

## **5.2. Recommendations**

Recommendations are suggested here after considering the results of the hypothesis tests in Chapter 4 and with a view to increase tax compliance by using better IT facilities.

- (i). Introducing EFT, Credit Card, ATM and direct debit facilities for tax payments. At the beginning, this can be started as a pilot project for those who are willing to accept those facilities.
- (ii). providing e-filing facilities for those who have facilities and willingness.
- (iii). Enhancement of IT resources in the Department of Inland Revenue with a view to increase tax compliance as well as to save time of both revenue staff and tax payers.
- (iv). Identification of capable officers with IT awareness and using them for the key tasks in taxation process.
- (v). Using e-mail and SMS to remind payments and returns.
- (vi). Using address labels with bar codes for quick identification of non payer of tax on due dates and no submission of tax returns on due dates.
- (vii). Identification of new tax payers by processing received new information quickly by using IT. Electronic links should be established with Customs, Banks, Registrar of Motor Vehicles, Land Registry, Electricity and telephone companies and the international airport etc.
- (viii). Online tax advice service with facilities to tax calculations and updated legislation.

## **5.3. Conclusion**

Tax collection in Sri Lanka, specially comparing with the other developing countries has several problems. Low Tax/GDP ratio and low compliance have been identified as main issues. According to the researches, there are many factors affecting the tax compliance. In many countries in the developed world have already been used IT as a supporting tool for tax collection. In Chapter2, there are a few examples which are successfully used in developed countries. This research also shows that IT can effectively be used in increasing tax compliance of Sri Lankan tax payers because there attitude towards IT usage in taxation is remarkably high and those who already use IT in business documentation have better tax compliance.

## Annexure 1

### Questionnaire 1

Serial No:.....

#### Information Technology usage and Awareness level of Tax payers

Please indicate your usage/knowledge in the appropriate cage in the table given below according to the following choice type.

#### **Choices**

1. I have never used/ I have no idea.
2. I know that but I do not use
3. I use but not for business purpose.(personnel/entertainment etc)
4. I use it in the business only for limited activities.
5. I use it for day to day business activities.

	<b>Information Technology Usage</b>	<b>Choice</b>
1	Fax machine	
2	Credit Card	
3	Electronic Fund Transfer	
4	Personnel Computers	
5	Local Area Network	
6	E - mail	
7	Internet	
8	Bar codes/Bar code readers	
9	Database Management Systems	
10	SMS	
11	Voice mail	
12	Accounting packages	
13	Spreadsheets	
14	Tele-banking	
15	Search engines	
16	Automatic Teller Machines	
17	Desk top publishing	
18	Electronic word processing	
19	Transactions through Internet	
20	GPRS	
	<b>Total</b>	

Thank you for your time!

## Annexure 2

### Questionnaire 2

Serial No: ..... Income Tax File No: VAT No:.....

#### Level of the attitude on Information Technology of a tax payer

Please indicate your desire according to the choices given below in the appropriate cages in the table given below.

#### **Choices**

1. I strongly disagree/I strongly do not want. The present manual system is the best.
2. I do not want. The present manual system is OK.
3. I agree but not necessary. The present manual system is enough.
4. I agree
5. I strongly agree/ I like it very much

	<b>Information Technology facilities</b>	<b>choice</b>
1	Address labels with bar codes	
2	SMS/E-mail reminders for payments and returns	
3	e-filing facilities to submit returns	
4	Payments by credit cards	
5	Payments by Electronic Fund Transfer	
6	Online tax consultancy	
7	Direct debit of bank accounts for tax payments	
8	Tax payments through ATMs	
9	Automatic penalty calculations for delayed returns and payments	
10	Issuing assessments through e-mail/fax	
	<b>Total</b>	

Thank You for your time!

### **Annexure 3**

#### **Questionnaire 3**

**Serial No:..... Income Tax File No:..... VAT No:.....**

#### **Compliance level of a tax payer**

Please select the relevant choice and write the number of it in the appropriate cage in the table given below.

