

**FOR  
INFORMATION**

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To: Members of the Executive Board

From: The Secretary

Subject: **Malawi—Technical Assistance Report—Strengthening Domestic Taxes and Customs and Excise Divisions Headquarters Function**

Board Action: Executive Directors' **information**

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Questions: Mr. Msiska, FAD (BMsiska@imf.org)





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**STRENGTHENING DOMESTIC TAXES AND CUSTOMS AND  
EXCISE DIVISIONS HEADQUARTERS FUNCTION**

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**Prepared by Maureen Kidd**

**January 2019**



*Building macroeconomic capacity in East Africa*



# I. INTRODUCTION

1. **The focus of this short-term expert (STX) mission was to assess the headquarters (HQ) structure and functions in both revenue divisions (customs<sup>1</sup> and tax).** A diagnostic review was undertaken through a series of meetings and interviews.

## II. PROGRESS SINCE LAST VISIT

2. **This was the first IMF intervention solely focused on headquarters structure and functions.** Past missions<sup>2</sup> have noted a variety of operational weaknesses to which weak HQ structures and management practices have at least in part contributed. Efforts to address these identified operational weaknesses have been slow. The MRA approved a new organization structure in January 2018 (see appendix 1) based on the results of a review by several multi-disciplinary internal teams. These teams addressed concerns about possible duplication, weaknesses in the monitoring function and a desire for better alignment of structure with the strategic plan. This approved new structure has not yet been implemented.

## III. SUMMARY OF TECHNICAL ASSISTANCE ADVICE

3. **This section will assess and provide advice for the Domestic Tax Division (DTD) and the Customs and Excise Division (CED) in two distinct parts.** Given that the issues vary and that there are different solutions in each case, the divisions will be reviewed separately with a focus on issues and advice related to: (1) organization structure and (2) relationships and management practices.

### **Domestic Taxes Division**

#### ***Organization structure***

4. **There are principles of tax administration organization design that are generally accepted.** These principles include: (1) a structure based on the key functions of tax administration, rather than on the type of tax being implemented (these key functions are generally registration, taxpayer services, return filing and payment, filing compliance, audit, enforced collection, and disputes); (2) a separation between policy direction and monitoring, on the one hand, and operational delivery, on the other; (3) a requirement for specialization where needed e.g., rulings and interpretations of the law; and (4) a recognition that the needs and compliance challenges of each segment of taxpayer (large, medium and small) are different.

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<sup>1</sup> A review of customs was added to the mission tasks shortly before the start of the mission.

<sup>2</sup> Various IMF aide memoires (2014 and 2018) and Tax Administration Diagnostic Tool – TADAT report (2015).

**5. These principles translate to an organization structure where there is a strong headquarters (HQ) function.** This HQ function has responsibility for the functional direction of all aspects of tax administration while operations follow this direction. Note that the key functions of tax administration (noted above) are the *same* for HQ and for operational offices. HQ **monitors and provides guidance and direction**. Operational offices **execute**. In its role, HQ develops procedures and policies and mechanisms to properly monitor results. It sets strategies, develops business cases, oversees planning and reporting, ensures consistency in administration and enforcement, determines resource allocations for the tax administration, develops key performance indicators and ensures they are tracked. The HQ is responsible for major decisions about the main tax administration functions and is the link to IT to ensure that the needs of each function are met.

**6. HQ is not a building or location – rather, it refers to the functional center with responsibility for operational policy and monitoring.** A good analogy is a bank – its headquarters designs programs, identifies loan parameters, monitors branch activities, etc., while operational branches execute those operational policies.

**7. In DTD, the HQ functions are present in the current structure – but they are fragmented and may not work in an optimal way.**<sup>3</sup> Key HQ design and oversight functions are spread across three deputy commissioners (DCs for technique, audit and operations) with a fourth responsible for systems and business analysis. HQ at present executes only a portion of expected practice, no common approach or format exists for procedures and monitoring/analysis of results is not pulled together in a coherent way for executive discussion and direction. Table 1 sets out the current role of each HQ department and identifies substantial gaps in the HQ (design and monitoring) mandate.

**8. An improved HQ organization structure is proposed.** Figure 1 sets out an alternative structure that better reflects the principles set out in paragraphs 4 and 5.

- **Design and monitoring** – these accountabilities are consolidated under the responsibility of two DCs – one for facilitation and one for intervention. A clear distinction is made between HQ functions carried out here from operational execution.<sup>4</sup> Descriptions of the specific responsibilities follow; (a) **facilitation** – develops procedures and programs to identify and inform taxpayers, ensures processes are simple, available and work effectively (specifically for registration, service, filing and payment), analyzing results and addressing poor performance; and (b) **intervention** – develops procedures and programs for key DTD compliance interventions e.g., audit, enforced collection, filing compliance and other forms of compliance), reviews and analyzes overall performance and addresses performance gaps. Risk management is located here.

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<sup>3</sup> In addition, overall HQ positions total close to 45 (a little less than 10 percent of overall DTD resources – international practice suggests an appropriate range is 7 to 15 percent). This overall resourcing level is in the middle of the recommended range however close to 40 percent of these HQ positions (17) are at the executive or management level. This appears unduly high and leaves little room to staff needed senior and technical resources.

