



# USAID | JAMAICA

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## PRIDE JAMAICA

### ANNUAL REPORT

October 1, 2011 – September 30, 2012

CONTRACT # EEM-1-00-07-00006-00

TASK ORDER # 11



October 30, 2012

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**TASK ORDER 11**



Submitted to:

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PRIDE JAMAICA

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Tax Administration Jamaica  
Shipping Association of Jamaica  
Port Authority of Jamaica

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# LIST OF ABBREVIATIONS

ACRE	Access Communication Reform Efficiency
AEO	Authorized Economic Operator
AID/W	Agency for International Development, Washington, D.C.
BPR	Business Process Reengineering
CADR	Commercial Alternative Dispute Resolution
CBSI	Caribbean Basin Security Initiative
CCC	Customer Call Centre
CNC	Currently Not Collectible
CO	Compliance Officer
COR	Contracting Officer's Representative
COTS	Commercial Off the Shelf (IT System)
CPC	Chief Parliamentary Counsel
DAC	Development Assistance Centre
DAP	Development Approvals Process
DBJ	Development Bank of Jamaica
DMOP	Debt Management Operational Plan
EDI	Electronic Data Interchange
EU	European Union
FAD	Fiscal Affairs Department (of the IMF)
FDIU	Forensic Data-mining and Intelligence Unit
FY	Fiscal Year
GOJ	Government of Jamaica
HEART	Human Employment and Resource Training Trust
HPM	Honorable Prime Minister
ICT/IT	Information and Communication Technology/Information Technology
IDB	Inter-American Development Bank
IDP	International Development Partners
IMF	International Monetary Fund
IMU	Information Management Unit
JAMPRO	Jamaica Promotions Corporation
JCD	Jamaica Customs Department
KCT	Kingston Container Terminal

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LTO	Large Taxpayer Office
MOJ	Ministry of Justice
MOU	Memorandum of Understanding
MoFP	Ministry of Finance and Planning
MIP	Modernization Implementation Plan
NSW	National Single Window
OGA	Other Government Agencies
PCS	Port Community System
PMEP	Performance Monitoring and Evaluation Plan
PMO	Project Management Office
PPP	Public Private Partnership
PRIDE	Promote, Renew, Invigorate, Develop Energize (Jamaica)
PSI	Pre-shipment Inspection
PSOJ	Private Sector Organisation of Jamaica
PSWG	Private Sector Working Group (on Tax Reform)
RSC	Revenue Service Centre
RFI	Request for Information
RFP	Request for Proposal
RM	Risk Management
RMU	Risk Management Unit
SAJ	Shipping Association of Jamaica
SARA	Semi-Autonomous Revenue Authority
SME	Small and Medium Enterprise
SW	Single Window
TAJ	Tax Administration Jamaica
TCSP	Trade Community System Partnership
TOR	Terms of Reference
TRN	Taxpayer Registration Number
YUTE	Youth Upliftment Through Employment
USAID/Jamaica	United States Agency for International Development/Jamaica Mission
VIRMS	Valuation Intelligence Risk Management System
WCO	World Customs Organization
WTO	World Trade Organization

# EXECUTIVE SUMMARY

Promote, Renew, Invigorate, Develop and Energize (PRIDE) Jamaica completed its third program year<sup>1</sup> with a vigorous range of implementation activities in the key areas of tax administration reform and customs reform, achieving outstanding results. **PRIDE Jamaica's support to Tax Administration Jamaica (TAJ) and the Jamaica Customs Department (JCD) enabled these revenue agencies to collect more than US\$100 million for the Government of Jamaica during the past program year.** Working with counterparts and stakeholders in the public and private sectors and other donors, and supported by USAID/Jamaica's strong leadership, PRIDE Jamaica leveraged resources to further strengthen Jamaica's tax administration and customs reform programs. This culminated with the Inter-American Development Bank (IDB) approving a **US\$65 million loan to support the tax and customs reform programs.**<sup>2</sup>

Counterparts' strong participation with PRIDE Jamaica in these activities is demonstrated, in part, by the more than **US\$1,000,000 in counterpart contributions toward project implementation during the program year**, included in **Annex 1**. The updated Results Reporting Table (**Annex 2**) from the Performance Monitoring and Evaluation Plan (PMEP) and **Annex 3**, Results by Indicator, provide results against targets for this annual reporting period. In addition to **exceeding all of the targets in the PMEP**, PRIDE Jamaica achieved important implementation benchmarks in the core program areas by building upon the strong foundation it established during the previous program years. Despite substantially reduced funding, PRIDE Jamaica worked collaboratively with stakeholders to aggressively achieve results. PRIDE Jamaica is poised to achieve even stronger results in the upcoming program year as it continues to work closely with implementation partners.<sup>3</sup>

Tax administration reform continued to be USAID/Jamaica's highest priority for PRIDE Jamaica's implementation program. Working with colleagues in Tax Administration Jamaica (TAJ), PRIDE Jamaica and TAJ made great strides toward improving compliance and mobilizing revenue collection. PRIDE Jamaica provided ongoing support to TAJ to develop and present its case to the Honorable Minister(s) of Finance to establish itself as a semi-autonomous revenue authority (SARA). The Honorable Minister approved TAJ's request to proceed with a Cabinet submission. In December 2011, Jamaica conducted national elections, and a new Government took office in January 2012. Despite the change in Government, the new Minister of Finance is providing his strong support for the **SARA initiative to proceed. Proposed legislative**

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<sup>1</sup> PRIDE Jamaica's field implementation began at the end of March 2010. In order to align the project year with the US Government fiscal year, USAID/Jamaica requested that Year 1 include the 6.5 month period March through September, 2010. Year 2 includes the period October 1, 2010 through September 30, 2011; Year 3 commenced on October 1, 2011.

<sup>2</sup> The total loan of US\$65 million also supports the Ministry of Finance in the areas of debt management and a central treasury management system. PRIDE Jamaica prepared the fully costed Modernization Implementation Plan for the TAJ reform program that was the basis for IDB's support for tax administration reform.

<sup>3</sup> In June 2011, USAID/Jamaica advised CARANA Corporation of substantial reductions in funding. As of October 2011, PRIDE Jamaica was expecting to complete implementation by September 30, 2012, one year earlier than the original life of project date. In April 2012 USAID/Jamaica advised that funding would be available for the next program year.

**changes are being finalized, and the Minister will introduce the Cabinet submission early in the new program year.**

The Honorable Minister of Finance will also present TAJ's recent Cabinet submission on aspects of the **Tax Procedures Act, drafted by PRIDE Jamaica, to strengthen TAJ's assessment, collection and enforcement authorities.** The new legislation enables important changes to Jamaica's legislative framework, including information sharing across Government agencies. These legislative changes are critical steps to improve taxpayer compliance, expand the taxpayer base, and improve revenue collections.

In the area of tax operations, PRIDE Jamaica worked with TAJ across a wide spectrum of operational areas. Mobilizing revenue collection is a fundamental role of tax administrations worldwide. PRIDE Jamaica worked with TAJ to design and implement **a risk management framework to score taxpayer returns and identify those taxpayers most at risk for non-compliance.** Taxpayer populations were segmented and PRIDE Jamaica developed selection formulas for each of the target groups. The criteria were weighted and assigned varying points depending on the relative importance of each criterion. PRIDE Jamaica developed audit selection criteria for Corporate Income Tax (CIT), General Consumption Tax (GCT) and high risk Personal Income Tax (PIT) taxpayer segments. With assistance from PRIDE Jamaica, the Audit Unit in TAJ's Programmes and Technical Support prepared its 2012/2013 Fiscal Year Annual Audit Plan, incorporating these new risk frameworks for the fiscal year beginning April 1, 2012. Applying the risk criteria is strengthening TAJ's audit case selection and enabling TAJ to allocate its audit staff resources to cases that will be the most productive to improve revenue collection.

With a substantial backlog of debt arrears cases on its ledgers, TAJ embarked on an ambitious program to prioritize its debt arrears cases and apply new treatments to improve case closure. Working with TAJ, PRIDE Jamaica established a series of criteria to prioritize the open arrears cases. PRIDE Jamaica established cost-effective treatments for the categories of arrears cases and worked with TAJ's Debt Management Unit to train Compliance Officers in the new methodologies. After testing of the new treatments for 'HIGH' and 'MEDIUM' arrears cases, TAJ and PRIDE Jamaica implemented the new approaches across TAJ's Revenue Service Centres. TAJ's case prioritization and the defined, new approaches for the arrears categories represent totally new models for TAJ to address its outstanding debt arrears cases. These approaches are enabling TAJ to focus its resources on those cases that are the highest priority and the most collectible, supporting TAJ's objective to close cases and reduce the inventory of arrears cases in a cost effective manner. **As a result of PRIDE Jamaica's support during the last program year, TAJ collected US\$33 million from 'HIGH' and 'MEDIUM' arrears cases between April through July 2012.**

Implementing this new approach is enabling TAJ to make clear strides in reducing the backlog of cases and to apply a more efficient allocation of limited staff resources. The case management approach provides improved performance management measures for TAJ to assess staff performance and to allocate resources more effectively to maximize revenue collection. **The proposed debt write-off policy and procedures prepared by PRIDE Jamaica were publicly endorsed by the new Minister of Finance, and legislative changes are being drafted to implement the new policy.**

PRIDE Jamaica also developed new procedures to identify taxpayer entities for potential tax compliance leads and supported TAJ to select a sample set of leads to test and pilot the procedures. New processes include establishing a case history record for each lead containing

the tax entity information; identifying the type of tax and period(s) not filed; and, documenting the contacts with the taxpayer and actions taken by the Compliance Officer. The new non-filer program procedures are expected to result in timely processing of the compliance leads due to the prompt assignment, processing and follow-up by a designated Compliance Officer responsible for resolving the non-filer lead. The new procedures are also expected to result in more tax returns being filed directly by the taxpayer, and payment of the tax, penalty and interest will also be secured from the taxpayer in a reduced period of time. PRIDE Jamaica expects to develop additional pilot programs with TAJ to improve taxpayer compliance, with the next phase of support focusing on improving compliance among the 'Professionals' segment of the taxpayer population.

With the IDB loan approved to support implementation of Jamaica's tax administration reform program, PRIDE Jamaica assisted TAJ to **complete the draft Request for Proposal (RFP) to procure a new Commercial Off the Shelf (COTS) Information Technology system that will greatly enhance TAJ's operations and strengthen revenue mobilization.** The RFP incorporated TAJ's re-engineered business processes for core tax types that were previously developed with PRIDE Jamaica's assistance in an earlier program year. TAJ will issue the RFP early in the new program year.

Jamaica remained under continued pressure to generate revenue to support its budget deficit. To improve revenue mobilization, international development partners identified several high priority sectors for heightened focus by TAJ and Jamaica Customs. Responding to these priorities, PRIDE Jamaica initiated support to TAJ's Large Taxpayer Office (LTO) to strengthen audit capabilities in the telecommunications sector. As a result of PRIDE Jamaica's support, in 2012 **revenue collection among large taxpayers increased in a two month period by US\$68 million more than the same period the previous year.** Based on PRIDE Jamaica's support to LTO, the European Union is providing support to strengthen LTO's capabilities to conduct audits in the financial sector. This further demonstrates PRIDE Jamaica's collaborative relationships and the ability to leverage resources to achieve results.

Arising from an IMF review, PRIDE Jamaica, working with Jamaica Customs, benchmarked the systems Jamaica Customs utilizes to monitor the importation of petroleum products. **PRIDE Jamaica developed a revised operational framework to enable JCD to establish effective monitoring in accord with international best practice** and Jamaica Customs has begun implementing this. Jamaica Customs has implemented one of the key recommendations - training customs officers to properly measure products as these are off-loaded in order to accurately assess revenues. JCD is also working more closely with TAJ to monitor and control the importation of petroleum and ensure all revenues due are collected. **PRIDE Jamaica's work with JCD will increase revenue collection, improve transparency, and reduce corruption.**

PRIDE Jamaica implemented several activities within the scope of Caribbean Basin Security Initiative (CBSI) funding. These include **PRIDE Jamaica's support to Jamaica Customs to effectively manage risk to improve border security and eliminate corruption.** During the last program year, PRIDE Jamaica worked with JCD to establish the Customs' Risk Management Unit, an effective risk management framework with policies, procedures and functions. By deploying pre-arrival clearance procedures using automated risk management and automated selectivity for green or red channels at Customs, the Risk Management ICT System will make it possible for Jamaica Customs to contemplate some dramatic breakthroughs in the speed and efficiency of goods moving through Jamaica's ports, together with achieving greater accuracy in assessing potential threats to revenue and border protection. Based on

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PRIDE Jamaica's earlier work with JCD to allocate staff resources to focus on higher risk categories of cargo, **JCD reduced the clearance time for some categories of imports by 2 days, which represents a 10% reduction in customs clearance time.**

Representing a significant component toward **establishing a single window for trade facilitation in Jamaica**, PRIDE Jamaica, working alongside Jamaica Customs, conducted an assessment to establish priority participants, departmental "champions", and create a road map to achieve an 'Other Government Agencies (OGA) cluster'. The assessment enabled the Jamaica Customs Department (JCD) to determine the level of OGA preparedness to support a national trade efficiency initiative, and identified those gaps that are the greatest impediments to the effective participation of the OGAs in a strategy to develop a Single Window for trade. PRIDE Jamaica concluded that the public-private Trade Community System Partnership (TCSP) can champion this effort. The Port Community single window can progressively absorb Customs and OGA single window functionality in order to emerge as the Jamaica national single window.

PRIDE Jamaica supported Jamaica Customs to use appropriate transaction methods when applying the customs codes from the World Trade Organization (WTO) Valuation Agreement. PRIDE Jamaica's assistance enabled Jamaica Customs to establish the framework for a streamlined and predictable valuation processes (Customs Valuation) as a further means of protecting tariff concessions; collecting revenue for the governing authority; implementing trade policy; and protecting public health and safety. As part of this support, PRIDE Jamaica reviewed the Customs Act to identify opportunities to strengthen the enforcement measures available to Jamaica Customs. **Working with PRIDE Jamaica, JCD prepared a Cabinet submission that proposes legislative changes to strengthen these enforcement measures, which will further improve revenue collection and border security.** Based on PRIDE Jamaica's technical support to implement standardized customs valuation procedures, JCD is already realizing improved revenue collection and compliance. Since April 2012, **Jamaica Customs Department collected an additional US\$3.2 million** after re-valuing under-invoiced imports.

In support of CBSI workforce development activities to support at-risk youth, PRIDE Jamaica continued the implementation and managed the close out of the US\$400,000 grant agreement with the Private Sector Organisation of Jamaica (PSOJ). Coordinated by PSOJ, Youth Upliftment Through Employment (YUTE) is a public-private partnership spanning a broad spectrum of private sector firms and public sector agencies to target some of the root causes of crime and violence among young people in Jamaica. YUTE focuses on building technical and social skills, increasing employability, and providing long and short term economic and entrepreneurship opportunities for 2,200 young people over the life of its activities. The program is being initially implemented in eight inner-city communities through 2013. To date, PSOJ has garnered more than US\$3.5 million in commitments from private sector and international development partners to support this critical initiative.

As the only long-term resident program supporting tax administration reform and customs reform, international development partners, including the IMF, IDB, and the EU continue to look to PRIDE Jamaica to provide guidance on our partners' progress toward implementing reform programs. PRIDE Jamaica effectively leveraged this position to work with USAID/Jamaica, TAJ, Jamaica Customs and the IDB to position Jamaica to obtain more than US\$30 million to support tax administration reform, and US\$20 million to support reform of Jamaica Customs.

National elections took place in Jamaica on December 29, 2011, and the new Government took office in early January 2012. The Government of Jamaica has been working steadily with the IMF to establish a framework for a new IMF agreement with Jamaica. The outcome of the ongoing discussions is likely to have an impact on the pace of tax administration reform and customs reform.

PRIDE Jamaica continued to incorporate a strong partnership approach with all of its implementation partners to achieve results. This approach has led to very close working relationships with stakeholders. It provides access to decision makers, enables open and ongoing communication with counterparts, and supports real ownership by partners of the assistance that PRIDE Jamaica offers. PRIDE Jamaica's flexible approach and ongoing review of activities and programs facilitated incorporating new activities into the existing program, and eliminated those which did not demonstrate sufficient progress. With very limited resources, PRIDE Jamaica will continue to vigorously assess expected future results to ensure that implementation activities maximize impact through the remainder of the program's tenure.

In June 2011, USAID/Jamaica advised that future program funding for PRIDE Jamaica would be substantially reduced, and PRIDE Jamaica planned for closure of the program in September, 2012, one year earlier than the original life of project date. In April 2012, USAID/Jamaica advised that additional funding would be available to continue implementation through the original life of project date of August 2013. PRIDE Jamaica will be working with stakeholders during the next program year to ensure that reform activities and operational improvements continue beyond PRIDE Jamaica's tenure. PRIDE Jamaica is also working closely with international development partners to support a smooth transition whereby stakeholders can utilize resources from other development partners to continue reform program activities.

# SECTION I

## PROJECT OVERVIEW

### Background

In March 2010, the CARANA consortium, including Crown Agents, State University of New York (SUNY), Duke University and International Land Systems (ILS) began implementation of USAID/Jamaica's program Promote, Renew, Invigorate, Develop and Energize (PRIDE) Jamaica. Initially planned as a three and one half year, US\$8.1 million project<sup>4</sup>, PRIDE Jamaica reduces and eliminates administrative barriers and improves the regulatory policy framework to establish an improved business operating environment to support private sector growth.

PRIDE Jamaica implements activities that are aimed toward eliminating the administrative constraints of doing business, including operational, policy, regulatory and legislative changes that are conducive to private sector economic growth and those that support needed fiscal and macroeconomic reforms. These activities will contribute to improving revenue collection; sustainable institutions; good governance; secure borders; and, creating an enabling environment that will improve Jamaica's international competitive position as a place to do business.

PRIDE Jamaica's component areas include:

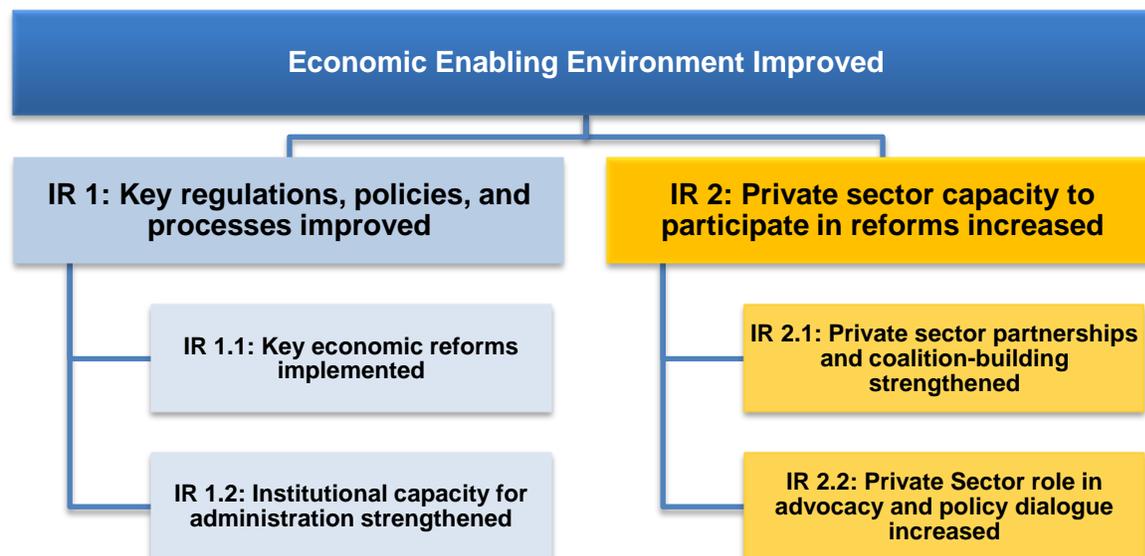
- Tax Policy and Administration;
- Licensing and Other Competitiveness Areas;
- Access to Credit for Micro, Small and Medium-Sized Enterprises;
- Legislative Process; and,
- Land Policy and Administration.

The USAID/Jamaica Results Framework for Assistance Objective 3, '*Economic Enabling Environment Improved*,' is outlined below.

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<sup>4</sup> The ceiling price for this Task Order is US\$8,125,080.00. The estimated completion date is August 31, 2013, with an option period that would extend the completion date to August 31, 2014.

FIGURE 1 – Assistance Objective 3



PRIDE Jamaica’s activities are designed to achieve results within the scope of Intermediate Result 1: Key Regulations, Policies and Processes Improved, and Intermediate Result 2: Private Sector Capacity to Participate in Reforms Increased. The project tracks the outcomes of activities at the sub-intermediate results level, ensuring that implementation activities within the project components can be tracked and measured according to the requirements of the Results Framework.

In June 2011, USAID/Jamaica informed CARANA that future funding for PRIDE Jamaica would be drastically reduced. At that time, USAID/Jamaica requested that PRIDE Jamaica focus only on tax administration reform and customs reform for the program year beginning October 1, 2011. This is reflected by no reporting in this Annual Report on Component 3, Access to Credit for Micro, Small and Medium Enterprises, and Component 5, Land Policy and Administration.

Based on the reduced funding, PRIDE Jamaica planned for close out during July 2012, one year earlier than the expected Task Order period. During this reporting period, PRIDE Jamaica obtained approval from USAID/Jamaica to revise several of the project’s Project Monitoring and Evaluation Plan (PMEP) indicator targets. The revised targets reflected reduced funding for the project, and implementation in only two focus areas: tax administration reform and customs reform; and, an early closure of the program scheduled for July 2012.<sup>5</sup> In April 2012, USAID/Jamaica informed CARANA funding would be available to continue implementation in

<sup>5</sup> In June 2011 USAID/Jamaica informed CARANA that future funding for PRIDE Jamaica would be drastically reduced. At that time USAID/Jamaica requested that PRIDE Jamaica focus only on tax administration reform and customs reform. Based on the expected funding, PRIDE Jamaica planned for close out during July 2012, one year earlier than the expected Task Order period.

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the areas of tax administration reform and customs reform through the original Life of Project (LOP) date of August 2013.

Based on PRIDE Jamaica's work over the life of the project, results are expected to improve revenue mobilization, support sustainable institutions, strengthen border security, and improve the enabling environment to support Jamaica's economic growth. The improved enabling environment will support the country's competitive position in regional and global markets, with Jamaica viewed to be a more attractive location for both domestic and foreign business investment.

# SECTION II

## 2.1 TECHNICAL ACTIVITIES

### 2.1.1 Component 1: Tax Policy and Administration

The Tax Policy and Administration component continued to be USAID/Jamaica's highest priority for PRIDE Jamaica's implementation work. PRIDE Jamaica's activities in this component supported Tax Administration Jamaica (TAJ) to mobilize revenue collection; broaden the tax base by improving compliance; strengthen the organization by making internal processes more transparent; streamline processes to make it easier and simpler for taxpayers to comply; and, harmonize tax policy and legislation. This included work to improve existing programs and develop new ones to manage risk (audit, non-filers, debt collection). All of these initiatives support TAJ's efforts to improve governance and increase tax collections to support economic growth.

Many of PRIDE Jamaica's implementation activities were derived from key recommendations in the IMF Fiscal Affairs Department (FAD) reports of 2010 and 2011 that outlined a series of benchmarks to improve Jamaica's tax administration system. Recommendations from the April 2010 report were captured in the August 2010 fully costed Modernization Implementation Plan prepared by TAJ and PRIDE Jamaica. PRIDE Jamaica's implementation activities continue to focus on improving the efficiency of internal operations and systems, streamlining business processes for tax operations, developing an improved legal framework to strengthen assessment, collections and enforcement, and expanding the taxpayer base.

PRIDE Jamaica coordinated its activities very closely with other international development partners (IDPs), including, among others, the IMF, the IDB and the EU. PRIDE Jamaica's flexible approach enabled the project to be responsive to the changing needs of the Government of Jamaica (GOJ) and incorporate additional implementation opportunities when these needs arose.

#### ***Project Management Support to the TAJ Reform Program***

PRIDE Jamaica continued to work closely with TAJ to support Jamaica's tax administration reform program. As part of the program management support, PRIDE Jamaica worked with TAJ Executive Management on a number of initiatives during the past program year. Some of these initiatives included:

- Presenting the reform program to the IDB, resulting in a US\$35 million loan to support the tax reform program.<sup>6</sup>

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<sup>6</sup> The total IDB loan amount is US\$65 million. In addition to TAJ, US\$20 million will support customs reform, and the balance of funds will support a Central Treasury Management System and Debt Management at the Ministry of Finance and Planning.

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- Working with TAJ to present its case for semi-autonomous revenue authority (SARA) to the Minister of Finance.
- Serving on an inter-agency working group to standardize the processing of waivers to establish a transparent approval process.

This past program year has been a critical time for TAJ's reform efforts, and this will continue into the next program year. Efforts include legislative changes in support of SARA and strengthening TAJ's assessment, collection and enforcement authorities, for which TAJ needs to gain support from Cabinet. TAJ is in the midst of its restructuring activities, with Operations not yet fully re-organized or fully staffed. TAJ expects to see a major influx of donor support as funds from the IDB approved loan are released within the next several months; there is a change in TAJ's leadership; and IDPs continue to press TAJ to increase revenue collection. It is against this backdrop that PRIDE Jamaica continued its project management support to TAJ as the reform program moved forward.

PRIDE Jamaica worked closely with TAJ and the IMF FAD Mission that took place early in the program year. The IMF visit reviewed the status of Jamaica's tax administration reform program. It was the first FAD mission that undertook an in-depth review of operational issues affecting revenue mobilization, with a particular focus on the Large Taxpayer Office (LTO). The IMF team also addressed two legislative issues. The first was related to TAJ's progress on achieving status as a semi-autonomous revenue authority (SARA). The second was the status of the draft Tax Procedures Act that PRIDE Jamaica drafted in response to TAJ's need to strengthen the legislative framework for assessment, collections and enforcement.

One of the key organizational changes that TAJ is moving toward in its reform is to establish itself as a semi-autonomous revenue authority (SARA). This was one of the major recommendations in the April 2010 IMF report, and this type of tax administration organization is utilized by a variety of tax regimes throughout the world. Specifically, implementation of a semi-autonomous revenue authority will provide TAJ with the ability to incorporate aspects of an executive agency, with additional provisions proven to be effective in improving governance, transparency, accountability, and organizational flexibility to allocate resources to accomplish its objectives.

April 1, 2012 was the original date recommended by the IMF to establish TAJ as a SARA. PRIDE Jamaica worked closely with TAJ to prepare its presentation to the prior Minister of Finance in October 2011, and attended the discussion with the Minister as TAJ put forward its case to establish itself as a semi-autonomous revenue authority. The (former) Minister of Finance approved the Cabinet Submission at the end of October. With the December 2011 election bringing into office a new Government, TAJ presented this item to the new Minister of Finance and obtained his approval to prepare the required legislative changes to enable TAJ to become a semi-autonomous revenue authority. TAJ prepared a Cabinet submission, which will be presented to Cabinet early in the new program year; final provisions are being incorporated to the legislation to insure proper oversight as TAJ moves from being a division of the Ministry of Finance.

The IMF mission also urged TAJ to complete a legal review of the draft Tax Procedures Act prepared by PRIDE Jamaica. The IMF recognized the act as a necessary tool to strengthen TAJ's authorities to assess, collect and enforce Jamaica's tax regime. The draft received support from the Private Sector Working Group (PSWG) on Tax Reform, which strongly recommended that the Government quickly approve the proposed draft Act in its entirety. The

PSWG is of the view that the Act would greatly improve taxpayer compliance. Based on a request from the Minister of Finance, TAJ prepared a draft Cabinet submission addressing the major elements of the legislation. The Cabinet submission will be presented early in the new program year. TAJ is still of the view that putting forward now only certain aspects of the Act – those pertaining to information sharing and access to banking information – will lead to swifter passage, rather than putting forward the Act in its entirety. This does not provide a comprehensive approach to improving the legislative framework for assessment, collections and enforcement, but TAJ believes proposing the draft Act in its entirety could cause an extensive delay in obtaining passage of the new law.

In moving toward SARA, TAJ completed and submitted more than 100 job descriptions to the Cabinet Office and the Public Service Establishment Division. These job descriptions need to be classified and established in order for TAJ to advertise and populate the senior and mid-level tier positions within TAJ's new organizational structure. TAJ's new operational structure, which became effective in April 2011, is currently staffed by its employees who are in 'transition' positions. TAJ has received support from the new Minister of Finance to complete this process as quickly as possible. This is a matter that should continue to be a priority.

The IMF noted that the LTO was severely understaffed, and the IMF team worked with TAJ and PRIDE Jamaica to garner support to increase the number of auditors in the department. The IMF mission also worked with the Ministry of Finance to identify and eliminate bottlenecks to provide additional financial resources to support revenue mobilization at TAJ. In the case of the LTO, some additional positions were established, but TAJ has not yet received sufficient financial resources to achieve its full staff complement.<sup>7</sup> Based on the needs identified by the IMF, PRIDE Jamaica incorporated an additional implementation activity to support the LTO as it conducts audits in the high priority telecommunications sector, discussed below.

TAJ has been further developing its communications strategy to strengthen the culture of paying taxes. To support TAJ's public education efforts, PRIDE Jamaica, in conjunction with USAID/Jamaica, introduced TAJ colleagues to National Integrity Action Limited (NIAL)<sup>8</sup>. NIAL has begun a public information program to strengthen the culture of paying taxes in Jamaica. Discussions focused on opportunities for NIAL and TAJ to complement their messages and activities. TAJ is beginning to provide NIAL with messages and information that need to be communicated to civil society to strengthen the culture of paying taxes.

TAJ also works with secondary schools to incorporate messages in curriculum about the importance of citizens paying taxes. TAJ has begun to develop appropriate age level tools to communicate to primary school students some of the same messages. To support TAJ's public education efforts at the primary school level, PRIDE Jamaica participated with TAJ and USAID/Jamaica to discuss existing programs with which TAJ can engage to garner support for its primary education activities. USAID/Jamaica presented options that included Junior Achievement – another USAID/Jamaica partner - and a range of online resources that may be useful to TAJ to develop additional materials for both primary and secondary level audiences.

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<sup>7</sup> There are currently 44 auditors in the LTO. The optimal number for effective coverage is 158.

<sup>8</sup> NIAL is a not-for-profit company in Jamaica with the objective of combating corruption in Jamaica on a non-partisan basis.

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The introduction is leading to several tax education activities being incorporated into Junior Achievements programs with young people. These include:

- A focus on Grade Three, where the TAJ staff introduces the benefits of paying tax;
- A webinar on paying taxes; and,
- Taxpayer Registration Number (TRN) registration at the Annual General Meeting of Junior Achievement participants.

This is an excellent way to inculcate young people with the understanding that paying taxes is an integral part of operating a business.

USAID/Jamaica and PRIDE Jamaica worked with the Economic Growth and Trade (EGAT) division in AID/Washington to support a benchmarking exercise of TAJ. This exercise presented the opportunity to review the status of TAJ's reform program, conduct a comparison of TAJ against international measures, and consider the relevance and implementation status of the range of recommendations provided by international development partners over the prior two and one half year period. PRIDE Jamaica provided EGAT with a range of documentation on PRIDE Jamaica activities that supported tax administration reform and also had consultations with those conducting the review. The benchmarking exercise benchmarked TAJ against international best practices for effective tax administrations. Many of the recommendations presented in the benchmarking report were adopted from PRIDE Jamaica's prior work. TAJ fared quite well in several of the indicators, with others offering opportunities for improvement. The final report further supported PRIDE Jamaica's recommendations on operational areas of focus and priority legislation to be enacted.

Discretionary waivers continue to be a major policy discussion item for international development partners. Jamaica's tax legislation provides far-reaching discretionary authorities to a Minister of Finance to waive taxpayer assessments. Waivers are requested for a variety of taxes, including income tax, GCT, and import duty, among others. These waivers are granted at the discretion of the Minister of Finance. Some waiver requests are submitted through the Ministry of Finance Tax Policy Division, and some requests are made directly to the Minister of Finance.

Arising from an IMF visit in October 2011, PRIDE Jamaica participated on an inter-agency working group established to develop a transparent, automated waiver process. The intention is that all waiver requests – statutory and discretionary - will be initiated through an automated process, and discretionary waivers will then be reviewed and evaluated by a Waiver Review Committee against a clear set of criteria. The IDB is completing a study to review the full range of Jamaica's existing statutory incentives. The IDB review is expected to recommend whether these tax relief measures should remain, or whether the incentives regimes should be revised. Once completed, the inter-agency working group will develop the draft terms of reference for the Waiver Review Committee, incorporating recommendations from the IDB review and identifying any changes to legislation.

In the interim, the working group established a rules-based framework to automate aspects of the existing statutory 20% waiver offered to specified categories of public sector employees. This initial phase of automation will enable the Ministry of Finance Tax Policy Division to begin a process to transfer primary administrative responsibility for this employee benefit to human resource units at individual ministries. This 'pilot phase' will support a phased roll out whereby

system issues can be resolved prior to wider implementation. This first automation should reduce the overall time to process this type of statutory benefit, improve accountability, and reduce time spent by the Tax Policy Division to process these types of requests. The pilot is likely to be implemented during December 2012. The framework being established will be able to incorporate changes to enable additional types of waiver requests to be automated. This entire process will also make it easier to assess the financial impact incentives and waivers have on the revenue and expenditure budgeting process. This work will continue in the next program year.

The inter-agency working group also reviewed a draft Debt Write-off Policy, another item addressed in several IMF reports. A large amount of existing debt on taxpayer accounts is interest, penalties and surcharges and is more than three years old. A large portion of the overall debt - 27% - is attributable to public sector bodies. TAJ prepared a draft policy that was revised based on substantial input from PRIDE Jamaica. The updated draft establishes clear processes to review debt that, for a variety of reasons, needs to be put in abeyance, and perhaps written off. The draft policy is now being reviewed by the Attorney General's office and TAJ prepared a Cabinet submission. The Cabinet submission incorporated key points from PRIDE Jamaica's previous work in debt arrears management as a basis to provide a rationale and approach to address long outstanding tax debt arrears. The draft policy was publicly endorsed by the Honorable Minister of Finance (**Annex 4**).

### ***Supporting TAJ Tax Operations to Improve Compliance***

PRIDE Jamaica continues to focus on implementation activities to improve taxpayer compliance and mobilize revenue collection. Arising from a recommendation in the March 2011 IMF report, TAJ needed to develop new processes and procedures to increase the effectiveness of its arrears collection efforts and reduce the inventory of open collectible and uncollectible accounts. Selecting tax arrears cases to work based on priority is an international best practice for tax administrations. Debt collection functions in tax administration face challenges unique to each country. The types and availability of administrative enforcement authorities provided by local law have an impact on the methods and collectability of delinquent (arrears) tax debt. Additional information about the role of debt management in a tax administration is included in **Annex 5** to this report.



**FIGURE 2** – Introducing new debt arrears collections treatment procedures to Tax Administration Jamaica Compliance Officers.

The differences between Common Law and Civil Law societies impact the ease of enforcement processes. Bank secrecy laws, where they exist, impede use of the simplest administrative

enforcement tools (bank levy and bank summons). Countries with a refined VAT process (with the myriad government-created and/or accessible databases and connectivities between them) have more methods and fewer difficulties collecting delinquent taxes and returns from non-compliant taxpayers. However difficult the challenges, the collection/arrears management function of a tax administration is never staffed to collect all arrears, and it is incumbent upon tax administrations to use their existing staffing to work cases in priority order, knowing they will never get to many cases – and those they do choose to work should be of higher priority.

Success in a tax agency's debt arrears function means closing arrears cases (timely, accurately, effectively, efficiently), as indicated on reports by the regular flow of cases being closed. The quality, efficiency and appropriateness of each closure are controlled by the front-line managers, through processes that include, among others, casework reviews and one-on-one training. Using data from ICTAS – TAJ's IT system - TAJ and PRIDE Jamaica identified and weighted relevant information to prioritize accounts in arrears inventory based on the primary conditions considered to prioritize tax debt, listed below:

**Risk** - If the case is not worked, what is the risk of significantly increased debt? Trust fund taxes (those monies withheld from salaries or sales and held in trust to be turned over to the government) accrue most quickly, and because the money never belonged to the business, represent a form of theft.

**Revenue** - Which cases have the most revenue potential? Maximizing revenue for the government is a primary goal of the tax debt collecting function. Although management at all levels naturally focuses on those taxpayers who owe the most, there is no direct relationship between amount owed and amount of revenue that can actually be collected.

**Compliance** - Unlike private debt agencies, tax agencies need to put the goal of bringing the taxpayer into compliance with tax laws ahead of simply obtaining an amount of money from a contact with the taxpayer. The taxpayer cannot be allowed to “kite” the current month's tax money to pay a previous month's tax debt.

**Collectability** - Can the taxpayer afford to pay? Various conditions make a debt of any type more likely to be collectible. Recency of the debt is one of the key predictors of collectability.

There are some critical barriers that must be resolved in order to address the causes and impact of growing non-compliance on tax collections. Some of these include<sup>9</sup>:

- a. TAJ has little effective enforcement authority. TAJ is moving forward with aspects of the draft Tax Procedures Act prepared by PRIDE Jamaica. TAJ should also tie Government-provided licenses and benefits to proof of tax compliance (Tax Compliance Certificates). After years of non-compliance, most of the public know there is no consequence for not paying their taxes. Only new laws, followed by extensive education efforts to familiarize the general public about future consequences for non-compliance, followed by real enforcement actions being taken, can change this. PRIDE Jamaica is playing a critical role in catalyzing this transformation.

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<sup>9</sup> Some of these issues require changes in legislation that reside outside TAJ's purview.

- b. Revenue targets set by the Ministry of Finance for TAJ do not appear to be aligned with realistic assessments of arrears that are likely collectible. Applying the prioritization schema and new treatments will provide more realistic data to the Ministry of Finance regarding what amount of revenue is realistic for collection, and this should be reflected in the collection targets established by the Ministry of Finance.
- c. TAJ's IT system, ICTAS, does not easily provide an accurate "payoff" calculation for the taxpayer, and current legislation does not enable automatically applying available credits to debit balance accounts across tax types. Typical functionality for tax administration, such as validation checks and payment arrangement monitoring, existed on ICTAS but have been disabled and replaced with human reviews. With funding from the IDB secured, PRIDE Jamaica assisted TAJ to prepare a Request for Proposal (RFP) to procure a new IT system that should address these issues. Until a new system is in place and legislation is updated, TAJ is constrained.<sup>10</sup>
- d. 27% of the total arrears amount is owed by Government agencies, a large amount of which includes interest, penalties and surcharge (IPS). In practice, government agencies do not pay IPS on their delinquent tax obligations. As TAJ is able to secure approval for the Debt Write-Off Policy, discussed above, much of the arrears backlog will be cleared. This is important both to reflect what is realistically collectible, and also contributes substantially to the data cleansing activity underway in anticipation of procuring a new IT system. The new processes in place at the Accountant General's office to pay statutory withholding on behalf of Government ministries should substantially reduce public sector arrears moving forward.

Cases identified as *high risk for increased debt* (operating businesses that owe trust funds), because they continue to illegally take trust funds to operate their businesses, have the most serious, negative impact on overall compliance, tax revenue and on the economy in Jamaica. TAJ's inability to swiftly enforce trust fund non-compliance by businesses means that these delinquent taxpayers enjoy the use of trust fund "loans from the Government" to operate until TAJ brings the taxpayer into compliance.

The new scoring system is heavily weighted to identify and prioritize this segment of trust fund repeat delinquents. Whether or not they generate a significant amount of revenue collection, these are the most important cases in debt arrears inventory because compliance is the top priority of every tax agency.

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<sup>10</sup> The Ministry of Finance and Planning is completing several conditions precedent in order for the IDB to allow funds to be released. This is expected in October 2012.



**FIGURE 3** – Tax Administration Jamaica May Pen Customer Care Centre

Once cases are prioritized, the goal of a well-functioning debt collection organization is to work those cases which have been identified as ‘HIGH’ and ‘MEDIUM’ priority by using investigation and judgment, and applying the authorized actions (treatments) in the most effective sequence to efficiently and properly resolve the case. Proper resolution for the cases of an uncooperative taxpayer who neglects or refuses to comply is enforcement. Proper resolution for the cases of a cooperative taxpayer who has no assets or income from which to expect collection is to verify that condition and close the case “currently not collectible” (CNC). Proper resolution for the cases of a taxpayer who does not owe the debt because of some error or needed adjustment on the TAJ computer system is to obtain adequate documentation to validate the claim, and then refer the case to the unit where reconciliations are completed.

TAJ’s success has historically been measured by its ability to deliver an amount of revenue based on a target established by the Ministry of Finance. Some of this target may well be established based on the universe of tax arrears debt that TAJ reports to the Ministry. To date, all unpaid arrears have been kept in TAJ’s active inventory and are reported to the Ministry of Finance. The debt collection function is being dramatically changed by the new system of prioritization, new focus on ‘HIGH’ and ‘MEDIUM’ priority cases, and the CNC process developed with TAJ by PRIDE Jamaica. Programmes staff, Compliance Officers (COs) and their managers are adjusting to this change.

TAJ is beginning to focus its primary efforts on maximizing all taxpayers’ compliance with the tax laws and preventing future delinquencies of the individual taxpayer, and secondarily on collecting the most revenue possible from arrears debt. TAJ does not want repeat arrears clients and is expected to take steps to stop taxpayers from perpetually generating new arrears. This is why the debt arrears case workers are called ‘Compliance Officers’. Aged tax debt is also less collectible than newer tax debt. The working process developed for ‘HIGH’ priority cases expects the Field Compliance Officer will attempt first contact with the taxpayer in the field within 30 days of receipt of the case, followed by timely follow-up actions. With the implementation of the prioritization system, Compliance Officer inventories are being reduced to

a more reasonable level. With the implementation of CNC and the reassignment of officers to specialize in account reconciliation activities, Compliance Officers will have three possible ways to close arrears cases assigned to them.

PRIDE Jamaica attended the Tax Operations retreat to plan for the GOJ 2012/2013 fiscal year and successfully convinced TAJ management to replace Debt Arrears' annual dollar targets with closure targets. For Debt Arrears, proper resolution should mean closure of the case from the Compliance Officer's inventory.

Working with TAJ's Debt Arrears Unit and IT staff, PRIDE Jamaica developed a prioritization schema for these arrears cases. Based on the known factors affecting collectability, compliance, revenue and risk, and unique conditions specific to Jamaica, the TAJ working group proposed weighting for each criteria/factor. Manual tests of the weighted criteria were completed with satisfactory results. The schema was shared and discussed in depth with IT staff who understood the objectives and database fields to be used. TAJ completed the IT programming and applied these against a series of test cases. Given the very large number of taxpayers who have one or more account in arrears, the goal was to separate them into 'HIGH', 'MEDIUM' and 'LOW' categories based on the scoring.

PRIDE Jamaica finalized treatments for 'HIGH' and 'MEDIUM' casework with TAJ, and PRIDE Jamaica and TAJ trained Compliance Officers on how to implement these new treatments. PRIDE Jamaica also developed a basic process for declaring cases "Currently Not Collectible" (CNC), to be used after all appropriate actions have been taken and there is nothing more TAJ can reasonably do to collect the debt. TAJ selected one office to conduct a test of the process for 'HIGH' cases from the location's inventory, and the Customer Call Centre participated on treatments for 'MEDIUM' cases from the inventory. Details of the test design are included in **Annex 6**.



**FIGURE 4** – Interim Review of New Treatments for 'HIGH' Priority Debt Arrears Cases

PRIDE Jamaica and TAJ conducted an interim review during the early stage of the test process. Visits to the TAJ locations participating in the pilot indicated the new treatments for the 'HIGH'

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priority cases proved to be appropriate - Compliance Officers are being assigned fewer, but higher, balance-due cases. At the same time, having the Team Leader assign case work and having COs working to close a case through one of the agreed to methods, rather than allowing COs to choose their own cases while also focusing on small collections from several different taxpayers, is a more effective use of limited resources. Removing 'LOW' balance cases from active inventory has removed the temptation of COs to use limited time to deal with the "insignificant many" small taxpayers.

With the Customer Call Centre (CCC) handling initial contact with 'MEDIUM' cases during the pilot, early results indicated a significant level of responses from taxpayers to visit or otherwise contact the Revenue Service Centre; this process further enables the COs to spend their valuable time on the 'HIGH' priority cases. 'MEDIUM' cases handled by the CCC via telephone contact with taxpayers advised taxpayers of the amounts due. Due to the lower priority of the 'MEDIUM' cases, if the taxpayer has any questions or disagrees with the amounts due, the CCC invited persons to visit the Revenue Service Centre (RSC) for further discussion with a specific CO.

During the test a significant number of taxpayers did make contact as invited due to the CCC phone calls. Rather than visiting the office, taxpayers generally made telephone calls. The Team Leader for the test was able to determine that based on the numerous calls received for the 'trigger name', the 'MEDIUM' test was a success, as the objective was to have the taxpayer contact the tax office if there were questions about the amount owed, as referenced in the call by the CCC. As TAJ implemented the new treatments across additional Revenue Service Centres (RSC), 'MEDIUM' priority cases are now being handled by designated Compliance Officers only via telephone calls, rather than field visits.

PRIDE Jamaica and TAJ determined that the test team needed to improve case documentation, locating and making contact with the taxpayer, and strengthening the face-to-face contact with taxpayers to close cases. PRIDE Jamaica conducted a further one day training session with COs from the test team to re-emphasize the importance of updating ICTAS, improve their ability to locate taxpayers and improve interview techniques. Throughout the year PRIDE Jamaica reviewed case work of Compliance Officers at a variety of RSCs and reinforced the importance of timely follow up with the taxpayer, demanding full payment from the taxpayer, and updating documentation in the case file.

In order to improve inventory control of arrears cases, PRIDE Jamaica suggested improvements to the Excel spreadsheet that Debt Collection uses. The changes recommended by PRIDE Jamaica identify the employee assigned for every arrears case being worked, and allow the managers to input valuable case closing information for Currently Not Collectible (CNC) and Adjustment/Reconciliation case closures. Additionally, data on revenue collected will be downloaded from ICTAS (TAJ's IT system) rather than manually input by Compliance Officers. This will save time, improve efficiency, and lead to fewer data input errors. This information will be incorporated into reports that mid- and top-level management review to analyze results.

PRIDE Jamaica reviewed Compliance Officers' planned weekly itinerary of field contacts and tax debt arrears case folders. A folder had been established for each tax debt arrears case in the CO's inventory that contained documents pertinent to the case, such as:

- Copy of the Demand Notice issued to the taxpayer entity listing the tax types, periods and amounts due for each tax debt arrears case

- Copy of the Taxpayer Information Record listing pertinent information for the taxpayer such as name, Taxpayer Registration Number (TRN), address, phone number and other important information
- Copy of the Arrangement Agreement for those cases where an agreement had been secured
- A Case History Sheet listing the date(s) of contact with the taxpayer and other case related activities, and
- Other documents pertinent to the case.

PRIDE Jamaica developed a variety of standard use forms and these have been incorporated into the Debt Management Handbook (**Annex 7**), now disseminated to Compliance Officers working debt arrears cases. Some of the items include:

- A Taxpayer Information Form for Companies and one for Individuals
- Demand Notice and Reminder Notice
- Arrangement Agreement and Checklist for Arrangements
- Debt Management Case History Record
- Report of Currently Not Collectible Form
- Debt Management Case Time Record
- Daily Report of Compliance Officer's Activity
- Collection Information Statement for Companies and for Individuals
- High Priority Weekly Program Report
- Medium Priority Weekly Program Report

Based on the results of the case review, PRIDE Jamaica recommended improvements to the debt collection processes and procedures to improve quality of work performed by Compliance Officers. (**Annex 8** to this report.) TAJ made these changes to improve the effectiveness of the 'HIGH' and 'MEDIUM' collection program, increase collections of tax debt arrears amounts and increase the number of 'HIGH' and 'MEDIUM' tax debt arrears cases properly closed. TAJ is still working to improve the timely reporting of information from the RSCs to the Debt Collection Programmes office.

PRIDE Jamaica developed and conducted a one-day seminar on Effective Debt Collection Concepts and Techniques based on the Debt Collection Handbook prepared by PRIDE Jamaica. Training included the standard use debt collection forms and proposed weekly activity reports developed by PRIDE Jamaica. TAJ's Debt Collection Programmes Manager and PRIDE Jamaica trained 30 participants including the Debt Collection Team Leaders (Unit Managers) from a number of RSC's and Assistant General Managers of selected Revenue Service Centres. PRIDE Jamaica also provided an electronic copy of the handbook and all Standard Use Forms to the Debt Collection Programmes office and this was distributed to all of TAJ's Debt Collection offices.

To further strengthen the ability of TAJ to effectively implement collection procedures, PRIDE Jamaica developed a more targeted training program to improve financial analysis skills and taxpayer interview techniques. PRIDE Jamaica conducted the first training program with Team Leaders of the 'HIGH' and 'MEDIUM' priority programs. Early in the next program year PRIDE Jamaica will conduct training for Compliance Officers across the organization.

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The 'HIGH' Priority and 'MEDIUM' Priority programs are having the desired impact of correctly prioritizing the work assigned to Compliance Officers and generating substantial tax revenue collections from tax debt arrears accounts. TAJ Executive Management and the Debt Collection Programmes Office have placed a very high level of emphasis on implementing the new approaches across the Revenue Service Centres. These factors, along with the development of standardized guidelines, processes, procedures and reporting requirements have resulted in substantial progress being made. Between April and July 2012, TAJ collected **US\$33 million<sup>11</sup> in revenue** from 'HIGH' and 'MEDIUM' priority cases, applying the new prioritization and treatments. With additional emphasis now given to proper management of the programs and establishing clear guidelines, processes and procedures for the Compliance Officers, TAJ should continue to achieve substantial improvement in case closure and collections.

Each year the Debt Collection team in the Programmes and Technical Support Unit prepares an annual operating plan to guide TAJ's collection activities across the organization. The Debt Collection Unit, however, was not familiar with how to develop a plan that established measures and calculated expected results based on processes where the goals were now to be closed cases, versus only revenue collected. PRIDE Jamaica worked with the Debt Collection Programmes Unit to develop the annual plan for Jamaica's current fiscal year (beginning April 1, 2012) in order to effectively incorporate the new prioritization system and treatments, and to incorporate appropriate measures to track performance.

Initial work included assessing the data available to be used as the basis to prepare the Debt Management Operational Plan (DMOP). PRIDE Jamaica initiated developing the DMOP model by developing an Excel spreadsheet to allow for continued annual use by simply modifying formulas and/or changing key variables. The model includes an assumptions document (included as **Annex 9**), which explains how each field and variable was calculated and the basis for that calculation. With input from TAJ, PRIDE Jamaica revised the reporting formats so that results can be tracked and performance of the DMOP can be measured. As part of the new DMOP spreadsheet, TAJ will be able to identify and track variances to scheduled performance. TAJ's management will be able to use this information to assess operations and make adjustments as necessary. **Annex 10** includes the Master Inventory and Closings template for the DMOP.

After completing draft Operating Plans for all 7 Regional Service Centres (RSC) and the Large Taxpayer Office (LTO), PRIDE Jamaica and TAJ compiled a consolidated TAJ Debt Management Operations Plan for Jamaica's 2012/2013 fiscal year. PRIDE Jamaica introduced managers from the RSCs and LTO to the new operations plan and addressed questions regarding how the new plan methodology was formulated, and how the new processes were to be applied. In addition to providing a basic Operations Plan for the Debt Collection area, this new format, and centralizing its development within the Programmes department, for the first time provides more headquarters control over field operations. Historically, individual RSCs operated independently of headquarters guidance with respect to which debt collection cases were to be the areas of focus. Integrating the new prioritization system developed by PRIDE Jamaica, the new model is allowing headquarters to establish the priority cases for all of the RSCs and direct activities of TAJ's entire debt collection operation. This enables management

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<sup>11</sup> Exchange rate of \$1 US = J\$86.

to focus strategic implementation on TAJ's Key Result Areas. Directing activities in this manner and applying time to those cases which have been determined to be the highest priority will have a greater positive impact on overall operations within the compliance function.



**FIGURE 5** – Reviewing the Annual Debt Management Plan with Tax Administration Jamaica Revenue Service Centre Managers.

The current Government of Jamaica fiscal year should be viewed as a pilot year for the new DMOP. Many of the assumptions in the DMOP are based upon anecdotal experience rather than actual data, as the latter was lacking. During this current year TAJ is collecting data on actual experience for case closure and can refine these original estimates based on experience rates. TAJ will incorporate this information when it develops its next annual DMOP.

The ultimate goal of every tax administration is voluntary compliance by every taxpayer. Tax laws are always onerous and every person makes an occasional mistake. But “zero tolerance” should be applied to errors in TAJ's data entry of the taxpayer's filed return and the audit assessment information in its management information system, ICTAS, so that employees and taxpayers can trust the data on the system. TAJ is embarking on the data cleansing of tax records in ICTAS so that when the new IT system is in place, the information that TAJ will migrate onto the new system will be accurate.

The IMF had previously identified improving compliance among non-filers and stop-filers as a priority area for TAJ. PRIDE Jamaica worked with TAJ's Debt Management Unit and Forensic Data-mining and Intelligence Unit (FDIU) to develop a new methodology for selecting and working tax compliance leads to improve taxpayer compliance. The FDIU is responsible for collecting data and information, developing and maintaining a database containing the data collected, performing an analysis of the data secured, assessing the compliance risks, and identifying the criteria to be used for developing appropriate compliance programs for assignment to the various operations functions such as audit, debt collection, and taxpayer education.

PRIDE Jamaica also developed new procedures to identify taxpayer entities for potential tax compliance leads and selected a sample set of leads to test and pilot the procedures. As a result of applying selected criteria, 640 taxpayer leads were identified for assignment to conduct the initial phase of the pilot program. The leads were assigned to Compliance Officers at three

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RSCs to begin working the compliance leads using the new methodology. The new procedures included the following:

- Review the potential non-filer lead lists produced by FDIU.
- Sort the lists by agreed to criteria.
- Check the most recent TAJ income tax filing records to determine if the entity was a non-filer for 2009 and/or 2010 income tax returns.
- Create a Tax Return Investigation Record, Form 102, for each lead to be assigned to a Compliance Officer.
- Assign the selected non-filer leads to the appropriate Revenue Service Centre and Compliance Officer.
- Issue a Form 13 Non-filer notice requesting filing and payment of the income tax return(s) and mail notice to the taxpayer entity.
- Issue a Form 13 A second and final Non-filer notice to those taxpayer entities not responding to the first notice in cases where the first notice was not returned as undeliverable by the post office.
- Initiate follow-up phone calls to those taxpayers not responding to the prior notices issued.
- Conduct a field visitation to the last known address of the taxpayer entity in order to resolve the non-filing and non-payment issues.

PRIDE Jamaica also developed processes that include establishing a case history record for each lead containing the tax entity information, identifying the type of tax and period(s) not filed, and, documenting the contacts with the taxpayer and actions taken by the Compliance Officer. The new procedures of sending two notices and making phone calls prior to field contact differ from TAJ's old procedures, which included sending a first notice, and, if there were no response the CO refers the non-filer case to Audit. This created an estimated assessment that is time consuming and relatively unproductive, adding additional uncollected arrears cases to Debt Collection.

Using the new processes, Compliance Officers are to conduct appropriate follow-up actions in those cases where the initial set of procedures does not resolve the non-filing case. This includes issuing a summons for the taxpayer to appear and produce the appropriate documents, and securing information that would allow calculation of a more accurate estimated assessment where a return was not filed voluntarily by the taxpayer entity. The new system requires COs to record results of each type of activity on a Weekly Compliance Lead Report that are "rolled up" to produce a Tax Office Weekly Compliance Lead Report; this is sent to the TAJ Programmes Office for review and analysis.

