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UNITED STATES GOVERNMENT

Memorandum

~~PD-AAA-917-F1~~

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

DATE: October 13, 1972

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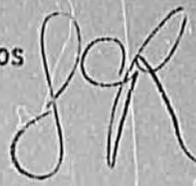
FROM : John Ferch
Associate Director/ECON

SUBJECT: Monthly IRS Team Leader's Report for the month of September, 1972

In compliance with TAAS/IRS/Washington request, attached herewith the monthly progress report for the month of September 1972, prepared by the Tax Advisor, Mr. John C. Ramos, as part of the IMPACT reporting system.

/Vca
attachment: a/s





DEVELOPMENT PLANNING AND INVESTMENT (TAX)

Monthly Project Report for the Month of September, 1972A. SIGNIFICANT CHANGES AND EVENTS:

1. Mr. Marion Coburn, Collections/Processing Advisor arrived in Guatemala on September 5, to begin a full-tour. When the Director's plans for having Mr. Coburn begin work with respect to license fees for 1973 were discussed with the Minister, he immediately assigned a high priority to this task and ordered that Coburn be assigned an O&M staff to study the problem and make recommendations. One member of the Ministry's staff was designated by the Minister to resolve any problems that Coburn might encounter in carrying out the study. An example of this collaboration is in the instance where the normal administrative delays of obtaining per diem allowances (usually a minimum of two-days) was resolved within minutes to enable the members of this group to make a field trip to Departments outside of Guatemala to review the types and quality of vehicle records available in the interior of the country.
2. Mr. Ted Blackler arrived in Guatemala on September 6, and met with the Mission's ADP Advisor to review the IRS SATPRO Systems Training Course; Mr. Blackler departed on September 8.
3. Indirect Methods Course scheduled for September was postponed by the Director General for the reason that extra personnel were assigned to assist taxpayers; the Income Tax filing period for the majority of Guatemalan taxpayers ended on September 28. In this regard, it was noted and fully reported in most newspapers that the customary waiting period of several hours and long delays in line were reduced to no more than one-half hour waiting period. This is substantially attributable to the centralized cashiering function established in early May; 10 cashiers attended taxpaying filers, and four tellers attended the nonpaying filers (receipts are issued to all filers whether or not tax is due on the return). Statistics are being gathered with respect to the number of taxpayers and amount of tax collected this filing period as compared with last.
4. Mr. David Armijo TDY General Management and Audit Advisor departed Guatemala upon completion of his assignment on October 1. Mr. Armijo submitted to the Director General a significant report regarding the GOG's 1972 audit program, in substance calling the program inadequate, and made specific recommendations for modifying the program for the remaining months of this year. He also submitted a comprehensive report dealing with audit returns and examination controls. The report is being studied by the Director's office, but indications are that most of the recommendations made will be put into effect.
5. The Mission's ADP Advisor continued to assist in the Programming of the Sales Tax update system. He also made an observation trip to Panama (September 19-22) with the GOG Chief Data Processing Department of the Ministry of Finance to enable them to be better acquainted with NCR data equipment. The GOG paid for Mr. Westrick's travel.

6. Two programmers were contracted by the GOG, Ministry of Finance, during September; reimbursement to the Ministry for these Programmers will be made by AID until June 30, 1973, at which time the Ministry will assume full salary responsibilities.
7. The Mission's Senior Tax Advisor was designated to assist in completing the organizational structure and functional statements of the following Departments: Cashier and Collections; Audit; and Taxpayer Registries and Controls. Deadline for submission of the Reports is October 9.
8. Collections of ordinary and consigned revenues for the month of August, 1972 is attached. Tax revenue, excluding customs duties, is running at a rate of 8% higher than the same period one year ago, and 3.8% under budget.

B. ACTIONS PLANNED:

1. Complete assignment regarding organization and functional statements referred to in 7 above.
2. The Senior Tax Advisor has been asked to work with the Tax Office Budget Committee during October in formulating tasks and goals for the 1973 budget preparation.
3. The Collections/Processing advisor will continue to assist in the study of the system for 1973 license fees program.
4. The ADP Advisor contemplates beginning home leave during the latter part of October, meanwhile he will continue to assist in the Sales Tax Update programming problems, and in the proposed ADP feasibility study.

C. DECISIONS REQUIRED:

1. Formal approval of the Delinquent Tax Procedures Manual by the Director General; even though 75 to 80% of the procedures contained in the manual are being implemented, the legal problems referred to in August's report have not been resolved.

GUATEMALA

Status of Ordinary and Consigned Revenues August, 1972

	Collections (Thousands) '72 vs '71			Budget	'72 Coll vs '72 Budget
	1/1-8/31/71	1/1-8/31/72	Over (under)	1/1-8/31/72	Over (under)
ORDINARY REVENUES					
Taxes					
Income	12,359.3	13,074.9	715.6	14,767.9	(1,693.0)
Realty & Transfer	3,543.4	4,834.1	1,290.7	4,919.4	(85.3)
Import	22,403.4	21,652.3	(751.1)	22,967.6	(1,315.3)
Export	5,808.5	4,682.1	(1,126.4)	7,143.9	(2,461.8)
Consumers: Products	23,371.2	24,545.9	1,174.7	24,695.5	(149.6)
Services	2,918.0	3,067.3	149.3	3,301.4	(234.1)
Commercial Activities:					
License, Transactions					
& Other	13,555.9	14,737.9	1,182.2	16,231.9	(1,494.0)
Sales	13,839.1	14,991.6	1,152.5	14,367.3	624.3
Total Taxes	97,998.6	101,586.1	3,787.5	108,394.9	(6,808.8)
Other:					
Rents, Public Services,					
Lottery, Etc.	6,193.2	6,247.4	54.2	6,516.0	(322.8)
Income from Ministries	1,835.9	1,173.8	(662.1)	1,084.0	79.8
Total Ordinary Revenues	106,827.7	109,007.3	3,179.6	115,994.9	(6,967.6)
CONSIGNED REVENUES					
Taxes:					
Decree 132 - Airport					
(landings, etc.)	221.8	211.8	(10.0)	252.2	(40.4)
Decree 453 & 934 - Liquor					
& Cigarettes	1,347.3	1,358.5	11.2	1,336.1	22.5
Decree 1269 - 10%					
Customs Receipts	3,223.	2,912.0	(311.4)	3,706.7	(794.7)
Total Consigned Taxes	4,792.8	4,482.3	(310.2)	5,294.9	(812.6)
Other					
Electric Co. Dividends	---	771.4	771.4	---	771.4
Interest-Amortization Funds	196.2	171.3	(24.9)	242.5	(71.2)
Coffee Diversification Fund	771.7	631.8	(139.9)	697.5	(65.7)
Telephone Receipts	1,955.2	710.3	(1,244.9)	---	710.3
Retirement Deductions	2,711.0	2,818.9	107.9	2,772.2	46.7
Total Consigned "Other"	5,634.1	5,103.7	(530.4)	3,712.2	1,921.5
Total Consigned Revenues	10,426.6	9,586.0	(840.6)	9,007.1	578.9
Grand Total - Ordinary	116,254.3	118,593.3	2,339.0	125,002.0	(6,403.7)
& Consigned					