



Tax Administration in OECD Countries: Comparative Information Series (2004)

Prepared by
Forum on Tax Administration
Compliance Sub-group

Approved by
Committee on Fiscal Affairs
October 2004



CENTRE FOR TAX POLICY AND ADMINISTRATION

TABLE OF CONTENTS

FOREWORD	4
<i>Caveat</i>	4
1 INTRODUCTION	5
Background	5
Structure of the information series	6
2 ORGANISATION OF TAX ADMINISTRATION OPERATIONS.....	7
Introduction	7
Key observations and trends	7
The extent of agency autonomy	9
The collection of social contributions	9
The placement of customs administration	11
Internal organisational structure of tax administration bodies	12
Types of organisational structures.....	12
Large taxpayer operations.....	12
Tax fraud investigation function.....	13
3 RETURN FILING, PAYMENT, AND ASSESSMENT REGIMES FOR THE MAJOR TAXES.....	14
Key observations.....	14
Personal Income Taxes and Social Contributions.....	14
Corporate Income Taxes	15
Value Added Taxes	15
Collection of income taxes by regime of advance/instalments and end-of-year assessments	16
Design of personal income tax arrangements for employee taxpayers.....	16
Administrative assessment versus self-assessment procedures.....	18
Information Reporting	18
4 SELECTED ADMINISTRATIVE POWERS OF REVENUE BODIES	20
Access to tax rulings	20
Control and search powers of tax authorities.....	20
Interest and penalties	20
5 TAX REVENUE COLLECTIONS	22
Key observations.....	22
6 OPERATIONAL PERFORMANCE INFORMATION.....	23
Key Observations.....	23
Ratio of Administrative Costs to Revenue Collections.....	23
International Comparisons of Cost of Collection Ratios.....	25
Relative Staffing Levels of National Revenue Bodies.....	26
Staff Resources Devoted to Verification and Related Functions	27
Tax arrears inventories of national tax bodies	27
7 ADMINISTRATIVE PRACTICES	29
Registration of taxpayers and use of taxpayer identification numbers (TINs).....	29
Key observations.....	29

Tables

Table 1: Institutional Arrangements for Revenue Administration.....	31
Table 2: Taxes Administered by National Revenue Bodies in OECD Countries.....	32
Table 3: Organisational Structure of National Revenue Administration Bodies in OECD Countries	33
Table 4: Systems for the Collection of Taxes and Assessment of Employees' Personal Income Tax Liabilities	34
Table 5: Personal Income Tax: Withholding Tax Systems.....	35
Table 6: Income Taxes: Information Reporting Requirements.....	37
Table 7: Personal Income Tax: Payment and Return Filing Obligations	38
Table 8: Corporate Income Tax: Payment and Return Filing Obligations.....	43
Table 9: Value Added Tax: Registration, Payment, and Filing Obligations.....	47
Table 10: Access to Advance Rulings	51
Table 11: Corporate Income Tax: Record-keeping Requirements.....	52
Table 12: Verification of Taxpayers' Liabilities: Information Access and Search Powers of Tax Officials.....	54
Table 13: Verification of Taxpayers' Liabilities: Audit Procedural Requirements.....	58
Table 14: Enforcement of Taxpayers' Liabilities: Penalties and Interest for Non-compliance	60
Table 15: Taxes as a Percentage of GDP (2001)	63
Table 16: Tax Structure - Major Taxes as a Percentage of Total Country Taxation -2001	64
Table 17: Comparison of Administrative Costs to Net Revenue Collections.....	65
Table 18: Comparison of Staff-related Measures	66
Table 19: Analysis of Staff Investments for Compliance Functions /1	67
Table 20: Comparison of Year-end Gross and Net Tax Arrears (all Years' Debt).....	68
Table 21: Comparison of Registered Taxpayer Populations	69
Table 22: Use of Unique Taxpayer Identifiers by OECD Member Countries	70

Boxes

Box 1: An analysis by IMF officials of the reasons certain countries have integrated the collection of tax revenue and social contributions.....	10
Box 2. How the organisational structures of revenue bodies have evolved	13
Box 3. Employees: Systems for the Collection and Assessment of Personal Income Tax	17
Box 4. Is the 'Cost of Collection Ratio' a Reliable Indicator of Efficiency/Effectiveness?.....	24
Box 5. International Comparisons of Cost of Collection Ratios.....	25

FOREWORD

This information series, prepared by the Centre for Tax Policy and Administration, provides internationally comparative data on aspects of tax systems and their administration in OECD member countries. The primary purpose of the series is to provide information that will facilitate dialogue among members on tax administration issues, and which may also identify opportunities for members to improve the design and administration of their respective tax systems.

There is a considerable amount of useful information that could be shared on the design of tax systems and aspects of their administration. This first series, while representing only a modest effort to commence a journey that will take some years to realize, nevertheless contains a useful array of information that will be of interest to tax officials in member and non-member countries, and to other observers. It is intended that this information series be updated around every two years, and that it evolves to become the definitive source of comparative tax administration-related information for OECD countries.

The information provided in this series has been obtained from country members via a survey in late 2003/ early 2004; directly from official annual reports of revenue bodies; from third party information sources (e.g. the International Bureau of Fiscal Documentation (IBFD)); and the OECD's own publications. Every effort has been made through member countries to validate the information displayed.

The series was approved by the Committee on Fiscal Affairs in October 2004. The Committee would welcome feedback from both members and non-members that can be taken into account for future editions of this information series.

The series is published under the responsibility of the Secretary-General of the OECD.

Bill McCloskey
Chair, Committee on Fiscal Affairs
October 2004

Caveat

Each revenue authority faces a varied environment within which they administer their taxation system. Jurisdictions differ in respect of their policy and legislative environment and their administrative practices and culture. As such, a standard approach to tax administration may be neither practical nor desirable in a particular instance. The documents forming the OECD Tax guidance series need to be interpreted with this in mind. Care should always be taken when considering a country's practices to fully appreciate the complex factors that have shaped a particular approach.

1 INTRODUCTION

Background

1. Implementing tax policy in an increasingly globalised world is becoming more challenging for tax administrators. Recognizing this, and the potential value of administrators working together to explore and agree approaches to key strategic issues, the Committee on Fiscal Affairs (CFA) established the Forum on Strategic Management in 1997. In 2002, the CFA reconstituted this forum into the Forum on Tax Administration (FTA) with the objective of further increasing its attention on tax administration matters. Coinciding with the creation of the FTA, a number of Sub-groups were established to deal with specific aspects of tax administration – compliance and taxpayer services.
2. As the work of the FTA and its Sub-groups has proceeded, it has become increasingly apparent that there are many differences in the tax system arrangements across OECD member countries that directly impact on how tax systems are administered, and potentially their relative efficiency and effectiveness. For example, as described later in this report:
 - There are significant variations in the organisational setups and the degree of autonomy of national tax bodies across member countries.
 - The national tax body in a number of countries is also responsible for customs administration and/or various other non-tax functions.
 - In around half of OECD countries, the system of administration for income tax is based on administrative assessment while in others the system is based on self-assessment principles.
 - In a number of OECD countries, the vast majority of employee taxpayers are required to file annual income tax returns, while in many others most employees are relieved of such a requirement owing to the special tax withholding arrangements and other design features that are in place.
 - Tax burdens across OECD countries range from below 20 percent of GDP to just over 50 percent, implying substantially different administrative workloads and compliance considerations.
 - In some countries, the collection of social contributions has been integrated into the tax administration arrangements whereas in others it has not; in some countries, the national revenue body is responsible for property and/or motor vehicle taxes while in others such taxes are administered by sub-national government agencies.
3. While there are many reasons for such differences, the absence of a comprehensive and current information series contrasting aspects of country tax systems and their tax administration has meant that much of the dialogue between officials on tax administration matters has often taken place without a full appreciation of these differences. In recognition of this, the FTA decided to establish a comparative tax administration information series. This information series is the product of that work.

Structure of the information series

4. The series is structured along the following lines:
 - Part II provides a comparison of the institutional and organisational setups for the administration of national taxes in OECD member countries, including the range of taxes administered and the extent of non-tax responsibilities.
 - Part III provides a comparison of the tax payment and filing obligations of the major taxes employed in OECD member countries (i.e. personal income tax (PIT), corporate profits/income tax (CIT), and value added tax (VAT).
 - Part IV provides a summary of selected administrative powers given to tax bodies in OECD countries to carry out their mandate.
 - Part V provides a comparison of country tax burdens (measured in terms of taxes as a proportion of gross domestic product (GDP) and the relative mix of the major taxes in total revenue collections.
 - Part VI provides a summary of selected operational performance information for member countries, along with guidance as to how such information should be interpreted.
 - Part VII provides a description of selected administrative practices.

2 ORGANISATION OF TAX ADMINISTRATION OPERATIONS

Introduction

5. This part provides details of the institutional and organisational arrangements established by OECD member countries to conduct national/federal revenue administration operations. As described later in this part, these arrangements can have significant implications for the overall effectiveness and efficiency of revenue administration.
6. Table 1 describes in broad terms the type of institutional structure established in OECD countries to carry out revenue administration functions; also highlighted is the extent of non-tax administration roles that have been allocated to the revenue body. Table 2 describes the scope of the taxes collected by the national revenue agency, while Table 3 describes some of the internal organisational design features that have been adopted by the respective bodies.

Key observations and trends

7. Based on an analysis of the information contained in Tables 1, 2 and 3, there are a number of important observations to be made:

Institutional arrangements

- Governments in OECD member countries have evolved a variety of institutional arrangements for the administration of tax laws. These include:
 - Unified and semi-autonomous bodies (in 15 countries) with a broad range of powers (refer later comments) that are responsible for the administration of most, if not all federal/national taxes (including, where applicable, social contributions), that report direct to a government minister, sometimes via a separate board).
 - Separate bodies for the collection of tax and social contributions, the latter in many European countries being the predominant source of federal government revenue collections.
 - Semi-autonomous or single directorates in MOF bodies responsible for both tax and customs administration operations (6 countries).
 - Single or multiple directorates within the formal structure of the Ministry of Finance with fairly limited autonomy.
- To a large extent, these varied institutional arrangements reflect underlying differences in the political structures and systems of public sector

administration in member countries, as well as longstanding historical practice.

- In the 28 OECD member countries that have a separate regime of social contributions, 17 member countries have chosen to have such contributions collected by a separate social security agency (or multiple agencies), while in the balance of countries such revenues are collected by the tax revenue collection agency (refer later comments).
- The great majority of OECD member countries have merged the administration of direct and indirect taxes within a single revenue collection body.
- Six OECD member countries have merged the operations of tax and customs within a single agency, although there appears to be no trend in this direction.¹
- Where there are separate tax and customs administration agencies, eleven countries have allocated the administration of excises to the customs body, not the main revenue collection agency.
- The national revenue body in most European OECD member countries is also responsible for the collection of real property taxes (and in many, motor vehicle taxes), while in virtually all non-European OECD member countries these taxes are administered by tax bodies of sub-national governments.
- There is a clear trend to allocate additional tasks of a non-taxation nature to the national revenue agency in many countries. These tasks include government valuation tasks, the payment of various social welfare benefits, the collection of non-tax government debts (e.g. child support, student loans), and the maintenance of population registers.

Organisational structure

- There is a clear trend in member countries to organise tax administration operations principally on a 'functional' (as opposed to 'tax' or 'taxpayer') basis; however, almost two-thirds of member countries have complemented their largely 'functional' structure with a dedicated organisational unit responsible for their largest taxpayers (refer later comments).
- The majority of member countries maintain a dedicated debt collection enforcement operation, as well as an internal tax fraud investigation function.
- In line with the progressive establishment of a functional structure over the last decade, member countries are increasingly integrating their direct and indirect taxes compliance activities.
- Arrangements in member countries for the provision of information technology support vary significantly, and include (1) comprehensive in-house operations covering both infrastructure operations and applications development; (2) shared arrangements across areas of government (e.g. a single IT department supporting all MOF functions); and (3) largely outsourced operations involving private contractors.

¹ The most recent change in this area was undertaken by the Canadian Government which decided in December 2003 to remove responsibility for customs administration from the Canadian Customs and Revenue Agency and attach it to a new agency responsible for homeland security functions.

The extent of agency autonomy

8. Generally speaking, the extent of powers given to the national revenue administration body depends on the system of government in place and the state of development of a country's public administration practices. Although this matter was not examined in detail as part of the research leading to this series, the extent of an agency's autonomy is likely to have important implications for operational efficiency and effectiveness.
9. Table 1 indicates that around 50 percent of member countries have established unified authorities with some degree of autonomy. In practice, this autonomy includes some or all of the following powers/ responsibilities:
 - **Tax law interpretation:** The authority to provide interpretations, both in the form of public and private rulings, of how tax laws will be interpreted, subject only to review by judicial bodies.
 - **Organisation and management:** Responsibility for the internal organisation of tax operations, including the size and geographical location of tax offices; discretion to formulate and implement strategic and operational plans; and discretion to allocate/reallocate budgeted administrative funds across administrative functions to meet emerging/changed priorities.
 - **Information technology:** Authority to administer their own in-house IT systems, or to outsource the provision of such services to private contractors.
 - **Performance standards:** Discretion to establish administrative performance standards (e.g. taxpayer service objectives).
 - **Personnel:** The ability to set academic/technical qualification standards for categories of recruits, and to recruit and fire staff, in accordance with public sector policies and procedures; the ability to establish and operate staff training/development programmes; and the ability to negotiate staff remuneration in accordance with broader public sector-wide policies.

The collection of social contributions

10. As will be evident from the information in Table 15, social security contributions are now the largest single source of general government revenue in a number of OECD countries—Austria, the Czech Republic, France, Germany, Japan, the Netherlands, the Slovak Republic, and Spain.² However, as will be evident from the information in Table 1, governments in OECD countries have taken different paths as to how these revenues are to be collected.
11. Table 1 reveals that of the 28 OECD countries with separate social security regimes, the majority (some 17 countries) administer the collection of social contributions via a separate social security agency, rather than the main revenue collection agency. In the other 11 OECD countries, the collection of social contributions has

² The dominant role of such contributions in most of these countries stems directly from the so-called Bismarck model which remains the foundation of the social security system in much of Europe today. The model sees government-provided social security as a special form of insurance, with both benefits and contributions tied to the wages of workers. In a number of countries, the contributions are channelled through separate funds which are kept apart from the budget of central government. By contrast, notably in some of the Scandinavian and the English-speaking OECD countries, a substantial part of public spending on social benefits tends to be financed directly out of general tax revenues of the government although, even in countries following the Bismarck model, social security funds may also show a persistent deficit requiring subsidies from general taxation

been integrated with domestic tax collection operations. Beyond the OECD, this dichotomy in approach is also apparent—Brazil, China, Indonesia, Singapore and Thailand all administer the collection of social contributions via a separate agency while countries such as Albania, Argentina, Bulgaria, Croatia, Estonia, Latvia, Romania, Russia, Serbia, and Slovenia have all integrated (or are in the process of integrating) the collection of these contributions with normal revenue administration operations.

12. The pros and cons of these two fundamentally different approaches to administering government revenue collection have not been considered by the OECD's Committee on Fiscal Affairs. However, the matter has been the subject of recent analytical work undertaken by officials of the IMF's Fiscal Affairs Department—see Box 1 below which identifies the reasons why a number of countries have chosen over the last decade or so to integrate the collection of social contributions with domestic tax collection operations.

Box 1: An analysis by IMF officials of the reasons certain countries have integrated the collection of tax revenue and social contributions

Commonality of core processes

The argument for unifying the collection of tax and social contribution collections stems from the commonality of the core processes involved in collection of tax and social contributions including the need to (1) identify and register contributors and taxpayers using a unique registration number; (2) have systems to collect information in the form of returns from employers and the self employed, usually based on similar definitions of income; (3) for employers, withhold tax and contributions from the income of their employees and pay this to the agencies (usually through the banking system); (4) have effective collection systems to follow up those employers who do not file, or do not account for payments; and (5) verify the accuracy of the information shown on returns using modern risk based audit methods.

Efficient use of resources

Countries that have moved to integrate social contribution collection activities into their revenue administrations have often found that the marginal costs of expanding systems used for tax administration to include social security contributions are relatively minor. This is a particularly important factor to consider for those countries that lack the resources to implement two very similar sets of reforms in different agencies. For example, some countries have integrated the collection of payments as diverse as accident compensation insurance contributions, Medicare contributions, child support contributions, and student loans repayments into the tax administration. While the features of each are very different, the countries in question have seen the value of using the tax administration's core collection capacity to lower collection costs and improve collection rates.

From a collection administration viewpoint, social insurance contributions (particularly those based on income) have many of the features of a "tax type"—albeit one tied to a particular purpose. Special arrangements relating to separate accounting apply to these contributions, and information transfers must be made to another agency but the principles of collection are strongly aligned to those used for core taxes—particularly employee withholding taxes.

Perceptions on the nature of social contribution collection

It is worth noting that the OECD treats social contributions as in the nature of 'taxes' and includes them in its compilation of tax burden statistics. Some developed countries, of course, simply pay benefits out of consolidated tax revenues.

Public perceptions of tax and social contributions may differ, but if the social contribution is compulsory general attitudes to payment and non-compliance are likely to be similar. That said, it is recognized that attitudes to compliance may vary between tax and social contributions, and between social contributions of different types. For example, attitudes to compliance, and therefore collection rates, arguably may be better for unemployment insurance contributions than for pension contributions—reflecting that contributors believe that benefits of making unemployment contributions are likely to flow in the shorter term—compared with the greater uncertainty of benefits associated with contributions toward longer-term pension schemes.

In this example, it is possible that age of the contributors is likely to be a significant factor, with compliance rates for pension schemes being lower for younger age-groups than for contributors in

the age groups closer to retirement. Compliance improvement strategies of modern revenue administrations are designed to recognize and implement programs to deal with these complex compliance risks associated with the various revenues they collect.

Core competencies of tax and social organisations

Over time, tax administrations build core competencies in relation to collection functions. There are countries where tax administrations have been shown to have improved collection levels in relation to social contribution type payments, or been able to do this more efficiently, when they have been transferred from social insurance agencies. Tax administrations, where the sole focus is on revenue collection, develop compliance-based organisational cultures and strongly-aligned processes suited to the assessment and collection of monies.

Similarly, social insurance agencies typically build a strong focus on establishing individual entitlements to benefits and efficiently paying them out to recipients. They develop organisational cultures and processes aligned to this role and it is logical to conclude that incorporating the somewhat counter-intuitive responsibility for collections compromises both the collection efficiency and the provision of benefits. Social insurance agencies may have limited success in proceeding beyond a certain level of collection performance.

