

TAX AND CUSTOMS INDICATORS
REPORT OF THE WORKING GROUP
SPONSORED BY FRANCE AND CIAT

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In accordance with the 2000–2002 CIAT Strategic Plan, a working group formed by several countries was established with the sponsorship of France and CIAT, in order to design a system of indicators to evaluate the results of the tax administrations.

The report of the working group and the proposed tax and customs indicators were presented at the CIAT Technical Conference held in Paris, France, on October 28 through 31, 2002.

The working group considered it important that the CIAT countries could compare their respective results to develop benchmarking practices that constitute a powerful factor of progress and emulation.

For this reason, it was decided to publish each year, the results obtained the immediately preceding year by those countries wishing to share their experiences for the benefit of all the tax administrations.

The vertical lines shown on the left margin of the document, highlight those indicators that are considered most relevant.

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A. TAX INDICATORS

I. TAXPAYER INFORMATION AND ASSISTANCE

1.1 Returns processing

1.1.1 Proposed indicator: Term for processing returns

- **Purpose of the indicator:** The purpose of this indicator is to measure the promptness in processing income tax as well as VAT returns.

The working group considered that a 30-day period seemed reasonable for processing the returns.

- **Calculation formula:** Percentage of returns processed within a 30 calendar day term / total number of returns filed x100.
- **Scope:** Income tax and VAT
- **Information required:** This involves all the income tax or, as appropriate, VAT returns processed by the service in a 30-day period, regardless of whether said processing may have validated the returns or not (cf. Quality of return filing) and even though a part of the returns may have been validated by mistake (cf. shown below "Quality of processing").

1.1.2 Proposed indicator: Refund term

- **Purpose of the indicator:** The purpose of this indicator is to ensure that the requests for income tax refunds be processed promptly by the tax administration. A 60-day period was considered a reasonable term by the working group.
- **Calculation formula:** Number of income tax returns processed within a 60- calendar day term / total number of returns filed with refund x100

Information required: The processing period begins on the date of receipt of the request for refund until the date the refund is made available to the taxpayer.

1.1.3 Proposed indicator: Quality of presentation of returns

- **Purpose of the indicator:** The purpose of this indicator is to measure the good quality of the returns received from the taxpayers, classified by mode of transmission.

Thus one tries to ensure that these returns may be effectively processed by the tax administration and that they have satisfactorily followed the validation procedure established by the tax administration or are being subjected to the latter's requests for regularization.

- **Calculation formula:** Number of rejected returns/total number of returns received x100.
- **Scope:** returns received (through mode of transmission: Internet, telephone and paper).
- **Information required:** The rejected returns are those which cannot be processed by the administration, that is, cannot be integrated in the data base due to defects in form.

1.1.4 Proposed indicator: Quality of processing

- **Purpose of the indicator:** The purpose of the indicator is to measure the quality of processing by the administration and to ensure that the formal control measures determined by the administration are being observed by its agents.
- **Calculation formula:** Number of returns erroneously processed / total number of returns processed x 100.
- **Information required:** Returns processed by mistake are those which should not have been processed by the service and which, for this reason, cannot be integrated in the administration's data base.

1.2 Taxpayer assistance

1.2.1. Proposed indicator: Assistance in the office

- **Purpose of the indicator:** The purpose of this indicator is to measure assistance in the office and its evolution from one year to another.
- **Calculation formula:** Number of persons assisted in the office in the year measured / Number of persons assisted the previous year x 100.
- **Information required:** This involves the number of individuals actually assisted in the administration's office, whether the initiative to visit the office originates from the taxpayer (request for information, claim) or the administration (summons). However, this does not refer to visits related to an audit or examination. This

indicator should only be calculated by countries having available exact figures on the visits and not merely on simple evaluations.

1.2.2. Proposed indicator: Waiting time

- **Purpose of the indicator:** This indicator allows for ensuring that taxpayers are received in due time, according to the country's standard (when these are available). It is suggested that for calculating this indicator, the term should not exceed one half hour.
- **Calculation formula:** Number of persons assisted within the established terms / total number of persons assisted x 100.

Information required: This indicator should be calculated only by countries having standards for limiting the taxpayers' waiting time. This naturally requires that the administration have the necessary means for calculating periods (computerized or others).

1.2.3. Proposed indicator: Reception according to previous appointment

- **Purpose of the indicator:** The purpose of the indicator is to measure the number of persons received according to previous appointment and thus promote reception that may ensure a better service to the taxpayers.
- **Calculation formula:** Number of persons assisted according to previous appointment / total number of persons that requested appointment x 100.
- **Information required:** These are the individuals received by the service as a result of an appointment requested by them. The number of persons received does not include the taxpayers who respond to a summons made by the service.

1.2.4. Proposed indicator: accessibility of service by telephone

- **Purpose of the indicator:** Allows for measuring, by differentiation, the number of calls that reach a service agent. This is not a service in particular, but rather the total of taxpayer assistance services. This indicator will be particularly useful if there are call centers.
- **Calculation formula:** Number of unsuccessful calls / total number of calls x 100.
- **Scope:** accessibility measured by telephone company

- **Information required:** Unsuccessful calls are those where there is no contact with the service agent (the taxpayer prefers to hang up due to a wait he considers excessive).

