TADAT ™
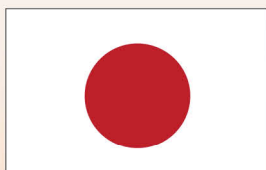
TAX ADMINISTRATION DIAGNOSTIC ASSESSMENT TOOL

Performance Assessment Report

The Republic of Liberia

Stephanie Sweet, Maimbo Nyanga, Therese Van der Poel, Josia Biver, David Dod, Steve Macey, and Don McPartland

JULY 2016

The Republic of Liberia
Performance Assessment Report

Stephanie Sweet, Maimbo Nyanga, Therese Van der Poel, Josia Biver, David Dod, Steve Macey, and Don McPartland

July 2016

Contents   Page

Figure

Attachments

ABBREVIATIONS AND ACRONYMS

AAA	Accounting, Analysis and Assessment
BIT	Business Income Tax
BOTA	Board of Tax Appeals
C2D	Catalyst to Development
CBL	Central Bank of Liberia
CIT	Corporate income tax
CG	Commissioner General
CMPA	Communications, Media and Public Affairs
DRM	Domestic Revenue Mobilization
DTD	Domestic Tax Department
EDQARD	Enterprise Design, Quality Assurance and Results Division
ERMCD	Enterprise Risk Management and Compliance Division
ESRP	Economic Stabilization and Recovery Plan
FAQs	Frequent Asked Questions
GAC	General Auditing Commission
GST	General Service Tax
IA	Internal Audit
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IT	Information Technology
LACC	Liberia Anti-Corruption Commission
LBAD	Legal and Board Affairs Department
LBR	Liberia Business Registration
LRA	Liberia Revenue Authority
LRC	Liberia Revenue Code
LTD	Large Tax Division
MFDP	Ministry of Finance and Development Planning
MSMTD	Micro Small and Medium Tax Division
NRARS	National Revenue Accounting and Reconciliation System
PAR	Performance Assessment Report
PAYE	Pay-as-you-earn
PED	Professional Ethics Department
PIT	Personal income tax
POA	Performance Outcome Area
PSSPD	Policy Statistics and Strategic Planning Division
SIGTAS	Standard Integrated Government Tax Administration System
SOPs	Standard Operating Procedures
TADAT	Tax Administration Diagnostic Assessment Tool
TAS	Tax Administration System
TBO	Tax Business Office
TIN	Taxpayer Identification Number
TSD	Taxpayer Services Division
USAID	United States Agency for International Development
VAT	Value-added tax

PREFACE

At the request of the Liberia Revenue Authority (LRA), an assessment of the system of tax administration of Liberia was undertaken during the period June 6 – 21, 2016 using the Tax Administration Diagnostic Assessment Tool (TADAT). TADAT provides an assessment baseline of tax administration performance that can be used to determine reform priorities, and, with subsequent repeat assessments, highlight reform achievements.

The assessment team comprised the following: Ms. Stephanie Sweet (United States Agency for International Development - USAID-LPFM II Project and mission head); Mr. Maimbo Christobel Nyanga (TADAT Secretariat); Ms. Therese Van der Poel (International Monetary Fund – IMF - Fiscal Affairs Department - FAD); Mr. Josia Biver (Dutch Ministry of Foreign Affairs); Mr. David Dod (USAID); Mr. Don McPartland (US Treasury OTA); and Mr. Steve Macey (Adam Smith International).

The assessment team met with LRA's Commissioner General (CG), Ms. Elfrieda Tamba, senior management, and operational staff. Assessment sessions were attended by more than 30 LRA staff as well as one resident advisor from the IMF. Field visits were made to various LRA offices including the Large Tax Division (LTD), Micro, Small, and Medium Tax Division (MSMTD), as well as the Marshall and Buchanan Tax Business Office (TBOs).

The Performance Assessment Report (PAR) was presented to LRA senior management and heads of directorates. Written comments on the report received from LRA have been considered by the assessment team and, as appropriate, reflected in this final version of the report. The PAR has been reviewed and cleared by the TADAT Secretariat.

The assessment team expresses its appreciation to LRA management and staff for their hospitality and for the open, candid and active participation in the assessment. Special thanks go to Mr. Wellington Jah (Manager, Policy Statistics & Strategic Planning Division) for very effectively facilitating the assessment team's work.

EXECUTIVE SUMMARY

The results of the TADAT assessment for the Liberia tax administration system have identified the following main strengths and weaknesses:

Strengths	Weaknesses
▪ Existence of efficient arrangements for collecting taxes – withholding at source and advance payment for income taxes ▪ Presence of a tiered mechanism for tax dispute resolution (although multi-layered within the LRA) ▪ Significant contributions to the tax revenue forecasting and estimation process	▪ Inaccurate and unreliable taxpayer registration database – the number of active and inactive taxpayers is uncertain ▪ Weak compliance risk management program ▪ Some critical enterprise risks are not adequately addressed ▪ Deficient taxpayer education function ▪ On-time filing and payment rates cannot be ascertained due to low reliability of taxpayer records ▪ Risk-based audit case selection is decentralized and excludes cases outside headquarters ▪ Weak data analysis to identify non-filers or monitor inaccurate reporting ▪ Revenue accounting system compromised by significant delays in reconciling the revenue account and posting to taxpayer ledgers ▪ Actual stock and flow of tax arrears cannot be determined ▪ Weak oversight, control and surveillance of LRA and its IT systems ▪ Almost all functions of the Standard Integrated Government Tax Administration System (SIGTAS) are replicated manually ▪ Lack of proper powers for the internal affairs function to investigate cases of corruption amongst staff

Some strengths were identified in LRA's operational areas. These include: (i) existence of efficient arrangements for collecting taxes; (ii) a relatively well-structured tax dispute resolution process; and (iii) contributions and collaboration with the Ministry of Finance and Development Planning (MFDP) in tax revenue forecasting and estimation.

However, major weaknesses in a number of areas undermine LRA's ability to execute its mandate and severely impacts efficient compliance. The key weaknesses include: (i) unreliable and inaccurate tax registration database; (ii) incomplete and inaccurate taxpayer accounts arising from significant delays in posting deposits in the revenue account and payments to the taxpayer ledger; (iii) weak internal and external oversight of LRA and its IT system; (iv) high use of manual operations and poor document management; (v) little to no analysis of internal or external data or monitoring of performance. These weaknesses have a pass-through effect on a number of outcomes such as the inability to determine with certainty the level of filing, payment, tax arrears and resolving the outstanding suspense accounts. Further, the tax administration operations are complicated by use of standard operating procedures (SOPs) that are still in draft form.

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

# Table 1. Liberia: Summary of TADAT Performance Assessment

INDICATOR	Score 2016	SUMMARY EXPLANATION OF ASSESSMENT
POA 1: Integrity of the Registered Taxpayer Base		
P1-1. Accurate and reliable taxpayer information.	**D**	Taxpayer registration is not computerized outside of Monrovia. The design of the registration database and the information held is generally inadequate. The registration process itself is weak resulting in numerous inaccuracies in the information.
P1-2. Knowledge of the potential taxpayer base.	**C**	LRA undertakes some initiatives to detect unregistered businesses and individuals.
POA 2: Effective Risk Management		
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	**D**	LRA has gathered little to no evidence from internal and external sources and has a less structured process to identify, assess and prioritize compliance risks.
P2-4. Mitigation of risks through a compliance improvement plan.	**C**	LRA has a compliance improvement plan for 2015/16, but planned actions are not fully resourced and it is only monitored quarterly.
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	**D**	While LRA tracks actions taken to improve compliance, it does not yet evaluate the impact of risk mitigation activities on compliance behavior. It also does not have the requisite governance arrangements in place to approve and monitor compliance risk mitigation strategies.
P2-6. Identification, assessment, and mitigation of institutional risks.	**D**	LRA has a process in place to identify and address enterprise risks. However, there are a number of risks that are not being adequately addressed, and there is no business continuity plan or training of staff in disaster recovery procedures.
POA 3: Supporting Voluntary Compliance		
P3-7. Scope, currency, and accessibility of information.	**D**	The range of information is limited and responses to taxpayer requests are not yet monitored.

INDICATOR	Score 2016	SUMMARY EXPLANATION OF ASSESSMENT
P3-8. Scope of initiatives to reduce taxpayer compliance costs.	D	Despite some initiatives to reduce taxpayer compliance costs, common misunderstandings of the law are not routinely detected and addressed.
P3-9. Obtaining taxpayer feedback on products and services.	C	LRA receives feedback from taxpayers on its products and services, but on an ad hoc basis.
POA 4: Timely Filing of Tax Declarations		
P4-10. On-time filing rate.	D	The data provided for on-time filing is not reliable, and therefore insufficient to rate this indicator.
P4-11. Use of electronic filing facilities.	D	The LRA does not have an electronic filing system in place.
POA 5: Timely Payment of Taxes		
P5-12. Use of electronic payment methods.	C	There are no online or mobile payment facilities for taxpayers to pay taxes electronically but some taxpayers do make international electronic fund transfers to the Central Bank of Liberia (CBL).
P5-13. Use of efficient collection systems.	A	There are both withholding at source and advance payment arrangements for income taxes in Liberia.
P5-14. Timeliness of payments.	D	The data reported does not reflect the true timeliness of payments due to: (i) unreliable taxpayer registration database (POA 1); (ii) unreliable information on filing (POA 4); (iii) delays in processing returns and payments, especially in the TBOs; (iv) delays in reconciling tax payments posted to the transitory accounts (POA 8); (v) manual tracking processes outside of the SIGTAS; and (vi) loose definition of 'self-assessment;' and therefore is insufficient to rate this indicator.
P5-15. Stock and flow of tax arrears.	D	The effectiveness of debt management cannot be properly assessed, as the data on arrears is unreliable because (i) unreliable taxpayer registry (POA 1); (ii) inaccuracy of

INDICATOR	Score 2016	SUMMARY EXPLANATION OF ASSESSMENT
		taxpayer account balances resulting from delays in posting of liabilities (POA 8); (iii) use of manual record keeping outside of SIGTAS; and (iv) lack of proper information on arrears information from MFDP, and therefore is insufficient to rate this indicator.
POA 6: Accurate Reporting in Declarations		
P6-16. Scope of verification actions taken to detect and deter inaccurate reporting.	D	The tax audit program covers all core taxes and key taxpayer segments; however, it excludes cases outside of headquarters. No automated crosschecking of third party information against taxpayers' return is conducted to detect and deter inaccurate reporting.
P6-17. Extent of proactive initiatives to encourage accurate reporting.	D	LRA does not undertake proactive initiatives to encourage accurate reporting.
P6-18. Monitoring the extent of inaccurate reporting.	D	LRA does not monitor the extent of inaccurate reporting in any of the core tax regimes.
POA 7: Effective Tax Dispute Resolution		
P7-19. Existence of an independent, workable, and graduated dispute resolution process.	A	A tiered review mechanism is in place and used, but the administrative review process within the LRA is multi-layered. The audit and appeals units are fully independent from each other. Information on the dispute resolution process is publicly available and taxpayers are explicitly made aware of their rights.
P7-20. Time taken to resolve disputes.	D	The data provided shows that the standard of completing the administrative review for at least 90 percent of the cases within 90 calendar days is not met.
P7-21. Degree to which dispute outcomes are acted upon.	C	LRA does not monitor or analyze dispute outcomes regularly.
POA 8: Efficient Revenue Management		
P8-22. Contribution to government tax revenue	B	The LRA provides input to the MFDP on

