

## **Taxpayer Assistance, Information and Education The Jamaica Experience**

*by Ken Chaplin*

### **Part I**

For many years little regard was paid by the tax administration to taxpayer assistance, information and education in this Caribbean Island of 2.2 million people.

The perception of some tax officials was that there are two things in life that are certain — death and taxes. It was also perceived that Jamaica being a predominantly Christian country there would be no problem by the people “rendering to Caesar the things that are Caesar’s.”

The fact was, however, that few people are willing to pay tax, especially if the particular tax was considered unfair.

The more unjust the tax was considered the more difficult it was to collect. Many tax officials refused to consider the consequences to the country if in one year property taxpayers stopped paying the tax in protest against what they regarded as an unjust increase, although it may be perfectly fair in the view of other people. After all they had the law behind them, forgetting that prosecution was a long, difficult and costly process.

Yet if the tax administration had acted early through a public education campaign in which the reason for the increase was fully explained the problem could have been avoided, or the resistance of the taxpayers softened.

Many years ago tax administrations imposed new and complex tax measures without any adequate public education programme. Some tax officials held the view that public education was intangible and a waste of time.

Naturally, whenever there was strong opposition to a new tax measure, tax officials often panicked because they were not prepared for it: they had no structured public education programme to put into operation following the initial announcement.

Gradually tax administrations began to realise and appreciate the true value of public education. The use of radio, television and newspaper to appeal to taxpayers to file returns and pay their taxes and avoid the penalties became increasingly frequent.

First it was small 2" x 2 cols advertisements and short radio and television commercials. In later years there were advertising campaigns, radio and television programmes and addresses to groups.

Two departments — Income Tax and Inland Revenue assigned officers to handle public education in addition to their other duties.

But public education was still not given its rightful place in the tax administration. For example the information officer in a revenue department was never part of the decision-making machinery, a matter of fundamental importance. Only when a crisis developed was the information officer called upon like he is some kind of fire brigade to extinguish a fire. But at least the tax administration recognised that the information officer could make a more meaningful contribution if he or she is involved in the early stages: that means if a piece of legislation on taxation is to be presented to Parliament the information officer should know about it so that he or she can start preparing a public education programme to begin the moment the legislation is made public.

The information officer will certainly want to alert the news media to expect the legislation in Parliament. Of course this strategy could not be applied to certain measures which have to remain confidential until announced.

An important step in taxpayer assistance information and education was taken recently when the Revenue Board started to develop a taxpayer assistance, information and education programme, based on projections, as part of its strategic planning for the year.

Another aspect of the treatment of taxpayers that has been ignored for years is the provision of adequate facilities for the taxpayer. Taxpayers had to spend a relatively long time at tax offices as staff wrote receipts with their hands. Having a comfortable surrounding and an efficient collection system do help voluntary compliance as the Revenue Board found when it computerized the collection system at each of the revenue departments.

Since its inception in 1981 the Revenue Board has always recognised the need for improved taxpayers facilities as well as the dissemination of information. One of the first officials the Board appointed in 1981 was a consultant on information.

In 1983 it was essential to the Government's economic policy that the level of revenue should be improved. An intensive public education programme was therefore undertaken to reduce the high level of Income tax arrears. The programme perhaps the most unique ever developed in Jamaica.

In previous public education campaigns the theme was based on the premise that taxes were the government's housekeeping money to provide better social services in such areas as health, education and care of the indigent as well as improved roads.

However, this approach failed to bring the desired results mainly because the public did not see the large-scale improvement expected in those critical areas. It was even more so when the government embarked upon a structural adjustment programme to stabilize the economy. Increased revenue and reduced expenditure to cut the fiscal deficit and bring the budget into balance were important elements in the structural adjustment programme.

The reduced expenditure limited the improvement to some social services so the impact on the public significant and taxpayers began to ask where was the tax money being spent? Of course a large percentage of the revenue was used to service external debts.

