The purpose of the attachment was to provide participants with insight into the Large Tax Payer Office (LTO) operation gained from their successes and experiences and take back knowledge gained to enhance or implement a large taxpayer officer in the respective jurisdiction.

On April 24th, 2017, the team of four (4) revenue officers from Antigua (1), Guyana (2) and St. Vincent and the Grenadines (1) met with senior management team from Tax Administration Jamaica which consisted of Deputies, Technical Coordinator, Chief Technical Advisor, Technical Assistant-Operations, Chief Planning and Research Officer, Chief Programmes Officer, Chief Policy and Transformation Officer, Chief Corporate Communications Officer and General Manager, Large Taxpayer Office. There was an opening session where an introduction of both teams was done and a brief overview of the visiting team Revenue Department outlining expectations whilst on the attachment. There was a presentation by Tax Administration Jamaica (TAJ) where an overview of the operations of TAJ was given. Also, during this session a schedule of the week’s activities was given to the team.

Prior to May 1, 2011 taxes in Jamaica were administered by the Inland Revenue Department (IRD), Taxpayer Audit and Assessment Department (TAAD), and Tax Administration Services Department (TASD). In January 2009 the Tax Administration Reform Project was launched with one of the focuses being the consolidation of the aforementioned three (3) departments into a single entity called Tax Administration Jamaica (TAJ). On 1st April, 2011 the Revenue Administration Act was passed which provided for the dissolution of TAAD, IRD and TASD. TAJ was created on 1st May, 2011.

Tax Administration Jamaica operates as the country’s premiere revenue collecting agency. In keeping with their mission, their primary goals are to foster voluntary compliance, collect the revenue due in an equitable and efficient manner, contribute to a competitive business environment and facilitate economic growth and development.

The primary objective of TAJ is to collect domestic taxes, duties, rates and fees payable to the Government. TAJ has four (4) Revenue Service Centres, twenty five (25) tax offices, a Large Taxpayer Office known as LTO, a Taxpayer Registration Centre, Stamp Office, Revenue Accounts and a Refunds Unit. TAJ provides a wide range of services and administers a wide array of taxes. Some of these taxes are as follows:

- Individual Income Tax
- Company Income Tax
- Pay As You Earn (PAYE)
- General Consumption Tax
- Education Tax
- Asset Tax

A short presentation was done on the operation of Revenue Administration Information System (RAIS) which is a web base system used to support all functions in TAJ. Some of the features of RAIS are as follows:

- **Analytics** - Used to look at taxpayers’ behavior
- **Data warehouse** - This is where information about clients, sourced from customs and other government institutions, is stored. This information is then used to ensure that clients are reporting correctly
- **Assignment of work**
- **Timesheets are populated automatically**
- **Reports** - there are a number of reports in RAIS based on functionality; reports may either be viewed or generated
- **Monitor access on clients’ accounts**
- **Logs attempts made by clients**

All clients have access to RAIS; therefore their accounts can be monitored at all times.

There are four divisions headed by a Deputy Commissioner General. The four (4) divisions are legal support, operations, management services and strategic services. The attachment was focused on the operations division under which the Large Taxpayer Office falls; however, presentation was done by the Programmes Unit.

The Strategic Services Division is headed by the Deputy Commissioner General-Strategic Services. This division is responsible for strategic planning and research, programmes section and policy and transformation. There strategic plan is based on a medium term framework with three (3) year deliverables. Their overall objective is Vision 2030 Jamaica which is the national development plan which aims to position Jamaica to developed country status by 2030. Policy decisions from the Ministry of Finance are passed to the Division; from these decisions a strategic and operational plan is developed. Monthly meetings are held with the compliance team in which there are discussions surrounding any registration/filing issues and arrears. There is also review of past performance and discussions as to the way forward. Weekly reports are submitted to the Commissioner General which sets out revenue collections for the week; these reports are segmented into tax type and are compared against the projections. The Programmes Unit which falls under the Strategic Services Division was developed in 2011 and charged with the following responsibilities:

- identifying compliance risk
- developing programmes to combat these risks
- monitoring the execution of programmes developed
- evaluating the success of these programmes.
The risk management approach seeks to identify risks and evaluate ways in which to combat these risks. One risk that was identified is the Compliance Risk Management, which identifies the following:

- Registration
- Filing
- Payment
- Audit
- Reporting

The Programmes Unit generates a list of taxpayers to be audited which is then sent to the Audit Unit to develop activities for taxpayer education.