Lowering government administration costs

Placing responsibility for collections with the tax administration eliminates duplication of core functions that would otherwise occur in the areas of processing, enforced collection of returns and payments, and audit of employers. This can contribute to significantly reducing government administration costs, with: (1) fewer staff and economies of scale in human resource management and training, fewer numbers of managers, and common processes for filing and payment and enforcement and data entry data and verification; (2) lower infrastructure costs in office accommodation, telecommunications networks, and related functions; and (3) elimination of duplicated IT development costs and less risk in system development and maintenance.

There is often an opportunity presented during the modernization program of the tax administration to incorporate improved processes and modern information technology systems for the collection of social contributions. These systems can be designed with the inter-agency transfer of information in mind.

It might be argued that significant costs can be incurred under a unified system with transferring information and data between organisations and managing other linkages. On the other hand, if parallel collection systems are to work effectively, significant coordination of effort will be required including data matching across registration and income bases. While no empirical evidence exists that measures the relative information transfer costs, it can be argued that the coordination costs in a parallel system would be at least as high as in a unified system.

Lowering taxpayer and contributor compliance costs

Placing responsibility for collections with the tax administration can also significantly reduce compliance costs for employers, with less paperwork as a result of common forms and record-keeping systems, and a common audit programme covering both income, VAT and payroll taxes, and social contributions based on income and payrolls. The increasing use of Internet-based electronic filing and payment systems within the tax administration also lowers taxpayer and contributor compliance costs. This simplification can also improve the accuracy of the calculations made by employers, and therefore compliance levels.

(Extract: IMF Working Paper: The Trend to Integrate Tax and Social Security Contribution Collections Within a Unified Revenue Administration: The Experience of central and Eastern European Countries (Peter Barrand, Graham Harrison, Stanford Ross (October 2004)).

The placement of customs administration

13. A small number of OECD countries have organisationally aligned the administration of tax and customs operation by bringing them within a single management structure (e.g. Austria (from 2003), Canada (till December 2003),³

³ Customs operations were removed from the Canada Customs and Revenue Agency (CCRA) in December 2003 and placed in a new Canada Border Services Agency (Department of Public Safety and Emergency Preparedness).

Denmark, Ireland, Mexico, Netherlands, and Spain). This practice is also followed to a degree outside the OECD and appears to have its origins in a number of factors (e.g. perceived synergies with customs operations which are responsible for the collection of VAT on imports, efforts to get economies of scale with HRM and IT functions, historical factors associated with the separation of direct and indirect taxes administration).

Internal organisational structure of tax administration bodies

Types of organisational structures

14. Table 3 briefly highlights some features of the internal organisational structure of revenue administration bodies in OECD member countries. As will be evident from the information in this table, significant variations in the organisational structures of revenue bodies exist from country to country. However, there appears to be a substantial reliance on the 'functional' model of organisation—over two thirds of OECD countries appear to have adopted the functional model as the principal method for structuring tax administration operations, mirroring a trend that is occurring more broadly.
15. Box 2 on the following page provides background information concerning the evolution of the organisational structure of tax bodies. This description is largely conceptual in nature. In practice, the organisational structure of many OECD and non-OECD revenue bodies is a hybrid of the models described, a common structure being one based largely on functional principles, but with a dedicated multi-functional division/ unit to administer the affairs of the largest taxpayers.

Large taxpayer operations

16. A clear trend in tax administration worldwide (including within almost two-thirds of OECD countries) has been the establishment of special organisational arrangements for the revenue body's largest taxpayers.⁴
17. The experience of many national revenue bodies is that the payment of taxes is generally concentrated among a relatively small number of taxpayers (all taxes taken into consideration). Typically, many of these large taxpayers also have complex tax affairs, characterised by one or more of the following factors: (1) multiple operating entities that are widely dispersed geographically; (2) diverse business activities and/or involvement in transactions that frequently raise complex/ novel law interpretation issues; (3) significant off-shore transactions, often with related parties; (4) high volume of transactions in the course of day to day business activities; (5) use of complex financing arrangements; and (6) use of professional tax advisers, part of whose brief is to minimize their exposure to taxation. This combination of features inevitably means that these taxpayers (who pay the bulk of tax revenues) also present the greatest risk to effective tax administration.
18. To address these sorts of risks, many countries, especially in developing and transitional economies, have established special organisational arrangements to administer the tax affairs of their largest taxpayers. While there are various organisational models that are employed in practice, a fairly common approach is to

⁴ For further information on this development, see *'Improving Large Taxpayers' Compliance: A Review of Country Experiences'* (IMF Fiscal Affairs Department, 2002).

establish at the operational level a fully multi-functional organisational unit responsible for major tax administration functions (e.g. registration, account management, information processing, taxpayer service, audits, debt collection enforcement) to administer all the tax affairs of specially-designated large taxpayers. In some countries, there is a large taxpayer management and co-ordination division with the revenue authority's headquarters to provide strategic and operational support. The primary objective of these sorts of arrangements is to enhance the coordination and monitoring of those taxpayers responsible for the bulk of tax payments.

Box 2. How the organisational structures of revenue bodies have evolved

Over the last 20-30 years, there has been a clear trend in the way the internal organisational structures of national revenue bodies have evolved.

The type of tax model. The earliest organisational model employed by tax administrators was based principally on "type of tax" criterion. This entailed the operation of separate multi-functional departments for each tax that were largely self-sufficient and independent of each other. While this model served its purpose, it was eventually seen to have numerous shortcomings: (1) with its inherent duplication of functions, it came to be seen as inefficient; (2) it was inconvenient for those taxpayers with multiple tax dealings (e.g. businesses), requiring them to deal with different departments on similar issues; (3) it severely complicated the management of taxpayers' compliance, with its separate audit and debt collection functions; (4) it increased the likelihood of uneven and inconsistent treatment of taxpayers across taxes; (5) it impeded the flexible use of staff whose skills were largely confined to one tax; and (6) it unnecessarily fragmented the overall management of tax administration, thus complicating organisational planning and co-ordination. Faced with these shortcomings, a new model was called for.

The functional model. Under the functional model, staff are organized principally by functional groupings (e.g. registration, accounting, information processing, audit, collection, appeals, etc.) and generally work across taxes. This approach to organizing tax work was introduced to enable greater standardization of work processes across taxes, to simplify computerization and arrangements for taxpayers, and to generally improve efficiency. Compared to the tax type model, this model was perceived to offer many advantages and has facilitated many developments aimed at improving tax administration performance (e.g. providing single points of access for tax inquiries, unified system of taxpayer registration, common tax payment and accounting approaches, and more effective management of tax audit and debt collection functions.) However, this model also is not without its weaknesses—fragmentation by function can lead to poor/inconsistent service while standardization (e.g. a "one size fits all" approach) may not be appropriate given the myriad of behaviours and varying attitudes to tax compliance to be addressed.

The taxpayer segment model. A more recent trend among a number of developed countries has been to organize principally around segments of taxpayers (e.g. large businesses, small/medium businesses, wage earners, etc.). The rationale for organizing around taxpayer segments is that each group of taxpayers has different characteristics and tax compliance behaviours and, as a result, presents different risks to the revenue. In order to manage these risks effectively, the revenue body needs to develop and implement strategies (e.g. law clarification, taxpayer education, improved service, more targeted audits) that are appropriate to the unique characteristics and compliance issues presented by each group of taxpayers. Proponents of the 'taxpayer segment' type of structure contend that grouping key functional activities within a unified and dedicated management structure increases the prospects of improving overall compliance levels. While application of the 'taxpayer segment' model is still in its early stages of use, many countries have partially applied this approach by creating large taxpayer units.

Tax fraud investigation function

19. As noted in Table 3, the great majority of revenue bodies in OECD countries maintain a dedicated organisational unit responsible for the handling of serious cases of tax fraud/evasion. In two member countries (i.e. Italy and Hungary), this work is performed mainly by a separate law enforcement agency, although in the case of Italy, the revenue agency is the only body responsible for the issue of notices of assessment.

3 RETURN FILING, PAYMENT, AND ASSESSMENT REGIMES FOR THE MAJOR TAXES

Introduction

20. Tables 4-9 identify selected features of the design of country tax systems for the collection of personal income tax, corporate tax, and value added tax. While these design features may be seen to be “policy in nature” many of them have important implications for overall administrative workloads, the nature and scope of administrative programs that need to be conducted to achieve compliance with the laws, and the general efficiency and effectiveness of revenue administration operations.

Key observations

Personal Income Taxes and Social Contributions

21. Tables 4-7 reflect selected features of personal income tax systems in OECD countries. Significantly:
- The vast majority of countries—France and Switzerland being the two exceptions—rely on withholding at source arrangements for the collection of bulk of personal tax revenue in respect of salary and wage income.
 - Withholding at source arrangements are also widely used for the collection of personal income tax on dividends (22 countries) and interest (21 countries) income received by resident taxpayers.
 - All countries provide for the gradual collection of income tax on income not subject to withholding of tax at source (e.g. income of self-employed persons) with a regime of advance/ instalment payments, although the requirements of these arrangements vary substantially in terms of the number of payments to be made, the basis of their computation, and the precise timing of individual payments (refer later comments).
 - Other than for employee, dividend and interest income, mandatory third party reporting of income (e.g. for independent personal services) varies significantly, although a few countries (e.g. Japan, Spain, United States) have substantial programmes.
 - Just over 50 percent of member countries have evolved their systems of administration to one based on self-assessment principles, as opposed to administrative assessment (refer later comments).
 - Annual return filing requirements in respect of employee taxpayers, who constitute the vast population of payers of personal income tax, vary substantially across member countries, and fall into four distinct models (refer later comments).

- The period of time provided to taxpayers to settle end-of-year tax liabilities (based on annual returns) varies substantially across member countries, ranging from just under 3 months to up to 11 months.

Corporate Income Taxes

22. Table 8 reflects selected design features of corporate income tax systems in OECD countries. Significantly:

- All countries provide for the gradual collection of income tax with a regime of advance/ instalment payments, although the requirements of these systems vary substantially in terms of the number of payments to be made, the basis of their computation, and the precise timing of individual payments (refer later comments).
- Just over 50 percent of member countries have evolved their systems of administration to one based on self-assessment principles, as opposed to administrative assessment.
- Annual return filing requirements and practices vary substantially across OECD member countries (refer later comments).
- Around two thirds of member countries have introduced systems of electronic filing for the reporting of annual tax obligations, a few through the introduction of mandatory requirements for prescribed taxpayers.
- The period of time provided to taxpayers to settle end-of-year tax liabilities (based on annual returns) varies substantially across member countries, ranging from 2 months to up to 11 months.

Value Added Taxes

23. Table 9 reflects selected features of VAT systems in OECD countries. Significantly:

- Registration thresholds applied across member countries vary substantially; however, the impact of these thresholds on administrative workloads and taxpayers' compliance burden is "softened" in many countries with extended tax payment and return filing requirements (e.g. quarterly, six-monthly or annually) and/or with the use of 'flat rate' schemes for computing VAT liabilities.
- For large and medium VAT traders, the majority of OECD member countries (17 countries) adopt a monthly (for large) and quarterly (for medium/small) payment and return filing model to balance revenue collection, administrative workload considerations, and taxpayers' compliance burden considerations; a small number of member countries (e.g. Australia and Denmark) provide for the integrated reporting of regular direct and indirect tax liabilities.
- Around two-thirds of OECD countries have introduced systems of electronic filing for the reporting of monthly/ quarterly VAT liabilities.
- The periods of time given to large and medium traders for the payment of VAT liabilities vary substantially across OECD member countries, ranging from 10 to 60 days after the end of the relevant liability period.
- Generally speaking, countries' legislation requires VAT liabilities to be computed on an "accruals" basis; however, a small number of countries permit use of a "cash" basis for liability determination by a prescribed class

of smaller traders (using turnover criteria) to simplify taxpayers' compliance burden.

- The period of time provided to large taxpayers to settle regular (for most countries, monthly and quarterly) tax liabilities varies substantially across member countries, ranging from 10 to 60 days.

Design of personal income tax arrangements for employee taxpayers

24. Personal income tax is a major source of tax revenue in most OECD member countries (refer Table 15). With the vast bulk of personal income tax paid by employee taxpayers, the design of effective and efficient administrative arrangements for the collection of tax and the assessment of employees' liabilities are major objectives for all countries. In these respects, it is significant that while almost universal use is made of withholding arrangements for the collection of personal income tax on employment income, there are four distinct systems used across OECD countries for the collection and assessment of personal income tax of employee taxpayers. Each of these systems is briefly described in Box 3, while Table 4 identifies their use by individual member countries.

Collection of income taxes by regime of advance/instalments and end-of-year assessments

25. All taxing legislation is required to contain basic provisions for the payment of a tax (i.e. when to pay, the number of payments to be made, and how each payment is to be computed). Factors relevant to the design of these basic rules include (1) *timing*: when the taxing event occurs; (2) *equity*: taxpayers in similar circumstances should be treated equally; (3) *compliance burden*: taxpayers should have a reasonable period of time to be able to compute their liability (with external assistance if needed), assemble requisite information from their books and records, and prepare any associated paperwork; (4) *budget management*: the government generally requires a regular flow of revenue to meet its outlays; (5) *efficiency*: the volume of payments and information to be processed by the revenue body; and (6) *effectiveness*: the need to achieve a high level of overall compliance with the relevant law. Taking these sorts of factors into account, all OECD countries have evolved systems for the advanced collection of personal and corporate. Tables 7 and 8 set out some basic features of these arrangements, an analysis of which reveals some notable characteristics:
- There is a clear trend to maximise the amount of each tax collected by country regimes within the year the relevant income is derived (26 countries); typically, this is achieved with a regime of monthly or quarterly instalments required largely within the year of income.
 - 11 countries have aligned their personal tax (largely representing self-employed taxpayers) and corporate tax instalment regimes.
 - There are a variety of bases used for the calculation of instalment liabilities (e.g. proportion of prior year tax, proportion of estimated current year liability) reflecting, on the one hand, ease of administration and, on the other hand, aligning the payment of tax to the derivation of the underlying income.

Box 3. Employees: Systems for the Collection and Assessment of Personal Income Tax

Cumulative withholding—largely return free. Under this system employees are required to provide employers with details of relevant entitlements (which tend to be fairly limited in number). Employers withhold tax from income paid, taking account of entitlements and determining withholdings on a progressive/ cumulative basis over the course of the fiscal year. For the majority of employees, the total amount of taxes withheld over the course of a fiscal year approximates to their full-year liability. Employees may, or may not, be registered with the revenue body.

Employers report annually or more regularly in some countries to revenue bodies on incomes paid and taxes withheld in respect of individual employees. Employees generally are not required to file tax returns. (In some countries, where employees derive income from more than one source of employment, they must file an annual return.) Other income, such as interest and dividends, is typically taxed at source.

Non-cumulative withholding—annual tax return required. This system enables employees to provide employers with details of relevant entitlements that can be taken into account for withholding calculation purposes. Employers withhold tax from income paid, which is calculated on a periodic (i.e. non-cumulative) basis. Employees generally must be registered with the revenue body; in some countries, failure by employees to provide their taxpayer identification numbers to their employer can result in additional withholdings at source. Employers provide advice to employees at year-end of total income paid and taxes withheld, which must be disclosed in an annual tax return provided to the revenue body. The revenue body confirms the overall liability for each taxpayer and refunds any excess tax paid, or seeks payment of any balance of owing by taxpayers.

Following the processing of the bulk of annual tax returns, revenue bodies generally match income reports provided by employers and other payers (e.g. banks) with tax returns/taxpayer master file records to detect undeclared income, the non-filing of tax returns, and to validate credits for tax withholdings claimed in tax returns.

Reconciliation approach—pre-populated returns sent to taxpayers. Under this system, employees provide employers with details of relevant entitlements that can be taken into account for regular withholding purposes. Employees must also be registered with the revenue body and provide their unique taxpayer identification number to employers and a wide range of other parties that are required to report information and, in some situations withhold taxes, to the revenue body. Employers withhold tax from income paid, calculated on a periodic (i.e. non-cumulative) basis. Employers withhold tax and report details to revenue body.

All third income reports received by the revenue body are computer-processed in the two to three months after the end of the fiscal year to produce a summary of aggregate income, taxes withheld, and estimated tax liability in the form of pre-populated tax returns that are sent to taxpayers. Taxpayers are required to validate the information contained in the return. Any adjustments required must be advised to the revenue body. Refunds of overpaid tax are paid periodically later in the year by the revenue body.

No withholding; taxpayers' pay tax by instalments—annual tax return required.

Under this system, employees are required to pay their own tax via a system of instalments and file an annual tax return declaring relevant information. The revenue body issues an assessment to the taxpayer advising of any further amounts payable or refundable.

The revenue body may match reports from employers with tax returns/ taxpayer master file records to detect undeclared income and the non-filing of tax returns. It is also required to ensure that all employees make regular installment payments, as required under the law.

26. Analysis of the arrangements across some member countries for the payment of taxes, both by regimes of installments and end-of-year returns/assessments, indicates that there are substantial differences between many member countries in the timing of tax collection that may warrant closer examination.

Administrative assessment versus self-assessment procedures

27. As indicated in Tables 7 and 8, around 50 percent of OECD countries have evolved their systems for the administration of income taxes to one based on self-assessment principles, as opposed to administrative assessment (which typically requires the examination of all/most returns by technical officials prior to issuing assessments to taxpayers).
28. Generally speaking, the use of self assessment principles in the countries concerned reflects an abandonment of administrative assessment procedures on efficiency and effectiveness grounds, in favour of a more targeted verification approach (e.g. risk-based desk and field audits, computerized matching of income reports) to verify the information contained in tax returns. In countries where this change has been made, it has generally been initiated with the objective of improving overall compliance with the laws and efficiency through (1) the earlier collection of tax revenue; (2) an expanded and better-targeted program of audit inquiries; and (3) reducing the incidence of disputed assessments. The data in Tables 7, 8 and 19 partially bear out this observation:
 - In those countries where self assessment procedures are in place, the practice is generally to require the annual tax return earlier in the year after the year of income, and to seek payment of any residual tax due with the return when it is filed, as opposed to the practice of later filing and payment obligations typically seen in countries using administrative assessment.
 - At least seven countries with relatively low complements of audit/verification staff employ administrative assessment procedures.
29. That said, it should also be recognized that a number of countries applying systems of administrative assessment have largely automated the process so that only a minority of returns are identified for technical scrutiny before the issue of a formal notice of assessment to the taxpayer.