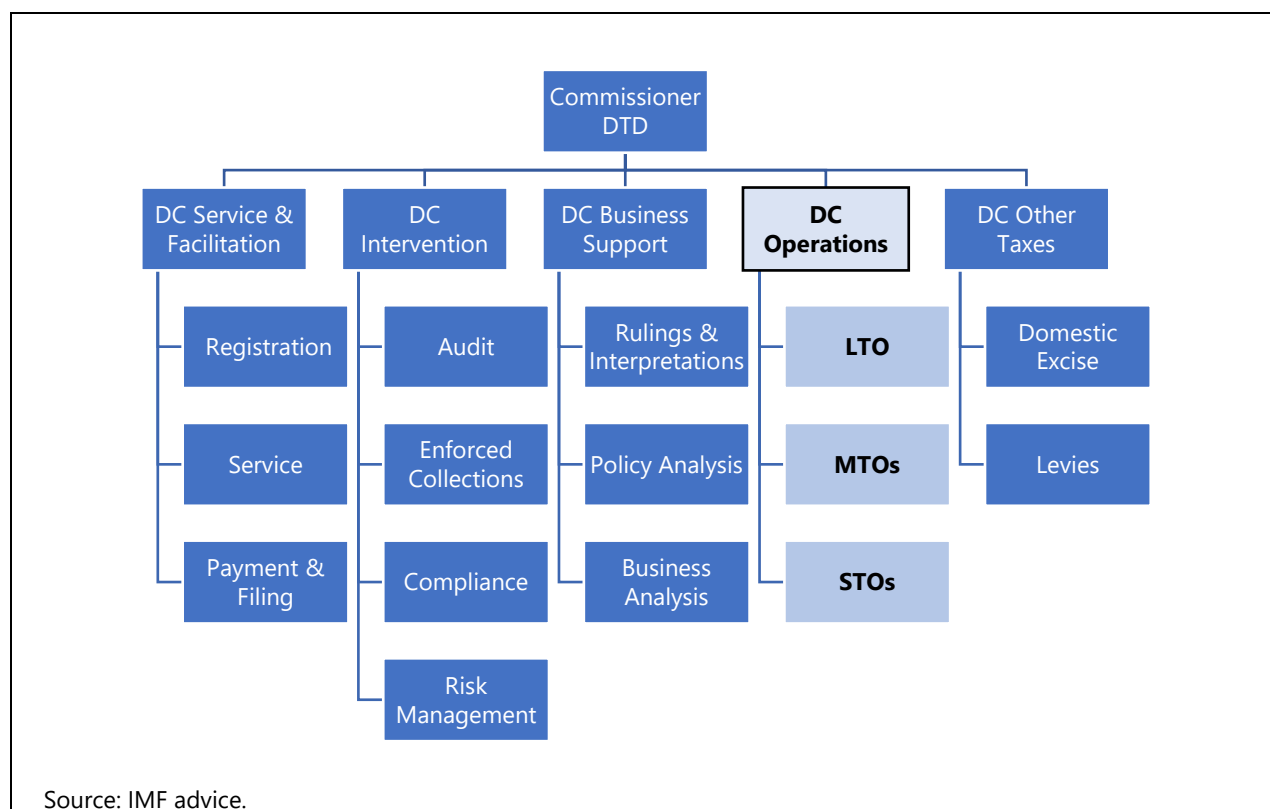
<sup>4</sup> Note that in a very large tax administration organization there could be a separate DC for each major function, and in a very small one a single DC could have responsibility for all functions.

**Table 1. DTD HQ Departments—Existing Role in Design and Monitoring and Identified Gaps**

HQ Department & Role	Key Missing Elements
<b>Technical – 11 positions (3 managers)</b> <i>Assumed responsibility for taxpayer registration in new structure along with taxpayer service (shared with corporate affairs) and ongoing responsibility for training. Develops procedures only for own remit. Manages an informal rulings program (no legal basis at present).</i>	<ul style="list-style-type: none"> <li>Limited taxpayer service function – no specific plan/approach, monitoring of operational results, ability to identify trends and service needs. No service charters. Corporate Affairs is creating an MRA call center and it is unclear how this will work vis-à-vis DTD.</li> <li>Limited rulings function - rulings offered informally but no tracking of number, topic or creation of technical reference system.</li> <li>Training delivered here instead of more typical HQ role of coordination.</li> <li>Procedures and monitoring – not a robust part of role.</li> <li>Results monitoring – said to be limited by IT.</li> <li>Resources limit ability to perform full role.</li> </ul>
<b>Quality Assurance (Audit) – 6 positions (2 managers)</b> <i>HQ lead for all matters related to audit despite department title. Develops plan and maintains oversight of production. Audit QA relies heavily on objections outcomes as main indicator. Strained resources a major limiting factor.</i>	<ul style="list-style-type: none"> <li>Resources too low for audit HQ – should be 12 to 15 positions.</li> <li>Impacts ability to have full ownership of audit function.</li> <li>Audit reporting in place but virtually the only focus is revenue. Results are tracked but little identification of emerging compliance trends and development of appropriate responses.</li> <li>Hand-off to investigations if case appears criminal is clear but application less-so. Feedback from investigations to inform audit knowledge is weak.</li> <li>Procedures in place but not reviewed regularly e.g., only every 2 years.</li> <li>Difficult to assume full ownership of function e.g., functional oversight of audit in LTO needs to be strengthened.</li> </ul>
<b>Operations – 13 positions (4 managers)</b> <i>Some oversight of operational offices (done by one officer), Acts as HQ for both payment &amp; filing function as well as debt and compliance. Responsible for procedures and reporting. Also responsible for electronic fiscal devices (EFDs). Non-tax revenue was moved here.</i>	<ul style="list-style-type: none"> <li>Limited oversight and management of stations – limited to specific cases, review of reports etc. Only one officer coordinates despite title of department.</li> <li>Includes both service-oriented processes as well as enforcement functions – unusual grouping.</li> <li>Non-tax revenue – better as direct report when also consider fragmented management of domestic excise.</li> <li>EFDs – placed here for lack of more suitable arrangement. Oversight would be subsumed in payment function.</li> </ul>
HQ Department & Role	Key Missing Elements
<b>Systems &amp; Business Analysis – 11 positions (2 managers)</b> <i>Compliance risk management in place since 2005 and acts as focal point for risk. Business intelligence is a new function that is intended to include data analytics.</i>	<ul style="list-style-type: none"> <li>Business analysis is a new function so limited progress on mandate.</li> <li>Revenue analysis largely handled at MRA level – this needs to be better developed.</li> <li>Little understanding of trends in revenue.</li> <li>Compliance risk management – previous AFE advice<sup>1</sup> cited little measurement and post-compliance assessment—this remains accurate.</li> <li>Need for formal compliance structure and relationships.</li> </ul>
<b>LTO – 62 positions (5 managers)</b> <i>Manages all large taxpayers through subordinate managers for audit, client relations, technical and disputes, returns and payment, collection and filing enforcement.</i>	<ul style="list-style-type: none"> <li>Key question here is reporting relationship. Creates a parallel tax department within the tax department.</li> <li>Logic of placement relates to revenue but same could then be argued for 3 MTOs – where do you stop in this approach?</li> </ul>
<p>Source: DTD information and IMF expert assessment.</p> <p><sup>1</sup> Wilcox, <i>Develop a Framework for Assessing Impact of Compliance Activities as well as New Tax and Administrative Measures</i>, IMF, August 2018.</p>	

- **Key HQ support functions** – grouped under a single DC and focuses on areas where specialization is needed (e.g., rulings and interpretations), cross-cutting issues, business and policy analysis, legislative support and international coordination. This DC does not include more general support functions such as HR, finance, etc. as these are provided by other MRA divisions; **Operational direction**<sup>5</sup> – this DC is part of the HQ executive team and oversees all operational offices, liaises with HQ colleagues on the implementation of procedures, closely monitors and assesses performance results, outcomes and trends. The LTO, MTO and STOs would report to this DC and this position could also manage any centralized or specialized operations that DTD may implement e.g., a data processing center. In many ways, this is a coordinating role. And **Other taxes** – this DC would have responsibility for domestic excise and any other levies. These taxes are specialized and difficult to administer alongside the core taxes of VAT and income tax. An August 2018 African Development Bank (AfDB) report<sup>6</sup> noted unclear roles, fragmented administration, limited officer knowledge of how an excise tax works and overall poor results, largely attributed to responsibility for domestic excise being shared by all and none at the same time.

