タンザニア連合共和国
タンザニア歳入庁

タンザニア連合共和国
税務研修能力強化プロジェクト

業務完了報告書

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略語表

CBET	Competency Based Education and Training	コンピテンシー型教育訓練
C/P	Counterpart	カウンターパート
DRD	Domestic Revenue Department	国内歳入局
EAS	Electronic Accounting System Course	電子会計に係る税務調査コース
IBFD	International Bureau for Fiscal Documentation	
IFM	Institute of Finance Management	財務マネジメント大学
ITA	Institute of Tax Administration	税務研修所
ITC	International Taxation Course	国際課税コース
JCC	Joint Coordinating Committee	合同調整委員会
JICA	Japan International Cooperation Agency	国際協力機構
LTD	Large Taxpayers Department	大規模納税者局
OJT	On the Job Training	職場内教育
PDCA	Plan-Do-Check-Act	
PDM	Project Design Matrix	プロジェクトデザインマトリックス
PO	Plan of Operation	運営計画
R/D	Record of Discussion	討議議事録
SBWS	Sector Based Workshop	業種別税務調査ワークショップ
TAC	Taxation Advanced Course	税務上級コース
TBC	Taxation Basic Course	税務基礎コース
TMC	Training Management Committee	研修運営委員会
TOT	Training of Trainers	講師研修
TRA	Tanzania Revenue Authority	タンザニア国歳入庁

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1. プロジェクトの概要

1－1　プロジェクトの背景と経緯

タンザニア連合共和国（以下「タ」国）政府は、第二次成長・貧困削減戦略（MKUKUTAⅡ）におけるマクロ経済戦略の一環として、経済成長の促進、税基盤の拡大を含む税制改革や税務行政の効率化を図っており、中長期的な国内歳入の強化を政策目標として掲げている。その結果、近年「タ」国政府の歳入は順調に増加しており、2006 年度に比べて 2010 年度は倍増している。しかしながら、歳入における海外からの援助依存割合が高く、その割合は約 3 割となっており、GDP に占める国内歳入（うち 9 割強が税収）の割合は 17%以下と低い水準であることから、税務行政の強化および歳入増加は緊急性の高い重要な課題となっている。従って、「タ」国歳入庁（Tanzania Revenue Authority：以下「TRA」）職員および関係者の能力強化は、上記課題の実現のための重要な柱の一つと認識されている。

TRA 職員などの継続的な能力・知識向上のためには、主に TRA 直属の研修所として TRA 職員を対象に研修を実施する税務研修所（Institute of Tax Administration：以下「ITA」）の役割がますます重要になっている。プロジェクト開始当初 ITA では年間 2,000 名程度の TRA 職員及び民間・学生の研修員を対象に、税務等にかかる 40 以上の研修コースを実施（いずれも 2010/11 年度実績）していた。

このうち税務職員に関する研修は 1 週間から 8 週間の短期研修として実施されているが、「タ」国の現状・ニーズに合致した教材が必ずしも整備されていなかった。各講師が自分でレジュメを作成し講義に活用しており、例えば講師によって教える内容が違うなどの弊害も出てきていた。このことは税務行政の課税、調査、徴収の現場で、職員により異なる対応を納税者にしてしまい、税務当局に対する信頼を損なうことになりかねなかった。また、初級、中級、上級といった人材育成に必要な段階的研修も導入されていなかった。

以上のことから、人材育成の強化に向けた見直しが必要となっている状況であった。

このような背景のもと、「タ」国政府は我が国に対して、ITA の研修実施能力の強化を目的とした「税務行政能力強化プロジェクト」を要請した。

1－2　目的と範囲

（1）プロジェクトの内容（PDM の改定の経緯）

以下の上位目標、プロジェクト目標及び成果にかかわる活動を実施することを目的とする。また、下記指標を使い達成度を測ることとした。2014 年 10 月の JICA によるプロジェクト中間評価時に PDM の改定がなされた。科目パネルが実質的に機能していないこと、プロジェクトの促進には TRA と ITA のより強固な連携が必要との背景から TMC(Training Management Committee)が設置された。それにより関連部分が改定された。

成果 3　指標 3－2

旧：　各科目パネルで受領された評価結果の割合が 100%に達する。

新：　TMC で受領された評価結果の割合が 100%に達する。

成果 3　指標 3－3
旧：各科目のパネルでレビューされた評価結果の割合が 100%に達する。
新：TMC でレビューされた評価結果の割合が 100%に達する。

成果 1 にかかる活動 1－4
旧：特定された研修事業について、科目パネルによる研修教材の作成／改訂および標準化を支援する。
新：特定された研修事業について、ITA 講師による研修教材の作成／改訂および標準化を支援する。

成果 3 にかかる活動 3－5
旧：上記の評価分析結果を科目パネルと関係者に提供する。
新：上記の評価分析結果を TMC と関係者に提供する。

上位目標：「タ」国 TRA 職員の税務行政能力が強化される。
【指標】
・各 TRA 職員によって遂行された税務調査の年間平均件数が増加する。
・税務調査件数あたりの平均追加徴収額が増加する。

プロジェクト目標：ITA によって提供される研修事業が改善される。
【指標】
1. 研修プログラム開発の PDCA サイクルが採択され公式に ITA に導入される。
（1）ステージⅠ：PDCA サイクルが存在しない。カリキュラムや教材は存在するが PDCA サイクルに基づいて開発されていない。
（2）ステージⅡ：PDCA サイクルは存在するが、ドキュメント上においてである。
（3）ステージⅢ：PDCA サイクルは存在するが、JICA コンサルタントチームにより管理されている。
（4）ステージⅣ：PDCA サイクルは存在し、ITA 自身によって運営されている（プロジェクトの最終目標）。
２．研修科目の範囲が拡大する。
３．特定された研修事業に関する TRA 担当部局（受講者の所属部署）の満足度が、平均で 75%以上に達する。
4. 特定された研修事業の受講者数が 210 人以上に達する。

成果
１　研修事業の計画・準備プロセスが体系化される。
【指標】
1-1. ニーズ評価と研修計画のメカニズムが開発され改良される。
1-2. 研修教材が開発され改良される。
1-3. 特定された研修事業のカリキュラムおよび研修教材に関する研修受講者の満足度が、平均で研修プログラムが 95%以上、研修教材が 80%以上に達する。

1-4. 各科目の教材の活用頻度が増加する

２　ITA の講師の研修実施能力が強化される。
【指標】
2-1.　ITA 講師による出版物の数が増加する。
2-2.　ITA 講師の知識・スキルおよび指導法に関する研修受講者の満足度が、平均で 75%以上に達する。

３　ITA の評価手順が強化される。
【指標】
3-1. 評価手法とフィードバック手法が開発され改良される。
3-2. TMC で受領された評価結果の割合が 100%に達する。
3-3. TMC でレビューされた評価結果の割合が 100%に達する。

活動
【成果 1 にかかる活動】
1-1　税務行政改善および TRA 職員の能力強化に関するニーズ調査を実施する。
1-2　上記ニーズ調査を踏まえ、新規作成／改訂が必要な研修事業を特定する。
1-3　特定された研修事業のカリキュラムを作成／改訂する。
1-4　特定された研修事業について、ITA 講師による研修教材の作成／改訂および標準化を支援する。

【成果 2 にかかる活動】
2-1　ITA 講師を対象にして、特定された研修事業に必要な知識・スキルおよび指導法を習得するための研修／セミナーを実施する。
2-2　ITA 講師によって習得された知識・スキルおよび指導法を ITA 内で共有・蓄積する。
2-3　特定された研修事業について、ITA 講師によって実施される税務行政研修を支援する。

【成果 3 にかかる活動】
3-1　ITA の評価手順をレビューする。
3-2　評価手法を確立・改善する。
3-3　特定された研修事業に関して、ITA の研修受講者および（受講者の）所属組織／部署による評価を行う。
3-4　評価の分析を行う。
3-5　上記の評価分析結果を TMC と関係者に提供する。

対象地域
「タ」国ダルエスサラーム市
　活動拠点は、ダルエスサラーム市内にある TRA、ITA とするが、セミナー等の地方開催も含まれる。

相手国関係官庁・機関
TRA および ITA

（２）業務の目的
「「タ」国税務研修能力強化プロジェクト」に関し、上記活動を実施することにより、期待される成果を発現し、本プロジェクト目標を達成する。

（３）業務の範囲
TRA は内国歳入に加え関税も所管しており､ITA も関税研修プログラムを実施しているが、関税に関しては JICA が別プロジェクトで人材育成に取り組んでいることと、タ国から要請がなかったことから本プロジェクトの業務の範囲外とした。

2. 活動内容

2-1　活動内容
＊下記番号は業務フローチャートに準ずる。

$\boxed{\text{第 1 年次}}$

1-1 関連資料情報の収集整理
1-2 業務計画書の作成と提出
JICA 指摘事項を反映して業務計画書の作成を行った。配布資料を整理、WEB で税制その他の情報を入手し整理した。

1-3 ワーク・プラン案の作成
業務計画書を基にその後入手した情報を反映させ、ワーク・プラン案を作成した。

1-4 ワーク・プラン案の協議
1-5 実施体制作り
1）JICA タンザニア事務所訪問
総括が訪問し、担当職員、公共財政担当官に今後のスケジュールを説明した。
2）ITA 訪問
JICA 職員と ITA を訪問、ムゴヤ学長を表敬し、当面のスケジュールを説明した。また、前副学長のレバンギラ氏を訪問、今後の協力要請をした。
3）事務所の設営、並びに事務機器（プリンター等）の調達
ITA から執務スペース、事務機器（机など）を確保、その他必要機材の調達を実施した。
4）JICA タンザニア事務所訪問
全ての専門家の到着を待って、JICA タンザニア事務所を訪問、プロジェクト概要を事務所長に説明した。健康、安全管理に関する助言を受けた。
5）日本大使館訪問

日本大使館を訪問、大使と面談、プロジェクト概要を説明した。

6）ITA 訪問

専門家全員で学長を訪問、新任の副学長も同席した。

7）TRA 長官表敬訪問

TRA 長官を訪問、プロジェクトの実施体制を確認した。プロジェクトディレクターは TRA 人事部部長、マネージャーは ITA 学長と確認。

8）作業 CP の任命

調査が多岐にわたってきているため、効率を考え、窓口となる CP リーダーの任命を ITA に要請、課税科目パネルリーダーが任命された。

9）JCC 日程、議事に関する調整

JICA 事務所、ITA、TRA と JCC のスケジュール調整ならびに議事に関する調整を行った。TRA 長官が出席するセレモニーセッションとその後開催される JCC のアジェンダを作成した。

10）JCC 関連資料の作成

JCC 当日の資料として、ワーク・プラン、PDM に盛り込む指標、改訂 PDM、PO、指標の説明資料を作成した。

11）プロジェクト実施体制の確立

JCC に向けて実施体制の確認を行った。作業を行う上でプロジェクト CP の選定を ITA と協議した。結果、開発コースごとの CP の配置、その取りまとめ役の CP の配置が決められた。

12）ワーク・プラン内容のすり合わせ

ITA とワーク・プラン内容を詳細に確認した。

2-1 税務行政、税務教育に関する実情調査

1)TRA の組織概要

TRA の内国歳入部門の構造、事務管理部の構造、下部組織の構造についてレクチャーを受けた。

2）税制

直接税を中心に個人所得税、源泉税、国際税務に関して説明を受けた。

3）ITA 概要ヒアリング

人事担当副学長より、ITA の沿革や研修コース概要の説明を受けた。

4）TRA 人事制度ヒアリング

TRA の人事（採用、評価、昇格、降格）について説明を受けた。また ITA の講師の選定基準についても確認した。

5）要望されている研修背景の確認（ITA 中心）

TBC（税務基礎コース）の内容に関し詳細にヒアリングをした。TBC 担当長、講師にインタビューをすると同時に TBC を受講した税務署職員にヒアリングをした。

6）税務署訪問

ITA に近いキノンドニ税務署を訪問、調査の手順、債権管理（徴収）の手順を確認、その他人事、納税者サービス部門の業務内容をヒアリングした。

7）納税者訪問（日系企業 2 社）

日系企業 2 社を訪問、TRA の税務調査に関して実情を聞いた。また、タンザニア人の納税意識、税務職員の能力、制度における課題に関して説明を受けた。

8）大規模納税者局調査

内国税収の 70%～80%を扱う大規模納税者局でヒアリングをした。業務概要、税務調査の方法（製造業、金融業、移転価格）、調査対象の選定等の説明を受けた。

また、製造業、金融業の関する税務調査のトレーニングニーズを確認した。

9）納税者サービス部門

TRA の納税者サービスの目的、基本方針、納税者サービス活動を確認した。

10）監査法人訪問

KPMG を訪問、業務概要、人員、TRA の大法人への調査の問題点をヒアリングした。

11）電子会計に関するトレーニング

ITA において電子会計に関するトレーニングの過去の実績を確認した。

12）TRA 国内歳入局局長ヒアリング

本部に 68 名の職員、その下には、23 の Regional office（国税局）とさらにその下に 71 の District office（税務署）を管轄する局。局長に本プロジェクトの概要を伝え、質問事項を提出し、同時に局長の問題意識をヒアリング。

13）TRA 国内歳入局調査部長ヒアリング

上記質問の回答を入手し、部長へヒアリングを行った。ITA の研修を実務的ににし、アップデートすべきという趣旨であった。

14）教授法に関するヒアリング

ITA 講師へのヒアリングでは、教授法はある程度のレベルにあるとのことであったので、ITA 学長、幹部に本プロジェクトで教授法に取り組むべきか確認した。

15）教授法リソースの調査

ITA における TOT の実績をヒアリング。また、タ国における教授法実施機関を調査、The National Council for Technical Education が実績があると判明。

16）ITA 講師の講義のオブザーブ

講義の実施の仕方、資料、生徒の反応等実態をみるため、複数の講義に出席した。

17）研修コースの確認（環境面）

ヒアリングの結果、電子会計コースの新設の要望が高いが、研修実施の前提には職場での PC 保有率、職員のコンピュータリテラシーの確認が必要であるので、複数の税務署で確認をした。

18）国際課税分野の CP 任命

2012 年 6 月下旬からの当該分野専門家訪問に際し、同分野の CP の任命を要望、配置していただいた。

19）国際課税分野の課題の整理

タ国が直面する当該分野の課題を整理、またタ国側には他国の事例を紹介した。

20）税務業務の詳細な把握

キノンドニ税務署、テメケ税務署、テゲタサービスセンターを訪問、税務調査、徴収、納税者サービスの業務の流れを把握した。組織図の把握、各事務の流れ、流れに沿って作成される文書、I-TAX など機械処理の流れと手続き、実施のためのマニュアルや法律根拠な

どについて情報収集につとめた。納税者サービスに関しては TRA 本部を訪問し補完情報を得た。

21）国際課税コース開発に向けてタ国における具体的な課題の整理

教材、カリキュラム作成に向けて下記の情報を整理した。

・海外多国籍企業とのグループ間の役務提供取引
・非居住者に対する課税
・移転価格税制における価格算定方法
・タ国における比較データベースの問題
・移転価格ガイドライン
・オフショア間での株式譲渡益課税
・金融取引調査
・再保険に対する源泉徴収
・VAT

22）税務関連様式の収集

TBC コースでは研修生が職場での実務に少しでも早くなじめるよう、納税者の申告その他の様式も教材として活用する。各種様式の入手に努めた。

23）電子会計分野の情報整理

電子会計分野における既存情報の整理、収集をした。当該分野は 11 月より活動を開始するので、現地調査質問票の作成を行った。

24）監査ツール国内調査

電子会計分野研修に活用可能な監査ツールの調査（サプライヤー）を訪問調査により実施した。

25）電子会計分野の現況調査

TRA 職員の簿記会計能力、簿記会計研修での範囲、電子会計における税務調査の実態、大規模納税局、税務局、税務署レベルでの当該分野に関するニーズ、インド製ソフトウェア等タ国でのコンピュータ会計ソフトの活用実態を把握した。

2-2 ベースライン調査に関する外部委託調査

1）研修評価に関するヒアリング調査の協議

事情を踏まえて、再委託調査として追跡調査を実施することを ITA と協議をした。対象は TBC コース既受講者とその上司、国際課税コース既受講者とその上司で、ダルエスサラームを中心とすることを確認した。

2）再委託先に関する情報収集

実施能力がある再委託先を ITA からの情報もふまえ、数機関に特定した。

3）ヒアリング調査質問票と実施要領の作成

ITA と共同で研修評価のヒアリング調査質問票を作成した。

4）再委託先の選定と打ち合わせ

見積もり提出を依頼、複数見積取得の結果 The Institute of Finance Management に決定し、実施に際し、打ち合わせをした。

5）再委託調査の実施

6 月上旬から調査を開始、末までに報告書が提出された。

3-1　ワーク・プランの原案修正作業

7 月の JCC に向けこれまでの活動結果を踏まえワーク･プラン(案)の改訂作業を行った。

3-2 ワーク・プランの合意

１）JCC 日程、議事に関する調整

JICA 事務所、ITA、TRA と JCC のスケジュール調整ならびに議事に関する調整を行った。

2）JCC 関連資料の作成

JCC 当日の資料として、ワーク・プラン、PDM に盛り込む指標、改訂 PDM、PO、指標の説明資料を作成した。

3）ワーク・プラン内容のすり合わせ

ITA とワーク・プラン内容を詳細に確認した。

4）第 1 回 JCC 開催

TRA、ITA、JICA、プロジェクトチームメンバー出席のもと 2012 年 7 月に JCC を開催し、改訂 PDM に関する合意、実施体制に関する合意、プロジェクト進捗に関する確認、ワーク・プランならびにアニュアル・ワーク・プランへの合意がなされた。また、開発する 5 つのコースの合意をした。

4-1 特定カリキュラムに関する新設/改善の手掛、新設/改善方向の着眼点把握

1）特定される研修 5 コースに関する ITA の要望確認

スペシフィックなテーマ（国際課税、金融、製造業）も重要であるが、裨益者の多い上級コースに注力するよう要望が出た。また、マイニングセクター分野の研修も実施してほしいと強い要望が出された。

2）特定すべき研修 5 コースの検討

特定すべき 5 コースの検討を実施した。第 1 回 JCC で特定した。

- 既存の税務基礎コース（TBC）の改善
- 配属後 3 年程度の調査官を対象とした税務上級コース（TAC）の新設
- 電子会計に係る税務調査コース（EAS）の新設
- 国際課税コース（ITC）の新設
- 鉱工業セクターへの税務調査コースの新設

4-2 カリキュラム案の骨子の組み立て

1）TBC 改善案の検討

最初に取りかかる TBC 改善の方向を検討し、改善案を作成した。

2）TBC の改善方法の具体的協議

CP リーダーならびに TBC 担当 CP と改善の方向性と、テーマについて協議をした。現況のカリキュラムを急激に変えることが困難なので、コースを 1 週間延長し、実務科目を組み入れることで合意した。税務調査、徴収、納税者サービスに加え、国際課税もタ国の環境を知らしめるため講義を実施する方向で調整していくこととなった。

3）TBC カリキュラム改訂案の作成

TBC 追加カリキュラムを検討し、改定案を作成した。改定案ではニーズ調査結果の実務面での強化を重視し、税務調査、徴収、納税者サービスを盛り込む提案とした。

4）TBC カリキュラム改訂案の作成、提案ならびに改定案の共同作成

国内作業ならびに CP との協議を経て、現在 8 週間で運営されているコースを 1 週間実務的内容を追加し 9 週間で実施することで合意した。実際のカリキュラムに関しては CP 側が、既存のカリキュラムを大幅に変えずに、実務的内容を盛り込んだ改定案を作成、TRA で協議することとなった。

4－3 コア教材の作成

１）教材作成に関する情報収集作業

TBC 教材作成に際しての情報収集、確認作業をおこなった。税務行政実務の詳細な手続き、業務の流れに関しては、インタビュー先によって違いもあったので、TRA、税務署訪問を複数回行って確認をした。また、通達、法案に関する情報収集も行い、用語の定義、摺合せを行った。

2）TBC 教材の作成

TBC の 3 分野、税務調査、徴収、納税者サービスの 3 分野の教材を共同作成した。

税務調査

下記教材を共同作成した。最終案を科目パネルにて確認。

① 1. Diagram showing the flow of procedures for determining taxation <income tax>
（課税決定手続きフロー図<income tax>）

② 1. Procedure for determining taxation (income tax)
（課税決定手続き）

③ 2. Diagram showing the flow of implementation methods for a tax audit
（税務調査実施フロー図）

④ 2. Tax Audit
（税務調査）

徴収

質問に対する回答内容や作成された参考資料についての検討を行いながら、TBC 研修の教材作成に向けての作業を行った。リ―ジョン(キノンドニ、テメケ)を訪問し、滞納処分の実情、分割納付の処理手順、罰則等（ペナルティ、ファイン、インタリスト）の計算方法や規定の確認など情報収集をし、源泉徴収制度や TIN の未登録者の把握方法など関連情報の把握も把握、下記教材を作成した。

①滞納処分の基礎

②滞納処分の手順

③債権管理

納税者サービス

共同作成教材案を 2013 年 1 月に協議、それに基づき修正作業をした。

3）移転価格税制等国際課税コース教材

教材、カリキュラム作成に向けて、海外多国籍企業とのグループ間の役務提供取引、非居住者に対する課税、移転価格税制における価格算定方法、タ国における比較データベースの問題、移転価格ガイドラインに関する情報を収集、整理、その結果下記の項目から成り立つ教材を作成、内容を詳細に協議した

① 世界の移転価格税制のトレンドと新興国のトレンド
② 移転価格手法
③ 日本の事例から学ぶ移転価格税制のメインポイント（法令、監査等）
④ 事前確認制度
⑤ タンザニアとケニアの移転価格関連法

4）TBC 教材編集、修正

TBC 教材（税務調査、徴収、納税者サービス）の編集、修正作業を行った。

5-1　科目パネルの実態把握

1）科目パネルのヒアリング

科目パネルの全体像、個別パネル、特に課税パネルの構造を確認した。

5-2 科目パネルの役割の明確化

5-3 科目パネルの能力評価

1）科目パネルの活動状況確認

課税パネルリーダーのビタス氏に活動の現況を確認。約 25 名により構成され、ITA 講師がメインで構成されているが、設置されて間もなく具体的な活動がないことを確認。

6－1　授業要綱の作成

教材作成で実施。各分野で作成した要約を授業要綱とし講師に活用させる方向ですすめた。

6－2 教授法セミナー

1）教授法研修実施可能機関の調査

CP と一緒に教授法研修を実施できる機関を検討した。NACTE（National Council for Technical education)、Institute of Adult Education の二つの機関の講師を活用する方向で検討することとした。

2）教授法研修内容の検討と実施計画の策定

CBET(Competence Based Education and Training system)の教授法研修を中心に 2 日間を教授法概論、3 日間を講義運営研修とし講義の準備、運営ノウハウ、ロールプレイで構成、5 日間コースで研修を実施することとなった。また、対象は ITA 講師 24 名とした。実施時期に関しては既存の ITA 講義に影響がないよう 3 日間、2 日間に分けて週末毎に実施することとした。

3）教授法セミナーの実施

2012 年 11 月 30 日、12 月 1 日、12 月 1 日、12 月 7 日、8 日に実施。

6－3　講義資料の共有化とモデルとなる講義の映像化

共有化できる講義資料を作成した。

6－4 国別特設研修の実施

2013 年 2 月 2 日から 2 月 10 日に本邦研修を実施。内容は日本の国税庁の人事、教育制度に重点を置いた。

7－1　必要な資機材の検討

第 1 年次は特にないということで確認。

7－2　授業要綱の活用による講師研修

第 2 年次研修コース実施前に実施予定とした。

7－3　講義の支援

第 2 年次実施予定とした。

8-1　過去の評価実績のレビュー

9-1　評価手法と評価体制の検討

1）現行の研修評価制度のヒアリング

ITA の研修評価制度に関して実情を調査した。アンケートの内容、結果の管理体制を確認した。

2）研修評価に関する調査

研修評価に関して、研修を受けて職場に戻ってから受講生に対する追跡調査は実施されていないことを確認。

3）再委託調査の結果の取得と指標への反映

実施された研修修了者とその上司へのアンケート調査結果を基に、PDM に盛り込む指標の数値に関し ITA と議論をした。

9－2　評価手法と評価体制の確立

10-1　評価の実施（追跡調査）

科目パネルリーダーをまとめ役として、追跡調査（研修受講後一定期間業務を経験した者を対象）を適宜実施することとした。実施した再委託調査をモデルとして評価を実施することを確認した。

11　プロジェクト業務進捗報告書の作成

進捗報告書その1、2を和文英文で取りまとめた。

第 2 年次

12-1 業務計画書の作成と提出

第 1 年次実施事項を反映して第 2 年次業務計画書の作成を行い、JICA に提出した。

12-2 ワーク・プラン案の作成

業務計画書を基にその後入手した情報を反映させ、第 2 年次ワーク・プラン案を作成した。

12－3　ワーク・プランの協議と合意

ワーク・プラン第2年次案をもとにITAならびにTRAと最終案を協議した。JCCにおいてこれまでのプロジェクトの進捗を確認し、プロジェクト計画が承認された。第2回JCCは2013年5月22日に開催された。

13　特定された研修事業の計画・準備・実施・評価の継続

13－1　特定カリキュラムに関する新設/改善の手掛、新設/改善方向の着眼点把握

第 1 年次に TBC、EAS(電子会計に係る税務調査コース)、ITC(国際課税コース)に関しては実施済。第 2 年次は配属後 3 年程度の調査官を対象とした TAC(税務上級コース) に取り組み、アンケート調査を実施分析した。調査結果をもとに取り組むべき内容を協議、内訳表を作成した。

13－2　カリキュラム案の骨子の組み立て

TAC について科目内訳表を共同作成した。

13－3　コア教材の作成と改訂

ITC教材の改訂を行った。EASに関しては簿記会計、会計ソフトウェアに関する税務調査のあり方等を作成した。下期はEASにおいて監査ツール研修を実施し、教材の蓄積を進めた。

14　科目パネルの能力強化

14－1　科目パネルの役割の見直し

科目パネルは実態として機能していないので、新たな機能TMC(研修運営委員会) を2013年10月31日に実施したJICAの中間評価を機に設置。TRAとITAによる連携を強化し、そのもとで講師に各指示をだすシステムとし、その役割を見直した。TMCは発足当初下記メンバーで構成されていた。

	所属	名前
1	Deputy Rector (Academic Research & Consultancy)	Mr. Emanuel Masalu (Acting Deputy)
2	Manager- Staff Training and Development	Mr. Yohana Gwarasa
3	Head of Human Resources-CED	Ms. Hilda Tegwa
4	Head of Human Resources-DRD	Ms. Mfalila Upendo

5	Head of Human Resources-LTD	Mr. Rodrick Lauwo
6	Head of Short Courses-ITA	Mr. Roland Fisher
7	Panel Leader-Taxation	Mr. Ryoba Mzalendo
8	Counterpart Leader	Mr. Emanuel Masalu

14－2　ITA講師の能力強化

下記の方法で第2年次は実施した。

・ニーズ調査による研修企画

EAS

TAC

・カリキュラム作成

EAS

ITC

TAC

・教材の共同作成

EAS

ITC

・評価

プロジェクト開発研修コース用評価シート作成

評価の実施と実施結果の共有

・調査事例セミナー

日本の事例の収集方法と、実際の事例について ITA 講師、TRA 税務職員を対象に専門家が講師となり 2013 年 9 月 13 日にセミナーを実施した。

15　講師の能力向上支援

15－1　授業要綱の作成

TACで授業要綱モデルを作成、EASでも見本を提示した。

15－2　コンピュータソフト会計関連研修

EAS実施にあたり会計ソフトTallyのITAの講師向け研修を実施した。また講師2名の監査ツール研修を支援した。下期はACL監査ツール研修を実施した。

15－3　講義資料の共有化とモデルとなる講義の映像収録

講義資料の共有化を引き続き行った。

15－4　国別特設研修の実施

コンピュータ会計にかかる税務調査をテーマに日本の国税庁が受け入れ機関として2014年3月5日～16日で実施。

16　特定された研修事業の実施支援

16－1　資機材の調達、活用

監査ツール（ACL）のマルチライセンス導入を検討したが現段階ではTRAの方針が明確でないこと、メンテナンス費用が永続的にかかり、その手当のめどがないため未実施。

16－2　授業要綱の活用

特定された研修事業の実施前には作成した授業要綱を利用して講師研修を実施する方向で検討していたが、講師が講義の狙いを認識したり、引継ぎをスムーズにおこなえるツールとして作成するための見本の位置づけとした。

16－3　講義の支援

ITC、EASについて、外部講師の選定、調達を支援した。講義のオブザーブによる助言等の手法でも支援を行った。

17　ITAにおける研修事業の評価手法の改善

17－1　評価手法と評価体制の確立

プロジェクトによる開発研修用評価シートを作成した。また、評価フローも作成し、開発した研修の評価に活用した。

18　評価の実施及び分析

18－1　評価の実施

研修実施のコースについて、レベル1の評価を実施した数カ月をおいてレベル3の評価を実施するため、レベル3に関しては第3年次の実施事項とした。開発した研修に関してはすべて評価を実施、これら評価結果は、TMCで共有されている。

18－2　評価の分析と研修事業改善点協議

TBC、EAS、ITCについて実施した。

19　中間レビュー

2013年10月31日に実施。第3回JCCを開催。技術移転結果、目標達成度、業務実績、指標についてITAと共同で取りまとめた。また評価調査団の調査に協力した。TMCの設置について協議の上合意に至り、関連してPDMの改訂を行った。また、鉱工業セクターにおける税務調査コースについてノルウェーの支援と重複するために、別のコースを検討することが合意された。

20　プロジェクト業務進捗報告書の作成

2013年10月に業務進捗報告書第2年次その1を取りまとめ、提出した。また第2年次終了時に業務進捗報告書第2年次その2を作成した。内容は下記に準ずる。

・プロジェクトの概要（背景・経緯・目的）
・活動内容（業務フローチャート活用）
・プロジェクト実施運営上の課題・工夫・教訓（業務実施方法、運営体制）
・次期活動計画

添付資料

①PDM（最新版、変遷経緯）
②業務フローチャート

③詳細活動計画
④専門家派遣実績
⑤研修員受け入れ実績
⑥合同調整委員会議事録
⑦その他活動実績
⑧特定された研修事業カリキュラム（実施済のもの）、教材

第3年次

21　ワーク・プラン（第3年次）の合意

21－1　ワーク・プラン（第 3 年次案）の作成

プロジェクトの基本方針・方法、業務工程計画等を作成し、ワーク・プラン原案として取りまとめた。

21－2　ワーク・プランの協議と合意

ワーク・プラン第3年次案をITA、TRA等タ国関係者に説明、協議した。ワーク・プラン第3年次記載項目については従前のワーク・プランに沿って取りまとめた。2014年6月18日に第4回JCCを開催、第2年次活動を報告するとともに、ワーク・プラン第3年次内容について最終合意をした。

22　特定された研修事業の計画・準備・実施・評価の継続

第1年次活動、2年次活動を継続した。鉱工業セクターにかかる税務調査コースに代わる残り一分野の特定は2014年6月に開催された第4回JCCで業種別税務調査研修(SBWS)と特定した。

最終年度は以下のコースを実施した。

コース名	実施時期	受講人数
TBC第二回目	11月～1月	50名
EAS(Tally)第二回目	10月	17名
EAS(ACL)第二回目	2月	12名
ITC（DTT）第二回目	11月	23名
TAC第一回目	8月	21名
TAC第二回目	2月	20名
SBWS	1月	19名

22－1　特定された研修事業のカリキュラムの開発と改訂

第1年次、第2年次に実施したものに関して評価結果を活かし、必要に応じてカリキュラム改訂を実施した。

実施したEAS、ITCを評価結果をもとに必要に応じて改定した。EASに関してはエクセルを活用した分析手法を取り入れた。ITCに関しては二重課税のテーマを取り入れた。TACコースも研修実施後の評価結果に応じてカリキュラムを改定した。業種別税務調査コース(SBWS)

はニーズ調査を経てカリキュラム案を作成した。

22－2　コア教材の作成と改訂

上記作業を踏まえて、EAS、ITC教材を改定した。新たに実施されたTACの教材はCP作成ドラフトにコメントをし、最終版完成を支援した。SBWSの教材を共同作成した。

23　ITA講師の能力強化

23－1　TMCの役割の定着、ITA講師の能力強化

第2年次に設置されたTMCの役割の定着を支援した。研修実施後の評価報告書はTMCを通じ関係者に配布した。評価結果は各講師・各科目毎の評価も盛り込まれ、講師の講義法や教材の改善の目途となるように作成した。またTMCでTRA、ITA関係者が集まり、評価結果をレビューし改善点を協議してきた。TMCを定着させ、プロジェクトで開発した評価手法が定着しPDCAサイクルが機能し続けるようにすべく、TMCとPDCAガイドラインを盛り込み、かつプロジェクトが開発した評価シートに鑑みて改訂した評価シートを盛り込んだQuality Management System (QMS)が採択された。同QMSではPDCAサイクルの各活動項目の責任者を明確しており、かつ同QMSの記載内容が適切に実施されているかどうかは年に一回ISOの外部監査人が来て確認を行うため、PDCAサイクルの継続実施・TMCの継続開催を担保する一助となった。

24　講師の能力向上支援

24－1　授業要綱の作成（改定）

EAS、TACで作成した授業要綱を提示した。

24－2　教授法セミナー

教授法セミナーを実施した。2014年9月1日～5日にITA講師30名を対象に教授法研修を実施した。第3年次は外部講師に加えITA講師による講義も実施、ITA内で教授法を新任講師に供与できるようになりつつある。

24－3　講義資料の共有化とモデルとなる講義の映像収録

引き続き実施している。TACの教材開発で講義資料の共有化ができつつある。モデルとなる講義の映像収録はITCにおいて実施した。

25　特定された研修事業の実施支援

25－1　必要な資機材の調達と活用

資機材の調達はなし。

25－2　講師研修

税務調査セミナー、電子会計関連研修を実施、講師の能力向上を図った。

25－3　講義の支援

講義をオブザーブし、適宜助言をしている。専門家、外部講師の調達を支援し、外部講師の講義も盛り込んだ

2014年8月には業種別税務調査コースの導入として、専門家による特定業種の調査法セミナーを実施した。

2015年1月の業種別税務調査コースではプロジェクト専門家が中心となり講義を実施した。

26　ITAにおける研修事業の評価手法の改善

26－1　評価手法セミナーの実施

TMCを活用した評価結果の共有手法が定着してきたので、評価報告書の活用を広めるためのセミナーを2014年11月10日実施し、評価手法の定着と標準化を促進した。

27　評価の実施及び分析

27－1　評価の実施と第2回再委託調査の実施

全ての特定された研修事業において評価は実施されている。第1年次に研修評価に再委託調査を活用したが、ITA独自にできるようになったため、再委託調査は活用しないこととした（レベル３評価という追跡調査で代替できる）。

27－2　評価の分析と研修事業改善点協議

TAC、EAS、TBC、ITC、SBWS について実施した。

28　終了時評価調査

2014年11月に実施された終了時評価調査に関し、評価調査団に協力し、これまでの全ての技術移転結果、目標達成度、業務実績、指標についてITAと共同で取りまとめを実施した。

29　プロジェクト業務進捗報告書および業務完了報告書の作成

業務進捗報告書第3年次を取りまとめ、提出した。また第3年次終了時に業務完了報告書を作成した。業務進捗報告書記載項目は第1年次、2年次と同じ。業務完了報告書記載項目は下記の通り。

①プロジェクトの概要（背景・経緯・目的）
②活動内容（業務フローチャート）
③プロジェクト実施運営上の課題・工夫・教訓（業務実施方法、運営体制）
④プロジェクト目標の達成度（中間レビュー・終了時評価結果の概要等）
⑤上位目標の達成に向けての提言
添付資料
PDM・PO
業務フローチャート
専門家派遣実績
タンザニア実施体制
合同調整委員会議事録
現地研修実績
　TRA職員向け短期研修

　講師研修、セミナー
研修員受入れ実績
供与機材実績
PDCA関連
　TMC開催概要
　QMS改訂版
今年度作成教材

30　プロジェクト終了時セミナー

2015 年 2 月 4 日にザンジバルにてセミナーを実施、ITA、TRA、ザンジバル歳入局、専門家が出席し実施した。専門家からはプロジェクトの概要を説明すると同時にホテル業に関する日本の税務調査を講義した。

3.　プロジェクト実施運営上の課題・工夫・教訓

3-1 ITA 講師の実務能力の向上と TRA、ITA の人事面での課題

ITA 講師の実務能力の向上はかねてから TRA に指摘されているところである。ITA の講師の実務能力を向上させるためには TRA と ITA の人事交流が必要である。ITA 講師に現場経験を積ませるか、もしくは TRA 職員が ITA 講師として ITA に赴任する必要がある。本邦研修により、日本の国税庁、税務大学校の人事メカニズムとその必要性をタンザニア側が学んだことにより、この人事交流に関する理解が高まった。関税や事務部門の人事交流、人事の入れ替え以外に、税務部門では ITA の若手講師が１～数カ月の間現場に配置されて現場経験を積む制度が新たに導入された。今後も継続的な人事交流が望まれる。この制度により、長期的にはより実務に則した講義を ITA 講師ができるようになる。

これらの育成方式に制度上の困難がある場合には、実務を扱う短期コースにおいては積極的に TRA 職員を講師として招聘することが望ましい。設置された TMC の機能を活かし、TRA と ITA が協議をして TRA 職員を短期コースの講師として招聘することが望まれる。

3-2　税務調査における IT ツールの活用

本プロジェクト期間内で、電子会計にかかる税務調査コースとして多くの納税者が使う Tally という会計ソフトの研修、ACL という監査ツールを使った研修を実施している。TRA のニーズ調査で確認した上で実施をしている。また、直近ではエクセルを活用したデータ分析の研修の要望も出て、これに対する研修も実施した。

税務調査に IT ツールを活用する場合、パイロット的にテストをし、有効性を確認したうえで、予算措置をとり、ソフトウェアを購入し、研修というのが通常の流れであるが、TRA においてはソフトウェアの活用に関しては各局で統一された見解がないので、場当たり的になってしまっている。

IT ツールは活用法によっては有効であるので、まず TRA が組織としてどう取り組むかこのメカニズムの確立が求められる。

3-3 プロジェクトマネージャーの交代

プロジェクト期間中に移動により学長、副学長（アカデミック分野担当）が異動により約 1 年空席になっていた。新学長が 2014 年 7 月に着任、副学長が 10 月に着任したが、その間 CP リーダーが学長、副学長事務を支えており、それにより期間中のプロジェクトの進行に影響がでた。

3-4 講師の能力育成と研修コース開発のバランス

ITA の講師は本プロジェクトで開発するコース以外にもともと担当している講義があり、研修コース開発にかける時間数に限りがある。そのため、研修実施時までに当該分野を教える能力が追い付いていないケースが出ていたが、その点も踏まえて特定された 5 つの研修事業の開発実施時期をずらして行うこととした。結果、研修コースの開発実施と共に講師も能力が徐々に向上し、例えば外部講師の比率が高かった研修において 2 回目の実施では内部講師の比率が上がっている。TAC においては外部講師にほとんど頼ることなくほぼ内部講師で実施した（一部 Tally と ACL というソフトウェア研修についてのみ数時間の講義を外部講師が受け持った)。

3-5 PDCA サイクルの確立と課題とその対処方針

JICA によるプロジェクト中間評価時に TMC（研修運営委員会）の設置を提案、採択された。これは TRA の主要部署の人事、研修担当者と ITA 幹部、講師による協議の場で研修実施開発方針の協議や研修評価結果の共有がなされ、これにより ITA と TRA 人事担当官との連携が深まった。現在まで 4 回実施されており、ITA と TRA の情報交流も深まっている。TMC を定着させ、プロジェクトで開発した評価手法が定着し PDCA サイクルが機能し続けるようにすべく、TMC と PDCA ガイドラインを盛り込み、かつプロジェクトが開発した評価シートに鑑みて改訂した評価シートを盛り込んだ Quality Management System (QMS)が採択された。同 QMS では PDCA サイクルの各活動項目の責任者を明確しており、かつ同 QMS の記載内容が適切に実施されているかどうかは年に１回 ISO の外部監査人が来て確認を行うため、PDCA サイクルの継続実施・TMC の継続開催を担保する一助となった。

3-6　開発研修継続性への課題

本プロジェクトは ITA を主な CP 機関としたプロジェクトとして実施している。しかしながら、予算、実施に関しては TRA からの割り振りで決められ、それを ITA が実施するという形である。本プロジェクトにより TAC による段階研修の導入が図られ、また業種別、EAS、ITC 等も開発実施されたが、これらを継続的に運営するには TRA の判断にゆだねられる部分が大きい。ITA は TMC の機能や、理事会を利用して TAC をはじめとする開発研修の継続に向けて働きかけ続ける必要があり、2015 年 2 月に実施された TMC では開発コースの継続について協議された。

3-7 日本側のリソースの課題

本プロジェクトでは日本の国税庁出身の知見を有する専門家を活用している。日本での税務調査のケース、職員教育の手法、段階的教育の導入等、本プロジェクトでも重要な役

割を果たしているが、特定分野の業種における税務調査は経済環境、地域環境の差異から、ノウハウを有していない分野がある。また日本語英語の通訳を介し対応している専門家もいるので、コミュニケーションギャップも存在した。最終年度はこれらに対処するため、英語のできる国税庁 OB を投入、特定分野における業種別税務調査研修等を実施した。日本人専門家に知見がない分野では、外部機関のリソース等も講師として臨機応変に活用した。

3-8 長期的な課題

現在の ITA 講師は TRA 職員以外の学生教育も担当しているため、新たなものをインプットする時間が少ない。プロジェクト実施中でも職員教育以外の講義が多忙な時があり、プロジェクトの進捗に支障がでることも多い。これは講師個人の問題ではなく、ITA の構造上の問題である。将来的には職員教育分野と学生教育分野が分離することが望ましく、それにより職員教育に専念できれば教育の質が高まるものと思われる。

ITA では新たに新キャンパスを取得の見込みである。その地に寮を備えて大学教育を実施、現キャンパスで税に関する職業教育を実施、機能を分けることも一案である。

4. プロジェクト目標の達成度

以下の上位目標、プロジェクト目標及び成果にかかわる活動を実施することを目的とする。また、下記指標を使い達成度を測った。

上位目標：「タ」国 TRA 職員の税務行政能力が強化される。

【指標】

・各 TRA 職員によって遂行された税務調査の年間平均件数が増加する。

・税務調査件数あたりの平均追加徴収額が増加する。

上位目標に関しては現時点での測定は難しいが、研修に参加した税務職員が研修で学んだ手法を税務調査に活用して、従前より徴収額が上がった例がいくつか報告されている。

プロジェクト目標：ITA によって提供される研修事業が改善される。

【指標】

1. 研修プログラム開発の PDCA サイクルが採択され公式に ITA に導入される。

(1) ステージⅠ：PDCA サイクルが存在しない。カリキュラムや教材は存在するが PDCA サイクルに基づいて開発されていない。

(2) ステージⅡ：PDCA サイクルは存在するが、ドキュメント上においてである。

(3) ステージⅢ：PDCA サイクルは存在するが、JICA コンサルタントチームにより管理されている。

(4) ステージⅣ：PDCA サイクルは存在し、ITA 自身によって運営されている（プロジェクトの最終目標）。

指標 1 に関しては現在はステージⅢからⅣに移行中である。プロジェクト終了後の PDCA

サイクルの継続性の担保が課題であったが、ITA が ISO を取得していることに着目し、QMS に PDCA を盛り込み、定期的にレビューされる仕組みを考えた。プロジェクト終了時点では QMS に盛り込まれ正式に採択された。プロジェクトによって設置した TMC ともども機能されることが期待される。

2. 研修科目の範囲が拡大する。

プロジェクトでは以下の 5 コースを開発対象として特定した。

税務基礎コース（TBC）

電子会計にかかる税務調査コース(EAS)

国際課税コース(ITC)

税務上級コース(TAC)

業種別税務調査コース(SBWS)

上記の特定された 5 コースの研修事業の開発で科目が拡大した。また TMC による TRA、ITA の意思疎通の向上により、ニーズを把握しやすくなり、研修内で新たにテーマを取り上げることもなされるようになった。

初年次：税務基礎コース（TBC）で実務科目を追加。
第 2 年次：電子会計にかかる税務調査コース（EAS)、国際課税コース（ITC)を開発し、研修を実施。改訂した TBC も研修を実施。
第 3 年次：EAS で新たなテーマを盛り込んで、第二回目を実施。税務上級コース（TAC）を開発・実施。TBC 第二回目も実施。ITC 第二回目と TAC 第二回目を実施。業種別税務調査コース(SBWS)を新規開発し研修を実施。

3. 特定された研修事業に関する TRA 担当部局（受講者の所属部署）の満足度が、平均で 75%以上に達する。

平均：90.4%（内訳 TBC: 97.5%、ITC: 83.3%)

4. 特定された研修事業の受講者数が 210 人以上に達する。

コース名	実績
TBC	106名
EAS	67名
ITC	35名
TAC	41名
SBWS	19名
計	268名

上記四つの指標の達成によりプロジェクト目標である「ITA によって提供される研修事業

が改善される。」は達成されたといえる。

成果

１　研修事業の計画・準備プロセスが体系化される。

【指標】

1-1. ニーズ評価と研修計画のメカニズムが開発され改良される。

TMC を通じ TRA と ITA による協議の場を設けたことにより、的確なニーズの把握に基づく研修計画の作成ができるようになりつつある。また上述のように PDCA サイクルとサイクル内の各実施事項の責任部署・担当官を明白にして同サイクルを QMS に入れ込み、今後継続的にニーズ評価と計画のメカニズムが実施されていくことが期待できる。

第 1 年次：TBC、ITC、EAS でヒアリング、アンケート調査を実施し研修計画を作成した。

第 2 年次：TAC でニーズ調査を実施し研修計画を作成した。

第 3 年次：SBWS でニーズ調査を実施し研修計画を作成した。

1-2. 研修教材が開発され改良される。

プロジェクト終了に近づくにつれ、CP が主体となってきている。TAC においては TRA 職員の協力も得ながら ITA 講師が作成している。

第 1 年次：TBC で実務科目を追加。

第 2 年次：EAS、ITC の研修教材を開発。

第 3 年次：TAC の研修教材を開発、EAS の研修教材を改善。SBWS の教材を開発した。

1-3. 特定された研修事業のカリキュラムおよび研修教材に関する研修受講者の満足度が、平均で研修プログラムが 95%以上、研修教材が 80%以上に達する。

研修プログラム平均：87.1%

（内訳：EAS(Tally) 第一回 85%、EAS(ACL) 第一回 94%、EAS(Tally) 第二回 100%、ITC 第一回 100%、ITC 第二回 100%、TBC 第一回 67%、TBC 第二回 83%、TAC 第一回 63%、SBWS92%）

研修教材平均：94.2%

（内訳：EAS(Tally) 第一回 95%、EAS(ACL) 第一回 100%、EAS(Tally)第二回 100%、ITC 第一回 100%、ITC 第二回 100%、TBC 第一回 76%、TBC 第二回 83%、TAC 第一回 94%、SBWS100%）

TAC 第一回の研修プログラムの満足度の 63%という低さは期間の短さに比べ、内容、試験が多い点に不満が出てたものである。現場実務と研修期間のバランスをとることは難しいが、二回目にはこれらの意見を踏まえて改善している。

研修プログラムの満足度は平均 87.1%と目標指標の 95%に届かなかったが、これは上記のように新規開発した TAC や TRA からの強い要望で実施期間を短縮した TBC 第一回目の低い満足度（60%台）が要因である。その他コースは高い満足度であり、かつ各コースで第一回目の評価結果を活かしてカリキュラムを改善した第二回目にはより高い満足度を得られているため（※）、今後 PDCA を継続して実行していくことでより高い満足度を達成できると

予測される。
※EAS（Tally）85%⇒100%、TBC67%⇒83%

なお 2 月に実施された EAS（ACL）第二回、3 月実施の TAC 第二回はプロジェクト期間終了後の評価実施につき、測定はできず。

1-4. 各科目の教材の活用頻度が増加する
EAS コースでは第一回目に作成した教材を改訂して第二回目にも使用、また EAS で作成した簿記会計・電子会計の教材を TAC でも活用した。TAC 第二回目に向けて第一回目に使用した教材を改訂している。SBWS でも事例を持ち寄っており、今後の実務に活用するよう期待される。
またこうした改善によって各コースで第二回目の教材満足度は第一回目に比べて向上している。
※EAS（Tally）95%⇒100%、TBC76%⇒83%

上記指標により成果 1「研修事業の計画・準備プロセスが体系化される。」は達成されたといえる。

２　ITA の講師の研修実施能力が強化される。
【指標】
2-1　ITA 講師による出版物の数が増加する。
プロジェクト開始前は 1 冊のみ出版であったが、開始後終了時までに 14 冊の出版が認められる。

2-2　ITA 講師の知識・スキルおよび指導法に関する研修受講者の満足度が、平均で 75%以上に達する。
達成した。
講師平均：92.3%
（内訳：EAS(Tally) 第一回 92%、EAS(Tally)第二回 97％、EAS(ACL) 第一回 95%、ITC 第一回 98%、ITC 第二回 96%、TBC 第一回 89%、TBC 第二回 88%、TAC 第一回 78%、SBWS98%）

上記指標により成果 2「ITA の講師の研修実施能力が強化される。」は達成されたといえる。

３　ITA の評価手順が強化される。
【指標】
3-1. 評価手法とフィードバック手法が開発され改良される。
レベル 1、3 評価を実施すると共に、TMC を通して TRA 研修担当者、ITA 講師へのフィードバックがなされ、研修コースの改善案の協議と、改善した教材・カリキュラムを用いてコースが実施されている。評価の実施は専門家主導で行っていたが、2014 年 11 月に実施し

た評価セミナーによって同プロセスを ITA 全体と TRA 人事にさらに周知徹底した。従前の評価シートは ISO を意識したもので講義内容や教材に加え、設備や寮生活面等に重点を置かれていたが、プロジェクトで開発した評価シートはモジュール、講師、トピックからなるもので、講師を五段階評価で評価するものである。例えば EAS 等はこの評価結果を活かし、回を重ねて受講生の満足度が上がっている。プロジェクトで開発した評価シートを基にして既存の ITA 評価シートの改訂がなされ、2015 年 2 月の QMS の改訂に盛り込まれ採択された。

3-2. TMC で受領された評価結果の割合が 100%に達する。
TMC 設置後実施されたプロジェクトによる研修事業はすべて受領。

3-3. TMC でレビューされた評価結果の割合が 100%に達する。
TMC 設置後実施されたプロジェクトによる研修事業はすべて評価。

上記指標により成果３「ITA の評価手順が強化される。」は達成されたといえる。
プロジェクト終了後も上述の PDCA サイクルを盛り込んで採択された改訂版 QMS に沿って TMC の機能を活用し、プロジェクトで開発した要素を盛り込んだ評価シートを活用し、評価結果を共有し、研修カリキュラムと講師能力の向上をはかることが期待される。

5. 税務職員の人材育成に向けた提言

5-1 タンザニアにおける税務職員の人材育成の課題と改善策

5-1-1 人材育成の必要性

税務行政は国民のすべてに税法に基づいた履行を求め、結果として国の歳入を確保する使命を持っている。税務職員の人材育成の問題は、この使命を遂行するために、どのような職員を育成するかという問題に帰着する。ここでは、税務行政の特徴とその職務遂行に必要な能力について考える。

（1）税務行政の特徴

法律を執行する活動（いわゆる行政）は、多岐にわたり国民生活に深くかかわっている。いずれも必要によって行われているものであり、決して優劣を論じるものではない。しかし、その中でも税務行政は、税法の執行により税を徴収し国の歳入を支えることであり、国の最も重要な機能として位置付けられている。

税は社会を支える資金であり、納税された税金によって国が存立し、国民の生活が成り立っているので決して見返りがないわけではない。しかし納税の段階では納税者に具体的な見返り（対価）は見えない。税法に定める納税義務を履行すること（国民が税金を納めること）は国民にとって決して快いことではない。税は国民に負担を求めるのであるから

税の制度と執行は公平であることが命である。公平を確保するため、税の制度（税法）は精緻で複雑な体系となり、税関連の法律は膨大な規定を持つことになる。それを執行する職員はそれらを習得しなければならずに多大な努力が求められる。

税務行政の最前線に立つ税務職員は、制度や税法の知識だけではなく、納税者の理解と納得を得て円滑に納税させるために、関連する幅広い分野の知識、調査や徴収の技術を身につけなければならない。さらに、こうした職務を遂行するためには知識、技術の習得のほか納税者の信頼を勝ち取るための人格の涵養が不可欠となる。

どこの国においても、税務職員の職務能力を維持向上するための教育が最も重要な課題の一つとして扱われている理由はここにある。

(2) 求められる知識、技術

税務職員には一般社会人、公務員としての知識に加えて、税務の専門家として次のような知識、技術の習得が必要である。

1) 税法とその関連分野に関する知識

① 税の制度、税法の規定、納税者が実際に納税等を行うときの手続き、書類の作成方法等

② 税の課税対象の拡大に伴い、関連分野は限りなく広がる。税法に限らずいわゆる商法や民法の分野の制度や慣習についても重要な部分は通暁（詳しく理解）する必要がある。

2) 会計・簿記の知識

①税金の計算は企業あるいは個人事業の所得を基本とする場合が殆どである。企業における財務諸表の作成過程の知識や財務諸表の分析技術は税務職員の必須事項である。

②企業における会計処理は多様であり、業種、業態、規模により独特な部分がある。これらに対する応用力を養う必要がある。

③企業における会計は会計処理や市販ソフトの利用など IT 化が一般化している。IT 技術の習得が前提である。

3) いわゆる調査・徴収技術

納税者を納得させて円滑に納税の義務を履行させるには、論理的な説明・説得の技術、交渉の技術が必要である。

適正な課税を実現し租税債権を国庫（財政）に確保するには、取引等の実態を正確に把握し、税法の趣旨に照らして判断する技術が必要である。この技術を「調査技術」・「徴収技術」と称しているが、経験によってのみ学べるもので、習得するための一定の方法が確立しているものではない。しかし、この技術（能力）は税務職員の職務遂行の重要な要素である。

課税等について税務職員と納税者の対立が生じた場合、最終的には司法（裁判所）の判断に従う。訴訟に関する知識は重要な知識の一つである。

4) 変化に対応する能力

経済取引の態様は国際取引や Net 取引の一般化など急速にかつ大きく変化しつつある。課税対象がどのように変化しても、税務職員その変化に遅れず、適正な課税を実現していくことが税務行政に対する納税者の信頼を維持する条件である。

個々の税務職員にも経済社会の変化を敏感に感知しそれぞれの職務の中で対応する能力を持つことが期待されている。

（3）人材育成の手段

各国では次のような手段を講じて、税務職員に求められている知識・技術の維持向上をはかっている。タンザニアも同じであるが中心となっているのは専門の機関（税務大学あるいは特定の部署）による計画的な研修である。

1）研修機関等による研修の実施

税務職員を対象にした教育機関を設置し、職員を一定期間、職場から離脱させて研修を受講させるほか、組織の上部機関が必要に応じて自らが実施する研修を受講させる。

2）OJT

職員が配属された職場において、実際の仕事を通して実務の仕組みや根拠となっている法律などを学ぶ。

3）自己研鑽の推進

職員個々の状況に合わせた自己学習を期待するもので、教材の提供などの支援による環境整備や通信教育による指導などの方法もある。

5-1-2 タンザニアにおける現状と課題

タンザニアにおける税務職員の教育はITAにおける研修コースを中心に進められている。ここでは、その特徴的な事項を整理し今後の改善の手がかりを検討する。

（1）研修コースの実情

税務職員に求められる知識、技術が広い範囲に及ぶことは前述のとおりであるが、大きく2種類に分類できる。ひとつは基本的な知識であり、「税法とその関連分野に関する知識」「会計・簿記の知識」などがこれに属する。もうひとつは実務的な技術であり「いわゆる調査技術」と呼ばれるものである。

これに合わせるように、タンザニアで実施されている研修には次の二つの流れがある

１）ITAによる基本的な研修コース

TRAの職員研修の基幹である。特にTBCは新採用職員や税務の一線に配属される職員を対象に、税務の基本的知識の付与を目的としている。ITAの校舎において、ITAの職員が講師となって研修を実施している。

なお、今回のプロジェクトでは一つのテーマとしてTBCの改善を試みた。

受講者により実務的な知識と納税者の目線を少しでも理解させるため、税務の仕事の流れを説明する教材を開発した。

つまり、税務の仕事はⅰ)納税者の把握、ⅱ)申告の受理、ⅲ)納付された税金の受け入れ、ⅳ)税務調査などの一連の仕事により構成されているが、職員の多くはその一部を担当するだけであり、全体の流れを理解する機会が少ない。これによる弊害を補うことを狙いとしたものである。

また、プロジェクトでは、TBC修了者が一定期間の実務経験をした後、再度ITAにおいて実務を踏まえたより高度の知識を習得するための研修コース（TAC）を新たに開発した。

2）TRAによる実務的な研修コース

ITA においては税務の基本となる知識、換言すれば基礎学力としての知識が与えられる。

一方、特定の業種に対する調査手法や新しい業態に対する知識など、極めて専門的で、緊急を要する研修は内部研修として、LTD や DRD によって自ら行われている。これらの研修では、自ら教材を作成したり、事例を参考にするなど調査技術の情報交換にも役立っている。
　プロジェクトではこうした、実務に役立つ研修に対する強い要望にこたえて、「国際課税」や「電子会計」「業種別税務調査」についての研修コースの開発を行った。
　また、この流れの一環としてプロジェクトの専門家による特定業種（建設業、スーパーマーケット業、ホテル業）の調査手法セミナーを開催した。

（2）人材育成について当面している課題

　タンザニアにおける人材育成は、これまで見てきたように、ITA の研修コースと内部研修を中心に着実に実施されている。その研修内容について、本文では詳細の記述等を省略したが、カリキュラム等は税務職員に求められる資質能力の維持向上を考慮したものとなっており、何ら深刻な課題を含むものではない。
　従って、あえてここで課題を提案するとすれば次の三つに絞られる。
　その一つめは現状に止まらず将来のタンザニアを担う税務職員にどのような資質能力を期待し、どのように育成していくかという観点である。税務行政を取り巻く環境は激しい変化の渦の中にある。経済取引の国際化やＩＴ化はもとより，社会の成熟による納税者の識の変化など、将来の税務行政の在り方も踏まえた長期的な展望が必要である。また、長期展望の制定に合わせて職員研修について人事と研修をよりリンクさせることが必要である。
　二つめは現在実施されている ITA の研修及び内部研修の充実である。制度としては一応完成し関係者の真剣な努力にも拘わらず本来の効果（受講者の満足、関係者の評価）が発揮されているとは見えない部分もあり、プロジェクトにおいては徴税部署のニーズを調査しそれを基に例として事例研究を取り入れたり、IT や国際課税などの先端の知見を研修で取り扱うなど実務ニーズに沿った研修が提供できるようサポートしてきた。次章で具体的な提案を行うが、今後も継続してカリキュラムや授業方法を工夫するなどの改善が必要である。
　三つめは新しい研修手段への挑戦である。教室で行う研修は最も確実な知識習得の手段である。しかし人員の制限もあり、職場を離脱できない職員もいる。また、職員研修の本来の姿は、職員の自己研鑽の動機づけや自己学習の支援である。
　その意味で OJT を制度化して普及させることが望ましく、そのための指導要領や研修教材を充実させることにより職員全体のレベルアップも図っていく必要がある。

（3）改善策の提案

1）取り組み方

　タンザニアにおける人材育成は現状において十分機能している。しかし上記のように当面している課題も多い。従って、問題点の発掘や改善の努力はいささかも怠っては（絶え続けなければ）ならない。
　改善する対象には、「基本的な事項に対する改善」と当面している「問題事項の解決」の二つの種類がある。前者については、「組織」や「制度」の改善のように結果を長期間継続しなければ意味がないものである。一方、後者は「教材」や「授業方式」の改善のように

修正（再改善）が比較的許容され易いものである。
　改善の実施の際、前者については、十分な検討と関係者（利害関係者）への根回し（事前協議による合意）など、時間をかけた準備を行わなければならない。一方、後者については再改善も恐れず、試行錯誤の辞せ（ためらわ）ず、積極的に挑戦する必要がある。
　具体的に次表で示す。

<table>
<tr><th colspan="2">区分</th><th>事項</th><th>内容</th><th>備考</th></tr>
<tr><td colspan="2"></td><td>① 人材育成基本計画の策定</td><td>職員研修等の企画・監督を担当する部署（責任者）を定め以下の事項を明らかにする。
・目的、実施方法等人材育成の基本的な考え方
・研修実施（受講）の義務化
・職員の研修履歴の管理方法</td><td>ITA/TRA が一体となって効果的な職員育成体制を実現する。</td></tr>
<tr><td rowspan="5">現行研修の充実</td><td rowspan="4">ITA研修</td><td>① ITA 研修体系の構築</td><td>TBC・TAC を基幹研修として調査技術研修、管理者研修など職員の職務に応じて、適時に対応できる専門研修を用意する。</td><td>各職員が数年ごとに研修を受講できる体制を築く。</td></tr>
<tr><td>② 研修教材の充実</td><td>事例研修などに必要な実際の事例の入手が円滑に行わるルールを定める。</td><td></td></tr>
<tr><td>③ 講義ノウハウの蓄積</td><td>講師の講義ノウハウを承継するため「授業要綱」など記録を残すことに努める。</td><td rowspan="2">授業の効率化を図り、講師の負担軽減と受講生の理解度の向上を目指す。</td></tr>
<tr><td>④ 授業形態の多様化</td><td>講義形式のほか討議形式を多く取り入れる。</td></tr>
<tr><td>内部研修</td><td>① 内部研修を職員研修の一環に位置付ける</td><td>支障のない範囲で ITA 講師など関係者の参加を認め、教材等も必要者に提供する。</td><td></td></tr>
<tr><td>の実施</td><td>新形態研修</td><td>① OTJ の制度化</td><td>TBC/TAC の研修期間を延長して、実際の職場経験を体験させる。</td><td>実務に役立つ研修を求める声が多い。</td></tr>
</table>

5-2　電子会計分野

5-2-1 現況

（1）電子会計分野の環境、研修の現状と課題

第 3 年次終了を控え、電子会計並びに電子会計にかかる税務調査研修の現状・課題を把握したうえで、その提言を作成した。そのなかで下記の電子会計分野の環境、研修の現状と課題が見受けられた。

1)包括的なタ国税庁の IT 戦略の把握

最先端の ICT を有することは今日の税務行政業務において最も重要であり、ICT を強化することはタンザニア国税庁（”TRA”）にとって最も重要な事業計画と位置付けられている。ICT は世界の相互の繋がりを強化し、多国籍企業を含む納税者からの税金徴収の強化及び推進する役割を担ってる。その観点からも当該分野研修の企画・実行と活用が要請され、プロジェクトで支援した。

電子会計分野を強化するためには、各年次毎に計画的な予算を確保するほか、会計ソフトの多くはインターネット接続を必要とするため、ネット環境・ハードウエアや PC 室の整備や管理も必要になる。

2)法的環境の整備

タ国において世界各国で開発導入された 100 種類以上の多種多様な電子会計ソフトが存在するといわれており、電子会計ソフトは納税者の産業別に選択・使用されている。しかし、現在その使用に関して規制がないため、データの信ぴょう性が担保されにくく、多様な会計ソフトから算出される財務データの検証は税務調査においても非効率である。

3)電子会計分野研修

タ国にて一般的に最も使用されている電子ソフト Tally 操作と、タンザニアにおける個別取引の入力から財務諸表の作成に至る過程の流れを説明した簿記会計講義と合わせて、電子会計分野研修の講義を実施した。

ITA は PDCA の導入を決定しており当該分野の今後の計画についてもその過程で決定する予定になっている。電子会計分野は電子ソフト操作では経済・IT 環境の変化に伴い研修対象となるソフトや知識が変更する可能性も存在するため、継続的な情報収集と注意が必要である。また、簿記会計分野についても会計基準や税法の変更、そして現場のニーズに留意する必要がある。

4)研修受講生人事

関係者から聴取の結果、当該分野は新しい分野であり税務調査に携わる職員全般に知識の取得が重要であることから、シニア調査官を含めた大規模納税局と国内歳入局の調査担当職員を対象に段階的に全員に研修を行うことを視野に研修を実施した。一方で、当該分野は成熟した税務調査を実施するには高度な専門性の取得と反復して使用し続けることが必須であること、加えて電子会計は新しい分野であり特に ACL 監査ツールに関して取扱いも知識と手法を組織に定着させるためには（少なくとも今後暫く）は、IT 専攻もしくは業務の背景を持つ調査官や IT 経験や興味でより優れている IT 調査官を選択して受講させる等、戦略的な人事アプローチが必要である。

5-2-2　電子会計にかかる税務調査研修の現況と課題

（1）電子会計の税務調査を行う調査官

TRA の組織は大規模納税局、国内歳入局、関税税務局、査察局の 4 つの歳入局を持ち、うち研修対象調査官は大規模納税局と国内歳入局に所属する。国内歳入局の下に 23 の地方税務局があり、税務調査部は税務調査担当副局長（ARM-Audit)の指揮のもと、税務調査とその報告義務を持つ。税務調査チームは主任調査官、シニア調査官、及びジュニア調査官より構成され、税務調査副局長に個別に報告業務を行っている。

（2）電子会計にかかる税務調査の現状と課題

1)IT 税務調査官の増加・強化

プロジェクト以前は大規模納税局と国内歳入局所属の税務調査官は通常税務調査をマニュアルで実施していたが、プロジェクト外で過去に電子会計の講義を受講した職員に加え、今般約 40 名の調査官が研修を終え、現場にて EXCEL や ACL を使用した税務調査に切り替えつつある。

各拠点に電子会計分野を理解する調査官が増加したが、現行の税務調査チームの体制では、各チームに最低一人の電子会計の税務調査担当が必要となる場合が多いにも関わらず、必要な人数がまだ到達していない。

プロジェクト下で電子会計研修の受講生数は定員 20 人とした。これは、受講生に十分な理解を促すため、他国の受講事例をもとに判断したものであるが、これも合わせて検討が必要がある。

注：　査察局は独自にコンピュータ鑑識査察班を持ち、対象納税者から取得した大量のデータ分析を含む税務調査を行う。

（3）電子会計にかかる税務調査研修の現状と課題

1)今後の税務調査研修の反復と持続性

プロジェクト下、ACL（”エーシーエル”、オーデット・コマンド・ランゲージ）操作と EXCEL 分析を含む税務調査手法研修を実施した。昨今 EXCEL が ACL に完全にインテグレートされたため、EXCEL 項目の履修も重要な要素となっている。プロジェクト以前は税務調査に使用するデータ監査ツール ESKCOM、ACL に大規模納税者、査察、国内歳入局の地方支局から若手を中心に数名参加させた実績があり、幹部の中に IDEA などの監査ツール外部研修に個別に参加した職員もいるが、組織に知識を定着させるには至らなかった。持続性がない単発の受講や基礎レベルのみの受講または税務調査の実施に使用しなかったなどの理由で知識の浸透や共有に充分に役立たせることができなかったためである。

プロジェクト終了後 ITA による電子会計にかかる税務調査研修計画案については電子会計研修と同様に未定である。前述のように電子会計分野はソフト購入・更新その他費用がかかる分野であることから今後税務調査研修を実施するためには資金調達を含めた研修計画の作成が重要である。

2)人事制度、継続教育

受講生の系統だった継続教育とそれを使用した OJT についても具体案及び系統だった教材が存在しない。

講師に関する継続教育の計画も未定である。プロジェクト下、研修や実務を通じ、講師たちは改善を見せてきた。講師研修を受講した 4 人の講師のうち 2 人において電子会計操作講義の 1 部を一誌できる知識レベルを取得したと認められた。外部講師を起用した箇所については内部講師による講義への切り替え（現在内製化率 40%）を図っており、今後についても検討が必要である。

また、今後講師を追加で起用する場合、特に ACL に関しては質問内容が多岐で複雑なものになることが想定されることから、深い理解を習得させ最も効果のある授業を実施するためには SE(システム・エンジニア若しくはシステム開発）の業務経験のある候補者が最適であり、社内異動で対応する場合は少なくとも暫くは、IT 部門もしくは IT 専攻の職員で補充することを推奨する。

3)講師の異動と税務調査手法の統一された教材

ACL 税務調査手法講義に現調査官が講師として参加し、現場に適した指導を実施し好評を得ている。しかし、それは有志の調査官が現職をこなしながらの兼業であり、調査官が組織的に十分な時間及び報酬を得て余裕を持って業務に携われる体制を整備することも課題である。

また、電子会計ソフトにかかる税務調査手法の事例を国別研修のアウトラインで紹介した。今回の講義や国別研修用に開発された教材は存在するが、電子会計の税務調査手法を包括的に記述した業務マニュアルもしくは税務調査マニュアルの一部はまだ存在・作成されていない。

5-2-3　提言

（1）包括的な国税庁の IT 戦略について

国税庁の包括的 IT 戦略の一環と位置付けて、予算の配分、情報の共有並びに管理・運営をする事により、環境の整備や管理が円滑になり、現状に見合った効率の高い研修企画・運営が可能となると思われる。また情報共有を図る制度を持つことで多くの欧米諸国や日本のように、今後タ国において監査・分析機能を内蔵するシステムの導入などの検討の必要性を速やかに把握でき、また電子申告の普及やかかる教育など更なる効率化に繋がるかと考える。

またその過程で、電子会計を使用したデータの信ぴょう性を向上させ、的確な納税額を算出するためにも関連する法的環境の整備を検討することが望ましい。既に関係者に情報提供してあるように、日本においては国税庁の管轄下、電子帳簿保存法上電子データの保存要件である真実性と可視化の確保が必要であり、電子会計ソフトは事前登録許可制となっており条件を満たした場合のみ電子会計記録の使用が認められるので参考にされたい。

＊電子保存法概要は電磁的記録による保存、国税関連帳簿の COM による保存、スキャナ保存制度からなる。

（2）今後の研修計画立案と研修後の自習について

電子会計及び監査ツールを使用した税務調査研修に関し、現在までの研修を基盤とし、

更に強化・維持していくために今後 1 年の研修計画案を作成し、研修の継続方法を構築する事を推奨する。

電子会計研修については、現在 Tally を対象にしているが、Tally は電子会計パッケージの１つであり、今後、環境の変化によっては電子会計研修の中に他のパッケージの操作を選択あるいは追加することも検討されたい。また、監査ツール ACL を使用した税務調査研修についても EXCEL 分析・ケース分析スキルが向上した際には上級研修が必要になり、臨機応変に次段階の研修準備を準備すると分析力が向上するものと予想される。

また、研修後に吸収した知識を保つためには OJT にて操作反復と自習があるが、OJT は制度の設置と実施を検討し、自習については各拠点における自習ソフト（無償・有償）の設置や ITA　PC ルームの解放などの策についても検討を推奨したい。

(3) 講師と受講生の継続教育と OJT について

講師の継続教育についても、OJT として税務調査チームに短期配置などで実務を経験させるなどの計画を検討されたい。これにより深いレベルでの効率的な研修実施が可能となる。次回以降、監査ツール操作部分講義の内製化率も現在の 40%から 50%と段階的に実施し、効率化を図ることを検討されたい。

受講生による計画的な受講が電子会計分野の知識を組織内に定着させることにおいて重要である。特に監査ツールを使用した税務調査は研修実施経験上、専攻・実務経験などで IT 背景を持つ職員及び IT 分野に強い興味を持つ職員が知識の習得において有利であることから、そのような IT の背景を持つ調査官を中心に選出・受講させ、全体的には少なくても各調査チームに 1 人の電子会計に精通した調査官が配置することを推奨する。これらの調査官が受講後に職場にて先頭にたち他職員を指導し知識する OJT 体制構築が望ましい。また人事制度の一環として IT 調査官の育成について計画を作成されたい。講師、受講生ともにそれぞれ OJT と継続教育を人事記録に残し、人事計画の基盤にされたい。

受講人数の増加に関連して 1 授業の受講生数に関し様々な意見があるが、効率と十分な理解度を得るためのバランスを考えて講義人数を決定し徐々に増加させることを推奨する。

(4)電子会計分野に関する税務調査マニュアルの作成

監査ツールを使用した電子会計分野に関する税務調査手法を税務調査マニュアルの一部もしくは調査技術マニュアルとして作成し記録に残すことが望ましい。ケース・スタディ資料の蓄積もその一要素である、またその資料作成にワーク・グループやタスク・チームを編成することを提案する。

5-3　国際課税分野

5-3-1 TRA と ITA

タンザニアの税務行政官庁としては、財務省をトップに、執行機関である TRA（タンザニア国税庁)、その傘下に本件プロジェクトの支援対象とされる ITA（税務研修所）がある。

TRA は 1995 年に関税及び内国税を所掌する執行機関として設立されたが、所得税法自体は既に 1973 年に施行されている。そして 2004 年になって全面改正が行われ法人の申告納

税制度が導入された。その後 2011 年 11 月、複雑な国際課税取引に対し本格的に取り組むべく、TRA は大規模納税者局内に国際課税を専門に取り扱う部署を立ち上げた。

一方、ITA は当時税務研究所として広く研究、教育活動していたところ、所得税制の抜本改正直後の 2005 年に TRA の下部機関として組み入れられた。しかし ITA は TRA の付属機関とはなったものの、当初から TRA により直接設立されたものではなく、既存の研究機関を母体とするものであったこともあり、今なお半独立部署としての性格を有するとされている。

このようにタンザニアで本格的な法人の申告納税制度が導入され、ITA が国の研修機関として法人税の理論と実務に関する講座を開設するようになってから、まだ約 10 年しか経過していない。しかも国際課税分野における執行体制もようやく強化の 1 歩を踏み出したばかりである。立ち上げ時の国際課税の専門部署の構成員も 6 名ほどでは、ITA に対しなかなか国際課税取引に関するノウハウ面での支援には十分手が回らないのが現状といえよう。

しかしながら、企業の海外展開が深化・拡大の一途をたどる中、タンザニアにもますます多くの外国企業が進出している。タンザニアでは従来からイギリスをはじめとした欧米系の企業に加え、インド・アラビック系の伝統的企業が経済活動のなかで重要な位置をしめているように見えるが、近年にあっては特に中国系企業の進出には著しいものがある。そしてこうした納税者の中には、納税意識の極めて乏しい者も少なからずいるようである。

こうして TRA にあっては、歴史的にも多様な国々からの人・企業の進出を受け、今後これらに対していかに適切な課税を実施し、課税の公平を図ってゆくか、またそのための効果的な国際課税の研修体系を ITA がいかに整備してゆくか、多くの問題・課題が山積している。

本件 ITA における税務研修能力強化プロジェクトでの国際課税分野の業務は、一部国際課税全般に関する初級者向け教材開発もあったが、主として OECD、UN、そして諸外国の実務や動向を反映した移転価格税制の研修教材を、ITA の担当講師とともに作成することにあった。このため、TRA とは極めて限られた接触機会しかなく、またあったとしても総論的な話し合いにとどまっていたこともあり、税務行政の実態や現行タンザニア税法における国際課税のあり方やその個別規定の執行面での諸問題等については、プロジェクトマターとして取り上げられることはなかった。

このため以下は、主として ITA を通じて見たタンザニアの国際課税を巡る税務行政の現状と課題について、触れてみたい。

5-3-2 ITA について

(1) ITA における研修後のフォロー体制の確立について

ITA において、国際課税に関する研修教材の作成に着手しようとしたとき、最初に戸惑ったことは、過去の研修使用教材が ITA 内で全く管理・保管されていないことであった。過去の研修資料を参考にしながら、今後どのような形に改善できるか、誰しもが初めに考えることである。この点、今後研修担当講師の交代に備える意味からも、研修資料の整理保管作業に若干手間のかかることはあっても、毎回定期的に繰り返される講義用教材のうち主要なものについては、ITA 内の特定部署が一括管理、保管するようにすることが望ましい。次回以降の講義担当者が前任者の作成した講義資料に目を通し、更なる改善が図れれば、

それ自体が ITA の知的財産となってゆくのであり、研修後の組織的な管理体制の確立が望まれる。プロジェクトにより ITA 講師では研修教材の共有化がされており、共有化の継続が期待される。

また、国際課税セミナーや研修会で使用された資料のうち特に海外からの税務専門家やIBFD 等の国際的研修機関からの専門家による配布資料は、ITA の図書館に年代別に保管し、一般研修生も手にとって学習できるよう、配慮する必要がある。なぜなら、ITA の図書館には、租税・関税を中心に 3300 冊以上の蔵書があるとされているが、国際課税を取り扱った書籍のほとんどが欧米、特にイギリス系の一般的専門書籍であり、その内容もパターン化された記述が多く、目新しいものはほとんどない。この点、外国から招かれた税務専門家等のセミナー資料には最新の動向を反映してアップデートされた内容のものが多く、かつ具体的事例もあることから、こういった資料の保管は、研修生にとって大きな励みになるものと思われる。

(2) ITA での研修及び教材の内容について

ITA での国際課税に関する研修やセミナーは、そのほとんどが国際課税の一般ルールや諸外国での共通した原則的取扱いの解説がほとんどであり、かつこれで終ってしまっている。国際課税における諸問題を自国税法の観点に立って、比較、検討し、自国で適用した場合に想定される問題にも言及できるよう、研修内容を工夫し、かつそれにあわせた教材を開発するよう、配慮する時期が来ていると考える。プロジェクトの開発した研修で自国の例を取り上げる試みがでてきた。この試みが広がることに期待したい。タンザニア所得税法が大改正されてから、ちょうど 10 年が経過し、具体的な調査事例や現行規定の諸問題点についても、ある程度事例や情報が蓄積されてきているからである。

(3) タンザニア所得税に関する参考図書

ITA の講師が研修教材等を事前準備する際、また海外の専門家講師が、タンザニアの所得税法の個別規定を掘り下げてゆこうとする場合には、ある程度体系化された自国税法の解説書のようなものが必要となる。

これに関し、現行タンザニア所得税法 (The Income Tax Act)、特に国際課税に関する法律の諸規定のうち主要な条項について、その沿革、趣旨、解釈指針等に関する資料が全くない (法律を具体化した政令や Q&A も極めて少ないように見える)。図書館等で探すとともに、ITA や TRA 職員にも確認したが、皆これまで見たこともないとのことであった。プロジェクト当該分野担当も数少ない機会を取らえて、TRA に対し個別規定の内部解釈マニュアルのようなものがあれば、参考のため見せていただきたい旨依頼したが、入手できていない。

法律制定後、幾多の改正を経て条文内容が大幅に変更され複雑化し、わかりづらくなっている可能性は考えられる。しかし、立法時を起点としたきちんとした法令の解説資料が作成されていない状況では、ITA の講師陣が自国税制に関連づけた議論をその講義で展開しようとしても、それは難しいであろう。

これに関し、本当に所得税の主要条項について、解説資料や指針が全く存在しないとは、一般には考えにくい。もしそれが事実であるとすれば、大変な事態である。統一的な解釈に基づく税制の全国一律の執行が困難となり、課税処分は調査官の裁量に大きくゆだねら

れてしまうからである。だがこれはむしろ、TRA の問題である。

(4) コモンローの影響（税法規定の明確化との関連で）

タンザニア所得税法の主要規定とその解釈指針等とに関連して、タンザニアにおけるコモンローの考え方が、税法規定の明文化という問題に対し、何か阻害要因として機能している可能性はないのか、気になるところである。

これに関し、以下の 2 点について触れておきたい。

- ITA の図書館の蔵書を調査した際、税務関係の書籍で最も多く保管されていたのは、60 冊に上るイギリス及びコモンウェルス国家のものと思われる判例集「Report of Tax Cases」であった。収録対象年度は 1875 年～1960 年ごろのもので、1970 年から 1980 年にかけて英国出版会社から出版されたものであった。中には今でも結構使用されている形跡のあるものもあった。タンザニアの税制は、一般にコモンローの影響を強く受けているようである。
- また、ITA の図書館にはタンザニア税務に関する初心者向けテキストとして、「The Theory and Practice of Taxation in Tanzania」(2005 年第 2 版、220 ページ) がある。ただ、このテキストには国際課税に関する記述はほとんどなく、わずかに居住者・非居住者の定義に触れている程度であったが、その短い解説文の中で判例がたびたび引用されていた。若干長くなるが、コモンローとの関連で記載することとした。

  タンザニア所得税法にあっては、内国法人の定義として、設立準拠地主義のほか管理支配地主義が採用されている。このテキストでは、管理支配地主義について、次のように解説している（同書Ｐ１７）。

  「The determination of the place where the management and control lie is a question of fact in the relevant case but the normal test is to consider where the meetings of the Board of Directors are usually held because management and control of a company is normally vested in its Directors.・・・・・・ There are a number of tax cases on this subject but an early leading tax case of Bullock vs The United Construction Co.ltd,38 TC712 is particularly enlightening. The case makes it clear that the place of residence is where de facto the management and control of a company is exercised even though the constitution of the company may require it be exercised elsewhere. ・・・・・

  とあり、結局のところ管理支配の場所は、その納税者の実態に即した事実認定が重要であるとの指摘にとどまっている。

タンザニアの法制は、税法も含め一般にコモンローの影響を強く受けているようである。しかしながら、こと税法用語、殊に居住者か非居住といった重要かつ頻繁に用いられる概念については、過去の判例を引用し、しかもその判例も結局のところ実態判断の問題であると結論づけている点については、明瞭性に欠けた説明と言えよう。コモンローの精神は尊重されるとしても、税法条文の基本的用語概念である納税義務者の範囲等

に属する事項は、課税される納税者サイドから見ても、容易に理解できるよう、過去の判例のエッセンスに基づき可能な限り、その要件を明文化してゆく努力が望まれる。

ただこのテキストは、作成当時のタンザニア税法の解釈についての一般的考え方に基づき記載されたまでであり、これも本来はTRAの問題である。

(5) Tanzania Tax Law Reportsについて

ITAの図書館には、もう一つだけタンザニアにおける国際課税の実態について、参考となる資料が保管されていた。これは TRA と納税者間の税務上の争いを取り扱った事例集であり、「Tanzania Tax Law Reports 2002　VolumeⅠ」〜「Tanzania Tax Law Reports　2008 VolumeⅣ」のうち、全体の一部として計11冊が保管されていた。これはおそらく、日本でいう国税不服審判所による裁決事例に似た性格のものと思われ、公正な第三者機関が TRA の課税処分に対する納税者のAppealを受けて、課税当局と納税者の双方の主張、根拠を整理し、最後にその決定を下している。内容的には、国内取引や納税手続きに関する争いが多かったように記憶しているが、中には国際課税を争点としたケースもあり、目に留まった案件「AFRIKA MASHARIKI GOLD MINES LTD v COMMISSIONER GENERAL」(2005年1月7日付け決定) は、当時の課税処分に対するタンザニア課税当局の考え方や対応を知るうえで、参考になる。

但し確認した事例は、これ 1 件のみであり、その他にも海外取引事例はあるのであるから、それら全体を検討せずに、この事例のみを持ってタンザニアの国際課税の実態を云々することは、適当ではない。ここではこの案件のみについて、簡単にコメントすることにととどめたい。なおこの事例は、10年ほど前に下された決定であることもお断りしておく。

1) 事案の概要

オーストラリア法人East African Gold Minesは、タンザニア法人たるAFRIKA MASHARIKI GOLD MINES LTDの親会社で、その株式の99.9%を保有していた。審査請求は、この子会社からなされた。

親会社 (East African Gold Mines) に対して、カナダ法人Placer Dome Incは、2003年に株式の公開市場買い付けを実施し、20名強の株主から株式の大半を取得した。この結果、East African Gold Minesの主要株主は、オーストラリア法人からカナダ法人Placer Dome Incに変わった。しかしながら、この直後、タンザニア子会社は、TRAから課税処分を受けた。

これに対し、課税されたタンザニア子会社側は、TRAの課税根拠は全く理解できない旨、主張した。確かに本件事例の文面からはなかなか課税の根拠が読み取りづらく、課税当局の議論には大きく飛躍している部分もありそうであった。このため、必ずしも正確ではない可能性もあるが、課税当局はおおよそ次のように考えた可能性がある。

TRAによれば、法人とその株主は一応別個の存在ではあるものの、親会社と子会社間にあってはその取引の背後にある実質に着目して判断する必要があり、時には法人格を否認できる場合もある。本件株式譲渡の目的は、オーストラリア法人たる親会社の株式そのものではなく、親会社が有していたタンザニア子会社の株式であり、これを譲渡するために、親会社株式を譲渡したのである。このため、タンザニア法人の株式譲渡として国内資産の

譲渡に該当すると考えられ、タンザニアの Income Tax Act13 条（Trading stock）1 項に基づき、譲渡した親会社の株主がその譲渡益に対し課税される。この際、当該タンザニア子会社は、オーストラリア親会社（及び親会社の株主）の代理人 PE に該当するのであるから、オーストラリア法人（及び親会社の株主）に代わって譲渡益につき納税の義務がある。

2）審判所の判断

本件取引は、オーストラリア法人の旧株主がそのオーストラリア法人の株式をオーストラリアで譲渡しただけであり、タンザニア政府は、外国株主の国外取引には何ら課税権を有しないとした。

3）コメント

本件は、TRA における親会社と子会社の関係、子会社の法人格についての考え方、他の会社を通じて別な会社を間接保有する場合の実質譲渡者の判定等について、当時 TRA 内部における一定の見解を示したものと考えられる。しかしこの問題は、ある国の子会社株式をペーパーカンパニーを通じて間接保有する海外の親会社が、その中間持ち株会社の株式を譲渡する形で当該子会社株式を実質的に譲渡しようとしたとき、子会社所在国の税務当局が、これをいかにして課税するかという問題である。当該譲渡による受益者たる非居住者（海外親会社）に対する課税となるため、これに最終課税するためには、海外中間持ち株会社の株式譲渡が国内源泉所得に含まれるよう立法上手当する必要があり、そのためには誰が何をタンザニア国内で譲渡したと判断されるのか、かなり整理された国内法の国内源泉地規定が必要となる。

審判所の判断も、そのような個別規定を設けずに、親会社と子会社と間に特殊関係を認定し、一定の者を実質譲渡人とみなして課税処分行うことは認められないとした。誰に何を課税要件として課税することができるのか、外国法人課税の基本に関する問題であろう。

5-3-3 TRA について

（1）解釈通達の公開

これまで見てきたとおり、ITA での国際課税に関する研修教材及び講義内容を一層充実させ、自国税法の執行、制度の改善に生かすためには、まず初めに TRA 自らが国際課税に関する主要規定について、その趣旨、解釈を明確にし、公開するとともに、法改正を伴わずに NOTICE 等で対応可能なものについては、これらを NOTICE にて補足し、あわせて公開する必要がある。

日本も以前そうであったが、国税の内部文書である解釈通達は長らく非公開とされていた。しかしながら、納税者に自主申告を要求するからには、公式解釈を公表することはむしろ当然であり、税務行政当局の内部的取り扱いを解釈通達の形に整理してゆくことは、税務行政官庁の重要な業務の一つと考えられる。

例えば具体例を一つ挙げるとすれば、外国法人課税の基本となる恒久的施設に関しては極めてシンプルな規定しか置かれておらず、これを解釈通達等で明確化することも考えられ、必ずしも立法措置を要しないケースもあろう。

（2）最後に

複雑かつ変化の著しい国際課税分野において、TRA の人材不足は極めて深刻であり、ITA

への実務ノウハウの供与には、十分手が回らないことも考えられる。ITA は当初から TRA の職員により直接設立されたものではなく、既存の研究機関を母体とした半独立部署でもある。その意味で、これまで両者間での人的交流や実務ノウハウの相互共有が、必ずしも十分ではなかったもいえよう。

しかしながら、ITA は、第一義的には TRA 職員の執行能力強化にあり、その執行は所得税法の適切な解釈を前提に初めて可能となることを考えれば、TRA からの担当講師による実務研修はもとより、現行所得税法の趣旨、解釈を適切に反映した教科書を ITA が作成、完成できるよう、より積極的な関与が望まれる。

なお、タンザニアは日本のような単一民族国家ではなく、過去の歴史をはじめ、その経済や社会が抱える問題には根深いものがあり、現在の税制及び執行上の問題もこれらと密接に関連している面があろう。

自主申告制度が導入されたとはいえ、もともと納税意識の乏しい富裕な納税者が多いのも事実のようであり、また垂直的公平を実現するための相続税等も全く存在しないし、導入の話題すらでない。

タンザニアにおける税務行政上の問題や課題については種々考えられるが、本報告書では、担当プロジェクトの目的に即し、ITA における研修能力の強化という観点からの記載にとどめた。

添付資料

PDM・PO

※第一回 JCC 後のバージョンを添付

Project Design Matrix (PDM$_2$)

Project Title：Project for the Enhancement of Taxation Training in Tanzania　Project Period：2, 2012 – 2, 2015 (Three Years)　Version No. 2
Target Group：ITA staff and the trainees　Date：25th July 2012

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
Overall Goal The capacity of the staff working for the Tanzania Revenue Authority (TRA) for tax administration is enhanced.	1. Average number of tax audits completed in a year per TRA staff is increased. 2. Average amount of additional tax per audit case is increased.	1. Departmental annual reports 2. Departmental annual reports	
Project Purpose Training programs provided by the Institute of Tax Administration (ITA) are improved.	1. PDCA* cycle of training program development is adopted and introduced officially in ITA. [Reference] level of progress, to be assessed in the timing of mid-term review and terminal evaluation. (1) Stage I (initial stage): PDCA cycle does not exist. More specifically, curriculum and training materials exist. but those are not developed based on PDCA cycle (2) Stage II: PDCA cycle exists but it is just on a document basis. (3) Stage III: PDCA cycle exists but managed by the Project Team (4) Stage IV: PDCA cycle exists and managed by ITA itself (as the final target at the end of the Project) 2. Coverage of training program subjects is expanded. [continued improvement] 3. Satisfaction ratings of trainees' departments of the TRA exceed 75% on average regarding the specified training programs. 4. Number of trainees in the specified training programs exceeds 210 persons.	1. Project report, relevant regulation/guideline in ITA 2. Training evaluation results extracted from the Activity 3-3 (Questionnaire surveys to the trainees' department of the TRA) 3. Training records	1. Budgetary and human resources necessary for the service provision of tax administration are continuously allocated and assigned by the Government of Tanzania. 2. TRA staffs trained by the Project do not drastically leave their respective posts.
Outputs 1. The process for the planning and preparation of training programs is systematized.	1-1. Needs assessment and planning of training program mechanism is developed and upgraded. 1-2. Training materials are developed and upgraded. 1-3. Satisfaction ratings of trainees regarding the training curriculum and training materials of the specified training programs exceed 95% on training curriculum, 80% on training materials on average. 1-4. Number of standardized training materials in each subject is increased.	1-1. Project report, relevant regulation/guideline in ITA 1-2. Training materials 1-3. Questionnaire surveys to the trainees through the Activity 3-3 1-4. Records of training programs	

2. Capacity of ITA lecturers for implementing training programs is enhanced. 3. The evaluation procedure of the ITA is strengthened.	2-1. Number of publications by ITA lecturers is increased. 2-2. Satisfaction ratings of trainees regarding the knowledge and skills as well as the teaching methods of the ITA lecturers exceed 75% on average. 3-1. Evaluation methodology and feedback mechanism are developed and upgraded. 3-2. Percentage of the evaluation results received by each subject panel is 100%. 3-3. Percentage of the evaluation results reviewed by each subject panel is 100%.	2-1. Publications (papers, manuals and etc.) 2-2. Questionnaire surveys to the trainees through the Activity 3-3 3-1. Project report, relevant regulation/guideline in ITA 3-2. Evaluation analysis sheets prepared in the Activity 3-4 3-3. Evaluation analysis sheets prepared in the Activity 3-4	

Activities	**Inputs** Japanese side	Tanzanian side	
1-1 Conduct the needs survey on improving tax administration as well as the capacity of TRA staff. 1-2 Specify the training programs necessary to be prepared newly or revised in consideration of the above needs survey. 1-3 Develop/Review the training curriculum for the specified training programs. 1-4 Assist each subject panel to develop/review and standardize the training materials for the specified training programs. 2-1 Conduct seminar/training of ITA lecturers for acquiring the knowledge and skills necessary for the specified training programs as well as teaching methods. 2-2 Share and accumulate the knowledge and skills as well as the teaching methods within the ITA. 2-3 Assist ITA lecturers to conduct the specified training programs on tax administration. 3-1 Review the evaluation procedures of the ITA. 3-2 Establish/improve the evaluation method. 3-3 Evaluate the specified training programs on tax administration by ITA trainees and trainees' organizations. 3-4 Analyze the evaluation results. 3-5 Deliver the results of evaluation analyses to the subject panel and relevant stakeholders.	1. Experts ・Chief Advisor/Tax Administration ・Training Planning/Coordinator ・Others as necessary 2. Training of counterpart personnel in Japan and/or the Third Countries 3. Provision of machinery and equipment as necessary 4. Local expenses for the project activities which are not covered by Tanzanian side ・Expenses for seminar/training of ITA lecturers, etc. ・Expenses for training materials ・Others	1. Personnel Project Director Project Manager Counterpart personnel 2. Provision of the project offices and facilities necessary for the project implementation 3. Local expenses for the project activities ・Running costs for electricity, water, communication, etc. ・Expenses for implementing the specified training programs ・Others	Personnel change of counterparts does not take place frequently. The roles and functions of the subject panel are prepared and determined.

*** PDCA (plan–do–check–act or plan–do–check–adjust) is an iterative four-step management method used for the control and <u>continuous improvement</u> of processes and products**

Project Design Matrix (PDM$_3$)

Project Title：Project for the Enhancement of Taxation Training in Tanzania　　Project Period：2, 2012 – 2, 2015 (Three Years)　　Version No. 3

Target Group：ITA staff and the trainees　　Date：31 October 2013

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
Overall Goal The capacity of the staff working for the Tanzania Revenue Authority (TRA) for tax administration is enhanced.	1. Average number of tax audits completed in a year per TRA staff is increased. 2. Average amount of additional tax per audit case is increased.	1. Departmental annual reports 2. Departmental annual reports	
Project Purpose Training programs provided by the Institute of Tax Administration (ITA) are improved.	1. PDCA* cycle of training program development is adopted and introduced officially in ITA. [Reference] level of progress, to be assessed in the timing of mid-term review and terminal evaluation. (1) Stage I (initial stage): PDCA cycle does not exist. More specifically, curriculum and training materials exist. but those are not developed based on PDCA cycle (2) Stage II: PDCA cycle exists but it is just on a document basis. (3) Stage III: PDCA cycle exists but managed by the Project Team (4) Stage IV: PDCA cycle exists and managed by ITA itself (as the final target at the end of the Project) 2. Coverage of training program subjects is expanded. [continued improvement] 3. Satisfaction ratings of trainees' departments of the TRA exceed 75% on average regarding the specified training programs. 4. Number of trainees in the specified training programs exceeds 210 persons.	1. Project report, relevant regulation/guideline in ITA 2. Training evaluation results extracted from the Activity 3-3 (Questionnaire surveys to the trainees' department of the TRA) 3. Training records	1. Budgetary and human resources necessary for the service provision of tax administration are continuously allocated and assigned by the Government of Tanzania. 2. TRA staffs trained by the Project do not drastically leave their respective posts.
Outputs 1. The process for the planning and preparation of training programs is systematized.	1-1. Needs assessment and planning of training program mechanism is developed and upgraded. 1-2. Training materials are developed and upgraded. 1-3. Satisfaction ratings of trainees regarding the training curriculum and training materials of the specified training programs exceed 95% on training curriculum, 80% on training materials on average. 1-4. Number of standardized training materials in each subject is increased.	1-1. Project report, relevant regulation/guideline in ITA 1-2. Training materials 1-3. Questionnaire surveys to the trainees through the Activity 3-3 1-4. Records of training programs	

2. Capacity of ITA lecturers for implementing training programs is enhanced.	2-1. Number of publications by ITA lecturers is increased. 2-2. Satisfaction ratings of trainees regarding the knowledge and skills as well as the teaching methods of the ITA lecturers exceed 75% on average.	2-1. Publications (papers, manuals and etc.) 2-2. Questionnaire surveys to the trainees through the Activity 3-3	
3. The evaluation procedure of the ITA is strengthened.	3-1. Evaluation methodology and feedback mechanism are developed and upgraded. 3-2. Percentage of the evaluation results received by the Training Management Committee is 100%. 3-3. Percentage of the evaluation results reviewed by the Training Management Committee is 100%.	3-1. Project report, relevant regulation/guideline in ITA 3-2. Evaluation analysis sheets prepared in the Activity 3-4 3-3. Evaluation analysis sheets prepared in the Activity 3-4	

Activities	**Inputs**		
1-1 Conduct the needs survey on improving tax administration as well as the capacity of TRA staff. 1-2 Specify the training programs necessary to be prepared newly or revised in consideration of the above needs survey. 1-3 Develop/Review the training curriculum for the specified training programs. 1-4 Assist ITA lecturers to develop/review and standardize the training materials for the specified training programs. 2-1 Conduct seminar/training of ITA lecturers for acquiring the knowledge and skills necessary for the specified training programs as well as teaching methods. 2-2 Share and accumulate the knowledge and skills as well as the teaching methods within the ITA. 2-3 Assist ITA lecturers to conduct the specified training programs on tax administration. 3-1 Review the evaluation procedures of the ITA. 3-2 Establish/improve the evaluation method. 3-3 Evaluate the specified training programs on tax administration by ITA trainees and trainees' organizations. 3-4 Analyze the evaluation results. 3-5 Deliver the results of evaluation analyses to the Training Management Committee and relevant stakeholders..	Japanese side 1. Experts ・ Chief Advisor/Tax Administration ・ Training Planning/Coordinator ・ Others as necessary 2. Training of counterpart personnel in Japan and/or the Third Countries 3. Provision of machinery and equipment as necessary 4. Local expenses for the project activities which are not covered by Tanzanian side ・ Expenses for seminar/training of ITA lecturers, etc. ・ Expenses for training materials ・ Others	Tanzanian side 1. Personnel Project Director Project Manager Counterpart personnel 2. Provision of the project offices and facilities necessary for the project implementation 3. Local expenses for the project activities ・ Running costs for electricity, water, communication, etc. ・ Expenses for implementing the specified training programs ・ Others	Personnel change of counterparts does not take place frequently.