**TABLE 1** – TAJ utilized the new procedures for two pilot programs, with initial results included below.

**Taxpayer Compliance Programs Pilot Test 1 and Test 2  
As of August 31, 2012**

<b>Total Form 13 Non-filing Notices Issued</b>	<b>612</b>
<b>Tax Returns Filed</b>	<b>135</b>
<b>Tax Due per Returns Filed</b>	<b>US\$437,000</b>

TAJ acknowledges that the results were less than expected. This was due, in part, to inconsistency in applying the new procedures and the quality of the initial set of leads, and also due to some of the leads no longer operating.

TAJ has incorporated the new processes into its taxpayer compliance programs. The new non-filer program procedures should result in timely processing of the compliance leads due to the prompt assignment, processing and follow-up by a designated Compliance Officer responsible for resolving the non-filer lead. The new procedures are also expected to result in more tax returns being filed directly by the taxpayer and more payment of the tax, while penalty and interest would also be secured from the taxpayer in a reduced period of time. PRIDE Jamaica will work with FDIU in the upcoming program year to develop additional taxpayer compliance leads; properly implement the new procedures; and, track results.

With support from PRIDE Jamaica, another special program recently got underway to improve compliance among the 'Professionals' segment of the taxpayer population. As part of this effort, PRIDE Jamaica prepared the procedures to support implementation of this project. Included were a number of forms to enable TAJ to notify taxpayers of tax amounts owed, and to track progress by Compliance Officers on each case. Some of these forms are included in **Annex 11** to this report. Results from this taxpayer compliance improvement project will be realized in the upcoming program year.

During the March 2011 visit by the IMF to review TAJ's progress on the reform program, the need arose for TAJ to produce a variety of reports. One of the critical areas to enable effective management of TAJ operations is a system and structure for gathering organizational performance data to evaluate performance against strategic, operational, and program goals and objectives. This is needed by the Commissioner General, Deputy Commissioners and other high-level management officials to make reliable assessments of operational effectiveness of the major tax administration functions, and make adjustments to correct deficiencies.

PRIDE Jamaica completed the first phase of this activity in June 2011. At that time PRIDE Jamaica worked with TAJ to review the existing reports used by various levels of TAJ management to review TAJ's performance, and revised existing reports and designed new ones to support improved management decision-making for TAJ. Since the initial visit, TAJ began using the revised and new report formats and made additional revisions to the formats to better serve management's needs. PRIDE Jamaica provided additional support during the past program year to provide training to TAJ on how to utilize the reports to assess operational performance and support decision making based on the results. **Annex 12** includes a copy of the training presentation.



**FIGURE 6** – Seminar with Tax Administration Jamaica personnel on applying operational reporting information to improve compliance.

During the course of the activity PRIDE Jamaica determined that although the new format of reports was being used, there was no reduction or elimination of prior reports. This caused additional burden on the field components of TAJ, reducing time applied to compliance activities. To remedy this, PRIDE Jamaica worked with TAJ to establish a Task Group which outlined new reports standards and recommended these to the Deputy Commissioner General (DCG) Operations. The Task Group considered:

- A new reports schedule;
- Uniform report templates;
- Uniform reporting definitions of data elements;
- Training of all users;
- Securing proper access to systems so that reports personnel can secure the needed data;
- Frequency of reports; and,
- A document setting forward expectations for all staff members on the periodic reporting requirements.

The Task Group completed its review at the end of December and proposed revised formats at the Tax Operations retreat in February. The updated report formats are now being used throughout the organization. An updated sample report format is included as **Annex 13**.



**FIGURE 7** – Tax Operations Retreat

Further efforts to improve taxpayer compliance included PRIDE Jamaica's support to TAJ to design a risk-based system to prioritize and select taxpayer cases for audit. This included developing selection criteria for General Consumption Tax (GCT) and Personal Income Tax (PIT) returns, while the Forensic Data-mining and Intelligence Unit (FDIU) completed the programming of the previously developed Corporate Income Tax (CIT) return selection criteria. After testing the schema and applied protocols against a pilot group of tax returns, TAJ utilized these criteria as the backbone for its Annual Audit Plan for Jamaica's 2012/2013 fiscal year.

The selection criteria are enabling TAJ to more effectively direct its resources to select and work those tax compliance leads that are more likely to result in additional revenue collection. FDIU is now able to apply the methodology to segment taxpayer categories and develop appropriate risk criteria for each segment. As a result, TAJ will be able to periodically review and update the taxpayer segments and, if necessary, revise the risk criteria it applies to each of the segments.

To support TAJ's use of the new risk based approach to audit case selection, PRIDE Jamaica worked with the Audit and Investigations Programmes team to prepare the 2012/2013 Annual Audit Plan. The plan now directs work for Jamaica's current fiscal year in an integrated manner and reflects TAJ's new capability to score returns by a new set of classes. PRIDE Jamaica developed new policies that provide a framework for TAJ's audit activities. The new policies are included as **Annex 14** to this report.

The differences between the prior year and current year audit plans are striking. The prior audit plan had identified 1,700 cases for a special project, as well as audit activities across a range of taxpayer returns, with the result that TAJ's auditors were expected to complete a total of 7,262

audits during the fiscal year.<sup>12</sup> In fact, the total number of all audit cases actually completed in the previous year was 960. In addition, the audit plan did not provide an overall strategy or guidance on how to allocate staff to different classes to achieve coverage levels.

The previous audit plan listed the number of auditors in each RSC, for a total of 233 audit staff years. However, many of these auditors do not work audits; they have other assignments, primarily to work objections and assessments. In the effort to identify the true auditor staff years available for audit cases, PRIDE Jamaica and TAJ recalculated the actual number of audit staff years available. This figure was the one used to develop the 2012/2013 Annual Audit Plan, and the plan now allocates available staff years to different tax types and to varying size cases in accordance with an overall strategy. The plan also follows a number of policies that will permeate the entire planning process. The plan is accompanied by a plan memorandum that explains the new concepts and addresses a number of policy issues that should help in executing the plan.

The new planning process will provide the precise number of audit staff years that should be assigned to the different classes, along with the expected case completions. The headquarters and field managers have been advised of the need to monitor the cumulative results on an ongoing basis throughout the year to assure that they are on course to accomplish the plan as designed. In order to track the progress of the annual audit plan at the RSC level, PRIDE Jamaica developed a Closed Audit Case Report (**Annex 15**). The report will enable managers to assess how productive audit cases are toward contributing to revenue collection as compared with the costs to conduct the audit. This will support better allocation of audit resources over time.

During the review of the scored returns, TAJ noted that a number of larger corporations do not complete the income tax return as designed. Instead of entering a figure in the “sales” line, these firms only enter a figure for either gross profit or net profit. Some corrective actions by TAJ can include:

- a. Legislative proposals to enforce these rules with penalties. Discussions at high levels with corporate officials to indicate the issue and potential actions that may be required to correct the behavior.
- b. Meetings with the accounting professionals to discuss the issue and request corrective actions. Rejecting incomplete returns and applying penalties for late filing or “non-filing”.
- c. Returns processing procedures to identify such returns and take corrective action. This may include “code and edit” procedures to pencil in appropriate numbers for processing.

Reviews of TAJ historical information indicate a high ‘no change rate’ on audit cases. One possible explanation is the devotion to Key Result Areas (KRA) statistics that drive many programs in the TAJ. Audit managers and auditors are compelled to meet certain standards,

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<sup>12</sup> References here to ‘audits’ do not mean full, in-depth audits. A number of the audits include office audits on specific tax forms. The point, however, is that substantial audit resources were allocated to a special project; and, the number of proposed audits increased between FY 2009/2010 and FY 2010/2011 from 960 to 7,262.

such as time per case, and this in turn may cause more attention to time than the performance of a quality audit.

Reports also suggest there is a high rate of taxpayer disagreement with the auditor's judgment. Some taxpayers may not agree with audit findings, but do not pursue the Objection route. Nevertheless, it would appear that the vast majority of cases that close with an audit assessment are objected to by taxpayers. These cases then have to be worked as an Objection case. This is not the course to follow for a productive audit program. PRIDE Jamaica recommended to Audit management to strive for a higher agreement rate with the taxpayer during the audit phase. How to achieve this result will require additional efforts to determine the causes of the objections. In the interim, PRIDE Jamaica did develop a proposed new process flow to address audit objections (**Annex 16**).

TAJ is using a new audit plan template which uses the new class structure PRIDE Jamaica developed. This approach will facilitate TAJ's use of the new formulas to select cases. The cases will be aligned with the plan, so that Audit managers will have a road map for a number of selections by class and a list of priority cases that match. PRIDE Jamaica worked with a number of TAJ's Audit managers to determine reasonable data elements to establish the basis for the plan. These include: a) average time per case, b) average case years per case, and c) average time per case year.

The team also noted that some RSCs use the practice of transferring auditors from audits to objection work, and back again to audit, throughout the year. PRIDE Jamaica recommended that auditors be assigned to one type of work for the entire fiscal year. In a subsequent year, it would be fine to rotate an auditor to the alternate position; but once rotated, the auditor should remain in the alternate position for the entire fiscal year. Alternating between roles may enhance an auditor's appreciation for both types of work; and, it may enable the auditor to appreciate the difficulty faced in Objections when poor quality audit cases are closed without taxpayer agreement which then result as an objection case.

The scoring formulas and the final score placed on all filed returns are now the backbone of the tax return selection process. There is still, however, the probability that special projects may come along either before the start of the fiscal year or during the fiscal year. Cases worked as part of a special project will still fall into a class. All cases have a class designation. When a case is completed, credit is given for a case completion in that class and is counted toward fulfillment of the goal for that class. It may simply mean that a project case was completed, rather than a return picked because of the high score.

Special projects will need to be tested with a limited number of cases to be sure that they are productive and result in the intended outcome. It is practical to compare results from special projects with the results obtained by working the 'normal' high-scored returns. This provides a cost benefit to measure the project cases against other comparable work. A special project code assigned to these cases will ease the capture of data in the computer files.

Earlier annual audit plans did not control the assignment of cases to maintain a balanced approach in determining which cases entered the audit stream. The single tax, smaller cases would fit into a plan to meet key result area standards, but this does not meet the test of best practice for an audit strategy. The determination of whether a case should focus on just the assigned tax return or be expanded to cover additional tax returns can only be properly made when the auditor performs the audit and assesses the extent of compliance or non-compliance.

## PRIDE JAMAICA

A good audit policy is to expand the audit to additional years and additional tax returns when it is demonstrated that such actions will most likely lead to productive results.

In addition to the national Annual Audit Plan, PRIDE Jamaica worked with TAJ to prepare annual audit plans for each of the seven RSC's. When the drafting was partially complete, the team met with several of the RSC audit managers to: a) explain the new planning approach; b) respond to questions about the plan format and the assumptions for the national and local plans; c) share the draft RSC plans with the respective managers to get feedback, and; d) learn of any new ideas or constraints that should be incorporated into the plans. TAJ has begun rolling out the Annual Audit Plan with the RSCs for the new fiscal year that started on April 1, 2012. PRIDE Jamaica will be working with TAJ in the next program year to assess the implementation of all the new processes.

In October 2011, the IMF suggested that the LTO could benefit from support to bolster audit activities in several high priority sectors to mobilize revenue collection. Included in this group was the telecommunications sector. To support the process, PRIDE Jamaica engaged with LTO to support audit activities in telecommunications. PRIDE Jamaica outlined the framework and began audit planning with LTO colleagues. This included audit strategy, particularly in regard to gathering documentation that is required from clients in order to conduct the audit. One example is the 'Capital Equipment Schedule Framework', is included as **Annex 17** to this report. To prepare for the review of data, PRIDE Jamaica prepared a 'Summary of Risks, Justification, Tests and Expected Results' based on the information being requested from firms (included as **Annex 18** to this report). PRIDE Jamaica also completed probable test harnesses, databases and script commands for prospect data combinations for simulation purposes (included as **Annex 19** to this report). As a result of PRIDE Jamaica's support to TAJ's work in this sector, overall taxpayer compliance is improving. In 2012, **revenue collection among large taxpayers increased in a two month period by US\$68 million more than the same period the previous year**. PRIDE Jamaica's support to LTO in the telecommunications will continue in the next program year.

With the technical assistance loan from the IDB in place, PRIDE Jamaica initiated support to TAJ to prepare the Request for Proposal (RFP) to procure a new IT system that will replace ICTAS. PRIDE Jamaica and TAJ began preparing for this exercise in November 2010, when PRIDE Jamaica worked with TAJ to re-engineer business processes for the core tax types. The re-engineering was completed in March 2011, at which time TAJ began discussions with the IDB for a technical assistance loan to support implementation of the tax reform program.<sup>13</sup> TAJ's senior management confirmed that the RFP should be written to specify that a Commercial Off the Shelf (COTS) Integrated Tax Administration System (ITAS) is the type of IT tax system that meets the needs of TAJ, and this is what TAJ will be soliciting.

TAJ established an RFP Working Group that worked with PRIDE Jamaica to prepare the draft RFP documents. In addition to representatives from TAJ, the Working Group included five representatives from Fiscal Services Limited (FSL), the Government of Jamaica entity

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<sup>13</sup> PRIDE Jamaica assisted TAJ to develop the fully costed Modernization Implementation Plan in July 2010. With strong leadership from USAID/Jamaica, the IDB used this fully costed implementation plan as the basis for the US\$35 million loan to support tax administration reform.

responsible for IT systems support to TAJ. PRIDE Jamaica and TAJ developed assignments for Working Group members to gather the information, data and documentation needed to prepare the RFP.



**FIGURE 8** – Tax Administration Jamaica Working Group Preparing Request for Proposal for a new IT System

PRIDE Jamaica conducted ongoing meetings with the Working Group to develop, prepare and review all the documents that have been included in the RFP. PRIDE Jamaica also secured the most current IDB template for preparation of the RFP that included the Bidding Procedures, Supply Requirements, General and Special Conditions of the Contract, Invitation for Bids and Evaluation and Qualification Criteria TAJ will use to evaluate the bids submitted in response to the RFP. PRIDE Jamaica conducted a status update presentation to the TAJ RFP Project Management Group whose members include the Deputy Commissioner General of Operations, the Deputy Commissioner General of Management Services, the TAJ RFP Project Officer, Chief Technical Advisor and IT Specialist. As part of the RFP preparation activity, PRIDE Jamaica provided its recommendations for how the bids should be evaluated, and these were presented to TAJ for inclusion in the final draft RFP.

TAJ completed its final review of the updated, re-engineered business processes using the QPR<sup>14</sup> format and PRIDE Jamaica incorporated these into the draft RFP document. TAJ also completed its review of the mandatory and preferred functional requirements for the new COTS ITAS. PRIDE Jamaica identified and secured the required information from TAJ and FSL for the RFP Annexes, which will form an integral part of the completed RFP document. TAJ and FSL provided a draft of the technology requirements for the proposed new system and PRIDE Jamaica reviewed these. Based on its review, PRIDE Jamaica prepared the technical requirements that were included in the RFP, ensuring that a wide range of qualified COTS vendors will be able to submit bids when the RFP is issued. The RFP is ready for issue as soon as the IDB confirms that loan funding can be released.

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<sup>14</sup> QPR is a software product that supports business process mapping with integrated text documentation.

To further support revenue mobilization, PRIDE Jamaica introduced the option of electronic tax register (ETR) technology for all sales transactions, a technology that is used in a number of countries. ETR securely record sales transactions conducted via these types of cash registers and enable highly reliable tracking of general consumption tax (GCT) charged on transactions. The security measures make the machines tamperproof, and the data is transmitted electronically to a tax administration. ETR print reports based on the transaction information and these can accompany a GCT return to verify that the information on the return is accurate. ETR also improve taxpayer compliance and reduce the burden of paperwork on the taxpayer, improve GCT revenue collection, and strengthen a tax administration's audit capability. Based on PRIDE Jamaica's recommendation, TAJ is finalizing a project paper, and the Financial Secretary confirmed plans to move forward on introducing ETR to Jamaica. **Annex 20** includes additional information about ETR technology.

### ***Leveraging Assistance from Other Donors***

After a process that began two years ago with support from USAID/Jamaica and PRIDE Jamaica, the IDB approved a US\$35 million loan in December 2011 to the Government of Jamaica to support tax administration reform.<sup>15</sup> The document that formed the basis of technical support to TAJ was the fully costed Modernization Implementation Plan, prepared by PRIDE Jamaica and TAJ in July 2010. The Ministry of Finance is working to establish a Project Implementation Unit (PIU) that will serve as the central coordinating body for the flow of documents and funds for recipients. The Ministry has also established a coordinating group that will provide support and oversight to the PIU, and TAJ has a representative on the coordinating group. As previously noted, TAJ is ready to issue the RFP for its new IT system once IDB confirms funds can be released.

Further to the support provided by PRIDE Jamaica to the LTO in the telecommunications sector, USAID/Jamaica, PRIDE Jamaica and the IMF solicited support from other donors to strengthen LTO audit capabilities in other high priority sectors. Arising from these discussions, the EU is now providing support to LTO to improve taxpayer compliance in the financial sector. The EU's support will continue throughout much of the next program year.

As part of its reform activities to reduce taxpayers' time to pay taxes, TAJ introduced a new form, the SO2 'Employer's Annual Return'. The SO2 replaces five separate forms that employers previously had to prepare in order complete all of their annual statutory filing requirements regarding the various employee withholding taxes. The new SO2 is reducing the time employers will have to spend paying taxes. As an additional improvement, the filing date has been changed from January 14<sup>th</sup> to March 31<sup>st</sup>. These changes are in direct response to requests from the business community. PRIDE Jamaica provided the World Bank Doing Business team with information about the new SO2 Form, and coordinated a visit for representatives from the Doing Business unit with TAJ in December 2011. The World Bank team noted a few important points regarding the Paying Taxes indicator:

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<sup>15</sup> Jamaica Customs, the Central Treasury Management System and Debt Management Unit in the Ministry of Finance are also receiving funding under the IDB loan, which totals US\$65 million.

- Results contained in the 2012 Doing Business Report reflect reforms implemented during calendar year 2010. Reforms implemented during 2011 will be captured in the 2013 report, which will be issued in November 2012. As an example, the new SO2 form that TAJ introduced in December 2011 will not be captured until the 2014 report is published in November 2013.
- Information for Paying Taxes in Jamaica was obtained from surveys issued to three or four accounting firms. The Doing Business unit's view is that these accounting firms represent many clients and are able to speak on behalf of a broad base of the business sector.
- Factored into measuring the time required to pay taxes is the percentage of businesses that file and pay their taxes on-line. Although Jamaica has introduced e-filing, according to the accounting firms surveyed only a small percentage of firms file and pay on-line. TAJ had been actively working with banks to facilitate online direct payments from bank accounts, and this process is now in place. One of the constraints has been the banks' preference for customers to pay by credit card because of the fees that apply.<sup>16</sup>

The positive results of the discussion arise from TAJ providing more in-depth information about reforms that were completed during 2011, which should be reflected in the next report. It also enabled TAJ to provide the names of additional firms that would like to offer input to the Doing Business surveys for Jamaica in the area of Paying Taxes; these firms have already acknowledged to TAJ that the reforms implemented to date have reduced the hours and numbers of tax payments.

## 2.1.2 COMPONENT 2: LICENSING AND OTHER COMPETITIVENESS AREAS

The objective of Component 2 – Licensing and Other Competitiveness Areas, is to support the Government of Jamaica in its efforts to enhance the business environment by improving its regulatory efficiency utilizing legal and administrative reforms and facilitating the implementation of key solutions.

During the program year, PRIDE Jamaica embarked on a series of trade facilitation, border protection and control and revenue mobilization activities involving initiatives with both the public and private sectors. Much of the work conducted by PRIDE Jamaica within this component utilized Caribbean Basin Security Initiative (CBSI) funding.

### **IMPORT/EXPORT PROCESSES**

The overarching goal of the Import/Export activity is to enhance trade facilitation and improve Jamaica's global competitiveness by improving the business enabling environment, particularly for those businesses involved with the export and importation of goods. Activities implemented

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<sup>16</sup> There are also relatively low limits attached to the payments that can be charged to credit cards. This hampers businesses' ability to make online tax payments with corporate credit cards.

## PRIDE JAMAICA

by PRIDE Jamaica address the high costs and time delays to complete the import and export processes.

The Trade Community System Partnership (TCSP) is a public-private partnership (PPP) that is focused on the implementation of an integrated Information and Communication technology (ICT) platform for trade in Jamaica – a Port Community System (PCS). The TCSP's Port Community System initiative primarily involves participation by the Port Authority of Jamaica (PAJ) and Jamaica Customs Department (JCD), along with the Shipping Association of Jamaica (SAJ) and other private sector stakeholders.

The goal of the proposed Port Community System project is to provide one electronic platform for all trade related information. Multi-stakeholder cooperation will allow all processes, from advanced screening and targeting, declarations, booking, transport and release of passenger and cargo, payment of duties, taxes, and fees, and post declaration to be incorporated. The system will allow for the completion of multiple, concurrent transactions, procedures/process flows, from a single originating transaction/data entity. All processing logic and business rules of the agencies involved will be centralized in the system, including the license and permit application process, and the validation of licenses and permits by the appropriate Trade Agencies. The set of rules embedded in the rules engine will execute the processing requirements for each of the trade agencies.

To assist preparations for procurement of the proposed ICT solution, PRIDE Jamaica provided technical assistance to the trade community by conducting a complete mapping of the processes of the various agencies involved with the trade process. This has added a measure of transparency to the import/export process and has also provided an opportunity to re-focus and energize the trade sector. Specifically, the mapping report advocates for re-engineering of business processes and those activities that stimulate economic growth; particularly through increased revenues from exports, utilizing risk based approaches and in line with work that is currently being undertaken at Jamaica Customs. The GOJ and the Shipping Association of Jamaica publicly acknowledged USAID/Jamaica's support for this work (**Annex 21**).

PRIDE Jamaica's mapping study allowed for the modification of a few processes, simply by highlighting areas of overlap and redundancy in Customs/trade processes, which included the implementation of recommendations to reduce processing time on flagged entries and increase time available for greater analysis within customs risk management operations. **As a result, Jamaica Customs reduced the clearance time for some categories of imports by 2 days; this represents a 10% reduction in clearance time.**

The TCSP utilized the mapping study to support a Cabinet submission which received the requisite Cabinet approval, allowing the TCSP to proceed with implementation activities to procure the long-anticipated Port Community System (PCS). The TCSP established a small sub-committee to develop a Stage I Tender document (Request for Information - RFI) for the Port Community System project. This represented the first of a two-stage tender approach. PRIDE Jamaica was asked by the TCSP to provide input during the conduct of a review of the RFI document, and supported the TCSP by responding specifically to the evaluation criteria of proposals for the design, development and implementation of a port community system for Jamaica. The SAJ and the PAJ advised PRIDE Jamaica they are jointly spearheading this effort on behalf of the TCSP, and have been named as the procuring entity responsible for committing and sourcing funds toward the cost of the project.

The Stage 1 Tender opening was held on August 3<sup>rd</sup>, 2012 as scheduled. The TCSP had expected to receive 5 bids based on the number of companies which conduct implementation of Public Private Partnerships (PPP) Port Community Systems or Single Window Systems globally. A total of 3 bids were eventually received, as 4 of the major players responded to the opportunity as a joint venture.

The 3 entities that have submitted bids are:

1. SGS – Main subcontractors are Crimson Logic and Savi
2. Bureau Veritas B.I.V.A.C. - BV and SOGET have a joint Venture
3. Advent Intermodal Solutions

Having received technical and financial information from the bidders, these submissions will need to be assessed. To support the assessment, a Terms of Reference (TOR) for a local evaluation team was developed and a first briefing meeting was conducted where stakeholders were introduced to the requirements and expectations were established.

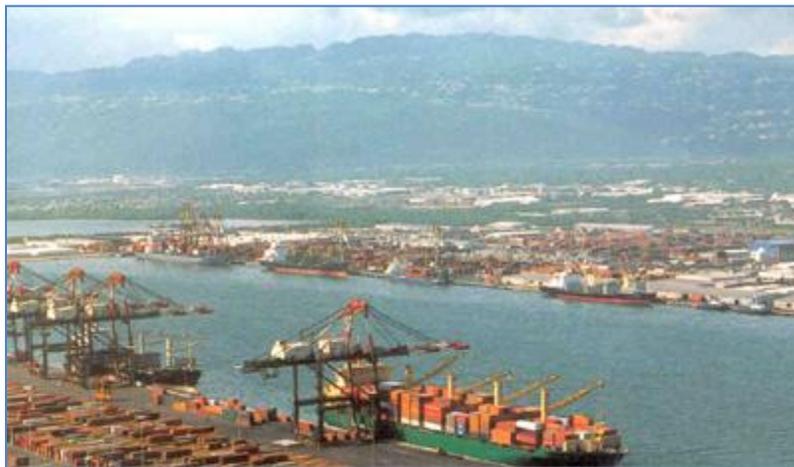
The Port Community System project team has engaged the assistance of a total of nine evaluators; seven (7) for the technical aspects and two (2) from the Development Bank of Jamaica (DBJ) who will review and evaluate the financials and business proposals. The TCSP developed a draft Request for Proposal (RFP) for Stage I of the tender process, that has been reviewed by the Legal and Procurement teams. The TCSP published both the RFP and advertisement for Technical Consultants in September 2012; one month later than had been previously anticipated. Both the RFP and the Advertisement for Technical Consultants will remain open for thirty (30) days as a standard requirement under Government of Jamaica (GOJ) procurement guidelines. The PAJ will provide the initial capital outlay to acquire the consultants so that the project is not impacted negatively while other sources of funding are confirmed.

In a collaborative effort to advance the PCS project in a more streamlined, efficient and timely fashion, the TCSP engaged the services of a full-time project coordinator in April 2012. Despite the best of intentions, however, the procurement process continues to be hindered by a lack of available funding. PRIDE Jamaica is awaiting an update from the Trade Community System Partnership (TCSP) on the source and level of funding that the group anticipates will become available in order to support the implementation of an integrated trade community system ICT platform. PRIDE Jamaica has also received requests from the TCSP for additional support for Stage II of the tender process, specifically to assist with evaluation of the tender response documents submitted by bidders. Should TCSP identify funding for the procurement, PRIDE Jamaica will support the tender evaluation process in the new program year.



**FIGURE 9** – Activities at Jamaica’s Ports to be integrated under the Port Community System  
*(Picture used courtesy of Jamaica Observer newspaper.)*

It is noteworthy that the activities and objectives of the Port Community System complement work that PRIDE Jamaica currently supports with the Jamaica Customs Department. As aforementioned, Jamaica Customs is a participating stakeholder partner in the TCSP.



**FIGURE 10** – Port in Kingston courtesy of SAJ

PRIDE Jamaica’s conduct of the Single Window for Trade activity with the Jamaica Customs Department created an opportunity for PRIDE Jamaica to re-engage with the TCSP. This occurred during consultations to determine the status of the Port Community System project when PRIDE Jamaica conducted assessments with stakeholders to identify the most likely champion for a national Single Window for Trade in Jamaica. It is the general belief of trade experts that activities and initiatives related to establishing national single windows are most successful when they are private-sector driven, with implementation efforts carried out by the government.



**FIGURE 11** – Port Workers

The opportunity to work alongside colleagues at the TCSP on the Single Window for Trade activity allowed PRIDE Jamaica to seamlessly integrate its initiatives in trade, and provided the TCSP with a medium through which support for the PCS project could be advocated. As PRIDE Jamaica conducted evaluations and identified the TCSP as the most advanced cluster to spearhead the initiative of a Jamaica national single window, the TCSP seized the opportunity to re-position itself to access funding from other donor sources. PRIDE Jamaica continues its efforts to leverage assistance from other donors to establish the Port Community System as a platform for trade.

Establishing a Port Community System will connect port personnel and allow them access to logistical information on port-related freight distribution. A Project Brief for the Port Community System is attached as **Annex 22** to this report.

## **JAMAICA CUSTOMS DEPARTMENT**

PRIDE Jamaica's work with Jamaica Customs Department is to assist the department to develop and institute measures that will strengthen customs' ability to reduce the extent of corruption in customs agencies, assist with revenue mobilization and improve Jamaica's border security.

Following the implementation of PRIDE Jamaica's recommended Risk Management framework at Jamaica Customs, PRIDE Jamaica worked with JCD to implement the second phase of the two part activity, to develop a Risk Management (RM) ICT solution for Customs.



**FIGURE 12** – PRIDE Jamaica Risk Management ICT System consultative session with Jamaica Customs Department

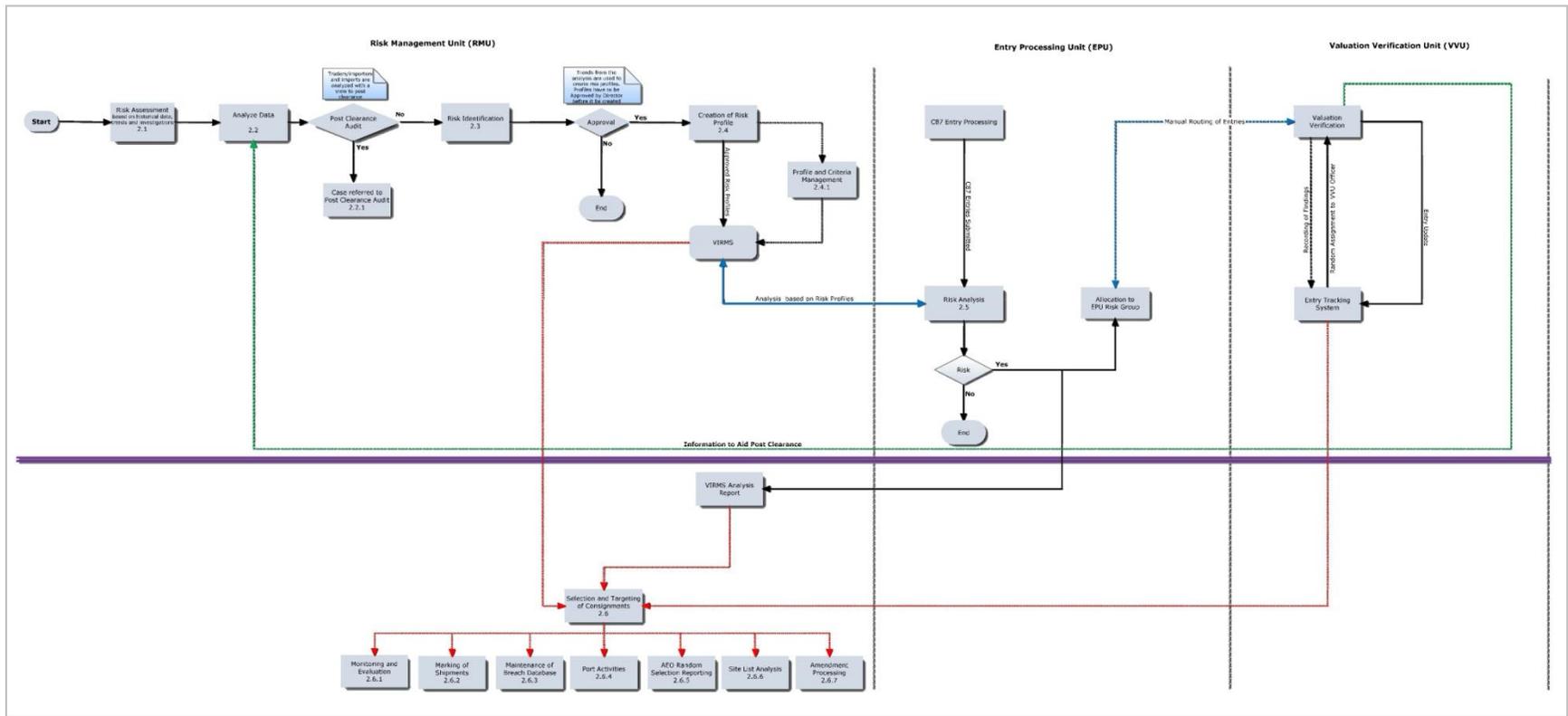
During phase two, PRIDE Jamaica assisted JCD to develop an RFP for the Jamaica Customs Risk Management ICT system. In consultation with JCD personnel, PRIDE Jamaica carried out an assessment of the existing RM methodologies. PRIDE Jamaica was guided by a high level process flow diagram that JCD prepared, outlining those procedures that will involve an automated interface. The referred process flow diagram is included as **Annex 23**. PRIDE Jamaica also conducted a review of current operations in the Risk Management, Customs Modernization, Intelligence, Valuation and Information Management divisions of Jamaica Customs. The initial objective was to develop an understanding of the function and operations of the risk management computer system, business processes, and the technology of the Valuation Intelligence Risk Management System (VIRMS) product which currently supports the risk management function. PRIDE Jamaica's technical presentation illustrating the proposal for a JCD Risk Management system upgrade process is attached as **Annex 24** to this report.

PRIDE Jamaica's initial reviews of the risk management procedures considered Business Process Reengineering (BPR) as a possible requirement before developing system specifications and an RFP to replace the risk management system. PRIDE Jamaica suggested that the Customs environment is much too dynamic to effectively reengineer processes prior to knowing much more about the potential new system and the changes in processes that will accompany it. Further, due to the changing and evolving nature of business process requirements in the risk management group, it is evident that the facilities of any new system will provide the impetus for relatively dramatic changes to those processes and involve other Customs departments. PRIDE Jamaica suggested it is most likely that the majority of the reengineering will need to be carried out by the system vendor, supported by the Information Management Unit (IMU) at JCD, and possibly an external consultant.

The objective of the RM System RFP assignment was to develop a Request for Proposal (RFP) for procurement of a Commercial Off-the-Shelf (COTS) software product. While feasible, PRIDE Jamaica believes this fairly traditional approach may exclude some interesting new vendors; and, on this basis PRIDE Jamaica suggested that the procurement process should be expanded to include an RFI, reference visits, an initial short list selection, concluding with the RFP procurement process. This approach will make it possible for the risk management procurement team to include - or consider including - the widest range of features and function,

and the best practice versions of implementations. PRIDE Jamaica also recommended that the procurement should include both a product and any necessary development decided to be required, so as to make the product most suitable to JCD purposes. In addition, it is proposed that the winning vendor should be asked to provide business process reengineering services, support, implementation assistance and relevant training.

FIGURE 13 – Current Jamaica Customs Department Risk Management Process



The concluded recommendations for a RM System consider requirements that have been built from the bottom up, based on user requirements, and not top down, from a vendor's capabilities; hence a commercial off-the shelf (COTS) system may require some subtle modification in order to fully meet the specifications contained in the RFP. The decision on final functionality will be based on cost benefits and other practical issues. The set of requirements presented by the consultant works on the assumption that the vendor will supply a commercial off-the-shelf system, together with quotations for any extra development needed in order to meet specific JCD requirements not currently included in the standard product. Any specific requirement (i.e. that is not a normal feature or function of the vendor's standard offering) that is proposed and quoted for will be identified, and associated costs and effort and any resultant contractual conditions will be quoted for separately. The details of the requirements are significantly expanded in the draft RFP that has been presented to Jamaica Customs.

There is an evolving and increasingly powerful reason for opting to take the two-stage RFI/RFP procurement route: computer software systems are becoming more dynamic as rapid development methodologies are adopted by developers. Systems that could take years to develop may now only take weeks. Features and new functionality are added at an increasing frequency, making it difficult to maintain currency with many of the latest developments. This dilemma can be exacerbated by lengthy procurement methods. Occasionally, by the time products are delivered to the user, two or even three years have passed since specifications were first agreed. The result can be that users need an upgrade before they have even started to use the delivered version. The challenge to developers of RFP for computer systems is to be sufficiently flexible and responsive to the marketplace and to users' needs so that a long drawn out and inflexible procurement process does not sabotage the original intentions of the specifying agency and its users.

There is no doubt that this approach will be challenging for the public sector. Nevertheless, the long term benefits are clear for both parties. The vendor becomes a partner, based on mutual trust. This ultimately leads to a rapid response service and close attention to user needs. Hence, the recommendation to spread the requirements (and ideas) net as wide as possible by opting for an RFI/RFP approach, and the suggestion of a broader, more flexible set of requirements, as opposed to a fixed set of requirements in a standard, proscriptive RFP.

PRIDE Jamaica believes that if a two-stage procurement is undertaken, i.e. RFI and RFP, then the draft RFP that has been prepared can be simplified and may be updated with the very latest in global technologies and global experience, which are continuously evolving at an even faster rate. This will be a decision for the JCD, and PRIDE Jamaica has provided JCD with the tools to pursue either option.

While the new product is expected to be an important addition to the JCD risk management process, much more important is the process change, even innovation that this replacement software will make possible. By deploying pre-arrival clearance using automated risk management and automated selectivity for green or red channels at Customs, it will be possible to contemplate some dramatic breakthroughs in the speed and efficiency of goods movement through Jamaica's ports together with more accuracy in assessing potential threats to revenue and border protection. Equally important, it will facilitate essential productivity improvements on the part of Customs staff and business processes. By adopting the modified two stage procurement approach, it will be possible to preview the potential for these sorts of improvements by observing other Customs authorities' own experiences in using automatic risk management processes, and therefore to implement any necessary changes with some confidence, provided there is commitment to change and follow through. This relatively small

change in Customs' overall processes marks the prospective for initiating a series of progressive process changes in Jamaica Customs, with even greater follow through potential for the facilitation of productivity changes and significant efficiency changes in national trade.

### **General Requirements of the RFP**

The contracting authority will be the Jamaican Government. The operational entity nominated by the contract will be Jamaica Customs Department, specifically the JCD IMU.

The vendor is to provide business and technology *bona fides*. These are to include details of the business concerned, contacts and electronic communication details. The vendor will supply a history of the product, current status, levels of support and any relevant product development plans together with reference details of installations for the version of the product proposed, together with reference contact details.

The vendor will provide confirmation of software licensing and maintenance fees and charges together with any associated support and miscellaneous charges.

The vendor will provide details of any arrangements for client's source code security, including the potential for provision of source code or escrow arrangements, and the vendor's associated legal safeguards.

### **Compatibility, Integration and Interoperability**

This RFP is designed for a COTS risk management system for Jamaica Customs Department's risk management function. The current system operates in a stand-alone fashion interoperating indirectly with several legacy systems, principally based on an Informix 9 platform. Any proposal will define the level of compatibility with the existing legacy systems and vendor experience with fully integrated Customs application systems. The preference is for an integrated "best of breed" COTS risk management product that is compatible with the client's existing legacy systems and also with the capability to migrate to a fully integrated Customs system, at some (to be established) time. Levels of compatibility and interoperability need to be clearly established by the vendor, in order to ensure that the client has a full understanding of the varying environments possible as their systems migrate towards a future, fully integrated environment.

### **Implementation, Development, Support and Process Adaptation**

The vendor will provide details of experience and capabilities in the hybrid environment outlined above, especially concerning interoperability and the ability to migrate between systems. Similarly, the client is interested to know of any capabilities to offer any feature or function requested by (or which may conceivably interest) the client but are not, as yet, part of the standard product offering. The vendor is to provide details of any references and contacts who can illustrate these types of capability.

The vendor will also provide details of proposed support and product maintenance arrangements as well as will provide details of capabilities in the area of business process reengineering so that the client may make the proper arrangements for process adaptation. Similarly, the vendor will provide details of vendor's training, particularly of the "train the trainer" variety.

## Functionality and Feature Requirements

The system is to be a web-based, interactive system, compatible and interoperable with existing legacy systems which handle electronic Customs declaration lodgments and electronic manifests. It will also be interoperable with an existing (Cube) data warehouse, data mining application.

The vendor will provide details of the product's work flow management and security functionality and features, and the system will ideally provide a contemporary "look and feel", operationally integrating familiar word processing capabilities, scanning and email capabilities, graphics and voice recording capabilities. The system will also provide smart phone apps in support of roaming users (at port, warehouses, wharves, airport, etc.) and of on-call users' 24x7 operations.

Analysis and selectivity tools will include multiple data elements from key CusDec and CusCar applications and case archives, with a choice of weightings, in order to make (for example) red channel, green channel and blue channel-plus automated random inspection- selectivity decisions. The key application modules are to be: analysis and identification of trends for profiling and risk identification, entry-time risk analysis and a flexible post entry audit, and reporting.

The vendor will provide details of any further analysis and diagnosis tools, standard and user designated reports, together with integration capabilities with any other report writers.

## The Procurement Process and Options

The Request for Proposal (RFP) has been developed as a separate, discrete document. However, in addressing this matter in general with a number of COTS single window experts they have advised that the "best fit" product for the JCD requirements can be revealed with more certainty by adopting a multi-step approach to procurement. The belief is that a combination of factors is changing ICT procurement practices as several new vendors seem to be emerging recently as rapid development technologies change the development landscape. The emergence of a modular, best of breed philosophy for Customs ICT applications and a more competitive and knowledgeable ICT-based supplier infrastructure argues for a slightly different, less conventional and phased approach to procurement. This process includes;

- i. Select a multi-discipline, JCD procurement team to implement the procurement strategy and effort;
- ii. Advertise a Request for Information (RFI) in The World Bank Group's Business Development weekly newspaper (and/or suitable alternatives, e.g. The Economist);
- iii. Send out copies of RFI to respondents and to a selection of the vendors;
- iv. Allow a three to four week period in order to enable all likely participants to reply. Then amend the RFP provided along with this report by integrating the best vendors, product ideas and specifications, features and techniques received from all sources;
- v. Select a short list to receive the amended RFP;
- vi. Issue the RFP to the short list;

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- vii. In the process, research-and preferably visit-good reference sites;
- viii. The procurement team to then select the preferred vendor, having previously agreed decision criteria and decision-making protocols;
- ix. Negotiate price, delivery and contractual issues, including and development, support, source code, implementation, training and BPR requirements;
- x. Agree an implementation schedule to best suit JCD's capacity and ability to absorb the effort involved. A prototype, pilot and phased approach appears to be the best approach based on current best practice recommendations.

### **Some Potential Vendors and Products**

From the most recent knowledge and research, there appear to be three distinct categories of risk management software vendors currently active in the marketplace. There is some doubt about whether the products they represent are all of the COTS variety. This is one of the purposes for which a two stage procurement process is recommended. The three types of vendors and non-exclusive lists of vendors are identified:

#### 1. Pre Shipment Inspection (PSI) companies such as:

- SGS;
- Cotecna;
- Veritas.

SGS offers a rebranded version of Singapore's Crimson Logic products in West Africa and some other territories. They may offer some as COTS or stand alone products but appear to have very little in the way of a track record in this respect.

These organizations are reportedly offering port community and single window products, sometimes bundled in with PSI (Pre Shipment Instruction) agreements.

#### 2. Customs enterprise (end-to-end systems) or Customs cargo management products, covering the full range of Customs cargo and passenger related activities, including risk management modules. These (generally) include:

- Crown Agents with their TRIPS selectivity module;
- ASYCUDA with their risk management modules;
- Tatis (owned by South African Revenue Service) selectivity module, which may not yet be ready for implementation elsewhere. Note the Republic of South Africa's Customs authority has specific experience in handling transit shipments with their "smudging" techniques;
- Bull e-Biscus with their risk management selectivity module;
- Microclear;
- Gainde 2000.

3. Stand alone, COTS products. These (reputedly) include:

- Data Torque, a New Zealand company;
- Webb Fontaine, originally an ASYCUDA World plug in;
- Blue Infinity;
- Greenline;
- Eskort (was WM Data).

This category is the most dynamic, with most new market entries. As such, they will require the most careful vetting.

### **Recommended Potential Reference Site Visits**

Customs operations in New Zealand, Canada, Ireland, Finland and South Africa have all received recommendations from external experts. The WCO News publication of June 2010 and other later versions, deal with Risk Management systems (called Computer Risk Management Systems [CRiMS] by WCO). This journal is another source for reference visit recommendations.

New Zealand is the latest Customs authority to go through a similar procurement process to that under consideration by JCD. It teamed with the New Zealand Ministry of Agriculture and Fisheries (MAF) in order to procure a COTS risk management system. Virtually all experts consulted commended this approach as the next step in collaborative risk management for Customs. New Zealand Customs and Government Agencies are also reputed to operate and use the best of risk management procedures.

### **Customs Risk Management RFP Status Update**

The RFP developed by PRIDE Jamaica for a Jamaica Customs Risk Management ICT System is currently being prepared to be published by Fiscal Services Limited (FSL). FSL is the division of the GOJ that is largely responsible for the majority of the software applications support and infrastructure services provided to Government ministries and agencies. Fiscal Services Limited gave careful thought to completing the conversion of the document that had been prepared by PRIDE Jamaica to be in line with GOJ and IDB procurement standards. FSL advised Jamaica Customs that the technical document which had been developed by PRIDE Jamaica was first submitted to the IDB for review and consideration before the process of conversion began. It is expected that the IDB will be the primary finding source for procurement of the new ICT Risk Management System (RMS) for Customs.

PRIDE Jamaica is vigilantly advocating for the urgent procurement of the RMS and for implementation of those recommendations that have been presented in order to institutionalize RM reform at Jamaica Customs. The RFP for the RMS for Jamaica Customs is expected to be issued early in the new program year.

### **SINGLE WINDOW FOR TRADE**

Using CBSI funding, together with developing a RFP for a Risk Management ICT System, PRIDE Jamaica is also supporting the development of a Single Window to enhance the efficient exchange of information between trade and government. Specifically the benefits of this Single Window activity to Jamaica Customs include: improved transparency of inputs to the system, resulting in reduced corruption; correct revenue yields; improvement in trade compliance

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encouraged by predictable and transparent processes, enabling the use of sophisticated “risk management techniques” for improved border security and enforcement purposes; and more effective and efficient deployment of resources. The outputs of this activity will also be used as inputs to the Enforcement BPR and additional ICT initiatives at Jamaica Customs Department (JCD). Implementing a Single Window will further reduce corruption.

During the reporting period, as follow-on to work previously undertaken with JCD, PRIDE Jamaica implemented an activity to enhance trade facilitation efforts. The objective was to assist the Jamaica Customs Department conduct an assessment of the level of preparedness of Other Government Agencies (OGAs) to support a national trade efficiency initiative, and to identify those gaps that are the greatest impediments to the effective participation of the OGAs in a strategy to develop a Single Window for trade. The Assessment established priority participants and departmental “champions”, and created a road map to achieve an OGA cluster which will be a significant component of the Jamaica trade facilitation single window.

In addition to meeting CBSI funding objectives, PRIDE Jamaica’s support for the Single Window trade activity is in line with 3 strategic objectives of JCD in the Customs Strategic Review and Modernization Plan. This outlines as priorities the need for Jamaica Customs to: (i) collect revenues due; (ii) improve voluntary compliance; and (iii) improve information, communication and technology process.

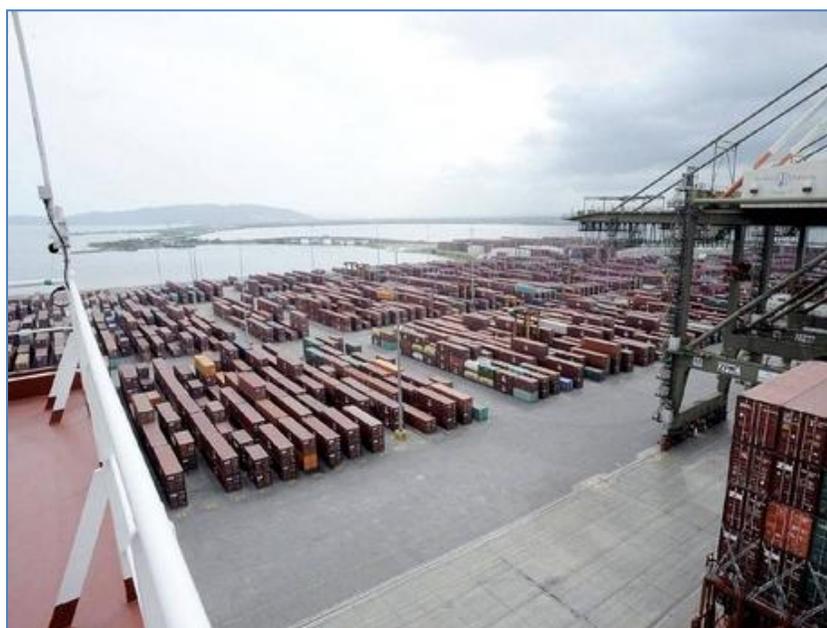
The ultimate aim is to have a comprehensive National Single Window (NSW) for trade. This means a single entry point of data, a single entry of data, a single sign on, a single point of payment and a single point of decision making for each of the main players, viz;

- The international and domestic supply chains and associated agents and brokers;
- Shipping companies;
- Ports and airports;
- The port terminal and logistics community;
- The trade banking and insurance community;
- Customs; and
- Government agencies (OGA), involved in issuing licenses and permits, managing compliance with treaty obligations and national standards, such as Ministries of Trade, the quarantine agencies such as Ministries of Agriculture and Fishing, Ministries of Health, etc. This may also involve JAMPRO and some NGOs involved in processing Certificates of Origin, and possibly the national Statistics organization.

With the exception of OGA, all of these agencies are ICT-capable and have plans to upgrade their systems so that creating single window clusters prior to implementing an integrated national single window becomes possible. The OGA exception is serious. It is now the greatest impediment to national trade efficiency. It still relies upon multiple visits to separate Ministry premises, multiple copies of paper documents and multiple (original or “wet ink”) signatures. Without an electronic system for processing licenses a fully automated Jamaican Customs Declaration is not possible. Permits are still entered manually into the declaration form, usually by Customs brokers. Pre-arrival clearance which is the single most important technique in

improving the efficiency of ports and movement of goods through the ports and Customs facilities is also not practical under these prevailing circumstances. The lack of an automated license and permit system, or OGA automated one stop shop, is the principal reason for Jamaica's "Trading Across Borders" ranking of 183 in the world, and other similar comparative rankings such as The World Bank's Logistics Performance Index rankings.

There is agreement across sectors that Jamaica is approaching a pivotal point in its international trade-based economic affairs. The future of Jamaica's position as a major regional transit-based container hub is at risk from a number of internal and external factors. Failure to effectively address the internal factors that have exacerbated the situation may have alarming economic consequences. However, external factors will also play a significant role which Jamaica can mitigate if it acts promptly and collaboratively in a whole-of-government and private sector partnership.



**FIGURE 14** – Kingston Container Terminal

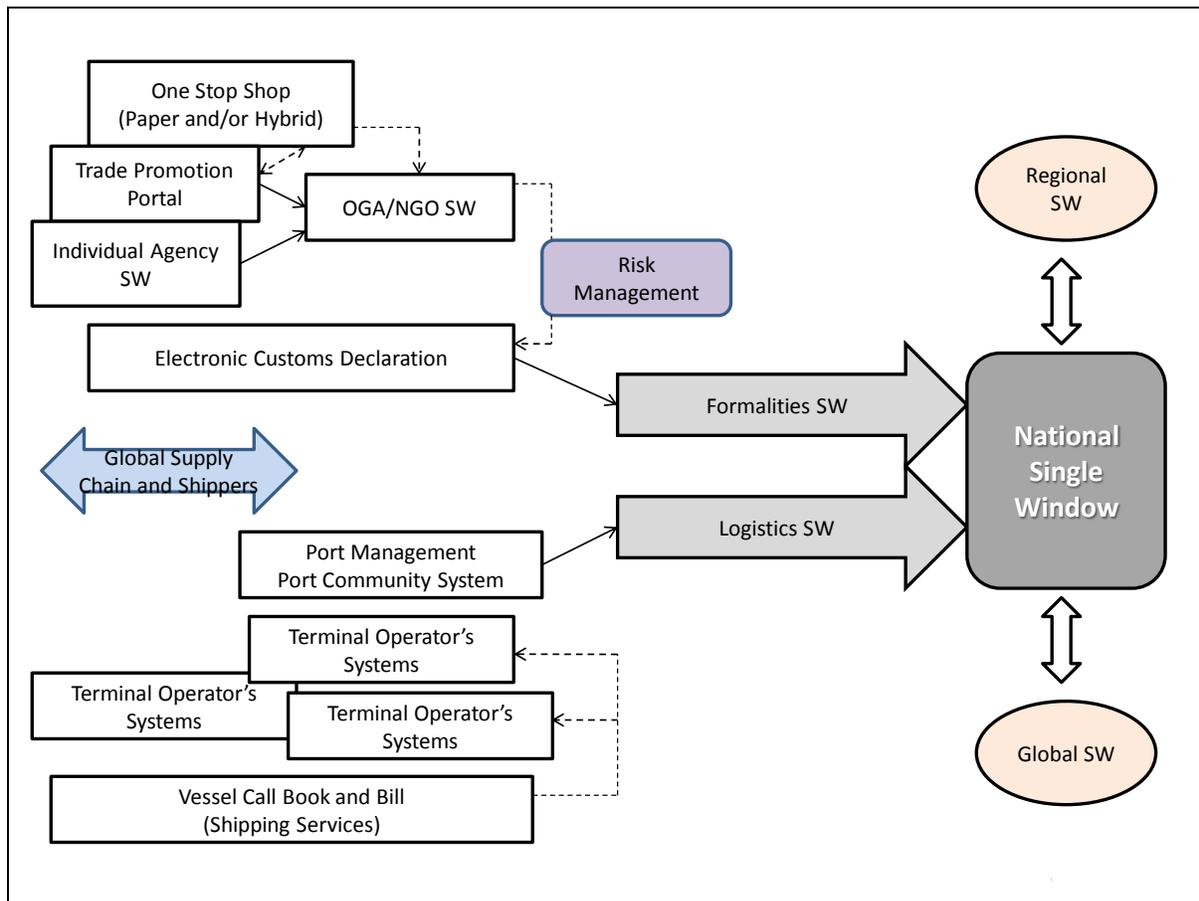
The aim of a single window, and the associated techniques of electronic data interchange (EDI) and risk management, is to eliminate paper, paper payments, face-to-face meetings and personal decision making – thereby reducing the potential for corruption and increasing transparency.

PRIDE Jamaica held detailed consultations with key stakeholders and suggested that in the case of Jamaica, the risks of doing nothing about establishing a single window do not apply as Jamaica has already made a start on the components of single window. The facts are, however, that in general the implementation efforts are delayed and hesitant, underfunded, uncoordinated and are subject to no powerful vision, leadership and effective governance, which is vital for a collaborative public-private sector strategy to succeed. There is as yet no national strategy, nor roadmap for a national single window. There is much that Jamaica still must do and the risks are great.



**FIGURE 15** – Minister of State Horace Dally greets Jamaica Customs personnel during Forum for Customs Modernization, including Single Window development at the Jamaica Conference Centre in January 2012

Having completed a series of stakeholder interviews and assessments, PRIDE Jamaica presented findings on the Single Window for trade that provide an outline for a national roadmap, headlines of a work action plan, and an assessment of the main potential participants' level of readiness for a national single window (NSW). Used effectively, this roadmap can be of significant benefit to Jamaica Customs and the Trade Community as they approach the daunting, yet practical and nationally essential task, of establishing a Single Window for Trade.

**FIGURE 16** – Road Map for a Collaborative Jamaica National Single Window

During the single window assessment PRIDE Jamaica conducted a review of the cluster of Other Government Agencies (OGAs) in order to measure Jamaica's progress and preparedness to implement a national single window for trade facilitation. A single window provides a platform and processes for a paperless (electronic) exchange of trade information and payments between participants in the trade process, largely accomplished through a single electronic lodgment (of license and permit applications, Customs declarations and cargo manifests).

The functions of the OGA are primarily to ensure compliance with departmental and national regulations covering international treaties (WTO), regional, multilateral and bilateral free trade agreements and a range of conventions concerning trade, particularly those supervised by UN agencies. They include quarantine agencies looking after health, plant, animal and fish hygiene regulations, food, pharmaceuticals and chemicals regulations, controls on all HS (Harmonized System) codes covering many manufactured products and commodities, dangerous goods, motor vehicles, etc. OGA also includes producer boards, the national standards authority and the national statistics authorities. Ministries of Transport, Mining and Energy, Natural Resources, Security, Trade and Commerce are also included in this category.

