

PROJECT EVALUATION SUMMARY (PES) - PART I

1. PROJECT TITLE  INCOME TAX ASSISTANCE PROJECT	2. PROJECT NUMBER 278-0247	3. MISSION/AID/W OFFICE USAID/JORDAN
	4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) <u>85-4</u> <input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION	

5. KEY PROJECT IMPLEMENTATION DATES	6. ESTIMATED PROJECT FUNDING	7. PERIOD COVERED BY EVALUATION
A. First PRO-AG or Equivalent FY <u>81</u>	A. Total \$ <u>3,483</u> B. U.S. \$ <u>2,000</u>	From (month/yr.) <u>3/83</u> To (month/yr.) <u>6/85</u> Date of Evaluation Review
B. Final Obligation Expected FY <u>84</u>		
C. Final Input Delivery FY <u>87</u>		

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
(1) Monitor progress to determine need for PACD extension of six months, i.e. until 6/30/87.	PROJECT OFFICER (D. Masters)	
(2) Review financial plan and implementation plan, revise if necessary.	PROJECT OFFICER (D. Masters)	
(3) PASA amendment with IRS to provide fully fund services required.	M/SER/CM (D. Masters)	9/30/86
(4) Prepare revision to PIO/T, if necessary	PROJECT OFFICER	

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

<input type="checkbox"/> Project Paper	<input checked="" type="checkbox"/> Implementation Plan e.g., CPI Network	<input checked="" type="checkbox"/> Other (Specify)
<input checked="" type="checkbox"/> Financial Plan	<input checked="" type="checkbox"/> PIO/T	<u>PASA WITH IRS</u>
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify)
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

A. <input type="checkbox"/> Continue Project Without Change
B. <input type="checkbox"/> Change Project Design and/or
<input checked="" type="checkbox"/> Change Implementation Plan
C. <input type="checkbox"/> Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

DOUGLAS L. SHELDON, *for Gerald Masters* PROJECT OFFICER  
LARRY SCOLLIK, *Larry Scollick* PASA TEAM LEADER

12. Mission/AID/W Office Director Approval

Signature  
*Gerald F. Gower*  
Typed Name  
Gerald F. Gower

Date  
August 20, 1985

TABLE OF CONTENTS

PART I - PROJECT EVALUATION SUMMARY (PES) ITEMS 1-12

PART II - ITEM 13 : SUMMARY AND CURRENT STATUS  
OF THE PROJECT

ITEM 14 : EVALUATION METHODOLOGY

ITEM 15 : EXTERNAL FACTORS

ITEM 16 : INPUTS

ITEM 17 : OUTPUTS

ITEM 18 : PURPOSE

ITEM 19 : GOAL

ITEM 20-21: NOT PERTINENT AT THIS TIME

ITEM 22 : LESSONS LEARNED

ITEM 23 : ATTACHMENTS

ATTACHMENT

- A. PES 83-1 ABSTRACT
- B. TAX TEAM LEADER'S REPORT ON PROGRESS FROM 3/31/84 - 3/31/85
- C. PROJECT BUDGET AND EXPENDITURES AS OF 6/30/85
- D. POSITION DESCRIPTION FOR THE LONG-TERM ADVISORS
- E. REVISED WORK PLAN FOR THE IRS TAX TEAM
- F. IMPLEMENTATION LETTER NO. 17 AND ACTION MEMORANDUM DATED 30 APRIL 1985
- G. PROJECT OUTPUTS
- H. REVISED IMPLEMENTATION PLAN

Item 13 Summary and Current Status of the Project

The Income Tax Assistance Project, signed 26 August 1981, provided a total of \$1,000,000 to the GOJ Department of Income Tax (DIT). The Project represented a follow-on to previous short-term activities and was conceived as a technical assistance and training effort aimed at improving the capacity for income tax administration within the DIT. To achieve this objective, the Project was directed towards:

- (1) Development and implementation of improved operational systems for income tax assessment, collection, clerical processing, and administrative servicing.
- (2) Development of the DIT capacity for training.
- (3) Improvement of the automated data processing (ADP) capacity within the DIT.

The project was initially envisioned as a short-term (27 month) effort, with the PACD established at 31 December 1983. With the satisfaction of the initial CP's on 6 September 1981, a PASA agreement was signed with the Internal Revenue Service (IRS) to provide the necessary technical assistance and training in the US.

The initial evaluation, PES (83-1), completed in March 1983, indicated that circumstances had changed considerably from those which had prevailed in 1981 during project design, and concluded that an extension of the PACD was warranted. The PES focused on two external factors which had greatly affected progress: the administrative reorganization of the DIT; and the passage of a new tax law which provided for self-assessment. The PES abstract and related correspondence are included in Attachment A. After completion of the PES, the DIT, USAID, and the IRS further reviewed project progress and potential in view of the initial cycle of self-assessment. One increasingly evident problem was the technical limitation of the existent automated data processing system, in respect to the increased document processing requirements of self-assessment. IRS/TAAS provided a consultant who completed a status report/analysis on data processing operations within the DIT. The consultant's findings and the initial experience with self-assessment were the focal points of the IRS annual project review in October 1983. Based on this review, IRS, USAID, and the DIT concluded that, while the Project had been successful, the original concept of a short-term infusion of technical assistance no longer

represented an adequate approach to meet the DIT's needs in view of the changed circumstances. USAID Jordan concluded that the accomplishment of the project purpose continued to represent a high priority, and decided to convert the Project into a longer-term effort aimed at technology transfer and institution building.

An amendment to the project paper was completed in May 1984, and Amendment No. 1 to the Project Agreement, signed 26 June 1984, provided an additional \$1,000,000 in funding, and extended the PACD to 31 December 1986. The project purpose remained as indicated in the original project paper; the enhancement of the institution's capacity for income tax administration. The approach by which the purpose would be attained was modified however. The amended project paper/agreement anticipates more fundamental institutional change and strengthening than did the original. The purpose will be achieved through the growth and development of three organizational units within the DIT: the Systems, Procedures, and Analysis Section, the Public Information and Training Section, and the Computer Section. Descriptions of these groups and their anticipated functions are contained in Section II D, and annexes H and G of Amendment 1 to the project paper which are incorporated by reference into this PES. As indicated in section 16 of the PES, the amended project design increased to three the number of long-term technical advisors, and provided for the GOJ financed procurement of a new state-of-the-art computer.

As of 31 May 1985, a total of 79 months of technical assistance, long and short-term, has been provided by IRS. USAID has also financed an additional 7 months of ADP expertise from Jordanian technicians. USAID has provided or assisted in the provision of 700 months of appropriate training for DIT employees. Over the course of USAID/IRS involvement with the DIT, substantial progress has been made in the development of a tax administration capacity, particularly in respect to ADP applications. Detailed summaries of progress can be found in: (1) Annex H to the original project paper, which describes preproject activities; (2) PES 83-1 which details project progress through 3/31/83; (3) Annex E of Amendment 1 to the project paper which describes specifically progress through 3/31/84; (4) attachment B to this PES which describes progress from 3/31/84 through 3/31/85; (5) the Tax Team Advisor's monthly reports to IRS/TAAS; and (6) the USAID Jordan quarterly (now semi-annual) project status reports. All of the aforementioned documents are incorporated by reference into this PES.

Despite the progress to date, implementation is somewhat behind the schedule detailed in the amended project paper. The delay is attributable to the following points.

--- The procurement process for the GOJ financed computer was considerably delayed. Scheduled for 12/84, the computer was actually installed and operational in 5/85.

- The long-term ADP Advisors scheduled for 8/84 arrived at post in 1/85, (ADP advisor position was vacant since 9/83).
- The new work groups were to be in place in 9/84 but were in fact formally organized on a full-time basis in 5/85.

None <sup>of</sup> the points detailed above are particularly serious, and all have been resolved, but, the project is approximately 6 months behind the implementation schedule. Accordingly, it may be necessary to extend the PACD, without additional funding, until 30 June 1987. With the full team of advisors at post, the computer installed, and the counterpart work groups established, the project can now proceed unhindered. A final decision on a PACD extension can be made during the next year depending upon progress.

In summary, except for the minor delay noted above, the project is on track, and progress towards achievement the outputs is significant.

#### Item 14 Evaluation Methodology

The initial project paper envisioned an interim evaluation, early in the project, and a final evaluation after project completion. PES 83-1 evaluated project progress through March 1983 and focused on the external factors which impacted on the Project. In approving the PES, the NE Bureau noted, that further evaluations should focus on events against the background therein described. ~~Amendment No. 1 to the project paper revised the evaluation schedule and called for an additional interim evaluation in view of the extended project life, and a final evaluation scheduled tentatively for July 1987.~~

The second interim evaluation was scheduled for the 4th quarter of 1985 under the assumption that the additional long-term advisors would have been at post for approximately 1 year and that the new work groups would have been established 9-10 months prior to the evaluation. Under these assumptions, the areas of emphasis for the evaluation were as follows:

- Progress of the DIT in providing adequate personnel for the new work groups and the computer section.
- The operational status of the new computer system and progress in developing/implementing the new programs and related procedures.
- Achievements of the new work groups in respect to the project outputs and project purpose.

Unfortunately, project delays have negated to some extent the presumed bases for the evaluation. The most important of the two work groups, the System Procedures and Analysis Section has only recently been formalized (though some work has been accomplished on a part-time basis). Secondly, the additional long-term advisors (both in the data processing field) arrived at post only 4 months ago, and have not yet had the envisioned impact. Lastly, the new computer is only recently installed and the system design is only now underway.

Nonetheless, it is appropriate to proceed with the evaluation at this time. There has been considerable activity/progress since the last evaluation and some difficulties which should be considered/reviewed in the context of an evaluation. This PES therefore focuses on the utilization of the project inputs and the progress to date towards achievement of the revised project outputs

This evaluation was prepared from reports and references listed in the table of contents and incorporated by reference and through discussions with the IRS advisors and officials of the DIT.

#### Item 15 External Factors

FES 83-1 discussed in detail as external factors the administrative reorganization of the DIT, and the passage of the new tax law which provided for self-assessment and reduced significantly the tax rates. Both of these factors continue to affect the project.

##### 15. A. Administrative Reorganization

Despite the additional 2 years of experience, the great bulk of the technical employees of the DIT are new, and require additional seasoning through time and experience. The lack of experience and depth continues to hinder the DIT particularly through the lack of capable first-line supervisors. On the positive side, the new employees have stayed with the department (so far), and retention has not been a problem. They have also maintained a high level of morale. The DIT apparently has maintained a relatively good public image (relative to the role of the tax collector in society) and there does not appear to be a perception of corruption or inertia.

##### 15. B. Self Assessment

The DIT is now completing successfully the third cycle of self-assessment. Though there are still a good number of ambiguities in the law which are gradually being resolved, the DIT is determined to see the process through. Certain aspects of the law, however, still pose of challenge to the DIT i.e. the completion of reassessments/audits within a one year time period. The public seems to be accepting the new requirements well enough. The DIT however has come to realize more clearly the importance of the public information function.

15. C. Economic Circumstances

The most important external factor, not mentioned in PES 83-1 is Jordan's current level of economic difficulty, and the implicit effect on tax revenues. The initial project design was undertaken in a period of economic growth and optimism. Real GDP, for example, increased at an annual rate of 9-10% during the period 1975-1981, declined to approximately 5.5% in 1982-1983 and has declined further recently.

Jordan's economic/financial vulnerability to adverse external developments has been underscored by the events of recent years, especially the recessionary conditions in the Gulf States. Wage far, levelled off at about \$1.1 billion in 1982 and 1983, following a decade of rapid growth; Arab grant aid (including Baghdad payments) fell from a peak of \$1.2 billion in 1981 to \$800 million in 1983, and to \$550 million in 1984; and exports, hit by the effects of the Iran-Iraq War, declined in 1983 by 22%. As a result, imports rose by only 2% in 1982, then fell by 6% in 1983 following a phenomenal 28 percent annual rate of increase during 1975. The decline in imports has both reflected and contributed to the growth slowdown/stagnation.

Jordan's general economic malaise will impact to some extent on the collection of income taxes, and, by extension, on project efforts. The reduction in Arab Assistance, and the reduction in growth of wage earner remittances results in less economic activity, and presumably in less taxable income, and in less collected revenue. The economic situation also has some effects which seem contradictory. The financial situation is such that the GOJ must emphasize and seek to increase tax revenues, particularly through income taxes. However, the GOJ also hesitates to tread too heavily because of fears that further net taxation (at some point) may: (1) further depress the economy; (2) push marginal firms out of business; and (3) encourage capital flight.

It is impossible to quantify the net effect of the economic situation on the tax collections, given that a good portion of the national income is not taxed for one reason or another. There is an effect, however, the main result of which is that the assumptions of increased revenues attributable to the previous levels of economic growth are no longer valid.

