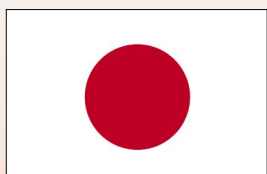


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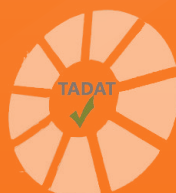
TADAT™

TAX ADMINISTRATION DIAGNOSTIC ASSESSMENT TOOL

Performance Assessment Report

The Republic of Belarus

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ABBREVIATIONS AND ACRONYMS

Belstat	National Statistical Committee of the Republic of Belarus
BYN	Belarusian Ruble
CIT	Corporate income tax
CoM	Council of Ministers
EEU	Eurasian Economic Union
GDP	Gross Domestic Product
IT	Information Technologies
MoF	Ministry of Finance
MoJ	Ministry of Justice
MoTD	Ministry of Taxes and Duties
PAYE	Pay-as-you-earn
PAR	Performance Assessment Report
PIT	Personal income tax
POA	Performance outcome area
SCC	State Control Committee
SCustC	State Customs Committee
TADAT	Tax Administration Diagnostic Assessment Tool
TIN	Taxpayer identification number
VAT	Value-added tax

PREFACE

An assessment of the system of tax administration of the Republic of Belarus was undertaken during the period of December 11 - 20, 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: Nataliya Biletska (Team Leader), Emil Abdykalykov, Bernard Haven, Tomas Sudintas and Yelena Slizhevskaya (all trained TADAT assessors). The team thanks Jonas Fallov for his valuable contribution to this assessment, as well as to Iryna Scherbyna for her useful suggestions.

The TADAT assessment team would like to express its gratitude to Mr. Sergey Nalivaiko, Minister of Taxes and Duties (MoTD); Mr. Igor Klepcha, First Deputy Minister; and Ms. Ella Selitskaya, Mr. Vladimir Mukvich, Ms. Svetlana Shevchenko, Deputy Ministers; for their open and intensive engagement during discussions of the assessment findings. The assessment team would also like to thank staff of the Ministry of Taxes and Duties (MoTD) for their hospitality, excellent collaboration and active participation during the assessment. The team is particularly grateful to Ms. Alla Sundukova, Head of the International Tax Cooperation Division, for the extensive coordination support provided throughout the assessment process. The assessment team would also like to thank the staff of the Ministry of Finance (MoF), Minsk Tax Office, and the Tax Office in Pervomaisky District of Minsk for their excellent cooperation during the assessment.

The draft TADAT Performance Assessment Report (PAR) was presented to the Ministry of Taxes and Duties at the close of the assessment mission. Written comments received from the Ministry of Taxes and Duties have been incorporated into this final report which has been cleared by the TADAT Secretariat.

The TADAT assessment in Belarus was funded by the World Bank's Europe and Central Asia Public Financial Management Trust Fund supported by the Ministry of Finance of the Russian Federation.

EXECUTIVE SUMMARY

The MoTD has developed a sophisticated data warehouse drawing from all major internal and external data sources, resulting in a high integrity taxpayer register. Payment systems, including withholding and advance payment, are fully integrated into the Treasury Single Account, resulting in accurate classification of revenues. Investments in taxpayer services have resulted in wide availability of information and a widely used online taxpayer portal. The MoTD has made efforts to solicit and integrate taxpayer feedback in the formulation of its policies and programs.

However, the MoTD has not yet leveraged the full potential of available data to systematically identify, measure and address compliance risks. A structured compliance risk management program is not yet in place. Internal and external audit arrangements for the MoTD itself are not currently in place, providing limited assurance of financial and operational performance to senior management. The MoTD does not fully communicate its plans and priorities to the public.

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

Strengths

- Authorities have access to internal and external data sources to maintain an accurate database of taxpayers.
- Taxes are paid electronically to the Treasury Single Account.
- Withholding and advance payment arrangements are appropriately used, and arrears are very low.
- A wide range of information is available to taxpayers at no cost.
- Taxpayer feedback is used to improve administrative processes and products.
- The MoTD systematically analyzes dispute outcomes to adjust procedures, policies, and legislation.
- The MoTD collaborates closely with the MoF on forecasting tax revenue and tax refunds.

Weaknesses

- Available data sources are not systematically used in the compliance risk management process.
- There is limited identification or management of institutional risks.
- Absence of a systematic and comprehensive risk-based audit program using all audit approaches.
- There is no methodology to leverage extensive data sources to estimate tax revenue losses and the tax gap.
- Dispute resolution reviews are not conducted by an organizationally independent unit, and review time exceeds 30 days.
- No external review of operational performance is conducted.

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.

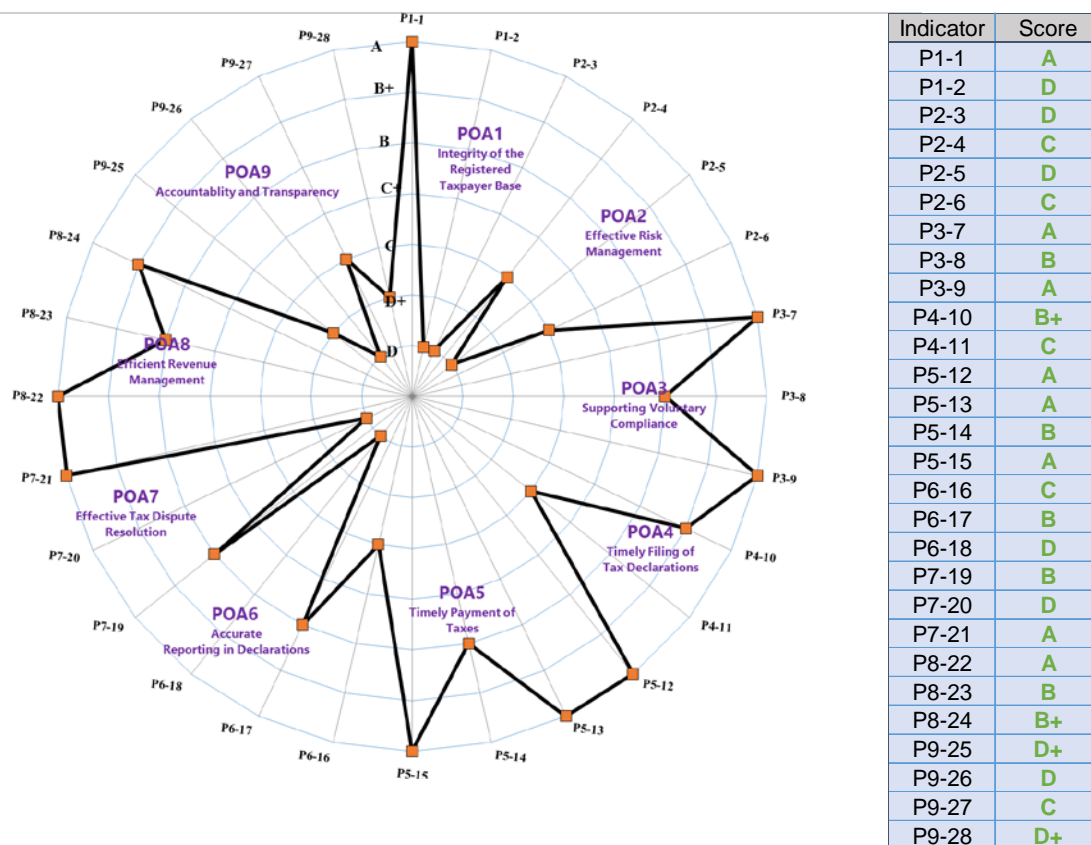
Table 1. Republic of Belarus: Summary of TADAT Performance Assessment

INDICATOR	Score 2017	SUMMARY EXPLANATION OF ASSESSMENT
POA 1: Integrity of the Registered Taxpayer Base		
P1-1. Accurate and reliable taxpayer information.	A	Integration with cross-government databases provides accurate taxpayer information.
P1-2. Knowledge of the potential taxpayer base.	D	Initiatives to detect unregistered taxpayers are reflected in operational plans but there is no reporting on outcomes.
POA 2: Effective Risk Management		
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	D	A range of internal and external data sources are available, but they are not systematically directed at compliance risk management.
P2-4. Mitigation of risks through a compliance improvement plan.	C	A plan to improve compliance is used, but does not cover all taxpayer segments, obligations, and core tax types.
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	D	The process used to monitor compliance risk mitigation is limited by the absence of a structured risk assessment plan.
P2-6. Identification, assessment, and mitigation of institutional risks.	C	There is no systematic plan to identify, assess, mitigate and evaluate institutional risks.
POA 3: Supporting Voluntary Compliance		
P3-7. Scope, currency, and accessibility of information.	A	Up-to-date information is available at no cost and taxpayer inquiries are answered quickly.
P3-8. Scope of initiatives to reduce taxpayer compliance costs.	B	Initiatives to reduce taxpayer compliance costs have been implemented, but prefilled tax declarations are not yet operational.
P3-9. Obtaining taxpayer feedback on products and services.	A	Taxpayers feedback is used to design administrative processes and products.

INDICATOR	Score 2017	SUMMARY EXPLANATION OF ASSESSMENT
POA 4: Timely Filing of Tax Declarations		
P4-10. On-time filing rate.	B+	While large taxpayers have a high on-time filing rate, smaller taxpayers are marginally less compliant.
P4-11. Use of electronic filing facilities.	C	Electronic filing is widely used for all core taxes with the exception of PIT and PAYE.
POA 5: Timely Payment of Taxes		
P5-12. Use of electronic payment methods.	A	All tax payments are received in the Treasury Single Account by electronic transfer.
P5-13. Use of efficient collection systems.	A	Withholding and advance payment requirements are applied appropriately.
P5-14. Timeliness of payments.	B	All large VAT taxpayers make timely payment; however some smaller taxpayers make late payments.
P5-15. Stock and flow of tax arrears.	A	The stock of arrears is small, with limited old debt.
POA 6: Accurate Reporting in Declarations		
P6-16. Scope of verification actions taken to detect and deter inaccurate reporting.	C	The audit program is decentralized and mainly limited to comprehensive audits. Extensive third-party data is available.
P6-17. Extent of proactive initiatives to encourage accurate reporting.	B	The MoTD uses public and private binding rules, but does not use cooperative compliance agreements.
P6-18. Monitoring the extent of inaccurate reporting.	D	The MoTD does not have a methodology to assess losses from inaccurate reporting across core tax types.
POA 7: Effective Tax Dispute Resolution		
P7-19. Existence of an independent, workable, and graduated dispute resolution process.	B	Administrative reviews are two-tiered and are not conducted by an organizationally independent body.
P7-20. Time taken to resolve disputes.	D	Administrative reviews were completed within 30 days for 47 percent of cases in 2017, falling short of international good practice.

