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UNITED STATES GOVERNMENT

# Memorandum

PD-AAA-917-C1

TO : Mr. James Lockard,  
Guatemala Desk Officer, AID/W

DATE: December 3, 1971.

FROM : John Ferrel  
Associate Director/ECON.

SUBJECT: Monthly IRS Team Leader's Report of the month of October, 1971.

In Compliance with FTAS/IRS/Washington request, attached herewith is the monthly progress report for the month of October, 1971, prepared by the Tax Advisor, Mr. John C. Ramos, as part of the IMPACT reporting system.

/amf.  
attachment:a/s

UNCLASSIFIED



*Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan*

John C. Ramsay

Development Planning and Investment ( Tax )

Monthly Project Report for the Month of November, 1971.

A. SIGNIFICANT CHANGES AND EVENTS:

1. The Mission's Tax Advisor conducted that portion of the CIET-sponsored Audit Training Course dealing with Indirect Methods for determining omitted income. The two methods taught were the Net Worth Method and the Source and Application of Funds Method.
2. Tax Administration ProAg, PIO/T and PIO/C drafts for 1972 were prepared and circulated for clearances during November.
3. Mr. Homer Crossman, IRS Regional Commissioner, Western Region was in Guatemala from November 7 to 10, and received a briefing of the tax project objectives, and met with GOG tax officials.
4. Proposals made by Mr. Richard Luke, TDY Delinquent Tax Collections advisor to the GOG Collections Section has been totally accepted by the chief of the GOG delinquent tax unit, and printing of proposed forms were ordered.
5. Briefing paper was prepared for Ambassador Eowdler and Mr. John Ferch, new Chief Embassy/AID Economic Section.
6. At the request of the Mission Director, the Mission's Tax Advisor met on several occasions with Mr. Leo Jessume, ROCAF Bureau of Census Advisor related to the possibilities of an AID loan for the GOG 1972 census. Meetings were also arranged for Mr. Jessume and the Minister of Finance.
7. Mr. Evans visited both cigarette factories, a cigar factory, a cigar dealer, the main plant of the only remaining brewing company, two wineries, four distilled spirits plants and the plant that makes the security caps for the liquor bottles; also conferred extensively with industry representatives and officers of the Finance Ministry and the General Accounting Office both at the managerial level and the grass-roots level.

Fact finding is virtually complete. The remaining work will be principally that of organizing the material, reporting the findings and developing recommendations. Mr. Evans would like to leave by December 11, and must leave by December 18. He is trying to get his report submitted so that we can have it translated and discuss it with appropriate officials before his departure.

8. Mr. James Westrick, Data Processing Advisor, arrived in Guatemala on November 30, to begin a full-tour assignment.

9. Due to unavailability of adequate locale and delays by printers, the Income Tax Law and Regulations course was postponed until after the beginning of the new year.
10. The proposed reorganization bill of the Ministry of Finance will be brought to the floor of Congress in early December.
11. Collections of ordinary and consigned revenues through the month of October are attached. Actual collections are running at a rate of 5.7% higher than for the same period one year ago, and at a rate of 0.8% more than revenue estimates.

B. ACTIONS PLANNED:

1. Assist in drafting organizational make-up of new tax offices.
2. Annual leave during latter part of December.

C. DECISIONS REQUIRED:

1. Approval by Congress of the Ministry of Finance Reorganization Bill.

October 31, 1971.

GUATEMALA

Status of Ordinary and Consigned Revenues

	Collections 1/1-10/31/70	(Thousands) 1/1-10/31/71	'71 vs '70 Over(under)	Budget 1/1-10/31/71	'71 Coll vs '71 Budget Over(under)
<b>ORDINARY REVENUES</b>					
<b>Taxes:</b>					
Income	16,247.3	18,660.8	2,413.5	15,706.8	2,954.0
Realty & Transfer	5,008.0	4,534.2	(473.8)	5,206.4	(672.2)
Import	25,632.0	28,394.5	2,762.5	27,017.0	1,377.5
Export	7,367.3	6,573.4	(793.9)	7,019.2	(445.8)
Consumers: Products	27,689.7	28,864.2	1,174.5	28,010.9	853.3
Services	2,942.9	3,252.8	309.9	3,285.3	(31.0)
Commercial Activities: License, Transactions & Other	16,563.1	16,794.5	231.4	18,115.4	(1,320.9)
Sales	15,464.7	16,079.2	614.5	16,846.0	(766.8)
Total Taxes	116,915.0	123,153.6	6,238.6	121,205.6	1,948.1
<b>Other:</b>					
Rents, Public Services, Lottery, etc.	7,368.1(1)	7,431.7	63.6	7,673.1	(241.4)
Income from Ministries	1,879.1	2,111.9	232.8	2,528.9	(417.0)
Total Ordinary Revenues	126,162.2(1)	132,697.2	6,535.0	131,407.5	1,289.7
<b>CONSIGNED REVENUES</b>					
<b>Taxes</b>					
Decree 132 - Airport ( landings, etc. )	310.5	275.5	(35.0)	325.0	(50.5)
Decree 435 & 934 - Liquor & Cigarettes	1,601.6	1,716.4	114.8	1,604.8	111.6
Decree 1269 - 10% Customs Receipts	3,832.8	3,960.4	127.6	4,137.0	(176.6)
Total Consigned Taxes	5,744.9	5,952.3	207.4	6,066.8	(115.5)
<b>Other:+</b>					
Interest-Amortization Funds	95.1	237.4	142.3	147.6	89.8
Coffee Diversification Fund	856.4	879.3	22.9	704.0	175.3
Telephone Receipts	2,425.5	2,446.3	20.8	2,712.1	(265.8)
Retirement Deductions	2,604.7	3,493.1	888.4	3,501.9	(8.8)
Total Consigned "Other"	5,981.7	7,056.1	1,074.4	7,065.5	(9.5)
Total Consigned Revenues	11,726.6	13,008.4	1,281.8	13,139.4	(125.0)
Grand Total - Ordinary & Consigned	137,888.8(1)	145,705.6	7,816.8	144,540.9	1,164.7

(1) 0.5 more than actually reported 10/31/70.