INDICATOR	Score 2016	SUMMARY EXPLANATION OF ASSESSMENT
forecasting process.		forecasting and estimation of tax revenue, but does not undertake analysis on tax expenditures or the stock of tax losses.
P8-23. Adequacy of the tax revenue accounting system.	D	LRA's taxpayer and revenue accounting system is not sound. There are significant lags in reconciling the suspense account and posting to taxpayer ledgers.
P8-24. Adequacy of tax refund processing	N/A	Not applicable—no VAT regime in place yet.
POA 9: Accountability and Transparency		
P9-25. Internal assurance mechanisms.	D	The LRA has an organizationally independent internal audit (IA) department and internal affairs (Professional Ethics Division). Assurance provided by IT is weak due to inadequate IT controls, and no external audit of the IA function has been performed. Professional ethics investigators do not have investigative/police powers.
P9-26. External oversight of the tax administration.	D	The audit findings and management responses are not published. There is no tax ombudsman or similar institution.
P9-27. Public perception of integrity.	D	LRA has not yet developed mechanisms for monitoring public confidence in the integrity of its tax administration.
P9-28. Publication of activities, results, and plans.	D+	Publication of performance reports and future plans is not always complete or timely

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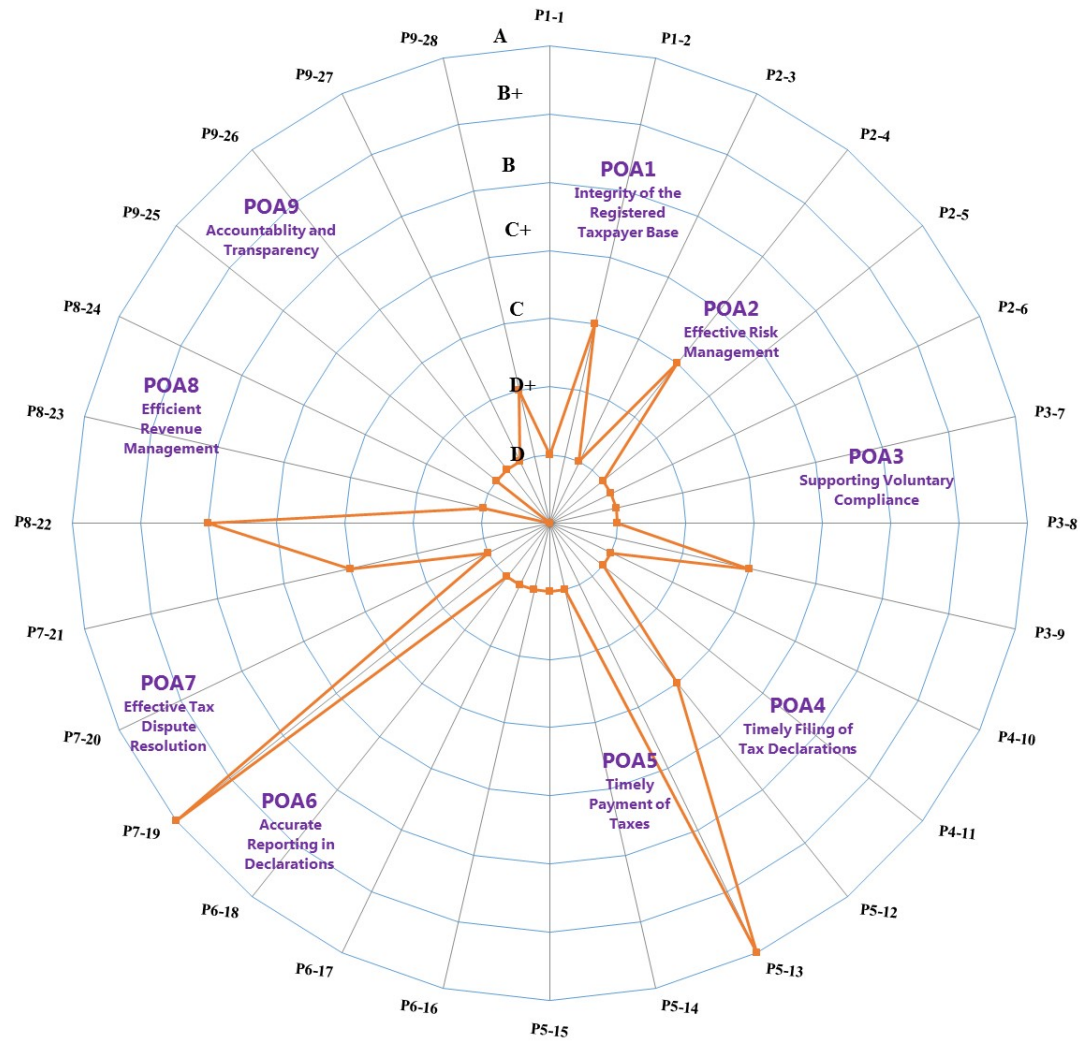
Indicator	Score
P1-1	D
P1-2	C
P2-3	D
P2-4	C
P2-5	D
P2-6	D
P3-7	D
P3-8	D
P3-9	C
P4-10	D
P4-11	D
P5-12	C
P5-13	A
P5-14	D
P5-15	D
P6-16	D
P6-17	D
P6-18	D
P7-19	A
P7-20	D
P7-21	C
P8-22	B
P8-23	D
P8-24	N/A
P9-25	D
P9-26	D
P9-27	D
P9-28	D+

INTRODUCTION

This report documents the results of the TADAT assessment conducted in Liberia during the period of June 6 – 21, 2016 and subsequently reviewed by the TADAT Secretariat. The report is structured around the TADAT framework of 9 POAs and 28 high level indicators critical to tax administration performance that is linked to the POAs. Forty-seven measurement dimensions are taken into account in arriving at each indicator score. A four-point 'ABCD' scale is used to score each dimension and indicator:

- 'A' denotes performance that meets or exceeds international good practice. In this regard, for TADAT purposes, a good practice is taken to be a tested and proven approach applied by a majority of leading tax administrations. It should be noted, however, that for a process to be considered 'good practice,' it does not need to be at the forefront or vanguard of technological and other developments. Given the dynamic nature of tax administration, the good practices described throughout the field guide can be expected to evolve over time as technology advances and innovative approaches are tested and gain wide acceptance.

- 'B' represents sound performance (i.e., a healthy level of performance but a rung below international good practice).

- 'C' means weak performance relative to international good practice.

- 'D' denotes inadequate performance, and is applied when the requirements for a 'C' rating or higher are not met. Furthermore, a 'D' score is given in certain situations where there is insufficient information available to assessors to determine and score the level of performance. For example, where a tax administration is unable to produce basic numerical data for purposes of assessing operational performance (e.g., in areas of filing, payment, and refund processing) a 'D' score is given. The underlying rationale is that the inability of the tax administration to provide the required data is indicative of deficiencies in its management information systems and performance monitoring practices.

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

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

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

assessing outcomes in relation to administration of these core taxes, a picture can be developed of the relative strengths and weaknesses of a country's tax administration.

- TADAT assessments are evidence based (see Attachment V for the sources of evidence applicable to the assessment of Liberia).

- TADAT is not designed to assess special tax regimes, such as those applying in the natural resource sector, nor does it assess customs administration.

- TADAT provides an assessment within the existing revenue policy framework in a country, with assessments highlighting performance issues that may be best dealt with by a mix of administrative and policy responses.

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

- identifying the relative strengths and weaknesses in tax administration;

- facilitating a shared view among all stakeholders (country authorities, international organizations, donor countries, and technical assistance providers);

- setting the reform agenda (objectives, priorities, reform initiatives, and implementation sequencing);

- facilitating management and coordination of external support for reforms, and achieving faster and more efficient implementation; and

- monitoring and evaluating reform progress by way of subsequent repeat assessments.

I. COUNTRY BACKGROUND INFORMATION

A. Country Profile

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

B. Data Tables

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

C. Economic Situation

Liberia is slowly recovering from the twin economic shocks of the Ebola outbreak 2014-2015 and reductions in the price of mineral exports. Whilst GDP stagnated in 2015, it is forecasted to grow by 2.5 percent before returning to its 6 percent trend growth rate, a reduction from the 8 percent growth rate experienced prior to the mineral price falls. Recent economic turmoil has had serious impacts on employment, poverty and food insecurity.

Heavy dependence on natural resources explains many of the economic fluctuations. The decline in commodity prices, particularly iron ore, which declined from US$ 135 per metric tonne in 2013 to US$ 45 in 2016, was a significant negative shock in advance of the Ebola outbreak. The increase in GDP in 2016 is partly explained by increased gold production.

The Economic Stabilization and Recovery Plan (ESRP) is a 3-year plan focusing on bringing Liberia back onto the 'Agenda for Transformation.' The ESRP focuses on three pillars: recovering output and growth, strengthening resilience and reducing vulnerability, and strengthening public finances and ensuring service delivery. Liberia's recent achievement of WTO status and implementation of the Economic Community of West African States (ECOWAS) Common External Tariff should help encourage trade and investment.

Liberia's current account position has worsened significantly in recent years. It fell from 28 percent in 2013 to 39 percent in 2015, as a result of commodity price shocks and Ebola. Inflation is expected to remain stable, after falling to 6.5 percent year over year in September 2015 from a peak of 13.5 percent in September 2014. Public debt currently stands at 29 percent of GDP.

D. Main Taxes

Liberia's main domestic taxes comprise CIT, PIT, GST and Excise duties. Between 2012/13 and 2014/15, nominal tax revenue collections increased from US$ 359 million to US$ 382 million, but as a percent of GDP, collections actually declined from 19.3 percent of GDP to 18.9 percent of GDP - see Table 1, Attachment III. Other taxes collected by the LRA include trade taxes, natural resource taxes, property tax, presumptive Business Income Tax (BIT), as well as other taxes and fees. Revenues collected by 19 TBOs totaled US$ 3.2 million in 2014/15.

PIT is the largest domestic tax revenue contributor, followed by GST and CIT. In 2014/15, as a percent of total domestic tax revenue collections, the major contributors were PIT (30.2 percent), GST (17.8 percent), and CIT (7.7 percent), Excise (3.8 percent). Other domestic taxes and fees comprised 40.5 percent.

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

E. Institutional Framework

The LRA is responsible for administering and collecting direct and indirect taxes in the country. The LRA was established on July 1, 2013 through a law enacted by the National Legislature, replacing the Department of Revenue (comprising the Bureau of Internal Revenue and the Bureau of Customs and Excise) at the MFDP. The CG, who manages the day-to-day affairs of the LRA, reports directly to the Board of Directors, which is responsible for general governance and strategic direction as well as formulation of the policies of the LRA. In addition to the CG, the LRA has four other executive leadership positions including the Deputy Commissioner General for Technical Affairs, the Deputy Commissioner General for Administrative Affairs, the Commissioner of Domestic Tax Department, and the Commissioner of the Customs Department. There is also a Commissioner for Internal Audit (IA). During 2014/15, LRA's total operating budget was US$ 13.1 million. LRA's total core staff (excluding contractors) in 2016 totals 847 persons.

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

F. International Information Exchange

Liberia is a member of the Organization for Economic Cooperation and Development's (OECD) Global Forum on Transparency and Exchange of Information for Tax Purposes. The Phase 1 (Legal and Regulatory Framework) Peer Review took place in 2012. It has Tax Information Exchange Agreements in force with 12 jurisdictions[1] and one Double Taxation Agreement in force with one country (Germany).

II. ASSESSMENT OF PERFORMANCE OUTCOME AREAS

A. POA 1: Integrity of the Registered Taxpayer Base

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

Two performance indicators are used to assess POA 1:

---

[1] Australia, Denmark, Finland, France, Greenland, Iceland, India, the Netherlands, Norway, South Africa, Sweden, and the United Kingdom.

- 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 2016	
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	

Taxpayer registration is not computerized outside of Monrovia.[2] There is a centralized registration database maintained by the Taxpayer Services Division (TSD) at headquarters, which is responsible for the registration of all taxpayers including those taxpayers based in the rural areas.[3] A high-integrity 9-digit Taxpayer Identification Number (TIN), with a check digit, is issued centrally by the SIGTAS. Access to the system, however, is only available to frontline staff based in LRA headquarters, not in the 19 TBOs. There is currently no online functionality available for taxpayer registration.

