

Inter-American Center of Tax Administrations – CIAT

45th CIAT GENERAL ASSEMBLY



**“TAX MORALE AS DETERMINING FACTOR IN IMPROVING THE
EFFECTIVENESS OF THE TAX ADMINISTRATION”**

Subtopic 1.2:

**“METHODOLOGIES FOR MEASURING TAX MORALE WITHIN THE TAX
ADMINISTRATIONS”**

**General Directorate of Taxation
Uruguay**

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1. Introduction

For more than 2,500 years, ethics has been one of the key issues in Western Philosophy. The terms ethics and morality are frequently used synonymously. Nevertheless, their meanings are different.

Based on its etymology, ethics comes from Greek ethos that has two meanings. The first and most ancient indicates residence, dwelling, place where one inhabits, in the Aristotelian tradition it adopts the meaning of form of being and character, which is acquired and incorporated in existence. The second meaning of the word ethos is habit, custom.

While morality refers to guidelines, values and norms within groups, societies and certain cultures, ethics studies the fundamentals and explanations that different cultures and communities have provided themselves, in order to organize their own functions, establishing points in common and differences among all the systems of norms¹.

Morality and ethics, while deemed disciplines (opposite to exact sciences) are always linked to certain perspectives. In that sense, it is worth pointing out that in this paper, the notion of ethics is the one articulating with human rights and in line with the approach by which political morality oversees, as its fundamental role, the protection and wellbeing of individuals².

In recent years, above all beginning in the 90s, great emphasis has been placed on the imprint of ethics on government administration, as well as the need for its transparency.

Government administration reforms (in a broader sense, the reform or transformation of the State) as well as tax reforms, have played a very significant role on the public agenda, in the different social discourses, (in the political as well as the business sphere), becoming a topic on the international public agenda³.

Both notions are linked to this dawn of public ethics' awareness in the last decades, tied to the need of strengthening our democracies by, on the one hand, eradicating or combating the scourge of corruption and, on the other, strengthening our tax administrations not only by reforming the tax systems and improving agencies' performance in terms of efficiency and efficacy, but also by involving citizens and promoting a new Tax Administration-Taxpayer relation⁴.

¹ Ethics, Transparency and Combat against corruption in the Public Administration. Manual on the performance in public office, published by the Anticorruption Office, Ministry of Justice and Human Rights of Argentina, 2009. Also refer to Acosta Casco, Natalia, "Principles of Public Ethics", published by the Transparency and Public Ethics Board, Ministry of Education and Culture of Uruguay, 2010.

² Raz, Joseph, Ethics in the public sphere, Gedisa Publishers, Barcelona, 2001.

³ The applicability of such assertion arises from, for example, the document of Ibero-American Public Administration for the 21st Century, approved by the XL Regular Meeting of the Executive Council of the CLAD held in Santo Domingo, Dominican Republic, November 8-9, 2010.

⁴ The interest on ethical issues relative to the economy introduced by the work of Amartya Sen, Nobel Prize in Economics, is not foreign to such phenomena. Refer to, for example, On Ethics and Economics, Alianza Editorial, Madrid, 2001.

Tax ethics is by no means different from public Ethics⁵, but its name serves to restrict its study and regulation purpose, applying it to the tax administration owing to its specificities. It is worth recalling that in his Financial Law System, Sainz de Bujanda called for a deeper study of the issue, defining Financial Ethics as a “philosophical discipline, of a regulatory nature, which studies the moral criteria of appraisal for the legal rules or the behaviors integrated in the area of the financial activity of public entities”, clearly stating the existence of different moralities, objective and subjective: tax morality and public credit morality, revenue morality and expenditure morality, tax officials’ morality and taxpayers’ morality⁶.

On the other hand, Tipke defines Tax Ethics as “the theory studying the morality of tax proceedings undertaken by the branches of government– Legislative, Executive and the Judiciary- and by the taxpaying-citizen”⁷, and warns that this is an under-analyzed subject owing to its special difficulties, which Herrera Molina defines as follows: “The naturally competent individuals to analyze the moral issues are philosophers. And, notwithstanding, it is impossible to analyze the moral issues pertaining to taxes, if its procedures, interpretation and problems are not known in depth”⁸.