**Figure 1. Proposed DTD HQ Structure  
(Showing Operational Reporting Lines in Pale Blue)**



<sup>5</sup> Operations is included in this discussion of HQ as how operations is overseen as a key HQ responsibility.

<sup>6</sup> ADB, Consultancy on the Management of Domestic Excise at the MRA, 2018.



**9. Mandates for the new HQ divisions should be developed.** There is no existing articulation of current roles and responsibilities or identification of key relationships (either within DTD or extending to the larger MRA). These mandates are needed for clarity and as the basis for internal discussions to ensure that all involved fully understand what responsibilities will now belong to the new HQ once approved. Appendix 2 sets out proposed high-level summaries of possible mandates.

**10. The proposed DC operations will play a pivotal role.** The LTO and other operational offices will have a strong voice and influence at HQ deliberations through the proposed DC operations. An improved collaboration between the new HQ DCs and operational offices will serve to assure the commissioner and CG that tax administration is delivering needed results and is closely tracking the business. Appendix 3 describes the roles and flow of work between HQ and the operational departments.

### ***Relationships and management practices***

**11. HQ will have close working relationships with many other MRA divisions.** The proposed new DTD HQ will not only improve internal coordination and outcomes but will also enhance DTD's working relationships with other parts of the MRA. e.g., the existence of the policy, planning and research division does not preclude DTD's need for more specific analysis and policy development in key areas. Appendix 4 describes the nature of these collaborative relationships across 12 different subject areas involving 8 different MRA departments. Each of these areas needs to be considered and an approach developed.

**12. The lack of effective monitoring has plagued DTD and MRA executive management.** DTD generates several operational reports, but ongoing problems highlight their ineffectiveness.<sup>7</sup> Reports are often late or incomplete with the absence of IT support cited as a major contributing factor. Developing performance information (and the critical supporting analytics) is only of use if the resulting information is actively used to manage DTD. DTD, as an institution, needs to emphasize an approach of performance linked to accountability. Appendix 5 includes a version of an executive dashboard that should be adapted and used by DTD management to better develop performance monitoring.

**13. Understanding of HQ business ownership needs to be strengthened.** It appears difficult for DTD HQ to maintain strong ownership of the key tax administration functions. Key aspects of performance are either not analyzed or not tracked at all and overall HQ resource allocation and then the allocation across HQ functions do not help this situation. HQ DCs are the key managers for their disciplines and should be aware of the overall health of their functions to properly brief the CG and commissioner as needed.

**14. Strong executive leadership will be needed to shift performance.** In many discussions, the absence of an Integrated Tax Administration System (ITAS) was cited as the key contributor to poor performance management and monitoring. It appears that beyond the reports cited at paragraph 12, the general perception is that little can be done, and the division seems to have

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<sup>7</sup> Filing rates remain extremely low across all taxes and the general approach is to do more e.g., raise estimated assessments that risk clogging the system with objections. No explanation is provided for why the debt inventory goes up or why performance in VAT refunds is not strong.

placed excessively high expectations on the arrival of ITAS. These circumstances have engendered a somewhat relaxed view of what reporting can possibly be achieved now and this is ill-advised. Strong messaging needs to begin with the commissioner and DCs on several fronts i.e. reports are expected even in the current environment, HQ will design and require more analysis and will provide support for needed workarounds to support reporting before ITAS implementation.

## **Customs and Excise Division**

### ***Organization structure***

**15. The division's proposed organization broadly represents good practice.** The basic principles outlined at paragraphs 4 to 6 that underpin a functional structure can apply across revenue administration to customs. This means that key components of the customs business should be organized by function with strong design of procedures and monitoring and oversight exercised through HQ. CED is currently structured around departments with the classic customs orientations of technical and enforcement, supported by an operations department and a business analysis and intelligence department.

**16. However, some important aspects of customs administration are not evident.** Table 2 sets out a high-level description of the structure and roles and highlights important elements that are missing from this HQ role.

**17. Some proposed modifications to the structure would improve coherence and delivery.** These proposed changes are set out at figure 2 and are less extensive than what is suggested for DTD. The general groupings used at present are maintained, with technique retitled for clarity. The general principles set out earlier are reflected as follows:

- **Design and monitoring** – these accountabilities are consolidated under the responsibility of two DCs – one for facilitation and one for enforcement. Descriptions of the specific responsibilities follow; (a) **facilitation** – includes a specific unit to handle the development of procedures and monitoring/analyzing of results for all aspects of customs processing that are not enforcement oriented e.g., passenger and commercial processing. Also includes specialist units for the major trade instruments – origin, valuation and nomenclature and a focal point for the growing body of work on trade facilitation; and (b) **intervention** – develops procedures and programs and monitors/analyzes results for key CED enforcement interventions reviews and analyzes overall performance and addresses performance gaps. Specialized enforcement initiatives are located here e.g., Flexible Anti-Smuggling Team (FAST), Post Clearance Audit (PCA) as is risk management.
- **Key HQ support functions** – grouped under a single DC and focuses on areas where specialization is needed (e.g., advanced rulings), cross-cutting issues, business and policy analysis. This DC does not include more general support functions such as HR, finance, etc. that are provided by other MRA divisions.
- **Operational direction** – Operations retains its original role as the key HQ position that oversees proper daily administration and enforcement of the law. The declaration processing center is located here as a centralized operation as is exports. This DC is now given responsibility for

