

Taxpayer Services Unit – the inception plan.

Mr. Kieran Holmes, Tax Administration Adviser to the Tax Authority in Country X gives a brief overview of the issues that have to be settled in order to create the proposed new Taxpayer Services Unit within the Tax Authority.

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Introduction

In this edition I propose to discuss the issues that the Tax Authority has to think about when planning the creation of a Taxpayer Services Unit. These topics include the mission and vision of the organisation, its structure, where it will be accommodated and how it will perform.

Mission and Vision

First of all what do we mean by 'mission' and 'vision'?

Every organisation has a mission whether it realises it or not. A mission is the basic purpose of the organisation and its scope of operations. It is a statement of the organisation's reason to exist. For example a mission statement for the Tax Authority might be something like "to collect the correct amount of tax from each and every taxpayer at the lowest possible cost in order to meet the financial needs of the Government of Country X".

A draft mission statement for the Taxpayers Services Unit (TSU) might read as follows: -

"The mission of the Taxpayer Services Unit is to disseminate information to taxpayers as quickly as possible. To achieve this mission the TSU will: -

- Respond to all questions raised by taxpayers within 72 hours;
- Publish the implementation of changes in law and procedures;
- Maintain a database of queries received and advice given on important issues;
- Liaise with relevant departments (e.g. audit) on important issues;
- Provide regular reports to the Director General of the Legal Department for dissemination within the Tax Authority.”

This draft mission statement tells us exactly what the basic purpose of the TSU is and why it exists.

Now that we know what the mission is what do we mean by a vision statement?

A vision statement is a mental picture of the possible and desired future state of the organisation. Vision has all to do with leadership. Every great leader creates a vision of the future, which he then communicates to his followers. Having a vision of the future and communicating that vision to all stakeholders is nowadays regarded as essential in the business world.

A draft vision statement for the TSU would read as follows: -

“The vision of the TSU is to become the principal point of contact for taxpayers seeking information from the Tax Authority.”

Now that we have a draft mission and vision for this new organisation, the next step is to decide on the strategic goals.

Strategic Goals

What do we mean by “strategic goals”? The strategic goals of any organisation are the major targets or end results that relate to the long-term survival, value and growth of the organisation. In the business world typical strategic goals might include various measures of return to shareholders, profitability of the enterprise, quantity and quality of outputs, market share, productivity, and contribution to society.

While the strategic goals of the TSU are yet to be decided we know from the mission and the vision that they are likely to be based on the following themes: -

- Forging links with taxpayers and groups of taxpayers (such as industry bodies or Institutes),
- Publicising changes in tax legislation or procedures within an agreed time scale,
- Being seen as a reliable source of information, and
- Providing clear and transparent advice on tax issues.

Location

The next step is to decide where the TSU will be located within the Tax Authority. There are really three options. The TSU could be located within the Chairman's office, within the Legal Department or within the Public Relations Department. The advice that the TSU gives on a specific tax issue will, in effect, become a precedent for future issues of a similar nature. This data base of precedents will grow over the years and will be so important to the Tax Authority that it may well be decided that the TSU should be situated within the Chairman's office. This is a very important reason for locating the TSU within the Chairman's office and the reasons for choosing one of the other options are less compelling.

Communications and accommodation

The TSU will receive enquiries by mail, fax, e-mail and telephone but it will not deal with taxpayers on a face to face basis and will issue all of its opinions in writing. The TSU will need basic office furniture and equipment such as a telephone, a dedicated fax machine, a computer connected to the internet and reference material such as tax laws and other books. We will then need to define the profile of personnel most suited to the job of TSU officer. For many taxpayers the person working in the TSU will represent the public face of the Tax Authority and therefore that person will need to be capable of dealing with taxpayers in a tactful, patient and compassionate manner. Finally job descriptions will need to be drafted and suitable people recruited and trained.

Performance

Finally, how will we decide if the new organisation is performing well or not? One method of managing performance is to draft a performance charter for the TSU and then agree performance indicators with the senior management of the Tax Authority.

The performance charter would be a short document which would be made available to the public and which would explain in broad terms what levels of performance a taxpayer should expect when he submits an enquiry to the TSU.

The performance indicators will include performance measures detailed in the performance charter but will also include other indicators which will enable senior management to closely measure performance, identify problems and implement action plans to resolve those problems.

The performance indicators will be based on activities and outputs.

Some suggested activity-based indicators might be: -

- The number of enquiries received by the TSU as a percentage of the number received in a similar period in the past (target at least 100%),

- The number of enquiries remaining unresolved after, say, one week (target nil),
- The number of enquiries dealt with by each TSU officer as a percentage of the number dealt with in a similar period in the past (target at least 100%),
- The percentage of opinions that are challenged by taxpayers (target 0%).

Some suggested output-based indicators might be: -

- The level of compliance of taxpayers who have sought information from the TSU (in other words what proportion of taxpayers who have requested an opinion are complying with their tax obligations) (target 100%),
- The level of satisfaction of taxpayers following their interaction with the TSU (using satisfaction surveys) (target at least 75% should be satisfied with the service they receive from the TSU).

Conclusion

This article summarises the steps that the Tax Authority needs to take to plan for the creation of the Taxpayer Services Unit using modern management principles.

The successful implementation of the Taxpayer Services Unit is vital to the success of the overall tax reform programme as the TSU will be the primary vehicle for the transmission of information to taxpayers.