## Item 16 Project Inputs

The project budget detailed in the amended agreement and project paper includes a U.S. contribution of \$2,000,000 and a GOJ contribution of \$1,482,500 for a total project cost of \$3,482,500. The U.S. contribution consists of a provision of \$1,700,000 for technical assistance and \$300,000 for training related activities. The GOJ contribution consists of the provision of counterpart personnel, support to the training and technical assistance, and the procurement of the new computer system. As indicated in Attachment C, expenditures from the U.S. contribution total \$ 1,111,000 as of 30 June 1985.

### A. Technical Assistance - AID financed

The amended project agreement calls for 116 person months of long-term technical assistance, supplemented by 26 months of short-term assistance, for a total of 142 months. The Tax Team consists of 3 long-term advisors: a Compliance Advisor/Team Leader; a Data Processing (ADP) Advisor specializing in systems development; and an ADP Advisor specializing in programming. This represents a net increase of 1 long-term advisor over the initial project design.

The timely provision of appropriate technical assistance has been a problem throughout the life of the Project. The initial ADP Advisor/Team Leader arrived on schedule in October 1981. PES 83-1 indicated the delay/difficulty in recruiting the Compliance Advisor. A qualified candidate arrived at post in October of 1982. A very distinct personality conflict developed in the first 2 years of the Project between the initial ADP Advisor/Team Leader, and the Director General of the DIT. With the mutual concurrence of IRS, AID, and the DIT he was reassigned at the end of this tour in September 1983. Despite mutual agreement on the need to fill the vacant position quickly, and an agreement to proceed in anticipation of the project amendment/extension, the new long-term data processing advisors did not arrive at post until January 1985, approximately 15 months after the departure of the original advisor.

This long vacancy had a serious effect on project implementation in view of the relatively low level of technical competence within the Computer Section of the DIT. The problem was partially ameliorated through short-term assistance by IRS, and by a local consultant. IRS supplied a consultant who performed a thorough data processing analysis and survey in October 1983, who assisted in drawing up a scope of work for a local computer consultant to continue efforts, and keep the system functioning, until the new advisor(s) arrived. A short-term data processing advisor arrived in March 1984 for a two month assignment. Lastly,

two long-term candidates were identified in August 1984, arrived for 2 month preassignment TDY's in October, and returned for the long-term assignment in January. The difficulties in the data processing area are discussed in more depth in the section on project outputs. The period of time from the departure of the original ADP advisor until the arrival, for long-term assignments, of the new advisors represented a technical vacuum for the computer section within the DIT. Progress was much less than had been hoped. Some serious data validity problems developed through system crashes which occurred in the absence of technical expertise. From a more positive point of view, the short-term assistance was able to keep the existent system functioning, and to make some improvements to safeguard the validity of the data.

The problems have been resolved, hopefully, with the arrival at post of the new advisors. The Tax Team is now complete and on site. The three advisors are working within the context of the target work groups. The position descriptions for the long-term advisors are contained in Attachment D and the revised workplan is shown in Attachment E. The Team Leader/Compliance Advisor is assisting the audit and collection function, developing appropriate procedures for self assessment, and serving as general advisor to the Director General of the DIT. The Data Processing/System Advisor is working with the ~~Systems Procedures and Analysis~~ group. The Data Processing Programming ~~Advisor is working with the Computer Section.~~ The long-term advisors will be supplemented by short-term advisors: approximately 6 months of assistance in the areas of training and public information is planned, and approximately 4 months of assistance in developing specific audit plans/techniques.

As indicated in Attachment H, the revised implementation plan, it is anticipated that the Team Leader/Compliance Advisor will complete his second tour at post and depart in September/October of 1986, at which point, compliance activities should be completed. The Data Processing Advisors will remain through the FACD and possibly through 6/30/87 depending on progress in the installation of the new data processing system, and to see the system through the '87 self-assessment cycle.

The PASA agreement is most probably somewhat under-funded for the services currently planned due to development after project design, i.e. increased post differential allowances and higher than anticipated salaries for the additional advisors. Sufficient funding should be available however within the Project to cover the shortfall, and extend the FACD, if necessary. When assignment to post costs are firm, a thorough review of the PASA budget and expenditures should be undertaken. The financial plan for the Project can then be amended accordingly by implementation letter.

## Local Consultants

A new element in the technical assistance component is utilization of local expertise in the data processing field. As indicated in attachment F, USAID Jordan has approved a contractual arrangement between the DIT and the Royal Scientific Society (RSS) to provide data processing assistance in the development and programming of the new ADF system. The RSS effort, supplements the resources of the department, and the Tax Team. Such assistance was envisioned in the revised project paper and is necessitated by the magnitude of the effort, which exceeds the internal capacity of the DIT computer section. The design task has been incorporated into the RSS scope of work. This effort will receive most of the attention of the IRS Data Processing Programming Advisor, and a good part of the attention of the IRS Systems Advisor. The DIT personnel will help out where they can, and the exercise will serve as an on-the-job training opportunity. An important benefit of this arrangement is the development of a longer-term cooperative relationship between the DIT and the RSS which can extend after project completion. The DIT will most probably require continued outside expertise, and a relationship with the RSS can meet this need.

## C. Training -- AID Financed

The training component of the project totals \$300,000 and includes participant training through the IRS INTAX program, specialized training, and incountry training activities. To date, expenditures under the training component total \$141,000. The general framework of the training component remains as indicated within the original project paper. However, the revised project emphasis on institution building through the organizational growth of specific work groups of the DIT is reflected in a focusing of the training component on the specific training needs of these entities in addition to other agreed upon training needs.

### 1. INTAX

The revised project envisioned 15 DIT participants in the INTAX Program. As of 6/30/85, 9 participants have completed the course. The INTAX Program is a particularly appropriate training opportunity for staff assigned to the SPA, and a total of 6 staff members will attend the course over the life of the project. (3 of the designated SPA members have now completed the course). A total of 9 other supervisory or senior level employees within the DIT will also attend INTAX seminars with specialized follow-up programs arranged around their functions within the DIT.

2. Specialized Training

a. Public Information and Training Section

Specialized training programs will be organized either in IRS or in an appropriate institution for staff members of the Public Information and Training Section (PIT). The training would consist primarily of observational training opportunities in IRS training and taxpayer information centers coupled with appropriate short courses. Training courses of approximately 3 months in length will be provided for 2 employees. This training will take place in Feb/March 1986.

b. Systems Procedures and Analysis Group

In addition to training under the INTAX Program, 3 month Training courses in statistical analysis will be provided to 2 employees of the SPA group.

c. Computer Section

The project originally noted the need for on-going data processing training particularly in respect to programming and system design/analysis. It was also recognized that the small size of DIT made impractical an in-house data processing training capacity. With USAID assistance, the DIT attempted to prepare with the University of Jordan a self-study course. A number of lesson modules were prepared and tested by the DIT and the UOJ. Results were not encouraging. Several points were quickly evident:

- The nature of the subject material mandated use of the English language as opposed to Arabic. Most of the students did not possess the necessary background.
- Self Study as a learning mechanism was culturally foreign to many of the students.
- The UOJ was not capable of preparing the lesson modules in a manner that was understandable to the students.

In view of the results of the testing of the actual modules, development of the self-study course was curtailed in late 1983.

Specialized training for the Computer Section has proceeded in a more traditional manner. A course was organized in February/March 1985 at the RSS on COBOL programming and systems design. The IRS Programming Advisor assisted as an instructor/resource. Both the DIT and the IRS advisors considered the course quite successful. A total of 18 p/m of training was provided to 12 employees.

Both the RSS staff and the IRS programming Advisor have followed-up the course with on-the-job training exercises in which the DIT personnel are working both in programatic modification to the existing system, and on some aspects of the new system. While some specialized programming/systems training may be offered to 1-2 employees, assuming candidate(s) of sufficient technical and language background are identified or recruited, the general view of the Tax Team is that the training provided is most probably adequate for the level of technical expertise which the current staff can hope to attain. Additional on-the-job training will be routinely provided by the RSS and IRS Programming Advisor.

B. Development of the Training Capacity within the DIT

The training function within the DIT has become well established in certain areas. Basic training courses for newly hired auditors/assessors in accounting, auditing and tax law have been most successful. With the use of resources within the DIT and those provided by AID approximately 375 employees have received a total of 571 months of training. Most of the targeted employees have attended more than one course. The training courses which were developed are continuing for new employees hired as a result of normal turnover/attrition and for increases in staff necessitated by the conversion to self-assessment. Through the end of the project USAID will continue to assist the DIT in the presentation of the following courses for newly hired assessors:

- Basic and advanced accounting for income tax.
- Auditing.
- Tax Law.

USAID has also supported the DIT in the presentation of English Language Training; to enlarge the pool of potential counterparts/participants; to assist employees (particularly in the computer section and SPA group) in utilizing technical materials in English; and to improve the capacity of a select group of auditors for firms with books and records in English.

With the exception of the English Language Training, this phase of the training component is largely complete. After the completion of the audit methods/standards TDY, (probably in 1986) USAID will finance the development of an advanced auditing course, to institutionalize the results of that TDY. In accordance with past practice, USAID will consider financing, on a case by case basis, a portion of the DIT's out-of-pocket costs for the presentation of the training courses. By the end of the project the DIT should be prepared to present all of the basic training courses as an in-house training function through the Public Information and Training Section.

#### D. GOJ Inputs

The GOJ inputs under the Project consist of operational support to the project advisors, the provision of personnel for the counterpart working groups, and the provision of the computer and other facilities. The GOJ has, in general, provided the inputs specified. There have been some developments with respect to these inputs which are worthy of note.

##### 1. Clerical Support

Particularly with the expansion of the Tax Team, clerical support and translation became a serious problem to the Advisors. DIT personnel available did not possess the necessary qualifications, and the GOJ salary structure precluded a salary level adequate to attract the needed skills. Virtually all of the DIT documentation/office correspondence/staff meetings and briefing are in Arabic, and thus there was a continuing need for translation services. In January 85 USAID/IRS arranged to obtain the services of a secretary/translator to supplement the clerical support provided by the DIT.

##### 2. Provision of the computer and other facilities.

The GOJ provides all necessary computer hardware and related costs as a part of its contribution. The initial computer cost (the first generation of data processing equipment) was purchased and installed by the DIT in 1981 and was considered a part of the GOJ contribution to the project. The project extension included the purchase and installation of a new computer system designed to accommodate the DIT's expanded requirements attributable to the changeover to self-assessment, and the expanded utilization of automated data processing in tax administration.

The IFB for the new computer system was issued in 12 October 1983. An IRS data processing consultant offered comments on the terms and conditions of the IFB prior to the issuance. The contract was awarded in March 1984 to Data General. The new system was installed in March 1985 and became fully operational in May 1985. The IRS advisors supervised the site preparation, installation, initial programming and acceptance testing.

The DIT has also recently moved into its new office building which has been under construction for 3 years. While the new facility was not considered a direct part of the GOJ contribution, it is nonetheless a positive factor, since the old facilities were very much overcrowded, which hindered productivity and workflow. The GOJ willingness to make an investment of this magnitude for the DIT further emphasizes the commitment to the development of the organization.

3. GOJ Personnel

PES 83-1 identified counterpart personnel as a problem. This was partially attributable to the administrative reorganization of the DIT, and partially to the fact that the role of the Tax Team cut across the traditional interoffice, organization. The amended project design formulated the concept of a mid-level organizational unit which would provide a counterpart working group for the advisors, and an institutional capacity for the review of systems, procedures, and operational results.

Rather than seek individual counterparts, it was agreed that this group, designated the Systems, Procedures and Analysis (SPA) section, would serve as the primary counterpart entity to the Tax Team, particularly the Team Leader and the Systems Advisor. The Computer Section would serve as a counterpart group for the short-term advisors in those fields, and for the Team Leader, in the interim. This concept was accepted by the DIT and incorporated in the Amended Project Agreement. In view of the importance of counterpart personnel, a covenant on group staffing was added. The GOJ personnel contribution under the Project was redefined in the project paper amendment to include the personnel to be assigned to the target work groups (the SPA, PIT, and Computer section).

Staffing for the Computer Section did not represent a problem since the group was in existence. New employees were hired and, though inexperienced, appear adequate. Staffing for the new sections proved somewhat more difficult. The SPA group is the organizational base of the Project. Particularly with a change in Director General of the DIT, it became apparent that the concept was not initially well understood. Four members of the group were appointed in September, 1984 and worked with the advisors on SPA activities. With the departure of the short-term advisors in November, the group diminished through attrition. While many necessary duties were accomplished on a part-time ad hoc basis, the group was not officially formed (as a full-time unit) until May 1985. In the Public Information and Training Section, two employees have been assigned (and are performing) the functions. In summary, USAID is satisfied that the requirements for counterpart personnel are now met, but there has been delay. There will also be a need for close monitoring to ensure that these work groups continue and conform to the appropriate role.

Item 17 Project Outputs

Progress can best be examined in the context of the project outputs which were refined considerably in the revised project paper. The revised project outputs, and verifiable indicators are illustrated in Attachment G.

A. Output No. 1: A functional System Procedures and Analysis Group

The SPA group is intended to be the organizational unit capable of designing, testing, reviewing, and implementing information and document processing systems, both manual and automated. The Group is also charged with addressing statistically the requirement for monitoring compliance.