1.2.5 Proposed indicator: Quality of processing by telephone

- **Purpose of the indicator:** Allows for measuring the quality of telephone response, either through means within the administration or external means such as polling institutes. As contribution, the working group proposes under the part "User satisfaction", a model questionnaire that may be given to the taxpayers.
- **Calculation formula:** Surveys carried out by service agents or by polling companies: Yes-No
- **Information required:** If the answer is yes, purpose of the measurement:
 - Response time
 - Solution of request
 - Agent's attitude

1.2.6 Proposed indicator: accessibility of service via Internet

- **Purpose of the indicator:** The purpose of the indicator is to measure the evolution of the use of Internet by the taxpayers, from one year to another and from one period to another.
- **Calculation formula:** $\text{Number of connections of the current period} / \text{Number of connections of the previous period} \times 100$.

Information required: The number of connections is reported by the access provider.

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II. EXAMINATION

Comment: The first two indicators are intended to measure the average gross yield of the controls, that is, without taking into account effective collection and subsequent rectifications and disencumbrances. Other indicators allow for measuring what is actually accepted and paid by the taxpayers.

On the other hand, when speaking about "examinations", it is a question of controls made in the office (massive or automated examinations); as far as audits are concerned these are controls carried out within the company.

2.1 Proposed indicator: Average yield of an office examination

- **Purpose of the indicator:** Allows for initially determining the gross yield from this type of controls. The result obtained allows for making international as well as national comparisons.
- **Calculation formula:** Total value of office examinations / Number of these examinations in the period.
- **Unit of measurement:** Country's currency and dollar
- **Information required:** It is convenient to include in the total yield from office controls, all the differences detected by the examiner, whether resulting from voluntary or involuntary errors by the taxpayers in the application or interpretation of the rule and which gives way to an increase of the tax base and, if necessary, to a tax surcharge.

The indicator thus relates to the supplements of the tax base and not of the taxes.

In calculating the indicators, the elements taken into account, in the numerator as well as denominator, are those that correspond to controls concluded during the year.

2.2 Proposed indicator: Average yield of an audit

- **Purpose of the indicator:** Allows for initially determining the gross yield from this type of controls. The result obtained allows for making international as well as national comparisons.
- **Calculation formula:** Total value of audits / Total number of audits during the period.
- **Information required:** It is convenient to include in the total yield from office controls, all the differences detected by the examiner, whether resulting from voluntary or involuntary errors by the taxpayers in the application or interpretation of the rule and which gives way to an increase of the tax base and, if necessary, to a tax surcharge.

The indicator thus relates to the supplements of the tax base and not of the taxes.

In calculating the indicators, the elements taken into account, in the numerator as well as denominator, are those that correspond to controls concluded during the year.

2.3 Proposed indicator: Percentage of collection originating from examination

- **Purpose of the indicator:** Determine the proportion of collection that is the result of fiscal control in order to make national and international comparisons.
- **Calculation formula:** Collection for the year resulting from examination / Total collection for the year x 100.
- **Information required:** The numerator must reflect all collections made in a given year as a result of tax control operations (examinations and audits). They include tax surcharges as well as fines.

The denominator corresponds only to collections of a fiscal nature; does not comprise customs or Social Security collections.

2.4 Proposed indicator: Percentage of accomplishment of scheduled examinations

- **Purpose of the indicator:** Ensure that scheduled controls are effectively carried out. When the proportion of controls made is insufficient, the indicators lead to questioning about the reason for this

situation (excessively ambitious scheduling, poor quality of scheduling, insufficient work by the service, etc.).

- **Calculation formula:** Number of examinations made / number of scheduled examinations x 100.
- **Information required:** Scheduled office controls are the ones that have been planned by the service in charge of this task within the tax administration. Controls carried out are the ones concluded during the year.

2.5 Proposed indicator: Percentage of accomplishment of scheduled audits

- **Purpose of the indicator:** Ensure that scheduled controls are effectively carried out. When the proportion of controls made is insufficient, the indicators lead to questioning about the reason for this situation (excessively ambitious scheduling, poor quality of scheduling, insufficient work by the service, etc.).
- **Calculation formula:** Number of audits made / number of scheduled audits.
- **Information required:** Scheduled office controls are the ones that have been planned by the service in charge of this task within the tax administration. Controls carried out are the ones concluded during the year.

2.6 Proposed indicator: Average time of execution of an office examination

- **Purpose of the indicator:** Make national and international comparisons to ensure that said average term will no be excessive.
 - **Calculation formula:** Total duration of examinations made/ number of examinations made.
- Unit of measurement:** Number of hours
- **Information required:** The calculation of this indicator implies that the control service may have available the means, especially computerized ones, to be able to automatically measure this term.

2.7 Proposed indicator: Average time of execution of an audit

- **Purpose of the indicator:** Make national and international comparisons to ensure that said average term will no be excessive.
- **Calculation formula:** Total duration of examinations made (expressed in number of hours)/ number of examinations made.