It is worth adding to the foregoing difficulties, the performance proper of the Tax Administrations, whose mission is to secure the collection of State revenue by the effective enforcement of the norms relative to the internal taxes under their authority, promoting voluntary compliance by taxpayers, in a framework of respect for their rights, acting with integrity, efficiency and professionalism⁹.

The lack of integrity in a tax administration may affect equity in the distribution of the tax burden, distort the conditions of competition and resource allocation, reduce the required resources to meet government spending and undermine the confidence of society in the government, which, overall, entails a detriment to citizens’ wellbeing¹⁰.

As it may be inferred, and considering that the purpose of this paper relates to the implications of Tax Morality in the Tax Administration, the relevance of approaching topics of this nature is explained by the foregoing considerations and by the growing importance of collection in meeting the purposes of the State and the strengthening thereof in particular.

2. Ethics in the Tax Administration

In such respect, and according to Tipke, the official of the Tax Administrations appears as the trustee of the unified community integrated by all taxpayers. The interest of the Tax

⁵ Public ethics reflects the morality of the human acts performed by all those in public office.

⁶ Refer to Sainz de Bujanda, F., *Financial Law System*, I, Vol. 9, Law School of Complutense University, Madrid, 1977.

⁷ Tipke, K., *Tax morality of the State and the taxpayers*, Marcial Pons, Madrid- Barcelona, 2002, p.21, translation by P.M. Herrera Molina, quoted by Sánchez Blázquez, V.M., “X. *Organizational issues in the Tax Administration: Law deficiencies and solutions through ethics*”, in *Tax Ethics*, Document N° 10/2004, Institute of Tax Studies, page 97, available at: www.ief.es

⁸ Herrera Molina, P., “VII. *Approach to Tax Ethics*”, in *Tax Ethics*, Document N° 10/2004, Institute of –Tax Studies, page 77, available at: www.ief.es

⁹ Mission Statement of the General Tax Directorate of Uruguay established on Decree N° 192/006 of 21 June, 2006.

¹⁰ See the Executive Secretariat Preamble to the Self-evaluation Guide for the Tax Administrations.

Administration shall not be to collect to the greatest extent possible or close its records with the highest amounts, but to oversee equality and justice in the enforcement of tax laws. Professionalism and the study of affairs constitute, per se, ethical demands¹¹.

Such ethical demands are warranted by the special and specialized nature of the Tax Administration, inherent features that have clearly materialized in recent years. In particular, - in the Uruguayan case –marked by two great landmarks such as the reform of the Tax Administration conducted in 2005 and the reform of the tax system enforced in 2007- in line with the full-time employment of tax officials (and appropriate remuneration) and, consequently, a complete system of carefully defined restrictions and incompatibilities¹².

On the other hand, the Inter-American Center of Tax Administrations has defined the analysis of this issue as a priority for decades.

Particularly, since 2003 a number of tools have been designed to support actions that promote ethics in the Tax Administrations, as a means of preventing and anticipating the actions that may impair their efficacy.

Said initiative (undertaken by a group of experts and featuring the special participation of the Canadian Revenue Agency) served as a precedent and benchmark for the pilot experience in the Tax Administration of Uruguay in 2009, to which we shall subsequently refer.

3. The Uruguayan case. Background.

Prior to analyzing the pilot experience in Uruguay, it is interesting to provide the underlying context.

The reform of the Tax Administration was a vital landmark in said context, according to Article 2 in Act N° 17.706¹³, of 4 November, 2003, regulated by Decree N° 166/2005, of 31 May, 2005, which provided for all the aspects relative to the new functional system defined, and by Decree N° 192/2006, by which a new organizational structure was approved, in line with an updated definition of the strategic objectives, seeking to adapt the traditional Administration modality to an objective-driven administration, centered on performance-results.

¹¹ See Herrera Molina, P., “VII. Approach to Tax Ethics”, in Tax Ethics, Document N° 10/2004, Institute of Tax Studies, page 81, available at: www.ief.es

¹² See D. N° 166/2005 as amended.

¹³ Article 2º. (Improvement of the General Tax Directorate performance). - The Executive Branch shall prioritize the improvement of the performance and the equipment acquisition of the General Tax Directorate. To such end, and in the amount strictly required, said Directorate shall allocate up to 25% (twenty-five percent) of the actual collection growth, to increase their budget. The Directorate shall report to Parliament, and the latter shall report to the Treasury and Budget Committees in both Houses.