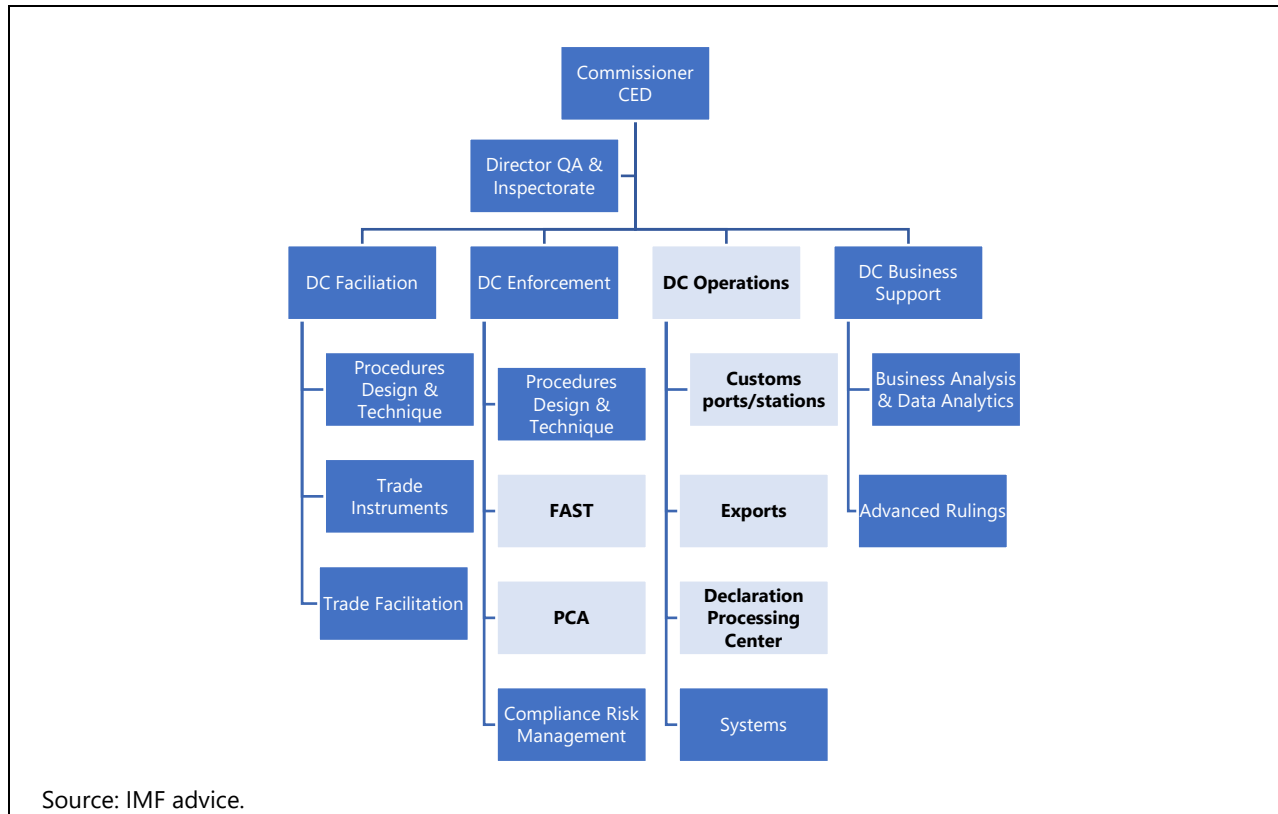
systems – meaning the Automated System for Customs Data (ASYCUDA) oversight is within the remit – but risk management is re-aligned with enforcement.

- The QA role is moved as a direct report to the commissioner to ensure the needed independence of this role.

**Table 2. CED HQ Departments—Existing Role in Design and Monitoring and Identified Gaps**

HQ Department & Role	Key Missing Elements
<b>Technical – 19 positions (3 managers)</b> <i>Provides specialized support to administration of key trade instruments and leads CED work on trade facilitation. Also responsible for development and revision of all customs procedures. Would usually have responsibility for advance rulings and any other customs legal questions.</i>	<ul style="list-style-type: none"> <li>• All expected functions found in stated mandate, but much is not done – resourcing and priorities an issue.</li> <li>• 90 percent of staff time spent approving various waivers.</li> <li>• Leaves little time for core responsibility of essentially designing how customs should work (technique).</li> <li>• Little procedural review or development done in recent years.</li> <li>• Policy/legal support to custom decision-making not strong here.</li> </ul>
<b>Enforcement – 64 positions (5 managers)</b> <i>Responsible for centralized enforcement operations via mobile teams under 3 managers and PCA. Also devotes resources to a QA and inspectorate function that undertakes station reviews, reports findings and tracks required improvements.</i>	<ul style="list-style-type: none"> <li>• One possible anomaly is location of QA function within enforcement – a focused effort at assurance for executive management.</li> <li>• Consideration could be given to more independence and placed as a direct report to commissioner.</li> <li>• Unclear how enforcement procedures are developed given weakness of technique capacity in this area.</li> </ul>
<b>Operations – 47 positions (3 managers)</b> <i>Principal manager of the HQ-operations relationship with direct oversight of all offices except Blantyre (which is at DC level and reports to commissioner). Also includes central oversight of exports and management of declaration processing center. Risk management unit is also found here.</i>	<ul style="list-style-type: none"> <li>• Logical placement for operational oversight, exports and declaration processing.</li> <li>• Placement of risk management unusual.</li> <li>• DTD aligns with Business Intelligence given synergies between these functions OR could be better aligned with enforcement (rationale for separation of selection and execution may have guided this choice).</li> </ul>
<b>Business Analysis &amp; Intelligence – 17 positions (2 managers)</b> <i>Mandate includes intelligence, analysis and analytics. Also acts as focal point for ASYCUDA management and oversight.</i>	<ul style="list-style-type: none"> <li>• Unclear how intelligence mandate here will relate to risk management in operations.</li> </ul>
<b>DC Blantyre Port – 50 positions (2 managers)</b> <i>Responsible for all operations at largest port.</i>	<ul style="list-style-type: none"> <li>• As with LTO, creates a customs-within-customs by direct report to the commissioner.</li> </ul>
Source: CED information and IMF expert assessment.	

**Figure 2. Proposed CED HQ Structure (Showing Operational Reporting Lines in Pale Blue)**



**18. Mandate statements are an essential next step.** CED needs to have a stronger understanding of the extent of the mandate for which they are responsible and to be able to prioritize resources to essential work. Statements should be developed for each department and unit. Appendix 2 (cited earlier for DTD) also includes high-level proposals for mandates for each proposed CED department.

**19. Customs challenges lie less in the organization structure itself but more in priorities and allocation of effort.** For example, the current Technique Directorate spends virtually all its time approving specific concession requests and this creates a myriad of problems. It is unusual in that with all needed approvals already in place, the requirement for yet another approval is difficult to understand. It also hijacks time and attention from a critical and growing workload in what should be the leading department in any customs HQ. At present, customs is ill-prepared for these challenges.

#### ***Relationships and management practices***

**20. Customs will need to manage MRA relationships as set out in paragraph 11** The issues are virtually identical to those set out for DTD. Both divisions need to discuss, meet with counterparts and confirm where mandates begin and end and the nature and frequency of

collaboration. The chart presented at appendix 3 is equally valid for customs in terms of subject areas.

**21. The specific question of domestic excise should be resolved.** Excise remains in the division's title presumably because of excise collection on importation. The transfer of excise as detailed in the previously cited AfDB report indicates a lack of clarity around the role between DTD and CED to the detriment of the performance of this tax. This should be resolved without delay. The creation of a specific focal point for excise within DTD as proposed may contribute to progress in this regard.

**22. Customs management reporting is more robust than DTD.** The fact that ASYCUDA World is in use does give CED better support to management reporting and to addressing problems as they arise. While reports are indeed generated, more could be done to use these reports in a dynamic way to query if results expected are in fact being realized and if this is not the case, what mitigation is needed. Reports include the range of key indicators that would allow executive management to consider progress and agree on solutions when outcomes fail to meet expectations. Business analysis could contribute to more in-depth reviews to assess trends and to resolve issues.