Information Reporting

30. Systems of information reporting are an important compliance tool for the administration of income tax systems in a number of OECD countries. For the purpose of this series, the term 'information reporting' refers to a mandatory requirement on prescribed third parties to report payments of income (and other tax-related transactions) and payee details (generally with a taxpayer identifying number) to the revenue body for systematic matching with tax records. The object of these arrangements is to detect and deter non compliance resulting from a failure to report income and/or tax related transactions, including by the non-filing of tax returns. As indicated in Table 6, many countries require the mandatory reporting of payments in respect of salaries and wages, dividend and interest income (much of which is also subject to withholding). However, beyond these categories of payments, use of mandatory third party reporting varies substantially.
31. The most substantial program of information reporting is administered by the Internal Revenue Service (IRS) in the United States. Under the requirements of the US tax code, an extremely wide variety of transactions must be reported to the IRS, generally in electronic format, including agricultural payments, allocated tips, barter exchange income, brokers' transactions, capital gains distributions, non-employee compensation and fees, fishing boat crew member proceeds, fish purchases for cash, prescribed gambling winnings, interest, dividends, real estate transactions, rents, sales of securities and wages. In 2002-03, some 1.3 billion such reports were received (96% electronically) and computer matched with taxpayer records. During that year, the program entailed some 4.3 million taxpayer contacts

(including 2.1 million in respect of non-filed returns) and resulted in additional assessments amounting to almost US\$ 5 billion (averaging almost \$US 1,200 per contact).⁵

32. Unlike audit activities which are labour-intensive and as a result achieve relatively low levels of taxpayer coverage in all OECD countries, comprehensive programs of information reporting and matching provide an extremely effective tool to verify the reported income and return filing obligations of taxpayers of vast populations of taxpayers, as evidenced by US experience. The ability of payers to capture and report requisite payment details via electronic media is another important feature that enables information reporting programs to be carried out in a cost efficient manner.

⁵ 2003 Data Book. US Internal Revenue Service.

4 SELECTED ADMINISTRATIVE POWERS OF REVENUE BODIES

Introduction

33. This part describes selected administrative powers of revenue bodies, and also takes account of previous OECD work in this area.⁶

Access to tax rulings

34. Compared to the situation identified in its last survey (1990), the vast majority of OECD countries now provide private rulings at the request of taxpayers. In the majority of cases, rulings are binding on the revenue body, provided the facts ruled on remain unchanged in practice. A minority of countries impose a fee for the provision of this service. In a lesser number of countries, the system of private rulings is complemented by the issue of public rulings/ interpretations on important tax matters.

Control and search powers of tax authorities

35. As evident from the information in Table 12, revenue bodies generally have powers to obtain all information relevant to the correct assessment of tax liabilities – powers which extend beyond the taxpayer to third parties. In addition, revenue bodies also have some more specific powers: (1) taxpayers must produce records and documents on request; and (2) tax authorities have extensive powers to enter business premises, though in a small number of countries, access is limited to certain times of day, or requires the taxpayer's consent. Many countries require a search warrant to enter private dwellings though most do not for entering business dwellings. Table 12 also shows that the power to seize documents usually requires some kind of warrant.

Interest and penalties

36. All countries impose interest on taxes not paid by the prescribed date (refer Table 14). The rate of interest applied varies greatly across countries, but is generally influenced by market/bank interest rates and inflation factors. A number of countries set the rate of interest according to an official bench rate (e.g. average interest rate on 90-day Treasury Bills) plus a few percentage points. Such rates are reviewed and adjusted periodically.
37. Administrative penalties for understatements of tax liability are generally imposed as a percentage of the additional tax payable and vary according to the seriousness

⁶ See *'Taxpayers' Rights and Obligations: A Survey of the Legal Situation in Member Countries'* OECD (1990).

of the offence. While practices vary, a common approach sees penalties for minor offences in the region of 10-30 percent of the tax evaded while more serious offences involving deliberate evasion are in the region of 40-75 percent of the tax evaded.

5 TAX REVENUE COLLECTIONS

Introduction

38. Table 15 presents aggregate country tax revenues (for the major tax types and covering all levels of government) as a percentage of gross domestic product (GDP). These ratios are calculated by expressing total tax revenues as a percentage of GDP at market prices.
39. Table 16 reflects the tax structures of OECD member countries for fiscal year 2001. Tax structures reflect the share of major taxes in total tax revenue, and in turn the degree of reliance by governments on the various taxes.

Key observations

40. Tax ratios vary enormously between OECD countries, as does their evolution over time. For fiscal year 2001, in the European region six countries—Austria, Belgium, Denmark, Finland, France, and Sweden—had tax/GDP ratios of more than 45 per cent. In contrast, Mexico's total tax revenues were only 18.9 per cent of GDP, while four countries—Ireland, Japan, Korea, and the United States—had tax ratios in the 20-30 per cent range.
41. The variations evident from Tables 15 and 16 have a number of implications from a tax administration viewpoint, particularly in the context of international comparisons.
42. The significant variations in reported tax ratios coupled with variations in the mix of direct and indirect taxes mean that there can be quite different administrative workloads and compliance considerations from country to country.⁷

⁷ A clear example here is in Japan where the VAT is levied at a rate of only 3 per cent and with a very high threshold, meaning that the vast bulk of businesses have no or very insignificant VAT obligations.

6. OPERATIONAL PERFORMANCE INFORMATION

Introduction

43. This part provides a limited array of operational performance information of the kind that is often used in international comparisons of tax administration systems. For the reasons outlined in this part and elsewhere in this document, considerable care should be taken when interpreting this information and in drawing any conclusions as to the relative efficiency and effectiveness of the individual revenue bodies identified.

Key Observations

44. Tables 17-20 provide operational performance information covering the ratio of administrative costs/ revenue, staffing, and unpaid taxes. Significantly:
- Cost of collection ratios (i.e. the ratio of administrative costs/tax revenue collections), which are widely used internationally to draw conclusions on the relative efficiency and effectiveness of revenue bodies, vary substantially across member countries, in part due to factors unrelated to efficiency and effectiveness; for this reason, these ratios need to be interpreted with considerable care, and used only as a pointer to further analysis.
 - For similar reasons, comparisons of the relative staffing levels of revenue bodies need to be made with caution, in particular to take account of non-tax functions performed and the scope of taxes administered by the bodies concerned.
 - Staff resources devoted to tax audit and other verification functions appear to vary substantially across OECD member countries, most likely reflecting a range of factors (e.g. different systems of assessment), varying priorities to the management of compliance risks, and substantially different levels of modern technology to support operational activities).
 - Available data (although limited) suggests that the collection of tax debts is a growing and/or significant problem for a number of OECD countries.

Ratio of Administrative Costs to Revenue Collections

45. It has become a fairly common practice for national revenue authorities to compute and publish (e.g. in their annual reports) a 'cost of collection' ratio as a surrogate measure of the efficiency/ effectiveness of administration.⁸ The ratio is computed by comparing the annual costs of administration incurred by a revenue authority, with the revenue collected over the course of a fiscal year. It can be expressed as a percentage or as the cost of collecting 100 units of revenue. The ratio is sometimes

⁸ Examples include Australia, Hong Kong, Ireland, Japan, Singapore, United Kingdom, and the United States.

calculated for a particular tax, but as this tends to raise 'cost apportionment' issues it is not common practice. A summary of such ratios for a number of OECD countries (drawn from published reports and survey data) is provided in Table 17.

46. Most tax authorities tend to publish the ratio for a number of years and, all other things being equal, changes in the ratio over time should reflect movements in relative efficiency and/or effectiveness. This arises from the fact that the ratio is derived from a comparison of inputs (i.e. administrative costs) to outputs (i.e. tax revenue collections); initiatives that reduce relative costs (i.e. improve efficiency) or improve compliance and revenue (i.e. improve effectiveness) will impact on the ratio. In practice, however, there are a number of factors that inevitably come into play and influence the cost/ revenue relationship, but which have nothing to do with relative efficiency or effectiveness (refer Box 4 which identifies a number of these factors). Clearly, any analysis of movements in the ratio should pay regard to the sorts of factors described.

Box 4. Is the 'Cost of Collection Ratio' a Reliable Indicator of Efficiency/Effectiveness?

Observed over time, a downward trend in the 'cost of collection' ratio can constitute evidence of a reduction in relative costs (i.e. improved efficiency) and/or improved tax compliance (i.e. improved effectiveness). However, experience has also shown that there are many factors that can influence the ratio which are not related to changes in a revenue authority's efficiency and/or effectiveness:

a. Changes in tax rates: The legislated rates of tax are an important factor in determining the cost/revenue relationship. In theory, a policy decision to increase the overall tax burden should, all other things being equal, improve the ratio by a corresponding amount, but this has nothing to do with improved operational efficiency or effectiveness.

b. Macroeconomic changes: Abnormal changes in rates of economic growth etc. or inflation over time are likely to impact on the overall revenue collected by the tax administration and the cost/ revenue relationship. This is especially likely to occur in countries that are prone to considerable volatility in the movement of such indicators.

c. Abnormal expenditure of the revenue authority: From time to time, a tax authority may be required to undertake an abnormal level of investment (e.g. the building of a new information technology infrastructure, acquisition of more expensive new accommodation). Such investments are likely to increase overall operating costs over the medium term, and short of off-setting efficiencies, will impact on the cost/revenue relationship. The introduction of new taxes may also present additional up front administrative costs that initially impact on the cost/revenue ratio, but which are dissipated over time. (The use of accrual accounting may reduce the impact of these expenditures on the cost/revenue relationship.)

d. Changes in the scope of taxes collected by a revenue authority: From time to time, governments decide to shift responsibility for the collection of particular taxes from one agency to another. For example, in Australia, responsibility for administration of excises was moved from the Customs Authority to the Australian Taxation Office (ATO) in 1999; in the UK, responsibility for the collection of national insurance contributions fell for many years to the IRD but was excluded from 'cost of collection' computations until 1999/2000, when the IRD assumed a broader set of responsibilities in relation to its administration. For both agencies, the incorporation of a new revenue stream had a substantial positive impact on the ratio reported by the respective agencies.

As the 'cost of collection' ratio takes account of total revenue collections, there has been a tendency by some observers to use it as an indicator of effectiveness. However, its usefulness in this regard is limited for one fundamental reason. The difference between the amount of tax actually collected and the maximum potential revenue is commonly referred to in tax literature as the "tax gap". Put another way, the amount of revenue collected compared with the maximum potential revenue, expressed as a percentage, is the overall level of compliance or effectiveness achieved by the tax administration. All other things being equal, initiatives that improve compliance with the laws (i.e. improve effectiveness) will impact on the cost/revenue relationship. **However, because the cost/revenue ratio ignores the revenue potential of the tax system, its value as an indicator of effectiveness is limited.** This is particularly relevant in the context of international comparisons—countries with similar cost/ revenue ratios can be poles apart in terms of their relative effectiveness.

International Comparisons of Cost of Collection Ratios

47. Given the many similarities in the taxes administered by federal revenue collection authorities from country to country, there has been a natural tendency by observers to make comparisons of 'cost of collection ratios' and draw conclusions on the respective administration's efficiency and effectiveness. However, experience shows that such comparisons are difficult to carry out in a consistent fashion, given the range of variables to be taken into account (refer Box 5).

Box 5. International Comparisons of Cost of Collection Ratios

From analytical work that has been undertaken in conducting such comparisons, there are many factors that have been found to explain the marked variations in the ratio that are reported from country to country. The more significant factors are described below:

a. Differences in tax rates and structure: Rates of tax and the actual structure of taxes all will have a bearing on revenue and, to a lesser extent, cost considerations. For example, comparisons between high-taxing countries (e.g. from within Europe where tax burdens regularly exceed 40 percent) and low-taxing countries (e.g. from within Asia or Africa) are hardly realistic given their respective tax burdens.

b. Differences in the range and nature of taxes administered by federal revenue authorities: There are a number of differences that can arise here. In some countries, more than one major tax authority may operate at the national level (e.g. in the United Kingdom, the Customs and Excise Department, and the Inland Revenue Department; in France, the General Public Account Department and the General Tax Department), or taxes at the federal level are predominantly of a direct tax nature, while indirect taxes are administered largely by separate regional/state authorities (e.g. in the United States of America). In other countries, one national authority will collect taxes for all levels of government, i.e. federal, regional and local governments (a number of EU countries). Comparisons between countries should pay careful regard to this factor.

c. Collection of social insurance, retirement contributions, etc.: As described earlier in this series, there are significant variations from country to country in the collection of social security contributions. Some countries do not have special regimes (e.g. Australia, New Zealand), while others make separate provision for them and have them collected by the main tax revenue collection agency (e.g. Canada, Finland, Netherlands, Norway, United States and United Kingdom). Some countries have them collected by a separate government agency (e.g. France, Germany, Poland, and Spain). Given that social contributions are a major source of tax revenue for many countries, the inclusion/exclusion of social contributions in the revenue base for 'cost of collection' calculation purposes can have a significant bearing on the computed ratio.

d. Differences in the range of functions undertaken: The scope of functions undertaken by the national revenue body can vary from country to country. For example, in some countries 1) tax fraud investigations are undertaken by a separate government agency (whose costs are excluded from the 'cost of collection' ratio), rather than the main revenue collection agency (e.g. Italy and Poland); and 2) the tax authority is also responsible for carrying out functions not directly related to tax administration (e.g. administration of customs laws, valuation functions, payment of certain welfare benefits).

e. Lack of a common measurement methodology: There is no universally accepted methodology for the measurement of administrative costs. Tax authorities that publish a 'cost of collection' ratio generally do not reveal details of the measurement approach adopted for their calculations. In relation to administrative costs, the treatment of employee pension costs, accommodation costs, interest paid on overpaid taxes, the use of cash and non-cash methods (e.g. by means of a float) to recompense financial institutions for collecting tax payments, and capital equipment purchases are some of the potentially significant areas where the measurement approaches adopted may vary. The ratio is also influenced by the selection of the revenue base i.e. 'gross' or 'net' (i.e. after refunds) revenue collections figure for its computation. For example, the US Internal Revenue Service (IRS), which has one of the lowest reported 'cost of collection' ratios for any national revenue authority, and the Irish Revenue Authority, both use 'gross' revenue as the basis of their reported computation, while most other authorities use a 'net' figure. As a result, for both countries the reported ratio is around 10-12 percent lower than if it were computed on a 'net' revenue basis.

48. For the reasons outlined, the data in Table 17 should be interpreted with considerable care and take account of the abnormal factors highlighted, as well as other differences in approach to revenue administration highlighted elsewhere in this series.

Relative Staffing Levels of National Revenue Bodies

49. A summary of the staffing levels of national revenue bodies is set out in Table 18. To the extent possible, account has been taken of some non-taxation related roles performed by some revenue bodies.
50. In order to reflect a degree of relativity, aggregate staff levels have been compared with overall official country population and labour force data. Comparisons of this nature are naturally subject to some of the qualifications referred to earlier concerning ‘cost of collection’ ratios—in addition to efficiency considerations, exogenous factors such as the range of taxes administered (e.g. social contributions, motor vehicle and property taxes) and the performance of non-tax related roles (where these cannot be isolated) all impact on the magnitude of the reported ratio.⁹ For some countries, demographic features (e.g. country age profile, rate of unemployment) are also likely to be relevant. To assist readers, known abnormal factors influencing the reported ratios have been identified.
51. As will be evident, the greatest level of consistency occurs in relation to the measure based on country labour forces—some 12 countries have a ratio in the range 301-400 and some 7 in the range 401-500. However, there are four significant outliers (i.e. Japan, Korea, Mexico and the United States) about which brief reference should be made.
52. In the case of Japan, staffing levels of the NTA have remained in the region of 50,000 to 56,000 for the last 50 years, reflecting decisions both to keep resources roughly constant and, no doubt, to minimise workloads. Concerning the latter, administrative workloads are much less than in many other OECD countries due to the design of tax collection systems and administrative practices. For example, until recently¹⁰, there was an abnormally high threshold for VAT registration (i.e. equivalent to around €300,000) and bi-annual payment and filing requirements for VAT. In addition, there are biannual return filing and payment obligations in respect of corporate tax, withholding of tax at source on dividend and interest income and certain payments for independent services, while a final wage withholding system applies for most employee taxpayers (with minimal recording of taxpayer registrations—refer Table 21). Also relevant is the collection of social security contributions by a separate agency.
53. Korea also imposes withholding at source for dividend and interest income and certain payments for independent services, makes substantial use of final withholding systems for the bulk of employee taxpayers (with minimal recording of taxpayer registrations), and applies bi-annual reporting and payment arrangements for VAT liabilities.
54. With annual tax collections equivalent to around 19 percent of GDP, Mexico’s tax system is of a much smaller scale than other OECD countries. Its tax system

⁹ Also relevant to this matter is the fact that a number of national revenue bodies (e.g. Denmark, Netherlands) are required to undertake government-directed staff reduction programmes. In addition, as part of the reform of tax administration arrangements recently announced in the UK involving the merging of the UK IRD and C&E, significant staff reductions are envisaged in the coming years.

¹⁰ From 2004 registration, return filing, and payment obligations have been brought more into line with the requirements seen in most OECD countries.

arrangements are characterized by substantial use of final withholding system arrangements for employee taxpayers (with quite limited registration of personal taxpayers (equivalent to around to 21 percent of the official labour force)), and a relatively small population of registered business taxpayers.

55. In the case of the United States, a comparison of relative staffing levels with other OECD countries is complicated by the absence of a national VAT (or a similar tax) administered at the national level, as in all other OECD countries. A further complication is that, unlike most other OECD countries, there are income taxes and retail sales taxes levied at the state level in the USA that are administered separately, not by the national revenue body.

Staff Resources Devoted to Verification and Related Functions

56. Revenue bodies are allocated finite resources to carry out their responsibilities. Employees constitute the major resource of all revenue bodies and a critical decision is the allocation of these resources across many competing demands (e.g. resources for critical “front-line” compliance functions such as taxpayer services, education, audits, and debt collection; resources for essential “back room” information processing/ taxpayer account maintenance work; and resources for corporate support functions such as information technology, human resource management, etc.).
57. Table 19 provides an indication of country practices concerning the allocation of resources to compliance functions, in particular for audit and related verification functions. Given definitional issues and the possibility of some inconsistencies, this information needs to be interpreted with care. Nevertheless, it does indicate that there are potentially substantial differences in the levels of resources devoted to these important functions, which may warrant further inquiry and potentially action to address any perceived imbalances. Factors that may explain some of these differences in staff functional resource allocations between countries include (1) the use of administrative assessment versus self-assessment for income tax; (2) the extent of automated systems in place; (3) the extent of staff devoted to overheads; and (4) the size of the revenue bodies’ network of offices and rules associated with the allocation of staffing across office networks.

