The 6th BRITACOF

Shared Progress in Taxpayer Service for a Better Business Environment

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Tax Administration: where is there space for improvement?

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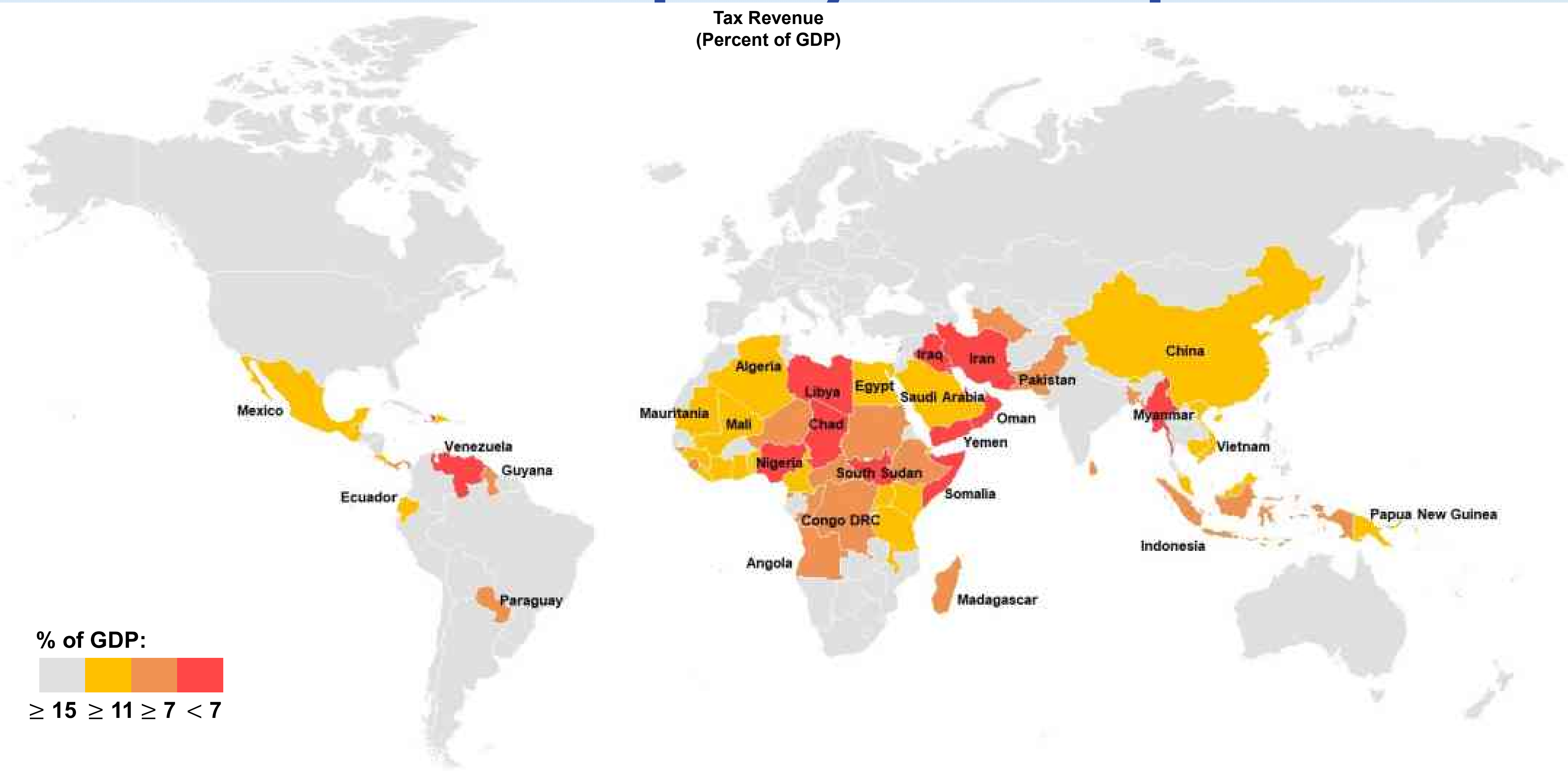
CONTENT