**23. A summary of immediate action needed is included at Table 3.**

**Table 3. Summary of Actions to be Taken**

Actions to take	Deadline	Responsibility	Implementation advice
<b>Topic: Organization structure</b>			
1. Commissioners/CG/Board to agree with structure and plan.	1 March 2019	CG/Board	Some critical decisions need to be made to align structures fully with best practice. A failure to address structure will have a negative impact on performance.
2. Internal consultations to confirm roles.	1 April 2019	Commissioners	Some roles are already understood while others are emerging and need to be sorted out e.g., taxpayer service, legal for rulings etc.
3. Re-allocation of HQ positions	15 May 2019	Commissioners/HR	Overall position numbers are low and not properly allocated in DTD.
<b>Topic: Management practices</b>			
1. Inventory of all reports.	15 Mar 2019	Commissioners/DCs	Reports exist and cover many topics but need to be re-evaluated.
2. Executive dashboard - develop	1 May 2019	Commissioners/DCs/PPR	This should be aligned with ISORA and ISOCA. <sup>1</sup>
3. Identify existing analysis.	1 April 2019	Commissioners/DCs	This provides a baseline to develop better analysis.
Source: IMF advice.			
<sup>1</sup> The International Survey on Revenue Administration (ISORA) and International Survey on Customs Administration (ISOCA).			

## IV. AGREED NEXT STEPS

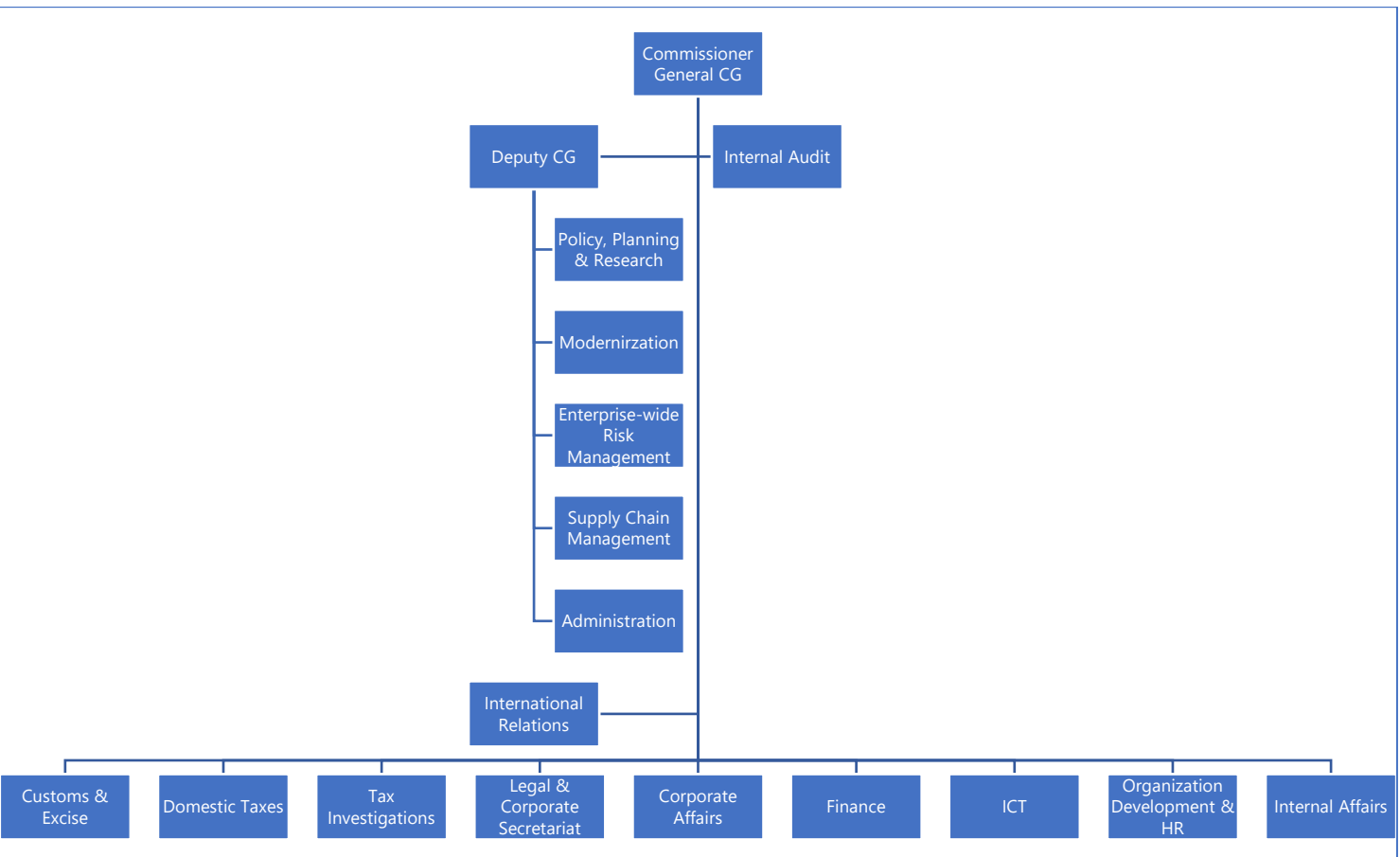
**24. Several questions need MRA executive management decision.** The MRA needs to discuss the range of issues that this report flags and to make certain decisions.

- Agree on: (1) proposals for changes to both CED and DTD HQ organization structures and present to the board and (2) develop and approve mandate statements.

### **List of Documents Produced and Provide to the Authorities**

Two power point presentations were prepared for tailored discussions with CED and DTD on the HQ organization, role and options.