INDICATOR	Score 2017	SUMMARY EXPLANATION OF ASSESSMENT
P7-21. Degree to which dispute outcomes are acted upon.	A	The MoTD systematically analyzes dispute outcomes to adjust procedures, policies, and legislation.
POA 8: Efficient Revenue Management		
P8-22. Contribution to government tax revenue forecasting process.	A	Dedicated staff provide input revenue forecasting for all core taxes.
P8-23. Adequacy of the tax revenue accounting system.	B	An automated tax revenue accounting system meets IT and accounting standards and interfaces with the Treasury.
P8-24. Adequacy of tax refund processing	B+	An adequate VAT refund system provides timely offsets and refunds, however there is no provision for interest on late payments.
POA 9: Accountability and Transparency		
P9-25. Internal assurance mechanisms.	D+	There is no internal audit unit. A Control Directorate was recently created to serve as a staff integrity assurance mechanism.
P9-26. External oversight of the tax administration.	D	External financial and operational audit reports were not available. There is no tax ombudsman or equivalent body.
P9-27. Public perception of integrity.	C	The MoTD uses an independent survey of key taxpayer perceptions in policy formulation but it is not publicly available.
P9-28. Publication of activities, results, and plans.	D+	Although elements of MoTD plans are disclosed, financial and operational performance reports are not publicly available.

Figure 1. Republic of Belarus: Distribution of Performance Scores



I. INTRODUCTION

This report documents the results of the TADAT assessment conducted in the Republic of Belarus during the period of December 11 - 20, 2017 and subsequently reviewed by the TADAT Secretariat. The report is structured around the TADAT framework of nine POAs and 28 high level indicators critical to tax administration performance that is linked to the POAs. 47 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 the 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 the Republic of Belarus).
- 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 the Republic of Belarus 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

The Republic of Belarus is an upper middle-income country of 9.5 million inhabitants. Gross National Income (GNI) per capita in 2016 was US\$ 5,590.¹ About 20 percent of the population live in the capital city of Minsk, which is also the largest city of the country. Main industries and contributors to Gross Domestic Product (GDP) include metallurgical and mechanical engineering industries, radio engineering, electro-technical, electronic, optics-mechanical and petrochemical industries.

After a period of high economic growth averaging 8.6 percent per year during 2000-2008, the global economic crisis of 2008 - 2009 led to lower export demand and reduced access to foreign financing. This resulted in a persistent current account deficit averaging 9.4 percent of GDP during 2009-2014. The cumulative inflation during this period amounted to 183.2 percent, partly owing to an 81.4 percent nominal depreciation of the Belarusian ruble against the US dollar. GDP growth slowed to 3.0 percent in 2009-2014 and dropped to -3.2 percent in 2015-2016.

The modest cyclical expansion of the economic activity in 2017 has ended a two-year long recession. Real GDP grew by 2.0 percent in the first ten months of 2017, in sharp contrast to a 2.8 percent decline in the same period of the previous year. Modest economic growth in Russia and gradual increase in commodity prices boosted exports and supported a moderate increase in domestic business activity, especially in industry where output increased by 6.3 percent year-on-year. Tight fiscal and monetary policies of previous years helped reduce inflation to single-digit levels reaching 5.3 percent year-on-year in October 2017, the lowest rate in two decades.

Despite government budget surplus, public debt levels continue to rise. Consolidated government revenues recorded modest real growth due to robust value-added tax, excise and corporate income tax revenues. To meet public debt obligations, the Government cut consolidated government budget expenditures to generate a budget surplus of 4.1 percent of GDP (excluding quasi-fiscal expenditures such as recapitalizations of state-owned banks and enterprises) and to repay public debt. The April 2017 agreements between Belarus and Russia over the gas price and oil supplies were followed by the disbursement of two tranches of a Eurasian Fund for Stabilization and Development (EFSD) loan (totaling US\$600 million) and the disbursement of a bilateral loan from Russia (US\$700 million). These operations, along with the issuance of Eurobonds in the total amount of US\$1,400 million, helped to refinance previous debts. The general government debt-to-GDP ratio is estimated to reach 49.4 percent by end of 2017 compared to 29.5 percent in 2015.

¹ World Development Indicators, World Bank.

Pressures on external accounts remain despite sizable external financing received this year. From January to July 2017, the current account deficit amounted to 2.2 percent of GDP compared to 5.1 percent a year ago, driven by the primary income deficit. Gross international reserves totaled almost US\$ 7.4 billion, up by 50 percent since the beginning of the year, and comprised 2.6 months of imports of goods and services.²

D. Main Taxes

The tax to GDP ratio in Belarus (including international trade taxes) averaged 25 percent over the 2014-2016 period. The major taxes are Value-Added Tax (VAT)—34.5 percent of 2016 total tax revenue collections, Personal Income Tax (PIT)—16.5 percent, and Corporate Income Tax (CIT)—10.7 percent.³ PIT includes income tax paid by employers or Pay As You Earn (PAYE) and income tax paid directly by individuals, including those involved in entrepreneurial activity. The 2016 collection of core taxes amounted to 61.7 percent of total tax revenues. Contributions to GDP from VAT, CIT and PIT were 8.7, 2.4 and 4.1 percent in 2016, respectively⁴. Further details on tax revenue collections are provided in Table 1 of Attachment III.

E. Institutional Framework

The Ministry of Taxes and Duties (MoTD) is a central government body responsible for tax administration. MoTD also exercises control over compliance with legislation regulating production and distribution of alcohol, products containing non-food alcohol and tobacco, distribution of raw tobacco, as well as gambling activities. Main legal authorities are derived from the Tax Code and the Statute of the MoTD.⁵ The MoTD is headed by a Minister, appointed by the President. The Ministry's leadership team also includes the First Deputy Minister and three Deputy Ministers. The MoTD has a three-tier organizational structure: headquarters based in Minsk, seven oblast-level tax offices (one in the city of Minsk and six in each of the oblasts), and 81 rayon-level tax offices. The MoTD has a staff of 5,757, including 152 employees at the headquarters and 5,605 employees in field tax offices. MoTD staff includes civil servants and administrative staff. The share of public servants is 91.4 percent in the headquarters and 78 percent in field tax offices. An organizational chart of the MoTD's headquarters is provided in Attachment IV.

² World Bank: Belarus Economic Update, December 2017

³ http://minfin.gov.by/upload/bp/bulletin_cons/2016/2016.pdf

⁴ World Bank staff estimates based on the MoF and Belstat data

⁵ Approved by the Resolution of the Council of Ministers No.1592, dated October 10, 2001 (last amended January 30, 2017)

Administration and collection of custom payments is the responsibility of the State Customs Committee (SCustC). The SCustC is a central government body reporting to the Government as well as to the President on selected matters.

F. International Information Exchange

Belarus has bilateral tax agreements with a number of countries, and is expanding its international multilateral cooperation for international information exchange. Belarus is a member of the Intra-European Organization of Tax Administrators (IOTA). It is also a participant in the Internal Revenue Service (IRS) Foreign Account Tax Compliance Act (FATCA) initiative aimed at improving compliance with international tax regulations. Belarus has double taxation treaties with 68 countries, including the United Kingdom, the Russian Federation, the United States of America, and China. As a member of the Eurasian Economic Union (EEU)⁶, Belarus exchanges information on mutual trade transactions with the EEU countries on a regular basis. Bilateral treaties on indirect taxes are signed with eight countries of the region. Belarus has also signed bilateral agreements on mutual assistance and cooperation on tax compliance issues with Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, the Russian Federation, Tajikistan Turkmenistan, Ukraine, and Uzbekistan⁷. Belarus is not a member of the Organization for Economic Cooperation and Development's (OECD) Global Forum on Transparency and Exchange of Information for Tax Purposes. Since 2016, Belarus has collaborated with the OECD to join the Convention on the Mutual Administrative Assistance in Tax Matters.

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.

⁶ Eurasian Economic Union (EEU) is an economic union between the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, and the Russian Federation. The Republic of Belarus signed the Treaty on May 29, 2014, which came into effect on January 1, 2015. The EEU provides free movement of goods, services, capital and labor, and pursues coordinated, harmonized and single policy in the sectors determined by the Treaty and international agreements within the Union.

⁷ http://www.nalog.gov.by/ru/mezdunarodnoe_sotrudnichestvo_ru/

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	A	A
P1-1-2. The accuracy of information held in the registration database.		A	

The information held in respect of registered taxpayers meets standards of international good practice. The electronic taxpayer registration database is centralized and interfaces with other MoTD's IT subsystems for tax filing, payment and audit. Each registered taxpayer has a unique taxpayer identification number (TIN) that includes a check digit. The taxpayer registration IT subsystem provides a frontline staff with a whole-of-taxpayer view with a taxpayer's registration, identity of related parties and associated entities, and other details across all taxes. The system allows for deregistration and deactivation of taxpayers. The list of active taxpayers from whom a declaration is expected is determined by automated cross-checking from other databases. The IT subsystem uses registration details to generate electronic tax declarations and provides secure online access to both individual and business taxpayers. Individuals can update registration data through the MoTD portal while businesses and individual entrepreneurs update registration data through the Ministry of Justice (MoJ) portal.

Documented procedures and integration with cross-government databases provide a high level of management confidence in the database. MoTD verifies the accuracy of the information held in the taxpayer registration database and identifies active and dormant taxpayers through large-scale automatic cross-checking with other government databases, such as the Social Register maintained by the Social Fund, Single Register for Legal Entities,

Property Sales Database, Cadaster, Bank Accounts Database maintained by the National Bank and others. The procedures for automated cross-checking are documented in protocols for the MoTD's IT subsystem. There is no large-scale automated cross-checking with the Motor Vehicles Database.

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.	M1	D

The MoTD's quarterly operational plans include initiatives to detect unregistered individuals and individual entrepreneurs but there is no reporting on outcomes. Such initiatives comprise: systematic use of third party information, such as the Customs Database, Electronic Invoice Register, Social Register, Cadaster Database and others; thematic cameral audits and inspection of individual entrepreneurs and individual taxpayers.

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).