The design of the registration database and the information held is generally inadequate. While taxpayer particulars are elaborate, there are a number of weaknesses that have been identified in relation to processes and the system including: (i) ineffective security configurations of the SIGTAS to prevent or detect inappropriate user access; (ii) lack of

---

[2] There are computerized registration services at LRA headquarters, Liberia Business Registry (LBR), the Freeport of Monrovia, MFDP, and the Ministry of Land, Mines & Energy. Registration of taxpayers in the 19 TBOs, however, is a manual process that is lagged by one month. Taxpayers fill out a registration form, which is then brought to TSD at headquarters who issues a TIN via SIGTAS. This is done on a monthly basis. The TBO then calls the taxpayer to collect the registration form and TIN.

[3] In the case of enterprises, the LBR operates as a one-stop-shop for both company and taxpayer registration; though the LBR and LRA systems are not yet interfaced. It takes approximately two days to complete the registration process and receive a TIN and the Business Registration Certificate. In the case of individuals, LRA officials register them directly into SIGTAS at headquarters.

management information on the taxpayer roll - TSD currently only track new registrants and total taxpayers; no information is maintained by entity type, segment, sector, etc.; and (iii) failure to provide taxpayers or their intermediaries with online access to details held in the database once registered.

The registration process itself is weak resulting in numerous inaccuracies in the information held in the database. There are no proper procedures in place for registration and de-registration of taxpayers.[4] Actions to confirm authenticity of taxpayers and accuracy of their details are applied on an ad hoc basis. This has resulted in (i) incomplete information on taxpayers' location/contact details, business activity, start date, associated entities and related parties, as well as enterprise codes;[5] (ii) duplicate TINs – some taxpayers have multiple TINs; (iii) existence of TINs with missing tax accounts – at time of registration, not all applicable core tax accounts are opened (often due to poor review of documentation of taxpayers). In fact, many tax accounts are not created until the taxpayer first submits a return. As a result, taxpayer's start dates are also inaccurate.

Moreover, there are no documented procedures to identify inactive and dormant taxpayers. While there is evidence of some actions taken by the Accounting, Analysis and Assessment (AAA) Sections to identify non-filers through basic data matching,[6] it is done manually and findings are not being inputted into SIGTAS. Data provided by LRA (Attachment III, Table 2) significantly overstates the number of 'active' taxpayers because it does not suspend or de-register taxpayers in the system.[7] Furthermore, LRA has confirmed the tax roll includes a number of deceased and defunct taxpayers as well as inaccurate segmentation of taxpayers. The Large Tax Division (LTD) and the Medium, Small, and Micro Tax Division (MSMTD) maintain tax rolls, but many taxpayers that fall above/below the segmentation thresholds have not been re-classified in SIGTAS.[8] Therefore, the data regarding active and inactive taxpayers, and expected returns and payments across all core taxes are inconsistent and unreliable, undermining downstream processes in the tax administration (POA 4 and POA 5). Management and internal audit reports on the reliability

---

[4] The SOPs provided by TSD are not detailed on documentation, forms of identification, etc. to ensure accurate and complete registration.

[5] There are some ongoing efforts to fix ownership information, update enterprise codes to match with LBR, identify proper contact information, etc. The inspection visits to business premises conducted by the Enforcement section helps to identify inaccuracies of taxpayer accounts and profiles in the registry; however, they do not have access to SIGTAS.

[6] The data-matching process performed mainly involves cross-checking current payment information against historical payment/returns with little to no crosschecks across tax-types or with third party information unless on a case-by-case basis.

[7] The Domestic Tax Department (DTD) maintains information on active and inactive taxpayers, but manual. Only 1-2 taxpayers are marked as inactive or de-registered in the system each year – see Attachment III, Table 2. This compares to management reports showing almost 200 LTs and more than 7,000 taxpayers from MSMTD as inactive.

[8] For example, SIGTAS reports 484 large CIT taxpayers, but management information in LTD only includes 294.

of the taxpayer's registration database do not exist but an external audit, performed by Catalyst to Development (C2D) in 2015, identifies a number of deficiencies in the registration database.

P1-2: Knowledge of the potential taxpayer base

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

Table 3. P1-2 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P1-2. The extent of initiatives to detect businesses and individuals who are required to register but fail to do so.	M1	C

LRA does undertake some initiatives to detect unregistered businesses and individuals. LRA recently initiated a block management program in Monrovia under the MSMTD in which Enforcement officers make visits to business premises to identify qualifying (unregistered) taxpayers. There are documented reports of actions and results taken by this department in the last year, but the information still remains outside of the system. The LTD and TBO annual work plans, however, do not contain any activities to detect unregistered businesses and individuals, and the work plans provided are only proposed, not finalized. Furthermore, there is no systematic use of third party information.

B. POA 2: Effective Risk Management

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

- compliance risks—where revenue may be lost if businesses and individuals fail to meet the four main taxpayer obligations (i.e., registration in the tax system, filing of tax declarations, payment of taxes on time, and complete and accurate reporting of information in declarations); and

- institutional risks—where tax administration functions may be interrupted if certain external or internal events occur, such as natural disasters, sabotage, loss or destruction of physical assets, failure of information technology system hardware or software, strike action by employees, and administrative breaches (e.g., leakage of confidential taxpayer

information which results in loss of community confidence and trust in the tax administration).

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

Four performance indicators are used to assess POA 2:

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

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

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

Table 4. P2-3 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
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.		C	

LRA has gathered little to no evidence from internal and external sources to identify compliance risks. The Enterprise Risk management and Compliance Division (ERMCD)[9] does not currently gather and interpret data from internal or external sources to identify compliance risks in respect of the main tax obligations. While the AAA Sections do analyze and cross-match some internal and external information, it is only on a case-by-case basis and used solely for enforcement purposes (not compliance risk) as described in POA 1. In

---

[9] Following an IMF recommendation, responsibility for compliance risk management is being moved from EMRCD to the Customs Department and DTD.

2014/15, the LTD ranked compliance levels for filing and payment by economic sector and estimated potential additional revenue based on average audit results of past audits. However, none of this information has been shared with the ERMCD in order to identify compliance risks. No data is collected for taxpayers outside of Monrovia. A basic SWOT[10] analysis was conducted as part of LRA's process for developing its 2016-2020 Strategic Plan.

LRA's risk management process is less structured for assessing and ranking compliance risks. The ERMCD does identify and prioritize compliance risks for all core taxes and the main operations in the LRA including the four main compliance obligations, though the process is limited in scope and strength based on international standards. LRA does not have a compliance risk register, nor is there systematic data-driven identification or quantification of specific risks or estimates of comparative compliance levels by tax type, economic sector, or tax obligations. Rather, the methodology used by the ERMCD is based on frequency and likelihood of occurrence based only on experience and expert opinion of LRA officials. The risk assessment process is not documented.

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

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

Table 5. P2-4 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P2-4. The degree to which the tax administration mitigates assessed risks to the tax system through a compliance improvement plan.	M1	C

LRA's compliance improvement program is still in its initial phases. While LRA does not have a compliance improvement plan for 2014/15, it does have one for 2015/16.[11] The Domestic Revenue Mobilization (DRM) Strategy specifies compliance challenges and mitigation strategies for major taxpayer segments, all core taxes, and all compliance obligations. However, planned actions within the plan are not fully resourced and

---

[10] Strengths, Weaknesses, Opportunities, and Threats

[11] There is also a documented Compliance improvement plan for 2016/17. Separate 'Compliance Plans' have been developed for all key taxpayer segments as well as debt management. They provide a simple profile of each segment, an opinion about the level of risk for each of the major compliance obligations, general statements about risk treatments, needed administrative improvements, and compliance measures.

implementation is monitored less regularly.[12] Progress reports on the DRM Strategy are submitted to senior management by the Compliance Section in ERMCD on a quarterly basis.

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

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

Table 6. P2-5 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P2-5. The process used to monitor and evaluate the impact of compliance risk mitigation activities.	M1	D

While LRA tracks actions taken to improve compliance, it does not yet evaluate the impact of risk mitigation activities on compliance behavior. A Risk Management Review Committee has been established; however, the Committee's mandate only covers institutional (enterprise) risk and does not include compliance. The compliance risk management strategies are currently approved by senior management of the department. The LRA does not evaluate the impact of risk mitigation initiatives, namely because internal data is not complete or accurate enough for measuring changes in compliance as demonstrated in POA 1. The impact of the audit program or outreach initiatives on compliance behavior is not evaluated.

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

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

---

[12] Some aspects of the 15/16 plan have not been implemented due to the lack of resources. The ERMCD only has one dedicated staff member for compliance risk planning and monitoring. Furthermore, the Risk Management Review Committee does not cover compliance risks.

Table 7. P2-6 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P2-6. The process used to identify, assess, and mitigate institutional risks.	**M1**	**D**

There are a number of major enterprise risks in the LRA, which are not being adequately addressed. A documented risk register is in use for institutional risks, which includes prioritization, planned actions to mitigate each risk, and current status. While the ERMCD has been active in identifying and prioritizing enterprise risks across LRA, a number of them have not been addressed, including in the Information Technology (IT) system and physical security, as well as loss of taxpayer data.[13] The Risk Management Review Committee[14] conducts regular meetings and reviews progress on planned actions. There is no business continuity plan or training of staff on disaster recovery procedures.

C. POA 3: Supporting Voluntary Compliance

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

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

Three performance indicators are used to assess POA 3:

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

---

[13] Disarray of document management at the Registration, Returns Processing and Bank Services Section of the TSD not only affects loss of taxpayer data, but also information held in the system (POA 1).
[14] The Committee is chaired by the CG with appropriate senior executive staff as members.

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

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

Table 8. P3-7 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
P3-7-1. The range of information available to taxpayers to explain, in clear terms, what their obligations and entitlements are in respect of each core tax.	M1	D	D
P3-7-2. The degree to which information is current in terms of the law and administrative policy.		C	
P3-7-3. The ease by which taxpayers obtain information from the tax administration.		C	
P3-7-4. The time taken to respond to taxpayer and intermediary requests for information.		D	

Some information is available to taxpayers on some of the taxpayer obligations. LRA provides taxpayers with information on three of the four taxpayer obligations (registration, filing, payment); there is no information for taxpayers on reporting of information in tax declarations or the credit/refund process in the case of overpayment. The Taxpayer Services Division (TSD) produces this information through the LRA website as well as a number of brochures and flyers, but information in the printed form is not readily available to taxpayers.[15] The DTD conducts taxpayer clinics for tax intermediaries (quarterly), selected taxpayer segments, industry groups, as well as disadvantages groups (e.g., women market associations). The Communications, Media, and Public Affairs (CMPA) Section provides information through social media as well as radio programs and newspaper ads in English and radio broadcasts in eight regional languages.

---

[15] LRA does not have sufficient budget to print and maintain copies of all brochures and flyers at headquarters, the TBOs, and other service centers.

Information that assists taxpayers to meet their obligations is generally current in terms of the law, processes and procedures. However, the information is updated on an ad hoc basis by the TSD and CMPA together with DTD. This is partly due to insufficient staff in the Inquiries, Complaints and Taxpayer Education Section of TSD.[16] There are draft SOPs in place for TSD, but not for CMPA. Taxpayers are informed of changes in law and administrative policy before they become effective, through general communication and targeted client engagement.

Taxpayers cannot easily obtain information from the LRA. There is a documented service delivery strategy, and information is provided to taxpayers via billboards, brochures, flyers, website, emails, radio/TV programs and telephone. However, as previously mentioned, the print materials are not readily available. The call center is only available during normal business hours and taxpayers incur a small charge for calls. Public education programs and clinics are conducted regularly for all taxpayer segments in different industry groups in Monrovia, but not first-time employers or schools.[17] In the last year, LRA has made efforts to improve voluntary compliance by opening eight new walk-in service centers in Monrovia and selected counties, in addition to the LRA headquarters, other government offices in the capital region, and TBOs.[18]

LRA has documented service standards, but does not yet monitor its performance. The LRA has a documented Customer Charter and service delivery standards, but TSD has not yet tracked whether staff in headquarters or the TBOs are meeting the set standards.[19] The call center, which began operations in February 2016, is not automated and is currently staffed with one person. Statistics on number of calls and response times are not properly tracked. The data provided in Data Table 3 are only estimates, and therefore a 'D' score is given.