This OGA cluster is regarded as the most difficult to organize, largely due to financial resources, technical capacity and political will. All the OGAs interviewed had a strong desire to migrate to a true national single window, however the lack of financial resources and the absence of strong political will were identified as hindrances to a robust movement toward implementation. The

immediate concerns are therefore to prioritize actions and manage the effective allocation of resources. PRIDE Jamaica concluded that the most practical and promising route to achieving a national single window is to base actions on the planned Port Community single window, which can progressively absorb Customs and OGA single window functionality in order to emerge as the Jamaica national single window.

PRIDE Jamaica also concluded that the port community and its major partners, such as the Port Authority and Jamaica Customs, are well advanced in their planning and preparation, and are further ahead than the OGA community which has seen a somewhat faltering start to their E-Trade project. If a national single window project is to become a reality within a few years, then the OGA community needs much more support and resources allocated to the effort. E-Trade will need to be modified to comply with national single window demands. The best short term option to accelerate OGA readiness for a national single window may be to initiate a specific OGA cluster within the port community based single window program. PRIDE Jamaica presented its findings to Jamaica Customs, included in **Annex 25**.

The current state of readiness and specific recommendations for Jamaica's Other Government Agencies (OGAs) for a national single window are outlined below.

### **Current State of Readiness for a Jamaica National Single Window: OGA**

PRIDE Jamaica's assessment measured the progress and preparedness of Jamaica's OGA to participate in a national single window for trade facilitation. The general findings are that the strategic need for a national single window must be made clear to Jamaica's policymakers. It must be equally clear that inaction is not an option. There is much that needs to be done and in a very short time. The immediate concerns are therefore to prioritize actions and manage the effective allocation of resources. PRIDE Jamaica concluded that the most practical and promising route to achieving a national single window is to base actions on the planned Port Community single window, which can progressively absorb Customs and OGA single window functionality in order to emerge as the Jamaica national single window.

### **Specific Recommendations**

1. In order to introduce more clarity into potential impacts of the new-Panamax<sup>17</sup> era on Jamaica's ports, PRIDE Jamaica recommended that Jamaica initiate a study to review changes to shipping patterns and trade flows that will result from the changes to the Panama Canal in 2014. The results can remove some of the uncertainty which currently exists regarding the overall potential impact of the new-Panamax to Jamaica's trade sector,

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<sup>17</sup> **Panamax** and **New Panamax** are popular terms for the size limits for ships traveling through the Panama Canal. Formally, the limits and requirements are published by the Panama Canal Authority (ACP) titled "Vessel Requirements". The allowable size is limited by the width and length of the available lock chambers, by the depth of the water in the canal and by the height of the Bridge of the Americas. Ships that do not fall within the Panamax-sizes are called **Post Panamax**. The limits have influenced those constructing cargo ships, giving clear parameters for ships destined to traverse the Panama Canal. "Panamax" has been in effect since the opening of the canal in 1914. In 2009 the Canal management published the "New Panamax", that will be in effect when the third lane of locks, larger than the current two, are operational from 2014.

and also provide a credible platform of information for short and medium term planning. It may be possible to source much of the relevant material from existing studies and agencies, in which case, much of the impact study would be a compilation of existing information rather than true research.

2. There is very little time left to initiate any new approaches to improve productivity and efficiency of the port and its associated community or organizations and partners. The existing project to conduct a procurement exercise for a port community single window should receive priority treatment from all concerned. Most particularly, senior government figures should be persuaded to undertake awareness and inspection tours and to throw their prestige and that of their office behind this initiative.
3. One of the most effective methods of improving OGA systems and integrating their processes into a national trade facilitation productivity and efficiency initiative is to establish a single window OGA cluster as part of the national single window project. In this way, national experience in reengineering, change management, project management and ICT resources can be shared across the OGA community in order to achieve faster and more effective outcomes than if they try to achieve the same results individually.
4. These will comprise the first steps to creating an organization that will form the basis of Jamaica's national trade expertise and experience for generations to come. It may form the catalyst for a regional CARICOM single window and a program of regional trade facilitation and trade policy changes.

## **PETROLEUM MANAGEMENT MONITORING**

Based on the October 2011 review by the IMF, Jamaica's main imports are petroleum, cigarettes, motor vehicles, alcohol and food, and they make up approximately 80 percent of Customs revenue collections. Cost of collections represents only 0.02 Jamaica cents for every dollar collected, down from 0.03 cents in 2010, and well within international standards, which range from 2 to 5 percent.

The petroleum sector is not sufficiently monitored to ensure full compliance and protection of the revenue. Petroleum imports account for approximately 33 percent of import value and 30 percent of JCD revenue collections. Possible abuse in this sector may be resulting in significant under-reporting of imports with concomitant loss of revenue. The following table provides a breakdown of the total JCD revenue for Jamaica's Fiscal Year (FY) 2010/2011.

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**TABLE 2** – Jamaica Customs Revenue Collection from Petroleum Products for FY 2010/2011

ITEMS	MOF&P TARGET APR-10 - MAR-11 \$	COLLECTIONS APR-10 - MAR-11 \$	PERFORMANCE %	COLLECTIONS APR-10 - MAR-11 \$	COLLECTIONS APR-09 - MAR-10 \$	VARIANCE	VARIANCE %
<b>Tax Revenue</b>							
Import Duty	23,982,932,885	20,483,382,751	85	20,483,382,751	19,052,472,084	1,430,910,667	7.5
Warehouse Fees	-	4,340,548		4,340,548	7,436,077	(3,095,529)	-41.6
General Consumption Tax	31,595,101,601	38,520,580,829	122	38,520,580,829	28,863,284,837	9,657,295,992	33.5
Special Consumption Tax	31,647,717,914	29,811,819,052	94	29,811,819,052	23,480,439,374	6,331,379,678	27.0
Environmental Levy	2,306,518,745	2,040,066,286	88	2,040,066,286	2,083,794,405	(43,728,119)	-2.1
Stamp Duty*	1,390,406,145	1,393,221,007	100	1,393,221,007	1,289,600,806	103,620,202	8.0
Travel Tax	2,587,565,619	3,930,634,878	152	3,930,634,878	1,919,351,161	2,011,283,717	104.8
<b>Total Tax Revenue</b>	<b>93,510,242,909</b>	<b>96,184,045,352</b>	<b>103</b>	<b>96,184,045,352</b>	<b>76,696,378,744</b>	<b>19,487,666,608</b>	<b>25.4</b>
<b>Non-Tax Revenue</b>							
Excise Tax	-	3,309,309		3,309,309	9,991,769	(6,682,459)	
Customs Broker Exam Fee	-	1,074,000		1,074,000		1,074,000	
Customs Broker Licenses	-	6,644,918		6,644,918	3,002,550	3,642,368	
Tourist Shop Licenses	-	12,543,746		12,543,746	13,945,076	(1,401,330)	
Tourist Shop Operating	-	5,125,214		5,125,214	17,844,903	(12,719,688)	
Dept. & Misc. Revenue	591,741	10,692,698		10,692,698	568,536	10,124,162	1780.7
Fines & Forfeitures	124,889,000	74,829,197	60	74,829,197	154,964,375	(80,135,179)	-51.7
Revenue Deposit Received	-	4,055,225,112		4,055,225,112	7,590,809,525	(3,535,584,413)	-46.6
Proceeds of Sale	138,134,974	343,320,377	249	343,320,377	153,734,771	189,585,606	123.3
Processing Fees	656,552,000	718,508,708	109	718,508,708	689,714,374	28,794,335	4.2
Standards Compliance Fee	20,241,000	607,424,055	3,001	607,424,055	622,743,700	(15,319,645)	-2.5
Irrevocable Standing Order	40,000	18,500	46	18,500	22,500	(4,000)	-17.8
Carrier Net Service Charge	-	52,178,934		52,178,934	262,136,926	(209,957,992)	-80.1
Miscellaneous Rev (EXP)	832,500	1,012,143	122	1,012,143	8,070,035	(7,057,892)	-87.5
Cess	-	-		-	76,000	(76,000)	

ITEMS	MOF&P TARGET APR-10 - MAR-11 \$	COLLECTIONS APR-10 - MAR-11 \$	PERFORMANCE %	COLLECTIONS APR-10 - MAR-11 \$	COLLECTIONS APR-09 - MAR-10 \$	VARIANCE	VARIANCE %
Customs User Fee	7,227,372,361	6,941,829,314	96	6,941,829,314	6,852,748,645	89,080,669	1.3
<b>Non-Tax Revenue</b>	8,168,653,576	12,833,736,226	157	12,833,736,226		12,833,736,226	
<b>Gross Revenue</b>	93,602,815,401	109,017,781,578	116	109,017,781,578		109,017,781,578	
<b>RDP</b>	-	(4,207,811,558)		(4,207,811,558)	(8,013,542,299)	3,805,730,742	-47.5
<b>Net Revenue Collections</b>	<b>93,602,815,401</b>	<b>104,809,970,020</b>	<b>112</b>	<b>104,809,970,020</b>	<b>85,063,210,129</b>	<b>19,746,759,890</b>	<b>23.2</b>

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The IMF's in-depth review in October 2011 of the revenue administration of the petroleum sector suggested that Jamaica Customs could benefit from support to strengthen operations in this high priority sector to mobilize revenue collection. PRIDE Jamaica agreed to support an activity to assist the Jamaica Customs Department (JCD) to establish a Petroleum Monitoring Unit (PMU) within JCD to work in conjunction with Tax Administration Jamaica (TAJ) to monitor and control the importation of petroleum and ensure all revenues due are collected. The Unit would establish controls, procedures and reporting to ensure that all shipments and transmissions of product are accounted for, and that revenue is collected in a timely manner. The sole mandate of the Petroleum Monitoring Unit (PMU) would be to effectively manage the revenue administration of the Petroleum Sector which has not been performing to expectation.

PRIDE Jamaica worked alongside Jamaica Customs to develop a proposed framework for a Petroleum Monitoring Unit to incorporate international best practices with detailed recommendations and an implementation plan, including any necessary Business Process Review strategies, to strengthen the operation and effectiveness of the Jamaica Customs Department to collect all revenues due. PRIDE Jamaica utilized the services of petroleum operations and administration experts from the Kenya Revenue Authority (KRA) who had conducted and successfully implemented a similar exercise in Kenya, to work with colleagues at JCD to complete this activity.



**FIGURE 17** – Petrojam Refinery, jointly owned by PDVCaribe, a subsidiary of Petróleos de Venezuela (PDVSA) and the Petroleum Corporation of Jamaica (PCJ). The PCJ is a statutory body created and wholly owned by the Government of Jamaica. *(Picture courtesy of the Jamaica Observer newspaper)*

PRIDE Jamaica's support to JCD developed a framework to establish a Petroleum Monitoring Unit which ensures that:

- JCD revenues are increased and future growth of revenues can be identified;
- There is improved petroleum revenue accountability by JCD;

- The petroleum sector has improved management and organization systems in place thereby allowing Customs Officers to function more effectively and efficiently;
- JCD implements a structured capacity building program to equip the Customs Officers with the requisite skills and competencies to manage the petroleum sector.

The review disclosed that the management of the petroleum sector is scattered across several Customs units, and that although the tax treatment of petroleum products is clear and well understood, the systems in place for the stock management and inventory accounting are not adequate and need to be improved in order for the Department to achieve better control. PRIDE Jamaica identified the major weakness in the system as the lack of technical skills within JCD to independently verify the quantities of product that are discharged and back loaded into vessels. This is hampering the monitoring and control of petroleum inventories, and consequently JCD is not able to conduct meaningful audits of the oil importing companies. There is strong evidence, however, that TAJ Excise Officers do possess the requisite technical skills that would allow for training of the Customs Officers to be conducted in-house.

Included among the recommendations that will readily facilitate improvement of the controls are some basic measures such as the use of Standard Operating Procedures (SOPs); instituting tighter stock controls at the refinery either by sealing the valves and being available to break the seals without interrupting the operations of the refinery or deploying a resident Customs Officer; and building the technical capacity to equip the Customs Officers with the requisite skills to measure and quantify the products. PRIDE Jamaica also recommended developing appropriate reporting systems in order to improve the monitoring of petroleum stocks and to track the payment for products.



**FIGURE 18** – A Petrojam oil tanker docked at the Kingston Harbour. Jamaica buys most of its oil from Venezuela but buys some crude on the world market. *(Picture used courtesy of The Gleaner newspaper.)*

JCD will also need to conduct an in-depth audit of the bunkering activities. This will assist with establishing accountability for products that have previously been supplied for bunkering, and

for future revenue protection arising from the risks currently identified in the current bunkering system.

An Implementation Action Plan to establish the Petroleum Monitoring Unit was also developed. Table 3 below, *Implementation Action Plan for the Recommendations for Establishing a Petroleum Monitoring Unit in JCD, including General Job Descriptions*, outlines this plan.

PRIDE Jamaica conducted a debrief session with executive and senior level managers at JCD to discuss the findings and recommendations of the review and to offer insights to an approach for implementation of the PMU. PRIDE Jamaica's technical presentation to JCD is included as **Annex 26**.

**TABLE 3** – Implementation Action Plan to Establish a Petroleum Monitoring Unit

	Activity	Task	Time Frame	Remarks
1	Set up a centralized office to co-ordinate all administrative and operational processes for the petroleum sector.	Identify a senior manager and staff with responsibility for: <ul style="list-style-type: none"> <li>- Liaising with Sufferance Wharves, Kingston Wharves and other Collectorates for all petroleum discharges;</li> <li>- Monitoring revenue collection and revenue performance against targets;</li> <li>- Collection and collation of discharge and revenue data for petroleum products;</li> <li>- Liaising with TAJ Excise Officers at Petrojam for reconciliation of back loaded volumes;</li> <li>- Issuance of management reports;</li> <li>- Customer relationship management with oil companies;</li> <li>- Dissemination of policy on trade and tariff on petroleum products to officers and oil companies;</li> <li>- Following up on training for capacity building i.e. identifying officers and liaising their training;</li> <li>- Continuous Monitoring and Evaluation of performance of the unit to ensure that slated objectives are being met.</li> </ul>	Short Term	
2	Standard Operating Procedures (SOPs)	i) Document procedures and secure approval; ii) Circulate to ALL officers who handle petroleum products in Kingston and all Collectorates; iii) Monitor usage and enforce compliance.	Short Term	i) Montego Bay has documented procedures. ii) Draft Procedures for managing Discharge and Bunkering are included in this report

Activity		Task	Time Frame	Remarks
3	Sensitization	PMU manager: - Sensitize staff on new unit; - Usage of uniform procedures.	Short Term	

It is anticipated that this measure will form part of the continuous policy review designed to promote compliance. The PMU of JCD will be required to steadily employ the following measures to address the following current challenges:

**a. Technical Capacity**

- i) Undertaking specific training of PMU officers;
- ii) Recruitment of skilled oil accountants;
- iii) Post graduate training for specific PMU officers;
- iv) Procurement of oil measuring tools to mitigate primary data manipulation by third party surveyors.

**b. Dumping of Transit Fuels in the Local Market**

- i) Introduction of fuel marking through any Third Party contract;
- ii) Usage of Electronic Cargo Tracking System (ECTS) sealing;
- iii) Physical escort for high risk consignments;
- iv) Stock management and reconciliation;
- v) Punitive fines and penalties for non compliant OMCs and their transporters.

**c. Inability to Audit the Fuel Marking Process**

- i) JCD to acquire testing kits to allow for independent and ad-hoc testing.

**d. Uniformity in Application of Procedures**

- i) Development, documentation and circulation of operational procedures including procedures for measurement.

**e. Stock Controls & Monitoring at Receipt**

- i) Pre-arrival monitoring of the Cargo Manifest (also used in revenue projection);
- ii) 24 hour participation during vessel discharge;
- iii) Installation of Flow metres at high risk depots;
- iv) Tamperproof sealing of critical inlets and outlets.

**f. Trans Shipment Monitoring**

- i) Secure taxes with Bank Guaranteed bond;
- ii) Fuel marking;
- iii) Confirmation of Landing certificates from the port of destination.

### **g. Customer Relationship Management**

- i) Improved through technical training and understanding of the sector;
- ii) Regular participation in sector stakeholders meetings and workshops.

PRIDE Jamaica's work concluded that the concerns raised regarding JCD's management of the petroleum sector were justified, and that there is the need for JCD to establish a Petroleum Monitoring Unit (PMU) or improved petroleum monitoring management policies and operations at JCD. The recommendation is to implement a Headquarter PMU instead of separate operational units on the ground. This view is guided by the findings of the study which indicate that some facilities receive very limited petroleum vessels per month, and it may neither be prudent nor efficient to set aside resources to establish separate operating units to manage the sector.

Arising from full implementation of the measures outlined, together with recommendations contained within the review document, it is anticipated that compliance will increase while revenue has the potential to be more than doubled across all tax heads associated with petroleum products. In addition, continuous policy dialogue with the stakeholders will ensure that there is less resistance to policy changes as well as administrative measures.

Guided by input and early recommendations from PRIDE Jamaica during the conduct of the petroleum monitoring activity, Jamaica Customs provided additional training to customs officers for measuring and assessing petroleum and petroleum products. Customs staff have also been redeployed to strengthen capacity in those areas where the management of petroleum is critical in order to mitigate leakage. It is anticipated that this training will further contribute to building capacity among customs officers who will have responsibility to coordinate the administrative and operational processes for centralized petroleum monitoring operations. This initial training support was provided to Jamaica Customs through Petrojam, the country's only oil refinery, which is jointly owned by PDVCaribe, a subsidiary of Petróleos de Venezuela (PDVSA), and the Petroleum Corporation of Jamaica (PCJ). The PCJ is a statutory body created and wholly owned by the Government of Jamaica. Plans are currently underway for this training to be intensified and enhanced by technical assistance from PRIDE Jamaica in the new program year.

### **Customs Valuation**

As follow-on to work previously undertaken with JCD, during the reporting period PRIDE Jamaica worked with the JCD to improve customs valuation processes. Value issues remain a source of contention between JCD and the Jamaica trade community. This important work supported the JCD to review the methodology currently being used to assess the dutiable value of goods, and to establish standard guidelines to determine customs valuation of imports. Applying these processes reduces the potential for arbitrary assessments and the potential for corruption in the system, and will improve the equity and efficiency of JCD operations, while also protecting revenue.

PRIDE Jamaica worked closely with a JCD team spearheaded by the Assistant Commissioner Valuations and Post Audit, along with the legal, enforcement, collections and audit clearance branches of the agency. PRIDE Jamaica focused on developing the use of appropriate transaction value methods when applying the codes of the World Trade Organization (Customs) Valuation Agreement and in so doing, to develop a framework for the support of the Jamaica Customs valuation process.

The detailed WTO rules on the valuation of goods for customs purposes are contained in the Agreement on Customs Valuation (full title: Agreement on Implementation of Article VII of GATT 1994). The Agreement's valuation system is based on simple and equitable criteria that account for commercial practices. By requiring all member countries to harmonize their national legislation on the basis of the Agreement's rules, it seeks to ensure uniformity in the application of the rules so that importers can assess with certainty in advance the amounts of duties payable on imports.

The WTO valuation agreement has been implemented in Jamaica since June 2002 and the codes have been codified into legislation in Section 19 of the Customs Law. There exists however opportunities to improve the effective application of the codes so that Jamaica can more effectively apply the appropriate transaction value methods to collect revenues due, while creating an environment of predictability for the importer. Generally Customs have been unable to substantiate value assessments, and in one recent occurrence has had a ruling brought against the department by the Taxpayer Appeals Department in favor of the importer on the declared value of goods.

PRIDE Jamaica's support to JCD in Customs Valuation procedures is enabling Jamaica Customs to establish the framework for a streamlined and predictable valuation process as a further means of protecting tariff concessions, collecting revenue, implementing trade policy, and protecting public health and safety. The results of this assistance will be improved revenue collection and improved compliance.

Since the conduct of the Customs Valuation activity, Jamaica Customs reports that between April through August 2012, **the Customs Department collected an additional US\$3.2 million after re-valuing under-invoiced imports.** Of the US\$3.2 million in additional revenue, US\$2 million was generated from general cargo, while motor vehicles yielded approximately US\$1.2 million. Under-invoicing of non-commercial goods was particularly common (see **Annex 27.**) Importers who are found to have under-invoiced their goods can be charged a mandatory sum amounting to three times the value of the duty on the goods.

Acting on a recommendation from the PRIDE Jamaica Customs Valuation activity, in September 2012 the Commissioner of Customs announced that the Customs Act is being reviewed to strengthen measures against under-invoicing which continues to be a major challenge for the Customs department. **With support from PRIDE Jamaica, JCD prepared a Cabinet submission that proposes legislative changes to strengthen these enforcement measures, which will further improve revenue collection and border security.**

Working alongside colleagues at JCD, PRIDE Jamaica conducted compliance consultations with companies/individuals among the key stakeholder groups that were pre-selected by the Customs valuation team in an effort to better understand the compliance issues that large importers face in the daily conduct of business. The group of stakeholders included Customs Brokers Associations, and businesses operating in pharmaceuticals, manufacturing, retail, (food and clothing) and distilleries. Colleagues at Jamaica Customs participated with PRIDE Jamaica at all the meetings which provided an unforeseen added benefit to JCD, as it allowed an opportunity for JCD to meet its customers first hand. JCD officers have found the interactions valuable.

During conduct of the assignment PRIDE Jamaica also assessed the current state of the Transaction Value management<sup>18</sup> function in Jamaica Customs by observing field operations, reviewing previous assessments and interviewing key government and private sector stakeholders. Additionally, Jamaica Customs has had several written reviews performed and reports written that were very valuable to the review of risk management. PRIDE Jamaica also found the ATOS<sup>19</sup> report on modernization and the recent IMF reports particularly instructive. While several recommendations from the respective reviews have been adopted and incorporated as a part of the comprehensive strategy for JCD modernization, JCD is also in process of operationalizing a significant majority of these.

### ***Findings from Customs Valuation Activity***

- JCD is in compliance with WTO GATT VII transaction value guidance legally and in practice. A fair and equitable protest and appeal process is in place.
- The Valuation unit has knowledgeable and dedicated staff but is hampered by poor automation support and a poor rotational policy.
- The Valuation Unit at times finds HS<sup>20</sup> issues that negatively affect the duty rate and valuation.
- Poor feedback mechanisms hamper value-based targeting methods. The Invoice Branch, Post-Audit, Intelligence and Risk Management operate in near isolation.
- A comprehensive compliance strategy is not in place for JCD. Many of the components are present and being developed, but overall coordination is lacking.
- The trade community in Jamaica and the important brokerage community are largely ignorant of the current Valuation law.
- Coordination of efforts between Tax Administration Jamaica and the JCD needs to be increased.
- Information systems are outdated and do not support modern risk management or an overall compliance strategy.

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<sup>18</sup> Customs valuation is a customs procedure applied to determine the customs value of imported goods. If the rate of duty is ad valorem, the customs value is essential to determine the duty to be paid on an imported good. The detailed WTO rules on the valuation of goods for customs purposes are contained in the Agreement on Customs Valuation (full title: Agreement on Implementation of Article VII of GATT 1994). The Agreement's valuation system is based on simple and equitable criteria that take commercial practices into account. By requiring all member countries to harmonize their national legislation on the basis of the Agreement's rules, it seeks to ensure uniformity in the application of the rules so that importers can assess with certainty in advance the amounts of duties payable on imports.

<sup>19</sup> ATOS is the consulting firm that prepared a modernization plan for Jamaica Customs.

<sup>20</sup> The Harmonized Commodity Description and Coding System (HS) of tariff nomenclature is an internationally standardized system of names and numbers for classifying traded products developed and maintained by the World Customs Organization (WCO) (formerly the Customs Co-operation Council), an independent intergovernmental organization with over 170 member countries based in Brussels, Belgium.

- Jamaica Customs has a well-trained and viable Post Clearance Audit section; however, the audit plan should be devised to have maximum impact on those traders who actively do not follow the law, by increasing the possibility of being caught.
- The current Jamaica Customs Act does not provide a positive compliance atmosphere for traders especially in the areas of advanced cargo reporting and the basis for Customs Audit. Lack of private sector record availability requirements, clear legal authority for inspection/audit of trade related financial records and short duration for duty/tax recovery stifle incentives for voluntary compliance.

### ***Customs Valuation: The Way Forward***

The Valuation Branch is performing well in protecting revenue but needs improvement to do its vital job better. The branch admits to lacking the tools to know whether assessed value is reasonable. There is also a very strong audit group at JCD but there is a sense of disconnect between the Valuation and Audit sections. PRIDE Jamaica offered policy recommendations for immediate, medium and long-term improvements to the rules selection and procedures utilized for applying the customs value of imported goods (training, procedural changes, management, roles and responsibilities, improved use of available information systems and databases, etc.) so that Jamaica can more effectively apply the appropriate transaction value methods to collect revenues due and create an environment of predictability for the importer. Some of these include:

- **Staff Rotation** — No set rotation period exists for the Customs officers assigned to the unit. A specialized position such as that of a Valuation team member requires knowledge and experience and thus should have a 2-3 year minimum rotation term.<sup>21</sup>
- **Expansion of Responsibility** — A review section such as Valuation usually reviews the entry package for classification purposes as well as valuation. Since some of the officers check classification for “rate shopping”<sup>22</sup> in their routines, classification verification should be added to their responsibilities and the branch renamed to “Classification and Value Unit”.
- **Specialization** — Already a degree of specialization by commodity in the branch. Some individuals by impression of their experience or inclination have reached superior levels of expertise in certain areas. Officers should be broken down in teams by HS areas. This will channel similar commodities to teams that will gain particular expertise in their assigned field.
- **Trade Expertise** — JCD in conjunction with the Broker and the Freight Forwarder community should conduct classes on Valuation (as well as other needed trade education). No training has been given since 2005 and the stakeholders would make fewer errors if they understood the process and rules.

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<sup>21</sup> PRIDE Jamaica has since learned that the rotation of staff is a method applied by the JCD to mitigate corruptive practice in the absence of a fully integrated Risk Management System.

<sup>22</sup> Rate shopping is when an importer attempts to obtain a lower rate of duty and misclassifies an item intentionally.

## PRIDE JAMAICA

PRIDE Jamaica also met with JCD's Legal Officer during conduct of the Customs Valuation activity to ascertain the status of the revisions to the Jamaica Customs law which is critical to execution of many of the proposed measures needed for an effective valuation process. Findings from this exercise are that although the current law is WTO compliant, it lacks several provisions that are conducive to encouraging private sector compliance. Among the general findings are:

- Penalties are weak;
- Audit periods are too short to be a significant deterrent; and
- Advanced reporting for effective risk management is needed for manifest and entry.

A committee dedicated to the legal review process has developed a matrix that needs review, and a draft law needs to be written.

PRIDE Jamaica recommended changes to the proposed draft law, including a recommendation that liability for discrepancies found by Audit should conform to the international standard of 7 years, versus the proposed 2 years. PRIDE Jamaica also prepared a Memorandum presenting recommendations for legislative changes that will be required to effectuate improved Post-Clearance Audit, attached as **Annex 28**. JCD has engaged a local consultant to assist JCD to prepare the draft legislation.

## YOUTH WORKFORCE DEVELOPMENT - YUTE

Working with the Private Sector Organisation of Jamaica (PSOJ), PRIDE Jamaica supported the youth workforce development activity (YUTE) that was implemented under a Grant Agreement. The YUTE (Youth Upliftment through Employment) program is being managed by the PSOJ and its development partners, and involves an intervention that is committed to working with unattached youth.

YUTE focuses on building technical and social skills, increasing employability, and providing long term and short term economic and entrepreneurship opportunities for 2,200 young persons in inner-city communities. YUTE was rolled out in eight such communities during the first phase (February 2011- January 2013).

The table below represents a summary of the number of young persons who applied to participate in the YUTE program, the number accepting participation following screening, and the status at the end of the program in October 2011. The YUTE Project Management Office (PMO) contracted a company for the development of a web based data management solution. Work on this is complete and baseline data for all original applicants has been entered, along with updates on some activities. The product is being enhanced to allow for the generation of additional reports. The target date of December 2011 for completion of this phase and testing of the product before going live was not met.

**TABLE 4** – Breakout of YUTE 720 Participants as at October 31, 2011

CURRENT CATEGORISATION OF YUTE PARTICIPANTS		
PROGRAMME STREAM		RELATED NOTES
<b>YUTE –Entrepreneurship</b>		
Completed 2 Day Entrepreneurship Orientation	105	Will move to Social Skills Entrepreneurship Training in January 2012
<b>YUTE Works</b>		
Pre – Skills	190	Good performance at Level 4 Assessment. Some attended Restaurant Week Training & have been placed for 1 week internships.
Working - 4 month - Full Time Post	44	These persons will matriculate from YUTE
Census - Employed through to October 2011	40	10 Scheduled to be included in FullGram
Entered YUTE ready for post-secondary training - with qualifications	80	All placed in CBT HEART Training facilities.
Still to submit qualifications Re HEART/NTA Certification	33	Persons not presenting certificates.
Training Ready - Diagnostic Test & Successful	20	
No forms submitted	138	CEOs are collecting information on these.
Other opportunities to be identified – HISEP	40	
No shows at diagnostic	33	CEOs followed up, some now assessed.
Post Census - Ready for Training	11	Will be offered FullGram Opportunity for ICT training
<b>YUTE U-Turn</b>		
U-Turn Females	8	Will participate in 2012
U-Turn Males	40	5 For Restaurant Week Training and have been placed in internships.
<b>Preliminary Total</b>	<b>782</b>	
Participants NI, Work, School	44	
Total Inc. Overlaps	<b>826</b>	
Participants in more than one activity	106	
<b>Total Number of YUTE Participants</b>	<b>720</b>	

**TABLE 5** – Engaged Participants

PROGRAMME STREAM		RELATED NOTES
<b>YUTE –Entrepreneurship</b>		
Completed 2 Day Entrepreneurship Orientation	105	Will move to Social Skills Entrepreneurship Training 01/12
<b>YUTE Works</b>		
Pre – Skills	190	Overall 40 did not attend. 85% of 150 attended.
Working - 4 month - Full Time Post Census - Employed through to October 2011	44	These persons will matriculate from YUTE
Ready for training - with qualifications	40	10 Scheduled to be included in FullGram
Still to submit qualifications Re HEART/NTA Certification	80	56 Places Identified & to be placed in CBT
Training Ready - Diagnostic Test & Successful	33	Persons not presenting certificates.
Other opportunities to be identified - HISEP	20	
Post Census - Ready for Training	40	Have attended interviews at FullGram
<b>YUTE U-Turn</b>		
U-Turn Females	8	To participate in 2012
U-Turn Males	40	5 For Restaurant Week Training
<b>Preliminary Total</b>	<b>611</b>	
Total Inc. Overlaps	<b>611</b>	
Participants in more than one activity	106	Note that some have not attended the pre-skills
<b>Total Number of YUTE Participants</b>	<b>505</b>	

## YUTE Works

Below is a summary of key activities for the YUTE Works Stream through October 2011:

- Pre-Skills continued during the review period, with an average attendance of 85% of the 150 confirmed participants.
- Level 3 Assessments were done on September 19th and 20th 2011. Seventy-three (73) of 75 YUTE Participants sat the assessments, 52% were successful. Success at this level indicates that participants are now numerate and literate to Grade 4. Those who are not successful remain in classes to re-sit the assessment on November 30th, 2011.
- Level 4 Assessments were done on September 26th and 27th, 2011. Eighty-eight (88) of the 92 YUTE participants sat assessments, 73% were successful. Success at this level indicates that participants are now numerate and literate to Grade 6.

Two (2) day placement and internships:

- An additional 57 Pre-Skills Participants were placed in two day work experience. To date, there are 85 participants in 2 day work opportunities.

YUTE Participants – Post Secondary Skills Training:

- The overall revised project target was to place 295 YUTE participants in HEART Trust/NTA. Up until the period of final reporting to PRIDE Jamaica, 14 persons had been placed.
- In response to the absence of space at HEART Trust/NTA Centers, 89 YUTE Participants were placed in community based training centers which are certified by HEART/NTA.

### **YUTE U-Turn**

Participants continued their respective pre-skills sessions. Some have participated in training and were assigned to work at restaurants during Restaurant Week, November 11 – 19, 2011.

The female residential camp was rescheduled to May 2012 (beyond the life of the grant agreement with PSOJ) as up until the period of reporting (October 2011) there were only eight YUTE female Participants who wish to be considered for U-Turn.

The final report from the Peace Management Initiative, the organization contracted to manage the first U-Turn Camp, was several months overdue.

Through competitive tender, a firm had been selected to undertake the management and delivery of the second U-Turn Camp. Interviews for the four (4) positions of Life Skills Coaches were completed and short listed applicants have responded to a required psychometric testing. The results will assist the Project Management Office (PMO) in final selection.

### **Entrepreneurship Stream**

One-hundred and five (105) YUTE Participants completed two day entrepreneurship screening workshops. This determined their interest to participate in the YUTE Entrepreneurship Stream. It also underscored the need for an appropriate youth entrepreneurship intervention which acknowledged that the majority of the participants, while interested in operating an enterprise, would require a) participation in the pre-skills program and b) a model which would give extensive support to participants to ensure the targeted level of success.

Against this reality, YUTE reviewed other models and accepted that the emerging concept of micro-franchising is an appropriate fit for the majority of those registered in the Entrepreneurship Stream. YUTE approached the IDB to support the development work of this model and received a grant of US\$150,000. The PSOJ determined that given the timeline of the USAID/PRIDE Agreement and the procurement requirements this element would be funded by IDB and alternative YUTE funds. The market research for this element of the program was completed in October 2011.

### Mentorship Program

The mentorship program was a fundamental element of the YUTE Program. The YUTE PMO coordinates the initiative and two local firms were selected to deliver the training. Recruitment of mentors commenced in February, with the first training session taking place in April. Volunteers are primarily recruited through corporate mentorship drives, presentations to service clubs, and word of mouth.

Through October 14, 2011, 1,020 persons signed up and completed applications to become mentors. Of this number, 70 are located outside of Jamaica or outside of the Kingston Metropolitan Region, and opted not to be trained in view of the required face to face meetings in the mentor/mentee relationship. A further 360 have been invited to at least 3 training sessions, confirmed attendance but have failed to attend.

Unit cost for training was higher than projected, and this resulted in fewer persons than projected being trained using the USAID/PRIDE Grant. The training included the mobilization of YUTE Participants to ensure matching with trained mentors.

**TABLE 6** – Total Mentors Trained and Matched, by Gender (All Funding Sources)

Total Females	250
Total Males	120
<b>Total Mentors</b>	<b>370*</b>

\*Five persons chose to mentor two individuals.

**TABLE 7** – Total YUTE Participants Trained and Matched, by Gender (All Funding Sources)

Total Females	234
Total Males	146
<b>Total Mentors</b>	<b>380</b>

### Monitoring & Evaluation Results and Internal Assessment

The Project Development Board has, on a monthly basis, monitored the results of the program to date based on reports submitted by the YUTE PMO. Reports review year to date targets and performance, in addition to monthly targets and actual performance. In addition, the Project Board monitors for changes in unit cost.

The Project Board has approved the use of the tools of the International Youth Foundation (IYF) for establishing a baseline and providing incremental and end of project evaluation of the impact of the program on each YUTE Participant. It was agreed that this will be implemented in tandem with the second cycle intake which took place over the period November 2011 – January 2012.

Based on the ongoing monitoring and internal review, there have been changes to the timeline, intake process and options for participants. There were three fundamental changes:

1. In future, recruitment will be community based and participants will be required to participate in special screening sessions to assist the YUTE PMO in determining their suitability for the Program and the most appropriate program stream;
2. Intake will be guided by the availability of program options; this would include availability of training spaces and finalization of contracts with service providers;
3. Signing of Agreements between YUTE Participants and YUTE. The Agreement will clearly establish what the program will deliver and the role each Participant must play in order to maximize on the opportunities provided by the program.

**Annex 29** provides a summary of activities, goals, challenges and solutions experienced by the YUTE Program over the reporting period.

Under guidance from USAID/Jamaica, PRIDE Jamaica closed out the grant agreement with PSOJ on October 31, 2011. In January 2012 working alongside the PSOJ, PRIDE Jamaica satisfied the reporting requirements and completed the requisite documentation to conclude implementation activities for the YUTE program under the grant agreement. The Grant Completion Certificate was executed by PRIDE Jamaica and the PSOJ, allowing for the documented conclusion to this activity.

### 2.1.3 COMPONENT 3: ACCESS TO CREDIT FOR MICRO, SMALL AND MEDIUM ENTERPRISES

#### **MOBILE FINANCIAL SERVICES**

During the program year ending September 30, 2011, PRIDE Jamaica was a member of the mobile financial services public-private partnership (PPP) to introduce an inter-operable mobile financial services platform in Jamaica. During that period, the University of the West Indies (UWI) served as the lead to prepare an implementation plan, and PRIDE Jamaica developed the economic impact assessment that outlined the benefits to introduce a broad-based platform. As part of this effort PRIDE Jamaica also engaged a field survey research team through UWI to provide data for the economic impact analysis. The survey counted the numbers of unbanked, and extracted information about whom they are socioeconomically, and assessed attitudes to and uses of mobile phones. Full details of this activity were included in PRIDE Jamaica's Annual Report for the year ending September 30, 2011.

During this past program year, PRIDE Jamaica attended the Executive Seminar in December 2011 sponsored by the University of the West Indies (UWI), during which the implementation plan to introduce an inter-operable mobile financial services platform in Jamaica was presented.

Based on guidance from USAID/Jamaica in June 2011, in line with major reductions in the project's budget, PRIDE Jamaica completed its work in this component area at the end of September 2011.

## 2.1.4 COMPONENT 4: LEGISLATIVE PROCESS

The Government of Jamaica (GOJ) is working to implement a wide-ranging legislative agenda to support business reform, eliminate corruption, and reduce crime, all of which have an impact on establishing a business and investor friendly environment. During the conduct of activities across program components, PRIDE Jamaica will continue to advocate for those legislative and statutory enabling changes that are required to strengthen the various institutions and provide a supporting framework for reform. A new Tax Procedures Act is part of this component. It should be noted that this component, envisioned in the PRIDE Jamaica Request for Proposal to be a major focus of implementation activities, has been reduced dramatically. This is in accord with guidance the PRIDE Jamaica team received from USAID to focus its work on Tax Policy and Administration and Licensing and Other Competitiveness Areas due to funding limitations.

## 2.1.5 COMPONENT 5: LAND POLICY AND ADMINISTRATION

In accord with guidance from USAID/Jamaica, based on reduced and refocused funding, PRIDE Jamaica did not undertake any activities in this component during the program year.

## 2.2 OTHER ACTIVITIES

PRIDE Jamaica submitted its Annual Report for Year 2 to USAID in October 2011.

In response to a request from USAID/Jamaica, PRIDE Jamaica recommended changes to the PME targets that reflect the project's reduced funding and narrower focus of implementation activities. The original PME, approved in 2010, was developed on the basis that PRIDE Jamaica would be fully funded, and the project would operate through at least August 2013. Should funding levels change, PRIDE Jamaica can incorporate these changes into the program and recommend further changes to the PME targets.

PRIDE Jamaica was invited to participate in discussions with USAID/Jamaica from the Latin America/Caribbean Bureau of AID/Washington. These discussions centered on PRIDE Jamaica's work on revenue mobilization with TAJ and Jamaica Customs, and to consider options to continue funding support for PRIDE Jamaica to work in these areas beyond the timeframe of September 2012. A delegation from a number of U.S. Government agencies visited Jamaica during the reporting period to consider areas of support for Jamaica.

## 2.3 NEXT STEPS

### **TECHNICAL**

PRIDE Jamaica will continue working with Tax Administration Jamaica, the Jamaica Customs Department, and other stakeholders in the public and private sectors to implement activities in

line with reform programs. During the next program period PRIDE Jamaica expects to work in the following areas:

### **Component 1: Tax Policy and Administration**

- *Continue project management support to TAJ for reform activities:* PRIDE Jamaica will continue to provide support to TAJ to prioritize, manage and implement initiatives to establish a modernized tax administration organization. This includes follow-up with TAJ to assure the recommendations from the IMF mission reports are addressed.
- *Implement the risk management system to identify and prioritize tax debt arrears for collection and support implementation of Annual Debt Management Plan:* PRIDE Jamaica will support TAJ to prioritize arrears collections and apply the new treatments for 'High' and 'Medium' cases. PRIDE Jamaica will work with TAJ to implement the new system across TAJ's service locations and implement TAJ's Annual Debt Management Plan.
- *Support implementation of the risk management system to select taxpayer entities for audit (examination of tax returns) and implement the Annual Audit Plan.* PRIDE Jamaica will work with TAJ to insure that audit functions are being implemented based on the risk framework, and resources are allocated to focus on highest potential yield opportunities. PRIDE Jamaica will support TAJ to establish effective measurement of time used and assessments raised, and revise the annual plan according to actual data.
- *Design and develop a tax administration Performance Management System:* PRIDE Jamaica will review the implementation of the new performance management reports system to develop and refine report formats, and train designated TAJ personnel to analyze the information to improve decision making related to operational performance.
- *Develop tax compliance improvement programs to identify areas of high-non-compliance for additional revenue collection:* PRIDE Jamaica will support TAJ's additional pilot programs to identify potential areas of high non-compliance among taxpayers to improve tax revenue collections and compliance. The next phase will focus on professionals.
- *Audit support to the Large Taxpayer Office:* Arising from the September/October 2011 IMF report, PRIDE Jamaica will continue to provide assistance to the Large Taxpayer Office to strengthen capabilities to conduct audits in high priority sectors.
- *Leveraging resources:* PRIDE Jamaica will work closely with TAJ to support its efforts to utilize funds from the IDB loan.

### **Component 2: Licensing and Other Competitiveness Areas**

PRIDE Jamaica will continue work with Jamaica Customs to improve Jamaica's competitiveness, support revenue mobilization, improve transparency, and support other reform activities.

#### ***Jamaica Customs***

- *Support to Jamaica Customs Anti-Corruption Initiatives:* PRIDE Jamaica will work with the private sector and the Government of Jamaica to support and engage in activities that will strongly enhance anti-corruption approaches within Jamaica Customs administration.

## PRIDE JAMAICA

These activities include support to Jamaica Customs to improve compliance and ensure that all revenues due are collected.

- *Operationalize Surveying of Petroleum Products:* PRIDE Jamaica will assist the Jamaica Customs Department to fully establish Petroleum Monitoring processes within JCD to monitor and control the importation of petroleum and ensure that all revenues due are collected. PRIDE Jamaica will train JCD Officers to conduct surveys of bulk petroleum products off-loaded at Jamaica's ports. In line with established controls, procedures and reporting guidelines that are to be developed, this training will enable JCD to accurately and efficiently verify the types and volumes of bulk products off-loaded. This training will also allow JCD to assess the appropriate revenues due and payable on the petroleum imports to ensure that all shipments and transmissions of product are accounted for.
- *Support Improvement of AEO Program Practice in line with WCO standards:* PRIDE Jamaica will support AEO Program changes to reduce risk at Jamaica Customs and increase the compliance levels of the trade community, as well as establish the integrity of the JCD AEO Program on a global scale. To this end, PRIDE Jamaica will assist Jamaica Customs with a review of the existing AEO program operations in order to meet the standards to Secure and Facilitate global trade (SAFE) established by the WCO, and will also support JCD in an audit of an Authorized Economic Operator (AEO) client. The AEO concept is one of the main building blocks within the WCO SAFE Framework of Standards (SAFE). The latter is part of the future international Customs model set out to support trade. SAFE sets out a range of standards to guide international Customs Administrations towards a harmonized approach based on Customs to Customs cooperation and Customs to Business partnership.
- *Leveraging Resources:* PRIDE Jamaica will continue to work closely with JCD to utilize resources from the IDB and EU to implement reforms of the Customs Modernization Plan. PRIDE Jamaica will promote reform activities to the World Bank so that improvements can be reflected in the next annual *Doing Business* report.

### **Component 3: Access to Credit**

In accord with guidance from USAID/Jamaica, PRIDE Jamaica has phased out its work in this component area due to reduced and refocused funding.

### **Component 4: Legislative Process**

Legislative matters arising within other areas of the PRIDE Jamaica project will impact this cross-cutting component. Specifically, activities within the areas of Tax Administration, Import/Export processes and Jamaica Customs Modernization involve elements of a legislative review or the development of a legislative framework that supports reform activities that are to be implemented. For the most part, these reform efforts are guided by recommendations from implementing partners and are supported by PRIDE Jamaica's work plan. PRIDE Jamaica will continue to follow USAID's guidance in treating the legislative process component as a cross-cutting theme to support our other component activities, rather than as a stand-alone implementation activity under the project.

**Component 5: Land Policy and Administration**

- In accord with guidance from USAID/Jamaica, PRIDE Jamaica is not working in this component area due to reduced and refocused funding.

# SECTION III

## 3.1 YEAR 3 RESULTS

PRIDE Jamaica worked closely with TAJ and JCD to implement activities focused on key recommendations from 2010 and 2011 IMF reports to improve operations and mobilize revenue collection. PRIDE Jamaica's support to TAJ and JCD has resulted in more sustainable institutions and improved revenue collection; supported good governance; and, improved the business environment.

The updated PMEP Results Reporting Table (**Annex 2**) confirms PRIDE Jamaica exceeded its targets for the program year. These results are due to the strategic approach PRIDE Jamaica adopted since project start-up, with a further, increased focus to implement activities in areas with high potential for impact, while acknowledging substantially reduced funding resources and anticipating a reduced implementation timeframe<sup>23</sup>. Fundamental to PRIDE Jamaica's impact and results are the strong working partnerships PRIDE Jamaica has established with TAJ and JCD that enable the project to work so integrally with colleagues on implementation. These relationships must be considered to fully appreciate PRIDE Jamaica's successes to date. Complementing these efforts, PRIDE Jamaica's coordination with other international development partners, in particular the Fiscal Affairs Department of the IMF, has had a strong impact on PRIDE Jamaica's implementation focus and success. Finally, USAID/Jamaica's flexibility, and extremely supportive and collegial working relationship with PRIDE Jamaica, and USAID's leadership role with international development partners and senior GOJ officials, further underscore the PRIDE Jamaica's ability to succeed.

As a result of reduced funding, USAID/Jamaica requested during this program year that PRIDE Jamaica focus implementation activities solely on tax administration reform and customs reform, and complete the management oversight of the YUTE workforce development grant with PSOJ. Utilizing key findings from previous IMF reports, in addition to needs arising during the preparation of the July/August 2010 Fully Costed Modernization Implementation Plan (developed by PRIDE Jamaica and TAJ), PRIDE Jamaica addressed essential business process issues in TAJ to establish systems to improve revenue mobilization, strengthen capacity and improve taxpayer compliance. In accord with CBSI funding, PRIDE Jamaica's activities with Jamaica Customs focused support to establish a fully functioning risk framework system supported by a modern IT infrastructure, identifying key risk areas, and standardizing processes to improve revenue collection, improve security and eliminate corruption. All of PRIDE Jamaica's activities are having an impact on improving the business enabling environment.

PRIDE Jamaica's results for this program year reflect implementation in the focus areas outlined above. In the area of tax administration reform, PRIDE Jamaica continued its strong project

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<sup>23</sup> Based on reduced funding available for PRIDE Jamaica, the project planned for early closeout in August 2012, one year before the original LOP date. In April 2012, USAID/Jamaica advised CARANA that additional funding would be available to continue the program to August 2013, the original LOP date.

management support to implement the reform program throughout TAJ. PRIDE Jamaica worked closely with TAJ to establish and present its case to the (previous) Minister of Finance in support of TAJ's transition to a semi-autonomous revenue authority (SARA). Elections in December 2011 brought a change in Government. **The new Minister of Finance is providing his support for TAJ to proceed to establish itself as a SARA. TAJ drafted the Cabinet submission, and the Minister of Finance will present this to Cabinet early in the new program year.**

Following on PRIDE Jamaica's work with TAJ to strengthen TAJ's assessment, collection and enforcement authorities, TAJ prepared a Cabinet submission to effect changes to the Revenue Administration Act. These changes will enable **TAJ to access information from other public sector agencies in order to more effectively identify taxpayer non-compliance, and strengthen TAJ's enforcement authorities. TAJ drafted the Cabinet submission to effect these changes and the Minister of Finance will present this to Cabinet early in the new program year.**

Working in the key tax operations area of audit, PRIDE Jamaica worked with TAJ's FDIU and Audit Programmes to establish risk criteria for General Consumption Tax (GCT) and high-risk Personal Income Tax Filers<sup>24</sup>. After programming the schema against a test group of returns in all the categories, TAJ and PRIDE Jamaica developed TAJ's Annual Audit Plan for FY 2012/2013. This plan, which covers the fiscal year beginning April 1, 2012, incorporates the entire risk framework developed by PRIDE Jamaica and TAJ. As a result of using this risk framework, TAJ is applying this risk based approach across the organization to select cases for audit. The selection criteria, which are applied to all tax returns, will enable TAJ to select cases that are higher risk and will most likely result in additional revenue mobilization. Applying this approach also enables TAJ to reallocate personnel to other functions and physical locations on the basis of audit case loads in the various revenue service centers. The template for the Annual Audit Plan is one that TAJ can easily adjust during a fiscal year to incorporate revisions based on implementation results, and can also be used on an ongoing annual basis to establish the plan for the next fiscal year. PRIDE Jamaica will continue to support TAJ to manage implementation of these new processes at the revenue service centers.

As a result of ongoing concerns raised by the IMF regarding TAJ's enormous backlog of open arrears cases, PRIDE Jamaica undertook strategic work to prioritize tax arrears cases for collection; establish cost effective collection procedures for different categories of cases; establish criteria to enable TAJ to increase case closure across all categories of open arrears cases; apply a case management process to arrears collection; and, establish criteria and processes to write off severely aged, uncollectible debt. This was a dramatic move away from TAJ's previous process to attempt collection on all outstanding arrears cases regardless of age or value.

As PRIDE Jamaica and TAJ established the prioritization criteria for arrears cases, the criteria were programmed and applied to a set of test cases, with some revisions made to the prioritization criteria. PRIDE Jamaica then developed different collection procedures for the

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<sup>24</sup> PRIDE Jamaica and TAJ established risk criteria for Corporate Income Tax filers during the previous program year.

categories ('High', 'Medium', 'Low') of open cases, which consider the cost to TAJ to undertake collection efforts based on the value of the debt. Finally, PRIDE Jamaica established a process to designate a case as 'closed' in order to begin clearing the list of open cases. After testing the new processes at one RSC, TAJ implemented the new procedures across the organization in May. Using the new prioritization system and treatments, between April through July 2012, **TAJ collected US\$33 million from the high and medium priority cases.**

Implementing this new approach is enabling TAJ to make clear strides in reducing the backlog of cases and to apply a more efficient allocation of limited staff resources. The case management approach provides improved performance management measures for TAJ to assess staff performance and to allocate resources more effectively to maximize revenue collection. **The proposed debt write-off policy and procedures prepared by PRIDE Jamaica were publicly endorsed by the new Minister of Finance, and legislative changes are being drafted to enable the new policy to be implemented.**

The IMF's September 2011 in-depth review of several key tax operations areas highlighted the severe under-staffing of TAJ's Large Taxpayer Office (LTO). Due to the under-staffing and high auditor to taxpayer ratio, the IMF determined that TAJ was not able to mobilize revenue collection in several high priority sectors. To support TAJ's efforts to mobilize revenue collection, PRIDE Jamaica initiated support to LTO in the conduct of audits in the telecommunications sector, and this work will continue into the next program year. PRIDE Jamaica and TAJ anticipate that this sector will contribute to improved revenue mobilization. As a result of TAJ's work in this sector, overall taxpayer compliance is improving. This is supported by an **increase in revenue collections in a two month period of US\$68 million over the same period in 2011.** Due to PRIDE Jamaica's work in this area, as well as PRIDE Jamaica's coordinating efforts with the IMF, TAJ successfully garnered support from the EU to assist LTO to conduct similar types of audits in the financial sector. The support from the EU will continue throughout the next year.

In December 2011, the Government of Jamaica signed a **US\$65 million loan agreement with the IDB to support a tax reform program with TAJ and a customs reform program with JCD.** USAID/Jamaica played a key leadership role to coordinate donors and provide the forum for TAJ to present its case for the necessary funding. This loan is the culmination of work initiated by PRIDE Jamaica in June 2010, which resulted in TAJ's Fully Costed Modernization Implementation Plan (MIP). The MIP defined the costs to reform TAJ over a three year period across every area of the organization. An essential element of the plan was the cost to procure a new IT system that will enable TAJ to more effectively implement its re-engineered business processes (supported by PRIDE Jamaica during the previous program year) and improve revenue mobilization. During this past program year, PRIDE Jamaica worked with TAJ to prepare the draft RFP to procure a Commercial Off the Shelf (COTS) system that will be financed with the IDB loan. TAJ is ready to commence the tender process once the loan funds are available, and this is expected in October 2012.

The IMF also included an in-depth review of several key operational areas within the Jamaica Customs Department (JCD). One was the system Jamaica Customs currently employs to monitor the importation of petroleum and petroleum products. During its review, the IMF determined that systems in place were not supporting full compliance. Petroleum imports account for approximately 30 percent of JCD revenue collections. Possible abuse in this sector was likely resulting in significant under-reporting of imports with concomitant loss of revenue. **PRIDE Jamaica benchmarked the JCD's petroleum monitoring processes and provided a revised operational framework to enable JCD to establish effective monitoring in accord**

**with international best practice.** JCD will begin working more closely with TAJ to monitor and control the importation of petroleum and ensure all revenues due are collected.

JCD implemented PRIDE Jamaica's recommendations which include, among others, the use of Standard Operating Procedures (SOPs) and instituting tighter stock controls at the refinery by sealing the valves and being available to break the seals without interrupting the operations of the refinery or deploying a resident Customs Officer. Training is underway for Customs Officers to effectively measure products as these are off-loaded from vessels. JCD has also re-deployed personnel to strengthen effective monitoring. During the next program year, PRIDE Jamaica will provide further technical training to JCD officers to conduct surveys of bulk petroleum products offloaded at Jamaica's ports. This will enable JCD to accurately and efficiently verify the types and volumes of bulk products offloaded and allow JCD to assess the appropriate revenues due and payable on the petroleum imports. **PRIDE Jamaica's work with JCD will result in an increase in revenue collection, improved transparency, and reduced corruption.**

PRIDE Jamaica implemented several activities within the scope of Caribbean Basin Security Initiative (CBSI) funding. An important element of **PRIDE Jamaica's CBSI activities included working closely with Jamaica Customs to effectively manage risk to improve border security and eliminate corruption.** During the last program year PRIDE Jamaica established with JCD the Customs' Risk Management Unit, an effective risk management framework with policies, procedures and functions. Following on this work, PRIDE Jamaica prepared a Request for Proposal to procure a technology solution that will apply the risk management approaches previously identified and recommended by PRIDE Jamaica. By deploying pre-arrival clearance procedures using automated risk management and automated selectivity for green or red channels at Customs, the Risk Management ICT System will make it possible for Jamaica Customs to contemplate some dramatic breakthroughs in the speed and efficiency of goods moving through Jamaica's ports, together with achieving greater accuracy in assessing potential threats to revenue and border protection. Based on PRIDE Jamaica's earlier work with JCD to allocate staff resources to focus on higher risk categories of cargo, **JCD reduced the clearance time for some categories of imports by 2 days; this represents a 10% reduction in customs clearance time within the last two years.**

The innovation that the new software will enable is even more important. By deploying pre-arrival clearance using automated risk management and automated selectivity for green or red channels at Customs, it will be possible to contemplate additional, dramatic breakthroughs in the speed and efficiency of the movement of goods through Jamaica's ports, together with more accuracy in assessing potential threats to revenue and border protection. Jamaica Customs expects the procurement process to begin in the last quarter of 2012 in keeping with the project roll-out schedule of the JCD Modernization Plan. Funding support for this procurement is included in the IDB loan to support customs reform.

