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PRIDE JAMAICA

ANNUAL REPORT

October 1, 2012 - September 30, 2013

CONTRACT # EEM-I-00-07-00006-00

TASK ORDER # 11

October 30, 2013

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ACRONYMS

AEO	Authorized Economic Operator
AID/W	Agency for International Development, Washington D.C.
ASYCUDA	Automated Systems for Customs Data
BPR	Business Process Reengineering
CBO	Community Based Organization
CO	Compliance Officer
COR	Contracting Officer's Representative
CPC	Chief Parliamentary Counsel
CSO	Civil Society Organization
C-TPAT	Customs-Trade Partnership Against Terrorism
EDI	Electronic Data Interchange
EU	European Union
GOJ	Government of Jamaica
HMF	Honorable Minister of Finance
ICT/IT	Information and Communication Technology/Information Technology
IDB	Inter-American Development Bank
IMF	International Monetary Fund
ITC	International Trade Corporation
JCA	Jamaica Customs Agency
JCD	Jamaica Customs Department
JUTC	Jamaica Urban Transit Company
KCT	Kingston Container Terminal
LCL	Less than Container Load
LTO	Large Taxpayer Office
MDA	Ministries, Departments and Agencies
MOU	Memorandum of Understanding
MoFP	Ministry of Finance and Planning

MP	Modernisation Plan (Jamaica Customs)
MIP	Modernization Implementation Plan
NGO	Non-governmental Organization
OPM	Office of the Prime Minister
PETROJAM	Petroleum Corporation of Jamaica
PIU	Project Implementation Unit
PMEP	Project Monitoring and Evaluation Plan
PPP	Public Private Partnership
PSED	Public Sector Establishment Division
PSMD	Public Sector Modernization Division
RAD	Revenue Appeals Department
RCO	Regional Contracting Officer
RFP	Request for Proposal
RMS	Risk Management System
RMU	Risk Management Unit
SAJ	Shipping Association of Jamaica
SEMCAR	Supporting Economic Management in the Caribbean
TAJ	Tax Administration Jamaica
TCSP	Trade Community System Partnership
TFS	Technical Feasibility Study
TOR	Terms of Reference
TRN	Taxpayer Registration Number
UNCTAD	United Nations Conference on Trade and Development
UNODC	United Nations Office on Drugs and Crime
USAID/Jamaica	United States Agency for International Development/Jamaica Mission
USCBP	United States Customs and Border Protection
WCO	World Customs Organization

EXECUTIVE SUMMARY

Promote, Renew, Invigorate, Develop, Energize (PRIDE) Jamaica completed the first six months of its fourth project year with a vigorous range of implementation activities in the key areas of tax administration reform and customs reform.¹ Working with counterparts and stakeholders in the public and private sectors and other donors, PRIDE Jamaica leveraged resources to maximize project impact to achieve results. This is demonstrated, in part, by **the more than US\$1.1 million counterparts contributed toward project implementation during this reporting period, as included in Annex 1.** The updated Results Reporting Table (Annex 2) from the Project Monitoring and Evaluation Plan (PMEP) and Annex 3, Results by Indicator, provide results against targets for this past program year. In addition to **meeting or 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. As a result of PRIDE Jamaica's capacity building and institutional strengthening support, during the past program year **Tax Administration Jamaica (TAJ) and Jamaica Customs Agency (JCA) collected more than US\$75 million in revenue** by implementing programs developed by PRIDE Jamaica. **The success of PRIDE Jamaica's work with TAJ and JCA was acknowledged by the Government of Jamaica when, in a historic act, it provided funding to USAID to fund a project extension for PRIDE Jamaica (Annex 4) to continue to support tax and customs reform.** With the extension, PRIDE Jamaica is now working only on tax administration reform and customs reform components.² PRIDE Jamaica continued to work collaboratively with stakeholders to aggressively achieve results.

Tax administration reform continued to be USAID/Jamaica's highest priority for PRIDE Jamaica's implementation program. With a new International Monetary Fund (IMF) agreement in place for Jamaica since May 2013, it was critical that TAJ achieve revenue collection and reform program benchmarks to ensure these aspects of the IMF agreement were fulfilled. Working with colleagues in TAJ, PRIDE Jamaica and TAJ continued to focus on improving compliance and mobilizing revenue collection.

As part of this effort, **TAJ achieved three important legislative milestones during the past program year.** One of the key, ongoing legislative items has been TAJ's progress toward achieving status as a semi-autonomous revenue authority (SARA). This effort began in 2010, when the IMF originally established April 1, 2012 as the date by which Jamaica should enact legislation to establish TAJ as a SARA. **In March TAJ achieved a major milestone when**

¹ 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 includes the period October 1, 2011 through September 30, 2012. Year 4 commenced on October 1, 2012.

² In June 2011 USAID/Jamaica advised CARANA Corporation of substantial reductions in funding. At that time PRIDE Jamaica prepared for project close-out in September 2012, one year earlier than the original task order date. In April 2012 USAID/Jamaica advised CARANA that it would obligate additional funds to enable the project to operate through August 2013, with a reduced program scope focusing only on tax administration reform and customs reform. This reduced scope was confirmed with the June 2013 Task Order amendment, which extended the Life of Project and obligated additional funding.

Parliament passed an act to establish TAJ as a semi-autonomous revenue authority (SARA). TAJ's SARA status will provide more flexibility to manage its budget and human resources as the organization's needs develop. A new organizational structure will provide TAJ a critical opportunity to match its human resource needs against the skills of personnel needed to carry out the job functions. This is a major milestone in TAJ's reform program activities and should strengthen TAJ's operational capabilities, especially in areas of accountability and performance. **PRIDE Jamaica worked with TAJ over the last two years to consider aspects of the legislative changes, reviewed multiple organization structures and supported TAJ to present its case in support of SARA to the public-private sector committee working on tax reform activities.** TAJ expects that it will require until April 2014, to fully implement the key aspects of a semi-autonomous revenue authority.

During March Parliament passed new legislation that will empower TAJ to determine when a tax debt is uncollectible and enable TAJ to write off any of this debt at any point in time. This new legislation will enable TAJ to clear out a backlog of more than 25,000 arrears cases, and also allow TAJ to remove more than 70% of the current value of arrears cases from its active inventory that are deemed uncollectible. **PRIDE Jamaica's work over the last two years provided the framework for TAJ to develop the official 'Debt Write-off Policy', and established the prioritization of arrears cases for collection.** This legislation will have a positive impact on establishing realistic collection targets for TAJ and begin to provide much clearer projections of the revenue that the Government can expect to receive from this source. **The legislation provides for regulations empowering the Minister of Finance in respect of providing for a tax arrears management system and for the ranking of the debt, both of which are based on PRIDE Jamaica's work with TAJ in this area.**

In 2011 PRIDE Jamaica worked with TAJ to prepare a new Tax Administration Act. The act was intended to establish a single body of law with common procedures, rights and remedies for certain tax related crimes and sanctions regardless of the type of tax at issue, and to clarify taxpayer rights. TAJ decided that seeking passage of the act in a segmented, phased approach would be more effective rather than seeking passage of the act in its entirety. **In June, Parliament passed amendments to the Revenue Administration Act, providing broader authorities to TAJ to require third parties to provide access to taxpayer information.** This will enable TAJ to more easily obtain information to support audits and settle arrears cases, among other administrative improvements. **The amendments are one of several important aspects needed to strengthen the legal framework for tax administration operations,** and are very much in line with authorities provided to most modern tax administration organizations. TAJ expects that early in 2014 additional measures to strengthen its collection and enforcement authorities will be tabled in Parliament.

In the area of tax operations, PRIDE Jamaica continued to work with TAJ across a wide range of operational areas to establish improved, sustainable programs and processes to improve compliance and mobilize revenue collection. Building on PRIDE Jamaica's prior support to TAJ in the area of arrears collection, over the last program year TAJ continued to address the excessive backlog of outstanding tax arrears cases. This included **implementing the new High Priority and Medium Priority processes for arrears collections at all of the TAJ Revenue Service Centres (RSC's) by the end of 2012.** PRIDE Jamaica also mentored counterparts in the Tax Arrears Management Unit (TAMU) in Programmes to prepare TAJ's Fiscal Year (FY) 2013-2014 Tax Arrears Management Annual Plan.³

³ The Government of Jamaica's fiscal year begins on April 1 and ends on March 31.

Utilizing the new procedures, **TAJ closed 9,429 High and Medium priority cases, valued at over US\$26 million.** For the GOJ fiscal year ending March 31, 2013, **total tax arrears collections increased 6% over the prior fiscal year.** As tax arrears collection efforts continue to place emphasis on the larger taxpayers, the timely filing and payment compliance among these entities should also improve, resulting in more tax revenue being collected.

TAJ also established a working group from various TAJ functions to **prepare the draft Tax Arrears Management Standard Operating Procedures (SOP) Manual.** This was a major, outstanding recommendation previously made by PRIDE Jamaica. The draft SOP Manual, which incorporated major aspects of PRIDE Jamaica's technical input, is ready for technical review. These approaches will enable TAJ to focus its resources on those cases which are 'High' 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 the ultimate goal of every tax administration is improved taxpayer compliance, PRIDE Jamaica continued its work with the Forensic Data-mining Unit (FDU) and TAMU to improve overall taxpayer compliance by expanding the taxpayer base and improving tax return filing and payments. As part of this effort, PRIDE Jamaica worked with FDU and TAMU to develop the FDU/TAMU Compliance Leads Work Plan for the GOJ's 2013/2014 fiscal year. The plan includes compliance programs for income tax non-filers and stop-filers, and 'Pay As You Earn' (PAYE) non-filers and stop-filers, in addition to under-reporters (who will be referred to the Audit function). **PRIDE Jamaica designed several new, low-cost compliance programs that TAJ incorporated into the 2013/2014 annual plan.** PRIDE Jamaica developed model program guidelines and reporting requirements for working these compliance program leads by Compliance Officers in the RSC's, and, with TAMU, also developed a new performance-at-a-glance report to easily track the status and results of compliance programs as these are implemented in the upcoming fiscal year.

By the end of the program year, implementation of the new program procedures improved, and results confirm this. For the first six months of the GOJ's 2013/2014 fiscal year, **TAJ collected just over US\$14 million from five compliance improvement programs.** A major factor supporting these results is that TAJ has institutionalized the compliance lead programs in each RSC, and the programs are now an important part of the tax arrears management program. The compliance lead program system that TAJ implemented beginning in April 2013 is providing the report data and other valuable information to establish a "base year" to measure the numerous compliance programs that will be initiated in subsequent fiscal years by TAJ.

Improving compliance by implementing risk based assessments to select audit cases and improving the audit management function have been other areas of ongoing strategic focus by PRIDE Jamaica and TAJ. The FY 2012/2013 Annual Audit Plan, which ended on March 31, 2013, was the first by TAJ to incorporate the new risk assessment approach. The results of TAJ's 2012/2013 Annual Audit Plan demonstrated several substantial improvements over the previous fiscal year. **The value of audit assessments increased 72% over the value of audit assessments from the previous fiscal year. The percentage of 'no change' audits declined, from 9.47% during the FY 2011/2012, to 4.86% in FY 2012/2013. This is a reduction of almost 50%, and is an important measure in the audit function.** It demonstrates that more audit cases are being selected which result in an additional assessment. This resulted from a combination of factors, including, among others, better case selection, developing and implementing better annual plans, and adhering to the plan. To further improve audit managers' skills in some of the substantive functional areas, PRIDE Jamaica will

be working with the Audit Unit in the upcoming program year to develop a new and expanded comprehensive training program for TAJ's audit managers.

Since December 2011, PRIDE Jamaica has been working closely with the Large Taxpayer Office (LTO) to strengthen LTO's capabilities to improve taxpayer compliance. During the course of PRIDE Jamaica's work in the telecommunications sector, TAJ recognized the need to reconfirm the requirement for telecommunications firms to pay the General Consumption Tax (GCT) on the face value of prepaid time sold through all distribution channels. The Minister of Finance announced changes to the GCT Act in February to increase compliance, ensuring that GCT collected by non-registered taxpayers is accounted for by the telecommunications providers. **This measure, implemented on March 1st, 2013, is expected to yield just over US\$2 million during the GOJ's current fiscal year.**

The Ministry of Finance satisfied the conditions precedent during the past program year to enable disbursement of IDB loan funds to support tax and customs reform.⁴ This is a major milestone that resulted from almost 3 years of work by TAJ and PRIDE Jamaica. This effort began in June 2010, when PRIDE Jamaica supported TAJ to prepare a complete costing of the tax administration reform program, against which the Inter-American Development Bank (IDB) developed the tax and customs loan program. In February, TAJ and JCA received approval from the IDB to publish the procurement notices for their new IT and Risk Management systems, respectively. Support from PRIDE Jamaica to TAJ to reach this milestone included re-engineering TAJ's core business processes, preparing the Request for Proposal, and participating on the technical evaluation committee. PRIDE Jamaica reviewed Jamaica Customs' risk management framework and also worked with Jamaica Customs to prepare the Request for Proposal to procure its new system. **JCA expects to complete its procurement process by the end of 2013, and TAJ expects to complete its procurement process in early 2014. These new IT systems will greatly strengthen improved operations, facilitate voluntary taxpayer compliance, improve revenue collection, and reduce risk.**

As with TAJ, **JCA achieved a major legislative milestone at the end of March 2013, when Parliament designated Jamaica Customs an Executive Agency (EA).** As a consequence of EA status, Customs is expected to demonstrate improved accountability, transparency, control and performance. With the change in designation, Jamaica Customs adopted 'Agency' in exchange for 'Department.' Over the past two years, PRIDE Jamaica advocated for this change to establish an improved statutory authority for Jamaica Customs.

PRIDE Jamaica's ongoing work to train JCA to implement standardized guidelines to measure petroleum and petroleum products imports continued during the past program year. Subsequent to two technical training courses that PRIDE Jamaica provided during the program year, JCA is now accurately verifying the types and volumes of bulk products offloaded. This is enabling JCA to assess the appropriate revenues due and payable on the petroleum imports. Implementing the new measures developed by PRIDE Jamaica to assist with accounting for all petroleum products, **JCA recovered the first US\$36 million of a total US\$51.61 million of outstanding customs revenue due within 2012 from the petroleum sector.**

With support from PRIDE Jamaica, TAJ Excise Officers and JCA are better integrating their operations. **JCA recently reported that its ability to monitor the movement of petroleum products and to account for revenues due from petroleum imports have been**

⁴ Jamaica Customs, the Central Treasury Management System and Debt Management Unit are also expected to receive funding under the IDB loan, for a total loan of US\$62 million.

significantly strengthened as a direct result of improved communication and inter-agency collaboration with TAJ. In September 2013, JCA identified significant gaps in revenue during examination of a random selection of Customs entries that were cross-referenced against TAJ Excise records. Further work in the next program year by PRIDE Jamaica and JCA audit teams will assess and collect the amounts due.

To reduce time and costs for legitimate businesses and enable JCA to focus its resources on higher risk areas, PRIDE Jamaica continued to support improvements in Jamaica Customs' Authorized Economic Operator (AEO) program. Based on the sustainable operating approach PRIDE Jamaica and JCA developed, JCA continued to apply new valuation procedures and incorporated new processes into the updated operations of the AEO program. These operational changes, supported by training from PRIDE Jamaica, have reduced by two days the time it takes for compliant importers to import their goods. The traders' compliance program will complement JCA's compliance strategy and in so doing, limit the potential for corruption by applying standards and practices that increase transparency and predictability.

The new procedures are also allowing JCA to allocate its resources to those importers which pose a higher risk. By applying the new valuation procedures, **Jamaica Customs collected an additional US\$1.7 million between September and December 2012 for cargo that had been previously under-invoiced by importers.** As further demonstration of the success of the new valuation procedures, **JCA collected US\$128 million in July 2013, surpassing by 10% its monthly revenue collection target for this period.** This is a direct result of Jamaica Customs implementing AEO Risk, AEO Compliance and Customs Valuation procedures that were developed with JCA by PRIDE Jamaica.

During this reporting period, the Ministry of Finance and Planning named a new Financial Secretary and a new Acting Commissioner General for Tax Administration Jamaica. PRIDE Jamaica continues to work with MoFP stakeholders to implement project activities.

The Government of Jamaica successfully negotiated a new agreement with the IMF, which became effective in April 2013. Benchmarks for reform in tax policy, tax administration and customs administration comprise fundamental elements of this agreement. PRIDE Jamaica's capacity building and institutional strengthening activities during the past program year fully supported TAJ and JCA both to meet their requirements under this new agreement, and to strengthen long-term sustainability of their reform programs.

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, supports real ownership by partners of the assistance that PRIDE Jamaica offers, builds human and institutional capacity and supports sustainability of new, improved approaches. With resources focused on tax administration and customs reform, 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.

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 project⁵, 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 directs program activities toward implementing needed administrative, policy, regulatory and legislative changes in public sector institutions to enable private sector economic growth. PRIDE Jamaica focuses on improvements that will provide a framework that is conducive for the Government of Jamaica to generate revenue to provide a secure environment for its citizens, support private sector investment and create an enabling environment that will improve Jamaica's international competitive position as a place to do business.

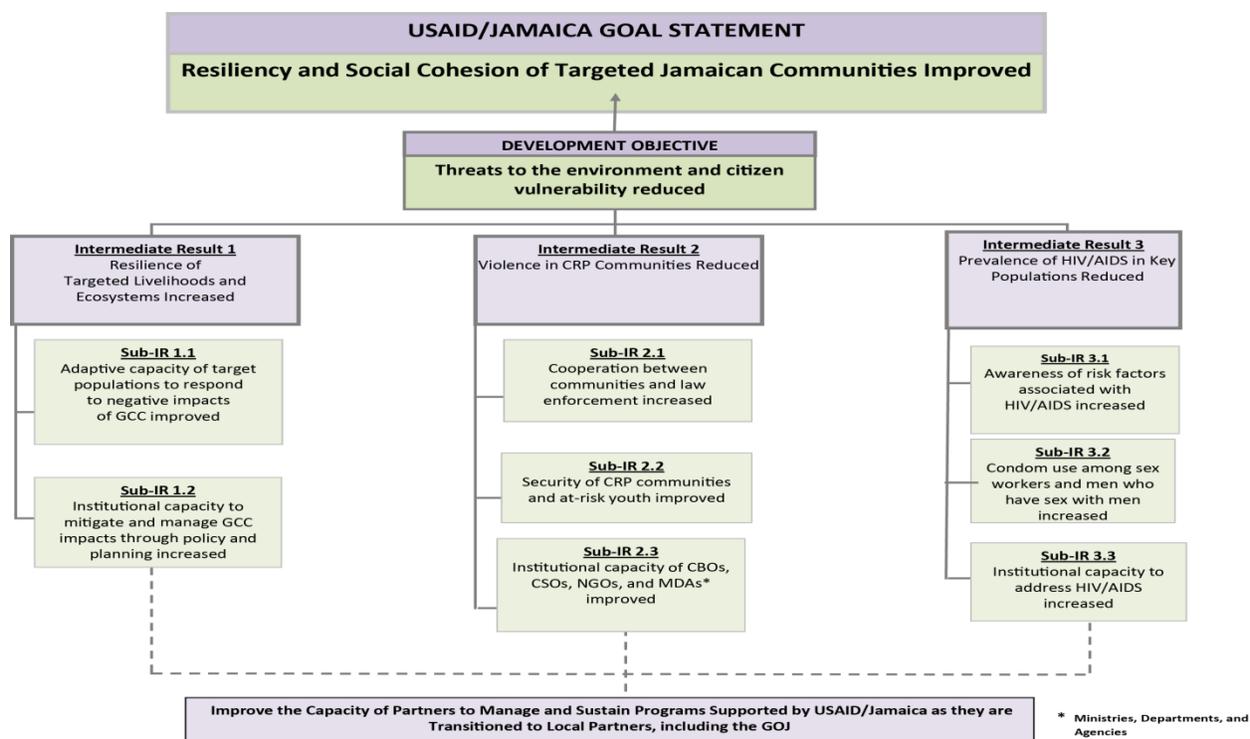
PRIDE Jamaica's component areas include:

- 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.

Over the last program year USAID/Jamaica updated its Results Framework, outlined below, in accordance with its new Country Development Cooperation Strategy. Within the scope of the new Development Objective 'Threats to the environment and citizen vulnerability reduced', PRIDE Jamaica works within USAID/Jamaica's Intermediate Result 2, Violence in Community Renewal Program (CRP) Communities Reduced.

⁵ The ceiling price for this Task Order is US\$8,125,080.00. The original completion date was August 31, 2013. In June 2013 the Task Order was extended to March 2015.

FIGURE 1 – Assistance Objective



PRIDE Jamaica’s activities are designed to achieve results within the scope of Sub-Intermediate Result 2.3: Institutional capacity of Community Based Organizations (CBOs), Civil Society Organizations (CSOs), Non-governmental Organizations (NGOs) and Ministries, Departments and Agencies (MDAs) improved. PRIDE Jamaica tracks the outcomes of activities at the sub-intermediate results level.

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. PRIDE Jamaica continued this focus when additional funding enabled the project to continue to August 2013. A contract amendment in June 2013 extended the project, with the focus continuing on tax administration reform and customs reform, supported by legislative process as a cross-cutting component. As a result of this focus, this Annual Report does not include reporting on Component 3, Access to Credit for Micro, Small and Medium Enterprises, and Component 5, Land Policy and Administration.

With the approval of USAID/Jamaica, PRIDE Jamaica revised several of the project's Performance Monitoring Plan (PMP) indicator targets. The revised targets reflect reduced (overall) funding for the project; implementation in only two focus areas: tax administration reform and customs reform; and, additional targets for the contract extension.⁶

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. These results 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.

Toward Achieving Objectives – Progress to Date

By the end of the last work plan period, PRIDE Jamaica had met or exceeded all targets in the Performance Monitoring Plan.⁷ An improved enabling environment allows for improved revenue mobilization collection and improved governance. These elements strengthen the Government's ability to:

- Support a secure environment to enhance citizen security;
- Provide efficient public sector services and infrastructure the private sector requires to operate; and,
- Implement good governance practices that demonstrate public sector bodies function transparently and efficiently.

PRIDE Jamaica's original program areas included:

1. Tax Policy and Administration
2. Licensing and Other Competitiveness Areas
3. Access to Credit for Micro, Small, and Medium-Sized Enterprises
4. Legislative Process
5. Land Policy and Administration

Responding to guidance from USAID/Jamaica regarding available funding, during the last program year PRIDE Jamaica focused implementation on Component 1, 'Tax Policy and Administration', and support to Jamaica Customs through Component 2, 'Business Licensing and Other Competitiveness Areas.' Component 4, 'Legislative Process', was treated as a cross-cutting theme for those legislative and administrative reform activities needed to support tax

⁶ 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. When funding became available for Year 4 and Year 5, PRIDE Jamaica reinstated targets for Year 4, and added additional targets for the contract extension. The overall project funding is not expected to reach US\$8.1 million.

⁷ In consultation with USAID/Jamaica, PRIDE Jamaica reinstated targets for Year 5 during planning for the contract extension. The updated PMP accounts for the new Results Framework and reflects PRIDE Jamaica's focus on tax administration reform and customs reform, while eliminating implementation activities in other program areas. If funding levels change, targets will be adjusted.

administration and customs reform. Tax policy and administration was and remains the highest priority for PRIDE Jamaica's implementation activities.⁸

SECTION II

2.1 TECHNICAL ACTIVITIES

2.1.1 Component 1: Tax Policy and Administration

In line with guidance from USAID/Jamaica, during the program year PRIDE Jamaica allocated the majority of project resources to the Tax Policy and Administration component. PRIDE Jamaica's work over the period continued to support TAJ to mobilize revenue collection; broaden the tax base by improving compliance; improve operational processes and strengthen implementation of the processes; and, advocate for legislative, regulatory and administrative changes that are strengthening TAJ's ability to effectively conduct its operations and improve voluntary taxpayer compliance. This included working with senior management to advance needed legislative and regulatory changes; supporting the Programmes Unit and Revenue Service Centres to utilize new procedures to collect tax arrears; developing and monitoring new taxpayer compliance programs; and reviewing results from annual plans in arrears collection and audit to assess effectiveness, among others. PRIDE Jamaica worked alongside TAJ to strengthen local capacity to develop and implement new operational programs and procedures to improve governance, successfully implement reform measures and achieve revenue collection and reform objectives within the scope of the IMF agreement.

PRIDE Jamaica's implementation activities for the program year built on the foundations of work both completed and underway with TAJ in key areas of tax administration reform. PRIDE Jamaica and TAJ determined some of these strategic priorities based on earlier recommendations from the IMF Fiscal Affairs Department. These recommendations highlighted the need for improvements in key operational areas of Jamaica's tax administration system. Based on revised funding levels and changing timeframes for project completion, PRIDE Jamaica focused on several of the higher priority areas as agreed with TAJ counterparts. By maintaining this focus, PRIDE Jamaica and TAJ have been able to apply a phased approach toward implementing solutions to improve operations, supporting sustainability of the new approaches within TAJ by the end of PRIDE Jamaica's support.

Project Management Support to the TAJ Reform Program

PRIDE Jamaica continued to work closely with TAJ to implement reform program activities and support efforts to meet IMF and IDB timeframes for tax administration reform. The tax reform initiatives were both pre-conditions to the IMF approving a new agreement with Jamaica in May 2013, and continue to be important as part of the ongoing requirements to meet IMF and IDB loan requirements. PRIDE Jamaica worked with TAJ on a number of initiatives to support the tax reform program. Several of these included:

⁸ PRIDE Jamaica completed activities in Components 3 and 5 as of September 30, 2011, based on guidance from USAID/Jamaica. This reflects substantially reduced overall funding for the following program years.

- Continuing to serve on an inter-agency working group to automate the application for, and tracking of, requests for tax relief to establish a more transparent process, improve the monitoring of tax relief requests provided, and better measure the impact on revenue.
- Advocating for passage of **legislation to establish TAJ as a semi-autonomous revenue authority (SARA), which Parliament passed in March 2013.**
- **Supporting amendments to the Tax Collection Act, which Parliament passed in March 2013, to establish designated tax arrears as uncollectible.** The amendments include a provision that allows for these arrears to be removed from the active arrears inventory.
- Advocating for **passage of the Access to Third Party Information Act, passed by Parliament in July 2013, which strengthened some of TAJ's revenue assessment and collection authorities.**

The past program year was a critical time for TAJ's reform efforts, and this will continue to be the case in the next program year. One major aspect of the tax reform program required the almost complete elimination of the Minister of Finance's authority to provide discretionary waivers. Over many years discretionary waivers have been requested for a variety of taxes, including corporate and personal income tax, General Consumption Tax (GCT), and import duty, among others, and were granted at the discretion of a Minister of Finance. Discretionary waivers contributed to loss of revenue, in some instances created an unlevel playing field for taxpayers and were not always accounted for when assessing the impact on the Government's budget. Discretionary waivers have also been used to exempt charitable organizations from certain tax requirements, as Jamaica has not had a charities act that would provide tax relief for qualifying organizations.

Since March 2012, PRIDE Jamaica has participated on an inter-agency working group to develop a transparent, automated application process for tax relief. The intention is that all requests for tax relief – statutory and discretionary - will be initiated through an automated process, with discretionary requests being reviewed and evaluated against a clear set of criteria by an appointed public-private sector committee. Throughout the past year, the working group, which also includes TAJ, Ministry of Finance and Planning, Jamaica Customs Agency, Revenue Protection Division and Fiscal Services Limited (FSL), completed work to establish the automated process focusing initially on aspects of the statutory 20% tax relief on motor vehicles offered to specified categories of public sector employees.

This initial phase of automation will enable the Tax Policy Unit in the Ministry of Finance and Planning to begin transferring administrative responsibility for this employee benefit to human resource units at individual ministries and departments, thereby enabling the Tax Relief Unit (TRU) to focus on tax policy issues. The 'pilot phase', which will begin with the MoFP in November, will support a phased roll out whereby system issues can be resolved prior to wider implementation. FSL will work with other ministries and government departments to assess their readiness to implement the automated process. This first automation should reduce the average time to process this type of statutory tax relief request from an average of 45 - 60 working days, to 10 working days. The automated system will also improve accountability and allow for improved tracking of the impact on revenue.

To further reduce the administrative burden on TRU, the working group championed the establishment of a telephone 'Help Desk' at MoFP, modeled on the TAJ Customer Care Centre (CCC). The Help Desk now fields all telephone and email inquiries from taxpayers who want to know the status of their tax relief request. As a good demonstration of inter-agency cooperation, TAJ's CCC Manager managed the start-up of the Help Desk operations and trained the manager and help desk agents. The Help Desk protocols and procedures were adapted from TAJ's model. **This new MoFP Help Desk has responded to more than 9,000 taxpayer inquiries since January 2013, when the Help Desk was established.** Customer feedback to the service provided has been excellent, and TPU can focus further on tax policy issues.

As previously noted, the automated process is also intended to track statutory tax relief. In addition to discretionary waivers, Jamaica has established over many years an extensive framework for statutory incentives intended to support economic growth. The manufacturing, tourism and agriculture sectors are among those which have benefitted from these statutory frameworks. Incentives may include exemptions from paying import duties, or paying reduced rates of corporate income tax, among others. In some instances the incentives are for a finite period; however, with the continued consolidation of income tax forms it is now almost impossible to track whether a taxpayer is claiming an incentive that has expired.

As part of Jamaica's tax reform process, the IDB worked with MoFP to review the full range of Jamaica's existing statutory waivers and incentives, and their impact on revenue. Based on this review, the Minister of Finance established a public sector – private sector working group to develop a new, comprehensive incentives framework that Jamaica can utilize to support economic growth. A new Omnibus Incentives Act is being drafted, which will replace the current incentives regime. The new act will incorporate an integrated and transparent approach toward providing statutory incentives to support economic growth. While this working group has made substantial progress, international development partners recognize there are aspects of the new law which need to be finalized. The act should be tabled in Parliament before the end of the calendar year. In the upcoming program year the waiver process reform working group will support an integration of data into the automated system that will allow MoFP to have the information needed to accurately assess the impact of statutory incentives on revenue, allowing for more informed decisions about tax policy.

Jamaica's overall tax reform process will be further supported by the new Charities Act, which is expected to be tabled in Parliament before the end of calendar year 2013. The legislation will establish statutory guidelines to provide tax relief for organizations designated as charities. Prior to this new legislation, charities apply to the Minister of Finance for a discretionary waiver, requesting tax relief. This new legislation, along with the omnibus incentives legislation, will enable a more transparent process to provide tax relief and should also strengthen the Government's ability to measure the impact of tax expenditures on revenue.

In March TAJ achieved a major milestone when Parliament passed an act to establish TAJ as a semi-autonomous revenue authority (SARA). (See Annex 5.) This effort, which began in 2010, was an outstanding requirement of the tax reform program under Jamaica's previous IMF agreement. The IMF had established April 1, 2012, as the original date by which Jamaica should enact this legislation. During October Cabinet approved a Cabinet submission outlining the purpose of SARA and the legislative changes that were required. The Honorable Minister of Finance demonstrated his strong support for proceeding with the SARA initiative. During the Minister of Finance's presentation of the legislation in Parliament, members of the Opposition offered several recommendations proposed by the Institute of Chartered Accountants of Jamaica that would remove the potential for political influence over the hiring and firing of a

Commissioner General. To accommodate these recommendations, Parliament recessed and the Standing Committee on Finance prepared and passed the necessary amendments to the bill. Parliament then reconvened and passed the legislation. This provided an excellent example of bi-partisan cooperation to achieve national objectives.

The move to SARA includes several benefits that should enable TAJ to improve operational performance, with expected improvements in service delivery and compliance. These benefits include:

- Defining required performance in an unambiguous and measurable way, for which targets are set out in the performance contract;
- Delegating authority to any appropriate level of the organization;
- Having the ability to improve the human resource compliment through quality recruitment from the labor market and competitive remuneration;
- Providing for quicker response times in decision making and streamlining operations; and,
- Allowing for greater scrutiny of annual, medium and long term business planning.

Under SARA, TAJ will report to a Management Board on administrative operations. Recommendations for board representatives, who will include members of the public sector, private sector and civil society, were presented to MoFP. The board is likely to be named early in the next program year. PRIDE Jamaica worked with TAJ over the last two years to consider aspects of the legislative changes, reviewed multiple organization structures and supported TAJ to present its case in support of SARA to the public-private sector committee working on tax reform activities. TAJ expects that it will require until April 2014 to fully implement the key aspects of a semi-autonomous revenue authority.

With TAJ established as an integrated tax administration and its recently approved SARA status, the organization has been working to create a new structure. Job descriptions for positions within the new structure are being finalized, and these will require approval from the Cabinet Office before the positions can be established by the Public Sector Establishment Division (PSED). TAJ will then be able to advertise the positions and hire personnel within its new organization structure. TAJ's SARA status will provide more flexibility to manage its budget and human resources as the organization's needs develop. Establishing the new organizational structure with new positions and job descriptions will provide TAJ a critical opportunity to match its human resource needs against the skills of personnel needed to carry out the job functions.

Based on two IMF technical reviews in 2011, PRIDE Jamaica and TAJ have been addressing TAJ's large open inventory, in number of cases and dollar value, of tax arrears cases. There were more than 75,000 taxpayer accounts in arrears, with almost half of these owing less than the equivalent of US\$200. 84% of the arrears cases were more than three years old – considered 'extreme overage' from a tax administration perspective, and, as a result, very difficult to collect. PRIDE Jamaica began working with TAJ at the end of 2011 to address this very large inventory of tax arrears cases. This included categorizing the arrears by tax type, age, value and classification (principal, penalties, interest); developing a prioritization system to determine which arrears should be actively pursued; establishing different collection procedures

based on whether the arrears were now classified as 'High' or 'Medium'; and, procedures to also classify arrears as 'Currently not collectible.' (Work with TAJ Operations in this area is covered below, in *'Supporting TAJ Tax Operations to Improve Compliance.'*)

One of the important designations for arrears cases that PRIDE Jamaica and TAJ established during this process included 'Currently not collectible.' Establishing this category of arrears enabled TAJ to begin determining the value of tax arrears that should be removed from consideration for collection purposes. PRIDE Jamaica's work over the last two years provided the framework for TAJ to develop an official 'arrears write off policy' that would remove these arrears cases from the active inventory, in addition to removing those below certain value thresholds. PRIDE Jamaica provided input to the draft policy, including some practical operational steps to strengthen the processes.

During March Parliament passed new legislation which will empower TAJ 'to make a determination in keeping with modern tax administrative practices and modern business practices, to determine when a tax debt is uncollectible and to grant flexibility to the Tax administration authorities with respect to writing off any of this debt at any point in time' (See Annex 6). This new legislation will enable TAJ to clear out a backlog of more than 25,000 arrears cases, and also allow for more than 70% of the current value of arrears cases, which have been deemed uncollectible and represent primarily interest and penalties, to be removed from TAJ's active inventory. Substantial pieces of the legislation incorporate information developed by PRIDE Jamaica. This legislation will have a positive impact on establishing realistic collection targets for TAJ and provide much clearer projections of the revenue that Government can expect to receive from this source. These realistic projections will also fulfill an important role in the Government's discussions with development partners. The legislation also provides for regulations empowering the Minister in respect of providing for a tax arrears management system and for the ranking of the debt, both of which are based on PRIDE Jamaica's work with TAJ in this area. The draft implementing regulations are almost complete, and Parliament will be required to approve these before implementation can proceed.

In 2011, PRIDE Jamaica worked with TAJ to prepare a new Tax Administration Act. The act was intended to establish a single body of law with common procedures, rights and remedies for certain tax related crimes and sanctions regardless of the type of tax at issue, and to clarify taxpayer rights. This broad-based, unified tax administration act would simplify and incorporate international best practices in tax administration and support operating effectiveness and efficiencies. It would also make it easier for taxpayers to understand how to comply with the law, and enable tax administration officials to more easily understand and apply the law more uniformly. TAJ decided that seeking passage of the act in a segmented, phased approach would be more effective rather than seeking passage of the act in its entirety.

While PRIDE Jamaica has supported proposing the act in its entirety, progress is being made. In June, Parliament passed amendments to the Revenue Administration Act, providing broader authorities to TAJ to require third parties to provide access to taxpayer information. This will enable TAJ to more easily obtain information to support audits and settle arrears cases, among others. The debate in Parliament on these amendments was quite heated due to concerns that the authorities being provided to TAJ were too far-reaching. (See Annex 7.) The amendments are one of several important aspects needed to strengthen the legal framework for tax administration operations, and are very much in line with authorities provided to most modern tax administration organizations. TAJ expects that early in 2014 additional measures to strengthen its collection and enforcement authorities will be tabled in Parliament.

Early in the program year there were two important changes in counterpart leadership. TAJ named as the new (Acting) Commissioner General, TAJ's previous Chief Technical Officer. The new Commissioner General previously served as the Commissioner for Taxpayer Audit and Assessment before this department was merged with other revenue departments to form TAJ.

The Ministry of Finance and Planning named a new Financial Secretary. The new Financial Secretary had most recently served as Director General of the Ministry of Finance and Planning. With both of these changes, PRIDE Jamaica was able to make a smooth transition to continue support as a result of existing strong, working relationships with both of these executives and other members of the operational units.

Supporting TAJ Tax Operations to Improve Compliance

PRIDE Jamaica continued to provide support to TAJ across a wide range of operational areas to improve compliance and mobilize revenue collection. Building on PRIDE Jamaica's prior support to TAJ in the area of arrears collection, over the last program year TAJ continued to address the excessive backlog of outstanding tax arrears cases. Based on IMF recommendations in 2011, PRIDE Jamaica and TAJ's Tax Arrears Management Unit (TAMU) determined this was a priority area for strategic focus. PRIDE Jamaica and TAMU developed a prioritization schema for these arrears cases. The output of the risk scoring system separated existing arrears cases into one of the three categories (High Priority, Medium Priority and Low Priority). PRIDE Jamaica then developed different processes and procedures for High Priority (HP) and Medium Priority (MP) casework. After a series of pilots and training for compliance officers on the new processes and approaches, TAJ implemented the new HP and MP processes at all of the TAJ Revenue Service Centres (RSC's) during 2012.