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

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

---

[16] Three of the four positions are currently vacant. The supervisor position is vacant.

[17] An education program for elementary/secondary schools in Monrovia and other regions is under development but not yet in place.

[18] The service centers are also one-stop-shops.

[19] TSD recently has begun logging requests to technical offices centrally to help ensure that written responses from subject-matter experts are provided within the LRA's standard of three days.

Table 9. P3-8 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P3-8. The extent of initiatives to reduce taxpayer compliance costs.	**M1**	**D**

There are some initiatives to reduce taxpayer compliance costs, but common misunderstandings regarding the law are not detected and addressed. Small taxpayers qualify for reduced rates and less frequent filing requirements under the presumptive tax regime and they also are allowed to maintain somewhat simplified accounting records.[20] The LRA is regularly reviewing and revising tax forms. Pre-filled declarations do not exist. Frequently asked questions (FAQs) and common misunderstandings of the law are not detected through service and verification activities to improve products and services. LRA does not yet have online facilities for taxpayers.[21]

P3-9: Obtaining taxpayer feedback on products and services

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

Table 10. P3-9 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
P3-9-1. The use and frequency of methods to obtain performance feedback from taxpayers on the standard of services provided.	**M1**	C	C
P3-9-2. The extent to which taxpayer input is taken into account in the design of administrative processes and products.		C	

LRA receives feedback from taxpayers on its standard of services, but on an ad hoc basis. LRA uses a variety of methods including email, telephone, suggestion boxes,

---

[20]Small taxpayers are those with annual turnover between LD 200,000 and 3 million. Micro taxpayers are those with annual turnover below LD 200,000 and they pay a 'petty trader' fee in lieu of taxes.
[21]E-filing will launch for some large taxpayers in July 2016. E-payment and other e-services are being planned.

stakeholder meetings and tax clinics, though it is not done so systematically, i.e., proper records of complaints, feedback and input are not maintained.[22] Taxpayer satisfaction surveys have also been undertaken. A survey was conducted by the tax administration in 2013[23] but it did not cover a statistically valid sample of taxpayers (Monrovia only). A taxpayer satisfaction survey was conducted by an independent third party in 2015 (funded by USAID), but it was limited to the quality of service at 10 decentralized service windows that manage only small and medium taxpayers. None of the surveys have been published, nor have the results been monitored each year.

LRA also receives input from taxpayers for the design of new and existing processes and products; although it is done on an ad hoc basis. Large taxpayers have been involved in the original design and testing of the e-filing system before its launch. Furthermore, the LRA has received and utilized feedback from taxpayers to revise the registration form and its operational processes (e.g., to speed up the handling of requests for tax clearance certificates by moving the function from DTD to TSD).

D. POA 4: Timely Filing of Tax Declarations

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

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

The following performance indicators are used to assess POA 4:

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

---

[22] LRA has recently launched a more systematic approach to compiling taxpayer feedback.
[23]LRA's predecessor Revenue Department

P4-10: On-time filing rate

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

Table 11. P4-10 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
P4-10-1. The number of CIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered CIT taxpayers.	M2	D	D
P4-10-2. The number of PIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered PIT taxpayers.		D	
P4-10-3. The number of VAT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered VAT taxpayers.		D	
P4-10-4. The number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the number of PAYE declarations expected from registered employers.		D	

The data provided for on-time filing (Attachment III, Tables 4-8) is not reliable. Given the issues on the reliability of the taxpayer registration database (POA 1), the data provided by the LRA is not reliable to assess this indicator. Furthermore, there is inconsistency between the data generated from SIGTAS and information held by the LTD on the number of large taxpayers. For these reasons, P4-10-1 to P4-10-4 are rated at a 'D' level.

P4-11: Use of electronic filing facilities

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

Table 12. P4-11 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P4-11. The extent to which tax declarations are filed electronically.	**M1**	**D**

The LRA does not have an electronic filing system in place. Tax returns are completed and filed in hard copy only – for all core taxes.

E.   POA 5: Timely Payment of Taxes

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

Four performance indicators are used to assess POA 5:

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

P5-12: Use of electronic payment methods

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

Table 13. P5-12 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P5-12. The extent to which core taxes are paid electronically.	M1	C

Payments can be made via electronic fund transfers but usage is very low.[24] Taxpayers can make international electronic fund transfers to the CBL[25] for any of the core taxes but no other online or mobile payment facilities is available for taxpayers to pay taxes electronically. In the last two years, about 10 percent of total PAYE taxes collected (but less than 1 percent of total taxpayers) have been paid electronically via bank wire transfers—see Table 9 in Attachment III. All other taxpayers pay taxes manually through cash or manager's check (issued by the CBL)[26] at LRA offices (headquarters or TBOs) or a designated service center.[27]

P5-13: Use of efficient collection systems

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

Table 14. P5-13 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P5-13. The extent to which withholding at source and advance payment systems are used.	M1	A

There are both withholding at source and advance payment arrangements for income

---

[24] This bank payment method is advertised in flyers and on the website.

[25] Transfers are made via the New York Federal Reserve

[26] While basic SOPs for filing and payment process do exist, legal regulations on the payment process (e.g. threshold for cash vs. check) are not available.

[27] The revenue collected by LRA's LTD and MSMTD at headquarters is sourced from Monrovia, Montserrado County, as well as from the major concessions companies operating in the other counties. Tax revenue collected from the remaining counties as well as the rural area in Montserrado County (i.e. excluding taxes paid by major concession companies), are collected by the 19 TBOs. In rural areas, most payments are made at taxpayers' place of business rather than the TBO or service center offices –see P5-14.

taxes in Liberia. Withholding at source is in place for interest, dividends, royalties, license fees, mineral rights, gaming winnings, payers of rent, payments of wages or salaries to employees (PAYE), services rendered, acquisition price, etc. Furthermore, advance payments are required on a quarterly basis by persons filing and paying corporate and personal income taxes.[28]

P5-14: Timeliness of payments

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

Table 15. P5-14 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
P5-14-1. The number of GST payments made by the statutory due date in percent of the total number of payments due.	M1	D	D
P5-14-2. The value of GST payments made by the statutory due date in percent of the total value of GST payments due.		D	

While more than 50 percent of GST payments are made on time according to SIGTAS data reported, the data is deemed unreliable. The data shows that around 22.8 percent of the *number* of GST payments is received on time, and 51.6 percent of the *value* of GST payments is made on time—see Table 10 in Attachment III. The data reported does not, however, reflect the true timeliness of payments and needs to be qualified due to: (i) unreliable taxpayer registration database (POA 1); (ii) unreliable information on filing (POA 4); (iii) delays in processing returns and payments, especially in the TBOs; (iv) delays in reconciling tax payments posted to the transitory accounts (POA 8); (v) manual processes outside of SIGTAS;[29] (vi) inability to properly capture the correct date for receipt of payment in SIGTAS for those payments actually made on time – this requires TSD management to

---

[28] Executive Orders No. 52, 69 and 75 suspended LRC Section 904, and instead impose an advance income tax of two percent of the gross turnover/receipt to be paid quarterly.

[29] The data reported in Table 10 only includes payments from self-assessment as LRA does track assessments as a result of audits in SIGTAS. While LRA does track assessments from audits manually, due to the nature of a comprehensive audit, the amount for GST cannot be determined for these performance statistics.

manually reverse automated penalties and interest that have been applied;[30] and (vii) loose definition of 'self-assessment.'[31] For these reasons, a "D" rating is given.

P5-15: Stock and flow of tax arrears

This indicator examines the extent of accumulated tax arrears. Two measurement dimensions 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.[32] A third measurement dimension looks at the extent of unpaid tax liabilities that are more than a year overdue (a high percentage may indicate poor debt collection practices and performance given that the rate of recovery of tax arrears tends to decline as arrears get older). Assessed scores are shown in Table 16 followed by an explanation of reasons underlying the assessment.

Table 16. P5-15 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
P5-15-1. The value of total core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.	M2	D	D
P5-15-2. The value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.		D	
P5-15-3. The value of core tax arrears more than 12 months' old as a percentage of the value of all core tax arrears.		D	

The effectiveness of debt management cannot be properly assessed, as the data on arrears is unreliable. The data shows ratios of 11 percent and 6 percent for P5-15-1 and P5-15-2, respectively. The data also shows that year-end stock of arrears older than 12 months was about 90 percent of total tax arrears for both 2013/14 and 2014/15. These performance statistics are not reliable, however, given: (i) unreliable taxpayer registry (POA 1); (ii) inaccuracy of taxpayer account balances resulting from delays in posting of liabilities (POA 8); (iii) use of manual record keeping outside of SIGTAS; and (iv) lack of proper information

---

[30] SIGTAS is currently only configured to allow backdating of filing, but not payment.

[31] The term 'self-assessment' used by LRA is rather generous as it includes amounts administratively assessed by tax officials. The main practice outside of Monrovia involves visits by tax officials to the taxpayers' place of business to determine the amount due (based on interviews) and receive the declaration and payment.

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

on arrears information from MFDP. Due to these reasons, the three dimensions are rated at a 'D' level.

F. POA 6: Accurate Reporting in Declarations

Tax systems rely heavily on complete and accurate reporting of information by taxpayers in tax declarations. Tax administrations therefore need to regularly monitor tax revenue losses from inaccurate reporting, especially by business taxpayers, and take a range of actions to ensure compliance. These actions fall into two broad groups: verification activities (e.g., tax audits, investigations, and income matching against third party information sources) and proactive initiatives (e.g., taxpayer assistance and education as covered in POA 3, and cooperative compliance approaches).

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

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

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

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

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

P6-16—Scope of verification actions taken to detect and deter inaccurate reporting.
P6-17—Extent of proactive initiatives to encourage accurate reporting.

P6-18—Monitoring the extent of inaccurate reporting.

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

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

Table 17. P6-16 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
P6-16-1. The nature and scope of the tax audit program in place to detect and deter inaccurate reporting.	M2	D	D
P6-16-2. The extent of large-scale automated crosschecking to verify information in tax declarations.		D	

The tax audit program covers all core taxes and key taxpayer segments; however, it excludes cases outside of Monrovia. The annual audit program outlines the monthly targets for the number of audits to be conducted by taxpayer segment, tax type and audit types for cases in Monrovia. Since the formation of LRA, small and medium taxpayers in the TBOs have not been audited.[33] Furthermore, some large taxpayers operating as concession companies in the extractive sector have not been audited in the last year.[34] Notwithstanding, LRA uses a range of audit types and methodologies (comprehensive and issue, direct and indirect).[35] Additionally, the DTD audit program is weighted towards large taxpayers.[36] Generally, a few desk audits are conducted. The Audit Manual prescribes the auditing procedure as well as the range of audit types and methodologies.

---

[33]There was no evidence provided to show when small taxpayers were last audited in TBOs while medium taxpayers in these rural offices were lasted audited in 2011 (for the period 2007 to 2009). The reason cited for not conducting audits in TBOs was insufficient financial resources.

[34] Audits for some taxpayers (concession companies) were suspended pending the completion of specialized training in natural resource taxation auditing skills for LTD auditors.

[35] For example, as of June 13, 2016, MSMTD completed 417 audit cases of which 337 (80.8 percent) were comprehensive audits and 80 (19.2 percent) were issue audits. LTD during the same period completed 128 audits of which 96 (75.0 percent) were comprehensive audits and 32 (25.0 percent) were issue audit cases

[36] For example, MSMTD completed 417 audits with about 45 tax auditors and LTD completed 128 audits with 29 tax auditors. So caseload for MSMTD and LTD was 9.2 and 4.4 audits per auditor, respectively. Ratios of number of audits over number of taxpayers cannot be calculated due to unreliable data (see POA 1).

