Chapter 4

Human resource management and tax administration

This chapter outlines aspects of revenue bodies' approaches to human resources management (HRM), including overall strategy, recruitment and appointment and related autonomy, measuring staff engagement, staff development, and performance management and remuneration. It provides examples of specific approaches and initiatives being deployed by revenue bodies to improve overall organisational performance and staff well-being. It concludes with a section on selected staff metrics (e.g. age profiles and qualifications).

Key points

Aspects of Human Resources Management Strategy

- The vast majority (88%) of revenue bodies reported having a formal HRM strategy, with around the same proportion (93%) having conducted assessments of current and future skills and capability needs, and having plans in place to meet these needs.
- Just under two-thirds of revenue bodies have major changes planned or underway in their policies in one or more of the areas of recruitment, training, performance or rewards; many revenue bodies (43%) have plans for significant changes to policies regarding training and development.
- Most revenue bodies periodically survey staff on their levels of satisfaction, engagement and motivation. Almost all of these share survey results with staff and most (84%) also consult with staff when considering responses to survey findings.

Staff Recruitment, Appointment and Development

- With a few notable exceptions in OECD countries, most revenue bodies have a fair degree of autonomy for managing staff recruitment, although for most this is subject to budgetary limits set by government or Ministry of Finance; some revenue bodies are subject to Government staff recruitment freezes to cut costs.
- Most revenue bodies (93%) are able to recruit staff and make appointments based on clearly defined qualification and experience criteria.
- Most revenue bodies reported they have staff development initiatives to increase commercial awareness (63%) and risk management capability (89%); around two-thirds (68%) of revenue bodies undertaking staff development to increase commercial awareness use external networks for this purpose.

Performance Management and Remuneration

- Most revenue bodies (82%) have performance management systems in place, although a fair proportion of these (20%) do not set objectives for each member of staff at the start of the performance period; the vast majority of revenue bodies (92%) review the performance of each staff member at least annually.
- Most revenue bodies (80%) have staff remuneration levels tied directly or broadly to wider public sector pay scales, with the balance having their own unique arrangements. Over two-thirds reported they have some flexibility to reward good performance.

Overall staffing levels and attrition

- The majority of revenue bodies (60%) experienced net reductions in staffing during 2013, with relatively large net reductions seen in Canada, Greece, United Kingdom and United States.
- Attrition rates varied considerably, ranging from 0.9% (Malaysia) to 13% (Mexico) but were concentrated towards the lower end of this range.

Age profiles and educational qualifications

- There are significant variations in the age profiles of revenue bodies' staff when viewed across different geographical groupings, with considerably older workforces seen in Nordic countries, other European countries (e.g. Belgium, Ireland, Italy, Netherlands, Portugal, and Spain) and Colombia.
- There is a particularly high correlation between those revenue bodies reporting both a relatively high proportion of staff with academic qualifications and a workforce that is predominantly comprised of staff under 50 years of age (e.g. in Chile, Korea, Latvia, Russia, Thailand, and Turkey).

Introduction

The investments made by revenue bodies in employing staff, including their recruitment, remuneration, and development, are by far the single largest component of total operating budgets, and for some exceed 80% of their total annual operating budget (Chapter 5 refers). Competent, professional, and productive staff are also an essential enabler for revenue bodies to carry out their basic mandate. For these reasons, how this investment is managed is a critical issue for all revenue bodies.

Recent years have seen an increasing number of revenue bodies reducing and/or reshaping their workforces to meet newly emerging priorities. At the same time, all revenue bodies generally face an environment with a changing risk picture, increasing work volumes and growing law complexity, and rising community expectations. Technological advances, affecting both revenue bodies and their clients, are also having a major impact. All of these factors heighten the need for revenue bodies to have human resource management strategies in place that will enable them to meet their current and future challenges, as indicated in the following quote:

> As tax administration becomes increasingly complex and the demand for varied taxpayer services increases, we are continually challenged with the task of maintaining a workforce with diverse, advanced skill sets. An additional challenge is that a considerable percentage of our workforce is currently eligible for retirement. By 2016, 41% of IRS front-line managers and 61% of IRS executives will be retirement eligible. These employees possess valuable experience, knowledge and skills that we will need to replenish. Properly executing succession planning and implementing knowledge management solutions, while attracting and retaining the next generation of IRS employees, is critical to our long-term success. To ensure taxpayers and the tax community continue to view our workforce as highly competent, we must identify and close skill gaps, develop employees' skill sets, provide career advancement opportunities and grow our future leaders to be prepared for tomorrow (IRS Strategic Plan 2014-17, page 8).

This chapter broadly follows the structure outlined in the chapter of the EC's Fiscal Blueprints (also described in Chapter 1) dealing with human resource management (HRM). The EC's blueprint sets out a framework to promote:

> […] the development of human resources management strategy, policies, systems and procedures that support the achievement of the tax administration's objectives and the development of members of staff through structured training and professional development

The blueprints also set out the key components of a modern and efficient HRM function under the following broad headings:

- ***Strategy:*** Development of human resource management strategy, policies and systems which fully support the tax administration's business strategy
- ***Autonomy:*** The revenue body is empowered to make decisions about matters such as recruitment, retention, performance management, promotion, career progression, training and development, dismissal and retirement.
- ***Policies and practices:*** Human resource policies and practices that motivate, support, and protect employees.
- ***Training and development strategy:*** A long-term training and development strategy for employees endorsed at top management level.

- ***Structure and systems:*** An organisational structure and systems to support the delivery of employee training and development needs.

This chapter highlights some aspects of HRM strategies and major policy changes implemented by revenue bodies drawing on survey responses, annual reports and other sources. It seeks to present a summary picture of the state of play and provide examples and references that may assist revenue bodies as they assess their current situation and lay out directions for the future. The overall aim is to: a) gather insights on key elements of revenue bodies' human resources management practices and priorities; b) highlight selected examples of good practice described in revenue body publications; and c) identify opportunities for revenue bodies to consider when reviewing aspects of their HRM performance. Also included are staff metrics covering overall staff numbers, recruitment, rates of attrition, age profile and qualifications.

Aspects of revenue bodies' HRM strategy

Revenue bodies were asked a few basic questions relating to key elements of their approach to HRM, for example: *(1)* Does the revenue body have a formal human resources management strategy/plan? *(2)* Does it assess current and future staff skills and capability needs, and does it have a plan for filling identified gaps? *(3)* Does it have formal targets for increasing staff capabilities? They were also surveyed on whether they are planning major changes in key areas of policy in relation to human resources management: recruitment, training and development, performance management, rewards and remuneration, and plans for dealing with anticipated staff or capability increases or reductions. A summary of responses is provided in Table 4.1, while some observations on the responses and related research are set out below:

- The vast majority of revenue bodies (88%) reported having a formal HRM strategy or plan covering some, if not all, of their activities and many now report against aspects of this in their annual performance reports, with a broad range of topics covered including recruitment, staff satisfaction and development, performance management, remuneration and staff metrics. Box 4.1 sets out some relevant perspectives of the United States Internal Revenue Service on identified challenges, priorities, and strategies drawn from its Strategic Plan for 2014-17 (IRS, 2014).
- Some revenue bodies are in the process of renewing their formal HRM strategies. For example, the Canada Revenue Agency launched a policy renewal and simplification project in 2013 to reduce the overall number of human resource corporate policy instruments, making them more accessible and understandable for employees and managers. This project seeks to strengthen and improve human resources programmes particularly in the areas of planning, recruitment and performance management. Mexico has implemented new human resource policies to comply with its new SAT Strategy Map, new tax reforms and capability increase.
- A large majority of surveyed revenue bodies (93%) have conducted assessments of their current and future skills and capability needs, and have developed plans to fill any gaps in such needs.
- A large majority (82%) reported assessing staff capabilities and having targets for increasing staff capability, including the following examples:
  - France reported that an assessment of the skills of current staff members is carried out during an annual assessment interview and includes an assessment

Table 4.1. **Revenue bodies' human resources management (HRM) strategies**

	Aspects of HRM strategy			Major policy changes implemented or planned for				
Country	Formal strategy exists	Capabilities assessed and plans for filling gaps	Formal targets for increasing capabilities	Recruitment	Training and development	Performance management	Rewards (incl. wages and bonuses)	Increasing/ reducing staff
OECD countries								
Australia	✓	✓	✓	x	x	x	x	✓ /1
Austria	✓	✓	✓	x	x	x	x	x
Belgium	✓	✓	✓	✓	✓	✓	✓	✓
Canada	✓	✓	✓	✓	✓	✓	✓	✓
Chile	✓	✓	✓	✓	x	x	x	✓
Czech Republic	✓	✓	✓	x	x	✓	x	✓
Denmark	✓	✓	x	x	✓ /1	x	✓	✓ /2
Estonia	✓	✓	✓	x	x	✓	✓	x
Finland	✓	✓	✓	x	x	✓	✓	x
France	✓	✓	✓	✓	✓	✓	✓	✓
Germany	✓	✓	x	x	x	x	x	x
Greece	✓	✓	x	✓	x	✓	✓	✓
Hungary	✓	✓	✓	x	✓	x	x	x
Iceland	✓	✓	x	x	x	x	x	x
Ireland	✓	✓	✓	x	x	x	x	✓
Israel	✓	✓	✓	✓	✓	✓	✓	✓
Italy	✓	✓	x	✓ /1	✓	✓	✓	x
Japan	✓	✓	✓	x	x	x	x	x
Korea	✓	✓	✓	x	x	x	x	x
Luxembourg	x /1	✓	✓	x	x	x	x	x
Mexico	✓	✓	✓	✓	✓	✓	x	✓
Netherlands	✓	✓	✓	✓	✓	x	x	✓
New Zealand	✓	✓	✓	x	x	x	x	x
Norway	✓	✓	✓	x	x	x	x	x
Poland	✓	✓	✓	x	x	x	x	x
Portugal	✓	✓	✓	✓ /1	✓	x	x	x
Slovak Republic	x	✓	✓	x	✓	x	x	x
Slovenia	x	x	x	x	x	x	x	x
Spain	✓	✓	✓	✓ /1	x	x	x	x
Sweden	✓	✓	x	x	x	x	x	x
Switzerland	✓	✓	✓	✓	✓ /1	x	x	✓
Turkey	✓	✓	✓	✓	✓	x	x	x
United Kingdom	✓	✓	✓	x	x	x	x	x
United States	✓	✓	✓	x	x	✓	x	x
Non-OECD								
Argentina	✓	✓	✓	✓ /1	✓	✓	✓	x
Brazil	✓	✓	✓	x	✓	x	✓ /1	✓
Bulgaria	✓	x	✓	x	✓	x	x	x
China	✓	✓	✓	x	✓	✓	x	x
Colombia	✓	✓	✓	x	x	x	x	✓
Costa Rica	x /1	x	x	✓	✓	✓	✓	x
Croatia	✓	x	x	x	✓	✓	x	x
Cyprus	✓	✓	✓	x	x	x	x	x
Hong Kong, China	✓	✓	x	x	x	x	x	x
India	✓	✓	✓	✓	✓	✓	✓	✓
Indonesia	✓	✓	✓	x	x	x	x	x
Latvia	✓	✓	✓	x	x	x	x	x
Lithuania	x	✓	✓	x	x	x	x	x
Malaysia	✓	✓	✓	✓	✓	✓	✓	✓
Malta	✓	✓	✓	✓	✓	✓	✓	✓ /1
Morocco	✓	✓	✓	✓	✓	✓	✓	✓
Romania	x	✓	✓	✓	✓	✓	x	✓
Russia	✓	✓	✓	x	x	x	x	x
Saudi Arabia	x	✓	✓	✓	✓	✓	✓	✓
Singapore	✓	✓ /1	✓	x	x	x	x	x
South Africa	✓	✓	✓	x /1	x /1	x /1	x /1	x /1
Thailand	✓	✓	✓	✓	x	x	x	x

