

Performance Assessment Report

**Gulu City Council,
Uganda**

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Rubagumya, Simon Peter Kiyingi, Julius Mutebi
and Brian Wilfred Adonga**

June 2022

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TADAT is a collaborative undertaking of the following partners:



BMZ
Federal Ministry
for Economic Cooperation
and Development



Ministry of Foreign Affairs of the
Netherlands

Norwegian Ministry
of Foreign Affairs

Schweizerische Eidgenossenschaft
Confédération suisse
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PREFACE

An assessment of the system of tax administration of Gulu City Finance Department [GCFD] was undertaken during the period March 16 to April 1, 2022, 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 comprising Messrs. Desterious Shilabukha (Team Leader, TADAT Expert) and Patience Tumusiime Rubagumya (TADAT Expert); and Julius Mutebi (TADAT Expert); and Brian Wilfred Adonga (TADAT Expert); and Simon Peter Kiyangi (TADAT Expert) conducted the assessment. United Nations Capital Development Fund (UNCDF) and the African Tax Administration Forum (ATAF) led the assessment with support from the TADAT Secretariat.

The assessment team met Messrs. Vincent Opiyo (Ag. Deputy Town Clerk), senior management and staff of GCFD. A virtual field visit was made to the offices of Bar-Dege Layibi City Division of GCFD.

The assessment team expresses its appreciation to GCFD management and staff for the open, and active participation in the assessment. Thanks go to Messrs. Denis Okot and Mavis Ociran for effectively facilitating the team's work during the assessment.

A draft Performance Assessment Report (PAR) was presented to GCFD during the exit meeting that was held on April 1, 2022. Written comments from GCFD showed their agreement with the findings of the assessment and the scoring

ABBREVIATIONS AND ACRONYMS

CBD	Central Business District
EAC	East African Community
F/Y	Financial Year
GCC	Gulu City Council
GCFD	Gulu City Finance and Planning Department
HCR	Human Capital Risk
HR	Human Resources
IFMS	Integrated Financial Management System
IG	Inspectorate of Government
IGG	Inspector General of Government
IRAS	Integrated Revenue Administration System
MOFPED	Ministry Of Finance Planning and Economic Development
NIRA	National Identification and Registration Authority
OECD	Organization of Economic Co-operation and Development
OSR	Own source revenue
POA	Performance Outcome Area
TADAT	Tax Administration Diagnostic Assessment Tool
TSD	Taxpayers Service Department
UGX	Uganda Shillings
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
USD	United States Dollar
VAT	Value Added Tax

EXECUTIVE SUMMARY

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

Strengths

- Information on changes to laws and administrative procedures is updated annually and provided to taxpayers before publication.
- Independent internal and external audits that provide oversight of financial and operational performance are routinely conducted.
- Annual reports and operational plans are produced and made public in a timely manner.

Weaknesses

- The integrity of the taxpayers' register is low.
- Absence of effective risk management processes to identify, assess and mitigate compliance and institutional risks.
- GCFD does not monitor time taken to respond to information requests.
- GCFD does not monitor the usage of electronic payment
- Systematized and uniform processes and procedures for conducting inspections are not in place, and the quality of inspections is not monitored.
- Lack of an effective dispute resolution mechanism that is fair and independent.
- GCFD does not have an automated revenue accounting system.
- GCFD neither has a staff integrity assurance mechanism nor a process for investigating suspected wrongdoing and maladministration.

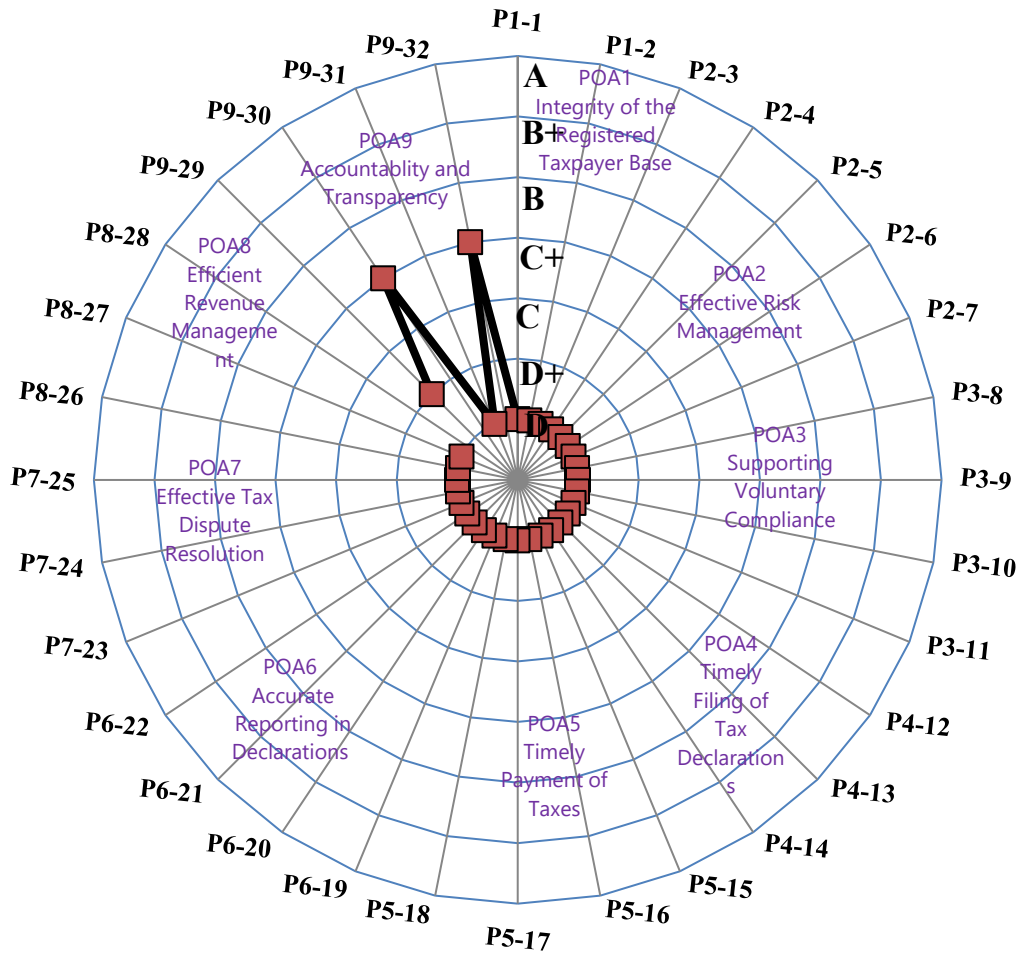
GCFD provides Information on changes to laws and administrative procedures which is updated annually and is provided to taxpayers before publication. Furthermore, it has a commendable level of transparency and accountability by making public its reports and plans and a strong independent external oversight over the tax administration's operations and financial performance.

Although GCFD has in place some good practices, many tax administration functions are weak namely, (i) Systematized and uniform processes and procedures for conducting inspections are not in place, and the quality of inspections is not monitored; (ii) documented standard operating procedures for most functions are not in place; and (iii) risk management approaches are not used to manage both taxpayer

compliance and institutional risks. In addition, there are no (i) automated crosschecking of information to ensure the accuracy of taxpayer data (ii) there is no dedicated call center to manage taxpayer enquiries.

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 nine performance outcome areas (POAs) and 32 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.

Figure 1: GCFD DISTRIBUTION OF PERFORMANCE SCORES



Indicator	Score
P1-1	D
P1-2	D
P2-3	D
P2-4	D
P2-5	D
P2-6	D
P2-7	D
P3-8	D
P3-9	D
P3-10	D
P3-11	D
P4-12	D
P4-13	D
P4-14	D
P5-15	D
P5-16	D
P5-17	D
P5-18	D
P6-19	D
P6-20	D
P6-21	D
P6-22	D
P7-23	D
P7-24	D
P7-25	D
P8-26	D
P8-27	D
P8-28	N/A
P9-29	D+
P9-30	C+
P9-31	D
P9-32	C+

Table 1: GCFD SUMMARY OF TADAT PERFORMANCE ASSESSMENT

Indicator	Scores 2022	Summary Explanation of Assessment
POA 1: Integrity of the Registered Taxpayer Base		
P1-1. Accurate and reliable taxpayer information.	D	Accuracy and reliability of taxpayer registration database is low; the database is not linked to the national registration databases. The information held in the database is inadequate in providing information to support effective interaction with taxpayers.
P1-2. Knowledge of the potential taxpayer base.	D	Initiatives undertaken to detect unregistered businesses and individuals for tax purposes are limited, and there is no evidence on the use of third-party information to detect unregistered taxpayers.
POA 2: Effective Risk Management		
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	D	GCFD does not undertake intelligence gathering and research to identify compliance risks in respect of the main tax obligations. There is no process in place to manage compliance risks.
P2-4. Mitigation of risks through a compliance improvement plan.	D	GCFD does not monitor progress nor evaluate the impact of compliance risk mitigation initiatives as no compliance risk management process is in place.
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	D	GCFD carries out monitoring of some risks from the internal audit perspective but does not monitor progress nor evaluate the impact of compliance risk mitigation initiatives as no compliance risk management process is in place.
P2-6. Management of operational risks.	D	A business continuity Programme or plan for GCFD has not yet been developed. GCFD does not manage operational risks as no structured risk management process is in place.
P2-7. Management of human capital risks.	D	GCFD does not have any processes in place to identify or manage human capital risks. The capacity to support effective management of human capital risks is absent.
POA 3: Supporting Voluntary Compliance		
P3-8. Scope, currency, and accessibility of information.	D	GCFD does not have dedicated technical staff assigned to keep up to date publicly available information to the taxpayers. GCFD does not have in place programs geared towards promoting public education for new taxpayers.
P3-9. Time taken to respond to information requests.	D	GCFD does not have a dedicated and automated call center.
P3-10. Scope of initiatives to reduce taxpayer compliance costs.	D	Although GCFD has implemented some measures to reduce taxpayer's compliance costs by introducing mobile tax payment systems, there is no website for