For the GOJ fiscal year ending March 31, 2013, **total tax arrears collections increased 6% over the prior fiscal year. TAJ closed 9,429 High and Medium priority cases, valued at over US\$26 million.** As tax arrears collection efforts continue to place emphasis on the larger taxpayers, the timely filing and payment compliance among these entities should also improve, resulting in more tax revenue being collected, while requiring a lower level of human resources to collect tax arrears. Improved case closure and collections should lead, over time, to a decrease in the value of tax arrears and the amount collected as improvements in voluntary compliance continue. When the new tax arrears write-off regulations are approved and the operational procedures are implemented, the number and value of open arrears cases should decline substantially.

To further support improvements in tax arrears collection, PRIDE Jamaica worked with the Tax Arrears Management Unit (TAMU) in Programmes to prepare TAJ's Fiscal Year (FY) 2013-2014 Tax Arrears Management Annual Plan.⁹ To develop the new plan, PRIDE Jamaica and TAJ modified the framework of the prior year's plan (also developed with support from PRIDE Jamaica) to reflect current arrears inventories, revised staffing allowances and the "experience rates"¹⁰ for projected closures. TAJ captured data in the form of hours charged per case, which now allows TAJ to adjust experience rates to reflect the actual time required to close cases. Terms were updated to include 'compliance leads', instead of 'stop-filer language'. TAJ revised this to acknowledge that stop-filer is but one type of compliance lead. The new plan was further revised to allow for the detailing of hours and employees (lending staff time) from one RSC to another to support closing larger case inventories in some RSC locations. The Annual Plan

⁹ The Government of Jamaica's fiscal year begins on April 1 and ends on March 31.

¹⁰ Experience rates refer to the number of total hours required by a Compliance Officer to close a case.

assumptions are included as Annex 8. The draft Annual Plan was approved by the Deputy Commissioner General (DCG) Operations, and TAMU reviewed the draft plan with each RSC during March, planning for the start of the new fiscal year on April 1st.

PRIDE Jamaica worked with TAMU to resolve implementation issues at the RSC's with the Annual Plan. Issues existed with regard to accurate reporting of time spent by Compliance Officers (CO's) to work cases, and some of the RSC's had concerns about the experience rates allocated to close cases. The RSC's believed that the standards for field and office case closures were too low. Based on case files that were reviewed by TAMU and PRIDE Jamaica, the results indicated that the standards were too high, meaning the cases could be closed, on average, in less time. PRIDE Jamaica suggested a two-phase process to validate the rates. First, the Programmes Office needed to establish documentation standards that Compliance Officers needed to complete for each case worked. Second, managers of the CO's needed to establish clear expectations that CO's would adhere to these standards. TAMU received very positive feedback from the RSC's regarding the instructions accompanying the plan that explained how to apply treatments to cases, documentation to be completed, the processes to close cases and how to properly complete monthly reports. RSC managers said these clear instructions are strengthening implementation of the systems and improving the quality of case work completed by Compliance Officers.

TAJ determined that there was a need to strengthen the skills of Team Leaders and Compliance Officers to improve tax collections from these arrears cases. Arising from this need, PRIDE Jamaica and TAJ developed and delivered a comprehensive, practical training program to improve collections. Training topics included:

- managing the tax arrears inventory
- gathering and analyzing taxpayer financial information
- effectively assessing a taxpayer's ability to pay tax arrears
- Compliance Officer interview skills and techniques
- investigative techniques to locate taxpayers and/or their assets and income sources
- negotiating payment arrangements (Arrangement Agreements)
- conducting full compliance checks
- enforcement actions for tax arrears accounts

TAJ and PRIDE Jamaica provided training to more than 50 arrears collection team leaders and team leader designates during the past year. Annex 9 provides an overview of the training conducted. Feedback from participants confirmed that the training has made it much clearer how to effectively implement the new systems to close arrears cases and achieve the results that are now expected. Following on this training, PRIDE Jamaica and TAJ are adapting the training materials to implement a new training program during the next program year for TAJ's Compliance Officers. This training will focus further on improving financial analysis skills, interview techniques, negotiations skills and investigative techniques, and addressing enforcement actions that are available to TAJ.



Team Leader training for Arrears Collection

These training sessions also provided a valuable opportunity for staff to raise taxpayer compliance issues and share information about how to improve collections. During one training program, participants discussed compliance issues within the entertainment and events sector. Promoters in Jamaica are obligated to withhold tax on payments made to foreign performers who perform in Jamaica, and compliance in this area is low. Arising from this discussion, PRIDE Jamaica worked with Compliance Officers to identify approaches to trigger improved compliance. Working in conjunction with local Parish Council offices, TAJ identified that promoters require a variety of permits issued at the Parish Council level. Working with the Ministry of Local Government, TAJ requested a change in administrative processes at the Parish Council level, requiring promoters to present a valid Tax Compliance Certificate (TCC) as part of the process to obtain the requisite permits for events. The Ministry of Local Government is also working with TAJ to include compliance on property tax payments as a prerequisite to obtain a TCC. Parish Councils receive the majority of their operating revenue from property tax payments. Incorporating property tax compliance into the TCC process would also strengthen compliance in this area. The new administrative procedures are intended to improve compliance by promoters, and the owners of the venues where events are staged. PRIDE Jamaica will monitor the impact of these changes over the coming program year.

Throughout the program year, PRIDE Jamaica worked closely with TAMU to improve the quality and timeliness of work by Compliance Officers to more effectively close tax arrears and compliance program cases. Part of PRIDE Jamaica's support included ongoing focus with TAMU to conduct case reviews at the RSC level, provide feedback to Assistant General Managers and highlight the importance to submit timely, accurate and complete reports regarding work completed. These reports provide strategic information regarding operational performance to the Tax Arrears Management Unit and TAJ executive management. The Deputy Commissioner General (DCG) for Operations continued to emphasize to RSC managers the importance of submitting timely, complete and accurate reports. TAJ uses these reports to

measure operational performance against annual targets, redirect resources to improve operations and negotiate agreements.

PRIDE Jamaica's review of arrears cases over the period with TAMU indicated **there is strong and growing improvement in the quality, timeliness and completeness of the work by Compliance Officers at a number of the regional offices**. The following areas demonstrate where work has improved, and where further improvement is still needed:

- organizing the case file documents;
- using the updated forms and documents prescribed by the Tax Arrears Management Unit;
- documenting actions taken and establishing specific dates for taxpayer responses;
- securing financial information and completing the Collection Information Statement during taxpayer interviews;
- identifying the business owners, managing directors, responsible officers and decision makers for payment of the tax arrears accounts and filing/payment of all required tax returns;
- timely follow-up on cases where additional information and documents have been requested from the taxpayer;
- using appropriate arrears collection enforcement actions – including summonses and stop orders - when necessary to complete the collection of arrears cases on a timely basis;
- analyzing the financial and other information secured by Compliance Officers to effectively assess a taxpayer's ability to pay an arrears account; and,
- conducting full compliance checks on all tax arrears cases, including documenting the results in the case history record.

To further improve effective closure of arrears cases, PRIDE Jamaica and TAMU emphasized the need for Executive Management to communicate its expectations to RSC General Managers and Assistant General that Compliance Officers must:

- Implement prompt initial contact in all assigned cases with the taxpayer entity, managing director or other responsible person.
- Demand full payment and/or filing of the delinquent tax returns upon initial contact, and properly document the case file history.
- Secure and document appropriate financial and other pertinent information in the case file history relating to the arrears case or compliance leads case.
- Clearly communicate and document in the case file history the specific timeframes and dates for actions required by the taxpayer entity.

- Inform the taxpayer entity of the enforced collection actions that could be taken if the actions required are not completed by the date(s) established; then, follow through with the enforcement if the taxpayer does not comply.

Team Leaders were instructed to conduct more periodic reviews of Compliance Officers' assigned cases or work in process to assure the above recommendations were promptly and properly addressed. PRIDE Jamaica prepared a format for Team Leaders to use during their review of cases (Annex 10). Operations staff at all levels continued to reiterate the need to strengthen the enforcement framework to bolster their efforts to improve taxpayer compliance. **Strengthening the enforcement and collection framework is on the legislative agenda early in calendar year 2014.**

PRIDE Jamaica participated in the annual strategic retreat with TAJ Operations, which is part of TAJ's process to monitor performance, identify areas for improvement and build on operational successes. Conducted in February, the retreat enabled the Deputy Commissioner General to review with Senior General Managers, Revenue Service Centre Managers and managers in Programmes and Planning TAJ's upcoming National Compliance Plan for the fiscal year which began April 1, 2013. The plan outlined activities and results for Operations' units, and incorporated activities in arrears collection and audit which PRIDE Jamaica developed with TAJ. The retreat also included a review of key performance indicators, focused on the need to improve performance on taxpayer compliance programs and again addressed the need to strengthen TAJ's assessment, collection and enforcement authorities.



February 2013 Annual Operations Retreat

PRIDE Jamaica's work with TAJ on arrears collection has been a steady process of defining the issues, developing standardized approaches and working with TAJ to implement these across the operational units. The next phase of this process included the development of a standard operating procedures (SOP) manual for arrears collection. This was a major outstanding recommendation made by PRIDE Jamaica. To ensure that the manual incorporated input from a range of end-users, PRIDE Jamaica recommended that TAJ establish a working group and include representatives from TAMU, compliance officers, assistant general managers and an RSC manager. PRIDE Jamaica presented the arrears collection steps and the Tax Arrears Management Handbook which the group will use to develop the SOP manual. There was considerable discussion among the group about effectively addressing interview techniques and securing financial information using the Collection Information Statement (CIS). One member of the group vigorously supported the use of the CIS in the interview and arrears collection process, and provided examples of successful case work using this process. **The draft SOP manual for arrears collection is being reviewed and should be completed by December 2013.**

As the ultimate goal of every tax administration is improved taxpayer compliance, PRIDE Jamaica continued its work with the Forensic Data-mining Unit (FDU) and TAMU to improve overall compliance with tax return filing and payment requirements. This has been an ongoing area of strategic focus for TAJ and international development partners. FDU gathers information from various sources and matches this against TAJ databases, identifying potential unregistered taxpayer entities, non-filers and stop-filers (those taxpayer entities that are registered and have stopped filing the required tax returns) to expand the taxpayer base and improve revenue collection. These potential compliance leads are then screened against additional TAJ information sources to determine if tax returns have been filed and paid as required, and to assess the overall degree of potential non-compliance. TAJ then develops and implements compliance programs to improve compliance among these taxpayer groups.

To apply an integrated approach between developing compliance leads and implementing compliance programs, PRIDE Jamaica recommended that FDU and TAMU prepare one work plan for compliance leads. PRIDE Jamaica's recommendation was based on the need to integrate two separate functions (FDU and TAMU), both of which are responsible for various aspects of the work plan. Joint ownership for these activities is very important, and this is strengthened by having one, integrated work plan. The DCG Operations confirmed that this is what TAJ required to effectively monitor compliance program activities. To further this effort, PRIDE Jamaica worked with FDU and TAMU to develop the FDU/TAMU Compliance Leads Work Plan for the GOJ's 2013/2014 fiscal year (Annex 11).

The plan includes compliance programs for income tax non-filers and stop-filers, and 'Pay As You Earn' (PAYE) non-filers and stop-filers, in addition to under-reporters (who will be referred to the Audit function). FDU data-mining activities will also use various internal and external databases to identify taxpayers in the following categories:

- New taxpayers;
- Taxpayers with additional registration obligations;
- Taxpayers with incorrect reporting and payment issues;
- High Profile / High Value taxpayers acquiring high-value properties, motor vehicles and other assets; and,
- Guest Accommodation Room Tax (GART) potential taxpayers.

To improve implementation and reporting, PRIDE Jamaica worked with TAMU to develop the Programme document containing the new standardized processes, procedures and reports that Programmes and the RSC's are now using. The updated RSC reporting format is included as Annex 12. PRIDE Jamaica and TAMU also developed a new performance report (Annex 13) to easily provide executive management with information about program results.

This work plan system is a substantial improvement in the approach by the Programmes Office to assure the various programs are developed, assigned and worked on a timely basis. The activity reporting systems have been vastly improved so accurate data can be gathered to determine the level of accomplishment and results for each program. This information will provide management with decision-making data on whether to expand a particular program or to discontinue a program that is not producing the anticipated results.

PRIDE Jamaica also worked with the Programmes Unit to develop the Annual Taxpayer Compliance Plan for FY 2013/2014 and the related Compliance Leads Work Plans for both FDU and TAMU. The Programmes Unit finalized the document and issued it and the work plan documents to the RSC's for full implementation.

During the last program year TAJ implemented a number of new compliance programs. An early program addressed compliance issues among the 'Professionals' segment of taxpayers that includes attorneys, accountants, doctors, architects and other professional occupations. There were approximately 1,800 potential leads that resulted from the FDU information gathering and TAJ screening. To improve processes for this program, PRIDE Jamaica assisted TAJ to prepare and issue the Professionals Compliance Leads Programme Memo and Guidelines to all the RSC's (Annex 14). PRIDE Jamaica recommended that TAJ begin this compliance program using three RSC's as pilot offices to test both the quality of leads produced and the process for working these compliance leads.

A further effort to improve compliance among the 'Professionals' segment yielded less than expected results. TAJ instituted mandatory filing for doctors, lawyers and registered public accountants for the 2012 fiscal year, even if these taxpayers were PAYE employees. The filing response was far less than desired. TAJ began issuing Form 13 follow up notices, and will pursue these delinquent taxpayers. TAJ decided to delay the next mandatory filing for professionals until it closes some of these new non-filer cases.

TAMU completed and issued the Compliance Leads Programme for Stop-Filers (Missing SO1, Missing Estimated Tax Obligations, Missing Education Tax Obligations, Stop-Filers and Non-Filers) – FY 2013 / 2014 Procedures, Forms and Reports document to all RSC's and the Special Enforcement Team. This document also contains the Compliance Leads Activity Report for Income Tax Stop-Filers: 2012 – 2013 and the Compliance Leads Programme Fortnightly Report that includes the programs above, in addition to the Education Tax and Guest Accommodation Room Tax (GART) compliance leads categories. PRIDE Jamaica strongly recommended that FDU and TAMU prioritize and then issue compliance leads to the RSC's on a monthly basis for those stop-filer programs pertaining to monthly filing requirements, rather than issuing the leads quarterly. Issuing leads monthly will allow for better work flow at the RSC's and enable TAJ to pursue stop-filer leads on a timely basis. Prompt intervention with taxpayers is critical to improve collections on tax arrears. TAJ is considering this recommendation.

PRIDE Jamaica also recommended several other new, low cost taxpayer compliance improvement programs that TAJ was able to implement immediately. These programs, including

a new monthly SO2 Stop-filer program, address some of the revenue at highest risk for non-payment, and also represent trust fund taxes. A number of new programs were implemented when the GOJ's new fiscal year started on April 1, 2013. These include 'Income Tax Stop-filers' and another 'Professionals Income Tax Non-filers'. The TAJ executive management and TAMU continue to reinforce with the RSC managers the importance of properly and fully implementing the various compliance leads programs, including timely and accurate reporting of results.

PRIDE Jamaica and TAMU reviewed the status and results of several of the compliance programs, some completed and others that were in process. These include two 'Income Tax Stop-filers' programs and the 'Professionals Income Tax Non-filers' program. Early results from the first 'Stop-filers' program were not meeting expectations. For those returns that were secured and included a balance due, most taxpayers did not pay the full balance at the time of filing. The unpaid tax balances will be assessed and a balance due notice to include the appropriate tax, interest, penalties and sanctions will be sent to the taxpayer entity. The findings also revealed that initial actions, including delivering or mailing a Form 13 to the taxpayer, were completed on a timely basis. Subsequent actions taken by Compliance Officers were not properly or completely documented as required. Rather than utilize a 'pilot' to test a smaller sample of leads at a few RSC's to determine if the cases were productive, a full leads list was issued to all the RSC's. Since FDU had not conducted a second review and data cleansing of the leads, Compliance Officers spent time contacting taxpayers who had actually filed returns.

By the end of the program year, implementation of the new program procedures improved, and results confirm this. A major factor is that TAJ has institutionalized the compliance lead programs in each RSC, and the programs are now an important part of the tax arrears management program. The current compliance lead program system implemented in the GOJ's current fiscal year is providing the report data and other valuable information to establish a "base year" to measure the numerous compliance programs that will be initiated in subsequent fiscal years by TAJ.

COMPLIANCE LEADS PROGRAM RESULTS

Period of Report Data: April - September 2013 (FY 2013/14)

Name of Compliance Leads Program	Amount Collected
2012 Income Tax Stop Filer	\$315,797,189
Missing SO 1 (PAYE Monthly Tax Return)	\$3,645,477
Missing SO 2 (PAYE Annual Tax Return)	\$386,762
Missing Education Tax (Ed Tax Annual Return)	\$3,241,990
No 2013 Estimated Tax Declaration Filed	\$1,109,991,364
TOTALS	\$1,433,062,782
Amounts in Jamaican Dollars	

Improving compliance by implementing risk based assessments to select audit cases and improving the audit management function have been other areas of ongoing strategic focus by PRIDE Jamaica and TAJ. PRIDE Jamaica previously completed work with the Forensic Data-mining Unit (FDU) and the Audit Unit in Programmes to develop the audit risk framework selection criteria for Corporate Income Tax (CIT), General Consumption Tax (GCT) and Personal Income Tax (PIT) returns, and TAJ completed the programming of these risk framework protocols. The new annual audit plan format previously developed by PRIDE Jamaica integrated the classes that were established for the risk formulas, and these were incorporated into the previous FY 2012/2013 and the current FY 2013/2014 Annual Audit Plans.

The FY 2012/2013 Annual Audit Plan, which ended on March 31, 2013, was the first to incorporate the new risk assessment approach. The plan was designed to guide audit work toward a balanced approach, with a focus on the larger corporate returns that have greater tax liability and higher potential audit assessments. The plan's goals included audits for various classes of returns which define the type of tax, and are disaggregated into segments by size. Mid-way through the last GOJ fiscal year, PRIDE Jamaica and the Audit Unit assessed the year to date results of the FY 2012/2013 Annual Audit Plan. This included reviewing the implementation of the new procedures and reporting formats for auditors to track the time required to close different types of audit cases. The new system was designed to track audit closed case results in order to compare the results against the plan objectives. This reporting system depended heavily on accurate tracking of direct time spent on audit cases, which is necessary to determine the average time to be applied to different classes of case work. Accurate reporting of time would allow the Audit Unit to apply this information to develop the next annual plan.

The review provided several findings. The results showed over achievement on completing audits of sole proprietor returns, and under achievement on completing corporate income tax returns, especially larger ones (not including the Large Taxpayer Office - LTO). Some of the reasons for this included difficulty in accessing taxpayer files and varied levels of audit staffing and capabilities at the RSC's. PRIDE Jamaica recommended that TAJ should proceed with corporate audits based on scored returns, even if only one year of returns can be audited. The Audit Unit and PRIDE Jamaica also met with RSC managers to establish more robust and more frequent monitoring and work review procedures. These will enable RSC managers to identify and resolve issues more quickly, allowing RSC's to better accomplish annual plan objectives.

While the new reporting formats are in place, the RSC Managers and the Audit Unit need to better analyze and critique the reports to question variances and recommend corrective action. This includes the new time tracking procedures for audit cases worked. The information from these reports should be used to allocate audit staff resources to various types of audit cases, and would ordinarily be used as a guide to build the next annual plan. PRIDE Jamaica and the Audit Unit reviewed the discharge rates of cases, some of which appear to be very high. This would have a negative impact on revenue collections. PRIDE Jamaica and the Audit Unit will continue to monitor this for the current annual plan.

The annual results of TAJ's 2012/2013 Annual Audit Plan did demonstrate some substantial improvements over the previous fiscal year. **The value of audit assessments increased 72% over the value of audit assessments from the previous fiscal year. The percentage of 'no change' audits declined, from 9.47% during the FY 2011/2012, to 4.86% in FY 2012/2013. This is a reduction of almost 50%, and is an important measure in the audit function.** It demonstrates that more audit cases are being selected which result in an additional assessment. Since audits are an expensive way to obtain compliance (and revenue), a tax

administration needs to allocate audit resources to cases in which it expects there will be a change in the tax yield. Both of these results represent substantial improvements in TAJ's audit function. This is a combination of factors, including, among others, better case selection, developing and implementing better annual plans, and adhering to the plan. **One RSC reported that the new case selection criteria resulted in more productive audit cases being selected during the 2012/2013 fiscal year.**

Building on this earlier support, PRIDE Jamaica worked with the Audit Unit to develop the FY 2013/2014 Annual Audit Plan. The plan incorporated the data elements from the FY 2012/2013 Annual Audit Plan (Annex 15) that were developed by PRIDE Jamaica. While time tracking information from the 2012/2013 plan should have been used as a basis to allocate audit resources for the new plan, the Audit Unit applied best judgments to allocate audit resources in the new plan since the data was not robust. Visits with the RSC's also revealed that the staff years allocated for audits during the GOJ's FY 2012/2013 fiscal year had changed. The Audit Unit is developing updated time keeping instructions that are likely to be consistent with arrears management approaches in time keeping, and will work with RSC's to insure the monthly time reports, and monthly reports in general, are prepared accurately. The reports TAJ is now using to provide updated monthly information on implementation of the current year plan can provide useful parameters such as time and yield (dollars assessed) per return, and audit case years per taxpayer, among others. The Audit Unit finalized the draft FY 2013/2014 and completed its meetings with the RSC's to discuss annual plan targets, some of which were adjusted to reflect an increase in the number of GCT audits that TAJ will conduct during its current fiscal year.

Audit staff years are changing even further during the GOJ's current 2013/2014 fiscal year as TAJ reassigned auditors to the Large Taxpayer Office. During July a number of the more experienced RSC auditors were transferred to the LTO as part of TAJ's efforts to increase LTO staffing in line with international benchmarks and meet IMF requirements. This is likely to have an impact on audit results at LTO and the RSC's. Staff within the RSC's will be shifted to fill some of the vacant RSC audit slots, and new personnel will need to be hired and trained to staff the junior audit positions. RSC auditors who were shifted to LTO will also require some on-the-job training to become familiar with the depth and scope of LTO audits. TAJ is working to provide additional training to improve the quantity and quality of audits TAJ conducts. It would not be unusual for audit results to decline during the period that TAJ requires to complete audit staffing levels as the RSC's sufficiently train personnel.

The work of TAJ's Quality Review Unit (QRU) (for audit cases) is intended to provide feedback on the quality of technical work by auditors by reviewing audit cases that are completed. Most of QRU's reviews are done post closure of the audit; it conducts live reviews, or pre-closing reviews, only on a small number of cases, although there are plans to expand this function. QRU uses three separate forms that include more than 79 questions and cover 14 major audit areas. QRU reviews a number of cases for a particular RSC, summarizes the results of the reviews and provides these to the RSC manager. While RSC managers agree that they, and the auditors, could benefit from an outside review of the auditors' work, the majority of comments from Quality Review focus on many of the administrative requirements of an audit, rather than on the technical competence and/or technical quality of the auditors' work on the case.

The RSC's also conduct their own review of completed audit cases. This review usually takes place just before the closing conference. That means the auditor has completed all the audit work and is ready to present the findings to the taxpayer. The RSC's use a review form that is entirely different than the forms used by QRU. This can result in different areas being reviewed at the RSC level, and also lead to completely different results by the RSC review and the

Quality Review assessment. PRIDE Jamaica developed and proposed a new form to improve the quality review process (Annex 16). The proposed new form will capture the essence of a reviewed case without being overly burdensome. It will focus on the major issues that are needed to conduct a good “tax audit.” A “tax audit” is not designed to ensure that all the books and records meet the standards of a chartered accountant’s certification; it is focused, rather, on finding major issues which affect the amount of tax that the taxpayer should pay to the government.

The review program should identify weaknesses in the work of auditors and provide recommendations to improve future work. The post review approach generally cannot change the outcome of audits that have been closed. (Some countries do allow for re-opening a case for unusual circumstances.) The main purpose of post review is to identify patterns of weakness in the program execution, such as not identifying important tax issues, or not applying the tax law properly. It can also reveal that auditors do not carry out the procedures outlined by standard operations manuals. Such findings should lead to an organized attempt to correct the problems that were detected. This can take the form of formal training, informal group meetings, and memorandums to audit personnel, among other approaches.

To improve audit managers’ skills in some of the substantive functional areas, PRIDE Jamaica will be working with the Audit Unit to update and expand a comprehensive training program. During the next program year PRIDE Jamaica will work with the Audit Unit to review existing training materials, develop new training materials, and provide training to the Audit Unit and RSC Audit Assistant General Managers to better implement the audit process.

PRIDE Jamaica has been working closely with the Large Taxpayer Office (LTO) since December 2011 to strengthen LTO’s abilities to conduct audits in high priority sectors and improve taxpayer compliance. PRIDE Jamaica began implementing this work with LTO after the IMF’s in-depth review of TAJ operations. To further institutionalize capability transfer during the past program year, TAJ established additional internal data storage and data review capabilities that are enabling it to conduct more of the technical review work. This is an important step toward establishing a sustainable technical capability within TAJ. As PRIDE Jamaica’s support continues in the next program year, LTO will undertake taxpayer compliance improvement activities in additional sectors.

As the review of information in the telecommunications sector continued, PRIDE Jamaica recommended to TAJ that taxpayers within the telecommunications sector submit information in a revised format to enable a more substantive review of taxpayer returns. During the review of data, TAJ recognized the need to reconfirm the requirement for telecommunications firms to pay the General Consumption Tax (GCT) on the face value of prepaid time it sells, even to wholesalers. The Minister of Finance announced changes to the GCT Act in February to increase compliance, ensuring that GCT which may be collected by non-registered taxpayers is accounted for by the telecommunications providers. **This measure, implemented on March 1st, is expected to yield just over US\$2 million during the GOJ’s current fiscal year.** Work on this activity also further confirms the need for TAJ to strengthen its assessment, collection and enforcement authorities as a means to improve taxpayer compliance.

PRIDE Jamaica and LTO began planning for further audit work in the large retailer sector. PRIDE Jamaica prepared initial documents that will guide aspects of the audit process, including drafts of data requests and audit action points. As LTO is integrating new audit personnel into its operations and is working to complete some of its audit activities in other sectors, work in the large retailer sector is expected to begin later in the new program year.

In addition to the support provided by PRIDE Jamaica to the LTO, PRIDE Jamaica and the IMF solicited support from other donors to strengthen audit capabilities within LTO in high-priority sectors. Arising from these discussions, EU support to the LTO began in July. While the first phase of the EU support was completed, TAJ and EU are reviewing additional areas for support.

To strengthen inter-departmental collaboration, PRIDE Jamaica facilitated a meeting between TAJ and Jamaica Customs Agency (JCA) to support implementation activities in the petroleum products sector. PRIDE Jamaica has been working with JCA to establish a Petroleum Monitoring Unit and provided technical training to Customs Officers to properly measure and account for petroleum product imports. This meeting provided an opportunity for TAJ Excise Officers and JCA Customs Officers to establish working parameters across their operational areas pertaining to product measurement, storage and transfer, and potential risks to revenue at points throughout the value chain. JCA organized a site visit for JCA and TAJ at Petrojam to introduce TAJ staff to the storage process. Further information regarding the petroleum products sector and JCA's and TAJ's collaboration is provided in Component 2 of this report.

Leveraging Assistance from Other Donors

The Ministry of Finance and Planning (MoFP) satisfied the conditions precedent to enable disbursement of IDB loan funds to support tax and customs reform.¹¹ The MoFP established a coordinating group that is providing support and oversight to a project implementation unit (PIU) based at the MoFP, and TAJ has a representative on the coordinating group. The IDB notified TAJ early in 2013 that TAJ could proceed with the RFP to procure the new, computerized integrated tax system. This is a major milestone that resulted from almost 3 years of work by TAJ and PRIDE Jamaica. This effort began in June 2010, when PRIDE Jamaica supported TAJ to prepare a complete costing of the tax administration reform program. Subsequent support from PRIDE Jamaica to TAJ to reach this milestone included re-engineering TAJ's core business processes and preparing the RFP to procure the new system. TAJ published the procurement notice to begin the procurement of the new system (Annex 17). TAJ received responses from bidders, and PRIDE Jamaica participated in the first round of reviews of the technical responses. By the end of the program year, TAJ was conducting site visits to review implementation of the various systems proposed by bidders. TAJ expects to award a contract early in 2014.

PRIDE Jamaica participated in a two day workshop with representatives from MoFP, TAJ, Jamaica Customs, Planning Institute of Jamaica, the IDB and the IMF to discuss Jamaica's overall tax reform program. The workshop focused on updating action items and timeframes that were developed two years ago to support Jamaica's tax reform program, and to update the status of reform activities that were in process. This workshop served as a prelude to an internal oversight committee that MoFP established after the GOJ signed a new agreement with the IMF in May 2013. The committee, which includes representatives from the public and private sectors, is overseeing the integration of cross-cutting issues and resource requirements to strengthen implementation of Jamaica's tax reform program. The committee is also monitoring implementation of activities among the tax reform component areas required to meet IMF benchmarks. Several private sector representatives from the committee have said Jamaica has

¹¹ Jamaica Customs, the Central Treasury Management System and the MoFP Debt Management Unit are also expected to receive funding under the IDB loan.

done well to meet some of the early benchmarks, but strong commitment will be needed to ensure that Jamaica meets ongoing benchmarks of the IMF agreement.

As part of PRIDE Jamaica's overall support to tax administration reform, the MoFP requested assistance from PRIDE Jamaica to review the operations of the Revenue Appeals Department, formerly the Taxpayer Appeals Department. When TAJ integrated operations of three former departments (Inland Revenue, Taxpayer Audit and Assessment and Taxpayer Services Department), Taxpayer Appeals was separated from TAJ's core functions. This was done to separate the functions of assessing taxes and reviewing taxes assessed during the appeals process. The Revenue Appeals Department (RAD) now reports to the Financial Secretary in the MoFP. PRIDE Jamaica conducted an initial review of draft legislation that will provide the framework for RAD's new operating framework, and solicited input on the legislation from the Tax Appeals Tribunal in New York, which had offered assistance to RAD.

Integrating these efforts with other development partners, representatives from the International Finance Corporation's (IFC) Investment Climate Office and PRIDE Jamaica are collaborating to provide targeted support to TAJ and MoFP. Some of IFC's initial support will include further review of the RAD draft legislation and process mapping of RAD's operations. The results of the process mapping will define any needs for business process re-engineering, training and further support to RAD. IFC will also undertake a 'cost of compliance' survey to measure the costs for a business in Jamaica to be tax compliant. IFC will use the results to recommend further process improvements to TAJ, building on PRIDE Jamaica's previous work with TAJ to re-engineer core business processes.

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.

Jamaica Customs Agency (JCA)¹²

In preparation for implementation of project activities for program Year 4, PRIDE Jamaica worked closely with colleagues at JCA to identify and prioritize those areas of customs reform that could be readily implemented and that would decidedly impact improved customs operations. JCA and PRIDE Jamaica reached agreement on specific activities that were supported by PRIDE Jamaica during the past program year. These implementation activities included implementation of integrated, operational risk-based approaches at JCA in the areas of monitoring petroleum imports and the Jamaica Customs Authorized Economic Operator (AEO) program.

¹² Parliament passed legislation designating the former Jamaica Customs Department with Executive Agency status effective April 2, 2013. Jamaica Customs Department became Jamaica Customs Agency with the gazetting of the legislation on March 28, 2013.

Petroleum Monitoring

An October 2011 International Monetary Fund (IMF) report documented Jamaica's main product imports as petroleum, cigarettes, motor vehicles, alcohol and food, and together these comprise approximately 80 percent of JCA's revenue collections. Cost of collections represents only 0.02 Jamaican cents for every dollar collected, down from 0.03 cents in 2010, and these are well within international standards, which range from 2 to 5 percent.

The petroleum sector has not been sufficiently monitored to ensure full compliance and protection of revenue. Petroleum imports account for approximately 33 percent of import value and 30 percent of JCA revenue collections. Possible abuse in this sector is resulting in significant under-reporting of imports with concomitant loss of revenue. The monitoring of the use of these imports brought in under special incentives (no duties on diesel used to produce Bauxite and/or Alumina) is also another area of concern regarding the loss of revenue. Fuel supplied to power companies should also be monitored in collaboration with Tax Administration Jamaica (TAJ) to ensure that all volumes are accounted for and that no refund is processed for undelivered fuel. Having conducted a review of petroleum monitoring activities at Jamaica Customs, PRIDE Jamaica developed several basic recommendations that JCA could readily implement to significantly improve the collection of revenues due from petroleum activities.

Recommendations from the initial review included:

- i. Centralize oil imports and coastwise data management at Kingston
- ii. Deploy Customs Officers at Petrojam Ltd oil refinery
- iii. Deploy Customs Officers at NORANDA bauxite mining site to monitor diesel fuel consumption at the delivery points
- iv. Conduct a review of fuel declaration documents
- v. Monitor and reconcile all back-loading and bunkering fuel volumes within the island
- vi. Engage taxpayers in view of enforcing the "21 days" provision for payment of taxes
- vii. Initiate a process to audit ethanol imports into Petrojam Ltd
- viii. Promptly commence collection of duties on ethanol
- ix. Review with other stakeholders the continuation of import duty exemption on ethanol

Implementation of Recommendations for Petroleum Operations

During November 2012, PRIDE Jamaica provided technical training to JCA Officers to conduct surveys of bulk petroleum products offloaded and loaded at Jamaica's ports. This was part of PRIDE Jamaica's work to assess Jamaica Customs Agency's petroleum and oil accounting practices and procedures, and to improve oil measurement competencies. This training has enabled JCA to more accurately and efficiently verify the types and volumes of bulk products offloaded, and is also allowing JCA to assess the appropriate revenues due and payable on the petroleum imports.

PRIDE Jamaica's oil measurements procedures and guidelines report included general interim recommendations to improve revenue accounting from petroleum imports for Jamaica Customs. Prior to PRIDE Jamaica's implementation of this activity, Jamaica Customs Agency did not have any record of a similar manual being available to Customs Officers as a source of reference or guide. These combined processes are supporting an increase in revenue collection, improved transparency, and reduced corruption.

During the second phase of PRIDE Jamaica's support to strengthen petroleum monitoring and management, **PRIDE Jamaica designed and delivered additional training for staff who work in Customs Operations** (e.g. Suffrance Wharves and petroleum receipt and delivery points). The training provided new approaches and updated participants' knowledge on measurement techniques for petroleum products. The training also highlighted concepts and standard practices to address oil stocks control, loss identifications, receipt and delivery, and other parameters that have a direct impact on revenue.

PRIDE Jamaica's training is enabling participants to measure and interpret primary data as part of the overall oil accounting process. Site visits to Petrojam Refinery and class work demonstrations focused on the interpretation of primary data and corresponding calculations. Participants also received instructions for recognizing those processes and parameters which will have an impact on the oil product accounting. This is expected to enable participants to initiate and/or support changes to improve the overall oil accounting performance and subsequently match revenue and imported volumes. The training also instructed Customs on how to identify operational gaps under different operating circumstances. This module was conducted by site visits to a bauxite mine in St. Ann's Bay, and the Oil Receipt Terminals in Montego Bay. **A total of 16 participants from Jamaica Customs stations in Kingston, Montego Bay, St. Ann's Bay, Port Esquivel and Port Royal were represented in training.**



Jamaica Customs Officers on a break during Petroleum Measurements Training with Petroleum Engineer and PRIDE Jamaica Consultant

PRIDE Jamaica developed procedural guidelines for oil measurements that will further enhance the learning experience and the understanding of Oil Accounting procedures by JCA Officers.

In March 2013, PRIDE Jamaica conducted an assessment following implementation by JCA of additional recommendations that were developed by PRIDE Jamaica. PRIDE Jamaica's assessment confirmed that JCA had made progress, and PRIDE Jamaica developed a matrix of further findings and additional recommendations, some of which JCA has fully implemented. These changes are significantly improving JCA's ability to manage the importation and movement of petroleum and petroleum products in Jamaica. When implementation is complete these improvements will enable JCA to account for revenues due, and improve petroleum monitoring and management procedures at Jamaica Customs. Included among those recommendations that have so far been implemented are; development of comprehensive

standard operating procedures (SOPs) for bunkering activities on land and at sea; training to upgrade the technical skills for JCA officers to measure and quantify petroleum products; and, new processes that have been designed to address the lack of accountability that exists for Duty Free product that is supplied to the bauxite mines and power plants. Also in keeping with the recommendations, Customs officers have been deployed to Petrojam refinery on a full time basis to participate in all fuel receipt and delivery operations. The complete review of updated findings and recommendations from the petroleum review is included as (Annex 18).

JCA prepared and delivered letters outlining Standard Operating Procedures (SOPs) to Bunkering companies that exist within Jamaica's waters. **The document that was developed in May 2013 established operating norms and standards for the petroleum industry.** (Annex 19). JCA also developed and issued a draft SOP for other (new) participants in the land bunkering arena. This is a major step for Jamaica Customs, as prior to PRIDE Jamaica's intervention there had been no clearly defined operating policy that had been in place for Bunkering companies. The SOPs were drafted and prepared with assistance from PRIDE Jamaica, and JCA solicited input from other stakeholders in the petroleum sector. Once the revisions/amendments were incorporated, JCA issued the SOPs as a means of standardizing petroleum bunkering activities both on land and at sea in Jamaica. This is expected to result in a major improvement in JCA's overall management of petroleum products, including effective and accurate product measurements and assessment and collection of revenues due.

PRIDE Jamaica's ability to integrate procedures and processes not only within Customs, but also with other responsible agencies, becomes more evident as the project continues to implement activities. In June PRIDE Jamaica facilitated a meeting between JCA and Tax Administration Jamaica (TAJ) to improve operations between TAJ (Excise) and JCA (Sufferance Wharves). Sufferance Wharves is the unit within Jamaica Customs that maintains direct responsibility for monitoring and managing petroleum bunkering activities on behalf of JCA; the Excise Division within TAJ has direct responsibility for the management of tax revenues due from petroleum imports once they enter the local market. JCA and TAJ's renewed collaboration identified a major gap in relation to the accounting and collection of revenues due from petroleum as a result of the customs and excise functions being separated during an earlier restructuring of the Tax and Customs agencies. This gap had not been fully addressed operationally and resulted in irregularities in the management of revenue from petroleum and petroleum imports.

