



TECHNICAL

NOTES & MANUALS

Revenue Authorities and Their Boards of Management Recent Developments

William Crandall, Elizabeth Gavin, Maureen Kidd, and Andrew Masters

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This technical note provides detailed and updated information on the semi-autonomous revenue authority (RA) governance model for revenue administration, a model developed 40 years ago and used by about 35 administrations worldwide. The RA governance model is an important, unique governance structure that includes three partners: a minister (usually finance, but sometimes revenue or economy), a board of management, and a chief executive officer (CEO). The board of management's role is usually limited to administration and management, meaning that the CEO has dual accountability, reporting to the board concerning these matters and to the minister regarding the effective administration and enforcement of the revenue laws. RAs are set up using specific enabling legislation. Using clear language in the law is critical for establishing the exact roles of the three partners. Nearly all RAs are established as a body corporate or as having legal personality. They remain closely linked to government and are often under the general supervision or direction of the minister. The government plays a key role in appointing the board, the board chair, and the CEO, and it approves the RA's budget.

A board of management is unique in that its role is usually more limited—partly because of the confidentiality of individual taxpayer information—than that of a board of directors in a private sector corporation, although this may be evolving. This technical note examines emerging issues with these boards and notes that some see the RA board role as becoming more closely aligned with private sector boards of directors.

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Abbreviations

CEO	chief executive officer
HR	human resources
ISORA	International Survey on Revenue Administration
RA	revenue authority
SARA	semi-autonomous revenue authority
SARS	South African Revenue Service

I. Introduction

Background

The general purpose of this technical note is to provide background information and report recent developments on the semi-autonomous revenue authority (SARA)¹ governance model for revenue administration, with respect to its board of management. A revenue authority (RA), for the purposes of this note, is a special government entity that administers and enforces the revenue laws of a country. It has the following characteristics:

- It is enabled through separate legislation that outlines the RA's legal form and status; describes its purpose, powers, and functions; establishes a decision-making board of management (usually with private sector representation); and sets out the roles for the board and the chief executive officer (CEO).
- It is under the general direction of a minister (normally of finance but sometimes of revenue or economy) who remains responsible and accountable for the administration and enforcement of the country's main revenue laws.
- It has a high degree of administrative or management autonomy, particularly with respect to human resources (HR), budget, organization, and administration generally.

Some 35 countries (about 20 percent) use this RA governance model (for revenue administration) and provided data and information through the International Survey on Revenue Administration (ISORA²) in 2018. Other countries are actively engaged in establishing an RA or are giving the model serious consideration. Most of the existing RAs (about 70 percent) are responsible for both tax administration and customs administration. The remainder are responsible for tax administration only.

Autonomy in revenue administration, and the RA model particularly, remains a topic of interest to many countries and institutions. In a series of RA-related seminars over the past 10 years, representatives from IMF member countries have cited the need for further research and analysis related to the model, with particular reference to its board of management feature.

The IMF has published two main documents on the RA model. The first, "Revenue Authorities: Issues and Problems in Evaluating their Success," was published in 2006 (Kidd and Crandall 2006) and provided one of the first comprehensive assessments of the RA phenomenon and outlined many issues in evaluating whether they had been successful. The second, "Revenue Administration: A Toolkit for Implementing a Revenue Authority," was published in 2010 (Kidd and Crandall 2010), and is a comprehensive step-by-step guide for countries that have decided to establish an RA arrangement for their revenue administration.

Sources of Information and Key Metrics

Information to prepare this technical note was obtained through:

- A review of enabling legislation or regulations establishing an RA with a decision-making board of management (laws or regulations for all 35 RAs of this type were reviewed; see Annex 1).
- A questionnaire on autonomy, sent to 75 revenue administrations that self-identified as "semi-autonomous" in ISORA 2018 (Crandall, Gavin, and Masters 2021). Responses were received from 43 administrations, 25 of which are considered RAs per this note's definition. These questionnaires were designed to provide information on governance, boards of management, and oversight, inter alia.

¹ The terms revenue authority and semi-autonomous revenue authority tend to be used interchangeably.

² ISORA is an annual survey that collects tax administration data (<https://data.rafit.org>).

Table 1. Administrations with the RA Model

Advanced Economies	Emerging Market Economies	Low-Income Developing Countries
Canada	Angola*	Burundi*
Greece*	Barbados	The Gambia*
Singapore	Bolivia	Ghana*
United Kingdom*	Botswana*	Kenya*
	Bulgaria	Lesotho*
	Dominican Republic	Liberia*
	Eswatini*	Malawi*
	Fiji*	Nigeria
	Guyana*	Papua New Guinea
	Jamaica	Rwanda*
	Malaysia*	Sierra Leone*
	Maldives	Tanzania*
	Mauritius*	Togo*
	Mexico*	Uganda*
	Seychelles*	Zambia*
		Zimbabwe*

Source: Authors' review of enabling laws.

Note: An asterisk indicates that the RA is responsible for both tax and customs administration.

RA = revenue authority.

- **A series of international seminars³** held in collaboration with the IMF and the African Tax Administration Forum or the Commonwealth Association of Tax Administrators. These seminars brought together RA board chairs and chief executives. Participants discussed emerging issues and provided robust discussion where board chairs and CEOs could share current challenges, pressures, and concerns. They also provided information in a questionnaire on management boards.

Table 1 lists the 35 RAs that meet the definition used for this study, and Figure 1 shows their geographic distribution.

Most existing RAs have been established in low-income developing countries—just over a quarter of the IMF's low-income developing country members have adopted this governance model. For emerging market economies and advanced economies, these proportions are roughly 15 percent and 10 percent, respectively. RAs have a wide geographic spread, although they are more concentrated in sub-Saharan Africa.

The following points should also be noted:

- In addition to the 35 RAs listed in Table 1, there are also tax administrations with advisory boards (Argentina, Moldova) and one administration that operates as a semi-autonomous body with no board of management (South Africa).

³ April 2013: IMF/African Tax Administration Forum Workshop on Board Governance, Johannesburg, South Africa. April 2014: IMF/Commonwealth Association of Tax Administrators Managing a Revenue Authority, Ebene, Mauritius. August 2016: IMF/African Tax Administration Forum Workshop on Board Governance, Cape Town, South Africa. September 2019: IMF High Level Seminar on Revenue Administration Autonomy and Governance, Cape Town, South Africa. Senior officials from more than 30 countries attended one or more of these seminars.

Figure 1. Geographic Distribution of RAs

Source: Authors' compilation.
 Note: RA = revenue authority.

- There are approximately 30 other administrations that describe themselves in ISORA as a “unified semi-autonomous body” (ISORA provides guidance on what is meant by various institutional arrangements rather than a set of strict, mutually exclusive definitions), but those administrations do not meet the definition of an RA set out at the beginning of this note. This conclusion is based on an examination of relevant laws in these countries, questionnaire responses, and other available information.
- The status in law of a particular country with respect to autonomy or semi-autonomy is not always clear. Language can be ambiguous, and definitions are not necessarily common. In this note, countries have been designated as RAs with decision-making boards based on a best-fit basis.
- The assessments in this note are based on the information and sources set out earlier. There has not been a country-by-country validation of the extent to which any given country follows its published laws, regulations, and policies in respect of their revenue administration governance arrangements, including boards of management.

