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USAID'S LEADERSHIP IN PUBLIC FINANCIAL MANAGEMENT
**Detailed Guidelines for Improved Tax Administration in
Latin America and the Caribbean
Chapter 6. Taxpayer Services**

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Detailed Guidelines for Improved Tax Administration in Latin America and the Caribbean

Chapter 6. Taxpayer Services

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List of Acronyms and Abbreviations

Acronym	Definition
CIAT	Inter-American Center of Tax Administrations
CRM	Customer relationship management
IRS	Internal Revenue Service (United States)
IT	Information technology
IVR	Interactive voice response
LAC	Latin America and the Caribbean
LTO	Large taxpayer office
OECD	Organisation for Economic Co-operation and Development
SII	Servicio de Impuestos Internos (Internal Revenue Service of Chile)
TIN	Taxpayer identification number

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Chapter 6. Taxpayer Services

The international trend is for tax authorities to administer the tax regime in a way that encourages and expects taxpayers to self-assess their tax liability and then remit the relevant amount of tax to the government. Conceptually, this is a sound approach for two reasons:

- The taxpayer generally has better information on his/her sources of income and expenses; and
- It is relatively expensive for the government to assess every taxpayer's return.

Through the self-assessment process, tax administrations rely on a system of voluntary compliance, where taxpayers pay what is due, when it is due, and without coercion. However, self-assessment will only work if the majority of taxpayers know what their obligations are and are able to comply with them. The overall level of compliance is also improved if the costs borne by taxpayers in carrying out self-assessment are low. Therefore, an essential element of tax compliance is helping taxpayers understand their tax obligations and promoting the inexpensive, voluntary, timely, and accurate reporting of tax liabilities.

Taxpayer service plays a critical role in maximizing voluntary compliance by providing taxpayers with the information and assistance they need to enable them to meet their tax obligations. Taxpayer services curb compliance costs by providing programs that enable taxpayers to fulfill their obligations more easily, thereby minimizing the need for the tax administration to expend more costly resources to enforce compliance. With effective public information, forms, and services, and by convincing non-compliant taxpayers that they can comply with relative ease, taxpayer services can also encourage and help accomplish greater voluntary compliance.

The purpose of this chapter is to address capabilities of a modernized taxpayer service program, outline strategies to assist tax administrations in developing and implementing effective taxpayer service programs, and provide performance indicators to ensure taxpayer service programs are delivering the results intended.

6.1. Leading Practice

Generally, the term "taxpayer services" refers to the manner in which taxpayers are treated (e.g., respectful, fair, professional, etc.). Although these are characteristics of an effective taxpayer services program, taxpayer services in the context of this chapter is defined as a set of strategic initiatives undertaken by the tax administration to assist taxpayers in complying with the tax laws. An effective taxpayer services strategy integrates three broad themes:

- **Tax simplification:** Most tax administrations agree that simplified policies and procedures greatly facilitate voluntary compliance. Without institutional simplification enabling taxpayers to fulfill their responsibilities more effectively, even the most comprehensive services offered to taxpayers will not be effective;

- **Taxpayer assistance:** Taxpayer assistance means providing taxpayers with information to prepare tax returns and to resolve issues of filing, as well as questions and adjustments that may arise after the tax returns have been submitted to the tax administration. These areas of assistance have also been referred to as the pre-filing, filing, and post-filing stages of assistance; and
- **Facilitation of tax collection and enforcement:** The ultimate goal of the tax administration is to collect the proper amount of taxes due to the government. Therefore, providing the mechanism to facilitate the payment of taxes – especially for business taxpayers who are required to regularly remit multiple tax payments for different taxes – is an essential enabling tool to encourage voluntary compliance.

6.1.1. Organization of the Taxpayer Services Program

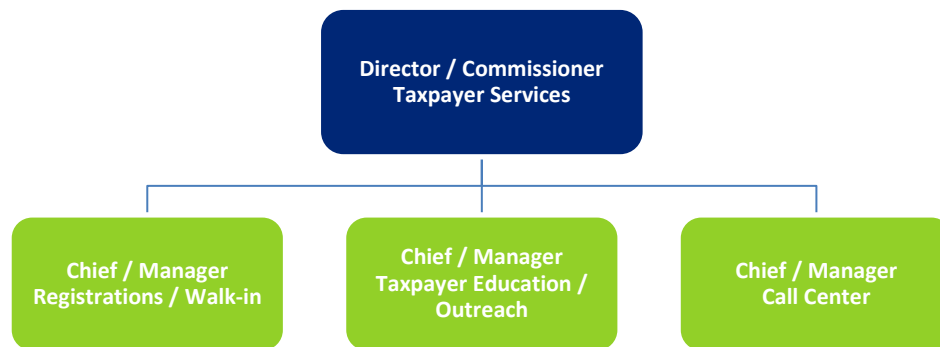
As a tax administration formulates its organizational structure around various functions and/or activities, questions often arise relative to who is responsible for "taxpayer services." Although each employee within the organization must embrace the concept of providing effective taxpayer services, the tax administration should establish a dedicated unit responsible for programs, product design, planning, and coordination of initiatives related to taxpayer services.

