



Final Report of the works of the 4th
ATAIC Technical Conference Kuwait
25-28 November 2007



A ★ T ★ A ★ I ★ ☾



Index

- The program of the conference	1-4
- The speech of the Minister of Finance	5-8
- The speech of the Chairman of the 3 rd ATAIC conference	9-13
- The speech of the Chairman of the 4 th ATAIC conference	15-18
- The working papers of the participating countries:	19
- Republic of Cameroon	21-28
- Arab Republic of Egypt	29-35
- Republic of Indonesia	37-58
- Islamic Republic of Iran	59-68
- State of Kuwait	69-79
- Kingdom of Malaysia	81-90
- Kingdom of Morocco	91-96
- Islamic Republic of Pakistan	97-102
- State of Qatar	103-116
- Republic of Sudan	117-125
- Kingdom of Saudi Arabia	127-145
- Republic of Turkey	147-155
- Republic of Yemen	157-164
- The report for the chairman of the first topic	165-168
- The report for the chairman of the second topic	169-172
- Final report of the 4 th ATAIC conference	173-176
- The final speech	177-179
- The presentation of the IT companies	IT
- Photos of the conference	PH
- Information data for the participants in the conference	ID



A ★ T ★ A ★ I ★ ☾





A ★ T ★ A ★ I ★ ☾

The Program of the
4th ATAIC Technical Conference
25-28/11/2007
State of Kuwait

The Program of the
4th ATAIC Technical Conference
25-28/11/2007
State of Kuwait

DAY & DATE	TIME	AGENDA	VENUE	COMMENTS
Saturday 24/11/2007		Official arrival of delegates		
	12:00-19:00	Registration	Room 6	
	19:00-20:00	Meeting of heads of delegations	Meeting room B	
	20:00-22:00	Reception	Bubyan +Warba halls	Reception with dinner
Sunday 25/11/2007	09:00-10:15	Opening ceremony	Bubyan +Warba halls	
	10:15-10:30	Coffee break		
	10:30-11:45	First parallel session First topic- Second topic-	Umm Almaradim hall Failaka hall	
	11:45-12:15	IT Companys' presentation	Farwa hall	
	12:15-14:00	Lunch break	Bubyan hall	
	14:00-15:00	Second parallel session First topic- Second topic-	Umm Almaradim hall Failaka hall	
	15:00-15:30	IT Companys' presentation	Farwa hall	
	15:30-15:45	Coffee break		
	15:45-16:45	Third parallel Session First topic- Second topic-	Umm Almaradim hall Failaka hall	
	19:30-22:00	Dinner associated with folklore show	Radisson SAS hotel (Alhashimy hall)	

The Programme of the
4th ATAIC Technical Conference
25-28/11/2007
State of Kuwait

DAY & DATE	TIME	AGENDA	VENUE	COMMENTS
Monday 26/11/2007	09:00-10:00	Fourth parallel session First topic- Second topic-	Umm Almaradim hall Failaka hall	
	10:00-10:30	IT Companys' presentation	Farwa hall	
	10:30-10:45	Coffee break		
	10:45-12:00	Fifth parallel session First topic- Second topic-	Umm Almaradim hall Failaka hall	
	12:00-14:00	Lunch break	Bubyan hall	
	14:00-15:00	Sixth parallel session First topic- Second topic-	Umm Almaradim hall Failaka hall	
	15:00-15:30	IT Companys' presentation	Farwa hall	
	15:30-15:45	Coffee break		
	15:45-16:45	Seventh parallel session First topic- Second topic-	Umm Almaradim hall Failaka hall	
	18:00-20:00	Departure to Scientific Center		
	20:30-22:30	Dinner	Kuwait Towers	

The Programme of the
4th ATAIC Technical Conference
25-28/11/2007
State of Kuwait

&DAY DATE	TIME	AGENDA	VENUE	COMMENTS
Tuesday 27/11/2007	09:00-16:00	Open Day		Open Day programme attached
Wednesday 28/11/2007	09:00-10:00	Presentation & discussion of the final report	Bubyan +Warba halls	
	10:00-11:00	Meeting of heads of delegations to discuss recommendations	(Meeting room (B	
	11:00-12:00	Closing session + approving recommendations	Bubyan +Warba halls	
	13:00-14:00	Lunch break	Bubyan halls	
			Departure of delegates	



A ★ T ★ A ★ I ★ ☾

The speech of
the Minister of Finance

The speech of the Minister of Finance

At the opening of “ The Fourth ATAIC Technical Conference ” 15-18 Dhul-Qidah 1428 AH corresponding to 25-28 November 2007 AD State of Kuwait

In the name of God Most Merciful Most Compassionate Thanks be to Allah , the Lord of All Creatures , and prayers and peace be upon Allah’s Messenger and all his family members and companions .

I am honored today , on behalf of the conference sponsor His Excellency Prime Minister Sheikh Nasser Al-Mohammed Al-Ahmad Al-Sabbah ... to open the Fourth ATAIC Technical Conference organized by the State of Kuwait ... imploring God Almighty to grant your conference success and our honorable guests a welcoming stay in their second country Kuwait .

I am thankful and grateful for the continuous support of his Highness Prince of our country , may Allah Preserve and Protect him , His highness our Crown Prince and His Excellency the Prime Minister as well as for their concern and care for such conferences .

Dear Audience ... We meet today in this Islamic conference and brotherly gathering , in the presence of an elite of experts and specialists in the taxation domain from member countries of the Association of Tax Authorities of Islamic Countries which represents the voice expressing the expectations of its members , the shield under which special relations are established among the tax systems in the Islamic world

We meet today to discuss and study a number of important tax-related issues and matters , in order to ensure that everyone develops the work of this utility and to follow the latest developments witnessed on the regional and international level so that the tax systems in the member countries become the leaders of the developed and advanced administrative systems worldwide... No doubt that this requires from us great efforts , hard work as well as continuous meetings , gatherings and conferences in which experience and expertise are transmitted and visions and suggestions exchanged , in order to realize the targeted objectives on the path of exhaustive growth for which we are in dire need at this time . The Kuwaiti Ministry of Finance has worked hard to participate in this conference , in its belief in the importance of common work by attending the conference , interacting with the tax-related issues and making use of them to develop and improve the tax performance for everyone’s good ...

Dear Audience... The State of Kuwait is one of the leading countries in the region

which have enacted tax laws and legislations . Nonetheless , this leadership did not grant it any progress in this domain , rather we have stopped at this distant time and this past epoch despite the modernization that took place . Indeed , we have outdistanced others in tax legislations and systems but got defeated in some cases despite our potentials and resources that place us at the level of advanced countries in development and modernization... This hindrance was negatively reflected on the fiscal status in the country and we are now racing time with our inappropriate legislations , our unjustified slow progress and execution impediments ...

For this reason , your meeting today benefits our long-term goals to progress and follow-up the convoy by outdistancing the past as well as improving the present with the hope of a better future The tax and its planning methods were , and still are , a common characteristic among wealthy as well as poor countries , big as well as small countries , developed as well as developing countries... However , many countries , especially developed ones , have outdistanced us with their tax legislations and systems instead of the administration ones .

More than that , these countries have achieved distinction in all kinds and types of fiscal performance thus setting an example in this field .

If we delve into the secret of this distinction we will discover that it is embodied in the human resources on one hand and the use of the material and technical potentials on the other .

In addition to the cumulative experiences in the organization and administration , all of which to cover legislations and laws of high efficiency and delicate scientific perfection . Thus , rectifying the employees' skills at the tax field and providing them with the necessary experiences and tools , which enable them to perform as best possible , are important and constitute a short cut to achieve perfection and innovation . This is why we , as Islamic countries , must deploy all efforts to achieve the distinction created by Islam... As we shall transfer all this to our employees and institutions in order to achieve the good transfer in the taxes works in our spread Islamic world and as such , we are close to achieve goodness which Allah Almighty described this nation as such by saying : “ You were the best Nation among Nations ” Allah has spoken the truth ...

Dear Audience ... You are all aware of the development of the Information Technology and Communications nowadays; it has become an integral part of the administrative and financial work . Rather , it has become a competitive feature of which the institutions , authorities and even the countries are proud due to the effective influences this technology has over the quality of the work performance and results and its progress . Information Technology and Communications are no longer an administrative luxury nor a marginalized subject , rather , it has become a daily life necessary due to work conditions and requirements . It is difficult to imagine how technology is progressing that quickly , so how shall we follow it? It is developed day after day , minute after minute , maybe second after second... So where do we

stand from this development? Where this development stands from us? Where are our administrations and institutions from dealing with it? All these questions need answers... And perhaps you can answer it and react to it .. This is why we hope that your conference gives place to recommendations and results that will give us the best benefits possible from this technology while using it as best as possible in favor of the tax workers and payers .

