

1. Key learnings of the week

- the role of the Customs Administration in Free Trade Agreement.
 - facilitate legitimate trade – revenue collection
 - ensuring compliance and enforcing different regulations -to improve compliance
 - the importance of the two administrations to work together.
- VAT Benchmark (Tax Base and Tax Rate)
 - Tax applies on a “destination basis” – at the point of final consumption
 - Single rate on all domestically consumed goods and services, excluding:
 - Financial services (margin-based)
 - Residential accommodation (not residential property)
 - Portion of the VAT threshold expenditure (optimal VAT benchmark threshold)

2. What areas in customs and tax want to focus more attention on?

- Revenue Administration Vat Compliance
 - to focus more attention on the 6 administrative gaps; (we have chosen our 3 priorities, but we still want to cover all of these gaps)

Administrative Gaps

- Policy & Legal Framework ▪ VAT Policy to be updated and relevant ▪ Procedural Guidelines to be made available for Implementation by Tax Administration Staff
- ICT System and Data ▪ Need for Upgrade in system and modernize ▪ Data cleansing for compliance and audit purposes ▪ Lack of information and authenticated data from third parties– requiring Exchange of Information MOU ▪ Reports on revenue performance from trusted system
- Processes & Resources
- Process of core tax functions aligned (i.e. Registration, Lodgement, Payment/Refund, Reporting)
 - Lack and limited resources available
 - Smallness in size leads to administrations improvising with available resources
 - Upskill Staff and Capacity Building
 - Staff turnover and migration requires need to upskill and train staff
 - External Networking and Partnership Agreements
 - Networking between customs and taxation.
 - Engagements with other law enforcement units
- Compliance Risk Management Framework

- ▪ Promote Voluntary Compliance –
 - Taxpayer Services assistance for voluntary compliance,
 - Compliance improvement strategy

3. One thing you feel can actually progress that is a priority and is not already on current work plans.

- Vat refunds – joint audit together with tax and customs (currently customs shared requested datas, what we have in mind if the two officers sit together to verify vat refunds returns – this might lead to improve revenue.