Tax arrears inventories of national tax bodies

58. The collection of tax debts is another critical responsibility of revenue bodies. As noted in Table 3, just about all OECD member countries maintain a dedicated debt collection function within their revenue body to pursue the non-payment of tax debts.
59. Table 20 displays the ratio of aggregate and net tax arrears (i.e. all unpaid taxes for all years recorded on taxpayers’ accounts) to the denominator of annual net revenue collections of all taxes for the years indicated, reported by member countries. A number of countries apply this measure, or a variant thereof, in their management information systems to gauge trends over time in their debt collection performance. Generally speaking, a declining trend in the ratio is likely to indicate improved payment compliance and/or debt collection effectiveness.
60. The difference between gross and net arrears refers to tax debts, the collection of which is subject to objection, dispute, and/or litigation; a significant difference between the two ratios may indicate an abnormally large appeals/disputes workload (possibly associated with an increased incidence of tax avoidance) or a relative few very large disputed tax debts.

61. Comparisons between countries need to be made with care, for the sorts of reasons described earlier in this part. In addition, the size of a revenue body's reported volume of tax arrears will be affected by write off policies concerning uncollectible debts, which may vary substantially between member countries¹¹.

¹¹ Annual reports of a number of countries (e.g. Australia, UK) indicate that fair amounts of tax are written off each year as uncollectible in accordance with standard government debt management policies. In other countries, action to write off uncollectible debts is fairly limited and is often only executed after very long periods of time have elapsed.

7. ADMINISTRATIVE PRACTICES

Introduction

62. This part briefly examines features of country tax administration arrangements/practices for the registration of taxpayers

Registration of taxpayers and use of taxpayer identification numbers (TINs)

63. Comprehensive systems of taxpayer registration and numbering are a critical feature of the tax administration arrangements in many countries, supporting numerous tax administration processes. In addition to recording basic taxpayer identifying information (e.g. for individuals—full name and address, date of birth, for businesses—full name, business and postal addresses) that permits the routine identification of taxpayers for a range of administrative functions (e.g. issue of notices, follow-up enforcement actions), the use of unique taxpayer identification numbers (TINs) as part of the registration system facilitates the matching of information reports with tax records to detect instances of potential non-compliance, the exchange of information between government agencies (where permitted under the law), and numerous other uses.
64. Information pertaining to registered taxpayer populations in member countries and the use of taxpayer identification numbers is set out in Tables 21 and 22.

Key observations

65. Based on an analysis of the information in Tables 21 and 22, there are a number of important observations that can be made:
66. Using country labour force data as a benchmark, the numbers of registered individual taxpayers in member countries varies substantially, with obvious implications for respective administrative workloads and practices; factors likely to contribute to this situation include the use of cumulative withholding tax arrangements (e.g. Japan, Korea, and Mexico) and the resulting non-requirement for tax returns from many employees, the use of the tax system/administrative arrangements for social welfare purposes (e.g. New Zealand) and population census purposes (e.g. Sweden).
67. Taxpayer identification numbering systems are widely used in member countries although a number of sizeable OECD member countries do not employ such systems (e.g. France, Germany, and Japan).

ANNEX OF TABLES

Table 1: Institutional Arrangements for Revenue Administration

COUNTRY	FEATURES			
	Type of revenue body	Administers social contributions	Administers customs laws	Performs other non-tax roles
Australia	Unified semi-autonomous body	N/A	No	Yes /1
Austria	Multiple directorates in MOF /1	No	Yes	Yes /1
Belgium	Single directorate in MOF	No	Yes	No
Canada	Unified semi-autonomous body with board	Yes	No /1	Yes/ 1
Czech Rep.	Single directorate in MOF	No	No	Yes /1
Denmark	Single directorate in MOF	Yes	Yes	Yes /1
Finland	Unified semi-autonomous body with board	Yes	No	No
France	Multiple directorates in MOF	No /1	No	Yes /1
Germany	Multiple directorates in MOF	No	No	Yes /1
Greece	Multiple directorates in MOF	No	Yes	Yes /1
Hungary	Unified semi-autonomous body	Yes	No	No
Iceland	Unified semi-autonomous body	Yes	No	Yes /1
Ireland	Unified semi-autonomous body	Yes	Yes	Yes /1
Italy	Multiple directorates in MOF	No	No	No
Japan	Unified semi-autonomous body	No	No	No
Korea	Unified semi-autonomous body	No	No	No
Luxembourg	Multiple directorates in MOF /1	No	Yes	Yes /1
Mexico	Unified semi-autonomous body	No	Yes	No
Netherlands	Single directorate in MOF	Yes	Yes	Yes /1
NZ	Unified semi-autonomous body	N/A	No	Yes /1
Norway	Multiple directorates in MOF	Yes	No	Yes /1
Poland	Multiple directorates in MOF	No	Yes	No
Portugal	Single directorate in MOF	No	No	No
Slovak Rep.	Unified semi-autonomous body	No	No	Yes /1
Spain	Unified semi-autonomous body	No	Yes	Yes
Sweden	Unified semi-autonomous body	Yes	No	Yes /1
Switzerland	Single directorate in MOF	No	No	No
Turkey	Multiple directorates in MOF	No	No	No
UK	Two unified semi-autonomous bodies with board /3	Yes	Yes	Yes /1
USA	Unified semi-autonomous body with board	Yes	No	No

Sources: Survey responses, tax bodies' annual reports.

/1. **Austria**—Administers payment of child benefit and family allowances for the Ministry of Social Affairs; **Australia**—Administers government valuation function, some welfare benefits, and student higher education contribution scheme; **Canada**— Customs and tax administration operations were aligned in the CCRA until December 2003, when a new Canada Border Services Agency was established under a new Department of Public Safety and Emergency Preparedness; CRA administers a range of benefit programmes; **Czech Republic**—Administers some subsidies and carries out price controls; **Denmark**—Maintains population register; **France**—The French tax administration is responsible for the management of state property; **Germany**—Administer granting of house-building premiums, assessment of rateable value of domestic real estate for rating/ tax purposes, capital building act, granting allowances under investment allowance act; **Greece**—detection of economic fraud, administers students' contributions, payment of teachers' salaries; **Iceland**—Maintains register of enterprises, supervises accounting rules; **Ireland**—collection agent for environmental levy imposed on use/sale of plastic bags; **Luxembourg**—Three separate directorates: Direct Taxes, Indirect Taxes, and Customs and Excise, and also responsible for registration fees, management of state property, mortgages, legal fees, extract fees of criminal records, airport tax and fiscal stamps; **Netherlands**—detection of economic fraud; **New Zealand**—Administers family assistance, collection of child support, and student loan scheme; **Norway**—Maintains population register; **Slovak Republic**—administers judicial fees and state supervision over lotteries and processing of bookkeeping data; **Spain**—administers some family assistance; **Sweden**—citizen registration, elections, collection of private debts; **UK IRD**—administers student loans, tax credits, valuations, and national minimum wage.

/2. There is a unified tax and customs department, supported by separate IT and Personnel Departments for all the Finance Ministry.

/3. The UK Chancellor announced in March 2004 that the two tax bodies (i.e. Inland Revenue and Customs and Excise) are to be merged into a single department, with responsibility for both tax and customs administration.

Table 2: Taxes Administered by National Revenue Bodies in OECD Countries

COUNTRY	TAXES ADMINISTERED BY THE NATIONAL REVENUE BODY						
	National direct taxes	Social contributions/1	National VAT	Excises	Real property taxes	Wealth &/or inheritance taxes	Motor vehicle taxes
Australia	Yes	N/A	Yes	Yes	No	No	No
Austria	Yes	No	Yes	Yes	No	Yes	Yes
Belgium	Yes	No	Yes	No	Yes	Yes	Yes
Canada	Yes	Yes	Yes	Yes	No	No	No
Czech Rep.	Yes	No	Yes	No	Yes	Yes	Yes
Denmark	Yes	Yes	Yes	Yes	Yes	No	Yes
Finland	Yes	Yes	Yes	No	Yes	Yes	No
France	Yes	No	Yes	No	Yes	Yes	Yes
Germany	Yes	No	Yes	Yes	Yes	No	Yes
Greece	Yes	No	Yes	Yes	Yes	Yes	Yes
Hungary	Yes	Yes	Yes	No	No	No	No
Iceland	Yes	Yes	Yes	Yes	No	Yes	Yes
Ireland	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Italy	Yes	No	Yes	No	No	Yes	Yes
Japan	Yes	No	Yes	Yes	No	Yes	Yes
Korea	Yes	No	Yes	Yes	No	Yes	No
Luxembourg/3	Yes	No	Yes	Yes	Yes	Yes	Yes
Mexico	Yes	No	Yes	Yes	No	No	No
Netherlands	Yes	Yes	Yes	Yes	No	Yes	Yes
N. Zealand	Yes	N/A	Yes	No	No	No	No
Norway	Yes	Yes	Yes	No	No	Yes	No
Poland	Yes	No	Yes	No	Yes	Yes	?
Portugal	Yes	No	Yes	Yes	Yes	Yes	Yes
Slovak Rep.	Yes	No	Yes	Yes	No	No	Yes
Spain	Yes	No	Yes	Yes	No	Yes/ 4	No
Sweden	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Switzerland	Yes	No	Yes	No	No	No	No
Turkey	Yes	No	Yes	Yes	Yes	Yes	Yes
UK—IRD	Yes	Yes	No	No	Yes	Yes	Yes
UK—C&E	No	-	Yes	Yes	No	No	No
USA	Yes	Yes	No /2	Yes	No	Yes	No

Sources: Country survey responses and revenue body annual reports.

/1. Where 'no' indicated, social contributions are collected by a separate agency.

/2. No national VAT exists; retail sales taxes collected by sub-national governments.

/3 Three separate directorates are responsible for revenue administration functions—direct taxes, VAT, and customs and excise.

/4. Wealth tax is administered and collected by the national revenue body, with tax control being shared with regional bodies.

Table 3: Organisational Structure of National Revenue Administration Bodies in OECD Countries

SELECTED FEATURES OF THE INTERNAL ORGANISATIONAL STRUCTURE OF NATIONAL REVENUE BODIES						
COUNTRY	Main criteria for the organisation structure /1	Dedicated large taxpayer operation	Dedicated debt collection function	Dedicated serious fraud/ tax evasion function	Compliance activities-integrated or conducted by tax type	Comprehensive in-house information technology function
Australia	All	Yes	Yes	Yes	Separate	Yes /2
Austria	F, T	Yes /3	Yes	Yes	Integrated	Yes /4
Belgium	All	No	Yes	Yes	Separate	?
Canada	F	No /3	Yes	Yes	Integrated	Yes
Czech Rep.	F, T	No	Yes	Yes	Integrated	Yes
Denmark	F, TP	Yes	Yes	Yes	Integrated	No /5
Finland	TP, T	Yes	Yes	Yes	Separate	Yes
France	F, TP	Yes	Yes	No	Integrated	Yes
Germany	F, TP	No	Yes	Yes	Integrated	Yes /2
Greece	All	Yes	Yes	Yes	Integrated	Yes /4
Hungary	F, TP	Yes	Yes	No /2	Integrated	Yes
Iceland	F	No	No	No	Integrated	No /5
Ireland	F, TP	Yes	Yes	Yes	Integrated	Yes
Italy	F, T	Yes	Yes	Yes	Integrated	Yes
Japan	All	Yes /3	Yes	Yes	Integrated	Yes
Korea	F, TP	Yes/3	Yes	Yes	Integrated	Yes
Luxembourg	T, F	No	Yes	Yes	Separate	Yes /2
Mexico	F, TP	Yes	Yes	Yes	Integrated	Yes
Netherlands	F	Yes	Yes	Yes	Integrated	Yes
N. Zealand	All	Yes	Yes	Yes	Integrated	Yes
Norway	F, TP	Yes /2	Yes	Yes	Separate	Yes
Poland	F, TP	Yes	Yes	Yes	Integrated	Yes /4
Portugal	T	No	Yes	Yes	Integrated	No
Slovak Rep.	F	Yes	Yes	Yes	Integrated	No /2
Spain	All	Yes	Yes	Yes	Integrated	Yes
Sweden	T	Yes	Yes	Yes	Separate	Yes
Switzerland /2	All	No	Yes	Yes	Separate	Yes
Turkey	T	No	Yes	Yes	Integrated	No /5
UK—IRD	F, TP	Yes	Yes	Yes	Separate	No /5
UK—C&E	F, TP	Yes	Yes	Yes	Separate	No /5
USA	F, TP	Yes	Yes	Yes	Separate	Yes

Sources: Survey responses, revenue bodies' annual reports.

/1. Countries were asked to specify the principal structural criteria: F—function; T—tax; or TP—taxpayer.

/2. **Australia**—Considerable in-house applications development capability in place with mainframe, network and telephony operations being outsourced; **Germany**—IT is largely administered by 16 separate sub-national leaders; the development of federally integrated software is currently underway with a private contractor; Greece—IT functions provided by central ministry of finance unit/ department; **Hungary**—Serious Tax Fraud Investigation function transferred to police body from January 2003; **Luxembourg**—IT operations for the three separate tax administrations are provided by a national IT centre; **Norway**—Direct taxes only; **Slovak Republic**—All IT systems are developed by private sector companies; WAN communication network outsourced; **Switzerland**—Tax administration operations are largely planned and delivered at the sub-national level (cantons in Switzerland) with minimal central oversight/ supervision. In Switzerland, the delimitation of fiscal competencies is laid down in the Federal Constitution. The Tax Harmonisation Law of cantonal and municipal direct taxes, which came into effect on 1 January 1993, sets out the direct taxes that cantons can levy—municipal taxes are normally levied as a surcharge of the cantonal taxes—and the principles that tax legislation in the cantons must respect;

/3. **Austria, Canada, Japan, and Korea**—Mainly/only audit functions;

/4. **Austria, Greece, and Poland**—IT functions provided by central ministry of finance unit/ department

/5. **Denmark, Iceland, Turkey, UK IRD, and UK C&E**—IT operations are largely outsourced to private contractor(s).

Table 4: Systems for the Collection/ Assessment of Employees' Personal Income Tax Liabilities

COUNTRY	NATURE OF SYSTEM IN PLACE			
	Cumulative withholding—mainly tax return free	Non-cumulative withholding—return required	Reconciliation approach—pre-populated returns sent to taxpayers for validation	No withholding/instalments required from taxpayer—annual return required
Australia		Yes		
Austria	Yes			
Belgium		Yes		
Canada		Yes		
Czech Rep.	Yes			
Denmark			Yes	
Finland			Yes	
France				Yes
Germany	Yes			
Greece		Yes		
Hungary		Yes		
Iceland		Yes		
Ireland	Yes			
Italy	Yes			
Japan	Yes			
Korea	Yes			
Luxembourg	Yes			
Mexico	Yes			
Netherlands	Yes			
NZ	Yes			
Norway			Yes	
Poland	Yes			
Portugal		Yes		
Slovak Rep.	Yes			
Spain		Yes		
Sweden			Yes	
Switzerland				Yes
Turkey	Yes			
UK	Yes			
USA		Yes		

Sources: Survey responses, tax bodies' annual reports.

Table 5: Personal Income Tax: Withholding Tax Systems

SOURCES OF INCOME OF RESIDENT TAXPAYERS NORMALLY SUBJECT TO WITHHOLDING OF TAX BY PAYER						
COUNTRY	Wages & salaries	Dividends	Interest	Independent personal services	Royalties, patents etc.	Other
Australia	Yes	No /2,/3	No /2,/3	No /3	No /2	
Austria	Yes	Yes /4	Yes /4	No	No /2	Other prescribed categories of investment income
Belgium	Yes	Yes /4	Yes /4	No	Yes	
Canada	Yes	No /2	No /2	No	No /2	
Czech Repub.	Yes	Yes	Yes	No	No	
Denmark	Yes	Yes	No	No	No /2	
Finland	Yes	No /2	Yes	No /3	No /2	
France	No /1	No	No /2, /6	No	No /2	
Germany	Yes	Yes	No	No	No /2	
Greece	Yes	No	Yes	Yes	Yes	Directors fees, rents prizes, and certain capital gains
Hungary	Yes	Yes	Yes	Yes	Yes	Capital gains on securities
Iceland	Yes	Yes	Yes	No	No /2	
Ireland	Yes	Yes	Yes	Yes /6	Yes	Rents paid to non-residents,
Italy	Yes	Yes	Yes	Yes /6	No /2	
Japan	Yes	Yes	Yes	Yes /6	Yes	Prize, racehorse winnings
Korea	Yes	Yes	Yes	Yes	Yes	
Luxembourg	Yes	Yes	No	No	No /2	
Mexico	Yes	Yes	Yes	Yes	?	
Netherlands	Yes	Yes	No	No	No	
New Zealand	Yes	Yes /4	Yes	Yes	No /2	
Norway	Yes	No /2	No	No	No /2	
Poland	Yes	Yes	Yes	Yes /6	Yes	Income of certain maritime enterprises
Portugal	Yes	Yes	Yes /3	No	Yes	Rents, prizes
Slovak Republic	Yes	Yes	Yes	No	No	Certain lottery winnings, prizes, insurance policies, rents, benefits from supplementary retirement funds
Spain	Yes	Yes	Yes	Yes	Yes	Prizes, rents, certain capital gains
Sweden	Yes	Yes	Yes	No	No	
Switzerland	No /1	Yes	Yes	No	No	Prizes, insurance payouts
Turkey	Yes	Yes	Yes	Yes	Yes	Rents
United Kingdom	Yes	No /2	Yes	Yes /6	Yes	Certain rents
United States	Yes	No /2, /3	No /3	No	No /2	

Sources: IBFD, country revenue officials.

- /1. **France**—Subject to withholding for social contributions levy but not for personal income tax; **Switzerland**—Aliens in Switzerland in possession of a work permit are subject to withholding.
 /2. Subject to withholding where paid to non-residents.
 /3. Subject to withholding where no taxpayer identification number or other unique identifier is quoted/given to the payer organisation
 /4. **Austria, France, and Portugal**—Final tax (with some exceptions in Austria); **New Zealand**—Except where dividends are fully imputed.

/5. Taxpayers may request withholding of tax, which becomes final tax.

/6. **Austria**—except income of non-resident artists and athletes; **Ireland**—For payments by government/ public bodies & gross payments made under contracts in certain industries (unless the payee is authorized by the revenue authority to receive payment in full; **Italy, Japan, and Poland**—for services prescribed in the law.; **Mexico**—where paid by a legal entity; **Slovak Republic**—Certain lottery winnings, prizes, insurance policies rents, benefits from supplementary retirement funds ; and **United Kingdom**—for the building industry.

