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MONTHLY NARRATIVE REPORT

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Georgetown, Guyana

MARCH, 1973

Drought:

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Guyana, the "Land of Many Waters" is experiencing a severe drought. Rain for the past 4 months has been negligible. Normal rainfall for these months is 30.7 inches. See Attachment. Water has been rationed and must be boiled. This has been the worse drought in 18 years and will have a serious effect on the sugar and rice crops.

Deputy Commissioner:

Lionel Alonzo, the Deputy Commissioner has gone on "long leave", although he has not left the country as yet. Acting Assistant Stephenson has been designated as Acting Commissioner. George Wong, the Assistant Commissioner with the most service of all the senior officers, was bypassed by this action.

Work Measurement System:

The Commissioner has not been happy about the work situation in certain areas. Information on large inventories and backlogs have been withheld from him. A simple work measurement system was developed and presented to him. He was pleased with the idea and approved it for installation. A meeting will be held with the Supervisors to explain the system. Initially it will be installed on key operations. As experience is gained it will be extended to cover all operations.

Position Descriptions:

The Administrative Advisor met with Supervisory personnel of all the major units of IRD including the Licence Revenue Office. Procedure for the preparation of position descriptions was discussed and an outline form was issued for use in preparing drafts.

As a result of the meetings drafts were prepared by the supervisors or employees. Following discussions and reviews of the drafts position descriptions were prepared totalling 56 descriptions for 122 employees.

45 position descriptions remain to be completed for the balance of the staff. Drafts for 20 of these have been received and the balance should be obtained by the 15th of the month.

Currency Exchange:

When trading in foreign currency reopened, the U.S. dollar was quoted at G\$2.10. It has remained at that level for the past several weeks. The Guyanese dollar is tied in with the British pound.

A.I.D.
Reference Center
Room 1656 NS

Board of Review:

The Board of Review is similar to our Appellate Division in that it attempts to resolve taxpayers' objections to proposed assessments. If agreement is not reached at that level, the taxpayer may take the case to the courts.

Inland Revenue is represented at the hearings by an Inspector-Lawyer. The Commissioner was concerned that too many cases were being resolved in favor of the taxpayer. He caused an investigation to be made. The results of the investigation disclosed that the Inspector-Lawyer was furnishing the taxpayers with citations of law and precedents as rebuttals to Inland Revenue position. In one case the taxpayer had a rebuttal written in the Inspector-Lawyer own hand writing.

The Inspector-Lawyer was immediately removed from that position and reassigned until disciplinary action is determined. The Chief Legal Officer is now representing Inland Revenue at the reviews.

PAYE:

over

PAYE withholdings are paid/by the employers to Inland Revenue monthly. The amount of the deductions are posted on an account card. At the end of the year, the employer files a Form 2 in duplicate with the Tax Office. The Form 2 shows the names of the employees, amount of wages and PAYE deductions. The total of deductions on the Form 2 are matched against the employer's account card. If the two amounts are in balance, the Form 2 is sent to the PAYE Section for processing of the employees return.

About four years ago, an employee in the Tax Office hit upon the scheme of adding additional employees' names on the Form 2 showing fictitious names, wages and PAYE withholdings. This was done after the balancing operation described above. All of the returns reflected refunds. The employee received over \$20,000.00 in refund checks. The scheme was discovered and the employee disappeared and has not been found to date.

Because of the loss in revenues, a control was established whereby one copy of the Form 2 was retained in the Accounts Section. After the processing of the returns by the PAYE Section the Tax Summary Forms prepared were compared with the retained copy of the Form 2 in the Accounts Section to determine whether they balanced.

Despite this very cumbersome control, a temporary clerk in the Accounts Section last year, had \$3,600.00 issued to himself in false refunds.

Since then the Tax Summary Forms are being very carefully checked against the Form 2 and backlogs are being created in this area.

Although this tax accounts for about 25% of the total revenues it is estimated that 80% of the tax office personnel time is devoted to the processing and collection of PAYE.