Tax Administration Diagnostic Assessment Tool (TADAT)

10th IMF - Japan High - Level Tax Conference for Asian Countries

25 - 26 April 2019
Tokyo

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Malaysia’s Experience: Tools for Tax Policy Analysis
MAIN OBJECTIVE:

Provide a tool to assess the institutional, strategic and operational ability of the tax administrations
PERFORMANCE OUTCOME AREAS

POA 1: Integrity of the Registered Taxpayer Base
All businesses, individuals, and other entities that are required to register are included in a taxpayer registration database. Information held in the database is complete and accurate.

POA 2: Risk Management
The tax administration’s management of compliance risks results in higher levels of voluntary compliance and community confidence in the tax administration.

POA 3: Supporting Voluntary Compliance
Taxpayers have the necessary information and support to voluntarily comply at a reasonable cost to themselves.

POA 4: Filing of Tax Returns
Taxpayers file returns on time.

POA 5: Payment of Obligations
Taxpayers pay their taxes in full on time.

POA 6: Ensuring Accuracy of Reporting
Taxpayers report complete and accurate information in their tax returns.

POA 7: Tax Dispute Resolution
The tax dispute resolution process is independent, accessible to taxpayers, and effective in resolving disputed matters in a timely manner.

POA 8: Operational Efficiency and Effectiveness
Tax administration operations are efficient and effective in performing key functions and achieving expected outcomes.

POA 9: Accountability and Transparency
The tax administration is transparent in the conduct of its activities and accountable to the government and the community.

POA 10: Performance Outcome Areas

The tax administration’s management of compliance risks results in higher levels of voluntary compliance and community confidence in the tax administration.

Taxpayers have the necessary information and support to voluntarily comply at a reasonable cost to themselves.

Taxpayers file returns on time.

Taxpayers pay their taxes in full on time.

Taxpayers report complete and accurate information in their tax returns.

The tax dispute resolution process is independent, accessible to taxpayers, and effective in resolving disputed matters in a timely manner.

Tax administration operations are efficient and effective in performing key functions and achieving expected outcomes.

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# MEASUREMENT SCALE

**Focus on 9 POAs**

**26 high level indicators**

**51 Measurement Dimensions**

(Four-point scale: ‘A’ to ‘D’)

<table>
<thead>
<tr>
<th>Measurement Scale</th>
<th>Details</th>
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<tbody>
<tr>
<td>A</td>
<td>Strong Performance (performance that meets or exceeds international good practice)</td>
</tr>
<tr>
<td>B</td>
<td>Sound Performance (healthy level of performance but a rung below international good practice)</td>
</tr>
<tr>
<td>C</td>
<td>Weak Performance (relative to international good practice)</td>
</tr>
<tr>
<td>D</td>
<td>Inadequate Performance (requirements for a C rating or higher are not met)</td>
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PEFORMANCE ASSESSMENT RESULTS - STRENGTHS

Institutional Risk Management
- A structured risk management framework is in place
- Business resumption plans are in place and regularly tested and updated

Tax Dispute Resolution
- The objection review mechanism is independent of the audit process
- Dispute outcomes are monitored and taken into account in the formulation of policy, legislation and administrative procedures

Efficiency of Accounting Systems
- Timely posting of accounting transactions to taxpayers’ ledger
- Strong and largely automated processes support and efficient accounting system

Internal Controls
- A strong internal control framework is in place
- Strong external oversight of the tax administration
- IRBM’s operations and financial performance

Taxation Issues
- Monitor effectively, clearly and in a structured manner and outcomes can be developed of the overall policy and procedure
- Accurate and reliable taxpayer information – data integrity

Voluntary Compliance
- Extensive information on taxpayers’ obligations and entitlements
AREAS OF IMPROVEMENT

Compliance risk management:
- More strategic and comprehensive approach

Exchange of Information:
- Restrictive law and secrecy act
- Restricted use of data other agencies’ data

Managing Public Perceptions:
- Knowledge of the level of public confidence in the tax administration

Service Delivery:
- Some of the service delivery standards do not align with international good practices
IRBM’s Corporate Plan 2016 – 2020: Benchmarking against internationally accepted best practices to set the strategic objectives and key initiatives

- Big Data Advanced Analytics: Facilitate taxpayer registration, compliant, deterrent and collection activities

- Digital Transformation: Integrating, harmonizing and synchronizing internal systems

- Business Process Re-engineering: Re-visiting work processes and procedures

- Exchange of information: Structured engagement programmes with other agencies

- Service Delivery: Enhancing current CRMS and Recovery Systems
Thank you

INLAND REVENUE BOARD OF MALAYSIA