The risk model used by the programme unit utilizes both internal and external data to find under-reporters, non-filers, new taxpayers and identify business process risk. The module comprises of three components as follows:

- Data warehouse Manager- sources of information from RAIS, state agencies and Large Taxpayer Office (3rd party data)
- Discovery Manager- programs designed to analyze and match TAJ tax records against third party data; example, Health Care provider payment from insurance companies for doctors etc. If the amount is higher than what the doctor reported as sales, a 10% markup is added.
- Leads- These are the outcomes of the analytics, which are then assigned to the officers.

**Constant Spring Revenue Services Centre Tour**

On the morning of the 25th April the team was taken on a tour of the Constant Spring Revenue Service Centre (CSRSC) where discussions was held with Assistant General Manager from the medium and small unit, Objection and Taxpayer Service and Education Programmes Unit regarding the operations of the respective units.

**Taxpayers Service and Education (Programmes) Unit**

The taxpayers Services Unit is responsible for the registration of a taxpayer. The team observed an actual registration process and the controls that are in place whereby one officer enters the information on the registration form onto RAIS and another confirms the said information. If all the relevant information is not completed on the form the registration is rejected. The Unit is also responsible for the development and delivery of education programmes. These programmes include special taxpayer assistance programmes, which involve assisting persons with the preparation and submission of tax documents. This unit is also charged Schools Tax Education
Programme (STEP) which involves the visiting of schools in Jamaica in which students are educated about the various tax types and the importance of paying taxes. STEP focuses on students at the primary level (Grades 3 – 6) to the tertiary levels. The Programme’s objectives are to:

- Foster a culture of tax –paying from an early age
- Encourage civic duty and responsibility
- Educate youth about the importance of taxes to national development i.e. social services and amenities
- Build a culture of tax compliance among the nation’s youth

TAJ is normally invited to seminars to make presentations; these invitations usually are from corporate bodies. TAJ hold seminars when there are new legislative changes of which clients must be educated about.

The Taxpayer Services Unit is also tasked with the issuance of tax compliance letters. This letter is needed for a taxpayer to procure a contract or conduct any other business with the Government. One of the techniques that TAJ utilises to register new taxpayers is mainly through education and keeping the Jamaican public informed. They also utilize street surveys which we were told is very effective. TAJ employees are normally in the fields on an ongoing basis; their mission is to find persons conducting business that are not registered. Once found the necessary procedures are undertaken to get those businesses registered.

**Objection**

The Objection unit is comprised of a manager and six auditors. After an audit is completed and resulted in a liability, the client has thirty (30) days in which to file an objection. Timelines are strictly adhered to at TAJ. Once a notice of objection is filed, an acknowledgement is sent to the client through RAIS and another by mail. The objection is reviewed to determine whether the notice is filed within the timeframe; and the grounds on which the client is objecting. The examination of the records is done to determine if there is a liability; after the review of the records by the auditor the findings are then forwarded to the manager for review; the result of the review is then communicated to the client. The General Consumption Tax (GCT) objection case must be settled within six (6) months. If the client is not in agreement with the decision the client must send a notice of appeal within 30 – 90 days.

The Large Taxpayer Officer currently handles their own objections; however from September 2017 all notices of objection will be reviewed by the objections unit.
OPERATIONS DIVISION (Large Taxpayer Office)

During the period 25th – 27th presentation was done by the functional areas within the LTO which was the main focus of the attachment namely Audit (Transfer Pricing, Excise), Collection Arrears Management and Tax Accounts, Client Relationship Manager and Exchange of Information. However, before the presentations by the functional areas a brief history of the setup of the LTO was done.

The Large Taxpayers Office (LTO) is a full scale operation which consists of Audit, Collections & Compliance; and the Customer Care Centre all fall under the Operations Division. In April 2009 as part of the Tax Administration Reform Project, there were four (4) units established with the Large Taxpayers Office (LTO) and Customer Care Centre being amongst them. The LTO was established to interface with large taxpayers who are taxpayers that pay yearly taxes within the range of $500 million to $1 billion Jamaican dollars. At the inception of the LTO the population was 454 clients. Presently, the population is approximately 1500 clients’ and there is a complement of approximately one hundred and fifty four (154) staff.