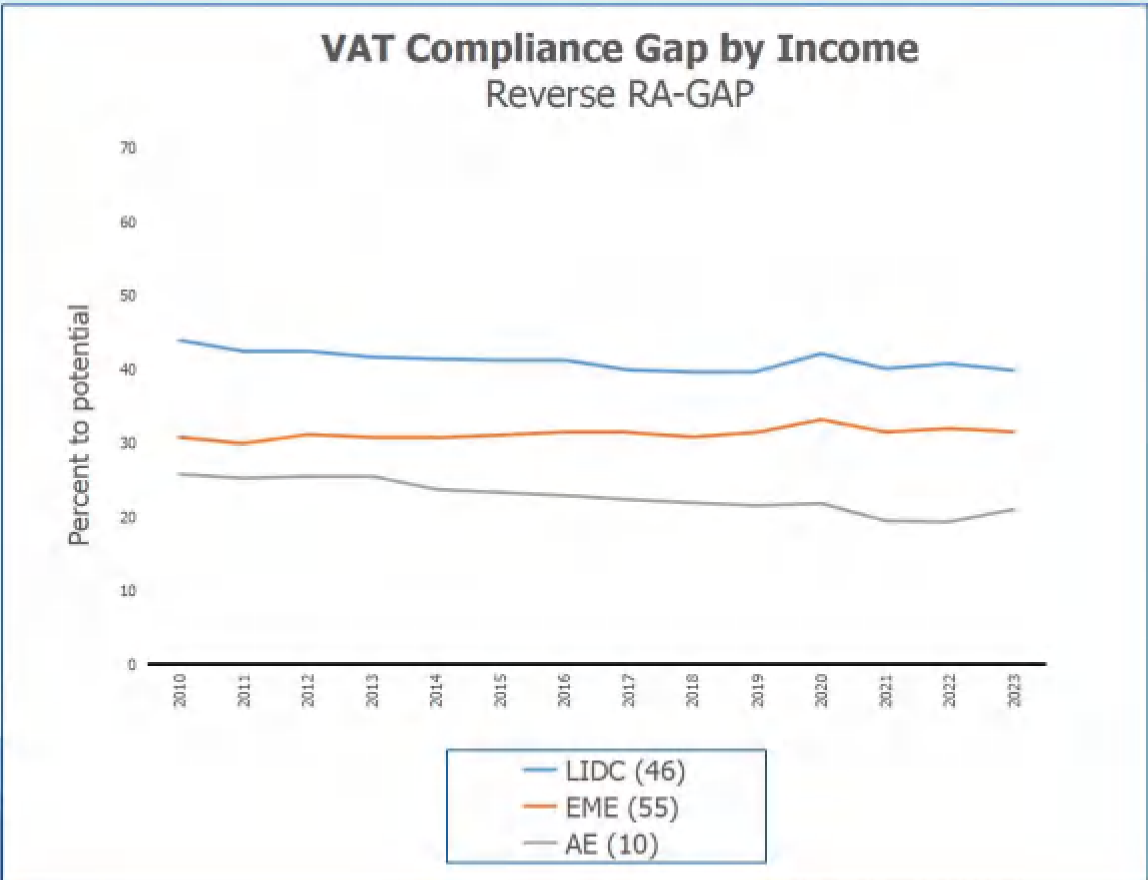
World Tax Capacity Landscape 2022

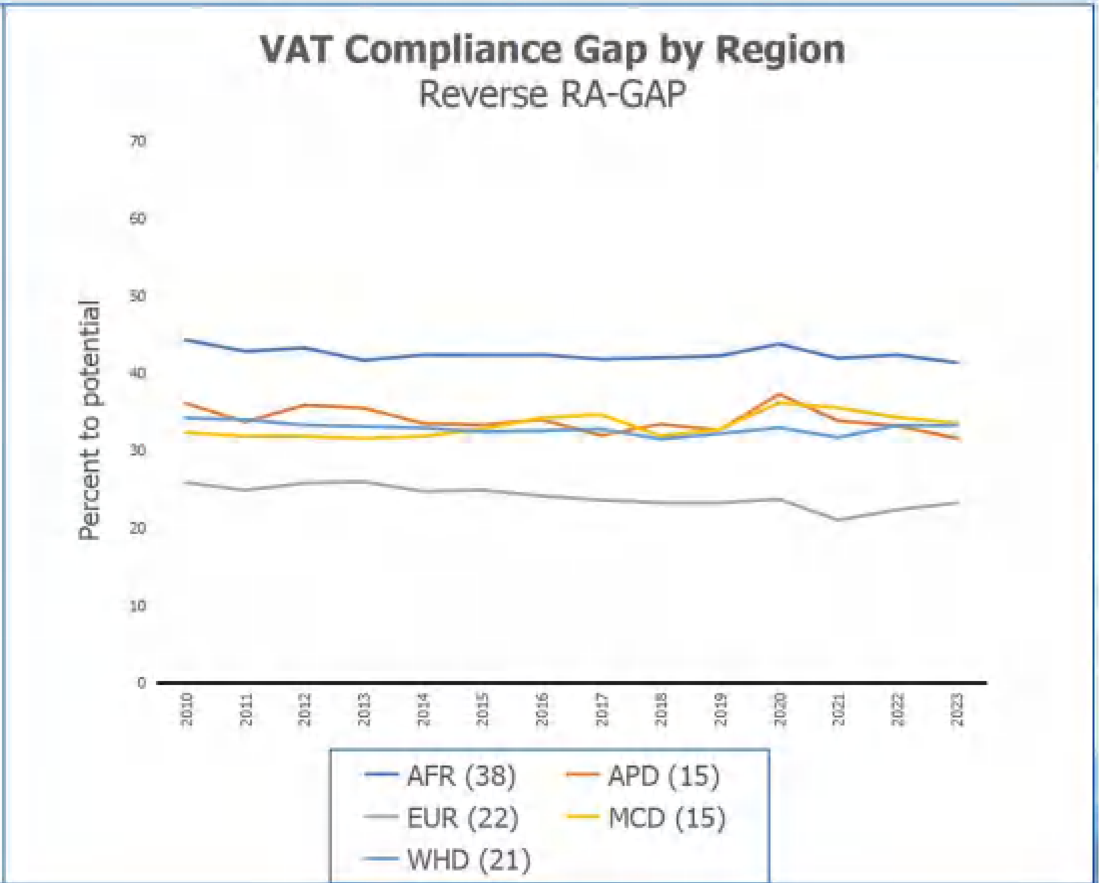


Source: World Revenue Longitudinal (WoRLD) database, World Economic Outlook (WEO) April 2024 Vintage and IMF staff calculations.

Note: Tax Revenue is the total taxes paid to the government, which includes taxes on profits of companies operating in the oil and gas and mining sectors. It excludes revenues from profit-sharing agreements, other revenue from natural resources (royalties, dividends), and hydrocarbon export revenue. GDP excludes oil revenues. All data is as of 2022, except for Russia, South Africa, Sweden, Türkiye and Argentina (2021), and Venezuela (2017).

Our estimates of VAT compliance gap suggest some progress in LIDCS/AEs but not in EMEs