PRIDE Jamaica's support to integrate the customs and excise functions was an important first step toward a future collaborative approach between these two agencies to more effectively monitor and manage petroleum imports. As a result of PRIDE Jamaica's intervention, Excise and JCA have conducted joint site visits and joint meetings at Petrojam Limited (Petrojam), Jamaica's only fuel refinery, to observe and identify areas of risk, and to design an inter-agency approach for improving and strengthening revenue collection in this sector. Customs controls have also been significantly improved by inter-agency collaboration with Excise teams from TAJ. Not only are the Excise teams assisting with customs functions, such as sealing valves on instruction from Customs, but also, the exchange of data between the two agencies is assisting the process of reconciling the activities of petroleum companies. As a result of a random selection of Customs entries that were cross-referenced against TAJ excise records, JCA determined there was significant revenue due from previous imports of ethanol. JCA is conducting further reviews of data in order to accurately assess the amounts due.

In June 2013, Petrojam announced that it would implement dyeing of diesel fuel in order to note the difference between regular diesel and ultra-low sulphur diesel. Fuel marking of duty free oil

for traceability is one of the key recommendations made by PRIDE Jamaica as a means by which JCA can better track diesel fuel that is intended either for re-export or for the bauxite companies, and which is instead finding its way into the local market without the requisite customs and excise duties being paid. This initiative is a direct result of the work that PRIDE Jamaica implemented with Jamaica Customs in the petroleum sector.

Another PRIDE Jamaica recommendation is for Jamaica Customs to conduct random ad-hoc surveillance in those areas that are perceived to be high-risk, e.g. St. Ann's Bay. The dyeing and surveillance program presents a significant deterrent to diverting duty free diesel fuel into the local market, as JCA implements the program across the entire island. This approach follows from PRIDE Jamaica's recommendation for dyeing diesel fuel and is expected to be fully implemented in Q1 2014. **Implementation of these processes has further supported JCA's initiative to better manage petroleum imports and collect monies due.**

Toward the end of the program year, Petrojam notified Jamaica Customs that the office space Customs had requested at Petrojam's premises had been identified, furnished and was awaiting occupancy by Customs Officers. JCA will assume occupancy of these offices at Petrojam refinery on October 1, 2013. This on-site presence at Petrojam will allow Jamaica Customs to readily respond to and facilitate petroleum importers' activities in a timelier manner. It will also allow Officers to maintain keen oversight of Customs territory and government revenues. This was one of PRIDE Jamaica's early recommendations to strengthen petroleum monitoring operations (*Petroleum Monitoring, Preliminary Observations and Recommendations, "Deploy Customs Officers at Petrojam Ltd Oil Refinery" pg. 27*).

Similar to PRIDE Jamaica's work with TAJ, PRIDE Jamaica has applied a successive and progressive approach with JCA to improve petroleum product monitoring. This systematic approach has enabled JCA to practically integrate and implement a range of recommendations from among several discreet activities. The results are improved Customs operations, reducing risk to revenue and increasing transparency among operators in the petroleum sector.



Petrojam Refinery Storage Tanks – Courtesy of Jamaica Observer

Development of Framework for Petroleum Post Clearance Audit

As PRIDE Jamaica continued support to strengthen JCA's ability to effectively manage petroleum product imports, PRIDE Jamaica and JCA embarked on a new aspect of this work. Working alongside both Customs Marine Operations (Sufferance Wharves) and the Post Clearance Audit (PCA) and Compliance Unit, toward the end of the program year PRIDE Jamaica began working with JCA to develop the framework to conduct post clearance audits for petroleum and petroleum products imports. PRIDE Jamaica identified the need to integrate the efforts of the PCA and Compliance Division as a key factor toward improving revenue collection, improving communication between Customs and industry, and improving industry compliance.

PRIDE Jamaica began the process of developing a Petroleum Technical Guide that is incorporating standard guidelines for JCA's Post Clearance Audit and Compliance Division to utilize in order to conduct post clearance audits in the petroleum sector. The draft document, which is expected to be completed in October, will be delivered to the Audit Division for review. With coordinating support from PRIDE Jamaica, members of the PCA and compliance teams will thereafter produce the most comprehensive procedural guide to effectively address product surveys with the Jamaican petroleum industry.

A petroleum Audit Survey Questionnaire was also developed by PRIDE Jamaica and was submitted to the Audit Division for review and comments. PRIDE Jamaica anticipates that the audit survey questionnaire will require several permutations before a refined document can be finalized for eventual use by JCA when it is conducting a petroleum audit. A copy of the first draft audit questionnaire is attached as Annex 20.

In order to re-engineer the processes that are necessary to conduct an effective petroleum post clearance audit, PRIDE Jamaica requested that the JCA Audit Division accumulate a database of petroleum related importation for the most recent three-year period from Customs' Metacube System and other available sources. During the next program year, JCA will categorize the database by importer, classification, and year. The data will be sorted by these categories showing number of entries, entered value, duties and taxes paid, and other pertinent information. It is anticipated that this database will serve as a universe for future petroleum industry audits, providing a tool for risk assessment and audit priorities. PRIDE Jamaica will provide assistance to develop the database.

PRIDE Jamaica is also assisting Jamaica Customs to develop a comprehensive Petroleum Audit Program that will include specific audit steps to address petroleum industry issues and insure thorough audit coverage. The program will serve as a guide to JCA audit operations and may be modified or enhanced as appropriate during the course of an audit. The program will address petroleum audits specifically, but parts of it will also be beneficial for other Customs audits conducted by the Audit Division.

Jamaica Customs' Post Clearance Audit Division Procedures Manual contains guidelines for the preparation, organization, and explanation of audit working papers. PRIDE Jamaica's review of working paper files, however, indicated that these guidelines are not being consistently followed. PRIDE Jamaica has recommended that JCA address this weakness by providing training, and by significantly enhancing supervisory review to improve and strengthen the accuracy and reliability of all audits performed. PRIDE Jamaica will coordinate with and work alongside Audit Division management in the upcoming year to accomplish this task.

PRIDE Jamaica provided critical input to Jamaica Customs as part of the planning with the Audit Division regarding a planned audit of Petrojam Ltd. Based on PRIDE Jamaica's recommendation, JCA decided to delay the audit until JCA completed the Petroleum Audit Survey Questionnaire and until there was further development of the Petroleum Technical Guide and Petroleum Audit Program. When in place, these tools should expedite and improve the quality of the audit results. Managers at Jamaica Customs have since decided that the audit staff will therefore initiate an audit of the Petrojam Ethanol Ltd free trade zone. This is in keeping with an earlier PRIDE Jamaica recommendation on petroleum monitoring, suggesting JCA should "*Initiate a process to audit ethanol imports into Petrojam Ltd.*"¹³. The audit is expected to begin early in the next program year.

The results of the ethanol audit will provide beneficial information to the performance of the larger Petrojam Ltd. Audit, which PRIDE Jamaica strongly proposes should not be conducted until the proper framework to guide processes, procedures, approaches and timeframes are documented and standardized. **A structured audit framework will strengthen JCA's ability to recover outstanding revenues from audits. It is anticipated that this will also improve voluntary compliance on the part of importers as processes become more transparent and predictable.**

PRIDE Jamaica has incorporated practical approaches within its various interventions to ensure that there is continuity between those earlier activities that have been supported by the project, and their integration with other more recent initiatives. This approach ensures that counterparts receive the most substantive overall impact from the project. The quality of this impact is readily demonstrated in the staged series of petroleum activities that have been conducted with Jamaica Customs.

Authorized Economic Operator (AEO) Program

In continuation of its support to Jamaica Customs Agency's (JCA) *Modernisation Plan*, PRIDE Jamaica worked alongside colleagues at JCA on a reform initiative to implement the operational integration of the Authorized Economic Operator (AEO) program. This activity was undertaken by PRIDE Jamaica as further support to PRIDE Jamaica's previous Risk Management assessment, which had identified current AEO practices that were high risk for JCA. The objective of PRIDE Jamaica's assistance is to evaluate JCA's current AEO Program by providing technical assistance in risk assessments and management techniques, security and audit techniques, and security of cargo to companies as a function of the JCA AEO Implementation Plan (Annex 21). The objective is to improve the quality of the AEO program within Jamaica Customs, resulting in increased compliance among the private sector for which the program is predominantly designed, and reducing the time and cost for businesses that comply. PRIDE Jamaica's prior and current work with Jamaica Customs is expected to contribute significantly to the success of this initiative and enable full implementation of the AEO program.

The AEO System within JCA was designed to reward compliant economic operators and focus resources on potentially unsafe and high-risk entities and individuals to protect the country's borders and revenue. Implementation of this system will allow operators to have a working partnership with Customs that would improve the Customs-to-client relationship, customer

¹³ See page 27.

service and the business processes of the Jamaica Customs Agency. Focusing on the largest importers, risk management is primarily focused on the compliance of the company rather than a combination of factors such as commodity, country of origin and value. Analogous to TAJ's Large Taxpayer Office, Customs' AEO focuses scarce resources on firms and industries that are responsible for both most of the goods imported into Jamaica, and most of the revenue. JCA has also added a security component to AEO in accordance with WCO principles.

JCA's current AEO Program has two prongs, a Trusted Trader (Gold Card) and a Supply Chain Security aspect. The Trusted Trader segment is well underway, with 150 of Jamaica's largest importers as accounts. There are, however, serious issues that PRIDE Jamaica identified, and still remain with this aspect of the program. Included among these is the fact that AEO was implemented quickly, audit resources are very limited, and there are over 150 companies that would be eligible, yet they opt not to participate in the program. As a further limitation, in line with international and regional efforts, JCA wishes to inaugurate a reasonable security risk reduction process to the AEO Program; this aspect of the program had not been in place.

The Authorized Economic Operator (AEO) Program in Jamaica is being planned under two components by Jamaica Customs, as outlined below:

Component 1: AEO — An Authorized Economic Operator, or AEO, is defined as: "a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO ("World Customs Organization") or equivalent Supply Chain security standards. Authorized Economic Operators include inter alia manufacturers, Customs Brokers/Agents, importers, exporters, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses and distributors."

Component 2: Trusted Trader Program — Analogous to Tax Administration Jamaica's (TAJ) Large Taxpayer Office (LTO), Jamaica Customs has instituted a trusted trader program for large volume importers, AEO. Rather than use the transactional method of risk management described in Component 1, above, this regime is based upon the quality, integrity and excellence of the firm's import operation. The "AEO/Trusted Trader", an innovative risk management approach that has been used in countries such as Tanzania, Jordan, Sweden, Egypt and the United States, is based upon a company's Customs compliance level rather than the transactions that it conducts. Importers who display excellence, and are competent and compliant, pose little risk to Customs. Jamaica Customs Agency (JCA) had taken important preliminary steps towards implementing the AEO program. Poor ICT, antiquated business practices, scarce human resources and legal restraints hamper these positive moves.

As part of the AEO evaluation process, PRIDE Jamaica provided training to 24 new Account Managers in risk and account management, and also introduced supply chain security to the group. The training included four (4) practice audits at firms with extensive imports within the automotive, construction, food distribution and pharmaceutical sectors. Through this exercise process, Account Managers were able to observe operations of the importers and review Customs Trade Compliance. PRIDE Jamaica worked with key JCA personnel to address the risk issues, program administration, and business process, as well as the extent of the new security requirements, and phasing-in schedule and timelines for the overall AEO program.

Toward the end of the program year, JCA advised PRIDE Jamaica that due to the limited availability of human resources at Jamaica Customs, of the total 24 Account Managers who had

been trained, only five have been permanently assigned to the AEO program. Jamaica Customs indicated that it is considering additional Account Managers during the next (GOJ) fiscal year. PRIDE Jamaica continues to advocate for an increase in the number of Account Managers for the program if AEO is to be properly monitored, and if it is to achieve its primary objective of improving revenue from improved trade compliance.

PRIDE Jamaica also developed a Draft Compliance Strategy for JCA (Annex 22) for this to be incorporated into the overall strategic plan for operational integration of the Jamaica Customs AEO program. JCA fully implemented this Draft Compliance Strategy, with a few areas being amplified to address particular areas of concern for Jamaica. The four primary priority areas of the projected trade strategy for Jamaica are to:

- Facilitate legitimate trade and ensure compliance
- Enforce Jamaica's trade laws and collect accurate revenue
- Advance national and economic security of Jamaica
- Intensify modernization of JCA's trade processes

Importantly, this approach, consistent with international norms, reflects JCA's selectivity and post-clearance approach to trade facilitation and enforcement through improved automated tools and expanded post-release compliance verification programs designed to reduce unnecessary delays for legitimate imports at the borders.

To support Customs Officers' understanding of revised business processes, JCA utilized flow charts (Annexes 23 and 24) that were developed by PRIDE Jamaica specific to AEO and CEK processes.¹⁴ These detailed flow charts serve as a roadmap to assist Jamaica Customs to integrate the various isolated activities that are undertaken by different units at JCA, yet, which are relevant to a streamlined and improved AEO process. Jamaica Customs has expressed a need for technical assistance to re-engineer business processes in order to properly integrate the newly developed AEO procedures across all Customs areas. This support is being provided by the Inter-American Development Bank under a loan to support implementation of the *Customs Modernisation Plan*.

¹⁴ CEK is a data code established by JCA that refers to certain types of (non-AEO) cargo entries for Kingston. CEM is a data code that JCA uses for (non-AEO) cargo entries for Montego Bay. As non-AEO cargo, these consignments are subject to examination.



Kingston Wharf – Photo Courtesy of Jamaica Observer

Integration of Custom Risk Management Systems and Authorized Economic Operator (AEO) Activities

In August 2012, Fiscal Services Limited (FSL) published an RFP that was developed by PRIDE Jamaica to procure an ICT Risk Management System (RMS) for Jamaica Customs. FSL is the division of the GOJ that maintains overall responsibility for the majority of the software applications' support and infrastructure services provided to Government ministries and agencies. The IDB will be the primary source of funding for procurement of a new ICT Risk Management System for Jamaica Customs.

Information systems at Jamaica Customs are outdated and do not support modern risk management or an overall Compliance Strategy. The Commissioner of Customs committed to procuring a COTS¹⁵ package such as ASYCUDAWorld¹⁶, and a Technical Feasibility Study (TFS) was conducted at Jamaica Customs to implement the ICT system. The TFS examined the existing infrastructure to determine the requirements for effective implementation of ASYCUDAWorld. The TFS informed Customs of options, including estimated costs and implementation timetables, for the introduction of the service-wide system that is to be procured to support Customs operations.

While the procurement process has been protracted and delayed, the Commissioner of Customs remained committed to obtaining the critically needed ICT platform to support improved business processes. JCA established an updated timeline of May 2013 to implement its new ICT platform. JCA had also planned to procure a sophisticated targeting system (such as Greenline Systems) in order to enhance analysis and risk management to support Customs functions. Although there were further implementation delays, JCA received no objections from the IDB to proceed with the US\$2.6 million system procurement (Annex 25).

¹⁵ Short for *commercial off-the-shelf*, an adjective that describes software products that are ready made applications for common business functions.

¹⁶ ASYCUDAWorld is one of three versions of the Automated Systems Customs Data (ASYCUDA) software product supplied by UNCTAD. The other versions are ASYCUDA ++ and ASYCUDA v.2

UNCTAD (United Nations Conference on Trade and Development) will be the supplier of ASYCUDAWorld to Jamaica Customs. Representatives from UNCTAD are expected in Jamaica in October 2013 to begin implementation. With the acquisition and implementation of ASYCUDA World, UNCTAD estimates a 10% – 20% increase in revenue collection for Jamaica Customs due to comprehensive automation. With the prior year's revenue collection of approximately US\$230 million, Jamaica Customs points out that it will require only a one percent (1%) increase in revenue during the first year of implementation and operation of ASYCUDAWorld to recover the investment.

In preparation for system implementation, Jamaica Customs has been involved with activities to incorporate Customs procedures into ASYCUDAWorld. These activities include requisite legislative changes and other Customs business process re-engineering (BPR) related activity that is also being supported by the IDB. PRIDE Jamaica assisted Jamaica Customs to implement Red, Green and Yellow entry processing guidelines, which should make the implementation of Customs BPR within ASYCUDA much easier. The Commissioner of Customs established a project team at JCA to champion this activity, and PRIDE Jamaica will continue to advocate for timely procurement and roll-out of the system so that full implementation is treated as a matter of priority.

While Jamaica Customs investigated ASYCUDAWorld and other information systems to support modern risk management and an overall Compliance Strategy, PRIDE Jamaica continued to work alongside colleagues at JCA to establish the principles, framework and process for managing risk. The World Customs Organization (WCO) describes the benefits of risk management to include enhanced political support, efficiency in operations/objectives, more effective and efficient allocation of resources, enhanced decision making, transition from traditional control procedures to more risk-based approaches, and a focus on high-risk areas (risk-based selectivity).

Customs risk management recommendations that have been prepared and presented by PRIDE Jamaica, and which have since been implemented by Jamaica Customs, have given rise to Jamaica Customs being one of seven (7) WCO Member Countries for which Case Studies were conducted. The Case Studies are one of several practical tools that can be used to facilitate the implementation of risk management and provide information on the different aspects of risk management. The other member countries that were studied in this instance are Argentina, Japan, Kenya, Korea, Mauritius and the USA.

The findings from the Case Study are published in the WCO Customs Risk Management Compendium (CRMC) Volume I and are a credit to the work that has been undertaken by PRIDE Jamaica and implemented by Jamaica Customs in this area. The case study notes Jamaica for implementing proactive risk-management by transitioning from a traditional to a risk-based control approach. The table below compares the Jamaica Customs Agency's previous Customs controls with its current approach and includes some lessons learned.¹⁷

PREVIOUS APPROACH	RISK-BASED APPROACH
100% examinations conducted	Focus on high-risk areas, with minimal intervention in low-risk areas Increased focus on post-transaction compliance assessment Balance between regulatory control and trade facilitation

¹⁷ World Customs Organization Customs Risk management Compendium Volume I, 2011

Lack of coordination and structure within operating environment – “fragmented”	Strategic and holistic approach Centralised risk management coordination
Focus on identifying noncompliance	Focus on identifying both compliance and noncompliance Focus on assessing the integrity of trader systems and procedures
Lack of formal feedback mechanism, limited incentives for compliance	Consultative, cooperative approach Rewards for recognized compliant traders Dual enforcement/client service focus
Unilateral approach & inflexible procedures	Simplification of procedures with appeal mechanisms
Limited automation & IT integration	Information management focus Pre-arrival import clearance Greater integration of systems Intelligence driven

The Case Study also identifies those lessons learned throughout the implementation experience, all of which have been previously documented by PRIDE Jamaica, to include the following:

- Risk management requires a structured communication network for the exchange of information both within Jamaica Customs Agency (JCA) and with stakeholders and clients;
- Staff awareness about risk management and change in organizational culture is vital;
- A formal process for evaluating and monitoring risk management solutions is paramount;
- There are direct and indirect impacts on trade, such as reduced processing times and lower transaction costs.

Future work identified by the WCO, some of which is already being supported by PRIDE Jamaica and which will continue during implementation in the upcoming program year, includes:

- Client education
- Legislative amendments
- Operational changes
- Resource re-allocation
- Technology and technical support

The WCO CRMC Volume I was adopted by the WCO Council in 2012. Volume II is restricted to WCO members only, and addresses operational risk management, tools and instruments; all of these are areas to which PRIDE Jamaica is currently providing support to Jamaica Customs under its current program.

During the program year the Jamaica Customs Agency’s AEO Compliance Unit conducted an exercise to classify the operating status of AEO companies. At that time 270 companies were classified as **Active** and over 30 companies as **Inactive**. One month after the exercise, AEO Account Managers completed the process of corresponding with the more than 300 AEO participants through letters, telephone calls, and e-mails, to inform participants of their status and to outline the WCO security requirements based on the SAFE Framework (the framework of standards to secure and facilitate global trade). A schedule for fully implementing the security

requirements was established and shared with those 270 AEO companies which are designated as Active.

A final draft of the AEO Standard Operating Procedures Manual was prepared by AEO Account Managers based on all the requirements of the SAFE Framework, which include:

- Communication, Consultation and Cooperation
- Education, training and awareness
- All security requirements related to – premises, personnel, cargo, conveyance, trading partners
- Monitoring
- Measurement, Analysis and Improvement
- Appeals, suspension, revocation, withdrawal
- Information exchange, access and confidentiality

In order to create a mechanism by which participating AEO companies can maximize the benefits to be gained from the program, in March 2013 JCA convened an inter-institutional committee that comprised other government agencies that are involved with the issuance of permits and other approvals for trade. Participants in this inter-institutional committee have entered into a Memorandum of Understanding (MOU) by which certain preferential considerations will be given to those importing/exporting companies that have been granted AEO approval by Jamaica Customs, indicating that certain trade criteria have been met and allowing the approved participants to have their permits and other approvals expedited.

In July 2013 Jamaica Customs finalized all the criteria in accord with the WCO SAFE framework. The next step was a series of Workshops/Awareness Management Sessions that were conducted by the AEO Compliance Unit with AEO participants. The primary objectives of these workshops were to inform participants of the security requirements, obtain feedback and form the Private Sector Committee that is expected to work alongside Customs to drive the AEO Program.

The series of island-wide Workshops/Awareness Management Sessions commenced in August 2013 and continued into the end of the program year. Jamaica Customs completed the workshops and all 270 active AEO participants have been individually visited by an Account Manager whose function is to determine and assess whether the respective companies meet the security criteria. The Account Manager is also expected to provide advice and establish timelines within which the criteria targets are to be accomplished. PRIDE Jamaica participated and provided valuable technical support to Jamaica Customs during the development and at the workshop presentations. During conduct of the Workshops series it became evident that most of the countries' large importers and exporters already had the security requirements in place. The notification that these companies received from JCA regarding the security requirements was therefore more informational and less burdensome in practice to those companies who were already compliant.

Jamaica Customs has observed that the security requirements of the AEO program actually presented a barrier to participation for many companies which found the requirements to be stringent and burdensome. JCA believes that this will allow for a natural attrition of the current program participants, as some companies are either unable or are unwilling to fulfill the security requirements and are therefore opting out of the program. The security requirements for AEOs engaged in imports, exports and manufacturing are attached as Annex 26.

Based on the size of Jamaica's economy, PRIDE Jamaica has previously expressed concern regarding the large number of AEO program participants, and believes the number of approved program participants is much too high. Jamaica Customs will initiate a mandatory re-application period which will operate from November through December 2013. This initiative will allow JCA to remove currently active program participants from the AEO program who choose not to re-apply. This should result in a decrease in the number of program participants to an amount that is not only more manageable, but also more realistic.

Jamaica Customs has introduced the program to AEO entities across the country. JCA reports that there has been very good support for the revised program from local companies. Customs has advised the companies that it will establish three (3) tiers for AEO in the updated program in the initial phase. This will allow companies to participate in the program at the "Platinum Tier" by those that exceed the security requirements, i.e. more than 12 containers per month. Those companies that meet the minimum security requirements, i.e. 1 to 11 containers per month, will be grouped in the "Gold Tier". The "Silver Tier" will comprise companies that are compliant, but which do not meet the minimum security requirements as they trade less than a container load (LCL) per month. It is envisioned that this 3-tier system will be eventually phased out after Customs ascertains how many companies actually import in break-bulk containers, to determine whether the third tier (Silver) is worth implementing.

In September 2013, PRIDE Jamaica worked with Jamaica Customs to review, refine and complete the customs business operational aspects of the AEO Manual in preparation for uploading the manual to JCA's website. PRIDE Jamaica also assisted with finalizing the pre-qualification questionnaire for AEO applicants. An official launch of the AEO Program is being planned and the presentation that was designed to introduce the program (Annex 27) has already been presented and endorsed by JCA's management team. The next group of stakeholders to which the program was introduced included the large trade organizations such as the Private Sector Organisation of Jamaica (PSOJ); Jamaica Manufacturers' Association (JMA); Jamaica Chamber of Commerce (JCC); Jamaica Exporters' Association (JEA); Customs Brokers Association of Jamaica (CBAJ); and, the Freight Forwarders Association.

Much has been done to implement operational, policy and regulatory reform within JCA, however, much more remains to be done. In this regard, PRIDE Jamaica and JCA have agreed to maintain focus on those strategic areas that will bring about the greatest transformation.



Overhead View of Port Activity in Kingston – Photo courtesy of Jamaica Observer

Executive Agency Designation

As Jamaica Customs transitioned to an Executive Agency (EA), PRIDE Jamaica continued to work with JCA to sustain those reform initiatives that had previously been undertaken, and to provide support to other reform initiatives that are currently underway and are in keeping with the *Customs Modernisation Plan (MP)*.

Jamaica Customs began to operate as an Executive Agency on April 2, 2013, following its designation in Parliament on March 28, 2013 (see Annex 28). This designation caused a change in the name of the organization formerly known as Jamaica Customs Department (JCD), to Jamaica Customs Agency (JCA). As a consequence of EA status, Customs is expected to experience greater accountability, transparency, control and performance improvement. The Agency is currently implementing a number of organizational changes in accordance with its proposed long term Modernization Plan. JCA anticipates that EA status will usher in significant reductions in turnaround time, improved customer service and cost recovery for more of the services offered by the agency. Among the services to be implemented and enhanced are, the introduction of paperless transactions, the use of a night depository to facilitate 24-hour turnaround time and, in general, increased utilization of information technology, obviating the need for the physical appearance of clients to do business. All programs related to JCA modernization continue to be steadily implemented despite funding challenges that are encountered during execution of the program plan.

Customs Valuation

PRIDE Jamaica's support to JCA 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.

Working alongside both the Risk Management and Valuations Units at JCA, PRIDE Jamaica recommended changes to valuation processes that were implemented by Jamaica Customs. These changes resulted in Jamaica Customs Agency reporting record numbers for additional revenue collection. The Customs agency collected an amount of US\$1.7 million for the period September to December 2012, for cargo that had been under-invoiced by importers. Simultaneously, JCA launched a campaign to notify the public of sanctions associated with under-invoicing. The campaign also informed the public that the practice of submitting fraudulent invoices contravenes the Customs Act and that moving forward JCA would be closely monitoring this activity.

JCA reported that it collected J\$12.89 billion (US\$128 million) in July 2013, surpassing by 10% (US\$9.88 million) the target that was established by the Ministry of Finance and Planning (US\$119 million) (see Annex 29). This is a direct result of Jamaica Customs implementing AEO Risk, AEO Compliance and Customs Valuation procedures that were developed and recommended by PRIDE Jamaica through its ongoing work with Jamaica Customs in these target areas. These figures represent the highest collection of revenue in any one month in the history of Jamaica Customs. Also noteworthy is that JCA accomplished this over a period when there was a decline in key imports.

While indicating that new customs taxes and increases in import duty and GCT are contributing factors, JCA also highlighted the fact that the formal commercial sector represented more than 80% of the total collections for Customs. This directly follows from work carried out by PRIDE Jamaica, which included developing standardized processes to ensure that the appropriate transaction methods of assessing the dutiable value of imports were implemented. PRIDE Jamaica also established methods to streamline and strengthen procedures to encourage voluntary compliance by the formal commercial sector. **The results of this assistance are improved revenue collection and improved compliance.**

On further recommendation from work conducted by PRIDE Jamaica, JCA is currently reviewing the Customs Act to strengthen measures against under-invoicing, which continues to be a major challenge for JCA. 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. With support from PRIDE Jamaica, JCA prepared a Cabinet submission that proposes legislative changes to strengthen these enforcement measures, which will further improve revenue collection and border security. PRIDE Jamaica will continue to advocate for these changes in the next program year.

Leveraging Assistance from other Donors

The MoFP satisfied the conditions precedent to enable disbursement of IDB loan funds to support tax and customs reform.¹⁸ The MoFP established the coordinating group that is providing support and oversight to a project implementation unit (PIU) based at the MoFP, and JCA has a representative on the coordinating group. Jamaica Customs will access funding to procure a new risk management system that will improve efficiency of operations allowing JCA to meet revenue targets, and strengthen both internal and external compliance levels.

¹⁸ Jamaica Customs, the Central Treasury Management System and Debt Management Unit are also expected to receive funding under the IDB loan, which is likely to total US\$62 million.

During January 2013, the IDB notified Jamaica Customs that it could proceed with the RFP to procure the new risk management system. Jamaica Customs also received approval from IDB to publish the procurement notice. This is a major milestone for Jamaica Customs' implementation of its modernization programs. A technical feasibility study was conducted in March 2013 to examine the level of readiness for Jamaica Customs to implement ASYCUDA World that will serve as the ICT platform for Customs operations. As previously noted, although May 2013 had been established as the timeline for system implementation, JCA expects that implementation will begin in October 2013. The European Union is also providing funding support to the Customs RM System procurement and will also assist Customs with BPR as a precondition for procurement of the RM ICT system.

At the request of Jamaica Customs, PRIDE Jamaica facilitated a meeting with representatives of the JCA AEO team and US Government representatives to address wider issues related to security under the AEO Program. During August C-TPAT (Customs-Trade Partnership Against Terrorism) provided support from the US Customs and Border Patrol in Miami, Florida to assist with designing a phased program to enable JCA to achieve the security requirements standards for AEO Program qualification. In October 2013, the IDB will provide funding that will allow four (4) AEO Account Managers from Jamaica Customs to travel to Miami, Florida in order to observe the practical application of C-TPAT validation procedures. This is a continuation of the intervention that was supported by C-TPAT in Jamaica in August.

Jamaica Customs has also indicated that PRIDE Jamaica's ongoing support served to encourage support from the WCO for the AEO program pilot. The Commissioner of Customs had written to the Secretary General of the WCO highlighting the support that has already been received from PRIDE Jamaica toward implementing the AEO program. The Commissioner was able to validate the program's merit and positively influenced a decision from the WCO to provide additional support to Jamaica Customs. JCA confirmed that the WCO responded favorably, and WCO will provide the requested support to JCA in November 2013.

2.1.3 Component 4: Legislative Process

The Government of Jamaica is working to implement a wide-ranging legislative agenda to improve the business enabling environment, eliminate corruption and reduce crime, all of which have an impact on establishing an investor friendly environment. During the implementation of activities across program components, PRIDE Jamaica has advocated for a range of legislative and statutory changes that would improve the capabilities of public sector institutions to provide services, and reduce the time and cost required by citizens to fully comply with the law. The last program year resulted in substantial success on a number of key legislative items in which PRIDE Jamaica was actively engaged with colleagues from TAJ and JCA.

One of the key legislative accomplishments during the past program year were the long-awaited amendments to existing legislation to establish TAJ as a semi-autonomous revenue authority (SARA). This effort began in 2010, when the IMF had established April 1, 2012 as the date by which Jamaica should enact legislation to establish TAJ as a SARA. PRIDE Jamaica worked with TAJ over the last three years to consider aspects of the legislative changes, reviewed multiple organization structures and supported TAJ to present its case to the public-private sector committee working on tax reform activities. In October 2012, Cabinet approved a Cabinet

submission outlining the purpose of SARA and the legislative changes that were required. The Honorable Minister of Finance demonstrated his strong support for proceeding with the SARA initiative. **In March 2013, Parliament passed an act to establish TAJ as a semi-autonomous revenue authority.** As a SARA, TAJ will have more direct authority to internally allocate its budget resources toward areas that will strengthen revenue collection. It will also have more flexibility in human resource matters. This additional authority brings with it a higher level of accountability for TAJ, and the organization will begin reporting to a public-private sector management board which will serve as the oversight body. This is a major milestone in TAJ's reform program activities. TAJ expects that it will require until April 2014 to fully implement the key aspects of a semi-autonomous revenue authority.

In March 2013, Parliament passed new legislation which will empower TAJ 'to make a determination in keeping with modern tax administrative practices and modern business practices, to determine when a tax debt is uncollectible and to grant flexibility to the Tax administration authorities with respect to writing off any of this debt at any point in time.' This new legislation will enable TAJ to clear out a backlog of more than 25,000 arrears cases, and also allow for more than 70% of the current value of arrears cases, which have been deemed uncollectible and represent primarily interest and penalties, to be removed from TAJ's active inventory. The operational framework of the Cabinet submission and the legislation are based on PRIDE Jamaica's work to improve arrears collection. This legislation will have a positive impact on establishing realistic collection targets for TAJ, enable TAJ to focus its resources on productive and higher value cases, and provide much clearer projections of the revenue that the Government can expect to receive from this source. These realistic projections will fulfill an important role in the Government's discussions with development partners. The legislation also provides for regulations to empower the Minister to provide for a tax arrears management system and for the ranking of the tax debt, which is based on all of PRIDE Jamaica's ongoing support to TAJ Operations in arrears collection.

On April 2, 2013, Jamaica Customs achieved its long awaited status as an Executive Agency (EA), following its designation in Parliament on March 28. This designation caused a change in the name of the organization formerly known as Jamaica Customs Department (JCD), to Jamaica Customs Agency (JCA). As a consequence of EA status, Customs is expected to experience greater accountability, transparency, control and performance improvement. It is anticipated that EA status will usher in significant reductions in turnaround time, improved customer service and cost recovery for more of the services offered by the agency. Among the services to be implemented and enhanced are, the introduction of paperless transactions, the use of a night depository to facilitate 24-hour turnaround time and, in general, increased utilization of information technology, obviating the need for the physical appearance of clients to do business. The Agency is currently undergoing a number of organizational changes in accordance with its proposed long term Modernization Plan, a majority of which will require additional amendments to the Customs Act. PRIDE Jamaica will continue to advocate for legislative changes to support JCA modernization and reform.

In June 2013, Parliament amended the Revenue Administration Act to provide Tax Administration Jamaica with greater access to third party information to improve taxpayer compliance. The amendments will expand the scope of TAJ's Commissioner General to request information from third parties who have information pertinent to a taxpayer's activities without having to obtain a court order to request and receive the information. Prior to the amendments, secrecy provisions of other legislation hampered TAJ's ability to easily and effectively assess a taxpayer's revenue position during the course of an audit or investigation. The amendments address one aspect of PRIDE Jamaica's work with TAJ that began in 2011 to

strengthen TAJ's assessment, collection and enforcement authorities, and also allow Jamaica to fulfill its obligations with treaty partners under various double taxation treaties. PRIDE Jamaica will continue to advocate for further legislative changes that are needed to improve compliance and provide for equitable treatment for taxpayers.

In July 2013, Parliament amended existing legislation to eliminate the Minister of Finance's authority to provide discretionary waivers to charities. Discretionary waivers have been a substantial source of revenue loss for Jamaica over many years, and have also been considered an opportunity to provide preferential treatment for some taxpayers. These amendments are part of PRIDE Jamaica's and other development partners' ongoing efforts to establish standardized and transparent processes criteria to determine eligibility for tax relief, provide approvals for tax relief and monitor the use of tax relief that is granted. The legislative amendments are an interim step prior to Jamaica enacting a Charities Act, which is currently lacking from the overall legislative framework. A new Charities Act is expected to define charitable purposes and will require charities to be qualified as eligible for tax relief. In accord with Jamaica's 2013 agreement with the IMF, there will be monthly limits established against which tax relief for eligible charities will be granted in accord with the guidelines of the new legislation.

2.2 NEXT STEPS

During the next program year, PRIDE Jamaica will continue working with Tax Administration Jamaica, the Jamaica Customs Agency and other stakeholders in the public and private sectors to implement activities in line with reform program needs. The following outlines those areas in which PRIDE Jamaica expects to focus its efforts with counterparts:

Component 1: Tax Policy and Administration

Support TAJ to conduct targeted audits in priority sectors: PRIDE Jamaica will continue to provide support to the Large Taxpayer Office as it conducts ongoing and new audits in high priority sectors. Part of this support will focus on additional strengthening of TAJ's capability to utilize data analysis tools, such as IDEA, to analyze and interpret low-level data provided by taxpayers during the course of audits.

Support TAJ to implement, review, and enhance the risk management system for identifying and prioritizing tax debt arrears for collection: PRIDE Jamaica will continue to support the Tax Arrears Management Unit (TAMU) within the Programmes Department to implement the risk-based methodology that prioritizes tax debt arrears for collection. PRIDE Jamaica will also work with the Programmes Department to provide support at the Revenue Service Centres (RSC's) to effectively apply appropriate treatments for 'High' and 'Medium' cases; improve processes to manage the inventory of cases; accurately track case closures and time spent on cases; and submit timely, accurate, and complete reports that track results.

Support TAJ to implement, review, and enhance the risk management system that selects taxpayer entities for audit (i.e., examination of tax returns) and support implementation of Annual Audit Plans: PRIDE Jamaica will continue to support the Audit Unit within the Programmes Department to implement the Annual Audit Plan, utilizing the risk-based

methodology to select the most productive cases for audit. PRIDE Jamaica will also work with the Programmes Department to provide support at the RSC's to improve processes to manage the inventory of cases; accurately track case closures and time spent on cases; and submit timely, accurate, and complete reports that track results.

Support TAJ to improve tax compliance programs by utilizing the TAJ data-mining function to identify areas of high non-compliance and increase tax revenue collections:

PRIDE Jamaica will continue to support the Forensic Data-mining Unit (FDU) and TAMU to develop and implement programs to identify potential areas of high non-compliance among taxpayers in order to improve taxpayer compliance and revenue collection and expand the taxpayer base. PRIDE Jamaica will support FDU and TAMU to review the status of programs as they are implemented to ensure that outcomes are tracked and adjustments are made to improve results. PRIDE Jamaica will also work with FDU and TAMU to support the RSC's to manage the inventory of cases; accurately track case closures; and submit timely, accurate, and complete reports that track results.

Support TAJ to implement the new TAMU systems and provide training:

PRIDE Jamaica will work with TAMU to provide training to improve the skills of front-line compliance officers and managers so they can more effectively process tax arrears cases to improve case closure and revenue collection. This will include a financial analysis component that incorporates methods of determining taxpayers' ability to pay, negotiating skills and techniques to improve collections, securing payment arrangements, and using investigative techniques to discover taxpayer assets and income sources.

Support TAJ to review and improve developed taxpayer service programs in order to provide timely and accurate tax compliance improvement-related information to the public:

To support TAJ's efforts to improve voluntary taxpayer compliance, PRIDE Jamaica will work with the Taxpayer Services and Education Unit in Programmes to review current and proposed tax compliance public education programs and provide data for TAJ to develop user-friendly public information programs. The programs' aims are to improve taxpayers' understanding of the importance of voluntary compliance, with a resultant improvement in overall compliance rates.