Structure of the Note

In addition to this introduction, the note includes the following sections:

- **Key Concepts Underpinning This Note:** efforts to evaluate the success of RAs, differences between a model for revenue administration governance and the concept of management autonomy, and accountability and oversight in the RA model.
- **Detailed Analysis of the RA Framework:** RA features based primarily on a review of enabling laws and regulations in all 35 RAs.
- **Evolving Developments with RA Boards of Management.**
- **Management Autonomy in Revenue Administrations That Are not RAs.**
- **General Conclusions.**

II. Key Concepts Underpinning This Note

Efforts to Evaluate the Success of RAs

The idea of autonomy in revenue administration has often been examined in isolation from other features of the administration. Twenty years ago, autonomy was discussed quite narrowly, with a focus on whether the RA, as a governance model, performed better at a macro level. Attempts to evaluate RA performance were largely unsuccessful as only very limited panel data existed over a long enough period to reach meaningful conclusions. It also proved impossible to isolate the impact of a particular governance model from the myriad of other issues that could impact performance, practice, and structure (for example, tax policy changes, shifts in resourcing levels, changes in taxpayer behavior).

A short summary of selected research studies about the RA model and autonomy in revenue administration is provided in Annex 2. Research has generally examined two aspects of the RA question: first, the use and features of the RA governance model itself; and second, changes in macro outcomes such as revenue levels or tax-to-GDP ratios after the introduction of an RA. The papers deal mostly with the macro outcome issue, where causality and attribution are very difficult. Furthermore, the studies have arrived at different conclusions about the effect of the RA model, often depending on the time period being examined. All papers clearly identify the lack of comprehensive data on revenue administration generally and on outcomes attributable to the RA model in particular, and the desultory effect this has had on conclusions reached.

Management Autonomy

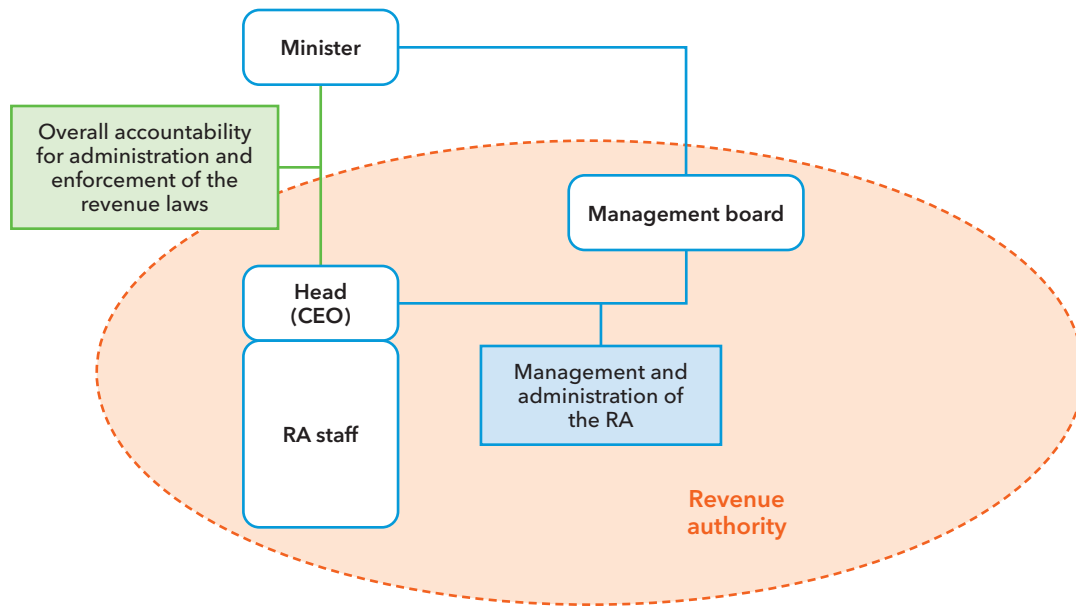
Almost all the research papers have dealt with the RA governance model itself rather than the broader issue of management autonomy in revenue administration. Management autonomy refers to matters related to human and financial resources and organization structure. All revenue administrations, RA or not, have some level of management autonomy, and many non-RA organizations have administrative independence similar to many RAs. The main difference is that the RA has a board of management that approves the policies and procedures that support administrative decision making whereas the non-RA structure continues to follow broader public service policies in these areas.

Accountability and Oversight in the RA Model

Governance and accountability in the RA model where the RA has a decision-making board of management differ from the case where revenue administration is a department in a ministry directly accountable to the executive branch of government through a minister. It also differs from a fully autonomous government agency (such as a central bank or state-owned enterprise) or a private sector corporation, where there will be a governing board of directors, which is an integral element of the entity itself with full authority and oversight of the totality of the organization's mandate and operations. The SARA is a hybrid organization somewhere in the middle. Figure 2 depicts the typical accountability framework that prevails in these RAs.

Figure 2 shows the typical relationships among the minister, the decision-making board of management, and the head of the RA or CEO. The minister responsible for the revenue statutes normally retains general direction over the RA. The RA includes the CEO, the board of management, and the staff. Although the RA is clearly semi-autonomous, governments usually need to retain overall direction and oversight, since the mandate of the RA is to administer and enforce laws with a broad and direct public accountability. Furthermore, the board of management does not have responsibility for the operational transactions that

Figure 2. RA Accountability Framework–Minister, Management Board, and RA Head (CEO)



Source: Authors' compilation.

Note: CEO = chief executive officer; RA = revenue authority.

give effect to the revenue laws and is often explicitly excluded from access to confidential taxpayer information. Therefore, the head of the RA retains direct accountability to the minister for administering and enforcing the revenue laws, an accountability which the head of the RA does not have in the same way to the board of management.

III. Detailed Analysis of the RA Framework

A separate enabling law is the usual mechanism used to establish an RA with a decision-making board of management, although on occasion such provisions are attached to one of the primary revenue statutes. These laws describe the governance model—meaning the roles of the various key players—and the extent of the autonomy that the government has granted to the RA.

Any general review and comparison of RA laws faces certain challenges. Terminology changes across these laws, so some judgment is used when the language is similar but not precisely the same. Different legal structures and traditions must also be considered (for example, anglophone versus francophone legal systems and concepts) that can make comparison difficult. Translations from the original language into English may change the meaning to some extent. Lastly, it is extremely important to note that the absence of some specific power or authority in any given law does not necessarily mean that that power or authority is denied to the RA. The policy in question may be authorized by some other law or may be implemented by practice. This note tries to generalize where it is reasonable to do so, and every effort has been made to clarify or confirm meaning where considered appropriate.

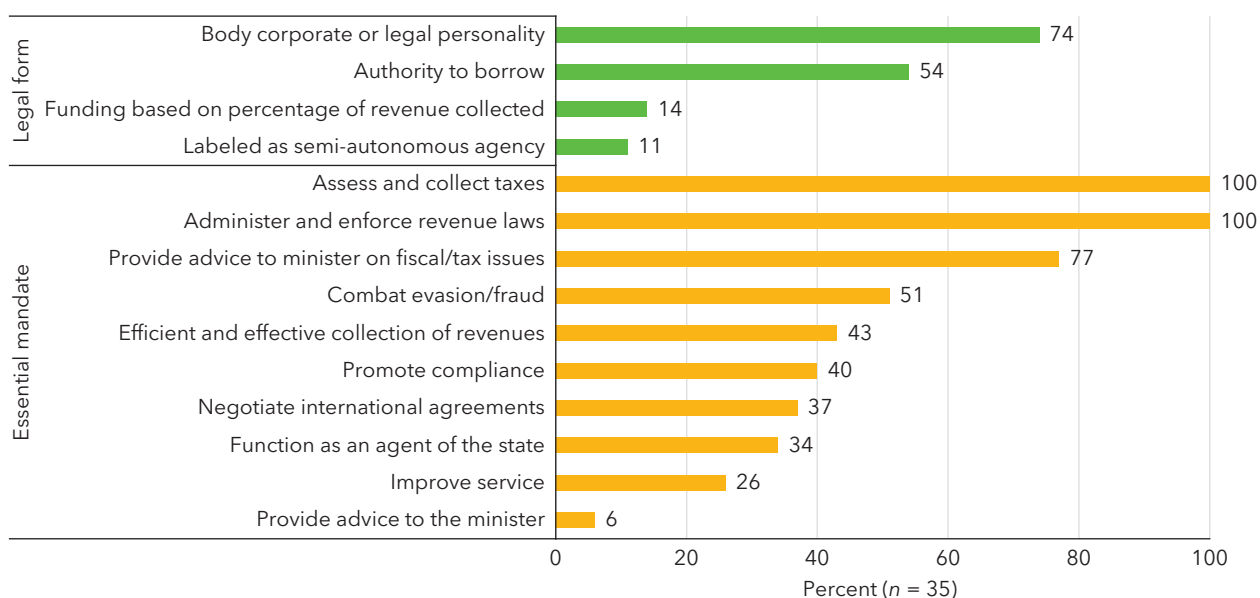
The following four key aspects are used to examine the RA framework:

- Legal form and essential mandate.
- The relationship with the government (oversight, appointments, role of minister).
- The role and mandate of the CEO (operations, dual accountability, enabling environment).
- The role and mandate of the decision-making board of management.

Legal Form and Essential Mandate

Details related to legal form and essential mandate in terms of the frequency of specific references (in the 35 laws reviewed) are set out in Figure 3.

Figure 3. References to Legal Form and Essential Mandate in 35 Enabling Laws



Source: Authors' calculations.

These enabling laws enshrine the legal form and essential mandate of the RA. Of note is that the assessment and collection of taxes and the administration and enforcement of revenue laws are universal in the 35 laws reviewed, and this is to be expected.⁴

Observations

- **Advice to the minister.** Providing advice to the minister reflects the typical dynamic between policy setting and the administration of that policy. The RA is well-placed to advise the minister on the administrability of tax policy measures and whether they would be effective. Even in countries that do not include an explicit reference in the law, it is quite likely that the RA will provide this type of advice. The promotion of compliance and improving service are also logical extensions of the core mandate of the RA.
- **Language.** Clear and unequivocal language in the enabling legislation is critical. The RA governance model relies on the roles of the minister, the board, and the CEO being unambiguous; this is sometimes not the case. In addition, the enabling legislation must be looked at in the context of governance and autonomy issues that may still be embedded in the revenue statutes themselves, including tax procedure codes. There may also be other laws that contain language that inadvertently affects RA autonomy and the role of the board.
- **Legal form.** The legal form of a body corporate is almost universally used in anglophone countries. In this note, “body corporate” and the notion of “separate legal personality” (often the expression used in non-anglophone laws) are treated as comparable for all practical purposes.
- **General concepts.** The concepts of promoting compliance, improving service, and being efficient and effective are generalities that could be included in almost any public service legislation—they seem to be modern exhortations of what governments want or want to be seen to be doing.
- **Funding policy.** How the RA is funded and how it can spend those funds is usually set out in the law and can also distinguish the RA from a traditional government department. Most RAs with decision-making boards are funded by normal government appropriation and, in some cases, this appropriation may be supplemented by some percentage of revenue that exceeds established targets. Five RAs contain a provision in the enabling legislation authorizing funds based on a percentage of revenue collected. In some cases, the laws indicate that although the RA may be funded up to a certain percentage of revenue collected, this amount is subject to government approval, often not forthcoming.

International seminar discussions indicated that doing a better job of relating budget requests to performance might improve budget allocations. Since the inception of the RA model in the late 1980s and 1990s, researchers have been unable to establish causality between improvements in effectiveness and efficiency of tax administration, or improvements in more macro areas such as tax-to-GDP ratios, that can be attributed to the specific features of the RA governance model. To the knowledge of the authors, none of the RAs have themselves established such a link.

Relationship with the Government

The government has a direct relationship with the revenue administration as it is a key public function affecting all citizens. When autonomy is granted to a revenue administration, such as an RA, measures are taken and structure put in place such that government retains a certain level of control and influence. Although the government sets its tax and trade policy outside the revenue administration, that administration is the machinery by which revenues are collected, and the strength and stability of these revenues is what

⁴ For RAs that include both tax and customs, these enabling laws often cite specific customs-related powers, authorities, and responsibilities. As this note is predominately about tax administration, these references have not been captured in the data presented here.

allows the government to succeed. This means that government direction and oversight will be necessary to ensure effectiveness in delivery of the policy mandate. Direction and oversight can manifest through:

- Specific references to general direction or supervision of the RA by the minister in enabling legislation.
- The government's power of appointment of board members, board chair, and CEO.
- Government approval of the expenditure budget (including salaries, creating natural limits on what the board can do on compensation even where management boards have some say in RA compensation).
- Ministerial tabling/approval of the strategic plan and/or annual report.
- Performance agreements with the minister.

The relationship with the government is a critical aspect for determining the extent of management autonomy. As noted, the minister remains fully accountable for the administration and enforcement of the revenue (tax and customs) statutes as is the case for a regular departmental revenue administration. There are also features in most of the enabling legislation that further amplify the nature of the government's involvement in the RA. These features have to do with various RA-related appointments (Table 2) and other matters related more generally to the role of the minister (Figure 4).

Observations

- **Appointment powers.** The government exercises significant involvement in the appointment of the board chair, board members, and CEO. Table 2 reflects the varying appointment powers. Nineteen (or 54 percent of RAs where this information is available⁵) indicate the head of state appoints the CEO. Only 2 indicate the minister appoints the CEO, and a further 10 indicate that the CEO is appointed by either the head of state or the minister on the recommendation of the management board. This latter feature is a more recent phenomenon and may indicate more management board involvement generally. For the board chair and board members, in most cases, it is the head of state or the minister who appoints them. Various laws and regulations indicate these appointments are usually based on merit with qualifications and skills clearly communicated. The board also has a role in the appointment of senior staff in most RAs where this information was provided. This will require a solid working relationship with the CEO, who would also be directly involved in appointing the executive team. According to our research, senior executive staff are not appointed by the political level but rather by the board or the CEO. The

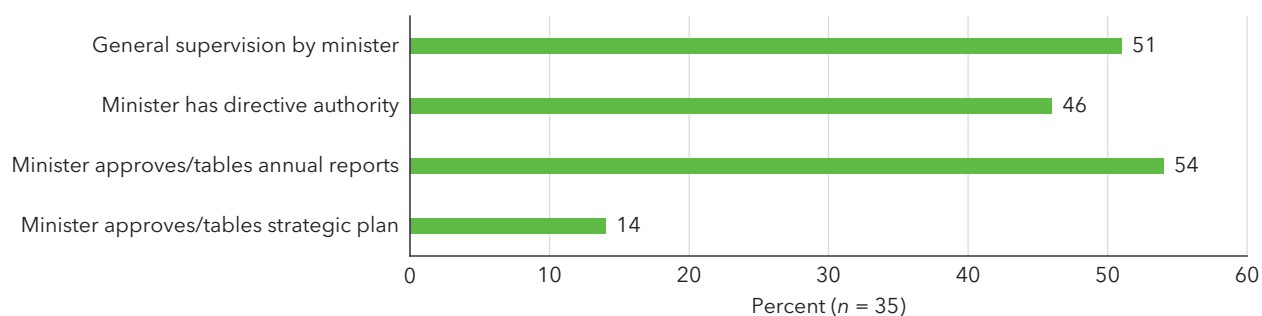
Table 2. Relationship with the Government: Appointment Powers

Position(s) to be Appointed	Power to Appoint Held By (by count of RAs)				
	Head of State	Minister	Head of State/Minister on Recommendation of Board	Board	CEO
Board chair	16	11	1		
Body member	14	15	2		
CEO	19	2	10		
Executives				23	3
General staff				16	13

Source: Authors' calculations.