The audit case selection is decentralized at divisional level.[37] The MSMTD Audit Section and the LTD Audit Section each selects its own comprehensive and issue audit cases using a number of risk parameters outlined in the risk matrix.[38] There are no random audits conducted to test the selection methodology. Although auditors identify risks in the field, these are not collated to inform any review of the risk selection criteria and compliance improvement planning as noted in POA 2. Lastly, there is no analysis of impact of audits on taxpayer compliance.[39]

No automated crosschecking of third party information against taxpayers' return is conducted to detect and deter inaccurate reporting. Third party information is manually crosschecked with taxpayers' return on a case-by-case basis during the audit process—this is based on data collected from customs department and other government agencies.

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

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

Table 18. P6-17 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P6-17. The nature and scope of proactive initiatives undertaken to encourage accurate reporting.	M1	D

LRA does not undertake proactive initiatives to encourage accurate reporting. There is no system of public and private binding rulings. Furthermore, the tax administration has no cooperative compliance arrangements in place for qualifying taxpayers. However, the tax administration issues guidance to taxpayers in form of opinions on case-by-case basis when requested by the taxpayers.

---

[37] The audit case selection and monitoring process is manual because the SIGTAS audit module is not yet functional.

[38] The case selection parameters were developed by the ERMCD and approved by LRA management.

[39] Currently, the audit selection and monitoring process is manual because the SIGTAS audit module is not yet installed.

P6-18: Monitoring the extent of inaccurate reporting

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

Table 19. P6-18 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P6-18. The soundness of the method/s used by the tax administration to monitor the extent of inaccurate reporting.	M1	D

LRA does not monitor the extent of inaccurate reporting in any of the core tax regimes. The tax administration is in the process of undertaking a fiscal gap analyses study.

G. POA 7: Effective Tax Dispute Resolution

This POA deals with the process by which a taxpayer seeks an independent review, on grounds of facts or interpretation of the law, of a tax assessment resulting from an audit. Above all, a tax dispute process must safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing. The process should be based on a legal framework, be known and understood by taxpayers, be easily accessible, guarantee transparent independent decision-making, and resolve disputed matters in a timely manner.

Three performance indicators are used to assess POA 7:

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

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

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

Table 20. P7-19 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
P7-19-1. The extent to which an appropriately graduated mechanism of administrative and judicial review is available to, and used by, taxpayers.	M2	B	A
P7-19-2. Whether the administrative review mechanism is independent of the audit process.		A	
P7-19-3. Whether information on the dispute process is published, and whether taxpayers are explicitly made aware of it.		A	

A tiered review mechanism is in place and used, but the administrative review process within the LRA is multi-layered. If a taxpayer does not agree with the audit findings, a request can be made for a meeting with the management officials in the DTD. If a resolution cannot be reached, the taxpayer then has the right to appeal to the LRA's CG. After the administrative review process, the taxpayer has the right to appeal with the Board of Tax Appeals (BOTA), followed by the Liberia Tax Court. The number of objections and appeals to the CG and BOTA are low in an international comparison.[40]

The audit and appeals units are fully independent from each other. Officers reviewing taxpayer objections to the CG are in the Legal and Board Affairs Department (LBAD), and are physically and organizationally separate from the auditor(s) who are part of the Audit Sections in the MSMTD and LTD. The dispute SOPs are documented and applied by the LBAD officers.

Information on the dispute resolution process is publicly available and taxpayers are explicitly made aware of their rights. The LRA provides information on the taxpayers' dispute rights and the dispute process through general means including the LRA website and brochures.[41] The LRA also informs taxpayers during the audit and in the decisions on an objection taken by the CG. Furthermore, auditors explicitly inform taxpayers of their right to dispute the assessed amount and the dispute procedure in the audit finalization letter.

---

[40] During 2014/15, 5 objection cases were opened and 3 were completed.
[41] See POA 3-7: Scope, Currency and accessibility of information

P7-20: Time taken to resolve disputes

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

Table 21. P7-20 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P7-20. The time taken to complete administrative reviews.	M1	D

The data provided shows that the standard of completing the administrative review for at least 90 percent of the cases within 90 calendar days is not met. This data is not maintained in SIGTAS, but rather recorded and monitored manually and on an ad hoc basis.

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

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

Table 22. P7-21 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P7-21. The extent to which the tax administration responds to dispute outcomes.	M1	C

LRA does not monitor or analyze dispute outcomes regularly. The LBD does take into account dispute outcomes to propose amendments to legislation, but only on an ad hoc basis. Dispute outcomes are not published, not even in a sanitized form.

H.   POA 8: Efficient Revenue Management

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

- Providing input to government budgeting processes of tax revenue forecasting and tax revenue estimating. (As a general rule, primary responsibility for advising government on

tax revenue forecasts and estimates rests with the Ministry of Finance. The tax administration provides data and analytical input to the forecasting and estimating processes. Ministries of Finance often set operational revenue collection targets for the tax administration based on forecasts of revenue for different taxes.)[42]

- Maintaining a system of revenue accounts.

- Paying tax refunds.

Three performance indicators are used to assess POA 8:

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

P8-22: Contribution to government tax revenue forecasting process

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

Table 23. P8-22 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P8-22. The extent of tax administration input to government tax revenue forecasting and estimating.	M1	B

The LRA provides input to the MFDP on forecasting and estimation of tax revenue, but does not undertake analysis on tax expenditures or the stock of tax losses.[43] The Policy Statistics and Strategic Planning Division (PSSPD) reports actual revenue collection figures including analysis on deviations from forecasted revenues to the MFDP on a monthly basis. LRA contributes to the forecasting process by providing the MFDP with its own revenue forecasts as well as production forecasts for key economic sectors. The PSSPD also informs the tax policy process by providing analysis on tax revenue estimation for potential measures.

---

[42] 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.

[43] LRA does not forecast GST refund levels as they do not currently process refund requests – see P8-24

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

Table 24. P8-23 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P8-23. Adequacy of the tax administration's revenue accounting system.	M1	D

LRA's taxpayer and revenue accounting system does provide a sound revenue accounting environment. There are two IT systems—SIGTAS and TAS—being used simultaneously for recording of payments and reconciliation purposes.[44] Neither system interfaces with the MFDP's Integrated Financial Management Information System (IFMIS) or with CBL's 'T24' Core Banking Application system.

SIGTAS and TAS are not updated in real time with primary taxpayer transactions. The National Revenue Accounting and Reconciliation Section (NRARS) reconciles revenue in the Consolidated Fund Account reported by CBL and LRA, and the AAA Sections are then tasked with reconciling the revenue against individual taxpayer accounts. While AAA reviews the taxpayer ledger to correct for accounting errors and omissions, this process is done manually outside of SIGTAS, and on an ad hoc basis. There are significant delays in posting payments to the taxpayers account due to (i) delay in receipt of deposit information (i.e. bank payment slip) from the 19 TBOs,[45] and (ii) delay by CBL to post deposits on time to the revenue account.[46]

SIGTAS has been audited by an external firm. The 2014/15 internal audit report was narrow in scope and did not assess the revenue accounting function of SIGTAS nor whether the system is aligned with tax laws and accounting standards. The external audit report, however, identified a number of weaknesses related to LRA's IT processes. The report notes that manual intervention has been in involved in the transfer of information from TAS to SIGTAS. Evidence in the report also shows the current operating procedures for payment

---

[44] TAS is the current payment platform that will be replaced completely by SIGTAS in the near future. Only some of SIGTAS modules have been rolled out to date. A data exchange interface (dbLink) exists to send all payment related information from SIGTAS to TAS.
[45] As of May 31 2016, an amount of US$ 299,043 of rural revenue that was swept from the transitory accounts to the Consolidated Fund account at CBL is not yet reflected in TAS or SIGTAS.
[46] As of May 31 2016, the unreconciled amount in the suspense account totaled US$ 2.5 million some of which is more than 90 days old.

processing are not aligned with the Liberia Revenue Code (LRC).

P8-24: Adequacy of tax refund processing

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

Table 25. P8-24 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
P8-24-1. Adequacy of the VAT refund system.	M2	N/A	N/A
P8-24-2. The time taken to pay (or offset) VAT refunds.		N/A	

This indicator is not assessed because Liberia does not have a VAT. But it is of note that the law allows refunds and carry-forward credits for overpaid tax. In practice, however, LRA only receives and processes claims for credit. No claims for refunds were received by the LRA in 2014/15.

I.   POA 9: Accountability and Transparency

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

Four performance indicators are used to assess POA 9:

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

P9-25: Internal assurance mechanisms

For this indicator, two measurement dimensions assess the internal assurance mechanisms in place to protect the tax administration from loss, error, and fraud. Assessed scores are shown in Table 26 followed by an explanation of reasons underlying the assessment.

Table 26. P9-25 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
P9-25-1. Assurance provided by internal audit.	M2	D	D
P9-25-2. Staff integrity assurance mechanisms.		D	

Assurance provided by internal audit is weak due to inadequate IT controls, and no external audit of the IA function has been performed. The LRA has an organizationally independent IA department reporting directly to an audit committee within the Board of Directors as well as the Internal Audit Agency. There are multiyear and annual internal audit plans that call for internal control checks and performance audits, including reviews of key operations, revenue accounting, and internal financial management. The IA auditors received regular training; however, they currently lack access to and understanding of SIGTAS. IA has a repository of internal controls, processes, and procedures. There have been no audits by the General Auditing Commission (GAC) on internal audit operations and systems, but a comprehensive audit of SIGTAS was performed by an external contractor in 2015. IA provides quarterly reports to appropriate senior executives on actions taken to address concerns, and an Audit and Risk Management Recommendations Implementation Committee, chaired by the CG, provides executive oversight of corrective actions. Internal IT system controls and IA surveillance of SIGTAS are not adequate.

The LRA has an internal affairs department that reports directly to the CG, but it does not currently have proper investigative (i.e., police) powers. Staff members of the Professional Ethics Department (PED) have criminal investigation backgrounds and receive regular training, including from a technical advisor provided by the U.S. Treasury. The unit participated in the development of the Code of Conduct and in outreach efforts to introduce the Code of Conduct. Although there is informal cooperation between PED and the Liberian National Police, as well as with the Liberia Anti-Corruption Commission (LACC), memorandums of understandings with these organizations are in draft form. Integrity related statistics are maintained for LRA but are not made public.

P9-26: External oversight of the tax administration

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

Table 27. P9-26 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
P9-26-1. The extent of independent external oversight of the tax administration's operations and financial performance.	M2	D	D
P9-26-2. The investigation process for suspected wrongdoing and maladministration.		D	

The information available to the TADAT assessors is insufficient to allow an assessment to be made on the extent of independent external oversight of the LRA's performance. There is no GAC report covering LRA's financial and/or operational performances for the past five years.[47] However, the GAC has commissioned such an audit for the FY 2014/15 and this audit is currently ongoing.

There are few external mechanisms for investigation of suspected wrongdoing and maladministration of the LRA. There is no ombudsman or equivalent body charged with receiving and investigating complaints from taxpayers. While the LACC has the mandate to investigate and prosecute allegations of corruption by tax officials, it reportedly acts only upon information received, i.e. is not pro-active. The LRA does not receive recommendations from the LACC.

P9-27: Public perception of integrity

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

Table 28. P9-27 Assessment

Measurement Dimensions	Scoring Method	Score 2016
P9-27. The mechanism for monitoring public confidence in the tax administration.	M1	D

---

[47] The GAC Auditor General's Reports and Management Letter provided do not meet standards of actual audit of LRA's financial statements or operational performances with identification of deficiencies or weaknesses.