It became necessary to design a public education programme to break down the increasing resistance of taxpayers. The strategy was to use scare tactics with a bit of humour thrown in. "The Axeman Cometh" was the theme of the campaign which lasted three months on radio, television and newspapers. Television commercials ran for seven minutes, radio spots 35 seconds and newspaper advertisements covered 22" x 6 columns.

The television version of "The Axeman Cometh" featured a courtroom scene with a Judge whose name was "Axeman", lawyers, tax officials as witnesses and delinquent taxpayers as well as taxpayers who met their obligation of filing their returns on time and paying their taxes.

In the "trials" delinquent taxpayers were admonished by "Judge Axeman" and told the penalties with which they were faced for failing to comply and informed of the options they had in terms of the method of paying off their arrears. Good taxpayers were commended and held up as examples.

Tax officials testified as to efforts they were making to collect taxes, outlined the deadlines for payments of the various taxes and appealed for the cooperation of the taxpayers.

“Judge Axeman” was portrayed as a tough judge who indicated by moving his finger across his neck that he was prepared to penalise delinquent taxpayers by sentencing them to be beheaded.

In one courtroom scene a lawyer asked a taxpayer: Have you made out your income tax returns last year and paid your taxes?

Taxpayer: No. Not yet.

Lawyer: Have you submitted your statement of estimated income for this year and made your quarterly payments?

Taxpayer: No. Not Yet.

Lawyer: When did you last submit a tax return or pay any tax?

(Taxpayer: Tries to think of an answer).

Lawyer: I put it to you that you have never done so.

Taxpayer: No. I haven't.

Lawyer: And you say you are not a gambler? Your Honour would you explain to this taxpayer from the depths of your wisdom what he's gambling with?

Judge Axeman: Certainly. First you are gambling that you will continue to get away with not filing returns for which offence you may be fined up to a thousand dollars and possibly imprisoned. You are gambling on the fact that because you have submitted no returns — no one will find out that you are earning an income and paying no taxes on it. For this as well you may be prosecuted and fined up to three times the tax you owe. You are gambling that since you won't be identified, you also won't have to pay the penalty, which, for your information is interest on the tax you owe at 20% per annum and again possible prosecution. You are, sir, indeed a very heavy gambler.

Taxpayer: It's so long. I don't know how I would manage.

Judge Axeman: There are many in your situation and while the law cannot condone your actions, those who administer those laws

are not unsympathetic or unreasonable inspite of the many warnings which have been given over the years.

Now, you are offered a final opportunity to set your mind at rest. You may avoid prosecution and fines by going to you tax collection before August 31st, file your returns with his help, if you wish, and making suitable arrangements to pay back taxes and interest over a period of time.

**Taxpayer:** Yes, Your Honour.

**Judge Axeman:** If, of course, you are able to find all the money you have until September 30th to pay in full. Finally, if you fail to meet either of these deadlines.....

**Taxpayer:** I think I know what's coming (Swish of the axe).

#### **Next Case**

It should be noted how valuable information relating to the payment of taxes is brought out in the dialogue.

The campaign had its side-effects as when some tax officials called on taxpayers and were recognised in public they were greeted with "The Axeman Cometh".

Nevertheless the campaign was one of the most successful ever carried out by the tax administration as a significant increase in collection followed. It seems that occasionally it is necessary to shake up delinquent taxpayers.

Since "Judge Axeman" retired most of the public education programmes have been based on the fact that paying taxes is the responsibility of every citizen who is liable and it is better to pay on time and avoid the penalties which are heavy.

In August last year the Income Tax Department mounted a campaign in which taxpayers were reminded that they should have already submitted their returns. Delinquent taxpayers were also informed that they had until August 30 to do so after which their taxes would be estimated.

The campaign featured television commercials of two minutes duration, radio commercials of 45 seconds and newspaper advertisements.

The television and radio commercials featured a well known actor/comedian who appealed in his own inimitable style to taxpayers to meet their

obligations under the law. He emphasized deadlines and the penalties if those deadlines were not met. He also informed the public that the Income Tax Department has a taxpayers\* assistance unit where they could get help in preparing their returns.

Another effective campaign was that by the Inland Revenue Department the essential element of which was a countdown reminding taxpayers of the number of days they had left to pay property tax before the deadline.