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	D
P2-3-2. The process used to assess, rank, and quantify taxpayer compliance risks.		D	

The MoTD has access to a range of internal and external sources. External data sources include the State Register of the Legal Entities, the Customs, the Social Protection Fund, the Property Register, the National Bank. Data retrieval is automated and data is stored in a centralized manner. The centralized data warehouse is developed and supported by flexible business intelligence tools. Internal data sources include tax declarations and tax audits. The MoTD does not perform regular research and interpretation of external data, specific studies on taxpayers' behavior or tax gap analysis, though the ad-hoc surveys on shadow economy and taxpayers' service perception/satisfaction are conducted.

Intelligence gathering is not systematic and is not directed at compliance risk management. The MoTD does not have a separate unit with responsibilities for tax compliance analysis and compliance risk information gathering. Analytical research tasks are distributed to organizational departments based on their core functions. The MoTD conducts large scale analysis on a periodic basis, but most analytics are focused on tax revenue rather than taxpayer behavioral analysis. Analysis does not systematically measure trends and

performance indicators for different taxpayer segments, industries and tax obligations. Audit results are analyzed on a periodic basis, but aggregate analysis of audit outcomes is limited.

The MoTD uses ad hoc procedures that include elements of risk management, however, a structured risk assessments process is not used. The MoTD does not have a separate unit for compliance risk management. Risk management is assigned to the organizational units of the MoTD responsible for registration, filing, payment, reporting, and auditing. There is not yet a comprehensive compliance risk management methodology or regulations. The MoTD's strategy and program call for activities to increase taxpayer compliance and mitigate risks. However, there are no clear risk management plans the cover core taxes, main tax obligations and key taxpayer segments.

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.	M1	C

The MoTD has a plan to improve compliance, however it does not clearly identify all taxpayer segments, compliance obligations and core tax types. The tax compliance multi-year priorities are described in the MoTD 2016 - 2020 strategy and operational plan. Activities within these documents are focused on MoTD performance, and payment and reporting compliance. Some of the planned activities are focused on a compliance within a certain tax type, such as VAT. However, in most cases, taxpayer segments are not clearly identified. The strategy and operational plan are approved by the MoTD Board, which monitors implementation on an annual basis. The organizational departments of the MoTD monitor implementation on a monthly basis.

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.	M1	D

The process used to monitor compliance risk mitigation is limited by the absence of a structured risk assessment plan. The overall MoTD strategy and operational plan are monitored. However, these documents do not clearly identify taxpayer compliance risks and lack quantified or qualified evaluation criteria to measure outcomes of planned activities or link these activities to a structured assessment of risks. Implementation of these plans is monitored by MoTD departments on a monthly basis, and by the MoTD Board on an annual basis.

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.	M1	C

The MoTD has no comprehensive and systematic plan to identify, assess, mitigate and evaluate institutional risks. The mitigation of institutional risks is assigned to organizational departments of the MoTD based on their core functions; there is no dedicated unit for this purpose. Some institutional risk management activities are included in the MoTD strategy and operational plan, which is monitored by the MoTD Board on an annual basis. The MoTD has no register of institutional risks and no dedicated risk management program to manage these risks. The MoTD has several internal regulations and procedures to mitigate risks related to the information security, IT data security and IT platform operation continuity regulation; however, the regulations are not reviewed annually. A staff training program for emergencies is developed and conducted annually.

The MoTD commented that security related documents, such as the MoTD information security policy, instructions on the steps to be taken in case of emergencies jeopardizing integrity and

confidentiality of information resources, are not updated annually. They have been developed by the MoTD Information Security and Special Operations Unit for tax offices in accordance with the legislation on information protection and contain a description of an integrated approach to ensuring security in real time. Belarus' legislation does not require an annual update of these documents and they are adjusted on a needs basis following the analysis of their effectiveness and taking into account developments of tax information management systems amendments to the legislation including legislative acts regulating technical and cryptographic protection requirements. However, the TADAT Field Guide provides for a structured approach to identification, assessment, prioritization and mitigation of institutional risks with risk management being an integral part of multi-year strategic and annual operational planning. Thus, a higher score is not warranted according to the TADAT Field Guide.

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	A	A
P3-7-2. The degree to which information is current in terms of the law and administrative policy.		A	
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.		A	

Information on main taxpayer obligations and entitlements is available and tailored to the needs of specific taxpayer groups. The MoTD provides clear information on taxpayer obligations and entitlements for all core taxes through its website, regional tax offices, call center, kiosks, brochures and taxpayer education events. The information is free of charge and is tailored to the needs of different taxpayer groups. Separate sections of the website provide information for individuals, individual entrepreneurs, individuals providing services in agritourism, legal entities, foreign companies operating in Belarus, gambling businesses, residents of the free economic zones, residents of the High-Tech Park, residents of the Belarus-Chinese Industrial Park. The website also has a version for the visually impaired users. The MoTD also conducts online conferences and participates in public education programs through the national financial literacy program.

Information provided by the MoTD is current and changes in policy and law are communicated in advance. A dedicated team is responsible for updating the website of the MoTD, and the process and procedures are documented. Changes to the legislation and procedures are communicated before the changes take effect through the general communication through the website, various media (including radio and television), regional offices, printed materials posted or distributed in the MoTD regional offices and through other public institutions.

Information is easily accessible through a variety of channels at no cost. The MoTD conducts a broad range of proactive outreach activities. Information is provided through the MoTD website, the personalized taxpayer portal, a call center, and MoTD's tax offices. The

MoTD conducts workshops in schools, organizes and publishes books for children. There is no cost to taxpayers for service or information received from the tax administration, with the exception of a weekly printed journal published by the MoTD.

The MoTD call center responds to all calls from taxpayers within two minutes.⁸ The MoTD call center operates during normal business hours, and a self-service automatic answering system is available to taxpayers 24/7. There are strict requirements with regard to response times for emails and letters. There are not yet service delivery standards for telephone calls to the call center. The call center received 52,916 requests during September 2016 – August 2017 (on average about 145 per day).

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.	M1	B

Initiatives to reduce taxpayer compliance costs have been implemented, but prefilled tax declarations are not yet operational. A simplified taxation regime is available for businesses with a limited number of employees or turnover, and a flat tax is used for individuals, eligible individual entrepreneurs, and eligible agriculture producers. Income tax is withheld at source for wages, interest, and dividends. Frequently asked questions and common misunderstandings of the law are detected and routinely analyzed to improve information products and services, such as increasing the staffing of the call center. Statistics are used to target outreach activities and optimize the MoTD website. Taxpayers have access to a secure online portal to file their declarations and access their tax accounts details. Tax declarations and other forms are reviewed regularly to ensure that only information that is needed and used is sought from the taxpayers. Prefilled tax declarations are not currently available to taxpayers, although this functionality will be introduced in 2018.

⁸ According to the MoTD data, an average time taken to respond to taxpayers' telephone enquiries varied between 26 seconds and 99 seconds in 2016.

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 taken into account 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	A	A
P3-9-2. The extent to which taxpayer input is taken into account in the design of administrative processes and products.		A	

The MoTD obtains regular feedback from taxpayers, and a survey of taxpayer perceptions is conducted regularly. The MoTD gathers feedback through the website, email, telephone, taxpayer service centers, public events, meetings with stakeholders and surveys. Every two years, a statistically significant survey of small and medium-sized enterprises is completed by the Analytical and Information Center under the Presidential Administration. A statistically significant survey is also completed by the Belarusian State Economic University on a yearly basis. An electronic system of assessing performance of the services provided to the taxpayers is introduced in the taxpayer centers. Representatives of the MoTD and its tax offices regularly meet with taxpayers during the visits to enterprises and field trips meetings. Starting with 2018, the MoTD plans to conduct surveys through the online taxpayer portal and a mobile application for obtaining feedback from individuals will also go live in 2018.

Taxpayer input is taken into account in the design and testing of new processes and products. The MoTD has an Advisory Council, which is a public-private dialogue platform for consultations on the issues of taxation. There are 35 members in the Council. Approximately two thirds of the members are representatives of various business associations, private businesses, and tax experts, while around one third of the members represent various government bodies, including the MoTD. This Council provides inputs and advice to the MoTD in the design of new processes and products before they are introduced. Taxpayers are regularly invited to take part in testing of new processes and products before they are rolled out.

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	B
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.		B
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.		A
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.		B

While large taxpayers have a high on-time filing rate, smaller taxpayers are marginally less compliant. This indicator is scored using quantitative measurements from Attachment III, Tables 4 - 8. Data gathered shows that 83.5 percent of CIT declarations are filed on-time, 85.6 percent of PIT declarations (of sole proprietors and individuals) are filed on-time, 97.9 percent of VAT declarations are filed on-time, and 83.5 percent of PAYE declarations are filed on-time.⁹

The MoTD uses a range of measures to encourage on-time filing of tax declarations. PIT filing for individual entrepreneurs and individual taxpayers is mandatory only for those with income other than wages. Quarterly CIT declarations include information on PAYE filing. The MoTD has access to the third-party information (see POA 1) and can establish the number of expected PIT and PAYE tax declarations. The later are cross-checked with social security contributions for each employee.

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.

⁹ PAYE declarations are not filed separately in Belarus. The PAYE information is included in the CIT declarations and is used for this indicator.

Table 12. P4-11 Assessment

Measurement Dimensions	Scoring Method	Score 2017
P4-11. The extent to which tax declarations are filed electronically.	M1	C

Electronic filing is widely used for all core taxes with the exception of PIT and PAYE.

Electronic filing is voluntary, except for VAT declarations and declarations made by businesses with more than 15 employees. Security of electronic filing is protected through use of digital signatures issued by the National Center for Electronic Services. Activities to promote e-filing include the on-line information and instructions available on the MoTD website as well as the information provided by tax inspectors in field tax offices. Electronic filing has steadily increased since 2014. In 2016, the electronic filing rates reached 100 percent for large taxpayers for all core taxes, 96.5 percent for VAT, 95.3 percent for CIT and PAYE (Attachment III, Table 9). Electronic filing rose from 29 percent in 2014 to 57.1 percent in 2016. Adoption of electronic filing by individuals has been hampered by the relatively high cost of obtaining a digital signature. To address this, the MoTD plans to make a login and password available to individual taxpayers free of charge. Further increases in the extent of e-filing is a priority for the MoTD as reflected in its strategy and operational plan.

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.

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.	M1	A

All tax payments are transferred to the Treasury Single Account electronically. Taxpayers may make payments at commercial banks, which funds are then electronically transferred to the National Bank using the electronic payment system (Single Settlement and Information Space or ERIP). All payments require completion of a payment document specified by the National Bank, which allows for payments to be accurately classified by TIN and tax type upon receipt, resulting in a high degree of accuracy in revenue classification. As reported in Attachment III, Table 10, 100 percent of payments for all core tax types are electronic.