#### **Choices:**

1. 0%
2. more than 0% and less than 20%
3. more than 20% and less than 40%
4. more than 40% and less than 60%
5. more than 60%

	<b>Measurement of the compliance</b>	<b>Choice</b>
<b>1</b>	% of Income Tax returns submitted before due date in last 5 years?	
<b>2</b>	% of VAT returns submitted before due date in last 2 years?	
<b>3</b>	% of Income Tax payments paid before due date in last 5 years?	
<b>4</b>	% of VAT payments paid before due date in last 2 years?	
<b>5</b>	% No of years in which Income Tax assessments were not issued in last 5 years?	
<b>6</b>	% No of quarters in which VAT assessments were not issued in last 2 years?	
	<b>Total</b>	

Thank You for your time!

**Annexure 4 - Questionnaire 4**

**IT awareness/ usage/ attitude level of revenue officers**

Please indicate the answer which is most relevant to you.

**Serial No:**.....

**Designation:**.....

**Section/Branch:**.....

Question No	Question	Answer
1	<b>IT Qualification:</b> 1.Degree/Professional 2.Diploma 3. Certificate 4. No qualification	
2	<b>IT Training:</b> 1. Full time 2. Part time 3. On job 4. No training	
3	<b>IT experience:</b> 1.Programing/Designing 2. User 3. Data entry 4.None	
4	<b>IT Usage at work:</b> 1.Return/payments processing 2. Inquiring only for required data at work 3. Data entry 4. None	
5	<b>IT facility available:</b> 1. PC network 2. Standalone PC 2. Dumb terminal 4. None	
6	<b>Communication facility:</b> 1. Internet/e-mail/Telephone/fax 2. Telephone/fax 3. Telephone 4. None	
7	<b>Electronic Documents handling:</b> 1. 100% 2. >50% 3. < 50% 4. 0%	
8	<b>What is your idea in introducing following facilities in your work?</b> 1. I strongly agree 2. I agree 3. No idea 4. I strongly disagree  (i). Bar codes/Bar code readers ..... (ii). E-mail/SMS facilities for reminders and guidance to tax payers. .... (iii). E-filing of returns. .... (iv). On line/ EFT/Credit Card facilities for tax payments ..... (v). Online connections with other organizations to get information. .... e.g. RMV, Customs, Land registry etc (vi). <b>Do you think that introduction of above IT facilities will increase the tax compliance?</b> .....	
	<b>Total</b>	
9	<b>What is your average incentive ranking for the last 5 years?</b> 1.100% 2. Less than 100% but more than 80% 3. Less than 80% but more than 60% 4. Below 60%	

Thank you for your time!

## **Annexure 5**

### **Questionnaire 5**

#### **IT Usage level of various types of tax payers (Collected from tax consultants)**

Please answer the following questions.

	<b>Question</b>	<b>Answer</b>
1	No of tax payers you are dealing with	
2	No of cooperate tax payers you are dealing with	
3	Average number of PCs per employee with your cooperate tax payers	
4	Average number of e-mail connections per employee with your cooperate tax payers	
5	Average number of Internet connections per employee with your cooperate tax payers	
6	No of cooperate tax payers who use software for accounting and tax documentation	
7	Average number of PCs per employee with your individual tax payers	
8	Average number of e-mail connections per employee with your individual tax payers	
9	Average number of Internet connections per employee with your individual tax payers	
10	No of individual tax payers who use software for accounting and tax documentation	

Thank you for you time!



**Annexure 6**  
**Questionnaire 6**

Evaluation of the IT usage and performance in various branches (Collected from Branch managers)

Branch:..... Serial No:.....

Average rating for incentives for the last 5 years: .....

Please select your choice from the following choices:

1. 100% Manual
2. less than 50% computerized
3. More than 50% computerized but not 100%
4. 100% Computerized

	<b>Question</b>	<b>choice</b>
1	Return issuing	
2	Reminders issuing for late returns and payments	
3	Master Index	
4	Payments ledgers	
5	Statistics	
6	Return processing	
7	Processing of information received about tax payers from other parties	
8	Other correspondence and record keeping	
9	Issue of assessments	
10	Identification of new tax payers from the information received	
	<b>Total</b>	

Thank you for your time!

**INLAND REVENUE INCENTIVE FUND SCHEME**  
**APPRAISAL FORM**

Branch: .....

Period : Six months ended .....