*** PDCA (plan–do–check–act or plan–do–check–adjust) is an iterative four-step management method used for the control and continuous improvement of processes and products**

Plan of Operations

Plan of Operations(Version 3)

Schedule of the Implementation and Responsible Organizations

Date: October 31, 2013

Year	Y2012										Y2013												Y2014												Y2015		Responsible person/organization
Month	3	4	5	6	7	8	9	#	#	#	1	2	3	4	5	6	7	8	9	10	#	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	
Total Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	
Terminal evaluation																												Terminal evaluation		Δ							
Baseline and Impact Surveys																																					
OUTPUT 1: The process for the planning and preparation of training programs is systematized																																					
1-1 Conduct the needs survey on improving tax administration as well as the capacity of TRA staff																																					Examination and Curricula affairs officer (ECO)
1-2 Specify the training programs necessary to be prepared newly or revised in consideration of the above needs survey																																					Deputy Rector Academic Research and Consultancy
1-3 Develop/Review the training curriculum for the specified training programs																																					Deputy Rector Academic Research and Consultancy
1-4 Assist ITA lecturers to develop/review and standardize the training materials for the specified programs																																					Deputy Examination and Curricula affairs officer (ECO)
OUTPUT 2: Capacity of ITA lecturers for implementing training programs is enhanced																																					
2-1 Conduct seminar/training of ITA lecturers for acquiring the knowledge and skills necessary for the specified training programs as well as teaching methods.																																					Deputy Rector Planning and Administration
2-2 Share and acumulate the knowledge and skills as well as the teaching methods within the ITA																																					Deputy Rector Academic Research and Consultancy
2-3 Assist ITA lecturers to conduct the specified training programs on tax administration.													Training programs specified in the first year						Training programs specified in the second year																				Deputy Rector Academic Research and Consultancy
OUTPUT:3 Evaluation procedures of the ITA is strengthened																																					
3-1 Review the evaluation procedure of ITA																																					Quality Manager (QM)
3-2 Establish/Improve the evaluation methods																																					ECO
3-3 Evaluate the specified training program on tax administration by ITA trainees and trainers'organisations																																					Deputy Rector Academic Research and Consultancy
3-4 Analyze the evaluation results																	Δ						Δ						Δ						Δ		Quality Manager (QM)
3-5 Delivery the resultls of evaluatiion analyses to Training Management Committee and relevant stakeholders.																	Δ						Δ							Δ						Δ	Quality Manager (QM)

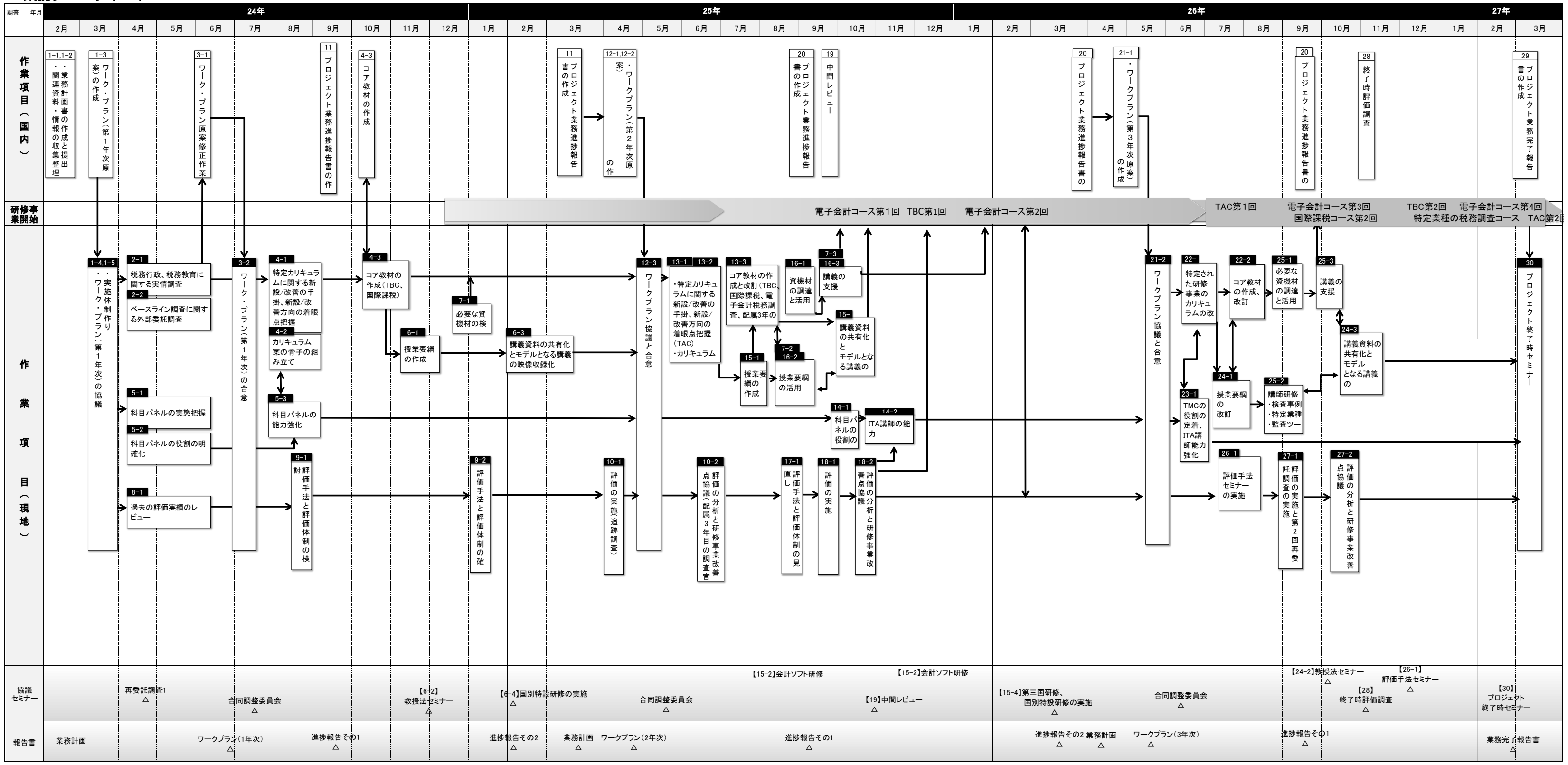
: To complete project activities within the solid line

: To continuously conduct project activities during the dotted line.

Δ To conduct review/evaluation, produce document, etc

業務フローチャート

業務フローチャート


調査　年月
24年
25年
26年
27年
2月
3月
4月
5月
6月
7月
8月
9月
10月
11月
12月
1月
作業項目（国内）
1-1,1-2 ・業務計画書の作成と提出 ・関連資料・情報の収集整理
1-3 ワーク・プラン（第1年次原案）の作成
3-1 ワーク・プラン原案修正作業
11 プロジェクト業務進捗報告書の作
4-3 コア教材の作成
11 プロジェクト業務進捗報告書の作成
12-1,12-2 ・ワークプラン（第2年次原案）の作
20 プロジェクト業務進捗報告書の作成
19 中間レビュー
20 プロジェクト業務進捗報告書の
21-1 ・ワークプラン（第3年次原案）の作成
20 プロジェクト業務進捗報告書の
28 終了時評価調査
29 プロジェクト業務完了報告書の作成
研修事業開始
電子会計コース第1回　TBC第1回　電子会計コース第2回
TAC第1回　電子会計コース第3回　国際課税コース第2回
TBC第2回　電子会計コース第4回　特定業種の税務調査コース　TAC第2回
作業項目（現地）
1-4,1-5 ・実施体制作り ・ワーク・プラン（第1年次）の協議
2-1 税務行政、税務教育に関する実情調査
2-2 ベースライン調査に関する外部委託調査
5-1 科目パネルの実態把握
5-2 科目パネルの役割の明確化
8-1 過去の評価実績のレビュー
3-2 ワーク・プラン（第1年次）の合意
4-1 特定カリキュラムに関する新設/改善の手掛、新設/改善方向の着眼点把握
4-2 カリキュラム案の骨子の組み立て
5-3 科目パネルの能力強化
9-1 評価手法と評価体制の検討
4-3 コア教材の作成（TBC、国際課税）
6-1 授業要綱の作成
7-1 必要な資機材の検
6-3 講義資料の共有化とモデルとなる講義の映像収録化
9-2 評価手法と評価体制の確
10-1 評価の実施（追跡調査）
12-3 ワークプラン協議と合意
13-1 13-2 ・特定カリキュラムに関する新設/改善の手掛、新設/改善方向の着眼点把握（TAC） ・カリキュラム
13-3 コア教材の作成と改訂（TBC、国際課税、電子会計税務調査、配属3年の
15-1 授業要綱の作成
7-2 16-2 授業要綱の活用
16-1 資機材の調達と活用
7-3 16-3 講義の支援
15- 講義資料の共有化とモデルとなる講義の
14-1 科目パネルの役割の
14-2 ITA講師の能力
10-2 評価の分析と研修事業改善点協議（配属3年目の調査官
17-1 評価手法と評価体制の見直し
18-1 評価の実施
18-2 評価の分析と研修事業改善点協議
21-2 ワークプラン協議と合意
22- 特定された研修事業のカリキュラムの改
22-2 コア教材の作成、改訂
25-1 必要な資機材の調達と活用
25-3 講義の支援
24-3 講義資料の共有化とモデルとなる講義の
23-1 TMCの役割の定着、ITA講師能力強化
24-1 授業要綱の改訂
25-2 講師研修 ・検査事例 ・特定業種 ・監査ツー
26-1 評価手法セミナーの実施
27-1 評価の実施と第2回再委託調査の実施
27-2 評価の分析と研修事業改善点協議
30 プロジェクト終了時セミナー
協議セミナー
再委託調査1 △
合同調整委員会 △
【6-2】 教授法セミナー △
【6-4】国別特設研修の実施 △
合同調整委員会 △
【15-2】会計ソフト研修
【15-2】会計ソフト研修
【19】中間レビュー △
【15-4】第三国研修、国別特設研修の実施 △
合同調整委員会 △
【24-2】教授法セミナー △
【26-1】 評価手法セミナー △
【28】 終了時評価調査 △
【30】 プロジェクト 終了時セミナー
報告書
業務計画
ワークプラン（1年次） △
進捗報告その1 △
進捗報告その2 △
業務計画 △
ワークプラン（2年次） △
進捗報告その1 △
進捗報告その2 △
業務計画 △
ワークプラン（3年次） △
進捗報告その1 △
業務完了報告書 △

専門家派遣実績

専門家派遣実績

平成24年度実績 / 平成25年度実績 / 平成26年度実績

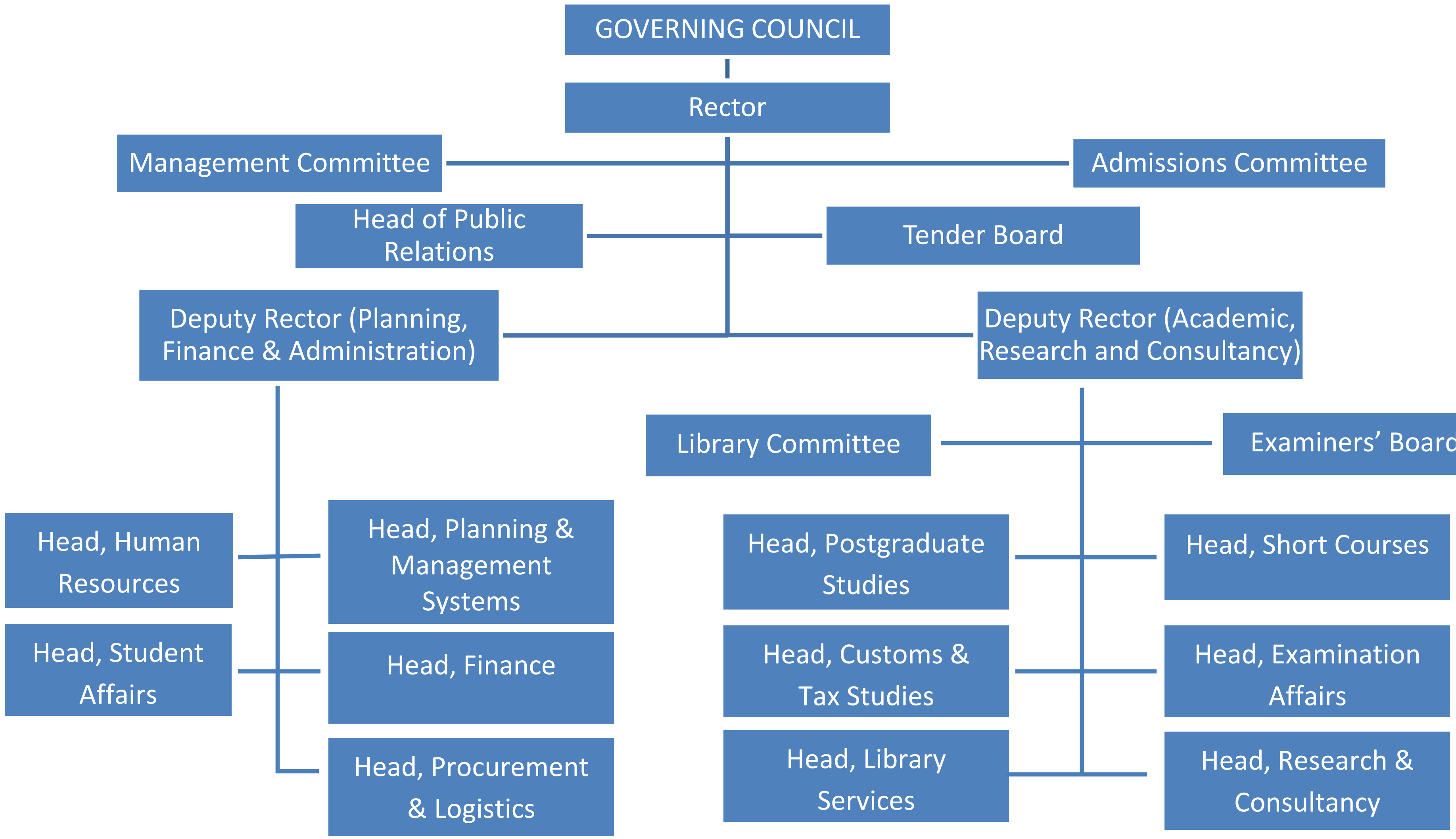
区分	担当	24年度 日数	24年度 人月	25年度 日数	25年度 人月	26年度 日数	26年度 人月	計 日数	計 人月
現地作業	岩下検一郎(総括/税務行政)	84	2.80	80	2.67	55	1.83	219	7.30
現地作業	小池平造(納税者サービス)	60	2.00	43	1.43	42	1.40	145	4.83
現地作業	香取雅夫(税務検査(税務調査手法))	156	5.20	168	5.60	219	7.30	543	18.10
現地作業	宮本直起(税務調査(段階研修/人事制度))	75	2.50	18	0.60	30	1.00	123	4.10
現地作業	林一夫(徴収)	65	2.17	34	1.13	52	1.73	151	5.03
現地作業	石黒秀明(税務調査(業種別税務調査2))	0	0.00	0	0.00	31	1.03	31	1.03
現地作業	小寺壽成(税務調査(業種別税務調査2))	0	0.00	0	0.00	43	1.43	43	1.43
現地作業	南山真理(税務調査(電子会計システム))	54	1.80	105	3.50	122	4.07	281	9.37
現地作業	近藤千華(2013.9〜)(人材育成計画/プロジェクト管理補助)	260	8.67	204	6.80	325	10.83	789	26.30
現地作業	実績	754	####	652	21.73	919	30.63	2282	76.07
国内作業	岩下検一郎(総括/税務行政)	44	1.47	38	1.27	90	3.00	172	5.73
国内作業	小池平造(納税者サービス)	24	0.80	18	0.60	36	1.20	78	2.60
国内作業	香取雅夫(税務検査(税務調査手法))	27	0.90	27	0.90	55	1.83	109	3.63
国内作業	宮本直起(税務調査(段階研修/人事制度))	21	0.70	15	0.50	24	0.80	60	2.00
国内作業	林一夫(徴収)	21	0.70	9	0.30	25	0.83	55	1.83
国内作業	石黒秀明(税務調査(業種別税務調査2))	0	0.00	0	0.00	32	1.07	32	1.07
国内作業	小寺壽成(税務調査(業種別税務調査2))	0	0.00	0	0.00	33	1.10	33	1.10
国内作業	南山真理(税務調査(電子会計システム))	12	0.40	16	0.53	34	1.13	62	2.07
国内作業	近藤千華(2013.9〜)(人材育成計画/プロジェクト管理補助)	15	0.50	4	0.13	20	0.67	39	1.30
国内作業	実績	164	5.47	127	4.23	349	11.63	640	21.33
報告書	提出時期 △ 業務計画 / ワークプラン / 業務進捗 / 業務完了 / 業務計画 / ワークプラン / 業務進捗 / 業務完了 / 業務計画 / ワークプラン / 業務進捗 / 業務完了								
合計	実績	918	####	779	25.97	1268	42.27	2922	97.40

現地作業:
＊税務調査(業種別税務調査)は計画段階は専門家1名対応。実施段階は2名。
*関塚美貴(2013.3〜)(人材育成計画/プロジェクト管理補助)

国内作業:
＊税務調査(業種別税務調査)は計画段階は専門家1名対応。実施段階は2名。
*関塚美貴(〜2013.3)(人材育成計画/プロジェクト管理補助)

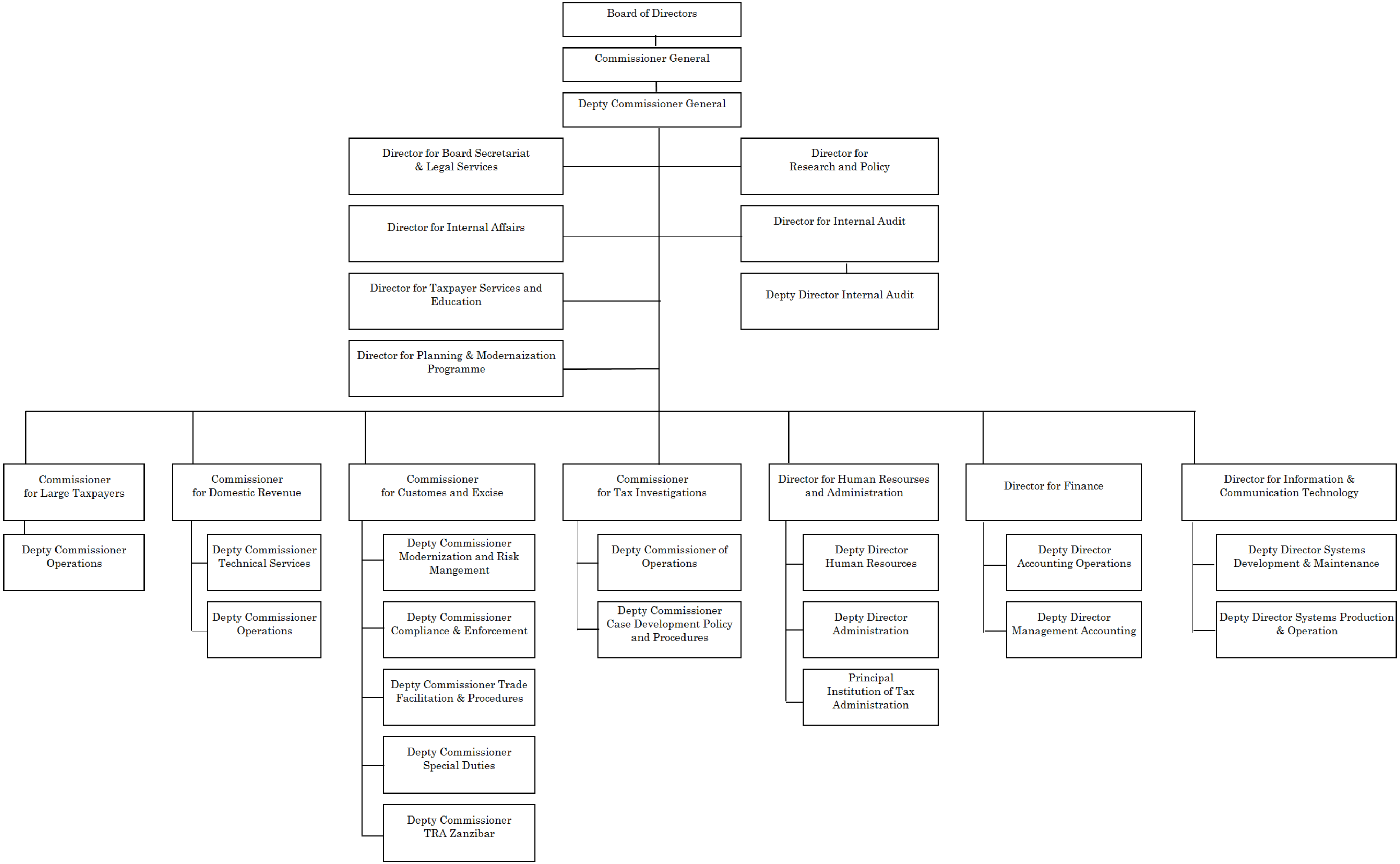
■ 現地作業
□ 国内作業

タンザニア実施体制



ITA Organizational Chart

TRA Organizational Chart



Position / Function in the Project	As of March 2012 (Name, Title/Affiliation)	As of September 2013 (Name, Title/Affiliation)	As of October 2014 (Name, Title/Affiliation)
Project Director	Mr. Abubakar M Kunenge Director, Human Resource and Administration, TRA	Same as on the left	Same as on the left
Project Manager	Mr. Patrick K. D. Mugoya Rector, ITA	(Acting) Mr. Charles Sabuni, Acting Rector, ITA	Prof. Jairo Isaya Jayambo, Rector, ITA
Counterpart Leader	Mr. Emmanuel Masalu Trainer, Researcher & Consultant, ITA	Same as on the left (Acting deputy rector of ITA)	Same as on the left
Taxation Basic Course	Mr. Emmanuel Masalu Trainer, Researcher & Consultant, ITA	Same as on the left	Mr. Emanuel Massewe Trainer, ITA
Taxation Advanced Course	Mr. Emmanuel Masalu Trainer, Researcher & Consultant, ITA	Same as on the left	Mr. Ryoba Mzalendo Trainer, ITA
International Taxation Course	Mr. Richard Donati Tairo Trainer, Researcher & Consultant, ITA	Same as on the left	Same as on the left
Electronic Accounting System Course	Mr. Kimera Alfred James Assistant Trainer, ITA	Same as on the left	Same as on the left
Tax Audit in Mining Sector	Mr. Hamza I. Ismail Assistant Trainer, ITA	Same as on the left	
Sector Based Tax Audit	N/A	N/A	Mr. Emmanuel Masalu Trainer, Researcher & Consultant, ITA
Joining in JCC as a training manager of Dept.	Ms. Hilda Nyamboga Teguwa Manager of Training Dept., Human Resource and Administration, TRA	Mr. Yohana Gwarasa Manager of Training Dept., Human Resource and Administration, TRA	Same as on the left
Member of Governing council of ITA	Prof. Jairo Isaya Jayambo Deputy Rector, Institute of Finance Management	Same as on the left	

Deputy rector of ITA (finance, facility)	Mr. Charles Sabuni	Same as on the left (Acting rector of ITA)	Same as on the left
Deputy rector of ITA (academic and research)		Mr. Emmanuel Masalu Acting Deputy Rector	Dr. Lewis Ishemoi
Instructor of ITA (EAS course)	Mr. Phillip Mbati Lecturer, ITA	Same as on the left	Same as on the left
Instructor of ITA (EAS course)			Mr. Ryoba Mzalendo Lecturer, ITA
CP member of TAC			Ms. Pilly Marwa Lecturer, ITA
CP member of TAC			Mr. Cyril Chimilila Lecturer, ITA
Assistant Instructor of ITA (EAS course)	Ms. Rose Peter Mwandu Tutorial Assistant, ITA	Same as on the left	Same as on the left

合同調整委員会議事録

（本文のみ）

MINUTES OF MEETINGS BETWEEN JAPAN INTERNATIONAL COOPERATION AGENCY AND THE TANZANIA REVENUE AUTHORITY OF THE UNITED REPUBLIC OF TANZANIA ON THE FIRST JOINT COORDINATING COMMITTEE MEETING OF THE PROJECT FOR THE ENHANCEMENT OF TAXATION TRAINING IN TANZANIA

The Japan International Cooperation Agency (hereinafter referred to as "JICA") and the Tanzania Revenue Authority (hereinafter referred to as “TRA”) had the Joint Coordinating Committee (hereinafter referred to as "JCC") within the framework of the Record of Discussions (hereinafter referred to as "R/D") for the “Project for the Enhancement of Taxation Training in Tanzania" (hereinafter referred to as "the Project").

As a result of the discussions, JICA and TRA made Minutes of Meetings in order to confirm the mutual understanding and matters agreed through the discussions attached hereto.

Dar es Salaam, 25th July, 2012

Mr. Yukihide Katsuta Chief Representative Tanzania Office Japan International Cooperation Agency Japan	Mr. Abubakar M. Kunenge Director of Human Resources & Administration Tanzania Revenue Authority United Republic of Tanzania
Mr. Kenichiro Iwashita Chief Advisor of the Project for the Enhancement of Taxation Training in Tanzania	Dr. Patrick Mugoya Rector Institute of Tax Administration

Ⅰ.INTRODUCTION

In April 2012, the team for the Project for the Enhancement of Taxation Training (hereinafter referred to as “Project”) started its baseline survey, which involved numerous interviews and meetings among the Tanzania Revenue Authority (hereinafter referred to as “TRA”), the Institute of Tax Administration (hereinafter referred to as “ITA”) and JICA Expert team. The First JCC was held with the aim of discussing and approving the Work Plan and the Annual Work Plan, and confirming the progress of the Project activities.

Ⅱ. SPECIFIC ISSUES CONFIRMED ON THE PROJECT

1. Progress of the Project activities

The progress of the Project activities is acknowledged based on the “Achievement of Outputs (ANNEX I)” and “Progress of Activities for each Output (ANNEX II)”.

2. Work Plan and Annual Work Plan

The contents of the Work Plan (ANNEX III), together with the Annual Work Plan (ANNEX IV), were agreed upon and accepted at the meeting.

3. Specified training courses to be developed

This Project prescribes five courses for which a curriculum and teaching materials are to be developed in mutual cooperation. The candidate courses for these five comprised the seven courses firstly proposed by the Counterpart team, to which the tax audit in the mining sector was added for consideration: the following five courses out of eight courses in total were proposed by the Project team based on the course selection background describe in the Work Plan. As a result of the discussions, the proposed five courses are confirmed to be developed.

- Taxation Basic Course (TBC)
- Advanced taxation program targeting TRA staff with 5 years of working experience
- Program on tax audit skills on computerized accounting system
- Program on international taxation such as transfer pricing taxation
- Program on tax audit skills in the mining sector

Regarding the advanced taxation program, TRA requested the change of experienced year of trainees from five to three. It was discussed and agreed upon at the meeting.

4. Project execution

It was agreed upon that TRA will assign the following personnel for the Counterpart team of the Project.

Project Director:	Mr. Abubakar M.Kunenge, Director of Human Resources & Administration, TRA
Project Manager:	Dr. Patrick Mugoya, Rector, ITA
Counterpart Leader:	Mr. Emmanuel Masalu, Trainer, Researcher &Consultant, ITA
TBC course, Advanced taxation program targeting TRA staff with 5 years of working experience:	Mr. Vitus G. Mdessa, Trainer, Researcher&Consultant, ITA
Program on International taxation such as transfer pricing taxation:	Mr. Richard Donati, Assistant Lecturer, ITA
Program on tax audit skills on computerized accounting system, Program on tax audit skills in the mining sector:	Ms. Imelda P. Rwebangira, Trainer, Researcher&Consultant, ITA

5. PDM revisions

5.1

TRA pointed out that the activities 3-5 “Deliver the results of evaluation analyses to each subject panel” should change to “Deliver the results of evaluation analyses to each subject panel and relevant stakeholders”. It was discussed and agreed upon at the meeting.

Agreement was reached regarding the revision of the PDM as ANNEX V in order to further raise consciousness of the importance of the planning, execution and assessment of training cycle.

5.2.

The Project team proposed the targets for the Objectively Verifiable Indicators, which were set as XX and YY at the timing of the signing of Record of Discussions, based on the result of the baseline survey summarized in the ANNEX VI. It was discussed and agreed upon at the meeting.

Regarding the indicators of Overall Goal, it was agreed upon that the data is based on the 2011FY.

Ⅲ.Other items of discussion

1. While the Project deals with training for particular sectors, its goal is to provide for an

improvement cycle for the training provided by the ITA, rather than to offer advice regarding individual case to TRA: it was affirmed at the meeting.

2. The Expert team requested to TRA not to change the counterpart personnel in the course of the Project. TRA agreed on this matter.

3. The Project Team suggested that the exchange of personnel between ITA and TRA should be formalized for the enhancment of practical knowledge of ITA instructors. It was discussed and agreed upon at the meeting.

4. It was agreed upon that the step by step training is introduced by the development of TBC and Advanced taxation program.

5. The Counterpart team requested training in Japan as soon as possible. JICA suggested to utilize the opportunity of the Group Training Course on the International Seminar on Taxation (General Course and Senior Course) in Japan, which were allocated to Tanzania for the past few years including this year.

6. Regarding the enhancement of the skill of the instructors, especially counterpart personnel, TRA suggested to give them coaching by setting the goal and the milestone on each stage of their skill's development in each area. The Project team will examine on this matter.

ANNEX I.	Achievement of Outputs
ANNEX II.	Progress of Activities for Each Output
ANNEX III.	Work Plan
ANNEX IV.	Annual Work Plan
ANNEX V.	Project Design Matrix (PDM)
ANNEX VI.	PDM Indicators
ANNEX VII.	Plan of Operations
ANNEX VIII.	List of Participants

MINUTES OF MEETINGS BETWEEN
JAPAN INTERNATIONAL COOPERATION AGENCY
AND
THE TANZANIA REVENUE AUTHORITY
OF THE UNITED REPUBLIC OF TANZANIA
ON
THE SECOND JOINT COORDINATING COMMITTEE MEETING
OF
THE PROJECT FOR THE ENHANCEMENT OF TAXATION TRAINING IN TANZANIA

The Japan International Cooperation Agency (hereinafter referred to as "JICA") and the Tanzania Revenue Authority (hereinafter referred to as “TRA”) had the Joint Coordinating Committee (hereinafter referred to as "JCC") within the framework of the Record of Discussions (hereinafter referred to as "R/D") for the “Project for the Enhancement of Taxation Training in Tanzania" (hereinafter referred to as "the Project").

As a result of the discussions, JICA and TRA made Minutes of Meetings in order to confirm the mutual understanding and matters agreed through the discussions attached hereto.

Dar es Salaam, 22 May, 2013

Mr. Hajime Iwama Senior Representative Tanzania Office Japan International Cooperation Agency Japan	Mr. Abubakar M. Kunenge Director of Human Resources & Administration Tanzania Revenue Authority United Republic of Tanzania
Mr. Kenichiro Iwashita Chief Advisor of the Project for the Enhancement of Taxation Training in Tanzania	Dr. Patrick Mugoya Rector Institute of Tax Administration

Ⅰ.INTRODUCTION

The Project for the Enhancement of Taxation Training in Tanzania (hereinafter referred to as "Project") was launched in Tanzania in March 2012. Then, in July 2012, the first JCC was held by way of a baseline survey, with the cooperation of JICA experts and of the Institute of Tax Administration (hereinafter referred to as "ITA") and TRA. At this second JCC, five training courses making up this project were specified, and the project team started work on developing them. The Second JCC was held with the aim of discussing and approving the Work Plan and the Annual Work Plan of Year 2, and confirming the progress of the Project activities.

Ⅱ. SPECIFIC ISSUES CONFIRMED ON THE PROJECT

1. Progress of the Project activities

The progress of the Project activities is acknowledged based on the "Achievement of Outputs (ANNEX I)" and "Progress of Activities for each Output (ANNEX II)".

2. Work Plan and Annual Work Plan

The contents of the Work Plan (ANNEX III), together with the Annual Work Plan (ANNEX IV), were agreed upon and accepted at the meeting.

3. Training course specified start period

The following two courses under development are to take place over August and September.

- Program on tax audit skills on electronic accounting system
- Program on international taxation such as transfer pricing taxation

4. TRA cooperation in collecting case examples

It is assumed that the advanced taxation program targeting TRA staff with 3 years of working experience that is to be developed this year will use tax audit case examples.

TRA has a collection of many such cases, so the Japan side requests that a cooperative system can be established whereby these cases can be disclosed.

Similarly, the program on international taxation also needs such cases if it is to be fully effective, making such cooperation all the more desirable.

5. Project execution

There was a switching of project counterparts last year. The Tanzania side's current operations system has been confirmed as follows.

Project Director:	Mr. Abubakar M.Kunenge, Director of Human Resources & Administration, TRA
Project Manager:	Dr. Patrick Mugoya, Rector, ITA
Counterpart Leader:	Mr. Emmanuel Masalu, Trainer, Researcher &Consultant, ITA
TBC course, Advanced taxation program targeting TRA staff with 3 years of working experience:	Mr. Emmanuel Masalu, Trainer, Researcher &Consultant, ITA
Program on International taxation such as transfer pricing taxation:	Mr. Richard Donati, Trainer, Researcher&Consultant, ITA
Program on tax audit skills on Electoronic accounting system,	Mr. Kimea Alfred James Assistant Trainer, ITA
Program on tax audit skills in the mining sector:	Mr. Hamza I.Ismail Assistant Trainer, ITA

Ⅲ.Other items of discussion

1. Audit tool training at EAS will be developed and carried out in full compliance with TRA plans for utilizing the tool for tax audit by Large taxpayer department, Tax investigation department, Internal audit department.

ANNEX I.	Achievement of Outputs
ANNEX II.	Progress of Activities for Each Output
ANNEX III.	Work Plan
ANNEX IV.	Annual Work Plan
ANNEX V.	Project Design Matrix (PDM)
ANNEX VI.	Plan of Operations
ANNEX VII.	List of Participants

MINUTES OF MEETINGS
BETWEEN
THE JAPANESE MID-TERM REVIEW TEAM
AND
THE TANZANIA REVENUE AUTHORITY OF THE UNITED REPUBLIC OF TANZANIA
ON
THE JAPANESE TECHNICAL COOPERATION FOR
THE PROJECT FOR THE EHNANCEMENT OF TAXATION TRAINING IN TANZANIA

The Japanese Mid-Term Review Team (hereafter referred to as “the Team”), organized by the Japan International Cooperation Agency (hereafter referred to as “JICA”) and headed by Mr. Koji OSHIKIRI, visited the United Republic of Tanzania from 20 October to 31 October, 2013 and had a series of discussions and exchange views with authorities concerned of the United Republic of Tanzania. The purpose of the Team was to confirm the achievements made so far in the project, and to make the mid-term review for the Project for the Enhancement of Taxation Training in Tanzania (hereafter referred to as “the Project”).

During its stay, both the Team and authorities concerned of the United Republic of Tanzania (hereafter referred to as “both sides”) had a series of discussions and exchanged views on the Project. Both sides jointly monitored the activities and evaluated the achievements based on the Project Design Matrix (hereafter referred to as “PDM”).

As a result of discussions, both sides agreed upon the matters referred to in the Joint Mid-Term Review Report of the Project attached hereto endorsed by JCC (Joint Coordinating Committee) on October 31, 2013.

Dar es Salaam October 31, 2013

Mr. Koji Oshikiri
Leader
The Mid-Term Review Team
Japan International Cooperation Agency
Japan

Mr. Abubakar M. Kunenge
Director of Human Resource & Administration
Tanzania Revenue Authority
United Republic of Tanzania

Mr. Kenichiro Iwashita
Chief Advisor of the Project for the Enhancement of Taxation Training in Tanzania

Mr. Charles A. Sabuni
Acting Rector
Institute of Tax Administration
United Republic of Tanzania

I. INTRODUCTION

The Project for the Enhancement of Taxation Training in Tanzania (hereinafter referred to as "the Project") was launched in Tanzania in March 2012. Then, in July 2012, the first JCC was held to discuss and approve the Work Plan and the Annual Work Plan of Year 1, and specified five training courses making up this project based on the findings from the baseline survey conducted with the cooperation of JICA experts and of the Institute of Tax Administration (hereinafter referred to as "ITA") and Tanzania Revenue Authority (hereinafter referred as "TRA"). And in the second JCC held in May 2013, the member in the Committee discussed and approved the Work Plan and the Annual Work Plan of Year 2, and agreed to have a Mid-Term Review in the middle of the project period, around October 2013. Following the Work Plan agreed, the Project have been implemented and delivered two of the specified courses so far. As agreed, at this juncture, the Mid-Term Review was conducted in order to review the performance of the Project in comparison with the PDM and the Plan of Operations (hereinafter referred as "PO") and to contribute to the betterment of the project implementation. This third JCC was held at the end of this Mid-Term Review process, in order to agree on the achievements and recommendations identified in the process and to discuss and approve the way-forward to be implemented in the latter half period of the Project duration.

II. SPECIFIC ISSUES CONFIRMED ON THE PROJECT

1. Joint Mid-Term Review Report

The achievements and recommendations identified in the Review process were summarized in the Joint Mid-Term Review Report. Members of the Team delivered an explanation on the Report to the Committee, which were acknowledged and confirmed in the JCC (ANNEX I).

2. Establishment of the Taxation Training Management Committee

The idea to establish the Training Management Committee in collaboration between TRA and ITA was proposed by Mr. Masalu, the Counterpart Leader, was agreed, and was adopted as a measure to enhance communication between the two organizations in managing the training courses in the Project. It was agreed that the Training Management Committee will play a key role in implementing Plan-Do-Check-Act (PDCA) cycle of the Project training courses and replace a Subject Panel that was originally expected to play the role in the Project. A draft paper that describes its aim, member, role, and timing was presented, agreed, and adopted in the Committee. (ANNEX II)

3. Revisions of PDM and PO

Based on the above agreement on the establishment of the Training Management Committee, necessary corresponding revisions of PDM and PO were pointed out and discussed in the JCC. Key point of this revision is to replace the term "Subject Panel" to "the Training Management

Committee" in PDM and PO as the latter was decided to take over the role of the former. Necessary changes on Objectively Verifiable Indicators (OVI), Project Activities, pre-condition have been made and were agreed in the JCC. (ANNEX III) (ANNEX IV)

III. OTHER ITEMS OF DISCUSSION

1. Mr. Kunenge expressed his commitment, as the Project Director and the Director of Human Resource and Administration Department in TRA, to act positively to ensure the PDCA cycle in ITA and to strengthen communication between TRA and ITA by way of involving the latter more into the process of training needs assessment. He suggested that in the needs assessment process, cases in the court and the call centre should be looked into. Further, he stressed the needs of strengthening On the Job Training (OJT) system in TRA as learnt from the training in Japan through the Project and explained the existence of performance indicators that measures capacity of coaching and mentoring for the officials at the management level.

2. Request was made to TRA by Mr. Masalu, the Counterpart Leader, to contribute positively in collecting practical cases when the Project develops the Taxation Advance Course (TAC) in coming months.

ANNEX I.	Joint Mid-Term Review Report
ANNEX II.	Draft paper of the Training Management Committee
ANNEX III.	Project Design Matrix (PDM3)
ANNEX IV.	Plan of Operations (PO Ver.3)
ANNEX V.	List of Participants

MINUTES OF MEETINGS BETWEEN JAPAN INTERNATIONAL COOPERATION AGENCY AND THE TANZANIA REVENUE AUTHORITY OF THE UNITED REPUBLIC OF TANZANIA ON THE FORTH JOINT COORDINATING COMMITTEE MEETING OF THE PROJECT FOR THE ENHANCEMENT OF TAXATION TRAINING IN TANZANIA

The Japan International Cooperation Agency (hereinafter referred to as "JICA") and the Tanzania Revenue Authority (hereinafter referred to as “TRA”) had the Joint Coordinating Committee (hereinafter referred to as "JCC") within the framework of the Record of Discussions (hereinafter referred to as "R/D") for the “Project for the Enhancement of Taxation Training in Tanzania" (hereinafter referred to as "the Project").

As a result of the discussions, JICA and TRA made Minutes of Meetings in order to confirm the mutual understanding and matters agreed through the discussions attached hereto.

Dar es Salaam, 18 June, 2014

Mr. Yasunori Onishi Chief Representative Tanzania Office Japan International Cooperation Agency Japan	Mr. Abubakar M. Kunenge Director of Human Resources & Administration Tanzania Revenue Authority United Republic of Tanzania
Mr. Kenichiro Iwashita Chief Advisor of the Project for the Enhancement of Taxation Training in Tanzania	Charles Sabuni Acting Rector Institute of Tax Administration

I. INTRODUCTION

The Project for the Enhancement of Taxation Training in Tanzania (hereinafter referred to as "Project") was launched in Tanzania in March 2012. Then, in July 2012, the first JCC was held by way of a baseline survey, with the cooperation of JICA experts and of the Institute of Tax Administration (hereinafter referred to as "ITA") and TRA. At the second JCC, five training courses making up this project were specified, and the project team started work on developing them. This third JCC was held at the end of this Mid-Term Review process, in order to agree on the achievements and recommendations identified in the process and to discuss and approve the way-forward to be implemented in the latter half period of the Project duration. Also, to help strengthen TRA-ITA ties, establishment of a new committee, Training Management Committee (TMC) was approved. The forth JCC was held with the aim of discussing and approving the Work Plan and the Annual Work Plan of Year 3, and confirming the progress of the Project activities.

II. SPECIFIC ISSUES CONFIRMED ON THE PROJECT

1. Progress of the Project activities

The progress of the Project activities was acknowledged based on the "Achievement of Outputs (ANNEX I)" and "Progress of Activities for each Output (ANNEX II)".

2. Work Plan and Annual Work Plan

The contents of the Work Plan (ANNEX III), together with the Annual Work Plan (ANNEX IV), were agreed upon and accepted at the meeting. The following points were discussed regarding the Work Plan.

3. Progress of the Taxation Advanced Course (TAC)

The progress of the preparation of TAC was acknowledged based on the progress presentation made by the CP.

4. Substitution of the tax auditing training course for the mining sector

In order to avoid duplication among donors, it was decided to change the tax auditing training course for the mining sector to a different industry-specific tax audit training course. Both sides agreed with it. And the course selection will be completed by August 2014.

5. Establishment and adoption of PDCA Cycle

The participants acknowledged that TMC was successfully established and has been promoting the PDCA cycle as expected through mutual discussion on the training evaluation outcomes and necessary improvements between TRA and ITA. In the final year of the project, the project team will continuously support the work of TMC and create the PDCA Cycle

Guidelines. It was agreed that the Guidelines should be officially adopted by ITA .

6. Results of the Country Focused Training

Headed by the Commissioner for Large Taxpayers and the Acting Rector of ITA lecturers, total fourteen (14) officials, eight from ITA and six from TRA participated in the Country Focused Training co-conducted by Japan National Tax Agency and National Tax College in March, 2014. The participants of this JCC looked into the result of the Training and acknowledged that the cooperation between TRA and ITA has been strengthened through this co-training.

6. Project execution

There was a switching of project counterparts last year. The Tanzania side's current operations system has been confirmed as follows.

Project Director:	Mr. Abubakar M. Kunenge, Director of Human Resources & Administration, TRA
Project Manager:	Mr. Charles Sabuni, Acting Rector, ITA
Counterpart Leader:	Mr. Emmanuel Masalu, Trainer, Researcher & Consultant, ITA
TBC course,	Mr. Emmanuel Massewe, Trainer, Researcher & Consultant, ITA
Advanced taxation program targeting TRA staff with 3 years of working experience:	Mr. Ryoba Mzalendo, Trainer, Researcher & Consultant, ITA
Program on International taxation such as transfer pricing taxation:	Mr. Richard Donati, Trainer, Researcher & Consultant, ITA
Program on tax audit skills on Electoronic accounting system, Program on Industry Specific Tax Audit Course	Mr. Kimea Alfred James Assistant Trainer, ITA

7. Tentative Schedule of Project Monitoring

The member agreed with the tentative timing of the next JCC meeting and the Terminal Evaluation. The next JCC will be held in November of year 2014 with the Termination Evaluation that is scheduled in November of year 2014. The last JCC is tentatively scheduled in February 2015.

ANNEX I.	Achievement of Outputs
ANNEX II.	Progress of Activities for Each Output
ANNEX III.	Work Plan
ANNEX IV.	Annual Work Plan
ANNEX V.	Project Design Matrix (PDM)
ANNEX VI.	Plan of Operations
ANNEX VII.	List of Participants

MINUTES OF MEETINGS
BETWEEN
THE JAPANESE TERMINAL EVALUATION TEAM
AND
THE TANZANIA REVENUE AUTHORITY OF THE UNITED REPUBLIC OF TANZANIA
ON
THE JAPANESE TECHNICAL COOPERATION FOR
THE PROJECT FOR THE EHNANCEMENT OF TAXATION TRAINING IN TANZANIA

The Japanese Terminal Evaluation Team (hereafter referred to as “the Team”), organized by the Japan International Cooperation Agency (hereafter referred to as “JICA”) and headed by Mr. Noriharu MASUGI, visited the United Republic of Tanzania from 10 November to 21 November, 2014 for the purpose of the terminal evaluation of “the Project for the Enhancement of Taxation Training in Tanzania” (hereafter referred to as “the Project”).

During its stay, both the Team and Tanzania Revenue Authority (hereafter referred to as “TRA”) and Institute of Tax Administration (hereafter referred to as “ITA”) (hereafter referred to as “both sides”) had a series of discussions and exchanged views on the Project. Both sides jointly monitored the activities and evaluated the achievements based on the Project Design Matrix (hereafter referred to as “PDM”).

As a result of discussions, both sides agreed upon the matters referred to in the Joint Terminal Evaluation Report of the Project attached hereto endorsed by JCC (Joint Coordinating Committee) on November 20, 2014.

Dar es Salaam November 20, 2014

Mr. Noriharu Masugi	Mr. Abubakar M. Kunenge
Leader	Director of Human Resource &
The Terminal Evaluation Team	Administration
Japan International Cooperation Agency	Tanzania Revenue Authority
Japan	United Republic of Tanzania

The following items were discussed during the JCC meeting.

a) The support and cooperation delivered by JICA is highly appreciated by TRA.
b) Recommendations have been approved by members. Tanzanian side assured that based on the agreed recommendations, action plan and responsible person will be allocated regarding who will do what by when so that the project will be successful.
c) An option of extending the Project period needs to be sought and discussed within JICA. JICA will get back to GoT.
d) The Tanzanian side requested another country focused course on the Group Work Place Training and OJT be held during the extension period.

現地研修実績

TRA 職員向け短期研修

1st TAXATION BASIC COURSE (TBC)
21st October to 6th December 2013

Curriculum:

S/N	MODULE	RESPONSIBILITY
1	Domestic Tax Administration and Dispute Resolution	Mr. E. Masalu Ms. M. Valentine
2	Introduction to Direct Tax	Mr. E. Massewe Mr. Ahmad
3	Introduction to Indirect Tax	Mr. P. Mbati Ms. R. Mwandu
4	Tax Assessment and Debt Management	Ms. D. Tairo Ms. R. Mwandu
5	Tax Accounting and Auditing	Mr. E. Massewe Mr. A. Kimea
6	VAT Control Techniques	Mr. Mdessa Mr. A. Kimea

Participants:

S/N	FULL NAME	DERPARTMENT/WORK STATION
1	BAHATI STEPHANO	
2	HASSAN ALLY HUSEIN	DRD TABORA
3	ADAM KESSY	DRD KINONDONI
4	CHARLES DAVID OMARY	DRD KONGWA
5	LUCAS .L. MARO	DRD ILALA
6	VICTORIA FAUSTIN TARIMO	DRD TABORA
7	MANYAMA KINANDA MUJUNGU	DRD BUNDA
8	REBECA KISAMO	DRD B/MOYO
9	EUPHEMIA TAIRO	DRD ILALA
10	JOSEPH RAPHAEL	DRD COAST
11	PROCHES AMBROSE SHAO	DRD KAGERA
12	NEEMA .I. ASOMBWIRE	DRDMOSHI
13	EDSON EDWIN ISSANYA	DRD ARUSHA

14	JOHN KALIST KIMARIO	DRD ARUSHA
15	EMANUEL MARCERY	DRD ARUSHA
16	OBEDY .B. MHELELA	DRD IRINGA
17	VERONICA .G. KAMANDE	DRD SHINYANGA
18	ELIZABETH .M. YUSUPH	DRD KINONDONI
19	ERICK JAMES KARIWA	DRD SHINYANGA
20	AGNES MALIMA	DRD KINONDONI
21	RUPIA .A. NGONYANI	DRD KINONDONI
22	EDWARD RIZIKI .A.	DRD LUSHOTO
23	MUSA .R. HARUNI	DRD PEMBA
24	ISHMAEL .F. ONEYA	DRD KIGOMA
25	IDDI .O. IDDI	DRD MBEYA
26	JOHN CALIST	DRD MBEYA
27	KIJA KISHINJE	DRD TEMEKE
28	STANLEY I. SULE	DRD LUDEWA
29	ERICK .D. KABINGO	DRD MTWARA
30	DAMAS .P. CHAMI	DRD RUVUMA
31	LUGAMO KYANDO	DRD MARA
32	JAFARI MRISHO KIGANZA	RUKWA
33	ERNEST KAGALI	ARUSHA
34	KHALID MCHUMA	RUKWA
35	RICHARD .P. MSULE	LINDI
36	EDIBILY .M. WILBERFORCE	RUVUMA
37	PATRICK PINIEL	MARA
38	PENDO NKUBA	TEMEKE
39	JENIFA VALERIAN MARO	SINGIDA
40	MARY .E. TEMBA	COAST
41	ESTHER MARTIN MALLYA	IRINGA
42	SADICK MPIGAUZI	ZANZIBAR
43	VICENT .F. RUGALAMBU	ARUSHA
44	MERICK PHILEMION	IRINGA
45	ADREW GITAMBI	COAST
46	GRACE PHILIP NJAU	ILALA
47	GINES MARTIN EMMANUEL	DODOMA
48	HEKIMA JORAM SYABO	KIGOMA

49	FLAVIAN .C. WILLIAM	DODOMA
50	CHARLES LEMUNGE	ILALA
51	ABDALLAH .S. KOMBO	ZANZIBAR
52	EDWARD .D. MAHENDE	MTWARA
53	ALI SALEH ALI	ROMBO
54	ISAIAH JAIRUS SAKA	MBULU
55	JOHN MGENI	TABORA

Evaluation Report on Taxation Basic Course (TBC)　(from 21st Oct to 6th Dec Oct 2013)

1. Course summary and attendance

The course comprised of 6 weeks seminar and 1 week exam. The facilitators were from ITA and TRA. The trainees were those who were newly employed and who were recently transferred to DRD in TRA. The number of the trainees who attended the course was 56.

2. Evaluation method

We adopted level 1 evaluation in ITA and collected trainee's perception on the course in form of questionnaire. This questionnaire comprised of 3 parts; general evaluation, facilitator evaluation, and topic evaluation, and adopted quantitative measurement for the trainees to choose 1 answer out of 5. In addition, space was provided to freely comment on the course. The questionnaire was provided and collected on the last day of the course.

Sample number and response rate (based on the attendance number on the last day) were as follows; 51 (response rate: 91.07%)

From this number, we can assert that the outcome from the questionnaire well summarizes the overall trainees' opinion given the full response rate.

3. Outcome

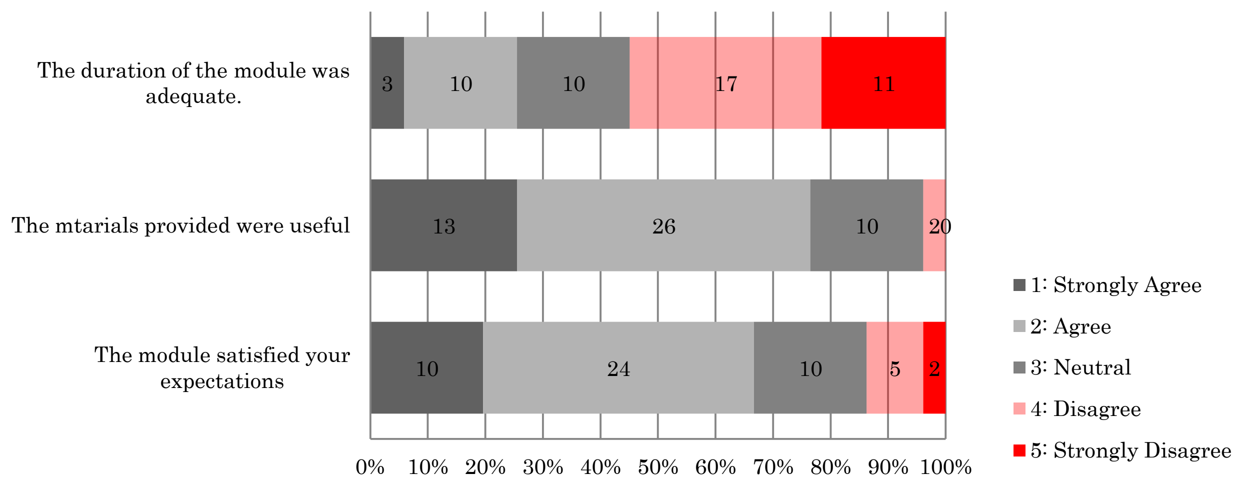
1) General Evaluation

We asked three questions as general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Secondly, we questioned if the course materials were useful and thirdly if the duration of the module was adequate.

From the outcome shown in the following table/graph, it is asserted that most of the trainees were fairly satisfied with the course given the outcome that 67% of them responded positively in total (strongly agree or agree). On the other hand, however, 14% of them responded negatively in total (strongly disagree or disagree). Compared to the other two courses that have been implemented under the JICA project, ITC (International Taxation Course) and EAS (Electronic Accounting System Course), this satisfactory rate for TBC is relatively low. Both of the two courses (ITC and EAS) have obtained 100% on satisfactory rate (see the Comparison Table). It could be assumed that this relatively low satisfactory rate was, first of all, derived from the length of the duration of the course. Looking into the outcome of the third question further, it is clearly identified that more than half of the participants were not satisfied with the course duration, commenting that the duration was too short. In fact, 11 trainees further commented that the duration of the course was too short for them to grasp all the contents. Second reason for the low satisfactory rate could be that there were too many classes and trainees have felt that some of them were not useful for their work, given the fact that 5 trainees commented that the course was too many classes and not practical in term of helping as to perform well.

Secondly, about the usefulness of the course material, 76% of them in total consider it useful. With comparison to the former courses of ITC and EAS, however, we can realize that this figure is relatively low again. Both of the courses have obtained 100% on the satisfactory rate for the course material (See the Comparison Table). This relatively low rate might be the non-updated materials and the timing to deliver the materials. Two trainees commented that some of the material produced were outdated i.e. SDL rates, return of income state (three monthly). One commented that learning tools should be made available and on time. And other two commented that learning tools especially Acts that are used should be made available in the class in advance and the lecturers had better provide notes in soft copy.

On the length of the course, 55% of them responded negatively. It is a fact that the course was originally constructed for the period of 9 weeks but due to the strong requirement by TRA, the course was shortened to 7 weeks and a day time frame was prolonged in the effort to cover the whole contents originally planned. This prolonged day schedule surely exhausted both trainees and trainers and may have affected satisfactory rate on the course.



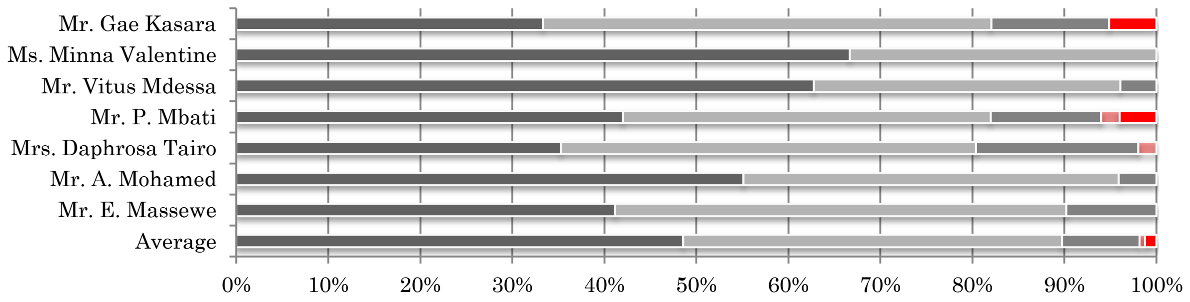
	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.
1: Strongly Agree	10	13	3
2: Agree	24	26	10
3: Neutral	10	10	10
4: Disagree	5	2	17
5: Strongly Disagree	2	0	11

2) Facilitator Evaluation

We have asked three questions for each facilitator; on his/her expertise, the way of lecturing, and the interaction with the trainees.

On the mastery of the contents, all the facilitator has obtained positive feedback from the majority of the trainees. On average, 90% of the trainees agreed the trainers' mastery of the contents. And more than 80% of them answered positively for all the trainers. 5 trainees further commented that they are all good and competent. It is, therefore, asserted that all facilitators had enough expertise to teach the assigned topic and ITA had selected the right/eligible facilitators.

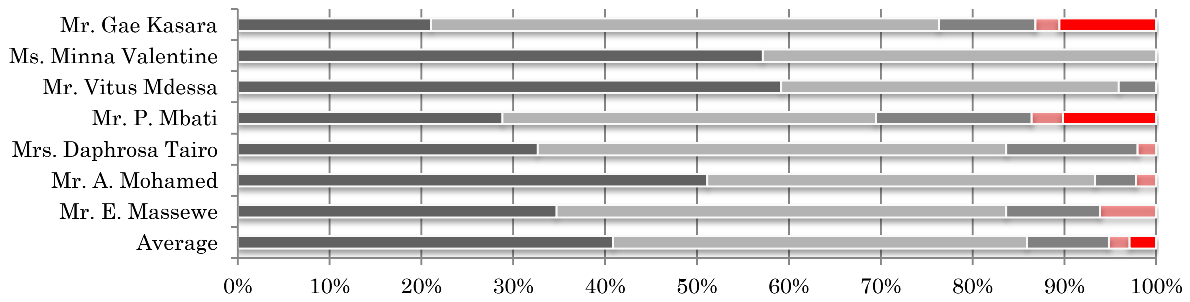
The facilitator demonstrated mastery of the module contents.



	Average	Mr. E. Massewe	Mr. A. Mohamed	Mrs. Daphrosa Tairo	Mr. P. Mbati	Mr. Vitus Mdessa	Ms. Minna Valentine	Mr. Gae Kasara
1: Strongly Agree	23.7	21	27	18	21	32	34	13
2: Agree	20.1	25	20	23	20	17	17	19
3: Neutral	4.1	5	2	9	6	2	0	5
4: Disagree	0.3	0	0	1	1	0	0	0
5: Strongly Disagree	0.6	0	0	0	2	0	0	2

Secondly, averagely 86% of the trainees responded in positive manner about their way of lecturing. Most of the trainers received positive feedback from more than 80% of the trainees. Those who obtained negative answers, however, may need to revise their way of lecturing further.

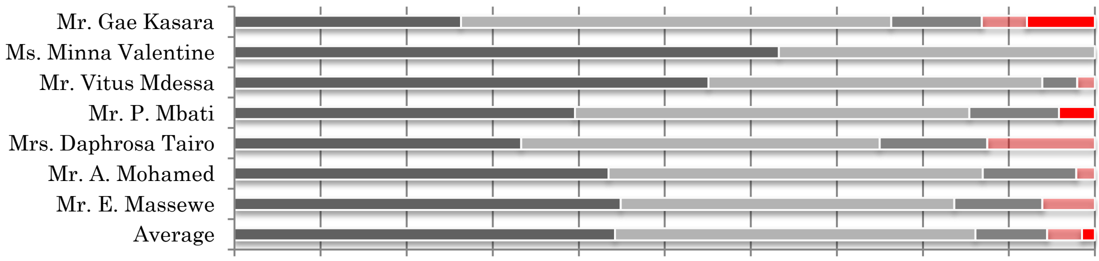
The way of lecturing is well organized and facilitated your understanding.



	Average	Mr. E. Massewe	Mr. A. Mohamed	Mrs. Daphrosa Tairo	Mr. P. Mbati	Mr. Vitus Mdessa	Ms. Minna Valentine	Mr. Gae Kasara
1: Strongly Agree	19.7	17	23	16	17	29	28	8
2: Agree	21.7	24	19	25	24	18	21	21
3: Neutral	4.3	5	2	7	10	2	0	4
4: Disagree	1.1	3	1	1	2	0	0	1
5: Strongly Disagree	1.4	0	0	0	6	0	0	4

Lastly, about the interaction in the class, on average 93% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. Looking into each facilitator, it is found that all of them received positive feedback from more than 75% of the trainees. Some received a little percentage of negative answers. Therefore, it can be fair to assume that all the facilitators provided adequate opportunity for interaction for the trainees.

The facilitator provided adequate opportunity for questions and discussion.



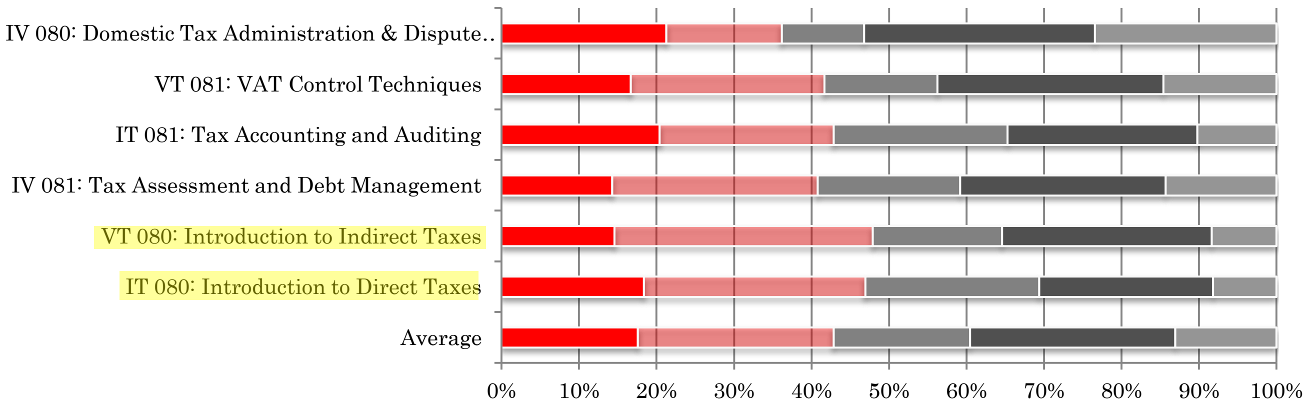
	Average	Mr. E. Massewe	Mr. A. Mohamed	Mrs. Daphrosa Tairo	Mr. P. Mbati	Mr. Vitus Mdessa	Ms. Minna Valentine	Mr. Gae Kasara
1: Strongly Agree	20.7	22	20	16	19	27	31	10
2: Agree	19.6	19	20	20	22	19	18	19
3: Neutral	3.9	5	5	6	5	2	0	4
4: Disagree	1.9	3	1	6	0	1	0	2
5: Strongly Disagree	0.7	0	0	0	2	0	0	3

3) Topic Evaluation

On each topic, we have asked two questions; its difficulty and applicability to practical work.

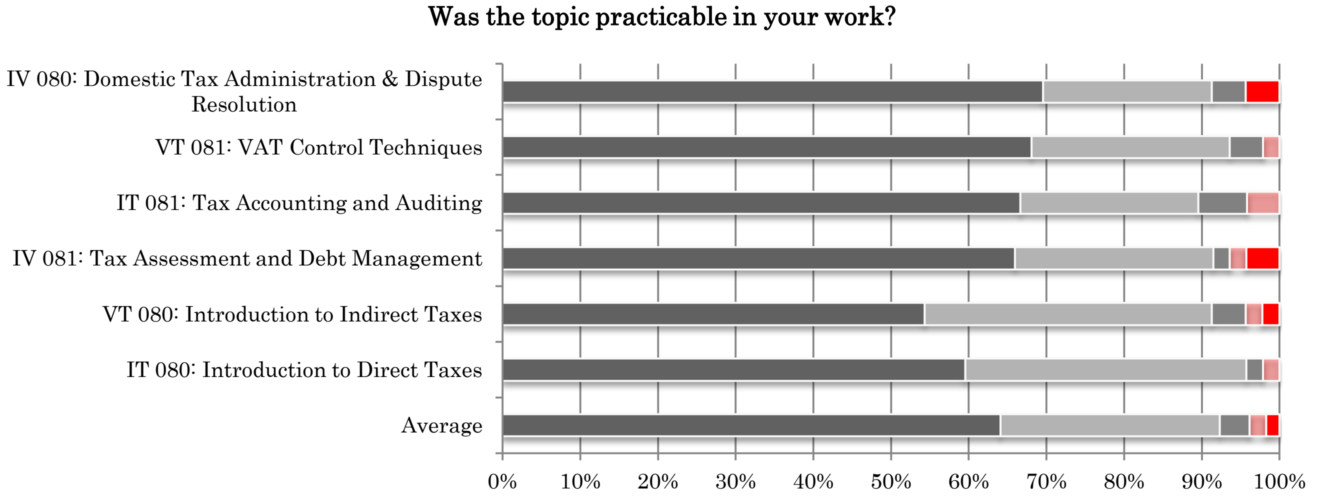
Firstly, on the difficulty, we have obtained fairly balanced answers. On average, 43% of them responded that they were difficult, while 40% of them responded that they were not difficult. This question is asked in order to know which topic was difficult to understand for us to focus on the topic a little bit more in conducting future training. In this regard, the topics of "Introduction to Direct Taxes" and "Introduction to Indirect Taxes" may need to be allocated more time given that around 50% of the trainees agreed to their difficulty. Also, there was a trainee commenting that they should provide materials and focus on technical areas and controversial sections of the law.

Was the topic difficult to understand?



	Average	IT 080: Introduction to Direct Taxes	VT 080: Introduction to Indirect Taxes	IV 081: Tax Assessment and Debt Management	IT 081: Tax Accounting and Auditing	VT 081: VAT Control Techniques	IV 080: Domestic Tax Administration & Dispute Resolution
1: Strongly Agree	8.5	9	7	7	10	8	10
2: Agree	12.2	14	16	13	11	12	7
3: Neutral	8.5	11	8	9	11	7	5
4: Disagree	12.8	11	13	13	12	14	14
5: Strongly Disagree	6.3	4	4	7	5	7	11

Secondly, about the applicability of the topic, on average 92% of the trainees answered the topics were practicable in their work. Looking into each topic, we found that over 90% of the trainees answered positively towards all the topics. Thus the course has obtained quite large number of positive feedback. It can be asserted that this high satisfaction rate derives from the fact that the course is directly intended to provide the trainees fundamental knowledge on general taxation issues. In addition, JICA has added some practical aspects and contents to be taught in the TBC such as registration of taxpayers, determination of tax base, taxation of special entities, and international aspects of VAT. So it might be further said that this newly added practical contents have contributed to making the course practicable to their work.



	Average	IT 080: Introduction to Direct Taxes	VT 080: Introduction to Indirect Taxes	IV 081: Tax Assessment and Debt Management	IT 081: Tax Accounting and Auditing	VT 081: VAT Control Techniques	IV 080: Domestic Tax Administration & Dispute Resolution
1: Strongly Agree	30	28	25	31	32	32	32
2: Agree	13.2	17	17	12	11	12	10
3: Neutral	1.8	1	2	1	3	2	2
4: Disagree	1	1	1	1	2	1	0
5: Strongly Disagree	0.8	0	1	2	0	0	2

4. Overall Summary

From this level 1 evaluation, we can assert that TBC has been fairly successfully implemented with good satisfactory rate from the trainees towards overall training structure and materials. We need to think about, however, expanding the duration of the course, first of all. It is vital to deliver effective outcome for the course to have an enough time frame for the trainees to capture all the contents in the course. It is recommended for ITA to report this outcome to TRA to make sure next TBC course should be allocated more time to be convened. Secondly, it is advised that the course materials should be revised and updated properly. Also, the class materials should be prepared and distributed in time for the class. These might be able to contribute to improve the overall satisfactory rate for the course in future. On the trainers, the trainees were highly satisfied. It is asserted that trainers were well equipped with the expertise on the assigned topics and their way of lecturing seemed to have well facilitated the trainees' understanding. There is a space for improvement for the lecturers, however, given the fact that some trainers have obtained negative answers on their way of lecturing. Contents of the course seemed to be adequately chosen and linked to their practical work.

Comparison table

Questions		% of Positive Answers		
		TBC	EAS	ITC
General	The module satisfied your expectations	67%	100%	100%
	The mtarials provided were useful	76%	100%	100%
	The duration of the module was adequate.	25%	92%	33%
Facilitator	1. Facilitator demonstrated mastery of the module contents	90%	96%	100%
	2. The way of facilitator recturing is well organized and facilitated your understanding	86%	96%	97%
	3. Facilitator provided adequate opportunity for questinons and discussions.	93%	96%	97%
Topic	1. Was the topic difficult to understand?	43%	44%	22%
	2. Was the topic practicable in your work?	92%	93%	81%

(Table of Figures)

	Questions	1: Strongly Agree	2: Agree	3: Neutral	4: Disagree	5: Strongly Disagree	Total	Average point	**Satisfactory rate**	**Dissatisfactory rate**
General	The module satisfied your expectations	10	24	10	5	2	51	2.31	**67%**	**14%**
	The mtarials provided were useful	13	26	10	2	0	51	2.02	**76%**	**4%**
	The duration of the module was adequate.	3	10	10	17	11	51	3.45	**25%**	**55%**

Facilitator	1. Facilitator demonstrated mastery of the module contents	Average	24	20	4.1	0.3	0.6	48.9	1.64	**90%**
		Mr. E. Massewe	21	25	5	0	0	51	1.69	**90%**
		Mr. A. Mohamed	27	20	2	0	0	49	1.49	**96%**
		Mrs. Daphrosa Tairo	18	23	9	1	0	51	1.86	**80%**
		Mr. P. Mbati	21	20	6	1	2	50	1.86	**82%**
		Mr. Vitus Mdessa	32	17	2	0	0	51	1.41	**96%**
		Ms. Minna Valentine	34	17	0	0	0	51	1.33	**100%**
		Mr. Gae Kasara	13	19	5	0	2	39	1.95	**82%**
	2. The way of facilitator recturing is well organized and facilitated your understanding	Average	20	22	4.3	1.1	1.4	48.3	1.81	**86%**
		Mr. E. Massewe	17	24	5	3	0	49	1.88	**84%**
		Mr. A. Mohamed	23	19	2	1	0	45	1.58	**93%**
		Mrs. Daphrosa Tairo	16	25	7	1	0	49	1.86	**84%**
		Mr. P. Mbati	17	24	10	2	6	59	2.25	**69%**
		Mr. Vitus Mdessa	29	18	2	0	0	49	1.45	**96%**
		Ms. Minna Valentine	28	21	0	0	0	49	1.43	**100%**
		Mr. Gae Kasara	8	21	4	1	4	38	2.26	**76%**
	3. Facilitator provided adequate opportunity for questinons and discussions.	Average	21	20	3.9	1.9	0.7	43.5	1.90	**93%**
		Mr. E. Massewe	22	19	5	3	0	49	1.78	**84%**
		Mr. A. Mohamed	20	20	5	1	0	46	1.72	**87%**
		Mrs. Daphrosa Tairo	16	20	6	6	0	48	2.04	**75%**
		Mr. P. Mbati	19	22	5	0	2	48	1.83	**85%**
		Mr. Vitus Mdessa	27	19	2	1	0	49	1.53	**94%**
		Ms. Minna Valentine	31	18	0	0	0	49	1.37	**100%**
		Mr. Gae Kasara	10	19	4	2	3	38	2.18	**76%**

										(Agree)	(Disagree)
	1. Was the topic difficult to understand?	Average	8.5	12	8.5	13	6.3	48.3	2.92	**43%**	**40%**
		IT 080: Introduction to Direct Taxes	9	14	11	11	4	49	2.73	**47%**	**31%**
		VT 080: Introduction to Indirect Taxes	7	16	8	13	4	48	2.81	**48%**	**35%**
		IV 081: Tax Assessment and Debt Management	7	13	9	13	7	49	3.00	**41%**	**41%**
		IT 081: Tax Accounting and Auditing	10	11	11	12	5	49	2.82	**43%**	**35%**
		VT 081: VAT Control Techniques	8	12	7	14	7	48	3.00	**42%**	**44%**
		IV 080: Domestic Tax Administration & Dispute Resolution	10	7	5	14	11	47	3.19	**36%**	**53%**
Top ic											
	2. Was the topic practicable in your work?	Average	30	13	1.8	1	0.8	46.8	1.49	**92%**	
		IT 080: Introduction to Direct Taxes	28	17	1	1	0	47	1.47	**96%**	
		VT 080: Introduction to Indirect Taxes	25	17	2	1	1	46	1.61	**91%**	
		IV 081: Tax Assessment and Debt Management	31	12	1	1	2	47	1.53	**91%**	
		IT 081: Tax Accounting and Auditing	32	11	3	2	0	48	1.48	**90%**	
		VT 081: VAT Control Techniques	32	12	2	1	0	47	1.40	**94%**	
		IV 080: Domestic Tax Administration & Dispute Resolution	32	10	2	0	2	46	1.48	**91%**	

2nd TAXATION BASIC COURSE (TBC)

17th November 2014 to 16th January 2015

Curriculum:

S/N	MODULE	RESPONSIBILITY
1	Domestic Tax Administration and Dispute Resolution	Mr. H. Ismaili
2	Introduction to Direct Tax	Dr. L. Ishemoi
3	Introduction to Indirect Tax	Ms. P. Marwa
4	Tax Assessment and Debt Management	Ms. D. Tairo
5	Tax Accounting and Auditing	Mr. E. Massewe
6	VAT Control Techniques	Mr. P. Mbati

Participants:

S/N	FULL NAME
1	Bagasheki, Irvina M.
2	Bernard, Pauline
3	Boke, Fredrick
4	Castory, Henry
5	Chingali, Angela
6	David, Simon
7	Fadhil, Rashid A.
8	Gambaresi, Veronica
9	Gotora, Chacha
10	Hance, Irene
11	Hassan, Fatma A.
12	Jisandu, Jane
13	Joswam, Jackson
14	Justine, Edna
15	Kayombo, Dominicus
16	Kigoda, Omary Kwame
17	King'oma, Mashaka Said
18	Kishimbo, Grace

19	Koteck, Fred M.L.
20	Lutinwa, Charles Rwegoshola
21	Majala, Mariam
22	Mawere, Keneth
23	Mangara Tunu
24	Mapinda, Zacharia
25	Maunde, Jeremiah
26	Mbwambo, Justine Joseph
27	Mhango, Joh Edwin
28	Mittah, Christina Haraka
29	Msuya, Harry Daniel
30	Mugyabuso, Edwin K.
31	Musa, Ramidhuna
32	Mwemezi, Revocutus I.
33	Nankaha, Rama
34	Nashon, Wegesa
35	Ngorongo, Tausi
36	Ngowi, Novert
37	Nkalang'ango, Kigenda
38	Ngeze, Flavia
39	Nyange, Husna
40	Oziambo, Luis
41	Ruangisa, Beatrice S.
42	Ruangisa, Mathew Dismas
43	Ruhusa Adam A
44	Rukamvyo, Magreth
45	Rutta, Doroth
46	Sanare, Leonce
47	Shariff, Isihaka
48	Silayo, Michael
49	Swago, Sizya
50	Tarimo, Mary
51	Walter, Kelvin

Evaluation Report on Taxation Basic Course (TBC) (from 17th November 2014 to 16th Jan 2015)

1. Course summary and attendance

The course comprised of 8 weeks seminar and 1 week exam. The facilitators were from ITA and TRA. The trainees were those who were newly employed and who were recently transferred to DRD in TRA. The number of the trainees who attended the course was 51.

2. Evaluation method

We collected trainee's perception on the course in form of questionnaire. This questionnaire comprised of 3 parts; general evaluation, facilitator evaluation, and topic evaluation, and adopted quantitative measurement for the trainees to choose 1 answer out of 5. In addition, space was provided to freely comment on the course. The questionnaire was provided and collected on the last day of the course.
Sample number and response rate (based on the attendance number on the last day) were as follows;
27 (response rate: 52.91%)

The response rate was quite low. So it might be difficult to assume the outcome of this evaluation may not reflect the entire opinion of the participants.

3. Outcome

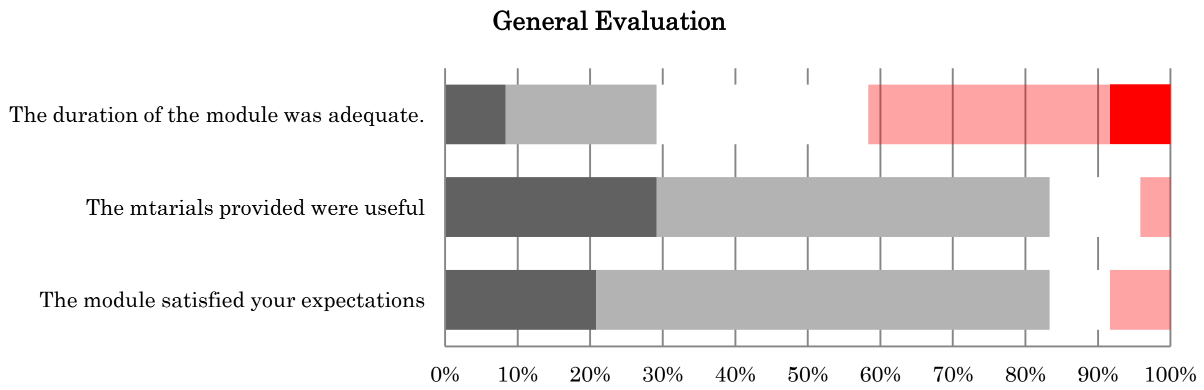
1) General Evaluation

We asked three questions as general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Secondly, we questioned if the course materials were useful and thirdly if the duration of the module was adequate.

From the outcome shown in the following table/graph, it is asserted that most of the trainees were fairly satisfied with the course given the outcome that 83% of them responded positively in total (strongly agree or agree). In fact this satisfactory rate was greatly improved from last year. The course held last year obtained only 67%. It could be assumed that this improvement was brought by extending the training period from 6 weeks to 8 weeks. Last year, 55% of the participants were not satisfied with the length of the course, commenting that the duration was too short. This year the rate of the participants who were not satisfied with the duration decreased to 42% (see the third question below). Therefore it can be assumed that the improvement of duration contributed to the betterment of overall satisfactory rate. To back up their satisfaction towards the overall course, there were some comments; "it's a fair training and staff needs to be encouraged to attend.It introduces come new insights to staff", "The training is good. It gives us an opportunity to tackle the problems we faced in our office.", "Conduct this training regularly", "The training is very good. I suggest the training conducted once the new employees are employed".

Secondly, about the usefulness of the course material, 83% of them in total consider it useful. In comparison to the last TBC, we can again realize the improvement this year. Last time, we had satisfactory rate of 76%. However, we need to also note that there are some comments requesting improvement of materials; "insufficient materials", "Some facilitators did not provide notes at all"

On the length of the course, as stipulated above, 42% of them responded negatively. Although there was a great improvement to extend the length from 6 weeks to 8 weeks this year, the course was originally constructed for the period of 9 weeks. In fact, there are so many comments condemning the shortness of the training period; "Duration of the module was too short with too many things", "Duration of the course is not adequate", "The time allocated for the course is too short", "Time given is not enough hence my expectation were not fully satisfied", "Training duration is not adequate to cover all modules, therefore I suggest more time for training", "The training is of great importance but the duration is too short", "More time should be provided. The time given is not enough to acquire all necessary techniques that are helpful in our workplace". So the efforts to extend the duration further should be continuously made in collaboration with TRA operational department.



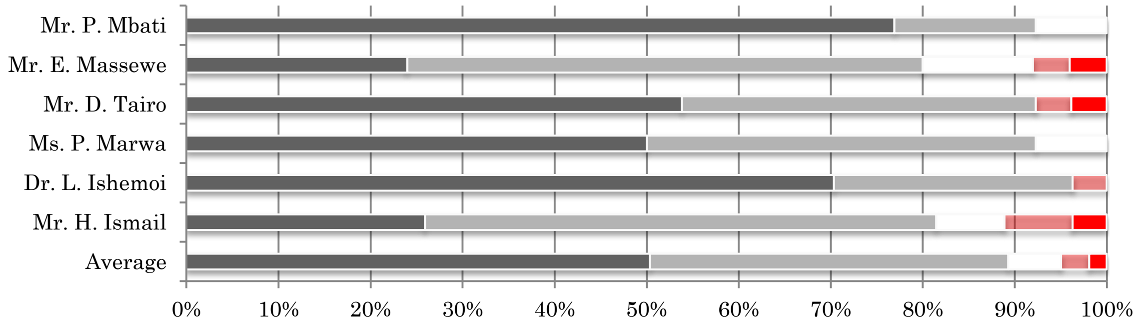
	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.
1: Strongly Agree	5	7	2
2: Agree	15	13	5
3: Neutral	2	3	7
4: Disagree	2	1	8
5: Strongly Disagree	0	0	2

2) Facilitator Evaluation

We have asked three questions for each facilitator; on his/her expertise, the way of lecturing, and the interaction with the trainees.

On the mastery of the contents, on average, 89% of the trainees agreed the trainers' mastery of the contents. Looking into each facilitator, we can find that more than 80% of them answered positively for all the trainers. It is, therefore, asserted that all facilitators had enough expertise to teach the assigned topic and ITA had selected the right/eligible facilitators. But in order to improve the course further, it should be noted that there are some trainees commenting that facilitators need to have practical experience in the field in order to teach them in practical manner.

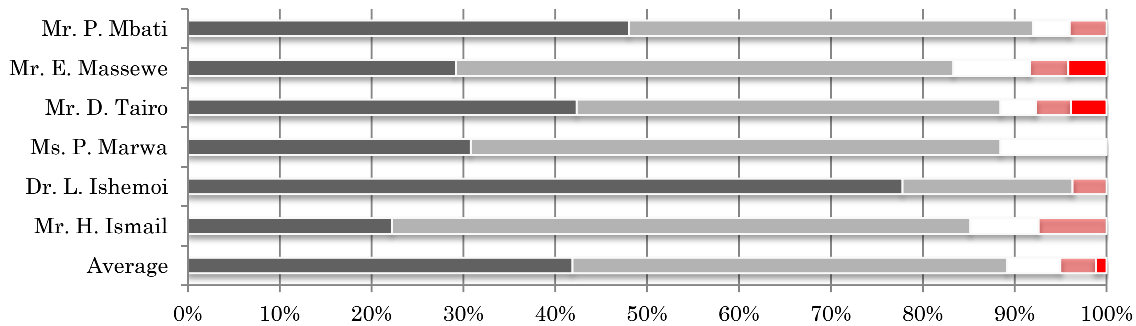
The facilitator demonstrated mastery of the module contents.



	Average	Mr. H. Ismail	Dr. L. Ishemoi	Ms. P. Marwa	Mr. D. Tairo	Mr. E. Massewe	Mr. P. Mbati
1: Strongly Agree	13.2	7	19	13	14	6	20
2: Agree	10.2	15	7	11	10	14	4
3: Neutral	1.5	2	0	2	0	3	2
4: Disagree	0.8	2	1	0	1	1	0
5: Strongly Disagree	0.5	1	0	0	1	1	0

Secondly, averagely 89% of the trainees responded in positive manner about their way of lecturing. Each trainer received positive feedback from more than 80% of the trainees. Some participants commented that the facilitators were well organized and showed sense of commitment to ensure the staff are getting what is required and understand what to do in their working environment. On the other hand, however, some noted that some facilitators need to organize themselves better especially in time management to avoid too much pressure at the last minutes. Therefore, those who obtained negative answers may need to revise their way of lecturing further.

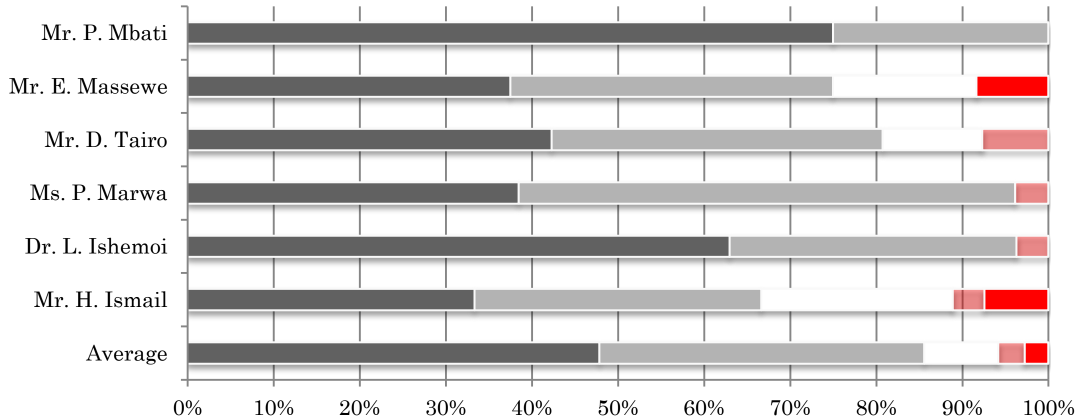
The way of lecturing is well organized and facilitated your understanding.



	Average	Mr. H. Ismail	Dr. L. Ishemoi	Ms. P. Marwa	Mr. D. Tairo	Mr. E. Massewe	Mr. P. Mbati
1: Strongly Agree	10.8	6	21	8	11	7	12
2: Agree	12.2	17	5	15	12	13	11
3: Neutral	1.5	2	0	3	1	2	1
4: Disagree	1	2	1	0	1	1	1
5: Strongly Disagree	0.3	0	0	0	1	1	0

Lastly, about the interaction in the class, on average 86% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. Looking into each facilitator, we found that most of them received positive feedback from more than 80% of the trainees. But some received a little percentage of negative answers and they may need to revise their way of interaction for further improvement.

The facilitator provided adequate opportunity for questions and discussion.



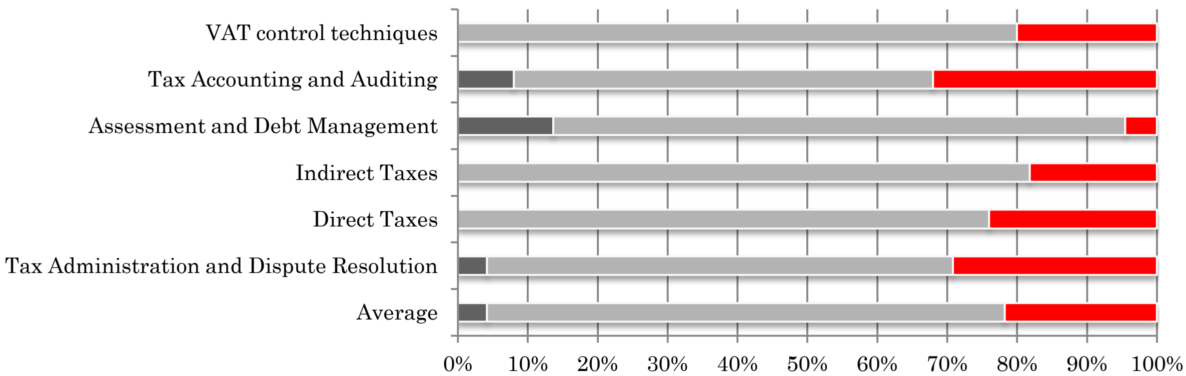
	Average	Mr. H. Ismail	Dr. L. Ishemoi	Ms. P. Marwa	Mr. D. Tairo	Mr. E. Massewe	Mr. P. Mbati
1: Strongly Agree	12.3	9	17	10	11	9	18
2: Agree	9.7	9	9	15	10	9	6
3: Neutral	2.2	6	0	0	3	4	0
4: Disagree	0.8	1	1	1	2	0	0
5: Strongly Disagree	0.7	2	0	0	0	2	0

3) Topic Evaluation

On each topic, we have asked three questions; its duration, its difficulty and applicability to practical work.

Firstly, on the duration of the topic, on average 74% of the participants responded that the duration of topics was adequate. Looking into each topic, however, we can note that topics like "Tax Accounting and Auditing", and "Tax Administration and Dispute Resolution" need to be thought for being allocated more time.

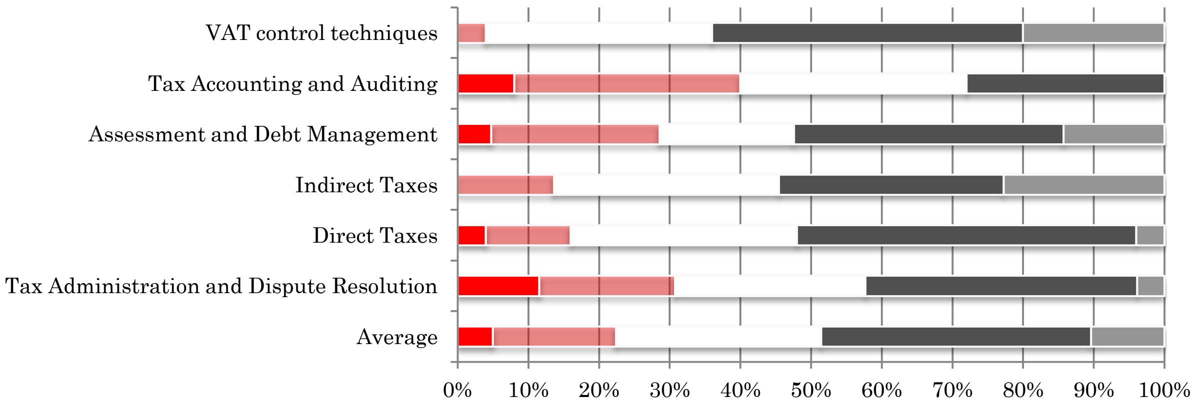
How was the duration of the topic?



	Average	Tax Administration and Dispute Resolution	Direct Taxes	Indirect Taxes	Assessment and Debt Management	Tax Accounting and Auditing	VAT control techniques
1. Too long	1	1	0	0	3	2	0
2. Adequate	17.7	16	19	18	18	15	20
3. Too short	5.2	7	6	4	1	8	5

Secondly, on the difficulty, on average, 23% of them responded that they were difficult, while 49% of them responded that they were not difficult. Last time we had 43% of the participants who answered that the topics were difficult. Here again, it might be concluded that the extension of the course duration also helped the participants to understand the topics properly and reduced the feeling of difficulty in understanding the topics. This question was originally asked in order to know which topic was difficult to understand for us to focus on the topic a little bit more in conducting future training. In this regard, the topics of "Tax Accounting and Auditing", ""Assessment and Debt Management", "Tax Administration and Dispute Resolution" may need to be allocated more time given that over 30% of the trainees agreed to their difficulty. In fact, there are some trainees commenting that Tax Accounting and Auditing is complex and the lecture was also complex. So for those topics, we need to improve time allocation and way of lecturing further.

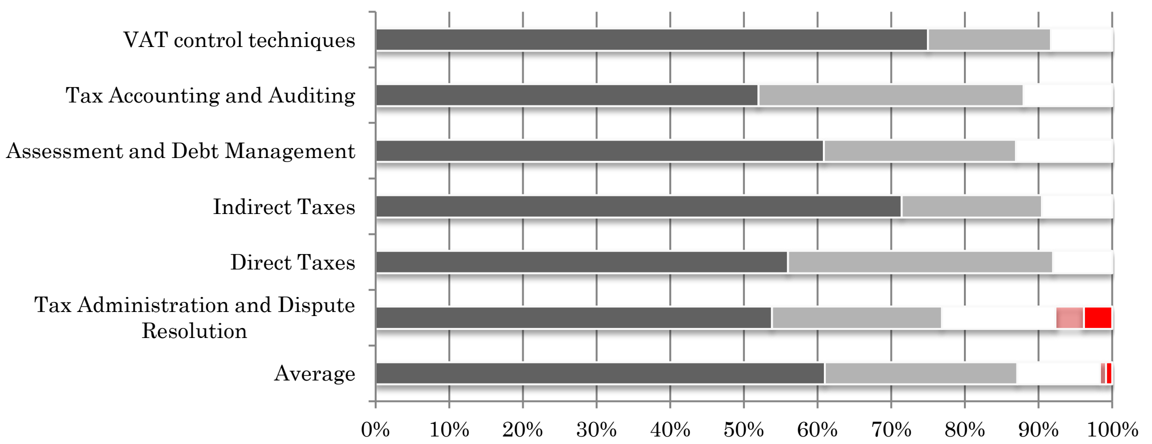
Was the topic difficult to understand?



	Average	Tax Administration and Dispute Resolution	Direct Taxes	Indirect Taxes	Assessment and Debt Management	Tax Accounting and Auditing	VAT control techniques
1: Strongly Agree	1.2	3	1	0	1	2	0
2: Agree	4.2	5	3	3	5	8	1
3: Neutral	7	7	8	7	4	8	8
4: Disagree	9.2	10	12	7	8	7	11
5: Strongly Disagree	2.5	1	1	5	3	0	5

Thirdly, about the applicability of the topic, on average 88% of the trainees answered the topics were practicable in their work. Looking into each topic, we found that over 80% of the trainees answered positively towards all the topics except "Tax Administration and Dispute Resolution". Looking into comments, it should be noted that there are so many trainees insisting that the course should incorporate more practical aspects. For example, comments are; "More practical aspects needed", "There should be cases brought for discussion.", "There should be more case studies.", "Practical issues should be more emphasized." <u>So the efforts should be made to incorporate more cases to make the course more practical.</u>

Was the topic practicable in your work?



	Average	Tax Administration and Dispute Resolution	Direct Taxes	Indirect Taxes	Assessment and Debt Management	Tax Accounting and Auditing	VAT control techniques
■ 1: Strongly Agree	14.7	14	14	15	14	13	18
■ 2: Agree	6.3	6	9	4	6	9	4
3: Neutral	2.7	4	2	2	3	3	2
■ 4: Disagree	0.2	1	0	0	0	0	0
■ 5: Strongly Disagree	0.2	1	0	0	0	0	0

4. Overall Summary

From this evaluation, we can assert that TBC has been fairly successfully implemented with good satisfactory rate from the trainees towards overall training structure and materials. We need to think about, however, expanding the duration of the course, first of all. It is vital to deliver effective outcome for the course to have an enough time frame for the trainees to capture all the contents in the course. It is recommended for ITA to report this outcome to TRA to make sure next TBC course should be allocated more time. Secondly, it is advised that the course materials should be prepared beforehand and distributed properly for all lectures. On the trainers, the trainees were fairly well satisfied. It is asserted that trainers were well equipped with the expertise on the assigned topics and their way of lecturing seemed to have facilitated the trainees' understanding to some extent. However, there is a space for improvement for the lecturers given the fact that some trainers have obtained negative answers on their way of lecturing and way of interaction. Contents of the course seemed to be adequately chosen but more practical aspects and case studies need to be introduced. The topics of “Tax Accounting and Auditing”, “”Assessment and Debt Management”, “Tax Administration and Dispute Resolution” may need to be allocated more time as they were thought to be difficult to understand and not to be provided adequate time.

Comparison table

		% of Positive Answers								
		TBC	EAS1	EAS2	ITC(TF	TAC	EAS 2-1	ITC(DTT)	SBC	TBC2
General	The module satisfied your expectations	67%	85%	94%	100%	63%	100%	100%	92%	83%
	The mtarials provided were useful	76%	95%	100%	100%	94%	100%	100%	100%	83%
	The duration of the module was adequate.	25%	66%	61%	33%	13%	44%	18%	69%	29%
Facilitator	1. Facilitator demonstrated mastery of the module contents	90%	93%	94%	100%	80%	98%	98%	100%	89%
	2. The way of facilitator recturing is well organized and facilitated your understanding	86%	93%	94%	97%	72%	99%	98%	98%	89%
	3. Facilitator provided adequate opportunity for questinons and discussions.	93%	90%	97%	97%	82%	95%	94%	98%	86%
Topic	1. Was the topic difficult to understand?	43%	42%	16%	22%	34%	7%	12%	18%	23%
	2. Was the topic practicable in your work?	92%	86%	95%	81%	93%	86%	97%	92%	88%

	Questions		1: Strongly Agree	2: Agree	3: Neutral	4: Disagree	5: Strongly Disagree	Total	Satisfactory rate	Dissatisfactory rate	
General	The module satisfied your expectations		5	15	2	2	0	24	83%	8%	
	The mtarials provided were useful		7	13	3	1	0	24	83%	4%	
	The duration of the module was adequate.		2	5	7	8	2	24	29%	42%	
										Average facilitator evaluation Rate	
Facilitator	1. Facilitator demonstrated mastery of the module contents	Average	13	10	1.5	0.8	0.5	26	89%	88%	
		Mr. H. Ismail	7	15	2	2	1	27	81%		
		Dr. L. Ishemoi	19	7	0	1	0	27	96%		
		Ms. P. Marwa	13	11	2	0	0	26	92%		
		Mr. D. Tairo	14	10	0	1	1	26	92%		
		Mr. E. Massewe	6	14	3	1	1	25	80%		
		Mr. P. Mbati	20	4	2	0	0	26	92%		
	2. The way of facilitator recturing is well organized and facilitated your understanding	Average	11	12	1.5	1	0.3	26	89%		
		Mr. H. Ismail	6	17	2	2	0	27	85%		
		Dr. L. Ishemoi	21	5	0	1	0	27	96%		
		Ms. P. Marwa	8	15	3	0	0	26	88%		
		Mr. D. Tairo	11	12	1	1	1	26	88%		
		Mr. E. Massewe	7	13	2	1	1	24	83%		
		Mr. P. Mbati	12	11	1	1	0	25	92%		
	3. Facilitator provided adequate opportunity for questinons and discussions.	Average	12	9.7	2.2	0.8	0.7	26	86%		
		Mr. H. Ismail	9	9	6	1	2	27	67%		
		Dr. L. Ishemoi	17	9	0	1	0	27	96%		
		Ms. P. Marwa	10	15	0	1	0	26	96%		
		Mr. D. Tairo	11	10	3	2	0	26	81%		
		Mr. E. Massewe	9	9	4	0	2	24	75%		
		Mr. P. Mbati	18	6	0	0	0	24	100%		
									(Too long)	(Adequate	(Too short)
Topic	1. How was the duration of the Topic?	Average	1	18	5.2			24	4%	74%	22%
		Tax Administration and Dispute	1	16	7			24	4%	67%	29%
		Direct Taxes	0	19	6			25	0%	76%	24%
		Indirect Taxes	0	18	4			22	0%	82%	18%
		Assessment and Debt Management	3	18	1			22	14%	82%	5%
		Tax Accounting and Auditing	2	15	8			25	8%	60%	32%
		VAT control techniques	0	20	5			25	0%	80%	20%
									(Agree)	(Disagree)	
	2. Was the Topic Difficult to Understand?	Average	1.2	4.2	7	9.2	2.5	24	23%	49%	
		Tax Administration and Dispute	3	5	7	10	1	26	31%	42%	
		Direct Taxes	1	3	8	12	1	25	16%	52%	
		Indirect Taxes	0	3	7	7	5	22	14%	55%	
		Assessment and Debt Management	1	5	4	8	3	21	29%	52%	
		Tax Accounting and Auditing	2	8	8	7	0	25	40%	28%	
		VAT control techniques	0	1	8	11	5	25	4%	64%	
	3. Was the Topic Practicable in your work?	Average	15	6.3	2.7	0.2	0.2	24	88%		
		Tax Administration and Dispute	14	6	4	1	1	26	77%		
		Direct Taxes	14	9	2	0	0	25	92%		
		Indirect Taxes	15	4	2	0	0	21	90%		
		Assessment and Debt Management	14	6	3	0	0	23	87%		
		Tax Accounting and Auditing	13	9	3	0	0	25	88%		
		VAT control techniques	18	4	2	0	0	24	92%		

TAXATION ADVANCED COURSE (TAC) 1st

PROGRAMME FOR 11th to 29th August 2014

Time Table:

DATE	TIME	TOPIC	RESPONSIBILITY
11th August 2014	08.00-08.30	Registration	Secretariat
	08:30-10:30	Income Tax	Mr. E. Massewe
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Tax Audit	Mr. P. Mbati
	13:00-14:00	**LUNCH BREAK**	
	14.00-17.00	Tax Dispute	Mr. H. Ismaili
12th August 2014	8:30- 9:30	Leadership Skills	Ms. C. Mutayabarwa
	09.30-10.30	Computerized Tax Audit	Mr. A Kimea Mr. R. Mzalendo
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Computerized Tax Audit	Mr. A Kimea Mr. R. Mzalendo
	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	Computerized Tax Audit	Mr. A Kimea Mr. R. Mzalendo
13th August 2014	8:30-10:30	Computerized Tax Audit	Mr. A Kimea Mr. R. Mzalendo
	10:30-11:00	**TEA BREAK**	
	11.00-13.00	Computerized Tax Audit	Mr. A Kimea Mr. R. Mzalendo
	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	Computerized Tax Audit	Mr. A Kimea Mr. R. Mzalendo
14th August 2014	8:30-10:30	Leadership Skills	Ms. C. Mutayabarwa
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Financial Accounting	Mr. E. Massewe

	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	Tax Audit	Mr. P. Mbati
15th August 2014	08:30-10:30	Financial Accounting	Mr. E. Massewe
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Leadership Skills	Ms. C. Mutayabarwa
	13:00-14:00	**LUNCH BREAK**	
	14:00-15:00	Leadership Skills	Ms. C. Mutayabarwa
	15:00- 17:00	Income Tax	Mr. E. Massewe
18th August 2014	08:30-10:30	Income Tax	Mr. E. Massewe
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Tax Audit	Mr. P. Mbati
	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	International Taxation	Mr. E. Masalu
19th August 2014	08:30-10:30	Case Studies	Mr. E. Massewe Mr. H. Ismaili
	10:30-11:00	**TEA BREAK**	
	11:00-12:00	Financial Accounting	Mr. E. Massewe Mr. P. Mbati
	12:00 -13:00	International Taxation	Mr. E. Masalu
	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	International Taxation	Mr. E. Masalu
20th August 2014	08:30-10:30	Income Tax	Mr. E. Massewe
	10:30-11:00	**TEA BREAK**	

	11:00-13:00	Tax Investigation	Mr. E. Mashiba
	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	Leadership Skills	Ms. C. Mutayabarwa
21st August 2014	08:30-10:30	Case Studies	Mr. E. Massewe Mr. H. Ismaili
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Leadership Skills	Ms. C. Mutayabarwa
	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	Tax Investigation	Mr. E. Mashiba
22nd August 2014	08:30-10:30	International Taxation	Mr. E. Masalu
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Leadership Skills	Ms. C. Mutayabarwa
	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	Tax Investigation	Mr. E. Mashiba
25th August 2014	08:30-10:30	Case Studies	Mr. E. Massewe Mr. H. Ismaili
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	VAT Law	Ms. P. Marwa
	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	Tax Audit	Mr. P. Mbati
26th August 2014	08:30-10:30	VAT Law	Ms. P. Marwa
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Case Studies	Mr. E. Massewe Mr. H. Ismaili
	13:00-14:00	**LUNCH BREAK**	

	14:00-17:00	Tax Investigation	Mr. E. Mashiba
27th August 2014	08:30-10:30	Case Studies	Mr. E. Massewe Mr. H. Ismaili
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Tax Investigation	Mr. E. Mashiba
	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	Tax Audit	Mr. P. Mbati
28th August 2014	08:30-10:30	Financial Accounting	Mr. E. Massewe Mr. P. Mbati
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	International Taxation	Mr. E Masalu
	13:00-14:00	**LUNCH BREAK**	
	14:00- 15:00	International Taxation	Mr. E. Masalu
	14:00-17:00	Tax Investigation	Mr. E. Mashiba
29th August 2014	08:30-10:30	Financial Accounting	Mr. E. Massewe Mr. P. Mbati
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Tax Audit	Mr. P. Mbati
	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	Case Studies	Mr. E. Massewe Mr. H. Ismaili

Participants:

S/N	FULL NAME	DEPARTMENT/STATION
1	AHMAD MOHAMED	ITA
2	ALFRED.J. KIMEA	ITA
3	ROSEMARY .P. MWANDU	ITA
4	HAJI .J. MKWAWA	ITA

5	IVAN LYIMO	LTD
6	LILIAN .B. PETER	LTD
7	NEEMA NYONI	LTD
8	DAVIS MONGATE	DRD
9	MASHAKA KONTA	LTD
10	DYNES KISIMBO	LTD
11	HALIMA AMIRI	DRD
12	ZAWADI NGONYANI	DRD
13	SANGA .A.	DRD
14	NKYUMU .A.	TID
15	S. MWAKIPAGALA	DRD
16	DESIDERI AMARINI	DRD
17	VIRGINIA RUEZAULA	LTD
18	JOLLY KARONGO	DRD
19	DARCON BANYASA	TID
20	EUDOSIA MABERE	TID
21	LOSERIAN LAIZER	TID

Evaluation Report on Taxation Advanced Course (TAC)　(from 11th Aug to 29th Aug 2014)

1. Course summary and attendance

The course comprised of 3 weeks seminar. The facilitators were mainly from ITA. Only exception was Mr. Mashiba from TRA assigned to Tax Investigation. The trainees were those who worked for TRA more than three years. The number of the trainees who attended the course was 17.

