95	0	0.0	0	0.0	0	0.0
May. 2017	97	0	0.0	0	0.0	0	0.0
Jun. 2017	40	1	2.5	0	0.0	0	0.0
Jul. 2017	160	0	0	1	0.6	0	0.0
<b>12 month total</b>	<b>1049</b>	<b>1</b>	<b>0.1</b>	<b>1</b>	<b>0.1</b>	<b>2</b>	<b>0.2</b>

## I. Payment of VAT Refunds

Table 13. VAT Refunds for most recent 12-month period. (Ref: POA 8)		
	Number of cases	In local currency
Total VAT refund claims received (A)	13,579	4,561,446,171
Total VAT refunds paid <sup>1</sup>	15,445	3,018,395,849
Of which: paid within 30 days (B) <sup>2</sup>	11,327	1,281,475,126
Of which: paid outside 30 days	4,119	1,736,920,722
Total VAT refund claims declined <sup>3</sup>	111	162,553,106
Of which: declined within 30 days (C)	21	132,102,765
Of which: declined outside 30 days	90	30,450,340
Total VAT refund claims not processed <sup>4</sup>	2,712	1,281,475,126
Of which: no decision taken to decline refund	1988	814,052,766
Of which: approved but not yet paid or offset	724	652,066,868
In percent		
Ratio of (B+C) to (A) <sup>5</sup>	83.6	31.0
<b>Explanatory note:</b>  <sup>1</sup> Include all refunds paid, as well as refunds offset against other tax liabilities.  <sup>2</sup> TADAT measures performance against a 30-day standard.  <sup>3</sup> Include cases where a formal decision has been taken to decline (refuse) the taxpayer's claim for refund (e.g., where the legal requirements for refund have not been met).  <sup>4</sup> Include all cases where refund processing is incomplete—i.e. where (a) the formal decision has not been taken to decline the refund claim; or (b) the refund has been approved but not paid or offset.  <sup>5</sup> i.e. $\frac{\text{Value of VAT refunds paid within 30 days (B)} + \text{VAT refunds declined within 30 days (C)}}{\text{Value of all VAT refund claims received}} \times 100$		

## Attachment IV. Organizational Chart



### Attachment V. Sources of Evidence

Indicators	Sources of Evidence
P1-1. Accurate and reliable taxpayer information.	<ul style="list-style-type: none"> <li>Income Tax Act, Sections 76A, B and C</li> <li>Value Added Tax Act Sections 20</li> <li>Applications for BIR Number, Forms IA-001, AOI-002 and DP-003</li> <li>Registration Procedure Manual, 2010</li> <li>De-Registration Procedure Manual, 2010</li> <li>BIR Number Generation Guide</li> <li>Inland Revenue Performance Report 2015–2016, Stop Filer Actions, (Page 8 and 37)</li> <li>Inland Revenue Performance Report 2015–2016, Number of Individual Taxpayers as at 2016, Page 25</li> <li>GenTax Report on VAT registered taxpayers without business or industry classification details</li> <li>Attachment III, Table 2</li> </ul>
P1-2. Knowledge of the potential taxpayer base.	<ul style="list-style-type: none"> <li>Compliance Unit 's Compliance Plan 2016–2017</li> <li>Compliance Unit Field Impact Visits Contact Forms and Monthly Reports</li> <li>Inland Revenue Performance Report 2015–2016, Stop and Non-Filer Actions, (Page 8 and 37)</li> <li></li> </ul>
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	<ul style="list-style-type: none"> <li>Strategic Plan: 2012–2016,</li> <li>Compliance Risk Register,</li> <li>Risk Scoring criteria,</li> <li>Compliance risk management process,</li> <li>Risk Management Policy,</li> <li>Risk Management Committee Charter</li> </ul>
P2-4. Mitigation of risks through a compliance improvement plan.	<ul style="list-style-type: none"> <li>Compliance improvement plan 2016–2017</li> <li>Minutes of the risk management committee.</li> </ul>
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	<ul style="list-style-type: none"> <li>Compliance Unit Audit Plan 2016</li> </ul>
P2-6. Identification, assessment, and mitigation of institutional risks.	<ul style="list-style-type: none"> <li>Emergency response plan</li> <li>Business Continuity/Disaster Recovery Plan</li> <li>Facilities Risk Assessment</li> </ul>
P3-7. Scope, currency, and accessibility of information.	<ul style="list-style-type: none"> <li>Various Brochures and leaflets</li> <li>ETAX presentation evidence</li> <li>Paper version ETAX FAQ's (not available for taxpayers)</li> <li>On line version of Taxpayer Charter</li> </ul>
P3-8. Scope of initiatives to reduce taxpayer compliance costs.	<ul style="list-style-type: none"> <li><a href="http://www.ird.gov.tt/">http://www.ird.gov.tt/</a></li> <li><a href="http://www.ird.gov.tt/faqs">http://www.ird.gov.tt/faqs</a></li> <li>Corporation Tax Act Section 19A (grace period)</li> </ul>
P3-9. Obtaining taxpayer feedback on products and services.	<ul style="list-style-type: none"> <li>Taxpayer Customer Service Perception survey</li> <li>ETAX presentation to Taxpayers</li> <li>Communication evidence (Email / letters) forms and process adjustments</li> </ul>
P4-10. On-time filing rate.	<ul style="list-style-type: none"> <li>Attachment III, Tables 4–8</li> </ul>

