

CARTAC Assessment

Assessment of CARTAC TA to Support VAT Implementation in Antigua & Barbuda, Belize, Dominica and St. Vincent & the Grenadines

Presented to the CARTAC Steering Committee

Presented by:

Jette Jensen & Annette Weekes

June 11, 2009

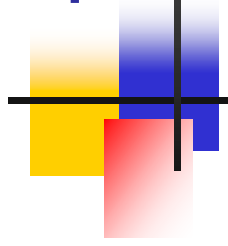
Montego Bay, Jamaica



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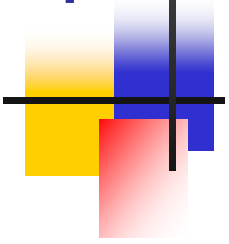
Purpose:

To review the achievements of the VAT support programme and examine the role of CARTAC TA in the implementation of VAT in the four countries that have implemented the VAT.



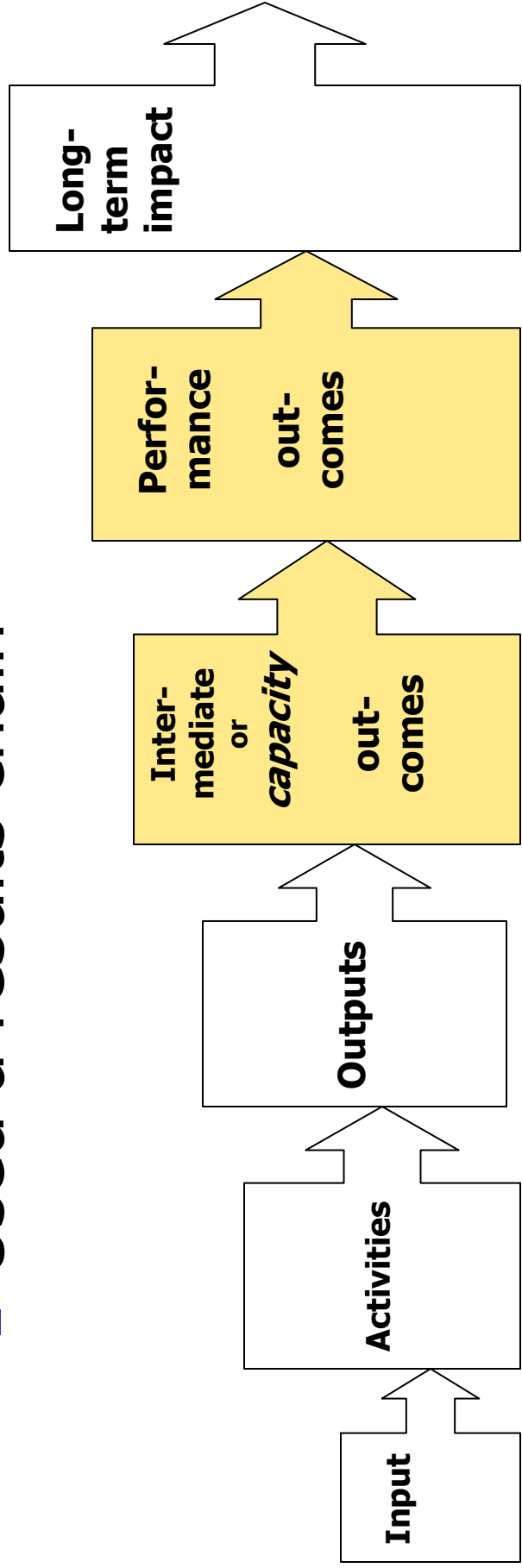
The VAT TA Programme

- Aim to support VAT implementation
- 2005- 2008
- CARTAC + IMF (FAD+ LEG)
- Cost: US\$5.7 million or 12 Person years
- Government input



The Assessment

- Standard evaluation approach
- Used a results chain





Summary of Results - Overview

1. VAT was successfully introduced

Dominica	VAT	March 1, 2006
Belize	GST	July 1, 2006
Antigua & Barb.	ABST	January 29, 2007
SVG	VAT	May 1, 2007