2. Evaluation method

We adopted level 1 evaluation in ITA and collected trainee's perception on the course in form of questionnaire. This questionnaire comprised of 3 parts; general evaluation, facilitator evaluation, and topic evaluation, and adopted quantitative measurement for the trainees to choose 1 answer out of 5. In addition, space was provided to freely comment on the course. The questionnaire was provided and collected on the last day of the course.

Sample number and response rate (based on the attendance number on the last day) were as follows;

16 (response rate: 94.1%)

From this number, we can assert that the outcome from the questionnaire well summarizes the overall trainees' opinion given the full response rate.

3. Outcome

1) General Evaluation

We asked three questions as general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Secondly, we questioned if the course materials were useful and thirdly if the duration of the module was adequate.

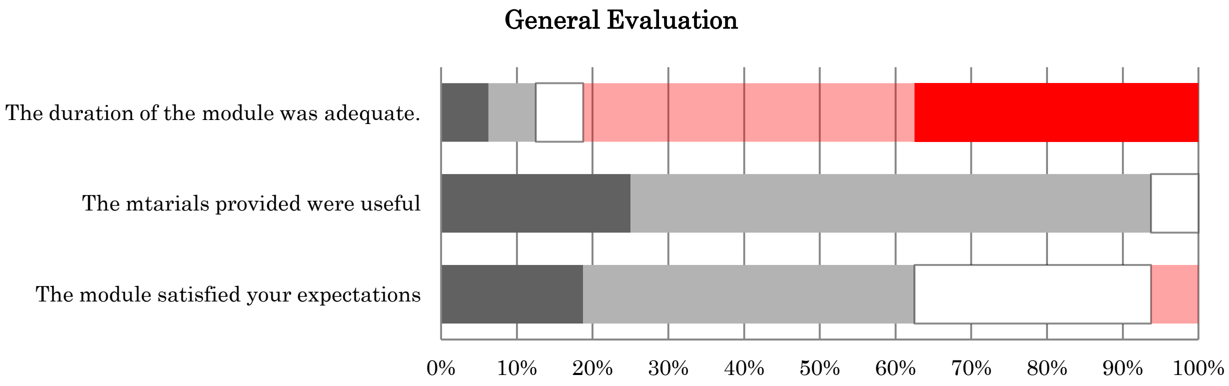
From the outcome shown in the following table/graph, it is asserted that most of the trainees were not very much satisfied with the course given the outcome that only 63% of them responded positively in total (strongly agree or agree). Compared to the other four courses that have been implemented under the JICA project, ITC (International Taxation Course), EAS (Electronic Accounting System Course) on Tally and ACL, and TBC (Taxation Basic Course), this satisfactory rate for TAC is relatively low. ITC and two EAS courses have obtained more than 85% in the satisfactory rate.(see the Comparison Table). It could be assumed that this low satisfactory rate was, first of all, derived from the length of the duration of the course. Looking into the outcome of the third question further, it is clearly identified that 81% of the participants were not satisfied with the course duration, commenting that the duration was too short. In fact, 11 trainees further commented that the duration of the course was too short for them to grasp all the contents. They complained that too many subjects (9 subjects) were packed in one course, which confused them. Some of them recommended that it should be 3-motnh course and divided into three separate phases. Second reason for the low satisfactory rate could be that some of the course contents were academic-based but not practical-oriented. As the course participants were experienced workers in TRA, they expected something more practical. In this regard, 4 trainees further commented that the course needed more practical issues than theories. One suggested that the course include a field work to obtain practical skills. Also some trainees strongly recommended inviting outside lecturers from TRA to handle the issue of practice. In this regard, one expressively wrote that "ITA should engage the retired seniors from TRA in the training sessions like Advanced Tax Audit and Advanced Income Tax. Having them in the training session will not only be advantages to TRA staff who are in the field but even to ITA staff to update their skills and experiences in the mentioned areas." Thirdly, it is important to note that the selection of the course participants was not done as we expected. Some participants commented that course participants were not selected based on their needs or requirement of the course but rather randomly. The years of the work experience of the participants totally varied contrary to the course participants criteria which TAC was supposed to have. We established TAC with aiming at workers with about three-year work experience. However, more than 50% of the trainees were with more than ten-year work experience. Thus, it is assumed that the trainees could not have same level of understanding and satisfaction from the course that mixed well-experienced and less-experienced together.

Years of Work Experience	Number of the Participants
Less than 3 years	2
3 to 5 years	2
5 to 10 years	2
10 to 15 years	5
15 to 20 years	6

Forth, we need to realize that the method to measure the trainees' understanding by tests may not be suitable in TAC. This time a brief test was provided in each topic, but some commented that they were here to acquire practical skills but not to obtain high mark in the academically composed tests. Also given the shortness of the period of the course, they commented that it was not fair to give them tests as time provided to grasp the whole issues were too short and limited.

Secondly, about the usefulness of the course material, 94% of them in total consider it useful. With comparison to the former courses of ITC, EAS, and TBC, we can assure that this satisfactory figure is relatively high. (See the Comparison Table). We provided a huge volume of teaching materials in one package, which might have satisfied them.

On the length of the course, only 13% of them responded positively and 81% of them responded negatively. As summarized above in the section of satisfactory rate for the overall course, they thought that it was too short and should be extended to accommodate many subjects like this time. Also, to cover the various subjects in three weeks, the session was from 8:30am to 5:30pm. This prolonged day schedule surely exhausted both trainees and trainers and would have affected satisfactory rate on the course.

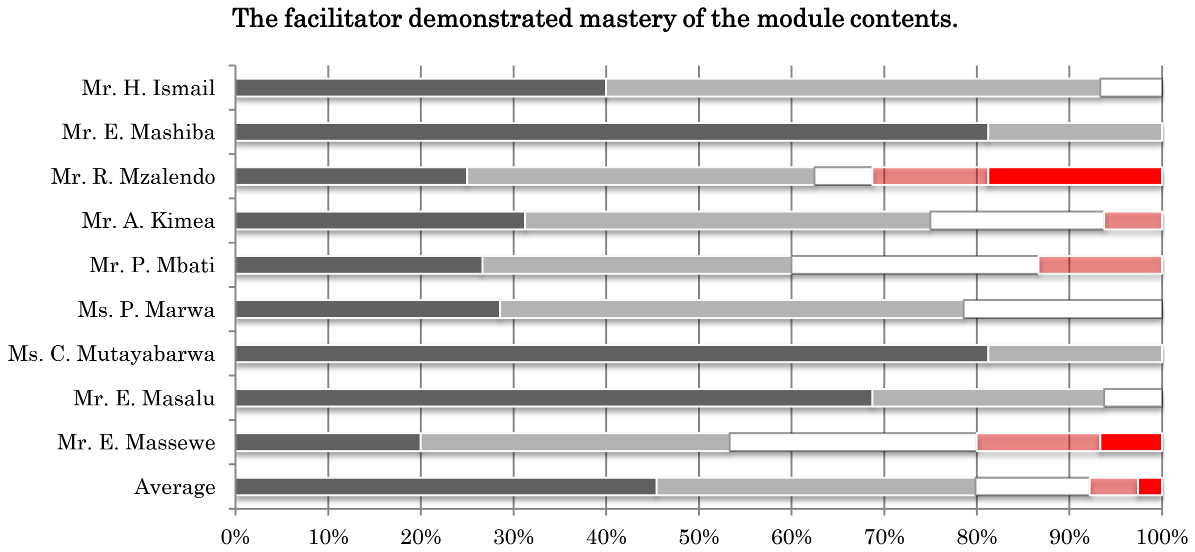


	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.
1: Strongly Agree	3	4	1
2: Agree	7	11	1
3: Neutral	5	1	1
4: Disagree	1	0	7
5: Strongly Disagree	0	0	6

2) Facilitator Evaluation

We have asked three questions for each facilitator; on his/her expertise, the way of lecturing, and the interaction with the trainees.

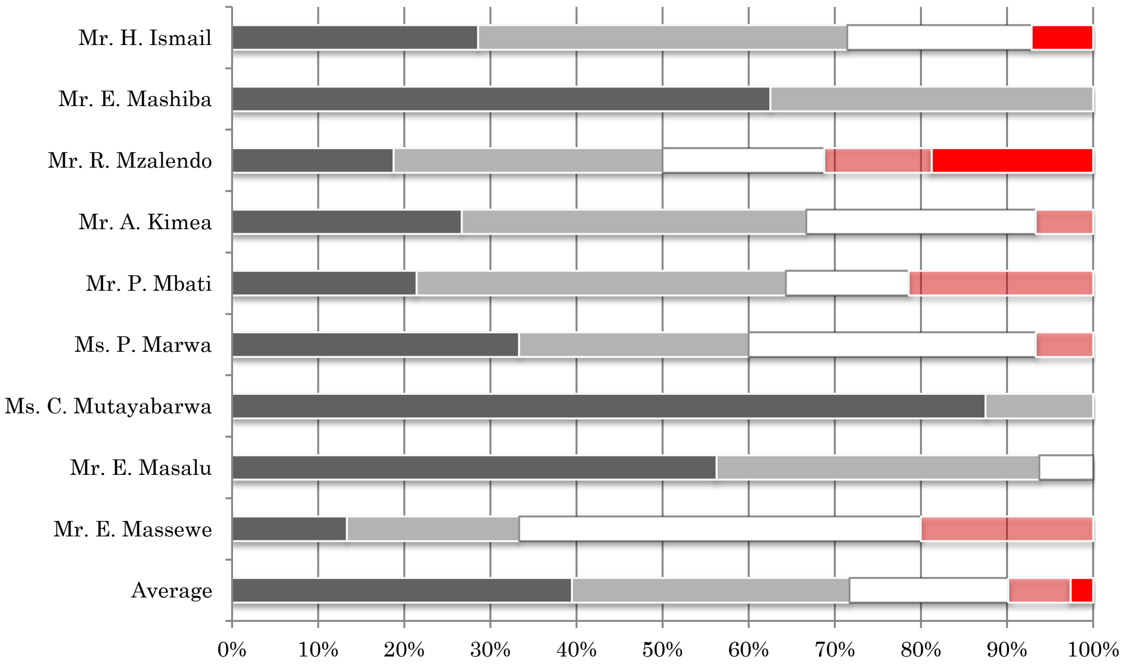
Firstly, we asked if the facilitator demonstrated mastery of the module contents. On this question, averagely 80% of the trainees responded positively. However, when looking into the each facilitator, it is found that only four facilitators (Mr. E. Masalu, Mr. C. Mutayabarwa, Mr. E. Mashiba, Mr. H. Isamil) out of nine facilitators have obtained satisfactory rate from more than 80% of the trainees. Rest of them obtained less than 80% satisfactory rate. A few of them obtained quite low satisfactory rate on their mastery of the module contents. This should be seriously considered further by each facilitator. Some commented that the facilitators need more practical experience and also suggested that external facilitators from TRA with field/practical experience would be preferred. One expressed that the topic of tax audit and financial accounting need more experienced facilitators. As the participants of this training were experienced officers, it could be asserted they had expected facilitators to provide them with solid expertise, which some of the facilitators in ITA could not manage. On the positive side, one commented that all facilitators were confident and self-motivated. One expressively revealed that the presentations by Ms. C. Mutayabarwa (Leadership skills), Mr. E. Masalu (International Taxation), and Mr. E. Mashiba (Tax Investigation) added great value to the course.



	Average	Mr. E. Massewe	Mr. E. Masalu	Ms. C. Mutayabarwa	Ms. P. Marwa	Mr. P. Mbati	Mr. A. Kimea	Mr. R. Mzalendo	Mr. E. Mashiba	Mr. H. Ismail
1: Strongly Agree	7	3	11	13	4	4	5	4	13	6
2: Agree	5.3	5	4	3	7	5	7	6	3	8
3: Neutral	1.9	4	1	0	3	4	3	1	0	1
4: Disagree	0.8	2	0	0	0	2	1	2	0	0
5: Strongly Disagree	0.4	1	0	0	0	0	0	3	0	0

Secondly, we asked the way of lecturing is well organized and facilitated your understanding or not. Averagely 72% of the trainees responded in positive manner about their way of lecturing. But when looked into each facilitator, it is found that only three lectures (Mr. E. Masalu, Mr. E. Mashiba, Ms. C. Mutayabarwa) received more than 80% of satisfactory rate. Some of the facilitators with low score should revise their way of lecturing to better facilitate the class in future. One commented that due to the problem of time allocation to each topic, some facilitators needed to rush in their lecturing and that resulted in confusion among the trainees.

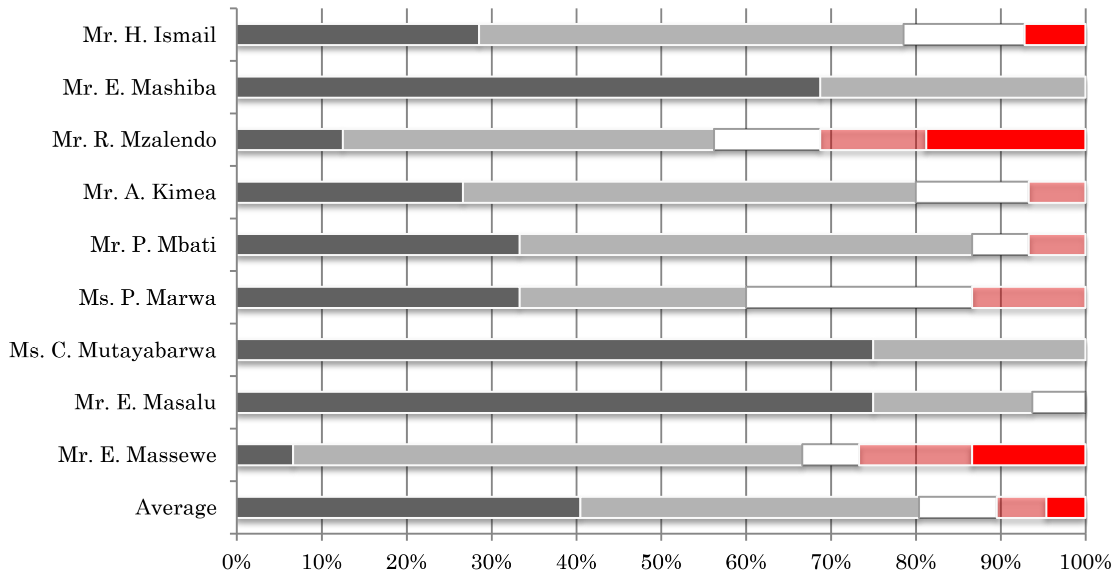
The way of lecturing is well organized and facilitated your understanding.



	Average	Mr. E. Massewe	Mr. E. Masalu	Ms. C. Mutayabarwa	Ms. P. Marwa	Mr. P. Mbati	Mr. A. Kimea	Mr. R. Mzalendo	Mr. E. Mashiba	Mr. H. Ismail
1: Strongly Agree	6	2	9	14	5	3	4	3	10	4
2: Agree	4.9	3	6	2	4	6	6	5	6	6
3: Neutral	2.8	7	1	0	5	2	4	3	0	3
4: Disagree	1.1	3	0	0	1	3	1	2	0	0
5: Strongly Disagree	0.4	0	0	0	0	0	0	3	0	1

Lastly, we asked the facilitator provided adequate opportunity for questions and discussion or not. On this question, averagely 82% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. Looking into each facilitator, it is found that five of them (Mr. E. Masalu, Mr. C. Mutayabarwa, Mr. P. Mbati, Mr. A. Kimea, and Mr. E. Mashiba) received positive feedback from more than 80% of the trainees. Some received quite low score. Therefore, some facilitators should revise their way of interaction with trainees to make the class more active and useful.

The facilitator provided adequate opportunity for questions and discussion.

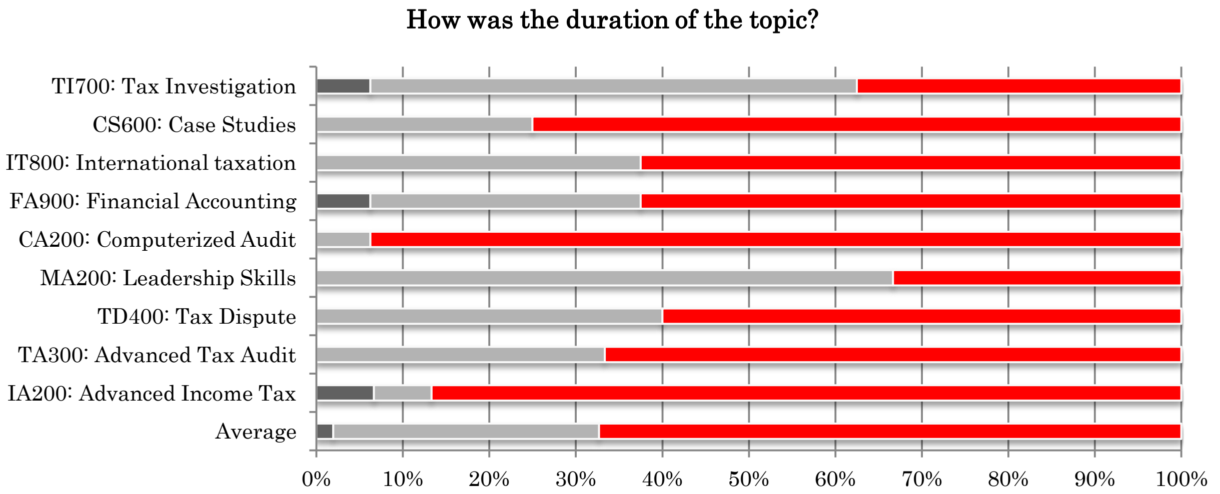


	Average	Mr. E. Massewe	Mr. E. Masalu	Ms. C. Mutayabarwa	Ms. P. Marwa	Mr. P. Mbati	Mr. A. Kimea	Mr. R. Mzalendo	Mr. E. Mashiba	Mr. H. Ismail
1: Strongly Agree	6.2	1	12	12	5	5	4	2	11	4
2: Agree	6.1	9	3	4	4	8	8	7	5	7
3: Neutral	1.4	1	1	0	4	1	2	2	0	2
4: Disagree	0.9	2	0	0	2	1	1	2	0	0
5: Strongly Disagree	0.7	2	0	0	0	0	0	3	0	1

3) Topic Evaluation

On each topic, we have asked four questions; appropriateness of its length, its difficulty and applicability to practical work, and additional preference.

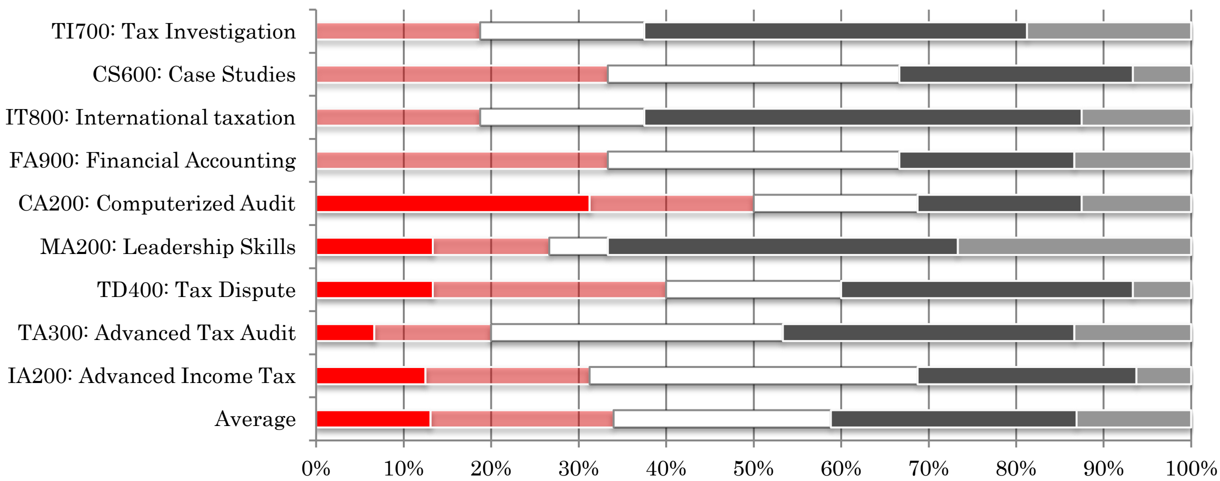
Firstly, on the length, averagely only 31% of them responded topics were provided with adequate length of period. 67% of the trainees answered the time for each topic was too short. Looking into each topic, we found that only the topic of Leadership skills obtained the answer to support the duration for this topic was adequate from more than 60% of the participants. Especially, topics like Case Studies, Computerized Audit, and Advanced Income Tax would need more time as more than 70% of them responded that they were allocated with insufficient time. One further commented that Financial Accounting and Case Studies need to be allocated more time. Also, there was a comment saying that due to the limitation in time, only few cases were covered. Another criticised that as time provided was too short, facilitators had to rush in the class and could not make sure that the participants were following and understanding. So the time allocation should be seriously revised.



	Average	IA200: Advanced Income Tax	TA300: Advanced Tax Audit	TD400: Tax Dispute	MA200: Leadership Skills	CA200: Computerized Audit	FA900: Financial Accounting	IT800: International taxation	CS600: Case Studies	TI700: Tax Investigation
1. Too long	0.3	1	0	0	0	0	1	0	0	1
2. Adequate	4.7	1	5	6	10	1	5	6	4	9
3. Too short	10.3	13	10	9	5	15	10	10	12	6

Secondly on the difficulty, averagely 34% of them responded that they were difficult, while 41% of them responded that they were not difficult. This question was asked in order to know which topic was difficult to understand for us to focus on the topic a little bit more in conducting future training. In this regard, the topics of "Computerized Audit" and "Tax Dispute" may need to be allocated more time given that more than 40% of the trainees agreed to their difficulty. Eventually, many participants expressed orally when we did informal interview that the contents in the topic of "Computerized Audit" (ACL, and Tally) need much more time to understand them properly.

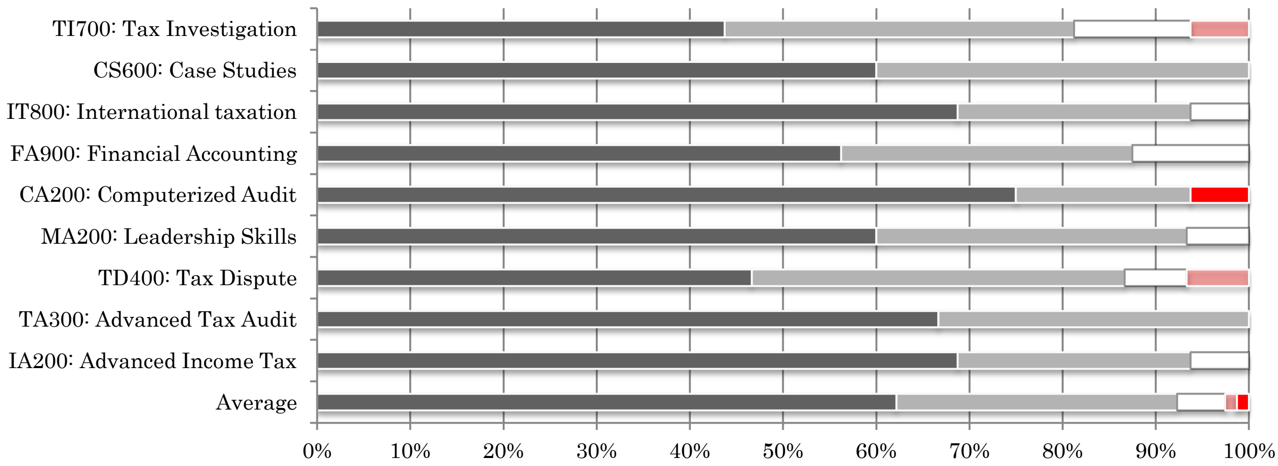
Was the topic difficult to understand?



	Average	IA200: Advanced Income Tax	TA300: Advanced Tax Audit	TD400: Tax Dispute	MA200: Leadership Skills	CA200: Computerized Audit	FA900: Financial Accounting	IT800: International taxation	CS600: Case Studies	TI700: Tax Investigation
1: Strongly Agree	2	2	1	2	2	5	0	0	0	0
2: Agree	3.2	3	2	4	2	3	5	3	5	3
3: Neutral	3.8	6	5	3	1	3	5	3	5	3
4: Disagree	4.3	4	5	5	6	3	3	8	4	7
5: Strongly Disagree	2	1	2	1	4	2	2	2	1	3

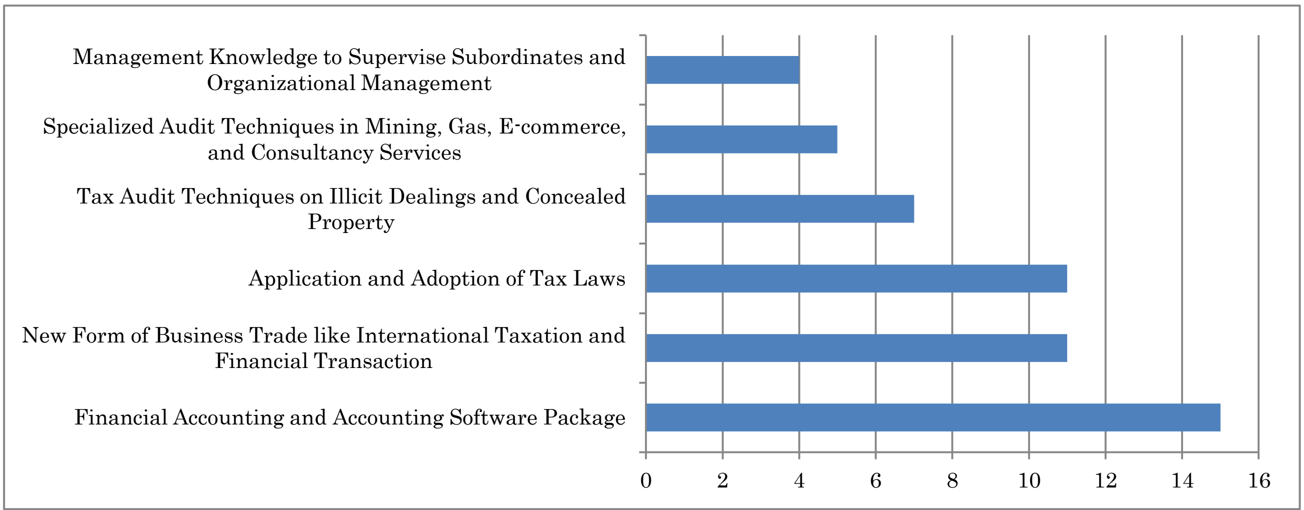
Thirdly, about the applicability of the topic, on average 93% of the trainees answered the topics were practicable in their work. Looking into each topic, we found that all the topics received more than 80% of the trainees who answered positively. Thus the course has obtained quite satisfactory number of positive feedback on the applicability of each content in it.

Was the topic practicable in your work?



	Average	IA200: Advanced Income Tax	TA300: Advanced Tax Audit	TD400: Tax Dispute	MA200: Leadership Skills	CA200: Computerized Audit	FA900: Financial Accounting	IT800: International taxation	CS600: Case Studies	TI700: Tax Investigation
1: Strongly Agree	9.7	11	10	7	9	12	9	11	9	7
2: Agree	4.7	4	5	6	5	3	5	4	6	6
3: Neutral	0.8	1	0	1	1	0	2	1	0	2
4: Disagree	0.2	0	0	1	0	0	0	0	0	1
5: Strongly Disagree	0.2	0	0	0	0	1	0	0	0	0

Forth, on the question to choose three topics which the participants prefer to learn, topics of "Financial Accounting and Accounting Software Package", "New Form of Business Trade like International Taxation and Financial Transaction", "Application and Adoption of Tax Laws" obtained high number of interest. Some were additionally interested in topics like "Advanced Tax Investigation Techniques", "Forensic Investigation", "Money Laundering", and "Presentation Skills". One commented that the topic of Financial Accounting and Accounting Software Package is very important as this can increase one's capability in data analysis and fill the gap in revenue collection.



4. Overall Summary

From this level 1 evaluation, we can assert that TAC has been implemented partially with success. We observe that the choice of the topics could be justified as the average satisfactory rate in the applicability of each topic exceeded 90%. Most of the participants commented that the course was so useful and added value to their work experience, as the course contained various important topics inclusively at once. Also huge volume of materials provided in each topic sufficed to accommodate the trainee's understanding. However, there are five issues that require serious attention to improve the low satisfactory rate (63%) towards the overall course. First, the duration of the course should be expanded or some topics might need to be separated from TAC. Especially the topic of Computerized Audit may need to be established as an independent course as most of participants claimed that this need much more time. Second, the selection criteria of the trainees and its compliance should be revised immediately. There was a huge gap in the years of the work experience among the trainees, which greatly hindered the unified teaching and corresponding understanding in the class. Third, the method to judge the trainees' understanding may need to be improved as the way of giving them seemed not suitable in TAC that aims to enhance practical expertise of TRA officials. Forth, the course should be revised to have more practically-oriented components. One approach is to incorporate more case studies and another is to invite more practically-experienced facilitators from TRA operational departments or retired seniors as the participants suggested, especially for the topic of "Tax Audit", "Income Tax" and "Financial Accounting". Fifth, some of the facilitators would need to brush up and update their expertise, and their way of lecturing in order to facilitate the trainees' understanding.

Comparison table

Questions		% of Positive Answers				
		TBC	EAS1	EAS2	ITC	TAC
General	The module satisfied your expectations	67%	85%	94%	100%	**63%**
	The materials provided were useful	76%	95%	100%	100%	**94%**
	The duration of the module was adequate.	25%	66%	61%	33%	**13%**
Facilitator	1. Facilitator demonstrated mastery of the module contents	90%	93%	94%	100%	**80%**
	2. The way of facilitator lecturing is well organized and facilitated your understanding	86%	93%	94%	97%	**72%**
	3. Facilitator provided adequate opportunity for questions and discussions.	93%	90%	97%	97%	**82%**
Topic	1. Was the topic difficult to understand?	43%	42%	16%	22%	**34%**
	2. Was the topic practicable in your work?	92%	86%	95%	81%	**93%**

(Table of Figures)

	Questions	1: Strongly Agree	2: Agree	3: Neutral	4: Disagree	5: Strongly Disagree	Total	Satisfactory rate	Dissatisfactory rate
General	The module satisfied your expectations	3	7	5	1	0	16	63%	6%
	The mtarials provided were useful	4	11	1	0	0	16	94%	0%
	The duration of the module was adequate.	1	1	1	7	6	16	13%	81%

Average facilitator evaluation Rate
78%

Facilitator	1. Facilitator demonstrated mastery of the module contents	Average	7	5.3	1.9	0.8	0.4	15	80%
		Mr. E. Massewe	3	5	4	2	1	15	53%
		Mr. E. Masalu	11	4	1	0	0	16	94%
		Ms. C. Mutayabarwa	13	3	0	0	0	16	100%
		Ms. P. Marwa	4	7	3	0	0	14	79%
		Mr. P. Mbati	4	5	4	2	0	15	60%
		Mr. A. Kimea	5	7	3	1	0	16	75%
		Mr. R. Mzalendo	4	6	1	2	3	16	63%
		Mr. E. Mashiba	13	3	0	0	0	16	100%
		Mr. H. Ismail	6	8	1	0	0	15	93%
	2. The way of facilitator recturing is well organized and facilitated your understanding	Average	6	4.9	2.8	1.1	0.4	15	72%
		Mr. E. Massewe	2	3	7	3	0	15	33%
		Mr. E. Masalu	9	6	1	0	0	16	94%
		Ms. C. Mutayabarwa	14	2	0	0	0	16	100%
		Ms. P. Marwa	5	4	5	1	0	15	60%
		Mr. P. Mbati	3	6	2	3	0	14	64%
		Mr. A. Kimea	4	6	4	1	0	15	67%
		Mr. R. Mzalendo	3	5	3	2	3	16	50%
		Mr. E. Mashiba	10	6	0	0	0	16	100%
		Mr. H. Ismail	4	6	3	0	1	14	71%
	3. Facilitator provided adequate opportunity for questinons and discussions.	Average	6.2	6.1	1.4	0.9	0.7	15	82%
		Mr. E. Massewe	1	9	1	2	2	15	67%
		Mr. E. Masalu	12	3	1	0	0	16	94%
		Ms. C. Mutayabarwa	12	4	0	0	0	16	100%
		Ms. P. Marwa	5	4	4	2	0	15	60%
		Mr. P. Mbati	5	8	1	1	0	15	87%
		Mr. A. Kimea	4	8	2	1	0	15	80%
		Mr. R. Mzalendo	2	7	2	2	3	16	56%
		Mr. E. Mashiba	11	5	0	0	0	16	100%
		Mr. H. Ismail	4	7	2	0	1	14	79%

									(Too long)	(Adequate)	(Too short)
Topic	1. How was the duration of the Topic?	Average	0.3	4.7	10			15	2%	31%	67%
		IA200: Advanced Income Tax	1	1	13			15	7%	7%	87%
		TA300: Advanced Tax Audit	0	5	10			15	0%	33%	67%
		TD400: Tax Dispute	0	6	9			15	0%	40%	60%
		MA200: Leadership Skills	0	10	5			15	0%	67%	33%
		CA200: Computerized Audit	0	1	15			16	0%	6%	94%
		FA900: Financial Accounting	1	5	10			16	6%	31%	63%
		IT800: International taxation	0	6	10			16	0%	38%	63%
		CS600: Case Studies	0	4	12			16	0%	25%	75%
		TI700: Tax Investigation	1	9	6			16	6%	56%	38%
									(Agree)	(Disagree)	
	2. Was the Topic Difficult to Understand?	Average	2	3.2	3.8	4.3	2	15	34%	41%	
		IA200: Advanced Income Tax	2	3	6	4	1	16	31%	31%	
		TA300: Advanced Tax Audit	1	2	5	5	2	15	20%	47%	
		TD400: Tax Dispute	2	4	3	5	1	15	40%	40%	
		MA200: Leadership Skills	2	2	1	6	4	15	27%	67%	
		CA200: Computerized Audit	5	3	3	3	2	16	50%	31%	
		FA900: Financial Accounting	0	5	5	3	2	15	33%	33%	
		IT800: International taxation	0	3	3	8	2	16	19%	63%	
		CS600: Case Studies	0	5	5	4	1	15	33%	33%	
		TI700: Tax Investigation	0	3	3	7	3	16	19%	63%	
	3. Was the Topic Practicable in your work?	Average	9.7	4.7	0.8	0.2	0.2	16	93%		
		IA200: Advanced Income Tax	11	4	1	0	0	16	94%		
		TA300: Advanced Tax Audit	10	5	0	0	0	15	100%		
		TD400: Tax Dispute	7	6	1	1	0	15	87%		
		MA200: Leadership Skills	9	5	1	0	0	15	93%		
		CA200: Computerized Audit	12	3	0	0	1	16	94%		
		FA900: Financial Accounting	9	5	2	0	0	16	88%		
		IT800: International taxation	11	4	1	0	0	16	94%		
		CS600: Case Studies	9	6	0	0	0	15	100%		
		TI700: Tax Investigation	7	6	2	1	0	16	81%		

TAXATION ADVANCED COURSE (TAC) 2nd

Planned for 2nd -20th March 2015

Curriculum (DRAFT)

Description of Module 1: Advanced Income Tax Law
Code:
Contact hours: 10

Sub-Enabling Outcomes	Hours
5.2.1 Explain the nature, role and functions of a Double Taxation Treaty 5.2.2 Explain Double Taxation in the context of international taxation 5.2.3 Describe the methods of avoiding juridical double taxation 5.2.4 Apply the provisions of double taxation treaties 6.2.3 Apply provisions of tax laws in dealing with tax avoidance arrangements	5
6.2.1 Apply provisions of Income Tax Act in dealing with tax credits 6.2.2 Apply provisions of tax laws in taxation of permanent establishment and Controlled Foreign Corporations	5

Description of Module 2: Advanced Tax Audit
Code:
Contact hours: 8
Sub-Enabling Outcomes:

Sub-Enabling Outcomes	Hours
1.1.1 Discuss nature, purpose and scope of tax audit by reference to the theory and practice 1.1.2 Describe tax audit techniques 1.1.3 Describe internal control system as applied in tax auditing 1.1.4 Apply tests and techniques to conduct tax audit	2
1.2.1 Prepare plan for physical verification 1.2.2 Prepare audit plan using manuals and standards 1.2.3 Explain components of returns as prescribed under domestic tax laws 1.2.4 Conduct examination of taxpayers information and books of accounts	3
1.2.5 Demonstrate ability to maintain “working papers” in the auditing process	3

1.2.6 Conduct control verification to ensure tax compliance	

Description of Module 3: Computerized Accounting in Tax Audit (This module is completely removed from TAC)

Code:

Contact hours: 12

Sub-Enabling Outcomes	**Hours**
•	
•	

Description of Module 4: Dispute resolution in tax admnistration

Code:

Contact hours: 6

Sub-Enabling Outcomes	**Hours**
6.3.1 Describe offences, fraud and tax crimes in tax operations 6.3.2 Describe the environment leading to tax disputes 6.3.3 Apply provision of Appeals Act in handling Objection against assessment and decision of the commissioner 6.3.4 Describe mechanism for alternative dispute resolution	6

Description of Module 5: Advanced VAT Law

Code:

Contact hours: 6

Sub-Enabling Outcomes	**Hours**
3.2.1 Describe procedures for refunds 6.3.1 Apply provisions of VAT laws in handling cross border transactions 6.3.2 Apply provisions of VAT laws in dealing with schemes for obtaining undue tax benefits 6.3.3 Apply provisions of VAT laws in handling inter/intra company transactions 6.3.4 Conduct verification on deregistration to establish VAT payable/repayable	6

Description of Module 6: Case Studies

Code:

Contact hours: 14

Sub-Enabling Outcomes	**Hours**

• Background and rationale of using cases	2
• Interpretation of tax laws	8
• Objection and appeals	4

Description of Module 7: Tax Investigation

Code:

Contact hours: 10

Sub-Enabling Outcomes	Hours
2.1.1 Explain concepts of tax investigation 2.1.2 Describe the need for tax investigation 2.1.3 Explain the qualities and powers of a tax investigator	2
2.2.1 Plan tax investigation 2.2.2 Analyse requirements for effective tax investigation 2.2.4 Conduct tax investigation	3
2.3.2 Prepare Case files from operation departments 2.3.4 Follow up the investigation findings 2.3.3 Communicate the report to senior level	5

Description of Module 8: International Taxation

Code:

Contact hours: 11

Sub-Enabling Outcomes	Hours
5.1.1 Describe the international taxation problems 5.1.2 Explain the inter-jurisdictional principles applied in taxation of cross-border transactions 5.1.3 Describe the legal framework for International Taxation	3
5.3.1 Analyse the Transfer Pricing Problem in the context of cross border transactions 5.3.2 Apply Transfer Pricing Methods in calculating and evaluating Transfer Prices	4
5.3.3 Perform comparability Analysis in Transfer Pricing 5.3.4 Describe the transfer pricing documentation requirements as per the applicable law/model	4

Description of Module 9: Financial Accounting in Taxation

Code:

Contact hours: 12

Sub-Enabling Outcomes	Hours
2.4.2 Explain the nature and role of acconting standards applicable in Tanzania	3
3.4.7 Apply various ratios to detect discrepancy in financial statements	2
3.4.5 Compute taxable income for lease company, branch, company and petnership	7

Description of Module 10: Leadership skills

Contact hours: 10

Sub-Enabling Outcomes	Hours
4.1.1 Differentiate between a manager and a leader	4
4.1.2 Analyze leadership styles and their suitability	
4.1.3 Describe qualitiesnof a good leader	
4.2.1 Explain the characteristics of Emotional Intelligence	3
4.2.2 Explain techniques of improving your Emotional Intelligence	
4.2.3 Apply Emotional Intelligence in work environment	
4.3.1 Explain strategic leadership	3
4.3.2 Apply ethical leadership	
4.3.3 Integrate culture and leadership	
4.3.4 Explain coaching and mentoring skills	

Comprehensive Test: 3 Hours

1st International Taxation (Transfer Pricing) Course

30th September to 4th October 2013

Time Table:

DATE	TIME	TOPIC	RESPONSIBILITY
30th September 2013	08.00-08.30	Registration	Secretariat
	8:30-10:30	Introduction to Transfer Pricing (Definition of Transfer Pricing, Nature of the Transfer Pricing Problem)	Mr. E. Masalu
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Nature of the Regulatory Environment/Guidelines OECD/UN/National Guidelines	Mr. L. Nouel
	13:00-14:00	**LUNCH BREAK**	
	14.00-15.00	Regulatory Environment/Guidelines	Mr. L. Nouel
1st October 2013	8:30-10:30	Comparability Analysis	Mr. P. Gupta
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Transfer Pricing Methods (overview)/Comparability Analysis	Mr. P. Gupta
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Transfer Pricing Methods-Application to cases	Mr. P Gupta
2nd October 2013	8:30-10:30	Transfer Pricing Documentation	Mr. L. Nouel
	10:30-11:00	**TEA BREAK**	

	11.00-13.00	Administrative Approaches to Avoiding and Resolving Transfer Pricing disputes **(**Corresponding adjustments (Article 9 OECD MTC) , Secondary Adjustments, Mutual Agreement Procedure, Penalties, Advance Pricing Arrangements)	Mr. L. Nouel
	13:00-14:00	**LUNCH BREAK**	
	14:00-15:00	Intra-Group Services/Intangibles/Intra-Group Finance	Mr. P. Gupta
3rd October 2013	8:30-10:30	Recollection on the key points and principles	Mr. E. Masalu
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Case-based Discussion: TP Methods	Mr. E. Masalu
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Case-based Discussion: TP Methods	Mr. E. Masalu
4th October 2013	08:30-10:30	Case-based Discussion: Profit shifting Transactions	Mr. E. Masalu
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Case-based Discussion: Intercompany services	Mr. E. Masalu
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Closing Ceremony and Evaluation	Secretariat

Participants:

S/N	NAME	DERTMENT/WORK STATION
1	Ramadhani Idd	LTD
2	Zainab Marjeby	LTD
3	Sunday Saruma	LTD
4	Juliana Mwakapoja	DRD-KINONDONI

5	Gasper Mhina	DRD-KINONDONI
6	Dorah Lyaruu	DRD-TEMEKE
7	Joyce Moshi	DRD-TEMEKE
8	Ahmad Mohamed	ITA
9	Praygod Chao	ITA
10	E. Massewe	ITA
11	Amos Benjamin	ITA
12	Cyril Chimilila	ITA
13	Joseph Chikongoye	ITA

Evaluation Report on International Taxation (Transfer Pricing) Course 1st Stage (from 30th Sep to 4th Oct 2013)

1. **Course summary and attendance**

The course comprised of two sessions. For the first 3 days (the first session), the class was led by IBFD lecturers (Mr. Piyush Gupta and Mr. Luis Nouel) to give lectures and discussions on transfer pricing principles and practices. For the last 2 days (the second session), summarization of the first-session and case-based discussion were led by ITA lecturers (Mr. Emmanuel Masalu with Mr. Richard Donati). ITA originally invited 20 trainees from TRA/LTD(4), TRA/DRD(7), and ITA(9). And actual attendance number was as shown below;

On average, attendance rate was about 60%, which is quite low and lower than the EAS course of which rate was about 70%. Especially, the participation from LTD was quite low in that only 50% of them attended, although their attendance for this course was considered to be very important as they are the ones who face the issues of transfer pricing in daily work. In order to deliver fruitful outcome for the course, we need to make sure to improve this attendance rate in future trainings.

	30th Sep		1st Oct		2nd Oct		3rd Oct		4th Oct		Average	
Total	**11**	55.0%	**13**	65.0%	**12**	60.0%	**12**	60.0%	**12**	60.0%	**12.3**	61.3%
LTD	1	25.0%	2	50.0%	2	50.0%	2	50.0%	2	50.0%	2	50.0%
DRD	4	57.1%	4	57.1%	4	57.1%	4	57.1%	4	57.1%	4	57.1%
ITA	6	66.7%	7	77.8%	6	66.7%	6	66.7%	6	66.7%	6.25	69.4%

:

2. **Evaluation method**

We decided to evaluate the both sessions altogether as one course.

We adopted level 1 evaluation in ITA and collected trainee's perception on the course in form of questionnaire. This questionnaire comprised of 3 parts; general evaluation, facilitator evaluation, and topic evaluation and adopted quantitative measurement for the trainees to choose 1 answer out of 5. In addition, space was provided to freely comment on the course. The questionnaire was provided and collected on the last day of the course.

Sample number and response rate (based on the attendance number on the last day) were as follows;

<u>12 (response rate: 100%)</u>

From this number, we can assert that the outcome from the questionnaire well summarizes the overall trainees' opinion given the full response rate.

3. **Outcome**

1) General Evaluation

We asked three questions as general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Secondly, we questioned if the materials were useful and thirdly if the duration of the module was adequate. Also, we added fourth question about if ITA/TRA had chosen right/eligible participants.

From the outcome shown in the following table/graph, it is certainly confirmed that the trainees were fully satisfied with the course. 100% of them responded positively in total (strongly agree or agree). One trainee further commented that "the demonstration and lecture were well organized". And another commented that "the course was very useful and well organized" In this regard, it is asserted the trainees were totally satisfied because the structure and each component of the course were well planned and organized.

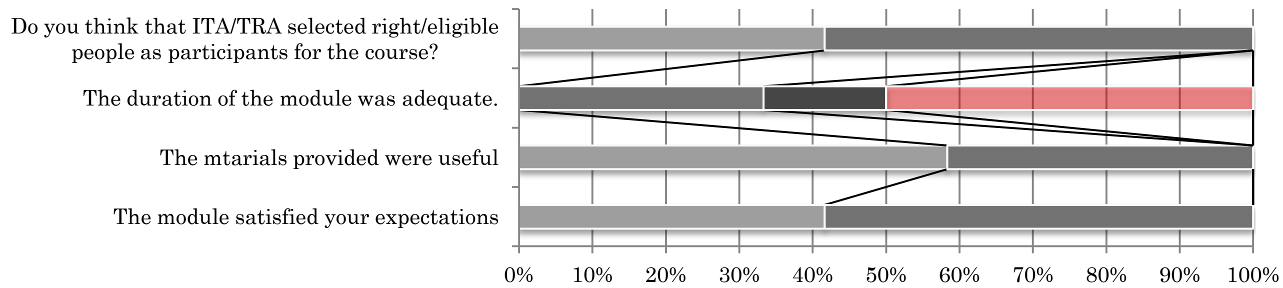
About the material, 100% of them in total consider it useful. It should be further noted that nearly 60% of them had strongly agreed its usefulness. We provided all the lecturing materials including power point presentation. It can be said that this resulted in positive outcome.

From these two outcomes, we can assure that the course was quite useful and fruitful for the trainees and therefore, same kind of training should be continuously held.

On the length of the course, however, 50% of them responded negatively. And none noted it in very positive way. In fact, there are many comments pointing out that the duration was too short. For instance, "time for the course is too short for deeper understanding (needed 2 weeks)." "The course duration was short, more time is needed to enable the participants do grasp the practical skills from MNC operating in Tanzania". "More time needed to review cases" "The training is too short. Next time provide more time." There are more comments indicating the same. We should, therefore, seek to extend the course duration in future.

About the selection of the participants, it seems that ITA/TRA chose adequate people as 100% of them in total responded positively. However, it should be further noted that one trainee commented that "the training should be provided to other TRA staff." Considering the low attendance to the course and this comment, we need to improve attendance number in total and call for more participants in the next training.

We should also note that there are two additional comments requesting ITA to provide a next training for the same participants, which would add value things learnt in this training. In fact, we are planning to provide continuous trainings for the same participants. These comments verified the importance of continuity in conducting trainings.

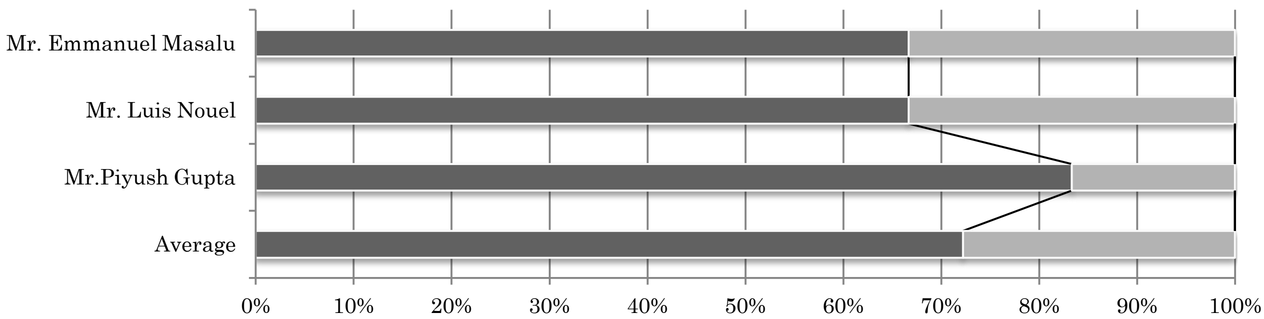


	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.	Do you think that ITA/TRA selected right/eligible people as participants for the course?
1: Strongly Agree	5	7	0	5
2: Agree	7	5	4	7
3: Neutral	0	0	2	0
4: Disagree	0	0	6	0
5: Strongly Disagree	0	0	0	0

2) Facilitator Evaluation

We have asked three questions for each facilitator; on his/her expertise, the way of lecturing, and the interaction with the trainees. On the mastery of the contents, all of the facilitator has obtained positive feedback from all the trainees. Over 65% of the trainees strongly agreed trainers' mastery of the contents. None stands neutral or negative for this question on each facilitator. One commented that "the facilitators are well equipped with the knowledge of transfer pricing." It is, therefore, asserted that all facilitators had enough expertise to teach the assigned topic and ITA had selected the right/eligible facilitators.

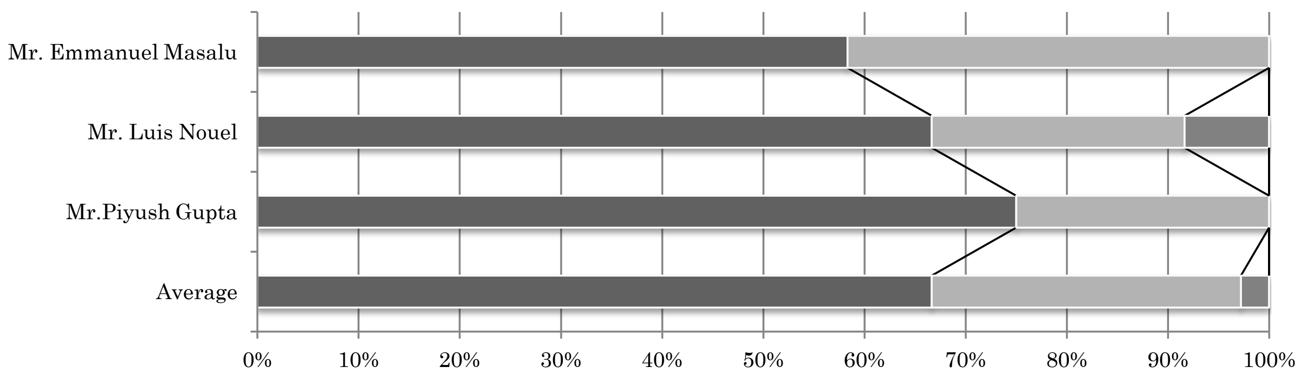
Facilitator demonstrated mastery of the module contents



	Average	Mr.Piyush Gupta	Mr. Luis Nouel	Mr. Emmanuel Masalu
1: Strongly Agree	8.7	10	8	8
2: Agree	3.3	2	4	4
3: Neutral	0	0	0	0
4: Disagree	0	0	0	0
5: Strongly Disagree	0	0	0	0

Secondly, about the way of lecturing, on average 97% of the trainees responded in positive manner. All the trainers received positive feedback from more than 90% of the trainees. Over about 60% of them had strongly agreed to the question on the facilitators' way of lecturing. And none responded negatively. From overall outcome, it is concluded that all facilitators had well organized the course and facilitated trainees' understanding on the topics. When we think about the further improvement in future, we need to note that there was one trainee commenting that the facilitators should use more examples.

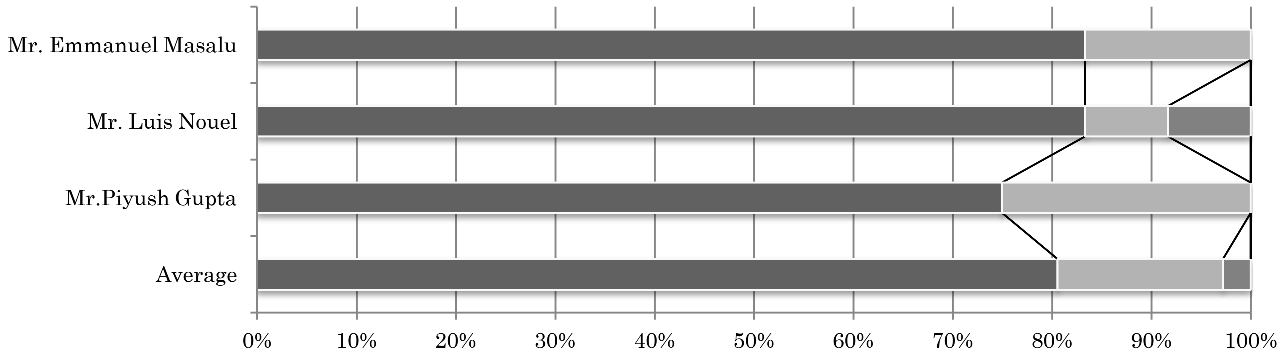
The way of facilitator recturing is well organized and facilitated your understanding



	Average	Mr.Piyush Gupta	Mr. Luis Nouel	Mr. Emmanuel Masalu
1: Strongly Agree	8	9	8	7
2: Agree	3.7	3	3	5
3: Neutral	0.3	0	1	0
4: Disagree	0	0	0	0
5: Strongly Disagree	0	0	0	0

Lastly, about the interaction in the class, on average 97% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. Looking into each facilitator, it is found that all of them received positive feedback from more than 90% of the trainees. None received negative. Therefore, it can be asserted that all the facilitators provided adequate opportunity for interaction for the trainees.

Facilitator provided adequate opportunity for questinons and discussions.



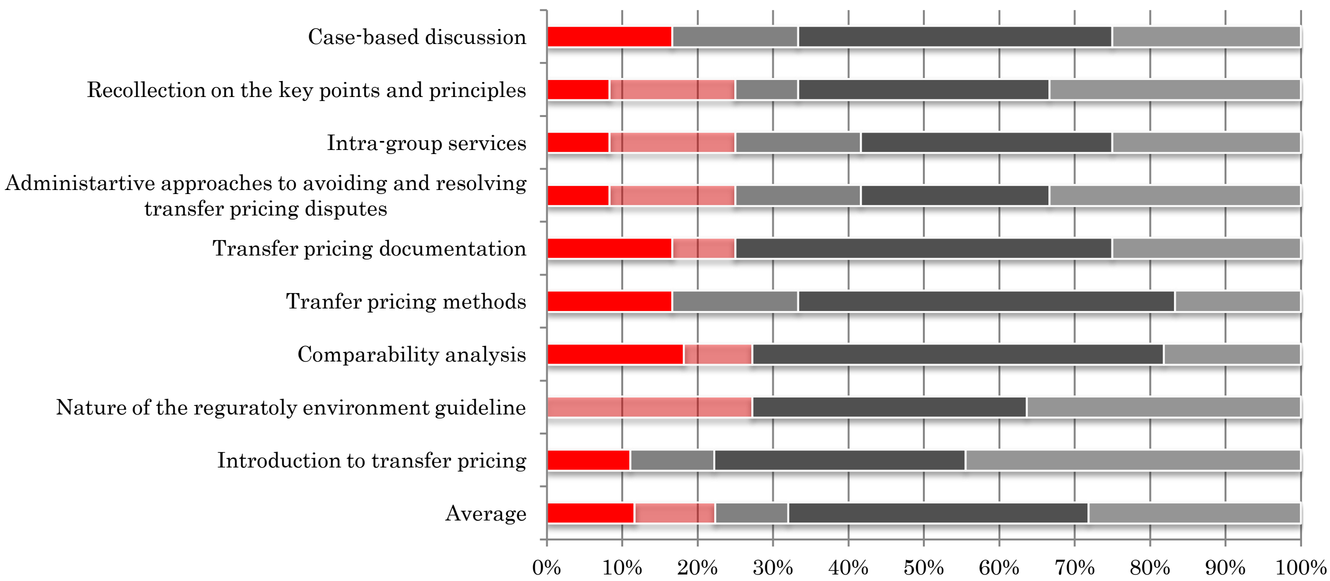
	Average	Mr.Piyush Gupta	Mr. Luis Nouel	Mr. Emmanuel Masalu
1: Strongly Agree	9.7	9	10	10
2: Agree	2	3	1	2
3: Neutral	0.3	0	1	0
4: Disagree	0	0	0	0
5: Strongly Disagree	0	0	0	0

3) Topic Evaluation

On each topic, we have asked two questions; its difficulty and applicability to practical work.

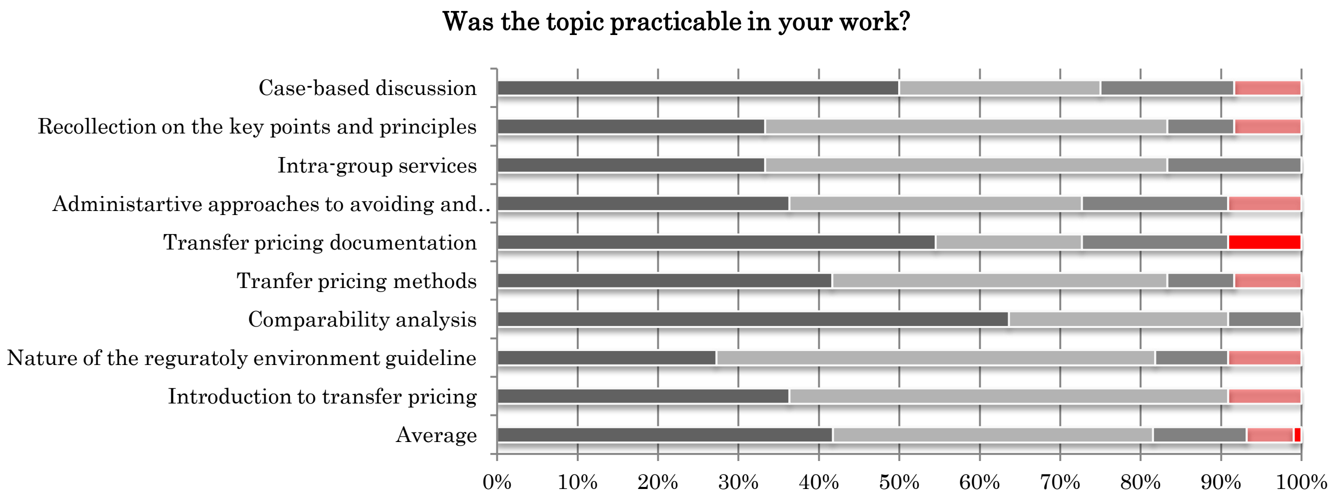
Firstly, on the difficulty, we have obtained quite negative answers meaning that the topics taught were not difficult to understand. On average, 68% of them responded that they were not difficult, while only about 22% of them responded that they were difficult. Compared to EAS course 1st session which held in the same period and obtained balanced answers between positive (45%) and negative (45%), it can be asserted that the topics in transfer pricing were not difficult to understand for the most of participants. This question is asked in order to know which topic was difficult to understand for us to focus on the topic a little bit more in conducting future training. In this regard, the topics like "comparability analysis", "transfer pricing method", "transfer pricing documentation", and "case-based discussion" may need to be allocated more time given that around 20% of the trainees strongly agreed to their difficulty. Also, there are a few trainees who further commented on the necessity of more time allocation to practical cases. This should be consulted with TRA in planning another training of the same kind.

Was the topic difficult to understand?



	Average	Introduction to transfer pricing	Nature of the reguratoly environment guideline	Comparability analysis	Tranfer pricing methods	Transfer pricing documentation	Administartive approaches to avoiding and resolving transfer pricing disputes	Intra-group services	Recollection on the key points and principles	Case-based discussion
1: Strongly Agree	1.3	1	0	2	2	2	1	1	1	2
2: Agree	1.2	0	3	1	0	1	2	2	2	0
3: Neutral	1.1	1	0	0	2	0	2	2	1	2
4: Disagree	4.6	3	4	6	6	6	3	4	4	5
5: Strongly Disagree	3.2	4	4	2	2	3	4	3	4	3

Secondly, about the applicability of the topic, on average 81% of the trainees answered the topics were practicable in their work. Looking into each topic, we found that over 70% of the trainees answered positively towards all the topics. Thus we have obtained quite reasonable number of positive feedback. However, when we compared to the outcome of EAS 1st session which obtained positive answer on average from 93% of the trainees, it is found that this course of transfer pricing may not be so practicable for some of the participants. The reason behind might be because of the occupation of the trainees. About 80% of the participants were from TRA/DRD and ITA and it can be said that they do not face transfer pricing issues daily. In future, we need to consider the selection criteria of participants to make the course more practicable.



	Average	Introduction to transfer pricing	Nature of the reguratoly environment guideline	Comparability analysis	Tranfer pricing methods	Transfer pricing documentation	Administartive approaches to avoiding and resolving transfer pricing disputes	Intra-group services	Recollection on the key points and principles	Case-based discussion
1: Strongly Agree	4.8	4	3	7	5	6	4	4	4	6
2: Agree	4.6	6	6	3	5	2	4	6	6	3
3: Neutral	1.3	0	1	1	1	2	2	2	1	2
4: Disagree	0.7	1	1	0	1	0	1	0	1	1
5: Strongly Disagree	0.1	0	0	0	0	1	0	0	0	0

4. Overall Summary

From this level 1 evaluation, we can assert that our training sessions have been successfully implemented with high satisfactory rate from the trainees towards overall training structure, materials, trainers, and topics. Trainers were well equipped with the expertise on the assigned topics and their way of lecturing seemed to have well facilitated the trainees' understanding. Also, materials provided seemed to be quite useful for the trainees. Topics seemed to be adequately chosen. We need to think about, however, expanding the duration of the course and introducing more practical cases to deepen their understanding. Also, it is vital for us to improve the trainees' attendance rate and their selection criteria to make the course more efficient and effective. In this regard, we need to strengthen cooperation between TRA and ITA in planning trainings in future.

2nd International Taxation (Double Taxation Treaties) Course

3rd to 7th November 2014

Time Table:

DATE	TIME	TOPIC	RESPONSIBILITY
3rd November 2014	08.00-08.30	Registration	Secretariat
	8:30-10:30	Nature of International Problems	Mr. E. Masalu
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Taxation Systems and Criteria	Ms. L. Orgazon
	13:00-14:00	**LUNCH BREAK**	
	14.00-16.00	Double Taxation	Mr. E. Masalu
4th November 2014	8:30-10:30	Role of Comprehensive Tax Treaties	Ms. L. Orgazon
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Residence	Mr. R. Donati
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Employment Income Immovable Property Taxation	Ms. L. Orgazon
5th November 2014	8:30-10:30	Permanent Establishment Concept	Mr. E. Masalu
	10:30-11:00	**TEA BREAK**	
	11.00-13.00	Taxation of Cross Border Business Transactions	Ms. L. Orgazon
	13:00-14:00	**LUNCH BREAK**	
	14:00-1600	Business Profits	Mr. E. Masalu
6th November 2014	8:30-10:30	Passive Income	Ms. L. Orgazon
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Passive Income	Mr. E. Masalu
	13:00-14:00	**LUNCH BREAK**	

	14:00-16:00	Differences between UN and OECD Models	Ms. L. Orgazon
7th November 2014	08:30-10:30	Critical issues in the administration of selected Tanzanian double tax treaties	Ms. L.Orgazon
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Critical issues in the administration of selected Tanzanian double tax treaties	Panel Discussion
	13:00-14:00	**LUNCH BREAK**	
	14:00-15:00	Closing Ceremony and Evaluation	Secretariat

Participants:

S/N	FULL NAME	DEPARTMENT/STATION
1	Mary Kanza	Large Tax Payers
2	Ezekiel Temu	Large Taxpayers
3	Zainab Marjeb	Large Taxpayers
4	Witness Siao	Large Taxpayers
5	Margreth Kiswaga	Large Taxpayers
6	Ponsian Mashurano	Domestic Revenue
7	James Jilala	Domestic Revenue
8	Victor Kibasa	Domestic Revenue
9	Malaki Nyange	Domestic Revenue
10	Aretas Thomas	Domestic Revenue
11	Lihami Haule	Domestic Revenue
12	Alfred Chembo	Domestic Revenue
13	Joel Mussira	Tax Investigation
14	Joesphat Mwagala	Tax Investigation
15	Lydia Gomoka	Tax Investigation
16	Simon D. Samson	Tax Investigation
17	Devotha Kiwale	Tax Investigation
18	Yessa D.B Sanga	Tax Investigation
19	Joyce S. Msemwa	Tax Investigation
20	Alfred J. Kimea	Tax Investigation
21	Rosemary p.	ITA

22	Hamza I. Abdulrahman	ITA
23	Phillip Mbati	ITA
24	Ahmad Mohamed	ITA

Evaluation Report on International Taxation (Double Taxation Treaty) Course 1st Stage (from 3rd Nov to 7th Nov 2014)

1. Course summary and attendance

The course was delivered in collaboration with IBFD. There were three lectures in the course, Ms. Lydia from IBFD, Mr. Masalu and Mr. Donati from ITA. The course participants are from LTD, DRD, Investigation Department of TRA, and ITA lectures. There were 23 participants in total.

2. Evaluation method

We adopted level 1 evaluation in ITA and collected trainee's perception on the course in form of questionnaire. This questionnaire comprised of 3 parts; general evaluation, facilitator evaluation, and topic evaluation and adopted quantitative measurement for the trainees to choose 1 answer out of 5. In addition, space was provided to freely comment on the course. The questionnaire was provided and collected on the last day of the course.

Sample number and response rate (based on the attendance number on the last day) were as follows;

18 (response rate: 78.2%)

From this number, we can assert that the outcome from the questionnaire well summarizes the overall trainees' opinion given the full response rate.

3. Outcome

1) General Evaluation

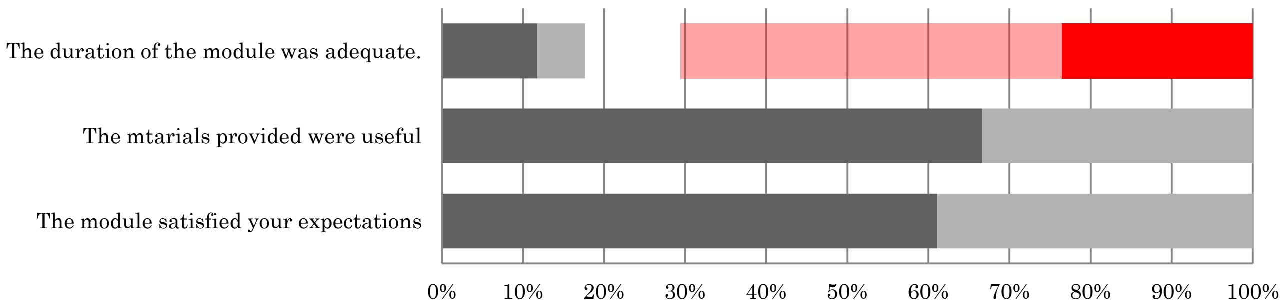
We asked three questions in the part of general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Secondly, we questioned if the materials were useful and thirdly if the duration of the overall course was adequate.

From the outcome shown in the following table/graph, it is certainly confirmed that the trainees were fully satisfied with the course. 100% of them responded positively in total (strongly agree or agree). One trainee further commented that "the module was well prepared, well presented, and it provided a clear insight even for us for whom the topics were very new". Also there were two trainees commenting that "the course should be extended to all TRA staff because of its importance." Another comment to note is "the training provided is useful to our daily work and we strongly advise the next training." It is asserted the trainees were totally satisfied with the overall course structure and each component of the course. In comparison to the International Taxation course on Transfer Pricing held last year in collaboration with IBFD, which obtained 100% satisfactory rate as well, it is asserted that we could maintain the highest satisfactory rate this year again.

About the material, 100% of the trainees consider it useful. In comparison to the International Taxation course on Transfer Pricing held last year in collaboration with IBFD, which obtained 100% satisfactory rate as well, it is asserted that we could maintain the highest satisfactory rate this year again. We provided all the lecturing materials including power point presentation and case studies. It can be said that this resulted in positive outcome.

On the length of the course, however, only 18% of them responded that the length was adequate, while 71% of them considered negatively. In comparison to the International Taxation course on Transfer Pricing held last year in collaboration with IBFD, which obtained 50% of the participants answered negatively, it is asserted that the course contents of this training on the double taxation treaty might require more time to elaborate on the issues. In fact, there are many comments pointing out that the duration was too short. For instance, "Time spent is not enough to analyse all critical issues in the course" "The training period should be extended." "The training requires at least 3 weeks." There are more comments indicating the same. It is recommended that we seek to extend the course duration in future.

General Evaluation

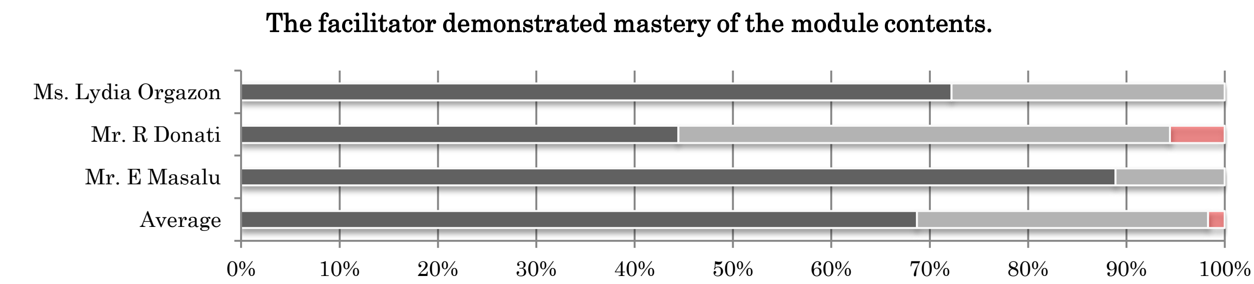


	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.
1: Strongly Agree	11	12	2
2: Agree	7	6	1
3: Neutral	0	0	2
4: Disagree	0	0	8
5: Strongly Disagree	0	0	4

2) Facilitator Evaluation

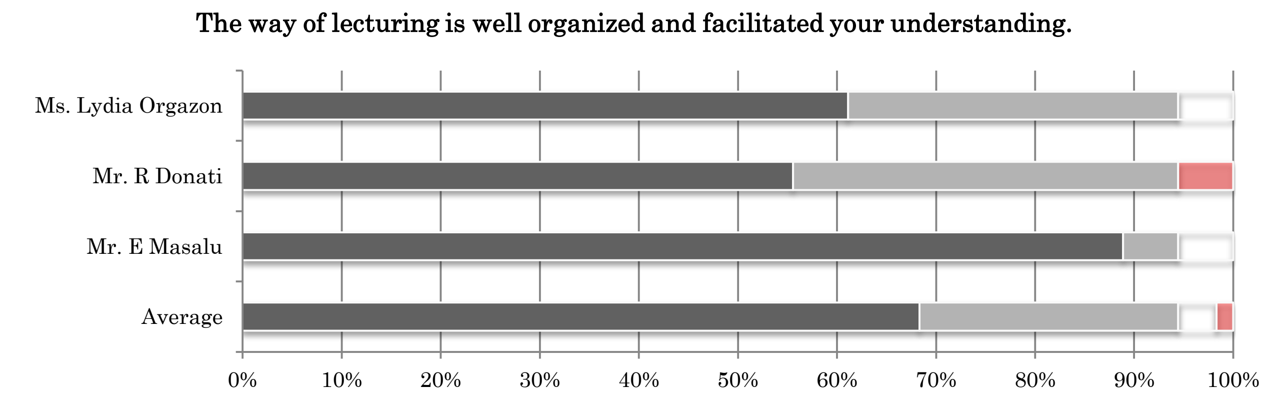
We have asked three questions for each facilitator; on his/her expertise, the way of lecturing, and the interaction with the trainees.

On the mastery of the contents, all of the facilitator has obtained positive feedback from all the trainees. On average, they have obtained high satisfactory rate with 98% of the participants answering positively. One commented that "the course facilitators were all good." Another commented that "the facilitators are truly extra ordinary competent, they really know how to deliver the materials" It is, therefore, asserted that <u>all facilitators had enough expertise to teach the assigned topic and ITA had selected the right/eligible facilitators.</u>



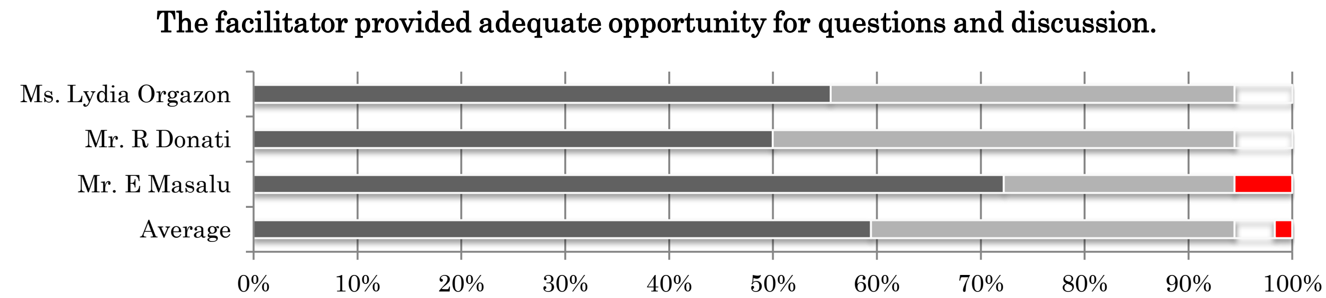
	Average	Mr. E Masalu	Mr. R Donati	Ms. Lydia Orgazon
1: Strongly Agree	12.3	16	8	13
2: Agree	5.3	2	9	5
3: Neutral	0	0	0	0
4: Disagree	0.3	0	1	0
5: Strongly Disagree	0	0	0	0

Secondly, about the way of lecturing, on average 94% of the trainees responded in positive manner. All the trainers received positive feedback from more than 90% of the trainees. It is, therefore, asserted that <u>their way of lecturing were good enough to promote the understanding of the participants.</u>



	Average	Mr. E Masalu	Mr. R Donati	Ms. Lydia Orgazon
1: Strongly Agree	12.3	16	10	11
2: Agree	4.7	1	7	6
3: Neutral	0.7	1	0	1
4: Disagree	0.3	0	1	0
5: Strongly Disagree	0	0	0	0

Lastly, about the interaction in the class, on average 94% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. Looking into each facilitator, it is found that all of them received positive feedback from more than 90% of the trainees. Therefore, it can be asserted that <u>all the facilitators provided adequate opportunity for interaction for the trainees</u>.

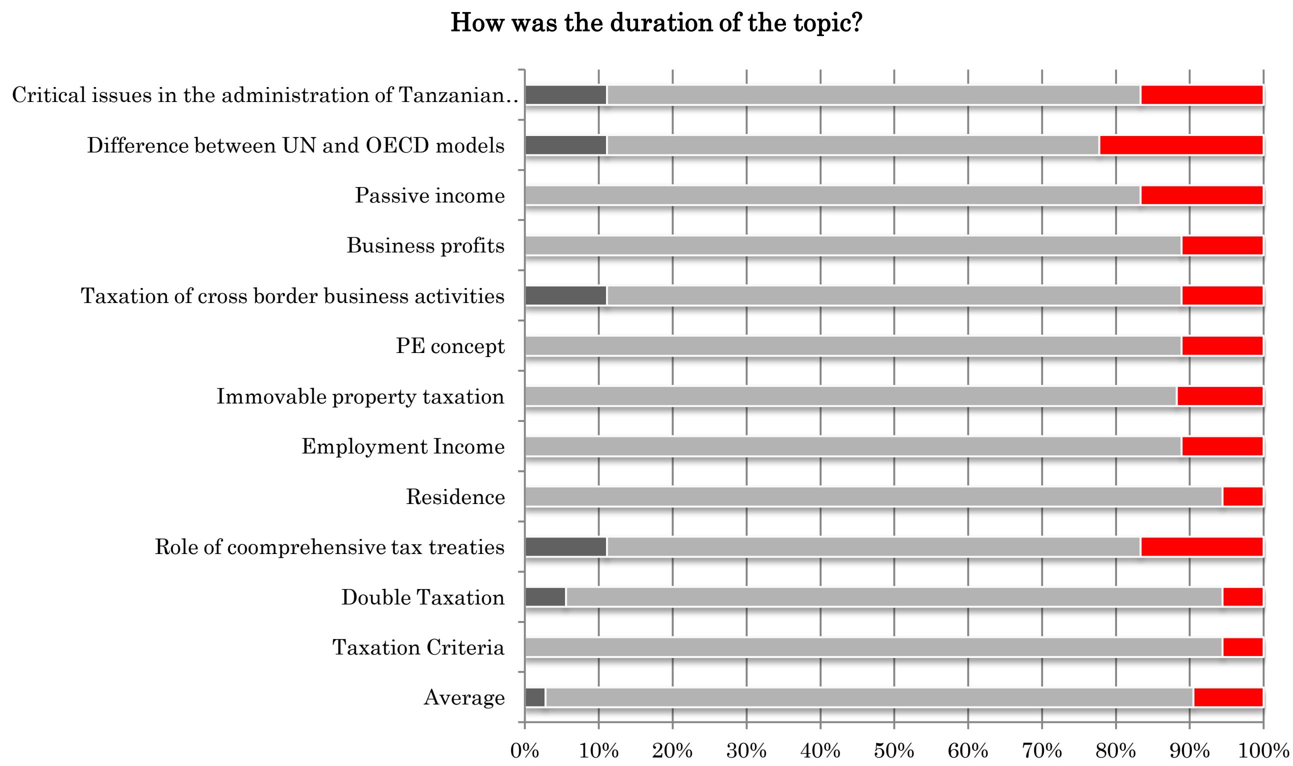


	Average	Mr. E Masalu	Mr. R Donati	Ms. Lydia Orgazon
1: Strongly Agree	10.7	13	9	10
2: Agree	6.3	4	8	7
3: Neutral	0.7	0	1	1
4: Disagree	0	0	0	0
5: Strongly Disagree	0.3	1	0	0

3) Topic Evaluation

On each topic, we have asked three questions; its duration, difficulty and applicability to practical work.

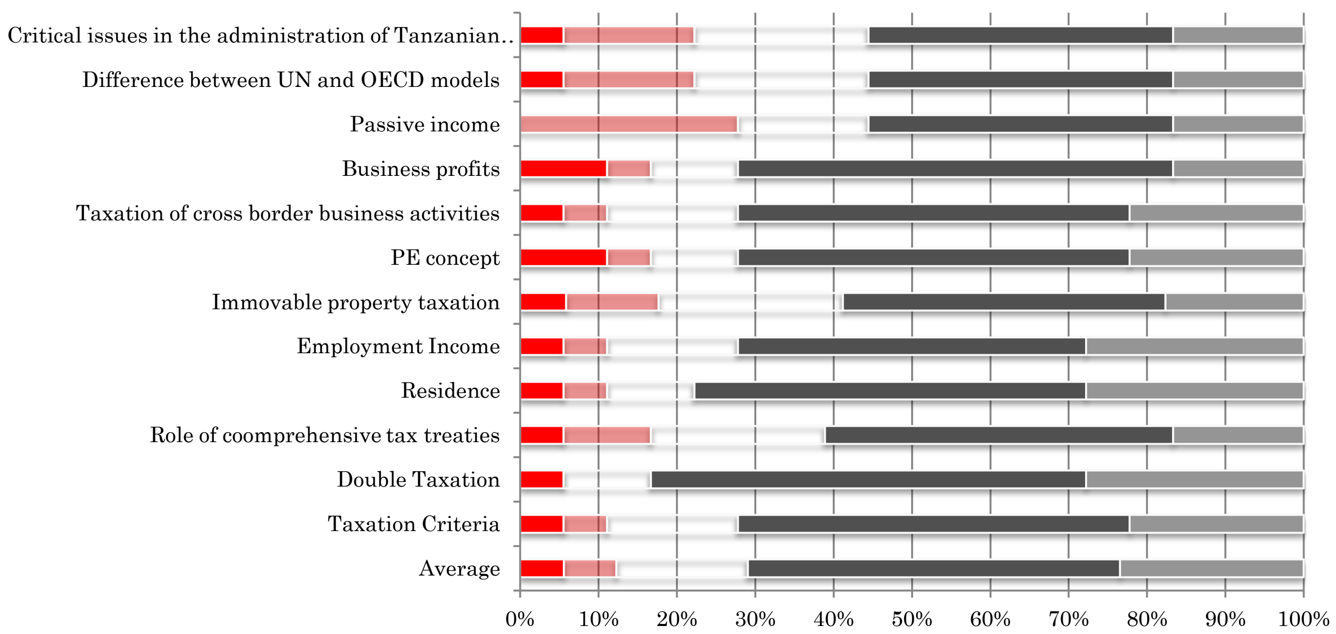
Firstly, about the length of the each content, on average 88% of the participants answered that the duration of the topic was adequate. Looking into the each topic, the topic of "difference between UN and OECD models" obtained highest percentage of answers saying that the duration was too short. Therefore, it might need to be considered to extend the duration a little bit more on the said topic.



	Average	Taxation Criteria	Double Taxation	Role of coomprehensive tax treaties	Residence	Employment Income	Immovable property taxation	PE concept	Taxation of cross border business activities	Business profits	Passive income	Difference between UN and OECD models	Critical issues in the administration of Tanzanian Double Taxation Treaties
1. Too long	0.5	0	1	2	0	0	0	0	2	0	0	2	2
2. Adequate	15.7	17	16	13	17	16	15	16	14	16	15	12	13
3. Too short	1.7	1	1	3	1	2	2	2	2	2	3	4	3

Secondly, about the difficulty, on average 71% of the participants answered that the topics were not difficult to understand, while 12% of them answered that they were difficult. In the last year's international taxation course with a focus on the transfer price, about 22% of them responded that they were difficult. So we might be able to conclude that the topic on the transfer price treaty might be more difficult than the topic of the double taxation treaty. In addition, this question is asked in order to know which topic was difficult to understand for us to focus on the topic a little bit more in conducting future training. In this regard, the topics like "passive income", "difference between UN and OECD models", and "Critical issues in the administration of Tanzanian Double Taxation Treaties" may need to be allocated more time given that over 20% of the trainees agreed to the difficulty. Also, it is important to note that there are a good number of trainees who further commented on the necessity of more inclusion of practical cases.

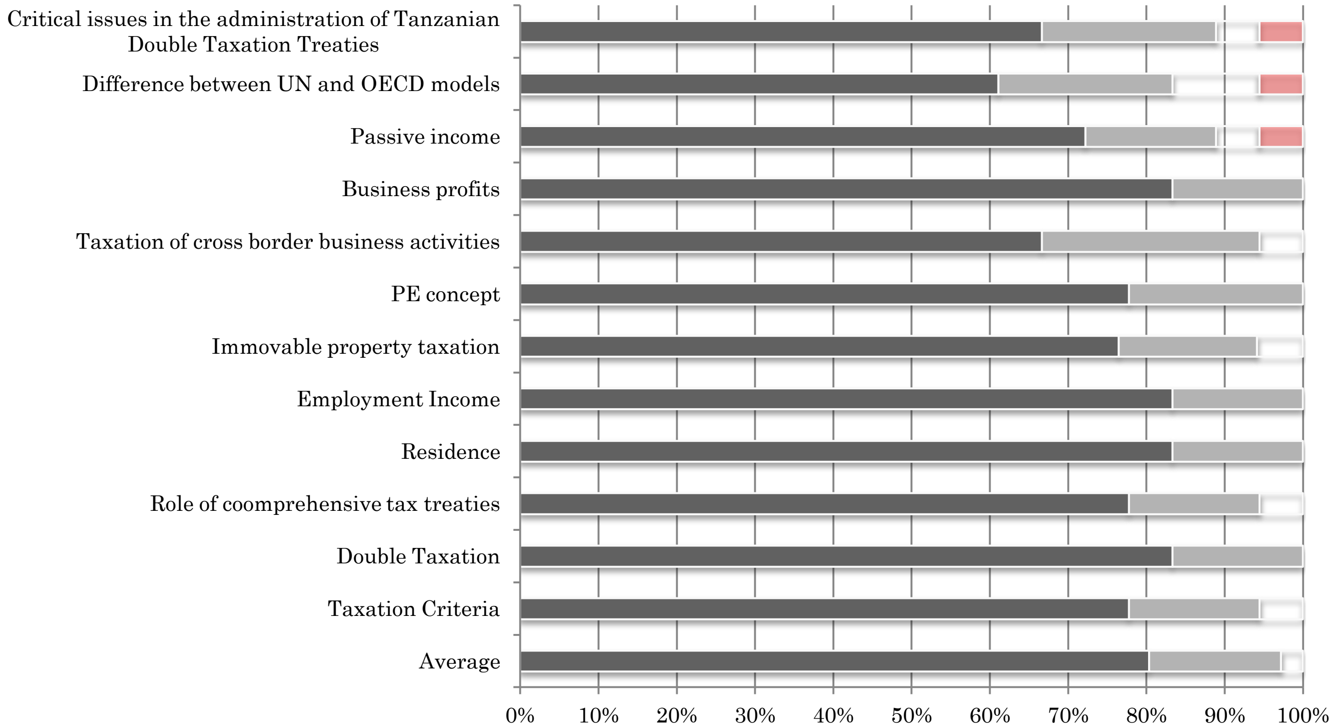
Was the topic difficult to understand?



	Average	Taxation Criteria	Double Taxation	Role of coomprehensive tax treaties	Residence	Employment Income	Immovable property taxation	PE concept	Taxation of cross border business activities	Business profits	Passive income	Difference between UN and OECD models	Critical issues in the administration of Tanzanian Double Taxation Treaties
1. Strongly Agree	1	1	1	1	1	1	1	2	1	2	0	1	1
2. Agree	1.2	1	0	2	1	1	2	1	1	1	5	3	3
3. Neutral	3	3	2	4	2	3	4	2	3	2	3	4	4
4. Disagree	8.5	9	10	8	9	8	7	9	9	10	7	7	7
5. Strongly Disagree	4.2	4	5	3	5	5	3	4	4	3	3	3	3

Thirdly, about the applicability of the topic, on average 97% of the trainees answered the topics were practicable in their work. Compared to the last year's session on the transfer pricing where 81% of the trainees answered the topics were practicable, this year's topic on the double taxation treaty obtained higher mark. Looking into each topic, we found that over 80% of the trainees answered positively towards all the topics. Thus we have obtained quite high remark on its applicability. As stipulated in the previous section, to make the course more applicable, it can be recommended to include more practical cases as the number of the participants requested it.

Was the topic practicable in your work?



	Average	Taxation Criteria	Double Taxation	Role of coomprehensive tax treaties	Residence	Employment Income	Immovable property taxation	PE concept	Taxation of cross border business activities	Business profits	Passive income	Difference between UN and OECD models	Critical issues in the administration of Tanzanian Double Taxation Treaties
■ 1. Strongly Agree	14.3	14	15	14	15	15	13	14	12	15	13	11	12
■ 2. Agree	3	3	3	3	3	3	3	4	5	3	3	4	4
3. Neutral	0.5	1	0	1	0	0	1	0	1	0	1	2	1
■ 4. Disagree	0	0	0	0	0	0	0	0	0	0	1	1	1
■ 5. Strongly Agree	0	0	0	0	0	0	0	0	0	0	0	0	0

4. Overall Summary

From this level 1 evaluation, we can assert that our training sessions have been successfully implemented with high satisfactory rate from the trainees towards overall training structure, materials, trainers, and topics. Trainers were well equipped with the expertise on the assigned topics and their way of lecturing seemed to have well facilitated the trainees' understanding. Also, materials provided seemed to be quite useful for the trainees. Topics seemed to be adequately chosen to promote their comprehensive understanding of the issue of Double Taxation Treaty. We need to think about, however, expanding the duration of the course, if possible, and introducing more practical cases to deepen their understanding. And some topics may need to be allocated more time and explanation in order to improve the course further. As some participants requested, the same course should be continuously held.

(Comparison Table)

Questions		TBC	EAS1	EAS2	ITC TP	TAC	EAS2-1	ITC DTT
		% of Positive Answers						
General	The module satisfied your expectations	67%	85%	94%	100%	63%	100%	**100%**
	The mtarials provided were useful	76%	95%	100%	100%	94%	100%	**100%**
	The duration of the module was adequate.	25%	66%	61%	33%	13%	44%	**18%**
Facilitator	1. Facilitator demonstrated mastery of the module contents	90%	93%	94%	100%	80%	98%	**98%**
	2. The way of facilitator recturing is well organized and facilitated your understanding	86%	93%	94%	97%	72%	99%	**94%**
	3. Facilitator provided adequate opportunity for questinons and discussions.	93%	90%	97%	97%	82%	95%	**94%**
Topic	1. Was the topic difficult to understand?	43%	42%	16%	22%	12%	34%	**12%**
	2. Was the topic practicable in your work?	92%	86%	95%	81%	97%	93%	**97%**

(Table of Figures)

	Questions		1: Strongly Agree	2: Agree	3: Neutral	4: Disagree	5: Strongly Disagree	Total	Satisfactory rate	Dissatisfactory rate
General	The module satisfied your expectations		11	7	0	0	0	18	**100%**	**0%**
	The mtarials provided were useful		12	6	0	0	0	18	**100%**	**0%**
	The duration of the module was adequate.		2	1	2	8	4	17	**18%**	**71%**
										Average facilitator evaluation Rate
Facilitator	1. Facilitator demonstrated mastery of the module contents	Average	12	5.3	0	0.3	0	18	**98%**	**96%**
		Mr. E Masalu	16	2	0	0	0	18	**100%**	
		Mr. R Donati	8	9	0	1	0	18	**94%**	
		Ms. Lydia Orgazon	13	5	0	0	0	18	**100%**	
	2. The way of facilitator recturing is well organized and facilitated your understanding	Average	12	4.7	0.7	0.3	0	18	**94%**	
		Mr. E Masalu	16	1	1	0	0	18	**94%**	
		Mr. R Donati	10	7	0	1	0	18	**94%**	
		Ms. Lydia Orgazon	11	6	1	0	0	18	**94%**	
	3. Facilitator provided adequate opportunity for questinons and discussions.	Average	11	6.3	0.7	0	0.3	18	**94%**	
		Mr. E Masalu	13	4	0	0	1	18	**94%**	
		Mr. R Donati	9	8	1	0	0	18	**94%**	
		Ms. Lydia Orgazon	10	7	1	0	0	18	**94%**	

									(Too long)	(Adequate)	(Too short)
Topic	1. How was the duration of the Topic?	Average	0.5	16	1.7			18	3%	88%	10%
		Taxation Criteria	0	17	1			18	0%	94%	6%
		Double Taxation	1	16	1			18	6%	89%	6%
		Role of coomprehensive tax treaties	2	13	3			18	11%	72%	17%
		Residence	0	17	1			18	0%	94%	6%
		Employment Income	0	16	2			18	0%	89%	11%
		Immovable property taxation	0	15	2			17	0%	88%	12%
		PE concept	0	16	2			18	0%	89%	11%
		Taxation of cross border business activities	2	14	2			18	11%	78%	11%
		Business profits	0	16	2			18	0%	89%	11%
		Passive income	0	15	3			18	0%	83%	17%
		Difference between UN and OECD models	2	12	4			18	11%	67%	22%
		Critical issues in the administration of Tanzanian Double Taxation Treaties	2	13	3			18	11%	72%	17%
									(Agree)	(Disagree)	
	2. Was the Topic Difficult to Understand?	Average	1	1.2	3	8.5	4.2	18	12%	71%	
		Taxation Criteria	1	1	3	9	4	18	11%	72%	
		Double Taxation	1	0	2	10	5	18	6%	83%	
		Role of coomprehensive tax treaties	1	2	4	8	3	18	17%	61%	
		Residence	1	1	2	9	5	18	11%	78%	
		Employment Income	1	1	3	8	5	18	11%	72%	
		Immovable property taxation	1	2	4	7	3	17	18%	59%	
		PE concept	2	1	2	9	4	18	17%	72%	
		Taxation of cross border business activities	1	1	3	9	4	18	11%	72%	
		Business profits	2	1	2	10	3	18	17%	72%	
		Passive income	0	5	3	7	3	18	28%	56%	
		Difference between UN and OECD models	1	3	4	7	3	18	22%	56%	
		Critical issues in the administration of Tanzanian Double Taxation Treaties	1	3	4	7	3	18	22%	56%	
	3. Was the Topic Practicable in your work?	Average	14	3	0.5	0	0	18	97%	0%	
		Taxation Criteria	14	3	1	0	0	18	94%	0%	
		Double Taxation	15	3	0	0	0	18	100%	0%	
		Role of coomprehensive tax treaties	14	3	1	0	0	18	94%	0%	
		Residence	15	3	0	0	0	18	100%	0%	
		Employment Income	15	3	0	0	0	18	100%	0%	
		Immovable property taxation	13	3	1	0	0	17	94%	0%	
		PE concept	14	4	0	0	0	18	100%	0%	
		Taxation of cross border business activities	12	5	1	0	0	18	94%	0%	
		Business profits	15	3	0	0	0	18	100%	0%	
		Passive income	13	3	1	1	0	18	89%	6%	
		Difference between UN and OECD models	11	4	2	1	0	18	83%	6%	
		Critical issues in the administration of Tanzanian Double Taxation Treaties	12	4	1	1	0	18	89%	6%	

ELECTRONIC ACCOUNTING SYSTEMS (EAS: Tally) Course 1st

23rd September to 4th October 2013

Time Table:

DATE	TIME	TOPIC	RESPONSIBILITY
23rd September 2013	08.00-08.30	Registration	Secretariat
	8:30-08:45	Opening activities	Counterparty Leader
	08:45-09.00	Introduction and expectations	Mr. P. Mbati
	09.00-10.00	Introductory Discussion	Mr. E. Masalu
	10.00-10.30	Accounting Information Systems	Mr. E. Masalu
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Characteristics of EAS	Mr. A. Kimea
	13:00-14:00	**LUNCH BREAK**	
	14.00-15.00	Accounting and Taxation: The relationship	Mr. E. Masalu
	14:00-16:00	Nature and the role of Accounting Standards: general and valuation concepts	Mr. E. Masalu
24th September 2013	8:30-9:00	Pre-accounting: the foundation	Mr. E. Masalu
	09.30-10.30	Accounting records: Types and structure of books and records	Miss Rose
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Accounting records: Types and structure of books and records	Miss Rose
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Accounting records: illustration case	Mr. A. Kimea
25th September 2013	8:30-10:30	Year-end Procedures	Mr. A. Kimea
	10:30-11:00	**TEA BREAK**	
	11.00-12.00	Basic Financial Statements	Mr. A. Kimea

	12.00-13.00	Payroll: calculations and tax aspects	Mr. P. Mbati
	13:00-14:00	**LUNCH BREAK**	
	14:00-15:00	Payroll: calculations and tax aspects	Mr. P. Mbati
	15.00-16.00	Cost accounting- Manufacturing costs	Mr. A. Kimea
26th September 2013	8:30-09:30	Usefulness of Cash flow information in tax audit	Mr. E. Masalu
	09.30-10.30	Analytical Review procedures: the context of financial analysis for tax audit	Mr. E. Masalu
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Ratio Analysis	Mr. E. Masalu
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Profit Planning: CVP Analysis	Mr. A. Kimea
27th September 2013	08.30-16.00	Usefulness of Tally for Tax Audit	Power Computers
30th September 2013	08:30-10:30	Introduction to Tally, Releases & Versions of Tally, Types of Tally Packages (Silver & Gold), Installation of License/Surrendering License	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Company Creation, Alteration, Deletion	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Chart of Accounts – Creation, Alteration, Deletion (Groups & Ledgers) Multi-Currency, New Voucher Types Creation, Alteration, Deletion	Power Computers
1st October	08:30-10:30	Explanation of existing Accounting	Power Computers

2013		Voucher Types, Recording Accounting Transactions, Viewing/Set up/Printing Accounting Reports	
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Inventory Management – Creation, Alteration, Deletion of Stock Groups, Stock Items, Units of Measure, Location (Go Downs)	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Inventory Management – (continued)	Power Computers
2nd October 2013	08:30-10:30	Explanation of existing Inventory Voucher Types, Recording Accounting & Inventory Transactions, Viewing/Set up/Printing Inventory Reports	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Explanation & Demonstration of Import/Export feature	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Security Control – Setting up security options, creating user & passwords	Power Computers
3rd October 2013	08:30-10:30	Explanation & Demonstration on Remote Accessing Explanation & Demonstration on Invoicing, Purchase & Sales Cycles	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Explanation & Demonstration of Various Tax Entries Explanation & Demonstration on Manufacturing Features of Tally	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Explanation & Demonstration on Cash	Power Computers

		Flow & Funds Flow Statements Explanation & Demonstration of All the Accounting/Inventory/Manufacturing Reports	
4th October 2013	08:30-10:30	Creating/Altering/Deleting Budgets Variance Analysis	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Explanation on Ratios Reports Configuration & Printing	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Backup of Data & Restoring Bank Reconciliation Tally Audit Feature Month End & Year End Closing Operations	Power Computers

Participants:

S/N	FULL NAME	DEPARTMENT/STATION
1	Felix Lema	LTD
2	Eric Mabula	LTD
3	Pamela Ngonyani	LTD
4	Ezekiel Temu	LTD
5	Abtwalbu Kateta	LTD
6	Robert Muhanzi	LTD
7	Magreth Kiswaga	LTD
8	Alex Jawa	LTD
9	Beatus B. Nchota	DRD
10	Patricia Kivamba	DRD
11	Festus P. N. Patta	DRD
12	Aretas Thomas	DRD
13	Joshua Macorwa	DRD
14	William Muganga	DRD
15	Sarah Senso	DRD
16	Halima Mbegalo	DRD

17	Parcelina Lulu Mnzava	ITA
18	Serdina Bujulu	DRD
19	Emmanuel Massewe	ITA
20	Richard Donanti	ITA

Evaluation Report on Electronic Accounting System (EAS) Course 1st Stage (from 23rd Sep to 4th Oct 2013)

1. Course summary and attendance

The course comprised of two separate sessions. For the first 4 days (the first session), the class was led by ITA lecturers (Mr. Masalu, Mr. Mbati, Mr. Kimea, and Ms. Rose) to give lectures and discussions on bookkeeping and accounting. For the last 6 days (the second session), introductory presentation and basic demonstration of Tally software were provided by outside facilitators. ITA originally invited 20 trainees for the first session from TRA/LTD(8), TRA/DRD(10), and ITA(2) and for the second session 18 trainees from TRA/LTD (8) and TRA/DRD(10). And actual attendance number was as follows;

On average, attendance rate was around 70% for both sessions. For the second session, however, the attendance from LTD has got lower than 50%. In order to deliver fruitful outcome for the course, we need to make sure to improve this attendance rate in future training. There was one trainee, in fact, commenting that we should install a mechanism to ensure the better attendance.