- **Unit of measurement:** Number of hours
- **Information required:** The calculation of this indicator implies that the control service may have available the means, especially computerized ones, to be able to automatically measure this term.
- **Comments:** The duration of an audit is very closely related to the complexity of the fiscal action and the type of taxpayer to be audited. When a country has established an average term for the execution of an audit, it is preferable to choose some other indicator which would be the ratio of audits with a longer duration than the average term.

2.8 Proposed indicator: Coverage of examination of internal taxes

- **Purpose of the indicator:** These indicators should ensure correct coverage control, according to the large categories of taxpayers, that the controls are well balanced and that no sector is abandoned. This indicator may be subdivided according to activities sectors and socio-professional categories.

2.8.1. Individuals:

- **Calculation formula:** number of individuals examined / total number of individuals registered in the taxpayer file x 100.
- **Information required:** The numerator corresponds to all the persons controlled in the period under reference, whether such control is fruitful or not. These controls must have been concluded during the course of the period.

The denominator covers all individuals appearing in the file, (active taxpayers or not, cf. indicator on the maintenance of the taxpayer file).

2.8.2. Businesses:

- **Calculation formula:** Number of businesses examined / total number of businesses registered before the Administration, by type of business (large, medium, small) x100.
- **Information required:** The numerator corresponds to all the persons controlled in the period under reference, whether such control is fruitful or not. These controls must have been concluded during the course of the period.

The denominator covers all individuals appearing in the file, (active taxpayers or not, cf. indicator on the maintenance of the taxpayer file).

2.9 Proposed indicator: Rate of collection from controls

- **Purpose of the indicator:** This indicator serves to compare what is actually collected as a result of the controls with respect to the amounts that had been initially determined by the auditors.

There will always be a difference between the two terms of the ratio as a result of the rectifications and disencumbrances, as well as the amounts not paid by the controlled taxpayers (as a result of the taxpayer's refusal to pay or insolvency). Therefore, the fact that there may be a difference is normal; but on the other hand, a significant difference should lead the tax administration to inquire about the reasons for this situation:

- It may originate from a trend in the audit services to preferably control insolvent taxpayers (who, for this reason will be less resistant to control, on being aware that in any case, they will be unable to pay). In addition, the objective of tax control is certainly to preserve the equality of citizens vis-à-vis the tax, but at the same time to obtain budgetary resources for the country. From this latter standpoint, it is useless to control taxpayers who, in any case will be unable to pay the tax surcharges for which they are responsible.
- It may likewise originate from a poor quality of control work by the auditors; excessive tax surcharges which do not take into account the taxpayers' actual income, control works with procedural errors, etc...

With poor quality control works, taxpayers may obtain significant rectifications and disencumbrances; and accordingly, the amount collected as a result of these controls will be lower.

Normally, it would be necessary to follow up, control by control, actual collections of amounts claimed by the administration and evaluate the result achieved after a period of 2 to 3 years. However, it may be possible to consider that there is little evolution in trends from one year to another, for which reason a comparison between the gross results of a year's control with collection originating from the control during the same year is somewhat relevant.

2.9.1 Rate of collection from examinations:

- **Calculation formula:** Amount paid for examinations in the year /amount determined or assessed as a result of examinations made in the year.

- **Information required:** The numerator represents collections made in the corresponding year, as a result of office controls concluded during the current or preceding year. Collection includes payment of taxes as well as sanctions.

The denominator corresponds to the amount of tax surcharges and sanctions applied to the taxpayers during the year in question.

2.9.2. Rate of collection from audits:

- **Calculation formula:** Amount paid for audits in the year /amount determined or assessed as a result of audits made in the year.

- **Information required:** The numerator represents collections made in the corresponding year, as a result of office controls concluded during the current or preceding year. Collection includes payment of taxes as well as sanctions.

The denominator corresponds to the amount of tax surcharges and sanctions applied to the taxpayers during the year in question.

2.10 Proposed indicator: Quality of detection

- **Purpose of the indicator:** the number of files that give way to assessment allows for having an idea of the quality of scheduling; allows for ensuring that the detection of files to be controlled is effective.

- **Calculation formula:** Number of assessments with greater revenue /total number of actions carried out x 100.

- **Information required:**

2.11 Proposed indicator: Quality of selection

- **Purpose of the indicator:**

- **Calculation formula:** Number of assessments with adjustments / total number of selected taxpayers x 100.

- **Information required:**

2.12 Proposed indicator: Penal denunciations

- **Purpose of the indicator:** Ensure that tax fraud is adequately pursued and suppressed.

- **Calculation formula:** Number of penal denunciations / number of audits made.
- **Information required:** The numerator corresponds to the number of penal denunciations for fiscal fraud filed before courts during the course of the year, whether or not these denunciations refer to controls concluded during the year.

The denominator refers to examinations concluded in the corresponding year, even though they may have begun the previous year.

