

5280001

PROJECT APPRAISAL REPORT (PAR)

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1. PROJECT NO. 528-11-720-001.2	2. PAR FOR PERIOD: 1/1/70 TO 9/30/70	3. COUNTRY Uruguay	4. PAR SERIAL NO.
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5. PROJECT TITLE
Tax Administration and Reform PD-AAS-095

6. PROJECT DURATION: Began FY <u>64</u> Ends FY <u>74</u>	7. DATE LATEST PROP 6/4/70	8. DATE LATEST PIP	9. DATE PRIOR PAR 3/14/69
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ <u>549.000</u>	b. Current FY Estimated Budget: \$ <u>147.000</u>	c. Estimated Budget to completion After Current FY: \$ <u>291.000</u>
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
Internal Revenue Service	Pasa
Institute of Public Administration	Contract

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		
			None	

D. REPLANNING REQUIRES REVISED OR NEW: <input type="checkbox"/> PROP <input type="checkbox"/> PIP <input type="checkbox"/> PRO AG <input type="checkbox"/> PIO/T <input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P	E. DATE OF MISSION REVIEW January 1970
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PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE Arthur Lezin/Ervin Skipp	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE William G. Rhoads
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II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)					
	UNSATISFACTORY		SATISFACTORY			OUT-STANDING		LOW		MEDIUM		HIGH	
	1	2	3	4	5	6	7	1	2	3	4	5	
1. General Tax Advisor													X
2. Data Processing Advisor													X
3. Property Tax Advisor													X

Comment on key factors determining rating

4. PARTICIPANT TRAINING	1	2	3	4	5	6	7	1	2	3	4	5
						X						X

Comment on key factors determining rating

In addition to the 25 participants trained in the U.S. to date, a mobile team of instructors was used this year to train 15 people as future instructors. Some of these were used as instructors in an audit course given to 54 revenue agents. Many of the participants trained in the U.S. were promoted to more responsible positions and many of the reforms implemented in the project are due to the influence and support of these participants

5. COMMODITIES None	1	2	3	4	5	6	7	1	2	3	4	5

Comment on key factors determining rating

6. COOPERATING COUNTRY	a. PERSONNEL	1	2	3	4	5	6	7	1	2	3	4	5
	b. OTHER					X							X

Comment on key factors determining rating

The director general and other tax management officials actively support the tax modernization program. Very good working relationships exist between the tax advisors and their counterparts and other employees.

7. OTHER DONORS OAS	1	2	3	4	5	6	7	1	2	3	4	5
				X					X			

(page for Comments on Other Donors)

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II. Continued: Comment on key factors determining rating of Other Donors

TI OAS had two advisors assigned to work in the reorganization of the tax offices. One advisor left in October and has not been replaced.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					
		PRIOR FY	CURRENT FY		FY '71	FY '72	END OF PROJECT
			TO DATE	TO END			
Annual collections (Millions U.S.\$) Income and Sales Tax Office	PLANNED	67	61	81	87	94	111
	ACTUAL PERFORMANCE	69.8	74.5				
	REPLANNED			90	100	110	130
Instalment Payment Agreements (1) # of accounts (2) Amounts - Millions U.S.\$	PLANNED 1)	-	2.200	2.200	2.000	2.000	2.000
	PLANNED 2)	-	15	15	15	15	15
	ACTUAL PERFORMANCE 1)	2.144	3.200				
Audits	ACTUAL PERFORMANCE 2)	14.239	20				
	REPLANNED			1) 4.000 2) 25	4.000 25	3.000 20	2.000 15
	PLANNED 1)	-	3.150	4.200	5.400	6.400	8.500
1) Cases	PLANNED 2)	-	4	5.4	6.7	8.4	10.2
	ACTUAL PERFORMANCE 1)	3.101	2.119				
	ACTUAL PERFORMANCE 2)	3.4	5.4				
2) Additional Tax Millions U.S.\$	REPLANNED			1) 3.000 2) 6.8	4.400 8.3	6.400 10	8.500 11.2
	PLANNED	-	8.000	8.000	8.900	9.700	11.800
	ACTUAL PERFORMANCE		6.500				
Number of thousands of hectares covered by property tax returns.	REPLANNED			-	-	-	-
	B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT:				
	1. Increased efficiency and productivity of audits through training.	As a result of training programs for supervisors and agents audit production in additional tax has increased 110% over 1969 without an increase in personnel.					
2. More efficient Systems and Controls	COMMENT: The use of data processing equipment to control monthly payments of tax has resulted in increased collections without increasing personnel.						
* The estimated increase in installment payments is due to a recent change in the law, decreasing the interest and late payment penalty from 4% and 3% to 2%.	COMMENT:						

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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged. 2. Same as in PROP? YES NO

To assist the Government of Uruguay in increasing tax revenue through improved tax administration.
 To promote more equitable treatment of taxpayers to increase voluntary compliance.

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
a) Increased tax collections	Collections have increased each year since 1964.
b) Improved taxpayer compliance	The number of tax returns filed has increased substantially since 1964.
c) Improved management techniques	Supervisory personnel have been trained. An instructor cadre has been established. Supervisory controls are being used to check the quality and integrity of audits.
d) New 360/25 computer installed and operating efficiently.	Computer purchased and analysts and programmers given training course.

PROJECT NUMBER:	PROCESS:	ACTION:	DATES:	INITIALS:
	CATALOGUE		8/10/70	
	ABSTRACT			
	FICHE			

V. PROGRAMMING GOAL

A. Statement of Programming Goal
 Improved Public Administration, specifically more efficient revenue collection, leading to greater resources for economic development.

B. Will the achievement of the project purpose make a significant contribution to the programming goal given the magnitude of the national problem? Cite evidence.
 The annual government deficit was more than 12 billion pesos in 1969. Agricultural development, particularly the livestock sector is limited by export taxes. The improved administration of the income and other internal taxes and the substitution of a land tax for the export tax will contribute to make the tax system a stimulus rather than obstacle to economic development.