We hereby establish a full-time employment system, bonuses and incompatibility provisions for officials of the General Tax Directorate, which shall be regulated by the Executive Branch, banning the performance of activities deemed incompatible, which shall be gradual and optional, directly in line with the actual increase in collection stemming from the better performance of the Body. The applicable budget allocation shall be made to such ends.

The Executive Branch shall also establish an optional performance system, not requiring full-time employment and general incompatibilities for the officials of such Directorate, not comprised in the foregoing sub-section.

In both cases, the provision shall supersede the systems currently in place on the matter for said officials and this shall be reported to Parliament.

The regulation of the systems set forth in this article shall be deemed effective upon thirty days from the respective communication to Parliament.

In line with the purpose of this paper, we may mention three key features of said reform:

- i) Regulation of the functional performance system: a full-time employment system was established, defined as the integral dedication to the functions of the position, banning any other employment, whether in the public or private sphere¹⁴. The general incompatibilities were defined¹⁵, the exceptions thereto¹⁶ and the exceptions to the full-time employment system¹⁷.
- ii) creation of an internal control body: as part of a strategy to promote ethics-, the Internal Auditor's Office was created, with the purpose of:
 - a. controlling the appropriate enforcement of procedures and controls of the incompatibilities and full-time employment system;
 - b. investigation of alleged accusations and violations to the full-time employment and incompatibilities' system, as well as, if applicable, advising on the enforcement of sanctions;
 - c. investigation and detection of irregularities, or illegal acts involving officials, with proposals on the actions applicable;
 - d. requests for reports and administrative investigations, and;
 - e. Controlling that officials submit their certified employment statements.

The internal control at the level of the Tax Administrations, in addition to being an essential part of their functions, goes beyond the purpose of controlling performance, to the extent it enables to determine and, above all, prevent the inherent risks that may impair such performance to a greater or lesser extent, and establish the applicable corrective actions.

- iii) Advancement of the Figari Project (Institutional Strengthening for Revenue Allocation and Administration): the functional design of this modernization project originated with the commitment of the General Tax Directorate in line with its structural reform and subsequent changes in the organization, working methods and procedures to improve the DGI efficiency and efficacy, and relied on financing from the European Union. It was an integral management model to manage revenue and resources, based on an integral and integrated IT system that would require expediting and simplifying procedures and imply the organizational and process reengineering that would affect

¹⁴ See article 11 in D. N° 166/005, 31 May, 2005

¹⁵ See article 9 in D. N° 166/005, 31 May, 2005

¹⁶ See article 10 in D. N° 166/005, 31 May, 2005

¹⁷ See article 12 in D. N° 166/005, 31 May, 2005, as amended by article 3 in D. N° 333/2008, 14 July, 2008.

detection and reduction of tax fraud as well as the modernization and rationalization of administrative processes and the reduction of bureaucracy.

On such grounds, the Figari Project has been a very effective instrument to regulate the performance of tax officials, harmonizing procedures in order to expedite them and enabling better control thereof.

4. Tax morality in the Tax Administration. Diagnosis and self-evaluation of ethics and integrity.

4. a Background.

The 2005-2009 Strategic Plan included, among its strategic objectives, promoting officials' professional development and wellbeing and ensuring control of their ethical behavior, pursuant to the following action courses:

- implementing the functional career;
- promoting systematic and specialized training;
- conducting performance evaluations taking into consideration compliance with objectives;
- controlling ethical compliance.

As regards the last item, in addition to the above-mentioned monitoring and control efforts, according to Resolution N° 1809/2006, of 29 December, 2006, the Code of Ethics was approved for officials of the General Tax Directorate¹⁸ and in 2009, we conducted a diagnosis and self-evaluation activity on ethics and integrity, to which we shall refer subsequently.

4. b Brief description of the methodology.

The end of the self-evaluation process is the regular analysis of processes and performance-results by organizations themselves, with a view to identifying the strengths and weaknesses and defining the improvement plans required.