First session:

	23rd Sep		24th Sep		25th Sep		26th Sep		Average	
Total	12	60.0%	17	85.0%	13	65.0%	14	70.0%	14	70.0%
LTD	6	75.0%	6	75.0%	3	37.5%	4	50.0%	4.75	59.4%
DRD	4	40.0%	9	90.0%	9	90.0%	9	90.0%	7.75	77.5%
ITA	2	100.0%	2	100.0%	1	50.0%	1	50.0%	1.5	75.0%

Second session:

	27th Sep		30th Sep		1st Oct		2nd Oct		3rd Oct		4th Oct		Average	
Total	13	72.2%	16	88.9%	16	88.9%	12	66.7%	12	66.7%	11	61.1%	12.75	70.8%
LTD	3	37.5%	7	87.5%	7	87.5%	4	50.0%	4	50.0%	3	37.5%	4.5	56.3%
DRD	9	90.0%	9	90.0%	9	90.0%	8	80.0%	8	80.0%	8	80.0%	8.25	82.5%

2. Evaluation method

We decided to evaluate the course separately for each two session (the first one by ITA and the second one by Power Computer) given that the topic of the course and facilitators were substantially different.

We adopted level 1 evaluation in ITA and collected trainee's perception on the course in form of questionnaire. This questionnaire comprised of 3 parts; general evaluation, facilitator evaluation, and topic evaluation and adopted quantitative measurement for the trainee to choose 1 answer out of 5. In addition, space was provided to freely comment on the course. The questionnaire was provided and collected on the last day of each session.

Sample number and response rate (based on the attendance number on the last day of each session) were as follows;

First session: 13 (response rate: 92.9%)

Second session: 10 (response rate: 90.9%)

We can assert that the outcome from the questionnaire well summarizes the overall trainees' opinion given that high response rate.

3. Outcome (First session: Bookkeeping and Accounting)

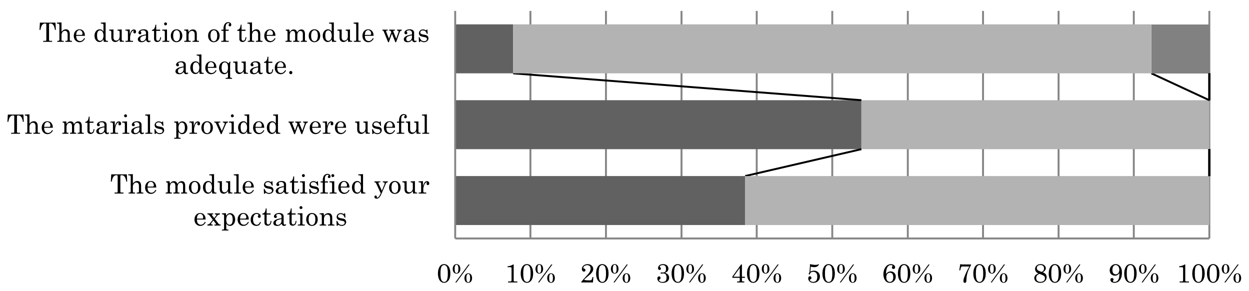
1) General Evaluation

We asked three questions as general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Secondly, we questioned if the materials were useful and thirdly if the duration of the module was adequate.

It is certainly confirmed that the trainees were satisfied with the first session. 100% of them responded positively (strongly agree or agree). One trainee further commented that “the course was a sort of refreshment of what is done in day to day work in the operations”. And another commented that “the course was well prepared and well organized.” Also, there was a comment showing his/her perfect satisfaction, saying that “as the matter of revision, everything went through without saying that there is where I was not satisfied, well done.” From these, it is asserted the trainees were totally satisfied because the contents taught were directly linked to their practical work and because the structure and each component of the course were well planned.

About the material, 100% of them consider it useful. It should be further noted that more than 50% of them had strongly agreed its usefulness. We provided all the lecturing materials including power point presentation. It can be said that this resulted in positive outcome. From these, we can assure that the course was quite useful and fruitful for the trainee and same kind of training should be continuously held.

On the length of the course, more than 90% of them responded positively and none noted it in negative way. We could assert, therefore, that the course should maintain the same length of period.

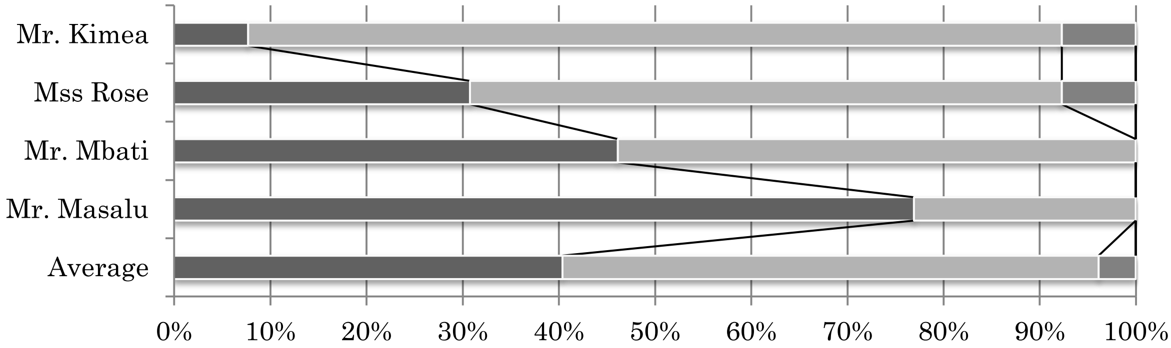


	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.
1: Strongly Agree	5	7	1
2: Agree	8	6	11
3: Neutral	0	0	1
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

2) Facilitator Evaluation

We have asked three questions for each facilitator; on his/her expertise, the way of lecturing, and interaction with the trainees. On the mastery of the contents, about 96% of them averagely responded the facilitators had expertise enough to teach the topic. Looking into each facilitator, we can find that all of them received more than 90% of positive feedback. None of the facilitators received negative response about his/her expertise. It is, therefore, asserted that all facilitators had enough expertise to teach the assigned topic and ITA had selected the right/eligible facilitators.

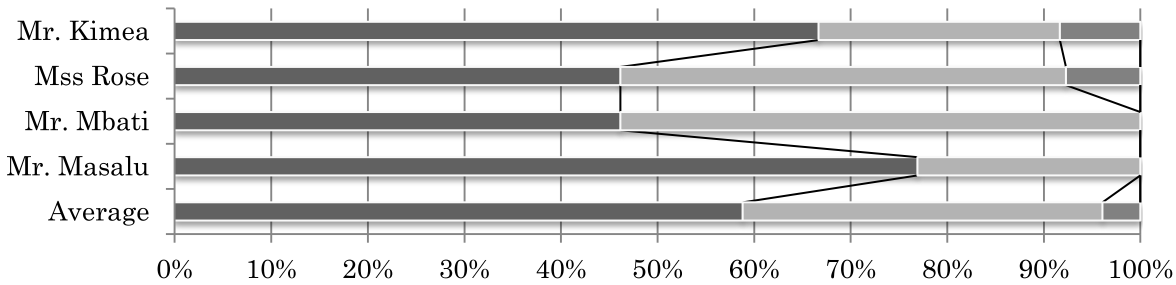
The facilitator demonstrated mastery of the module contents.



	Average	Mr. Masalu	Mr. Mbati	Mss Rose	Mr. Kimea
1: Strongly Agree	5.25	10	6	4	1
2: Agree	7.25	3	7	8	11
3: Neutral	0.5	0	0	1	1
4: Disagree	0	0	0	0	0
5: Strongly Disagree	0	0	0	0	0

Secondly, about the way of lecturing on average 96% of the trainees responded in positive manner. All the trainers received positive feedback from more than 90% of the trainees. And none received negative response. One trainee, however, further commented on the use of English language saying that some of the lecturers should improve English skills to properly talk about the topics. We should note this to improve the skills of the trainers. From overall outcome, it is concluded that all facilitators had well organized the course and facilitated trainees' understanding on the topics.

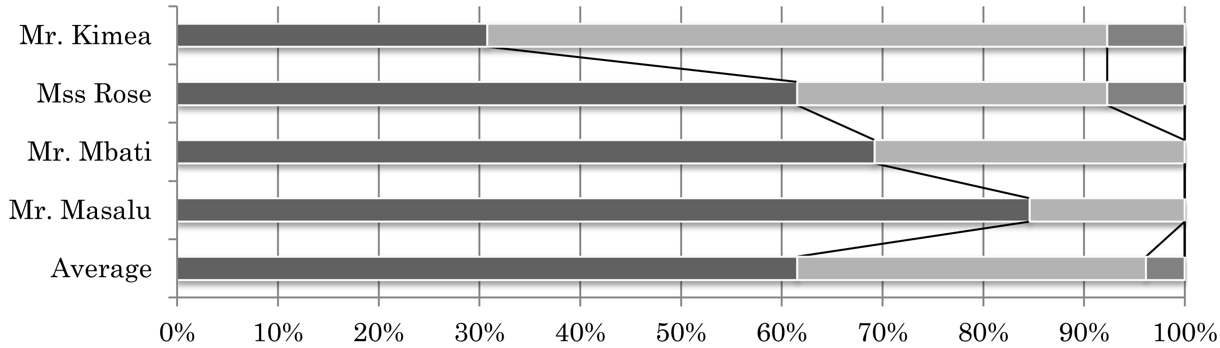
The way of lecturing is well organized and facilitated your understanding.



	Average	Mr. Masalu	Mr. Mbati	Mss Rose	Mr. Kimea
1: Strongly Agree	7.5	10	6	6	8
2: Agree	4.75	3	7	6	3
3: Neutral	0.5	0	0	1	1
4: Disagree	0	0	0	0	0
5: Strongly Disagree	0	0	0	0	0

Lastly, about the interaction in the class, on average 96% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. Looking into each facilitator, it is found that all of them received positive feedback from more than 90% of the trainees. None received negative. Therefore, it can be asserted that all the facilitators provided adequate opportunity for interaction for the trainees.

The facilitator provided adequate opportunity for questions and discussion.



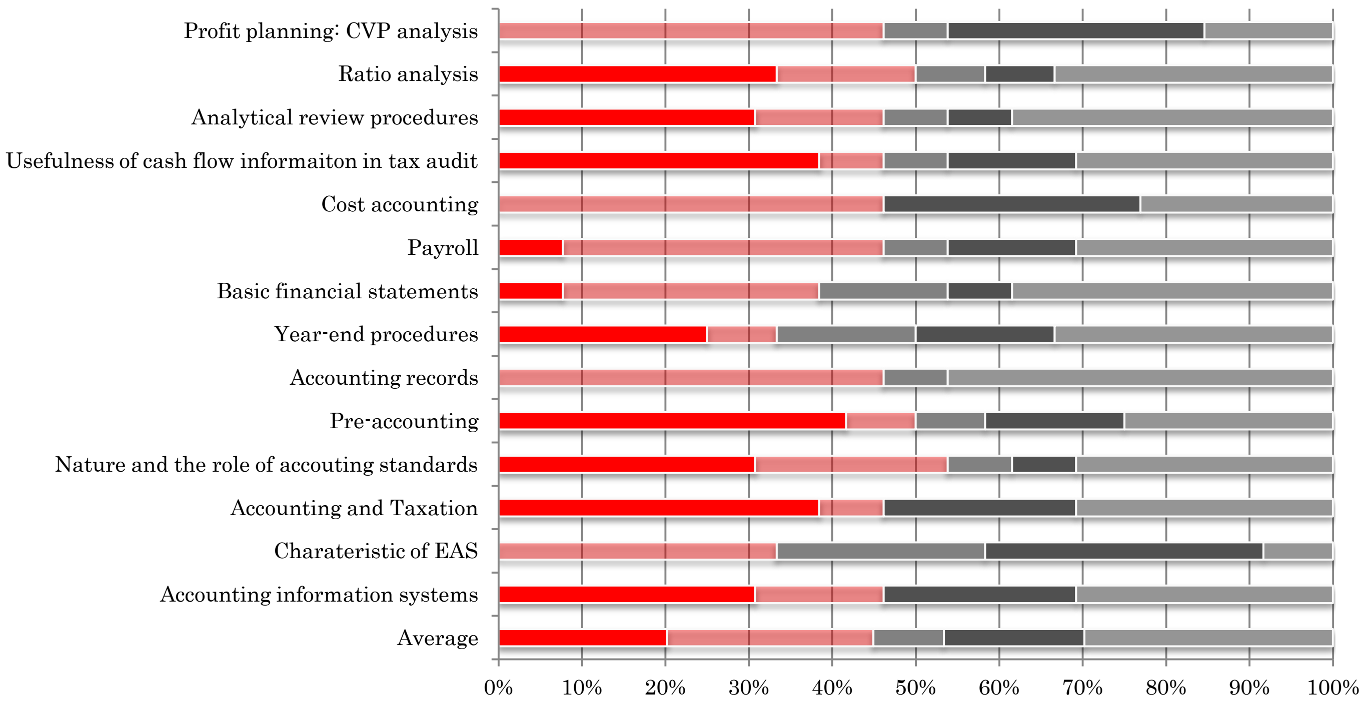
	Average	Mr. Masalu	Mr. Mbati	Mss Rose	Mr. Kimea
1: Strongly Agree	8	11	9	8	4
2: Agree	4.5	2	4	4	8
3: Neutral	0.5	0	0	1	1
4: Disagree	0	0	0	0	0
5: Strongly Disagree	0	0	0	0	0

3) Topic Evaluation

On each topic, we have asked two questions; its difficulty and applicability to practical work.

Firstly, on the difficulty, we have obtained diverse answers. Basically, the each topic obtained equal number of positive and negative answers. On average, about 45% of the trainees think the topics were difficult to understand, and about 45 % of them think they were not difficult. It is difficult to assert one conclusion from this diverse outcome. This question, however, is asked in order to know which topic was difficult to understand for us to focus on the topic a little bit more in conducting future training. For that matter, it is said that the topics on “ratio analysis”, “pre-accounting”, and “nature and the role of accounting standards” should be considered to be explained more in future as more than 50% of the trainees think it was difficult to understand. Also, from this balanced outcome between positive and negative, it might be able to assert that the topics were well selected and composed at the balanced level, which were not too easy and too difficult.

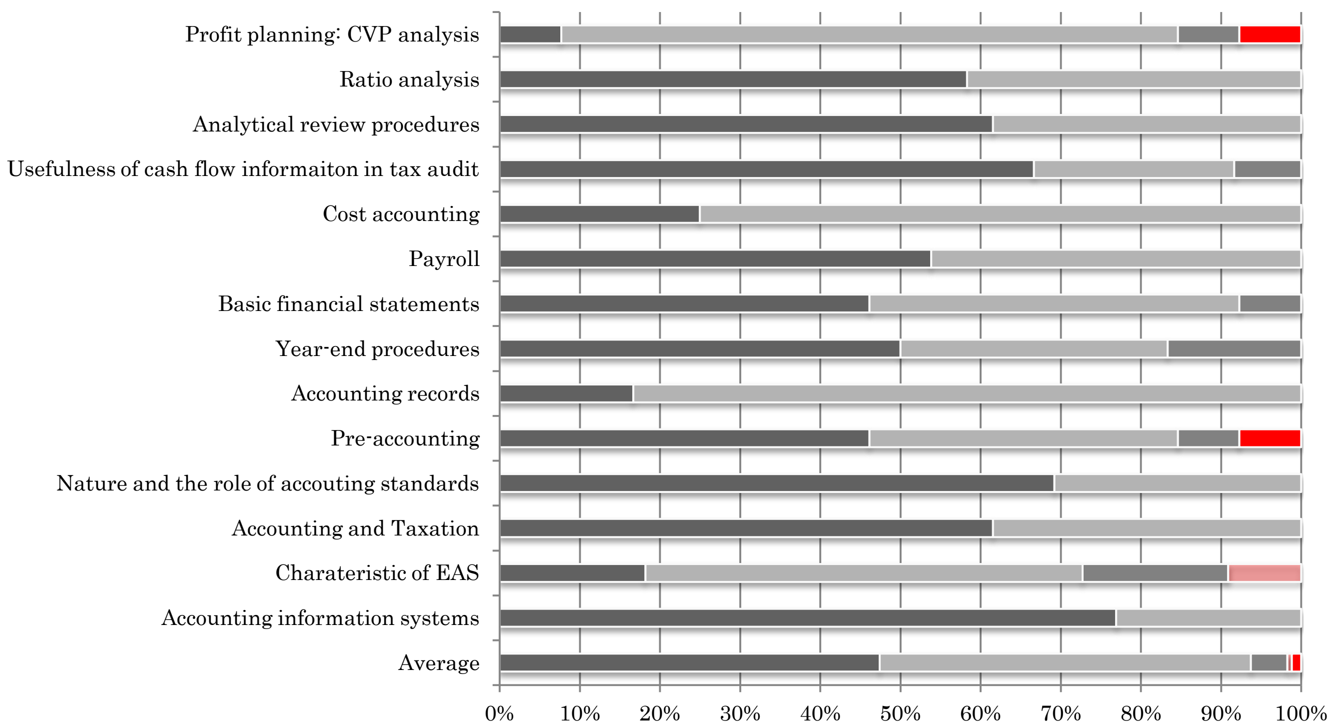
Was the topic difficult to understand?



	Average	Accounting information systems	Charateristic of EAS	Accounting and Taxation	Nature and the role of accouting standards	Pre-accounting	Accounting records	Year-end procedures	Basic financial statements	Payroll	Cost accounting	Usefulness of cash flow informaiton in tax audit	Analytical review procedures	Ratio analysis	Profit planning: CVP analysis
1: Strongly Agree	2.6	4	0	5	4	5	0	3	1	1	0	5	4	4	0
2: Agree	3.1	2	4	1	3	1	6	1	4	5	6	1	2	2	6
3: Neutral	1.1	0	3	0	1	1	1	2	2	1	0	1	1	1	1
4: Disagree	2.1	3	4	3	1	2	0	2	1	2	4	2	1	1	4
5: Strongly Disagree	3.8	4	1	4	4	3	6	4	5	4	3	4	5	4	2

Secondly, about the applicability of the topic, on average 93% of the trainees answered the topics were practicable in their work. Looking into each topic, we found that 100% of the trainees answered positively on 8 topics out of 14. Also, the rest received more than 80% of trainees' positive feedback, except the topic "characteristic of EAS". In fact, one trainee commented that "some topics were irrelevant to our practice." We need to note this and better consult with TRA workers more in planning next course. However, from overall outcomes, it can be asserted that the topics were selected adequately and these were related to and practicable in the trainees' work.

Was the topic practicable in your work?



	Average	Accounting information systems	Charateristic of EAS	Accounting and Taxation	Nature and the role of accouting standards	Pre-accounting	Accounting records	Year-end procedures	Basic financial statements	Payroll	Cost accounting	Usefulness of cash flow informaiton in tax audit	Analytical review procedures	Ratio analysis	Profit planning: CVP analysis
1: Strongly Agree	5.9	10	2	8	9	6	2	6	6	7	3	8	8	7	1
2: Agree	5.8	3	6	5	4	5	10	4	6	6	9	3	5	5	10
3: Neutral	0.6	0	2	0	0	1	0	2	1	0	0	1	0	0	1
4: Disagree	0.1	0	1	0	0	0	0	0	0	0	0	0	0	0	0
5: Strongly Disagree	0.1	0	0	0	0	1	0	0	0	0	0	0	0	0	1

4. Outcome (second session)

1) General Evaluation

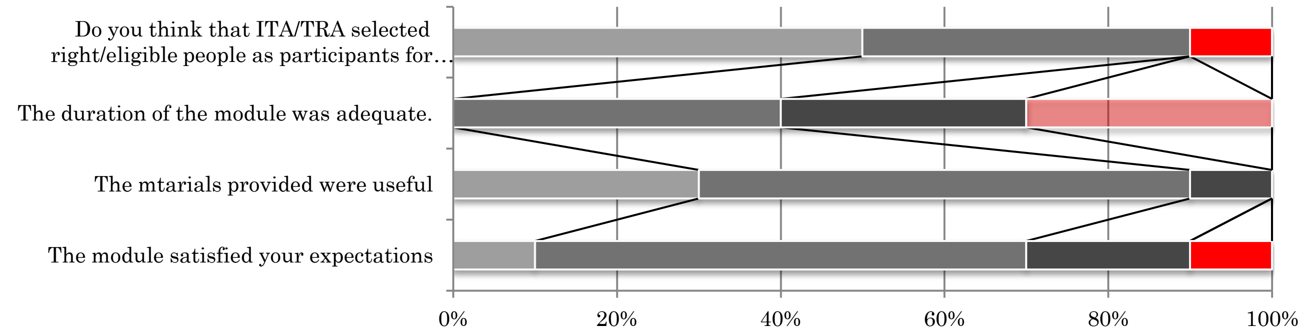
We asked the same three questions in the first session as general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Second, we questioned if the materials were useful and thirdly if the duration of the module was adequate. Also, we added fourth question about if ITA/TRA had chosen right/eligible participants (this question did not exist in the first session evaluation).

Compared to the first session, the satisfactory rate of the participants for the course was lower. For the first session 100% of them responded positively, while for the second only 70% of them did so. Although it can be still asserted that the second session well satisfied the trainees' expectation, we should note that it may need some improvements. On how to improve, we can refer to the comment saying that "the delivery mode should be improved." There was one facilitator providing lecture and leading demonstration with one or two assistants. Sometimes there were not enough people to look after if the trainees were following the topics. This allocation of facilitators may need to be improved. Also, there were two trainees commenting that they expected that we provide audit method using Tally. For instance, one said that "I expected that after getting training with Tally the next step is to have demonstration on how you can audit and data verification through tally for audit purpose." Although we are going to include this audit aspect in the next training, it is noted that trainees were not well explained about the contents of the training beforehand.

About the material provided by Power computer, 90% of them responded positively.

About the duration of the module, we need to carefully look into this outcome when considering another training of the same kind. Only 40% of them responded that the length was adequate, while 30% of them stand on neutral and 30% of them on negative side. The duration of the module seemed to be quite short compared to the contents required to learn. In fact, the course was originally for 12 weeks and we shortened it to 1 week. This resulted in the trainees' un-satisfaction towards the length. There were two commenting strongly pointing out the lack of days.

About the selection of the participants, it seems that ITA/TRA chose adequate people as about 90% of them responded positively. It should be further noted, however, that one trainee was strongly disagreed that we chose right people, saying that this training was not applied to people based on their job description. This matter should be consulted more with TRA officials.

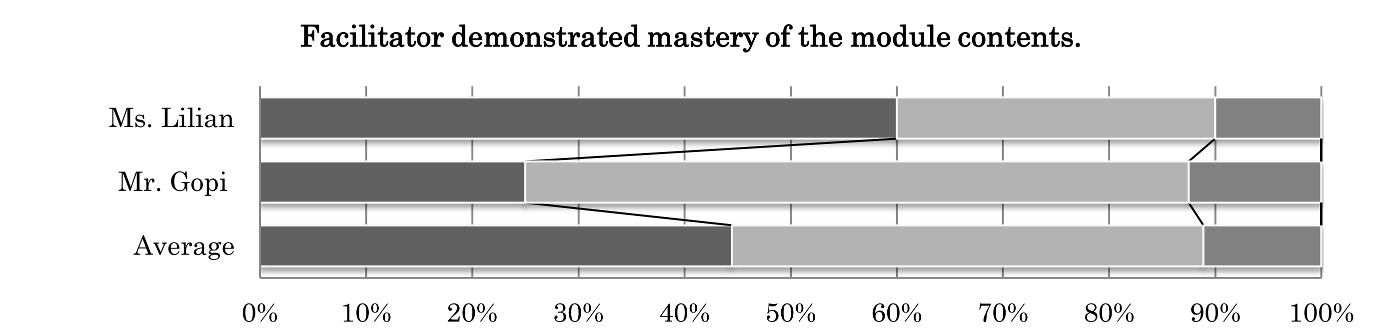


	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.	Do you think that ITA/TRA selected right/eligible people as participants for the course?
1: Strongly Agree	1	3	0	5
2: Agree	6	6	4	4
3: Neutral	2	1	3	0
4: Disagree	0	0	3	0
5: Strongly Disagree	1	0	0	1

2) Facilitator Evaluation

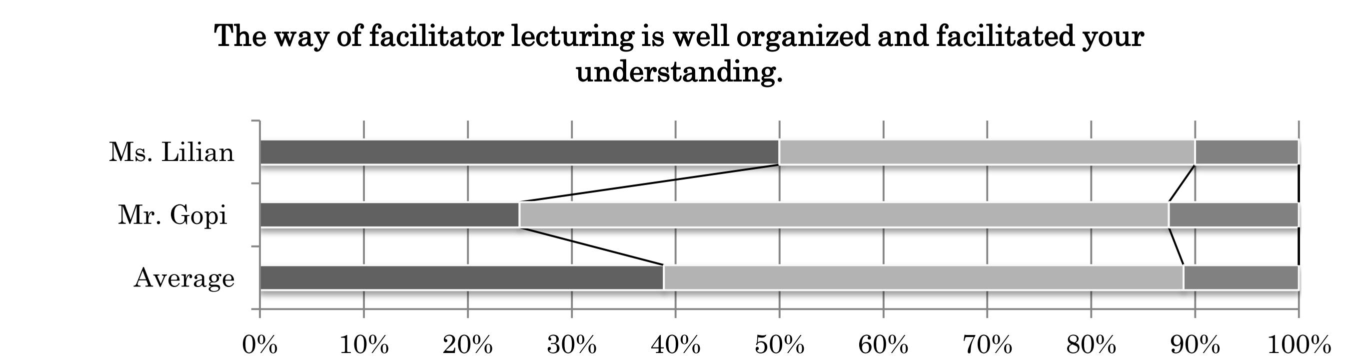
We have asked three questions for each facilitator; on his/her expertise, the way of lecturing, and interaction.

About the mastery of the contents, about 90% of them on average responded the facilitators had expertise enough to teach the topic. Looking into each facilitator, we found that all of them received around 90% of positive feedback. None of the facilitators received negative response about his/her expertise. It is, therefore, asserted that all facilitators had enough expertise to teach the assigned topic and ITA selected the right facilitators



	Average	Mr. Gopi	Ms. Lilian
1: Strongly Agree	4	2	6
2: Agree	4	5	3
3: Neutral	1	1	1
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

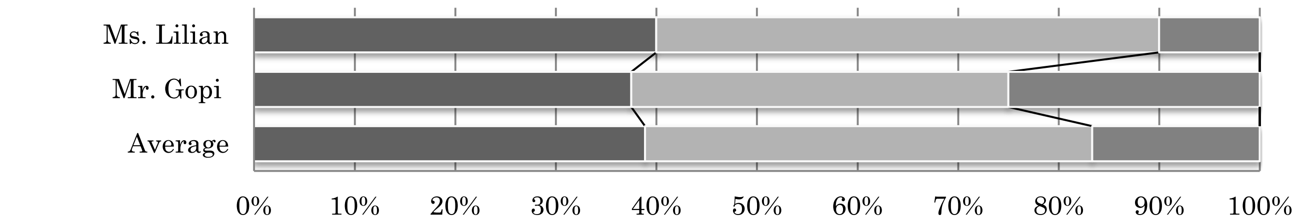
Secondly, about the way of lecturing on average 90% of the trainees responded in positive manner. All the trainers received positive feedback from about 90% of the trainees. And none received negative response. It is, therefore, asserted that all facilitators had well organized the course and facilitated trainees' understanding on the topics.



	Average	Mr. Gopi	Ms. Lilian
1: Strongly Agree	3.5	2	5
2: Agree	4.5	5	4
3: Neutral	1	1	1
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

Lastly, about the interaction in the class, on average about 80% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. Looking into each facilitator, it is found that all of them received positive feedback from more than 70% of the trainees. None received negative. Therefore, it can be asserted that all the facilitators provided adequate opportunity for interaction for the trainees.

Facilitator provided adequate opportunity for questions and discussions.



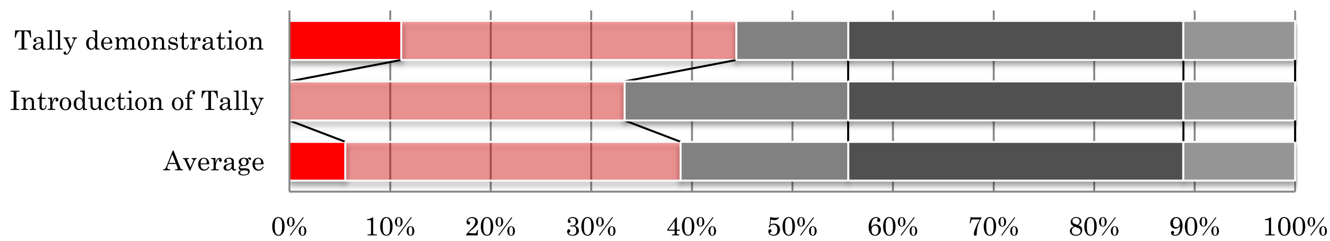
	Average	Mr. Gopi	Ms. Lilian
1: Strongly Agree	3.5	3	4
2: Agree	4	3	5
3: Neutral	1.5	2	1
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

3) Topic Evaluation

On each topic, we have asked two questions; its difficulty and applicability to practical work.

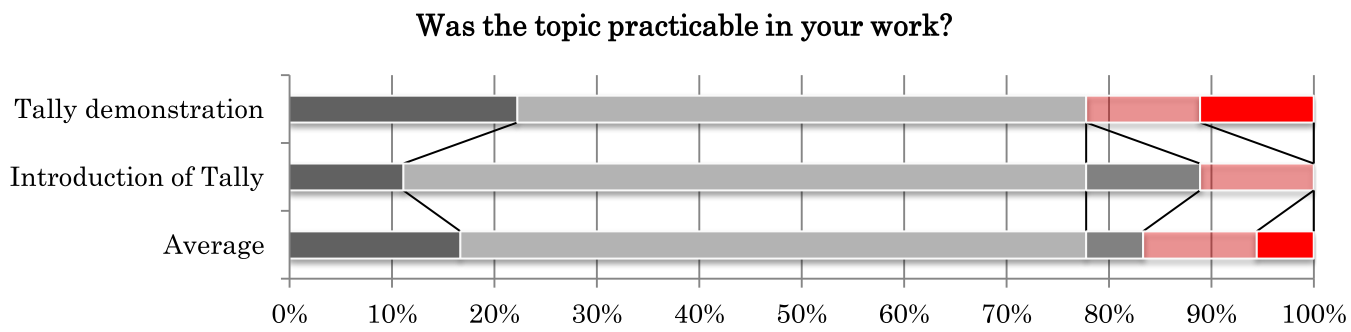
Firstly, on the difficulty, we have obtained diverse answers like the first session. Basically, the each topic obtained negative answer from more than 60% of the trainees, meaning that the topic was not difficult. However, it should be also noted that more than 40% of them responded that the topic was difficult on tally demonstration. Given the duration of the training period, the course was really concentrated and some might have felt difficult to follow topics. In fact, one further commented that "the time was limited". This indicates that in future we need to reconsider the length of training session for the trainee to adequately follow the session.

Was the topic difficult to undertstand?



	Average	Introduction of Tally	Tally demonstration
1: Strongly Agree	0.5	0	1
2: Agree	3	3	3
3: Neutral	1.5	2	1
4: Disagree	3	3	3
5: Strongly Disagree	1	1	1

Secondly, about the applicability of the topic, on average about 80% of the trainees answered the topics were practicable in their work. It should be still noted, however, that about 20% of them responded that Tally demonstration was not applicable in conducting their work.



	Average	Introduction of Tally	Tally demonstration
1: Strongly Agree	1.5	1	2
2: Agree	5.5	6	5
3: Neutral	0.5	1	0
4: Disagree	1	1	1
5: Strongly Disagree	0.5	0	1

5. **Overall Summary**

From this level 1 evaluation, we can assert that our training sessions have been successfully implemented with high satisfactory rate of trainees towards overall training structure, materials, trainers, and topics. When we compare the two sessions, the first session on the bookkeeping and accounting has obtained higher satisfactory rate, reason being that the session topics were adequately structured and planned well, and interlinked to trainees' daily work. On the second session of tally demonstration, more time should be installed for trainees to follow the topics adequately.

In thinking improvement of another course, we need to have a further consultation with TRA on the course duration, selection of the trainees, maintenance of their attendance, attendance of facilitators, and selection of topics.

ELECTRONIC ACCOUNTING SYSTEMS (EAS: Tally) Course 2nd

20th October to 31st October 2014

Time Table:

DATE	TIME	TOPIC	RESPONSIBILITY
20th October, 2014	08.30-08.30	Registration	Secretariat
	08:30-08:40	Opening activities	Counterparty Leader
	08:40-09:00	Introduction and expectations	Mr. P. Mbati
	09:00-09:30	Introductory Discussion	Mr. E. Masalu
	09:30-10.30	Accounting Information Systems & Characteristics of EAS	Mr. E. Masalu
	10:30-11:00	**TEA BREAK**	
	11:00-12:00	Accounting Information Systems & Characteristics of EAS	Mr. E. Masalu
	11:30-12:00	Accounting and Taxation: The relationship	
	12:00-13:00	Nature and the role of Accounting Standards: general and valuation concepts	Mr. E. Masalu
	13:00-14:00	**LUNCH BREAK**	
	14.00-15.00	Pre-accounting: the foundation	Mr. E. Masalu
	15:00-16:00	Accounting records: Types and structure of books and records	M/s Rose
21st October, 2014	8:30-10.30	Accounting records: Types and structure of books and records	M/s Rose
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Accounting records: illustration case	Mr/s Rose
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Year-end Procedures	Mr. P. Mbati
22nd October, 2014	8:30-09:30	Basic Financial Statements	Mr. P. Mbati
	09:30-10.30	Payroll: calculations and tax aspects	Mr. P. Mbati
	10:30-11:00	**TEA BREAK**	

	11.00-12:00	Payroll: calculations and tax aspects	Mr. P. Mbati
	12.00-13:00	Cost Accounting: Manufacturing costs	Mr. P. Mbati
	13:00-14:00	**LUNCH BREAK**	
	14:00-15:00	Usefulness of Cash flow information in tax audit	Mr. E. Masalu
	15.00-16.00	Analytical Review procedures: the context of financial analysis for tax audit	Mr. E. Masalu
23rd October, 2014	8:00-8:30	Sorting and Filtering	Mr. A. Moova, Mr. E. Temu, Mr. J Musa
	8:30-9:30	Average and count functions	
	9:30-10:00	Sum functions	
	10:00-10:30	**TEA BREAK**	
	10:30-11:30	Nesting of Functions	Mr. A. Moova Mr. E. Temu, Mr. J Musa
	11:30-12:00	Look up functions	
	12:00-13:00	Pivot tables and pivot charts	
	13:00-14:00	**LUNCH BREAK**	
	14:00-14:30	Logical functions	Mr. A. Moova, Mr. E. Temu, Mr. J Musa
	14:30-15:00	Statistical functions	
	15:30-16:00	Financial functions	
	16:00-17:00	Array functions	
24th October, 2014	08:30- 10:30	Ratio Analysis	Mr. E. Masalu
	10:30-11:00	**TEA BREAK**	
	11:00 – 13:00	Profit Planning: CVP Analysis	Mr. P. Mbati
	13:00-14:00	**LUNCH BREAK**	
	14:00-17:00	Nesting and recapitulations	Mr. A. Moova, Mr. E. Temu, Mr. J Musa
27th October 2014	08:30-10:30	Introduction to Tally, Releases & Versions of Tally, Types of Tally Packages (Silver & Gold), Installation of License/Surrendering License	Mr. A. Kimea
	10:30-11:00	**TEA BREAK**	

	11:00-13:00	Company Creation, Alteration, Deletion	Mr. A. Kimea
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Chart of Accounts – Creation, Alteration, Deletion (Groups & Ledgers) Multi-Currency, New Voucher Types Creation, Alteration, Deletion	Mr. A. Kimea
28th October 2014	08:30-10:30	Explanation of existing Accounting Voucher Types, Recording Accounting Transactions, Viewing/Set up/Printing Accounting Reports	Mr. A. Kimea
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Inventory Management – Creation, Alteration, Deletion of Stock Groups, Stock Items, Units of Measure, Location (Go Downs)	Mr. A. Kimea
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Inventory Management – (continued)	Mr. A. Kimea
29th October 2014	08:30-10:30	Explanation of existing Inventory Voucher Types, Recording Accounting & Inventory Transactions, Viewing/Set up/Printing Inventory Reports	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Explanation & Demonstration of Import/Export feature	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Security Control – Setting up security options, creating user & passwords	Power Computers
30th October 2014	08:30-10:30	Explanation & Demonstration on Remote Accessing Explanation & Demonstration on Invoicing, Purchase & Sales Cycles	Power Computers

	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Explanation & Demonstration of Various Tax Entries Explanation & Demonstration on Manufacturing Features of Tally	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Explanation & Demonstration on Cash Flow & Funds Flow Statements Explanation & Demonstration of All the Accounting/Inventory/Manufacturing Reports	Power Computers
31st October 2014	08:30-10:30	Creating/Altering/Deleting Budgets Variance Analysis	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Explanation on Ratios Reports Configuration & Printing	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Backup of Data & Restoring Bank Reconciliation Tally Audit Feature Month End & Year End Closing Operations	Power Computers

Participants:

NO	FULL NAME	DEPARTMENT/STATION
1	VENANCE EPHRAIM	DRD/KILIMANJARO
2	WANGALUKE SHILINDE	DRD/ARUSHA
3	CHRISTIAN KILIA	DRD/TANGA
4	MICHAEL NSOBI	DRD/MBEYA
5	EOTROPIA MORAH	LTD
6	LEOCARD MASSAWE	DRD/TEMEKE
7	MARRY KUNYAMAGOHA	LTD
8	NEEMA NYONI	LTD
9	DICKSON QAMARA	DRD/KINONDONI

10	ELIA .G. MAHENGE	DRD/ILALA
11	GABRIEL KIMWELI	DRD/ILALA
12	LUCAS MARO	DRD/ILALA
13	ALICE SWEKE	DRD/MOROGORO
14	ANGELA CHINGALI	DRD/KINONDONI
15	PAUL MSELLE	DRD/KINONDONI
16	SUSAN .R. KWEKA	LTD
17	ARIF .M. SAID	DRD/ZANZIBAR
18	SUNDAY SARUMA	LTD
19	INOCENT DAUDI	DRD/TEMEKE

Evaluation Report on Electronic Accounting System (EAS) Course 2nd Group 1st Stage (from 23rd Sep to 4th Oct 2014)

1. Course summary and attendance

The course comprised of two separate sessions. For the first 5 days (the first session), the class was led by ITA lecturers (Mr. Masalu, Mr. Kimea, Ms. Rose, Mr. Moova) to give lectures and discussions on bookkeeping and accounting, and excel practice. The excel practice part (1.5days) was added from this 2nd group as the there was a strong request and need from the operational department. For the last 5 days (the second session), introductory presentation and basic demonstration of Tally software were provided by Mr. Kimea and outside facilitator.

17 people on average attended the course.

2. Evaluation method

We decided to evaluate the course separately for each two session (the first one by ITA and the second one by Power Computer) given that the topic of the course and facilitators were substantially different.

We adopted level 1 evaluation in ITA and collected trainee's perception on the course in form of questionnaire. This questionnaire comprised of 3 parts; general evaluation, facilitator evaluation, and topic evaluation and adopted quantitative measurement for the trainee to choose 1 answer out of 5. In addition, space was provided to freely comment on the course. The questionnaire was provided and collected on the last day of each session.

Sample number and response rate were as follows;

First session: 15 (response rate: 88.2%)

Second session: 14 (response rate: 82.3%)

We can assert that the outcome from the questionnaire well summarizes the overall trainees' opinion given that high response rate.

3. Outcome (First session: Bookkeeping and Accounting)

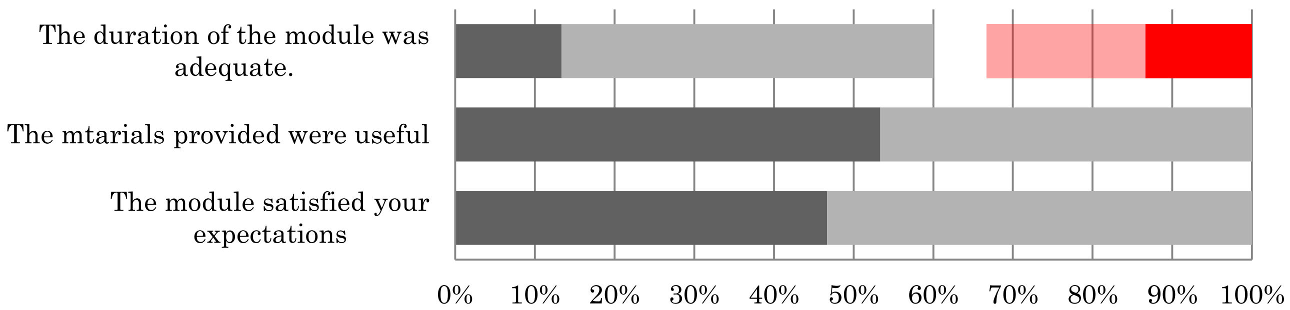
1) General Evaluation

We asked three questions as general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Secondly, we questioned if the materials were useful and thirdly if the duration of the module was adequate.

It is certainly confirmed that the trainees were satisfied with the first session. 100% of them responded positively (strongly agree or agree). In comparison, the same session held last year got also 100% of satisfactory rate. So we can conclude that this first session of bookkeeping and accounting has been quite useful. One trainee further commented that "the course was relevant to my day to day objectives and duties". Also one commented that "there must be regular course like this nature" It is asserted the trainees were totally satisfied because the contents taught were directly linked to their practical work.

About the material, 100% of them consider it useful. It should be further noted that more than 50% of them had strongly agreed its usefulness. In comparison, the same session held last year got also 100% of satisfactory rate. We provided all the lecturing materials including power point presentation and comprehensive excel instructive guidance notes. It can be said that this resulted in positive outcome. It is assured that the course was quite useful and fruitful for the trainee with comprehensive materials provided.

On the length of the course, more than 60% of them responded positively and 33% noted it in negative way. In comparison, we could identify that last year 92% of the participants said the duration was adequate. So, the session this year obtained lowered score on duration. The reason could be that we added the content of excel practice this time and the time allocated to excel (1.5days) was not enough. Some additionally commented with emphasis on the extension of the course duration at least 2 weeks for the theory and excel part. We may need to seek for a way to adjust the course length to their satisfaction.



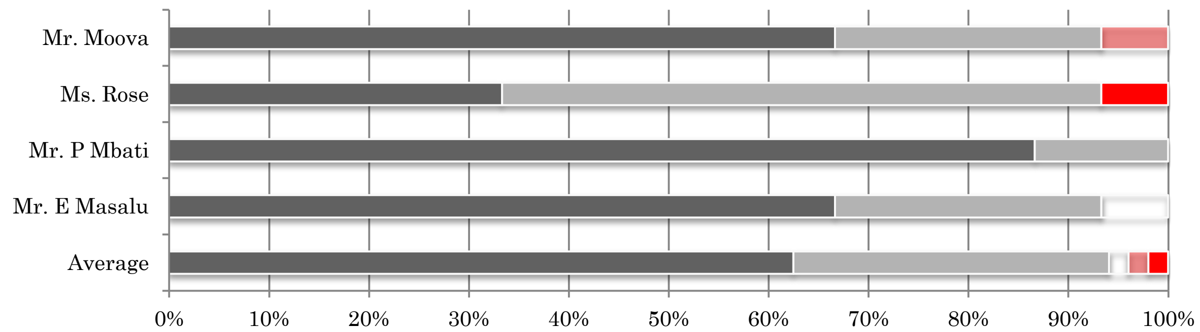
	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.
1: Strongly Agree	7	8	2
2: Agree	8	7	7
3: Neutral	0	0	1
4: Disagree	0	0	3
5: Strongly Disagree	0	0	2

2) Facilitator Evaluation

We have asked three questions for each facilitator; on his/her expertise, the way of lecturing, and interaction with the trainees.

On the mastery of the contents, about 95% of them averagely responded the facilitators had expertise enough to teach the topic. In comparison, the same session last year obtained averagely 96% in satisfactory rate. Looking into each facilitator, we can find that all of them received more than 90% of positive feedback. None of the facilitators received negative response about his/her expertise. It is, therefore, asserted that all facilitators had enough expertise to teach the assigned topic and ITA had selected the right/eligible facilitators. Especially to note, one commented that "Mr. Moova has a lot of experience and he is good at what he does since he works directly in the field like us I just wish he give more time to teach and share with us." For some contents like excel practical application like this session, could have greater impact if taught by the practitioners.

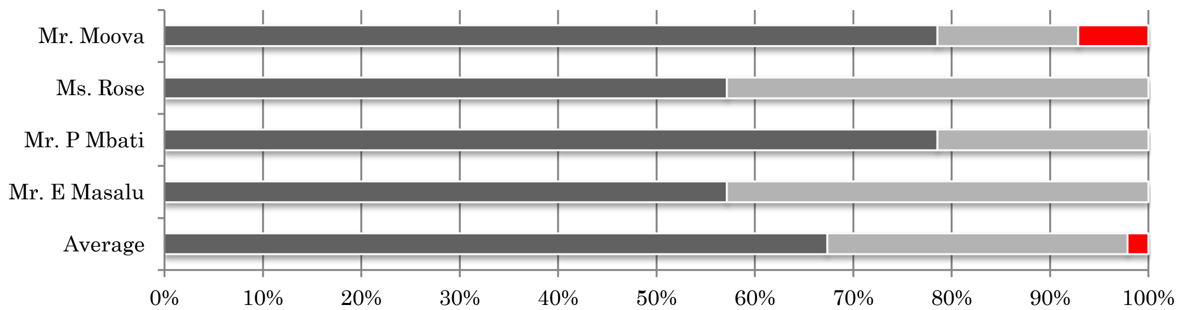
The facilitator demonstrated mastery of the module contents.



	Average	Mr. E Masalu	Mr. P Mbati	Ms. Rose	Mr. Moova
1: Strongly Agree	9.5	10	13	5	10
2: Agree	4.8	4	2	9	4
3: Neutral	0.3	1	0	0	0
4: Disagree	0.3	0	0	0	1
5: Strongly Disagree	0.3	0	0	1	0

Secondly, about the way of lecturing on average 99% of the trainees responded in positive manner. In comparison, the same session last year obtained averagely 96% in satisfactory rate. So there is a slight improvement in their way of lecturing. All the trainers received positive feedback from more than 90% of the trainees. And none received negative response. From overall outcome, it is concluded that all facilitators had well organized the course and facilitated trainees' understanding on the topics. One commented that "all facilitators were very cooperative and well organized in their sessions, they all used intellectual approach"

The way of lecturing is well organized and facilitated your understanding.

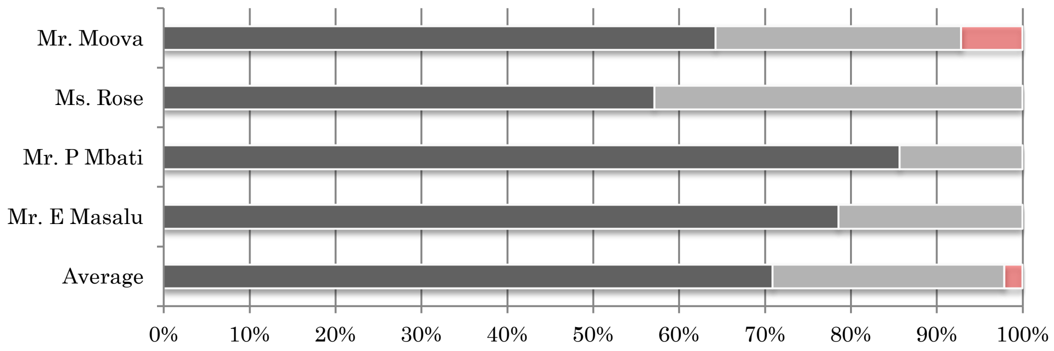


	Average	Mr. E Masalu	Mr. P Mbati	Ms. Rose	Mr. Moova
1: Strongly Agree	9.5	8	11	8	11
2: Agree	4.3	6	3	6	2
3: Neutral	0	0	0	0	0
4: Disagree	0	0	0	0	0
5: Strongly Disagree	0.3	0	0	0	1

Lastly, about the interaction in the class, on average 98% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. In comparison, the same session last year obtained averagely 96% in satisfactory rate. So there is a slight improvement from the last year.

Looking into each facilitator, it is found that all of them received positive feedback from more than 90% of the trainees. None received negative. Therefore, it can be asserted that all the facilitators provided adequate opportunity for interaction for the trainees.

The facilitator provided adequate opportunity for questions and discussion.

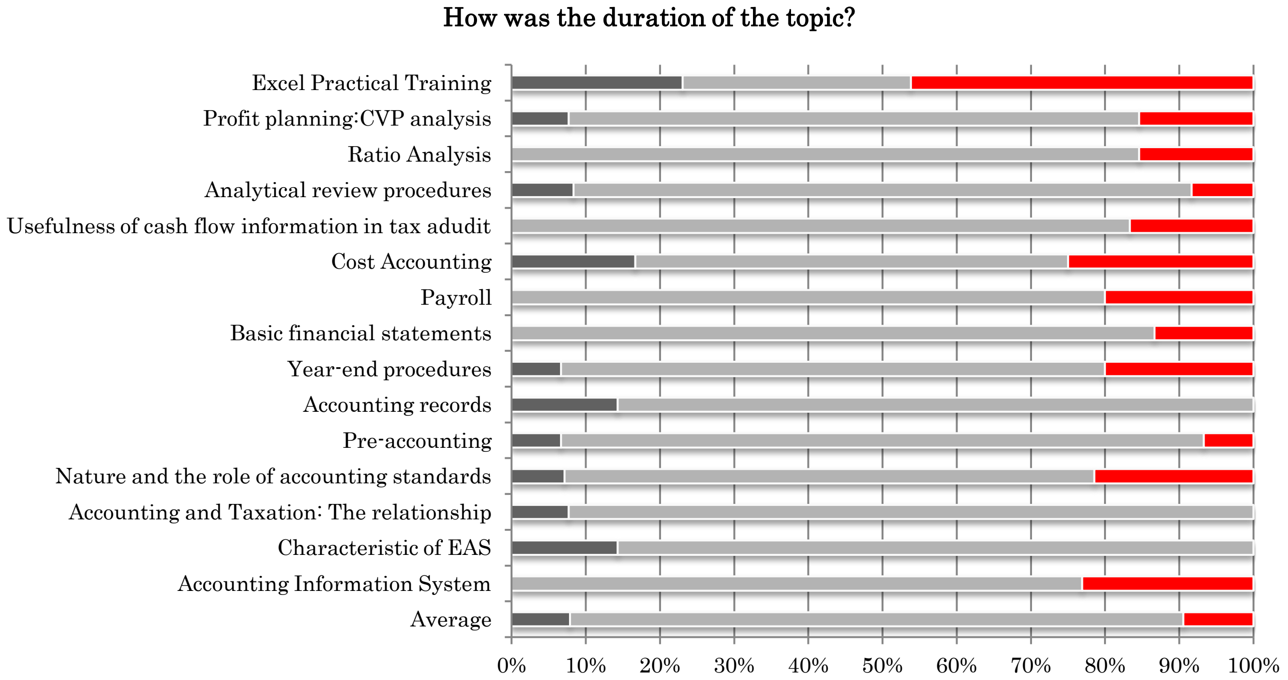


	Average	Mr. E Masalu	Mr. P Mbati	Ms. Rose	Mr. Moova
1: Strongly Agree	10	11	12	8	9
2: Agree	3.8	3	2	6	4
3: Neutral	0	0	0	0	0
4: Disagree	0.3	0	0	0	1
5: Strongly Disagree	0	0	0	0	0

3) Topic Evaluation

On each topic, we have asked three questions; its length, its difficulty and applicability to practical work.

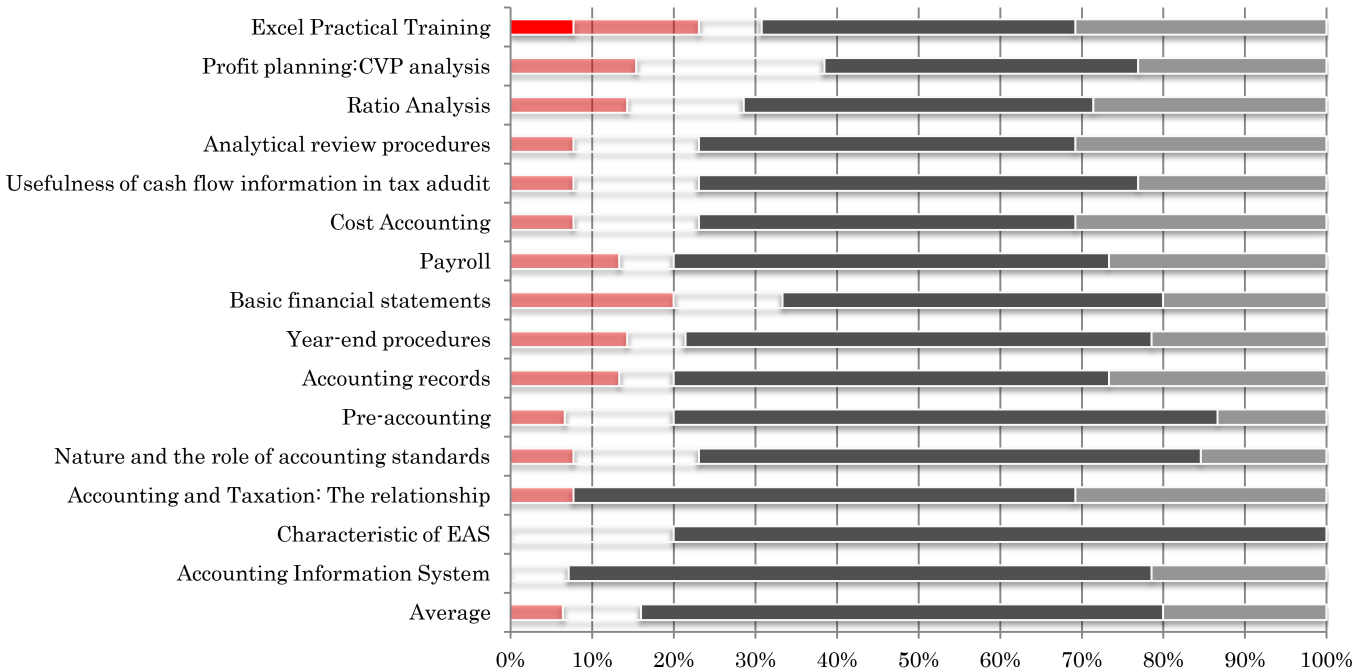
Firstly, on the length, averagely 83% of them responded topics were provided with adequate length of period. 9% of the trainees answered the time for each topic was too short. Looking into each topic, we found that excel practical training obtained the biggest number of people saying that the length was too short. Some topics like Accounting records, characteristic of EAS and cost accounting received some portion of answers saying that the length was too long. So the time allocation for each topic should be revised.



	Average	Accounting Information System	Characteristic of EAS	Accounting and Taxation: The relationship	Nature and the role of accounting standards	Pre-accounting	Accounting records	Year-end procedures	Basic financial statements	Payroll	Cost Accounting	Usefulness of cash flow information in tax adudit	Analytical review procedures	Ratio Analysis	Profit planning:CVP analysis	Excel Practical Training
1. Too long	1	0	1	1	1	1	2	1	0	0	2	0	1	0	1	3
2. Adequate	10.5	10	6	12	10	13	12	11	13	12	7	10	10	11	10	4
3. Too short	1.2	3	0	0	3	1	0	3	2	3	3	2	1	2	2	6

Secondly, on the difficulty, on average, about only 6% of the trainees think the topics were difficult to understand, and about 84% of them think they were not difficult. In comparison, the same session last year obtained averagely 45% of the participants answering that the contents were difficult. <u>So we can assume that the improvement in teaching level by the facilitator and revision of material could ease the understanding by the participants this year.</u> This question is also asked in order to know which topic was difficult to understand for us to focus on the topic a little bit more in conducting future training. For that matter, it is said that the topics on <u>"excel practical training",</u> and <u>"basic financial accounting"</u> should be considered to be explained more in future as more than 20% of the trainees think it was difficult to understand.

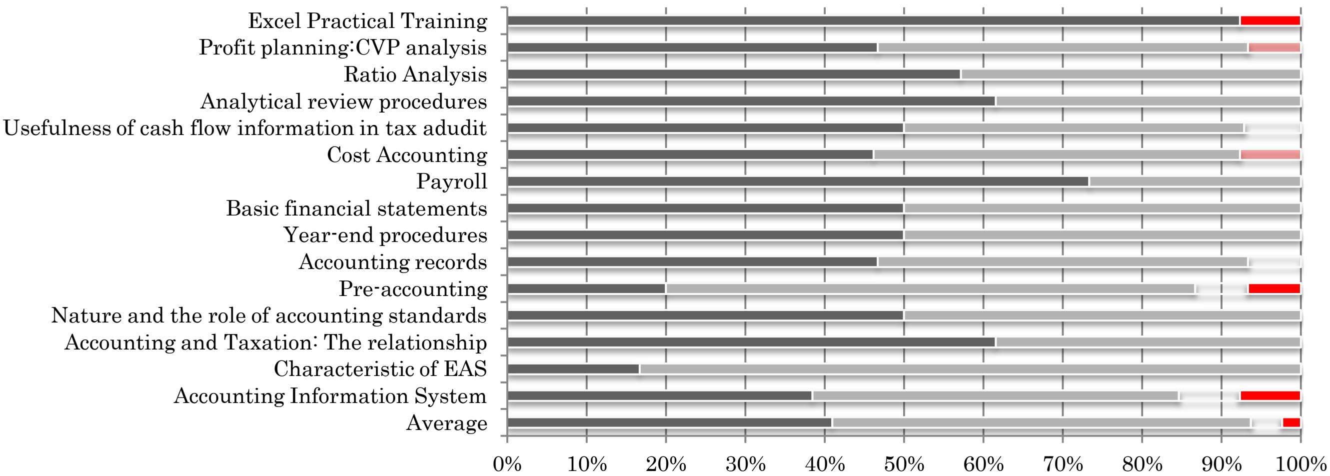
Was the topic difficult to understand?



	Average	Accounting Information System	Characteristic of EAS	Accounting and Taxation: The relationship	Nature and the role of accounting standards	Pre-accounting	Accounting records	Year-end procedures	Basic financial statements	Payroll	Cost Accounting	Usefulness of cash flow information in tax adudit	Analytical review procedures	Ratio Analysis	Profit planning:CVP analysis	Excel Practical Training
1. Strongly Agree	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
2. Agree	0.8	0	0	1	1	1	2	2	3	2	1	1	1	2	2	2
3. Neutral	1.2	1	1	0	2	2	1	1	2	1	2	2	2	2	3	1
4. Disagree	8	10	4	8	8	10	8	8	7	8	6	7	6	6	5	5
5. Strongly Disagree	2.5	3	0	4	2	2	4	3	3	4	4	3	4	4	3	4

Thirdly, about the applicability of the topic, on average 94% of the trainees answered the topics were practicable in their work. In comparison, the same session last year obtained averagely 94% in satisfactory rate. Looking into each topic, we found that 90% of the trainees answered positively on 13 topics out of 15. We can assert that all of the topics were selected adequately and were practicable to their work.

Was the topic practicable in your work?



	Average	Accounting Information System	Characteristic of EAS	Accounting and Taxation: The relationship	Nature and the role of accounting standards	Pre-accounting	Accounting records	Year-end procedures	Basic financial statements	Payroll	Cost Accounting	Usefulness of cash flow information in tax adudit	Analytical review procedures	Ratio Analysis	Profit planning:CVP analysis	Excel Practical Training
1. Strongly Agree	5.2	5	1	8	7	3	7	7	7	11	6	7	8	8	7	12
2. Agree	6.7	6	5	5	7	10	7	7	7	4	6	6	5	6	7	0
3. Neutral	0.5	1	0	0	0	1	1	0	0	0	0	1	0	0	0	0
4. Disagree	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0
5. Strongly Agree	0.3	1	0	0	0	1	0	0	0	0	0	0	0	0	0	1

4. Outcome (second session)

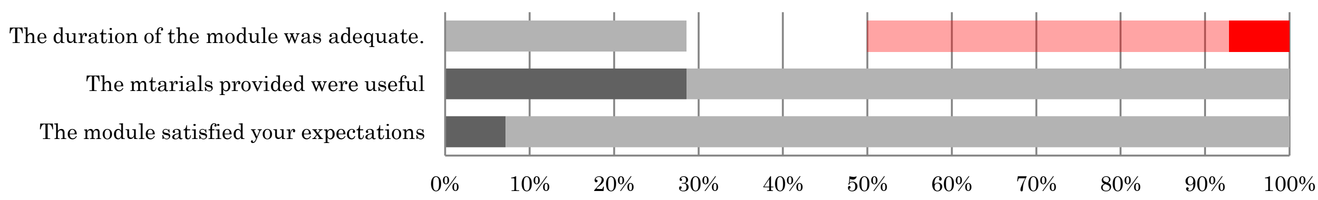
1) General Evaluation

We asked the same three questions in the first session as general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Second, we questioned if the materials were useful and thirdly if the duration of the module was adequate.

The satisfactory rate of the participants for the course was 100%. Compared to the first group of Tally conducted last year which gained only 70% of satisfactory rate, we can assert that the satisfactory rate was greatly improved. This year, the facilitators were changed from the last year and they obtained higher satisfactory rate on their expertise and way of lecturing. This could be the reason of why this year the satisfactory rate has been greatly improved. One further commented that "the module was of much satisfactory to us especially in relation to our day to day audit activities".

About the material provided by Power computer, 100% of them responded positively. Here again, we can see the improvement from the last year. It was 90% of satisfactory rate in the previous year and there is 10% of increase in satisfactory rate. This improvement could arise from the reason because this year we provided the trainees with the summarized textbook for Tally training.

About the duration of the module, however, only 29% of them responded that the length was adequate, while 21% of them stand on neutral and 50% of them on negative side. In comparison, the last year session obtained 40% of the trainees answering the length was adequate. The duration of the module seemed to become quite short compared to the contents required for them to learn.

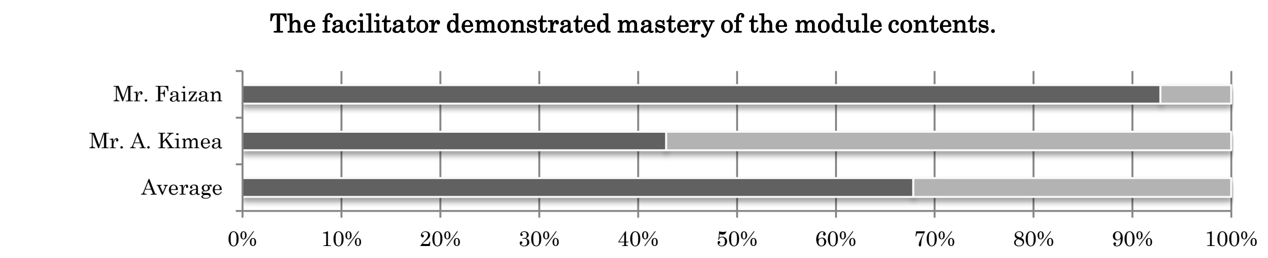


	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.
1: Strongly Agree	1	4	0
2: Agree	13	10	4
3: Neutral	0	0	3
4: Disagree	0	0	6
5: Strongly Disagree	0	0	1

2) Facilitator Evaluation

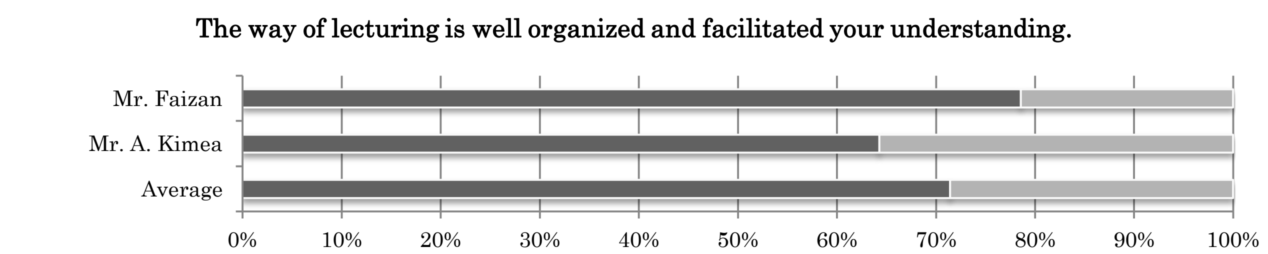
We have asked three questions for each facilitator; on his/her expertise, the way of lecturing, and interaction.

About the mastery of the contents, 100% of them responded the facilitators had expertise enough to teach the topic. In comparison, the same session last year obtained averagely 89% in satisfactory rate. So we could greatly improve the satisfactory rate for the facilitators. Looking into each facilitator, we found that all of them received around 100% of positive feedback. None of the facilitators received negative response about his/her expertise. It is, therefore, asserted that all facilitators had enough expertise to teach the assigned topic and ITA selected the right facilitators. It should be noted that from this second group Mr. Kimea, ITA lecturer, partially (for 2days) started to teach on Tally practice. He successfully obtained full mark on his expertise. Therefore, we can say that the knowledge was properly transferred to him. One commented that “facilitators were very much cooperative and seemed competent in the field to the extent of tackling all the questions and doubts”.



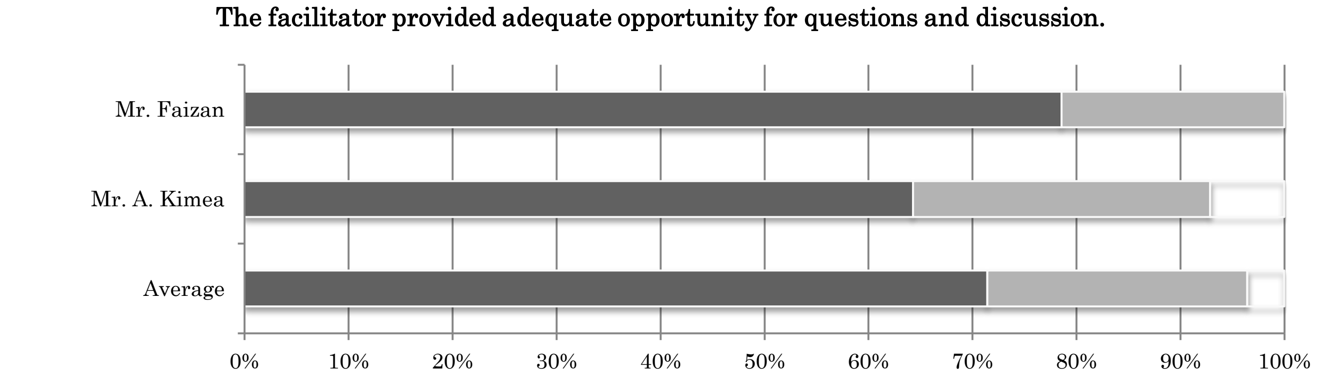
	Average	Mr. A. Kimea	Mr. Faizan
1: Strongly Agree	9.5	6	13
2: Agree	4.5	8	1
3: Neutral	0	0	0
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

Secondly, about the way of lecturing on average 100% of the trainees responded in positive manner. All the trainers received positive feedback from 100% of the trainees. And none received negative response. Again here, we can observe the improvement from last year. Last year we had 89% in satisfactory rate on average. It is, therefore, asserted that all facilitators, even the new facilitator, Mr. Kimea, had well organized the course and facilitated trainees' understanding on the topics.



	Average	Mr. A. Kimea	Mr. Faizan
1: Strongly Agree	10	9	11
2: Agree	4	5	3
3: Neutral	0	0	0
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

Lastly, about the interaction in the class, on average about 96% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. Looking into each facilitator, it is found that all of them received positive feedback from more than 90% of the trainees. None received negative. Again here, we can observe the improvement from last year. Last year we had 83% in satisfactory rate on average. So this year the interaction between the facilitators and the participants was greatly increased. Therefore, it can be asserted that all the facilitators including the new facilitator, Mr. Kimea, provided adequate opportunity for interaction for the trainees.

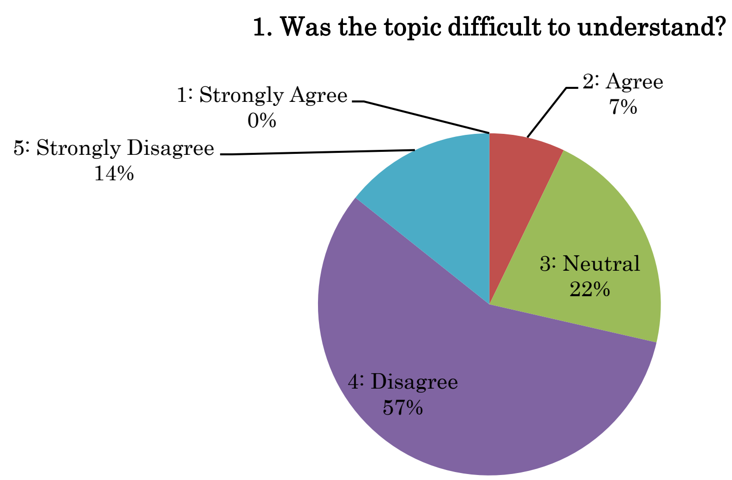


	Average	Mr. A. Kimea	Mr. Faizan
1: Strongly Agree	10	9	11
2: Agree	3.5	4	3
3: Neutral	0.5	1	0
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

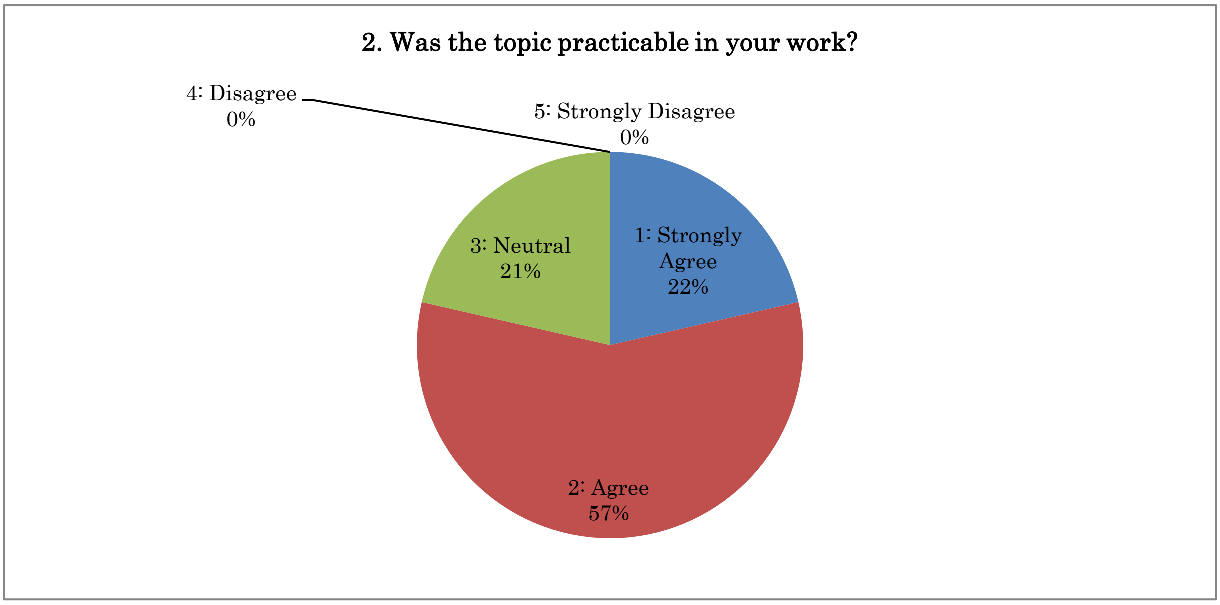
2) Topic Evaluation

On each topic, we have asked two questions; its difficulty and applicability to practical work.

Firstly, on the difficulty, only 7% of the participants answered it was difficult to understand. 71% of them responded that it was not difficult. Last year, on average 40% of the participants answered that it was difficult. It can be assumed that the facilitators of this year were better than the ones of last year and therefore they could facilitate the trainees' understanding better. That could be the reason why the trainees felt that the topic was not too difficult. One commented that "I was satisfied with the number of exercises given making easier to understand all the topics". So the exercises provide in an effort to increase the practicability and understanding worked well this year.



Secondly, about the applicability of the topic, on average 79% of the trainees answered the topics were practicable in their work. It should be also noted that last year we had about 80% of the trainees answering positively. So it is asserted that the topic of Tally has been practicable to the work.



5. Overall Summary

From this level 1 evaluation, we can assert that our training sessions have been successfully implemented with higher satisfactory rate of trainees towards overall training structure, materials, trainers, and topics than the last year session.

For the first session of bookkeeping and accounting, and excel practical training, we could improve the satisfactory rate towards the facilitators both in their way of lecturing and interaction in the class. Also, this year we added the content of excel training and Mr. Moova from TRA taught the session. The trainees were happy to be taught by the practitioner as he has been able to give them a practical aspect in the class. Looking into the each content in the first week, we may need to add more focus and explanation for excel training and basic financial accounting as these two topics received more numbers of trainees saying the topics were difficult to understand. However, at the same time, we could observe that the level of understanding by the participants this year has been improved due to the improvement of facilitators.

For the second session of Tally training, we could obtain greatly improved score all in overall, facilitator, and topic evaluation. This year we have changed the outside facilitator to come from vendor and added one trainer from ITA. This change resulted in a great improvement of satisfactory rate for the facilitators. Also, this year we distributed a summarized hard textbook for the Tally operation. These improvements both for material and facilitators greatly resulted in improving the overall satisfactory rate from 70% to 100%. In all indicators for the facilitators, the level of expertise, the way of lecturing, and the degree of interaction, this year we have seen a great improvement. As mentioned above, this year a more experienced facilitator from the vendor taught the class compared to the last year facilitator. Also we added Mr. Kimea, an ITA lecturer, to teach for 2 days. He also scored high satisfactory rate from the participants. We can assure that the knowledge and skills he obtained were enough to teach the trainees. Due to the improvement of facilitators and materials, the level of trainees' understanding also improved this year.

As a result, for overall course of EAS 2nd group, this year's session has seen a great improvement in scores from the last year. We need to keep this improvement alive and look it as a best lesson learnt on how to improve the course.

(Comparison Table)

Questions		% of Positive Answers					
		TBC	EAS1	EAS2	ITC	TAC	EAS 2-1
General	The module satisfied your expectations	67%	85%	94%	100%	63%	**100%**
	The mtarials provided were useful	76%	95%	100%	100%	94%	**100%**
	The duration of the module was	25%	66%	61%	33%	13%	**44%**
Facilitator	1. Facilitator demonstrated mastery of the module contents	90%	93%	94%	100%	80%	**98%**
	2. The way of facilitator recturing is well organized and facilitated your understanding	86%	93%	94%	97%	72%	**99%**
	3. Facilitator provided adequate opportunity for questinons and discussions.	93%	90%	97%	97%	82%	**95%**
Topic	1. Was the topic difficult to understand?	43%	42%	16%	22%	34%	**7%**
	2. Was the topic practicable in your	92%	86%	95%	81%	93%	**86%**

(Table of Figures: Week 1)

	Questions		This year								Last year
	Questions		1: Strongly Agree	2: Agree	3: Neutral	4: Disagree	5: Strongly Disagree	Total	**Satisfactory rate**	Dissatisfactory rate	**Satisfactory Rate**
General	The module satisfied your expectations		7	8	0	0	0	15	**100%**	0%	**100%**
General	The mtarials provided were useful		8	7	0	0	0	15	**100%**	0%	**100%**
General	The duration of the module was adequate.		2	7	1	3	2	15	**60%**	33%	**92%**
Facilitator	1. Facilitator demonstrated mastery of the module contents	Average	9.5	4.8	0.3	0.3	0.3	15	**95%**		**96%**
		Mr. E Masalu	10	4	1	0	0	15	**93%**		**100%**
		Mr. P Mbati	13	2	0	0	0	15	**100%**		**100%**
		Ms. Rose	5	9	0	0	1	15	**93%**		**92%**
		Mr. Moova	10	4	0	1	0	15	**93%**		**N/A**
	2. The way of facilitator recturing is well organized and facilitated your understanding	Average	9.5	4.3	0	0	0.3	14	**99%**		**96%**
		Mr. E Masalu	8	6	0	0	0	14	**100%**		**100%**
		Mr. P Mbati	11	3	0	0	0	14	**100%**		**100%**
		Ms. Rose	8	6	0	0	0	14	**100%**		**92%**
		Mr. Moova	11	2	0	0	1	14	**93%**		**N/A**
	3. Facilitator provided adequate opportunity for questinons and discussions.	Average	10	3.8	0	0.3	0	14	**98%**		**96%**
		Mr. E Masalu	11	3	0	0	0	14	**100%**		**100%**
		Mr. P Mbati	12	2	0	0	0	14	**100%**		**100%**
		Ms. Rose	8	6	0	0	0	14	**100%**		**92%**
		Mr. Moova	9	4	0	1	0	14	**93%**		**N/A**

									(Too long)	(Adequate)	(Too short)	
Topic	1. How was the duration of the Topic?	Average	1	11	1.2			13	8%	83%	9%	
		Accounting Information System	0	10	3			13	0%	77%	23%	
		Characteristic of EAS	1	6	0			7	14%	86%	0%	
		Accounting and Taxation: The relationship	1	12	0			13	8%	92%	0%	
		Nature and the role of accounting standards	1	10	3			14	7%	71%	21%	
		Pre-accounting	1	13	1			15	7%	87%	7%	
		Accounting records	2	12	0			14	14%	86%	0%	
		Year-end procedures	1	11	3			15	7%	73%	20%	
		Basic financial statements	0	13	2			15	0%	87%	13%	
		Payroll	0	12	3			15	0%	80%	20%	
		Cost Accounting	2	7	3			12	17%	58%	25%	
		Usefulness of cash flow information in tax adudit	0	10	2			12	0%	83%	17%	
		Analytical review procedures	1	10	1			12	8%	83%	8%	
		Ratio Analysis	0	11	2			13	0%	85%	15%	
		Profit planning:CVP analysis	1	10	2			13	8%	77%	15%	
		Excel Practical Training	3	4	6			13	23%	31%	46%	
									(Agree)	(Disagree)		(Agree)
	2. Was the Topic Difficult to Understand?	Average	0	0.8	1.2	8	2.5	13	6%	84%		45%
		Accounting Information System	0	0	1	10	3	14	0%	93%		46%
		Characteristic of EAS	0	0	1	4	0	5	0%	80%		33%
		Accounting and Taxation: The relationship	0	1	0	8	4	13	8%	92%		46%
		Nature and the role of accounting standards	0	1	2	8	2	13	8%	77%		54%
		Pre-accounting	0	1	2	10	2	15	7%	80%		50%
		Accounting records	0	2	1	8	4	15	13%	80%		46%
		Year-end procedures	0	2	1	8	3	14	14%	79%		33%
		Basic financial statements	0	3	2	7	3	15	20%	67%		38%
		Payroll	0	2	1	8	4	15	13%	80%		46%
		Cost Accounting	0	1	2	6	4	13	8%	77%		46%
		Usefulness of cash flow information in tax adudit	0	1	2	7	3	13	8%	77%		46%
		Analytical review procedures	0	1	2	6	4	13	8%	77%		46%
		Ratio Analysis	0	2	2	6	4	14	14%	71%		50%
		Profit planning:CVP analysis	0	2	3	5	3	13	15%	62%		46%
		Excel Practical Training	1	2	1	5	4	13	23%	69%		N/A
	3. Was the Topic Practicable in your work?	Average	5.2	6.7	0.5	0	0.3	13	94%	2%		94%
		Accounting Information System	5	6	1	0	1	13	85%	8%		100%
		Characteristic of EAS	1	5	0	0	0	6	100%	0%		73%
		Accounting and Taxation: The relationship	8	5	0	0	0	13	100%	0%		100%
		Nature and the role of accounting standards	7	7	0	0	0	14	100%	0%		100%
		Pre-accounting	3	10	1	0	1	15	87%	7%		85%
		Accounting records	7	7	1	0	0	15	93%	0%		100%
		Year-end procedures	7	7	0	0	0	14	100%	0%		83%
		Basic financial statements	7	7	0	0	0	14	100%	0%		92%
		Payroll	11	4	0	0	0	15	100%	0%		100%
		Cost Accounting	6	6	0	1	0	13	92%	8%		100%
		Usefulness of cash flow information in tax adudit	7	6	1	0	0	14	93%	0%		92%
		Analytical review procedures	8	5	0	0	0	13	100%	0%		100%
		Ratio Analysis	8	6	0	0	0	14	100%	0%		100%
		Profit planning:CVP analysis	7	7	0	1	0	15	93%	7%		85%
		Excel Practical Training	12	0	0	0	1	13	92%	8%		N/A

(Table of Figures: Week2)

	Questions		This year: 1: Strongly Agree	2: Agree	3: Neutral	4: Disagree	5: Strongly Disagree	Total	Satisfactory rate	Dissatisfactory rate	Last Year: Satisfactory Rate
General	The module satisfied your expectations		1	13	0	0	0	14	**100%**	0%	**70%**
	The mtarials provided were useful		4	10	0	0	0	14	**100%**	0%	**90%**
	The duration of the module was adequate.		0	4	3	6	1	14	**29%**	50%	**40%**
Facilitator	1. Facilitator demonstrated mastery of the module contents	Average	9.5	4.5	0	0	0	14	**100%**		**89%**
		Mr. A. Kimea	6	8	0	0	0	14	**100%**		N/A
		Mr. Faizan	13	1	0	0	0	14	**100%**		N/A
	2. The way of facilitator recturing is well organized and facilitated your	Average	10	4	0	0	0	14	**100%**		**89%**
		Mr. A. Kimea	9	5	0	0	0	14	**100%**		N/A
		Mr. Faizan	11	3	0	0	0	14	**100%**		N/A
	3. Facilitator provided adequate opportunity for questinons and discussions.	Average	10	3.5	0.5	0	0	14	**96%**		**83%**
		Mr. A. Kimea	9	4	1	0	0	14	**93%**		N/A
		Mr. Faizan	11	3	0	0	0	14	**100%**		N/A
									(Agree)	(Disagree)	(Agree)
Topic	1. Was the topic difficult to understand?	Tally demonstration	0	1	3	8	2	14	**7%**	**71%**	**44%**
									(Agree)	(Disagree)	(Agree)
	2. Was the topic practicalbe in your work?	Tally demonstration	3	8	3	0	0	14	**79%**	**0%**	**78%**

ELECTRONIC ACCOUNTING SYSTEMS (EAS: Tally) Revision

4th to 6th August 2014

Time Table:

DATE	TIME	TOPIC	RESPONSIBILITY
4th August 2014	08:30-10:30	Company Creation/ Configuration Chart of Account Creation	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Voucher Types Posting Entities	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Generating Accounting Report Inventory Management	Power Computers
5th August 2014	08:30-10:30	Recording Inventory Entities Generating Inventory Reports	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Configuration and Printing Exporting Reports	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Back up of Data and Restoring	Power Computers
6th August 2014	08:30-10:30	Bank Reconciliation	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Analysis and Verification Tool	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Analysis and Verification Tool	Power Computers

Participants:

S/N	NAME	DERTMENT/WORK STATION
1	Felix Lema	LTD
2	Eric Mabula	LTD
3	Pamela Ngonyani	LTD
4	Ezekiel Temu	LTD
5	Abtwalbu Kateta	LTD
6	Robert Muhanzi	LTD
7	Magreth Kiswaga	LTD
8	Alex Jawa	LTD
9	Beatus B. Nchota	DRD-Temeke
10	Patricia Kivamba	DRD-Temeke
11	Festus P. N. Patta	DRD-Temeke
12	Aretas Thomas	DRD-Ilala
13	William Muganga	DRD-Ilala
14	Sarah Senso	DRD-HQ
15	Halima Mbegalo	DRD-Kinondoni
16	Parcelina Lulu Mnzava	DRD-Kinondoni
17	Serdina Bujulu	DRD-Kinondoni

<u>ELECTRONIC ACCOUNTING SYSTEMS (EAS: ACL) Course 1st</u>

13th to 28th January 2014

<u>Time Table:</u>

DATE	TIME	TOPIC	RESPONSIBILITY
13th January 2014	08.00-08.30	Registration	Secretariat
	8:30-09:00	Opening Remarks	Counterparty Leader
	09:00-10:30	Introduction to Tax Auditing	Mr. A. Moova
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Introduction to Tax Auditing	Mr. P. Mbati
	13:00-14:00	**LUNCH BREAK**	
	14.00-16.00	Tax Parameters-Corporate Tax	Mr. A. Moova
14th January2014	8:30-9:00	Tax Parameters- PAYE	Mr. A. Moova
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Tax Parameters- Withholding Tax	Mr. E. Masalu
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Skills and Development Levy	Mr. A. Moova
15th January 2014	8:30-10:30	Tax Parameters- Value Added Tax	Mr. P. Mbati
	10:30-11:00	**TEA BREAK**	
	11.00-13.00	Tax Parameters- Value Added Tax	Mr. P. Mbati
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Reverse Charges	Mr. P. Mbati
16th January 2014	8:30-10:30	Tax Parameters- Excise Duty	Mr. A. Moova
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Tax Parameters- Excise Duty	Mr. A. Moova
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Tax parameters – Excise Duty	Mr. A. Moova
20th January 2014	08:30-10:30	Course Introduction Introduction to ACL	VICATEL

	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Data Concepts ACL Basics	VICATEL
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Data Analysis Cycle Data Access Creating Tables	VICATEL
21st January 2014	08:30-10:30	Data Validity	VICATEL
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Confirming Control Totals Correct Bounds	VICATEL
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Identifying Missing Items Testing on Data Reliability Expressions	VICATEL
22nd January 2014	08:30-10:30	Expressions	VICATEL
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Profiling Data	VICATEL
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Isolating Data Re-ordering Tables	VICATEL
23rd January 2014	08:30-10:30	Combining Table	VICATEL
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Combining Table	VICATEL
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Reporting with ACL Graphing Result	VICATEL

24th January 2014	08:30-10:30	Using the Log	VICATEL
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Documenting with ACL Evaluation and Closing	VICATEL
	13:00-14:00	**LUNCH BREAK**	
27th January 2014	08:30-10:30	ACL practical application	VICATEL
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	ACL practical application	VICATEL
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	ACL practical Application	VICATEL
28th January 2014	08:30-10:30	ACL practical application	VICATEL
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	ACL practical application	VICATEL
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	ACL practical application	VICATEL

Participants:

S/N	FULL NAME	DEPARTMENT/WORK STATION
1	Rashidi Rajabu	LTD/TRA
2	Patricia Peter Kivamba	DRD/TRA
3	Ryoba Mzalendo	Lecturer/ITA
4	Sarah Senso	DRD/TRA
5	Alex Jawa	LTD/TRA
6	Dyness Kisimbo	LTD/TRA
7	Robert Julius Mhanzi	LTD/TRA
8	Felix Lema	LTD/TRA
9	Beatus Nchota	DRD/TRA
10	Pamela Ngonyani	LTD/TRA

11	Magreth Gerald Kiswaga	LTD/TRA
12	Erick Enock Mabula	LTD/TRA
13	Halima Mbegalo	DRD/TRA
14	Haikaeli Willy-alpha Kishimbo	DRD/TRA
15	Pacelina Lulu Mnzava	Tutorial Assistant
16	Philip Wilson Mbati	Lecturer/ITA
17	Pilly Ibrahim Marina	Lecturer/ITA
18	Abtwalibe Kateta	LTD/TRA
19	Edmund Kawamala	DRD/TRA
20	Festus Patta	DRD/TRA
21	Rosemary Peter Mwandu	Assistant Lecturer
22	Millicent Igogo	DRD/TRA
23	Alfred James Kimea	Assistant Lecturer
24	Praygod Chao	Assistant Lecturer
25	Seredina Bujulu	DRD/TRA

Evaluation Report on Electronic Accounting System (EAS) Course 2nd Stage (from 15th to 28th Jan 2013)

1. Course summary and attendance

The course comprised of two separate sessions. For the first 3 days (the first session), the class was led by a TRA officer (Mr. Moova) and an ITA lecturer (Mr. Mbati) to give lectures and discussions on tax audit techniques. For the following 7 days (the second session), foundation course of ACL (Audit Command Language) software was provided by the vendor (VICATEL). ITA originally invited 25 trainees for both sessions. And average attendance and its rate are shown below;

First session: 13 (attendance rate: 52%)

Second session: 20 (attendance rate: 80%)

On average, attendance rate was around 66% for both sessions. For the first session, the attendance was quite low. In order to deliver fruitful outcome for the course, we need to make sure to improve this attendance rate.

2. Evaluation method

We decided to evaluate the course separately for each two session (the first one by TRA/ITA and the second one by VICATEL) given that the topic of the course and facilitators were substantially different.

We adopted level 1 evaluation in ITA and collected trainee's perception on the course in a form of questionnaire. This questionnaire comprised of 3 parts; general evaluation, facilitator evaluation, and topic evaluation, and adopted quantitative measurement for the trainees to choose 1 answer out of 5. In addition, space was provided to freely comment on the course. The questionnaire was provided and collected on the last day of each session.

Sample number and response rate (based on the average attendance number) were as follows;

First session: 9 (response rate: 70.0%)

Second session: 16 (response rate: 80.0%)

We can assume that the outcome from the questionnaire well summarizes the overall trainees' opinion given the relatively high response rate.

3. Outcome (First session: Audit Techniques)

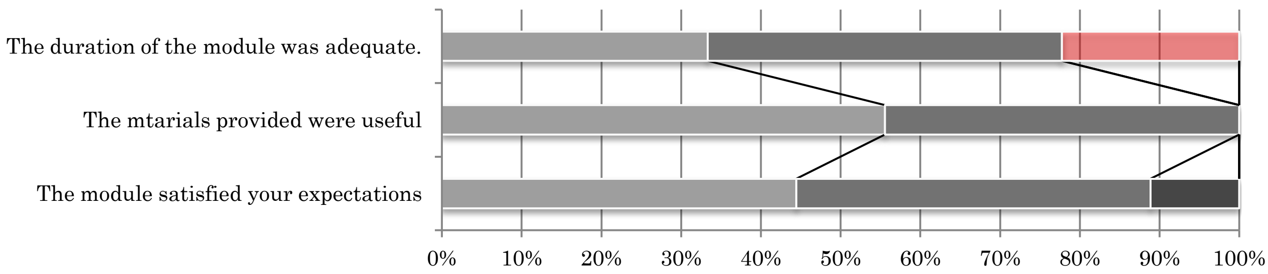
1) General Evaluation

We asked three questions as general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Secondly, we questioned if the materials were useful and thirdly if the duration of the module was adequate.

It is certainly confirmed that the trainees were satisfied with the first session. 88.9% of them responded positively (strongly agree or agree). One trainee further commented "the course is usefully and builds capacity to tax auditors therefore such course should be provided to other staff of TRA". Another commented "the course is the key to our roles". It is asserted the trainees were satisfied because the contents taught were directly linked to their practical work.

About the material, 100% of them consider it useful. It should be further noted that more than 50% of them had strongly agreed its usefulness.

On the length of the course, 77.8% of them responded positively. On the other hand, however, about 20% of them responded negatively. Some trainees commented on the strong necessity to extend the duration. For instance; "The course is very usefully for the day to day tax audit therefore longer duration and more practical are needed." "The course is the key to our roles and I would expect it to be conducted in detail for longer period like three to four weeks and involve more participants and solve real cases such as issue of transfer pricing and repatriated income." Therefore, the extension of the duration and the incorporation of practical aspects should be considered in future.



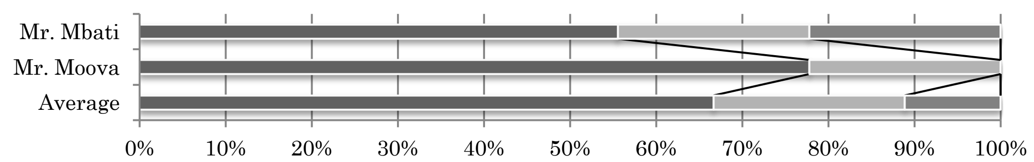
	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.
1: Strongly Agree	4	5	3
2: Agree	4	4	4
3: Neutral	1	0	0
4: Disagree	0	0	2
5: Strongly Disagree	0	0	0

2) Facilitator Evaluation

We asked three questions for each facilitator; on his/her expertise, the way of lecturing, and interaction with the trainees.

On the mastery of the contents, 88.9% of them averagely responded the facilitators had expertise enough to teach the topic. Looking into each facilitator, we can find that both of them received about 80% in satisfactory rate. None of the facilitators received negative response about his/her expertise. One further commented "they are all good and competent to deliver the course". It is, therefore, asserted that both facilitators had enough expertise to teach the assigned topic and ITA had selected the right/eligible facilitators.

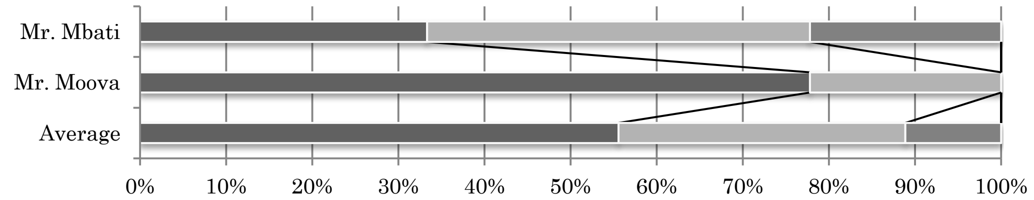
Facilitator demonstrated mastery of the module contents



	Average	Mr. Moova	Mr. Mbati
1: Strongly Agree	6	7	5
2: Agree	2	2	2
3: Neutral	1	0	2
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

Secondly, about the way of lecturing 88.9% of the trainees responded in positive manner. Both trainers received positive feedback from more than about 80% of the trainees. And none received negative response. One further commented "the facilitators are well organized". From overall outcome, it is concluded that all facilitators had well organized the course and facilitated trainees' understanding on the topics.

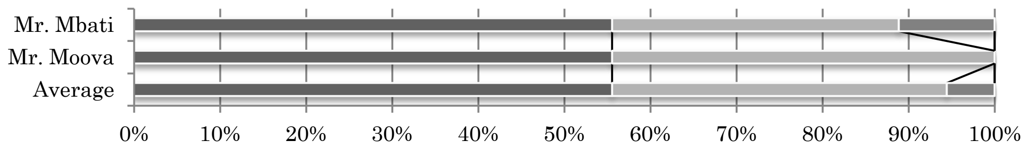
The way of facilitator recturing is well organized and facilitated your understanding



	Average	Mr. Moova	Mr. Mbati
1: Strongly Agree	5	7	3
2: Agree	3	2	4
3: Neutral	1	0	2
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

Lastly, about the interaction in the class, 94.4% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. Looking into each facilitator, it is found that both of them received positive feedback from about 90% of the trainees. None received negative. Therefore, it can be asserted that all the facilitators provided adequate opportunity for interaction for the trainees.

Facilitator provided adequate opportunity for questinons and discussions.