Table 6: Income Taxes: Information Reporting Requirements

COUNTRY	CATEGORIES OF INCOME SUBJECT TO SYSTEMATIC INFORMATION REPORTING BY PAYERS TO REVENUE BODIES									
	Wages & salaries	Dividends	Interest	Rents	Independent personal services	Sales of goods	Sales of shares and/ or real estate	Royalties, patents, etc.	Gambling winnings/gains	Other
Australia	Yes	Yes	Yes	No	No	No	No	Yes	No	
Austria	Yes	No	No	No	Yes /1	No				
Belgium	Yes	No	No							
Canada	Yes	Yes	Yes	No	Yes /1	No	No	No	No	
Czech Repub.	Yes	Yes	Yes							
Denmark	Yes	Yes	Yes	No	No	No	Yes	Yes	No	Yes /4
Finland	Yes	Yes	Yes	No	No /1	No	Yes	No	No	Yes /4
France	Yes	Yes	Yes				Yes			
Germany	Yes	Yes	No	No	Yes /1		Yes /3		No	Yes /4
Greece	Yes	No	Yes	Yes	Yes	Yes		Yes	Yes	Yes
Hungary	Yes	Yes	Yes		Yes	Yes	Yes			
Iceland	Yes	Yes	Yes	Yes	No	No	Yes		Yes	
Ireland	Yes	Yes	Yes	No	No	No	Yes /3	No	No	
Italy	Yes		Yes							
Japan	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	Yes
Korea	Yes	Yes	Yes	No	Yes /1			Yes		
Luxembourg	Yes	Yes	No	No	No	No	No	No	No	
Mexico		Yes			Yes /1					
Netherlands	Yes	No	Yes	No	No	No	No	No	No	
New Zealand	Yes	Yes	Yes		Yes					
Norway	Yes	Yes	Yes	No	No	No	Yes /3	No	No	
Poland	Yes	Yes	Yes		Yes			Yes		
Portugal	Yes									
Slovak Rep.	Yes	No	Yes	No	No	No	No	No	Yes	Yes /4
Spain	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sweden	Yes	Yes	Yes	No	No	No	Yes	No	No	
Switzerland	Yes		No							
Turkey	Yes	Yes	Yes	Yes	Yes	Yes /2		Yes	No	
United Kingdom	Yes									
United States	Yes	Yes	Yes	Yes	Yes	Yes /2	Yes	Yes	Yes	

Sources: IBFD, country revenue officials.

/1. **Austria**—Very limited range; **Canada**—Building Industry; **Finland**—Services for domestic households can be reported; **Germany**—For payments by public corporations; **Korea**—For payments to individuals; and **Mexico**—For payments by legal entities.

/2. **Turkey**—For agricultural goods; **USA**—For goods prescribed in the law.

/3. **Germany**—Only real estate sales; **Ireland**—Only real estate sales; and **Norway**—Only sale of shares.

/4. **Denmark and Finland**—Pensions; **Germany and Slovak Republic**—Life insurance benefits.

Table 7: Personal Income Tax: Payment and Return Filing Obligations

COUNTRY	ADVANCE PAYMENTS OF TAX (OTHER THAN TAXES WITHHELD AT SOURCE)				ANNUAL INCOME TAX RETURN			
	Who is liable /1	Number/ frequency of payments	When payable /2	Standard computation of payments	When normally due /3	Employees' filing obligations /4	Self-assessed or assessed	When is any final tax payable /3
Australia	All with income not taxed at source (small threshold applies)	4 /quarterly, 2 in 3 rd and 4 th quarters for certain payers	28 days after the end of each quarter of income year	Gross quarterly income x prior year average tax rate or 1/4 of prior year tax adjusted for GDP growth	4 months (registered tax agents can file progressively) up to 9 months)	Employees generally have to file tax returns	Self-assessed	21 days after notice issued.
Austria	Self-employed	4/ quarterly	15 February, May, August, and November of income year	1/4 of the prior year's tax plus adjustment factor	3 months (extension possible if registered tax consultant used)	Employees do not have file tax returns if income only from one source	Assessed	One month after assessment notice issued
Belgium	Self-employed and other specified individuals	4 / quarterly	10 April, July, and October, and 22 December of income year	1/4 of the estimated income tax liability	6 months	Employees generally have to file tax returns	Assessed	2 months after assessment notice issued
Canada	Self-employed (tax payable above small threshold)	4/ quarterly	15 March, June, September, December of income year	1/4 of prior year's tax or current year estimate	4 months	Employees generally have to file tax returns	Self-assessed	4 months (due with filing of return)
Czech Repub.	All with income other than employment income	Large: 12/ monthly; small: 4/ quarterly	Large- last day of each month: small- by 15 th day of 3 rd , 6 th , 9 th , & 12 th months of income year	1/12 (large) or 1/4 (small) of prior year's tax	3 months (can be extended by 3 months if tax advisor used)	Employees generally do not have to file tax returns	Assessed	?
Denmark	All with income not taxed at source	10/ monthly	20 th of each month: January-May, July-November of income year	1/10 of estimated tax ability	4 months (for pre-populated returns); 6 months for others	Employees receive pre-populated return for vetting	Assessed	9 months (3 instalments: in September, October and November after assessment)
Finland	All with income not taxed at source	12/ monthly	By the 23 rd day of each month in income year	1/12 of the prior year's tax	Varies for different types of taxpayer- up to 3 months	Employees receive pre-populated return for vetting	Assessed	11 months (2 instalments: December and February after assessment)

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	ADVANCE PAYMENTS OF TAX (OTHER THAN TAXES WITHHELD AT SOURCE)				ANNUAL INCOME TAX RETURN			
	Who is liable /1	Number/ frequency of payments	When payable /2	Standard computation of payments	When normally due /3	Employees' filing obligations /4	Self-assessed or assessed	When is any final tax payable /3
France	All personal taxpayers (no withholding system, except employees' social contributions)	2	15 February and May of assessment year	1/3 of prior year tax	2 months/ 3 months (business income earners)	Employees generally have to file annual return	Assessed	270 days (September or October of assessment year).
		10/ monthly (optional)	January to October of assessment year	1/10 of prior year tax				11months (November and December of assessment year).
Germany	All with income not taxed at source	4/ quarterly	10 March, June, September and December of income year	¼ of prior year's tax	5 months (9 months where tax advisor used)	Employees generally do <u>not</u> have to file tax returns	Assessed	1 month after assessment notice issued.
Greece	All with income not subject to withholding	4	End of month for specific independent services; for others, by 15 April, July, October & January	As notified: equal to 55% of prior year's in aggregate	Varies for different classes of taxpayer- up to 5 months	Employees generally have to file tax returns	Assessed	5 months (from May of the assessment year)
Hungary	All with income not subject to withholding	4/ quarterly	12 th day following end of each quarter	Prorated share of estimated current tax	80 days (45 days for VAT payers)	Employees generally have to file tax returns	Self-assessed	80 days (due with filing of return)
Iceland	All with income not taxed at source	Monthly	1 February to June	Monthly—10.5% of previous year's tax	1 month	Employees generally have to file tax returns	Assessed	Over 5 months (August to December)
Ireland	Taxpayers with income not taxed at source	1/ annually	31 October of income year	90% of estimated tax payable	10 months	Employees generally do <u>not</u> have to file tax returns	Self-assessed	10 months (due with filing of return)
Italy		2/ biannually	20 June and 30 November of income year	39.2% and 58.8% of prior year's tax	5 months and 20 days (10 months for electronic filers)	Employees do not have to file if only in receipt of employment income and no deductions	Self-assessed	5 months and 20 days (due with filing of tax return)
Japan	All (threshold applies)	2/ biannually	31 July and 30 November of income year	1/3 of prior year tax payable (with some adjustments)	75 days	Employees generally do <u>not</u> have to file tax returns	Self assessed	75 days (due with return).

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	ADVANCE PAYMENTS OF TAX (OTHER THAN TAXES WITHHELD AT SOURCE)				ANNUAL INCOME TAX RETURN			
	Who is liable /1	Number/ frequency of payments	When payable /2	Standard computation of payments	When normally due /3	Employees' filing obligations /4	Self-assessed or assessed	When is any final tax payable /3
Korea	All with business and rental income	1/ annually	30 November	½ of tax paid or payable for the previous year plus any penalty tax	5 months	Employees generally do <u>not</u> have to file tax returns	Self-assessed	5 months (due with return)
Luxembourg	All with incomes not taxed at source	4/ quarterly	10 March, June, September, December of income year	¼ of prior year tax year	3 months (in practice it may be extended)	Employees do <u>not</u> have to file if wage income below annual limit	Assessed	1 month after tax assessment
Mexico	All	Large: 12/ monthly; small: 4/ quarterly	17 th day after end of liability period	Gross monthly or quarterly income x prior year average tax rate	3 months	Employees generally do <u>not</u> have to file tax returns	Self-assessed	4 months after the end of the tax period
Netherlands	All with income not taxed at source	Up to 12/ monthly	Progressively each month following receipt of assessment notice for prior year's income	Based upon the prior year's tax (plus inflation factor) divided by number of months remaining in income year	3 months (may be extended)	Employees generally do <u>not</u> have to file tax returns	Assessed	2 months after assessment notice issued
New Zealand	All with income not taxed at source (threshold applies)	3/ trimester	By 7 April, August, and December of income year	1/3 of 105% of prior year tax payable	158 or 188 days depending on income source	Employees generally do <u>not</u> have to file tax returns	Self-assessed	37 days after month of balance day
Norway	All with income not taxed at source	4/ quarterly	15 March, May, September, and November of income year	Prior year assessment and the tax rates for the coming year	1 month	Employees receive pre-populated return for vetting	Assessed	Two instalments: one 3 weeks, the second 12 weeks, after assessment notice issued
Poland	All with income not subject to withholding	12/ monthly	Each month of income year	1/12 of prior year's tax or current year estimate	4 months	Employees generally do <u>not</u> have to file tax returns	Assessed	4 months (due with filing of return).
Portugal	Self-employed, professionals businessmen and farmers	3/ trimester	20 July, September, and November of income year	85% of the tax payable for the year two years prior to the income year	Varies for different classes of taxpayer: up to 90 days	Employees generally have to file tax returns	Assessed	5/6 months (for employees-31 May; for others- 30 June of assessment year).

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	ADVANCE PAYMENTS OF TAX (OTHER THAN TAXES WITHHELD AT SOURCE)				ANNUAL INCOME TAX RETURN			
	Who is liable /1	Number/ frequency of payments	When payable /2	Standard computation of payments	When normally due /3	Employees' filing obligations /4	Self-assessed or assessed	When is any final tax payable /3
Slovak Republic	All individuals with income not subject to withholding (threshold applies)	Large: 12/ monthly; small: 4/ quarterly	Monthly- within the end of each month; quarterly- within the end of each quarter	1/12 or 1/4 of prior year tax	3 months (up to 3 months longer where certified tax advisor used)	Employees generally do not have to file tax returns	Self-assessed	90 days after end of fiscal year
Spain	Self-employed professionals and businessmen	4/ quarterly	20 April, July, October of the income year and 30 January of the following year	Varies for different classes of taxpayer	120-180 days	Employees generally do have to file tax returns	Self-assessed	170 days (two instalments: 60% by 20 June and the balance by 5 November)
Sweden	Income from business	12/ monthly	From February of the income year, generally between 12 th and 17 th of month.	Between 105-110% of prior year final tax	4 months	Employees receive pre-populated return for vetting	Assessed	90 days after assessment notice issued.
Switzerland	Tax collection arrangements vary across individual cantons. Generally speaking, all taxpayers make advance payments and there is no system of tax withholding at source on employee income (other than for guest workers).				Tax return arrangements (and associated tax payment requirements) vary across individual cantons. Generally speaking, all returns are subject to administrative assessment. There is provision for electronic filing in some cantons.			
Turkey	Persons with rental, business and professional income	2/ biannual	15 th day of the 2 nd month following the semi-annual period	15% of actual income during income period	1-2 months (depending on income type)	Employees generally do <u>not</u> have to file tax returns	Assessed	1-2 months (3 instalments: one with return and the other between April and August)
UK	Taxpayers with income not taxed at source	2/biannual	31 January of income year, and 31 July of following year (Tax year runs 6 April to 5 April)	50% of prior year's tax	6 months where liability not self-calculated: 10 months where taxpayer self-calculates	Employees generally do <u>not</u> have to file an tax returns	Self-assessed	10 months approx. (by 31 January after the tax year)
United States	All with income not taxed at source	4/ quarterly	15 April, June, September of income year, and January of the following year	1/4 of the lesser of (i) 90% of the estimated current year tax; or (ii) 100% of prior year tax	105 days– may be extended up to 4 months	Employees generally have to file tax returns	Self-assessed	105 days (due with filing of tax return)

Sources: IBFD and country revenue officials.

/1. In many countries apply an all threshold, or exclude specific categories of low income businesses.

Tax Administration in OECD Countries: Comparative Information Series (2004)

/2. Income year equals a calendar year unless otherwise stated.

/3. Expressed as duration from end of income year to normal filing or payment deadline.

/4. Many countries operate special withholding arrangements that free the bulk of employees (generally those with one source of employment and small amounts of other income) from having to file annual tax returns. In Denmark, Finland, Iceland, Norway, and Sweden, the tax bodies compile a return with data from third party sources and refer it to taxpayers for vetting. The majority of employee taxpayers confirm these returns and no other action is required.

Table 8: Corporate Income Tax: Payment and Return Filing Obligations

COUNTRY	ADVANCE PAYMENTS OF TAX				ANNUAL INCOME TAX RETURN			
	Who is liable /1	Number of payments	When payable /2	Computation of payments	When normally due /3	Self-assessed or assessed by tax body	Use of electronic filing?	When is any final tax due /3
Australia	All taxpayers (small threshold applies)	4—quarterly	28 days after end of each quarter of income year	Quarterly income x PY average tax rate	5 months	Self-assessed	Yes	With return
Austria	All	4—quarterly	15 February, May, August, and November of income year	¼ of prior assessment plus adjustment factor	3 months (extension possible if tax professional used)	Assessed	Yes	One month after assessment notice issued
Belgium	Optional: surcharge applies if no advance payments made.	4—quarterly	10 April, July, October, and December of income year	¼ of estimated liability	6 months	Assessed	No	Two months after assessment notice issued.
Canada	All	12—monthly	At end of each month in income year	1/12 of PY tax or estimated CY liability	6 months	Self-assessed	Yes	Two months after end of income year
Czech Repub.	All	12—monthly for large; 4—quarterly for others	At end of each month (large) or by 15 th of 3 rd , 6 th , 9 th , and 12 th months of income year (others)	Prorated proportion of PY tax	90 days (180 days if chartered accountant used)	Self-assessed	No	
Denmark	Prescribed threshold or specific criteria apply; optional for others.	2	Due by 20 March and November of income year	50% of average tax paid in three prior years	180 days	Assessed (full annual accounts required with return)	No	320 days after end of income year (may include surcharge)
Finland	All	12—monthly 2 for very small liabilities	Each month of income year March and September of income year	1/12 of estimated liability Prorated share of estimated liability	120 days	Assessed	Yes	11 months after end of tax year
France	All (except those below very small threshold)	4—quarterly	By 15 March, June, September, and December of year of income	8.3% of PY ordinary income (plus other % for other income)	105 days	Self-assessed	Yes	With return
Germany	All taxpayers	4—quarterly	By 10 March, June, September, and December of income year	Based on prior year assessment	150 days (270 days if taxpayer has professional tax advisor)	Assessed (full financial records required with return)	No	1 month after assessment

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	ADVANCE PAYMENTS OF TAX				ANNUAL INCOME TAX RETURN			
	Who is liable /1	Number of payments	When payable /2	Computation of payments	When normally due /3	Self-assessed or assessed by tax body	Use of electronic filing?	When is any final tax due /3
Greece	All taxpayers	5—equal monthly	First payment due with the return, balance in four equal instalments in subsequent months.	Based on CY estimate	130 days	Assessed	No	With return
Hungary		12—monthly for large taxpayers; 4—quarterly for others.	End of following month or quarter of income year	Prorated proportion of PY tax	150 days	Self-assessed	Yes	With return
Iceland	All	10—monthly except in January and July of assessment year	1 each month	Monthly—10.5% of previous year's tax	30 days	Assessed	Yes	In equal instalments in last two months of assessment year
Ireland	All	Two (subject to transitional arrangements)	One month prior to end of income year; balance six months after end of income year	First payment; 20% for 2002 income year rising progressively to 100% by 2006	270 days	Self-assessed	Yes	Transitional arrangements in place
Italy	All	Two	By the 6 th & 11 th month of income year	First—39.1% of PY liability; second—59.1 of PY liability; third—balance	300 days	Self-assessed	Yes (mandatory)	Balance due by 6 th month of following year
Japan	All taxpayers (small threshold applies)	1	By the end of the 8 th month in the income year	½ of PY liability (or CY liability if interim return filed)	60 days	Self-assessed	Yes	With return
Korea	All	1	8 months into the income year (for annual filers)	½ of PY liability or CY estimate	90 days	Self-assessed	Yes	With return
Luxembourg	All	4—quarterly	By 10 March, June, September, and December of income year	¼ of PY liability	150 days (taxpayer can request an extension)	Assessed (full accounts and minutes of shareholders meetings required)	No	Within one month of official assessment.
Mexico	All	12—monthly	By 17 th day of month	Estimated CY liability	90 days	Self-assessed	Yes	With return

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	ADVANCE PAYMENTS OF TAX				ANNUAL INCOME TAX RETURN			
	Who is liable /1	Number of payments	When payable /2	Computation of payments	When normally due /3	Self-assessed or assessed by tax body	Use of electronic filing?	When is any final tax due /3
Netherlands	All	Up to 12/ monthly	Progressively each month following receipt of assessment notice for prior year's income	Average of two prior year's tax (plus inflation factor) divided by number of months remaining in income year	150 days (extension can be requested)	Assessed (annual reports etc. required)	No (but expected in 2005 & mandatory for all taxpayers)	Two months after receipt of official assessment.
New Zealand	All taxpayers (except those below a small threshold)	3	7 July, November, and February of March-ending income year	?	97 days	Self-assessed (from 2002/03 income year)	Yes	?
Norway	Petroleum producers and transporters	2	1 October of income year, 1 April of following year	50% of estimated liability	60 days (extra 30 days on application)	Assessed (returns must include audited statements)	Yes	Paid in two instalments, due on 15 September and November of assessment year.
	Others	2	15 February and April, in assessment year	First two- 50% +/- amount prescribed by authorities; balance after return filed.				
Poland	All	12—monthly	Each month of income year	1/12 of PY liability or CY estimate	90 days	?	No	With return (3 months after end of income year)
Portugal	All	3	July, September and December of income year	Large- 85% of PY liability; others- 75% of PY liability	150 days	Self-assessed	Yes (mandatory for prescribed businesses)	30 days after any notice.
Slovak Republic	All legal entities (over prescribed threshold)	Large: 12—monthly; others: 4—quarterly	Monthly- within the end of each month; quarterly- within the end of each quarter	Large: 1/12 of PY liability; Small: ¼ of PY liability	90 days (further 90 days where use of tax advisor)	Self-assessed	Yes	With return 90 days after end of fiscal year)
Spain	All	3	By 20 April, October, and December of income year	Large—progressive % of CY estimated liability; others—% of PY liability	Up to 205 days (depending on timing of annual general meeting)	Self-assessed	Yes	On filing of return.
Sweden	All	12—monthly	Each month of income year	Based on a preliminary return required from taxpayer	90 days	Assessed	No	90 days after receipt of notice

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	ADVANCE PAYMENTS OF TAX				ANNUAL INCOME TAX RETURN			
	Who is liable /1	Number of payments	When payable /2	Computation of payments	When normally due /3	Self-assessed or assessed by tax body	Use of electronic filing?	When is any final tax due /3
Switzerland	Tax collection arrangements vary across individual cantons							
Turkey	All	4	15 th day of second month after end of quarter	CY estimate	120 days	Self-assessed	No	After 15 days of filing tax return.
United Kingdom	Large (taxpayers with profit > £1.5m)	4	Due in the 7 th , 10 th , 13 th , and 16 th months after the income year	1/4 of estimated tax liability	12 months	Self-assessed	Yes	Nine months after end of income year.
					Others- not required to make advance payments	12 months	Self-assessed	Yes
United States	All	4—quarterly	On the 15 th day of the 4 th , 6 th , 9 th , and 12 th months of the income year.	1/4 of estimated CY liability	90 days	Self-assessed	Yes	Earlier of filing date or 15 th of the third month after income year

Sources: IBFD and country revenue officials

/1. Many countries apply small threshold, or exclude specific categories of low income businesses.