Representing a significant component toward establishing a single window for trade facilitation in Jamaica, PRIDE Jamaica, working alongside Jamaica Customs, also conducted an assessment to establish priority participants, departmental "champions", and create a road map for the achievement of an 'Other Government Agencies (OGA) cluster'. The assessment enabled the Jamaica Customs Department (JCD) to determine the level of OGA preparedness to support a national trade efficiency initiative, and identified those gaps that are the greatest impediments to the effective participation of the OGAs in a strategy to develop a Single Window for trade. All of the OGA that were assessed under the PRIDE Jamaica Single Window for

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Trade activity demonstrated a strong desire to migrate to a true national single window. PRIDE Jamaica concluded that the most practical and promising route to achieving a national single window is to base actions on the planned Port Community single window that is currently being developed in conjunction with the public-private Trade Community System Partnership (TCSP). The Port Community single window can progressively absorb Customs and OGA single window functionality in order to emerge as the Jamaica national single window. The TCSP has assumed the primary leadership role toward this objective. The aim of a single window, and the associated techniques of electronic data interchange (EDI) and risk management, is to eliminate paper, paper payments, face to face meetings and personal decision making, thereby reducing corruption and improving the business enabling environment.

PRIDE Jamaica's support to Jamaica Customs to use appropriate transaction methods when applying the customs codes from the World Trade Organization (WTO) Valuation Agreement has assisted Jamaica Customs to establish the framework for a streamlined and predictable valuation processes (Customs Valuation) as a further means of protecting tariff concessions; collecting revenue for the governing authority; implementing trade policy; and protecting public health and safety. As part of this support, PRIDE Jamaica reviewed the Customs Act to identify opportunities to strengthen the enforcement measures available to Jamaica Customs. **With support from PRIDE Jamaica, JCD prepared a Cabinet submission that proposes legislative changes to strengthen these enforcement measures, which will further improve revenue collection and border security.**

Based on PRIDE Jamaica's technical support to implement standardized customs valuation procedures, JCD is already realizing improved revenue collection and compliance. Since April 2012, **Jamaica Customs Department collected an additional US\$3.2 million** after re-valuing under-invoiced imports. Of the US\$3.2 million in additional revenue, US\$2 million was generated from general cargo, while motor vehicles yielded approximately US\$1.2 million. JCD determined that under-invoicing of non-commercial goods was particularly common.

In summary, PRIDE Jamaica's assistance to the trade and customs communities has supported Caribbean Basin Security Initiative (CBSI) interventions that leverage existing mechanisms, programs, and institutions to reduce corruption by increasing the use of vetted units, internal audits, and good governance practices. These interventions will further allow Jamaican enterprises to maintain or increase the competitiveness of their products and services in global markets and should enable Jamaica to improve on the trading across borders category and experience economic growth. In the area of improving security and reducing corruption, PRIDE Jamaica worked with Jamaica Customs to improve enforcement, increase border security and reduce corruption.

The table below provides additional reporting information for specific outputs resulting from PRIDE Jamaica activities with Jamaica Customs, funded with CBSI funds.

**TABLE 8** - CBSI Results Outputs through September 30, 2012

Output	Number Completed	Details
Number of customs policy reforms/regulations/administrative procedures/processes presented for stakeholder consultations as a result of USG assistance with CBSI funds.	2	<ol style="list-style-type: none"> <li>1. OGA Single Window for Trade Framework</li> <li>2. Customs Valuation: JCD Review of the Customs Act</li> </ol>
Number of institutions/organizations undergoing capacity/competency assessments as a result of CBSI funding.	6	<p>Single Window for Trade Preparedness Assessment of :</p> <ol style="list-style-type: none"> <li>1. Ministry of Agriculture</li> <li>2. Ministry of Health</li> <li>3. JAMPRO</li> <li>4. Trade Board</li> <li>5. Bureau of Standards Jamaica</li> <li>6. Customs Valuation: Jamaica Customs Department</li> </ol>
Number of Trade and Investment capacity building diagnostics conducted as a result of CBSI funding.	3	<ol style="list-style-type: none"> <li>1. RFP for Risk Management Framework for Jamaica Customs</li> <li>2. Single Window for Trade Preparedness Assessment</li> <li>3. Review and Assessment of Customs Valuation Procedures</li> </ol>
Number of Public/Private Dialogue mechanisms utilized as a result of CBSI funding.	3	<ol style="list-style-type: none"> <li>1. Trade Community System Partnership</li> <li>2. Single Window for Trade Consultations with Public-Private Coalition</li> <li>3. Youth Upliftment through Employment (YUTE) with PSOJ</li> </ol>
Number of changes made to the Business Enabling Environment	3	<ol style="list-style-type: none"> <li>1. Revised Cargo Entry Processing procedures at Jamaica Customs</li> <li>2. Streamlined Procedures for assessing import values at Jamaica Customs</li> <li>3. Workforce development and job creation through YUTE</li> </ol>

# ANNEX 1

## COUNTERPART CONTRIBUTIONS

**October 1, 2011 – September 30, 2012**

<b>Component</b>	<b>USD Amount</b>	<b>Notes</b>
Tax Policy and Administration	503,044	Provided by Tax Administration Jamaica. Includes proportional amounts of salary and facilities allocated to implementing tax administration reform work.
<b>Business Licensing and Other Competitiveness Areas</b>		
<ul style="list-style-type: none"> <li>▪ Import/Export Processes</li> </ul>	24,500	Provided by the Trade Community Partnership from estimates of activities related to the Import/Export Mapping exercise, involving SAJ, Kingston Wharves, Kingston Container Service Ltd, Port Authority of Jamaica, and Jamaica Customs; as well as for activities related to the development of an RFP to procure an integrated ICT platform (system) for trade.
<ul style="list-style-type: none"> <li>▪ Jamaica Customs Reform</li> </ul>	360,000	Represents funding support from the Cabinet Office toward mobilization, in-kind support from key personnel at JCD directly involved with Customs Modernization and Reform activities, as well as direct capital outlay from the JCD for equipment and infrastructure.
<ul style="list-style-type: none"> <li>▪ Youth Upliftment Through Employment</li> </ul>	212,389	Includes in-kind and cash contributions from private sector partner organizations, as well as cash from IDPs.
<b>TOTAL</b>	<b>1,099,933</b>	

# ANNEX 2

## PMEP RESULTS TABLE

### PRIDE Jamaica Results – October 1, 2011 - September 30, 2012

#### Performance Based Management System

Results and Related Performance Indicators <sup>25</sup>	Baseline	2010 Target <sup>26</sup>	2010 Results	2011 Target	2011 Results	2012 Target	2012 Results
<b>IR1: Key Policies, Regulations and Processes Improved</b>							
<b>Sub-intermediate Result 1.1 Key Economic Reforms Implemented</b>							
Number of policy reforms/regulations/administrative procedures drafted and presented for public/stakeholder consultations as a result of USG assistance.		1	2 <sup>27</sup>	5	8 <sup>28</sup>	5	8 <sup>29</sup>

<sup>25</sup> Indicators and targets do not include activities for Land Policy and Administration. Indicators and targets were to be adjusted when USAID/Jamaica and PRIDE Jamaica identified component activities to implement. In line with reduced program funding, USAID/Jamaica advised PRIDE Jamaica not to undertake activities in this component area.+

<sup>26</sup> Represents the period March 11 – September 30, 2010, Year 1 of the project. 2011 information represents the period October 1, 2010 through September 30, 2011.

<sup>27</sup> Outputs include Tax Administration Jamaica (TAJ) fully costed modernization implementation plan, and analysis and recommendation to support procurement of a commercial off the shelf (COTS) information technology solution.

<sup>28</sup> Outputs include reengineered business processes for TAJ Taxpayer Services, Returns Processing and Revenue Accounting, Audit, and Collection; new structure and processes for Budget and Analytics Unit; draft of a new Tax Procedures Act; Performance Management Reporting Formats; criteria to identify and select high risk Corporate Income Tax cases for audit.

<sup>29</sup> Outputs include criteria to identify and select high risk General Consumption Tax cases for audit; criteria to identify and select high risk Personal Income Tax cases for audit; new Annual Audit Plan methodology incorporating case selection criteria; new prioritization system for debt arrears; new treatments for 'High', 'Medium', and 'Low' arrears cases; new Annual Debt Management Plan methodology incorporating arrears prioritization system and new treatments; new forms and procedures to work debt arrears cases, included in a new Debt Collection Handbook; new procedures to identify and implement taxpayer compliance improvement programs.

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Results and Related Performance Indicators <sup>25</sup>	Baseline	2010 Target <sup>26</sup>	2010 Results	2011 Target	2011 Results	2012 Target	2012 Results
<b>Sub-intermediate Result 1.2 Institutional Capacity for Administration Strengthened</b>							
Number of institutions/organizations undergoing capacity/competency assessments as a result of USG assistance.		1	1 <sup>30</sup>	4	7 <sup>31</sup>	3	7 <sup>32</sup>
Number of Trade and Investment capacity building diagnostics conducted as a result of USG assistance.		---	---	4	7 <sup>33</sup>	2	5 <sup>34</sup>
<b>IR2: Private Sector Capacity to Participate in Reforms Increased</b>							
<b>Sub-intermediate Result 2.1 Private sector partnerships and collation-building strengthened</b>							
Number of Public-Private Dialogue mechanisms utilized as a result of USG assistance.		3	3 <sup>35</sup>	5	6 <sup>36</sup>	2 <sup>37</sup>	4 <sup>38</sup>

<sup>30</sup> Includes ACRE Task Force assessment of pilot operations of the DAC.

<sup>31</sup> Includes Tax Administration Jamaica (TAJ), the Tax Policy Division of the Ministry of Finance and the Public Service and the Economic Management Division of the Ministry of Finance and the Public Service, ACRE Task Force assessment of pilot operations of the DAC, CBSI funding for Import/Export Mapping, CBSI funding for development of a Risk Management Framework for Jamaica Customs, and the Assessment of a Regulatory Framework for the Microfinance Institution Sector (this included an assessment of the role of the Development Bank of Jamaica).

<sup>32</sup> Includes Tax Administration Jamaica; assessment of Jamaica Customs for the Petroleum Monitoring Unit and Customs Valuation; Single Window Assessment of Ministry of Agriculture, Ministry of Health, JAMPRO, The Trade Board, Bureau of Standards Jamaica.

<sup>33</sup> Includes review of Assessment, Collections, and Enforcement framework for TAJ, ACRE Task Force for Development Approvals, Legal Opinion for statutory enabling of a two-tiered system for development approvals, CBSI funding of the Mapping of the Import/Export Process with the Trade Community System Partnership, CBSI funding of the Development of a Risk Management Framework for Jamaica Customs Modernization, Assessment for a Microfinance Institution Regulatory Framework, and Economic Impact Analysis of Mobile Financial Services in Jamaica.

<sup>34</sup> Includes RFP Development for a new COTS IT system for TAJ; RFP Development of Risk Management Framework for Jamaica Customs; Jamaica Single Window Preparedness Assessment; Framework for Petroleum Monitoring Unit for Jamaica Customs; Review and assessment of Customs Valuations Procedures.

<sup>35</sup> Includes ACRE Task Force for Development Approvals, Trade Community System Partnership for Import/Export, and Mobile Banking Public-Private Partnership.

<sup>36</sup> Includes Executive Steering Committee, Tax Administration Reform Program; ACRE Task Force for Development Approvals; Trade Community System Partnership for Import/Export; Youth Upliftment for Employment (YUTE); MFI/DBJ self regulatory mechanism; and Mobile Banking Public-Private Partnership.

<sup>37</sup> PRIDE Jamaica completed implementation activities in several component areas as a result of reduced funding, and in accord with guidance from USAID/Jamaica. As a result PRIDE Jamaica will engage with fewer Public-Private Dialogue mechanisms in 2012. The target was changed from 4 to 2.

<sup>38</sup> Includes Executive Steering Committee, Tax Administration Reform Program; Trade Community System Partnership for Import/Export; Single Window for Trade Consultations with public-private Coalition; Youth Upliftment for Employment (YUTE).

Results and Related Performance Indicators <sup>25</sup>	Baseline	2010 Target <sup>26</sup>	2010 Results	2011 Target	2011 Results	2012 Target	2012 Results
Number of microfinance institutions supported by USG financial or technical assistance.		---	---	5	8 <sup>39</sup>	--- <sup>40</sup>	---
<b>Sub-intermediate Result 2.2 Private sector role in advocacy and policy dialogue increased</b>							
Number of Public-Private Dialogue mechanisms utilized as a result of USG assistance.		3	3 <sup>41</sup>	5	6 <sup>42</sup>	2 <sup>43</sup>	4 <sup>44</sup>
Number of changes made to business enabling environment.		---	---	4 <sup>45</sup>	4 <sup>46</sup>	2 <sup>47</sup>	5 <sup>48</sup>

<sup>39</sup> Includes Jamaica National Small Business, Bank of Nova Scotia Foundation, First Union, COPE, Micro-Credit Limited, Nation's Growth, and Micro-Enterprise Finance Limited. Members of the Jamaica Microfinance Alliance also receiving assistance through their organization.

<sup>40</sup> Due to reduced funding and in accord with guidance from USAID/Jamaica, PRIDE Jamaica completed activities in the micro-finance component in August 2011. No further activities are expected to take place before the end of September 2012, when the project is now expected to end. The target was changed from 9 to 0.

<sup>41</sup> Includes ACRE Task Force for Development Approvals, Trade Community System Partnership for Import/Export, and Mobile Banking Public-Private Partnership.

<sup>42</sup> Includes Executive Steering Committee, Tax Administration Reform Program; ACRE Task Force for Development Approvals; Trade Community System Partnership for Import/Export; Youth Upliftment for Employment (YUTE); MFI/DBJ self regulatory mechanism; and Mobile Banking Public-Private Partnership.

<sup>43</sup> PRIDE Jamaica completed implementation activities in several component areas as a result of reduced funding, and in accord with guidance from USAID/Jamaica. As a result PRIDE Jamaica will engage with fewer Public-Private Dialogue mechanisms in 2012. The target was changed from 4 to 2.

<sup>44</sup> Includes Executive Steering Committee, Tax Administration Reform Program; Trade Community System Partnership for Import/Export; Single Window for Trade Consultations with public-private Coalition; Youth Upliftment for Employment (YUTE).

<sup>45</sup> This target included a revised legal framework for Commercial Alternative Dispute Resolution (CADR). After the PMEP was finalized PRIDE Jamaica was advised that the Minister of Justice was not prepared to proceed with the legislative changes in the near future. This target also included a Rules Engine for Development Approvals. After the PMEP was finalized USAID/Jamaica provided guidance to PRIDE Jamaica to complete activities on Development Approvals by March 31, 2011. These two items will have an impact on achieving the overall target during the program year.

<sup>46</sup> Includes revised operating procedures to the DAC provided by ACRE Task Force; Tabling of the National Building Code; Codified mapping of import/export procedures; and, revised Risk Management Framework implemented by Jamaica Customs.

<sup>47</sup> Due to reduced funding and in accord with guidance from USAID/Jamaica, PRIDE Jamaica completed activities in several components earlier than expected. As a result, the target was changed from 3 to 2.

<sup>48</sup> Implementation of Risk Framework for Audit Case Selection by TAJ; Implementation of Revised Cargo Entry Processes at Jamaica Customs; Implementation of Petroleum Monitoring Measures by Jamaica Customs; Implementation of revised Jamaica Customs valuation procedures; Additional trained personnel available in the workforce through YUTE – 44 jobs created through 10/2011.

# ANNEX 3

## YEAR 3 ANNUAL RESULTS BY INDICATOR

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### PRIDE Jamaica

October 2011 – September 2012

**INDICATOR 1: *Number of policy reforms/regulations/administrative procedures drafted and presented for public/stakeholder consultations as a result of USG assistance.***

**Target for Year 3: 5**

**Actual to date for Year 3: 8**

#### Component 1: Tax Policy and Administration

1. Developed risk based approach to identify and select high risk General Consumption Tax (GCT) cases for Audit<sup>49</sup>.

Working with TAJ's Forensic Data-mining and Intelligence Unit (FDIU), PRIDE Jamaica gathered statistical data about the GCT returns that are filed. Using the population counts, the team segregated the entire population into three classes. Three formulas, one for each of the classes, were developed. Each formula has approximately eleven separate criteria. Each criterion was weighted to reflect its relative importance. The specifications for programming were delivered to the IT staff for programming and the specifications were then refined. FDIU completed a test of the specifications against a sample of cases. This approach enables TAJ to objectively prioritize and select cases for audit and allocate resources on those which are likely to be most productive.

2. Risk based approach to identify and select high risk Personal Income Tax (PIT) cases for Audit.

PRIDE Jamaica worked with TAJ's Forensic Data-mining and Intelligence Unit (FDIU), to gather statistical data about the PIT returns that are filed. The population of PIT returns was grouped into two classes. Two separate formulas were developed, each consisting of fourteen separate criteria. Each criterion was weighted to reflect its relative importance. The specifications for programming were delivered to the IT staff for programming and the specifications were then refined. FDIU completed a test of the specifications against a sample of cases. This approach enables TAJ to objectively prioritize and select cases for audit and allocate resources on those which are likely to be most productive.

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<sup>49</sup> A risk based approach to identify and select high risk Corporate Income Tax (CIT) cases for audit was developed by PRIDE Jamaica in July 2011 and previously reported on. These selection criteria were also incorporated into TAJ's Annual Audit Plan for the fiscal year beginning April 1, 2012.

### 3. TAJ Annual Audit Plan incorporating risk based approach to audit case selection.

With support from PRIDE Jamaica, the TAJ's Audit Unit in Programme's developed its Annual Audit Plan for the fiscal year beginning April 1, 2012, incorporating the risk selection criteria developed by FDIU and PRIDE Jamaica. The criteria are enabling TAJ to apply the risk based formulas and obtain results for GCT, CIT and high risk PIT returns filed for calendar year 2011. High risk cases are being assigned to the appropriate locations for audit. The plan is directing work for the current GOJ fiscal year in an integrated manner and reflects TAJ's new capability to score returns by a new set of classes.

In stark contrast with prior annual plans, the FY 2012/2013 plan uses the actual number of audit staff years available and allocates them to different tax types and to varying size cases in accordance with an overall strategy. The plan is accompanied by a plan memorandum that explains the new concepts and addresses a number of policy issues that should help in plan execution. PRIDE Jamaica developed a new plan template for TAJ which uses the new class structure PRIDE Jamaica developed. This approach will facilitate TAJ's use of the new formulas to select cases. The cases will be aligned with the plan, so that Audit managers will have a road map for a number of selections by class and a list of priority cases that match.

PRIDE Jamaica worked with a number of TAJ's Audit managers to determine reasonable data elements to establish the basis for the plan. These include: a) average time per case, b) average case years per case, and c) average time per case year. The new planning process will show the precise number of audit staff years that should be assigned to the different classes, along with the expected case completions. This will enable managers at all levels to monitor cumulative results on an ongoing basis throughout the year to assure that TAJ is on course to accomplish the plan as designed. This will support improved revenue collection and taxpayer compliance.

### 4. Prioritization system for debt arrears collection.

Arising from a recommendation in the March 2011 IMF report, TAJ needed to address the substantial backlog of open arrears cases. TAJ incorporated all arrears cases onto collection lists for a Compliance Officer (CO) regardless of the debt's age, tax type or amount. This resulted in COs working some cases that were more than five years old, and amounts that may have cost more to collect than the debt was worth. Selecting which cases to work based on priority is an international best practice for tax administrations. Working with TAJ's Debt Management Unit and IT staff, PRIDE Jamaica developed a prioritization schema for these arrears cases. Based on the known factors affecting collectability, compliance, revenue and risk, and unique conditions specific to Jamaica, the TAJ working group proposed a weighting factor for each criteria/factor. TAJ manually applied the weighted criteria to a series of test cases with satisfactory results and incorporated final refinements to the criteria. TAJ programmed the prioritization schema into ICTAS and generated new arrears lists, with the arrears cases prioritized based on the risk criteria. TAJ achieved the goal of separating the cases into 'HIGH', 'MEDIUM' and 'LOW' categories based on the scoring. TAJ tested new treatments for the arrears categories and applied the prioritization system to all of its outstanding arrears cases.

5. New treatments for closing debt arrears cases.

During PRIDE Jamaica's work to prioritize arrears cases into 'HIGH', 'MEDIUM' and 'LOW' categories, it emerged that all arrears cases were handled by COs in a similar manner. All cases included field visits to clients to try to collect, and substantial time was spent by COs to reconcile the taxpayer's account. PRIDE Jamaica determined that TAJ was allocating resources on cases that had little chance of collection. PRIDE Jamaica refocused TAJ's efforts on arrears cases by establishing case closure, rather than collection, as the priority for a CO, and had reconciliation of taxpayer accounts assigned to CO desk officers. PRIDE Jamaica also developed specific treatments for the various categories of arrears cases. 'HIGH' cases will include field visits and telephone contact with clients; 'MEDIUM' cases will be handled by telephone contact from the COs; and 'LOW' cases will be marked for deferment as the cost to pursue these cases exceeds the value of the case. PRIDE Jamaica and TAJ trained compliance officers on how these new treatments will be implemented on a trial basis. PRIDE Jamaica also developed a basic process for declaring cases "Currently Not Collectible" (CNC) to be used after all appropriate actions have been taken and there is nothing more TAJ can reasonably do to collect the debt. The treatments were tested and are now being applied to all arrears cases.

Using the new prioritization system and treatments, between April through July 2012, **TAJ collected US\$33 million from the high and medium priority cases.**

6. Debt Management Annual Plan Incorporating Prioritization for Closures and New Treatments.

Each year the Debt Management team in the Programmes and Technical Support Unit prepares an annual operating plan to guide TAJ's debt management activities across the organization. However, the Debt Management Unit was not familiar with how to develop a plan that establishes measures and calculates expected results based on processes where the goals will now be closed cases, versus only revenue collections. PRIDE Jamaica worked with the Debt Management Programmes Unit to develop the annual plan for the next fiscal year (beginning April 1, 2012) in order to effectively incorporate the new systems and processes, and to incorporate appropriate measures to track performance.

Initial work included assessing the data available to be used as the basis to prepare the Debt Management Operating Plan (DMOP). PRIDE Jamaica initiated developing the Debt Management Operating Plan model by developing an Excel spreadsheet to allow for continued annual use by simply modifying formulas and/or changing key variables. The model includes an assumptions document which explains how each field and variable was calculated and the basis for that calculation. With input from TAJ, PRIDE Jamaica revised the reporting formats so that results can be tracked and performance of the DMOP can be measured. As part of the new DMOP spreadsheet, TAJ will be able to identify and track variances to scheduled performance. Management will be able to use this information assess operations and make adjustments as necessary. PRIDE Jamaica conducted a teleconference with TAJ's Debt Management Programmes Unit to introduce the Annual Plan and the methodology to the Regional Service Centre managers.

7. A Debt Management Handbook that includes Financial Analysis & Investigative Techniques documents plus all of the standard use debt management forms.

PRIDE Jamaica developed a variety of standard use forms to standardize the processes and documentation Compliance Officers use to work debt arrears cases. The forms include:

- A Taxpayer Information Form for Companies and one for Individuals
- Demand Notice and Reminder Notice
- Arrangement Agreement and Checklist for Arrangements
- Debt Management Case History Record
- Report of Currently Not Collectible Form
- Debt Management Case Time Record
- Daily Report of Compliance Officer's Activity
- Collection Information Statement for Companies and for Individuals
- High Priority Weekly Program Report
- Medium Priority Weekly Program Report

8. New procedures to identify taxpayer entities and implement new taxpayer compliance improvement programs.

PRIDE Jamaica developed new procedures to identify taxpayer entities for potential tax compliance leads and selected a sample set of leads to test and pilot the procedures. This pilot project originated from prior work performed by the Forensic Data-mining and Intelligence Unit (FDIU) in Programmes and Technical Support. As a result of applying these criteria, 640 taxpayer leads were identified for assignment to each office beginning with the highest dollar value for the total GCT supply amount to conduct the initial phase of the pilot program.

The leads were assigned to Compliance Officers at the RSC offices at King Street, Constant Springs and Spanish Town to begin working the compliance leads using the new methodology. The King Street and Spanish Town RSCs account for 65% of the total leads within this sub-category of non-compliant taxpayers.

PRIDE Jamaica also developed processes that include establishing a case history record for each lead containing the tax entity information; identifying the type of tax and period(s) not filed, and, documenting the contacts with the taxpayer and actions taken by the Compliance Officer. The new procedures of sending (two) notices and making phone calls prior to field contact differ from TAJ's existing procedures. These include sending a first notice, and, if there is no response the CO refers the non-filer case to Audit. This creates an estimated assessment that is time consuming and relatively unproductive, adding additional uncollected arrears cases to Debt Management.

The new non-filer program procedures should result in more timely processing of the compliance leads due to the prompt assignment, processing and follow-up by a designated Compliance Officer responsible for resolving the non-filer lead. The new procedures are also expected to result in more tax returns being filed directly by the taxpayer and payment of the tax, penalty and interest would also be secured from the taxpayer in a reduced period of time.

**INDICATOR 2: Number of institutions/organizations undergoing capacity/competency assessments as a result of USG assistance.**

**Target for Year 3: 3**

**Actual to date for Year 3: 7**

**Component 1: Tax Policy and Administration**

1. Tax Administration Jamaica

PRIDE Jamaica continues to provide an ongoing review of TAJ activities in operations, legal and management services to support implementation of the tax administration reform program and mobilize revenue collection. Activities include review and support on new job descriptions to staff the new organization; development of the RFP to procure a new IT system; operations support to prioritize arrears cases, apply treatments based on categories of cases, and improve closures on debt arrears cases; apply audit risk criteria to identify and select cases for audit; provide audit support in high priority sectors; identify and implement new approaches to improve taxpayer compliance; support implementation of SARA legislation and new Tax Administration Act.

**Component 2: Licensing and Other Competitiveness Areas**

2. OGA Assessment – Single Window for Trade (with CBSI funding)

Using CBSI funding, PRIDE Jamaica worked with Jamaica Customs to conduct an assessment that established priority participants, Departmental “champions”, and created a road map for the achievement of an Other Government Agencies (OGA) cluster as a significant component to the development of the Jamaica trade facilitation Single Window. OGA is largely recognized as the most difficult cluster to coordinate in order to achieve national single window status. The assessment included a review of the status of Jamaica’s OGA preparedness toward a national single window by conducting an evaluation of the OGA cluster. The OGA assessment included reviews of the following government ministries and agencies:

- 2.1 Ministry of Agriculture and Fisheries
- 2.2 Ministry of Health
- 2.3 Trade Board (Ministry of Industry and Commerce)
- 2.4 JAMPRO - E-Trade portal (Jamaica Trade point)
- 2.5 Bureau of Standards Jamaica (BSJ).

The Single Window will enhance the efficient exchange of information between trade and government. The benefits of this Single Window activity to Jamaica Customs include: improved transparency of inputs to the system, resulting in reduced corruption; correct revenue yields; improvement in trade compliance encouraged by predictable and transparent processes, enabling the use of sophisticated “risk management techniques” for improved border security and enforcement purposes; and more effective and efficient deployment of resources. The outputs of this activity will also be used as inputs to the Enforcement BPR and additional ICT initiatives at Jamaica Customs. Implementing a Single Window will further reduce corruption.

### 3. Jamaica Customs

#### Petroleum Monitoring Management

Petroleum imports account for approximately 30 percent of JCD revenue collections. Possible abuse in this sector was likely resulting in significant under-reporting of imports with concomitant loss of revenue. PRIDE Jamaica benchmarked the JCD's petroleum monitoring processes and provided a revised operational framework to enable JCD to establish effective monitoring in accord with international best practice. JCD will begin working more closely with TAJ to monitor and control the importation of petroleum and ensure all revenues due are collected.

JCD implemented PRIDE Jamaica's recommendations which include, among others, the use of Standard Operating Procedures (SOPs) and instituting tighter stock controls at the refinery by sealing the valves and being available to break the seals without interrupting the operations of the refinery or deploying a resident Customs Officer. Training is underway for Customs Officers to effectively measure products as these are off-loaded from vessels. JCD has also re-deployed personnel to strengthen effective monitoring. During the next program year PRIDE Jamaica will provide further technical training to JCD officers to conduct surveys of bulk petroleum products offloaded at Jamaica's ports. This will enable accurate and efficient verification of the types and volumes of bulk products offloaded and allow JCD to assess the appropriate revenues due and payable on the petroleum imports, and will result in an increase in revenue collection, improved transparency, and reduced corruption.

#### Customs Valuation Procedures

PRIDE Jamaica's support to Jamaica Customs to use appropriate transaction methods when applying the customs codes from the World Trade Organization (WTO) Valuation Agreement has assisted Jamaica Customs to establish the framework for a streamlined and predictable valuation processes (Customs Valuation) as a further means of protecting tariff concessions; collecting revenue for the governing authority; implementing trade policy; and protecting public health and safety. As part of this support, PRIDE Jamaica reviewed the Customs Act to identify opportunities to strengthen the enforcement measures available to Jamaica Customs. With support from PRIDE Jamaica, JCD prepared a Cabinet Submission that proposes legislative changes to strengthen these enforcement measures, which will further improve revenue collection and border security.

Based on PRIDE Jamaica's technical support to implement standardized customs valuation procedures, JCD is already realizing improved revenue collection and compliance. Since April 2012, **Jamaica Customs Department collected an additional US\$3.2 million** after re-valuing under-invoiced imports. Of the US\$3.2 million in additional revenue, US\$2 million was generated from general cargo, while motor vehicles yielded approximately US\$1.2 million. JCD determined that under-invoicing of non-commercial goods was particularly common.

**INDICATOR 3: Number of trade and investment capacity building diagnostics conducted as a result of USG assistance.**

**Target for Year 3: 2**

**Actual to date for Year 3: 5**

1. Request for Proposal to Procure a Commercial Off The Shelf (COTS) IT System for TAJ

With the technical assistance loan from the IDB now in place, PRIDE Jamaica supported TAJ to prepare the Request for Proposal (RFP) to procure a new IT system that will replace ICTAS. The new IT system will enable TAJ to have a system that integrates IT functions across its operational areas. An important aspect PRIDE Jamaica and TAJ began preparing for this exercise in November 2010, when PRIDE Jamaica worked with TAJ to re-engineer business processes for the agency's core tax types. The re-engineering was completed in March 2011, at which time TAJ began discussions with the IDB for a technical assistance loan to support implementation of the tax reform program.<sup>50</sup> TAJ and PRIDE Jamaica incorporated the re-engineered business processes into the RFP. These will guide the technical requirements for the new system.

TAJ established a RFP Working Group that worked with PRIDE Jamaica to prepare the draft RFP documents. In addition to representatives from TAJ, the Working Group included representatives from Fiscal Services Limited (FSL), the Government of Jamaica (GOJ) entity responsible for IT systems support to TAJ. Discussions with TAJ's senior management confirmed that the RFP should be written to specify that a Commercial Off The Shelf (COTS) Integrated Tax Administration System (ITAS) is what TAJ is soliciting. TAJ is in the process of a data cleansing effort to update and correct taxpayer records in anticipation of migrating these records over to the new system after it is procured.

2. Request for Proposal to Procure an Automated Risk Management System for Jamaica Customs (JCD), with CBSI Funding

Risk Management at Jamaica Customs is poorly supported by ICT solutions and is labor intensive. The JCD Risk Management Unit (RMU) is restricted by an archaic proprietary RM System called VIRMS. This current risk management system is code locked and delivers far too many false positives that must be reconciled by the RMU staff. The system does not discriminate risk well and Risk Management is not supported well by current functionality.

As recommended by an earlier PRIDE Jamaica report on JCD Risk Management, a reorganization of the RMU was required to modernize the function of the RMU in accord with international methods including being supported by functional ICT systems. Using CBSI funding, PRIDE Jamaica provided specific recommendations to Jamaica Customs for process re-engineering and has since supported preparation of the technical elements of a Request for Proposal (RFP) to assist with procurement of the ICT platform that will support JCD Risk Management functions.

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<sup>50</sup> PRIDE Jamaica assisted TAJ to develop a fully costed reform implementation plan in July 2010. With strong leadership from USAID/Jamaica, the IDB used this fully costed implementation plan as the basis for the US\$33 million loan to support tax administration reform.

Guided by the PRIDE Jamaica RFP, the Jamaica Customs Department will procure an automated customs risk management system that aligns reengineered processes with the World Customs Organization's SAFE Framework of Standards, the World Customs Organization's Risk Management Guide, the European Union's Risk Management Policy Guide, and risk management systems and techniques used by best practice, modern customs agencies. The solution will be subject to standard Jamaica Government procurement rules and decision criteria.

### 3. Single Window OGA Assessment (with CBSI funding)

Using CBSI funding, PRIDE Jamaica conducted an assessment that established priority participants, Departmental "champions", and created a road map for the achievement of an Other Government Agencies (OGA) cluster as a significant component to the development of the Jamaica trade facilitation single window.

OGA is largely recognized as the most difficult cluster to coordinate in order to achieve national single window status. The assessment included a review of the status of Jamaica's OGA preparedness toward a national single window by conducting an evaluation of the OGA cluster. The OGA assessment included reviews of the following government ministries and agencies:

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### 4. Petroleum Monitoring Unit Framework

Petroleum imports account for approximately 30 percent of JCD revenue collections. Possible abuse in this sector was likely resulting in significant under-reporting of imports with concomitant loss of revenue. PRIDE Jamaica benchmarked the JCD's petroleum monitoring processes and provided a revised operational framework to enable JCD to establish effective monitoring in accord with international best practice. JCD will begin working more closely with TAJ to monitor and control the importation of petroleum and ensure all revenues due are collected.

JCD implemented PRIDE Jamaica's recommendations which include, among others, the use of Standard Operating Procedures (SOPs) and instituting tighter stock controls at the refinery by sealing the valves and being available to break the seals without interrupting the operations of the refinery or deploying a resident Customs Officer. Training is underway for

## PRIDE JAMAICA

Customs Officers to effectively measure products as these are off-loaded from vessels. JCD has also re-deployed personnel to strengthen effective monitoring. During the next program year PRIDE Jamaica will provide further technical training to JCD officers to conduct surveys of bulk petroleum products offloaded at Jamaica's ports. This will enable accurate and efficient verification of the types and volumes of bulk products offloaded and allow JCD to assess the appropriate revenues due and payable on the petroleum imports, and will result in an increase in revenue collection, improved transparency, and reduced corruption.

### 5. Customs Valuation Procedures

PRIDE Jamaica's support to Jamaica Customs to use appropriate transaction methods when applying the customs codes from the World Trade Organization (WTO) Valuation Agreement has assisted Jamaica Customs to establish the framework for a streamlined and predictable valuation processes (Customs Valuation) as a further means of protecting tariff concessions; collecting revenue for the governing authority; implementing trade policy; and protecting public health and safety. As part of this support, PRIDE Jamaica reviewed the Customs Act to identify opportunities to strengthen the enforcement measures available to Jamaica Customs. With support from PRIDE Jamaica, JCD prepared a Cabinet Submission that proposes legislative changes to strengthen these enforcement measures, which will further improve revenue collection and border security.

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### **INDICATOR 4: *Number of Public-Private Dialogue mechanisms utilized as a result of USG assistance.***

**Target for Year 3: 2**

**Actual to date for Year 3: 4**

#### 1. Executive Steering Committee for Tax Administration Reform

The Executive Steering Committee (ESC) oversees the direction of the Tax Administration Reform Program. It includes representatives from the private sector, the Ministry of Finance, labor unions and the Revenue Protection Division. The ESC reviewed and commented on TAJ's draft presentation to the Minister of Finance (in October) in regard to TAJ's proposal to become a semi-autonomous revenue authority.

#### 2. Trade Community System Partnership (TCSP)

The port community's Trade Community System Partnership (TCSP) is a public/private port community stakeholder group that has demonstrated a commitment to improving Jamaica's competitiveness in trade and investment specifically by streamlining and simplifying processes and procedures involved with the importing and exporting of goods. The TCSP

involves a diverse group of stakeholders to include haulage contractors, shipping lines and agents, manufacturers, port operators, customs department, and recognizing the various interest that they may have individually, the group has agreed to allow reform activities to be guided by modernization activities at Jamaica Customs, to, as best as possible, ensure that the goals and objectives of the partnership are in concert with the GOJ's plans (activities) and timelines for import/export reform activities, while creating a process that engages the business community.

Having conducted a detailed and thorough review of the PRIDE Jamaica Import/Export Mapping study, the TCSP arrived at consensus and developed a proposal for the procurement solicitation of an ICT trade solution (port community system) that will reduce the cost and time to import and export.

Through its participation with the TCSP group, PRIDE Jamaica continues to advocate on behalf of the TCSP for a port community system and to leverage resources from other donors to assist the TCSP with the procurement of an integrated ICT platform for trade.

### 3. Single Window for Trade

PRIDE Jamaica supported the Jamaica Customs Department during the conduct of consultations with a private-public trade coalition toward establishing a single window for trade. The coalition comprises key stakeholder representatives from the trade community to include the Shipping Association of Jamaica, the Port Authority of Jamaica Ltd., the Ministry of Finance and Planning; the Ministry of Trade and Investment; the Jamaica Exporters Association, among others.

The coalition offered support and arranged meetings with the respective OGA that were interviewed and assessed during the conduct of the Single Window for Trade preparedness assessment of OGA.

### 4. Workforce Development – Youth Upliftment Through Employment (YUTE)

Through partnerships at all levels, the PSOJ is supporting the implementation of interventions which will impact directly on the lives of young persons who live in inner city communities. The organization is currently working with other private sector bodies through a coalition of the private sector (PS Coalition) and in partnership with non government and governmental organizations to include HEART/Trust NTA, to develop, fund and execute innovative programs. The alliance will build on the good practices of Government and Civil Society.

While there are a variety of initiatives being undertaken by NGOs, Community Based Organizations (CBOs), individual and collective private sector firms, and the government to address the economic, social and physical challenges which have resulted in the social and economic exclusion of residents of many of our inner city communities, the PS Coalition will increase the value of ongoing interventions, and will focus specifically on increasing the employability and the access to employment and entrepreneurship opportunities for young persons in inner city communities.

**INDICATOR 5: Number of microfinance institutions supported by USG financial or technical assistance.**

Based on reductions in funding and in accord with guidance from USAID/Jamaica, PRIDE Jamaica concluded implementation activities in this program area on September 30, 2012. There is no target for this indicator for the current program year.

**INDICATOR 6: Number of changes made to business enabling environment.**

**Target for Year 3: 2**

**Actual to date for Year 3: 5**

1. Risk Management Framework for Audit Case Selection

PRIDE Jamaica worked with TAJ to design a risk-based system to prioritize and select taxpayer cases for audit. PRIDE Jamaica continued its support to TAJ to develop selection criteria for General Consumption Tax (GCT) and Personal Income Tax (PIT) returns. TAJ completed the programming of the schema and applied the protocols against a pilot group of GCT returns. During this reporting period the Forensic Data-mining and Intelligence Unit (FDIU) completed the programming of the Corporate Income Tax (CIT) return selection criteria that it previously developed with PRIDE Jamaica's support.

TAJ completed some minor revisions to the selection criteria and is now incorporating these protocols, along with the previously developed protocols for Corporate Income Tax (CIT) into the Annual Audit Plan (prepared with support from PRIDE Jamaica) for the upcoming 2012/2013 fiscal year which begins April 1, 2012. For the first time, risk selection criteria will enable TAJ to more effectively direct its resources to work those tax compliance leads that are more likely to result in additional revenue collection. FDIU is now able to apply the methodology to segment taxpayer categories and develop appropriate risk criteria for each segment. As a result, TAJ will be able to periodically review and update the taxpayer segments and, if necessary, revise the risk criteria it applies to each of the segments.

2. Revised Cargo Entry Processes at Jamaica Customs (with CBSI Funding)

Following on recommendations presented by PRIDE Jamaica, Jamaica Customs implemented recommendations to discontinue the physical processing of flagged import entries by the Risk Management Unit. All flagged import entries now flow directly to the Valuation Verification Unit for processing. The objective is to reduce processing time on flagged entries and increase time available for greater analysis within the Risk Management Unit at Jamaica Customs.

3. Petroleum Monitoring Measures

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#### 5. Workforce Development – skilled labor added via YUTE (with CBSI Funding)

Working with the Private Sector Organisation of Jamaica (PSOJ), PRIDE Jamaica continued support to the youth workforce development activity (YUTE) that is implemented under a Grant Agreement. The YUTE (Youth Upliftment through Employment) program is being managed by the PSOJ and its development partners and involves an intervention that is committed to working with unattached youth.

YUTE focuses on building technical and social skills, increasing employability, and providing long- and short-term economic and entrepreneurship opportunities for 2,200 young persons in inner-city communities. YUTE is being rolled out in eight such communities during the first phase (February 2011 - January 2013). Over the reporting period approximately 44 jobs were created and 103 youth were trained to enter the workforce.

# ANNEX 4

## JAMAICA GLEANER ARTICLE – LEGISLATION TO BE AMENDED TO ENABLE TAX WRITE-OFF

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### **Legislation to be amended to enable tax write-off**

Published: Friday | September 21, 2012 [1 Comment](#)



**THE GOVERNMENT is to amend two pieces of legislation to allow for the implementation of a tax debt arrears management system.**

Minister of Finance Dr Peter Phillips has said when implemented, the Tax Administration of Jamaica will be able to write off taxes which are deemed uncollectable.

"Like a bank or business, you reach a point where if you have something on the book and you have not collected for three, four, five years, and you have not collected and you deem the debt to be uncollectable, then allow them to write it off, subject to the appropriate approval," Phillips said.

The decision by the Cabinet, which was communicated by minister with responsibility for information, Sandra Falconer, will see amendments to the Tax Collection Act and the Revenue Administration Act.

Dr Phillips said if a debt arrears management system is not put in place, it will result in tax authorities having "an unrealistic notion of what is collectable".

He said when this happens, resources are diverted to the collection of funds which cannot be collected.

"It is really to modernise tax collection, in particular. You have a situation where there is a numerically large

Legislation to be amended to enable tax write-off - News - Jamaica Gleaner..

<http://jamaica-gleaner.com/gleaner/20120921/news/news4.html>

group of taxpayers who have amounts, very small amounts in many instances, which are an overhang. What the tax authorities want to be able to do is to clear out of their books those things that are not collectible and focus their attention on monies which are collectible, some of which represents large amounts," the minister said.

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# ANNEX 5

## DEBT MANAGEMENT'S ROLE IN TAX ADMINISTRATION

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### The Role of Tax Agencies in Government

1. All tax agencies exist to obtain revenue to operate the government. To maximize tax revenue in the long term, taxpayers must be compliant with the tax laws. They must follow all the provisions of the law, starting with filing and paying as required. All of the functions of the Tax Administration Jamaica (TAJ) make a contribution to maximizing taxpayer compliance with the tax laws.
2. The Customer Service function is responsible to ensure that taxpayers know the provisions of the tax law which apply to them and can easily comply with those requirements.
3. The Audit and Investigations functions are responsible to ensure the taxpayer's filed tax returns are accurate, comply with specific provisions of the tax law and that the taxpayer has reported the proper amount on those tax returns.
4. The Debt Management function is responsible to ensure the taxpayer complies with the tax law's most basic requirements - to timely file tax returns and timely pay any tax, penalties and interest due.
5. TAJ's focus has been on generating revenue in the short-term. Lists of arrears cases are scanned for possible payments. Short-term projects are created whose results are not critically measured or compared to the lost opportunity cost of taking staffing away from their assigned duties. Unfiled tax return periods are recognized by the computer system, but there is no effective program for addressing and resolving them.
6. Compliance with the basic filing and paying requirements of any tax law is directly proportional to the amount of emphasis placed on addressing those requirements.

### Taxpayer Non-Compliance with Filing and Paying Requirements

1. Some taxpayers fail to file or pay as the result of an oversight or simple error. Some taxpayers do not know how to comply. Other taxpayers are busy creating and growing their business and do not take them time to learn about their tax obligations. Some know but do not act on the responsibility to ensure the tax matters of the business are handled properly. Some taxpayers intentionally avoid filing and paying tax returns because they are dishonest, engaged in illegal activity, or claim a moral objection to taxation.
2. But the most common cause of delinquency in filing and/or paying is financial difficulty. New businesses especially often begin their operations under-capitalized. Expecting their accounts receivable to be plentiful and pay timely, under-capitalized new businesses quickly begin to accumulate unpaid liabilities of all types.

3. The most egregious of violations occurs when employers use trust funds to operate their business. Trust funds are those monies which are collected by the business (Pay as You Earn [PAYE], ED, GCT and SCT taxes collected from goods sold) and held in trust for timely delivery to the government. Trust funds never belonged to the business, and when the business owner starts to use this trust fund money to operate his business, it is a form of theft. The government becomes an “involuntary creditor”.
4. Taxpayers who experience financial shortfalls are expected to borrow money from relatives, banks or other financial institutions to properly capitalize their business for the routine delays of normal income/cash flow. They may need to streamline operations, reduce costs, legally pursue their delinquent accounts receivable, and take other necessary steps to balance their income and expenses. They should not stop filing tax returns. They should not use tax money to operate their business. However, both of these reactions are typical and predictable when taxpayers encounter financial difficulties, and must be promptly addressed by TAJ if the negative impact to compliance with tax laws is to be minimized.
5. Businesses that are not profitable enough to convince a bank to lend them adequate capital to pay their delinquent tax debt and operate should voluntarily go out-of-business. Because dreams and lives are invested in their business, the business owner usually delays this decision until some creditor makes it too difficult to ignore the consequences any longer. Until the decision is forced, they will go on incurring more and more debt they will never be able to pay, and the creditors will regret not having acted sooner.
6. Taxpayers who are using tax money to operate their businesses usually refuse to acknowledge and properly address the financial reality that their business is not profitable. There are many possible solutions, but it is the taxpayers’ problem and they have the responsibility to do something to solve the problem without resorting to using tax money to operate their business. Compliance Officers have the responsibility to analyze the business and educate the taxpayer on the underlying cause of the delinquency, and ensure that the taxpayer becomes fully compliant.
7. Taxpayers who are allowed to respond to a TAJ contact by using the current month’s taxes to pay some part of old tax debt are being trained to kite money.

# ANNEX 6

## TESTING PRIORITIZATION AND TREATMENTS FOR DEBT ARREARS CASES

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TAJ applied the priority scoring system to the pilot office arrears cases for a test, including treatments for HIGH priority and the Currently Not Collectible (CNC) process. The Customer Call Centre is handling MEDIUM priority cases, and LOW priority cases are not being worked during the test.

On January 30, the first group of HIGH priority taxpayers were assigned to 8 Compliance Officers (CO) for field work. The 8 COs were relieved of all other duties such as Taxpayer Compliance Certificates, reconciliations, etc. Their inventories will be increased by 10 or more taxpayers per week until each Compliance Officer has a maximum of 50 HIGH priority taxpayers in inventory. Then, as a case is closed, a new HIGH priority case will be assigned. Field Compliance Officers inventories should always be held to a reasonable level. For the test, PRIDE Jamaica recommended that the number of cases not exceed 50 per Compliance Officer. The impact of having no administrative enforcement authority is not something PRIDE Jamaica has experienced or can estimate. It is possible that more cases can and should be assigned because the enforcement actions available to TAJ are very limited and most are not complex. The Debt Collection Programmes staff will assist management to determine this based on the results of the test.

The MEDIUM priority cases were assigned to the Customer Call Centre (CCC) for outcalls began the week of February 6. The CCC is uniquely suited to maximize the number of calls and find phone numbers to test the effectiveness of a call site approach to working these cases. Their goal during the test is not to resolve the case over the phone, but rather to notify the taxpayer of the delinquency and explain the added IPS for failing to resolve it, and encourage the taxpayer to go to the pilot office to resolve the matter. CCC employees are not trained in analyzing cash flow or making payment arrangements, and they do not have the staff to engage in long conversations or analysis. If the taxpayer objects to all or any part of the delinquency amount, wants to provide information (or says they have already provided information to someone at TAJ), or wants to pay or enter into a payment arrangement, the taxpayer will be advised to take all relevant documents, go to the pilot office and ask for a specific manager (the Acting Manager in charge of the test). Use of this name will indicate that the taxpayer has appeared in the pilot office as the result of the CCC call, and that will be recorded on the case. The taxpayer will be handled by an available office caseworker. The CCC has its own priorities and may not be able to make calls on all of the Kingston MEDIUM priority cases during the test period. But it should provide adequate testing to estimate the number of employees who would be required to call all of them, and extrapolate to determine what resources would be needed to call all of the nation's MEDIUM priority cases.

Under existing law Debt Collections' challenge is to identify any effective actions the CO can take other than contacting the taxpayer and requesting payment. Unless the taxpayer agrees to cooperate, the only other option remaining requires summons and Court procedures. The staff hours involved in this "treatment" are extensive and the results have historically been less than spectacular. Potential return-on-investment, compliance and revenue gained for the amount of

staff year expenditure, must be factored into the decision to give a case this treatment. Lost opportunity cost (what other cases must the Compliance Officer put aside to do this work) must also be considered. One of the benefits of prioritization is that the cases presented at the top of the scoring should be the most likely candidates for Court proceedings. The reason that inventories were reduced to a manageable size for Compliance Officers working HIGH priority is to provide them with the most important cases, the expectation of resolution and enough time available to take the necessary steps – which might include the Court process. Nevertheless, even if the prioritization system has accurately ordered the cases, there will still be HIGH priority cases that will not justify the summons/Court process. Working through the cases in priority order simply means that there is a scientific method delivering cases to be worked. As they are worked, only some of the cases will justify the Court process. Standard Operating Procedures will evolve to include the conditions that should be considered to make this decision. Except in a rare circumstance, the Court process is not a treatment that should be considered for cases of MEDIUM priority. Cases referred for Court action should have been in the inventory of a Field Compliance Officer (HIGH priority case) to attempt less costly resolution, before the referral is made.

Until the new law with administrative enforcement authority is passed, what happens to those where the Court process expenditure is not justified? Exactly what has been happening before – some additional number of taxpayer contacts will be made to cajole the taxpayer into making some payment. If new laws are never passed, the “call list” will continue to expand to include basically every taxpayer in Jamaica who does not need a Tax Compliance Certificate to operate. After some minimum number of calls, and absent any other methods to cause the taxpayer to comply, the cases need to be declared CNC. There is no magic available for turning old debt into revenue for TAJ.

The LOW priority cases were reviewed by Programmes staff and the advisor to ensure that there were no significant oversights or programming issues with the cases identified. The run was then expanded to include all the Revenue Service Centres (RSC). These are the lowest of LOW priority cases. The Deputy Commissioner General of Operations also reviewed the output and authorized that these taxpayer entities nationwide be marked “Below Deferral” and should be removed from the lists of arrears cases given to the Debt Management supervisors.

Cases identified as LOW priority are below the score deemed worthy of any further expenditure of staff time. When the priority scoring system makes the determination based on a cutoff score established by management, these cases should be marked “Below Deferral” to distinguish them from a manually input CNC1 – which might occur when a case is on a Debt Management list, and the amount due is reduced to below the cutoff before the case has been assigned. LOW priority cases should not be assigned to be worked.

The CNC process will continue to remove uncollectible cases from the current list of arrears cases. TAJ has not yet determined whether an ICTAS suspension code can be slightly reprogrammed to allow CNC and LOW priority cases to be recorded there.

ICTAS markers of some sort would be the best solution at this time. This was recommended by the Information Technology Officer, and will be pursued after the test. The Excel spreadsheet methodology employed by Debt Management now will continue to be used for the test.

But wherever the CNC and LOW priority conditions are recorded, the process needs to result in the removal of these cases from lists Debt Collection personnel are expected to work, and the

## PRIDE JAMAICA

removal of these cases and their balance-due total amounts from the reports provided to the Ministry of Finance and/or used to set targets.

The Debt Collection Programmes Manager is charged with oversight of the pilot test and reviewing the results. Based on the test results TAJ can incorporate changes that may be needed and implement the new procedures nationwide.

# ANNEX 7

## DEBT MANAGEMENT HANDBOOK

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### PART 1

# FINANCIAL ANALYSIS AND COLLECTION INTERVIEW TECHNIQUES HANDBOOK

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A GUIDE  
FOR  
COMPLIANCE OFFICERS

*TAX ADMINISTRATION JAMAICA (TAJ)*

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PRIDE Jamaica Project, funded by USAID

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## 1. Introduction

This handbook will identify some of the collection challenges encountered by the Tax Administration Jamaica (TAJ) Compliance Officer and focus on a proven technique to assist in solving some of these problems. This technique, the use of the Collection Information Statement (CIS) to obtain critically important financial information, is an excellent guideline for a productive interview of either an individual or the responsible parties of a company. Therefore, this technique is helpful in addressing the problem frequently encountered that can be described as: "the financial inability to currently pay the tax arrears." It is very similar to the bad debt process that Banks and other financial institutions use in their loan and collection process. Insurance companies often use a similar process before granting loans based on the value of their insurance policy to policyholders. Other businesses (individual entrepreneurs, companies and partnerships) use a similar process to obtain financial information from creditors who have incurred a significant delinquent balance with them. Therefore, many taxpayers are actually familiar with the process before the collection Compliance Officer approaches them.

## 2. Significant Problems Encountered in Collecting Tax Arrears

Successful tax administrations choose tax debt collection procedures that are the most cost effective. These procedures usually apply to a large percentage (as high as 50%) of the tax debt. They include techniques like sending notices and letters by mail and seizing taxpayers' assets. Unfortunately, there are circumstances that may cause the tax arrears account to remain unpaid. These include:

- a. Inability to locate taxpayer.
- b. Questions regarding the correct tax liability amount.
- c. Financial inability of the taxpayer to pay all or a part of the tax assessed.

### 2.1 Location of Taxpayer

One of the primary objectives of the Compliance Officer is to find the taxpayer and have the taxpayer pay their tax amount due immediately. Every administrative effort should be made by the Compliance Officer to locate the taxpayer before deciding the tax debt is not collectible. Location of the taxpayer using field contact methods is a very expensive process and should be used after the in-office location efforts are exhausted.

One Collection office in another country took the time to list and document the efforts that they took to locate Non-Registered Taxpayers (Non-filers). These efforts were successfully used in locating 110 companies that were not registered with the Tax Office. They began their quest with registration lists gathered from other government agencies, both local and national. They compared these lists to the names of the taxpayers that were actually registered in their collection district and identified those taxpayer company names that were not registered in their district office area and then began their location efforts. These included contacting:

- **Banks** -- this may be a good contact. Usually the company had opened a bank account in the geographic area where they operated their business. (Incidentally, this information was provided in diskette form by the bank so that the Tax Office could more easily research the information.) Sometimes they found that the company had terminated their bank account

and had moved to another area. The Tax Office received the taxpayer's new address from the bank on these cases.

At other times, they found that the business was closed and the corporate directors had formed another similar business. This information was also provided and contact initiated.

- **Licensing Officials** -- the next most successful source to locate taxpayers and/or assets and income information is licensing or other government registration offices. Most companies are required to register with various government offices before they were permitted to do business. Obviously, this is a good location lead. If the information maintained by these agencies is computerized this will make the task more productive and efficient.
- **Other Tax Offices and Agencies** -- frequently the information needed by a Compliance Officer will be maintained by another tax office or Customs, and in some cases by the same tax office but in another location or database. Obviously all internal sources that have proven to be fruitful in the past should be checked early in the collection location process. Letters or telephone inquiries to adjoining tax offices to see if the company had moved to their jurisdiction can also be productive.
- **Pension & Other Social Funds** -- information about the company and the social or pension funds can be a valuable source of pertinent data.
- **Territorial Sweeping** -- Compliance Officers can use variations of this practice to walk through business and commercial areas where the taxpayer is located or formerly was located.
- **Other** -- there are many other ways to locate taxpayers. Several immediate examples of places to secure information are from Postal, Telephone, Real Estate and Motor Vehicle Registration and internet search sites.

These locator service examples are provided as a potential model for your use. It may be adjusted to identify novel and specific ways unique to your area to locate taxpayers.