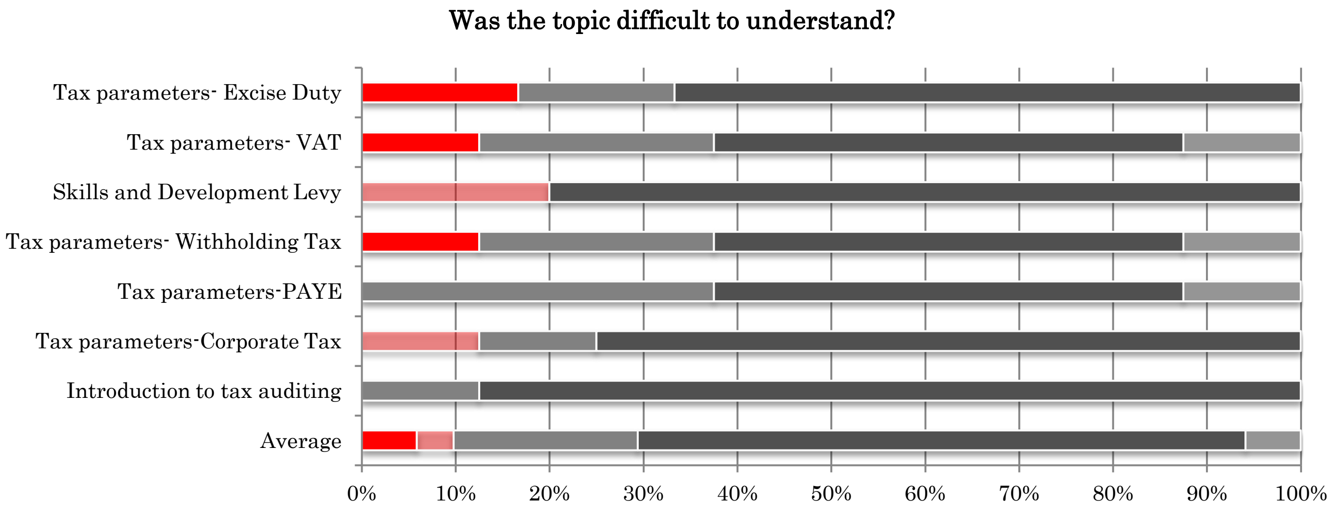


	Average	Mr. Moova	Mr. Mbati
1: Strongly Agree	5	5	5
2: Agree	3.5	4	3
3: Neutral	0.5	0	1
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

3) Topic Evaluation

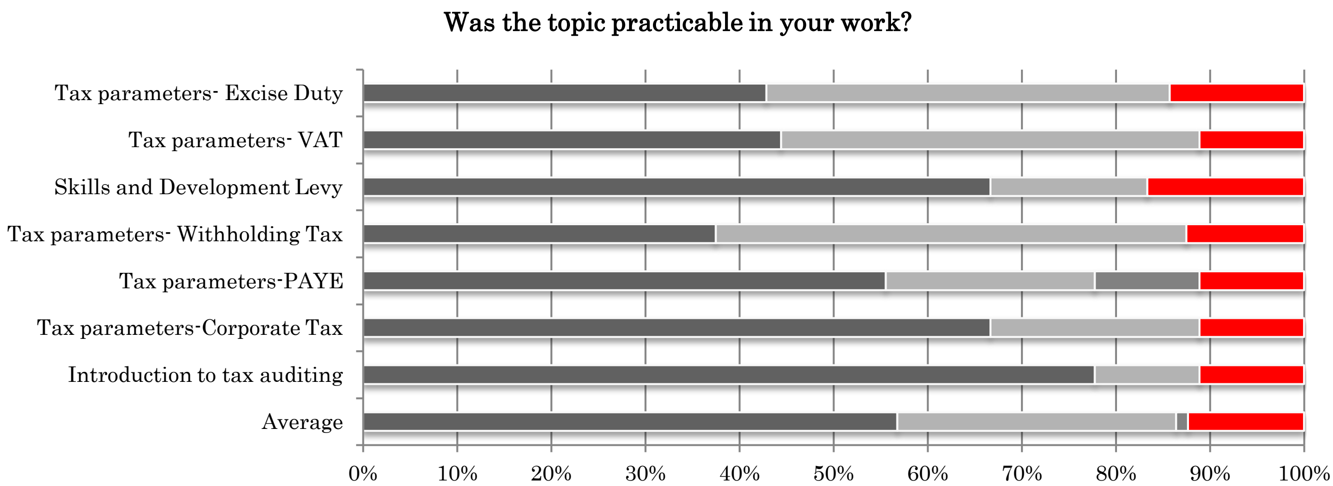
On each topic, we have asked two questions; its difficulty and applicability to practical work.

Firstly, on the difficulty, we have basically obtained negative answers meaning that the topics were not difficult. On average, only 9.8% of the trainees think the topics were difficult to understand, and 70.6% of them think they were not difficult. From this outcome, we can assume that the topics were not so difficult for them to follow. This question was originally asked in order to know which topic was difficult to understand for us to focus on the topic a little bit more in conducting future training. For that matter, it is concluded that the topic on "Skills and Development Levy" could be considered to be explained more in future as 20% of the trainees think it was difficult to understand.



	Average	Introduction to tax auditing	Tax parameters-Corporate Tax	Tax parameters-PAYE	Tax parameters-Withholding Tax	Skills and Development Levy	Tax parameters-VAT	Tax parameters-Excise Duty
1: Strongly Agree	0.4	0	0	0	1	0	1	1
2: Agree	0.3	0	1	0	0	1	0	0
3: Neutral	1.4	1	1	3	2	0	2	1
4: Disagree	4.7	7	6	4	4	4	4	4
5: Strongly Disagree	0.4	0	0	1	1	0	1	0

Secondly, about the applicability of the topic, on average 86% of the trainees answered the topics were practicable in their work. Looking into each topic, we found that more than 80% of the trainees answered positively on 6 topics out of 7. On the other hand, we need to note that some trainees requested us to incorporate more practical aspects into this course. One commented, "more practical is needed than theory". It can be asserted that the topics were selected adequately and these were related to and practicable in the trainees' work, but if we think about further improvements, it is better to add more practical aspects and case studies in the course.



	Average	Introduction to tax auditing	Tax parameters-Corporate Tax	Tax parameters-PAYE	Tax parameters-Withholding Tax	Skills and Development Levy	Tax parameters-VAT	Tax parameters-Excise Duty
1: Strongly Agree	4.6	7	6	5	3	4	4	3
2: Agree	2.4	1	2	2	4	1	4	3
3: Neutral	0.1	0	0	1	0	0	0	0
4: Disagree	0	0	0	0	0	0	0	0
5: Strongly Disagree	1	1	1	1	1	1	1	1

4. Outcome (second session: ACL)

1) General Evaluation

We asked the same three questions in the first session as general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Secondly, we questioned if the materials were useful and thirdly if the duration of the module was adequate. Also, we added fourth and fifth question to know the applicability of ACL in their daily audit work. We asked if ACL is useful and applicable to tax audit, and if the trainee is confident to start using ACL in tax audit after this training (these questions did not exist in the first session evaluation).

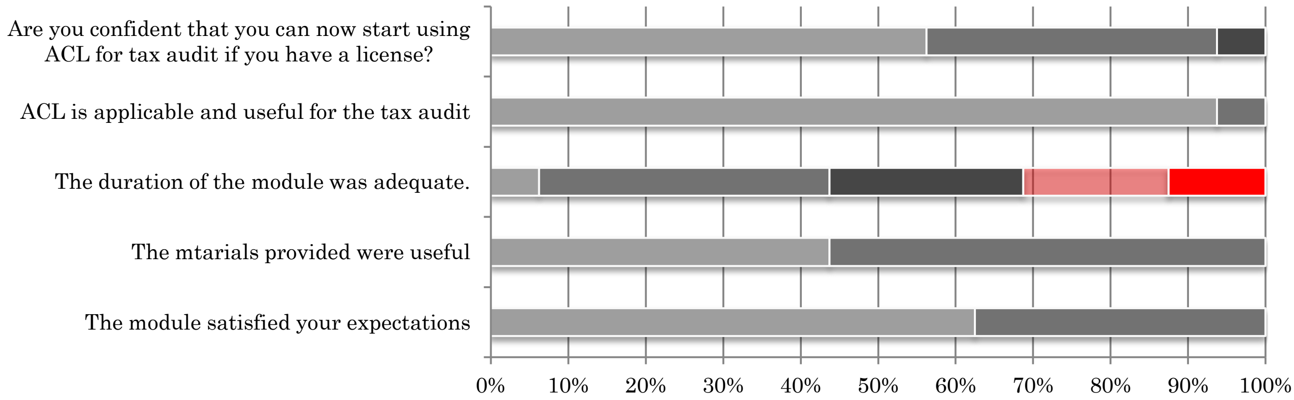
Compared to the first session, the satisfactory rate of the participants for the course was higher. For the first session 88.9% of them responded positively, while for the second one 100% of them did so. In fact, all the trainees have personally expressed their satisfaction towards the course of ACL. One noted, "the course is very usefully for the day to day tax audit activities". Also as they think the training was useful, they all strongly required the installation of ACL package immediately in their respective offices and some of them pledged to continue studying it by their own.

About the material provided by Power computer, 100% of them responded positively. Their training material, which is universally united and used overall the world, was comprehensive and well organized with lots of practical assignments.

About the duration of the module, we need to carefully look into this outcome when considering another training of the same kind. Only 43.8% of them responded that the length was adequate, while 31% of them stand on negative side. The duration of the module seemed to be quite short compared to the contents required to learn. The course duration for this foundation of ACL package was universally for 5 days. Therefore, there was no space to extend the period at vendor side. But in future, we might need to think about extension of the course by adding a week or so for practical lessons led by practitioners of ACL even without facilitators from the vendor. In fact, there were some comments pointing out that the need of extension, more practical lessons, and self-study time.

About the applicability of ACL to tax audit, 100% of them responded positively.

Also, it is found that 93.8% of them were confident to use ACL if they have licenses installed in their work places. There are many comments pointing out the necessity of immediate installation of the ACL package and also the continuous support from the vendor. ITA, therefore, is better to communicate with TRA management to plan future training and licence installation.



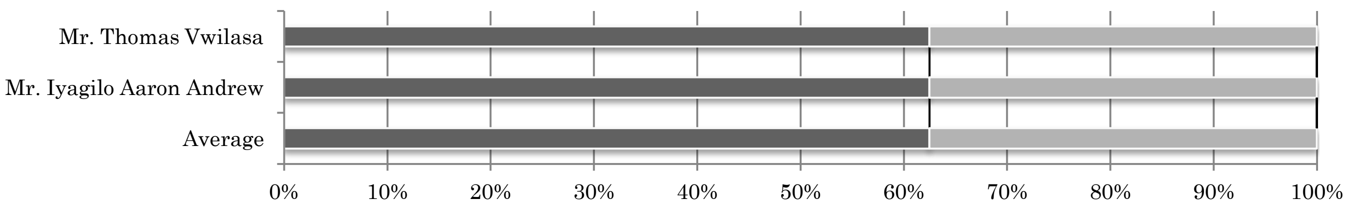
	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.	ACL is applicable and useful for the tax audit	Are you confident that you can now start using ACL for tax audit if you have a license?
1: Strongly Agree	10	7	1	15	9
2: Agree	6	9	6	1	6
3: Neutral	0	0	4	0	1
4: Disagree	0	0	3	0	0
5: Strongly Disagree	0	0	2	0	0

2) Facilitator Evaluation

We have asked three questions for each facilitator; on his/her expertise, the way of lecturing, and interaction.

About the mastery of the contents, 100% of them on average responded the facilitators had expertise enough to teach the topic. Looking into each facilitator, we found that both of them received 100% of positive feedback. Some further commented "they are all good and competent to deliver the course". It is, therefore, asserted that both facilitators had enough expertise to teach the assigned topic and ITA selected the right facilitators

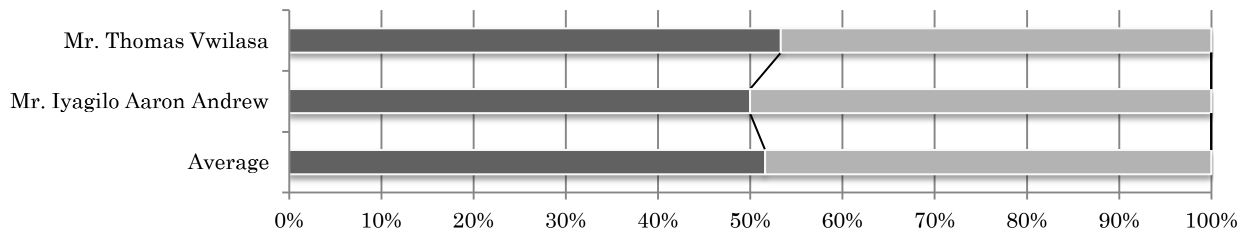
Facilitator demonstrated mastery of the module contents



	Average	Mr. Iyagilo Aaron Andrew	Mr. Thomas Vwilasa
1: Strongly Agree	10	10	10
2: Agree	6	6	6
3: Neutral	0	0	0
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

Secondly, about the way of lecturing on average 100% of the trainees responded in positive manner and both of the trainers received positive feedback from 100% of the trainees. One further commented "the facilitators were well organized." It is, therefore, asserted that all facilitators had well organized the course and facilitated trainees' understanding on the topics.

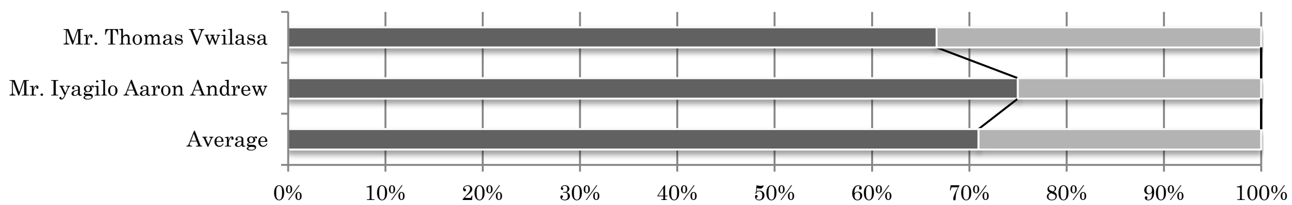
The way of facilitator recturing is well organized and facilitated your understanding



	Average	Mr. Iyagilo Aaron Andrew	Mr. Thomas Vwilasa
1: Strongly Agree	8	8	8
2: Agree	7.5	8	7
3: Neutral	0	0	0
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

Lastly, about the interaction in the class, on average 100% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. Looking into each facilitator, it is found that both of them received positive feedback from 100% of the trainees. Therefore, it is asserted that all the facilitators provided adequate opportunity for interaction for the trainees.

Facilitator provided adequate opportunity for questinons and discussions.

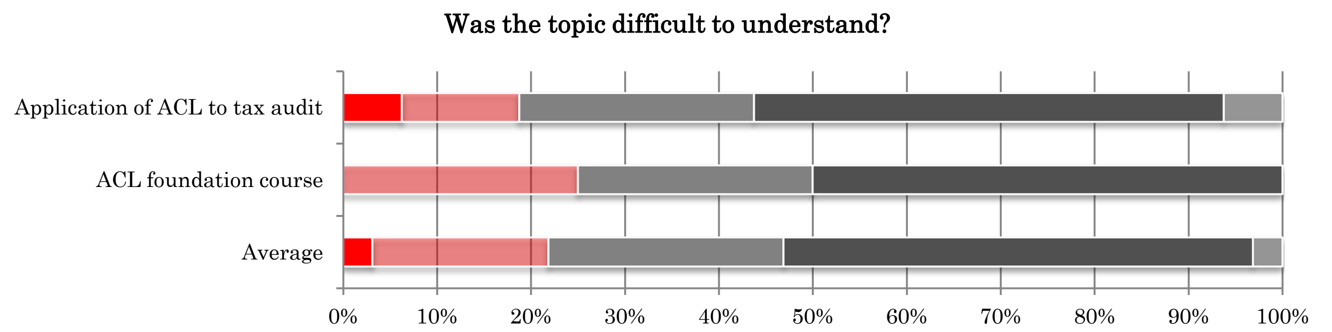


	Average	Mr. Iyagilo Aaron Andrew	Mr. Thomas Vwilasa
1: Strongly Agree	11	12	10
2: Agree	4.5	4	5
3: Neutral	0	0	0
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

3) Topic Evaluation

On each topic, we have asked two questions; its difficulty and applicability to practical work.

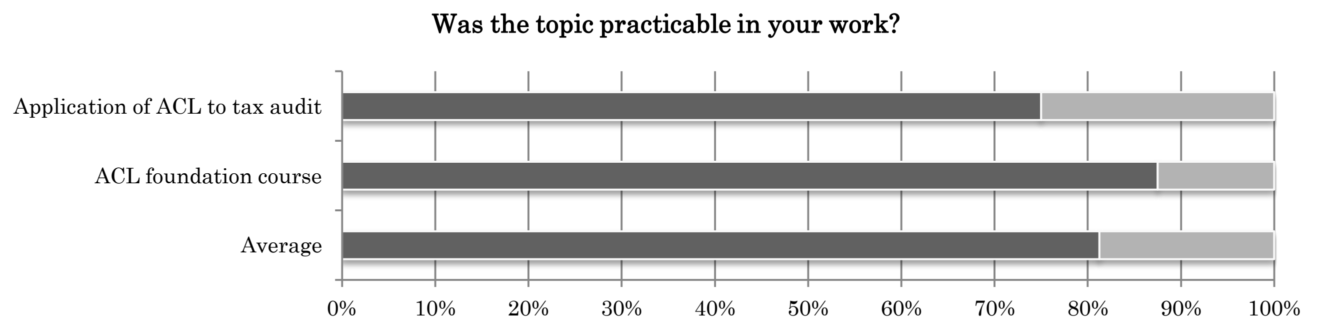
Firstly, on the difficulty of the each topic, on average 21.9% of them responded that the topics were difficult, and on the other, 53.1% of them responded that they were not difficult. Compared to the Tally training, the training for ACL seems that it was not so difficult because in the one for Tally, about 40% of the trainee answered that the topics were difficult. This outcome for Tally was mainly due to the duration of the training period, the course was really concentrated and some might have felt difficult to follow topics. From this outcome and also the outcome from the general evaluation section where we found that 93.8% of them were confident in using ACL back in the office, it can be asserted that the operation of ACL is not too difficult for TRA officials and they can apply it into their work.



	Average	ACL foundation course	Application of ACL to tax audit
1: Strongly Agree	0.5	0	1
2: Agree	3	4	2
3: Neutral	4	4	4
4: Disagree	8	8	8
5: Strongly Disagree	0.5	0	1

On the applicability of the topic, averagely 100% of the trainees answered that the topics were practicable in their work. Compared to the Tally training, we found that ACL obtained higher mark in its practicability. On Tally, on average around 80% of the trainees answered it is practicable.

One pointed out that the ACL foundation course and application of ACL to tax audit are practicable to our work. From this outcome and outcome we obtained in the general evaluation section where we found that 100% of the trainees answered ACL is useful and applicable to the tax audit work, it is asserted that the topics on ACL operation is directly linked to and applicable to tax audit work.



	Average	ACL foundation course	Application of ACL to tax audit
1: Strongly Agree	13	14	12
2: Agree	3	2	4
3: Neutral	0	0	0
4: Disagree	0	0	0
5: Strongly Disagree	0	0	0

5. Overall Summary

From this level 1 evaluation, we can assert that our training sessions have been successfully implemented with high satisfactory rate towards overall training structure, materials, trainers, and topics. When we compare the two sessions, the second session on ACL has obtained higher satisfactory rate with better attendance rate, reason might being that the session topics were considered useful to their daily work and less opportunities to participate in the ACL training have been given to the TRA officials so far. Satisfactory rate for the first session was also good but this topic of audit techniques attracted fewer trainees. Also there were some trainees pointing out that we should incorporate more practical aspects like more case studies in the topic of audit techniques. So in future, it is recommended that ITA communicate better in order to attract more participants and integrate more case studies in teaching audit techniques. The second session of ACL training has been highly successfully implemented. Trainees consider ACL very useful to their daily audit work as ACL can import any data format, analyze data in shorter time, and have easier command to detect duplication/mistake in data. However, ACL needs continuous practice and its effective application depends on the user's experience and knowledge. ITA now stands in better position to communicate with TRA management to coordinate proper installation of ACL package in their respective work place. Also, it is recommended that ITA continues to provide practical workshop on how to apply ACL command in daily data analysis work for tax audit.

(Table of Figures: Session1)

	Questions	1: Strongly Agree	2: Agree	3: Neutral	4: Disagree	5: Strongly Disagree	Total	Average point	**Satisfactory Rate**
General	The module satisfied your expectations	4	4	1	0	0	9	1.67	**88.9%**
	The mtarials provided were useful	5	4	0	0	0	9	1.44	**100.0%**
	The duration of the module was adequate.	3	4	0	2	0	9	2.11	**77.8%**

Facilitator	1. Facilitator demonstrated mastery of the module contents	Average	6	2	1	0	0	9	1.44	**88.9%**
		Mr. Moova	7	2	0	0	0	9	1.22	**100.0%**
		Mr. Mbati	5	2	2	0	0	9	1.67	**77.8%**
	2. The way of facilitator recturing is well organized and facilitated your understanding	Average	5	3	1	0	0	9	1.56	**88.9%**
		Mr. Moova	7	2	0	0	0	9	1.22	**100.0%**
		Mr. Mbati	3	4	2	0	0	9	1.89	**77.8%**
	3. Facilitator provided adequate opportunity for questinons and discussions.	Average	5	3.5	0.5	0	0	9	1.50	**94.4%**
		Mr. Moova	5	4	0	0	0	9	1.44	**100.0%**
		Mr. Mbati	5	3	1	0	0	9	1.56	**88.9%**

										Yes (%)	**No (%)**
Topic	1. Was the topic difficult to understand?	Average	0.4	0.3	1.4	4.7	0.4	7.3	3.6	**9.8%**	**70.6%**
		Introduction to tax auditing	0	0	1	7	0	8	3.88	**0.0%**	**87.5%**
		Tax parameters-Corporate Tax	0	1	1	6	0	8	3.63	**12.5%**	**75.0%**
		Tax parameters-PAYE	0	0	3	4	1	8	3.75	**0.0%**	**62.5%**
		Tax parameters- Withholding Tax	1	0	2	4	1	8	3.50	**12.5%**	**62.5%**
		Skills and Development Levy	0	1	0	4	0	5	3.60	**20.0%**	**80.0%**
		Tax parameters- VAT	1	0	2	4	1	8	3.50	**12.5%**	**62.5%**
		Tax parameters- Excise Duty	1	0	1	4	0	6	3.33	**16.7%**	**66.7%**
	2. Was the topic practicable in your work?	Average	4.6	2.4	0.1	0.0	1.0	8.1	1.8	**86.4%**	
		Introduction to tax auditing	7	1	0	0	1	9	1.56	**88.9%**	
		Tax parameters-Corporate Tax	6	2	0	0	1	9	1.67	**88.9%**	
		Tax parameters-PAYE	5	2	1	0	1	9	1.89	**77.8%**	
		Tax parameters- Withholding Tax	3	4	0	0	1	8	2.00	**87.5%**	
		Skills and Development Levy	4	1	0	0	1	6	1.83	**83.3%**	
		Tax parameters- VAT	4	4	0	0	1	9	1.89	**88.9%**	
		Tax parameters- Excise Duty	3	3	0	0	1	7	2.00	**85.7%**	

(Table of Figures: Session 2)

	Questions	1: Strongly Agree	2: Agree	3: Neutral	4: Disagree	5: Strongly Disagree	Total	Average point	**Satisfactory Rate**
General	The module satisfied your expectations	10	6	0	0	0	16	1.38	**100.0%**
	The mtarials provided were useful	7	9	0	0	0	16	1.56	**100.0%**
	The duration of the module was adequate.	1	6	4	3	2	16	2.94	**43.8%**
	ACL is applicable and useful for the tax audit	15	1	0	0	0	16	1.06	**100.0%**
	Are you confident that you can now start using ACL for tax audit if you have a license?	9	6	1	0	0	16	1.50	**93.8%**

Facilitator	1. Facilitator demonstrated mastery of the module contents	Average	10	6	0	0	0	16	1.38	**100.0%**
		Mr. Iyagilo Aaron Andrew	10	6	0	0	0	16	1.38	**100.0%**
		Mr. Thomas Vwilasa	10	6	0	0	0	16	1.38	**100.0%**
	2. The way of facilitator recturing is well organized and facilitated your understanding	Average	8	8	0	0	0	15.5	1.48	**100.0%**
		Mr. Iyagilo Aaron Andrew	8	8	0	0	0	16	1.50	**100.0%**
		Mr. Thomas Vwilasa	8	7	0	0	0	15	1.47	**100.0%**
	3. Facilitator provided adequate opportunity for questinons and discussions.	Average	11	5	0	0	0	15.5	1.29	**100.0%**
		Mr. Iyagilo Aaron Andrew	12	4	0	0	0	16	1.25	**100.0%**
		Mr. Thomas Vwilasa	10	5	0	0	0	15	1.33	**100.0%**

										Yes (%)	**No (%)**
Topic	1. Was the topic difficult to understand?	Average	1	3	4	8	1	16	3.31	**21.9%**	**53.1%**
		ACL foundation course	0	4	4	8	0	16	3.25	**25.0%**	**50.0%**
		Application of ACL to tax audit	1	2	4	8	1	16	3.38	**18.8%**	**56.3%**
	2. Was the topic practicable in your work?	Average	13	3	0	0	0	16	1.19	**100.0%**	
		ACL foundation course	14	2	0	0	0	16	1.13	**100.0%**	
		Application of ACL to tax audit	12	4	0	0	0	16	1.25	**100.0%**	

(Comparison table)

<table>
<tr><td rowspan="2" colspan="2">Questions</td><td colspan="4">% of Positive Answers</td></tr>
<tr><td>TBC</td><td>ITC</td><td>EAS 1 (Bookkeeping and Accounting + TALLY)</td><td>EAS 2 (Audit Techniques + ACL)</td></tr>
<tr><td rowspan="3">General</td><td>The module satisfied your expectations</td><td>67%</td><td>100%</td><td>85%</td><td>94%</td></tr>
<tr><td>The materials provided were useful</td><td>76%</td><td>100%</td><td>95%</td><td>100%</td></tr>
<tr><td>The duration of the module was adequate.</td><td>25%</td><td>33%</td><td>66%</td><td>61%</td></tr>
<tr><td colspan="6"></td></tr>
<tr><td rowspan="3">Facilitator</td><td>1. Facilitator demonstrated mastery of the module contents</td><td>90%</td><td>100%</td><td>92.5%</td><td>94%</td></tr>
<tr><td>2. The way of facilitator recturing is well organized and facilitated your understanding</td><td>86%</td><td>97%</td><td>92.5%</td><td>94%</td></tr>
<tr><td>3. Facilitator provided adequate opportunity for questinons and discussions.</td><td>93%</td><td>97%</td><td>89.5%</td><td>97%</td></tr>
<tr><td colspan="6"></td></tr>
<tr><td rowspan="2">Topic</td><td>1. Was the topic difficult to understand?</td><td>43%</td><td>22%</td><td>42%</td><td>16%</td></tr>
<tr><td>2. Was the topic practicable in your work?</td><td>92%</td><td>81%</td><td>86%</td><td>95%</td></tr>
</table>

ELECTRONIC ACCOUNTING SYSTEMS (EAS: ACL) Course 2nd

2nd to 14th February 2015

Time Table:

DATE	TIME	TOPIC	RESPONSIBILITY
2nd February 2015	08.00-08.30	Registration/Opening Remarks	Mr. E. Masalu
	8:30 – 10:30	General Set of Tax Laws	Mr. P. Mbati
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Skills and Development Levy	Mr. P. Mbati
	13:00-14:00	**LUNCH BREAK**	
	14.00-16.00	Excel (Text, Dates, Times, and Functions)	Mr. A. Moova Mr. J. Musa Mr. A. Kimea
3rd February 2015	8:30-10:30	Employment Income	Mr. E. Massewe
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Business Income and Investment Income	Mr. E. Massewe
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Excel(Look up Functions)	Mr. A. Moova Mr. J. Musa Mr. A. Kimea
4th February 2015	8:30-10:30	Value Added Tax	Mr. P. Mbati
	10:30-11:00	**TEA BREAK**	
	11.00-13.00	Value Added Tax	Mr. P. Mbati
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	EXCEL (More of Everyday Functions)	Mr. A. Moova Mr. J. Musa Mr. A. Kimea
5th February 2015	08:30-10:30	Withholding Tax	Mr. E. Massewe
	10:30-11:00	**TEA BREAK**	

	11:00-13:00	Withholding Tax	Mr. E Massewe
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	EXCEL (Array, and Statistical Functions)	Mr. A. Moova Mr. J. Musa Mr. A. Kimea
6th February 2015	08:30-10:30	EXCEL (What-If Analysis)	Mr. A. Moova Mr. J. Musa Mr. A. Kimea
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	EXCEL (Outline Worksheet)	Mr. A. Moova Mr. J. Musa Mr. A. Kimea
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	EXCEL (withholding tax computations recaps)	Mr. A. Moova Mr. J. Musa Mr. A. Kimea
9th February 2015	08:30-10:30	Course Introduction Introduction to ACL	VICATEL
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Data Concepts ACL Basics	VICATEL
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Data Analysis Cycle Data Access/ Creating Tables	VICATEL Mr. A. Kimea
	16:00- 17:00	Data Validity	Mr. A Kimea
10th February 2015	08:30-10:30	Confirming Control Totals Correct Bounds	Mr. A Kimea
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Identifying Missing Items Testing on Data Reliability Expressions	Mr. A Kimea Mr. A. Kimea

			VICATEL
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Expressions	VICATEL
	16:00 -17:00	Profiling Data	Mr. A Kimea
11th February 2015	08:30-10:30	Isolating Data Re-ordering Tables	Mr. A Kimea VICATEL
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Combining Table	VICATEL
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Combining Table	VICATEL
12th February 2015	08:30-10:30	Reporting with ACL Graphing Results	VICATEL
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Using the log	VICATEL
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Documenting with ACL	VICATEL
13th February 2015	08:30-10:30	Application of ACL	VICATEL
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Application of ACL	VICATEL
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Application of ACL	VICATEL
14th February 2015	08:30-10:30	Application of ACL	VICATEL
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Application of ACL	VICATEL

	13:00-13:30	Evaluation and Closing	All

Participants:

NO	FULL NAME	DEPARTMENT/STATION
1	WANGALUKE SHILINDE	DRD/ARUSHA
2	CHRISTIAN KILIA	DRD/TANGA
3	MICHAEL NSOBI	DRD/MBEYA
4	EOTROPIA MORAH	LTD
5	LEOCARD MASSAWE	DRD/TEMEKE
6	MARRY KUNYAMAGOHA	LTD
7	DICKSON QAMARA	DRD/KINONDONI
8	ELIA .G. MAHENGE	DRD/ILALA
9	GABRIEL KIMWELI	DRD/ILALA
10	PAUL MSELLE	DRD/KINONDONI
11	ARIF .M. SAID	DRD/ZANZIBAR
12	SUNDAY SARUMA	LTD

SECTOR BASE TAX AUDIT WORKSHOP 1st

5th to 16th January 2015

Time Table:

DATE	TIME	TOPIC	RESPONSIBILITY
5th January 2015	08.00-08.30	Registration	Secretariat
	8:30-10:30	Outline of International Taxation	Mr. E. Masalu
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Outline of International Taxation	Mr. E. Masalu
	13:00-14:00	**LUNCH BREAK**	
	14.00-16.00	Outline of International Taxation	Mr. E. Masalu
6th January 2015	9:30 – 10:30	Transfer Pricing	Mr. T. Kodera
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Transfer Pricing	Mr. T. Kodera
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Transfer Pricing	Mr. T. Kodera
7th January 2015	9:30 – 10:30	Transfer Pricing	Mr. T. Kodera
	10:30-11:00	**TEA BREAK**	
	11.00-13.00	Transfer Pricing	Mr. T. Kodera
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	OECD Model Convention	Mr. T. Kodera
8th January 2015	9:30 – 10:30	OECD Model Convention	Mr. T. Kodera
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	OECD Model Convention	Mr. T. Kodera
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	OECD Model Convention	Mr. T. Kodera
9th January	9:30 – 10:30	Overview of International Taxation	Mr. H Ishiguro

2015	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Overview of International Taxation	Mr. H. Ishiguro
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Overview of International Taxation	Mr. H. Ishiguro
13th January 2015	09:30-10:30	Case Preparation (Group Work)	All Participants
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Case Preparation (Group Work)	All Participants
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Case Preparation (Group Work)	All Participants
14th January 2015	09:30-10:30	Case Study (Oil and Gas)	All Participants
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Case Study (Construction)	All Participants
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Case Study (Manufacturing)	All Participants
15rd January 2015	09:30-10:30	Case Study (Financial Institutions)	All Participants
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Case Study (Telecommunications)	All Participants
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Case Study (E-Commerce)	All Participants
16th January 2015	09:30-10:30	Recap of Learning Objectives	
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Closing Ceremony	Mr. P. Mbati
	13:00-14:00	**LUNCH BREAK**	

Participants:

S/N	FULL NAME	DEPARTMENT/STATION
1	NYANDA KULWA	TID
2	IRINE DUBI	TID
3	LINA MSINA	DRD
4	ABTWALIBE KATETA	LTD
5	GABRIEL KIMWELI	DRD
6	SIMON MBOGO JACOB	TID
7	BEATHA SIMON	LTD
8	ALFRED MKINGA	LTD
9	MASHAKA KONTA	LTD
10	WILLIAM MUTATEMBWA	DRD
11	JOSEPH MWAMENGO	TID
12	PAMELA NGONYANI	LTD
13	SHADRACK MWAMAKILA	LTD
14	PATRICIA KIVAMBA	DRD
15	INNOCENT DAVID	DRD
16	FARIDA MOHAMED	DRD
17	PHILEMON MAHOZI	DRD
18	MAGRETH KISWAGA	LTD
19	SERDINA BUJURU	DRD

Evaluation Report on Sector Based Tax Audit Workshop (from 5th January to 16th January 2015)

1. Course summary and attendance

The course was delivered in collaboration with JICA project expert team. There were mainly three lectures in the course, Mr. Masalu from ITA, Mr. Kodera and Mr. Ishiguro from JICA project team. The course participants are from LTD, DRD, and Investigation Department of TRA. There were 19 participants in total.

2. Evaluation method

We adopted level 1 evaluation in ITA and collected trainee's perception on the course in form of questionnaire. This questionnaire comprised of 3 parts; general evaluation, facilitator evaluation, and topic evaluation and adopted quantitative measurement for the trainees to choose 1 answer out of 5. In addition, space was provided to freely comment on the course. The questionnaire was provided and collected on the last day of the course.

Sample number and response rate were as follows;

14 (response rate: 73.6%)

From this rate, we can assert that the outcome from the questionnaire fairly well summarizes the overall trainees' opinion.

3. Outcome

1) General Evaluation

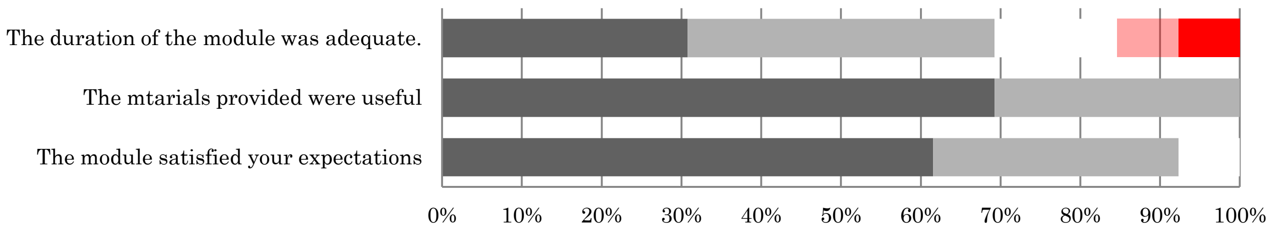
We asked three questions in the part of general course evaluation. Firstly, we asked if the trainee was satisfied with the module. Secondly, we questioned if the materials were useful and thirdly if the duration of the overall course was adequate.

From the outcome shown in the following chart and table, it is certainly confirmed that the trainees were fully satisfied with the course. 92% of them responded positively in total (strongly agree or agree). Several trainees further commented that "the course was very important to tax auditors because it helped to broaden the knowledge of international taxation matters". Also there were some other comments saying like "JICA should continue the international taxation course to allow tax officials to continue acquiring more knowledge related to this field." Therefore, it is confirmed the trainees were totally satisfied with the overall course.

About the material, 100% of the trainees consider it useful. The one trainee expressed his gratitude that the materials provided were so useful. We provided all the lecturing materials including power point presentations and case studies. It can be said that this resulted in positive outcome.

On the length of the course, 69% of them responded that the length was adequate, while 15% of them considered it negatively. In comparison to the other courses conducted under JICA project, this course obtained the highest satisfactory rate on its length. It can be asserted that the course duration was fairly enough. However, there were a few trainees commenting that the course duration should be extended as some of the participants had never studied the topic before. And also there were some comments pointing out that more cases should be introduced and more time should be allocated for case discussions.

General Evaluation



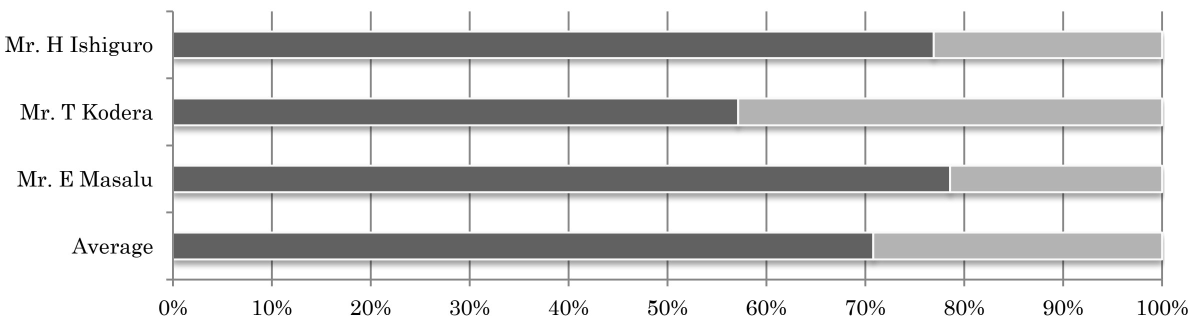
	The module satisfied your expectations	The mtarials provided were useful	The duration of the module was adequate.
1: Strongly Agree	8	9	4
2: Agree	4	4	5
3: Neutral	1	0	2
4: Disagree	0	0	1
5: Strongly Disagree	0	0	1

2) Facilitator Evaluation

We have asked three questions for each facilitator; on his/her expertise, the way of lecturing, and the interaction with the trainees.

On the mastery of the contents, all of the facilitators obtained positive feedback from all the trainees. On average, they have obtained 100% of the participants answering positively. One commented that "the facilitators were very conversant with what they were delivering and they were excellent." Another commented that "all of them were very knowledgeable and very friendly, we are happy to have them and lucky." Therefore, it is asserted that <u>all facilitators had enough expertise to teach the assigned topic and ITA had selected the right/eligible facilitators.</u>

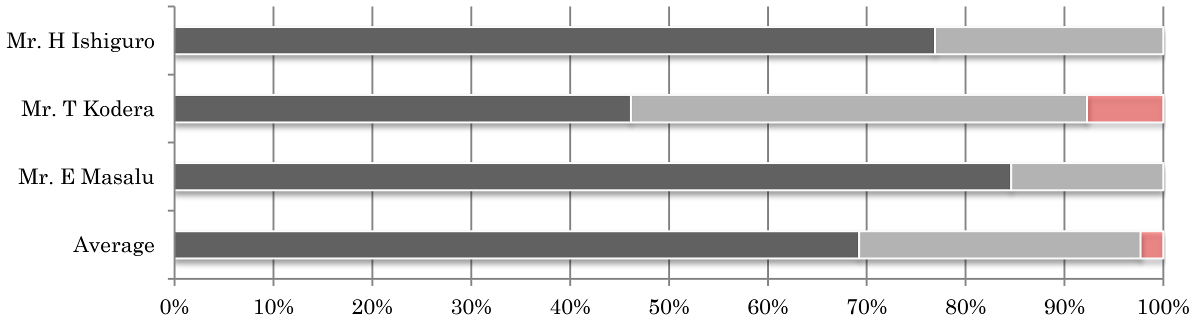
The facilitator demonstrated mastery of the module contents.



	Average	Mr. E Masalu	Mr. T Kodera	Mr. H Ishiguro
1: Strongly Agree	9.7	11	8	10
2: Agree	4	3	6	3
3: Neutral	0	0	0	0
4: Disagree	0	0	0	0
5: Strongly Disagree	0	0	0	0

Secondly, about the way of lecturing, on average 98% of the trainees responded in positive manner. All the trainers received positive feedback from more than 90% of the trainees. It is, therefore, asserted that <u>their way of lecturing were good enough to promote the understanding of the participants.</u>

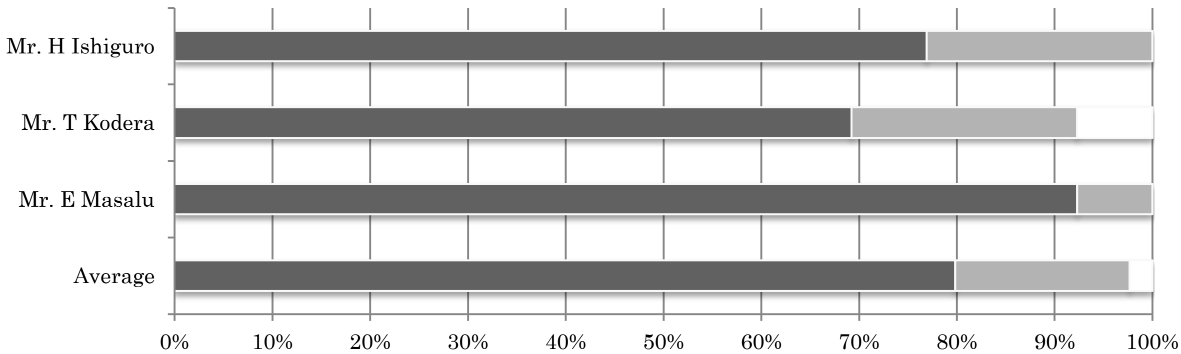
The way of lecturing is well organized and facilitated your understanding.



	Average	Mr. E Masalu	Mr. T Kodera	Mr. H Ishiguro
1: Strongly Agree	9	11	6	10
2: Agree	3.7	2	6	3
3: Neutral	0	0	0	0
4: Disagree	0.3	0	1	0
5: Strongly Disagree	0	0	0	0

Lastly, about the interaction in the class, on average 98% of the trainees responded positively that the facilitators provided adequate opportunity for questions and discussions. Looking into each facilitator, it is found that all of them received positive feedback from more than 90% of the trainees. Therefore, it can be asserted that <u>all the facilitators provided adequate opportunity for interaction for the trainees</u>.

The facilitator provided adequate opportunity for questions and discussion.

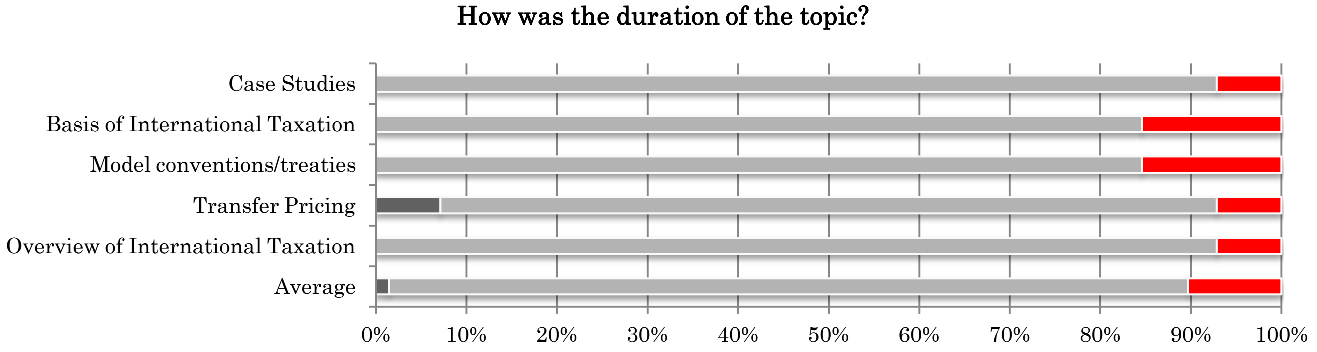


	Average	Mr. E Masalu	Mr. T Kodera	Mr. H Ishiguro
1: Strongly Agree	10.3	12	9	10
2: Agree	2.3	1	3	3
3: Neutral	0.3	0	1	0
4: Disagree	0	0	0	0
5: Strongly Disagree	0	0	0	0

3) Topic Evaluation

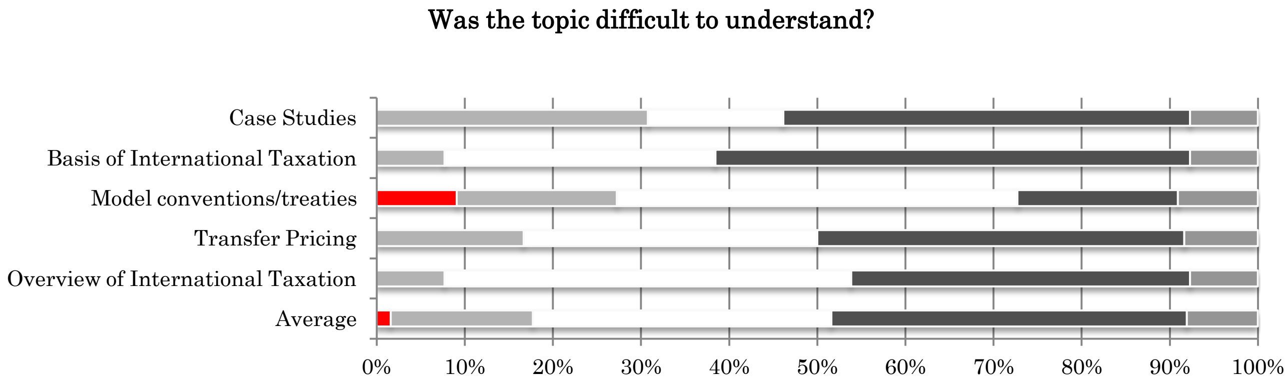
On each topic, we have asked three questions; its duration, difficulty and applicability to daily work.

Firstly, about the length of each content, on average 88% of the participants answered that the duration of each topic was adequate. Looking into the each topic, the topic of "Model Conventions/Treaties" and "Basis of International Taxation" obtained 15% of the participants answering that the duration was too short. Therefore, it might need to be considered to extend the duration a little bit more on the said topics.



	Average	Overview of International Taxation	Transfer Pricing	Model conventions/treaties	Basis of International Taxation	Case Studies
1. Too long	0.2	0	1	0	0	0
2. Adequate	12	13	12	11	11	13
3. Too short	1.4	1	1	2	2	1

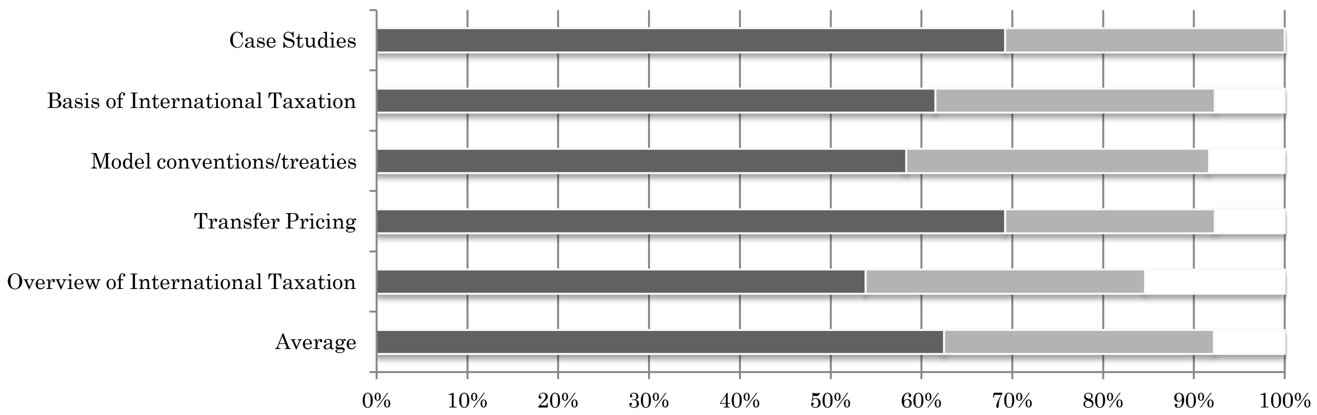
Secondly, about the difficulty, on average 48% of the participants answered that the topics were not difficult to understand, while 18% of them answered that they were difficult. This question was asked in order to know which topic was difficult to understand for us to focus on the topic a little bit more in conducting future training. In this regard, the topics like "Case Studies" and "Model Conventions/Treaties" may need to be allocated more time given that over 25% of the trainees agreed to the difficulty.



	Average	Overview of International Taxation	Transfer Pricing	Model conventions/treaties	Basis of International Taxation	Case Studies
1. Strongly Agree	0.2	0	0	1	0	0
2. Agree	2	1	2	2	1	4
3. Neutral	4.2	6	4	5	4	2
4. Disagree	5	5	5	2	7	6
5. Strongly Disagree	1	1	1	1	1	1

Thirdly, about the applicability of the topic, on average 92% of the trainees answered the topics were practicable in their work. Looking into each topic, we found that over 85% of the trainees answered positively towards all the topics. Thus we have obtained quite high mark on its applicability. The overall course became really practicable and useful as the course had several case studies drawn from actual tax audit cases from LTD. It is important to note that some of the participants commented that the course should involve more cases for discussion to deepen the understanding of the topics and to incorporate the lessons learnt into their practical work.

Was the topic practicable in your work?



	Average	Overview of International Taxation	Transfer Pricing	Model conventions/treaties	Basis of International Taxation	Case Studies
1. Strongly Agree	8	7	9	7	8	9
2. Agree	3.8	4	3	4	4	4
3. Neutral	1	2	1	1	1	0
4. Disagree	0	0	0	0	0	0
5. Strongly Agree	0	0	0	0	0	0

4. Overall Summary

From this level 1 evaluation, we can assert that our training session has been successfully implemented with high satisfactory rate from the trainees towards overall training structure, materials, trainers, and topics. All trainers were well equipped with the expertise on the assigned topics and their way of lecturing seemed to have well facilitated the trainees' understanding. Also, materials provided seemed to be quite useful for the trainees. Topics seemed to be adequately chosen to promote their comprehensive understanding of the issue of International Taxation and related sectors. The course successfully included several actual cases, which seemed to satisfy and benefit the participants. The duration of the course seemed to be fairly enough, if we compare to the other courses. As some participants requested, the same course should be continuously held and if possible, it should be considered to include more cases.

(Comparison Table)

Questions		TBC	EAS1	EAS2	ITC(TP)	TAC	EAS 2-1	ITC(DTT)	SBC
		% of Positive Answers							
General	The module satisfied your expectations	67%	85%	94%	100%	63%	100%	100%	**92%**
	The mtarials provided were useful	76%	95%	100%	100%	94%	100%	100%	**100%**
	The duration of the module was adequate.	25%	66%	61%	33%	13%	44%	18%	**69%**
Facilitator	1. Facilitator demonstrated mastery of the module contents	90%	93%	94%	100%	80%	98%	98%	**100%**
	2. The way of facilitator recturing is well organized and facilitated your understanding	86%	93%	94%	97%	72%	99%	98%	**98%**
	3. Facilitator provided adequate opportunity for questinons and discussions.	93%	90%	97%	97%	82%	95%	94%	**98%**
Topic	1. Was the topic difficult to understand?	43%	42%	16%	22%	34%	7%	12%	**18%**
	2. Was the topic practicable in your work?	92%	86%	95%	81%	93%	86%	97%	**92%**

(Table of Figures)

	Questions		1: Strongly Agree	2: Agree	3: Neutral	4: Disagree	5: Strongly Disagree	Total	**Satisfactory rate**	Dissatisfactory rate	
General	The module satisfied your expectations		8	4	1	0	0	13	**92%**	0%	
	The mtarials provided were useful		9	4	0	0	0	13	**100%**	0%	
	The duration of the module was adequate.		4	5	2	1	1	13	**69%**	15%	
Facilitator	1. Facilitator demonstrated mastery of the module contents	Average	9.7	4	0	0	0	14	**100%**		
		Mr. E Masalu	11	3	0	0	0	14	**100%**		
		Mr. T Kodera	8	6	0	0	0	14	**100%**		
		Mr. H Ishiguro	10	3	0	0	0	13	**100%**		
	2. The way of facilitator recturing is well organized and facilitated your understanding	Average	9	3.7	0	0.3	0	13	**98%**		
		Mr. E Masalu	11	2	0	0	0	13	**100%**		
		Mr. T Kodera	6	6	0	1	0	13	**92%**		
		Mr. H Ishiguro	10	3	0	0	0	13	**100%**		
	3. Facilitator provided adequate opportunity for questinons and discussions.	Average	10	2.3	0.3	0	0	13	**98%**		
		Mr. E Masalu	12	1	0	0	0	13	**100%**		
		Mr. T Kodera	9	3	1	0	0	13	**92%**		
		Mr. H Ishiguro	10	3	0	0	0	13	**100%**		
									(Too lo	**(Adequat**	**(Too short)**
Topic	1. How was the duration of the Topic?	Average	0.2	12	1.4			14	**1%**	**88%**	**10%**
		Overview of International Taxation	0	13	1			14	**0%**	**93%**	**7%**
		Transfer Pricing	1	12	1			14	**7%**	**86%**	**7%**
		Model conventions/treaties	0	11	2			13	**0%**	**85%**	**15%**
		Basis of International Taxation	0	11	2			13	**0%**	**85%**	**15%**
		Case Studies	0	13	1			14	**0%**	**93%**	**7%**
									(Agree)	**(Disagree)**	
	2. Was the Topic Difficult to Understand?	Average	0.2	2	4.2	5	1	12	**18%**	48%	
		Overview of International Taxation	0	1	6	5	1	13	**8%**	46%	
		Transfer Pricing	0	2	4	5	1	12	**17%**	50%	
		Model conventions/treaties	1	2	5	2	1	11	**27%**	27%	
		Basis of International Taxation	0	1	4	7	1	13	**8%**	62%	
		Case Studies	0	4	2	6	1	13	**31%**	54%	
	3. Was the Topic Practicable in your work?	Average	8	3.8	1	0	0	13	**92%**	0%	
		Overview of International Taxation	7	4	2	0	0	13	**85%**	0%	
		Transfer Pricing	9	3	1	0	0	13	**92%**	0%	
		Model conventions/treaties	7	4	1	0	0	12	**92%**	0%	
		Basis of International Taxation	8	4	1	0	0	13	**92%**	0%	
		Case Studies	9	4	0	0	0	13	**100%**	0%	

講師研修、セミナー

1st Tax Audit Seminar

On 13th September 2013

TIME	TOPIC	RESPONSIBILITY
10:00- 10:05	Opening Remarks	Mr. E. Masalu
10:05 – 11:00	Japanese Tax Audit Case Study	Mr. N. Miyamoto
11:00 – 11:15	**TEA BREAK**	
11:15- 12:00	Q&A Session	All
12:00 – 12:05	Closing Remarks	Mr. E. Masalu

Participants:

NO	FULL NAME	DEPARTMENT/SECTION
1	Alfred Kimea	ITA
2	Phillip Mbati	ITA
3	Rose Peter	ITA
4	Emmanuel Masalu	ITA
5	Emmanuel Massewe	ITA
6	Daniel Katamboi	Large Taxpayers

2^{nd} Tax Audit Seminar

On 7^{th} August 2014

TIME	TOPIC	RESPONSIBILITY
10:00- 10:05	Opening Remarks	Prof. I. Jairo
10:05 – 10:45	Outline of Tax Declaration Audit in Japan Tax Audit for Distribution Sector (Supermarket)	Mr. K. Hayashi
10:45-11:00	**TEA BREAK**	
11:00-12:00	Tax Audit in Construction Industry	Mr. N. Miyamoto
12:00- 13:00	Q&A Session	All
13:00 – 13:05	Closing Remarks	Mr. P. Mbati

Participants:

N/O	FULL NAME	DEPARTIMENT/STATION
1	Phillip Mbati	ITA
2	Rosemary .P. Mwandu	ITA
3	Felix .I. lema	TRA
4	Alfred .J. Kimea	ITA
5	Ahmad Mohamed	ITA
6	Ryoba Mzalendo	ITA
7	Peaceline Mshana	ITA
8	Evelyne Mwambije	ITA
9	Muganga William	TRA
10	Jolly Karongo	TRA
11	Mtaka .T. Mtaka	TRA
12	Kisesa K.S	TRA
13	Elibariki .H. chambua	TRA
14	Mary Ruhara	ITA
15	Aretas Thomas	TRA
16	Pascal Cumba.	ITA
17	Cyril Chimililla	ITA

3rd Tax Audit Seminar

On4th February 2015

TIME	ACTIVITY	RESPONSIBLE PERSON
08:30- 09:00	REGISRATION	SECRETARIAT
09:00 – 09:15	OPENING REMERKS	COMMISSIONER ZRB
09:15 – 09:30	REMARKS FROM JICA PROJECT EXPERT	KOIKE
09:30 – 10:30	JAPANESE TAX AUDIT for Hotel Industry	MIYAMOTO
10:30 – 11:00	HEALTH BREAK	ALL
11:00 -12:00	QUESTION AND ANSWERS	MIYAMOTO
12:00 – 13:00	INTERNATIONAL TAXATION ISSUES (TANZANIA EXPERIENCE)	MASALU
13:00 – 14:00	HEALTH BREAK	ALL
14:00 – 14: 30	QUESTIONS AND ANSWERS	MASALU
14:30 – 14:45	REMARKS FROM COURSE PARTICIPANTS	PARTICIPNTS REPRESENTATIVE
14:45 – 15:00	CLOSING REMARKS	RECTOR

Participants:

S/N	FULL NAME	DEPARTMENT/STATION
1	SALUMU Z MOHAMED	ITA
2	NSOLO TULINGE	DRD
3	PATRICIA J. MATENI	DRD
4	SYLIVESTER L. NZALI	DRD
5	KHAMIS AME HAJI	LTD
6	MARYAM A. BALOZI	LTD
7	COSMAS A. KIROBI	DRD
8	JUMA NDIHAGULE	DRD

9	NGWILABURE J. KILIMA	DRD
10	HAIKAELI KISHIMBO	LTD
11	IRENE BURTON	DRD
12	ZAWADI SIMBA	LTD
13	SALUMU ALI	DRD
14	NASIBU M.	TAI
15	HASHIMU HAJI	TAI
16	FATMA JUMA	DRD
17	FESTUS PATTA	DRD
18	FELIX .I. LEMA	LTD
19	FELICIAN AUGUSTINO	LTD
20	LOVENESS MWAKIPESILE	DRD
21	ASIYA FATAWI	TAI
22	MBAROM USSI	DRD
23	BARAKA MAGESI	DRD
24	EMMANUEL MASALU	ITA
25	AMINA CHARLES	LTD
26	K.S MWALIM	DRD
27	DYNES KISIMBO	LTD
28	SUNDAY SARUMA	LTD
29	SALEH H PANDA	PTEO
30	PILLY MARWA	ITA
31	PROF .I. JAIRO	ITA
32	SUED FARAJI	ITA
33	DEPUTY COMIM. TRA ZANZIBAR	ZRB
34	RAMA	
35	REPRESENTATIVE COMM. ZRB	ZRB
36	HAWA KASIMU	ZRB

1st Teaching Methodology Seminar (CBET Awareness Course)

from 30th November 2012 to 8th December 2012

DAY ONE: 30th November 2012		
TIME	**ACTIVITY**	**RESPONSIBLE PERSON**
08:30 – 09:00am	Registration and Logistics	ITA
09:00 – 09:30am	Official Opening	NACTE /ITA
09:30 – 11:30am	Session I: Training Paper 1	
	Paper 1: Introduction to Competence-Based Education and Training (CBET) System and Key Differences between CBET and KBET Curricula	NACTE
	Discussion	ALL
	HEALTH BREAK	ALL
11:30am – 03:30pm	Paper 2: Curriculum Development and Review	NACTE
	Discussion	ALL
	LUNCH	ALL
04: – 04:30pm	Review of Day 1	Facilitators
	DAY TWO: 1st December 2012	
09:00 – 11:30am	Session I: Training Paper 3 Designing of Integrated Practical Assignment	IAE
	Discussion	ALL
	HEALTH BREAK	ALL
11:30am –	Session II:	IAE

03:30pm	Effective Facilitation Skills Activating methods and guidance of career and personal development	
	Discussion	ALL
04:00 – 04:30pm	Review of Day 2	Facilitators
	DAY THREE: 2th December, 2012	
09:00 – 11:30am	Session I: Training Paper 4 Assessment and Certificate under CBET	NACTE
	Discussion	ALL
	HEALTH BREAK	ALL
11:30am – 03:30pm	Session II: Training Paper 5	
	Computing GPA and Assessment Plan Presentation	NACTE
	Discussion	ALL
	LUNCH	ALL
04:00 – 04:30pm	Review of Day 3	Facilitators
	DAY FOUR: 7th December, 2012	
09:00 – 11:30am	Session I: Training Paper 6 Preparation of Lesson Plan	NACTE/Group Presentations
	Discussion	ALL
	HEALTH BREAK	ALL
11:30 – 03:30pm	Session II: Preparation of Lesson Plan	IAE
	Discussion	
	LUNCH	

04:00 - 04:30pm	Review of Day 4	
	DAY FIVE: 8th December, 2012	
09:00 – 11:30am	Session I: Actual Facilitation	IAE
	Discussion	ALL
	HEALTH BREAK	ALL
11:30 –12:30pm	Session II: Actual Facilitation	
12:30 – 01:00pm	CLOSING	TIA Representative/ALL

Participants:

NO	NAME	DEPARTIMENT/STATION
1	Dr. Patrick Mugoya	Senior Lecturer
2	Dr. Yamungu Kayandabila	Senior Lecturer
3	Caroline Mutayabarwa	Assistant Lecturer
4	Jonas P . Senzige	Senior Lecturer
5	Joyce Sichone	Assistant Lecturer
6	Richard Donati	Assistant Lecturer
7	Ahmad Mohamed	Tutorial Assistant
8	Benjamin Amos	Assistant Lecturer
9	Cyril Chimilila	Assistant Lecturer
10	Vitus Mdessa	Assistant Lecturer
11	Hamza I. Abdulrahman	Assistant Lecturer
12	Rashid Khalifa	Head of Student Affairs
13	Emmanuel Masalu	Lecturer
14	Praygod Chao	Tutorial Assistant
15	Alfred Kimea	Tutorial Assistant
16	Justin Mussa	Assistant Lecturer
17	Edward Mwakimonga	Assistant Lecturer
18	Sued Faraji	Lecturer
19	Charle s Sabuni	Lecturer
20	Haji Mkwawa	Lecturer
21	Ryoba Mzalendo	Assistant Lecturer
22	Roland Fischer	Senior Lecturer
23	Faustine Kengera	Accountant
24	Emmanuel Massewe	Lecturer

2nd Teaching Methodology Seminar (CBET Awareness)

from 1st to 5th September 2014

Time	Day 1	Day 2	Day 3	Day 4	Day 5
8.00 – 8.30	Registration	Registration	Registration	Registration	Registration
8.30 – 9.30	Introductory remarks: **RECTOR**	Developing PLO, E.O, S.E.O: **NACTE/Mbati/TRAINERS**	Delivery methodology – **NACTE/AHMAD**	Assessment and Evaluation: **NACTE/ Halifa**	Preparing Assessment plan: **Mwakimonga/ TRAINERS**
9.30 – 10.30	Overview of CBET **Senzige /NACTE**	Developing PLO, E.O, S.E.O: **NACTE/Mbati/TRAINERS**	Delivery methodology – **NACTE/AHMAD**	Assessment and Evaluation: **NACTE/ J. MUSA**	Setting and Marking of Exams: **Ahmad**
10.30 - 11.00	Health Break	Health Break	Health Break	Health Break	Health Break
11.00 – 13.00	Component/structure of CBET curricular: **Senzige /NACTE**	Developing related task **NACTE/Mbati/TRAINERS**	Delivery methodology – **NACTE/AHMAD**	Assessment and Evaluation: **NACTE/ J. MUSA**	Administering examination session**: Mwakimonga**
13.00 - 14.00	Lunch Break	Lunch Break	Lunch Break	Lunch Break	Lunch Break
14.00 – 16.00	Developing Dacum chart: **Ahmad /NACTE**	Developing Assessment criteria, methods **NACTE/Masewe/ TRAINERS**	Delivery methodology – **NACTE/AHMAD**	Assessment and Evaluation: **NACTE/ J. MUSA**	Submission of Assessment Plan to HEA
16.00 – 17.00	Developing PLO, E.O, S.E.O (key features for each) **Senzige /NACTE**	Developing Assessment criteria, methods **NACTE/Masewe/ TRAINERS**	Techniques for Choosing best Delivery methods – **AHMAD**	Preparing Assessment plan: **NACTE/ Mwakimonga**	Closing remarks : RECTOR

Participants:

S/N	FULL NAME	DEPARTMENT/ WORK STATION
1	Justine Kengera	Accountant
2	Ahmad Mohamed	Trainer
3	Caroline Mutayabarwa	Trainer
4	Cyril Chimilila	Trainer
5	Edward Mwakimonga	Trainer
6	Emanuel Masalu	Trainer
7	Emanuel Masewe	Trainer
8	Hamza Abdulrahman	Trainer
9	Haji Mkwawa	Trainer
10	Joyce Sichone	Trainer
11	Justine Musa	Trainer
12	Philip Mbati	Trainer
13	Pili Marwa	Trainer
14	Praygod Chao	Trainer
15	Jonas Senzige	Trainer
16	Ryoba Mzalendo	Trainer
17	Sued Faiz	Trainer
18	Pascal Gomba	Trainer
19	Evelyne Mwambije	Trainer
20	Mary Ruhara	Trainer
21	PeaceLine Mshana	Trainer
22	Charles Sabuni	Trainer
23	Rosemary Mwandu	Trainer
24	Joseph Chikongoye	Trainer
25	Roland Fisher	Trainer
26	Alfred Kimea	Trainer
27	Amos Benjamin	Trainer
28	Prof Jairo	Trainer
29	Rufina Milamo	Trainer
30	Donati Tairo	Trainer

TALLY TEACHERS TRAINING (TOT)

PROGRAMME FOR 26th to 30th August 2013

DATE	TIME	TOPIC	RESPONSIBILITY
26th August 2013	08:30-10:30	Introduction to Tally, Releases & Versions of Tally, Types of Tally Packages (Silver & Gold), Installation of License/Surrendering License	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Company Creation, Alteration, Deletion	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Chart of Accounts – Creation, Alteration, Deletion (Groups & Ledgers) Multi-Currency, New Voucher Types Creation, Alteration, Deletion	Power Computers
27th August 2013	08:30-10:30	Explanation of existing Accounting Voucher Types, Recording Accounting Transactions, Viewing/Set up/Printing Accounting Reports	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Inventory Management – Creation, Alteration, Deletion of Stock Groups, Stock Items, Units of Measure, Location (Go Downs)	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Inventory Management – (continued)	Power Computers
28th August 2013	08:30-10:30	Explanation of existing Inventory Voucher Types, Recording Accounting & Inventory Transactions, Viewing/Set up/Printing Inventory Reports	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Explanation & Demonstration of Import/Export feature	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Security Control – Setting up security options, creating user & passwords	Power Computers

29th August 2013	08:30-10:30	Explanation & Demonstration on Remote Accessing Explanation & Demonstration on Invoicing, Purchase & Sales Cycles	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Explanation & Demonstration of Various Tax Entries Explanation & Demonstration on Manufacturing Features of Tally	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Explanation & Demonstration on Cash Flow & Funds Flow Statements Explanation & Demonstration of All the Accounting/Inventory/Manufacturing Reports	Power Computers
30th August 2013	08:30-10:30	Creating/Altering/Deleting Budgets Variance Analysis	Power Computers
	10:30-11:00	**TEA BREAK**	
	11:00-13:00	Explanation on Ratios Reports Configuration & Printing	Power Computers
	13:00-14:00	**LUNCH BREAK**	
	14:00-16:00	Backup of Data & Restoring Bank Reconciliation Tally Audit Feature Month End & Year End Closing Operations	Power Computers

Participants:

S/N	FULL NAME	DEPARTMENT/ STATION
1	Alfred James Kimea	ITA
2	Ryoba Mzalendo	ITA
3	Rosemary Mwandu	ITA
4	Philip Mbati	ITA

研修員受け入れ実績　　（国別研修第１・２回）

1st Country Focused Training in Japan

"Human Resource Management and Training System"

February 2 – February 10, 2013

Date	Day	Time	Training Contents	Lecturer	Venue
2	Sat		Depart from Tanzania		
3	Sun		Arrive at Japan		
4	Mon	AM PM	・Orientation ・Taxation system and administration in Japan	JICA Tokyo National Tax College	JICA Tokyo JICA Tokyo
5	Tue	AM PM	・Staff Training System in National Tax Administration ・Visit National Tax College	National Tax College National Tax College	National Tax College
6	Wed	AM PM	・Human resource and development system in National Tax Administration ・Visit National Tax Administration	National Tax College	JICA Tokyo Tax Office
7	Thu	AM PM	・Human development system in administration ・Visit Audit firm(human development system in Audit firm)	Scholar Audit firm	JICA Tokyo
8	Fri	AM PM	・Evaluation ・Closing ceremony	JICA Tokyo	JICA Tokyo
9	Sat	AM PM	Departure from Japan		
10	Sun		Arrive at Tanzania		

Participants:

NO	FULL NAME	DEPARTMENT/ STATION
1	Mr. KUNENGE Abubakar Mussa	Director/Human Resources and Administration
2	Mr. JAIRO Isaya Jayambo	Deputy Rector/Executive Office/Institute of Finance Management
3	Mr. MUGOYA Patric Kennedy David	Rector/Institute of Tax Administration
4	Ms. TEGWA Hilda Nyamboga	Manager Training and Development/Human Resources
5	Mr. MASALU Emmanuel	Lecturer/Institute of Tax Administration
6	Mr. ABDULRAHMAN Hamza Ismail	Assistant Lecturer/Institute of Tax Administration
7	Mr. TAIRO Richard Donati	Assistant Lecturer/Institute of Tax Administration
8	Mr. KIMEA Alfred James	Tutorial Assistant/Institute of Tax Administration

2nd Country Focused Training in Japan

"Using Information in Tax Audits"

March 6 – March 15, 2014

Date	Day	Time	Contents	Venue
6	Thu		Arrive in Japan	
7	Fri	9:20 – 11:00 11:00 – 12:00 12:00 – 13:30 13:20 – 15:30 18:30 – 20:30	JICA Briefing Program Orientation by National Tax College (NTC) & JICA Break [L] Tax System in Japan (Prof. Kimoto, Chiba University of Commerce) A welcome dinner hosted by Mr. Eimon Ueda, Deputy Commissioner for International Affairs, National Tax Agency)	Assembly Room, JICA Tokyo Restaurant *'ESOLA'*
8	Sat		Off	
9	Sun		Off	
10	Mon	10:00 – 12:30 13:30 – 16:00	[L] Tax Administration in Japan (Mr. Nishino, Professor, NTC) [Presentation] Overview of Taxation Information System in Tanzania [L] Information System and Automatic Exchange of Information (Mr. Kosugi, Assistant Director, Office of International Cooperation, NTC)	Assembly Room, JICA Tokyo
11	Tue	8:30 9:45 – 11:45 13:10 – 14:10 14:25 – 16:25 16:30 – 17:00	Assemble at the lobby of JICA Tokyo [L] Training System of NTC (Mr. Tanegusa, Professor, NTC) A campus tour [L] Use of the Information System in Tax Audit (Mr. Nishino, Professor, NTC) Visit to Tax Museum	National Tax College, WAKO Campus
12	Wed	10:00 –	[L] Overview of the Electronic Books Maintenance	Assembly

		12:30 13:30 – 16:30	Act, and Initiatives of the National Tax Agency for the Computerization of Accounting by Taxpayers (Mr. Tanegusa, Professor, NTC) Examination on SMEs (ICT in Examination) (Mr. Hakii, Section Chief, Corporation Taxation Division, Taxation Dept., NTA)	Room, JICA Tokyo
13	Thu	10:00 – 12:30 13:30 – 16:00	[L] Overview of Criminal Investigation System ✧ Submission of JICA Questionnaire Discussion on the potential way-forward to incorporate things you have learnt in this training into administrations and operations in TRA	Assembly Room, JICA Tokyo
14	Fri	10:00 – 11:00 11:00 – 12:00	Presentation Evaluation Meeting	Assembly Room, JICA Tokyo
15	Sat		Leaving Japan	

Participants:

S/N	FULL NAME	DEPARTMENT
1	Mrs. Neema Mrema	Commissioner for Large Taxpayers and Member of ITA Governing Council
2	Mr. Charles Sabuni	Deputy Rector for Planning, Finance and Administration (also Acting Rector)
3	Mr. Yohana Gwarasa	Manager for Staff Training and Development at TRA Head Quarters and member of the Training Management Committee(TMC)
4	Ms. Upendo Mfalila	Human Resources Manager-Domestic Revenue Department
5	Mr. Lucas Kaigalula	Assistant Regional Manager-Kinondoni Tax Region
6	Mr. Emmanuel Masalu	Leader of the Counterparty Team of the JICA-funded “Project for the Enhancement of Taxation Training”
7	Mr. Rodrick Lauwo	Human Resources Manager-Large Taxpayers Department
8	Mr. Emmanuel Massewe	Lecturer and member of the “International Taxation” Sub-Team
9	Ms. Pilly Marwa	Lecturer and member of the “Taxation Advanced Course” Sub-Team of the JICA Project
10	Mr. Phillip Mbati	Lecturer and member of the Tax Audit Sub-Team in the JICA project
11	Mr. Allen Moova	Senior Tax Officer in the Large Taxpayers Department
12	Mr. Cyril Chimilila	Tutorial Assistant and member of the Tax Audit Sub-Team in the JICA project.
13	Mr. Ryoba Mzalendo	Assistant Lecturer and member of the “Taxation Advanced Course” Sub-Team of the JICA project
14	Mr. Alfred Kimea	Tutorial Assistant and Lead Counterparty for the Tax Audit Sub-Team in the JICA project

供与機材実績

プロジェクト期間中機材供与実績はなし。

PDCA 関連

TMC 開催概要

Initial Members of the Training Management Committee

S/N	TITLE/NAME	Name
1	Deputy Rector (Academic Research & Consultancy)	Mr. Emanuel Masalu (Acting Deputy)
2	Manager- Staff Training and Development	Mr. Yohana Gwarasa
3	Head of Human Resources-CED	Ms. Hilda Tegwa
4	Head of Human Resources-DRD	Ms. Mfalila Upendo
5	Head of Human Resources-LTD	Mr. Rodrick Lauwo
6	Head of Short Courses-ITA	Mr. Roland Fisher
7	Panel Leader-Taxation	Mr. Ryoba Mzalendo
8	Counterpart Leader	Mr. Emanuel Masalu

Outline of the First TMC

1) Date and time 11:00 to 14:00, December 23rd, 2013
2) Venue ITA Conference Room
3) Participants

1	Mr. Rodorick Lauwo	HR Manager, LTD TRA
2	Ms. Hilda Tegwa	HR Manager, CED TRA
3	Mr Emanuel Masalu	Acting Deputy Rector, ITA
4	Mr. Ryoba Mzalendo	Subject Panel Leader (Taxation), ITA
5	Mr. Alfred Kimea	Secretary TMC, ITA
6	Mr. Playgod Chao	Project Counterpart
7	Mr. Charles Sabuni	Acting Rector, ITA
8	Mr. Charles Shumbusho	HR Officer, HRD TRA
9	Ms. Chika Kondo	Project Expert

4) Issues and Discussions (Extract)

(1) Introduction of the role of TMC and PDCA cycle

The purpose of establishing TMC was explained by Mr. Masalu and agreed by all the participants. Also, the concept and contents of PDCA cycle were explained to them.

(2) Necessity of Practical Training

The discussion was held regarding how to make ITA training courses more practical. It was suggested that ITA should utilize registered outside resource people who are or were TRA officials in order for them to teach practical issues.

(3) Current System of Evaluation at Level 3 and 4

The evaluation levels (1, 2, 3, 4) and their purposes were shared.

It was explained that at TRA HRD they conducted level 4 evaluation in 2002 by hiring outside consultants.

The participants agree d to conduct Level 3 evaluation for some of the project developed courses. The method of Level 3 evaluation will be discussed in the team composed in this TMC with members of Mr. Lauwo, Ms. Upendo, Mr. Shumbusho, and Ms. Kondo.

(4) Sharing and discussions on the evaluation results from TBC

The assessment results from trainees who took TBC training were shared, and it was confirmed that the course had a fair level of satisfaction and was a success. At the same time, it was recognized that some participants failed to obtain good mark in the last exam and discussion was held in order to improve the course.

Outline of the Second TMC

1) Date and time 11:00 to 14:00, Thursday April 17th, 2014
2) Venue ITA Conference Room
3) Participants

1	Mr. Yohana Gwarasa	Manager, HRD TRA
2	Mr. Rodorick Lauwo	HR Manager, LTD TRA
3	Ms. Upendo Mfalila	HR Manager, DRD TRA
4	Ms. Hilda Tegwa	HR Manager, CED TRA
5	Mr Emanuel Masalu	Acting Deputy Rector, ITA
6	Mr. Ryoba Mzalendo	Subject Panel Leader (Taxation), ITA
7	Mr. Alfred Kimea	Secretary TMC, ITA
8	Mr. Playgod Chao	Project Counterpart
9	Mr. Joseph Chikongoye	Project Counterpart
10	Ms. Chika Kondo	Project Expert

4) Issues and Discussions (Extract)

(1) Approval of the minutes of the first meeting

At the first meeting, the significance of establishing TMC was explained, the TMC members introduced, and all members were in agreement. Next, the TBC evaluation results were shared, but (1) the poor results from the final exam, and (2) the age of the teaching materials used, both of which had been noted as issues, were re-shared, and a discussion was held regarding TBC on whether to change this course, which is aimed at all new officials, to use a flow whereby only those that finished with good results are officially hired. However, there were concerns regarding the disparities in hiring timing for each person and the excess costs, which would prevent stability in hiring, so it was decided to present the opinion as a recommendation to TRA management through the HR Manager, Mr. Gwarasa.

(2) Opinions regarding utilizing ACL

Mr. Masalu provided an explanation of the project support for the ACL training.
Presentation as a recommendation to TRA management of the license introduction required in order to use this in future audits and make training significant was discussed and agreed upon.
It was also proposed and agreed upon that once the license is installed, the managers of the Audit Department for DRD and LTD and the ITA's EAS and counterpart teams would

monitor the utilization situation. It was agreed that each of the DRD/LTD HR managers would appoint an Audit Department manager.

(3) Assessment system for training in ITA

The assessment levels (1, 2, 3, 4) and their purposes were shared, and it was explained that while the ITA is not currently implementing Level 3 assessments, they will be brought in later, aiming, depending on the project, for around the six months post course completion stage. While Level 3 assessment has been done by the TRA, it was noted that in actual practice it does not function (the audit forms being used are complicated and the completion rate is low, assessment is done haphazardly, and unified application is not enforced), the response rate when done as a project is low, and in reality it was very likely that trainees would have forgotten the contents after six months. However, on the other hand, the importance of training assessment was re-recognized, and an agreement was reached on carrying out Level 3 assessment on a pilot basis using the forms from the project proposal. Agreement was reached on carrying out assessment during the current month, targeted at those who had completed the Transfer Pricing Taxation course held in October.

(4) Sharing and discussions on the assessment results from the second EAS

The assessment results from trainees who took the EAS (ACL) training (held in January) were shared, and it was confirmed that the course had a high level of satisfaction and was a success. At the same time, it was recognized that it was important to promote the workplace utilization of the previously mentioned ACL, and that there was a need to carry out planning for training so as to connect it to ongoing work utilization in the ITA as well. In addition, concern was voiced by the HR managers regarding the extremely low participation rate of somewhat over 50% for the lectures on audit techniques in the first half of the course, and the following was agreed for future training: (1) Smoother communication between the ITA and the TRA, and meetings of participants with more advance notice and training planning; (2) the necessity of selecting people with a view towards their interests and suitability when the TRA HR managers select participants; and (3) the ITA shall report to the TRA HR managers on participant attendance and will warn any trainees who are absent without leave.

(5) Other

There was a request for a lecture on simple analysis methods using training assessments, etc.

Outline of the Third TMC

1) Date and time 14:00 to 17:30, November 10th, 2014
2) Venue ITA Conference Room
3) Participants

1	Mr. Lewis Ishemoi	Deputy Rector Academic, ITA
2	Mr. Yohana Gwarasa	Manager, HRD TRA
3	Ms. Upendo Mfalila	HR Manager, DRD TRA
4	Ms. Hilda Tegwa	HR Manager, CED TRA
5	Mr Emanuel Masalu	Counterpart Leader Project Secretary of TMC, ITA
6	Mr. Ryoba Mzalendo	Subject Panel Leader (Taxation), ITA
7	Mr. Alfred Kimea	Secretary TMC, ITA
8	Mr. Roland Fisher	Head of Short Course
9	Ms. Pilly Marwa	Lecturer, ITA
10	Ms. Chika Kondo	Project Expert

4) Issues and Discussions (Extract)

(1) Incorporation of TMC and PDCA cycle into QMS

Mr. Masalu and Ms. Kondo presented the concept and contents of the PDCA cycle and explained a draft of revision of QMS. The members agreed to incorporate PDCA cycle into the existing QMS. The members agreed to assign the task of revising QMS to a task team composed in the meeting with members of Mr. Roland Fischer, Mr. Emmanuel Masalu, Mr. Ryoba Mzalendo, and Ms. Chika Kondo. The team agreed to draft the revision of QMS by next Committee.

(2) Sharing of Evaluation Results of TAC

The evaluation results of TAC were shared and discussed. The members agreed that the course had 4 issues to be improved. First, although the course aimed at officers with three-year work experience, the participants with longer working experience (more than ten-years) had joined the course. Second, the course duration was too short. Third, some facilitators were not qualified enough to teach officers with long experience. Forth, the tests were provided against the fact that the course duration was too short. The committee agreed to clarify the criteria of participants again and asked TRA HR officers to follow them. ITA team agreed to draft the revision of curriculum by the next Committee and to hold the second run of the same course around next February.

(3) Sharing of Evaluation Results of TBC (Level 3)

The level 3 evaluation results of TBC were shared and discussed. The evaluation was conducted 9 months after the course. The committee members found that the participants gained skills and confidence through the course and became to achieve the revenue target by making their work efficient and effective. They also found that their supervisors could reduce the supervising work on the participants as they became more independent after the course.

Outline of the Fourth TMC

1) Date and time 11:00 to 14:00, 17th February, 2015

2) Venue ITA Conference Room

3) Participants

1	Ms. Hilda Tegwa	HR Manager, CED TRA
2	Mr Emanuel Masalu	Counterpart Leader
3	Mr. Philip Mbati	Project Counterpart
4	Mr. Alfred Kimea	Secretary TMC, Project Counterpart, ITA
5	Mr. Derick Simfukwe	Acting HR Manager, HRD TRA
6	Ms. Mina Valentine	HR Manager, ITA
7	Ms. Chika Kondo	JICA Project Expert

4) Issues and Discussions (Extract)

(1) Introduction of the role of TMC and PDCA cycle

Mr. Derick Simfukwe joined this TMC for his first time as HR Manager in HRD/TRA. So the members explained him about the purpose of TMC and concept of PDCA cycle.

(2) Improvement of TBC/CBC

The discussion was held regarding how to make TBC/CBC more practical and competency-based. The members agreed to form a team and submit the draft proposal including the incorporation of OJT and extension of training period to HQ soon.

(3) Issue of Participants Selection

In the several training courses, the criteria of the participants had not been specified properly. The members agreed to ask ITA to specify the criteria when sending the invitation letters to HR managers.

(4) Sharing and discussions on the evaluation results from TBC and SBWS

The assessment results from trainees who took TBC training were shared, and it was confirmed that the course had a fair level of satisfaction and was a success. At the same time, it was recognized that TBC needs to incorporate more practical aspects like OJT.

(5) Acceptance of revised curriculum of TAC

Based on the last evaluation report, the draft curriculum of revised TAC was proposed in the meeting. The members agreed to the amendment.

(6) Issue of sustainability of JICA-developed courses

The courses developed under JICA project will be submitted to HRD in order for them to consider their official incorporation into the annual training plan by May 2015.

Quality Management System (QMS) 改訂版（ドラフト）

1.0 Purpose

1.1 This procedure describes the process for managing running of short courses for TRA employees at the Institute, in collaboration with the Training Management Committee (TMC), with reference to the PDCA (Plan-Do-Check-Act) cycle.

2.0 Scope

2.1 This procedure begins with receipt of approved training plan from TRA; ends with improvement of training courses based on the evaluation outcome by trainees.

3.0 Definitions

3.1 *"Evaluation Team"* means a team of experts appointed by the Deputy Rector (ARC) to carry out level 3 evaluation.

3.2 *"Level 1 evaluation"* means evaluation of training by participants immediately after end of course.

3.3 *"Level 2 evaluation"* means assessment of participants for examinable courses.

3.4 *"Level 3 evaluation"* means evaluation of impact of training on participant's work performance.

3.5 Training Management Committee (TMC) that consists from members below is responsible for reflecting training needs and preferences from the operational staffs into each training courses; reviewing evaluation outcomes; and recommending necessary corrective/preventive measures.

S/N	TITLE/NAME
1	Deputy Rector (Academic Research & Consultancy)
2	TRA HR Manager- Staff Training and Development
3	Head of Human Resources-CED
4	Head of Human Resources-DRD
5	Head of Human Resources-LTD
6	Head of Short Courses-ITA
7	Panel Leader-Taxation
8	Head of Student Affairs - ITA

3.6 PDCA cycle (Plan-Do-Check-Act cycle) is a four step model for carrying out a change in delivering trainings. The PDCA cycle should be repeated again and again for continuous improvement of training courses.

4.0 Equipment/Software

4.1 Computer

4.2 Printer

4.3 Scanner

4.4 Photocopier

5.0 Instructions

S/N	Procedure step	Responsible person
5.1	Receipt of the approved TRA Training Plan	Head of Short Course
5.2	Convenes TMC meetings quarterly and incorporates operational needs/requirements on training contents and period/timing of each courses	DR (ARC)
5.3	Prepare short course calendar	DR (ARC), Departmental HROs & MTD
5.4	Approve short course calendar	TMC
5.5	Distribute short course calendar to departmental Human Resource Officers responsible for training, and request nomination of participants	Head of Short Courses
5.6	Maintains list of Facilitators with their respective subjects and submits the same to Deputy Rector (ARC).	Head of Short Course
5.7	Identify facilitators and seek approval for each course.	Head of Short Courses/Panel leader
5.8	Approve trainers for training particular course	DR (ARC)
5.9	Prepare course timetables and distributes the same to Facilitators and participants.	Head of Short Course

5.10	Facilitates running of courses by providing teaching materials and ensuring all other facilities are in place.	Head of Short Course
5.11	Monitors Facilitators and participants class attendance; takes appropriate corrective/preventive action; and maintains attendance records	Head of Short Course
5.12	Verify honorarium claim forms	Head of Short Course
5.13	Administers end of course evaluation form (Level 1 evaluation), analyzes the same and takes/recommends appropriate corrective /preventive actions.	Head of Short Courses
5.14	Convenes TMC meetings quarterly, discusses necessary improvements based on evaluation outcomes submitted by HSC	DR (ARC)
5.15	Incorporates recommendations and revises each training courses	TMC
5.16	Revises selection of facilitators and instructs facilitators to improve teaching materials and methods	Head of Short Course

6.0 Forms and Records

6.1 F-ITA-704-001-E Continuous Assessment Form

6.2 F-ITA-702-001-D Class Attendance Sheet

6.3 F-ITA-703-001-F End of Course Evaluation Form

6.5 F-ITA- 703-002-D Registration forms

7.0 Attachments

7.1 Part Time Instructors Directory

8.0 Related Documents

8.1 None

9.0 References

9.1 Short Courses Calendar

9.2 Course Curriculum

9.3 TRA Training Plan

9.4 Course Timetables

9.5 Training Management Reflecting PDCA cycle

	What to do	How to do	Responsible Agents
Plan	Annual Training Plan	Draft TRA annual training plan	TRA HR Director
		Draft short course calendar	ITA DR(ARC)
	Curriculum Preparation	Curriculum Discussion	ITA DR(ARC) with TMC
		Prepare course curriculum	
	Facilitators selection	Selection of facilitators	ITA HSC
		Inform facilitators	
	Compilation of Material	Draft of training material	Facilitator
		Revision of training material	
	Participants Selection	Decide the criteria of participants	TRA Responsible Department
		Draft and send an invitation letter	ITA HSC
	Preparation of the training	Set the timetable	ITA HSC
	Level 1 Evaluation	Revise questionnaire	ITA HSC with TMC
Do	Conduct training	Deliver the training as scheduled	Facilitator
		Registration of participants	ITA HSC Assistant
		Report attendance record to TRA HR in Respective Department	ITA HSC
		Perform Corrective Action on the absentees	TRA HR Respective Department
		Distribution of Travel Claim forms to participants	ITA HSC Assistant
		Distribution of Complaints forms to participants	ITA HSC Assistant
		Perform possible immediate action to the complaints forms	ITA HSC
	Distribution of Certificate	Preparataion	ITA
		Distribution	
	Level 1 Evaluation	Distribute/Collection of evaluation forms	ITA HSC Assistant
	Level 3 Evaluation	Distribute/Collection of evaluation forms	Evaluation Team
Check	Evaluation Analysis Level 1	Summarization/ Analyze Draft a report on the questionnare outcome and attendance record	ITA HSC
		Share the report to Rector	
	Evaluation Analysis Level 3	Summarization/ Analyze Draft a report on the questionnare outcome and attendance record	Evaluation Team
		Share the report to Rector and TRA Training Manager	
	Review	Evaluation Outcome review/ Discussion	ITA DR(ARC) with TMC
	Recommendation	Recommendation on the improvement of the course curriculum, teaching materials, and facilitators, and other administrative actions	
Act	Carriculum Revision	Reflection of the Recommendation to the Curriculum	ITA DR(ARC) with TMC
		Revise course curriculum	
	Facilitators selection	Selection of facilitators	ITA HSC
		Inform facilitators	
		Advise on the improvement of skills and way of teaching based on the evaluation outcome	
		Revision of skills and way of teaching	Facilitator
	Material selection	Selection/draft of training material	Facilitator
		Advise on the improvement of training materials based on the evaluatoin outcome	ITA HSC
		Revision of training material	Facilitator

INSTITUTE OF TAX ADMINISTRATION

COURSE EVALUATION FORM

COURSE: …………………………………… DATES: FROM: …………… TO: ………………

Please provide your feedback on the course you have just completed for future improvement. Please circle the response that represents your reaction (i.e. 1 = YES: 2 = NEUTRAL: 3 =NO)

QUESTION A: General Course Evaluation

					If you answer "NO or NEUTRAL" suggest constructive actions
I	The duration of the course was adequate	1	2	3	
ii.	The module satisfied your expectations.	1	2	3	
iii.	Handouts and/or lecture notes were adequate and thorough	1	2	3	
iv.	I have gained new knowledge/skills and/or attitudes	1	2	3	
v.	The course was well organized	1	2	3	
vi.	The classroom was neat and orderly	1	2	3	
vii.	Classroom facilities were adequate	1	2	3	

QUESTION B: Facilitator Evaluation
Please enter name(s) of facilitator(s) and choose your answers for three questions below (i.e. 1 = YES: 2 = NEUTRAL: 3 =NO)

Name of Facilitator	He/she demonstrated mastery of contents			The way of lecturing is well organized			He/she provided adequate time for questions/discussions		
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3

QUESTION C: Topic Evaluation
Please enter name(s) of topics and choose your answers for two questions below
(i.e. 1 = YES: 2 = NEUTRAL: 3 =NO)

Name of Topic	Was the topic difficult to understand?			Was the topic practicable in your work?			Was the syllabus for this topic covered?		
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3
	1	2	3	1	2	3	1	2	3

QUESTION D:
(To be answered by participants who took meals and/or accommodated at the Institute)

		Yes	No	If you answered "NO" suggest constructive actions
i.	Catering services provided were satisfactory	1	2	
ii.	The cafeteria was neat and orderly	1	2	
Iii	Accommodation provided was satisfactory	1	2	

QUESTION E: Please suggest areas to be improved or comment on the course freely

…………………………………………………………………………………………………

…………………………………………………………………………………………………

…………………………………………………………………………………………………

Name (Optional): ………………………… Date: ……………Signature: ……………….

今年度作成教材

Revised edition

TANZANIA REVENUE AUTHORITY

International Taxation Today & Tanzania

Basic course

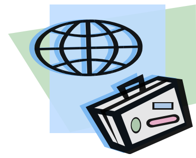
1

Contents

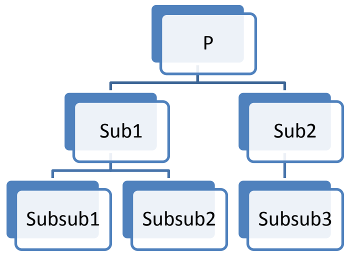
2

No 1: MNCs and Tanzania

1. Dynamics of cross-border holding structures



Today, **multinational companies (MNCs)** organize themselves through elaborate horizontal and vertical corporate holding structures (brother and sister, parent and its subsidiary) to realize various commercial and strategic objectives.

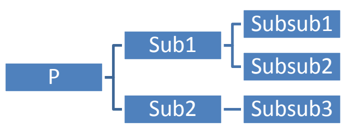


MNCs are eager to establish common standards, corporate values across the entire group. Corporate groups are structured in the manner that allows them to ensure operational efficiency and benefits of globalized presence.

Their ultimate object is to maximize value for shareholders.

3

No 1: MNCs and Tanzania



Group structures provides effective managements of group companies. It also allow for an easy exit from specific ventures and aid the free mobility of investments. It is, however, possible for MNCs to use to shift profit to low tax jurisdictions through group companies **(Base Erosion and Profit Shifting---OECD).**
As topics of a basic course of international taxation for ITA, we would like to take cases or issues involving MNCs, such as

- PE issues
- tax planning and avoidance
- capital gain taxation and inter-company
- residence, e-commerce and so forth

4

No 2: Double taxation and PE

1. The Creation of PE Principle

Traditionally two jurisdiction-based taxation methods exist: ***Source-based taxation*** and ***Residence-based taxation***. The source-based method of taxation places different economic activities into various categories, and taxes the income at the place giving rise to the activity. On the other hand, residence-based taxation allows a sovereign to tax its residents on their worldwide income.

The availability of these two different international taxation methods often leads to ***double taxation***, for example when a Japanese resident produces income in Tanzania, and no treaty is in place. A Japanese resident is subject to income in Tanzania as a source based rule and, at the same time, his all income is taxed in Japan because he is a Japanese resident.

The PE concept, therefore, establishes the threshold to business activities having a nexus in a source country. Typically, the PE definition has been a battleground between residence and source countries. So, the creation of PE principle, and its inclusion in tax treaties, in part was due to a desire to strike a fair balance between source countries' desire to tax commercial activity within their territory and residence countries desire to tax their residents.

The predecessor to the PE concept was the term "trade with a fixed place of business" which was said to be introduced in the first international tax treaty between Austria-Hungary and Prussia ***in 1899***. The intention was to avoid double taxation of the same income under the system of different sovereigns.

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No 2: Double taxation and PE

As such, PE principles and corollary rules have helped minimize one of international taxation's central concerns, namely double taxation.

It is clear, however, that the risk of double taxation cannot be completely eliminated because situations exist when two countries apply different rules for determining the tax base (source or taxable events), or when more than one country asserts jurisdiction over the taxpayer (dual resident). Further other side of double taxation is that a transaction may go untaxed altogether. The purpose of a tax treaties between source country and resident country is to attempt to prevent such a result (double taxation and non-taxation).

2. PE

Tax laws in the countries usually operates with a PE principle almost identical to the one found in international treaties.

According to OECD model treaty, a PE means a fixed place of business through which the business of an enterprise is wholly or partly carried on. It goes on to state that PE includes especially:

a) a place of management
b) a branch
c) an office
d) a factory
e) an agent PE ⇒ **Commissionaire structure**

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No 2: Double taxation and PE

Briefly, the PE contains the three standard types:

- Branch PE;
- Construction PE; and
- Agent PE.

(1) A branch PE will arise in Tanzania when the nonresident has a branch or other fixed place of business in Tanzania. However, an office through which “auxiliary or preparatory” activities are performed may not give rise to a PE. They include activities such as advertising, purchasing, market research, and other activities preparatory in nature.

(2) An agent PE will exist in Tanzania where a dependent agent performs activities within Tanzania (the source country), provided that the agent habitually exercises authority to execute contracts on behalf of the principal. In Japan, this authority extends to negotiating key terms of the contract, such as price, quantity, and payment terms.

⇒ **Commissionaire structure**

3. The consequences of being deemed to have a PE in Tanzania are quite significant. Each foreign investor in Tanzania is subject to national and local taxes on a net income basis.

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No 3: PE and Tax planning

Basic Idea:

The fragmentation of group operations among multiple group entities to minimize tax in source countries

Let’s take one example;

An agent PE & Commissionaire

8

Discussion about Profit Shifting

The reorganizations such as a conversion to a commissionaire structure from Buy-Sell structure is often used amongst multinational enterprises, resulting in profit shifting.

Does a Commissionaire structure or something like that exist in Tanzania? Or is it possible for the purposes of the Company law or other commercial laws in Tanzania?

BEPS action plan is finding problems in its structure.

<Questions>

1. Did you see or experience such a transaction like commissionaire?
2. If you "yes", could you tell us in details what the transaction was?
3. Do you think there may be crucial tax problem in such a transaction? what problem ?
4. Do you know other cases of profit shiftings in your country ?

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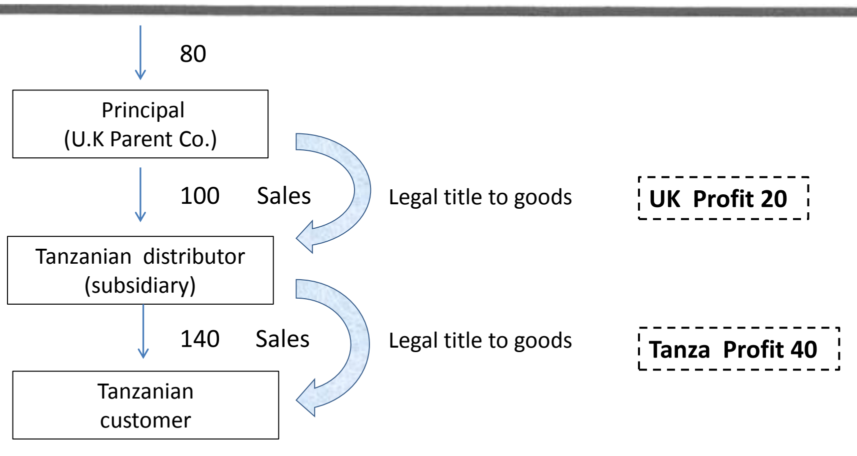
Figure 1. Buy-Sell Structure



1. U.K Principal sells goods to Tanzanian distributor
2. Tanzanian distributor re-sells directly to customers in Tanzania.
3. Distributor's profit is difference buy / sell price
4. Profit is based on allocation of risk / functions between principal and distributor

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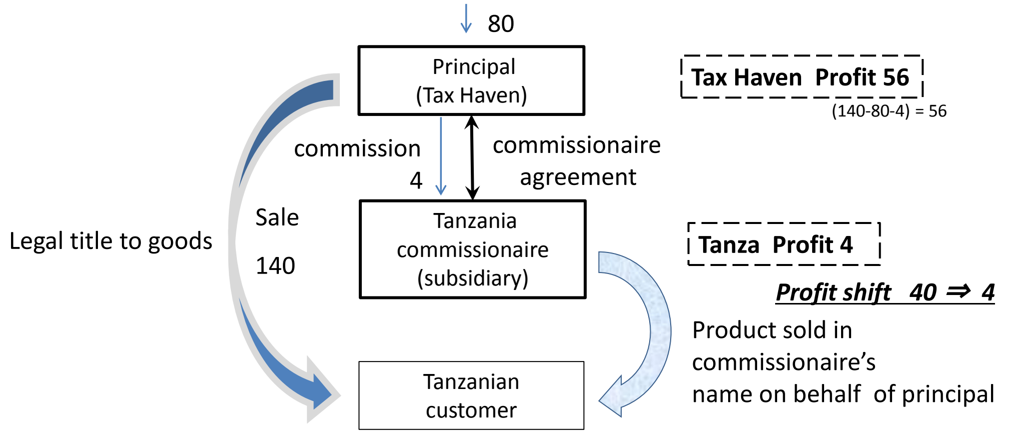
Figure 2. Commissionaire Structure



Typical relationship between a Tanzanian-based commissionaire and offshore principal (Tax Haven)
1. Commissionaire sells product in own name on behalf of undisclosed principal to customer
2. Risks and benefits lie with principal (for example, legal title passes directly from principal to customer)
3. Commissionaire receives percentage of commission on sales
4. Customer will receive invoice from the commissionaire and pay him, but does not know the seller is legally principal.