/2. Income year equals a calendar year unless otherwise stated.

/3. Expressed as duration from end of income year to normal filing or payment deadline.

Table 9: Value Added Tax: Registration, Payment, and Filing Obligations

COUNTRY	Registration threshold /1	Liability basis: cash and/or accruals	General payment requirements /2		General filing requirements /3		Provision for electronic filing?	Special filing obligations?
			Large	Other	Large	Other		
Australia	\$A 50,000	Cash basis for businesses with turnover below \$A 1 million	Monthly- within 28 days	Quarterly- within 28 days	Monthly	Quarterly	Yes	Yes- all regular tax obligations reported in single statement
Austria	€ 7,500	Accruals (with cash basis for certain types of small businesses)	Monthly- within 45 days	Quarterly- within 45 days	Monthly	Quarterly	Yes	Annual return required by end-March
Belgium	Zero	Flat rate scheme for unincorporated traders with turnover below € 500,000 and exempted from issuing invoices.	Monthly- within 20 days	Monthly- within 20 days	Monthly	Quarterly	Yes	Yes- Annual sales listing to all registered purchasers is required
Canada	\$C 30,000	Simplified 'quick method' scheme for prescribed traders with turnover below \$C200,000	Monthly- within 30 days	Quarterly- within 30 days	Monthly	Quarterly	Yes	
Czech Rep.	CZK 750,000 (last quarter)		Monthly- within 25 days	Quarterly-within 25 days	Monthly	Quarterly		
Denmark	DKK 50,000	Accruals	Monthly- within 25 days	Quarterly and half-yearly- within 40 days and two months respectively	Monthly	Quarterly and half-yearly	Yes	Yes- all regular tax obligations reported in single statement
Finland	€ 8,500	Accruals	Monthly- within 45 days	Monthly- within 45 days; annual payment option for primary producers	Monthly	Monthly; annual filing option for primary producers	Yes (but via an external agent who may charge for service)	Yes- all regular tax obligations reported in a single monthly statement
France	€ 76,300 (threshold of € 27,000 for suppliers of services)	Simplified scheme for prescribed businesses (turnover thresholds apply); instalments based on prior year tax	Monthly- within 19/24 days	Quarterly- within 19/24 days;	Monthly	Quarterly and annual	Mandatory for large payers; optional for others	Under simplified scheme, prescribed businesses make 4 instalment payments during year and file annual tax return by end-April

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	Registration threshold /1	Liability basis: cash and/or accruals	General payment requirements /2		General filing requirements /3		Provision for electronic filing?	Special filing obligations?
			Large	Other	Large	Other		
Germany	€ 17,500	Prescribed traders (e.g. turnover less than € 125,000) can use cash basis	Monthly- within 10 days	Quarterly- within 10 days	Monthly	Quarterly and annually for very small payers	Yes	Annual return required from all payers
Greece	€ 9,000 (€ 4,000 for suppliers of services)	Flat rate scheme applied to special sectors (e.g. farming, fishing)	Monthly- within 20 days	Quarterly- within 20 days	Monthly	Quarterly	Yes	Annual return required from all payers
Hungary	HUF 2 million		Monthly-within 20 days	Quarterly- within 20 days	Monthly	Quarterly, and annually for very small payers	Yes	
Iceland	ISK 220,000	Accruals	Bi-monthly- within 35 days	Bi-monthly- within 35 days	Bi-monthly	Bi-monthly, twice a year for farmers & yearly for very small payers		No
Ireland	€ 51,000 (threshold of € 25,500 for suppliers of services)	Retailers can use apportionment scheme where sales are at a number of rates. Flat rate scheme for prescribed businesses (e.g. farming)	Bi-monthly- within 19 days	Bi-monthly- within 19 days	Bi-monthly	Bi-monthly	Yes	Annual return of trading details required from all payers
Italy	Zero	Various schemes for a range of prescribed business categories	Monthly- 16 days	Quarterly- within 46 days for Q1-Q3, and 76 days for Q4	Annual	Annual	Yes (mandatory for larger payers)	Annual consolidated return required from all payers
Japan	JPY 10 million	Accruals	Monthly within 2 months	Quarterly, semi annually or annually (depending on prior years tax payable) within 2 months	Monthly	Quarterly, semi annually or annually	Yes	Annual return required
Korea	Zero	Simplified turnover-based scheme for small businesses	Quarterly (corporates and large others) within 25 days	Bi-annual- within 25 days	Monthly	Quarterly (corporations); bi-annual (others)	Yes	

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	Registration threshold /1	Liability basis: cash and/or accruals	General payment requirements /2		General filing requirements /3		Provision for electronic filing?	Special filing obligations?
			Large	Other	Large	Other		
Luxembourg	€ 10,000	Accruals	Monthly- within 15 days	Quarterly- within 15 days	Monthly	Quarterly, and annually for very small traders	Yes /4	Annual return required from all payers
Mexico	Zero	Cash flow basis (January 2003)	Monthly-within 17 days	Monthly-within 17 days	Monthly	Monthly	Yes	
Netherlands	Zero	On application, traders including certain retailers may use simplified method.	Monthly- within 30 days	Quarterly- within 30 days	Monthly	Quarterly, and annually for very small traders	No	
New Zealand	\$NZ 40,000	Use of cash or cash/ accruals by small businesses	Monthly-within 30 days	Bi-monthly- within 30 days, & 6 monthly for small payers	Monthly	Bi-monthly, & 6 monthly for small payers	Yes	
Norway	NOK 30,000	Accruals	Bi-monthly- within 40 days	Bi-monthly- within 40 days	Bi-monthly	Bi-monthly	Yes	No
Poland	Equivalent to € 10,000		Monthly- 25 days	Quarterly- 25 days	Monthly	Quarterly		
Portugal	Zero	Special flat rate scheme for small retailers	Monthly- within 40 days	Quarterly- within 45 days	Monthly	Quarterly	Yes	
Slovak Rep.	SKK 1.5 million previous consecutive months	Accruals	Monthly-within 25 days	Quarterly-within 25 days	Monthly	Quarterly	Yes	No
Spain	Zero	Simplified scheme for unincorporated businesses- tax calculated applying specific indices	Monthly- within 20 days	Quarterly- within 20 days	Monthly	Quarterly	Yes	Annual return required from all payers
Sweden	Zero	Accruals	Monthly- within 42 days	Quarterly- within 42 days	Monthly (*)	Monthly; some traders can declare with annual income tax return	Yes	(*) Yes- all regular tax obligations reported in a single monthly statement by most businesses;
Switzerland	CHF 75,000	Accruals (and cash basis where requested). Flat rate scheme for prescribed traders	Quarterly- within 60 days	Quarterly- within 60 days	Quarterly	Six monthly	No	
Turkey	Zero		Monthly-within 26 days	Quarterly- within 26 days	Monthly	Quarterly	No	

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	Registration threshold /1	Liability basis: cash and/or accruals	General payment requirements /2		General filing requirements /3		Provision for electronic filing?	Special filing obligations?
			Large	Other	Large	Other		
United Kingdom	£ 56,000	Traders with turnover to £ 600,000 can use cash basis; special flat rate schemes for retailers and farmers	Quarterly-within 30 days	Quarterly- within 30 days	Quarterly	Quarterly; annually for businesses with turnover under £600,000	Yes	
United States	*****Not applicable*****							

Sources: IBFD, European Commission (July 2002 summary of EU member VAT arrangements)

/1. Threshold based on business turnover level unless other wise indicated.

/2. Most countries provide special payment and filing regimes for designated business categories (e.g. agriculture, fishing)

/3. Most countries provide special filing procedures for taxpayers in regular credit situations (e.g. exporters)

/4. System of electronic filing for annual reporting introduced implemented for fiduciaries; to be extended to monthly and quarterly reporting.

Table 10: Access to Advance Rulings

COUNTRY	Public rulings are issued /1		Private rulings are issued /2		Must taxpayers pay for private rulings?	Comments
	Yes/no	Binding/ not binding	Yes/ no	Binding/ not binding		
Australia	Yes	Binding	Yes	Binding	No	
Austria	Yes	Not binding	Yes	Not binding	No	Rulings must be provided within 8 weeks.
Belgium			Yes	Binding	No	
Canada	Yes	Binding	Yes	Binding	Yes	
Czech Repub.	No		No	N/A	N/A	
Denmark	Yes	Yes	Yes /3	Binding	Yes	
Finland	Yes	Binding	Yes	Binding	Yes	
France	No		Yes	Binding	No	
Germany			Yes /3	Binding		
Greece	No	Binding	No	N/A		
Hungary			Yes	Binding		
Iceland	Yes	Yes	Yes	Binding	Yes	Ruling must be provided within 3 months
Ireland	Yes	Varies	Yes /3	Yes	No	
Italy	Yes	Binding	Yes	Binding	No	Rulings must be provided within 120 days .
Japan	Yes	Binding	Yes	Binding	No	
Korea	Yes	Not binding	Yes	Not binding		
Luxembourg	No	Binding	Yes	Binding	No	
Mexico			Yes			Ruling must be made in 3 months; otherwise deemed to be denied
Netherlands	Yes	Binding	Yes	Binding	No	
New Zealand	Yes	Binding	Yes	Binding	Yes	
Norway	Yes	Not binding	Yes	Binding	Yes	
Poland	Yes	Binding	Yes	Not binding		
Portugal	Yes	Binding	Yes	Binding		
Slovak Republic	Yes	Binding /3	Yes	Binding	No	Rulings must be made within 30 days
Spain	Yes	Binding	Yes /3	Binding	No	
Sweden	Yes	Binding	Yes	Binding	Yes	
Switzerland	Yes	Binding	Yes	Binding	No	
Turkey	Yes	Binding	Yes	N.A	No	Private rulings may help taxpayer avoid a fine in the event of an audit.
United Kingdom			Yes /4		No	
United States	Yes	Binding	Yes	Binding	Yes	

Sources: IBFD and country revenue officials

/1. Public rulings are formal expressions of how provisions of the law will generally be interpreted and applied by the revenue body.

/2. Private rulings are interpretations of the law in respect of a specific set of facts provided by a taxpayer, on which a ruling is being sought.

/3. Denmark— Limited largely to income tax; Germany— Not for tax planning matters; Ireland— Very limited; Slovak Republic— binding but with limitations; Spain— For specific areas of law .

/4. There is no statutory system of rulings in place. However, a number of anti-avoidance provisions contain rules on clearance procedures, allowing taxpayers to ascertain whether the provisions will be applicable to arrangements they are contemplating. The IRD also makes its views known on the interpretation of the law at the request of taxpayers.

Table 11: Corporate Income Tax: Record-keeping Requirements

COUNTRY	Records required to be kept are specified in the tax law. If yes, describe requirement.	Standard record retention periods for tax purposes	Retention of records in electronic format /2	Administrative penalty for incorrect bookkeeping
Australia	/1	5 years	Permitted. Assistance should be provided	Up to 20 basic penalty units (each unit valued at \$110)
Austria	/1. Rules of the Code of Commerce apply also to the extent they are not in contravention of the provisions of tax laws	7 years	Permitted	Not exceeding the amount that has not been paid
Belgium	/1	5 years	Permitted. Readable forms to be provided	€ 50 – 1,250
Canada	/1	6 years	Permitted.	CAD 1,000 (minimum)
Czech Repub.				
Denmark	/1.	5 years	Permitted	DKR 500 – 5,000
Finland	/1	5 years	Permitted	Minimum €800 up to 5-20% of unreported income
France	/1. Rules of the Code of Commerce apply to the extent they are not in contravention of the provisions of tax laws.	6 years For electronic data: up to end of correction period	Permitted	Up to € 38,000
Germany	/1. Rules of the Code of Commerce apply to the extent they are not in contravention of the provisions of tax laws.	10 years	Permitted. A readable audit file must be provided	Not exceeding the amount that has not been paid;
Greece	/1 plus all other basic registrations	6 years	Permitted	€ 293-880
Hungary	/1 plus all other basic registrations	5 years	Permitted (but taxpayer must seek individual permission from revenue body)	HUF 200,000
Iceland	Rules in accounting law	7 years	Permitted	No
Ireland	/1	6 years	Permitted	€ 1,520
Italy	Four different regimes, quite detailed	10 years	Permitted	€1,000 to €7,700
Japan	/1 (Additionally, Commercial Code requires commercial books and records to be kept.)	7 years (10 years, for commercial books and records required by the Commercial Code.)	Permitted (with prior approval of the revenue body)	No
Korea	1/ Rules of the Code of Commerce also apply to the extent they are not in contravention of the provisions of tax laws.	5 years	Permitted (but printouts and originals must be produced on demand.	Max 20% of calculated tax amount
Luxembourg	/1 plus some quite detailed rules	10 years	Permitted	Max. € 1,240 or Max. 4 weeks imprisonment
Mexico				
Netherlands	/1	7 years	Permitted	Burden of proof to taxpayer, up to 6 months imprisonment or €4,500 fine
New Zealand	/1	7 years (shorter and longer periods possible with special	Permitted	NZD 4,000-12,000

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	Records required to be kept are specified in the tax law. If yes, describe requirement.	Standard record retention periods for tax purposes	Retention of records in electronic format /2	Administrative penalty for incorrect bookkeeping
		permission		
Norway	No. Rules in Accounting Law	10 years	Permitted	Sanctions in Accounting Law
Poland				
Portugal	Statutory accounts and related documents	10 years	Permitted. Print-outs to be produced on request	Max. € 26,125
Slovak Republic	/1 plus rules in Accounting Law	7 years	Permitted	1-3 percent of property determined in a balance sheet in a controlled period.
Spain	All official records. Rules of the Code of Commerce. Books have to be authenticated by the Chamber of Commerce by means of stamps and signatures	4 years	Permitted. Print outs should be presented to the Chamber of Commerce for authentication.	Fixed fine for delay in record-keeping; proportional fine for no record-keeping.
Sweden	/1	6 years	Permitted. Print outs should be possible	SEK 500 (minimum), no legal max. consideration of all circumstances
Switzerland	/1	10 years	Permitted	After warning and no action, a fine up to CHF 1,000; up to CHF 10,000 for repeated offence
Turkey		5 years	Permitted (MOF can issue regulations to regulate use of electronic records)	Fine, penalty or imprisonment may apply where intentional and a tax loss has occurred.
United Kingdom	/1 including all supporting documents	Direct taxes: 5 years VAT: 6 years	Permitted	GBP 100
United States	/1 including supporting documents (minutes of meetings of the board of directors, financial plans, etc.)	Not prescribed by law. The general term is equal to the term for establishing a return, i.e. three years	Permitted. Originals have to be retained.	After warning and no follow up: quite high

Sources: IBFD, country revenue officials, and summary of country audit practices prepared by the Netherlands Tax and Customs Administration.

/1. Record keeping requirements are mandatory and quite equal in most countries: annual report, general ledger, journals for sales, - purchases, - various items, - bank and – cash in order to establish the correctness and completeness of profits and losses. All according to general accepted accounting principles. In general a certain freedom is permitted as long as the audit trail to the initial document and the integrity of data are guaranteed. More detailed rules often do exist for consumption tax purposes.

/2. For most countries rules for keeping books in an Electronic Data Processing system state that they can always be retrieved during the legal retention period, as well as the existence of the audit trail and a quality and integrity test system. There is no global standard for this.