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.	M1	A

Withholding at source is in place for all employment, interest, and dividend income and advance payment arrangements are required for CIT and PIT. A flat tax is levied on

employment income and it is mandatory for employers to remit PAYE during payroll processing. Similarly, financial institutions remit a flat tax on interest and dividends at the time of payment. As noted earlier, under this arrangement, individuals are not required to file income tax declarations or make additional tax payments unless they have other sources of income. CIT declarations and payments are required quarterly, while PIT taxes are remitted during each payroll cycle.

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	B	B
P5-14-2. The value of VAT payments made by the statutory due date in percent of the total value of VAT payments due.		A	

VAT payments are received on time from large taxpayers, while some smaller taxpayers make late payments. As reported in Table 10 of Attachment III, 85.4 percent of payments are received on time, representing 99.1 percent of the total value of VAT due. Large taxpayers consistently comply with VAT filing requirements. The enforcement and penalty system applied by authorities is effective in ensuring on-time payment for almost all VAT revenues. Late VAT filings are limited to smaller taxpayers. Using the M1 scoring method, the weaker of these two dimensions is recorded as the overall score.

P5-15: Stock and flow of tax arrears

This indicator examines the extent of accumulated tax arrears. Two measurement dimensions 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.¹⁰ 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	A	A
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.		A	
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.		A	

The stock of core tax arrears is very low and old debts are limited. Core tax arrears at fiscal year-end represented 0.56 percent of total collections and collectible core tax arrears represented 0.46 percent of total collections, as reported in Table 11 of Attachment III. Arrears older than 12 months represented approximately 18 percent of the stock of outstanding arrears. This indicates that most arrears are collected within less than one year, and authorities do not have a significant stock of old debt. Effective arrears management is the result of strong registries of taxpayer bank accounts and assets and procedures to request liquidation of insolvent businesses in a reasonable timeframe.

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 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).

¹⁰ 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).

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	C
P6-16-2. The extent of large-scale automated crosschecking to verify information in tax declarations.		B	

The MoTD's risk-based audit program is decentralized and mainly limited to comprehensive audits. The audit program covers all core taxes and key taxpayer segments. The audit program does not centrally select audit cases on the basis of assessed risks – responsibility for audit selection is decentralized. The MoTD uses a centralized risk assessment IT program and risk assessment criteria for use in audit planning. Lower level units prepare draft audit plans which are consolidated at higher level offices. A final consolidated plan is sent to the State Control Committee (SCC) for approval and is posted on its website. The audit plan does not use a range of audit types, primarily relying on comprehensive audits. Desk audit, field audit, and crosschecking audits are audit techniques used by the MoTD. There is no routine evaluation of the impact of audits on the levels of taxpayer compliance, although the MoTD documents results of all kind of inspections.

The MoTD uses centralized large-scale automated crosschecking procedures to verify the accuracy of reporting. In completing desk audits, the MoTD identifies discrepancies in taxpayers' tax returns. Available data includes VAT returns, import-export transactions, social contribution data, taxpayer registration data, bank data, customs data, immovable property and population register. Automated crosschecking is not available for internet-based vendor data, vehicles database and stock exchange data.

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.	M1	B

The MoTD uses public and private binding rules, but does not use cooperative compliance agreements. The Tax Code requires authorities to provide written explanations of tax procedures, and written rulings on tax obligations. Rulings cover all core taxes and key taxpayer segments and are binding. Private rulings are provided in written paper or electronic letters. Electronic correspondence is sent through the secure online taxpayer portal. Public rulings can be easily accessed on the website of MoTD, although information provided is not classified by core taxes, key obligations and segments of taxpayers. Although the MoTD responds to requests for clarifications from taxpayers and taxpayer associations, it does not enter into formal cooperative compliance agreements.

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.	M1	D

The MoTD does not have a methodology to estimate revenue losses from inaccurate reporting. The MoTD has access to a wide range of internal and external data sources, including tax returns, e-invoices, bank transactions, real estate and land transactions, and customs transactions. Data is uploaded into the data warehouse of MoTD and business intelligence tools are in place to analyze large volumes of data. However, the MoTD does not yet have a methodology to assess revenue losses from inaccurate reporting (e.g. tax gap analysis). The MoTD has previously conducted a survey on the shadow economy, and there are ad hoc reports on inaccurate VAT reporting. However, it has not yet leveraged its extensive data sources to estimate revenue losses across all core taxes and taxpayer segments.

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	B
P7-19-2. Whether the administrative review mechanism is independent of the audit process.		C
P7-19-3. Whether information on the dispute process is published, and whether taxpayers are explicitly made aware of it.		B

A graduated dispute resolution process is available and used by taxpayers, however, the administrative review is two-tiered.¹¹ Taxpayers initially file appeals at the oblast level, and subsequently may appeal to the MoTD headquarters level. Taxpayers may also appeal for judicial review, which is independent and graduated. Economic courts at regional level (oblast) serve as the first avenue of appeal for a taxpayer dissatisfied with the outcome of the administrative review process. Filing a complaint with a higher-level tax body does not prevent

¹¹ Two-tiered mechanism of pre-judicial review of complaints was introduced in Belarus starting with 2017. Previously, a taxpayer dissatisfied with the outcome of the inspection (audit) had a discretion to appeal to any of higher-level bodies (to MoTD oblast inspectorate or to MoTD headquarters). Starting with 2017 a taxpayer may file an appeal to both levels but through a graduated procedure.

taxpayers from filing a complaint with the court. A taxpayer may seek judicial protection irrespective of whether the decision of the tax body has been appealed through a pre-judicial procedure. The Tax Code provides the legal framework for the review process.

The MoTD commented that in their opinion, such procedure fully concurs with protection of rights and legitimate interests of audited taxpayers. The TADAT assessment team acknowledges the comment. However, the team's view is that requirements for a higher score for this dimension are not met according to the TADAT Field Guide benchmark providing for a single-tier administrative review process.

While administrative reviews are conducted by separate auditors, the mechanism is not organizationally independent of the Audit Department and there are no dedicated review officers at the regional level. The Audit Units of oblast tax offices review subordinate Rayon-level tax offices. The exception is the Department of Pre-Trial Appeals at the MoTD which does not coordinate and participate in audits as its functions are limited solely to review of complaints. Taxpayers have 30 days to request a review, and usually they pay the disputed amount without waiting for dispute resolution as, according to provisions of the Code of Administrative Offenses, this may reduce or cancel administrative penalties in the case of a negative outcome. Taxpayers are entitled to a refund of interest accrued on the paid taxes if the complaint is resolved in their favor.

The Tax Code and the presidential edict establishing taxpayer dispute rights and the dispute resolution process are publicly available. MoTD posted general information on taxpayer dispute rights and the dispute resolution process on its website during the mission. The MoTD informs taxpayers about their rights in audit finalization letters, notices of assessment and notification s of administrative review outcomes. But there is no internal written instruction requiring auditors to inform taxpayers about their dispute rights and procedures.

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.	M1	D

Administrative reviews were completed within 30 days in 47 percent of cases during 2017, falling short of international good practice (see Attachment III, Table 12). The tax legislation provides a maximum possible period of 90 days for completion of administrative review, unless an additional audit is required. Following the completion of an audit, a taxpayer has 30 days to file an appeal. The oblast tax office is required to decide on the appeal within 30 days. After the first stage decision, a taxpayer has 30 days to file an appeal to the MoTD headquarters, which has 30 days to make a decision. In 2017, taxpayers filed 146 objections, of which 46.6 percent were reviewed within 30 days, 2.7 percent within 60 days, 17.8 percent within 90 days and 32.9 percent in more than 90 days.

The MoTD's view is that a one-month period provided for in the Tax Code is most appropriate for a detailed, comprehensive and objective review of a dispute and that reduction of the time period allowed for filing complaints by taxpayers may be regarded as infringement of their rights and legitimate interests. Based on the evidence collected during the in-country phase, the assessment team's conclusion is that a higher score is not warranted since a 30-day international good practice benchmark reflected in the TADAT Filed Guide is not met.

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.	M1	A

The MoTD systematically analyzes dispute outcomes to adjust procedures, policies, and legislation. The MoTD Department of Pre-Trial Appeal Review is responsible for analyzing dispute outcomes. Results of this analysis are taken into account for adjusting administrative procedures, legal interpretations, and even for periodic amendment of the Tax Code. This unit prepares instructions, recommendations and review letters for subordinate inspections based on dispute outcomes and prepares and publishes articles and explanations for taxpayers in mass media and the MoTD 'Taxes of Belarus' journal.

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.)¹²
- 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.	M1	A

Dedicated staff of the MoTD provide input to government tax revenue forecasting and monitor collections for all core taxes, VAT refunds, tax expenditures and tax losses. The overall responsibility for revenue forecasting lies with the MoF based on inputs from the MoTD. There is an on-going cooperation between the MoTD and the MoF based on a memorandum of understanding outlining the information and reports to be shared. A comprehensive data-warehouse and business intelligence solution operated by the MoTD provides data and reports for forecasting and analysis. The MoF has access to this system and

¹² 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.

can generate its own customized reports in addition to a number of standardized reports. The MoTD monitors tax revenues by matching forecasts and actual revenues for all core taxes on a monthly and quarterly basis and analyzing explanations for any gaps. In addition, MoTD produces annual reports on tax expenditures and tax losses brought 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.	M1	B

The MoTD has an automated tax revenue accounting system that meets government IT and accounting standards, interfaces with the Treasury IT system and is subjected to internal audits. The tax revenue accounting system has all features that characterize a good revenue accounting system by international standards, with the exception of interest that currently cannot be separately identified in a taxpayer's account. The MoTD plans to add this feature from 2018. The system posts tax payments to taxpayers' accounts within less than 24 hours. In early 2017, the MoTD deployed an automated solution for internal audit to check the correctness of calculations by the tax revenue accounting system. The MoTD Department for Tax Accounting conducts regular internal audits to ensure that the accounting system and related IT subsystem align with the tax laws and government accounting standards.