Support TAJ to implement the Performance Management System:

PRIDE Jamaica will support TAJ to refine and implement the Performance Management System model previously developed by PRIDE Jamaica and TAJ. These *At a Glance* reports provide managers at all levels of the organization results on key performance indicators and enable decision-makers to quickly and easily assess TAJ's performance across all operational areas. PRIDE Jamaica will support TAJ to revise reports as needed and provide training to analysts so they can utilize information to make decisions to improve operational performance.

Support TAJ to implement selected other priority initiatives that will mobilize revenue collection, improve operations, or support the tax reform program:

Within the scope of available funds, PRIDE Jamaica will provide support for other initiatives to enable TAJ to mobilize revenue collection from existing and new taxpayers, streamline processes, improve transparency in operations, improve compliance, and expand the base of taxpayers to generate additional revenue.

Component 2: Licensing and Other Competitiveness Areas

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

Jamaica Customs

Support JCA to establish a Petroleum Monitoring Unit: PRIDE Jamaica will work with JCA to establish controls, procedures, and reporting to ensure that all shipments and transmissions of products are accounted for and revenue is collected in a timely manner. PRIDE Jamaica will support more effective collaboration between JCA and TAJ to ensure that domestic taxes will be collected by TAJ based on accurate accounting of petroleum products as product moves into the domestic tax arena.

Support JCA to Conduct Petroleum Product Import Surveys: PRIDE Jamaica will provide technical assistance through on-the-job training and mentoring to Jamaica Customs to conduct a petroleum product import survey of petroleum imports. This assistance will include data collection, review, and analysis of major petroleum product imports and utilization via a post-clearance audit to determine whether all products have been properly accounted for, and whether all revenues due have been paid.

Support JCA to develop and implement the risk management framework for the Authorized Economic Operator (AEO) operations: PRIDE Jamaica will work with JCA to develop and implement the required processes to qualify companies for the AEO program in a systematic and objective way so companies may participate in the AEO program according to the companies' respective levels of compliance. 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 JCA AEO Program on a global scale.

Support JCA reform activities to improve AEO Program Practice and bring the program in line with World Customs Organization (WCO) standards: PRIDE Jamaica will support JCA to obtain WCO certification for Jamaica's AEO program. WCO certification will enable Jamaica to compete more effectively in regional and global trade by providing a framework that allows other customs organizations to fully recognize Jamaica's AEO program.

Support JCA to implement any other priority initiatives to mobilize revenue collection, improve operations and transparency, or support the customs modernization program: Within the scope of available funds, PRIDE Jamaica will provide support for other initiatives to enable JCA to mobilize revenue collection, streamline processes, improve compliance and transparency, and implement programs in support of the Customs Modernization Plan and its overall reform objectives.

Component 4: Legislative Process

PRIDE Jamaica expects to advocate for regulatory and legislative reform in support of tax and customs reform programs to address the following issues:

Finalizing the implementing regulations to allow for tax arrears to be designated as uncollectible, and the process to remove these from the active arrears accounts of TAJ. The implementing regulations will need to be approved by Parliament. Once approved by Parliament, TAJ expects that close to 25,000 arrears cases will be removed from the active

inventory, representing approximately 70% of the value of the existing arrears cases. This will allow TAJ to focus on collectible arrears cases, and allow for more realistic collection targets to be established for this source of revenue. This is a result of PRIDE Jamaica's work to improve collections from tax arrears cases.

Strengthening TAJ's collection and enforcement provisions by enacting legislative amendments to the Revenue Administration Act and other existing legislation. This is a result of PRIDE Jamaica's work to overhaul TAJ's assessment, collection and enforcement authorities to enable TAJ to improve taxpayer compliance and revenue collection.

Enacting legislative amendments to revise the timeframe allowing JCA to conduct audits of firms for the prior 5 year period, rather than the current timeframe of 2 years. Most jurisdictions provide an alignment between audit timeframes for tax and customs administrations. TAJ allows for audits to be conducted for the prior 6 year period. Based on prior recommendations from PRIDE Jamaica and recent work by the World Bank, JCA is likely to adopt the 5 year prior period for audits.

Enacting legislative amendments enabling Customs to receive and verify import documentation before goods arrive. The law currently allows for manifests to be submitted up to 24 hours after an import arrival, and up to 15 days for entries. A revision to this legislation, which is expected within the year, will allow JCA to test with more alacrity the recently implemented risk management system, and will facilitate easier import processes for the private sector.

Enacting legislative amendments to rationalize penalties that are associated with Customs breaches. Penalties are intended to encourage compliance, not put people out of business. Customs' current approach provides for each responsible unit of the agency to establish and control its own penalties, often applying these in a highly punitive manner. The proposed amendments will establish a central administrative office within Customs which will be responsible for applying penalties for all breaches to ensure that the processes are standardized and followed, and that timeframes and statutes are strictly adhered.

RESULTS

As demonstrated by the PMP Results Reporting Table (Annex 2) and 'Results by Indicator' (Annex 3), **PRIDE Jamaica achieved, and in several cases exceeded, its targets for the program year.** As a result of PRIDE Jamaica's capacity building and institutional strengthening support, during the past program year **TAJ and JCA collected more than US\$75 million in revenue** by implementing programs developed by PRIDE Jamaica. These results are due, in large part, to the strategic approach PRIDE Jamaica adopted since project start-up, with a further, increased focus on project impact. Another fundamental factor contributing to PRIDE Jamaica's impact and results is the strong working partnerships PRIDE Jamaica has established with its counterparts. These partnerships enable PRIDE Jamaica to work as an integral part of our counterpart organizations, and the strength of these relationships must be recognized to fully appreciate PRIDE Jamaica's successes to date.

Complementing these efforts, PRIDE Jamaica has focused on improving key operational areas with TAJ and Jamaica Customs since project implementation began. These specific efforts are supporting TAJ, JCA and the Government of Jamaica to improve Jamaica's economic position, and are enabling the GOJ to meet stringent benchmarks in the new IMF agreement. Finally, USAID/Jamaica's extremely supportive and collegial working relationship with PRIDE Jamaica, and USAID's leadership role with the Government of Jamaica and international development partners further underscores the project's ability to perform successfully. As a confirmation of **PRIDE Jamaica's success and USAID's leadership, in a historic commitment the Government of Jamaica provided funding to USAID that enabled a contract extension period for PRIDE Jamaica to continue operating.** Without the further funding from the GOJ, PRIDE Jamaica would have prepared to close-out in October 2013.

Based on funding changes over the life of the project, PRIDE Jamaica focused solely on implementation activities with Tax Administration Jamaica and Jamaica Customs, and provided some reform project support to the Ministry of Finance and Planning over the past program year. Building on key findings from previous IMF reports, prior work completed by PRIDE Jamaica, and issues identified by counterparts, PRIDE Jamaica's focus with TAJ addressed essential business process issues to establish, improve and implement systems to improve revenue mobilization. PRIDE Jamaica implemented activities with Jamaica Customs to reduce risk and corruption and improve revenue mobilization, while making it easier for legitimate businesses to operate. PRIDE Jamaica also participated as the only external member on a MoFP committee working to develop an automated process to track requests and approvals of statutory and discretionary tax relief. The new process being established will provide transparency, accountability and an effective means to accurately measure the impact of tax expenditures on the GOJ's revenue.

Tax administration reform continued to be PRIDE Jamaica's highest priority for implementation. Working with colleagues in Tax Administration Jamaica (TAJ), PRIDE Jamaica and TAJ focused on improving compliance and mobilizing revenue collection. **On the legislative agenda, Parliament passed three key legislative items to improve TAJ's operations, all of which PRIDE Jamaica was actively engaged in.** One of these accomplishments was the long-awaited amendments to existing legislation to establish TAJ as a semi-autonomous revenue authority (SARA). PRIDE Jamaica worked with TAJ over the last three years to consider aspects of the legislative changes, reviewed multiple organization structures and supported TAJ

to present its case to the public-private sector committee working on tax reform activities. **In March 2013, Parliament passed an act to establish TAJ as a semi-autonomous revenue authority.** As a SARA, TAJ will have more direct authority to internally allocate its budget resources toward areas that will strengthen revenue collection. It will also have more flexibility in human resource matters. This additional authority brings with it a higher level of accountability for TAJ, and the organization will begin reporting to a public-private sector management board which will serve as the oversight body. This is a major milestone in TAJ's reform program activities. TAJ expects that it will require until April 2014 to fully implement the key aspects of a semi-autonomous revenue authority.

In March 2013, Parliament passed new legislation which will empower TAJ ‘to make a determination in keeping with modern tax administrative practices and modern business practices, to determine when a tax debt is uncollectible and to grant flexibility to the Tax administration authorities with respect to writing off any of this debt at any point in time.’

This new legislation will enable TAJ to clear out a backlog of more than 25,000 arrears cases, and also allow for more than 70% of the current value of arrears cases, which have been deemed uncollectible and represent primarily interest and penalties, to be removed from TAJ's active inventory. The operational framework of the Cabinet submission and the legislation are based on PRIDE Jamaica's work to improve arrears collection. This legislation will have a positive impact on establishing realistic collection targets for TAJ, will enable TAJ to focus its resources on productive and higher value cases, and provide much clearer projections of the revenue that Government can expect to receive from this source. These realistic projections will fulfill an important role in the Government's discussions with development partners. The legislation also provides for regulations to empower the Minister to provide for a tax arrears management system and for the ranking of the tax debt, which is based on all of PRIDE Jamaica's ongoing support to TAJ Operations in arrears collection.

In June 2013, Parliament amended the Revenue Administration Act to provide Tax Administration Jamaica with greater access to third party information to improve taxpayer compliance. The amendments will expand the scope of TAJ's Commissioner General to request information from third parties who have information pertinent to a taxpayer's activities without having to obtain a court order to request and receive the information. Prior to the amendments, secrecy provisions of other legislation hampered TAJ's ability to easily and effectively assess a taxpayer's revenue position during the course of an audit or investigation. The amendments address one aspect of PRIDE Jamaica's work with TAJ that began in 2011 to strengthen TAJ's assessment, collection and enforcement authorities, and also allow Jamaica to fulfill its obligations with treaty partners under various double taxation treaties. PRIDE Jamaica will continue to advocate for further legislative changes that are needed to improve compliance and provide for equitable treatment for taxpayers.

In the area of tax operations, PRIDE Jamaica continued to work with TAJ across a wide range of operational areas. With a substantial backlog of tax arrears cases on its ledgers, TAJ continued to prioritize these cases for collection and, to improve case closure, applied the new treatments for High and Medium cases previously developed with PRIDE Jamaica. To further support improvements in tax arrears collection, PRIDE Jamaica worked with the Tax Arrears Management Unit in Programmes to prepare TAJ's FY2013-2014 Tax Arrears Management Annual Plan. PRIDE Jamaica and TAJ modified the framework of the prior year's plan (developed last year with support from PRIDE Jamaica) to reflect current inventories, revised staffing allowances, and the "experience rates"¹⁹ for projected closures. The new plan was

¹⁹ Experience rates refer to the number of total hours required by a Compliance Officer to close a case.

further revised to allow for the detailing of hours and employees (lending staff time) from one RSC to another to support closing larger case inventories in some RSC locations. **TAJ closed more than 9,000 High and Medium priority arrears cases, and collected over US\$26 million from these cases for the GOJ's fiscal year ending March 2013. Overall tax arrears collections increased 6% over the GOJ's previous fiscal year that ended March 31, 2012.**

With trends moving in the right direction for arrears collection, there is still substantial room for TAJ to improve revenue collection. To support further improvements, **PRIDE Jamaica and TAJ developed an extensive training program and trained more than fifty Arrears Collection Team Leaders and Compliance Officers to improve collection skills and increase arrears case closures.** TAJ and PRIDE Jamaica will conduct additional training in the next program year for the balance of TAJ's Compliance Officers.

TAJ also established a working group from various TAJ functions to develop the Tax Arrears Management Standard Operating Procedures (SOP) Manual. This was a major, outstanding recommendation previously made by PRIDE Jamaica. TAJ will conduct a technical review of the completed draft manual early in the next program year. The SOP manual will strengthen the implementation of the new standardized processes for arrears collection, and further support TAJ's efforts to focus its resources on those cases which are higher priority and the most collectible.

Throughout the program year, PRIDE Jamaica worked closely with TAMU to improve the quality and timeliness of work by Compliance Officers to more effectively close tax arrears and compliance program cases. Part of PRIDE Jamaica's support included ongoing focus with TAMU to conduct case reviews at the RSC level, provide feedback to assistant general managers and highlight the importance to submit timely, accurate and complete reports regarding work completed. PRIDE Jamaica's review of arrears cases over the period with TAMU indicated **there is strong and growing improvement in the quality, timeliness and completeness of the work by Compliance Officers at a number of the regional offices.** At the RSC management level, PRIDE Jamaica will continue to work with TAMU and TAJ's Executive Management to reinforce the critical need for the RSC's to regularly submit timely, accurate and complete reports, as these reports provide strategic performance information for decision makers at TAJ and MoFP.

PRIDE Jamaica continued its work with the Forensic Data-mining Unit (FDU) and TAMU to improve overall compliance with tax return filing and payment requirements. PRIDE Jamaica worked with FDU and TAMU to develop the integrated FDU/TAMU Compliance Leads Work Plan for the GOJ's 2013/2014 fiscal year. FDU is using various internal and external databases to identify taxpayers in the following categories:

- New taxpayers;
- Taxpayers with additional registration obligations;
- Taxpayers with incorrect reporting and payment issues;
- High Profile / High Value taxpayers acquiring high-value properties, motor vehicles and other assets; and,
- Guest Accommodation Room Tax (GART) potential taxpayers.

To improve implementation and reporting on compliance programs, PRIDE Jamaica worked with TAMU to develop the Programme document containing the new standardized processes, procedures and reports that Programmes and the RSC's are now using. This work plan system is a substantial improvement in the approach by the Programmes Office to assure the various programs are developed, assigned and worked on a timely basis.

TAJ has vastly improved the activity reporting systems which now allow accurate data to be gathered in order to determine the level of accomplishment and results for each compliance program. This information will provide management with decision making data on whether to expand a particular program or to discontinue a program that is not producing the anticipated results. **TAJ collected more than US\$14 million from compliance programs during the first six months of the GOJ's fiscal year, which began on April 1, 2013.** As with arrears collections, there is a substantial opportunity for TAJ to improve collections from these programs.

Improving compliance by implementing risk based assessments to select audit cases and improving the audit management function have been other areas of ongoing strategic focus by PRIDE Jamaica and TAJ. The new annual audit plan format previously developed by PRIDE Jamaica integrated the classes that were established for the risk formulas, and these were incorporated into the previous FY 2012/2013 and the current FY 2013/2014 Annual Audit Plans.

Mid-way through the last GOJ fiscal year, PRIDE Jamaica and the Audit Unit assessed the year to date results of the FY 2012/2013 Annual Audit Plan. The results showed over achievement on completing audits of sole proprietor returns, and under achievement on completing corporate income tax returns, especially larger ones (not including the Large Taxpayer Office - LTO). Some of the reasons for this included difficulty in accessing taxpayer files and varied levels of audit staffing and capabilities at the RSC's.

The annual results of TAJ's 2012/2013 did demonstrate some substantial improvements over the previous fiscal year. **The value of audit assessments increased 72% over the value of audit assessments from the previous fiscal year. The percentage of 'no change' audits declined, from 9.47% during the FY 2011/2012, to 4.86% in FY 2012/2013. This is a reduction of almost 50%, and is an important measure in the audit function.** It demonstrates that more audit cases are being selected which result in an additional assessment. Since audits are an expensive way to obtain compliance (and revenue), a tax administration needs to allocate audit resources to cases in which it expects there will be a change in the tax yield. Both of these results represent substantial improvements in TAJ's audit function. To improve audit managers' skills in some of the substantive functional areas, PRIDE Jamaica will be working with the Audit Unit to update and expand a comprehensive training program. During the next program year, PRIDE Jamaica will work with the Audit Unit to review existing training materials, develop new training materials, and provide training to the Audit Unit and RSC Assistant General Managers to better implement the audit process.

PRIDE Jamaica has been working closely with the Large Taxpayer Office (LTO) since December 2011 to strengthen LTO's abilities to conduct audits in high priority sectors and improve taxpayer compliance. To further institutionalize capability transfer, TAJ established additional internal data storage and data review capabilities that enable it to conduct more of the technical review work moving forward. During the review of data, TAJ recognized the need to

reconfirm the requirement for telecoms firms to pay the General Consumption Tax (GCT) on the face value of prepaid time sold, even through wholesale distributors who may not be registered for GCT. The Minister of Finance announced changes to the GCT Act in February to increase compliance, ensuring that GCT which may be collected by non-registered taxpayers is accounted for by the telecommunications providers. **This measure, implemented on March 1st, is expected to yield just over US\$2 million in the GOJ's current fiscal year.**

The Ministry of Finance and Planning (MoFP) satisfied the conditions precedent to enable disbursement of IDB loan funds to support tax and customs reform.²⁰ The MoFP established a coordinating group that is providing support and oversight to a project implementation unit (PIU) based at the MoFP, and TAJ and JCA each have a representative on the coordinating group. The IDB notified TAJ and JCA early in 2013 that each could proceed with their respective RFP's to procure new IT systems. This is a major milestone for TAJ that resulted from almost 3 years of work by TAJ and PRIDE Jamaica. This effort began in June 2010, when PRIDE Jamaica supported TAJ to prepare a complete costing of the tax administration reform program. Subsequent support from PRIDE Jamaica to TAJ to reach this milestone included re-engineering TAJ's core business processes and preparing the RFP to procure the new system. TAJ published the procurement notice to begin the procurement of the new system (Annex 17). TAJ received responses from bidders, and PRIDE Jamaica participated in the first round of reviews of the technical responses. TAJ expects to award a contract early in 2014. JCA, which is procuring ASYCUDA World, expects that work to implement the new system will begin early in the next program year.

On April 2, 2013, Jamaica Customs achieved its long awaited status as an Executive Agency (EA), following its designation in Parliament on March 28. This designation caused a change in the name of the organization formerly known as Jamaica Customs Department (JCD), to Jamaica Customs Agency (JCA). As a consequence of EA status, Customs is expected to experience greater accountability, transparency, control and performance improvement. It is anticipated that EA status will usher in significant reductions in turnaround time, improved customer service and cost recovery for more of the services offered by the agency. Among the services to be implemented and enhanced are, the introduction of paperless transactions, the use of a night depository to facilitate 24-hour turnaround time and, in general, increased utilization of information technology, obviating the need for the physical appearance of clients to do business. As JCA continues to implement its modernization program, PRIDE Jamaica will support additional legislative changes that are needed to strengthen Customs' implementation authorities.

Based on PRIDE Jamaica's work with Jamaica Customs to benchmark the monitoring of petroleum imports, Jamaica Customs has improved its oversight and management of petroleum product imports and re-exports. Jamaica Customs is implementing the recommended framework provided by PRIDE Jamaica. This includes **PRIDE Jamaica's training of 16 Customs Officers to properly measure products as they are being off-loaded in order to accurately measure product volumes and assess revenues.** Customs is establishing a dedicated Petroleum Monitoring Unit, whose primary mandate will be to effectively manage the tax administration of the petroleum sector, which has not been performing to expectation.

With PRIDE Jamaica's assistance, TAJ's Excise Department and JCA are better integrating their operations. JCA recently reported that its ability to monitor the movement of petroleum

²⁰ Jamaica Customs, the Central Treasury Management System and the MoFP Debt Management Unit are also expected to receive funding under the IDB loan.

products and to account for revenues due from petroleum imports have been significantly strengthened as a direct result of improved communication and inter-agency collaboration with Excise. As a result of a random selection of Customs entries that were cross-referenced against TAJ excise records, JCA determined there was significant revenue due from previous imports of ethanol. JCA is conducting further reviews of data in order to accurately assess the amounts due. PRIDE Jamaica will be supporting this effort during the next program year.

In June 2013, Petrojam announced that it would implement dyeing of diesel fuel in order to note the difference between regular diesel and ultra-low sulphur diesel. It is one of the key recommendations made by PRIDE Jamaica as a means by which JCA can better track diesel fuel that is intended either for re-export or for the bauxite companies, and which is instead finding its way into the local market without the requisite customs and excise duties being paid. This initiative is a direct result of the work that PRIDE Jamaica implemented with Jamaica Customs in the petroleum sector.

Utilizing new measures developed by PRIDE Jamaica to assist with accounting for all petroleum products, JCD has identified un-accounted product. **JCD implemented management processes that recovered the first US\$35 million of a total US\$51.61 million of outstanding customs revenue due within the petroleum sector.**

PRIDE Jamaica has worked extensively with JCA in the post-clearance audit function. As a result of PRIDE Jamaica's recommendation, in 2011 JCA established the Auditing, Collection and Delinquency Branch within Jamaica Customs, which separated the collections function from the Post Clearance Audit Branch. As a result of dedicating staff to collections, **JCA's arrears collections increased from US\$1.65 Million in (the GOJ's) FY 2011/2012 to US\$3.16 Million for FY 2013-2014.** The increase is largely due to the use of court judgments, liens, garnishment and related press coverage. The fledgling staff has won 6 out of 8 judgments for JCA. These judgments have earned JCA newfound respect and are acting as a deterrent. Based on PRIDE Jamaica's prior work with Jamaica Customs on valuation processes, **Jamaica Customs collected an additional US\$1.7 million** between September and December 2012 for cargo that was under-invoiced by importers.

During July JCA collected J\$12.89 billion (US\$128 million) in revenue, surpassing by 10% the US\$119 million target that the MoFP had established. (Annex 29). This is a direct result of Jamaica Customs implementing AEO Risk, AEO Compliance and Customs Valuation procedures that were developed and recommended by PRIDE Jamaica through its ongoing work with Jamaica Customs in these target areas. These figures represent the highest collection of revenue by JCA in any one month in the history of Jamaica Customs. Also noteworthy is that JCA accomplished this over a period when there was a decline in key imports.

To support development of JCA's AEO program, PRIDE Jamaica prepared a draft Trade Compliance Strategy that will complement Jamaica's national strategies for gaining operational control at the ports of entry. This is one aspect of JCA's process to transition from the current Trusted Trader Program to a fully operational and integrated Authorized Economic Operator (AEO) Program, in accord with WCO guidelines. The Trade Compliance Strategy will also guide efforts toward a system that is swift, safe, predictable, and secure for legitimate imports entering the Jamaican marketplace. Jamaica Customs prepared a Cabinet Submission outlining suggested legislative changes to the Customs Act that will be needed to support AEO implementation and strengthen JCA compliance initiatives. PRIDE Jamaica will be working alongside Jamaica Customs during the next program year to advocate for passage of these legislative amendments.

Lastly, 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, supports real ownership by partners of the assistance that PRIDE Jamaica offers, builds human and institutional capacity, and supports sustainability of new, improved approaches. With resources focused on tax administration and customs reform, 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.

ANNEX 1 COUNTERPART CONTRIBUTIONS

October 2012 – September 2013

Component	USD Amount	Notes
Tax Policy and Administration	823,859 ²¹	This includes proportional amounts of TAJ salary and facilities allocated to implementing tax administration reform work, as well as funding provided by the MoFP to fund PRIDE Jamaica activities.
Business Licensing and Other Competitiveness Areas		Amount reflects counterpart support to reform activities specific to: a). AEO Program improvement, including account managers' training, client sensitization and communication, program development and IT systems support; and, b). Implementing Petroleum measurements and monitoring functions, to include training of Customs Officers, overtime monitoring of product imports, procurement of measuring tools and basic safety equipment.
▪ Jamaica Customs Reform	288,208 ²²	
TOTAL	1,112,067	

²¹ Of the US\$823,859 total, US\$768,560 is in-kind contributions from TAJ and US\$55,299 was provided by the MoFP to fund PRIDE Jamaica activities.

²² Of the US\$288,208 total, US\$228,105 is in-kind contribution from JCA and US\$60,103 was provided by the MoFP to fund PRIDE Jamaica activities.

ANNEX 2 PMP RESULTS TABLE

PRIDE Jamaica Results – October 1, 2012 - September 30, 2013

Performance Based Management System

Results and Related Performance Indicators ¹	Baseline	2010 Target ²	2010 Results	2011 Target	2011 Results	2012 Target	2012 Results	2013 Target	2013 YTD Results
IR1: Key Policies, Regulations and Processes Improved									
Sub-intermediate Result 1.1 Key Economic Reforms Implemented									
Number of policy reforms/regulations/administrative procedures drafted and presented for public/stakeholder consultations as a result of USG assistance.		1	2 ³	5	8 ⁴	5	8 ⁵	3	4 ⁶
Sub-intermediate Result 1.2 Institutional Capacity for Administration Strengthened									

¹ 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.

² 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.

³ 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.

⁴ 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.

⁵ 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 tax 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 tax arrears cases, included in a new Debt Collection Handbook; new procedures to identify and implement taxpayer compliance improvement programs.

⁶ Outputs include framework for Debt Write-Off Legislation; Procedures and Guidelines for Professionals Taxpayer Compliance Program; FY 2013/2014 Annual Work Plan for Taxpayer Compliance Improvement; and draft SOP Manual for Arrears Collection.

Results and Related Performance Indicators ¹	Baseline	2010 Target ²	2010 Results	2011 Target	2011 Results	2012 Target	2012 Results	2013 Target	2013 YTD Results
Number of institutions/organizations undergoing capacity/competency assessments as a result of USG assistance.		1	1 ⁷	4	7 ⁸	3	7 ⁹	2	2 ¹⁰
Number of Trade and Investment capacity building diagnostics conducted as a result of USG assistance.		---	---	4	7 ¹¹	2	5 ¹²	2	3 ¹³
IR2: Private Sector Capacity to Participate in Reforms Increased									
Sub-intermediate Result 2.1 Private sector partnerships and collation-building strengthened									
Number of Public-Private Dialogue mechanisms utilized as a result of USG assistance.		3	3 ¹⁴	5	6 ¹⁵	2 ¹⁶	4 ¹⁷	2	2 ¹⁸
Number of microfinance institutions supported by USG financial or		---	---	5	8 ¹⁹	---	---	---	---

⁷ Includes ACRE Task Force assessment of pilot operations of the DAC.

⁸ 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).

⁹ 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.

¹⁰ Includes Tax Administration Jamaica in Tax Arrears Management, implementation of taxpayer compliance improvement programs, and implementation of the 2012/2013 Annual Audit Plan. Includes Jamaica Customs application of updated AEO program qualifications and petroleum monitoring guidelines.

¹¹ 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.

¹² 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.

¹³ Includes training, design and implementation of petroleum measurement procedures at Jamaica Customs; assessment of JCA post-clearance audit capabilities in the petroleum sector; and updating and implementation of new procedures for Jamaica Customs AEO program.

¹⁴ Includes ACRE Task Force for Development Approvals, Trade Community System Partnership for Import/Export, and Mobile Banking Public-Private Partnership.

¹⁵ 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.

¹⁶ 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.

¹⁷ 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).

¹⁸ Includes Jamaica Customs work with Petrojam on petroleum monitoring and work with large importers on the AEO program.

¹⁹ 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.

Results and Related Performance Indicators ¹	Baseline	2010 Target ²	2010 Results	2011 Target	2011 Results	2012 Target	2012 Results	2013 Target	2013 YTD Results
technical assistance.									
Sub-intermediate Result 2.2 Private sector role in advocacy and policy dialogue increased									
Number of Public-Private Dialogue mechanisms utilized as a result of USG assistance.		3	3 ²²	5	6 ²³	2 ²⁴	4 ²⁵	2	2 ²⁶
Number of changes made to business enabling environment.		---	---	4 ²⁷	4 ²⁸	2 ²⁹	5 ³⁰	2	6 ³¹

²⁰ Due to reduced funding and in accord with guidance from USAID/Jamaica, PRIDE Jamaica completed activities in the micro-finance component in August 2011. The target was changed from 9 to 0.

²¹ Due to reduced funding and in accord with guidance from USAID/Jamaica, PRIDE Jamaica completed activities in the micro-finance component in August 2011. The target was changed from 12 to 0.

²² Includes ACRE Task Force for Development Approvals, Trade Community System Partnership for Import/Export, and Mobile Banking Public-Private Partnership.

²³ 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.

²⁴ 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.

²⁵ 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).

²⁶ Includes Jamaica Customs work with Petrojam on petroleum monitoring and work with large importers on the AEO program.

²⁷ 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.

²⁸ 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.

²⁹ 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.

³⁰ 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.

³¹ Includes new Debt Write-Off Legislation for TAJ; new legislation establishing TAJ as a semi-autonomous revenue authority (SARA); amendments to Revenue Administration Act allowing access to third party information; amendments to the Jamaica Customs Act establishing Jamaica Customs as an Executive Agency; Petroleum Monitoring Measures with JCA; and, implementation of new AEO processes.

ANNEX 3 RESULTS BY INDICATOR

PRIDE Jamaica

October 2012 – September 2013

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 4: 3

Actual to date for Year 4: 4

Component 1: Tax Policy and Administration

1. Developed framework for tax arrears write-off policy, which resulted in legislation to allow for write off of uncollectible tax arrears and established guidelines to prioritize arrears for collection

During March Parliament passed new legislation which will empower TAJ ‘to make a determination in keeping with modern tax administrative practices and modern business practices, to determine when a tax debt is uncollectible and to grant flexibility to the Tax administration authorities with respect to writing off any of this debt at any point in time.’ This new legislation will enable TAJ to clear out a backlog of more than 25,000 arrears cases, and also allow for more than 70% of the current value of arrears cases, which have been deemed uncollectible and represent primarily interest and penalties, to be removed from TAJ’s active inventory. Substantial pieces of the Cabinet submission and the legislation incorporate information developed by PRIDE Jamaica. This legislation will have a positive impact on establishing realistic collection targets for TAJ and providing much clearer projections of the revenue that Government can expect to receive from this source. These realistic projections will also fulfill an important role in the Government’s discussions with development partners. The legislation also provides for regulations empowering the Minister in respect of providing for a tax arrears management system and for the ranking of the debt, which is based on all of PRIDE Jamaica’s ongoing support to TAJ Operations in arrears collection.

2. Developed Program Guidelines and Reporting Requirements for ‘Professionals’ Compliance Improvement Program

TAJ began implementing a new compliance program to address improving compliance among the ‘Professionals’ segment of taxpayers that includes attorneys, accountants, doctors, architects and other professional occupations. There are approximately 1,800 potential leads that resulted from the FDIU information gathering and TAJ screening. Based on PRIDE Jamaica’s recommendation, TAJ began this compliance program using 3 RSC’s as pilot offices to test both the quality of leads produced and the process for working these compliance leads. As the pilot program progresses over the next several months, TAJ will assess the results and responses from taxpayers to determine if any adjustments are needed to the program guidelines before issuing the remaining “Professionals” compliance leads to the other RSC offices. PRIDE Jamaica prepared the program guidelines and

reporting requirements that have been issued by the Tax Arrears Management Programmes Unit to all RSC managers for this program.

3. Supported FDU to Develop FY 2013/2014 Annual Work Plan for Taxpayer Compliance Improvement

PRIDE Jamaica worked with the Programmes Tax Arrears Management team and FDU to develop an annual work plan for the upcoming fiscal year for programs to improve taxpayer compliance. The plan includes income tax non-filers and stop-filers, Pay As You Earn (PAYE) non-filers and stop-filers, in addition to under-reporters (who will be referred to the Audit function). FDU data-mining activities will also use various internal and external databases to identify taxpayers in the following categories:

- New taxpayers;
- Taxpayers with additional registration obligations;
- Taxpayers with incorrect reporting and payment issues;
- High Profile / High Value taxpayers acquiring high-value properties, motor vehicles and other assets; and,
- Guest Accommodation Room Tax (GART) potential taxpayers.

4. Supported the Tax Arrears Management Unit to Prepare a new Standard Operating Procedures Manual for Tax Arrears Collection

PRIDE Jamaica began working with the TAMU in July 2012 to prepare a new Standard Operating Procedures Manual for tax arrears collection. PRIDE Jamaica provided a complete catalog of the topics to be included, and provided sample technical matter for the technical, policy, and process information that were required. PRIDE Jamaica worked with TAMU to establish a working group that incorporated representatives from Revenue Service Centres and other support functions (Special Enforcement, Forensic Data-mining, others) to develop an integrated manual. The draft manual incorporates updated processes, new forms and new procedures, and will support the work of compliance officers in Operations to more effectively close tax arrears cases.

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

Target for Year 4: 2

Actual to date for Year 4: 2

Component 1: Tax Policy and Administration

1. Tax Administration Jamaica

PRIDE Jamaica continued 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 included implementation support in tax arrears management and collections to prioritize arrears cases, apply treatments based on categories of cases, and improve closures on tax arrears cases; implementation of the Annual Plan for Tax Arrears Management; preparation of a new Standard Operating Procedures Manual for tax arrears collection; implementation of the Annual Audit Plan to

apply audit risk criteria to identify and select cases for audit and achieve targets; design of taxpayer compliance improvement programs; and continuing support to LTO to conduct audits in high priority sectors.

Component 2: Licensing and Other Competitiveness Areas

2. Jamaica Customs

Petroleum Monitoring Management

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

JCA 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 and to conduct surveys of bulk petroleum products offloaded at Jamaica's ports. JCA has also re-deployed personnel to strengthen effective monitoring. This is enabling accurate and efficient verification of the types and volumes of bulk products offloaded and is allowing JCA 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.

Authorized Economic Operator (AEO) Program at Jamaica Customs

Based upon anecdotal evidence and observations of the import documentation, Jamaica Customs has an importer population that varies greatly in levels of compliance. The complexity of Customs processes is due in part to the large amount of errors that JCA corrects through automated and manual reviews. Brokers and their importer clients have high error rates running between 5-12% of entry volume. Less serious errors are not counted but would contribute to a higher percentage. Cargo officers at pier and other field locations perform error resolution as well as officers at the Entry Processing Unit (EPU). Minor mistakes are handled expeditiously but constitute double handling by all concerned. Many of the mistakes are repetitive in nature involving the same companies. Also numerous incidents occur when Customs Officers overlook mistakes during manual reviews. To further complicate the intense manual processing, oftentimes breaches detected by Customs are ignored. PRIDE Jamaica worked alongside Jamaica Customs to assist the Jamaica Customs Agency (JCA) to evaluate its current AEO Program by providing technical assistance in risk assessments and management techniques, security and audit techniques, and security of cargo to companies; and provide guidelines for implementation of new processes that will strengthen and improve the quality of the program within Jamaica Customs and improve compliance among both Customs and the trade community.

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

Target for Year 4: 2

Actual to date for Year 4: 3

1. Petroleum Monitoring Unit Framework

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

JCA 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 and to conduct surveys of bulk petroleum products offloaded at Jamaica's ports. JCA has also re-deployed personnel to strengthen effective monitoring. This is enabling accurate and efficient verification of the types and volumes of bulk products offloaded and is allowing JCA to assess the appropriate revenues due and payable on the petroleum imports. This will result in an increase in revenue collection, improved transparency, and reduced corruption.

2. Assessment of JCA post-clearance audit capabilities in the petroleum sector

PRIDE Jamaica is supporting Jamaica Customs Agency to develop the framework to conduct post clearance audits for petroleum and petroleum products imports. The efforts and involvement of the Post Clearance Audit (PCA) and Compliance Division are key factors to improving revenue collection, improving communication between Customs and industry, and improving industry compliance. PRIDE Jamaica is currently in the process of developing a Petroleum Technical Guide that can be utilized by JCA's Post Clearance Audit and Compliance Division to incorporate standard activities for conducting post clearance audits. Members of the PCA and compliance teams have coordinated with PRIDE Jamaica's audit specialist to produce the most comprehensive procedures guide to effectively monitor the importation of petroleum products into Jamaican.

3. Implementation of new AEO Processes at Jamaica Customs

PRIDE Jamaica's support to Jamaica Customs included implementation of new procedures for Jamaica Customs' AEO program. Intervention by PRIDE Jamaica assisted the Jamaica Customs Department (JCD) to evaluate and assess its current AEO Program by providing technical assistance in risk assessments and management techniques, security and audit techniques, and security of cargo to companies; and, provide a trade compliance strategy for implementation of new processes that will strengthen and improve the quality of the AEO program at Jamaica Customs and improve compliance both within Customs and among the trade community. JCA expects that as it implements the new strategy and procedures, the

multi-year effort will become a continuous process of compliance measurement. The measurement will identify gaps in compliance that require mitigation. JCA will target mitigation efforts to areas that pose significant risk to revenue and focus on enforcement. PRIDE Jamaica will continue to work alongside JCA in the upcoming program year to improve trade compliance processes and procedures.

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

Target for Year 4: 2

Actual to date for Year 4: 2

1. Implementation of new AEO Processes

PRIDE Jamaica worked with Jamaica Customs to design and present to large traders the standard global requirements for participation in a fully operational and integrated Customs Authorized Economic Operator (AEO) program. Through a series of individual consultative workshops and meetings with the traders and large importers, PRIDE Jamaica and Jamaica Customs met with senior company executives to encourage organizational implementation of a compliance plan in order to access the benefits of AEO status. This will result in a significant reduction in the time and cost to import and export goods. The traders' compliance program will complement JCA's compliance strategy and in so doing, reduce the propensity for corruption by applying standards and practices that increase transparency and predictability.

2. Petroleum Monitoring

In providing technical support to Jamaica Customs to establish a Petroleum Monitoring Unit, PRIDE Jamaica facilitated a collaborative approach for petroleum measurements training between Jamaica Customs and the Petroleum Corporation of Jamaica Ltd (PCJ). PCJ oil refinery is a public-private partnership involving the Government of Jamaica and private enterprise. Utilizing this collaborative approach allowed Customs Officers to gain ready access to safety equipment, measurement tools and technical skills and expertise that had otherwise been unavailable; as well as allowed the opportunity for the major player in Jamaica's petroleum sector to engage in structured dialogue with Customs personnel to address the concerns of the sector specific to procedures for facilitating petroleum imports. This collaborative approach assisted and supported by PRIDE Jamaica has continued to exhibit results in relation to the ability of Jamaica Customs to better exercise newly established monitoring and enforcement measures to ensure that revenues due from the petroleum sector are collected.