# Appendix I. Approved MRA Organization Structure (January 2018—but not yet implemented)



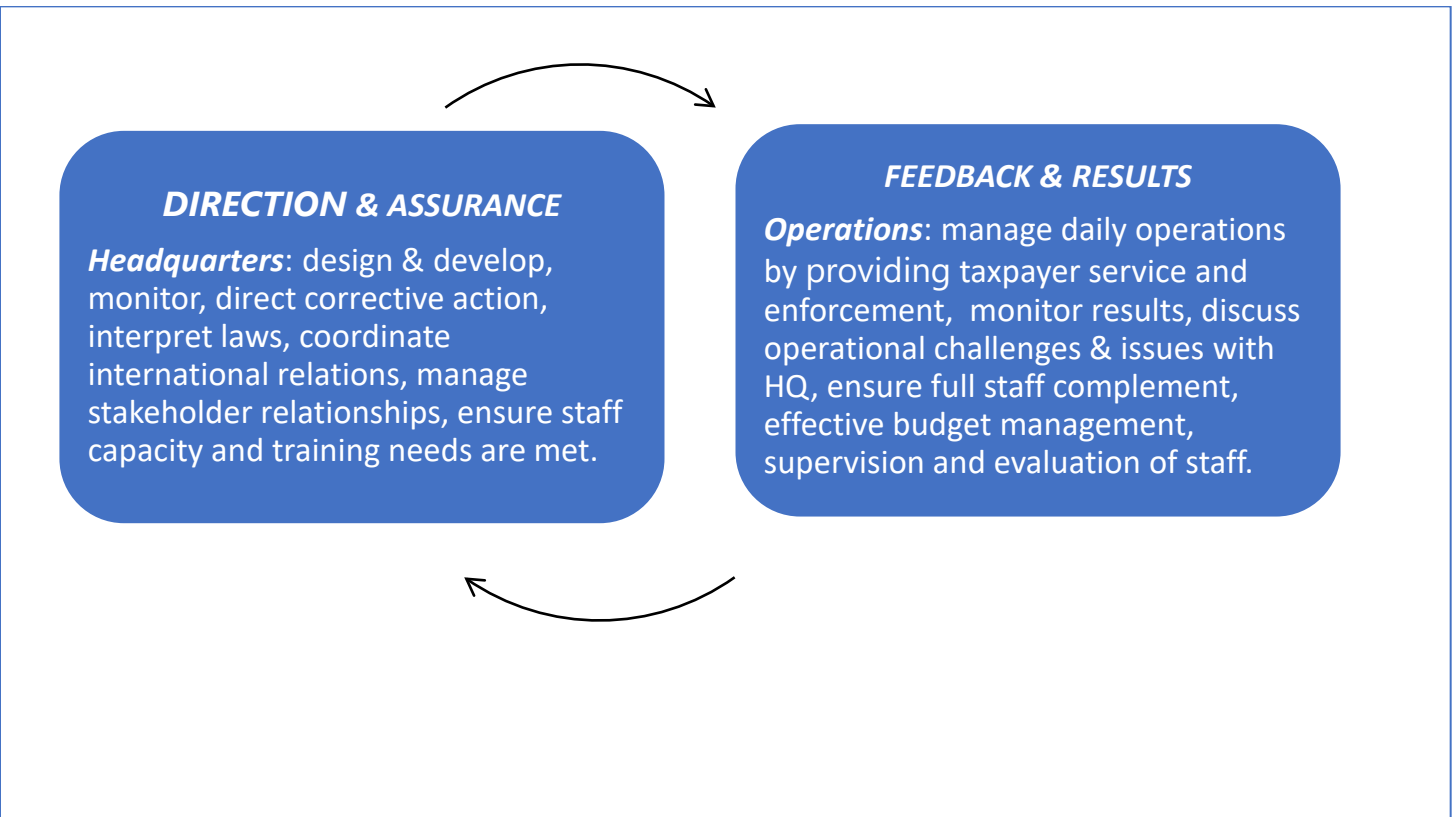
Common to all				
<p>Design processes and procedures for registration, filing and payment, audit, debt management and compliance—maintains manuals &amp; guidance notes.</p> <p>Develop business needs and convey to IT.</p> <p>Contribute to DTD strategic plan and develops operational plans for these functions.</p> <p>Provide guidance to operational offices for these functions.</p> <p>Monitor results &amp; produce trend analysis -- recommend/oversee corrections if results not achieved.</p> <p>Undertake quality review if needed.</p> <p>Determine KPIs for these functions and responds to corporate reporting requirements.</p> <p>Address recommendations of internal and external auditors.</p> <p>Identify training and capacity needs.</p> <p>Participate in evaluation of personnel.</p>				
Facilitation	Intervention	Policy Support	Operations	Non-tax Revenue
<p><b>Absorb cleansing of registration project recommendations.</b></p> <p>Registration and TIN.</p> <p>Service strategy.</p> <p>Forms, guides, brochures.</p> <p>Website content for DTD.</p> <p>Filing requirements by tax type.</p> <p>E-initiatives.</p> <p>Tax refund management.</p> <p>Tax clearance.</p> <p>Advice and guidance to offices.</p>	<p>Develop operational/tactical risk management.</p> <p>Audit plan and selection.</p> <p>Audit results and coverage.</p> <p>Audit support.</p> <p>Pursue use of data analytics.</p> <p>Advice and guidance to offices.</p> <p>Annual collections plan and targets.</p> <p>Write-off policies and protocols.</p> <p>Build compliance function including filing compliance and risk management.</p>	<p>Cross-cutting issues.</p> <p>Various research.</p> <p>Revenue analysis.</p> <p>Liaison with MOF.</p> <p>Stakeholder consultation.</p> <p>Legal support.</p> <p>Rulings &amp; interpretation program.</p> <p>Business analysis.</p> <p>Data analytics.</p> <p>International relations.</p>	<p>Ensure effective management and supervision of all operational offices.</p> <p>Represent operational needs and perspective to HQ DCs.</p> <p>Identify trends from rigorous reporting and discuss strategies with DTD executive management.</p>	<p>Management of domestic excise (centralized operations).</p> <p>Management of PAYE levy.</p>



## Summary of Mandates for CED HQ and New Divisions

Common to all			
<p>Design processes and procedures for trade instruments, commercial and passenger processing, other customs regimes, enforcement – maintains manuals &amp; guidance notes.</p> <p>Develop business needs and convey to IT.</p> <p>Contribute to CED strategic plan and develops operational plans for these functions.</p> <p>Provide guidance to operational offices for CED functions.</p> <p>Monitor results &amp; produce trend analysis -- recommend/oversee corrections if results not achieved.</p> <p>Undertake quality review if needed.</p> <p>Determine KPIs for these functions and responds to corporate reporting requirements.</p> <p>Address recommendations of internal and external auditors.</p> <p>Identify training and capacity needs.</p> <p>Participate in evaluation of personnel.</p>			
Facilitation	Enforcement	Policy Support	Operations
<p>Trader education.</p> <p>Service &amp; information.</p> <p>Design of forms and guides.</p> <p>Website content for CED.</p> <p>Nomenclature.</p> <p>Valuation.</p> <p>Origin.</p> <p>WTO trade facilitation compliance.</p> <p>Specialist support to customs offices for trade decisions.</p> <p>Identify training and capacity needs.</p> <p>Advice and guidance to offices.</p>	<p>PCA.</p> <p>FAST.</p> <p>Cross-cutting enforcement issues.</p> <p>Key liaison point with DTD and EWRM on compliance risk management.</p> <p>Identify training and capacity needs.</p> <p>Advice and guidance to offices.</p>	<p>Cross-cutting issues.</p> <p>Various research.</p> <p>Revenue analysis.</p> <p>Liaison with MOF.</p> <p>Stakeholder consultation.</p> <p>Legal support.</p> <p>Liaison with MRA Legal for CED.</p> <p>Advanced rulings program.</p> <p>Business analysis.</p> <p>Data analytics.</p> <p>International relations.</p>	<p>Ensure effective management and supervision of all operational offices.</p> <p>Represent operational needs and perspective to HQ DCs.</p> <p>Identify trends from rigorous reporting and discuss strategies with CED executive management.</p> <p>Identify needs to HQ departments e.g., for better advice, procedures that cannot be effectively administered, etc.</p>

### Appendix III. Typical Process Flow Between HQ and Operational Departments



The purpose of this document is to describe the complementary roles of the new CED and DTD HQ with a range of other MRA departments that play a corporate role in their respective areas of work. The emerging role of HQ should be complementary to the work of colleagues in other areas of the MRA and this document could form the basis for a series of meetings to ensure that the new role is well understood. The role descriptions are not meant to be exhaustive but rather to highlight subjects where HQ and another MRA office will need to work in close collaboration.