Table 12: Verification of Taxpayers' Liabilities: Information Access and Search Powers of Tax Officials

COUNTRY	General information powers	Extend to third parties	Powers on the production of records	Powers of entry to:		Search warrant required		Seizure of documents		Powers to obtain information from other government departments
				Business premises	Dwellings	Business premises	Dwellings	Limited to	Warrant required	
Australia	To obtain all relevant information	Yes	Taxpayers must produce records on request	Full and free access at all times. Custodians to provide "reasonable assistance".		No, but in fraud cases warrants may be used.		Seized only when warrant used. However, officials can copy documents under general access provisions		Yes, unless specifically excluded.
Austria	To obtain all relevant information	Yes	Taxpayers must produce records etc.	Full and free access		Yes, limited to penal procedure	Yes	Penal procedure	Yes	Yes
Belgium	To obtain all relevant information	Yes	Taxpayers must produce all records.	Full and free access		No	Yes	Penal procedure	Yes	Yes (some limitations)
Canada	To obtain all relevant information	Yes	Taxpayers must produce all records; others if judicial approval	Full and free access. Custodians of records must provide reasonable assistance.		No	Yes	Reasonable suspicion	Yes	Limited
Czech Repub.										
Denmark	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access	Warrant required	Yes (fro criminal cases)	Yes	Penal procedure	Yes	Yes
Finland	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access	Yes, if penal crime suspected	No	Yes	Criminal cases	Yes	Yes
France	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Yes	Warrant required	Yes	Yes	Reasonable suspicion	Yes	Yes

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	General information powers	Extend to third parties	Powers on the production of records	Powers of entry to:		Search warrant required		Seizure of documents		Powers to obtain information from other government departments
				Business premises	Dwellings	Business premises	Dwellings	Limited to	Warrant required	
Germany	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access		For investigation cases		Criminal cases		Yes
Greece	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access during normal working hours		No	Yes	Reasonable suspicion	No	Yes
Hungary				Full and free access during normal working hours	?					
Iceland	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access		No	Yes	No	No	Yes
Ireland	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access at pre-specified times		No	No	None	No	Yes
Italy	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access	Authorization of public prosecutor required	Yes (for fraud cases)		Criminal cases (by Guardia di Finanza)		Yes
Japan	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access		Yes (for criminal investigation cases)		Criminal cases		Yes
Korea				Full and free access	For criminal cases only	Yes	Yes	Criminal cases	Yes	Yes

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	General information powers	Extend to third parties	Powers on the production of records	Powers of entry to:		Search warrant required		Seizure of documents		Powers to obtain information from other government departments
				Business premises	Dwellings	Business premises	Dwellings	Limited to	Warrant required	
Luxembourg	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access during normal working hours				Criminal cases		Yes
Mexico										
Netherlands	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access during normal working hours	Search warrant required	Yes (for criminal cases)		Criminal cases	No	Yes
New Zealand	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access		No	No	Criminal cases	No	Yes, unless specifically excluded
Norway	All information on a specific taxpayer & certain information on unrelated taxpayers	Yes	Taxpayers must produce all records etc.	Full and free access (but force not permitted)	Taxpayer must be present and warrant required	No	Yes	Criminal cases	No	Yes (some limitations)
Poland										
Portugal	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access	Requires taxpayer's consent or warrant	No	Yes	For restricted period	No	Yes
Slovak Republic	To obtain all relevant information	Yes	Taxpayers must produce all records	Full and free access	With taxpayers consent	Yes	Yes	No	Criminal cases	Yes
Spain	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	With taxpayers consent	With taxpayers' consent	With administrative authorization	With judicial authorisation	No	No	Yes

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	General information powers	Extend to third parties	Powers on the production of records	Powers of entry to:		Search warrant required		Seizure of documents		Powers to obtain information from other government departments
				Business premises	Dwellings	Business premises	Dwellings	Limited to	Warrant required	
Sweden	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access (but force not permitted)		Yes		Serious fraud	Yes	Yes (some limitations)
Switzerland	To obtain all relevant information	Yes. For certain groups	Taxpayers must produce all records etc.	Access only for certain types of investigations		Yes	Yes	Reasonable suspicion	Yes	Yes
Turkey	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Full and free access during working hours	Warrant required	Yes	Yes	Reasonable suspicion	Yes	Yes
United Kingdom	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Warrant required for income tax; full and free access for VAT	Warrant required	Yes	Yes	Serious fraud	Yes	Yes
United States	To obtain all relevant information	Yes	Taxpayers must produce all records etc.	Requires taxpayer's consent or court order		Yes	Yes (unless taxpayer consents)	Where tax offense committed	Yes	Yes

Sources: IBFD, country survey responses, description of selected country audit practices compiled by the Netherlands Tax and Customs Organisation

Table 13: Verification of Taxpayers' Liabilities: Audit Procedural Requirements

COUNTRY	ARE THERE ANY REQUIREMENTS IN THE TAX LAW CONCERNING THE MATTERS INDICATED? IF 'YES', PROVIDE EXPLANATION					
	Written advice to the taxpayer on audit commencement	Limits on the duration of an audit	Specific times of the day or week for audit inquiries	Taping interviews w/ taxpayers	Notice to taxpayer on completion of audit before final assessment	Approval of any penalties for tax deficiencies
Australia	None	No	No	No	No	No
Austria	Written order describing items to be audited		Working hours		Audit report	
Belgium	None, however if the investigation is carried out more than 3 years after the income year: written announcement		Working hours		Just some files from the audit report	
Canada	None	No	No	No	No (but proposal letter sent under internal rules)	No
Czech Rep.						
Denmark	None (but one in practice)		No (working hours in practice)	No	Preliminary report	No
Finland	Notice (oral or written) of commencement given unless other methods are necessary.		No (working hours in practice)		Preliminary report	
France	Program of evaluation authorized by local fiscal director	Yes (3 months on the premises of small businesses)	During working hours	No	Notifying letter	No
Germany	Written order describing items to be audited		No	No	Audit report	
Greece	Yes	Depends on enterprise's size	Working hours	No	Audit report. If unclear it will be sent to the taxpayer	
Hungary	Yes, signed by head of office		Working hours		Audit report	
Iceland	No	No	No	Not mentioned	Audit report	No
Ireland	No (but 21 days notice given by letter)	No	Working hours	No	Audit report	No
Italy	None	30 days at the premises	Working hours		Audit report	

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	ARE THERE ANY REQUIREMENTS IN THE TAX LAW CONCERNING THE MATTERS INDICATED? IF 'YES', PROVIDE EXPLANATION					
	Written advice to the taxpayer on audit commencement	Limits on the duration of an audit	Specific times of the day or week for audit inquiries	Taping interviews w/ taxpayers	Notice to taxpayer on completion of audit before final assessment	Approval of any penalties for tax deficiencies
Japan	No. In practice, oral notification is usually made.	No.	No (usually working hours)	No.	No. In practice, oral notification is usually made	
Korea	Yes. Written advice should be sent to tax payer 7 days before the audit starts		Working hours	No	Yes.	No
Luxembourg	No obligation, in practice an appointment will be made	No	Working hours	No	Audit report	
Mexico		18 months				
Netherlands	Not by law, yes as a compliance req.	No	Working hours	Not mentioned	Audit report	No
New Zealand	None				Proposal letter	
Norway	None (can cover third parties)	No	Working hours	Not mentioned	Audit report	
Poland						
Portugal	None	6 months	Working hours		Audit report	
Slovak Republic	Yes (signed by head of office)	6 months	Working hours	No	Audit report	Yes
Spain	Yes	12 months (can be extended 12 more months in cases of special complexity)	Working hours	No	Audit report	Yes
Sweden	Yes (can cover third parties)		Between 08.00 and 19.00		Audit report	
Switzerland	Yes		Working hours		Audit report or statement of acceptance	
Turkey	None	No (for regular audit). For a tax fraud audit (based on a search warrant) 3 months after seizure of records.	Working hours		Final statement of acceptance	
UK	Yes (written notice of commencement)		At any reasonable time		Audit report	
US	Yes		At any reasonable time	Prohibited		

Sources: IBFD, country revenue officials, and summary of country audit practices prepared by the Netherlands Tax and Customs Administration.

Table 14: Enforcement of Taxpayers' Liabilities: Penalties and Interest for Non-compliance

COUNTRY	OFFENCE		
	Failure to file returns on time	Failure to pay tax on time	Failure to correctly report tax liability
Australia	One penalty unit for each 28 days late; each unit valued at \$A110. Penalty increased to two and five units for medium and large taxpayers respectively.	General interest charge imposed—calculated as the monthly average yield of 90-day Accepted Bank Bills plus 7% (daily compound).	Penalty tax ranging from 25% of tax payable (for failure to exercise reasonable care) to 50/75% (for reckless or deliberate acts).
Austria	Penalty of up to 10% of tax due.	Surcharge of 2% is imposed; additional 1% after 3 months; and additional 1% after 6 months.	Penalties of up to double the amount evaded.
Belgium		Interest of 7% per annum (with minimum charge of € 5).	
Canada	5% of unpaid tax, plus extra 1% for each month of delay.	Interest calculated according to average yield of 90 day Government of Canada Treasury Bill plus 4%.	Penalty ranging up to 50% according to the seriousness of the offence.
Czech Republic		Interest chargeable at the rate of 0.1% per day (for up to 500 days). After that, interest charged at 140% of Czech national Bank discount rate.	
Denmark	Penalty of DKK 200 for each day of delay, up to maximum of DKK 5,000.	Interest of 0.6 % per month.	For serious evasion, penalty from 100-200% of the tax evaded and/or imprisonment of up to 4 years.
Finland	Penalty of up to € 300	Penalty surcharge imposed at rate of 9.5% for 2004	For unintentional errors, penalty of € 150-300; penalty of 5-20% of additional income for reckless and/or deliberate behavior, with a minimum of € 800; under penal code, penalty for tax fraud is imprisonment of up to 2 years.
France	Penalty of 10% of tax payable, in addition to late payment interest of 0.75% per month. Penalty can be increased for extended failure.	Penalty of 10% of tax payable, in addition to late payment interest of 0.75% per month.	For unintentional errors, penalty of 0.75% per month; for other cases, penalty ranging from 10-80% of tax evaded. For criminal tax fraud, penalty of fine up to €37,500, and or prison sentence of up to 5 years; higher penalties for repeat offenses. Court may also suspend driving license and/r prohibit operation of business for up to 3 years.
Germany	Penalty of up to 10% of tax payable.	Penalty of 1% per month.	
Greece	Interest of 1.5% per month on tax due (up to 300% of tax payable). If there is no tax due, penalty up to € 888.	Interest of 1.5% per month of tax due (up to 300% of tax payable)	Penalty of 3.0-3.5% per month, up to 300%. For criminal tax fraud where tax evaded is more than €30,000, prison sentence of 1 year.
Hungary	Fine up to HUF 200,000	Interest, set at twice the prime rate of the Hungarian National Bank.	Penalty of 50% of tax evaded, plus late payment interest (for up to 3 years).
Iceland	Penalties up to 25% of tax payable	Penalty interest	Penalties up to 10% plus late payment penalty interest
Ireland	Surcharge of either 5% of amount due (maximum of € 12,695) where the tax return is not more than 2 months late or 10% (maximum of €63,458 where the return is more than 2 months late	Interest of 0.0322% per day	For tax fraud, penalty up to 200% of tax evaded; for neglect,, penalty up to 100% of tax evaded.

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	OFFENCE		
	Failure to file returns on time	Failure to pay tax on time	Failure to correctly report tax liability
Italy		Interest of 5% per annum; penalty up to 30% of tax due may also be imposed.	Penalty ranging up to 240%, according to the seriousness of the offense. For criminal offenses, imprisonment from 6 months-6 years.
Japan	Penalty of 5% for voluntary filing; 15% filing as a result of tax audit	Until the date when two months have elapsed from the date following the specific due date for tax payment, either 7.3% per annum or official discount rate on November 30 of the preceding year plus 4%, whichever is lower. After the date when two months have elapsed from the date following the specific due date of tax payment 14.6% per annum	Administrative sanction of 10-40% according to seriousness of offense.
Korea	20 % of tax due or 0.07% of gross income, whichever is greater	Penalty of 0.03% per day.	Penalty tax of 10-30%, according to the size of the understatement.
Luxembourg	Penalty of up to 10% of amount due	Interest of 0.6% per month; an additional 10% may be imposed for persistent failure to pay liabilities on time.	Penalty up to 40% of tax evaded.
Mexico			Fine ranging from 20-100%, according to the seriousness of the offense.
Netherlands	Penalty ranging from around € 100-1,100.	Rate of interest charged varies each quarter (3.25% in January 2003).	For criminal offences, monetary sanctions ranging from € 4,500-450,000, depending on the seriousness of the offense.
New Zealand	Penalty ranging from \$NZ 50-500, according to the size of the taxpayers' net income	Late payment penalty imposed at rate of 5% of tax payable, compounding at an additional 2% of unpaid tax and penalty for each subsequent month.	Administrative sanctions ranging from 20% (not taking reasonable care) to 150% for serious evasion/fraud. For criminal evasion offenses, a fine of up to \$NZ 50,000 or imprisonment not exceeding 5 years.
Norway	Penalty ranging from 0.1to 2% of net income	Interest of 15% for employers' withholding tax; 12% for income not subject to withholding	Administrative sanctions: surcharge up to 60% of the tax payable; for criminal offenses, fines and/or imprisonment of up to 2 years.
Poland			
Portugal	Compensatory interest chargeable of 4% per annum.	Compensatory interest chargeable of 1% per month.	Administrative sanctions: a fine of up to € 3,750 for minor offenses; other offenses subject to higher fines according to degree of seriousness.
Slovak Rep.	Penalty ranging from 0.2-10% of tax declared in return, up to SKK 1 million	Default interest on overdue amount equal to 4 times the base amount set by National Bank of Slovakia	For criminal offences, a fine or imprisonment of up to 12 years.
Spain	Surcharge	Interest for delay (with rate varied annually) plus surcharge	Administrative sanctions: Fine equivalent to fixed amount of deficiency; for less serious offenses ranges from 0-50%, for serious offenses from 50-100%., for serious offenses from 100-150%. Criminal offenses: Court imposed fines can range up to 6 times the amount evaded and also a jail sentence of up to 4 years.
Sweden	Fine of SEK 1,000; further fine of SEK 4,000 if not filed after a reminder sent.		40% surcharge on undeclared income; reduced to 20% if relevant information was in the possession of the tax body.
Switzerland		Vary across cantons	

Tax Administration in OECD Countries: Comparative Information Series (2004)

COUNTRY	OFFENCE		
	Failure to file returns on time	Failure to pay tax on time	Failure to correctly report tax liability
Turkey		Late payment charge of 4% per month	Administrative sanction of up to 100% of deficiency plus one half of late payment charge imposed. For criminal tax fraud, imprisonment from 6 months to 3 years.
United Kingdom	PIT- fine of £100 is due if filed late; additional fine of £100 if not filed within 6 months of due date; further fine of 100% of tax due if not filed within one year; and further penalties possible	Interest is due on all tax paid late a variable rate. A surcharge of 5% is payable on any unpaid tax after 28 days from due date; a further 5% surcharge is payable if still unpaid after six months.	Additional tax up to 100% of tax payable, according to the seriousness of the offense.
United States			

Sources: IBFD, country revenue officials, and summary of country audit practices prepared by the Netherlands Tax and Customs Administration.

Table 15: Taxes as a Percentage of GDP (2001)¹²

COUNTRY	Personal income	Social contributions	Corporate /profits	Value added	Excises	All taxes - all levels	Variation to average
Australia	12.3	-	4.5	4.0	4.4	30.1	-6.8
Austria	10.4	14.9	3.1	8.2	3.4	45.4	8.5
Belgium	14.5	14.4	3.6	7.2	3.3	45.8	8.9
Canada	13.0	5.1	3.5	5.1	3.1	35.1	-1.8
Czech Rep.	4.8	17.1	4.2	6.9	4.0	38.8	1.9
Denmark	26.3	2.2	3.1	9.7	5.4	49.8	12.9
Finland	14.1	12.4	4.9	8.5	4.7	46.1	9.2
France	8.0	16.3	3.4	7.5	3.5	45.0	8.1
Germany	10.0	14.6	0.6	6.7	3.5	36.8	-0.1
Greece	5.4	11.4	3.4	8.6	4.4	36.9	-
Hungary	7.6	11.6	2.4	9.9	5.0	39.0	2.1
Iceland	14.5	3.0	1.2	10.1	4.0	36.5	-0.4
Ireland	8.9	4.4	3.6	6.9	3.8	29.9	-7.0
Italy	10.9	12.2	3.6	6.2	3.6	42.0	5.1
Japan	5.5	10.3	3.5	2.4	2.1	27.3	-9.6
Korea	3.8	5.0	3.3	4.7	5.7	27.2	-9.7
Luxembourg	7.2	11.2	7.5	6.1	4.6	40.7	2.8
Mexico	-	3.2	-	3.6	5.9	18.9	-18.0
Netherlands	6.5	14.2	4.1	7.4	3.6	39.5	2.6
NZ	14.5	-	3.8	8.7	1.7	33.8	-3.1
Norway	10.5	8.9	9.4 /1	8.1	4.9	43.3	6.4
Poland	7.9	10.2	2.0	7.3	4.7	33.6	-3.3
Portugal	6.0	9.1	3.6	8.1	5.1	33.5	-3.4
Slovak Rep.	3.5	14.4	2.2	7.4	3.3	32.3	-4.6
Spain	6.9	12.6	2.8	6.0	3.5	35.2	-1.7
Sweden	16.4	15.3	2.9	9.1	3.5	51.4	14.5
Switzerland	9.8	7.8	3.1	4.1	2.5	30.6	-6.3
Turkey	7.7	7.2	2.4	8.1	5.5	36.5	-0.4
UK	11.3	6.3	3.5	6.8	4.4	37.3	0.4
USA	12.2	7.1	1.9	-	1.8	28.9	-8.0
OECD average (unweighted)	10.0	9.4	3.5	6.9	4.0	36.9	

Source: OECD Revenue Statistics (1965-2002) published in 2003.

/1. Includes significant tax revenue contribution from the petroleum sector.

¹² The OECD generally seeks to publish internationally comparable data on the tax revenues of OECD countries for all strata of government. The term "taxes" is confined to compulsory, unrequited payments to government. Taxes are unrequited in the sense that benefits provided by government to taxpayers are not normally in proportion to their payments. It is important to recognize that the tax ratios published by the OECD depend just as much on the denominator (GDP) as the numerator (tax revenue), and that the numerator is subject to revision for a variety of reasons. Readers are directed to the OECD publication 'Revenue Statistics 1965-2002' (page 26) for more information concerning the impact of GDP revisions on reported tax ratios.

In twenty five OECD countries, the tax reporting year corresponds with the calendar year. In five countries—Australia, Canada, Japan, New Zealand and the United States—the reporting year is different from the calendar year.