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 4: 2****Actual to date for Year 4: 6**

1. New legislation to allow for write off of uncollectible tax arrears and establish guidelines to prioritize arrears for collection

During March Parliament passed new legislation which will empower TAJ ‘to make a determination in keeping with modern tax administrative practices and modern business practices, to determine when a tax debt is uncollectible and to grant flexibility to the Tax administration authorities with respect to writing off any of this debt at any point in time.’ This new legislation will enable TAJ to clear out a backlog of more than 25,000 arrears cases, and also allow for more than 70% of the current value of arrears cases, which have been deemed uncollectible and represent primarily interest and penalties, to be removed from TAJ’s active inventory. Substantial pieces of the Cabinet submission and the legislation incorporate recommendations developed by PRIDE Jamaica. This legislation will have a positive impact on establishing realistic collection targets for TAJ and begin providing much clearer projections of the revenue that Government can expect to receive from this source. These realistic projections will also fulfill an important role in the Government’s discussions with development partners. The legislation also provides for regulations empowering the Minister in respect of providing for a tax arrears management system and for the ranking of the debt, which is based on all of PRIDE Jamaica’s ongoing support to TAJ Operations in arrears collection.

2. New legislation establishing TAJ as a Semi-autonomous Revenue Authority (SARA)

One of the key, ongoing legislative items is TAJ’s progress on achieving status as a semi-autonomous revenue authority (SARA). This effort began in 2010, when the IMF had established April 1, 2012 as the date by which Jamaica should enact legislation to establish TAJ as a SARA. During October Cabinet approved a Cabinet submission outlining the purpose of SARA and the legislative changes that are required. The Honorable Minister of Finance demonstrated his strong support for proceeding with the SARA initiative. In March 2013, Parliament passed the Tax Administration Act, which established TAJ as a semi-autonomous revenue authority.

PRIDE Jamaica worked with TAJ over the last two years to consider aspects of the legislative changes, reviewed multiple organization structures and supported TAJ to present its case to the public-private sector committee working on tax reform activities. This is a major milestone in TAJ’s reform program activities. TAJ expects that it will require until April 2014 to fully implement the key aspects of a semi-autonomous revenue authority.

3. Amendments to the Revenue Administration Act allowing access to Third Party Information

PRIDE Jamaica worked with TAJ in 2011 to prepare an updated Tax Administration Act as part of the process to strengthen TAJ’s assessment, collection and enforcement authorities. TAJ determined that it would be easier to secure passage of the legislation in segments, rather than as one entire legislative item.

In July 2013 Parliament passed amendments to the Revenue Administration Act, providing broader and stronger powers to the Commissioner General of TAJ to require third parties to provide information specific to taxpayer cases. The amendments also institute stronger penalties in terms of fines and potential jail sentences for failing to comply with requests for information from the Commissioner General.

The amendments provide an important first step toward strengthening TAJ's authorities to accurately and fully assess revenues that are due.

4. Establishing the Jamaica Customs Agency as an Executive Agency

Jamaica Customs began operating as an Executive Agency (EA) on April 2, 2013, following its designation in Parliament on March 28, 2013. This designation caused a change in the name of the organization formerly known as Jamaica Customs Department (JCD), to Jamaica Customs Agency (JCA). As a consequence of EA status, Jamaica Customs is expected to demonstrate greater accountability, transparency, control and improved performance. The Agency is currently moving through a number of organizational changes in accordance with its proposed long term Modernization Plan. It is anticipated that EA status will usher in significant reductions in turnaround time, improved customer service and cost recovery for more of the services offered by the agency.

5. Petroleum Monitoring Measures

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

JCA 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. JCA has also re-deployed personnel to strengthen effective monitoring. During the next program year PRIDE Jamaica will provide further technical training to JCA 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 JCA to assess the appropriate revenues due and payable on the petroleum imports. This will result in an increase in revenue collection, improved transparency, and reduced corruption.

6. Implementation of new AEO Processes

Compliance is important to facilitation because it allows Customs to focus scant resources on the highest risk importations. The comprehensive, new trade compliance strategy developed for Jamaica Customs by PRIDE Jamaica will complement Jamaica's national strategies for gaining operational control at the ports of entry. It will also guide efforts toward a system that is swift, safe, predictable, and secure for legitimate imports entering the Jamaican marketplace. This approach, consistent with international norms for AEO

programs, reflects JCA's selectivity and post clearance approach to trade facilitation and enforcement through automated tools and expanded post-release compliance verification programs to reduce unnecessary delays for legitimate imports at the borders.

ANNEX 4

Government Extends US\$1.7M PRIDE Jamaica Programme

Sunday, 07 April 2013 21:08

Written by JIS



Financial Secretary, Ministry of Finance and Planning, Devon Rowe (centre); Mission Director, United States Agency for International Development (USAID), Denise Herbol (right); and Commissioner of Customs, Major Richard Reese, exchange copies of the recently signed letter of intent for the extension of the PRIDE Jamaica Programme, during a ceremony at the Ministry of Finance in Kingston on April 5.

The Government of Jamaica has signed a letter of intent with the United States Agency for International Development (USAID), for the extension of the PRIDE Jamaica Programme, which is expected to bring about continued improvement in the tax administration system.

The Promote, Renew, Invigorate, Develop, and Energize (PRIDE) Jamaica project, which is being funded at a cost of US\$1.7 million, is in its second phase, and is expected to continue until March 2015.

Under the initiative, the USAID will provide technical assistance to the Tax Administration Jamaica (TAJ), and other stakeholders to simplify and broaden the tax base in Jamaica. This will be done by improving tax administration, streamlining processes to make it easier and simpler for taxpayers to comply, and harmonising tax policy and legislation.

Speaking at the signing ceremony held at the Ministry of Finance and Planning in Kingston, on April 5, Financial Secretary at the Ministry, Devon Rowe, said the Government is pleased to continue its partnership with the USAID.

He noted that the partnership is a demonstration of the Ministry of Finance's commitment to tax reform and also in ensuring that the gains, which have been achieved so far, are consolidated.

"It is important that some of the issues that are being covered under the programme relate to risk management and improved auditing in the TAJ. And given the limited resources that the departments have, it's important for us to utilise those resources as strategically as possible," he stated.

ANNEX 5



Senate passes new Tax Administration bill ahead of IMF

Published: Friday March 22, 2013 | 1:37 pm

The Tax Administration Jamaica Act 2013 this morning passed committee stage in the Senate with no amendments.

The bill seeks to establish a semi-autonomous revenue authority as a public body responsible for, among other things, the functions of registration, tax payer services, audit, investigations and various support services carried out in respect of domestic taxes by tax administration Jamaica.

The passage of the bill is one of the prior actions to the signing of an IMF deal before the end of March.

Justice Minister Senator Mark Golding who opened the debate on the bill noted that the legislation is aimed at improving the processes involved in paying taxes.

He also noted that since 1989 semi-autonomous revenue models have become the preferred operation model in more than 40 countries.

Senator Golding also pointed out that with sustained support of a committed government, the model can lead to significant improvement in the performance of tax administration.

ANNEX 6



FinMin to write off J\$230b of unpaid taxes

Published: Friday | March 15, 2013

The Government of Jamaica has given up on collecting J\$230 billion of unpaid taxes and has got the approval of lawmakers to write it off as bad debt.

The sum is equivalent to more than one-third of the Government's annual budget and it is double the J\$119b of savings Jamaica expects over seven years from the just-concluded debt exchange.

Minister of Finance and Planning Dr Peter Phillips piloted legislation to write off the principal arrears as well as penalties determined to be uncollectable, which was passed by the House of Representatives on Tuesday, March 12.

The bill will next move to the senate for approval.

The J\$230 billion covers 70,245 accounts in arrears up to December 2011. The larger portion of the write-off, J\$195 billion, is for taxes outstanding for more than three years.

The legislation, piloted by Phillips, will also allow the finance ministry and its revenue collectors greater discretion to manage outstanding arrears.

Historically, unpaid arrears remain in the "active inventory" of Tax Administration Jamaica, and are reported to the Ministry of Finance.

Phillips said this practice creates a false picture regarding tax management.

"This large amount of taxes due probably contributes to an unrealistic collection expectation and the perception of regular breach of the targets by the TAJ," Phillips told lawmakers.

"What this bill seeks to do is to grant the power, essentially to the TAJ department, in keeping with modern tax administrative practices and modern business practices, to determine when a tax debt is uncollectable and to grant flexibility to the Tax Administration authorities with respect to writing off any of this debt at any point in time," he said.

business@gleanerjm.com

ANNEX 7



Debate on Revenue Administration Act suspended

Published: Wednesday June 12, 2013

Monique Grange, Assistant News Editor – Radio

The debate on the bill to amend the Revenue Administration Act was this afternoon suspended following heated discussions between members of the government and the opposition.

The bill is another requirement under the International Monetary Fund programme.

It proposes, among other things, changes to the law which will facilitate a more effective exchange of information with Jamaica's treaty partners under the various double taxation agreements.

It also seeks to empower the tax authorities to obtain information on persons who might not at the time in question, be under an examination or assessment by the tax authorities.

In piloting the bill, Finance Minister, Dr Peter Philips, stressed that the lack of information is one of the main obstacles to tax collection and results in high delinquency rates. He said the amendments to the Revenue Administration Act will seek to prevent tax evasion and increase compliance.

However his opposition counterpart Audley Shaw argued that the proposed amendments to the Act seek to give tax authorities more power than they already have.

He noted that the inability of revenue authorities to collect taxes is not due to the absence of laws or the lack of information but the insufficiency of resources to analyse information and to pursue recalcitrant taxpayers.

Shaw said more time was needed for careful review of the proposals contained in what he described as a significant piece of document. He recommended that a Parliamentary Committee be formed to hold discussions on the legislation.

However, Philips didn't agree. Instead, he moved that the debate on the bill be suspended for a week. The Bill tabled was originally tabled on the first of May but was withdrawn and retabled last week.

ANNEX 8

TAX ARREARS MANAGEMENT (TAM) PLAN FY13-14-MASTER ASSUMPTIONS

ASSUMPTIONS

NUMBER 1: Prior Year New Tax Type Cases. This number is derived from a review of prior year records. This number represents the total of new tax type cases (both Tax Arrears and Compliance Leads, or C-Leads) received during the month. FY13-14 is actual based on new case information from FY12-13. All inventory information is stated in tax type cases. The number of taxpayers will be lower.

NUMBER 2: Prior Year New Tax Type Cases by High, medium, and Low Classification is determined by using the ending inventory from the prior Plan.

NUMBER 3: Reductions of total time (in days) to reach direct time for casework considers the following required reductions for each employee:
 Vacation Days 30 (is variable based on staff tenure)
 Sick Leave Days 10
 Department Leave Days 10
 Training Days 5
 Total Days for employees: 55 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. This total is variable based on RSC/LTO.

NUMBER 4: A general 10% Administrative reduction of time, after reductions above in Assumption #3, is taken to account for general office type duties taking personnel away from direct tax arrears Activities.

NUMBER 5: Experience Rates of closures (the number of average hours per case closure) of a Tax Arrears Case and a C-Lead Case were determined. This number has a relatively low level of confidence due to the changing processes in Tax Arrears and is based upon recent observations of employees. The experience rates are set for both the M PRIORITY and H PRIORITY activities in Tax Arrears. Five hours per case for M PRIORITY activity to resolution and 10 hours per case for H PRIORITY activity to resolution. Also, an experience rate of 3 hours per case for M PRIORITY activity to resolution has been set for C-Lead Cases. All LTO cases will be rated as H Priority. These experience rates will continue for Year 2013-14. Data continues to be gathered regarding time to close cases.

NUMBER 6: The percentage of work for tax arrears and C-Lead Tax Type Cases for FY13-14 will be set at 85% of Direct Time available to tax arrears Tax Type Cases and 15% of Direct Time available for c-Lead Cases, with the exception of May Pen, St. Ann's Bay, and Spanish Town RSCs. These RSC's will be at 90% DM cases and 10% C-Lead Tax Type Cases. C-Lead casework will be completed in the M PRIORITY Unit. LTO Medium and C-Leads will be worked as H Priority Cases. Note: C-Lead cases will be issued monthly for SO1 Leads and quarterly March, June, September, and December, for all other Leads.

NUMBER 7: The split of employees between M PRIORITY and H PRIORITY activity is set locally based on inventory levels of high and medium work. Each determination is based on assumptions page for that RSC.

NUMBER 8: COMPLIANCE LEADS, OR C-LEADS, ARE MADE UP OF SPECIFIC PROGRAMS SUCH AS SO1 LEADS; STOP-FILERS; NON-FILERS; AND OTHERS. THE SO1 LEADS WILL BE ISSUED MONTHLY AND WILL HAVE THE PRIORITY; OTHER LEADS WILL BE ISSUED QUARTERLY.

NOTE: THE INVENTORY REFLECTED IN THIS TAM REPRESENT THE TOTALS OF HIGH AND MEDIUM TAX TYPE CASES AND NOT THE TOTAL LEDGERS OUTSTANDING IN TAJ

ANNEX 9 ARREARS COLLECTION TRAINING



New Debt Arrears Training for Team Leaders
OCTOBER 2012

TRAINING METHODOLOGY

- Interactive Training Methods
- Case Studies
- Case Problems
- Role Play Exercises
- Breakout Groups, Discussion & Report Back to Class
- Visual Aides
- Handout Materials

OBJECTIVES OF SEMINAR

- Improve Team Leaders Knowledge of the New Debt Arrears Programs, Processes, Methods & Procedures
- Provide Participants with Awareness of New Concepts to Secure More Effective Results
- Encourage Group Discussion & Participation
- Discuss Basic Principles of Tax Debt Arrears Collection & Program Management

SEMINAR TOPICS

- Modern Tax Administration
- Tax Debt Arrears Collection Processes & Procedures
- Management of Compliance Officers & Tax Debt Arrears Inventory
- Interview Techniques & Collection Information Statements
- Investigative Techniques
 - ✓ Verification of Financial, Income and Asset Information
 - ✓ Securing Information from Other Sources

SEMINAR TOPICS

- Negotiating Arrangement Contracts
- Full Compliance Checks
- Reports Preparation & Management
- Enforcement Actions for Tax Debt Arrears Collection
- Course Evaluation
 - ✓ Discussion Q & A
- Seminar Closing
 - ✓ Training Certificates
 - ✓ Closing Remarks

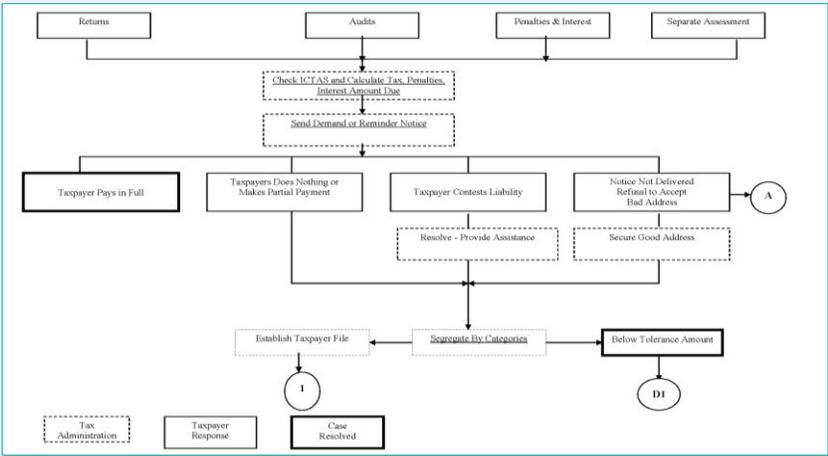
MODERN TAX ADMINISTRATION

- Receipt and Assignment of Cases
- Methods for Tracking Assignment of Cases to Compliance Officers (CO)
- Cases Assigned Spread Sheet
- Weekly Inventory Report for Each CO
- Weekly Inventory Report for Each DM Team
- Weekly Inventory Report for Each RSC

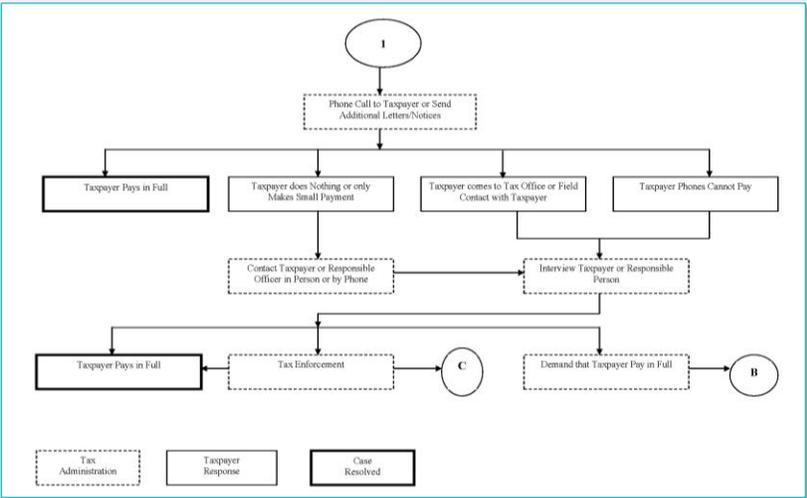
TAX DEBT ARREARS CHART

HIGH LEVEL VIEW
TAX DEBT ARREARS COLLECTION PROCESS

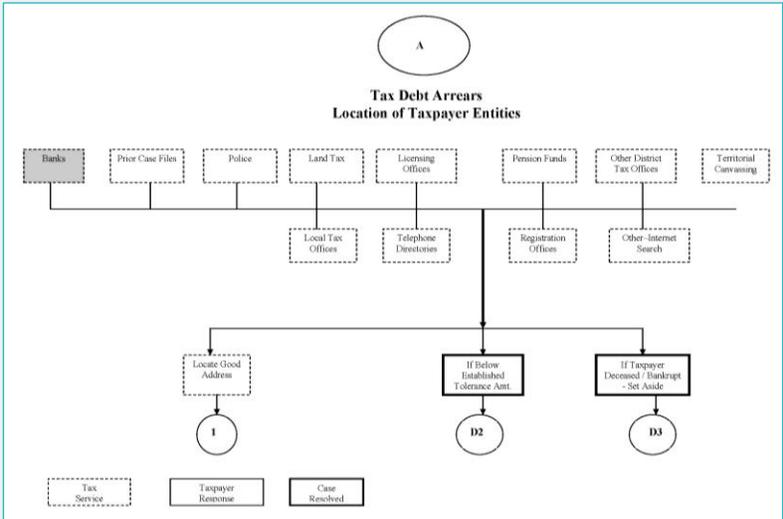
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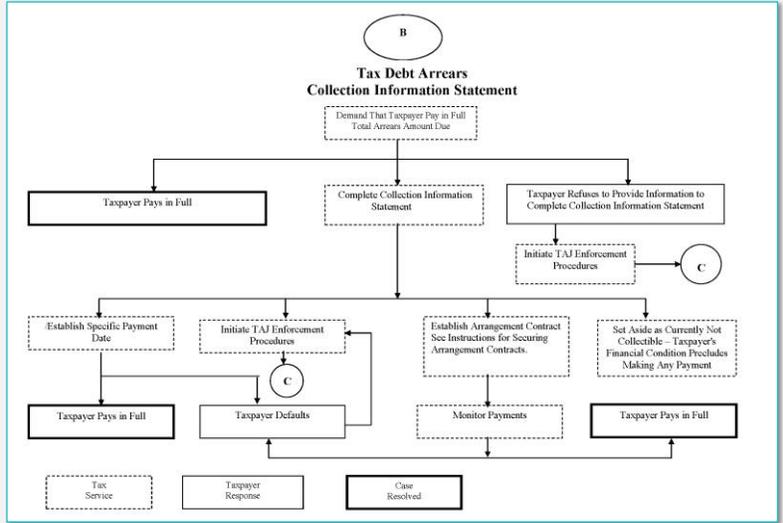
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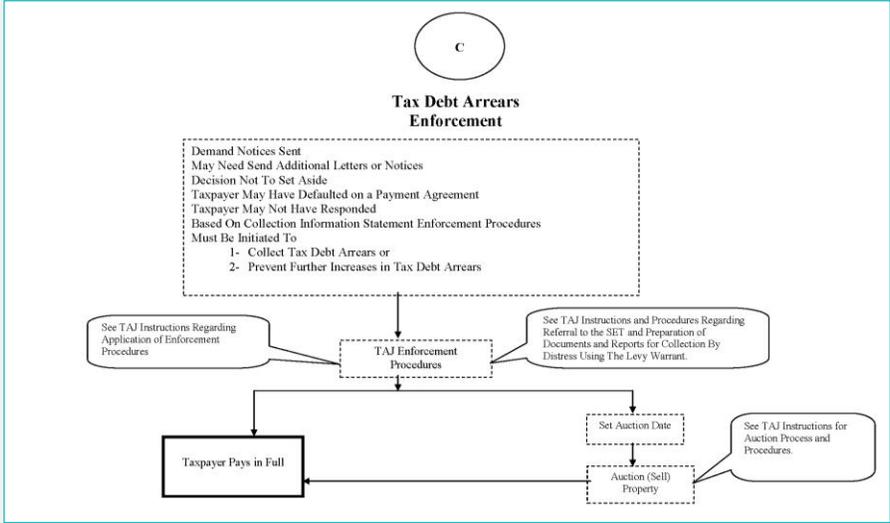
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TAX DEBT ARREARS CHART



TAX DEBT ARREARS CHART

D

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

INVENTORY MANAGEMENT

- Case Reviews by Manager
- Workload Reviews
- Compliance Officers Case Review Format
- Itinerary Reviews
- Compliance Officers Daily Report
- Debt Management Case Time Record

CASE MANAGEMENT

- **OBJECTIVE:** Close Cases Using The Most Appropriate Method
- **CONDUCT:** Pre-contact Analysis of Case File
- **RESEARCH:** Identify What is Required
- **SECURE:** Appropriate Information
- **PREPARE:** For Taxpayer Contact
- **IDENTIFY:** What Information and Data is Needed from the Taxpayer
- **DOCUMENT:** In Case File History – Results of Prior Research & Analysis

CASE MANAGEMENT

- **DOCUMENT:** Major Questions For Taxpayer Interview in the Case History
- **DETERMINE:** What Forms and Other Materials May Be Needed
- **ANTICIPATE:** Taxpayer Responses to Compliance Officer Questions

TAXPAYER CONTACTS & INTERVIEWS

- Planning
- Active Listening
- Controlling the Interview
- Technical Skills Required
- Securing Consensus Agreement Regarding Future Actions
- Summarizing the Due Dates and Commitments Made by the Taxpayer

TAXPAYER CONTACTS & INTERVIEWS

- Closing the Interview
 - ✓ Quickly
 - ✓ Professionally
 - ✓ Courteously
- Review Any Forms and Documents Secured
- Document the Case History
- Organize the Case File

TAKING ALL STEPS TO LOCATE TAXPAYER



FULL COMPLIANCE CHECKS

- Determine What Types of Tax Returns Should be Filed
 - ✓ Based on Observation of the Business
 - ✓ Or Conversations With the Taxpayer or Taxpayer's Representative
- Inform the Taxpayer/Representative of the Requirements for Timely Return Filing and Payment – File Returns with C.O.
- Document the Case History Record

SECURING INFORMATION

- In Jamaica What Sources of Information Are Available to the Compliance Officer?
 - ✓ Jamaica Yellow Pages
 - ✓ For Both Businesses and Persons (Find a Person)
 - ✓ Google Web Search by Name
 - ✓ TAJ Information
 - ✓ Other Government Agencies
 - ✓ Public Organizations
 - ✓ Others – List of:

DOCUMENTATION REQUIREMENTS

FOR THE COMPLIANCE OFFICERS

- It Is Very Important
- It Must Be:
 - ✓ Timely
 - ✓ Accurate
 - ✓ Concise but Complete
- This is a "Picture" of Their Work

ARRANGEMENT AGREEMENTS

- What are the Requirements?
- Have They Been Communicated?
- What, When and How?
- What Financial Information Forms the Basis for an Acceptable Arrangement Agreement?
- What Documentation is Required?
- Where is the Documentation?

CLOSING CASES



SUMMARY OF SEMINAR

- Modern Tax Administration
- Tax Debt Arrears Collection Process & Procedures
- Management of Compliance Officers & Arrears Inventory
- Case Management – Caseload Reviews
- Effective Communication
- Effective Taxpayer Contacts

SUMMARY OF SEMINAR

- Interview Techniques
- Collection Information Statements
- Full Compliance Checks
- Investigative Techniques – Securing Information
- Verification & Documentation Requirements
- Negotiating Arrangement Agreements
- Full Compliance Checks
- Reports Preparation & Management

SUMMARY OF SEMINAR

- Enforcement Actions for Tax Debt Arrears
 - Securing Pertinent Information
 - Securing Delinquent Tax Returns
 - Taking Enforcement Actions

SUMMARY OF SEMINAR

AND – THE ANSWER IS:

- Prompt Initial Contact
- Demand Immediate Full Payment
- Conduct Full Compliance Check
- Secure All Delinquent Tax Returns & Payment of Amounts Due
- Follow-up, Follow-up, Follow-up, **TIMELY!**
- Take Appropriate Enforcement Action Promptly
- Document All Contacts and Actions Taken

ANNEX 10

TAX ADMINISTRATION JAMAICA
COMPLIANCE OFFICERS CASE REVIEW (DRAFT)

Name of Officer: _____

Name of Team Leader: _____

Date of Review: _____

<i>Name & TRN of Taxpayer Entity</i>	<i>Tax Types</i>	<i>Principal Amount of Tax Due</i> ----- <i>Total Amount Due</i>	<i>Manager's Review Comments & Recommendations</i>	<i>Manager's Follow-up Review Comments</i>

ANNEX 11 FDU/TAMU COMPLIANCE LEADS WORK PLAN FY 2013/2014

Programmes and Technical Support Unit
Forensic Data-mining & Intelligence Unit (FDIU) / Tax Arrears Management (TAM)
 Compliance Leads Work Plan FY 2013-2014 (DRAFT)

Item Number (1)	Programme Title & Major Sub-Components (2)	Description of Programme (3)	Responsible Program Analyst (4)	Start Date for Development (5)	Target Date for Compliance Leads Issuance (6)	Expected Results & Target Date for Completion by RSC's (7)	Performance Measurement Name of Activity Report & Description (8)	Programme Evaluation Report (9)
1.0	Income Tax Filing Compliance:							
1.1	Non-Filers							
1.2	Stop-Filers							
1.3	Taxpayers Filing Nil Returns							
1.4	Estimated Tax Declarations & Payments							
2.	Professionals							
3.	Real Estate Developers							
4.0	PAYE							
4.1	SO 1							
4.2	SO 2							
4.3	SO 1 – No Education Tax Payments							
5.	No ETO 1 Filed for Self-Employed Persons							

Programmes and Technical Support Unit
Forensic Data-mining & Intelligence Unit (FDIU) / Tax Arrears Management (TAM)
 Compliance Leads Work Plan FY 2013-2014 (DRAFT)

Item Number (1)	Programme Title & Major Sub-Components (2)	Description of Programme (3)	Responsible Program Analyst (4)	Start Date for Development (5)	Target Date for Compliance Leads Issuance (6)	Expected Results & Target Date for Completion by RSC's (7)	Performance Measurement Name of Activity Report & Description (8)	Programme Evaluation Report (9)
6.0	GUEST ACCOMODATION ROOM TAX (GART)							
6.1	Registration Compliance							
6.2	Filing Compliance							
7.	CONTRACTORS LEVY							
8.0	GCT							
8.1	Non-Filers							
8.2	Stop-Filers							
9.0	HIGH WEALTH INDIVIDUALS							
9.1	Non-Filers							
9.2	Stop-Filers							
9.3	Under-reporters							
9.4	Other Compliance Issues							

ANNEX 12 COMPLIANCE LEADS PROGRAMME REPORT

COMPLIANCE LEADS GENERAL REPORT -TAX ARREARS MANAGEMENT

	DATA DICTIONARY =====>	Taxpayer who declared profits in 2012 but have not declared Est.Tax for 2013	Compliance Lead Cases	Compliance Lead Cases - Professionals	Taxpayer failed to submit one or more Monthly Obligations	Employers and Self-Employed Individuals who declare Ed Tax but have not filed and or paid	Taxpayers who fail to submit GART returns	
	PERFORMANCE MEASURES	No_Est_Tax	S-F Cases	N-F Cases (to be started)	Missing SO1	Missing Ed Tax	GART	TOTAL
COMPLIANCE LEADS PROGRAMME	# of Cases Delivered per Programme							
	# of Cases Completed by RSC							
	# of Cases No Longer Liable							
	# of Cases Unable to Locate / Business Closed							
	# of Cases Unable to Contact							
	# of Cases with Change of Status/Un -Related							
	# of Failure to File Summonses Written							
	# of Failure to File Summonses Served							
	Value of TS 19							
	# of TS 19 Written							
	# of TS 19 Posted							
	# of Arrangements made							
	# of Returns/Declaration/ Submissions filed							
	Tax Returned							
	Full Payment Received							
	Part Payment Received							
	Total Payment Received							
New Taxpayers/Declaration Identified								

ANNEX 13 COMPLIANCE LEADS ACTIVITY REPORT

COMPLIANCE LEADS BI-WEEKLY ACTIVITY REPORT INCOME TAX STOP FILERS: FY 2013 - 2014

Report Date as at: _____

(DRAFT)

RSC Office: _____

Prepared by: _____

	Performance Measures	Opening Balance	Current Period	Closing Balance
FORM 13 1st NOTICE	# of Forms 13 - Compliance Leads issued to RSC			
	# of Referrals from other RSC's - transfer in			
	# of Referrals to other RSC's - transfer out			
	# of Taxpayers not liable for period requested			
	# of Form 13's Available for Delivery by RSC			
	# of 1st Notices Hand Delivered			
	# of 1st Notices Mailed			
	# of Taxpayer Entities Closed			
	# of Taxpayer Entities Deceased			
	# of Taxpayer Entities Unable to Locate			
	Available Notices Inventory before Returned Mail			
	# of Notices Returned Mail Received			
	# of Notices Returned Mail Re-issued			
	Available Notices after Returned Mail			
	# of Tax Returns Filed from 1st Notice			
Principal Tax Amt - Returns Filed from 1st Notice				
Tax Paid Amount from 1st Notice				
# of Taxpayers "No Response" after 16 days				
# of Taxpayers Requesting Extension of Time to File				
PHONE CONTACT	# of Calls made to Taxpayers			
	# of Taxpayers reached by Telephone			
	# of "Out Of Service" Telephone Number			
FORM 13-A 2nd NOTICE	# of 2nd Notices Written by Compliance Officers			
	# of 2nd Notices Hand Delivered			
	# of 2nd Notices Mailed			
	# of Tax Returns Filed from 2nd Notice			
	Principal Tax Amt - Returns Filed from 2nd Notice			
	Tax Paid Amount from 2nd Notice			
# of Taxpayers "No Response" after 16 days				
# of Taxpayers "No Response" for Enforcement				
ENFORCEMEN	# of Failure To File Summonses Written			
	# of Failure To File Summonses Served			
	# of Tax Returns Filed from Enforcement			
	Principal Tax Amt - Returns Filed from Enforcement			
Tax Paid Amount from Enforcement Action				
TOTALS	Total # of Tax Returns Received			
	Total Principal Tax Amount			
	Total Tax Paid Amount			

Compliance Leads Bi-Weekly Activity Report
Annex Compliance Leads Bi-Weekly Activity Report.xls

ANNEX 14

PROGRAMME GUIDELINES FOR 'PROFESSIONALS' COMPLIANCE PROGRAMME

COMPLIANCE PROJECT

For Professionals

Income Tax Non-Filers

2009, 2010 & 2011

PROCEDURES, FORMS AND REPORTS

TAX ADMINISTRATION JAMAICA (TAJ)

Prepared By: Tax Arrears Management Unit, Programmes

and PRIDE Jamaica Project

Revised: November 2012

COMPLIANCE PROJECT FOR PROFESSIONALS INCOME TAX NON-FILERS

1. Introduction

This project originated from work performed by the Programmes & Technical Support Forensic Data-mining & Intelligence Unit (FDIU). FDIU identified a number of taxpayers in the professionals category where there was a high probability of additional income being earned that would be subject to income tax. The FDIU used a variety of third party professionals organizations in order to do this. After screening these potential non-filers against TAJ files, over 1800 Professionals Compliance Leads were generated that will be assigned to the Revenue Service Centres (RSC's).

TAJ agreed to initially conduct a pilot of the program using a sample of 400 professionals compliance leads. The test will be conducted in three (3) RSC's: Kingston (100), Constant Spring (200) and Montego Bay (100) beginning in November, 2012.

The selected leads will be worked by a team of two (2) designated Compliance Officers in each of the 3 pilot RSC's using the guidelines contained in this document. A 'Professionals Compliance Leads Project Activity Report' will be developed to capture the activity and results from this project.

2. Process and Procedures for Compliance Leads Pilot Project

The following processes and procedures will be utilized to conduct the Compliance Leads Pilot Project.

2.1 Secure Data

The FDIU produced a list of Professionals Compliance Leads Income Tax Non-filers and had the potential leads list screened against TAJ records to identify high potential income tax non-filers.

2.2 Issue and Assign Leads

The Professionals Compliance Leads were reviewed and an initial sample of these leads will be issued to the Kingston, Constant Spring and Montego Bay Tax Arrears Management function for assignment to the selected Compliance Officers. The RSC's will provide information to the FDIU and Tax Arrears Programmes Managers regarding which compliance leads were assigned to each of the Compliance Officers. A Tax Return Investigation Record, Form 102, (Attachment 3) should then be prepared by the selected Compliance Officers for each assigned lead. A Tax Return Case History Record, Form 102-A (Attachment 4), will also be used for documenting contacts with the taxpayer and/or third parties, and other actions taken or planned.

2.3 Preparation and Mailing of Form 13-P, Notice to File Income Tax Returns

A Form 13-P for Professionals (Attachment 1) will be prepared and mailed from the Revenue Service Centers to each taxpayer selected for the initial test program. In the 'Please reply to:'

section of the notice, the appropriate RSC address and phone number will be included along with the Compliance Officer's name, official email address, office address and contact phone number. Each notice will also specify the timeframe for the taxpayer to respond to the Form 13-P Notice. The Form 13 notices will be mailed using the Jamaica Post Office first class mail service. The Case History Record for each taxpayer will be noted as to the mailing date of Form 13-P.

2.4 Responses to Form 13-P Notices

Appropriate actions will be taken by Compliance Officers on those compliance lead cases where there is a taxpayer response by return mail, phone call or office visit. Tax returns filed and payments made will be processed for assessment in accordance with established office procedures. Where a tax return is filed and the full amount of tax, penalty and interest is not paid, sufficient information should be obtained by the Compliance Officer to determine if the full payment can be made in a short period of time; or, if an Arrangement Agreement should be immediately secured for payment of the remaining balance due of tax, interest, penalties and surcharge.

In addition, a **Full Compliance Check (FCC)** should be made to determine if the taxpayer is current with all other tax return filing and payment requirements for other types of tax and returns, including GCT, PAYE, Education Tax, etc.

2.5 No Response to Form 13-P Notices - Issue a Form 13-PA Notice

A unique Form 13-P Professionals Notice and a Form 13-PA Professionals – A Notice (Attachment 2) have been developed for the Professionals Compliance Leads Program. Where there is no response from the taxpayer within the required 15 days to the Form 13-P Notice, a Second Notice, Form 13-PA, will be prepared, signed and mailed to each taxpayer by the RSC on the respective lead lists. In the 'Please reply to:' section of the notice, the Compliance Officer's name, location and contact phone number will be included on the notice. Each notice will specify the timeframe for the taxpayer to respond to the Form 13-PA Notice. Form 13-PA notices will be mailed using the Jamaica Post Office first class mail service. The Case History Record for each taxpayer will be noted as to the mailing date of Form 13-PA.

2.6 Form 13-P Notices Returned As Undeliverable

For those Form 13-P Notices returned by the Post Office as 'undeliverable', the Compliance Officer will perform the appropriate research to secure a current address and/or phone number contact information for the taxpayer. If a new address is secured, a Form 13-P will be prepared, signed and mailed to the taxpayer at the new address. Phone contact information that is secured will be recorded in the Case History Record.

2.7 Responses to Form 13-PA Notices

Responses to Form 13-PA Notices will be handled according to the instructions above in Section 2.4, Responses to Form 13-P Notices.

2.8 No Response to Form 13-PA Notices Issued

Where there is no response to the Form 13-PA Notice within 10 days, or the Form 13-PA Notice is returned by the Post Office as undeliverable, an outgoing phone call will be made by the Compliance Officer to the taxpayer. Phone numbers can be secured from a variety of sources including the following: Jamaica Phone Directory White Pages, Yellow Pages, On-line White Pages and Yellow Pages, TAJ files, internet people and business search sites, etc.

2.9 Phone Call to Taxpayers with No Response to Form 13-PA Notices Issued

If a phone number has been secured, the Compliance Officer will make a phone call to the taxpayer and state the reason for the call. An explanation of the Professionals Compliance Lead Program will be given and the taxpayer will be informed that a Full Compliance Check will be conducted to determine if the taxpayer is current with all tax return filing and payment requirements for various types of tax and tax returns including Income Tax, GCT, PAYE, Education Tax, etc.

After the Full Compliance Check, the Compliance Officer will demand that all income tax and other tax returns that the taxpayer is required to file be filed and paid immediately, along with the penalties, interest and surcharges that are due and owing. A specific date will be set for the taxpayer to file and pay all of the tax returns with the Compliance Officer. The consequences of failing to file and pay by the date established will be explained to the taxpayer.

3.0 Follow-up Contacts on Compliance Leads

When the taxpayer does not file and pay the tax returns requested by the Compliance Officer, appropriate follow-up contacts, including field call contacts, will be made, as appropriate for each taxpayer case. **Established TAJ procedures for further actions, including enforcement actions, will be followed by the Compliance Officer.**

3.1 Reports Preparation

The **Professionals Compliance Leads Activity Report** will be prepared on a weekly basis by each of the three (3) RSC's involved in this test project, and the consolidated reports will be prepared monthly by the Tax Arrears Management Programmes Office. The consolidated monthly reports will be submitted to the Deputy Commissioner General, Operations and the Senior Manager Programmes & Technical Support Unit. These weekly and monthly reports will be reviewed and analyzed to determine the program results and provide information regarding potential expansion of the program to all RSC's.