## 2.2 Dispute About Correctness of Arrears

Both the Audit and the Collection functions often encounter this issue of disputed liabilities. When the doubt relates to the original tax return filed, the recording of subsequent payments and/or the correct interest and penalty amounts, it is the responsibility of the Compliance Officer to resolve these issues. They may have to seek assistance from other functions of their office to complete this effort. If the issue is one that emanated from either an office or field audit, then the Audit function should be the one to reconsider the tax or explain the tax arrears to the taxpayer.

This dispute can be swiftly solved if it simply involves the tracing of a single payment through a bank. It becomes much more complex if it involves several tax payments, several returns and a variety of sanctions. It may also be very complex if it involves an older audit, where the records are not readily available. Nevertheless the Compliance Officer must resolve this doubt one way or the other and collect, adjust, or abate the tax arrears.

An unresolved doubt about a tax liability has a negative effect on the taxpayer's future compliance with tax laws. It may also affect others that the taxpayer contacts (it could reach epidemic proportions if the taxpayer is a business leader.) This is a significant problem in Jamaica as it is in other countries. Nothing is more embarrassing to a Compliance Officer than finding that the taxpayer really does NOT owe the amount of tax that they are trying to collect.

## **2.3 Financial Inability to Pay all or Part of the Arrears**

The first two of these circumstances (**Location of taxpayers** and **Dispute About Correctness of Liability**) discussed above must be dealt with using procedures prescribed by TAJ. The remaining circumstance, alleged inability to pay all or part of the tax, is the central subject of this handbook.

### **2.3.1 Arrangement Contract**

If a taxpayer is unable to pay in full the entire amount of tax assessed, it may be desirable to enter into an arrangement to make periodic payments that will result in full payment of the arrears. This is not a right of the taxpayer, but a useful administrative procedure granted to the taxpayer by the Tax Department and administered by the Compliance Officer.

### **2.3.2 Full Payment at a Later Date**

It is possible that a taxpayer, at the moment of contact, does not have the financial ability to pay any part of the tax debt, but at a specific date in the future can make full payment. These extensions of time to pay may range from a few days up to one or two months. The main purpose of these "short term agreements to pay" is to assure that current taxes are timely paid. The specific future payment date should be specified, agreed upon and recorded, with the assurance that other enforced collection steps will be taken if payment is not received according to the terms of the agreement.

In order to underline the importance of this agreement to pay it is important to gather and record at least some pertinent financial data on the Collection Information Statement.

## **3. Collection Information Statement (CIS)**

In any of the situations identified above and the other situations (bankruptcy, currently not collectible), it is necessary for the tax authority to possess accurate information concerning the entire financial condition of the delinquent taxpayer. Compliance Officers must follow uniform practices to obtain and record financial data. This will ensure a higher degree of quality and uniformity of decisions made to enforce collection through seizure of income or property, deferral of collection, or the acceptance of an Arrangement Contract to pay. The Compliance Officer will find that the CIS provides an excellent outline for a structured interview with a responsible officer of the company. It can be used in the office or in the field. The CIS is also helpful in discussing the tax arrears over the telephone with the taxpayer or their representatives. The CIS is covered in detail later in this handbook.

## 4. Sources of Financial Data

There are numerous sources of financial and other information that the Compliance Officer may wish to explore before discussing the tax debt with the taxpayer. This should be part of the planning process (discussed below in Section 5) for this interview. They include but are not limited to:

### 4.1 Tax Administration Data

A valuable source of information is the Tax Administration's own records that exist in the local office or in central Tax Department files. Especially in the case of companies, much vital information is filed with tax documents and should be secured before the interview is conducted.

Business **balance sheets** reveal the general description and account balance of assets and liabilities of the taxpayer. Of particular relevance are assets that are liquid. This includes cash on hand or in bank accounts, inventory of all types -- raw materials, work in process-- and finished goods. Accounts receivable may also be a liquid asset. Although less liquid, movable assets are important to consider. One of the primary categories of movable assets that are important in collecting tax delinquencies is motor vehicles. Other movable assets may also be a valuable source for collection.

The balance sheet also reveals **liability accounts**. The nature and balances in these accounts will assist in making a decision of the capability of the taxpayer to make a single payment to settle the tax, or whether it is only feasible to collect through a deferred collection or a series of periodic installments.

The **history** of prior filing patterns for tax declarations and payment record for earlier tax debt accounts will reveal the taxpayer's historical, financial condition. In addition, if prior tax arrears existed, data obtained during the earlier investigations could be useful if they are still in the file. Finally, the means of *collecting past tax delinquencies may assist in developing the potential strategy to collect the current tax arrears*.

**Registration Information**, which the taxpayer has filed with the tax authorities, may also provide important data to the Compliance Officer regarding the taxpayer's ability to pay.

### 4.2 Financial Institution Data

You can also gather important financial information from banks, insurance companies, credit bureaus, published financial reports and industry association's general information. *Some information may be available from banks even considering the current Jamaican Bank secrecy laws*. Banks are in the business of granting loans and may have one with the taxpayer. The files maintained by these banks will probably contain lists of assets, records of past income and general information relating to the risk exposure of the bank in making the loan. Insurance companies will have specific descriptions of property that they have insured. In addition, they know where the property is located and the value of the property. They may also have other significant information if the taxpayer has obtained a loan against the loan value of their insurance.

### **4.3 Taxpayer Interviews**

Interviews of the principal owners, managers and founders of the taxpayer enterprise are a valuable source of financial information. In the case of an Individual, the taxpayer should be interviewed. The taxpayer's books and records are also a very valuable source of information. The Compliance Officer's skillfully conducted interview of the taxpayer and other parties will usually provide a wealth of significant financial information.

### **4.4 Other Government Agencies**

Most government agencies that provide licenses also gather pertinent addresses and some financial information. Licenses are required, in many countries, for several professions (doctors, lawyers, barbers, beauticians, engineers, etc.) and many regulated trades or businesses before they begin work. These licensing authorities generally require that the applicant provide financial information as part of the application process. They also may require periodic financial update reports. In addition, the licensing authority may have conducted a recent investigation of the taxpayer that would reveal important financial data. *Ideally, this information could be obtained on diskette or through computer terminal access to the data.*

### **4.5 Utilities**

Records of utility use and payment can provide information on the financial condition of the taxpayer. Electric or water consumption, if on a meter, may be an indicator of a growing or declining business. Customer account information at the utility companies will often reveal delinquent payment on their bills also. This may indicate the presence or severity of financial problems. If the debt is significant and old they may even have acquired tax information from the taxpayer or third parties.

### **4.6 Suppliers, Customers and Neighbors**

All those who are in frequent contact (suppliers, contractors, customers) with the taxpayer either as a part of the business or as one who resides in the same location (neighbor or landlord) as the taxpayer may provide relevant information about the taxpayer's bank, business affairs or ability to pay.

## **5. Interview Techniques**

*The Debt Management function must have an effective interview procedure to get the most out of each contact with the taxpayers and third parties! It is an opportunity to gather information that may lead to collection of the tax arrears and educate the taxpayer regarding future compliance. Interview skills come naturally to some individuals but most of us can always refresh or improve our skills. An ineffective interview conversation wastes time and can be very unproductive. Therefore, it is imperative that each office be staffed with Compliance Officers who are trained in using effective interview techniques to collect tax delinquencies and related, sanctions and for delay amounts. Improving their interview techniques to the maximum enhances each Compliance Officer's professionalism. The objective of this document is to provide interview techniques that will enhance the skills of the individual Compliance Officer.*

## 5.1 Interview Steps

Five steps enhance and produce effective interviews. These include: (1) Planning the conversation; (2) Using effective listening techniques; (3) Controlling the contacts; (4) Providing technical skills and (5) Summarizing and closing the *conversation*. *Individually these steps are helpful, but gathered as a "group" they become a powerful set of techniques that produce a successful interview.*

### 5.1.1 Planning

Careful planning of the impending interview **before** you initiate the contact is important. This planning provides you with knowledge of the taxes due, the attempts to contact the taxpayer, previous conversations (if any) and other related information (like the success of attachment of bank account). It provides the necessary confidence for timely and professionally managing the interview. Confidence is the result of in depth knowledge of the case and the knowledge that you are prepared to deal with the taxpayer. This has a direct bearing on the length of the interview for it provides the ability to explain the tax situation to the taxpayer and thereby reduces time spent with the taxpayer. It gives you a significant edge in the contact.

There are five important steps for effectively planning any conversation, whether it is a personal interview, telephone or other contact. These steps include:

- *Review the tax arrears case file and all of the related **office "history"** that is available.*
- *Determine **what you need** (information, payment of a specific number of Jamaican dollars, etc,) from the taxpayer to close the case.*
- *Determine the **questions** that you need to ask during the interview. Briefly, outline them before you begin the conversation.*
- *Determine with **whom** you wish to/can speak*
- ***Organize** your thoughts so that you can fluidly move from one thought to the next while maintaining control of the conversation.*

During your review of the tax arrears case file (folder) look specifically for prior promises made to pay. The tone of the conversation may be considerably different if the taxpayer has made a series of promises to pay or provide information and has not kept them. In this case, you may want to be very firm at the beginning of the conversation and explain the next steps that will be taken if they do not keep their promise.

Your review of the case file should also assist you in listing the items you need from the taxpayer to close the account. This will assist you in determining an approach to the conversation and identifying the type of questions that you want to ask during the telephone interview.

When you are working with a company taxpayer you will need to determine who you would like to talk to: the company's primary manager, the accountant, the financial manager, one of the primary founders, the person who prepared and signed the tax return or another person. If your thoughts are well organized and the conversation has gone as planned, you will have agreement at the end of the conversation. It is often wise to **summarize the agreement** and

ask the taxpayer if what you stated is correct. If your summary is correct, you should enter that information (*full payment date, arrangement payment dates, planned appointment, information mailing, etc.*) in the case file history.

Obviously, you are not always successful in talking to the person you wish to interview, even when you have an arranged appointment. Nevertheless, do not waste the interview. You should consider an alternate interviewee in case your primary person is not available or you may identify a more appropriate time for the interview with others in the business office while informally finding out some important information about the individual or company. Often your questions identify the cellular telephone number of the person, or the identity of a key friend or relative—information that might be helpful to contact the taxpayer in the future. Usually, third parties can be very helpful in providing critical collection information,

It is worth re-emphasizing that a well-organized and well-planned interview is usually a successful interview. When you have outlined the questions and follow that outline (especially the CIS format), you manage the conversation flow and it usually follows a logical order. This usually produces the answers/solution that you need. *A disorganized interview becomes confusing to all involved, and therefore is unproductive and overworked.*

### **5.1.2 Active Listening**

A common taxpayer complaint with tax departments in most countries is that the tax officials do not actively listen to what they have to say. While this usually is a true statement of fact, the lack of communication is often caused by the use of terms that are unfamiliar to one or both of the parties. At other times, the interviewer may be focusing too much on their own thoughts and objectives to listen to the taxpayer. It is important to change that situation. *Some of the personal needs of the taxpayer are identified below so that the Compliance Officer may better understand and improve effective communication. Many taxpayers wish to:*

- Feel **comfortable or assured**—they want to know why we are asking questions or taking a specific course of action. They need to know that the situation will be addressed/taken care of. They also need to know what actions are planned if they do/don't keep their promise.
- **Receive fair treatment**—no one wishes to be taken advantage of, or treated unjustly. Your manner should assure them of fair treatment.
- Be able to **express oneself freely**—the taxpayer wants to talk without being interrupted or contradicted.

You can easily test how difficult it is to listen attentively. Select a brief story and tell it to the person next to you, who in turn tells it to the person next to him, who in turn tells it to the person next to him. By the time the story travels through four people, the initial storyteller will not recognize the story as the one that he originated. Active listening is very hard work. It is a skill that you develop through constant practice.

Let's explore some of the things that interfere with our ability to listen. One of the major blockades is the inability to concentrate on what is said. Many find that taking notes helps to focus on the answers. Note taking is also helpful in overcoming another problem, low retention rate. Psychologists have proven through laboratory testing that we **retain only 75% of what is said after 10 minutes and 50% after 24 hours**—so notes help us improve those poor retention

numbers (this underscores the important of good **Case History Record** discussed in the previous lesson!).

Another barrier to effective listening is our discomfort in requesting that a statement be repeated. If we did not hear the statement thoroughly, or did not understand the answer, it is imperative that we ask that the taxpayer repeat the statement. Since the mind races ahead of the speed of talking we often jump to a conclusion that may not be correct. It is much too easy to let our listening speed overrun the rate of speaking. It also is very easy to assume something. An assumption or inference from a statement that is not completed can make us feel very foolish when what we assumed does not happen.

*There are additional points to cover that will lead to more successful interviews. If the taxpayer has a habit of speech, or accent that we are not familiar with, we may not listen carefully to what is said. That is especially true if they are an immigrant or from a part of Jamaica that we are not personally acquainted with. We all have some prejudices that get in the way of our listening also. Not all of these relate to the manner of speaking, but they are very definite barriers. Remember that we have the advantage when we interview a taxpayer in person. We can see their "body language," see the level of their emotion through facial expressions and view how the taxpayer is reacting so it is important to use these advantages to reach our interview goals. Once we have mastered active listening we can probe for needed responses.*

- **Probing.** *Part of the reason emphasizing listening skills when we talk about interviewing is that it is an important precursor to use of probing techniques. Probing generates information or action that we need to close the case. There are three important parts of probing:*
- **Ask open and closed questions.** *The open question invites the speaker to keep talking and say as much as he or she wants to. On the other hand, the closed question shortens the conversations by forcing the speaker to respond with very short answers, like yes or no.*
- **Use focused questions** *(who, what, when, where and how—NEVER why) to obtain specific information that you need. "Why" seeks an opinion and not a statement of fact. In most arrears cases opinions are not very helpful.*
- **Order your questions** *so that you receive sequential information. What happened first, second, third, last? Have the person describe a series of events in the order in which they happened where part of that answer is very important to reach your conclusion about who is responsible to pay the tax or is liable for it, etc.*

### 5.1.3 Controlling

To assure that the interview is productive, it is important to maintain control of the conversation with the taxpayer. To help you in controlling the interview you should be courteous, maintain an even, calm, tone of voice, exhibit empathy to the extent possible and exhibit a positive attitude. Respect for the taxpayer includes treating them, as you would like to be treated if the roles were reversed. Even when the taxpayer becomes upset or irate it is important to maintain a calm approach.

Usually the taxpayer becomes irritated when we repeatedly ask for the same information. They may also not like what was said to them or feel that the information provided differs from a prior answer and therefore is unacceptable. If we succumb to yelling back at the taxpayer, we will lose total control of the discussion and our professionalism as well. If we can remain detached

and not take the taxpayer's comments personally, we are in a much better position. Try to listen to the complaint, without letting the taxpayer ramble or insult you, even if you have to end up terminating the interview. Your well-modulated tone of voice normally has a positive impact on the taxpayer and they then may respond with the same tone.

Never talk down to the taxpayer. If the taxpayer has truly had a bad time with the Tax Department of Jamaica, an apology will often short-circuit their anger and aid in regaining control of the discussion. A well placed, heartfelt apology lets the taxpayer know that you are concerned about their specific situation and you're willing to do all possible to correct the situation or explain it to him.

Be empathetic to the taxpayer's problems. This will assist you in understanding the taxpayer and help your communication process. Recognize his feelings, for that confirms that you are listening carefully to what is said. It is then much easier to rebut taxpayer objections when necessary. The taxpayer may not wish to pay the arrears in full, file the tax return or perform some other action that you or the law requires but that is the action that you must generate. Empathy helps that course. Always project a positive attitude when dealing with the taxpayer. This attitude impacts the taxpayer positively and causes him to reply in kind.

*Compliance Officers should separate themselves from the possible negative feelings that may occur after dealing with a difficult taxpayer. Take positive steps to forget the last contact and begin the next interview. These steps may be as simple as taking a deep breath and relaxing for a few minutes. Even a smile or thoughts about how you handled the taxpayer and kept your "cool "sometimes helps you move on.*

#### **5.1.4 Technical Skills**

*Compliance Officers should be confident during an interview. They should also possess good technical skills to assure that each situation is handled calmly and professionally. To conduct an effective contact with the taxpayer you should:*

- **Probe** enough to reach a timely resolution of the account.
- Be very specific throughout the interview. Give **clear and concise instructions** so that the taxpayer knows where to deliver or send his payment, documents or other material.
- Advise the taxpayer of the **serious consequences** that will occur if they do not comply with the agreement that the two of you have reached.
- Assure that the taxpayer is **complying with other obvious tax laws**. It is so much easier to have one contact cover all the tax arrears, rather than make a second telephone call or visit at a later date—that detracts from the appearance that you are well informed *and interested in their tax situation*. *The goal is for one contact with the taxpayer will complete all necessary business.*
- Be **firm and fair** with the taxpayer. You will gain his respect in this manner and possibly his future compliance with all tax laws.

Equally important are the **things that you never should do** during an interview. Assure that you:

- Never use office or Tax **jargon**. Such words and abbreviations may be very meaningful to you, but they will mean nothing to the taxpayer.
- Do not ask the taxpayer the same question repeatedly.
- Do not hesitate, not knowing what to do to resolve the account will make it impossible to reach resolution.
- Stay away from the use of long pauses during the conversation—the taxpayer may become distracted and leave or accept telephone calls.

### 5.1.5 Summarize

- This may be the most important portion of any contact. How you end the conversation will remain on the taxpayer's mind for the longest time. Closing the interview quickly, professionally and courteously will leave the taxpayer with a very positive image of you and your office. Make sure and give the taxpayer an opportunity to ask questions. Also, it is **wise to re-confirm any agreements made during the interview and the reiterate the time frame** in which they must be carried out. Carefully apprise the taxpayer of enforcement actions that will be taken if he does not comply. Do this in a firm, informative manner rather than in a threatening way.
- A summation of the interview with particular attention to the expectations, key dates and agreements must be entered on the **Case History Record** and retained with the case file.
- You have now acquired the information needed to make your interviews and other contacts much more successful.

## 6. Using the Collection Information Statement (CIS) as an Interview Outline

The Collection Information Statement is an excellent outline to use in conducting an interview with the taxpayer and gathering financial information. This tool assists the Compliance Officer in methodically gathering important, significant information from the taxpayer. It places the Compliance Officer in control of the type of information gathered from the taxpayer. It prevents the taxpayer from clouding the issues such as, providing questionable accounting balance sheets and other documents that do not clearly indicate their true financial situation.

In many Collection Seminars held for tax officials attendees confirmed that the statements that taxpayers provide are usually self-serving and inaccurate. They agreed that a comparison of the statement that the taxpayer prepared to secure a loan differed dramatically from the one that the Collection Officer receives to support the taxpayer's inability to pay their tax liability. These Compliance Officers and Managers favored using the concept of Compliance Officer's personally gathering financial information and completing their own statement, a Collection Information Statement, for delinquent taxpayers.

The Collection Information Statement should be used as an outline for the taxpayer and/or third party interview. The length and content of the forms should not be a barrier or excuse as close

examination will reveal that by using this CIS form the taxpayer interview can be conducted more effectively and efficiently.

## 7. Preparation of the Collection Information Statement (CIS)

### 7.1 *Process for Collecting Tax Debt Accounts for Full Payment*

- *If full payment is not received, obtain financial data, through taxpayer interview, on the appropriate Collection Information Statement.*
- *Conclude the action by arranging to obtain full payment of the tax arrears.*
- *Establish periodic, installment payments under a simple Arrangement Contract.*
- *Begin the process of enforced collection action including use of a Levy Warrant.*
- *Recommend that taxpayer be considered for restructuring his tax debts, if taxpayer meets the criteria.*
- *List the tax debt arrears account as currently not collectible (bad debt) and place the arrears account on a special arrears list designed for that purpose (note the account for reactivation and review within 18 months).*

### 7.2 **The Collection Information Statement for Companies**

**7.2.1** The Collection Information Statement for Companies is designed to obtain detailed and pertinent information about business assets, business liabilities, and financial transactions. The purpose of the information is to determine the best means to collect the tax debt arrears in the shortest possible time. Payment may be made immediately from cash reserves or from the liquidation of assets. Use of some assets as collateral for a loan may be identified as the best way to pay the tax debt arrears. *Be alert for taxpayer identification of an asset or other source of money to fully pay the tax liability. If that happens, you may wish to stop the interview and arrange for the taxpayer to pay the account(s) in full.*

**7.2.2** The information statement may indicate that the best resolution of the case is entering into an Arrangement Contract. Or the information statement may reveal that the financial situation is hopeless and that it is time to immediately enforce collection through seizure (attachment) and sale of the company's assets.

**7.2.3** If the Compliance Officer feels that an Arrangement Contract may be appropriate for payment of business tax debt arrears they must carefully examine the situation much more closely than a similar contract for an individual taxpayer.

**7.2.4** The Compliance Officer must be sure that the business is viable and that it will not continue to incur tax debts which it is unable to pay. If the financial analysis indicates that the business is not likely to earn the revenue necessary to pay the current taxes and a reasonable amount on the tax debt then an Arrangement Contract is an inappropriate option.

**7.2.5** The data contained in the Collection Information Statement for Companies should be complete to assist in a meaningful assessment of a viable means to pay. In cases where the requested information is not applicable, the appropriate space on the statement should be noted as "Not Applicable", "N/A," or "None." Since the statement should be signed under penalties of the false document law, the information must be materially correct (to the best of the taxpayer's knowledge and belief.).

### **7.3 Section I - Vital Ownership Information**

**7.3.1** During this interview process you will often find that the responsible officer, director, representative, etc. will inadvertently provide important information regarding the company. They may identify subordinate organizations, *company villas, vacant buildings, or other information that might be helpful in collecting the tax debt arrears. It is wise to listen attentively during the interview.*

#### **7.3.2 Descriptions for this Section:**

- **Line 1 - Name and Address of Enterprise** -- enter the complete name and address of the enterprise. If the enterprise has several locations, enter the headquarters office address first and then identify the other locations.
- **Line 2 - Enterprise Telephone Number** -- enter the telephone and fax number of the enterprise. Also secure the Email Address and Website if available.
- **Line 3 - Type of Enterprise** -- check the block that best identifies the type of enterprise: single owner, partnership, company.
- **Line 4 - Name and Title of Person Interviewed** -- record the name and title of the individual (or individuals) that provides the information for this statement.
- **Line 5 - Registration Number (TRN)** -- enter the number that was assigned the enterprise when it registered.
- **Line 6 - Major Business Activity** -- enter the major category of business engaged in (manufacturing, sales, transportation, etc. of the business).
- **Line 7 - Owners, Partners, Officers, Directors, and Major Stockholders** -- include information on all partners or shareholders who have more than a 5% interest in the enterprise. In addition, make sure to list and identify the General Manager or any other person who is responsible for decisions regarding filing of tax declarations and payment of taxes among those listed in this section. (Obtain mobile telephone number if the individual possesses one.)

### **7.4 Section II - General Financial Information**

#### **7.4.1 Descriptions for this Section:**

- **Item 1 - Latest Filed Tax Returns** -- enter the last return the taxpayer filed and the type of tax, the form number, the tax period, and the net income before taxes on the return.

- **Item 2 - Bank Accounts** -- identify all bank accounts maintained by the business by name and address of the bank where they are held. Specific information for each bank must include the type of account, the account number, and the current balance.
- **Item 3 - Bank Loans** -- list the bank's name and address which has loaned the taxpayer funds. Specifically, enter the amount owed, and the monthly payments expected on the loan.
- **Item 4 - Safe Deposit Boxes** -- identify all safety deposit boxes rented or accessible to the business. List the bank, its location, the box number and the contents of the safety deposit box. (This is an *important question* because sometimes-valuable documents or assets are stored here.)
- **Item 5 - Real (immovable) Property** -- record all immovable property that the enterprise owns or any real property in which it has a legal interest on lines a, b, c, d. If the enterprise owns more than four immovable properties, attach a continuation sheet and list them. Describe the property, its use, and the type of ownership. List the complete address of the property.
- **Item 6 - Insurance Policies** -- list each life insurance policy which lists the enterprise as its beneficiary. Include the name of the insured, the company issuing the insurance policy, the policy number, the type of policy, face amount of the policy, and the cash surrender (loan) value. Often the interviewee will not have this information during the interview. Have him telephone you and provide that information at a later date. [NOTE: at this time, few Jamaican businesses may have this type of insurance policy, but these types of policies could be used more frequently in the future.
- **Item 7 - Additional Financial Information** -- enter any pertinent and frequently unusual information regarding to the financial condition of the business (e.g., pending or anticipated court proceedings, current or planned bankruptcy, etc.).
- **Item 8 - Accounts/Notes Receivable** -- list all accounts and notes receivable. Include any loans to stockholders or provided to other insiders. Provide complete information regarding the debtor's name, address, amount due, date due and the current status of the account. This is a very important source for payment of tax through seizure (levy) upon assets owed to the taxpayer by third parties.

## 7.5 Section III - Asset and Liability Analysis

**7.5.1** This analysis section also includes any other assets owned by the business and a listing of liabilities. Specific and complete information is necessary to enable an accurate analysis of the financial condition of the business. The Analysis Section is critically important to the interview and payment of debt process. This section of the CIS is divided into eight columns and twelve lines.

### 7.5.2 Descriptions for this Section:

- **Line I - Cash on Hand** -- enter the total of all Jamaican dollars on hand. If there is a prior legal claim against the cash, enter the amount in the liabilities column (c) and the name of the person who has legal claim in column (f).

- **Line 2 - Bank Accounts** -- list all amounts on deposit in banks or other financial institutions. If the institution has any legal claim against such amount note the amount of the claim in the liability column (c) and the name of the institution in column (f). If the bank account history shows significant variations in the account balance, use an average of the last three months' balances. The information should be footnoted as the "average balance."
- **Line 3 - Accounts and Notes Receivable** -- include the sum of the receivable (item 8, page 3) reported in the accounts/notes receivable entry of Section II.
- **Line 4 – Securities** -- enter the total value of all stocks held. Stocks should be valued at the current market value less the transaction cost. Closely-held stocks must be valued by considering the company's current financial condition through examination of the enterprise's tax return, the net worth of its assets, and its earning power and dividend record
- **Line 5 - Insurance Value** -- life insurance policies for the enterprise are listed at their "cash value," (i.e., the amount which can be borrowed on the policy.)
- **Line 6 - Real Estate (Immovable Property)** -- enter a very brief description of the property in line 6 a, b, c, or d. These lines should relate to the corresponding lines in Section II, Item 5. a, b, c and d on page 3. If the property is jointly owned, note in column (f) the name and address of any joint owner and the percentage of ownership for each of the owners. Use a continuation sheet if necessary.
- **Line 7 - Vehicles** -- list each vehicle owned. Use continuation sheets if more vehicles than owned than the three provided for. Obtain the current market value from a "blue book" or similar information source used by banks and others to secure loans on the vehicle.
- **Line 8 - Equipment and other items** -- the ownership of machinery and equipment used by the enterprise is reported in this section. This could be a long listing that will be completed on a continuation sheet. Use the current market value of the asset, not the book or the depreciated value.
- **Line 9 - Merchandise Inventory** -- list the current market value of all merchandise in inventory, including that which has been paid for and shipped but not received. Any encumbrance of the inventory should be noted in the liabilities column (c) and the information about the lien holder in column (f).
- **Line 10 - Other Assets** -- Include a description of all other assets with a value of more than 100 Thousand Jamaican dollars (this amount may change based on the value of the Jamaican dollars).
- **Line 11 - Other Liabilities** -- Include amounts owed which are not reported above with a description of the purpose of the debt, to whom the debt is owed, and the amount of monthly payment.
- **Line 12 – Totals** -- enter the total for each, [(b), (c), (d) and (e)] column. The total amount of monthly payments is of special importance in establishing a part payment contract.

### **7.5.3 Explanation of each related column is provided below:**

- **Column (a) Description** -- this column provides a brief description of the line item.

- **Column (b) Current Market Value** -- this column identifies amount an article will produce in an exchange between a willing seller and a willing buyer. This amount has no direct relationship to the original cost of the asset. Depending on the type of item, it may have a depreciated or appreciated value when compared to its original cost.
- **Column (c) Balance Due on Loan** -- this column's entry is the current balance of the liability, including accrued interest charges, penalties, or fees.
- **Column (d) Equity in Asset** -- the current market value of the asset less the balance due is entered in this column.
- **Column (e) Amount of Monthly Payment** -- list the payment to be made each month. If payments are made on other than a monthly basis, enter amount and footnote the payment arrangement.
- **Column (f) Name and Address of Lien/Note Holder** -- Include the current mailing address and telephone number, if known.
- **Column (g) Date Pledged** -- enter the month and year in which debt was incurred.
- **Column (h) Date of Final Payment** -- enter the month and year when debt is scheduled to be paid in full.

## 7.6 Section IV - Income and Expense Analysis

**7.6.1** The income and expense analysis is the key to determining how much the enterprise can pay on the tax debt. It is also valuable information to help project the future capabilities of the enterprise --to determine if it is a viable business. Careful consideration of the income stream will assist in estimating the ability of the business to flourish or to survive. The Compliance Officer, through this analysis should assure that the expenses are truly necessary enterprise expenses or they are nice to have items. If the expenses are necessary, then the amount of net profit produced should be a solid figure that will be instrumental in determining if the tax debt arrears can be paid in full or in part. It will serve as a good beginning for a conversation regarding the time and method of payment of the arrears.

**7.6.2** The first unnumbered block under this section begins with the words: "The following information applies..." is designed to capture the period of time that the information listed in Section IV relates to. Usually this will be a calendar year, but some companies may operate on a fiscal year. For calendar year periods enter "January 1<sup>st</sup> to December 31, 2010" if that is the period involved. If it is a fiscal year enter the appropriate dates: FY 2011 from July 1, 2010 to June 30, 2011.

**7.6.3** The second unnumbered block in this section asks for the "Accounting method used". Enter the appropriate term, accrual or cash, in this block. To facilitate analysis, Section IV is divided in two equal halves with the income items listed on the left side and the expense items entered on the right side.

#### 7.6.4 Descriptions for this Section:

##### ➤ **INCOME**

- **Line 1 - Gross income from Sales, Services, Etc.** -- enter all sources of income before rebates or offsets are subtracted.
- **Line 2 - Gross Rental Income** -- enter all rental income received. This is the amount before any deductions are taken for expenses.
- **Line 3 - Interest Income** -- enter the amounts received as interest. Identify their major source, if available.
- **Line 4 - Dividends** -- enter the earnings derived from stock, insurance and other similar holdings.
- **Line 5 - Other Income** -- enter the specific type of income based on where it was derived from on the specific line provided. If there are more types of income than the lines available, attach a continuation sheet and enter the information.
- **Line 6 - Total Income from Sales** -- enter the total of each column (lines 1 through 5) in this block.

##### ➤ **Expenses** *(Include only those legitimate expenses that are directly attributable to the creation of income).*

- **Line 7 - Goods, Materials and Services Purchased** -- enter the cost of raw material (cloth, fabric) or other items (lumber) consumed in the business or used to produce goods or other products.
- **Line 8 - Net Wages and Salaries Paid** -- enter the fixed (hourly, weekly, monthly) total payments made to employees. Also enter the total number, both part time and full time, of employees on staff within the parenthesis. If this fluctuates, enter the average monthly employment.
- **Line 9 - Rent** -- enter the payments that the enterprise makes to lease buildings, trucks, airplanes, etc. for the enterprise.
- **Line 10 - Allowable Installment Payments** -- enter those expenses that you, the Compliance Officer, approve. These include those installment payments that you feel directly contribute to the production of income or the continued operation of the business.
- **Line 11 - Supplies** -- enter those items, usually the normal office supplies like stationery, envelopes, pens, etc. that are used by the business.
- **Line 12 - Utilities/Telephone** -- enter the total amount the company pays for heating, telephone, fax service, etc.
- **Line 13 - Gasoline/Oil** -- enter the enterprise's fuel expenses for operating vehicles and equipment.

- **Line 14 - Repairs and Maintenance** -- enter the cost of restoring the equipment to good shape and the normal everyday expenses of maintaining buildings and grounds.
- **Line 15 - Insurance** -- enter the total premiums paid to insure buildings, equipment, vehicles, and principal officers and managers.
- **Line 16 - Current Taxes** -- enter the total current taxes paid (or accrued if the taxpayer is an accrual taxpayer).
- **Line 17 - Other** -- enter any other recurring enterprise expenses. (If one expense, enter the specific amount, if several attach a continuation sheet and enter total in this block.)
- **Line 18 - Total Expenses** -- enter the total for lines 7 through 17 in this block.
- **Line 19 - Net Differences** -- enter the difference between line 6 and line 18 in this block. If this figure is a minus figure, determine if all figures are accurate. Is all income listed? Are all expenses realistic? If all figures are entered and still the figure is a minus, there should be a real concern if the business can survive.

**7.6.5** You have completed the Collection Information Statement. Now call the officer's, or other person that you are interviewing, attention to the Certification included above the Signature line. (Line 20).

**7.6.6** Have the interviewee sign the statement on line 20 and date it on line 21.

**7.6.7** If the interviewee chooses not to sign the form after reading this statement, do not be concerned. You already have sufficient information to aid you in taking your next steps. But note on the form that the interviewee refused to sign and then initial and date your note. Include the reason that he refused if he provides a reason.

**7.6.8 Line 22 - Signature** -- enter your signature, the Compliance Officer who conducted the interview, in this block.

**7.6.9 Line 23 – Date** -- insert the date that you, the Compliance Officer, signed this form.

## 8. Analyzing the Collection Information Statement for Company Taxpayers

### 8.1 Asset and Liability Analysis

**8.1.1** Collection Information Statements should be systematically reviewed and analyzed. The objective is to determine if the taxpayer can pay the tax due immediately. If the taxpayer has cash equal to the amount of tax due then immediate payment should be demanded. If they have any other liquid asset, the tax debt arrears must be paid.

**8.1.2** This analysis process is the primary reason that you went through the entire exercise of completing the collection information statement. You now have valuable information to determine if the tax debt arrears can be immediately paid. If it cannot be paid

immediately, continue with the analysis of the assets to determine if there are assets that can be readily converted to cash to pay the arrears.

- 8.1.3** You may find that some assets may be available to secure a loan to pay the arrears. If so, the taxpayer should be required to pay the taxes by pledging or converting these assets.
- 8.1.4** Determine if the assets are necessary to maintain the business or, in the case of an individual, to prevent undue hardship on the individual or his family. Luxury items must be sold to pay the taxes because they are not a necessity for operation of an enterprise or relevant to an individual's basic living expenses.
- 8.1.5** The CIS for an Enterprise is prepared based on the current market value of the assets. Therefore, the taxpayer must be permitted a reasonable time in which to dispose of the assets to obtain the full current value of the assets. If property or other major assets must be sold immediately, most often the value is depressed to a Forced Sale Value. *This is the amount that can be obtained at an immediate, forced sale. This type of sale generally realizes significantly less than the current market value. The only exception to this rule is when the asset is a valuable, one-of-a-kind painting, machine tool or similar special asset.*
- 8.1.6** The calculation of the value of an asset is normally based on the current market value unless arrest and sale of the asset is being considered. In that instance the Forced Sale Value would be the most realistic estimate of the revenue to be derived from the sale. For that reason, it is usually always an advantage to the taxpayer and the tax administration to permit the taxpayer to dispose of assets at a private sale they arrange. This usually creates a larger amount of Jamaican dollars to apply to the tax debt arrears.

## **8.2 Income and Expense Analysis**

- 8.2.1** When the analysis of the taxpayer's assets reveals no obvious solution for immediate full payment of the tax debt arrears, analyze the taxpayer's income and expenses. Generally when the salary, business income, and/or other income are more than necessary expenses, the excess should be made available for payment of the taxes.
- 8.2.2** Judgment must be used in analyzing the expenses to determine what is reasonably necessary for living expenses. The "reasonable" amount may be different from the taxpayer's claim. Not all installment payments should be routinely allowed. Luxury items and unnecessary expenses should be deferred until after payment of the taxes. The date of final payment on any allowable installment payment should be noted and the amounts of tax payments increased as the installment debt is fully paid.
- 8.2.3** If the taxes cannot be paid from current assets and the income is sufficient to pay only the necessary living expense, it may be advisable to declare the tax debt as Currently not Collectible—an administrative, bad debt practice.

## **8.3 Verification of Collection Information Statement Data**

- 8.3.1** *An important aspect of financial analysis is the verification of the information. When items listed on the statement do not seem realistic, or there is reason to suspect that the Collection Information Statement is not a true and complete statement of the taxpayer's*

*financial condition, a more detailed investigation should be undertaken to examine the information on the statement. The extent of the verification depends on the circumstances of each case and should focus on suspicious or non-ordinary items first.*

### **8.3.2 Verification may Include the Following:**

- Check public records to determine property ownership. This includes real property (immovable) and personal property (automobiles).
- Analyze income tax returns to look for sources of income. Also check for depreciation of assets not listed on the statement, inquire about these assets (do they still exist, have they been sold, etc.).
- Inspect major assets, including inventories, equipment, buildings and land
- Review bank records for significant deposits or withdrawals that might indicate a different type of activity or cycle than provided.
- Interview select third parties to verify accounts receivable and accounts payable.

## **8.4 Using the Collection Information Statement**

**8.4.1** The completed Collection Information Statement provides a road map of how to proceed in the collection of an account. Without an accurate and complete Collection Information Statement it is difficult to determine if and when the tax can and should be paid. It is necessary to protect the tax department's interest and at the same time to prevent the taxpayer from being subjected to undue hardship in the collection process.

**8.4.2** In all instances where the Compliance Officer does not secure immediate payment during the first personal contact with the taxpayer who owes tax debt arrears, a Collection Information Statement must be obtained. The CIS is then verified to the extent necessary, and analyzed to determine a course of action to collect the account at the earliest date. Often, in providing information to prepare the Collection Information Statement, the taxpayer identifies a way to pay the tax arrears in full.

## **9. Collection by Arrangement Contract**

**9.1** When collecting tax debt arrears an investigation sometimes reveals that the taxpayer is without sufficient funds to make immediate full payment of the tax arrears. When further investigation reveals that the tax could be paid over a reasonable period of time through installments, an Arrangement Contract for payment may be appropriate. **The administrative privilege** of paying tax debt arrears through installment payments should be judiciously used. It should be used only when other alternatives, such as seizure of the taxpayer's assets will cause undue hardship or when it is in the best interest of the government to defer enforced collection.

**9.2** Undue hardship is defined as an action that would deprive the taxpayer or his family of the necessities of livelihood (e.g. food, medical necessities, clothing, electricity etc.). A mere inconvenience to the taxpayer caused by a requirement to pay the tax arrears is

not an appropriate reason for initiating an Arrangement Contract. It must be the best action to take at the time and must also enable the taxpayer to remain current on all taxes while paying the arrears.

- 9.3** Determining Eligibility for Arrangement Contract - The Compliance Officer must exercise good judgment and base the decision regarding the collection course of action on the facts and circumstances of each case.
- 9.4** *The decision should depend on the cooperation of the taxpayer, the past history of the taxpayer in making timely payments, the viability of the business, the amount of tax arrears due, and the likelihood of collection through seizure and sale of the taxpayer's assets.*
- 9.5** Of primary importance in making this judgment is the current financial condition of the taxpayer. A Collection Information Statement must be obtained and analyzed to determine the most expedient method of collecting the taxes while considering the above factors.
- 9.6** Analysis of the Collection Information Statement should make it clear whether the taxpayer has sufficient funds to pay the delinquent tax or there are assets which he/she can sell (without causing an undue hardship) to apply to the tax debt.
- 9.7** Often the analysis of the statement discloses that the taxpayer does not have the means to immediately pay the taxes or unencumbered assets to convert to cash, but has sufficient income to make installment payments on the debt. If this is the case, the information should be further analyzed to determine how much the taxpayer could pay in each installment in order to liquidate the debt at the earliest possible date. Avoiding imposition of undue hardship on the taxpayer is always a consideration in making the decision on the approach to pursue.
- 9.8** Arrangement Contracts are usually granted with the expectation that the taxes are fully paid within one year. If the tax arrears cannot be fully paid in one year, a follow-up review of the financial condition of the taxpayer after the first year will be required to determine if continuation of the payment privilege is appropriate.
- 9.9** Under any condition, to maintain the Arrangement Contract, the taxpayer must pay any new taxes accruing during the period of the installment payments. Additionally, after any allowable installments for other debts are fully paid, the taxpayer is expected to increase the installment payments on the tax debt by the amount of the reduction in the previously allowed payment. Also, the taxpayer must agree not to incur any unnecessary new debts during the terms of the Arrangement Contract.
- 9.10** All agreements are subject to approval by the designated manager of the Compliance Officer who initiated the agreement.

## 10. Payment Agreement for Tax Arrears (Arrangement Contracts)

- 10.1** An agreement to pay a tax debt in installments is entered into through a contract between the taxpayer and the tax administration. If the taxpayer fails to perform in accordance with the agreement, the tax authority may terminate the agreement and take appropriate action to collect the full balance of the tax debt.
- 10.2** *Additionally, the Tax Department of Jamaica may terminate, alter, or modify the Arrangement Contract agreement if the financial condition of the taxpayer significantly changes. The required submission and analysis of a new, updated financial statement usually identify such changes. The taxpayer must supply updated information upon request or in connection with the terms of the agreement.*
- 10.3** Usually, an Arrangement Contract agreement entered into by the Compliance Officer and the taxpayer will remain in effect for its entire term unless the taxpayer fails to:
- Abide by the terms of the Arrangement Contract agreement.
  - Provide complete and accurate information.
  - Provide requested updated information.
  - Pay all other taxes as they become due.
- 10.4** The Compliance Officer may void the Arrangement Contract if they determine that collection of the tax is in jeopardy.

## 11. The CIS, Financial Analysis and Discernment of Truthful Statements

- 11.1** You now are armed with a very effective tool, the CIS and its related technique, the Financial Analysis. It is very important to remember these tools do not stand-alone. With practice and skill developed through their use, the Compliance Officer will have a major impact on "managing" how taxpayers pay their liabilities.
- 11.2** Compliance Officers should review the five steps that help produce an effective interview. These steps were covered previously. The steps include: (1) Planning the conversation. (2) Using effective listening techniques (3) Controlling the contacts. (4) Providing technical skills and (5) Summarizing and closing the conversation. Individually these steps are helpful, but gathered as a team they become a powerful technique that produces a successful interview, whether face to face or by telephone.
- 11.3** As Compliance Officers become more adept at interviewing taxpayers they will develop skills to tell when they are not being totally truthful in their answers to questions about their financial situation. Untruthful behavior can be separated into three categories: 1) Physiological Symptoms, 2) Displacement Activity, and 3) Lie Detection.
- 11.4** Physiological Symptoms - these symptoms are the normal ones that the Polygraph or Lie Detector captures during police organizations' interview of criminals. Although the interviews that you are conducting are of taxpayers that are not criminals, it is helpful to

be aware of some of the techniques that will aid in detecting those few people who are inclined to lie to the Compliance Officer. The physical characteristics that the polygraph measures include blood pressure pulse rate, respiration rate and skin moisture. Although the sensitivity of the Polygraph makes this detection easy, a trained observer may also determine that he/she is being told a lie, without the use of machine, when the interviewee is:

- Noticeably sweating;
- Evidencing a dry mouth;
- Frequently licking their lips;
- Twitching;
- Trembling;
- Developing facial tics;
- Constantly blinking their eyelids;
- Stammering; and
- Nervously coughing.

**11.5** Displacement Activity - This is the term that we use to describe irrelevant, inappropriate and sometimes bizarre behavior that an individual uses when placed in situations of conflict or frustration. Sometimes you will observe this behavior as you interview a taxpayer. It may indicate that he is not being entirely truthful with you. Displacement behavior includes the following actions:

- Fidgeting in their chair.
- Fiddling with hands/fingers.
- Constantly touching the head, nose, ears, arms, hair, etc.
- Shuffling feet or constantly tapping them.
- Biting fingernails or lips.
- Constantly avoiding your gaze.

**11.6** *Lie Detection (Words used) - Scientific research has identified specific words or groups of words that liars are inclined to use. Being aware of these words help identify situations where misinformation is being provided. These red flags will cause you to closely examine the answers given, or look for secondary sources to provide the correct information. Researchers have found that the specific words usually appear in the following categories:*

- Excessive assertions of truthfulness -- this is the most common verbal lie sign. The interviewee continues to over-emphasize that he is telling the truth.
- A pattern of challenges to the questioner -- this is an attempt to shake the confidence of the questioner. You will sometimes feel that you are the interviewee, rather than the interviewer.
- Simply avoiding the question being asked -- they might simply state that: "they just can't remember."
- Attempts to prey on interviewer's sympathy -- they may even use the statement that "there is no point in lying to YOU.
- Provide short bland responses to questions -- this is probably the most difficult to detect. Look for the pattern of a lie and then a series of bland responses.

- Choosing dismissive or adversarial words to respond -- one of the more common uses that you will experience is seen in the statement: "I am not going to talk to you until I have my lawyer present."

Generally in working with taxpayer entities compliance officers are dealing with people who are trying to comply with all of the tax laws of Jamaica. You now have a very effective tool, the collection information statement and its related technique, the financial analysis. It is very important to remember these tools do not stand-alone. With practice and skill developed through their use, the compliance officer will have a major impact on "managing" how taxpayers pay their tax liabilities.

# PART 2 - DEBT MANAGEMENT HANDBOOK FORMS

## SECTION 1

<b>FORM 123-B</b> (Rev. October 2011)		Tax Administration Jamaica <b>COLLECTION INFORMATION STATEMENT FOR COMPANIES</b> (if you need additional space, please attach a separate sheet)			
<b>SECTION I General Information</b>					
Email Address:			Website:		
1. Name and Address of Company			2. Company telephone number 3. Check appropriate block  <input type="checkbox"/> Individual      Other (specify) _____ <input type="checkbox"/> Partnership      _____ <input type="checkbox"/> Company      _____		
4. Name and title of person interviewed			5. Registration number		6. Major business activity
7. Owners, partners, officers, Directors, major shareholders, etc. (attach continuation list if needed)					
Name and title	Effective date	Residence address	Phone number	Registration number	Total shares of interest

<b>SECTION II General Financial Information</b>				
1. Latest filed income tax returns for current & prior tax year (Attach List if necessary)		Form	Tax year ended	Net income before taxes
2. Bank accounts (List all types of accounts including commercial, payroll, savings, etc.)				
Name of bank	Address	Type of account	Account number	Balance
			<b>Total (Enter in Item III.2)</b>	0.00
3. Bank Loans				
Name of institution	Address	Credit line	Amount owed	Monthly payments
<b>Totals (Enter in Items III.10 or III.11 as appropriate)</b>			0.00	0.00
4. Bank Deposit Boxes – Location, box number and contents of all banks deposit boxes rented or available for use.				

<b>SECTION II General Financial Information (continued)</b>					
1. Real Property (Immovable property)					
<b>Brief description and type of ownership</b>				<b>Address and Location</b>	
a.					
b.					
c.					
d.					
2. Insurance Policies – describe below					
<b>Name of Insured</b>	<b>Company</b>	<b>Policy number</b>	<b>Type</b>	<b>Face amount</b>	<b>Available loan value</b>
				<b>Total (Enter in Item III.5)</b> 0.00	
3. Additional information regarding financial condition (Bankruptcy or other Court Proceedings)					
4. Accounts / Notes receivable (Amounts Due from other companies or persons)					
<b>Name</b>	<b>Address</b>	<b>Amount due</b>	<b>Date due</b>	<b>Status</b>	
		<b>Total (Enter in Item III.3)</b> 0.00			

SECTION III Asset and Liability Analysis							
Description  (a)	Current Market Value  (b)	Balance Due on Loan (if any)  (c)	Equity in Asset  (d)	Amount of Monthly Payment  (e)	Name and Address of Lien/Note Holder  (f)	Date Pledged  (g)	Date of Final Payment  (h)
1. Cash on hand							
2. Bank accounts							
3. Accounts/Notes Receivable							
4. Securities (describe type of)							
5. Insurance Value							
6. Real Estate (Immovable property – from Item II.5)	a.						
	b.						
	c.						
7. Vehicles (model, year, license number)	a.						
	b.						
	c.						
8. Equipment and Other Items (specify)	a.						
	b.						
	c.						

SECTION III Asset and Liability Analysis (continued)								
Description		Current Market Value	Balance Due on Loan (if any)	Equity in Asset	Amount of Monthly Payment	Name and Address of Lien/Note holder	Date Pledged	Date of Final Payment
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)
9. Merchandise inventory (describe)	a.							
	b.							
	c.							
10. Other Assets (describe)	a.							
	b.							
	c.							
11. Other liabilities (describe)	a.							
	b.							
	c.							
	d.							
	e.							
12. Totals		0.00	#FORMULA	0.00	0.00			

<b>SECTION IV Income and Expense Analysis</b>			
The following information applies to income and expenses during the period _____ to _____		Accounting method used (describe)	
<b>Income (Revenue or Turnover)</b>		<b>Expenses of Business</b>	
1. Gross amount received from sales, services, etc.		7. Goods materials and services purchased	
2. Gross rental income		8. Net wages and salaries paid (No. of employees: )	
3. Interest		9. Rent	
4. Dividends		10. Allowable installment payments (III.11 d, e) (Tax Administration use only)	
5. Other income (describe)		11. Supplies	
		12. Utilities / Telephone	
		13. Gasoline / Oil	
		14. Repairs and maintenance	
		15. Insurance	
		16. Current Taxes	
		17. Other (specify)	
6. Total income	0.00	18. Total expenses (Tax Administration use only)	0.00
		19. Net difference (Tax Administration use only)	0.00
<b>Certification: I declare that to the best of my knowledge and belief this statement of assets, liabilities and other information is true, correct and complete.</b>			
20. Signature and Title of Taxpayer / Company Officer / or Responsible Person.		21. Date	
22. Name of Tax Compliance Officer	Title	23. Date	



**SECTION 2**

<b>FORM 123-A</b> (Rev. September 2011)		TAX ADMINISTRATION JAMAICA	
<b>COLLECTION INFORMATION STATEMENT FOR INDIVIDUALS</b>			
<b>SECTION I. General Information</b>		<b>Email Address:</b>	
<b>1. Taxpayer(s) name(s) and address</b>	<b>3. Phone numbers</b>	<b>3. Marital Status</b>	
	<b>4.a. Taxpayer's Tax Registration Number</b>	<b>4.b. Spouse's Tax Registration Number</b>	
<b>SECTION II. Employment Information</b>			
<b>1. Taxpayer's employer or business (name and address)</b>	a. How long employed	b. Business phone number	c. Occupation
	d. Number of children and other dependents		e. (Check appropriate box) <input type="checkbox"/> Wage earner <input type="checkbox"/> Sole Trader <input type="checkbox"/> Partner
<b>2. Spouse's employer or business (name and address)</b>	a. How long employed	b. Business phone number	c. Occupation
			d. (Check appropriate box) <input type="checkbox"/> Wage earner <input type="checkbox"/> SoleTrader <input type="checkbox"/> Partner

<b>SECTION III. Other Information</b>			
1. Name, address and telephone number of close relative or other reference		2. Other names or aliases	3. Previous address
3. Age and relationship of dependents living in your household (exclude yourself and spouse)			
5. Date of birth		6. Last tax return filed - tax year:	
a. Taxpayer	b. Spouse	a.. Number of dependents	b. Total Income

<b>SECTION IV. General Financial Information</b>				
<b>1. Bank accounts (include savings accounts, certificates of deposit, retirement plans, etc.)</b>				
Name of Bank	Address	Type of Account	Account No.	Balance
<b>Total (Enter in Item V.2)</b>				
<b>2. Credit cards and bank loans, savings accounts, etc.</b>				
Type of account or card	Name and address of Financial Institution	Credit Limit	Amount Owed	Monthly payment
<b>Totals (Enter in Item V.8)</b>				
<b>3. Contents of Bank deposit boxes rented or available for use (Location, box number)</b>				
<b>4. Real Property (Immovable Property) (Brief Description And Type Of Ownership)</b>		<b>Physical Location / Address</b>		
a.				
b.				
c.				
<b>5. Life Insurance</b>		<b>Type of Policy:</b>		
<b>Face Value:</b>		<b>Amount:</b>		
<b>6. Securities</b>		<b>7. Other Information</b>		
<b>7.a Court proceedings Pending?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>7.c Increased Income?</b>		<b>7.d Explanation</b>

<b>SECTION V. Asset and Liability Analysis</b>							
<b>DESCRIPTION</b>	<b>Current Market Value</b>	<b>Balance Due on Loan (if any)</b>	<b>Equity in Asset</b>	<b>Amount of Monthly Payment</b>	<b>Name and Address of Lien/Note Holder</b>	<b>Date Pledged (Date of Document)</b>	<b>Date of Final Payment</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>	<b>(g)</b>	<b>(h)</b>
1. Cash on hand							
2. Bank accounts (from Item IV.1)							
3. Securities (from Item IV. 6)							
4. Vehicles (model, year, license)							
a.							
b.							
3. 5. Real property (from Item IV.4)							
a.							
b.							
c.							
6. Other assets (describe)							
a.							
b.							
c.							
d.							
7. Other Liabilities (including court Judgments, and other loans or credit Accounts)							
a.							
b.							
c.							
d.							
e.							
8. Totals	0.00	0.00	0.00	0.00			

<b>SECTION VI. Monthly Income and Expense Analysis</b>				
<b>Income</b>			<b>NECESSARY LIVING EXPENSES</b>	
Source	Gross	Net		
1. Wages / Salaries (Taxpayer)			9. Rent (Do not show mortgage in Item IV.6)	
2. Wages / Salaries (Spouse)			10. Food (No. of people _____)	
3. Interest – Dividends				
4. Net Business Income				
5. Rental Income a. b. c.			11. Allowable Installment & Loan Payments a. b. c.	
6. Retirement Income – Pensions			12. Transportation Expenses	
7. Other Income (specify)			13. Utilities 14. Medical Expenses	
8. <b>Total Income</b> (Tax Department use only)	0.00	0.00	15 Other Expenses	
			16. <b>Total Expenses</b>	0.00
			17. <b>Net Difference</b> (Tax Administration use only)	
<b>Certification. I declare that to the best of my knowledge and belief this statement of assets, liabilities and other information is true, correct and complete.</b>				
18. Signature			19. Date	
20. Additional information or comments				
21. Name of Compliance Officer		Title	22. Date	

**FORM 123-D**  
**(Rev. October 5,2011)**

**TAX ADMINISTRATION JAMAICA**  
**ARRANGEMENT CONTRACT**

**Agreement for Payment of Tax Arrears - Individuals**

Taxpayer's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Tax Registration Number (TRN): \_\_\_\_\_

Tax Type	Tax Period	Principal Tax Due	Penalties	Interest	Total Amount Due
					0.00
					0.00
					0.00
					0.00

The privilege of paying the above referenced tax arrears in periodic payments is hereby granted.

It is agreed that the principal tax amounts shown above, **Plus Penalties, Interest and Any Other Amounts that may accrue as provided by Law**, will be paid as follows:

The amount of \_\_\_\_\_ will be paid on \_\_\_\_\_, and \_\_\_\_\_ will be paid no later than the \_\_\_\_\_ day of each \_\_\_\_\_ (*specify either month or week*) thereafter until the liability is paid in full. It is acknowledged that failure to pay the amounts on the dates shown may result in enforced collection action to be taken against assets, income and other funds due to me from any source, or any moveable or immovable property owned by the company.

It is further acknowledged that this Arrangement Contract may require further, periodic review of my income sources and financial condition and may be revised or cancelled by the appropriate Tax Administration Jamaica management official at any time collection of the tax arrears is determined to be in jeopardy, tax returns are not filed and paid timely, or if any additional unpaid tax liabilities accrue.