Dear Audience ... The Islamic Sharia established deep-rooted and strong components at the different social , economical , political and other life aspects .

If we consider the economical aspect , where we meet today , we will realize that the Islamic economy established by Allah's messenger , Prayers and Peace be upon him , since fourteen centuries , is still effective and dynamic due to Islam efficiency and movements , rather , it has won over many traditional financial and economical systems by creating investment financial tools that fulfill the needs of the capital owner and employer within the frame of legitimate provisions and rules .

This is how the participants of the conference were rightly chosen , regarding the Islamic financial tools and its relation with the tax as an entry worthy of research and study through recognizing the current experiences with its practical applications and the extent of the benefit from the taxes .

Dear Audience... At the end of this speech , I am honored to thank and appreciate his Excellency the Prime Minister Al Sheikh Nasser Al Muhammad Al Ahmad Al Sabah .. God Bless him again for his care of this conference .

I also thank the higher committee , which is organizing the conference , for its loyal efforts and the sub committees cooperating with it for its good deeds . I also thank the Association of the Taxes Authorities of Islamic Countries for its efficient efforts in the organization of the conference . Finally , I thank the conference dear visitors for all the efforts and hard work . While asking the Almighty to bestow good luck and success upon them and that the results of the conference constitute a brick to be added to the previous three conferences bricks and to be a true step towards the diversified development for your devices and institutions .. And I pray to Allah that we remain in communication with each other and in the service of Islam and Muslims .

God's peace and blessings be upon you .



A ★ T ★ A ★ I ★ ☾

The speech of the Chairman
of the 3rd ATAIC conference

Honorable Minister of Finance of Kuwait,
Excellencies Ambassadors of OIC Member Countries,
Distinguished Representatives of ATAIC Member Countries,
Ladies and Gentlemen,
AOA

It is a matter of great honour for me to welcome the distinguished guests and honorable participants of the 4th ATAIC Technical Conference in Kuwait . Mr . Abdullah Yusuf Chairman ATAIC was very keen to attend the Conference but owing to some pressing official commitments he could not make it however . he has sent his best wishes for a fruitful and successful Conference .

As you all know . the agreement for formation of the Association of Tax Authorities of Islamic Countries . has completed its 4th year . Based on the founding objectives of sharing of knowledge & experience on the intricate subject of tax and to introduce new approaches and to apply advanced technologies . the annual meetings of ATAIC are being held regularly in one of the Member State . Thus providing a platform for the Tax Authorities of Islamic countries to interact and develop consensus on divergent issues through deliberations .

Three Technical Conferences have so far been held in Malaysia . Iran and Pakistan respectively and the 4th one is being held in Kuwait . The first three conferences have dilated upon the following important issues faced by the tax administration :

- (1) Taxpayer Service – improvement in tax administration towards better service to tax payers .
- (2) The role of Zakat in development of the Muslim Ummah – Modernization strategies in collection and distribution
- (3) Tax issues in cross-boarder transactions
- (4) Value Added Tax (VAT) – practice and implementation .
- (5) Strategies for resource mobilization through increase in tax-GDP ratio and expansion of the tax base .
- (6) Promotion of voluntary compliance especially amongst small traders
- (7) Tax audit as an effective deterrence for tax compliance . and
- (8) Sharia taxation with particular reference to zakat .

All the above topics are of immense importance to the tax administration and I am sure that the member countries have achieved considerable progress in combating these issues and have improved in these areas based upon the deliberations and

knowledge sharing through technical conferences . The topics approved in the heads of delegations meetings at Islamabad for the 4th Technical Conference at Kuwait are :

- (1) The use of information technology in improvement of tax administrations .
- (2) Taxation of Islamic financial instruments .

Both the topics are of great value for tax administration . Information technology is the life line of any organization in the world and there can be no second opinion that maximum utilization of information technology is the need of the hour . The utilization of IT will take us to a desirable level in the community of nations and will transform our organizations with highest level of efficiency , output , accountability , increased resource management , marketization at low cost and high service delivery .

The second topic i.e. taxation of Islamic Financial Instruments is again an important topic and the mode of taxation at domestic and international level need to be deliberated upon so that transactions of the Islamic Financial Instruments are understood at the global level as interest in this discipline has proliferated to almost 60 countries, going beyond Islamic world to the leading financial centers . United Nations Committee of Experts on International Cooperation in Tax Matters is deliberating on tax treatment of the Islamic Financial Instruments under the UN Model Double Taxation Convention between Developed and Developing Countries . It is also a matter of great satisfaction and pride that our learned brother from the State of Qatar Mr . Moftha has already worked a lot on this subject and presented papers in the United Nations – Second and Third Session at Geneva .

The Islamic Republic of Pakistan assumed the Chairmanship of ATAIC Secretariat on 22nd November 2006 . The 3rd technical conference was closed on 25th the November 2006 . My team worked hard on the Final Report and its draft was placed on the ATAIC website in February 2007 for examination and input by the Member States . Final Report was published in August 2007 . Copies have already been circulated amongst the Member States and those who have not received may download it from the website of ATAIC .

A three day International Conference of Heads of Training Institutes of ATAIC was very successfully organized in the Directorate General of Training & Research [DOT], Lahore from 12th to 14th March, 2007 . The theme of this Conference was ‘TECHNOLOGY AS A FORCE MULTIPLIER IN TRAINING AND IN THE WORK PLACE’ . In addition to member countries, observers from Turkey, IBFD and US Department of Treasury also participated in the Conference .

The delegates explored ways and means for benefiting from experiences of more developed member countries in field such as “Data warehousing” and “Computer Forensics” . Country papers were read followed by Q & A sessions . The paper by Turkish delegate on “Data warehousing and computerization of tax record” generated much interest, especially with relevance to Pakistan’s efforts to make headway in this

field . The final recommendations of this three day Conference included :

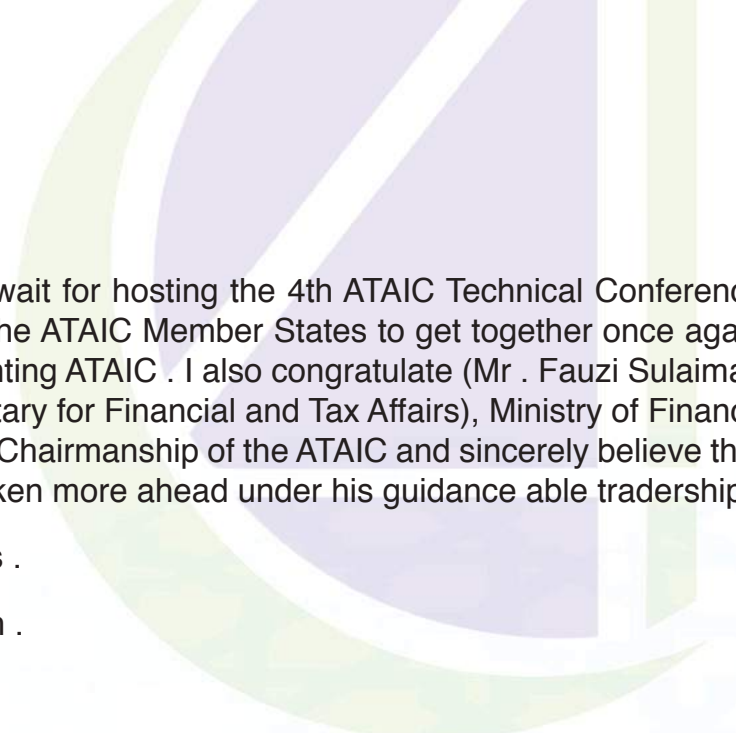
- ATAIC members will make their training institutes/facilities available to one another for training of tax personnel .
- Malaysia will be the “ Best Practices Model ” in imparting training in fields such as Forensic Audit and use of “simulation methodology” in training . Turkey was the “ Best Practices Model ” in computerization and Data warehousing . Pakistan’s experience with universal “ Self-assessment ”, “ Withholding taxation ” and “ Joint audit training ” will be referred by members in designing their training programs .

This three day Conference played an important role in fostering an enduring sense of good will amongst foreign delegates .

