

Address by

Hon. Omar Davies

To

Opening Ceremony

Of

COTA 17th General Assembly and Technical Conference

- 1) Thank you for invitation to address gathering, pleasure.
- 2) Government has undergone a major restructuring of its Tax Administration system, through a project funded by the World Bank – The project ran from August 1997 to March 2001.
- 3) Objectives of the project included:
 - a. Broadening the tax base:
 - i. Requirement of all persons to obtain a Taxpayer Registration Number
 - b. Improving the efficiency and effectiveness of the tax administration

i. Strengthening Organization and Management of Tax Administration

1. Tax departments were reorganized on functional lines

a. IRD

b. TAAD

c. TAD

d. RPD

e. TASD

2. All functions in the new departments were redefined and new job descriptions prepared – new salary structure

3. Senior management positions were advertised and appointments were made through a competitive selection process – Other staff were evaluated on the basis of interviews and skill profiles

4. A Planning Unit was established in each Department

ii. Improving Control of Tax Evasion

1. Automated systems for detection of noncompliance
implemented

iii. Improve Tax Collection

c. Encouraging voluntary compliance

- 4) The objectives of the project directly responded to the priorities of the Jamaican government and the project sought to support the goals of achieving macro-economic stability.
- 5) The project aimed to spur private sector development through more equitable enforcement of tax laws and reduced tax compliance costs
- 6) The reform of the tax administration constituted a major step in the government's ongoing efforts to modernize its public sector
- 7) Project achieved its development objectives:
 - a. Tax revenues, not including customs, increased from 22% of GDP in 1995-96 to 24% in 2000-01 and 8.9% in real terms
 - b. Number of registered taxpayers increased by 60% since 1995-96
 - c. Average Tax Audit productivity has increased by 60%

- 8) Imperatives of a good tax system
 - a. Equity
 - b. Efficiency
 - c. Ease of payment
 - d. Incentives for compliance
 - e. Feeling that tax dollar is being used effectively
- 9) Regional Perspective
 - a. CSME requires a convergence in macro-economic policies
 - b. One such indicator is a similarity in fiscal out-turn – and taxation is a critical component in this
- 10) Jamaica's situation
 - a. An efficient tax system is especially critical given our debt situation and limited degrees of freedom
 - b. Jamaica has sought to effect changes in the tax system over the past several years to achieve a more efficient tax system – income tax, tariffs, CET, consumption tax, customs duty, property tax, etc.

- 11) Future work will involve working with the IMF, etc. to see what further changes are required to achieve an even better tax system
 - a. One area will be to further reduce the discretionary powers of the Minister of Finance