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 164.
Source: Tax Administration 2015 survey responses.

of training needs. The assessment of skills of future staff members has been introduced recently and includes the identification of professional skills. The national training plan is updated each year to fill identified gaps. Attendance by staff members to training is monitored on a regular basis and monitored through reporting covering various indicators (e.g. number of staff members which have not undertaken some training for 3 years and more, ratio of staff members (excluding managers) who have undertaken some training and ratio of middle-level managers who have undertaken some training when taking up their new position.)

- Malaysia's IRBM reported that its uses a Talent Management System which comprises Training Needs Analysis Modules to analyse gaps in competencies. Based on reports acquired from the system staff are sent to various training and development courses to close gaps. IRBM has set a key performance indicator for staff competencies: 60% of IRBM staff must attend 56 hours of formal training/learning session annually.

• There appears a strong inverse correlation between those countries who are not targeting increasing staff capability and those who are not planning or undertaking major changes in policy in areas of recruitment, training, performance or reward and remuneration i.e. those countries who are not planning or undertaking significant changes in these policy areas are most likely not targeting staff capability increases, with the exception of Denmark, Italy, Costa Rica and Croatia.

• Statistically, OECD and non-OECD revenue bodies move towards each other in these aspects of HRM strategy. Around three-quarters (74%) of OECD countries responded positively across all categories in this basket of indicators while the same is true for a two-thirds (68%) of non-OECD countries. In the previous edition this used to be 68% of the OECD revenue bodies and 39% of the non-OECD revenue bodies respectively.

Box 4.1. **United States: Strategy for building a talented, competent and motivated workforce**

The IRS's strategic plan for 2014-17 (briefly referenced in Chapter 3) sets out a number of goals, objectives and strategies to establish a strategic foundation for organisational experience. Investing in the IRS's workforce is the primary area to be addressed, as described below:

Objective: Be the best place to work in government by building a highly talented, diverse workforce and cultivating an inclusive and collaborative environment.

Context, current situation and directions: The IRS' employees are our greatest asset. Our highly-skilled workforce and strong culture enable us to overcome challenges and meet the growing demands of taxpayers. Over the past two years, we initiated a streamlined hiring process to increase hiring efficiency and centralised recruitment efforts to ensure that IRS' hiring needs are met. We also developed an IRS leadership coaching programme, redesigned the Career Management Resource Centre, expanded the use of leadership readiness programmes and implemented 39 workforce initiatives to improve existing IRS programmes.

Box 4.1. **United States: Strategy for building a talented, competent and motivated workforce** *(continued)*

It is imperative for the IRS to continue building a high performing workforce. To that end, we will continue to recruit and hire top talent, further streamlining the hiring process to best meet our workforce needs. Training will be provided to ensure our employees have the requisite skills to do their jobs efficiently and effectively. We will engage them to improve performance, promote an inclusive and collaborative culture and proactively resolve work-place conflict. We will also provide career development and job rotation opportunities to continue the development of future leaders for the IRS. Finally, we will improve succession planning and better harness the vast knowledge of our employees.

Strategies

- Assess workforce needs and simplify the hiring and on boarding process to attract highly-skilled and diverse talent.
- Foster a collaborative and inclusive environment that values engagement and generates innovation through diverse ideas and experiences.
- Establish knowledge management practices that capture enterprise-wide expertise, disseminate best practices and promote knowledge sharing across divisions.
- Promote career progression and rotation opportunities that share knowledge, retain talent, accelerate advancement of top performers and build future leaders.
- Empower employees with the tools and training to further develop skill proficiency and improve business performance.

Measuring progress

The IRS will measure employee engagement based on questions from the Office of Personnel Management's annual survey and an index developed by the IRS to compare itself to other large Federal agencies with 20 000 or more civilian employees. In 2013, the IRS ranked 8 of 15 large agencies; for 2017, its goal is to be in the top quartile.

Source: United States IRS Strategic Plan 2014-17, www.irs.gov/pub/irs-pdf/p3744.pdf.

Changes in policy in aspects of HRM within revenue bodies

Less than two-thirds of revenue bodies (64%) reported that they have major policy changes planned or underway in at least one of the following key HRM areas: recruitment, training and development, performance management, rewards and remuneration, and increasing or reducing staff (see Table 4.1). More than three-quarters of these (75%) are planning changes in two or more of these major areas. All areas are more or less equally affected ranging from training (43%) followed by recruitment and performance management (both 39%), staffing (38%), and rewards and remuneration (29%). Examples are included in the dedicated sections.

In the current budgetary climate it is perhaps not surprising that revenue bodies have less freedom in the area of reward and remuneration, although more innovation in terms of non-monetary rewards might help revenue bodies overcome other HRM challenges. Some examples of rewards and non-monetary rewards are included in the section on reward and remuneration.

Almost 60% of surveyed revenue bodies experienced (sometimes quite significant) reductions in headcount over the last year while only about a third expanded their workforce. Some revenue bodies reported large budget reductions or other staff policy changes over recent years or planned for the coming years, for example:

- In Australia, organisational change is required to make necessary savings/reductions across the ATO as handed down by Government in the Budget Response Programme; approximately 3 000 staff left the ATO in 2014 as a result of this programme.
- Ireland's Revenue reported that a centrally negotiated National Agreement for the Public Service has created an incentive for staff to retire before mid-2016. This development means that Revenue will experience staff losses at an accelerated pace before this deadline. Revenue has undertaken targeted recruitment, redeployment and training to prepare for the anticipated loss of knowledge and experience.

Staff are the single biggest cost for all revenue bodies. Reductions in budgets therefore have a significant impact on numbers of staff revenue bodies are able to maintain. To be able to achieve objectives in times of an often increasing scope of responsibility combined with reductions in budgets and staffing levels, an increase in both organisational and individual capability is likely to be required.

Changes in headcount also constitute a major HRM challenge in itself. There are several elements to this. If the reductions are over and above what can be achieved through expected staff turnover, the revenue body needs, as a first step, to manage both the uncertainties and practical aspects related to this in accordance with the values of the organisation. For example, Brazil is mapping job positions with professional profiles, in order to enhance the geographical and functional distribution of staff and to bring individual expectations in line with institutional objectives to deal with the changes in number or staff. Significant reductions will also often require careful knowledge management and possibly involve training and/or redeployment of remaining staff. These challenges calls for a systematic approach, as described in an example from France – Box 4.2.

Box 4.2. **France: Structure and distribution of human resources**

France's DGFiP's human resources are allocated to it under the national budget. It is subject to two limits: *(1)* a limit on the total number of jobs; and *(2)* a limit on its total payroll. In this context, the paid workforce is currently composed of 112 000 agents, for a total payroll of EUR 7.1 billion (85% of its total budget). Within these limits, DGFiP may structure its employment levels as wished. This structure is currently as follows:

- 29% of category A jobs (management, expertise – including tax audit – designing and steering staff);
- 40% of category B jobs (supervisory and operating staff); and
- 31% of category C jobs (task completing staff).

Changes in the workforce reflect a sharp decline as the number of officers fell by nearly 30% in 12 years. Correspondingly, the overall performance maintains a satisfactory level, the intervention rate tax on still getting better (1.02% in 2011, 0.88% in 2013). Productivity has therefore increased significantly in the DGFiP, thereby contributing to putting more stress on the workforce.

Box 4.2. **France: Structure and distribution of human resources** *(continued)*

Distribution of the human resources

The merger in 2008 of the General Directorate of Taxation and the General Directorate of Public Accounts to form the DGFiP (General Directorate of Public Finances) has allowed it to benefit from an extensive network that offers high accessibility to all its audiences (professionals, individuals, and public authorities). It allows its officers to consider a career in a particularly diverse range of professions.

A mobility system that is largely based on staff preferences: Given the large volume of the officials involved (112 000) and the historically high number of facilities (over 3 000 currently), a periodic mobility scheme, centrally managed and locally refined, has been developed to allow a balanced distribution of human resources.

Basically, the scheme relies on periodically mapping all jobs (by job type and geographical location) with the expression of the mobility wishes of public servants, either when first taking up their post after recruitment or as part of a personal project of geographical and / or functional mobility. This map identifies the location and the jobs, itemising them by blocks of occupations. Mapping is updated annually to take into account both job adjustments (on a downward trend) and evolution of the workload in the various network components of DGFiP. It aims at ensuring a balance between the different assignments, with regard to workloads, productivity and efficiency respectively obtained in the various business segments, in line with government priorities.