\_\_\_\_\_  
 Name of Taxpayer (please print)

\_\_\_\_\_  
 Signature of Taxpayer - Title \_\_\_\_\_ Date

\_\_\_\_\_  
 Name of Compliance Officer Signature and Title \_\_\_\_\_ Date

\_\_\_\_\_  
 Name of Manager Signature and Title \_\_\_\_\_ Date

Arrangement Contract - Form \_\_\_\_\_

**SECTION 3**

**TAXPAYER INFORMATION – COMPANIES  
DEBT MANAGEMENT PROGRAM**

<b>TAXPAYER ENTITY:</b>			
<b>TRN:</b>			
<b>LAST KNOWN ADDRESS (ES):</b>			
<b>LAST KNOWN PHONE NUMBER (S):</b>			
<b>CELL PHONE NUMBER (S):</b>			
<b>EMAIL ADDRESS:</b>			
<b>RESPONSIBLE OFFICERS, OWNER OR MANAGING DIRECTOR OF TAXPAYER ENTITY:</b>			
<b>DATE OF INITIAL CONTACT WITH OWNER / RESPONSIBLE OFFICER:</b>			
<b>MOST RECENT DEADLINE GIVEN TO RESPONSIBLE OFFICER (NAME) TO PAY:</b>			
<b>TYPE OF BUSINESS OR EMPLOYMENT:</b>			
<b>MAJOR CUSTOMER'S OR ACCOUNTS RECEIVABLE:</b>			
<b>BANK ACCOUNTS:</b>			
<b>OTHER PHONE NUMBER(S) FOR CONTACTING TAXPAYER ENTITY:</b>			
<b>COMPANY OWNER - OFFICERS – MANAGING DIRECTOR – ACCOUNTANT, etc.</b>			
<b>NAME</b>	<b>ADDRESS</b>	<b>RELATIONSHIP</b>	<b>PHONE NUMBER</b>
<b>TAXPAYER ENTITY – KNOWN ASSETS (Real Property, Bank Accounts, Automobiles, Inventory, Furniture &amp; Fixtures, Etc.)</b>			

**TAXPAYER INFORMATION – INDIVIDUALS  
DEBT MANAGEMENT PROGRAM**

<b>TAXPAYER:</b>			
<b>TRN:</b>			
<b>LAST KNOWN ADDRESS:</b>			
<b>LAST KNOWN PHONE NUMBER (S):</b>			
<b>EMAIL ADDRESS:</b>			
<b>DATE OF INITIAL CONTACT WITH TP:</b>			
<b>MOST RECENT DEADLINE GIVEN TO TP TO PAY:</b>			
<b>TAXPAYER'S EMPLOYER:</b>			
<b>EMPLOYER'S ADDRESS:</b>			
<b>TYPE OF BUSINESS OR EMPLOYMENT:</b>			
<b>EMPLOYER'S NAME &amp; PHONE NUMBER (S):</b>			
<b>BANK ACCOUNTS:</b>			
<b>OTHER INFORMATION:</b>			
<b>RELATIVES' (or Other Contacts) NAMES AND PHONE NUMBERS:</b>			
<b>NAME</b>	<b>ADDRESS</b>	<b>RELATIONSHIP</b>	<b>PHONE NUMBER</b>
<b>TAXPAYER'S KNOWN ASSETS (House, Automobiles, Bank Accounts, Income Sources, etc.)</b>			





**SECTION 4**



**TAX ADMINISTRATION JAMAICA**  
DEMAND NOTICE

To: \_\_\_\_\_  
 Of: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 TRN: \_\_\_\_\_  
 Tel: \_\_\_\_\_

The undermentioned Tax/Return as detailed below **MUST** be paid/presented **FORTHWITH**, being now overdue and should be remitted to the Collector of Taxes. **Failure to comply will result in enforcement action.**

Year/ Period	Tax Type	Return/ Payment	Amount \$	Interest/Penalty \$	Total \$	Remarks
<b>GRAND TOTAL</b>						

Collector of Taxes: \_\_\_\_\_  
 Date: \_\_\_\_\_

Agent's Number: \_\_\_\_\_  
 Telephone: \_\_\_\_\_

Form 11 (Rev. 4-2012)



## TAX ADMINISTRATION JAMAICA REMINDER

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
 \_\_\_\_\_

TRN: \_\_\_\_\_

### COURT ACTION FOLLOWS

The undermentioned Tax/Return as detailed below due to be paid/presented on or before \_\_\_\_\_ is/are overdue and should be remitted to this office within five (5) days from this date. Failure to comply will result in enforcement action.

Year/ Period	Tax Type	Return/ Payment	Tax/Estimated Assessment \$	Interest \$	Penalty \$	Total \$	Remarks
<b>GRAND TOTAL</b>							

Collector of Taxes: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Name of Officer: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Form 12 (Rev. 4-2012)

**SECTION 5**



**TAX ADMINISTRATION JAMAICA  
ARRANGEMENT AGREEMENT**

TRN: \_\_\_\_\_

Taxpayer's Name: \_\_\_\_\_

Taxpayer's Address: \_\_\_\_\_  
\_\_\_\_\_

Tel: \_\_\_\_\_

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_  
          mm      dd      yyyy

LIABILITY TYPE	PAYE	GCT	CIT	IIT	ED. TAX	TOTAL
<b>PERIOD UNDER ARRANGEMENT</b>						
Return Tax						
Audit Assessment						
Estimated Assessment						
<b>SUB-TOTAL PRINCIPAL</b>						
Return Penalty						
Payment Penalty						
Surcharge						
Interest						
<b>SUB TOTAL IPS</b>						
<b>GRAND TOTAL</b>						
<b>AGREED DEPOSIT ON PRINCIPAL</b>						

In order to liquidate the above Principal indebtedness, I hereby agree to pay a deposit of S\_\_\_\_\_ on \_\_\_\_\_ and to make payments of S\_\_\_\_\_ per month on the \_\_\_\_\_ of each month, commencing on the \_\_\_\_\_, until the Principal is paid in full.

It is understood that interest and penalties as shown above will be held in abeyance on the account and that failure to pay the principal due on the specified dates agreed to, will result in revocation of this agreement and legal action being taken to recover the total outstanding balance.

I hereby agree to the above terms and conditions.

Name of Representative/Individual: \_\_\_\_\_

Signature: \_\_\_\_\_ Position: \_\_\_\_\_

ID Type: \_\_\_\_\_ ID Number: \_\_\_\_\_ Date: \_\_\_\_\_

TAJ Officer's Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Authorized by: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

FORM 109 (Rev. 4-2012)





## TAX ADMINISTRATION JAMAICA ARRANGEMENT AGREEMENT

TRN: \_\_\_\_\_

Taxpayer's Name: \_\_\_\_\_

Taxpayer's Address: \_\_\_\_\_  
\_\_\_\_\_

Tel: \_\_\_\_\_

Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
                  mm                  dd                  yyyy

LIABILITY TYPE	PAYE	GCT	CIT	IIT	ED. TAX	TOTAL
<b>PERIOD UNDER ARRANGEMENT</b>						
Return Tax						
Audit Assessment						
Estimated Assessment						
<b>SUB-TOTAL PRINCIPAL</b>						
Return Penalty						
Payment Penalty						
Surcharge						
Interest						
<b>SUB TOTAL IPS</b>						
<b>GRAND TOTAL</b>						
<b>AGREED DEPOSIT ON PRINCIPAL</b>						

In order to liquidate the above Principal indebtedness, I hereby agree to pay a deposit of S\_\_\_\_\_ on \_\_\_\_\_ and to make payments of S\_\_\_\_\_ per month on the \_\_\_\_\_ of each month, commencing on the \_\_\_\_\_, until the Principal is paid in full.

It is understood that interest and penalties as shown above will be held in abeyance on the account and that failure to pay the principal due on the specified dates agreed to, will result in revocation of this agreement and legal action being taken to recover the total outstanding balance.

I hereby agree to the above terms and conditions.

Name of Representative/Individual: \_\_\_\_\_

Signature: \_\_\_\_\_ Position: \_\_\_\_\_

ID Type: \_\_\_\_\_ ID Number: \_\_\_\_\_ Date: \_\_\_\_\_

TAJ Officer's Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Authorized by: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_



## TAX ADMINISTRATION JAMAICA

### CHECKLIST FOR ARRANGEMENTS

- 1. All outstanding Returns must be filled
- 2. Current Income and Expenditure Statement or Financial Statement
- 3. Current Bank Records (name and address of Bank; number and type of account(s); copy of bank statements/bank passbook for last 12 months)
- 4. Schedule of major Debtors (description and amount)
- 5. Schedule of major Creditors (description and amount)
- 6. Schedule of major Assets (description and estimated market value)
- 7. Authorization letter (for companies where someone other than the Managing Director/principal shareholder is representing the company and where a representative is acting on behalf of a self employed taxpayer)
- 8. A valid ID (Driver's License; Passport; National ID)
- 9. Pay Advice and Letter of Employment (where applicable)
- 10. Forecasted Cash Flow Statement for next 12 Months

CHECKLIST (Rev. 4-2012)



**TAX ADMINISTRATION JAMAICA**  
**CASH EXPENDITURES FOR PERSONAL LIVING EXPENSES**

ITEM	PER WEEK	PER MONTH	PER YEAR	REMARKS
Food and Groceries, Meet, Market				
Clothing				
Laundry				
Dry Cleaning				
Barber Shop, Beauty Parlour				
Doctors, Dentist, Optician				
Medicine, Drugs				
Life Insurance Premiums				
Health and Accident, Hospitalization				
Amusements, Admissions				
Vacation Expenses				
Gambling Losses				
Cigarettes and Cosmetics				
Liquor and Home Entertainment				
Legal Expenses				
Police Fines				
Misc. Personal Travel Expenses				
Lock Box Rent				
Tips and Gratuities, Donations, Gifts				
Income Tax				
Sundries including Club and Sporting				
Linen, Curtains, China Household				
Utensils, Magazine and Periodicals				
Rent				
Electricity				
Gas, Fuel				
Water Rates and Taxes				
Telephone				
Furniture Purchase				
Maid or Janitor Services (Gardener etc.)				
Mortgage Principal				
Mortgage Interest				
Repairs Made to Home				
Improvements Made to Home				
Fire and Casualty Insurance Premiums				
Repairs to Equipment (Radio, TV, etc.)				
Plumbing				
School Fees and Books				
Lunches and Fares				
Uniforms, Gears, etc.				
Summer Camp, Dancing, Music Lessons				
Licence				
Insurance				
Repairs				
Servicing				
Gas and Oil				
Tyres and Tubes				
Cleaning				

FORM \_\_\_\_ (Rev. 4-2012)



## TAX ADMINISTRATION JAMAICA

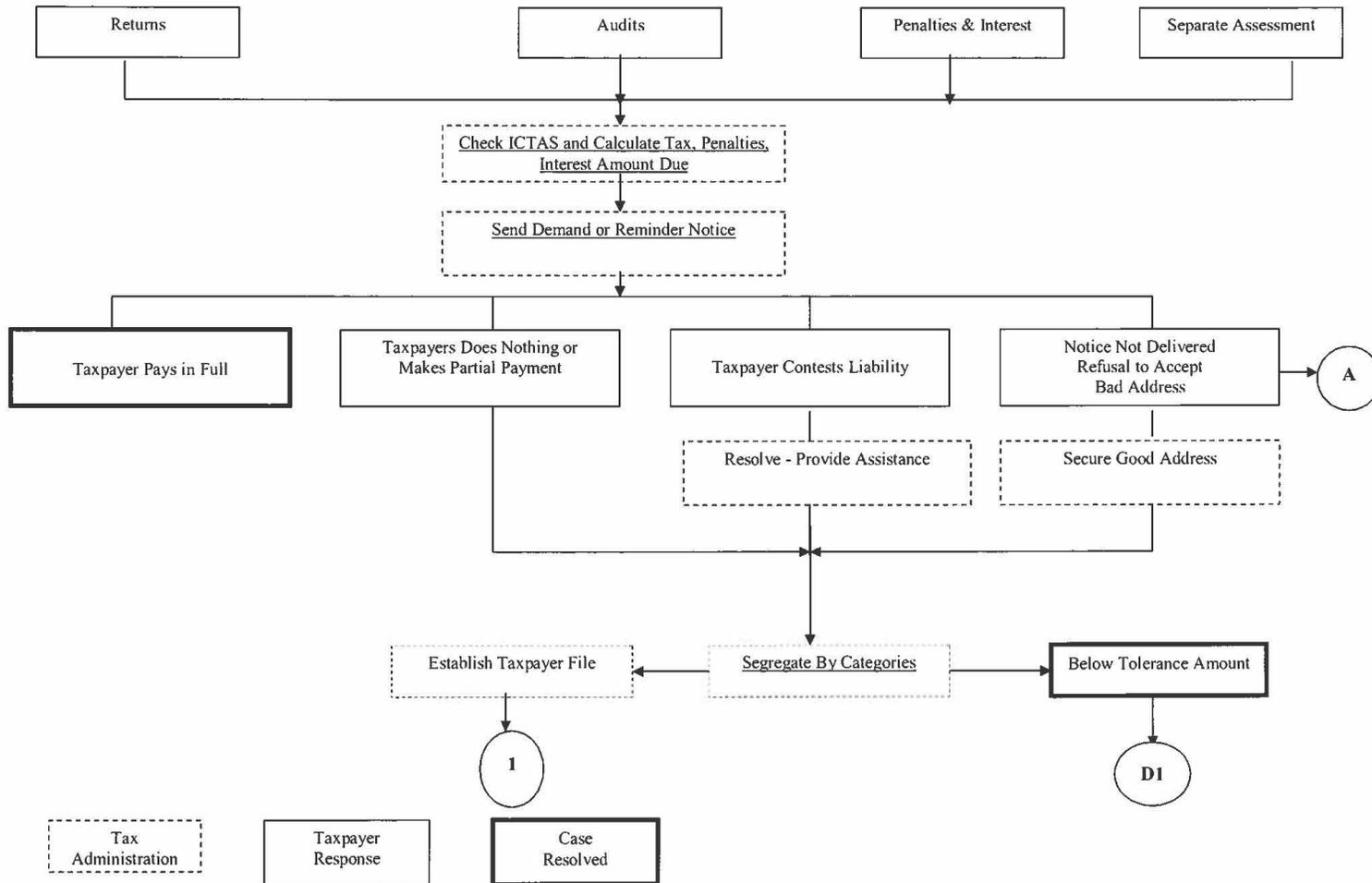
### REPORT OF CURRENTLY NOT COLLECTIBLE TAXES

Name and Address of Taxpayer			Tax Registration Number																													
			NIS Number																													
			Type of Taxpayer																													
Description of Tax Accounts			Reason for Report/Codes (circle appropriate reason)																													
Type of Tax	Period	Amount Due			Suppression, Tolerance CNC1 Unable to Locate CNC2 Unable to Contact CNC3 Out of Business CNC4 Bankruptcy CNC5 Deceased Individual CNC6 Hardship/Temporarily Unable to Pay CNC8 All Remedies Exhausted CNC9 Government Agency CNC10 Other (Explain in narrative) CNC11																											
See list attached			<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Records Checks &amp; Date Done</th> </tr> </thead> <tbody> <tr><td>Tax Returns</td><td> </td></tr> <tr><td>Residence/Place of Business</td><td> </td></tr> <tr><td>Post Office</td><td> </td></tr> <tr><td>National Land Agency</td><td> </td></tr> <tr><td>Ministry of Labour</td><td> </td></tr> <tr><td>National Insurance Scheme</td><td> </td></tr> <tr><td>Vehicle Registrations</td><td> </td></tr> <tr><td>Professional Bodies</td><td> </td></tr> <tr><td>Local Police Station</td><td> </td></tr> <tr><td>Bank(s)</td><td> </td></tr> <tr><td>National Housing Trust</td><td> </td></tr> <tr><td>Other:</td><td> </td></tr> <tr><td>Other:</td><td> </td></tr> </tbody> </table>		Records Checks & Date Done		Tax Returns		Residence/Place of Business		Post Office		National Land Agency		Ministry of Labour		National Insurance Scheme		Vehicle Registrations		Professional Bodies		Local Police Station		Bank(s)		National Housing Trust		Other:		Other:	
Records Checks & Date Done																																
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National Housing Trust																																
Other:																																
Other:																																
<b>Total Amount Due</b>																																
(Explanation/Narrative)																																
Follow-up reason:		Date due:	Date done:	Action Taken:																												
Signature of Recommending TAJ Officer and Date			Signature of Approving Official and Date																													

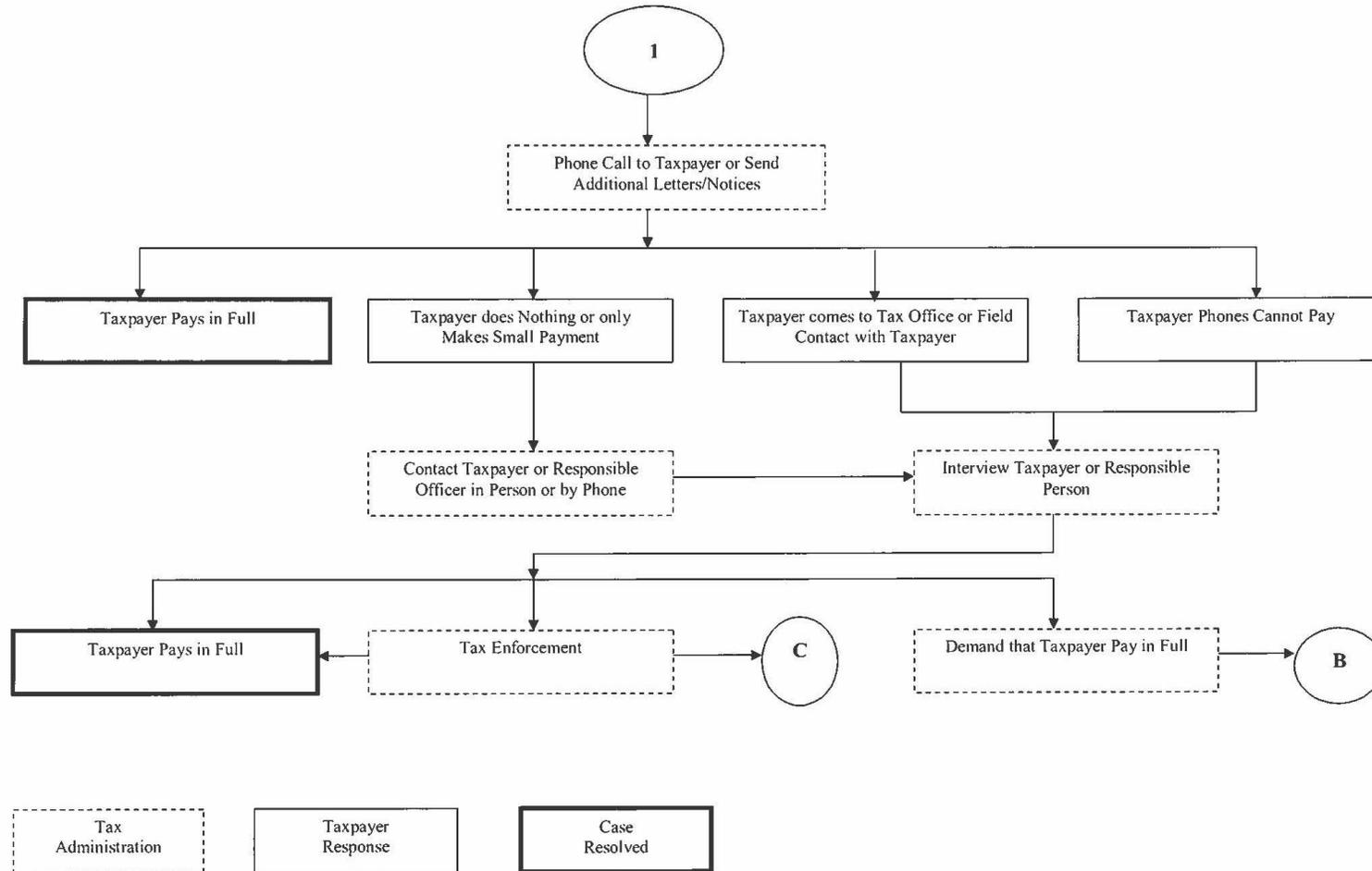
Data Input with Code noted above and "Sunset Date" Noted – Sign and Date Below when Done Separate Input required for Each Ledger or Module			
Input Operator Name and Date:			

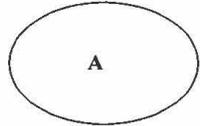
SECTION 6

**TAX DEBT ARREARS CHART – TAX ADMINISTRATION JAMAICA**

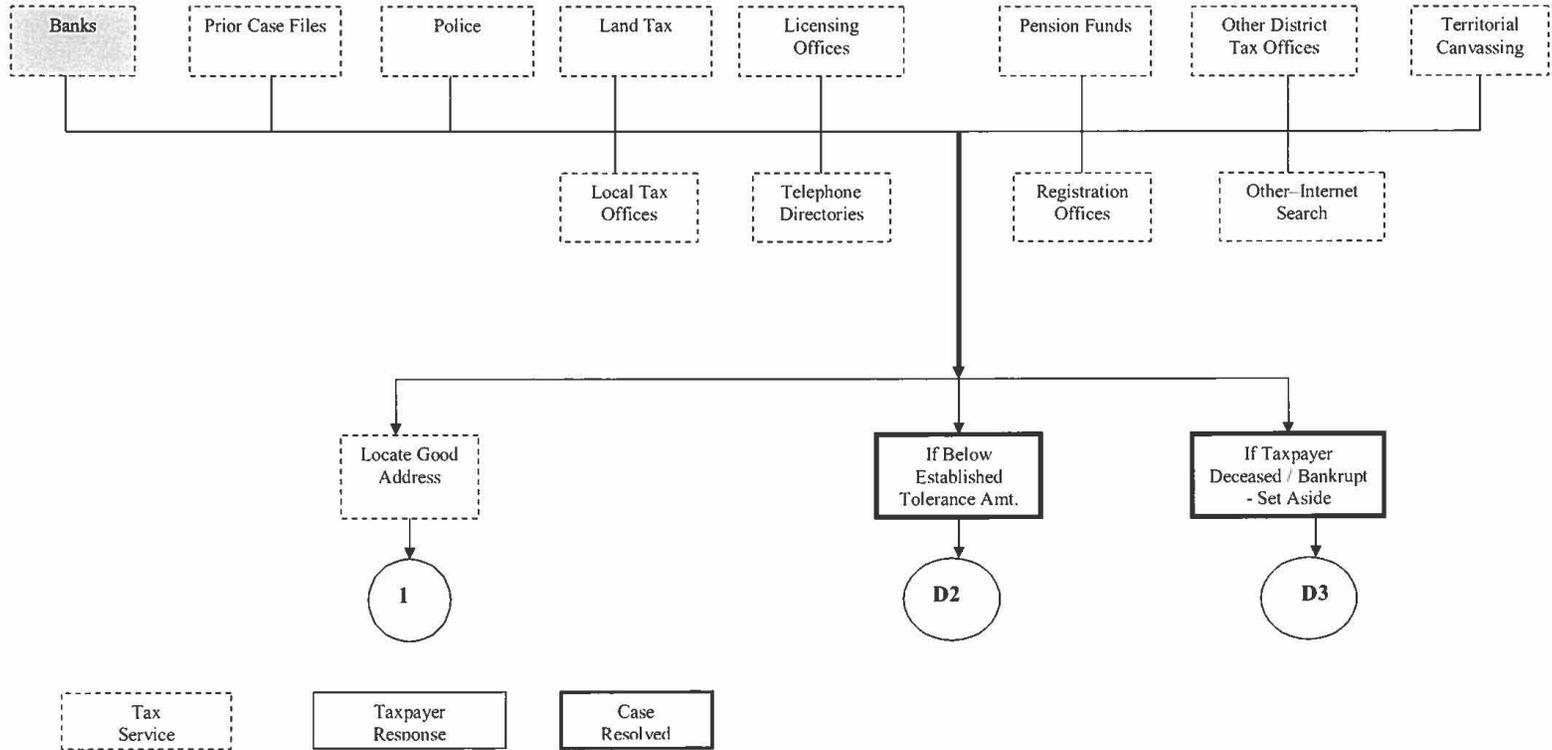


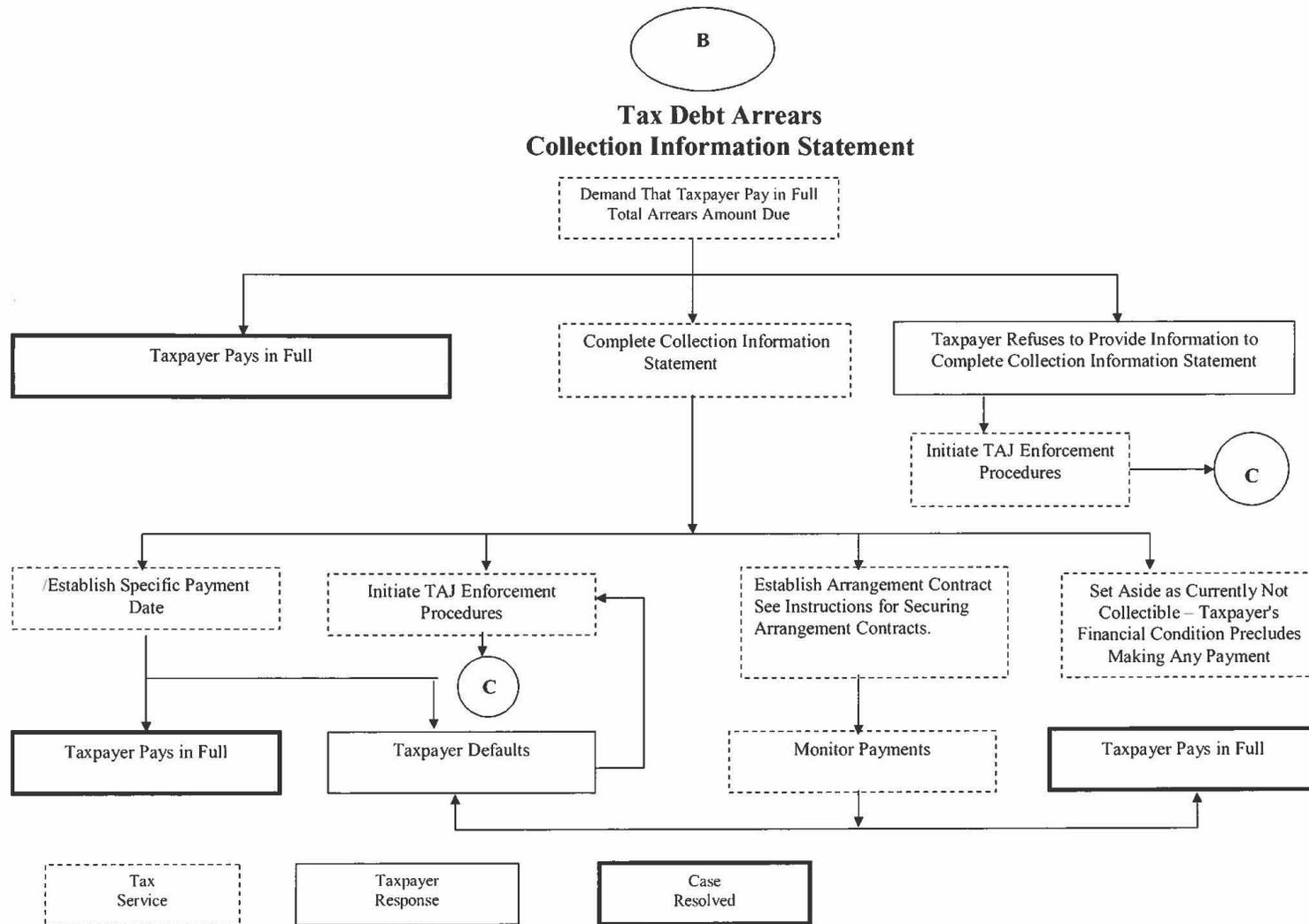
**TAX DEBT ARREARS CHART – TAX ADMINISTRATION JAMAICA**

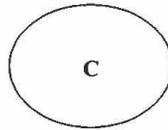




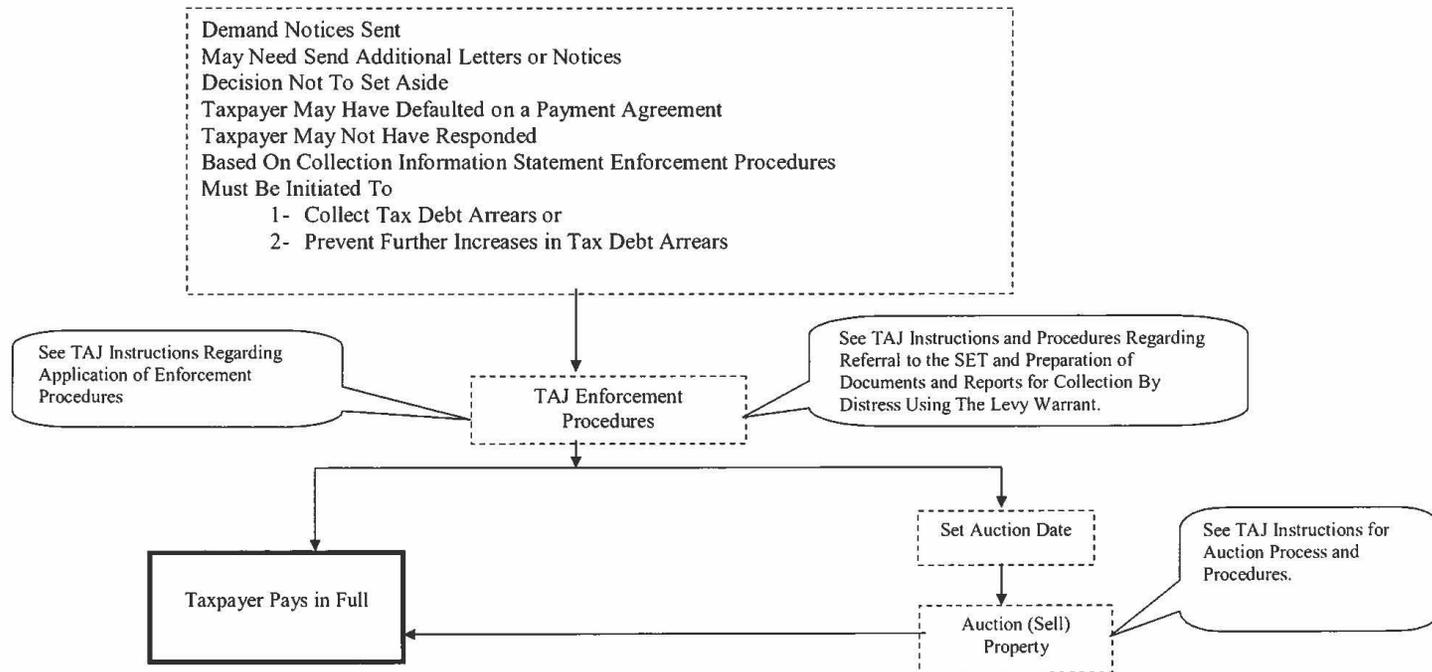
### Tax Debt Arrears Location of Taxpayer Entities

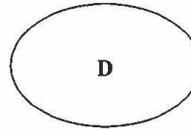






### Tax Debt Arrears Enforcement





**Tax Debt Arrears  
Currently Not Collectible**

Set Aside Tax Debt Arrears Cases Meeting Following Criteria:

CRITERIA	FUTURE ACTIONS
1- Taxpayer Owes A Very Small Amount (Tolerance	1- Set Aside & Only Take Additional Steps If Taxpayer Incurs Additional Liabilities
2- Can't Locate, Bad Address	2- Set Aside After Appropriate Sources Utilized to Secure Current Address and Additional Information Take Additional Steps if Taxpayer Incurs Additional Liabilities ( With New Address) or New Information or Address Received
3- Deceased – Bankrupt – Out of Business	3- Verify Taxpayer is Deceased / Bankrupt / Out of Business and Set Aside (De-Registration)
4- Financially Unable to Pay	4- Set Aside <u>Only</u> After Analysis of Collection Information Statement Reveals No Possibility of Full Payment, Installment Payments or Deferred Payment 1) Review Status Periodically as Required 2) Take Additional Steps if Additional Tax Liabilities Incurred





**TAX ADMINISTRATION JAMAICA**  
**DEBT MANAGEMENT CASE TIME RECORD**

TAXPAYERS NAME					
TAX TYPE CASE		Arrears		WORK GROUP	OFFICE
		Stop-Filers			FIELD
DATE OF WORK	DD/MM/YYYY		Time Spent on Case	Travel Time on Case	
REMARKS:					



## TAX ADMINISTRATION JAMAICA

### REPORT OF CURRENTLY NOT COLLECTIBLE TAXES

Name and Address of Taxpayer			Tax Registration Number			
			NIS Number			
			Type of Taxpayer			
Description of Tax Accounts			Reason for Report/Codes (circle appropriate reason)			
Type of Tax	Period	Amount Due			Suppression, Tolerance CNC1 Unable to Locate CNC2 Unable to Contact CNC3 Out of Business CNC4 Bankruptcy CNC5 Deceased Individual CNC6 Hardship/Temporarily Unable to Pay CNC8 All Remedies Exhausted CNC9 Government Agency CNC10 Other (Explain in narrative) CNC11	
See list attached						
<b>Total Amount Due</b>						
(Explanation/Narrative)			Records Checks & Date Done			
			Tax Returns			
			Residence/Place of Business			
			Post Office			
			National Land Agency			
			Ministry of Labour			
			National Insurance Scheme			
			Vehicle Registrations			
			Professional Bodies			
			Local Police Station			
Bank(s)						
National Housing Trust						
Other:						
Other:						
Follow-up reason:	Date due:	Date done:	Action Taken:			
Signature of Recommending TAJ Officer and Date			Signature of Approving Official and Date			

Data Input with Code noted above and "Sunset Date" Noted – Sign and Date Below when Done Separate Input required for Each Ledger or Module			
Input Operator Name and Date:			

**SECTION 8**

**HIGH PRIORITY PROGRAM  
MONTHLY REPORT**

MONTH ENDING:

RSC: \_\_\_\_\_, Team: \_\_\_\_\_, Compliance Officer: \_\_\_\_\_  
Combined Report for RSC: \_\_\_\_\_

Line No.	DESCRIPTION	NUMBER OF TAXPAYERS	NUMBER OF TAX TYPE CASES	PRINCIPAL TAX AMOUNT (\$)	INTEREST PENALTIES SANCTIONS	TOTAL TAX DEBT ARREARS AMOUNT (\$)	AMOUNT COLLECTED (\$)
1	BEGINNING INVENTORY - # OF CASES / AMOUNT						
2	# OF NEW CASES ASSIGNED / AMOUNT						
3	SUB-TOTAL # / AMOUNT						
4							
5	# CASES CLOSED - FULL PAYMENT / AMOUNT						
6	# CASES CLOSED - ARRANGEMENT AGREEMENT / AMOUNT						
7	# CASES CLOSED - ADJUSTMENT / AMOUNT						
8	# CASES CLOSED - CNC / AMOUNT						
9	# CASES CLOSED - OTHER / AMOUNT						
10	TOTAL # OF CASES CLOSED / AMOUNT						
11							
12	ENDING INVENTORY: (# Of Cases), (\$ Amount)						

Form 901-M (Rev. 9-14-12)

HIGH PRIORITY PROGRAM  
WEEKLY REPORT

WEEK ENDING:

RSC: \_\_\_\_\_, Team: \_\_\_\_\_, Compliance Officer: \_\_\_\_\_  
Combined Report for RSC: \_\_\_\_\_

Line No.	DESCRIPTION	NUMBER OF TAXPAYERS	NUMBER OF TAX TYPE CASES	PRINCIPAL TAX AMOUNT (\$)	INTEREST PENALTIES SANCTIONS	TOTAL TAX DEBT ARREARS AMOUNT (\$)	AMOUNT COLLECTED (\$)
1	BEGINNING INVENTORY - # OF CASES / AMOUNT						
2	# OF NEW CASES ASSIGNED / AMOUNT						
3	SUB-TOTAL # / AMOUNT						
4							
5	# CASES CLOSED - FULL PAYMENT / AMOUNT						
6	# CASES CLOSED - ARRANGEMENT AGREEMENT / AMOUNT						
7	# CASES CLOSED - ADJUSTMENT / AMOUNT						
8	# CASES CLOSED - CNC / AMOUNT						
9	# CASES CLOSED - OTHER / AMOUNT						
10	TOTAL # OF CASES CLOSED / AMOUNT						
11							
12	ENDING INVENTORY: (# Of Cases), (\$ Amount)						

Form 901 (Rev. 9-14-12)

MEDIUM PRIORITY PROGRAM  
MONTHLY REPORT

MONTH ENDING:

RSC: \_\_\_\_\_, Team: \_\_\_\_\_, Compliance Officer: \_\_\_\_\_  
Combined Report for RSC: \_\_\_\_\_

Line No.	DESCRIPTION	NUMBER OF TAXPAYERS	NUMBER OF TAX TYPE CASES	PRINCIPAL TAX AMOUNT (\$)	INTEREST PENALTIES SANCTIONS	TOTAL TAX DEBT ARREARS AMOUNT (\$)	AMOUNT COLLECTED (\$)
1	BEGINNING INVENTORY - # OF CASES / AMOUNT						
2	# OF NEW CASES ASSIGNED / AMOUNT						
3	SUB-TOTAL # / AMOUNT						
4							
5	# CASES CLOSED - FULL PAYMENT / AMOUNT						
6	# CASES CLOSED - ARRANGEMENT AGREEMENT / AMOUNT						
7	# CASES CLOSED - ADJUSTMENT / AMOUNT						
8	# CASES CLOSED - CNC / AMOUNT						
9	# CASES CLOSED - OTHER / AMOUNT						
10	TOTAL # OF CASES CLOSED / AMOUNT						
11							
12	ENDING INVENTORY: (# Of Cases), (\$ Amount)						

Form 902-M (Rev. 9-14-12)

MEDIUM PRIORITY PROGRAM  
WEEKLY REPORT

WEEK ENDING:

RSC: \_\_\_\_\_, Team: \_\_\_\_\_, Compliance Officer: \_\_\_\_\_  
Combined Report for RSC: \_\_\_\_\_

Line No.	DESCRIPTION	NUMBER OF TAXPAYERS	NUMBER OF TAX TYPE CASES	PRINCIPAL TAX AMOUNT (\$)	INTEREST PENALTIES SANCTIONS	TOTAL TAX DEBT ARREARS AMOUNT (\$)	AMOUNT COLLECTED (\$)
1	BEGINNING INVENTORY - # OF CASES / AMOUNT						
2	# OF NEW CASES ASSIGNED / AMOUNT						
3	SUB-TOTAL # / AMOUNT						
4							
5	# CASES CLOSED - FULL PAYMENT / AMOUNT						
6	# CASES CLOSED - ARRANGEMENT AGREEMENT / AMOUNT						
7	# CASES CLOSED - ADJUSTMENT / AMOUNT						
8	# CASES CLOSED - CNC / AMOUNT						
9	# CASES CLOSED - OTHER / AMOUNT						
10	TOTAL # OF CASES CLOSED / AMOUNT						
11							
12	ENDING INVENTORY: (# Of Cases), (\$ Amount)						

Form 902 (Rev. 9-14-12)

**SECTION 9**

**High Priority Medium Priority  
Combined Monthly Report**

RSC: Kingston	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Year To Date (YTD) Total
<b>Combined RSC High Priority Cases</b>													
Beginning Inventory (# tax type cases)													
New Cases Received (# tax type cases)													0
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	
Cases Closed (# tax type cases)													0
Ending Inventory (# tax Type cases)	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Amount Collected in J\$ at month ending</b>													\$ -
<b>Combined RSC Medium Priority Cases</b>													
Beginning Inventory (# tax type cases)													
New Cases Received (# tax type cases)													0
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	
Cases Closed (# tax type cases)													0
Ending Inventory (# tax Type cases)	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Amount Collected in J\$ at month ending</b>													\$ -

# PRIDE JAMAICA

RSC: Constant Spring

Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Year To Date (YTD) Total
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------------------------

## Combined RSC High Priority Cases

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													-
---	--	--	--	--	--	--	--	--	--	--	--	--	---

## Combined RSC Medium Priority Cases

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													\$ -
---	--	--	--	--	--	--	--	--	--	--	--	--	------

RSC: May Pen

Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Year To Date (YTD) Total
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------------------------

**Combined RSC High Priority Cases**

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													-
---	--	--	--	--	--	--	--	--	--	--	--	--	---

**Combined RSC Medium Priority Cases**

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending												\$	-
---	--	--	--	--	--	--	--	--	--	--	--	----	---

# PRIDE JAMAICA

RSC: St. Ann's Bay

Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Year To Date (YTD) Total
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------------------------

## Combined RSC High Priority Cases

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													-
---	--	--	--	--	--	--	--	--	--	--	--	--	---

## Combined RSC Medium Priority Cases

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													\$ -
---	--	--	--	--	--	--	--	--	--	--	--	--	------

RSC: Montego Bay

Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Year To Date (YTD) Total
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------------------------

**Combined RSC High Priority Cases**

Beginning Inventory (# tax type cases)													
New Cases Received (# tax type cases)													0
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	0
Cases Closed (# tax type cases)													0
Ending Inventory (# tax Type cases)	0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													-
---	--	--	--	--	--	--	--	--	--	--	--	--	---

**Combined RSC Medium Priority Cases**

Beginning Inventory (# tax type cases)													
New Cases Received (# tax type cases)													0
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	0
Cases Closed (# tax type cases)													0
Ending Inventory (# tax Type cases)	0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													\$ -
---	--	--	--	--	--	--	--	--	--	--	--	--	------

# PRIDE JAMAICA

RSC: Mandeville

Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Year To Date (YTD) Total
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------------------------

**Combined RSC High Priority Cases**

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													-
---	--	--	--	--	--	--	--	--	--	--	--	--	---

**Combined RSC Medium Priority Cases**

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													\$ -
---	--	--	--	--	--	--	--	--	--	--	--	--	------

RSC: Spanish Town

Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Year To Date (YTD) Total
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------------------------

**Combined RSC High Priority Cases**

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													-
---	--	--	--	--	--	--	--	--	--	--	--	--	---

**Combined RSC Medium Priority Cases**

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending												\$	-
---	--	--	--	--	--	--	--	--	--	--	--	----	---

# PRIDE JAMAICA

Office: LTO

Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Year To Date (YTD) Total
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------------------------

## Combined RSC High Priority Cases

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													-
---	--	--	--	--	--	--	--	--	--	--	--	--	---

## Combined RSC Medium Priority Cases

Beginning Inventory (# tax type cases)

New Cases Received (# tax type cases)

Sub-Total

Cases Closed (# tax type cases)

Ending Inventory (# tax Type cases)

												0
0	0	0	0	0	0	0	0	0	0	0	0	0
												0
0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending													\$ -
---	--	--	--	--	--	--	--	--	--	--	--	--	------

TOTAL FOR ALL OFFICES

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Year To Date (YTD) Total
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------------------------

Combined RSC High Priority Cases

Beginning Inventory (# tax type cases)	0	0	0	0	0	0	0	0	0	0	0	0	
New Cases Received (# tax type cases)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	
Cases Closed (# tax type cases)	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Inventory (# tax Type cases)	0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
---	------	------	------	------	------	------	------	------	------	------	------	------	------

Combined RSC Medium Priority Cases

Beginning Inventory (# tax type cases)	0	0	0	0	0	0	0	0	0	0	0	0	
New Cases Received (# tax type cases)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	
Cases Closed (# tax type cases)	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Inventory (# tax Type cases)	0	0	0	0	0	0	0	0	0	0	0	0	

Amount Collected in J\$ at month ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
---	------	------	------	------	------	------	------	------	------	------	------	------	------

# ANNEX 8

## RECOMMENDATIONS TO IMPROVE DEBT MANAGEMENT FUNCTIONS

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1. Issue a Debt Management (DM) Program Memorandum regarding the HP and MP Program to all DM function managers in all offices. Attached to the Memo should be an electronic copy of the handbook and all of the standard use forms.
2. Institutionalize the HP and MP Weekly Activity Reports to be prepared by each Compliance Officer (CO), Team Leader and RSC DM function total. The Weekly Report should be rolled up into a Monthly Report and Yearly Report.
3. Institutionalize the standard use forms. This is covered in the draft Program Memo. These include the Taxpayer Information form, Demand Notice, Reminder Notice, Arrangement Agreement, Contact Record (History Sheet), CO Daily Report and Case Time Record.
4. Immediately form the DM Case Inventory Work Group to develop and finalize the spread sheet concept.
5. Management reviews of CO Case Inventory for the HP and MP Programs. Team Leaders (and DM Programmes Office Analysts) should conduct a semi-annual review of a random sample of cases in the CO's inventory. The case reviews should be documented and discussed with the CO. Corrective actions should be identified such as:
  - Need for better documentation;
  - More timely contact and follow-up;
  - Demanding full payment of all delinquent assessed taxes and unfiled, unpaid tax returns;
  - Taking ALL of the appropriate actions during the taxpayer contacts;
  - Setting specific target dates for specific actions by the taxpayer;
  - Securing the appropriate financial information to justify the payment timeframes or Arrangement Agreement;
  - Using on-line resources to locate pertinent information for taxpayers and businesses, etc.
6. DM Programmes Office Analysts should conduct periodic case reviews in each RSC DM Office to identify the quality of work being performed and identify the corrective actions that may be required. They should also review the activity reports and other management tools utilized by the DM Team Leader to manage the Compliance Officers and the Inventory of Cases assigned to the Team.

7. Develop and conduct basic training on Investigative - Interview Techniques and Financial Analysis for Compliance Officers.
8. Prepare a training plan to provide this training to all Compliance Officers.
9. Develop a "How To" training seminar for DM Team Leaders on Managing a Debt Management function and Review of CO Casework, including periodic visitations with CO's on their field contacts or for MP CO's on their phone calls (if possible).
10. Begin development and preparation of a Debt Management Program Manual (Standard Operating Procedures). Establish a Program Manual Work Group and target dates for completion of each section.

Communicate to all TAJ offices that the DM Programmes office is the Functional Director of the Debt Management Program. The Programmes Office should issue and approve the programs to be initiated plus the process and procedures utilized in working the various programs. In addition they should conduct periodic reviews of DM functions in the field as covered above in Item No. 6.

# ANNEX 9

## JAMAICA DEBT MANAGEMENT OPERATIONAL PLAN (DMOP) ASSUMPTIONS DOCUMENT

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### National Plan

The recent work completed by PRIDE Jamaica has resulted in a classification of Debt Management cases into three categories. High, Medium, and Low Priority cases are identified by the following criteria: Risk, Revenue, Compliance, and Collectability. The cases have been scored based on priority and are assigned accordingly to Compliance Officers in the Office and Field activities. Additionally, these cases will be worked by the most appropriate function (Field or Office) within Debt Management.

- Tax Arrears cases to be assigned to Debt Management.
  - HIGH priority cases will be worked by Field Compliance Officers
  - MEDIUM priority cases will be worked through phone call activity
  - LOW priority cases will not be worked
  
- Stop-filer cases to be assigned to Debt Management should be prioritized by a system similar to the one this advisor developed for arrears debt cases.
  - HIGH priority Stop-Filer cases will be worked by Field Compliance Officers
  - MEDIUM priority Stop-Filer cases will be worked through phone call activity
  - LOW priority Stop-Filer cases will not be worked

### Assumptions for Debt Management Operational Plan (DMOP)

**Assumption # 1** Prior Year New Taxpayer Cases. This number is derived from a review of prior year records. This number represents the total of new taxpayer cases (both Debt Management and Stop-Filer) received during the month. 2012 is projected based on new case information from 2011. It is an estimate. Future records will be more accurate as to new cases.

**Assumption # 2** Prior Year New Cases by High, Medium, and Low Classification. Applying the percentage of high and medium cases obtained in the original case classification study split (January 2012) generates this number. Future information on new cases will be accurate because the system has been programmed to reflect High, Medium, and Low classification on each case.

**Assumption # 3** Reductions of total time (in days) to reach direct time for casework considers the following required reductions for each employee:

Vacation Days 25

Sick Leave Days 10

Department Leave Days 10

Training Days 5

Total Days for employees: 50 per year\*

**\*Note:** These represent average days that employees are entitled to use. Also total time available reflects those work days/hours available and do not include official holidays in Jamaica.

**Assumption # 4** A general 10% reduction of time, after the reductions above in Assumption # 3, is taken to account for general office duties taking personnel away from direct Debt Management Activities.

**Assumption # 5** Experience Rates of closures (the number of average hours per case closure) of a Debt Management Case and a Stop-Filer Case were determined. This number has a relatively low level of confidence due to the changing processes in Debt Management and is based upon recent observations of employees. The experience rates are set for both the Office and Field activities in Debt Management. Five hours per case for Office activity to resolution and 10 hours per case for field activity to resolution. Also, an experience rate of 3 hours per case for Office activity to resolution has been set for Stop-Filer Cases.

**Assumption # 6** The percentage of work for Tax Arrears Cases and Stop-filer Cases for 2012 will be set at 85% of Direct Time available to Tax Arrears Cases and 15% of Direct Time available for Stop-filer Cases. Stop-Filer casework will be completed in the Office Unit.

## National Debt Management Operational Plan

The National Plan will be the cumulative results of 7 Revenue Service Centres (RSC) and the Large Taxpayer Office (LTO). An Excel program will assist in determining how to allocate Compliance Officer staff hours to develop the optimal plan, within the bounds of total Debt Management staff years.

## Plans to Guidance to the Regional Service Centers

The National plan must be divided up among the Regional Service Centres and the LTO, where the Debt Management efforts will be realized. Programme Department staff will use the existing inventory counts of High and Medium Priority Cases and counts of anticipated new Debt Management Cases for each of the seven RSC's to develop plans. Initially, the same experience rates for field and office work that are used in the DMOP plan will be used. In future iterations of the DMOP, Regional Service Centre experience rates will be substituted in their plans.

The Programmes Department will coordinate the effort to develop the regional plan with the RSC Management. There may be valid reasons why the optimal plan pattern will not be practical for the RSC. Working together, the headquarters and RSC official should reach a

consensus about the final plan. It will attempt to conform to the optimal strategy, and also adjust for local conditions.

Once the final plan is determined, the RSC will work toward the accomplishment of the plan, and the Programmes Department will monitor the RSC's progress and provide additional guidance as needed. The Excel spreadsheet program will be made available to all RSC's so that the task of making proposed adjustments for hours to programs can be calculated. The approval of the DMOP is retained at the Deputy Commissioner General, Operations.

## Debt Management Operational Plan Represents a Set of Goals for the Fiscal Year

The plan for each office is to be viewed as a set of goals. It is a number of resolved cases in both collection and stop-filer areas. Some regional offices may exceed these goals and some offices may not achieve the goals. Since the goals for fiscal year (FY) 2012/2013 are established at a high level for each RSC, it is likely that some variability will occur due to the unique nature of each RSC, i.e. some are metro, some are rural; there are different levels of business vs. agricultural activity in the RSC; and workload may not be evenly distributed. That is, in a regional office some targets may be overachieved and others underachieved. However, the National DMOP should be viewed at a total program level with a goal of national achievement that is close to the goals set nationwide.

## Evaluation of Offices Based on Results

The Headquarters and Regional offices will get reports that will display the statistical results of the Debt Management program and the DMOP. These results will be used to monitor and evaluate the success of the program. They will also be used to make future plans more reliable and realistic.

Individual Tax Compliance Officers will not be individually evaluated based on the RSC Plan or its targets of inventory closures. Individuals will be evaluated based on their performance on casework assigned to them and other TAJ criteria.

# ANNEX 10

## DEBT MANAGEMENT OPERATIONAL PLAN FY 2012/2013 MASTER INVENTORY AND CLOSINGS

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTALS
<b>INVENTORY</b>													
OPENING INVENTORY													
OFFICE DEBT MGMT	0	0	0	0	0	0	0	0	0	0	0	0	
OFFICE STOP FILERS	0	0	0	0	0	0	0	0	0	0	0	0	
FIELD	0	0	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL</b>	<b>0</b>												
<b>NEW TAXPAYERS ADDED</b>													
													<u>NEW TAXPAYERS</u>
OFFICE DEBT MGMT	0												0
OFFICE STOP FILERS	0												0
FIELD	0												0
<b>TOTAL</b>	<b>0</b>												<b>0</b>
<b>NEW ADJUSTED TOTAL</b>													
OFFICE DEBT MGMT	0												
OFFICE STOP FILERS	0												
FIELD	0												
<b>TOTAL</b>	<b>0</b>												
<b>ACTUAL CLOSURES</b>													
													<u>ACTUAL TOTAL CLOSURES</u>
LESS TAXPAYERS CLOSED													0
OFFICE DEBT MGMT	0												0
OFFICE STOP FILERS	0												0
FIELD	0												0
<b>TOTAL</b>	<b>0</b>												<b>0</b>

PRIDE JAMAICA

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTALS
CLOSING INVENTORY													
OFFICE DEBT MGMT	0												
OFFICE STOP FILERS	0												
FIELD	0												
<b>TOTAL</b>	<b>0</b>												
<b>SCHEDULED CLOSURES</b>													
LESS TAXPAYERS CLOSED													<u>PROJECTED TOTAL CLOSURES</u>
OFFICE DEBT MGMT	0	0	0	0	0	0	0	0	0	0	0	0	0
OFFICE STOP FILERS	0	0	0	0	0	0	0	0	0	0	0	0	0
FIELD	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>												
<b>VARIANCE: ACTUAL TO SCHEDULE</b>													<u>VARIANCE FOR 2012</u>
OFFICE DEBT MGMT	0												0
OFFICE STOP FILERS	0												0
FIELD	0												0
<b>TOTAL</b>	<b>0</b>												<b>0</b>

**NOTE:** Inventory represents high and medium priority cases to be worked.  
**NOTE:** Inventory expressed in Taxpayers. Each taxpayer may have multiple open cases.  
**NOTE:** Plan closures are based on experience rates in Assumptions.

# ANNEX 11

## IMPROVING TAXPAYER COMPLIANCE PROGRAMME - PROFESSIONALS

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### Form 13, Notice of Failure to File

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**FORM 13**



KINGSTON REVENUE SERVICE CENTER  
1-3 KING STREET  
KINGSTON, JAMAICA  
TEL: (876) 922-7919; FAX: (876) 948-1413  
Email: [complianceofficer@taj.gov.jm](mailto:complianceofficer@taj.gov.jm)

OF: ..... TRN.....  
..... Assessment No: .....

**TAKE NOTICE** that pursuant to Section 70 (1), of the Income Tax Act, you are hereby required to make and deliver to the Kingston Revenue Service Center a return of your income for the Year(s) of Assessment

**2009 and 2010**

**WITHIN FIFTEEN DAYS** after the date of service hereof upon you:

**AND FURTHER TAKE NOTICE** that if you fail without reasonable excuse to comply with the requirements of this notice, proceedings may be taken against you pursuant to Section 70 (4) of the said Act.

Dated this..... day of .....

.....  
**Manager  
Debt Arrears Unit**

This notice is issued pursuant to instructions issued by the General Manager, Kingston Service Center of the Tax Administration Jamaica.

G.P.O.

Please reply to: .....  
Compliance Officer (name)  
Debt Arrears Unit  
(address)  
Phone No: 999-999

Form 13-A, Final Notice of Failure to File

FORM 13 - A



KINGSTON REVENUE SERVICE CENTER  
1-3 KING STREET  
KINGSTON, JAMAICA  
TEL: (876) 922-7919; FAX: (876) 948-1413  
Email: [complianceofcr@taj.gov.jm](mailto:complianceofcr@taj.gov.jm)

TO: ..... Parish or District .....

OF: ..... TRN.....

..... Assessment No: .....

**FINAL NOTICE**

**THIS IS YOUR FINAL NOTICE** that pursuant to Section 70 (1), of the Income Tax Act, you are hereby required to make and deliver to the Kingston Revenue Service Center a return of your income for the following Year(s) of Assessment:  
**2009 and 2010**

**WITHIN TEN DAYS** after the date of service hereof upon you:

**AND FURTHER TAKE NOTICE** that if you fail to comply with the requirements of this notice, enforcement proceedings may be taken against you pursuant to Section 70 (4) of the said Act.