The methodology employed arose after a process of adaptation to our country's reality of the methodology that the Inter-American Center of Tax Administrations suggested – Self-evaluation Guide for Tax Administrations – and the Model for Assessment of a corporate ethics and integrity program (EVAM).

¹⁸ Notwithstanding, officials are also governed by the broader Norms of Conduct for Public Office, approved by Decree N° 30/2003, 23 January, 2003.

4. c Implementation process

The first step was the selection of facilitators (seven, in the first stage), conducted by the General Tax Directorate among officials from all the Divisions of the agency, promoting the active involvement of the organization's Directors in the process and securing the resources required for the appropriate execution thereof.

In order to achieve broad and plural integration, we pursued members with different professions who participated in the different substantial functional areas, excluding members of senior management.

The selection criteria were aimed at identifying officials with an extensive track record in the Administration, deep knowledge of their working area, acknowledgement of their career behavior, by peers and their seniors, leadership features, flexibility and a proactive spirit.

The following table defines the profession and area specific to each team-member.

PROFESSION	POSITION	AREA
Lawyer	Head of Department	Administration Division
Accountant	Chief of Auditors	Audits' Division
Teacher	Procedures' Specialist	Internal Division
Accountant	Head of Call-Center	Collection Division
Programming Analyst	Head of the Development Section	IT Division
Technical specialist	Auditor	Audits' Division
Computer Analyst	IT Auditor	Internal Audits

After selecting facilitators, the training program was organized and the internal and external DGI environments were analyzed.

This enabled to identify eight aspects of the internal environment and the needs and expectations of the interested parties (external environment), which were organized according to four dimensions (FODA): strengths, opportunities, weaknesses and threats.

With regards to the specificities of the Uruguayan organization, the EVAM methodology was adapted (Model for Assessment of a corporate ethics and integrity program) to the agency's possibilities.

Specifically, the number and array of officials participating in the assessment was increased¹⁹ and questions were reformulated to consider the regulatory development and the creation of certain bodies. To such purposes, the most relevant issues for each axis in the model were

¹⁹ The EVAM methodology considered only the participation of management. Since in the DGI there are few members in that tier, the scope was extended to incorporate middle managers and operational staff.

defined: “Leadership and commitment”, “Management and processes”, “Individuals and Alliances” and “Security and Control”.

At this stage of the process, it was determined that the group of facilitators did not rely on sufficient information on the strategic guidelines of the agency, which required extending its structure to incorporate the Internal Auditor and the Administration Director.

Additionally, the most functional evaluation modality for the result pursued was to hold focus groups in workshops according to three tiers: (1) Division Directors and Advisors, (2) Heads of Department and (3) Heads of Section and Operational Staff.

The workshops were held with the focus on gathering perceptions and emphasizing quality rather than quantity thereof.

The result of the evaluations was analyzed and the Assessment Report was drafted.

The selection of the officials consulted was not random but discretionary. It was based on the cross-sectional criteria according to age group, role, insight on the section and the organization in general, degree of objectivity, geographic location, availability and interest, skills for human relations and communication.

Forty-seven officials were selected (47), from a total 1256 from the country’s capital (where the DGI activity is mainly concentrated) as well as the interior (where collection tasks are carried out).

The process took nine months:

- a meeting was held in Panama on 20 July, 2009 in order to define the objectives and coordinate activities from the CIAT Program on Ethics, the schedule for self-evaluation and implementation, support to CIAT-Secretariat, Facilitators’ Training, facilitators’ profile, self-evaluation of ethics and sub-committee on Ethics’ Management;
- a training course on ethics for facilitators was held on September 14-18, 2009, based on the documents “Self-evaluation workshop of the CIAT ethics’ program in the tax administration. Guide for facilitators and the enforcement team. May -2007” and “Model for the incorporation of a program on Corporate Ethics and integrity. Pilot experience in Uruguay. September - 2009”;
- the operational environment was assessed on 23-27 November of 2009;
- group interviews were held on 1-4 December of 2009;
- the final report was drafted on 7-11 December of 2009;
- the final report was submitted on 8 April of 2010.

The process developed swiftly and without resistance within the administration. Nevertheless, as defined in the foregoing paragraphs, adjustments were required on the methodology: adjusting the questionnaire on the Administration's possibilities and broadening the group of facilitators, given the need to learn about strategic guidelines reserved to management. Likewise, visits were made to different sectors in the agency to gather evidence to supplement the information obtained as a result of the workshops held.