This rather flexible system allows each officer to find a balance between work and family life, to organise its career path according to its expectations and curiosity for other functions, or, on the contrary, to pursue a path on various occupations within the same skill block (e.g. tax audit).

A clear framework to fill the positions at stake: At the senior management's level, evolution wishes are also collected, but appointments result from the implementation of customised career paths and the composition of harmonious management teams. These executives are therefore appointed by the Minister on proposal of the Director of Public Finances and placed on the most appropriate job in light of their career. At this level, high-ranking civil servants who do not belong to DGFiP are also recruited ("tour extérieur" in French) and enrich the structure with their experience gained from other functions.

In addition, some specific executive or officer jobs, which technicality and sensitivity are proven, are assigned under special arrangements. These jobs account for about 15% of the mapping. This centralised allocation scheme is then refined locally, the territorial directors being in charge of assigning a specific job to each designated officer in relation with the local organising method implemented. These procedures for allocating jobs generally work well and provide a good balance between personal expectations and public service requirements.

Source: DGFiP, *CIAT Technical Conference, October 6 to 9, 2014, Santiago de Compostela, Spain.*

Staff recruitment and appointment

Governments in most countries give some level of autonomy to their revenue body for determining: the numbers and types of staff to be hired; the skills and qualifications required for specific jobs; the duration and types of employment contracts; and the location of staff. However, most revenue bodies have autonomy governed by laws or budgetary constraints determined at governmental level, and there is wide variation in the extent of the autonomy. For example, in Spain the Tax Agency has a generic autonomy in making decisions about staff matters. However, the number and skills of staff is co-ordinated with the Ministry of Finance. And in France the conditions and requirements of the types of skills and academic qualifications are determined by ministerial decree. Revenue bodies report most autonomy in location of staff (88%), followed by skills and qualifications (77%) followed by duration of contract (71%) and finally number and types of staff to be hired (66%) – see Table 4.2.

In the previous edition the importance of having high quality recruitment processes allowing critical skills and new talent to be brought in when and where it is needed was recognised. In more than 50% of the revenue bodies the number of external recruitments in fiscal year 2013 exceeded the number of external recruitments in fiscal year 2011 which illustrates the importance of this aspect. A number of revenue bodies reported initiatives in this area – see Box 4.3.

Box 4.3. **Recruitment practices and policy change**

Argentina: A new System for Personnel Recruitment has been implemented that includes technical/ psycho-technical tests, language tests and physical examinations (prior to admission) and to pass an intensive training course to be admitted into the organisation.

Belgium: During 2014 – 2016 new departments will be created and existing departments will be grouped together. More specific profiles will be recruited with more specific job descriptions. Unlike in the past, newly recruited staff will have the possibility to choose a specific tax administration or a specific function within the administration.

France: On 12 March 2012 DGFIP adopted new legislation (law no. 2012-347) regarding the nomination of temporary/non-statutory agents as statutory officials and also involved communication action vis-à-vis relevant members of staff fulfilling the requirements.

Romania: Until late 2013, the budgetary constraints prevented the Romanian revenue body (NAFA) to make decisions on staff recruitment. As part of a reform several memoranda were adopted, authorising NAFA to hire staff in areas considered important. In general, NAFA employs staff on a permanent basis. At the moment of recruitment the geographical location of the newly recruited is clearly established, resulting in limited autonomy in making decisions about the geographical location after recruitment. With respect to geographical location, NAFA has some legal constrains e.g. the power of decision about temporary change of staff location is limited to 6 months/year and for periods over 6 months, the staff consent is mandatory.

Source: Tax Administration 2015 survey responses.

Most surveyed revenue bodies (93%) reported that they are able to recruit staff and make appointments based on clearly defined qualification and experience criteria. A number of revenue bodies reported that whilst requirements are not published, they are assessed prior to any recruitment exercise and used to inform the recruitment process.

Some countries have separate recruitment agencies or other mechanisms to manage recruitment for all of the public sector. For example in Israel nearly all employees will be recruited through a professional recruitment services and all positions, including less professional, will require a tender which is a national requirements.

Table 4.2. **Autonomy in staff appointments and measuring staff satisfaction and engagement**

Country	Autonomy and flexibility exists for recruitment decisions concerning					Staff satisfaction, engagement and motivation		
	No./ type of staff	Skill types and qualifications	Duration of contracts	Geographical location	Appointments on merit	Periodic surveys	Results shared	Staff consulted
OECD countries								
Australia	✓	✓	✓	✓	✓	✓	✓	✓
Austria	x	✓	✓	✓	✓	✓	✓	✓
Belgium	✓	✓	x	x	✓	✓	✓	✓
Canada	✓	✓	✓	✓	✓	✓	✓	✓
Chile	✓	✓	✓	✓	✓	✓	✓	✓
Czech Republic	✓	✓	✓	✓	✓	✓	✓	✓
Denmark	✓	✓	✓	✓	x	✓	✓	✓
Estonia	✓	✓	✓	✓	✓	✓	✓	✓
Finland	✓	✓	✓	✓	✓	✓	✓	✓
France	x /1	x	x /1	✓ /1	x	✓	✓	✓
Germany	✓	x /1	✓	✓	x	✓	✓	✓
Greece	✓	✓	x	✓	✓	x	x	x
Hungary	x /1	x	✓	✓	✓	✓ /2	✓	x
Iceland	✓	✓	✓	✓	✓	✓	✓	✓
Ireland	✓	✓	✓	✓	✓	✓	✓	✓
Israel	x	✓	✓	✓	✓	✓	✓	✓
Italy	✓	✓	✓	✓	✓	✓ /1	✓	x
Japan	x	x	x	x	✓	✓	✓	✓
Korea	✓	x	✓	✓	✓	✓	✓	✓
Luxembourg	✓ /1	✓	✓	✓	✓	✓	✓	✓
Mexico	x /1	✓	✓	✓	✓	✓	✓	✓
Netherlands	✓	✓	✓	✓	✓	✓	✓	✓
New Zealand	✓	✓	✓	✓	✓	✓	✓	✓
Norway	✓	✓	✓	✓	✓	✓	✓	✓
Poland	x	✓	✓	✓	✓	✓	✓	✓
Portugal	✓	✓	x /1	✓	✓	x	x	x
Slovak Republic	✓	✓	✓	✓	✓	x	x	x
Slovenia	x /1	✓	✓	✓	✓	✓ /2	✓	✓
Spain	x	x	x	✓	✓	x	x	x
Sweden	✓	✓	✓	✓	✓ /1	✓	✓	✓
Switzerland	x	✓	✓	x	✓	✓	✓	✓
Turkey	✓	✓	✓	✓	✓	✓	✓	✓
United Kingdom	✓	✓	✓	✓	✓	✓	✓	✓
United States	✓	✓	✓	✓	✓	✓	✓	✓
Non-OECD countries								
Argentina	✓	✓	✓	✓	✓	✓	✓	✓
Brazil	x	✓	x	✓	✓	✓	✓	x
Bulgaria	✓	x	✓	✓	✓	✓	✓	✓
China	x	x	x	✓	✓	✓	✓	✓
Colombia	x /1	x	x	✓	✓	✓	✓	✓
Costa Rica	✓	x	x	✓	✓	✓	✓ /1	✓ /1
Croatia	x /1	✓	✓	✓	✓	✓	x	x
Cyprus	x	x	x	x	✓ /1	x	n.a.	n.a.
Hong Kong, China	✓	✓	✓	n.a.	✓	x	x	x
India	x	✓	x/✓ /1	x/✓ /1	✓	x	x	x
Indonesia	x	x	x	x	x	✓	x	x
Latvia	✓	✓	✓	✓	✓	✓	✓	x
Lithuania	✓	✓	x	✓	✓	x	x	x
Malaysia	✓	✓	✓	✓	✓	✓	✓	✓
Malta	✓	✓	✓	✓	✓ /1	x	x	x
Morocco	✓	✓	n.a.	✓	✓	x	x	x
Romania	✓	✓	✓	✓	✓	✓ /1	x	x
Russia	x	x	✓	✓	✓	x	x	x
Saudi Arabia	✓	✓	x	✓	✓	x	x	x
Singapore	✓	✓	✓	n.a.	✓	✓	✓	✓
South Africa	✓	✓	✓	✓	✓	✓	✓	✓
Thailand	x /1	✓	x	✓	✓	✓	✓	✓

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 164.
Source: TAS survey responses.

Staff satisfaction and engagement

Revenue bodies were asked a number of questions relating to key elements of their approach to staff satisfaction and engagement, specifically whether: *(1)* they periodically survey staff on their attitudes, perceptions and workplace satisfaction, and staff engagement and motivation; *(2)* the results of any such surveys and assessments shared with staff; and *(3)* staff are consulted in developing and implementing actions plans in response to such survey and assessment findings. High performing organisations tend to score highly in staff engagement, satisfaction and motivation, sharing the results of surveys of these areas with staff, and involving them in the selection, design and implementation of changes determined to be needed. It is a recognised leading employer practice to conduct regular surveys to gather employee perceptions concerning the workplace and human resource management to better inform decision making in these areas – refer examples in Box 4.4. It is important to note that

Box 4.4. **The use of staff surveys to assess staff satisfaction and engagement**

Canada

The CRA participates in the Public Service Employee Survey (PSES). The PSES is a survey of all federal public servants that has been conducted every three years since 1999. The survey measures employees' opinions on their leadership, workforce and work environment. The PSES is conducted by Statistics Canada on behalf of the Office of the Chief Human Resources Officer, Treasury Board of Canada Secretariat.

Surveys such as the PSES help identify opportunities to strengthen people management, promote innovation in the workplace and improve workforce productivity. By evaluating aspects of their workplace, public service employees have a direct impact on organisational planning by helping identify what is needed to improve the effectiveness of the public service in achieving excellence in service to Canadians. The CRA ensures that results are shared and discussed with all employees through employee engagement sessions. These sessions are held to discuss the results, identify key areas for attention, and develop concrete and achievable action plans to improve the workplace and strengthen people management in our organisation.