The section within a tax administration that is responsible for activities related to taxpayer services has taken on various titles, including: Taxpayer Services Directorate (Costa Rica); Stakeholders, Partnership, Education, and Communication (United States); Service and Collection (Mexico); etc. No matter what the actual function is called, the core responsibilities consistently center on three basic activities:

- **Registration/walk-in:** The objective of this activity is to assist those taxpayers who believe their issues are best handled face-to-face. The scope of the activity includes answering taxpayer questions, furnishing tax forms and publications, and assisting in the preparation of tax returns;
- **Taxpayer education/outreach:** The objective of this activity is to develop and deliver integrated strategic communications and educational products to employees, taxpayers, and other stakeholders, including practitioners and industry groups. The scope of this activity is to develop forms and publications and to review and update these periodically based on changes in law, policies, and procedures; delivered via a variety of channels, e.g., face-to-face, online services, telephone, written, etc.; and
- **Call center:** This activity is dedicated to addressing telephone inquiries to minimize disruption to normal operational activities. Call center operations supported by modern telephone technology are becoming an increasingly significant element in service delivery.¹

¹ While the tax administrations of some countries, such as El Salvador and Jamaica, have chosen to establish in-house call centers as discussed in Chapter 4, some tax administrations around the world, such as India, have outsourced selected core and support functions, including call centers.

Figure 6.1. Taxpayer service organization



6.1.2. Responsibilities of the Taxpayer Services Program

The taxpayer services division, which generally consumes about 10 percent of a tax administration's human resources², generally has responsibility for developing comprehensive taxpayer services strategies linked to the organization's overall compliance strategy and taking into account taxpayer demands, needs, geography, and service channel options.

Most modern taxpayer service functions are the centralized point for providing taxpayer information and educational services and typically include the following activities:

- Registering taxpayers/assigning a unique taxpayer identification number (TIN);³
- Maintaining and updating taxpayer registers;
- Interacting with taxpayers who visit, call, or write;
- Providing and staffing taxpayer service counters and call-in operations;
- Responding to general inquiries, including but not limited to registration, filing or payment requirements, basic tax law, and ensuring that taxpayers are routed to other areas as appropriate;
- Providing tax returns and instructions;
- Developing informational and educational publications;
- Conducting seminars on changes to tax laws and procedures for targeted business audiences;
- Monitoring subjects of queries to determine the need for additional educational materials for taxpayers, internal tax administration training, and/or internal operational changes; and
- Developing and maintaining the content of the tax administration website.

Of all the various operating functions of the tax administration, the taxpayer services staff has the most interactions with the general public. They are, in effect, the public face of the tax administration. The staff assigned should therefore have good inter-personal and communication skills, a genuine desire to

² IMF (2012), p. 31.

³ For the reasons stated in Chapter 5, it is important that responsibility for the issuance of TINs be restricted to the tax administration, although in some countries this function has been outsourced to IT service providers.

assist the taxpaying public, the ability to listen effectively, and the ability to stay calm when faced with adversity. Since the taxpayer services function is the initial point of contact with taxpayers, the staff should also have a good working knowledge of tax law, office procedures, and the tax obligations for all tax types.

As the initial entry point for most walk-in, phone-in, or written (paper or electronic) contacts, taxpayer services staff will generally respond to the most common questions and route more complex questions to staff from other functions, such as audit or collections, when appropriate.

Since the information provided by the taxpayer services function may ultimately be utilized to determine a taxpayer’s final tax liability, it is essential that advice given to a taxpayer be correct and consistent. Unfortunately, in some jurisdictions, taxpayers have been penalized for relying on incorrect advice provided by the tax authority. In the United States, for example, the courts have ruled that incorrect information provided by Internal Revenue Service (IRS) employees is not binding on the organization, and the taxpayer is ultimately responsible for any additional taxes due, although relief is generally provided to the taxpayer in the form of penalty abatement. The correct tax ultimately has to be computed according to the law, regardless of the quality or lack thereof of respective "inputs." Incorrect advice provided to a taxpayer can be extremely embarrassing to the administration and could negatively impact the public’s perception of the administration's overall effectiveness. As a result, staff should be encouraged to seek assistance, when necessary, to ensure that the taxpayer receives the correct information.

As a means to provide more consistent advice and to maximize resources, the international trend is to focus on self-service channels (e.g., online services or telephone interactive tax assistance) for taxpayer service delivery. These services direct taxpayers through a series of prompts for a range of services including e-filing, registration, account balances, etc. However, the OECD 2012 report on "Working Smarter" indicates a continued high demand among taxpayers for live telephone and walk-in assistance – which is the most labor intensive and costly means of service delivery. Therefore, an increased focus has been placed on determining the reason for the service demand and developing strategies to either reduce the demand or shifting to more cost effective service delivery channels.

Figure 6.2. Identifying drivers and root causes of service demands⁴

Methodologies and technologies	Countries
Feedback through interviews with call center agents	Belgium, Canada, Estonia, Finland, Korea, Poland, Singapore, Switzerland
Coding by call center agents on the call topic or tax type (also referred to as Fast Key Codes or Work Codes)	Australia, Canada, Hong Kong, New Zealand, United Kingdom
Interactive Voice Response (IVR) Systems	Australia, Canada, New Zealand, Singapore, United States
Call listening/Quality assurance data	Australia

⁴ OECD (January 2012), p. 18.