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	B	B+
P8-24-2. The time taken to pay (or offset) VAT refunds.		A	

An adequate, risk-based VAT refund system provides timely offsets and refunds; however there is no provision for interest payments on delayed payments. Taxpayers are eligible to apply for an accelerated 15-day refund process if they meet various risk criteria, including timely payment and accurate reporting in declarations. All other declarations are subject to a pre-refund desk audit prior to payment. The MoTD operates a single taxpayer account and VAT refunds offset other tax liabilities within 30 days, accounting for the majority of refunds. In cases where VAT refunds exceed offsets, refund payments are made electronically.¹³ The MoTD is required to hold refunds for 30 days to offset other liabilities prior to issuance of a payment order which requires up to five business days to fulfill. VAT revenues are managed by the MoF on a net basis and revenues fund VAT refunds. There are no legal provisions allowing for payment of interest to taxpayers on delayed refunds. As shown in Table 13 of Attachment III, 97.7 percent of refunds by number of cases, and 95 percent of refunds by value are paid, offset, or declined within 30 calendar days.

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.

¹³ The Tax Code (Article 103) establishes 10-day VAT refund procedure for low-risk and some other categories of taxpayers.

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.		C	

The MoTD does not currently have an organizationally independent internal audit unit reporting directly to an audit committee. As discussed in the 2014 PEFA evaluation, internal audit, as understood in the international context, is not currently part of the Belarusian public financial system, understood here as a unit reporting to the tax administration head responsible for assuring senior management of the soundness of internal control, risk management, and governance frameworks. There is currently no internal audit plan covering financial and performance audit.

A Control Directorate serves as a staff integrity assurance mechanism and has some role in performing internal audit functions. The unit was formed in September 2017¹⁴ and reports to the First Deputy Minister. This unit has appropriate investigative powers and cooperates with relevant law enforcement agencies in performing its duties. As a new unit, it does not yet contribute to the formulation of integrity and ethics policy, and integrity statistics are not publicly reported. A training program is not yet in place but is planned.

¹⁴The MoTD had some form of an internal audit function before the establishment of the Control Directorate – the function of departmental (internal) control in regard to subordinated tax offices had operated since 2014. The MoTD Main Department of Tax Accounting and Departmental Control and similar departments in Oblast and Minsk tax offices performed this function. Departmental control was focused on checking compliance of subordinate tax offices with laws and effective use of assets, as well as identifying areas for improving performance of tax offices. Control was undertaken mainly through scheduled inspections of MoTD subordinate tax offices and oversight of the implementation of decisions made on the basis of such inspections. The main purpose for auditing tax offices by the MoTD included: ensuring the execution of revenue targets planned in the budget and identification of additional tax revenue sources; organization and exercise of control activity; execution by tax offices of their budgets; compliance with accounting requirements and reliability of reporting. Findings of the departmental control were discussed at management meetings of Oblast and Minsk tax offices informing decisions on improving performance of tax offices and proposals for amending the legislation if needed.

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	D	D
P9-26-2. The investigation process for suspected wrongdoing and maladministration.		D	

The external control function is performed by the SCC, however financial and operational audit reports were not available. Officials noted that the annual financial and compliance audit is performed by the SCC; however, no recent audits reports were available. As tax payments are made directly to the Treasury, MoTD financial control responsibilities are limited to its own operations. Operational performance audits are not currently conducted by an external review body. External audit reports are not publicly available.

There is currently no formal entity with equivalent responsibilities to a tax ombudsman in Belarus. A Union of Taxpayers represented the interests of large taxpayers in dialogue with officials. In 2016, an Association of Taxpayers was created as a similar body providing representation to small and medium size taxpayers and a memorandum of understanding with the MoTD calls for close cooperation with this body. However, no formal legal entity equivalent to an ombudsman exists to investigate complaints from taxpayers. The Commission on Counteracting Corruption at MoTD Headquarters was established within the MoTD chaired by the First Deputy Minister and tasked with prevention of corruption and offense cases leading to corruption among the employees of the tax offices.

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.	M1	C

A statistically valid survey of key taxpayer segments is completed annually. The Information and Analytical Center under the Presidential Administration completes a survey that indicates the strengths and weaknesses of the MoTD, and the results are made public within six months. The Belarusian State Economic University completes a statistically significant taxpayer survey yearly, but the survey is not publicly available. Officials report integrating survey results into public relations campaigns. There is currently no comprehensive integrity framework.

The MoTD noted that results of the survey carried out by the Belarusian State Economic University were publicly available. As evidence, the MoTD shared an article "Tax Services as Part of Measures aimed to Improve Efficiency of Public Administration" published in the Belarusian Economic Journal No. 2 (2017). The assessment team concluded that the provided document could not serve as a sufficient evidence for making survey results public and thus a higher score is not warranted.

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.	M2	D	D+
P9-28-2. The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication.		C	

Although elements of MoTD plans are disclosed, financial and operational performance reports are not publicly available. The MoTD operates under a multi-year strategy and

detailed operational plan which guide institutional development. An annual report on financial and operational performance is not published. The MoTD has publicly reported on elements of its operational and strategic plans in communications with specific taxpayer segments. However, a complete strategic and operational document was not publicly available at the time of the assessment.

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. Republic of Belarus: Country Snapshot

Geography	<ul style="list-style-type: none"> The Republic of Belarus is a landlocked country bordering with Latvia, Lithuania, Poland, Russian Federation and Ukraine. It has a total land area of 207,600 km² The capital and largest city is Minsk which is home to about 20 percent of the population
Population	<ul style="list-style-type: none"> 9.5 million as of January 1, 2017 <i>Source: Belstat</i>
Adult literacy rate	<ul style="list-style-type: none"> 99.6 percent of persons aged 15 and over can read and write <i>Source: Belstat, based on 2009 census</i>
Gross domestic product	<ul style="list-style-type: none"> 2016 nominal GDP: BYN 94.3 bn or US\$47.4 bn <i>Source: World Bank, World Development Indicators</i>
Per capita GDP	<ul style="list-style-type: none"> 2016: US\$ 4,989 (current), US\$18,060 (PPP) <i>Source: World Bank, World Development Indicators</i>
Main industries	<ul style="list-style-type: none"> Metallurgical; mechanical engineering, including tractors and agricultural, cars, radio engineering, electro technical, electronic, optics-mechanical industry; chemical and petrochemical; food and agriculture <i>Source: Official website of the Republic of Belarus (http://www.belarus.by)</i>
Communications	<p>For 2016:</p> <ul style="list-style-type: none"> Internet subscribers per 100 people: 117 Households with Internet access: 62.5 percent Mobile phone subscribers per 100 people: 120 Non-ICT businesses using Internet via wireless broadband access: 48.1 percent <i>Source: www.belstat.gov.by</i>
Main taxes	<ul style="list-style-type: none"> VAT, CIT, PIT and excise tax
Tax-to-GDP	<ul style="list-style-type: none"> 25.3 percent in 2016, including customs tax collections <i>Source: www.nalog.gov.by</i>
Number of taxpayers	<ul style="list-style-type: none"> As of January 1, 2017 total number of taxpayers registered by tax authorities was 3,281,474 of which 180,760 (5.5 percent) were companies, 235,995 (7.2 percent) were self-employed, and 2,864,719 (87.3 percent) were individuals registered for paying other taxes (e.g. property tax) (Source: www.nalog.gov.by) CIT – 75,400; PAYE – 136,068;¹⁵ PIT – 57,597; VAT – 121,448; domestic excise taxes - 304 (as of end 2016)
Main collection agency	<ul style="list-style-type: none"> MoTD (http://www.nalog.gov.by)
Number of staff in the main collection agency	<ul style="list-style-type: none"> 152 in the MoTD headquarters, and 5,605 in 88 field offices of the ministry across the country <i>Source: MoTD</i>
Financial Year	<ul style="list-style-type: none"> Calendar year

¹⁵ For the purposes of this table total number of Belarus PAYE taxpayers includes both categories – withholding agents operating under regular tax regime, as well as withholding agents under special national tax regimes. This statistic differs from the PAYE data in Tables 2 and 8 of Attachment III, which in line with TADAT methodology does not include withholding agents under special tax regimes.

Attachment III. Data Tables

A. Tax Revenue Collections

Table 1. Tax Revenue Collections¹			
	2014	2015	2016
In local currency, BYN billion			
National budgeted tax revenue forecast²	18.5	22.0	23.7
Total tax revenue collections	18.9	22.3	23.9
Corporate Income Tax (CIT)	2.0	2.1	2.3
Personal Income Tax (PIT)	3.2	3.7	3.9
Value-Added Tax (VAT)—gross domestic collections (MoTD)	4.2	4.6	5.1
Value-Added Tax (VAT)—refunds approved and paid	(4.1)	(4.7)	(5.4)
Value-Added Tax (VAT)—collected on imports (MoTD)	4.3	4.9	5.5
Value-Added Tax (VAT)—collected on imports (SCustC)	2.6	2.5	3.0
Excises on domestic transactions	2.0	1.8	1.9
Excises—collected on imports (MoTD)	0.04	0.05	0.2
Excises—collected on imports (SCustC)	0.06	0.05	0.06
Other domestic taxes ³	4.6	7.3	7.3
In percent of total tax revenue collections			
Total tax revenue collections	100.0	100.0	100.0
CIT	10.6	9.4	9.6
PIT	16.9	16.6	16.3
Value-Added Tax (VAT)—gross domestic collections	22.7	20.9	21.5
Value-Added Tax (VAT)—refunds approved and paid	(21.7)	(21.1)	(22.6)
Value-Added Tax (VAT)—collected on imports (MoTD)	22.8	22.0	23.0
Value-Added Tax (VAT)—collected on imports (SCustC)	13.8	11.2	12.6
Excises on domestic transactions	10.6	8.1	7.9
Excises—collected on imports (MoTD)	0.2	0.2	0.8
Excises—collected on imports (SCustC)	0.3	0.2	0.4
Other domestic taxes	24.3	32.7	30.5
In percent of GDP			
Total tax revenue collections	23.4	24.8	25.3
CIT	2.5	2.3	2.4
PIT	4.0	4.1	4.1
Value-Added Tax (VAT)—gross domestic collections	5.2	5.1	5.4
Value-Added Tax (VAT)—refunds approved and paid	(5.1)	(5.2)	(5.7)
Value-Added Tax (VAT)—collected on imports (MoTD)	5.3	5.5	5.8
Value-Added Tax (VAT)—collected on imports (SCustC)	3.2	2.8	3.2
Excises on domestic transactions	2.5	2.0	2.0
Excises—collected on imports (MoTD)	0.0	0.1	0.2
Excises—collected on imports (SCustC)	0.1	0.1	0.1
Other domestic taxes	5.7	8.1	7.7
Nominal GDP in local currency, BYN billion	80.5	89.9	94.3
Explanatory notes:			
¹ This table gathers data for three fiscal years 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.			
² 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.			
³ 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 ¹ [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	61,500	10,246	71,746	14.3	275
Personal income tax	47,513	3,670	51,183	7.2	3
- sole proprietors	18,337	-	18,337	-	0
- individuals	29,176	-	29,176	-	0
PAYE withholding (# of employers) ²	61,500	10,246	71,746	14.3	275
Value-Added Tax	81,350	44,389	125,739	35.3	228
Domestic excise tax	191	81	272	29.8	0
Other taxpayers	160,188	3,034	163,222	1.9	86
	2015				
Corporate income tax	49,316	9,614	58,930	16.3	308
Personal income tax	51,457	3,391	54,848	6.2	3
- sole proprietors	22,281	-	22,281	-	0
- individuals	29,176	-	29,176	-	0
PAYE withholding (# of employers) ²	49,316	9,614	58,930	16.3	308
Value-Added Tax	86,289	35,007	121,296	28.9	257
Domestic excise tax	202	69	271	25.5	2
Other taxpayers	168,781	5,175	173,956	3.0	62
	2016				
Corporate income tax	64,312	11,092	75,404	14.7	274
Personal income tax	54,057	3,540	57,597	6.1	0
- sole proprietors	25,793	-	25,793	-	0
- individuals	28,264	-	28,264	-	0
PAYE withholding (# of employers) ²	64,312	11,092	75,404	14.7	274
Value-Added Tax	89,576	31,872	121,448	26.2	237
Domestic excise tax	220	84	304	27.6	1
Other taxpayers	169,286	8,753	178,039	4.9	85
Explanatory Note:					
¹ '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.					
² The employers are not required to submit separate PAYE withholding declarations in Belarus, information on PAYE withholding amounts is reported in other tax declarations as memorandum item. For the purposes of TADAT assessment the number of CIT taxpayers was used as a proxy for PAYE withholding employers. The difference is represented by special tax regimes (simplified tax regime, single agribusiness tax and tax on implied income), which are out of the scope of TADAT assessments in line with its methodology.					