During holding of the ATAIC Secretariat, Pakistan tried its best to augment the ATAIC cause at various forums . These include UN, ITD Global Forum, and MENA—OECD Forum . Pakistan effectively represented ATAIC . In the second and third session of the UN Committee of experts our offer for a capacity building course for the tax officials of the developing countries is still under active consideration of the UN Financing for Developing Office, where besides developing countries; our ATAIC Member States will also be benefitted . Another significant development in the ATAIC Organization is the initiative taken by the government of the Kingdom of Saudi Arabia who have shown interest in the ATAIC Membership . It is indeed an honour to announce that during the head of delegations meeting yesterday, we have formally approved membership of Saudi Arabia . I welcome this initiative on behalf of the ATAIC Members and believe that the membership of the Kingdom of Saudi Arabia will be a great source of strength for ATAIC .

ATAIC & THE WAY FORWARD

All Governments need revenue for their socio-economic agenda . The governments and the customers (taxpayers) have high stakes in their Revenue Organizations as the tax revenue is the major source of finance for the governments . The increasing number of ATAIC membership and the increased participation of delegates in the Technical Conferences indicate the need for expansion of economic and Fiscal Cooperation amongst Muslim Countries . The main thrust of our economic strategy should be to create an enabling environment and to put in place policies and mechanisms whereby an efficient, well functioning and investment friendly taxation system is developed . This would in turn generate sufficient public revenues to enable the state to discharge its socio-economic obligations . With the process of reforms undertaken by majority of the governments, there has been qualitative change in the tax system . Reforms are a continuous process . Life moves on and we have to move with it . We have to address new challenges as they arise . We have to keep abreast of new ideas and innovative ways of doing things . With sharing of knowledge and experience we do not reinvent the wheel, but move a head without any hindrance .



Finally I thank the State of Kuwait for hosting the 4th ATAIC Technical Conference and providing an opportunity to the ATAIC Member States to get together once again and to discuss the issues confronting ATAIC . I also congratulate (Mr . Fauzi Sulaiman Al-Qassar, Assistant Undersecretary for Financial and Tax Affairs), Ministry of Finance of the State of Kuwait to assume Chairmanship of the ATAIC and sincerely believe that the cause of the ATAIC will be taken more ahead under his guidance able tradership .

I wish this Conference a success .

Once again thank you very much .

and Khuda Hafiz .

Wassalamualaikum warahmatullahi wabarakatuh .

A ★ T ★ A ★ I ★ ☾



A ★ T ★ A ★ I ★ ☾



The speech of the Chairman
of the 4th ATAIC conference

In the name of Allah the Compassionate ,
the Merciful And may prayer
and peace be upon His Prophet ,

Your Excellency , Minister of Finance , Honorable ambassadors and chiefs of diplomatic missions Honorable Heads of Delegations Respected brothers , sisters and colleagues , Honorable Delegates , Respected guests ,

At the start of my speech , it gives me a great pleasure to present to His Highness the prime Minister my sincere thanks and the thanks of the Conference Preparation Committee and the Kuwaiti Ministry of Finance for his generous patronage of this gathering of the tax authorities in the Islamic countries , which definitely shows the extent of the attention His Highness gives to the issue of ongoing communication among the Islamic countries in all fields , one of the most important of which is Taxation .

Honorable Gathering , When it hosts today this fathering of the representatives of the Tax Authorities in a large number of Islamic countries , the State of Kuwait promotes and supports the objective for which this federation has been formed , looks after the ambitions of the founders which we proudly and dearly remember as being the following :

- The advanced countries and rich countries equally have sought for a long time to have their own vision of tax work , to design this work among nations and the tax relationship of those nations with their citizens , according to their own economic views and individual and joint interests , as cohesive economic groups . For this , they established forums , created bodies and institutions from which the Islamic World was absent , although the Islamic World possessed the experience , capacity and rich history .

This forum , today , is the voice which should reach the entire world in order to add to the tax work the Islamic World's own vision , through deliberations regarding their tax problems and experience , so that some of them would benefit from the experience of others and learn about each other's achievements and derive from them what they need .

• Today , the Arab World Countries have individual experiences distributed over wide areas some of which are advanced , other are growing and developing , while others are behind . Unless we get together in forums like this and communicate , we will have no role to play in designing and phrasing the taxation work in the World and have any real effect thereon .

Honorable Gathering , Tax is the life line of countries , the continuous source of their development , and the vital means of directing and having an effect on the economy . The curse of resources that befalls several countries make them disregard taxation out

of ignorance of its importance . By doing so , these countries disregard a permanent sovereignty resource that should be developed and built on a sound basis .

We hold this gathering in order that we will remind each other of this source of livelihood which , even at times of abundance , needs us to organize and develop it so that , if we need it at the time of scarcity , we do not run short of resources .

Honorable Gathering , When the heads of delegations , at the third gathering which was held in Islamabad , Pakistan , prepared the elements of your present gathering , they did not forget for a single moment the needs and objectives of the tax authorities in the Islamic World , foremost among which were tax management , development and its support with technology and advanced techniques . They also gave due attention to the progressive growth of the institutions which operate according to Islamic economic principles . These institutions have to deal with wide and comprehensive tax regulations which competing in a wide arena with institutions that are not restricted or limited by any other considerations .

Honorable Gathering , From this platform , I call upon my colleagues meeting today , to carry the activity of this association one step forward , a step toward converting this institution , from being a semi-governmental institution driven by the volunteering willingness of the countries to support and host its meetings and spend on ensuring the continuity of its meetings according to the visions of the founders only , into an institution that calls for individual initiatives for ongoing communication .

I call upon them to perform the duty of drafting the articles of association for this organization , to establish a permanent secretariat for it and a secretariat that will be supported and strengthened by the tax authorities in the member states . Today , from this platform , I call upon the heads of delegations at this gathering to commit to making the purpose of our fifth gathering the discussion of the articles of association and bylaws of this organization .

Honorable Gathering , The passing of five years since the establishment of this association , after the idea of forming it was born in the mind of His Excellency , the Malaysian former Prime Minister , at the time of the holding of the 10th Conference of the Islamic Countries Organization , is long enough for us to call upon continuing this experience with the support and determination of the institutions . Today , we need to transform this work into an organized institutional work regulated by by-laws .

Your Excellency , the Minister of Finance ,

Mr . Mustafa Jassem Al-Shamali ,

Your presence today , on behalf of his Highness the Prime Minister is an honor to us , and we appreciate and are proud of it . For this we thank you and the representatives of the tax authorities in the Islamic World . We are grateful for your participation and for your generous efforts in coming to Kuwait .

Honorable Guests , While celebrating your presence with us , Kuwait wishes you a pleasant stay among us .

We will make every possible effort to may your stay truly pleasant . You do see some of us , but there are others who worked as hard , day and night , to ensure your comfort .

Once again , allow me , in your name to tank his Highness the Prime Minister , Sheikh Nasser Mohammed Al-Ahmed Al-Sabah for his generous patronage of your conference , and for the gracious presence with us of the Minister of Finance , Mr . Mustafa Jassem Al-Shamali , to open this conference .

While sincerely hoping that you will conduct constructive discussions within the walls of this place under the umbrella of this conference ,

I wish you a happy stay in Kuwait under the auspices of the leader of its progress , His Highness , the Amir , Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah , and the Crown prince , Sheikh Nawwaf Al-Ahmed Al-Sabah .

May peace and Allah's mercy and blessing be upon you .



A ★ T ★ A ★ I ★ ☾

The work papers of the
participating states



A ★ T ★ A ★ I ★ ☾



**WORKING PAPER
REPUBLIC OF CAMEROON**

REPUBLIC OF CAMEROON
Peace- Work- Fatherland
Ministry of Finance Directorate General of Taxation

**THE USE OF INFORMATION AND COMMUNICATION TECHNOLOGIES IN TAX
PLANNING**

All fiscal policies fit into a precise context . As for Cameroon's policy at this moment , it results from the mingling of constraints , both endogenous as well as exogenous .

Indeed , on the internal level , the State should face the increasing demand of the social structure that legitimately longs to wellness in a context where it has witnessed the declination of its resources owing to the deterioration of exchange terms and the fall of petroleum production . Moreover , it should implement economical and social development strategies requiring an ever-increasing mobilization of public resources .

At the external level , this requirement is accentuated by the perspective of bringing into force , on the first of January 2008 , the Economic Partnership Agreements , among the consequences of which is the drastic decrease of customs revenue due to the consequent tariff disarmament , hence a transfer from door taxation to internal taxation .

Thus , it is in this context , marked with a maximum resource mobilization requirement on the one hand and the perspective of an unavoidable drop in customs revenue on the other , that Cameroon's current fiscal policy is waning , based on the following strategies :

- Broadening the base , especially through an optimal taxation of the informal sector activities ;
- Modernizing fiscal planning techniques .