Dated this..... day of .....

.....  
**(Manager)**  
**Debt Arrears Unit**

This notice is issued pursuant to instructions issued by the General Manager Kingston Service Center of the Tax Administration Jamaica.

G.P.O.

Please reply to: .....  
Compliance Officer (name)  
Debt Arrears Unit  
(address)  
Phone: 999-9999

Tax Return Investigation Record, Form 102

FORM 102		TAX ADMINISTRATION JAMAICA	
(REV. SEPTEMBER 2011)		<b>TAX RETURN INVESTIGATION RECORD</b>	
Taxpayer's Name and Address		Taxpayer Registration Number	
Type of Tax	Taxable Period Ending	<input type="checkbox"/> Action Taken <input type="checkbox"/> Return Secured <input type="checkbox"/> Not Liable This Period <input type="checkbox"/> No Longer Liable <input type="checkbox"/> Unable to Locate (Out of Business)	
Assignment Record	Date Assigned	Actions Taken by Compliance Officer	
Name of Compliance Officer			
1.2 <b>Compliance Officer's Signature</b>		1.3 <b>Date:</b> _____	









# ANNEX 12

## TAJ PERFORMANCE ANALYSIS TRAINING PRESENTATION

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**TAJ Performance Analysis Training**  
November 14-18, 2011  
Jamaica

Provided by PRIDE Jamaica, a project funded by USAID/Jamaica

**Role of an Analyst:  
Duties and Completed Staff  
Work**

**Objectives**

- ◆ To provide training and practical expertise to analyst staff on how to effectively analyze performance data from the field functional components.
- ◆ Methods of gathering data used to prepare periodic reports; analyze performance, look for trends that may be emerging.

**Duties of an Analyst:**

- ◆ An Analyst's job is to provide information, analysis, and insight to the Director.
- ◆ An Analyst's job is to be the eyes and ears for the Director.
- ◆ An Analyst's job is to provide timely information to the Director.

**Objectives (cont.)**

- ◆ Ways to communicate results of analysis with field offices and other HQ personnel.
- ◆ How to ensure data verification and validation concepts to ensure accuracy of reports

**Analyst Work Products**

- ◆ Identify the key characteristics attributable to a quality work product
- ◆ Itemize the factors that define a completed work product
- ◆ Catalogue the activities necessary to achieve successful project work completion
- ◆ List the most common challenges in achieving assigned analyst work and list ways to overcome these challenges

**Identify the Key Characteristics  
Attributable to a Quality Work Product**

- ◆ Complete
- ◆ Understandable
- ◆ Concise, succinct
- ◆ Provides necessary tie-ins
- ◆ Timely completion
- ◆ Meets identified objective
- ◆ Aesthetics
- ◆ Other?

**Identify the Key Characteristics  
Attributable to a Quality Work Product**

- ◆ Timely completion

It is no good tomorrow if I needed it today!

**Identify the Key Characteristics  
Attributable to a Quality Work Product**

- ◆ Concise, succinct

More is not always better!

Keep it simple!

A picture, a graph can convey a tremendous amount of information

**Identify the Key Characteristics  
Attributable to a Quality Work Product**

- ◆ Meets identified objective

What did you set out to do?

Keep your project goal in mind....

The usefulness of the tool in a decision making process

**Identify the Key Characteristics  
Attributable to a Quality Work Product**

- ◆ Provides necessary tie-ins

No “left field” comparisons

Is there a connection that needs to be made?

Does it make sense to you?

**Identify the Key Characteristics  
Attributable to a Quality Work Product**

- ◆ Aesthetics

Why does a Quality work product need to be “eye appealing” ?

### Identify the Key Characteristics Attributable to a Quality Work Product

- ◆ Identify and discuss OTHER items that are attributable to a QUALITY work product
- What are other items that affect Quality Work Products?

### Itemize the Factors That Define a Completed Work Product

- ◆ What does a Completed Work Product Look like to You?

### Other Factors Relative to a Quality Work Product

- ◆ When and why not to forward a string of emails....Getting to the point
- ◆ Knowing the status of any project...What has been received (if request are out there – who responded) and what has not been received
- ◆ Status of project moving it toward completion

### Some Examples of What a Completed Work Product Can Be

- ◆ Telephone contact
- ◆ Memorandum
- ◆ Letter
- ◆ Report
- ◆ Oral Presentation
- ◆ Demonstration
- ◆ Email (with or without an attachment)
- ◆ Other

### Itemize the Factors That Define a Completed Work Product

#### What is Completed Staff Work?

- ◆ It is the thorough study of a subject and the presentation of a completed project in such a whole form that the only thing remaining to be done after the review by the deciding official is to approve or disapprove

**Note:** The completed product contains all the findings and recommendations

### Steps Involved in Completed Staff Work

- ◆ Step 1 – Understand what you have been asked to do
- Scope – The boundaries of your work
- Time Frame – When is the product due
- End Product – Determine in advance the type of end product desired to accomplish the objective

### Steps Involved in Completed Staff Work

- ◆ Step 2 - Know the audience...
  - Executives – Big Picture
  - Managers – More details
  - Others – Short summary followed by details

### Steps Involved in Completed Staff Work

- ◆ Step 5 –
  - Analyze the facts
  - Study information

### Steps Involved in Completed Staff Work

- ◆ Step 3 – Outline your action plan
  - What information do you need?
  - How will you gather it?
  - Who will you contact?
  - Are additional resources needed?
  - Is your deadline realistic?

### Questions?

- ◆ What questions do you have?
- ◆ What issues do you see?
- ◆ How should you proceed?

### Steps Involved in Completed Staff Work

- ◆ Step 4 – Research
  - Gather the facts
  - Investigate
  - Determine the resource impact

### Steps Involved in Completed Staff Work

- ◆ Step 6
  - Coordinate with affected Parties

## Steps Involved in Completed Staff Work

- ◆ Step 7 – Develop Alternatives
  - Step by step analysis
  - Experience of others
  - Research
  - Brainstorming
  - Personal experience and judgment
  - Consider piloting

## How Can We Assess if We Have a Quality Completed Work Product?

- ◆ A simple check sheet for review to assist
- ◆ In preparing the completed product, you should score 100% on the check sheet. If no is answered on any question, a little “tweaking” will be necessary

## Steps Involved in Completed Staff Work

- ◆ Step 8 – Develop Recommendations
  - Written
  - Oral

## Categories to Check – Knowing the 5 – C’ s!

- ◆ Clarity – Understandable
- ◆ Conciseness – Succinct
- ◆ Correctness – Accurate
- ◆ Content – Fit for use
- ◆ Completeness – Name and dates correct

## Steps Involved in Completed Staff Work

- ◆ Step 9 – Sanity Check
  - Identify the characteristics of a well written project
  - Recognize how words can impact your leader
  - Apply writing tips to re-write and revise your report as necessary

## Actions Necessary by Analysts to Provide Completed Staff Work

- ◆ Taking initiative to consult with others
- ◆ Interpret, work to understand, and recommend
- ◆ Avoid duplication, awareness of other work around you
- ◆ Ensure to consider and tie work into organizational objectives, priorities, and goals
- ◆ Clearly describe and portray relevancy
- ◆ Ensuring for the inclusion of basic Presentation and Identification information on your reports such as Date, Time, Revisions, Source, file name, etc.

**What Do You Think is an Acceptable Response Time to Get Back to a Customer Request?**

- ◆ To a Field Customer?
- ◆ To one of your own Compliance functional peers as TAJ works together?
- ◆ What do you think about a status check if you run into challenges? Necessary?

**List the Most Common Challenges in Achieving Assigned Analyst Work and List Ways to Overcome These Challenges**

Challenges.....

- ◆ Balancing work efforts
- ◆ Meeting short deadlines & timely delivery
- ◆ Working with others to achieving an assigned task – successful collaboration
- ◆ Meeting the supervisor’ s expectation on a project
- ◆ Technical ability and overall knowledge to complete assigned task

**Catalogue the Activities or Steps Necessary to Achieve Successful Project Work Completion**

- ◆ Recognize timeframe for delivery
- ◆ Communication of expectations for assignment
- ◆ Responsiveness
- ◆ Consider input from all relevant sources
- ◆ Collaboration
- ◆ Ensure to leave not loose ends

**Identifying Ways to Overcome Challenges to Identified Work Needs**

- ◆ Planning
- ◆ Prioritizing your work efforts
- ◆ Communication with all parties involved in the process, including a clear understanding of your supervisor’ s expectation
- ◆ Ownership

**Catalogue the Activities or Steps Necessary to Achieve Successful Project Work Completion**

- ◆ Make recommendations in your delivery or presentation
- ◆ Ownership and pride in the assignment
- ◆ Meet the desired objectives and your supervisor’ s expectations
- ◆ Effectively communicating your results
- ◆ Performing necessary follow up

**Summary**

- ◆ Quality Work Product
- ◆ Completed Staff Work
- ◆ Necessary Activities to Complete Assigned Work
- ◆ Overcoming pitfalls to achieve assigned tasks

## Analysis of Performance: Methods and Sources

- ### Areas of Focus
- ◆ Age of Inventory or Case
  - ◆ High Value Cases
  - ◆ Use of Enforcement Tools
  - ◆ Collected Taxes (GCT)

## What Do I Need to Do?

# The Number s

- ### Age of Inventory or Cases
- ◆ The older a case, the harder to collect! (Cables 1992)
  - ◆ A key factor in inventory turnover is age.
  - ◆ When analyzing performance look first at the “time” in inventory for cases to review.

- ### Analysis of Performance
- ◆ Areas of Focus
  - ◆ Data Sources
  - ◆ Review of Cases

- ### High Value Cases
- ◆ High Value Cases are a key priority for TAJ
  - ◆ Look to those cases that represent the highest value, for the greatest impact.
  - ◆ The revenue of Jamaica is at stake.

## Use of Enforcement Tools

- ◆ Most Taxpayers want to pay, but are having difficulty.
- ◆ Some Taxpayers are evading payment.
- ◆ Enforcement is a visible tool that should be used.
- ◆ Enforcement is public and will result in payment.

## Data Collection

- ◆ Data can be collected in a number of ways
  - ◆ manual count
  - ◆ check sheets
  - ◆ survey forms
  - ◆ automated systems
  - ◆ other
- ◆ Ensure that the data collection methods are valid and reliable

## Collected Taxes (GCT)

- ◆ These taxes are different, they are not funds that belong to the Taxpayer
- ◆ Taxpayers hold these funds "in trust" for the Government
- ◆ Special focus should be applied to these cases

## Using Measures

- ◆ As Indicators of Performance
- ◆ To Determine Root Causes of Problems
- ◆ To Understand Consequences of Actions
- ◆ As a Basis for Evaluation of Organizational Performance

## Data Sources

- ◆ Data sources are changing with the introduction of new automated systems.
- ◆ Automated data is more accurate than manually collected data\*

\*garbage in = garbage out

## Using Scorecards

- ◆ Data elements and Performance Measures have been agreed
- ◆ The opportunity to trend performance indicators gives insight
- ◆ It creates a standard way of discussing performance

## Something to Think About...



“If measurement alone would achieve the desired result...the bathroom scale would replace the diet.”

Anonymous

## Thinking outside the Box

- ◆ Your task is to balance the 13 nails at your table on the head of the one screw sticking out of the block of wood. All the nails must stay balanced simultaneously and be freestanding; that is, not propped up or bound by any other material or object, including the block of wood. The block of wood must remain at rest, squarely on the table. Your task is to balance all of the screws on the table on the one nail sticking out of the block of wood.

## Questions?

- ◆ What questions do you have?
- ◆ What issues do you see?
- ◆ How should you proceed?
- ◆ What action can you take, what can you do based on the information you review?

## Monitoring and Evaluating TAJ Results

## Challenge of Thinking

- ◆ In order to be an effective analyst you must think creatively.
- ◆ In order to be an effective analyst you must not just accept the norm.
- ◆ In order to be an effective analyst you must communicate effectively.
- ◆ In order to be an effective analyst you must listen.

## Analyze Data

- ◆ Regularly scheduled analysis should be performed on performance data.
- ◆ Analysis should be done at both Headquarters and local levels
- ◆ Managers should analyze results for their group

## Objectives

- ◆ Analyze Data Related To Your Program
- ◆ Identify Data Sources
- ◆ Data Versus Measures
- ◆ Select Correct Data
- ◆ Interpret Data and Measures
- ◆ Summarize Findings

## To Use Statistics

- ◆ Understand Statistical Terms
- ◆ Aware of the Types of Data
- ◆ Locate Data Sources
- ◆ Secure and Manipulate Data
- ◆ Form Conclusions

## Statistics

- ◆ The science of collecting, organizing, and interpreting numerical facts.
- ◆ Techniques include:
  - ◆ Descriptive
  - ◆ Inferential

## Data

- ◆ Relevant
- ◆ Consistent
- ◆ Reliable
- ◆ Current
- ◆ Repeatable

## Statistical Uses

- ◆ Identify Potential Problems/Issues
- ◆ Measure Program Effectiveness
- ◆ Recommend Change
- ◆ Report Results
- ◆ Prediction

## Measures

- ◆ There are generally two types of measures, they are:
  - ◆ Process Measures -Those indicators that measure steps of a process, like Collection.
  - ◆ Results Measures -Those indicators of the end result of an effort.

## Economy and Environment

- ◆ Many times the reason for failure to perform or meet targets is attributed to the Economic Conditions or the Environment.
- ◆ Some times these reasons are an attempt to divert attention from the real inefficiencies in operations;
- ◆ However, sometimes they are real and legitimate reasons.
- ◆ Analysts need to know the difference!

## First Assessments

- ◆ What are the current data sources used by the TAJ?
- ◆ What is the validity/reliability of that data?
- ◆ What are the measures used by the Field Operations?
- ◆ What reports are produced by the Field Operations and with what frequency are they produced?

## Disseminate Results

- ◆ Results and scorecards should be disseminated openly for transparency
- ◆ Focus should be on performance over time for units (Field Operational Units)
- ◆ Caution should be taken to ensure no improper actions are taken to improve results based on improper treatment of taxpayers

## First Assessments (continued)

- ◆ What analysis is done on the data available to assess the collection operation?
- ◆ How is the analysis conducted?
- ◆ Over what period of time is data available?
- ◆ Does analysis of data result in directional changes in the operations?

## Reevaluate Measures Periodically

- ◆ The current system of identified measures should be reviewed and evaluated annually.
- ◆ However, trending is critical to understanding performance, so radical changes should be made understanding the impact.

## Essential Data Elements for Collections\*

- ◆ Revenue Collected
- ◆ Revenue Outstanding
- ◆ Age of Inventory, Elapsed time since assessment
- ◆ Time applied per case, phone call, effort
- ◆ Number and Amount of accounts closed uncollected
- ◆ Quality of work products

### Essential Collection Data Elements (cont.)

- ◆ Cost per transaction (time, expenses), what is the cost benefit of field work vs. office work on certain cases?
- ◆ Customer input (varies depending on client country)
- ◆ Employee input (varies depending on client country)

\* Data Elements may or may not be available or cost too much. These are most desired and should be encouraged. Methods for gathering data may migrate from poor to good over time.

### What are the essential Data Elements for other functions?

- ◆ Taxpayer Service?
- ◆ Human Resources?
- ◆ Criminal Investigations?
- ◆ Communications?
- ◆ Others?

### Essential Data Elements for Audit\*

- ◆ Number of Audits Conducted
- ◆ Amount of Tax Assessed
- ◆ Age of Inventory, Elapsed time since audit started
- ◆ Time applied per case, phone call, effort
- ◆ Number of multi-year audits and percentage
- ◆ Quality of work products

### Data Verification and Validation

- ◆ How is data secured (machine, manual input, or derived formula)?
- ◆ What quality assurance efforts are in place to ensure accurate data (sampling)?
- ◆ Each area of data (time, revenue, quantity) should be validated?
- ◆ How does the client country annotate and adjust for less than accurate data?

### Essential Audit Data Elements (cont.)

- ◆ Cost per transaction (time, expenses), what is the cost benefit of field work vs. office work on certain cases?
- ◆ Customer input (varies depending on client country)
- ◆ Employee input (varies depending on client country)

\* Data Elements may or may not be available or cost too much. These are most desired and should be encouraged. Methods for gathering data may migrate from poor to good over time.

### Measures: Ratios/Percentages

- ◆ How is analysis conducted? Are different views of relational data presented to illustrate a complete picture?
- ◆ Are measures formulae documented and articulated? Internal/External?
- ◆ Over what period of time is data available, are there cyclical patterns in data illustrating changes in performance?

## Measures: Ratios/Percentages

- ◆ Have measures been identified? Are they the vital few measures?
- ◆ Are diagnostic indicators used to support an understanding of performance?
- ◆ What reports are needed/desired and what distribution of reports currently exists?
- ◆ Do reports/data flow to external organizations? Internal ministries?

## Annual Compliance Plan Development

- ◆ Improved computer support
- ◆ The government forecast of inflation
- ◆ The proportion of time that should be spent on arrears and non-filers

## Assessment of Guidance/Direction

- ◆ After analysis of reports, what guidance or direction is issued to field personnel?
- ◆ Are reports prepared at appropriate time intervals, i.e. more frequent for call centers?
- ◆ Are Procedural Manuals, Policy Statements, and Legal processes in alignment with the guidance and direction needed to improve operations?

## Questions?

- ◆ What questions do you have?
- ◆ What issues do you see?
- ◆ How should you proceed?

## Annual Compliance Plan Development

- ◆ Consider all available data
- ◆ Current level of collections
- ◆ Expected law changes affecting collection
- ◆ Changes in staffing levels and other resources
- ◆ Improved procedures and techniques

## TAJ Reports

- ◆ The handout you are receiving are the current proposed TAJ Reports
- ◆ We will divide the group into smaller groups working on operational functions.
- ◆ Work with your small team and answer the next slide set of questions.

### Exercise on Performance Analysis

- ◆ Break into groups of 4-5. I will assign functions.
- ◆ Use the handout TAJ Reports
- ◆ Perform an analysis of the data you see by your assigned function, what actions will you recommend?
- ◆ Prepare a report of findings to present to the group
- ◆ Identify items you would like to see that aren't present on this scorecard

### How can we implement?

- ◆ Discuss suggestions and obtain agreement of top managers to implement new reports and staff an analytical function
- ◆ Provide training for managers on how to use new and existing reports
- ◆ Sell managers at all levels that the benefits of gathering the data are worth the effort; top manager should do this

### Group Presentations

- ◆ Each group should present their findings to the whole group.
- ◆ The whole group should ask questions to challenge conclusions that are not supported.

### How can we implement?

- ◆ Help the top manager put a system in place to ensure that required reports are actually submitted timely
- ◆ Train and coach report analysts and help managers recognize needed changes in procedures or emphasis

### What other analysis do we want?

- ◆ Discuss with your table partners the elements of data present on the scorecard.
- ◆ Identify other data elements or analysis efforts that you believe can be reasonably accomplished.
- ◆ Remember that data gathering and analysis is a journey, no matter where you start improvements can be realized over time.

### Questions?

- ◆ What questions do you have?
- ◆ What issues do you see?
- ◆ How should you proceed?

## Review of Casework

- ◆ Review of actual Case Work is the only way to actually verify what is being reported.
- ◆ Reviews should be conducted by sampling and expanded to a full review only when indicated.
- ◆ Reviews should be shared with the line management to gain agreement to the facts of the case.

## Which cases to Review

- ◆ Focus on the areas identified earlier in the training.
- ◆ Aged Cases
- ◆ High Value Cases
- ◆ Enforcement Cases
- ◆ Collected Tax Cases

## Review of Cases

- ◆ Data is only the beginning.
- ◆ Data can lead you to types of cases or areas of concern
- ◆ There is no substitute for the actual review of cases, both current cases and closed cases

## Review Agenda (Cont.)

- ◆ Taxpayer Complaints:
- ◆ Are proper records maintained concerning taxpayer complaints?
- ◆ Are trends of complaint identified thru analysis of taxpayer complaints?
- ◆ Are corrective actions taken when necessary?
- ◆ How are corrective actions to procedural problems identified and transmitted to headquarters? How are other managers and employees educated about the corrective actions?

## Sampling of Cases to Review

- ◆ In most cases, people work all their cases the same, so statistically valid sampling isn't required.
- ◆ Usually you can identify performance issues by examining 10 or fewer cases

## Use the Master Inventory List

- ◆ Identify type of review, current case or closed case.
- ◆ Identify 10 cases from the selected area(s) of review.
- ◆ Establish a check sheet to record review findings.
- ◆ Share results with the counterpart manager.

## Questions?

- ◆ What questions do you have?
- ◆ What issues do you see?
- ◆ How should you proceed?

## Draw a Pig Exercise

- ◆ Take out a clean sheet of paper
- ◆ Draw a Pig
- ◆ We will discuss your personality in 5 minutes.

## Communicating Results

- ◆ State The Importance Of Political Protocol
- ◆ Recognize And Act Upon Internal Policies
- ◆ Approach Each Situation With A Clear Perception Of Political Correctness
- ◆ Network, Establish, And Leverage Relationships Both Inside And Outside Your Organizational Framework To Maximize Your Interactions To Get The Job Done

## Define Political Protocol

- ◆ Being Effective
- ◆ Recognizing " Hot Buttons"
- ◆ Choosing Words That Seek Agreement And Understanding
- ◆ Disagreeing In An Agreeable Manner

## Analyst Opportunities

- ◆ Interact With Top Echelon
- ◆ Influence National Policy And Procedures
- ◆ Impact Positively What Is Done And How It Is Done

## Define Political Protocol

- ◆ Spending Energy Wisely
- ◆ Recognizing When To Disengage
- ◆ Avoiding Defensiveness
- ◆ Following Chain Of Command

## Define Political Protocol

- ◆ Getting Things Done
- ◆ Getting Necessary Support
- ◆ Being Effective

## Network and Effectively Communicate

- ◆ Follow Chain Of Command
- ◆ Develop Trusted Associates
- ◆ Use Others As Sounding Boards
- ◆ Be Responsive

## Elements of Being Successful

- ◆ Network And Communicate Effectively
- ◆ Develop An Awareness Of Others
- ◆ Watch Your Words

## Develop an Awareness of Others

- ◆ Be Understanding, Friendly And Empathetic
- ◆ Honor Diversity And Difference
- ◆ Understand Strengths And Weaknesses
- ◆ Understand Reasons For Behavior

## Network and Effectively Communicate

- ◆ Learn People' s Positions
- ◆ Get History On Issues
- ◆ Be Cautious About Being Informal
- ◆ Talk To Others
- ◆ Be Proactive In Building Relationships

## Develop an Awareness of Others

- ◆ Anticipate Consequences Of Actions
- ◆ Don' t Be Critical Without Solutions
- ◆ Be Respectful Of Others Whatever Their Positions
- ◆ Everyone Makes Mistakes

## Watch Your Words

- ◆ Make Decision Wisely On Written Versus Oral
- ◆ Think About The Purpose Of Your Message
- ◆ Use Language That Will Help You Achieve Your Goal

## Summary

- ◆ Remember Chain Of Command
- ◆ Your Thoughts And Ideas Are Very Valuable
- ◆ Don' t Be Bound By History, But Be Respectful Of It
- ◆ Don' t Underestimate Your Value Or Sphere Of Influence

## Key Elements To Presenting Ideas

- ◆ Know Your Audience
- ◆ Know Your Subject
- ◆ Tell An Effective Story
- ◆ Think Logically
- ◆ Be Creative

## Next Steps

- ◆ Get started – don't wait for the "perfect measures" to be developed and implemented or for "perfect data".
- ◆ Make sure the measures you select or the cases you review encourage the behaviors you desire in your organization. If you focus on aged inventory or turnover these areas will improve.
- ◆ Always look at a problem from different angles. Nothing is as it appears on first look.
- ◆ Question standard reasons or excuses.

## Miscellaneous Tips

- ◆ Maintain A Consistent Workstyle
- ◆ Display A Professional Manner
- ◆ Give Leadership The Benefit Of The Doubt
- ◆ Don' t Assume Things Can' t Change
- ◆ Disagreements Should Not Become Personal
- ◆ Attitude Is How You Are Perceived

# ANNEX 13

## SAMPLE FROM UPDATED PERFORMANCE AT A GLANCE REPORT

		(in \$ '000)		(in \$ '000)		% change	This Y-T-D	
REVENUE	Total revenue collection	Month: April	This YTD	Last YTD	yr/yr	Target	Variance	
	Domestic Tax Revenue							
	Total Tax Revenue							
TAXPAYER POPULATION	Taxpayer register		Current Balance	Opening Balance				
	Large							
	Med							
	Other							
	Total							
DEBT MANAGEMENT			This YTD	Last YTD	% change			
	Total Debt	JMD ___ m			yr/yr			
	Debt Collectible							
	Debt Collected	JMD ___ m						
	Debt collectible as % of total collections	xx%						
AUDITS			This YTD	Last YTD	% change	This Y-T-D	Variance	
	Number of taxpayers audited				yr/yr	Target		
	Total yield from audits YTD	JMD ___ m						
	Average yield per audit	JMD ___ m						
	% Non-yielding audit cases YTD	xx%						
	Amount of audit yield collected							
	% of audit yield collected	#VALUE!						
COMPLIANCE RATES	Returns filed & paid on time		This YTD	Last YTD				
	PAYE (mthly)							
	Large							
	Med							
	Other							
	GCT							
	Large							
	Med							
	Other							
	Ind. Income Tax							
	Large							
	Med							
	Other							
	Corporate IT							
	Large							
	Med							
	Other							
	PAYE (Annual)							
	Large							
	Med							
	Other							
TAX FRAUD	Tax fraud cases opened in year							
	Tax convictions in the year	TBD	Total fines and penalties levied: JMD ___ m					
COSTS OF COLLECTION	Recurrent expenditure	Month: April	Total (JMD '000)	% Change	Cost of collection (%)			
		This YTD		yr/yr				
		Last YTD						

# ANNEX 14

## JAMAICA AUDIT POLICIES JANUARY 2012

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### Policies of the Audit Programs Department in the TAJ

The mission of the Audit Department is to audit taxpayers to enforce the tax law and enhance voluntary compliance.

Audit will use risk based selection systems to select a portion of all taxpayers to assure that resources are focused on priority cases.

Auditors will be trained to do quality work, focus on important tax issues, and carry out the work in an expedient manner to increase their productivity.

Audit management will allocate resources to the audit workload to achieve a balanced approach to cover all taxpayers and achieve both direct and indirect revenue for Jamaica. Larger taxpayers will receive higher coverage levels than smaller taxpayers.

Audit management will design an annual plan to guide the RSC's to devote their resources to work on certain classes at a pre-determined level.

The results of all audits will be captured and analyzed to evaluate the relative merits of various audit programs and this data will be used in future planning.

Auditors will use good judgment to determine the scope of the audit and expand the audit to additional years when productive and appropriate.

The Audit department will use the best practice in all procedures and utilize technology to aid in their processes and make programs effective and efficient.

The Audit Department will treat all employees with respect and create a professional work environment.

Audit employees will treat all taxpayers with respect, always behave in a professional manner and will be held to the highest standards of ethical conduct.

Audit employees must never divulge personal audit data and other secure information, except on a need to know basis.

Audit department will assure the security of tax information and take disciplinary action against anyone who violates the security rules.

The Audit department will assess the proper amount of tax, no more and no less.

Auditors and their managers will strive for a high level of agreed cases.

## PRIDE JAMAICA

The Audit Department will cooperate with other TAJ departments to achieve the best overall results for Jamaica.

Audit employees will assist taxpayers to understand their tax obligations and foster future voluntary compliance.

All employees are expected to know and understand tax laws, and enforce the law in a fair and impartial manner.

All communication will be clear and effective. Employees should say what they mean and mean what they say.

Taxpayers will be given information concerning their right to object to audit findings.

Audit department employees will try to accommodate taxpayer's valid business needs, provided it does not preclude a fair and impartial audit.

Audit employees will stay abreast of technical tax issues, identify problem areas, and abusive taxpayer practices, and work with TAJ to enhance voluntary compliance.

# ANNEX 15

## DRAFT CLOSED AUDIT CASE REPORT

**DRAFT**  
CLOSED AUDIT CASE REPORT

RSC:

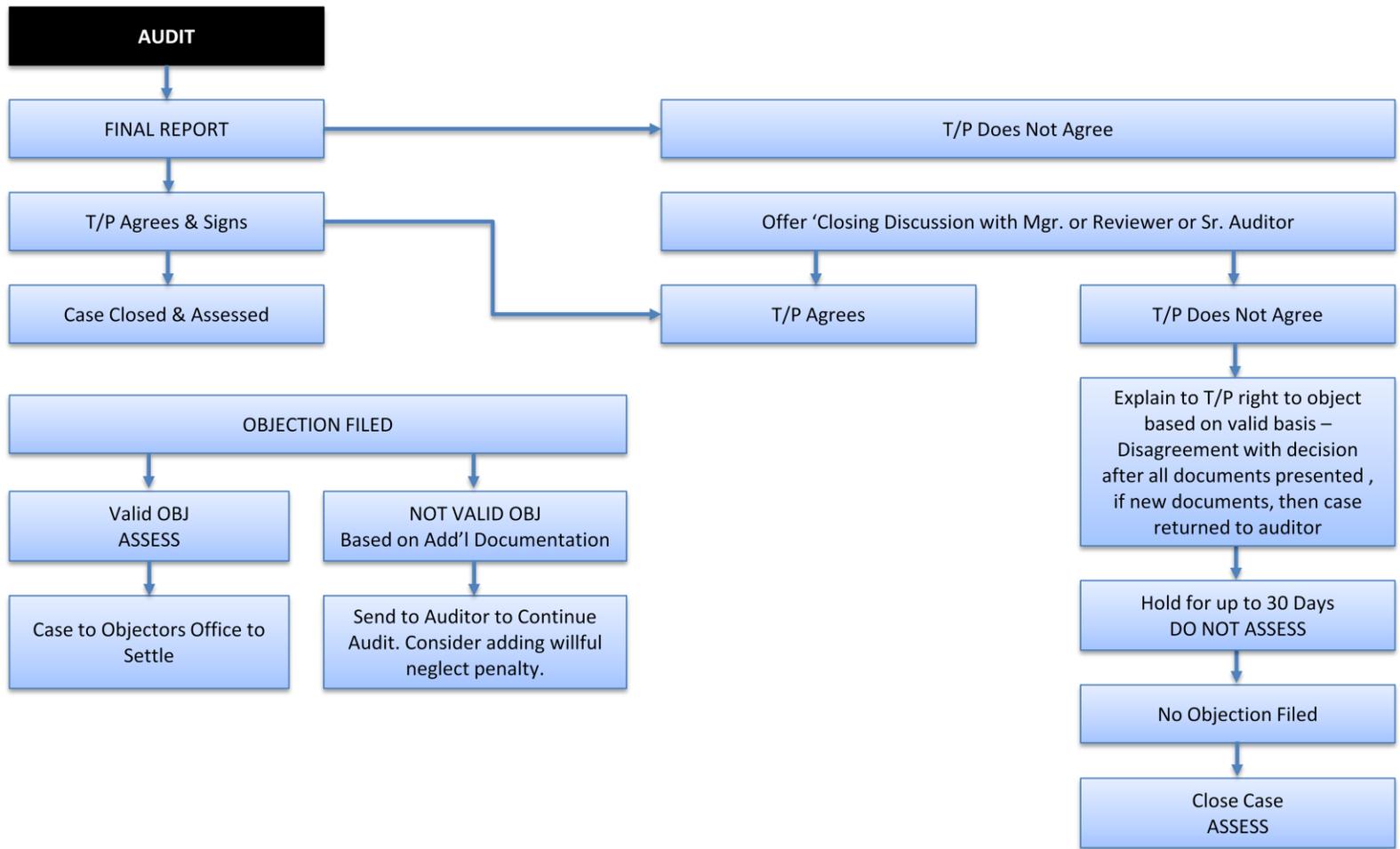
DATE:

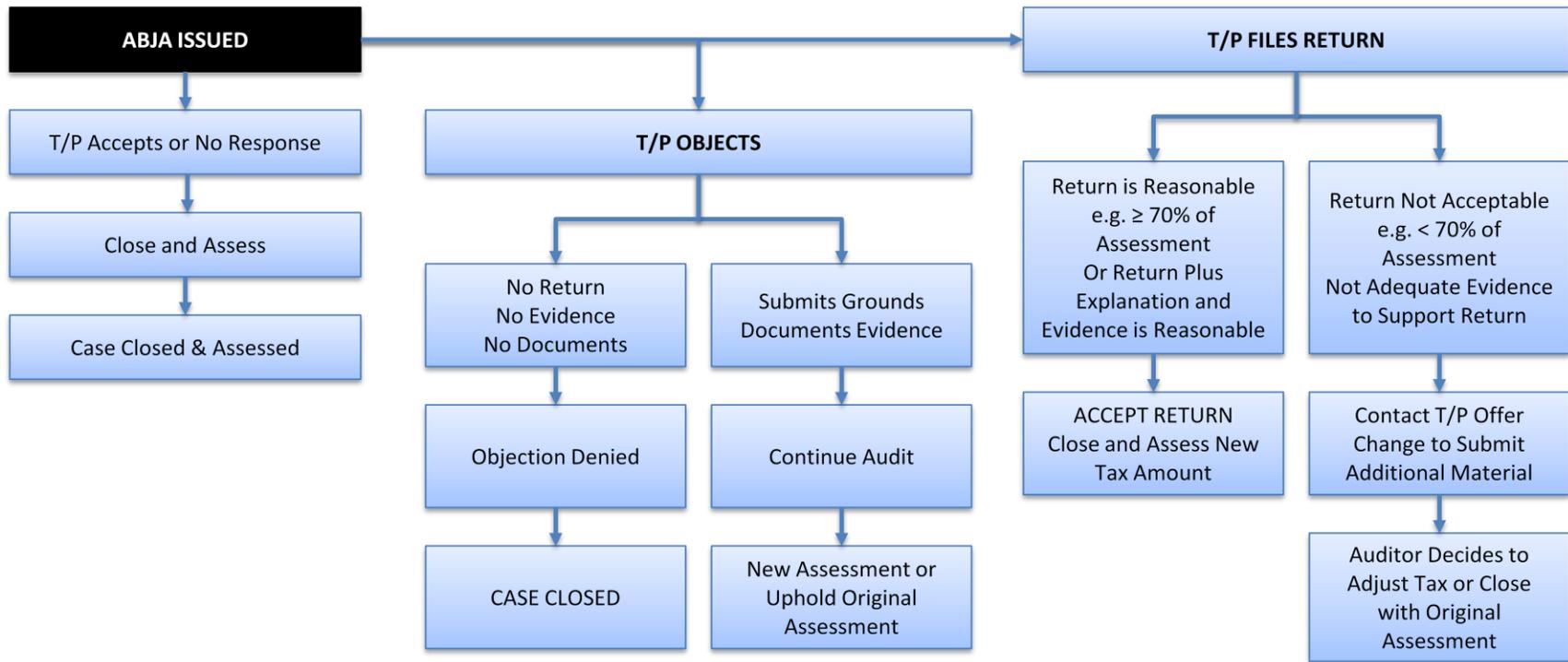
CLASS	NUMBER CLOSED CASES		TAX CHANGES	total HOURS	Average Hours per case year	\$/hr	Total Adjustment of Loss	Tax Value of Loss Adjustment	AGREED		DISAGREED		ANNUAL PLAN		
	T/P	C/Y	TOTAL						NUMBER CASE YEARS	total \$	NUMBER CASE YEARS	total \$	CASE YEARS PER T/P	PLAN NUMBER CASE YEARS TO DATE	PERCENTAGE ACCOMPLISHED
CIT															
	1														
	2														
	3														
IND sole prop															
	1														
	2														
GCT															
	1														
	2														
	3														
PAYE															
IND (NON-BUS)															

TOTALS

# ANNEX 16

## PROCESS FOR AUDIT OBJECTIONS





# ANNEX 17

## SAMPLE FROM CAPITAL EQUIPMENT SCHEDULE FRAMEWORK

### ANNEX - CAPITAL EQUIPMENT DECLARATION SCHEDULE

THE LISTING HEREIN UNDER SUPPLIED IS NOT EXHAUSTIVE BUT JUST A GUIDELINE SAMPLE OF WHAT IS EXPECTED IN YOUR DECLARATION OF CAPITAL EQUIPMENT; GIVE YOUR FULL AND ACCURATE LIST.

ASSET DETAILS	INVOICE NO.	INVOICE DATE	CUSTOM ENTRY NO.	ASSET QUANTITY	SUPPLIER NAME	SUPPLIER PHONE	TOTAL AMOUNT J\$
Hard disks							
1220 X675 X 150mm B125 Composite chamber							
A bed(5x6) with side tables including glass on top							
A.W.B FEE							
A-BIS Functionality							
Abloy Yclub keys							
Abloy Yclub locks							
Abloy YMHub keys							
Abloy YMHub locks							
AC Distribution max 18							
AC Distribution rack							
AC Power cable FKKJ 3X35 Armoured							
Access Control system expansion:-Cost of equipment							
Accessories							
Acer tablet PC TMC 112 Tci Pentium M/1.1GHz/512 MB RAM DVD ROM-CDRW, 56Kbps,Modem, blue tooth, 60GB/10/100 Mbps NIC Card, Floppy drive							

ASSET DETAILS	INVOICE NO.	INVOICE DATE	CUSTOM ENTRY NO.	ASSET QUANTITY	SUPPLIER NAME	SUPPLIER PHONE	TOTAL AMOUNT J\$
Acess to Axios and others							
Adaptor lead for Samsung SGH-R220 Strength enhanced:FME male							
Additional blade for black diamond 6800 switch. Epicenter 4.1 and one year extended warranty on epicenter							
Alteration							
aluminium blinds-charges include: freight collected							
ALUMINIUM FRAMES A2							
AM-2 Cards; MS1C-E1-IF cards							
AM-2-Cards							
Ancillary charges-Xpol A-Panel 806-960 88 17dBi,...							
antenna equip't charges							
Antenna for subscriber unit							
ANTENNAE DROP CABLE KIT							
Antennae drop cable kit(300m & RG11kit)							
Antennae for subscriber Unit							
Antennae wall fix kit							
Antennas & wave guides							
Apac							
APC Carry case travelpower/S.Leach-TPC1000SI							
Aprisa 1400MHz 250kHz 48V							
Aprisa XE 1400MHz 250kHz 48V DC							
APZ 212 33, IPN adapted/notPN adapted							
AWB fee & security chec							
awsu 191550-5(20)ctr stc cables: clearance charges							
awsu 191550-5(20)ctr stc cables: sea freight charges							

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ASSET DETAILS	INVOICE NO.	INVOICE DATE	CUSTOM ENTRY NO.	ASSET QUANTITY	SUPPLIER NAME	SUPPLIER PHONE	TOTAL AMOUNT J\$
AXE Implementation - Inverter batteries							
AXH Equipment and AXH Spares(New access nodes)							
B.A.F							
b.a.f lift on/off + cleaning (lolo)							
Basic A-Bis decode and functionality							
Basic and ONU modules with all accessories; cabinet and rack installation accessories; line and tributary cards TDM,...							
Batteries 24V							
Battery & inverter cabinet							
Battery 12v backup unit str2							
Battery rack							
Battery rechargeable 3.0Ah for spit 327							
Battery upgrade							
bill of lading fee							
Binding machine - REXEL ; S/N 06040063127							
Black Diamond 6800 8-port 1000 Basex Blade							
BO RASCA CABLE							
Body building materials for 2 rigs							

# ANNEX 18

## SUMMARY OF RISKS, JUSTIFICATION, TEST[S] & EXPECTED RESULTS OF DATA REQUESTED FROM TELECOMS

DATA REQUESTED	RISK/ JUSTIFICATION	TEST	EXPECTED RESULTS	SCENARIO SIMULATION USING IDEA
1. <b>Telecom Sector Service Catalogue - A list of all services sold to the Jamaican Subscribers such as Voice, SMS, Internet, Loyalty Programs, Financials, and Hardware. Value Added Services details like News Update SMS etc. Premium Rate Services (PRS) also known as Third Party Content Services [e.g. services that provide recorded information or live conversation for callers] e.g. Bulk SMS Business Messaging Solutions, also Unstructured Supplementary Service Data (USSD).</b>	Failure to take stock of ALL services offered by telecoms Service. Service Catalogue provides non-repudiate proof of services offered	Conduct a reasonability check based on known facts.	Declaration of services by telecoms	N/A
2. <b>HLR (Home Location Register) –Telecom Sector’s central database that contains details of each mobile phone subscriber that is authorized to use your GSM core network</b>	Receiving data with deleted HLR, thereby building financial surrogates on incorrect pedestal	Check Serial Number/ A_Number Gaps for declared active/ inactive numbers.	Telecom supported statement of active/ inactive numbers:	YES
3. <b>PIN (all fields as they appear in your database except the PIN Number itself)</b>	Receiving data with deleted PINS and thereby building financial surrogates on the wrong pedestal	Confirm presence of corresponding A_Number in the CDR & HLR. Run checks of usage within CDR in juxtapose with PIN declarations for declared active/ inactive numbers. Run test on Serial Gaps in voucher batches.	Seamlessly integrated serial number 1:1 matches in allied tables	YES
3.1 <b>PIN Generation inventory as prepared and loaded into Intelligent Network -IN, send to EVD, Banks and Dealers. Include Card Serial Number &amp; Face Value</b>				YES
3.2 <b>PINs Loaded into the IN (all fields in the database except the PIN Number):-</b>				YES
3.3 <b>Loaded / Activated (“+1876XXXXXX”, Card Serial Number, Activation Date &amp; Time, Face Value [in J\$])</b>				YES
3.4 <b>Other methods of airtime recharge ought to be declared</b>				NO

DATA REQUESTED	RISK/ JUSTIFICATION	TEST	EXPECTED RESULTS	SCENARIO SIMULATION USING IDEA
4. <b>Schedule of ALL dormant SIM cards in your format (from the server that tells customers “this number is no longer in use”). SIM card validity – Flowchart description of SIM Card Life Cycle. SIM Active , Inactive, Deactivated, Expired</b>	Like 2 Above	Running tests to check that 2 above is a perfect complement	Successful duplicate testing	YES
5. <b>Distributors Sales [you may also call them dealers] :- PINs sold to Distributors (Name, PIN Serial Number, PIN Value, Stock Levels and Commissions including Residual Commission &amp; Clawback details) – Both at low data level and at high level summaries</b>	Distributors data may differ from the telecoms declaration	Running tests to check that Distributors data may differ from the telecoms declarations	Residual Commission / Clawbacks work backs would give a clear indication of revenue stream	YES
6. <b>Schedule of ALL Capital Equipment outlay detailing [name, quantity, price and source <u>telephone, email &amp; Name</u>].</b>	Unreasonable pricing, quantity and refund claims	Reasonability tests	Guarantee that quantity, type and costs are consistent with norms	YES
7. <b>Contracts for all your dealers</b> 8. <b>Contracts for:- Local/International Interconnect Traffic and Dealers –high level summaries</b>	Failure to take stock of dealers of telecoms Service may not help corroborate telecoms data from 3 <sup>rd</sup> party angle	Conduct a reasonability check based on known facts.	Declaration by telecoms	NO NO
9. <b>Invoices to/from your dealers, postpaid customers and</b>	Failure to take stock of dealers invoices may not help corroborate telecoms data from 3 <sup>rd</sup> party angle	Juxtapose dealers invoices with telecoms invoices	Differences tally	YES
10. <b>Local Interconnect settlement statements</b>	Failure to take stock of competitors settlement statements may not help corroborate telecoms data from 3 <sup>rd</sup> party angle	Run CAAT scripts: 1. Count OG - Firm A -> Firm B Vs IC Firm B <- Firm A 2. Count OG - Firm A -> Firm C Vs IC Firm C <- Firm A 3. Count OG - Firm B -> Firm A Vs IC Firm A <- Firm B 4. Count OG - Firm B -> Firm C Vs IC Firm C <- Firm B 5. Count OG - Firm C -> Firm A Vs IC Firm A <- Firm C 6. Count OG - Firm C -> Firm B Vs IC Firm B <- Firm C 7. Duration OG - Firm A > Firm B Vs IC Firm B < Firm A	Differences tally	ONGOING

DATA REQUESTED	RISK/ JUSTIFICATION	TEST	EXPECTED RESULTS	SCENARIO SIMULATION USING IDEA
		8. Duration OG - Firm A > Firm C Vs IC Firm C < Firm A 9. Duration OG - Firm B > Firm A Vs IC Firm A < Firm B 10. Duration OG - Firm B > Firm C Vs IC Firm C < Firm B 11. Duration OG - Firm C > Firm A Vs IC Firm A < Firm C 12. Duration OG - Firm C > Firm B Vs IC Firm B < Firm C		
11. <b>International Interconnect settlement statements</b>	Same as above	Same as above	Same as above	NO
12. <b>Details of all past promotions and discounts</b>	Telecoms need to explicitly declare their promotions in full details	Compare their declarations with customs C78 entries and run a cost check	Difference tally	N/A
13. <b>Call Detail Records [CDR]</b>				ONGOING
13.1 <b>Post-Mediated (Rated) CDR:- (Serial#, Calling#, Called#, Duration, Call Date, Start [+End] Time, Amount [J\$/=(NOT ID)], Indicator field(s) depicting International, Local, SMS, Postpaid, Prepaid and Non Billable (Such as airtime loading, missed calls etc) )</b>	Receiving data with deleted CDRs, thereby building financial surrogates on incorrect pedestal. Deletions may not be obviously noticeable but would be detectable.	Compare the counts at each change of CDR - Call Data [Detail] Record table definition Serial Number Gaps in scratch card data 1. Zero Rated Voice Calls 2. Date Gaps in CDR batches. 3. Spikes & Dips in Duration 4. Spikes & Dips in Charging 5. Spikes & Dips in Volumes 6. Spikes & Dips in Product 7. Total Records [CDRs] # 8. Total UNIQUE lines # 9. Total Minutes 10. Total Amount [J\$] 11. Total Outgoing # [Count] 12. Total Outgoing Minutes 13. Total Outgoing [J\$] 14. Total Incoming # 15. Total Incoming Minutes 16. Total Incoming [J\$] 17. Total Others [GPRS] # 18. Total Others [J\$]	Surrogate financials based on Tariff Tables and CDR Records	

PRIDE JAMAICA

DATA REQUESTED	RISK/ JUSTIFICATION	TEST	EXPECTED RESULTS	SCENARIO SIMULATION USING IDEA
		19. Total CDR's for Scratching Cards 20. Total [J\$] of Cards Scratched		
13.2 Pre-Mediated format of CDR:- (Serial#, Calling#, Called#, Duration, Call Date, Start [+End] Time, Amount [J\$/=(NOT ID)], Indicator field(s) depicting International, Local, SMS, Postpaid, Prepaid and Non Billable (Such as airtime loading, missed calls etc )	Same as above	Same as above	Same as above	
113.2 Tariff Tables [your database format]	Same as above	Same as above	Same as above	ONGOING
14. Sales Tables for all your services [your database format] for services not mentioned from 1 to 16 above such as: Email Centric Services, Backup-as-a-Service, Monitoring Services, Server Co-Location, Dedicated Server Service, Virtual Server Service, Service Management Support Services, Site Operation Services, Data Storage and Replication Services	Same as above	Same as above	Same as above	ONGOING
15. Own [or other party] International Gateway Traffic Data [Incoming and Outgoing]	Same as above	Same as above	Same as above	N/A
16. Voucher/PIN order requests by telecoms as soft copy from your Voucher Management System	Same as above	Same as above	Same as above	NO
17. Details of all sales of Mobile phones [Including Smart phones], Laptops, TV, Network devices and others: (Brand, Model, Price, Pieces, Customer etc)	Same as above	Same as above	Comparison tally with customs data and top 20% cost value authentication	NO
18. Airtime Demand forecasting reports	That this may be modified	Check PC Library timestamps for modification dates and source authentication	Go-No-Go	N/A

# ANNEX 19

## FORMATION OF ALL PROBABLE TEST HARNESSES, DATABASES AND SCRIPT COMMANDS FOR PROSPECT DATA COMBINATIONS FOR SIMULATION PURPOSES

---

### Example:

```

Sub Main
    Call ExcellImport('C:\TAJ JAMAICA\CAPEX Company A 2011-2012.xls
    Call IndexDatabase() 'CAPEX Company A 2011-2012-WITH CAT.IMD
    Call ControlTotal() 'CAPEX Company A 2011-2012-WITH CAT.IMD
    Call IndexDatabase1() 'CAPEX Company A 2011-2012-WITH CAT.IMD
    Call DirectExtraction() 'CAPEX Company A 2011-2012-WITH CAT.IMD
End Sub

' File - Import Assistant: Excel
Function ExcellImport
    Set task = Client.GetImportTask("ImportExcel")
    dbName = Client.LocateInputFile ("C:\TAJ JAMAICA\CAPEX Company A 2011-2012.xls")
    task.FileToImport = dbName
    task.SheetToImport = "WITH CAT"
    task.OutputFilePrefix = "CAPEX Company A 2011-2012"
    task.FirstRowsFieldName = "TRUE"
    task.EmptyNumericFieldAsZero = "TRUE"
    task.PerformTask
    dbName = task.OutputFilePath("WITH CAT")
    Set task = Nothing
    Client.OpenDatabase(dbName)
End Function

' Data: Index Database
Function IndexDatabase
    Set db = Client.OpenDatabase("CAPEX Company A 2011-2012-WITH CAT.IMD")
    Set task = db.Index
    task.AddKey "CONSIGNOR_COUNTRY_NAME", "A"
    task.Index FALSE
    Set task = Nothing
    Set db = Nothing
End Function

' Control Total
Function ControlTotal
    Set db = Client.OpenDatabase("CAPEX Company A 2011-2012-WITH CAT.IMD")
    db.ControlAmountField "CIF_VALUE_FOREIGN_CURRENCY"
End Function

' Data: Index Database
Function IndexDatabase1
    Set db = Client.OpenDatabase("CAPEX Company A 2011-2012-WITH CAT.IMD")
    Set task = db.Index

```

## PRIDE JAMAICA

```
task.AddKey "ORIGIN_COUNTRY_NAME", "A"  
task.Index FALSE  
Set task = Nothing  
Set db = Nothing  
End Function  
  
' Data: Direct Extraction  
Function DirectExtraction  
Set db = Client.OpenDatabase("CAPEX Company A 2011-2012-WITH CAT.IMD")  
Set task = db.Extraction  
task.IncludeAllFields  
dbName = "Sunday Transactions.IMD"  
task.AddExtraction dbName, "", "@dow( PAYMENT_DATE )=1"  
task.PerformTask 1, db.Count  
Set task = Nothing  
Set db = Nothing  
Client.OpenDatabase (dbName)  
End Function
```

# ANNEX 20

## ELECTRONIC TAX REGISTERS



### ELECTRONIC TAX REGISTERS

PRIDE Jamaica USAID Contractor

### What is the ETR?



- ▶ Electronic Tax Register (ETR) is a Cash Register but with Fiscal Memory.
- ▶ Fiscal Memory is a special Read Only Memory built into the cash register to store tax information at the time of sale.
- ▶ ETRs can be used as stand alone or configured into a network.
- ▶ ETR has special security features e.g. seal, fiscal memory, serial no., non-reversibility of sales and date, other special technical specifications etc.

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### ETR Management System

- ▶ Provides taxpayers' information on ETRs
- ▶ Enhances voluntary compliance of collection and remission of GCT
- ▶ Improves GCT revenue collected
- ▶ Improves audit capability of TAJ to monitor taxpayer compliance

Assist taxpayer / Give Information on ETR

Enhance ETR Compliance

Verify / Collect Revenue from ETR Data

Jamaica ETR Program

PRIDE Jamaica USAID Contractor

### Types of Fiscal Electronic Devices/ ETRS

Mini ETRs		<ul style="list-style-type: none"> <li>- Handheld / Portable</li> <li>- Backup power</li> <li>- Supports 1 or 2 clerks/user</li> <li>- Used small scale traders or mobile outlets e.g. delivery vans</li> </ul>
ETRs		<ul style="list-style-type: none"> <li>- Has cash box/drawer</li> <li>- Backup power</li> <li>- Supports multiple departments and clerks</li> <li>- Used by small-to-medium size enterprises</li> </ul>
Fiscal Printers (FP)		<ul style="list-style-type: none"> <li>- High Speed</li> <li>- Computerized networks</li> <li>- Used in supermarkets &amp; other busy retail outlets</li> </ul>
Electronic Signature Devices (ESD)		<ul style="list-style-type: none"> <li>- Authenticates invoices &amp; credit notes</li> <li>- Computerized networks</li> <li>- Used with invoicing systems of accounting software</li> </ul>

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### ECR Currently Used in Jamaica

- ▶ Electronic Cash Register is a device used by traders to record sales and issue receipts
- ▶ It also stores information such as sales, PLU- Price Look Ups and can be manipulated by traders
- ▶ It's not a tax approved device
- ▶ Electronic Cash Registers have been in use by taxpayers

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### ETR Customer Receipt

```

START OF LEGAL RECEIPT
NEW TIMES CATERERS
P.O. BOX 10236-00100
NAIROBI
TEL: 815014
PIN: P051178113L
URAT: 0150052R
#7777
RECEIPT N. 27235
LUNCHES 540.00 A
SUB-TOTAL 540.00
A - 18% 540.00
TAX 18% 74.48
TAX-TOTAL 74.48
SUB-TOTAL 540.00
CASH 540.00
2010/09/27 A-CLERKS 07:34
HN: 5137158
KRA: ETR/28112005/00444D
END OF LEGAL RECEIPT
                
```

- Legal/Fiscal Receipt Notation
- Trader Name, Address, PIN, VAT
- Receipt Number
- Description of Items
- VAT Rates
- Transaction Totals
- Transaction Date & Time
- ETR Serial Number & KRA License Number
- "End of Legal/Fiscal Receipt Notation"

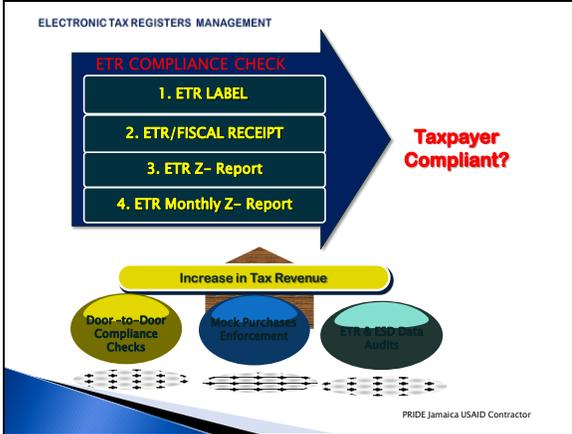
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### Advantages of ETR System

- ▶ Better control/management of business by traders
- ▶ Less paper work by traders
- ▶ Shorter audit periods by taxman
- ▶ Less disputes and court cases
- ▶ Reduce fraudulent accounting & improve VAT revenue collection
- ▶ More jobs for local technicians and software houses
- ▶ Cut cost of recordkeeping by taxpayers since daily, monthly and annual report will automatically be done by ETR

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### Cost Benefit Analysis

1. **Transmission Cost to Taxpayer:** A Z- report J\$30 per Month per device
2. **Jamaica-Wide** = J\$30 x 30000 = 0.9m / Month
3. **Machine Purchase Cost** (ETRs Cost @ J\$ 40,000 => J\$ 1.2Bn
4. **Repay:** GCT Revenue growth of minimum 30% monthly for about 12 months

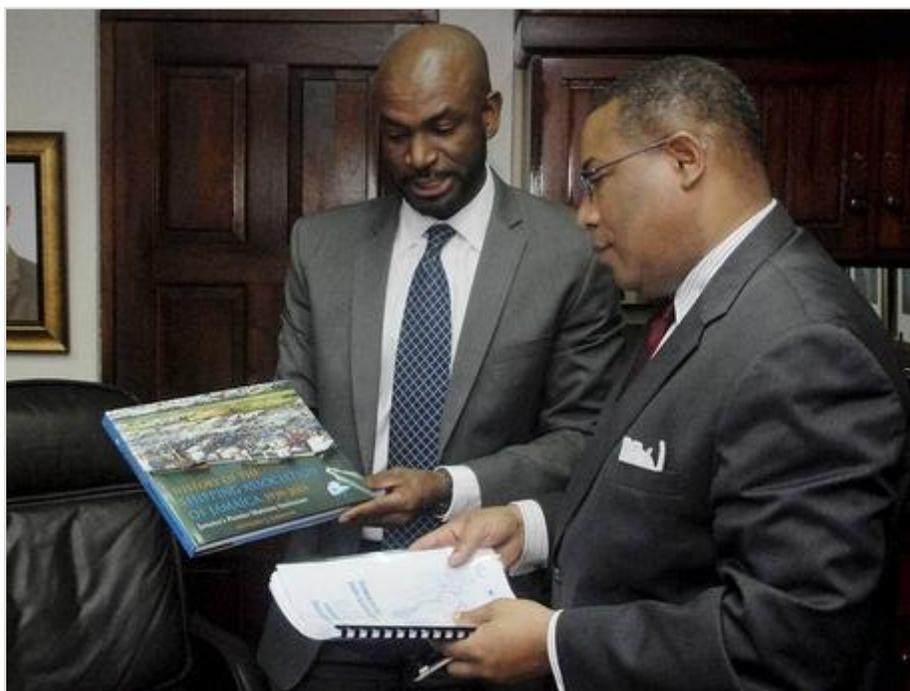
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# ANNEX 21

## GLEANER ARTICLE – INVESTMENT MINISTER PLEDGES SUPPORT TO SHIPPING INDUSTRY

### Investment Minister Pledges Support to Shipping Industry

Published: Tuesday | February 21, 2012 [0 Comments](#)



Roger Hinds (left), president of the Shipping Association of Jamaica (SAJ), presents a copy of the 'History of the Shipping Association' to Anthony Hylton, minister of industry, investment and commerce, during his visit to the offices of the SAJ last Tuesday.