Indicator	Scores 2022	Summary Explanation of Assessment
		frequently asked questions. Additionally, secure online facilities are not available.
P3-11. Obtaining taxpayer feedback on products and services.	D	GCFD does not routinely seek client feedback from taxpayers to measure the standard of services provided by GCC. GCFD does not involve taxpayers in the design and testing of new processes and products prior to introduction.
POA 4: Timely Filing of Tax Declarations		
P4-12. On-time filing rate.	D	There is no self-customer service portal to enable taxpayers' files returns on their own. Furthermore, data provided is unreliable to assess this indicator objectively.
P4-13. Management of non-filers.	D	Integrated Revenue Administration System (IRAS) can generate reports on non-filers however there are no documented and structured mechanisms in place to undertake the task.
P4-14. Use of electronic filing facilities.	D	GCFD has electronic platform for Filing in place through the IRAS system. However, taxpayers are not enabled to file their taxes on their own. However the information provided in table 10 of the pre-mission questionnaire was not sufficient to assess the indicator
POA 5: Timely Payment of Taxes		
P5-15. Use of electronic payment methods.	D	Although GCFD promotes the active use of electronic payments on all its core revenue streams, the extent to which its core revenue streams are paid electronically could not be ascertained.
P5-16. Use of efficient collection systems.	D	Withholding at source and advance payment systems are not used.
P5-17. Timeliness of payments.	D	GCFD does not keep a record of the number and value of taxpayers who pay on time in relation to the total tax due.
P5-18. Stock and flow of tax arrears.	D	GCFD does not monitor the stock and flow of tax arrears. GCFD does not analyze tax arrears by age to determine collectible and uncollectible debt in accordance with good international practice.
POA 6: Accurate Reporting in Declarations		
P6-19. Scope of verification actions taken to detect and deter inaccurate reporting.	D	GCFD carries out some but not comprehensive inspections to determine the accuracy of the information reported by taxpayers. The inspections cover all core own source revenue streams but are not selected centrally based on assessed risks.

Indicator	Scores 2022	Summary Explanation of Assessment
P6-20. Use of large-scale data-matching systems to detect inaccurate reporting.	D	No information system is in place for large-scale automated crosschecking to verify, with third parties, information reported by taxpayers.
P6-21. Initiatives undertaken to encourage accurate reporting.	D	There is no system of public and private rulings in place. Some cooperative compliance arrangements are in place for hotels that include preferential treatment on inspections and payment of taxes. However, these arrangements are not documented
P6-22. Monitoring the tax gap to assess inaccuracy of reporting levels.	D	GCFD does not monitors tax revenue losses resulting from inaccurate reporting in declarations from taxpayers. No measures are in place to measure the lost revenues as a result on inaccurate reporting and declarations from taxpayers and no analytical models and methodologies are in place.
POA 7: Effective Tax Dispute Resolution		
P7-23. Existence of an independent, workable, and graduated dispute resolution process.	D	GCFD does not have an appropriately graduated mechanism of administrative review to handle tax disputes. The dispute resolution mechanism is multi-layered.
P7-24. Time taken to resolve disputes.	D	Time taken to resolve disputes is not monitored. This performance metric is not monitored for Property Rates Tax, Trading License or Market Fees and Rentals.
P7-25. Degree to which dispute outcomes are acted upon.	D	There is no documented evidence of the extent to which GCFD responds to dispute outcomes. No analysis of dispute outcomes which is considered for policy, legislative or administrative procedure changes is in place.
POA 8: Efficient Revenue Management		
P8-26. Contribution to government tax revenue forecasting process.	D	GCFD provides input to the Local Government revenue forecasting and estimating process but under the Local Government set up. However, GCFD does not provide MOFPED with reports of revenue outturns monthly or on any other specified time frequency.
P8-27. Adequacy of the tax revenue accounting system.	D	The GCFD's uses IRAS for accounting Revenue. However, IRAS does not meet government accounting standards as it is not interfaced with the MOFPED's IFMS.
P8-28. Adequacy of tax refund processing.	N/A	Not applicable – GCFD does not have any revenue stream that is eligible for a refund.
POA 9: Accountability and Transparency		
P9-29. Internal assurance mechanisms.	D+	There is an independent Internal Audit Unit reporting administratively to GCC and to the City Public Accounts

Indicator	Scores 2022	Summary Explanation of Assessment
		Committee (City PAC). However internal control policies and procedures are not documented. Furthermore, GCFD does not have an Internal Affairs Unit.
P9-30. External oversight of the tax administration.	C+	Processes for external oversight for GCC exist. However, mechanisms to investigate suspected wrongdoing are weak and underdeveloped. There is no ombudsman at the GCFD level however there is an ombudsman at national level.
P9-31. Public perception of integrity.	D	Although an independent third-party survey on the Credit Analysis was conducted in 2019, the survey did not have a valid sample of the taxpayer population to monitor trends in public confidence in GCFD.
P9-32. Publication of activities, results, and plans.	C+	An annual report outlining the financial and operational performance of GCFD is produced and is made public. The operational plans are made public in advance of the period covered by the plans. However, the current five-year strategic plan has not been published.

I. INTRODUCTION

This report documents the results of the TADAT assessment conducted in Gulu City, Uganda during the period March 16-28, 2022 and subsequently reviewed by the TADAT Secretariat. The report is structured around the TADAT framework of nine POAs and 32 high level indicators critical to tax administration performance that is linked to the POAs. Fifty-three 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:

- TADAT assesses the performance outcomes achieved in the administration of the major direct and indirect taxes critical to subnational government revenues. By assessing outcomes in relation to administration of identified core taxes, a picture can be developed of the relative strengths and weaknesses of the tax administration.
- TADAT assessments are evidence based (see Attachment V for the sources of evidence applicable to the assessment of GCC)
- 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, 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 (subnational jurisdiction 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.
- Monitoring and evaluating reform progress by way of subsequent repeat assessments.

II. CITY-BACKGROUND INFORMATION

Gulu City Profile

General background information on Gulu City, Uganda and the environment in which its tax system operates are provided in the subnational jurisdiction snapshot in Attachment II.

Data Tables

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

Economic Situation

Gulu City contributed 0.2 percent of the National GDP in 2019.¹ Gulu City per capita GDP is USD 492 which is lower than the national nominal GDP of USD 926. Gulu City's nominal GDP was USD 88.8m in 2019. Gulu City was created out of Gulu Municipality by an Act of Parliament of Uganda in 2021 and has the same legal status with a district. Gulu City land size is 256 Sq Km of which 156 Sq Km is arable

¹ According to Estimation and Mapping of Sub-National GDP in Uganda Using NPP-VIIRS Imagery an article in *Remote Sensing* Publication in 2019 Gulu District Urban Population GDP was USD 88.84M, with a per capita GDP of USD 492. According to the IMF Country Report No. 22/27, March 2022, Uganda's Nominal GDP for 2019/2020 was USD 36.6B with a nominal GDP per capita of USD 926. These are the figures that were used to determine Gulu City contribution to the national GDP

land. Commercial farming constitutes 10 percent and Semi-commercial farming 20 percent of its economic activities.

Gulu City has a poverty rate of 44.7 percent in 2020/21, which is above the national level of 32 percent. Gulu city's economic structure and services is made up industrial and commercial activities which adds up to 79 percent and informal activities take up 68 percent. The unemployment rate currently stands at 21 percent.

Main Taxes

GCFD's main structured revenue streams are Property Rates, Trading License and Market Fees & Rentals. These contributed 34 percent, 16 percent, and eight percent of the total revenues respectively in the financial year 2019/20. The choice of revenue streams in the assessment was the result of professional judgment following discussions with the authorities. Other revenue streams are Local Hotel Tax and Local Service Tax

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

Institutional Framework

GCFD is responsible for collecting, recording, accounting for and reporting on all revenue generated by the GCC. It is also charged with the responsibility of budget approval. The Accounting Officer (the City Clerk) is charged with the responsibility of controlling the regularity and proper use of money appropriated to a vote in line with Section 45 of the Public Finance Management Act, 2015 as amended. The Head of Finance, who is the designated Receiver of Revenue heads GCFD. To effectively facilitate the revenue collection function, GCC is broken down into parishes which are smaller administrative units each managed by a Town Agent.

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

Current Status of Tax Administration Reform

The GCFD's Own-Source Revenue (OSR) mobilization has declined from UGX 3,178,196,304 in 2018/2019 to UGX 1,121,675,953 in FY2020/21. This was because of the effect of the Covid-19 pandemic which slowed down economic activities in almost all the productive sectors of GCC. To arrest the declining trend and allow for Revenue Growth GCFD has implemented measures which include a Five-year Strategic Revenue Enhancement Plan to improve OSR, registration of all properties including rental properties to bolster revenue growth in Property Rates and expansion of markets which is aimed at increasing the collection of Market Fees & Rentals OSR stream.