Project Design envisioned a group of 6-10 employees, with a variety of skills, (data processing, assessment/audit, collection, statistics) who would be capable of performing special analyses and the systematic on going review of operations, and procedures.

- The SPA is the counterpart work group for the IRS Systems Advisor and the Team Leader Counterpart Advisor.
- The SPA group is specifically charged as serving as an interface between the computer section and the rest of the DIT. This is particularly importance since data processing is the primary means through which data is stored, disseminated, and analyzed, and all sections within the DIT are reliant upon this data.

As indicated previously, the group has been recently formed, and consists of 6 employees. The employees who have been chosen, however, are well-qualified and motivated. All are University graduates from the group of employees who entered service in 1982 (after the purge). Three of the six have some data processing/systems training, two are auditors/assessors, and one has a background in statistics. The IRS Tax Team is satisfied with the composition of the section. While the SPA does not have a track record, the DIT as a whole and the Director General have gradually come to accept the systems/analysis role. In this context, there has been considerable progress during the past year which has been accomplished on an ad hoc basis, generally by individuals now assigned to the group.

1. The best example of this progress is the process through which the DIT established the parameters for the new data processing system. In September 1984 an advisory group was organized by the Deputy Director General (since promoted to Director General) which reviewed systematically the data processing requirements. The first four members of the SPA

participated in this exercise and performed the staff work to detail and organize the accommodations in a coherent manner. Information requirements were drawn up and refined, and needs were prioritized. Though the resultant package represents a wish list, to some extent, the interdisciplinary approach, and thorough examination of requirements, was a step in the right direction.

2. The inadequacy of the old computer system (hardware and software) became increasingly apparent with self-assessment. Similarly, the technical limitations of the computer section contributed to the problem. DIT management recognized that part of the problem was the approach which had been taken to data processing and the role/expectations of the computer section. The problem was addressed through the formation of another advisory committee, which reviews and thinks through requests for automated systems/information from the computer. This committee has greatly reduced the extraneous demands for program modifications/information and the assignment of lesser priority duties to the section. This is as well an important step because the computer section had often spent considerable time and effort on project activities which did not contribute to the accomplishment of the overall objectives.

3. In October 1984 the early SPA group focused on errors in the National Taxpayer Account Number Index, which often caused payments/assessments to be posted to the wrong account. The group took a sample of the index to determine the magnitude of the erroneous data and reviewed the cause of the errors. To correct the situation, a verification/check system was put in place to reduce the number of future errors. To correct the errors already in the system, a procedure was established for review/correction at the time of filing during the 84/85 self-assessment cycle. Review of progress in March 1985 indicated that both the new procedures were having the desired results, and that the account number index was gradually being cleansed.

4. With the assistance of counterpart personnel, the IRS Team Leader undertook a review of the withholding records for the payroll deductions of large firms and discovered that many withholding agents were significantly in arrears. A test telephone follow-up procedure was initiated for collection by the compliance counterpart. Results were such that the withholding section immediately implemented frequent telephone follow-up.

5. Rudimentary delinquency checks were begun in 1984. One involves comparing list of filers in one year to non-filers in the prior/next year. The other check compares data on two returns for the same taxpayer for two years. Returns involving large discrepancies were assigned for reassessment. Use of such procedures is a positive development which can be built upon when new computer hardware and systems can be utilized.

6. In 1984, at the request of the DIT, the Institute for Public Administration completed an organizational review of the income tax department which made recommendations concerning the structure and included sample position descriptions. Though of limited utility, this document provides the base for further ~~organizational review and clarification.~~

The above mentioned activities are representative of the analytical functions which have been performed by the DIT. Other initiatives are noted in the IRS Team Leaders monthly progress reports. These examples illustrate that there is a cognizance of the function for the SPA group and that progress towards the achievement of the output has been realized. It is important to note as well that the progress has been in many different functional areas e.g. activities have been undertaken in respect to collection, assessment, automated system planning, and procedures. Future activities through the PACD are indicated in the revised work plan, attachment E.

The group is now established and working full-time, primarily on the design of the new data processing system in coordination with the RSS effort. The second current project of the group is coordination with the computer section of a major taxpayer account purification exercise. In July, the group will also start on the first detailed review of the 1985 self-assessment cycle results for compliance guidance and statistical analysis. With the formalization of the SPA's existence, this output is now on track. ~~The remaining task is to institutionalize the work functions where it can continue to play a productive role when the project is completed.~~

B. Output No 2: Complete Conversion to Self-Assessment

The DIT has now completed the third cycle of self-assessment and this output is largely achieved. The backlog of agency assessment (prior to 1983) is being gradually reduced, appeals and court actions are gradually clearing through the judicial process. Both the public and the DIT have come to accept the new system. The DIT considers that it has passed through, successfully, the most crucial aspect of the process i.e. public acceptance.

The DIT has improved its performance through each of the three cycles. The initial cycle in 1983 (tax year 1982) was chaotic. Despite some advanced planning, the lack of experience both of the personnel in general and in respect to self-assessment techniques, resulted in considerable confusion, as was expected. A major problem developed in that the tax law of 1982 provided a retroactive reduction in rates, and therefore virtually all taxpayers subject to withholding were due refunds. This multiplied the quantity of documents to be processed. The DIT worked through the difficulties. Much was learned from the initial cycle which resulted in improvements the second time around. The DIT was considerably more adept at handling the numbers of people, (most taxpayers pay in person rather than by mail). Returns were analyzed for common errors which were due to either unclear instructions, or poor format. The guidance prepared for the second cycle concentrated on these areas. The DIT also was more practiced at processing the quantities of paper generated. Manual systems were developed with the help of the IRS advisor. The third cycle 1985, tax year 1984 showed continued improvement, both in terms of internal processing procedures, and in the provision of taxpayer extension services and guidance. Public Information campaigns were viewed as having been successful. In completing the conversion process, however, there are a number of major problems to be addressed including the following:

- The data purification exercise described under output No. 3 will result in additional agency assessment action as taxpayer accounts are reconciled. A special task force will be assigned to this effort.
- While self-assessment documents are reviewed or audited, the internal process still leaves much to be desired. The DIT needs to refine/determine appropriate procedures for selecting returns for examination. Standard self-assessment approaches and techniques must be prepared. These are major compliance tasks which will require the Team Leader/Compliance Advisor and short-term assistance.
- The Systems for the collection and utilization of third party information must be improved to help in the audit function.
- Sooner or later, though perhaps not under the Project, the DIT must address the issue of accounting standards for tax purposes. The relative lack of generally accepted accounting principles within Jordan (or at least lack of agreement on standards) is a long-range problem for the DIT, with an important impact on the audit process.

### C. Output 3: An Operational Automated Data Processing Capacity

The effective use of <sup>automated</sup> data processing has been an objective of the Project since inception. The initial data processing systems and programs were developed and installed by an IRS PASA Advisor as a preproject technical assistance activity. With self-assessment, however, the DIT reached the limitation of the first generation of computer hardware/software. This element of the Project is therefore aimed at the development of a state-of-the art data processing system. As its contribution the GOJ has purchased and recently installed the necessary new hardware, and recruited technical staff for the computer section.

#### Development of the Computer Section

An important aspect of this output is the development and organizational growth of the Computer Section. The section must be able to operate the systems developed after project completion. Over the project to date, the technical capacity computer section has represented a problem. The role of the section and its responsibility vis-a-vis other entities of the DIT was not well defined. The technical capacity of the section has not been adequate to the task, which led in turn to an over dependence on the day-to-day operational involvement of the IRS Advisors. When the initial advisor was reassigned, the technical staff was unable to do more than maintain operations at the minimum level which was inadequate for the Department.

These problems are now being addressed. The staff has completed additional training in programming and systems design through the RSS. Additional on-the-job training is provided by the IRS Programming Advisor. With the establishment of the SPA group the role of the Computer Section is now more clearly defined. The SPA group reviews data processing requirements from the perspective of the users and develops a requirement package, which establishes the parameters of the programs to be written. The Computer Section then writes the programs. The SPA group is responsible for testing and approving the programs, establishing supporting procedures, and, in coordination with the Computer Section, installing the program. Thus the role of the Computer section, is: (1) writing the programs within the parameters established by the SPA and making corrections through the testing process; and (2) operating the computer, and the approved programs in accordance with DIT procedures; and (3) inputting data into the computer with required validity/verification checks.

#### Development of the new Data Processing System

The design, programming, and installation of the new data control and processing system represents a major project focus. The objective is to provide the DIT with a base capable of meeting

realistic data storage and control requirements for a period of 5-10 years (with gradual modifications depending on technological advances). The new system must take into consideration requirements for self assessment, future management needs for reporting and data manipulation, flexibility for minor adjustments in the tax law and in procedures, and safeguards for internal control and security. Most importantly, the system must be developed in cognizance of the probable technical capacity of the Computer Section, and the limitation thereof.

- The skill level required for normal operations must be minimized.
- The system must have safety checks to minimize or hinder the input of erroneous data, posting errors, and tampering, accidental or intentional.

As indicated in the Project Paper Amendment, it can be reasonably assumed that the DIT Computer Section can achieve an "advanced maintenance" level of competence, which is defined as the capacity to make minor program modifications, to manipulate data, and, to adjust programs to changing requirements for output (reports etc.) and formats/procedures. If routine programming, within the confines of an established system, can be accomplished internally, the DIT can seek outside assistance when technical requirements exceed their capacity.

The development of the new information system is a task of considerable complexity and magnitude. The IRS Advisors have guided the DIT through the early stages of the process. An advisory group met frequently during the past 8 months. Requirements were drawn up and refined from the perspective of the users. Needs were prioritized to some extent. Lastly, assumptions were made as to future requirements. The requirements were synthesized into a working paper, which was cleared by the Director General.

The design effort is now underway. As indicated in the input section, the RSS, under contract, is assisting in the development of the final system design guided by the IRS advisors, the SPA group, and the Chief of the Computer Section. They have completed a first draft which is now under review. When the final design is completed and accepted, the programming phase will begin. The final evaluation of the project should review the measure of success of this long process of technology transfer and its overall effect on the DIT

The Computer Section staff is not directly involved at this point in the design stage, except for the Section Chief. The staff is occupied in maintaining the current system, and in a major data purification exercise. The taxpayer account data base represents the base of the current and new system. The data base now contains a great number of errors. It is essential that this information be cleansed prior to entry into the new system. Under the guidance of the IRS Team Leader, this process is now underway. One of the difficulties of the old system was that the machine capacity was insufficient for the transaction records to be on line at the same time, and the data is thus organized in cycles, which prevented the preparation of a hard copy of all transactions. The IRS Programming Advisor solved this problem by preparing a program modification to combine the cycles, and finding a computer at a local bank with the necessary capacity to resort/combine the data. To compare the information currently within the taxpayer files, the original backup data entry tapes will also be re-entered and compared to the transaction listing by account number. Differences in the listing will indicate items in question for further review/analysis. These items will then be compared to the original documents which are being sorted by taxpayer rather than by taxpayer/cycle. The process described above is a laborious one which is expected to take about 6 months. However, the result should be a reasonably clean data base with which to start the new system.

In summary Progress has been made in the accomplishment of this output, but, the task has only begun. The new system will easily require a minimum of 1 one year of effort, and may necessitate an extension of the PACD if progress is delayed.

#### Output No. 4: Public Information and Training Section

This output refers to the development of a small unit within the DIT with the responsibility for the preparation and presentation of taxpayer education materials, guidance, and instruction. The group will also develop and coordinate, and monitor training activities internal to the DIT particularly in respect to the ongoing training for new assessors/auditors. The Public Information and Training Section (PITS) has not yet been established formally. However, three employees have been assigned to the envisioned tasks on a full-time basis, and that represents, for the moment, a satisfactory level of organizational progress.

The training element of this output is well established within the DIT. The basic training courses are organized and conducted under the supervision of the DIT training coordinator, and are of the same high quality noted in PES 83-1. The DIT demonstrated

Competence in organizing/conducting a new training courses in the recent examples of the computer training through the RSS and the English language training program. In each case, the DIT developed the course criteria, discussed the course with a number of potential institutions, contracted for the services, and monitored performance.

The public information element of the output is less advanced. The DIT has, with the assistance of the IRS advisors put on three public relation campaigns (one for each of the self-assessment cycles). While successful, these efforts must be viewed as rudimentary. Each campaign was the result of special task force effort working under tight time limitations. Thus, the product was hurried, unpolished and minimal. Similarly, taxpayer guidance/and instruction needs to be thought out and prepared well in advance, of the self-assessment cycle.

#### Item 18 Project Purpose

The project purpose is, as stated in the project paper, to enhance the institutional capacity for income tax administration within the GOJ. As indicated previously the means by which the purpose is to be realized changed during the project redesign effort to emphasize the institutional growth of target units within the DIT, and the transfer of technology in the areas of self-assessment, and automated data processing.

#### The end of project status

The indicators which demonstrate the end of project status are considered to be the following:

- New organizational units functioning and able to continue independently after project completion.
- Self-assessment implemented and a capacity to continue efforts to monitor and improve compliance.
- New computer system and programs in place and the capacity to operate the ongoing systems efficiently.
- Improved record keeping, reporting, and analysis through the use of computers.

