LUC DE DOBBELEER

IOTA
Intra-European Organisation
of Tax Administrations

Administrator General of the Belgian General Administration for Collection and Debt Recovery, who sponsored the IOTA project, said:

The Project report is the final output of a team put in place with the aim of collecting the best practices of IOTA member administrations in measuring their debt management performance. Their work comes at a time when debt remains at a very high level.

According to the 2017 Tax Administration series[1], almost one trillion euro is managed for recovery purposes in the 29 IOTA members which participated in the project.

The Project report shows the best tools available in administrations to measure tax debt management, sharing tested innovative and successful practice, which can be beneficial to all of us. It will inspire and provide fresh ideas to tax administrations charged with the collection and recovery of fiscal claims.

The IOTA project examined which indicators are key to measuring debt management performance and can therefore assist a debt recovery administration to improve its overall performance.

Dissemination of best practices will provide other administrations with food for thought to further strengthen their performance measurement.

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REPORT
MEASURING DEBT
MANAGEMENT PERFORMANCE

IF YOU DON'T MEASURE, YOU DON'T KNOW

Summary of practices on measuring Debt Management Performance from 29 countries

Methodologies applied to measure the impact of debt collection and recovery interventions

Examples of indicators related to the measurement of tax debt management

A compilation of 134 key performance indicators

IT tools and data used for debt management performance measurement
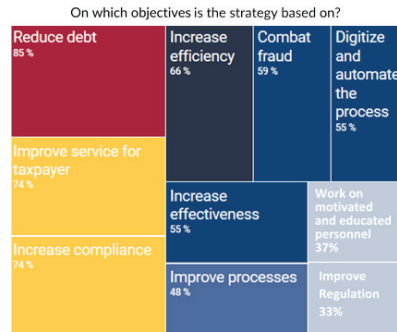
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[1] Tax Administration 2017: comparative information on OECD and other advanced and emerging economies. OECD, 2017.

FOCUS ON DEBTS OR DEBTORS?
The measurement should focus on doing things right, whereas the strategy focuses on doing the right things. Both are equally important.

On which objectives is the strategy based on?

- Reduce debt 85 %
- Increase efficiency 66 %
- Combat fraud 59 %
- Digitize and automate the process 55 %
- Improve service for taxpayer 74 %
- Increase effectiveness 55 %
- Work on motivated and educated personnel 37%
- Increase compliance 74 %
- Improve processes 48 %
- Improve Regulation 33%

Is strategic approach debt-oriented or taxpayer-oriented?

- 17,39 % Debt-oriented
- 69,57 % Debt & taxpayer-oriented
- 13,04 % Taxpayer-oriented

Is the strategy translated into operational objectives?
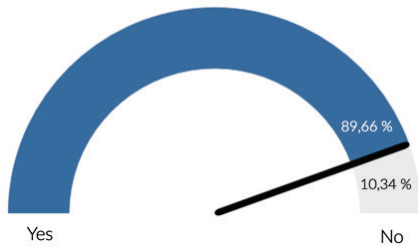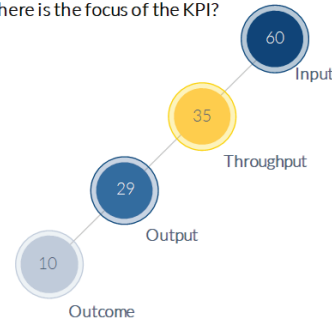
- 89,66 % Yes
- 10,34 % No

WHAT ARE KEY PERFORMANCE INDICATORS (KPI)?
Choosing the right KPIs relies upon a good understanding of what is important to the organisation. A good division of the KPIs can be a first step to steer a tax administration in the right direction towards successful performance measurement.
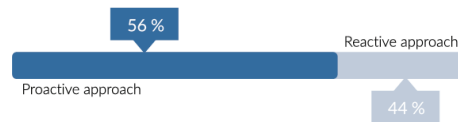
What is the goal of the KPI?

Effectivity — Efficiency

| 1 | 12 | 13 | 29 | 62 |

Cost - effectivity — Productivity — Economy

Where is the focus of the KPI?

- 60 Input
- 35 Throughput
- 29 Output
- 10 Outcome

Is the approach of defining new key performance indicators reactive or proactive?

- Proactive approach 56 %
- Reactive approach 44 %

Mission ···> Vision ···> Strategy ···> Critical Succes Factor ···> Key Performance Indicator

ARE IT TOOLS WIDELY USED FOR DEBT PERFORMANCE MEASUREMENT?
IT tools are indispensable for any modern tax administration. This is also the case for debt management performance measurement Availability of data is crucial for an organisation to be able to assess whether the strategic goals are achieved at any moment.

TaksInformationSystem
Congos
Sol-Server
AVIS
SAP SIACF
SESAM
Telonis
EXCEL
Stata
SAS
Eskort
IEPE Oracle Opera
Qlik-View
DataWarehouseSystem
Corporater
CentralCustomsAuthoritySystem

The collected data can be used to make predictions about the behaviour and reactions of different categories of debtors by the use of data-mining. If past performance is known and predictions for the future can be made, it is possible to adapt or optimise the debt recovery process.

- Capture
- Predict
- Act

HOW IS STRATEGY ROLLED OUT TO THE OPERATIONAL LEVEL?
In order to implement the strategy, it needs to be translated into operational objectives by defining key success factors for each objective. The level or realisation of the key success factors can be measured by defining a set of Key Performance Indicators.

USE OF THE KPI'S
The compilation of KPIs created during this IOTA project can be useful for other countries to further develop their own 'perfect set of KPIs' and apply in measuring their debt management performance.
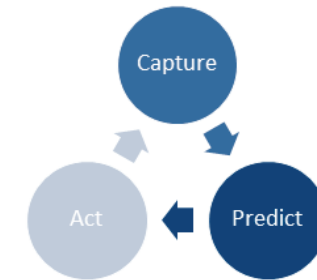
WHAT MAKES A GOOD IT SUPPORTING TOOL?
IT supporting tools are fully integrated into the collection and recovery process of all surveyed IOTA member countries. Most tax administrations agree that a good IT supporting tool should be user friendly, tailor made, uniform, based for action and automated.