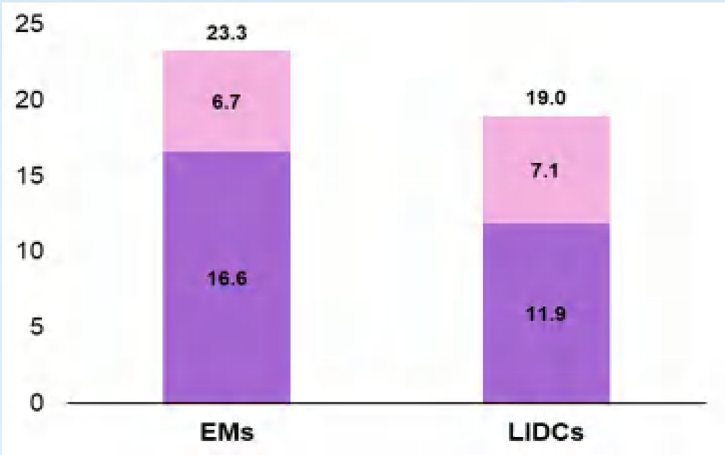


Source: Barra and Prokofyeva (2025) Forthcoming IMF Technical Note

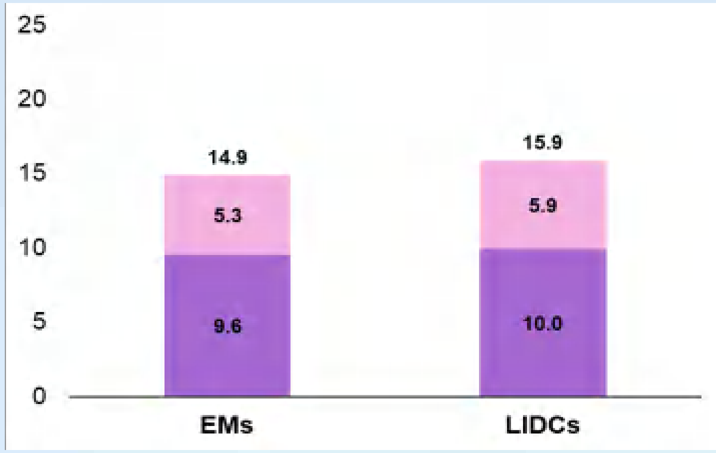
But we do see tax potential in EMEs and LIDCs

Tax Gap (% of GDP)
Tax Revenue (% of GDP)

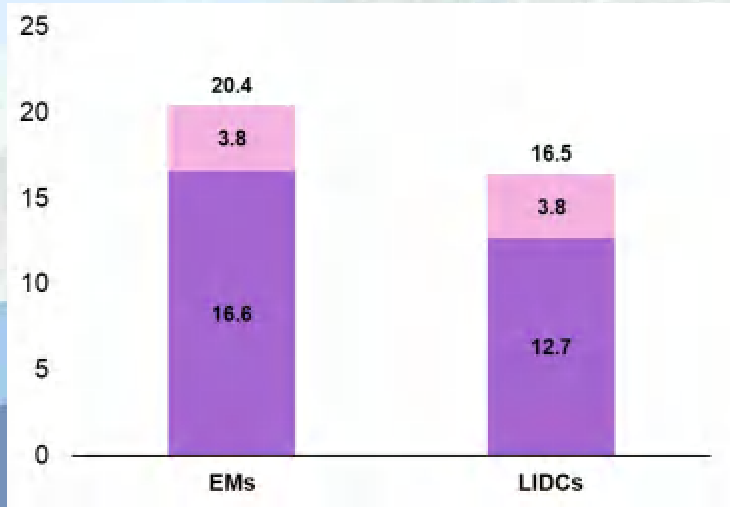
All Countries



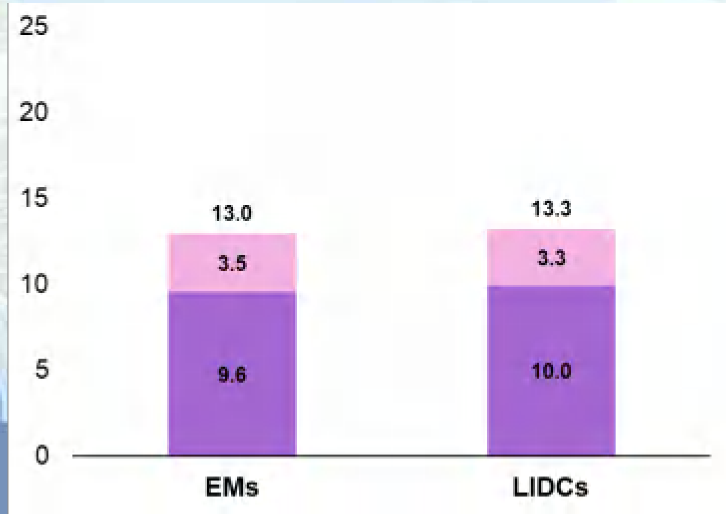
Countries with Tax Revenue Less than 15% of GDP