The progress towards each of the above indicators has been discussed in section 17, project outputs. The project purpose is attainable with a possible need for an extension of the FACD by 6 months.

Item 19 Sector Goal

The Project Sector Goals are as indicated in the revised project paper: an increased generation of domestic revenue, and the enhancement of the capacity for public administration within the GOJ. Progress towards the goal is satisfactory given the external factors i.e. reductions in the tax rates which resulted in reduced growth of income tax revenues, and the general economic situation.

Item 20 Beneficiaries

The Project beneficiaries remain as indicated in the original and amended project paper. Further comment on the beneficiaries at this time is not pertinent.

Item 21 Unplanned Effects

The Project has not had any unplanned effects during implementation to date.

Item 22 Lessons Learned

(1) Though hardly a new or distinct lesson, implementation experience has served to emphasize, once again, the need to ensure to the extent possible, the timely availability of technical assistance resources.

Section 16 on project inputs and PES 83-1 detail the experience and delay encountered in obtaining the required long-term advisors. The identification of appropriate candidates is obviously the responsibility of the implementing FASA agency, the IRS. The IRS is a domestic agency, and perhaps overseas technical assistance receives a relatively lesser staffing priority. Nonetheless, where project design is clearly dependent from the outset on personnel from a specialized agency, such as the IRS, an effort should be made to coordinate closely with the agency, identify candidates and alternates during the design process, and come to clear agreement on: (1) qualifications of specific selected individuals; (2) availability within a given time frame; and (3) the likelihood that a candidate will be prepared to enter into a firm commitment to go to a specific overseas assignment.

(2) The Income Tax Assistance Project in Jordan represents a case study in the transfer of automated data processing technology. From the preproject stage of technical assistance, IRS advisors have assisted and guided the DIT through this process. In 1979 when this effort began there were very few major computer systems installed in Jordan (less than 10). The DIT computer was purchased in 1980, (before that time the Department utilized open computer time in other locations). Under the amended project design, the IRS advisors are helping the DIT into the second generation of data processing. There have been considerable difficulties in the process e.g. the low level of technical competence on the part of the computer section staff has yet to be overcome. Yet, the effort is progressing. The Project has helped the DIT, over time, to clarify the reasonable expectations for the role of the Computer. The new system is under development in cognizance of the level of technical expertise which the section can reasonably hope to attain. The development of the SPA group as an interface with the Computer section will also strengthen the data processing function by ensuring level of system review prior to programming. a

Review of this process of technology transfer, in its entirety, should be useful, and can be undertaken in the course of the final project evaluation.

Attachment A

PES 83-1 Abstract

FOR AIDE INFO AMB DCM ECON CHRON

OC CAJOP79  
BUREAU  
BUREAU #6312 146311  
NR 00000 72H  
2004127 MAY 83

IOC: DISK 2 625  
26 MAY 83 0611  
CN: 02726  
CHRG: AID  
DIST: AID

SECSTATE WASHDC  
AMEMBASSY AMMAN PRIORITY 4121  
T  
UNCLAS STATE 146312

IPAC

C. 12355 N/A  
AGP

SUBJECT: JORDAN INCOME TAX ASSISTANCE PFS

USAID/JORDAN IS TO BE CONGRATULATED ON A PARTICULARLY  
WELL-RESEARCHED AND SKILFULLY WRITTEN SUBJECT PFS. THIS  
PFS FOCUSES VERY WELL ON THE EXTERNAL FACTORS THAT HAVE  
AFFECTED THE EARLY IMPLEMENTATION STAGES OF THE PROJECT.  
IT ADDRESSES PURPOSE AND GOAL LEVEL ASSUMPTIONS IN LIGHT  
OF KEY CHANGES IN REVENUE AND TAX LAW CHANGES, MANAGEMENT  
AND STAFF CHANGES AND ASSESSES HOW THESE CHANGES AFFECT  
PROGRESS TOWARD ATTAINMENT OF THE ORIGINAL PROJECT PURPOSE.  
IN THIS CASE, ALTHOUGH THE UNEXPECTED STAFFING AND MANAGE-  
MENT CHANGES HAVE CAUSED SOME DELAY AND CREATED ADDITIONAL,  
UNEXPECTED TRAINING REQUIREMENTS, THE PFS CLEARLY ANALYZES  
HOW THE NEW SITUATION COULD ENHANCE PROSPECTS FOR ACHIEVE-  
MENT OF PROJECT PURPOSE.

ONE ORGANIZATIONAL DEFICIENCY, HOWEVER, IS THAT THE  
VALUATION FORMAT DOES NOT BREAK THE EXTENSIVE DISCUSSION  
OF ASSUMPTIONS AND GOALS INTO SEPARATE, SPECIFIC SUB-  
SECTIONS. WITH THIS EXCEPTION, WE FIND THAT THE  
VALUATION DOES PROVIDE INFORMATION AND ANALYSIS, WHERE  
POSSIBLE AND RELEVANT AT THIS POINT IN THE PROJECT  
CYCLE, FOR THE BASIC LIST OF ITEMS INCLUDED IN THE  
ATTACHED PFS DOCUMENTATION.

TAKEN AS A WHOLE, WE WELCOME THIS PFS AS A TIMELY  
CONTRIBUTION TO THE NE BUREAU'S CURRENT EVALUATION  
EXERCISE. FYI: COPIES WILL BE SENT TO THE OTHER NE  
BUREAU MISSIONS AS AN EXAMPLE OF A DOCUMENT WORTH READING  
OR ANYONE SETTING OUT TO DEFINE, STRUCTURE AND PRESENT A  
PFS ON EVALUATION. ENL FYI.

THE NE BUREAU SUPPORTS AN EXTENSION OF THE PACF. THE  
PFS PRESENTS SOLID EVIDENCE WHY DELAY OCCURRED, HOW IT HAS  
BEEN RECTIFIED AND WHY THE CONCLUSION FOR AN EXTENSION  
IS VALID.

THE NE BUREAU HAS DETERMINED THAT, BECAUSE OF THE  
STAFF PROVIDED IN THIS INITIAL PFS, SUBSEQUENT EVALUATIONS  
WILL NOT NEED TO REDISCUSS THESE EVENTS AND CAN FOCUS ON  
OTHER DEVELOPMENTS AGAINST THIS BACKGROUND.

Handwritten mark

PROJECT TITLE(S) AND NUMBER(S)

MISSION/AID/W OFFICE

Income Tax Assistance

I.D. GRANT NO. 278-0247

USAID/JORDAN

Project Description: This project is a technical assistance /training effort, implemented through a PASA with the IRS, aimed at improving the capacity for income tax administration within the GOJ Department of Income Tax (DIT). Project objectives will be achieved by: (1) Development and implementation of improved operational systems for income tax assessment, collection, clerical processing, and administrative services; (2) development of the GOJ capacity for training in management and systems development; and (3) enhancement of the operational automatic data processing capacity within the DIT.

AUTHORIZATION DATE AND U.S.	LOP FUNDING AMOUNT	PES NUMBER	PES DATE	PES TYPE
August 17, 1981	\$1,000,000	83-1	MARCH 1983	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Other (Specify)

ABSTRACT PREPARED BY:	ABSTRACT CLEARED BY,		
WANLEY A. STALLA	CONT, RROMANO	_____	Special
ASSISTANT PROJECT	PRG, DLEATY	_____	Terminal
DEVELOPMENT OFFICER	PO, TPEARSON	_____	
ARCH, 1983	RLA, KODONNELL	_____	

- ) This interim project evaluation was originally scheduled for the 2nd quarter of FY 82 as an in-house review aimed at reviewing the GOJ's progress in staffing the computer facility and keeping its equipment operational, and at assessing the general degree of support accorded the project. However, a decision was made to postpone this evaluation to the 2nd quarter of FY 83 because: 1) the arrival of one of the two key long-term IRS advisors (the compliance advisor) was delayed almost one year, and this advisor was to participate in the development of a revised workplan and in reviewing project objectives with respect to audit/assessment/compliance; 2) the IRS backstopping office had planned an annual project review/evaluation for December, 1982; and 3) the GOJ was in the process of implementing the self-assessment provision of the new 1982 Income Tax Law.
- ) To date, a total of 31 months of long and short-term technical assistance has been provided, and approximately 90 person months of training have taken place. The advisors have made substantial progress in the development of a tax administration capability, particularly in respect to ADP applications. The most notable accomplishments to date include substantial improvement in the data entry and tax payer accounts processing system, initiation by the DIT of precedent-setting enforcement action for non-compliance, completion of a comprehensive training needs study and establishment of methods and priorities for future training. However, project implementation is approximately one year behind schedule due to the delayed arrival of the tax compliance advisor, the massive internal reorganization undergone by the DIT and, uncertainty surrounding the composition and passage of the comprehensive revision to the Income Tax Law. In order to obtain assistance in the implementation of the self-assessment provision of the new tax law and the restructuring and rebuilding of the DIT, the DIT will request a one year extension of the project. Because of a lesser level of expenditure to date than envisioned, as well as a restructuring of the training component, the proposed extension will not require additional funding.

- (3) A good deal of progress has been made toward improving the DIT's operation systems for collections of revenue, and for administrative procedures (document entry and workflow). Less progress has been made in the area of Income Tax assessment, primarily because of the learning process involved in changing (as stipulated under the new tax law) from an agency-assessment to a self-assessment system, and because of the massive reorganization to the DIT, with a resultant need to train new employees in such areas as assessment, undertaken at the end of 1981. Because of the urgent, unanticipated training requirements presented by the DIT's administrative reorganization, the DIT has devoted an even greater than anticipated effort to meeting its ongoing training requirements, particularly in accounting, tax law and assessment. The preparation of an ADP programming course, in conjunction with the University of Jordan and for the use of the DIT and other GOJ entities, is proceeding as scheduled. Primarily due to the presence of the IRS ADP advisor, a great deal has been accomplished toward the development of a fully operational ADP system. The data base has been improved to the point where information can be abstracted for management use. The DIT staff are improving their technical skills in writing program modification and adjustments.
- (4) As this interim evaluation is being written only 18 months into the project, at a stage when some components of the project have just begun the implementation phase, it is premature to discuss lessons learned. This topic is more appropriate for the terminal evaluation, which is scheduled for six months after project completion.

Attachment B

Tax Team Manager's Report on Progress  
3/31/83 - 3/31/85

REVIEW OF INTERNAL AND EXTERNAL DEVELOPMENTS AFFECTING  
AND EFFECTED BY THE IRS TAX TEAM 4-1-84 to 3-31-85

## I. General Developments

A. Counterpart problems continued to plague the tax team during the early part of this period and progress was hampered significantly as a result. Ultimately the idea of a counterpart individual was scrapped in favor of a counterpart group in the revised project paper.

B. In April, 1984 Jordan returned to Parliamentary rule for the first time since 1967. This required the reconsideration by Parliament of all provisional laws passed during the hiatus, including the Income Tax Law. This, in turn, prevented the Director General's visit to the United States.

C. The Tax Team was on home leave much of the summer and had little impact on events during that time. An administrative decision to permit unused accumulated leave to be taken resulted in most of the Department's top officials to be absent during most of August, 1984.

D. Long term ADP advisors made their commitment to the project in September 1984, and returned in January, 1985 to complete the staffing in the IRS tax team. The position of Executive Assistant was filled in accordance the new Project Paper, the person envisioned to assume some of the duties of the counterpart provided for in the original project paper.

E. The 1985 Jordanian National Budget was published in January; it called for an increase of 6.5 million JD in Income Tax Revenue or approximately a 12% rise in Income Tax Revenues. This is an ambitious goal.

F. In February the GOJ announced a salary increase for government employees of approximately 10% across the board. This is the first pay raise since early 1981. The relatively modest salaries and rigid employee classification and compensation systems were factors identified in early IRS surveys as hindering efforts to build professional level staffing in the DIT. This represents a positive development outside the control of the Advisory Team.

## II. Administrative Developments within the DIT

A. In April, 1984 the Department received a report from the Jordanian Institute for Public Administration defining the organizational structure and preparing job descriptions. Although the study itself was judged of limited utility, the fact that it was done at all demonstrates recognition of the need for progress.

B. An executive level reorganization was effected in August, and on November 1, Dr. Abdallah Nsour was succeeded by Mr. Selman Tarawneh, former Deputy Director and Legal Advisor.

C. The move to the new DIT building began in December, and was accompanied by the designation of additional assessment group chiefs for new work groups mandated by the physical layout of the new building. Executive offices remained in the old building by mandate of the new Director General and the office in the new building originally intended for him was converted to a library and conference center.

D. A third building, adjacent to the other two, was leased in March. When the transfer of files and furniture of the third party information portion is complete all DIT operations will have been consolidated at the Shmeitani site.

### III. Compliance Developments

A. As noted, the idea of a compliance counterpart was abandoned in favor of a new, mid-level management studies group. As of the end of March, the work of this new group was being performed by groups and individuals appointed to ad hoc tasks scattered throughout the department.