Exchange of Information

GCC is part of the 34 Municipal Councils participating in the Taxpayer Registration Expansion Project, which is a collaborative arrangement between URA, URSB, KCCA and Ministry of Local Government.

III. ASSESSMENT OF PERFORMANCE OUTCOME AREAS

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, as well as others such as employers with PAYE withholding responsibilities. Registration and numbering of each taxpayer underpins key administrative processes associated with filing, payment, assessment, and collection.

Two performance indicators are used to assess POA 1:

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

P1-1: Accurate and reliable taxpayer information

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

Table 2. P1-1 Assessment

Measurement dimensions	Scoring Method	Score 201_	
P1-1-1. The adequacy of information held in respect of registered taxpayers and the extent to which the registration database supports effective interactions with taxpayers and tax intermediaries.	M1	D	D
P1-1-2. The accuracy of information held in the registration database.		D	

GCFD registration database does not provide frontline staff with a whole range of a taxpayer view of taxpayer's identification and other details across all core taxes. The information held in the database is inadequate in providing information to support effective interaction with taxpayers—for example, the tax registers do not include the date of birth or date of incorporation for companies.

GCFD operates the Integrated Revenue Administration System (IRAS) which is a computerised and centralized registration database for its three core taxes²: Property Rates, Trading License and Market Fees and Rentals. The system generates a taxpayer identification number, which is a unique identifier of a taxpayer on the registration database, and it is system generated as soon as the registration is

² IRAS was developed by a team of consultants with the help of the World Bank and other international partners as a strategy to enhance OSR. It is used by 9 cities, 8 municipalities and 14 districts³ GCC is made up of two divisions and each division is broken down by smaller administrative units called parishes and each parish is headed by a town agent. A parish is broken down further into smaller administrative units—villages.

submitted. The system then generates a branch code after the registration is verified and approved. The Branch Code which has 13 alpha numeric characters is a unique identifier to various revenue sources to a specific taxpayer. Other key features of the database include full name of the taxpayer, address, contact details, and tax obligation. However, the system does not allow deactivation and or deregistration of taxpayers.

Taxpayers are segmented according to economic or industry sector. Taxpayers are classified as Salon, hotel, small retail shop, amongst others. However, the classification does not conform to the International Standards Industrial Classification.

The registration information held in the database is unreliable. There are no specific GCC laws that provides guidance on who can register for the various revenue streams. GCFD uses the Local Government Act, the Local Government Financial and Accounting Regulations, the Local Government Financial and Accounting Manual and the Public Finance Management Act to register taxpayers for the various revenue streams. However, there are no documented procedures relating to the management of taxpayer information including on how to identify and remove inactive taxpayers. Consequently, the number of active and inactive taxpayers is unknown. There are no systems in place that ensure that applications for registration are authentic, and that all applicants meet the legal requirement for registration as the registration database is not linked to the National Identification and Registration Authority (NIRA) and Uganda Registration Services Bureau (URSB). Furthermore, there is no evidence of management, internal audit, or external audit reports to indicate the level of confidence in the registration database for the core revenue streams.

There are planned physical inspection visits to business premises in all parishes³ dictated by the due dates of the core revenue streams to carry out proof-of-identity checks to prevent fake entities from registering. The physical inspection involves identifying duplicate records, crosschecking, and verifying taxpayer registration details. A manual counter book that has the records of all the taxpayers is updated during the exercise to ensure that no duplicate or fake registrations occur. However, this exercise is entirely manual and is unreliable as it is prone to errors.

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 dimension	Scoring Method	Score 201_
P1-2. The extent of initiatives to detect businesses and individuals who are required to register but fail to do so.	M1	D

³ GCC is made up of two divisions and each division is broken down by smaller administrative units called parishes and each parish is headed by a town agent. A parish is broken down further into smaller administrative units-villages.

Initiatives undertaken to detect unregistered businesses and individuals for tax purposes are limited, and there is no evidence on the use of third-party information to detect unregistered taxpayers. New taxpayers and those who have ceased doing business are identified during the physical inspection visits that are carried out twice a year i.e. December to February for Trading License and June to August for Property Rates. However, no evidence was provided for actions undertaken to identify new or unregistered businesses during the past Financial Year.

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 IT 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). For TADAT purposes, institutional risk is divided into two components. These are:
 - *Operational risk*—refers to disruptive actions that destroy or affect part or all the administration's assets and resources, such as buildings, IT, and other equipment, data, and records; and
 - *Human capital risk*—refers to interruptions that affect the tax administration arising out of capability, capacity, compliance, cost, and connection (engagement) gaps of and by its employees.

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.

Five 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—Management of operational (i.e., systems and processes) risks.
- P2-7—Management of human capital 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 201_	
P2-3-1. The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations.	M1	D	D
P2-3-2. The process used to assess, rank, and quantify taxpayer compliance risks.		D	

GCFD does not carry out formal intelligence gathering to determine compliance risks. GCFD intelligence-gathering and research initiatives are limited. In addition, the results from environmental scans that were undertaken were not analysed .

The GCFD does not have processes to manage (identify, assess, rank, or quantify) compliance risks. There is no risk management framework or risk policy in place. GCFD identifies risks through reports shared by Town Agents on ad hoc basis. Identification and categorization of compliance risks is not done. There is no structured mitigation strategy on compliance risks against the key tax obligations.

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 dimension	Scoring Method	Score 201_
P2-4. The degree to which the tax administration mitigates assessed risks to the tax system through a compliance improvement plan.	M1	D

There are no compliance improvement plans, to identify compliance risks associated with Property Rates, Trading License and Market Fees and Rentals in relation to their registration, filing payment and reporting.

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

This indicator looks at the process used to monitor and evaluate compliance 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 dimension	Scoring Method	Score 201_
P2-5. The process used to monitor and evaluate the impact of compliance risk mitigation activities.	M1	D

GCFD does not monitor and evaluate the impact of risk mitigation initiatives. In the absence of formal compliance risk management processes, formal governance arrangements and compliance improvement plans, monitoring and evaluating the impact of compliance risk mitigation activities cannot be done.

P2-6: Management of operational risks

This indicator examines how the tax administration manages operational risks other than those related to human resources. 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 201_	
P2-6-1. The process used to identify, assess, and mitigate operational risks.	M1	D	D
P2-6-2. The extent to which the effectiveness of the business continuity program is tested, monitored, and evaluated.		D	

GCFD does not have a formal risk management process or dedicated Risk Management Unit. There is no risk management process, risk policy, risk framework or risk methodology in place. In addition, no risk registers are in use. Furthermore, operational risks are not identified and therefore not assessed or mitigated. There are just three general risks identified in the Revenue Enhancement Plan i.e., revenue collection leakages, inadequate capacity, and fire outbreaks. However, these risks are not assessed, ranked, or evaluated, and the related mitigation measures are not in place.

There is no business continuity program or plan. There is no documented business continuity plan and key operational risks are not monitored. Mitigation plans and tests for the effectiveness or impact of such interventions have never been done. Furthermore, staff are not trained in operational risk management roles and responsibilities and there are no committees in place to manage business continuity.

P2-7: Management of human capital risks

This indicator examines how the tax administration manages human capital risks. The assessed score is shown in Table 8 followed by an explanation of reasons underlying the assessment.

Table 8. P2-7 Assessment

Measurement dimensions	Scoring Method	Score 201_	
P2-7-1. The extent to which the tax administration has in place the capacity and structures to manage human capital risks.	M1	D	D
P2-7-2. The degree to which the tax administration evaluates the status of human capital risks and related mitigation interventions.		D	

GCFD does not have any formal processes to identify or manage human capital risks (HCR). GCFD has a Human Capital Management Unit at GCC level which is headed by Senior Human Resource Officer in Finance & administration. The HR policies are setup by National Public Service and the role of the HR Unit is to provide input through consultative forums at the GCC level. There are no formal processes to manage HCR. GCFD also has an annual open performance appraisal system and performance reviews & planning. The two broad risks identified in the GCFD are related to the lack of resources and capability for different staff whenever new reforms and systems are implemented. The only mitigation activities done in respect to these risks are recruitment and training.

There is no evidence of a process to monitor human capital risks through a formal human capital committee or external third-party committee. There is minimal monitoring or management of the five TADAT HR risk management categories and specific risk elements for each category. No formal gap analyses have been conducted to determine the skills and competencies required by staff. Job profiles, job levels and related remuneration are set at the national level but managed at a GCC level. Additionally, no employee engagement surveys, motivational programs or training have been conducted during the period under review.

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.

Four performance indicators are used to assess POA 3:

- P3-8—Scope, currency, and accessibility of information.
- P3-9—Time taken to respond to information requests.
- P3-10—Scope of initiatives to reduce taxpayer compliance costs.
- P3-11—Obtaining taxpayer feedback on products and services.