- 1 Name: .....
- 2 Designation: .....
- 3 Date of joining the Department: .....
- 4 Nature of Duties: .....
- 5 Particulars of service in other Units/R.OO during the period under review

Duration	Unit/R.OO
.....	.....
.....	.....

6 Date of retirement/resignation (if applicable): .....

**PART - 1**

**Factors for Appraisal**

(a) Output	Range of plus Points	Plus points Awarded
Very Good	40-50	
Good	26-39	
Average	13-25	
Below Average	0-12	.....

**Quality**

Very Good	40-50
Good	26-39
Average	13-25
Below Average	Average 0-12



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.....  
Total Points (A)

**Minus Points**

(i) Attitude to work	Points
Very Good	2-0
Good	5-3
Average	8-6
Below Average	11-9

.....  
Awarded

**(ii) Minus points for leave**

No. of leave upto	Days	Points	No. of leave upto	Days	Points
.....	6	1	.....	18	12
.....	7	2	.....	19	13
.....	8	2	.....	20	14
.....	9	3	.....	21	15
.....	10	4	.....	22	16
.....	11	5	.....	23	17
.....	12	6	.....	24	18
.....	13	7	.....	25	19
.....	14	8	.....	26	20
.....	15	9	.....	27	21
.....	16	10	No. of leave exceeding	27	22
.....	17	11	.....		

.....  
Total Minus points (B)

**NET POINTS**

(A-B)



**Final Rating**

Net Points		Rating	
75 - 100	=	100%	.....
65 - 74	=	95%	.....
55 - 64	=	85%	.....
45 - 54	=	75%	.....
35 - 44	=	65%	.....
0 - 34	=	0%	.....

**Manager's Report on performance in relation to the work programme and targets**

.....  
 .....

(i)	Consolidated Salary for the last month of the period referred to (excluding allowances)	<input type="text"/>
(ii)	Total Leave taken for the period under review	<input type="text"/>
	(i) Private leave (Medical,Casual, spent in Sri Lanka or abroad)	
	(ii) Duty leave for training	<input type="text"/>
	Less 30 days exemption	<input type="text"/>
	Total leave for the purpose of determining minus points (i) & (ii)	<input type="text"/>
(iii)	Duty leave for official purposes directly related to the duty	<input type="text"/>

I certify that the above particulars are correct.

**Deputy Commissioner/O.I.C./Manager**

Date:

**PART II**

	Percentage
Rating Confirmed	<input type="text"/>
Rating Moderated	<input type="text"/>

.....  
 for Chairman of the Committee

Date:.....

Annexure 8

C.I.R. (Outstation R.O.O.)

**Incentive Targets for 2nd Half of 2005**  
**COLOMBO REGIONAL OFFICES**

		Marks
01	<b>Compliance</b> -Up to Y/A 2003/2004 100% Implement the stop filer programme for non compliance cases	30
02	<b>Audits</b> A. Rapid Audits – 100% of returns received  B. Group Field Audits (per branch) Initiate - 20 Complete - 10  C. Detailed Audits ( per assessor) Initiate - 04 Complete- 03	20  15 15
03	<b>Appeals : *</b> All appeals registered up to 30.06.2005 to be Settled or referred to appeal branch. <b>Audit Queries *</b> All queries received up to 30.06.2005 to be replied * (minimum 10 from each target)	12.5  12.5
04	<b>Updating the tax payer's Index</b> i. To edit and feed to computer all the balance cases ii. Cases already fed to the computer - Check the correctness of the data and updated data should be sent to CDU by August 15, 2005.	50
05	<b>Reduction of Arrears:</b> (a) 100% of agreed and on return taxes prior to 31.12.2005. (b) 75% of agreed and on return taxes for the period of 01.01.2005 to 30.09.2006. (c) 100% of arrears getting time barred on 30.06.2006 (d) 20% of other arrears outstanding as at 30.06.2005.	50
06	<b>Revenue :</b> 100% of revenue estimated for 2005	250
07	<b>Opening of New Files</b> 100 New VAT and ESC Files	60
08	<b>Back Duty – for the Branch</b> 20 million	60

	Back duty collection 50% of the back duty agreed	
09	<b>Refunds</b> All valid refunds received up to 30.09.2005	25
		600