Finland

The Finnish Tax Administration Agency conducts an annual survey of staff satisfaction (that is also employed more widely across central government agencies) that covers a broad range of areas (e.g. supervisors, work content and challenges, pay, self-improvement, workplace atmosphere and co-operation, physical environment and flow of information). Results are discussed with staff and trend results are published in the annual report, along with a comparison with the average performance across central agencies. Results over the last four years show an improving trend and performance marginally ahead of the average of central agencies.

Singapore

The Organisational Climate Survey (OCS) is one means through which IRAS measures the effectiveness of the overall employee engagement process and identifies ways to enhance it. IRAS analyses the results of each OCS and formulate organisational, divisional or branch action plans to address the gaps identified. The OCS results and related outcomes are communicated to staff at a divisional/branch level. Besides OCS, IRAS monitors staff feedback from various channels such as exit interviews with resigning staff and staff focus groups. IRAS monitors the results from these channels and incorporate them in the review of engagement mechanisms.

Sources: Survey responses from Canada and Singapore, and 2013 annual report of the Finnish Tax Administration.

everyone has a role to play in this – it is not just the responsibility of the senior leadership. Most revenue bodies (97%) conduct periodic surveys of staff satisfaction, although the frequency of surveys varies from twice per year to once every two or three years. Almost all (93%) of those revenue bodies who survey staff also share survey results with staff and most (84%) also consult with staff when considering responses to survey findings.

Staff development

Most revenue bodies reported they are undertaking staff development in the areas of commercial awareness (63%) and/or risk management (89%) – see Table 4.3. More than two-thirds (71%) of the 35 revenue bodies that are undertaking staff development in the area of commercial awareness utilise networks with external organisations including legal and accounting firms, at least in part to help develop commercial awareness skills of their staff. Two thirds (64%) of revenue bodies partner with educational establishments for training purposes and almost the majority (45%) of revenue bodies engage with other external parties to develop commercial awareness of their staff – see Box 4.5. Among the obvious benefits of these arrangements is that they contribute to raising the professional standing of the tax profession. This is in line with the overall tendency in some OECD countries to further professionalise the public sector through increased access to university-accredited training for public service professions.

The enhancement of risk management skills of staff has been a priority for many revenue bodies. For instance, Hungary has, since many years, a multilevel risk analysis training programme to support the development of the skills of professionals (managers and administrators alike). In Romania the NAFA has put in place sound risk management procedures and training courses in risk management and commercial awareness are being developed and put in place.

Taxpayers adopt varying attitudes in their interaction with revenue bodies. Revenue bodies will be more effective in treating compliance issues when understanding what influences and drives specific taxpayer behaviour. For that reason, the majority of revenue bodies (61%) have introduced initiatives for developing behavioural science skills of staff. For instance, the ATO offers 20 formal courses that have a learning outcome related to building expertise in understanding behaviours of taxpayers, focusing on client service, interviewing, negotiation, dispute management and advanced dispute resolution and behavioural economics. It also has courses that focus on enabling staff to be resilient in difficult taxpayer relationships. Hungary is developing professional and behavioural competencies such as decisive action, negotiation technique, ethical behaviour, professionalism) by training programmes, which may directly or indirectly have a positive impact on taxpayer behaviour.

Reduced resources and increased complexity of tax law requires an adequate share of information and training within the revenue body. Additionally, numerous revenue bodies have to deal with important outflow of employees due to retirement in the very near future and knowledge management to ensure technical expertise and leadership capacity is becoming particularly valuable. Knowledge transfer is a key strategy for addressing these challenges. Table 4.4 sets out some examples of knowledge management initiatives by various revenue bodies, for example through mentoring (e.g. Canada and Malaysia), and by capturing and transferring knowledge of senior/retiring employees (e.g. United States and Colombia).

Table 4.3. **Revenue bodies' initiatives to support staff developments**

Country	Formal partnerships with education bodies re tax studies	Networks with externals to develop commercial awareness	Other initiatives to develop commercial awareness	Initiatives to enhance staff skills on risk management	Initiatives to apply behavioural sciences to treat compliance issues	Programme for knowledge capture/ transfer from senior staff near retirement
OECD countries						
Australia	✓	✓	✓	✓	✓	x
Austria	x	x	✓	✓	x	x
Belgium	✓	x	x	✓	✓	✓
Canada	x /1	✓	✓	✓	✓	✓
Chile	✓	✓	✓	✓	✓	x
Czech Republic	✓	x	✓	✓	x	x
Denmark	✓	x	x	✓	✓	x
Estonia	✓	x	✓	✓	✓	✓
Finland	✓	✓	✓	✓	x	x
France	✓	✓	x	✓	x	✓ /1
Germany	x	✓	x	x	x	x
Greece	x	x	x	✓	x	✓
Hungary	✓	x	x	✓	✓	✓ /1
Iceland	x	x	x	x	x	✓
Ireland	✓	✓	✓	✓	✓	✓
Israel	✓	x	x	✓	x	x
Italy	✓	✓	x	✓	✓ /1	x
Japan	✓	✓	x	✓	x	x
Korea	✓	✓	✓	✓	✓	x
Luxembourg	x	x	x	✓ /1	x	x
Mexico	✓ /1	✓	✓	✓	✓	x
Netherlands	✓	✓	✓	✓	✓	✓
New Zealand	✓	x	✓	✓	✓	x
Norway	✓	✓	✓	✓	✓	x
Poland	✓	x	x	✓	✓	✓
Portugal	x /1	x	x	x	x	✓
Slovak Republic	x	x	x	✓	✓	x
Slovenia	✓	✓	x	✓	✓	x
Spain	✓ /1	x	x	✓	x	x
Sweden	x	x	x	✓	✓	✓ /1
Switzerland	✓	✓	✓	✓	✓	x
Turkey	✓	✓	✓	✓	✓	✓
United Kingdom	✓	✓	✓	✓	✓	✓
United States	✓	✓	✓	✓	✓	✓
Non-OECD countries						
Argentina	✓	✓	✓	✓	✓	x
Brazil	✓ /1	x	x	✓	✓	x
Bulgaria	✓	x	✓	✓	x	✓
China	✓	x	x	✓	✓	✓
Colombia	✓	✓	✓	✓	✓	✓
Costa Rica	x	x	x	✓	✓	x
Croatia	x	x	x	x	x	x
Cyprus	x /1	x	✓	✓	x	x
Hong Kong, China	✓	✓	✓	✓	✓	✓
India	✓	✓	✓	✓	x	x /1
Indonesia	✓	x	✓	✓	✓	✓
Latvia	✓	✓	✓	✓	✓	✓
Lithuania	x	x	x	x	x	x
Malaysia	✓	✓	x	✓	x	✓
Malta	x	x	✓ /1	✓ /2	x	✓ /1
Morocco	✓	x	x	✓	x	✓
Romania	x	x	x	✓	✓	x
Russia	x	x	✓	✓	✓	x
Saudi Arabia	✓	x	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓
South Africa	x	x	x	✓	x	✓ /1
Thailand	x	x	x	x	x	x

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 165.
Source: Tax Administration 2015 survey responses.

Box 4.5. **Staff development, including engagement with third parties**

Australia

The ATO has informal relationships with large scale industries to build technical skills and commercial awareness. Additionally, the ATO engages with many industries through attendance at industry and professional conferences and external learning events. It also has regular contact with external organisations to discuss learning opportunities to the ATO. For example, the ATO has built a Learning and Development Community of Practice with several government and private organisations in Melbourne, Australia. The ATO also engages external providers and subject matter experts for specific learning needs such as a quarterly tax update series provided by the Certified Practising Accountants Society, one of the professional bodies in Australia, with a special focus on real case studies. The ATO has also instituted an Expert Speaker series that brings specialists in from the private sector to make presentations on specialist tax topics and management topics.

The ATO has a range of internal and externally facilitated formal courses that build capability around tax effective activities of business, financial instruments, oil, gas and resource industry and employer obligations. In addition, the ATO also use external conferences to build commercial awareness in a wide range of client industries and professions. The ATO has a focus on private industry and public sector secondments designed to enhance capability. This has the potential to apply to a diverse range of technical and specialist roles where exposure to external operating environments would be beneficial.

The ATO has developed a Dispute Management Curriculum that provides a range of foundation, intermediate and advanced level courses to address learning needs with respect to; prevention of disputes, recognising emerging disputes, managing conflict situations, client relationship management, negotiation and influencing skills, facilitation and understanding alternative dispute resolution.

Italy

The Revenue Agency is strengthening the link between educational projects and strategies of the organisation by promoting the use of IT-network learning-oriented methodologies (e.g. e-learning, e-meeting and community of practices). The medium term objective is to transform the trainers into architects of learning processes capable of developing dynamic continuous learning environments while preserving a systemic vision. In line with this vision, the Training Plan 2013-2015 includes two significant actions: *(1)* strengthen the synergies between the training and the internal communication and staff development; and *(2)* educate the staff, especially the newly hired personnel, to be balanced, moderate and integral in the judgement of taxpayers. For these purposes behavioural modules have been included in the technical-fiscal courses to build the bases for a trustful relation with taxpayers to improve tax compliance.

The Training Plan 2013-2015 introduced important innovations in the management training. Top of the priorities are interventions suited for managers and staff with managerial-responsibility positions so called Key-figures. For these staff the training is related and connected to the professional development. The connection between training and development is important as well for the staff working for the achievement of strategic objectives. In January 2013 four new training and development paths were introduced which pointed out on the managerial role aligning knowledge, competences and working methods. Staff involved will be: front office staff, staff for medium-size companies' tax audits, co-ordinators of front office area and human resources co-ordinators.

The Revenue Agency has been carrying out a variety of training projects that aim to create and strengthen the confidence of taxpayers in the tax administration. These initiatives have involved all new recruits, front-office personnel and auditor functionaries, all up totalling 8 400 participants.

Box 4.5. **Staff development, including engagement with third parties** *(continued)*

Singapore

The Tax Academy (TA) was set up to raise the professional competency of the tax community in Singapore. The TA has established connections with local and international partners that include academic and research institutions (such as Nanyang Technological University, Vienna University of Economics and Business, Leiden International Tax Centre), professional bodies (such as CPA Australia, ICPAS). A Master Tax Specialist (MTS) Programme under the Specialist Development Framework is designed to deepen Accredited Tax Specialists' knowledge in specific areas of taxation to broaden their understanding of related non-tax issues on a specific subject matter such as regulatory rules, corporate structures, etc. (development of a "T-shaped" specialist). Trainees have to complete three training milestones – training, research and experiential training – to be certified as a MTS.