Methodologies and technologies	Countries
Caller surveys	Australia, Canada, Finland, Hungary, United Kingdom
Databases information on the services provided to taxpayers	Chile, Italy, Mexico, Spain, United States
Contact / speech analytics	Australia, New Zealand, United States
Customer relationship management (CRM) systems	Belgium, Singapore

6.1.3. Developing and Implementing Effective Taxpayer Service Strategies

Taxpayers have come to expect the same level of service from public organizations as they receive from the best private sector organizations. Taxpayers are increasingly becoming more comfortable using new technology and are looking for easier, more efficient, and time effective ways to obtain information and interact with government agencies. To effectively meet taxpayer demands, administration staff must embrace the concept of viewing the taxpayer (customer) as the most important person to the organization. Outlined below is a strategy for developing and implementing an effective taxpayer services program.

A. Identify the Target Group

Customer segmentation approaches to the delivery of services have become increasingly significant, and there is a growing understanding that taxpayers cannot be treated as a homogenous group.

1. The tax administration should begin by identifying the target taxpayers and by considering point of service delivery or receipt;
2. Taxpayers should be clustered or segmented based on their common behaviors (e.g., small, medium, and large taxpayers);
3. The tax administration should determine the priorities of various clusters of taxpayers; and
4. Consideration should also be given to the needs of tax practitioners, tax preparers, and other third parties involved in facilitating taxpayer compliance⁵

B. Determine What Taxpayers Want ... From the Taxpayer's Perspective

The objective here is to understand the root causes of service demands. Utilizing the information secured, the tax administration should develop strategies to reduce demand by identifying the most effective and cost efficient means to address issues presented.

1. The tax administration should determine what target taxpayers want by simply asking them via interviews, surveys, focus groups, etc.;
2. Taxpayer service can be improved by conducting periodic surveys⁶ to monitor taxpayer perceptions about taxpayer service and other compliance issues;

⁵ Such as the Taxpayer Representatives' Center established in Puerto Rico (see Chapter 2).

⁶ Guidance on these types of surveys is provided in World Bank (2011).

3. The tax administration should use focus groups, surveys, and other feedback methods before implementing new services and procedures. In order to minimize the burden on taxpayers, these should be coordinated with other planned activities;
4. Trends from data collected in house reflecting type of service demand, volume, etc. should be evaluated to enhance service delivery;
5. The tax administration should consider whether input secured via surveys, focus groups, etc. is something that the organization does, is capable of doing, or wants to pursue;
6. Agreed upon feedback should be incorporated into business process improvement initiatives; and
7. In order of priority, the tax administration should determine which input taxpayers provide would most impact revenue, cost, trust, or compliance, if performance delivery were to be improved.

Box 6.1. Taxpayer feedback in Sweden⁷

The Swedish population trusts the Swedish Tax Agency to a higher degree than any other Swedish government agency. In 2011, 62 percent of citizens and 68 percent of businesses stated that they trust the way the agency handles its duties, and 96 percent of visitors and 97 percent of callers stated that they were treated respectfully. The following are extracts of a paper⁸ presented by the Swedish Tax Agency at the 2012 46th CIAT general assembly:

- The agency understands that their service should not be built on their own internal view of reality, as what its staff think is efficient or a good service may not be viewed as such from the perspective of the taxpayer;
- The agency uses quantitative and qualitative methods to measure service quality and taxpayer feedback and engages external companies to collect the information;
- In quantitative surveys, the agency scans taxpayer experiences with various taxpayer service channels. These surveys are normally carried out four times during the year, with some broader surveys performed once a year; and
- With qualitative studies, the agency hopes to get more information to understand the underlying factors affecting taxpayer experiences. These studies are focused and are usually not repeated.

C. Establish an Organizational Culture Supportive of Taxpayer Service

Utilizing the information gathered from taxpayer feedback, the tax administration should establish its taxpayer-focused vision and mission statements to help clarify and communicate the administration's purpose.⁹ The mission and vision statements must be understood and shared by every staff member within the agency.

1. The key function of a tax administration is to collect revenue. As a result, every activity undertaken should be geared to the ultimate objective of enhancing revenue collection. At the same time, the manner in which revenue is collected must be fair, professional, and respectful;

⁷ Swedish Tax Agency (2012), p. 3-6.

⁸ Ibid., p. 3-6.

⁹ The tax administration's mission and vision are also discussed in Chapter 15.

2. The vision and mission statements should clearly address both "Revenue" and "Service" – two key elements that are essential to meeting the agency's objectives; and
3. The tax administration should continually reflect on the vision, goals, and the way services are delivered to taxpayers, and should be willing to change existing practices to integrate improvements.¹⁰

D. Implement a Strategic Service Concept with a Focus on external Stakeholders

The strategic service concept with a focus on external stakeholders establishes how the tax administration designs, markets, and delivers services to taxpayers.

1. The tax administration's strategy should focus on taxpayer/stakeholder needs, rather than on organizational priorities. For example, Large Taxpayer Offices (LTOs) in many tax administrations around the world have their own taxpayer service units to handle their clients' more complex issues, including international taxation issues;
2. It should incorporate agreed upon feedback solicited from taxpayers/stakeholders in improvement initiatives;
3. Utilizing taxpayers'/stakeholders' feedback, the tax administration should develop a range of service options for interacting with taxpayers. These are also referred to as "channel" options and may include face-to-face, telephone, online, and other interactions as presented in the figure below;
4. Advertising/educational outreach strategies should meet appropriate taxpayer expectations;
5. A continuous feedback loop should be provided for incorporating taxpayer comments and complaints into the planning processes; and
6. Taxpayer satisfaction with the services provided should be measured regularly, and feedback should be used for continuous improvement.

