

**SUMMARY OF  
RECOMMENDATIONS AND CONCLUSIONS  
OF THE  
TWENTIETH GENERAL ASSEMBLY  
AND  
TECHNICAL CONFERENCE  
OF THE  
CARIBBEAN ORGANISATION OF  
TAX ADMINISTRATORS (COTA)**



**BELIZE CITY, BELIZE  
21-24 JULY 2008**

**THEME:** *Building Efficient Tax Administrations Towards Promoting National  
and Regional Development*

**PRESIDENT:**

**Mr. James Charles  
Comptroller  
Inland revenue Department  
SAINT LUCIA**

**RAPPORTEUR:**

**Ms Gecheal Richardson-Gumbs  
Comptroller  
Inland Revenue Department  
ANGUILLA**

## **INTRODUCTION**

The COTA 2008 Technical Conference held under the Theme “Building Efficient Tax Administrations towards Promoting National and Regional Development” received and discussed 15 technical papers and engaged in 1 workshop during the two and a half days allocated to this Event.

The Summary of Conclusions and Recommendations is as follows:

**Paper 1** – ***Impact of the Economic Partnership Agreement (EPA) on Taxation Systems in CARICOM*** – Mr Sacha Silver, Consultant, Trade and Development Caribbean Regional Negotiating Machinery (CRNM)

### **THE TECHNICAL CONFERENCE:**

**Recognized** that the sections of the EPA text dealing with taxation address issues relating to:

- (a) development cooperation/funding;
- (b) the elimination of taxes;
- (c) the application of taxes; and
- (d) bilateral cooperation and dialogue on tax issues.

**Noted** that CARICOM national governments and regional bodies could access EDF funding to implement tax reform programmes as they relate to indirect taxation;

**Urged** Members to submit funding applications soonest, in order to overcome bureaucratic time lags prior to disbursement;

**Also recognized** that National Authorizing Officers could be approached for assistance in preparation of applications;

**Also noted** that under the EPA, CARIFORUM States committed to fostering transparency and dialogue and that Tax Administrators may be called to address these and other issues in the dialogue.

**PAPER 2**     **Impact of Trade Liberalisation on a Modern Tax System**

Mr. Ehurid Cunningham, Secretary for Revenue, The Bahamas

**The Technical Conference:**

**Noted** the following five principles that guided The Bahamas' Strategic Plan on trade:

- (i) Ensure increased transparency in economic and government systems;
- (ii) Form strategic international partnerships with nations within the Caribbean Community and the ACS;
- (iii) Negotiate membership in the WTO to create new markets for Bahamian products;
- (iv) Ensuring that investments and trade arrangements agreed and entered into serve the best interest of Bahamians; and
- (v) Eliminate to the extent possible, bureaucratic requirements that reduce transparency, contribute to delay and increase costs.

**Recognised** that administrative co-operation is not only essential for the implementation and control of preferential treatment but it is also necessary to avoid irregularities and fraud;

**Also Recognised** the need to protect and facilitate trade through enforcement of and compliance with legislative requirements;

**Also Noted** the importance of enhancing revenue compliance;

**Further Recognised** that policy on trade is a sensitive matter and it results in the need to address other issues, such as, political acceptability, revenue adequacy and stability, revenue diversification, economic neutrality and the administrative machinery; and

**Urged** that every effort must be made to develop modern and efficient tax systems.

**PAPER 3: Variation in Tax Policies – Effect on Regional Tax Harmonisation**

Ms Sabina Walcott-Denny, Commissioner, Inland Revenue Department,  
Barbados

**THE TECHNICAL CONFERENCE:**

**Received** the presentation on ‘Variation in Tax Policies’ which focused on:

- (a) the right of Sovereign States to levy taxes;
- (b) variation in tax policies with regard to its goal, challenges and types of variation; and
- (c) tax harmonization and its effects;

**Accepted** that harmonisation was not the enactment of identical laws but included agreement on key definitions;

**Urged** Members to apply the Intra-CARICOM Double Taxation Agreement to collect taxes at source and to **review** their tax systems to prevent leakages;

**Agreed** that Members should implement measures to support the CARICOM Double Taxation Treaty (CDTA);

**Noted** that the CDTA provided for information exchange amongst Tax Administrations and that there was the need for a mechanism to give effect to this provision.

**PAPER 4: An Integrated Tax Processing System – The Trinidad and Tobago**

**Experience** - Ms Cheryl Phillip, Assistant Commissioner, Inland Revenue  
Division, Board of Inland Revenue, Trinidad and Tobago

**THE TECHNICAL CONFERENCE:**

**Recognised** the effort made by the Trinidad and Tobago Inland Revenue Division (IRD) to create an integrated tax processing system that is able to process all the taxes administered by the IRD; and that significant benefits are already evident as a result of the implementation of Phases 1 and 2 of this Project;

**Noted** the challenges which were encountered by the IRD during the implementation of the Integrated Tax Processing System (ITPS). These included issues relating to staffing, change management and system implementation.

**Also Noted** the critical factors, such as, collaboration among the stakeholders, training of all stakeholders, adequate resources and data purification that must be considered for such projects to succeed.