Source: Tax Administration 2015 survey responses.

Table 4.4. **Examples of specific programmes for knowledge capturing**

Country	Description
Canada	The CRA has a Knowledge Management Framework in place and has built an online Knowledge Transfer Compendium for employees that highlights knowledge transfer best practices from across the organisation such as coaching, mentoring, job shadowing, establishment of learning paths.
Colombia	Colombia established a programme to capture and transfer knowledge of senior officials to younger generations through learning communities organised according to the expertise and interests of the participants.
Ireland	Revenue's succession planning programme consists of early identification of potential exits via workforce planning analysis and a process of localised documentation of knowledge/ procedures and the coaching of replacements.
Malaysia	The training and development programme includes a Temporary International Placement (TRIP) Programme, a CEO's Incubators programme, and affiliations with Government Agencies which are specialised in top management training e.g. Razak School of Government (RSOG). And a Mentor Mentee Programme and an On The Job Training has been established.
Singapore	IRAS has established an Accredited Tax Specialist (ATS) Scheme which aims at driving behaviour change in competency development and knowledge sharing in IRAS. Besides encouraging ATSs to continue to upgrade their technical knowledge, the ATS scheme was also designed to encourage knowledge sharing by the tax specialists as ATSs have to be involved in learning and sharing activities in order to maintain their status. To incentivise the ATSs to participate in maintenance activities, ATSs who meet the requirements are rewarded with an ATS allowance. The ATS Scheme is driven by the Specialist Development Committee (chaired by Deputy Commissioner level).
United States	The IRS is in the early stages of implementing a formal knowledge management programme and is establishing templates for capturing the knowledge of retiring employees. The IRS has conducted knowledge capture interviews with senior officials that are recorded and made available online.

Source: Tax Administration 2015 survey responses.

Performance management

Over 80% of revenue bodies reported that they have performance management systems in place, although a fifth of these (20%) do not set individual objectives for each staff member at the start of the performance period – see Table 4.5. A number of revenue bodies underscored the importance of relating individual objectives and behaviours to the overall objectives and values of the organisation.

Table 4.5. **Performance management and remuneration**

Country	Performance management				Remuneration			
	System in place for all staff	All staff have development plan	All staff have measurable objectives	Performance evaluated each year	Pay levels tied directly to public sector	Pay levels tied broadly to public sector	Body has its own unique pay system	Flexibility exists to reward good performance
OECD countries								
Australia	✓	✓	✓	✓	x	✓ /1	x	✓
Austria	✓	✓	✓	✓	✓	✓	x	✓
Belgium	✓	✓	✓	✓	✓	x	✓	✓
Canada	✓	✓	✓	✓	x	✓	x	✓
Chile	✓	✓	✓	✓	x	x	✓	✓
Czech Republic	✓	x	✓	✓	✓	x	x	✓
Denmark	✓	✓	x	✓	✓	x	✓	x
Estonia	x /1	✓	✓	✓	x /2	✓	✓	✓
Finland	✓ /1	✓	x	✓	x	x	✓	✓
France	✓	x	x	✓	✓ /1	x	✓	✓
Germany	✓	x	✓ /1	✓ /1	✓	x	x	✓ /2
Greece	x	x	x /1	✓	✓	x	x	x
Hungary	✓	x	✓	✓	x	✓	✓	✓ /1
Iceland	x	x	x	✓	✓	✓	x	✓
Ireland	✓	✓	✓	✓	✓	x	x	x
Israel	✓	x	✓	✓	x	✓	x	✓
Italy	x	x	x	x	✓	✓	x	✓
Japan	✓	✓	✓	✓	x	✓	x	✓
Korea	✓	✓	✓	✓	✓	✓	x	✓
Luxembourg	✓ /1	x	x	✓	✓	x	x	x
Mexico	✓	x	x /1	✓	✓	x	x	x
Netherlands	✓	x	x	✓	✓	x	x	✓
New Zealand	✓	✓	✓	✓	x /1	x /1	✓	✓
Norway	✓	✓	✓	✓	✓	✓	x	x
Poland	✓	✓	✓	x	✓	x	x	✓
Portugal	✓	✓	✓	✓	✓	x	✓	✓
Slovak Republic	✓	x	x	x	✓	✓	x	✓
Slovenia	x	✓	✓	✓	✓	x	x	x
Spain	✓	✓ /1	✓	✓	✓	x	x	✓ /1
Sweden	✓ /1	✓	x	✓	x	x	✓	✓
Switzerland	✓	✓	✓	✓	x	✓	x	✓ /1
Turkey	✓	✓	✓	✓	✓	x	x	x
United Kingdom	✓	✓	✓	✓	x	✓	x	✓
United States	✓	x	✓	✓	✓	✓	✓	✓
Non-OECD countries								
Argentina	n.a.	n.a.	n.a.	✓	x	x	✓ /1	✓ /2
Brazil	✓ /1	x	x	✓ /2	✓	x	✓ /3	x /3
Bulgaria	✓	✓	✓	✓	✓	✓	✓	✓
China	x	x	x	✓	x	x	x	x
Colombia	✓	✓	✓	✓	x	x	✓ /1	✓
Costa Rica	✓ /1	x	✓ /1	✓	✓	x	x	x
Croatia	✓ /1	x	✓	✓	x	x	✓	x
Cyprus	x	x /1	x /2	✓ /3	✓	x	x	x
Hong Kong, China	✓	x	✓	✓	✓	x	x	x
India	✓	x	✓	✓	✓	✓	x	x/✓ /1
Indonesia	✓	x	✓	✓	✓	x	x	x
Latvia	✓	✓	✓	✓	✓	x	x	x
Lithuania	✓	✓	✓	✓	✓	✓	x	x
Malaysia	✓	✓	✓	✓	x	✓	x	x
Malta	✓ /1	✓	✓	✓	✓	✓	x	✓ /2
Morocco	x	x	x	x	✓	x	x	✓
Romania	✓	x	✓	✓	✓ /1	x	✓	x
Russia	✓	✓	✓	✓	x	x	✓	✓
Saudi Arabia	x	x	x	✓	✓	x	x	x
Singapore	✓	✓	✓	✓	x	x	✓	✓
South Africa	✓	x /1	✓	✓	x	x	✓ /2	✓
Thailand	✓	✓	✓	✓	✓	x	x	✓

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 166.
Source: Tax Administration 2015 survey responses.

A large majority of surveyed revenue bodies (92%) reported that they review the performance of each staff member at least annually while an additional revenue body only reviews annually the performance of staff with management responsibility. These performance reviews can be based on any combination of individual objectives, objectives set for a particular team or unit, and overall objectives and values, and the performance review is frequently linked to rewards and remuneration as well as personal development plans. Normally the performance review is carried out by the closest manager, often in dialogue with the individual staff member concerned, but a small number of revenue bodies also reported the use of so-called "360 degree" assessment systems (where an individual's performance is assessed based on input from a wide selection of people with whom the individual interact professionally).

Portugal's revenue body indicated that the performance management system used is applied by the whole public administration. The Integrated System for Management and Performance Evaluation applies to the performance of all civil servants, managers and public departments. This system enables a distinction to be made between public departments' achievements, performance evaluation and benchmarking, and to assess civil servants' performance linked to merit and not based on career antiquity. The performance system is applied to all Public Administration and comprehends all departments and staff, including middle management and local office managers. The performance system works in cascade and links the performance of the organisation, with the performance of departments (including regional and local offices) and with the performance of staff. Performance evaluation has implications on career evolution and on rewards. Each staff member has a personal development plan and clear measurable objectives and indicators.

Italy also provided a description of its performance management system introduced in 2001, a summary of which is set out in Box 4.6.

Box 4.6. **Italy's performance management system**

The performance management system known as SIRIO (an acronym for the Integrated System of Results, Indicators and Objectives) is used to assess individual performance on an annual basis. It takes into account the evaluation of results (achievement of the assigned targets) and organisational competencies (individual qualities).

Within this system a capability/competency model describes the following knowledge and abilities required of executives/managers (of which there were 1 284 managerial positions in 2013): *(1)* Cognitive competencies such as analytical thinking and developing and spreading knowledge; *(2)* Achievement competencies such as initiative and achievement orientation; *(3)* Relationship competencies such as persuasiveness, orientation to others and flexibility; *(4)* Leadership such as team leadership, empowerment and developing others, and assertiveness; and *(5)* Self-control such as self-confidence, integrity and coherence.

Officers in charge of organisational and responsibility functions (some 3 420 officials in 2013) are evaluated based on a tailored competency framework, which is largely similar to the competency model for manager and middle management, and takes into account: *(1)* Cognitive dynamism such as analytical and conceptual thinking; *(2)* Reliability such as integrity and passion for work; *(3)* Achievements such as taking initiatives, achievement orientation and developing and transferring knowledge; *(4)* Relationship dynamism such as with orientation to others, teamwork and flexibility; and *(5)* Leadership such as team building capacity and influencing people.

Source: Survey response.

Rewards and remuneration

Over two-thirds of revenue bodies (67%) reported having their staff remuneration levels tied directly or broadly to wider public sector pay scales, while almost one-third reported that they have their own unique pay system – see examples in Box 4.10. Almost two-thirds of revenue bodies (63%) reported having some flexibility to reward good performance. The nature of the reward mechanisms in place varies greatly and includes individual or collective salaries, flexibility to adjust salary scales, promotions, individual or collective bonuses, and non-monetary rewards – see Table 4.5.

In some countries (e.g. Portugal and Slovak Republic), remuneration schemes are set out in specific law or acts. In Hungary, a fixed remuneration system is applied to all state administrative bodies, including the revenue body. However, the revenue body has its own table of remuneration to modify salaries in a positive and a negative direction.

Pay systems are often characterised by performance requirements such as actual performance, experience, complexity of tasks and responsibilities, job title, working conditions and outstanding results (e.g. Croatia, Hungary and Sweden). The Finnish salary system, for example, includes 16 requirement levels. Examples of remuneration systems from two other revenue bodies are set out in Box 4.7, in the case of Singapore revealing an administration with considerable autonomy and flexibility in designing its own remuneration arrangements.