Note: CEO = chief executive officer; RA = revenue authority.

⁵ In cases where CEO appointment is not dealt with in the RA legislation, there may be general legislation relating to government appointments that applies.

Figure 4. References to Role of Minister in 35 Enabling Laws

Source: Authors' calculations.

balance of staffing of the RA is under the authority of the board (46 percent) or the CEO (37 percent). The law is silent on this point for the remainder of these countries.

- **General supervision.** As shown in Figure 4, in 51 percent of RAs with decision-making management boards, the enabling legislation explicitly states the RA is under the general supervision of the minister or is the responsibility of the minister.⁶ This minister is usually the minister of finance but could be a minister of revenue or economy in countries where this position exists (this position can also be called secretary of state for finance).

Role and Mandate of CEO

Research included data collection on the role played by the CEO in the RA governance model. Figure 5 sets out this information from a review of the enabling legislation.

Observations

- **Day-to-day operations and delegation.** The CEO's responsibility for day-to-day operations is universal. The ability to delegate specific powers in the revenue laws is included in close to 60 percent of the RA laws. The CEO must be able to delegate operational powers, such as the ability to determine tax liabilities and to exercise collection powers. It should be noted that the board is not involved in any chain of authority over such powers. Also of note is that only about half the laws reviewed included a specific reference to the administration and enforcement of the revenue laws as a role for the CEO. It may be that it was not included in some cases because the powers are conferred on the CEO in the specific revenue statutes themselves.

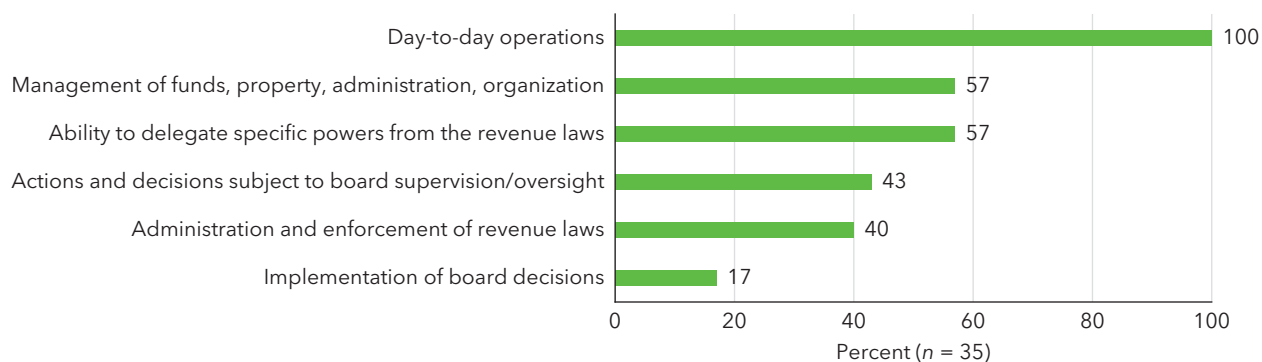
Role and Mandate of Board of Management

Research included data collection on the role, mandate, and other metrics of decision-making RA boards. Figures 6 through 8 set out this information.

In addition to the information presented in Figures 6 to 8, research indicated the following:

- The range in the number of members for decision-making boards is 5 to 15, with the number of private sector members ranging from 0 to 8 (three countries in the SARA decision-making board group have no private sector members: Angola, Bulgaria, and Dominican Republic).
- The average tenure of board chairs is four years.

⁶ In 16 of the 35 laws, a power of the minister to provide specific direction is included. This power provides for the minister to specifically direct the board or CEO to undertake an action or to override past decisions. The law often includes the requirement that any use of this power be made public.

Figure 5. References to the Role of the CEO in 35 Enabling Laws

Source: Authors' calculations.

Note: CEO = chief executive officer.

Figure 6. References to Board of Management Role in 35 Enabling Laws

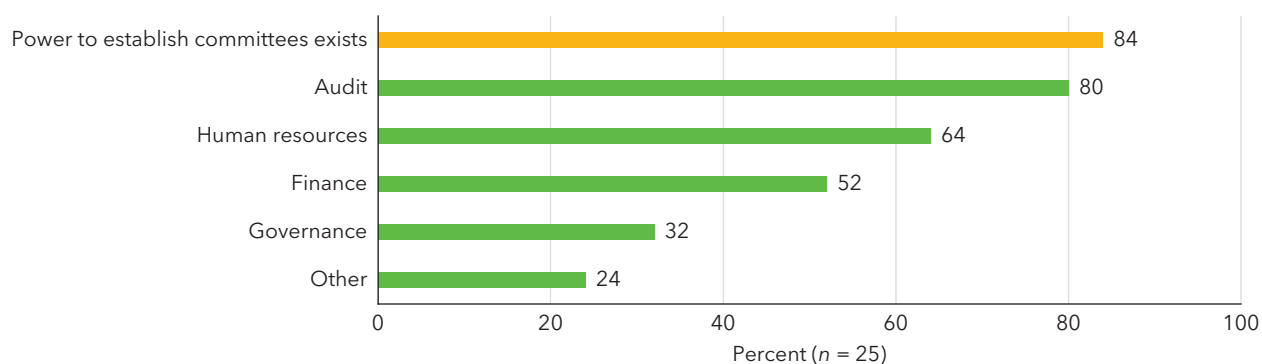
Source: Authors' calculations.

Note: CEO = chief executive officer; HR = human resources.

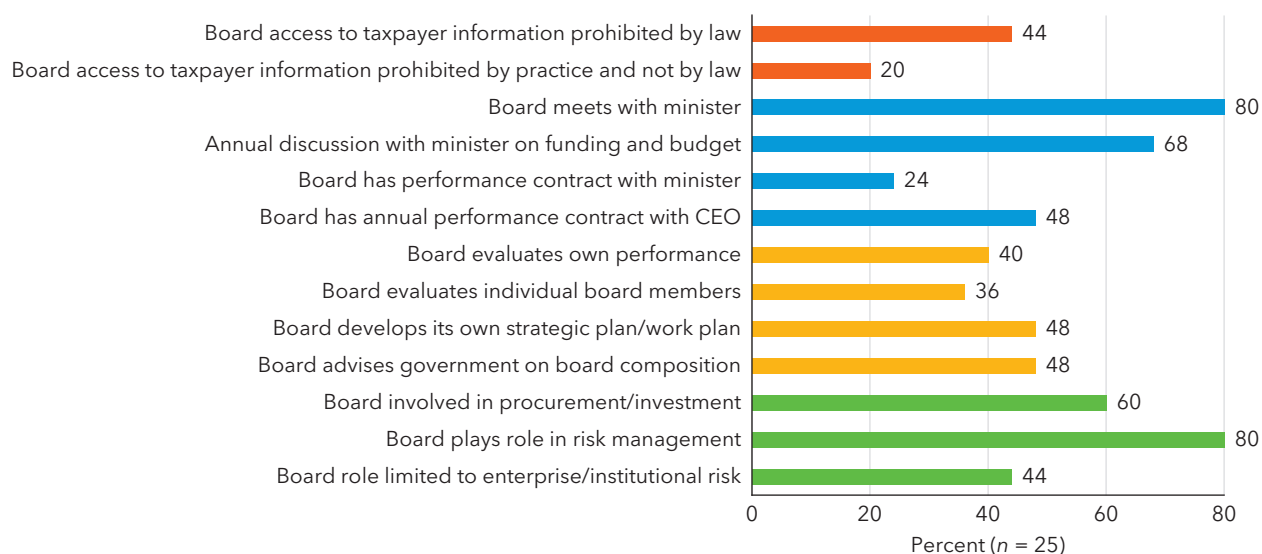
- The average tenure of board members is 3.3 years.
- The CEO is a board member in more than 80 percent of cases.