III. COLLECTION

3.1 Proposed indicator: Evolution of collection

- **Purpose of the indicator:** Measures achievement of the objective determined. Of course, this indicator is pertinent only if the economic hypotheses used for determining the objective would not vary considerably during the course of the year.
- **Calculation formula:** $\text{Collection made} / \text{Collection scheduled} \times 100$.
- **Information required:** the numerator includes all the income received by the administration on the date of reference, whose collection is its responsibility (taxes, customs, Social Security).
The denominator corresponds to the income that has been expected by the same date.

The indicator may measure the results of the Administration or efficiency in scheduling.

3.2 Proposed indicator: Term for processing tax refunds

- 3.2.1. Exporters:

- **Purpose of the indicator:** Ensure that refunds are made within the term established by the pertinent country.
- **Calculation formula:** $\text{Number of refunds made within the term (according to the country's standard)} / \text{Total number of refunds made}$.
- **Information required:** Calculation of this indicator should be left to the administrations which determined objectives with respect to term of refund and which may, by means of computerized or other means, measure exactly the duration of the term. The term begins on the date of receipt by the administration of the request for refund until it is made available to the taxpayer.

- 3.2.2. Others:

- **Purpose of the indicator:** Ensure that refunds are made within the term established by the pertinent country.
- **Calculation formula:** $\text{Number of refunds made within the term (according to the country's standard)} / \text{Total number of refunds made}$.

- **Information required:** Calculation of this indicator should be left to the administrations which determined objectives with respect to term of refund and which may, by means of computerized or other means, measure exactly the duration of the term. The term begins on the date of receipt by the administration of the request for refund until it is made available to the taxpayer.

3.3 **Proposed indicator: Term for transferring revenues to the Treasury (in days)**

- **Purpose of the indicator:** Be aware of the term to be observed by the services of the administration in question in order to transfer to the Treasury the payments received. Of course, this indicator concerns only the countries that have set a term to its services for transferring to the Treasury the revenues collected.
- **Calculation formula:** Number of days elapsed between receipt of revenues and transfer to the Treasury.

3.4 **Proposed indicator: Proportion of amount transferred within the term**

- **Purpose of the indicator:** Ensure that revenues received by the Treasury are transferred during the period determined by the country's standard. Of course, this indicator concerns only the countries that have set a term to its services for transferring to the Treasury the revenues collected.
- **Calculation formula:** Total amount transferred within the established term / Total amount of resources to be transferred x 100.
- **Unit of measurement:** number of days.

3.5 Proposed indicator: Rate of filing and payment within term (by tax)

- **Purpose of the indicators:** Measure the rate of compliance of the taxpayers in the country or the service in question.

3.5.1 Returns

- **Calculation formula:** Number of returns received within the term / total number of returns due x 100.

3.5.2. Payments

- **Calculation formula:** Number of payments received within the term / total number of payments due x 100.
- **Information required:** In the denominator, the number of returns and payment anticipated correspond to the number of returns and payments received from the registered taxpayers.

3.6 Proposed indicator: Collection achieved through friendly procedure

- **Purpose of the indicator:** Ensure the use of friendly procedures and measure their effectiveness.
- **Calculation formula:** Collection achieved through this means / Total collection.
- **Scope:** includes all friendly procedures existing in the countries (telephone, letter – notice...).
- **Information required:** In the numerator, collection achieved through this means, corresponds to all amounts collected, regardless of the type (main tax, fines, etc.) and which are the result of a friendly process of the service (mail, telephone calls).

In the denominator, total collection corresponds to all revenues collected by the administration in question.

3.7 Proposed indicator: Maintenance of the taxpayer file

- **Purpose of the indicator:** This indicator should allow for ensuring that the file is periodically updated, that taxpayers who no longer carry out any activity will continue in the files.
- **Calculation formula:** **Number of active taxpayers / total number of taxpayers in the file x 100.**
- **Information required:** Active taxpayers are those who file in the current year or two preceding years.

Comments: this indicator could be calculated by type of business (small and others) and for individuals, separately.

IV. ENFORCED COLLECTION

4.1 Proposed indicator: Enforced collection and total collection

- **Purpose of the indicator:** Measure tax revenues obtained through this means as compared to total revenues.
- **Calculation formula:** amount collected through enforced collection / total collection x 100.
- **Information required:** The numerator corresponds to all types of enforced collection, whether by way of taxes, fines or prosecution expenses through December 31 of the corresponding year in the portfolio of the enforced collection service.

The denominator corresponds to the fiscal revenues of the same year.

4.2 Proposed indicator: Ratio between debt and collection

- **Purpose of the indicator:** Measure the importance of the debt portfolio of the taxpayers with respect to total collection.
- **Calculation formula:** Total amount under enforced collection (capital plus interest) / Collection for the year x 100.
- **Information required:** In the numerator, it is the total of tax credits (taxes, fines, prosecution expenses, interest) through December 31 of the corresponding year in the portfolio of the enforced collection service.

The denominator corresponds to the tax revenues of the same year.