3. Conclusion

A Compliance Project Professional Compliance Leads narrative summary report will be prepared by the Tax Arrears Management Programmes Office on a monthly basis and submitted to the Senior Manager Programmes and Technical Support Unit, FDIU and Deputy Commissioner General, Operations.

ANNEX 15

DATA ELEMENTS FOR FY 2013/2014 ANNUAL AUDIT PLAN

The Audit Advisor will make a visit to TAJ in January 2013 for the purpose of working on the annual audit plan. In order to facilitate this effort, the Audit Programmes unit should gather certain data that is needed for input to make calculations and produce a plan.

The data used should be the best available at the time. This means that YTD data for December 2012 will be used for plans formulated in January. It may be useful to observe these data elements even prior to January to begin to get some indication of whether the data appears to be reliable. If data does not appear reliable, or analysts are suspicious about the outcomes, steps should be taken to analyze the process of how it is collected and calculated.

We plan to use national averages for the planning process. One interesting analysis for a data element could be to look at the average for each RSC and to see if there is great disparity in result, or if they are tightly grouped around the national average. Averages will be for each class, so we should expect a similar experience in each RSC for cases that are somewhat similar.

Data elements needed for plan: (All elements are for each class)

1. Time per case year (returns).
2. Case years per taxpayer.
3. Population counts for each class by RSC and total.
4. Number of auditors assigned to audit program.
5. Direct time on audit cases as % of total time (Direct days per year).
6. Expectation of special projects to be conducted in FY 2013/2014 and which classes will be impacted.
7. Changes in strategy for audit programs that will impact plan.
8. Any other factors which will need to be considered in developing the annual audit plan.

ANNEX 16 QUALITY REVIEW CHECK SHEET

Entity Data:

Pre-contact

Excellent

Good

Adequate

Needs Improvement

Poor

Work Papers

Excellent

Good

Adequate

Needs Improvement

Poor

Issues Identified

Excellent

Good

Adequate

Needs Improvement

Poor

Closing & Agreement

Excellent

Good

Adequate

Needs Improvement

Poor

Audit Reports	Excellent <input type="checkbox"/>	Good <input type="checkbox"/>	Adequate <input type="checkbox"/>	Needs Improvement <input type="checkbox"/>	Poor <input type="checkbox"/>
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Overall Rating	Excellent <input type="checkbox"/>	Good <input type="checkbox"/>	Adequate <input type="checkbox"/>	Needs Improvement <input type="checkbox"/>	Poor <input type="checkbox"/>
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Signatures:

Auditor: _____
RSC Reviewer: _____
Quality Reviewer: _____

Date: _____
Date: _____
Date: _____

ANNEX 17 PROCUREMENT NOTICE FOR TAJ ITAS SYSTEM

 INVITATION FOR BIDS	
Country:	JAMAICA
Project Name:	<u>PROCUREMENT OF A COMMERCIAL OFF THE SHELF SYSTEM (COTS) INTEGRATED TAX ADMINISTRATION SYSTEM (ITAS) FOR TAX ADMINISTRATION JAMAICA (TAJ)</u>
Sector:	<u>REFORM / MODERNIZATION OF THE STATE</u>
Project #:	<u>JA-L1039</u>
Operation #:	<u>2658/OC-JA</u>
IFB #:	<u>IFB-TAJ/FAMP/2013-Q1/1-1</u>
Contract/Bid#:	<u>TAJ/FAMP/RFP2013/Q1-1</u>
<p>The Government of Jamaica through the Ministry of Finance & Planning as the executing agency, has applied for financing from the Inter-American Development Bank toward the cost of Fiscal Administration Modernization Programme (FAMP) – JA-L1039, and it intends to apply part of the proceeds of this financing to payments under the Contract for a Commercial Off The Shelf System (COTS) Integrated Tax Administration System (ITAS) for Tax Administration Jamaica (TAJ)</p> <p>Bidding will be conducted through the International Competitive Bidding (ICB) procedures specified in the Inter-American Development Bank's Policies for the Procurement of Works and Goods financed by the Inter-American Development Bank (GN-2349-9), and is open to all bidders from Eligible Source Countries as defined in the Policies.</p> <p>Description of Works</p> <ol style="list-style-type: none"> 1. A COTS Tax Administration software to be installed; 2. The configuration of the COTS system to facilitate the implementation of all tax types; 3. Data conversion from existing systems for all major tax types; 4. To implement the software application at multiple physical locations; 5. Implement work flow and work allocation management for TAJ core business processes; 6. To Implement a Management Information System (MIS) through training of the TAJ staff in the use of the application; 7. To Implement data exchange with authorized GoJ Entities; 8. To design and implement Interface(s) with existing systems within TAJ. <p>Eligibility for Bid Submission</p> <p>To establish eligibility all Bidders must comply with the following criteria at the time of bid submission.</p> <ol style="list-style-type: none"> i. Local bidders must submit with their proposals, a valid Tax Compliance Certificate (TCC). Overseas bidders are expected to obtain a valid TCC if they are selected for contract award, not at bid submission; ii. Local bidders must submit with their proposals a valid certificate showing that their company is registered with the National Contracts Commission (NCC). Overseas bidders will be required to obtain NCC Registration if they are selected for contract award, not at bid submission; iii. Bid Security <p>Collection of Bid Documents</p> <p>A complete set of Bidding Documents in English will be available from February 20, 2013 between the hours of 9:00 am and 4:00 pm (Jamaica Time) at the address below. A non-refundable payment of J\$3,000.00 or US\$70.00 in cash or manager's cheque payable to Fiscal Services Limited (FSL) is required for each Bid document.</p> <p>The bidding documents will be delivered electronically to overseas bidders upon payment of the United States Dollar equivalent of the fee via Wire Transfer. Bidders are to contact FSL for further information on this payment method.</p> <p>Bidders Conference</p> <p>A bidder's conference will be held at 235B Old Hope Road, Kingston 6 on March 19, 2013 at 10:00am Jamaica time. Bidders wishing participate must contact the undersigned by March 7, 2013.</p> <p>Deadline for Submission of Bids</p> <p>Bids (inclusive of Bid Security) must be placed in the designated Bid box at the address below no later than May 15, 2013 at 2:00pm (Jamaica Time). Electronic and Late Bids shall not be accepted.</p> <p>Bid Opening</p> <p>Bids will be opened at the address below on May 15, 2013 at 2:15pm (Jamaica Time). Bidders or their representatives are invited to attend this opening.</p> <p>The GoJ is not obliged to accept the lowest or any bid and also reserves the right to terminate the bid process at any point before the award of a contract without incurring any liability to any of the bidders.</p> <p>The Bid documents or further information may be obtained from:</p>	
Department Head – Procurement Fiscal Services Limited 235B Old Hope Road Kingston 6 Telephone 927-1125-8 Email: procurement@fsl.org.jm	

ANNEX 18

PRIDE Jamaica Matrix of Findings and Recommendations from JCA Petroleum Operations Review

- **Document and circulate uniform Operating procedures:** The standard operating procedure (SOP) for fuel bunkering is in the draft stage. Other SOPs for petroleum activities should be completed and circulated having regard to the rotation schedule for JCA officers.
- **Target to have at least 30% of Customs Officers equipped with petroleum technical skills by end-2012:** Approximately 80% of customs officers directly involved in handling of petroleum have been trained both on field oil measurements. Consistently expose the officers frequently to vessel and tank gauging/dipping on a regular basis to improve their skills. Phases I and II of Oil Measurement training are completed.
- **Exchange Data with Excise Officers to reconcile Excise release with back-loaded volumes:** Customs officers will be deployed to Petrojam Refinery on a full-time basis to participate in all fuel receipt and delivery operations.
- **Implement a formal monitoring system to follow-up payment using automated excel worksheet:** Weekly reports on outstanding revenue must be improved to a daily monitoring report.
- **Conduct in-depth Audit of Bunkering activities:** Plans are underway by Compliance Section to audit the company during 1st Quarter of FY2013/14 on priority basis. Jamaica Customs is to reconcile Petrojam bunkering fuel deliveries to bunkering facilities against fuel supply to foreign-going vessels with documentary proof of duly signed or endorsed sale receipt/document by the Ship Master or Captain.
- **Review Legal Framework:** JCA is to liaise with Jamaica Marine Authority on existing practices in other Logistical Hubs.
- **With immediate effect, cease consumption of duty free fuel by bunkering in absence of precedence.**
- **Post Clearance Audit (PCA) of volumes supplied to the mines:** JCA is to correlate bauxite exports against fuel intake and consumption, on maximum, average and minimum production scenarios, and establish trends. Engage and/or warn bauxite Management Companies on the consequences of the availability of cheap Automotive Diesel being sold around the bauxite vicinity.
- **Enforce compliance on the side of Bauxite Companies to make Quarterly returns.**
- **Diesel Fuel dyeing has commenced at St Ann's Bay.** JCA is to carry out covert surveillance activities within the factory areas, and investigate existence of fuel stations that may be handling marked fuel meant for the mines and draw samples.
- **Petroleum Companies to account for all product that appears not ex warehoused:** Measures have been implemented to improve collection of revenue for unaccounted product.
- **Part of the fuel was supplied to a Privileged Organization.** JCA is to confirm with the Jamaica Urban Transit Company (JUTC – Bus Company) for proof of supply. JCA is to conduct a review of Sale Agreement to determine the responsibility of Outstanding Liability.
- **Physical isolation of the bonded tank from the rest of the facility, otherwise have the entire facility bonded:** The Bonded Automotive Gas Oil Tank is positively isolated

from the rest of the tanks and Customs locks are still in place at the facility. JCA is to ensure that the tank is positively isolated at all times as long as the tank continues to remain in bonded status. De-bond the tank when operations resume in the facility because of the high risk of revenue exposure which remains in bonded status.

- **Scrutinize Invoices to verify declared values to check for instances of transfer pricing, including use of database with international FOB (free on board) prices:** Certificate of Origin of Imports from CARICOM partners is vetted and authenticated by Entry Processing section.
- **Review the details of the *Petro Caribe Agreement* in view of ensuring that the CIF (Customs Insurance Freight) values declared for fuel imports from Venezuela are in-line with the Agreement.**
- **Establish a Petroleum Monitoring Unit:** A proposal has been made to have an Executive Service to coordinate the collection and collation of data as it would be a challenge for the existing section to handle additional work with the current staffing level. Establish a full fledge Petroleum Monitoring Unit, preferably at Kingston.
- **Automate the provisional entry which should become a “precedent” entry for the final entry:** Manual striking of the Clearance Letter is to become automated when Customs rolls out ASYCUDA (ICT platform) or any other Customs Enterprise Resource Planning System.
- **Address with the Ministry of Finance a) confirmation whether the 21 days grace period provision is for all importing companies and b) a review of the conditions that prevailed in 1998:** Petrojam is to request of the Ministry of Finance (MOF) authority to extend the grace period of 21 days to include all other fuel imported into refinery e.g. refined products, blends and crude oil etc. Other Petroleum importers e.g. Rubies, Chevron Texaco etc., have engaged GOJ in view of seeking an identical facility to payment of taxes within 21 days.
- **Support the practice (above) with an official administrative guideline:** Customs is partly financing the cost of fuel by allowing oil companies to sell product in the market before the payment of taxes. Review the policy and let the oil companies pay duties for product to be allowed to move loading rack.
- **All exemption letters to be submitted directly from the Ministry to the Commissioner for authentication before being accepted for processing entries:** Mechanism has been put in place to authenticate all exemption letters.
- **Customs to establish the actual dates of each shutdown and enhance surveillance of all activity:** The process is underway to deploy JCA officers to Petrojam on a full-time basis.
- **Explore fuel marking duty free oil:** Engage Petrojam and other bunkering companies in view of introducing a marker in Automotive Diesel Oil.
- **Review the policy to bring the barges/vessels under the Commissioner’s control:** Conduct a review to grant petroleum import licenses on an annual basis by payment of a fee.
- **Policy review to change Pay First- Refund later:** JCA to engage MOF to take appropriate policy direction e.g. bauxite companies to pay duties up-front especially on Diesel, and claim refund upon proof of usage of fuel for bauxite production.
- **Procurement of a valuation database that allows access to international petroleum market prices:** JCA is in the process of procuring/scouting a Customs ERP (enterprise resource planning) Tool that could assist to identify and flag outlier values.

ANNEX 19

ANY REPLY OR SUBSEQUENT REFERENCE TO THIS COMMUNICATION SHOULD BE ADDRESSED TO THE COMMISSIONER AND **NOT TO ANY OFFICER BY NAME** AND THE FOLLOWING REFERENCE NUMBER QUOTED



**Customs Department
P. O. Box 466
Myers' Wharf
Newport East
Kingston 15**

Telephone 922-5140-9

3rd May 2013

Dear Sir:

Re: Bunkering Operations

The Jamaica Customs Department has conducted a review of a number of our Standard Operating Procedures and has identified some gaps in our system of monitoring and accountability; specifically as it relates to the entities that are a part of bunkering operations in Jamaica.

Additionally, the Department has been working alongside the Maritime Authority of Jamaica (MAJ) to establish comprehensive standards of operations for all entities involved in all aspects of the Bunkering Industry locally.

The Government of Jamaica is taking a proactive approach where this industry is concerned to establish a standardised transparent system which we expect will serve to advance the industry and ultimately assist in making Jamaica an attractive destination for vessels to carry out bunkering. This plan is a part of a strategy to establish Jamaica as the principal shipping and logistics hub of the Caribbean. The widening of the Panama Canal is slated for completion in 2015 and as such, it is our intention to have a fully functioning bunkering system in place well before this date.

To this end, your Company will be required to comply with the following:

1. Notify within twenty four (24) hours the relevant Sufferance Wharves Unit; that is, Port Royal, Sufferance Wharves Kingston (Head Office) as well as the Border Protection Unit, of all vessels scheduled for bunkering. (See contact list attached).

2. Provide details of sale of bunkers to foreign vessels, indicating the receiving vessel, quantity sold, type of fuel etc.
3. Submit detailed monthly statements of all sales and balances on hand on each vessel as well as the quantity in each tank to the Sufferance Wharves Unit.
4. Present to the Customs Officer at the loading dock, Export Entry along with E18 indicating that exports are being done on behalf of Petrojam with supporting invoices.
5. Whenever your vessels plan to dock at any pier or wharf for supplies or any other purpose, the Port Royal, Sufferance Wharves Kingston and the Border Protection Units must be notified six (6) hours prior to docking.
6. Port Royal and the Sufferance Wharves Kingston must be notified two (2) prior to all boarding or loading and disembarking or off loading activities from your vessel during regular workings or four (4) hours outside of regular working hours.
7. Whenever 'bunkers' and lubricants are being supplied to your vessel for operational purposes (not for sale), step number one (1) above will apply as well as the submission of monthly statements of all purchases. If the bunker fuels are supplied by Petrojam, the Excise/GCT Officers as well as Customs will supervise the process and the Excise/GCT Officer will provide the appropriate excise/gct billing to your company in accordance with their established procedures. If the bunkers are being taken from supplies aboard your vessel (Sea Master) for domestic operational use, a similar process will apply where an "Excise/GCT Letter Clearance" should be presented prior to loading.

We look forward to working together as we strive towards achieving our objectives and will communicate with you in a timely manner any necessary changes needed for the monitoring and accountability of your activities.

Yours sincerely,

.....
Major (Retired) Richard Reese
Commissioner of Customs

Copied: Financial Secretary (Ministry of Finance)
Deputy Commissioner of Customs (Operations)
Collector of Customs, Kingston
Assistant Commissioner Customs, Border Protection
Assistant Commissioner, Valuation and Post Clearance Audit
Director Customs, Marine Operations – Kingston
Manager, Customs Sufferance Wharves and Out Posts
Supervisor, Sufferance Wharves Unit-Kingston
Senior Officer, Sufferance Wharves- Port Royal



The following represents The Jamaica Customs Department standard operating procedures (SOP) for Businesses who desire to offering bunkering services to international vessels in conjunction with Petrojam Ltd.

1. Businesses who are interested in participating in bunkering services to international vessels should first indicate this interest to the Jamaica Customs Department in writing. This letter should provide a profile of the entity, information and profile of owners/shareholders, incorporation status, and general information about the company as well as the extent of the size of operations proposed etc.
2. The Customs Department may seek audience with the Company prior to further steps as is deemed necessary.
3. Having satisfied the Department of its suitability to participate in this endeavour at the preliminary stage, the following requirements should be completed before a final approval is given to the Company to operate;
4. All tanker wagons/vessels (including barges) to be used in the transportation/delivery of bunkers should be approved as meeting all safety requirements as required by The Maritime Authority of Jamaica (MAJ) i.e. present MAJ safety approval inspection certification.
5. In the case where bunkering operations are carried out via vessels, MAJ certification of expertise of crew members in the handling of Petroleum products must also be presented.
6. The relevant Port Authority of Jamaica (PAJ) security identification and approval to conduct/transact business on the ports must also be in place for employees of the company.
7. Companies, whose source of bunker fuels is from Petrojam Ltd, must provide evidence of contractual arrangements with Petrojam. In the event that the

sources of fuels are supplied from other sources, the Customs Department will have to review this supplier to determine its suitability as a provider. The Department will examine each case on its merit in arriving at our final decision. The Department, where appropriate, will indicate the necessary requirements for approval to supply. Issues that may disqualify or prevent a supplier from being approved may include but is not limited to the following; the inability to satisfy the Department of the original source of the fuels, unregistered supplier(s) and the lack or absence of sufficient accounting records.

8. The business entity must provide written approval/endorsement from the relevant port/wharf operator(s) .This letter should be addressed to The Commissioner of Customs indicating their approval to allow the company to transact bunkering operations on their premises.
9. Having satisfied the requirements outlined at 1-8 above, the Commissioner of Customs will grant approval to operate where the following will apply.
10. Notice of intention should be given to the Customs Department twenty four (24) hours before the estimated commencement of the loading process at Petrojam Ltd or other provider. This notice should include the estimated time of loading by Petrojam or other provider, the name of the vessel to be bunkered, the quantity and type of product, the port where the bunkering will take place as well as the estimated time of the bunkering.
11. The notice should be communicated via letter, e-mail and the telephone to the Customs Suffrance Wharves Unit.
12. On receipt of the notice, two (2) Officers will be assigned to oversee the entire process.
13. Customs Officer will supervise the entire loading process and will affix a Customs seal to the tanker at the end of the process as well as record the type and quantity of product loaded during the verification process (conducted by Customs, Petrojam or other provider and Company Rep.) as indicated on the computer generated receipt of loaded fuel volumes by litres per tank –wagon compartment and the Ullage report (scaled quantity of fuel volume) presented.
14. A form E18 (consignment note....) should be completed and presented to the Customs Officer prior to the dispatch of the tanker.
15. The tanker-wagon will then proceed to the relevant port and berthing pier under Customs escort.
16. A duly completed Customs Export Entry is presented to the Customs Officer for use in effecting the export process. **NB.** The entry must indicate that exports are being done on behalf of or for Petrojam with supporting invoices if the source of

the product is Petrojam. Example Company **A** for Petrojam. The Export Entry **must also** be prepared and processing fees paid **prior to** the export process. This will indicate the ordered quantity along with other relevant information.

17. If the source/supplier of the product for export is not Petrojam (a refinery) then there would be no need to have more than one named Company being indicated as the exporter on the export entry. This is applicable provided also that all information regarding the source, storage and accounting of this supplier and product is known to the Customs Department as this may impact issues pertaining to possible duty refund or payments or penalties for breaches.
18. Customs will after being satisfied that all preliminary documents and personnel are in place, break the customs seal thereby allowing the fuel to be pumped unto the vessel from the tank-wagon. On completion of the fuel receipt process, Customs will verify the quantity received and write a report to this effect on the Export entry and have the Ship Master's Receipt and other areas of the form duly endorsed.
19. Copy #2 of the Export Entry will be presented to the Company representative and will be retained by Petrojam as part of their accounting records as evidence of export .The original Export Entry will be retained by the Sufferance Wharves Unit. **NB**. In the event that the goods are being exported via other Customs area example, Kingston Wharves or Kingston Container Terminal (Berth 11), copy #3 of the Export Entry will be retained by the Sufferance Wharves.
20. Other requirements will include the fitting of GPS devices to all tanker wagons to be used with the appropriate mechanisms in place to facilitate the tracking of these wagons by Customs (Border Protection Unit etc), costs related to seals to be used in the process will be paid by the exporting company in question.

Notes to the standard operating procedures (SOP's)

- A. It is anticipated that these operations will at times be conducted outside the normal working hours and as such the provisions under Customs regulations **125-135** would be applicable. That is, in the event that a request for extra attendance (overtime) is made, regulations 125-135 will apply.
- B. All entities involved in the Bunkering Industry will be held liable for any breaches of the Customs Act committed by anyone in their employ.
- C. Sections **55** (penalty for interfering with seal), **55A** (penalty for interfering with goods while in any port), **145** (General provisions as to loading and exportation of goods), **149** (penalty for breach of sections 145-148), 209-211 (false declaration, evading customs laws regarding imported or exported goods and penalty in relation to concealed goods are referenced as some of the more pertinent areas of the Customs Act to be aware of.

- D. Companies involved in bunkering activities/business are encouraged to become familiar with the Customs Act and Regulations particularly the sections outlined above.

The Jamaica Customs Department has the right to review, amend and modify these procedures.

ANNEX 20

DRAFT for Jamaica Customs

Audit Survey Questionnaire/Interview

Company Information and Background

1. Name and title of persons interviewed
2. Name, title, and telephone number of the person that will be the company contact during the audit
3. Corporate TRN and affiliations
4. Corporate status, if any
5. Names of principal directors and shareholders
6. Physical and postal addresses
7. Legal representation
8. Provide copies of rulings obtained from Minister of Finance
9. Provide the last two annual reports
10. Provide company's unconsolidated financial statements for the audit period
11. Name and TRN of the consignees of the imported merchandise
12. Name and title of the person responsible for the purchase of imported merchandise
13. Bond identification number
14. Does the company operate or utilize a free trade zone (FTZ)? If so indicate the type of FTZ (manufacturing, refinery, general-purpose)
15. What operations are performed in the FTZ?
16. What is the company's primary business in Jamaica?
17. How long has the company been importing into Jamaica?
18. Provide a brief history of the company
19. Describe the money transfer relationship between the auditee and related companies. Is the company required to transfer all available cash to its parent, subsidiary, etc.? Does the parent or subsidiary pay all liabilities for the auditee?
20. Identify intercompany accounts used to transfer funds
21. Identify the subsidiary or parent company that is responsible for payment of all liabilities incurred by the auditee
22. For production operations, provide a maintenance schedule for all units within the refinery/plant (used to determine if operations are valid)
23. Identify the location(s) of records associated with the payment of duties and taxes in Jamaica

Import Information

1. What is the origin of the petroleum imports?
2. Provide information regarding previous audits

3. Identify all suppliers that source imports. Provide Accounts Payable information related to these vendors
4. Identify the manufacturers and producers of the product and the country of origin of the imported merchandise for the audit period
5. Identify:
 - a. Products imported
 - b. Products manufactured
 - c. Products exported
 - d. Products sold in Jamaica
6. Identify all of the company's suppliers
7. Provide copies of spreadsheets used to prepare entries for the period being audited
8. For exemptions, identify the average percentage of imports sold to exempt entities:
 - a. Electric Company
 - b. Other government agencies
 - c. Sales for export
 - d. Other exempt sales
 - e. Plant losses
9. Identify the average percentage of domestic merchandise imported each year
10. Identify all subsidiaries and related parent companies (including foreign and domestic)
11. Is the company related to the supplier or vendor of the imported products?
12. Are additional payments made to the supplier or vendor? Provide specific information, including contractual agreements:
 - a. Packing
 - b. Royalties
 - c. Commissions
 - d. Freight
 - e. Insurance
 - f. Inland freight
 - g. Other costs
13. How is the price determined for the imported merchandise?
14. How often do you import merchandise?
15. Identify all costs and expenditures used in the production of the products
16. Identify the broker(s) used for presenting documents on imported products
17. What methods of payments are used for imported merchandise?

Refinery/Petrochemical Plant Operations

1. Dates during audit review period when plant was shut down
2. Identify the internal controls in place to justify why the plant losses and fuel consumption are so high (Where is the product going?)
3. The company should demonstrate the actual flow and how it accounts for all inputs and outputs. This would include the actual flow through meters from acceptance into the plant, to inventory, to production, to finished goods, and to shipping

4. Identify the number of furnaces used within the plant
5. Identify the age of the furnaces used
6. Identify the source for additional capital needed for plant operations (the company indicated that it receives capital)
7. How often does the company investigate the high percentages of plant loss and fuel usage?
8. Identify all tanks and meters used in the plant, including the types of meters and the location of the tanks and meters
9. What is the physical condition of the pipelines between receiving, tanks, production, and finished product tanks?

Reporting

1. Does the company utilize a broker to file their entries?
2. What review procedures are in place to ensure accurate reporting and payment of duties and taxes?
3. What records and document related to the purchase and sale of products with regard to duties and taxes do the company maintain?
4. Provide a chart of accounts, procedures manual, and a description of the accounting system used by the company

Inventory

1. Identify the inventory methodology used to account for products that involve duties and taxes
2. Identify whether a volumetric or mass (weight) basis system is used to account for merchandise (barrels or pounds)
3. Provide formulas that are used when converting quantities when quantities are not provided in the company's typical reporting method
4. Determine how often physical inventory is taken (every 24 hours, once a week, once a month, etc.)
5. Determine the frequency of inventory reconciliations between physical and book

Controls

1. Does the company have policies and procedures manuals relation to Customs matters? If so, please provide a copy
2. Identify the controls that are in place that ensure that all quantities are accurately reported to Customs
3. What controls exist to ensure that duties and taxes are paid upon removal from the zone?

Credits and Refunds

1. Does the company file for claims and refunds?
2. How often?
3. What types of products are the credits and refunds filed for?

ANNEX 21

AEO Security Program	Comments	start date	finish date
Phase 1: Getting the actors together			
Custom Director embraces the project	Include AEO in the custom's priority programs	aug-12	aug-12
Creation of the AEO Implementation team	Committee within customs to do the strategic planning of the implementation project	aug-12	Sep-12
Hiring of dedicated account manager	People to help build up the implementation plan, to do the audits and promotion of the program	Sep-12	Oct-12
AEO within international supply chain	Determine which sectors within the international supply chain are going to be certified. Identify the reasons why it is important to have them inside the program	Oct-12	Nov-12
Creation of the Public sector inter-institutional Committee	This association will be composed by institutions that regulate international commerce.	Oct-12	Nov-12
Creation of the first draft of general sets of security standards	These standards will be based on the SAFE FRAME WORK, the international security standards implemented in the region and world adapted to the country situation	Nov-12	Nov-12
Creation of Private sector Committee	This committee will be composed by associations of the sectors to be certified.	jan-13	Feb-13
Phase 2 Training and work benches			
work bench with private sector	Need to discuss: Possible benefits, security standards, strategy to introduce the Security program	Apr-13	Jun-13
work bench with public sector	Need to discuss: Possible benefits, security standards, policy to exchange information, How they will cooperate with the program once the program is launched, design of inter-institutional agreement.	jan-13	Mar-13
Creation of the AEO procedure manual	This manual must contain: Procedures for process of certification, monitoring of the operators, suspension, withdrawal procedure, exchange of information with other institutions.	Feb-13	Jun-13
Creation of draft of security standards after discussing them with the private and public sector	Security Standards to be tested in the pilot program	Apr-13	Jun-13
Capacity building and training program	The training Program must include account managers, AEO committee and Public sector association representatives.	Nov-12	continuous
Promotion of the program	Promotion of the program among public and private sector	Nov-12	continuous
Implementation of the policy of exchange info. (Information System)	Start to build the information system that will be used in the program as soon as you identify the certification process and operating process for the AEOs. Many actualization will be done through the program	Apr-13	continuous

Phase 3: Creation of legal framework			
Creation of the inter-institutional agreement	Formalization of the cooperation between institutions that regulates international trade	jan-13	Mar-13
Creation of the legal norm	Creation of a legal document that will create the figure of AEO in the Jamaican law. Need to have a draft before pilot, updated if need it after pilot, send it to the congress, it does not have to be ready before the launch of the program.	Apr-13	continuous
Phase 4: Preparation for Pilot Program			
Definition of Pilot Program	Run the operation of the certification processes. Already applying the benefit do not need run pilot (Procedures and Schedule of the Pilot Program)	Jun-13	Jul-13
Creation of support documents	security profile questionnaire, check list, and audit plan	apr-13	Jul-13
Phase 5 : Launching the Pilot Program		aug-13	Oct-13
Phase 6 : Implementation of learned lesson during the pilot		Nov-13	dec-13
Phase 7: Launching the Program		jan-14	

ANNEX 22



REPORT TO JAMAICA CUSTOMS DEPARTMENT

To Support Implementation and the Operational Integration of Jamaica Customs Authorized Economic Operator (AEO) Program

REPORT TO THE COMMISSIONER OF CUSTOMS

PRIDE JAMAICA

December 2012

PRIDE Jamaica is a project funded by the United States Agency for International Development/Jamaica

“Customs Agencies in North America have shifted much of their emphasis from import inspections to post audit inspections. The responsibilities put upon Importers of Record have steadily increased as all members of the supply chain endure higher scrutiny from Customs Officials. The ownership and staff of importing firms must spend the time to learn their responsibilities, by clearly understanding the consequences of not following regulations such as:

- Monetary penalties issued by Customs and other governmental agencies
- Increased scrutiny and more frequent examination of goods
- Delays of incoming shipments
- Total suspension of import privileges”

--Website of ABC Customs Brokers, U.S. and Canada Customs Broker

Recommended JCD Customs Compliance Strategy for International Cargo

JCD Draft Compliance Strategy

Background

Compliance⁵⁴ is important to facilitation because it allows Customs to focus scant resources on the highest risk importations. Customs services worldwide in recent years have striven to increase compliance levels in various ways.

A comprehensive trade compliance strategy will complement Jamaica's national strategies for gaining operational control at the ports of entry. It also will guide efforts toward a system that is swift, safe, predictable and secure for legitimate imports entering the Jamaican marketplace. The four major goals of the projected trade strategy are to:

- Facilitate legitimate trade and ensure compliance
- Enforce Jamaica's trade laws and collect accurate revenue
- Advance national and economic security of Jamaica
- Intensify modernization of JCD's trade processes

Importantly, this approach, consistent with international norms, reflects JCD's selectivity and post clearance approach to trade facilitation and enforcement through improved automated tools and expanded post-release compliance verification programs to reduce unnecessary delays for legitimate imports at the borders.

Based upon anecdotal evidence and observations of the import documentation, JCD has an importer population that varies greatly in levels of compliance. The complexity of Customs processes is due in part to the large amount of errors that JCD corrects through automated and manual reviews. In interviews with the Jamaican trade community and key Customs officials, private sector compliance levels with Customs regulations were said to be generally poor with some pockets of excellence. Brokers and their importer clients have high error rates running between 5-12% of entry volume.

⁵⁴ Compliance is defined as a company entering a state of being in accord with a country's Customs and other control authorities laws and regulations.

Less serious errors are not counted but would contribute to a higher percentage. (These errors are corrected on the spot.) Cargo officers at pier and other field locations as well as officers at the Entry Processing Unit (EPU), perform error resolution. Minor mistakes are handled expeditiously but constitute double handling by all concerned. Many of the mistakes are repetitive in nature and involve the same companies. Also numerous incidents occur when Customs Officers overlook mistakes during manual reviews. To further complicate the intense manual processing, oftentimes breaches detected by Customs

Additionally, the competence of the Jamaican brokerage community also varies widely from world-class to adequate to abysmal. Customs brokers who are skilled practitioners of Customs laws and procedures are extremely important to the smooth flow of trade. In the very complicated processes of Jamaica Customs, documents are traded back and forth between the brokers and Customs, sometimes 8-12 times, before a transaction is concluded. Customs tracks the fatal errors and classes the poor performing brokers into a lower tier. Since these Tier 2 brokers are considered more risky (and therefore convey this risk to the importer and his goods) their shipments are examined at a higher rate. Since they mostly charge lower prices than the competition, the second-class brokers are able to stay in business. However, tolerating the poor brokers condones poor compliance and is detrimental to a modern and potentially a largely mistake-free Customs environment.

Recommended Actions

1. Begin to measure errors by both Importer and Broker.

Typically, errors must be measured and reduced in:

- Classification
- AEO
- Quantity
- Country of Origin
- Other Border Agency requirements

Collected data will be used to counsel and take appropriate corrective action against practitioners and importers.

2. Encourage companies to place more emphasis on Customs Compliance and improve the quality of their Customs submissions.

Most companies in Jamaica do not have a dedicated Compliance manager and rely solely on the Broker to handle the “papers”. Most Customs administrations put much effort into creating a climate of compliance. Compliant companies⁵⁵ consider Customs legal compliance to be important and to warrant high organizational priority.

The following items detail some of the measures that compliant companies take to ensure compliance⁵⁶:

- A Policy Statement is issued stating the importance of Customs compliance.
- Integration of Customs into the company’s business process and I.T. system.
- Parts and products are pre-classified and HS numbers are given to the brokers on the invoice.
- Someone important is in charge of Customs Compliance.
- Establish or maintain a Customs Compliance Section that is placed high in the company hierarchy (usually best if in General Counsel or Tax Department).
- Customs experts are on staff and outside expertise is readily available.
- Personnel from key departments are trained in Customs requirements.
- An up-to-date Company-wide Customs procedural manual is available.
- Companies conduct their own Customs audits using statistical sampling and have strong internal control programs.
- Strong corrective measures are taken for deficiencies to prevent recurrence.
- There is strong control over suppliers to ensure declaration accuracy.
- The companies monitor and measure the performance of their carriers and intermediaries such as Customs brokers/freight forwarders; holding them to strict standards.
- The company’s Customs declaration files are inclusive and are impeccable.

3. Prepare and implement a multi-faceted Trade Strategy

JCD needs to formulate an overall compliance strategy to address these shortcomings. The recommended JCD Customs Compliance Strategy goals that follow are designed to provide assurance that importing industry, intermediaries, such as agents, brokers and forwarders as well as others who comprise the international trading community are complying with Jamaican legislative requirements in an environment that is largely self-

⁵⁵ Note: These traits should be ingrained and part of the basic functions of the company. Management should be absolutely committed to excellent Customs compliance.

⁵⁶ Most companies pay far more attention to tax compliance than import/export compliance. Since Jamaica Customs contributes up to 30% of the national revenue, more compliance by traders is sorely needed.

regulated. **A compliance strategy is intended to focus resources and activities on areas of risk, with a management and planning structure supporting risk management that is driven by intelligence and analysis.** Specifically, the strategy should aim to provide the Government and the community with confidence that:

- Reporting of all cargo and vessels entering or leaving Jamaica is accurate and timely.
- Compliance with license and permit requirements, prohibitions and restrictions in relation to imported and exported goods is maintained.
- The correct amount of revenue is paid (no more/no less) or identified for collection or consideration.
- Community or population protection programs related to imported and exported goods are effectively implemented.
- Accurate and reliable data on trade statistics is provided to JCD for the Statistical Institute of Jamaica.
- Compliant goods are delivered to consignees with alacrity and predictability.
- Individual units and ports give uniform treatment to the variety of imports or other Customs transactions.