All advertising campaigns mounted by the tax administration over the past twenty years have been supported by the state regulated broadcasting media with free programmes and spot announcements. This has helped to broaden the scope of the campaign and reduce cost.

All campaigns have had their degree of success. However, no taxpayer is likely to forget "The Taxman Cometh". It is necessary to explain that Judge Axeman died since his retirement and no other judge wants the job.

In developing public education such as those mentioned above no effort was spent on researching the subject to determine the problem. The problem was already well-known which was the reluctance of people to pay taxes. Evaluation was carried out at various stages of the campaigns to find out whether it was going in the right direction and the effect they were having on taxpayers. Emphasis, of course, is changed from time to time.

The tax compliance campaign was far more difficult and costly to implement than the public education programme for the more complex Tax Reform Programme.

The main reason for relatively smooth development and implementation of the Tax Reform Programme was the extensive public discussion which took place even before the Tax Reform Committee was appointed.

The initial announcement stated that the main objectives of the Tax Reform was to create a fair and simple taxation system which was consistent with the government's economic goals as well as to improve the efficiency of the tax administration.

Later a paper was presented to Parliament outlining proposals for the Reform.

The composition of the Tax Reform Committee consisting as it did of representatives from the trade unions, professional associations, Private Sector Organisation Tax and Ratepayers Association and the University of the West Indies inspired a great deal of public confidence.

The public education programme lasted about one year and included statements by public institutions, news releases, radio and television programmes, seminars and workshops.

The Reform attracted considerable public interest and there were many submissions from individual members of the community and organisations.

There was no opposition to introducing a new taxation system: the question was the nature and form of the Tax Reform.

When the final details of the Tax Reform was revealed there was general acceptance by the public because the objectives as stated at the outset had been achieved.

Personal Income Tax rate was reduced from 57% to 33 1/3% and company tax from 45% to 33 1/3%. These were two of the major changes in the system. There were some opposition to the 33 1/3% withholding tax on interest, but this was silenced after the explanation that government had given up a lot of money in lowering the personal income tax and company tax rates and if the withholding tax on interest were given up B/.400 million would have to found from increases in other taxes.

The public education programme that was implemented on the Tax Reform Programme is a classic example of the importance of disseminating information on proposals for such changes in the taxation system and to provide the channel for the public to state their views.

The cost of the programme was minimal as the matter was of major national interest which could not be ignored by them.

## **Part II**

Jamaica's experience over the years has brought into sharp focus the importance and value of the tax administration having an integrated taxpayer assistance, information and education service.

Currently, there are five Revenue Departments — Income Tax, Inland Revenue, Customs and Excise, Stamp Duty and Transfer Tax and Land Valuation.

These departments are at different locations and operate independently of each other in most respects. Only in two of the five are there any formal or established system of providing assistance and information to the taxpayer. The Income Tax Department has a Taxpayers' Assistance Unit and the Inland Revenue Department has an Information window through which taxpayers can get assistance.

The Land Valuation Department has a Public Relations person who offers assistance to the taxpayer as need arises.

The Customs and Excise and the Stamp Duty and Transfer Tax Departments have no formal system or person specifically designated to assist the taxpayer. Taxpayers needing assistance at these Departments are sent to any officer who is available and knowledgeable.

There is no overall system or coordinated programme throughout the Revenue Services to provide taxpayers with information and assistance. Individual Departments from time to time carry out publicity campaigns relating to specific areas of taxation. However, this is done in an ad hoc manner.

It was out of the need for a integrated approach to taxpayer assistance, information and education that the Revenue Board Included the establishment of a Taxpayer Information and Education Branch as part of the Tax Reform Programme which began in 1987.

Last year the first steps were taken to establish the Branch when a full-time Public Relations Officer to the Revenue Board was appointed and a committee consisting of senior officers from each of the five revenue departments and the Revenue Board was set up under the chairmanship of Mr. Canute Miller, Chairman of the Board, to prepare proposals for the Division. The Division is expected to begin operations early this year.

Following is the outline of the proposals.