Box 4.7. **Unique pay systems of selected revenue bodies**

Singapore

IRAS, an autonomous revenue authority, has its own scheme of service and a set of salary pay grades which are benchmarked to the jobs market. A performance-based remuneration system (PARS) that ties rewards to performance has been adopted. Performance bonus and salary increments are given in addition to monthly salaries to recognise good performance and motivate staff to continue their good performance. Under PARS, better performing staff are rewarded with higher performance bonuses and increments. The bonus payments corresponding to each performance grade are transparent, so staff could see the differentiated payments and be motivated to strive for better performance, thus reinforcing superior performance.

The Organisation Bonus framework helps to strengthen the linkage between organisation bonus and business needs, and make it more transparent to all staff. Key Performance Indicators (KPI) are selected as the payment criteria for the Organisation Bonus framework. The KPIs covers the critical areas of the business and affects all branches. All staff are familiar with the KPIs and they are able to relate and influence the outcomes. The number of KPIs met will determine the amount of Organisation Bonus that IRAS can pay to staff, providing a direct linkage between staff performance and organisation performance;

United States

The IRS has a Payband System that spans several grades of the General Schedule for employees in one of the three following categories of IRS supervisory/managerial positions: Senior Managers (SM) are first-level supervisory/managerial positions that report directly to a member of the Senior Executive Service (SES); Department Managers (DM) are second-level supervisory/managerial positions located in the Campuses: and Frontline Managers (FM) are supervisory/managerial positions not covered under the SM or DM pay band.

Source: Tax Administration 2015 survey responses.

Many revenue bodies (e.g. Australia, Bulgaria, Germany, France, Hungary, Japan, South Africa, Sweden and Switzerland) reported having some flexibility to adjust salaries to reward good performance, and often the basic salary is subject to review in connection with the annual performance review. Some revenue bodies (e.g. Australia) reported advancement in the pay scale being conditional on performance being rated at least satisfactory, while others (e.g. France) reported that advancement in the pay scale can be accelerated to reward excellent performance. In some countries, individual bonuses are limited to senior staff or staff with special responsibilities for instance in Canada for executives, managers and senior HR practitioners, in France for senior executives and staff working in headquarters, in Italy officers with organisational positions, and in Portugal for customs staff.

Overall, there appears to be a clear tendency to have a larger proportion of the salary for senior staff tied to performance. There is great variation with respect to the frequency with which individual bonuses are paid ranging from a monthly over a quarterly and six-monthly to an annual basis. In Spain, a bonus is paid monthly and re-evaluated at the end of the year taking into account annual objectives set out.

A number of revenue bodies (e.g. France and Italy) reported having collective bonuses based on the performance of the organisation as a whole. Similarly, the Chilean revenue body indicated that it has bonuses tied to collective goals as well as individual performance. In Argentina, the collective bonus is proportionate to the amount of taxes collected by the revenue body. In Finland, the salary system specifies 16 different requirement levels. A person’s total salary is formed by her/his task requirement level and an assessment of his/her personal level of performance. While not regarded as a bonus system per se, the personal level of performance can be up to a maximum of 48% of the total salary.

Experience with non-monetary rewards appears quite limited. In TA2013, the United States IRS reported the use of time off (i.e. paid leave as bonus) and framed certificates signed by the Commissioner or the Division Commissioner. Portugal reported a remuneration bonus in the form of a productivity allowance in nature. On this background, it is possible that many other revenue bodies could make more use of non-monetary rewards and consider their potential value also from a change management perspective. Non-monetary rewards reinforce the intrinsic motivation and have the additional benefit of being less sensitive to budget constraints.

Staff metrics: Staff numbers and attrition, age profiles and qualifications

The survey sought limited quantitative data concerning staffing levels, numbers of recruits and departures, staff age profiles and educational qualifications – see Table 4.6 and the comments that follow.

Staff turnover/attrition rate

The measure “staff turnover or attrition” refers to the rate at which employees leave an organisation during a defined period (normally a year). It is computed as:

Staff attrition (%) = number of staff departures / average staffing level (where the average staffing level equals opening staff numbers + end-of-year staff numbers / 2) × 100

Generally speaking, a high attrition rate will reflect an unusual volume of movements of staff out of an organisation resulting from a variety of abnormal factors For example, downsizing policies and/or lack of recruitment, demographics (e.g. an aged workforce), and staff dissatisfaction).

Attrition rates computed for revenue bodies cover a very broad range, with exceptionally low rates (i.e. under 2%) seen in Chile (1.9%), Germany (1.0%), and Malaysia (0.9%) and exceptionally high levels (i.e. over 12%) in Mexico (13.0%) and New Zealand (12.7%) – see Table 4.6. However, attrition rates are clustered towards the lower end of the range indicated, with more than two-thirds (68%) having a rate less than half the maximum observed. The relatively low rates of attrition are most likely the outcome of the difficult economic circumstances prevailing in many countries, resulting in less external job opportunities for revenue body staff, while revenue bodies themselves have significantly cut back staff recruitment in the face of expenditure cutbacks.

Closely related to the measure of "attrition rate" is the "rate of staff churn" (i.e. the total impact of both new recruits and departures as a percentage of total average staff). Across the total surveyed population the average rate of churn observed was 10%, with 10 countries displaying average churn of 15% or more and very high levels observed for Mexico (27%), New Zealand (27%) and Russia (30%). Accepting that this may include quite significant numbers of temporary staff such high rates of churn can, nevertheless, impose a significant workload and the management and human resources effort needed to provide effective support for large movements of staff inwards and outwards should not be underestimated. As well as external churn, revenue bodies must also manage internal churn – dealing with those staff who change jobs, get promoted, take career breaks or secondments etc., another significant, but here unquantified, demand on their HRM capacity and processes.

Age profiles of revenue body staffing

Drawing on the data in Tables 4.6 and 4.7 (with the latter displaying regional groupings), there are significant variations between the age profiles of revenue bodies' staff when viewed across different geographical groupings, no doubt resulting from a complex mix of cultural, economic, and sociological factors (e.g. economic maturity, recruitment, remuneration, and retirement policies, and rates of morbidity) and suggesting substantial differences in relative levels of experience of revenue body officials across the different groupings. For example:

- Revenue body staff are older in Nordic countries where, on average, around 50% are aged 50 and older (including Denmark [56%], Finland [57%] and Iceland [53%]) and in some other European countries (e.g. Belgium [54%], Ireland [51%], Italy [55%], Netherlands [56%], Portugal [56%] and Spain [56%]; elsewhere, only Colombia shows a relatively older workforce [61%]).
- By way of contrast, staff are considerably younger on average in Eastern European countries, Asian countries, Russia, Saudi Arabia and South Africa.

Qualifications

The section on staff development identified an apparent tendency of revenue bodies beginning to partner with universities to provide externally accredited training. Such a tendency would be in line with the overall trend in some OECD countries to further professionalise the public sector through increased access to university-accredited training. The proportion of staff with university or degree-level qualifications varies significantly, with less than 25% of staff qualified at equivalent to degree level in four revenue bodies, 25-49% in 16 revenue bodies, 50-74% in 18 revenue bodies and over 75% in 12 revenue

Table 4.6. **Staff metrics – arrivals, departures, age profile and academic qualifications**

	Staffing indicators				Age profile (%)				
Country	No. at start of FY2013	Recruited in FY2013	Departures in FY 2013	Attrition rate %	Under 30 years	30-49 years	50-59 years	Over 59 years	% with degree
OECD countries									
Australia	22 048	754	1 101	5.0	12.0	51.0	30.0	7.0	47
Austria	7 594	167	277	3.7	7.0	47.0	45.0	1.0	54
Belgium	24 708	948	1 777	7.3	6.9	39.5	48.6	5.0	27
Canada	35 082 /1	115	1 612	4.7	4.0	50.9	36.9	8.3	n.a.
Chile	4 230	45	80	1.9	6.1	60.8	21.6	11.5	75
Czech Republic	14 804	1 184	957	6.4	6.9	51.6	34.0	7.5	40
Denmark	7 325	260	705	9.9	3.0	41.0	40.0	16.0	22
Estonia	1 546	112	123	8.0	16.2	49.0	26.3	8.5	62
Finland	5 322	214	379	7.2	5.6	37.2	38.9	18.3	44
France	115 411 /1	1 879	n.a.	n.a.	4.0	48.0	42.0	6.0	n.a.
Germany	110 382	1 092	1 156	1.0	13.8	44.3	33.3	8.6	52
Greece	n.a.	193	1 252		2.0	47.0	51.0		46
Hungary	22 966	1 347	1 386	6.0	17.4	61.9	19.4	1.3	61
Iceland	259	16	23	9.0	7.0	39.0	27.0	26.0	54
Ireland	5 745	60	149	2.6	2.6	46.7	45.7	5.0	43
Israel	5 983	209	169	2.8	12.0	48.0	27.0	13.0	38
Italy	41 035	83	935	0.8	1.0	45.0	45.0	10.0	41
Japan	56 194	758	1 829	3.2	n.a.	n.a.	n.a.	n.a.	n.a.
Korea	18 841	1 574	584	3.0	3.0	74.0	22.0	1.0	82
Luxembourg	985	31	32	3.3	11.8 /1	67.6 /1	19.7 /1	0.9 /1	5 est.
Mexico	36 189	4 971	4 707	13.0	22.3	58.6	15.5	3.6	60
Netherlands	28 107 /1	1 528 /1	778 /1	2.7	5.0	39.3	37.5	18.2	28
New Zealand	5 452 /1	801	697	12.7	18.0	51.0	22.0	9.0	30 est.
Norway	6 359	264	374	5.9	4.0	49.0	33.0	14.0	50 est.
Poland	48 818	1 152	1 482	3.0	7.0	63.0	26.0	4.0	88
Portugal /1	11 566	115	340	3.0	0.7	43.6	49.3	6.4	46
Slovak Republic	8 923	761	383	4.2	11.0	62.0	25.0	2.0	68
Slovenia	2 354	8	64	2.8	0.0	86.0	12.0	2.0	60
Spain	26 962	383	980	3.7	0.8	43.0	48.5	7.7	39 /1
Sweden	9 849 /1	483	769	7.9	8.2	47.6	26.9	16.9	62
Switzerland	1 078	74	55	5.1	8.0	57.0	28.0	7.0	66
Turkey	46 334	6 442	1 407	2.9	18.9	61.7	18.3	1.1	77
United Kingdom	74 983	2 535	4 799	6.5	10.3	49.2	34.4	6.1	26
United States	97 942 /1	7 351 /1	11 165 /1	11.6	5.7	42.7	38.1	13.5	45
Non-OECD countries									
Argentina	22 346	321	510	2.3	3.4	57.5	31.0	8.1	52
Brazil	24 625	952	1 373	5.6	8.9	43.9	36.3	10.9	77
Bulgaria	7 693	488	445	5.8	8.7	59.7	27.6	4.0	81
China	756 000	18 000	18 000	2.4	9.6	71.6	18.8	0	62
Colombia	8 709	211	597	7.0	2.6	18.2	22.2	38.4	n.a.
Costa Rica	969	66	36	3.7	14.3	54.2	28.4	3.1	79
Croatia	4 227 /1	87	136	3.2	2.0	53.0	34.0	10.0	46
Cyprus	827	6	45	5.6	1.0	60.0	34.0	5.0	55
Hong Kong, China	2 757	147	98	3.5	10.0	50.6	39.4	0.0	27
India	41 357	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Indonesia	31 325	1 795	777	2.4	33.0	56.0	11.0	0	52
Latvia	4 312	311	284	6.6	14	56	19	11	94
Lithuania	3 296	278	289	8.8	10.8	44.4	36.4	8.4	81
Malaysia	10 658	173	98	0.9	15.0	64.0	21.0	0.0	51
Malta	751	27	43	5.8	n.a.	n.a.	n.a.	n.a.	14
Morocco	4 935	152	200	4.1	18.0	51.0	31.0	0.0	20
Romania	25 461	1 452 /1	2 432	9.7	3.1	67.9	25.9	3.1	88
Russia	132 917	25 359	15 768	11.4	27.0	56.0	16.0	3.0	93
Saudi Arabia	1 507	91	50	3.3	22	69	9	0.0	56
Singapore	1 870	163	135	7.2	23.1	53.1	20.3	3.5	55
South Africa	14 701	369	934	6.5	25.3 /1	54.1 /1	20.5 /1	0.1 /1	n.a.
Thailand	22 695	1 042	608	2.7	10.5	65.0	24.5	0	80