The basis for risk-assessing clients and consignments, the planning of compliance activity and delivery of compliance programs by JCD is uncoordinated or has not been undertaken. JCD' activities must be aimed at encouraging compliance. Attempts for intervention by JCD should be directly proportional to the assessed level of risk. JCD needs to be focused on the following key areas:

- Targeting non-compliance
- Real time compliance activity
- Post transaction/Post-Clearance Audit compliance activity
- Continuous planning and performance evaluation

4. Begin Specific Compliance Activities

JCD should conduct compliance activities in the international cargo environment in a manner that reflects how cargo moves, the nature of the consignment, which entity has responsibility for that cargo, and the way clients interact with JCD. Under this approach, the international cargo environment is categorized into four segments:

1. Importers and Exporters
2. Service Providers
3. Cargo Handlers
4. Carriers

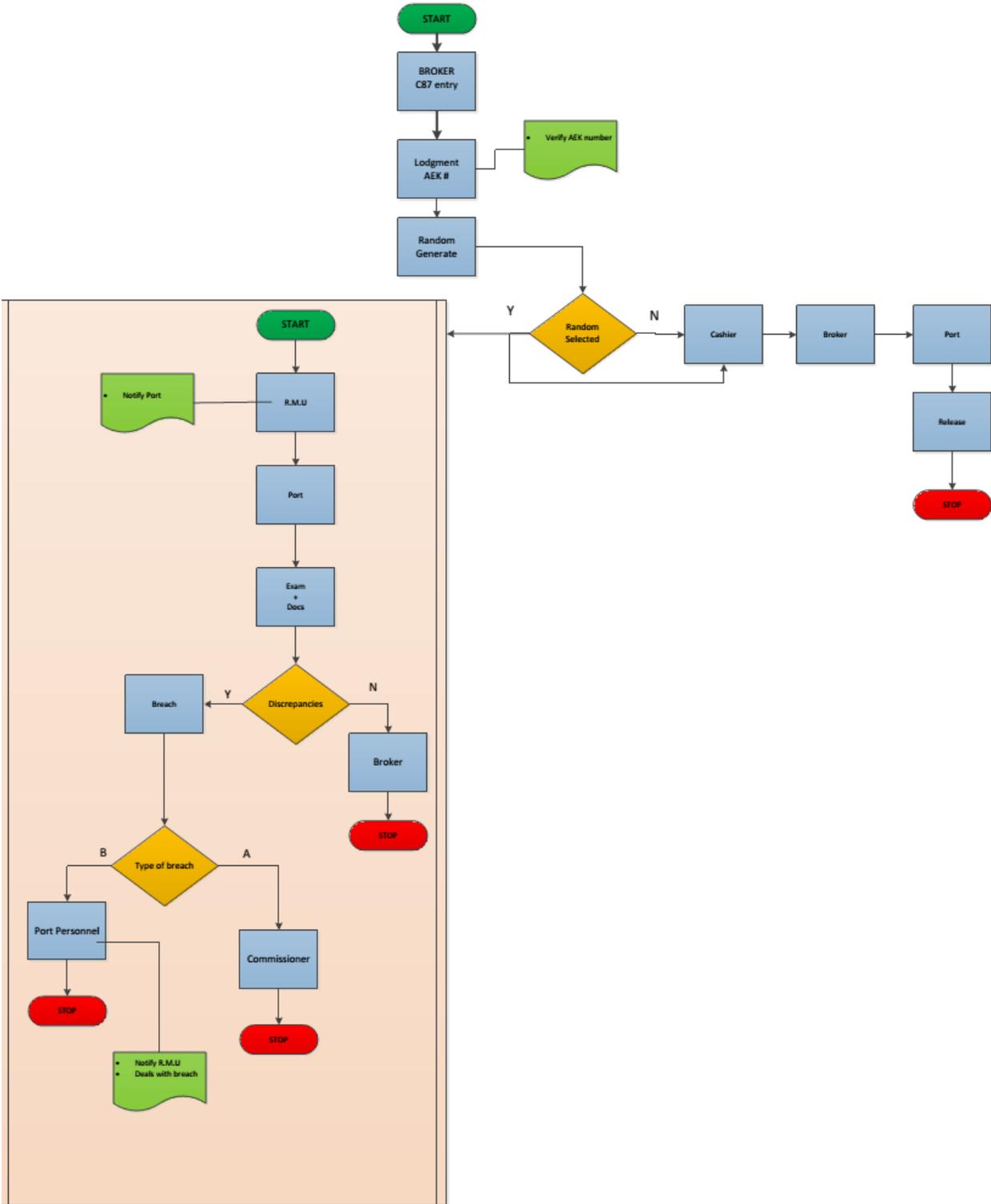
To encourage compliance, Customs services worldwide use a variety of tools to encourage (and coerce) compliance for each of the sectors:

- Compliance Measurement
- General Compliance Audits and Assessments
- Broker Discipline
- Analysis of errors and violations
- Management by Account
- Actively managed automated Cargo Selectivity

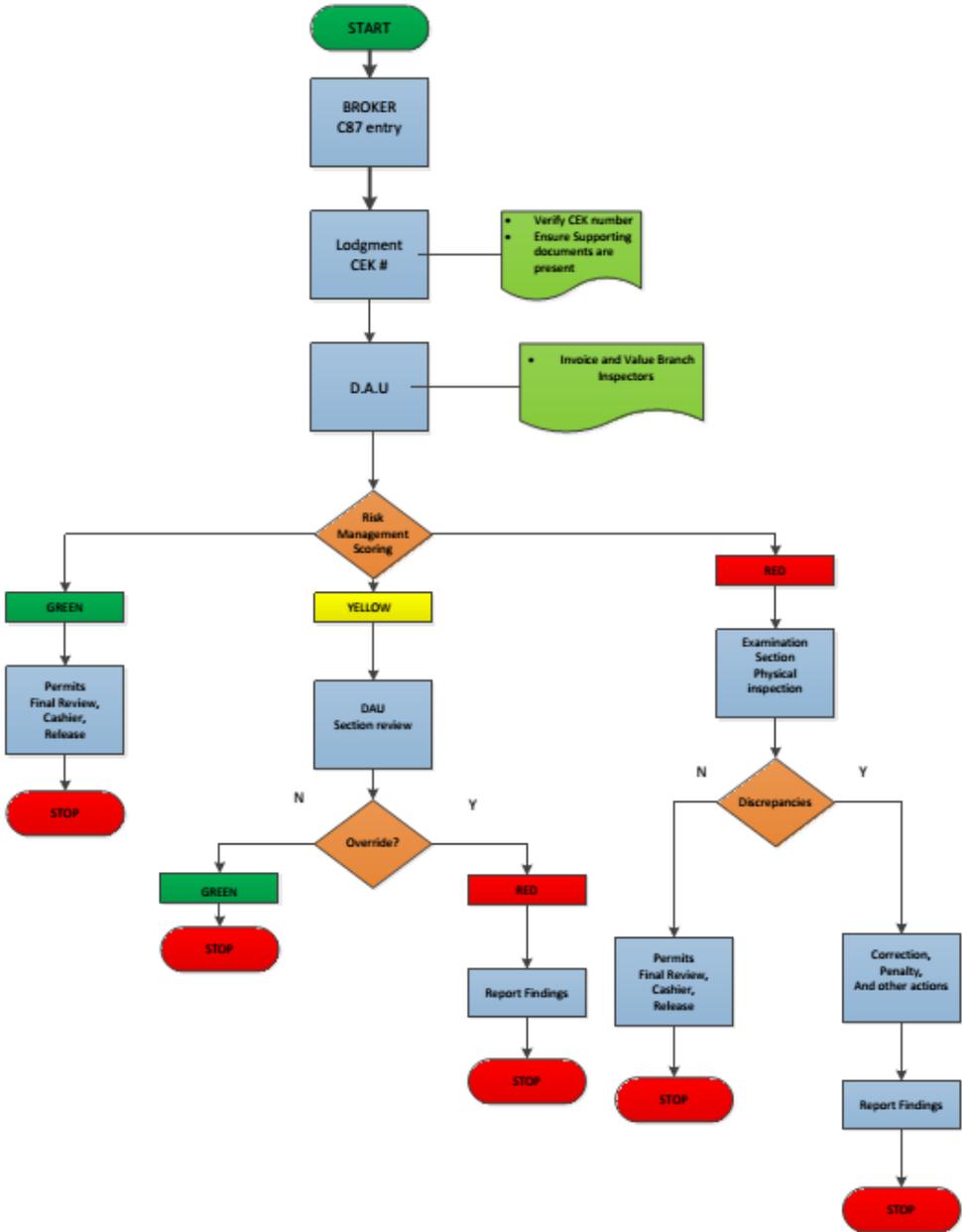
Conclusion

Once a Customs administration focuses on compliance activities, the actual strategy is a focused, multi-year effort that will become a continuous process of compliance measurement. The measurement will identify gaps in private sector compliance that require mitigation. Mitigation efforts then are targeted to significant revenue and enforcement issues.

ANNEX 23 AEK FLOWCHART



ANNEX 24 CEK FLOWCHART



ANNEX 25



Modernization of Jamaica Customs Agency's Operations through the Implementation of AsycudaWorld System **JUSTIFICATION**

Prepared BY: Jamaica Customs Agency July 2013

Revised August 2013

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6. Conclusion

Abbreviations and Acronyms

AEO	Authorized Economic Operator
ASYCUDA	Automated SYstem for CUstoms Data
BPR	Business Process Review/Re-engineering
CARICOM	Caribbean Community
CARICOM IMPACS	CARICOM Implementation Agency for Crime & Security
CASE	Customs Automated System
CATT	Customs and Trade Toolkit
CCLEC	Caribbean Customs Law Enforcement Council
CENN/CENCOM	WCO Communication Network
COTS	Commercial off-the-shelf
FSL	Fiscal Services Limited
GOJ	Government of JAMAICA
HS	Harmonized System
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IT	Information Technology
JCA	Jamaica Customs Agency
MIIC	Ministry of Industry, Investment & Commerce
PCS	Port Community System
RILOs	Regional Intelligence Liaison Officers
SWOT	Strengths, Weaknesses, Opportunities & Threats
TFS	Technical Feasibility Study
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
WCO	World Customs Organization
WTO	World Trade Organization

1. Executive Summary

1.1 Current situation

Almost a decade ago the Government took the decision to develop its own Custom Automated System (CASE). Despite CASE, there is a total absence of automation for Customs procedures related to exports, personal imports, passenger declaration, bonded warehouses, breach and seizures databases and post clearance audit. There is also a general lack of controls to administer temporary export and import which are currently done manually and involve ineffective bureaucracy. The Agency has a suite of over twenty (20) systems hosted by FLS which are not properly integrated to serve the needs of its stakeholders efficiently and the current CASE system along with the myriads of satellite applications do not include the full functionality required of a modern integrated customs management system.

The current CASE system, while representing substantial improvement over previous periods, continues to limit benefits and higher performance due to the fact that the design is a patchwork of over ten years of adjustments to a system which was never intended to meet current needs. Consequently, there is the perpetuation of complicated and bureaucratic procedures, massive use and generation of paper by Customs and external stakeholders thereby resulting in delays in clearance time, administrative cost, inflexibility, use of old technology, lengthy investigations of procedural breaches and inconsistencies with international standards and best practices.

The Jamaica Customs Agency now faces an environment that sees the ongoing operation and implementation of disjointed systems and procedures based on a paper based paradigm. It is readily recognized that the effective use of technology is an imperative. However, the underlying laws, regulations, procedures and practices and current capabilities of technology must be leveraged in order to enable efficiencies in improvements. The organization is faced with increasing demands for transparent, simplified and efficient processes, increased trade facilitation, border protection and compliance with international standards.

1.2 Available options

There are at least five (5) available options with respect to a Customs Management System available to Jamaica Customs at this time: These are:

- Option 1 – Retain the current processes and IT systems
- Option 2 – Develop the system in-house
- Option 3 – Outsource the system development
- Option 4 – Purchase a commercial off-the-shelf (COTS) product
- Option 5 – Acquire AsycudaWorld Customs System

1.3 Selected option

The Jamaica Customs Agency has reviewed the various options with respect to a Customs management system and has decided to acquire the ASYCUDAWorld system which is the most viable and prudent option at this time.

The underlying rationale for selecting this option is as follows:

1. Jamaica Customs Agency has conducted product evaluations which compare available product functionality, cost, implementation approach and experiences among other criteria of a few already available systems and concludes that the acquisition and implementation of ASYCUDAWorld is the best option;
2. In January, 2010 The United States Agency for International Development (USAID) sponsored an information technology assessment study of the use of Asycuda for commercial cargo processing in Jamaica which concluded among other things the following:¹
 - a. The existing Customs system is highly compatible with ASYCUDA (World), and the investments made in the current IT infrastructure are compatible with ASYCUDA (World).
 - b. A new IT system for core commercial operations processing, designed to be consistent with Customs Modernization goals, should be acquired.
 - c. ASYCUDA (World) or similar system should be implemented to improve the efficiency and effectiveness of the Jamaica Customs commercial trade system, and to ensure the greatest degree of compatibility with world trade standards.
3. The Government of Jamaica through Jamaica Customs, Commissioned a technical feasibility study in 2013 which was conducted by the United Nations Conference on Trade and Development (UNCTAD) which shows that it is quite technically feasible to adapt, customize and implement Asycudaworld as the core Customs Management System in Jamaica.²
4. The Government of Jamaica/Jamaica Customs Agency will have full ownership of the ASYCUDAWorld source code; and any future upgrades of the ASYCUDAWorld will be provided by UNCTAD without any additional costs.
5. The UNCTAD implementation team has committed to build/add additional functionality to the standard AsycudaWorld system as requested by Jamaica Customs during the process of customization of the system to suit Jamaica Customs Agency's unique requirement, if any, at no additional cost.³

¹ USAID, Information Technology Assessment of the Use of ASYCUDA for Commercial Cargo Processing by Jamaica Customs, Draft Report, Richard A. Baron, January 30, 2010.

² Government of Jamaica Ministry of Finance and Planning, Technical Feasibility Study for the Jamaica Customs Department, UNCATD.

³ Government of Jamaica, UNCTAD, ASYCUDAWorld Implementation in Jamaica, Draft – Project Document V.1, May 2013.

6. AsycudaWorld is the most widely used Customs Management System and has benefited from the experience of various countries and regions and hence is a platform that has been tried, tested and proven to be sound.
7. Since Asycuda World is used by the majority of the English Speaking Caribbean Countries (CARICOM), its use by Jamaica Customs will create not only standardization in Customs processes and procedures regionally but will make the sharing of information, Customs collaborative efforts and region-wide system integration easier.
8. Jamaica Customs and GOJ are constrained by time to **combat corrupt practices, revenue leakage and to achieve Executive Agency (EA) objectives that are hinge on an integrated Customs system.** AsycudaWorld may be procured in a very short time for implementation.

1.4 Estimated budget & Cost Disbursement Plan for selected option

The estimated cost which considers all necessary investments on technical assistance, hardware and software to implement AsycudaWorld at all customs sites is approximately two million, six hundred thousand dollars (**USD\$2,600,000.00**) summarized as follows:

Item	Cost (USD\$)
UNCTAD (Technical Assistance)	1,750,000.00
IT Infrastructure including commercial software	850,000.00
Total	2,600,000.00

The disbursement plan for the estimated cost is as follows:

Installment	Month	Percentage	Amount (\$USD)
1 st	On Signing	40	700,000
2 nd	6 th	30	525,000
3 rd	12 th	20	350,000
4 th	18 th	10	175,000
UNCTAD's Total Cost			1,750,000
Commercial Software	To be Procured by Jamaica Customs		250,000
Hardware	To be Procured by Jamaica Customs		600,000

This estimated budget and cost disbursement plan do not include recurrent costs on telecommunications, administrative and recurrent overheads associated with a Project Management Office and salaries of Customs Staff or other personnel that may have to be seconded or recruited to the project as part of the National Project Team.

2. Introduction

2.1 Purpose

The purpose of this justification document for the possible implementation of AsycudaWorld at Jamaica Customs is to:

- 2.1.1 Outline the rationale and factors which have led Jamaica Customs Agency to explore changing its core Customs application (CASE) to ASYCUDAWorld - the latest version of the Automated System for Customs Data developed and distributed by UNCTAD;
- 2.1.2 Clearly demonstrate identified options; and
- 2.1.3 Outline funding needs for the activities delineated in the AsycudaWorld proposal agreed on between Jamaica Customs Agency and UNCTAD for the implementation of AsycudaWorld at Jamaica Customs.

2.2 Intended Audience

The intended audience for this document is the Government of Jamaica (GOJ) and any potential donors who may be able to help secure funds necessary to reform the customs administration and successfully implement the ASYCUDAWorld application at Jamaica Customs.

2.3 Background

Jamaica Customs took the decision more than a decade ago to develop its own Customs Automated System (CASE) in an effort to provide the global trading community with access to online Customs services as well as to achieve increased levels of efficiency, facilitate trade and provide increased revenue. The government- owned information technology company, Fiscal Services Limited (FSL) was assigned the task of developing and maintaining the CASE system.

Identified benefits that have been attributed to the CASE system include the following:

- Increased revenue collection;
- Efficiency in submitting and paying for entries;
- Reduction in processing time;
- Reconciliation of payments with entries processed;
- Reduction of queries at collections and clearance points.

Despite these benefits which have been attributed to the deployment of the CASE system, the implementation and use of the system has been marked with many challenges including the following:

1. The absence of a fully integrated solution incorporating key functional areas of the Customs environment such as bonded warehouse monitoring, risk assessment/management, post clearance audit and an effective electronic manifest application.
2. The absence of a single window environment which can facilitate the Electronic Data interface and Direct Trader Input with all strategic trade supply chain partners.
3. Massive usage of paper at various Customs stations and at stakeholders' business place in order to meet the requirements of Customs.

It is against this background which presents an urgent need for a modern customs platform that Jamaica Customs requested UNCTAD to conduct a Technical Feasibility Study (TFS) for the possible implementation of ASYCUDAWorld at Jamaica Customs. This TFS was conducted during February – March, 2013 and found that it is quite feasible to adapt AsycudaWorld as the core Customs platform for Jamaica Customs. UNCTAD has subsequently submitted a project proposal for possible implementation of AsycudaWorld over a two-year period.

ASYCUDA (Automated System for Customs Data) has been implemented in over 80 countries worldwide as a solution to provide a more reliable and efficient service to the public, government agencies, trade operators and other stakeholders. ASYCUDAWorld, the latest version of ASYCUDA, has presented much more advanced technological features including the features of interoperability, user-friendly interface, single window functionality and document workflow manageability.

Recent international trajectories in the field of Customs processes and procedures which have been endorsed by the World Customs Organization (WCO), including the WCO SAFE Framework of Standards (supply chain security standards and best practices), Revised Kyoto Convention (simplification of customs processes) and the Arusha declaration (customs integrity and transparency) have had a great impact on the way customs organizations must now conduct their business. Greater emphasis is being placed on trade facilitation, simplification and standardization of customs processes and procedures as well as a push for data exchange and collaboration among customs administrations, other government agencies, and the private sector.

The increasing dependence on ICT to conduct customs transactions, the increased need for online services, collaboration and data exchange with other government agencies, regional partners and the pressure to integrate the existing customs information technology infrastructure and applications exacerbated the deficiencies of CASE. Jamaica Customs has therefore decided to replace the current CASE system due to its technical deficiencies and inability to support WCO guidelines and standards relating to the supply chain security and border management that require extensive collaboration and data exchange between different organizations. Jamaica Customs Agency reviewed different options of replacing CASE and its associated systems and at

the end of this process of evaluation selects ASYCUDAWorld as the most viable and prudent option.

2.4 Business Need

The following are the main factors that have led Jamaica Customs to consider Replacement of its CASE system with a system such as AsycudaWorld:

- a. Efficient and modern Customs processes and procedures:** The Jamaica Customs Agency is in an advance process of modernization in order to position itself as a world class Customs Administration. The impact of the World Trade Organization (WTO) trade facilitation measures and the Revised Kyoto Convention on simplification and harmonization of customs procedures will therefore serve as the baseline for modern and efficient customs processes and procedures. Adherence to these initiatives, require a modern Customs management system such as AsycudaWorld which is built on internationally recommended standards.
- b. Implementation of supply chain security standards:** The Jamaica Customs Agency cognizant of the WCO SAFE Framework which provides supply chain security standards and best practices has recently implemented an Authorized Economic Operator (AEO) programme and has been strengthening its post clearance audit capacity in line with a modern Customs administration. This initiative requires a modern Customs management system such as AsycudaWorld.
- c. Harmonization of Regional Customs Procedures:** The CARICOM community has drafted a model harmonized customs legislation on which Caribbean nations can model their legislation and there have been other regional trade initiatives within the regional community such as training efforts, enforcement collaboration with CARICOM IMPACS – Implementation Agency for Crime and Security. The majority of the CARICOM countries have embraced Asycuda as their core Customs management system. Should Jamaica embrace Asycuda in the same way this will lead to a faster harmonization and standardization of Customs processes, procedures and experiences within CARICOM.
- d. National Single Window Efforts:** The government of Jamaica through the Port Authority of Jamaica is committed to the development of a Port Community System (PCS) as a first step towards the development of a National Single Window experience to facilitate trade in Jamaica. This initiative is critical to the positioning of Jamaica as a major transshipment port in order to benefit from the opening of the expanded Panama Canal in 2015 and the development of a logistics hub in Jamaica as a major portal to economic development and transformation. A modern Customs system which can interface and interact with the PCS and other government agencies and which will facilitate trade such as AsycudaWorld is a major boon in the development of the PCS and also the realization of Jamaica becoming a successful logistics hub and establishing a

national single window environment.

- e. Internal data and system standardization and web access:** There is the need for standardization among the various Customs areas in Jamaica. Customs in Montego Bay has to be the same as Customs in Kingston or St. Ann Bay and Jamaica Customs has to be seen as one integrated organization with one set of systems, processes and procedures based on international standards and best practices. This will improve local collaborative efforts and border security. Hence it becomes trite to say that Jamaica Customs need a nationwide web- based Customs system and there is an urgent need to standardize data format using modern web-based customs system which is build using proven technology to integrate and modernize current Customs applications and provide world standard Customs services in Jamaica.
- f. Risk Based Approach Cargo Examination:** The Jamaica Customs Agency in its modernization plan resolved to adopt a risk based approach to examination of cargo, be it, physical or non-intrusive examination. The volume of cargo passing through the Port of Kingston is significant and is expected to grow tremendously with the proposed expansion of the ports. ASYCUDAWorld allows for advance cargo information and the ability to scan and match cargo with declarations made to the JCA. This modernized way of cargo selection will allow for a more targeted approach and redeployment of human resources to where they are best suited and thereby allowing for a more efficiently operated JCA.

3. Available Options

In an attempt to address the business needs of the Jamaica Customs Agency as delineated above, the following options have been identified as ways of addressing the issues⁴:

- Option 1 – Retain the current processes and IT systems
- Option 2 – Develop the system in-house
- Option 3 – Outsource the system development
- Option 4 – Purchase a commercial off-the-shelf (COTS) product
- Option 5 – Acquire AsycudaWorld Customs System

3.1 Option 1 – Retain the Current Processes and IT systems

Pursuing this option involves continuing with customs operations as they are now. Currently Jamaica Customs has a suite of more than twenty (20)⁵ systems many of which are built using outdated technology and are not properly integrated. The option would result in further fragmentation of customs infrastructure since Customs would be unable to integrate existing systems with the core clearance system. It would also result in use of complicated procedures and procedures that are non-compliant with international standards and best practices.

The advantages associated with this option are:

- Minimal cost requirements; and
- No disruption to the current way of doing business;

The disadvantages associated with this option are:

- Continued absence of integration and standardization of processes, procedures and practices across Customs areas
- Perpetuation of current problems being experienced with existing legacy systems. These problems will be exacerbated as both external and internal customer requirements improve;
- Technical difficulties with establishing collaboration and data exchange with other Government's agencies, within Customs itself, regionally and internationally will never be alleviated; and
- Implementation of the WCO Framework of Standards would be difficult since it is based on the ability to exchange data with various stakeholders in the supply chain.

⁴ USAID/Jordan - AsycudaWorld Project in Jordan: Planning Phase – June 2006

⁵ Annex 2, List of Applications Developed and/or hosted by FSL – UNCTADS's Technical Feasibility Study for The Jamaica Customs Department

3.2 Option 2 – Develop the System in-house

This option involves engaging FSL or another private technology provider in developing own customs clearance applications.

The advantages associated with this option are:

- The system could be build to the customs-specific requirements and demands;
- There could be easier integration with existing customs systems, processes and procedures;
- Local development might strengthen IT expertise that can be used to support sustainability of the system;
- The government of Jamaica/Jamaica Customs will own the source codes.

The disadvantages associated with this option are:

- There will be the need for significant financial and human resources to manage the development of such a system; it will require skilled and competent IT personnel experienced in development of large and complex IT systems;
- The modernization of Jamaica Customs and the acquisition of a modern integrated customs management system is time specific and only meticulous adherence to IT system development standards and methodologies can guarantee the successful completion of such a system. It is therefore uncertain whether or not the capacity currently exists locally to deliver such a system on time and within budget and hence there may be challenges in providing the requisite resources for execution;
 - The experience of other countries indicate that the development of a complex IT system such as the one required for customs clearance is a significant investment in resources, time and effort. It is difficult to estimate the cost for this option because a substantial part of development resources would have to be acquired from the private sector. Based on the experience from other countries and using an optimistic estimate - it would likely take more than three years to design, develop, and implement a world class standard customs system;
 - Fiscal Services Limited would have to play an integral role in such development and it is clear that they may not have enough time to give to any such project because of other jobs and the nature of their daily operations; FSL has had difficulties in retaining qualified IT personnel in the past and hence It might be difficult to keep the key project staff which may not only affect development but also post-development related issues;
 - The development of a new integrated customs management system will take too long when compared with other options.

3.3 Option 3 – Outsource the System development

The outsourcing of the system involves engaging a third party in the design, development and implementation of the customs management system.

The advantages associated with this option are:

- Jamaica Customs and donor agencies where applicable can insist on contractual safeguards to shift risk and accountability to the vendor/developer;
- The vendor/developer may be able to bring the necessary skills, expertise, methodology and even some amount of funding to contribute to the development of a large application development such as will be required;
- The vender/developer will be able to tailor the system to Jamaica Customs specific requirements and needs;
- There may be opportunities to involve local technical staff in the development of the system and thereby build local capacity.
- The vendor/developer might be able to work with more alacrity in developing the system by applying more resources than would otherwise be available at the disposal of Jamaica Customs.

The disadvantages associated with this option are:

- It may take a while to understand the business processes and culture locally and to obtain an exact match with Customs requirements and the vendor/developer understanding of Customs needs;
- Cost of development might be very high and this may have severe consequences where there has been project delay or redesign during project stage;
- Development may take too long compare to other options, especially if the vender/developer is unable to contribute resources to speed up time; and
- Based on the experience from other countries, development of a complex IT system such as the one required for customs clearance is a significant investment in resources, time and effort. It is difficult to estimate the cost for this option prior to the engagement/procurement process. Based on the experience from other countries and using an optimistic estimate - it would likely take more than three years to design, develop, and implement a world class standard customs clearance system.

3.4 Option 4 – Purchase a Commercial Off-The-shelf (COTS) Product

This option involves evaluation of a few existing Commercial Off-The Shelf Systems (COTS) and selecting one that meets the technical and functional need based on financial ability.

The advantages associated with this option are:

- The acquisition and implementation of a COTS product will involve less time, cost, and risk than developing a new application;
- Depending on the application customizability and on the effort required to customize the application to fit Customs' requirements, it might decrease the system design and development phases – thus the time for project completion might be shortened;
- There is a lower requirement for in-house technical skills and abilities;
- There is a contractual protections on maintenance, performance and functionality;
- Vendor provides references that have purchased, implemented and used the system – it may have a proven record of success; and
- A possibility may exists to test drive an existing implementation of system as part of the feasibility study; or
- Run an effective pilot before full implementation

The disadvantages associated with this option are:

- Effort for customization might be too high and too risky;
- System incompatibility with Customs' current systems on site and integration difficulties – the new systems' technology and architecture will impact architecture and technology of future Customs systems.
- There are few applications available in the market that are offered at various prices and payment models. A rough estimate for an application acquisition and implementation, including the application required infrastructure would be between USD\$10 and USD\$20 million.

3.5 Option 5 – Acquire ASYCUDAWorld Customs System

The final option considers the possibility to implement the ASYCUDAWorld system.

The advantages associated with this option are:

- As an existing developed system which is already implemented, AsycudaWorld has all the advantages of a COTS noted above in addition to the following :-
- Previous studies already indicate that AsycudaWorld is highly compatible with existing customs systems and infrastructures and hence it protects the previous investments;
- UNCTAD has also committed to build, during the project implementation period any other functionality to the AsycudaWorld system which Jamaica specifically requires. This has the unique advantage of combining the advantages of acquiring a COTS with the advantages of developing an own system. This is in addition to making source codes available;
- Asycuda has been deployed to some extent in nearly 90 countries in one of its three versions and hence there is a wealth of implementation experience to learn from and the system development and modification would have been influenced by a myriad of Customs administrations in several regions.

- Ensures lowest cost for data migration; and Compare to other systems AsycudaWorld implementation is one of the lowest cost.
- Jamaica Customs already conducted a technical feasibility study and UNCTAD already submitted a very detailed project proposal for implementation of

AsycudaWorld and hence less preparatory work will be required and the learning curve will be reduced comparatively to other options. UNCTAD's assistance in the implementation of AsycudaWorld would also include BPR and JCA will as far as possible amend its procedures, including legislation to that of AsycudaWorld.

The disadvantages associated with this option are:

- Effort for customization might be too high and risky since the detailed business requirements have not been done prior the selection phase – this is mitigated by the proto-type phase of the implementation; and
- There might be system incompatibility with the Jamaica Customs' current systems on site and integration difficulties – the new systems' technology and architecture will impact architecture and technology of future customs systems.
- There is the need for a fully trained and resourced local IT support team.

4. Selected Option

Jamaica Customs selects option 5 – implement ASYCUDAWorld. The

reasons for selecting this option are:

- Jamaica Customs has conducted product evaluations comparing available product functionality, cost, implementation approach and vendor strength and experience of a few already available systems and concludes that AsycudaWorld is the best suited available option at this time.
- Independent study and experts have also recommended the system as an option for Jamaica.
- Jamaica will have full ownership of the ASYCUDAWorld source code; and
- Any future upgrades of the ASYCUDAWorld are provided by UNCTAD without any additional costs.
- AsycudaWorld provides most of the advantages of a Commercial Off-Off-The-Shelf System coupled with a situation where Jamaica Customs would benefit from the building of additional modules or interfaces as requested By Jamaica Customs as well as the possibility of acquiring modules added by other countries not in the standardized system.

5. AsycudaWorld Justification

The implementation of AsycudaWorld as Jamaica Customs Agency's core Customs platform will reform current customs business practices and deliver a business solution that provides improved and secured communication facilities to stakeholders. AsycudaWorld will also provide the opportunity to improve collaboration among Customs and other government agencies.

5.1 Evaluation of Systems

The Jamaica Customs Agency has conducted product evaluations comparing some of the available systems and their functionality, cost, implementation approach and vendor strength and experience and has concluded that AsycudaWorld is the best suited available option at this time. The Agency has benefited from demonstrations and presentations from Crimson Logic, UNCTAD, Agility Logistics, SOGET and OCR Service Inc. At the same time the Agency has done extensive research on other Customs System such as those used in Panama, Pakistan, Costa Rica, Uruguay and many of our Caribbean neighbors.

After these extensive research and exposure to various Customs management systems as well as having access to independent expert information which indicates that AsycudaWorld is highly customizable with Jamaica's systems, protects investments already made, conforms to international functional and technical requirements and is WCO approved; the Agency has made the determination that the implementation of AsycudaWorld as the core Customs management system at Jamaica Customs is the best available and suited option at this time.

5.2 Time of the Essence

The road to public sector reform and in particular Customs reform in Jamaica has been a long one. This is unfortunate since the reform process impinges so much on the nation's developmental success and in complying with international standards and best practices. As part of its commitment to the International Monetary Fund (IMF), Jamaica committed itself to a growth strategy built on **time bound** fiscal consolidation and structural reforms aimed at **reducing impediments** to growth, complemented by investment strategic facilitation. The growth strategy envisages an initial phase of reform to improve efficiency and includes the establishment of a Port Community System with a phased roll-out by March 2014. The Government also committed to establishing Jamaica as a logistics hub, including expanding port, cargo and maritime facilities and economic zones.⁶ The phased roll-out of several components of this is targeted to be completed by 2015.

⁶ Jamaica's Memorandum of Economic and Fiscal Policies & Technical Memorandum of Understanding, submitted to the IMF 17 April 2013

The Minister of Industry, Investment and Commerce (MIIC), in his address to the 5th Biennial Jamaica Diaspora Conference (2013) made it clear that the Government has declared the logistics hub initiative a central plank in Jamaica's growth strategy.⁷ There is no doubt that the logistics hub initiative provides tremendous opportunity for growth and development given that the imminent expansion of the Panama Canal will facilitate increased cargo traffic in the Caribbean.

The reality is that the creation of Jamaica as a logistics hub, its readiness for the imminent success from an expanded Panama Canal and the commencement of the Port Community System cannot be a reality without Jamaica Customs having a core modern, efficient, effective and integrated Customs management system. This cannot wait for the end of three years and has to be implemented now. After consideration of the various options available, the implementation of AsycudaWorld is the surest way to achieve this. The United Nation Conference on Trade and Development (UNCTAD) has already conducted a TFS and has submitted a detailed proposal for implementation. They have already conducted extensive consultations with virtually all stakeholders internally and externally as part of the TFS study and hence have begun to effectively reduce time, which is running at lightning speed.

As stated above, Jamaica Customs modernization has been a long and tedious effort. Jamaica Customs has been granted the status of Executive Agency since April 02, 2013 by the Government of Jamaica. Apart from autonomy and flexibility which this status should bring, it must ensure improved customer satisfaction, trade facilitation, efficiency and compliance with international standards and best practices. It is trite to say that none of these can be accomplished without a modern integrated Customs management system. This is corroborated by the result of the Customs and Trade Toolkit (CATT) studies which was done by the World Bank. An analysis of the results of the CATT study for Jamaica Customs shows that more than 30% of the measures required for Jamaica Customs compliance with best practices and improve performance is reliant on a modern integrated Customs management system. In fact, gains in trade facilitation, customer service, efficiencies and compliance with international standards ought to have been sine qua non conditions to achieving the status of Executive Agency if the status is not to be a pyrrhic victory. This simply means that time is of the essence and Jamaica Customs must move post-haste to acquire and implement such a system and AsycudaWorld provides this opportunity to implement a world standard Customs management system with alacrity.

Jamaica and Jamaica Customs have been hit by the consciousness that time is of the essence if the commitments with our international partners are to be met and if the country is to grow and develop thereby enabling Jamaica to be the place to live, work, raise families and do business, at least for the majority of Jamaicans.

A review of the procurement process involved if Jamaica Customs were to proceed at open tender to acquire an integrated Customs management system against acquiring

⁷ Held on Monday, June 17, 2013 at the Montego Bay Conference Centre.

AsycudaWorld based on the current processes and on past experience shows that it will take a minimum of two and one half (2 ½ yrs) years just to complete the tendering process as against three months (3 months) to complete the process for AsycudaWorld. When implementation time is added to this, it is evident that if AsycudaWorld is not chosen then it is quite possible that after five (5) years Jamaica Customs will still be without a modern Customs Management System. The effect on the PCS, the logistics hub initiative, Jamaica Customs and the economy as well as in meeting all the committed targets with our international partners would be devastating.

5.3 Standardization, Harmonization and Regional Collaboration & Cooperation

The Caribbean Community (CARICOM) has been at the forefront of regional integration, collaboration, cooperation and standardization for many years. Jamaica and Jamaica Customs Agency have been playing a critical role in this movement over the years and have benefited from these initiatives and therefore will embrace any further efforts in this regard.

The Jamaica Customs Agency is usually represented annually at the Caribbean Customs Law Enforcement Council (CCLEC) where Regional Intelligence Liaison Officers (RILOs) chart the course for the Region each year. This gathering focuses a lot on troubles plaguing Customs Administrations regionally. While there are lots of common issues, the Jamaican situation appears greater because of the absence of an integrated Customs platform. The WCO Communication Network CENN/CENComm is used to share and analyze data regionally at these meetings and for joint operations planned throughout the year. The Region has also developed and utilized other specific information systems such as a Regional Clearance System (RCS 2013), utilized to record and monitor small crafts in the Region – a tool which assist in the targeting of movement of suspect vessels and crew. There is also Sail Clear which allows pre- registration of vessels prior to arrival in and throughout the Region.

There is no doubt that there have been tremendous trade, security and Customs efforts at standardization and harmonization in the Caribbean and Jamaica has been playing a critical role in these efforts along with other members. The Region has gone as far as preparing a Draft Harmonized Customs Bill which represents model Customs legislation which has already been adopted by some states and which other countries such as Jamaica are looking at in their process of reforming their Customs Acts.

As part of this effort at standardization, harmonization and regional cooperation; many countries individually and almost separately have embraced UNCTAD's Asycuda system and the majority of the countries in the Caribbean now use one or more versions of the Asycuda system. The use of AsycudaWorld will no doubt allow for standardization of Customs systems, processes and procedures between CARICOM members and Jamaica and will aid data and information sharing thereby assisting trade facilitation and border protection not only in Jamaica but in the Region.

The hosting of the 2007 Cricket World Cup in the Caribbean more than five years now witnessed greater Customs cooperation and standardization among CARICOM members. Many of these initiatives were long in coming and have remained permanent. These initiatives were undertaken under the theme: One Team, One Space – One Caribbean. Some of the initiatives set up under the auspices of the CARICOM Implementation Agency for Crime and Security (CARICOM IMPACS) under the framework for the management of crime and security included: measures to facilitate hassle free trade, management of a single domestic space and advance passenger and cargo information system. CARICOM IMPACS still requires that all private and commercial flights to or from member states submit advance passenger information prior to arrival or departure. This information is distributed to member states by IMPACS.

It is clear that the use of the Asycuda system by Jamaica which is the most widely used system in the Caribbean can only aid standardization, harmonization and regional cooperation between Jamaica and the rest of the Caribbean by fostering consistency in the use of system architecture and technology, customs practices, procedures and processes as well as benefit the smooth exchange of information on a timely basis thereby fostering even deeper integration among CARICOM members and with the rest of the world.

5.4 Meets Jamaica Customs Functional Requirement

The Jamaica Customs Agency has spent tremendous time and effort documenting its current procedures as is. The Agency has come to the conclusion that any new management system must provide functionalities to support a modern Customs Agency that complies with and meets international standards and best practices. Any new system must facilitate the processing of imports and export, gather trade statistics, coordinate document workflow and data sharing with other Government agencies. The Agency is satisfied that the AsycudaWorld system has demonstrated functionalities that meet Jamaica Customs requirements.

The following are the global requirements that the new system must meet to satisfy Jamaica Customs' requirement:

- 1) Meets the requirements of the World Customs Organization (WCO) Kyoto Convention and SAFE Framework Convention.
- 2) Complies with the current iteration of the World Customs Organization's Data Model.
- 3) Produces trade statistics compliant with United Nations and World Trade Organization (WTO) requirements.
- 4) Supports the Harmonized System of Customs Nomenclature.
- 5) Complies with the WTO Customs Valuation Agreement.
- 6) Supports World Trade Organization rules of origin requirements.
- 7) Employs the United Nations Electronic Data Interchange for

Administration, Commerce and Transport messaging standard (more commonly known as EDIFACT).

- 8) Compatible with the STATIN's system for trade statistics.
- 9) Supports the exchange of enforcement and intelligence information for Interpol and applicable regional and bilateral agreements, including the WCO Regional Intelligence Liaison Officer network.
- 10) Complies with the US Container Security Initiative.
- 11) Supports the use of a Single Administrative Document or SAD.

12) Possess Single Window Environment capabilities

The AsycudaWorld System meets all of the above requirements.