Observations

- **Management policy framework.** Boards have policy and oversight responsibility for the administration and management of the RA, leaving day-to-day operations and decisions to the CEO. The board usually approves the management policy framework that defines the RA's HR and administrative rules

Figure 7. References to Board Committees in 25 Questionnaires

Source: Authors' calculations.

Figure 8. Other Board Metrics in 25 Questionnaires

Source: Authors' calculations.

Note: CEO = chief executive officer.

and how it will manage its expenditure budget. These are the areas where management autonomy manifests in practical terms. The board is generally not involved in operational decision making (they have no legal role regarding taxpayers and the administration and enforcement of the revenue laws), and members typically have no access to confidential taxpayer information.

- **Boards of management and central agency oversight.** RA boards replace oversight over the classic management disciplines previously exercised by the central agencies of government. These can include HR, planning, financial management, and asset management, which are often exercised by such organizations as civil service departments and offices of management and budget. Thus, the RA board forms a critical part of the accountability chain in a public sector environment.
- **Clarity of board role.** A clear role for the board is essential for RA governance. In slightly more than half of the RAs with decision-making boards, the law establishes the board as the governing body (Figure 6). Given the RA's universal mandate (that is the administration and enforcement of the revenue

laws) and previous comments on board of management limitations regarding any role in relation to taxpayers, the term “governing body” should be interpreted as having similar limitations.

- **Investment and procurement.** Investment and procurement decisions are key questions for the board. Despite the autonomy granted to the RA, many countries require it to follow the general procurement regulations in place for the government for two reasons: (1) the desire by the government to ensure it can continue to exercise its full economic leverage that can come from procurement, and (2) the need to provide tangible oversight in an area susceptible to corruption. Given this level of scrutiny and with the board’s usual responsibility for the budget and expenditure, procurement draws particular attention. Such an alignment also offers the advantages of economies of scale that come from being part of a larger government procurement action. Some boards establish minimum values over which the board must approve a specific procurement or investment decision. This is the case for 17 RA boards.
- **Role of chair of board of management.** The board chair plays a key role in the RA’s governance model. Along with the minister and CEO, the board chair is an important governance component. The board chair manages the range of board activity from the relationship with the minister to the work program and plan for board meetings. The average tenure on appointment for the board chair is four years, and a constructive relationship with the CEO is an essential prerequisite for RA success.
- **Board size and membership.** RA boards range in size from as few as five members to as many as 15, while the average board membership is nine members. As many as eight members are from the private sector with no board having fewer than three private sector members, except for three with none. The average private sector board membership is five. The CEO is a member of the board in close to 70 percent of the countries referenced. In almost half of countries responding to the autonomy questionnaire, the RA board is empowered to advise the government on board composition and skills gaps—this means that the board has some input into its overall profile of skills and capacity.
- **Board committees.** More than 80 percent of boards can establish committees. The board’s responsibilities for the administration and management of the RA are extensive and usually cannot be practically managed without the support of board committees. RA-enabling legislation usually establishes the authority for the board to create the committees that it deems necessary. These committees perform the detailed review and identify work that is needed before items are brought to the full board for discussion. Committees have no decision-making authority and do not replace the board’s full oversight. Rather, they can spend the required time on in-depth review to ensure that the board is presented with the highest quality advice.
- **Most common board committees.** Most boards have at a minimum an HR committee and an audit committee (95 and 80 percent, respectively), reflecting the core responsibilities of the board. As a reflection of the growth of interest in governance and accountability, a growing number of boards (32 percent) have established a governance committee that works to ensure that the RA’s governance model is properly implemented. Figure 7 sets out the current type of committees and the percent of countries that have opted for these committees. Committee membership is usually decided by the board chair and these decisions leverage the individual strengths of board members such as finance or HR.
- **Approving corporate plans and annual reports.** Many RA-enabling laws or board practices prescribe that either the corporate plan or annual report or both be approved by the board, and in some cases subsequently by the minister. The minister’s role is more prevalent in reporting—in 19 countries, the enabling legislation specifies that the minister approves or tables the annual report in the legislature. This requirement is also sometimes found in other public service legislation and so may apply to the RA even if not explicitly required in the RA legislation.

- **The board's own strategic plan and its evaluation.** Apart from the RA's overall strategic planning process, many RA boards prepare their own board strategic plan and workplan. This is a practice well-established in private sector corporate boards. This practice can set out the board's own priorities, such as to focus on a particular aspect of internal audit, to develop and promote an integrity framework, or to develop the board's own skills and capacities in a particular direction. Of the 25 countries that responded to the questionnaire, 13 indicated their boards developed their own strategic plan and workplan. Boards are also increasingly concerned with evaluating their own performance, with 10 RA boards evaluating their own performance (Figure 8). This is often done through independent consultants to ensure impartiality. As an illustration, one country identified the following topics for review of their own performance: (1) composition of the board and each committee, (2) roles and responsibilities, (3) relationship of the board with management, (4) other stakeholder relationships, (5) frequency or sufficiency of meetings, and (6) members' views on the organization's corporate governance practices.

Summary of Seminar Participant Comments on RA Features

Participants in the four RA seminars achieved consensus on certain recommendations to deal with RA framework issues, including the following important ones:

- Where serious ambiguities in the enabling legislation are apparent, identify appropriate amendments for ministerial consideration.
- Focus on specific autonomy features rather than overall RA governance when making the case for adequate resources.
- Ensure a positive joint working relationship between the board and CEO on appointments of senior RA staff.
- Regarding any corporate or strategic plan, the board should direct the development of the vision and overall framework from the outset, which requires early involvement by the board in developing the plan. A governance committee of the board could assume responsibility for the more detailed oversight needed.
- The importance of the ministerial role in the RA cannot be overstated, from the setting of revenue targets to deciding on an operational budget that is a major determinant of how the RA will perform. The need for strong political will and support throughout the life of the RA is a key element to success achieved.
- RA boards frequently provide strategic vision, approve the strategic plan and the annual report, and make decisions about needed investments to advance the work of the RA. To achieve this, they need information, briefings, and reports that allow them to understand the nature of the business they are overseeing.
- Boards of management should evaluate their own performance on a regular basis. An evaluation would allow the board to refine its own direction and board plan and to advise the government (minister) on their own needs in terms of membership and capacity.

IV. Evolving Developments with RA Boards of Management

The clear distinction between a classic board of directors and an RA board of management may have become more blurred after 30 years of RA evolution and development. Based on the research, questionnaires, and seminars that underpin this technical note, this section presents an analysis of the following trends in RA boards of management:

- Increasing importance of human capital.
- Focusing on governance and new areas of responsibility.
- Changing attitudes about revenue administration operations.
- Understanding implications for confidentiality and access to taxpayer information.
- Forming legislated (as opposed to informal) management committees.