LRA has not developed mechanisms for monitoring public confidence in the integrity of its tax administration. The last perception survey that was made public was conducted by Transparency International and Afrobarometer in 2015. While persons surveyed reported having paid bribes to tax officials in Liberia (68 percent), LRA staff have no knowledge of the survey. A number of taxpayer satisfaction surveys have been conducted by LRA and/or independent third parties (see POA 3), but they did not cover perceptions of corruption or integrity. Since LRA staff are unaware of taxpayers' view of public confidence, there is insufficient information to support scoring this indicator, especially with regard to monitoring trends in public confidence and utilizing the information to update LRA's governance or integrity framework.

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

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

Table 29. P9-28 Assessment

Measurement Dimensions	Scoring Method	Score 2016	
P9-28-1. The extent to which the financial and operational performance of the tax administration is made public, and the timeliness of publication.	M2	D	D+
P9-28-2. The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication.		C	

Publication of performance reports and future plans is not always complete or timely. LRA prepared an annual report for FY 2014/15 outlining its financial and operational performance; however only a draft version was published on the website within 12 months of the end of the fiscal year, and therefore cannot be used as evidence.[48] The 2013/14 annual report could not be made available. LRA published its 5-year strategic plan (2016/17 to 2020/21) on the website at the start of the period covered by the plan;[49] however, there has

---

[48] The 14/15 annual report had not been published by June 22, 2016 (TADAT mission end). While a version was made available on the website by June 30, 2016, it is incomplete and still in draft form. For example, the 'Forward by the CG' and 'Attestation' pages by LRA senior management do not have signatures or dates.
[49] It is important to note that the publication of the strategic plan was done *after* the TADAT assessment. During the TADAT mission, the team was provided with a draft corporate strategic plan that had not been made public

(continued)

been no publication of annual operational plans. Operational plans for some departments were provided to the team, but they were only draft versions and were not made public.

---

and covered the period 2015-2020. Shortly following the TADAT mission, the plan was updated to the years 2016-2021 with little to no substantial changes, and published on the website.

Attachment I. TADAT Framework

Performance outcome areas

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

1. **Integrity of the registered taxpayer base:** Registration of taxpayers and maintenance of a complete and accurate taxpayer database is fundamental to effective tax administration.

2. **Effective risk management:** Performance improves when risks to revenue and tax administration operations are identified and systematically managed.

3. **Support given to taxpayers to help them comply:** Usually, most taxpayers will meet their tax obligations if they are given the necessary information and support to enable them to comply voluntarily.

4. **On-time filing of declarations:** Timely filing is essential because the filing of a tax declaration is a principal means by which a taxpayer's tax liability is established and becomes due and payable.

5. **On-time payment of taxes:** Nonpayment and late payment of taxes can have a detrimental effect on government budgets and cash management. Collection of tax arrears is costly and time consuming.

6. **Accuracy of information reported in tax declarations:** Tax systems rely heavily on complete and accurate reporting of information in tax declarations. Audit and other verification activities and proactive initiatives of taxpayer assistance, promote accurate reporting and mitigate tax fraud.

7. **Adequacy of dispute resolution processes:** Independent accessible, and efficient review mechanisms safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing in a timely manner.

8. **Efficient revenue management:** Tax revenue collections must be fully accounted for, monitored against budget expectations, and analyzed to inform government revenue forecasting. Legitimate tax refunds to individuals and businesses must be paid promptly.

9. **Accountability and transparency:** As public institutions, tax administrations are answerable for the way they use public resources and exercise authority. Community confidence and trust are enhanced when there is open accountability for administrative actions within a framework of responsibility to the minister, legislature, and general community.

Indicators and associated measurement dimensions

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

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

Scoring methodology

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

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

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

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

Attachment II. Liberia: Country Snapshot

Geography	The Republic of Liberia is located on the coast of West Africa, bordered by Sierra Leone to the north and northwest, Guinea to the northeast, Cote d'Ivoire to the east. Monrovia is the capital city of Liberia.
Population	4.5 million (2015) (*Source: World Bank*)
Adult literacy rate	Female: 56.8 percent, Male: 64.8 percent, Both sexes: 60.8 percent. (15+ years, 2010) (*Source: CIA World Factbook*)
Gross domestic product	US$ 2.013 billion, 2014 Current GDP: (*Source: World Bank*)
Per capita GDP	US$ 450 in 2014 (*Source: World Bank*)
Main industries	Liberia is a low-income country that relies heavily on foreign assistance. Liberia is richly endowed with water, mineral resources, forests, and a climate favorable to agriculture. In recent years, growth has been driven by iron ore and rubber. (*Source: Index Mundi, Liberia Economy Profile 2014*)
Communications	Internet users per 100 people: 3.8 (2012) Mobile cellular: 2.4 million lines (2012) Independent and local radio stations are the primary source of mass communication, although recent statistics do not exist. (*Source: ITU*)
Main taxes	CIT, PIT, PAYE, and GST
Tax-to-GDP	18.9 percent in 2014/15 (*Source: LRA, June 2016*)
Number of taxpayers	At the end of 2014/15 Fiscal Year: CIT (1,759); PIT (7,795) PAYE withholders (8,048); and GST (domestic only) (358). (*Source: LRA, June 2016*)
Main collection agency	Liberia Revenue Authority
Number of staff in the main collection agency	Core staff: 847 (120 of which are in rural offices, e.g., TBOs); Contractors: 80 (*Source: LRA, June 2016*)
Financial Year	July 1 – June 30

Attachment III. Data Tables

A. Tax Revenue Collections

Table 1. Tax Revenue Collections, 2012/13-2014/15[1]			
	2012/2013	**2013/14**	**2014/2015[3]**
In US Dollars, in thousand			
National budgeted tax revenue forecast[2]	**411,176**	**432,326**	**339,170**
Total tax revenue collections	**359,110**	**397,427**	**382,218**
Corporate Income Tax (CIT)	38,072	42,288	29,473
Personal Income Tax (PIT)	107,552	115,894	115,338
Goods & Services Tax (GST)—gross domestic collections	27,024	28,335	25,437
Goods & Services Tax (GST)—collected on imports	38,812	39,582	42,529
Goods & Services Tax (GST)—refunds approved and paid			
Excises on domestic transactions	3,033	4,429	4,608
Excises—collected on imports	7,881	7,397	9,926
Social contribution collections			
Other domestic taxes[2]	136,736	159,502	154,907
In percent of total tax revenue collections			
Total tax revenue collections	100	100	100
CIT	10.6	10.6	7.7
PIT	29.9	29.2	30.2
GST—gross domestic collections	7.5	7.1	6.7
GST—collected on imports	10.8	10.0	11.1
GST—refunds approved and paid	0.0	0.0	0.0
Excises—collected on domestic transactions	0.8	1.1	1.2
Excises—collected on imports	2.2	1.9	2.6
Social contribution collections	0.0	0.0	0.0
Other domestic taxes	38.1	40.1	40.5
In percent of GDP			
Total tax revenue collections	19.3	20.0	18.9
CIT	2.1	2.1	1.5
PIT	5.8	5.8	5.7
GST—gross domestic collections	1.5	1.4	1.3
GST—collected on imports	2.1	2.0	2.1
GST—refunds approved and paid	0.0	0.0	0.0
Excises—collected on domestic transactions	0.2	0.2	0.2
Excises—collected on imports	0.4	0.4	0.5
Social contribution collections	0.0	0.0	0.0
Other domestic taxes	7.4	8.0	7.6
Nominal GDP in United States Dollars (000)	**1,856,000**	**1,989,000**	**2,027,000**

Explanatory notes:
1 This table gathers data for three fiscal years (e.g. 2013-15) in respect of all domestic tax revenues collected by LRA, plus VAT and Excise tax collected on imports.
2 'Other domestic taxes collected by LRA include property taxes, Presumptive (BIT), additional taxes and fees, motor vehicle, business registration, Maritime revenue, Social contribution from concession companies
3 There was a drop in revenue in 2014/15 due to, for example, executive order on advanced payment, call bonuses in the GSM Sector, and a drop in excisable imports.

B. Movements in the Taxpayer Register

Table 2. Movements in the Taxpayer Register (Ref: POA 1)[1]					
	Active[2] [A]	Inactive (not yet deregistered) [B]	Total end-year position [A + B]	Percentage of inactive (not yet deregistered)	Deregistered during the year
2012/2013					
Corporate income tax	1,281	8	1,289		1
Personal income tax	4,922	1	4,923		-
PAYE withholding (# of employers)	3,693	18	3,711		1
GST[3]	229	2	231		-
Domestic excise tax	60	-	60		-
Other taxpayers[4]	17,618	62	17,680		6
2013/2014					
Corporate income tax	1,552	8	1,560		1
Personal income tax	6,514	2	6,516		-
PAYE withholding (# of employers)	6,722	25	6,747		10
GST	325	2	327		1
Domestic excise tax	86	-	86		1
Other taxpayers	24,954	80	25,034		26
2014/2015					
Corporate income tax	1,750	9	1,759		-
Personal income tax	7,793	2	7,795		1
PAYE withholding (# of employers)	8,022	26	8,048		4
GST	356	2	358		-
Domestic excise tax	98	-	98		-
Other taxpayers	33,495	89	33,584		10

Explanatory notes:
1 The source of this data is SIGTAS, and is deemed unreliable. More details can be found in P1-1-2.
2 'Active' taxpayers means registrants from whom tax declarations (returns) are expected (i.e. 'active' taxpayers exclude those who have not filed a declaration within at least the last year because the case is defunct (e.g., a business taxpayer has ceased trading or an individual is deceased, the taxpayer cannot be located, or the taxpayer is insolvent).
3 GST pay at the borders are collected and reported by customs, and not included in this table.
4 Other taxpayers includes BIT, property taxes, withholdings on services, rent, dividends, interest, etc.

C. Telephone Enquiries

Table 3. Telephone Enquiry Call Waiting Time (Ref: POA 3)[1] (for 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
January	0	0	0
February	20	20	100
March	300	300	100
April	350	300	350
May	120	120	100
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
12-month total	**790**	**740**	**94**

Explanatory notes:
1 These figures are estimates only, and deemed unreliable. More details can be found in P3-7-4.

D. Filing of Tax Declarations

Table 4. On-time Filing of CIT Declarations for 2014/2015 (Ref: POA 4)[1]			
	Number of declarations filed on-time[2]	Number of declarations expected to be filed[3]	On-time filing rate[4] (In percent)
All CIT taxpayers	50	1,750	2.9
Large taxpayers only	24	484	5.0

Explanatory notes:

1 The source of this data is SIGTAS, and is deemed unreliable. More details can be found in P4-10-1.

2 '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).

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

4 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:

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

Table 5. On-time Filing of PIT Declarations for 2014/2015 (Ref: POA 4)[1]		
Number of declarations filed on-time[2]	Number of declarations expected to be filed[3]	On-time filing rate[4] (In percent)
13	7793	0.2

Explanatory notes:
1 The source of this data is SIGTAS, and is deemed unreliable. More details can be found in P4-10-1-2.
2 '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).
3 'Expected declarations' means the number of PIT declarations that the tax administration expected to receive from registered PIT taxpayers that were required by law to file declarations.
4 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:

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

Table 6. On-time Filing of GST Declarations—All taxpayers (Ref: POA 4) [1]			
(for most recent 12-month period-2014/2015)			
Month	Number of declarations filed on-time[2]	Number of declarations expected to be filed[3]	On-time filing rate[4] (In percent)
July	72	379	19.0
August	79	380	20.8
September	91	381	23.9
October	90	381	23.6
November	86	386	22.3
December	88	389	22.6
January	94	403	23.3
February	93	406	22.9
March	91	409	22.2
April	99	412	24.0
May	97	413	23.5
June	104	413	25.2
12-month total[5]	1,084	4,752	22.8

Explanatory notes:

1 The source of this data is SIGTAS, and is deemed unreliable. More details can be found in P4-10-3.

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

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

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

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

5 This table has more 'expected' returns as compared to 'active' taxpayers in Table 2 because domestic GST taxpayers file two separate returns for goods tax and services tax, except in the case where the Goods and Services are inseparable. GST paid at the borders are collected and reported by customs, and not included in this table.