B. The 1984 filing season was completed and was an unqualified success. Although the number of returns filed declined, this was due to increased taxpayer awareness and knowledge of the law, e.g., in the preceding season, many taxpayers filed who were not required to by law, they responded to the broad taxpayer information campaign and filed out of confusion. Thus, this is to be viewed as a positive development.

C. The DIT collection efforts were laudatory in that the data needed to perform this function efficiently and effectively were locked in a computer structure that could be best described as a nightmare. Reversion to manual methods to ascertain taxpayer account balances is still the only method, this remains cumbersome, and inefficient. Even so, planned objectives were met for 1984, and for 1985 collections were well ahead of plan for the first three months.

D. Random delinquency checks were begun in 1984. One involves comparing list of filers in one year to non-filers in the prior year. The other check compares data on two returns for the same taxpayer for two years. Returns involving large discrepancies were reviewed for assessment. Use of such procedure is a positive development which can be built upon when new computer hardware and systems can be brought in line.

E. Technical staffing in the department continued to grow from the low approached in early 1982. Recruiting became an institutionalized activity, as the authorized staffing and the natural attrition rate which accompanies this size demands periodic and regular hiring.

F. Perhaps the most significant development from a compliance viewpoint occurred in March. The DIT began to respond to the many suggestions and ideas offered over the years in the area of public information and relations. A local, private public relations company made a proposal and presentation, and interest in exploring other avenues for preparation of public information emerged.

#### IV. Training developments

A. Nine INTAX candidates were prepared and sent for the 6 week seminar during this period. The last six were selected based upon competitive criteria published in advance of the selection. Their exposure to a training course based upon a self-assessment tax structure is positive development.

B. In preparation for the new computer, an agreement was entered into with the Royal Scientific Society for them to provide training for the entire DIT related to this new computer. The training consists of a variety of types: ADVANCED COBOL language applications for staff programmers, COMPUTER LITERACY for all employees, USER TRAINING for managers, DATA ENTRY training for clerks.

C. The vendor of the equipment provided training in the use of the new operating systems and hardware design.

D. Several candidates began preparing for long term academic training in the United States. Results of TOEFL exam for six persons were received during this period. Only one met the minimum requirements for admission to the programs which would be useful for them.

E. English language training was provided to two groups within the DIT. INTAX candidates for the April '85 session were given intensive, remedial training. Another group selected because their jobs often involve working with books and records of English and American companies, were given regular courses offered by the modern language center.

#### IV. AFP Developments

A. Considerable effort was expended during approximately 2/3 of this evaluation period trying to extract valid taxpayer account data from the old computer files. This included the efforts of three IRS TDY advisors and an in-country consultant. There are a myriad of problems associated with the old computer: Hardware unreliability, software design flaws, and numerous operator errors leading to data loss and misfiling. Early in the period it was decided that while the old computer was adequate for the task contained in the original project, it was inadequate for the myriad functions scheduled for moving to AFP.

B. In April, 1984, the contract for new computer hardware was awarded to Data General. Delivery and installation was plagued by a variety of delays, but as of March 31, 1985 power had been connected, and several of the control terminals (master consoles) and data terminals had been connected.

Best Available Document

C. Because of the delays in delivery and installation of new computer hardware, the time between now and the scheduled project completion date is short. In-country expertise has been located which will serve two purposes: it will add manpower to the DIT staff necessary for the task of designing, documenting and programming the new processing system, and it will create a relationship with in-country experts who are capable of providing continuing assistance long after the IRS tax team has left.

REPORT OF STATUS AND SUMMARY OF ACCOMPLISHMENTS OF INCOME TAX ASSISTANCE  
PROJECT AS OF MARCH 31, 1984

I. BACKGROUND

Successive evaluations of the activities under the initial Income Tax Assistance Project have occurred in August of 1982, and in March, 1983. The March, 1983 evaluation and summary was based upon a revised workplan which eliminated elements of the original workplan which were accomplished, or which were judged unfeasible based on the changing circumstances. This summary is intended to be part of the foundation for a new and expanded effort to increase the effectiveness of the Department of Income Tax as a principal contributor to the public finances of Jordan.

II. GENERAL OBSERVATIONS

As will be detailed below the strides made during the past 12 months were modest, but measured against the backdrop of the adverse circumstances into which the Department was cast, they demonstrate a continuing commitment to place increasing reliance on the Income Tax system as a tool for public finance. Some of the the more significant adverse circumstances which hindered progress are as follows:

1. As noted previously the Department was stripped of virtually its entire technical staffing just prior to the beginning of the original project. Thus while ADP advancements were possible, the ability of the department to conduct any activity other than training of new tax technicians was almost non-existent. At the same time as the Department was endeavoring to rebuild its staff of about 80 assessors from almost nothing, the first round of self-assessment clearly demonstrated the need for a staff of two to three times of that which was required under the old agency assessment system. The institutional strain produced in any organization which attempts to double or triple in size is great; when that same organization is required to bootstrap itself at the same time the challenge is enormous. In retrospect, prior evaluations and workplan revisions did not accurately foresee the impact the 1981 upheaval would have on the Department.

2. The late passage of the new tax law was noted previously as a problem of timeliness, but the full impact of that statute was not realized until later. Combined with a near universal underestimation of the number of taxpayers who would comply with the self-assessment law, was a lack of appreciation for the impact that the reduction in the tax rate in the fourth calendar quarter of the year and the concomitant requests for refunds would have on the department. This tremendous workload highlighted the limitations of the DIT's existing ADP hardware. Ultimately, requests for refund had to be calculated, audited and checks prepared by hand. This process was barely completed in time to release some employees so that preparation for the 1983 self-assessment filing season could proceed.

3. There remained a lack of what was termed an Organization and Methods staff, or O&M group. In retrospect the reason for this is relatively clear. There were barely enough trained and qualified personnel to perform the front line work. There was certainly not enough time to identify and develop people into mid-level type positions as envisioned for the O&M staff.

4. As noted above the unanticipated geometric growth in the flow of papers and documents resulting from the new tax law highlighted the inadequacies of the Department's first generation ADP hardware. Aside from the fact that it suddenly became too small for the workload, was the additional circumstances that there was a distinct lack of technical progress among the programming staff in the Department, and the inability to locate a replacement for the ADP advisor who completed his two year tour in September and departed post.

### III. ACCOMPLISHMENTS DURING THE PRECEDING TWELVE MONTHS

Despite the significant problems noted above, there has been a rather long list of minor advances which, taken together, provides clear indicia of a commitment to, and potential for the Department of Income Tax to become fully functional and dynamic organization within the next two years. Some of the more important activities and accomplishments are as follows:

1. The Department planned and executed a massive recruiting and training effort which has increased total staffing from near zero in 1981, to 450 as of March 31, 1984. Of this number, 215 are fully trained and qualified assessing officers, and another 160 perform semi-technical tasks such as collections, third party information technicians etc. The fact that there now exists job categories classified as semi-technical represents an advance in that it recognizes that not all personnel must be fully trained as assessors.

2. The Department has institutionalized its field collection activity and has eight full time persons assigned the task of researching delinquent accounts and making contact with offenders. One benefit which is at least partially attributable to this effort was an increase in the total revenue collected for the 1982 tax year despite a significant reduction in the rate of tax imposed on individuals.

3. In January of 1984 the Department launched without outside help, its second annual public information campaign to assist taxpayers wishing to comply with the new self-assessment tax structure. While the campaign was largely a replication of the effort undertaken during the last filing season with the help of an IRS specialist, it perhaps was instrumental in part in insuring that self-assessment would not be a one year phenomenon as had been the case in the recent past.

4. Although there was no formal O&M group formed within the department, there was some progress in the decision-making process in that direction. Prior IRS surveys and reports noted a lack of delegation and consultation in the decision-making process. During the past 12 months there was evidence of staff discussion and delegation in areas of collections, examinations and ADP planning. While there remains a lack of full staff participation and research, the efforts in this area so far are encouraging and should lead to the promotion of qualified employees to mid-level staff positions.

5. The Department has broadened the categories of taxpayers required to file tax returns, and has initiated a rudimentary form of unidentified taxpayer survey. Lists of known businesspersons and professionals have been obtained from trade groups and licensing agencies and compared to data extracted from the computer. While this effort has been rather crude and uncertain, now that the precedent has been set and the value of the exercise demonstrated the activity is ripe to become a routine exercise using the new computer hardware.

6. There has been instituted a crude examination priority classification system for self-assessment returns. While this was born of necessity due to the unexpectedly large number of returns filed, it has forced the recognition that the Department cannot now, and probably will never be able to conduct examinations on 100% of the tax returns filed. Later should come the recognition that such wide examination coverage is not necessary or even desirable in a self-assessment tax system.

7. The Department has commissioned a complete study of its organizational structure, to be performed by the Jordanian Institute for Public Administration. The analysts agreed to cooperate with the tax team in preparing their findings. The study is to recommend changes in the organizational structure, and is to include the preparation of job descriptions for all positions in the Department.

8. The Department is committed to a complete upgrading of its physical facility. A new 6 story building is scheduled for occupancy in June of 1984, and another building is scheduled to be started soon after. Thus the operations of the Department which are now at three widely separated locations may be consolidated as early as the end of 1985

Attachment C

Project Budget and Expenditures as of  
30 June 1985

36

INCOME TAX ASSISTANCE  
PROJECT BUDGET AND EXPENDITURES  
30 JUNE 1985

<u>PROJECT INPUTS</u> -----	<u>PROJECT BUDGET</u>	<u>AMOUNT COMMITTED</u>	<u>UNCOMMITTED BALANCE</u>	<u>ACCRUED EXPENDITURES</u>	<u>PROJECT PIPELINE</u>
<u>TECHNICAL ASSISTANCE</u>	1,700	1,532	168	970	730
<u>IRS PASA</u>		1,489		941	
PASA COSTS		1,028		633	
MISSION SUPPORT		461		308	
ALLOWANCES/BENEFITS		( 72)		( 35)	
TDY/TRAVEL LTP		( 20)		( 22)	
PERDIEM STP		( 62)		( 25)	
HOUSING		( 244)		( 198)	
REPATRIATION		( 51)		( 20)	
OTHER COST		( 12)		( 4)	
LOCAL SAL.				( 4)	
<u>LOCAL CONSULTANTS</u>		43		29	
ADP CONSULTANT		( 19)		( 19)	
RSS SERVICES		( 24)		( 10)	
<u>TRAINING</u>	300	148	152	141	159
<u>PARTICIPANT TRAINING</u>		72		72	
<u>INCOUNTRY TRAINING</u>		76		69	
BASIC TRAINING		( 26)		( 19)	
COMPUTER TRAIN. (UOJ)		( 12)		( 12)	
COMPUTER TRAIN. (RSS)		( 15)		( 15)	
ENGLISH TRAIN.		( 13)		( 13)	
INVITATIONAL TRAVEL		( 10)		( 10)	
<u>TOTAL</u>	<u>2,000</u>	<u>1,680</u>	<u>320</u>	<u>1,111</u>	<u>889</u>

Attachment D

Position Descriptions for the  
Long-Term Advisors

## II.C - Project Inputs

The total project cost, as indicated in section IV is approximately \$3,483,000. AID inputs consist of technical assistance and training and total \$2,000,000 for the 64 month span of the project. GOJ contributions are estimated to be the JD equivalent of \$1,483,000 consisting of appropriate managerial/technical staff support, counterparts, provision of a computer and related costs, and facilities/service support for the IRS technicians.

### 1. AID Inputs - Technical Assistance

The project originally called for a total of 72 months of IRS technical assistance. The total technical assistance under the project will be increased to 142 person months. A total of 46 months of assistance were provided through 12/31/83. The project extension through 12/31/86 requires an additional 96 months of assistance. This will consist of: the services of 3 long-term advisors, ( a team leader for 32 months, two AUP advisors for 24 months each), and 16 months of short-term assistance.

#### A . Long-Term Advisors

The advisory team will consist of three long-term advisors supplemented by short term advisors. The long-term advisors will have a general knowledge of all areas of tax administration and specialized skills.

#### Team Leader/Compliance Advisor

The Compliance Advisor is responsible for assisting the DIT in developing the institutional capacity to assure the highest possible degree of taxpayer compliance with the new tax law. This involves the following areas.

(1) Taxpayer motivation: The advisor will make appropriate recommendations regarding tax law, administrative policy, and internal procedures aimed at motivating and facilitating taxpayer compliance with law.

(2) Assessment Efficiency: The advisor will assist the DIT in developing and refining the system of assessments, assessment review, and appeals.

(3) Collection Efficiency: The advisor will assist the DIT in assuring that adequate collection systems and procedures are established.

The compliance Advisor is also a generalist in the field of tax administration and is expected to provide guidance and assistance as necessary in administrative areas such as organization, management, training, and personnel. The Compliance Advisor will also serve as Team Leader with overall responsibility for the implementation of the Project. Team leader responsibilities include the following:

(1) Serves as principal advisor to the Director of the DIT and other appropriate DIT officials. Advises and offers recommendations on all aspects of income tax administration.