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Commissionaire arrangement----Legal aspect

- *Legal characteristics of commissionaire arrangement*

  A commissionaire is an intermediary which acts towards client in its own name, but on the account of, and at the risk of a principal. Consequently, commissionaire arrangement always involves the following three parties:

  (1) the principal, which call on the services of an intermediary;

  (2) the commissionaire, which acts for the account of the principal in exchange for remuneration;

  (3) a third-party customer, which conducts business with the commissionaire (a customer buys goods from the commissionaire)

- *Under the law of contracts, there are two separate contractual relationships:*

  (1) one between the principal and the commissionaire, i.e. the commissionaire arrangement ; and

  (2) another between the commissionaire and the third-party customer.

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Commissionaire arrangement----Commercial aspect

<Commercial aspects>

The main commercial reason to adopt a commissionaire arrangement is probably cost saving, which can be realized by centralizing the sales strategy at the level of the principal (central company). Besides, the conversion to a commissionaire arrangement usually implies a restructuring of the functions and risks. This conversion is often induced by a concern to limit the risks borne by the sales affiliates in the various countries and to centralize these risks at the level of the principal. In a commissionaire arrangement, the inventory, credit, foreign exchange and product liability risks are typically borne by the principal, and not by the commissionaire.

Another advantage of the commissionaire arrangement is the ability to keep the identity of the principal. Consequently, the customer does not experience any difference compared to the "buy-sell" structure and remains only acquainted with the local sales company (commissionaire) that acts in its own name. Furthermore, the customer will still receive invoices from the local sales company.

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Commissionaire arrangement----Tax aspect

Sales activities organized on the basis of a commissionaire arrangement have tax merits for MNEs.

<Tax aspects>

(1). PE

A PE is not always easy to identify. This is particularly true where a PE is hidden behind a dependent operating company. We would like to consider a commissionaire arrangement which is a widely used structure amongst multinational enterprises (MNEs). Whether or not a commissionaire arrangement could give rise to an agency PE for its foreign principal, this has frequently been challenged by tax authorities of many countries over past years including US, Japan, Europe, India and so on.

Do you think or find that the tax structure like a commissionaire exists in Tanzania?

Tax merits of commissionaire

(2). Profit shifting

The commissionaire structure provides a number of tax-planning opportunities.

The risks and ***functions*** performed and borne by the commissionaire are generally less than those performed by "Buy-Sell" and it means that less taxable profit subject to income taxes is recognized in source country.

For example, legal title to the goods passes directly from the principal to the customer within the borders of the local market. This means that risks such as currency or inventory are borne by the offshore principal who owns the goods.

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(3). Transfer pricing problem ?

A possible side effect of converting an existing "buy-sell" structure into a commissionaire arrangement is profit shifting. Especially, when the tax haven company began to do business at the same time of closing of distributor business.

It should be considered if and to what extent the conversion of local distributor into a commissionaire implies the transfer of intangibles (for examples, the followings) of the distributor to the principal.

- client lists
- know-how , goodwill

If the transfer of intangibles exist and its valuation is possible, is it subject to capital gain tax or transfer pricing adjustment?

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France's Court case ---- *commissionaire*

Here, In order to understand tax problems involved in a commissionaire structure, we would like to review the French court' decision.

1. < Facts--- French Court case>

UK company organized its sales through a "buy-sell" structure (an independent distributor) . In other words, UK company sold its products to a French subsidiary F, which subsequently sold the goods in its own name and for its own account to French customers.

From March 1995, however, this "buy-sell" model was replaced by a commissionaire arrangement. Consequently, F French subsidiary sold the goods to the French customer in its own name, but for the account of UK company. The commissionaire arrangement gave F subsidiary the authority to accept orders from French customers, make proposals within the framework of tender offers and conclude contacts for the account of UK company.

F subsidiary also had the right to negotiate prices and price reductions with the French customers. But converting a traditional "buy-sell" structure into a commissionaire arrangement justifies a reduction in profit margin for the commissionaire. The commission fee of a commissionaire is considerably less than profit margin of a distributor due to less sales-related functions and less risks. A low commission fee implies higher residential profits for the U.K.principal. Consequently, such a conversion created profit- shifting from the French subsidiary to U.K. parent company.

<Tax authorities >

From this situation, the French tax authorities were of the opinion that UK company had a PE in France and F subsidiary was a dependent agent with the power to bind its U.K parent. Accordingly, UK company was deemed to be liable to tax in France.

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France's Court case ---- *commissionaire*

<The French Supreme Court>

The French Supreme Court, however, disagreed with the French tax authorities and stated that F subsidiary could not be considered to constitute a PE within the meaning of France-U.K tax treaty. Because agent PE of the treaty requires that contracts with customers are concluded "in the name of principal (foreign parent UK company), whilst a commissionaire acts "in its own name" and does not create a direct contractual relationship between the principal and the third-party (French customers).

That is, as the commissionaire is someone who acts in his own name but for the account of his principal, it did not created any direct obligatory relationship between the principal (foreign parent UK company) and the French customers.

However, please note the court allowed that the commissionaire would create a PE if it had actually bound the principal.

<Other tax problem>

However, attention should be paid to a possible side effect of converting an existing "buy-sell" structure into a commissionaire arrangement. In this regard, it should be considered if and to what extent the conversion of local distributor into a commissionaire implies the transfer of intangibles (client lists, know-how and goodwill) of the distributor to the principal. If the transfer of intangibles exist, it may be subject to capital gain tax.

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In case of Japan….commissionaire tax planning

1. Tax-planning opportunities in Japan

The commissionaire structure provided a number of tax-planning opportunities in Japan.

First, the risks and functions performed and borne by the commissionaire are generally less than those performed by "Buy-Sell", which for a high-tax jurisdiction like Japan, means that less taxable profit subject to income taxes is recognized in Japan. For example, legal title to the goods passes directly from the principal to the customer within the borders of the local market. This means that risks such as currency or inventory are borne by the offshore principal.

Second, the passing of legal title within Japan may provide some benefit from an indirect tax viewpoint, where the principal becomes responsible for collecting any Japanese consumption tax levied on the sales amount invoiced to the customer. Because the sale of goods by a foreign company within Japan is not subject to Japanese consumption tax for two years from the beginning of sales in Japan.

Third, from a U.S. tax perspective, it is said that the twin use of a commissionaire and check-the-box election may provide greater subpart F (the U.S.' anti-controlled-foreign-corporation regime) planning opportunities.

2. Japanese Tax Authority

An important aspect of PE determination in Japan is the need to consider the practical versus theoretical risk. In Europe the prevailing view, as explained in French court case, is that a commissionaire is unlikely to create a PE because the commissionaire agreements with the customer in its own name, and not in the name of the foreign principal.

In case of Japan….commissionaire tax planning

In Japan, based on the informal discussions with the NTA (National Tax Agency), tax experts often point out that it seems reasonable to conclude that the legal structure of a commissionaire will generally be respected from a PE perspective, but that each case will be dealt with on a facts and circumstances basis. Given the typical relationship between a Japanese-based commissionaire and offshore principal, the risk of the NTA asserting an agent PE should always be considered.

BEPS Action Plan and tax planning

Addressing Base Erosion and Profit Shifting (BEPS) was released by OECD on 12 February 2013 and its action plan on base erosion and profit shifting was published by OECD on 19 July 2013.

In these reports, the OECD states that BEPS generally focuses on moving profits to where they are taxed at lower rates and moving expenses to where they are relieved at higher rate.
Further, the reports explain that BEPS structures that result in no current tax and have the effect of shifting income to a jurisdiction where no tax is imposed.
The reports explore how the BEPS action plan could affect existing structure and arrangements common to most international businesses.
It discuss the following group structures and arrangement including a commissionaire structure :

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BEPS Action Plan and commissionaire

- Digital trading;
- Intragroup financing;
- Hybrids and dual residents;
- Group finance companies;
- Group Licensing companies;
- Foreign PE and ***commissionaire;*** and
- Business restructuring , supply chain management.

The action plan recognizes that the definition of a PE must be updated to prevent abuses. It singles out commissionaire arrangement as an artificial avoidance of PE status.
In countries with a civil law code, commissionaire agents are possibility. Such an agent does not conclude contracts in principal's name. Accordingly , a number of court cases have held that a commissionaire agent does not fall within an agent for the tax purposes and so is not a taxable PE.

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BEPS Action Plan and commissionaire

On the other hand, a recent decision concerning Dell Spain held that the commissionaire agent constituted a Spanish PE, mainly because it performed other services for its Irish Principal, such as logistics and marketing.

3. In Tanzania

It is not clear that the commissionaire structure exist or existed in Tanzania. We hope that the Tanzanian tax authorities will be interested in such a transaction, and consider how to cope with it if you find a problem in it.

We should notice, however, that all of the commissionaire structures are not always tax avoidance, but some cases maybe are reasonable or appropriate as business structures.

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No 4: Intercompany Services transaction

TRA officials are especially interested in the pricing of management or technical.

Do you have any troubles in relation to the pricing of management or technical services? Could you explain in details?

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No 4: Intercompany Services transaction

Most multinational groups must arrange for a wide variety of services to be available to their subsidiaries, including administrative, technical, financial and commercial services. Such services may include management, coordination, and control functions for the entire group. The cost of providing such services may be borne initially by the parent company, by a specially designated group member, or group service center.
Centralizing these activities contributes to greater efficiencies for the group.

Regarding the intercompany service transaction, the general deductibility requirements for the expenses relating to the intercompany services are as follows:

(a) An evaluation of whether the expenses are strictly indispensable for the business;
(b) Proof that the services were actually provided;
(c) The consideration of the services were reasonable and not excessive (arm's-length prices)
(d) Allocation using a fair methods

Deductibility of Cross-Border Intercompany Services

A. Strictly Indispensable Standard

All expenses should be "strictly indispensable"; this means that the taxpayer must prove that they must be closely connected to the principle business activity and such expenses must be necessary to carry out the company's objective and purpose.
Further, in order for expenses to be deductible, they must be incurred with the main and direct purpose of obtaining a benefit for the taxpayer.

B. Proof that Services Were in Fact Provided

The taxpayer should support that the services are effectively rendered. No specific guidelines are usually established as to what documentation should be maintained to support the services received by (subsidiary).
Generally, during examinations, the tax auditors have been analyzing the existence of the service contract, correspondence, memoranda, summaries of the meeting held, expenses reports, manuals, and telephone logs. Therefore, the taxpayer (subsidiaries) should have binders compiling applicable evidence to support that the services are effectively rendered.

Deductibility of Cross-Border Intercompany Services

C. arm's-length prices rule (reasonable and not excessive)

(1) OECD guidelines indicate that it is important in analyzing intercompany services to assess whether the recipient of the service in comparable circumstances would have willingly purchased from a third party or performed for itself in the absence of the service from the related party. Therefore, when analyzing intercompany services one should perform an analysis of the expected benefit, measured as the economic or commercial value to enhancing its commercial position.

(2) Japanese Administrative TP Guidelines

In respect to the reasonable price of intercompany services, the Administrative Guidelines provides a useful list of intercompany services. If the following conditions are met, it may be acceptable to use the total cost of providing the service as the arm's length price (or the transactional net margin method with the markup on the total cost as a profit level indicator).

Examples of low-value services:

a. Drafting and management of budgets;
b. Accounting, tax, or law services;
c. Management and collection of credit;
d. Operation, maintenance, and management of information and communications systems;
e. Management of cash flow and solvency;
f. Management and raising of funds;
g. Hiring, assignment and training employees;

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Deductibility of Cross-Border Intercompany Services

h. Administrative tasks related to employee compensation and insurance, etc;
i . Advertising (other than marketing support as described in Administrative Guidelines);
k. Other general administrative tasks.

What is the scope of expenses to be allocated?
The followings should be allocated?

- Activities performed by the parent company under laws, such as the holding of shareholders meetings
- R&D in the headquarters

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Deductibility of Cross-Border Intercompany Services

Pro Rata Expenses?

Expenses incurred abroad and allocated on the a prorated basis with foreign related parties are deductible or nondeductible? This is a controversial issue.
There may be countries like Mexico which has the provision in tax law denying a deduction for pro rata expenses relating to intercompany services, because it was very difficult to audit and review the formula applied to pro rata expenses abroad.

However, the OECD recognizes that there are cases when the direct charge method may be difficult to apply in practice and the use of cost allocation and apportionment methods (including pro rata expenses) may be appropriate. This may be due to the nature of the services being provided, or that a separate recording would involve a burden of administrative work.

D. Allocated using a fair methods

Even if cost allocation and apportionment methods may be appropriate, the allocation method must be fair and lead to a result that is consistent with arm's-length principle.

5. Natural resources and tax in Tanzania

1. Tanzania is the third- largest producer of gold on the African continent in 2011(behind South Africa and Ghana).
   Tanzanian government provides mining companies, which operate six large-scale mines, with an array of tax incentive.
   Gold mining companies began to operating in Tanzania in 2000 or 2001.
   From recent survey of exporters in Tanzania, we found that top 5 of all exporters in Tanzania are just gold mining operating companies, occupying about a half of all export goods from Tanzania

2. Recent topic from Tanzanian tax problem
   One of the tax problems arising in Tanzania is an indirect transfer of shares of Tanzanian company through the transfer of shares in offshore holding company (African Barric Gold Plc and Mkuju River uranium project).

Capital gain and tax planning

3. Taxable gains

A share is situated where the company is incorporated or where it can be effectively dealt with. This is generally accepted principle. If a foreign company transfer shares of an Tanzanian company, gains arising from the transaction may be taxable in Tanzania. However, on the basis of this principle, gains earned by the non-resident company from the transfer of shares of a foreign company fall outside the Tanzanian tax net. Because they are foreign source incomes earned by a non-resident company and TRA does not have jurisdiction to tax a transaction of this nature.

4. Vodafone Case in India

Regarding foreign investors' indirect dispositions of Tanzanian resident companies through foreign intermediate holding companies, we are very interested in the recent Vodafone Case in India. Because the structure of indirect transfer of shares in Tanzanian company is basically considered to be the same as the following Indian Court case (Figure3).

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On 20 January 2012, when the Indian Supreme Court held in favour of Vodafone in the USD 11.1 billion tax case, the decision was welcomed by taxpayers as a symbol of India's commitment to justice and the rule of law.

We consider that this decision provides very important criteria for tax auditors in TRA and worldwide jurisprudence on the thin line separating tax planning and tax avoidance.

India's Supreme Court

India's Supreme Court ruled on January, 2012, that Vodafone was not liable for the $2.2 billion(20%) tax assessment related to its $11.2billion sale of an Indian mobile phone company from one foreign entity (Cayman Islands-based company holding Indian assets) to another foreign entity (Dutch subsidiary). India's Supreme Court ruled the tax unconstitutional because transfers of offshore assets (share of CGP Investments in the Cayman Islands) of between two foreign parties cannot be taxed in India. However, the government responded to the decision by amending the law with retroactive effect as far as 1962, when Income Tax Act took effect.

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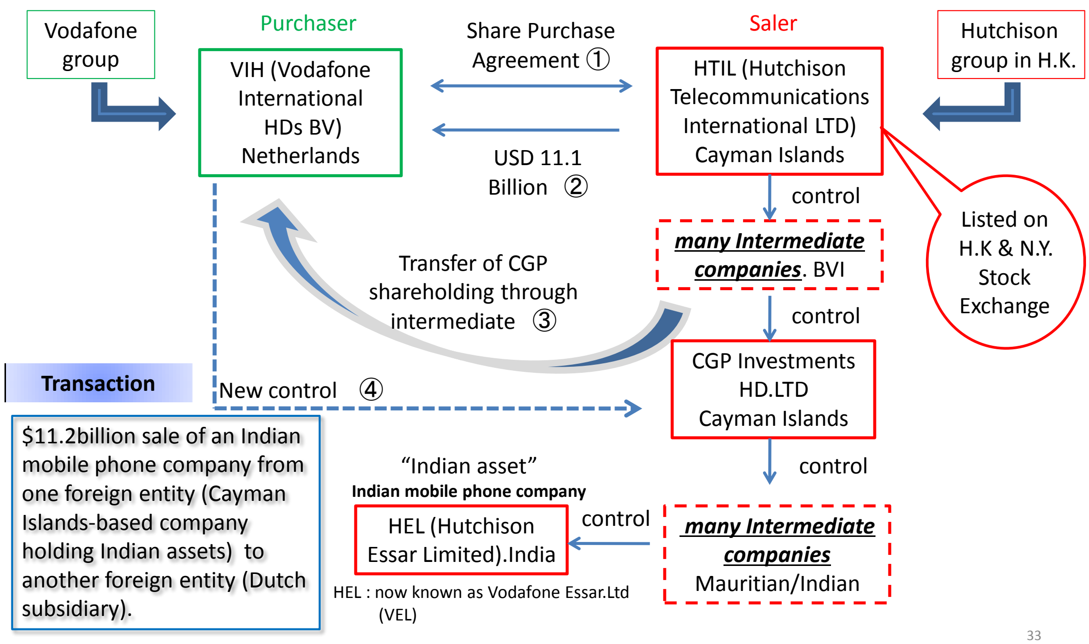
The Vodafone Holding Structure



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The decisions by India's High Court and Supreme Court include very interesting and important matters for tax examiners in Tanzania;

- tax planning is legal or not;
- tax planning and tax avoidance
- form over substance or economic substance;
- dissecting (Separate Entity) approach or as a whole approach;
- "look through" approach;
- retroactive amendment; and so on.

We would like to recommend the TRA auditors or ITA students to read and consider these two decisions.

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Coffee Break !!

Coffee Break !!

Tax treaty and the Vodafone Case

Under the India-Mauritian Income Tax Treaty (1982), capital gains derived by a Mauritian resident from the sale of shares of an Indian company are not subject to tax in India. The tax treaty also does not have any limitation of such benefits provisions.

*It is, therefore, not surprising that **around 40% of India's foreign direct investment is invested through holding companies incorporated in Mauritius.***

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6. Residence (abuses in expatriation)

1. Non-resident

Tanzanian resident is taxed on their worldwide income. In the case of Tanzanian non-resident, such persons are taxed only on income sourced within Tanzania (Section 6.-(1)). Accordingly, the status of being a Tanzanian resident has the disadvantage of requiring that person to report worldwide income.

2.Change in individual's country of residence

For example, assume there is an owner of a corporation that controlled a large share of Tanzanian mining company. He chose to renounce his Tanzanian residence to become a resident of a tax haven. Through his formal expatriation, he could avoid the payment of Tanzanian taxes on future earnings and capital gains.

Many reasons can be found for an individual to give up their Tanzanian status. Some are not tax-related reasons, but some maybe are purely tax motivated.
Some individuals may find it beneficial to renounce their Tanzanian status and, as a result, avoid disclosing their worldwide income to the TRA. Those who renounce their Tanzanian status, to the extent that their income is sourced outside Tanzania, are not taxed in Tanzania. Such an expatiation result in avoiding Tanzanian tax on income sourced outside Tanzania.

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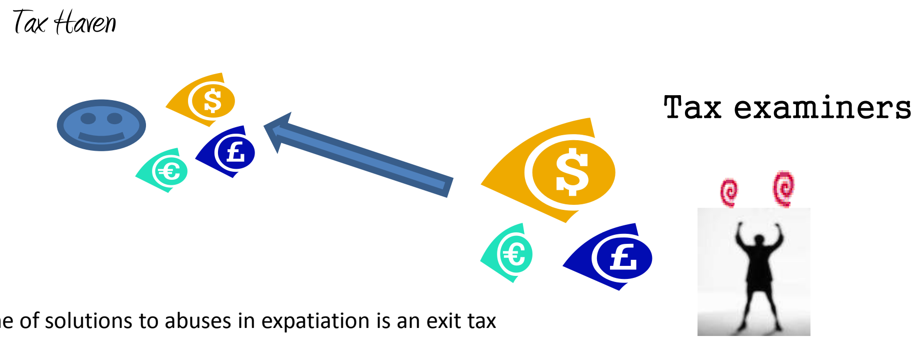
6. Residence (abuses in expatriation)



One of solutions to abuses in expatiation is an exit tax

3. In case of individuals
(1) U.S
In the U.S, its tax law provides that a non-resident individual who lost US citizenship, should be taxed for a period of ten years following the year that such loss occurred, as if they had retained US citizenship. This rule of preserving taxation rights applied only if such a loss of citizenship had primarily the purpose of avoiding taxes. Consequently, if the IRS had established that it was reasonable to believe, with the burden of proof on the taxpayer, that the expatriation was not tax motivated, this rule did not apply.

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6. Residence (abuses in expatriation)

In 2008, the rule was amended. Under the 2008 expatriation regime, a taxpayer who expatriates is treated as having sold all of his property on the day before the expatriation date at its fair market value.

(2) Australia
Australia imposes an exist tax when an Australian resident, including an Australian citizen, leaves the country. For purposes of the exit tax, a resident is treated as having sold all of their non-Australian assets at fair market value at the time of departure. An election is available for a taxpayer to defer the tax from the deemed sale on any asset until it is sold.

(3) Canada
A taxpayer is deemed to have disposed of all capital gain property at its fair market value on a loss of residence. As with Australia, a departing individual may elect to defer the tax on the accrued gain on any asset until the asset is sold. However, it is said that the Canadian tax authorities generally require an electing taxpayer to provide the security necessary to ensure that the deferred tax can be collected.

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6. Residence (abuses in expatriation)

4. In case of a corporation

A corporation is a resident of Tanzania if it is incorporated there or if it has its place of effective management there (Section 66-(4)).

For instance, assume that Kiliman company is an investment holding company incorporated in Tanzania and is listed on the Dar es Salaam Stock Exchange. Kiliman's only relevant asset is a 100% shareholding in a subsidiary, which, in turn, owned 100% of the shares of Mauritius holding company, which, in turn, owned 80% of a India company. Last year, at a meeting of Kiliman's directors in Mauritius, it was resolved that all future board meetings will be held in Mauritius and effective management should be done there.

With effect from that date, if Kiliman's place of effective management really move to Mauritius, Kiliman would be treated as non-resident in Tanzania.

After Kiliman company cease to be a resident, Kiliman company results in avoiding Tanzanian tax on income source outside Tanzania. In such a case, exit tax could be applied.

5. Exit tax and tax treaty

As explained, some of the countries introduced its expatriation tax to prevent abuses in renouncing the status.

However, please note the following:

" Although international tax law does not prohibit countries from imposing exit taxes on their residents, it is often said that there may be situations in which the levying of a tax on capital gains by a legislative fiction in one state infringes on a bilateral tax treaty."

No 6: Options to Purchase Foreign Parent Stock Awarded to Employees of Foreign Subsidiaries

1. ESOP (Employee Stock Option Plan)

ESOPs are one of the important tools to attract and retain employees. They serve as a significant tool in improving productivity, motivating employees and increasing their interest in the company's and its subsidiaries' performance.

Multi-national companies having overseas subsidiaries have often granted ESOPs to the employees of their overseas subsidiaries.

In many cases, the liquidity of stock is a concern as Tanzanian subsidiaries of foreign companies are mostly not listed in Tanzania. However, foreign parent companies may grant directors and employees Tanzanian subsidiaries stock options to purchase foreign parent company stock which is listed on foreign stock markets, instead of Tanzanian subsidiaries 'stocks.

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No 7: Incentive for Employees

ESOP (Employee Stock Option Plan)

Multi-national companies having overseas subsidiaries have often granted ESOPs to the employees of their overseas subsidiaries.

ESOPs are one of the important tools to attract and retain employees. They serve as a significant tool in improving productivity, motivating employees and increasing their interest in the company's and its subsidiaries' performance.

the liquidity of stock is a concern as Tanzanian subsidiaries of foreign companies are mostly not listed in Tanzania. In such a case, instead of Tanzanian subsidiaries 'stocks, foreign parent companies may grant subsidiaries' directors and employees the stock options to purchase foreign parent company stock which is listed on foreign stock markets.

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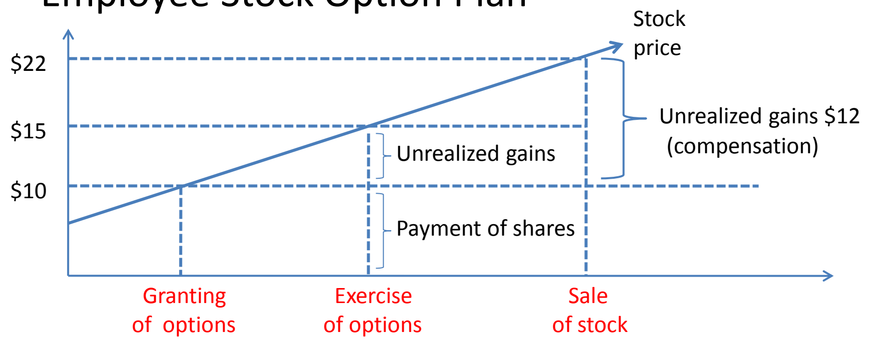
Employee Stock Option Plan



Now suppose a director of the Tanzanian subsidiary is granted a stock option to purchase its U.S parent company's stock at the strike price of $10 per share. He exercises the option when the stock price is $15, purchases shares, and sells them at $22 per share at a later date. The director realizes capital gains($12=$22-$10) from the sale of stock as compensation.

However, if the stock value does not increase because the company's performance does not improve, compensation will not be earned. Those persons who are granted options are expected to endeavor to improve the company's performance.

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8. E-commerce

1. E-commerce

E-commerce has many different definitions. But it is generally defined as:

"Any transaction conducted over the Internet or through Internet access, comprising the sale, lease, license, or delivery of goods, services, or information.

Thus, e-commerce may properly be defined as commercial digital transaction that cross state or national borders facilitated by computer networks and the Internet. "

For example, consider the issues as to the taxation of sale of Toshiba's computer by Japanese retailer to Tanzanian customer through a website maintained in Japan.

A consumer in Tanzania who purchases Toshiba's computer from a Japanese retailer's website will receive the delivery of the ordered computer from Toshiba warehouse in Dar es Salaam. This is one of the E-commerce transactions.

2. The tax requirement

Tanzanian government has implemented both source-based taxation (a non-resident person) and residence-based taxation (a resident person).

Under section 6-(1) of Income Tax Act, Tanzanian government can tax its non-residents only on income sourced within Tanzania. In the case of business income of non-residents, the income is, for my understanding, subject to tax only if the non-residents has a PE there. Tanzania source income and a PE are requirements for taxation of sale of Toshiba's computer through a website.

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8. E-commerce

(1) Tanzanian source income

Generally, gain, profits, and income derived from the purchase of computer (inventory property) outside Tanzania and its sell within Tanzania is Tanzania-source income. Similarly, gain, profits, and income from computer purchased within Tanzania and sold outside Tanzania is foreign-source income. Determining where the sale takes place requires a determination as to where legal title passes. Whether the Japanese retailer has Tanzania-source income will therefore depend on where the sale takes place, which in turn depend on where the legal title to goods passes. As such, in the case there are many computer stocks in Tanzania and the legal title to computer passes within buyer's place (warehouse in Tanzania), it is considered to be a source income in Tanzania.

(2) PE in Tanzania

The business income of Japanese retailer is subject to taxation, if it has a PE in Tanzania. So, whether or not the Japanese retailer is deemed to have a PE in Tanzania is important. If the retailer is not physically present in Tanzania, there are no factors that would support a finding of a PE.

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8. E-commerce

3. The PE Requirement

The PE contains the three standard types:

- Branch PE;
- Construction PE; and
- Agent PE.

What should be evident from these definition is that a PE in the traditional sense requires some physical presence within the source country.

As such, transactions that take place wholly through the Internet present interesting issues as to the taxation of the sale of goods by a Japanese retailer solely to Tanzanian customers through a website maintained in Japan.

Under the OECD 's interpretation, computer servers may, under limited circumstances, constitute a PE. More specifically, if Toshiba carries on a business through the Internet in Tanzania, and it can exercise control over the server on which its website is stored (or it has a server at its disposal), the location of the server may constitute a PE.

In addition to control over the server, a PE will exist only if the equipment constituting it remains on a particular site for a sufficient period of time.

When the Toshiba is merely paying an Internet service provider to host its website content on the Internet service provider's (ISP) server, however, the activity does not give rise to finding of a PE under OECD model treaty,

8. E-commerce

Because the ISPs do not fall within the definition of dependent agent. This is so because they lack the authority to execute contracts on behalf of the website-owning company.

Since Toshiba has the option of renting server space from an independent ISP, which does not constitute a PE, than owning or leasing its own server.

The server has to become "fixed" to create a PE. Consequently, if Toshiba has ownership or control over the server, it may be subject to tax. However, it may simply choose to place that server in a jurisdiction with low or no taxation. Servers are highly mobile, Toshiba that owns its own server, or has the power to exercise control over it, could move it around to defeat a finding of PE.

If a finding of a PE depends on whether the server is actually moved, companies may regularly engage in such practices so as to never have a PE anywhere. Thus, generally servers are not easy to recognized as a PE.

4. A new framework for e-commerce

Thus, existing tax principle may not work for e-commerce, specially the PE issue. Many tax experts are saying that a new framework is needed to balance the legitimate interests of the residence country on the one hand, and the source county on the other, to tax income generated by the existence of the source country.

8. E-commerce

One solution to the PE issue as it relates to e-commerce transactions is often said to implement a consumption-based tax on all e-commerce transactions. Consumption tax is a tax imposed on sales of goods or services to be consumed, at the place where the goods are sold or services are rendered.

Under this model, all transactions would be taxed at the time of sale regardless of the amount of revenue gained from the activities, and it would be needed to require their domestic online retailers to register with an electronic tax collection intermediary.

When a sale is made online, the purchaser must input his location. That information is then sent to the electronic tax collection intermediary, who in turn determines the applicable tax rate for the transaction based on official information from the country in question. The tax rate is determined based on the consumer's location and for intangible purchases such as down-loadable software. This information is then sent back to the retailer's website, where the consumer will be informed of the retail price for the specific item, and applicable tax.

All these steps take place instantaneously through the use of existing technology .

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8. E-commerce

When the consumer later pays the total price, the part of the payment that consists of the sales tax is then automatically remitted to the electronic tax intermediary, which in turn remits the payment to the source country's tax authorities.

The EU has acknowledged the necessity and inevitability of a sale tax, or VAT, in the e-commerce transaction context. According to the idea, electronically supplied goods or services are taxable if they are supplied for consideration within the territory of a Member State by a taxable person. These goods or services supplied to private consumers residing in the EU by providers established outside the EU are taxed at destination, I.e. where the private consumer resides. The non-EU supplier may register for VAT and file VAT returns in only one Member State. The supplies are taxed at the rates of the countries where the customer reside.

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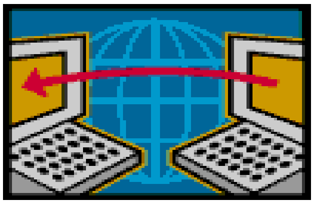
9. Cloud Computing ?



What is a cloud computing ?

We think that perhaps you have heard the term of "a cloud computing".
Cloud computing is a technology that uses connected remote servers to maintain data and applications. It permits consumers and companies to use those applications without software installation and to access their personal files from any computer in the world.

For a long time, business enterprises have maintained software on their own internal computer networks and stored business records on their premises. Recently, however, traditional software license purchases have begun to appear to be antiquated. Customers do not have to buy software licenses or any additional infrastructure equipment and only pay monthly fees for using the software.

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9. Cloud Computing

Yahoo e-mail, Gmail, or Hotmail

Due to the outsourcing and centralizing of storage, memory and processing, IT-related capital expenditure can be greatly reduced and under-utilized resources are avoided.
A simple example of cloud computing is Yahoo e-mail, Gmail, or Hotmail where users need merely a username, password and a high-speed internet link to log in.

Clouds consist of a network of servers dispersed across the globe.
Accordingly, the following classic question of a server as a PE has come back into focus:
(1) the user of cloud computing services have PEs in the countries where the servers are located.
(2) If servers are not a PE of the user, are they PEs of the cloud providers.

1. Cloud computing services---- a PE of users?

If the user of cloud computing services is a company, is it deemed to have PEs in the countries where the servers are located ?, and will it be taxed on the profits to be attributed to the server PE ? This problem is similar to e-commerce transactions explained already.

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9. Cloud computing (more analysis of a PE)

First, determination the source of income is paramount in international taxation. In respect to the taxation of electronically supplied services transactions, especially, it is needed to create a new income source classification that covers all of e-commerce transactions including a cloud computing services. Under the rule, place of sale should be the buyer's place of residence and e-commerce source income is taxed at the buyer's residence only.

Second, the business of a company must be wholly or partly carried on at a location where the company has a server at its disposal.

Third, in case of a cloud computing services, we need to consider anther PE requirement, i.e. the preparatory or auxiliary activities. A PE cannot be considered to exist where the electronic operations carried on through computer equipment are restricted to the preparatory or auxiliary activities. Example of such activities include:

(a) providing a communications link between suppliers and customers; and
(b) relaying information through a mirror server for security and efficiency purposes.

Consequently, in case that some internet providers are in the business of operating their own servers for the purpose of hosting web sites or other applications for the client, the operation of servers is an essential part of their commercial activity and cannot be considered as preparatory or auxiliary.

In generally, the users of cloud computing services are not considered to have a PE in the countries where the servers are located.

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9. Cloud computing (more analysis of a PE)

Because, the server is, in many cases, auxiliary in nature and may not constitute core functions of a business for the company. Further they are considered not at their disposal.

However, it is necessary to examine whether the activities carried on through the computer server are auxiliary in nature To avoid the risk of having a PE, companies should only rent storage capacities, but not the physical equipment.

(2) If servers are not a PE of the user, is the logical consequence that they are PEs of the cloud providers ? If so, how profits should be allocated to them.

The international tax principles for attributing profits to a PE are provided in the OECD Model. According to it, the amount of profit to be attributed to the server is related to the functions it performs, taking into account the assets used and risks assumed. And it is necessary to determine which part of the company (the cloud providers) economically owns the intangible assets used by the PE.

Based on this, it is unlikely to attribute a substantial part of profits to a server performing automated functions (the online processing of transactions and transmission of digitalized products) without the presence of personnel and being dependent on the other parts of the company that provide it with intangible. Where personnel are present so as to perform maintenance and online service tasks, the profit of a PE corresponds to what independent service providers would be expected to earn in a similar situation.

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9. Cloud computing (more analysis of a PE)

Further, the profit of the PE is reduced by a charge to the head office as the economic owner of the software used by the PE. The head office that has assumed sufficient development risks and the economic owner of the intangible property is entitled to the profit linked to the exploitation of such property.

Therefore, it is often said that the general conclusion of the OECD is that, in most cases, little or no profit can be attributed to the server as it does not carry out any significant functions relevant to the attribution of economic ownership of the assets and assumption of the risks.

As we explained before, the current PE rules attach great importance to physical presence. They are designed for a traditional environment and prove inefficient invisible cloud structures.

(a) Complex analysis of the PE dealings and valuations of intangibles relating cloud computing might be difficult to carry out in practice. In cloud computing, approach to function and corresponding arm's length profit allocation may not properly reflect the activities of the PE and its substantial contribution to a company's profit.

(b) The server has to become "fixed" to create a PE. However, the server does not need to have any geographic connection with its income-generating activities. Its location can be easily manipulated, so that it does not become "fixed" . Alternatively, servers can be moved to low-tax jurisdictions.

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Revised edition

TANZANIA REVENUE AUTHORITY

Transfer Pricing Today

for Upcoming Tanzania

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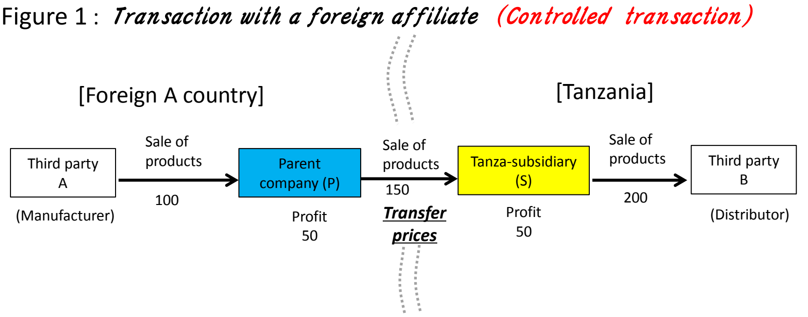
What is Transfer Pricing ?

Typical case

Figure 1 : *Transaction with a foreign affiliate* *(Controlled transaction)*



- Third party A sells its products to P
- P exports the products to it's Tanzanian subsidiary S
- S re-sells the products to third party B
- In Figure 1, foreign parent's profit is 50, Tanzanian subsidiary's profit is 50.

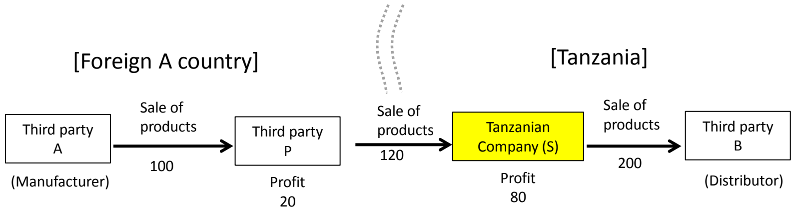
Profit allocation between a parent and its subsidiary 50 : 50
The prices charged under such intragroup transactions are called "***Transfer prices***" and should adhere to the appropriate price (***the arm's-length principle***).
The profit allocation 50:50 is an arm's-length price?

4

What is Transfer Pricing ?

Typical case

Figure 2 : *Transaction with a foreign non-affiliate* *(Uncontrolled transaction)*



In Figure 2, foreign third party P's profit is 20, Tanzanian Company's profit is 80.
Profit allocation between third parties 20 : 80

From the income allocation perspectives, while the profit allocation from transactions between related companies is 50 : 50, the allocation between unrelated companies is 20:80. So related companies voluntarily shifted profits from Tanzania to its parent's country and such transactions between affiliates could affect the Tanzanian tax revenue.

Tanzanian tax authorities may challenge the prices (150) charged in a controlled transaction (Figure1) and perform tax adjustments to increase S's income from 50 to 80, and 30 is deemed to be subject to tax in Tanzania.

5

Why is Transfer Pricing ?

The transactions within associated enterprises are no longer governed entirely by market forces, but by forces which are driven by the common interests of the entities of a group.

In such a situation, it becomes important to establish the proper price, called the "transfer price", for intra-group, cross-border transfer of goods, intangibles and services. "transfer price"is the proper price from "uncontrolled" transactions between group companies and can be assured to operate independently ("on an arm's length basis").

"transfer price"by itself does not necessarily involve tax avoidance. It is where the pricing does not accord with applicable norms or the arms length principle at domestic law. But issue of tax avoidance and evasion possibly may arise.

Arriving at a "Proper"transfer price is a complex task because of economic analysis to evaluate the transfer prices of a wide range of clients in such industries as manufacture, software, medical devices, pharmaceuticals, chemicals, electronics and information technology.

Or because of the difficulty in identifying intangibles and services which were transferred or provided and the price at which they are to be valued.

Importance of transfer pricing regulations

A key motive of transfer pricing manipulation is to usually reduce a multinational group's worldwide taxation by shifting profits from associated entities in higher tax countries to associated entities in relatively lower tax countries through either under-charging or over-charging the associated entities for intra-group trade. The net result is to maximise an international enterprise's after tax profits.

Another motivation for transfer pricing manipulation is to use a tax benefit, such as a tax loss, in a jurisdiction in which it operates. In some cases an international enterprise may wish to take advantage of an associated company's tax losses before they expire.

Transfer prices serve to determine the income of both parties involved in the cross-border transaction. Transfer pricing regulations are essential for countries in order to protect their tax base, to eliminate double taxation and to enhance cross border trade. For developing countries, especially not losing out on critical tax revenue is of paramount importance and transfer pricing regulations are must.

Profit shifting and legal structure

One of the underlying assumption of the arm's length principle is that the more intensive the functions, assets and risks of one party to the transaction, the greater its expected remuneration will be. This therefore creates an incentive to shift functions, assets and risks to where their return are taxed more favorably. While it may be difficult to shift underlying functions, the risks and ownership of tangible and intangible assets may be easier shift. Many corporate tax structures focus on allocating significant risks and hard-to-value intangible to low-tax jurisdictions, where their returns may benefit from a favorable tax regime.

Under this model, the principal could be located in a low-tax jurisdiction, and the service provider located in a high-tax jurisdiction.

Arrangements relating to risk shifting raise a number of difficult transfer pricing issues. At a fundamental level they raise the question as to whether functions really be shifted. They also raise issues of how risk is actually distributed among the members of a MNE group.

Some of such models are perceived by some as putting too much emphasis on legal structure (as reflected, for example, in contractual risk allocations) rather than on the underlying reality of the economically integrated group.

8

Arm's-length?

What does it mean in English?

- achieve an arm's-length relationship between・・・
- build an arm's-length relationship between・・・
- create an arm's-length relationship・・・
- create an arm's-length relationship between・・・

9

Transfer Pricing and crucial issues

Followings are crucial issues in the world
How about in Tanzania?

- Intercompany transactions ***management fee and royalty***
- Business restructurings ***Commissionaire, profit shifting***
- Recognition of intangible properties ***market premium***
- Who enjoy increased profitability from "location savings"? ***location savings***
- Prevention of the shift of income-producing potential to zero-and low-tax countries abroad, the shift typically occur through license and other transfer of interests in intangibles, and through contracts that seek to assign business risks.
- Pro rata expenses, etc

New Regulations and Guidelines in Tanzania

1. Statutory rules

Section 33 of the Income Tax Act 2004 requires that any arrangement between associates must be conducted at arm's length, and where the Commissioner considers a taxpayer has failed to meet this standard, he has wide power to make adjustments or re-characterise any amount.

Regulation 6 of the Income Tax Regulations 2004 provides that section 33 "shall be construed in such a manner as best secures consistency with the transfer pricing guideline in the Practice Notes issued by the commissioner pursuant to section 130 of the Act".

2. New Regulations and Guidelines (2014)

The TRA has issued a new Regulations and Guidelines to clarify what approach it will follow to give effect to the transfer pricing provisions. It can be said in principle they apply internationally agreed arm's length principles as set out in the UN and OECD Transfer Pricing Guidelines.

The taxpayer could read them through the TRA website at last in this July or August .

- THE INCOME TAX（TRANSFER PRICING）REGULATIONS (dated 7th february,2014)
  （1 Sec～16 Sec、13 Pages)
- TRANSFER PRICING GUIDELINES（TRA COMMISSIONER GENERAL）(dated 1th May,2014)
  （1～37 Pages）

Coffee Break !!

Mistake in Printing?

New Transfer Pricing Regulations in Tanzania

5.-(1) The following transfer pricing methods shall apply in determining the arm's length price of a controlled transactions-

is not reliably applied

(3) Where the traditional transaction method is reliably applied at all, the person shall apply the transactional profit method.

⇩

(3) Where the traditional transaction method is **not** reliably applied at all, -------

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No 2 : Transfer Pricing Methods

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Transfer Pricing Methods

The transfer pricing regime usually allows for the following generally accepted transfer pricing methods (or a combination thereof) :

- **Comparable uncontrolled price method (CUP);**
- **Resale price method (RP);**
- **Cost-plus method (CP);**
- **Transactional net margin method (TNMM); and**
- **Profit-split method (PS) , especially Residual Profit-split method (RPS)**

The TNMM is CPM's counterpart under the OECD Transfer Pricing Guidelines.

However, it is important to note at the outset that there is no one transfer pricing method which is generally applicable to every possible situation. No single method is considered suitable in every situation and taxpayer must select the method that provides the best estimate of an arm's length price for the transaction in question.

All these transfer pricing methods rely directly or indirectly on the comparable profit, price or margin information of similar transactions. This information may be an **"internal comparable"** based on similar uncontrolled transactions between the entity and a third party or an **"external comparable"** involving independent enterprises in the same market or industry.

Comparables play a critical role in arriving at arm's length prices. Computing an arm's length price using transfer pricing analysis is a complex task; it requires a lot of effort and good will from both the taxpayer and the tax authorities in terms of documentation, groundwork, analysis and research.

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Best method rule

The arm's length result of a controlled transaction must be determined under the method that , the facts and circumstances, provides the most reliable measure of an arm's length result. There is no strict priority of methods.

The selection of a transfer pricing method always aims at finding the most appropriate method for a particular case. For this purpose, the selection process should take account for the respective strengths and weakness of the generally recognized methods; the appropriateness of the method considered in view of the nature of the controlled transaction, determined in particular through a functional analysis; the availability of reliable information (in particular on uncontrolled comparables) needed to apply the selected method and/or other methods; and the degree of comparability between controlled and uncontrolled transactions, including the reliability of comparability adjustments that may be needed to eliminate material differences between them.

→ On the contrary, there is a Hierarchy of transfer pricing methods as strict priority of methods.

●Tanzanian new TP Regulations include "any other method as may be prescribed by the Commissioner from time to time" (5-(1) (f)) in addition to CUP, RP, CP, PS and TNMM.
●Tanzanian new TP Regulations also adapt the best method rule.

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Burden of proof・・・ Taxpayer or TRA

What method is best in this related transaction?

・・・Under the provisions of section 33 (**<u>at arm's length principle)</u>** and the self-assessment regime, the burden of proof ***<u>is on the taxpayer</u>*** to ensure that transactions are carried out on an arm's-length basis. ⇒ ???

From "International Transfer Pricing 2012 PWC"

Yes, the burden of proof has complicated problems in TP dispute cases. However, in principle is it true? Or other meanings?

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Figure 1 : Comparable uncontrolled price method (CUP)

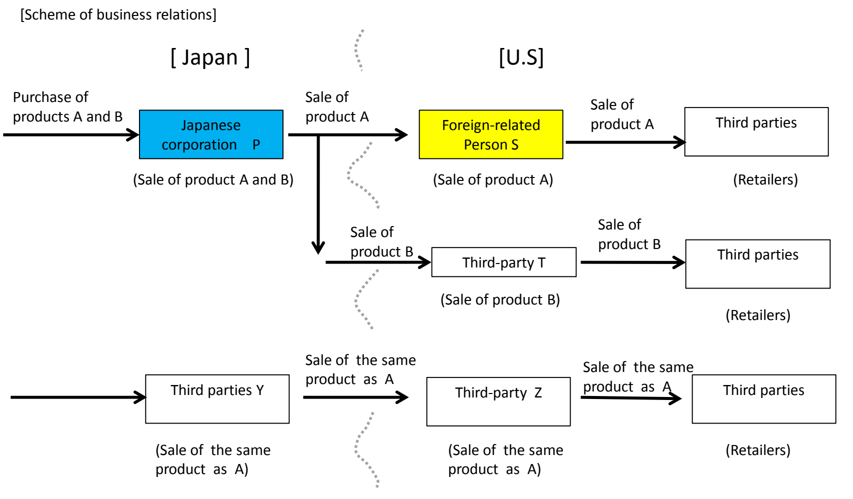

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Figure 1 : CUP (Comparable uncontrolled price method)

The CUP method evaluates whether the amount charged in a foreign related transaction is arm's length by reference to the amount charged in a comparable uncontrolled transaction. This is illustrated in Figure 1. In the Figure 1, Japanese corporation P has transactions with its foreign related person S (the foreign distribution subsidiary in U.S.) and may have similar transaction with a third party T**(<u>"internal comparable"</u>).** Such transactions may provide a comparable uncontrolled price. Alternatively, in the absence of such transactions, there may be similar transactions between two third parties (Y and Z) unrelated either to the Japanese corporation P or its foreign related party S **(<u>"external comparable"</u>).**

In making this evaluation, it is important that comparable transactions to be used under the CUP method substantially involve the same products as the foreign related transaction. In addition, volume, market level and the terms of contracts (e.g. payment terms, delivery terms, etc), and other factor which may affect the price also must be identical or highly similar. If there are material product differences or differences in volume, market level, etc, between the foreign related transaction and comparable uncontrolled transaction which may affect the transaction price, it is necessary to quantify the impact of those differences and adjust the comparable uncontrolled price accordingly.
If accurate adjustments for such differences cannot be computed, the CUP method will not provide a reliable measure.

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Figure 2 : Resale price method (RP)

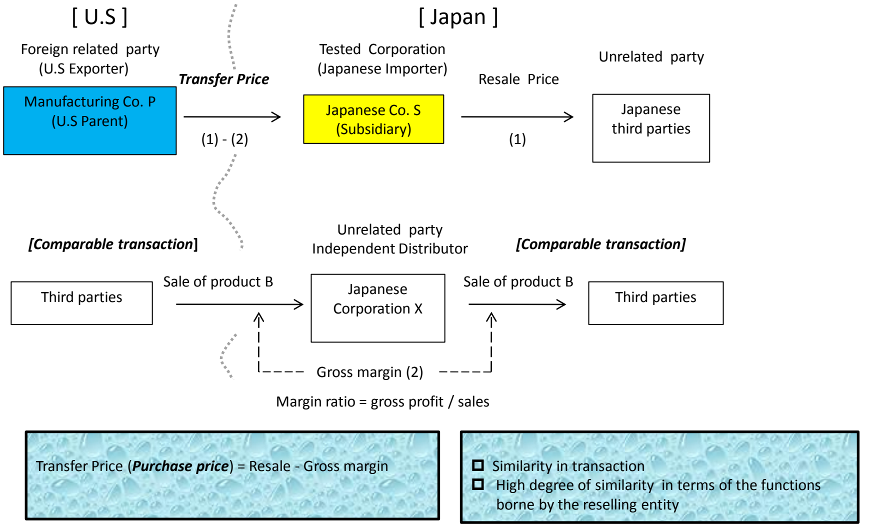

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Figure 2 : RP (Resale price method)

This is illustrated in Figure 2 .

The RP method is used to determine the arm's length consideration (Transfer price (1)-(2) in Figure 2) to be earned by purchaser (Japanese importer or distributor) in a foreign related transaction when it, in turn, resell to an independent (unrelated) parties without physically altering or adding substantial value. The RP method evaluates whether the amount charged in a controlled transaction is arm's length by reference to the gross profit margin realized in comparable uncontrolled transactions. Under this method, the arm's length price at which a Japanese importer (distributor) would purchase finished products from its foreign related party P is determined by subtracting the appropriate gross profit from the applicable resale price (Resale price (1)) of property involved in the controlled transaction.

Because the RP method compares gross profit margin ratio and is not a direct comparison of prices as in the CUP method, the RP method measures the value of the functions performed and risk borne by reseller. Therefore, the RP method does not require as high a degree of similarity of product between the foreign related transaction and the comparable uncontrolled transaction as is required by the CUP method. Rather, comparability in terms of functions performed and risks borne by the parties to each transaction (i.e. the foreign related transaction and the comparable uncontrolled transaction) is more important, as these will have a significant impact on the gross profit margins earned in the transaction. If there are significant differences between the foreign related transaction and the comparable uncontrolled transaction, in terms of functions, risks, or other items which may affect the gross profit margin, then it is necessary to quantify the impact of these differences on the gross profit margin and adjust the comparable uncontrolled transaction accordingly. If it is not possible to compute accurate adjustment , then the RP method will not provide the best measure of an arm's length result.

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Figure 3 : Cost price method (CP)

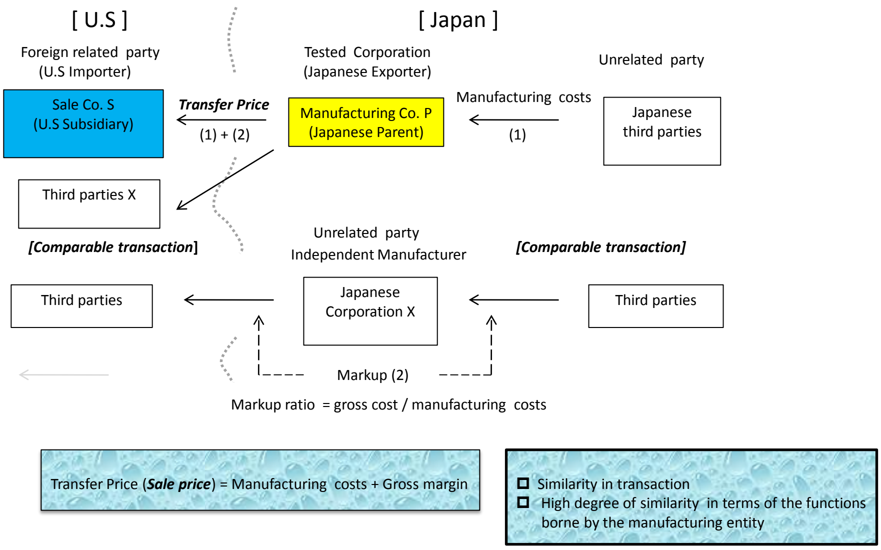

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Figure 3 : CP (Cost-plus method)

This is illustrated in Figure 3.

The CP method can be employed to determine the arm's length consideration (Transfer Price (1) +(2)) to be earned by seller (i.e. Japanese exporter) in a foreign related transaction that purchases materials from unrelated parties and then sells properties or services to related parties. The CP method evaluates whether the amount charged in a controlled transaction is arm's length by reference to the gross profit markup realized in comparable uncontrolled transactions. More specifically, the arm's length price in a foreign related transaction is computed by adding to the acquisition costs of materials from third parties a "normal" markup (Markup (2)). The normal markup is determined by reference to gross profit markups earned in comparable uncontrolled transactions.

The CP method is ordinarily used in cases involving the manufacture, assembly or other production of goods that are sold to foreign related parties. The arm's length price between the Japanese exporter (manufacturer) and its foreign related party is computed by adding to the manufacturing costs (i.e. the acquisition costs of materials and processing costs at the manufacturer) an arm's length markup derived from a comparable uncontrolled transaction at an independent manufacturers.

Alternatively, there may be cases where the Japanese manufacturer P sells similar product to unrelated party X. In such cases, the gross profit markup for earned by the Japanese manufacturer P on its sales of products to thirds parties can provide an arm's length gross profit markup for comparison with the gross profit markup earned on its sales to the foreign related party S.

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Because the CP method compares gross profit markups and is not a direct comparison of prices as in the CUP method, the CP method, similar to the RP method, measures the value of the functions performed and risk borne by the seller in the foreign related transaction. Therefore, the CP method does not require as high a degree of similarity of product between the foreign related transaction and the comparable uncontrolled transaction as is required by the CUP method. Rather, comparability in terms of functions performed and risks borne by the parties to each transaction (i.e. the foreign related transaction and the comparable uncontrolled transaction) is more important, as these will have a significant impact on the gross profit markups earned in the transaction.

If there are significant differences between the foreign related transaction and the comparable uncontrolled transaction, in terms of functions, risks, or other items which may affect the gross profit margin, then it is necessary to quantify the impact of these differences on the gross profit markups and adjust the comparable uncontrolled transaction accordingly. If it is not possible to compute accurate adjustment , then the CP method will not provide the best measure of an arm's length result.

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Figure 4 and 5 : TNMM (Transactional net margin method)

This is illustrated in Figure 4.

The TNMM evaluates whether the amount charged in a controlled transaction is arm's length by reference to the operating profit earned in comparable uncontrolled transactions. When applying the TNMM, the method of computation of arm's length price in a foreign related transaction depends on whether the transaction is resale transaction or a manufacturing or export transaction.

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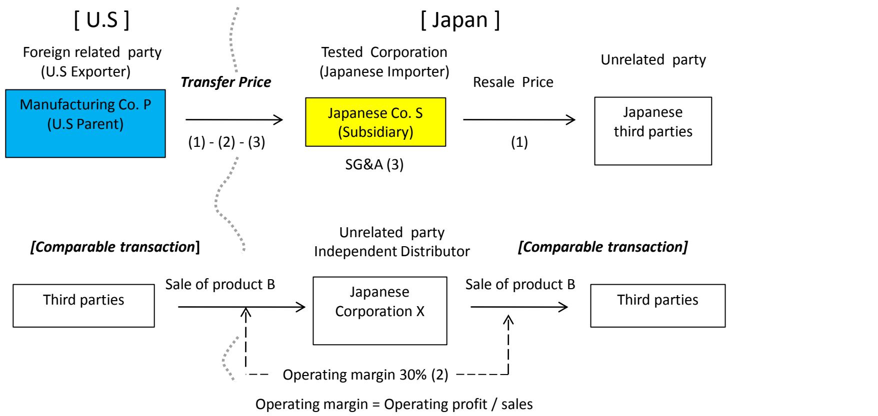
Figure 4 : TNMM for Resale Transactions (Import)



Consider the example in Figure 5 above, where the related party distributor S earns an operating profit margin of 20% , while the comparable distributor X earns an operating profit margin of 30%. one could conduct that the transfer price of related party distributor S should be calculated on the basis of 30% operating profit margin.

- Operating profit margin earned in comparable uncontrolled transactions
- Broadly similar levels of operating profit margin`

Transfer Price (***Purchase price***)
= Resale - Operating margin – SG&A

Figure 4 : TNMM for Resale Transactions (Import)

The arm's length price in a foreign related transaction is computed by deducting from the third party sales price an amount equal to the sum of a "normal" ((i.e. arm's length) operating profit margin and SG&A expenses incurred in the resale transaction.
The normal operating profit margin is determined by reference to operating profit margin earned in comparable uncontrolled transactions.

The TNMM method is ordinarily used in cases involving the purchase and resale of tangible property in which the reseller does not add substantial value to the tangible goods by physically altering the goods before resale. In this case, the TNMM might be chosen over the RP method (which is applicable in the case of resale transactions) if it is difficult to find uncontrolled transactions with a highly degree of comparability in terms of the functions borne by the selling entity.

This is because the TNMM, unlike the RP method, examine profit margins after deduction of SG&A expenses (I.e. the operating profit margin). Functional differences often manifest themselves in differences in levels of SG&A expenses. Therefore, broadly similar entities with some differences in functions may have broadly similar levels of operating profit margin even though their gross profit margins differ significantly.
Alternatively, there may be cases where the Japanese manufacturer sells similar product to unrelated parties. In such cases, the gross profit markup for earned by the Japanese manufacturer on its sales of products to thirds parties can provide an arm's length gross profit markup for comparison with the gross profit markup earned on its sales to the foreign distributor.

Figure 5 :TNMM for Manufacturing transactions (Export)

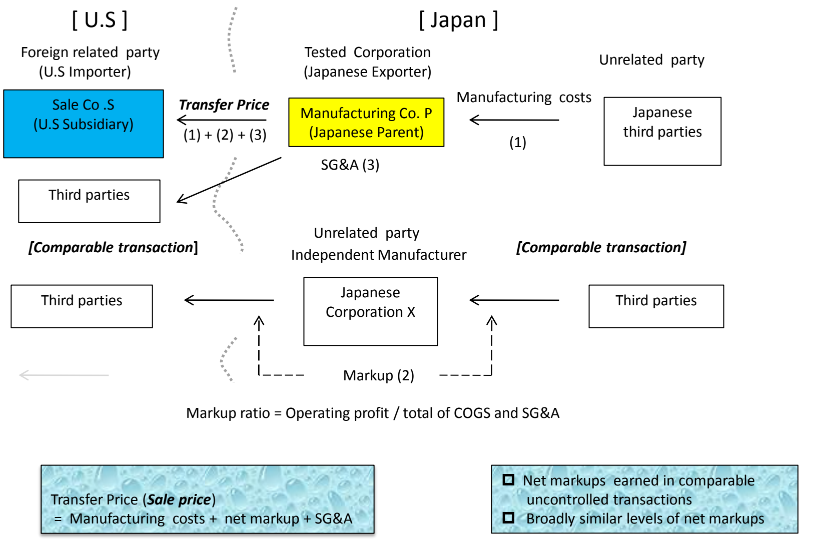


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Figure 5 : TNMM for Manufacturing transactions (Export)

The arm's length price in a foreign related transaction is computed by adding to the acquisition costs of materials from third parties an amount equal to the sum of a "normal" net markup and SG&A expenses incurred in the manufacturing or export transaction.
The normal net markup ("net markup" meaning the ratio of operating profit to the total of COGS and SG&A) is determined by reference to net markups earned in comparable uncontrolled transactions.

Alternatively, there may be cases where the Japanese manufacturer sells similar product to unrelated parties. In such cases, the gross profit markup for earned by the Japanese manufacturer on its sales of products to thirds parties can provide an arm's length gross profit markup for comparison with the gross profit markup earned on its sales to the foreign related party S.

The application of the TNMM is ordinarily used in cases involving the manufacture, assembly, or other production of goods that are sold to related parties.
In this case, the TNMM might be chosen over the CP method (which is applicable in the case of manufacturing transactions) if it is difficult to find uncontrolled transactions with a high degree of comparability in terms of the functions borne by the manufacturing entity. This is because the TNMM, unlike the CP method, examines net markup over the total costs (i.e. costs that include not only COGS but also SG&A). Functional differences often manifest themselves in differences in levels of SG&A expense. Therefore, broadly similar entities with some differences in functions may have broadly similar net markups even though their gross markups are very different.

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When to use the TNMM?

TNMM is typically applied when one of the two related parties controls intangible assets for which an arm's length return is not easily determined, and the other party has only simple function in the transactions.
Since TNMM is applied to the party performing routine manufacturing, distribution or other functions that do not involve control over such intangible assets, it allows the appropriate return to the party controlling unique or difficult-to-value intangible assets to be determined indirectly.
TNMM may also be appropriate for use in certain situations in which data limitations on uncontrolled transactions make it more reliable than traditional methods.
For example, if the data on gross margins are less reliable due to accounting differences (i.e. differences in the treatment of certain costs as cost of goods sold or operating expenses) between the tested party and the comparable companies for which no adjustment can be made as it is impossible to identify the specific costs for which adjustments are needed. In such a case, it may be more appropriate to analzse net margins, a more consistent measured profit level indicator than gross margins in case of accounting differences.

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CPM (In the U.S.)

The Comparable Profits Method (CPM) evaluates whether the amount charged in a controlled transaction is at arm's length by comparing the operating profit margin of one of the entities involved in the controlled transaction (tested party) to that of companies that are comparable in terms of functions performed, risks borne and assets employed. The tested party should not use intangible property or unique assets that distinguish it from unrelated comparable companies.
The CPM examines the operating profit margin relative to an appropriate base (e.g. costs, sales, assets), in contrast with the RP and the CP both of which examine gross profit. In this regard, the CPM is less sensitive to differences in accounting classifications between costs and expense items between the tested party and the comparable companies.
The fact that the reliability of results under the CPM is, relatively, less dependent on product and functional comparability and less sensitive to inconsistencies in accounting practices means that this is the transfer pricing method most frequently used by the U.S. taxpayers as it commonly allows for a broader sample arm's length references.
Adjustments that may be required include those for differences in:

- ✓ accounting classifications;
- ✓ credit terms;
- ✓ inventory;
- ✓ Currency risk; and
- ✓ business circumstances.

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Profit Split method

(a) Contribution approach

The profit split methods allocate the combined operating profits or loses from controlled transactions in proportion to the relative contributions made by each party in creating the combined operating profits or loses. Relative contributions must be determined in a manner that reflects the function performed, risks assumed, and resources employed by each party to the controlled transactions.

More formally, the profit split method analyses whether the allocation of the combined profit or loss attributable to one or more controlled transactions is made on an arm's length basis by referring to the relative value of each controlled taxpayers contribution to the combined operating profit or loss (generally defined as the profit after deduction of cost of goods sold and SG&A expenses).

Costs, fixed asset and other appropriate factors to measure the contribution by each parties are mentioned in the rules as allocation factors to split the combined profit or loss.

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(b) Comparable Profit Split method

Under the Comparable Profit Split method, transfer prices are based on the division of combined operating profit between uncontrolled taxpayers whose transactions and activities are similar to those of the controlled taxpayers in the relevant business activity. Under this method, the uncontrolled parties' shares of the combined operating profits or loses is used to allocate the combined operating profits or loss of the relevant business activity between related parties.

In practice, this method is rarely used because it is extremely difficult to find two companies in an uncontrolled circumstance with similar functions, risks, and transactions as well as detailed information on how they allocate the business' profits between them.

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(c) Residual profit split method

Residual profit split method is often used when both parties to a foreign related transactions possess and use unique, valuable intangible property in carrying out the transaction. The presence of such intangible property often means that there are no sufficiently comparable transactions that can be used in an analysis based on the CUP, RP, or CP method.

The residual profit split method is applied by allocating profits attributable to one or more controlled transactions in the following two steps:

<Step 1> Allocate Routine Return

In the first step, the routine functions of the corporation and its foreign related party are identified, and an appropriate return for these routine function is determined by reference to comparable companies performing similar functions. For example, if one party to the foreign related transaction manufactures a product and sell that product to the other party, the routine return to this manufacturing activity is determined by reference to comparable manufacturers that do not possess valuable intangible property(e.g. contract manufactures).

Normally this routine return is expressed as some operating profit percentage, i.e. the ratio of operating profit to sales or the ratio of operating profit to total costs(total of cost of goods sold and SG&A). Once the routine return for both parties to transaction have been identified, an amount of operating profit corresponding to this return is apportioned to each party from the combined operating profit.

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<Step 2> Allocate Non-Routine Returns

In the second step, any residual profit remaining after the allocation performed in the first step is divided between the parties in proportion to the relative values of each related party's intangible assets that contributed to the generation of the total operating profit.

The method of measuring these intangibles differ from case by case. In some instances, it may be determined that the primary intangible asset contributing to the total profit is product technology created by the research and development efforts of the two parties. Under such circumstances, the residual profit may be allocated in proportion to each party's research and development expenses over a certain period (e.g. the most recent five years). Off course, it may be appropriate in some cases to use multiple factors to allocate the residual profit, depending on which factors provide the best measure of each party's intangible assets.

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Other important issues in transfer pricing methods

(1) The TNMM and the CPM
The TNMM is now popular in Japan, but the CPM is frequently used in the U.S. from the past time. The TNMM is quite similar to the CPM in U.S., however, there is one difference between them. The difference is whether the operating profit margin is based on all operations in the company or individual (or grouping of) transactions.
Japan has formally recognized TNMM because it is considered to be more precise than CPM in finding arm's length result.

(2) Transaction unit for analysis
The Japanese transfer pricing law states that "transactions" must be carried out at arm's length prices. However, the law is not clear as to whether individual transactions must all be carried out at arm's length prices or whether transactions may be aggregated to an extent in testing the arm's length nature of their transfer pricing.
The NTA generally takes the position that in principle the law requires the testing of individual transactions (or at least the narrowest grouping of transactions that it is possible to test). Therefore, during transfer pricing examinations, the examiners usually request detailed transactional data (prices or profitability) of a taxpayer by product or product grouping.

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The emphasis on "transactions" in the transfer pricing law has one other significant impact in transfer pricing examinations. Practically, it means that higher-profit transaction of a taxpayer will generally not be allowed to offset lower-profit transactions.
This means that a taxpayer can be reasonably profitable on its related party transactions overall but that the examiners will still assert that adjustments should be made to individual transactions, product groups, or divisions that record below- arm's length profits.
However, although it is generally not permissible to combine transactions for the purpose of offsetting lower margin (or below-arm's length price) transactions with higher margin (or above-arm's length price) transactions, there are certain circumstances under which such offsets may be allowed.

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No 3 : Comparability Analysis

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What is the difference of the transactions between related companies and nonrelated companies?

When independent enterprises transact with each other, the conditions of transactions are generally determined by market forces. When associated enterprises transact with each other, transactions between them are no longer governed by market forces, but by forces which are driven by common interest of the entities of a group.

What is the arm's-length principle?

The arm's-length principle requires that for tax purposes, related parties must allocate income as it would be allocated between independent enterprises in the same or similar circumstances.

So, the objective of the arm's-length principle is for the price and other conditions of transactions between associated enterprises to be consistent with those that would occur between unrelated enterprises for ***comparable transaction*** under comparable circumstances.

In transactions between two independent enterprises, compensation usually will reflect ***the functions*** that each enterprise performs, taking into account ***assets used and risks assumed.*** Therefore, in determining whether controlled and uncontrolled transactions or enterprises are comparable, a comparability analysis is needed to ensure that the economically relevant characteristics of the situations being compared are sufficiently comparable. ⟹ comparable transaction

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Comparable transactions

Typical steps in process of selection of comparable transactions (1)

<u>Transactions deemed comparable</u> with the foreign-related transaction

Uncontrolled transactions

Availability of data

(Typical factors for consideration)

Type of inventory, service content, etc.

Market level

Volume and time of transactions

Terms of contents

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Typical steps in process of selection of comparable transactions (2)

Functions performed and risks assumed by seller or byer

Intangible properties used by seller or buyer

Business strategy and timing of market entry of seller or buyer

State of government regulation and market

Special circumstances

<u>Comparable transactions</u>

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Comparability Analysis

1. Rationale for Comparability Analysis
2. Comparability Analysis Process
3. Comparability Analysis in Operation
   - Understanding the economically significant characteristics of the industry, taxpayer's business and controlled transactions
   - Attributes or comparability factors
   - Selecting the tested party(ies)
   - Identifying potentially comparable transactions---internal and external
   - Comparability adjustments where appropriate
   - Selection of most appropriate transfer pricing method
   - Determination of arm's length price or profit(or range of prices or profits)
   - Documentation of comparability analysis and monitoring
4. Issue regarding comparability analysis

Comparability factor (1)

As the vast majority of transfer pricing analysis relies on the use of comparables (comparable transactions or comparable companies) to some degree, the types of comparables that will be accepted by the tax authority is a critical issue in any tax jurisdiction.
The transfer pricing rules contain guidance on the factors that any taxpayer should keep in mind when selecting comparables for its foreign related transactions.

First, the rules state that a comparable transaction used in a CUP,RP,CP, or TNMM analysis must involve the same or similar inventories to the inventories transacted in the foreign related transaction. "Same or similar inventories" means "inventories which are the same or similar to the inventories concerning the foreign related transaction in terms of its characteristics, mechanism, functions, and the like". If there are differences between the inventories compared, they may still be used for comparison if the differences have a negligible impact on the price.
The rules also list the following additional factors that taxpayers should examine when selecting comparables.

- ✓ the characteristics of the good and service
- ✓ Level of the market (i.e. retailer or wholesaler, primary wholesaler or secondary wholesaler)
- ✓ Transaction quantity
- ✓ Contract terms

Comparability factor (2)

- ✓ Timing of transaction
- ✓ Functions to be performed by seller or buyer
- ✓ Risks to be assumed by seller or buyer
- ✓ Intangible property to be used by seller or buyer
- ✓ Business strategies of seller or buyer
- ✓ Timing of entry into the market by seller or buyer
- ✓ Government interventions
- ✓ Market forces

Comparable transactions should be as similar as possible to the foreign related transactions in terms of the above 12 factors.

In case of Japan, comparable companies is limited to Japanese companies or not?

In an analysis using RP, CP, or TNMM, where the tested party is a Japanese corporation whose financial results will be tested against those of comparable companies, Japanese transfer pricing examiners believe strongly that comparable should be Japanese comparable companies.
Occasionally taxpayers may attempt to use pan-Asian comparables or worldwide comparables, but non-Japanese comparables are generally not accepted by transfer pricing examiners unless a taxpayer can demonstrate quite convincingly that no comparables exist in Japan.

A lack of reliable comparables and developing countries

- Under the arm's length principle, transactions between group companies are compared with transactions between unrelated companies under comparable circumstances.
- For a developing country, there are usually only a small number of public companies. This limits the amount of publically available information on domestic companies that can be used for transfer pricing analysis.

■ Tanzania
Reasonability of comparables is what is important, irrespective of whether these are local or foreign. But the TRA has not indicated whether it will accept the use of financial database from elsewhere in the world. However, **<u>TRA has recently chosen Bureau van Dijk database as a benchmarking tool.</u>**
■ Kenya
The tax authority has expressed a preference for local comparable, especially where comparable uncontlolled prices are readily available . It does not have requirments or preferences regarding databases to be used for comparables. However, the tax authority has subscribed to the comprehensive database (Orbis) as a benchmarking tool.

A lack of comparables and Developing Countries

■ Qatar

Regional comparables are preferred, but in the absence of sufficient data, comparable from other jurisdiction would be accepted. In that case, however, the analysis should consider whether territorial differences lead to market differences .

■ China

One of the most common adjustments in China is accounting for difference in geographic comparability. For example, when an Asia Pacific set of companies is used to benchmark the transfer prices of a Chinese taxpayer, it often includes companies from both developed countries (such as Japan and Korea), as well as developing countries (such as Indonesia and Vietnam). Generally speaking, the Asia Pacific set is more likely to contain companies from developed countries due to a greater amount of listed companies in those countries.

The differences in geographical markets are so material that it warrants comparability adjustments to bridge the differences. By making such comparability adjustments, taxpayers in developing countries can overcome the practical difficulties in applying the arm's length principle to their transfer pricing analysis.

No 4 : Case studies Ⅰ

Comparable transactions

&

Transfer Pricing Methods

Including Tally (Indian software Co)'s case

You Know!!

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Case study 1 Comparables or not?

■ Facts

The assessee, A company established in X country, provided clinical trial service to related parties in foreign Y country. A company outsourced the actual clinical trial work to approved third parties in X country , but monitored their work for quality standards and adherence to guidelines, and analyzed, interpreted and reported the findings to the related parties.

In its transfer pricing analysis, based on data that was publicly available, A company chose ***four companies as comparables***. None of the companies was engaged in clinical trials, but A considered them all to be comparables based on broad functional comparability. The average profit margin of these comparables was within a range considered to be comparable to A's profit margin from the clinical trial services it provided to its related parties.

Case study 1 Comparables or not?

■ Transfer pricing audit

During the transfer pricing audit, the tax officers ***rejected two of the four comparables*** (companies B and C) selected by A company.

- The tax officer held that B company was an engineering consultancy firm and was not comparable to A and full information was not available from its financial statements.
- He rejected C company on the basis that it was a loss-making entity and C, being a service provider, could not be compared to a loss-making entity.
- The tax officer added a new comparable (D company) based on publicly available data (like a Bureau van Dijk implemented recently by TRA) for the year at issue at the time of audit. D company was engaged in clinical trials but performed the work itself, in contrast to the outsourcing of the clinical works by A.

As a result of rejection of A' chosen two comparables and the tax officer' added new Comparable, the revised average profit margin of the comparables was higher than A's profit margin from the transactions at issue. The tax officer therefore made a transfer pricing adjustment, which resulted in additional tax liability for A. A appealed to the Tax Tribunal.

Case study 1 Comparables or not?

■ Tax Tribunal's ruling

The tribunal agreed with the tax officer's decision to discard B and C companies as comparables and to add D company, despite the fact that D company performed the actual clinical work itself, thereby employing different assets and assuming different risks from A.

Regarding this new comparable, A insisted that those differences were significant enough to disqualify D company as a comparable, but the tribunal rejected A's argument and held that D company could not be rejected merely on the basis of a difference in business model as long as the functions were comparable.

However, the tribunal also said D company's profit margin had to be adjusted to account for and eliminate the differences in business model.

Case study 2 Comparables or not?

■ Facts

The assessee is Kiliman Ltd established in X country. During the year at issue, it supplied the following services to its related parties:

- Development of generic pharmaceutical products;
- Analytical research for potential drug candidates; and
- Support for monitoring and testing of the final products.

In its transfer pricing analysis, Kiliman chose the TNMM as the most appropriate method to determine the arm's length price of its related party transactions.

Kiliman selected ***14 comparables*** from public databases. The average profit margin of the comparable was about 7 percent.

■ Transfer pricing audit

The tax officer did not dispute the taxpayer's use of the TNMM, but held that following ***4 companies could not be included in the set of comparables*** because their profit margins were indicative of unusual circumstances:

Case study 2 Comparables or not?

A company carried out its business in different markets and its profit margins were low;
B company was different in the size of the company;
C company was carry out reconstruction measures and not operating under normal business condition; and
D company was making a loss.

The total negative profit margin of these four companies was over 23 percent. Thus, when the tax official rejected these four comparables selected by the taxpayer, the average profit margin of the comparables was calculated as 10 percent.
Furthermore, the tax officer included ***six new comparables*** as additional comparables, stating that the TNMM require a broad-based comparison and that Kiliman's remaining ten comparables did not fully support that. The average profit margin of the 16 comparables was about 24 percent, while the assessee's profit margin was at 7 percent.
The tax officer, therefore, made a transfer pricing adjustment.

Case study 2 Comparables or not?

- Tax Tribunal's ruling

The Tribunal issued a mixed ruling but sided mainly with Kikiman, significantly reducing the transfer pricing adjustment made by the tax officer. The Tribunal agreed with the tax officer's argument that the four out of 14 comparables selected by Kikiman should be excluded. At the same time, however, the tribunal held that ***all six comparables selected by the tax officer failed the comparability test*** in the areas of functions performed and risk assumed. The tribunal's reasons for rejecting the comparables selected by the tax officer included the following:

One of the comparables that carried out development and research of drugs did not perform that activity as its main business, but rather as functional support to its key activity of manufacturing.

The second comparable was engaged in the development of parts for motors and owned significant intangibles related to that activity.

The third comparable conducted marketing research.

The fourth comparabale provided technical support and instruments for the oil and gas industry and had significant physical assets, unlike the assessee, whose core asset was a skilled workforce.

Case study 2 Comparables or not?

The fifth comparabale carried out diverse activities, including software development, information technology services, and the manufacturing and trading of certain products. The company also owned significant assets, including intangibles, which the tax officer did not take into account in eliminating differences between the comparable and the taxpayer.

The sixth comparable conducted research and development activities, but for a more diverse clientele that included the communications, automotive, industrial systems, medical electronics, and technology sectors.

Case study 3 Intellectual property case in Russia

Royalty payments are at arm' s- length? ------- from the Russian court

■ Fact

The assessee was a brewing company in Russia and subsidiary of Belgium company A. The brewing company paid royalties to its parent company for the use of production know-how.

■ Tax authorities

Tax authorities challenged intragroup IP licensing structures between the Russian subsidiary and its foreign parent company, arguing whether or not royalties it paid to its parent company was for the use of production know-how?

The Russian tax authorities obtained an expert opinion on whether the information transferred to the assessee qualifies as know-how under Russian civil law.

(1) The independent expert concluded that the technical documentation provided by the Belgium parent company A contained no commercially sensitive information and therefore, the royalties paid under the licensing agreement led to the receipt by the assessee of an unjustified tax benefit.

Case study 3 Intellectual property case in Russia

(2) If the transferred information qualifies as know-how, how much should the Russian subsidiary pay for it? The Russian subsidiary calculated the royalties to be paid applying rates of 0.8 percent to 2.8 percent, depending on the product category. However, the tax authorities' expert assessed the arm's- length royalty rate at 0.79 percent. The tax authorities thus claimed that the royalty payments were not at arm's- length royalty rate at 0.79 percent and that additional tax could be assessed.

■ Assesse's counter

To counter the tax authority's position, the assesse presented an appraisal report and transfer pricing documentation for the years at issue, prepared by one of the big accounting firms that supports arm's-length royalty rates in the range of 1 to 3 percent.

■ The court

The court rejected the tax authorities' position on both issues. It held that tax officer' s arguments were based on "highly dubious" information sources (student papers, Internet forums with comments from unidentified participants, humor websites, and expert with insufficient expertise in the field of brewing), and also held that the assessment methods of royalties were incorrect.

Case study 3 Intellectual property case in Russia

■ Comments

The tax authorities start from the premise that intragroup intangible property licensing transactions involving royalty payments out of Russia are used by companies to reduce their profit tax base.

As of August 2014, this case is not over yet. The tax authorities have appealed the court's decision.

However, it can be said so far that because of the lack of good appraisal reports and detailed analyses, the tax authorities are failing to justify their position in court.

In another case, it is also said that the court generally supported the tax authorities' position about the underdeclaration of royalty income, but ultimately favored the taxpayer because tax authorities failed to determine the arm's-length level of the royalties and thus, the additional taxes to be charged.

Case study 4　Tally (Indian software Co) You Know!!

We all know well Tally's accounting software, which our project selected as an appropriate software for training of practical accounting system.

■ Transactions

The assessee, Tally Solutions Private Ltd that develop s and sells financial accounting and management software under the brand name Tally, sold the intellectual property rights (IPR) to its software・・・・・including the trademark, brand name, and copyright・・・・・・to Tally Solution LLC (TSL) for INR 385 million (approximately $7.75million) .

TSL, a company incorporated in a free trade zone in Dubai, is a joint venture between the assessee, which hold a 40 percent stake in the company, and an unrelated party (GCP), which holds 60 percent. The IPR was sold to TSL for INR 385 million. The assessee considered the price to be at arm's length because it was negotiated between the assessee and GCP, an unrelated party.

Case study 5　Tally (Indian software Co) You Know!!

■ Transfer pricing audit

The tax officer disagreed with assessee, holding that the excess earning method (EEM), which is typically used in connection with software products, was the most appropriate for determining the arm's-length sale price of IRP.

The tax officer considered the assessee's sales revenue for the *last* six years and determined a compounded annual growth rate(CAGR). The tax officer then found that the software had a useful life of six years before requiring an upgrade or change. Accordingly, using the CAGR, the tax officer computed the sales revenue for the future six years and determined the resulting cash flow. Then earnings attributable to tangible assets is deducted from total earnings to calculate an earnings figure attributable to intangible assets. However, the actual sales revenue of TSL was much lower than the sales revenue projections using the CAGR. So the value and the transfer price of the IPR was calculated to be low and the tax officer made a transfer pricing adjustment to assessee's income.

Case study 5 Tally (Indian software Co) **You Know!!**

■ The tribunal's ruling

The tribunal, in principle, sided with the tax officer.

The sale of IPR is based on individual facts and is not a routine transaction; therefore, the ability to find comparable uncontrolled prices in the public domain is difficult. The EEM adopted by the tax officer provided a basis to determine the arm's-length price because independent parties could be expected to use the EEM to value the IPR.

The tribunal therefore held that the EEM chosen by the tax officer was not at odds with tax law, which prescribes acceptable transfer pricing methods.

■ Question:

The excess earning method is accepted in your country for software company?

Your new transfer pricing regulation provides;

- Any other method as may be prescribed by the Commissioner from time to time (5-(1)(F)).
- Notwithstanding the provisions of sub regulation (1),(2),(3) and (4) a person shall apply the most appropriate method (5-(5)).

Case study 5 The excess earning method in Tanzania?

The excess earning method separates value in two components; tangible value and intangible value. The tangible component is the value of the identifiable net assets such as cash, account receivable, work-in-progress and debt. The intangible value is derived from the earnings in "excess" of a fair rate of return on the net tangible assets The excess earnings are converted into intangible value using a risk adjusted capitalization rate.

A company has income of \$100,000 and net tangible assets (adjusted to market value) of \$280,000.

Assuming a rate of return on the net tangible assets is 10% and the rate on intangibles is 25%, what is the company's value? There are four steps:

(1) calculate the portion of earnings attributable to tangible assets. Multiply these assets' required return (10%) by their market value (\$280,000)=\$28,000

(2) Calculate the portion of earnings attributable to intangible assets. Subtract the earnings attributable to tangibles (\$28,000) from company's total earnings (\$100,000) = \$72,000

(3) Calculate intangible value. Divide earnings attributable to intangible (\$72,000) by their rate of return (25%) = \$288,000

Case study 4 The excess earning method in Tanzania?

(4) Calculate total assets. Add value of net tangible assets ($280,000) to calculated intangible assets ($288,000) = $568,000

Excess Earning Method (U.S.$)

Income		100,000
Net tangible assets	280,000	
Fair return	10%	(28,000)
Excess Earning		72,000
Capitalized at		25%
Intangible value		288,000
Net tangible		280,000
Company value		**568,000**

The key is estimating rates of return on the tangible and intangible assets.
The excess earning method artificially divide a company's earning into two separate earnongs streams: one for tangible assets and one for intangible assets. The problem

Case study 4 The excess earning method in Tanzania?

Is that theses assets don't generate earnings by themselves. Rather, a company's earnings are derived from a combination of tangible and intangible assets working together. So, the IRS says it should be used only as a last resort when other better methods are unavailable.

Case study 5 Foreign currency loan and TP

- Transactions

The assessee has a lot of subsidiaries in its country. In 2013, it established an intermediate holding company in Mauritius (Mco), which in turn invested in some of the assessee's foreign subsidiaries.
The assessee granted Mco a long-term loan in U.S.dollars to enable Mco to make some investments. The interest rate was set at 6 percent per annum.

- Pricing of the loan

In its transfer pricing analysis to determine the arm's-length pricing of the loan, Mco benchmarked the interest rate to the London Interbank Offered Rate (LIBOR). Considering the nature of its loan and related factors, Mco determined the average LIBOR rate for a comparable loan during the year at issue to be 4.90 percent. The assessee therefore concluded that the 6 percent all-inclusive rate it had set on the interest from Mco on the U.S. dollar loan fell within the accepted margin and was thus at arm's-length.

- Transfer pricing audit

During the transfer pricing audit of assessee's tax return, the tax officer disagreed with assessee's benchmarking of the interest rate. The tax officer maintained that

Case study 5 Foreign currency loan and TP

because the fund originated in assessee's country, the domestic lending rate was more appropriate. Internal banks' average prime lending rate in assessee's country at the time was determined to be around 12 percent and the tax officer made a transfer pricing adjustment to assessee's interest income to reflect the difference.

- Tribunal's ruling

The interest on a loan made by assessee, in foreign currency, to its offshore intermediate holding company must be benchmarked to international lending rate and not to assessee's domestic lending rate for transfer pricing purposes, Tribunal has ruled. So the tribunal agreed with assessee's transfer pricing analysis and overturned the tax officer's transfer pricing assessment.

The assessee covered the loan by issuing zero coupon convertible securities and did not rely on any domestic loan to fund the loan. Furthermore, because the loan was in U.S. dollars and was a cross-border transaction, the interest rate had to be benchmarked to an internationally recognized U.S. dollars lending rate in accordance with the usual commercial principles, and LIBOR was indeed an appropriate benchmark. The domestic prime lending rate considered by the tax officer is an appropriate benchmark only for onshore internal lending transactions, Tribunal added.

Case study 6 Comparable? How is Share valuation?

■ Transactions

(1) The assessee, a wholly owned indirect subsidiary of a parent company in India, builds and leases shopping centers in its country.
The assessee also owns 75 percent shares in company A that is established there.

(2) In 2012 the assessee entered into a joint venture agreement with local company B, an unrelated party, to develop, own, and manage three hotels in its country. For that purpose, a joint venture private company C was incorporated in the country, with each partner (the assessee and B) holding equal shares in C.
So, as of 2008 the assessee owns three assets (shopping centers, 75 percent A shares and 50 percent C shares).

(3) In 2013, the assessee and B jointly entered into an agreement with local company D, a related party of the assessee, and ***sold their entire shareholding in C*** to D, based on this agreement. The aggregate consideration payable by D on the acquisition of all the shares in C was divided eqaully between the assessee and B.

(4) In 2013, in a separate, unrelated transaction during the same period, the assessee ***sold its 75 percent interest in company A*** to its related company D at US$4 per share.

Case study 6 Comparable? How is Share valuation?

■ The assessee's argument (transfer of C shares and A shares to D)

To its related company D, the assessee transferred 50 percent stake in C and transferred 75 percent stake in A.
In the transfer pricing analysis by the assessee :

(1) Transfer of C shares
the assessee claimed that the sale of its 50 percent stake in C to related company D was at arm's length based on the fact that partner B, an unrelated party, sold an equal stake with similar controlling rights at the same price at the same time to related party D. (Existence of an external comparable)

(2) Transfer of A shares
Turning to the sale of its 75 percent stake in A, the assessee claimed that the value of per share, according to the guideline of Foreign Exchange Law, was about US$ 1 per share, and that claim was supported by a valuation report from an independent accountant.
The sale price of US$4 per share was established by the net yield method to value the shares. The assessee thus claimed that the sale of shares to related party D was at arm's length because it was not less than the value established by the guideline in force at the time and the accountant report.

Case study 6 Comparable? How is Share valuation?

■ Transfer pricing audit

During the transfer pricing audit of assessee's tax return, the tax officer disputed the arm's- length basis of both sale transactions.

The tax officer's argument (transfer of 50% C shares and 75% A shares):

(1) Transfer of C shares

The tax officer held that the sale of C shares by partner B could not be considered as a comparable uncontrolled transaction because the assessee was connected to partner B through their common participation in C. The joint sale of C by both parties confirmed that they were effectively connected.

(2) Transfer of A shares

The tax officer rejected the Foreign Exchange guideline method as determinative of the arm's-length price. The tax officer used a discounted cash flow (DCF) analysis to value the shares in both companies (C and A) and determined that the value was far higher than the price at which the assessee sold the shares in those companies to related D. The tax officer considered the value under the DCF analysis to be the arm's-length sale price when computing the assessee's taxable gains.

Case study 6 Comparable? How is Share valuation?

■ Tribunal's ruling

(1) Transfer of C shares

The Tribunal, in principle, sided with the tax officer, noting that the sale of shares in C by partner B could not be considered as an uncontrolled transaction in determining the arm's-length price of the sale of shares in C by the assessee. Because the C shares' sale agreement was a joint agreement and not separate. The amount paid by related company D to the assessee and partner B were consolidated and then divided between the assessee and B. Therefore, the sales agreement as a whole could not be spilit into controlled and uncontrolled transactions.

(2) Transfer of A shares

The Tribunal also ruled that the Foreign Exchange guideline method were used to determine the value of shares when a nonresident was involved in a purchase or sale of shares, as required by the Foreign Exchange Law in force at the time, so this method was limited for the purposes of administering Foreign Exchange Law and thus could not be automatically accepted in the application of the transfer pricing provisions.

Case study 6 Comparable? How is Share valuation?

(3) The value of C and A shares

The Tribunal ruled that the use of the DCF analysis to determine the value of the shares was not contrary to the Income Tax Act.

While at first glance, none of the transfer pricing methods seemed to apply to the transaction, considering that there was no CUP available in the case of a private unlisted company, the use of the DCF analysis was a generally accepted share valuation method.

Therefore the Tribunal directed the tax officer to correct errors in the application of the DCF analysis and to recompute the value of the shares sold by the assessee.

■ TP specialists' Comments on the Tribunal's conclusion

(1) Some of TP specialists say that argument of assessee that partner B was not an related party of assessee is without doubt technically true. So, the price at which partner B sold the shares to company D is a comparable uncontrolled price. However, the Tribunal based its conclusion solely on the joint sale agreement. So it is not clear why partner B was considered to be a related party of the assessee and why partner B's sale price was rejected as an external comparable for the assessee.

Case study 6 Comparable? How is Share valuation?

(2) Another TP specialists say that the share valuation method is usually independently determined by merchant bankers or accountants. It is not clear why the net asset valuation or the net yield method was rejected and the DCF upheld.

What is the net yield method?

The net yield is *an* investor's words.

The net yield means the rate of return on an investment after subtracting all expenses, such as commissions, costs of purchase, and taxes.

Case study 7 Valuation of assets in TP case?

- Facts

The assessee, Dodoma Ltd incorporated in the U.K, had a branch office in A country. As of August 1, 2004, Dodoma company decided to close its A country's branch and transfer the branch's assets and liabilities to a related party, Seren Ltd.

Dodoma Ltd considered the CUP method to be the most appropriate transfer pricing method for determining the transfer value of the branch's assets and liabilities .

Absent any comparables (internal or publicly available external), Dodoma Ltd hired an independent professional to carry out the valuation of each of the assets and liabilities of the A country's branch. The independent professional considered each asset and determined its value on the date of the transfer by considering **high depreciation rates** for each type of asset.

Dodoma Ltd considered the aggregate net value to be the FMV of the net assets of A country's branch and consequently, the arm's –length price in the transfer to Seren Ltd. Dodoma Ltd reported as taxable the gains made on the transfer on that basis.

Case study 7 Valuation of assets in TP case?

- Transfer pricing audit

During the transfer pricing audit of Dodoma's tax return, the tax officer challenged the company's valuation basis.

- The tax officer held that the valuation professional had used high depreciation rates without offering any rationale and that the valuation was arbitrary. Net asset should be valued on the basis of income tax depreciation rates to determine the arm's-length price.
- The tax officer also held that the transfer was a transfer of a business as a going concern rather than a transfer of individual assets and liabilities. Thus, absent any comparables, the most appropriate basis for determining the arm's-length price was the net book value of the Dodoma's branch, the tax officer said.

He therefore made a transfer pricing adjustment by considering the net book of the A country's branch rather than the net asset valuation carried out for Dodoma by the independent valuation professional.

Case study 7 Valuation of assets in TP case?

■ Tax Tribunal's ruling

The transfer pricing provisions in A country are generally in line with the OECD/UN guidelines and require the taxpayer to choose the most appropriate method to defend the transfer prices in its transactions with related parties.

The Tribunal agreed with the Dodoma's argument that CUP method was the most appropriate method for determining the arm's-length price in the transfer of the branch's net asset to Seren Ltd.

- However, the tribunal also agreed with the tax officer's view that the valuation report appeared to be arbitrary in considering the high depreciation rates. The FMV computed on that basis did not explain or justify the basis of the valuation, the tribunal said.
- Improvements to leasehold property carried out by Dodoma two years ago were not considered or discussed by the valuation professional. So these should be added to the basis.

Having rejected the valuation report, the tribunal found that the depreciation rates prescribed by the tax officer are close to market realities.

No 5 : Case studies Ⅱ

Transfer pricing

&

Customs valuation

Case Studies 1 and 2

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Tax and customs authorities usually have different perspective on related-party transactions

A tax authority tends to assume that the importer paid more than an arm's length price to a foreign related party in order to reduce the tax base.

A customs authority has a tendency to argue that an importer pays less than an arm's length price in order to reduce customs duties.

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Two recent Korean cases of "Case Study 1- Tax Tribunal" and "Case Study 2- High Court" show inconsistency.

This means that complying with transfer pricing rules often results in difficult customs valuation issues.
So, these two cases provides us very good materials for considering Transfer pricing & Customs valuation.

1. **Reviews typical challenges arising from differences by examining two recent cases in Korea,**

2. **Explains the essential differences between transfer pricing and customs valuation, and**

3. **Explores or examines the recent developments**

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Case Study 1

From the ***Tax Tribunal*** case in Korea. Dec. 11, 2012

■ Facts

A Korean company (KC) and a foreign company (FC) were members of an MNE group manufacturing and selling luxury watches.
KC was engaged in the business of importing luxury watches from FC and selling them to customers in Korea.
In May 2006, KC entered into a unilateral APA with the National Tax Service of Korea. The APA adopted the transactional net margin method (TNMM) and set an arm's-length net margin rate at 6.8 percent.
In order for KC to maintain the arm's-length net margin rate described in the APA, FC lowered its selling prices prospectively twice, 14.3 percent in August 2006 and again by 11 percent in August 2007.
KC paid customs duties under such adjusted (decreased) prices.
The Korean Customs Service（KCS）regarded these price adjustment as influenced by the relationship between KC and FC.
Thus, the KCS imposed additional customs duties on KC, and KC appealed to the Tax Tribunal.

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Case Study 1

An Advance Pricing Arrangement (APA) is an agreement between a taxpayer and a tax authority regarding the tax payer's transfer pricing during a certain time period. An APA is not actually a binding agreement per se. Rather, once an APA negotiation is completed , the tax authority issues a notice to the taxpayer stating that as long as the taxpayer complies with the transfer prices described in the final APA filing, the tax authority will regard the taxpayer's transfer prices as arm's length.
In Korea, the Tax Tribunal is a mandatory administrative appeal process before filing a lawsuit in the curt.

■ Questions

Based on the information above, please discuss about the followings:

(1) Which do you think TRA will agree with, KCS or the taxpayer? and why?
(2) For you, which opinion is reasonable, KCS or the taxpayer ?
(3) Do two arm's-length principles exist?
One is for transfer pricing and the other is for customs purposes?
(4) If transfer pricing and customs valuation are different in many respects, could you give us some of the main differences?

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Case Study 2

From the ***Seoul High Court*** case in Korea. Nov. 30, 2012

- Facts

BMW Korea, a Korean company, imported automobiles and components from BMW AG, its German parent company, and sold them to customers in Korea. BMW AG established a transfer pricing policy that set imported prices so as to reflect market risks and currency risks. The key points of the transfer pricing policy included the following price review clause:

If BMW Korea generated losses over a long period of time, these were compensated by BMW AG with future effect by the adjustment of plant sales prices;

BMW Korea's sustained currency changes out of the targeted currency band (unclear for us) were compensated by the adjustment of plant sales prices; and

BMW Korea's target range for operating margin was between 1.5 and 3.5 percent.

Because of the sharp increase in the currency exchange rates during 2008, BMW Korea's margin deteriorated to minus (−10.83 percent). Accordingly, BMW AG and BMW Korea made a compensating adjustment in order to maintain BMW Korea's operating margin within the range of 1.5 to 3.5 percent.

Specifically, BMW AG lowered transfer prices by 14 percent retroactively and returned €38 million to BMW Korea in December 2008 . This means decrease of import prices for BMW Korea.

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Case Study 2

In 2009, however, BMW AG and BMW Korea made an amendment in order to clarify the price adjustment measures resulting from currency change or the difference between expected sales and actual sales. BMW Korea requested a refund of customs payment in accordance with decreased import prices (€38 million), arguing that the compensating adjustment was based on a price review clause and the retroactively adjusted transfer price was the actual transaction value of imported goods.

However, the Korean Customs Service (KCS) declined BMW Korea's request and BMW Korea appealed to the Tax Tribunal. After the Tax Tribunal affirmed KCS's position, BMW Korea filed a lawsuit in the District Court. However, the District Court agreed with KCS's position, and BMW Korea appealed the decision to the Seoul High Court.

- Questions

Based on the information above, please discuss about the followings:

(1) Which do you think TRA will agree with, KCS or the taxpayer? and why?
(2) For you, which opinion is reasonable, KCS or the taxpayer ?
(3) Do you think Case1 and Case2 is the same in nature?
If Case2 is different from Case1, could you give us some of the differences?
(4) If such cases happened in Tanzania in the future, how do you think that TRA should cope with these cases?.

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Case Study 1 (Facts and questions are as per the attached "Case Study 1")

The Tax Tribunal case in Korea. Dec. 11, 2012

The Tax Tribunal held that it was not a general practice between unrelated parties to adjust import prices downward under an APA. However, the Tax Tribunal found certain facts showing the possibility that the relationship between KC and FC might not have influenced import prices regardless of price adjustments. Accordingly, the Tax Tribunal reversed KCS's position and ordered it to re-audit the case.

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Case Study 2 (Facts and questions are as per the attached "Case Study 2")

The Seoul High Court case in Korea. Nov. 30, 2012

For following reasons, the Seoul High Court agreed with KCS's position.
(BMW Korea gave up its appeal to the Supreme Court of Korea)

The Seoul High Court held that the price review clause would apply to situations in which Certain factors such as manufacturing costs or qualities of merchandise played a role in determining import prices, and the change of these factors led to final determinations of import prices. In other words, the price review clause would not apply unless such factors exist or change.