Table 7. On-time Filing of GST Declarations—Large taxpayers only (Ref: POA 4)[1]			
(for most recent 12-month period-2014/2015)			
Month	Number of declarations filed on-time[1]	Number of declarations expected to be filed[2]	On-time filing rate[3] (In percent)
July	34	108	31.5
August	39	108	36.1
September	42	109	38.5
October	43	109	39.4
November	41	112	36.6
December	43	112	38.4
January	43	114	37.7
February	42	114	36.8
March	42	114	36.8
April	49	115	42.6
May	45	115	39.1
June	44	115	38.3
12-month total[5]	507	1,345	37.7

Explanatory notes:

1 The source of this data is SIGTAS, and is deemed unreliable. More details can be found in P4-10-3.

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

3 'Expected declarations' means the number of VAT declarations that the tax administration expected to receive from large taxpayers that were required by law to file VAT declarations.

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

Number of VAT declarations filed by the due date by large taxpayers x 100
     Number of VAT declarations expected from large taxpayers
5 This includes domestic GST only

Table 8. On-time Filing of PAYE Withholding Declarations (filed by employers) (Ref: POA 4)[1]			
(for most recent 12-month period-2014/2015)			
Month	Number of declarations filed on-time[2]	Number of declarations expected to be filed[3]	On-time filing rate[4] (In percent)
July	788	6,966	11.3
August	645	7,110	9.1
September	694	7,215	9.6
October	753	7,394	10.2
November	716	7,468	9.6
December	825	7,709	10.7
January	841	7,779	10.8
February	767	7,831	9.8
March	805	7,887	10.2
April	858	7,887	10.9
May	829	7,956	10.4
June	887	8,022	11.1
12-month total	9,408	91,224	10.3

Explanatory notes:

1 The source of this data is SIGTAS, and is deemed unreliable. More details can be found in P4-10-4.

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

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

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

Number of PAYE withholding declarations filed by the due date x 100

Number of PAYE withholding declarations expected from registered employers

E. Electronic Services

Table 9. Use of Electronic Services, 2012/13-2014/15 (Ref: POA 4 and 5)[1]			
	2012/13	**2013/14**	**2014/15**
Electronic filing[2] (In percent of all declarations filed for each tax type)			
CIT	**0.000**	**0.000**	**0.000**
PIT	**0.000**	**0.000**	**0.000**
GST	**0.000**	**0.000**	**0.000**
PAYE withholding (declarations filed by employers)	**0.000**	**0.000**	**0.000**
Electronic payments[3] (In percent of total **number** of payments received for each tax type)			
CIT	**0.000**	**0.000**	**0.000**
PIT	**0.000**	**0.000**	**0.000**
GST	**0.000**	**0.000**	**0.000**
PAYE withholding (declarations filed by employers)	**0.000**	**0.121**	**0.099**
Electronic payments (In percent of total **value** of payments received for each tax type)			
CIT	**0.000**	**0.000**	**0.000**
PIT	**0.000**	**0.000**	**0.000**
GST	**0.000**	**0.000**	**0.000**
PAYE withholding (remitted by employers)	**0.000**	**10.214**	**8.620**

Explanatory notes:

1 The source of this data is SIGTAS, and is deemed unreliable. More details can be found in P4-11 and P5-12.

2 For purposes of this table, electronic filing involves facilities that enable taxpayers to complete tax declarations online and file those declarations via the Internet.

3 Methods of electronic payment include credit cards, debit cards, and electronic funds transfer (where money is electronically transferred via the Internet from a taxpayer's bank account to the Treasury account). Electronic payments may be made, for example, by mobile telephone where technology is used to turn mobile phones into an Internet terminal from which payments can be made. For TADAT measurement purposes, payments made in-person by a taxpayer to a third party agent (e.g., a bank or post office) that are then electronically transferred by the agent to the Treasury account are accepted as electronic payments.

F. Payments

Table 10. GST Payments Made During 2014/2015 (Ref: POA 5)[1]			
	GST payments made on-time[2]	GST payments due[3]	On-time payment rate[4] (In percent)
Number of payments	1,084	4,752	22.8
Value of payments	25,437,000	49,272,474	51.6

Explanatory notes:

1 The source of this data is SIGTAS, and is deemed unreliable. More details can be found in P5-14.

2 '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).

3 'Payments due' include all payments from self-assessment. LRA does not track assessments from audits in SIGTAS.

4 The 'on-time payment rate' is the number (or value) of VAT payments made by the statutory due date in percent of the total number (or value) of VAT payments due, i.e. expressed as ratios:

• The on-time payment rate by number is: Number of VAT payments made by the due date x 100
                                                                          Total number of VAT payments due

• The on-time payment rate by value is: Value of VAT payments made by the due date x 100
                                                                        Total value of VAT payments due

G. Domestic Tax Arrears

<table>
<tr><td colspan="4">Table 11. Value of Tax Arrears, 2012/13-2014/15 (Ref: POA 5)[1]</td></tr>
<tr><td></td><td>2012/2013</td><td>2013/2014</td><td>2014/2015</td></tr>
<tr><td></td><td colspan="3">US Dollars</td></tr>
<tr><td>Total core tax revenue collections (from Table 1) (A)</td><td>359,110</td><td>397,427</td><td>382,218</td></tr>
<tr><td>Total core tax arrears at end of fiscal year[2] (B)</td><td>0</td><td>62,363</td><td>66,290</td></tr>
<tr><td>Of which: Collectible[3] (C)</td><td>0</td><td>43,470</td><td>36,447</td></tr>
<tr><td>Of which: More than 12 months' old (D)</td><td>0</td><td>55,620</td><td>60,674</td></tr>
<tr><td></td><td colspan="3">In percent</td></tr>
<tr><td>Ratio of (B) to (A)[4]</td><td>0.0</td><td>15.7</td><td>17.3</td></tr>
<tr><td>Ratio of (C) to (A)[5]</td><td>0.0</td><td>10.9</td><td>9.5</td></tr>
<tr><td>Ratio of (D) to (B)[6]</td><td>0.0</td><td>89.2</td><td>91.5</td></tr>
</table>

Explanatory notes:

1 The source of this data is SIGTAS, and is deemed unreliable. More details can be found in P5-15.

2 'Total core tax arrears' include tax, penalties, and accumulated interest.

3 'Collectible' core tax arrears is defined as the total amount of domestic tax, including interest and penalties, that is overdue for payment and which is not subject to collection impediments. Collectible 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.   *Value of total core tax arrears at end of fiscal year (B)* x 100
                    Total core tax collected for fiscal year (A)

5   i.e.   *Value of collectible core tax arrears at end of fiscal year (C)* x 100
                    Total core tax collected for fiscal year (A)

6   i.e. Value of total core tax arrears > 12 months old at end of year (D) x 100
                  Value of total core tax arrears at end of fiscal year (B)

H. Tax Dispute Resolution

Month	Total number finalized	Finalized within 30 days		Finalized within 60 days		Finalized within 90 days	
		Number	In percent of total	Number	In percent of total	Number	In percent of total
July	0	0	0.0	0	0.0	0	0.0
August	1	0	0.0	0	0.0	0	0.0
September	0	0	0.0	0	0.0	0	0.0
October	0	0	0.0	0	0.0	0	0.0
November	1	0	0.0	0	0.0	0	0.0
December	0	0	0.0	0	0.0	0	0.0
January	0	0	0.0	0	0.0	0	0.0
February	1	0	0.0	0	0.0	1	100.0
March	0	0	0.0	0	0.0	0	0.0
April	0	0	0.0	0	0.0	0	0.0
May	0	0	0.0	0	0.0	0	0.0
June	0	0	0.0	0	0.0	0	0.0
Unknown	2	0	0.0	0	0.0	0	0.0
12-month total	**5**	**0**	**0.0**	**0**	**0.0**	**1**	**7.7**

Table 12. Finalization of Administrative Reviews (Ref: POA 7)[1]
(for most recent 12-month period)

Explanatory notes:
[1] The source of this data is the Legal and Board Affairs Department. More details can be found in P7-20.

Attachment IV. Organizational Chart

Board of Directors

IAA

Commissioner
Internal Audit

Commissioner
General

Core Business

DCGAA

Commissioner
Customs

Commissioner
Domestic Tax

DCGTA

Commissioner
General Services

AC
Policy and Technical
Operations

AC
Large Tax

AC
Taxpayer Services

AC
Management Information
Systems

AC
Human Resource
Management

AC
Customs Ports
Operations

AC
Micro Small and
Medium tax

AC
Enterprise Design,
Quality Assurance and Results

AC
Enterprise Risk Management
and Compliance

AC
Budget and Finance

AC
Compliance and
Enforcement

Manager
Natural Resource Tax

Manager
National Revenue Accounting
and Reconciliation

Manager
Office of Professional
Responsibility

AC
Professional Ethics

AC
Real Estate Tax

Chief Counsel
Legal and Board Affairs

AC
Policy Statistics and
Strategic Planning

Manager
Sector Ministries

AC
Transformation and
Modernization

Manager
Tax Business Offices

Manager
Communications Media and
Public Affairs

LRA Organizational Structure

DCGAA: Deputy Commissioner General of Administrative Affairs

DCGTA: Deputy Commissioner General of Technical Affairs

AC: Assistant Commissioner

Attachment V. Sources of Evidence

Indicators	Sources of Evidence
P1-1. Accurate and reliable taxpayer information.	• LRC Section 53 • SOPs for Registration and De-Registration • BIR SOPs (have legal basis) • LBR website • SOPs for segmentation • Registration forms for individuals, businesses, Sole-Ps, organizations, etc. • 2016 C2D Report – LRA Automated Systems Forensic Review • Various screen shots of taxpayer profiles (businesses and individuals) • LTD Enforcement and AAA proposed work plans for 15/16 • MSMTD 15/16 consolidated work plan • TBO proposed work plans for 15/16 • LTD and MSMTD Weekly Management Report • LTD and MSMTD monthly reports • TBO quarterly registration report • Screen shot of enterprise code clean up • SIGTAS Phase II report (e-tax rollout) • Screen shot of SIGTAS suspension/inactivity function • Excel files of manual taxpayer data cleaning showing inaccuracies • Discussions with LTD and MSMTD staff • TSD weekly report • Field observations in TSD • Discussions and field observations at TBOs • Discussion with Deputy Commissioner General for Technical Affairs (DCGTA) and Management Information System Division • Manual third party cross checks on case-by-case basis with external and internal sources (NASSCORP, Customs, and BIVAC)
P1-2. Knowledge of the potential taxpayer base.	• Block Mapping Program Document • Block Mapping Field Report of Zone 9 and 10
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	• LRA Organization Chart • Customs and Tax Compliance Risk Management Program • Job Profile for Tax Compliance Risk Manager • Large Taxpayer Compliance Status • SWOT analysis for Strategic Plan • Audit Case Selection Criteria

Indicators	Sources of Evidence
	• Sector Report – Telecommunication • Cross check of tax and customs data • Observation verifying cross-reference of NASSCORP and tax data • Risks and Impacts Statement
P2-4. Mitigation of risks through a compliance improvement plan.	• DTD's 2015/16 Domestic Revenue Mobilization Strategy • Segment Compliance Plans • Domestic Tax Strategy spreadsheet
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	• Implementation Matrix (sample) • Charter of the Enterprise Risk Management Review and Technical Sub-Committees
P2-6. Identification, assessment, and mitigation of institutional risks.	• Enterprise Risk Management Framework • Charter of the Enterprise Risk Management Review and Technical Sub-Committees • Enterprise Risk Management and Compliance Division Profile and Description of Responsibility • Risk Registry (Domestic Tax) • Risk Registry (Admin Tech CG Direct Reports) • Risk Management Committee Meeting Attendance Log, Agenda, and Minutes • Risk Management and Compliance Division Quarterly Report (sample)
P3-7. Scope, currency, and accessibility of information.	• LRA website • FAQs on core taxes • Taxpayer Bill of Rights • Customer Charter Brochure • TADAT Taxpayer Ed Tax Forms • Tax Type Brochure • GST Brochure • Internal Appeals Process Brochure • Hard copy of newspaper ad June 7, 2015 re PIT filing requirement • Marshall TBO half-sheet summary for MSM taxpayers • Posters at Buchanan TBO • December 2010 regulations on books and records for the two taxpayer segments • "Quarterly Advance Payments" • Chinese Business Association Tax Clinic Flyer and presentation • Two reports plus agendas for April 2015 sector meetings and