(2) Supervises directly all IRS and contract personnel assigned to the Project. Assigns tasks and evaluates performance of subordinates.

(3) Liaises and coordinates with (a) the USAID Project Officer and other USAID Officials; (b) the Tax Administration Advisory Services Division of IRS (IRS/TAAS); (c) the Director of the Income Tax Department and other GOJ officials.

(4) Develops specific project plans, reports, and other communications required by USAID and IRS/TAAS.

(5) Monitors all contracts and agreements under the training component of the project.

#### Data Processing Advisor - Systems

The System Advisor will work primarily with the Systems, Procedures, and Analysis (SPA) group. The Advisor's role will be to provide guidance and direction in developing a capacity for the following:

- (1) Analysis of manual and ADP needs, and preparation of the detailed plans required for implementation of systems to meet those needs.
- (2) Writing Programmer Requirement Packages (PRP's) for programs to be written by the Computer Section.
- (3) Develop test data and predetermined results for systems acceptability testing (SAT). Testing of programs written by the Computer Section to insure they function as intended.
- (4) Reviewing, analyzing and writing procedures to detail document processing from the moment of receipt to final disposition for both manual and ADP operations.
- (5) Conduct feasibility studies for proposed computer support.
- (6) Train users of computer outputs how to use reports effectively and how to request additional computer output for new or special needs.

- (7) Develop a plan for the orderly conversion of ADP operations from the old system and hardware, to the new. This will include identification of programs and files requiring conversion and time frames required for the conversion process.

While the role of the Systems Advisor will be advisory, he will perform his task by demonstrating the work to be performed and by providing on-the-Job training to the systems staff. The Systems Advisor has a major role in the evolution and development of the SP&A group as well as in the computerization of the Department of Income Tax functions.

#### Data Processing Advisor - Programming

The Programming Advisor will work with the Computer Section in developing the programming skills necessary to support and maintain the Department's computer installation. The advisor will provide guidance and direction to the programming staff and assist in writing computer programs as deemed necessary. His specific duties will include the following:

- (1) Advise on proposed hardware, software and related equipment required by the Department.
- (2) Advising on site preparation, installation, acceptance testing, review of bonds and guarantees and maintenance and servicing arrangements.
- (3) Provide the programming staff with job training in COBOL programming and other available software.
- (4) With the assistance of his counterpart, the advisor will oversee the modification and writing of all computer programs.
- (5) Develop and document operating procedures for computer operations (i.e. back-up production files) and develop a system designed to schedule and control the associated computer work flow.
- (6) Develop and document programming standards for all programming activities, i.e. naming conventions, testing conventions, copy libraries, production libraries, etc.

#### B. Short-Term Technical Assistance

A total of 16 months of short-term technical assistance is included for specialized expertise where required, and to provide for assistance beyond the work-load capacity of the long-term advisors. A total of 3-5 months of short-term assistance will be required to provide data processing assistance prior to the arrival of the long-term advisors. An additional 2 months of short term assistance will be required to replace the Compliance Advisor during his home leave. A total of 6 months of short term assistance is allocated for the development of the Public Information and Training Section.

Attachment E

Revised Workplan for the Tax Team

PROJECT ONE: MANAGEMENT/ADMINISTRATION: CREATE SYSTEMS, PROCEDURES AND ANALYSIS GROUP

A. BACKGROUND

The first IRS survey identified problems associated with the organizational structure and operational deficiencies within the Department of Income Tax stemming from, among other things, communication and information gaps in the management infrastructure. The recommended solution to these problems was the creation of what was called an "Organization and Methods" or "O&M" group. While efforts to staff this group continued during the life of the initial project term it was not until the end of this term that it was realized that it would not succeed because of a simple lack of personnel with the requisite mix of managerial and technical skill to carry out the tasks envisioned for this group. Faced with the combined effects of an almost entirely new technical staff, and a workload swelled by self-assessment returns and refund claims, most management actions were taken on a purely ad hoc basis and no progress on this project was possible.

Following the scheduled completion date of the initial two year project and at the request of the Department, the IRS conducted a survey of the status of the future needs for ADP systems and hardware. In the part relevant to project one, the survey concluded that the most successful ADP applications were those that began as successful manual systems, then transferred to electronic equipment to perform the more laborious and time consuming processing. The survey report noted that in successful ADP operations, the work of designing manual systems and converting them to ADP applications is performed by specialists called Systems Analysts whose function is to study, design and document the processing systems, write procedures and train system users, prepare specifications for ADP programmers, and validate the input and output from ADP equipment.

In addition to ADP system development requirements, as understanding of the implications of activities required to implement self-assessment have developed it has been recognized that research, study and analysis are required to identify and correct factors which lead the public to refuse or be unable to comply voluntarily with the income tax law. Several ad hoc groups and committees have been appointed to conduct studies and research into areas of non compliance. This type of work falls naturally to the Systems, Procedures and Analysis Group.

B. PURPOSE AND SCOPE

The purpose of the new Systems, Procedures and Analysis group (or SP&A) will be broader than that contemplated for the O&M group in the original project. This broadening is in recognition that the shift to a self-assessment tax system places increased burdens on management. The self-assessment tax system manager must have information about compliance patterns, because a successful self-assessment system can only be built upon a taxpaying public's confidence that the tax laws are being enforced fairly and uniformly. This confidence follows from enforcement actions taken by the Department of Income Tax which are balanced and equitable. Because skilled technical staffing is always a finite commodity which usually falls short of the available workforce, the assimilation and distillation of large volumes of information generated by self-assessment can be performed economically only by ADP methods.

The broad purpose of the SP&A group is to design information systems which will yield data needed to plot effective compliance enhancement strategies. It is also the function of the SP&A group to insure insofar as possible that all required actions leading to a complete and successful conversion to self-assessment have been delegated to responsible officials.

C. PLANNED ACTIVITIES

1A. SELECT STAFFING FOR SYSTEMS, PROCEDURES AND ANALYSIS GROUP

SCHEDULED START: APRIL '85

The SP&A group will function primarily as the counterpart of the IRS tax team advisors. It will have an interest in all areas of the Department's operations and will perform staff inquiry and analysis in all areas, and especially in ADP activities. Because of the large anticipated workload for this group, it should be staffed with a minimum of six people. Three should be skilled, or have an aptitude for ADP systems design. The remaining three persons should have experience in all areas of the Department's technical operations and should possess good writing skills. Some management experience or aptitude is desirable, and at least one of the non-ADP staff persons must be fluent in English and Arabic.

1B. PREPARE A COMPREHENSIVE MISSION STATEMENT FOR THE DIT

SCHEDULED START: APRIL '85

In order to properly fulfill its purpose the SP&A group must proceed from a fundamental understanding of the role of the Department in a Self-assessment taxation scheme. From this definition it can be determined what actions should be undertaken in order to fulfill this role and accomplish the DIT objectives.

1C. PREPARE JOB DESCRIPTIONS FOR THE DEPARTMENT

SCHEDULED START: MAY '85

After the mission of the Department has been defined the activities necessary to the accomplishment of this mission can be divided and assigned to individuals who can be held accountable. Lack of understanding of work expectations leads to the omission of tasks vital to the success of Department's mission, and generates confusion and frustration among the workers. Because the SP&A group will function in all areas of the Department it is natural that the group start by studying all jobs in the Department in terms of the organizational mission and structure, and to write descriptions and instructions which will insure that all functions have been made the responsibility of some specified person.

1D. PREPARE DOCUMENT HANDLING PROCEDURES

SCHEDULED START: July '85

Presently errors are made because document handling procedures are given orally without a written reference. In addition there is no trail of accountability for vital assessment and collection documents and historical files. Files and data are lost or misplaced because correct procedures are forgotten, or not transmitted uniformly to newly hired personnel. Inconsistently applied procedures leads to errors and omissions which can permanently disable the assessment and collection functions in certain individual tax cases.

1E. REVISE EMPLOYEE INCENTIVE AND BONUS SYSTEM

SCHEDULED START: Sept '85

The first IRS survey identified the public employment salary structure as a disincentive to the attraction and retention of highly skilled and qualified technicians, particularly in the ADP area. Despite the recent increases in salaries to GOJ workers, this continues to be a problem which needs to be addressed by an equitable system of Bonuses and Awards. In order to be successful, the new system must be perceived as fair and equitable. Objective criteria must be established and utilized to the extent possible in evaluating and awarding talented and skillful personnel and providing incentive to new and lesser able employees.

1F. ENVIRONMENTAL SURVEY OF NEW BUILDINGS

SCHEDULED START:

The plan to consolidate Departmental operations into three buildings in one location presents an excellent opportunity to tailor the facilities to suit the changing needs to self-assessment.

1G. TRANSFER OF INACTIVE HISTORICAL FILES TO MICROFICHE

SCHEDULED START:

Use of filing system is inhibited by the presence of large numbers of files not used on a regular basis. This activity will identify no-activity files and place them on microfiche.

PROJECT TWO: TRAINING: CREATION OF PUBLIC INFORMATION AND TRAINING SECTION

A. BACKGROUND

The prior project, and earlier IRS surveys identified shortcomings in the Department's training programs. A lengthy report on training needs was undertaken early in 1982, but for a variety of reasons, not the least of which was the 1981 organizational upheaval noted above, many of these recommendations could not be fulfilled. In addition to the problems identified previously, the change to a self-assessment tax system has burdened both the Department of Income Tax and the taxpaying public in new ways. The burden to the former results from a dramatically increased workload resulting from the number of assessments made each year. This in turn requires the department to maintain a larger staff of technical and semi-technical personnel. Natural attrition among an expanded staff now demands that the Department be prepared to routinely conduct training for newly hired assessors and others who replace those who quite, retire, or otherwise leave the department.

The burden on the taxpaying public results from the imposition of the requirement that they annually render some self-styled statement to the Department summarizing their financial activities for the period. Prior to the enactment of the 1982 tax law there was no inducement for taxpayers to routinely maintain reasonably accurate books of account for their business transactions. Since it is the income tax law which now makes this demand on taxpayers it is naturally incumbent upon the Department to undertake programs which in time will enable the public to prepare increasingly accurate self-assessment tax forms.

B. PURPOSE AND SCOPE

This project will attempt to establish a full time section whose twofold purpose is to (a) insure that all employees receive needed job specific training in a timely manner and (b) prepare and disseminate appropriate educational materials to enable the taxpaying public to prepare increasingly more correct self-assessment documents.

C. PLANNED ACTIVITIES

2A. CREATE AND STAFF PUBLIC INFORMATION AND TRAINING SECTION

SCHEDULED START: April '85

The Department should recruit two full-time persons with proven skill and experience in the field of education and public relations. One should also have some managerial or administrative skill or potential, and should be named head of the section. The other should have skill in the preparation of written educational materials for a variety of literacy levels.

2B. CONDUCT DEPARTMENT WIDE SURVEY OF TRAINING ACHIEVEMENTS

SCHEDULED START:

In order to correctly design a training program it will be necessary to identify the level of achievement of each employee.

2C. CONDUCT COBOL TRAINING PROGRAM

SCHEDULED START: Completed

The Department expects installation of a new computer which should be ready in early April '85. Also, expanded information needs are being generated by the new self-assessment tax system. The department needs to add programmers to the staff to assist in preparing the new computer as an effective tool for tax administration. Potential programmers should be selected from applicants within the department, with priority given to those with characteristics identified in the recent IRS survey report.

2D. CONDUCT TRAINING IN FUNDAMENTALS OF ADP AND SYSTEMS ANALYSIS

SCHEDULED START: May '85

At no time during the initial two year project has there emerged an ADP technician within the department who demonstrates the requisite skill to conduct the analysis necessary to prepare sophisticated ADP applications. This activity is aimed at offering a combination of textbook work and OJT for persons assigned to the SP&A group.

2E. MANAGEMENT TRAINING FOR SP&A GROUP

SCHEDULED START: April '85

In order for non-ADP members of the SP&A group to become fully effective as compilers and communicators of management information they must have management skills. This activity contemplates early INTAX training for those selected to the SP&A group.

2F. PREPARE/ADAPT STANDARDIZED TRAINING COURSES AND TEXTS

SCHEDULED START: Sept. '85

Because of the regular attrition that will accompany an expanded staff standardized courses in Accounting, Auditing and Tax Law should be prepared to insure uniformity in the presentation of the material needed to perform assessment duties correctly. Courses to provide specialized training in criminal investigative techniques will be developed and presented.

PROJECT THREE: SELF-ASSESSMENT AND RETURNS EXAMINATION

A. BACKGROUND

With the enactment of the tax law of 1982, Jordan again made an effort to convert from a relatively inefficient agency assessment method of collecting income tax revenue, to the self-assessment system wherein each taxpayer is assessed and pays his proper tax each year. The second assessment period draws to a close in April, 1984 and it appears that efforts to institutionalize this system in Jordanian society stand a good chance of succeeding. If this essential effort is to succeed finally, substantial organizational adjustments will be required.