These strategies are translated , among others , by the implementation of a fiscal and registration survey mechanism , the passage to management by objective and the adoption of a tax administration by customer type .

Upon observation , we notice that the implementation of this reform process is mainly based on the computer and information and communication technologies ,thus highlighting the strategic position of these planning instruments in fiscal policy implementation .

The Cameroonian Fiscal Administration , conscious of this unavoidable requirement , has engaged in a wide reform process of its information architecture . Thus , the first batch of adopted measures allowed the execution of a certain number of information applications whose impact on the revenues mobilization level and the offered service quality is already clearly visible .

However , the constraints resulting from the previously described context and the authorities' will to build a modern fiscal administration required an additional investment

in information and communication technologies , hence the second batch of measures currently in execution .

The developments that will follow seek to make a survey concerning the issues of using information and communication technologies in tax planning (II This undertaking supposes that the Cameroonian Fiscal Administration possesses beforehand assets and perspectives on the subject (1) .

1- Information instruments of the Cameroonian Fiscal Administration :

Until the implementation of the first information applications , the tax planning was manually provided in all its functions , thus incurring exorbitant costs to the Fiscal Administration without nonetheless improving the quality of service offered to the taxpayer . In order to remedy this situation , the Directorate General of Taxation has developed several information applications covering the main fiscal functions (A) . Beyond these assets , other perspectives remain open in this domain (B) .

A- The information assets of the Cameroonian Directorate General of Taxation

The first steps of computerizing the tax planning system in Cameroon dates back to the 1980s . This initial mechanism was progressively executed to take into account the

computerization of all the Financial Administrations and the growth of the objectives assigned to the Directorate General of Taxation . It is within this context that TRINITE (Information Treatment of State Taxes) I was designed before being replaced by TRINITE II . The applications MESURE , ID and SONID complete the existing mechanism .

1- The first steps of tax planning computerization: TRINITE application

- TRINITE I

TRI I is the very first information application experimented by the Directorate General of Taxation in Cameroon . It was designed to cover , according to a logic of progressivity , all the fiscal functions planned by the Directorate General of Taxation at that time . Installed at first in the cities of Yaoundé and Douala that regroup 20% of the national population , this application aimed at extending to all the other structures of the Directorate General of Taxation with time .

Despite all the hope that it has given at the time of its launching , TRINITE I would suffer from two major handicaps , the first of which being on the conceptual level and the second in its effectiveness . Indeed , this program forms a part of the applications known as “proprietary” . Thus , it was installed in a central computer supplying passive sets . This centralization constituted a blocking factor insofar as any breakdown signaled on the central computer systematically stopped the functioning of all decentralized sets .

Beyond its functional limits , TRINITE I has witnessed another insufficiency in its implementation insofar as the initially expected complete deployment could not be effective;

the application being limited to the big cities at high fiscal stake . These weaknesses made it necessary to improve TRINITE I , which was done in 1994 with the advent of TRINITE II .

- TRINITE 2

TRINITE II was elaborated in a corrective logic of its predecessor . Hence , it operated a migration in downsizing , equipping different decentralized sets with servers in order to complete their functional autonomy . This solution has allowed the growth of the operational structure capacities , henceforth free of the constraints related to the central server functioning .

Nonetheless , it has also led to the compartmentalization of the terminal sets due to the absence of interconnection . Thus , unable to provide consolidation , mutuality and rising of fiscal Information for its exploitation , TRINITE II could not fulfill all the expectations it has nourished at that time . The requirement for modernity combined with a deep mutation in service organization configuration at the Directorate General of Taxation has imposed a qualitative leap that MESIJRE application is required to embody .

2- MESIJRE (Best Revenue Follow-jip application : consecrating the best fiscal revenue follow-up

MESURE application , finalized during the fiscal year 2005 , aims at accompanying the implementation of the planning structures specialized by customer type . Thus , it was implemented as a matter of priority at the Directorate General of Taxation since fiscal year 2005 . before being used in the Middle-Enterprises Taxation Centers (CIMEI) .

This application was designed to manage all the functionalities incumbent upon taxation centers , particularly :

- Following-up of the issuing as well as the spontaneous declarations and the Assessment of Contributions Notice (AMR) ;
- Treatment of information contained in the Fiscal and Statistics Declaration (DSF) .
- Monitoring the collection .
- Helping the programming and execution of the fiscal control .
- Following-up of the tax suit .
- Managing the administrative mail .

This polyvalence has allowed to reduce the hardness of planning material works and to considerably increase the monitoring capacities of the Fiscal Administration . Nonetheless , these steps would not have been fully implemented in the absence of a taxpayer identification system .

3- IDU (Unique Identifier) application: taxpayer identification planning

Stemming from the recommendations of the fiscal-customs reform of 1994 , IDU application aims at efficiently fulfilling the central preoccupation of the taxpayer identifier

securitization . This application is based on a unique database hosted at the head office of the Directorate General of Taxation and can be accessible from five decentralized sets located at Yaoundé , Douala , Limbé , Garoua and Bafoussam .

IDJ application is equally accessible in consultation from the Directorate General of Customs , within the frame of the project of securitizing importations as well as the fiscal revenue resulting therefrom .

In its current conception , IOU application aims at the registration of the tax payers through the awarding of a single number of twelve (12) codes , editing of the tax payers cards , production of statistics and making inactive tax payers at the standby mode .

IDU application has played a very decisive role in the base widening policy and the informal sector master . These are the targeted goals by the implementation of the SONDE application .

4) SONDE application : Mastering of the National Register of the Registration rights

SONDE application translates the will of the OGI to create a cadastral , real estate and fiscal information system . It is translated into three (03) modules covering respectively the tax on the property owner , registration rights and local taxes .

Generally , this application guarantees the emission , collection and follow-up of the land and local taxes (land taxes and property transfer rights) on the one hand and the administrative evaluation of the real estates on the other hand .

Nevertheless , SONDE suffers from a compartmentalization due to lack of interface with other applications; what prevents it from exploiting the data stated in MESURE et TRINITE .

By the way , it should be noted that if the different information technology have significantly contributed to the improvement of the OGI performances , it is notably aware of some limits regarding its global coherence and the profiling opportunities it offers . All these requirements impose a renewal of the information technology policy of the Cameroonian fiscal administration anchored in the modernization .

B- Perspectives

Beyond the sub presented information technology applications and which are at risk at of being considered as acquisitions , the Cameroonian fiscal administration has acquired an Information Director Scheme (SDI) in 2005 . The implementation of the real plan of the information development must hoist the Directorate General of Taxation in Cameroon in the modern fiscal Administrations .

1- AREN application (Information about Ayie): The challenge of the information master

The research and treatment of the information has always been a constant preoccupation in the declarative fiscal systems . In fact , the confidence granted to the tax payers requires from the fiscal administration a surveillance at all moments in so far as it is naturally focused on fiscal fraud and tax evasion . This is how the fiscal control becomes corollary in dissociable of the declarative system and information while being the main jurisdiction . AREN software is being implemented and constitutes one of the answers of the Cameroonian fiscal Administration to the declarative system requirement .

This information application shall mainly and automatically permit the real comparison between the subscribed declarations by the tax payers and the information collected from different resources in order to proceed to the adjustment of the declared bases .

2- Interconnection between the State Financial Administrations: Bet of the modernity

The establishment of the information interface between the main Cameroonian Financial Administrations , mainly The Directorate General of Taxation , Directorate General of Customs (DGDJ , Directorate General of Treasury (DGT) and Directorate General of Budget (OGB) , constitute one of the biggest challenges in this regard . This information link must allow an automatic mutualization and necessary real information for a better acquisition of tax revenues pertaining to the economic transactions .

In fact , it is worth noted that this ambitious enterprise enlists in a progressive approach , which interconnection between the DGI and DGD constitutes the first step of this process . It must be translated by the establishment of an inter between the aforementioned 061 applications and the Automated Customs system (SYDONIA) used in the 060 . While being established as an implementation of the ongoing economical program , the DGI/DGD interconnection must be achieved in November 2007 .

II- Goals of the use of the information instruments in the tax administration

A- For the Fiscal Administration: Efficiency and performance

1) Efficiency by reducing the cost of tax planning

From the base to the tax suit passing by the recovery and control , the tax collection process implies a cost for the Administration in charge of the collection as well as for the tax payers aiming at supporting the same .

As for to the planning types adopted by an administration , this cost can be subject to increase or decrease . Upon observation , it was clear for the particular case of the Cameroonian fiscal Administration that the non use of the information applications contributed to the increase of the taxes collection cost This is how it was no surprise to obtain null or negative revenue rates even if the collection rate is positive . This is simply explained by the elevated rate of the collection cost , which decreases the achieved gross

revenue .