Increasing Importance of Human Capital

One of the main drivers behind the creation of RAs was that some greater level of management autonomy would bring better performance results—not only in terms of revenue mobilization but across a range of performance indicators. The extent of the HR authority specifically addressed in RA-enabling legislation is made clear in the following statistics (based on Figure 6): (1) almost half of RAs approve their own organizational structure; (2) 34 percent of RAs determine their own HR policy, including remuneration; and (3) a further 26 percent of RAs determine HR policy alone. For those remaining countries whose law does not make specific provisions in these areas, the legislation often refers to responsibility for general administration and management—which implies the inclusion of HR. These are critical provisions as they mean that the RA has authority to manage its own job classifications and grading, staffing, recruitment, promotion, discipline, and sometimes remuneration.

HR autonomy is seen to be the most significant manifestation of autonomy in the RA. Weakness in civil service HR systems was, and is, frequently cited as a major driver behind a government's decision to create an RA. The ability to develop an HR management framework suited to the specific needs of revenue administration allows the institution to align its human capital needs with its own specific policies for grading, promotion, recruitment, and compensation, among others. These policies, approved by the board, which brings private sector thinking to their development, can create a new management platform from which operational reforms are implemented. Advocating for integrity in the workplace is seen as a key priority for RAs, with some looking at ways to appraise staff and to collaborate with national anti-corruption agencies.⁷

A Focus on Governance and New Areas of Responsibility

RA boards of management have a significant role in the governance structure of the revenue administration and cannot carry out their functions in isolation. Many boards now meet at least annually with the minister to report on their oversight function and to alert the government of any broader concerns it may have. The board chair (and sometimes the entire board) has regular contact with the minister in 20 of 25 countries with decision-making boards that replied to the survey (see Figure 8). Six RA boards have an annual performance contract with the minister. In 18 countries, the minister has a discussion at least annually with the board on RA funding and budget.

⁷ Equally, staff engagement is seen as a priority for RA boards. This is not limited to simply updating staff on new developments. Many RAs include staff members in strategy discussions and design and see this as an important factor in their overall success.

As the responsibilities of RAs have evolved to meet new challenges, so have the responsibilities of the board—risk management is a good example. RA boards have evolved at a similar pace to the revenue administrations they oversee, and their work has changed and evolved since their inception. As risk management has permeated the work of RAs, many boards have adopted an active role in risk management. A total of 20 of 25 questionnaire responses indicated that the management board played a role in risk management. This role generally extends to approving the risk management framework and, in some cases, approving the risk register on a quarterly basis. Of the 20 RA boards that do play a role, just over half (11) are limited to a role in institutional or enterprise risk management.⁸ In other words, they are not directly involved in *compliance risk management*, which effectively deals with the extent to which taxpayers and traders comply with the law.

The role of RA management boards has traditionally precluded their involvement in operational issues, but this may be evolving. According to Figure 6, more than half of the enabling laws reviewed describe the board as the “governing body” of the RA. In addition, in 40 percent of cases, the legislation stipulates the board is responsible for the “direction of affairs and operations,” 20 percent say the board “controls the operations of the authority,” and 17 percent say the board is “responsible for operational policy.” Traditionally, RA boards have been different from boards of directors in the corporate world because the latter act on behalf of shareholders and are responsible for, and often involved in, almost any aspect of business operations. The major difference in the case of the RA is the nature of its mandate—that is, the administration and enforcement of the revenue laws.

Changing Attitudes About Revenue Administration Operations

Many RA board chairs and CEOs indicated in seminars that the RA board was becoming increasingly involved in operational matters (the direct administration and enforcement of the revenue laws) rather than just management matters. In fact, some suggested there was almost no difference between a private sector corporate board (whose role and mandate, by definition, encompasses the full scope of the entity) and an RA management board. Some felt there was little restriction on board access to confidential taxpayer information, provided confidentiality requirements were respected. However, all representatives felt the management board had no role to play in any individual assessment of tax liabilities. For example, in a survey conducted at the 2019 seminar, participants were asked to assess the following statement (with ratings ranging from 5 = strongly agree to 1 = strongly disagree): “The board should have no role in individual taxpayer-related decisions”—this scored a very high average rating (4.3). Furthermore, the comment, “The role of our management board is very clear and there are few ambiguities,” also scored highly at 3.9. Nevertheless, based on general comments by the board chairs at the 2019 seminar, some boards see themselves acting more like private sector boards of directors than the more narrowly structured RA board.

Some RA-enabling laws include specific roles for the management board that may have an operational character. These are illustrated in Box 1, and the examples are not exhaustive. Although these provisions are not necessarily a problem, they do open the possibility of management boards becoming more involved in operations. RA boards usually include private sector members who are not officers of the RA and who, traditionally, would not have any access to confidential taxpayer information. In many ways, this feature has set natural limits on how and where the board can be involved. However, discussions over time with board chairs and CEOs has begun to show that some boards do act more like private sector boards of directors.

⁸ Enterprise risk management generally refers to broader corporate risk areas, such as security, business resumption planning, and so forth.

BOX 1. Examples of Roles for Management Boards with Potential Operational Character

Malawi

(*Malawi Revenue Administration Act, 1998, Section 16 (1)*) "The Board shall recommend to the Minister - (a) criteria or factors by reference to which any exemption, mitigation, deferment, or remission of any revenue may be granted and (b) procedures to be followed in granting any objection, mitigation or deferment, or remission of revenue."

Zambia

(*Zambia Revenue Administration Act, 1993, Section 11. 1 (a)*) "...to assess, charge, levy and collect all revenue due to the Government under such laws as the Minister may, by statutory instrument, specify."

Tanzania

(*Tanzania Revenue Administration Act, 2008, Section 14.1*) "The Board shall recommend to the Minister criteria or factors by reference to which any exemption, mitigation, deferment, or remission may be granted."

Nigeria

(*Federal Inland Revenue Service (Establishment) Act, 2007, Sec. 7.1, 9, 10*):

7. "(1) The Board shall - (a) provide the general policy guidelines relating to the functions of the Service; (b) manage and superintend the policies of the Service on matters relating to the administration of the revenue assessment, collection and accounting system under this Act or any enactment of law; ..."

9. "(1) There shall be a Technical Committee of the Board (in this Act referred to as 'the Technical Committee') which shall consist of (a) the Executive Chairman of the Service as Chairman; (b) all the Directors and heads of departments of the Service; (c) the Legal Adviser of the Service; and (d) the Secretary to the Board. (2) The Technical Committee may co-opt from the Service such staff as it may deem necessary for the effective performance of its functions under this Act."

10. "The Technical Committee shall (a) consider all tax matters that require professional and technical expertise and make recommendations to the Board; (b) advise the Board on any aspect of the functions and powers of the Service under this Act; and (c) attend to such other matters as may from time to time be referred to it by the Board."

Lesotho

(*Lesotho Revenue Authority Act, 2001, Section 16. (1)*) "The Board shall recommend to the Minister - (a) criteria or factors by reference to which any exemption, mitigation, deferment, or remission of any revenue may be granted; and (b) procedures to be followed in granting any exemption, mitigation, deferment or remission of any revenue and the Minister shall by notice published in the Gazette, publish within 60 days of his decision, specify the criteria or factors and the procedures so recommended."

Source: Compilation by IMF staff drawn from enabling legislation.

Implications for Confidentiality and Access to Taxpayer Information

Almost all revenue laws and many of the RA-enabling laws deal with the notion of confidentiality of taxpayer information. The basic principle is that confidential taxpayer information is only available to officers or others (sometimes specifically including board members) who require such information for their specific role in the administration and enforcement of the tax laws themselves, and, furthermore, that such persons must respect the confidential nature of this information. Penalties for breaches of these provisions can be severe. About two-thirds of enabling laws reviewed contain general confidentiality provisions, and it can be reasonably concluded that in the remaining third the revenue statutes themselves address this issue.