Some of the rationales for establishing the LTO are as follows:

- Eighty percent (80%) of the TAJ revenue came from these taxpayers
- To provide speedy resolutions of issues and disputes on clients’ accounts
- To provide proactive monitoring of clients’ accounts example contact clients if not filed by the due date

Each functional area under the LTO has its own mission. It is mandatory that all large taxpayers file online.

Audit

The audit process in the LTO coincides with, or is primarily the same as Inland Revenue Department St. Vincent and the Grenadines.

The major difference involved in the audit process has to do with the number of taxes and tax types being administered and the assignment of cases through the programmes unit. An orientation session of one (1) month is normally held for all new auditors.

The Programmes Unit which falls under the Strategic Services Division generates a list of taxpayers to be audited which is then sent to the Audit Unit. The Audit Unit then examines the list and cases are prioritized; once this is done cases are then assigned to Auditors through the system RAIS. Cases are also selected through the following means:

- Local knowledge
- Credit returns for GCT
- Investigation and Intelligence Unit
The audit unit has audit specialists who provide support to the unit. Joint audits are normally conducted with the Customs Department, which yield significant revenue.

Presently, objection cases are settled by the same auditors who completed the audit. For GCT objection must be settled within six (6) months, however for Corporate Income Tax, no time limit is given. They however try to set a target for six (6) months to one (1) year.

**Transfer Pricing**

Tax administration has always been aware of tax avoidance transactions between connected parties. Within the LTO audit a unit was set up to deal with all transfer pricing matters. There was an amendment to the Income Tax Act to introduce Transfer Pricing Legislation.

Cabinet approved the amendments to the Income tax Act to introduce Transfer Pricing Rules in 2011. The bill was subsequently tabled by the Honorable Minister of Finance on the 5th May 2015 and took effect from assessment year 2015 and subsequent years. These amendments were drafted in accordance with Organisation for Economic Cooperation and Development (OECD) standards which strengthen and clarify the previous provisions under the Act relating to taxpayers engaged in transactions with related parties.

As a result of the Transfer Pricing Legislation, the new requirements for the year of assessment 2015 were as follows:

- All taxpayers engaging in connected party transactions will be required to complete a “Related Party Transaction Schedule” to be attached to the Income Tax Return and submitted by March 15, 2016.
- Only large taxpayers whose gross annual revenue equals or exceeds $500,000,000 transactions, to determine whether the transfer price used is in accordance with the Arm’s Length Principle.

Where a taxpayer, when filing a return, fails to complete Schedule 8 which certifies the transactions carried out with connected parties or provides an incomplete certificate or return, the return will be deemed not filed and rejected. Penalty provision applicable to these offences will be effective for year of assessment 2016.

The legislation also provides for Advance Pricing Agreements (also called Transfer Pricing Agreements), which have been adopted as “best practice” by tax administrations worldwide.

This allows taxpayers who are engaged in highly complex transactions or specialized industries to apply to the Commissioner General of Tax Administration Jamaica (TAJ) for an Advance Pricing Agreement before the transaction is carried out.
The above is governed by a governance committee which is chaired by the Commissioner General, with six (6) members providing technical oversight; a strategic direction.

**Excise**

There is an Excise Unit within the LTO. Some of the rationales for establishing the Unit are as follows:

- To deal with critical tax issues that may prove costly to clients if dealt with after the fact
- To provide speedy resolution of issues and disputes on client accounts
- To obtain clients input on critical tax policy issues
- To provide proactive monitoring of clients’ operations

Staff are permanently located at all clients registered for Excise Tax on a 24/7 basis. The purpose of the staff is to monitor the operations. The staff measure, observe and assess the operations of the client.

**Collections Arrears Management and Tax Accounts**

The operational functions undertaken by this Unit include managing delinquent taxpayers, monitoring no filers and stop filers, monitoring tax arrears, issuing demand notices, preparing payment arrangement plan and monitoring at all times the top one hundred and fifty (150) taxpayers. The responsibility of the Collections Unit is to ensure that all revenue is collected and accounted for in a timely and efficient manner. There is a Data Mining Unit within TAJ; this Unit is responsible for compiling data on taxpayers and disbursing that information to the relevant departments. The Data Mining Unit is tasked with compiling information on non-filers and stop filers; once that information is compiled it is then sent to the Compliance Unit who will then ascertain if the business is still in operation. If the business is still operating a determination is made with respect to the support that can be provide to the taxpayer to assist the client with the filing of their tax returns and payment of the relevant taxes. The top one hundred and fifty (150) taxpayers are always monitored since these taxpayers will always have a major impact on revenue, hence special monitoring procedures are implemented to ensure that these taxpayers are making payments on time and also monitor payments remitted for each tax type to ensure that there is not a dramatic decrease in payments.