Figure 6.3. Strengths and weaknesses of channel options¹¹

Channel	Description	Strengths	Weaknesses
Electronic			
Internet	<p>Websites for one-way information dispersion from one to many</p> <p>Interactions, such as the use of online calculators and other tools</p> <p>Web portals that include transactional services with secure log-in options, such as e-filing</p>	<ul style="list-style-type: none"> • Can be accessed 24 hours a day/7 days a week • Low cost per visit. Cost per visit decreases as accessibility increases • Can address small segment needs in a cost effective manner • Can be personalized • Can present complex information in an easy way, • Can push information to the client, either through list service or by placement of account specific information 	<ul style="list-style-type: none"> • The user must actively search the information (pull) • Not all have access to internet • Content may be too general • Can be difficult to find information • May require rigorous security measures • Can trigger more contact with revenue body

¹⁰ As discussed in Chapter 15.

¹¹ OECD (2007), p. 24.

Channel	Description	Strengths	Weaknesses
		in secure space	
E-Mail	Structured: mainly via web forms on the Internet Unstructured: free text from an email program or website. NOTE: Used significantly less than other channels.	<ul style="list-style-type: none"> • Can send e-mail 24/7 • Many are familiar with use of email 	<ul style="list-style-type: none"> • Often not a secure solution for sending personal information • Difficult to meet client expectations, they often expect immediate answer (almost as a phone call) • Time sensitive and labor intensive • Can trigger more contact with revenue body
Interactive Kiosks	Different types of unmanned kiosks. Can be used for information, interaction, or transactions.	<ul style="list-style-type: none"> • Can be available 24/7 if in a public space • Low cost 	<ul style="list-style-type: none"> • Security, vulnerable for hackers • Can be uncomfortable to deal with your personal data in a public space
Telephone			
Telephone – Live Representative	Calls to local tax offices or different types of call centers or contact centers (which also includes other channels) NOTE: Most popular service delivery	<ul style="list-style-type: none"> • Immediate answer, interactive • Ability to probe effectively • Facilitates channel integration, e.g., co-browsing, click-to-talk • Web/Phone integration and making face-to-face appointments • Often preferred channel by taxpayers • Can handle large volumes 	<ul style="list-style-type: none"> • Can be high cost • Can be challenging to accommodate flexible capacity, in particular for peak periods
Telephone - Automated	Automated services that can provide both information and interaction services, as well as transactional services, in some cases	<ul style="list-style-type: none"> • Access 24/7. Independent of time and geography • Easy to use if properly configured • Low cost • Flexibility, popular 	<ul style="list-style-type: none"> • May be limited to a narrow range of services • Low client tolerance for automated systems • Poor customer service when poorly configured • IVR can be expensive and difficult to configure • Phone Charges Can be expensive
SMS	Messaging via mobile phone. Can be used for notification services (outbound) and for filing or ordering forms (inbound) in a few countries	<ul style="list-style-type: none"> • Access 24/7. Independent of time and space • Mobile phone readily available • Low cost • Easy to use • Appeals to young people 	<ul style="list-style-type: none"> • Limited options, small screen • Security • People changing mobile numbers • Not yet the acceptance as channel for self-service (still an emerging technology)
Written			
Letter	Outbound letters from the tax administration, or inbound from taxpayers. Increased use of scanning for automation of handling process NOTE: Downward trend in demand	<ul style="list-style-type: none"> • Most people are very comfortable with paper products 	<ul style="list-style-type: none"> • Takes time from sender to receiver. • Time consuming handling. • Expensive to process

Channel	Description	Strengths	Weaknesses
Mass Distribution	Distribution of mass-produced written material, like forms and brochures, from the tax administration to target groups or all taxpayers.	<ul style="list-style-type: none"> • Proactive from tax administrative perspective (push) • Most people are very comfortable with paper products • Suited for presenting information in a logical order • Easy for taxpayer to study content as many times as needed 	<ul style="list-style-type: none"> • Can be very expensive • Received by users who may not need info • Uncertainty related to recipients level of understanding • Tends to prompt high volume of low value inbound contact • Encourages traditional behavior
Face-to-face¹²			
Walk-in	Counters at local tax offices, or counters at local public offices shared with several other public agencies. NOTE: One of the primary service delivery channels	<ul style="list-style-type: none"> • Provides direct and personal contact. • Allows for assisted self-service to encourage channel migration • If by appointment, eliminates waiting times. 	<ul style="list-style-type: none"> • Limited access in time and place. • High cost • Less equitable, limited number of office mostly in larger urban communities
Outreach Activities	Tax officers offer face-to-face services in public spaces like shopping malls, libraries, schools, railway stations, airports, place of business, etc.	<ul style="list-style-type: none"> • Can target special user groups. From one to many – meet many at once. • Proactive. Can prevent unnecessary contact 	<ul style="list-style-type: none"> • Time consuming

E. Implement a Strategic Service Concept with a Focus on Internal Stakeholders

The internally oriented strategic service concept establishes how the internal processes of the tax administration will support the taxpayer-focused vision. The premise is capable workers, who are well trained and fairly compensated, provide better service, need less supervision, and are much more likely to stay on the job.