**Shipping and logistics is a critical element in the Government's strategic plan for the country's growth, Minister of Industry, Investment and Commerce Anthony Hylton has said.**

Hylton, who was addressing members of the managing committee of the Shipping Association of Jamaica (SAJ) last Tuesday, said the Government recognises the opportunities and challenges that are to come from the opening of an expanded Panama Canal in 2014.

As such, he has pledged his support to the shipping industry through investment and the positioning of Jamaica as a major logistics and shipping hub.

He pointed out that Jamaica has a link in the global supply chain, and the country must move quickly to seize the opportunity as a logistics hub in the Western Hemisphere.

"The opening of the Panama Canal is going to shift trade in the world. I believe that there are about five large transshipment areas or logistics centres that are going to emerge, Jamaica must be one of them," the minister said.

Hylton noted that this investment could see the country's growth increase between five to six per cent per annum.

The Port of Kingston, he said, is at the heart of the plans for the logistics centre, but Tinson Pen - as an extension to the port, Vernamfield - Clarendon, the Caymanas Economic Zone - St Catherine and Cow Bay - St Thomas, all have important roles to play in this development.

Roger Hinds, president of the SAJ, echoed the sentiments of the minister, noting that his vision was in line with members of the shipping community.

However, Hinds pointed out that as the country prepares itself to become a logistics centre, preparation must also be made for the port to accommodate larger ships. The dredging of the harbour, to increase its depth from 14 metres to 17 metres, will be of utmost importance.

"Jamaica must integrate itself in the global supply chain and the logistics centre is the future. However, if we set up the logistics infrastructure and the harbour is not dredged down to 17 metres, then we will be at a major disadvantage," Hinds said.

The minister also pledged his support for the Port Community System, an electronic gateway for stakeholders in the distribution and logistics chain to exchange documents and information securely among themselves, and with trading partners and Government agencies. It forms the subset of a wider trade-facilitation framework.

The work being done to implement the Port Community System is a collaborative effort involving the SAJ, the Port Authority of Jamaica, and Jamaica Customs Department. The relevant studies have been carried out towards implementation of the system, including embarking on a trip to Europe to deepen the partners' knowledge on port-community systems in several jurisdictions.

Additionally, technical assistance was received from the International Trade Centre to study, assess and develop critical components in the implementation of a Port Community System.

**Assistance was also received from the United States Agency for International Development to conduct a mapping exercise of the existing functions within the import/export processes. The project is now at the stage of a cabinet submission.**

Hylton committed to familiarising himself with the document and working with the relevant ministries with a view to undertake a joint submission to Cabinet.

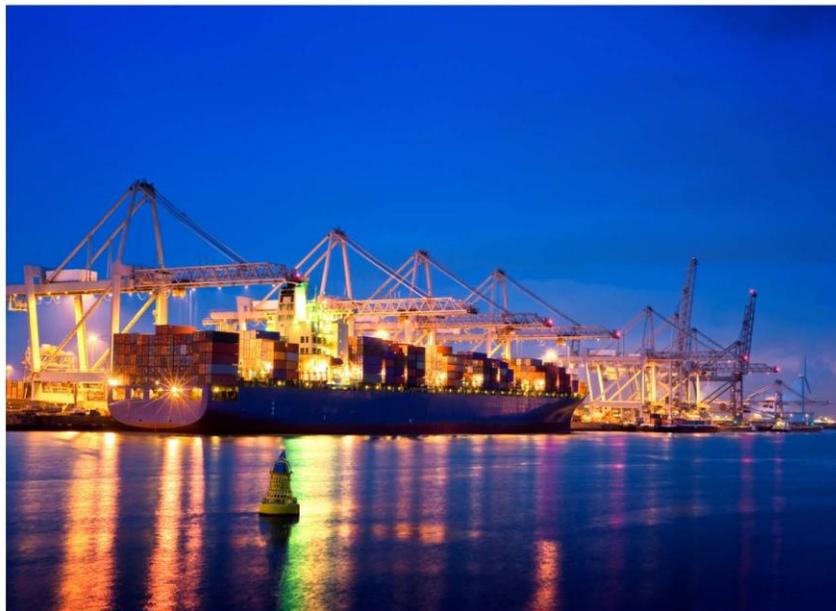
# ANNEX 22

## IMPLEMENTATION STATUS OF IMPROVED MANAGEMENT REPORTS FOR OPERATIONS

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### Port Community System – Jamaica





**Background:**

A Port Community System (PCS) is an electronic platform which connects the multiple Systems operated by a variety of organizations (public & private) that make up a seaport, airport or inland port community. It is a single window for the ports of Jamaica as it is shared in the sense that it is set up, organized and used by firms in the same sector – in this case, a port community. A PCS optimizes, manages and automates smooth port and logistics processes through a single submission of data and by connecting transport and logistics chains. The PCS implementation is an opportunity to substantially encourage and promote more efficient and effective trading practices, while reducing the cost of doing business; therefore marketing/positioning Jamaica as a global logistics hub for the region. This will be critical for Jamaica to take advantage of the 2015 Completion of the Panama Canal Expansion project.

**Status:**

1. Cabinet by way of Decision No. 08/12 dated February 27th, 2012 has approved:
  - PAJ and Jamaica Customs to implement a PCS for the Shipping Industry as a Public-Private Partnership (PPP)
  - The engagement of the competitive tender process for the selection of a suitable investment partner
  - The plans for the establishment of a Joint Venture Company for the development and implementation of the project.
2. PAJ/SAJ currently has established the project management framework with the recruitment of a Project Manager; this individual commenced on April 2<sup>nd</sup>, 2012.
3. **The tender process will be a Two (2) Stage Tender process.**
4. The Advertisement for the Stage1 tender was done on **April 25<sup>th</sup>, 2012.**
5. The documents for the Stage 1 tender became available on **April 30<sup>th</sup>, 2012.**
6. The project will be self funded/sufficient and will be financed via a P-P-P initiative.
7. The project is estimated for completion within two (2) years after contract signing.
8. Stage 1 Pre-proposal Vendor Meeting was held on July 6<sup>th</sup>, 2012.
9. Stage 1 Bid Opening occurred on **August 3<sup>rd</sup>, 2012.**



### Stage 1 Bid Opening Status

The Stage 1 Bid Opening for the Port Community System for Jamaica (ICB No. PAJ2012-04-001) occurred August 3<sup>rd</sup>, 2012 at 11:30 a.m. as scheduled.

We received **3 tender responses** from the Industry leaders globally for Port Community Systems:

1. **Bureau Veritas B.I.V.A.C. BV (Netherlands) & SOGET (France)** have submitted a joint venture proposal.
  - a. Their bid included the mandatory USD \$100,000 bid security required.
2. **SGS Socie'te' Generale de Surveillance SA (Switzerland)**
  - a. Their bid included the mandatory USD \$100,000 bid security required.
  - b. Their primary sub-contractors will be **Crimson Logic (Singapore) and SAVI (USA)**.
3. **Advent Intermodal Solutions (New Jersey, USA)**
  - a. Their bid did **NOT** include the mandatory USD \$100,000 bid security required.
  - b. Their bid did **NOT** propose a PPP Model.

NB.

It should be noted that we are pleased with the responses based on the fact that this is a **PPP project**; where we have indicated that the Government does not intend to outlay any significant capital into the project.

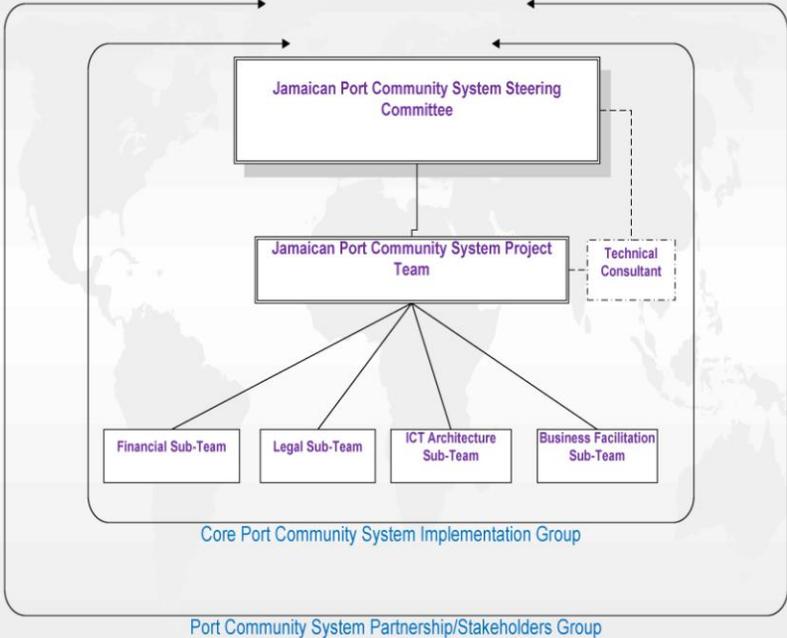
#### **The next steps are:**

- The utilization of our local resources to start assessing the submissions – This activity started the week of August 13th, 2012.
- **Procurement of Technical Consultants for the Project – Technical RFP for the Consultants has been drafted; advertisement should be done in September.**
- Creation of Stage 2 RFP for dissemination to substantially responsive Stage 1 bidders. – This should be disseminated in Quarter 1 - 2013 to Stage 2 bidders (**Once the technical consultants are acquired in a timely manner**).



### JAMAICAN PORT COMMUNITY SYSTEM PROJECT: TEAM ROLES

April 2012





**Project Benefits:**

- Ability to increase in the World Bank Doing Business Report (Investment opportunity)
- Potential National Competitive Advantage Arising from Post-Panamax Era
- Increased port revenues and national taxation revenues from higher volumes of vessels and containers, and more, but smaller, consignments as just-in-time techniques become adopted locally and regionally
- Increased services revenues, employment and taxation opportunities resulting from a larger movement of goods carried by container through Kingston's transit facilities
- Ability to market Jamaica as a Regional Logistics Hub
- Ability for various stakeholders in the trade industry to trace and track their shipments at every stage of the process.
- Lower transactional processing times and lower transactional costs
- Ability to provide real time statistics to various stakeholders in the trade community
- Improved private sector and international supply chains for efficiencies and economies.
- Ability to expand system to integrate with a Jamaican Single Window System
- Ability for Customs to improve on their Risk Management framework; thereby creating various release channels for Customers.
- Faster approval of clearance certificates for quarantined agriculture and OGA's
- Port Community System Operator will be able to provide various port related services to the shipping agents online, including the tracking of movement of cargo beyond port premises.
- Improved coordination for shipping agents in terms of booking, procurement and document processing activities via a single intelligent interface



#### Projected Pre-Implementation Budgetary Constraints:

Technical and budgetary support required to support the project management activities are required. Technical consultants on the Port Community System are required to assist in the tender evaluation phase as well as pre-implementation activities; this is a critical component.

A preliminary budgetary support of three hundred and seventy thousand (\$370,000) USD is required and we are therefore requesting that the GOJ assist the project by creating communication avenues to lending and donor agencies. A formal request was also sent to the IADB for assistance from the Port Authority of Jamaica through the PIOJ; we are currently awaiting feedback re this request. **This budget has since been revised to approximately USD \$534,000.**

Formal avenues are currently being pursued also by the Port Authority to the donor agencies such as IADB, USAID or EUC for support for this critical economic project.



Action	Milestones
Review of Procurement Committee	Thursday, March 29 <sup>th</sup> , 2012
Pursue Technical assistance for consultants via Donor agencies (IADB, USAID, UNECLAC, EU, etc)	Ongoing – Must be in place by July 27 <sup>th</sup> , 2012
Obtain advice and discuss the role of Joint Venture Company	Friday, April 13 <sup>th</sup> , 2012
Finalize the public tender invitation process	Friday, April 20 <sup>th</sup> , 2012
Publish tender Invitations	Wednesday, April 25 <sup>th</sup> , 2012
Review & finalize the project plan for the Two Stage tender processes	Qtr 2 - 2012
Consultations with DBJ, IDB, Solicitor General, JAMPRO.	Ongoing
Finalize on the project teams/roles of key resources	Qtr 2 - 2012
Draft Project Charter Review	Qtr 2 - 2012
Draft Project Plan Review	Qtr 2 - 2012
Stage 1 Bid Opening	Friday, August 3 <sup>rd</sup> , 2012
Stage 1 Bid Assessment Completion	Qtr 4 - 2012
Submit to vendors the requirements of Stage 2	Qtr 1 - 2013
Stage 2 Bid Opening	Qtr 1 - 2013
Award Final Contract	Qtr 2 - 2013
Implementation (2 year duration)	Qtr 2 - 2015



## Stakeholders

No.	Entities
1.	The Port Authority of Jamaica
2.	Jamaica Customs Department
3.	The Shipping Association of Jamaica
4.	Importers/ Exporters
5.	JAMPRO
6.	Stevedore/ Shipping Agents / Carriers – Shipping and Air Lines
7.	Air and Sea Port Terminal Authorities (including Tally Official)
8.	Ministry of Agriculture
9.	Ministry of Finance & Planning
10.	Fiscal Services Ltd
11.	Ministry of Transport, Works & Housing
12.	Ministry of Industry, Investment & Commerce
13.	Office of the Prime Minister
14.	Jamaica Exporters Association
15.	Jamaica Manufacturers Association
16.	Cabinet Office
17.	Jamaica Chamber of Commerce
18.	Private Sector Organization of Jamaica
19.	Planning Institute of Jamaica
20.	Attorney General's Office
21.	Custom Brokers & Freight Forwarders Association
22.	Port Trailer Haulage Association
23.	Bureau of Standards
24.	Ministry of Health
25.	Development Bank of Jamaica
26.	The Trade Board
27.	Other Government Agencies
28.	Kingston Wharves Ltd.
29.	Kingston Container Terminal Services Ltd.
30.	Airport Authority of Jamaica
31.	Shipping Lines
32.	Caribbean Maritime Institute (Other educational institutions)
33.	Norman Manley International Airport
34.	Sangster International Airport
35.	Port Handlers Ltd.

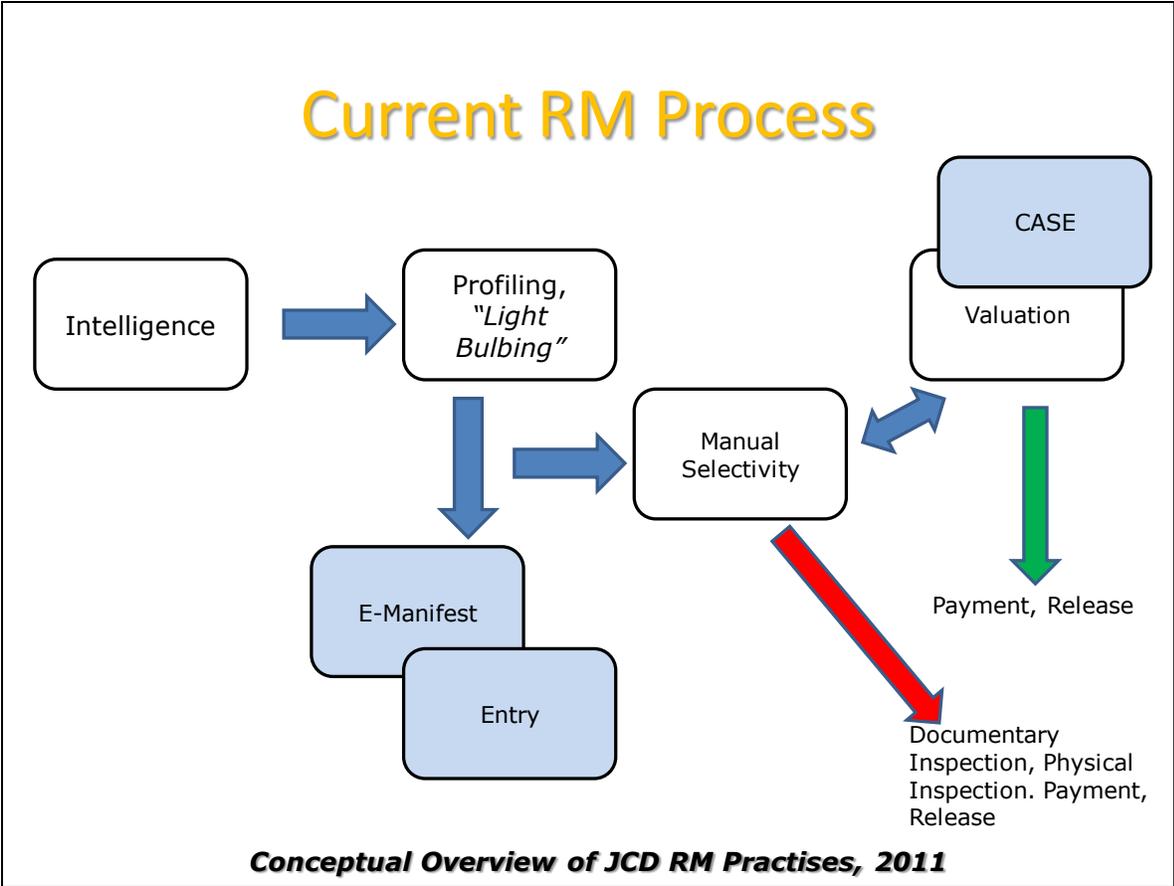


No.	Entities
36.	Bankers Association of Jamaica
37.	Logistic Handlers / Suppliers
38.	Advantum Services Ltd.
39.	Central Information Technology Office (CITO)
40.	Jamaica Society of Customs Brokers (JSCB)
41.	The Postal Corporation of Jamaica Ltd.

**These industry stakeholders are involved at different stages of the value chain.**

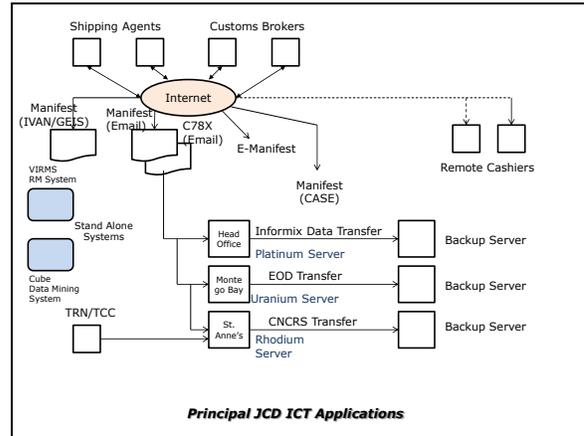
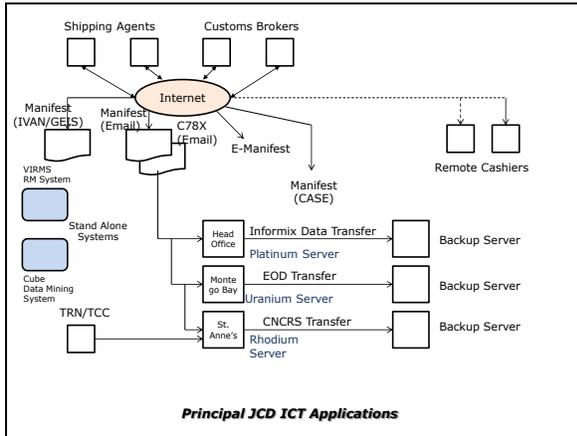
# ANNEX 23

## CURRENT RISK MANAGEMENT PROCESS



# ANNEX 24

## JCD RISK MANAGEMENT SYSTEM UPGRADE



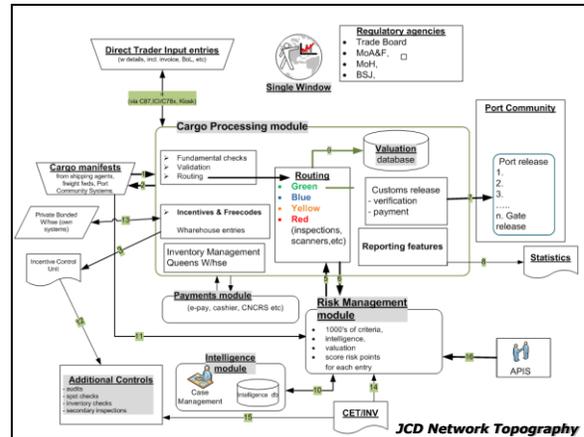
### Introduction

**Objective:** To enable management to make informed decision on best technology and process choices to replace VIRMIS.

**Method:** Outline environment, processes, technology options and potential benefits from changed processes.

**Context:**

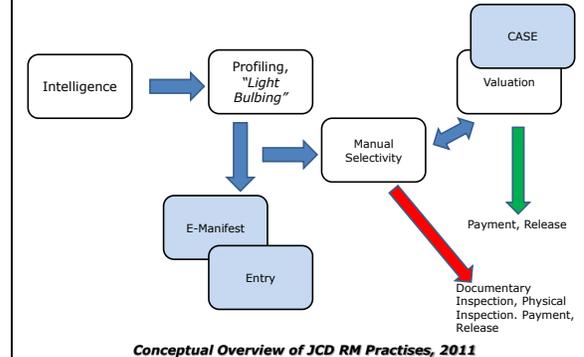
- ❖ Risk Management originally based on statistical quality control (ball bearings);
- ❖ Balancing effort and costs of compliance against acceptable risk.



### Agenda

- ❑ Introduction
- ❑ JCD ICT Applications
- ❑ JCD Network Topography
- ❑ Current Risk Management Processes
- ❑ Requirements for New RM Systems
- ❑ Some Options
- ❑ A Wider, Strategic Context: Single Windows
- ❑ Outstanding Issues
- ❑ Summary

### Current RM Process



### Current RM Processes

- Focus is on revenue; will need to change to border protection and treaty obligations as indirect taxation volumes grow
- Several stand alone, computer-assisted manual processes
  - Time
  - Opportunity for errors
- No significant feedback to from Manifesting or Inspection
- No automatic selectivity
- Reliance upon experience and instinct
- Not Risk Management, risk notification aid to manual selectivity

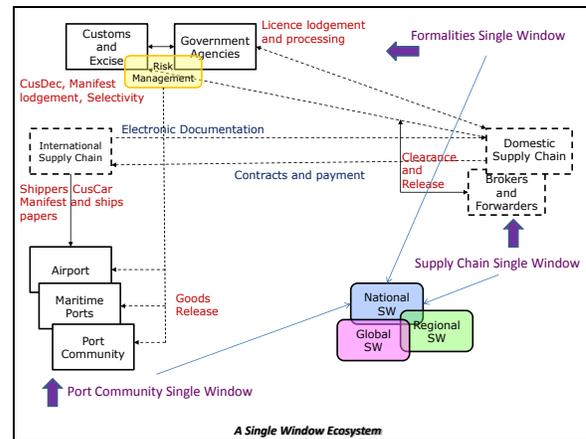
### Definition of a Single Window

Based upon the principles of pre arrival risk management and goods clearances by inspection agencies and Customs, and post arrival inspection on customer's own premises:

- ✓ A single point of access;
- ✓ Single sign on;
- ✓ Single entry of data;
- ✓ A single point of decision making, and
- ✓ A single point of payment

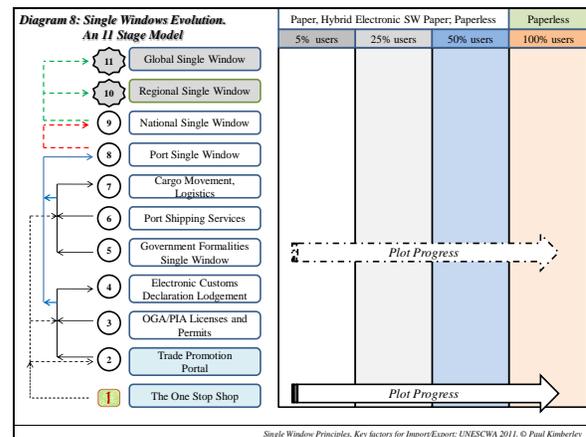
### Requirements for New ICT RM System

- ✓ Bottom up specifications
- ✓ Vendor *bona fides*
- ✓ Legacy and Planned ICT Compatibility, Interoperability
- ✓ COTS, stand alone capable of delivering a web based, interoperable, interactive, real time RM system
- ✓ Security, workflow capabilities
- ✓ Weighting, points-based system
- ✓ Flexible selectivity tools and statistics
- ✓ Modern look and feel screens (e.g. MS Office)
- ✓ Smart phone interfaces (apps)

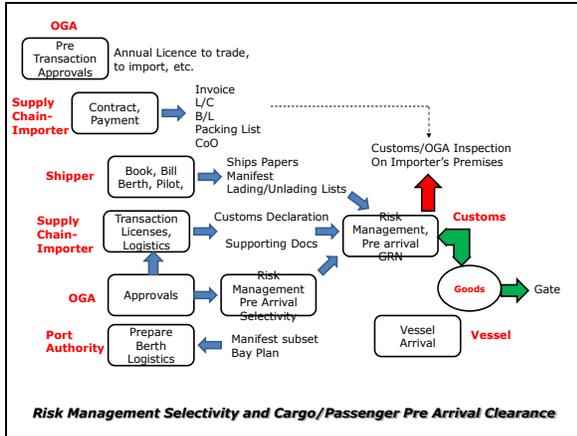


### Some Replacement Options

- ❑ RFI
- ❑ Short List
- ❑ Consolidated RFP
- ❑ Reference visits
- ❑ Procurement
- ❑ Implementation, limited BPR, training and integration with legacy systems
- ❑ Prototype, pilot, selective implementation, process reengineering, gradual expansion for all Customs entries (points of entry, airport, passengers, etc.)



# PRIDE JAMAICA



## Summary

- ❑ Opportunity to substantially upgrade functionality and efficiency of Customs ICT and to enhance JCD functions and processes as a result;
- ❑ Time to integrate all recommendations into a unified ICT Vision for JCD's technology Future
- ❑ Create Management sub group for the unified ICT plan
- ❑ Prioritise RM implementation planning

## Outstanding Issues

### Strategic

- Umbrella view of Customs ICT
- Full function, end-to-end Customs ICT system
- The Single Window ecosystem in Jamaica

### Operational

- Pre Arrival Clearance based on RM selectivity
- Rebalance functions and HR levels as a result of RM selectivity

### Discretionary

- Priorities
- RM: RFI, RFP, prototype, pilot, integration
- Reference visits

# ANNEX 25

## JAMAICA NATIONAL SINGLE WINDOW PRESENTATION

**The Jamaica National Single Window (JNSW)**

Readiness Assessment, February 10<sup>th</sup> 2012  
PRIDE Jamaica – USAID Contractor

**It takes many imports to make an export**



Source: HSBC

**Agenda**

- ❑ Trade challenges facing Jamaica
- ❑ Global trends in trade facilitation, legal, regulatory and technological
- ❑ The case for a national single window (JNSW), business and technology options
- ❑ A brief overview of the principal participants in a JNSW
- ❑ Their state of readiness
- ❑ Implementation options and challenges
- ❑ Project governance and the essential role of government, together with organisational and resource issues
- ❑ Conclusion, Questions

**The Case for a JNSW**

- Approvals and clearances reduction from many days down to hours
- Consequent reduction in safety stock and inventories
- Reduction in consumer prices, more choice
- Higher customs revenue due to JIT trends: more and smaller consignments
- Higher GCT revenue due to growing consumer demand through availability and choice
- Comparative national competitive advantage and compliance with emerging international standards and supply chain expectations
- Meeting the demand and expectations of the global supply chains and trader community

**Trade Challenges Facing Jamaica**

<p><b>Internal factors</b></p> <ul style="list-style-type: none"> <li>• Formalities and logistics efficiencies: Doing Business and Logistics Performance Indicators (LPI)</li> <li>• Costs of doing business</li> <li>• Time and lack of transparency in paper based transfer of information</li> <li>• Funding, resources, social issues</li> </ul>	<p><b>External factors</b></p> <ul style="list-style-type: none"> <li>• Global trade patterns</li> <li>• Regional competition</li> <li>• Demands and expectations of global supply chains and shipping/logistics operators</li> <li>• WTO plans for single windows</li> <li>• UN support for standards and single windows</li> <li>• Comparative advantage of countries with automated trade processes</li> </ul>
--	---

**Doing Business: Trading Across Borders, Jamaica 2012**

Indicator	Jamaica	Latin America & Caribbean	OECD
# Documents for export process	6	6	4
# days to export	21	18	10
US\$ per container, export	1410	1257	1032
# Documents for import process	6	7	5
# days to import	22	20	11
US\$ per container, import	1420	1546	1085

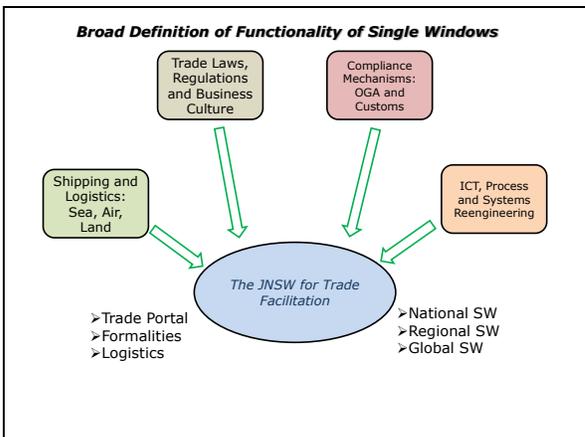
Trading Across Borders, 2012				
Overall ranking (out of 183 countries)	2012		2011	
Latin America and the Caribbean	88		85	
Jamaica	97		96	

Export & import procedures	export		import	
	# days	Cost US\$	# days	Cost US\$
Document preparation	10	460	14	470
Customs clearance, technical controls	4	250	4	250
Ports and terminal handling	3	350	2	350
Inland transportation and handling	3	350	2	350
Totals	21	1,410	22	1,420

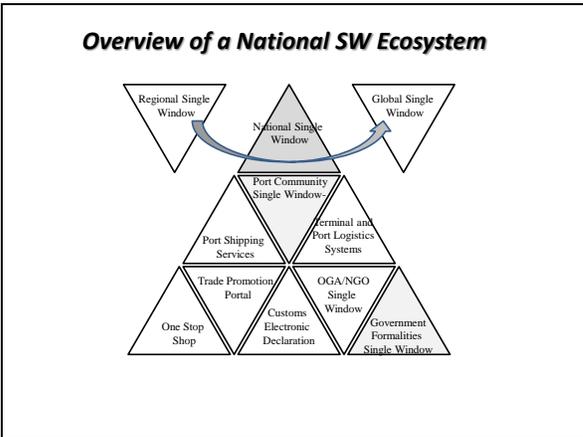
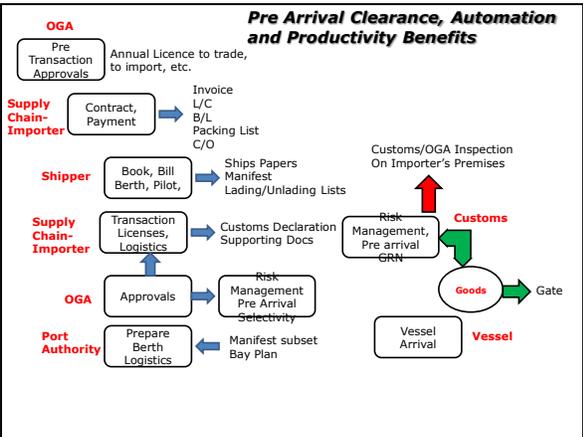
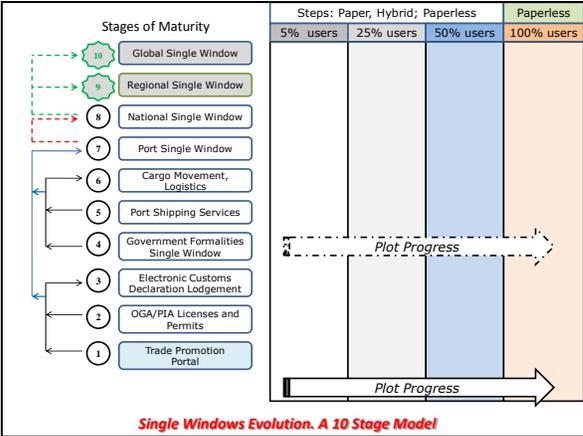
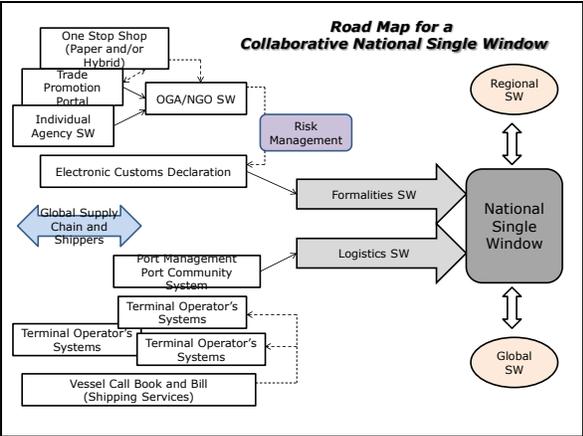
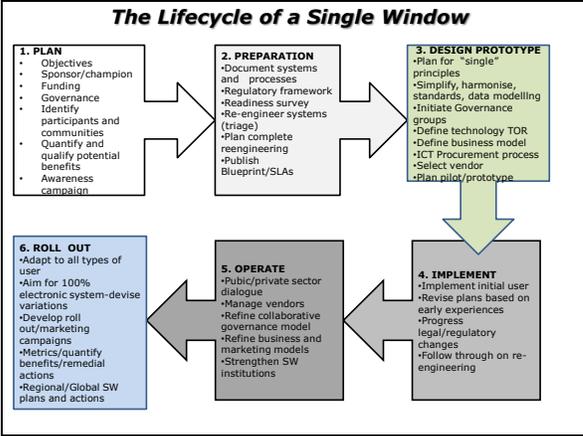
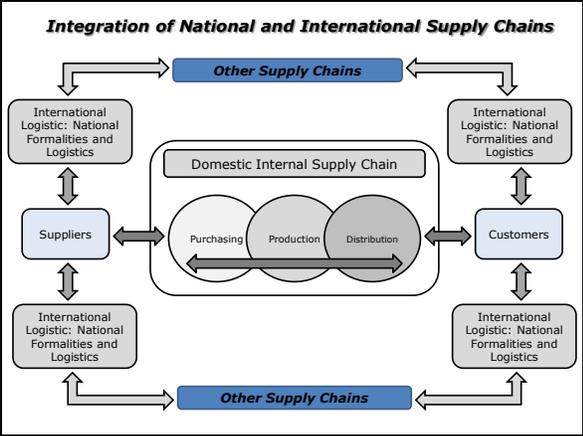
- ### Some JNSW Technology and Implementation Issues
- What is a Single Window?
  - Which agencies and private sector organisations participate?
  - Who owns and runs the initiative?
  - Some technology options
  - Implementation planning
  - Matching benefits with effort and investment

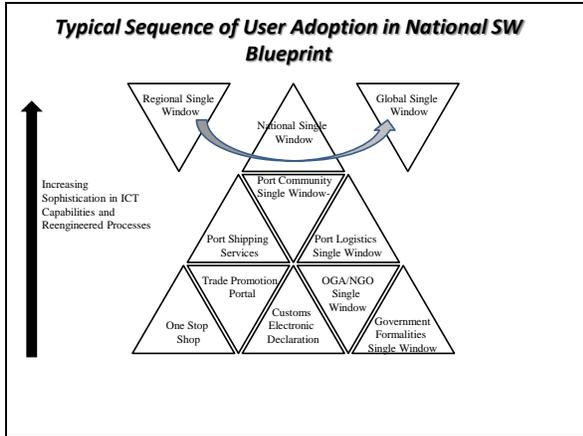
Required regulatory document types	
Export documents	Import documents
Bill of Lading (B/L)	Bill of Lading (B/L)
Certificate of Origin (C/O)	Tax certificate
Commercial invoice	Commercial invoice
Customs export declaration	Customs import declaration
Packing list	Packing list
Technical standard/health/ quarantine certificate	Terminal handling receipts



- ### Risks to be Managed in JNSW Implementation
- Funding and resource demands
  - Clear vision and leadership from the highest levels of public and private sector
  - Management of the collaborative efforts of multiple government agencies and the private sector
  - A long term commitment
  - HR issues in reengineering and automating
  - Governance

- ### Some Definitions for a Trade Facilitation JNSW
- A metaphor for best practise, ICT enabled information exchange, sharing and processing in a reengineered trade facilitation environment.
  - Reengineering includes such design principles as automated risk management, pre arrival clearances for inspection agencies and customs, and post arrival inspection on customer's own premises:
  - JNSW Information Management includes:
    - A single point of access;
    - Secure single sign-on;
    - Secure, single entry of data;
    - A single point of decision making, and
    - A single point of payment.





- Summary**
- ❑ Many ways to approach single windows
  - ❑ *Probably, many ways to measure success*
  - ❑ Where/when to start?
  - ❑ *Who drives a single window?*
  - ❑ Governance
  - ❑ *Collaboration*
  - ❑ National benefit and trading partner expectations.

- The Essential Role of Government in the Establishment of JNSW**
- National trade vision, focus and consistent leadership-cannot be devolved or delegated;
  - *Sponsorship and support of port, customs and government agencies*
  - Liaison and project management with the private sector and international agencies (UN, WTO, WCO, Regional and bilateral treaty partners)
  - *Transparency and open communications*

- Postscript**
- *Trade Facilitation means making trade easier*
  - *A single window is a metaphor for a combined and collaborative programme of trade efficiency*
  - *Collaboration includes eliminating information silos-and sharing!*
  - *Three rules for a single window: collaborate, collaborate and collaborate*
  - *JNSW is in the nation's best interest. Its benefits apply to the whole population.*

# ANNEX 26

## PETROLEUM MONITORING STATUS DEBRIEF TO JAMAICA CUSTOMS

### STATUS REPORT ON THE REVIEW OF THE MANAGEMENT OF BULK PETROLEUM PRODUCTS BY JAMAICA CUSTOMS DEPARTMENT

**PRIDE Jamaica  
USAID Contractor**

02-Feb-2012

#### INTRODUCTION *cont*

- ii) Review of existing Procedures and assessment of available technical skill
- iii) Review of clearance documentations
- 3. Benchmark Study of Petroleum Management system in TRA & KRA
- 4. Meetings with TAJ & RPD & JCD Compliance Unit to establish linkages

#### An Overview

- Introduction
- Update on Key Deliverables
- Interim Findings
- Interim Recommendations
- Q & A

#### UPDATE of KEY DELIVERABLES

1. Review of the current state of Petroleum Monitoring in the JCD
  - a. Review cargo receipt procedures
  - b. Inventory controls and accounting at the oil facilities
  - c. Adherence to generally accepted best accounting and management principles and adequacy of the controls
  - d. Interview & review documents at Sufferance Wharves Office, Kingston
  - e. Skills & Competencies Assessment within JCD to effectively manage proposed PMU
  - f. Meetings with JCD, TAJ & OIC

#### INTRODUCTION

- Assignment commenced on 23/01/2012
- Approach:-
- 1. Overview Meetings with PRIDE Jamaica & JCD
- 2. i) Site Visits:-
  - Port Esquivel/Rocky Point
  - St Ann's Bay
  - Montego Bay-Jamaica Petroleum Terminal, Gas Pro
  - Cool Petroleum
  - Aegean Bunkering
  - Petrojam

#### UPDATE of KEY DELIVERABLES *cont*

2. Framework for a proposed PMU
  - a. Benchmark against International Best Practices; TRA & KRA cases
  - b. Establish necessary audit and verification technique-Audit Plans
  - c. Develop standard operating procedures for receipt & monitoring of both crude oil and finished/refined imports
  - d. Identify Custody Transfer Points for oil product measurement & techniques for discharge
  - e. Establish Reporting & Monitoring processes with suitable reports
  - f. Skill gaps and training needs
3. Recommendation for immediate, Medium & long-term improvements
  - Recommendation Implementation Action Plan

**UPDATE of KEY DELIVERABLES *cont***

4. Linkage with TAJ, Revenue Protection Division and JCD compliance Division
  - a. Meetings with TAJ, RPD & Compliance
  - b. Assess level of sharing of information between JCD & other agencies
5. Documented profiles of Oil Importing Companies
  - Exercise in progress
6. Other Findings and Recommendations
  - In progress

**Interim Recommendations**

1. Develop, circulate and enforce Standard Operating Procedures at discharge points
2. Deploy permanent JCD staff to PetroJam to monitor receipts and all back-loading activities
3. Dedicate adequate resource for managing Petroleum sector
4. Capacity building in training
5. In-depth audit of all Gasoline declaration against outturns at Petrojam as far back the Commissioner-JCD may deem necessary
6. Regularize un-explained practices either through law or in anchor in administrative instruction

**INTERIM FINDINGS**

- i. Lack of dedicated resources for managing of Petroleum Sector
- ii. Inconsistent operation procedures
- iii. Lack of specific measuring and accounting skills and techniques
- iv. Un-explained practices e.g. 0.75 Percent 'evaporation' loss on Gasoline, access to product prior to payment of duty
- v. Lack monitoring & control of discharged product
- vi. Total lack of supervision of all back-loading(bunkers & duty free products)

**Interim Recommendations *cont***

7. Improved communication between JCD & TAJ
8. In-depth audit of bunkering transactions as far back as the Commissioner – JCD may deem adequate
9. Implement revenue monitoring worksheet at all discharge points
10. Random confirmation of Country/Certificate Of Origin
11. Establish JCD-Oil Industry Forum to meet on monthly basis

**Interim Findings *cont.***

- vi. Bunkering:-
  - Barges only licensed Jamaica Port Authorities without involvement of JCD
  - Aegean Bunkering lacks auditable documents
  - Absence of control and monitoring
  - Lack Customs supervision of all bunkering processes
  - Lack of inventory records and reconciliation reports
  - Lack of accountability by bunkering operator
- vii. Inadequate information exchange between JCD & TAJ at Petrojam Refinery
- viii. Incidents of poor quality declarations being approved e.g. Country of Origin and inconsistent volume and weight data

THANK YOU

# ANNEX 27

## CUSTOMS DEPARTMENT COLLECTS ADDITIONAL REVENUES FROM RE-VALUATIONS (COURTESY OF JAMAICA INFORMATION SERVICE)

Customs Department Collects Additional \$276 Million from Re-Valuations...

<http://www.jis.gov.jm/news/leads-104/31780>

### Customs Department Collects Additional \$276 Million from Re-Valuations

TUESDAY, 18 SEPTEMBER 2012 17:14 WRITTEN BY DOUGLAS MCINTOSH

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Commissioner of Customs, Major Richard Reese (centre), and Past Director, Kiwanis Club of Kingston, Lascelles Dixon (left), listen to a point being made by the organisation's Immediate Past President, Michael Tucker, during the service club's weekly luncheon at the Wyndham Kingston Hotel on Tuesday (September 18). Major Reese was the guest speaker.

Commissioner of Customs, Major Richard Reese, is reporting that the Customs Department collected an additional \$276.6 million in revenue from re-valuations during the first five months of the 2012/13 fiscal year.

Speaking at the weekly luncheon of the Kiwanis Club of Kingston at the Wyndham Kingston Hotel, on Tuesday (September 18), Major Reese said between April and August, some \$172.4 million of that amount was generated from general cargo, while motor vehicles yielded some \$104.2 million.

Despite these significant returns, Major Reese lamented the incidence of under-invoicing, which some importers continue to submit. This, he pointed out, was particularly evident with non-commercial goods imports, valued up to US\$3,000. These, he noted, are primarily personal effects, inclusive of clothing, as well as adhesives, such as glues, along with motor vehicles.

"Under-invoicing continues to be a major challenge. Persons, having being discovered, sometimes they desist, or they appear again as (part of) another entity. But, we are monitoring specific products, primarily health care and personal care products. There are a number of items which are high volume items, which are subject to under-invoicing. We will also be reviewing the Customs Act to strengthen our measures (to penalise offenders), as it relates to under-invoicing," he said.

The Commissioner informed that the current penalties include a mandatory payment by the offender of a sum amounting to three times the value of the duty on the goods.

Other measures which Major Reese said would be pursued to ensure compliance, include: increased penalties for importers with permit breaches; and heightened public education campaigns to enlighten stakeholders on customs procedures, requirements and sanctions.

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# ANNEX 28

## RECOMMENDED CHANGES TO JAMAICA'S POST-CLEARANCE AUDIT AND PENALTIES LEGAL FRAMEWORK

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Jamaica Customs Law needs to be modernized so that it conforms to international best practices. A time period for duty recovery of 7 years is recommended and a document retention policy is defined. Additionally, penalties should be strengthened and Advanced Reporting requirements should be instituted. A committee is active in Customs to draft a revision to the current law. Recommended changes to the Post-Clearance audit follows.

### 1. Current Jamaica Customs Law:

Section 19 and Section 223 need to be uniform – Section 19 speaks to changes in Valuation audit being 2 years and Section 223 speaks to changes in Compliance Audits being 3 years (see below):

*Section 19 (8) The Commissioner may, within two years from the date of entry of imported goods, adjust the value accepted by an Officer at the date of entry of such goods, where he discovers that the value accepted by the Officer was incorrect-*

*Based on new information concerning the goods; or*

*For any other reason.*

*Section 223 (1). The importer, exporter or any person concerned in the importation or exportation of any goods shall, on the request of any officer made at any time within three years of the date of importation or exportation, as the case may be, or of the date of delivery to the proper officer of an entry for such goods, if the same have been entered, produce for the inspection of such officer the invoices, books of account and any other documents of whatever nature relating to such goods which the officer shall require, and shall answer such questions and make and subscribe such declarations regarding the weight, measure, strength, value, cost, selling price, origin and destination of such goods, and the name of the place whence or where any imported goods were consigned or transferred from one aircraft or ship to another, as shall be put to him by the officer, and shall produce such evidence as the officer may consider necessary in support of any information so furnished; and if the importer or exporter or other person concerned as aforesaid shall neglect or refuse to carry out any of the provisions of this section, he shall incur a penalty not exceeding five hundred thousand dollars, and subject to Section 212 and the Commissioner may on such neglect or refusal, refuse entry, delivery or shipment of the goods, or may allow entry, delivery or shipment of the goods upon such terms and conditions, and upon deposit of such sum, pending the production of the proper documents and declarations, as he shall see fit to impose or require.*

**2. Recommended Changes to clarify business records keeping and duty recovery (Based upon New Zealand Customs Code):**

(1) *The business records required to be kept under law shall be those records that are generated by, or that otherwise come within the possession or control of, the licensee, importer, or exporter, as the case may be, that are necessary to verify—*

(a) *Any entry required to be made under the Act; or*

(b) *The importation or exportation of any goods; or*

(c) *The custody or movement of any goods subject to the control of the Customs; or*

(d) *The manufacture of any goods subject to excise duty.*

(2) *Without limiting the generality of subclause (1) and subject to subclauses (3) to (5), the following records are required to be kept:*

(a) *Shipping, importation, exportation, and transportation documentation including the following:*

(i) *All entries required to be made under the Act:*

(ii) *Entry documentation (including any declaration, certificate, permit, license etc):*

(iii) *Vouchers:*

(iv) *Bills of lading, waybills, air waybills, consolidator waybills:*

(v) *Shipping instructions, freight forwarders instructions:*

(vi) *Insurance papers concerning any goods:*

(vii) *Consignment notes:*

(viii) *Import charges accounting details (including agent's fees, customs charges, wharf charges, and other fees and charges):*

(ix) *Packing lists:*

(x) *Manifests:*

(xi) *Outturn records:*

(xii) *Goods tally records:*

(b) *Ordering and purchase documentation including the following:*

(i) *Orders, confirmations of orders:*

(ii) *Purchase agreements:*

- (iii) Products specifications:*
  - (iv) Contracts, conditions of purchase:*
  - (v) Royalty agreements, pricing agreements, negotiations on pricing agreements, warranty agreements:*
  - (vi) Invoices, proforma invoices:*
  - (vii) Commissions and brokerage agreements and details:*
  - (viii) Correspondence and any communication between the importer or exporter and any party related to the transaction:*
- (c) Manufacturing, stock, and resale documentation including the following:*
- (i) Inwards goods register:*
  - (ii) Stock register:*
  - (iii) Sales records:*
  - (iv) Receipts journal:*
  - (v) Costing records:*
  - (vi) Production records:*
- (d) Banking and accounting information including the following:*
- (i) Letters of credit, applications for letters of credit, bank drafts:*
  - (ii) Remittance advice:*
  - (iii) Receipts, cash books:*
  - (iv) Credit card transactions:*
  - (v) Telegraphic money transfers:*
  - (vi) Offshore monetary transactions:*
  - (vii) Cheque records:*
  - (viii) Evidence of payments by any other means, including information detailing non-cash compensation transactions:*
- (e) Chart and codes of accounts, accounting instruction manuals, and system and programme documentation that describes the accounting system used by the licensee, importer, exporter, or agent:*

- (f) *Papers, books, registers, disks, films, tapes, sound tracks, and other devices or things in or on which information contained in the records described in paragraphs (a) to (e) are recorded or stored.*
- (3) *Notwithstanding subclause (2) but subject to subclause (1), the licensee of a Customs controlled area licensed for either or both of the purposes described in section 10(c) and 10(e) of the Act, shall keep or cause to be kept the records specified in paragraph (a) and paragraph (f) of subclause (2), but shall not be required to keep any of the other records specified in that subclause.*
- (4) *Notwithstanding subclause (2), but subject to subclause (1), the licensee of a Customs controlled area licensed for the purpose specified in regulation 6(a) shall keep or cause to be kept the records specified in paragraphs (a), (b), (c) and (f) of subclause (2), but shall not be required to keep any of the other records specified in that subclause.*
- (5) *Notwithstanding subclause (2), but subject to subclause (1), every exporter shall keep or cause to be kept the records specified in paragraphs (a), (b), and (f) of subclause (2), but shall not be required to keep any of the other records specified in that subclause.*
- (6) *The records shall be kept for a period of 7 years.*

***Retention of records and duty recovery:***

- (1) *Every licensee, importer, exporter, and body authorized to issue a Jamaica certificate of origin under section 64B must keep or cause to be kept in Jamaica such records, for such period of time not exceeding 7 years, as may be prescribed.*
- (2) *Every such person must, as and when required by a Customs officer,—*
- (a) *Make the records available to the Customs; and*
  - (b) *Provide copies of the records as required; and*
  - (c) *Answer any questions relevant to matters arising under this Act asked by any officer in respect of them.*
  - (d) *The Commissioner may, within seven years from the date of entry of imported goods recover or refund any duties and GCT and other applicable charges due for discrepancies found in business records.*
- (3) *Where, for the purposes of complying with subsection (2), information is recorded or stored by means of an electronic or other device, the licensee, importer, exporter, or agent thereof, shall, at the request of a Customs officer, operate the device, or cause it to be operated, to make the information available to the Customs officer.*

# ANNEX 29

## YUTE - SUMMARY OF ACTIVITIES, GOALS, CHALLENGES AND SOLUTIONS

Activities	Outcome	Goals and Encountered Difficulties	Achievements/Ways to Overcome Difficulties
<p><b>ACTIVITY 1:</b> Business Development Support for Entrepreneurship</p>	<p>Agreement in place to begin building the micro franchise model.</p>	<p>120 young persons to complete Business development Workshops. This goal was not achieved.</p> <ul style="list-style-type: none"> <li>a) 70 of the young persons who attended the 2 Day Entrepreneurship Orientation Workshop held by the PMO have reading, writing and numeracy challenges. They were therefore required to participate in the pre-skills sessions. The first of these will graduate in September 2011.</li> <li>b) YUTE Participants will require a 'business model' which will increase the potential for success.</li> </ul>	<p>YUTE Participants who have challenges with numeracy and literacy had the opportunity to attend pre-skills community based sessions. Those who have completed are now ready for training in micro franchise initiative and/or to enter the Junior Achievement Programme</p> <p>YUTE has partnered with IDB to roll out a micro franchise program. Design work began October 2011.</p>
<p><b>ACTIVITY 2:</b> Training of Mentors</p>	<p>Contract Trainers Train and match Mentors with YUTE Participants</p>	<ul style="list-style-type: none"> <li>▪ Train a total of 600 mentors.                             <ul style="list-style-type: none"> <li>a) There has been inadequate demand for training to support two simultaneous sessions.</li> <li>b) High level of no shows at training events for mentors. This also resulted in higher per unit cost.</li> </ul> </li> <li>▪ Match all YUTE Participants with a Mentor. This goal was not achieved:                             <ul style="list-style-type: none"> <li>a) Noticeable level of no-shows of volunteers to be trained as mentors. On average, twenty-three percent of those confirmed for any one training event do not attend as scheduled. While some attend a later training event the PMO is noting a core which</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ YUTE PMO increased its support with the addition of a Project Assistant –</li> <li>▪ Mentorship. This resource focuses solely on mobilizing for training and special events, ongoing checks of references.</li> <li>▪ YUTE PMO communicated with no-shows and has sent a brief survey to ascertain reasons for no show. Feedback will guide further scheduling.</li> <li>▪ YUTE PMO experienced difficulties with no-show of Participants for matching sessions. It is now using smaller events to finalize matching.</li> </ul>

Activities	Outcome	Goals and Encountered Difficulties	Achievements/Ways to Overcome Difficulties
<p><b>ACTIVITY 3:</b> Skills Upgrading and Training and Stipends</p>	<p>Stipends for Trainees (YUTE Works) - Skills Training participants)</p>	<ul style="list-style-type: none"> <li>▪ 10% of those eligible for long term training and certification have been placed in internships/jobs as a result of limited training spaces at HEART/NTA.</li> <li>▪ Community Based Training facilities which offer HEART/NTA Training are at cost significantly outside budget. These facilities no longer receive HEART/NTA subsidy so must price for cost recovery.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Contract signed with FullGram to train and provide work opportunities for 85% of 160 YUTE Participants.</li> <li>▪ Number of YUTE Participants eligible for this opportunity has been reduced.</li> </ul>