B. PURPOSE AND SCOPE

The purpose of this project will be to complete the conversion from the older agency assessment process to a full self-assessment system. This project is concerned with conducting those activities which in sum will equal a balanced enforcement effort.

C. PLANNED ACTIVITIES

3A. PROMULGATE ACCOUNTING AND RECORDKEEPING STANDARDS

SCHEDULED START: June '85

Accurate Self-assessments can only be prepared by taxpayers who systematically maintain books of account and records of transactions which are significant for income tax purposes. It is the duty of the Department to specify standards to the benefit of taxpayers.

3B. CONDUCT PUBLIC INFORMATION CAMPAIGNS

SCHEDULED START: Sept. '85

The concept of self-assessment and recordkeeping is not widely understood in Jordan. It is the duty of the Department to inform taxpayers what is expected of them in the way of recordkeeping and to annually conduct information campaigns to assist in the preparation of Correct returns.

3C. CONDUCT COMPLIANCE MEASUREMENT SURVEY

SCHEDULED START: Sept. '85

The necessary process of influencing taxpayer behavior consists not only of assisting them with preparing records and returns, but also of reacting to areas of error or abuse. Compliance measurement devices can be used to pinpoint such areas and guide in the preparation of corrective measures.

BEST AVAILABLE COPY

3D. CREATE EXAMINATION PRIORITY CLASSIFICATION SYSTEM

SCHEDULED START: Jan. '85

The large number of self-assessment returns received during the first filing season serve to point out that it is not possible or necessary to examine the accuracy of each document. Priorities and criteria for the selection of certain returns must be established and adhered to if the concept of balance and equity in the process is to be achieved.

3E. PHASE-OUT AND ELIMINATION OF AGENCY ASSESSMENTS

SCHEDULED START: Jun '85

As the ADP data base is corrected to give an accurate national index of taxpayers, and the taxpayer accounts system gives accurate data about pre-1982 assessments it should be possible to shedule the remaining agency assessments and complete the conversion to self-assessment.

3F. PROMULGATE AND IMPLEMENT PROCEDURES FOR PROSECUTION CASES

SCHEDULED START: Jan '85

In the balanced enforcement approach to self-assessment, a vital companion to taxpayer service and information is the idea of prosecution for flagrant ignorance or abuse of the law. Criteria for identification, and procedures for evidence accumulation and presentation to be used by Assessors specializing in this field are necessary.

PROJECT FOUR: COLLECTIONS AND TAXPAYER IDENTIFICATION

A. BACKGROUND

Great strides have been recorded in the area of collections and taxpayer identification since the first IRS survey. Methods to control flow of funds from withholding agents, and internal controls over funds collected are two of the most notable. Also significant is action taken by a field collection force organized during the first project to make the Department an active, rather than merely a passive collector of revenue.

B. PURPOSE AND SCOPE

The duties of the Collection section consist of detecting taxpayers who are delinquent either in the payment of taxes or in the filing of returns. This project is directed to collecting revenue due the department.

C. PLANNED ACTIVITIES

4A. ESTABLISH COLLECTION CLASSIFICATION AND PRIORITY SYSTEM

SCHEDULED START: Jun '85

With the large number of cases and amount of assessed tax in the accounts, some method of determining priorities for collection action is in order. Once a corrected taxpayer account list is provided by the ADP section, accounts should be categorized by amount and age as a potential measure of collectability. Provision will be made for accounts which are "doubtful" due to age, amount, or for other reason and effort will be directed to the appropriate accounts.

4B. DEVISE AND IMPLEMENT SYSTEMATIC DELINQUENCY PROCEDURES

SCHEDULED START: Jan '85

Delinquency consists of taxpayers who fail to self-assess as required by law, and taxpayers who refuse or fail to pay assessed taxes in a timely manner. Systematic procedures will ensure that the best method of contact with the taxpayer will be selected and thereby the maximum benefit can be realized from the collectors' time. Success of this effort is dependent upon ADP processing and so starting date is postponed until it is anticipated that the ADP system will be running.

BEST AVAILABLE COPY

## PROJECT FIVE: AUTOMATIC DATA PROCESSING

SCHEDULED START:

### A. BACKGROUND

The majority effort expended by IRS advisors since the first survey team visited in 1978 has been in the area of Automatic Data Processing. Achievements to date have been mixed. There is appreciation in the Department for the fact that a modern, self-assessment tax system cannot function without the processing speed obtainable only with modern computers. The first generation hardware currently being used has proven useful for some tasks, but for a variety of reasons including the inability to attract qualified programmers and technicians, the need is recognized to move to state-of-the-art hardware and systems.

Based upon the IRS survey it was decided that the Department of Income Tax would purchase a new, larger computer to handle a more complex variety of processing tasks, and that additional ADP assistance would be provided by the IRS in a way which balanced the programming assistance with the systems design and execution which had been lacking. Two data processing advisors were identified and commenced a 90 day detail which ended in November, 1984. During this time they obtained a good overview of the task ahead, but they were limited in their ability to accomplish any substantial work in the programming area by delays in the delivery of the new computer hardware. The IRS advisors returned in January, 1985 for a long term assignment. Delivery and installation of computer hardware began in February and is expected to be operational by April.

### B. PURPOSE AND SCOPE

The purpose of this project is to make the computer a useful tool in the compliance enhancing efforts of the Department of Income Tax, and to develop the staffing necessary to keep a newly designed system operating. In view of the quantity of work remaining between now and the Project Completion date, and in view of the speed with which strides have been made in the past it is deemed advisable to seek out the services of an in-country consultant qualified to render additional assistance for both the commencement of new ADP systems, and to assist in the development of a relationship that will enable the DIT to become self-sufficient in the ADP area without going outside the country for systems and programming help.

### C. PLANNED ACTIVITIES

#### 5A. CORRECT AND PURIFY TAXPAYER ACCOUNT DATABASE

SCHEDULED START: April '85

The original ADP effort began with an attempt to transfer the bookkeeping effort for the taxpayer accounts to ADP methods. In order to get as much utilization of the existing hardware, an effective and efficient computer file structure was designed. Unfortunately what it gained in efficiency and economy, it lost in fragility and corruptability. For reasons which will never be entirely known certain data has been lost and corrupted rendering the computer output so unreliable as to be useless. The first effort will be to correct information in the machine and to identify and correct manual systems

which lead to corruption of the database.

58. DEVELOP PURIFIED NATIONAL NAME AND ADDRESS INDEX FILE

SCHEDULED START: April '85

The original index contains numerous errors and cannot be relied upon with any degree of regularity. The index must be redesigned and reprogrammed for the new system incorporating safeguards to prevent circumvention of validation routines. The system must incorporate automatic updating and error resolution cycles. New records must contain adequate reserved space for future additions to the data fields.

5C. DEVELOP DATA ENTRY VALIDATION SYSTEM

SCHEDULED START: May '85

Current data entry validation method (visusal) is not acceptable for the processing of self-assessment returns. A program must be written for the duplicate entry of each document, followed by computer comparison of the entries and an error listing whenever there is a mismatch. A by-product of such a system is a method to evaluate quality of data entry by operators. As part of the data entry process a new level of document verification will be instituted. This level between the assessor and the data entry personnel will be responsible for insuring that required information is present on documents before they are sent for data entry.

5D. DEVELOP COMPUTERIZED FILE NUMBER ASSIGNMENT SYSTEM

SCHEDULED START: Oct. '85

The present manual system of assigning and recording file numbers does not contain adequate safeguards against duplicate file number assignments, transposition of digits, etc. The new system will have an operator query the computer for the next available number, and the operator would immediately input the taxpayer name, address and other pertinent identification information. This would serve as an addition or update of the National Index file.

5E. REDESIGN TAXPAYER ACCOUNT SYSTEM

SCHEDULED START: May '85

Following the correction of the old taxpayer accounts, the new computer hardware will combine the ability to conduct math verification of self-assessment and other documents, issue bills and notices of adjustments and delinquencies, and immediate on-line access to taxpayer ledger balances for all years.

5F. DEVELOP COMPUTERIZED THIRD PARTY INFORMATION SYSTEM

SCHEDULED START: Mar. '86

The third party information section contains the best available background for preparing accurate assessments, or reassessments. The present manual system is capable of matching only a very small percentage of third party information to self-assessment returns. Criteria for input of selected third party information will be developed and programs written to identify under-reported income and non-filers.

5G. DEVELOP RETURNS CLASSIFICATION SYSTEM

SCHEDULED START: Oct. '85

Self-assessment produces more documents than can be checked with present staff, and it is not advantageous to attempt to examine 100% of self-assessments. A program must be developed to assist in the identification and selection of returns for examination according to criteria designed to maximize the level of voluntary compliance.

5H. MIGRATION TO NEW COMPUTER HARDWARE

SCHEDULED START: May '85

In conjunction with 5A and 5B above as programs for the new system are developed, selected records from the National Index File and the Taxpayer Account Files will be moved to new computer hardware. Movement of data will occur after validation procedures have been performed to maximize purity of the data base.

Attachment F

Implementation Letter No. 17 and  
Action Memorandum dated 30 April 1985

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

AMERICAN EMBASSY

AMMAN - JORDAN

وكالة الولايات المتحدة للامناء الدولي

السفارة الاميركية

عمان - الاردن

April 30, 1985

OFFICE OF THE DIRECTOR

مكتب المدير

Mr. Salman Tarawneh  
Director General  
Department of Income Tax  
Amman, Jordan

Dear Mr. Tarawneh:

Subject: Income Tax Assistance  
AID Grant 278-0247  
Implementation Letter No. 17

In response to your letter dated 19 March 1985, we are pleased to allocate a total of \$ 24,000 from the Project to finance the services detailed within your agreement with the Royal Scientific Society (RSS). This amount corresponds to the J.D. amount of 9,500 referenced in your letter. We note that section 4 of the proposal (Warranty and Services) is beyond the scope of the system as currently envisioned, and that the cost is not included within the indicated price. We will therefore defer consideration of the financing of section 4 of the proposal until the initial stages have been successfully completed. Please be advised that all expenses under this allocation must be incurred prior to the Project Assistance Completion Date (PACD) of 31 December 1986 as indicated in Amendment No. 1 to the Project Agreement.

The disbursement conditions require payment at the completion and acceptance of each of the three stages of effort. In accordance with the terms of the proposal, USAID will pay, in Jordanian Dinars, the amount indicated for each stage directly to the RSS on behalf of the DIT, upon submission of the following documentation.

- SF 1034 in an original and three copies.
- An invoice from the RSS claiming payment, detailing services provided.
- A written report, approved by the IRS Tax Team, which describes the system documentation delivered, relates the documentation to the requirements set forth in the scope of work, and assesses the utility of the work in respect to the DIT's objectives and the following stage(s) of the task.

-- Your certification to the expenditure in the following format.

"you are requested to reimburse the Department of Income Tax by the amount of \_\_\_\_\_. I certify that: (a) the services for which reimbursement is requested have been satisfactorily delivered; (b) the costs therefore are properly reimbursed in accordance with the terms of the agreement; and (c) all reports required under the terms of the agreement have been submitted".

As you have discussed with the USAID Project Officer, Mr. Sheldon, the role of the RSS is an integral part of project efforts which requires close coordination with the IRS Tax Team and appropriate DIT personnel. The nature of this working relationship, and the development of the organizational base within the DIT, represents both a concern and a project objective as indicated in the Project Agreement. Annex 1 to the Project Agreement, and special covenant 5.4, address this concern by our mutual agreement that two new work groups would be established; a Systems Procedures and Analysis (SPA) group and a Public Information and Training Section (PIT). These new sections along with the Computer Section were envisioned as the primary counterparts to the Tax Team, and as the organizational units which would be developed during the course of the Project. The date specified for satisfaction of this covenant was 20 December 1984.

We are aware that progress has been made to date in the staffing of these functions. Individuals have been assigned duties in the areas of training and public information; and a number of the tasks planned for the SPA group are being performed on an ad hoc basis. Particularly with the RSS effort underway, however, we consider it vital to the success of the Project that the new groups be formally established with full time staffing to take full advantage of the RSS and Tax Team efforts. The IRS Tax Team has presented you a draft work plan for your review and comment which illustrates this coordinated approach.

Section E of Annex 1 to Amendment No. 1 of the Agreement refers to the need for project evaluation and indicates that a mid-project evaluation/review should be held within a few months. Given the planned departure of the present USAID Project Officer, we would like to complete this review in May/June. To avoid duplication of effort, the annual IRS

project review has been scheduled for the same time. Mr. Scollick has advised you that Mr. Stehmer from IRS Washington would be in Jordan in May. This evaluation should be an appropriate opportunity for us to discuss progress to date, and to review planned activities over the remaining life of the Project. We would appreciate your assistance in designating a representative from the DIT to participate in the evaluation and to serve as your liaison in the process.

We would be happy to discuss with you any points in this letter, at your convenience, if you have any questions, or if we can be of any assistance.