Explicit prohibition on board members regarding access to confidential taxpayer information, for whatever reason, is found in only about 25 percent of the enabling laws.⁹ In five other cases, administrations reported that their boards were prohibited by practice but not by law from access to confidential taxpayer information.

There are normally clear restrictions on the board's involvement in the affairs of taxpayers. The government continues to play a role in overseeing the RA, usually expressed as general direction or supervision by the minister. The minister is responsible for the administration and enforcement of the revenue laws and in this, powers are normally directly assigned by law to the minister and/or the CEO. Where operational powers related to taxpayers are vested with the minister, they are often delegated to the CEO to ensure the absence of political interference. As noted earlier, a range of descriptions of the role of the RA board is in play, but, generally, boards are responsible only for proper administration and management. Because they are not normally involved in the affairs of taxpayers, there is generally no need for the board to have access to information related to specific taxpayers.

Legislated Management Committees

There may be a trend to include informal senior management committees, often found in many governance structures, in the RA governing legislation as the management board. Typical technical assistance advice to revenue administrations from international organizations and others has advocated the use of informal consensus-based committees as a way of managing a revenue administration (a common practice in many organizations regardless of domain). Typically, such committees would include senior management (the CEO as chair and direct reports as members) and would act collectively to review and manage all the important matters of the revenue administration. There also might be other related committees or subcommittees for such matters as operational policy, risk management, strategic planning, etc. The key features of such committees are that they are informal and consensus-based in that votes are not usually taken, and that the CEO determines membership and makes final decisions. In the research review for this note, it was noted that some senior management committees have become legislatively enshrined in the enabling legislation of the revenue administration. These are sometimes called "executive boards," and examples are provided in Box 2.

⁹ Typical examples of such provisions include the following: Malawi: the board shall have no power to intervene in the determination of any revenue assessment or revenue liability of any taxpayer; Mauritius: the board shall not have access to any information concerning the liability or otherwise of any person to tax; Liberia: (1) the board or any of its members is prohibited from involvement in the authority's daily operations, and in the implementation of the Code which includes intervening in the determination of revenue assessment, revenue liabilities or tax appeal of any taxpayer and (2) the board is not permitted access to tax files of natural or legal person that is confidential under the Code; and, Barbados: the board shall not direct the Commissioner or any other person with respect to the administration of any of the specified enactments and, in particular, in the exercise of a function conferred or delegated under any of the specified enactments.

BOX 2. Examples of Legislated Management Committees

Dominican Republic

For the Dominican Republic, Law No. 227-06 grants legal personality and functional, budgetary, technical, and administrative autonomy to the General Directorate of Internal Taxes. There is a board of directors made up of the general director and the four deputy directors, which is responsible for such functions as: approval of the annual budget draft of the General Directorate of Internal Taxes; and approval of the human resources system that will determine, among others, income regulations, career planning, classification of positions, training, evaluation systems, remuneration, compensations, promotions, disciplinary norms, cessation of functions, job stability regime, social benefits, and any other areas inherent to human resources management, in accordance with the principles that govern the public function.

United Kingdom

The revenue administration of the United Kingdom is called His Majesty's Revenue and Customs (HMRC). HMRC has a two-layered system of governance:

- The HMRC Executive Committee that is a decision-making committee.
- The HMRC board that is advisory only.

The executive committee is the department's main executive forum and the primary place in which commissioners make their decisions. Individual committee members have portfolios of responsibility that span each line of HMRC business and corporate service function. The committee oversees HMRC's performance and transformation, both immediate and future objectives. The HMRC board provides challenge and advice on HMRC strategy, performance, and capability. It is advisory only.

Papua New Guinea

For Papua New Guinea, the legislation reviewed was the Internal Revenue Commission Act (2014). The revenue administration entity established is called the Inland Revenue Commission. It is semi-autonomous with features like other revenue authorities. The law also establishes "the commission" of the Internal Revenue Commission as its "governing body," comprised of the commissioner general and commissioners. The commission has a set of legislated powers and functions, such as determining governance structures, approving strategic plans, and monitoring performance. The powers of the commission do not include the powers of the commissioner general conferred by the revenue laws. The number of commissioners is determined by a national body and appointments made by the head of state. Commissioners are full-time and are supervised and directed by the commissioner general.

Singapore

Singapore is a unique situation, quite different from the Dominican Republic, the United Kingdom, and Papua New Guinea. According to the Inland Revenue Authority of Singapore Act, the Singapore Revenue Authority is established, and all powers go to the "authority." The authority has members, including a chair and deputy chair appointed by the minister, and the number of such members is not stipulated in the act. The authority also has a chief executive officer, appointed by the minister, who may also be a member, and officers and employees. Under Section 8. – (1), "the 'Authority' may appoint from among its own members or other persons such number of committees as it thinks fit ... for purposes which, in the opinion of the 'Authority,' would be better regulated and managed by means of such committees. (2) the 'Authority' may delegate to any such committee or to any member, officer, or employee of the 'Authority,' any of the functions or powers of the Authority under this Act." It seems clear that "members" are the equivalent of board members and that these provisions are unique among RAs with decision-making boards.

V. Management Autonomy in Revenue Administrations That Are not RAs

There are many revenue administrations that would consider themselves semi-autonomous but do not meet the definition of RA used for this note. They are mostly normal departments of government with enhanced management autonomy in key areas—budget, organization, and human capital. There are some very specific and unique cases including RAs with advisory boards (for example, Argentina and Ethiopia), RAs with most features of that model but with no board (South Africa), and non-RA administrations with modern leading-edge approaches to accountability and autonomy (for example, Australia and New Zealand).

In Ethiopia, there is an advisory management board established in the enabling legislation. The board provides their opinion and guidance to the minister and CEO, but it is advice—there is no obligation for the CEO or the minister to act on this advice, and the CEO has no requirement to report on a regular basis to the advisory board. An advisory board, by definition, is not part of the decision-making chain.

In South Africa, the revenue administration has many of the features of a classic RA but does not have any management board. In accordance with the South African Revenue Service (SARS) Act 34 of 1997 (amended by Act 46 of 2002), SARS is an administratively autonomous organ of the state: it is outside the public service, but within the public administration. So, although South Africa's tax policy is set by the National Treasury, it is managed by SARS. SARS has significant autonomy, especially for a revenue administration with no oversight from any management board (decision making or not). For example, SARS may determine its own staff establishment, appoint employees, and determine their terms and conditions of employment; bargain collectively with recognized trade unions; acquire or dispose of movable or immovable property; and perform specific acts for others and charge fees.

The revenue administrations with significant management autonomy that are not RAs of any kind are a diverse group with many interesting examples. Two noteworthy cases are Australia and New Zealand.

Australia: The Australian Taxation Office is a noncorporate Commonwealth entity, subject to the Public Governance, Performance and Accountability Act 2013 (which defines a noncorporate Commonwealth entity and what applies to it). Key features of the Australian Taxation Office are:

- It is not a body corporate.
- As an “accountable authority,” it must govern properly, provide for risk/control, and provide internal controls.
- It must keep informed both the responsible minister and the minister of finance.
- It may establish advisory boards.
- It must have an audit committee.
- It must prepare a corporate plan and budget.
- It must measure and assess performance.
- It must report annually to the responsible minister and parliament.

New Zealand: The Tax Administration Act 1994 indicates that the Inland Revenue Department is a department of state. Key features include:

- The CEO is appointed under the State Sector Act, which includes a focus on protecting integrity.
- The Inland Revenue Department is responsible for the care and management of taxes.
- It is obligated to collect the highest net revenue practicable within the law.
- The governor general may issue directives to the commissioner, but not concerning the tax affairs of individual persons.
- Inland Revenue is accountable to the minister of revenue.

