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UNITED STATES GOVERNMENT

# Memorandum

TO : Guatemala Desk Officer  
PD-AAA-888-G1

DATE: April 15, 1970 4p

FROM : S. Morey Bell  
Assistant Director, Econ. & Fin. Analysis

SUBJECT: Monthly IRS Team Leader's Report for March 1970

In compliance with FTAS/IRS/Washington request, attached herewith is the monthly progress report for March 1970 prepared by the Tax Advisor, Mr. John C. Ramos, as part of the IMPACT reporting system.

attachment

Monthly Project Report for the Month of March, 1970

A. Significant Changes and Events:

1. Progress continues in implementation of control procedures for property tax matriculas valued at Q10,000 and over. Minister desires to have information of these registers put onto punched IBM cards, and to issue lists of delinquent taxpayers to Departmental Collectors.

USAID/Guatemala will assist the GOG in its effort to better administer the collection of delinquent property tax by acquiring four adding machines.

2. Meetings continued at the National Planning Council with respect to the tax administration reform proposals submitted by the work groups. Some dissatisfaction was apparent with the first draft presented by the technician working in the reorganization of a unified tax agency and as a result the Mission's tax advisor was asked to collaborate in this phase of the project.
3. Upon the specific request of the Minister of Finance, the Mission's tax advisor undertook, in conjunction with the O & M Section of the Ministry, a study of the administration of toll road collections, and prepared a report to the Minister recommending procedures for improvement in toll road collections. Six toll booths are being prefabricated in Guatemala City and will be installed in the center of the roads as opposed to the present practice of having the booths located on only one side of the road. Four of the booths will be located on the Atlantic Highway, and two on the Muluá-Santa María Highway. Cash registers with capacity to classify the type of vehicle and different toll rates will be substituted for the practice of printed paper receipts. Other recommendations made and accepted were changes in accounting and auditing procedures. USAID/Guatemala will assist the GOG in this effort by acquiring three of the six cash registers.

4. Fourth quarter 1969 statistical report was prepared and submitted during March.
5. Collections of ordinary and consigned revenues for the month of February are shown on Schedule A attached. Income Tax Directorate attributes the decrease in Income Tax collections as a reflection of the losses suffered during the floods in 1969. However, total tax collections are 6.9 per cent greater than for the same period in 1968, and total collections are 7.9 per cent more than 1969.
6. Statistics of Income Tax Collections by the collectors for the month of March were not available.
7. Mr. Homero Rodríguez, contracted by INAD, financed by AID, completed his assignment in Guatemala in March. As previously reported, Mr. Rodríguez was contracted to undertake a management development project in the Income Tax Directorate. Collaborating with Mr. Rodríguez were personnel from the Ministry of Finance, INAD and AID. It is anticipated that INAD will follow up with the recommendations made by Mr. Rodríguez, and in fact revised the contract to include two additional visits to Guatemala each of approximately four weeks.

B. Actions Planned

1. Continued assistance in the property tax area and with the Income Tax collectors.
2. Continued collaboration with the National Planning Council in the preparation of the report on tax administration in Guatemala.
3. Attendance to the IV General Assembly of CIAT.

C. Decisions Required

1. Under the IRS INTAX training program Guatemala's quota of two candidates was increased to four for the INTAX Seminar on O & M. However, due to the recent political turmoil it has been difficult to obtain a decision from the Minister for the selection of the candidates. Though the Mission's tax advisor is certain that the Ministry is interested in sending well qualified personnel to the Seminar, delay in selection of the candidates will result in delay in submitting the necessary documentation.

GUATEMALA

Status of Ordinary and Consigned Revenues - Feb. 28, 1970

	<u>Collections</u> <u>1/1-2/28/69</u>	<u>(Thousands)</u> <u>1/1-2/28/70</u>	<u>'70 vs '69</u> <u>Over (Under)</u>	<u>Budget</u> <u>1/1-2/28/70</u>	<u>'70 Coll vs</u> <u>'70 Budget</u> <u>Over (Under)</u>
<b>ORDINARY REVENUES</b>					
<u>Taxes:</u>					
Income	1,704.5	1,023.8	(680.7)		
Reality & Transfer	719.8	704.7	(15.1)		
Import	4,321.8	4,841.0	519.2		
Export	789.4	1,248.0	458.6		
Consumers: Products	5,550.0	5,716.5	163.5		
Services	250.4	358.8	108.4		
<u>Commercial Activities:</u>					
Revenue Stamps & Paper	6,862.8	7,558.3	695.5		
Other	615.5	799.9	184.4		
Total Taxes	20,817.2	22,251.0	1,433.8		
<u>Other:</u>					
Rents, Public Services, Lottery, etc.	1,176.8	1,521.5	344.7		
Income from Ministries	250.4	315.8	65.4		
Total Ordinary Revenues	22,244.4	24,088.3	1,843.9	23,872.8 (16.59%)	215.5
<b>CONSIGNED REVENUES</b>					
<u>Taxes:</u>					
Decree 122 - Airport (Landings, etc.)	62.5	63.7	1.2		
Decree 445 - Liquor & Cigarettes	97.6	101.0	3.4		
Decree 94 - Liquor	195.1	202.2	7.1		
Decree 1269 - 10% Customs Receipts	665.1	722.5	57.4		
Total Consigned Taxes	1,020.3	1,089.4	69.1		
<u>Other:</u>					
Interest-Amortization Funds	26.8	2.0	(24.8)		
Coffee Diversification Fund	179.7	161.4	(18.3)		
Telephone Receipts	450.0	495.1	45.1		
Retirement Deductions	383.0	396.8	13.8		
Total Consigned "Other"	1,039.5	1,055.3	15.8		
Total Consigned Revenues	2,059.8	2,144.7	84.9	1,928.2 (16.08%)	216.5
<b>Grand Total - Ordinary &amp; Consigned</b>	24,304.2	26,233.0	1,928.8	25,801.0	432.0