

RESOLUTION OF THE 45TH GENERAL ASSEMBLY

THE QUITO DECLARATION

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

The tax administrations of the member countries and associate member countries of CIAT present at the 45th CIAT General Assembly in Quito, Ecuador on April 7, 2011

Whereas,

Sociological research as well as research undertaken by tax administrations suggests that tax morale, understood to be the taxpayer's attitude toward paying taxes, is influenced by many factors.

It is important to consider that the attitude of tax administrations, both towards taxpayers and towards their own staff and processes, is among those factors.

Taxpayers' awareness of the law as well as their willingness to follow it, also impacts compliance.

It is therefore important that tax administrations consider concrete actions aimed at effective control, taxpayer assistance and support that may contribute to solid tax morale.

THE GENERAL ASSEMBLY RESOLVES,

To recommend the tax administrations of its member countries to consider their role in contributing to a solid tax morale to which end they may consider:

First, to determine the scope and objectives of the concept of tax morale

1. Tax administrations should consider including the principles and values of tax morale in their strategic plans.
2. Tax administrations should consider implementing and evaluating methodologies aimed at measuring the tax morale of the tax administration.
3. Tax administrations should consider implementing methodologies aimed at measuring taxpayer tax morale and compliance, evaluate the results, and determine appropriate responses to improve both.

Second, tax administrations should consider undertaking studies to identify, analyze, and evaluate tax behavior of different taxpayers and, as a result

thereof, aimed their actions toward improved risk identification as well as improved responses ranging from assistance to enforcement.

1. Identifying, differentiating and classifying taxpayer behaviors in relation to compliance with their tax obligations.
2. Designing and implementing control plans and programs in keeping with the taxpayer's specific behaviors, with a view to developing a more effective, timely and efficient control.
3. Creating and facilitating mechanisms of dialogue with the taxpayers that may allow a rapprochement and understanding between them and the tax administration as one of the important factors in promoting voluntary compliance.

Third, tax administrations should consider developing strategies and mechanisms that may contribute to structuring and promoting tax morale as a determining factor to promote and improve voluntary compliance.

1. Introduce and strengthen, where possible, the concept of voluntary compliance through continuous improvement and consistent delivery of tax education and assistance programs.
2. Design and implement, where possible, taxpayer assistance programs tailored to address specific risks and behaviors.
3. Implementing and strengthening, where possible, accountability mechanisms and internal control systems that generate transparency and promote trust.