1. The tax administration should ensure leaders of the organization exhibit the administration's values. Leaders must foster the creation and testing of new ideas and be willing to change existing practices to integrate improvements;
2. The tax administration should identify employee groups that are important to implementing the externally oriented service concept. Frontline workers are of central importance;
3. There should be a focus on continuous training and employee development;
4. The tax administration should not assume staff knows how to treat taxpayers in a friendly, helpful, and professional manner. These skills can – and should – be taught to ensure that everyone in the organization is on the same page in terms of taxpayer service;
5. Frontline employees should be empowered to take initiative to satisfy the taxpayer. Management must support employee empowerment, while clearly defining the parameters of that empowerment and remaining flexible to encourage creativity;

¹² Face-to-face interaction is not limited to public offices. The tax administration can partner with local chambers of commerce, industry associations, and other private or commercial groups and use their premises to provide taxpayer services.

6. In addition to skills and empowerment, frontline personnel should be equipped with the technology, information, and internal resources to meet taxpayers' needs;
7. The tax administration should ensure that individuals throughout the organization communicate. Frontline employees need information and a support network.

The overall objective of a strategy for taxpayer services is to educate the taxpayer, develop effective processes and procedures, and make access to appropriate information so easy that the taxpayer will have minimal or no need to contact the tax administration in order to comply with tax payment responsibilities.

6.2. Common Trends

As a result of advances in technology and service delivery in the private sector, taxpayer's expectations of tax agencies have increased. However, with increased budget constraints, agencies are continuously exploring ways to deliver services better, faster, and at lower cost. From these efforts, several trends are emerging, including use of taxpayer feedback / involvement, increased focus on the use of technology, and analyzing root cause of service demands to determine appropriate service delivery channel.

Taxpayer feedback and taxpayer involvement: Agencies are increasingly engaging taxpayers, soliciting their feedback, and making improvements based on information received. The feedback received is used to help determine the service enhancements needed to improve taxpayer satisfaction. Improvement initiatives and new service strategies are incorporated into the Agency Strategic Plan and Annual Performance Plan to ensure agreed upon actions are pursued.

Use of technology: Tax administrators are aggressively exploring the use of technology to enhance service delivery. The trend is to migrate to self-service channels, which are deemed to be more cost effective than face-to-face and/or live telephone interactions.

Box 6.2. Self-service options in the United States

The U.S. IRS provides a number of self-service options. Through the IRS online portal, and without interventions by tax officials, taxpayers can:

- Use the "Where's My Refund?" portal functionality to check on the status of their refunds and the estimated date of refund payment.
- Use the "Free File" functionality, maintained by an IRS authorized e-file provider, and electronic fillable forms to file and pay electronically.
- Pay via the Internet or by phone through the U.S. Department of Treasury's Electronic Federal Tax Payment System.
- Use the Interactive Tax Assistant to obtain responses to tax law questions on a limited set of common topics.
- Apply for a TIN and receive one immediately.
- Register to become a tax preparer or an "enrolled agent" – a person who can represent taxpayers before the tax administration.

The service options range from a simple list of frequently asked questions to advanced online applications that give taxpayers access to detailed information and services to address their inquiry. Instead of contacting taxpayer service representatives, they can access information via telephone or online to find a solution twenty-four hours per day - seven days per week. Some agencies have closed offices and promoted online services as a viable option for service delivery. Examples of the type services that may be available include:

- Securing copies of forms and publications;
- Securing transcripts of accounts;
- Registering a business;
- Checking the status of refunds;
- Filing returns;
- Paying taxes;
- Securing installment payment agreements; and
- Accessing responses to tax questions, etc.

Root cause analysis: In order to develop the most effective channels to assist taxpayers, a trend is leaning towards evaluating root causes for service demands – the reason the taxpayer needed to contact the agency, the rationale for the channel option they decided to use, as well as the reason for the taxpayer experience with the service.¹³ For example, if significant resources have been invested in developing responses to Frequently Asked Questions and access to this information is readily available via online or automated telephone delivery channels - yet taxpayers continue to utilize face-to-face options – the question should be why? The answers may be poor website design, difficult to use, improper links, lack of awareness, etc. The root cause analysis would help in addressing the core of the problem in an effort to devise mitigating strategies to eliminate, reduce, or shift taxpayer demands to more efficient service delivery channels.

Other trends in taxpayer service delivery are outlined in the table below.

Figure 6.4. Trends in taxpayer services¹⁴

Trends in Taxpayer Service
1. Understanding an appropriate balance of resources between enforcement and service is a critical tool in achieving higher overall tax compliance as a measure to improve voluntary compliance.
2. Treating taxpayers as clients with rights that are codified in the form of charters, etc., and publicized.
3. Public Agencies work together to provide coordinated services to clients.
4. Tailored approach of service delivery to match the needs of various taxpayer segments and the risk to revenue.
5. Modern marketing techniques are extensively utilized to influence taxpayer behavior.