P3-8: Scope, currency, and accessibility of information

For this indicator three 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. 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 201_	
P3-8-1. 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	C	D
P3-8-2. The degree to which information is current in terms of the law and administrative policy.		D	
P3-8-3. The ease by which taxpayers obtain information from the tax administration.		D	

GCFD provides information to various categories of taxpayers at minimal cost, through a range of user-friendly and convenient channels. The taxpayer service and education program are coordinated by the Taxpayer Service Department (TSD) in liaison with GCC, delivers information on all core taxes through a variety of channels which includes Radio Program, Notice Board, Customer care desks in all tax offices, tax dialogue sessions with groups of taxpayers and annual “Taxpayer Appreciations Day”. Text messages, Self-service facilities such as e-access to registration details and electronic filing and payment are used in this process. However, the information is not tailored to the needs of key taxpayers’ segments.

Information on revenue laws and administrative policy are current, including legislative changes that have a future commencement date. Local governments and city councils use the same laws, and regulations when it comes to revenue administration e.g., Local government rating Acts 2005, Public Finance Management Act 2015 as amended, Trading Licensing Act etc. amendments to revenue laws are communicated to the taxpayers prior to commencement of the changes. The taxpayers are made aware of changes in law through the gazette notices by the national government. GCFD will normally relay the updates in the law on radio talk shows and interaction with taxpayers. However, GCFD has no dedicated technical staff assigned to keep up to date publicly available information to the taxpayers.

Targeted taxpayer engagement initiatives are carried out on an ad-hoc basis, and there are no formal taxpayer education programs. There are no taxpayer engagement plans, schedules or calendar available to indicate when or where engagements are held. Information is available free to taxpayers at the revenue offices during regular business hours. There is absence of other service delivery channels including websites, brochures, rulings, and fact sheets).

P3-9: The time taken to respond to requests for information.

This indicator examines 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 information requests generally). Assessed scores are shown in Table 10 followed by an explanation of reasons underlying the assessment.

Table 10. P3-9 Assessment

Measurement dimension	Scoring Method	Score 201_
P3-9: The time taken to respond to taxpayers and tax intermediaries' requests for information.	M1	D

GCFD has no service delivery standards in relation to time taken to respond to taxpayer and intermediary requests. GCFD has no call center management to measure the percentage of cases of telephone inquiries from taxpayers and intermediaries.

P3-10: 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 11 followed by an explanation of reasons underlying the assessment.

Table 11. P3-10 Assessment

Measurement dimension	Scoring Method	Score 201_
P3-10. The extent of initiatives to reduce taxpayer compliance costs.	M1	D

GCFD has not implemented initiative to reduce taxpayer compliance costs, simplified record keeping, and reporting arrangements have not been made available to small taxpayers. IRAS has limited customer self-service functionality. The GCFD website is still under development.

P3-11: 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 12 followed by an explanation of reasons underlying the assessment.

Table 12. P3-11 Assessment

Measurement dimensions	Scoring Method	Score 201_	
P3-11-1. The use and frequency of methods to obtain performance feedback from taxpayers on the standard of services provided.	M1	D	D
P3-11-2. The extent to which taxpayer input is taken into account in the design of administrative processes and products.		D	

GCFD does not routinely seek client feedback from taxpayers to measure the standard of services provided by GCC. No customer satisfaction surveys, public contact centers, face-to-face engagements, and social media platforms are in place.

GCFD does not involve taxpayers in the design and testing of new processes and products prior to introduction. GCFD has not introduced any innovations and new systems in recent years.

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 towards streamlining preparation and filing of declarations of taxpayers with relatively uncomplicated tax affairs (e.g., through pre-filing 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).

Three performance indicators are used to assess POA 4:

- P4-12—On-time filing rate.
- P4-13—Management of non-filers
- P4-14—Use of electronic filing facilities.

P4-12: On-time filing rate

A single performance indicator, with three measurement dimensions, is used to assess the on-time filing rate for declarations for the three most important direct and/or indirect taxes administered by the subnational entity. 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 13 followed by an explanation of reasons underlying the assessment.

Table 13. P4-12 Assessment

Measurement dimensions	Scoring Method	Score 201_	
P4-12-1. The number of declarations for the Property Rates filed by the statutory due date as a percentage of the number of declarations expected from registered Property Rates taxpayers.	M2	D	D
P4-12-2. The number of declarations for the Trading License filed by the statutory due date as a percentage of the number of declarations expected from registered Trading License taxpayers.		D	
P4-12-3. The number of declarations for the Market Fees and Rentals filed by the statutory due date as a percentage of the number of declarations expected from registered Market Fees & Rentals taxpayers.		D	

There is no customer self-service portal for filing of taxes. The tax agents and tax officers initiate the declarations. Filing of all the core revenue streams is done at the point of transaction through a payment registration which generates a Payment Reference Number (PRN). Property rates tax is filed annually and is expected to be filed within the Financial Year. Whereas the Government Rating Act provides for a Local Government to appoint a date within the Financial Year as a due date, GCFD has not appointed a due date within the Financial Year for property rates filling and as such there is no close monitoring of the filing of tax declarations. GCFD maintains an electronic taxpayer register as indicated in POA1. No Statistics availed to the assessment team for on-time filing rate for Property rates.

Trade licenses are filed annually, but just like property rates, there is no established due date within the Financial Year. The end of the Financial Year is considered as the due date. Statistics provided to the assessment team indicate a filling ratio of 1.5% in the most recent year. Market Fees and Rentals is paid monthly by taxpayers who have taken enclosed and permanent structures within the markets and those who sale their wares in the open spaces pay daily.

Notwithstanding filing statistics in the premission questionnaire, the assessment team noted that the information provided was unreliable to assess this indicator objectively. During the field visit, the assessment team observed no mechanism in place to monitor on-time filing. Therefore, the indicator score is a 'D'.

P4-13: Management of non-filers

This indicator measures the extent to taxpayers who have failed to file declarations when due are managed. The assessed score is shown in Table 14 followed by an explanation of reasons underlying the assessment.

Table 14. P4-13 Assessment

Measurement dimension	Scoring Method	Score 201_
P4-13. Action taken to follow up non-filers.	M1	D

Actions taken to follow-up non-filers are limited and inadequate. IRAS has a functionality of generating non-filers reports. After assessments by GCFD officers, taxpayers are given a period of 2 weeks to report any assessments that they have an issue with. At the expiry of the period, it is deemed that the taxpayers have accepted the assessment. However, IRAS does not generate any late filing penalties for those who file late or those who do not file at all. GCFD Town Agents and enforcement staff are charged with the responsibility on following up on non-filers. There is no formal training for these officers on client relationship management. Moreover, there are no documented enforcement procedures to manage non-filers.

P4-14: 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 15 followed by an explanation of reasons underlying the assessment.

Table 15. P4-14 Assessment

Measurement dimension	Scoring Method	Score 201_
P4-14. The extent to which tax declarations are filed electronically.	M1	D

GCFD has an electronic platform for filing of tax declarations, and invoices are issued electronically. Taxpayers walk to the GCFD's offices to identify their tax liabilities and are issued with invoices. Taxpayers pay through the bank or use the mobile money platform after receiving their electronic assessments from the system generated by GCFD officers. The electronic platform is relatively new, and its usage is promoted through radio programs. The system lacks the customer self-service functionality. However, the information provided in table 10 of the pre-mission questionnaire was not sufficient to assess the indicator therefore resulting into a D score.

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:

- P5-15—Use of electronic payment methods.
- P5-16—Use of efficient collection systems.
- P5-17—Timeliness of payments
- P5-18—Stock and flow of tax arrears.

P5-15: Use of electronic payment methods

This indicator examines the degree to which core taxes are paid by electronic means without the direct intervention of bank staff or tax administration, 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. Assessed scores are shown in Table 16 followed by an explanation of reasons underlying the assessment.

Table 16. P5-15 Assessment

Measurement dimension	Scoring Method	Score 201_
P5-15. The extent to which core taxes are paid electronically.	M1	D

Although GCFD promotes the active use of electronic payments on all its core revenue streams, the extent to which its core revenue streams are paid electronically could not be ascertained during the assessment due to lack of evidence. The information needed for Table 8 Attachment III was not provided thus we could not assess the dimension objectively.

Electronic payment systems are available and are used for all core revenue streams. Taxpayers can make payments through online bank transfers and direct bank deposits (including deposits through bank agents). Mobile money platforms are also available and used extensively. In very rare instances, cash payments are made at GCFD offices and subsequently banked by revenue officers. Electronic payments are promoted by GCFD via Radio and road shows.

P5-16: 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 17 followed by an explanation of reasons underlying the assessment.

Table 17. P5-16 Assessment

Measurement dimension	Scoring Method	Score 201_
P5-16. The extent to which withholding at source and advance payment systems are used.	M1	D

Withholding at source and advance payment systems are not used to collect Property Rates, Trading License and Market Fees and Rentals. No evidence was provided of any advance payments or withholding at-source.

P5-17: Timeliness of payments

This indicator assesses the extent to which payments are made on time (by number and by value). For TADAT measurement purposes, the most important tax (T1) 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 18 followed by an explanation of reasons underlying the assessment.

Table 18. P5-17 Assessment

Measurement dimensions	Scoring Method	Score 201_	
P5-17-1. The number of payments for Property Rates made by the statutory due date in percent of the total number of payments due.	M1	D	D
P5-17-2. The value of payments for the Property Rates made by the statutory due date in percent of the total value of Property Rates payments due.		D	

The number and value of payments made for Property Rates statistics are not available.

P5-18: 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.⁴ 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 19 followed by an explanation of reasons underlying the assessment.

