

## Tax Policy Assessment Framework (TPAF) - International Monetary Fund



### Objective and features

#### 1. Objective

TPAF is used for systematic and consistent assessments of all major taxes and aims to provide a solid analytical basis and practical guidance for the design of tax policy. Currently, one module is in use, the Value Added Tax (VAT).

#### 2. Institutional coverage

National governments  
(of IMF member countries).

#### 3. Technical coverage

The dimensions covered by the framework are

1. fiscal framework and policy;
2. policy and regulatory frameworks; and
3. institutional strengthening, capacity building, and anti-corruption.

#### 4. Application method

Self-assessment.

### Methodology



#### 5. Methodology

Once finalized, TPAF will enable the identification of relative strengths and weaknesses in tax policy related systems, processes, and institutions by covering the following 14 modules: Structural Assessment, International Tax, Personal Income Tax (PIT), Payroll and Social Security Taxes, Business Tax, Value-Added Tax (VAT), Excises, Small and Medium Enterprise (SME) Tax, Environmental Tax, Natural Resource Taxes, Real Property and Wealth Taxes, Trade Taxes, Other Taxes, and Tax Policy Governance and Institutions.

TPAF aims to identify tax policy bottlenecks and priorities, and assist with the sequencing of reforms, which can serve as valuable information for all stakeholders, including country authorities and international and regional organizations. It is scalable and intended to be flexible enough to assess an entire tax system, a taxation instrument, or a single tax issue of interest.

#### 6. Benchmarking system

TPAF is not a scoring tool; it does not rank, grade, or score tax systems on a single scale.

#### 7. Linkage to PEFA framework

TPAF covers the aspects related to PEFA performance indicators: macroeconomic and fiscal forecasting (PI-14) and fiscal strategy (PI-15).

#### 8. Complementarity with PEFA framework

The framework has an emphasis on tax policy, which provides further detail than PEFA's fiscal strategy indicator (PI-15) by including detailed tax policy best practices.

### Development and use



#### 9. Development and coordination

The IMF and World Bank (WB) collaborated in 2015 to begin developing the TPAF as a new initiative to help member countries evaluate and strengthen their tax policies. Development of the framework began in 2017. TPAF is currently at a design stage and has yet to be fully implemented in the field.

TPAF has a modular structure, enabling a sequential and transparent process of development through acquiring feedback on each module's development. The Value Added Tax module was published in 2018. Modules on personal income tax and excise are in an advanced stage of development. Each TPAF module will be made public as soon as it is developed.

The IMF and WB are planning to provide updates and seek feedback on modules under development at the tax events during the institutions' annual and spring meetings. There was also a request for public feedback upon the publication of the first module (VAT). There will be a similar online consultation process for future modules as well before finalization.

#### 10. Assessment management

As the full framework is still being developed, there is limited guidance on administrative aspects of the assessment. TPAF is designed to be user-friendly and interactive by employing an easy to navigate structure and will be used by stakeholders through self-assessment and learning. While designed for wide public use, it requires expert skills for sound judgment in conducting tax policy assessment. Each assessment question contains "explorable" drilldowns. Facilitated by a web-based technology, these drilldowns, also known as pop-ups, explain economic concepts and the rationale behind each question of the diagnostic assessment. Quality assurance procedures are not specified yet.

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

TPAF can be used by multiple stakeholders, including government officials, parliamentarians, the donor community, practitioners in the field of taxation, civil society organizations, technical assistance providers, academia, analysts, and private sector entities.

#### 12. Sequencing with other tools

There is no sequencing with other tools. TPAF is being developed primarily for "economists who are responsible for analyzing and evaluating economic policies of developing countries at an applied level, and who would benefit from a comprehensive discussion of the concepts, principles, and prevailing issues of taxation."

#### 13. PFM capacity building

There is no explicit capacity-building component. Actionable reform programs could be designed following an assessment, building a common understanding of a country's priorities in tax policy, but these would not be focusing on PFM. The VAT module is already being used in capacity development delivery by the IMF.

#### 14. Tracking of changes and frequency of assessments

TPAF is not designed to track changes over time. No specific frequency is specified; however, the tool is being developed as a "living document" allowing its reuse over time while being regularly updated.

#### 15. Resource requirements

Information on resources (cost and time) is not available.

### Transparency



#### 16. Access to methodology

Methodology is [available](#). The modules are also [accessible](#). One module of the framework (VAT) is currently in use. Each TPAF module will be made public as soon as it is developed.

#### 17. Access to assessment results

Report repository and database are not available.