



Objective and features

1. Objective

TADAT provides an objective health assessment of a country's tax administration system by assessing the performance outcomes achieved for the core direct and indirect taxes critical to central or subnational government budget outcomes.

2. Institutional coverage

National and subnational governments

3. Technical coverage

TADAT assesses revenue management and tax administration through

- assessments measuring the performance of tax collection,
- tax administration frameworks and systems,
- institutional and organizational arrangements for revenue collections and reporting, and
- compliance and risk involved in revenue administrations.

TADAT focuses on the performance of major national taxes. This includes corporate income tax (CIT), personal income tax (PIT), value-added tax (VAT) (or its indirect tax equivalent such as sales tax), and pay-as-you-earn (PAYE) amounts withheld by employers.

4. Application method

Self-assessment and any external qualified experts. TADAT can be applied as a self-assessment or through qualified (certified) assessors. Currently, self-assessment is not considered as a formal TADAT assessment; however, guided self-assessments were trialed (e.g., with Canada Revenue Agency in 2017 and 2018 and in Nigeria and Spain).

Any agency can sponsor an assessment provided that it uses qualified (certified) assessors trained through the TADAT Secretariat. Online, in-country, and now, virtual assessor training courses are offered by the TADAT Secretariat.

Methodology

5. Methodology

There are nine key performance outcome areas (POAs) covering the most critical tax administration functions, processes, and institutions:

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|-------------------------------|-------------------------------------|
| 1. Registered taxpayer base | 6. Reporting in declarations |
| 2. Risk management | 7. Tax dispute resolution |
| 3. Voluntary compliance | 8. Revenue management |
| 4. Filing of tax declarations | 9. Accountability and transparency. |
| 5. Payment of taxes | |

The nine key POAs are assessed against 32 high-level indicators, each built on 1 to 5 dimensions adding up to 55 measurement dimensions.

6. Benchmarking system

Benchmarking with scoring system. Each of the 55 measurement dimensions is assessed separately, using the four-point "A, B, C, D" scale, and the scores combined using one of two available methods to reach the indicator score based on the assessment of its respective individual dimensions. Method 1 is used for all single dimensional indicators and for multidimensional indicators where poor performance in one dimension is likely to undermine the impact of good performance in another. Method 2 is based on averaging the scores for individual dimensions of an indicator. It is used for multidimensional indicators where a low score on one dimension does not necessarily undermine the impact of higher scores in another. The scores are:

- A – Performance meets or exceeds international good practice. For TADAT purposes, good practice is a tried and tested approach applied by a majority of leading tax administrations. This can be expected to evolve over time as technology advances and innovative approaches are tested and gain wide acceptance.
- B – Sound performance (i.e., healthy level but below international best practice).
- C – Weak performance relative to international good practice.
- D – Inadequate performance. This is applied when the requirements of a C rating or higher are not met. D is also applied when there is insufficient information available for assessors to determine and score the level of performance.

7. Linkage to PEFA framework

TADAT has linkages with PEFA performance indicators: budget preparation process (PI-17), legislative scrutiny of budgets (PI-18), revenue administration (PI-19), accounting for revenue (PI-20), and in-year budget reports (PI-28).

8. Complementarity with PEFA framework

TADAT provides a more detailed analysis of tax administration on the underlying issues where weaknesses have been identified in a PEFA assessment or another broad PFM assessment.



Development and use

9. Development and coordination

IMF's Fiscal Affairs Department started developing the tool and presented the concept to donors in 2012. Following strong support, IMF developed a more detailed high-level technical and governance design with development partners such as WB and PEFA Secretariat.

The PEFA framework served as a reference for developing the TADAT and it was thought prudent to adopt the methodology used by the widely accepted PEFA framework. Its design mirrors four critical success factors from the PEFA:

- Allows for a standardized assessment of institutional performance of a country's tax administrations
- International acceptance of a public good and a principal assessment tool
- Acts as a basis for reform strategies and technical assistance dialogue
- Administered under an inter-institutional arrangement.

From 2011 to 2015, the institutional and technical coverage of the tool was decided through wide-ranging consultations with tax administrations, development partners and agencies involved in delivering tax administration reform support to countries, tax administration experts, academia, and the public.

In February 2014, TADAT was launched formally with the Secretariat, hosted by the IMF's Fiscal Affairs Department and a Technical Advisory Group (TAG) to advise the Secretariat on the development, design, implementation, and maintenance of the tool. A TADAT Steering Committee of various partners was inaugurated in February 2014.

From late 2013 to November 2015, 17 pilot assessments were conducted. During the public roll-out of TADAT in November 2015, the Field Guide had nine POAs, 28 indicators across these POAs, and 47 measurable dimensions that are in turn spread across the indicators. As of April 2019, the Field Guide revision updated these at the national/federal level, to have the same nine POAs, but 32 indicators and 55 measurable dimensions. In November 2018, the subnational level Field Guide was released, and it has nine POAs, 32 indicators, and 53 measurable dimensions.