Recommendations

Out of the focus groups' interviews during the workshops, the results obtained enabled to draw the recommendations summarized hereunder:

Critical areas for improvement

- **Awareness on the Control function:** awareness activities were required to help all the DGI officials understand and embrace the need of undertaking the control function, in operation and management activities as well as in terms of compliance with the regulatory framework governing such activities.
- **Strengthening the Planning and Control functions:** it is vital that all the Planning areas of the Administration rely on the resources, procedures, organizational structure and other necessary inputs to conduct such important functions.
- **Completing and updating the definition of all the key processes:** it is necessary to complete the process "map" and its detailed description, the specific, clear and detailed procedures, and the assessment and control mechanisms that apply in all cases.
- **Adjusting the administrative career system:** The assessment of the "Results" axis shows the impact of the deficiencies in the administrative career system on other axes, such as, for example, the legitimacy of supervisors who were not hired via a public call, the lack of motivation from the absence of promotion possibilities, and improvements in remuneration.
- **Improving the performance-assessment system:** The lack of homogeneity among the different supervisors in the assessment of officials, the loss of significance of the assessment for the supervisor as well as his direct report and its irregular execution erode the effectiveness of an important component of human resources' management: officials ignore the value of their work and the skills they should improve or sustain in their performance.
- **Strengthening training plans and internal communication:** with regards to training plans, such efforts should be conducted more regularly and with universal access.

Regular courses on the “System of Incompatibilities and Full-time employment”, “Rights and Obligations for DGI officials” and “Code of Ethics: scope and application”. As regards internal communication, improvements are required for central and ancillary procedures, establishing communication procedures, systematizing the use of fast and universal communication media (Intranet, e-mail, etc.) as the sole official media.

- **Enhancing IT security:** the application of manual and automated controls, responsibility and behavior of users with respect to information assets and information itself, the value of evidence and leads from audits shall be contained in clearly documented and communicated policies and procedures.

In order to sustain the dynamics generated by the related interviews and activities, the group of facilitators in agreement with the General Directorate also set forth a sub-set of **fast implementation initiatives:**

- Elaboration of the **DGI Services’ List or Letter** and its distribution among officials and taxpayers.
- Elaboration of a **Taxpayers’ Rights and Obligations Catalogues** and dissemination among officials and taxpayers.
- Creation of a **taxpayers’ “Complaints and Suggestions’ Box”**, enabling taxpayers to set forth their claims and proposals to improve performance.
- Creation of a **“Suggestions and Initiatives’ Box” for officials**, to submit proposals and initiatives to improve performance.

4. d Review and adjustments

After the self-evaluation was completed, it became necessary to define and materialize a Program of Ethics and Integrity, based on the recommendations made on the Final Report of the self-evaluation stage, prioritizing the areas for critical improvements and good practices that are fast to implement.

To such purposes, the Steering Committee on Ethics and the Executive Committee on Ethics were created by Resolution N° 1525/2010, dated 30 July of 2010.

The Steering Committee on Ethics is made up by a delegate of the General Directorate, the Director of the Administration division, the Director of the IT division, the Coordinator of the Planning, Organization and Control Advisory Office, the Internal General Auditor and a delegate from the Association of Tax Officials; this Committee is called to meet at least once a month and make its decisions by 2/3 of the votes. Its objectives are:

- Drafting the definitions of the Program on Ethics and Integrity of the General Tax Directorate that shall include the Institutional Policies on Ethics, which shall be submitted to the approval of the General Directorate;
- Elaborating a preliminary Action Plan on Ethics and Integrity, aligned with the Strategic Performance Plan and the Code of Ethics of the General Tax Directorate, for approval by the General Directorate and subsequent inclusion on the annual Operating Plans;
- Supervising the Executive Committee tasks and receiving information on the effective implementation of the Program, the progress and the potential difficulties;
- Approving communications policies of the matters relative to the Ethics Program, in coordination with the Administrative Technical Support Department of the General Directorate;
- Approving specific training courses and workshop plans with case studies featuring ethical dilemmas, in coordination with the Department of Training of the Administration Division;
- Analyzing proposals to strengthen and improve the efficiency of the internal security and control systems of the General Tax Directorate;
- Reviewing the results of the measurements of the public perception on the organizational ethics' culture and administration performance;
- Drafting the Internal Rules of the Steering Committee and the Executive Committee on Ethics.