Contrary to a manual environment , the information environment is to guarantee a certain level of efficiency in the fiscal administration . The growth of the revenue and the service quality noted at the introduction of the information applications in the collection process and the follow- up of the taxes in Cameroon is the perfect example in this regard .

2) Performance by enlarging the base and the strengthening the fiscal

The improvement of the performance of the fiscal administration is one of the main goals of the use of information technology and communication . This is implemented through the loyalty of the tax payers by means of a better follow up on the one hand and through the enlargement of the base through the fiscalisation of informel activities on the other hand .

The different information applications developed by the Cameroonian fiscal administration , particularly IDU , SONDE and AREN programs , enlist in this logic of the performances improvement focused on the loyalty and fiscalisation of the informel sector .

B- For the usager contribuable : Improvement of the quality of the rendered service

1) Speed in rendering the service by mastering the time factor

In order to achieve its fiscal obligations , the tax payer must dedicate 1300 hours yearly . This disastrous situation for the economy and prejudicial for the enterprises is mainly due to an insufficient computerization or to the non use of the tele declaration .

The implementation of the aforementioned information applications has allowed an improvement of the follow up of the tax payers and a better tax securing . Nevertheless , these assets would have affected the quality of the rendered service more regarding the tax payers if they were combined to the tele declaration . This is explained by the possibility for the tax payers to enlist their declaration through their enterprise without having recourse to their joining center; which will save time and protects the fiscal administration from the corruption temptations of all types .

2) Struggle against corruption by reducing appreciation margins kept for the agents of the fiscal administration

Physical contacts between the officials of the tax department and tax payers have always constituted a source of prejudicial illicit transactions for the tax payers as well as for the public treasury .

Moreover , the tax manual planning favour in manipulations and transactions difficult to contemplate in an environment entirely automated and computerized . This is more obvious than the officials of the tax department consider their margins of operations , considerably decreased as far as they are confined to execution functions framed by information applications .

Conclusion

In reference to the previous developments , we can conclude that the use of the information technology and communication in the tax planning is considered as real and alive data amidst the Cameroonian fiscal Administration . As real as it is in this regard that some assets exist , as alive as the works entered into or simply contemplated within the frame of 501 , it gives birth to real hopes regarding the modernization of the tax planning . Hopes , more legitimate than the public authorities seem to demonstrate in favor of the computerization of the techniques of the tax planning . The declared perspective of the adoption and implementation of the Integrated System of the Tax and Similar Planning (SIGTAS) designed by Canada is the perfect example in this regard . Lively, the negotiations entered into by the Cameroonian Authorities registered a fast success .

A ★ T ★ A ★ I ★ ☾



WORKING PAPER
ARAB REPUBLIC OF EGYP

The Use of Information Technology to Modernize and Improve the Efficiency of Tax Authority

Main features of the new Income Tax regime

- Corporate tax rate was reduced to 20% (Oil Exploration and Production companies are taxed at 40.55%)
- Abolishment of corporate tax holidays (phasing out existing exemptions)
- Self assessment tax regime .
- Tax audit on a sampling basis within 5 years of tax return filing .
- Introducing international tax concepts :
 - Residence based system .
 - Transfer pricing .
 - Thin Capitalization .
- Implementation of Egyptian Accounting Standards .
- High Penalties for violators of tax law .

Main features of the new Income Tax regime “cont’d”

- Foreign Tax Credit is available for an offset against and up to the domestic tax .
- Fees for foreign services are subject to a tax at 20% .
- Interest payable to a non-resident recipient is subject to 20% tax rate (subject to a treaty relief) .
- Records could be kept electronically .
- E-filing and e-payment .

Success Indicators

- No of tax returns filed increased from 1.7 million (2005) , 2.4 million (2006) to 3.1 million (2007) .
- Tax return payments increased from EGP billion 1.2 (2005) , EGP billion 4.4 (2006) to EGP billion 7.4 (2007) .
- Income tax revenue increased from EGP billion 32 (04/05) , EGP billion 48 (05/06) to EGP billion 59 (06/07) .
- Total tax revenue increased from EGP billion 68 (04/05) , EGP billion 88 (05/06) to EGP billion 104 (06/07) .

ETA Vision and Mission

- ETA Vision

A distinctive governmental agency that seeks to achieve voluntary compliance with the tax community .

- ETA Mission

To establish an advanced tax administration abides by the standards of efficiency and effectiveness based on global Quality Standards . ETA seeks to deliver high quality services to the taxpayers , by high professional staff , based on the principle of equality

and transparency . seeks gain the appreciation and the respect of the community , offering an integral tax system that aims to promote an informed and compliant tax community , reinforcement of financial stability and economic growth .

ETA – Strategic Objectives

- To modernize the ETA through employees , processes and technology .
- To develop and improve the quality of services delivered to those who deal with the ETA .
- To tighten the enforcement of tax laws and regulations in an equitable and transparent manner .
- To create a culture of voluntary compliance among taxpayers .

ETA Modernization Strategy

- The modernization strategy for tax administration reform comprises of :
 - An adequate tax policy framework .
 - Clear and simple legislation and procedures .
 - A full regime of self-assessment .
 - Risk based tax audit system .
 - Automation of both filing and archiving .
 - Full integration of domestic tax administration .
 - Taxpayer segmentation , beginning with the large taxpayers .

IT Vision and Mission

- IT Vision

Using technology effectively and innovatively to maximize the services provided to the taxpaying community and tax authority that leads to increase the voluntary compliance

- IT Mission

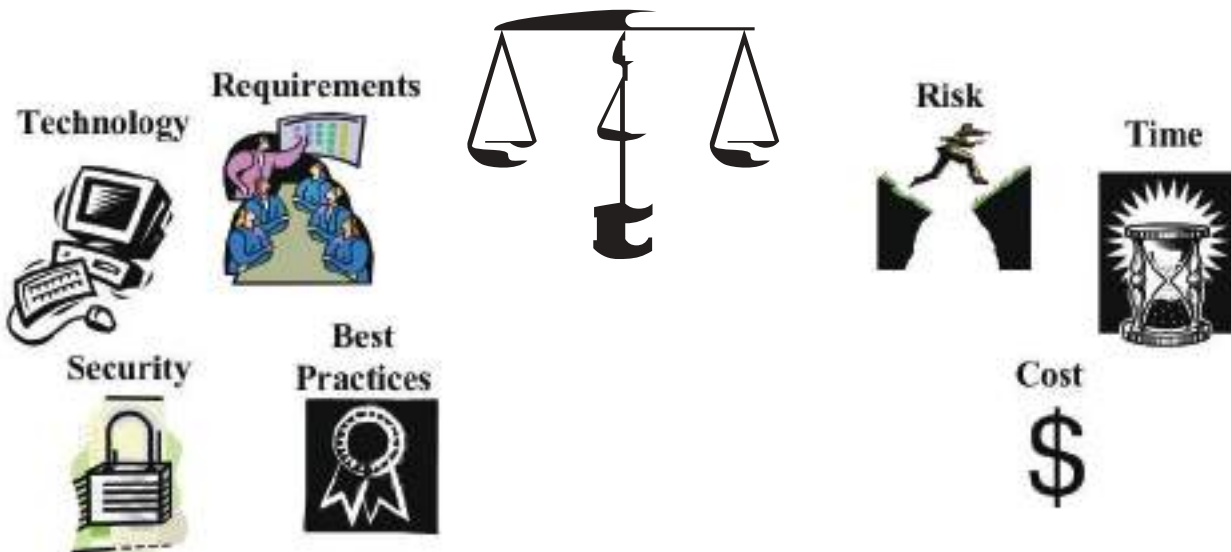
The ETA uses information technology to enhance the stability and public confidence in the tax system by insuring implementing modern systems and technologies , to increase the efficiency of operations and the quality of services provided to the taxpayer community .