4.3 Proposed indicator: Enforced collection/debt ratio

- **Purpose of the indicator:** Measure the effectiveness of the enforced collection action as compared to the total of the debt portfolio.
- **Calculation formula:** Revenues from enforced collection during the year / total portfolio under enforced collection (total debt less statute of limitations and insolvency).
- **Information required:** The numerator is the same as the indicator "Ratio of tax revenues obtained through this means".

The denominator refers to the only credits on which the service may act (it is convenient to eliminate from the portfolio credits subject to the statute of limitations or which are noncollectible).

4.4 Proposed indicator: Rate of noncollectible debt

- **Purpose of the indicator:** This indicator allows for determining the amount of debt declared noncollectible during the year, but also, the amount of debt which enforced collection should be undertaken by the administration.
- **Calculation formula:** Amount of debt declared noncollectible during the year / total portfolio under enforced collection x 100.
- **Information required:** The noncollectible debt is that which has been declared as such by administrative decision. With respect to the debt portfolio see the "Collection/debt ratio above.

4.5 Proposed indicator: Payment facilities

- **Purpose of the indicator:** Be aware of the debt ratio benefiting from payment facilities to ensure that such ratio will not be too large. This could dissuade taxpayers from paying their taxes on time.
- **Calculation formula:** Amount of debt with payment facilities or agreements / Total portfolio under enforced collection x 100.
- **Information required:** The debt with payment facilities is that for which the taxpayer was allowed payment terms by the service in charge of enforced collection.

The denominator is the same as that of the previous indicator.

4.6 Proposed indicator: Time during which debt has been under enforced collection

- **Purpose of the indicator:** Experience shows that the possibilities of collecting a debt diminishes with time. Therefore, it is important to be aware of the totality of debt in reserve for more than a year. If this total is significant, the administration should inquire as to the effectiveness of its collection service or ask itself whether this portfolio should not be declared noncollectible in view of the statute of limitations of the credit or the insolvency of the debtors. In any case, it may seem important that the taxpayers' debt portfolio be periodically updated to concentrate on debts with possibilities of being collected.
- **Calculation formula (1):** Amount of debt exceeding 1 year / total amount of debt x 100.
- **Calculation formula (2):** Number of debts exceeding 1 year/ total number of debts.
- **Information required:** The debt exceeding more than one year is considered with respect to the normal date on which it is demandable. The denominator is the same as that of the previous indicator.

V. APPEALS – LEGAL ACTION

5.1 Proposed indicator: Term for solving appeals through administrative action

- **Purpose of the indicator:** Determine the ratio of appeals considered within the various terms in order to ensure prompt treatment in the administrative phase.
- **Calculation formula:** Appeals solved by the tax administration within a term of 90 days, 180 days, 1 year, >1 year /total number of appeals considered.
- **Information required:** The term for treatment of appeals is calculated according to the following dates:
 - The date of receipt of the appeal by the service.
 - The date on which the service's decision is notified to the taxpayer.

The appeals taken into account in the numerator and denominator are those that have been treated in the year, regardless of the date on which they were received by the service.

5.2 Proposed indicator: Ratio of appeals that undergo legal action

- **Purpose of the indicator:** Ensure that the filter of the administrative phase will work correctly, by avoiding to the maximum extent possible, that taxpayers appeal to the courts for solving their fiscal problems.
- **Calculation formula:** Number of appeals that undergo legal action / total number of appeals.
- **Information required:** The numerator refers to the number of fiscal objections submitted to the judicial authority during the course of the year. The denominator corresponds to appeals received by the administration during the course of the year.

5.3 Proposed indicator: Percentage of judicial decisions

- **Purpose of the indicators:** Be aware of the quality at the legal level, of the work carried out by the administration during the administrative phase as well as before the judges. A weak percentage of favorable judgments shows that the filter at the

administrative phase did not work out correctly and that the works of taxation and control carried out by the services are not of good quality.

A weak percentage of success may show that the juridical base of taxes is not sufficiently sound, which would justify reinforcing the tax regulations.

5.3.1 Totally in favor of the administration:

- **Calculation formula:** Number of judicial decisions totally in favor of the administration / total number of lawsuits.

5.3.2. Partially in favor of the administration:

- **Calculation formula:** Number of judicial decisions partially in favor of the administration / total number of lawsuits.
- **Information required:** Deals with the tax judgments made by the judicial authority during the course of the year being considered. A judgment must be considered as partially favorable to the administration even when the taxpayer has obtained a 90% satisfaction.

VI. PRODUCTIVITY INDICATORS

6.1 Proposed indicators: Average yield per agent

- **Purpose of the indicators:** Determine gross yield obtained by the administration according to type of control, in order to make comparisons at the international or national levels and inquire about the differences that may probably arise.

6.1.1. From office examinations.

Calculation formula: Total yield from office examinations / number of examiners.

Unit of measurement: Country's currency and dollar

6.1.2. From audits:

Calculation formula: Total amount assessed from audits / number of auditors.

Unit of measurement: Country's currency and dollar

- **Information required:** The numerator corresponds to the total of tax surcharges and sanctions applied to the taxpayers during the course of the year in question.
The denominator refers to total examinations or, as appropriate, audits concluded during the course of the same year.