Sincerely yours,



Gerald F. Gower  
Director

cc: His Excellency  
Dr. Abdalla Nsour  
Ministry of Planning  
Amman, Jordan

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

AMERICAN EMBASSY

AMMAN - JORDAN

وكالة الولايات المتحدة للانماء الدولي

السفارة الامريكية

عمان - الاردن

ACTION MEMORANDUM FOR THE DIRECTOR

DATE : April 22, 1985  
FROM : Douglas Sheldon, Controller   
SUBJECT : Income Tax Assistance Project (278-0247)

Problem

Your signature is required on the attached Implementation Letter No. 17 under the subject project to allocate funding for data processing services, and to advise the GOJ on other matters.

Discussion

Implementation Letter No. 17:

- establishes a funding allocation/commitment of \$24,000;
- reminds the DIT of the need for satisfaction of Special Covenant 5.4.; and
- advises the DIT of the project evaluation and requests a representative to assist in the process.

A. Allocation of funding for RSS assistance

The design, programming, and installation of the new data control and processing system represents a major project focus. The objective is to provide the DIT with a base capable of meeting realistic data storage and control requirements for a period of 5-10 years (with gradual modification depending on technological advances). The new system must take into consideration requirements for self assessment, future management needs for reporting and data manipulation, flexibility for minor adjustments in the tax law and in procedures, and safeguards for internal control and security. Most importantly, the system must be developed in cognizance of the probable technical capacity of the Computer Section, and the limitations thereof.

- The skill level required for normal operations must be minimized.
- The system must have safety checks to minimize or hinder the input of erroneous data, posting errors, and tampering, accidental or intentional.

As indicated in the Project Paper Amendment, it can be reasonably assumed that the DIT Computer Section can achieve an "advanced maintenance" level of competence, which is defined as the capacity to make minor program modifications, to manipulate data, and, to adjust programs to changing requirements for output (reports etc.) and formats/procedures. If routine programming, within the confines of an established system, can be accomplished internally, the DIT can seek outside assistance when technical requirements exceed their capacity.

The development of the new information system is a task of considerable complexity and magnitude. The IRS Advisors have guided the DIT through the early stages of the process. An ad hoc advisory group met frequently during the past 4 months. Requirements were drawn up and refined from the perspective of the users. Needs were prioritized to some extent. Lastly, assumptions were made as to future requirements. The requirements were synthesized into a working paper, which was cleared by the Director General.

Over the past 3 months the Tax Team, the Director of DIT, and I have discussed the need for additional assistance in data processing, to supplement the resources of the department and the Tax Team. Such assistance was envisioned in the revised Project Paper and in the amendment to the Project Agreement. The work that is now required greatly exceeds the capacity of the DIT computer section staff. The task has been incorporated in scope of work contained in the RSS proposal. DIT personnel will assist where they can. To the extent possible, the exercise will be on the job training effort for the DIT staff. The effort will receive the full-time attention of the Programming Advisor, and most of the effort of the Systems Advisor who is also working on the manual document and information procedures.

There are a number of advantages in utilizing the RSS to provide the extra services required, the most important of which is that RSS possesses the required technical capacity combined with arabic language ability. They are also very interested in being involved in the activity, and have provided the services of three staff members. The Tax Team Advisors are satisfied that the three proposed staff members are capable of doing the required task.

The work is divided into three stages: detailed study and design; programming; and system conversion/implementation. Outputs for each stage are sufficiently well defined, and completion requires the approval of the IRS Tax Team. Payment is on a fixed price basis at the completion and acceptance of each stage. The overall price of J.D. 9,500 is a minimal charge significantly

less than the actual cost of the personnel employed. The RSS is interested in using this activity as an entry into projects/consulting work of this sort, and has been encouraged to be helpful to GOJ entities.

The most important benefit in utilizing the RSS for this exercise is the development of a longer term cooperative arrangement between the DIT and the RSS in the computer field which can extend after the project completion. As indicated previously, the DIT will require continued outside expertise and a relationship with RSS can meet this need.

B. Special Covenant 5.4

Special Covenant 5.4 recognizes the need for the establishment of counterpart work groups within the DIT to ensure the ongoing capacity to perform the identified functions. The Systems Procedures and Analysis group provides a capacity for the review and modifications of management systems and procedures, and the analysis of data collected. The Public Information and Training Section coordinates internal training and develops taxpayer guidance, instructions, and publicity.

The covenant called for satisfaction within 180 days of the signing of Amendment 1 to the Agreement i.e. 20 December 1984. Though progress has been made, the covenant is not yet satisfied. The implementation letter reminds the DIT of the covenant and stresses it's importance.

C. Evaluation

The Project Agreement calls for a second mid project evaluation in the 4th quarter of FY 85. In view of my departure, I hope to complete the exercise in May/June. To avoid duplication of effort, the IRS Project Review will be held at the same time (mid May). The Implementation Letter reminds the DIT of the evaluation, and requests the designation of a DIT representative to assist in the process.

Recommendation

That you sign implementation Letter No. 17 allocating \$24,000 in project funding and advising the DIT on the other matters indicated.

APPROVE  
DISAPPROVE

DATE

*Donald F. Brown*  
*28 April 85*

**Attachment G**

**Project Outputs**

## II.D. Project Outputs

The Project extension can best be viewed from the perspective of the refined project outputs. The revised outputs indicate that the project purpose will be achieved through the organizational development and growth of selected sections of the DIT and through technology transfer.

### A. Output 1: A functioning Systems, Procedures and Analysis (SPA) Group.

The operational functions of assessment and collection are the central focus of the DIT. The efficiency and utility of the operational functions is completely dependent upon the systems, through which work is performed/reviewed/analyzed. Similarly, the results of operations must be analyzed with findings presented to management in a coherent form. The DIT Must have an organizational unit capable of designing/testing/reviewing and implementing information and document processing systems, both manual and automated. The group must also be capable of addressing statistically the requirement of monitoring compliance. The task of designing information and document processing systems, both manual and ADP, and analysis falls to the SP & A group. The SP&A group is more fully described in Annex G.

Output No. (1) is therefore the establishment of the SPA group within the DIT. The SPA group will consist of 6-10 appropriately qualified employees who will serve, as a group, as counterparts to the IRS Advisors. At project completion it is anticipated that this group will be able to continue the ongoing review and modification and design of systems and procedures and provide the DIT with an analytic capacity which it does not now possess. Specific indicators which will indicate output achievement are as follows:

- Assignment of qualified staff, consisting of both ADP and management analysts, to full time duties with authority to make inquiries in all parts of the DIT.
- Capacity for ongoing review and modification of existing systems, and development of new manual and automatic systems.
- Development of a manual of procedures for each activity within the department.
- Monitoring and reporting the level of conformance of DIT personnel with written procedures.
- Preparation of statistical reports of compliance patterns.

### B. Output 2: Complete Conversion to the Self-Assessment Tax System.

The DIT recognizes the benefits to be derived from a system in which each taxpayer assesses his own tax. The DIT's first attempt at self-assessment began in 1983. The number of self-assessment documents filed exceeded even the most optimistic and informed estimates. With the experience gained the DIT is now ready to increase the numbers of persons required to file self-assessment documents annually which will lead to the complete conversion to a self-assessment system. Specific indicators of output achievement are:

- a- An increasing number of self-assessments (and self-assessment audits) each year.
- b- Decreasing number of agency assessments with gradual shift of personnel assigned this duty to the task of examining self-assessments documents.
- c- Development of procedures for systematic processing, review, selection and prioritization of self-assessment documents for audit within the statutory period of limitations.

C. Output 3: An Operational Automated Data Processing System.

Output 3 refers to the project emphasis on the development of an ADP system. Because the shift to a self-assessment tax is accompanied by an exponential growth in the number of documents to be processed, the ability to utilize modern electronic data processing equipment to support compliance efforts is essential to the success of the project. This output is directed towards the development of ADP support through the adaptation of existing systems to new hardware and the development and implementation of new applications possible as the result of expanded computer capacity. The following are indicators of the accomplishment of this output.

- Immediate access to correct and current taxpayer account information.
- The ability to input, process and utilize third party information in the return selection and examination process.
- A current and correct taxpayer master file.
- Ability to generate notices to taxpayers from computer files.
- Written procedures for correct document control.
- Ability to maintain or adjust existing programs and to write additional programs for new applications and tax law changes.

D. Output 4: Public Information and Training Section.

The DIT has had and continues to have significant requirement for training and educational activities, including the requirement to provide taxpayers with the knowledge and skill to prepare self-assessments. The commitment to self-assessment also means that the level of technical staffing in the Department is much higher. Normal attrition rates will require regular training classes for newly hired assessors. The quantity and quality of material now required to meet these changing needs justifies the employment of specialists whose sole function is the preparation and presentation of educational materials. These tasks fall to the Public Information and Training Section (PITS) which is more fully described in annex H.

Output No. 4 is therefore the development of a small unit of 4-5 employees within the DIT with the responsibility for the preparation and presentation of taxpayer education materials, guidance, and instruction. The group will also develop, coordinate, and monitor training activities internal to the DIT particularly in respect to the ongoing training for new assessors/auditors. Specific indicators which would illustrate the development of a Public Information and Training capacity are:

- The conduct of an annual public information campaign to keep the public aware of their annual self-assessment responsibilities.
- The development and presentation to the public of an educational campaign leading to increased accounting and record keeping for tax purposes.
- Preparation of interpretative materials to guide the public through the preparation of self-assessment tax returns.
- Preparation and presentation of job-specific training courses for assessors/auditors.

III. Analyses

A. Economic Feasibility

The economic feasibility analysis remains as presented in the original project paper. The economic relationship to the project goal of increased revenues and the progress to date toward goal achievement are addressed in Section II A 3, Sector Goals.

B. Social Soundness

The social soundness analysis remains as presented in the original project paper except in the context of equity under the tax law. The new tax law is discussed in the PES.

Attachment H

Revised Implementation Plan

(ANNEX H)

Implementation Plan

The following key project implementation actions have been completed through 6/30/85.

- Project Agreement signed 08/81
- Implementation Letter No. 1 issued 08/81
- Initial CP's satisfied 09/81
- PID/T issued and PASA Agreement signed 10/81
- Long-term ADP Advisor/Team Leader arrives 10/81
- Short-Term Collection Advisor arrives for 1 month assignment 11/81
- Short-Term Compliance Advisor arrives for 2 1/2 months assignment 02/82
- Two participants depart for 3 months of training at IRS INTAX seminar 03/82
- Short-Term Training Advisor arrives for 2 month assignment 03/82
- Comprehensive training plan submitted to AID for approval 05/82
- Short-Term Compliance Advisor arrives for 1 month TDY 07/82
- Remaining CP on in-country training satisfied 08/82
- DIT signs agreement with University of Jordan for assistance in developing ADP training to be funded by AID 09/82
- Long-Term Compliance Advisor arrives at post 10/82
- Short-Term Media Advisor arrives for 1 month TDY to help with publicity for self-assessment 11/82
- IRS/TAAS Director arrives for Program Review 12/82
- Short-Term ADP training Specialist arrives for 2 month TDY to help University of Jordan with the development of ADP Course 01/83
- Mid-Term Project Evaluation completed 03/83
- Director General of DIT completed observational training visit to IRS and CIAT conference 06/83
- Data Processing Consultant completed 1 month assignment and prepared survey of revised computer and data processing requirements 08/83
- IRS Commissioner and IRS/TAAS Director hold annual IRS project review 10/83
- PACD extended to 12/31/84 as temporary measure until additional project development work completed 11/83
- Services of short-term data processing consultant obtained to keep system operational prior to arrival of long-term advisors. 11/83
- Data Processing Systems Advisor arrives for 3 month TDY. 02/84

65

- Three participants depart for INTAX training 04/84
- Project Paper Amendment completed and approved 05/84
- Amendment to Project Agreement signed 06/84
- FIO/T and PASA amended for services by IRS 09/84
- Short-term ADF advisors arrive for preassignment TDY 09/84
- SPA group formed on an ad hoc basis 09/84
- Three participants depart for INTAX training 10/84
- Public relation effort underway for self assessment 11/84
- Long term data processing advisors at post 01/85
- 1985 self assessment cycle begins 01/85
- Short-term courses in programming/systems design completed through RSS 02/85
- Implementation agreement with RSS for assistance in systems design 03/85
- Three participants depart for INTAX training 04/85
- IRS Tax Team workplan submitted to AID/DIT 04/85
- New GOJ financed computer installed and operational 05/85
- Director General attends observational program in the U.S. and CIAT conference 06/85

The following are target dates for project implementation activities:

- Second interim project evaluation completed 08/85
- Short-term advisor arrives for 2 month TDY in public information/training 09/85
- Three participants depart for INTAX training and special program 10/85
- Public information campaign underway 10/85
- SPA group begins the testing of new system 12/85
- Short-term advisors arrive for TDY to develop audit techniques 02/86
- Short term advisor arrives for public information training 03/86
- Three participants depart for INTAX seminar 04/86
- New ADF system installed 06/86
- Team Leader/Compliance Advisor Departs 09/86
- ADF advisors depart (if PACD is not extended) 12/86
- P A C D 12/86
- Final Evaluation 07/87
- T D D 09/87

BEST AVAILABLE COPY

64