Subject	CED/DTD HQ role	Other MRA department role
<b>Legal</b>	<ul style="list-style-type: none"> <li>- Interpretation of customs/tax laws.</li> <li>- Development of rulings to clarify laws.</li> <li>- Development of internal guidance.</li> <li>- Manage objections</li> <li>- Act as treaty competent authority/lead on customs agreements.</li> <li>- MRA lead in treaty negotiations.</li> <li>- Advise LTO/Blantyre on specific aspects of cases, as required.</li> <li>- Develop advice to MOF on changes needed to legislation – with MRA.</li> </ul>	<b>Legal and Corporate Secretariat</b> <ul style="list-style-type: none"> <li>- Lead MRA in all matters related to prosecution and MRA role in courts of law.</li> <li>- Acts as MRA legal advisor (given body corporate).</li> <li>- Work with CED/DTD on development of advice to MOF.</li> <li>- Manage appeals process &amp; convey to CED/DTD results where views differ from initial decision.</li> </ul>
<b>Information Technology</b>	<ul style="list-style-type: none"> <li>- Business analysis of CED/DTD needs.</li> <li>- Implement various IT-based initiatives.</li> <li>- Identify CED/DTD reporting needs.</li> <li>- Review systems &amp; identify needed enhancements.</li> </ul>	<b>Information Technology &amp; Information Systems</b> <ul style="list-style-type: none"> <li>- Overall MRA lead for managing It resource.</li> <li>- Tender &amp; procurement process for IT.</li> <li>- Corporate IT framework.</li> <li>- IT strategic plan.</li> </ul>
<b>International Relations</b>	<ul style="list-style-type: none"> <li>- Coordinate efforts in negotiation and implementation of the administrative issues under bi-lateral tax and customs conventions</li> <li>- Study the impact of tax treaties or bilateral agreements proposed by other countries.</li> <li>- Advise on all other matters related to international customs or tax.</li> <li>- Manage bilateral relationships.</li> <li>- Manage and represent as needed MRA in international organizations e.g., IMF, ATAF, WCO.</li> <li>- Manage international visits and meetings related to CED/DTD.</li> </ul>	<b>International Relations</b> <ul style="list-style-type: none"> <li>- Lead MRA strategy for international involvement.</li> </ul>
<b>Planning &amp; Reporting</b>	<ul style="list-style-type: none"> <li>- Lead development of CED/DTD input to Strategic Plan.</li> </ul>	<b>Policy, Planning and Research</b>

	<ul style="list-style-type: none"> <li>- Develop CED/DTD operational plan and oversee development of workplans.</li> <li>- Contribute to dialogue on any process improvements needed.</li> <li>- Lead proposals for CED/DTD input to Annual report.</li> <li>- Propose CED/DTD KPIs.</li> <li>- Develop performance measurement &amp; management within CED/DTD.</li> <li>- Familiarize managers with reporting needs.</li> <li>- Develop variance analyses when results deviate from expectations.</li> <li>- Oversee development of corrective action and close tracking of results.</li> </ul>	<ul style="list-style-type: none"> <li>- MRA lead for planning &amp; monitoring methodologies, including expectations, guidance, tools, templates and calendar.</li> <li>- Advises CG on all matters related to these areas.</li> <li>- Advises on quality of DTD planning proposals and requires changes.</li> <li>- Remains current on emerging approaches to planning.</li> <li>- Leads development of Strategic Plan.</li> <li>- Leads preparation of Annual Report.</li> <li>- Sets out requirements for KPIs and other indicators.</li> <li>- Requires regular reporting from CED/DTD (now from HQ).</li> <li>- Requires mitigation strategies that set out corrective action where needed and tracks results.</li> <li>- Leads MRA in analysis of reasons for variances.</li> <li>- Leads key international relationships as related to planning and reporting e.g., IMF and ISORA/ISOCA.</li> </ul>
<b>Policy Analysis</b>	<ul style="list-style-type: none"> <li>- Identifies policy gaps and develops methodologies to conduct analysis on a range of topics.</li> <li>- Liaises with MOF on range of issues related to tax administration as influenced by legislation &amp; tax policy &amp; trade policy.</li> <li>- Establishes regular internal discussions on questions of tax policy changes needed by MRA.</li> <li>- Supports Planning &amp; Research in work with Tax Policy Committee.</li> </ul>	<b>Policy, Planning and Research</b> <ul style="list-style-type: none"> <li>- Main office that support Tax Policy Committee.</li> <li>- Tracks international developments.</li> </ul>
<b>Research</b>	<ul style="list-style-type: none"> <li>- Identifies areas of emerging interest for research &amp; briefs management.</li> <li>- Develops research methodologies.</li> <li>- Undertakes research &amp; development of policy papers on various issues e.g., HNWI, e-commerce, international taxation, use of "big data" &amp; analytics, border management.</li> <li>- Responds to emerging requirements – identified by DTD management or internal to HQ.</li> <li>- Generalizes awareness of emerging research capability.</li> <li>- Consults within and outside of MRA on research.</li> <li>- Establishes oversight mechanisms for approval.</li> <li>- Track international trends in tax administration.</li> </ul>	<b>Policy, Planning and Research</b> <ul style="list-style-type: none"> <li>- Leads MRA research program and acts as center of excellence for research.</li> <li>- Custodian of MRA research.</li> </ul>
<b>Revenue Analysis</b>	<ul style="list-style-type: none"> <li>- Enhances CED/DTD role in revenue analysis.</li> </ul>	<b>Policy, Planning and Research Finance</b>