Table 19. P5-18 Assessment

Measurement dimensions	Scoring Method	Score 201_	
P5-18-1. The value of total core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.	M2	D	D

⁴ For purposes of this ratio, 'collectible' tax arrears are 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).

P5-18-2. The value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.		D	
P5-18-3. The value of core tax arrears more than 12 months old as a percentage of the value of all core tax arrears.		D	

GCFD does not monitor the stock and flow of tax arrears. Table 10 of Attachment 111 shows the stock of arrears at Financial Year and the core tax revenue collection for the assessment period but does not give the age of the arrears in terms of the arrears less than 12 months and arrears more than 12 months. Therefore, the indicator could not be assessed objectively due to a lack of data.

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).

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, four performance indicators are used to assess POA 6:

- P6-19—Scope of verification actions taken to detect and deter inaccurate reporting.
- P6-20—Use of large-scale data-matching systems to detect inaccurate reporting.
- P6-21—Initiatives undertaken to encourage accurate reporting.
- P6-22—Monitoring the tax gap to assess inaccuracy of reporting levels.

P6-19: Scope of verification actions taken to detect and deter inaccurate reporting

For this indicator, four measurement dimensions provide an indication of the nature and scope of the tax administration's verification program. Assessed scores are shown in Table 20 followed by an explanation of reasons underlying the assessment.

Table 20. P6-19 Assessment

Measurement dimensions	Scoring Method	Score 201_
P6-19-1. The nature and scope of the tax audit program in place to detect and deter inaccurate reporting.	M1	D
P6-19-2. The extent to which the audit program is systematized around uniform practices.		D
P6-19-3. The degree to which the quality of taxpayer audits is monitored.		D
P6-19-4. The degree to which the tax administration monitors the effectiveness of the taxpayer audit function.		D

GCFD does not have an annual tax audit plan that covers all core taxes, and neither is it taxpayer segment focused. However, there are operational plans that are ad-hoc based. Although taxpayers are segmented but there is limited coverage when it comes to inspections. Audit and inspections coverage towards areas of highest risk are not carried out.

Audit and Inspection cases are not centrally selected based on the assessed risk. In the same way, there is no use of a wide range of audit types that vary in nature, scope, and intensity. No in-depth investigations are carried out under suspected tax fraud. There is no use of a wide range of audit methodologies for the direct and indirect audit methodologies employed while carrying out audits and inspections. No evaluations have been done to evaluate the impact of audits and inspections on taxpayer compliance.

There is no evidence of the existence of an audit tax procedures manual or Handbooks that is used when carrying out inspections. Inspections of clients is carried out on an ad-hoc basis without any documented procedure.

GCFD carries out Trainings for its inspectors and town agents, but the training is not structured in line with initial, on-going, or specialized trainings.

No inspection manual routine reviews and updates are carried out. Ranking of specific industries and sectors is done and evident in the Auditor General Annual report but a specific ranking report is not in existence. Compliance risk is not categorized and ranked according to the economic sector/industry by GCFD.

Taxpayer audit function of GCC is not monitored by the senior management to review the effectiveness of the audit function. However, there was a review of rates that was done after an inspection was carried out by GCFD. The frequency and regularity of this function could not be ascertained. The Senior Management committee assess the effectiveness of the audit function in adhoc manner. There is no automated case management system to manage audits and produce reports based on a set criterion.

No measures are employed by GCFD to measure the perceived professionalism and competence in the inspection function by taxpayers and other stake holders. Further, no survey has ever been carried out to measure the effectiveness of inspection.

P6-20: Use of large-scale data-matching systems to detect inaccurate reporting.

For this indicator, one measurement dimension provides an indication of the extent to which the tax administration leverages technology to screen large numbers of taxpayer records against third-party information to detect discrepancies and encourage correct reporting. Assessed scores are shown in Table 21 followed by an explanation of reasons underlying the assessment.

Table 21. P6-20 Assessment

Measurement dimension	Scoring Method	Score 201_
P6-20. The extent of large-scale automated crosschecking to verify information reported in tax declarations.	M1	D

GCFD does not have or use technology to crosscheck, on large scale, amounts reported in tax declaration with information obtained from third parties. The main revenue management system (IRAS) is only linked to Uganda Revenue Authority which is the national tax body. No other third-party information sharing framework is available.

P6-21: Initiatives undertaken 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 22 followed by an explanation of reasons underlying the assessment.

Table 22. P6-21 Assessment

Measurement dimension	Scoring Method	Score 201_
P6-21. The nature and scope of proactive initiatives undertaken to encourage accurate reporting.	M1	D

There is neither a system of public and private rulings nor cooperative compliance arrangements.

P6-22: Monitoring the tax gap to assess inaccuracy of reporting levels

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 23 followed by an explanation of reasons underlying the assessment.

Table 23. P6-22 Assessment

Measurement dimensions	Scoring Method	Score 201_
P6-22. The soundness of tax gap analysis method/s used by the tax administration to monitor the extent of inaccurate reporting.	M1	D

GCFD does not monitor tax revenue losses resulting from inaccurate reporting in declarations from taxpayers. No measures are in place to measure the lost revenues as a result on inaccurate reporting and declarations from taxpayers and no analytical models and methodologies are in place.

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:

- P7-23—Existence of an independent, workable, and graduated dispute resolution process.
- P7-24—Time taken to resolve disputes.
- P7-25—Degree to which dispute outcomes are acted upon.

P7-23: 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 24 followed by an explanation of reasons underlying the assessment.

Table 24. P7-23 Assessment

Measurement dimensions	Scoring Method	Score 201_	
P7-23-1. The extent to which an appropriately graduated mechanism of administrative and judicial review is available to, and used by, taxpayers.	M2	D	D
P7-23-2. Whether the administrative review mechanism is independent of the audit process.		D	
P7-23-3. Whether information on the dispute process is published, and whether taxpayers are explicitly made aware of it.		D	

GCFD does not have an appropriately graduated administrative dispute resolution review mechanism in place. The current dispute resolution framework is multi-layered, in which either the Grievance Handling Committee, the Tax Appeals Tribunal, the Enforcement team or the Assessment Committee handle disputes. There is no independent external specialist Tax Tribunal or review board or committee or Tax Court. However, the general jurisdiction Court, the High Court for judicial reviews is in place. Furthermore, no evidence was provided on whether taxpayers use the dispute resolution process. Additionally, no evidence was provided to show that there is a review of the cases by a higher Court to resolve remaining disputes concerning legal interpretation and facts.

For all the revenue streams, the administrative review mechanism is not independent of the audit process. Although an administrative review unit is in place, a commercial officer who handles assessments is also a member of the Grievance Handling Committee which is charged with the responsibility of handling administrative reviews. In some cases, the Assessment Committee handles some of the complaints about assessments issued. Furthermore, no evidence was availed to show that the administrative procedures are documented and applied.

P7-24: Time taken to resolve disputes

This indicator assesses how responsive the tax administration is in completing administrative reviews. Assessed scores are shown in Table 25 followed by an explanation of reasons underlying the assessment.

Table 25. P7-24 Assessment

Measurement dimensions	Scoring Method	Score 201_
P7-24. The time taken to complete administrative reviews.	M1	D

There is no documented evidence of the time taken to resolve disputes. This performance metric is not monitored for Property Rates Tax, Trading License or Market Fees and Rentals. (See Questionnaire Table 11 of Attachment III).

P7-25: 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 25 followed by an explanation of reasons underlying the assessment.

Table 26. P7-25 Assessment

Measurement dimension	Scoring Method	Score 201_
P7-25. The extent to which the tax administration responds to dispute outcomes.	M1	D

There is no documented evidence of the extent to which GCFD responds to dispute outcomes. There is no evidence which was availed to show that there is analysis of dispute outcomes which is considered for policy, legislative or administrative procedure changes.

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.)⁵
- Maintaining a system of revenue accounts.
- Paying tax refunds.

Three performance indicators are used to assess POA 8:

- P8-26—Contribution to government tax revenue forecasting process.
- P8-27—Adequacy of the tax revenue accounting system.
- P8-28—Adequacy of tax refund processing.

⁵ 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.

P8-26: 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 26 followed by an explanation of reasons underlying the assessment.

Table 27. P8-26 Assessment

Measurement dimensions	Scoring Method	Score 201_
P8-26. The extent of tax administration input to government tax revenue forecasting and estimating.	M1	D

GCFD provides input to the Local Government revenue forecasting and estimating process but under the Local Government set up. GCFD usually uses previous data on collections to forecast estimates for the period in question which forms part in the overall Local Government tax revenue budget for the Financial Year. The Unit responsible for this activity is the Budget Desk.

GCFD does not provide the National Planning entity (Ministry of Finance Planning & Economic Development) with reports of revenue outturns quarterly.

However, monitoring of revenue outturn against the budget is monitored for the core revenue sources of the GCC and this is evident in the monthly, quarterly, and annual revenue analysis reports.

However, GCFD does not do monitoring of Revenue foregone because of tax expenditures. Although some exemptions were employed e.g., exempting the elderly from paying taxes especially in the markets, no report is in existence about revenue lost because of such exemptions and expenditures. It should however be noted that VAT refunds are not applicable to GCFD. Therefore, there is no monitoring stock of taxes carried forward by taxpayer that might be offset in form of Withholding Tax (WHT) and Value Added Tax (VAT).