On the other hand, the Executive Committee on Ethics is made up by a delegate from each of the divisions and their respective deputies, and is required to meet at least every fifteen days, with the following responsibilities:

- The implementation, operational supervision and monitoring of the Action Plan, by gathering the information required from the areas in charge of compliance with the activities included therein, in order to register their progress and for the early detection of potential diversions;
- Informing the Steering Committee on Ethics of the progress in the implementation of the Action Plan and the diversions, if any, and proposing corrective actions as required;
- Fulfilling the remaining activities commissioned by the Steering Committee on Ethics according to the internal rules.

Currently, the undertakings of the Steering Committee on Ethics have resulted in the definition of the main **Strategic Guidelines of the Ethics and Integrity Program of the General Tax Directorate**. In sum, such Strategic Guidelines comprise:

- **Strengthening the Leadership and Commitment** in the sense that in order to achieve a healthy and efficient tax administration the senior officials of the institution are required to lead processes that guarantee the integrity and fairness of the institution, appropriate continuity and taxpayers' trust.
- **Relying on a Clear and Simple Regulatory and Procedural Framework** in order to ensure unified criteria in the organization and the generation of legal certainty in officials as well as taxpayers.
- **Guaranteeing Equity** in the treatment of all taxpayers, facilitating compliance with their tax obligations, assisting them and guiding them, communicating and delivering timely and truthful information as required; likewise, they shall provide systems and mechanisms that enable the objective and transparent discussion of the actions of the administration.
- **Promoting Effective Management of Human Resources** based on an effective administrative career in line with the existing regulations, based on merit, clear and accurate rules on conditions and requirements for their mobility, fair and transparent recruitment and selection processes; education and training programs focused on individual development and improvement according to the organizational needs, policies and priorities; an equitable performance-assessment system, an objective, fair, transparent and effective administrative discipline procedure, and the promotion of a healthy working environment and spirit.
- **Developing Information Technology and Management procedures** in order to
 - a. rely on the appropriate technology infrastructure enabling new services and communication channels with taxpayers,
 - b. meet security and data back-up standards required by the established norms and procedures and the pertinent national and international good practices;
 - c. lead the demands of society and the globalized world, facilitating public access to information but safeguarding citizens' information, as required by law.
- **Delivering timely, transparent and truthful information**, in order to strengthen tax awareness in society, social acceptance of taxes and consolidation of the tax administration image as an entity respected for its professional, efficient and transparent development.

It also pursues continuous improvement of the internal communication that delivers sufficient and timely information regarding the mission, vision, values, strategies and

action guidelines of the organization, as well as the motivation to obtain the collaboration of personnel in conveying the institutional messages to society.

- **Promoting Tax Administration Social Responsibility** relying on policies and procedures that promote awareness and corporate responsibility pertaining to their activities, consistency between the interests of society and sustainable development, supported by ethical and integral behavior of their members and the institution in general with measures such as accountability, active and voluntary transparency of their members, protection of the environment, security and occupational health.
- **Developing Tax Awareness among citizens** by strengthening the current tax education program, along with the design and implementation of a strategy aimed at making citizens aware of the importance of meeting tax obligations, the role of the tax administration in financing State expenditure and the responsible use of the resources required in order to protect the environment and the population in general.
- **Promoting Ethical Values in the institutional sphere** by pursuing day-to-day compliance and permanent commitment to the principles and values enshrined in the institutional Code of Conduct.
- **Strengthening Performance Control**, relying on effective mechanisms enabling to
 - a. follow and verify compliance with processes;
 - b. identify and detect potential risk, areas for improvement and individual behaviors that entail diversions from laws and norms of ethics;
 - c. effective interaction with external control bodies.
- **Promoting the Relationship with Strategic Partners**, by developing initiatives that achieve national and international inter-institutional cooperation relations on common issues, in pursuit of enhanced performance to the benefit of the State and society.