The following are the basic attributes and functional requirements that any new system must possess to satisfy Jamaica Customs requirement:

1. Access Control / User Authentication
2. Data Entry Capabilities
3. Document Workflow Engine
4. Reference File Management
5. System Administration
6. Registration of Traders and other key stakeholders
7. Management of Broker Affairs
8. Manifest Processing
9. Declaration Processing
10. Payment and Refunds Functions
11. Clearance and Release Processing
12. Single Window Capabilities
13. Accounting Functions
14. Quota Tracking
15. Basic Risk Management/Selectivity Functions
16. Financing Guarantee Tracking
17. Temporary Importation (Admission)
18. Drawback Processing
19. Warehousing (temporary storage / Bonded Warehousing)
20. Inward and Outward Processing
21. Free Zones / Economic Zone and Duty Free Shops Capabilities
22. Document Review
23. Inspection of Cargo
24. Enforcement / Investigation
25. Databases in the following areas
 - Seizure / Offenses Database
 - Classification Database
 - Tariff Database

- Valuation Database
- 26. Post Clearance Audit
- 27. Appeals
- 28. Ruling Interface
- 29. Complies with Container Security Initiative (US)

Jamaica Customs assessment of the AsycudaWorld System has revealed that the system meets the majority of the functional requirements expectations of any new system by Jamaica Customs. However, what is more important is that UNCTAD has agreed to build or add additional features where they are not present at the request of Jamaica Customs. Thus under output four of their proposal to Jamaica Customs they have, at the request of Jamaica Customs agreed by way of activity five to “develop new e-documents and functionality for the following areas:⁸

- Intelligence
- Enforcement
- Seizure and Offenses
- Post Clearance Audit Management System
- Appeal / Legal; and
- Rulings

The UNCTAD’s AsycudaWorld does possess the unique advantage of committing to build new functionalities that may be required by Jamaica Customs and for which Jamaica Customs provide specific requirements during the process of customization of their system to the needs of Jamaica.

5.5 Meets Jamaica Customs Technical Requirements

Jamaica Customs has determined basic key technical requirements which must be present in any future implementation of any Customs management system. These are:

1. Web-based
2. Backup Distribution Processing Capabilities
3. Electronic Data Exchange Interoperability
4. Built in Single Window Environment / Document Workflow Features
5. Compliance with Open Database Connectivity (ODBC)
6. Employ Network Security Technology
7. Possess Object-Oriented Design
8. Built-in Audit Trails
9. Built-in Event Notification Features
10. Built-in Data Archiving Utility Features

⁸ Government of Jamaica, UNCTAD Asycuda World Implementation in Jamaica – Draft Project Document V.1

In assessing the AsycudaWorld technical facets, Jamaica Customs has found that it complies with the technical requirements of the Agency for any new system which is required.

AsycudaWorld uses proven technology in the automation of customs processing which would greatly improve the current technology used by the Agency and FSL which is not fully web-based. This will serve to ensure the implementation of common applications and data standards island-wide and even regionally with our CARICOM neighbors. It will therefore assist in the implementation of common data and data exchange standards for communication with other Jamaica government agencies and stakeholders as required under the WCO Framework of Standards. The AsycudaWorld system is compatible with open architecture and component based system and is design in order to preserve user scalability. In particular AsycudaWorld incorporates the latest technological features including biometrics for user authentication, state of the art security model and web services:

5.6 Compliant With International Standards

As stated before, any new integrated Customs management system to be acquired by Jamaica Customs must comply with international standards and best practices. This is a key strength of the AsycudaWorld System and which weighs heavily in Jamaica favoring the system. The AsycudaWorld system complies with the following standards:

WCO	Kyoto Convention HS Tariff Data Model
UNECE	UN EDIFACT UN LOCODE Trade Data Elements
ISO	Country Code Foreign Currency Statistical Units
Other	Regional Norms (EU, ECOWAS, COMESA)

Because of the compliance with international standards, the adoption and use of AsycudaWorld as Jamaica's core customs management system will aid Jamaica's compliance with best practices and international standards such as the revised Kyoto convention, the WCO Framework of Standards and supply chain management guidelines, the revised Ausha Declaration and the WCO council adopted Johannesburg Convention.

5.7 Capacity Building and Sustainability

Unlike many other countries, Jamaica is fortunate to have a Government-owned information technology company that has a close working relationship with Agency.

Jamaica customs also plans on re-organizing its Information Management Unit/ Information Technology Unit under its new Executive Agency Status. The Unit will see additional staffing and has already been making structural and physical improvement. This will allow for easier transfer of technology, capacity building and sustainability.

The UNCTAD's Asycuda system has a structured approach of support and training at various levels which is a boon to the implementation of AsycudaWorld in Jamaica. The structure involves Regional Centres of Excellence which is also present in the Caribbean and Central America and which foster regional technical support and training. This aids regional integration and standardization and harmonization. This is in addition to technical support in the form of research and development coordinated by UNCTAD in Geneva.

Technical support and training are also provided during the implementation phase and also post implementation phase which seek to preserve skilled and trained resources. The technical flexibility built in the system also allows for sustainability, the system is compatible with architecture ranging from high-end clusters to low-end computers and uses the very latest technology.

The detailed proposal submitted by UNCTAD commits the organization to capacity building support during the implementation phase. This involves establishing succession plan after implementation is complete and means of accessing continuous technical support, system maintenance and upgrade of Asycuda. The capacity building and sustainability phase of the project involves; system's technical documentation, implementation of IT contingency and recovery procedures, IT strategic planning, establishment of technical support and training of staff and users at the various levels and in the various organizations.

It is to be noted that source codes will also be made available to the Government of Jamaica which will assist in sustainability and maintenance of the system and enable Jamaica to be able to make some amount of configuration to the system on its own as well as retaining and building some amount of local capacity.

5.8 Business Process Review/Reengineering

Business process review (BPR) and reengineering is part of the implementation of any new system. ASYCUDA is off-the-shelf software which models and automates international best practices of standard Customs operations. BPR is covered in the UNCTAD's implementation of AsycudaWorld as is outlined in their proposal submitted to the Government of Jamaica.

UNCTAD in its proposal for the implementation of Asycudaworld at Jamaica Customs includes as one of its specific objectives, "the provision of recommendations as to areas of Customs processes requiring business process re-engineering and simplification of Customs and other formalities, including expanding information flows and interchange, to enable the most effective use of the new system".⁹

⁹ AsycudaWorld Proposal – page 14

This activity by UNCTAD further includes establishing new automated and simplified procedures delineated as output 2 of objective 2 in the implementation proposal and also include activities aimed at enhancing Jamaica Customs legislative framework as outlined in output 5 of objective 2 of the proposal.

A key element of the initial phase of UNCTAD's implementation strategy is to "build a prototype in approximately six (6) months. This includes the seeking of approval of recommended Customs operating procedures and processes."¹⁰

Under a typical ASYCUDA Project the following is the list of activities normally executed to produce a new set of standard operating procedures, which will become operational and automated with ASYCUDA World (AW):¹¹

- Establishing a baseline where operating procedures are documented AS-IS;
- Review and compare legislative framework and operating procedures against the International Convention on the Simplification and Harmonization of Customs procedures (Revised Kyoto Convention);
 - Identify legislative amendments required to allow for adoption of RKC
 - Identify prescribed forms to amend or repeal
 - Identify infrastructural / organisational constraints
- Alignment of legislation, national requirements, present AW functionalities, and RKC as well as other trade facilitation recommendations and conventions;
- Propose new Standard Operating Procedures (SOP) and organisational requirements;
 - Documented SOPs
 - Documented end-user guides
- Identify new or modified functionality to prepare under AW.
- Socialisation, approval and dissemination of SOPs.

UNCTAD has made it clear to Jamaica Customs that an isolated effort to carry out a business process review (BPR) outside the project proposal scope would not be necessary. UNCTAD specifically states that "executing a BPR without the knowledge of the functional attributes and capabilities of the system to be implemented may lead to a futile exercise and unnecessary expenses. In other sectors outside a Customs environment, it's common to see a business process review to take precedence over a software solution, especially when they will be engaging in a complete software development. However, under a Customs environment with the use of complete solution as AW, it is normally considered under its implementation".

¹⁰ AsycudaWorld Proposal – page 15

¹¹ Jaime Mendoza/UNCTAD Email – Friday August 02, 2013

JCA is satisfied that the UNCTAD approach is appropriate to the type-design/adaptation modality employed in the ASYCUDA solution, and gives adequate coverage of the BPR aspects.

5.9 Cost Benefit Analysis

The underlying SWOT analysis provides a clear qualitative cost-benefit summary of the implementation of AsycudaWorld at Jamaica Customs. While some of these SWOT elements are not unique to AsycudaWorld and may thus be applicable to many modern integrated Customs management system; the implementation of AsycudaWorld at Jamaica Customs does have clear advantages. The total implementation cost to acquire and implement AsycudaWorld at Jamaica Customs is two million, six hundred thousand dollars (**USD\$2,600,000.00**) including required infrastructure. A rough estimate to acquire and implement an alternate application including the required infrastructure would be between USD\$10 and USD\$20 million.¹²

Based on past Customs reform experiences, UNCTAD estimates that the implementation of AsycudaWorld in Jamaica will lead to increase in revenue collection of between 10% - 20%. This will primarily due to comprehensive automation. With a prior year collection of approximately USD\$230 million, it will only take a one percent (1%) increase in revenue to recover the investment during the first year after the implementation and operation of AsycudaWorld.¹³ Based on the estimated cost above for similar systems' implementation, it would take four (4) to eight (8) years at similar rate of return to recover investment if another COTS product were to be selected.

The above return on investments is in addition to the other benefits which AsycudaWorld implementation will result in from complying with international standards and best practices and having simplified and transparent procedures. The implementation programme is expect to reduce at least 10% on administrative costs associated with the processing and releasing of shipments as well as allowing a minimum of 60% of shipments to leave Jamaica's ports of entry the same day they arrive.¹⁴

¹² ASYCUDAWorld Project in Jordan: Planning Phase, Final Report 2006, Prepared by Chemonics International Inc. for USAID

¹³ Government of Jamaica Ministry of Finance, Technical Feasibility Study for the Jamaica Customs Department, UNCTAD, Annex 4, Executive Summary

¹⁴ Government of Jamaica Ministry of Finance, Technical Feasibility Study for the Jamaica Customs Department, UNCTAD, Annex 4, Executive Summary

5.10 Asycuda SWOT Analysis for Jamaica Customs

Internal	Strengths	Weaknesses
	<ul style="list-style-type: none"> Compliant with international standards Reduced cargo clearance time Improved consistency and reliability in system, practices and procedures Greater transparency and certainty for clients and Customs Standardization of reports Standardization of declaration for formal and informal trader Elimination of multiple submission of documents Reduction in the use of paper both for stakeholders and Customs Simplification of communication within Customs and with stakeholders Improved and increased access to on-line services by stakeholders Comparatively cost much less than other options and other systems 	<ul style="list-style-type: none"> The implementation of the AsycudaWorld system carries with it the usual weaknesses that implementation of any other system will carry.
External	Opportunities	Threats
	<ul style="list-style-type: none"> Increased revenue collection Harmonization and standardization of customs nationally Enhanced risk management, post auditing, and valuation capabilities Compliance with international standards Increased transparency & predictability for stakeholders Accurate and time supply of trade data and statistics Minimization of intervention in flow of legitimate trade Improved technical capacity to collaborate and coordinate to regulatory agencies and with other Customs administration Increase capacity building in Customs management system Acquisition of modern technology Enhanced coordination of supply chain security and facilitation of SAFE framework requirements Improved ratings in World Bank Doing Business Report for Jamaica Reduction of cost to stakeholders in doing business with customs due to time saved 	<ul style="list-style-type: none"> Inability to participate in competitive bidding process may make it difficult to secure necessary funding to execute project on time. Strict time frame in which project has to be completed Existing multiple piecemeal systems and the use of old technology may affect data transfer process and quality Current status of IT progress and technology by some stakeholders may affect integration of OGA Non-enabling legislation which need to be amended with alacrity Availability of resources both locally and from UNCTAD Resistance to change both inside Customs and with external stakeholders

6. Conclusion

The decision by Jamaica Customs to acquire UNCTAD's AsycudaWorld system for implementation has been taken after due consideration of various options which took many factors into account such as compliance with international standards and best practices, experience, implementation approach and time constraints among others.

Jamaica Customs concludes that the implementation of AsycudaWorld is the best choice for customs processing due to several factors including the following:

1. The system has been in existence for almost 30 years and has been successfully implemented in more than 80 countries.
2. The system has been recommended as an option for Jamaica Customs by current users and independent experts.
3. The acquisition of the system has a well developed implementation, training and maintenance support network at various levels including regional centers of excellence.
4. The system has benefited from several upgrades resulting in four different iterative versions to meet state-of-the-art advancement in hardware and software applications.
5. The system meets Jamaica Customs technical and functional requirements and possesses a wide menu of Customs functionality that can be selected by module and customized to suit Jamaica's need.
6. The system complies with international standards, conventions and best practices such as those promulgated by the WTO, WCO, and the United Nations (UN), including the Kyoto Convention, the SAFE framework and established data exchange models.
7. AsycudaWorld implementation is one of the lowest costs compared to other similar systems implementation.
8. The implementation of AsycudaWorld as an option will minimize overall system implementation time and thereby contribute to Jamaica Customs and the GOJ meeting other time bound objectives.

ANNEX 26

SECURITY REQUIREMENTS FOR JAMAICA CUSTOMS AGENCY'S AUTHORIZED ECONOMIC OPERATORS (AEO)

ENGAGED IN IMPORTATION, EXPORTATION & MANUFACTURING

1. MANAGEMENT AND ADMINISTRATION OF THE SECURITY CONTROL SYSTEM

THE AEO MUST:

1.1 Document, implement, publish and distribute security policies which aid in the prevention of illegal and criminal activities. The policies must have clear and measureable objectives to ensure compliance with them. Illegal and criminal activities include (but are not limited to) drug trafficking, terrorism, smuggling, theft.

1.2 Charge senior management with the responsibility of ensuring compliance with security policies (referenced in 1.1).

1.2.1 Have a designated manager who is documented as being responsible for all security functions.

1.3 Document and implement a risk management system (as detailed in 2 - 9) incorporating business partner security, container & conveyance security, physical security, physical access control, personnel security, information technology security, training, and security of raw and packaging materials (where applicable).

1.4 Identify and document the processes (pictorial representations may be used) that the organization uses in the conduct of its business. These processes should identify inputs, outputs, indicators measuring compliance, and responsible use of the processes.

1.5 Have a person or team responsible for conducting their internal audits. This person/team must be trained in the organization's management system relating to the security requirements for AEOs.

1.5.1 Conduct a minimum of one (1) annual internal audit to assess compliance with minimum AEO security requirements, and to identify and implement corrective actions and improvement where required. These audits shall be submitted to the Commissioner of Customs.

1.6 Have an organized and updated system that covers all administrative and financial activities of the organization: general accounting, banking, accounts receivable, accounts payable, billing, inventory, payroll, production, purchasing, sales, etc.

1.7 Have documented job descriptions for personnel employed in areas of importation and exportation.

2. BUSINESS PARTNER SECURITY

Business partners are considered to be persons/entities contracted or subcontracted to perform a service, or provide goods, whose action can affect the security of the supply chain. Among these (though the list is not exhaustive) are: air and sea carriers, importers, exporters, customs brokers, freight consolidators/forwarders, shipping agencies, port facilities, airports, suppliers, haulage contractors, among others.

THE AEO MUST:

2.1 Have written and verifiable processes for the selection of business partners (as defined in 2).

2.2 Maintain and update (at least) the following information for their business partners:

1. Names, if an individual; or if a corporate entity, the legal and trading name (if applicable) of the organization;
2. Unique identification number, such as a tax registration number;
3. Address;
4. Business background (inclusive of their economic activity).

2.3 Document (certificate number, if applicable) which of their business partners have any of the following security certification: C-TPAT, BASC, AEO.

2.4 Check that their business partners who are certified by a security program other than those listed in 2.3, or who have no form of security certification, meet the minimum security requirements of the AEO Programme. This can be verified by administering the *Business Partner Security Questionnaire* (available on the JCA website) to them (this questionnaire is to be re-administered to business partners in this category whenever your AEO status is being renewed).

2.4.1 If the AEO identifies weaknesses in their business partners in this regard they should ask that the weaknesses be corrected.

Please note, if the business partner has security certification as listed in 2.3 or meets the minimum security requirements as outlined in 2.4, then 3.1 & 3.2 does not apply

3. CONTAINER & CONVEYANCE SECURITY

Container and conveyance integrity must be maintained to protect against the introduction of unauthorized material and/or persons. At the point of stuffing, procedures must be in place to properly seal and maintain the integrity of the shipping containers. A high security seal must be affixed to all loaded containers bound for Jamaica and outbound from Jamaica.

THE AEO MUST:**Container & Conveyance Inspection**

3.1 Request a container inspection report (duly signed by the inspecting officer) from their overseas supplier/consolidator for each container prior to stuffing. This report must incorporate the seven-point inspection process outlined in 3.3.

3.2 Request a chassis and tractor head inspection report (duly signed by the inspecting officer) from the haulage contractor prior to affixing the container to the chassis. The following minimum inspection process must be contained in the report:

1. The fifth wheel area - inspect the natural compartment / skid plate
2. Exterior - front / side
3. Rear - bumpers / doors
4. Front wall
5. Left side
6. Right side
7. Floor
8. Ceiling Indoor / Outdoor
9. Inside (including the Sleeper)/outside
10. Exterior / Bottom section

3.3 Have documented and implemented procedures in order to verify the physical integrity of the container (including the reliability of the locking mechanisms of the doors) after unloading and prior to returning the empty container to the port. A seven-point inspection process is recommended for all containers:

- Front wall
- Left side
- Right side
- Floor
- Ceiling/Roof
- Inside/outside doors

- Outside/Undercarriage

Reefer:

- Inspection of the evaporator area.
- Area of the condenser.
- Control box
- Area Compressor

When exporting

3.4 Inspect the tractor head and chassis and document it (report must be duly signed by the inspecting officer). The inspection report must contain the following:

1. The fifth wheel area - inspect the natural compartment / skid plate
2. Exterior - front / side
3. Rear - bumpers / doors
4. Front wall
5. Left side
6. Right side
7. Floor
8. Ceiling Indoor / Outdoor
9. Inside (including the Sleeper)/outside
10. Exterior / Bottom section

Container Seals

3.5 Submit a written request to their suppliers/consolidator for high security seals to be affixed to all their imported containers. All seals must meet or exceed the current PAS ISO 17712 standards for high security seals.

3.6 Document, implement and maintain procedures to recognize and report to the shipping line or agent and the Jamaica Customs Agency (JCA), whenever the seals, containers and / or other cargo units have been violated. Similarly, the importer must report to JCA prior to the landing or opening of the container if the supplier(s)/consolidator neglect to use seals meeting the required standard.

3.7 Document, implement and maintain procedures governing the use, distribution and storage of seals. Only designated employees should handle and distribute seals.

Container Storage

3.8 Store containers and other cargo units (loaded and empty) in a secure area to prevent access and/or tampering.

3.9 Have procedures for reporting and neutralizing unauthorized entry into containers, trailers, and areas for the storage of containers and trailers.

3.10 Perform and document periodic inspections of storage areas for containers and other cargo units (full and empty) to detect suspicious or irregular activities (refer to 8.1).

4. PHYSICAL SECURITY

THE AEO MUST:

Fencing

4.1 Have perimeter fencing that encloses the cargo handling areas and storage facilities. The fencing must be appropriate for protecting the cargo.

4.2 Inspect perimeter fencing at least once per week to verify their integrity and address any damages. There must be documentary record of the inspections, duly signed by the person who conducted the inspection.

Finished goods imported for export under bonded facility

4.3 Have designated areas within the cargo handling area to separate and store goods intended for local consumption and goods intended for export.

Entrances and Exits

4.4 Monitor entrances and exits for vehicles and personnel. A log must be used to capture information such as the driver's/visitor's name; license plate number; and the number from valid photo identification. This log must be kept for a minimum of two (2) years.

Building structure

4.5 Secure their building structures with the necessary physical features that will serve to reduce the possibility of illegal entry.

4.6 Perform annual inspections and conduct repairs as circumstances dictate in order to maintain the integrity of their building structures.

Control of locks and keys

4.7 Secure all windows, doors, interior and exterior gates with locks. Management or security personnel must control the issuance of all locks and keys using appropriate logs. This log must be kept for a minimum of two (2) years.

Security system

4.8 Either have their own security service staffed by persons registered with the Private Security Regulation Authority (PSRA), or contract a security company registered with the PSRA. The security personnel should be prepared to offer timely 24-hour response service in the event of any unforeseen threat to the company's operations.

4.9 Have a map showing the location of sensitive areas (*areas relating to the importation, manufacturing and exportation of cargo, as applicable*) of the facility.

4.10 Use alarm systems and video surveillance cameras to monitor premises (especially the sensitive areas as defined in 4.9) and aid in deterring unauthorized access to the areas of cargo handling and storage. The recordings must be stored for a minimum of 90 days.

4.11 Document, implement and maintain contingency and emergency procedures to be used in the event of natural disasters, civil unrest, container contamination (in any form), corruption and terrorist acts in order to ensure continuity and security in the international supply chain.

THE AEO SHOULD:

4.12 Conduct drills testing contingency and emergency procedures outlined in 4.9.

THE AEO MUST:

Lighting

4.12 Have adequate lighting inside and outside the facility at all times. Special attention must be paid to the following areas: entrances and exits, areas of cargo handling and storage, perimeter fencing and parking areas.

4.13 Have an emergency electrical power supply system (such as generators or inverters) to restore power to sensitive areas (refer to 4.9) in the event of a possible loss of electricity. Alarm systems and surveillance video cameras must be connected to the emergency power supply system.

Parking and lockers

4.14 Prohibit the parking of vehicles of employees and visitors within the cargo handling areas and adjacent areas while such operations are taking place.

THE AEO SHOULD:

4.15 Manage areas designated for employees' lockers, ensuring that these areas are away from the cargo handling areas.

5. PHYSICAL ACCESS CONTROLS

THE AEO MUST:

5.1 Have an identification system for employees if they employ in excess of nineteen (19) persons. This system must include an identification card with a picture which must be presented upon arrival. The identification system must also have access control features which ensure that employees only have access to those areas where they need to be in the performance of their functions.

5.2 Document procedures for delivery, removal and changing of access devices to employees (e.g. keys, key cards, etc.).

5.3 Require visitors going to the sensitive areas (refer to 4.9) of the organization to submit valid photo identification upon arrival, and record essential information from the ID.

5.4 Issue visitors going to the sensitive areas (refer to 4.9) of the organization with the organization's temporary visitor pass, which must be visibly displayed for the duration of the visit (This requirement does not apply to organizations employing less than 20 persons).

5.4.1 Control the issuance and return of visitors' passes. This includes having procedures in place to address lost or unreturned passes.

5.5 Have a record of all visitors going to the sensitive areas (refer to 4.9) of the organization. These records must include their arrival and departure times, as well as the name of the employee they are visiting.

5.6 Record all incoming mail at the time of arrival. This record must include the date received, sender's and receiver's information.

THE AEO SHOULD:

5.7 Escort visitors going to the sensitive areas (refer to 4.9) of the organization during their visit.

5.8 Have documented and implemented procedures on how to identify, challenge and address unauthorized or unidentified people within the facilities.

6. PERSONNEL SECURITY

THE AEO MUST:

6.1 Document, implement and maintain procedures for the selection of employees (a recruitment policy).

6.2 Verify the information on the employment application, such as criminal record, personal and employment references, etc., in keeping with appropriate national legislation for candidates with employment opportunity.

6.3 Have updated employment history for all personnel, including photograph, address, phone number(s), next of kin information, and other relevant personal data.

6.4 Identify and update the critical positions that could compromise the security of the supply chain. Critical positions encompass all employees working in the sensitive areas (refer to 4.9) of the organization, along with the management team.

6.5 Have a manual of conduct and code of ethics that stipulates the administrative sanctions for breaches of the security measures and other behaviours that affect safety. This manual must be public knowledge of staff.

6.6 Have a policy in place to control the supply (delivery and return) of uniforms and company identification, and make reasonable effort (documented) to ensure that these supplies are returned upon the employee's separation from the company.

6.7 Have a policy governing the separation of employees from the organization.

THE AEO SHOULD:

6.8 Require the management team and other persons occupying critical positions (refer to 6.4) - with the exception of casual workers - to make annual declarations of assets and liabilities.

6.8.1 Document, implement and maintain procedures for monitoring the analysis of these declarations in order to detect relevant, inexplicable changes in equity for employees.

6.9 Make drug and alcohol testing mandatory for personnel occupying critical positions (refer to 6.4) upon hiring and random testing thereafter. The AEO should use a Blood Alcohol Concentration (BAC) of less than 0.08 % by volume as their acceptable level.

6.9.1 Have procedures in place to refer staff to appropriate institutions in cases of substance abuse.

7. INFORMATION TECHNOLOGY SECURITY

THE AEO MUST:

Control and data protection

7.1 Assign individual accounts to employees. These accounts must require a change of password every three (3) months (minimum).

7.2 Have Information Technology policies documented, and these must be communicated to employees through training.

7.3 Have a back-up of trade-sensitive information for at least the last three (3) years of operation. A copy must be stored securely offsite.

7.4 Have a system in place to identify abuse of computer systems and detect improper access, tampering or the altering of business data.

7.5 Apply disciplinary measures to all violators of the system.

7.6 Comply with the laws governing intellectual property rights (IPR) and copyrights.

8. SECURITY TRAINING AND AWARENESS OF THREATS

THE AEO MUST:

8.1 Train employees in the procedures established by the company to address and report suspicious activities to the management team and the Jamaica Customs Agency.

8.2 Provide specific training to assist employees in maintaining cargo integrity, access controls, and recognizing internal conspiracies.

THE AEO SHOULD:

8.3 Implement a threat awareness program to equip employees with the knowledge of how to prevent, recognize and react to any threat of smuggling, criminal activities, and terrorism.

9. CONTROL OF RAW MATERIALS AND PACKAGING MATERIALS

(Applicable to manufacturers only)

THE AEO MUST:

9.1 Use the necessary documentation (such as requisitions, returns, inputs, outputs, and authorized signatures) for the control of raw materials and packaging materials. These documents must be maintained for at least three (3) years.

9.2 Control access to areas where raw materials and packaging materials are stored.

ANNEX 27 JAMAICA CUSTOMS AGENCY AEO SECURITY WORKSHOP PRESENTATION



Trusted Trader Programme
+
Security Requirements
=
Internationally acclaimed
AEO Programme

The Programme's Journey

- 2009: Introduced in Jamaica
- 2011: Deemed a Trusted Trader Programme
- 2012: Revamp process commenced

AEO Programme Signals...

- Processes are aligned with good international practices
- Capacity to mitigate risks along the supply chain
- Possibility for signing MRAs with other countries

Trusted Trader Programme...

...implies compliance with several aspects of the SAFE Framework of Standards to secure & facilitate global trade

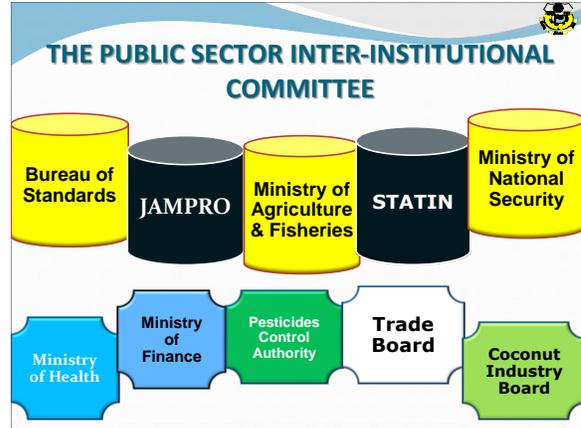
The Revamp Process

- Inter-Institutional Committee
- Account Managers
- AEO status for containerized shipments only
- 3-year validity period
- Levels for AEOs – Platinum, Gold & Silver
- AEO Manual
- Adjusted Memorandum of Understanding (MOU)



The Revamp Process

- Private Sector Committee
- AEO Committee
- Pilot Project
- Official Launch
- Electronic Registration and Self-assessment
- Validation Process
- Security Requirements



The Public Sector Inter-Institutional Committee

- Formed: March 2013
- Composition: All public sector bodies that regulate international trade
- Advantages:
 - Improves the risk management process through the exchange of information
 - More efficient controls due to technical expertise of members in respective areas



The Public Sector Inter-Institutional Committee

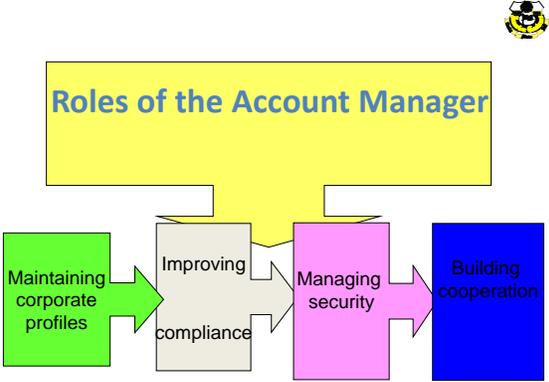
- Advantages for the private sector:
 - Coordinated benefits mutually agreed upon by members of the PSIC
 - First-in-line service from all agencies constituting the PSIC because the AEO is certified as a safe and trustworthy organization
 - Improved competitiveness resulting from the stamp of approval from the entire government trade regulatory body



Account Managers

Each AEO is assigned to an Account Manager who serves as the main point of contact with Customs and other trade regulatory bodies



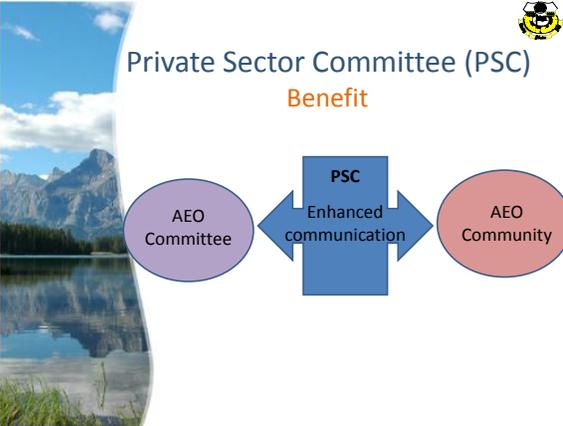
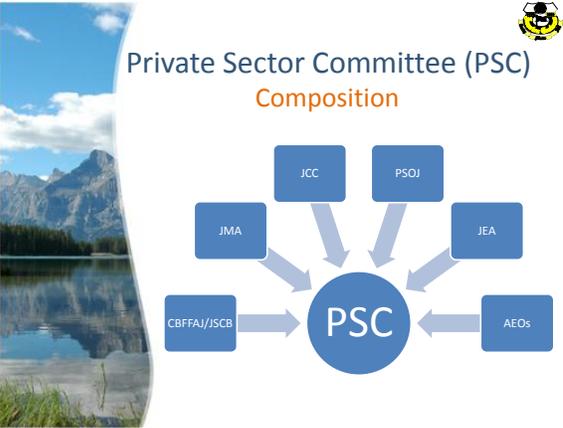


The AEO Manual & MOU

- ❖ The Manual (Programme criteria & SOPs) has been drafted and is now being reviewed
- ❖ The Manual will serve both internal & external stakeholders, & will be uploaded to JCA's website by Jan. 2014
- ❖ MOU has been adjusted to reflect all changes

AEO Status

- Full container loads (fcl) only
- Minimum of twelve (12) containers per year
- Valid for 3-year period (minimum)
- Break bulk ➡ examination on port
First-in-line service



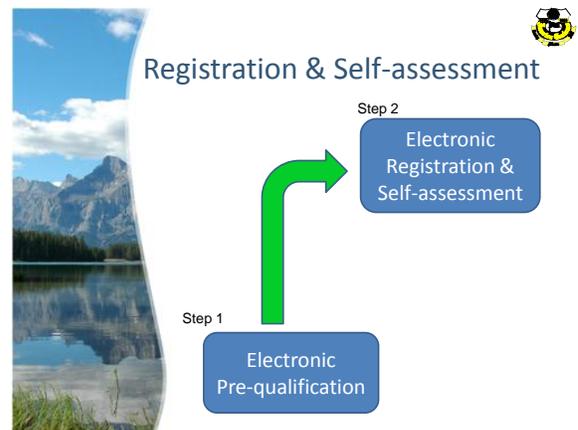
Private Sector Committee (PSC)

Functions

- ❑ Represent the AEO participants & inform the AEO Committee of their concerns and suggestions
- ❑ Assist in AEO awareness management training within the private sector

Pilot Project

- 15 companies - 5 small, 5 medium, 5 large
- By invitation of the JCA
- Electronic submission of applications
- Successful AEOs need not re-apply
- Non-participating AEOs will continue to receive benefits during the project



What is Validation?

The validation exercise is the process which establishes:

- whether or not there is congruence between an organizations documentation and their processes;
- whether or not an applicant is eligible for receiving the AEO status, and, if so, the level.



What does the 'Validation Process' entail?

- Validating eligible applicants only
- Documentary inspection
- Physical inspection of premises
- Discussion:
 - Discrepancies
 - Recommendations
 - Time-lines within which to rectify problems

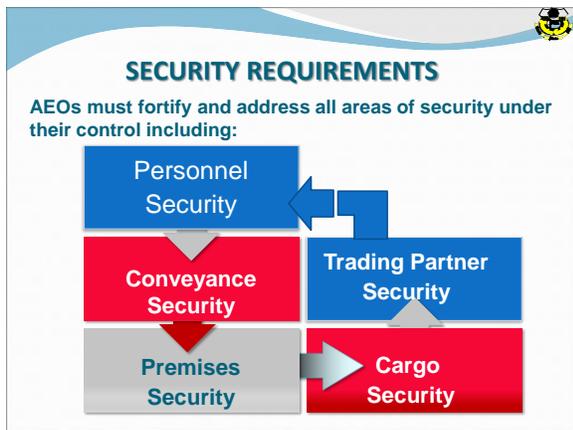


Business Partner Security

Know your business partner

A business partner is a person/organization providing a service or goods to the AEO, whose activities have the potential to affect the security of the supply chain

Know your business partner
Know your business partner




Container Security

- ✓ Seals must meet or exceed the PAS ISO 17712 standard for high security seals
- ✓ Containers must be properly inspected and the report documented




Personnel Security

Recruitment & other HR policies must be in place to mitigate risks that may be faced by the company, and which could threaten the security of the supply chain



Information Technology Security



Policies must be in place to secure electronic data and information management systems; and to guard against or treat with misuse/abuse



WCO Study on Supply Chain Security



❖ Year of study: July 2006

❖ Subject of study: The Manufacturing Institute, Washington , D.C.

❖ **Conclusion: Better security drives business value**



Physical Security



- Fencing
- Entrance and Exits
- Building Structures
- Control of locks and keys
- Security System
- Lighting
- Parking and lockers



WCO Study on Supply Chain Security



Results

COLLATERAL BENEFITS	BENEFIT BREAK-DOWN
IMPROVED PRODUCT SAFETY	38% ↓ IN THEFT/ LOSS/ PILFERAGE
	37% ↓ IN TAMPERING
IMPROVED INVENTORY MANAGEMENT	14% ↓ IN EXCESS INVENTORY
	12% ↑ IN REPORTED ON TIME DELIVERY
PROCESS IMPROVEMENTS	30% ↓ IN PROCESS DEVIATION



Security Training & Awareness of Threats



Employees must be made aware of the policies & procedures governing the report of suspicious activities to relevant authorities



WCO Study on Supply Chain Security



Results

COLLATERAL BENEFITS	BENEFIT BREAK-DOWN
IMPROVED SUPPLY CHAIN VISIBILITY	50% ↑ IN ACCESS TO SUPPLY CHAIN DATA
	30% ↑ IN TIMELINESS OF SHIPPING INFORMATION
SPEED IMPROVEMENTS	29% ↓ IN TRANSIT TIME
	28% ↓ IN DELIVERY TIME
IMPROVED PRODUCT HANDLING	43% ↑ IN AUTOMATED HANDLING OF GOODS



WCO Study on Supply Chain Security Results

COLLATERAL BENEFITS	BENEFIT BREAK-DOWN
MORE EFFICIENT CUSTOMS CLEARANCE PROCESS	49% ↓ IN CARGO DELAYS
	48% ↓ IN CARGO INSPECTIONS/ EXAMINATIONS
HIGHER CUSTOMER SATISFACTION	26% ↓ IN CUSTOMER ATTRITION
	20% ↑ IN NUMBER OF NEW CUSTOMERS



DISCUSSION

- AEO SECURITY REQUIREMENTS







ANNEX 28



THE
JAMAICA GAZETTE
SUPPLEMENT

PROCLAMATIONS, RULES AND REGULATIONS

218A

Vol. CXXXVI

THURSDAY, MARCH 28, 2013

No. 25A

No. 62A

THE EXECUTIVE AGENCIES ACT

THE EXECUTIVE AGENCIES (JAMAICA CUSTOMS AGENCY)
 (DESIGNATION OF EXECUTIVE AGENCY) ORDER, 2013

In exercise of the power conferred upon the Minister by subsection (1) of section 4 of the Executive Agencies Act, the following order is hereby made:—

1. This order may be cited as the Executive Agencies (Jamaica Customs Agency) (Designation of Executive Agency) Order 2013.
2. The Minister having:—
 - (a) carried out the relevant assessment into the functions and operations of the Jamaica Customs Department in accordance with subsection (2) of section 4 of the Act; and
 - (b) approved the Scheme of Management for the operations of the executive agency submitted by the responsible Minister, in accordance with section 4(4);

218B

PROCLAMATIONS, RULES AND REGULATIONS [MARCH 28, 2013

hereby designates the Jamaica Customs Department in the Ministry of Finance and Planning as an Executive Agency to be known as the Jamaica Customs Agency.

3. The designation of the Jamaica Customs Agency as an Executive Agency, shall be with effect from the 2nd day of April, 2013.

Dated this 27th day of March, 2013.

PETER PHILLIPS
Minister of Finance and Planning.

ANNEX 29

Tuesday August 13, 2013

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Latest: News

Customs surpasses targets, collections gross \$43.63b

Published: Tuesday August 13, 2013 | 8:42 am

The Jamaica Customs Agency surpassed the Ministry of Finance and Planning's target for July by 10 per cent.

It says gross collections totaling \$12.89 billion was \$988 million more than the \$11.9 billion projected by the finance ministry.

The agency also says it has surpassed the year to date target by five per cent with gross collections of \$43.63 billion.

It says formal commercial imports represent more than 80 per cent of the Agency's total collections.

And it notes that an increase in Import Duty and General Consumption Tax collections and the recently introduced Customs Administration Fees has contributed to the surpassing of targets.

In the meantime, Discretionary and Statutory Waivers combined for the month of July declined by \$1.83 billion or 15 per cent.