To support the government's tax system, efforts must be made to encourage and achieve the highest possible degree of voluntary compliance with tax laws, regulations and other statutory obligations as well as to maintain a high degree of public confidence in the integrity and efficiency of its services. To this end, the Taxpayer Information and Education Branch has a major role to play in making these objectives a reality. In order to attain these goals the Branch must communicate the requirements of the law and provide assistance to the public.

In carrying out this responsibility the Branch should be able to:

- a) determine the taxpayers' needs;
- b) develop programmes which meet those needs and convey to the public, information on these programmes;
- c) disseminate comprehensive, accurate and timely information on tax law requirements by means of a telephone service, face to face meetings, correspondence, mass media and publications.

In order to carry out these responsibilities effectively, it is proposed that the Branch comprise the following sections, each to be headed by an Assistant Revenue Commissioner:

1. Information and Education Section;
2. Taxpayer Assistance and Enquiry Section;
3. Public Relations Section

(See Graph p. 162)

### **Information and Education Section**

The Information and Education Section will be responsible for the development of the islandwide Taxpayer Information and Education programmes and providing guidance, co-ordination and assistance in the implementation and evaluation of those programmes. For the development of programmes, each fiscal year, as well as the introduction of additional topics which need to be emphasized on a "one time basis", it will be necessary for the Section to be provided with sufficient data by the Taxpayer Assistance Section. For the development of taxpayer information the Section will consult with officials of the Revenue Board and the Revenue Departments to: establish objectives for the Section as well as for the programmes, prepare time tables and materials for distribution to the public by means of electric or print media. The Information and Education Section would co-ordinate with the Public Relations Section to implement programmes and to develop any additional topics which may be essential for an effective taxpayer service.

Its activities will be designed to:

- (i) Select, gather, record, analyse and disseminate accurate, informative and newsworthy information about taxpayers' rights, obligations and responsibilities regarding the tax laws and/or regulations, their scope and interpretation, and any changes in legislation;
- (ii) develop adequate literature on compliance policies on a timely basis to ensure that the desired response from the taxpayer (i.e., payment of tax) is favourably achieved;
- (iii) develop and maintain an effective communications programme which may involve seminars, displays and media programmes and disseminate information by means of literature and audio-visual aids, in order to: educate and keep the public fully informed; mould the attitude of the public, in general, and the taxpayer in particular, and allow for maximum participation in compliance;

- (iv) inform the public of their tax related and statutory obligation through mass and specialized media (eg., press, radio and television) and other means of disseminating information;
- (v) increase public awareness of the tax laws and regulations by disseminating tax information in a language easily understood;
- (vi) provide accurate and timely information about the Revenue Departments and their activities so that the public will be informed on the manner in which the various laws are administered;
- (vii) use educational methods and planned curriculum to encourage voluntary compliance with the tax laws;
- (viii) assist the taxpayer who requires information regarding his/her tax rights and responsibilities;
- (ix) liaise with the appropriate authorities in the high schools in order to conduct taxpayer education programmes for students on the history, economics and politics of taxation;
- (x) ensure that the information and material presented to the public appeal to and are appropriate to its needs; and that they provide guidance on procedures to be adopted and explain in detail taxpayer requirements;
- (xi) determine the taxpayer needs in order to develop education programmes etc., to meet these needs;
- (xii) provide information over the counter and via print and other media on sanctions that are applicable to non-compliance of tax payments in order to influence attitudes towards payment of taxes;
- (xiii) conduct research where necessary, to evaluate the degree and nature of the understanding and acceptance by the public of information disseminated;
- (xiv) simplify complex tax legislation for the tax-paying public;
- (xv) ensure that the tax policies of the Government and the role, objectives and functions of the Revenue Board are communicated to the Revenue Services and to the public at large.

### **Taxpayer Assistance and Enquiry Section**

The Taxpayer Assistance and Enquiry Section is the primary source of tax information for the majority of taxpayers, and also the front-line representatives of the Revenue Services to the public, thus being a guide to the taxpayer to comply with the tax laws.