P8-27: Adequacy of the tax revenue accounting system

This indicator examines the adequacy of the tax revenue accounting system. Assessed scores are shown in Table 28 followed by an explanation of reasons underlying the assessment.

Table 28. P8-27 Assessment

Measurement dimension	Scoring Method	Score 201_
P8-27. Adequacy of the tax administration's revenue accounting system.	M1	D

All payments are posted to taxpayer's accounts/ledgers on IRAS within one business day. The IRAS system can automatically update and post the clients' payments instantly as and when the client makes the payment. Suspense accounts are reviewed daily, and any underlying discrepancies resolved. The report on credit balances is reviewed by the Head of Finance of GCFD. However, there are no

documented procedures that routinely and systematically review the taxpayer ledger especially in respect of accounts of taxpayers that contribute the bulk of core tax revenue.

Taxpayers have limited access to the revenue management system of GCFD whereby the system only allows registrations, assessments, issuance of payment registration numbers (PRN) and issuance of payment receipts. Client's access to their account financial statements is not functional on IRAS.

IRAS has an audit trail of all functions performed by officers to ensure that it aligns with the tax laws. The system calculates tax liabilities, penalties, and interest which conforms to the Government accounting standards. The system is audited annually by GCFD Internal Audit Unit and the Office of the Auditor General (OAG) and reports are produced to this effect.

P8-28: Adequacy of tax refund processing

For this indicator, two measurement dimensions assess the tax administration's system of processing tax refund claims. Assessed scores are shown in Table 29 followed by an explanation of reasons underlying the assessment.

Table 29. P8-28 Assessment

Measurement dimensions	Scoring Method	Score 201_	
P8-28-1. Adequacy of the tax refund system.	M2	N/A	N/A
P8-28-2. The time taken to pay (or offset) tax refunds.		N/A	

GCFD has no revenue stream that is eligible for refund. Therefore, this indicator is not assessable.

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 public.

Four performance indicators are used to assess POA 9:

- P9-29—Internal assurance mechanisms.
- P9-30—External oversight of the tax administration.
- P9-31—Public perception of integrity.
- P9-32—Publication of activities, results, and plans.

P9-29: 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 30 followed by an explanation of reasons underlying the assessment.

Table 30. P9-29 Assessment

Measurement dimensions	Scoring Method	Score 201_	
P9-29-1. Assurance provided by internal audit.	M2	C	D+
P9-29-2. Staff integrity assurance mechanisms.		D	

Although GCFD has an independent Internal Audit Unit reporting administratively to the GCC and to the Accounting Officer (the City Clerk), and functionally to the City Public Accounts Committee (City PAC), internal control policies and procedures are not documented. Further, there is no central repository of internal control policies, processes, and procedures.

The Internal Audit Unit also reports to the Regional Audit Committee of Northern Uganda. The GCC PAC meets on a quarterly basis. An annual internal audit plan is in place, and it has a wide coverage and scrutiny of key operations like Human Resource and payroll, procurement and asset management among others, revenue accounting and system and information audits.

The operations and systems of GCFD are reviewed annually by the Office of the Auditor General (OAG) however no evidence was produced to show that the operations and systems of the Internal Audit Unit have been reviewed by an independent body.

The Internal Audit Unit has one internal auditor who is a qualified with skills in finance and accounting. The structure of the Unit has two positions of internal auditors and plans are underway to fill the vacant position. Adhoc trainings in audit methodologies and other audit related trainings are attended by the internal auditor. Refresher trainings are also organized on auditing techniques, and these are organized usually by the Office of OAG and the Internal Auditor General who is under the Ministry of Finance, Planning and Economic Development.

GCFD does not have an Internal Affairs Unit. The Rewards and Sanctions Committee handles cases of indiscipline and sanction poor performance in line with the Public Service Standing Orders, 2021. The Public Service Standing Orders provide for a Rewards and Sanctions Framework which is applicable to all public officers. GCFD has investigators who are trained and thus have investigative skills. The investigators are normally trained by the Uganda Police Force and Inspectorate of Government. Minor integrity staff related cases are handled by the respective departmental Heads.

GCFD follows the general Public Service Code of ethics and professional conduct which is applicable to all the staff of GCFD who public officers are. No evidence was provided to show that the Code of ethics and professional conduct and all the updates thereof are explicitly communicated to staff. Reference is however made to the Code of ethics and professional conduct during the

induction sessions of new staff who join GCFD. Staff sign the Oath of Secrecy as well before commencement of their official duties. There was no evidence of records showing receipt of the Code of ethics and professional conduct by the staff of GCFD.

Further, there was no evidence to show that integrity-related statistics are maintained or publicly reported.

GCFD cooperates with other relevant enforcement agencies such as the Uganda Police Force, Directorate of Public Prosecutions, and Inspectorate of Government. There has not been much interaction however with the enforcement agencies in the recent past years. No evidence was provided to support the cooperation of GCFD with other relevant enforcement agencies in Uganda.

P9-30: 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 31 followed by an explanation of reasons underlying the assessment.

Table 31. P9-30 Assessment

Measurement dimensions	Scoring Method	Score 201_	
P9-30-1. The extent of independent external oversight of the tax administration's operations and financial performance.	M2	A	C+
P9-30-2. The investigation process for suspected wrongdoing and maladministration.		D	

The Office of the Auditor General (OAG) audits GCFD financial statements and operational performance annually. An annual program of operational performance audits by the OAG is in place. The GCFD also reviews AOG reports and responds to the findings and recommendations by OAG. Entry and exit meetings are held with the OAG officials to discuss the scope of the planned audit and audit findings respectively. External review findings and responses of GCFD are publicly reported and the reports of OAG up to 2019 were published on the OAG website.

The investigation process for suspected wrongdoing and maladministration is weak and underdeveloped. An Ombudsman does not exist at the GCC level but at national level. The national ombudsman- Inspectorate of Government ⁶(IG) is accessible to all citizens. The IG is headed by the Inspector General of Government (IGG). However, GCFD did not adduce evidence of any case in which the national ombudsman handled a GCFD taxpayer complaint.

⁶ The Inspectorate of Government is an independent institution charged with the responsibility of eliminating corruption, abuse of authority and public office. The powers are enshrined in the Constitution of the Republic of Uganda 1995 and the Inspectorate of Government Act, and these include powers to investigate, arrest or cause prosecution of public officials suspected to be involved in corruption practices.

A national State House Anti-Corruption Unit and the Inspectorate of Government (IGG) investigate cases of misconduct or corruption. However, no evidence was provided on any misconduct cases that the Anti-Corruption Unit or the IG has investigated nor any findings or recommendations of the Anti-Corruption Unit or the IG to GCFD.

P9-31: Public perception of integrity

This indicator examines measures taken to gauge public confidence in the tax administration. The assessed score is shown in Table 32 followed by an explanation of reasons underlying the assessment.

Table 32. P9-31 Assessment

Measurement dimension	Scoring Method	Score 201_
P9-31. The mechanism for monitoring public confidence in the tax administration.	M1	D

Although an independent third-party survey on Credit Rating was conducted by Makerere University in 2019, the survey did not have a valid sample of the taxpayer population to monitor trends in public confidence in GCFD. The Credit Reporting Report provided an analysis of the financial conditions of Gulu Municipality and institutional assessment covering areas of governance and fiscal flexibility and political environment among others. No internal surveys have been conducted to monitor trends in public confidence in the GCFD. However informal assessments and feedback of the public's trust and confidence in GCFD are obtained during public gatherings and stakeholder engagements. Annual barazas are also held in the community and feedback from taxpayers and stakeholders on a wide range of issues is obtained.

P9-32: 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 33 followed by an explanation of reasons underlying the assessment.

Table 33. P9-32 Assessment

Measurement dimensions	Scoring Method	Score 201_	
P9-32-1. The extent to which the financial and operational performance of the tax administration is made public, and the timeliness of publication.	M2	A	C+
P9-32-2. The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication.		D	

An annual report to Government outlining the full financial and operational performance of GCFD for the immediate past Financial Year is produced and is made public within four months of the

end of the Financial Year. The report is submitted to the Senior Management team of GCC and is considered by the Technical Planning Committee of Council. This report is also discussed at the Annual Budget Conference usually held September or October of each Financial Year and the report is also shared with key stakeholders through channels like emails. The report is also submitted to Parliament.

Although the operational plans for GCFD are made public in advance of the period covered by the plans, the current five-year strategic plan has not been published. GCFD future directions are incorporated in the City's five-year strategic plan and annual operational plans. The operational annual plans are made public in advance of the period covered by the annual plans. The annual plans are submitted to the Ministry of Finance, Planning and Economic Development through the Programme Based Budget System (PBBS). However, the current GCC Development Plan has not been published.

