

BACKGROUND AND CORE DESIGN PRINCIPLES

The TADAT initiative is part of a wider agenda of the international community to help countries strengthen their tax systems to better mobilize the domestic revenue they need to provide essential goods and services to their citizens in a sustainable and economically sound way. It aims to provide an objective and standardized assessment of the relative strengths and weaknesses of the administration of a country's tax administration system.

A TADAT assessment provides country authorities with a better understanding of the health of the system of tax administration, the extent of reform required, the relative priorities for attention, and the basis on which to develop plans for future reform initiatives. Where external technical assistance is used to advance reforms, with or without donor support, a TADAT assessment ensures that all stakeholders have a common view of the health of the tax administration system. The purpose and scope of TADAT assessments is more fully described in the draft field guide (see *section II. Overview of TADAT*).

The TADAT is modelled on the performance measurement framework developed under the public expenditure and financial accountability program (PEFA). See www.pefa.org TADAT represents the revenue counterpart to the PEFA performance assessments—thus providing a more comprehensive view of the whole fiscal picture.

As is the case with the PEFA tool, the TADAT represents an international public good that will be available to be used by country authorities and those assisting them to improve public services and social outcomes. High level design principles adopted in the development of the TADAT include:

- *Its design should mirror the PEFA performance measurement framework – the TADAT should facilitate a standardized assessment of institutional performance of countries' tax administrations.*
- *As far as practicable, performance assessments should focus on outcomes rather than on outputs or inputs – hence the TADAT does not consider major inputs such as tax policy design, organization design, staffing levels and the human resource management framework.*
- *Quantitative measures are preferred over qualitative measures to promote consistency in assessments – in the longer term this will also provide a better basis for comparative analysis across administrations.*
- *Measures should not be open to manipulation--administrations should not be able to score higher on any particular indicator by changing behaviour in a way that yields no improvement in outcome.*
- *Information used to assess performance should, to a reasonable degree, be independently verifiable by the assessment team—a key element of objectivity.*
- *Only information reasonably be available to any tax administration should be used—so as to minimize costs of implementing the TADAT.*

- *Dimensions should be (a) significantly influenced by actions of the RA (b) largely unaffected by extraneous factors—so as to reflect meaningfully on the actions of the administration.*
- *Dimensions and indicators should not be specific to particular legal or other traditions—to ensure general applicability of the tool.*

Consultation objectives

The broad objective of this external consultation is to help ensure that the TADAT field guide is fit-for-purpose. In particular, external input will assist in:

- Refining the scope and design of TADAT to better achieve its objectives.
- Improving the clarity and relevance of the information included in the field guide and supporting documentation and templates.
- Testing the reliability and objectiveness of the proposed performance indicators, measures and evidence included in the field guide.
- Ensuring that the field guide strikes an appropriate balance between providing guidance on the performance assessment process and allowing trained assessors adequate scope for applying professional judgment in making their assessments.
- Ensure that the overall methodology is coherent and appropriate.