This Section will be responsible for handling all inquiries made by the public on tax related matters. It will endeavour to assist the taxpayer at all times. Assistance to the taxpayer will be provided via:

- 1) counter and desk services;
- 2) telephone;
- 3) correspondence;
- 4) computerised enquiries data bank

The nature of the service provided by this Section will be diverse, in that members of the taxpaying public will range from the barely literate to the highly educated. As a consequence, inquiries will range from the simplest to the most complex. The assistance given to the public may involve: helping a taxpayer complete his/her tax return, filing dates of various taxes, etc.

Its activities will be designed to:

- 1) Provide a personalised taxpayer assistance service designed to assist taxpayers to accurately identify and resolve their problems;
- 2) provide an enquiry service (telephone and walk-in) for taxpayers, to deal with matters such as: the form(s) to be used in filing specific return; the payment of taxes and duties; the office to which payments are to be made; which items are taxable;
- 3) assist taxpayers, where necessary, in completing their income tax returns;
- 4) provide information over the counter on sanctions that are applicable to non-compliance of tax payments in order to influence attitudes towards payment of taxes;
- 5) provide accurate and responsive replies to the taxpayers' inquiries;
- 6) simplify complex tax legislation for the tax-paying public;

- 7) increase public awareness of the tax laws and regulations by imparting such information over the counter in a language easily understood and informing taxpayers on changes in tax laws;
- 8) receive complaints and/or requests for advice, legal or otherwise on matters relating to tax obligations, requirements and government's policies and take appropriate steps to deal with these matters;
- 9) receive and deal with written inquiries from taxpayers requesting information about their tax rights and obligations;
- 10) provide advice on tax related issues;
- 11) inform taxpayers on changes in tax laws;
- 12) obtain advice from legal officers in the Revenue Board and technical officers in the respective Revenue Departments on issues raised by taxpayers in order to advise them appropriately, where necessary.

#### **Public Relations Section**

The Public Relations Section's activities interact directly with the taxpayers, community leaders, organizations and the local media. It will provide assistance in all the Branches public information programmes.

This Section will be directly responsible for:

- 1) planning and directing the development of the public relations programme to ensure public understanding and acceptance of its programmes and objectives;
- 2) establishing and maintaining effective communications with parliamentarians and the mass media;
- 3) arranging appropriate media coverage on all taxpayer education programmes and developing publicity materials;
- 4) formulating outreach programmes for schools and communities;
- 5) liaising with the information and Education Section in the planning, developing and conducting of lectures, seminars and workshops;

- 6) preparing in-house magazines for the Revenue Services;
- 7) collating all information regarding the objectives, role and operations of the Revenue Departments for the purpose of providing accurate and timely information about these departments and their activities so that the public will be informed on the manner in which the tax laws are administered; in addition, ensuring also that each Revenue Department is aware of the objective, role and function of the other Revenue Departments;
- 8) ensuring that the advertising campaigns used to disseminate information accurately, reflect the quality of service being offered by the Revenue Departments;
- 9) establishing the criteria of what would constitute public relations success;
- 10) maintaining current information about the public's opinion of the Revenue Board and the Revenue Services and taking corrective measures where necessary;
- 11) developing and preparing programmes designed to convey the desired and appropriate image of the Revenue Services;
- 12) undertaking research and collecting data in various Revenue Departments in order to complete statistics to be used for identifying areas in need of improvement in so far as the service to the public is concerned.

The Taxpayer assistance, information and education division will have a data based computer system with terminals in each of the five revenue departments.

A survey has already been carried out in the departments to determine the information most frequently requested by taxpayers. This information along with responses will be included in the data base so that a taxpayer's query can be quickly answered at the division's office or at any of the relevant revenue departments.

After many years of doubt over the value of an efficient taxpayer assistance, information and education organisation tax officials are now giving this area priority. For example at a meeting earlier this year the Commissioner of Customs and Excise made a strong appeal to the Revenue Board to put pressure on the "powers that be" to create a senior post of information officer in the Department.

ORGANIZATION FOR THE TAXPAYER INFORMATION AND EDUCATION BRANCH