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. **Supporting voluntary compliance:**

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:** Non-payment 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. **Accurate reporting in 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. **Effective Tax Dispute Resolution:** 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 32 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 53 measurement dimensions are taken into account in arriving at the indicator scores. Each indicator has between one and five 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 53 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. Gulu City, Uganda-Snapshot

Geography	<p>Gulu town owes its origin to the effects of the colonial era, the East African railway line, and the presence of missionaries. Gulu was declared a township in 1906 and had assumed the role of facilitating communication between settlers, exchange, and transshipment of agricultural produce of the northern Uganda region. The major planning attempt on the town, which was a gridiron pattern, was done in 1915 and by then the town had now been identified as the colonial administrative headquarter for the northern region otherwise called the Acholi District. Gulu became a Town Council in 1974 under the Urban Authority Act of 1964, which has been repealed and became a Municipality in 1977. It was among the very first Municipality in this Country. Gulu City was created out of Gulu Municipality by an Act of Parliament of Uganda in 2021 and has the same legal status with a district</p> <p>Land Size: Size in Sq. Km: 256; Arable Land: 153 Sq. Km; Wetlands: 56 Sq. Km; and Forest: 47 Sq' Km</p> <p>Topography: Highest point 1,130 meters; Lowest point 1,040 meters above sea level</p>						
Population	271,042 [year (2021)] census. (Source: UBOS, <i>National Population and Housing Census Report 2014</i>)						
Adult literacy rate	52.2 percent of persons aged 15 and over can read and write. (Source: UBOS, <i>National Population and Housing Census Report 2014</i> .)						
Gross Domestic Product	<i>Data Not available</i>						
Per capita GDP	<i>Data Not Available</i>						
Main industries	<i>Data Not Available</i>						
Communications	<p>- Internet users per 100 people: _</p> <p>- Mobile 'phone subscribers per 100 people: _</p> <p>(Source: e.g., World Bank)</p> <p><i>Data not available</i></p>						
Main taxes	Property Rates, Trading License and Market Fees & Rentals						
Tax-to-GDP	X percent in 201_, excluding Customs tax collections (X percent including customs). (Source: _)						
	<i>Data not available</i>						
Number of taxpayers	<p>FY 2020/2021</p> <table> <tr> <td>Property Rates</td><td>4851</td></tr> <tr> <td>Trading License</td><td>3015</td></tr> <tr> <td>Market Fees & Rentals</td><td>2046. (Source : Pre-mission Questionnaire)</td></tr> </table>	Property Rates	4851	Trading License	3015	Market Fees & Rentals	2046. (Source : Pre-mission Questionnaire)
Property Rates	4851						
Trading License	3015						
Market Fees & Rentals	2046. (Source : Pre-mission Questionnaire)						
Main collection agency	Gulu City Finance Department						
Number of staff in the main collection agency							
Financial Year	E.g., calendar year.						

Attachment III. Data Tables

A. Tax Revenue Collections

Table 1. Tax Revenue Collections, [2018/2019-2020/2021] ¹			
	[2018/2019]	[2019/2020]	[2020/2021]
In local currency			
Budgeted tax revenue forecast of subnational entity²	5,536,027,000	4,284,837,000	4,745,528,000
Total tax revenue collections	3,178,196,304	1,729,366,466	1,121,675,953
Property Rates tax	625,358,972	514,566,245	388,152,507
Trading/ Business License	368,664,926	261,781,719	188,853,295
Market fee/ rentals	94,771,744	119,476,500	92,339,205
Other sub-national taxes	2,089,400,662	833,542,002	452,330,946
Tax refunds	()	()	()
In percent of total tax revenue collections			
Budgeted tax revenue forecast of subnational entity²	100	100	100
Total tax revenue collections	57	40	24
Property Rates tax	11	12	8
Trading/ Business License	6.6	6	4
Market fee/ rentals	1.7	3	2
Other sub-national taxes	37.4	19	10
Tax refunds	()	()	()
In percent of GDP			
Budgeted tax revenue forecast of subnational entity²			
Total tax revenue collections			
Property Rates tax			
Trading/ Business License			
Market fee/ rentals			
Other sub-national taxes			
Tax refunds	()	()	()
Nominal GDP in local currency			
Explanatory notes:			
¹ This table gathers data for three fiscal years (e.g., 2016-18) in respect of all subnational tax revenues collected by the tax administration.			
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 subnational taxes collected by the tax administration may include variety of local taxes, levies, duties, or charges but individually do not represent a main source of revenue.			

B. Movements in the Taxpayer Register

Table 2. Movements in the Taxpayer Register, [2018/2019-2020/2021]

(Ref: POA1)

	Registered taxpayers ¹ [A]	Taxpayers otherwise not required to file ² [B]	Taxpayers Expected to File [C] = [(A) – (B)] ³	Memorandum items ⁴ [D]	
				New Registrations [D1]	Taxpayers deregistered during year [D2]
[2018/2019]					
Property Rates tax	4851	582			
Trading/ Business License	6116				
Market fee/ rentals	2016		11		
Other taxpayers	11245				
[2019/2020]					
Property Rates tax	4851	582			
Trading/ Business License	3785				
Market fee/ rentals	2046		11		
Other taxpayers	8170				
[2020/2021]					
Property Rates tax	4851	582			
Trading/ Business License	3015				
Market fee/ rentals	2046		11		
Other taxpayers	7420				

Explanatory Notes:

¹ A registered taxpayer who is in the tax administration's taxpayer database. For any core tax that does not require formal registration this figure will represent the number of taxpayers who were subject to the tax. Such taxes may also not have an associated filing obligation so figures for columns B, C and D may not be relevant.

² Taxpayers not required to file declarations' means taxpayers who are registered but are currently not required to file by law or regulation and are explicitly flagged in the automated tax administration system.

³ Expected filing calculations to be used in Indicator P4-12.

⁴ Taxpayer register activity information.

C. Telephone Enquiries

(Ref: POA 3)

Table 3. Telephone Enquiry Call Waiting Time (For the most recent 12-month period)			
Month	Total number of telephone enquiry calls received	Telephone enquiry calls answered within 6 minutes' waiting time	
		Number	In percent of total calls
Month 1			
Month 2			
Month 3			
Month 4			
Month 5			
Month 6			
Month 7			
Month 8			
Month 9			
Month 10			
Month 11			
Month 12			
12-month total			

Not applicable, no call Centre

D. Filing of Tax Declarations

(Ref: POA 4)

Table 4. On-time Filing of T1 Declarations for [insert most recently completed year, e.g., 2020/2021]			
	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
All taxpayers			
Large taxpayers only			
<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 T1 declarations that the tax administration expected to receive from registered T1 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> $\frac{\text{Number of T1 declarations filed by the due date}}{\text{Number of declarations expected from active T1 taxpayers}} \times 100$			

Table 5. On-time Filing of T2 Declarations for [insert most recently completed year, e.g., 2020/2021]

Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
47	2,968	1.5

Explanatory notes:

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).

² 'Expected declarations' means the number of T2 declarations that the tax administration expected to receive from registered T2 taxpayers that were required by law to file declarations.

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:

$$\frac{\text{Number of T2 declarations filed by the due date}}{\text{Number of T2 declarations expected from active T2 taxpayers}} \times 100 = 1.5$$

Table 6. On-time Filing of T3 Declarations—All taxpayers
(For the most recent 12-month period)

Month	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
Month 1	0	2,046	
Month 2	0	2,046	
Month 3	0	2,046	
Month 4	0	2,046	
Month 5	0	2,046	
Month 6	0	2,046	
Month 7	0	2,046	
Month 8	0	2,046	
Month 9	0	2,046	
Month 10	0	2,046	
Month 11	0	2,046	
Month 12	0	2,046	
12-month total			

Note: No declarations filled on –time in most cases, market fees/ rentals

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 T3 declarations that the tax administration expected to receive from registered T3 taxpayers that were required by law to file declarations.

³ The 'on-time filing rate' is the number of T3 declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered T3 taxpayers, i.e., expressed as a ratio:

$$\frac{\text{Number of T3 tax declarations filed by the due date}}{\text{Number of T3 declarations expected from active T3 taxpayers}} \times 100$$

Table 7. On-time Filing of Core Tax with Monthly or Quarterly Filing Requirement —Large taxpayers only
(For the most recent 12-month period)

Month	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
Month 1			
Month 2			
Month 3			
Month 4			
Month 5			
Month 6			
Month 7			
Month 8			
Month 9			
Month 10			
Month 11			
Month 12			
12-month total			

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 core tax declarations that the tax administration expected to receive from large taxpayers that were required by law to file core tax declarations.

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

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

E. Electronic Services

(Ref: POAs 4 and 5)

Table 8. Use of Electronic Services, [2018/2019-2020/2021]¹

	[2018/2019]	[2019/2020]	[2020/2021]
	Electronic filing² (In percent of all declarations filed for each tax type)		
Property Rates tax	0	0	0
Trading/ Business License	0	0	0
Market fee/ rentals	0	0	0
	Electronic payments³ (In percent of total number of payments received for each tax type)		
Property Rates tax	0	0	0
Trading/ Business License	0	0	0
Market fee/ rentals	0	0	0
	Electronic payments (In percent of total value of payments received for each tax type)		
Property Rates tax	0	0	0
Trading/ Business License	0	0	0
Market fee/ rentals	0	0	0

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 An electronic payment is a payment made from one bank account to another via electronic means without the direct intervention of bank staff instead of using cash or check, in person or by mail. 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.