6.2 Proposed indicator: Average amount of enforced collection obtained by agent (or by unit)

- **Purpose of the indicator:** Measure the effectiveness of agents assigned to the enforced collection mission to make national and international comparisons.
- **Calculation formula:** Amount of enforced collection / number of agents (or units) from the enforced collection area.
- **Information required:** The same numerator as that of the ratio between enforced collection and debt (see Point 4.3).

VII. COST INDICATORS

7.1 Proposed indicator: Cost of the tax administration

Comment: To evaluate and compare the results of the tax administrations, the cost indicators of the administration appear to be essential.

In fact, they allow for responding to a sensible question: What is the necessary cost to render effective the collection of a 100 amount?

Nevertheless, the results of such indicators should be handled carefully. In fact, the situation of various countries is not always comparable. The forms of organization may be significantly different due to reasons of geography, the institutions or the tax system used.

A very low cost index may be an indication of a very competent tax administration. However, it may likewise disclose an insufficiency of human and material resources that may lead certain administrations to abandon certain activities, mainly those involving control.

In fact, the tax administration's management cost level cannot be separated from the results achieved by this administration in carrying out its tasks.

In addition, this management cost may be directly influenced by the nature of the functions carried out by the tax administration under consideration. In fact, in the American Continent, certain administrations simply carry out the tax function, while others include the customs activity and in some cases, even social security.

For this reason, it is necessary to anticipate two indicators, one that would be calculated by all the administrations and would be limited to the tax activities; the other which would be reserved to the administrations equally carrying out nontax activities.

7.1.1 Cost of the tax administration (to be calculated by all the countries)

- **Calculation formula:** Budgetary execution of the tax administration /gross collection of internal taxes prior to VAT credit refunds x 100.
- **Information required:** The numerator only corresponds to the budget of the tax administration and concerns staff, as well as operational expenses, in addition to investment expenses.
The denominator corresponds only to tax revenues prior to VAT refunds.

7.1.2. Cost of intervention of the tax administrations in charge of other activities (customs, social security, etc...)

- **Calculation formula:** Budgetary execution of those administrations /gross collection of revenues prior to VAT refunds x 100.

- **Information required:** For tax administrations which also carry out other tasks such as customs or social security, the numerator includes the budgets of those various administrations.

The denominator includes all revenues received by those administrations (taxes, customs duties and, as appropriate, social security).

7.2 Proposed indicator: Ratio of taxes in State's budget

- **Purpose of the indicator:** be aware of the structure of the State's budgetary revenues.
- **Calculation formula:** Tax revenues collected by the reporting tax administration / total tax revenues (internal taxes, customs duties, social security) x 100.
- **Information required:** The numerator corresponds only to tax revenues, prior to refunds for VAT credit.

The denominator groups all State revenues (taxes, customs duties, social security, others)

VIII. INNOVATION AND CHANGE

8.1 Proposed indicators: Ratio of returns received electronically or via telephone

- **Purpose of the indicators:** The use of new communication technologies may involve significant savings in current expenditures of the tax administrations. These indicators allow for specifically measuring the level of implementation of these new technologies.

- **Calculation formula:**

8.1.1. Number of returns received: electronically / total number of returns received x 100.

8.1.2. Number of returns received via telephone / total number of returns received x 100.

- **Information required:** The numerators cover all the returns received electronically or, as appropriate, by telephone, regardless of the tax in question. The denominators include all returns received, regardless of the tax in question.

8.2 Proposed indicators: Ratio of payments received electronically and via telephone

- **Purpose of the indicators:** The use of new communication technologies may involve significant savings in current expenditures of the tax administrations. These indicators allow for specifically measuring the level of implementation of these new technologies.

- **Calculation formula:** Amount of payments received electronically and by telephone / total amount of collection x 100.

- **Information required:** The numerator includes all payments received electronically or, as appropriate, by telephone, by the administration in question, regardless of the nature (taxes or others), and of any nature (main payment or sanctions).

The denominator includes all of the revenues received by the administration in questions, prior to refund of VAT credits.

8.3 Proposed indicator: Evolution of investment in new technologies

- **Calculation formula:** Investment expenses in new information technologies during the year/previous year x 100.
- **Information required:** The information is aimed at the historical evolution of investments by the countries, to evaluate trends.

8.4 Proposed indicator: Ratio of investments in new information technologies

- **Purpose of the indicator:** Measure the financial effort in expenditures in new technologies in evolution, as well as in proportion to the budget.
- **Calculation formula:** Total expenses in new information technologies / Tax administration's budget executed during the year.