For notes indicated by "/ (number)", see Notes to Tables section at the end of the chapter, p. 167.
Source: Tax Administration 2015 survey responses.

bodies. The average (unweighted) for the 50 revenue bodies able to report this information was 54%, marginally above the average computed in the prior series (51%). Encouragingly, there was a particularly high correlation between those revenue bodies reporting both a relatively high proportion of staff with academic qualifications and a workforce that was predominantly under 50 years of age (see Table 4.8).

Table 4.7. **Age profile of revenue body staff in regional groupings**

Regional groupings of revenue bodies	Percentage of staff by age bands			
	<30 years	30-49 years	50-59 years	Over 60 years
North America (3)	9	48	33	10
South America (5)	6	47	31	14
Europe (25)	8	49	36	7
Nordic countries (5)	4	43	37	16
Russia (1)	27	56	14	3
Middle East/Africa (4)	20	59	20	1
Asia (7)	10	71	19	<1
Pacific (2)	13	51	29	7
OECD countries (32)	9	50	34	7
Non-OECD countries (20)	12	67	20	1

Note: Data reflects information in Table 4.5 for all countries except Greece, India, Japan and Malta.
Source: Survey responses (aggregated by regional groupings).

Table 4.8. **Age profiles and staff with degrees etc., in selected countries**

Country	Percentage of staff by age bands			% with degree or equivalent qualification
	<30 years	30-49 years	total < 50 years	
Chile	6	61	67	75
Korea	3	74	77	82
Poland	7	63	70	88
Turkey	19	62	81	77
Brazil	9	44	53	77
Bulgaria	9	60	69	81
Costa Rica	14	54	68	79
Latvia	14	56	70	94
Lithuania	11	44	55	81
Romania	3	68	71	88
Russia	27	56	83	93
Thailand	10	65	75	80

Source: Tax Administration 2015 survey responses.

A number of revenue bodies make explicit reference in their annual reports and/or business plans to their strategies and plans to increase overall internal qualification levels, either as a general aim or targeting specific skills. The series will continue to monitor overall tendencies and specific initiatives in this area.

Notes to Tables

Table 4.1. Revenue bodies' human resource management strategies

/1. **Argentina:** A new system of recruitment has been implemented that includes technical/psycho-technical tests, language testing and physical examinations (prior to hiring), and a requirement to pass an intensive training course to be admitted to the AFIP. **Australia:** The staff enterprise agreement is currently being negotiated, which may result in changes to some policies such as staffing policy. **Brazil:** Two types of rewards are at the planning/implementation stage: *(1)* Border compensation – in process of legal regulation (i.e. financial compensation for staff who work in border areas, including other public services such as the Federal Police, the Federal Highway Police, agricultural and labour inspectors; and *(2)* a bonus linked to institutional efficiency – a proposition sent by the tax Administration to higher authorities – related to the attainment of strategic institutional results. To this end, a set of institutional strategic indicators was proposed to compose the Index of Institutional Efficiency. **Costa Rica:** The Tax Administration is part of an enhancement and development of human resources pilot plan. **Denmark:** The current organisation of SKAT into business areas encompasses centralisation of competence development, i.e. planning, prioritisation and execution as well as funding of all competence development in SKAT in now based in business area HR in a single division. **Italy:** The Agency has employed 8 500 new graduates since 2003 as candidates for ongoing employment. Candidates' induction into the Agency entails four phases: *(1)* Technical – professional test; *(2)* Aptitude test – to verify their aptitudes and skills required for the professional profile; *(3)* Apprenticeship – candidates must also serve an apprenticeship period of a maximum of six months in the Revenue Agency's offices. They must demonstrate the ability to apply knowledge in the solution of operational problems and organisational behaviours; and *(4)* Final oral examination/interview, based on an evaluation of professional preparation, aptitudes and motivations. There is a blended learning: classroom training, training on the job and e-learning. At the end of the apprenticeship period the Head of the Unit assess the candidate's performance. **Luxembourg:** Separate recruitment department for the entire public sector; **Malta:** With the merger of the direct and indirect tax departments, IRD is currently conducting a capacity building exercise in order to identify those areas that can be merged, e.g. Tax Compliance/Audits. A call for applications will be issued in order to increase the number of Tax Compliance Unit (TCU) staff. **Portugal:** The enactment of a draft legal act concerning permanent staff regulation of customs and tax officers introducing significant amendments to careers, recruitment and training is pending and depends on negotiations with the labour unions as well as Government approval. **Singapore:** The manpower planning cycle is integrated with the IRAS Strategic Management Process, allowing IRAS to better plan and manage organisation-wide manpower requirements and resources. **South Africa:** Policy reviews are to be made in all these areas in 2014/15. **Spain:** The General Rationalisation Programme for the whole Public Sector includes staffing reduction plans but excludes staff devoted to the fight against fraud. **Switzerland:** Due to a future reorganisation and the introduction of new IT systems the skills required of staff are expected to slightly move to more qualified areas. Development and training plans must therefore be put in place.

/2. **Denmark:** A combined competence and resource control system is planned to handle the coming years major changes in staff composition and to better prepared for a higher degree of project work.

Table 4.2. Autonomy etc., in recruitment, and staff satisfaction and engagement

/1. **Colombia:** The numbers and types of staff to be hired are defined by decree of the national government, the types of skills and academic qualifications required for specific jobs are indicated by resolution of the institution, all employment contracts are subject to an annual evaluation; **Costa Rica:** The first survey concerning workplace satisfaction was circulated to the Ministry of Finance's staff on April, 2014. **Croatia:** Regarding the employment of new staff, the number of people who can be hired on an annual basis is limited according the Plan of admission to the civil service, which is administered by the Ministry of Public Administration. The Decision of the Croatian Government to ban the recruitment of new civil servants and employees of government agencies, professional services and offices of the Croatian Government is still in force (entered into force in 2009). The Tax Administration can recruit 1 new member of staff only if two members leave the employment, but with the approval of the Ministry of Public Administration. **Cyprus:** Procedure of publishing and appointment done by the Public Service Commission, its decisions being based on recommendations of Directors of Tax Departments. **France:** In France the type of staff is based on existing categories (and some internal rules) and technical specificities (e.g. technical, IT, cadastre) and the number of staff and the duration of contracts are determined by law (i.e. finance bill). The geographical assignment of staff is approved by the relevant joint body (administration and union representatives), but there are exceptions for specific departments or positions. **Germany:** The requirements for some functions are regulated by law. Apart from that, a general trend towards greater flexibility is discernible. **Hungary:** The authorised number of personnel of the NTCA is determined by Government Decree. **India:** Organisation has certain limited autonomy within the budgetary limits and sanctioned strength of manpower to optimise performance; **Italy:** The Revenue body carried out a research in late-2013 with the Sapienza University of Rome to study interpersonal relations, the management of communication technologies and the participation to operational decisional processes inside the Agency. The research used an online questionnaire to all staff, except to managers and the results are still being processed. **Luxembourg:** Tax administrations can propose the number and type of staff to be hired, but final decision by the separate recruitment department. **Malta:** Appointments based on merit applies to all three Tax Authorities. In the case of VAT, this is only done for the position of Inspectors within the VAT Department. The skills and academic qualifications of clerks and other positions are determined by the Ministry for Finance. **Mexico:** It is necessary to request the authorisation to modify the number and type of staff to an external government agency (i.e. Secretaría de la Función Pública); **Portugal:** The rules regarding recruitment are laid down by law and applicable to all public administration. Therefore, the duration of contracts is legally determined; **Romania:** A specific component of yearly evaluation form is dedicated to employee's observations. An instrument for the evaluation of staff satisfaction has been established. Moreover, a formal Advisory Committee is in place, with the possibility to perform surveys and assessments about workplace satisfaction. The yearly staff training and developing plan is analysed and undersigned by the Advisory Committee; **Slovenia:** Number and types of staff which will be hired is determined by Ministry of Finance and Government; **Sweden:** In accordance with the Swedish constitution; **Thailand:** For non-civil servant position the Revenue Department has autonomy in making decision all of the above matters.