**PAPER 5:**     ***Approaches to a Quicker and Simpler Tax System for Small Businesses***  
Ms Marilyn Ordonez, Assistant Commissioner, Income Tax Department, Belize

**THE TECHNICAL CONFERENCE:**

**Noted** the presentation which provided a discussion and analysis of the presumptive tax regime based on the gross receipt method as an alternative approach to a quicker and simpler tax system for small businesses;

**Also noted** the Belize experience in the application of the presumptive tax regime which highlighted the relevance of this regime to businesses that keep limited accounts and the rates assessed for specific types of small businesses.

**PAPER 6:**     ***Reform of Organisational Structures: Case for a Large Taxpayers' Unit***  
Mr. Rawle Adimoolah, Commissioner, Inland Revenue Department, Board of  
Inland Revenue, Trinidad and Tobago

**THE TECHNICAL CONFERENCE:**

**Affirmed** the necessity for a viable organizational structure in building an efficient Tax Administration;

**Noted** the need for flexibility in the organizational structure and continuous adaption of the structure to meet the challenges of an increasingly volatile environment;

**Recognised** that a proper balance must be struck between preventative and coercive aspects of promoting compliance and resources must be appropriately allocated as circumstances dictate;

**Also Noted** the three basic forms of Organizational Structures (by type of Tax, Functions and Type of Taxpayer) commonly used by Tax Administrations to organize resources to best achieve their core purpose of correct assessment and collection of all taxes under its jurisdiction; and

**Further Noted** that there is no universally best organisational structure but that the best structure for a given organisation will depend on contingent factors in the environment in which it operates.

**PAPER 7**      ***The Role of a Revenue Court: Success Stories and Lessons***

Mr. Ainsley Powell, Commissioner, Taxpayer Audit and Assessment Department,  
Jamaica

**THE TECHNICAL CONFERENCE:**

**Received** the presentation outlining the role, value and lessons learned from the operation of the Revenue Court in Jamaica, which hears and determines appeals pursuant to the several Acts comprising the Jamaican Tax legislation;

**Agreed** that regional legislatures should be more proactive with a view to drafting current and relevant legislation since Judges can only implement existing legislation;

**Noted** some of the successes of the court and the need for legal expertise suited to each case.

**PAPER 8:**      ***E-Filing and E-Payments: The Way Forward***

Ms. Denise Edwards-Dowe, Tax Adviser, CARTAC

**THE TECHNICAL CONFERENCE:**

**Noted** the potential benefits of e-filing and e-payment systems to both taxpayers and tax administrators. These include convenience, increased customer satisfaction, provision of accurate and timely information, reduced operating and payment costs, taxpayer's privacy and a safe and secure payment option;

**Also Noted** that some of the basic prerequisites for implementing successful e-filing and e-payment systems include a reliable and accessible internet service, cooperative financial institutions, an Information Technology (IT) oriented public and adequate financing to set up the appropriate infrastructure in tax offices;

**Agreed** that the implementation of these systems requires financial, political and technical support; these issues are some of the main concerns of the tax agencies;

**Recognised** that the main concern of most taxpayers is the provision of their bank account information to tax offices where e-payment system is used; and

**Affirmed** that a good public awareness programme is required to achieve high e-filing take up rates and that relationship building with other interest groups prior to the introduction of these systems is critical for success.

**PAPER 9:     *Legislature Framework – Modernizing Powers, Deterrents and Safeguards***

Prepared by: Ms. Hyacinth Bailey, Commissioner, Inland Revenue Department, Antigua and Barbuda and Presented by Ms Sabina Walcott-Denny, Commissioner, Barbados

**THE TECHNICAL CONFERENCE:**

**Accepted** the importance of a relevant legislative framework to facilitate the process of ongoing improvement, re-engineering and modernization of regional tax systems and the reduction of tax evasion and tax avoidance;

**Noted** that some of the issues to be addressed in the legislation include the requirement to provide information, interest and surcharge regimes for late payment, penalties for non-compliance and rights of appeal;

**Agreed** that measures need to be put in place to support the implementation of the legislative framework;

**Also Agreed** that consultation should inform preparation of legislation and that it was necessary to educate citizens on the legislation to facilitate compliance.

**PAPER 10: *Strengthened Risk Management and Audit Strategies to Improve Compliance***

Mr. Ron Thomson, Consultant, CARTAC

**THE TECHNICAL CONFERENCE:**

**Noted** that Tax Administrations are exposed to internal factors (such as, limited human resources on the job, limited financial budgets and outdated technology infrastructure and systems) and external factors (for example, rapidly evolving business practices, such as, e-commerce and globalization) that make the job of achieving tax compliance complex and difficult;

**Recognised** that Tax Administrations can use a risk management approach to provide assurance that they are making the most effective use of their limited resources, by focusing them on the most significant risk;

**Also Recognised** the importance of improving compliance by strengthening key audit strategies to maintain and expand the tax base; and finding the correct balance between audit coverage and devoting resources to highest-risk audits; and

**Affirmed** that effective planning, efficient execution, sound project monitoring and management as well as post-implementation evaluation were critical for the risk management cycle.