Table 16: Tax Structure - Major Taxes as a Percentage of Total Country Taxation - 2001

COUNTRY	Personal income	Social contributions	Corporate/profits	Total %-income/profits	Value added	Excise	Other taxes /1	Total-Consumption/Other taxes
Australia	40.8	-	14.9	55.7	13.2	14.7	16.4	44.3
Austria	22.9	32.8	6.9	62.6	18.0	7.4	12.0	37.4
Belgium	31.6	31.4	7.9	70.9	15.6	7.3	6.8	29.1
Canada	37.1	14.7	10.0	61.8	14.5	8.9	14.8	38.2
Czech Rep.	12.5	44.6	11.0	68.1	18.1	10.3	3.5	31.9
Denmark	52.7	4.4	6.3	63.4	19.5	10.9	6.2	36.6
Finland	30.5	26.8	10.6	67.9	18.5	10.2	3.4	32.1
France	17.7	36.3	7.6	61.6	16.7	7.9	13.8	38.4
Germany	27.1	39.8	1.7	68.6	18.2	9.4	3.8	31.4
Greece	14.7	30.9	9.2	55.1	23.2	11.9	9.8	44.9
Hungary	19.6	29.7	6.1	55.4	25.4	12.8	6.4	44.6
Iceland	39.8	8.1	3.2	51.1	27.6	10.8	10.5	48.9
Ireland	29.7	14.5	12.1	56.3	23.0	12.7	8.0	43.7
Italy	25.9	29.0	8.6	63.5	14.8	8.5	13.2	36.5
Japan	20.1	37.7	12.7	70.5	8.9	7.8	12.8	29.5
Korea	14.1	18.2	12.3	44.6	17.2	21.1	17.1	55.4
Luxembourg	17.7	27.4	18.3	63.4	14.9	11.4	10.3	36.6
Mexico	-	17.0	-	17.0	19.1	31.4	32.5	83.0
Netherlands	16.3	36.0	10.4	62.7	18.8	9.1	9.4	37.3
NZ	42.9	-	11.3	54.2	25.7	5.0	15.1	45.8
Norway	24.2	20.5	21.7	66.6	18.8	11.2	3.4	33.4
Poland	23.6	30.2	5.8	59.6	21.8	13.8	4.8	40.4
Portugal	17.9	27.0	10.8	55.7	24.0	15.1	5.2	44.3
Slovak Rep.	10.8	44.5	6.8	62.1	23.0	10.1	4.8	37.9
Spain	19.6	35.9	8.1	63.6	17.1	9.8	9.5	36.4
Sweden	31.9	29.8	5.7	67.4	17.7	6.8	8.1	32.6
Switzerland	32.0	25.5	10.2	67.7	13.4	8.3	10.6	32.3
Turkey	21.3	19.7	6.6	47.6	22.2	15.1	15.1	52.4
UK	30.2	17.0	9.5	56.7	18.3	11.7	13.3	43.3
USA	42.3	24.6	6.5	73.4	-	6.3	20.3	26.6
OECD aver. (unweighted)	26.5	25.1	9.4	61.0	18.5	11.3	9.2	39.0

Source: OECD Revenue Statistics (1965-2002) published in 2003.

/1. This category is comprised of an array of federal, state, and local government taxes that vary in nature and relative magnitude from country to country, depending on federal fiscalism considerations.

Table 17: Comparison of Administrative Costs to Net Revenue Collections

COUNTRY	Administrative Costs/ net revenue collections (%)			Factors likely/ known to influence reported ratio
	2000	2001	2002	
Australia	1.11	1.27	1.19	Start up/ implementation costs of GST for 2000/2001.
Austria	0.80	0.71	0.72	High tax burden
Belgium			1.00	
Canada	1.07	1.08	1.20	
Czech Rep.			2.08	
Denmark			0.73	High tax burden.
Finland	0.60	0.61	0.67	High tax burden; revenue base includes social contributions.
France	1.40	1.41	1.44	Revenue base excludes social contributions.
Germany				
Greece				
Hungary	1.45	1.23	1.35	
Iceland	-	-	1.12	
Ireland	0.81	0.90	0.95	Includes customs costs & revenues (e.g. VAT on imports); includes social contributions.
Italy				
Japan /1	1.42	1.54	1.62	Relatively low burden (i.e. less than 30 percent); revenue base excludes separately collected social contributions; substantially reduced administrative workloads due to design features of tax systems- refer text.
Korea	0.80	0.85	0.85	Substantially reduced administrative workloads due to design features of tax systems- refer text.
Luxembourg				
Mexico				
Netherlands	1.70	1.74	1.76	Costs include customs administration; revenue base includes social contributions.
N. Zealand	1.44	1.21	1.17	
Norway	-	0.56	0.59	High tax burden; revenue base includes social contributions.
Poland	0.95	1.06	1.32	(Ratio may be understated due to exclusion of some costs)
Portugal	1.60	1.61	1.68	Revenue base does not include social contributions
Slovak Republic	1.30	1.43	1.46	Revenue base includes VAT on imports but not social contributions or some income tax refunds
Spain	-	0.81	0.78	
Sweden	0.43	0.44	0.42	High tax burden; revenue base includes social contributions
Switzerland	-	-	-	
Turkey	1.94	2.12	0.86	Macro-economic factors (e.g. high inflation)
UK—IRD	1.10	1.11	1.15	Includes all staff of national contributions agency
USA /1	0.43	0.46	0.52	Revenue base includes social contributions.

Sources: Country survey responses, annual reports of revenue bodies.

/1. **Japan**—data as reported in 2002 annual report; **USA**—ratios indicated vary from IRS-published ratios of 0.39 (2000), 0.41 (2001), and 0.45 (2002) owing to use of 'net' and not 'gross' collections.

Table 18: Comparison of Staff-related Measures

COUNTRY	STAFF-RELATED MEASURES			UNUSUAL/ ABNORMAL FACTORS LIKELY/KNOWN TO INFLUENCE REPORTED RATIO
	Aggregate staff usage /1	Citizens/ one full- time staff /2	Labour force/one full-time staff /2	
Australia	19,177	1,016	512	
Austria	8,750/3	929	450	
Belgium	21,489/3	476	207	Includes real property, motor vehicle taxes/fees /4
Canada	38,381/3	810	425	
Czech Rep.	14,720/3	700	351	Includes real property, motor vehicle taxes/fees /4
Denmark	8,226/3	651	348	Includes real property, motor vehicle taxes/fees /4
Finland	6,323	820	415	Includes real property, motor vehicle taxes/fees /4
France	75,046/3	788	358	Includes real property, motor vehicle taxes/fees /4
Germany	122,278	665	324	Includes real property, motor vehicle taxes/fees /4
Greece	14,000	752	311	
Hungary	13,258/3	768	309	
Iceland	486	586	335	Includes motor vehicle taxes/fees /4
Ireland	6,364/3	625	282	Includes customs component
Italy	47,575/3	1,202	510	
Japan	56,315/3	2,260	1,199	Substantially reduced administrative workloads-refer text.
Korea	16,845	2,804	1,359	Substantially reduced administrative workloads-refer text.
Luxembourg	628/3	706	450	
Mexico	28,292/3	3,536	1,384	Substantially reduced administrative workloads-refer text.
Netherlands	25,400/3	629	320	Includes motor vehicle taxes/fees /4
New Zealand	4,547/3	853	425	
Norway	6305/3	716	374	
Poland	51,435	751	339	Includes real property, motor vehicle taxes/fees /4
Portugal	13,238	778	402	Includes real property, motor vehicle taxes/fees /4
Slovak Rep.	5,791	929	458	Includes motor vehicle taxes/fees /4
Spain	23,961	1,680	745	
Sweden	9,030	985	494	Includes real property, motor vehicle taxes/fees /4
Switzerland	-	-	-	
Turkey	41,880/3	1,797	541	Includes real property, motor vehicle taxes/fees /4
UK—IRD and C&E /3	81,859/3	730	360	Includes all staff of national contributions agency
USA	100,229	2,261	1,445	No national VAT; 15% reduction in staffing (1993-2001)

Sources: Country survey responses, annual reports of revenue bodies.

/1. Data from country survey unless otherwise indicated, and expressed in terms of full-time equivalents.

/2. Population and labour force data obtained from 'OECD in Figures' (2003 Supplement 1).

/3. **Australia**—all reported staff less valuation function (141 FTEs); **Austria**—reported amount excludes IT and HRM/ personnel support that are provided across MOF by separate departments; **Belgium**—all reported staff less customs component (4,275), as per annual report; **Canada**—all reported FTE's minus customs, as per country survey response; **Czech Republic**—covers all reported staff less 879 attributable to levies and state supervision; **Denmark**—data excludes customs function (3,130 FTE's); **France**—staffing usage includes both DGI (68,046) and DGCP (7,000); **Ireland**—from annual report (2000), includes unknown component for customs administration; **Italy**—data relates only to staffing of Revenue Agency (35,875) and Guardia di Finanza staff performing tax-related tasks (11,700); **Japan**—staffing level as per 2002 annual report; **Luxembourg**—covers staff of Direct Taxes and VAT Department from Indirect Taxes; **Mexico**—data covers all staff reported in 2003 annual report less customs component (4,289); **Netherlands**—data exclude reported customs component, as per survey response; **New Zealand**—data includes 1,290 FTE's attributed to non-tax functions (largely welfare-related) but included for comparison purposes as for other countries; **Norway**—data from 2003 annual report; **Turkey**—reported data appears incomplete owing to exclusion of two tax-related agencies under MOF; **United Kingdom**—reported amount obtained from survey response and annual reports of the UK IRD and C&E, and excludes customs (7,321 FTE's) and government valuation function (4,585 FTE's).

/4. Real property taxes and motor vehicle taxes/ fees are collected at the sub-national level in other OECD countries.

Table 19: Analysis of Staff Investments for Compliance Functions /1

COUNTRY	Total staffing (FTE's)	Total staffing: audit and other verification /2		Total staffing: other compliance functions /3		Total staffing: all compliance functions	
		No.	% of total	No.	% of total	No.	% of total
Australia	19 177	6 475	33.8	5 026	26.2	11 501	60.0
Austria	8 750	1 800	20.6	-	-	-	-
Belgium	21 489	-	-	-	-	-	-
Canada	38 381	10 415/2	27.1	-	-	-	-
Czech Rep.	14 720	3 551	24.1	-	-	-	-
Denmark	8 226	3 065	37.3	1 688	20.5	4 753	57.8
Finland	6 323	2 857	45.2	235	3.7	3 092	48.9
France	75 046	16 666	22.2	-	-	-	-
Germany	122 278	-	-	-	-	-	-
Greece	14 000	3 500	25.0	1 000	7.1	4 500	32.1
Hungary	13 258	4 158	31.4	2 542	19.2	6 700	50.6
Iceland	486	48	10.0	180	37.0	228	47.0
Ireland	6 364/5	811	12.7	1 052	16.5	1 863	29.3
Italy	47 575/6	23 538/6	49.5	14 529/7	30.5	-	-
Japan	56 315	38 110/8	67.7	5 002	8.9	47 112	76.6
Korea	16 845	4 598	27.3	5 390	32.0	9 988	59.3
Luxembourg	628	-	-	-	-	-	-
Mexico	28 292	3 758	13.3	7 538	26.6	11 296	39.9
Netherlands	25 400/4	9 892	38.9	751	3.0	10 643	41.9
N. Zealand	4 547	854	18.8	2 403	52.8	3 257	71.6
Norway	6305	1 500	23.8	3 370	53.4	4 870	77.2
Poland	51 435	12 257	23.8	13 767	26.8	26 024	50.6
Portugal	13 238	1 488	11.2	250	1.9	1 738	13.1
Slovak Rep.	5 791	1 955	33.8	235	4.1	2 190	37.9
Spain	23 961	6 375	26.6	4 020	16.8	10 395	43.4
Sweden	9 030	3 106	34.4	2 542	28.1	5 648	62.5
Switzerland	-	-	-	-	-	-	-
Turkey	41 880	13 260	31.7	-	-	-	-
UK—IRD	66 674	16 704	25.1	-	-	-	-
UK—C&E	15 185/4	-	-	-	-	-	-
USA	100 229	15 224	15.2	32 160	32.1	47 384	47.3
OECD aver. (unweighted)	-	-	29.4	-	21.8	-	51.4

Sources: Country survey responses, annual reports of revenue bodies.

/1. The accuracy of country responses on resource allocation may be influenced by differing organisational arrangements in place and interpretational factors.

/2. Intended to include all audit (i.e. field and desk/ office audits) and tax fraud investigations, although inevitably there is an element of general compliance involved including taxpayer education functions for most/all countries.

/3. Other compliance functions include all taxpayer service, education, enforcement (incl. filing and debt enforced collection).

/4. Excludes customs operations.

/5. Includes customs functions.

/6. Includes 11,700 staff attached to the Guardia di Finanza performing tax-related tasks.

/7. Relates to Revenue Agency staff only.

/8. Number includes an unknown level of staff time devoted to taxpayer service functions.

Table 20: Comparison of Year-end Gross and Net Tax Arrears (all Years' Debt)

COUNTRY	Reported gross tax arrears/net tax collections (%)			Reported net tax arrears/net tax collections (%)		
	2000	2001	2002	2000	2001	2002
Australia	6.4	8.5	9.3	3.2	5.6	6.5
Austria	10.2	8.8	9.6	4.2	3.5	3.9
Belgium			14.6			10.2
Canada	7.3	7.5	8.4	5.8	5.9	6.8
Czech Rep.			49.7			
Denmark	-	4.9	4.9	-	2.6	2.6
Finland	7.4	6.6	6.6	-	-	-
France	15.9	15.7	16.1			
Germany	2.5	2.6	2.6	1.4	1.4	1.5
Greece						
Hungary				7.5	6.4	6.1
Iceland						
Ireland	5.5	5.4	4.5	-	-	-
Italy						
Japan	5.2	4.6	4.9			
Korea	3.6	3.2	3.0	-	-	-
Luxembourg						
Mexico						
Netherlands	-	-	-	3.1	2.9	3.8
New Zealand	3.3	3.8	4.0	3.2	3.7	3.9
Norway	-	3.4	4.0	-	-	-
Poland	5.9	7.4	8.6	5.6	7.3	8.1
Portugal	35.6	41.2	43.5	33.0	38.0	40.0
Slovak Rep.	36.2	41.6	39.7	16.7	18.3	18.1
Spain	6.6	5.9				
Sweden	2.0	2.3	1.9	0.8	0.2	0.4
Switzerland						
Turkey						
UK- IRD /1	18.3	18.6	17.2	3.4	5.2	6.2
UK- C&E		1.3	2.0		1.1	1.8
USA	13.9	14.7	16.1	3.4	3.6	4.4

Sources: Country survey responses, annual reports.

/1. Arrears data used for computation relate to aggregate receivables as end-October for each year indicated, compared with annual net revenue collections for fiscal year.

Table 21: Comparison of Registered Taxpayer Populations

COUNTRY	Citizen population (mln.)	Labour Force	Number of registered taxpayers (ml)			Relative indicators	
			Individuals	All Businesses	VAT	Registered individuals / labour force (%) /1	Employees generally file annual returns
Australia	19.5	9.8	10.1	1.8	2.25	103.1	Yes
Austria	8.1	3.9	3.3	0.14	0.69	84.6	No
Belgium	10.2	4.4	6.3	0.43		143.2	Yes
Canada	33.1	16.3	23.0	1.6 /2	2.7	141.1	Yes
Czech Rep.	10.3	5.2	1.8	0.3		34.6	No
Denmark	5.4	2.9	4.1	0.6	0.39	141.4	No /3
Finland	5.2	2.6	4.6	0.54	0.5	176.9	No /3
France	59.2	27.0	33.4	3.5		123.7	Yes
Germany	81.4	39.7	28.5	4.9	4.87	71.8	No
Greece	10.6	4.4	3.5	1.0	1.45	79.5	Yes
Hungary	10.2	4.1	4.0	1.2	0.55	97.5	Yes
Iceland	0.3	0.16	0.22	0.019	0.033	137.5	
Ireland	4.0	1.8	1.86	0.121	0.22	104.0	No
Italy	57.3	23.9	37.0	2.0		154.8	No
Japan	127.3	67.5	20.9	2.9	2.3	30.8	No
Korea	47.3	22.4	4.43	0.47	3.85	22.3	No
Luxembourg	0.4	0.28	0.125	0.074	0.076	44.6	No
Mexico	100.1	39.1	8.3	0.8		21.2	No
Netherlands	16.0	8.1	7.0	2.0	1.0	86.4	No
NZ	3.9	1.9	4.6	0.85	0.55	242.1	No
Norway	4.5	2.4	3.9	0.16		162.5	No /3
Poland	38.6	17.5	23.77	1.3	1.3	135.8	No
Portugal	10.3	5.3	3.8	0.28		71.7	Yes
Slovak Rep.	5.4	2.7	3.0	0.16	0.13	111.1	No
Spain	40.3	17.9	14.0	1.4	2.8	78.2	Yes
Sweden	8.9	4.5	7.0	1.0	0.84	155.5	No /3
Switzerland	7.2	4.3	4.2	0.25	0.3	97.7	Yes
Turkey	68.6	22.6	2.1	0.63	2.9	9.3	No
UK	59.8	29.5	29.0	0.5	1.73	98.3	No
USA	285.5	144.9	130.9	7.9	N.A	90.3	Yes

Sources: OECD in Figures: Statistics on Member Countries (2003 Supplement 1), 2003 WP9/FTA survey on VAT Abuses.

/1. This indicator may exceed 100% for a variety of reasons e.g. requirement for a tax registration before having to file a tax return, taxpayers who are not members of the labour force (e.g. investors), registrations required for non-tax purposes, old/ inactive registrations.

/2. Represents the total corporate tax returns received each year.

/3. Most employees in these countries receive pre-filled statements of income and deductions for vetting.

Table 22: Use of Unique Taxpayer Identifiers by OECD Member Countries

Country	TIN is used	Type of TIN (N-numeric; AN-alphanumeric)	No. of digits-individuals	No. of digits-entities	TIN used widely for matching
Australia	Yes	N	9	8	Yes
Austria	No	-	-	-	-
Belgium	Yes	N	9	9	?
Canada	Yes	N	9	9	Yes
Czech Rep.	Yes	N	10	8	Yes
Denmark	Yes	N	10	8	Yes
Finland	Yes	AN	10	8	-
France	No	-	-	-	-
Germany	No /1	-	-	-	-
Greece	Yes	N	8	8	Yes
Hungary	Yes	N	-	-	-
Iceland	Yes	-	8	8	Yes
Ireland	Yes	AN	-	-	-
Italy	Yes	AN (individuals), N (entity)	11	11	Yes
Japan	No	-	-	-	-
Korea	Yes	N	13	10	Yes
Luxembourg	Yes	N	11	11	No
Mexico	Yes	AN	14	13	Yes
Netherlands	Yes	N	9	9	Yes
NZ	Yes	N	8	8	Yes
Norway	Yes	N	11	11	Yes
Poland	Yes	N	10	10	Yes
Portugal	Yes	N	9	9	Yes
Slovak Rep.	?	-	-	-	-
Spain	Yes	AN	9	9	Yes
Sweden	Yes	N	11	11	Yes
Switzerland	No	-	-	-	-
Turkey	(Planned)	-	-	-	-
UK IRD	Yes /1	N	-	10	No
UK C&E	?	-	-	-	-
USA	Yes /1	N	9	9	Yes

Source: Information series compiled by CFA Working Party 8.

/1. **Germany**—legislation recently enacted permits use of TINs for both individuals and legal entities; **UK IRD**—for companies only; **USA**—a common number, the social security number, is used for both social security and tax administration purposes.