- IT - Strategic Objectives

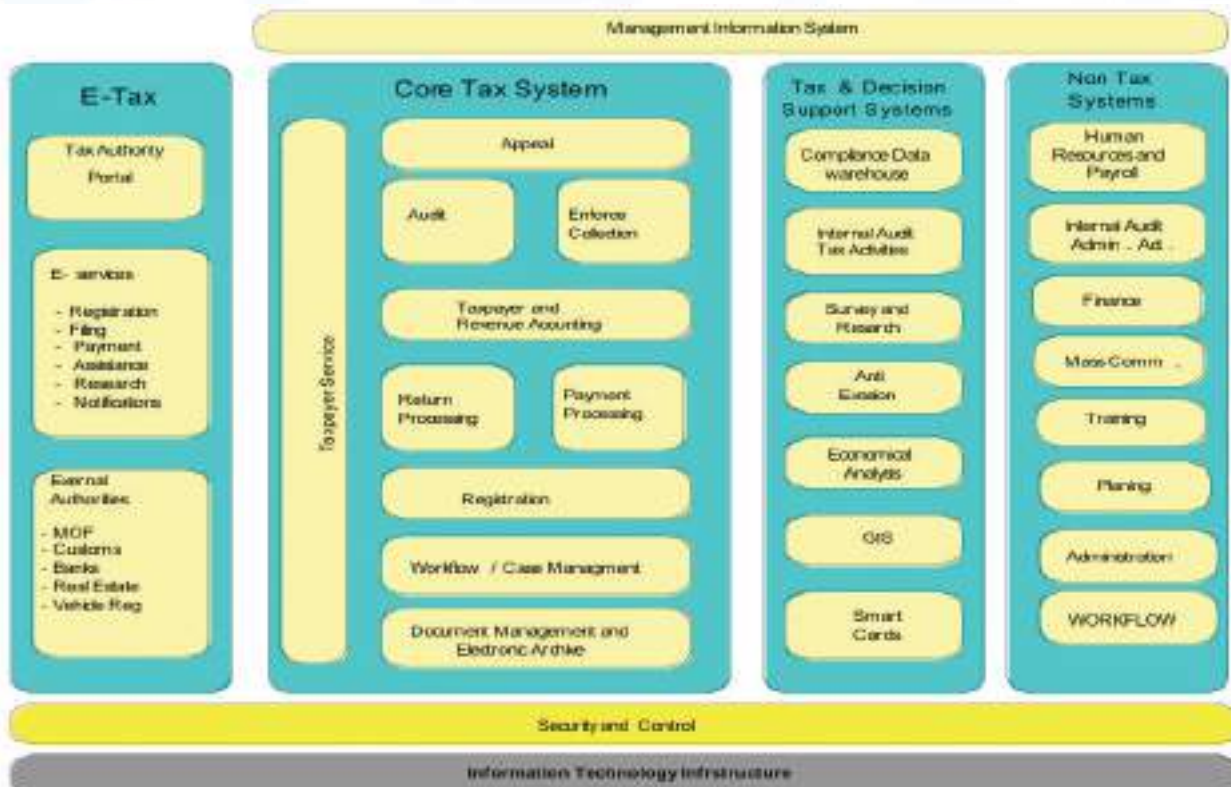
- Use IT to provide cost-effective means to achieve business results and improve operating efficiency .
- Build and maintain an infrastructure and architecture that are reliable , adaptable , scalable and driven by changing business and technological requirements .
- Promote an IT security program that proactively assures integrity , confidentiality and availability of corporate information .
- Provide enabling technologies to improve the way in which the ETA accomplishes its business .
- Build an efficient organization structure to provide high quality services to the ETA for a successful accomplishment of its objectives .

Integrated Tax Systems Constraints

A Balancing Act



ETA - Enterprise Architecture



Taxpayer Registration

- Generate and allocate unique Taxpayer Identification Number (TIN) .
- Issue taxpayer ID certificates and taxpayer ID cards when it is required .
- Capture the Registration details and store it in the system .
- Accept and add data from external registration sources .
- Provide registration information .
- Generate reports of linked entities – related entities , daughter companies– according to the identification numbers .
- Send notifications to the concerned departments and managers on the new registrations , changes in the registration information , transfer of taxpayers from one district to another according to the work procedures used by ETA .
- Search taxpayer register by name , type , legal status , address , activity code , accounting managers and other registration data items .

Deregistration

- Prevent de-registration of taxpayers with a due balance or missing tax returns .
- Support de-registration for different types of tax , according to the tax specific requirements .
- Implement workflow to support de-registration approvals from the concerned departments .

Reporting

- Generate registration management reports e.g. registration by entity type , by district , by region , by sector , by industry , growth of registration .

Returns and Documents Processing

- Accept data from returns and other tax documents in the following ways:
 - Entered by operator (on paper) ;
 - Filed on a magnetic/optical medium ;
 - By OCR/ICR technology ;
 - Through the Internet .
- Print bar-coded blank returns to be mailed to the taxpayers .
- Generate an acceptance receipt to the taxpayers for the submitted returns (in person , electronical etc..)
- Reject the incomplete electronic returns or those , which are not filled in correctly .
- Support fully the principles of self assessment .
- Check identity against the information from the general registration data .
- Matching of data declared with returns with data available in the system or data received from external institutions .
- Provide activity reports .

Processing of Payments

- Provide a full cashier module .
- Process payments made in cash , by checks and issue payment documents to the taxpayers .

- Cancel receipts and reverse the registered transactions .
- Calculate and impose late payment penalties .
- Send notifications to the legal departments .
- Automatically interface with external payment collectors to process the transactions performed through the smart card system or manually .
- Process payments made through internet and/or through debit cards
- Generate reconciliation information .
- Provide payment processing reports .

Taxpayer and Revenue Accounting

- Support and maintain taxpayer uniform account for all taxpayers including all debits and credits .
- Posting debits and credits to taxpayer and revenue account .
- Allow proper identification of received payments-TIN , tax type , tax period , method of payments and register it in the taxpayers' tax accounts .
- Generate a statement of account for a particular tax type .
- Allow the refunds only if it is sufficient credit across all accounts .
- Send out notifications on refund requests to the concerned departments .
- Generate a list of taxpayers with incomplete data in the received payments .
- Transfer of credits within a tax type or between tax types .
- Generate collected reports for a specified period of time .
- Provide periodical activity report .

Audits

- Selection of audit sample by providing a risk management system :
 - Define , add , remove , amend generic and specific parameters and set up a number of criteria according to tax type/activity type .
 - Modify the set criteria annually based on the audit results during the previous year and other information available .
 - Analyze taxpayer data on the basis of different weight parameters and calculate taxpayers' risk factor .
 - Maintain history of risk parameters .

Audits “ cont'd ”

- Full support of Audit Process
 - Automatically assign the selected cases to audit groups .
 - Draft an audit plan and track its progress .
 - Download the required taxpayer's information and analyze and cross check the information captured .
 - Upload the audit results to the main tax system .
 - Finalize the audit report and send it electronically for approval .
 - Provide comprehensive audit management reports .

Enforcement

- Generate lists of stop-filers and delinquent taxpayers prioritizing the cases which should be part of the enforced collection process .
- Possibility to build taxpayer profile using the information from registration process , the level of tax compliance , audit results , behaviour in previous collection cases , eventual debts outside tax system .

Taxpayer Services

- Process requests for issuing tax cards , certificates , issuing of certificates , notifications and other documents through the Internet .
- Accept , register and process the requests coming through e-services as provided to the taxpayers' community .
- Provide a summarized and detailed view of the taxpayer situation .
- Receive , register and process the inquiries and complaints received from the taxpayers or business community .
- Escalate unresolved taxpayers' inquires to appropriate services .
- Register guideline sessions with the taxpayers and analyze the results .

Appeals

- Register and maintain the objections received from taxpayers and actions taken by the appeal department .
- Scan and save the received appeal documents in the electronic archive .
- Notify the taxpayers on the objections received via Mail , e-mail etc....
- Support the appeal officers in preparation of the summary of disagreement report .
- Alert for approaching deadlines and issue risk warnings to comply with deadlines .
- Send acknowledgment and notification letters to taxpayers .
- Notify the appeal committee members on the dates reserved for the appeal hearing sessions providing details on the cases .
- Register the decisions taken by appeal committee and send out the assessment to the taxpayer .
- Provide a database with registered appeal cases .
- Provide detailed and aggregated reports .