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
December 2016	4,395	4,395	100
January 2017	6,532	6,532	100
February 2017	5,784	5,784	100
March 2017	4,574	4,574	100
April 2017	4,228	4,228	100
May 2017	3,536	3,536	100
June 2017	3,401	3,401	100
July 2017	5,351	5,351	100
August 2017	3,599	3,599	100
September 2017	3,264	3,264	100
October 2017	4,526	4,526	100
November 2017	4,353	4,353	100
12-month total	53,543	53,543	100

D. Filing of Tax Declarations

Table 4. On-time Filing of CIT Declarations for 2016 (Ref: POA 4)			
	Number of declarations filed on-time¹	Number of declarations expected to be filed²	On-time filing rate³ (In percent)
All CIT taxpayers	251,912	301,616	83.5
Large taxpayers only	364	364	100.0
<p>Explanatory notes:</p> <p>¹ '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>² '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>³ 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 2016 (Ref: POA 4)			
	Number of declarations filed on-time¹	Number of declarations expected to be filed²	On-time filing rate³ (In percent)
All PIT taxpayers	49,323	57,597	85.6
<p>Explanatory notes:</p> <p>¹ '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>² '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.</p> <p>³ 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> $\frac{\text{Number of PIT declarations filed by the due date}}{\text{Number of PIT declarations expected from registered PIT taxpayers}} \times 100$			

Table 6. On-time Filing of VAT Declarations – All taxpayers for most recent 12-month period¹.
(Ref: POA 4)

Month	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
January 2016	20,133	21,163	95.1
February 2016	24,685	25,297	97.6
March 2016	86,025	87,378	98.5
April 2016	28,802	29,447	97.8
May 2016	28,759	29,338	98.0
June 2016	87,291	88,985	98.1
July 2016	26,005	26,556	97.9
August 2016	28,939	29,649	97.6
September 2016	90,065	91,915	98.0
October 2016	29,702	30,315	98.0
November 2016	28,336	28,902	98.0
December 2016	87,778	89,576	98.0
12-month total	566,520	578,521	97.9

Explanatory notes:

¹ For the purposes of comparability with Table 2 data the data for full 2016 year was extracted

² '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).

³ '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.

⁴ 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 ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
January 2016	86	86	100.0
February 2016	85	85	100.0
March 2016	90	91	98.9
April 2016	86	86	100.0
May 2016	85	85	100.0
June 2016	91	91	100.0
July 2016	86	86	100.0
August 2016	86	87	98.9
September 2016	91	91	100.0
October 2016	85	85	100.0
November 2016	86	86	100.0
December 2016	91	91	100.0
12-month total	1,048	1,050	99.8

Explanatory notes:

¹ '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).

² '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.

³ 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 period¹.

(Ref: POA 4)

Quarter	Number of declarations filed on-time ²	Number of declarations expected to be filed ³	On-time filing rate ⁴ (In percent)
1	62,944	75,655	83.2
2	63,002	74,704	84.3
3	62,978	74,806	84.2
4	62,988	76,454	82.4
Total for 2016	251,912	301,619	83.5

Explanatory notes:

¹ The employers are not required to submit separate PAYE withholding declarations in Belarus, information on PAYE withholding amounts is reported in other tax declarations as memorandum item. For the purposes of assessing on-time filing of PAYE withholding declarations information on filed and expected CIT declarations was used as a proxy.

² '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).

³ '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.

⁴ 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, 2014-16¹ (Ref: POAs 4 and 5)			
	2014	2015	2016
	Electronic filing² (In percent of all declarations filed for each tax type)		
CIT	82.8	88.7	95.3
PIT	29.0	41.3	57.1
VAT	85.9	87.8	96.5
PAYE withholding (declarations filed by employers)	82.8	88.7	95.3
Large taxpayers (all core taxes)	100.0	100.0	100.0
	Electronic payments³ (In percent of total number of payments received for each tax type)		
CIT	100	100	100
PIT	100	100	100
VAT	100	100	100
PAYE withholding (remitted by employers)	100	100	100
	Electronic payments (In percent of total value of payments received for each tax type)		
CIT	100	100	100
PIT	100	100	100
VAT	100	100	100
PAYE withholding (remitted by employers)	100	100	100
Explanatory notes:			
¹ 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.			
² For purposes of this table, electronic filing involves facilities that enable taxpayers to complete tax declarations online and file those declarations via the Internet.			
³ 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 ¹	VAT payments due ²	On-time payment rate ³ (In percent)
Number of payments	203,372	238,105	85.4
Value of payments	5,171,089,124.47	5,219,802,221.00	99.1

Explanatory notes:

¹ 'On-time' payment means paid on or before the statutory due date for payment.

² 'Payments due' include all payments due, whether self-assessed or administratively assessed (including as a result of an audit).

³ 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:

- The on-time payment rate by number is:

$$\frac{\text{Number of VAT payments made by the due date}}{\text{Total number of VAT payments due}} \times 100$$

- The on-time payment rate by value is:

$$\frac{\text{Value of VAT payments made by the due date}}{\text{Total value of VAT payments due}} \times 100$$

G. Domestic Tax Arrears

Table 11. Value of Tax Arrears, 2014 – 2016 ¹ (Ref: POA 5)			
	2014	2015	2016
	Million BYN (after denomination)		
Total Core tax revenue collections (from Table 1) (A)	14,283.27	15,730.35	17,251.85
Total Core tax arrears at end of fiscal year ² (B)	18.36	56.36	97.13
Of which: Collectible ³ (C)	16.39	50.05	79.64
Of which: More than 12 months' old (D)	1.97	6.31	17.49
	In percent		
Ratio of (B) to (A) ⁴	0.13	0.36	0.56
Ratio of (C) to (A) ⁵	0.11	0.32	0.46
Ratio of (D) to (B) ⁶	0.01	0.04	0.10
Explanatory notes:			
¹ 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).			
² 'Total Core tax arrears' include tax, penalties, and accumulated interest.			
³ '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).			
⁴ i.e. $\frac{\text{Value of total Core tax arrears at end of fiscal year (B)}}{\text{Total core tax collected for fiscal year (A)}} \times 100$			
⁵ i.e. $\frac{\text{Value of collectible core tax arrears at end of fiscal year (C)}}{\text{Total core tax collected for fiscal year (A)}} \times 100$			
⁶ 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

I. Payment of VAT Refunds

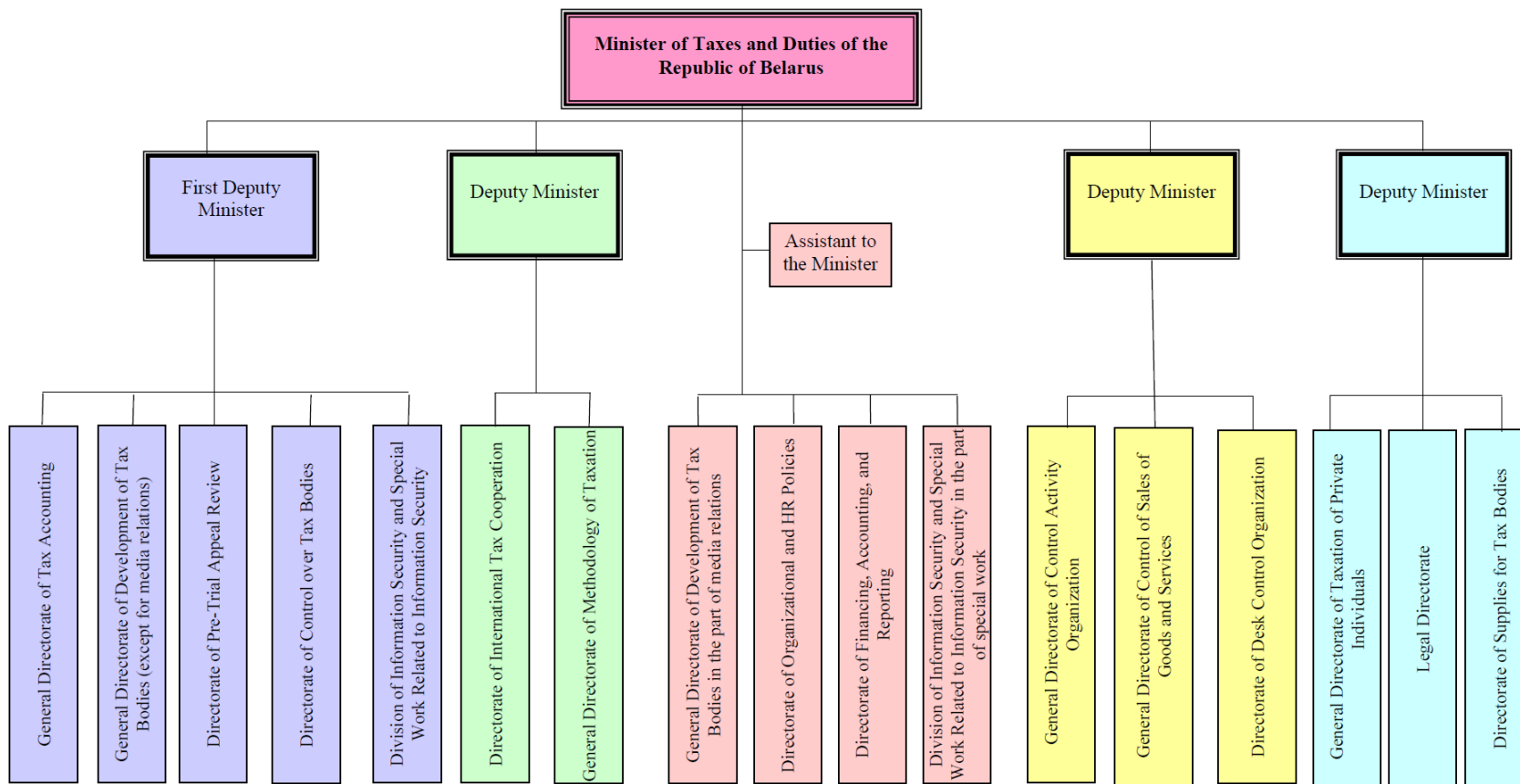
Table 13. VAT Refunds for 2016.