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> <li>• Observations by TADAT assessment team of Error Resolution function; Batched but to be Dispatched Returns at San Fernando; and Return Imaging “Backlogs” at the Data Processing Center</li> <li>• GenTax SQL Report on Processing of VAT Returns received in last 12 Months</li> </ul>
P4-11. Use of electronic filing facilities.	<ul style="list-style-type: none"> <li>• Attachment III, Table 9</li> <li>• <a href="https://etax.ird.gov.tt/">https://etax.ird.gov.tt/</a> / for Online Filing of Returns</li> </ul>
P5-12. Use of electronic payment methods.	<ul style="list-style-type: none"> <li>• Payment of Taxes:</li> <li>• <a href="http://www.ird.gov.tt/payment-of-taxes">http://www.ird.gov.tt/payment-of-taxes</a></li> <li>• <a href="https://etax.ird.gov.tt/">https://etax.ird.gov.tt/</a> /</li> <li>• <a href="http://www.finance.gov.tt/services/income-tax/paying-your-taxes/">http://www.finance.gov.tt/services/income-tax/paying-your-taxes/</a></li> <li>• Attachment III, Table 9</li> </ul>
P5-13. Use of efficient collection systems.	<ul style="list-style-type: none"> <li>• Income Tax Act, Sections 79</li> </ul>
P5-14. Timeliness of payments.	<ul style="list-style-type: none"> <li>• Attachment III–Table 10</li> <li>• GenTax SQL Report on Processing of Payments received in last 12 Months</li> </ul>
P5-15. Stock and flow of tax arrears.	<ul style="list-style-type: none"> <li>• Attachment III–Table 11</li> <li>• GenTax SIGTAS data on Document Processing Times for VAT returns and payments received last 12 months</li> <li>• GenTax Error Return Unit workflow observed at San Fernando Office staff</li> <li>• Receipt dates of batches of Returns for mailing found at the San Fernando Cashiering Units on September 28, 2017.</li> <li>• Observations of dates of receipt of returns processed by the Imaging Unit on September 29, 2017</li> </ul>
P6-16. Scope of verification actions taken to detect and deter inaccurate reporting.	<ul style="list-style-type: none"> <li>• IRD Annual Audit Plan–2016/2017</li> <li>• Divisional work plans</li> <li>• Audit risk criteria–Risk matrix</li> <li>• List of Third party data sources</li> <li>• LTO selection process</li> <li>• Field visit- examination</li> <li>• Income Tax Act</li> <li>• LTO Audit Performance Reports</li> </ul>
P6-17. Extent of proactive initiatives to encourage accurate reporting.	<ul style="list-style-type: none"> <li>• No evidence</li> </ul>
P6-18. Monitoring the extent of inaccurate reporting.	<ul style="list-style-type: none"> <li>• Compliance Unit Audit Plan 2016</li> </ul>
P7-19. Existence of an independent, workable, and graduated dispute resolution process.	<ul style="list-style-type: none"> <li>• Dispute Resolution Process</li> <li>• Guidance For Taxpayers</li> <li>• Process in the Legal Department with respect to Taxpayers</li> <li>• Objections flowchart</li> </ul>