Thank you



A ★ T ★ A ★ I ★ ☾



WORKING PAPER
INDONESIA



The Use of IT
In Improvement the Tax Administration
INDONESIA

Kuwait, November 2007

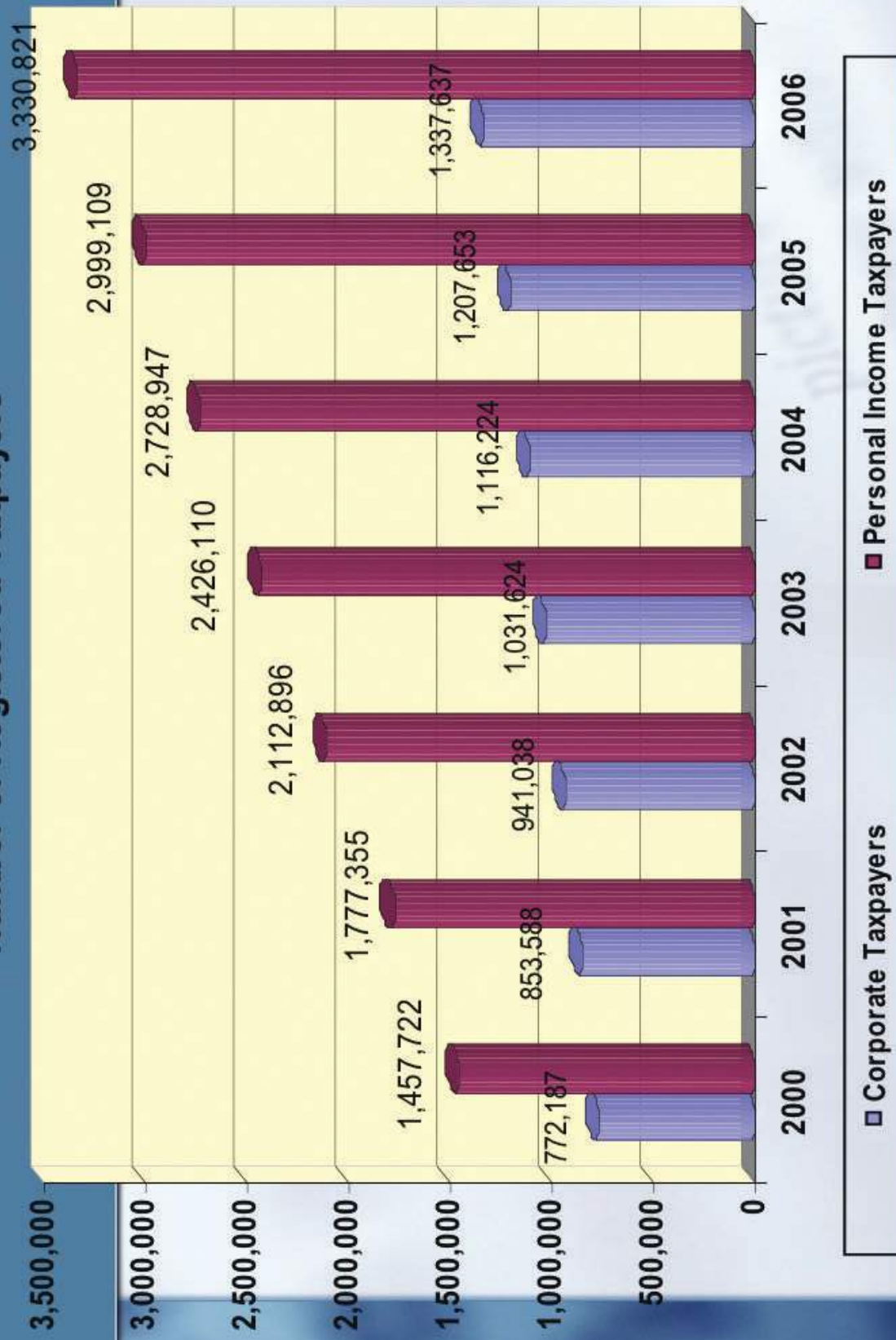


Ministry of Finance Republic Indonesia
Directorate General of Taxes

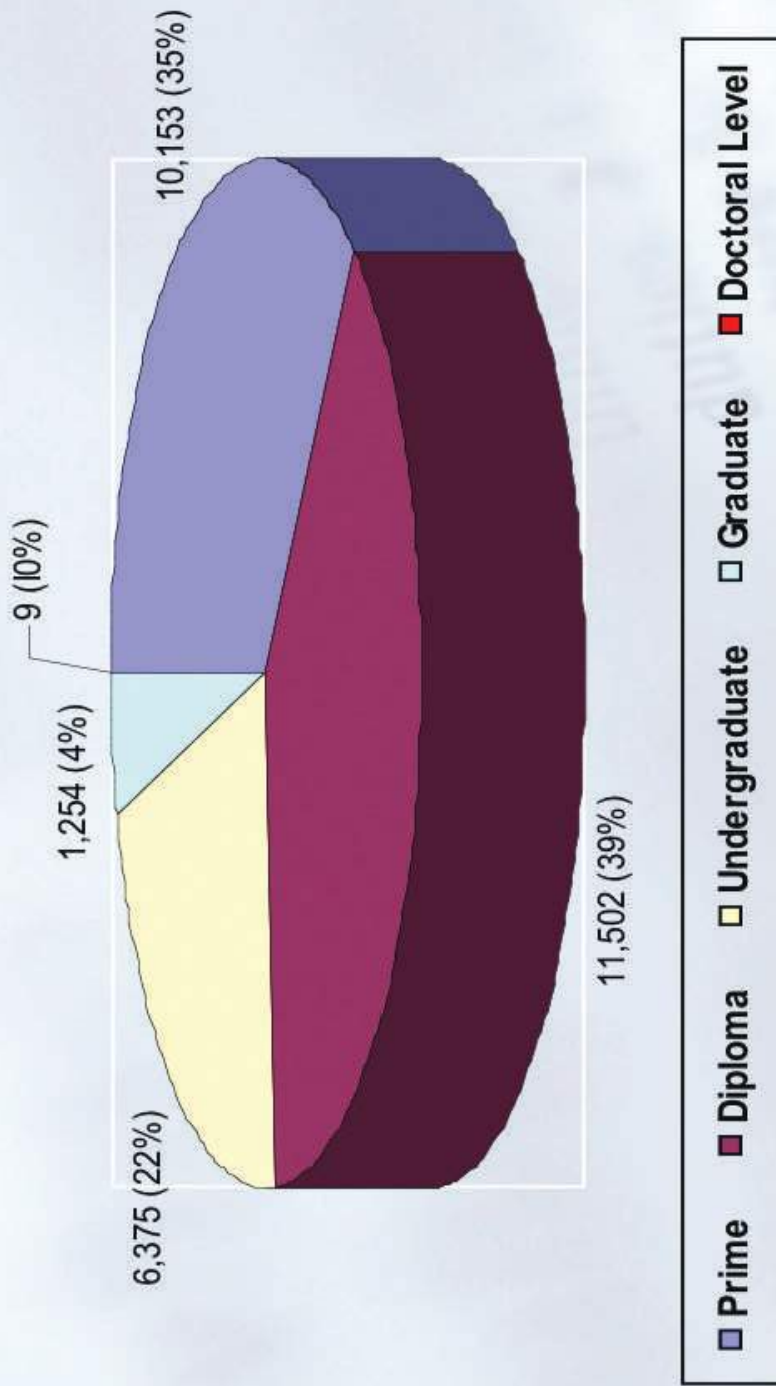
Number of Operational Offices as of August 2007

Regional Area Office	Modern Administration Office			Conventional Administration Office			Total
	Large Tax Office	Medium Tax Office	Small Tax Office	Tax Service Office	Land and Building Tax Office	Tax Inspection and Investigation Office	
Large Taxpayers	3	0	0	0	0	0	3
Jakarta Special Region	0	9	0	0	0	0	9
Java and Bali Island Region	0	13	91	94	79	28	305
Region Outside Java and Bali Island	0	6	0	63	85	23	177
TOTAL	3	28	91	157	164	51	494

Number of Registered Taxpayers



Number of Employees by Education Year 2005

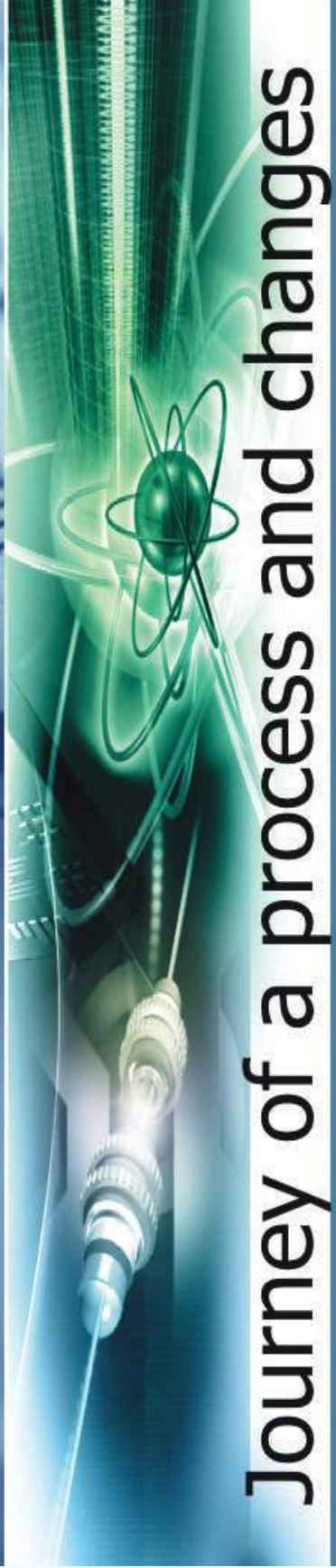


Tax Revenue (in trillions of Rupiah)