¹³ In the case of the latter and as discussed in the example above, the Swedish Tax Agency has opted for qualitative taxpayer surveys to get a better understanding of the experiences of taxpayers with specific, focused issues.

¹⁴ IMF (2012), p. 31.

Trends in Taxpayer Service

6. Services staff are highly qualified in terms of being able to match the expectations of taxpayers and those of professional tax accountants and advisors.
7. Establishment of client call centers and a move towards larger and more centralized service centers to ensure delivery of consistent, high quality service that enables specialization (e.g., by taxpayer segment or tax type and procedure).
8. Services are available independent of time and place in step with the growing possibilities for electronic services (e.g., interactive telephones, e-services, and websites).
9. Provision of dedicated inquiry services for tax professionals.
10. Goal to move taxpayers to web and e-services with compulsory e-filing and payments requirements for certain taxpayer segments (e.g., large taxpayers) and annual targets for take-up rate.
11. Taxpayer services (excluding staff involved with returns filing and coding) consume about 10 percent of tax agencies' human resources.
12. Consulting widely with taxpayers and/or their representatives prior to the implementation of changes.
13. Establishing and monitoring service delivery performance according to prescribed performance standards; measuring client satisfaction; and demonstrating accountability by publicizing the levels of performance achieved against service standards set.

6.3. Tax Administration Maturity

The use of a maturity model allows an organization to assess its policies and procedures against a set of benchmarks. The four levels of maturity with respect to taxpayer services are described below to help interested officials make self-assessments about strengths and weaknesses in their respective tax administrations. It is estimated that an organization can take two to four years to progress through the first three levels of the maturity model. Therefore, management must view the taxpayer service improvement process as a multi-year effort.

Taxpayer Services: Maturity Level 1

Key word: "Ad hoc"

- The tax administration may undertake a number of different initiatives to improve taxpayer services as a vehicle for improved voluntary compliance and enhanced revenue, but without making any major investments. A series of uncoordinated taxpayer services efforts have been initiated.
- Taxpayer service units are severely understaffed, with personnel not trained to do the job effectively, resulting in a high level of taxpayer contact.
- New employees only receive informal on-the-job training on procedures (e.g., for visits), communications techniques, and managing conflict. Existing employees do not receive refresher courses or other training.

- Information, support, and education are usually limited to a single channel – a visit to the tax office – and are hence specific to each taxpayer's individual inquiry and provided only when the taxpayer visits the office.
- Taxpayers frequently wander into work areas to deal with technical staff, increasing potential for collusion and disclosure of confidential information.
- One-on-one assessments, rather than self-assessment, are the rule and create extensive face-to-face contact with the taxpayer.
- Unreliable registration, TINs, and taxpayer accounts create difficulty for taxpayer service staff in resolving taxpayer accounts, thereby negatively impacting the level of service provided.
- Most of the work is done manually since little modern technology and equipment is available, and that which does exist is supported by outdated technology, thereby limiting access to taxpayer account information and hindering the level of service provided.
- The level of service is ad hoc and inconsistent, with little communication between functions, due to different levels of institutionalization of procedures across taxpayer service units and varying staff skill levels. Minimal procedural manuals are developed on an ad hoc basis.
- Efforts by top-level officials to establish good relationships with some public and private sector groups – particularly with public accountants – are initiated but lack coherence and stability.

Taxpayer Services: Maturity Level 2

Key word: "Formalized"

- The tax administration recognizes that it is worth investing capital and personnel in taxpayer services. The overall approach to taxpayer service becomes more organized with an emphasis on fixing problems.
- Managers focus on the level of service provided to taxpayers via the goals and objectives outlined in strategic plans, along with the development of vision and mission statements with an emphasis on service.
- Recruitment of personnel with customer service friendly skills is undertaken, and staff development and training are initiated. New tax administration staff receive some formal course training and on-the-job training on procedures (e.g., for visits), but ad hoc, irregular training on communication techniques and managing conflict. Existing staff receive occasional, but irregular, refresher courses.
- Within tax offices, taxpayers may on occasion be sent from reception areas to work stations to meet and deal with technical staff, thereby facilitating possible collusion and risking disclosure of information.
- Brochures, informational publications, and Frequently Asked Questions have been developed and are available in hard copies and via the administration's website.
- Information, support, and education are limited to ad hoc, very high-level instructions for common processes (e.g., filing). These are updated very rarely, usually with changes in the law.

- Information, support, and education are tailored to type of tax, but not to types of taxpayers. Information, support, and education are limited to a couple of channels and vehicles (typically narratives on the government's web sites and paper brochures).
- Coordination between the functional areas is initiated in an effort to enhance the level of service provided. There is a somewhat proactive effort to promote the concept of voluntary compliance through outreach and educational campaigns.
- Taxpayer service personnel are aided by more aggressive campaigns to clean up the registry, TINs, and taxpayer accounts.
- The level of taxpayer service provided is more consistent due to procedural and policy manuals for each of the functional units.
- Relationships with public and private sector groups are improving.
- Only limited modern technology and equipment are available to enable access to information to assist in resolving taxpayer concerns.
- Because of the investments made in taxpayer services, senior management becomes anxious and wants quick results, adding pressure on a function that is not yet at a sufficient level of development to make significant improvements.