The following stage, currently underway, is to define the specific activities to be pursued in the framework of each strategic course. The execution of this Plan shall be the role of the overall institution based on the **implementation, operational supervision and monitoring by the Executive Committee on Ethics**, as mentioned before.

Strongly in line with these strategic guidelines is the adoption of a set of measures that are already in effect:

- In the framework of an improvement in the planning and control functions, the Planning, Organization and Control Advisory Office was strengthened, consolidating such advisory role by the incorporation of qualified human resources, in line with the

creation of the Head of Department position in the organizational restructuring project currently under consideration of the national authorities.

- With the purpose of adapting the administrative career system, for the first time in the history of the DGI, a call was held to fill all the vacancies for Head of Department and Head of Section, which already feature an established schedule and shall be decided in the course of this year.
- In order to strengthen and systematize the training of officials, new momentum was given to the Center for Tax Studies – created by Article 173 of Act N° 18.362, dated 6 October, 2008- which grants legal status and commissions the responsibilities of advising, research, training and education in tax and public finance matters, pursuant to Article 284 of Act N° 18.719, dated 27 December, 2010. Additionally, such norm established that said Center shall be governed by principles of Private Law, feature technical autonomy and report to the Executive Branch through the Ministry of Economy and Finance.
- A consultant was hired for the external communication affairs, media management and monitoring, evaluating public surveys and communication campaigns’ development; plans are in place to call for bids for new agencies that conduct public opinion surveys.
- “Ethics and Values” courses were held, whose content consisted in a theoretical and practical course on Ethics and Values in the Organization.
- The Charter of Taxpayers’ Rights and Obligations was drafted and a compilation with the rights and duties defined in current regulations, both of which were launched – together with the announcement of other measures presently under the consideration of Parliament, which include the creation of a text on taxpayers’ tax and duties – upon the closure of the 3rd Taxation Workshop (an academic event held by the General Tax Directorate with the active participation of all the recognized universities in the country and foreign experts). They are available in print as well as on the Web page of the General Tax Directorate.
- A claims and suggestions’ box was enabled, with an e-mail address (carta@dgi.gub.uy) to which taxpayers may forward their queries and suggestions, which originate in the competent offices in order to provide answers or adopt measures, as applicable.
- The IT systems were adjusted as well as the procedures to manage information in order to provide for the self-evaluation recommendations, but also meet the Personal Data Protection Laws (Act N° 18.331) and the Public Information Access Act (N° 18.381). To such ends:
 - The available information was classified as confidential, reserved or secret;

- Procedures were defined to secure that the information deemed public is disseminated and updated, focusing on activities based on the principles of freedom, transparency and responsibility;
- Procedures were defined to ensure that the information deemed public is managed on the basis of the principles of availability, efficiency, integrity and conservation.
- A project on the adoption of information management and control policies was defined, following the principles of truthfulness and accuracy,
- Procedures were defined to process, treat, store and preserve information;
- The implementation of information security management policy that considers:
 - Information security responsibilities;
 - Awareness and education of personnel in order to secure the security chain;
 - Appropriate processing of the organization's applications (validation controls);
 - Management of technical vulnerabilities (for example: good information assets' inventory and sources of technical information reporting on the vulnerabilities discovered);
 - A formal and documented process that guarantees the continuity of the organization's activities, identifying the impacts of potential incidents that threaten an organization in order to develop expeditious and effective responses;
 - Information security incidents' management.

5. The external perception of tax morality in the Administration

Uruguay has been marked by ranking in the lowest levels of corruption in Latin America, with a very good status relative to the rest of the world.

From the Global 2009 Report of the Corruption Perception Index (TI), Uruguay ranks in the 24th position (from a total of 178 countries surveyed)²⁰. In Latin America, it ranks second, and it has constantly improved its position.

In the last few years, the DGI has monitored the institutional image among users and the public opinion in general.

Although, as we have already stated, corruption is not a pervasive issue in the country, ongoing monitoring is deemed necessary.

Such activity is conducted by hiring independent organizations that conduct public surveys among taxpayers and also the general population.

The surveys indicate that participants consider that the institution has evolved very positively in general terms and, particularly as regards transparency in the last few years.

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²⁰ The Corruption Perception Index measures the level of perception of corruption in the public sector in a given country, based on surveys from informed observers of the public sector and politics.