IX. USER SATISFACTION

Employee satisfaction

The following questions are proposed to measure employee satisfaction

		Firmly Disagree			Firmly Agree		Does not know/ Not Applicable
		1	2	3	4	5	6
1	I know what is expected of me on the job	_____	_____	_____	_____	_____	_____
2	I have the necessary materials and equipment to do my job well	_____	_____	_____	_____	_____	_____
3	On the job, I have the opportunity every day to do what I can do best	_____	_____	_____	_____	_____	_____
4	In the past seven days I have been given recognition or have been commended for doing a good job	_____	_____	_____	_____	_____	_____
5	My supervisor or someone at work appears to be concerned about me as a person	_____	_____	_____	_____	_____	_____
6	There is someone at work who stimulates my development	_____	_____	_____	_____	_____	_____
7	At work, my opinions seem to be taken into account	_____	_____	_____	_____	_____	_____
8	The mission or purpose of my agency makes me feel that my job is important	_____	_____	_____	_____	_____	_____
9	My associates or fellow workers are committed to perform a quality job	_____	_____	_____	_____	_____	_____
10	I am familiar with the mission and purpose of my administration	_____	_____	_____	_____	_____	_____
11	In the past six months, someone has talked to me about my progress at work	_____	_____	_____	_____	_____	_____
12	This past year, I have had opportunities to learn and grow in my job	_____	_____	_____	_____	_____	_____
13	Taking everything into account, how satisfied are you with your job?	_____	_____	_____	_____	_____	_____

Taxpayer satisfaction

- Telephone services:

The following questions are proposed to measure taxpayer satisfaction with telephone services.

Question 1 Evaluate your satisfaction as to whether the information received in this call was complete.

- unsatisfied
- somewhat satisfied
- mostly satisfied
- fully satisfied
- not sure

- Question 2** Evaluate your satisfaction as to how well you understood the information received.
- unsatisfied
 - somewhat satisfied
 - mostly satisfied
 - fully satisfied
 - not sure
- Question 3** Evaluate your satisfaction with the representative's explanation as to what will happen if you do not take those actions.
- unsatisfied
 - somewhat satisfied
 - mostly satisfied
 - fully satisfied
 - not sure
- Question 4** Evaluate your satisfaction as to how well they listened to you.
- unsatisfied
 - somewhat satisfied
 - mostly satisfied
 - fully satisfied
 - not sure
- Question 5** Evaluate your satisfaction with the impartial treatment afforded you.
- unsatisfied
 - somewhat satisfied
 - mostly satisfied
 - fully satisfied
 - not sure
- Question 6** Evaluate your satisfaction with the amount of time you had to devote to the issues about which you called today.
- unsatisfied
 - somewhat satisfied
 - mostly satisfied
 - fully satisfied
 - not sure
- Question 7** Taking everything into consideration, whether you may agree or disagree with the final result, evaluate your **general satisfaction** with the service received during this call.
- unsatisfied

somewhat satisfied
mostly satisfied
fully satisfied
not sure

9.1 **Proposed indicator: rate of general satisfaction**

- **Purpose of the indicator:** Measure the surveyed taxpayers' level of satisfaction with the tax administration's service. The measurement could be made by means of an opinion poll.
- **Calculation formula:** Number of taxpayers surveyed who are satisfied with the tax administration's service /total number of taxpayers surveyed x 100.

X. HUMAN RESOURCES MANAGEMENT

10.1 Proposed indicator: Ratio of training in the budget

- **Purpose of the indicator:** Measure the effort with respect to training, in relation to all the expenses of the tax administration; allows for comparisons with other countries.
- **Calculation formula:** Training expense in the year (includes initial training, as well as during the course of the career and travel expenses of the instructors)/ budget of the tax administration x 100.
- **Information required:** In the numerator, the cost of training includes initial training as well as during the course of the career, as well as travel expenses of the instructors. On the other hand, the cost comprises salaries as well as operating expenses of the training facilities.

In the denominator, the tax administration's budget corresponds to the one used above to measure the cost of the administration.

10.2 Proposed indicator: Training per employee

- **Purpose of the indicator:** Measure the training effort, not in terms of cost but rather in the average number of hours per employee.
- **Calculation formula:** Number of training hours in year X, number of participants / total number of employees.

10.3 Proposed indicator: Ratio of employees trained in the year

- **Purpose of the indicator:** Ensure that training will reach the largest possible number of employees.
- **Calculation formula:** Number of employees trained in the year / total number of employees x 100.

10.4 Proposed indicator: Ratio of employees with over 5-year seniority

- **Purpose of the indicator:** Measure the ratio of tax administration employees with experience. Ensure that the staff preserves the essential stability for an adequate operation of the institution and reduction of training expenditures; guarantee the professionalism of employees.

- **Calculation formula:** Number of employees with over 5-year seniority /total number of employees x100.

10.5 Proposed indicator: Ratio of employees recruited through contest

- **Purpose of the indicator:** promote the impartiality of recruitment and accordingly, protect the independence of the tax administration.
- **Calculation formula:** Number of employees recruited through contest / total number of employees x100.

10.6 Proposed indicator: Ratio of managers recruited through contest

- **Purpose of the indicator:** promote the impartiality of recruitment and accordingly, protect the independence of the tax administration.

The officials responsible are the upper level managerial positions, directors of functional areas and regional heads.

- **Calculation formula:** Number of managers recruited through contest / Total number of managers x 100.

