



Internal Revenue Commission

# **OPPORTUNITIES AND MECHANISMS FOR EFFECTIVE REVENUE COLLECTION THROUGH ORGANISATIONAL STRENGTHS AND IMPROVEMENTS**

**An IRC Presentation at the National Development Forum**

**30<sup>th</sup> October 2018, Laguna Hotel, Port Moresby**



# Opportunities and Mechanisms for effective revenue collection through organisational strengths and improvements

How can IRC identify opportunities, develop strategies, mobilise resources and raise revenue

- ▶ **Identify Organisational Risks**
- ▶ **Identify Revenue Risks**
- ▶ **Develop Risk Mitigating Strategies**

# Organisational Risks/Initiatives

- ▶ **Competency of planning, management and governance**
  - **Established IRC Act**
  - **Developed Commission Administrative Orders (CAO)**
  - **Implementing Medium Term Revenue Strategy (MTRS)**
  - **Launched Corporate Plan 2018 to 2022**
- ▶ **Outgrown/outdated Standard Integrated Government Tax Administration System (SIGTAS)**
  - **Procurement of Integrated Tax Administration System (ITAS)**

# Organisational Risks/Initiatives

- ▶ **Organisational structure**
  - **Case Selection Intelligence (Risk Management)**
  - **Large Taxpayer Office**
  - **Regional Operations Division**
- ▶ **Dependencies on External Agencies**
  - **Alesco**
  - **Office facilities**
  - **Procurement**
  - **Timely budgetary funding release**



# Revenue Risks/Initiatives

- ▶ **Core functions are weak**
- ▶ **Poor taxpayer service**
- ▶ **Low compliance levels**
- ▶ **Legislative deficiencies**
- ▶ **Lack of staff skills and appropriate competency levels**
- ▶ **State's obligation to pay service providers**

# Core Functions

- ▶ **Improve core function processes of Registration, Filing and Payments**
- ▶ **Automate core functions through ITAS**

# Taxpayer Services

- ▶ **Improve on TATs through the introduction of Taxpayer service standards**
- ▶ **Segregate LTO from Tax Audit Division**
- ▶ **Establish and implement Tax Administration Act**

## Low Levels of Compliance

- ▶ Strengthen registration, lodgement and payment processes
- ▶ Engage in continuous dialogue with tax agents, industry associations and all stakeholders
- ▶ Use of media for awareness
- ▶ Introduce separate Tax Regime for SMEs
- ▶ Formalise MoUs with all provinces
- ▶ Access to information from IPA, Customs, Ombudsman Commission, FASU, and other stakeholders



# Low Levels of Compliance

- ▶ Progress LTO to full establishment
- ▶ Continue TIN/Bank account work
- ▶ 4R Project work
- ▶ Increase enforcement and audit work, leveraging off the intelligence and cross agency information sharing

# Legislative deficiencies

- ▶ Amend tax law to fix anomalies and synchronise with tax admin system
- ▶ Simplify tax legislation

## Staff Competency Levels

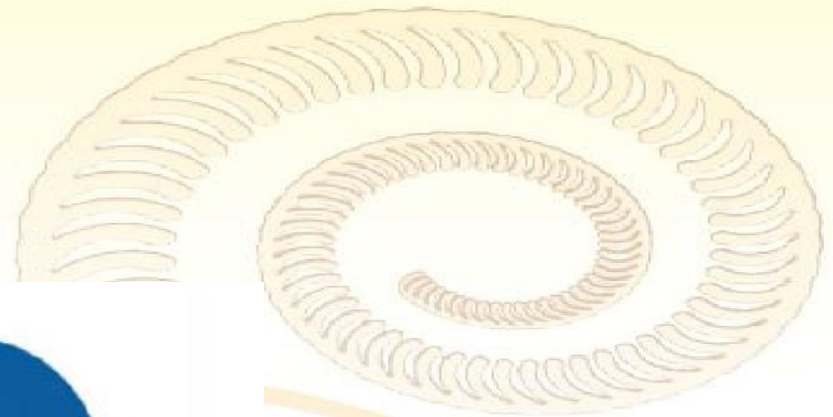
- ▶ **Provide training for staff in customer service, early debt collection, audit, Tax Foundation,**
- ▶ **Formalise staff training in partnership with PLGP such as Tax Foundation and PMDP certification**
- ▶ **Continuous need for International training and tax obligations through International tax affiliations**

# State's payment obligations to Service Providers

- ▶ Look at appropriate settlement options



# Thank you



**Questions**



IRC Mobilising Resources, Creating Prosperity