### General

- Award 4.5 will be considered for branches only with all round exceptional performance.
- **Appeals if any for the above targets should be submitted with alternative targets to D.C. Secretariat on or before 31.07.2005**

### Minus Marks

- (1) Non submission of monthly progress reports, monthly incentive performance reports before 15<sup>th</sup> of the following month, and area performance report before the date notified by the C.G.I.R. and submission of incorrect reports. 10
- (2) Dishonoured cheques not attended to within one month of receipt 10
- (3) Paying-in-slips received up to 30.10.2005 posting not completed by 31.12.2005 10
- (4) Unsatisfactory record keeping and office maintenance 10
- (5) Violation of official language regulations 10

**Commissioner General of Inland Revenue**

..... 2005

**Annexure 9 – Summarized results of Questionnaire 1 and 3**

<b>A</b>	<b>B</b>	<b>C</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>A</b>	<b>B</b>	<b>C</b>
<b>1</b>	78	23	<b>41</b>	49	16	<b>81</b>	49	15
<b>2</b>	85	24	<b>42</b>	65	17	<b>82</b>	49	15
<b>3</b>	84	23	<b>43</b>	67	14	<b>83</b>	58	16
<b>4</b>	78	22	<b>44</b>	68	16	<b>84</b>	56	19
<b>5</b>	46	16	<b>45</b>	79	19	<b>85</b>	89	27
<b>6</b>	25	12	<b>46</b>	89	21	<b>86</b>	33	8
<b>7</b>	89	24	<b>47</b>	55	20	<b>87</b>	30	10
<b>8</b>	55	15	<b>48</b>	68	20	<b>88</b>	80	20
<b>9</b>	66	16	<b>49</b>	67	21	<b>89</b>	94	22
<b>10</b>	78	17	<b>50</b>	86	23	<b>90</b>	55	20
<b>11</b>	78	19	<b>51</b>	43	12	<b>91</b>	68	20
<b>12</b>	26	10	<b>52</b>	47	14	<b>92</b>	67	21
<b>13</b>	65	18	<b>53</b>	35	12	<b>93</b>	86	23
<b>14</b>	66	15	<b>54</b>	37	11	<b>94</b>	43	12
<b>15</b>	64	14	<b>55</b>	53	13	<b>95</b>	47	14
<b>16</b>	44	10	<b>56</b>	63	18	<b>96</b>	35	12
<b>17</b>	55	18	<b>57</b>	39	13	<b>97</b>	37	11
<b>18</b>	48	15	<b>58</b>	49	15	<b>98</b>	53	13
<b>19</b>	47	16	<b>59</b>	49	15	<b>99</b>	63	18
<b>20</b>	94	26	<b>60</b>	58	16	<b>100</b>	39	13
<b>21</b>	52	14	<b>61</b>	56	19			
<b>22</b>	51	14	<b>62</b>	89	27			
<b>23</b>	53	13	<b>63</b>	33	8			
<b>24</b>	43	12	<b>64</b>	30	10			
<b>25</b>	47	14	<b>65</b>	80	20			
<b>26</b>	35	12	<b>66</b>	94	22			
<b>27</b>	37	11	<b>67</b>	78	21			
<b>28</b>	53	13	<b>68</b>	95	24			
<b>29</b>	63	18	<b>69</b>	55	14			
<b>30</b>	39	13	<b>70</b>	48	15			
<b>31</b>	49	15	<b>71</b>	47	16			
<b>32</b>	58	16	<b>72</b>	94	26			
<b>33</b>	56	19	<b>73</b>	52	14			
<b>34</b>	89	27	<b>74</b>	51	14			
<b>35</b>	33	8	<b>75</b>	53	13			
<b>36</b>	30	10	<b>76</b>	43	12			
<b>37</b>	80	20	<b>77</b>	37	11			
<b>38</b>	94	22	<b>78</b>	53	13			
<b>39</b>	78	21	<b>79</b>	63	18			
<b>40</b>	95	24	<b>80</b>	39	13			