VI. General Conclusions

The RA governance model continues to be important. It has a unique governance structure that includes the minister, a management board, and a CEO. The board's role is usually limited to administration and management, meaning that the CEO reports to the board for these matters and to the minister for administration and enforcement of the revenue laws.

In the over 30 years since their inception, RAs continue to evolve, and this note provides some insight into the key governance roles and what can help make the RA a success. Chief among these insights are the following:

- **RA autonomy is never complete or absolute.** RAs remain closely linked to government and are often under the general supervision or direction of the minister. The government plays a key role in the appointment of the board and approves the RA's budget.
 - **Clarity in the language used in the law is critical because this language establishes the exact roles of the three partners in the RA governance model.** Nearly all RAs are established as a body corporate or as having legal personality (meaning they can sue and be sued).
 - **The minister ties the RA to government.** Although some might interpret ministerial involvement as an opening to political interference, the reality remains that the RA is an agency of government, relying on government for not just its budget but also for its policy direction. Involving the minister in appropriate ways (for example, through regular meetings with the CEO and the board, through performance agreements) is key to RA success.
 - **The CEO has a dual reporting relationship—to the minister and the board—and this can create tensions.** The CEO has unusual accountabilities—to the minister for the administration and enforcement of the revenue laws and to the board for the management and administration of the RA. Where lines are drawn can be complex, and open communications between all three parties is essential.
 - **A management board is unique in that it usually has a more limited role than a board of directors—but this may be evolving.** The role of the chair is critical in guiding the board's relationship with the CEO and senior executives. Many RA management boards have modern and robust governance—they use committees, meet annually with the minister, and carry out evaluations of their own work. While recognizing that there are barriers to any involvement, some RA boards indicated that there is little difference between their functions and those of a private sector board of directors.
 - **RAs were initially founded on the belief that more nimble HR practices and appropriate funding would result in more robust revenue administration.** Although it has been difficult, and remains so, to establish direct causality between the adoption of the RA governance model and improved revenue administration, practitioners are convinced this is the case and that the HR and funding advantages need to be protected.
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Annex 1. RA-Enabling Laws and Regulations

Country	Principal Enabling Law or Regulation
Angola ¹	Presidential Decree (General Tax Administration) (2014)
Barbados	Barbados Revenue Authority Act (2014)
Bolivia	Law of National Tax Service (2000)
Botswana ¹	Botswana Unified Revenue Service Act (2012)
Bulgaria	National Revenue Agency Act (amended 2019)
Burundi ¹	Loi de l'Office Burundais des Recettes (2009)
Canada	Canada Revenue Agency Act (amended 2006)
Dominican Republic	Law on General Directorate of Internal Taxes (2006)
Eswatini ¹	Swaziland Revenue Authority Act (2000)
Fiji ¹	Fiji Islands Revenue and Customs Authority Act (1998)
The Gambia ¹	The Gambia Revenue Authority Act (2004)
Ghana ¹	Ghana Revenue Authority Act (2009)
Greece ¹	Independent Authority for Public Revenue Act (2017)
Guyana ¹	Revenue Authority Act (1996)
Jamaica	Tax Administration Jamaica Act (2013)
Kenya ¹	Kenya Revenue Authority Act (1995)
Lesotho ¹	Lesotho Revenue Authority Act (2001)
Liberia ¹	Liberia Revenue Act (2013)
Malawi ¹	Malawi Revenue Authority Act (1998)
Malaysia ¹	Inland Revenue Board of Malaysia Act (1995)
Maldives	Tax Administration Act (2010)
Mauritius ¹	Mauritius Revenue Authority Act (2004)
Mexico ¹	Tax Administration Service Act (1995)
Nigeria	Federal Inland Revenue Service Act (2007)
Papua New Guinea	Internal Revenue Commission Act (2014)
Rwanda ¹	Rwanda Revenue Authority Act (2009)
Seychelles ¹	Seychelles Revenue Commission Act (amended 2017)
Sierra Leone ¹	National Revenue Authority Act (2002)
Singapore	Inland Revenue Authority of Singapore (revised 2018)

Country	Principal Enabling Law or Regulation
Tanzania ¹	Tanzania Revenue Authority Act (2008)
Togo ¹	Loi de l'Office Togolais des Recettes (2015)
Uganda ¹	Uganda Revenue Authority Act (1991)
United Kingdom ¹	Commissioners of Revenue and Customs Act (2005)
Zambia ¹	Zambia Revenue Authority Act (1993)
Zimbabwe ¹	Revenue Authority Act (amended 2014)

¹For this country, the revenue authority is responsible for both tax and customs administrations.

Annex 2. Summary of Research Papers Examining RAs and Autonomy

- **Gray and Chapman (2001).** This Department for International Development¹⁰ evaluation of revenue projects in 2001 focused on SARAs in Uganda and Zambia. Key project objectives for the Department for International Development were to increase the revenue/GDP ratio for Uganda and to prevent the ratio from deteriorating owing to poor macroeconomic conditions. Both revenue objectives were considered a success, but no direct link was made to the SARA model being the cause of the revenue performance improvements.
- **Mann (2004).** This paper used value-added tax compliance and productivity rates and general tax-to-GDP ratios to make judgments about pre- and post-SARA performance. The paper clearly states, however, that this type of analysis does not control for all the exogenous variables in addition to tax administration efforts that affect outcomes.
- **Taliercio (2004).** This analysis covered revenue collection, compliance, taxpayer registration and services, tax revenues as a share of GDP, growth rates in arrears, value-added tax productivity, audit coverage, and the like. Measuring such criteria to assess performance engenders all the difficulties inherent in measuring tax administration results in general. Taliercio recognized these difficulties and presented a series of case studies rather than a detailed quantitative analysis that controls for exogenous variables. The paper identified problems of data availability and the general lack of a rigorous methodology for evaluating tax administrations and measuring autonomy.
- **Ahlerup and Bigsten (2015).** This study used a fixed-effects model to look at experiences across Africa. It concluded that on average the introduction of a SARA leads to higher revenues in the short term, but the effect diminishes over time.
- **Dom (2017).** This study tested the revenue effect of SARAs using dynamic panel methods for the first time to account for revenue dynamics. Because the overall pattern might mask compositional shifts, the study not only examined the effect on total tax revenue, but also looked at the main individual taxes—that is, direct and indirect taxes, and trade taxes. Unlike some earlier studies, this study fails to find any evidence of a systematic relationship between the presence of a (semi-autonomous) RA and total tax revenue in sub-Saharan Africa. It concluded that, after almost three decades, the net effect of SARAs on tax revenue is still unclear.
- **Chang and others (IMF 2020).** Unlike all the studies referred to above, this one does not focus on the RA governance model. In fact, it does not even focus directly on autonomy in tax administration. The paper analyzes the association between tax collections and tax administration, using the novel ISORA data set. Autonomy characteristics are just one element of many covered in the ISORA data set. The study developed an operational index of good tax administration practices and characteristics based on the ISORA data that allowed a focus on the effects of tax administration on revenue collected while controlling for other factors (for example, macroeconomic developments and tax policy changes). The study concluded that tax performance (revenue) is positively and strongly associated with the operational strength of tax administrations (which included degree of autonomy).
- **Adan and others (IMF 2023).** Building on the study described above, the paper develops a model to estimate revenue yields using various tax administration features covered in ISORA, including the degree of autonomy.

¹⁰ The United Kingdom's Department for International Development now replaced by the Foreign, Commonwealth and Development Office.

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