(Ref: POA 8)

	Number of cases	Million BYN
Total VAT refund claims received (A)	243,410	5,917.26
Total VAT refunds paid ¹	241,020	5,874.40
Of which: paid within 30 days (B) ²	235,335	5,581.13
Of which: paid outside 30 days	42,096	2,121.49
Total VAT refund claims declined ³	2,390	42.85
Of which: declined within 30 days (C)	2,390	42.85
Of which: declined outside 30 days	0	0
Total VAT refund claims not processed ⁴	0	0
Of which: no decision taken to decline refund	0	0
Of which: approved but not yet paid or offset	0	0
In percent		
Ratio of (B+C) to (A) ⁵	97.7	95.0
<p>Explanatory note:</p> <p>¹ Include all refunds paid, as well as refunds offset against other tax liabilities.</p> <p>² TADAT measures performance against a 30-day standard.</p> <p>³ 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).</p> <p>⁴ 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.</p> <p>⁵ i.e.</p> $\frac{\text{Value of VAT refunds paid within 30 days (B)} + \text{VAT refunds declined within 30 days (C)}}{\text{Value of all VAT refund claims received}} \times 100$		

Attachment IV. Organizational Chart

STRUCTURE
of the Head Office of the Ministry of Taxes and Duties of the Republic of Belarus



Attachment V. Sources of Evidence

Indicators	Sources of Evidence
P1-1. Accurate and reliable taxpayer information.	<ul style="list-style-type: none"> • Tax Code, General Part, Article 65-67 on taxpayer registration • Presidential Decree No.1 on Registration and Liquidation of Businesses • Council of Ministers (CoM) Resolution No.141, dated February 2, 2009, on Cooperation of State Agencies and Other Organizations Using an Automated Data Sharing System • Examples of large-scale automatic cross-checking with third party information (demonstration of IT subsystems by MoTD HQ and observations in field offices) • MoTD internal management reports • CoM Resolution No. 229, dated February 23, 2009, on State Register of Legal Entities • MoTD Resolution No. 96, dated December 31, 2010 on taxpayer registration/deregistration forms and TINs • MoJ Resolutions No. 8, dated January 27, 2009, and No.25, dated March 10, 2009 on registration of legal entities • Numerical data –Table 2 of Attachment III • MoTD website (taxpayer portal): http://www.portal.nalog.gov.by/web/nalog/home • MoJ website (legal entities registration portal) http://egr.gov.by/egrn/
P1-2. Knowledge of the potential taxpayer base.	<ul style="list-style-type: none"> • Tax Code, General Part – Articles 65-67 on registration of taxpayers • Presidential Decree No.1, dated January 16, 2009, on Registration and Liquidation of Businesses • CoM Resolution No.141, dated February 2, 2009, on Cooperation of State Agencies and Other Organizations Using an Automated Data Sharing System • Six-month operational plan for field audits for 2016
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	<ul style="list-style-type: none"> • Presidential Edict No.488, dated October 23, 2012 on register of high risk businesses • CoM Resolution No.74, dated January 30, 2013, on the single database of entities, classified by groups of risks • http://www.nalog.gov.by/ru/svedeniya-predprinimatelstvo/ Analytical reports of budget revenue • http://www.nalog.gov.by/ru/dohod-budget-ru/ Analytical reports of budget revenue • http://www.nalog.gov.by/ru/nalog-nagruzka-economica-ru/ Analytical reports of tax burden • http://www.nalog.gov.by/ru/nalog-nagruzka-na-organizacii-ru/ Analytical reports of tax burden • http://www.nalog.gov.by/ru/krupnie-platelschiki/

Indicators	Sources of Evidence
	<p>Analytical reports of large taxpayers</p> <ul style="list-style-type: none"> • http://www.nalog.gov.by/ru/best-platelschik/ <p>List of compliant taxpayers</p> <ul style="list-style-type: none"> • The report of the MoTD survey of small and medium businesses ” Impact of public policy on the shadow economy” • The MoTD work program for year 2017 to implement 2016-2020 Strategy, as approved by the Order of the Board of the MoTD from December 23, 2016 • The analytical report on budget revenue collection plan for January-November 2017 by the Tax Office of the Pervomaiskiy District in Minsk, dated December 12, 2017
P2-4. Mitigation of risks through a compliance improvement plan.	<ul style="list-style-type: none"> • MoTD Strategy for 2016-2020, approved by Order of the MoTD Board No.12, dated October 23, 2015 • MoTD work program for 2017 to implement Strategy for 2016-2020, approved by Order of MoTD Board, dated December 23, 2016 • MoTD Board protocols, dated October 28, 2016, August 29, 2016 • Report by the Secretary of the Minister of MoTD, dated November 20, 2017 on results of the annual program • MoTD Report on Results of 2017 Program to implement Strategy for 2016-2020 (covers January – September 2017)
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	<ul style="list-style-type: none"> • MoTD protocols, dated October 28, 2016, August 29 2016 • MoTD Report on Results of the Annual Program, signed by the Secretary of the Minister, dated November 20, 2017 • MoTD Report on Results of 2017 Program to implement Strategy for 2016-2020 (covers January – September 2017)
P2-6. Identification, assessment, and mitigation of institutional risks.	<ul style="list-style-type: none"> • Presidential Edict No.486, dated October 25, 2011, on register of IT systems of critical importance • MoTD Order No.7, dated January 29, 2015, on management of the classified information • MoTD Order No.37, dated April 7, 2011, on user guide to assure information security in IT systems • MoTD Order No.63, dated June 25, 2015, on the procedure of protecting confidential information in IT systems • MoTD Order on approval of information security policy • MoTD Order on instruction for the procedure to manage information security risks • MoTD Emergency Training Plan for 2016, dated January 6, 2016 • Procedures for data backup and recovery of IT system in MoTD, dated July 30, 2015 • Civil preparedness plan of the Minsk Tax Office, approved by Head of the office, dated January 7, 2016 • Emergencies liquidation plan of the Minsk Tax Office, approved by the Head of the office, dated January 7, 2016

Indicators	Sources of Evidence
P3-7. Scope, currency, and accessibility of information.	<ul style="list-style-type: none"> • MoTD website (on registration): http://www.nalog.gov.by/ru/registraciya-urlica-ip-ru/ • MoTD website (on registration of individuals): http://www.nalog.gov.by/ru/postanovka_na_uchet/ • MoTD website (information for individual entrepreneurs): http://www.nalog.gov.by/ru/nalogooblazheniye-ip/ • MoTD website (information for individuals): http://www.nalog.gov.by/ru/nalogooblojenie-fiz-lits-ru/ • MoTD website (information for foreign organizations): http://www.nalog.gov.by/ru/nalogooblazhenie-inostrannyh-organizacij/ • MoTD website (information on the contact center): http://www.nalog.gov.by/ru/contact-center • MoTD website (online conferences): http://www.nalog.gov.by/ru/confer/ • MoTD website (explanations on taxes): http://www.nalog.gov.by/ru/razjasnenija_minsk_obl_ru/ • Functions of the structural subdivisions of the MoTD • MoTD Order No. 1, dated January 5, 2012 “On Maintenance of MoTD Website” • MoTD Letter, dated March 6, 2016, to MoTD inspectorates on the Plan for Outreach Activities Improvement • Plan of holding workshops with individual entrepreneurs for June 2017: http://www.nalog.gov.by/ru/vstrechi/viewArchiveNews/plan-provedeniya-seminarov-s-individualnymi-predprinimateljami-na-ijun-2017-goda-26301/ • Visiting a school to present books “All about Taxes for Kids”: http://www.nalog.gov.by/ru/news_ministerstva_minsk_obl_ru/view/ak-tsija-detjam-o-nalogax-v-g-borisove-27918/ • Report for January-September 2017 on implementation of the MoTD Program of Activities for 2017 • Outreach Plan for March-June 2016 related to introduction of e-invoices • Numerical data – Table 3 of Attachment III
P3-8. Scope of initiatives to reduce taxpayer compliance costs.	<ul style="list-style-type: none"> • Tax Code, General Part, Article 63-1 on taxpayer user account • Tax Code, Specific Part, Articles 285-291 on simplified taxation regime • Tax Code, Specific Part, Article 175 on assessment and payment of the personal income tax by tax agents • MoTD portal: http://www.portal.nalog.gov.by/web/nalog • MoTD website (available e-services): http://www.nalog.gov.by/ru/el-service • Report for January-September 2017 on implementation of the MoTD Program of Activities for 2017