Taxpayer Services: Maturity Level 3

Key word: "Integrated"

- The tax administration embraces taxpayer services, because it understands the direct impact on domestic revenue mobilization. Taxpayer service is no longer limited to the Taxpayer Services Department, but rather has become a major transformational effort across the administration. Instead of fixing problems, the focus turns to business process reengineering to enhance the level of taxpayer service provided. There is a focus on improving the level of service provided across the full life cycle of a taxpayer interaction with the organization – from registration to deregistration.
- Units are properly staffed with personnel trained in effective communication, conflict resolution, etc. New and existing tax administration staff receive formal course and on-the-job training on procedures (e.g., for visits), communication techniques, and managing conflict. However, the curriculum and course content are not updated regularly.
- Separate interview rooms have been established to protect taxpayer privacy and to secure confidential information. Technical functional staff meet taxpayers in interview rooms in the taxpayer service reception area, and taxpayers are permitted to enter staff work spaces only on rare occasions.
- Various channels have been established to interact with the tax administration, including face-to-face, telephone, and online. There is, however, a need for expert technicians for complex queries.
- Information, support, and education are provided through somewhat detailed instructions and usually for common processes (e.g., filing, but not audit or collections). These are updated

rarely and not on the basis of taxpayer feedback. Taxpayer services are tailored by taxpayer segment (individual / business, large / small, etc.) and by type of tax.

- A business process review begins, with an evaluation of current practices, through an analysis of people, process, and technology focusing on efforts to enhance the level of service provided.
- The tax IT system ensures that taxpayer service personnel have ready access to appropriate information to properly address taxpayer concerns.
- The administration places increased focus on training and enabling employees to deliver excellent taxpayer service.
- Relationships with public and private sector groups have improved, and regular outreach forums have been initiated.

Taxpayer Services: Maturity Level 4

Key word: "Strategic"

- Taxpayer experience is a key concern of every initiative undertaken. All employees feel ownership for maintaining a culture of strong taxpayer service, and executives no longer focus on change management.
- Every decision within the organization takes into consideration the needs of the taxpayer.
- Units are properly staffed with personnel trained in effective communication, conflict resolution, etc.
- New and existing tax administration staff are subject to formal course and on-the-job training on procedures (e.g., for visits), communication techniques, and managing conflict. The curriculum and course content are updated regularly.
- At the field office locations, technical functional staff meet taxpayers in interview rooms in the taxpayer service reception area, and taxpayers do not enter staff work spaces.
- Information, support, and education are provided across all tax administration functions (e.g., registration, filing, payment, etc.). These are detailed and are updated regularly based on taxpayer feedback. Taxpayer services are tailored by taxpayer segment (individual / business, large / small, etc.) and by type of tax.
- Taxpayer services use multiple channels (telephone, web, paper) and vehicles (FAQs, instructional brochures, expert technicians responding to complex questions, and generalists for other questions).
- Stakeholder boards consisting of members from the general taxpayer population of small, medium, and large taxpayers, accounting firms, and chamber of commerce groups have been established to provide feedback/input prior to initiating new laws, policies, and procedures.
- Employees are fully aware of the administration's service policies, which are part of the hiring process, the new employee training programs, and reinforced by management leading by example on a day-to-day basis.
- As a result of a robust tax IT system, taxpayer service personnel have ready access to appropriate information to properly address taxpayer concerns.

- Taxpayers can interact with the administration’s data base to file returns, make payments, secure account information, and quickly secure answers to tax questions via self-assessment tools.
- The tax administration has achieved its overall objective of educating the taxpayer, developing effective laws, processes, and procedures, and making access to appropriate information so easy that taxpayers have minimal or no need to contact the tax administration in order to comply with tax filing and payment responsibilities.

6.4. Latin America and the Caribbean

Almost all Latin America and the Caribbean (LAC) countries have initiated some form of taxpayer service program. For example, Peru's tax administration – Superintendencia Nacional de Administración Tributaria (SUNAT) – makes constant outreach and education efforts among taxpayers to inform them of their tax rights and obligations as a means to facilitate voluntary compliance. Costa Rica has adopted a similar approach via its tax reform bill – Proyecto de Ley de Ordenamiento Fiscal – and incorporated a one-stop filing process, in conjunction with other government agencies, for taxpayers registering a business. Bolivia has developed a series of brochures for its outreach programs. Chile has made intensive use of IT to facilitate taxpayer assistance. Several countries (Argentina, Chile, Dominican Republic, and Mexico) have increased reliance on web portals to provide services and confidence to taxpayers.¹⁵

The Chilean tax agency can be viewed as leader in LAC in terms of its strategic decision to use the Internet as its main channel of interaction with taxpayers, as highlighted in the box below.

Box 6.3. Taxpayer services in Chile

In 2003, the tax administration of Chile Servicio de Impuestos Internos (SII) won the United Nations Good Practices and Innovations in Public Governance Award for its web-based tax management system, which aided in making tax compliance easier and less costly for taxpayers. The site has also won several other awards, including the "Technology Innovation Award" from the Chilean IT Association, a Management Innovation Award from the Chilean government, and the award for the best public institution website in the country from readers of *El Diario* newspaper. SII data show 155 million visitors to the website annually.