10.7 Proposed Indicator: Behavior of employees

- **Purpose of the indicator:** Measure the ratio of such taxpayer complaints that may be of a serious nature and therefore, measure the quality of employee behavior.
- **Calculation formula:** Number of claims filed and analyzed by the administration during the year/total number of complaints and denunciations received in the same year by 100

B. CUSTOMS INDICATORS

I. CUSTOMS CONTROL AND EXAMINATION

General observations:

The Customs office should not hinder the regular flow of trade when performing its controls. The solution accepted and adopted internationally by modern customs offices is the use of fiscal intelligence methods or control based on risk analysis. There is reduced examination at the time of arrival of the goods, with fiscal control actions being expanded prior to and after clearance. This practice may reduce the time goods remain at the ports and airports, without affecting the quality and effectiveness of the fiscal action.

1.1 Indicator: Average customs clearance time on imports and exports

- **Purpose of the indicator:** measure the speediness in customs clearance as an indication of efficiency and effectiveness of customs control, according to the concept of modern customs, whose mission is to accelerate the flow of international trade.

- **Calculation formula:**

For imports: Average time of clearance of import, calculated as of the following dates (date of approval of the return / date of pickup of goods, for each type of lane – yellow, gray, red, green).

For exports: Average time of clearance of export, calculated as of the following dates (date of receipt of return forms for each type of lane - red, orange and green /date of pick up of goods).

- **Information in question** – The customs control of foreign trade operations, relative to the entrance and departure of vehicles, individuals or goods from the territories of the countries, and collection of import and export duties is carried out by the customs administrations and by tax administrations integrated to customs.

For the goods, the control consists of identifying the importer or exporter; in the physical verification, in the determination of the customs value and tariff classification, and in the verification of compliance with all fiscal, commercial exchange and administrative control obligations, resulting from the import or export.

The trend for efficiency of customs control is the reduction in clearance time to facilitate foreign trade and the adoption of examination practices

before and after clearance. Comparison between the countries will allow for identifying better practices for customs control.

1.2 Indicator: Productivity of customs inspections

- **Purpose of the indicator:** measure the coverage of customs control
- **Calculation formula:** Total number of inspections / total number of returns (for imports and exports as well as in transit).

1.3 Indicator: Evolution of the amount of goods seized

- **Purpose of the indicator:** measure the results of control actions in Customs, as a mechanism to protect society.
- **Calculation formula:** Amount (U\$) of goods seized during the year / Amount (U\$) of goods seized the previous year
- **Information required** – The indicator must be analyzed carefully. The short-term trend is that, due to the efficient action of Customs in combating fraud, the amount may increase. Within long term, the efficient control actions of Customs result in the reduction of illegal activities and accordingly, of the amount of goods seized.

1.4 Indicator: average amount of reassessment of taxes

- **Purpose of the indicator:** measure the collection function by customs control, whose importance in the international scenario is decreasing.
- **Calculation formula:** Amount of reassessment of taxes / total number of returns filed (imports and exports)

1.5 Indicator: average amount of sanctions

- **Purpose of the indicator:** measure the collection function by customs control, whose importance in the international scenario is decreasing.
- **Calculation formula:** Amount of sanctions / total number of returns filed (imports and exports).

1.6 Indicator: Proportion of authorized customs transits

- **Purpose of the indicator:** Measure the speediness in authorization of customs transits to facilitate foreign trade

- **Calculation formula:** transits not cancelled or concluded / authorized transits during the year.

1.7 Indicator: Proportion of paracustoms interventions

- **Purpose of the indicator:** Measure the participation of paracustoms interventions in foreign trade operations, for the purpose of improving relationships between Customs and entities acting in foreign trade, as well as integrating the information required by the various controls.
- **Calculation formula:** Number of paracustoms interventions / Total number of interventions
- **Information required** – Paracustoms interventions do not involve taxes, but rather control, such, as for example: sanitary, environmental, copyrights, cultural heritage

II. INNOVATION AND CHANGE

2.1 Indicator: Possibility of transmitting customs returns (import, and in transit) a through telematic media (yes/ no)

- **Purpose of the indicator:** Measure the adoption of new technologies in the transmission of customs returns as instrument for promoting voluntary compliance.
- **Information in question:** For modern customs, the use of technologies is essential for the quality of customs control (X-ray “scanners”, digital channels for monitoring, etc). The use of Internet is also a means for improving customs services, through standard, secure and accessible information.

2.2 Indicator: Establishment of simplified procedures (with respect to export, import and in transit)

- **Purpose of the indicator:** “benchmarking” of simplified customs procedures used by various countries, for improving good practices involving customs management, simplification and speediness of customs control.
- **Calculation formula:** Does the country have simplified customs procedures? Yes or no, and in case the answer is yes, description of the simplified procedures adopted by the country.

2.3 Indicator: Advertising in Internet of customs standards and procedures

- **Purpose of the indicator:** undertake “benchmarking” with the information published by the various countries to stimulate the use of Internet for the dissemination of customs information.
- **Calculation formula:** Does the country publish in Internet, information on the customs standards and procedures? Yes or no, and in case the answer is yes, description of the standards and procedures published.