Controlling for resource rents

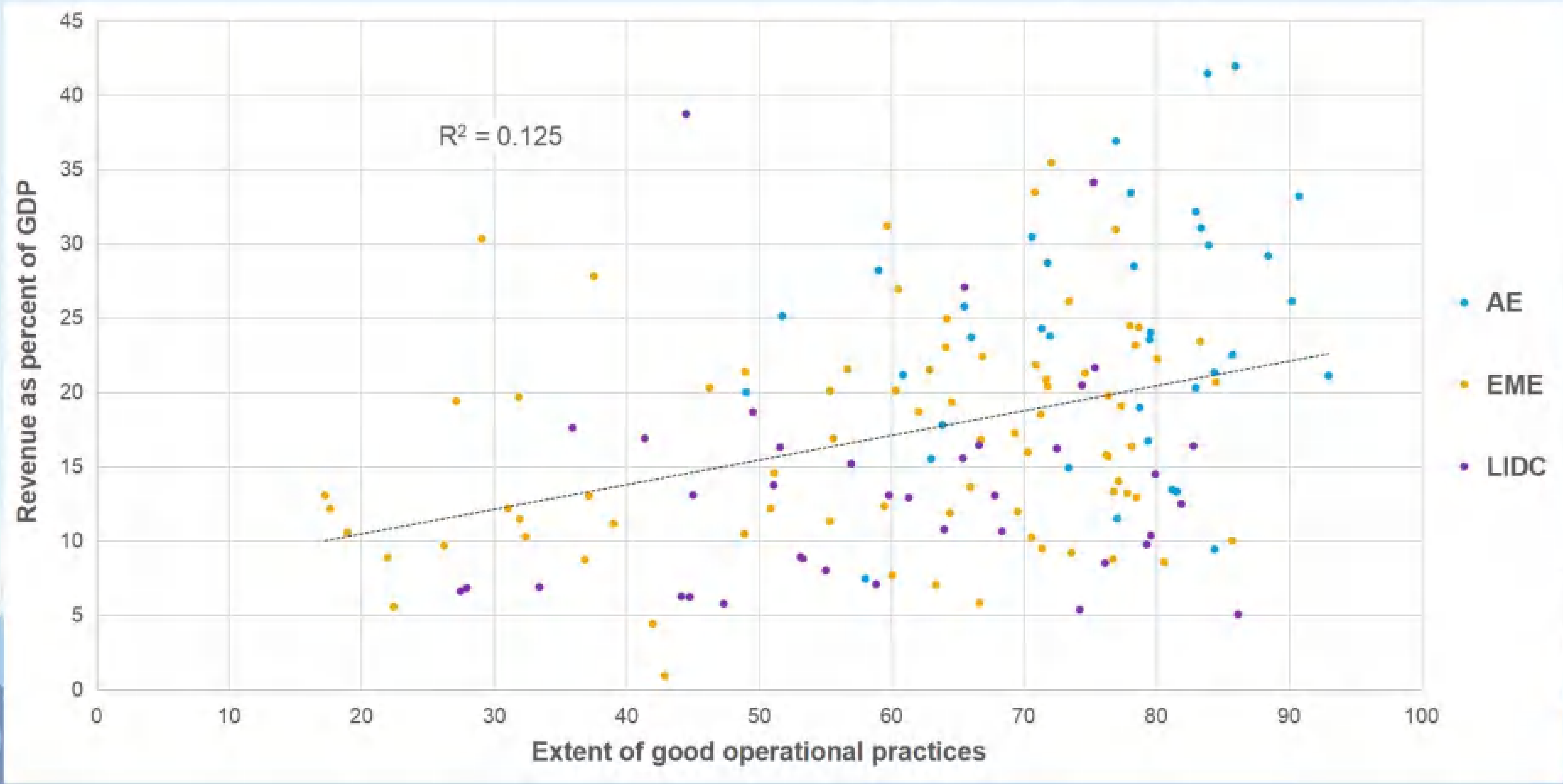


Controlling for resource rents



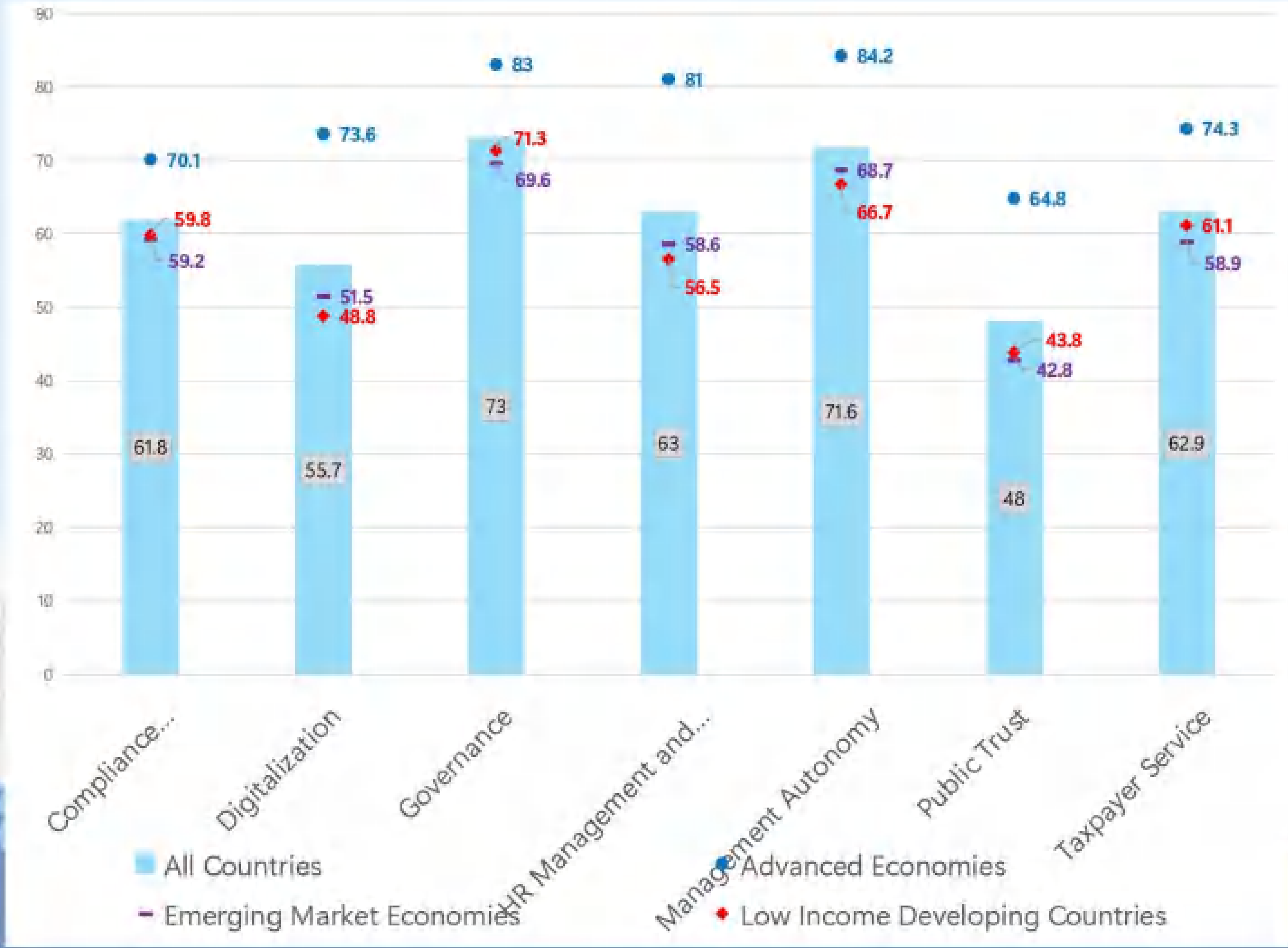
Source: IMF Technical Note "Methodology and Overview of the IMF's World Revenue Longitudinal Database (WoRLD)" March 2025.
Note: The income group levels are calculated using simple averages of countries in each income group. The top two charts use the methodology described in the paper above. The bottom two charts use the same methodology but replacing the dummy variable for oil producers with a controlling variable for resource rents (i.e., total natural resources rents in % of GDP by the World Bank) to reduce the influence of resource rents on the estimates.