DGT

Information Technology

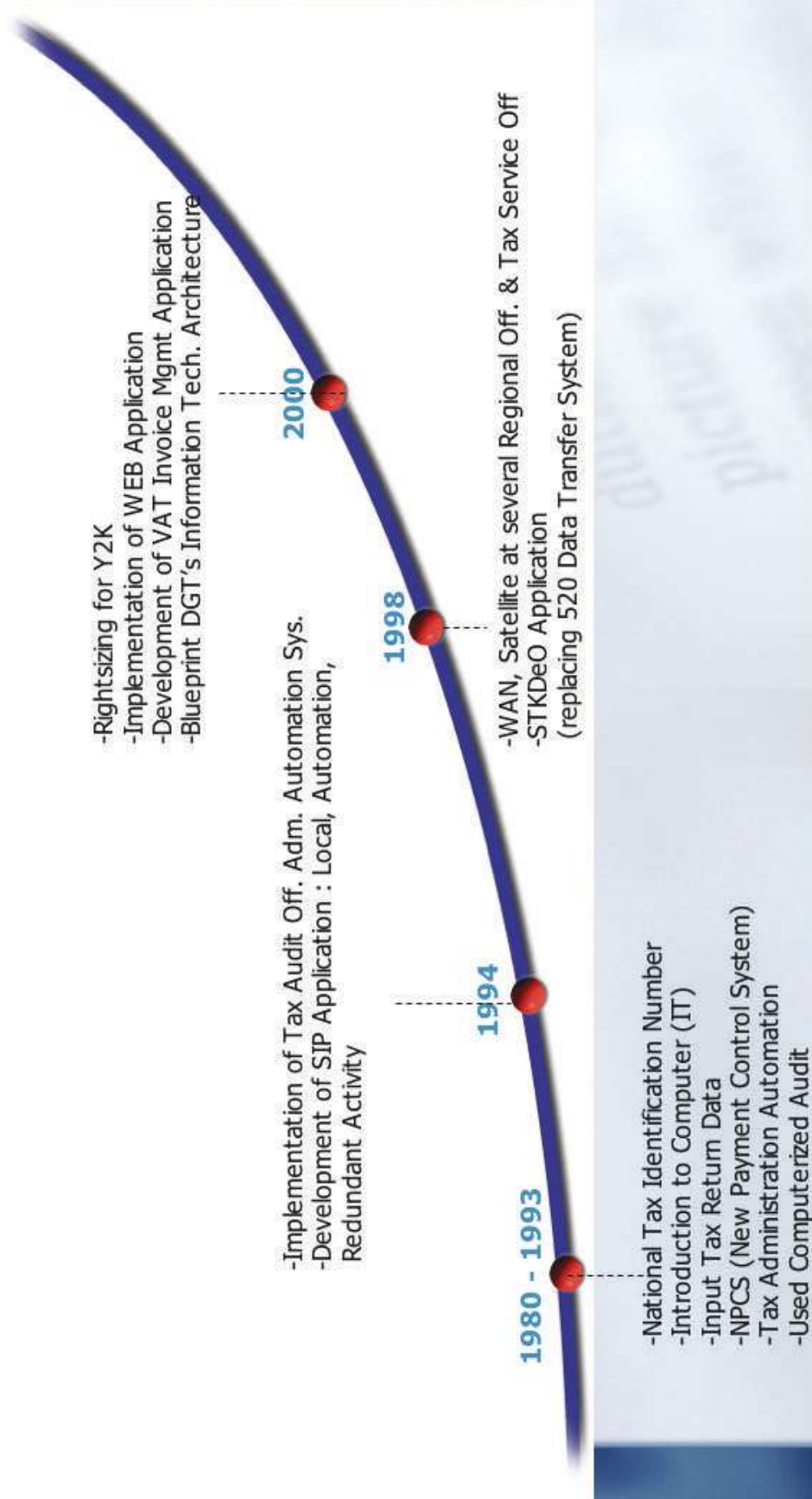


Journey of a process and changes



DGT IT Milestone

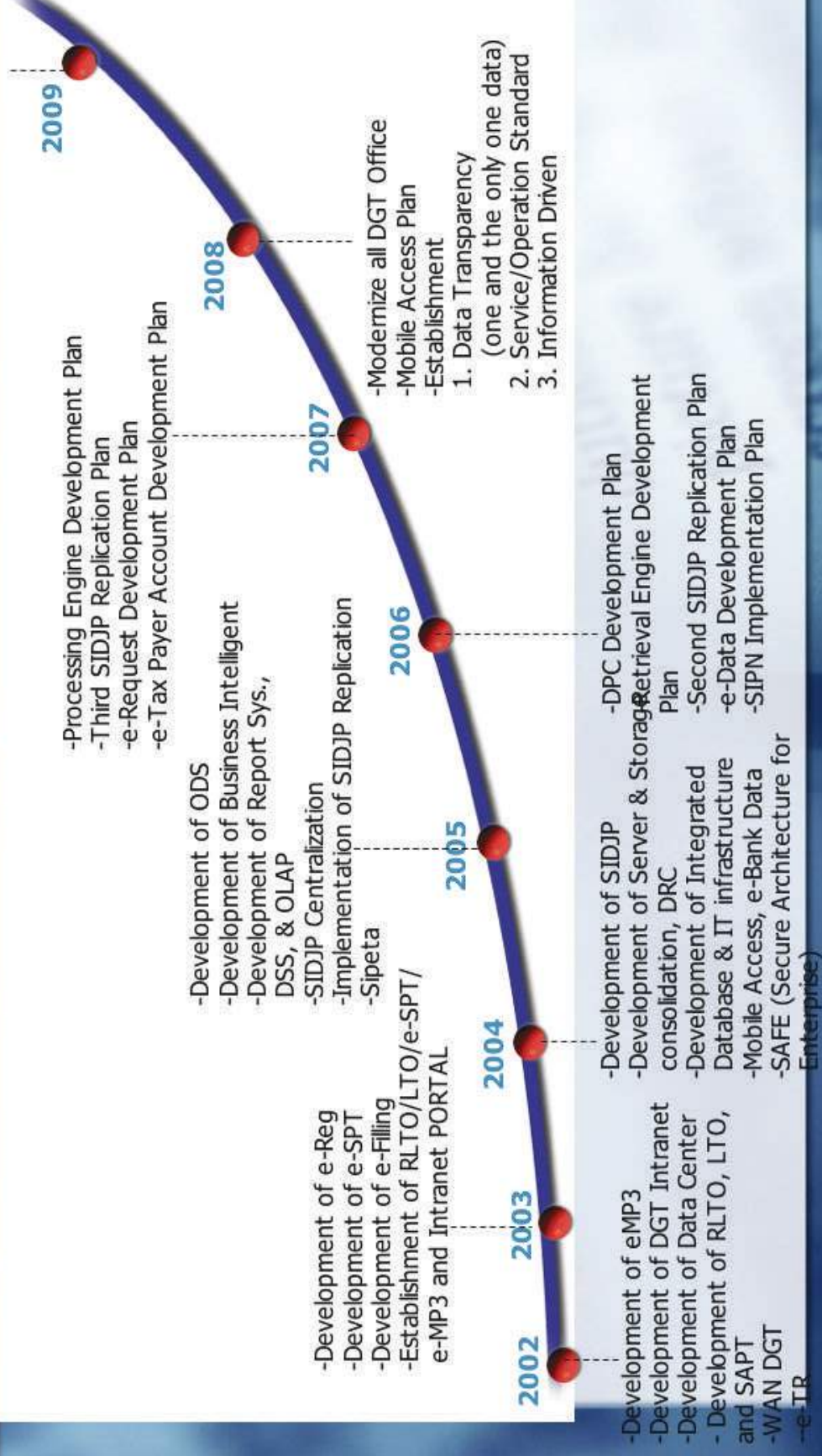
Over years constant innovation & growth



DGT IT Milestone

Over years constant innovation & growth

-Establishment of Tax Coverage Ratio



Use of IT in Tax Services

- e-payment (MP3), implemented in 2002,
- e-tax return → 2002
- e-filing → 2004
- e-registration → 2004
- e-taxpayer account (pilot project) → 2007