A – Serial number given to the form,

B – Total of responses to Questionnaire 1

C - Total of responses to Questionnaire 3

**Annexure 10 - The Summarised results of Questionnaire 2 and 3**

<b>A</b>	<b>B</b>	<b>C</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>A</b>	<b>B</b>	<b>C</b>
1	41	23	41	25	16	81	25	15
2	45	24	42	32	17	82	26	15
3	43	23	43	33	14	83	28	16
4	40	22	44	34	16	84	27	19
5	28	16	45	40	19	85	43	27
6	15	12	46	42	21	86	16	8
7	44	24	47	26	20	87	15	10
8	29	15	48	37	20	88	41	20
9	33	16	49	32	21	89	44	22
10	39	17	50	41	23	90	23	20
11	42	19	51	20	12	91	30	20
12	14	10	52	21	14	92	35	21
13	32	18	53	15	12	93	40	23
14	35	15	54	16	11	94	21	12
15	30	14	55	27	13	95	22	14
16	25	10	56	33	18	96	18	12
17	25	18	57	21	13	97	18	11
18	25	15	58	25	15	98	26	13
19	24	16	59	26	15	99	30	18
20	49	26	60	31	16	100	21	13
21	24	14	61	29	19			
22	25	14	62	43	27			
23	26	13	63	17	8			
24	21	12	64	10				
25	23	14	65	42	20			
26	18	12	66	45	22			
27	18	11	67	35	21			
28	26	13	68	42	24			
29	35	18	69	23	14			
30	18	13	70	24	15			
31	25	15	71	24	16			
32	26	16	72	44	26			
33	24	19	73	22	14			
34	42	27	74	26	14			
35	15	8	75	25	13			
36	16	10	76	22	12			
37	42	20	77	17	11			
38	39	22	78	29	13			
39	35	21	79	31	18			
40	44	24	80	19	13			

A – Serial Number given in the form

B – Total of responses to Questionnaire 2

C - Total of responses to Questionnaire 3

**Annexure 11- Summarised Results of Questionnaire 4**

<b>A</b>	<b>B</b>	<b>C</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>A</b>	<b>B</b>	<b>C</b>
1	20	1	41	28	2	81	22	2
2	22	1	42	19	1	82	23	2
3	18	1	43	19	2	83	25	1
4	44	3	44	25	2	84	28	1
5	23	2	45	26	1	85	27	1
6	22	2	46	23	2	86	29	1
7	26	2	47	27	1	87	23	2
8	24	2	48	35	2	88	26	3
9	20	2	49	31	1	89	35	2
10	21	2	50	20	1	90	34	1
11	24	1	51	24	1	91	40	2
12	20	2	52	19	1	92	20	2
13	21	1	53	32	2	93	21	2
14	21	1	54	25	2	94	32	3
15	22	2	55	22	2	95	19	1
16	25	2	56	20	3	96	33	2
17	26	2	57	21	3	97	46	3
18	28	2	58	23	2	98	28	2
19	20	1	59	39	3	99	22	3
20	27	2	60	38	100	21	2	
21	15	1	61	33	3			
22	21	1	62	29	3			
23	23	1	63	41	2			
24	36	3	64	40	2			
25	35	3	65	48	3			
26	26	2	66	36	2			
27	29	2	67	16	1			
28	28	2	68	18	1			
29	24	1	69	17	1			
30	20	1	70	31	2			
31	28	2	71	43	3			
32	27	1	72	19	1			
33	25	2	73	33	2			
34	29	1	74	30	3			
35	21	1	75	17	1			
36	30	2	76	25	3			
37	30	2	77	26	2			
38	30	3	78	33	3			
39	40	1	79	34	3			
40	16	1	80	25	2			

A – Serial Number given in the form  
 B – Total of choices  
 C – Choice about the Incentive Rating



**Annexure12 – Results of Questionnaire 6**

<b>Branch No</b>	<b>Total of choices</b>	<b>Average Incentive Rating</b>
1	30	4
2	32	4
3	15	4
4	12	4
5	14	4.3
6	10	3.8
7	18	4
8	22	4.5
9	24	4.3
10	12	3
11	16	4
12	14	4
13	12	4.5
14	12	4.5
15	12	4.3
16	12	4
17	16	4
18	18	3.4
19	14	4
20	14	4
21	15	4
22	16	3.5
23	12	3.5
24	12	4
25	14	4
26	17	4.5
27	22	4
28	22	4
29	26	4
30	26	4
31	28	3.4
32	22	4
33	12	3.5
34	12	4.3
35	14	4



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