Also, the Court stated that the compensating adjustment of the BMW Korea case functioned as a tool for making profits fall within the arm's length price range by reflecting market risks or currency risks and basically targeted at the sale results taking place after the import process.

Accordingly, the Court found that the compensating adjustment of the BMW Korea and BMW AG was not directly connected with price paid or payable for the goods, because the adjustment was based on the unexpected change in the currency exchange rate.

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Essential differences between transfer pricing and customs valuation

Although transfer pricing and customs valuation are pursuing the same goal (that is, arm's length price), they are different in many respects. The main differences may be summarized in four basic items.

First,

Transfer pricing

Transfer pricing adopts the best method principle, while customs valuation is based on a strict hierarchy.

The objective of transfer pricing rules is to ensure that each enterprise reflects Income attributable to controlled transactions and to prevent tax avoidance by allocating profits of transactions between related parties. The OECD guidelines suggest the comparable uncontrolled price method, the resale price method, the cost plus method, the transactional net margin method, and the transactional profit split method as measures to determine an arm's length price. An MNE or a tax authority should choose the best method among them in accordance with the circumstances of each case.

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Customs value

On the other hand, the customs value of all imported merchandise means the price actually paid or payable for the merchandise (e.g., the invoice price).The price must be fixed at the time of importation for customs purposes.

In principle, the customs value of all imported merchandise means the actual price paid or payable for the goods(arm's length). This approach is usually known as the transaction value method.

However, there is a possibility that transfer prices of goods are influenced by the relationship between related parties.

The transaction value method will not apply if the circumstances of the sale of the imported goods indicate that the prices are influenced by any relationship between the parties.

Instead of the transaction value method, other appraisement methods will apply ： the transaction value of identical or similar goods method, the deductive value method and etc.

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Second,

Transfer pricing

Customs valuation has no valuation method similar to the transactional net margin method or the comparable profit method, which is often chosen as the best method in an advance pricing agreement (APA) or a transfer pricing policy.

When the results of operating profit margin rate at the end of the year are different from what they have expected in APA , in order to maintain the arm's –length net margin rate described in the APA, MNE group will make a downward or upward adjustment (Case 1).

Also, the APA process usually requires so much time and cost that taxpayers often establish transfer pricing policies by taxpayer-initiated transfer pricing studies instead of APAs.
MNE often make self-initiated transfer price adjustments based on their own transfer pricing policy (Case2). These adjustments are usually referred to as compensating adjustments.
When the results of their transfer pricing policies are different from what they have expected, the actual transaction value will be retroactively adjusted based on a price review clause.
This compensating adjustments are not basically different from the audit-initiated adjustment, because both adjustments have similar substantive effects on customs valuation.

Customs value

No APA or valuation method like TNMM for customs valuation purposes.

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Third,

Transfer pricing

The functions or risks of each enterprise are important factors in applying transfer pricing rules. For instance, the expected return of a distributor with
marketing responsibilities is usually higher than that of an agent without such responsibilities.

Customs value

On the other hand, the key point of customs valuation is not the functions of an importer, but the objective value of each product itself. Therefore, customs valuation put an emphasis on product similarity.

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Fourth,

Transfer pricing

The aggregation of transactions is a useful concept for determining whether related-party transactions are consistent with transfer pricing rules. For example, a subsidiary imports printers at a low price and toner cartridges at a high price from its foreign parent company.

Although each item is sold at a price that is not an arm's length price, the total profit at the time of filing the tax return may be consistent with the arm's length principle , because the objective of transfer pricing is allocating profits or incom between related parties.

Customs value

However, customs duty is imposed on the objective value of goods themselves. Thus, whenever the subsidiary imports printers and toner cartridges, each of them must be separately evaluated and declared under the duty rates of tariff classification upon the entry of each item. That means each item's customs value should be at an arm's length price for customs purposes, regardless of business strategies.

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Recent harmonization Developments

Three developments are as follows:

1. Commentary 23.1

Commentary 23.1 of WCO Technical Committee on Customs Valuation is significant because the WCO officially acknowledged that a transfer study could be a good source of information to verify the arm's length price for customs purposes. However, neither the WCO nor the OECD has proposed concrete instructions or guidelines thus.

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2. ICC Proposals

In February 2012, the International Chamber of Commerce (ICC) published six proposals for harmonizing transfer pricing and customs valuation. The six solutions are based on Commentary 23.1 and can be summarized as follows:

① Customs administrations should recognize the arm's length principle of transfer pricing in determining customs value ;

② Customs administrations should recognize **post-transaction adjustments (upward or downward)** resulting from a voluntary compensating adjustment or a tax audit;

③ In reviewing customs value regarding post-transaction adjustments, customs administrations should follow the application of the weight average customs duty rate or the allocation of the transfer pricing adjustment;

④ Importers should be exempted from the obligation to submit an amended declaration for each initial customs declaration and the payment of penalties;

⑤ Customs administrations should consider similarity of goods and **functions of related parties** in accepting the OECD transfer pricing methods; and

⑥ Customs administrations should accept **transfer pricing documentatio**n.

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3. CBP Ruling: HQ W548314

The U.S. Customs and Border Protection (CBP) announced its ruling, HQ W548314, which was effective July 30, 2012.

Under HQ W548314, CBP would apply the transaction value method to related- party transactions and make **a post-importation adjustment** to customs value , either **upward or downward,** if the following requirement (five factor test) are met:

① A written "Intercompany Transfer Pricing Determination Policy" is in place before importation and the policy is prepared taking IRS code section 482 into account;

② The U.S. taxpayer uses its transfer pricing policy in filing its income tax return, and any adjustments resulting from transfer pricing policy are reported or used by the taxpayer in filing its income tax return;

③ The company's transfer pricing policy specifies how the and any adjustments are determined regarding all products covered by the transfer pricing policy for which the value is to be adjusted;

④ The company maintains and provides accounting details from its books and/or financial statements to support the claimed adjustments in the U.S.; and

⑤ No other conditions exist that may affect the acceptance of the transfer price by the CBP.

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No 6 : Data and software for TP tax professionals

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Data and software for tax professionals

- Bureau van Dijk (The TRA adapted)
  orbis, osiris, amadeus, oriana, qin. (TP catalyst)
  - Kenya Revenue Authority (KRA)
  - South African Revenue (SAR)
  - TRA in Tanzania (2014)
  - Other countries
- Compact Disclosure
  SEC, Worldscope, Canada.
- Standard & Poors
  COMPUSTAR Global, COMPUSTAR North America

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Data and software for tax professionals

- Bureau van Dijk
  - orbis : worldwide
  - osiris : worldwide
  - amadeus : Europe
  - oriana : Asia and Pacific
  - qin : China

- Compact Disclosure
  - SEC : SEC filings of U.S. publicly traded companies
  - Worldscope : international version of SEC
  - Canada : Canada version of SEC, but including unlisted companies

- Standard & Poors
  - COMPUSTAR Global : worldwide
  - COMPUSTAR North America : North America

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Bureau van Dijk

Amadeus, Fame and Jade

(Source : http:// www.dvdep.com)

Bureau van Dijk publishes three other usefull CD-ROM based, foreign company databases, foreign companies databases. They are Amadeus, Fame and Jade. These databases have a much more extensive set of financial data for foreign companies than Worldscope. Each one covers a different geographic region. Amadeus covers European countries, Fame covers Great Britain and Jade covers Japan. All three databases can be searched by numerous search criteria, including SIC and gross sales range.

Unfortunately, the financial data in these three databases is according to the accounting standards set forth by the countries they operate in. Thus companies' financial data are not comparable across countries.

In addition, except Amadeus, for each company, there is no narrative, even a short one paragraph one as in Worldscope, to describe a company and the functions it performs.

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Bureau van Dijk

Amadeus (Analyse Major Databases from European Sources

It includes financial data of 4 million European companies, including Eastern Europe.

- ◆ The database contains up to 10 years of historical consolidated and unconsolidated annual accounts.
- ◆ There are over 100 search criteria, including detailed uniform 7 digit activity codes and a primary activity code.
- ◆ Ownership information and a trade description in the local language and in English are also available.

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Compact Disclosure

SEC

- ◆ Compact Disclosure contains extensive financial information (balance sheets, income statement, footnotes) , and the president's letter and management discussion, extracted from the annual reports, 10Ks., 10Qs, etc., of the companies that file with the SEC and produce goods or services. (10Ks., 10Qs – both annual and quarterly data is available).
- ◆ Data contained in Compact Disclosure can be downloaded to a disk, either as a text file or into a spreadsheet program.
- ◆ You can also sort and screen by various criteria.

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Compact Disclosure

Worldscope

It is Corporate filings and an international version of GLOBAL RESERCHER (SEC),

- It contains basic financial information on public companies worldwide.
- It includes somewhat standardized financial data to allow cross border comparison of companies worldwide. This facilitates comparison between companies within and across national boundaries.
- The database includes approximately 25,000 companies (of which 10,000 are from the US) in more than 50 countries in developed and emerging markets.
- These companies represent over 90 % of global market capitalization.
- Furthermore, the database has information up to 18 years.
- Data contained in Worldscape can be downloaded to a disk, either as a text file or into a spreadsheet program.
- You can also sort and screen by various criteria.

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Data and software for TP tax professionals

Computerized search for "comparable" or detailed "Functional analyses" in a developing countries

→ Such practices result in large costs with no corresponding benefit?
Wasteful practices?
What do you think?

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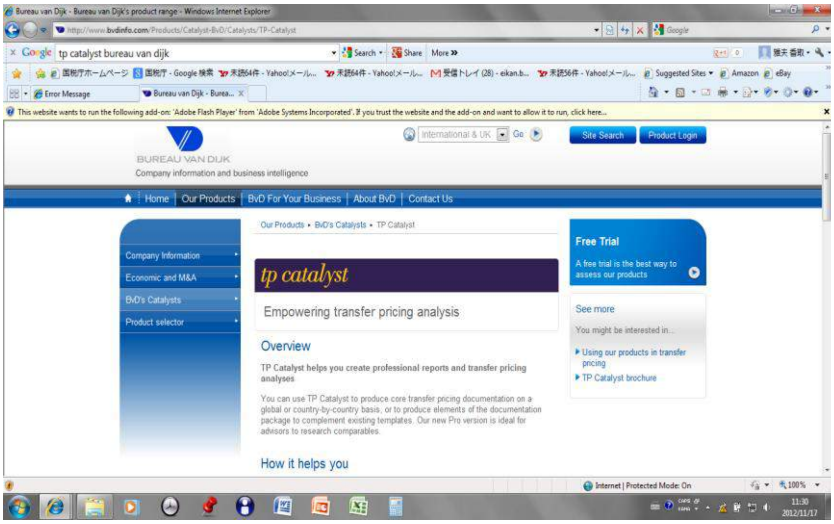

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No 7 : Transfer Pricing Audit

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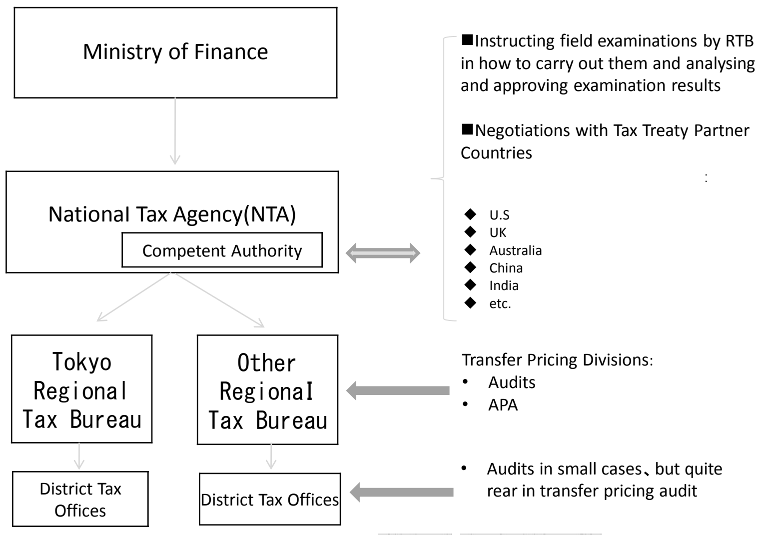
Japanese Transfer Pricing Regime



Role and organization of NTA,RTB,and DTO

1 National Tax Agency(NTA)

- The NTA's roll is to provide central direction in order ***to ensure uniform treatment of transfer pricing cases*** and ***to take into account international developments in transfer pricing .***
- The NTA is responsible for negotiations with countries with which Japan has double taxation treaties. When a taxpayer is taxed in a treaty partner country in regard to transfer pricing, the taxpayer may file a request for a Mutual agreement procedure to be held between the two tax authorities in which the tax authorities discuss and attempt to agree on the appropriate transfer pricing.
- A taxpayer may request APA application.

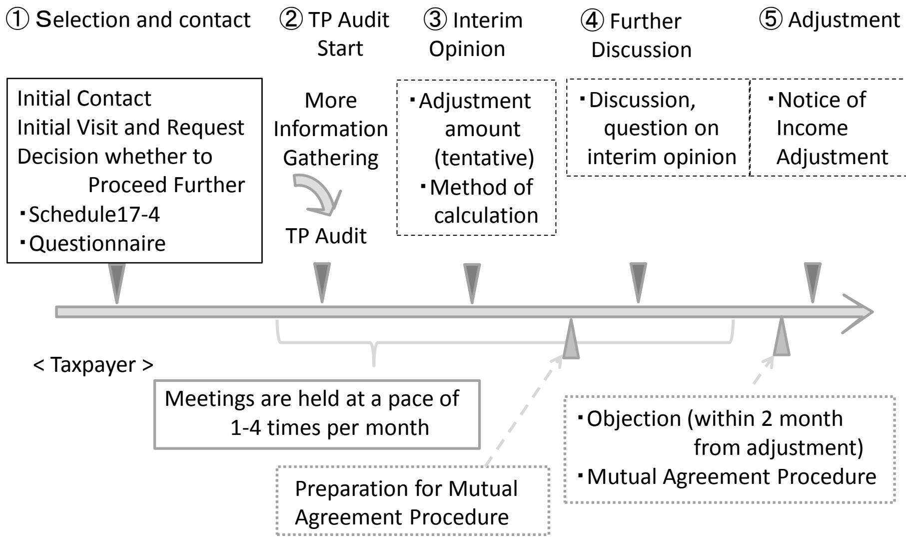
2 Regional Tax Bureau(RTB)

- With respect to transfer pricing, RTBs ***directly carry out examinations*** of taxpayers paid-in capital of ¥100 million or more. Because RTBs have large teams of examiners and more expertise in international and ***transfer pricing issues***. There are 11 RTBs in Japan.
  The Tokyo RTB has over 80 people involved in transfer pricing.
- A taxpayer may request a preliminary meeting with the tax authority in advance of the APA application. The meeting are usually attended by the representatives from the RTB and from the NTA.

3 District Tax Offices(DTO)

- The DTOs have examination jurisdiction over taxpayer paid-in capital of less than ¥100 million. They have direct responsibility for transfer pricing examinations over such taxpayers, but it is quit rear for them to engage in transfer pricing examinations due to luck of examiners specializing it. There are over 500 DTOs in Japan.
- Some of DTOs in the large metropolitan areas have international taxation examiners who may take a leading role in cases where international tax issues are prominent, such as examinations of subsidiaries or branches of foreign MNEs.

5 steps of Transfer Pricing Audit



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Transfer Pricing Audit

Transfer Pricing Audit consists of five stages

1. Selection and contact
   Tax auditors are required to conduct an initial analysis of audited party’s financial performance to assess whether there is any indication of profit shifting.

2. TP Audit start
   Taxpayers are expected to provide a functions, assets and risks analysis for all parties involved in a tested transaction , including offshore counterparties.

   Select the Transfer Pricing Method:
   (a) In choosing the transfer pricing method, the tax officer must ensure the availability and reliability of independent companies and transaction for comparison.
   The comparability factors are : The comparability factors (1),(2)

   (b) To determine the most appropriate method, the tax officer must take into consideration, among other things:
   *the advantages and disadvantages of each method;
   *the suitability of the method based on functional analysis; and
   *the availability of reliable information to apply the selected and /or other method

   (c) Best method rule

3. Interim Opinion

4. Further Discussion

5 Adjustment

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Transfer pricing examinations by RTB (1)

1 Overview

- The Japanese tax authority has aggressively strengthened its transfer pricing enforcement since the enactment of the transfer pricing rules in 1986 and has been actively auditing and adusting taxpayers'transfer pricing for a number of years.
- Both Japanese and Foreign MNEs are often targeted. The transactions assessed in such cases have included ***tangible inventories, royalties (intangible), management fees, and financial transactions***, with a wide range of intercompany transactions

2 Selection criteria for examination targets

There are no official criteria, but based on experience, the following factors could increase a company's chance of becoming the subject of transfer pricing scrutiny:

- Large volume of foreign related transactions
- Widely fluctuating gross profit or operating profit margins
- Persistent operating losses
- Presence of internal comparable transactions
  Taxpayers that carry out transactions with third parties that are similar to their foreign related transactions run the risk that the tax authority will compare the results of the two sets of transactions.
- Failure to submit or fully complete Schedule 17-4
  Although there are no penalty for failing to submit Schedule 17-4, failure to complete all requested items or failure to submit Schedule 17-4 could result in a telephone call from the tax authority requesting the submissions or additional questions on transfer pricing during next corporation tax examination
- Irregular transactions
  For example, carrying out transfer pricing adjustments at the year-end that retroactively revise transfer prices or adjust Japanese taxable income in order to achieve certain profitability targets.

Transfer pricing examinations by RTB (2)

- Business restructurings that reduce Japanese taxable income
  If a taxpayer restructures its Japanese operations in a manner that reduces Japanese taxable income(for example, by shifting certain activities, functions, or risk from its Japanese operations to foreign related parties in low-tax jurisdictions), the Japanese tax authority may decide to examine the taxpayer's transfer pricing to determine whether transfer pricing after the restructuring is truly arm's length.
  The tax authority may question whether any intangibles (such as marketing intangibles, manufacturing intangibles, or business rights such as exclusive distribution rights) were shifted out of Japan upon the restructuring. Any such shifts in intangibles would require the payment of arm's length remuneration to the Japanese taxpayer.
  Business restructurings would include:
  * the conversion of buy-sell distribution to a commissionaire
  * the conversion of a manufacturing facility to a low risk contract manufacturer
  * the shifts of intangibles, manufacturing or research and development activity out of Japan
- Frequently changing transfer prices or transfer pricing policy
- Large volume of related transactions with the Tax-Haven countries
- Presence of secret comparables for the taxpayer
  For certain industries, the Japanese tax authority has been able to collect extensive third party, non-public transactional data that can be used as comparable for taxpayers' foreign related transactions. For taxpayers in industries that are known to have secret comparables, the risk of transfer pricing scrutiny and potential assessment is higher than in other industries.

Transfer pricing examinations by RTB (3)

Schedule 17-4 (An attachment with the tax return)

3. Schedule 17-4

A simple one page form which requests the following information:

- Name,location,main business activities, capital amounts, and the number of employees of foreign related parties
- Type of relationship with the foreign related parties (ie,relationship by shareholding, control in substance, etc)
  Two or more consecutive years
- Percentage of shares owned by taxpayer in foreign related parties
- Basic financial data of each related party (sales, cost of good sold,SG&A,operating income, net income before tax and retained earnings)
  in both their local currency and Japanese Yen
- Details of transaction amounts for each type of foreign related (tangible inventories, intangible transactions, services, and loans)
- Transfer pricing methodology used for each intercompany transaction (eg,CUP,RP,CP,TNMM,or profit split)
- Existence of any APAs between the taxpayer and foreign related parties

Transfer pricing examinations by RTB (4)

4 Obligation to provide information of foreign related parties

Among the items of information typically requested in a transfer pricing examination data on the taxpayer's foreign related parties. In an examination of a subsidiary of a foreign MNE, these requests for overseas information can become a contentious issue. Transfer pricing examiners request the information because they want to understand the allocation of profit between the taxpayer and its foreign related parties and decide whether this allocation properly reflects the contributions of the Japanese taxpayer to the total profits arising from the Japanese business. In many cases, subsidiaries of foreign MNEs do not have the information requested because the information is held only at the foreign parent.

Understandably, many overseas parent companies of Japanese taxpayers are reluctant to provide the requested information.

Main reasons for this can be the following:

- In a case where the taxpayer's transfer pricing policy is based on an approach that tests the profitability of the Japanese subsidiary (ie an RP, CP, or TNMM approach), it is difficult to understand why the overseas data are necessary.
- The requested information (detailed financial information on the foreign related party) is not public and is generally considered confidential business information that is not to be disclosed to third parties.
- Some of the requested data may not even exist. For example, the foreign related party may not have profit and loss data segmented in a manner that shows its income specifically on its sales to the Japanese taxpayer.
- Even if the requested information exists, financial data of the foreign related party is generally produced according to accounting standards that differ from Japanese Generally Accepted Accounting Principles and therefore cannot be compared to the statutory financial statements of the Japanese taxpayer. Any use of such information by the transfer pricing examiners could therefore lead to inaccurate conclusions about the allocation of the profit between the Japanese taxpayer and its foreign related party.

Transfer pricing examinations by RTB (5)

However, failure to provide the requested information can sometimes have serious consequences for the examination. The examiners may perceive the taxpayer as uncooperative. This could raise the likelihood that the examiners will conduct their own analysis and reach their own conclusion based on the use of ***secret comparables***.

5 Obligation to respond to information requests

Authorized officials of the NTA, the RTBs, the DTOs have the authority to question taxpayers' books and records and other property. If a taxpayer does not answer their questions, makes false statements, or refuses to cooperate with the examination, it may be subject to a criminal penalty of imprisonment with hard labour for up to one year or a fine of up to ¥500,000（U.S.$ 6000)

Off cource、if examiners request transfer pricing documentation that does not exist, then the taxpayer is not legally obligated to produce it, and there is no penalty for failing to produce it. However, failure to produce the requested documentation can have negative consequences for the examination, not the least of which is the possible use of secret comparables by the transfer pricing examiners.

It is also worth noting that examiners may question and examine the books and records not only of the taxpayer but also any person who has a duty to make payments to or transfer goods to the taxpayer, or who has the right to receive payments from or transfers of goods from the taxpayer. Thus, the transfer pricing examiners can also question suppliers and customers of the taxpayer. Suppliers and customers are subject to the same criminal penalties mentioned above if they do not cooperate with the examiners.

Transfer pricing examinations by RTB (6)

……Documentation

6.Documents requested in an examination

The Japanese rules regarding transfer pricing documentation are contained in law and regulations. Further guidance regarding documentation is contained in the Administrative Guidelines. The legislation states that failure to provide documentation requested in an audit without delay will trigger the examiners' authority to conduct their own analysis of the earm's length price using one of the methods stipulated in the law. Such analysis could include the use of non-public transactional data (including data on prices and gross profit margins) of the third parties as comparables for use in testing the taxpayer's transfer pricing. The types of documents that must be provided in order to avoid this outcome are listed in the law.

These documents are as follows:

(1)Following documents describing the details of foreign related transaction:

(a） ～(l)

(2)Following documents related to the taxpayer's determination of the arm's length price for its foreign related-party transactions:

（a) ～ （e)

(3)Following documents that describe the capital relationship and details of business of the corporation and each foreign related party:

(4) Following documents used by the corporation for the calculation of arm's length prices:

(5) Following documents containing the details of foreign related transactions:

(6) Other documents

(a) ～ （d）

Transfer pricing examinations by RTB (7)

…… Examination process

7. Examination process

Figure 12 summarizes the steps of a typical transfer pricing examination. Each step is described in more detail in the following paragraphs.

(1) Initial contact

This first contact can take the form of either a direct contact from a transfer pricing examiner or questioning on transfer pricing during a corporation tax examination. Normally the examiners will inform the taxpayer that the RTB intends to visit the taxpayer to ask question about the taxpayer's transfer pricing, or they will provide a questionnaire with multiple pages of detailed questions on the taxpayer's transfer pricing. Depending on the answers provided, the taxpayer may or may not find itself the subject of additional transfer pricing scrutiny by examiners specializing in transfer pricing.

(2) Initial visits and information requests

Following the initial contact, the transfer pricing examiner may visit the taxpayer directly to hand-deliver a preliminary questionnaire, with a formal meeting to follow within a week or two to discuss the questions and the taxpayer's initial responses. Alternatively, the questionnaire may be presented at the first formal meeting, at which the examiners explain their intent and the types of information they plan to request during their review.

The number and timing of meetings, number and types of questions asked, and the length of time required by this preliminary this preliminary inquiry varies from case to case.

Depending on the volume and complexity of the taxpayers' foreign related transaction, there could be anywhere from two to six meetings (or more in particularly complex cases). Meetings typically take place once every one to three weeks. Thus, this preliminary stage could require between one and four months (or, more).

The types of information typically requested at this stage include (but are not limited to) the following:

Transfer pricing examinations by RTB (8)

…… Examination process

(3) Decision whether to proceed further

Following the preliminary inquiries, the transfer pricing examiners make a determination as to whether transfer pricing "problem"(i.e. a high likelihood of non-arm's length pricing) seems to exist that warrants additional scrutiny and possible adjustment of non-arm's length prices.

If they decide that such a problem does seem to exist, they will proceed with additional scrutiny of the taxpayer's transfer pricing . If the examiners decide that such a problem does not seem to exist, they will hold a meeting with taxpayer where they will express their conclusion to the taxpayer and explain the reasons behind their decisions.

It is extremely important to note that a decision not to proceed further does not necessarily mean that the tax authority agree with the taxpayer's transfer pricing. In fact, transfer pricing examiners sometimes express several warnings to taxpayers noting that certain transactions or transfer prices still concern them and that they expect the taxpayer to review and/or document its transfer prices more carefully. If a tax payer does not take any actions in response to the examiners'suggestions, it is possible that in a future examination the tax examiners may at that time decide to launch a full examination and possibly issue an assessment.

It is also extremely important to note that even if transfer pricing examiners do not express any warnings at a concluding meeting, this does not mean that the taxpayer's transfer pricing issues for the years in question are not closed. In fact, the Japanese transfer pricing examiner do not formally "close" any tax years that are still under the statute of limitations. This means that if the examiners want to return and scrutinize any of the years more closely (even after telling a taxpayer that they do not see a transfer pricing problem), they are free to do so. The only case in which a tax year can be considered truly closed is when the statute of limitations has expired for that year.

Transfer pricing examinations by RTB (9)

…… Examination process

(4) More detailed information gathering

If the examiners decide that a transfer pricing problem seems to exist, they will continue their investigation and ask for more detailed information from the taxpayer. Depending on the examiner and the case, the examiners may or may not tell the taxpayer that they have examined that there is a likely transfer pricing problem.

Below is a list of examples of items that may be requested during this stage. It is important to note the items listed below could, depending on the case, be requested in the preliminary stage. But the list provided here should be taken only as an example:

- ○ Additional information (financial or descriptive information) on the foreign related party
- ○ Transfer pricing documentation produced and held by the foreign related party
- ○ More detailed segmentations of the taxpayer's profit and loss data by division or product line
- ○ Explanation of reasons behind the financial results of specific business years(ie why a particular year showed lower or higher profitability than other years)
- ○ Descriptions of specific business or industry characteristics that affect profitability (eg the impact of government regulations on pricing, profitability, etc)
- ○ Copies of contracts between the taxpayer and its foreign related party
- ○ Descriptions of any special characteristics or extraordinary circumstances of the taxpayer and its foreign related party that may affect pricing and profitability
- ○ More detailed explanation of taxpayer's transfer pricing (eg why certain comparables were chosen)

The additional questioning by the examiners generally takes the form of the submission of additional written questionnaires to the taxpayer. The examiners will generally continue to visit the taxpayer once every one to three weeks to receive the taxpayer's answer to the questions and ask additional questions or to ask for clarifications of the taxpayer's responses.

Transfer pricing examinations by RTB (10)

…… Examination process

The number and timing of meetings, number and types of questions asked, and length of time required by this stage varies from case to case. A complex case involving multiple types of transactions with multiple foreign related parties could last up to a year or even longer. A relatively simple case could finish after only a few months. The time required will also be influenced by the arguments made by the taxpayer. For example, if a taxpayer produces extensive new transfer pricing analysis in defense of its transfer prices, the presentation and discussion of the analysis could require additional time.

(5) Examiner's opinion

After obtaining additional information from taxpayer over a series of meetings and questionnaires, the examiners may conduct their own transfer pricing analysis and reach a preliminary conclusion.

If they decide that the taxpayer's transfer pricing is not arm's length and warrants adjustment, they may express their opinions (orally or in writing) to the taxpayer during the course of the examinations.

If the taxpayer did not answer their requests in a timely manner, triggering their legal authority to collect non-public comparable transaction data (ie secret comparable data), the examiners may use secret comparables.

The examiners may explain their analysis, including how they decided to segment the taxpayer's transactions for analysis, which fiscal years they chose to analyze, how they identified their comparables, any adjustments made to the results of the comparables, and the calculation of a preliminary adjustment to the taxpayer's transfer prices based on the comparison with the comparables. The comparables used may be secret comparables, in which case the examiner will only disclose limited information on their method and on the comparable (ie information that will not disclose the comparables'identity).

Transfer pricing examinations by RTB (11)
…… Examination process

(6) Debate and discussion

After the examiners begin expressing their opinion and preliminary conclusions, the examination typically enters a debate and discussion stage. Over the course of one or more meetings, the taxpayer may ask questions about the examiners' method, comparables, adjustments, etc. The taxpayer is also free to make extensive counter-arguments if it so chooses. These counter-arguments may take the form of position papers containing criticisms of the examiners' approach as well as transfer pricing analysis performed by the taxpayer which supports the arm's length nature of its transfer prices. The examiners will answer the taxpayer's question to the extent that they feel is appropriate and permitted and will usually provide responses to individual counter-arguments made by the taxpayer.

In this stage, there are cases where the examiners do not agree with any of the taxpayer's counter-arguments and therefore decide not to modify their conclusions. In other cases, the examiners may be persuaded by the taxpayer that the transfer prices were in fact arm's length or that there were unique circumstances or special reasons for the taxpayer's low profitability besides transfer pricing. In such cases, the examiners may be willing to modify their conclusions and to reduce the adjustment to the taxpayer's transfer pricing initially presented in their interim opinion.

(7) Final negotiations

Following the debate and discussion over the interim opinion, transfer pricing examination often enter a negotiation stage. In a case where the examiners still intend to adjust the taxpayer's transfer pricing even after hearing all of the taxpayer's counter-arguments, it may be possible to reach a settlement and avert the issuance of a transfer pricing assessment.

Specifically, the taxpayer could offer to amend prior years'tax returns voluntarily to reflect adjustments to transfer prices that increase its taxable income. If the settlement offer is accepted, the advantage for the taxpayer is that the settlement may result in a lower adjustment

Transfer pricing examinations by RTB (12)
…… Examination process

to taxable income than would be the case in an assessment issued by the tax authority. The advantage for the tax authority is that once the taxpayer has amended its past tax returns, it gives up its right to appeal the adjustment and to file for a MPA (Mutual Agreement Procedure) with the relevant treaty partner country. Therefore, the issue is fully resolved, and the additional tax amounts due in Japan are effectively settled.

The taxpayer should be aware, however, that it may be expected to comply with the methods or results used in the settlement in the future, and thus this is an impact not only on the years examined but future tax years as well.

Off course, negotiating a settlement is not always the best strategy. Some taxpayer may decide that the best outcome can be achieved by contesting the examination result or filing for a MAP to eliminate the double taxation arising from an adjustment in Japan. In such cases the taxpayer may choose not to make any settlement offers and to receive an assessment from the tax authority.

(8) Assessment notice

If the examiners decide, upon conclusion of the debate and discussion stage, the adjustment is still warranted, and if no settlement is reached, then an assessment notice will be issued to the taxpayer. The amount of the transfer pricing adjustment described in the notice may differ from that described in the interim opinion as a result of the examiners' willingness to entertain counter-arguments made by the taxpayer or the examiners' own efforts to refine their calculations to achieve a more accurate result.

The assessment notice will contain detailed year-by-year calculations of the adjustments to be made to the taxpayer's taxable income and the additional tax due. It will also contain an explanation of the transfer pricing analysis of the examiners, including the transfer pricing method selected, the segmentation of the taxpayer's transactions chosen by the examiners,

Transfer pricing examinations by RTB (13) ……

Examination process

a description of the selection of comparables, an explanation of any adjustments made to the comparables to account for differences with the taxpayer, and a calculation of the adjustment to the taxpayer's income based on the comparison with the comparables. Note that an assessment based on secret comparables will contain only limited information on the comparables. In other words, the examiners will disclose enough information to enable the taxpayer to understand the basic approach, but without disclosing any identifying information on the comparables.

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Transfer pricing examinations by RTB （14）

Secret comparables ①

1 What are "secret comparables"?

Failure to provide documentation requested in an audit without delay could trigger the examiners'authority under the transfer pricing legislation to conduct their own analysis, including possibly analysis based on non-public transactional data (including data on prices and gross profit margins) of third parties as comparables for use in testing the taxpayer's transfer pricing. These non-public transactional data are the so-called "***secret comparables"***.

When presenting analysis based on such secret comparables to the taxpayer, the examiner are prohibited by law from disclosing the identity or confidential information of the business engaging in the comparable transactions.

2 Authority of tax examiners to use secret comparables

The legal authority of the examiners to use secret comparables lies in a provision of the transfer pricing legislation which states that if a taxpayer does not promptly provide information requested by a tax examiner, the tax examiner is authorized to visit corporations conducting business activities similar to those of the taxpayer and to collect information on the profit margins (gross profit margin and operating profit margin) of those corporations for comparison with the profit margins earned by the taxpayer on its foreign related party transactions.

3 Criticisms of secret comparables

- The primary objection to secret comparables is that it is impossible for a taxpayer to verify, analyse, or rebut an assessment that is based on secret comparables. A Taxpayer can never know whether the analysis of the tax authority is reasonable or whether it conforms to international standards of transfer pricing analysis as represented by the OECD Gudelines.

Transfer pricing examinations by RTB （15）

Secret comparables ②

- The primary objection to secret comparables is that it is impossible for a taxpayer to verify, analyse, or rebut an assessment that is based on secret comparables. A Taxpayer can never know whether the analysis of the tax authority is reasonable or whether it conforms to international standards of transfer pricing analysis as represented by the OECD Guidelines.
- For some industries, the NTA and the RTB have rough guidelines of appropriate (in their view) profit margins based on their prior secret comparable research. However, taxpayers can never know these expected profit margins are without receiving an examination being subjected to an assessment based on secret comparables. This seems to contradict Japan's self-assessment tax system where taxpayers are responsible for calculating, reporting, and paying their own taxes. It seems inherently unfair to impose the obligation of self-assessment on taxpayers and then penalize taxpayers for failing to comply with some unknowable standard of arm's length pricing.
- There is also the argument that the use of secret comparables violate the sprit of the OECD Guidelines (Paragraph 5.10) which states:
  Tax administrations further should not require taxpayers to produce documents that are not in the actual possession or control of the taxpayer or otherwise reasonably available……that is not actually available to the taxpayer because it is confidential to the taxpayer's competitor……

4 The other response to secret comparables

The response that taxpayers often make is to criticize the validity of the secret comparables as appropriate benchmarks for the taxpayer's foreign related transactions . However, in some cases it is possible to identify the secret comparable by asking the examiners various questions about the secret comparable, its industry, its products, and other characteristics of the comparable. The examiners will respond to the taxpayer's questions selectively in a manner that does not immediately disclose the comparable's identity. By using these responses together with the taxpayer's knowledge of industry and its competitors, the taxpayer may be able to guess the identity of the secret comparable.

Transfer pricing examinations by RTB （16）

Secret comparables ③

Once the taxpayer has identified the secret comparable, it can analyze the company, determine whether it is truly a valid comparable, and develop counter-arguments regarding the appropriateness of the company as a comparable.

Therefore if the comparable is clearly very different, it may be possible in some cases to persuade the examiner to compute adjustments to the comparable's results to account for differences between the comparable and the taxpayer.

5 Recent secret comparables in Japan

The use of secret comparables has declined in recent years, as Japan has reacted to harsh criticism of the practice from taxpayers, practitioners, and other governments. However, the legal provisions which authorize the tax authority to use secret comparables still exist, and examiners may still use secret comparables when they deem it necessary.

In order to ensure careful use of secret comparables, if the examiners do in fact decide to use them, the Administrative Guidelines of transfer pricing require that the examiners provide an explanation to the taxpayer stating that failure to provide the requested information will trigger their authority to collect third party transaction data. In addition, the Administrative Guidelines require that where examiners actually use secret comparables to compute an adjustment, they must explain to the taxpayer the criteria used for the selection of comparables, the contents of the comparable transactions, and the method of adjusting for any differences between the comparable transactions and the taxpayer (Administrative Guidelines para 2-5(4)).

No.8 APA

1. Mutual Agreement Procedures (MAP) cases disposed
2. APA consists of unilateral and bilateral APAs
3. APA Process in the tax authority

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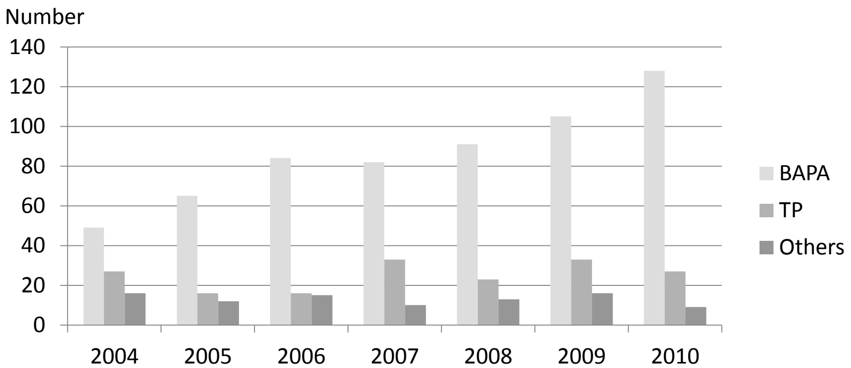
Figure 1. Recent Trends in the number of Mutual Agreement Procedures (MAP) cases disposed



Number

FY	2004	2005	2006	2007	2008	2009	2010
BAPA	49	65	84	82	91	105	128
TP	27	16	16	33	23	33	27
Others	16	12	15	10	13	16	9

BAPA : Bilateral Advance Pricing Arrangement
TP : Transfer pricing
Others : include such cases as Permanent Establishment taxation, withholding tax etc.

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Advance Pricing Arrangements (APAs) （1）

Japan was the first country to introduce a formal APA system in the world.
In response to the increasingly aggressive nature of the Japanese tax authority's enforcement efforts and due to multinational enterprises'(MNEs) increasing familiarity and comfort with the process of obtaining APAs, there has been a sharp increase in Japanese APA activity in recent years.
An Advance Pricing Arrangement (APA) is an agreement between a taxpayer and a tax authority regarding the tax payer's transfer pricing during a certain time period. Note that in Japan, an APA is not actually a binding agreement per se. Rather, once an APA negotiation is completed , the Japanese tax authority issues a notice to the taxpayer stating that as long as the taxpayer complies with the transfer prices described in the final APA filing, the tax authority will regard the taxpayer's transfer prices as arm's length.
The NTA has published lengthy guidelines (Chapter 5 of the Administrative Guidelines) regarding the APA application process and the procedures for carrying out reviews of APA applications. In addition, the NTA publishes a report ever year on the status of the APA program and presents data on the number and types of APAs filed and approved in Japan.
The APA procedure provides an opportunity for a taxpayer to propose a transfer pricing method (along with specific prices or ranges) to the Japanese tax authority in advance of foreign related transactions and to discuss its proposal with the tax authority in order to receive approval and to avoid future tax assessments and contentious disputes. APAs
Many taxpayers in Japan have taken advantage of the APA program. APAs provide numerous benefits but can also require significant time and effort from taxpayer.

Advance Pricing Arrangements (APAs) （2）

Many taxpayers in Japan have taken advantage of the APA program. APAs provide numerous benefits but can also require significant time and effort from taxpayer.

1. Taxpayers and transactions eligible for APAs
Any corporation that has foreign related party transactions and is therefore subject to Japan's transfer pricing rules is eligible to request an APA.
Transactions eligible for APA include all transactions that take place with a corporation's foreign related parties and which are therefore subject to Japan's transfer pricing rules. APAs are therefore applicable to, for example, tangible inventory transactions, intangible transactions (such as licensing of intangible property), intercompany services, and financial transactions.

2. Unilateral Versus Bilateral APAs (UAPA Vs BAPAs)
The Japanese APA system allows both unilateral and bilateral APAs. A unilateral APA (UAPA) is an agreement between only the taxpayer and the NTA. The tax authority in the country of foreign related does not participate in the negotiation. In a unilateral APA the taxpayer receives approval from the Japanese tax authority for its transfer pricing but is not protected from possible transfer pricing assessments from the tax authority of the country where the foreign related party is located. Despite this potential disadvantage, unilateral APAs may be preferable in certain situations, such as for transactions with countries that do not have a double taxation treaty with Japan or which do have a treaty but do not have sufficient resources to handle an APA negotiation.

Advance Pricing Arrangements (APAs) （3）

Unilateral APAs are also simpler and require less time to obtain than bilateral APAs, because the taxpayer only to negotiate and reach agreement with the NTA and not with a foreign tax authority.

A bilateral APA (BAPA) is an agreement among the taxpayer, the NTA, and the overseas tax authority in the country where the foreign related party is located. Generally, both the taxpayer in Japan and its foreign related party file APA applications and follow prescribed APA procedures in their respective countries, and tax authorities of the two countries then commence an MAP discussion to negotiate and reach agreement on the transfer pricing for the transactions covered by the APA. A bilateral APA, once successfully obtained, has the advantage that both the taxpayer and its related foreign party are protected from transfer pricing assessments by the respective tax authorities throughout the term of APA.

However, a bilateral APA procedure is generally more complex and requires more time than a unilateral APA, because there are more parties involved in the negotiation (ie two tax authorities instead of one).

3. Time period to be covered

An APA in Japan generally covers three to five prospective tax years. It is possible to request longer or shorter coverage, but such requests will be considered on a case-by-case basis and may or may not be granted.

A taxpayer may also request retroactive application (rollback) of an APA's terms to prior tax years, and such rollback may be granted if the proposed transfer pricing method is determined to be the most rational method for the prior years and if the APA request is accompanied by a request for an MAP with the country of foreign related party (bilateral request)

Advance Pricing Arrangements (APAs) （4）

4. Steps in the process of requesting and obtaining an APA

The process of requesting and obtaining an APA involves several steps. The diagram below （Figure 2） summarises the APA process.

(1). Pre-Filing Meeting(S)

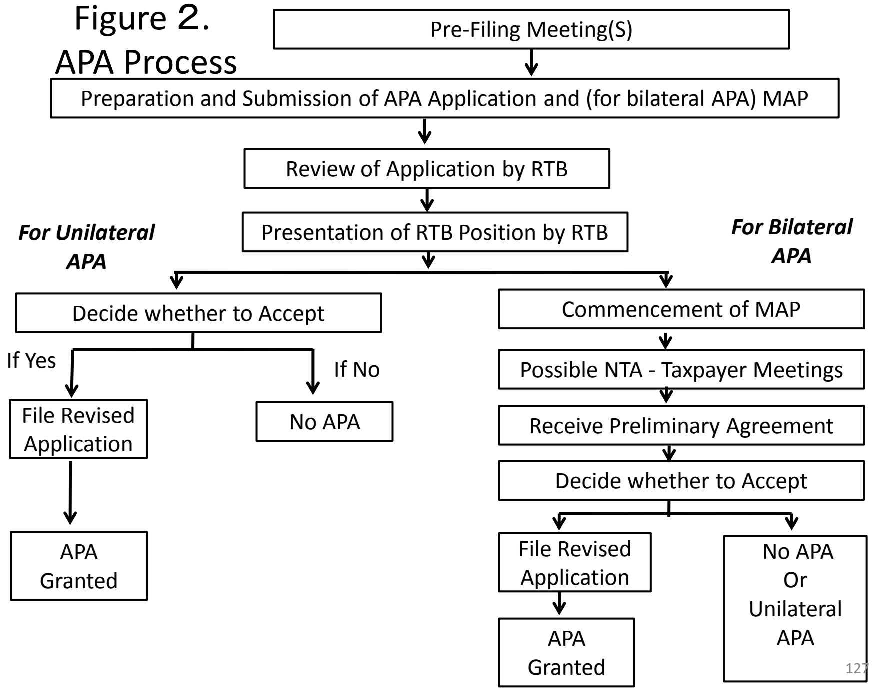
A taxpayer may request a preliminary meeting with the tax authority in advance of APA Application (Pre-Filing Meeting). Such meetings have become a standard practice for nearly all APAs. The meetings are usually attended by representatives from the RTB with jurisdiction over the taxpayer and from the NTA Examination Division, as well as (in the case of bilateral APA request) representatives from the NTA's Office of Mutual Agreement Procedures.

At the pre-filing meeting the taxpayer usually presents an outline of the proposed APA, including a summary description of the foreign related party transactions to be covered by the APA (covered transactions), the business activities of the its foreign related party, and the proposed transfer pricing method. The NTA and RTB usually provide their initial reaction to the proposal at the pre-filing meeting and may raise questions or make suggestions regarding appropriate modifications or additional supporting analyses that may be necessary for the application.

The RTB will carry out the following steps as it responds to the taxpayer's request for a pre-filing meeting.

- The RTB will explain to the taxpayer the necessary items for the APA filing such as attachments, filing deadlines, etc.
- The RTB will provide necessary information to enable the taxpayer to decide whether to file the request and if so, what kind of request is appropriate.

Figure 2.
APA Process



Advance Pricing Arrangements (APAs) （5）

●The RTB will respond to the taxpayer’s questions to the extent that it can, based on the information submitted by the taxpayer. If the materials provided are insufficient, the RTB will inform the taxpayer that it cannot respond to the taxpayer’s inquiry.

● The RTB can, if the taxpayer explains that it cannot provide all required materials by the APA filing deadline, extend the filing deadline by an appropriate amount of time (provided that the RTB recognizes that there is an appropriate reason).

In some cases, the NTA and the RTB may indicate at the pre-filing meeting that they see no significant problems with the application and that the taxpayer may proceed as planned. In other cases, the NTA or RTB may have significant questions or may express concerns about certain aspects of the proposed APA (such as the proposed transfer pricing method).
In the worst case, it is possible that the NTA and the RTB will indicate that without significant revisions, the proposed APA will not be accepted.

（2）*Preparation and Submission of APA Application*

Next step is to prepare and submit the APA Application form and necessary attachments

a. Necessary documents

The application form is a standard one-page form that requests basic items of information such as the taxpayer’s name and address, name and address of the foreign related party, years to be covered by the APA, simple description of the covered transactions, and the proposed transfer pricing method. The required attachments consist of the following items.

Advance Pricing Arrangements (APAs)(6)

● An outline of the covered transactions and of the organizations conducting those transactions
● Details of the proposed transfer pricing method and an explanation of why the proposed method is the most rational for the covered transactions.
● Significant business or economic conditions that are the premises upon which the APA is to be carried out
● Details of the covered transactions, including the transaction flow and the flow of funds in the transactions as well as currency used.
● Direct and indirect capital relationships and relationships via control in substance between the taxpayer and the foreign related party in the covered transaction.
● Functions performed by the taxpayer and its foreign related party in connection with the covered transactions. (Detail explanations will be omitted)

b. Filing procedure (Detail explanations will be omitted)

c. Filing deadline (Detail explanations will be omitted)

d. Review of application by RTB (Detail explanations will be omitted)

No 9 : Japanese Transfer Pricing Regime

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Transfer pricing assessments in Japan from media reports and companies' public statements from 1995 to 2010

- The transactions subject to transfer pricing those years include many intangible and intercompany service transactions.
- The transactions also include guarantee fee, option fee and derivatives, although the number of such a case is small.

(Resources: Press reports and Media)

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Japanese Transfer Pricing Regime

Selectecl Press Reports of TP Assessments (US$1 = JP¥80)

Date Of Press Coverage	Company	Transactions	Taxable Income (million US$)	Assessed Tax (million US$)	Regional Tax Bureau
Jun-10	Shosen Mitsui	Service Fee	131	66	Tokyo
Jun-10	Ibiden		61	19	Nagoya
May-10	Bandainamuko	Game Devices	88	43	Tokyo
May-10	Ajinomoto	Royalty	46	23	Tokyo
Apr-10	Kyocera Corp	Electric Devices	63	?	Osaka
Apr-10	To-re	Carbon Fiber	125	65	Tokyo
Mar-10	Komatsu	Transportation Equipment	218	?	Tokyo
Aug-09	Asics	Royalty	54	24	Osaka
Jul-08	Tokyo-oka-kogyo	Chemical Product	16	5	Tokyo
Jul-08	Mitsui & Co	Service Fee	125	59	Tokyo

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Jun-10	Shosen Mitsui	**Service Fee**	131	66	Tokyo
Jul-08	Mitsubishi Corp	Service Fee	145	60	Tokyo
Jul-08	Denso Corporation	Transportation Equipment	194	91	Nagoya
Jun-08	Merrill Lynch Japan Security, Co, Ltd	Option	?	75～88	Tokyo
Jun-08	Daikin Industries Ltd	Royalty	98	44	Osaka
Jun-08	Konami	Game soft	20	10	Tokyo
Apr-08	Honda Motor Co, Ltd	Technical service fee	1750	1000	Tokyo
Apr-08	Takashimaya	Technical service fee	4	1	Osaka
Feb-07	Shinetsukagaku	Technical fee	291	138	Tokyo
Jun-07	FCC Co, Ltd	Royalty	91	43	Nagoya

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Jun-07	Mitsui-Bussan	**Service Fee**	102	49	Tokyo
Jun-07	Mitsubishi Corp	Service Fee	111	45	Tokyo
May-07	i-phon	Interphone	4	1	Nagoya
Dec-06	Nihon-Densan	Precision Component	86	41	Osaka
Jul-06	Mitsui & Co, Ltd	Service Fee	61	31	Tokyo
Jul-06	Mitsubishi Corp	Service Fee	63	28	Tokyo
Jun-06	Sony Corp together with Sony Computer Entertainment	CD/DVD	930	349	Tokyo
Jun-06	Takeda Pharmaceutical Co, Ltd	Pharmaceutica l Products	1529	713	Osaka
May-06	Rinnai Corp	Royalty	5	2	Nagoya
Mar-06	C Uyemura & Co, Ltd	Royalty	30	14	Osaka

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Mar-06	Capcon	Royalty	64	21	Osaka
Mar-06	Wacoal Corp	Royalty	19	7	Osaka
Jan-06	Hamamatsu-Photonics K K	Electric Device	18	8	Nagoya
Jun-05	TDK Corp	Electronic Part Materials	266	150	Tokyo
Jun-05	Sony Corp	Technical Service Fee	268	56	Tokyo
May-05	Japan Cash Machine Co, ltd	Electric Device	43	20	Osaka
Mar-05	Kyocera Corp	Electric Part	303	162	Osaka
Mar-05	Merrill Lynch Japan Security, Co, Ltd	Derivatives	750	225	Tokyo
Jun-04	Honda Motor Co, Ltd	Royalty	317	163	Tokyo
Nov-02	Roland Corporation	Guarantee	13	5	Osaka
Apr-00	Coca-Cola Japan	Royalty	563	213	Tokyo

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Oct-99	Pfizer Japan Inc	Interest	56	34	Tokyo
Feb-99	Ciba-Geigy Japan	Pharmaceutical Products	100	41	Osaka
Feb-99	Nippon Oil Corporation	Guarantee	14	6	Nagoya
Jan-99	Medtronics Japan	Medical Devices	150	63	Tokyo
Nov-99	Nestle Japan Group	Royalty	19	9	Osaka
Sep-98	Monsanto Japan Ltd	Pesticide	19	4	Tokyo
Jul-98	Akebono Brake	Royalty	7	4	Tokyo
Jul-98	Baxter	Medical Devices	188	75	Tokyo
Jul-98	Yamanouchi Pharmaceuticals Co, Ltd	Royalty	676	302	Tokyo
Jul-98	Murata Manufacturing	Electric Devices	171	70	Osaka
Mar-98	Philips Japan	Service fee	85	34	Tokyo

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Sep-97	Jardin Wines and Spirits	Wine	200	88	Tokyo
Nov-96	Nippon Roche	Chemical Products	175	75	Tokyo
Dec-95	Shimano	Royalty	25	10	Osaka
Jan-95	Idemitsu Kosan	Oil	40	21	Tokyo

In the Takeda Pharmaceutical case (Jun-06) above, Takeda Pharmaceutical Co, Ltd released in April 2012 that the assessing authority which issued the assessment had changed its conclusion and decreased its assessment amount from 1529 million US$ to 307 million US$ (US$1 = JP¥80).

After receiving the assessment notice issued by Osaka Regional Tax Bureau (ORTB) on Jun 2006, Takeda Pharmaceutical Co, Ltd had filed a request for reinvestigation with the ORTB and reconsideration of its decision. However, This seems to be a rear case. Such an appeal usually does not result in a change in the assessment, as it is unlikely that the RTB which issued the assessment will change its conclusion. So such a case is rare in RTB.

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Regulatory Changes of transfer pricing in Japan

Following the enactment of Japan's transfer pricing legislation in 1986 and the issuance of related circulars, there was very little change in the rules until the late 1990s. In this early period, the law and related circulars were very brief and provided only limited guidance on such items as the definition of related parties and acceptable transfer pricing methods .

Since 2000, however, there have been major expansions of the circulars, and new administrative guidelines have been released and continually refined to provide much more specific guidance on such items as the administration of transfer pricing audits , transfer pricing documentation, the appropriate treatment of service transactions and intangible transactions, and APAs .

In addition, the rules have been revised to bring Japan closer to international standards such as the OECD guidelines. For example, from 2004 Japan has formally recognized the transactional net margin method (TNMM), and in 2006 the NTA issued guidelines on cost contribution arrangements (CCA). In 2007, the NTA made several revisions to the legislation and related circulars in relation to intangible transactions , APAs. In 2008, the NTA revised the rules on intercompany services and in 2010, the legislation was revised to clarify the requirements for transfer pricing documentation .

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Japan's transfer pricing guidance

Guideline and Case Studies

Clarifications of criteria in applying the rule are most important in enforcement of law.

- To ensure ***the predictability*** of tax payers
- To realize proper and smooth enforcement of transfer pricing taxation
- To eliminate international double taxation

Guideline and Case Studies

Clarification on

1. The definition of related parties:
   ……A taxpayer via a chain of relationships, etc
   ……control in substance
2. Administration of transfer pricing audits
3. The selection of transfer pricing methodology in various situations
4. Filing requirements(Schedule 17-4)
5. To provide more detail on the appropriate transfer pricing of **intercompany service transactions**
6. The treatment of **intangible transactions**
   …A series of examples illustrating the application of the rules in various scenarios
7. To clarify the requirements regarding the transfer pricing documentation
8. Advance Pricing Arrangements procedures(APA)
   …Pre-filing Consultations
9. Mutual Agreements relating to APA

Administrative Guideline and Case Studies

In Jun1,2001 the following two rules have been established in regard to the operation of transfer pricing.
Especially clarification of intercompany service transactions and intangible property, and application criteria for transfer pricing methods in Case Studies

＜Administrative Guideline＞
Chapter 1 Basic policy
Chapter 2 Examination(intra-group services, intangible asset)
Chapter 3 Points to note in determining the Arm's Length Price
Chapter 4 Treatment of income transferred overseas
Chapter 5 Advance Pricing Arrangements(APA)

＜Reference Case Studies＞
The tax treatment of transfer pricing illustrated by examples based on certain preconditions
From Case 1(Case of use comparable uncontrolled price method)
To Case 28(Critical assumptions)

TP Administrative Guideline

＜Administrative Guideline＞

- Points to consider when conducting examinations(Attachment of Form17-(3) etc.)
- Document to be inspected at the time of examination
- Treatment of Intra-Group Services
  ・・・whether the services have economic value for the foreign affiliate・・
  specifically, whether the foreign affiliate pays another non-affiliate
  to do the same activities on its behalf・・・
- ・・・where the actual circumstances relating to the provision of the services cannot be confirmed, ・・・
- Intangible property to consider in examination
- Cost contribution arrangement and its point
- Determining the Arm's Length Price, adjusting difference etc
- Points to note concerning the treatment of taxation by estimation
- Advance pricing arrangement(APA)
- Documents to be attached in the APA request
- APA and Mutual Agreement

TP Case Studies 1～28

＜Reference Case Studies＞

Focused on how to select the method of calculation of arm's length price and points to note when applying that method.

Section 1 (the selection of method of calculation of arm's length price)

1 Case of use of comparable uncontrolled price method(CUP)
2 Case of use of resale price method(RP)
3 Case of use of cost plus method(CP)
4 Case of use of methods consistent with CUP
5 Case of use of methods equivalent to methods consistent with CP
6 Case of use of transactional net margin method
7 Case of use of contribution profit split method
8 Case of use of residual profit split method
9 Adjustment for differences

Section 2 (Application of methods of calculation of arm's length price)
Section 3 (Advance pricing arrangement)

Transfer Pricing Regime in Japan: Background

The Government Tax Commission's Proposal in December 17 ,1985

''With the recent internationaIization of corporate activities,the internatioal transfe of income that depends on the handling of transaction with foreign reIated parties,orthe transfer pricing issue,has become important in field on international taxation, but there is no sufficient treatment of this matter in current law, and to let this issue unattended is problematic from a perspective that values tax appropriateness and impartiality.

If one thinks about the tax systems in other countries that have already been developed to deal with such international transfer of income, it is appropriate to take measures to be on equal footing with such countries, to establish regulations for the calculation of taxable income in cases of transactions with foreign related parties in order to implement fair tax imposition and to promote the smooth operations of the system such as data collection, etc."

Transfer Pricing Legislation was introduced in 1986 and enforced from July 1987.

Transfer Pricing Regime in Japan: Background

Increase in IRS audits of the US subsidiaries of large japanese multi-national enterprises in the mid-1980s

Background

- ◆ Shortage in tax revenue in the US.
- ◆ Losses at foreign-owned corporations

Japan parent companies who had been adjusted byIRS applied for mutual agreement procedures for relief of double taxation

According to tax conventions, Japanese tax authorities refunded tax to Japanese parent companies

Need for improvements on Japanesetransfer pricing regime

History of transfer pricing in Japan (1)

- Prior to 1986 Japan had not very few legislative provision specifically applicable to the pricing of transactions between related parties.

  However, Japanese government officials noticed the increasing interest in transfer pricing by revenue authorities elsewhere in the world as growing trade among affiliates with multinational groups provided Multinational Enterprise(MNE) with greater opportunities to change their worldwide tax burden by using transfer pricing to shift income to lower – tax jurisdictions.
- In particular, The United States Internal Revenue Service (IRS) introduced the transfer pricing law in 1968 for the first time in the world in order to cope with shifting by U.S. MNEs their manufacturing function to shell companies in low or zero countries.

  Meanwhile, IRS began auditing subsidiaries of foreign MNEs in U.S. for transfer pricing quite aggressively in the late 1970s and through the 1980s. Main targets on those audits was U.S. subsidiaries of Japanese MNEs, automobile and electronics industries. The tax adjustments at stake amounted to hundreds of millions of dollars.

History of transfer pricing in Japan (2)

At the time, however, the Japanese government did not have comparable legislative framework for requiring arm'length pricing . As a result, the Japanese government was not able to conduct similar enforcement efforts in Japan to ensure that Japanese subsidiaries of U.S.MNEs were not shifting income to the U.S.

From the 1970s, the Japanese government, expressed serious concern over the use of various tax avoidance schemes including transfer pricing designed to shift income overseas. The first legislative response to such concerns was the enactment in 1978 of Japan's anti-tax haven rules, designed to prevent taxpayers from sheltering income offshore in subsidiaries located in low-tax jurisdictions. And second response was the problem of income shifting via transfer pricing and enforce methods to curve taxpayers'ability to shift income overseas.

Thus Japan also introduced the transfer pricing legislation in order to promote fairer international taxation.

Current trend in Japan

- Increasing Focus on intercompany service transaction
- Increasing Focus on intangible
- Increasing use of TNMM
- Increasing importance of APAs

Current trend in Japan

The Japanese National Tax Administration (NTA) is devoting more attention to intercompany services and intangible transactions. Many of the significant changes to the Japanese transfer pricing regulations over of the past several years have involved expansions of the rules on services and intangible transactions.

For example, Prior to 2002 the Japanese transfer pricing rules contained very little guidance on such transactions. However, guidelines on the pricing of the intercompany services were added in 2002. Japan had a system of rules for intercompany services that mirrored the OECD Guidelines.

In addition, the NTA released additional guidance regarding intangible transaction in 2006. The previous guidance regarding intangible transactions was very limited, and it was not until 2006 that the rules defined intangible property to include not only patents, trade secrets, and technology but also know-how, processes, and networks of relationships resulting from taxpayers' s, ales efforts, R&D, production, etc. It was from 2006 that the rules stated that all intangible-producing activities and contributions made by a taxpayer and its foreign related parties (ie activities and contributions beyond the simple bearing of costs) would be scrutinized in determining who is the economic owner of intangible property(material value and source of income).

The 2006 revisions to the transfer pricing rules also included the publication of guidelines regarding "cost contribution arrangements"(CCAs).

⇒ *Material value and Source of income*

Current trend in Japan

Japan started looking into transfer pricing issues since the late 1980s. While the early focus of transfer pricing investigations was mostly on tangible goods transactions, it has since been expanded into other transactions involving intangibles and services.

That the NTA is devoting considerable attention to intangible transactions and service transactions is also apparent from some of the transfer pricing cases that have emerged in recent years.

We showed already a large number of publicly reported transfer pricing cases in Japan from 1995 to 2010. Among the assessments that have been publicly disclosed in the past ten years or more are many that involve royalty transactions and service transactions.

None of this is to say, however, that tangible inventory transactions, which were historically the focus of most transfer pricing scrutiny, are now somehow receiving less attention than before. Publicly announced transfer pricing cases include several that involve transactions of tangible inventories. This indicates that the NTA is casting a wide net and examining a wide range of transactions, industries, and taxpayers.

Intercompany services transaction (1)

low-value services

1. The Administrative Guidelines

The Administrative Guidelines identify the types of intercompany services for which arm's length remuneration should be charged. A service requiring arm's length charge is defined as any intercompany services that the recipient of the service would have willingly purchased from a third party or performed for itself in the absence of the service from the related party.

2. low-value services

The Administrative Guidelines list the specific service that is one of the following type of low-value services. If the following conditions are met, it may be acceptable to use the total cost of providing the service as the arm's length price.

Examples of low-value services:

a. Drafting and management of budgets;
b. Accounting, tax, or law services;
c. Management and collection of credit;
d. Operation, maintenance, and management of information and communications systems;
e. Management of cash flow and solvency;
f. Management and raising of funds;
g. Hiring, assignment and training employees;
h. Administrative tasks related to employee compensation and insurance, etc;
i. Advertising (other than marketing support as described in Administrative Guidelines);
j. Other general administrative tasks.

Intercompany services transaction (2)

Special issue related to transfer pricing

2. But regarding services mentioned above, note the followings :

① The service does not comprise a substantial proportion of the business activities of the service providers or recipient.
② The expenses required for the provision of the service do not comprise a substantial portion of the expenses of the service provider.
③ The service provider does not use its intangible assets in providing the service.
④ The calculation of direct and indirect costs of providing the service, such as the general and administrative expenses of the relevant divisions, is based on rational allocation factors such as the ratio assets used or of personnel involved, etc.
⑤ If the services provided are auxiliary to the principal operations of the party providing the service, it may be acceptable to use the total cost of providing the service as the arm's length price. For example, if a corporation, whose primary business is the development and manufacturer of electronics, provides technical guidance to its overseas subsidiaries who manufacture products for parent company, this technical guidance is not among the parent's corporation's principal business activities and would therefore be considered auxiliary to the service provider's principal operations.

3. However, please note that this rule does not apply to the following cases:

① A case where the expenses required for the provision of the service comprise a substantial portion of the expenses of the service provider.
② Other cases where it is not recognized not to be appropriate to take the total cost of providing the service as the arm's length price such as cases where intangible property is used in the provision of the service.

Intercompany services transaction (3)

Special issue related to transfer pricing

4. Finally, the Administrative Guidelines note the followings:

① There may be cases where services are provided together with the licensing or assignment of intangible property and/or with the transfer of tangible property and that it is important to determine whether or not the charge of services includes a portion relating to any such tangible or intangible transactions.
In determining whether a provision of a service involves the use of intangible property, examiner will consider not only the types of intangible assets used in providing the service but also the impact of the services on the recipient's activities, functions, etc.

② In the case of services provided by a related party that overlap with services that the recipient already receive from other parties or performs for itself, the services provided by the related party should not be charged.

③ In addition, shareholder activities performed by a parent for its subsidiaries (e.g. the holding of shareholder meetings, activities to ensure compliance with securities laws such as the drafting of securities filings, or other activities performed by a parent company based on its status as a shareholder in one or more subsidiaries) are not considered services requiring arm's length remuneration and thus should not be charged.

④ If the services provided are auxiliary to the principal operations of the party providing the service, it may be acceptable to use the total cost of providing the service as the arm's length price. For example, if a corporation, whose primary business is the development and manufacturer of electronics, provides technical guidance to its overseas subsidiaries who manufacture products for parent company, this technical guidance is not among the parent's corporation's principal business activities and would therefore be considered auxiliary to the service provider's principal operations.

Intangible transaction (1)

Special issue related to transfer pricing

1. Intangibles are divided into "trade intangible" and "marketing intangible"- trade intangible such as know-how relate to the production of goods and the provision of services and are typically developed through research and development. Marketing intangibles refer to intangibles such as trade names, trade marks and client lists that aid in the commercial exploitation of a product or service.

Regards to marketing intangible and in the case the foreign parent company had a distributing subsidiary in a developing country and the subsidiary had a significant surplus profit in the market, the questions arise of whether there are local intangibles assets that remain with the local operation. Has the distributor developed local marketing intangibles over the years and if so, what the nature of these intangibles are ? And where such local intangible are found to be in existence, what the value of these is ?
It is not always clear as to what constitutes an intangible and identifying it ?

Intangible transaction (2)

Special issue related to transfer pricing

2. Transfer pricing examiner and intangible assets (From The Administrative Guidelines)
When examining intangible transaction, transfer pricing examiners will consider the extent d to which income is generated by such intangible assets as patents and trade secrets related to technical innovations as well as know-how resulting from the experience of employees in management, sales, production, research and development, etc.

In determining whether the intangible property of a taxpayer or its related party is generating income, the examiners may compare the profitability of the taxpayer or related party to that of a third party that does not hold similar intangible property.
The examiners will also analyse carefully the activities and functions of taxpayer and its related party that create the intangible property.

Moreover, the transfer pricing of intangible transactions should take into account the contribution made by a corporation and its related person, notwithstanding the legal ownership of said intangible property. This signals the NTA's intent to examine the economic substance of intangible transaction, regardless of legal arrangements.
Further, transfer pricing examiners will seek to identify which party(ies) carried out the intangible-generating activity and bore the costs and risks of those activities. If the only contribution of a taxpayer was to bear the cost of an intangible-producing activity, then that taxpayer's contribution will be considered small.

Reference Case Studies contain several examples of transactions involving intangible transactions.

Increasing use of TNMM

After TNMM was introduced in Japan as one of the permitted transfer pricing methods in 2004, the Japanese tax examiners are becoming to use the TNMM frequently.

In many APAs also, the NTA is now accepting the use of the TNMM in many industries. In the past, the NTA generally would not allow a direct comparison of a taxpayer's operating profit margins with those of comparables, but would only allow in some cases the use of a"Modified Resale Price"approach where gross profit margins of taxpayers were compared to gross profit margins of comparables adjusted for differences with the taxpayer in their level of SG&A expense (a method which provides essentially the same result as a TNMM analysis).

With respect to transfer pricing examinations, examiners have stated their intent to examine taxpayers'operating margins more closely and to consider the use of TNMM in testing and adjusting taxpayers'transfer prices. The transfer pricing legislation has also recently been revised to enable examiners to use the operating profit margins of secret comparable transactions in computing adjustments to taxpayers'transactions

Increasing importance of APAs

Japan's APA system has become increasingly popular among taxpayers and has experienced a significant rise in applications. In response to increased taxpayer interest the number of examiners devoted to APAs has increased.

The trends in the number of BAPA cases disposed over the past decade. Although the Japanese APA system allows both unilateral (UAPA) and bilateral APAs(BAPA), most of the APA cases are BAPA.

The definition of related parties (1)

The transfer pricing rules apply to a corporation's "transaction with a foreign related party"

The definition of related party (Special relationship) can broadly be divided into two categories:

- control through shareholding ;and
- control in substance

50% Shareholding test

Control through shareholding refers to a relationship in which either one of the two corporations (the corporation and its foreign related party) directly or indirectly owns 50% or more of the issued shares of the corporation. Issued shares include both voting and non-voting shares.

This test includes indirect shareholding and ownership common parent

Control in substance

Even if there is not a shareholding relationship between two corporations, those two corporation could be considered to have a special relationship under the Japanese transfer pricing rules if one corporation is able to determine all or part of the business policies of another corporation due to the existence of one or more of the facts listed below. (One corporation is said to have "control in substance" over the other corporation.)

The definition of related parties (2)

- An officer with representative authority of one corporation (controlling Co) is (or was) concurrently employed as an officer or employee of the other corporation (controlled Co).
- One half or more of the officers of one corporation (controlling Co)are concurrently (or were) employed as officers or employees of the other corporation (controlled Co).
- One corporation (controlled Co) conducts a considerable portion of its business activities in reliance upon transactions with the other corporation(controlling Co).
- One corporation (controlled Co) conducts its business activities in reliance upon intangible property (copyrights, patents, trademark, know-how, and etc) provided by the other corporation(controlling Co).
- One half, or more, of the executive officers of a corporation (controlled Co) or the executive officers with representative authority is designated substantially by the other corporation(controlling Co) .

In addition, under tax reform of 2005, two corporations are considered to have a special relationship if they are connected through a chain of relationship s that exist through control in substance.

The definition of related parties (3)

That is, if one corporation controls another corporation in substance, and this other corporation controls a third corporation in substance , the first and third corporations will be considered to have a special relationship. Similarly, if the first and second corporations have a special relationship via shareholding, and the second and third corporations have a special relationship via control in substance,
the first and third corporations will be considered to have a special relationship.
These relationships are illustrated below.

Special Relationship via control in substance

Corporation A —Shareholding→ Corporation B —Control in Substance→ Corporation C

Corporation A and Corporation C are considered to have a special relationship, because Corporation A owns 50% or more of the shares of Corporation B, which has a special relationship with Corporation C by means of control in substance.

The definition of related parties (4)

Corporation A $\xrightarrow{\text{Control in Substance}}$ Corporation B $\xrightarrow{\text{Control in Substance}}$ Corporation C

Corporation A is considered to have a special relationship with Corporation C, because Corporation A has a relationship of substantial control over Corporation B, which has substantial control over Corporation C.

As this definition of special relationship through a chain of relationships that exist via control in substance was added to the regulation in the tax reform, it applies to fiscal years beginning on or 1 after April 2005. Prior to this period, two corporations connected via such chain were not considered related parties. In the two examples above, Corporation A and C were not considered to have a special relationship under the old rules.

Transactions mediated by third parties

When a transaction between a corporation and its foreign related party is mediated by an unrelated party, the transaction between the corporations and

The definition of related parties (5)

the third party may still be deemed a foreign related transaction if, at the time of the transaction with the third party, it has already been determined by contract or other arrangements that the object of the transaction will be sold, lent or supplied to the foreign related party (or that the object of the transaction between the foreign related party and third party will be sold, lent or supplied to the said corporation. Under such circumstances, the pricing of the transactions with third party is considered substantially decided between the foreign related party and the said corporation, and transactions with the third party are therefore considered foreign related transactions and subject to the Japanese transfer pricing rules.

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&
Developing countries

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Introduction

Multinational enterprises(MNEs) have the flexibility to place their enterprises and activities anywhere in the world. A significant volume of global trade nowadays consists of international transfer of goods and services, capital(such as money) and intangibles (such as intellectual property) within a MNE group; such transfers are called “intra-group”transactions. Intra-group trade is growing steadily and arguably account for more than 30 per cent of all international transactions.

Furthermore transactions involving intangible and intercompany service transactions constitute a rapidly growing proportion of a MNE’s commercial transactions and have greatly increased the complexities involved in analysing and understanding such transactions.

World Trends in Transfer Pricing

(1)Increasing importance of intangible property and intercompany services

Regarding multinationals, the primary transfer pricing issues typically involve the prevention of the shift of income-producing potential to zero-and low tax countries abroad. Those transfer typically occur through licenses and other transfers of interests in tangibles, and through contracts that seek to assign business risks, and hence income- producing potential, to zero-and low tax countries.

- Limitations of the deductibility of specified kinds of outbound payments , including royalties and service fees, paid directly or indirectly to recipient in low-or zero- tax countries.
- To whom "location savings" belong ?

World Trends in Transfer Pricing

(2) Increasing use of the TNMM

In contemporary practice, the TNMM appears to be the rising star among all methods. It is said that more than 50 percent of companies now use the TNMM as their tax return filing position. This suggests that the TNMM is replacing many companies'traditional reliance on the CUP method.Profit methods, most notably the TNMM and CPM, also are the most common methods in APAs.

The TNMM comprised more than 70 percent of the Japanese APAs, 93 percent of the South Korean APAs,59 percent of the Australian APAS. In the U.S., the profit methods taken in aggregate represent 65 percent of the APAs.

Among Indian taxpayers, the TNMM is the most popular pricing method, approximating 50 percent.

(3) Increasing use of APA

APSs could be a very helpful instrument in the determination of an arm's length price by taxpayer. Meeting an APAs requirements would protect taxpayers from additional charge to tax.

- Business restructurings
  Tax authorities have reviewed some transaction and learned that some of multinationals restructured in such a way that they changed from a full operating company into a low-risk type structure. A very important companies that used to have a lot of activity still do have a lot of activity, but suddenly there are few profit .
  Tax authorities expressed concerns about such setups, known as designated principal structures, in which a multinational reorganize by creating a designated principal , usually located in a no-or low-tax jurisdiction that earns the residual profit while the other companies in the group get a routine return. Intellectual property (IP) holding company that is used to centralize IP operations for a group but that has few employees.

Transfer Pricing and Developing Countries

(1) What are "the special needs of developing countries"?

- Workable systems of transfer pricing compliance and enforcement under a lack of enforcement capacity
- Within the framework of current international practices
- Implementing the core principle of OECD guidelines

(2) In order to administer transfer pricing rules in an consistent and predictable manner.

- The legislation should be consistent with standard reflected in the OECD guideline, but with maximum operational latitude to adopt administrative practice?
- Applicability of APA for large taxpayers
- Use of reliable,readily available data
- Practical and simplified transfer pricing method
- Allow use of Safe Harbors?

The OECD guidelines VS The U.N TP Manual

The arm's length principle in the OECD guidelines is the internationally recognized tax standard for income allocation between associated enterprises. OECD Guideline is generally said to be a global standard and represent internationally agreed principles. However, the OECD guidelines typically are based in OECD countries and many non-OECD countries are facing different economic, fiscal, and political realities regarding transfer pricing rules.

Therefore, while much of the OECD guidelines may still be applicable to developing countries, the UN Transfer Pricing Manual should put a special focus on offering practical solutions to issues faced by developing countries.

As a developing country, China, India, and Brazil faces a number of difficult challenges. These include a lack of appropriate comparables, location savings, location specific advantages, and identification and valuation of intangible. The U.N.'s Practical Manual on Transfer Pricing for Developing Countries (U.N TP Manual) will focus on such transfer pricing issues specifically concerning developing economies. This manual is expected to be adopted, but much of the manual has yet to be publicly released. Notably missing is a draft chapter ***on intangibles, safe harbors***, etc

Intangible and OECD(1)

The OECD on June 2012 released two discussion drafts suggesting improvements to the portions of the OECD transfer pricing guidelines that concern (i) the revision of the Special Considerations for Intangible and (ii) the revision of the Safe Harbours section. The drafts are described as an interim document.

1.Special Considerations for Intangible

The 60-page discussion draft addressese four main issues:

- Identification of intangibles for transfer pricing purposes;
- Identification of parties that should be entitled to share in intangible returns (ownership);
- Nature of the controlled transaction; and
- Pricing of intangibles

This article comments on each of the above issues and compares the discussion draft with existing OECD guidelines and U.S. transfer pricing regulation.

Identification of Intangibles (1)

Identification of intangibles (Especially market premium)

In OECD Guidelines, the word “intangibles” is intended to address something which is not a physical asset or a financial, and which is capable of *being owned or controlled* for use in commercial activities.

- the excludability requirement
- the specificity requirement

Identification of Intangibles (1)

Excludability requirement

1. Excludability requirement

The “owned or controlled” prong of the definition must mean that an intangible has to be excludable (the excludability requirement) . The discussion draft does not address this requirement in any detail. However, the draft states that an intangible does not need to be protectable by law, contract, or otherwise. An intangible can thus be an item over which a taxpayer solely exercises practical control. This position is consistent with the U.S.regulations.

The excludability requirement means that the identification of an intangible cannot be made solely from an economic perspective. The discussion draft clarifies that identification and valuation are separate and distinct exercises. Above-normal profits may be attributable to extraordinary good management of the resources of the company, which does not necessarily include valuable intangibles. On the other hand, below-normal profits may be triggered by poor management of the resources of the company, which may include valuable intangible. This assumes that management systems are not held to constitute an intangible.

Identification of Intangibles (2)
Specificity requirement

2. The discussion draft requires that identification of intangibles must be made with some "specificity". It is said that this specificity requirement reflects the position of, among others, U.K.tax authorities, which have been reluctant to recognize the existence and value of marketing intangibles.
The specificity test should safeguard taxpayers against ingenious tax auditors claiming the transfer of vaguely specified or undifferentiated " market intangible".
Market- specific characteristics;

The OECD Discussion draft concludes that the following items qualify as intangibles:

- Patents;
- Know-how and trade secrets;
- Trademarks, trade names, and brands;
- Goodwill and going concern value; and
- Licenses and similar rights in intangibles

Intangible and developing countries (4)

This list of intangibles is uncontroversial except, perhaps, for goodwill and going concern value.

On the other hand, the following items do not constitute intangibles, according to the discussion draft:

- Group synergies;
- Market- specific characteristics ; and
- Assembled workforce

These items must be treated as comparability factors, according to the discussion draft. Among items we would like to discuss the market- specific characteristics (market premium) which is very important for emerging economies.

Market premium

Market- specific characteristics is not treated as an intangible because it can neither be owned/controlled nor transferred by a taxpayer.
However, the draft recognizes that these items may affect the value intangibles, intending to provide additional guidance on how to take such an item into accounting in valuing intangibles.
Relevant characteristics include location savings and market purchasing powers. This is a hot topic in the context of a new United Nations transfer pricing manual.

Market characteristics (market premium) in OECD guidelines.
The discussion draft comments on this issue, which says :
"It is important to distinguish intangibles from market conditions or other circumstances that are not capable of being owned, controlled or transferred by a single enterprise. For example, features of a local market, such as the level of disposable income of households in the market or the size or relative competitiveness of the market, may affect the determination of an arm's length price for a particular transaction and should be taken into account in a comparability analysis. They are not, however, intangible for the purposes of Chapter Ⅵ."

Market premium

"Specific characteristics of a given market may affect the arm's length conditions of transactions in that market. For example, the high purchasing power of households in a particular market may affect the prices paid for certain luxury consumer goods. Similarly, low prevailing labor costs, proximity to market, favourable weather conditions and the like may affect the prices paid for specific goods and services in a particular market. Such market specific characteristics may not, however, be owned, controlled and transferred by an individual enterprise. Such items are not intangibles within the meaning of section A.1.(In general of Identifying Intangibles) and should be taken into account in a transfer pricing analysis through the required comparability analysis".

Market premium and Emerging countries

Emerging economies such as China and India with high profitable consumer markets have brought market characteristics and group synergies to the table in discussing the draft of intangible for transfer pricing purposes.

Especially the Chinese tax authorities are paying more and more attention to inter-company transactions involving intangible property for transfer pricing administration and investigation purposes.

For example, it is said that an official of the Chinese tax authority has stated that relevant value drivers to consider include location savings, local infrastructure, market premium, low pollution abatement costs, and the value of foreign-developed technology versus the value of local research and development.

The traditional view of the OECD and the U.S. is that such an item must be treated like any other comparability factors, not as intangible. An international tax partner in the Big 4 commented that the reason why such an item is addressed in draft on intangible is unclear.

The following resources regarding Chinese tax Authority
(in case of China(1) ～(4))are from "Transfer Pricing Forum BNA report"

Market premium and Emerging countries
In case of China(1)

1.Royalty

Outbound royalty payments made by Chinese local companies increasingly become the subject of scrutiny by the Chinese tax authorities. Potentially the tax authorities could challenge such royalty payments every time the local enterprise applies for tax clearance before any remittance approval could be granted. In fact, the Chinese tax authorities tend to link the validity of the royalty payment to the profitability of the local companies. This means that if the local company is incurring operating losses, it will be relatively more difficult to obtain the tax clearance and will subject the outbound royalty payment to closer scrutiny and/or potential dispute.

2. Marketing intangibles

Specifically related to marketing intangibles, it is said that they are rather sensitive about the local companies without any intangible property ownership bearing a significant amount of marketing expenses, even if the main purpose of such expenses is to develop the local market. The Chinese tax authorities are typically of the view that for a global brands that are not well known to the Chinese general public, any excess profit generated in the China market should be attributed to the marketing efforts and investment made by the local companies in generating and raising the awareness/ recognition of the brand in the China market.

Market premium and Emerging countries In case of China(2)

3. The tax law and rules in Chinese transfer pricing provide the definition and a list of examples of intangible property that are recognized for tax purposes. This definition is supplemented by the examples of intangible property provided in the following, for example :

（ⅰ）Assignment of employees (assuming a potential transfer of knowledge)

The assignment of employees is not explicitly discussed in the relevant TP regulations in China, nor in practice, will the assignment of employees per se be considered or recognized as a distinct intangible for the tax purposes. However, based on the reporter's interaction with the Chinese tax authority, if the transfer of employees is deemed in connection with the transfer of certain distinct intangibles recognized by the tax law and rules , the Chinese tax authorities might regard the employee assignment as part of the taxable transfer of the intangibles.

Market premium and Emerging countries In case of China(3)

（ⅱ）Unique features of local markets such as high profitability caused by regulatory limitations on market entry or national consumption habits.

Even though unique features of local markets were not explicitly discussed in the transfer pricing regulations, in practice, the Chinese tax authorities tend to hold the view that the China market does possess certain unique attributes such as the rapid increase in demand for certain goods either due to the economy's overall growth in the past couple of decades or due to certain consumption habits (e.g. strong preference towards luxury brands), as well as the sheer size of the market. As a result, the Chinese tax authorities believe in certain industries, these attributes could give rise to a potential "China Market Premium".

The rapid increase in demand for certain goods has been raised particularly by the tax authorities on both the automotive industry and luxury consumer goods industry. The rationale for this position with respect to the automotive industry is that due to the extraordinary economic growth China has experienced in the past three decades, there is a rapid growth in demand for cars, which could give

Market premium and Emerging countries In case of China(4)

rise to the consumers' willingness to pay a higher price for the same brand and model of cars than consumers would in other parts of the world.

Such argument is often further reinforced by the tax authorities'observation of major multinational auto maker enjoying unprecedented growth in China while in stark contrast experiencing the most challenging environment ever in their other major markets.

As for the luxury consumer goods industry, the tax authorities tend to believe that due to the Chinese customers'strong preference for luxury brands and the rapid growth and expansion in size of a middle-class who could afford these luxury products, suppliers typically could demand a much higher price for the same products in China than in other markets. Therefore, the tax authorities expect the local company to at least be allocated a portion of such "market premium" besides the applicable routine profit it should earn for its typically deemed routine functional such as distribution.

Market attributes such as the sheer size and the ageing pattern have been cited by the Chinese tax authorities for the pharmaceuticals industry as factors contributing to market-specific excess profits, which in their view, if not entirely, should at least be partially allocated to the local company.

To whom "location savings" belong ? ……… To your country or MNE country ? (1)

(1) What are "location savings" ?

Location savings are the cost savings a MNE realizes as a result of relocation of operations from a high cost jurisdiction to a low cost jurisdiction. Typically, cost savings include costs of labour, raw materials and tax advantages offered by the new location. However, there might be disadvantages in relocating also; high cost of transportation, quality control and competitive pressures over a longer period, etc. The savings attributable to location into a low cost jurisdiction (offset by any disadvantages) are referred to collectively as the "location savings".

The important point, where there are such location savings, is the issues of to whom the additional profit derived from location savings belong.

(2) The example

Take the example of an enterprise that manufactures and sell the products.

Assume that the enterprise is established in Country A where the labour costs are high and that it decide to close down its manufacturing activities in Country A and to relocate them in an affiliate company in Country B where labour costs are significantly lower.

To whom "location savings" belong ?
……… To your country or MNE country ? (2)

The enterprise in Country A retains the rights on manufacturing products and the products will be manufactured by the affiliate in Country B under a contract manufacturing arrangement. The arrangement does not involve the use of any significant intangible owned by the affiliate in Country B. Once manufactured by the affiliate in Country B, the products will be sold to the enterprise in Country A which will on-sell them to third party customers. The affiliate in Country B will make a significantly additional profit derived from lower wages. In this case, the question arises of which part(ies) within the MNE group should be attributed the location savings at arm's length: the affiliate in Country B, the enterprise in Country A, or both (and if so what proportions).Usually developing countries take the view that the economic benefits arising from moving operations to a low-cost,i.e., location savings, should accrue to that country, where such operations are actually carried out.

However, most international guideline do not provide much guidance on this issue of location savings

To whom "location savings" belong ?
……… To your country or MNE country ? (3)

(3) How to compute or allocate the amount of location savings?

The computation of location savings might seem simple in theory; however its actual computation may pose many difficulties. Especially moving to an offshore location might be accompanied by changes in technologies, productions volumes or production processes. In such a circumstance, the additional profit derived cannot be treated as only due to location savings, but due both to low costs, the introduction of new technology and competitive factors. Because location savings are different from the introduction of new technology and may decrease according to competitive factors in the local markets in future.

Japanese MNEs are now facing the same problem due to shifting its manufacturing factory to abroad.

To Simplify TP → SAFE HARBOURS

1. Introduction
On Jun 2012, Working party 6 of OECD issued a discussion draft recommending that the OECD adopt changes to its transfer pricing guidelines relating to the use of safe harbors in simplifying transfer pricing administration. The discussion draft envisions that tax administrations will develop ***safe harbor ranges*** of the arm's length margins and markups for use in benchmarking the incomes of relatively uncomplicated business operations conducted by members of multinational groups.

Application of the arm's length principle may require collection and analysis of data that may be difficult or costly to obtain and/or evaluate. In certain cases, such complexity may be disproportionate to the size of the taxpayer, its function performed, and the transfer pricing risk in its controlled transactions. It may impose a heavy administrative burden on taxpayers and tax administrations that can be exacerbated by both complex rules and resulting compliance demands. These facts had led OECD member countries to consider whether or when safe harbor would be appropriate in the transfer pricing area.

When OECD guidelines were adopted in 1995, the view expressed regarding safe harbor rules was generally negative. However, the need for a more cost-effective and workable transfer pricing rules have become more and more acute as developing countries have become increasingly involved in the global economy. African countries may need access to simplified enforcement tools to have any realistic chance of enforcing transfer pricing rules and generating badly needed tax revenue. It is often said that the complexity of OECD transfer pricing methods, in the absence of safe harbors, has contributed in recent years to tension between the OECD and the tax authorities of some developing countries.

To Simplify TP → SAFE HARBOURS

2. Definition and concept of safe harbors
Prices established under a simple set of transfer pricing rules would be automatically accepted by the tax administrations that have expressly adopted such rules. Such elective provisions are often referred to as "safe harbors".

A safe harbor in a transfer pricing regime is a provision that applies to a defined category of taxpayers or transactions and that relieves eligible taxpayers from certain obligations otherwise imposed by a country's general transfer pricing rules. A safe harbor substitutes simpler obligations for those under general transfer pricing rules. Such a provision could, for example, allow taxpayers to establish transfer prices in a specific way, e,g, by applying a simplified transfer pricing approach provided by the tax administration.

Under current OECD guidelines, a number of countries have adopted safe harbor rules. Those rules have generally been applied to smaller taxpayers and less complex , low risk transactions.

3. Benefits of safe harbors
The basic benefits of safe harbors are as follows:
(1). Simplifying compliance and reducing compliance costs for eligible taxpayers in determining and documenting appropriate conditions for qualifying controlled transactions;

To Simplify TP → SAFE HARBOURS

(2). Providing certainty to eligible taxpayers that the price charged or paid on qualifying controlled transactions will be accepted by the tax administrations that have adopted the safe harbor with a limited audit or without an audit beyond ensuring the taxpayer has met the eligibility conditions of, and complied with, the safe harbor provisions. Under a safe harbor, taxpayer would be able to establish transfer prices which will not be challenged by the tax administration providing the safe harbor without being obligated to search for comparable transactions.

4. Concerns over safe harbors

The availability of safe harbors for a given category of taxpayers or transactions may have adverse consequences:

(1) The implementaion of a safe harbor in a given country may lead to taxable income being reported that is not in accordance with the arm's length principle;

(2) safe harbor may increase the risk of double taxation or double non-taxation when adopted unilaterally.

Basis of International Taxation
～From Experience of Japan～

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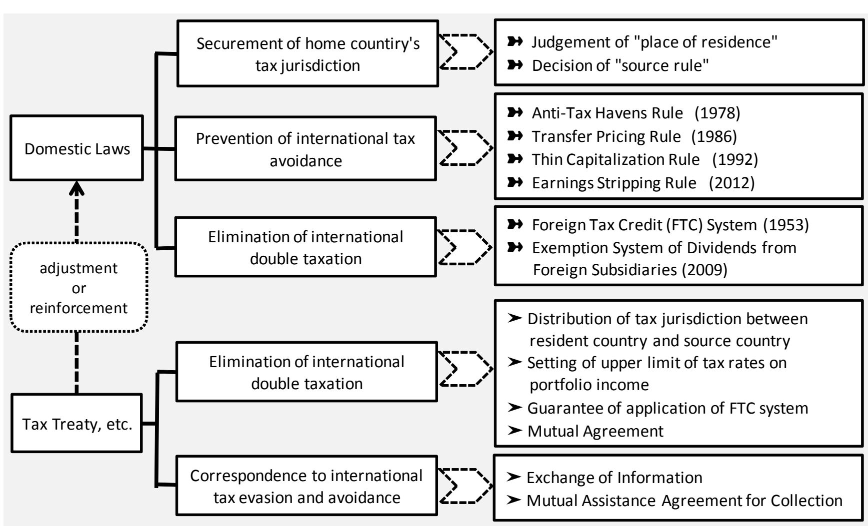
Contents

TOPIC 1

FRAMEWORK OF
INTERNATIONAL TAXATION OF JAPAN

Framework of International Taxation of Japan



TOPIC 2

SECUREMENT OF TAX JURISDICTION

Competitive International Tax Jurisdiction

- Residence Jurisdiction
  - based on personal nexus with a person who earns income
  - tax on world-wide income
- Source Jurisdiction
  - based on physical connection with activities which produce income
  - tax on domestic source income

Categories of Taxpayers and Scope of Taxation of Japan

Taxpayer			Scope of income subject to tax
Individual	Resident	Individual who has domicile or temporary residence for 1 year or more in Japan	world-wide income
	Non-Resident	Individual other than Resident	only domestic souece income
Legal entity	Domestic Legal Entity	Legal entity which has headquarter or main office in Japan	world-wide income
	Foreign Legal Entity	Legal entitiy other than Domestic Legal Entity	only domestic souece income

(note) There is sub categry of "Non-Permanent Resdient" in "Resident" of this table, but skipped here.

Source Jurisdiction and Taxation Methods

type of inbound investment	character of activity	method of taxation	tax base	method of tax payment
direct	positive	comprehensive	net	self-assessment
portfolio	passive	withholding	gross	withholding

(Note)

Out of inbound investment which results in domestic source income , direct one accompanies “control” and portfolio one, on the other hand, does not.

Permanent Establishment

- Definition

  the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.（OECD Model Tax Convention, Article 5, para.1)

Permanent Establishment

- Basic Rule of Source Jurisdiction on Business Income

  Profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. (OECD Model Tax Convention, Article 7, para.1, 1st sentence)

(Note)

"Permanent Establishment" has strong nexus with the country where it is located, so its business activity is subject to comprehensive taxation as positive direct investment.

Permanent Establishment

- Types of PE (OECD Model Tax Convention, Article 5)

  - Branch PE> A place of management, a branch, an office, a factory, a work-shop, and a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.
  - Construction PE> A building site or construction or installation project constitutes a permanent establishment only if it lasts more than twelve months.
  - Agent PE> where a person (excluding independent agents) is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State.

Profits Attributable to PE

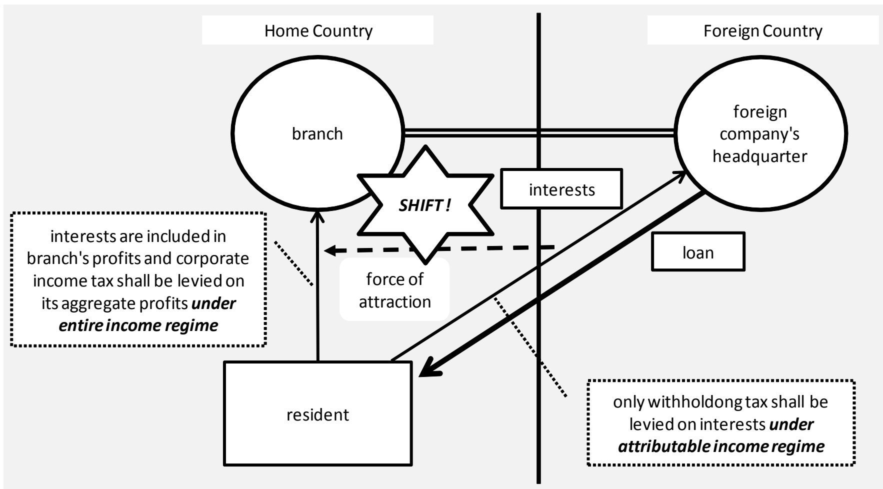
- Entire Income Principle

  In case that a foreign corporation owns a PE domestically, all of its domestic source income shall be included in such PE's income and subject to comprehensive taxation.

- Attributable Income Principle

  In case that a foreign corporation owns a PE domestically, only the income attributed to such PE shall be considered to be such PE's income and subject to comprehensive taxation .

Profits Attributable to PE



Profits Attributable to PE

- Attributable Income Principle in OECD Model

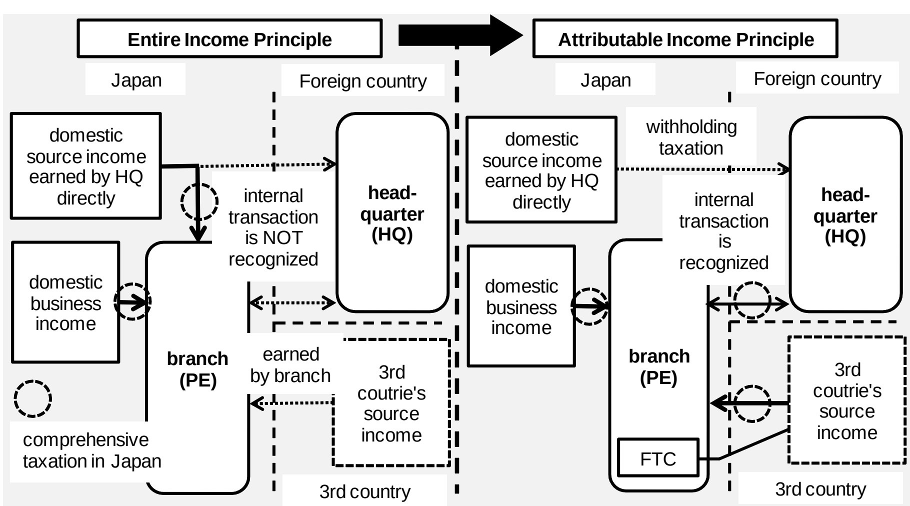
  If the enterprise carries on business as aforesaid, the profits that are attributable to the permanent establishment in accordance with the provisions of paragraph 2 may be taxed in that other State. (OECD Model Tax Convention, Article 7, para.1, 2nd sentence)

Profits Attributable to PE

■ AOA (Authorized OECD Approach)

For the purposes of this Article and Article [23 A] [23B], the profits that are attributable in each Contracting State to the permanent establishment referred to in paragraph 1 are the profits it might be expected to make, in particular in its dealings with other parts of the enterprise, if it were a separate and independent enterprise engaged in the same or similar activities under the same or similar conditions, taking into account the functions performed, assets used and risks assumed by the enterprise through the permanent establishment and through the other parts of the enterprise.(OECD Model Tax Convention, Article 7, para.2)

Difference between Entire Income Principle and Attributable Income Principle



Taxation of Japan on Foreign Corporations ～Entire Income Regime～(current)

type of income \ classification of foreign corporaion		corporation which owns PE domestically: branch PE	corporation which owns PE domestically: construction PE or agent PE	corporation which does not own PE domestically		withholding tax rates
①	business income			non-taxable		no (general)
②	income from operation or retention of asset					
③	income from disposition of asset			income from disposition of real property, etc.	no	
④	other domestic source income					
⑤	compensation for providing business of personal service					20.420%
⑥	rent of real property, etc.					20.420%
⑦	interest, etc.		attributed to domestic business	separate withholding taxation		15.315%
⑧	dividend, etc.					20.420%
⑨	interest of loan					20.420%
⑩	loyalty, etc.					20.420%
⑪	award for advertising of business					20.420%
⑫	pension based on life insurance contract, etc.					20.420%
⑬	benefit compensation of regularly-accumulated deposit, etc.					15.315%
⑭	distribution of profits based on anonymous association contract					20.420%

shaded area is subject to corporate income tax (comprehensive taxation)

portfolio income of foreign corporation's headquarter is deemed to be one from direct investment and taxed in that manner

Taxation of Japan on Foreign Corporations ～Attributable Income Regime～(April, 2016～)

type of income \ classification of foreign corporaion		corporation which owns PE domestically: ①income attributed to PE	corporation which owns PE domestically: income not attributed to PE	corporation which does not own PE domestically	withholding tax rates
	(business income)		non-taxable		no (general)
②	income from operation or retention of asset				
③	income from disposition of asset				
④	other domestic source income				
⑤	compensation for providing business of personal service				20%
⑥	rent of real property, etc.				20%
⑦	interest, etc.		separate withholding taxation		15%
⑧	dividend, etc.				20%
⑨	interest of loan				20%
⑩	loyalty, etc.				20%
⑪	award for advertising of business				20%
⑫	pension based on life insurance contract, etc.				20%
⑬	benefit compensation of regularly-accumulated deposit, etc.				15%
⑭	distribution of profits based on anonymous association contract				20%

shaded area is subject to corporate income tax (comprehensive taxation)

TOPIC 3

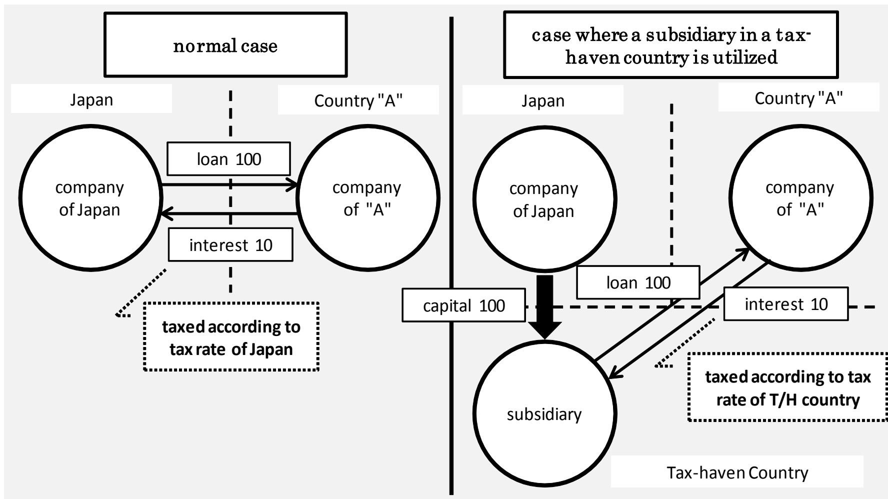
PREVENTION OF INTERNATIONAL TAX AVOIDANCE

Anti-Tax Haven Rule

- Problem

  A domestic corporations can avoid taxation of our home country and alleviate tax burden unfairly by making international transactions through its foreign subsidiaries (notably paper companies) located in tax haven countries.