F. Payments

(Ref: POA 5)

Table 9. Total Main Core Tax T1 Payments Made During						
	Main core tax payments made on-time ¹		Main core tax payments due ²		On-time payment rate ³ (In percent)	
	All taxpayers	Large taxpayers	All taxpayers	Large taxpayers	All taxpayers	Large taxpayers
Number of payments						1
Value of payments						

Explanatory notes:

¹ 'On-time' payment means paid on or before the statutory due date for payment (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

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 T1 payments made by the statutory due date in percent of the total number (or value) of T1 payments due, i.e., expressed as ratios:

- The on-time payment rate by number is: $\frac{\text{Number of T1 payments made by the due date}}{\text{Total number of T1 payments due}} \times 10$
- The on-time payment rate by value is: $\frac{\text{Value of T1 payments made by the due date}}{\text{Total value of T1 payments due}} \times 100$

G. Domestic Tax Arrears

(Ref: POA 5)

Table 10. Value of Tax Arrears, [2018/2019-2020/2021]¹

	[2018/2019]	[2019/2020]	[2020/2021]
	In local currency		
Total core tax revenue collections (from Table 1) (A)	3,178,196,304	1,729,366,466	1,121,675,953
Total core tax arrears at end of fiscal year ² (B)	2,357,830,696	2,555,470,534	3,623,852,047
Of which: Collectible ³ (C)			
Of which: More than 12 months' old (D)			
	In percent		
Ratio of (B) to (A) ⁴			
Ratio of (C) to (A) ⁵			
Ratio of (D) to (B) ⁶			

Explanatory notes:

¹ Data in this table will be used in assessing the value of core 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 'For purposes of this Table, total core tax revenue collections include only T1, T2, and T3.

³ 'Collectible' core tax arrears are defined as the total amount of tax, including interest and penalties, that is overdue for payment, and which is not subject to collection impediments. Collectible core 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. $\frac{\text{Value of core tax arrears >12 months' old at end of year (D)}}{\text{Value of total core tax arrears at end of fiscal year (B)}} \times 100$

H. Tax Dispute Resolution

(Ref: POA 7)

Table 11. Finalization of Administrative Reviews
(For the most recent 12-month period)

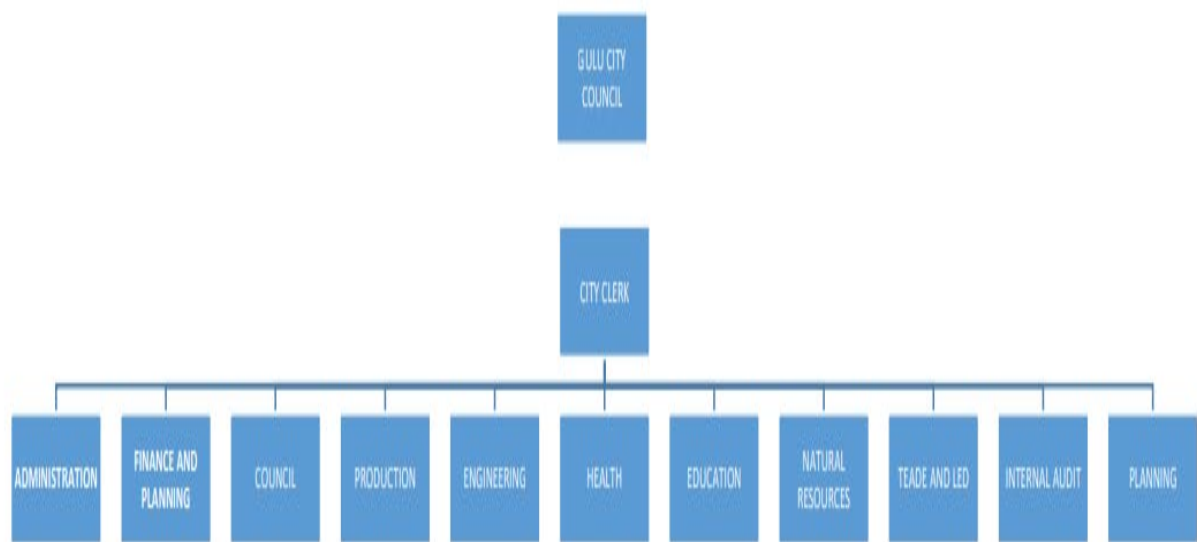
Month	Number of administrative review cases				Finalized within 30 days		Finalized within 60 days		Finalized within 90 days	
	Stock at beginning of month [A]	Received during the month [B]	Finalized during the month [C]	Stock at end of month [D] = [A + B - C]	Number [E]	In percent of total [F] = [E/D]	Number [G]	In percent of total [H] = [G/F]	Number [I]	In percent of total [J] = [I/D]
Month 1										
Month 2										
Month 3										
Month 4										
Month 5										
Month 6										
Month 7										
Month 8										
Month 9										
Month 10										
Month 11										
Month 12										
12-month total										

I. Payment of Tax Refunds

(Ref: POA 8)

Table 12. Tax Refunds (For the most recent 12-month period)		
	Number of cases	Value in local currency
Total core tax refund claims received (A)		
Total core tax refunds paid ¹		
Of which: paid within 30 days (B) ²		
Of which: paid outside 30 days		
Total core tax refund claims declined ³		
Of which: declined within 30 days (C)		
Of which: declined outside 30 days		
Total core tax refund claims not processed ⁴		
Of which: no decision taken to decline refund		
Of which: approved but not yet paid or offset		
In percent		
Ratio of (B+C) to (A) ⁵		
<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. $\frac{\text{Tax refunds paid within 30 days (B)} + \text{tax refunds declined within 30 days (C)}}{\text{Total tax refund claims received (A)}} \times 100$</p>		

Attachment IV. Organizational Chart



Attachment V. Sources of Evidence

Indicators	Sources of Evidence
Background	<ul style="list-style-type: none"> • Business Classifications • Billing information • GDP estimation 2019 Using Remote sensing-11-00163Branch code • IMF Country Report No. 22/27, March 2022, Uganda
P1-1. Accurate and reliable taxpayer information.	<ul style="list-style-type: none"> • [GCC Rating Valuation Lists 2007/2008 • Laroo Division Revenue Register for F/Y 2018/2019 • Partial Occupation permit record 2019 • IRAS Screenshot on functionality, revenue Source by category, Taxpayers register • Gulu municipal council Property of valuation (Rating) 2014-2015
P1-2. Knowledge of the potential taxpayer base.	<ul style="list-style-type: none"> • ...
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	<ul style="list-style-type: none"> • ...
P2-4. Mitigation of risks through a compliance improvement plan.	<ul style="list-style-type: none"> • ...
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	<ul style="list-style-type: none"> • ...
P2-6. Management of operational (i.e., systems and processes) risks.	<ul style="list-style-type: none"> • ...
P2-7. Management of human capital risks.	<ul style="list-style-type: none"> • ...
P3-8. Scope, currency, and accessibility of information.	<ul style="list-style-type: none"> • Revenue enhancement plan 2021/2022-2025/2026 • Tax disputes. Grievance and committee complaints Register • Quarterly summary complaint registers and reports on action taken • Notice Board at Bar-Dege Laroo Division on LST Rates for self-employed artisans and LST Rates for Businessmen and Women • Local government Act CAP 243, Local Government Rating Act 2005, Public finance Management Act 2015, Local Government Financial and Accounting Regulations 2007 • Radio Talk Show

Indicators	Sources of Evidence
P3-9. Time taken to respond to information requests.	•
P3-10. Scope of initiatives to reduce taxpayer compliance costs.	• ...
P3-11. Obtaining taxpayer feedback on products and services.	• ...
P4-12. On-time filing rate.	• ...
P4-13 Management of non-filers.	•
P4-14. Use of electronic filing facilities.	•
P5-15. Use of electronic payment methods.	• ...
P5-16. Use of efficient collection systems.	•
P5-17. Timeliness of payments.	•
P5-18. Stock and flow of tax arrears.	• ...
P6-19. Scope of verification actions taken to detect and deter inaccurate reporting.	
P6-20. Use of large-scale data-matching systems to detect inaccurate reporting.	•
P6-21. Initiatives undertaken to encourage accurate reporting.	Preferential rates to hotel owners
P6-22. Monitoring the tax gap to assess inaccuracy of reporting levels.	• ...
P7-23. Existence of an independent, workable, and graduated dispute resolution process.	<ul style="list-style-type: none"> • Enforcement officer & Notices of enforcement • Tax disputes. Grievance and committee complaints Register • Quarterly summary complaint registers and reports on action taken
P7-24. Time taken to resolve disputes.	• ...
P7-25. Degree to which dispute outcomes are acted upon.	• ...
P8-26. Contribution to government tax revenue forecasting process.	<ul style="list-style-type: none"> • Gulu Municipal Council Financial Statement for the year ended 30 June 2021 and 30 June 2020 • List of exempted taxpayers. • Budget desk functions
P8-27. Adequacy of the tax revenue accounting system.	<ul style="list-style-type: none"> • Gulu City Council Quarterly Internal Audit financial report for F/Y 2021/2022

Indicators	Sources of Evidence
P8-28. Adequacy of tax refund processing.	<ul style="list-style-type: none"> • ...
P9-29. Internal assurance mechanisms.	<ul style="list-style-type: none"> • GCC Audit workplan for F/Y 2020/2021 • Quarterly Internal Audit report for F/Y 2019/2020 on revenue source and local revenue performance
P9-30. External oversight of the tax administration.	<ul style="list-style-type: none"> • Draft Value for money Auditor General report on the management of Matip Market by Gulu municipal ... Annual internal audit reports, OAG reports and link to the reports on OAG website
P9-31. Public perception of integrity.	<ul style="list-style-type: none"> • Credit Rating Report, 2019
P9-32. Publication of activities, results, and plans.	<ul style="list-style-type: none"> •

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