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> <li>• Legal rights memo Policy unit</li> <li>• Procedure for tax dispute resolution</li> <li>• Process in the legal Department with respect to Tax Dispute</li> <li>• List appeal cases 2015 2016</li> <li>• Notice of assessment with dispute rights (example)</li> <li>• Evidence letter with dispute rights</li> <li>• <a href="http://www.ird.gov.tt/appealing-to-an-assessment">http://www.ird.gov.tt/appealing-to-an-assessment</a></li> </ul>
P7-20. Time taken to resolve disputes.	<ul style="list-style-type: none"> <li>• Attachment III, Table 12</li> </ul>
P7-21. Degree to which dispute outcomes are acted upon.	<ul style="list-style-type: none"> <li>• Appeal Cases 1–58 ;1–59; 1–60 and 157–160 where IRD analyzed outcome and made legislative recommendations.</li> </ul>
P8-22. Contribution to government tax revenue forecasting process.	<ul style="list-style-type: none"> <li>• Organizational Chart &amp; Function</li> <li>• FN2: Estimates of Revenue for Income Year 2017/18 (07/07/2017)</li> <li>• Revenue monthly reports</li> <li>• Revenue performance analysis—variance reports to the Chairman of the Board</li> <li>• Auditor General Reports—2015 &amp; 2016</li> <li>• Audit and Exchequer Act</li> <li>• Constitution of Trinidad and Tobago</li> <li>• 2016 Public Accounts—Republic of Trinidad and Tobago—Volume 1</li> <li>• Hansard Report: House of Representative—May 5, 2017—Papers laid</li> <li>• <a href="http://www.ttparliament.org/hansards/hh20170505.pdf">http://www.ttparliament.org/hansards/hh20170505.pdf</a></li> </ul>
P8-23. Adequacy of the tax revenue accounting system.	<ul style="list-style-type: none"> <li>• Auditor General Reports—2015, 2016</li> <li>• GenTax SQL Report on Processing of VAT Returns received in last 12 Months</li> <li>• GenTax SQL Report on Processing of Payments received in last 12 Months</li> <li>• GenTax Error Return Unit workflow observed at San Fernando Office staff</li> <li>• Receipt dates of batches of Returns for mailing found at the San Fernando Cashiering Units on September 28, 2017.</li> <li>• Observations of dates of receipt of returns processed by the Imaging Unit on September 29, 2017</li> <li>• File of payments made through electronic funds transfers awaiting action by Accounts Division</li> <li>• VAT Act</li> </ul>
P8-24. Adequacy of tax refund processing.	<ul style="list-style-type: none"> <li>• VAT Refund Policy</li> <li>• VAT Act</li> <li>• Revenue Report</li> </ul>

Indicators	Sources of Evidence
P9-25. Internal assurance mechanisms.	<ul style="list-style-type: none"> <li>• Comptroller of Accounts, Internal Audit Manual</li> <li>• IRD Internal Audit Charter Version 1</li> <li>• Draft 2016 Internal Audit Plans</li> <li>• RCA Internal Audit Report—Financial Audit 2015/16</li> <li>• Data Processing Section Internal Audit Report No. 21/16</li> <li>• Imaging Section Internal Audit Report No 18.16</li> <li>• Internal Audit Follow up Report No. 29/16/01 for District Revenue Office, Rio Claro to check implementation status of recommendations from audit report No. 29/16</li> <li>• List of qualifications for IRD auditors</li> <li>• Table of training courses provided to IRD auditors for 2016</li> <li>• Integrity in Public Life Act. Chapter 22</li> <li>• Trinidad and Tobago Public Service Regulations</li> <li>• Disciplinary Guide—Discipline in the Public Service: The Investigating Officer</li> <li>• Discipline in the Civil Service: One Man Tribunals</li> <li>• IRD Handbook on Code of Ethics</li> </ul>
P9-26. External oversight of the tax administration.	<ul style="list-style-type: none"> <li>• Auditor General's report 2016</li> <li>• Auditor General's Report 2015</li> <li>• Extract of the provisions of section 4 of the Income Tax Act, Chapter 75:01</li> <li>• Audit Queries submitted by Auditor General</li> <li>• Responses to Auditor General's Queries by IRD (various years)</li> <li>• Letters from Ombudsman relating to Taxpayer Complaints</li> <li>• Letters from the IRD responding to ombudsman's submissions</li> </ul>
P9-27. Public perception of integrity.	<ul style="list-style-type: none"> <li>• No evidence available</li> </ul>
P9-28. Publication of activities, results, and plans.	<ul style="list-style-type: none"> <li>• Memo from the PS (11/08/2016)—re MoF Annual Administrative Report for 2015/16</li> <li>• Strategic Plan: 2012–2016;</li> <li>• Divisional operational plans</li> <li>• IRD report on Fiscal Performance 2015 &amp; 2016</li> <li>• IRD Performance Report: 2009–2014</li> <li>• Financial statement report—Appropriation account; and Statement of Revenue &amp; Disbursement</li> <li>• Estimate of Revenue</li> <li>• Estimates of Revenue and Expenditure 2016</li> <li>• Audit and Exchequer Act</li> </ul>

**Fiscal Affairs Department**

International Monetary Fund  
700 19th Street NW  
Washington, DC 20431  
USA

<http://www.imf.org/capacitydevelopment>