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> • MoTD Resolution No.42, dated December 24, 2014 (tax declarations templates) • MoTD website (examples of public consultations): http://www.nalog.gov.by/ru/news_ministerstva_ru/view/mns-vynosit-na-obschestvennoe-obsuzhdenie-formu-deklaratsii-rascheta-po-nalogu-na-dobavlennuju-stoimost-i-25707/ http://www.nalog.gov.by/ru/news_ministerstva_ru/view/mns-vynosit-na-obschestvennoe-obsuzhdenie-izmenenija-i-dopolnenija-po-zapolneniju-knigi-ucheta-tovarov-ip-25912/ • Minutes of the meeting of the Advisory Council under MoTD No.6, dated October 19, 2017 (about including the issue of improving the income tax declaration templates into the meeting agenda for December 2017)
P3-9. Obtaining taxpayer feedback on products and services.	<ul style="list-style-type: none"> • MoTD Order No. 81, dated September 2, 2013, on the Advisory Council • MoTD information on implementation of proposals on improving tax legislation and tax administration received in 2016 from the Advisory Council under the MoTD • MoTD website (minutes of the Advisory Council meetings): http://www.nalog.gov.by/ru/deyatelnost-konsultativnogo-soveta-ru • Research report entitled “Assessment of Satisfaction of Individual Entrepreneurs, Small and Medium-Size Organizations Registered in the Republic of Belarus with Tax Services Provided”, Minsk, Belarusian State Economic University, 2016 • Survey of the Information and Analytical Center under the Presidential Administration of the Republic of Belarus entitled “Optimization of System of Sociological Assessment of Tax Services Provided to Private Small and Medium-Size Enterprises of the Republic of Belarus”, Minsk, 2016 • Memorandum on cooperation and understanding between MoTD and Association of Taxpayers, dated February 17, 2016 • Plans of round-table discussions with representatives of the Association of Taxpayers for the first and second halves of 2017 • MoTD website (invitation to participate in load testing): http://www.nalog.gov.by/ru/news_ministerstva_ru/view/o-provedenii-povtornogo-nagruzochnogo-testirovanija-ais-uchet-schetov-faktur-23066/ • http://www.nalog.gov.by/ru/news_ministerstva_ru/view/o-provedenii-nagruzochnogo-testirovanija-ais-uchet-schetov-faktur-22924/
P4-10. On-time filing rate.	<ul style="list-style-type: none"> • Tax Code, General Part – Article 63 on tax declarations • Tax Code, Specific Part – Article 108 on filing VAT tax declarations • Tax Code, Specific Part – Article 143 on filing CIT tax declarations • Tax Code, Specific Part – Article 175 on PAYE withholding agents • Tax Code, Specific Part – Article 180 on filing PIT tax declarations

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> Numerical data –Tables 4-8 of Attachment III
P4-11. Use of electronic filing facilities.	<ul style="list-style-type: none"> MoTD Resolution No.7, dated February 29, 2012 on e-filing MoTD Resolution No.2, dated January 31, 2017, on e-communication with taxpayers Numerical data –Table 9 of Attachment III
P5-12. Use of electronic payment methods.	<ul style="list-style-type: none"> Numerical data –Table 9 of Attachment III
P5-13. Use of efficient collection systems.	<ul style="list-style-type: none"> Tax Code, General Part, Article 23 on withholding agents Tax Code, General Part, Article 46 on payment of taxes Tax Code, Specific Part, Article 143 on CIT payments Tax Code, Specific Part, Article 175 on withholding at source PIT payments
P5-14. Timeliness of payments.	<ul style="list-style-type: none"> Numerical data –Table 10 of Attachment III
P5-15. Stock and flow of tax arrears.	<ul style="list-style-type: none"> Numerical data –Table 11 of Attachment III
P6-16. Scope of verification actions taken to detect and deter inaccurate reporting.	<ul style="list-style-type: none"> Tax Code, General Part, Article 64 on tax control Tax Code, General Part, Article 68 on exchange of information with banks, Social Protection Funds Tax Code, General Part, Articles 69-71 on tax inspections Presidential Edict No.510, dated October 16, 2009 on improvement of control activities MoTD Resolution No.88, dated December 31, 2009, on methods of tax audits MoTD Resolution No.105, dated December 31, 2010, on third party information MoTD Resolution and Board of the National Bank No.23/535, dated September 3, 2015, on exchange of information with banks MoTD Resolution, dated August 31, 2015, on crosschecking incomes and expenditures of individuals CoM Resolution No.426, dated March 24, 2010, on tax assessment by using indirect methods MoTD website: http://www.nalog.gov.by/ru/planirovanie-proverok/ (audit planning) MoTD website: http://www.portal.nalog.gov.by/ngb/ MoTD website: http://www.portal.nalog.gov.by/grp/ MoTD website: http://www.nalog.gov.by/ru/perechen_ru/ MoTD website: http://www.nalog.gov.by/ru/informaciya-o-subektah-predprinimatelstva/ MoTD website: http://www.nalog.gov.by/ru/best-platelschik/ List of compliant taxpayers MoTD website: http://www.icetrade.by/articles/view/12 Register of non-compliant taxpayers

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> MoTD website: http://www.nalog.gov.by/ru/zadoljnost-pered-bulджетom/ Taxpayers with tax debt http://kgk.gov.by/ru/koord_plan_minsk-ru/ MoTD audit plan of year 2017 Screenshots of IT program “Selection of Subjects for Audit” from field observations Screenshots of IT program “Cameral Audit” from field observations
P6-17. Extent of proactive initiatives to encourage accurate reporting.	<ul style="list-style-type: none"> Tax Code, General Part, Article 21 on taxpayer rights Tax Code, General Part, Article 82 on responsibilities of tax bodies and its officials Website of the MoTD (examples of public rulings): http://www.nalog.gov.by/ru/razjasnenija_ru/ Examples of private rulings (MoTD letters)
P6-18. Monitoring the extent of inaccurate reporting.	<ul style="list-style-type: none"> Report on the MoTD Survey of Small and Medium-Size Businesses “Impact of Public Policy on the Shadow Economy” MoTD Letter No. 13–14/02146, dated November 17, 2017
P7-19. Existence of an independent, workable, and graduated dispute resolution process.	<ul style="list-style-type: none"> Tax Code, General Part, Article 78 on tax audit appeals Tax Code, General Part, Articles 85-88 on tax dispute resolution process Tax Code, Chapter 11 Presidential Edict No.510 dated October 16, 2009 on improvement of control activities Department of Pretrial Appeal Review’s Action Plan for 4th quarter of 2017, dated October 2, 2017 MoTD letter on appeal procedure No.10-16/00651 dated April 4, 2017 MoTD letter on performance drawbacks No.14-9/02198 dated November 11, 2017 Audit decision template Decision on audit conducted by Tax Office of Pervomaisky District in Minsk No.3-2-6/461 dated July 13, 2017 (depersonalized) MoTD decision on audit for Gomel oblast No.7 dated February 3, 2017 on the appeal against the decision on audit conducted by the Tax Office of Zhelznodorozhny District in Gomel No.27 dated January 21, 2017 (depersonalized) Taxpayer audit notification template Taxpayer audit notification #3-2-11/1608 dated December 30, 2016 Screenshots of records on three appeals in IT module ‘Audit Work’
P7-20. Time taken to resolve disputes.	<ul style="list-style-type: none"> Numerical data - Table 12 of Attachment III

Indicators	Sources of Evidence
P7-21. Degree to which dispute outcomes are acted upon.	<ul style="list-style-type: none"> • Publications in “Taxes of Belarus” Journal in 2015-2017 with analyses of dispute outcomes: No.27 (363) dated July 24, 2015, No.6 (438) dated February 10, 2017, No.12 (444) dated March 31, 2017 • Publication in “Entrepreneur Consultant” Journal No.4 (136) dated April 2017 • Publication in “Industry and Trade Law” Journal No.7 dated June 2015 • The MoTD review letters for subordinate inspections based on results of analyses on dispute outcomes
P8-22. Contribution to government tax revenue forecasting process.	<ul style="list-style-type: none"> • Agreement No.8 between MoF and MoTD on Information Sharing, dated August 14, 2017 • MoTD Analytical Report on Tax Revenue Collection for January-September 2017 • Tax expenditure calculation reporting templates • Functions of the MoTD Tax Accounting Department • Reporting form from IT system on losses carried over
P8-23. Adequacy of the tax revenue accounting system.	<ul style="list-style-type: none"> • Presentation slides on IT system • List of IT subsystems • Resolution of the MoF and National Bank N143/171 dated December 8, 2005 on processing payments to the budget • MoTD Order No.17, dated January 31, 2012 on requirements for tax accounting • Report on inspection of Mozyr City Tax Office operation dated December 17, 2017
P8-24. Adequacy of tax refund processing.	<ul style="list-style-type: none"> • Tax Code, General Part, Chapter 7 on tax refunds • Tax Code, Specific Part, Article 106-1 on VAT e-invoices • MoF and MoTD Resolution No. 53/33, dated April 28, 2010, on VAT refunds • Tax Code, Article 103 • Presidential Edict No.510 dated October 16, 2009 on improvement of control activities • MoTD Order on Approval of List of Best Taxpayers • HQ letter to oblast tax offices with recommendations on VAT refund claim processing • Articles on VAT refund issues in “Taxes of Belarus” journal • Numerical data - Table 13 of attachment III
P9-25. Internal assurance mechanisms.	<ul style="list-style-type: none"> • Presidential Edict No.325, dated June 22, 2010 on departmental control¹⁶ • MoTD Provision for the Establishment of the Department of Internal Control in 2017

¹⁶ Ceased its force on January 1, 2018.

Indicators	Sources of Evidence
P9-26. External oversight of the tax administration.	<ul style="list-style-type: none"> • 2011 Performance and Compliance Audit of the MoTD, SCC
P9-27. Public perception of integrity.	<ul style="list-style-type: none"> • Research report entitled “Assessment of Satisfaction of Individual Entrepreneurs, Small and Medium-Size Organizations Registered in the Republic of Belarus with Tax Services Provided”, Minsk, Belarusian State Economic University, 2016 • Survey of the Information and Analytical Center under the Presidential Administration of the Republic of Belarus entitled “Optimization of System of Sociological Assessment of Tax Services Provided to Private Small and Medium-Size Enterprises of the Republic of Belarus”, Minsk, 2016
P9-28. Publication of activities, results, and plans.	<ul style="list-style-type: none"> • Presidential Edict No.466, dated December 15, 2016, on approval of the Program for Social and Economic Development of the Republic of Belarus for 2016-2020 • Resolution of the MoTD No.29, dated November 30, 2016, on reporting by tax offices • Resolution of the MoTD No.30, dated November 30, 2016, on departmental reports and analytical information