**Paper 11 - *Effective Publicity and Education Campaigns to Enhance Compliance: Design and Implementation Issues***

Prepared by: Mr. Irving Williams, Comptroller, Inland Revenue Department, Dominica and Presented by Mr. Ehurd Cunningham, Secretary for Revenue, The Bahamas

**THE TECHNICAL CONFERENCE:**

**Agreed** that effective publicity and education campaigns aimed at both internal and external customers, were critical to enhancing compliance;

**Noted** the discussion and analysis of some of the elements of such campaigns which include,

- (a) reminding the population of the services provided in such sectors as health, education, infrastructure development and security;
- (b) providing guidelines and instructions for use by taxpayers; and
- (c) explaining the duties and responsibilities of the public under the tax laws;

**Welcomed** the proposals regarding methods that may be used for publicity and education campaigns which include publications, media briefings, tax fairs, tax clinics, as well as video cassettes and discs (DVDs) ;

**Accepted** the need for greater government financing for communicating messages, public education and publicity programmes directed at improving compliance.

**WORKSHOP I: *Intelligence-gathering and Audit – Key in Combating Non-Compliance***

Mr Clement Sealey, Deputy Commissioner General, Guyana Revenue Authority, Guyana

**THE TECHNICAL CONFERENCE:**

**Noted** the various measures and initiatives which can be used for revenue maximization;

**Also noted** the areas in which non-compliance generally occurs (for example, incorporated entities, VAT administration and self-employed persons, inter-group service fees, charges and allocations; income or cash stripping; under-reporting, manipulation of arms length transactions; tax concessions); issues related to non-compliance (such as their capitalization; and income timing); and the consequences of non-compliance;

**Affirmed** that intelligence gathering is one of the best means of obtaining information and recommended that Intelligence and Risk Management Units with trained staff should be established by CARICOM Tax Administrations;

**Also affirmed** that audits are critical in combating non-compliance issues in a tax regime and emphasized the need to streamline the audit programme and audit process.

**Recognised** that there are opportunities to achieve better results from intelligence and auditing in combating non-compliance through regional cooperation. This includes joint audits of multinational companies and cooperation in intelligence-gathering, auditing and non-compliance resolution; and

**Recommended** that the tax regimes in the Region should be modernized by using initiatives such as investment in information technology and integration of core operational activities.

**PAPER 12**     ***Some Principles for professional Tax Administrators***

Dr Victor van Krommer, Head, Government Consultancy, IBFD

**THE TECHNICAL CONFERENCE :**

**Recognised** that the current organization of Tax Administrations is changing due to both internal and external factors and the task of management is to steer the change process and to coach the staff that has to carry out the implementation of the chosen strategic changes.

**Noted** that Tax Administrations can only face the modernization if they transform their human resource management (HRM) policy in a continuous learning programme;

**Also noted** that Tax Administrations have to learn more about the economic environment because taxation will be a part of globalization;

**Also recognized** that knowledge management is essential to Tax Administrations;

**Agreed** that intense cooperation between authorities is essential to broaden the knowledge-base of the operational staff.

**Paper 13 -**      ***Ethical Aspects of Tax Administration***

Mr. James Charles, Comptroller, Inland Revenue Department, Saint Lucia

**THE TECHNICAL CONFERENCE:**

**Welcomed** the presentation which provided a definition of 'Ethics' and analysed several pillars of Tax Administration. It also made the case for a Code of Conduct for Tax Administrators and examined such issues as an enforcement system, tax appeal system and the need for independent review;

**Recommended** that assistance be sought from CARTAC for the development of a Code of Conduct for regional Tax Administrators.

**Noted** the position of CARTAC that it was willing to support regional projects but it was necessary for COTA to make a specific request for the development of a Code of Conduct for regional Tax Administrators

**PAPER 14:**      ***Measuring Staff Performance and Evaluation of Performance in a Modern Tax System***

Ms. Andrea Gregory, Corporate Planning and Project Management Specialist,  
Tax Administration Directorate, Jamaica

**THE TECHNICAL CONFERENCE:**

**Noted** that the criteria used to determine a good tax system include the level of automation and integration of data. Such a system must place the tax payers at the centre and be characterized by trained staff;

**Also noted** that in evaluating the Tax Administration's performance, it was important to identify critical areas of success, set targets and track a set of targets over a period of time.

**Affirmed** that an effective staff appraisal system must be timely, effective, objective, transparent and must be aligned to the strategic objectives of the organization.

**PAPER 15:**      ***Options for Maintaining Professionalism and Motivation***

Ms. Violet Silcott, Comptroller, Inland Revenue Department, Montserrat

**THE TECHNICAL CONFERENCE:**

**Received** the presentation on Options for Maintaining Professionalism and Motivation which highlighted the following:

- (a) with regard to professionalism there must be the adoption of clear standards, the fostering of employee development and the use of sanctions as appropriate;
- (b) with regard to motivation there must be constant communication, the offering of challenges to employees, coaching and recognition of performance, as well as the practice of fairness and respect.

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