TADAT partners who contributed to the development of the toolkit are the European Union, Germany (Federal Ministry for Economic Cooperation and Development), France, International Monetary Fund (IMF), Japan, Netherlands (Ministry of Foreign Affairs of the Netherlands), Norway (Norwegian Ministry of Foreign Affairs), Switzerland, United Kingdom (UK Aid), and the World Bank (WB).

10. Assessment management

Assessments are demand-driven and initiated through a request to the TADAT Secretariat directly or through capacity development providers supporting tax administration reform programs. No assessment is considered formal unless approved by the TADAT Secretariat. The four phases of the assessments are as follows:

- Assessment initiation. The country authorities (e.g., Ministry of Finance or tax administration) send a formal request either to a partner agency (e.g., development partner, international agency) or to the TADAT Secretariat directly.
- Pre-assessment. The assessment team undertakes planning and preparation. This phase begins six to eight weeks before the in-country assessment phase.
- In-country assessment. The country officials and assessment team use the TADAT methodology to assess the health status of the country's tax administration system using concrete evidence and field office visits. The results are documented in a performance assessment report (PAR).
- Post-assessment. The PAR is finalized, incorporating the authorities' comments, and sent for final review and quality assurance to the TADAT Secretariat who publishes results on the TADAT website unless the country chooses to opt-out.

Trained assessors are provided with a Field Guide ensuring an objective performance assessment of a country's tax administration system. The Field Guide contains a structured methodology of assessment, establishes a set of quality standards to be applied when conducting an assessment and preparing a PAR, and ensures consistency of the approach.

Custodian quality assurance procedures apply. The TADAT Secretariat reviews all PARs to ensure quality standards are met, in line with quality assurance procedure outlined in the Field Guide. Following the completion of the in-country phase of the TADAT assessment, the TADAT Secretariat sends an online assessment to the team leader to assess each team member on their performance during the assessment phase. This is designed to improve the quality and delivery of TADAT assessments.

11. Uses by the government and members of the PFM community

The tool informs country authorities on the strengths and weaknesses of the tax administration system, enabling them to plan, prioritize, and sequence reform actions and to monitor and evaluate reform implementation. Specifically, the tool helps in

- identifying the relative strengths and weaknesses in a country's tax administration system, processes, and institutions;
- creating a shared view on the condition of the tax system among all stakeholders (e.g., country authorities, international organizations, donor countries, and technical assistance providers);
- setting the reform agenda, including reform objectives, priorities, initiatives, and implementation sequencing;
- facilitating coordination of external support for reforms and achieving more efficient implementation; and
- monitoring and evaluating reform progress through subsequent repeat assessments.

12. Sequencing with other tools

The Revenue Administration Fiscal Information Tool (Bo5) is designed to collect revenue administration information and can provide data to be used in TADAT.

13. PFM capacity building

TADAT does not provide recommendations, however, the TADAT Secretariat uses machine learning techniques to analyze assessment results to

- identify linkages or associations between the various TADAT dimensions and related results;
- assist countries and capacity development providers in identifying priority areas and their dependencies more objectively;
- underscore the fact that tax administration functions are not standalone but may depend on and impact each other (the degree of impact may differ between dimensions, but it exists); and
- emphasize that reform should be looked at holistically rather than in siloes (a siloed approach may miss critical associations or dependencies, and this may not produce the expected reform results).

14. Tracking of changes and frequency of assessments

Repeat assessments can be used to monitor and evaluate reform progress, using the established criteria outlined in the PAR.

15. Resource requirements

There is no standardized cost of an assessment. If the team was composed of four to five assessors, it is estimated at US\$100,000.

An assessment team typically comprises three or four trained assessors. Phase 2 (pre-assessment) begins six to eight weeks before the in-country assessment phase. Phase 3 (in-country assessment) typically takes two to three weeks. The suggested in-country assessment work schedule is 16 days. Phase 4 is to be completed within 45 calendar days of the end of Phase 3 because this is the deadline for sending the Secretariat-approved PAR incorporating country feedback to the client country. Pre-assessment training is becoming imperative. If training is conducted in-country, it would take up to four days, however, if conducted virtually, this could take over two weeks due to the shorter contact hours.

Transparency

16. Access to methodology

The [TADAT website](#) has links to its design decisions document, TADAT summary sheet, performance assessment reports (PARs) that have been published with the permission of the respective countries, and assessment package. The assessments are published only with the permission of the specific country whose tax administration has been assessed.

The [Program Document](#) (2013) introduces the tool, its purpose, technical design, governance, and the financing and administrative arrangements.

The [Field Guide](#) provides trained assessors with a structured methodology to establish quality standards and ensure consistency in the approach. The latest 2019 version is available in English, Spanish, French, and Portuguese, with two application notes (revised in October 2019) available in English. There are also English, Spanish, and French 2015 versions available.

17. Access to assessment results

PARs that have been cleared for publication by the respective country authorities are available publicly in the TADAT website (around a quarter of the total assessments). The assessments are published only with the permission of the specific country whose tax administration has been assessed. TADAT encourages countries to have their TADAT assessment published on the website.