Indicators	Sources of Evidence
	for small taxpayers
	• Liberia Market Association Tax Clinic Photos
	• Consultation w/taxpayer intermediaries
	• Radio recordings in 8 languages tax dramas (e.g., Kru recording)
	• FAQ – New PIT Table
	• Taxpayer service activities noted in Annual Report FY 14-15 Final Draft
	• SOPs on website maintenance
	• SOPs for Taxpayer Service Center (on correspondence with taxpayers)
	• Invitation letters to hotel sector for meeting
	• Administrative regulation to local alcoholic beverage producers on excise tax
	• Excise tax announcement
	• LICPA "Presentation by LRA Domestic Tax Administration"
	• Tax clinics reports, agendas, and attendance sheets with seven industries
	• Meeting information for mining sector companies
	• PIT notice in news ad
	• Educational Plan
	• Taxpayer Education 180 Day Plan (service delivery strategy)
	• TPSD Education Info Inquiry 90 Day Operating Plan
	• Internal Service Standards
P3-8. Scope of initiatives to reduce taxpayer compliance costs.	• SOP for Processing and Issuance of Tax Certificates and accompanying Compliance Checklist
	• Form IN01, new and old versions, indicating change in location info to include "major landmark" for taxpayers without a formal street address
	• LRC Section 200c (presumptive tax)
	• December 2010 regulations on books and records for the two taxpayer segments
P3-9. Obtaining taxpayer feedback on products and services.	• DoR Customer Satisfaction Survey 2013
	• USAID Rapid Assessment of Decentralized Windows (2015) – Survey
	• Consolidated "Comments from Suggestion Boxes
	• SOP for Processing Issuance of Tax Certificates and accompanying Compliance Checklist
	• Consultation w/taxpayer intermediaries
	• Invitation letter for the E-Tax system demo presentation (20 large taxpayers)
P4-10. On-time filing rate.	• Numerical data in Tables 4-8 of Attachment III
	• Section 51, 52, 200 and 904 Liberia Revenue Code (see Liberia

Indicators	Sources of Evidence
	Revenue Code) • Announcement on the grace period for filing extension (see POA3) • SOPs for filing process (Enforcement Manual; BIR SOP with Legal Basis; LTD/AAA Business Process Flow; LTD/AAA Desk Review Process Flow; SOP for TPS on Filing and Payment) • Two example management reports MSMTD (weekly and monthly) • Two example management reports LTD (weekly and monthly) • Discussions with LTD on quality of data
P4-11. Use of electronic filing facilities.	• Discussions with IMF resident advisor on e-filing project
P5-12. Use of electronic payment methods.	• LRC Section 50 • LRC Section 200, 200(c) – Taxes Imposed and Presumptive Tax • Flyer and screen shot of bank electronic fund transfer information on website • Table 9 • SOPs for Filing/Payment
P5-13. Use of efficient collection systems.	• LRC Section 904 (Advance Payment) • LRC Section 905 (Withholding Tax) • Executive Order 52, 69, and 75 (Advanced Payment – 2% - suspension of Section 904) • SOPs for AAA
P5-14. Timeliness of payments.	• LRC Section 200 • Table 10 • TBO visits/discussions • Discussions with NRARS • SOPs for Filing/Payment
P5-15. Stock and flow of tax arrears.	• LRC Section 51, 52 – Late Filing/Failure to File, and Penalty for Failure to Pay • LRC Section 13, 14, 11 – Bad Tax Debts, Interest • Table 11 • Enforcement Manual • SOPs for AAA
P6-15. Scope of verification actions taken to detect and	• Strengthening the Tax Audit Program – Audit Manual (Introduction to Section 10) • Audit Strategy Program/Guide (2010) • MSMTD Work Plan – Audit

Indicators	Sources of Evidence
deter inaccurate reporting.	• Quality Assurance Section Training Report • Audit Working Papers • Risk Matrix (Field observation of the template with 39 selection parameters) • Field visits to LTD, MSMTD, Marshal and Buchanan TBOs. • Confirmation that none of the taxpayers in Marshall or Buchanan have been audited since 2013. • Third party information received from Customs Department and Ministry of Labor
P6-17. Extent of proactive initiatives to encourage accurate reporting.	• No evidence – activity not undertaken by the tax administration
P6-18. Monitoring the extent of inaccurate reporting.	• No evidence – activity not undertaken by the tax administration
P7-19. Existence of an independent, workable, and graduated dispute resolution process.	• LRC Section 59, 60, 61 Right of Appeal • LRC Section 70c: CG's final determination in tax cases • Organogram of the legal department of the LRA • SOP for Objections and Protests Resolution (draft 2016-001) • Taxpayer Appeal Management (former version from the MFDP) • Draft of the new Objections and Protest Regulation (April 12, 2016) • BOTA's Practice and Procedure (photo's) • Tax court and the tax divisions of the Circuit Court • Copy of adjustment proposal from legal department due to dispute • Sample Taxpayer's Protest Form • Tax court and the tax divisions of the Circuit Court • Copy of adjustment proposal from legal department due to dispute • Sample Taxpayer's Protest Form • Notice of determination to taxpayer, December 3, 2015 and February, 16, 2016 (see P7-21) • December 23,2015 Objection from a taxpayer (see P7-21) • Invitation for conference in reference to protest file, December 2015 • Copy inter-office memorandum that taxpayer withdrew protest due to hearing • Copy inter-office memorandum that due to a hearing the Protest Panel request the Post Clearance Audit Unit should conduct an

Indicators	Sources of Evidence
	audit • Copy of a letter as a follow up to the outcomes of an of a hearing at the Protest Panel, April 13, 2016 • Objections and protest's panel recommendations, signed by the CG, December 29, 2015 • Notes of the Hearing of taxpayer's case, March 7, 2016 (POA 7-21) • Brochure Protest and objections process • Field observation that brochures are available at LRA central office and two TBOs • Print screen of the LRA Website on Tax Appeals • Summary of meetings to raise awareness of the formal dispute process • Letters from BOTA, evidence of meetings to be held on the dispute process (taxpayers and for BOTA agents) • Clipping of Newspaper 2008 Tax Appeals procedures for taxpayers redress
P7-20. Time taken to resolve disputes.	• Statistics about cases (FY 14-15, numbers/time line on the cases)
P7-21. Degree to which dispute outcomes are acted upon.	• Attendance list of hearing March 7, 2016 • Old regulation on real properties no 7.2006-1/MOF/R/17 September 2009 • Notice of determination to taxpayer, December 3, 2015 (also POA 7-19) • Objection of taxpayer, December 23, 2015 and February 16, 2016 (also POA 7-19) • Notes of the hearing held March 7, 2016 (also POA 7-19) • Draft of a new regulation to respond to the outcome of the dispute, regulation VII.1022-01-14-16 • Email from Welling (20160618) on Real Estate Regulations
P8-22. Contribution to government tax revenue forecasting process.	• Organizational chart of the LRA's PSSPD with description of units • Emails sent to MFDP officials with actual revenue figures including variances from forecasts • Revenue Performance Outlook as at May 31, 2016 • Budget revision write-up report (includes revision in revenue forecast section from LRA) • Emails sent to MFDP officials with estimated revenue figures including variances from forecasts • Emails sent to MFDP officials with revenue forecasts • April Detailed Forecast • March 31 YTD and 1617 Projections – contain LRA estimates alongside MFDP estimates.

Indicators	Sources of Evidence
	• Forestry Sector Forecast Email Evidence • Revenue Performance Detailed Excel Sheet May 31st • Evidence of LRA input to MFDP email chain • Excel sheets with sector forecasts (e.g. mining/forestry). • Analysis on revised budget • FMT Presentation May 2016 gives brief details of reasons for variation from forecast • Evidence excel sheets are sent to MFDP • Emails sent to MFDP with tax policy proposals analysis, including analysis on impact from GST increase on alcohol/tobacco – evidence includes non-revenue issues i.e. fairness, in addition to revenue estimates. • Real Estate projection forecasts containing property tax forecasts • Email of Bracket Creep concept paper discussing effects on PIT of exchange rate fluctuations. MFDP officials are included. • Revenue impact analysis of changes in excise duty rate
P8-23. Adequacy of the tax revenue accounting system.	• Reconciliation data for FY15-16 from NRARS showing deposits in transit between transitory accounts to CBL. • Field visits at TBOs • NRARS national revenue reconciliation 1/7/15 to 31/5/16. Page 3 says US$2.5 million not posted to revenue accounts at CBL • Discussions with LRA taxpayer services staff • Discussions with NRASR • Hardcopy of internal audit report – short 2 paragraphs on NRARS identifying variances TAS revenue and reconciled bank revenue, and unexplained variance between CBL and TAS • External report (C2D) – several sections including 2.5.1 • LRC Section 52a
P8-24. Adequacy of tax refund processing.	• Verbal confirmation from ACs of LTD and MSMTD that refunds were not requested in 2014/15 • LRC Section 72
P9-25. Internal assurance mechanisms.	• Internal Audit Charter • Internal Audit Manual • Strategic Capacity Model • Risk Assessment Report • Internal Audit Strategic Work Plan • Work plan for Administrative and Technical Services • Work plan for Core Services • IAA & LIPA Training Program for CIA (sessions 1-5) • Staff Training and Capacity Development • Staff Training (sessions 1-3)

Indicators	Sources of Evidence
	• Audit Risk Management Recommendations • IA Monthly Report – April 2016 • IA Presentation to BOD • Internal Audit Report to the BOD • BOD Presentation 3 • Action Plan Matrix • Budget & Finance Standard Operating Procedures • Petty Cash Standard Operating Procedures • Petty Cash Audit 2015 • CIA Assessment Report • Fraud Risk Action Plan • IA Final Report on Human Resource Division • C2D P40 Liberia Report • Terms of Reference for the ARMIC • Minutes of Meeting of ARMIC • LRA Fraud Prevention Policy • Professional Ethics Code of Conduct • SOP for PED • Fight Against Corruption (data tables) • Fraud Examiners Manual
P9-26. External oversight of the tax administration.	• Auditor's General report on Consolidated Fund Financial Statements FY 2013-2014 • Management Letter on Consolidated Fund Financial Statements for FY 2013-2014 • Internal memo LRA from the Office Commissioner IA • Letter from the Auditor General, May 2, 2016 on the Audit of the financial statements and the operations of the LRA for FY 2014/2015 • Email from AC IA James Kerkulah, June 17, 2016 • Auditor's General report on the Restated Financial Statements of the Administrative operations of MOF FY 2013-2014 • Auditor's General report on the Restated Financial Statements of the Administrative operations MOF FY 2012-2013 • Auditor's General report on the MOF Financial Statements FY 2011-2012 • Discussion with the Chief Counsel and Legal and Board Affairs June 9, 2016
P9-27. Public perception of integrity.	• Transparency international and Afrobarometer Report: People and Corruption – Africa Survey 2015 – Global Corruption Barometer
P9-28. Publication of activities, results, and	• 2014/2015 Annual Report. – not yet published, includes unaudited financial statement • 2014/15 Annual Report on website – signature pages all blank

Indicators	Sources of Evidence
plans.	• Corporate Strategic Plan (2015/16 – 2019/20) not yet published • Corporate Strategic Plan 2016/17-2020/21 on website • LTD Enforcement, AAA, and Audit proposed work plans for 15/16 • MSMTD 15/16 consolidated work plan • TBO proposed work plans for 15/16