2. Significant revenues raised

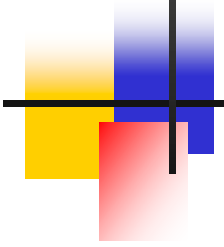
In 2008 VAT raised > US\$300 million in 4 countries

Total tax revenue (as % of GDP) increased by between 7 and 21%



Summary of Results - Overview

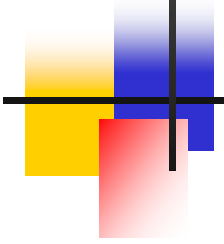
- Each country has the capacity to administer a VAT (See Capacity Outcomes)
- Performance indicators are being met (see Performance Outcomes)
 - ... but issues need to be addressed to ensure sustainability
- CARTAC was critical to the success
 - 'could not have been achieved without CARTAC'



Results: Capacity outcomes

Legal and policy level

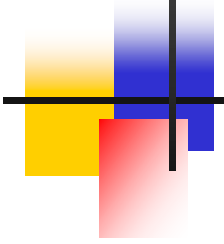
1. Policy frameworks defined
2. VAT / Excise legislation enacted
3. Revenue implications determined



Results: Capacity outcomes

Organisational level

1. VAT units in place
 - Staffing adequate in 3 countries
2. Tools / Systems
 - Procedures being institutionalised
 - SIGTAS problematic
3. Public and business on-board