/2. **Hungary:** Surveys are conducted for some NTCA bodies, with the results shared only with managerial staff. **Slovenia:** Surveys are not periodical and systematic.

Table 4.3. Revenue bodies' initiatives to support staff development

/1. **Brazil:** The Tax Administration has a partnership with the School of Finance Administration (ESAF), a permanent capacity building programme (Corporate Education Programme) and also an initial training programme for the first year of professional activity of tax inspectors (Professional Training Programme); **Canada:** The CRA is currently in discussions with Chartered Professional Accountants (CPA) Canada, the organisation that represents Canada's accounting profession. Progress is being made with regards to having CPA Canada recognise audit work toward the experience component for professional certification. **Cyprus:** The Tax departments co-operate with the Cyprus Academy of Public Administration. **France:** Initial training very much relies on the recourse to some senior staff members (explicitly laid down in the ministerial decree on initial training for new staff members). **Hungary:** Experienced and professional staff generally transfer their knowledge through educational assistance to younger officers. **India:** Experience sharing is undertaken formally as part of structured training activities as well as informally within functional teams, where more experienced personnel share their skills and expertise with junior incumbents. **Italy:** In 2012, the Revenue Agency carried out various training projects with the aim to create and consolidate a relation of confidence with taxpayers. In particular there have been set up training initiatives in technical-fiscal and behavioural field which in-depth the topics of tax compliance, authoritative power and relation with the taxpayer (both in the phase of cross-examination and in the customer's services).The sharing of fiscal knowledge and communicative and relational effective behaviours allows a better and speeder way to give information to taxpayers. These initiatives involved all the new recruited, the front-office personnel and auditor functionaries for a total of 8.400 participants. **Luxembourg:** Only for staff in Indirect Taxes. **Malta:** Only for the Customs Department. **Mexico:** The SAT has established and implemented training programmes with legal and accounting organisations as well as universities, in order to support and enhance the development of the staff based on skills/competencies required for both strategic and critical processes. SAT has established a network with the Mexican Institute of Public Accountants to professionalise our staff. **Portugal:** Formal arrangements/partnerships with universities and/or other educational bodies have not been established yet, however is very common for revenue body officials (namely senior officials) to be invited by universities and other recognised educational bodies to join their training programmes in order to provide training on taxation-related subjects. **Spain:** The Tax Agency channels its advanced training programmes on tax matters through the Institute for Fiscals Studies (IFS) within MOF. The IFS has signed many agreements with universities and educational bodies. **South Africa:** Some spend the last year in the Academy developing curriculum and/or training other employees. **Sweden:** Facilitating knowledge transfer is primarily a managerial responsibility, and sharing knowledge is part of our code of conduct/co-worker policy.

/2. **Malta:** Only for the VAT and Customs Department.

Table 4.5. Performance management and remuneration

/1. **Argentina:** There are two separate Collective Labour Agreements, one for the customs officials and the other for the tax/social security officials, in force since 1992 and 1991, respectively. In addition to specific updates made in recent years, in January 2008, several aspects of the two agreements were changed symmetrically (Rights, Obligations, Duties and Prohibitions; Employment Relationship, Salary, Labor Day, Incompatibilities, Compensation and Benefits, Leaves, Union Recognition, etc.). **Australia:** The ATO has some degree of flexibility within the relatively fixed remuneration system to reward good performance. Pay rates and salary advancement arrangements are negotiated under the terms of the Fair Work Act 2011 and in accordance with the Australian Government Public Sector Bargaining Policy. Work is assigned to employees in line with APS-wide job classification levels. **Brazil:** Institutional and individual competencies have been mapped since 2011. Staff can voluntary evaluate their own competencies and they can be evaluated by their supervisor. The results obtained allow the identification of competency gaps for the design of local, regional and national capacity building plans. **Colombia:** Staff pay levels are decreed by the central government and discriminated based on the categories/scales of employment. **Costa Rica:** Partially. Not every procedure has been assigned with management indicators. The revenue body is currently working on a pilot project to assess productivity. **Croatia:** The performance evaluation system of officers and other employees is regulated by the Civil Servants Act and in the Regulation on the procedures and criteria of evaluation of civil servants. **Cyprus:** The development plan addresses the needs of employees at large, not individually. **Estonia:** There is a performance management system for key positions which comprise approximately 17% of staff.

Finland: Performance targets are set on an "office" level, not as personal objectives. **France:** Wages and salaries of public servants are defined by Article 20 of Law 83-634 (July, 13th of 1983) about rights and obligations of civil servants. They include among others the index-related salary and the compensation set by various laws. Amount of wages depend on individual wage is determined according to the body the agent belongs to and the scale's level he achieved. The individual wage of each civil servant is determined by the body he belongs to. A gross index is associated to each body and scale's level. This index allows the calculation of gross and net wages. **Germany:** The system differs from one federal state to another. **Greece:** The revenue body uses measurable objectives for managers and auditors. **Hungary:** A fixed remuneration system is applied in state administrative bodies, with remuneration depending on the level of qualification and the number of years of service. The salary system of the NTCA is set according to this rule but it has an own table of remuneration. The Law on the NTCA provides the option to modify the salary of the employee both in a positive and a negative direction based on the evaluation of their professional work, and a possibility to establish a personal salary. **India:** There is limited flexibility within the relatively fixed remuneration system to incentivise performance. **Luxembourg:** Indirect taxes: the objectives are fixed for each different tax. AED has to deal with or for each tax office/department, but not for each staff member; **Malta:** Only for the Direct Tax Authority (Revenue Body) and Customs Department; **Mexico:** All staff members in core areas have measurable objectives, but not all staff members in support administrative units have them. **New Zealand:** Pay scales for non-manager positions are bargained with unions. Pay scales for managers are decided by IR. Both the discussions with unions and IR's consideration of manager pay scales are informed by a range of external factors, including public sector pay scales. **Romania:** Since 2011 the revenue body is using incentives (linked to 2010 medium monthly value) as part of the total salary. This incentive is unique (for fiscal administration only) and was imposed at national level by law. It consists in supplementary amount introduced in total salary. The system is not flexible or negotiable and was established in direct correlation with the importance of the staff position within the organisation. **South Africa:** Performance development plans (PDP) are setup and approved via an electronic system to which all staff have access and are able to log their own plans. PDP are therefore created based on development objective identified. **Sweden:** The salary system in combination with the systematic dialogue between manager and employee is a very powerful performance management system. **Switzerland:** The remuneration system is defined for all administrative federal offices, combined with salary ranges which are determined by each function.

/2. **Argentina:** There is a variable remuneration called "Account of Hierarchy". This account consists of a 0.70 of the total amount of AFIP's tax collection. To the corresponding monthly total amount, firstly 24% is withdrawn as employer's social security contributions; to the amount obtained, 5% is withdrawn for the payment of an incentive for the effective provision of the service and the remainder is divided into two subsections: a) general part and b) selective part, which is according to the employee's performance evaluation and determines the amount to be received. **Brazil:** The annual performance evaluation of the Tax Inspector career is carried out for staff who participate in the career progression. It excludes those who are ending their careers, and also those in overhead functions and who work at the Internal Affairs' Office. Regarding administrative staff, an annual performance evaluation is carried out intended to have an effect on salary bonuses. **Cyprus:** Only staff in Audit Sections and Training have clear measurable objectives. **Estonia:** Public sector pay scales ceased to exist in April 2013. **France:** Objectives are set for all staff members but are only measurable for some of them. **Germany:** The system differs from one federal state to another. **Malta:** Applies only to Direct Tax Authority (Revenue Body) and Customs Department. **South Africa:** SARS has statutory independence to set its own human resources practices separately from the public/civil service.

/3. **Brazil**: The Tax Inspector career comprises the position of Tax Analyst or Tax Inspector in the Federal Revenue of Brazil (RFB). The pay scales of these functions are different from other administrative staff. Out of the total of current staff in the RFB, 76% are in the Tax Inspector career stream and are remunerated through a single salary share, with the receiving of any other advantage vetoed. Administrative staff are regularly evaluated, having merit as one of the evaluation criteria, which reflects on their remuneration. **Cyprus:** Performance evaluation is not connected directly to employees' results.

Table 4.6. Staffing metrics

/1. **Canada:** Number of staff employed excludes term employees and students. **Croatia:** Officers and employees hired on full-time basis. **France:** people with the DGFIP status and those having the headquarters status. **Luxembourg:** Only for indirect taxes. **New Zealand:** Data is for all staff, tax and non-tax. Numbers given are actual headcount rather than sum of FTE. Numbers given includes all permanent and fixed term staff. **Netherlands:** in FTE. **Portugal:** The average age of the staff is 49 years old. The increasing aging of the workforce is partly due to the freezing of new admissions and the raising of the legal retirement age. **Romania:** The large number of newly recruited staff and number of staff who left the revenue body are the direct consequence of the large structural reform in 2013. **South Africa:** Actual age categories used are: Less than 32; 33-45; 46-64; and over 64. **Spain:** Only 39% of the staff needs compulsory a degree to occupy their post but most of the staff is indeed graduated. **Sweden:** FTEs. **United States:** A large number (17 575 [18%]) of IRS staffing (97 942) are seasonal staff, those seasonal employees that for the most part support specific tax season requirements. A majority of the yearly hiring (i.e. 4 216 of 7 351) employees recruited represent the normal yearly hiring requirements for the seasonal staff. Because of the fluctuation with seasonal staff, 3 852 of 11 165 employees who left the IRS in FY2013 separated after their seasonal rotation.

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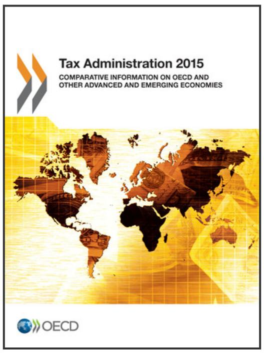

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