The SII website performs two key functions: 1) it enables taxpayers to communicate directly with the tax administration online; and 2) it serves as a channel for providing an array of information. The information available can be grouped into the following categories:

- Informative: Provides taxpayer (general and specific) information relative to tax regulations, personal information contained in the SII databases, opinion studies, news, etc.
- Transactional, oriented towards compliance: Facilitates business registration, tax declarations filing, deregistration at end of business activity, the issue of electronic tax documents, and tax payment of all types.
- Transactional, auditing: Allows the taxpayer to provide and/or correct information.
- Tax portal for foreign investors: Provides information on investing in Chile.
- Tax portal for micro, small, and medium businesses: Allows micro, small, and medium-sized enterprises to obtain electronic tax documents, at no cost to them, directly from the website.

¹⁵ Inter-American Center of Tax Administrations (CIAT) et al. (2012), section 6.5.

- Tax education portal: In conjunction with the Ministry of Education, SII has made a Portal of Tax Education available to teachers and children, with a focus on educating children about taxes and the social benefits they produce.
- Pre-populated returns: Contains electronically pre-populated returns based upon information received from third-party sources.

LAC taxpayer assistance programs should generally be placed in the second level of the maturity model above, noting of course, that there are differences, including some countries that are much further along. The approaches utilized to enhance service delivery in LAC are centered on the following key areas:

- Information services: The most common tools include advertising campaigns, informational brochures, letters, and practical handbooks, instructions, and guides.
 - Advertising campaigns: This is the principal tool used by the tax administrations to offer assistance services or raise tax awareness around issues of special interest and significance for compliance.
 - Informational brochures: These are designed to provide taxpayer specific information on a range of topics impacting voluntary compliance, while also making the public aware of services provided.
 - Letters: Letters are mailed to groups of taxpayers as reminder notices or to make them aware of changes that impact them.
 - Practical handbooks, instruction, and guides: These guidelines are developed to assist taxpayers in preparing their own tax returns.
- Assistance services: Telephone and face-to-face channels are the primary methods made available to taxpayers to facilitate their compliance with tax obligations through assistance on preparing tax returns, explanations relative to technical aspects of the law, information on procedural requirements, etc.
- Information technology: As noted above, there have been increased efforts to provide online taxpayer services. Available online services include those for general and restricted use, as described below:
 - General use: Through these services, any taxpayer can have access to general information, such as forms, brochures, frequently asked questions, etc.
 - Restricted use: These require some form of secured login to file returns and make payments, inquire about taxpayers' account status, etc. These uses are typically at the early stages of development in LAC.

Quality taxpayer service is a main goal in the strategies of many LAC tax administrations. In Belize, the tax administration's strategic plan calls for improving and providing service and education in the pursuit of voluntary compliance through available information, quality service, an accurate taxpayer register, communication programs, the development of the capacity of staff, and a pilot one-stop shop.¹⁶ Ecuador has conceptualized a "model citizen service" approach based on establishing the proper

¹⁶ Belize Department of General Sales Tax (n.d.), p. 9.

processes, opening assistance channels, and developing the appropriate culture of tax administration.¹⁷ A recent CIAT study¹⁸, however, notes that, while such goals may be comprehensive and there has been some improvement, implementation lags in certain areas. For example, while taxpayer satisfaction surveys are common, allowing taxpayers the ability to view their records is largely non-existent. While it is possible to file through the web in all Latin American countries, seven do not allow online payments.

6.5. Key Benchmarks and Guidelines

Once an administration has implemented a taxpayer service program, performance indicators will help define and measure progress towards established goals and objectives.

Taxpayer service performance measures generally center on the level of service provided in terms of timeliness and quality. The table below reflects common performance activities along with international standard benchmarks as reflected in OECD Comparative Information Series (2010). As the taxpayer service program progresses through the maturity model, the time expended should be reduced accordingly.

Figure 6.5. Benchmark standards in taxpayer services

Performance activities	Benchmark standards
1. Responding to written correspondence: electronic or paper	15 – 30 days
2. Handling face-to-face inquires	10 – 15 minutes
3. Answering telephone inquiries	2 – 5 minutes
4. Resolving taxpayers complaints	15 – 30 days

Other types of activities related to taxpayer service, which are often tracked in conjunction with the performance activities reflected above, are as follows:

1. Total number of taxpayers assisted: face-to-face / telephone;
2. Total amount of correspondence received and responded to: paper / electronic;
3. Total number of electronic hits: Internet / kiosks;
4. Total number of advisory visits made;
5. Total number of educational seminars conducted; and
6. Total number of media coverage received.

The ultimate performance measures, however, are used to determine how the service provided impacted voluntary compliance. For example:

1. What was the percentage reduction in inquiries following an educational or outreach effort?
2. Was there a spike in self corrections of previously filed returns?

¹⁷ Servicio de Rentas Internas Ecuador (2012), p. 3.

¹⁸ Inter-American Center of Tax Administrations (CIAT) et al. (2012), section 6.5.

3. Was there a spike in voluntary filings?
4. Was there a spike in voluntary payments?
5. Was there a difference in the compliance level of taxpayers who received assistance as compared with those who did not?
6. Was there a difference in the compliance level of taxpayers who attended educational or outreach events as compared with those who did not?

Once the tax administration has established the appropriate measures, it must communicate them to all stakeholders and put in place a regular reporting mechanism to gauge progress. At a minimum, results should be evaluated monthly and appropriate action taken to continuously improve performance.

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