Tax administration matters…higher operational scores ➡ higher tax-to-GDP



Source: IMF staff calculations from ISORA data for FY 2022, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, https://data.rafit.org.
Notes: 1. Revenue to GDP uses total revenue collections by tax administrations; 2. Extent of good operational practices is average of seven thematic indices

But where are the gaps in performance?

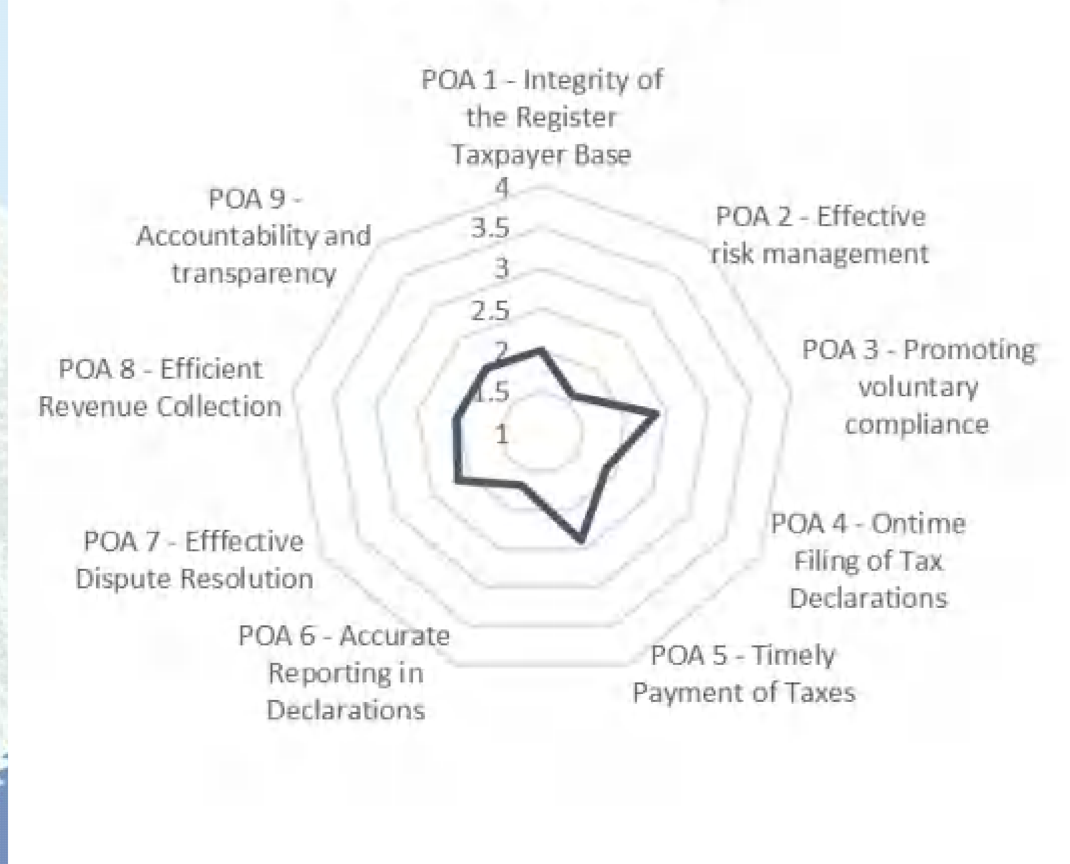


Source: Seven example indices on tax administration topics have been developed as tools to assist ISORA users. Each index is an attempt to distil a large amount of data into a format suitable for comparisons between and among participants or groups of participants. Details on these example indices are provided in the document "Tax Administration Indices from ISORA FY 2022 data". **Note:** All indicator values presented in the table are average values for the respective groups.

TADAT results also reveal potential for improvement

TADAT - Tax Administration Diagnostic Assessment Tool
Designed to provide an objective health assessment of a tax administration

Source: TADAT Framework. Note: 9 key performance outcome areas (POAs) covering most critical tax administration functions, processes and institutions. They are assessed on 32 high-level indicators, each built on 1 to 5 dimensions adding up to 55 measurement dimensions, making TADAT a comprehensive but administrable diagnostic tool.



Source: TADAT 10 Years of Assessing Tax Administrations Globally: Developments, Achievements and Remaining Challenges. June 2024

Thank you

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