Anti-Tax Haven Rule



Anti-Tax Haven Rule

■ Countermeasure

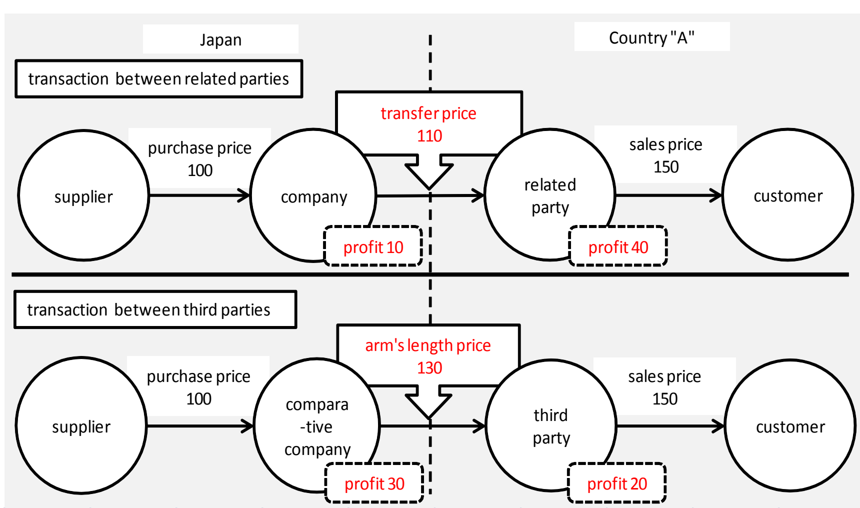
- Income of a foreign subsidiary on which tax burden level is 20% or less is considered as, and combined to one of its domestic parent corporation, and taxed in our home country on usual tax rate basis
- But if a foreign subsidiary has enough economic rationality under which it is established and does business in the tax haven country, this rule shall not be applied (except income from operation of specific monetary assets).

Transfer Pricing Rule

■ Problem

A corporation in our home country can transfer its profit and taxable income to its foreign related corporation by setting up transactional price different from normal price between such two related parties (transfer price).

Transfer Pricing Rule



Transfer Pricing Rule

- Countermeasure

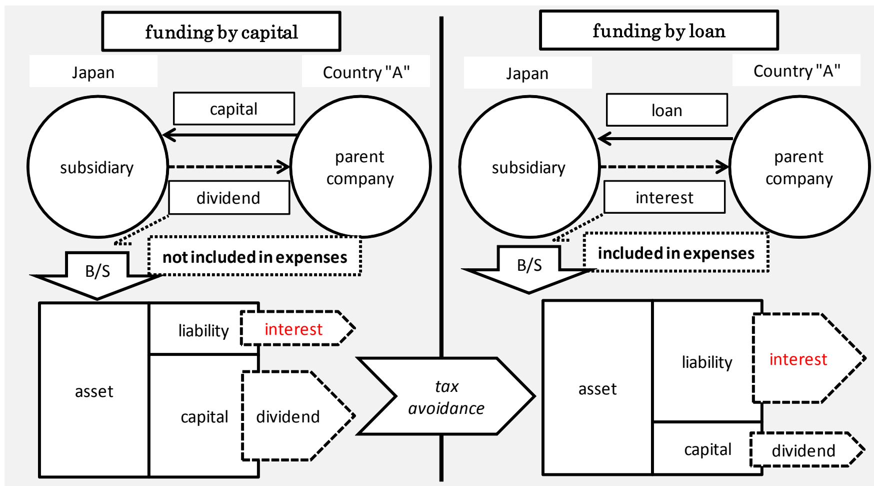
Income of a corporation in our home country shall be calculated and taxed as if its international transaction between its related foreign parties were made at usual transactional price (arms' length price).

Thin Capitalization Rule

- Problem

In case of a corporation in our home country is financed by its foreign related party, it can alleviate its domestic tax burden by intentionally decrease capital infusion and increase borrowing from the related corporation, because dividends on capital cannot be deducted as expenses, but, on the other hand, interests on borrowing can.

Thin Capitalization Rule



Thin Capitalization Rules

- Countermeasure

  In case that debt of a domestic corporation exceeds triplication of capital equity owned by its foreign parent corporation, etc., Interests corresponding to such excess part of the debt shall not be deductible as expenses for tax purposes.

Earnings Stripping Rule

- Problem

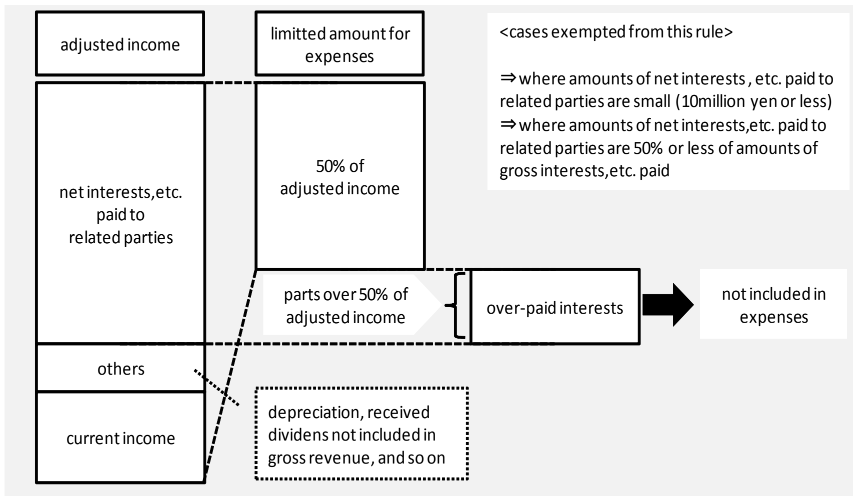
  A corporation in our home country can alleviate domestic tax burden by intentionally setting debt from a related foreign party and allocating excessive interests as expenses in calculating its taxable income, without having any effect on total revenue and expenses of the entire related parties' group.

Earnings Stripping Rule

- Countermeasure

  Parts over 50% of the adjusted income of a domestic corporation out of its net interests, etc. paid to its related foreign parties shall not be deductible as expenses for tax purposes.

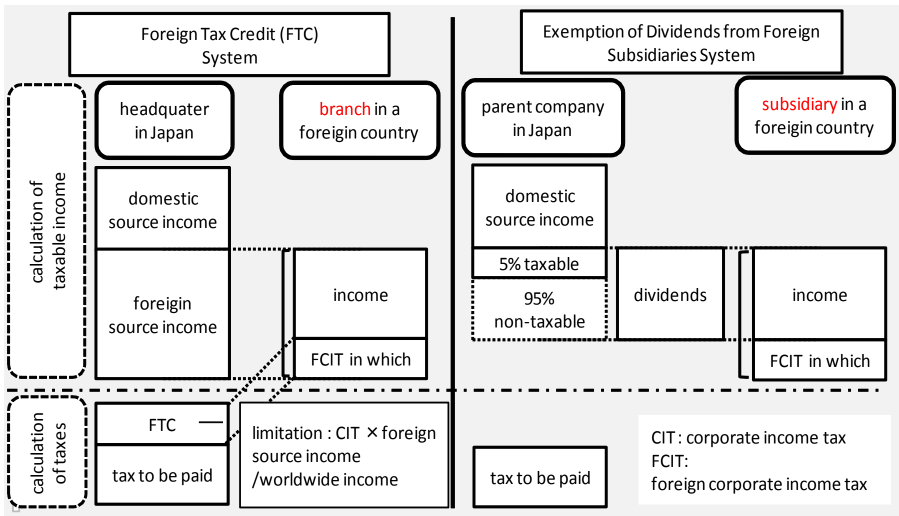
Earnings Stripping Rule



TOPIC 4

ELIMINATION OF INTERNATIONAL DOUBLE TAXATION

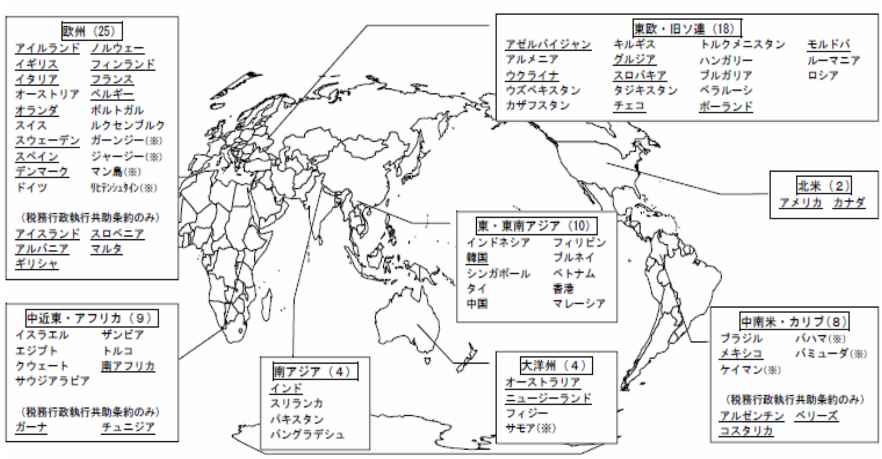
Rules for Prevention of International Double Taxation



TOPIC 5
TAX TREATIES OF JAPAN

Network of Tax Treaties of Japan

Total 60 treaties with 80 countries or regions（as of March 1st , 2014）



January 9th, 2015　　Basis of International Taxation　　35

Network of Tax Treaties of Japan

Categry	Main purposes	Number of treaties, etc.	Number of countries, etc.
Tax Treaty	eliminating international double taxation and couteracting tax evasion and tax avoidance, etc.	51	62
Tax Information Exchange Agreement	exchange of information on tax	8	8
Convention on Multiple Administrative Assistance in Tax Matters	mutual assistance on exchange of information, tax collection, and delivery of papers and documents, etc.	1	36

January 9th, 2015　　Basis of International Taxation　　36

Network of Tax Treaties of Japan

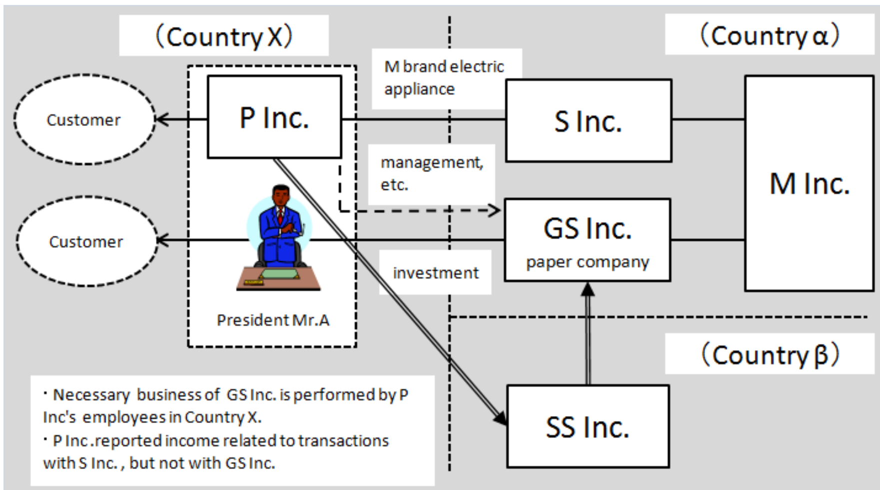
Country or Area	TT	IE	MA	Country or Area	TT	IE	MA	Country or Area	TT	IE	MA	Country or Area	TT	IE	MA
Albania			○	Czech	○		○	Jersey		○		Samoa		○	
America	○		○	Denmark	○		○	Kazakhstan	○			Saudi Arabia	○		
Argentina			○	Egypt	○			Korea	○		○	Singapore	○		
Armenia	○			Fiji	○			Kuwait	○			Slovakia	○		○
Australia	○		○	Finland	○		○	Kyrgyzstan	○			Slovenia			○
Austria	○			France	○		○	Liechtenstein		○		South Africa	○		○
Azerbaijan	○		○	Georgia	○		○	Luxembourg	○			Spain	○		○
Bahamas		○		Germany	○			Malaysia	○			Sri Lanka	○		
Bangladesh	○			Ghana			○	Malta			○	Sweden	○		○
Belarus	○			Greece			○	Mexico	○		○	Switzerland	○		
Belgium	○		○	Guernsey		○		Moldova	○		○	Tajikistan	○		
Belize			○	Hong Kong	○			Netherlands	○		○	Thailand	○		
Bermuda		○		Hungary	○			New Zealand	○		○	Tunisia			○
Brazil	○			Iceland			○	Norway	○		○	Turkey	○		
Brunei	○			India	○		○	Pakistan	○			Turkmenistan	○		
Bulgaria	○			Indonesia	○			Philippines	○			Ukraine	○		○
Canada	○		○	Ireland	○		○	Poland	○		○	United Kingdom	○		○
Cayman		○		Isle of Man		○		Portugal	○			Uzbekistan	○		
China	○			Israel	○			Romania	○			Viet Nam	○		
Costa Rica			○	Italy	○		○	Russia	○			Zambia	○		

TT:Tax Treay (62), IE:Tax Information Exchange Agreement (8), MA:Convention on Multiral Administrative Assistance in Tax Matters (36)

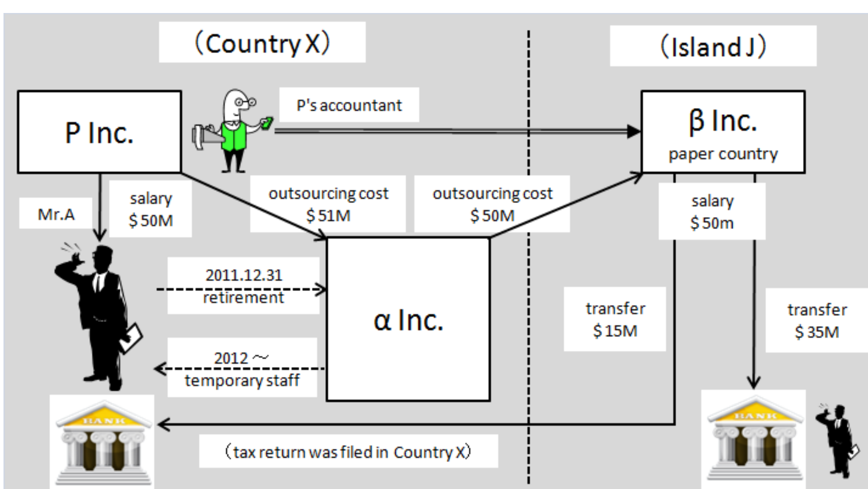
TOPIC 6

CASE STUDIES ON TAX AVOIDANCE

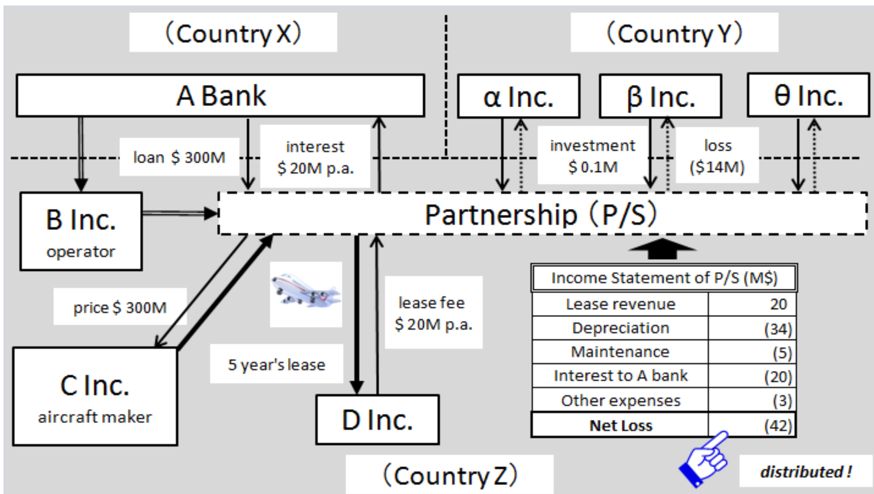
Case Study No.1



Case Study No.2

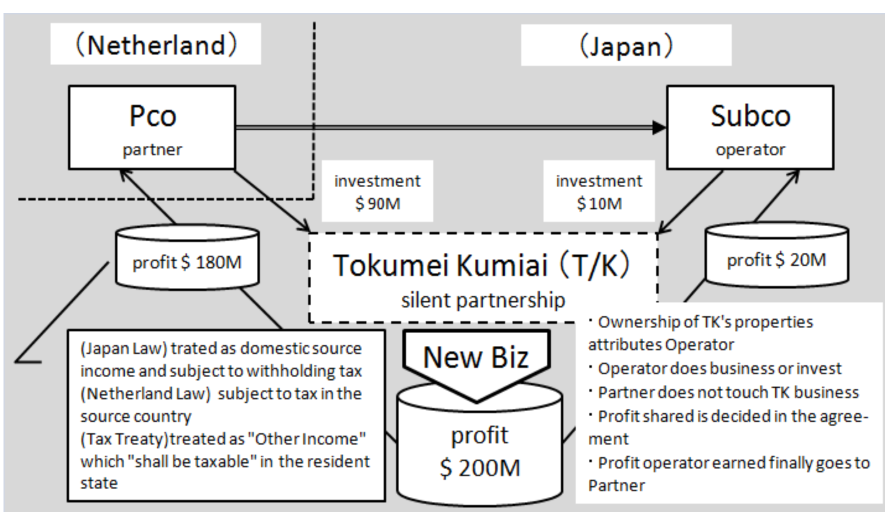


Case Study No.3



Income Statement of P/S (M$)	
Lease revenue	20
Depreciation	(34)
Maintenance	(5)
Interest to A bank	(20)
Other expenses	(3)
Net Loss	(42)

Case Study No.4



Transfer Pricing

JICA Expert
Toshinari KODERA

The contents of the lecture

A Out line of the TP taxation

B TP audit

C Economic double Taxation

D MAP for avoiding Economic double taxation

E Other useful system

A1　Outline of TP taxation

- TP is an abbreviation of Transfer　Pricing.

- TP is the biggest tax risk for the overseas subsidiary. The tax income levied will be the most highest one for the corporation that it has ever had. In the term corresponding to the TP audit, it will be the longest one including the tax tribunal and tax lawsuit.
- Without the knowledge, the corporation going to overseas shall have uncertainty to making inroads into the foreign market and it will have a hefty loss if it makes serious mistakes.

A2　*What is Transfer Price ?*

- For instance, it is the trading price (export or import) between the Japanese parent company and US subsidiary.
- In this case, the important assumption is that the Japanese parent company and the US subsidiary is deemed to be the same economic group.
- In this prerequisite, the trading price by transfer of goods and service between the parent and subsidiary is called “transfer price” as the transfer in the economic group can be considered to be as same as the transfer in the head office and subsidiary.
- Of course, whereabouts of parent and subsidiary are not the same country.

A3 Background of foundation of Transfer Pricing taxation

- Since the distant past, the world Multi National Corporations have been conducting the overseas transaction between parent & subsidiary (or sisters transaction by the transaction between subsidiaries)
- The trading price between the parent & subsidiary has been different from the ordinary price between the third parties.
- That is, through the manipulation by parent company, the transfer of profit to the subsidiary have been conducted without restraint.

A4 Purport & Object of TP taxation

- The free profit transfer through the transfer Pricing by Parent or Subsidiary different from the normal pricing between the third parties has been conducting. （P⇒S or S⇒P）。
- Transfer Pricing between P& S has been made some country to reduce the tax revenue to be collected originally.
- The TP taxation avoids the free profit transfer between the P & S and furthermore denies reduction of tax revenues.

A5 Basic Terminology of TP

- In Japan, TP taxation are applied in a "**Special relationship**" between Parent company and Subsidiary.
- A special relationship means that either of two corporations (P & S) owns directly or indirectly **at least 50%**
  (=50% or more) of either the shares or the investment capital of the other corporation.
- A special relationship also means that at least 50% of either the shares of the investment capital of two corporations are owned, directly or indirectly, by the same person. → **Sister Relationship**
- A special relationship furthermore means that a director represents at least 50% of the directors of one corporation and, concurrently, that director is a director or employee of another corporation. → **Substantial control relationship**
- In the case that parent company or subsidiary has a above-mentioned special relationship with overseas subsidiary or parent company, the overseas subsidiary or parent company are called **foreign related corporation.**
- The price between the third parties is called "**Arm's Length Price**" in the outside transaction.
- The price between the P or S and third parties is called also "**Arm's Length Price**" in the inside transaction.
- The third party is called **non foreign related corporation**.

A6 History of Japanese TP taxation

- In 1986, TP taxation was introduced as one of the normal yearly revision of taxation
- The object of TP taxation is for the Japanese corporation to avoid the income & profit transfer to overseas through the transaction with the foreign related corporation.
- When a Japanese corporation conducts the trade with foreign related corporation, and if its taxable income is less than the amount calculated upon **Arm's Length Principles**, these transactions (the foreign related transactions) will be deemed to have been conducted at Arm's Length Prices and the differential amount either will be included in or will not be deductible from the taxable income of the corporation.
- "deemed price" is the price from the view point of TP taxation, not the corrected price in the private transaction based on the civil law

A7 *What is TP taxation ?*

- Between Japanese corporations and foreign related corporation which has a special relationship
- in the case that the overseas transaction price (Transfer Price)
- is different from the Arm's Length Price
- and income in Japan is reduced,
- the transactional price between P & S (Sisters)
- will be deemed to have been conducted at Arm's Length Prices
- the differential will be taxable.

A8 *How to calculate ALP ?*

As usual, the following methods were called basic 3 methods, and applied preferentially compared to other methods.

The basic three method

① Comparable Uncontrolled Price method (CUP)
② Resale Price Method (RP)
③ Cost Plus Method (CP)

Other method

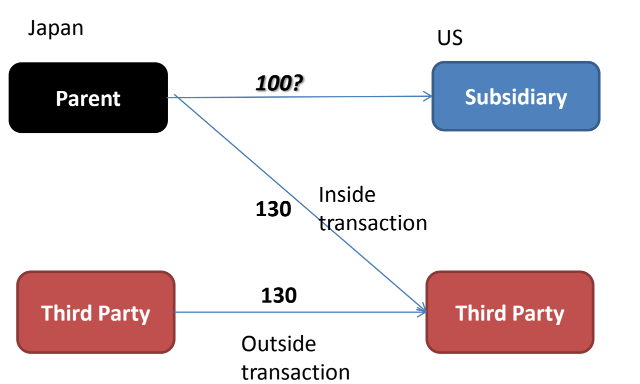
④ Transactional Net Margin Method (TNMM)
⑤ Profit Split Method (3 PS methods)

But At present the application order is equal.

A9　The points of basic 3 methods

- Comparable Uncontrolled Price Method : CUP
  - → Comparing Prices
- Resale Price Method : RP
  - → Comparing Gross Margin ratio
- Cost Plus Method : CP
  - → Comparing Markup ratio

A10　CUP



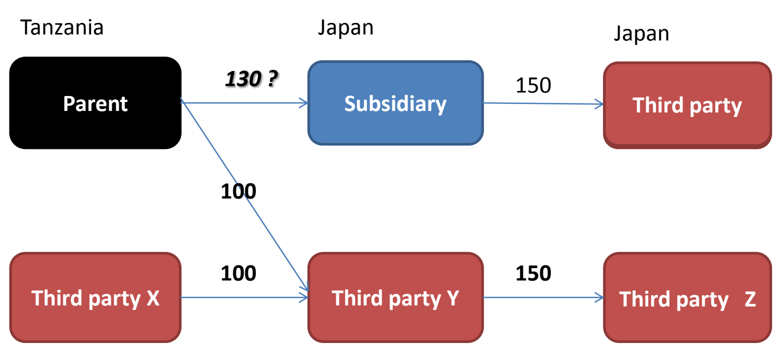
※By inside transaction or outside transaction, we can decide ALP.

A11 Price comparing and calculation (CUP)

- ***Q The export price 100 of P is appropriate ?***

- Export Price in the third party transaction
  (= ALP)
  ⇒ 130
  （Third party transaction is called also comparable transaction.）
- So, from the view point of TP taxation, the export price from P to S is deemed to be made at 130 (ALP).
- 130 ー 100＝ 30 (additional income to P)

A12 RP



A13 Comparing Gross Margin RP

Q ***The import price 130 of S is appropriate ?***

RP method:

- By subtracting the normal profit in the third party from the resale price of S, we can find out the import price of S as ALP.
- Normal profit is calculated by multiplying the normal gross margin ratio to the resale price of S.
- Normal gross margin ratio means the gross profit divided by gross sales of third party transaction.

A14 Taxation by RP

Normal Gross Margin Ratio ＝Gross Profit divided by Gross Sales in the third party transaction ＝50÷150＝33.3%

Normal Profit＝Resale Price of **S** 150×33.3%＝49.95

Import Price of S as ALP＝Resale Price of S －Normal Profit ＝150－49.95＝100.05

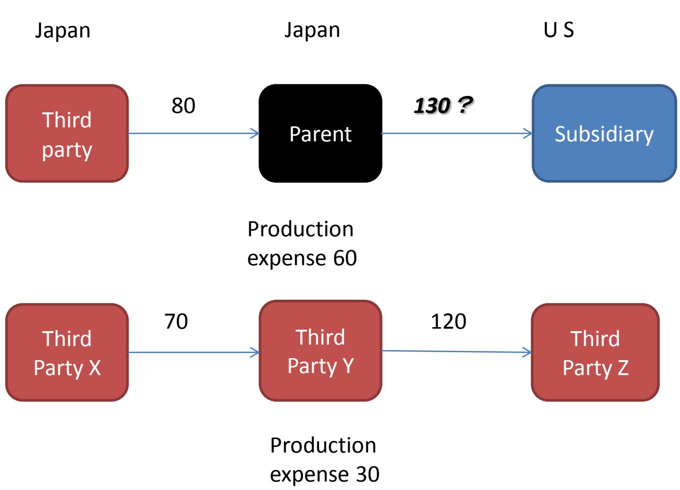
Additional income ＝[new Gross Margin ーoriginal Gross Margin] of S
150－100＝50 (new gross margin)
50－20（original gross margin)
＝30(Additional Income)

A15 TP in practical business

In practical business,

- We have to calculate
- ①the (normal) Gross margin ratio in the third party transaction
  33.3%＝50÷150
- ②Gross margin ratio of S
  13.3%＝20÷150
- **Additional income**
- 20%(①—②) × 150＝30

A16 Comparing Markup ratio CP



A17 CP

CP method

- Total cost of P + Normal profit = Export price of P as ALP;
- Total cost = materials cost + production expense
- Normal profit is calculated by multiplying Normal Markup ratio to the total cost of P.
- Normal Markup ratio means, in the third party transaction, the ratio of normal markup to the total cost.
- Normal Markup means [sales –(material cost + product expense)].

A18 Taxation by CP

Q The export price 130 of P is appropriate ?

A ①Normal markup ratio ＝20÷100＝20% (100=70+30)
②Normal Profit＝140×20%＝28 (140=60+80)
③Export price of P as ALP
＝140＋28
＝168

B Original export price of P is only 130.
The export price is deemed to be 168 from TP view point.
Therefore 38(=168－130)should be taxed.

A19 Other method

- Transactional Net Margin Method : TNMM
  Comparing Operating Margin（not Gross margin)

- Profit Split Method (PS) is divided into 3 methods
  Basically
  ①the Operating margin of P and S should be combined.
  ②Combined Operating margin should be again divided into P & S in proportion to the factors such as personnel expenses, depreciation cost, etc.

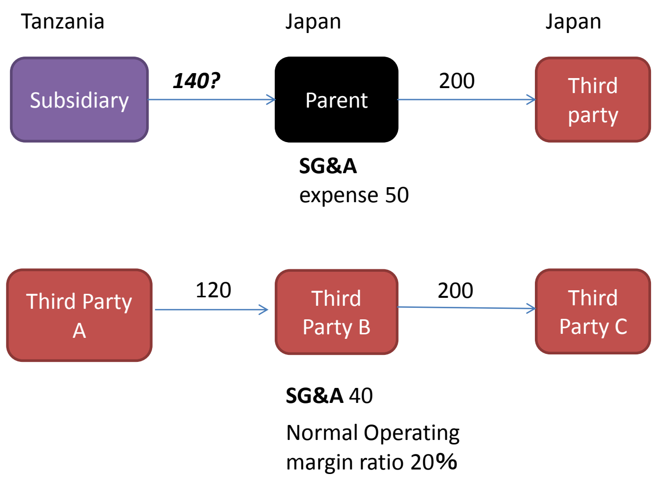
A20 Comparing Operating Margin TNMM

- Transactional Net Margin Method (TNMM)has **2 cases** as following.

  ① in the case that P **imports** the products from overseas S.
  ⇒We have to calculate the import price as ALP.
  ② in the case that P **exports** the products to overseas S.
  ⇒We have to calculate the export price as ALP.

In practical business, we have to compare the operating margin ASAP.

A21 ① P imports product from S



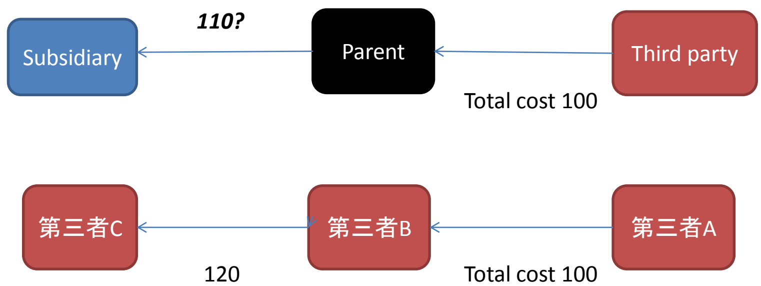
A22 *Import cost of P as ALP?*

- Import cost ＝Resale price 200 of P ー（the Resale price 200 × Normal Operating Margin Ratio 20% ＋SG &A expense 50）
- =110 Import price of P as ALP
- Therefore 30 (=140ー110) should be taxed.

In practical business,

- In this case, the original operating margin ratio of P is 5%(=10(200-(140+50))/200). So, 15%(=20% as ALP-original 5%) × 200 of P=30・・・new taxable income

A23 ②P exports products to S



Normal operating margin to **Total cost** =20%

Total cost = purchase cost + expense (SG&A and product)

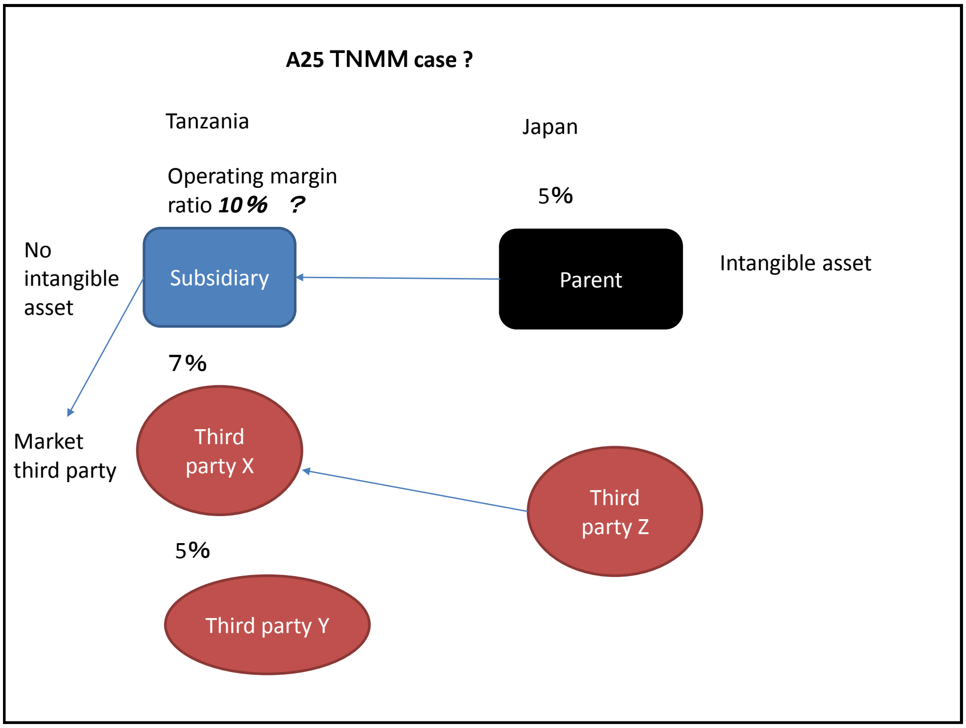
A24 *Export price of P as ALP ?*

・**Export price ＝purchase cost + expense + operating margin**

Export price as ALP = **purchase cost of P**＋**expense**(SG&A and product) of P＋ *Total cost（＝ purchase cost ＋expense (SG&A and product)) of P*
×Normal **Operating Margin** Ratio to the total cost

・Normal Operating Margin Ratio to the total cost **in third party transaction**
= operating margin / Total cost = 20/100 = 20%
ALP = 100+100×20%=120 Therefore NTA can tax 10 (=120-110).

In practical business, we compare the operating margin ratio and normal operating ratio to total cost in the beginning.
➡ CC: 20% but P: 10% so, 10% (20%-10%) ×100 (Total cost of P)=10



A26 TNMM case

- Subsidiary in Tanzania got the free distribution of the products from Parent in Japan and producing the goods in China.
- Compared to the third party (Comparable Corporation), the operating margin of Subsidiary is higher.
- Subsidiary does not pay any Royalty to Parent.

A27 Points of 3 Profit Split Methods

① **Comparative Profit Split Method**
Combined operating profit between the P&S should be divided again by using the <u>division ratio between third parties</u>.

② **Contribution Profit Split Method**
Combined operating profit between the P&S should be divided again by using the <u>division factor</u> based on contribution degree such as <u>personnel expense and depreciation cost</u>, etc.

A28 *For TP resolution of intellectual property society*

③ Residual Profit Split Method(RPSM)

1. Calculate **Combined Operating Profit** of P & S
2. Calculate **Basic Operating Profit**
3. From combined operating profit, <u>Basic Operating Profit should be reduced.</u>

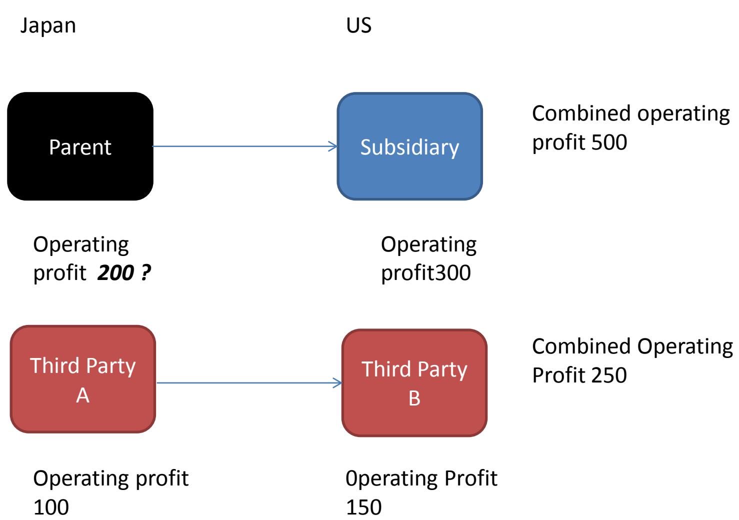
3. Calculate the Residual Profit division by <u>the factors related to the intangible</u> such as **R&D**, etc.

Combined Operating Profit－Basic Operating Profit=Residual Profit

Basic operating profit is calculated by using and comparing the non Intangible asset third party corporations.

Therefore, P&S both have to have intangible asset for applying the RPSM.

A29 Comparative Profit Split Method



A30 Calculation of Comparative Operating Profit Split Method

- Combine the operating profit of P & S and calculate the division ratio of the profit.
- Third Party A：Third Party B＝40：60（%）
- This ratio can divide the combined operating profit.
- P:200（＝500×40%）
- S:300（＝500×60%）
- Oh! The division ratio of P & S is as same as ALP.

A31 Contribution Profit Split Method

Japan

US

Combined Profit 220

Operating Profit
100 ?

Personnel expense 40
Depreciation cost 20

Total 60

Operating Profit
120

Personnel expense 20
Depreciation cost 20

Total 40

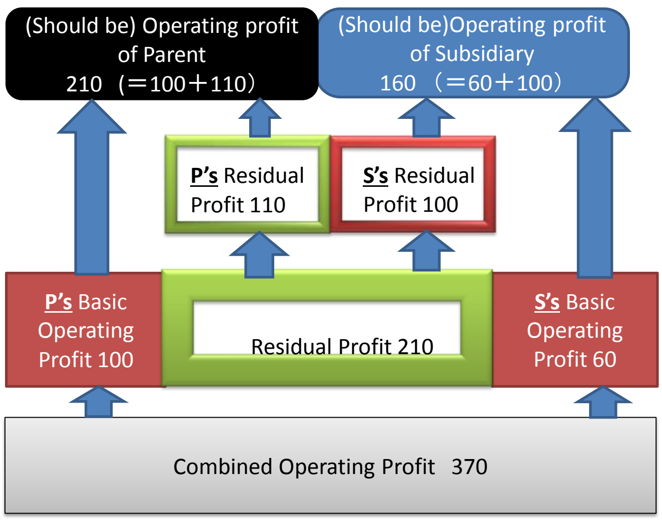
A32 Calculation of Contribution Profit Split Method

- The profit to be divided again is the Combined Profit 220.
- The component ratio of Division factor such as personnel expense, depreciation cost, etc. is <u>60 : 40</u>.
- As a result of the division of the Combined Profit by using these factors,

  Parent 220 × <u>60</u>% = 132

  Subsidiary 220 × <u>40</u>% = 88
- Parent : 132 (ALP) − 100 = 32 (should be taxed)

A33 RPSM Flow chart



Original Combined Operating Profit（=Parent 200 ＋subsidiary 170=370）

A34 Calculation of RPSM

1. Important prerequisite： ***P & S both has intangible asset!!!***
2. **Combine** the Operating profit of P & S
3. **Find out the third party comparable** to calculate the Basic Operating Profit in both Parent side and Subsidiary side.
4. ***Third party comparable in each side should not have intangible asset.***
5. The combined operating profit ー Basic Operating Profit in P&S =**Residual Profit**

- Residual Profit can be considered as component of Intangible asset.
- Therefore the residual profit has to be divided into Parent side residual profit & Subsidiary side residual profit by using dividing factor related to intangible asset such as **R&D expense**, etc.

A 35 RPSM EXERCISE   *Can you solve this problem?*

- **[Residual Profit Allocation]**
- **Combined Operating Profit**
- Original Operating Profit of P corp. is 40, S corp60
- **Non-unique operating profit**
- (P side)
- P's sales is 200.
- P's original operating profit ratio is 20%.
- CC's is 9%,10%,11%
- (S side)
- S' sales is 600.
- S' original operating profit ratio is 10%. CC's is 4%,5%,6%.
- R&D expense P : 90, S : 10

- ***How about the Residual Profit Split ?***

B1 Japanese TP audit (1) Collecting Overseas information

Collecting Overseas information such as foreign related party, the business world, goods and products, etc.

➡ It is so hard even in Japan ! However we have good system. That is **(1) attachment (17-4)** at the time of the final return. Furthermore (2) **documentation system** recommended by OECD TP guide line.

➡ Because of these system, Japanese tax auditors can demonstrate their audit abilities 100% and more !

B2 Japanese Tax Audit (2)
Examine the of transfer to overseas

Examine the possibility of income transfer to overseas.

➡ ex. Comparing the operating margin
Parent corporation in Japan **7%** (but this is ***total%*** of the company !)
Subsidiary in US ***20%***
Subsidiary in China 10%
Subsidiary in Tanzania 5%

Why US subsidiary's operating margin is so high rather than Japanese parent corporation ???

B3 Japanese TP audit (3)
Identify the target foreign corporation

Identify the target foreign related party

➡ tax auditor has to confirm the FS and related information such as industry data, etc. in the field audit. Especially, the data between the parent corp. and subsidiary has to be scrutinized such as the specialized **operating profit data of parent** company to the subsidiary. by persuading the company to submit.

B4 Japanese TP audit (4) Selection of TPM

- Selection of Transfer Pricing Method (TTPM)is crucial !!
- ***CUP, RP,CP, PS, Comparative PS, Contribution PS, RPSM***, which one is most appropriate ?
- The relationship between the characteristics of the TPM and actual business type of the parent company and subsidiary has to be examined.
- The existence of **Intangible asset** is decisive.
- CUP, RP, CP is hard to apply in the intangible asset transaction.

B5 Japanese TP audit (5) Identify the Third party Transaction

Identify the **comparable unrelated third party** transaction

➡ **Comparability Analysis** using the DATA base is needed to select the most appropriate "Comparable Corporation" (**CC** not Coca Cola !).

➡ The important factors in this analysis
(1) Characteristic of asset & service,
(2) Function,
(3) Contract & trading terms (FOB, CIF)
(4) Economic circumstance, Government regulation,
(5) Business strategy, etc.

B6 Japanese TP audit (6) Adjustment of difference

- If difference between the related & unrelated transaction is not existed, “Comparability” is existed.
- **Adjustment of Difference(FOB,CIF, etc.)** is needed if the difference is existed.
- If this adjustment can be conducted exactly and considerably, comparability is deemed to be existed.
- However even if the difference is existed, comparability is admitted on condition that the difference has not a great influence on the trading price and profit.

C Economic Double Taxation

- TP taxation invites the economic double taxation.
- Because ,in TP taxation, if the country A which has parent country impose TP tax on the specific income, the country B which has subsidiary has already imposed the same income.
- As Parent & Subsidiary are considered to be one economic group, the same income is doubly taxed . This situation is called Economic double taxation.

D

MAP for avoiding double taxation

- Only MAP can solve the problem of Economic double taxation.
- Of course MAP can Legal double taxation.
- MAP(**Mutual Agreement Procedure**) system is stipulated in the **Tax treaty**.
- So if we can not have the tax treaty with some countries, we can not solve the problem of economic double taxation with those countries.
- As to legal double taxation, we can solve the problem by using the foreign tax credit system.

E

Other useful system

- **Law suit**

  but we cannot solve the problem of Economic Double Taxation !
- **APA (Advance Pricing Agreement or Arrangement)**

  For taxpayer, this may be useful.
- **Documentation**

  For Tax auditor and taxpayer, this may lead to labor saving in terms of TPM decision.

OECD Model Tax Convention

Toshinari KODERA JICA EXPERT

Object of OECD Model Convention

To provide a means of settling on a uniform basis the most common problems that arise in the field in international “juridical double taxation”.

How about “economic double taxation” in this convention?

Historical background

- The origin of the OECD Model Tax Convention is the discussion of avoiding international double taxation started from 1921 in the League of Nations.
- Fiscal committee was set up in 1956 March in the OEEC founded in 1948.
- From 1958 to 1961, the committee prepared four interim Reports entitled Draft Double Taxation Convention in Income and Caipital.
- OECD was established formally in 1961 September.
- OECD announced the OECD Model Tax Convention and its commentaries in 1977.
- In 1992, new Model Tax Convention was publicized adopting the contents of report made from 1977. Later it has been revised sometimes.

Influence of the OECD Model Convention

Since 1963, the OECD Model Convention has had wide repercussions on the negotiation, application, and interpretation of tax conventions.

First, OECD member countries have largely conformed to the Model Convention when concluding or revising bilateral conventions.

Second, the impact of the Model Convention has extended far beyond the OECD area(non-member countries).

Third, the worldwide recognition of the provisions of the Model convention have helped make the Commentaries on the provisions of the Model Convention a widely-accepted guide to the interpretation and application of the provisions of existing bilateral conventions.

Presentation of the Model Convention
Title of the Model Convention

- From 1992 Model Convention, “the elimination of double taxation” in the title was not used.

- OECD Model Convention deals with the elimination of double taxation, the prevention of tax evasion and non-discrimination.

Broad lines of the Model Convention

- Chapter Ⅰ Scope (Persons & Taxes covered)
- Chapter Ⅱ Defines some terms
  (Term, Resident, Permanent Establishment(PE))
- Chapter Ⅲ Taxation of Income
- Chapter Ⅳ Taxation of Capital (Withholding taxation, etc.)
- Chapter Ⅴ Elimination of international juridical double taxation
- Chapter Ⅵ Special Provisions (Mutual Agreement Procedure, etc.)
- Chapter Ⅶ Final Provisions

Scope and definitions

- Article 1 The Convention applies to all persons who are residents.
- Article 2 It deals with taxes on income and on capital.

Chapter Ⅱ defines some terms used in more than one Article of the Convention.
Other terms such as “dividends”, “interest”, “royalties” and “immovable property” are defined in the Articles that deals with these matters.

Article 1 (Person covered)

The Convention shall apply to persons who are (   ) of one or both of the Contracting States.

Q How do you think about “Partnership”?

Article 2 (Taxes covered)

Purport

This article stipulates the kinds of taxes to clarify to be applied in this Model Convention.

The Model Convention shall apply to all the taxes to the income and property and to the local tax.

Paragraph 1 of Article 2

<u>This Convention apply to taxes on (   ) and (   ) imposed on behalf of a Contracting State of its political subdivisions or local authorities, irrespective of the manner in which they are levied.</u>

Paragraph 2 of Article 2

There shall be regarded as taxes on income and capital (   )taxes imposed on total income, on total capital, or on elements of income or of capital,

including taxes on gains from the (   ) of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.

Article 3 (General Definitions)

Purport

This Article stipulates the general prescriptions needed to interpretation of the terminology used in this Convention.

Paragraph 1 of Article 3

Important points

a) The term “person” includes as (   ), a (   ) and any other body of persons.

Q How about Partnership ?

e) The term “international traffic” means any transport by a (   ) or (   ) operated by an enterprise that has its place of (   ) management in a Contracting State

Paragraph 2 of Article 3

The meaning of this Paragraph

- In the case that the terminology is not defined in this Model Convention, the interpretation in the Contracting State shall be conferred.

  But there are some exceptions. That is, if other interpretation should be anticipated by context, the Contracting State should follow the interpretation.

  The context is such as the intention at the time of the signature of the treaty.

Article 4 (Resident)

Purport

This Model Convention shall apply to persons who are residents of one or both of the Contracting States.

So whether the residents or not is very crucial for the application of the tax treaty.

Article 4 stipulates clarifies the meaning of “resident of a Contracting State”, and aims at resolving the double taxation problem (furthermore double resident problem).

In the case of the conflict on the interpretation of the “resident” between the two contracting countries, this Article will be a special rule for the resolution.

Paragraph 1 of Article 4 (1)

The preceding paragraph

<u>For the purpose of this Convention, the term “(   ) of a Contracting State” means any person who, under the laws of that State is liable to tax therein by reason of his (   ), (   ),(of   ) or any other criterion of a similar nature, and also includes that State and any political subdivision or local authority thereof.</u>

The criteria for “resident” is stipulated.

Paragraph 1 of Article 4 (2)

The latter paragraph

This term, however, does not include any person who is liable to tax in that state in respect only income from ( )in that State or ( ) situated therein.

Comment on this latter paragraph

For instance the foreign diplomats who offers their service in a Contracting State are applicable to this latter paragraph.

Paragraph 2 of Article 2

This paragraph stipulates the dividing basis of resolving the "double resident" problem.

a) permanent Home (1st Criteria)
   center of vital interest (2nd criteria)

b) habitual abode

c) Nationality

d) Mutual Agreement Procedure

Question on the paragraph 2 of Article 4

- Mr. Kodera has a Permanent Home in Japan. But he constructed new house in UB. Mr. Kodera's family is in Japan. And the properties are still in Japan. Recently he got new business in UB. In the near future, he will stay in UB much more rather than Japan.

- In this case, Mr. Kodera can be a resident in UB ?

Paragraph 3 of Article 4

- Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident only of the State in which its place of ( )( )is situated.

- Corporation criteria = place of effective management

Permanent Establishment ?

- Article 5 Permanent Establishment

1. ・・・・, the term "Permanent Establishment" **means a (   ) (   ) of (   ) through which** the business of an enterprise is wholly or partly **carried on**.

Basic rule PE ? - Elements of definition

- 1. Place of business
- 2. At disposal of enterprise
- Cf. **No PE** OECD commentary on Art.5, Para. 5.5 such as <u>Satellites</u>, ….
- Fixed Place (Geographically
- Fixed Place(Permanence)
- Fixed Place(Exceptions, examples)
- Business carried on through fixed place

Place of business ?

- Any premises, facilities or installations, or
- **Amount of space at the disposal** of the enterprise
- ↓
- Physical place of business is reuired.

At disposal of enterprise ?

- Owned
- Rented
- Otherwise at disposal
- No formal legal right required
- Mere presence not sufficent

Case 1

- Company X, resident in State X, sends one of its employees to State Y
- A room is made available to her in an office of Company X's subsidiary, Company Y
- Her job whilst there is ensure that Company Y complies with contacts it has with Company X

- ***Does Company X have a place of business in State Y ?***

Case 2

- Toshi is a traveling salesman employed by KODERA Ltd.
- He regularly visits clients in neighboring countries to demonstrate the newest drills developed by his company and to solicit orders.
- He knows many of the purchasing officers in the client companies well, and often spends a long time in their office, chatting and drinking coffee.

Purport of this Article 5

- Art. 7 incorporates the basic principle that unless an enterprise of a contracting state has a permanent establishment situated in the other state, the business profit of that enterprise may not be taxed by that other states.

- Art. 5 stipulates the definition of the “Permanent Establishment”.

- Article 5

  2. The term “permanent establishment” includes especially:

     a) a (   )of (   )

     b) a branch

     c) an (   )

     d) a (   )

     e) a workshop, and

     f) a (   ), an (   ) or (   ) well, a quarry or any other place of (   ) of natural resources.

- Article 5

  3. A (   ) site or construction or (   ) project constitutes a "permanent establishment" only if it lasts more than (   ) months.

Construction PE UN model Art.5

Permanent Establishment

(3) (a) a building site, a conjunction, **assembly** or installation **project** or supervisory activities in connection with therewith, but only if such site, project or activities last **more than six months;**

Explicitly includes both assembly projects and supervisory activities

PE may be present after 6 months

- Article 5

  4. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:

     a) the use of facilities **solely for** the purpose of ( ), ( ) or ( ) of goods merchandise belonging to the enterprise;

     b) the maintenance of a stock of goods or merchandise belonging to the enterprise **solely for** the purpose of ( ), ( ) or ( ).

     c) the ( ) ・・・・**solely for** the purpose of ( ) by another enterprise.

Article 5

4. d) the ( ) of a fixed place of business **solely for** the purpose of ( ) goods or merchandise or of collecting ( ), for the enterprise.

e) the ( ) of a fixed place of business **solely for** the purpose of carrying on, for the enterprise, any other activity of a ( ) or ( ) character;

f) the ( ) of a fixed place of business **solely for** any ( ) of activities mentioned in subparagraphs a) to e), provided that the overall activity of the fixed place of business resulting from this combination is of **a ( ) or ( ) character**.

- Article 5

5. (   ) the provisions of paragraphs 1 and 2, where a person – other than an agent of an (   ) status to whom paragraph 6 applies – is acting on behalf of enterprise and has, and (   ) exercises, in a Contracting State an authority to conclude contracts in the name of enterprises, that enterprise shall be deemed to have a (   ) in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a (   ) under the provisions of that paragraph.

- Article 5

6. An enterprise shall not be deemed to have a (   ) in a Contracting State merely because it carries on business in that State though a (   ), (   )agent or any other agent of an (   )status, provided that such persons are acting in the ordinary course of their business.

- Article 5

  7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State or which carries on business in that other State (whether though a (   ) or otherwise), shall not of itself constitute either company a (   ) of the other.

Article 6 (Income from Immovable Property)

Purport of Article 6

The contracting state in which the Immovable Property is situated has taxation right to the real estate.

Q 1 How about the income from the immovable property in the residence country ?

Q2 How about the income from the immovable property in the third county ?

Paragraph 1 of Article 6 (Taxation Principle)

Income derived by a resident of a Contracting State from immovable property situated in the (   )Contracting State may be taxed in that (   ) state.

★ This paragraph stipulates the taxation principle.
That is, the source of the income from immovable property has always close relationship with the source county.

Paragraph 2 of Article 6 (Definition of Immovable Property)

- Assets or Rights are Immovable Properties ?
- In order to avoid this problem, the OECD model convention defines the Immovable Property by referring to the law of the Contracting State in which the property is situated.
- But the convention shows the Assets and Rights corresponding to the Immovable Property for uniformalization of the definition.
- Ships, boats, aircraft shall not be regarded as immovable property.

Paragraph 3 of Article 6 (Use form of immovable property)

- Despite of the use form of immovable property, all the income derived from the use of immovable property shall be applied by the taxation principle of Paragraph.

Paragraph 4 of Article 6 (Immovable property of an enterprise)

- Paragraph 4 clarifies that the country having the immovable property can impose the tax to the income derived from the immovable property of an enterprise.
- On the contrary, the income derived from the immovable property through Permanent Establishment (PE) shall be dealt as the Business income of Article 7.

Article 7 (Business Profits)

Purport of Article 7

Article 7 stipulates about the Business Profits imposed by the other Contracting States in the case that a Contracting States carries on business in the other Contracting States.

Article 7 stipulates the crucial principle such as **“Attributable Principle**” and provides the allocation of taxing rights between the Contracting States.

Article 7 supplements Article 5(PE).

Business profits (Art.7)

(1) Profits of an enterprise of [State R] shall be taxable **only** in [State R] **unless** the enterprise carries on business in [State S] through a **permanent establishment** situated in [State S].

PE=threshold to be passed before Source State can tax foreign enterprise on profits from activities in Source State

What is PE ?

- Art.7 (1)

  Source state may only tax profit if business activity constitute PE

  ↓

  Therefore, we require a definition of "permanent establishment"

  ↓

  Art.5 of models

Paragraph 1 of Article 7

- The 1st principle on the Business income is stipulated in paragraph 1.

  Without PE No taxation

- The 2nd principle

  Attributable Principle

  The other Contracting States can impose the income only to be attributable to the PE.

Paragraph 2 of Article 7

- This paragraph 2 stipulates “Arm’s Length Principle” as well as Article 9 (Associated Enterprises).

- The income attributable to the Permanent Establishment shall be the income derived from the transaction with other separate and independent enterprises under the condition and the price in the common market.

AOA principle adopted in the Para 2 of Art. 7

OECD issued the “Report on the Attribution of Profits to Permanent Establishments, 17 July 2008).

The Report concluded the fiction that <u>the Permanent Establishment is a separate enterprise and that such enterprise is independent from the rest the enterprise of which it is a part as well as from any other person.</u>

The underline part is called “AOA principle or AOA approach”.

This fiction is quoted in the Para. 16 of the Commentary of OECD Model Tax Convention.

Commentary on Article 7

Para. 2

- No 26. (Documentation)
- It is generally not intended that more burdensome documentation requirements be imposed in connection with such dealings than apply to transactions between associated enterprise.

- The arrangements documented in relation to the dealing, viewed in their entirely, do not differ from those which would have been adopted by comparable indep
- endent enterprises behaving in a commercially rational manner.

Commentary on Art.7

Para.2

- No.43(Purchasing activities)
- Indeed, if the purchasing activities were performed by an independent, the purchaser would be remunerated on an arm's length basis for its services.

Commentary on Art. 7

- Para.3
- No.59(Corresponding Adjustment)

- The corresponding adjustment is required only if the other state considers that the adjusted profits conform with paragraph2.

Commentary on Art. 7

- Para. 3
- No.61(Secondary Adjustment)
- *What is "Secondary Adjustment" ?*
- Suppose the NTA levied the TP taxation to the corporation X, related corporation Y in country A was made the Correlative adjustment.
- The corporation Y will send its TP income to the corporation X in order to recover the situation as well as the Arm's Length Price transaction.
- The transfer of the income is called "Secondary Adjustment".

Commentary on Art.7

Para.4

No.77

Before 2000, income from professional services and other activities of an independent character was dealt with under a separate Article, i.e. Article 14.

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The effect of the deletion of Article 14 is that income derived from professional services or other activities of an independent character is now dealt with under Article 7 as business profits.

Article 8 (Shipping, Inland Waterways Transport and Air transport)

- Purport
- Art.8 stipulates the exceptions of taxation of business profits provided for Art.7 in terms of the profits from Shipping, inland Waterways transport and Air transport.
- The provision is based on the principle that the taxing right shall be left to the Contracting State in which the place of effective management of the enterprise is situated(Para.1).

Commentary on Art. 8

- Para.1
- No.2
- Such state as preferring to confer the taxing right on the state of residence are free to substitute a rule on the following lines.

- “Profits of an enterprise of a Contracting state from the operation of ships or aircraft in international traffic shall be taxable only in that state.”

Commentary on Art.8

- Para.1
- No.3
- How should some other states preferring to use a combination of the residence criterion and the place of effective management criterion conduct ?

  ↓

- So long as the state using the effective management criteria is able to tax the total profits of the enterprise, the primary right to tax is given to the state in which the place of effective management is situated.
- In that case the state of residence eliminates double taxation in accordance with Art.23.
- On the contrary, when the state of effective management is not able to tax total profits, the primary right to tax is given to the state of residence.

Article 9 (Associated Enterprises)

- Purport
- Art.9 stipulates in the case that trade conditions are different from independent enterprises when the associated enterprises conduct the overseas transaction, an adjustment of taxable income can be made.
- Furthermore, Art.9 also stipulates an appropriate adjustment to the amount of tax charged on those profits to eliminate economic double taxation as a result of the adjustment of taxable income.

Correlative Adjustment (Para.2 of Art.8)

- = Corresponding Adjustment

Y contracting state charged the tax to the profits to which X contracting state had already charged.

Between the X and Y countries, MAP(Mutual Agreement Procedure) discussion was held in line with the Arm's Length Principle stipulated in the Para.1 of Art.8.

In proportion to the agreement related to ALP of the MAP discussion, Y contracting state can charge the TP tax, and X contracting state has to reduce the income (correlative adjustment).

This correlative adjustment means avoiding the double taxation.

Points of the Commentaries

- **Para. 1**
- **No2. (Open market commercial terms)**

- If the associated enterprises transactions were conducted based on normal open market commercial terms, calculation between the associated enterprises should not be modified.

- **Para.1**
- **(Thin capitalization)**

- **<u>What is thin capitalization ?</u>**
- **If parent corporation make a excessive loan to the subsidiary, international tax avoidance may occur in the subsidiary.**
- **So, in order to avoid the international tax avoidance, interest payment over three times a ratio of equity investment and loan cannot be deducted.**

(No.3)

In the case of thin capitalization in terms of interest rate in the loan contract, Arm's Length Principle is applied.

- Para.2
- No.5 and No.6
- Correlative Adjustment in order to relieve the double taxation is not automatically to be made.
- Only if the country which can conduct the correlative adjustment considers that the TP taxation by taxing country is justified both in Arm's Length Principle and suitable taxable amount.

Para.7

We have two types of the correlative adjustment such as reducing the taxable profit by an appropriate amount and tax credit under Art.23.

Para.8 (Secondary adjustment)

As a result of the correlative adjustment of the associated corporation Y, the adjustment of taxable income is over. However, the position(cash) is still in the associated corporation Y. In order to restore the same situation as conducting in line with Arm's Length Principle, the position is transferred from Y to the associated corporation X levied the TP taxation. This is Secondary adjustment.

Article 10 (Dividends)

- Purport
- Dividend means the distribution of the profit by the corporation to the stockholder.
- From the view point of the stockholder, dividends means the income from the capital offered by the stockholders to the corporation.
- Article 10 stipulates how to distribute the taxing right to dividends as Investment income between the resident country and source country.

Para.1 of Article 10(Resident country taxation)

Para.1 stipulates the taxation in the resident county.

That is, resident country where the person (company) receiving the dividends resides can levy the tax to the dividends.

However, all the source country do not always give up the taxing power.

So, this para. stipulates just that the resident country of the person receiving the dividends can levy the tax.

Therefore, this para. dose not permit the exclusive taxing power to the resident country.

Para.1 of the Commentary

- No.8
- "It does not・・・・・apply to dividends paid by a company which is a residents of a Contracting state which are attributable to a permanent establishment(PE) which an enterprise of that state has in the other Contracting state."

- In this case, Article 21(other income)is applied.

Para.2 of Article 10(Source country taxation)

- Para.2
- "Such dividends may also be taxed in the contracting state of which the company paying the dividends is a resident and according to the laws of that state."
- The source country can decide freely the way how to impose the tax such as withholding taxation or tax payment be self-assessment.
- Furthermore, in the resident country, foreign tax credit will be applied to the tax levied by the source country under Article 23.

Para.4 of Article 10(Effectively connected with PE)

- In the case that the beneficial owner of the dividend has PE in the source country, the stocks resulting in dividends is effectively connected with PE, Article 10 shall not apply.

- In this case, Article 7(business profit) shall apply. The source country can levy the tax by considering the dividend as a part of a profit of the
PE.

From withholding taxation in the source country to business income taxation to the PE

Para.4 of the Commentary

- No.31
- Paragraph 4 is not based on such a conception which is sometimes referred to as "the force of attraction of the permanent establishment".

- This commentary means if the beneficial owner in the other state has PE in a state (source country), the source country can levy the tax even if the dividends is not attributable to the PE.

Question

- Taxpayer set up PE in the state which give preferential treatment to the dividend income for getting the advantage tax position and transferred the stocks to the PE.
- This PE does not conduct any business.
- Para.4 of Article 10 can be applied?

(Please refer to the No.32 of the Commentary.)

Article 11 (Interest)

- Purport
- As compromising solution, taxing power have been divided into both residence and source countries.
- That is, this convention recognizes the source country to levy the withholding tax under the tax law if the domestic law stipulates the taxation to interest.
- Source country can relinquish the taxing right.

Japanese US tax treaty

- In the provisions in terms of interest, etc. , the treaty has Anti-Treaty Shopping Provisions.

- The person who received the interest through the conduit corporation can not be the beneficial owner in the treaty.

Para.1 of Article 11 (Residence country Taxation)

A contracting state has a source of interest.

The interest is paid to the resident in the other Contracting State.

The residence country can levy the tax to the interest.

Question

The interest is paid to the non resident in the other

Contracting State.   Art.11 can be applied?

Para.2 of Article 11(Source country taxation)

- Commentary No.7 , 12, 13, 14 make comments as is the following:
- Para.2 reserves a right to tax interest to the state in which the interest arises; but limits the exercise of that right by determining a ceiling for the tax, which may not exceed 10%.
- This Para. lays down nothing about the mode of taxation in the State of source.
- It does not specify whether or not the relief in the State of source should be conditional upon the interest being subject to tax in the state of residence.
- The Article contains no provisions as to how the State of the beneficiary's residence should make allowance for the taxation in the State of source of the interest. The question is dealt with in Articles 23A and 23B.

Para.3 of Article(Definition of Interest)

Including interest

The term "interest" as used in this Article means income from debt-claims of every kind.

Not including interest

Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

No.22 of the Commentary stipulates that even if they are determined pro rata tempolis they constitute not so much income from capital as special form of compensation for the loss suffered by the creditor through the debtor's delay in meeting his obligations.

Para.4 of Article 11(Effectively connected with PE)

- Purport（Para.4)
- Para.4 stipulates that if the beneficial owner has PE in the source country and debt-claims resulting in interest is effectively connected with PE, Article 11 shall not apply.
- In this case Article 7(Business Income) shall apply.
- Commentary No.24 stipulates that “the force of attraction of PE” is not adopted.

→Attributable principle

Para.5 of Article 11(Interest borne by PE)

No.26 of Commentary

[Principle]

State of source of the interest is the State of which the payer of the interest is a resident.

[Exception]

If the loan was contracted for the requirements of PE and interest is borne by the PE, the source of the interest is in the Contracting State in which the PE is situated.

Para.6 of Article 11(Payment over Arm’s Length Price)

- Purport
- The excess part of the interest shall remain taxable in case that interest paid exceeds the Arm’s Length Price.
- That is, Not exceeding 10% clause (=Not more than 10% clause) should not apply to the excess part.

Article 12(Royalty)

- Purport
- This Article stipulates for the taxation of Royalty paid in terms of the license of copyright, patent, trade mark.
- In the OECD Model Tax Convention, the State in which beneficial owner of Royalty resides has the exclusive right to tax.
- However, the United Nations Model Tax Treaty stipulates for both taxation Resident country and source country.
- That is, it shows a conflict between the technology introducing countries and technology exporting countries.

Royalty clause in Japanese Tax Treaty with other countries

- In the Royalty clause of OECD Model Tax Convention, the transfer profit from copyright, patent, etc. resulting in Royalty does not include the scope of the Royalty.
- However, Some of the Japanese Tax Treaties with other countries that the transfer price is included in the Scope of Royalty.
- (Income Tax Law 161 ①, Corporation Tax Law 138⑦)
- Japan US new tax treaty(2004) stipulates that Royalty is exempted from withholding taxation and also introduced the new clause about the LOB (Limitation on Benefits) related to the “conduit transaction”.

Para.1 of Article 12(Residence country Taxation)

- Para.1 of Article 12
- (Principle)
- Royalties arising in a Contracting State and beneficially owned by a resident of the other Contracting States shall be taxable only in that other State.
- ((Only one) Exception)
- In the case that the right of property in respect of which the royalties are paid is effectively connected with PE
- Question: What is the beneficial owner ?

Para. 2 of Article 12(Definition of Royalty)

- Registration or Non Registration of the right is not related to the application of Article 12. (Commentary No.8)
- Compensation, which a person would be obliged to pay for fraudulently copying or infringing the right, is covered by the definition.(Commentary No.8)
- Cinematograph films are treated as royalties.（Commentary No.10)

Know-how

- Definition of Know-how
- Para.2 is referring to the concept of “know-how”.(Commentary No.11)
- That is, “the consideration for information concerning industrial, commercial or scientific experience” means payments for the supply of Know-how.
- In the Know-how contract, one of the parties agree to the other, so that he can use them for his own account, his special knowledge and experience which remain unrevealed to the public.(Commentary 11.1)

Service

- From Commentary 11.2
- Difference between Know-how Contract & Service Contract
- The know-how contract differs from contracts for the provision of services, in which one of the parties undertakes to use the customary skills of his calling to execute work himself for the other party.
- Payments made under the latter contracts(=service contract) generally fall under Article 7(Business Income; PE).

Computer

- Commentary No.12 of Article 12 stipulates as is the following;
- Whether payments received as consideration for computer software may be classified as royalties poses difficult problems but is a matter of considerable importance in view of the rapid development of computer technology in recent years and the extent of transfers of such technology across national borders.
- **Q The consideration of computer software is Royalty ?**

Para.3 of Article 12(Royalty effectively connected with PE)

1. The beneficial owner of the royalty has a PE in a source country.
2. The right or property resulting in royalty is effectively connected with PE.
3. The royalty is not under Article 12.

Q In this case, what Article should be applied ?

Q Carrying on business of PE is a condition for the application ?

Para.4 of Article 12(Payment exceeding ALP)

- Where, be reason of special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply to the last-mentioned amount.

Article 13(Capital Gains)

Purport
Commentary No.3

Article 13 divides Property into immovable property, business property, aircraft or boats, shares deriving from immovable property, stipulates the taxing power in each kinds of property.

Articles 13 stipulates the taxing power to the Capital gains can not be given to the States such as the states having no domestic tax law related to the capital gains.

Article 13 must apply to all kinds of taxes.

Para. 1 of Article 13 (Alienation of immovable property)

- The States which has immovable property may tax to the capital gains from the alienation of immovable property.

- **Question**

1 If the immovable property is situated in the third state, which state may tax the capital gains alienated in the third state ?

2 Which paragraph of Article 13 should be applied in this case?

Para.2 of Article 13(Alienation of Business Property)

- The states in which PE is situated may tax to the gains from the alienation of movable property forming part of the business property of PE.
- **Question**

1 Which Article is similar to this Article 13 ?

2 How about the alienation of PE itself ? Under this Article 13 ?

3 The idea of the so-called “the force of attraction of the permanent establishment” is adopted in this paragraph?

Para.3 of Article 13(Alienation of aircraft or boats)

Para.3 is an exception of Para.2.

- Gains from the alienation of ships or aircraft, etc. shall be taxable only in the Contracting State in which **the place of effective management** of the enterprise is situated.

- **Question**
- **What other Articles with which this principle is in conformity ?**

Para.4 of Article 13(Alienation of Shares deriving from Immovable Property)

- Commentary No.28.3
- By providing that gains from the alienation of share deriving more than 50% of their value directly or indirectly from immovable property situated in a Contracting State may be taxed in that State, paragraph 4 provides that gains from the alienation of such shares and gains from the alienation of the underlying immovable property, which are covered be paragraph 1 are, equally taxable in that State..

Para.5 of Article 13(Alienation of other assets)

- Commentary No29
- As regards gains from the alienation of any property other than that referred to in paragraphs 1,2,3 and 4, paragraph 5 provides that they are taxable only in the State of which the alienator is a resident. This corresponds to the rules laid down in **Article[ ] .**

- **Question**
- **How about Gains derived from the exercises of STOCK-OPTION ?**
- **What is Stock-option ?**

Article 15(Income from Employment)

- Purport

- Art.15 stipulates the principle of Income taxation from Employment.
- Para.1 of Article 15 stipulates the principle of the Income from Employment.
- Para.2 and Para.3 of Article15 stipulates the exception to the principle.

Para.1 of Article 15(General Principle)

Commentary 1

Para.1 stipulates **the general rule** as to the taxation of income from employment, namely, that such income is taxable in the State where **the employment is actually exercised.**

Commentary 2.1

Benefits in kind received in respect of an employment such as **STOCK-OPTIONS**, the use of a residence or automobile, etc., is included in the "salaries, wages, and other similar remuneration"

Para.2 of Art.15(Tax exemption to Short term sojourner)

- Commentary 3
- Para.2 contains, however, a general exception to the rule in paragraph 1.

- Commentary 4
- The following three conditions prescribed in this paragraph must be satisfied for the remuneration to qualify for the exemption.

1st Condition Visiting days, **not more than 183 days**(183days is OK) and

2nd Condition **Employer**, **Non resident** in the other State and

3rd Condition **PE does not bear the remuneration**.

All these 3 conditions should be satisfied to get the tax exemption.

1st Condition 183 days Basis

- Commentary 4
- It is further stipulated that this time period may not be exceeded "in any twelve month period commencing or ending in the fiscal year concerned".
- **Question**
- **For instance, if an employee is a present in a State during 150 days between 1 April 2001 and 31 March 2002 but is present there 153 days between 1 August 2001 and 3 May 2002, condition 1 is satisfied ?**

2nd Condition   Employer Non Resident

- Commentary 6
- The employer paying the remuneration must not be a resident of the State.
- Purport

Avoiding the source taxation of Short-term employments to the extent that the employment is not allowed as a deductible expense in the State of source is the purpose.

Because the employer is not taxable in that State as he is not a resident and has not PE in that State.

3rd Condition Remuneration, Not borne by PE

- Commentary 7
- If the employer has a PE in the State in which the employment is exercised, the exemption is given on condition that the remuneration is not borne by that PE.

- **Question**
- **In computing the profits of a PE, Para.2 (c) of Art.15 can be applied if the PE is admitted the income deduction ?**

Para.3 of Art.15(Exception:the remuneration of crews of ships or aircraft.)

- Commentary No.9
- Para.3 applies to **the remuneration** of crews of ships or aircraft operated in international traffic and so on.
- Para.3 applies **a rule which follows up to a certain extent the rule** applied to the income from shipping and so on.
- That is, a rule is to tax them in the Contracting State in which **the place of effective management** of the enterprise concerned is situated.

Art.16(Directors' fees)

- Purport
- Directors' fees may be taxed in the other Contracting State in which a company is a resident.
- Because it might be sometimes be difficult to ascertain where the services are performed.(Commentary No.1)
- **Question**
- **Other similar payments include "STOCK OPTION"?**
- **(Hint : Commentary No.1.1)**
- **The relationship between this Article and Art.13(Capital gain) ?**

Art.17(Artistes and Sportsmen)

- **Purport**

- Because of only one time or very short term international activities of Artistes and Sportsmen, or because of complicated international tax avoidance scheme, the practical difficulties have occurred.
- That's why artistes and sportsmen may be taxed in the other Contracting State in which **their personal activities as such are performed.** (Commentary No.1)

Para.1 of Art.17(Taxation to Artistes & Sportsmen)

Question 1

Commentary No.1 stipulates that this provision is an exception to the rules in Article 7 and to that in paragraph 2 of Article 15, respectively.

Could you clarify the meaning of this commentary ?

Question 2

Film director is included in the "Artistes" ?

Golfer is included in the "Sportsmen"?

Question 3

The royalty Artistes get as a compensation of the right of reproduction of copyrighted music work is under Art.17 ?

Para.2 of Art.17(Taxation to Artiste company)

- Commentary No.11
- Para.2 deals with situations where income from their activities accrues to other persons.
- **Question**
- **Who are Other persons ?**

- Para.2 stipulates that Source country may tax the income attributed to the company, which did not distribute to the artistes and sportsmen, notwithstanding the provisions of Articles 7 and 15.

Notwithstanding the provisions of Articles 7 and 15 ?

Key concept

Article 7 Without PE → No business taxation

Article 15 Short term stay → Tax exemption

Art.18(Pensions)

- Purport
- Pensions related to private employment are taxable only in the State of residence of the recipient.(Commentary No.1)

- **Question**
- **Taxation by the State of residence of the recipient ? Why ?**

Art. 19 (Government Services) No1

- **Taxation principle**
- Art.19 stipulates para.1(a)
- **Exclusive taxation right by dispatching State (a Contracting State)** to the salaries, wages, and other similar remuneration paid by a Contacting State, etc.as services rendered to that State, etc.
- Art.19 stipulates para.2(a)
- **Exclusive taxation right by dispatching State (a Contacting State)** to the pensions paid by, or out of funds created by a Contracting State, etc. related to services rendered to that State, etc.

Art. 19 (Government Services) No.2

- **Exceptions** to the Art.19 Para.1(a)
- **Taxation only by the other Contracting State**
- In terms of salaries, wages and other similar remuneration
- On the condition that
- 1.The services are rendered in that State
- *and*
- 2.The resident is a national of that State
- *or*
- 3.The resident who renders the service did not become a resident of that State solely for the purpose of rendering the services.

Art. 19 (Government Services) No3

- **Exceptions** to the Art.19 Para.2(a)
- **Taxation only by the other Contracting State**
- In terms of Pensions
- On condition that
- 1. Individual who received pension is resident in the other Contracting State.
- *and*
- 2. Individual who received pension is a national of the other Contracting State.

Art. 20 (Students)

- Commentary No.1
- The State where the student or business apprentice is staying shall exempt from tax in terms of all such payments received from sources outside the State as their maintenance, education, or training.
- Commentary No.2
- **Why the word "immediately" was inserted in the Model Convention ?**
- It is to make clear that the Article does not cover a person who has once been a resident of a Contracting State bur has subsequently moved his residence to a third State before visiting the other Contracting State.
- Commentary No.3
- This Article covers the remuneration for services rendered by the recipient ?
- **If not, what Article covers ?**
- **In the case of independent services ?**

Art. 21 (Other Income) No.1

- Para.1 (Taxation Principle)
- **Residence State : Exclusive Taxation Right**
- Other income(income of a resident of a Contracting State not dealt with in the foregoing Articles) shall be taxed exclusively by that State.
- Para.2(Exception of Para.1)
- If the right or property resulting in payment is effectively connected with PE, the State which has PE has taxation right.

Art. 21 (Other income) No.2

- <u>Question</u>
- If the payer of income as interest is as same resident in a Contracting State as the recipient, and if the income is effectively connected with PE in the other Contracting State, Art. 21 can be applied ?
- Because we have a problem of withholding taxation problem in a Contracting State.

Art. 21 (Other Income) No.3

- Question

The income from immovable property defined in Art.6 para.2 are covered by this para.2 of Art. 21 ?

Art. 22 (Taxation of Capital)

- This Article deals only **taxes on capital**.
- Art. 22 defines the taxes in capital.

- In terms of Immovable property, Para.1 stipulates.
- In terms of movable property as a part of PE, Para.2 stipulates.
- In terms of capital represented by ships and aircraft operated in international traffic, etc. the Contracting State in which <u>the place of effective management of enterprise</u> is situated.
- All other elements of capital of a resident of a Contracting State shall be taxable only in that state

Para. 3 of Art. 22(Ships and Aircraft)

- **Effectively Connected Rule** to Ships & Aircraft
- This principle is in conformity with the taxation principle of Art. 8 and para.3 of Art.13.
- <u>Art. 8</u> (Profits from Shipping, Inland Waterways Transport and Air Transport)
- <u>Para.3 of Art.13</u>(Gains from the alienation of ships, etc. and movable property related to the operation of such ships, etc.)

Commentary No.4 related to Para.3 of Art.22

- This rule corresponds to the provisions of Art.8 and para.3 of Article 13. It is understood that para.3 of Art.8 is applicable if the place of effective management of shipping enterprise or of an inland waterways transport enterprise is aboard a ship or boat.

- **Question**
- **If the place of Effective Management is aboard a ship or boat, which State has the right of Taxation?**

Art.23A & 23B(Methods for elimination of double taxation)

- **Purport**
- **Art.23A&23B deals with Juridical Double Taxation.(Commentary No1).**
- The main object of this Model Convention is to **make an offer the solution methods of problems** in terms of typical and various kinds of issues related to **international juridical double taxation** in line with the unified basis.
- In order to avoid the double taxation, Model Convention recognizes (1)the **exclusive taxation right** in a Contracting State **or** (2)admits the taxation right in a Contracting State in the first stage, and eliminates the double taxation in the other Contracting State resulting from taxation in a Contracting State in the second stage.
- In the case of (2), Model Convention has the elimination system in the residence State of Juridical double taxation.

Juridical Double Taxation & Economic Double Taxation

- **Question**
- ***<u>What's the difference ?</u>***
- **How many States are involved in each taxation ?(One State or two States ?)**
- **The object of taxation such as income or capital is same or not ? (Same income or not ?)**
- **The taxpayer is same or not? (the same person or two different persons ?)**

Exemption Method & Credit Method

- In Japan, we adopt Credit Method in the our treaties.
- Because we adopt Credit Method in our domestic law.
- Many Treaty partners also adopt the Credit Method.
- Even Treaty Partners adopting Exemption Method in the tax treaty adopt the Credit Method pertaining to only Investment income.
- We have tax sparing system in some tax treaties. (Tax sparing system considers reduced tax amount as the amount of tax payment and admits the foreign tax credit.)

List up the Exclusive right Articles in Model Convention

- Could you indicate all the Articles which admit the exclusive right in the Model Convention ?

- Articles Number ?
- Kinds of income?
- Source States or Residence States ?

Exemption Method(Commentary B No.13,14)

- In the case that Residence State adopts the Exemption Method on foreign income, Residence State does not impose the tax on the income levied by source State or PE State.

- Residence State : a Contracting State
- Source State : the other Contracting State which has income source
- PE State : the other Contracting State which has PE
- Exemption Method is divided into two method such as “full exemption” and “exemption with progression”.

Credit Method(Commentary No.15,16)

- Under principle of credit, the State of residence R calculates its tax on the basis of the taxpayers' total income including the income from the other State E or S which, according to the Convention, may be taxed in that other State. It then allows a deduction from its own tax for the tax paid in the other State.

- The principle of credit may be applied by two main methods such as "full credit" and "ordinary credit".

Para. 1 of Art.23 A(Exemption obligation of Residence State)

- Commentary No.33
- The State of residence R shall exempt from tax income and capital which in accordance with the Convention "may be taxed" in the other State E or S.

- Commentary No.34
- The State of residence must accordingly exempt income and capital which may be taxed by the other State in accordance with the Convention whether or not the right to tax is in effect exercised by that other State.

Para.2 of Art.23 A(Exception : Dividend, Interest Credit Method)

- Commentary No.47
- For the State of residence the application of the credit method would normally seem to give up a satisfactory solution.

Para.3 of Art.23 A (Exemption with Progression)

- Commentary No.55
- According to paragraph 3 of Article 23 A, the State of residence retains the right to take amount of exempted income or capital into consideration when determining the tax to be imposed on the rest of the income or capital.

Para.4 of Art.23 A (Non application of Para.1 → No exemption！)

- Commentary No.56.1
- The purpose of this paragraph is to avoid the double non taxation.
- Commentary No.56.2
- This paragraph only applies to the extent that the State of source has applied the provisions of the Convention to exempt an item of income or capital, etc. (→ No exemption in order to avoid the double non taxation by Tax Treaty)
- Therefore,
- The paragraph would therefore not apply where the State of source considers that it may tax an item of income or capital in accordance with the provisions of the Convention but where no tax is actually payable on such income or capital under the of the domestic laws of the State of source.(→ Exemption OK, because non tax payment by Domestic law)

Commentary 56.2 Key Sentence

- In such a case, the State of residence must exempt that item of income under the provisions of paragraph 1 because the exemption in the State source does not result from the application of the provisions of the Convention but, rather, from the domestic law of the State of source.
- → Concept of Double non taxation which para.1 can be applied is from the Tax Treaty, not from the Domestic Law.

Question : the following process is right or not ?

- **→ Source Taxation OK by Tax Treaty : Not double non taxation**
- **But actual Tax exemption by domestic law**
- **Para.1 should be applied! : No application of Para.4**

Part.1 of Art.23B (Credit Method)

- Commentary 57
- Article 23 B, based on the credit principle, follows the ordinary credit method.
- Commentary 61
- The amount of foreign tax for which a credit has to be allowed is the tax effectively paid in accordance with the Convention in the other Contracting State.
- Commentary 62
- According to the provisions of the second sentence of paragraph 1 pf Article 23B, the deduction which the State of residence(R) is to allow is restricted to that part of the income tax which is appropriate to the income derived from the State S, or E (so –called “maximum deduction”)

Para.2 of Art. 23 B (Exemption with Progression)

- Commentary No.79
- This paragraph has been added to enable the State of residence to retain the right to take the amount of income or capital exempted in that State into consideration when determining the tax to be imposed on the rest of the income capital.

Art. 24 (Non discrimination)

- Purport

- This Article stipulates that a discriminatory imposition of taxes to people of the other Contacting State forbid and guarantee national treatment.

Para.1 of Art. 24 (Non Discrimination on Nationality)

- Commentary No.5
- This paragraph establishes the principle that for the purpose of taxation discrimination on the grounds of **nationality** is forbidden.

- **Question**

1.What is "Nationals" ? Corporation is also included ?・・・・・

2.The resident of third country is applied by this Para.?

3.Resident taxpayer and Non resident taxpayer are in the circumstance

In the case of non application of Para.1 ?

- <u>In the same circumstance or not ?</u> ← important basis
- "The State can not be obliged to give nationals of the other State who do not reside in its territory the same treatment as it gives its resident nationals." (Commentary 8)
- Why ?
- Tax haven case in Commentary 8 ?

Para.2 of Art.24(Expansion of Application of Para.1 to Stateless Persons)

- <u>Question</u>
- Commentary 28 annotates that the purpose of para.2 is to <u>limit</u> the scope of the clause concerning equality of treatment with nationals of a Contracting State solely to stateless persons who are residents of that or the other Contracting State.
- Why the commentary limit like this ?

Para.3 of Art. 24(Non discrimination to PE)

- **<u>Question 1</u>**
- **After reading the Commentary of Para.3 of Art. 24, could you clarify the relationship between the Para.3 of Art. 24 and Para.2 of Art.7?**

(Hint)

- **AOA principle and Non discrimination principle are the same?**
- **What is AOA principle ?**

- **<u>Question 2</u>**
- **PE can have foreign tax credit in the AOA principle?**

Para.4 of Art.24(Non discrimination on Disbursements)

- Commentary No. 73
- This paragraph is designed to end a particular from discrimination resulting from the fact that in certain countries the deduction of interest, royalties and other disbursements allowed without restriction when the recipient is resident , is restricted or even prohibited when he is a non-resident.

Para.5 of Art. 24(Non discrimination)

- <u>**Question**</u>

- **How about Transfer Pricing audit ?**
- **Under the TP taxation rule, the subsidiary or parent corporation which need the special capital situation based on TP rule will be in some disadvantage circumstances ?**
- **Could you indicate the strict requirements for related corporation ?**

Para.6 of Art.24(Tax items to be objected)

- Para. 6 stipulates that this provision applies to all kinds of taxes in spite of tax items provided for Art.2.

Art. 25 (Mutual Agreement Procedure) 1

- Purport
- 1. This Article stipulates for resolving difficulties from application of the Convention.(Commentary No.1)
- 2. Para.1&2 stipulates for resolving the situation of taxpayers subjected to taxation not in accordance with the provisions of the Convention.(Commentary No.2)
- 3.Para.3 stipulates a mutual agreement for interpretation of the Convention and consultation for the elimination of double taxation.(Commentary No.3)

Art. 25 (Mutual Agreement Procedure) 2

- Purport
- 4. Para.4 stipulates MAP can do without going through diplomatic channels, and ensure the confidentiality by applying Art.26 in terms of exchange of information in this process.(Commentary No.4)
- 5. Para.5 stipulates the Arbitration process which allows a taxpayer to request in terms of unresolved issues without reaching a mutual agreement within two years.(Commentary No.5)

Para.1 & Para.2 (Taxation not in accordance with the provisions of the Convention)

- Examples of **Juridical double taxation**(Commentary No.9)
- 1. problem on attribution of profits to a PE under para. 2 of Art. 7
- 2. the taxation in the State of the payer- in case of a special relationship between the payer and the beneficial owner- of the excess part of interest and royalties under Art.9, para.6 of Art.11 or para4 of Art.12.
- 3.cases of application of legislation to deal with thin capitalization when the state of the debtor company has treated interest as dividends, insofar as such treatment is based on clauses of a convention corresponding for example to Art.9 or para.6 of Art.11.
- 4. cases of lack of information such as the determination of residence (para.2 of Art.4), the existence of PE (Art.5)
- 5. The temporary of nature of the services performed by employee (para.2 of Art.15).
- Examples of **Economic double taxation**(Commentary No.10)
- Transfer Pricing Taxation
- Arm's Length Principle (para.1 of Art.9)
- Correlative adjustment (para.2 of Art.9)

Question : Why we call, "Juridical" or "economic" double taxation?

Para.1 & Para.2 (Direct Contravention of the Convention)

- 1.the case when one state taxes a particular class of income in respect of which the Convention gives an exclusive right to tax to the other State even though the latter is unable to exercise it owing to a gap in its domestic laws.
- 2.the case concerns persons who, being nationals of one Contracting State but residents of the other State, are subjected in that other State to taxation treatment which is discriminately under the para.1 of Art.24.
- 3.Taxpayers considering " the taxation is not in accordance with the Convention" must establish that this taxation appears as a risk which is not merely possible but probable.

Para1 of Art.25(Admissible objection under Para.1 of Art.1) 1

- Admissible objections must be presented to the competent authority of the taxpayer's State of residence.

- **Question**
- **Taxpayer's residence is a principle in terms od Admissible objections.**
- **So, what is exception of this principle?**
- **Hint**
- **Commentary 18**

Para1 of Art.25(Admissible objection under Para.1 of Art.1) 2

- Admissible objection must be so presented within three years of the first notification of the action which gives rise to taxation which is not in accordance with the Convention.

- Commentary 21
- The provision fixing the starting point of the three years time limit as the date of the "first notification" of the action resulting in taxation not in accordance with the provisions of the Convention" should be interpreted in the way most of favourable to the taxpayer.

MAP *process*

First Step : Admissible Objection by taxpayer to the Competent Authority

Second Step : Mutual Agreement Procedure between Competent Authorities

Question

The Competent Authority has Duty to reach mutual agreement ?

Para.1 & 2 (MAP & Lawsuit) of Art.25 1

Usual conduct by Taxpayer in terms of MAP & Lawsuit

1. Taxpayer’s selection

If taxpayer select MAP first, taxpayer ask (the tax tribunal and) the court to stop the lawsuit procedure.

Of course, taxpayer can select the court procedure only.

2. In the case of MAP agreement between the two States

If taxpayer accept the agreement, the case is over.

If taxpayer do not accept the agreement, the case can be transferred to the court by the taxpayer.

Para.1 & 2 (MAP & Lawsuit) of Art.25 2

3. In the case of MAP non agreement between the two States

The case can be transferred to the court by the taxpayer.

Question

In Japan, why taxpayers conduct in such a way?

The result (court decision) impact on the MAP ?

Para.1 & 2 (MAP & Lawsuit) of Art.25 3

- Commentary No.44
- Depending upon domestic procedures**, the choice** of redress is normally that of **the taxpayer** and in most cases it is the domestic recourse provisions such as **appeals or court proceedings** that are **held in abeyance** in favour of the less formal and bilateral nature of mutual agreement procedure.

Para.1 & 2 (MAP & Lawsuit) of Art.25 4

- Commentary No.45
- In short, therefore, the implementation of such a mutual agreement should normally be made subject:
- -- to the acceptance of such mutual agreement by the taxpayer, and
- -- to the taxpayer's withdrawal of the suit at law concerning those points settled in the mutual agreement.

Para.3 of Art.25(MAP on the interpretation of Convention)

- Commentary No.50
- The first sentence of this paragraph invites and authorizes the competent authorities to resolve, if possible, difficulties of interpretation or application by means of mutual agreement.

- Commentary No.51
- The second sentence of paragraph 3 enables the competent authorities to deal also with such cases of double taxation as do not come within the scope of the provisions of the convention.

Para.4 of Art.25(Practical Administration of MAP)

- Commentary No.57
- This paragraph provides first that the competent authorities may communicate with each other directly. It would therefore not be necessary to go through diplomatic channels.

- Commentary No.58
- The competent authorities may communicate with each other by letter, facsimile transmission, telephone, direct meetings, or any other convenient means. They may, if they wish, formally establish a joint commission for this purpose.
-

Para.5 of Art.25 (Arbitration Process)

- Commentary No.63
- This paragraph provides that, in the cases where the competent authorities are unable to reach an agreement under paragraph 2 within 2 years, the unresolved issues will, at the request of the person who presented the case, be solved through an arbitration process.

Art. 26 (Exchange of Information)

- Purport (Commentary No.1)
- 1. It appears to be desirable to give administrative assistance for ascertaining facts related to which the rules of the convention are to be applied.
- 2. In view of the increasing internationalization of economic relations, the Contracting States have a growing interest in the reciprocal supply of information on the basis of which domestic taxation laws have to be administered, even if there is no question of the application of any particular article of the Convention.

Para.1 of Art.26 (Rule on Exchange of Information)

- **Information to be objected**
- The standard of “foreseeable relevance” intended to get the information in tax matters to the widest possible extent

 (Para.1 & Commentary No.5)

 ➡ fishing expedition（not identify the name to be collected) ×

 not related to the taxation ×

- non resident information can be included (Para.1)
- tax items other than Art.2 can be included(Para.1)
- Information for application of domestic law can be objected in the exchange of information even if the specified clause is not applied. (Commentary 5)
- A limitation to the exchange of information is set so that information should be given only insofar as the taxation under the domestic taxation laws concerned is not contrary to the convention.(Commentary 5)
- The information covered by para.1 is not limited to taxpayer-specific information. Risk analysis techniques or tax avoidance or evasion schemes are included in the EOI.

Para.1 of Art.26 (Example of the range of EOI)

- EOI to be needed to application of the Convention
- When applying Article 12, information on amount of royalty is asked.

Please refer to other cases in commentary No.7.

- EOI to be needed to implementation of the domestic laws
- Information of thNoe price what the other States paid is asked for the application of the domestic law.

Please refer to other cases in commentary No.8.

Para.1 of Art.26 (EOI 3 different ways plus α)

Commentary 9

1. **EOI on request** information related to audit
2. **EOI automatically** interest, etc.
3. **EOI spontaneously** information for the other State

Commentary 9-1

4. **Simultaneous examination** audit between two or more States
5. **Tax examination abroad** audit in the other State by dispatched auditor
6. **Industry-wide EOI** EOI in terms of specified whole economic sector such as oil industry, etc.

Para.2 of Art.26 (Duty of confidentiality on disclosure of information accepted) 1

- Para. 2 stipulates that the information communicated under the provisions of the Convention shall be treated as secret in the receiving State in the same manner as information obtained under the domestic laws of that State.(Commentary No.11)
- The information obtained may be disclosed only to persons and authorities involved in the assessment or collection of, the enforcement or prosecution in respect of, the determination appeals in relation to the taxes with respect to which information may be exchanged according to the first sentence of paragraph 1, or the oversight of the above.(Commentary No.12)

Para.2 of Art.26 (Duty of confidentiality on disclosure of information accepted) 2

- This means that the information may also be communicated to the taxpayer his proxy or to the witnesses.(Commentary No.12)
- Furthermore, information covered by para.1, whether taxpayer – specific or not, should not be disclosed to persons or authorities not mentioned in para.2, regardless of domestic information disclosure laws such as freedom of information or other legislation that allows greater access to government documents.(Commentary No.12)
- Information can also be disclosed to oversight bodies.(Commentary No.12.1)

Para.3 of Art.26 (Reciprocity Principle)

- Reciprocity Principle in EOI
- Commentary 15
- Furthermore, the requested State does not need to go so far as to carry out administrative measures that are not permitted under the laws or practice of the requesting State or to supply items of information that are not obtainable under the laws or in the normal course of administration of the requesting State.
- The privilege against self-incrimination
- A requested State may, therefore, decline to provide information if the requesting State would have been precluded by its own self-incrimination rules from obtaining the information under similar circumstances.

Para.3 of Art.26 (Trade, Business, Other secret)

- Commentary No.19
- Subparagraph c) of paragraph 3 contains a reservation concerning the disclosure of certain secret information. Secrets mentioned in this subparagraph should not be taken in too wide a sense.
- The requested State supply the information deliberately the taxpayer cannot allege an infraction of the rules of secrecy.
- Commentary No.19.1
- A contracting State may deicide to supply the information where it finds that there is no reasonable basis for assuming that a taxpayer involved may suffer any adverse consequences incompatible with information exchange.
- Commentary No.19.5
- Contracting States do not have to supply information the disclosure of which would be contrary to public policy (ordre public).

Para.4 of Art.26(Right of Question & Inspection)

- <u>Commentary No.19.6</u>
- Para.4 was added in 2005 to deal explicitly with the obligation to exchange information in situations where the requested information is not needed by the requested State for domestic tax purposes.

- <u>Commentary No.19.7</u>
- According to Para.4, Contracting States must use their information gathering measures, even though invoked solely to provide information to the other Contacting State.

Para.5 of Art.26(Bank Secrecy) 1

- <u>Commentary 19.11</u>
- Para.5 stipulates that a Contracting State shall not decline to supply information to a treaty partner solely because the information is held by a bank or other financial institution.
- Para.5 overrides Para.3 to the extent that para.3 would otherwise permit a requested a Contracting State to decline to supply information on grounds of bank secrecy.
- **Case of commentary 19.15 (b) is right ?**
- <u>Commentary 19.12</u>
- Para.5 also provides that a Contracting State shall not decline to supply information solely because the information is held by persons acting in an agency or fiduciary capacity.

Para.5 of Art.26(Bank Secrecy) 2

- Commentary 19.13
- Finally, para.5 states that a Contracting State shall not decline to supply information solely because it relates to an ownership interest in a person, including companies and partnerships, foundations, or similar organizational structures.
- **Case of commentary 19.15 (a) is right ?**

Art. 27 (Assistance in the collection of taxes)

- Purport
- Commentary No.1
- This Article provides the rules under which Contracting States may agree to provide each other assistance in the collection of taxes.
- The Article should only be included in the Convention where each State concludes that, based on these factors, they can agree to provide assistance in the collection of taxes levied by other State.
- Factors such as the protection of fundamental taxpayer' right
- Commentary No.2
- The Article provides for comprehensive collection assistance. Some States may prefer to provide a more limited type of collection assistance.

Para.1 of Art. 27 (Principle of Assistance in the collection of taxes)

- Commentary No.4
- The paragraph also provides that assistance under the Article is not restricted by Articles 1 and 2. Assistance must therefore be provided as regards a revenue claim owed to a Contracting State by any person, whether or not a resident of a Contracting State.

Para.2 of Art. 27 (Definition of Revenue Claim)

- Commentary No.10
- Paragraph 2 defines the term "revenue claim" for purposes of the Article. The definition applies to any amount owed in respect of all taxes that are imposed on
- behalf of the Contracting States, or of their political subdivisions or local authorities, but only insofar as the imposition of such taxes is not contrary to the Convention or other instrument in force between the Contracting States.

Para.3 of Art. 27 (Definition of Revenue Claim)

- Commentary No.15
- This paragraph stipulates the conditions under which a request for assistance in collection can be made. 1. The revenue claim has to be enforceable under the law of the requesting State and be owed by a 2.person who, at that time, cannot, under the law of that State, prevent its collection. This will be case where the requesting State has the right, under its internal law, to collect the revenue claim and the person owing the amount has no administrative or juridical rights to prevent such collection.

Para.4 of Art. 27 (Measures of Conservancy)

- Commentary No.19
- In order to safeguard the collection rights of a Contracting State, this paragraph enables it to request the other State to take measures of conservancy even where it cannot yet ask the assistance in collection, e.g. when the revenue claim is not yet enforceable or when the debtor still has the right to prevent its collection.

Para.5 of Art. 27 (Exception of Para.3&Para4)

- Commentary No.22
- Para 5 first provide that the time limits of the requested State, i.e. time limitations beyond which a revenue claim cannot be enforced or collected, shall not apply to revenue claim in respect of which the other State has made a request under paragraph 3 or 4.

- Commentary No.23
- Thus, as long as a revenue claim can still be enforced or collected (para.3) or give rise to measures of conservancy (para.4)in the requesting State, no objection based on the time limits provided under the laws of the requested State may be made to the application of para.3 or 4 to that revenue claim.

Para.6 of Art. 27 (No administrative proceedings in requested State)

- Commentary No.28
- This paragraph ensures that any legal or administrative objection concerning the existence, validity or the amount of a revenue claim of the requesting State shall not be dealt with by the requested State's courts and administrative bodies.
- Thus, no legal or administrative proceedings, such as a request for judicial review, shall be undertaken in the requested State with respect to these matters.

Para.7 of Art. 27 (No conditions in the requesting State)

- Commentary No.29
- This paragraph provides that if, after a request has been made under paragraph 3 or 4, the conditions that applied when such request was made cease to apply, <u>the State that made the request must promptly notify the other State of this change of situation.</u>

Para.8 of Art. 27 (Limitations to the obligations imposed on the requested State)

- 1. to carry out administrative measures at variance with laws, etc. of requested State.
- 2. to carry out measures contrary to Public policy
- 3. to provide assistance in the case that requesting State has not pursued all reasonable measures
- 4. to provided assistance in the case that requested State's burden and requesting State's profit are not balanced.

Art.28, Art.29, Art.30, Art.31

- Art.28 Diplomat
- Art.29 Territorial Extension
- Art.30 Entry into Force
- Art.31 Termination

- Article 28 Members of diplomatic missions and consular posts

- Article 29 Territorial extension

Final Provisions

- Article 30 Entry into force
- Article 31 Termination