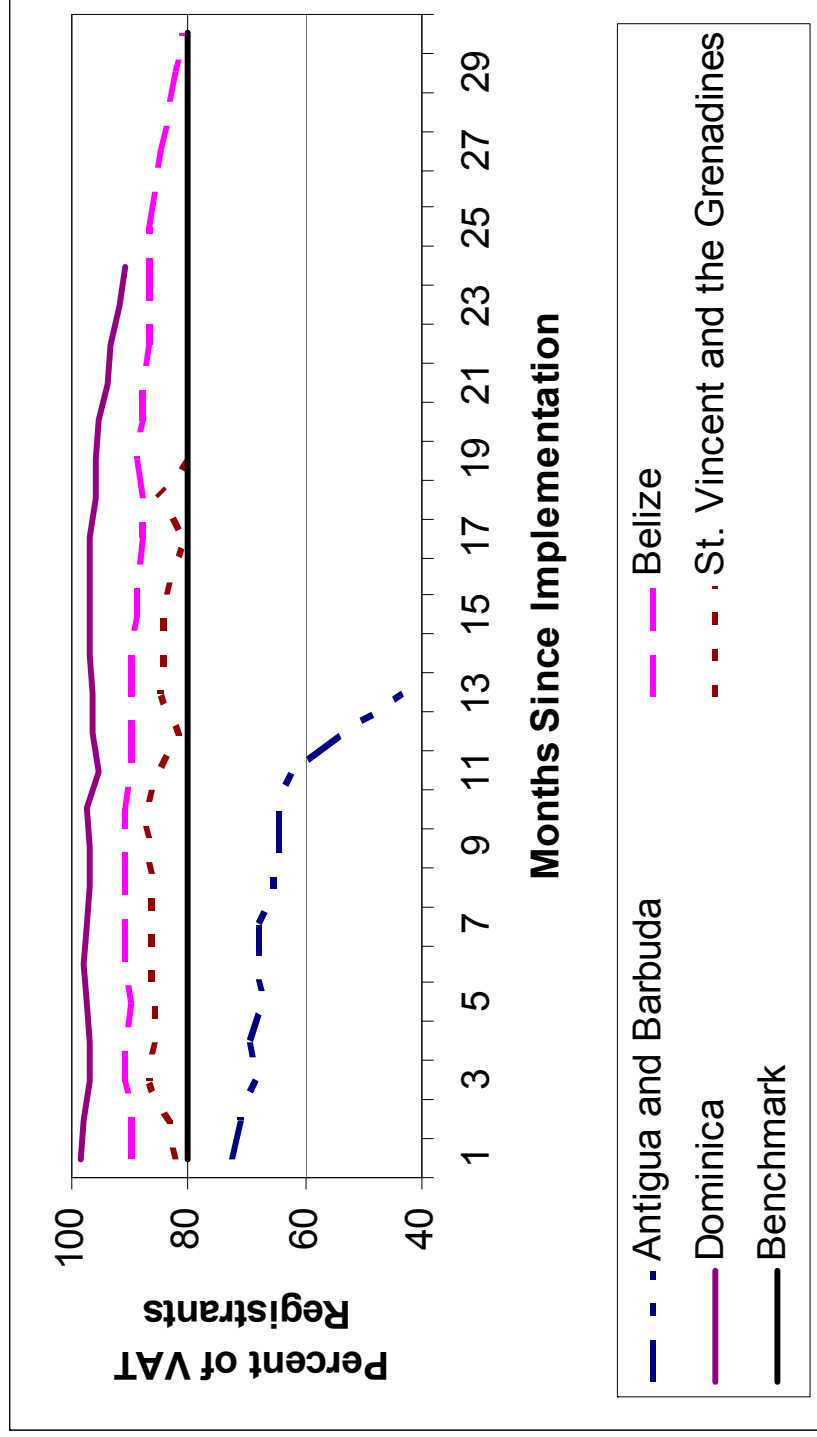
Results - Capacity outcomes

Staff level

1. Staff have the basic skills to administer a VAT
2. Enthusiastic - Service oriented
3. Auditing – good base – more to add

Results – Performance outcomes

Filing rates





Results – Performance outcomes

Revenue performance

	Indirect taxes in % of GDP		VAT revenue
	2005	2008	2008
DOM	14.9	18.4	EC\$103 mill
BLZ	6.6	9.2	BZ\$236 mill
ANT	4.2	10.6	EC\$270 mill
SVG	4.3	7.3	EC\$150 mill

Results – Performance outcomes

Other

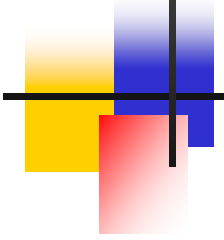
1. Improved compliance with other taxes
2. VAT helps create taxpaying culture
3. VAT = catalyst for further tax reform
4. Increased regional networking



Sustainability – Risk factors

Most significant risk factors:

1. Pressure for preferential rates or treatment
2. Weakening compliance
3. SIGTAS
4. Staff to cope with growing complexity of:
 1. audit cases - multinational companies
 2. interpretation of legislation



Recommendations

To the Steering Committee:

- Continue funding for the VAT programme for:
 - Completing VAT support to 4 countries
 - Other VAT programmes underway
 - Ensure 'exit-strategies'
- Suggest to CARICOM and/or ECCB to initiate or host a regional facility:
 - legal interpretation, legal representation, audit of complex cases, a regional VAT appeals court, and IT systems



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To CARTAC:

1. Continue current design of VAT support programme
2. Continue using regional horizontal capacity building model
 1. Provide specific TA and/or training to 4 countries in:
 - complex auditing
 - interpretation of the legislation
 - developing regional list of legal interpretations ('rulings')
 2. Arrange forum for VAT coordinators
 3. Introduce results-oriented TA planning



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To Donors:

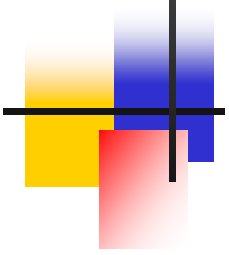
- Consider funding for a new IT system to replace SIGTAS
- Consider supporting SIGTAS in the meantime, possibly on a regional basis.



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To Governments and VAT Units of the four countries:

- Monitor performance and address the risk factors
- Implement good practices identified in VAT units in the region.



The End

Thank You
Questions welcome