**Client Relationship Manager**

There is a Client Relationship Managers (CRM) Unit which is a major feature within the LTO in which there are employed nine (9) client managers. The Client Relationship Manager’s purpose is to establish and maintain customer relationships by providing personalized service for clients. The Motto of the CRM is “Listen with your heart, solve with sincerity”. Clients are normally informed of their CRM through a letter stating the assigned CRM name.
Each manager is assigned clients based on specific industry. The mandate for this unit is to provide specialized service to their clients; these services include being the main point of contact to answer any queries that their assigned clients may have, send out reminders of upcoming filing dates to clients which are sent out two (2) weeks before the due dates and a reminder call two (2) days before filing to ensure that filing is done on time. The reasoning behind this service is to ensure that compliance rates remain high and to avoid clients paying fines for late filing. All managers are trained in each industry; this is to ensure that should the assigned manager not be available another manager would be in a position to adequately assist the client. In an effort to ensure that there is standardization in the services provided to clients, the unit has introduced certain measures. These measures include timeframe to answer a query, customer service survey and monthly reports. The timeframe to answer a query is set at two (2) days, if the query is one that requires further investigation, then the two (2) day timeframe is to acknowledge receipt. The Assistant General Manager of the Unit is copied on all email that is sent to clients, this is for quality control purposes. A customer service survey is done on a yearly basis. These surveys are used to get feedback from their clients and to identify if the employee needs further training or if their client load needs to be reduced. Each survey is carefully examined to ensure that employees are performing effectively in their roles and that the clients’ needs are met. Client managers are required to produce monthly reports.

To encourage compliance and provide a more convenient way for taxpayers to pay their taxes, CRM encourages clients to make payment via Direct Banking. Clients just need to have the bank account information of TAJ and their TRN to utilize this service. The Direct Banking Payment Advice form will be emailed to TAJ. Receipts are collected within 24 hours of the payment advice.

**Exchange of Information**

The Exchange of Information (EOI) Unit was established in March 2012 with just one officer who manages the flow of incoming and outgoing requests and responses.

The exchange of information is facilitated between the Competent Authority of each treaty partners (DTA or TIEA) based on their agreement. There are thirteen (13) DTA treaties and seven (7) TIEA agreement enforced. Exchange of information can only take place between competent authorities or their authorized representatives. This ensures that the rules applicable to exchange of information, especially the confidentiality of information exchanged, are adhered to and consistently applied.

Some of the benefits of the EOI unit are:

- Improve the capability to access information across borders
- Improve Jamaica’s tax image globally through increased transparency
- Reliable verification method
- Ascertained the tax position of a taxpayer
- Reduce tax evasion across borders

The department has satisfied over twenty (25) incoming requests since being established and treaty partners have satisfied over twenty (20) requests to date. These requests included verification of income, residency etc. The information received has impacted the audit unit positively over twenty (20) leads were found from a request which came from the United States (US). This resulted in assessment being raised for Income Tax, Education Tax and Withholding Tax in the amount of over sixty million ($60) dollars.

**Recommendations**

There are many processes which are employed by TAJ that can be utilized successfully at the Inland Revenue Department, these would include but not limited to the following:

- The introduction of STEP program
- Establishment of Client Relationship Manager Unit
- Amendment to legislation to include section Re: Transfer Pricing disclosing all connected party transactions
- Making it mandatory for all large and medium taxpayers to file online
- For online filing explore the possibility of Direct Banking Transfers
- Orientation Programme for new Auditors
- Development of a Website

**Conclusion**

I would have benefitted from the attachment tremendously, and was able to gain a better understanding of the different divisions within TAJ, more so the LTO operations. The knowledge gained and lessons learned will indeed enhance the operations of the Inland Revenue Department St. Vincent and the Grenadines.

The above recommendations, can assist the Inland Revenue Department to perform its functions in a more effective and efficient manner; thereby aiding in delivering a higher quality of taxpayer service.