	<ul style="list-style-type: none"> <li>- Develops capacity for better understanding of revenue results and variances.</li> <li>- Participates with MOF on discussions of revenue targets.</li> </ul>	<ul style="list-style-type: none"> <li>- Leads revenue monitoring and variance analysis.</li> </ul>
<b>Investigations</b>	<ul style="list-style-type: none"> <li>- Acts as CED/DTD main contact for all matters related to tax investigations:</li> <li>- Identifies criteria whereby DTD auditors are fully briefed on circumstances where audit findings indicate possible criminality.</li> <li>- Ensures customs officers aware of basis for referral and when.</li> <li>- Oversees referral of cases to tax investigations.</li> <li>- Ensures CED/DTD informed of results of investigations to further inform risk model.</li> <li>- Measures impact of revenue investigations on internal processes e.g., risk management.</li> </ul>	<b>Tax Investigations</b> <ul style="list-style-type: none"> <li>- Conducts all civil and criminal investigations for the MRA.</li> <li>- Acts as MRA lead office in civil and criminal investigations. In discussions with other government departments.</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>- Coordinates CED/DTD work with Enterprise Risk Management:</li> <li>- Tactical risk management for CED/DTD.</li> <li>- Develop and maintain risk criteria for audit selection.</li> <li>- Track results and adjust risk model and criteria as needed.</li> <li>- Coordinate CED/DTD input to risk register.</li> </ul>	<b>Corporate Risk Management</b> <ul style="list-style-type: none"> <li>- Overall responsibility for corporate risk management.</li> <li>- Sets strategic framework for operational risk management.</li> <li>- Maintains MRA risk management governance and risk register.</li> <li>- Develops &amp; maintains risk management guide and risk parameters. Prioritize risks. Conduct research.</li> </ul>
<b>Statistics</b>	<ul style="list-style-type: none"> <li>- Meet all CED/DTD statistical needs.</li> </ul>	<b>Policy, Planning and Research</b> <ul style="list-style-type: none"> <li>- Identify set of corporate MRA statistics to be collected &amp; tracked.</li> <li>- Determine statistical tools.</li> <li>- Maintain MRA statistical database.</li> </ul>
<b>Taxpayer/Trader Service</b>	<ul style="list-style-type: none"> <li>- Manage HQ functions from cleansing registration initiative.</li> <li>- Determine overall CED/DTD service needs. and discuss with Corporate Affairs.</li> <li>- Develop service channel strategy for taxpayers/traders.</li> <li>- Lead design &amp; development of CED/DTD forms and guides.</li> <li>- Input to maintain CED/DTD aspects of MRA website.</li> <li>- Develop education programs based on need.</li> <li>- Develop consultation strategies.</li> <li>- Study inquiries to identify needed changes to service programs.</li> </ul>	<b>Corporate Affairs</b> <ul style="list-style-type: none"> <li>- Lead development of MRA taxpayer service strategy.</li> <li>- Manage MRA customer interactions i.e. counters, call center, website – in close collaboration with DTD for contact.</li> <li>- Ensure consistent service offered at all MRA locations.</li> <li>- Lead MRA use of media.</li> <li>- Manage MRA public relations program.</li> <li>- Contribute to development of forms &amp; guides e.g., clarity, simple language, priorities.</li> </ul>
<b>Training</b>	<ul style="list-style-type: none"> <li>- Identify CED/DTD training needs.</li> <li>- Support Training Institute in delivery of training on tax issues.</li> </ul>	<b>Training Institute</b> <ul style="list-style-type: none"> <li>- Deliver training.</li> <li>- Manage training budget.</li> <li>- Identify training opportunities.</li> </ul>

REVENUE REPORT						
Tax Type	Gross	Refunds paid	Net	Projection	% variance	Analysis
PPT						
CIT						
VAT						
PAYE						
Other						
Total						

LTO REPORT						
REVENUE REPORT						
Tax Type	Gross	Refunds paid	Net	Projection	% variance	Analysis
PPT		NA				
CIT						
Withholding						
VAT						
PAYE						
Other						
Total						

AUDIT						
Audit Type	Case inventory	# completed	Avg. days to complete	Tax ass.	Tax coll.	Analysis
Field						
Issue						
Desk						
Statute-barred – audit						

	ARREARS OF TAXES											
	Opening Inventory		New debt		Closing inventory		Cases closed		Closing inventory		Measure s used	Analysis
Size of debt	Cases	\$	Cases	\$	Cases	\$	Cases	\$	Cases	\$		
Above XXX												
XXX- XX												
XX - 0												

STRATEGIC GOAL X: TO IMPROVE THE QUALITY OF SERVICE TO CUSTOMERS							
REGISTRATION							
	Month	YTD	% change 2014	Analysis			
New registrations							
De- registrations							
TAXPAYER SERVICE							
	Total volume - month	% change –previous report	Average wait time	% change – previous report	Volume total - YTD	Analysis	
Service channels:							
- Counter service							
- Telephone inquiries							
- Email							
- Letters							
o Inquiries							
o complaints							
- Call Center							
Education visits/seminars							
	Opening Balance	Incoming	Completed	Closing balance	Average time to complete	Number communicated to staff	Analysis
Rulings							
Freedom of Information						NA	
Ombudsman cases						NA	

STRATEGIC GOAL Y: TO OPTIMIZE EMPLOYEE SATISFACTION				
	Total volume - month	% change – previous report	Total volume – YTD	Analysis
Promotions				
Vacancies				
Retirements				
Turnover rates				
Recruitment				
Staff appreciation activities				
No. of employees trained				
Environment improvements				
Referrals/counselees to EAP				

STRATEGIC GOAL Z: TO ACHIEVE MAXIMUM VOLUNTARY COMPLIANCE								
AUDIT (MEDIUM AND SMALL)								
Type	Case inventory	No. opened	Risk selected?	No. completed	Avg. days to complete	Tax assessed	Tax collected	Analysis
Field								
Issue								
Desk								
Statute-barred								
OBJECTIONS (ALL)								
Type	Number	Value	No. confirmed change	Value-confirmed change	% change	Analysis		
From audit								
Other								
From PLTBU								
Small & medium								



STOP-FILERS												
Tax type		Total volume-month		% change – previous month	Total volume – year to date		Analysis					
PPT												
SPT												
CIT												
IIT (Self Employed)												
VAT												
PAYE												
Other												
Total												
ARREARS												
	Opening Inventory	New debt				Closing inventory		Cases closed		Closing inventory		Analysis
Size of debt	Cases	\$	Cases		\$	Cases	\$	Cases	\$	Cases	\$	
Above XXX												
XXX- XX												
XX - 0												
RETURNS PROCESSING BACKLOG												
Brought forward inventory (a)	Scanned (b)	Extracted to ITAS (c)		Balance (a)-(c)	Target for (c)	Analysis						
PAYMENT PLANS												
No. of plans approved	Average Value of Plans	Total Value of Plans		Value collected	No. of plans in arrears	Value of plans in arrears	Analysis					

STRATEGIC GOAL XX: TO INSTITUTIONALIZE CORPORATE GOVERNANCE				
BUDGET MANAGEMENT				
	Budget	Expenditure	Variance	Analysis
Recurrent expenditure				
- training				
- officer travel				
- maintenance				
DISCIPLINE/CODE OF CONDUCT INFRACTIONS				
Number of new infractions	Analysis			
INFORMATION TECHNOLOGY				
	Target	Actual	Analysis	
System performance				
System Availability				
Number of security infractions				
INTERNAL AUDIT				
Audits planned				
Audits underway				
Audits completed				
IT audits?				

STRATEGIC GOAL YY TO INCREASE OPERATIONAL EFFICIENCY, EFFECTIVENESS AND PRODUCTIVITY			
INITIATIVE	On track?	Percentage complete	Analysis
Institutionalize risk management.			
Re-align IRD's structures and processes.			
Establish an organization performance management system.			
Optimize IT capability.			
Develop and implement an asset management system.			
Institutionalize a strategic planning and management process for planning and monitoring.			